



Smaregi, Inc.

Q3 FY2025 Financial Results Briefing

March 17, 2025

Event Summary

[Company Name]	Smaregi, Inc.	
[Company ID]	4431-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q3 FY2025 Financial Results Briefing	
[Fiscal Period]	FY2025 Q3	
[Date]	March 17, 2025	
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[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Ryuhei Miyazaki	Representative Director
	Kohei Takamadate	Director

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Presentation

Moderator: The time has arrived, so we will begin. Thank you for participating in the financial results briefing for Q3 of the fiscal year ending April 30, 2025 of Smaregi, Inc.

Let me quickly explain today's agenda. First of all, we will explain our consolidated earnings forecast following our transition to consolidated financial reporting. It will be followed by an overview of our Q3 financial results, and then a Q&A session at the end of the briefing. We look forward to hearing your many questions. For inquiries other than questions, please also use the chat function.

All right then, Mr. Miyazaki and Mr. Takamadate, you may have the floor.

Miyazaki: Ladies and gentlemen, thank you very much for taking time out of your busy schedule today to participate in our financial results briefing for Q3 of the fiscal year ending April 30, 2025. I am Miyazaki, Representative Director.

Takamadate: I am Takamadate, Director.

Miyazaki: Today, I would like to provide an overview of our financial results forecast, business progress, and the progress of the PMI for the M&A announced last December.

First of all, we would like to announce that we have started consolidated financial reporting from Q3 this fiscal year.

In December 2024, Netshop Supporters Co., Ltd. became our wholly owned subsidiary, and we shifted to consolidated financial reporting that same month. The results for Q3 of FY2025 include its financial results as a subsidiary for the month of January 2025, and all comparisons with the past are made with the non-consolidated results.

With this in mind, I will now provide an overview of our financial results.

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With the Start of Consolidated Financial Reporting, Full-Year Consolidated Earnings Forecast is Newly Disclosed.

FY2025 Full-Year Consolidated Earnings Forecast (May 2024 - Apr. 2025)

(million yen)	FY2024 May 2023 - Apr. 2024	FY2025 May 2024 - Apr. 2025		Notes
	Results	Plan *1 (Non-consolidated)	Plan (Consolidated)	
Net sales	8,385	10,688	10,882	Includes Four Months of Subsidiary Revenue Forecast
Operating profit	1,735	2,033	2,284	Operating Profit Margin Improvement Through SG&A Optimization
Ordinary profit	1,696	2,033	2,316	Same as Above
Profit *2	1,212	1,414	1,592	Same as Above

Impact of M&A

Goodwill Amortization Recorded Following the Acquisition of Netshop Supporters Co., Ltd.

Goodwill	¥965 million (Provisionally recorded as the allocation of acquisition cost is not yet finalized)
Amortization Method	Straight-line amortization over the period in which excess profitability is expected to materialize
Amortization Period	Currently under evaluation (provisional amortization amount recorded)

*1 (Reference) This is the non-consolidated earnings forecast announced on June 13, 2024. With the disclosure of the consolidated earnings forecast, the non-consolidated earnings forecast is no longer disclosed.

*2 Quarterly (Current Period) Profit refers to "Profit attributable to owners of the parent."



We disclosed our new full-year consolidated earnings forecast in conjunction with the start of consolidated financial reporting. With this slide, I will explain our earnings forecast for the fiscal year ending April 30, 2025.

For the fiscal year ending April 30, 2025, we project net sales of approximately JPY10.8 billion, up 29.8% over the previous year's non-consolidated results. Operating profit is projected at JPY2.28 billion, up 31.6% over the previous year's non-consolidated results.

In this forecast, four months of sales from Netshop Supporters, which became our wholly owned subsidiary in December 2024, are included. Improvement of the profit margin by streamlining SG&A expenses was also taken into consideration.

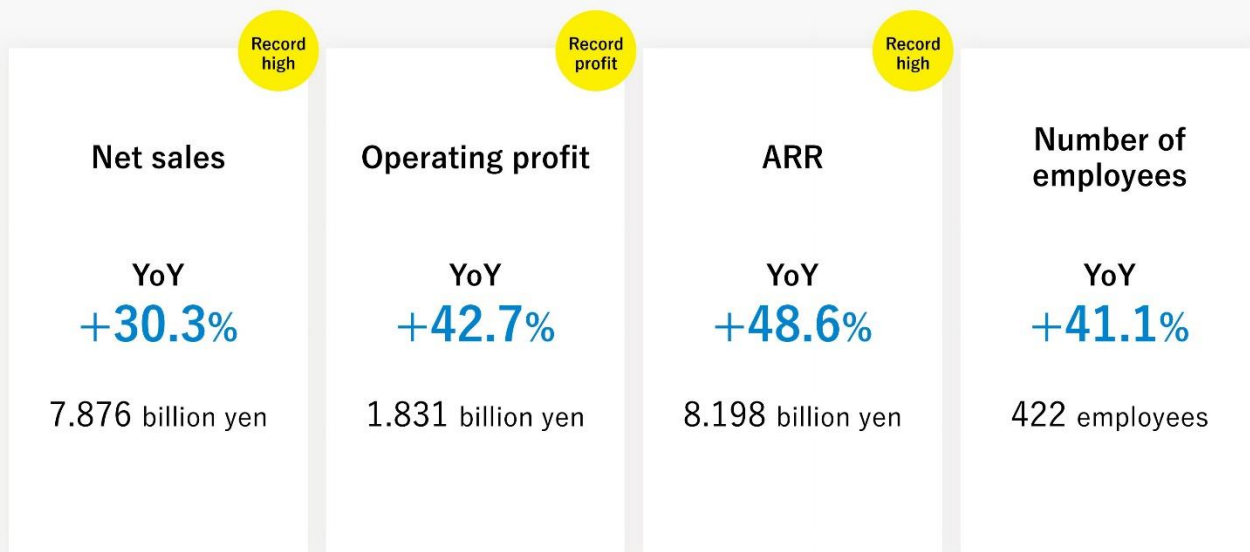
Then, as indicated in the table on the right, this M&A generated approximately JPY900 million in goodwill. The allocation of acquisition costs is currently being calculated, and we have provisionally recorded equal amortization. In this way, we will achieve growth on a consolidated basis through both the growth of our existing businesses and the creation of synergies resulting from the M&A.

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*Consolidated financial reporting begins from FY2025 3Q (See P2 for details).

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Continuing on, these are our performance highlights.

On a consolidated basis, net sales stood at JPY7,876 million, up 30.3% YoY, and operating profit was JPY1,831 million, up 42.7% YoY, indicating continued solid growth.

In particular, the subscription model continues to grow, with ARR of JPY8,198 million, up 48.6% YoY.

Takamadate: I would like to explain the details of our Q3 financial results for the fiscal year ending April 30, 2025.

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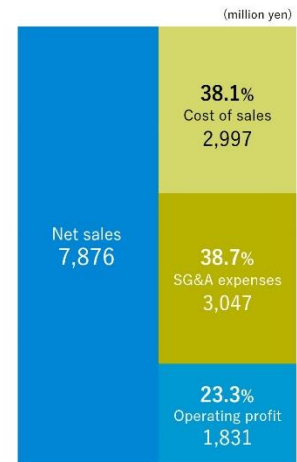
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Strong Performance Drives Revenue Growth of +30.3% YoY and Operating Profit Growth of +42.7% YoY

(million yen)	FY2025 3Q May 2024 – Jan. 2025	FY2024 3Q May 2023 – Jan. 2024	YoY	FY2025 Plan	FY2025 3Q % achieved
Net sales	7,876	6,043	+ 30.3%	10,882	72.4%
Cost of sales	2,997	2,257	+ 32.8%	-	-
Gross profit	4,878	3,785	+ 28.9%	-	-
SG&A expenses	3,047	2,502	+ 21.7%	-	-
Operating profit	1,831	1,283	+ 42.7%	2,284	80.2%
Ordinary profit	1,819	1,280	+ 42.1%	2,316	78.5%
Quarterly (Current Period) Profit	1,237	877	+ 41.1%	1,592	77.7%

Earnings structure



*Consolidated financial reporting begins from FY2025 3Q (See P2 for details).

