

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2025 (Six Months Ended December 31, 2024)

[Japanese GAAP]

February 14, 2025

Company name: Smartvalue Co., Ltd.

Listing: Tokyo Stock Exchange

Securities code: 9417

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Scheduled date to submit semi-annual report:

February 14, 2025

Scheduled date of payment of dividend:

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Preparation of supplementary materials for financial results:

Yes

Holding of 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, 2025 (July 1, 2024 to December 31, 2024)

(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, 2024	1,806	5.4	(152)	-	(157)	-	(187)	-
Six months ended Dec. 31, 2023	1,714	(2.1)	(303)	-	(303)	-	(280)	-

Note: Comprehensive income (millions of yen) Six months ended Dec. 31, 2024: (186) (-%)

Six months ended Dec. 31, 2023: (308) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2024	(18.00)	-
Six months ended Dec. 31, 2023	(26.99)	-

Note: Diluted net income per share is not presented because there are no 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, 2024	4,556	1,909	31.6
As of Jun. 30, 2024	4,037	2,158	41.8

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2024: 1,440 As of Jun. 30, 2024: 1,689

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2024	-	0.00	-	6.00	6.00
Fiscal year ending Jun. 30, 2025	-	0.00			
Fiscal year ending Jun. 30, 2025 (forecast)			-	6.00	6.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2025 (July 1, 2024 to June 30, 2025)

(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	5,609	47.0	68	-	23	-	3	-	0.29

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting semi-annual 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, 2024:	10,679,800 shares	As of Jun. 30, 2024:	10,679,800 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2024:	287,490 shares	As of Jun. 30, 2024:	287,490 shares
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3) Average number of shares outstanding during the period

Six months ended Dec. 31, 2024:	10,392,310 shares	Six months ended Dec. 31, 2023:	10,392,310 shares
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* The current semi-annual financial report is not subject to the 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 Semi-annual 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 Semi-annual Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy recovered slowly during the first six months with the support of improvements in the labor market and personal income. The outlook for the economy is still highly uncertain because of the high cost of raw materials and energy, inflation and other reasons.

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.”

During the first six months, there were many activities to build an even stronger framework for sustained growth by generating monthly recurring revenue (MRR) in the cloud solutions business, continuing to step up activities for the digitalization of government services, and taking other actions. The goal is to use earnings from these operations as the base while making progress with creating a new profit structure due to activities that include arena leasing reservations and partnership contracts at GLION ARENA KOBE (note 1) in the smart venues business.

Consolidated net sales increased 5.4% to 1,806 million yen. There was an operating loss of 152 million yen compared with a loss of 303 million yen one year earlier, an ordinary loss of 157 million yen compared with a loss of 303 million yen one year earlier, and loss attributable to owners of parent of 187 million yen compared with a loss of 280 million yen one year earlier.

Big improvement was seen year on year and, with the smart venues business finally getting off the ground after a long investment phase, activities are continuing to achieve profitability for the full fiscal year, which is the plan for this fiscal year.

In the cloud solutions business, we are continuing to take actions for growth of MRR in the SaaS market, where stable recurring revenue can be earned, and for cutting expenses through ongoing improvements in business efficiency. In the Smart Venues segment, which is expected to become the “third pillar” of our business with Digital Government and Mobility Services, we are focusing on the creation of services that can play a role in creating digital communities, such as activities for smart cities linked to GLION ARENA KOBE, which is to open this year. The objective of these initiatives is the creation of a profit model that can be a driver of more growth.

Business segment performance was as follows.

Digital Government

This segment provides Gabukura (note 2), a cloud suite for local governments that is designed to increase transparency, participation and linkage of local government digital transformation open government (note 3).

