



**Smartvalue Co., Ltd.**

(Securities code: 9417)

# **Fiscal Year Ended June 30, 2024 (FY6/24)**

## **Results of Operations**

August 16, 2024

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# 01

## **Business Highlights**

# Financial Highlights

Sales and earnings were below the initial outlook. There was progress as planned with preparations for restructuring the business portfolio. A lower Digital Government order receipt success rate, duplicate expenses due to termination of the data center business, and Smart Venues investments affected earnings. Prospects for a big increase in sales in FY6/25 are increasing.

## Digital Government

- Sales and earnings down mainly due to a lower order receipt success rate and duplicate expenses as a result of the termination of the data center business
- Progress with the strategy of using alliances with other companies for growth in the e-government sector and with the launch of new application services

## Mobility Services

- KPIs grew, but sales and earnings down due to an increase in car solutions losses and rising cost of sales
- The goal is a stable profit structure with ARR accounting for about 60% of fiscal year sales. Plans include making the sharing platform (Kuruma Base) business profitable and starting an IoT service for logistics companies that contributes to earnings.

## Smart Venues

- Preparations for the start of operations are progressing as planned, although some investments are larger than expected because this is a new market.
- Sales from reservations and sponsorships are higher than expected as activities continue for making this business profitable after GLION ARENA KOBE opens in April 2025.

# Performance Highlights

## 01. Business Highlights

Sales decreased and the loss increased as the current steady growth of MRR in the Digital Government and Mobility Services was offset by Smart Venues investments.

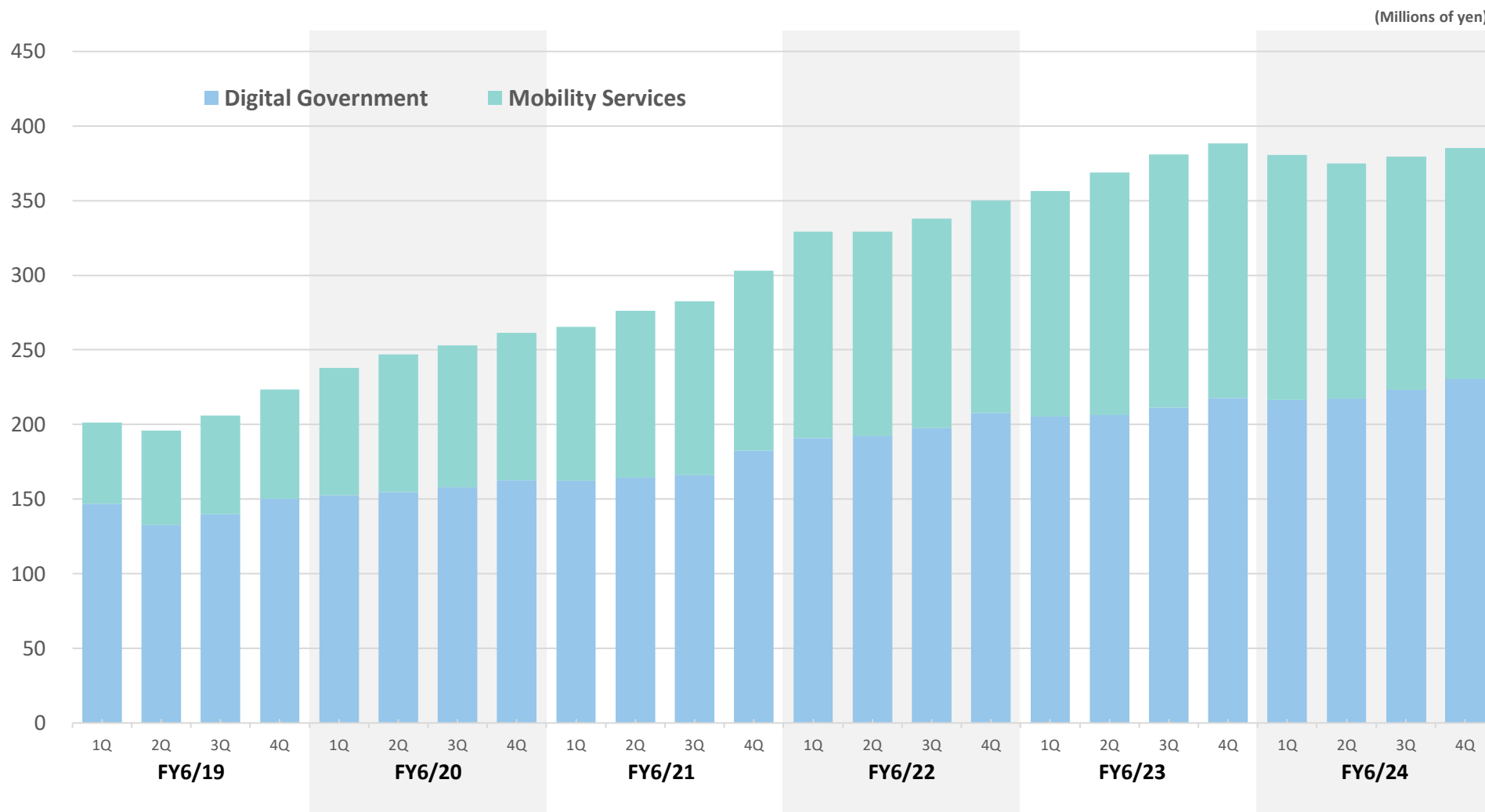
There were duplicated expenses due to the data center business termination for restructuring the business portfolio. In Mobility Services, the car solutions (product sales for leased vehicles) loss impacted profitability.

(Millions of yen)

		FY6/23 Results	FY6/24 Results	YoY change
Digital Government	Net sales	1,948	<b>1,711</b>	(237)
	Operating profit	406	<b>245</b>	(161)
Mobility Services	Net sales	1,555	<b>1,462</b>	(93)
	Operating profit	288	<b>193</b>	(94)
Smart Venues	Net sales	369	<b>641</b>	272
	Operating profit	(268)	<b>(271)</b>	(3)
Administration	Operating profit	(501)	<b>(475)</b>	25
Consolidated	Net sales	3,873	<b>3,814</b>	(58)
	Operating profit	(74)	<b>(308)</b>	(233)
	Ordinary profit	(75)	<b>(312)</b>	(236)
	Profit attributable to owners of parent	(48)	<b>(348)</b>	(300)

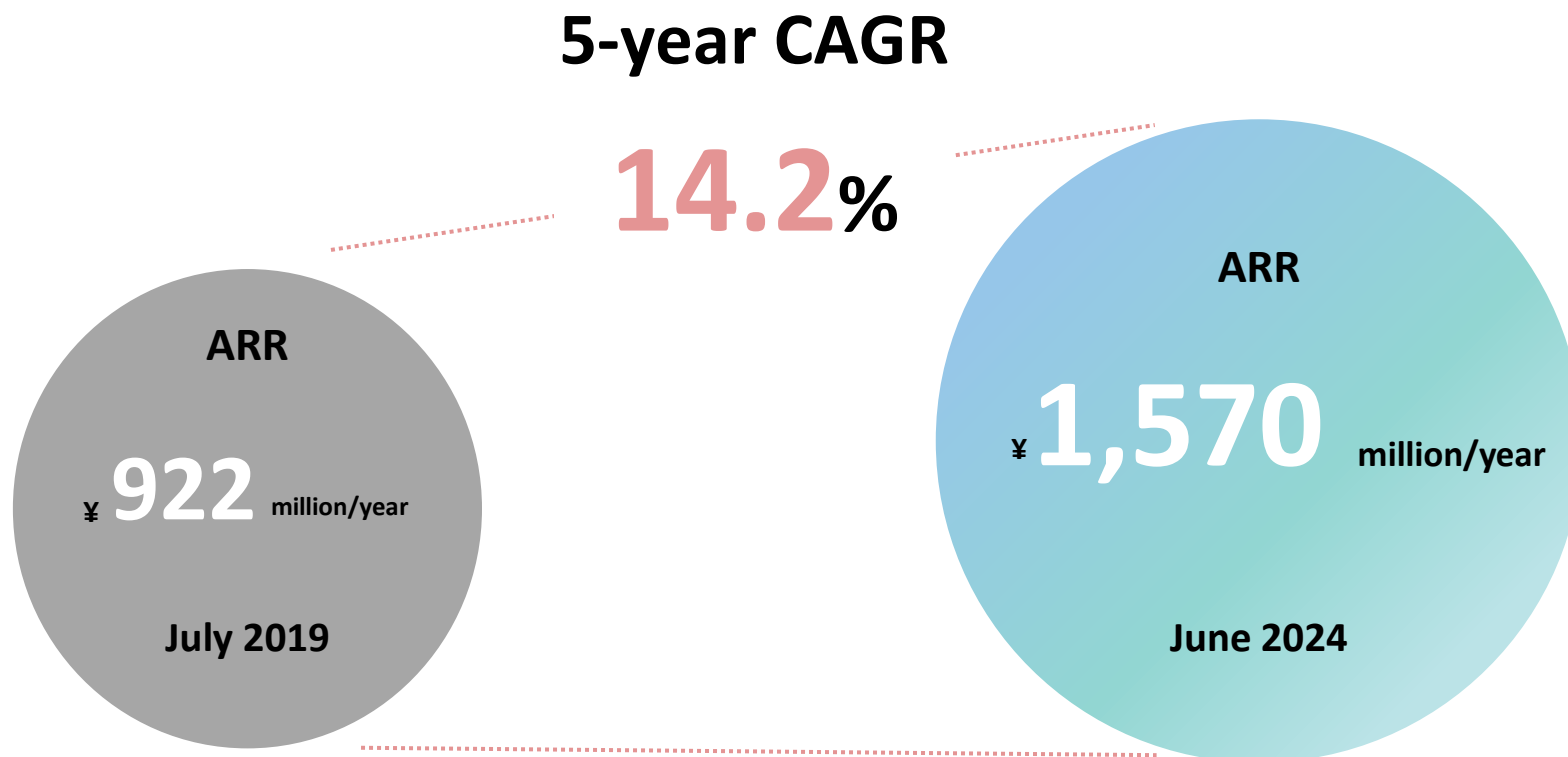
FY6/25 Forecast	YoY change
<b>2,070</b>	<b>359</b>
<b>348</b>	<b>103</b>
<b>1,302</b>	<b>(159)</b>
<b>223</b>	<b>29</b>
<b>2,235</b>	<b>1,594</b>
<b>6</b>	<b>277</b>
<b>(509)</b>	<b>(34)</b>
<b>5,609</b>	<b>1,794</b>
<b>68</b>	<b>376</b>
<b>23</b>	<b>335</b>
<b>3</b>	<b>351</b>

In Mobility Services, cloud IoT service cancelations and other factors negatively affected ARR but ARR in the public sector is increasing consistently. ARR growth continued in FY6/24, although the increase was small.



## Cloud Service CAGR (ARR)

A relatively long time is needed to receive orders in the social services domain, but recurring revenue has been growing steadily during the past five years.



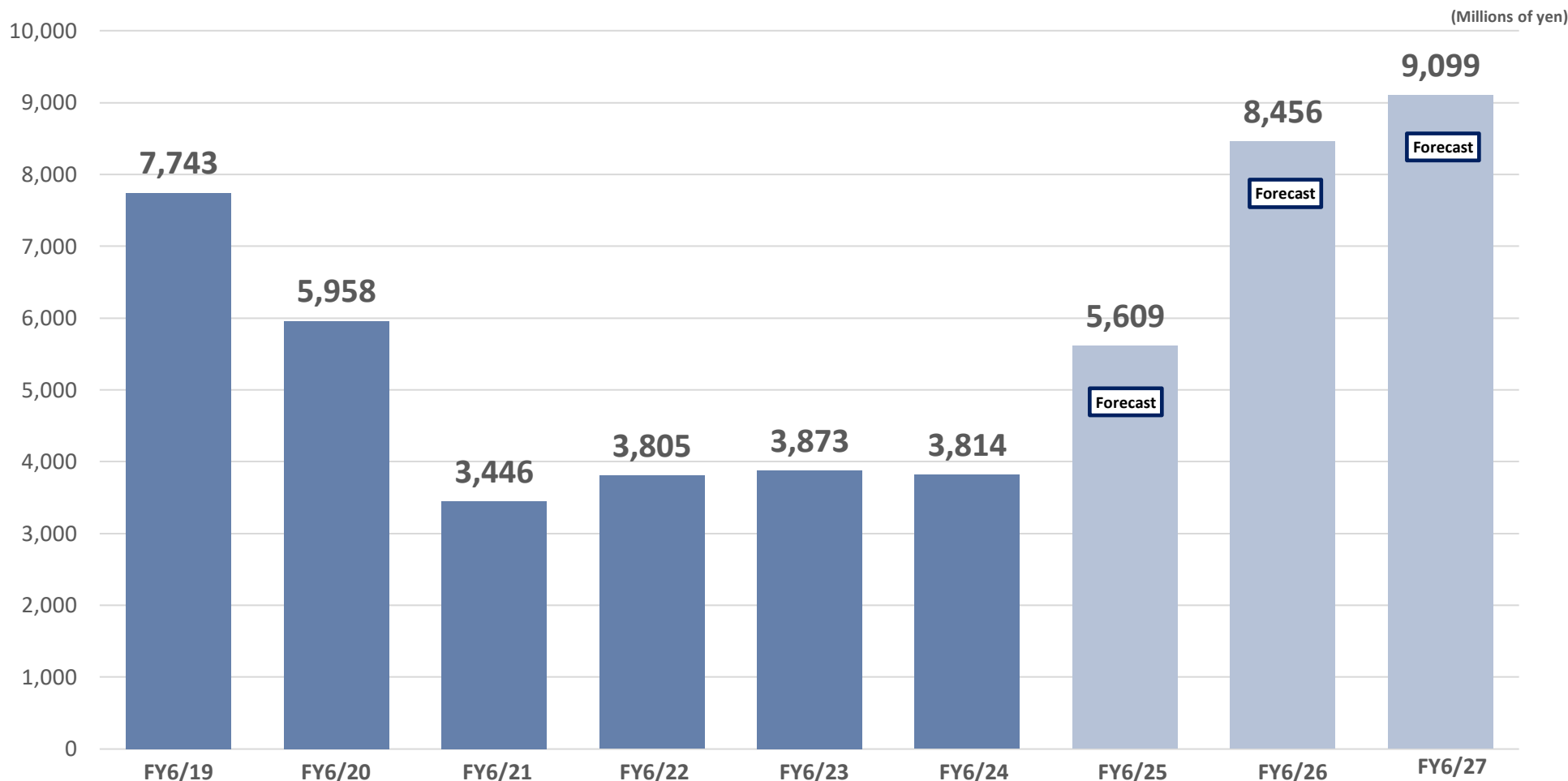
\* The compound annual growth rate (CAGR) is the geometric average (an average of an item that changes by a percentage of share) of the annual growth rate of a company over a period of several years.

\* Average annual revenue (ARR) is monthly recurring revenue (MRR) multiplied by 12.

# Sales Trends and Forecasts

## Consolidated

FY6/24 sales decreased and were less than expected due to a difficult period for business operations. Sales in recent years were held down by the 2020 termination of the carrier shop agency business and the pandemic. Due to the benefits of business portfolio restructuring measures, big increases in sales are expected beginning in FY6/25 that will more than offset a significant upturn in personnel expenses.

