

Consolidated Financial Results for the Fiscal Year Ended June 30, 2025

[Japanese GAAP]

August 14, 2025

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Securities code: 9417

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Scheduled date of Annual General Meeting of Shareholders:

September 26, 2025

Scheduled date of payment of dividend:

September 29, 2025

Scheduled date of filing of Annual Securities Report:

September 25, 2025

Preparation of supplementary materials for financial results:

None

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 Fiscal Year Ended June 30, 2025 (July 1, 2024 to June 30, 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	%
Fiscal year ended Jun. 30, 2025	4,361	14.3	(440)	-	(733)	-	916	-
Fiscal year ended Jun. 30, 2024	3,814	(1.5)	(308)	-	(312)	-	(348)	-

Note: Comprehensive income (millions of yen)

Fiscal year ended Jun. 30, 2025: 852 (-%)

Fiscal year ended Jun. 30, 2024: (389) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Jun. 30, 2025	88.15	-	43.3	(5.1)	(10.1)
Fiscal year ended Jun. 30, 2024	(33.57)	-	(18.3)	(7.9)	(8.1)

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2025: - Fiscal year ended Jun. 30, 2024: -

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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2025	24,903	2,998	10.2	244.74
As of Jun. 30, 2024	4,037	2,158	41.8	162.58

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2025: 2,543

As of Jun. 30, 2024: 1,689

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Jun. 30, 2025	463	890	1,045	4,126
Fiscal year ended Jun. 30, 2024	26	354	106	1,726

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Jun. 30, 2024	-	0.00	-	6.00	6.00	62	(17.9)	3.3
Fiscal year ended Jun. 30, 2025	-	0.00	-	8.00	8.00	83	9.1	3.9
Fiscal year ending Jun. 30, 2026 (forecast)	-	0.00	-	10.00	10.00		(152.2)	

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2026 (July 1, 2025 to June 30, 2026)

(Percentages indicate 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
First half	3,270	81.0	71	-	(376)	-	(332)	-	(31.99)
Full year	7,421	70.1	910	-	20	-	(68)	-	(6.57)

* Notes

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

(2) 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

(3) Number of shares outstanding (common shares)

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

As of Jun. 30, 2025: 10,679,800 shares As of Jun. 30, 2024: 10,679,800 shares

2) Number of treasury shares at the end of the period

As of Jun. 30, 2025: 287,490 shares As of Jun. 30, 2024: 287,490 shares

3) Average number of shares outstanding during the period

Fiscal year ended Jun. 30, 2025: 10,392,310 shares Fiscal year ended Jun. 30, 2024: 10,392,310 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2025 (July 1, 2024 to June 30, 2025)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Jun. 30, 2025	2,475	(13.3)	(124)	-	(117)	-	942	-
Fiscal year ended Jun. 30, 2024	2,854	(8.3)	(147)	-	66	(57.2)	(60)	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Jun. 30, 2025	90.66		-	
Fiscal year ended Jun. 30, 2024	(5.79)		-	

Note: Diluted net income per share is not presented because there are no latent shares with a dilution effect.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2025	4,153	3,039	73.2	292.47
As of Jun. 30, 2024	3,158	2,159	68.4	207.81

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2025: 3,039 As of Jun. 30, 2024: 2,159

* The current financial report is not subject to audit 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. For more information about these assumptions and other conditions that form the basis of these forecasts, please see page 5 of the supplementary information, "1. Overview of Results of Operations, (4) Outlook."

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year, the Japanese economy recovered at a moderate rate as the employment and income situations improved. At the same time, the economic outlook remained highly uncertain, and there are growing concerns regarding the increase of raw material and energy prices and the announcement of sharp increases in U.S. tariffs.