*Quarterly (current period) Profit partially includes net income attributable to owners of the parent.

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Page five shows our statement of income.

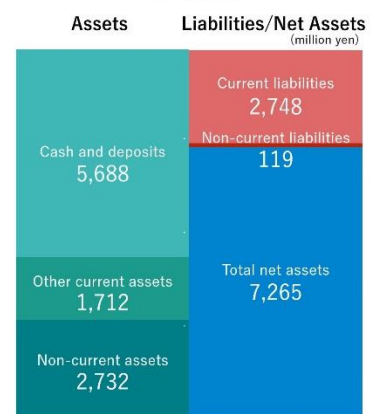
From now on, the figures will be consolidated. Although there are no major special factors, we are making steady progress toward our full-year plan of JPY10.88 billion in net sales and JPY2.28 billion in operating profit.

Transition to Consolidated Financial Reporting Leads to an Increase in Goodwill (Fixed Assets) and Advances Received (Current Liabilities). Net Assets Up +29.0% YoY, Maintaining a Solid Financial Foundation with an Equity Ratio of 71.7%.

(million yen)	FY2025 3Q	FY2024 3Q	YoY	FY2025 2Q	QoQ
Current assets	7,400	6,402	+15.6%	7,704	-3.9%
Cash and deposits	5,688	5,065	+12.3%	6,033	-5.7%
Non-current assets	2,732	1,173	+132.9%	1,512	+80.7%
Total assets	10,132	7,576	+33.7%	9,216	+9.9%
Current liabilities	2,748	1,837	+49.5%	2,238	+22.8%
Non-current liabilities	119	105	+13.6%	157	-24.3%
Total liabilities	2,867	1,943	+47.6%	2,396	+19.7%
Total net assets	7,265	5,632	+29.0%	6,820	+6.5%
Total liabilities and net assets	10,132	7,576	+33.7%	9,216	+9.9%

Equity Ratio

71.7%



*Consolidated financial reporting begins from FY2025 3Q (See P2 for details).

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Page six shows our balance sheet.

Cash and deposits decreased, and fixed assets increased slightly as a result of the M&A that was closed in December.

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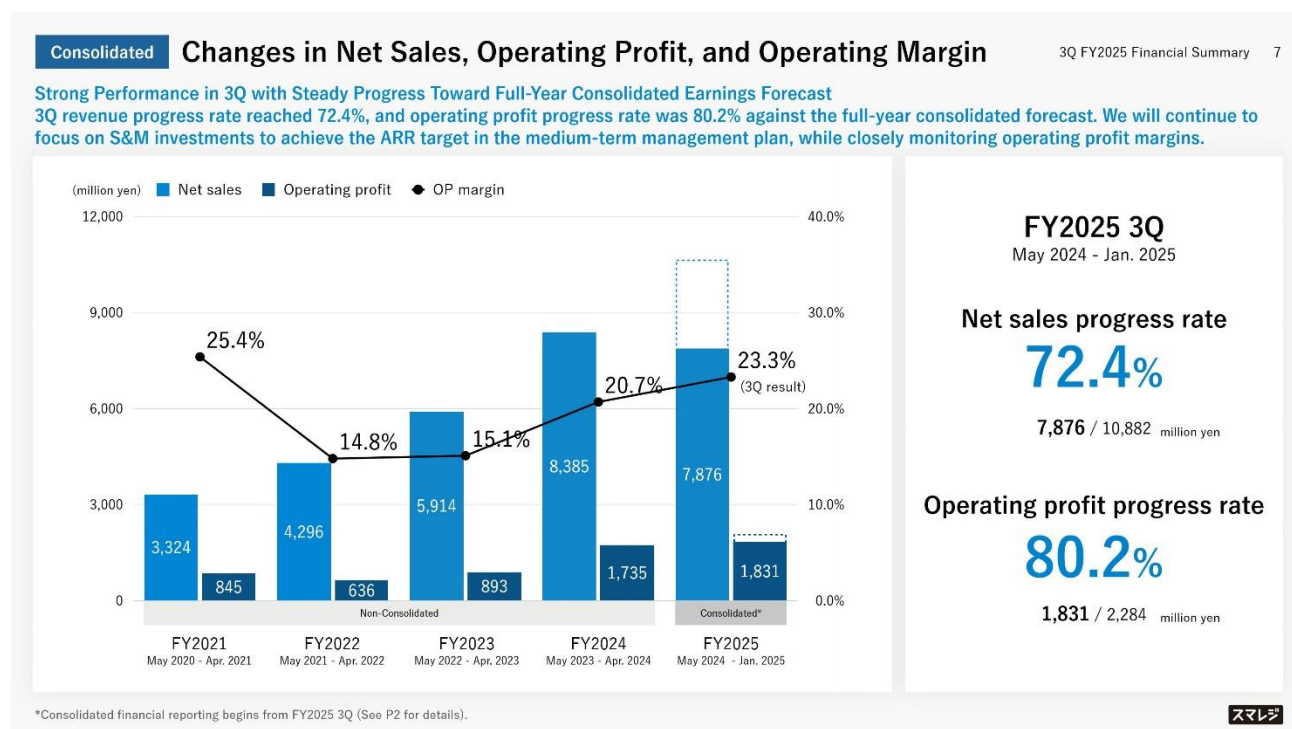
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Meanwhile, current liabilities were on a slight upward trend, but this was mainly due to an increase in deposits received and income taxes payable as a result of the expansion of our payment business.



Continuing on, page seven shows the changes in our business performance over five years.

Net sales were 72% of the full-year forecast of JPY10.8 billion, and operating profit was 80% of the forecast.

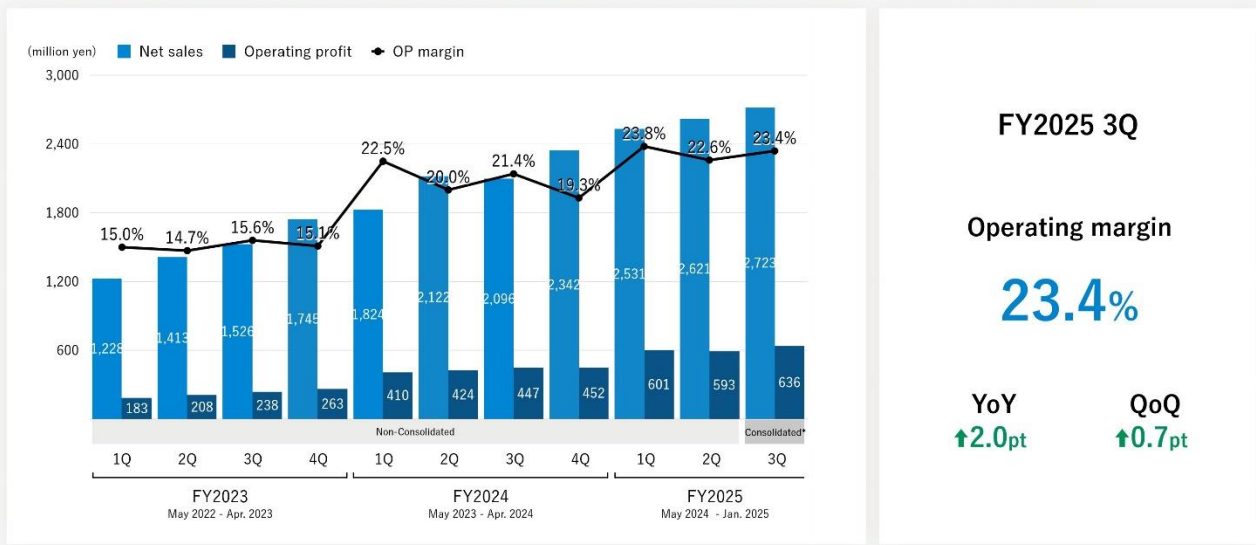
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3Q Operating Profit Margin Settles at 23.4% on Strong Performance.