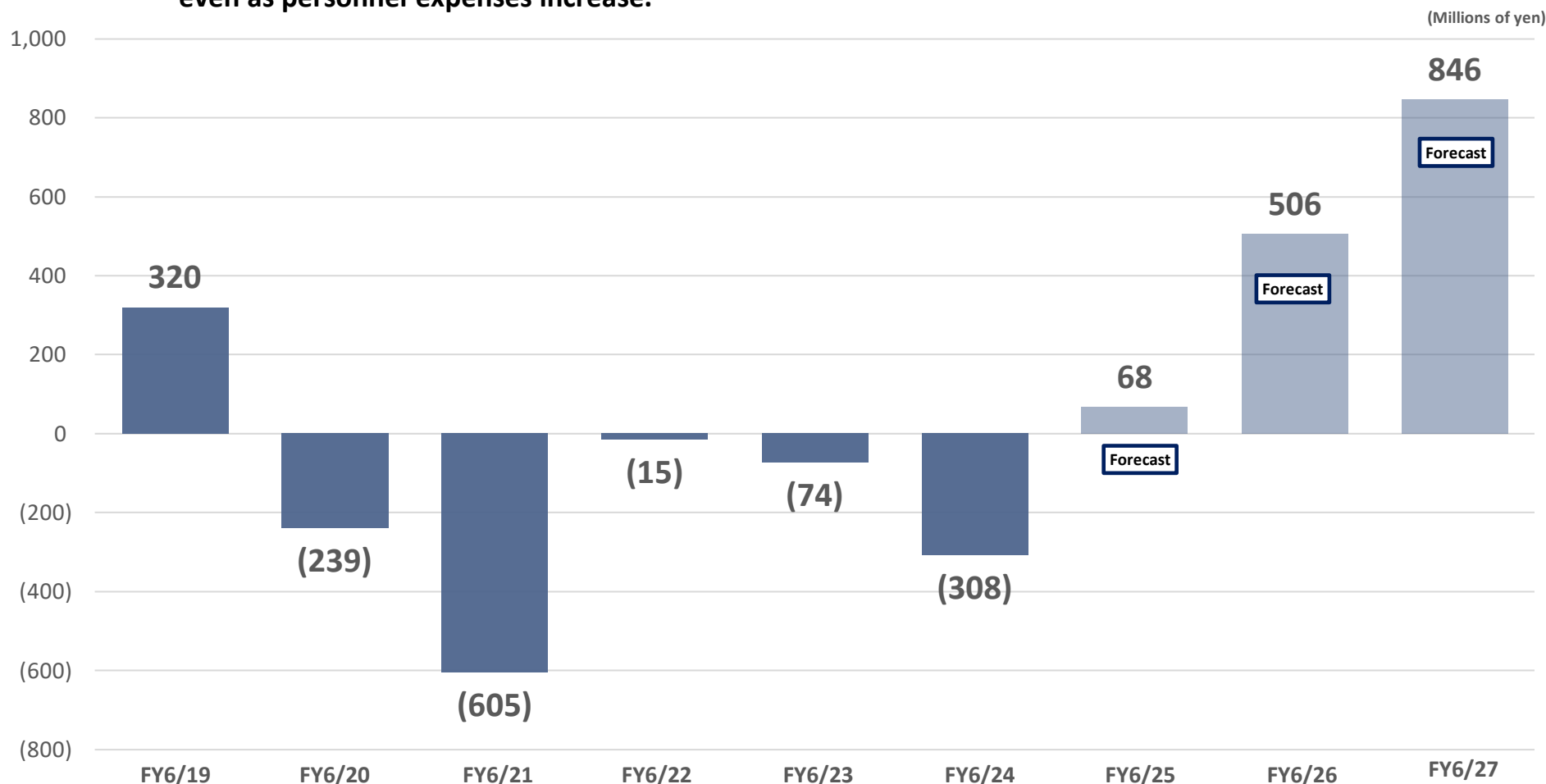




# Operating Profit Trends and Forecasts

## Consolidated

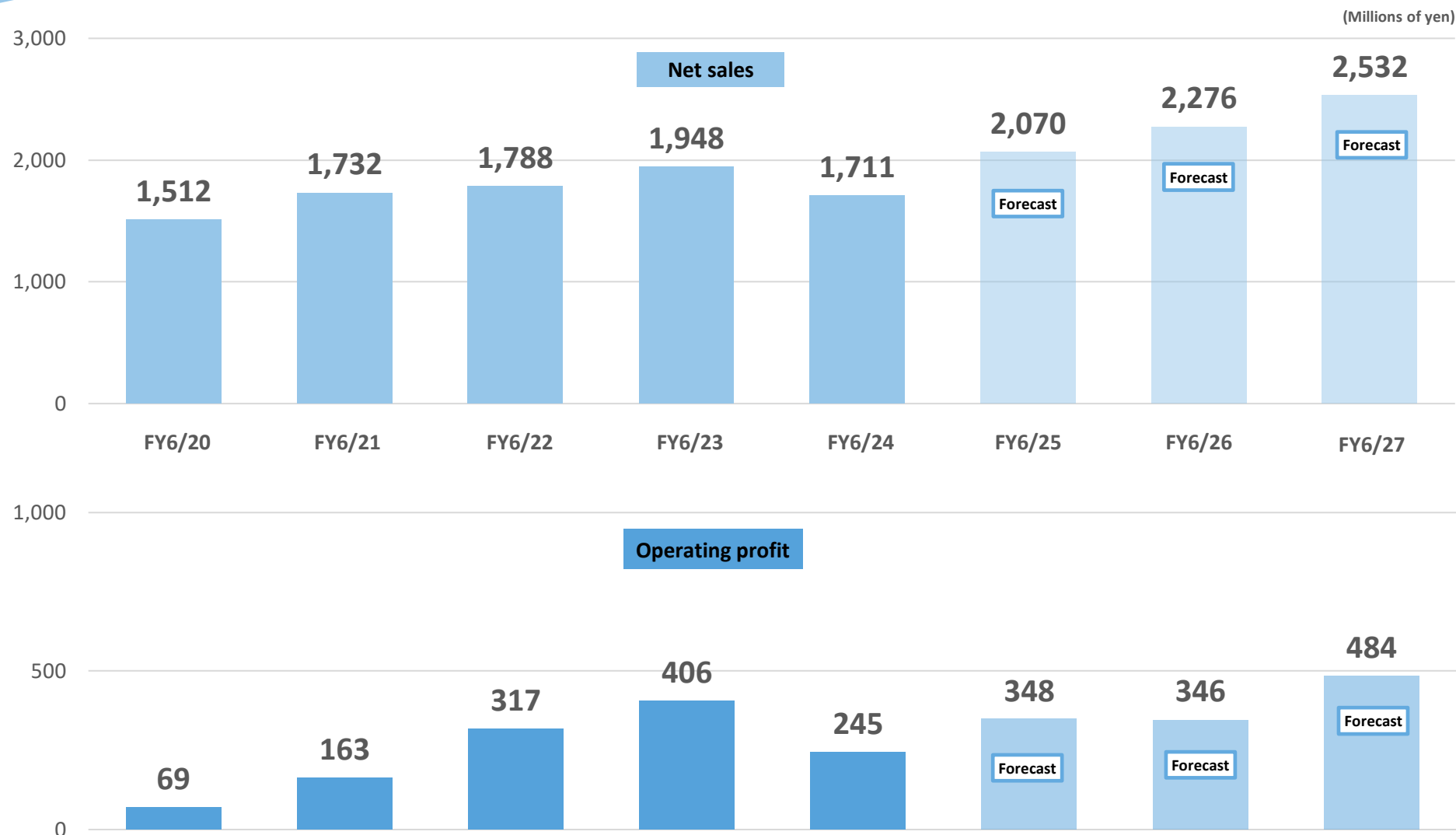
Operating losses in recent years following the 2020 termination of the carrier shop agency business and due to the pandemic and other reasons. With another operating loss due to a difficult period for business operations, profitability in FY6/24 was far below the initial forecast. Forecast a return to profitability in FY6/25 due to business portfolio restructuring benefits and other reasons even as personnel expenses increase.



# Sales/Operating Profit Trends and Forecasts

## 01. Business Highlights

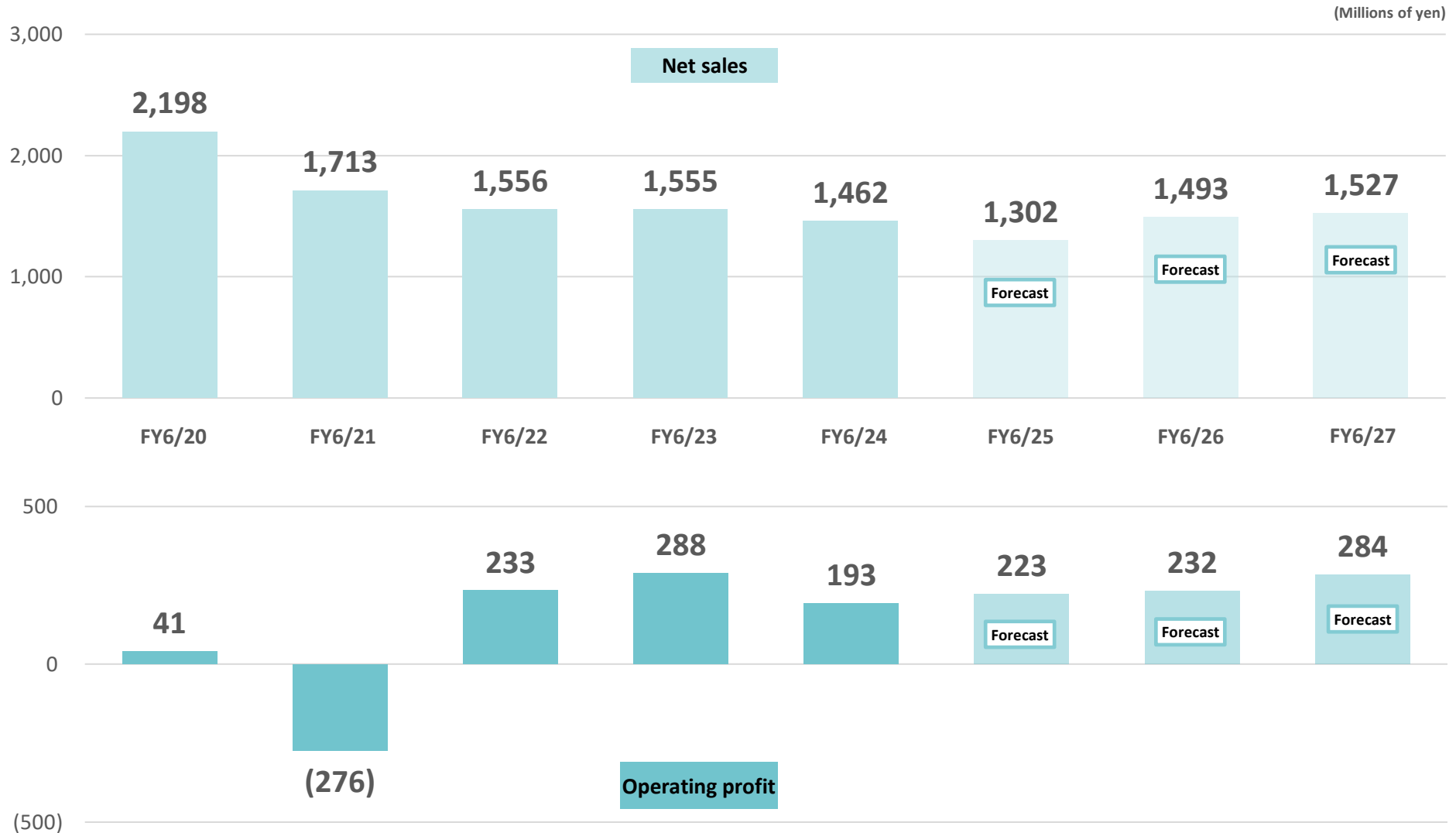
### Digital Government



# Sales/Operating Profit Trends and Forecasts

## 01. Business Highlights

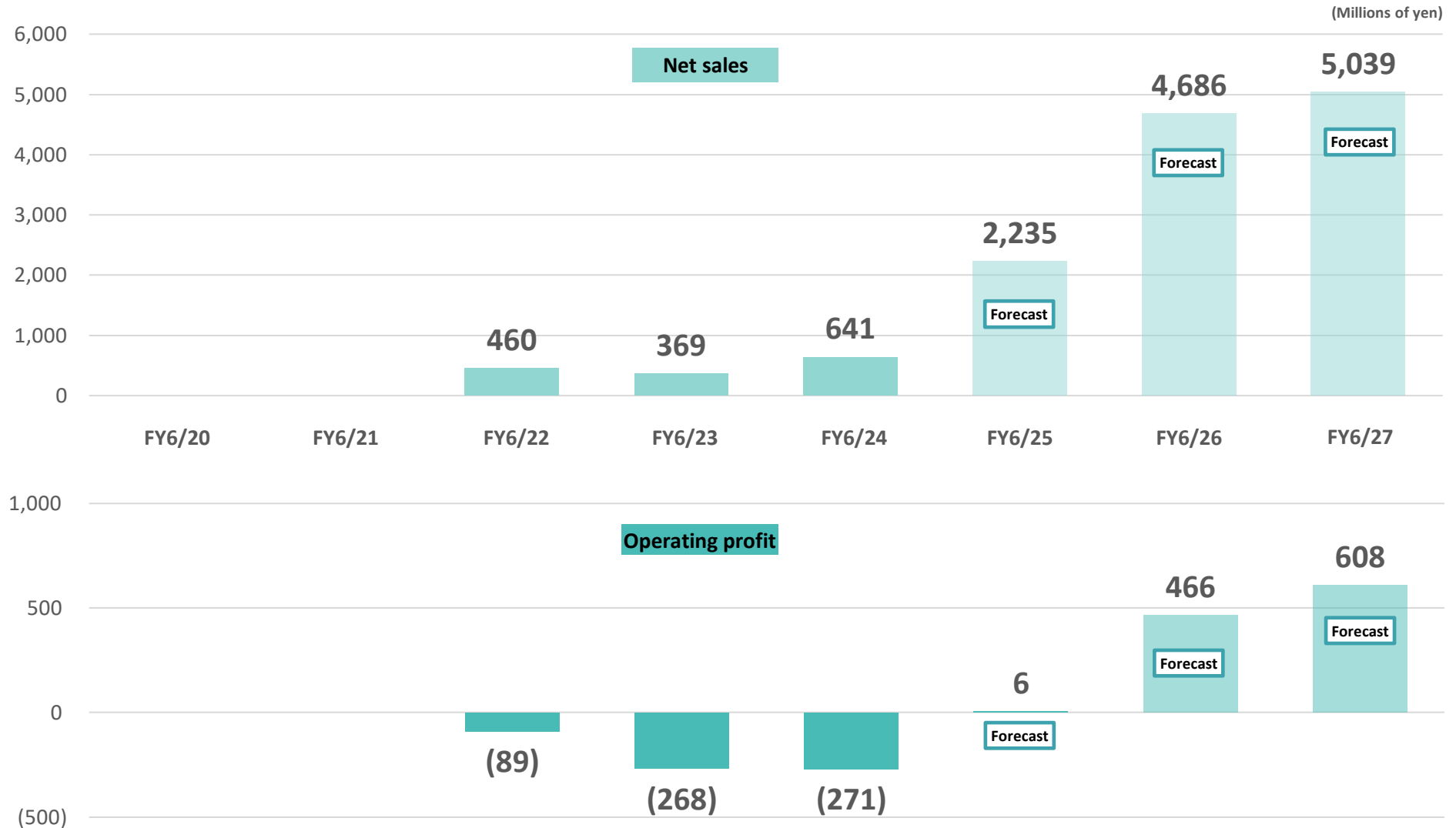
### Mobility Services



# Sales/Operating Profit Trends and Forecasts

## 01. Business Highlights

### Smart Venues



02

## **Past Corporate Initiatives and Our Vision**

# Company Profile

Now in the 96th year and looking ahead to the 100th anniversary while retaining the spirit of an entrepreneurial company.

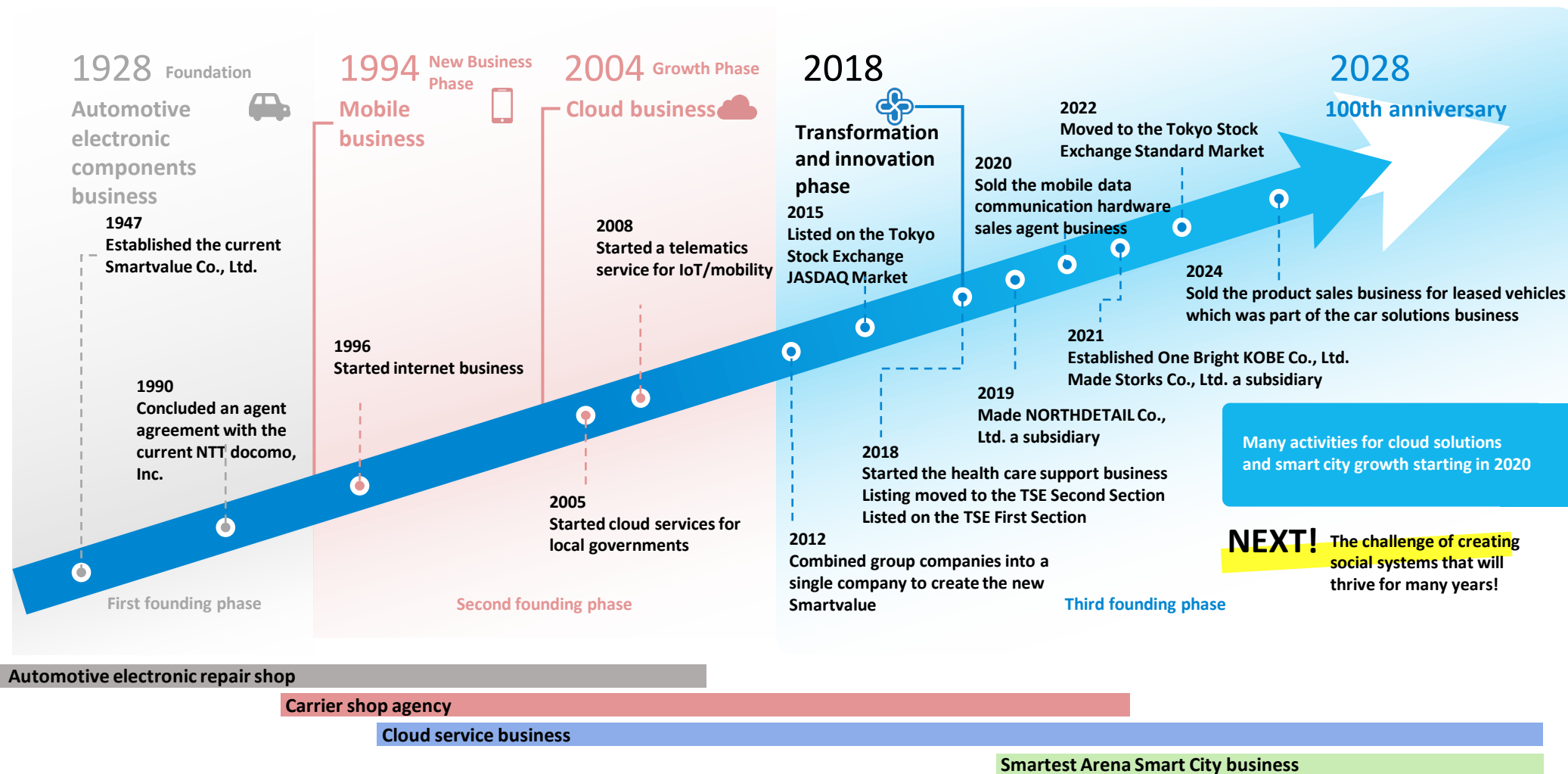
FY6/25, Smartvalue's 78th year following its incorporation, will be a year when business operations change significantly.

<b>Name</b>	Smartvalue Co., Ltd.
<b>Listing</b>	Tokyo Stock Exchange, Standard Market (Securities code: 9417)
<b>Founded</b>	October 1928
<b>Established</b>	June 1947
<b>Capital</b>	1,044,944 thousand yen
<b>Representative</b>	Jun Shibuya, President and CEO
<b>Employees</b>	280 (As of June 30, 2024) including group employees
<b>Headquarters</b>	Keihanshin Midosuji Bldg. 7F 3-6-1, Doshomachi, Chuo-ku, Osaka
<b>Offices</b>	Tokyo office (Chuo-ku, Tokyo) / Miyakonojo BPO Center (Miyakonojo, Miyazaki), Kitami Okhotsk office (Kitami, Hokkaido)
<b>Consolidated Subsidiaries</b>	NORTHDETAIL Co., Ltd. (Sapporo, Hokkaido) / One Bright KOBE Co., Ltd. (Kobe, Hyogo) / Storks. Co., Ltd. (Nishinomiya, Hyogo)
<b>Business</b>	Digital Government/ Mobility Services/ Smart Venues

# History

## 02. Past Corporate Initiatives and Our Vision

Growth over 96 years from a small factory to a cloud services provider. A company backing up social systems as new events continue to reshape society.



# Corporate Initiatives Since 2015

## 02. Past Corporate Initiatives and Our Vision

This table lists significant events following Smartvalue's IPO in June 2015. Each step is aimed at building a business portfolio that can be successful in the 21st century and return to the growth of market capitalization.

Date	Actions	Summary	Market capitalization (End of FY)
June 2015	Initial public offering	Listed on JASDAQ Market Market capitalization at public offering price ¥1.7 billion Opening price ¥7,030, Market capitalization ¥7.6 billion	-
January 2018	Stock split	Conducted a 2-for-1 common stock split	5.8 billion yen
June 2018	Listed on TSE 2nd Section Public offering	Listed on TSE 2nd Section Public offering of 500,000 common shares	
July 2018	Stock split	Conducted a 2-for-1 common stock split	7.0 billion yen
December 2018	Listed on TSE 1st Section	Listed on TSE 1st Section	
March 2019	Acquisition of business	Acquired all shares of NORTHDETAIL Co., Ltd. to make it a subsidiary	12.8 billion yen
March 2020	Sale of businesses	Sold the mobile data communication hardware sales agent business to Helios Net Corporation	
April 2021	Establishment Acquisition of business	Establishment of One Bright KOBE Co., Ltd, Purchased 51% of the outstanding shares of Storks Co., Ltd. and made it a subsidiary	7.3 billion yen
June 2024	Sale of businesses	Sold the product sales business for leased vehicles which was part of the car solutions business to Koshida Corporation	4.2 billion yen



# The Worldview We Want to Make a Reality

## 02. Past Corporate Initiatives and Our Vision

### Mission

*Combining 'smart' systems and technologies to create social systems that can thrive for many years*

### Initiatives

- A Use cloud services MRR as the base
- B Cash generated by innovation and higher target population
- C Expertise involving technologies and solutions
- D Businesses for physical/digital convergence and community digitalization

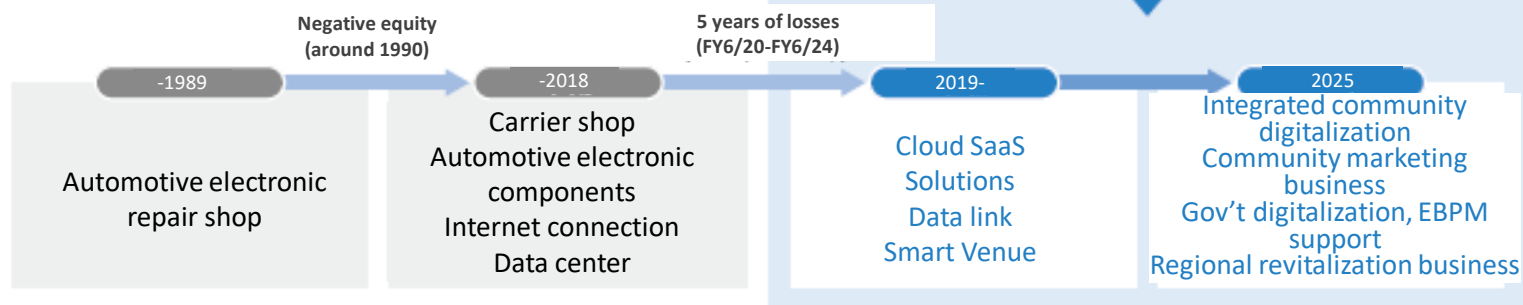
### Goals

- 1 Consistent profitability now
- 2 Build a sound profit structure for the future
- 3 Help solve social issues
- 4 Become a key member of society rather than simply a provider of tools

In FY6/25, Smartvalue is advancing from the portfolio restructuring phase to actions for creating the next worldview!

