

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2023**  
**(Six Months Ended December 31, 2022)**

[Japanese GAAP]

February 14, 2023

Company name: Smartvalue Co., Ltd.

Listing: Tokyo Stock Exchange

Securities code: 9417

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Scheduled date of filing of Quarterly Report:

February 14, 2023

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2023**  
**(July 1, 2022 to December 31, 2022)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Dec. 31, 2022	1,750	4.3	(158)	-	(160)	-	(115)	-
Six months ended Dec. 31, 2021	1,677	19.9	(199)	-	(196)	-	(204)	-

Note: Comprehensive income (millions of yen) Six months ended Dec. 31, 2022: (164) (-%)

Six months ended Dec. 31, 2021: (208) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2022	(11.53)	-
Six months ended Dec. 31, 2021	(20.40)	-

Note: Diluted net income per share is not presented, because net loss was posted despite the existence of latent shares with a dilution effect.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2022	3,648	2,161	51.9
As of Jun. 30, 2022	4,120	2,451	51.8

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2022: 1,893

As of Jun. 30, 2022: 2,134

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2022	-	0.00	-	8.00	8.00
Fiscal year ending Jun. 30, 2023	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2023 (forecast)	-	-	-	8.00	8.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,539	19.3	48	-	42	415.0	47	-	4.72

Note: Revisions to the most recently announced consolidated earnings forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Dec. 31, 2022:	10,264,800 shares	As of Jun. 30, 2022:	10,264,800 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2022:	307,490 shares	As of Jun. 30, 2022:	225,490 shares
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3) Average number of shares outstanding during the period

Six months ended Dec. 31, 2022:	9,976,664 shares	Six months ended Dec. 31, 2021:	10,039,167 shares
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\* The current quarterly financial report is not subject to the quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecast and other special items

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to Smartvalue's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" on page 5 of the attachments regarding preconditions or other related matters for the forecasts.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

The Japanese economy staged a recovery in the first half of the current fiscal year due to the benefits of government stimulus measures as well as progress with pandemic control measures and returning to normal social and economic activities. There are concerns about a negative effect on Japan's economic recovery of monetary tightening worldwide, the Ukraine crisis, the semiconductor shortage and overseas economic downturns. Inflation, restrictions on supplies of many items, volatility of financial markets and other events are also making the outlook for the economy uncertain.

Digital Government, which provides cloud-based services to municipalities and local governments, and Smart Venues have not been affected significantly by the current business climate. However, Mobility Services, which provides commercial vehicle sharing services for businesses, has been affected by mobility constraints and the increase in the cost of operating vehicles because of the high cost of energy. In addition, there is a risk of contract cancellations by existing customers due to the economic downturn.

In this challenging business climate, the activities of the Smartvalue Group are guided by the mission of "combining 'smart' systems and technologies to create social systems that can thrive for many years."

In the first half, an unstable social climate continued to affect business operations. In response, there are numerous measures that began in the previous fiscal year to improve sales and earnings, such as actions to operate more efficiently and cut costs wherever possible. In addition, there were more activities to generate monthly recurring revenue (MRR) in the cloud solutions business, shift to a business model capable of sustained growth, and create a new profit structure from a medium to long-term perspective.

Consolidated net sales increased 4.3% to 1,750 million yen. There was an operating loss of 158 million yen compared with a loss of 199 million yen one year earlier and an ordinary loss of 160 million yen compared with a loss of 196 million yen one year earlier. As a result, loss attributable to owners of parent was 115 million yen compared with a loss of 204 million yen one year earlier.

As in prior years, the majority of earnings are in the second half of the fiscal year because of the seasonality of business operations. In this fiscal year, the growth of MRR significantly reduced the loss in the first half.

We will continue to work on minimizing the impact of the pandemic and increasing sales in the SaaS MRR in the Cloud Solutions Business. We are also continuing to improve efficiency to lower expenses in order to limit the growth of expenses caused by salary increases. Another priority is the addition of services for creating digital communities, such as services for digital government and smart cities and the development of new mobility services. By taking these actions, our goal is a big increase in earnings as we achieve a recovery in our sales and earnings and accomplish our medium to long-term mission.