Continuing S&M Investments While Monitoring Profit Margins to Achieve the Medium-Term ARR Target.



*Consolidated financial reporting begins from FY2025 3Q (See P2 for details).

スプレッド

Next, here are the quarterly changes.

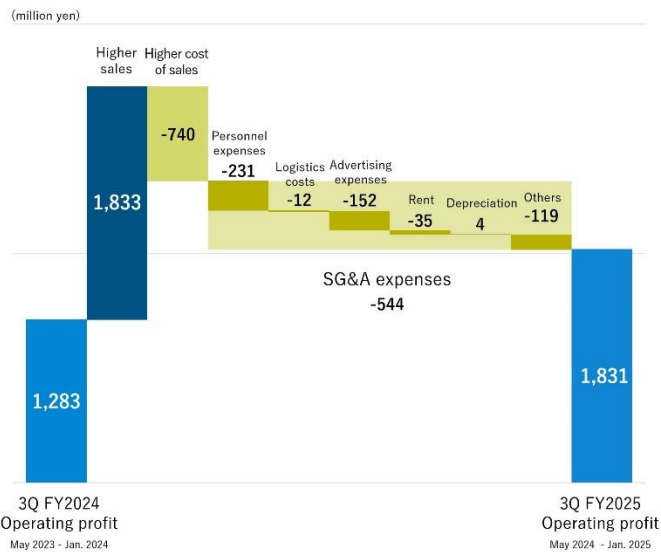
The operating profit margin was 23.4%, indicating gradual improvement.

The financial results of Netshop Supporters, which we have acquired, were recorded for only one month, so there was no significant impact due to its somewhat small scale relative to the non-consolidated results.

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Higher sales

- Number of new fee-based contracts increased.
- Growth of consistent sales(monthly fees) due to low churn rate.
- Expansion of Payment-Related Business.

Higher cost of sales

- Increase in equipment purchases because of the growth in sales.
- Increase in cost of production including labor costs.

Higher SG&A expenses

- Higher personal expenses due to the increased of employees.
- Increase in advertising expenses due to aggressive marketing measures (TV commercials, etc.)
- Increase in other expenditures associated with business expansion.
- Recording of Goodwill Amortization Expenses Due to Transition to Consolidated Financial Reporting (Other Expenses)

*Consolidated financial reporting begins from FY2025 3Q (See P2 for details).

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Next, this is an analysis of the YoY changes in operating profit.

The increase in net sales was JPY1,833 million, whereas the negative figures indicate that costs increased.

Cost of sales surged with the increase in net sales, personnel expenses rose due to the increase in head count, and advertising expenses also went up slightly compared to the previous year. Other expenses did not change significantly from the previous year, but the acquisition of Netshop Supporters through M&A was recorded as an amortization expense, although only for one month.

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Subscription sales +41.7% YoY, Driven by Increased Adoption of Hardware Subscription Plans*1 and Strong Performance in Cashless Payment Services. Subscription Ratio Rises to 70.5%, Establishing a Stable and Robust Revenue Base.

FY2025 3Q

Subscription sales ratio

70.5%

Initial expense
gross marginSales of products
and others

26.6%

QoQ

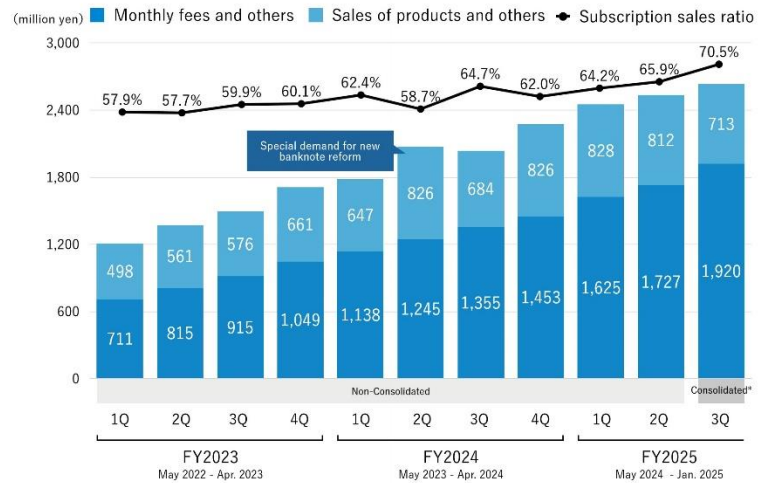
↓0.2pt

SaaS
gross marginMonthly fees
and others

79.4%

QoQ

↑0.4pt



*Consolidated financial reporting begins from FY2025 3Q (See P2 for details). *Sales from Other System Development Costs Not Included in the Graph
 *1 A subscription service that provides POS peripheral devices on a monthly basis.

スクリプト

This shows the changes in quarterly net sales, and they are broken down into subscriptions, such as monthly usage fees, and initial sales, such as equipment sales related to installation, with subscriptions accounting for 70.5% of total sales.

With the growth of our payment business and Netshop Supporters, the ratio increased slightly compared to Q2, as the majority of sales were subscription sales.

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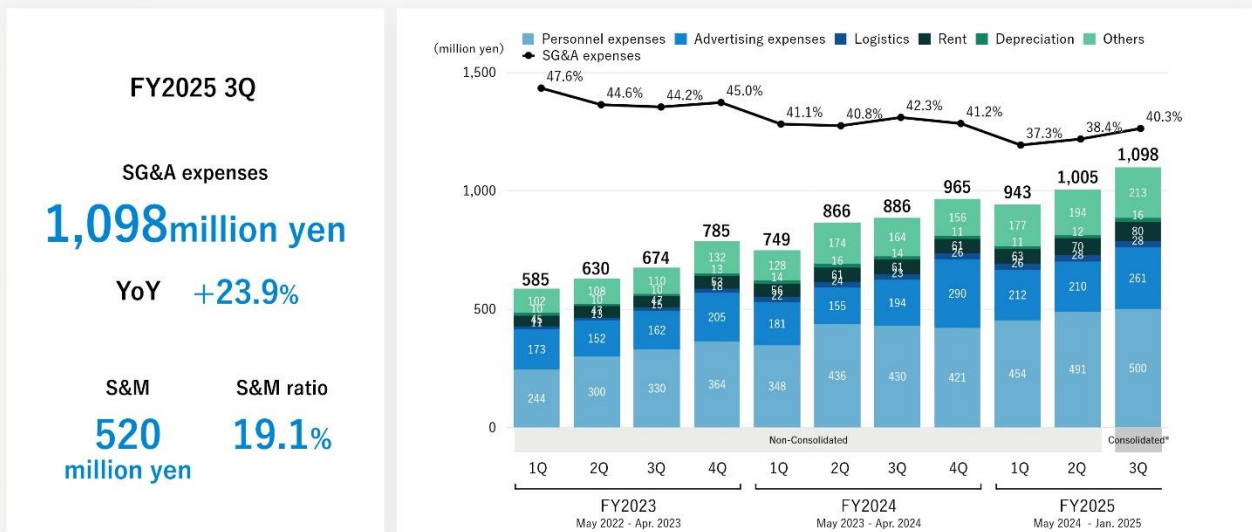
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With Business and Organizational Growth, SG&A Expenses Increased by +23.9% YoY, While the SG&A Ratio Declined by 2.0pts YoY.



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Next, page 11 shows our SG&A expenses.

SG&A expenses totaled JPY1,098 million in Q3. Although there was a slight increase from Q2, it was mainly due to business expansion, including higher personnel expenses.

Advertising expenses will be discussed on the next page.