An increasing number of governments in Japan are using online procedures and other digital operations. As a result, the shift to the cloud is gaining momentum, including use of the government cloud (note 4) and digital marketplace (note 5). The cloud suite Gabukura enables the dissemination of information by local governments as governments continue to use digital technologies for the transition to a new concept for public services. This cloud suite has components such as Smart-L-Gov, CMS (note 6) for the production and operation of websites and GaaS (note 7) for increasing participation and linkage for online ties between governments and the people they serve. With these capabilities, Gabukura can be used for community creation in a sustainable manner.

During the first six months, the priorities of the Digital Government segment were capturing orders from new customers and expanding relationships with existing customers. In addition, this business continued to implement many cost-cutting measures. Although progress with the use of e-government is continuing, the percentage of competitive bids that resulted in orders from local governments and other public-sector organizations decreased because of intense competition in the previous fiscal year. This fiscal year, although the percentage of successful competitive bids is steadily recovering, a decline in the average spend was seen, partly because the financial resources of local governments themselves are being squeezed. This segment was also impacted by withdrawal from the data center business and increased costs related to improved levels of service, including duplicate expenses due to relocation of cloud environment. Nonetheless, cost reductions and other measures paid off, the profit margin improved, and the segment posted higher sales and profit. Going forward, further cooperation with alliance partners will be discussed, and the positioning of the segment within the megatrend of e-government will be further clarified.

As a result, segment sales increased 5.3% from one year earlier to 809 million yen and the segment profit increased 10.9% to 76 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 8), which is a connected car (note 9) service, the provision of platforms and software development for the utilization of automobile data, and Kuruma Base (note 10), which is a platform that supports car sharing and other car-as-a-service applications.

During the first six months, the rate of return improved significantly as a result of the elimination of loss-making operations due to the sale of the product sales business for leased vehicles which was part of the car solutions business on July 31, 2024, and measures to reduce expenses and operate businesses more efficiently to improve profitability, and the segment posted a decline in sales but a rise in profit.

Segment sales decreased 23.3% from one year earlier to 586 million yen and the segment profit increased 1.3% from one year earlier to 102 million yen.

Smart Venues

The Smart Venues segment has the goal of creating new markets based on the concepts of stadium and arena innovations and smart venues, which governments are positioning as growing business sectors. Operations of this business are centered on GLION ARENA KOBE, which is scheduled to open in April 2025. In addition, in terms of earnings too, preparations are proceeding for making the Smart Venues the third core business along with Digital Government and Mobility Services.

During the first six months, to create a framework for medium to long-term sales and earnings, there was progress for establishing a sound environment for the start of operations in spring 2025. There was a big increase in sales because of large sponsorship agreements signed early in the first six months. The loss was down significantly as expenses for up-front investments were offset by activities to hold down the cost of sales and SG&A expenses.

Segment sales increased 127.4% from one year earlier to 410 million yen and the segment loss was 107 million yen compared with a loss of 224 million yen one year earlier.

Explanation of terms

Notes:

1. GLION ARENA KOBE: A multi-purpose arena under construction in the second jetty of the New Port Jetty West Area in the City of Kobe based on the Kobe Arena Project, which was established and is operated by the private sector and consists of a consortium of NTT Urban Development Corporation, NTT DOCOMO, INC., and the Company. The arena was officially named GLION ARENA KOBE in February 2024.
2. Gabukura: A regional information cloud platform suite that the Company provides to local governments and other public-sector institutions
3. 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
4. Government cloud: An IT infrastructure that allows all national government units (ministries, public-sector companies, etc.) and local governments to jointly use government systems as cloud services
5. Digital marketplace: A framework for the registration of vendors and services using the same requirements and for the easy procurement of goods and services from registered services and companies by the public sector with no need to ask for bids.
6. CMS: A Content Management System facilitates the centralized storage and management of all information concerning the content of a website, such as text, images, designs (templates) and other items

7. GaaS: Government as a Service is a service provided by the Company for online procedures for the digitization of government services
8. CiEMS Series: The Car intelligent Energy Management System provided by the Company that 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.
9. Connected car: Automobiles that use the internet to send and receive information
10. Kuruma Base: An integrated platform provided by the Company 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 increased 518 million yen from the end of the previous fiscal year to 4,556 million yen.

