



Long-term Vision and Medium-term Management Plan

June 13, 2022

Smaregi, Inc.
Securities code: 4431

TO BE THE NEW STANDARD

The year 2021 marks the 10th anniversary of Smaregi.
Over the past 10 years, Smaregi has grown into an unparalleled service
that offers both the basic functions to accommodate stores of all types
and the expandability to realize unique store operations.
We want more and more stores to use this wonderful service and its features.

We would also like to strongly support Japanese stores
and contribute to Japan's economic development.

Over the next 10 years, Smaregi will go beyond tablet POS
and aim to secure the top share of the POS market in Japan.

- P4 Long-term Vision - VISION2031
- P6 Medium-term Management Plan -
- Plan for Doubling ARR
- P8 Medium-term Management Plan
- Four Key Activities **UPDATE**
- P13 Update history

Long-term Vision

VISION 2031

As of 2021, hardware vendors still hold a large share of the Japanese POS market.

Smaregi was established in 2011 during the transition from the hardware to the software era. As a software and database company, we aim to lead the cloud and DX era, expand our market share, and become the top POS company in Japan within the next 10 years in order to create an environment in which everyone can easily utilize data.

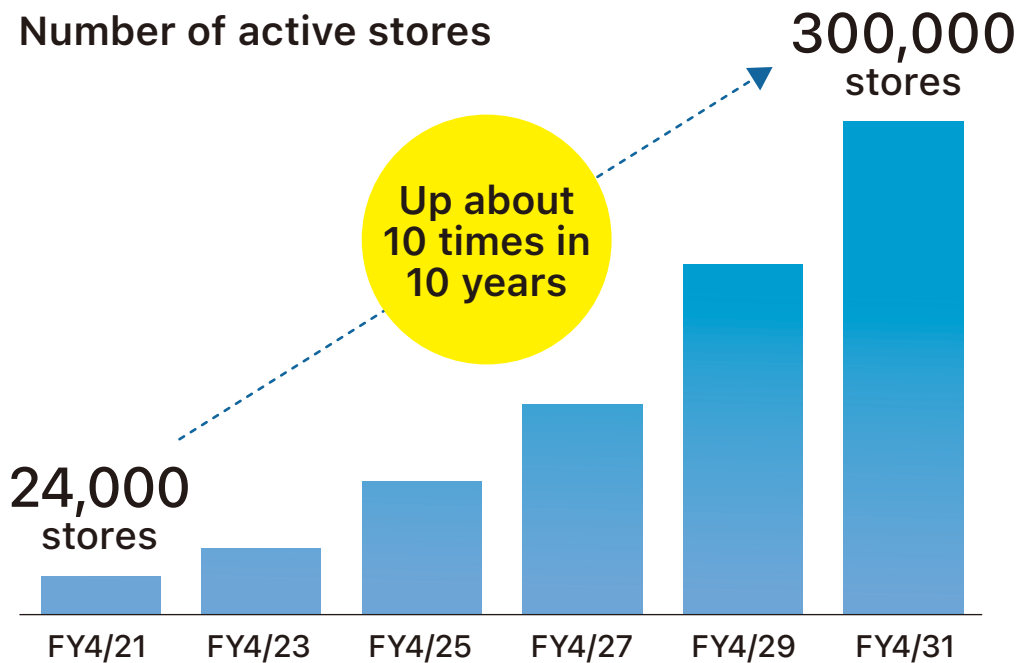
Our goal is to be a POS market leader in Japan

KPI

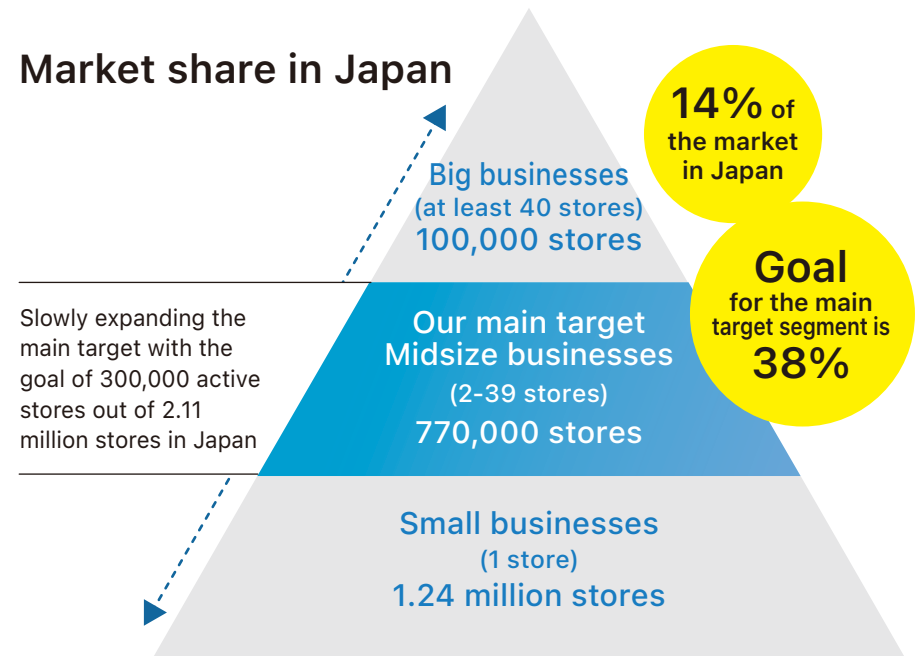
Aiming for 300,000 active stores and a 14% market share in Japan