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 fiscal year, the large multi-purpose GLION ARENA KOBE (note 1) opened in April. In its Smart Venues segment, the Group constructed the arena in the city of Kobe. It has attracted an enormous amount of attention from the media and others. The Group received a large number of inquiries regarding leasing services for the period until 2027. However, performance was not as good as forecast, mainly due to operation costs being higher because of the short one-month period between the completion of the arena and its opening and a decline in sales following the cancellation of agreements, some regarding the rental of the arena. However, the Group sees these issues as temporary issues faced in the early days of operation. Improvements are being made for the fiscal year ending June 30, 2026 assuming that there will be many leasing reservations and corporate sponsorships.

In the Digital Government segment, while there was a trend toward the digitalization of government services, municipal governments are almost completely done with their introduction of cloud-based content management systems (CMS) via open procurement processes, and major growth is no longer anticipated in this area. It is expected that the Group’s management resources will be insufficient for the continued expansion of this business. In light of this, the Group determined it would be able to enjoy positive results in the digital government marketplace by pursuing the integration of its business with another company and the genuine combination of the resources of the two companies. Accordingly, it decided to transfer a part of its Digital Government segment on June 30, 2025 and posted extraordinary income.

As a result, consolidated net sales increased 14.3% to 4,361 million yen. There was an operating loss of 440 million yen, compared to a loss of 308 million yen in the previous fiscal year. There was also an ordinary loss of 733 million yen, compared to a loss of 312 million yen in the previous fiscal year.

The Group also posted an extraordinary income of 2,154 million yen arising from the transfer of the business discussed above. At the same time, the Group posted an impairment loss of 68 million yen due to a decline in the profitability of non-current assets as a result of the close examination of the status of utilization of software and other assets. A review of the business plan of consolidated subsidiary Storks Co., Ltd. led to the recording of a 260-million-yen loss on valuation of shares of subsidiaries and associates in the non-consolidated financial statements. Accordingly, the Group carried out one-time amortization of the goodwill that came into being at the time of the acquisition of shares in the consolidated financial statements in line with the Practical Guidelines on the Procedures to Consolidate Equity Accounts in Consolidated Financial Statements. Consequently, the Group posted 93 million yen of goodwill amortization as an extraordinary loss. As a result of the matters above, profit attributable to owners of parent stood at 916 million yen, compared with a loss of 348 million yen in the previous fiscal year.

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.

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 and digital marketplace. 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 3) for the production and operation of websites and GaaS (note 4) 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 fiscal year under review, 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 there was progress in the use of e-government, sales to local governments and other public-sector organizations through competitive bidding processes were lower than in the previous fiscal year. This decrease was attributable to the Company winning a lower percentage of the bidding processes amid the intensified competition in some market sectors. In addition, duplicated expenses were recorded due to the relocation of the cloud environment and there were costly upfront investments to start the new healthcare business at Grand Green Osaka. This led to a decrease of segment sales and profit. In contrast, amid the major trend towards the digitalization of government services, the Company and its alliance partner WingArc1st Inc. jointly developed the Rakuriza government facility reservation system for local governments to accelerate digital transformation in the public sector. The service came online in April 2024.

Segment sales increased 1.9% from one year earlier to 1,743 million yen and the segment profit decreased 30.6% from one year earlier to 169 million yen.

Mobility Services

This segment 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 5) service under the name of the CiEMS Series (note 6) and the provision of Kuruma Base (note 7), 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 fiscal year under review, 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 24.6% from one year earlier to 1,103 million yen and the segment profit decreased 8.7% from one year earlier to 176 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. The Group endeavors to develop the arena into a facility where the earnings from the facility will support the future growth of the Group.

During the fiscal year under review, the segment worked to create a framework for medium- to long-term sales and earnings. It gained a large sponsorship at the beginning of the fiscal year, enabling it to achieve the considerable growth of segment sales. However, segment profit decreased because of the mounting cost of early-stage operation, an increase of start-up costs and cancellations, some of which were in the area of the rental of the arena.

Segment sales increased 136.4% from one year earlier to 1,515 million yen and the segment loss was 320 million yen compared with a loss of 271 million yen one year earlier.

