



Smartvalue Co., Ltd.

(Securities code: 9417)

First Half of the Fiscal Year Ending June 30, 2025 (FY6/25)

Results of Operations

February 17, 2025

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01

Business Highlights

Financial Highlights

A big improvement in sales and earnings that exceeded the plan, including a much smaller first half loss than planned. Business portfolio restructuring is proceeding as progress continues with the goal of becoming profitable beginning in April 2025.

(Millions of yen)

| | 1H FY6/24 Results | 1H FY6/25 Plan | 1H FY6/25 Results |
|----------------|----------------------|-------------------|----------------------|
| Operating loss | (303) | (216) | (152) |

Digital Government

- Although the order receipt success rate is recovering, sales per order are down because of intense competition. Sales and earnings increased despite duplication of expenses caused by the end of the data center business but more actions are needed to improve the performance of this business.
- Heated competition to capture a share of Japan's enormous e-government market. Planning on more actions involving the strategy of using alliances.

Mobility Services

- Sales down because of the sale of the car solutions business (sales of products) but earnings increased. A big improvement on profitability following the termination of unprofitable activities. MRR has increased to 53% of sales.
- An upturn in the Kuruma Base business, where improvements were needed. First half sales were almost three times higher than sales in the previous fiscal year.

Smart Venues

- Operations are generally as planned, although there are unexpected investments and expenditures because this is a new market sector.
- Prospects for earnings are increasing based on reservations for events following the April 2025 arena opening and on multi-year sponsorship agreements.

Performance Highlights

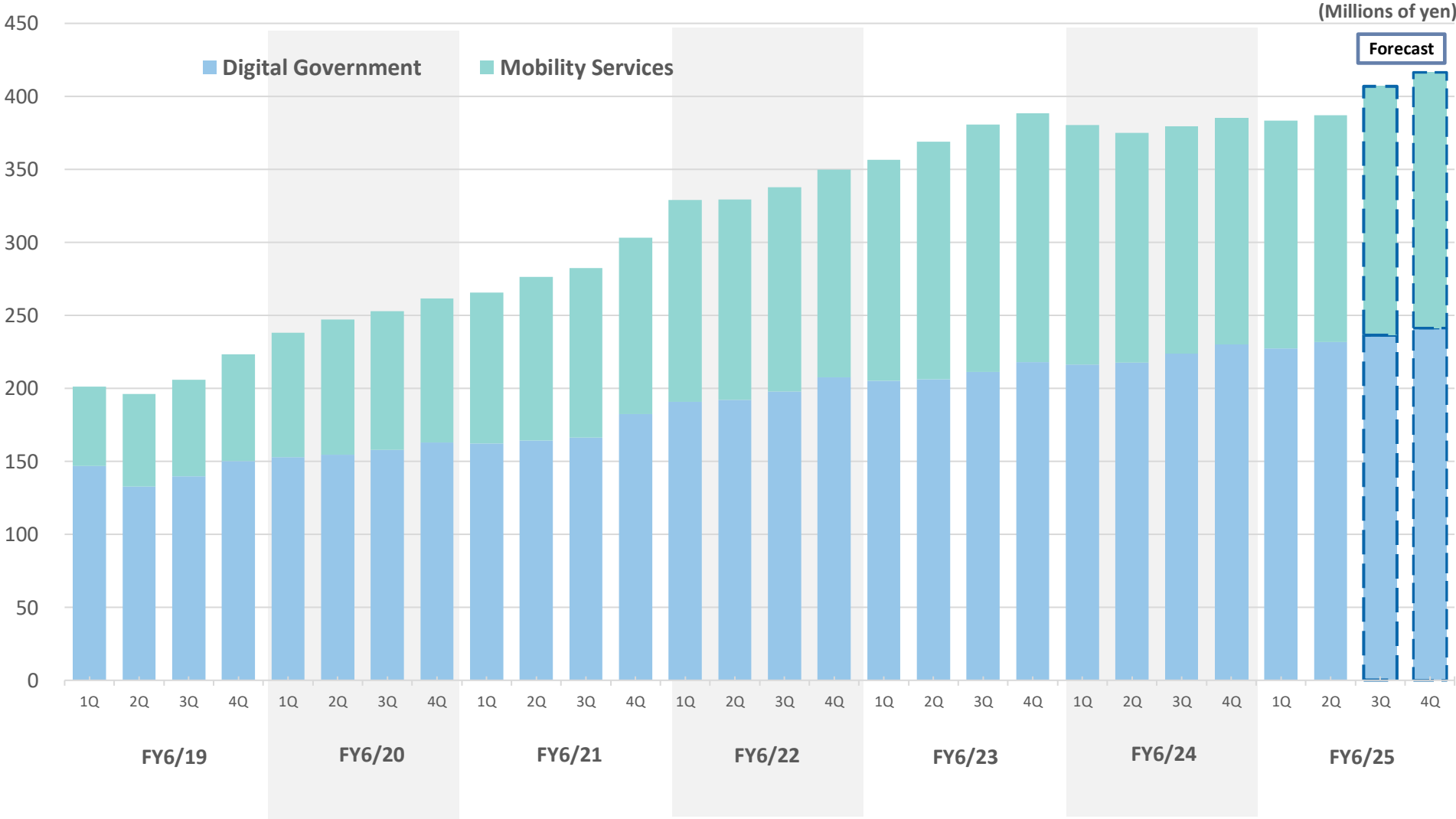
01. Business Highlights

A much smaller Smart Venues loss as preparations continue for the April 2025 start of arena operations. Digital Government and Mobility Services earnings increased and a decline in administration expenses also contributed to the big improvement in profitability.

(Millions of yen)

| | | 1H FY6/24 Results | 1H FY6/25 Results | YoY change | FY6/24 Results | FY6/25 Forecast | YoY change |
|--------------------|---|----------------------|----------------------|------------|-------------------|--------------------|------------|
| Digital Government | Net sales | 769 | 809 | 105.3% | 1,711 | 2,070 | 121.0% |
| | Operating profit | 69 | 76 | 110.9% | 245 | 348 | 142.2% |
| Mobility Services | Net sales | 764 | 586 | 76.7% | 1,462 | 1,302 | 89.1% |
| | Operating profit | 100 | 102 | 101.3% | 193 | 223 | 115.3% |
| Smart Venues | Net sales | 180 | 410 | 227.4% | 641 | 2,235 | 348.7% |
| | Operating profit | (224) | (107) | - | (271) | 6 | - |
| Administration | Operating profit | (248) | (223) | - | (475) | (509) | - |
| Consolidated | Net sales | 1,714 | 1,806 | 105.4% | 3,814 | 5,609 | 147.0% |
| | Operating profit | (303) | (152) | - | (308) | 68 | - |
| | Ordinary profit | (303) | (157) | - | (312) | 23 | - |
| | Profit attributable to owners of parent | (280) | (187) | - | (348) | 3 | - |

Slower growth of monthly recurring revenue. Only a small increase because of declining sales per new contract in Digital Government and contract cancelations in Mobility Services. Revisions to business strategies are needed.



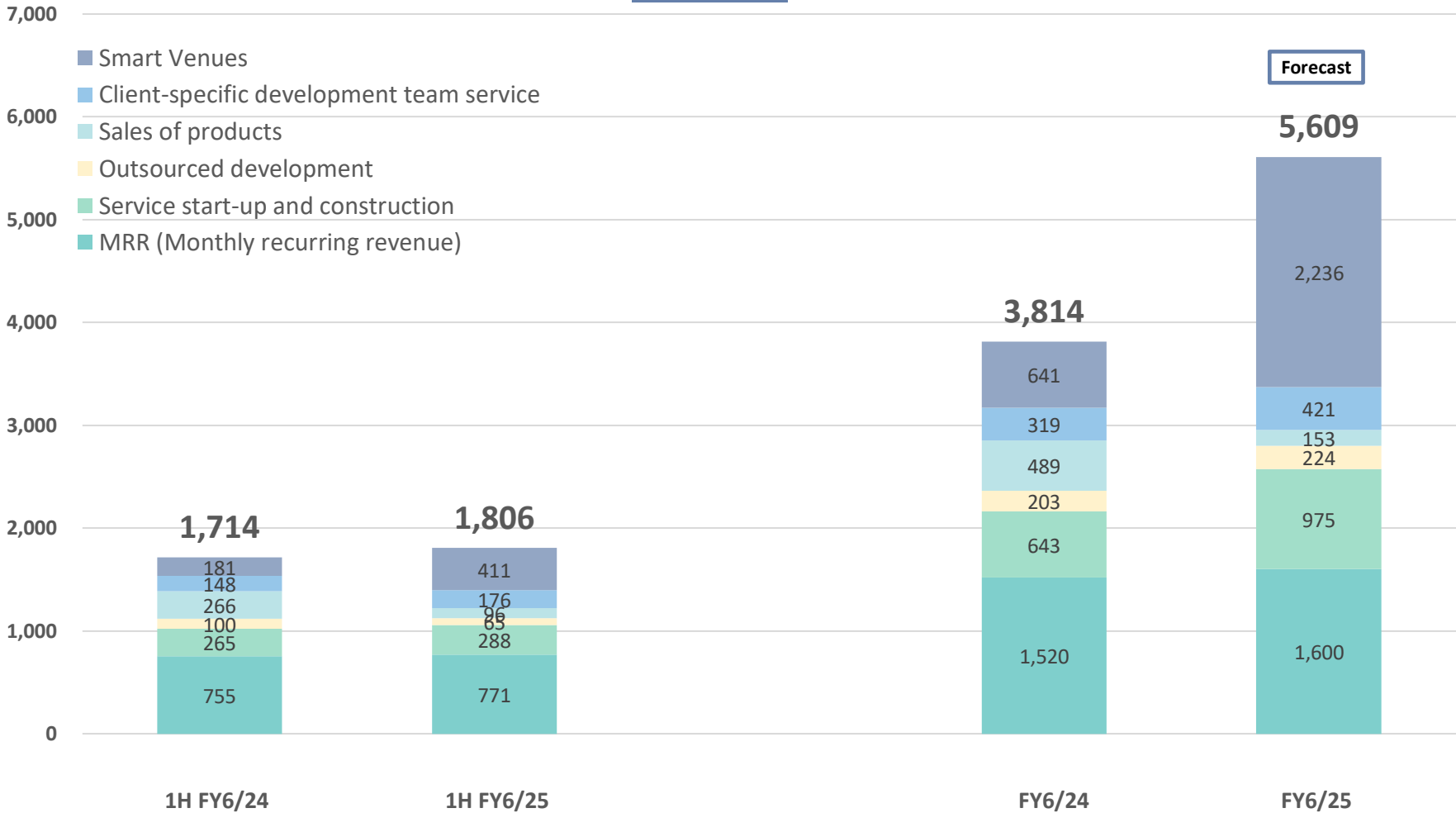
Sales Composition, Trends and Forecasts

Consolidated

Net sales

(Millions of yen)

Forecast



02

The Businesses and Mission of Smartvalue

Company Profile

02. The Businesses and Mission of Smartvalue

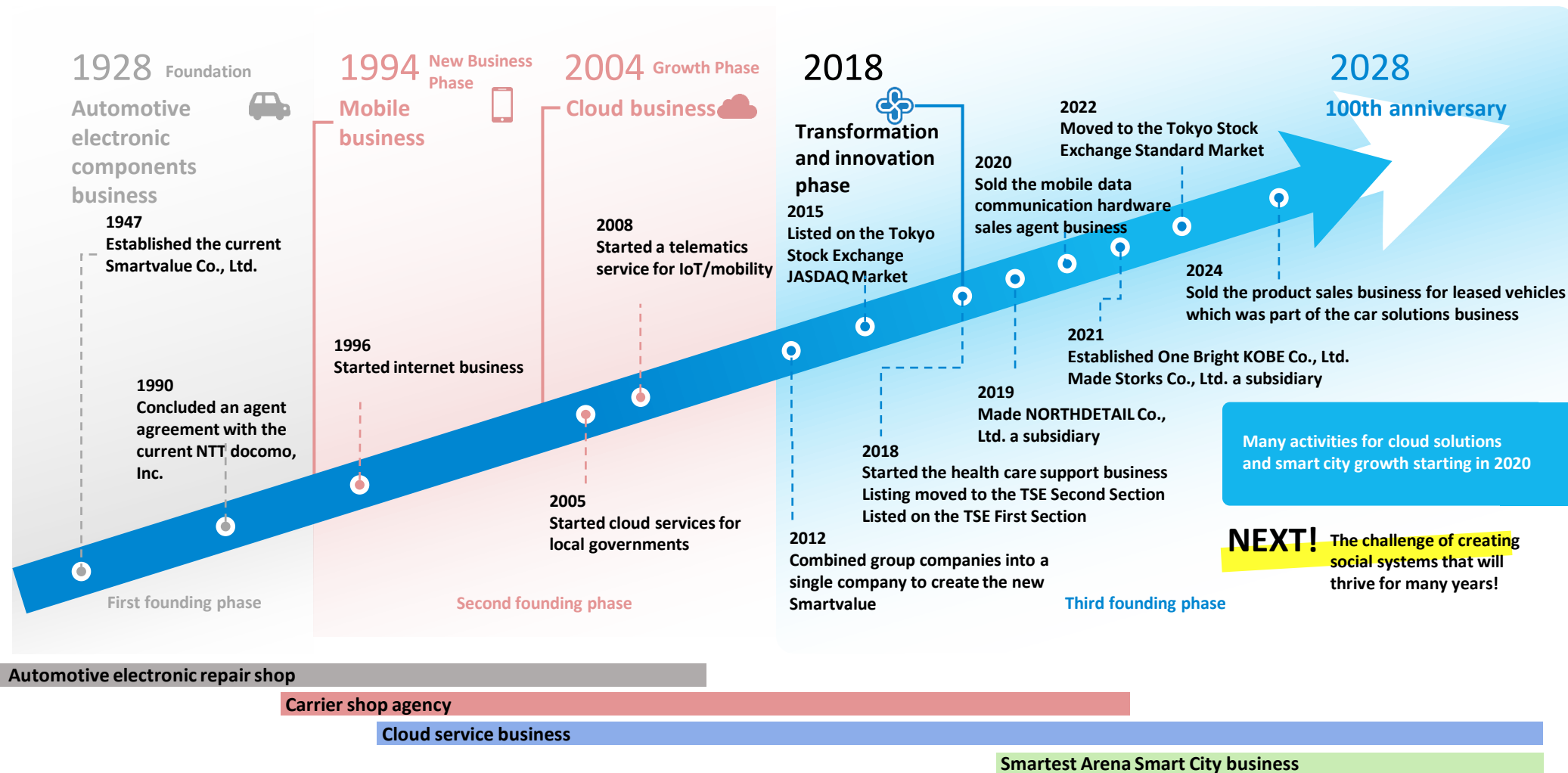
Smartvalue is now in its 97th year but still has the spirit of a start-up company. Activities continue for making big changes to build a business portfolio for success in the 21st century.

| | |
|--------------------------------------|---|
| Name | Smartvalue Co., Ltd. |
| Listing | Tokyo Stock Exchange, Standard Market (Securities code: 9417) |
| Founded | October 1928 |
| Established | June 1947 |
| Capital | 1,044,944 thousand yen |
| Representative | Jun Shibuya, President and CEO |
| Employees | 284 (As of December 31, 2024) including group employees |
| Headquarters | Keihanshin Midosuji Bldg. 7F, 3-6-1, Doshomachi, Chuo-ku, Osaka |
| Offices | Tokyo office (Chuo-ku, Tokyo) / Miyakonojo BPO Center (Miyakonojo, Miyazaki), Kitami Okhotsk office (Kitami, Hokkaido) |
| Consolidated Subsidiaries | NORTHDETAIL Co., Ltd. (Sapporo, Hokkaido) / One Bright KOBE Co., Ltd. (Kobe, Hyogo) / Storks. Co., Ltd. (Nishinomiya, Hyogo) |
| Business | Digital Government/ Mobility Services/ Smart Venues |

History

02. The Businesses and Mission of Smartvalue

Growth over 97 years from a small factory to a cloud services provider. A company backing up social systems as new events continue to reshape society.



