

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2025
(Nine Months Ended March 31, 2025)

[Japanese GAAP]

May 15, 2025

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Listing: Tokyo Stock Exchange
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Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: None
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2025
(July 1, 2024 to March 31, 2025)

(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	%
Nine months ended Mar. 31, 2025	2,910	2.5	(253)	-	(322)	-	(323)	-
Nine months ended Mar. 31, 2024	2,839	(4.6)	(304)	-	(305)	-	(293)	-

Note: Comprehensive income (millions of yen) Nine months ended Mar. 31, 2025: (351) (-%)
Nine months ended Mar. 31, 2024: (325) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2025	(31.16)	-
Nine months ended Mar. 31, 2024	(28.25)	-

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 Mar. 31, 2025	20,253	1,794	6.4
As of Jun. 30, 2024	4,037	2,158	41.8

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2025: 1,303 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)				8.00	8.00

Note: Revisions to the most recently announced dividend forecast: Yes

For the revision to the dividend forecast, refer to the Notice Concerning Revision of Dividend Forecast announced today.

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

As mentioned in "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Significant Subsequent Events" on page 11 of the attachments, the Company expects to post the transfer value of 2,300 million yen as an extraordinary income. The impact of this transfer on the consolidated earnings forecast for the fiscal year ending June 30, 2025 is currently being examined. An announcement will be made promptly as soon as it becomes clear.

*** Notes**

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

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

As of Mar. 31, 2025:	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 Mar. 31, 2025:	287,490 shares	As of Jun. 30, 2024:	287,490 shares
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3) Average number of shares outstanding during the period

Nine months ended Mar. 31, 2025:	10,392,310 shares	Nine months ended Mar. 31, 2024:	10,392,310 shares
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* Review of the accompanying quarterly consolidated financial statements by certified public accountants or auditing firms: None

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

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to Smartvalue's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" on page 4 of the attachments regarding preconditions or other related matters for the forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months, the Japanese economy slowly recovered with improvements in employment and personal income. However, the economic outlook remained highly uncertain due to the high cost of raw materials and energy prices, as well as mounting inflation concerns after the U.S. announced sharp tariff hikes.

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 nine months, the opening of GLION ARENA KOBE (note 1), a large-sized multi-purpose arena facility that has been constructed in the city of Kobe, drew near. The rent payment for the single month of March alone occurred prior to the opening. The Group worked vigorously to generate reservations for the leasing of the building and partner sponsorships in an effort to create new revenue models. In addition, the Group has been developing a model for sustained growth, such as the acquisition of monthly recurring revenue (MRR) in the cloud solutions business, as the basis for its revenue.

Consolidated net sales increased 2.5% to 2,910 million yen. There was an operating loss of 253 million yen compared with a loss of 304 million yen one year earlier, an ordinary loss of 322 million yen compared with a loss of 305 million yen one year earlier, and loss attributable to owners of parent of 323 million yen compared with a loss of 293 million yen one year earlier.

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. 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, a CMS (note 6) for the production and operation of websites, and GaaS (note 7), a service for increasing participation and linkage for online ties between governments and the people they serve. The Group aims to win orders through open calls by the public sector including municipal governments for the purpose of procurement.

During the first nine 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 the withdrawal from the data center business and by increased costs related to improved levels of service, including duplicate expenses due to the relocation of the cloud environment. These factors led to slides in segment sales and profit.

SLOW AND STEADY came into operation. Launched at Grand Green Osaka, it is a new health care business that was formerly in the phase of investment. 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.

Segment sales decreased 0.2% from one year earlier to 1,347 million yen and the segment profit decreased 10.6% from one year earlier to 215 million yen.

Mobility Services

This segment dates back to Smartvalue's establishment and now faces a once-in-a-century turning point in the automobile industry. It operated a broad range of mobility IoT services. They include a connected car (note 8) service under the name of the CiEMS Series (note 9) and the provision of Kuruma Base (note 10), which is a platform for supporting the development of car-as-a-service applications, such as platforms and software for encouraging the use of automobile data as well as car sharing and other unmanned services.

During the first nine 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, but the segment posted decreases in sales and profit.

Segment sales decreased 24.9% from one year earlier to 831 million yen and the segment profit decreased 1.2% from one year earlier to 129 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 opened in April 2025. In addition, in terms of earnings too, preparations are proceeding for making the Smart Venues the third core business that supports the Group's growth along with Digital Government and Mobility Services.

