



Smaregi, Inc.

Q2 FY2026 Financial Results Briefing

December 15, 2025

Event Summary

[Company Name]	Smaregi, Inc.	
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[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q2 FY2026 Financial Results Briefing	
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[Participants]		
[Number of Speakers]	2	
	Ryuhei Miyazaki	Representative Director
	Kohei Takamadate	Director

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Presentation

Moderator: Thank you very much for joining us for the Q2 FY2026 financial results briefing of Smaregi, Inc.

I would like to explain today's agenda. First, we will provide the main points of this financial results presentation. Then, we will explain the FY2026 revised forecast announced along with the financial results, followed by a Q2 FY2026 summary and a business summary. Finally, we will explain the direction of the second medium-term management plan, MTP. We will then answer the questions we have received from you.

Mr. Miyazaki, please take over.

Miyazaki: Thank you very much for attending our financial results briefing today. I am Miyazaki, Representative Director.

The first half of today's presentation will be about our management situation, and the second half will be a question-and-answer session with Director Takamatate. We expect the question-and-answer session to start around 11:00 AM.

Let me begin by explaining the status of our MTP, the Q2 FY2026 financial summary, our business progress, and our future direction.

Before starting my presentation, I would like to share with you two key points from the Q2 financial results presentation material. The first is that we have already achieved the 2nd MTP ARR target of JPY9.46 billion. It is half a year ahead of schedule. ARR has reached JPY9.94 billion.

Second, due to the finalization of the accounting treatment of goodwill and intangible assets of Netshop Supporters, which became a subsidiary, the previously disclosed forecast has been retroactively adjusted, and the full-year consolidated earnings forecast has also been changed from a range to a fixed value.

Today, I will make a presentation while keeping these two points in mind.

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Achieved 2nd Medium-Term Management Plan (MTP)!

Progress of Long-term Vision and Medium-term Management Plan 3

ARR surpasses ¥9.94 bn! Achieved 2nd MTP ARR Target (¥9.46 bn) six months early! Currently formulating the next MTP to enhance profitability and sustain growth, targeting the Long-Term Vision of JPY 30 Billion in ARR!

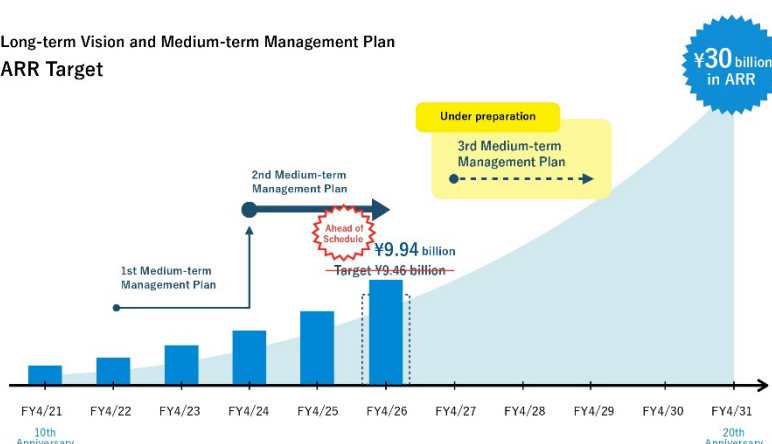
ARR Target Achieved Six Months Ahead of Schedule

Toward New Growth

Under Formulation:
3rd Medium-term
Management Plan

Schedule for Release
Within the Current Fiscal Year

Long-term Vision and Medium-term Management Plan ARR Target



*Please refer to page 29 for details on the direction of the Third Medium-Term Management Plan.

スクリプト

The first point I would like to make is that we have achieved the second MTP ARR target of JPY9.46 billion at an early stage.

We expected to achieve this ARR target at the end of FY2026 when it was formulated in September 2023. However, it was achieved more than six months ahead of schedule.

And today, we are also pleased to announce that ARR is JPY10 billion as of the end of November.

The background is the development of cross-selling based on POS, especially the strong growth in ARR of payment, as well as balanced growth in several businesses, such as TimeCard and e-commerce areas.

As shown in the graph on the right side of the slide, our long-term vision is to achieve JPY30 billion in ARR by FY4/2031. By achieving the second MTP ARR target, a milestone along the way, ahead of schedule, we believe that we are now even more assured of achieving our long-term vision.

We are now formulating our third MTP, the next stage. The direction of the third MTP will be explained later.

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PPA Finalization and Conversion of Full-Year Consolidated Forecast from Range to Fixed Value.

FY2026 Full-Year Consolidated Earnings Forecast

(May 2025 - Apr. 2026)

(Yen in millions)	Results FY2025	Plan FY2026	YoY	Reference: Initial Forecast *1
Net sales	11,066	13,859	+25.2%	13,859
Operating profit	2,380	2,954	+24.1%	2,804~2,954
Ordinary profit	2,362	2,954	+25.0%	2,804~2,954
Profit *2	1,645	2,016	+22.6%	1,866~2,016

*1 The initial forecast disclosed on June 12, 2025, presented profit items in a range format due to the possibility of fluctuations in profit-affecting amounts, such as depreciation and amortization expenses, as the Purchase Price Allocation (PPA) for the acquisition of Netshop Supporters Co., Ltd. had not been finalized at that time.

*2 The Interim Dividend has not been paid.

Dividend Forecast *2

(Year-end Dividend)

	Results FY2025	Plan FY2026
Record Date	Apr. 30, 2025	Apr. 30, 2026
Profit per Share	85.46 yen	104.69 yen
Dividend per Share	15.00 yen	20.00 yen
Dividend Policy	17.6%	19.1%
Total Dividend Amount	288 million yen	

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Next, I will explain the FY2026 forecast.

In December 2024, we made the e-commerce service provider Netshop Supporters a subsidiary.

In our initial forecast announced in June 2025, the accounting treatment of goodwill and intangible assets associated with the acquisition of Netshop Supporters had not yet been finalized. This could have blurred the impact of depreciation and amortization on earnings until the amounts of goodwill and intangible assets were finalized. For this reason, profit items below operating profit were disclosed in a range format.

With the PPA finalization, a portion of the value previously included in goodwill has been re-allocated to customer-related assets.

As a result, the amount of goodwill decreased, and the approximately JPY965 million of goodwill that had been tentatively planned decreased by approximately JPY526 million, resulting in a total of JPY438 million.