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

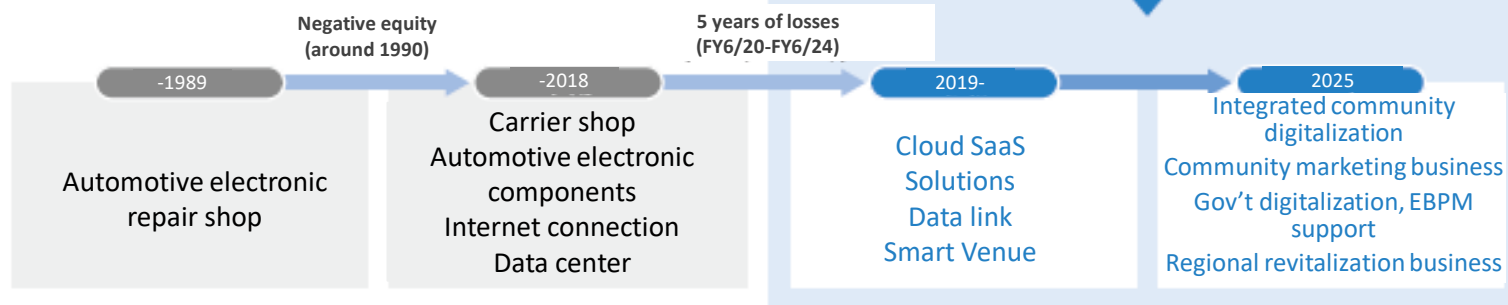
Goals

- 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, and Mobility Services, which provides services centered on mobility IoT, generate steady sales and earnings. Smart Venues is expected to grow with high profitability and become the third core business.

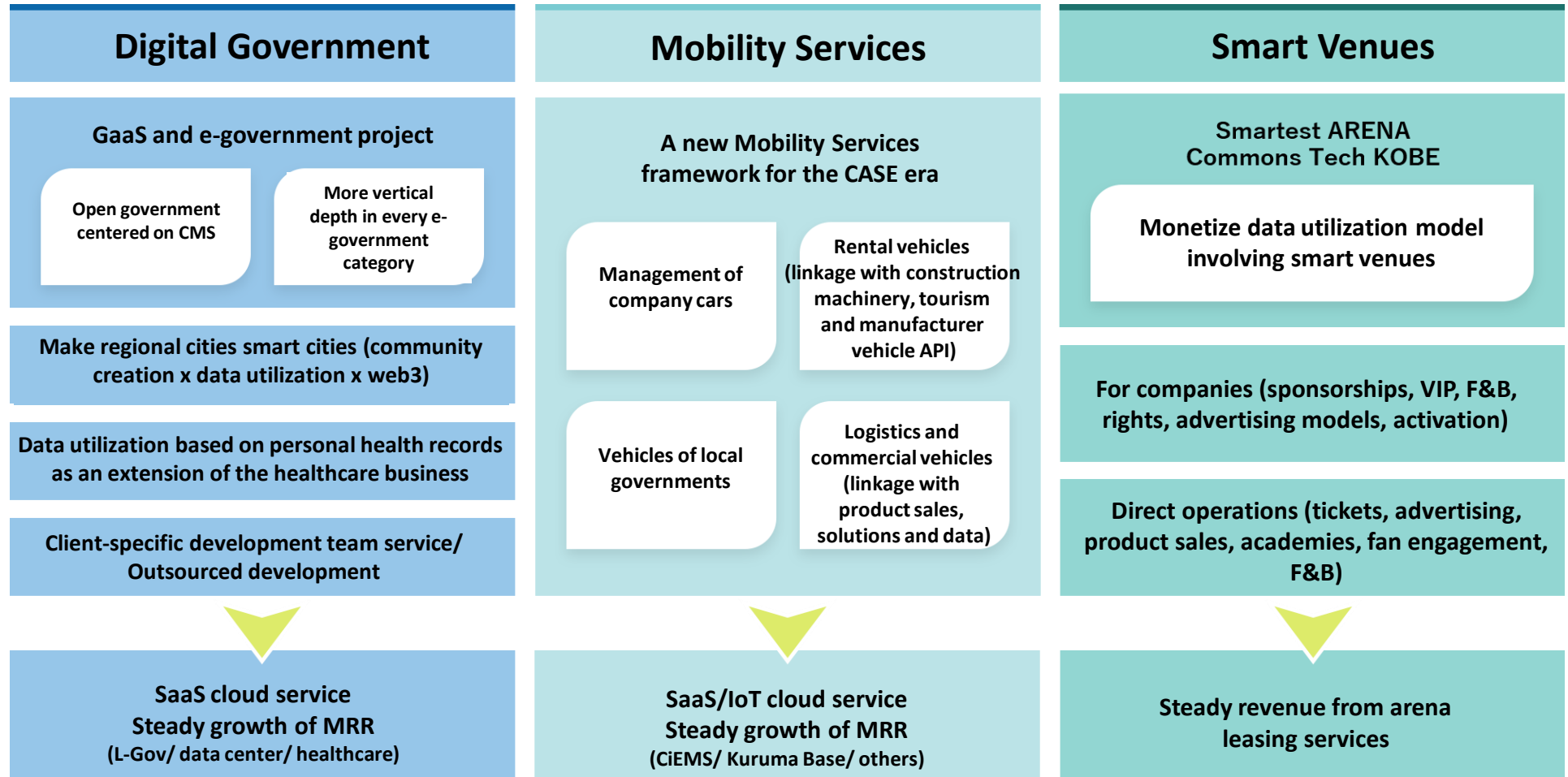
| Business segments | Companies | Business categories | Business activities | Services |
|---------------------------|--|---|---|---|
| Digital Government | Smartvalue Digital Government Business  NORTHDETAIL  | Cloud services for local governments Client-specific development team service | <ul style="list-style-type: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

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 and steady revenue from arena leasing business. Measures to accomplish this goal also include next-generation social systems such as smart cities, community marketing, MaaS, arena ICT solutions, and other activities.



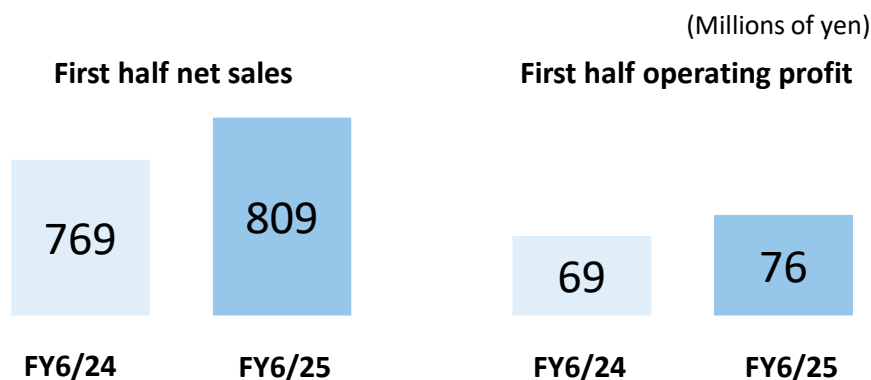
04

Business Activities, Topics and KPI by Segment

Overview

Sales increased 5.3% and operating profit increased 10.9% as the performance of cloud services for governments, the core business, improved. However, overlapping expenses involving the shift to cloud environments are continuing. In addition, structural changes are taking place in this market sector. This business is now in a key phase where business domain expansion is needed to adapt to ongoing changes.

1H FY6/25 vs. 1H FY6/24



Sales and operating profit increased.

Measures to strengthen sales operations started in FY6/24. There has been some progress but more initiatives are needed while carefully monitoring the business climate.

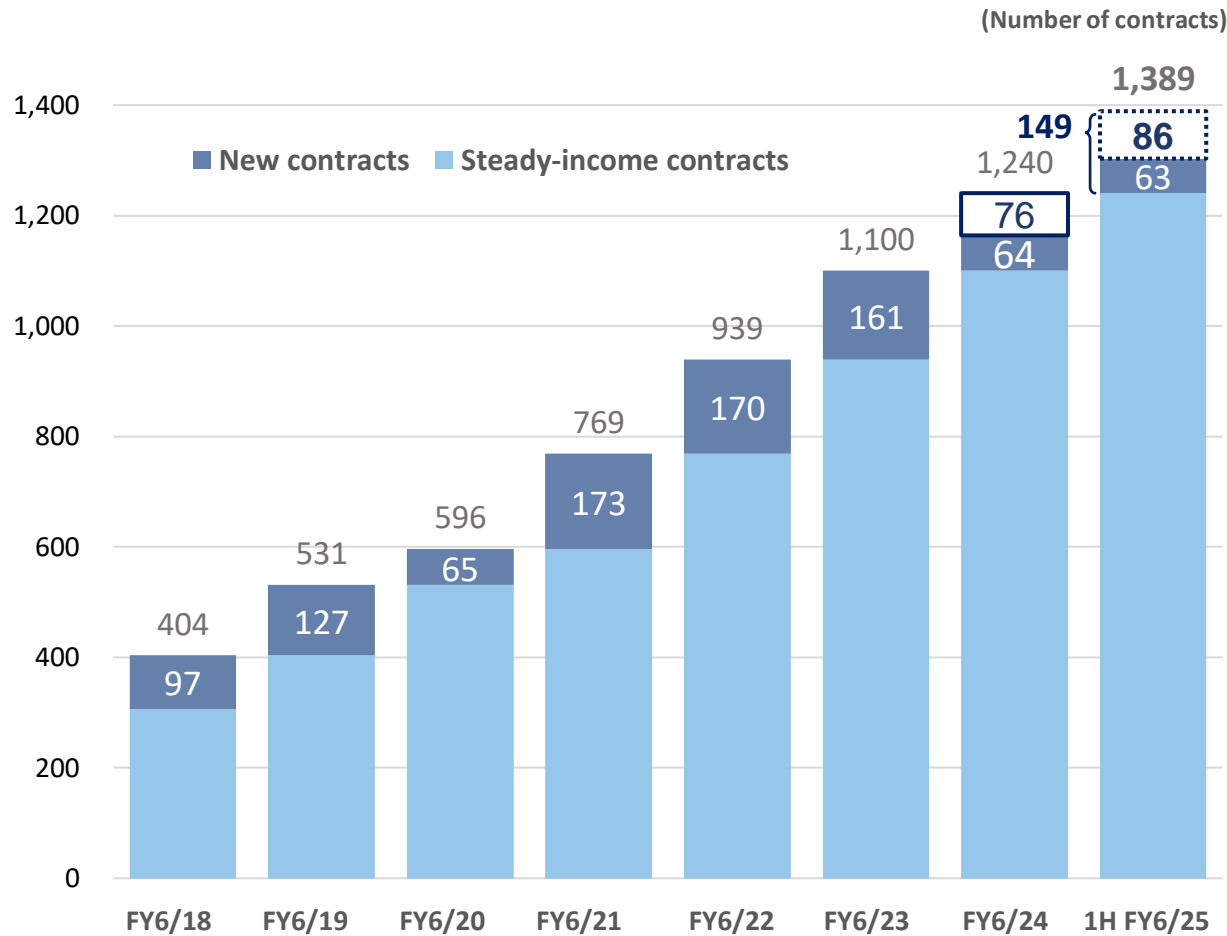
Shift to a different cloud environment

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.

As a result, there are currently expenses for both the previous Smartvalue data center operations and fees to use the SAKURA cloud environment. These expenses and higher license fees for equipment used for the previous operating environment raised the cost of sales.

In FY6/27, the shift to a Japanese cloud company is expected to be completed. Following the move, the outlook is for more robust security due to the use of a Japanese cloud company and a reduction in expenses.

Number of Contracts for Regional Information Cloud Service



1,303
contracts
FY6/25 goal of
1,389

The number of first half orders was unchanged from one year earlier but a small increase is expected for FY6/25 orders. Continuing to reinforce internal framework for sales operations for contacting local governments directly one by one.

No change in content management system (CMS) contracts. Urgent need to move quickly for receiving more digital government service orders in categories other than CMS.

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

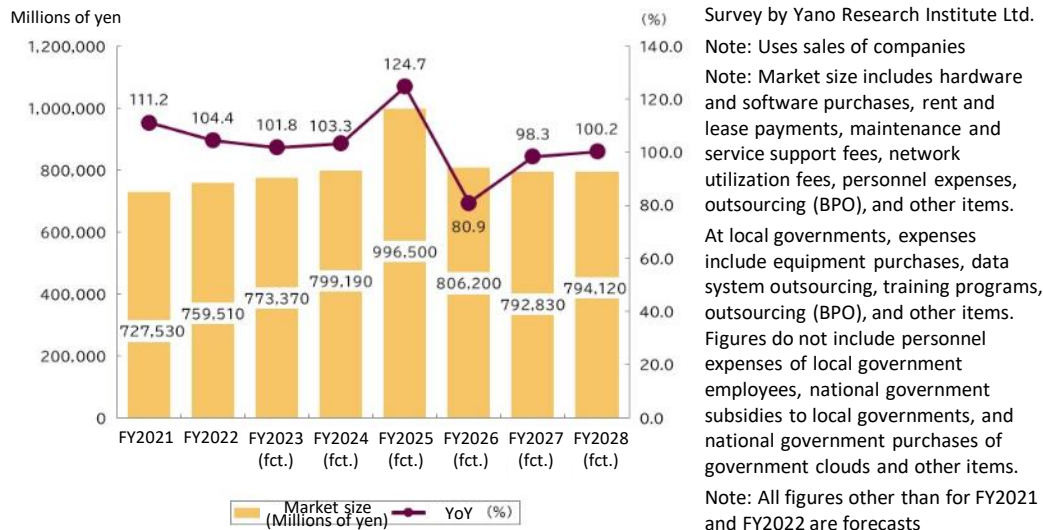
* Number of users of services, not the number of local governments

Digital Government: Government Digital Transformation

Overview

Expect to remain a significant participant in the market for government ICT services. In the local government CMS market, where most competition takes place, a decline is anticipated due to the longer time between website updates. As a result, this business is focusing on subsite and other orders too. The development of SaaS for local governments for the digital transformation (DX) of governments remains a priority.

