



**Smaregi, Inc.**

Mid-Term Management Plan Announcement

March 19, 2021

## Event Summary

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<b>[Company Name]</b>	Smaregi, Inc.
<b>[Company ID]</b>	4431-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Type]</b>	Medium-Term Management Plan Announcement
<b>[Event Name]</b>	Mid-Term Management Plan Announcement
<b>[Fiscal Period]</b>	
<b>[Date]</b>	March 19, 2021
<b>[Number of Pages]</b>	15
<b>[Time]</b>	13:00 – 13:17 (Total: 17 minutes, Presentation: 10 minutes, Q&A: 7 minutes)
<b>[Venue]</b>	Webcast
<b>[Venue Size]</b>	
<b>[Participants]</b>	1
<b>[Number of Speakers]</b>	1 Hiroshi Yamamoto                      Representative Director

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## Presentation

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**Yamamoto:** I'm Yamamoto from Smaregi, Inc. We are pleased to inform you that we have formulated a long-term vision and medium-term management plan for Smaregi.

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# TO BE THE NEW STANDARD

2021年はスマレジ10周年の節目。この10年でスマレジは、あらゆる業態の店舗に対応できる基本機能と、個性的な店舗運営を実現する拡張性を備えた圧倒的なサービスに成長しました。

この素晴らしいサービスを、機能を、もっともっと多くの店舗に使ってほしい。

そして、日本の商店を力強くサポートし、日本の経済発展に寄与したい。

スマレジのこれからの10年は、

タブレットPOSの枠を超え、日本のPOSTップシェア獲得を狙います。

スマレジ

As TO BE THE NEW STANDARD, 2021 is the 10th anniversary of Smaregi. I feel that in the last 10 years from 2011, Smaregi has grown into a company offering overwhelming services with expandability through very flexible basic functions that can be used for stores of various formats, niche functions that enable unique store management, and the Smaregi app market.

It's sort of embarrassing to say this, but our services are awesome, so we want more and more stores to use our wonderful services or these excellent functions. In addition, we strongly support Japanese stores and the Japanese economy. We would like to contribute to the development.

For that reason, for the next 10 years of Smaregi, we would like to go beyond the framework of tablet POS and aim to gain the top share of Japanese POS cash registers.

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長期ビジョン

# VISION 2031

2021年現在、

日本のPOS市場では、今なおハードウェアベンダーが大きなシェアを占めています。  
ハードウェアからソフトウェアの時代へ変遷する中、スマレジが誕生したのが2011年。

次の10年に向け、ソフトウェア・データベース企業である  
私たちスマレジが、クラウド・DX時代を牽引し、シェアを拡大し、国内トップを目指します。  
誰もが手軽にデータ活用できる時代へ

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We established VISION 2031 as a long-term vision. We aim to win the top share in the POS market in Japan.

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## POS市場で国内トップを目指す

KPI

アクティブ店舗数30万店舗、国内市場シェア14%を目指す!

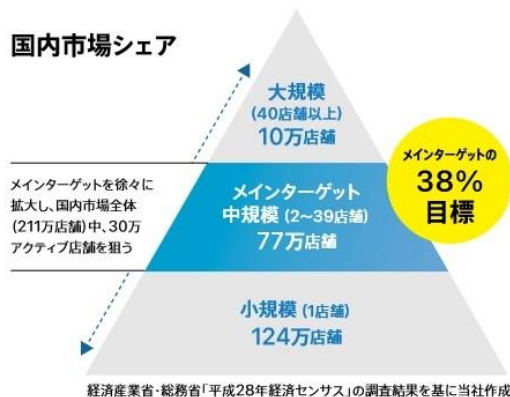
メインターゲットの中規模層を中心に、大規模層(従来POSからの入替需要)から小規模層(アプリマーケット利用による課金)までターゲットを拡げ、ピラミッドの中心からシェア拡大を目指します。

アクティブ店舗数



※21年4月期3Q時点のアクティブ店舗数。21年4月期通期決算後に2021年4月期末のアクティブ店舗数を掲載いたします

国内市場シェア



スマレジ

We have included the number of active stores in our KPIs. The number of active stores is an index indicating that regardless of a paid plan or a free plan, our services are actually used, and our goal is 300,000 stores. Our aim is to achieve a 14% share of the overall domestic market.