(Thousands of yen)

Business segments and categories	FY6/24		FY6/25		Year-on-year changes (%)
	Sales	Composition (%)	Sales	Composition (%)	
Digital Government	1,711,288	44.9	1,743,093	40.0	1.9
Mobility Services	1,462,227	38.3	1,103,019	25.3	(24.6)
Smart Venues	641,203	16.8	1,515,756	34.7	136.4
Total	3,814,719	100.0	4,361,869	100.0	14.3

Explanation of terms

Notes:

1. GLION ARENA KOBE: A multi-purpose arena was opened 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. 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
 4. GaaS: Government as a Service is a service provided by the Company for online procedures for the digitization of government services
 5. Connected car: Automobiles that use the internet to send and receive information
 6. 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.
 7. Kuruma Base: An integrated platform provided by the Company that encompasses car connectivity and car-as-a-service applications

(2) Financial Position

Assets

Total assets at the end of the fiscal year under review increased 20,865 million yen from the end of the previous fiscal year to 24,903 million yen.

Current assets increased 2,592 million yen to 5,410 million yen. Main items include an increase of 2,399 million yen in cash and deposits.

Non-current assets increased 17,915 million yen to 19,490 million yen. Main items include increases of 16,158 million yen in leased assets and of 2,234 million yen in buildings and structures.

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

Liabilities

Total liabilities increased 20,026 million yen from the end of the previous fiscal year to 21,904 million yen.

Current liabilities increased 1,500 million yen to 2,829 million yen. Main items include increases of 503 million yen in income taxes payable and of 689 million yen in contract liabilities.

Non-current liabilities increased 18,525 million yen to 19,074 million yen. Major items include increases of 1,414 million yen in long-term borrowings and of 16,232 million yen in lease liabilities.

Net assets

Net assets at the end of the fiscal year increased 839 million yen from the end of the previous fiscal year to 2,998 million yen.

This increase was mainly the result of an increase of 916 million yen in retained earnings after the posting of profit attributable to owners of parent, offsetting a decrease of 62 million yen due to dividends paid.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review increased 2,399 million yen from the end of the previous fiscal year to 4,126 million yen.

The cash flow components and the main reasons for changes are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 463 million yen, compared with 26 million yen provided in the previous fiscal year. The main items affecting this include positive factors such as profit before income taxes of

1,243 million yen and an increase of 750 million yen in contract liabilities as well as an adjustment related to a gain on sale of businesses of 2,154 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 890 million yen, compared with 354 million yen provided in the previous fiscal year. Positive factors include proceeds from sale of businesses of 2,285 million yen. Negative factors include purchase of property, plant and equipment of 1,125 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 1,045 million yen, compared with 106 million yen provided in the previous fiscal year. Positive factors include proceeds from long-term borrowings of 1,783 million yen. Negative factors include a net decrease of short-term borrowings of 360 million yen, repayments of long-term borrowings of 256 million yen and repayments of lease liabilities of 103 million yen.

(4) Outlook

While there are signs of a recovery of economic activity in Japan amid the turnaround of inbound tourist demand, the business circumstances of the global economy are expected to remain unpredictable and unclear, mainly due to the emergence of geopolitical risks and the revision of interest rate policies in various countries.

In light of this situation and as a player in the urban development space, we are determined to move forward with our transformation from being a SaaS provider that merely provides tools with an eye toward the era in which private companies will play a greater role in social systems based on a new concept for the provision of public services.

Based on this policy, we transferred a part of our Digital Government segment that offered cloud services for local governments on June 30, 2025 in response to the poor added value in the business of just providing tools as well as the decrease of unit prices and the percentage of orders received. From a short-term perspective, this has a negative impact on our business results. However, we regard it as a positive move in our strategy of shifting to a desirable direction for the medium and long term. In this Smart Venues segment, we are implementing a smart city model in Kobe in which a private company is an active player in the urban development space. In the future, these efforts will be positioned as a strategy for regional revitalization and we will seek to expand them to the rest of the country.