Business Climate (Total local government ICT market)

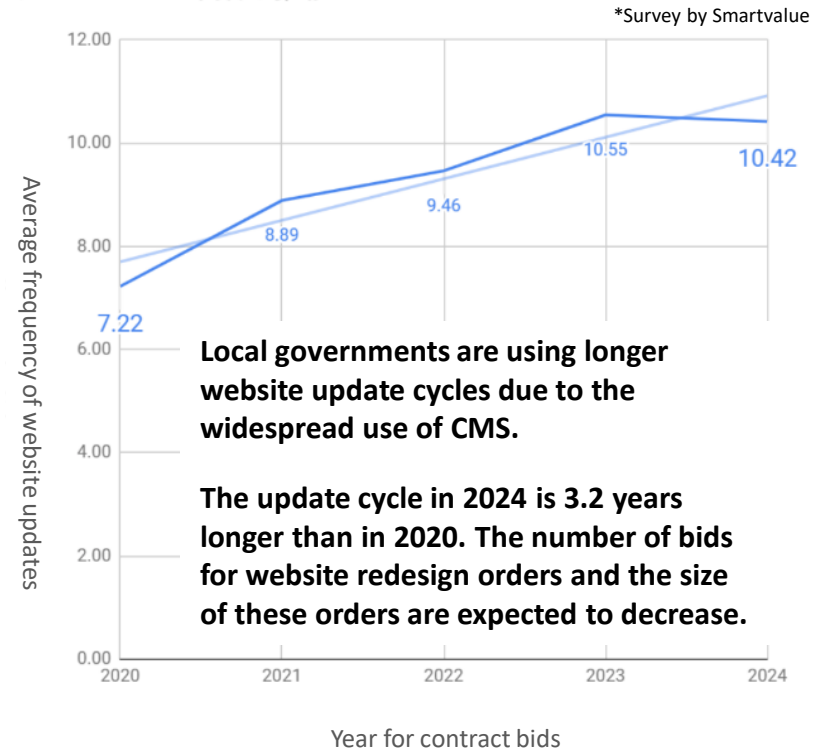


A brief increase is expected in 2025 only because of the timing of the shift of local governments to the government cloud. Afterward, the market is expected to grow to approximately 800 billion yen.

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.

Local Government Website Services Market

Website Update Cycles (number of years)



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.



Digital Government: Government Digital Transformation

04. Business Activities, Topics and KPI by Segment

Overview

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.

Business domain expansion using strengths of current businesses

Local gov't CMS

One of Japan's leading local government CMS, used by more than 400 organizations nationwide



Online government platform



A platform service for e-applications that uses Smartvalue's website linkage expertise

Government facility reservations



A reservation system operated jointly with WingArc1st Inc.

Portal for residents



Allows residents to create personalized portal sites

* Naka-cho in Tokushima prefecture started using POTAL in January 2025.

A new business that looks ahead many years



The Slow and Steady health support service for office workers will start on March 21, 2025. The service is located in the new Park Tower, which is in the South District of Grand Green Osaka. Using tie-ups with healthcare start-up companies, Slow and Steady makes new technologies accessible and facilitates community health management operations. The service also uses personal health records for wellbeing improvements. Partnerships with local governments may be added in the future.

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

Overview

(1) Sales down, earnings up/Sales and operating profit reached the plan

(Thousands of yen)

| | 1H FY6/25 plan | 1H FY6/25 results | Vs. plan (amount) | Vs. plan (%) | 1H FY6/24 results | Vs. 1H FY6/24 (amount) | Vs. 1H FY6/24 (%) |
|------------------|----------------|-------------------|-------------------|--------------|-------------------|------------------------|-------------------|
| Net sales | 584,428 | 586,453 | 2,024 | 100.3% | 764,231 | (177,778) | 76.7% |
| Operating profit | 92,985 | 102,171 | 9,185 | 109.9% | 100,901 | 1,269 | 101.3% |

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

In June 2024, Smartvalue 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. (Sale completed on July 31, 2024)

Sale completed

First half sales down 165 million yen, operating profit of 7 million yen

(3) Strong KPI in the CiEMS company car management service and Kuruma Base car sharing platform, both businesses that needed actions for improvements

The 1H FY6/24 CiEMS company car management performance was below the plan because a large contract was canceled. Kuruma Base performance was also well below the plan because of problems involving the quality of this service. For CiEMS, a major update is planned to target the opportunity created by an amended law that requires alcohol testing of drivers. For Kuruma Base, an alliance with AKTIO Corporation for the DX of construction machinery rentals has the goal of a recovery of the KPI of this business.

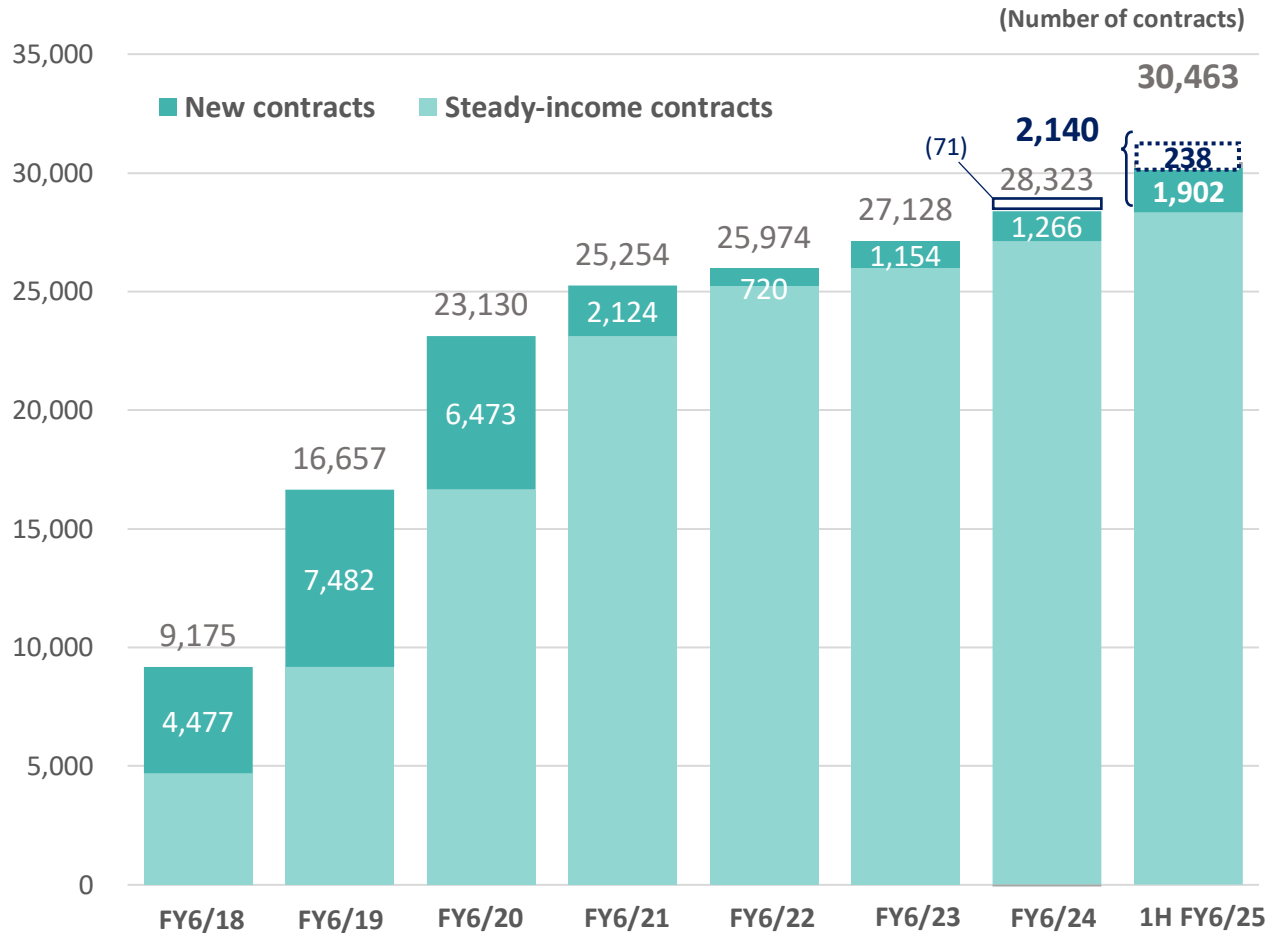
Strong performance

| Services | 1H FY6/24 | 1H FY6/25 | YoY increase | % |
|------------|-----------|-----------|--------------|----------|
| CiEMS | 1,266 | 1,902 | 636 | 150.2% |
| KurumaBase | 15 | 235 | 220 | 1,566.7% |

Mobility Services: KPI

04. Business Activities, Topics and KPI by Segment

Mobility IoT: Number of CiEMS Hardware Contracts



30,225
contracts
FY6/25 goal of
30,463

The number of contracts is **up 50.2%** from 1H FY6/24

A growing pipeline due to the success of the alcohol test recording app in September 2024 and the alcohol detection device linkage service

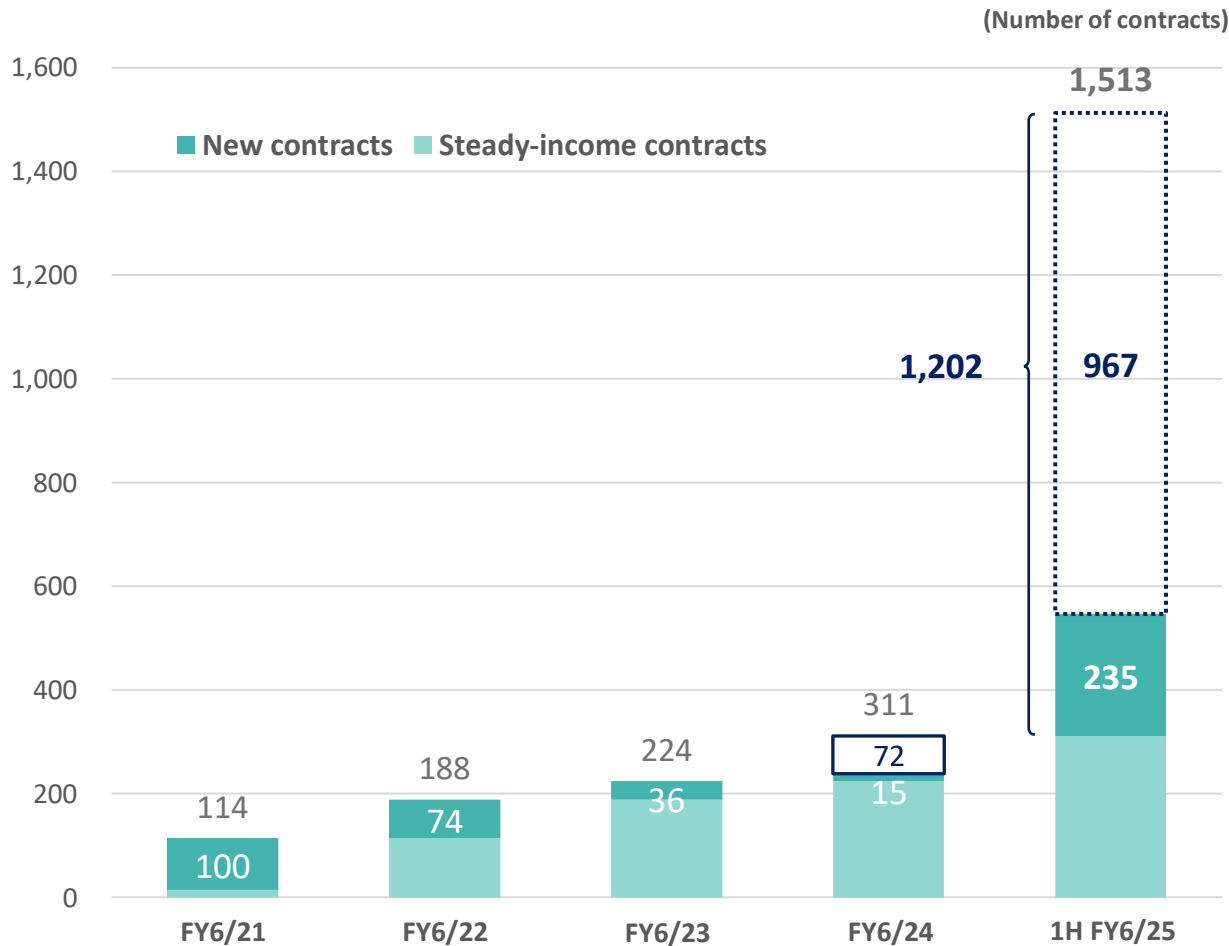
Needs of users

Very small to midsize companies are switching from manual management to the Smartvalue service for compliance with laws and regulations. Large companies are switching from other services to Smartvalue, which offers the lowest prices with a large lineup of services. To switch, these companies ask for customization to match their operations.

Mobility Services: KPI

04. Business Activities, Topics and KPI by Segment

Mobility IoT: Number of Kuruma Base Contracts



The number of contracts is **up 1,466.7%** from 1H FY6/24

Difficulties continue with activities to increase car sharing by rental car companies that serve mainly tourists. However, performance involving the alliance established in 2024 with AKTIO, Japan's largest construction machinery rental company, is strong.

Many other construction machinery rental companies are interested in Kuruma Base, indicating that this service will be widely used to reduce the number of employees required by these companies.

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

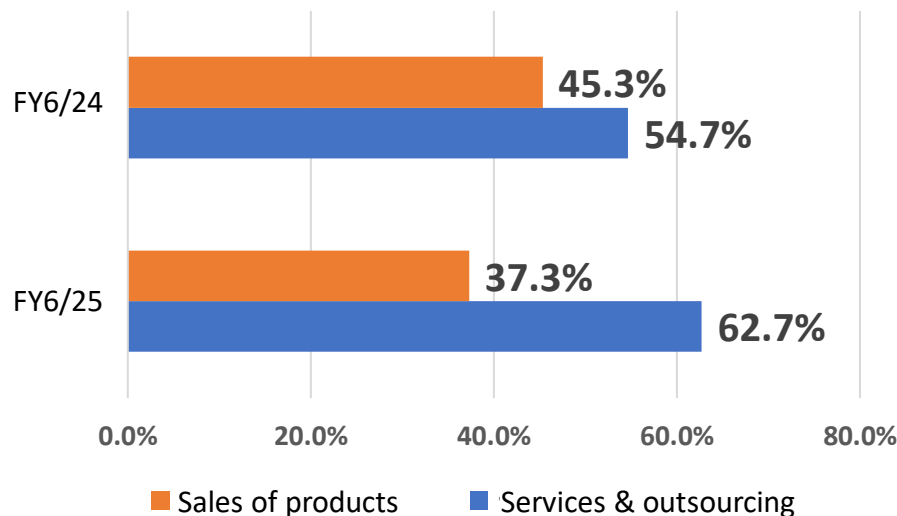
Strategy and goals

- 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.
- 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.

Product sales/IoT sales (services & outsourcing)

Composition of Sales

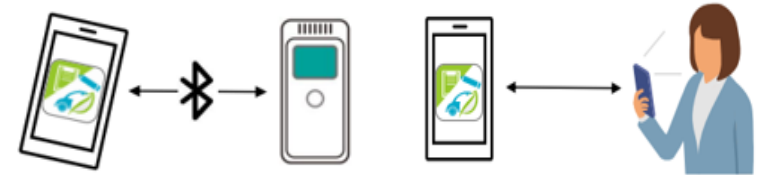
(1H FY6/24 / 1H FY6/25)



1H FY6/25 product sales were down 8 pct. points and IoT sales were up 8 pct. points. These changes are mainly the result of the sale of the business that sold products to leasing companies.

Investments in development programs

(1) Modifications/upgrades of the alcohol test recording app



A strong performance by the alcohol test recording app and alcohol test device linkage service that were launched in September 2024. The fiscal year sales plan was 5,200 app IDs and 1,500 test device sales. As of the end of December 2024, sales totaled 5,944 IDs and 2,136 devices.

(2) Modifications/upgrades of the automated construction machinery rental system



Following the FY6/24 start of the AKTIO alliance, nine sales offices of this company were using this fully automated system as of the end of December 2024. As more locations add this service, users are asking for various changes and upgrades. Updates are planned in 2025 that will allow providing automated systems to other construction machinery rental companies.