Here are two graphs. In terms of the number of active stores, as of Q3 of the fiscal year ending April 2021, the number of active stores is 23,000. We will aim for more than 10 times in 10 years to achieve 300,000 stores.

In terms of market share, there seems to be about 2 million stores in Japan, including retail stores and restaurants, which are the main targets of Smaregi. Of those, 770,000 stores are small- and medium-sized stores with 2 to 40 branch stores. This means that we should aim at gaining a little less than 40% of the main targets to hit 300,000.

We would like to aim to gain market share while gradually expanding the main target in the vertical direction.

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## 中期経営計画

2022年4月期 - 2024年4月期

# ARR倍増計画

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Here, I will introduce the medium-term management plan for the fiscal year ending April 2022 and the next two years, which will be the first step in the long-term plan.

The title, ARR Doubling Plan, sounds a little exciting. We named it so as keywords for investors.

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継続的な高成長サイクルを実現させるため、来期から3年間は減益を覚悟し、事業投資を強化

積極的な広告宣伝活動を中心とした事業投資により、アクティブ店舗数の増加と顧客単価の向上を目指す

広告宣伝によるアクティブ店舗数増加

アプリマーケットによる顧客単価向上



24年4月期までに

**ARRを倍増!!**

※1 21年4月期3Q時点のARR。21年4月期通期決算後に2021年4月期末のARRを掲載いたします  
 ※2 22年4月期は、新型コロナウイルスの影響を考慮し保守的に算出

ARR推移計画



スマレジ

I'll go to page seven of the material. In order to continue high growth in the future, we made up our minds to strengthen our business investment, preparing for profit declines for the next three years.

One is to increase the number of active stores through advertising. It means increasing the number of customers.

The other is the improvement of customer unit price through the app market. This improves ARPU.

By increasing both the number of customers and the unit price of customers, we are planning to double the ARR by the fiscal year ending April 2024.

In the graph on the right, the ARR is JPY1.92 billion as of Q3 of the fiscal year ending April 2021, so we plan to more than double to achieve the target value.

We would like to make these happen.

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## 広告宣伝への集中投下

積極的な広告宣伝活動を実施  
認知度向上・顧客獲得を加速

認知・リード獲得

2

## アプリマーケット施策

アプリマーケットを活性化させ、  
エコシステムを構築

CX・顧客単価向上

3

## スマレジ・タイムカード

勤怠管理から HR サービスへ  
事業を成長させる

HR事業・クロスセル

4

## クリエイティブ人材育成

継続的な高成長サイクルを支える  
クリエイティブ人材を育成

永続的成長

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Let's move on to specific measures.

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認知・リード獲得

## 積極的な広告宣伝活動により 事業を加速させる

コロナ禍で中断していたPR活動を再開。  
上場時に調達した資金を原資に、積極的なPR活動により、  
認知度向上および新規顧客の獲得を加速させる。

### 目標

- ・ 一般認知向上によるブランド力強化
- ・ 新規顧客獲得を加速



スマレジ

The first is a concentrated investment in advertising.

Mass media, such as TV commercials, traffic advertisements, taxi commercials, et cetera, are a little popular now, and I would like to run advertisements on the Internet, et cetera, and promote PR activities in various places.

Up until now, we have been spending almost no advertising costs, so I think this is a big challenge.

We haven't accumulated much in-house know-how yet, so we had to feel our way through trial and error, but we intend to advance our business by spending a lot of advertising expense.