Based on the idea that sports and entertainment activities centered around venues generate excitement and enable people to be fans of communities, and in line with innovations in the stadium and arena business, our stance is that we will implement measures to bring in more people from other areas and improve the ease of access using data and marketing the community as a whole to increase the social and economic value of cities.

In the Mobility Services segment, we will continue to increase the connectivity of automobiles, construction machinery and other modes of mobility to collect data and address many different social issues. Specifically, we are working to popularize solutions for the uncrewed operation of construction machinery and rental vehicles and to reduce the labor necessary all over the country to address the labor shortage issue of labor that has its origin in the 2024 problem in the construction industry and other industries. We will also continue to actively provide telematics services to address issues regarding the management of company cars, such as prevention of traffic accidents, the optimization of the number of corporate vehicles and the more efficient implementation of alcohol tests.

To secure the personnel that are indispensable in the growth of the Group, we will increase wages and improve working conditions. These efforts are, in other words, an investment in human resources. In parallel, we will continue the digital transformation of our business processes to support a wide variety of workstyles.

We will aim to strike a balance between increasing the Group's business performance, improving profitability, and addressing social issues. Additionally, we will seek to establish a firm foothold and continuously strengthen the foundation for our business operations by securing stable revenue from the rental of the arena, sponsorships and other activities in the Smart Venues segment and the monthly recurring revenue (MRR) which makes up 57% of sales in the Mobile Services segment. In addition, the nationwide implementation of the smart city model and the support of stadium and arena construction project operations for projects that will prosper across the country are among our businesses that have significant potential. We will establish a firm position in these domains and continue

to move forward towards strong medium- to long-term growth.

Based on this outlook, in the fiscal year ending on June 30, 2026, we forecast net sales will increase 70.1% year on year to 7,421 million yen, operating profit will be 910 million yen (compared to a 440 million yen loss in the previous fiscal year), ordinary profit will be 20 million yen (compared to a 733 million yen loss in the previous fiscal year), and loss attributable to owners of parent will be 68 million yen (compared to a 916 million yen profit in the previous fiscal year).

These projections are based on information available at the time this report was released. Actual results may differ for a variety of reasons.

2. Basic Approach to the Selection of Accounting Standards

The Smartvalue Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

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

	(Thousands of yen)	
	FY6/24	FY6/25
	(As of Jun. 30, 2024)	(As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	1,726,858	4,126,767
Notes receivable-trade	121	-
Accounts receivable-trade	411,713	486,264
Contract assets	62,772	10,828
Merchandise	86,070	67,928
Work in progress	4,822	347
Other	166,203	718,583
Allowance for doubtful accounts	(18)	-
Total current assets	2,458,542	5,410,720
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	143,297	2,377,768
Tools, furniture and fixtures, net	55,582	70,748
Leased assets, net	85,437	16,243,476
Other, net	-	4,935
Construction in progress	583,257	-
Total property, plant and equipment	867,575	18,696,929
Intangible assets		
Goodwill	109,637	0
Software	111,349	112,589
Software in progress	56,325	21,484
Other	5,050	7,449
Total intangible assets	282,362	141,524
Investments and other assets		
Investment securities	1,593	1,593
Deferred tax assets	83,557	161,463
Leasehold and guarantee deposits	231,178	287,691
Other	108,978	201,717
Total investments and other assets	425,307	652,465
Total non-current assets	1,575,245	19,490,918
Deferred assets		
Organization expenses	207	88
Share issuance costs	3,488	1,707
Total deferred assets	3,695	1,796
Total assets	4,037,483	24,903,435