### 21st century social issues in Japan

- Decreasing and aging population
- Decline of areas other than major cities
- Impact on the global environment
- Limits of gov't actions for regional revitalization















03

## **Business Segments**

# Business Segment Overview

## Segment Information and Group Categories

Digital Government, which has played a key role in the shift to digital technologies by governments for many years, and Mobility Services, which provides services centered on mobility IoT, generate steady sales and earnings. Smart Venues is expected to grow and become the third core business.

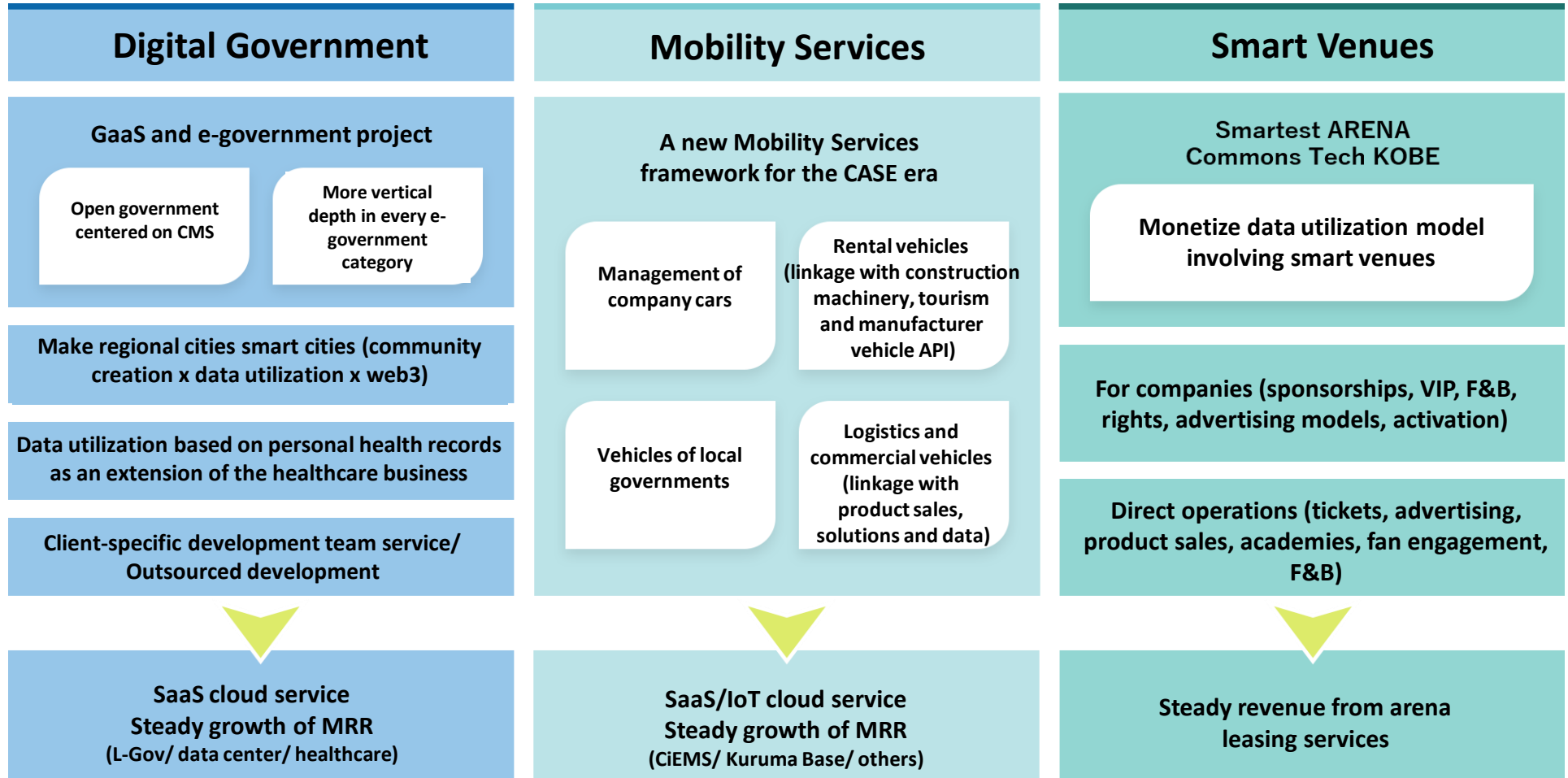
Business segments	Companies	Business categories	Business activities	Services
<b>Digital Government</b>	<b>Smartvalue</b> Digital Government Business  <b>NORTHDETAIL</b> 	Cloud services for local governments  Client-specific development team service	<ul style="list-style-type: none"> <li>• CMS services for local governments</li> <li>• Online procedure service</li> <li>• Data linkage/analysis</li> <li>• Software development</li> </ul>	  Open-gov Platform
<b>Mobility Services</b>	<b>Smartvalue</b> Mobility Services Business 	Mobility IoT services IoT solutions	<ul style="list-style-type: none"> <li>• Management of the operation of company cars</li> <li>• Mobility IoT platform</li> <li>• Car sharing platform</li> <li>• IoT/software development</li> </ul>	  
<b>Smart Venues</b>	<b>One Bright KOBE</b>  <b>Storks</b> 	Arena operation Sports/entertainment  Smart city Creates more energy and vitality in a community  Community marketing	<ul style="list-style-type: none"> <li>• Operation of stadiums and arenas</li> <li>• Arena ICT solutions</li> <li>• Management of professional sports clubs</li> <li>• Regional revitalization events</li> <li>• Community marketing</li> </ul>	 

# Business Segment Overview

## Segment Information and Business Activities

03. Business Segments

The goal is the establishment of a business portfolio that can be an important component of the social infrastructure of the 21st century. One step is generating sales and earnings now with activities including cloud services MRR growth in the Digital Government and Mobility Services businesses. Measures to accomplish this goal also include next-generation social systems such as e-government, government online services, personal ID number linkage, MaaS, arena ICT, smart cities and other activities.



# 04

## **Business Activities, Topics and KPI by Segment**

### Overview

Performance was below the KPI/operating profit targets because of time needed to rebuild sales operations and higher expenses for moving to a cloud environment. Started a government facility reservation system for more progress with the government digital transformation.

Content management system (CMS) service contracts have been signed with all 47 prefectures and the number of GaaS contracts has reached 100.

#### Rebuild framework for sales

Changed in April 2023 from using external sales agents operating mainly in areas other than major cities to sales activities by Smartvalue and consolidated subsidiary NORTHDETAIL.

Negative effect on FY6/24 sales of inadequate sales capabilities in individual areas, but the April 2024 change is slowly improving the stability of sales operations.

#### CMS service contracts in all 47 prefectures

SMART L-Gov CMS operations have grown to cover all 47 prefectures of Japan.

Smartvalue is retaining the top CMS market share with CMS contracts with 388 organizations.

#### Shift to a different cloud environment

Operations are currently moving from a data center operated by Smartvalue to a cloud environment operated by SAKURA internet Inc. based on an agreement to work jointly with this company.

Due to this shift, the cost of sales increased because there were temporarily expenses for both the Smartvalue data center operation and the use of the SAKURA internet cloud service. Using a Japanese cloud company to reinforce security and plan to cut costs after the shift has been completed.

#### Cumulative GaaS contracts reach 100

In December 2023, the GaaS online application platform service signed its 100th service contract with a customer.

The number of contracts is continuing to increase as Smartvalue uses the competitive advantage of website linkage using its own CMS.

### Overview

Expanding the lineup of services while using the CMS platform to remain a leader in this market in Japan. Strengthening relationships by using cooperation agreements with local governments. Joint activities with alliance partners based on issues concerning the government digital transformation. Progress with developing a government SaaS.

#### Local government cooperation agreements

Based on agreements for cooperation with the cities of Kitami in Hokkaido and Mitoyo in Kagawa prefecture, Smartvalue is gathering information about issues involving the digital transformation of these city governments.

The results of discussions with city employees will be used to create new services involving a shift to a government cloud.

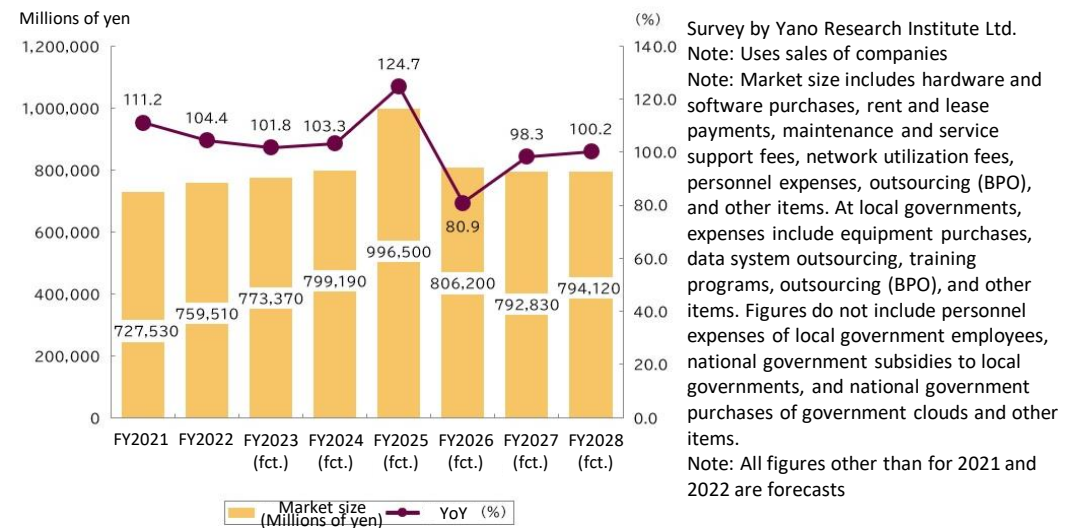
#### Start of the Rakuriza reservation system

In April 2024, Smartvalue and alliance partner WingArc1st Inc. started sales of a government facility reservation system called Rakuriza (“easy reservation”).

The second demonstration trial started in May 2024 in the city of Kitakyushu and sales activities covering many local governments have started.

Plans for this system include linkage with Smartvalue’s CMS and an SaaS model that does not rely on submitting competitive bids for government contracts.

#### Business climate



A brief increase is expected in 2025 only because of the timing of the shift of local governments to the government cloud. Afterward, the market is expected to grow to approximately 800 billion yen.

The goal is sales growth backed by existing websites as well as by the enlargement of the lineup of services backed primarily by growth of the government digital transformation market.

# Digital Government: Government Digital Transformation

## 04. Business Activities, Topics and KPI by Segment

### Strategy and goals

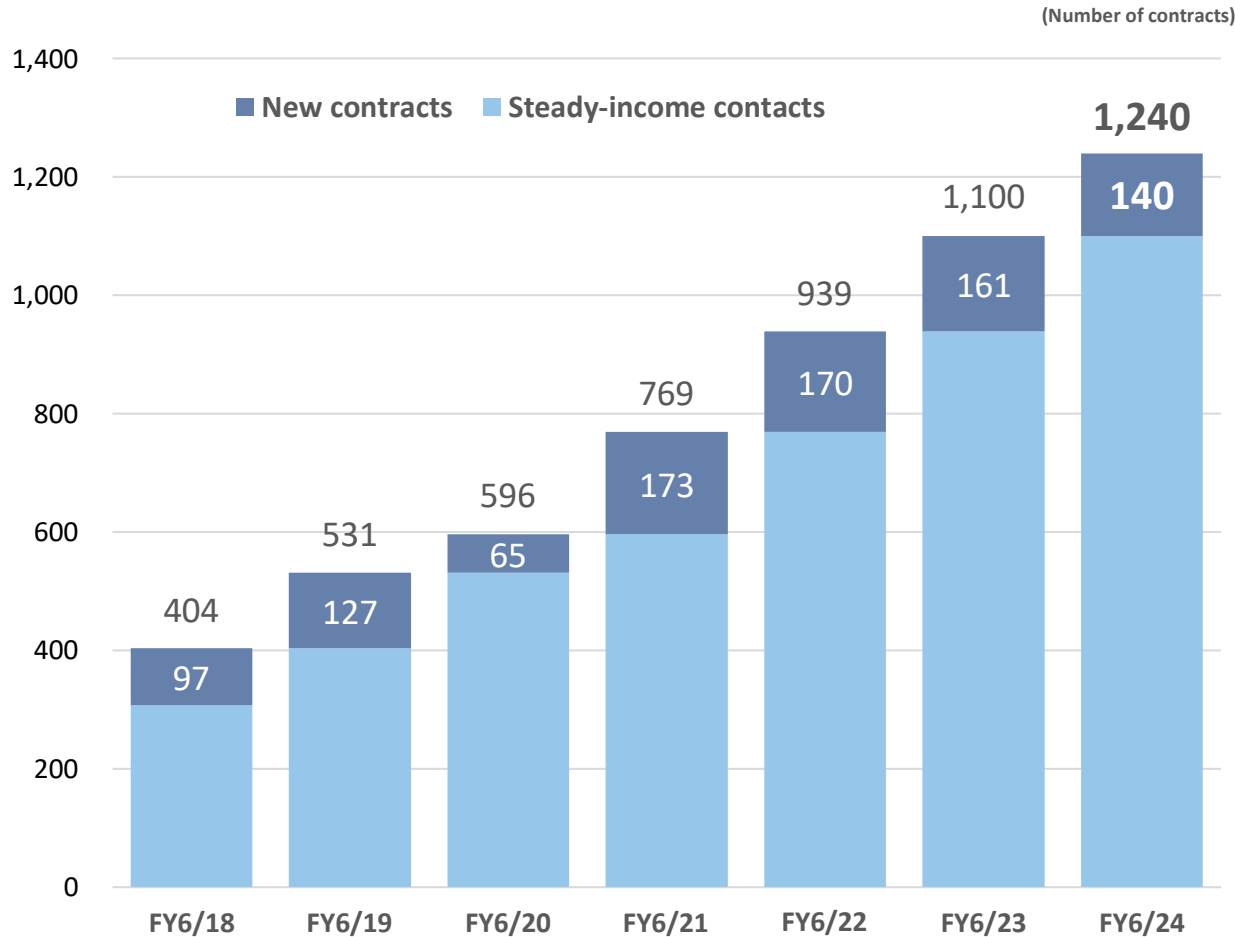
Start a digital marketplace for the public sector in 2024. Government cloud shift in 2025 for full-scale use of the cloud by governments. Stronger ties with alliance partners to enlarge the lineup of services.

Aim for more growth of businesses by benefiting from the increasing use of digital technologies by governments.





### Number of Contracts for Regional Information Cloud Service



**1,240**  
contracts

The number of contracts is up **13%** from FY6/23

Ended some sales agent operations and shifted to an internal framework for sales operations as the use of digital government continues to increase.

The pct. of winning bids for contracts was initially somewhat low but expected to improve with the establishment of the new framework in late FY6/24.

\* Total of the four major services of the SMART L- Gov, additional services, and GaaS

\* Number of users of services, not the number of local governments

## The Challenge of Creating a New Future of Convenience/Mobility IoT

### Overview

#### Positives

##### ① Quantitative

KPI CiEMS up 4% YoY  
Kuruma Base up 39% YoY

##### ② Qualitative

KurumaBase business (Car sharing platform)  
Alliance with AKTIO Corporation, Japan's leading construction machinery rental company

#### Negatives

##### ① Quantitative

KGI Sales and earnings down YoY (sales down 6%, operating profit down 33%)

ARR Down 3% YoY

\*Caused by the transfer to Smartvalue of the Sharekul business  
Operating loss in the car solutions segment

##### ② Qualitative

Sale of product sales business for leased vehicles (car solutions business)

### Business unit policies

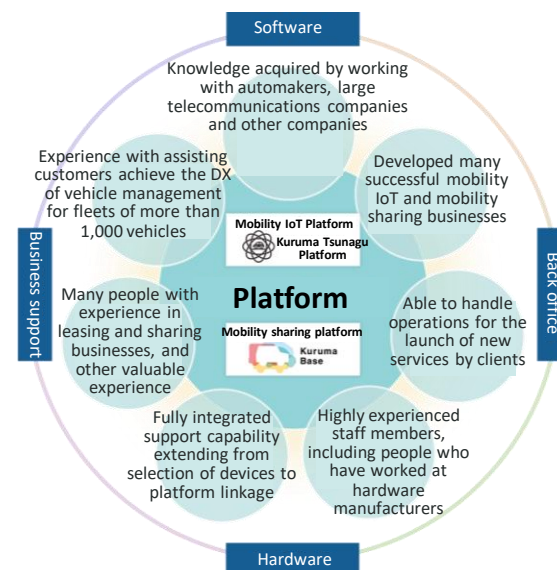
#### Mobility Services

A new Mobility Services framework for the CASE era

Management of company cars	Rental vehicles (linkage with construction machinery, tourism and manufacturer vehicle API)	Vehicles of local governments	Logistics and commercial vehicles (linkage with product sales, solutions and data)
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SaaS/IoT cloud service  
Steady growth of MRR (CiEMS/ Kuruma Base/ others)

### Leverage business unit strengths



## The Challenge of Creating a New Future of Convenience/Mobility IoT

### Strategy and goals

- The mobility IoT and sharing business is using knowledge acquired from constant data collections and development activities to provide extensive support for the development activities of mobility service companies.
- The goal is a smaller share of sales from sales of products and a larger share from MRR/ARR by concentrating on the IoT category. In addition, there is a 3-year examination starting in FY6/25 of the cost of sales ratio, which increased because of the high cost of semiconductors, forex and other reasons.

### Enormous volume of mobility IoT data

Mobility data

**3,724,299,614** driving data entries every month as of July 21, 2024

Vehicles driven **20,435,035**km every month

Driving distance is equivalent to **510.8** times around the world

Use data from these activities to develop many types of services for the mobility services sector

Car sharing/  
rental car  
system

Telematics  
insurance

Construction  
machinery/  
special-use  
vehicles

Platform for  
vehicle  
maintenance  
providers

IoT service for  
logistics industry

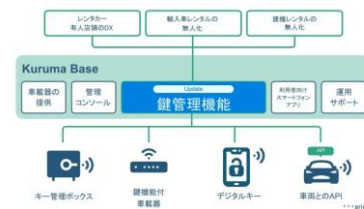
DX for local  
gov't vehicles

### Topics

#### Kuruma Base for automated construction machinery rentals

January 2024

Smartvalue started providing the Kuruma Base sharing platform to AKTIO Corporation for selected automated construction machinery rental activities on weekends and holidays. AKTIO plans to use Kuruma Base to offer the AKSUPO automated service at locations throughout Japan.



#### Sale to Koshida Corporation of the product sales business for leased vehicles (car solutions business)

June 2024

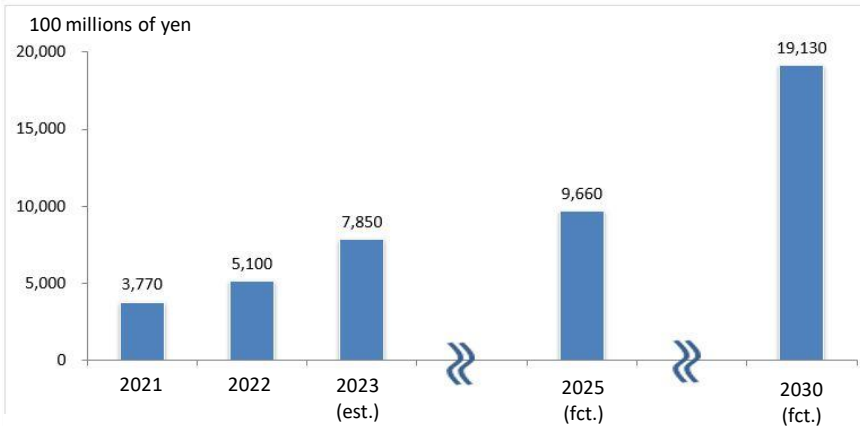
Smartvalue has decided to sell the business that sells products for leased vehicles, which was part of the car solutions business, to Koshida Corporation. Smartvalue made this decision because of the declining size of this sales business and its consistent losses. Activities will continue for restructuring the business portfolio to enable the Smartvalue Group to concentrate resources on strengthening core businesses and adding new businesses primarily in the cloud services sector.