For the first nine months, the segment worked to establish a sound environment for operations with a view to generating medium to long-term revenue and acquired large sponsorships signed early in the first nine months, resulting in major sales growth. It focused its efforts on holding down the cost of sales, SG&A expenses and other spending. However, the posting of expenses incurred just before the opening as well as rent payments for March, among other outlays, produced adverse impacts. The segment merely achieved a minor shrinkage of its operating loss.

Segment sales increased 91.2% from one year earlier to 731 million yen and the segment loss was 277 million yen compared with a loss of 310 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 suite that the Company provides for 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 environment for the use of multiple cloud services offering common platforms and functions with respect to governmental information systems
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. Connected car: Automobiles that use the internet to send and receive information

9. 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.
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

Total assets at the end of the third quarter increased 16,215 million yen from the end of the previous fiscal year to 20,253 million yen.

Current assets increased 205 million yen to 2,663 million yen. Major items include an increase of 355 million yen in notes and accounts receivable-trade, and contract assets, and a decrease of 208 million yen in cash and deposits.

Non-current assets increased 16,012 million yen to 17,587 million yen. Major items include increases of 1,734 million yen in buildings and structures and of 14,446 million yen in leased assets, and a decrease of 329 million yen in construction in progress.

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 16,580 million yen from the end of the previous fiscal year to 18,458 million yen.

Current liabilities increased 1,391 million yen to 2,721 million yen. Major items include increases of 561 million yen in contract liabilities and of 661 million yen in other current liabilities.

Non-current liabilities increased 15,188 million yen to 15,737 million yen. Major items include increases of 617 million yen in long-term borrowings and of 14,264 million yen in lease liabilities.

3) Net assets

Net assets decreased 364 million yen from the end of the previous fiscal year to 1,794 million yen. The decrease was mainly the result of a decrease of 386 million yen in retained earnings due to dividends paid of 62 million yen and a loss attributable to owners of parent of 323 million yen, offsetting an increase of 50 million yen in non-controlling interests after a third-party allotment to non-controlling shareholders in a consolidated subsidiary One Bright KOBE Co. Ltd.

(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.

As stated in the press release dated April 10, 2025 titled “Notice of Company Split (Incorporation-type Company Split) and Transfer of Shares in the Newly Established Company in Connection with Partial Transfer of Digital Government Business,” the Company is now set to spin off part of its Digital Government segment into a newly established company by means of an incorporation-type company split on June 30, 2025 and to transfer shares in this newly established company to WingArc1st Inc. The impact of this series of events on the consolidated earnings forecast for the fiscal year ending June 30, 2025 is currently being examined. An announcement will be made promptly as soon as it becomes clear.

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

	(Thousands of yen)	
	FY6/24 (As of Jun. 30, 2024)	Third quarter of FY6/25 (As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	1,726,858	1,518,434
Notes and accounts receivable - trade, and contract assets	474,606	830,188
Merchandise	86,070	86,800
Work in progress	4,822	1,836
Other	166,203	226,441
Allowance for doubtful accounts	(18)	(28)
Total current assets	2,458,542	2,663,673
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	143,297	1,877,963
Leased assets, net	85,437	14,531,777
Construction in progress	583,257	253,965
Other, net	55,582	83,658
Total property, plant and equipment	867,575	16,747,364
Intangible assets		
Goodwill	109,637	97,455
Software	111,349	104,199
Other	61,375	139,678
Total intangible assets	282,362	341,334
Investments and other assets		
Deferred tax assets	83,557	66,579
Leasehold and guarantee deposits	231,178	325,817
Other	110,571	106,155
Total investments and other assets	425,307	498,552
Total non-current assets	1,575,245	17,587,250
Deferred assets		
Organization expenses	207	118
Share issuance costs	3,488	2,167
Total deferred assets	3,695	2,285
Total assets	4,037,483	20,253,209

	(Thousands of yen)	
	FY6/24 (As of Jun. 30, 2024)	Third quarter of FY6/25 (As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	85,926	100,832
Short-term borrowings	360,740	394,540
Current portion of long-term borrowings	91,753	182,459
Income taxes payable	8,850	18,670
Contract liabilities	401,770	963,611
Provision for bonuses	57,449	48,301
Asset retirement obligations	-	28,952
Other	323,125	984,223
Total current liabilities	1,329,616	2,721,590
Non-current liabilities		
Long-term borrowings	378,626	996,091
Lease liabilities	79,128	14,343,821
Deferred tax liabilities	2,377	4,529
Asset retirement obligations	85,550	337,549
Other	3,337	55,071
Total non-current liabilities	549,020	15,737,063
Total liabilities	1,878,637	18,458,654
Net assets		
Shareholders' equity		
Share capital	1,044,944	1,044,944
Capital surplus	1,114,988	1,114,988
Retained earnings	(315,888)	(702,047)
Treasury shares	(154,411)	(154,411)
Total shareholders' equity	1,689,632	1,303,473
Non-controlling interests	469,214	491,082
Total net assets	2,158,846	1,794,555
Total liabilities and net assets	4,037,483	20,253,209