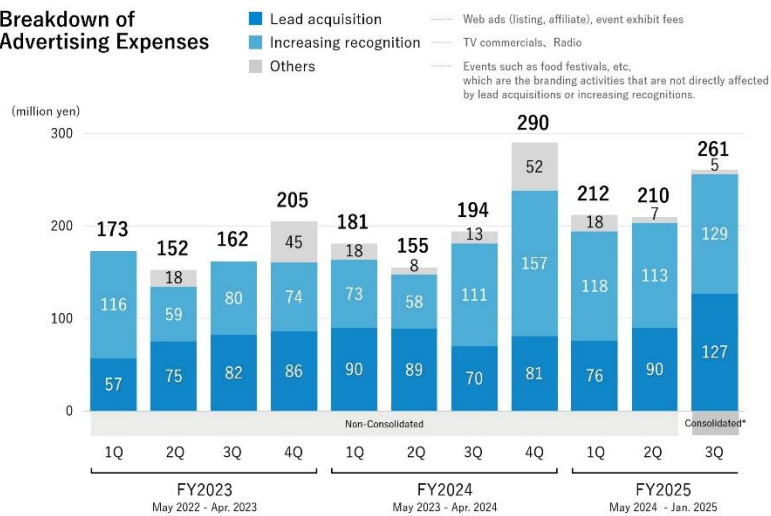
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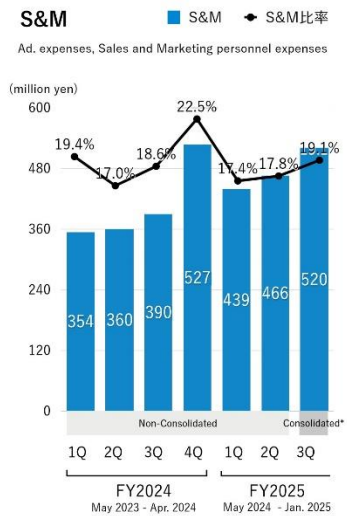
Continue Efficient Ad Investments with a Strong Focus on Cost-Effectiveness for Brand Awareness and Lead Generation. Expand TV Commercial Campaigns to Reach Potential Customers While Actively Driving Lead Acquisition with Ongoing CPA Improvements.

Breakdown of Advertising Expenses



*Consolidated financial reporting begins from FY2025 3Q (See P2 for details).

S&M



スクリプト

Here are the changes in advertising expenses.

We continued our advertising activities from the previous fiscal year.

S&M is shown on the right side. It stood at JPY520 million, or 19.1% of sales.

In Q3, we spent JPY127 million on advertising to acquire direct leads and JPY129 million to boost our brand recognition through TV, radio, and so on.

As for advertising expenses for lead generation, as we mentioned at the last briefing, the scope of advertising expenses will gradually expand, such as for sales training, and now, the amount is on an upward trend due to the increase in new advertising initiatives. As it is a busy season, we are actively taking on projects.

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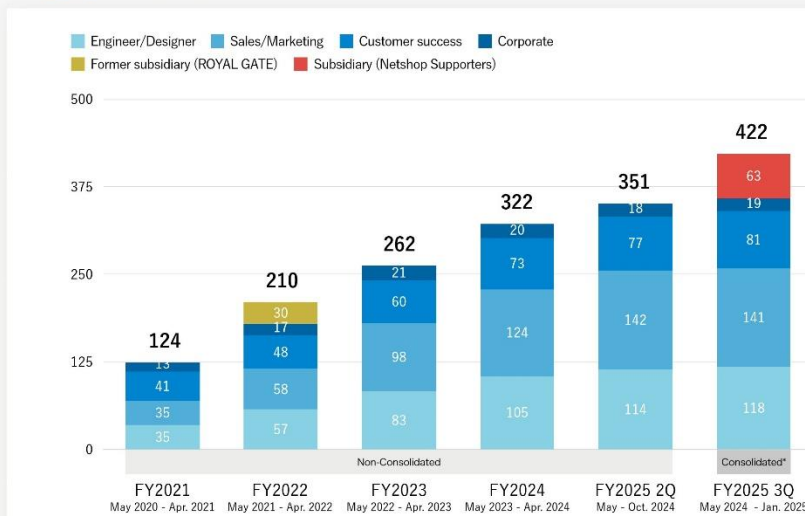
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Focused Recruitment in Engineering, Design, Sales, and Marketing The number of employees increased by 71 QoQ, bringing the total to 422.



FY2025 3Q ^{*1}
Number of Employees

422

YoY **+41.1%** +123
QoQ **+20.2%** +71

^{*1} As of the end of January 2025, excluding temporary, part-time employees and unconsolidated vietnam development subsidiary
^{*2} As of the end of January 2024: 299. As of the end of October 2024: 351.

スクリプト

This shows the changes in the number of our employees.

Up to the fourth column from the left, or up to FY2024, the figures are for the end of the fiscal year.

The number of employees increased by exactly 100 from the end of the previous fiscal year and by 123 from the same period last year to 422 employees. Of this number, 63 employees were added through M&A, as indicated in red.

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- | | |
|-----------|--|
| Jan. 2025 | <ul style="list-style-type: none"> • Launched the "Mobile Order" app • Renewed the "Net Anshin BOX" network backup line option • Held "Akinai Lab:User community" Meetup in Osaka |
| Dec. 2024 | <ul style="list-style-type: none"> • Launched a new TV commercial on Sunday, December 1, 2024 • Introduced the new PAYGATE plan for SMB with a transaction fee starting at 1.98% • Acquired 100% of shares in Netshop Supporters Co., Ltd., making it a subsidiary • Awarded "Best Website" in the Nikko IR "2024 All-Listed Company Website Quality Ranking (Growth Market Division)" for the fourth consecutive year |
| Nov. 2024 | <ul style="list-style-type: none"> • Hosted the first "Akinai Lab" Meetup in Tokyo |

スマレジ

Miyazaki: In Q3, we took a variety of steps to grow our business and enhance the value of our brand.

First, as a measure to expand our payment business, we launched the new PAYGATE plan for small- and medium-size businesses. It is now available. We entered the market with competitive pricing, with transaction fees starting at 1.98%, making it possible for more businesses to use our services.

We also focused on increasing brand awareness and began airing a new TV commercial in December. During the year-end and New Year holidays, we actively aired it in the Tokyo metropolitan area and Osaka, providing an opportunity for many people to become familiar with Smaregi. The TV commercial focuses on communicating the value of Smaregi through the voices of actual users. If you have not seen it, we hope you will take a look.

Furthermore, we are continuously working to enhance our corporate value through IR activities. As one of the results of these efforts, we won the best website award in the Growth Market Division for the fourth consecutive year in the 2024 All Listed Company Website Quality Ranking announced by Nikko IR.

We are also working to strengthen community marketing and held the Akinai Lab Meet-up in Tokyo and Osaka to revitalize the user community.

Thus, in Q3, we continued to pursue aggressive initiatives directly related to business expansion, brand recognition, and corporate value enhancement.