Business segment performance was as follows. Smartvalue revised its reportable segments beginning with the first quarter of the fiscal year ending on June 30, 2023 by establishing the Smart Venues segment. The new segment includes the operations of consolidated subsidiaries One Bright KOBE Co., Ltd. and Storcks Co., Ltd., which were previously included in the Digital Government segment. This revision reflects our goal of using digital technologies for the vitality of communities and an even better future for everyone. Comparisons with results of operations in the first half of the previous fiscal year are based on the revised business segments.

#### Digital Government

This business provides Gabukura (note 1), a cloud suite for local governments that is designed to increase transparency, participation and linkage of local government digital transformation open government (note 2).

Gabukura is structured for the digitalization of government services that will lead to a new concept for public services. Gabukura has three components. First is Smart-L-Gov, a cloud solution for the distribution of local government information in order to increase the transparency of open governments. Second is GaaS (note 3) for increasing participation and linkage for online ties between governments and the people they serve. Third is the Open-gov Platform, which is a data utilization platform (city OS) for "smart areas" of communities. With these capabilities, Gabukura can be used for community creation in a sustainable and democratic manner.

During the first half, in the digital government category, the priorities of this business were capturing orders from new customers and expanding relationships with existing customers. In addition, this business continued to implement many cost-cutting measures. Sales to local governments and other public-sector organizations resulting from orders received through competitive bids remained strong because of activities by the Japanese government to increase the use of e-government.

As a result, segment sales increased 13.2% from one year earlier to 858 million yen and the segment profit increased 69.3% from one year earlier to 134 million yen.

#### Mobility Services

The car solutions business, which dates back to Smartvalue's establishment, involves the sale of safety assistance equipment and information devices placed in automobiles. These devices target opportunities created by the growing use of electrical equipment in automobiles, often viewed as an automobile industry revolution on a scale that happens only once in a century. The diverse activities of the mobility IoT business include the CiEMS Series (note 4), which is a connected car (note 5) service, the provision of platforms and software development for the utilization of automobile data, and Kuruma Base (note 6), which is a platform that supports car sharing and other car-as-a-service applications.

Although the use of vehicles by companies decreased during the first half because of restrictions on outings, there were activities for the growth of car solutions services. The market for cargo transport and other commercial vehicles is increasing and a large company in the mobility sector is using our platform and other assistance for the development of innovative mobility services.

In the car sharing sector, the Kuruma Base business is benefiting from the dramatic shift in the utilization of automobiles from ownership to sharing. As interest in carbon neutrality grows, demand is increasing for electric vehicles. We will continue to strengthen our ability to provide solutions as we lower expenses and operate more efficiently.

Segment sales decreased 4.4% from one year earlier to 767 million yen and the segment profit increased 31.0% from one year earlier to 146 million yen.

#### Smart Venues

This business has the goal of creating sports, entertainment and other content that can be a source of enjoyment and excitement for many people. Activities are centered on stadiums and arenas that can be a symbol for an entire region. In addition, this business is using fully digital customer experiences for the creation of smart cities that use data to become integral components of society.

In the first half, there were investments for upcoming business activities that are not expected to start generating significant earnings until several years from now or longer. We are conducting many activities associated with our partnership with the City of Kobe and for attracting sponsors. These activities are generating a very high level of interest as well as many prospective sponsors. Overall, activities are progressing as planned for establishing a base for significant earnings once the Kobe Arena opens in 2025.

Segment sales increased 7.5% from one year earlier to 124 million yen and the segment loss was 183 million yen compared with a loss of 144 million yen one year earlier.

#### Explanation of terms

##### Notes:

1. Gabukura A regional information cloud platform suite for local governments and other public-sector institutions
2. Open government: A concept for measures aimed at making national and local government activities more open that is based on three basic principles: (1) Transparency, (2) Participation of the public, and (3) Public/private-sector cooperation
3. GaaS: Government as a Service is a service for online procedures for the digitalization of government services
4. CiEMS Series: The Car intelligent Energy Management System analyzes and utilizes a broad array of data associated with the operation of motor vehicles to eliminate traffic accidents, reduce traffic jams, operate vehicles more efficiently and provide other benefits. By fully utilizing data obtained from the operation of cars, this system also has the goal of helping solve a variety of social issues.