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.

Smart Venues: Outline of Kobe Arena Project

04. Business Activities, Topics and KPI by Segment



Smart Venues: Outline of Kobe Arena Project

Strategy and goals

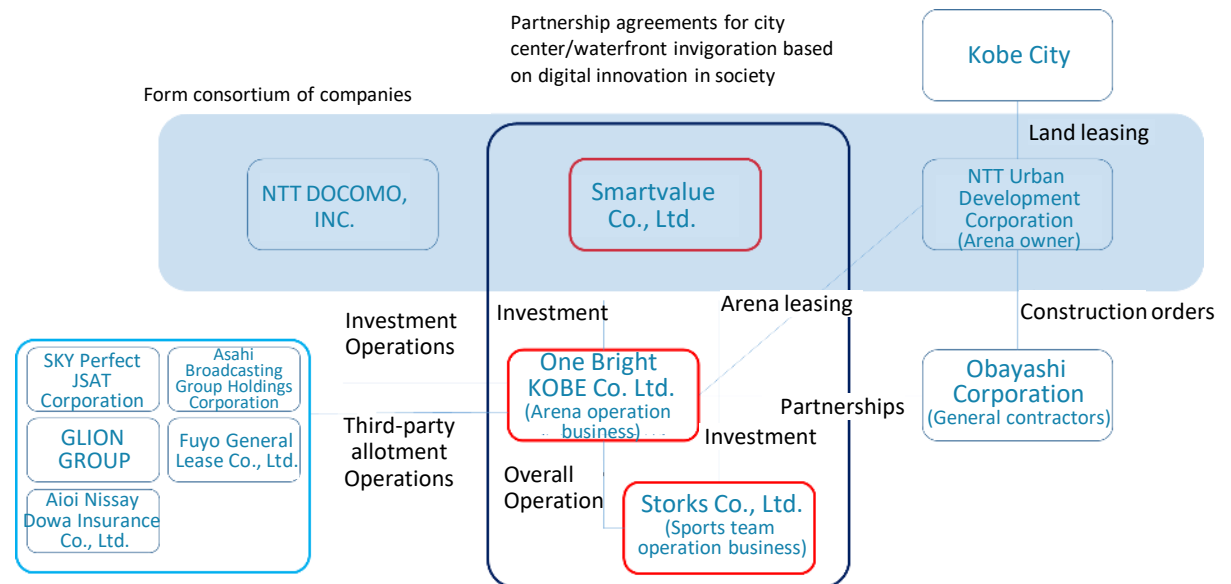
Stadium and arena innovation is part of the Japanese government's strategy for growth. The GLION ARENA KOBE will contribute to these innovations and make Smart Venue* an integral part of society. The April 2025 opening of this arena that is built and operated by the private sector will generate revenue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

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 ² |
| Floor area | Approx. 32,300m ² |

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

Private sector establishment and operation

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

A spectacular location surrounded by 270 degrees of the sea, fully embracing the beauty of the waterfront. Furthermore, experience the unique charm of Kobe, where the sea and mountains coexist in close proximity. The world's first arena constructed on a jetty.

A hinterland of over 3 million people, including 1.5 million in Kobe City and its surrounding economic zone. Located within walking distance of Sannomiya Station, the central transportation hub.

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

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.

Hosting and co-hosting entertainment events

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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Smart Venues: The New Large Multi-purpose Arena

04. Business Activities, Topics and KPI by Segment

GLION ARENA KOBE has seats for about 10,000 people and is designed to host many types of events. The distinctive bowl-shaped configuration sets this arena apart from other public-sector facilities and creates a platform for creating new forms of value.



Smart Venues: Planned Events

04. Business Activities, Topics and KPI by Segment

The new arena will be a source of enjoyment and excitement for people as a place that hosts a variety of events. The arena is expected to be used on 160 to 200 days of the year. The goal is a utilization rate of more than 80%, including set-up and other preparation days for events.

- ✓ The multi-purpose arena will be used for sporting events, concerts and many other events
- ✓ The goal for this multi-purpose arena, which has a capacity of 10,000 people, is to operate more than 160 days every year and have an annual attendance of more than one million.



Kobe Storks games
30+ days every year

Capacity: About 8,000 people
The only private-sector arena in the Kansai area that is home to a pro sports team



Concerts
80+ days every year

Capacity: About 10,000 people
Planning on performances by artists and groups from Japan and many other countries



MICE/Corporate events
10+ days every year

International conferences, academic events, corporate events, making Kobe a new destination for the global MICE market



Other events
20+ days every year

Planning on using tie-ups with content holders and media companies for events by Smartvalue or with partners

Smart Venues: Partnership Agreement with the City of Kobe

04. Business Activities, Topics and KPI by Segment

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: Smart City “Commons Tech KOBE”

04. Business Activities, Topics and KPI by Segment

Commons Tech KOBE, a model for a smart city, is initially attracting IT service companies, transportation companies and public-sector organizations. During the next phase, activities will target the addition of companies that generate consumer spending, such as Kobe shops, department stores, tourism facilities and other businesses. By marketing Commons Tech KOBE using a new concept for a public space, the aim is to increase engagement with employees, visitors and others who use and enjoy this location.

Commons Tech KOBE

KOBE 
CITY of DESIGN

 **SMARTVALUE**
Hospitality First


One Bright KOBE


KOBE STORKS


GLION ARENA
KOBE



TOTTEI
TOTTEI
KOBE

WingArc 
The Data Empowerment Company

JR
JR西日本

Bestie 

 **TIS**

MS&AD
あいおいニッセイ同和損保

 **SynergyMarketing**

Connect with
Potentials

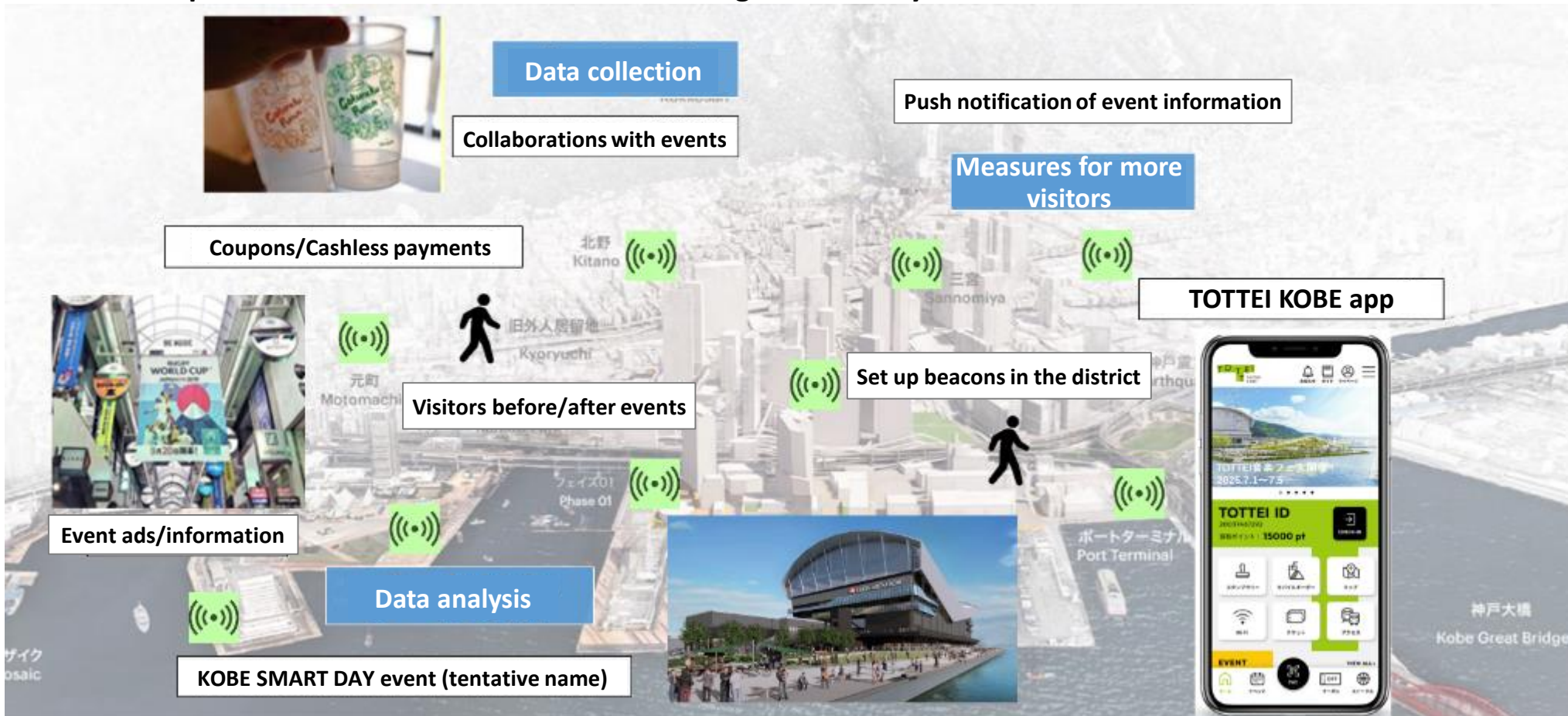
neos

 **North Detail**

Smart Venues: Smart City “Commons Tech KOBE”

04. Business Activities, Topics and KPI by Segment

The Commons Tech KOBE platform, a source of vitality for the area, uses the TOTTEI KOBE app to provide information about local events, sell tickets, and facilitate loyalty points, e-payments and other functions. 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. Beacons will be installed throughout the city to obtain location data.



One example of an alliance with a participating company is the request to JR West (JRW) to set up beacons and collect data.

Use of beacons to collect data and increase the number of people visiting various locations and businesses in Commons Tech KOBE



Partnership with JR West for setting up beacons to complement TOTTEI app capabilities and to collect and disseminate information

The beacon infrastructure



Combines beacons and smartphone Bluetooth links for **directly sending promotional information** to carefully selected individuals.

Direct promotions to selected targets can be implemented to achieve **highly publicized measures**.

Strengths of the JRwest-derived system

1. Beacons are placed at the automatic ticket gates of JR West stations, which can provide a high-touch environment due to the nature of **high-traffic locations**.
 - * Installed on the Osaka Loop Line and the main line between Kyoto and Kobe
 - * Other rail operators are being approached for installation.
2. By **analyzing data** on the number of contacts for each beacon, it is possible to demonstrate and improve promotional measures on an ongoing basis.

Envisioned overall picture

Based on data obtained from the app about the interests of individuals, information that matches these interests is sent with the proper timing (when an individual is near a particular restaurant, for example) to increase effectiveness and encourage people to stay in the area and visit more shops and other businesses.

User A (age 29), company employee
Hobbies and interests:
Frequent visits to craft beer stores,
has visited the arena 3 times

Craft Gyoza Fes is being
held at the TOTTEI park!



XY Bakery's ¥100
off coupon is
now available!

User B (age 20), University student
Hobbies and interests:
Have a history of using XX yen-off
type services 10 times.

Smart Venues: Smart City “Commons Tech KOBE”

04. Business Activities, Topics and KPI by Segment

One example of joint activities with participating companies is a customer relationship management (CRM) alliance with Synergy Marketing. Fan marketing is used to create an area that has even more engagement with visitors.

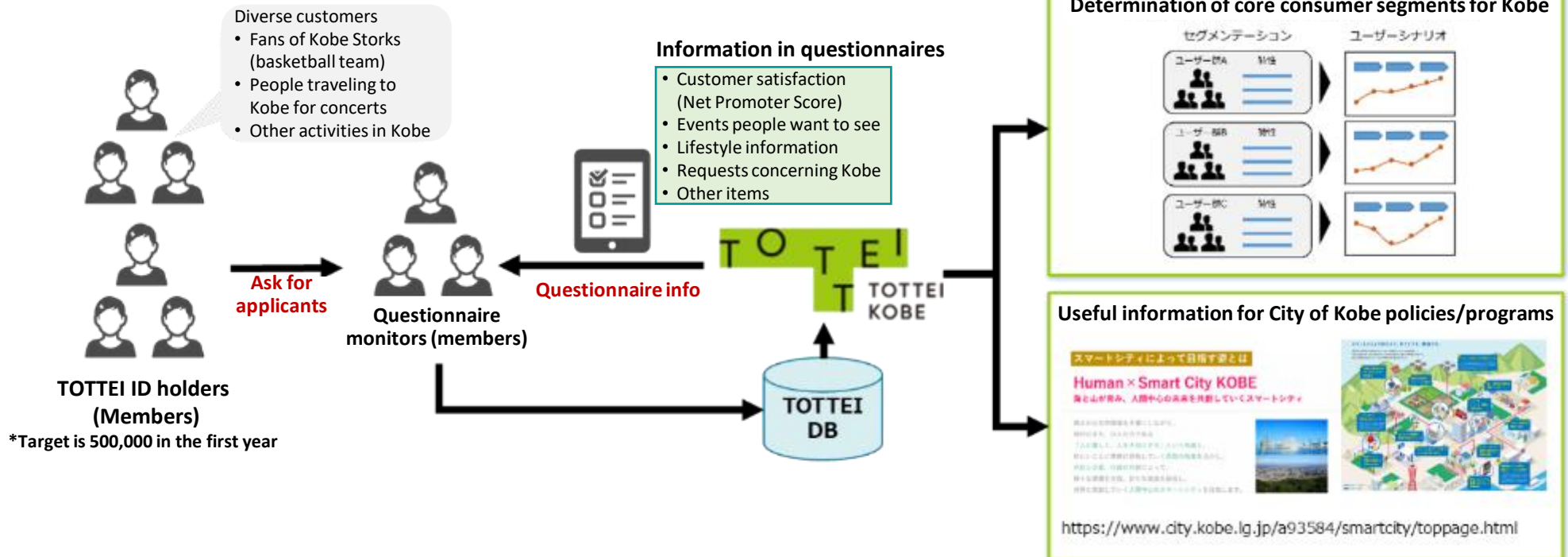
Better understanding of customers **by using CRM/questionnaire info**



Select monitors from a diverse base of fans

Use the TOTTEI system for many types of questionnaires

Use questionnaire data to create/share output



Smart Venues: Smart City “Commons Tech KOBE”

04. Business Activities, Topics and KPI by Segment

One example of joint activities with participating companies is a partnership with WingArc1st for the provision of a data linkage platform, dashboard and other items. Increasing convenience for users by utilizing an open platform incorporating generative AI is one goal.

An AI open data platform **that creates a single language on the same platform**

“Non-real time/Practical use” and “Ease of searches and reports” are problems involving current open data.



New chat

KA 明日のメリケンパークのイベントには、どんな人が何人くらい来て、夜9時以降の三宮周辺の人の数はどのくらい増える？

明日のメリケンパークでは、盆踊りが開催されます。過去の実績をもとに考えると、アンパンマンミュージアムやモザイクへの来場回数が多い、40歳以上の男女と10代の来場が多いと考えられます。メリケンパークへの1日の来場者は、1万2千人になると予想されます。

夜9時以降の三宮周辺の人口は、平均的な土曜日と比較して、121%増の予想です。

ChatGPT Mar 14 Version. Free Research Preview. Our goal is to make AI systems more natural and safe to interact with. Your feedback will help us improve.