# Mobility Services: Business Climate and Initiatives

## 04. Business Activities, Topics and KPI by Segment

### Market Overview

#### Market for Automotive Software



Notes:  
1. 2023 is an estimate and 2025 and 2030 are forecasts.  
2. Figures are for automotive software for ECU and other control systems and automotive IT systems in the CASE category. Uses prices based on sales by software vendors to automakers (OEM) and to automobile parts suppliers (Tier 1, etc.).

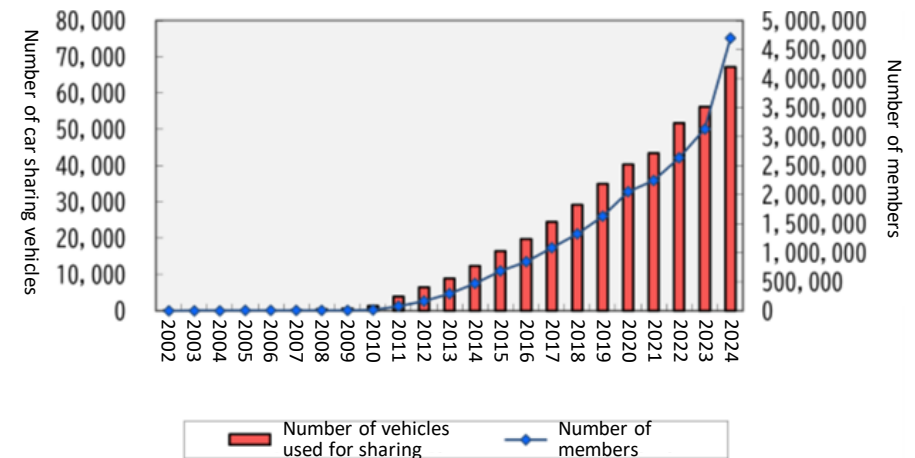
Survey by Yano Research Institute Ltd.

Source: Yano Research Institute Ltd.

Manufacturers of automobiles and automobile parts are increasingly relying on outsourcing tasks to software developers for R&D projects concerning automotive software.

In addition, based on 2021 estimates, these outsourced development projects accounted for 70.3% of control systems and 29.7% of automotive IT systems. By about 2030, these figures are expected to be reversed. Furthermore, in the corporate and public sector markets, automotive software investments are expected to grow as the speed of the digital transformation increases following the pandemic. Investments are also rising faster in the logistics industry for digitalization due to new regulations that started in 2024.

#### Car Sharing Vehicles and Members in Japan



Foundation for Promoting Personal Mobility and Ecological Transportation

According to a March 2024 survey, there were 26,797 car sharing stations in Japan, up 17.6% from the previous year, 67,199 vehicles used for sharing, up 19.6%, and 4,695,761 members of car sharing services, up 50.0%. Smartvalue used IoT development expertise acquired from involvement in this market to extend this knowhow to the construction machinery rental sector in 2024f to offer new services.

The rental car market in Japan is expected to be more than 1,000 billion yen by 2030 and the car sharing market is expected to be more than 150 billion yen. The construction machinery rental market is also growing steadily and is currently generating sales of more than 1,300 billion yen. Smartvalue is seeking ways to use its expertise to serve companies in these growing markets.

#### Use of Kuruma Tsunagu Platform

General corporations  
Local governments

Logistics  
Transportation

#### Use of Kuruma Base

Rental car operations  
Car sharing

# Mobility Services: Business Climate and Initiatives

04. Business Activities, Topics and KPI by Segment

**Add new services by focusing on three sectors and continuing IoT development investments**

## Companies Local governments



**Linkage/reinforcement of CRM/BI tools for more efficient vehicle management**

**Target:** Corporations that own company cars without commercial registrations

**Market size:** About 13.2 million vehicles, more than 95% not yet using telematics

Cost, accidents, legal compliance, and tasks required for maintenance and administration are major issues at organizations that need to manage vehicles. The use of data obtained through telematics and apps is effective for all of these issues.

## Rental cars Car sharing



**Ties with rental car systems/API linkage for automobiles**

**Target:** Businesses that own vehicles and parking facilities

**Market size:** About 920,000 rental cars/about 52,000 vehicles for sharing

The horizontal expansion of automated services initially for the rental construction equipment industry and support for car sharing operations in the rental car industry.

## Logistics Cargo transport



**Investments for building a cloud service for cargo transport companies**

**Target:** Cargo transport companies/Companies with truck fleets

**Market size:** About 14.4 million vehicles

Operators of trucks in Japan need to deal with many issues, including the new 2024 restrictions on working time, the aging of maintenance technicians, the labor shortage, the high cost of fuel, and the need to reduce CO2 emissions to protect the environment. Smartvalue is making investments for the remote diagnosis of vehicle problems and the creation of a service for the visualization of fuel consumption.

Source: Smartvalue survey (forecasts for Smartvalue service core targets and market categories not yet served)

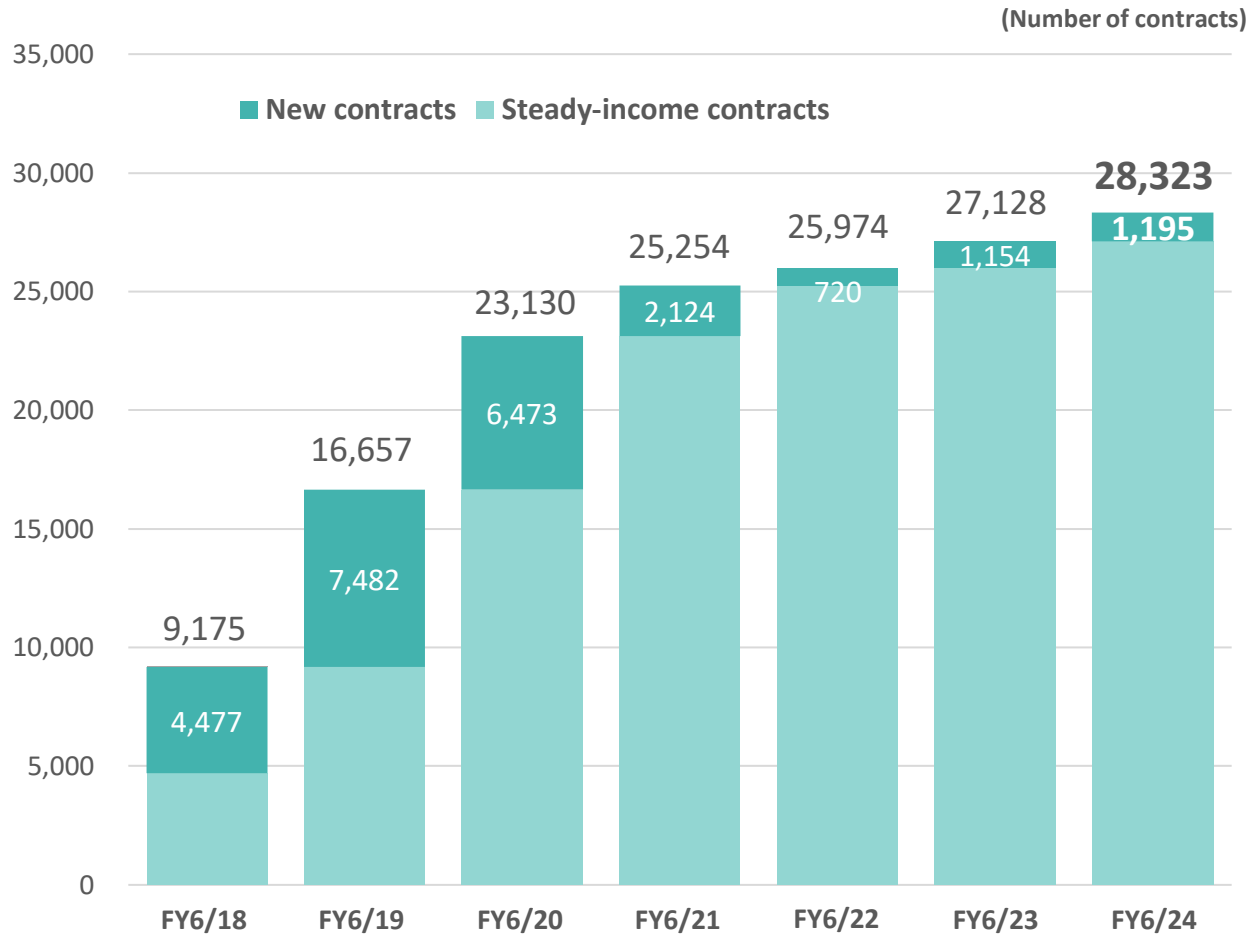
Statements about the future incorporate risk factors and uncertainties and are not guarantees about future results of operations.

Smartvalue has not verified the accuracy or suitability of all information other than items about Smartvalue and does not guarantee accuracy or suitability.

# Mobility Services: KPI

## 04. Business Activities, Topics and KPI by Segment

### Mobility IoT: Number of CiEMS Hardware Contracts



**28,323**  
contracts

The number of contracts is up **4%** from FY6/23

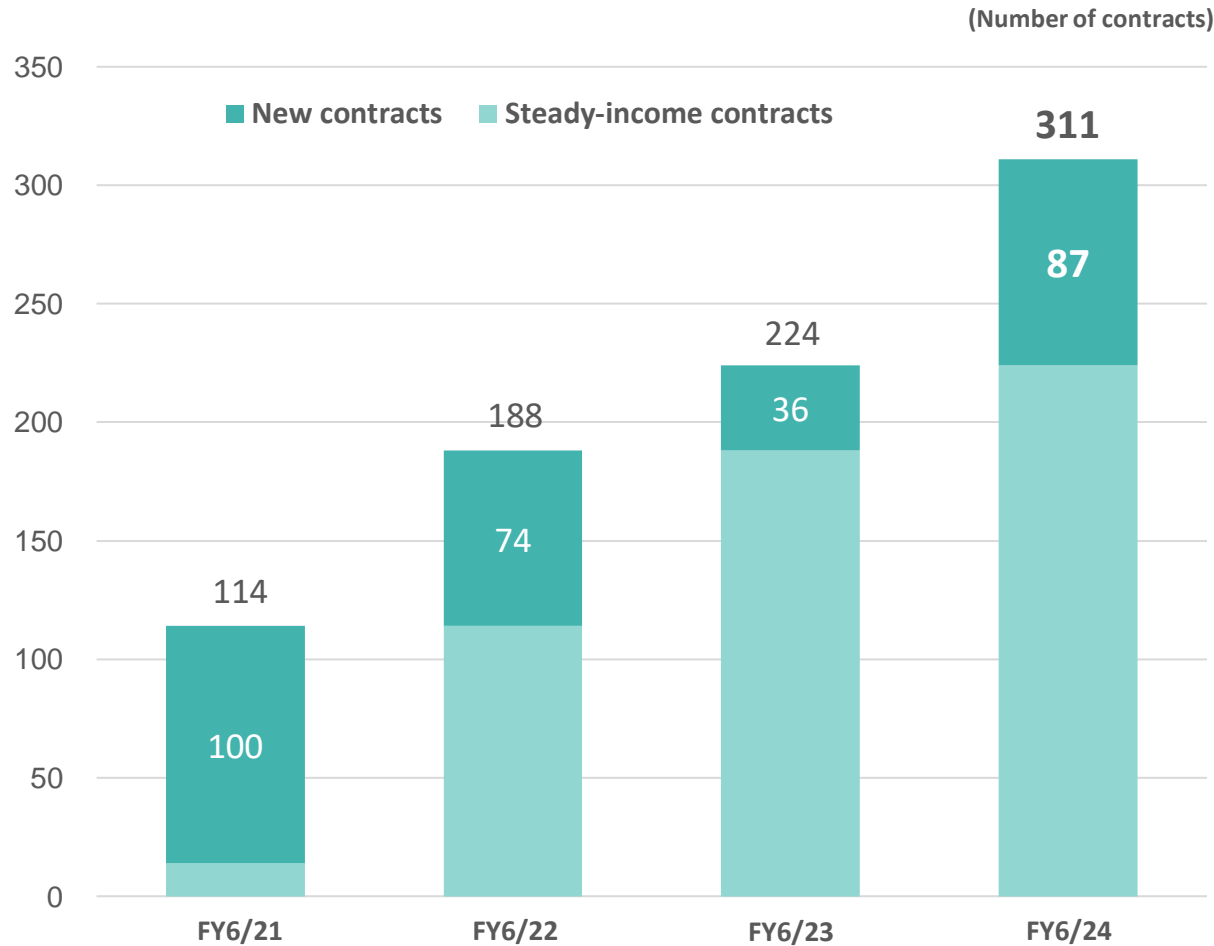
There was one cancellation of a high-volume contract (1,259 vehicles).  
As in FY6/23, Smartvalue continued to make investments in the alcohol checking registration service app to upgrade the IT system.  
Smartvalue plans to start offering a new service in 2024.

New contract vehicles totaled 3,418 in FY6/23 and increased 26% to 4,314 in FY6/24.

# Mobility Services: KPI

## 04. Business Activities, Topics and KPI by Segment

### Mobility IoT: Number of Kuruma Base Contracts



**311**  
contracts

The number of contracts is up **39%** from FY6/23

The newly released service incorporates improvements concerning operational and quality problems involving virtual keys.

There was a big increase starting in the fourth quarter KPI due to the AKTIO Corporation alliance.

In FY6/25, Smartvalue plans to expand operations to cover the construction machinery rental sector and to continue upgrading systems.



# Smart Venues: Outline of Kobe Arena Project

## Strategy and goals

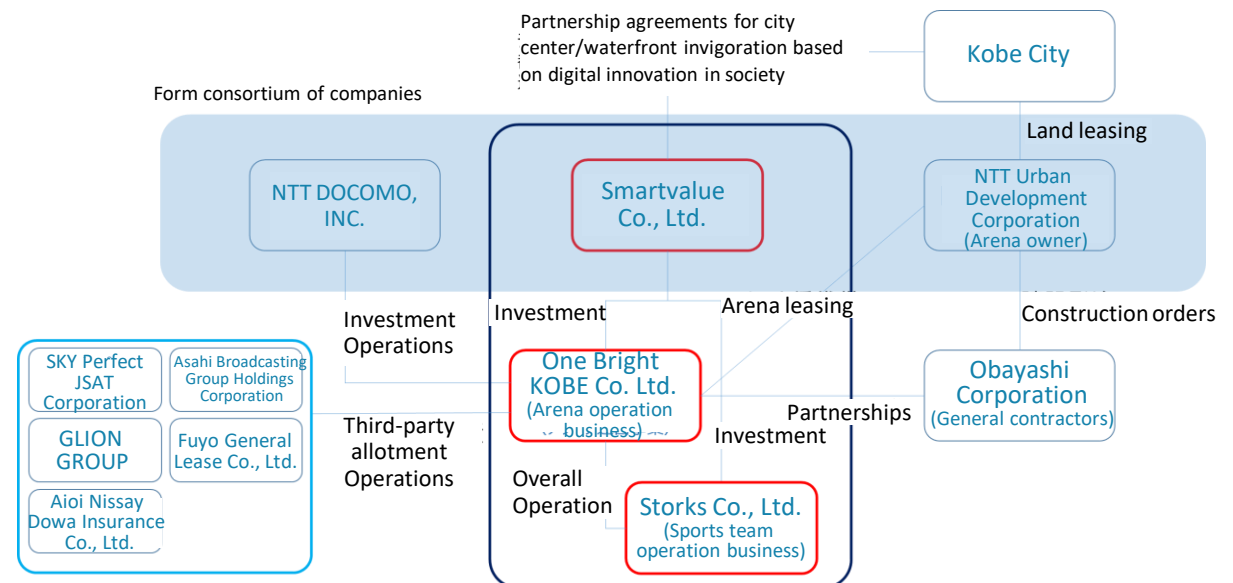
Stadium and arena innovation is part of the Japanese government's strategy for growth. The GLION ARENA KOBE will contribute to these innovations and make Smart Venue\* an integral part of society. The April 2025 opening of this arena that is built and operated by the private sector will generate revenue and produce data that can be used for creating smart cities.

## Profile of GLION ARENA KOBE



Name	GLION ARENA KOBE
Capacity	Approx. 10,000 people
Completion	February 2025 (tentative)
Opening	April 2025 (tentative)
Site area	Approx. 23,700m <sup>2</sup>
Floor area	Approx. 32,300m <sup>2</sup>

## Scheme



\*Smart Venue is a community creation strategy, including sources of entertainment and activities, the use of data and other elements, that is centered on a stadium, arena or other venue.



## Smart Venues: GLION ARENA KOBE and Its Location

04. Business Activities, Topics and KPI by Segment

This arena is expected to be a new landmark in Kobe, bordered on three sides by the sea, and will attract 3 million visitors every year to events at the arena and adjacent park.

Full digitalization will make this the Smartest Arena, based on the power of sports and entertainment to attract and excite people. By taking full advantage of its freedom as a facility built and operated by the private sector, the arena will be a base that uses data in the community for creating a smart city.

### Private sector establishment and operation

An arena closely linked with Kobe that will operate at least 50 years

A spectacular location bordered on three sides by the sea. Visitors can enjoy views of the harbor and nearby mountains. The world's first arena constructed on a jetty.

Within walking distance of Sannomiya Station, a major station of the Kobe economic zone with a population of more than 3 million, including about 1.5 million in Kobe

The nucleus of the Kobe waterfront redevelopment project. Conveniently located for visiting the Old Foreign Settlement, Chinatown, Meriken Park and other Kobe sights.





GLION ARENA KOBE will bring in more people from other areas by creating an energetic atmosphere, increasing ease of access and addressing other issues. This is more than simply a smart city demonstration trial. The arena will be the center of a platform created by the public sector, academic institutions, and many companies and residents and will fulfill this key role for at least 50 years.

## Private sector establishment and operation

### An arena closely linked with Kobe that will operate at least 50 years

#### *An entertainment center for Kansai*

The Kansai area has very few arenas with capacity of 10,000. A survey mainly by Osaka promoters revealed a large volume of demand for this type of arena and high expectations.

#### *Co-creation partnerships*

Partnerships include sponsors that pay for advertising as well as activities with partners that use the arena as a base for making the surrounding area an energetic community and for helping solve social issues.

#### *Smart city initiatives*

One goal is to use the community creation DX operations of Smartvalue to create a smart city around the arena. The plan is to collect data by using Smartvalue's own apps and payment system.

#### *VIP floor*

The luxurious VIP floor gives guests a special experience during sports and other events. The floor will be used during Kobe Storks basketball games as well as during some concerts.

#### *Co-creation partnerships*

Usually, leasing accounts for the majority of income for arena owners and operators. At this arena, the plan is for Smartvalue also to hold events on its own or with partners, thereby assuming some risk, in order to use this facility in more ways.

#### *Collaboration with Kobe Storks*

Smartvalue will operate the arena while working closely with the Kobe Storks basketball team, which has the goal of advancing to the B.LEAGUE PREMIER in 2026. Linkage of content and facilities will be used to maximize the efficiency of arena operations and the entertainment value of basketball games.

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### Partnership Agreement with the City of Kobe

On August 5, 2022, Smartvalue and the City of Kobe signed a business partnership agreement for activities to “create the future of the city center and waterfront area.” One objective is to be a source of digital innovation.



More city center-waterfront circulation of people centered on GLION ARENA KOBE

A source of digital innovation, such as the creation of a digital twin city

Activities for increasing engagement with residents and visitors and attracting even more people

Using mainly the arena app, tie-ups with public transportation and nearby businesses will be used for distributing points and incentives. Links with area information and other measures will make this area an even more appealing destination and a place where visitors can receive outstanding services.