Current assets increased 96 million yen to 2,555 million yen. Major items include an increase of 206 million yen in notes and accounts receivable-trade, and contract assets, and a decrease of 82 million yen in cash and deposits.

Non-current assets increased 423 million yen to 1,998 million yen. Major items include an increase of 435 million yen in construction in progress and a decrease of 21 million yen in deferred tax assets.

Deferred assets decreased 1 million yen to 2 million yen. Major items include a decrease of 1 million yen in share issuance cost.

2) Liabilities

Total liabilities increased 767 million yen from the end of the previous fiscal year to 2,646 million yen.

Current liabilities increased 392 million yen to 1,722 million yen. Major items include increases of 238 million yen in contract liabilities, 80 million yen in short-term borrowings, and 49 million yen in current portion of long-term borrowings.

Non-current liabilities increased 375 million yen to 924 million yen. Major items include an increase of 392 million yen in long-term borrowings.

3) Net assets

Net assets decreased 249 million yen from the end of the previous fiscal year to 1,909 million yen. This decrease was mainly the result of dividend payments of 62 million yen, a decrease in retained earnings of 249 million yen due to loss attributable to owners of parent of 187 million yen.

2. Cash flows

Cash and cash equivalents (hereinafter, "cash") at the end of the second quarter decreased 82 million yen from the end of the previous fiscal year to 1,643 million yen. 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 48 million yen, compared with 279 million yen used in the same period of the previous fiscal year. Positive factors include depreciation of 60 million yen, a 238 million yen increase in contract liabilities, and a 35 million yen increase in accounts payable-other. Negative factors include loss before income taxes of 157 million yen, a 206 million yen increase in trade receivables, a 46 million yen decrease in accrued consumption taxes.

Cash flows from investing activities

Net cash used in investing activities was 486 million yen, compared with 142 million yen used in the same period of the previous fiscal year. Negative factors include purchase of property, plant and equipment of 447 million yen, and purchase of intangible assets of 57 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 451 million yen, compared with 25 million yen provided in the same period of the previous fiscal year. Positive factors include proceeds from long-term borrowings of 482 million yen. Negative factors include dividends paid of 62 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, 2025 that was announced in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (Japanese GAAP)” on August 14, 2024.

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

2. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

	(Thousands of yen)	
	FY6/24 (As of Jun. 30, 2024)	Second quarter of FY6/25 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	1,726,858	1,643,926
Notes and accounts receivable-trade, and contract assets	474,606	681,125
Merchandise	86,070	46,493
Work in progress	4,822	24,964
Other	166,203	158,921
Allowance for doubtful accounts	(18)	(25)
Total current assets	2,458,542	2,555,405
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	143,297	136,025
Construction in progress	583,257	1,018,307
Other, net	141,019	135,827
Total property, plant and equipment	867,575	1,290,161
Intangible assets		
Goodwill	109,637	101,516
Software	111,349	117,177
Other	61,375	89,664
Total intangible assets	282,362	308,358
Investments and other assets		
Deferred tax assets	83,557	62,216
Leasehold and guarantee deposits	231,178	231,347
Other	110,571	106,294
Total investments and other assets	425,307	399,859
Total non-current assets	1,575,245	1,998,378
Deferred assets		
Organization expenses	207	148
Share issuance costs	3,488	2,359
Total deferred assets	3,695	2,507
Total assets	4,037,483	4,556,291