WingArc1ST

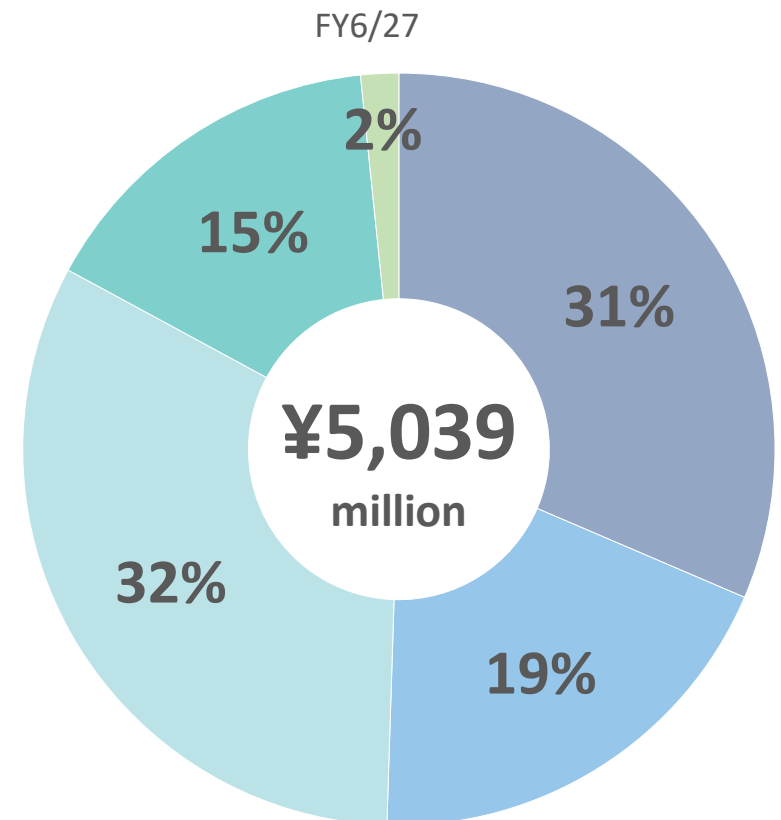
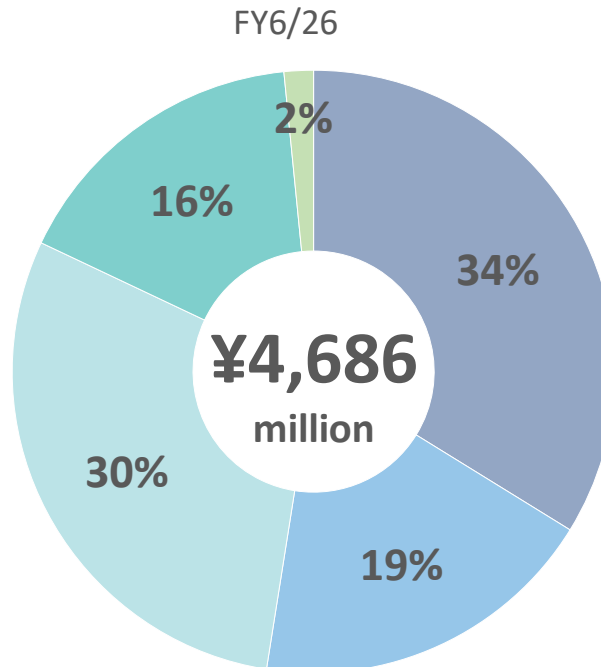
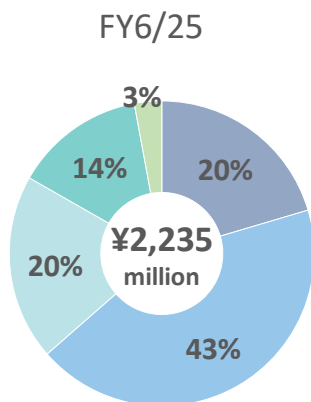


Smart Venues: Three-year Budget following the April 2025 Opening

04. Business Activities, Topics and KPI by Segment

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



05

Results of Operations by Segment

Financial Summary (Consolidated)

05. Results of Operations by Segment

A big reduction in the Smart Venues loss and preparations are advancing for the start of operations in April 2025. Digital Government and Mobility Services earnings are increasing and administration expenses are declining. The result was a big improvement in profitability.

(Millions of yen)

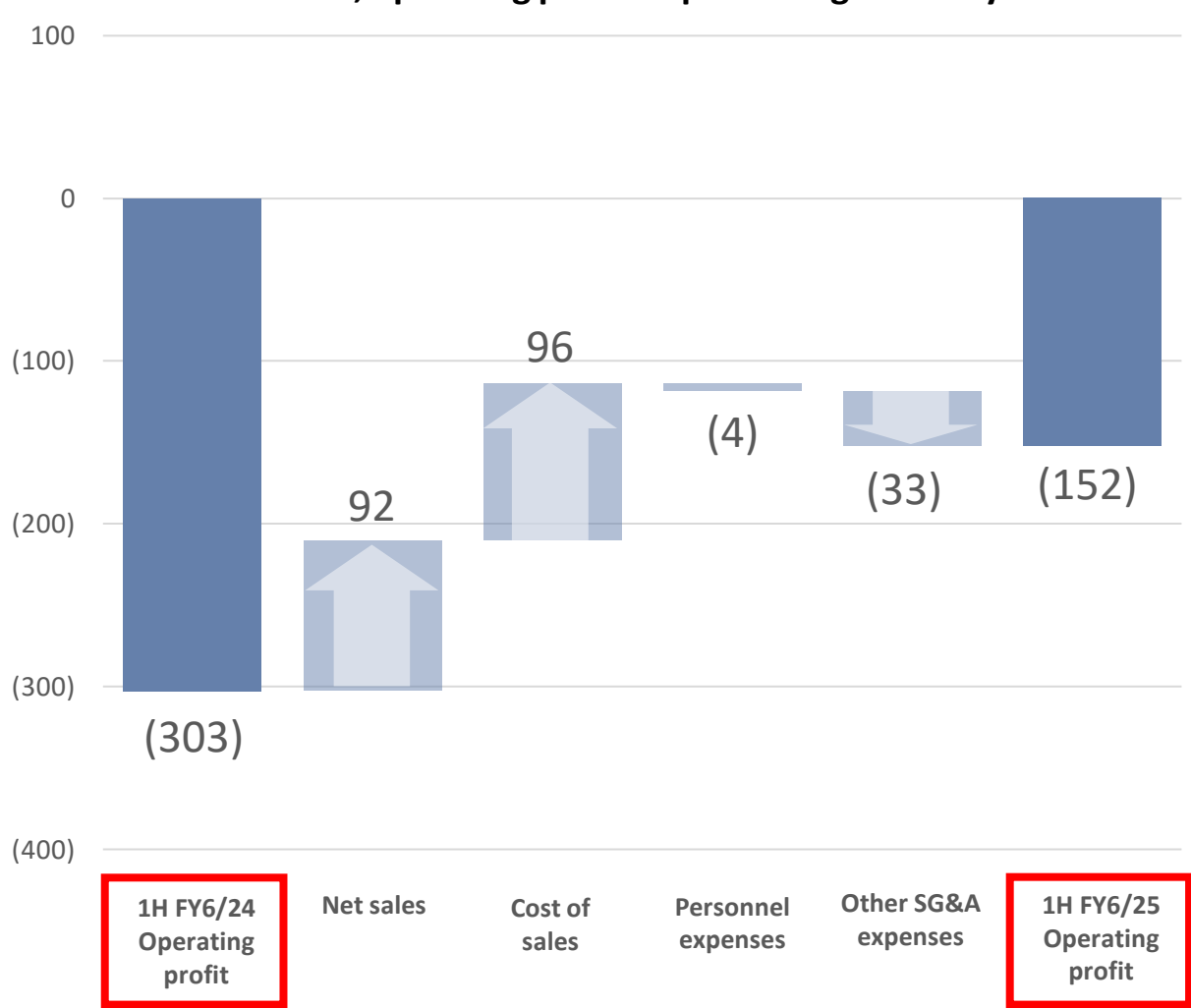
| | | 1H FY6/24 Results | 1H FY6/25 Results | YoY change |
|--------------------|---|----------------------|----------------------|------------|
| Digital Government | Net sales | 769 | 809 | 105.3% |
| | Operating profit | 69 | 76 | 110.9% |
| Mobility Services | Net sales | 764 | 586 | 76.7% |
| | Operating profit | 100 | 102 | 101.3% |
| Smart Venues | Net sales | 180 | 410 | 227.4% |
| | Operating profit | (224) | (107) | - |
| Administration | Operating profit | (248) | (223) | - |
| Consolidated | Net sales | 1,714 | 1,806 | 105.4% |
| | Operating profit | (303) | (152) | - |
| | Ordinary profit | (303) | (157) | - |
| | Profit attributable to owners of parent | (280) | (187) | - |

| FY6/24 Results | FY6/25 Forecast | YoY change |
|-------------------|--------------------|------------|
| 1,711 | 2,070 | 121.0% |
| 245 | 348 | 142.2% |
| 1,462 | 1,302 | 89.1% |
| 193 | 223 | 115.3% |
| 641 | 2,235 | 348.7% |
| (271) | 6 | - |
| (475) | (509) | - |
| 3,814 | 5,609 | 147.0% |
| (308) | 68 | - |
| (312) | 23 | - |
| (348) | 3 | - |

Changes in Operating Profit

Consolidated

Although product sales were down in Mobility Services, sales raised operating profit because of the increase in Smart Venues sales. Lower product sales reduced the cost of sales. Although expenses increased, operating profit improved significantly due to a change in the composition of sales.



| Increase in net sales | |
|-----------------------|-------|
| Digital government | 40 |
| Mobility Services | (177) |
| Smart Venues | 230 |

| Decrease in cost of sales | |
|---------------------------|-------|
| Digital government | 14 |
| Mobility Services | (146) |
| Smart Venues | 35 |

| Increase in personnel expenses | |
|--------------------------------|------|
| Digital government | (0) |
| Mobility Services | (21) |
| Smart Venues | 36 |
| Administration | (9) |

| Increase in other SG&A expenses | |
|---------------------------------|------|
| Digital government | 18 |
| Mobility Services | (11) |
| Smart Venues | 41 |
| Administration | (15) |

Financial Results Overview (Business Segment Performance)

Consolidated

05. Results of Operations by Segment

(Millions of yen)

| | 1H FY6/24 Results | 1H FY6/25 Results | YoY | Comp. | FY6/25 Forecast |
|--|----------------------|----------------------|---------------|--------------|--------------------|
| Net sales | 1,714 | 1,806 | 105.4% | 100.0% | 5,609 |
| Cloud services | 1,020 | 1,059 | 103.8% | 58.6% | 2,575 |
| MRR (Monthly recurring revenue) | 755 | 770 | 102.0% | 42.6% | 1,600 |
| Service start-up and construction | 264 | 288 | 109.0% | 16.0% | 975 |
| Outsourced development | 99 | 65 | 65.1% | 3.6% | 223 |
| Sales of products | 265 | 96 | 36.2% | 5.3% | 153 |
| Client-specific development team service | 147 | 176 | 119.1% | 9.7% | 420 |
| Smart Venues | 180 | 410 | 227.4% | 22.7% | 2,235 |
| Operating profit | (303) | (152) | - | - | 68 |
| Operating margin | - | - | - | - | 1.2% |

Net Sales by Business Format

05. Results of Operations by Segment

Digital Government

(Millions of yen)

| | 1H FY6/24 Results | 1H FY6/25 Results | YoY | Comp. | FY6/25 Forecast |
|--|----------------------|----------------------|--------|--------|--------------------|
| Net sales | 769 | 809 | 105.3% | 100.0% | 2,070 |
| Cloud services | 611 | 617 | 100.9% | 76.2% | 1,596 |
| MRR (Monthly recurring revenue) | 433 | 459 | 105.8% | 56.7% | 937 |
| Service start-up and construction | 177 | 158 | 89.1% | 19.5% | 658 |
| Outsourced development | 10 | 16 | 164.7% | 2.1% | 53 |
| Client-specific development team service | 147 | 176 | 119.1% | 21.7% | 420 |
| Operating profit | 69 | 76 | 110.9% | - | 348 |
| Operating margin | 9.0% | 9.5% | 105.6% | - | 16.8% |

Net Sales by Business Format

05. Results of Operations by Segment

Mobility Services

(Millions of yen)

| | 1H FY6/24 Results | 1H FY6/25 Results | YoY | Comp. | FY6/25 Forecast |
|-----------------------------------|----------------------|----------------------|--------|--------|--------------------|
| Net sales | 764 | 586 | 76.7% | 100.0% | 1,302 |
| Cloud services | 408 | 441 | 108.1% | 75.4% | 979 |
| MRR (Monthly recurring revenue) | 321 | 311 | 96.9% | 53.1% | 662 |
| Service start-up and construction | 87 | 130 | 149.6% | 22.2% | 317 |
| Outsourced development | 89 | 48 | 53.8% | 8.2% | 169 |
| Sales of products | 265 | 96 | 36.2% | 16.4% | 153 |
| Operating profit | 100 | 102 | 101.3% | - | 223 |
| Operating margin | 13.2% | 17.4% | 131.8% | - | 17.1% |

Net Sales by Business Format

05. Results of Operations by Segment

Smart Venues

(Millions of yen)

| | 1H FY6/24 Results | 1H FY6/25 Results | YoY | Comp. | FY6/25 Forecast |
|------------------|----------------------|----------------------|--------|--------|--------------------|
| Net sales | 180 | 410 | 227.4% | 100.0% | 2,235 |
| Smart Venues | 180 | 410 | 227.4% | 100.0% | 2,235 |
| Operating profit | (224) | (107) | - | - | 6 |
| Operating margin | - | - | - | - | 0.3% |

2Q FY6/25 Consolidated Balance Sheet

05. Results of Operations by Segment

Property, plant and equipment and interest-bearing debt increased due to investments in the Smart Venues segment.

(Millions of yen)

| As of June 30, 2024 | |
|--|-------------------------------|
| Total assets: 4,037 | |
| Assets | Liabilities |
| Cash and deposits 1,726 | Interest-bearing debt 924 |
| Notes and accounts receivable-trade, and contract assets 474 | Various liabilities 954 |
| Property, plant and equipment 867 | Net assets |
| Various assets 969 | |
| | Shareholders' equity 1,689 |
| | Non-controlling interests 469 |



| As of December 31, 2024 | |
|--|-------------------------------|
| Total assets: 4,556 | |
| Assets | Liabilities |
| Cash and deposits 1,643 | Interest-bearing debt 1,439 |
| Notes and accounts receivable-trade, and contract assets 681 | Various liabilities 1,206 |
| Property, plant and equipment 1,290 | Net assets |
| Various assets 941 | |
| | Shareholders' equity 1,440 |
| | Non-controlling interests 469 |

06

Medium-term Business Plan

(Announced in August 2024)

FY6/25-FY6/27 Statement of Income

06. Medium-term Business Plan

Smart Venues, which will start operating in April 2025, is expected to be the primary source of sales and earnings growth in FY6/26 and FY6/27.

(Millions of yen)

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

FY6/25-FY6/27 Forecast for Selected Financial Indicators

06. Medium-term Business Plan

Forecast big improvements in all performance indicators because of the start of Smart Venues operations in April 2025.