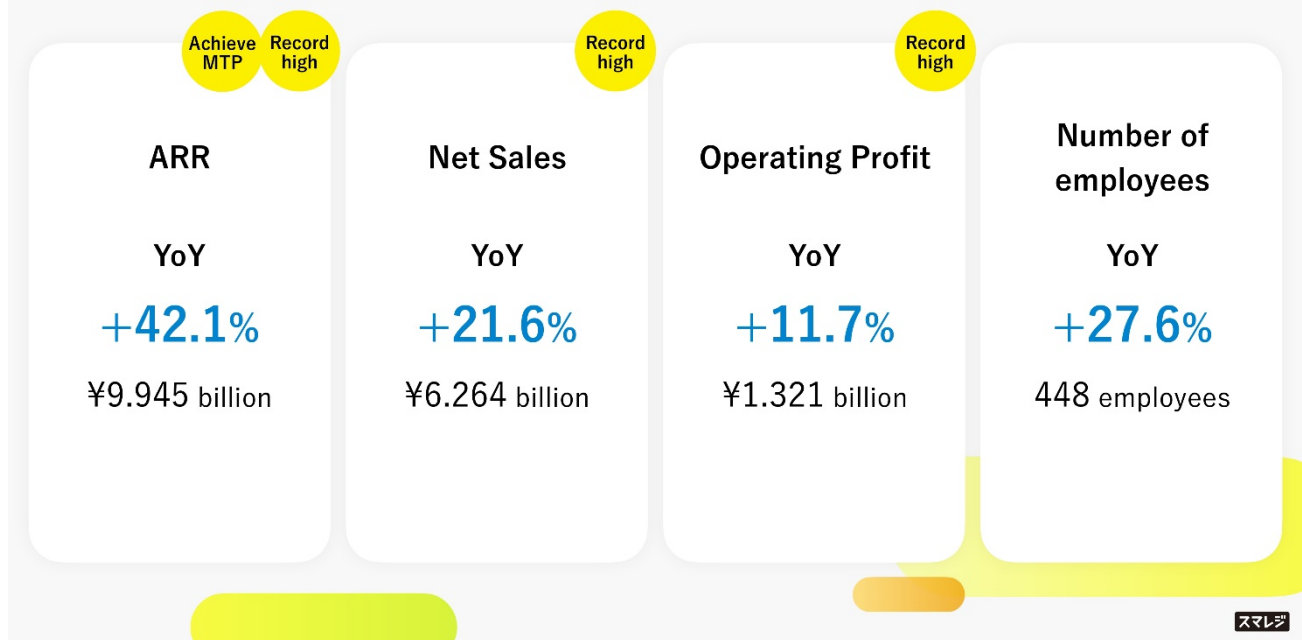
Since the uncertainties affecting profits have been resolved, we have revised the FY2026 forecast from a range to a fixed value.

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From here, I will explain the Q2 FY2026 highlights.

First, ARR, our most important indicator, increased significantly YoY by 42.1% to JPY9.94 billion. Net sales increased YoY by 21.6%, and operating profit increased by 11.7%. Both were strong.

Currently, our sales policy is to place the highest priority on ARR expansion. ARR growth is now structured to significantly outpace sales, as we are strengthening cross-selling based on POS and accelerating its shift to a monthly-billing model.

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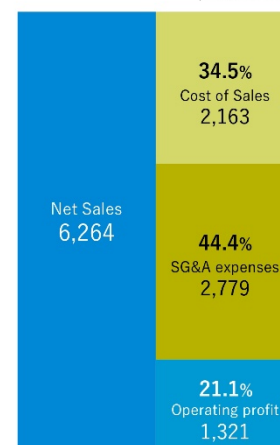
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Record Q2 quarterly revenue posted, driving YoY growth in revenue of 21.6%. Gross profit expanded by 31.6% YoY, absorbing the increase in SG&A expenses, resulting in Operating Income growth of 11.7% YoY. Progress is well on track against the full-year plan.

(Yen in millions)	Q2 FY2026 May - Oct. 2025	Q2 FY2025 May - Oct. 2024	YoY	FY2026 Plan	Q2 FY2026 % achieved
Net sales	6,264	5,152	+21.6%	13,859	45.2%
Cost of sales	2,163	2,034	+6.3%	-	-
Gross profit	4,101	3,117	+31.6%	-	-
SG&A expenses	2,779	1,934	+43.7%	-	-
Operating profit	1,321	1,183	+11.7%	2,954	44.7%
Ordinary profit	1,335	1,173	+13.8%	2,954	45.2%
Profit attributable to owners of parent	887	781	+13.7%	2,016	44.0%

Earnings structure

(Yen in millions)



スプレッド

This is a summary of the statement of income.

Net sales increased YoY by 21.6% to JPY6,264 million, a record Q2 quarterly revenue. Cross-selling, mainly through POS, and the buildup of subscription revenues continue to contribute to overall sales.

Gross profit increased by 31.6%, outpacing sales growth. This is due to the increasing proportion of revenues from subscription businesses with high gross margins.

On the other hand, SG&A expenses increased YoY by 43.7%. This is due to growth investing, such as advertising expenses, in addition to staff member reinforcement in line with business expansion. However, the increase in SG&A expenses is within our forecast, and the SG&A expense ratio is declining QoQ, so our cost control appears to be functioning properly.

As a result, operating profit increased YoY by 11.7% to JPY1,321 million. The significant increase in gross profit offset the increase in SG&A expenses, leading to profit growth.

Progress toward the full-year plan is also on track at 45.2% of net sales. We do not expect any major deviation from the plan at this time.

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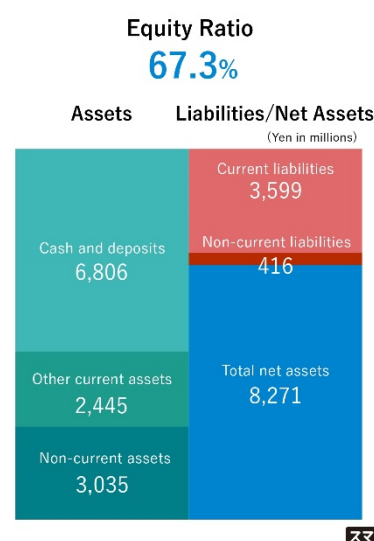
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Fixed assets (Goodwill and Customer-Related Intangible Assets) and fixed liabilities (Deferred Tax Liabilities) increased due to the M&A. Current assets (Accrued Revenue) and current liabilities (Accounts Payable) rose following the optimization of revenue recognition timing in the payment. Equity accumulated through solid performance, maintained sound finance.