The target has been enlarged from the core midsize business category to include big businesses (demand for replacing conventional POS systems) and small businesses (fee income from use of the app market).

Number of active stores



Market share in Japan



Prepared by Smaregi based on 2016 Economic Census conducted by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications.

Medium-term Management Plan

FY4/22 - Y4/24

UPDATE

Plan for Doubling ARR

Aggressively strengthen business investment for three years starting from FY4/22, to realize a continuous high-growth cycle, while being prepared for a decrease in profits.

Aggressive advertising and other business investments to increase the number of active stores and raise the price per customer.

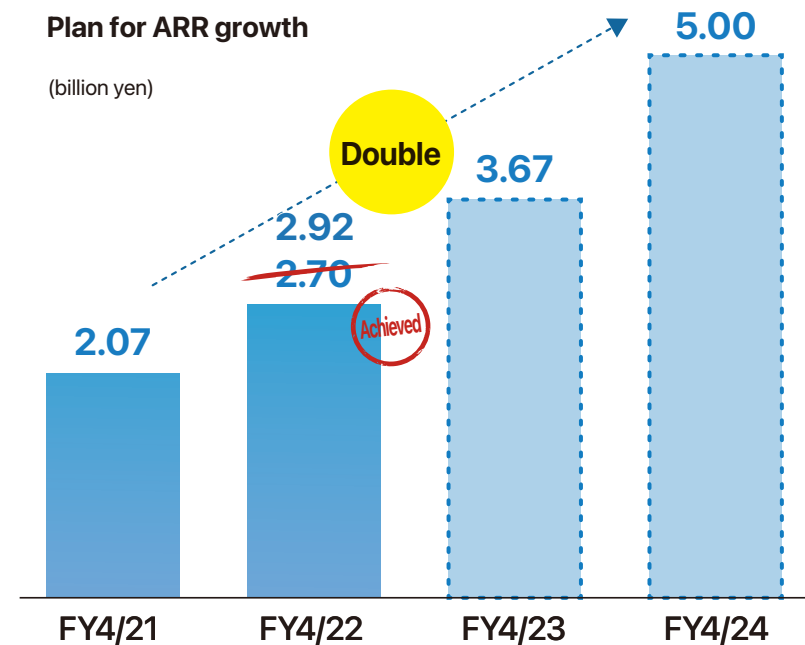
300,000 active stores → First step toward the long-term goal

The goal of the medium-term plan is **ARR ¥5 billion**.

We set ARR as the KPI for the Medium-term Management Plan because we place the highest priority on recurring (subscription) revenues such as monthly usage fees, rather than one-time revenues such as equipment sales.

Number of Customers × Sales per Customer

We will increase the number of customers by investing a large amount into sales and marketing expenses, and increase the sales per customer by cross-selling payment services, Smaregi TimeCard, etc., with an awareness of the formula “ARR = Number of Customers x Sales Per Customer”.



Increase number of customer

1 Emphasis on Advertising/Marketing

Brand awareness/Sales leads acquisition

Implement measures to increase awareness through TV commercials and other media, and to acquire leads through web advertising and other channels.



Improve sales per customer

2 App Market Strategy

Improve the customer experience and sales per customer

Stimulate Smaregi App Market and build an ecosystem. Increase sales per customer by offering a full range of apps.

3 Enhancement of payment service*

strengthening of revenue base

Establish a revenue model with GMV as its source through seamless linkage with POS services.

NEW

4 Smaregi TimeCard

Human resources business/Cross-selling

Grow the business from time and attendance to HR services by enhancing functionality and improving CX.

* Due to subsidiary of ROYAL GATE INC., "Training for Creative Thinking" that was one of Four Key Activities when we disclosed in March 2021 was separated from medium-term plan, and changed to "Enhancement of payment service". We keep on proceeding it as our important measure to support continuous business growth.

1 Emphasis on Advertising/Marketing

Brand awareness/Sales leads acquisition

Proactive advertising/marketing expenditures for faster growth

Resumed marketing activities that had been suspended due to COVID-19.

Using funds raised at the time of listing, we are accelerating our efforts to raise awareness and attract new customers through aggressive activities, such as below.