GLION ARENA KOBE will be a place where people can enjoy many types of entertainment by combining physical and digital amenities. Entertainment will incorporate functional and efficient characteristics and offer value through experiences.

For marketing activities, CRM will be used to increase the size of the population that will visit this area and strengthen engagement with all visitors. The project is also designed to be environmentally responsible.



# Smart Venues: Overview of GLION ARENA KOBE ICT Features

04. Business Activities, Topics and  
KPI by Segment

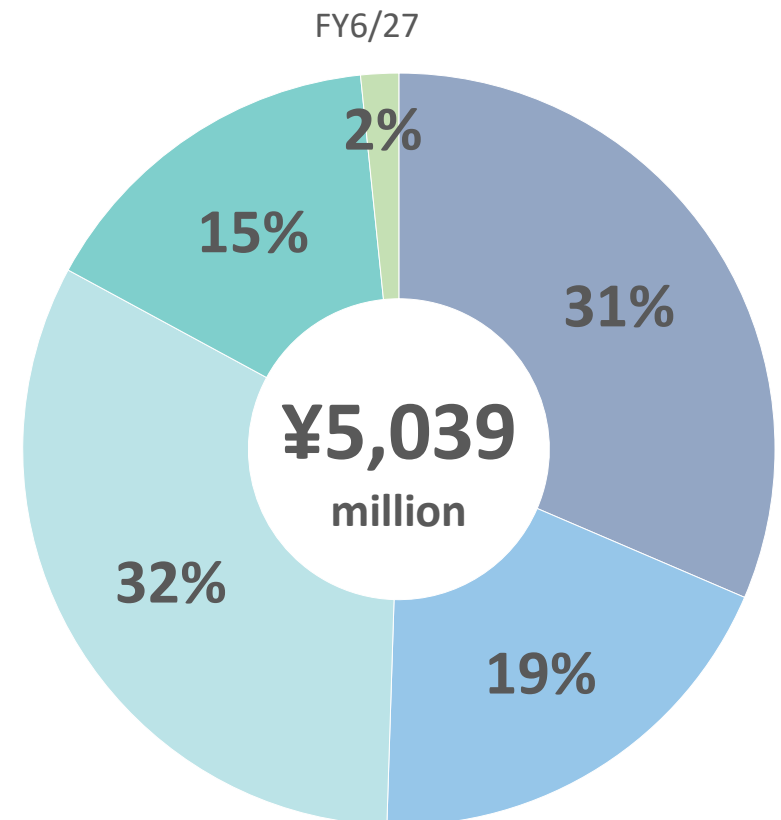
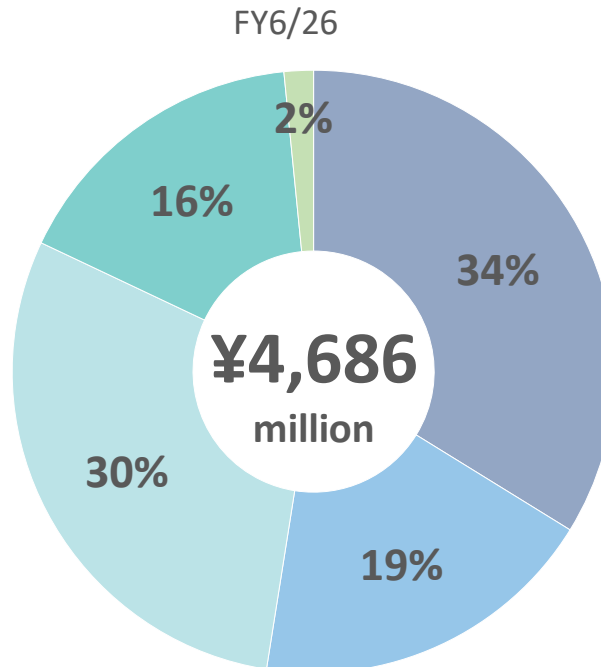
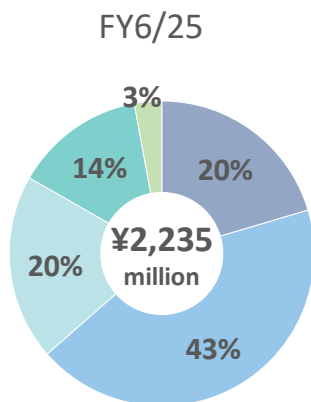
The Smartest Arena Digital Platform, a source of vitality for the area, uses the TOTTEI KOBE app to provide information about local events and sell tickets. The app will collect information about people who visit the area, mainly to attend events, and about what they purchase based on payment processing data. These activities will make marketing activities covering the entire area possible.



## Smart Venues: Three-year Budget following the April 2025 Opening

The investment phase of the arena has ended and activities have advanced to preparations to start operations in April 2025. Based on reservations for renting the arena, sales received from sponsoring companies, hospitality contracts and other aspects of operations, the planned sales and earnings for this business are very likely to be achieved.

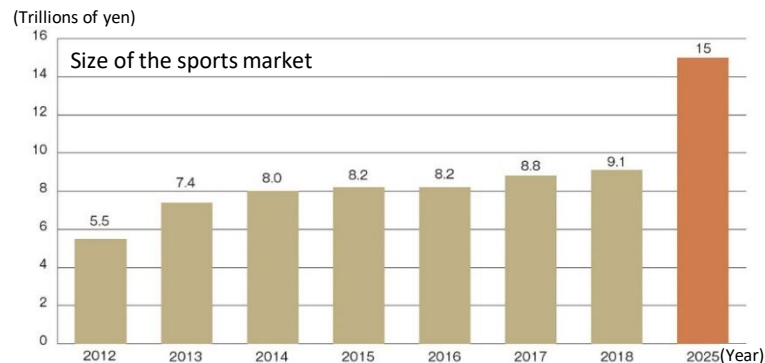
- Arena rental
- Revenue from sponsoring companies
- Arena operator events
- Hospitality/Food & beverage/Tenants/Product sales
- Other



# Smart Venues: The Business Climate

Sports and stadium/arena operations are one of the growth industries of the Japanese government's strategy for growth. Stadium and arena innovation are a key component of the strategy. More than 50 of these projects are planned in all areas of Japan. Furthermore, Smart Venues are viewed as key elements of regional revitalization activities as part of community creation measures centered on venues, which are an extension of stadium and arena innovations.

Major actions for revitalizing the sports industry	
Major categories	Major sources of growth
(1) Stadiums/arenas	Community creation centered on stadiums/arenas
(2) Amateur sports	College sports and other amateur sports
(3) Professional sports	More revenue from spectators and other sources
(4) Peripheral business	Sports tourism and other businesses
(5) Use of IoT	IT use in facilities/services, use of IoT
(6) Sporting goods	Increase use of sports facilities; promote health management, etc.



## Measures for stadium and arena reforms

- Stadium/arena reforms will be essential for making sports a growth industry.
- Alter the current perception of sports facilities based on stereotypes and precedents.
- Goal is public-private operations for a "new public benefit," such as sustained growth of a regional economy centered on a stadium or arena.
- Goal is interactive facilities that bring together a variety of functions, including local area management centered on sports events



### Definition of stadium/arena

- A facility that attracts people and has a capacity of thousands to tens of thousands of people
- A facility designed primarily for spectator sports

### Change from a cost center to a profit center

- Differentiate facilities for nearby residents to play sports from stadiums and arenas. Priority is on spectator convenience and team business operations.
- Reduce public-sector expenses by making facilities more profitable
- A profit center that can also produce regional benefits greater than the investments, such as by creating excitement and sustainable community
- Use business and fund procurement methods that can upgrade facilities and services

### Regional benefits of stadium/arena reforms

- A symbol of a region
  - Use private-sector knowhow and achieve profitability
  - Able to operate many years as a sustainable facility
- Create a new industry cluster
  - Economic benefits and job creation, including positive influences on industries in nearby areas
  - A sports team will further improve the facility's ability to remain successful
- Community creation using positive regional effects
  - Creates more energy and vitality in a community
  - More opportunities for nearby residents to play sports
  - Helps solve social issues through social responsibility, increasing public awareness and in other ways
- Sustainable growth of communities and regions
  - Helps create a community/regional identity
  - Raises the value of real estate in the area where the stadium/arena is located

05

## Results of Operations by Segment

# Financial Summary (Consolidated)

## 05. Results of Operations by Segment

(Millions of yen)

	FY6/23 Results	FY6/24 Results	YoY
Net sales	3,873	<b>3,814</b>	98.5%
Digital Government	1,948	<b>1,711</b>	87.8%
Mobility Services	1,555	<b>1,462</b>	94.0%
Smart Venues	369	<b>641</b>	173.8%
Operating profit	(74)	<b>(308)</b>	-
Digital Government	406	<b>245</b>	60.2%
Mobility Services	288	<b>193</b>	67.2%
Smart Venues	(268)	<b>(271)</b>	-
Corporate expenses	(501)	<b>(475)</b>	-
Operating margin	-	-	-
Digital Government	20.9%	<b>14.3%</b>	68.6%
Mobility Services	18.5%	<b>13.3%</b>	71.5%
Smart Venues	-	-	-
Ordinary profit	(75)	<b>(312)</b>	-
Profit attributable to owners of parent	(48)	<b>(348)</b>	-

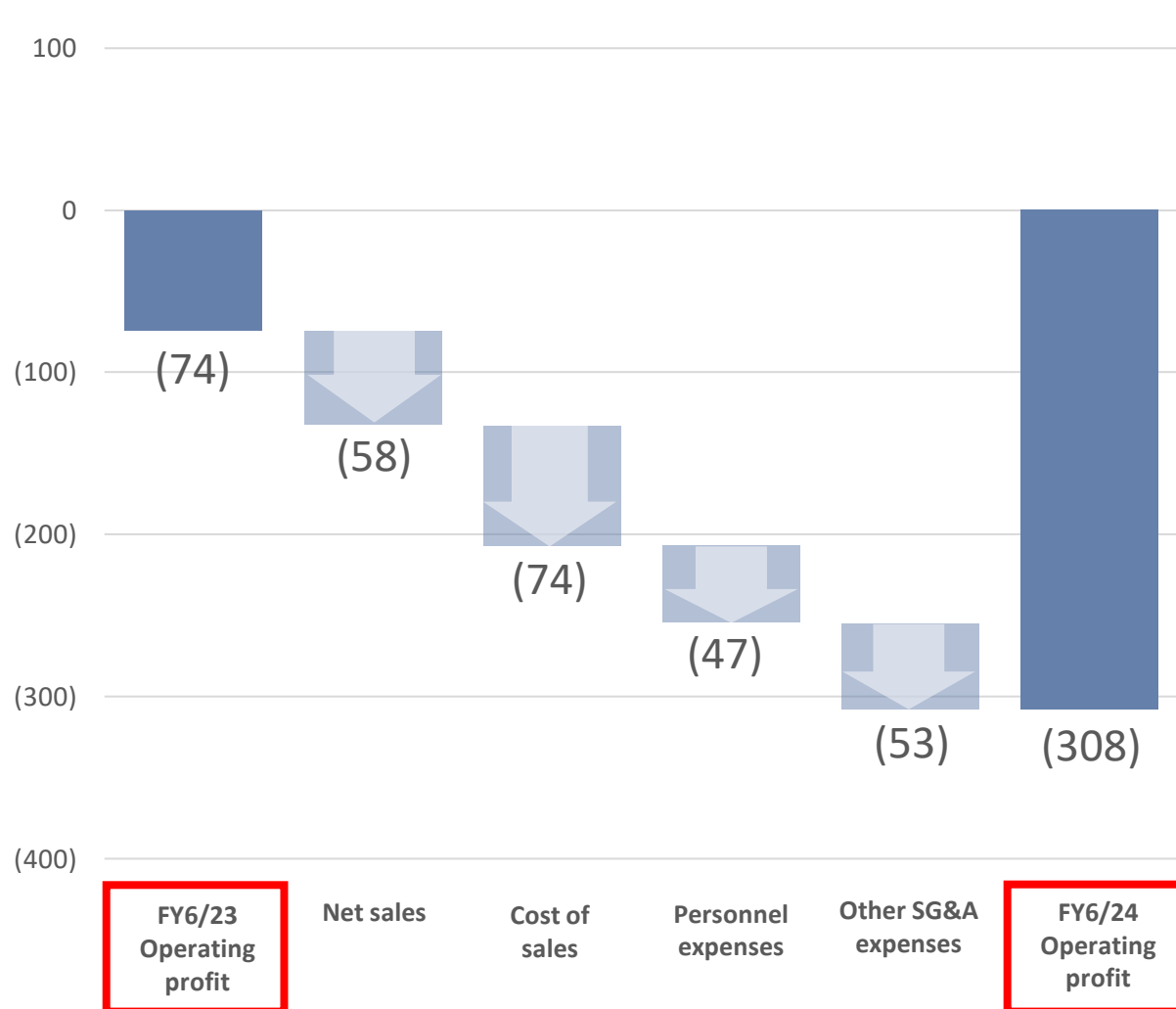
FY6/25 Forecast	YoY
<b>5,609</b>	147.0%
<b>2,070</b>	121.0%
<b>1,302</b>	89.1%
<b>2,235</b>	348.7%
<b>68</b>	-
<b>348</b>	142.2%
<b>223</b>	115.3%
<b>6</b>	-
<b>(509)</b>	-
<b>1.2%</b>	-
<b>16.8%</b>	117.5%
<b>17.1%</b>	129.4%
<b>0.3%</b>	-
<b>23</b>	-
<b>3</b>	-



# Changes in Operating Profit (FY6/23→FY6/24)

## 05. Results of Operations by Segment

**Consolidated** The operating loss increased mainly because Digital Government sales were lower than planned, Smart Venues cost of sales (investments) increased, and personnel expenses increased.



Decrease in net sales	
Digital Government	(237)
Mobility Services	(93)
Smart Venues	272

Increase in cost of sales	
Digital Government	(70)
Mobility Services	(9)
Smart Venues	154

Increase in personnel expenses	
Digital Government	(12)
Mobility Services	7
Smart Venues	56
Administration	(4)

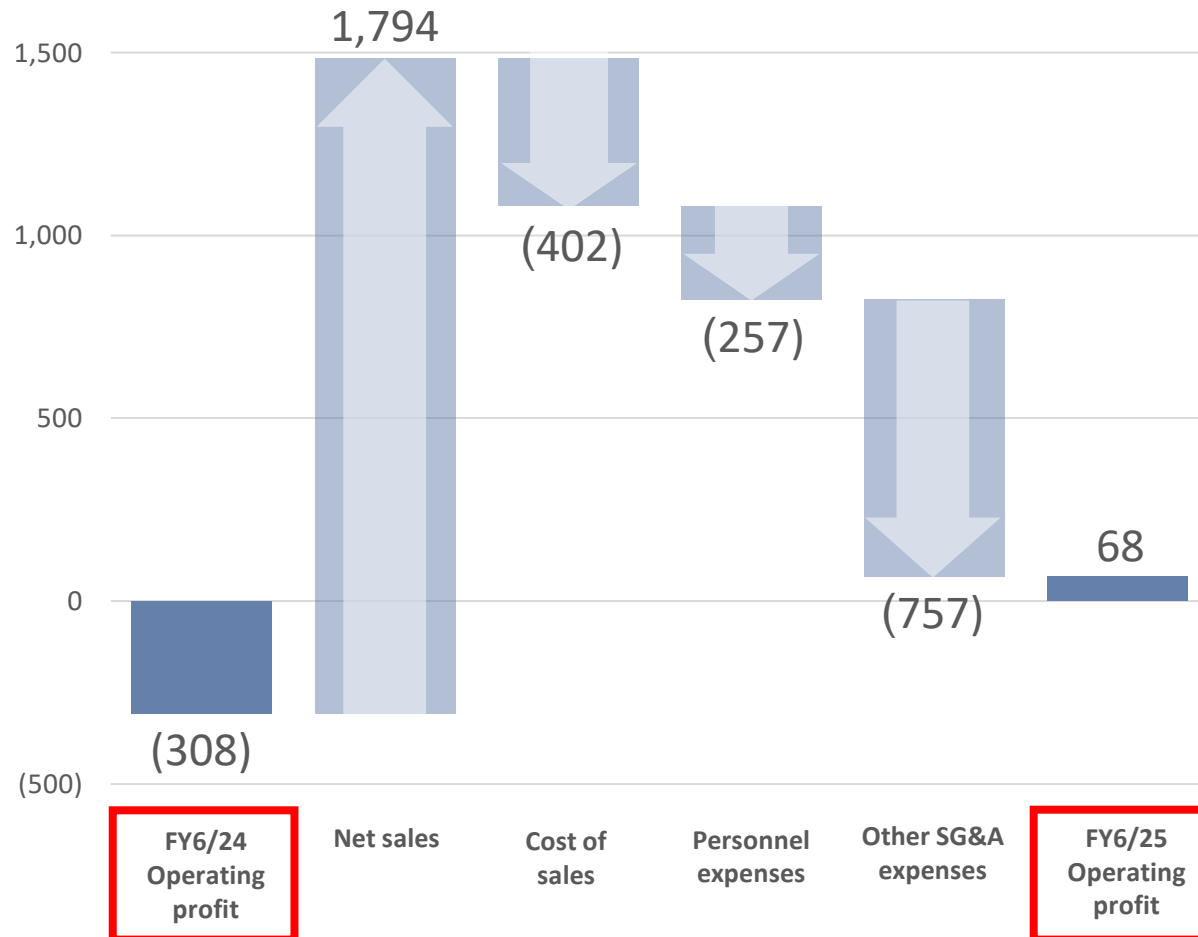
Increase in other SG&A expenses	
Digital Government	7
Mobility Services	3
Smart Venues	63
Administration	(21)

# Changes in Operating Profit (FY6/24→FY6/25 Forecast)

## 05. Results of Operations by Segment

**Consolidated** The investment phase of GLION ARENA KOBE has ended and activities have advanced to preparations to start operations in April 2025. The plan is to become profitable even as personnel expenses increase.