(Yen in millions)	Q2 FY2026	Q2 FY2025	YoY	Q1 FY2026	QoQ
Current assets	9,251	7,704	+20.1%	7,763	+19.2%
Cash and deposits	6,806	6,033	+12.8%	5,496	+23.8%
Non-current assets	3,035	1,500	+102.4%	3,087	-1.7%
Total assets	12,287	9,204	+33.5%	10,851	+13.2%
Current liabilities	3,599	2,238	+60.8%	2,657	+35.5%
Non-current liabilities	416	157	+164.2%	424	-2.0%
Total liabilities	4,015	2,396	+67.6%	3,081	+30.3%
Total net assets	8,271	6,808	+21.5%	7,769	+6.5%
Total liabilities and net assets	12,287	9,204	+33.5%	10,851	+13.2%



This is the balance sheet.

Total assets amounted to JPY12.2 billion, a YoY steady increase of 33.5%.

The large increase in non-current assets in total assets from the previous year is due to PPA, the purchase price allocation associated with the consolidation of Netshop Supporters as a subsidiary.

With the finalization of PPA, intangible assets such as goodwill and customer-related assets, and the corresponding deferred tax liabilities, have been recorded. Both are normal accounting procedures associated with mergers and acquisitions and are not of a nature that increases business risk.

Next, current liabilities amounted to about JPY3.6 billion, up 60.8% YoY. This does not mean that borrowings have increased. In the background, there is an increase in accounts payable and accrued revenue related to our payment business. This is not due to a deterioration in the business structure or cash flow, but is a result of the optimization of revenue recognition timing.

Net assets totaled JPY8.3 billion, a YoY increase of 21.5%, and the equity ratio remained high at 67.3%. Although the ratio declined slightly due to the increase in liabilities, cash and deposits were JPY6.8 billion, and interest-bearing debt is extremely small. We believe that our financial base remains sound.

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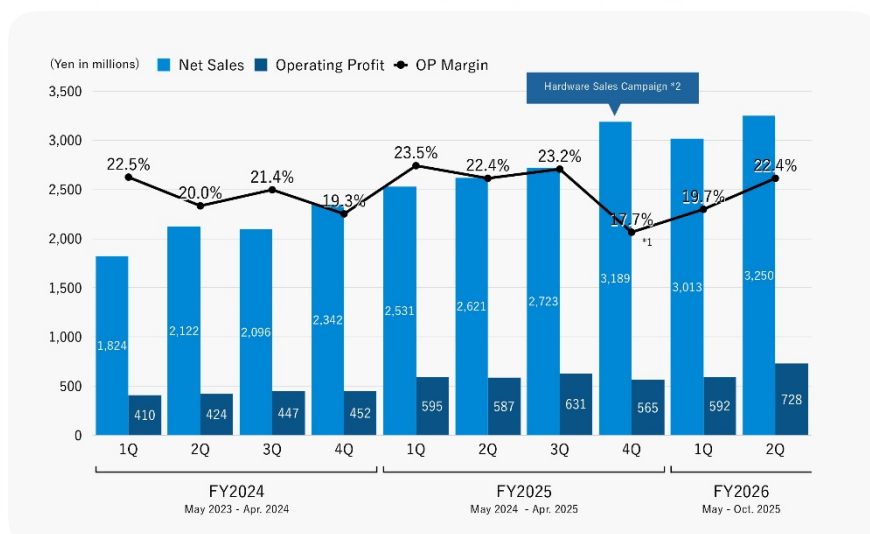
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Quarterly revenue and operating profit both hit new records!
OP margin improved to 22.4% (QoQ +2.7pt), despite ongoing aggressive S&M investment.



Q2 FY2026

OP Margin

22.4%

YoY
±0.0ptQoQ
↑2.7pt

スプレッド

Next, I will explain quarterly changes in net sales, operating profit, and operating margin on page nine.

Q2 FY2026 operating margin was 22.4%, an improvement of 2.7 percentage points from Q1. Operating profit amounted to JPY728 million, a new quarterly record.

Two factors contributed to the improvement in the operating margin.

The first is the strong performance of sales and gross profit. Both sales and gross profit grew at high rates, as net sales increased YoY by 21.6% and gross profit increased YoY by 31.6%. The percentage of subscription revenue, which has a high gross margin, is rising in total revenue. It contributes to the improvement of the operating margin.

The second point is the improvement in the SG&A ratio. Although the amount of SG&A expenses increased YoY, sales growth exceeded it, resulting in a QoQ decline in the SG&A ratio. Profitability recovered despite ongoing aggressive S&M investment.

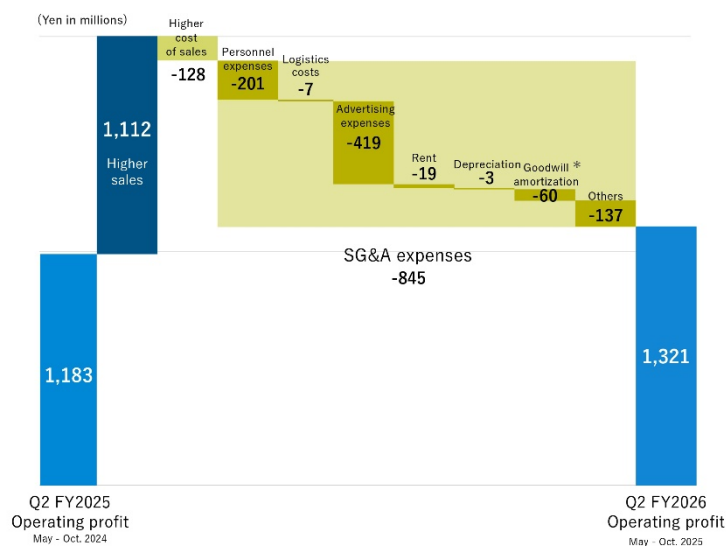
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Higher sales

- Number of new fee-paying contracts increased.
- Growth of consistent sales(monthly fees) due to low churn rate.
- Expansion of payment-related business.

Higher cost of sales

- Increase in cost of production including labor costs.
- Controlled COGS increase, driven by higher subscription mix.

Higher SG&A expenses

- Higher personal expenses due to the increased of employees.
- Higher advertising & promotion expenses, reflecting service expansion and intensified marketing initiatives (incl. TV commercials).
- Goodwill amortization recognized in connection with M&A.
- Increase R&D expenses (Other).

*For disclosure purposes, the combined amortization of goodwill and customer-related intangible assets associated with M&A is presented as "Goodwill amortization."

スプレッド

This is an analysis of changes in operating profit. Q2 FY2025 operating profit was approximately JPY1.18 billion, while that of Q2 FY2026 was approximately JPY1.32 billion, an increase of approximately [JPY140] million.

First, as shown in the blue bar on the left, higher sales boosted profits significantly by about JPY1.11 billion.