- 5. Connected car: Automobiles that use the internet to send and receive information
- 6. Kuruma Base: An integrated platform provided by Smartvalue that encompasses car connectivity and car-as-a-service applications

## **(2) Explanation of Financial Position**

### 1. Assets, liabilities and net assets

#### 1) Assets

Total assets at the end of the second quarter decreased 471 million yen from the end of the previous fiscal year to 3,648 million yen.

Current assets decreased 425 million yen to 2,754 million yen. Major items include a decrease of 617 million yen in cash and deposits.

Non-current assets decreased 46 million yen to 892 million yen. Major items include decreases of 9 million yen in buildings and structures and 24 million yen in software.

Deferred assets decreased 611 thousand yen to 2 million yen. Major items include a decrease of 551 thousand yen in share issuance cost.

#### 2) Liabilities

Total liabilities decreased 182 million yen from the end of the previous fiscal year to 1,487 million yen.

Current liabilities decreased 138 million yen to 1,139 million yen. Major items include decreases of 58 million yen in short-term borrowings and 24 million yen in income taxes payable.

Non-current liabilities decreased 43 million yen to 347 million yen. Major items include a decrease of 39 million yen in long-term borrowings.

#### 3) Net assets

Net assets decreased 289 million yen from the end of the previous fiscal year to 2,161 million yen. This decrease was mainly the result of a decrease of 80 million yen in retained earnings due to dividend payments and a decrease in retained earnings of 199 million yen due to a loss attributable to owners of parent of 115 million yen, and a decrease of 49 million yen in non-controlling interests due to loss attributable to non-controlling interests.

### 2. Cash flows

Cash and cash equivalents (hereinafter, "cash") at the end of the second quarter decreased 617 million yen from the end of the previous fiscal year to 845 million yen, compared with 2,244 million yen at the end of the second quarter of the previous fiscal year. The cash flow components and the main reasons for changes are as follows.

#### Cash flows from operating activities

Net cash used in operating activities was 359 million yen, compared with 113 million yen provided in the same period of the previous fiscal year. Negative factors include loss before income taxes of 160 million yen, a 137 million yen increase in trade receivables and a 96 million yen decrease in accrued consumption taxes.

#### Cash flows from investing activities

Net cash used in investing activities was 25 million yen, compared with 38 million yen used in the same period of the previous fiscal year. Negative factors include purchase of intangible assets of 17 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 232 million yen, compared with 1,398 million yen provided in the same period of the previous fiscal year. Negative factors include net increase (decrease) in short-term borrowings of 58 million yen, purchase of treasury shares of 50 million yen and dividends paid of 76 million yen.

**(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending June 30, 2023 that was announced in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (Japanese GAAP)” on August 12, 2022.

An announcement will be made promptly if a revision to the forecast is required due to upcoming changes in the operating environment.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Second quarter of FY6/23 (As of Dec. 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,563,701	1,945,870
Notes and accounts receivable-trade, and contract assets	423,376	562,716
Electronically recorded monetary claims-operating	1,683	-
Merchandise	102,025	122,477
Work in process	12,832	38,424
Other	75,697	84,661
Allowance for doubtful accounts	(34)	(47)
<b>Total current assets</b>	<b>3,179,281</b>	<b>2,754,104</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	202,918	193,653
Other, net	61,405	53,985
<b>Total property, plant and equipment</b>	<b>264,324</b>	<b>247,638</b>
<b>Intangible assets</b>		
Goodwill	142,122	134,001
Software	184,956	160,765
Other	10,597	9,212
<b>Total intangible assets</b>	<b>337,676</b>	<b>303,980</b>
<b>Investments and other assets</b>		
Deferred tax assets	127,775	128,747
Leasehold and guarantee deposits	203,869	208,089
Other	4,891	3,872
Allowance for doubtful accounts	(69)	-
<b>Total investments and other assets</b>	<b>336,467</b>	<b>340,709</b>
<b>Total non-current assets</b>	<b>938,468</b>	<b>892,328</b>
<b>Deferred assets</b>		
Organization expenses	444	385
Share issuance costs	2,461	1,910
<b>Total deferred assets</b>	<b>2,906</b>	<b>2,295</b>
<b>Total assets</b>	<b>4,120,656</b>	<b>3,648,727</b>