(Millions of yen)



Increase in net sales	
Digital Government	359
Mobility Services	(159)
Smart Venues	1,594

Increase in cost of sales	
Digital Government	58
Mobility Services	(139)
Smart Venues	484

Increase in personnel expenses	
Digital Government	156
Mobility Services	(27)
Smart Venues	122
Administration	7

Increase in other SG&A expenses	
Digital Government	41
Mobility Services	(21)
Smart Venues	710
Administration	27

# Financial Results Overview (Business Segment Performance ) Consolidated

## 05. Results of Operations by Segment

(Millions of yen)

	FY6/23 Results	FY6/24 Results	YoY	Comp.	FY6/25 Forecast
Net sales	3,873	<b>3,814</b>	98.5%	100.0%	5,609
Cloud services	2,276	<b>2,162</b>	95.0%	56.7%	2,575
MRR (Monthly recurring revenue)	1,494	<b>1,519</b>	101.7%	39.8%	1,600
Service start-up and construction	781	<b>642</b>	82.2%	16.8%	975
Outsourced development	217	<b>203</b>	93.5%	5.3%	223
Sales of products	618	<b>488</b>	79.0%	12.8%	153
Client-specific development team service	392	<b>319</b>	81.4%	8.4%	420
Smart Venues	369	<b>641</b>	173.8%	16.8%	2,235
Operating profit	(74)	<b>(308)</b>	-	-	68
Operating margin	-	-	-	-	1.2%

# Net Sales by Business Format

## 05. Results of Operations by Segment

### Digital Government

(Millions of yen)

	FY6/23 Results	FY6/24 Results	YoY	Comp.	FY6/25 Forecast
Net sales	1,948	<b>1,711</b>	87.8%	100.0%	2,070
Cloud services	1,524	<b>1,375</b>	90.2%	80.4%	1,596
MRR (Monthly recurring revenue)	840	<b>887</b>	105.6%	51.9%	937
Service start-up and construction	684	<b>487</b>	71.3%	28.5%	658
Outsourced development	32	<b>16</b>	51.2%	1.0%	53
Client-specific development team service	392	<b>319</b>	81.4%	18.6%	420
Operating profit	406	<b>245</b>	60.2%	-	348
Operating margin	20.9%	<b>14.3%</b>	68.6%	-	16.8%

# Net Sales by Business Format

## 05. Results of Operations by Segment

### Mobility Services

(Millions of yen)

	FY6/23 Results	FY6/24 Results	YoY	Comp.	FY6/25 Forecast
Net sales	1,555	<b>1,462</b>	94.0%	100.0%	1,302
Cloud services	751	<b>786</b>	104.7%	53.8%	979
MRR (Monthly recurring revenue)	654	<b>632</b>	96.6%	43.2%	662
Service start-up and construction	97	<b>154</b>	158.9%	10.6%	317
Outsourced development	184	<b>186</b>	100.9%	12.8%	169
Sales of products	618	<b>488</b>	79.0%	33.4%	153
Operating profit	288	<b>193</b>	67.2%	-	223
Operating margin	18.5%	<b>13.3%</b>	71.5%	-	17.1%

# Net Sales by Business Format

## 05. Results of Operations by Segment

### Smart Venues

(Millions of yen)

	FY6/23 Results	FY6/24 Results	YoY	Comp.	FY6/25 Forecast
Net sales	369	<b>641</b>	173.8%	100.0%	2,235
Smart Venues	369	<b>641</b>	173.8%	100.0%	2,235
Operating profit	(268)	<b>(271)</b>	-	-	6
Operating margin	-	-	-	-	0.3%

# FY6/24 Consolidated Balance Sheet

## 05. Results of Operations by Segment

(Millions of yen)

As of June 30, 2023	
<b>Total assets: 3,866</b>	
Assets	Liabilities
Cash and deposits 2,339	Interest-bearing debt 815
	Various liabilities 609
	Net assets
Notes and accounts receivable-trade, and contract assets 472	Shareholders' equity 2,121
Property, plant and equipment 257	
Various assets 796	Non-controlling interests 319



As of June 30, 2024	
<b>Total assets: 4,037</b>	
Assets	Liabilities
Cash and deposits 1,726	Interest-bearing debt 831
	Various liabilities 1,047
	Net assets
Notes and accounts receivable-trade, and contract assets 474	Shareholders' equity 1,689
Property, plant and equipment 867	
Various assets 969	Non-controlling interests 469

06

# Medium-term Business Plan

(Announced in August 2024)



# FY6/24-FY6/27 Statement of Income

06. Medium-term Business Plan

Forecast consistent growth of the core Digital Government and Mobility Services businesses as monthly recurring revenue enables these businesses to grow as expenditures are made for human resources and other purposes. Anticipate a significant contribution to earnings by Smart Venues, which will become the third core business, beginning in FY6/26.

(Millions of yen)

		FY6/24 Results	FY6/25 Forecast	FY6/26 Forecast	FY6/27 Forecast
Digital Government	Net sales	1,711	2,070	2,276	2,532
	Operating profit	245	348	346	484
Mobility Services	Net sales	1,462	1,302	1,493	1,527
	Operating profit	193	223	232	284
Smart Venues	Net sales	641	2,235	4,686	5,039
	Operating profit	(271)	6	466	608
Administration	Operating profit	(475)	(509)	(538)	(530)
Consolidated	Net sales	3,814	5,609	8,456	9,099
	Operating profit	(308)	68	506	846
	Ordinary profit	(312)	23	465	812
	Profit attributable to owners of parent	(348)	3	337	595

## FY6/24-FY6/27 Forecast for Selected Financial Indicators

06. Medium-term Business Plan

Cash is expected to increase as profitability improves following the opening of GLION ARENA KOBE. However, the equity ratio and ROE are expected to decrease briefly because of higher loans and lease liabilities to fund the acquisition of non-current assets.

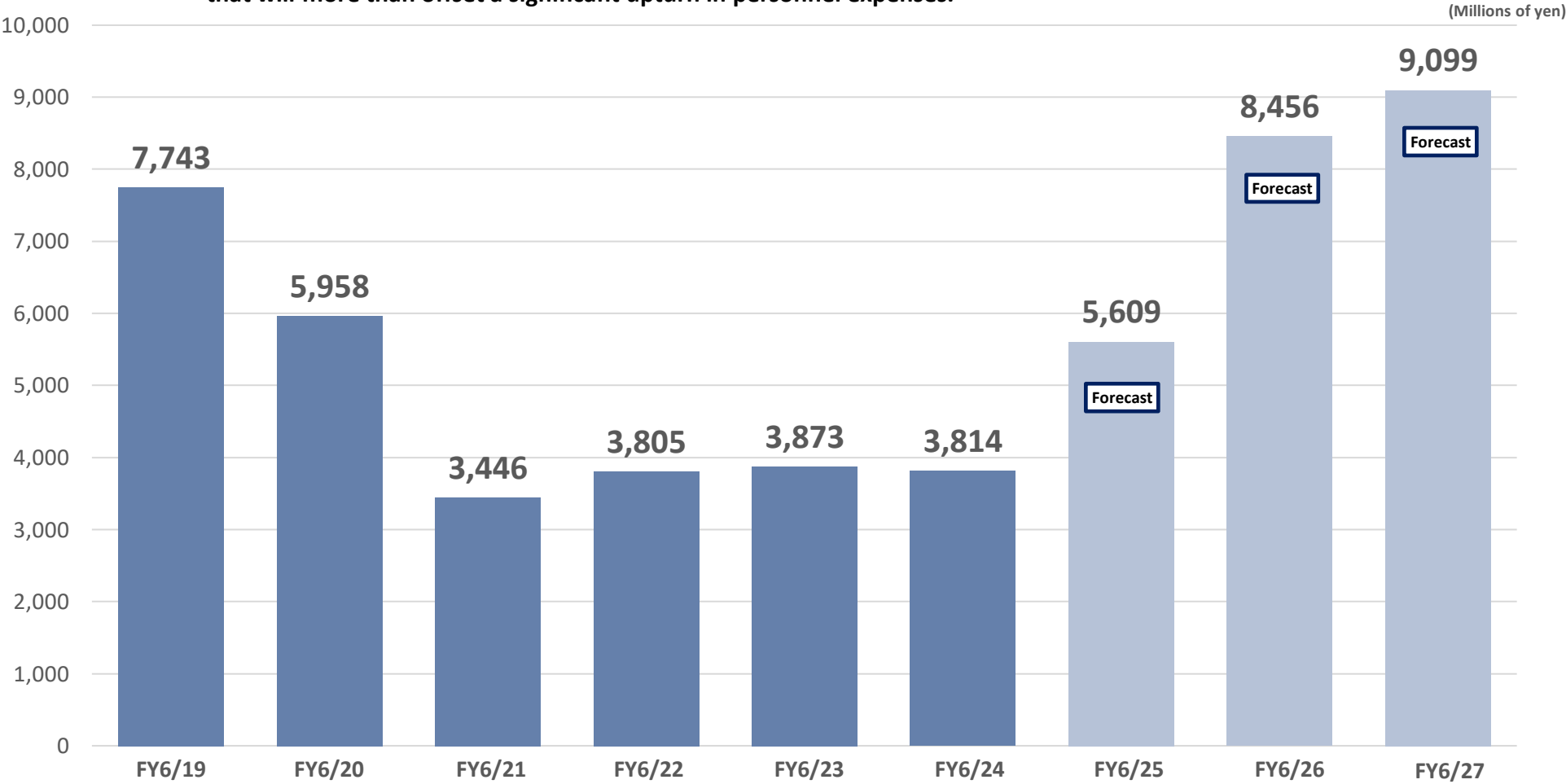
		FY6/24 Results	FY6/25 Forecast	FY6/26 Forecast	FY6/27 Forecast
<b>EBITDA</b>	(Millions of yen)	(152)	321	1,098	1,421
<b>Expected year-end cash</b>	(Millions of yen)	1,726	2,764	3,074	3,620
<b>Planned capital expenditures</b>	(Millions of yen)	-	2,104	136	33
<b>Equity ratio</b>	(%)	41.8	22.3	27.0	34.0
<b>ROE</b>	(%)	(18.3)	0.2	18.7	26.2

\*EBITDA = Profit before income taxes + Interest (Interest expenses - Interest received) + Depreciation

# Sales Trends and Forecasts

## Consolidated

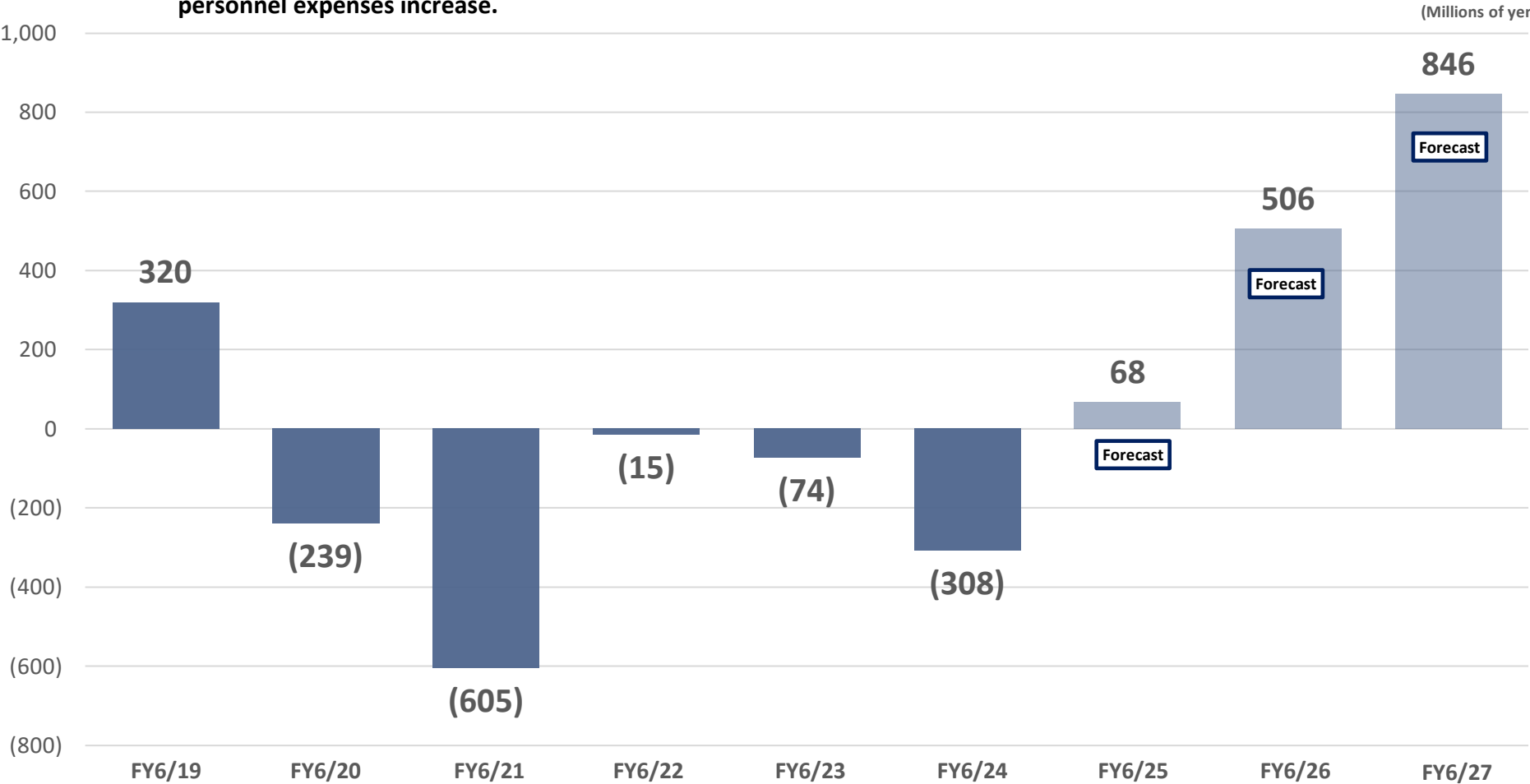
FY6/24 sales decreased and were less than expected due to a difficult period for business operations. Sales in recent years were held down by the 2020 termination of the carrier shop agency business and the pandemic. Due to the benefits of business portfolio restructuring measures, big increases in sales are expected beginning in FY6/25 that will more than offset a significant upturn in personnel expenses.



# Operating Profit Trends and Forecasts

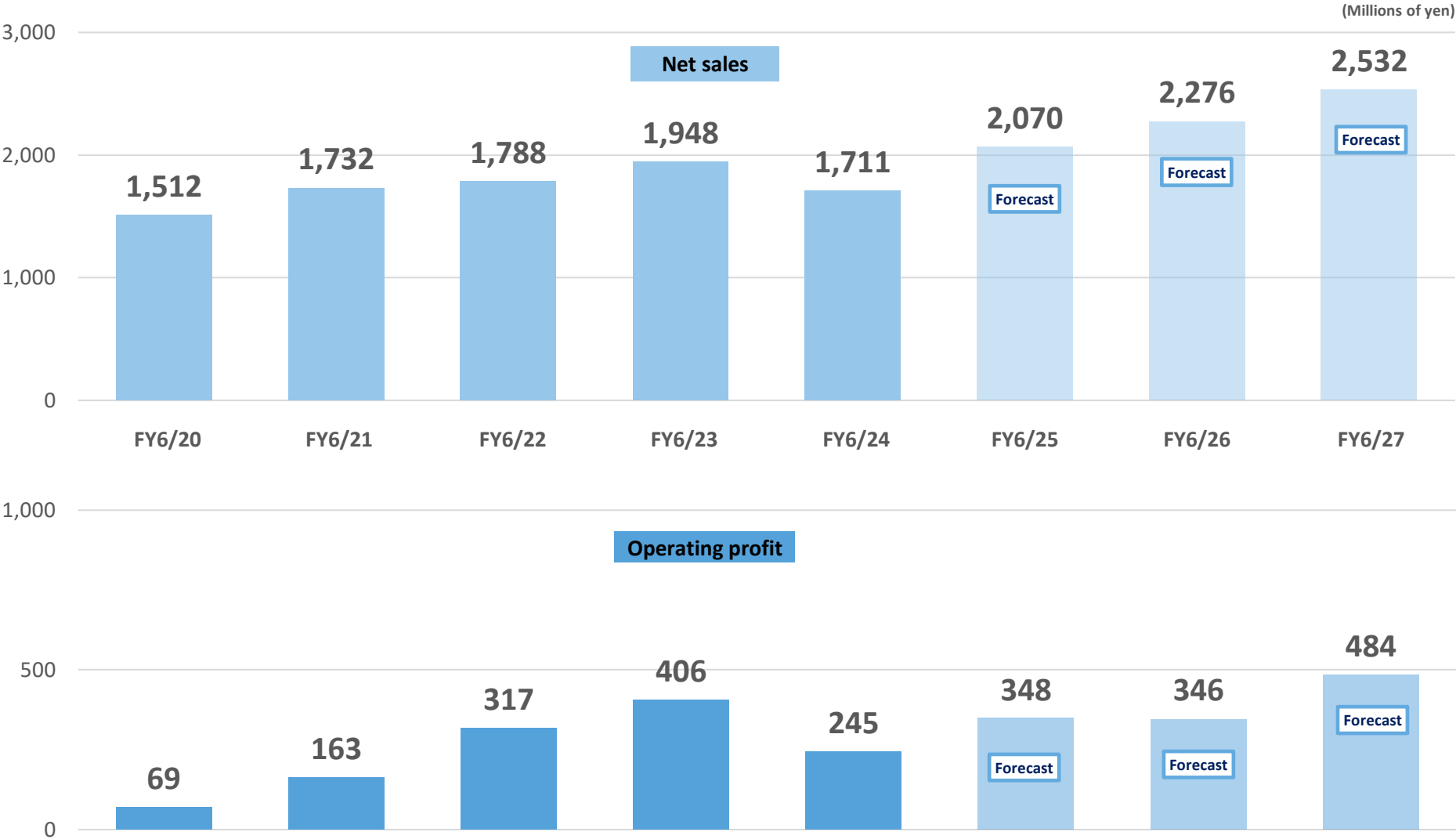
**Consolidated**

Operating losses in recent years following the 2020 termination of the carrier shop agency business and due to the pandemic and other reasons. With another operating loss due to a difficult period for business operations, profitability in FY6/24 was far below the initial forecast. Forecast a return to profitability in FY6/25 due to business portfolio restructuring benefits and other reasons even as personnel expenses increase.