On the other hand, the higher cost of sales was only about JPY128 million. In addition to a higher subscription mix with a lower cost ratio, this includes the impact of reduced procurement and inventories due to the absence of the special and renewal demand corresponding to the new banknotes that existed in the previous year, and lower device sales in Q1 and Q2 compared to Q1 and Q2 FY2025.

As for SG&A expenses, advertising expenses increased to approximately JPY420 million. Large-scale S&M investments, including TV commercials, are being conducted for this fiscal year. In addition, personnel expenses increased by approximately JPY200 million, and goodwill amortization associated with M&A increased by approximately JPY60 million. Expenses associated with business expansion increased as planned.

As a result, while net sales increased significantly YoY, the increase in cost of sales was limited.

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Subscription revenue grew by 37.8% YoY, driven by an increase in fee-paying stores, the newly acquired EC business, and strong performance in our cashless payment service. Our high-margin subscription model underpins Smaregi business.

Q2 FY2026

May - Oct. 2025

Subscription
sales ratio

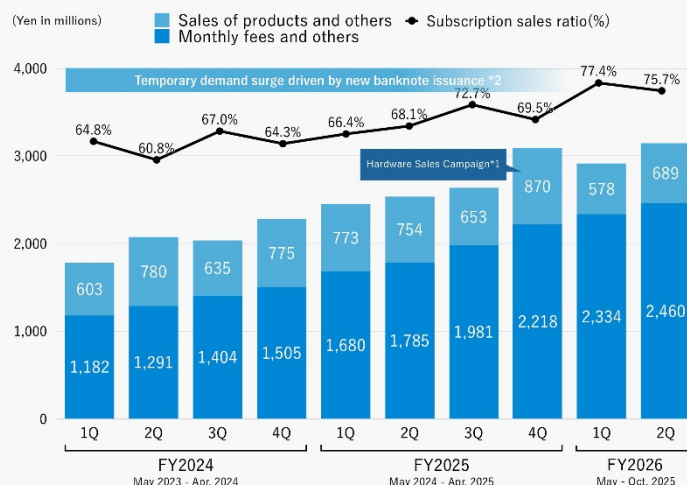
75.7%

Initial expense
gross margin
Sales of products
and others

23.7%

QoQ
↓1.2ptSaaS
gross margin
Monthly fees
and others

77.9%

QoQ
↑0.6pt

*In Q4 FY2025, we conducted a device sales campaign for existing customers, offering cash recyclers at special pricing. *2 Impact from the issuance of new banknotes (FY2024: approx. ¥200 mm; FY2025: approx. ¥150 mm). Note: "Smaregi maintenance service fees" will be reclassified to "Monthly fees and others" starting from Q1 FY2026. All figures in this document, including prior periods, have been retrospectively restated to apply this consistent definition.

スマレジ

This slide is for quarterly changes in sales composition.

As you can see, subscription revenue, mainly from monthly subscription fees, has steadily increased, and the subscription sales ratio for Q2 remained high at 75.7%.

There are two main reasons for this.

First, POS-related monthly fees revenue has continued to grow, and among these, the use of so-called device subscriptions, in which peripheral equipment such as automatic change machines is provided on a monthly fee basis, is expanding.

Customer needs have shifted from traditional one-time purchases to the use of subscriptions, which has contributed to the stable revenue increase and the maintenance of high gross profit margins.

In addition to this, the contribution of subsidiaries, of which approximately 90% of sales come from a subscription revenue model, is also reflected. Gross margins, both initial and subscription, remained stable.

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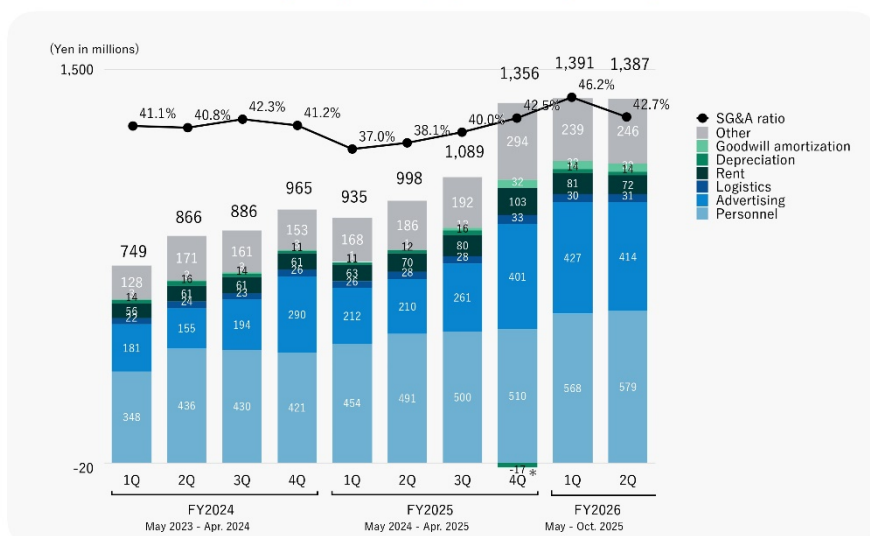
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SG&A expenses remained flat QoQ, driven by continued aggressive S&M investment.
The SG&A ratio declined by 3.5 points QoQ to 42.7%, primarily due to increased revenue.



Q2 FY2026

May - Oct. 2025

SG&A expenses

¥1,387 mm

YoY +39.0%

S&M

S&M ratio

¥710 mm 21.9%

スミレジ

This slide is for changes in SG&A expenses.

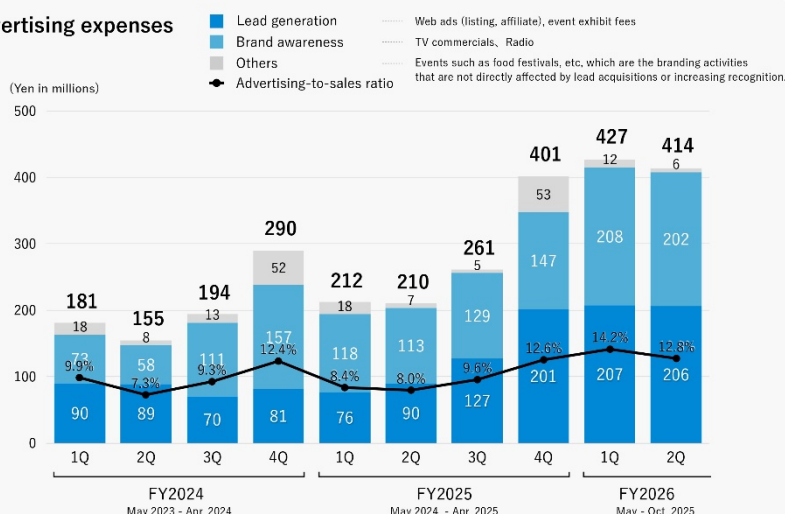
As shown in the slide, the breakdown of SG&A expenses is dominated by personnel and advertising expenses.