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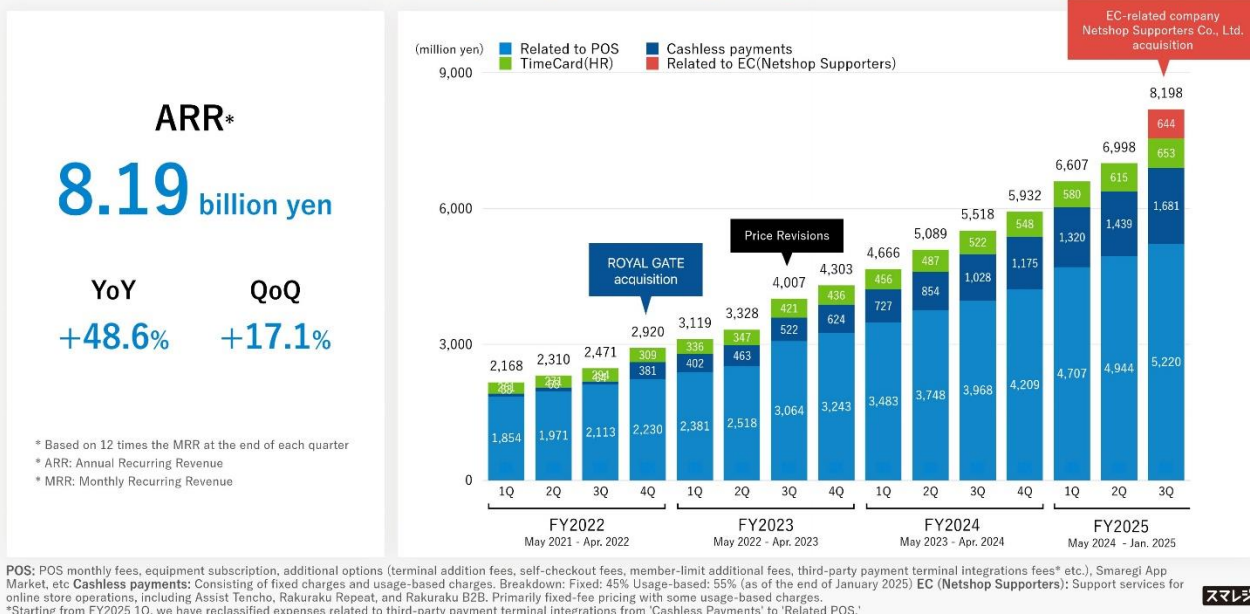
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Annual Recurring Revenue (Subscription Sales)

Business Summary 16

EC-Related ARR Contribution Added from 3Q Through M&A, Driving Strong YoY Growth of +48.6% to ¥8.19 Billion.



Let me now explain in detail our most important KPI, annual recurring revenue.

First, as of Q3 of this fiscal year, ARR reached JPY8.19 billion, a significant growth of 48.6% YoY, and with a 17.1% QoQ increase, our company maintained a continuous growth trend.

This solid growth was largely attributable to the expansion of POS-based cashless payments. Cross-selling between POS and cashless payments was strong and was a major driver of ARR growth.

As for the reason behind the robust performance, we believe that our strength in providing a one-stop shop for POS and cashless payments encouraged small- and medium-size stores to adopt our services, creating further growth potential.

In addition, the expansion of EC-related sales through the M&A strategy showed signs of new growth. The ARR of Netshop Supporters, which became our wholly owned subsidiary in December 2024, has now been added to the EC-related item. The red area in the graph indicates its range, and it is emerging as a new revenue opportunity following the expansion of POS and cashless payments.

We aim to further expand ARR by developing the EC domain as the next growth driver on top of the growth foundations of our existing businesses.

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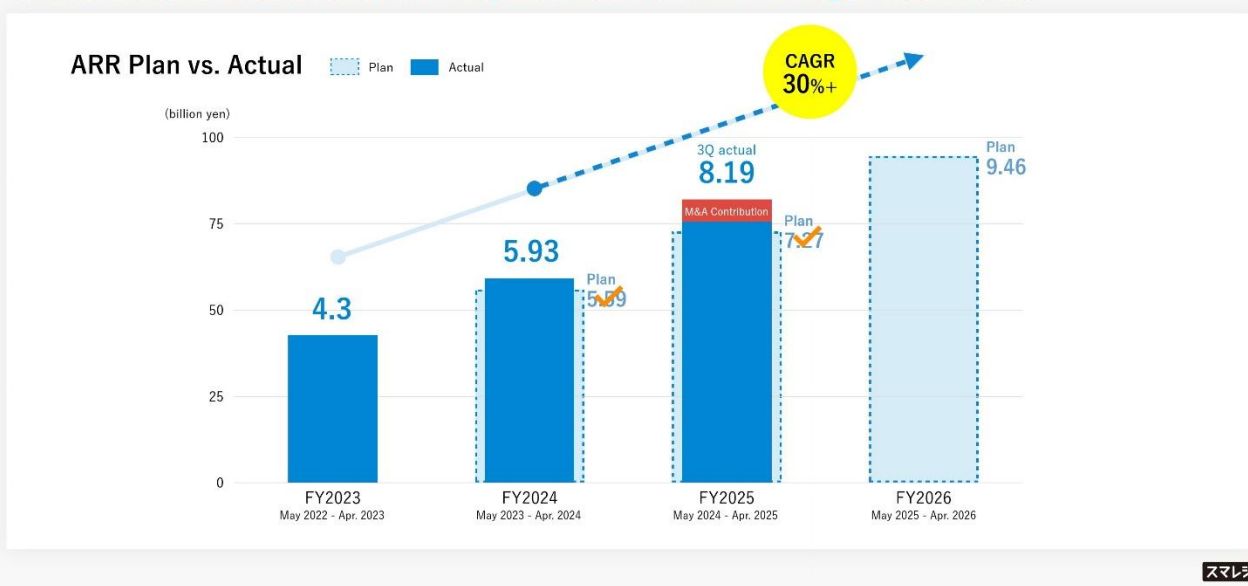
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Progress of ARR in the Medium-Term Management Plan

Business Summary 17

At ¥8.19 Billion (Existing ¥7.55 Billion + M&A Contribution ¥0.64 Billion) as of 3Q, Far Exceeding the FY2025 Target of ¥7.27 Billion. We will continue to focus on early achievement of the FY2026 target of ¥9.46 Billion.



On the next slide, I will discuss the progress of ARR in our medium-term management plan.

We will continue to accelerate ARR growth and aim to reach JPY9.46 billion in the fiscal year ending April 30, 2026 ahead of schedule.

In the future, we will keep on aggressively utilizing M&A to further expand our customer base and achieve sustainable growth.

Takamadate: Now, I will explain the details. Up until now, we have been reporting our company-wide and consolidated results, but the slides from page 18 onward show the main KPIs only for Smaregi POS, which is our main business.

The various KPI figures are as shown in the materials, but first, we are tracking the number of fee-paying stores and the number of active stores as key indicators related to the target ARR.

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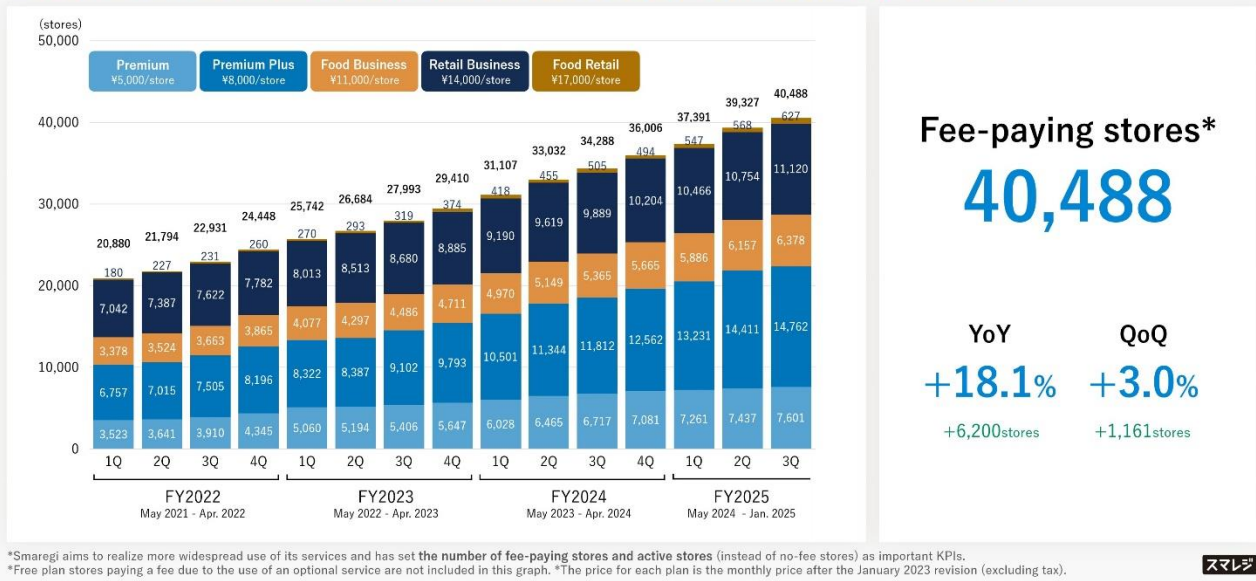
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POS Quarterly Progress in the Number and Composition of Fee-paying Stores

Business Summary 18

Despite Seasonal Factors (Lower New Customer Acquisition During Clients' Busy Season), QoQ Growth Remained at +3.0%, with All Plans Showing Steady Performance and Fee-paying Stores Count Up +18.1% YoY.