	(Thousands of yen)	
	FY6/24	FY6/25
	(As of Jun. 30, 2024)	(As of Jun. 30, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	85,926	79,876
Short-term borrowings	360,740	-
Current portion of long-term borrowings	91,753	204,852
Lease liabilities	14,039	358,022
Income taxes payable	8,850	512,019
Contract liabilities	401,770	1,091,570
Provision for bonuses	57,449	95,233
Provision for point card certificates	-	675
Asset retirement obligations	-	12,268
Other	309,085	475,438
Total current liabilities	1,329,616	2,829,956
Non-current liabilities		
Long-term borrowings	378,626	1,792,872
Long-term accounts payable - other	3,265	578,363
Lease liabilities	79,128	16,311,366
Deferred tax liabilities	2,377	3,239
Asset retirement obligations	85,550	323,060
Other	72	65,821
Total non-current liabilities	549,020	19,074,723
Total liabilities	1,878,637	21,904,680
Net assets		
Shareholders' equity		
Share capital	1,044,944	1,044,944
Capital surplus	1,114,988	1,114,988
Retained earnings	(315,888)	537,861
Treasury shares	(154,411)	(154,411)
Total shareholders' equity	1,689,632	2,543,382
Non-controlling interests	469,214	455,373
Total net assets	2,158,846	2,998,755
Total liabilities and net assets	4,037,483	24,903,435

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

	(Thousands of yen)	
	FY6/24	FY6/25
	(Jul. 1, 2023 – Jun. 30, 2024)	(Jul. 1, 2024 – Jun. 30, 2025)
Net sales	3,814,719	4,361,869
Cost of sales	2,657,406	2,915,199
Gross profit	1,157,313	1,446,669
Selling, general and administrative expenses	1,465,737	1,887,346
Operating loss	(308,424)	(440,677)
Non-operating income		
Interest income	14	823
Subsidy income	1,075	1,640
Penalty income	5,822	8,555
Subsidy income	-	17,430
Rent revenue	7,110	28,691
Other	1,798	2,727
Total non-operating income	15,821	59,867
Non-operating expenses		
Interest expenses	8,993	302,326
Amortization of share issuance costs	2,701	2,040
Amortization of organization expenses	118	118
Rental costs	6,341	25,809
Loss on tax purpose reduction entry of non-current assets	-	17,430
Other	1,774	4,942
Total non-operating expenses	19,929	352,667
Ordinary loss	(312,532)	(733,476)
Extraordinary income		
Gain on sale of businesses	-	2,154,771
Total extraordinary income	-	2,154,771
Extraordinary losses		
Loss on retirement of non-current assets	11	699
Impairment losses	47,935	68,384
Amortization of goodwill	-	93,394
Other	-	15,000
Total extraordinary losses	47,946	177,479
Profit (loss) before income taxes	(360,479)	1,243,815
Income taxes-current	8,878	468,596
Income taxes-deferred	19,781	(77,042)
Total income taxes	28,659	391,553
Profit (loss)	(389,138)	852,262
Profit (loss) attributable to non-controlling interests	(40,226)	(63,841)
Profit (loss) attributable to owners of parent	(348,911)	916,103

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY6/24	FY6/25
	(Jul. 1, 2023 – Jun. 30, 2024)	(Jul. 1, 2024 – Jun. 30, 2025)
Profit (loss)	(389,138)	852,262
Comprehensive income	(389,138)	852,262
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(348,911)	916,103
Comprehensive income attributable to non-controlling interests	(40,226)	(63,841)

(3) Consolidated Statement of Changes in Equity

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,044,944	1,114,988	116,161	(154,411)	2,121,682	319,491	2,441,173
Changes during period							
Dividends of surplus			(83,138)		(83,138)		(83,138)
Loss attributable to owners of parent			(348,911)		(348,911)		(348,911)
Net changes in items other than shareholders' equity						149,723	149,723
Total changes during period	-	-	(432,050)	-	(432,050)	149,723	(282,327)
Balance at end of period	1,044,944	1,114,988	(315,888)	(154,411)	1,689,632	469,214	2,158,846

FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	1,044,944	1,114,988	(315,888)	(154,411)	1,689,632	469,214	2,158,846
Changes during period							
Dividends of surplus			(62,353)		(62,353)		(62,353)
Profit attributable to owners of parent			916,103		916,103		916,103
Net changes in items other than shareholders' equity						(13,841)	(13,841)
Total changes during period	-	-	853,749	-	853,749	(13,841)	839,908
Balance at end of period	1,044,944	1,114,988	537,861	(154,411)	2,543,382	455,373	2,998,755

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY6/24	FY6/25
	(Jul. 1, 2023 – Jun. 30, 2024)	(Jul. 1, 2024 – Jun. 30, 2025)
Cash flows from operating activities		
Profit (loss) before income taxes	(360,479)	1,243,815
Depreciation	135,044	448,111
Amortization of goodwill	16,242	109,637
Impairment losses	47,935	68,384
Increase (decrease) in allowance for doubtful accounts	(1)	(18)
Increase (decrease) in provision for bonuses	13,403	37,784
Increase (decrease) in provision for point card certificates	-	675
Interest and dividend income	(14)	(823)
Interest expenses	8,993	302,326
Loss on retirement of non-current assets	11	699
Loss on tax purpose reduction entry of non-current assets	-	17,430
Subsidy income	-	(17,430)
Loss (gain) on sale of businesses	-	(2,154,771)
Decrease (increase) in accounts receivable-trade, and contract assets	(599)	(22,486)
Decrease (increase) in inventories	28,931	840
Increase (decrease) in trade payables	(6,285)	(5,445)
Increase (decrease) in contract liabilities	276,464	750,563
Decrease (increase) in prepaid expenses	(116,124)	(45,049)
Increase (decrease) in accounts payable-other	45,004	233,748
Increase (decrease) in accrued consumption taxes	(16,341)	(152,286)
Increase (decrease) in deposits received	(41,528)	(20,920)
Other, net	14,931	29,874
Subtotal	45,589	824,661
Interest and dividends received	14	823
Interest paid	(8,446)	(364,814)
Income taxes paid	(10,594)	(9,581)
Income taxes refund	-	12,837
Net cash provided by (used in) operating activities	26,563	463,925
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,100,000	-
Purchase of property, plant and equipment	(619,588)	(1,125,981)
Purchase of intangible assets	(100,191)	(175,947)
Proceeds from sale of businesses	-	2,285,127
Payments of leasehold and guarantee deposits	(34,830)	(106,526)
Proceeds from refund of leasehold and guarantee deposits	9,179	13,774
Other, net	-	48
Net cash provided by (used in) investing activities	354,568	890,494

	(Thousands of yen)	
	FY6/24	FY6/25
	(Jul. 1, 2023 – Jun. 30, 2024)	(Jul. 1, 2024 – Jun. 30, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(127,820)	(360,740)
Proceeds from long-term borrowings	216,640	1,783,360
Repayments of long-term borrowings	(72,820)	(256,016)
Proceeds from share issuance to non-controlling shareholders	189,030	49,740
Repayments of lease liabilities	(15,605)	(103,602)
Repayments of installment payables	-	(4,997)
Dividends paid	(83,004)	(62,255)
Net cash provided by (used in) financing activities	106,420	1,045,488
Net increase (decrease) in cash and cash equivalents	487,552	2,399,908
Cash and cash equivalents at beginning of period	1,239,306	1,726,858
Cash and cash equivalents at end of period	1,726,858	4,126,767

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in the Method of Presentation

Consolidated Balance Sheet

“Long-term accounts payable - other,” which was included in “other” under “non-current liabilities” in the previous fiscal year, is separately presented from the fiscal year under review due to an increase in its monetary materiality. To reflect this change in presentation, consolidated financial statements for the previous fiscal year have been adjusted.

Accordingly, “other” of 3,337 thousand yen under “non-current liabilities” in the consolidated balance sheet for the previous fiscal year has been reclassified as “long-term accounts payable - other” of 3,265 thousand yen and “other” of 72 thousand yen.