In this fiscal year, as planned, we are stepping up marketing investments, and SG&A expenses increased YoY by 39% to JPY1,387 million. On the other hand, compared to Q1, they remained almost flat.

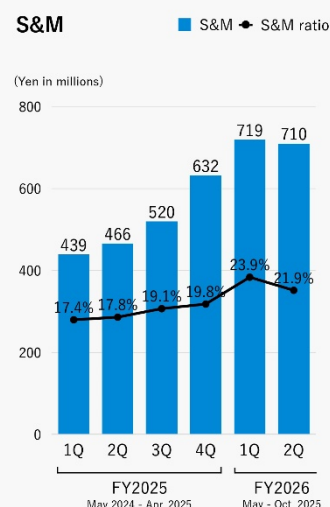
The SG&A ratio was 42.7%, down QoQ 3.5 percentage points owing to a solid result of sales in Q2.

We continue aggressive S&M investment focused on efficiency while optimizing CPA, primarily centered on TV commercials (for brand awareness) and online marketing initiatives (for lead generation).
The advertising-to-sales ratio decreased to 12.8% due to the expansion of revenue.

Advertising expenses



S&M



スプレッド

This slide is for changes in advertising expenses.

We continued a similar scale of S&M investment as planned in Q2 from Q1. The breakdown is an almost 50-50 split between lead generation and brand awareness, with the composition ratios remaining unchanged from Q1.

Lead generation increased significantly YoY due to the addition of advertising placements for subsidiary services. Brand awareness includes the cost of creative production and placement of TV commercials, as well as program sponsorship measures implemented on TV Tokyo from July to September only, as part of the two-quarter cost.

With regard to investment efficiency, we continue to focus on CPA and optimize our operations by verifying cost-effectiveness as needed. The advertising-to-sales expense ratio was 12.8%, down QoQ due to strong sales.

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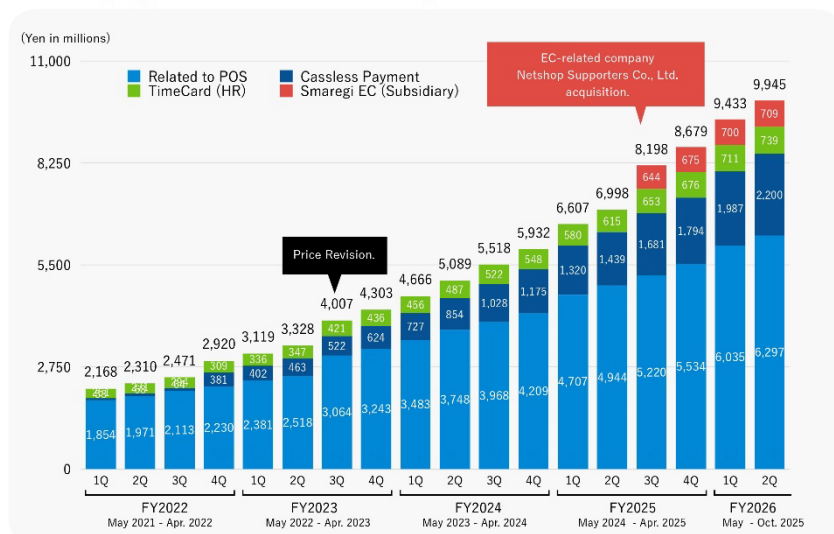
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We achieved the 2nd MTP ARR target six months ahead of schedule, with ARR reaching ¥9.94 billion (YoY +42.1%)!
Our strong cashless payment service achieved high growth of 52.9% YoY and is positioned to become a core business.

ARR
¥9.94 bn

YoY
+42.1%

QoQ
+5.4%



Note: Effective from the Q1 FY2026 earnings materials, "Smaregi maintenance service fees," which were previously recorded under "sales and products and others" have been reclassified as subscription fees to reflect their true nature as a continuous fixed-rate maintenance service. The ARR for "related-to-POS" in Q1 FY2026 includes an impact of approximately ¥270 million resulting from this definition change. No retrospective restatement has been performed for prior periods. Retrospectively restated data is provided in the Appendix as a reference.

スプレッド

Next, I will explain ARR and our services as a business summary.

First, let's look at ARR. We have positioned ARR as the most important indicator for our business. We believe that the results of subscription sales are indicative of the growth potential and profitability of our business.

Q2 FY2026 ARR increased YoY by 42.1% to JPY9.94 billion. This was due to steady cross-selling of POS-based payment services and the contribution of Netshop Supporters' business performance, which we acquired through M&A.

As mentioned at the beginning, the second MTP ARR target was achieved six months ahead of schedule. Since the achievement of the MTP is a milestone in our long-term vision, we will continue to focus on ARR expansion as our most important challenge.

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ARR
¥6.29 billion
YoY +27.4%

ARPA
¥24,058
YoY +9.7%

ARPU
¥10,836
YoY +10.5%

Fee-paying Stores
45,036
YoY +14.5%

MRR Churn
0.47%
YoY ±0.0pt

GMV
¥802.2 billion
YoY +23.4%

*As of the end of October 2025. For details on definitions, please refer to page 31.

スマレジ

This is a summary of Smaregi POS-specific KPIs, focusing on the YoY growth of key indicators.

POS-related ARR increased YoY by 27.4% to JPY6.29 billion. Both ARPA and ARPU increased steadily.

The number of fee-paying stores exceeded 45,000, also steadily expanding. MRR churn remained at a low level, averaging 0.47 this quarter, and churn control is functioning properly.