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

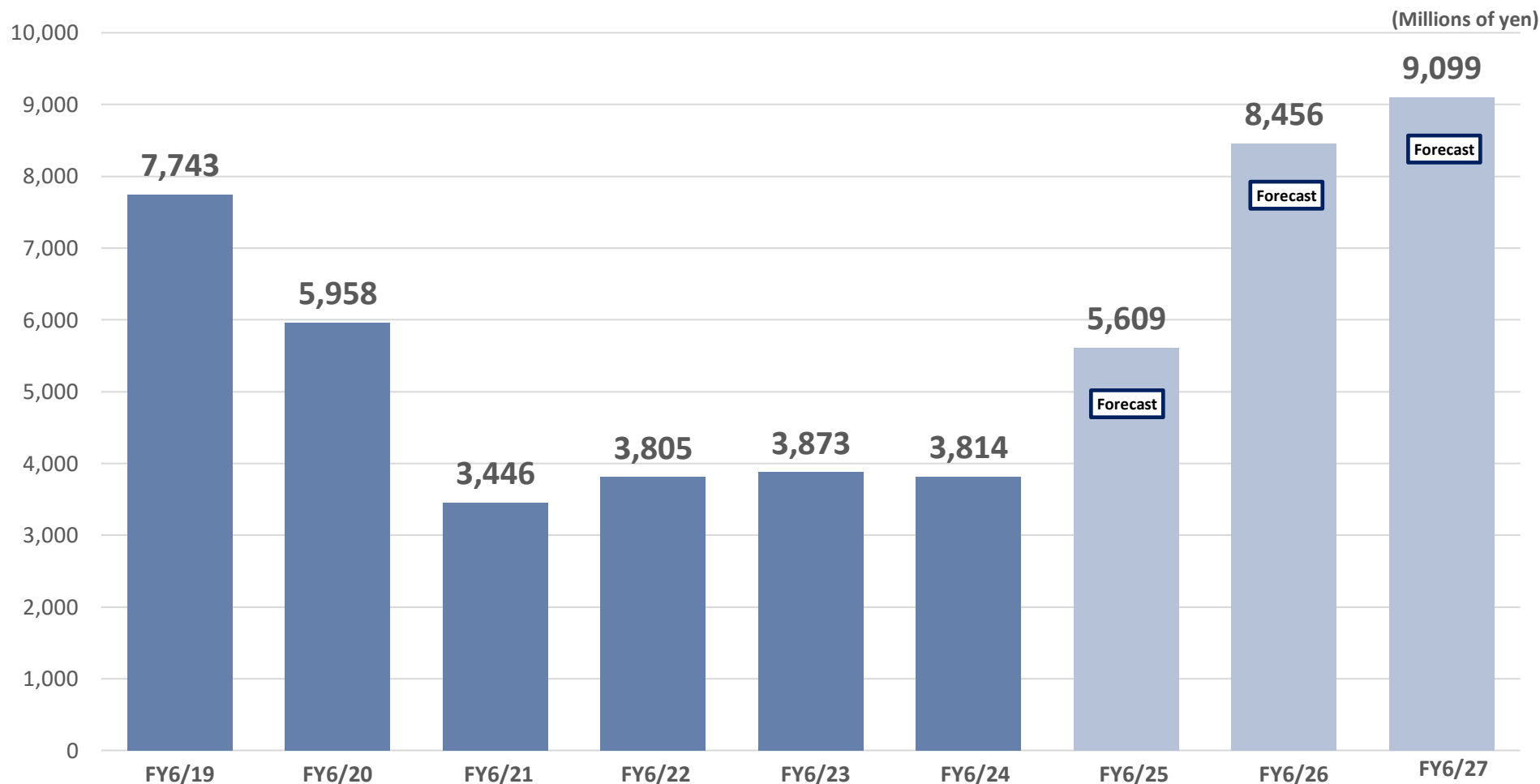
*EBITDA = Profit before income taxes + Interest (Interest expenses - Interest received) + Depreciation

Sales Trends and Forecasts

06. Medium-term Business Plan

Consolidated

Sales in recent years were held down by the 2020 termination of the carrier shop agency business and the pandemic. A big sales increase in FY6/25 due to the contribution of Smart Venues. Forecast strong sales growth in the following two fiscal years.

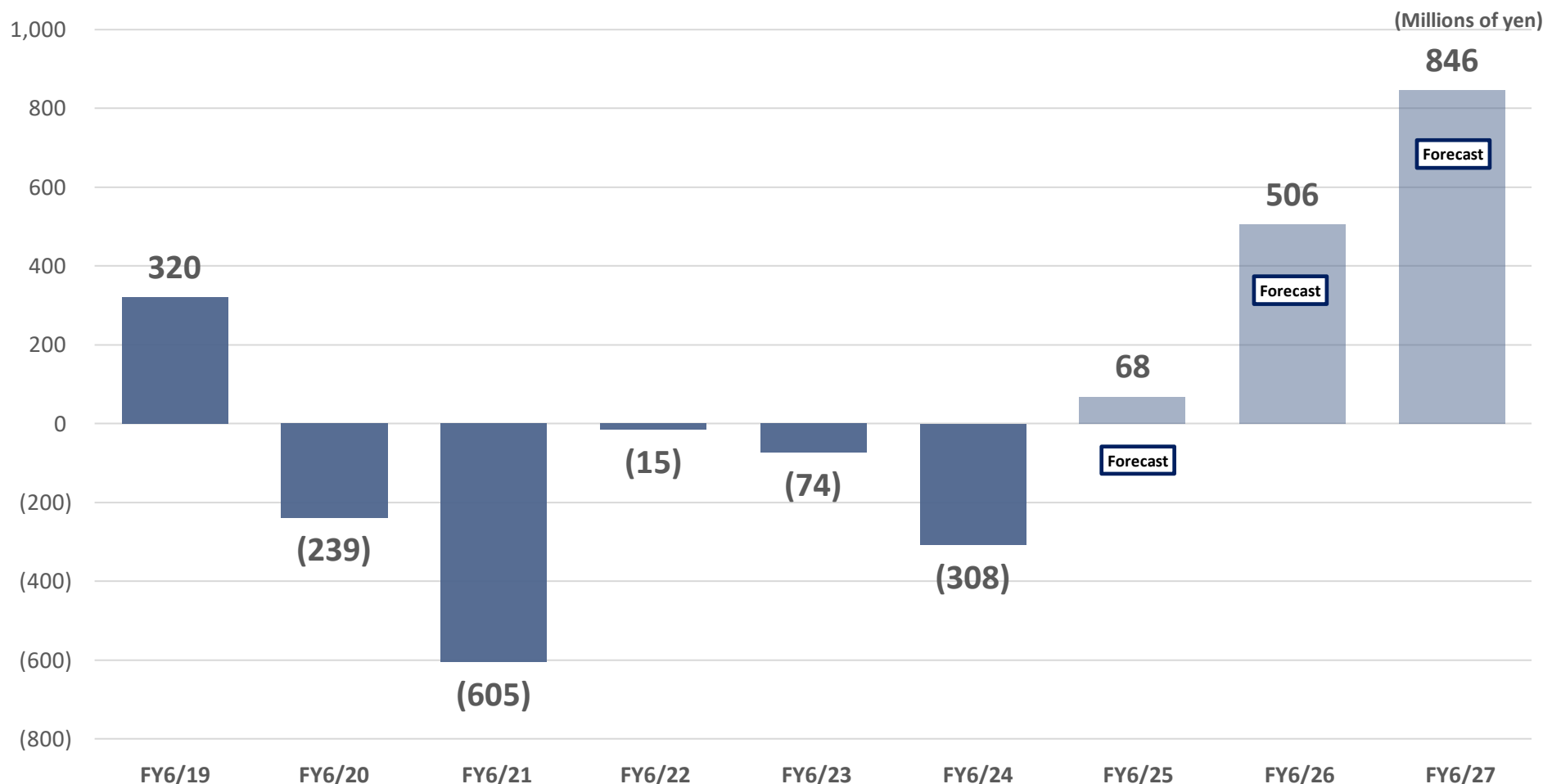


Operating Profit Trends and Forecasts

06. Medium-term Business Plan

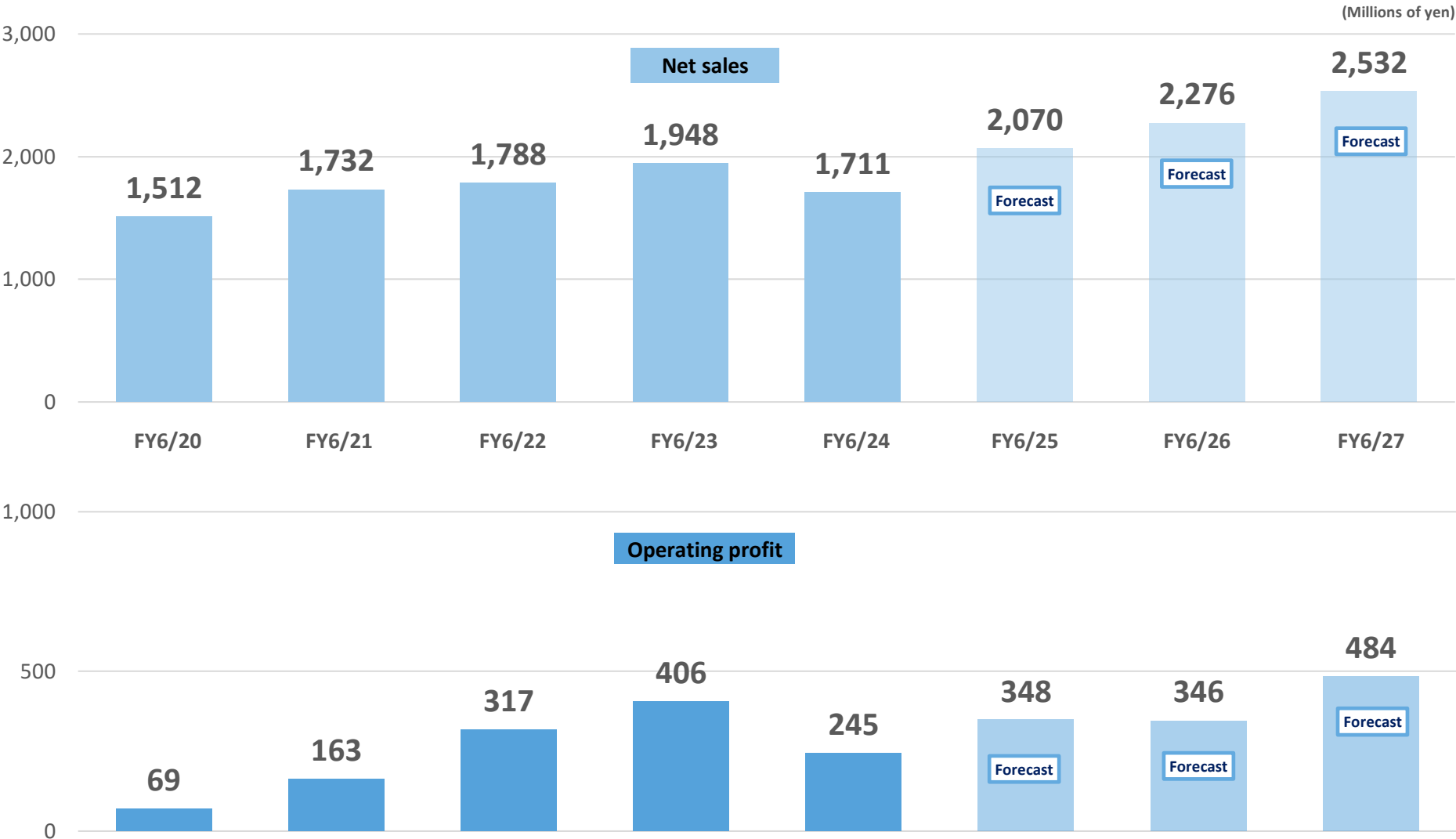
Consolidated

Sales in recent years were held down by the 2020 termination of the carrier shop agency business and the pandemic. Forecast a FY6/25 profit due to the start of Smart Venues operations. Forecast big increases in earnings in FY6/26 and FY6/27 despite overlapping expenses due to the end of data center services and other items with a negative effect on earnings.



Sales/Operating Profit Trends and Forecasts

Digital Government

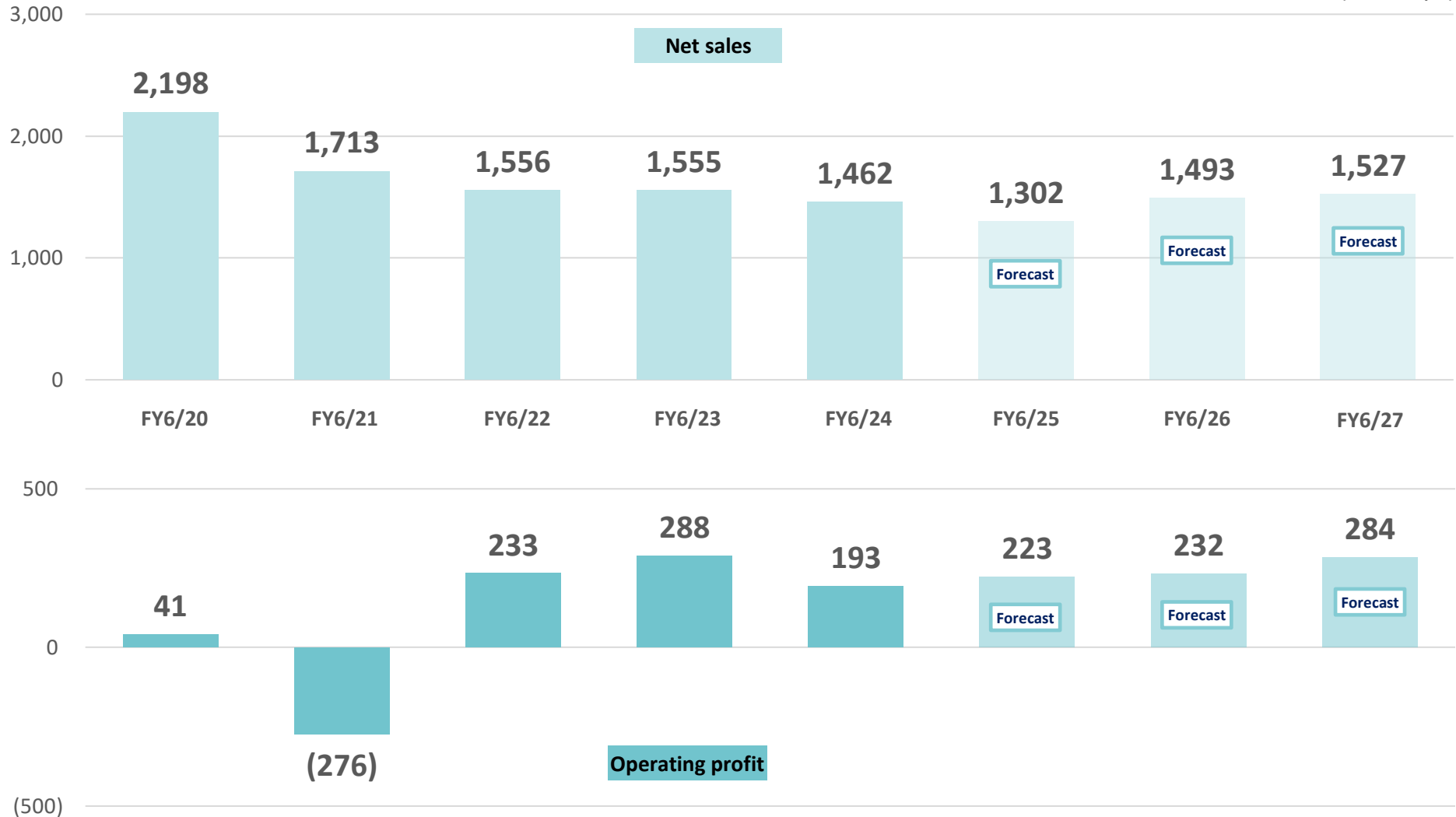


Sales/Operating Profit Trends and Forecasts

06. Medium-term Business Plan

Mobility services

(Millions of yen)