	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Second quarter of FY6/23 (As of Dec. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	87,754	93,974
Short-term borrowings	628,000	569,900
Current portion of long-term borrowings	91,114	86,060
Income taxes payable	33,650	8,725
Provision for bonuses	41,453	42,087
Other	396,422	338,805
<b>Total current liabilities</b>	<b>1,278,394</b>	<b>1,139,552</b>
<b>Non-current liabilities</b>		
Long-term borrowings	326,560	286,840
Asset retirement obligations	55,428	55,496
Other	9,021	5,358
<b>Total non-current liabilities</b>	<b>391,009</b>	<b>347,695</b>
<b>Total liabilities</b>	<b>1,669,403</b>	<b>1,487,247</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	959,454	959,454
Capital surplus	1,044,888	1,044,888
Retained earnings	254,539	54,698
Treasury shares	(124,485)	(165,151)
<b>Total shareholders' equity</b>	<b>2,134,396</b>	<b>1,893,889</b>
Share acquisition rights	150	78
Non-controlling interests	316,706	267,512
<b>Total net assets</b>	<b>2,451,252</b>	<b>2,161,480</b>
<b>Total liabilities and net assets</b>	<b>4,120,656</b>	<b>3,648,727</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
Net sales	1,677,256	1,750,161
Cost of sales	1,209,188	1,241,272
Gross profit	468,067	508,888
Selling, general and administrative expenses	667,687	667,398
Operating loss	(199,620)	(158,509)
Non-operating income		
Interest income	2	6
Subsidy income	2,004	479
Penalty income	1,496	1,370
Other	1,857	656
Total non-operating income	5,360	2,513
Non-operating expenses		
Interest expenses	1,987	4,012
Amortization of organization expenses	59	59
Amortization of share issuance costs	293	551
Other	18	150
Total non-operating expenses	2,359	4,774
Ordinary loss	(196,619)	(160,771)
Extraordinary income		
Gain on reversal of share acquisition rights	-	18
Total extraordinary income	-	18
Extraordinary losses		
Loss on retirement of non-current assets	0	226
Total extraordinary losses	0	226
Loss before income taxes	(196,619)	(160,979)
Income taxes-current	4,193	4,193
Income taxes-deferred	7,856	(971)
Total income taxes	12,050	3,221
Loss	(208,669)	(164,201)
Loss attributable to non-controlling interests	(3,822)	(49,193)
Loss attributable to owners of parent	(204,847)	(115,008)

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
Loss	(208,669)	(164,201)
Comprehensive income	(208,669)	(164,201)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(204,847)	(115,008)
Comprehensive income attributable to non-controlling interests	(3,822)	(49,193)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
Cash flows from operating activities		
Loss before income taxes	(196,619)	(160,979)
Depreciation	56,738	63,860
Amortization of goodwill	8,121	8,121
Increase (decrease) in allowance for doubtful accounts	0	(56)
Increase (decrease) in provision for bonuses	(162)	634
Interest and dividend income	(2)	(6)
Interest expenses	1,987	4,012
Loss on retirement of non-current assets	0	226
Decrease (increase) in trade receivables	(3,290)	(137,657)
Decrease (increase) in inventories	17,289	(46,044)
Increase (decrease) in trade payables	(724)	6,220
Increase (decrease) in accrued consumption taxes	17,459	(96,507)
Other, net	11,751	20,597
Subtotal	(87,450)	(337,578)
Interest and dividends received	2	6
Interest paid	(2,079)	(2,974)
Income taxes paid	(5,121)	(18,693)
Income taxes refund	208,240	-
Net cash provided by (used in) operating activities	113,592	(359,241)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,190)	(3,980)
Purchase of intangible assets	(28,974)	(17,714)
Payments of leasehold and guarantee deposits	(2,099)	(7,346)
Proceeds from refund of leasehold and guarantee deposits	2,540	3,126
Net cash provided by (used in) investing activities	(38,724)	(25,915)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,100,000	(58,100)
Repayments of long-term borrowings	(1,666)	(44,774)
Proceeds from share issuance to non-controlling shareholders	386,799	-
Purchase of treasury shares	-	(50,331)
Proceeds from disposal of treasury shares	679	5,094
Repayments of lease liabilities	(6,854)	(7,567)
Dividends paid	(80,188)	(76,884)
Other, net	-	(110)
Net cash provided by (used in) financing activities	1,398,769	(232,674)
Net increase (decrease) in cash and cash equivalents	1,473,638	(617,830)
Cash and cash equivalents at beginning of period	770,682	1,463,701
Cash and cash equivalents at end of period	2,244,321	845,870

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Smartvalue acquired 100,000 treasury shares upon resolution at the Board of Directors meetings on August 17, 2022. These transactions resulted in an increase of 50,331 thousand yen in treasury shares for the first six months of the current fiscal year and the balance of 165,151 thousand yen in treasury shares as of December 31, 2022.