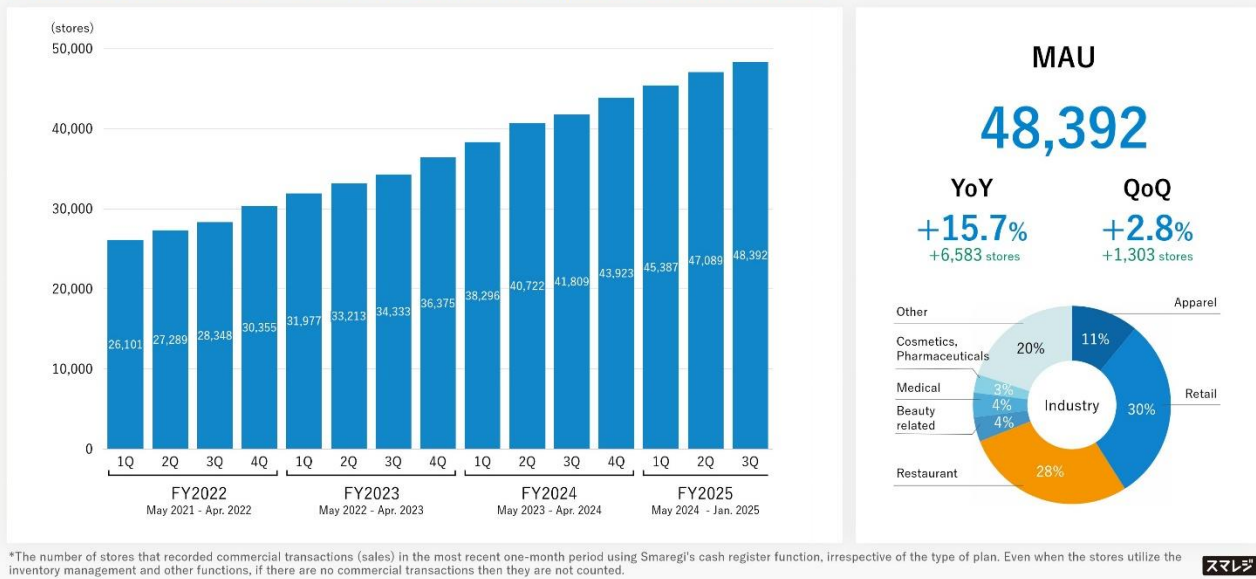


The number of stores subscribing to the paid plan exceeded 40,000 for the first time at 40,488 stores. The growth rate slowed down slightly due to seasonal factors, but the number of stores increased by 6,200 YoY, and the increase itself was not much different from the same quarter of the previous year.

POS Active Stores (Including Free Plan Stores)

Business Summary 19

Prioritizing MAU Over Registered Store Count, Focusing on Delivering a Service That Encourages Continued Use. Achieved Solid Growth of +15.7% YoY Despite the Impact of Seasonal Factors.



Here is the number of active stores.

This is the number of stores that have actually used the service, and it includes stores that are using the service as free users, in addition to the paid plans mentioned earlier. This is also an important indicator to measure

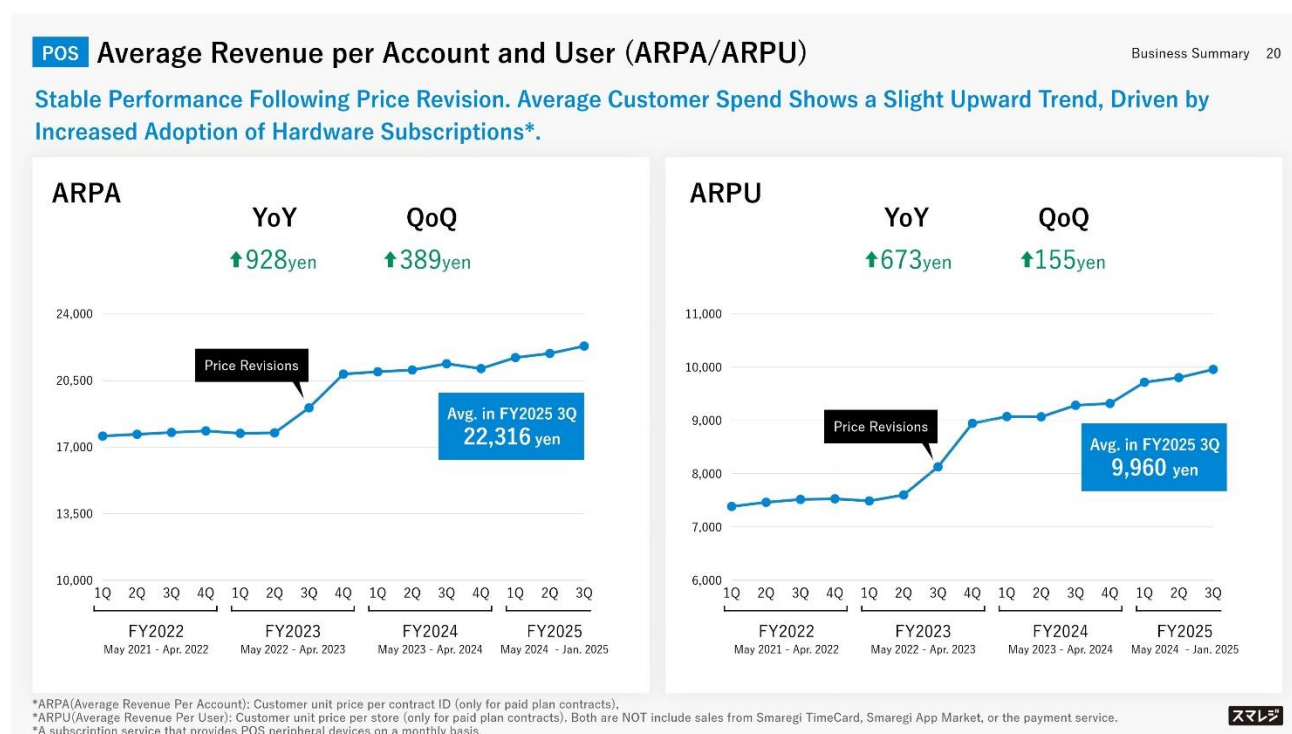
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whether or not the stores are really using our service, since it does not include stores that have only registered for the free plan but are not using it.

In Q3, the number of stores totaled 48,392.



Next, these are our ARPA and ARPU.

Both have risen slightly since the beginning of the fiscal year, but as we mentioned at the last Q2 briefing, we expect that the trend in per-customer spend will continue to rise slightly in the future because of the continued increase in subscription plans for the equipment cost at the time of installation.