In particular, we did an IPO in the fiscal year ending February 2019. At that time, we raised about JPY1.5 billion to JPY2 billion. We haven't spent this money we raised two years ago.

The reason why we haven't spent it is that in the first year after listing, we received a large number of inquiries without spending advertising expenses due to the special demand for the reduced tax rate. We didn't use the money in the first year, and in the second year, which is this fiscal year, we encountered the COVID-19 crisis. We put a brake on it because this is not time to spend on advertising.

We have decided that we should use it from now on, as economic activity has begun to be a little more active, so we would like to carry out advertising activities at a rapid pace with the funds we acquired two years ago.

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CX向上・客単価改善

## アプリマーケットを活性化し、 エコシステムを構築する

基本機能に加え、アプリマーケットに登録された拡張アプリにより、スマレジはあらゆる業種や業態に対応。スマレジのCVC事業スマレジ・ベンチャーズが中心となり、アプリ開発者への投資、事業支援、販売支援などを通じてアプリマーケットを活性化させます。

ノーコード/ローコードをテーマにアプリ開発環境(スマレジ・デベロッパーズ)の大幅改善も予定

### 目標

- 専門性の高い機能をフックにした新規顧客の獲得
- 拡張アプリ利用料収益による顧客単価の向上
- カスタマーエクスペリエンス(CX)の向上

スマレジ

The second is a measure using the app market.

We are aiming to improve the unit price of customers, but basically, we receive many requests from customers.

In addition, apps are used in various ways in various industries and business formats, and we would like to revitalize the app market so that we can handle such demand.

Smaregi Ventures, a CVC Business of Smaregi, has also started, and we would like to revitalize the app market by investing in those who develop this app, as well as business support and sales support.

In the future, we are planning to significantly improve the application development environment with the theme of no code or low code so that it will be easier to create applications.

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HR事業、クロスセル

## スマレジ・タイムカードを 加速させ、勤怠管理から HRサービスへ成長させる

クラウド勤怠管理サービス「スマレジ・タイムカード」をスマレジ事業から切り離し、HR事業として独立した組織体制を構築し、成長を加速させます。

**目標**

- ・ スマレジ利用者へのクロスセル戦略による顧客単価の向上
- ・ 独立採算やグループシナジーによる成長の加速

スマレジ

The third is the Smaregi Time Card.

The HR Business that we now call it, started with an attendance management system called Smaregi Time Card, and we would like to further flesh it out and grow it into an HR service.

Originally, it was developed as one department within our company, but since it was decided to develop the business within the Smaregi Business, we separated it from the Smaregi team and created a dedicated team. We would like to grow the Smaregi's HR service in an independently established team in the future.

Now, Smaregi customers and Smaregi Time Card customers look the same, but their customers are slightly different.

First of all, we would like to start by making a little more affinity with Smaregi for cross selling so that Smaregi customers can use it more.

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永続的成長

## 日本でもっともITクリエイティブ人材を輩出する企業のひとつとなる

採用関連費を大幅拡大し、ITエンジニアやデザイナー、データサイエンティストを中心に課題解決型ITクリエイティブ人材の発掘・教育を積極的に実施し、継続的な高成長サイクルを支える人材基盤を構築します。

### 目標

- ・ 不足するITエンジニアの確保
- ・ プロダクト品質や開発スピードの向上
- ・ 研究開発(R&D)の活性化
- ・ POSデータの活用と事業化



スマレジ

Lastly, the fourth is the development of creative human resources.

We wrote that we will be one of the companies that produce the most IT creative human resources in Japan. We are thinking of actively discovering or educating creative human resources for IT, especially IT engineers, designers, data scientists, et cetera, by greatly expanding not only advertising expenses, but also recruitment-related expenses.

Until now, we have operated with a relatively small number of people, and in reality could not afford to try new things.

To prepare for the next 10 years, we would like to secure a little more IT creative human resources to take on new challenges and improve the product even more.