Segment and Other Information

Segment Information

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group’s reportable segments are the components of the Group for which separate financial information is available. These segments are regularly reviewed to enable the Company’s Board of Directors to decide how to allocate resources and assess operating performance.

The Group has business divisions based on the products and services. Each division determines comprehensive strategies and conducts business operations for its products and services.

Accordingly, the Group has three reportable segments that are classified by products or services and based on the business divisions: Digital Government, Mobility Services and Smart Venues.

(2) Product and services by each reportable segment

This segment provides Gabukura, a cloud suite for local governments that is designed to increase transparency, participation and linkage of open government.

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 and digital marketplace. 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 for the production and operation of websites and GaaS 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.

The Mobility Services Business includes 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, which is a connected car service, the provision of platforms and software development for the utilization of automobile data, and Kuruma Base, which is a platform that supports car sharing and other car-as-a-service applications.

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, it is endeavoring to develop itself into a segment that will support the Group’s future growth in terms of earnings as well.

2. Calculation method for determining sales, profit or loss, assets, liabilities and other items for reportable segments

Accounting methods for the reported business segments are generally the same as those used for the preparation of consolidated financial statements.

Segment profit as reported in this section is based on operating profit.

3. Information related to net sales, profit or loss, assets, liabilities and other items for reportable segments and breakdown of revenue

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

(Thousands of yen)

	Reportable segments				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Digital Government	Mobility Services	Smart Venues	Total		
Net sales						
Goods or services that are transferred at a point in time	6,017	648,462	158,328	812,808	-	812,808
Goods or services that are transferred over a certain period of time	1,705,271	813,764	482,874	3,001,911	-	3,001,911
Revenue from contracts with customers	1,711,288	1,462,227	641,203	3,814,719	-	3,814,719
Other revenue	-	-	-	-	-	-
External sales	1,711,288	1,462,227	641,203	3,814,719	-	3,814,719
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,711,288	1,462,227	641,203	3,814,719	-	3,814,719
Segment profit (loss)	245,114	193,686	(271,419)	167,381	(475,806)	(308,424)
Segment assets	517,646	469,027	2,306,484	3,293,159	744,324	4,037,483
Other items						
Depreciation	89,197	30,988	8,122	128,308	6,735	135,044
Amortization of goodwill	-	-	16,242	16,242	-	16,242
Impairment losses	47,449	486	-	47,935	-	47,935
Increase in property, plant and equipment and intangible assets	48,213	43,855	740,844	832,913	5,350	838,263

Notes: 1. Adjustments are as follows.

- (1) The negative adjustment of 475 million yen to segment profit (loss) involves corporate expenses that are not allocated to any of the reportable segments and they mainly consist of general and administrative expenses that belong to the administrative division of Smartvalue.
 - (2) The 744 million yen adjustment to segment assets involves corporate assets that are not allocated to any of the reportable segments and they mainly include cash and deposits and assets related to the administrative division of Smartvalue.
 - (3) The 6 million yen adjustment to depreciation and amortization is depreciation of company-wide assets that cannot be allocated to reportable segments.
 - (4) The 5 million yen adjustment to the increase in property, plant and equipment and intangible assets is an increase in corporate assets that are not allocated to any of the reportable segments and they consist mainly of buildings used by the administrative division of Smartvalue.
2. The segment profit (loss) has been adjusted for operating loss on consolidated financial statements.

FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)

(Thousands of yen)

	Reportable segments				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Digital Government	Mobility Services	Smart Venues	Total		
Net sales						
Goods or services that are transferred at a point in time	4,585	366,718	361,966	733,269	-	733,269
Goods or services that are transferred over a certain period of time	1,738,508	736,301	1,138,571	3,613,381	-	3,613,381
Revenue from contracts with customers	1,743,093	1,103,019	1,500,538	4,346,651	-	4,346,651
Other revenue	-	-	15,217	15,217	-	15,217
External sales	1,743,093	1,103,019	1,515,756	4,361,869	-	4,361,869
Inter-segment sales and transfers	-	-	-	-	-	-
Total	1,743,093	1,103,019	1,515,756	4,361,869	-	4,361,869
Segment profit (loss)	169,991	176,849	(320,679)	26,161	(466,838)	(440,677)
Segment assets	426,926	220,299	22,137,833	22,785,060	2,118,375	24,903,435
Other items						
Depreciation	57,164	43,142	335,498	435,804	12,306	448,111
Amortization of goodwill	-	-	109,637	109,637	-	109,637
Impairment losses	-	63,744	4,639	68,384	-	68,384
Increase in property, plant and equipment and intangible assets	90,082	44,800	18,308,276	18,443,159	11,247	18,454,407