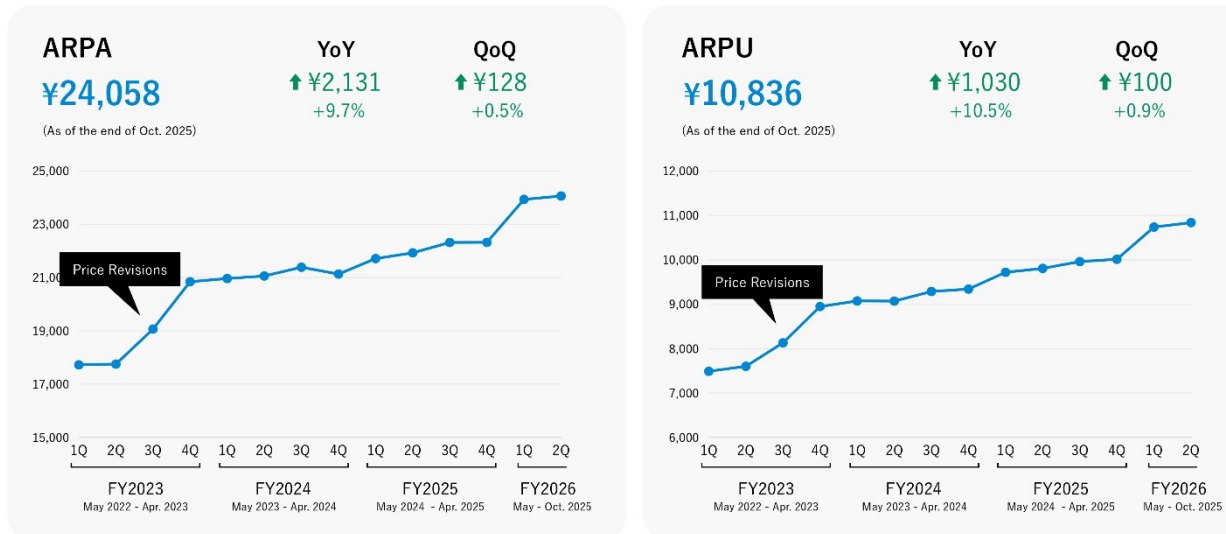
During Q2 from August through October, GMV was JPY802.2 billion, a YoY increase of 23.4%, indicating not only an increase in the number of stores with POS, but also an increase in payment service transactions per store.

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Shift from one-time purchases of POS peripheral devices to hardware subscription service* continues, driving ARPA up by +9.7% YoY and ARPU up by +10.5% YoY, maintaining the uptrend.



*A subscription service that provides POS peripheral devices on a monthly basis.
 Note: Effective Q1 FY2026, we have redefined our unit price calculation. Revenue from Smaregi AppMarket and Smaregi maintenance service fees are now incorporated into this metric. Historical figures have not been retroactively restated to reflect this change.

スマレジ

The following slide shows graphs for the last three years for each indicator so that you can see the growth trend.

These are changes in POS-related revenue per account and user and do not include payment or TimeCard. As you can see, they have gradually risen since the 2023 price revisions. The background includes expanded use of device subscriptions and various options.

Also, we redefined the unit price calculation in Q1 FY2026, where AppMarket and maintenance service fees are now included. AppMarket is a system that allows users to freely add mini-applications that can extend POS functionality, a service that allows stores to flexibly expand functionality in response to issues they face.

On the sales front, we are strengthening cross-selling between POS and payment, as well as proposals combining AppMarket and various options. We believe that these efforts are leading to an increase in ARPA and ARPU.

As announced in the press release, the new pricing of our food business plan for restaurants has been effective since December, and now includes the mobile ordering feature as a standard feature. If this leads to a steady increase in the number of contracts, we expect it to gradually contribute to the unit price, and we believe that the unit price of POS alone will continue to grow.

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ARR
¥2.20 billion
 YoY +52.9%

ARPA
¥11,373
 QoQ ↑ ¥862 +8.2%

Contracted Companies
16,121
 QoQ +3.7%

Usage ratio by POS users
 (Cross-selling rate)
16.0%
 QoQ +0.6pt

*As of the end of October 2025. For details on definitions, please refer to page 31.

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Next is a summary of cashless payment services KPIs.

As you can see, the ARR of payment services increased YoY by 52.9%, the highest growth rate among our services.

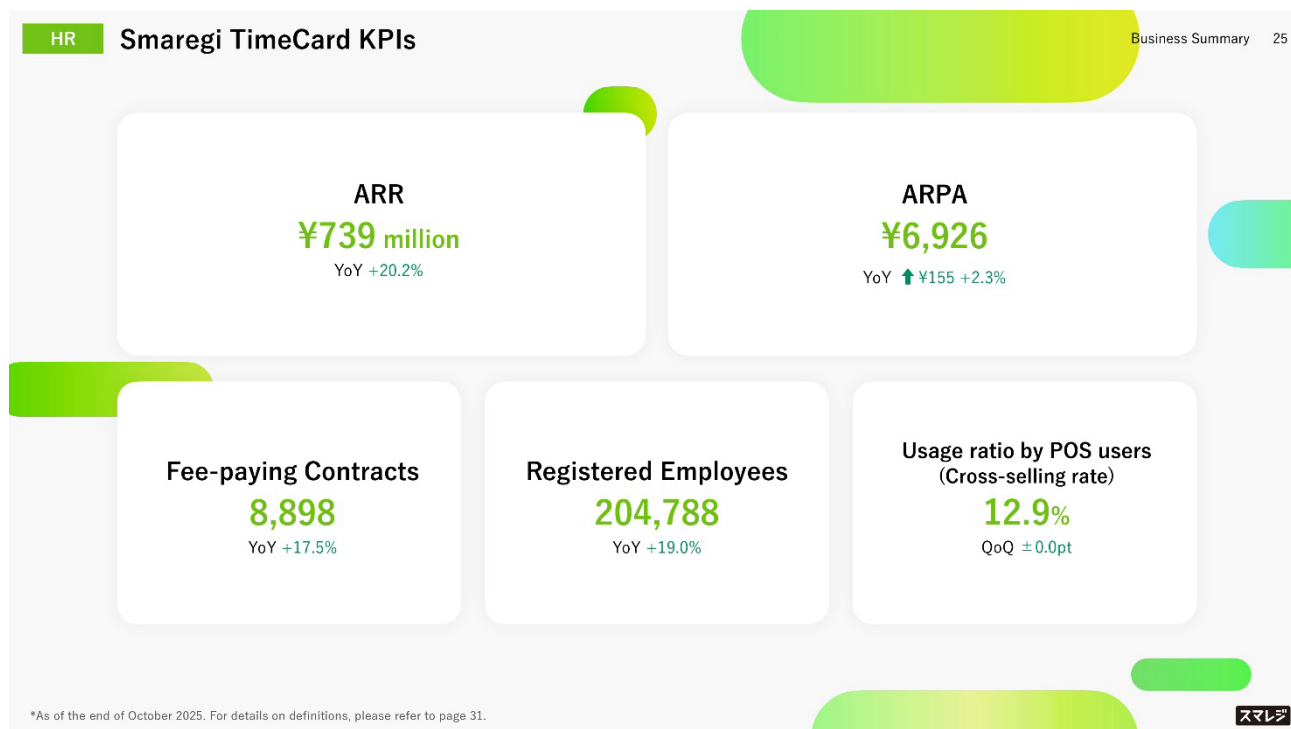
We are in the phase of combining multiple products based on POS to increase the unit price per customer. Of these, we believe that the core growth driver for the future will be the payment area. In fact, cross-selling with POS is progressing steadily, and the contribution of payments to ARR is relatively large compared with other products.