	(Thousands of yen)	
	FY6/24 (As of Jun. 30, 2024)	Second quarter of FY6/25 (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	85,926	60,930
Short-term borrowings	360,740	441,020
Current portion of long-term borrowings	91,753	141,166
Income taxes payable	8,850	22,718
Contract liabilities	401,770	640,343
Provision for bonuses	57,449	88,999
Asset retirement obligations	-	28,934
Other	323,125	297,995
Total current liabilities	1,329,616	1,722,107
Non-current liabilities		
Long-term borrowings	378,626	771,584
Deferred tax liabilities	2,377	1,898
Asset retirement obligations	85,550	56,725
Other	82,466	94,297
Total non-current liabilities	549,020	924,505
Total liabilities	1,878,637	2,646,612
Net assets		
Shareholders' equity		
Share capital	1,044,944	1,044,944
Capital surplus	1,114,988	1,114,988
Retained earnings	(315,888)	(565,352)
Treasury shares	(154,411)	(154,411)
Total shareholders' equity	1,689,632	1,440,168
Non-controlling interests	469,214	469,509
Total net assets	2,158,846	1,909,678
Total liabilities and net assets	4,037,483	4,556,291

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

	(Thousands of yen)	
	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Net sales	1,714,098	1,806,975
Cost of sales	1,300,986	1,191,479
Gross profit	413,112	615,496
Selling, general and administrative expenses	717,000	768,288
Operating loss	(303,888)	(152,792)
Non-operating income		
Interest income	6	104
Subsidy income	574	1,338
Penalty income	3,624	2,936
Rent revenue	-	14,267
Other	990	382
Total non-operating income	5,195	19,028
Non-operating expenses		
Interest expenses	3,277	7,364
Amortization of organization expenses	59	59
Amortization of share issuance costs	1,310	1,129
Rental costs	-	12,746
Other	-	2,455
Total non-operating expenses	4,647	23,755
Ordinary loss	(303,340)	(157,519)
Extraordinary losses		
Loss on retirement of non-current assets	7	16
Total extraordinary losses	7	16
Loss before income taxes	(303,347)	(157,536)
Income taxes-current	4,439	8,416
Income taxes-deferred	297	20,862
Total income taxes	4,736	29,278
Loss	(308,084)	(186,814)
Profit (loss) attributable to non-controlling interests	(27,622)	295
Loss attributable to owners of parent	(280,461)	(187,109)

Semi-annual Consolidated Statement of Comprehensive Income
(For the Six-month Period)

	(Thousands of yen)	
	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Loss	(308,084)	(186,814)
Comprehensive income	(308,084)	(186,814)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(280,461)	(187,109)
Comprehensive income attributable to non-controlling interests	(27,622)	295

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)	First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)
Cash flows from operating activities		
Loss before income taxes	(303,347)	(157,536)
Depreciation	64,762	60,371
Amortization of goodwill	8,121	8,121
Increase (decrease) in allowance for doubtful accounts	5	6
Increase (decrease) in provision for bonuses	12,913	31,549
Interest and dividend income	(6)	(104)
Interest expenses	3,277	7,364
Loss on retirement of non-current assets	7	16
Decrease (increase) in trade receivables	(146,910)	(206,518)
Decrease (increase) in inventories	7,605	612
Increase (decrease) in trade payables	(17,397)	(24,996)
Increase (decrease) in contract liabilities	118,632	238,572
Increase (decrease) in accounts payable-other	31,106	35,279
Increase (decrease) in deposits received	(8,115)	(4,981)
Increase (decrease) in accrued consumption taxes	(21,673)	(46,422)
Other, net	(14,735)	12,779
Subtotal	(265,754)	(45,883)
Interest and dividends received	6	104
Interest paid	(2,794)	(5,895)
Income taxes paid	(10,593)	(8,416)
Income taxes refund	-	11,598
Net cash provided by (used in) operating activities	(279,135)	(48,493)
Cash flows from investing activities		
Purchase of property, plant and equipment	(54,960)	(447,266)
Purchase of intangible assets	(55,107)	(57,390)
Proceeds from sale of businesses	-	18,822
Payments of leasehold and guarantee deposits	(32,314)	(2,635)
Proceeds from refund of leasehold and guarantee deposits	166	2,417
Other, net	-	48
Net cash provided by (used in) investing activities	(142,216)	(486,003)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	91,900	80,280
Proceeds from long-term borrowings	-	482,090
Repayments of long-term borrowings	(33,100)	(39,720)
Proceeds from share issuance to non-controlling shareholders	49,735	-
Repayments of lease liabilities	(4,020)	(8,854)
Dividends paid	(79,006)	(62,230)
Net cash provided by (used in) financing activities	25,508	451,564
Net increase (decrease) in cash and cash equivalents	(395,843)	(82,931)
Cash and cash equivalents at beginning of period	1,239,306	1,726,858
Cash and cash equivalents at end of period	843,463	1,643,926