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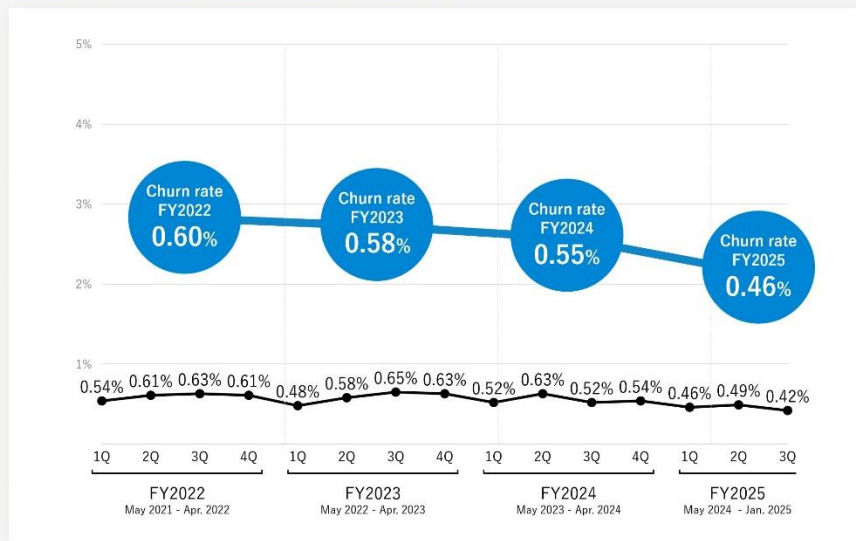
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POS Changes in Churn Rate

Business Summary 21

Continued Focus on Strengthening Onboarding and Enhancing Service Quality.
Maintained a Low Churn Rate in FY2025 3Q.



スクリプト

Next, here are the churn rates.

The churn rate continued to improve gradually. It stood at 0.42% in Q3, and for the entire fiscal year, it was at 0.46%, which would be the lowest churn rate to date.

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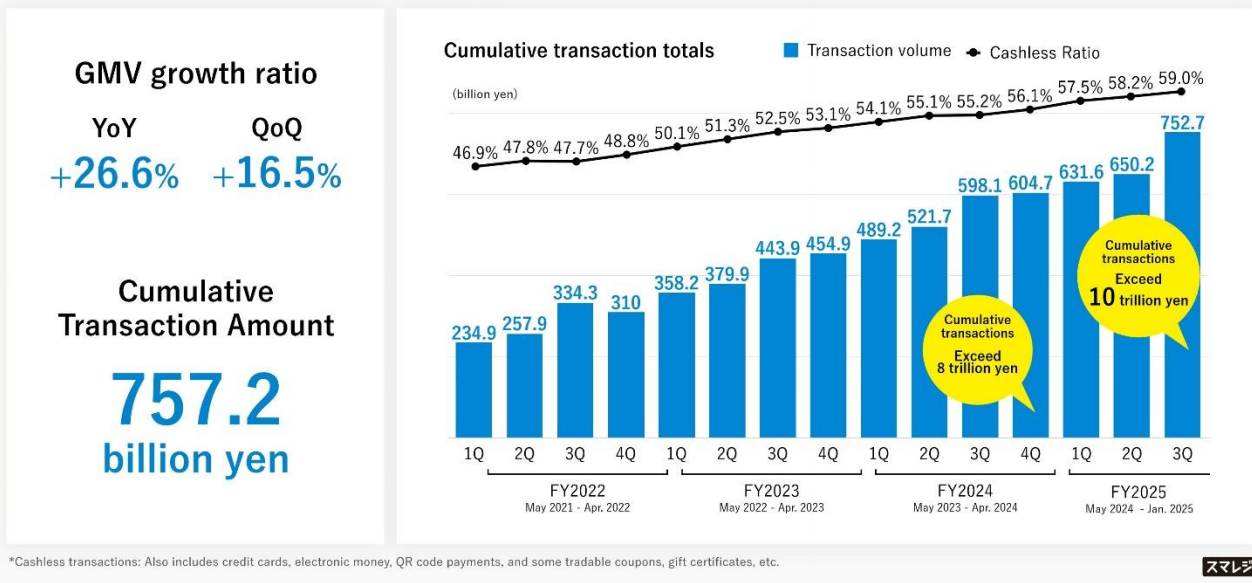
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POS Quarterly GMV (Gross Merchandise Value) Progress

Business Summary 22

GMV for 3Q Achieved Significant Growth, Rising to ¥757.2 Billion (+16.5% QoQ).
Cashless Transaction Ratio Increased to 59.0%.



Continuing on, this shows our GMV, the distribution value and sales value of all users of POS registers.

In Q3, it stood at JPY757.2 billion, representing a 26% increase YoY. The increase may be large, but in Q3, which is the end of the year and the beginning of the new year each year, it tends to go up a little, as you can see in the graph.

The cashless ratio was at 59% and continued to climb, partly due to the cross-selling of the PAYGATE payment service to Smaregi POS users.

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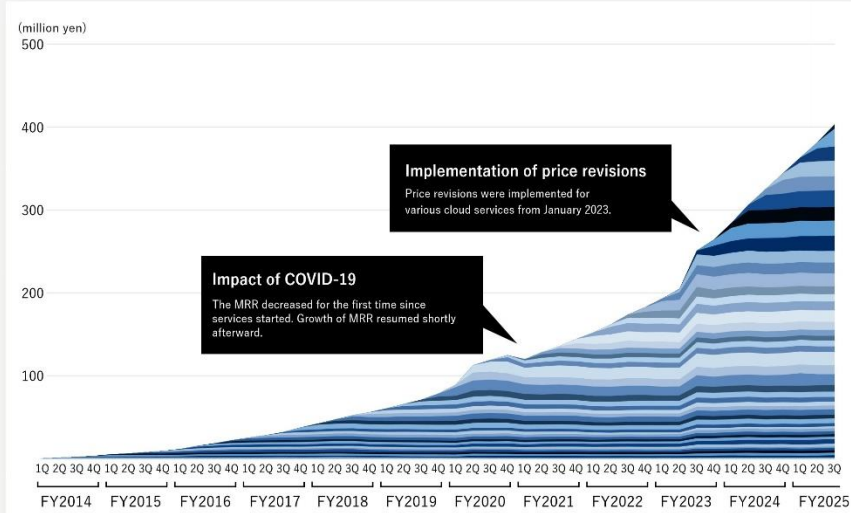
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POS Monthly Fees by Quarter of Start of Services

Business Summary 23

Sustained growth has been achieved through a steady increase in new customers and a low churn rate, leading to stable ongoing usage.



FY2025 3Q

MRR
(POS service only)

404 million yen

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This slide shows the accumulation of MRR.

These are POS-only figures, but MRR as of Q3 stood at JPY400 million.

We hope to expand our business without slowing down the MRR buildup.

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Following Full Subsidiarization in December 2024, PMI is Progressing Smoothly, Expanding Sales Channels to EC Operators.

Acquired 100% of shares in Netshop Supporters Co., Ltd., a provider of EC-focused inventory and order management systems, making it a wholly owned subsidiary as of the end of December 2024.

Supporting EC Operators in Enhancing Operational Efficiency and Revenue Growth.
Approximately 90% of Revenue Comes from a Subscription-Based Model.

Netshop Supporters Co., Ltd.

Founded: 2013 Representative: Yoichi Takezawa



Assist Tencho

A comprehensive EC platform with built-in CRM functionality. Provides unified management for order processing, inventory management, email distribution, and customer relationship management.



Rakuraku B2B

BtoB Cart System. Enables BtoB transactions such as ordering, shipping, invoicing, and payments.



Rakuraku Repeat

D2C Repeat Commerce Cart System. Specializes in repeat sales with features like step mail, customer analysis, and tailored response functions.

End of December 2024

Phase 1

Launch with Minimal Integration First, Then Define Direction and Proceed to Phase 2 and Beyond.

System Integration, Data Integration, and Sales Strategy

- Ongoing System and Data Infrastructure Integration & Optimization
- Developing Marketing and Sales Strategy

Within 2025

- Launch with Minimal Integration

In Progress

2026 and beyond

Phase 2 & Beyond

Accelerating EC Strategy to Strengthen Smaregi's Competitive Advantage

Sales Channel Expansion & Upselling/Cross-Selling

- Enhancing Competitive Edge Through EC Functionality Expansion
- Expanding Sales Channels to EC Operators
- Increasing Customer Spend Through Cross-Selling & Upselling Between POS and EC Services

スマレジ

This is page 24, the last slide, and it is about Netshop Supporters, which we acquired through M&A last December.