We have received many requests from investors to expand the scope of payment service disclosure. We would like to positively consider this, but in a very competitive environment in the area, detailed information disclosure may lead to business risks. Therefore, we will find a balance between conveying our growth story and avoiding competitive disadvantages in information disclosure.

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Page 25 shows the situation of TimeCard.

ARR increased YoY steadily by 20.2%.

The definition was revised in Q1 to better reflect the correlation between sales and ARR. The introduction of the system has progressed not only in stores but also in a wide range of business categories, such as business offices, and the system has maintained solid growth.

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Executing the rebranding initiative to integrate all services under the Smaregi brand. Accelerating growth through an efficiency-focused communication strategy. Developing the sales foundation necessary for achieving high cross-selling rates. PMI is progressing smoothly as planned.

Key Achievements

NEW

Rebranding Execution (from Nov. 2025)

Key products, "Assist Tencho" and "RakuRaku Series," were refreshed under the new unified brand, "Smaregi EC." New names, logos, and the website have been launched.

**Management Infrastructure Enhancement** (from Jan. 2025)

Implemented revisions to operational and KPI management systems, along with infrastructure upgrades.

Advertising Integration & Expansion (from May 2025)

Advertising operations formerly handled by the subsidiary were consolidated under Smaregi. Efficiency improvements have resulted in a steady increase in lead acquisitions and sales opportunities on a YoY basis.

Sales Collaboration (from Jun. 2025)

Identifying e-commerce demand during negotiations with existing Smaregi customers to facilitate cross-selling.

Service Integration (from Jun. 2025)

The basic integration between POS and EC management services has been launched. Introduced our proprietary payment system for online transactions on "Smaregi EC."

Future Growth Outlook

- Pricing structure renewal
- EC functionality enhancement and channel expansion
- Development of an agency partner network
- Strengthening of human resources

Netshop Supporters Co., Ltd. Founded : 2013, CEO : Yoichi Takezawa

Supporting e-commerce operators in streamlining operations and maximizing revenue. Approximately 90% of net sales are derived from the subscription revenue model.



This is a status report for Netshop Supporters.

PMI is progressing as planned, with the most recent major achievement being the rebranding in November 2025, integrating the products of Netshop Supporters into the Smaregi brand as Smaregi EC.

The name, logo, and website have been unified. It is positioned as one of the core products of Smaregi, along with the POS and payment products.

The aim of this M&A is not to expand sales of EC alone, but to expand the ARR of the entire group through cross-selling starting from POS. Therefore, upfront investments, such as marketing investments, are being made, but we intend to give priority to building a foundation that will allow ARR to expand over the medium- to long-term, rather than maximizing short-term profits.

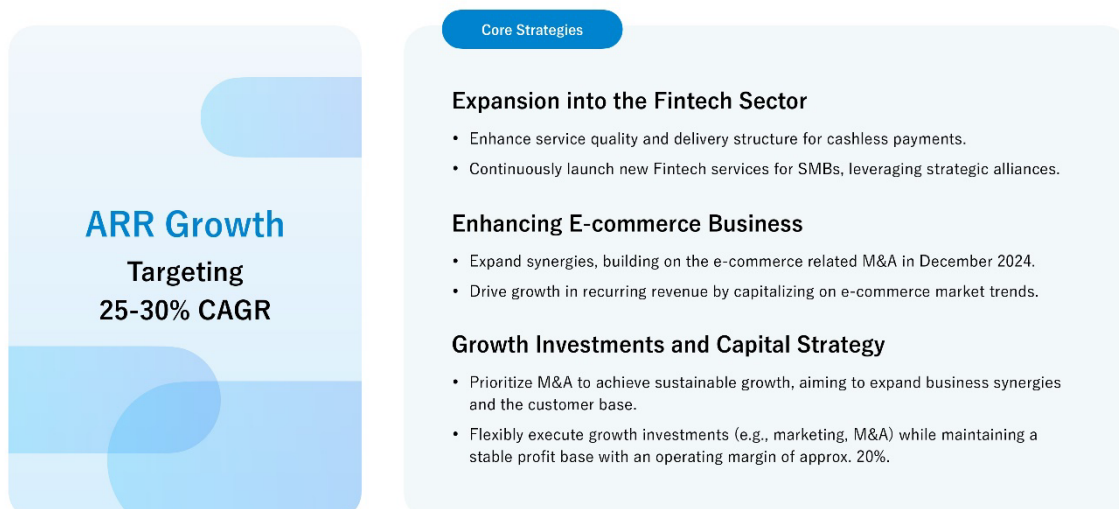
As with payment and TimeCard, the market potential for e-commerce is very high, and it is an area where our POS cash registers, which are strong in the retail industry, can easily demonstrate their strengths, so we intend to focus even more on this area.

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The 3rd Medium-Term Management Plan will cover the period from the fiscal year ending April 2027 to the fiscal year ending April 2029. Quantitative targets and further details will be disclosed during the fiscal year ending April 2026.

スラッシュ

Finally, this slide is about our direction for the next MTP. This slide is the same as we presented in Q1, but we would like to reiterate our position.

In our third MTP, we intend to demonstrate significant growth toward ARR expansion by incorporating new developments centered on payment and strengthening the e-commerce domain, while keeping POS as the foundation.

Numerical targets and specific strategies will be announced with the official MTP during FY2026. Our stance will remain unchanged, and we will continue to aim for ARR growth with a CAGR of 25% to 30% in the medium term, and steadily move toward achieving our long-term vision of JPY30 billion in ARR.

This is my explanation of our management situation.

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Question & Answer

Moderator [M]: Let's start the Q&A session now. Mr. Miyazaki and Mr. Takamadate, please start.

Takamadate [M]: Hello. I am Takamadate, Director. I will join from here to answer your questions. We would like to start by answering the questions we received earlier on the registration form.

Participant [Q]: The first question is about advertising.

Regarding the effectiveness of advertising, many people already know the name "Smaregi," but is it highly effective? Do you believe that if you continue to advertise, the effect will continue?

Takamadate [A]: I would like to answer this question as it relates to advertising.

As Miyazaki explained earlier, we are spending a little more on advertising this fiscal year, especially on marketing for brand awareness, which is what you are asking about. We are working on a new phase, where we aim for top-of-mind awareness during FY2026.

We conduct a quantitative reporting survey for brand awareness on a quarterly basis. We find that we are still not in the top-of-mind awareness among people related to stores. There is still room for improvement, and we plan to monitor the effects quantitatively to continue spending.

Thank you very much.