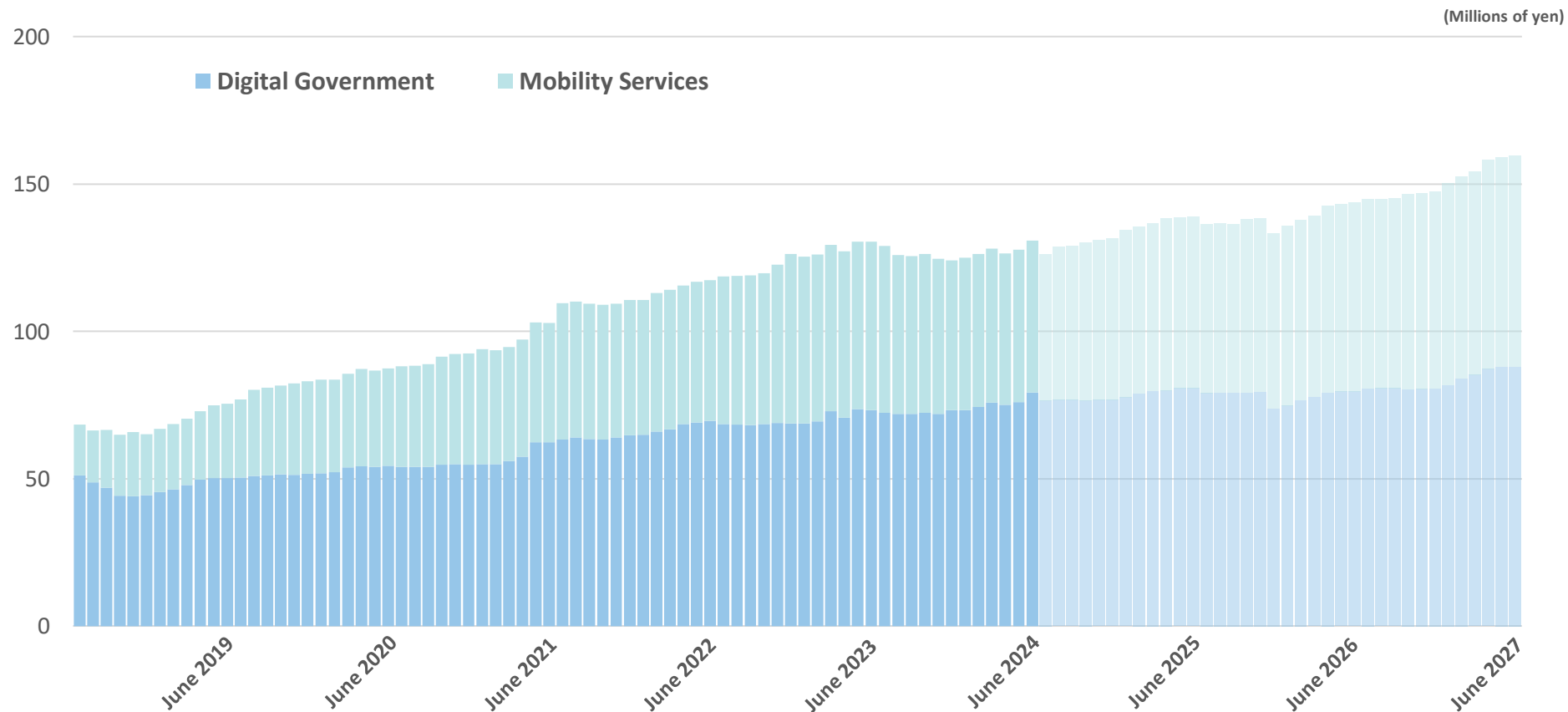
Sales/Operating Profit Trends and Forecasts

Smart Venues



Growth of MRR

06. Medium-term Business Plan



MRR as of the term-end

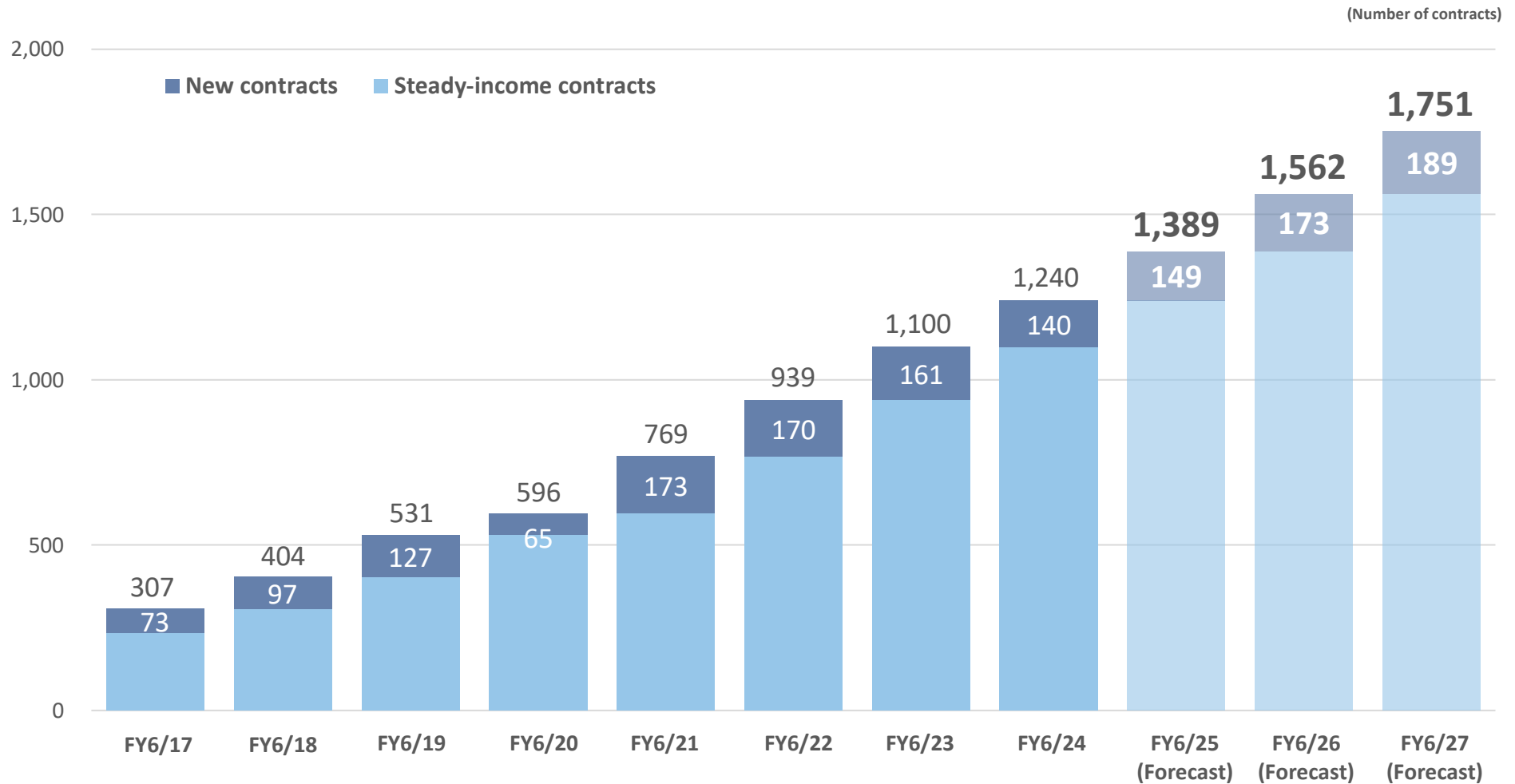
| | FY6/19 Results | FY6/20 Results | FY6/21 Results | FY6/22 Results | FY6/23 Results | FY6/24 Results | FY6/25 (Forecast) | FY6/26 (Forecast) | FY6/27 (Forecast) |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| 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

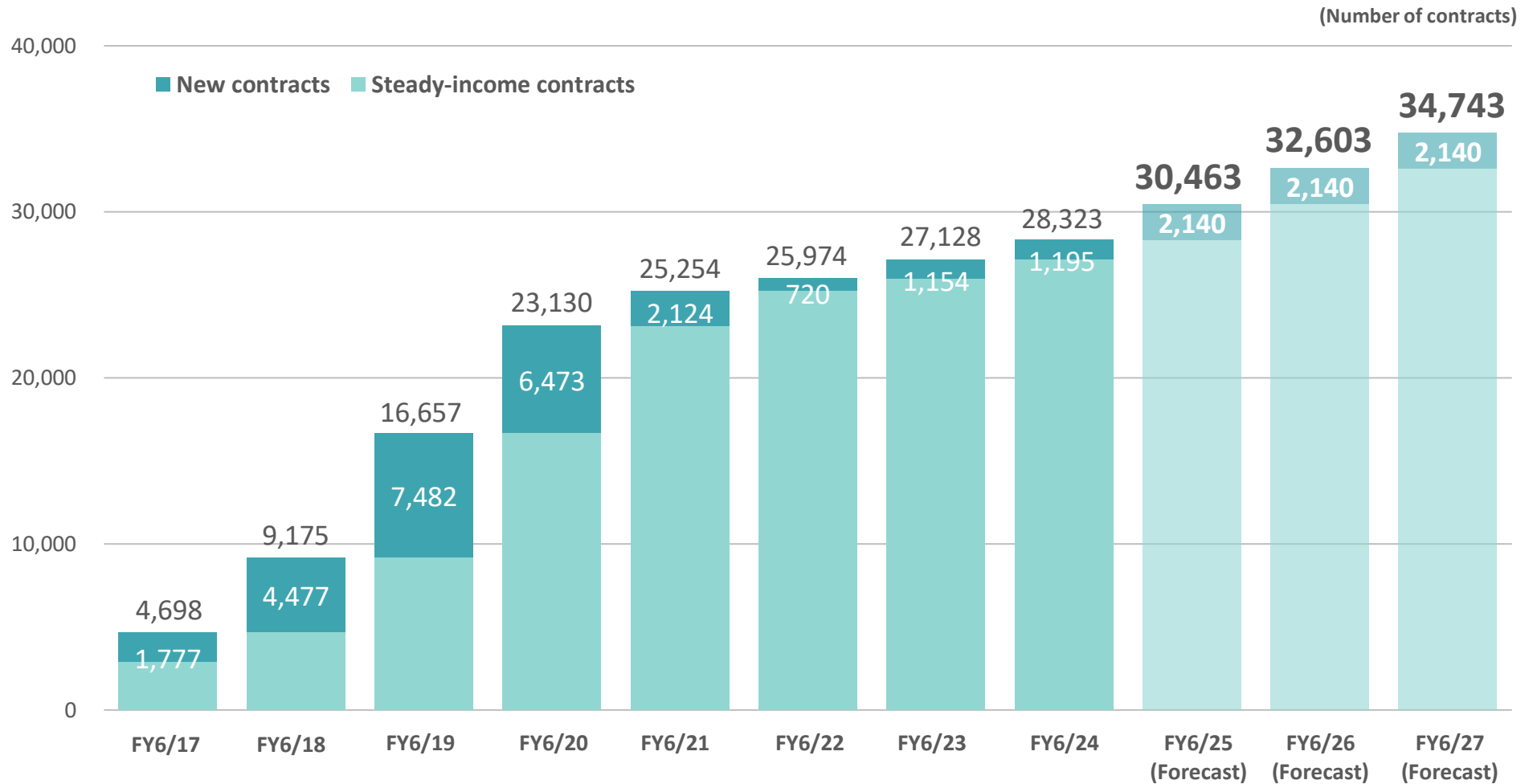
Digital Government



KPI (Mobility IoT: Number of CiEMS Hardware Contracts)

06. Medium-term Business Plan

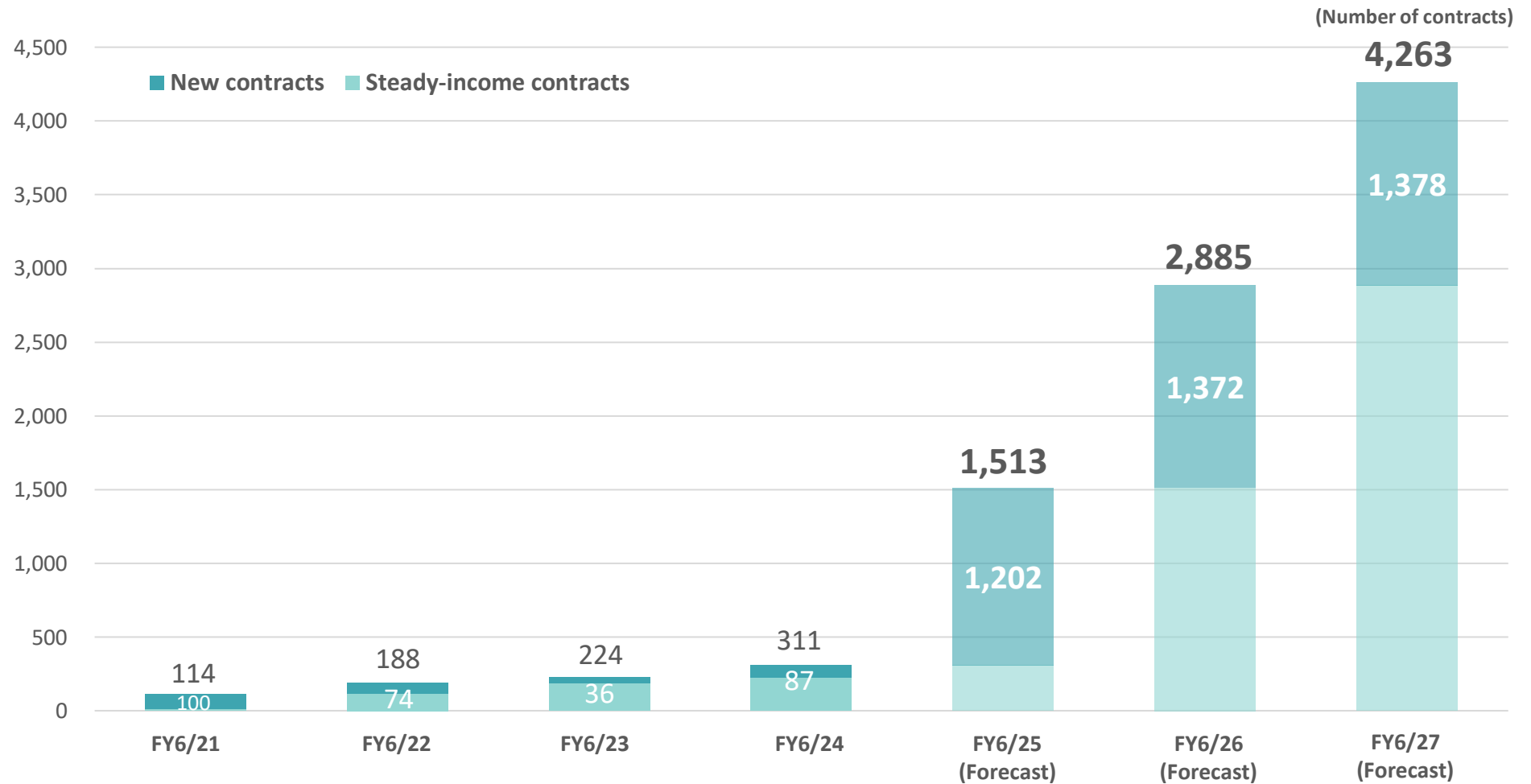
Mobility Services



KPI (Mobility IoT: Number of Kuruma Base Contracts)