Notes: 1. Adjustments are as follows.

- (1) The negative adjustment of 466 million yen to segment profit (loss) involves corporate expenses that are not allocated to any of the reportable segments and they mainly consist of general and administrative expenses that belong to the administrative division of Smartvalue.
 - (2) The 2,118 million yen adjustment to segment assets involves corporate assets that are not allocated to any of the reportable segments and they mainly include cash and deposits and assets related to the administrative division of Smartvalue.
 - (3) The 12 million yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
 - (4) The 11 million yen adjustment to the increase in property, plant and equipment and intangible assets is an increase in corporate assets that are not allocated to any of the reportable segments and they consist mainly of buildings used by the administrative division of Smartvalue.
 - (5) Amortization of goodwill includes 93 million yen of amortization of goodwill recorded as an extraordinary loss.
2. The segment profit (loss) has been adjusted for operating loss on consolidated financial statements.

Information related to impairment loss of non-current assets for each reportable segment

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

This information is omitted since the same information is presented in segment information.

FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)

This information is omitted since the same information is presented in segment information.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

(Thousands of yen)

	Reportable segments				Adjustment	Amounts shown on consolidated financial statements
	Digital Government	Mobility Services	Smart Venues	Total		
Balance at end of period	-	-	109,637	109,637	-	109,637

Note: Information on amortization of goodwill is omitted because similar information is disclosed in the segment information.

FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)

There was no balance of unamortized goodwill as of the end of the fiscal year. Information on amortization of goodwill is omitted because the same information is disclosed in the segment information.

Information on gain on bargain purchase for each reportable segment

FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)

Not applicable.

FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)

Not applicable.

Per-share Information

(Yen)

	FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)	FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)
Net assets per share	162.58	244.74
Net income (loss) per share	(33.57)	88.15

Notes: 1. Diluted net income per share is not presented because there are no latent shares with a dilution effect.

2. The basis for calculation of net income (loss) per share is as shown below.

(Thousands of yen)

	FY6/24 (Jul. 1, 2023 – Jun. 30, 2024)	FY6/25 (Jul. 1, 2024 – Jun. 30, 2025)
Net income per share		
Profit (loss) attributable to owners of parent	(348,911)	916,103
Amount not attributable to common shareholders	-	-
Profit (loss) attributable to owners of parent associated with common stock	(348,911)	916,103
Average number of common shares outstanding during the period (shares)	10,392,310	10,392,310

Subsequent Events

Change in Business Segments

For the fiscal year ended June 30, 2025, the Group had three reportable segments of Digital Government, Mobility Services and Smart Venues. Following the transfer of part of the Digital Government segment on June 30, 2025, the Digital Government segment was abolished at the close of the said fiscal year.

As a result, North Detail Co., Ltd., a consolidated subsidiary that fell under the Digital Government segment, has now been transferred to the Smart Venues segment, given that it plays a significant role in the information and communication technology (ICT) platform for community creation in the Smart Venues domain. For the next fiscal year ending June 30, 2026, the Group has two reportable segments of Mobility Services and Smart Venues.

This segment change was approved at the Board of Directors meeting held on August 14, 2025.

Information on amounts of net sales, profits, assets and other items for individual reportable segments according to the new segment composition is now being prepared. It will be disclosed in the annual securities report for the next fiscal year.

** 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.*