Participant [Q]: Are you considering changing to the Prime Market? As a management team, what do you think of your current share price?

Miyazaki [A]: We are considering switching to the Prime Market.

We are always conscious of our stock price, and ultimately the market will make the final decision. On the other hand, we believe it is important for us to improve our business performance and maximize our corporate value, and we would like to work on these.

Participant [Q]: I have the impression that your company's earnings forecasts have been conservative in past years. Do you have a similar stance on the revised forecast with a fixed value?

Takamadate [A]: Thank you very much.

The revised forecast was made to reflect the results of the PPA for the acquisition deal. There was a risk that operating profit could increase or decrease depending on the outcome of the allocation. However, based on the results and in light of the current situation, we made the decision that it would be safe to announce a fixed value at the higher end of the range.

We do not intend to be conservative, but our internal members are highly conscious of achieving and exceeding the profit plan and, of course, the ARR target as well.

Participant [Q]: I understand that you introduced a new food business plan at the beginning of December. Do you have an intention to raise ARPA/ARPU? Is this a countermeasure to the increasingly competitive environment in the restaurant industry?

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Miyazaki [A]: As you say, there is also the intensifying competition in the restaurant industry. On the other hand, as you can see if you are a user, mobile ordering is becoming almost a standard feature, not an optional feature, and we have just included it as a standard feature. We are not sure if this will result in an increase in the unit price, but we think it will improve the closing rate to a certain extent.

Thank you very much.

Participant [Q]: I believe your TV commercials have continued, but what is the status of lead generation?

Takamadate [A]: This is similar to the first question. Again, we are working quite a bit on commercials for brand awareness.

As for lead generation, as shown separately in the financial results presentation material, the amount has also increased a bit. Therefore, we hope you understand that we are able to attract more leads by spending more.

However, in the market, for example, AI results are displayed for your search, and the way listing ads and advertisements are displayed has changed, particularly over the past year. Smaregi and other companies have addressed the changes in the market.

Therefore, although this fiscal year sees ups and downs compared to previous years, we are working hard to efficiently generate leads by implementing measures at each point.

Participant [Q]: I also read your shareholder newsletter every month on Note. I think November was the first month in a long time that no commercials aired. Is there a reason for this?

Takamadate [A]: We have an intention. Our commercials aired every month, mainly in the Tokyo metropolitan area and other large cities. However, we would like to clearly measure their effectiveness. For example, we would like to air commercials in only one month during a quarter as a trial.

Participant [Q]: How is AI being used in your company? Please answer how it is used in your business if possible. How will you incorporate this into your products?

Takamadate [M]: This question is about AI. So, Mr. Miyazaki, please answer.

Miyazaki [A]: In terms of the use of AI within our company, we see a lot of progress in areas such as emails and chat for customer support. I am not sure how much I can disclose. We are making a lot of progress, and we are discussing internally that we can expect significant labor savings in a year or two.

For example, in sales, we feed business meeting videos to generative AI to evaluate the business meeting. We see progress in various areas.

In terms of products, we released AI Daily Report in the past. We are now in the process of gradually releasing its extensions.

Participant [Q]: ARR exceeded your mid-term management plan target in H1 FY2026, but what is the outlook for H2?

Takamadate [A]: As Miyazaki explained in his presentation, we have already achieved the target. We also issued a press release to announce that we surpassed JPY10 billion in ARR at around 10:00 AM today.

We have not yet announced our next mid-term management plan targets, and of course, we are still in preparation for the next mid-term management plan. But we hope to announce the next mid-term management plan and ARR target in the near future. We expect it to grow steadily in H2 as well.

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Participant [Q]: You mentioned that while cashless is important for future cross-selling, competition is intensifying. What is the situation?

Miyazaki [A]: Cashless payment cross-selling is important. I don't mean that it is intensifying here, but rather that POS competition in the food service industry is intensifying. The food service market is not a new market, and competition has been increasing for a long time, as some major players have entered the market.

On the other hand, in terms of cross-selling cashless products, I think it is a situation where cross-selling is done without hesitation for POS, since it is almost a secondary product for cashless. I see our cashless functions and products are competitive enough to make cross-selling possible.

Participant [Q]: For Netshop Supporters, what are the effects of the rebranding implementation? Let us know if possible.

Takamadate [A]: As mentioned earlier at the end of Miyazaki's explanation, we have rebranded Netshop Supporters. The existing services were integrated into the new brand name Smaregi EC, which has three major products, each with its own purpose, called Centralized Management, B-to-B Ordering, and Repeats.

In line with this change, we also launched the Smaregi EC website on November 4 for users to gather information for consideration. We see more access to the new website than the previous website. As a result, I believe that this will probably accelerate business negotiations since more customers will access the website for consideration.

Therefore, I believe that we can accelerate the speed of growth by advancing marketing with the new brand Smaregi EC after the business acquisition.

Thank you very much.

Participant [Q]: Can you let us know the future outlook for advertising expenditures? Q4 usually sees an increase in advertising expenses. Do you see the same trend for Q4 FY2026?

Takamadate [A]: We do not disclose the forecast, but I think we will probably spend a little more in Q4 FY2026. As mentioned at the beginning, we are aggressively investing in brand awareness in FY2026, so I expect the level to be a little higher than in FY2025.

Participant [Q]: You didn't mention anything in particular about the recruitment situation during this briefing, but does that mean it is going well? The data shows that it is a little slower than in FY2025. Is there any impact on your plan due to staffing shortages?

Miyazaki [A]: As you say, it is a little slower than in the previous fiscal year, but I don't think it will have a major impact since there are areas where labor can be saved along with the rise of AI. Rather, we feel that it is better to hire people carefully.

Especially in the past two years, we have been actively hiring people ahead of schedule, so I think the pace of increase slows a bit from that standpoint.

Takamadate [M]: We will now conclude our Q&A session. Thank you for your many questions.

Finally, Mr. Miyazaki, any closing remarks?

Miyazaki [M]: It has been about a year and three months since I assumed the position of representative director, maybe more, and the challenge of the new organization began in July. At the end of November, we achieved a milestone of JPY10 billion in ARR, as we just announced in a press release.

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We would like to continue to grow toward our long-term goal of JPY30 billion in ARR, which is a very high target.

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

Moderator [M]: Here is an announcement from IR. We also provide the latest IR information via our newsletter and on LINE. Please sign up for our monthly newsletter.

Finally, we ask for your cooperation in filling out a survey. After this, a survey form will appear on your screen. It is a simple process that takes about 30 seconds to complete, so please provide us with your honest opinions and feedback.

This concludes our Q2 FY2026 financial results briefing. Thank you very much for watching today. Thank you for your continued support.

[END]

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