# Sales/Operating Profit Trends and Forecasts

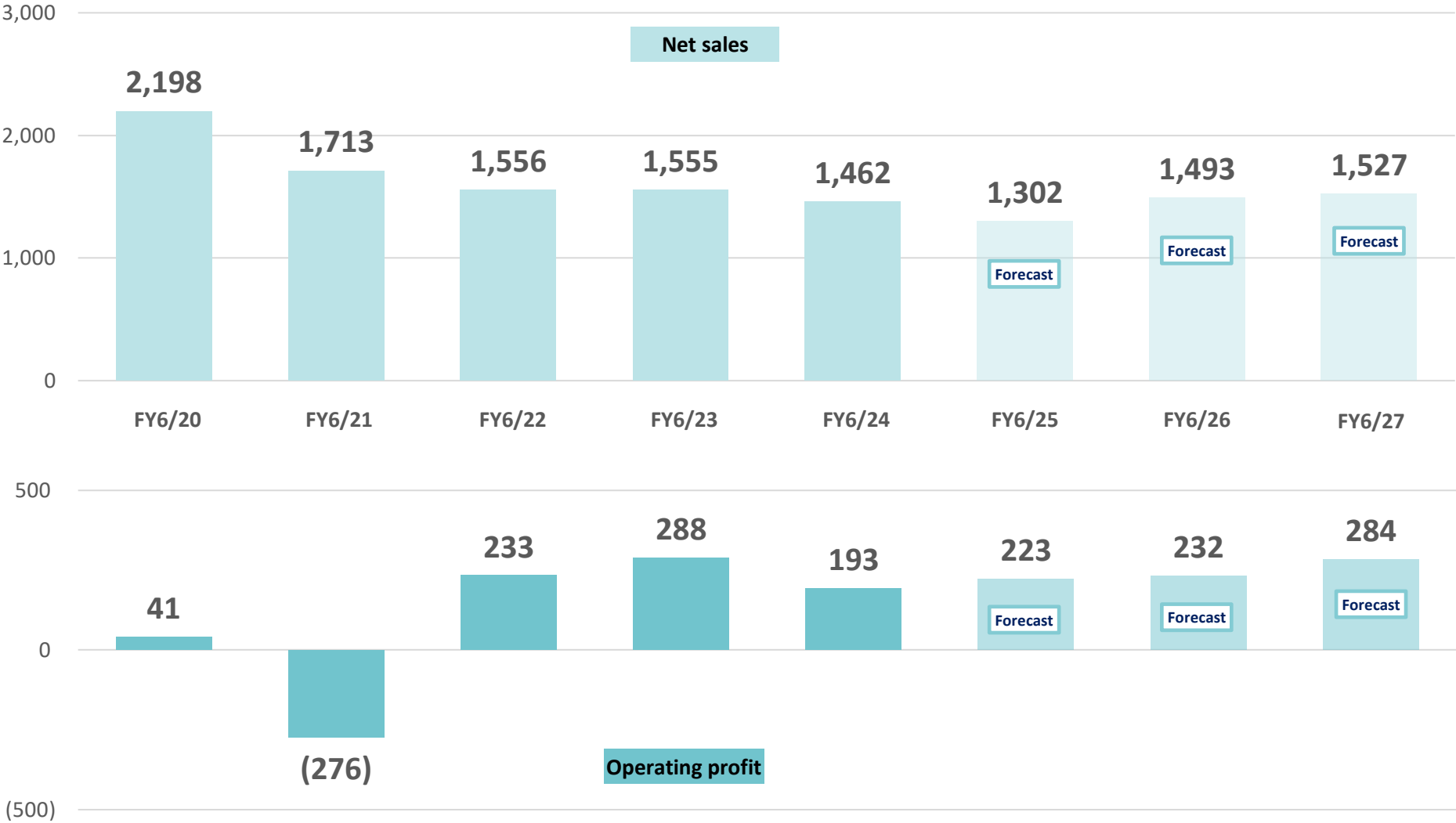
## Digital Government



# Sales/Operating Profit Trends and Forecasts

## Mobility services

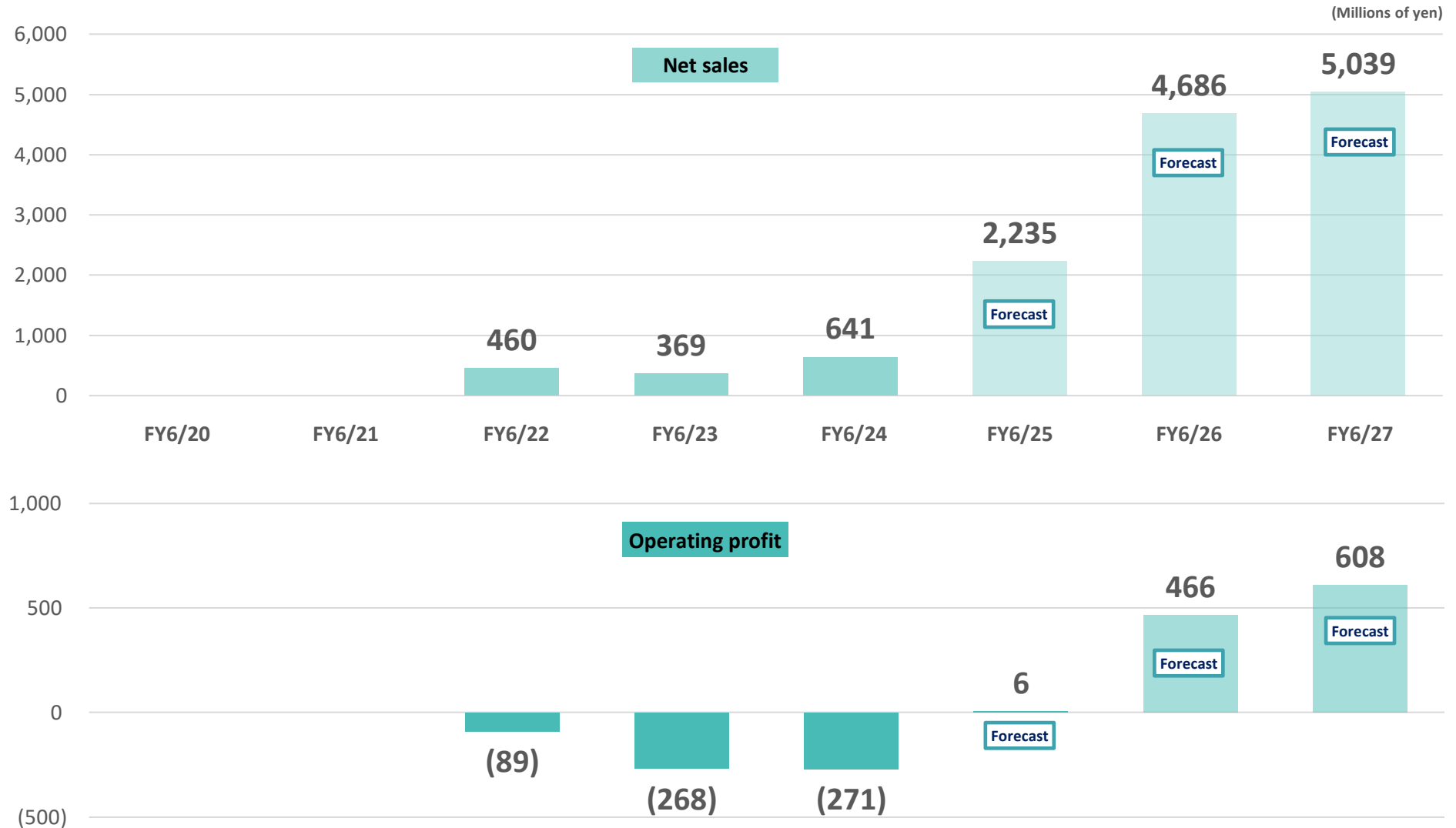
(Millions of yen)



# Sales/Operating Profit Trends and Forecasts

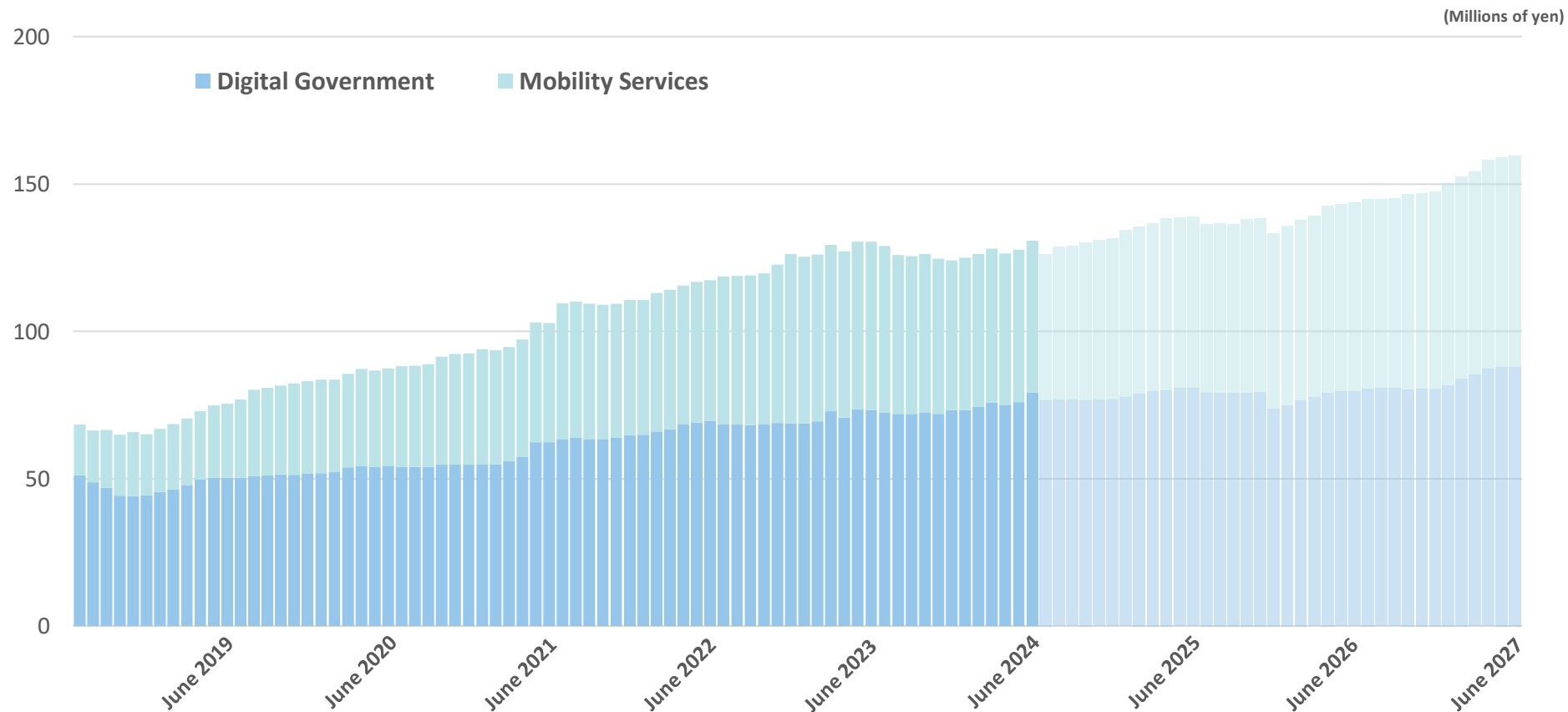
## 06. Medium-term Business Plan

### Smart Venues



# Growth of MRR

## 06. Medium-term Business Plan



MRR as of the term-end

	FY6/19 Results	FY6/20 Results	FY6/21 Results	FY6/22 Results	FY6/23 Results	FY6/24 Results	FY6/25 (Forecast)	FY6/26 (Forecast)	FY6/27 (Forecast)
Digital Government	50	54	62	69	73	79	80	79	88
Mobility Services	25	33	40	47	57	51	58	64	71
Total	75	87	102	117	130	130	139	143	159

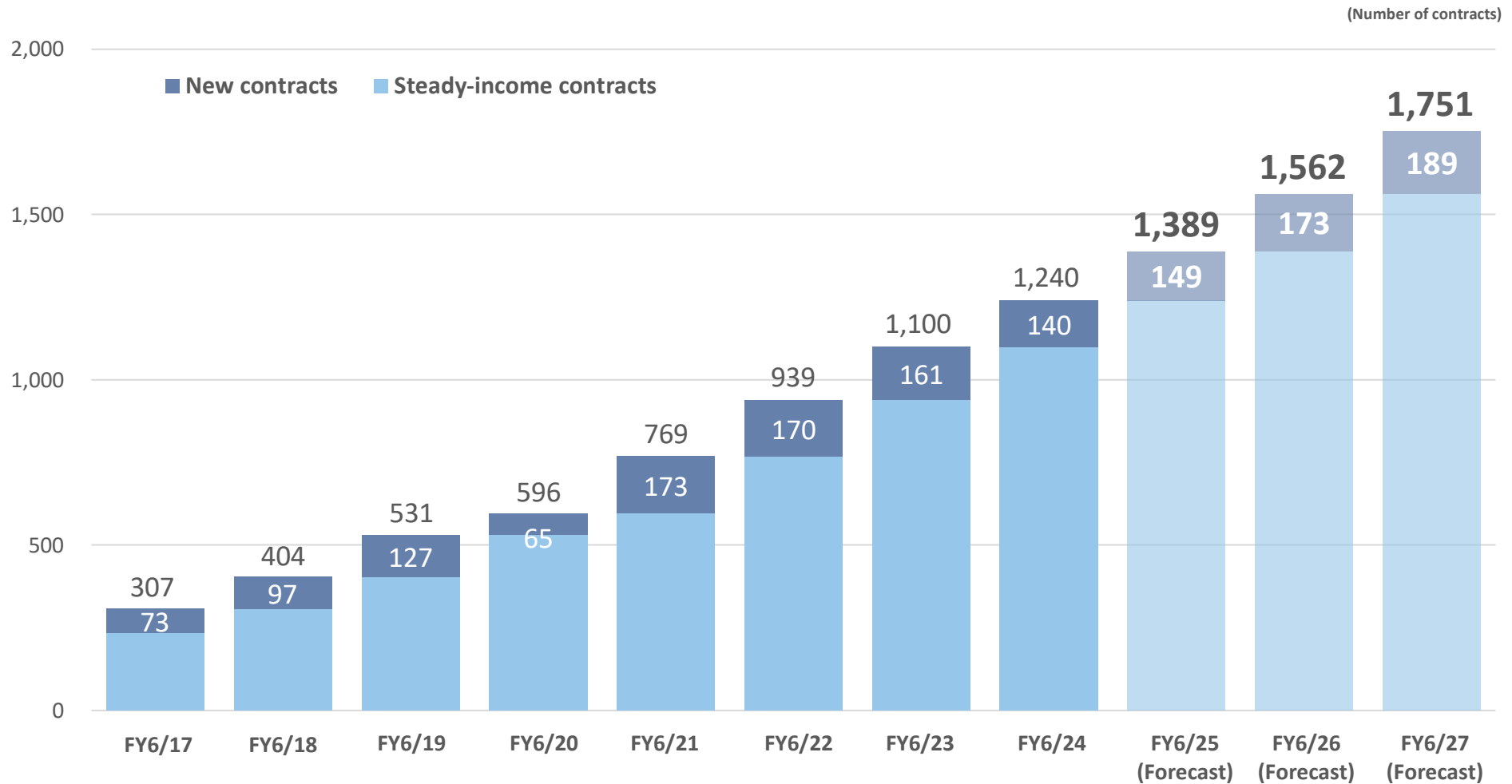
\* MRR: Monthly recurring revenue, which is cloud service fees and other income received on a monthly basis



