

# Long-term Vision and Second Medium-term Management Plan

## Q&A

### Q1. Why was a new Medium-term Management Plan announced in the third quarter?

By announcing it in the third quarter, we can make a fresh start at the same time as the start of the next fiscal year. Additionally, by communicating it internally at an earlier timing, we believe that we can start preparations earlier.

### Q2. Was there any change in the external environment between the First and Second Medium-term Management Plans?

Looking back, we think there was not a relation between cause and effect with external factors. The announcement of the "First Medium-term Management Plan" was made during the COVID-19 pandemic (disclosed on March 12, 2021). Although there was a period of uncertainty at the beginning of the pandemic, we were able to maintain a certain level of demand without any interruption in inquiries. We found that even during the pandemic, there were people planning new store openings or considering switching existing systems for cost reduction purposes, so we made bold investments in advertising and promotion to aggressively pursue customer acquisition.

In the future, we can expect the rise in demand because of the resumption of inbound tourism, and new store openings due to store turnover, so we will continue to focus on further customer acquisition.

### Q3. Can you please provide a breakdown of the 9.1 billion yen ARR target in the Second Medium-term Management Plan?

In my thought, the effect of price revisions has already peaked and we expect ARR growth to temporarily slow down, what growth strategies do you have in mind for the future?

We are expanding cross-selling of our payment services and HR services, *Smaregi TimeCard*, centered around *Smaregi* (POS), and we do not expect a significant change in the current composition ratio. In particular, we will focus on expanding the payment service that have a high affinity with POS systems.

**Q4.** Please let me share more details about the market segmentation strategy.

Our market segmentation strategy aims to unify the direction of target areas that were previously fragmented by each departments. The goal is to have the entire company focus on a specific industry, thoroughly research the required functions, and develop and implement them, as well as to explore effective sales methods and marketing approaches. We will disclose specific actions and target industries as soon as these are determined.

**Q5.** How does the market segmentation strategy relate to *Smaregi app market*?

Smaregi App Market allows to approach for a wide range of industries. We do not specify industries or other such details, instead our third-party development partners seek out demand and develop accordingly. We are expecting that hit apps will continue to emerge as various apps are released. Additionally, we can also develop and release apps, so we hope to pursue both approaches strategically.

**Q6.** Can you tell me about the current ratio of EC-only businesses and the strategies for acquiring EC business users in the future?

There are currently no users who only use our services for EC.

We have received requests for EC integration continuously from our users. While we have partially responded to these requests, we plan to actively develop and establish a comprehensive management system for both real stores and EC stores in the future.

Initially, we plan to approach business operators who manage both real stores and EC.

**Q7.** Let me share about the growth strategy for the payment service and how do you plan to differentiate itself in the future?

Since it is difficult to sell just a payment service alone, it is essential to propose together with *Smaregi*. For instance, *Smaregi PAYGATE* has a SIM card slot and can be used even in outdoor areas where it is difficult to connect to the internet. We will promote these advantages and strive not to be engulfed by price competition.

The expansion of payment revenue is an essential factor in achieving the goal of 9.1 billion yen ARR stated in the Second Medium-term Management Plan, and we aim to build it up aggressively.