06. Medium-term Business Plan

Mobility Services



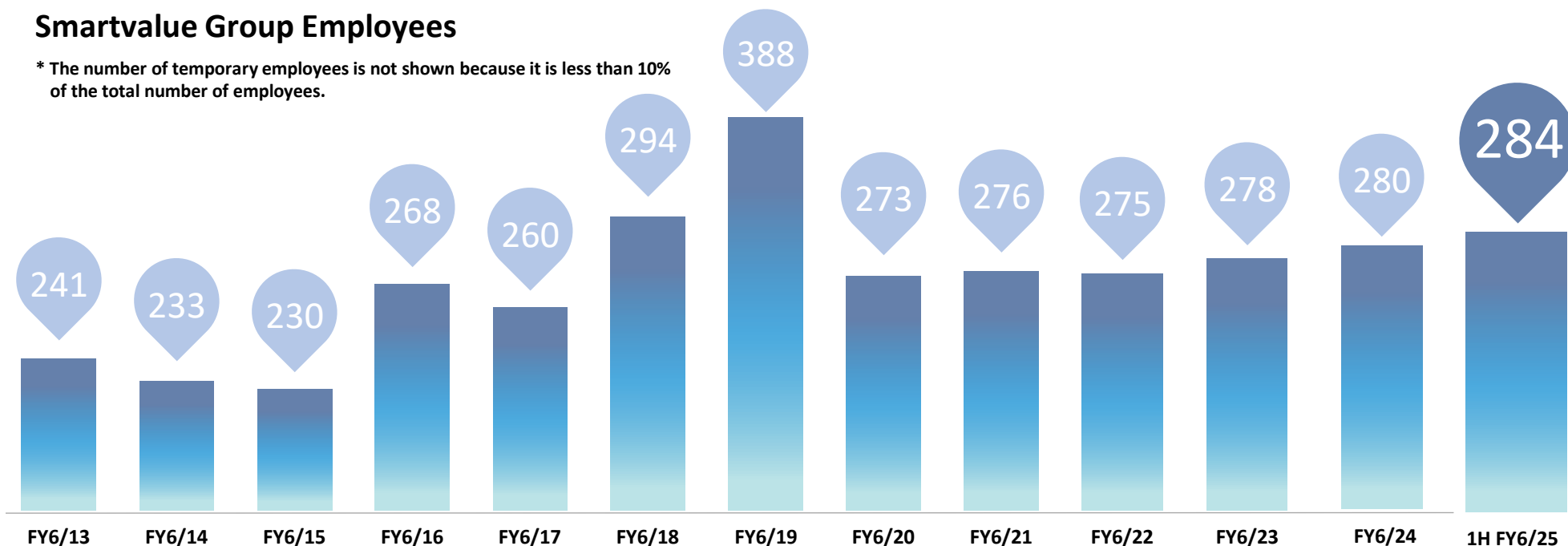
Appendix 07

Employees

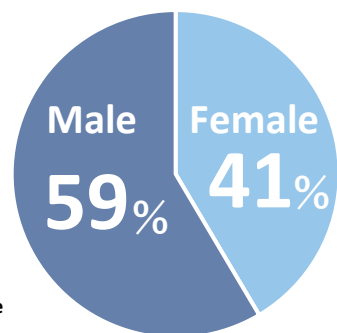
07. Appendix

Smartvalue Group Employees

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

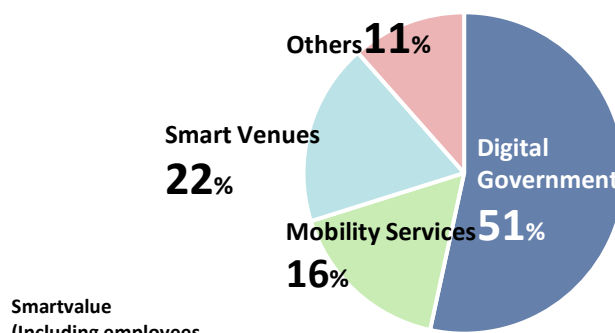


Gender



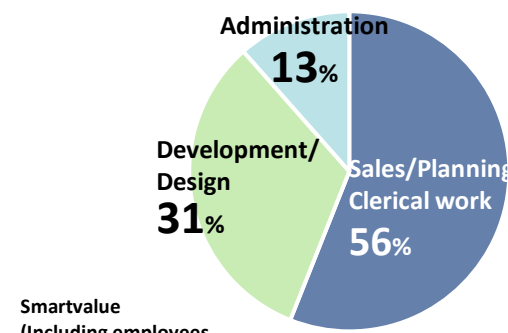
Smartvalue Group

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



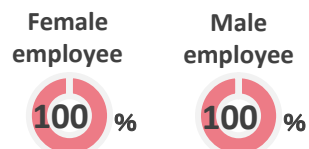
In March 2023, Smartvalue received for the fourth time Kurumin certification from the Minister of Health, Labour and Welfare as a company that provides support for raising and caring for children. (Continuously certified since April 2013)

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.)



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

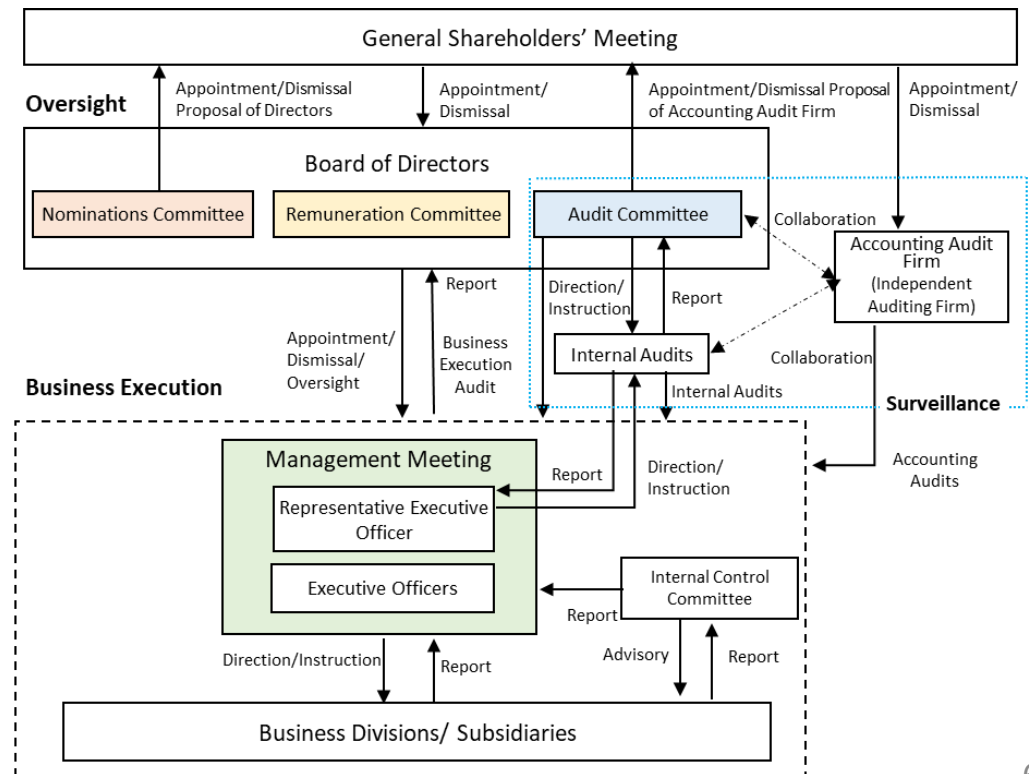
We respect the diversity of our people and recognize this diversity as the premise for ability to produce innovative ideas. Based on this thinking, we maintain an organizational culture that always puts people first.

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



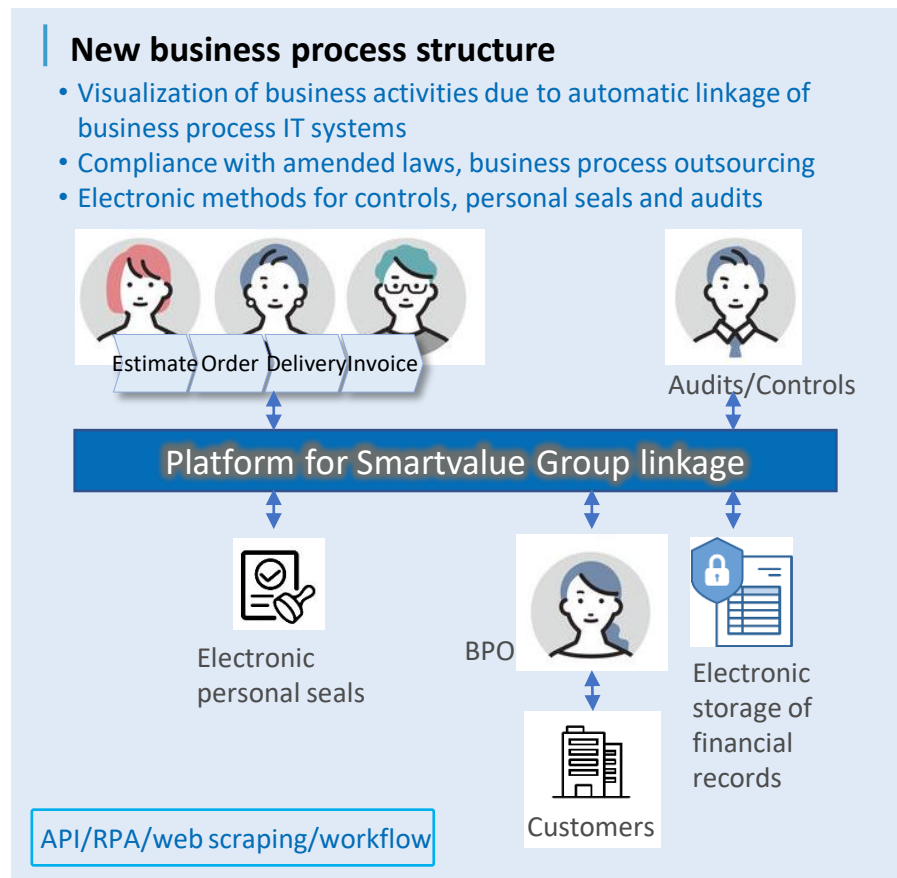
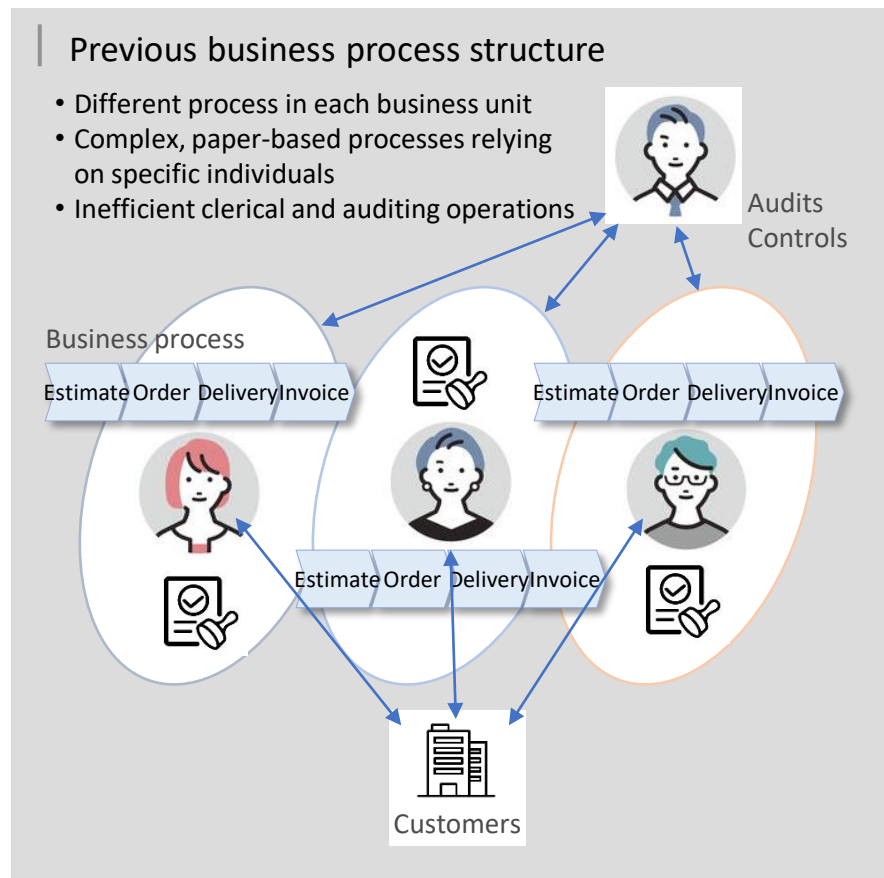
Distribution of more information to all stakeholders



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.

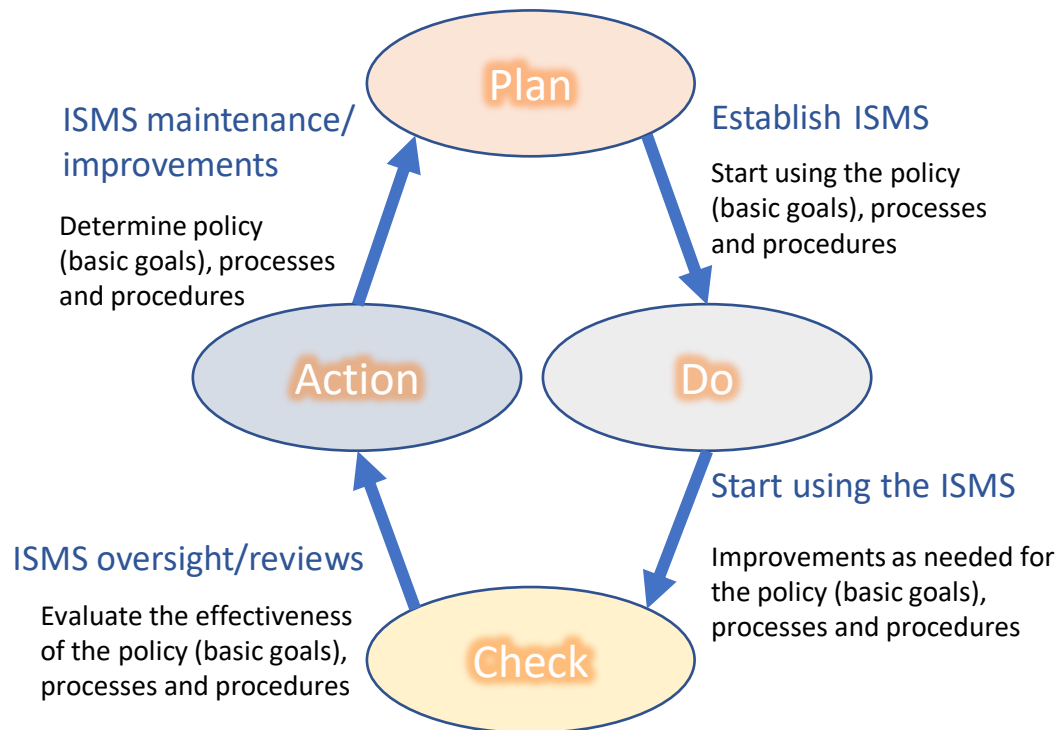


ISO27001 Certification

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