There is a considerable shortage of IT engineers throughout Japan. There is a shortage of IT human resources not only in our company, but also in society as a whole. We will take the initiative in discovering and educating IT human resources. We would like to create a culture that produces more IT human resources in Japan.

The above four points are concrete measures. Even though there are still abstract parts, we announced them at the timing of Q3. We will make them more concrete and make an announcement at the full-year financial report of Q4. Next time, we would like to inform you of the progress of this medium-term management plan or the more concrete contents. Please continue to pay attention to our advancement.

This is all. Thank you very much.

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## Question & Answer

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**Yamamoto:** We have received questions regarding the medium-term management plan. I would like to answer three questions.

First, please tell us the background behind your decision to change your stance and make business investments centered on active advertising activities.

As I mentioned a little in the presentation part, we did an IPO in February 2019. It was exactly two years ago, and at that time, we secured about JPY1.5 billion to JPY2 billion in cash.

In the first year, which is the year before last, a reduced tax rate was introduced and a consumption tax was raised. This helped to generate a special demand and we were almost flooded with inquiries with almost no advertising expenses.

In the second year, which is this fiscal year, we were supposed to spend the advertising expenses by starting TV commercials, et cetera, but a state of emergency was declared, and then the COVID-19 crisis started. This resulted in us taking defensive actions again. Over the past year, we had to wait and watch how the situation developed.

For these reasons, we have been unable to use the money we raised for the past two years.

It's been three years since the Company went public. Looking back on the past year, the influence of the COVID-19 disaster has gradually weakened, and we have judged that it's the right time to step on the accelerator.

When it comes to the management indicators, we have originally set the goal of keeping the sales growth rate and the operating profit margin at 20% since the beginning of the listing. However, the sales growth rate has stagnated, and even during the crisis, we must maintain a high growth rate in the future.

We will focus on aiming for a high sales growth rate, as well as ARR because this is the SaaS Business. We will focus on increase the number of customers, and also on increasing the subscription, which is a stable revenue stream. We made the decision to put the 20% operating profit margin on hold for now and have taken on challenges, not caring about profit declines.

Secondly, why did you decide to announce the medium-term management plan at this time?

We often issue a medium-term management plan at the timing of the announcement of full-year financial results, but this time we announced the medium-term management plan at the timing of Q3.

We announced the financial results for Q3, but in reality, we are already in the middle or the second half of Q4, and the results are gradually becoming visible.

It is time for the entire company, including internal members, directors and employees, to become more active toward the next fiscal year.

Under such circumstances, we have decided to announce new target values both inside and outside the Company in Q3 so that we can get off to a quick start next year.

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This is the last question. It seems difficult to secure excellent human resources due to the normal shortage of engineers in many companies. How do you differentiate yourself to have an advantage over other peers?

As you say, there are not enough IT engineers, so I think it is certain that we are in a situation where it is difficult to hire programmers and other IT engineers.

There is no point in becoming negative about these things, so we thought that we should be the leader to increase the number of people who want to become IT engineers in order to take the initiative in solving the shortage of human resources.

Last year, the Company joined the Computer Software Association of Japan. For example, we are serving as the member of the executive committee of the U-22 programming contest under the age of 22, and also sponsoring the association.

Additionally, we have been working on grassroots activities, by sponsoring a programming class for students and the like.

By the way, I am originally an IT engineer, and would like to create something that makes IT engineers become interested in the Internet and computers, as well as a curriculum that allows them to engage in learning with such interests. I would like to create a culture that makes computer software work interesting.

I think it's okay if not only our company, but the entire industry becomes interesting or profitable. By carrying out activities that lead to revitalization inside and outside the Company, we can differentiate ourselves from other companies. It may not be necessary to differentiate, but we are determined to take the initiative in such activities.

I answered three questions. That's all. Thank you very much.

[END]

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### **Document Notes**

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
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3. *This document has been translated by SCRIPTS Asia.*

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