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

	(Thousands of yen)	
	First nine months of FY6/24 (Jul. 1, 2023 – Mar. 31, 2024)	First nine months of FY6/25 (Jul. 1, 2024 – Mar. 31, 2025)
Net sales	2,839,646	2,910,759
Cost of sales	2,054,852	1,915,418
Gross profit	784,793	995,340
Selling, general and administrative expenses	1,089,031	1,249,124
Operating loss	(304,238)	(253,784)
Non-operating income		
Interest income	14	823
Subsidy income	1,074	1,338
Penalty income	4,799	6,749
Rent revenue	-	21,487
Other	1,262	1,192
Total non-operating income	7,150	31,591
Non-operating expenses		
Interest expenses	6,275	75,592
Amortization of organization expenses	88	88
Amortization of share issuance costs	1,987	1,581
Rental costs	-	19,232
Other	547	3,683
Total non-operating expenses	8,899	100,177
Ordinary loss	(305,987)	(322,370)
Extraordinary losses		
Loss on retirement of non-current assets	11	16
Total extraordinary losses	11	16
Loss before income taxes	(305,998)	(322,387)
Income taxes-current	6,658	10,419
Income taxes-deferred	13,273	19,130
Total income taxes	19,931	29,549
Loss	(325,929)	(351,937)
Loss attributable to non-controlling interests	(32,369)	(28,131)
Loss attributable to owners of parent	(293,559)	(323,805)

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

(Thousands of yen)

	First nine months of FY6/24 (Jul. 1, 2023 – Mar. 31, 2024)	First nine months of FY6/25 (Jul. 1, 2024 – Mar. 31, 2025)
Loss	(325,929)	(351,937)
Comprehensive income	(325,929)	(351,937)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(293,559)	(323,805)
Comprehensive income attributable to non-controlling interests	(32,369)	(28,131)

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment Information**

First nine months of FY6/24 (Jul. 1, 2023 – Mar. 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 quarterly consolidated statement of income (Note 2)
	Digital Government	Mobility Services	Smart Venues	Total		
Net sales						
Goods or services that are transferred at a point in time	5,217	488,697	116,762	610,677	-	610,677
Goods or services that are transferred over a certain period of time	1,344,887	618,429	265,652	2,228,969	-	2,228,969
Revenue from contracts with customers	1,350,105	1,107,126	382,414	2,839,646	-	2,839,646
Other revenue	-	-	-	-	-	-
External sales	1,350,105	1,107,126	382,414	2,839,646	-	2,839,646
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,350,105	1,107,126	382,414	2,839,646	-	2,839,646
Segment profit (loss)	241,473	131,520	(310,424)	62,568	(366,807)	(304,238)

Notes: 1. The negative adjustment of 366 million yen to segment profit (loss) includes corporate expenses that are not allocated to any reportable segment and mainly consist of general and administrative expenses that cannot be attributed to any reportable segment.
2. Segment profit (loss) is adjusted to be consistent with operating loss in the quarterly consolidated statement of income.

2. Information related to assets for reportable segments

Not applicable.

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

Not applicable.

First nine months of FY6/25 (Jul. 1, 2024 – Mar. 31, 2025)

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

(Thousands of yen)

	Reportable segments				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Digital Government	Mobility Services	Smart Venues	Total		
Net sales						
Goods or services that are transferred at a point in time	2,886	289,529	189,768	482,184	-	482,184
Goods or services that are transferred over a certain period of time	1,344,956	542,197	541,420	2,428,574	-	2,428,574
Revenue from contracts with customers	1,347,843	831,726	731,189	2,910,759	-	2,910,759
Other revenue	-	-	-	-	-	-
External sales	1,347,843	831,726	731,189	2,910,759	-	2,910,759
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,347,843	831,726	731,189	2,910,759	-	2,910,759
Segment profit (loss)	215,815	129,880	(277,236)	68,460	(322,244)	(253,784)

Notes: 1. The negative adjustment of 322 million yen to segment profit (loss) includes corporate expenses that are not allocated to any reportable segment and mainly consist of general and administrative expenses that cannot be attributed to any reportable segment.