Goal

- More powerful Smaregi brand by raising public awareness
- Faster pace of attracting new customers

Core Activities As of the end of April, 2022

- TV commercial (Target region: Kanto, Kansai, Kyushu, and Okinawa)
- Radio program "[Omise radio](#)" (InterFM897、 FM Osaka)
- Owned media for store executives "[Akinai LABO](#)"
- Web ads, Affiliate marketing
- Online/offline events and exhibitions
- Cosponsored food Festival

S&M expense

Year	Results (million yen)	Sales Leads (sales leads)
FY4/21	269	7,358
FY4/22	822*	15,077

*Total results including subsidiary (ROYAL GATE INC.)
 Planned: ¥692 million (Smaregi alone) Actual: ¥729 million (Smaregi alone), ¥92 million (ROYAL GATE INC.)

2 App Market Strategy

Improve the customer experience and sales per customer

Build an ecosystem by creating a large app market

The combination of basic functions and expansion apps registered on the app market enable Smaregi to cover almost any business sector and format. Smaregi Ventures, a corporate venture capital business, along with Smaregi, are expanding and energizing the app market by making investments in app developers and providing support for their business and sales activities. Plan to significantly improve the app development environment (Smaregi developers) centered on no-code/low-code platforms.

Core Activities

As of the end of April, 2022

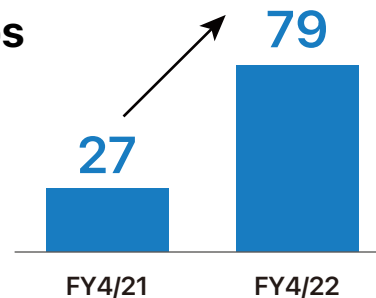
- Launched App Market introduction site
- Launched user request site
- Held 2nd annual Smaregi App Contest
- Started "Developers Expert" certification system

Goal

- Use highly specialized functions to attract new customers
- Use expansion app utilization fees to increase sales per customer
- Improve the customer experience

Trends in the number of apps

Although there are still many issues to be addressed and the results from cross-selling are still small, the emergence of industry-specific apps has enabled a multifaceted approach to a wide range of industries!



App Development Partners

(As of the end of April, 2022)

Corporate partners

576

Individual partners

319

3 Enhancement of payment services

strengthening of revenue base

Aiming to expand transaction-based sales by strengthening our payment services

We are focusing on the payment business, which is expected to have high synergy with POS services. In addition to our existing payment services, the acquisition of ROYAL GATE INC. has greatly expanded the scope of the payment business, and we aim to expand our revenue model to increase ARR.

Goal

- Provide seamless payment services integrated with POS services
- Increase ARR by cross-selling to stores with Smaregi
- Provide payment functions to App Market development partners

About ROYAL GATE INC.

Effects of acquisition

- Realized multi-payment including card, e-money, QR, etc.
- Increased profitability by simplifying the supply chain
- Enabled easy expansion of our service lineup in the payment area

Post-acquisition strategy

- Shift from a non-recurring revenue model based on payment terminal sales to a monthly recurring revenue model, aiming for synergy with Smaregi
- Improve payment fee terms
- Restructure monthly fees
- Provide payment terminals free of charge (or sell them at a discount)

4 Smaregi TimeCard

Human resources business/Cross-selling



Upgrade Smaregi TimeCard to expand from working-time-management to human-resources-management

Make Smaregi Time Card, a cloud-based working time management service, a separate business unit from the Smaregi business and build an independent infrastructure as a human resources business to aim for faster growth.

Core Activities


As of the end of April, 2022

- Launched a new plan “Premium Plus” that supports sales per man-hour and the three statutory books
- Established a dedicated call center (for selected plans)
- Conducted campaigns aimed at Smaregi (POS) users

Goal

- Use a cross-selling for all Smaregi users to increase sales per customer
- Faster growth by creating an independent business unit and benefiting from synergies with other Smaregi group businesses

June 13, 2022 Reviewed 4 specific measures and added "enhancement of payment services".

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| <ul style="list-style-type: none"> 1. Emphasis on Advertising/Marketing 2. App Market Strategy 3. Smaregi TimeCard 4. Training for Creative Thinking |  | <ul style="list-style-type: none"> 1. Emphasis on Advertising/Marketing 2. App Market Strategy 3. Enhancement of payment services 4. Smaregi TimeCard |
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June 11, 2021 ARR plan revised upward.

(billion yen)	FY4/22	FY4/23	FY4/24
Previous Plan	1.92	2.3	3.32
Current Plan	2.7	3.67	5.0

March 12, 2021 First edition released.

Business plans, forecasts and other forward-looking statements in this presentation are based on the reasonable judgments of Smaregi based on information that was currently available. Actual results of operations may be different because these statements include uncertainties involving market conditions, political events, the economy and other items.

The purpose of this presentation is not to encourage investors to buy or sell Smaregi stock or make any other investment decisions. Investors are responsible for making these decisions on their own.

VISION 2031

Long-term Vision and Medium-term Management Plan

Smaregi, Inc.