**Additional Information**

There have been no significant changes to the key assumptions used in the accounting estimates for the impact of COVID-19 described in Notes (Significant Accounting Estimates) in the Annual Securities Report for the fiscal year ended June 30, 2022.

**Segment and Other Information**

## Segment Information

First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)

## 1. Information about net sales and profit or loss for reportable segments and breakdown of revenue

	Reportable segments				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Digital Government	Mobility Services	Smart Venues	Total		
Net sales						
Goods or services that are transferred at a point in time	13,897	440,393	29,017	483,308	-	483,308
Goods or services that are transferred over a certain period of time	744,401	362,685	86,860	1,193,947	-	1,193,947
Revenue from contracts with customers	758,299	803,078	115,878	1,677,256	-	1,677,256
Other revenue	-	-	-	-	-	-
External sales	758,299	803,078	115,878	1,677,256	-	1,677,256
Inter-segment sales and transfers	-	-	-	-	-	-
Total	758,299	803,078	115,878	1,677,256	-	1,677,256
Segment profit (loss)	79,254	111,536	(144,328)	46,462	(246,082)	(199,620)

Notes: 1. The negative adjustment of 246 million yen to segment profit (loss) includes corporate expenses that are not allocated to any reportable segment and mainly consist of general and administrative expenses that cannot be attributed to any reportable segment.  
2. Segment profit (loss) is adjusted to be consistent with operating loss in the quarterly consolidated statement of income.

## 2. Information related to assets for each reportable segment

Not applicable.

## 3. Information related to impairment losses of non-current assets or goodwill, etc. for each reportable segment

Not applicable.

First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)

1. Information about net sales and profit or loss for reportable segments and breakdown of revenue

(Thousands of yen)

	Reportable segments				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Digital Government	Mobility Services	Smart Venues	Total		
Net sales						
Goods or services that are transferred at a point in time	17,342	348,682	33,368	399,393	-	399,393
Goods or services that are transferred over a certain period of time	840,759	418,770	91,236	1,350,767	-	1,350,767
Revenue from contracts with customers	858,102	767,453	124,605	1,750,161	-	1,750,161
Other revenue	-	-	-	-	-	-
External sales	858,102	767,453	124,605	1,750,161	-	1,750,161
Inter-segment sales and transfers	-	-	-	-	-	-
Total	858,102	767,453	124,605	1,750,161	-	1,750,161
Segment profit (loss)	134,213	146,134	(183,958)	96,388	(254,898)	(158,509)

Notes: 1. The negative adjustment of 254 million yen to segment profit (loss) includes corporate expenses that are not allocated to any reportable segment and mainly consist of general and administrative expenses and goodwill amortization that cannot be attributed to any reportable segment.

2. Segment profit (loss) is adjusted to be consistent with operating loss in the quarterly consolidated statement of income.

2. Information related to assets for reportable segments

Not applicable.

3. Information related to impairment losses of non-current assets or goodwill, etc. for reportable segments

Not applicable.

4. Information related to revisions for reportable segments

Changes in the classification of reportable segments

In prior years, the Smartvalue Group operated in the business domains of digital government and mobility services. Currently, group companies are also focusing on the goal of using digital technologies to invigorate communities and create a brighter future. Consequently, the group's businesses have been reorganized into three reportable segments from the first three months of FY6/23 by making consolidated subsidiaries One Bright KOBE Co., Ltd. and Storks Co., Ltd., which were in the Digital Government segment, the new Smart Venues segment, The other two reportable segments are Digital Government and Mobility Services.

Reportable segment information for the first six months of FY6/22 has been restated to conform with the new reportable segments.

**Revenue Recognition**

Information on revenue from contracts with customers broken down is described in the Notes, Segment and Other Information.

\* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.