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

2. Information related to assets for reportable segments

Not applicable.

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

Not applicable.

Statement of Cash Flows

The Company does not prepare a consolidated statement of cash flows for the first nine months.

Depreciation (including the amortization of intangible assets excluding goodwill) and amortization of goodwill for the first nine months are as follows.

(Thousands of yen)

	First nine months of FY6/24 (Jul. 1, 2023 – Mar. 31, 2024)	First nine months of FY6/25 (Jul. 1, 2024 – Mar. 31, 2025)
Depreciation	99,562	152,271
Amortization of goodwill	12,181	12,181

Revenue Recognition

The information from the breakdown of revenue from contracts with customers is provided in Notes to Quarterly Consolidated Financial Statements, Segment and Other Information.

Significant Subsequent Events

(Company split and significant business transfer)

The Company's Board of Directors adopted a resolution at the meeting on April 10, 2025, according to which the Company would spin off part of its Digital Government segment (hereinafter referred to as "the Business") into WingArcNex Inc. (hereinafter referred to as "the Incorporated Company") by means of a company split (incorporation-type company split) (hereinafter referred to as "the Company Split") and transfer shares in the Incorporated Company to WingArc1st Inc. (hereinafter referred to as "WingArc1st") (hereinafter referred to as "the Share Transfer"). On the same day, the Company concluded a share transfer agreement (hereinafter referred to as "the Share Transfer Agreement").

1. Reasons for the transfer

The Company's Digital Government segment operates a business of offering cloud services chiefly to local governments. While the market of administrative digitalization is expanding, introduction of cloud-based contents management systems (CMS) to municipal governments through open calls for procurement has almost comprehensively been done and no major growth is anticipated in this areas. For seizing a position amid a major future trend towards digitalization of the government sector, the Company adopted a strategy of forming alliances with other companies in view of future possible shortage of management resources.

Recently, the Company made a further step forward towards business integration. Judging that it will be able to generate positive results in the administrative digitalization market from integration of resources of two companies, the Company decided to proceed with the Share Transfer.

After the Share Transfer, the Company expected to maintain a good relationship with WingArc1st and to continuously collaborate with it in smart city and other projects that the Company has newly started to conduct.

2. Outline of the company split and the share transfer

(1) Schedule of the Company Split and the Share Transfer

Date of resolution by the Board of Directors	April 10, 2025
Date of conclusion of the Share Transfer Agreement	April 10, 2025
Effective date of the Company Split	June 30, 2025 (plan)
Date of conducting the Share Transfer	June 30, 2025 (plan)

Note: The Company Split falls under the simplified incorporation-type company split stipulated in Article 805 of the Companies Act and will be implemented without seeking approval from the General Meeting of Shareholders.

(2) Method of the Company Split

An incorporation-type company split will be implemented, in which the Company is the splitting company and the Incorporated Company is the succeeding company.

(3) Details of allotment in association with the Company Split

At the time of the Company Split, the Incorporated Company will issue 500 common shares and allot all of them to the Company. On the effective date of the Company Split, the Company will transfer all the shares in the Incorporated Company to WingArc1st.

(4) Treatment of share options and bonds with share options in association with the Company Split

Not applicable, given that the Company has issued no share option or bonds with share options.

(5) Capital increased or decreased by the Company Split

The Company's capital will not increase or decrease following the Company Split.

(6) Rights and obligations to be taken over by the Incorporated Company

The Incorporated Company will take over assets, liabilities, contracts and other rights and obligations that fall under the Business on the effective date of the Company Split within the scope determined in the incorporation-type company split

plan for the Company Split.

(7) Prospect of fulfillment of obligations

The Company judges that the Incorporated Company will fulfill the obligations that it will bear without problem.

3. Outline of the business division to be spun off

(1) Schedule of the Company Split and the Share Transfer

All businesses in the Digital Government segment except the lab business of North Detail Co., Ltd.

(2) Financial results of the division to be spun off

(Thousands of yen)

	Fiscal year ended Jun. 30, 2024
Net sales	1,392,212
Operating profit	185,651

(3) Assets and liabilities to be spun off and book value

(Thousands of yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	57,003	Current liabilities	93,982
Non-current assets	164,071	Non-current liabilities	32,874
Total	221,075	Total	126,857

* The figures have been calculated using the book value as of the end of February 2025, which was the latest value at the time of concluding the agreement. They will change at the time of the Company Split.

(4) Value subject to transfer and payment method

Value subject to transfer	2,300 million yen
Payment method	Payment by cash

* 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.