# KPI (Number of Contracts for Regional Information Cloud Service)

06. Medium-term Business Plan

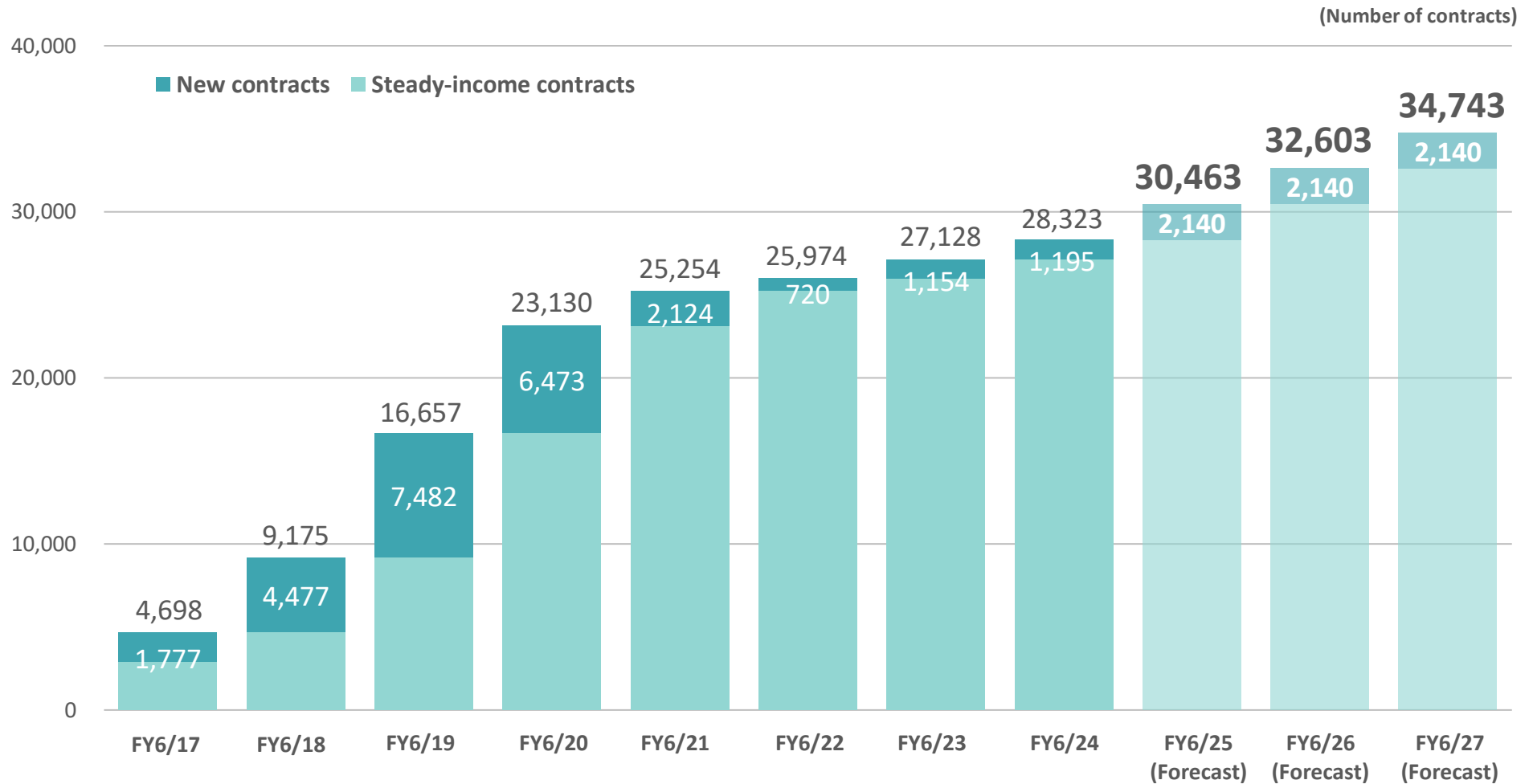
## Digital Government



# KPI (Mobility IoT: Number of CiEMS Hardware Contracts)

06. Medium-term Business Plan

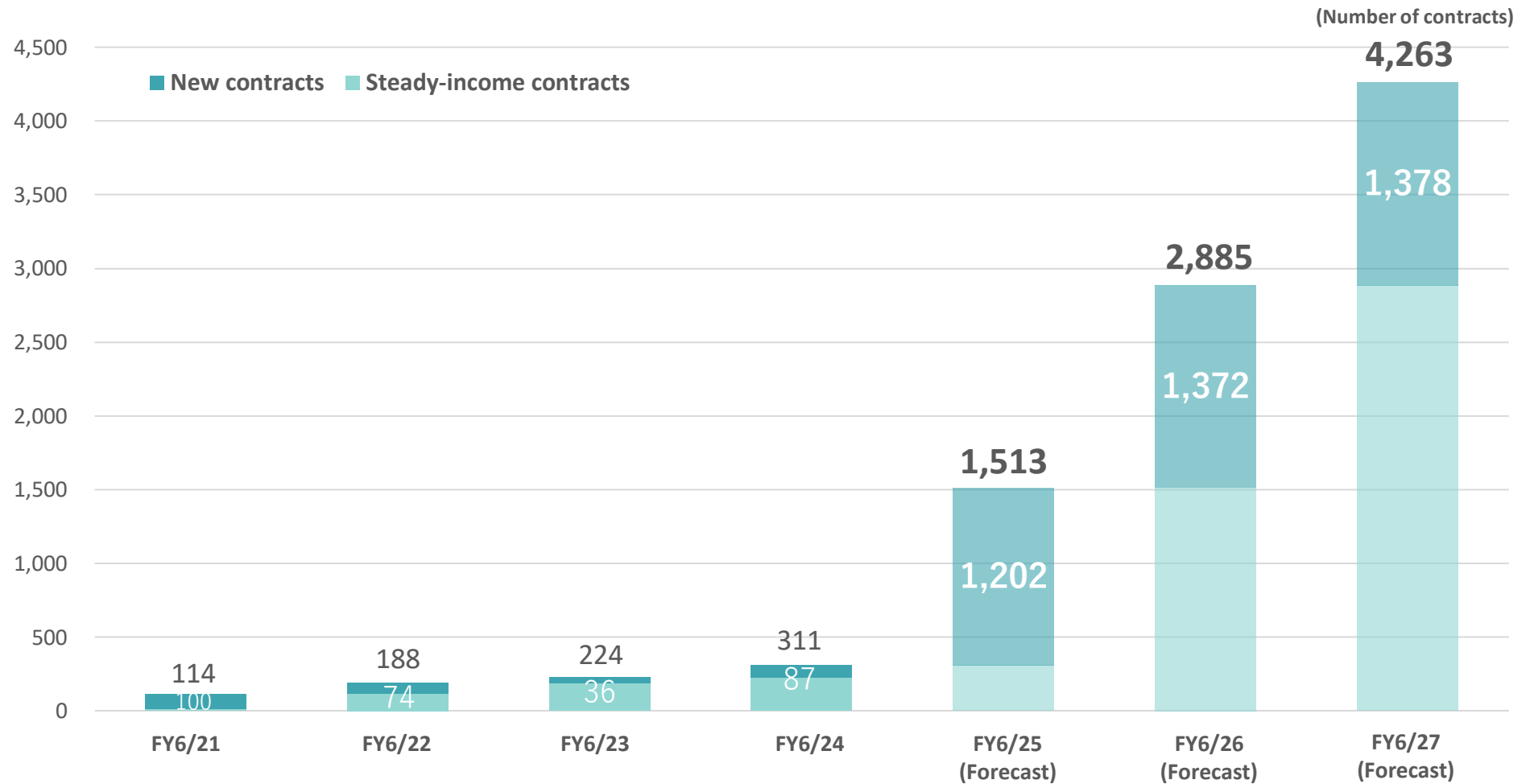
## Mobility Services



# KPI (Mobility IoT: Number of Kuruma Base Contracts)

06. Medium-term Business Plan

## Mobility Services

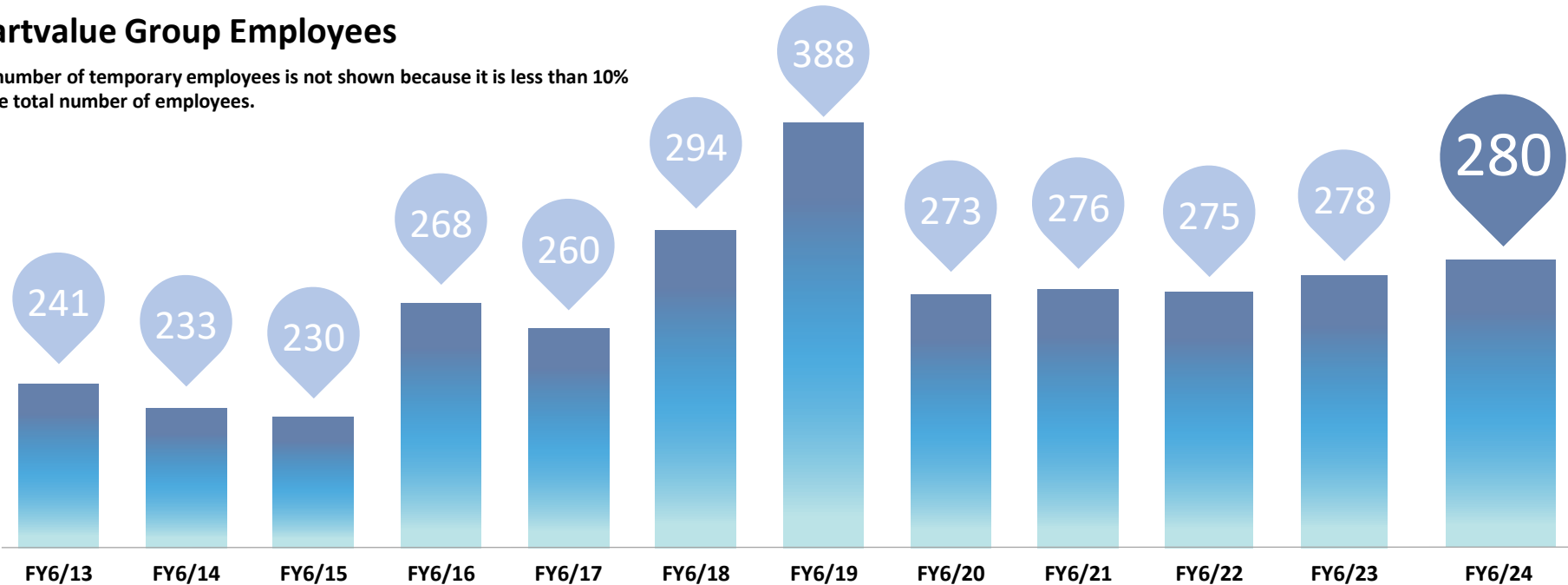


# Appendix 07

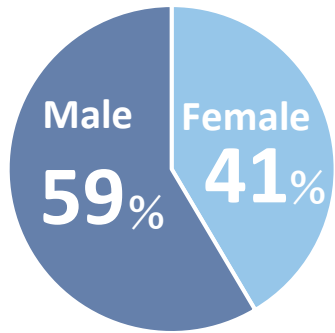
# Employees

## Smartvalue Group Employees

\* The number of temporary employees is not shown because it is less than 10% of the total number of employees.

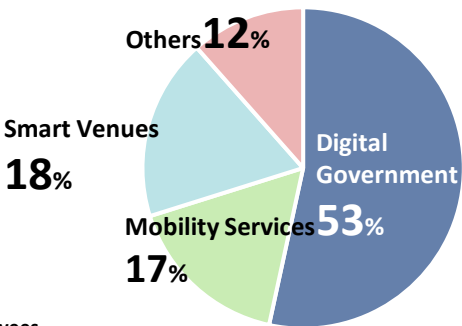


### Gender



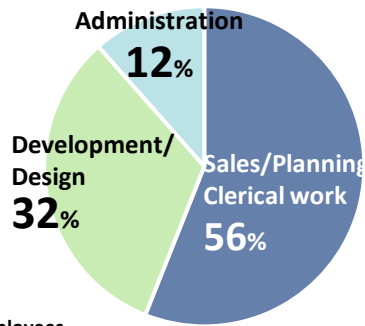
Smartvalue Group

### Segment



Smartvalue (Including employees seconded to consolidated subsidiaries)

### Job type



Smartvalue (Including employees seconded to consolidated subsidiaries)

# Human Resources Initiatives

The SMART WORK project of Smartvalue Co., Ltd. includes initiatives to enable people to do their jobs by using many working styles, increase support for raising children, allow employees to do their jobs while caring for an aging parent, and improve the workplace environment in many other ways. We will continue to take actions for more improvements concerning the workplace environment, measures to deal with Japan's aging and declining population, and other activities. We are committed to maintaining workplaces and providing benefits that enable people to work with confidence while realizing their full potential.

## Kurumin certification



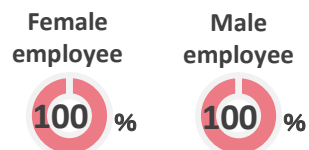
In March 2023, Smartvalue received for the fourth time Kurumin certification from the Minister of Health, Labour and Welfare as a company that provides support for raising and caring for children. (Continuously certified since April 2013)

## Eruboshi certification



In September 2022, Smartvalue was certified by the Minister of Health, Labour and Welfare as an outstanding company concerning the empowerment and advancement of women.

## Use of child care time off



Women have used 100% of available time off for child care since this program started.

During FY6/24, men also used 100% of the available time off.

## Work and family member care



Smartvalue has its own system to support employees who need to care for a family member while continuing to work. Salaries are paid for part of this time off and employees can decide working hours in the family care support program.

## Infertility treatment support



In July 2023, Smartvalue added a program to assist employees undergoing procedures involving infertility. Employees can take time off for these treatments or reduce working hours. A consultation service is also available.

## Work-life support info meetings



Smartvalue holds information meetings periodically to explain programs that enable employees to remain at the company while meeting obligations at home. These meetings raise the awareness of these benefits as well as the understanding of how the programs function.



## Policy for DE&I

In 2013, Smartvalue started several activities for assisting employees who are caring for children. These activities are based on our commitment to providing environments that make it easy for people to do their jobs while maintaining a suitable work-life balance. This assistance also has the benefit of raising productivity.

In 2017, we started the SMART WORK project to accomplish three goals: higher productivity, more added value, and ensuring the safety and good health of our employees. This project enables people to do their jobs in many ways, increases assistance for people raising children, supports employees with needs involving care for an aging parent, infertility or other issues. Many actions were taken to give people an even better environment for doing their jobs. Going one more step, we are providing a workplace environment where people respect and care for others and are able to use their skills and achieve their full potential. The aim is to create a community based on mutual trust, support the growth of the company and its people, and implement business reforms and innovations. These Diversity, Equity & Inclusion (DE&I) measures have the goal of consistently producing value that will remain well into the future.

DE&I is the concept of increasing diversity, equity, and inclusion in an organization and creating an environment where diverse human resources respect each other and can demonstrate their abilities.)

A DE&I page has been added to the Smartvalue corporate website



## Basic Policy for Sustainability

The purpose of Smartvalue is to serve as “a business infrastructure that can be effective forever as a valuable element of society and play key roles in creating new stages for society over the years.” Our businesses help solve social issues and business activities are backed by sound corporate governance. We are also committed to protecting the environment and constantly being a positive and beneficial member of society in other ways. This commitment and our socially responsible business activities are rooted in our belief that the implementation of sustainability initiatives is our purpose.



### Convergence of “digital” and “real”

Our businesses help solve social issues through the use of technology for achieving the convergence of the “digital” and “real” domains.



### Earth is our biggest stakeholder

Our activities for helping deal with environmental issues are based on the belief that the Earth is our biggest stakeholder.



### Respect for diversity

We respect the diversity of our people and recognize this diversity as the premise for ability to produce innovative ideas. Based on this thinking, we maintain an organizational culture that always puts people first.

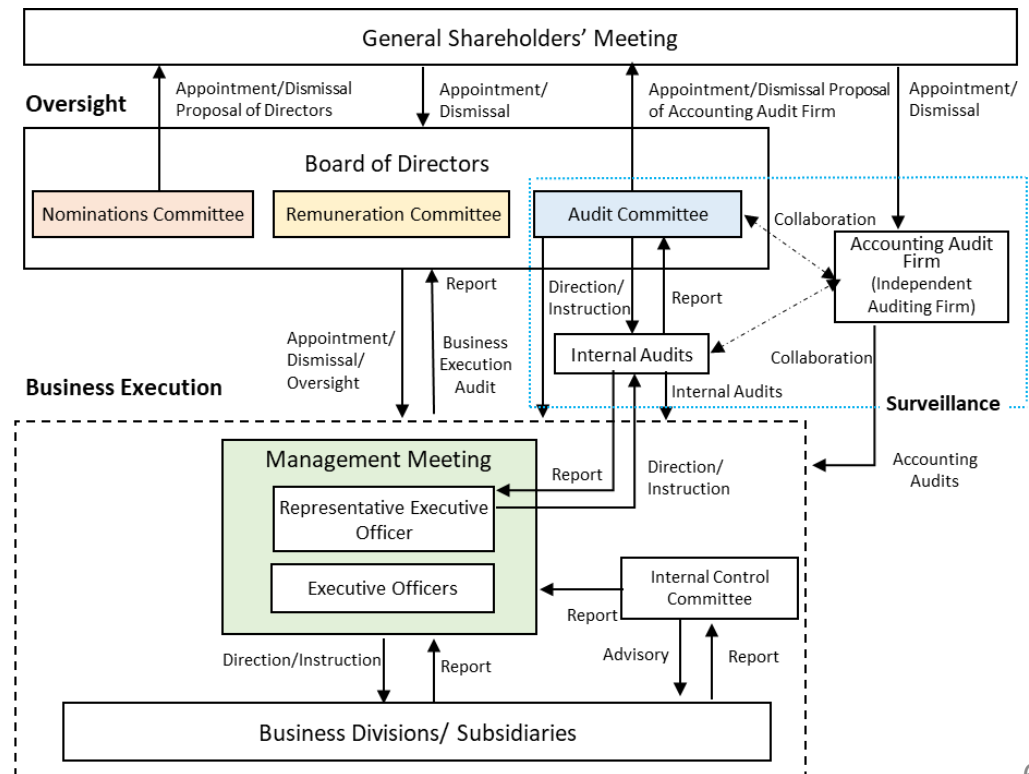


## A Governance Structure for the Growth of Corporate Value

Based on the corporate philosophy of serving as “a business infrastructure that can be effective forever as a valuable element of society and play key roles in creating new stages for society over the years,” we are dedicated to using “smart” systems and technology for creating the social systems that will thrive for many years. We want to be a company that is a constant source of new value for our customers.

We will build strong relationships with stakeholders as we make our business operations even more efficient. Maintaining and improving a sound governance structure is vital to our ability to fulfill our responsibilities to society as well as for the long-term growth of corporate value.

### Corporate Governance Structure



**Management consistent with the objectives of governance with a Nominations Committee and Remuneration Committee**

- Strengthen the management supervision function
- Higher speed of conducting business operations
  - More external directors



**A proper management framework based on the Corporate Governance Code**



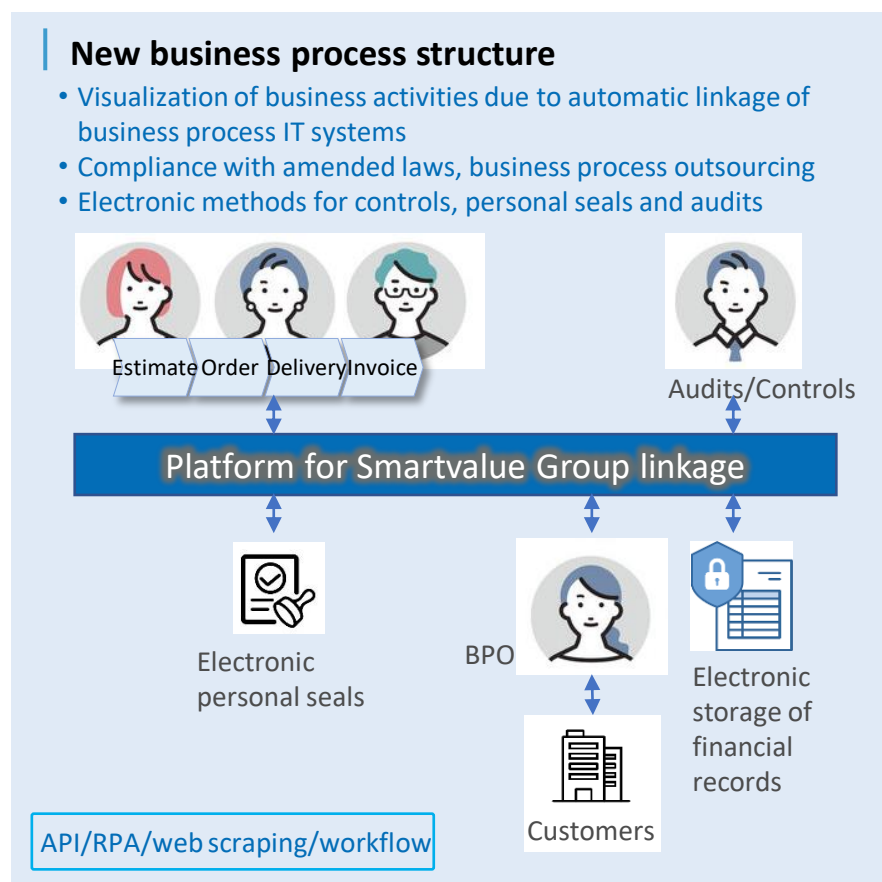
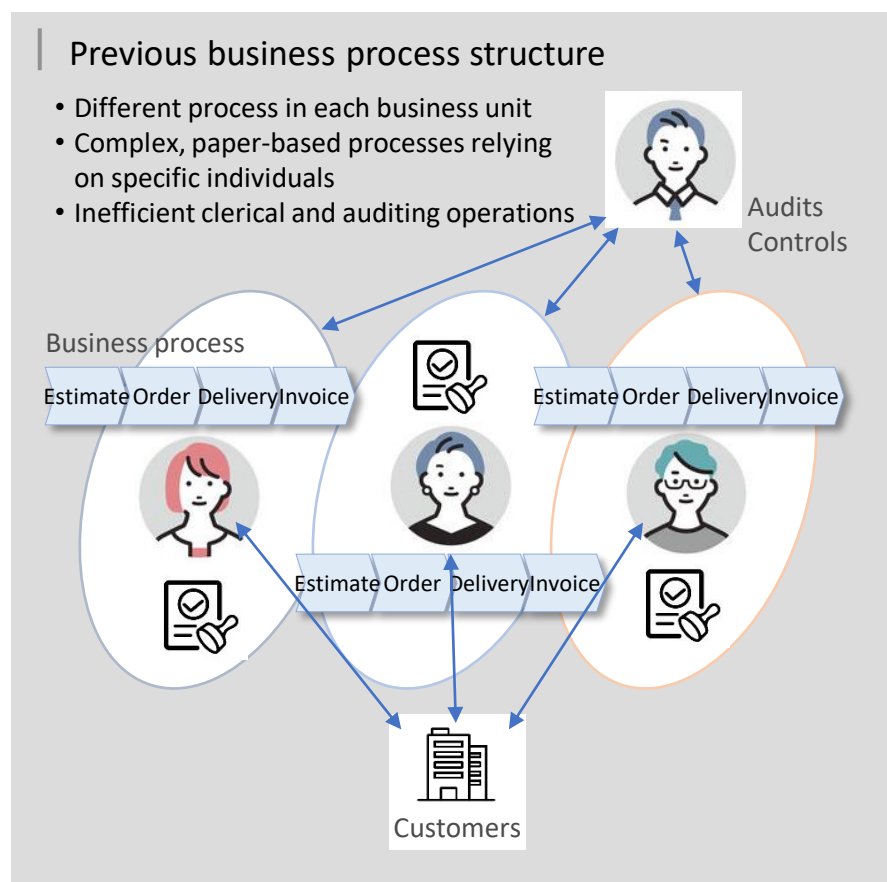
**Distribution of more information to all stakeholders**



**Stronger oversight of group companies**

## Automation of Business Processes

Smartvalue is using the digital transformation for two reasons. One is compliance with two newly amended laws involving invoices and the storage of electronic financial records. The other is becoming more competitive by standardizing business processes and raising the productivity and quality of our work. Smartvalue is using its IT expertise for automatic linkage of front-office systems that are the nucleus of the company's diverse business activities. This structure ensures the consistency of business activities by eliminating reliance on specific individuals. Furthermore, this platform with linkage of Smartvalue Group businesses facilitates business process outsourcing and centralized auditing operations.

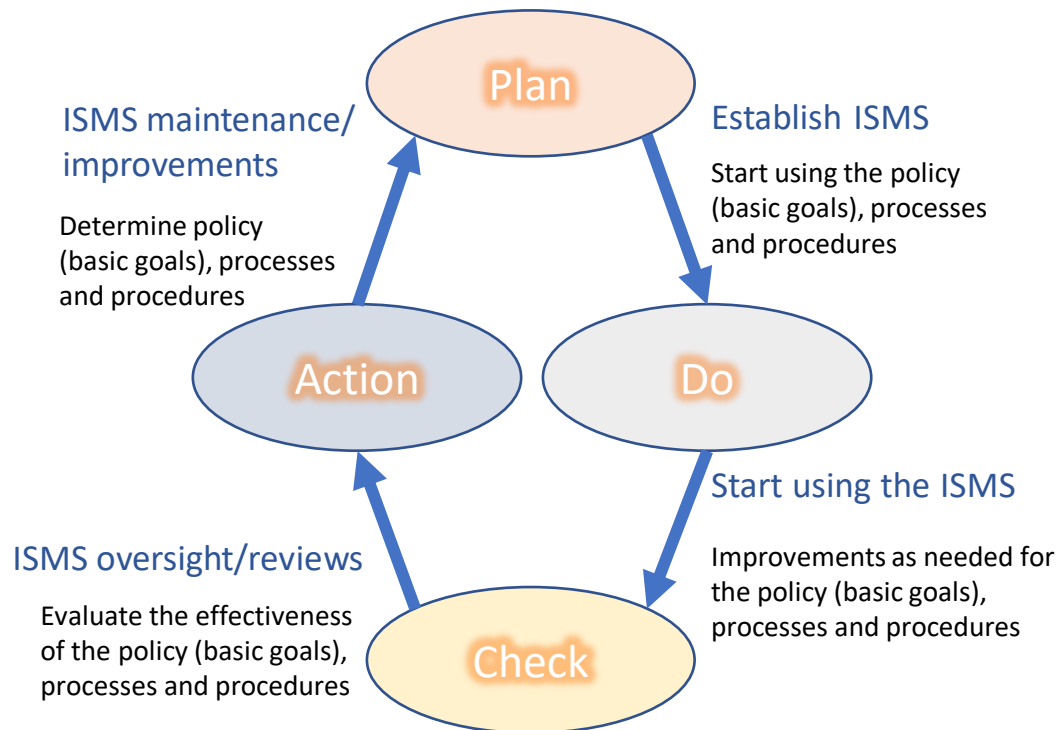


## ISO27001 Certification

Smartvalue earned ISO27001 certification, which is a standard for information security management systems (ISMS), in 2005 and maintains a sound framework for the safe management of information. As business operations change and grow, we are expanding the range of operations covered by this certification.

A framework covering the entire company is used for the implementation of a plan that does not rely on only countermeasures involving individual technologies. The information security plan also incorporates the self-assessment of risk from the perspective of organizational management and the required level of security.

### The Smartvalue Group ISMS Cycle



- Appropriate protection of information assets by using the risk management framework
- Maintenance/upgrades of information security; strengthen compliance
- Earn the trust of business partners and customers, differentiation from other companies
- Prevent security management problems; corporate social responsibility
- Compliance with information security laws, regulations, and other requirements and guidelines