We are in the process of PMI, and we intend to go about it in major phases. Our strategy is to start with minimal linkage with Smaregi POS and eventually integrate it into Smaregi POS and engage in full-scale cross-selling and upselling so that EC linkage becomes a further advantage for Smaregi POS.

With regard to this matter, we would be happy to keep you updated on the status of PMI, if there is anything we can say.

This concludes my explanation on our financial results for Q3 of the fiscal year ending April 30, 2025.

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Question & Answer

Moderator [M]: Now, I would like to start the Q&A session. We will try to answer as many questions as time permits.

Now, Mr. Miyazaki and Mr. Takamadate, please go ahead.

Miyazaki [M]: Thank you.

Takamadate [M]: All right, I would like to quickly answer some of your questions. First, we would like to answer the questions we have received in advance. We have received these questions by e-mail, and we will now read the questions.

Participant [Q]: There are sales from selling equipment and from subscription, but is the standard plan, free plan, also a standard plan after equipment is sold? The question is, in that case, is it correct to assume that you will receive only the price of the equipment?

Takamadate [A]: I will answer this question.

As I explained earlier, in terms of Smaregi POS, there is the paid plan, with which we obtain sales from monthly subscription fees, and the free plan that lets customers use it for free. However, I think the question is if the sale of equipment is also a part of such free plan, the standard plan.

Even when customers sign up for the standard plan that is free of monthly fees, we may still sell to them upon their request. In this case, we record only the sales from selling equipment, not subscription sales or revenues such as monthly usage fees. If you use the equipment subscription plan, it will be posted in the net sales from subscription.

Participant [Q]: I have a question about equipment ordering, and the question is, do you order the equipment after you receive an order from a customer?

There is another question, and it is about the balance sheet. You have a lot of cash in assets and little inventory of goods, but do you order and sell equipment as soon as you receive an order, so there is little opportunity to hold inventory?

Takamadate [A]: I would like to answer those two questions together.

Regarding the purchase of equipment, we do not order it after receiving an order from a customer, but we procure it in advance from manufacturers based on demand forecasts to some extent. Of course, we do our best every day to properly manage our inventory to avoid excess stock.

Participant [Q]: We have received a question that says, if you were to raise the medium-term management plan, when would that be?

To answer this, Mr. Miyazaki, please go ahead.

Miyazaki [A]: Since we are likely to exceed the current medium-term management plan as it stands, we are planning to announce the next medium-term management plan during the 21st fiscal year. Naturally, we intend to include quantitative indicators of ARR in that plan, too.

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Takamadate [M]: Thank you very much. That would be all the questions we have received. There are less questions this time. I think we can take more questions. If you have any questions about anything, please send them to us. We will wait a little.

In the meantime, I would like to talk a little more about the PMI of Netshop Supporters, which was on the last slide. We acquired the company through M&A in December, and we are now advancing the acquisition of appropriate figures and integration of infrastructure. These are also progressing gradually. We are managing tasks related to PMI by date and time, and are working very closely with the management and executive teams of both companies.

As explained earlier, Royal Gate, which we had previously acquired, was placed in the business expansion phase and successfully monetized, but Netshop Supporters has always been a profitable company, as announced previously. Therefore, in terms of revenue, although its profit margin is still low, since majority of sales are from subscriptions, accounting for almost 90% of total sales, then if the policy is to generate PT and profits, I think we can generate profits.

We are working on system integration and other things in the phases shown on the last slide, and progress in this regard has been steady. We are also making investments for expansion as needed, hoping to grow it quickly and bring it to a phase of rapid growth of 30% or so.

I just wanted to add a few additional details. In the meantime, thank you all for your questions.

Participant [Q]: We have received a question about the unusual increase in the GMV of POS registers in Q3. Is this really a seasonal factor?

Takamadate [A]: Yes. It is in the materials, on page 22, I think. You are right. It has gone up in Q3. It was JPY757.2 billion in this quarter, and as you can see from the graph, there is a tendency for the amount to rise considerably in Q3 of each year. However, this year in particular, as you said, the increase in amount was rather unusual.

There were a few special factors, but I think it is safe to assume that this is a part of the seasonal factors. Compared to the past fiscal years, the consumption demand during the year-end and New Year holidays seems to have increased considerably, and we are currently investigating this. However, I think the amount increased significantly given the growth in inbound tourism in some areas.

Participant [Q]: There is a question about how we evaluate the effectiveness of the introduction of the equipment subscription plan.

Mr. Miyazaki, would you mind answering this question?

Miyazaki [A]: The effect has certainly lowered the hurdle for customers considering the introduction of high-priced products such as automatic change machines, and at the same time, we believe it has contributed to our monthly revenue.

Participant [Q]: Are you considering further M&A for EC? If you are considering it, when do you expect it to happen? For example, after some synergy with Netshop Supporters has been realized. That is the question.

Takamadate [A]: As to the question on whether or not we are considering any additional M&A for EC or in the EC domain, we have a blank slate at the moment, and if there are plans, I can't talk about them. If there is a good prospect, we will consider M&A to expand our business domain or increase accounts in a way that will continue to generate synergy with Netshop Supporters.

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Participant [Q]: Regarding the M&A of Netshop Supporters, we are aware that your company's POS registers and cashless payments are targeted at mid-size stores, but are there any synergies? That is the question.

Takamadate [A]: I will also answer this one.

The customer base may be slightly different, but the users of Netshop Supporters are players who intend to aggressively expand in the retail industry, where Smaregi POS is our strength, and who also want to make a foray into EC. That is the reason why we said we are now promoting cross-selling and upselling the products of Netshop Supporters, and based on our current research, we believe that out of all the Smaregi POS users, there are quite a few who will use the products of Netshop Supporters.

We are currently making the necessary arrangements toward cross-selling between our two companies in the next fiscal year and the year after that.

Participant [Q]: In the revised consolidated forecast, did you also revise your company's non-consolidated forecast? To what extent have your net sales and profit forecasts been revised? That is the question.

Takamadate [A]: I will also answer this one.

The M&A of Netshop Supporters led to the announcement of consolidated financial results and consolidated earnings forecasts, but as we announced at the previous briefing, the figures for Netshop Supporters are as you can see.

As Mr. Miyazaki mentioned at the beginning of the presentation, the cost for the current fiscal year is one month for Q3 and four months for the full year, so the cost is not that large. Therefore, we decided to announce a new consolidated earnings forecast reflecting the results of Smaregi alone up to Q3.

Although we have announced our consolidated earnings forecast, we have not revised our non-consolidated earnings forecast. Hence, from now on, we will basically announce our business results on a consolidated basis and hope to be able to provide you with our forecasts as well.

Well, I think we have answered all the questions that were asked. If there is anything else, please feel free to add them.

For now, though, that is all for the Q&A for the briefing. Thank you very much for your many questions.

Miyazaki [M]: Thank you very much.

Takamadate [M]: Now, Mr. Miyazaki, can you please give us the closing remarks?

Miyazaki [M]: I know I am repeating myself, but we will continue to do our utmost to accelerate the growth of ARR and achieve the goal of JPY9.46 billion for the fiscal year ending April 30, 2026 ahead of schedule.

In addition, we intend to utilize our M&A strategy to boost the value we provide and promote the expansion of our customer base to ensure sustainable growth.

Financially, we have maintained healthy growth, with an equity ratio of 71.7% and a 29% YoY jump in net assets. We will continue to consider appropriate capital policies while also placing importance on returns to shareholders.

We will continue to support the growth of more businesses through the further expansion of the Smaregi economic zone and aim to be a company that continues to provide value to society.

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Thank you very much for taking time out of your busy schedule to join us today.

Takamadate [M]: Thank you very much.

Moderator [M]: Here is an announcement from IR. We also provide the latest IR information via our newsletter and LINE. We also send them out monthly, so please register.

This concludes the presentation of our financial results for Q3 of the fiscal year ending April 30, 2025.

Thank you very much for watching until the end. Thank you for your continued support.

[END]

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