(4) Notes to Semi-annual Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

First six months of FY6/24 (Jul. 1, 2023 – Dec. 31, 2023)

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 semi-annual 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	5,570	352,156	57,891	415,618	-	415,618
Goods or services that are transferred over a certain period of time	763,734	412,075	122,670	1,298,480	-	1,298,480
Revenue from contracts with customers	769,305	764,231	180,561	1,714,098	-	1,714,098
Other revenue	-	-	-	-	-	-
External sales	769,305	764,231	180,561	1,714,098	-	1,714,098
Inter-segment sales and transfers	-	-	-	-	-	-
Total	769,305	764,231	180,561	1,714,098	-	1,714,098
Segment profit (loss)	69,023	100,901	(224,882)	(54,957)	(248,930)	(303,888)

Notes: 1. The negative adjustment of 248 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 semi-annual 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.

First six months of FY6/25 (Jul. 1, 2024 – Dec. 31, 2024)

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 semi-annual 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	2,572	223,069	105,669	331,311	-	331,311
Goods or services that are transferred over a certain period of time	807,342	363,383	304,938	1,475,664	-	1,475,664
Revenue from contracts with customers	809,914	586,453	410,608	1,806,975	-	1,806,975
Other revenue	-	-	-	-	-	-
External sales	809,914	586,453	410,608	1,806,975	-	1,806,975
Inter-segment sales and transfers	-	-	-	-	-	-
Total	809,914	586,453	410,608	1,806,975	-	1,806,975
Segment profit (loss)	76,524	102,171	(107,544)	71,151	(223,944)	(152,792)

Notes: 1. The negative adjustment of 223 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 semi-annual 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.

Business Combination, etc.

Business divestiture

1. Outline of the business divestiture

(1) Name of successor enterprise

Koshida Corporation

(2) Details of divested business

Product sales business for leased vehicles which was part of the car solutions business

(3) Main reason for conducting business divestiture

The Group decided to divest this business, which faces an uncertain outlook in a mature market environment, to Koshida Corporation, based on the judgment that strengthening the existing IoT business and product sales business for commercial vehicles in the car solutions business, and concentrating management resources on the development of services that will help solve issues in the logistics industry understood through product sales for commercial vehicles will help increase the Group's corporate value in the medium and long term.

(4) Date of business divestiture

July 31, 2024

(5) Overview of other transactions including its legal form

Business divestiture for which the consideration to be received is assets such as cash only

2. Overview of accounting procedures implemented

(1) Amount of gain (loss) on transfer

There was no gain (loss) on transfer.

(2) Type of consideration received

Cash

(3) Appropriate book value of assets relating to the business transferred and the major breakdown thereof

Current assets 18,822 thousand yen

Total assets 18,822 thousand yen

(4) Accounting

Accounting was carried out in accordance with the Accounting Standard for Business Divestitures and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

3. Reporting segment in which the divested business was included

Mobility Services segment

4. Estimated profits or losses related to the divested business recorded in the semi-annual consolidated statement of income

Net sales 38,042 thousand yen

Gross profit 5,247 thousand yen

* The operating profit and ordinary profit related to the divested business are not stated because the divested business is part of the Mobility Services segment, which is a reported segment, and it is difficult to calculate operating profit and ordinary profit for this business alone.

Revenue Recognition

The information from the breakdown of revenue from contracts with customers is provided in Notes to Semi-annual Consolidated Financial Statements, 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.*