

Fiscal Year Ended June 30, 2020 (FY6/20)

Results of Operations



August 18, 2020

Smartvalue Co., Ltd. (Securities code: 9417)

Smartvalue Co., Ltd.

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Today's Presentation

Impact of COVID-19 on Results of Operations

FY6/20 Results of Operations

FY6/20 Forecast Revision Due to Mobile Business Sale and Asset Impairment

FY6/21 Forecast

The Revised Second Medium-term Business Plan (FY6/21-FY6/23)

Negative short-term effects but a big positive effect over the next several years

Negative

Effect of lower new car sales on the car solutions sector, which handles products for driving safely

Postponement of bids and deliveries in the digital government sector

In mobility IoT, postponements of CiEMS (connected car solutions) orders because company car utilization decreased

Widespread use of teleworking reduced business activity of both Smartvalue and its customers

Positive

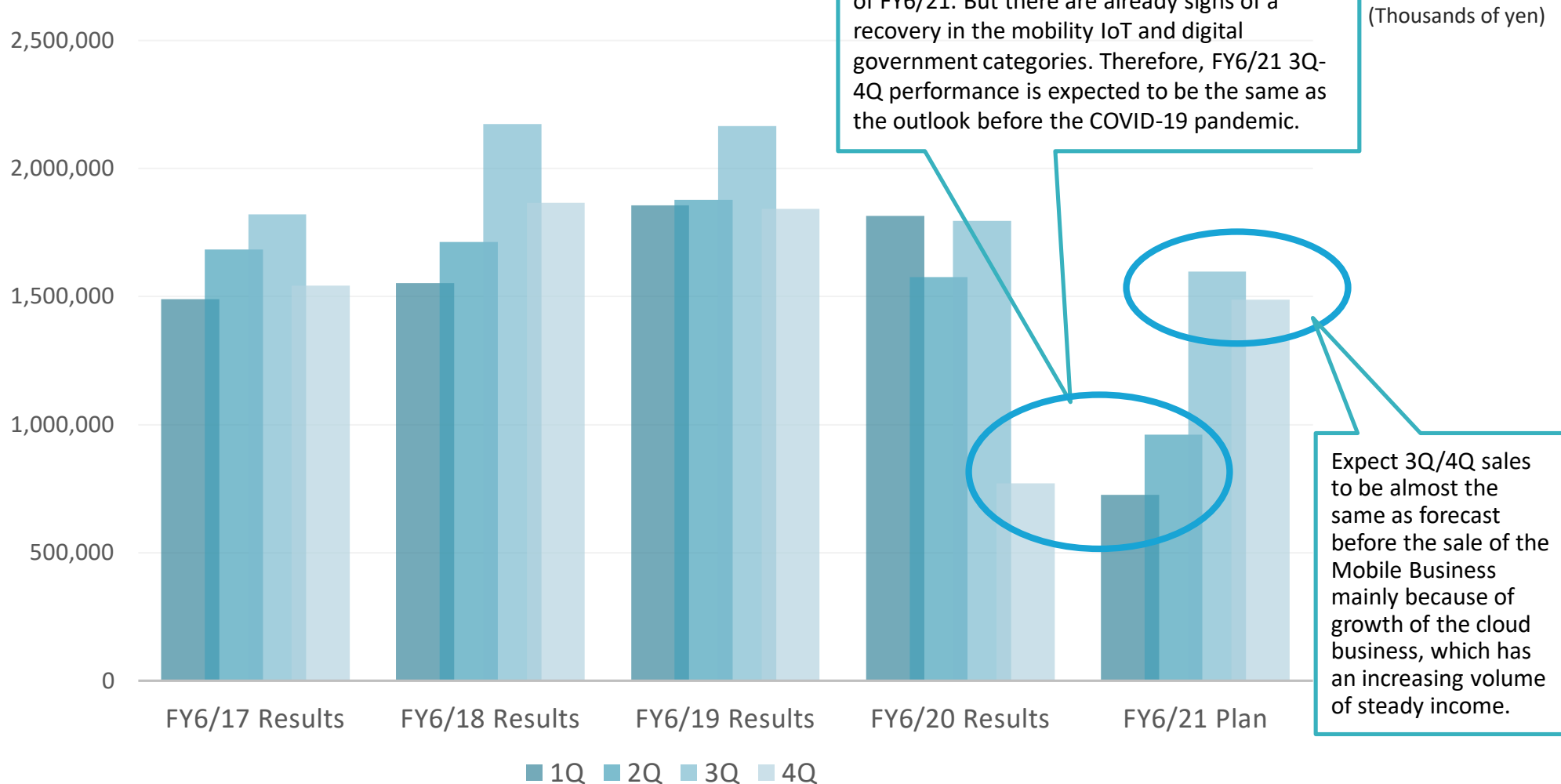
In the digital government sector, greater importance of SMART L-Gov as governments upgrade information distribution capabilities

Strong growth of activities involving GaaS, digital technologies and smart cities as local governments rapidly increase the use of online procedures, applications and other activities

Consistent growth of steady income due to use of the subscription business model

In the mobile IoT sector, strong interest in Kuruma Base due to the increasing need for sharing company vehicles and parking spaces (efficient use of assets)

Quarterly Sales

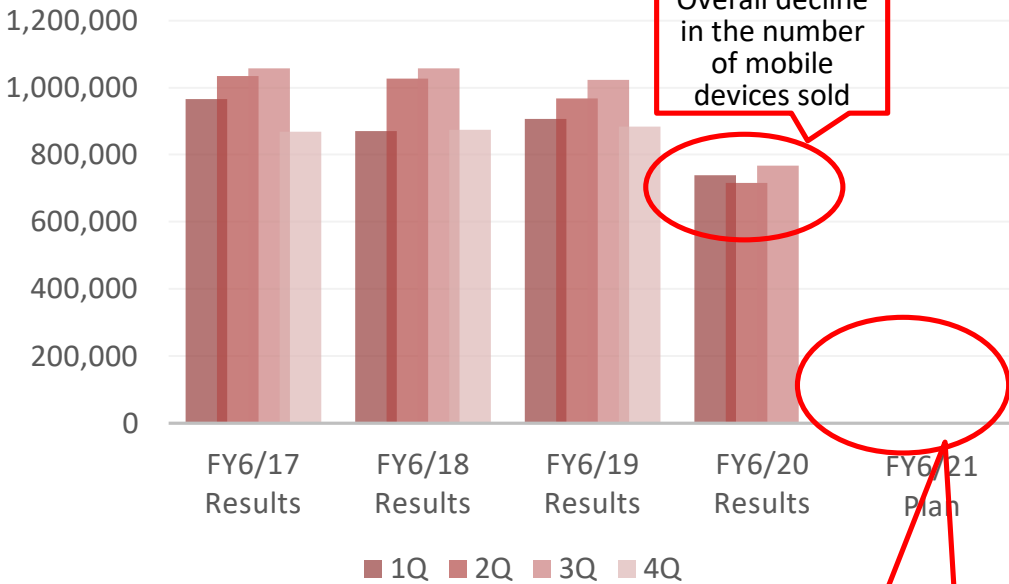


Impact of COVID-19

-Quarterly Sales-

Mobile Segment Sales

(Thousands of yen)

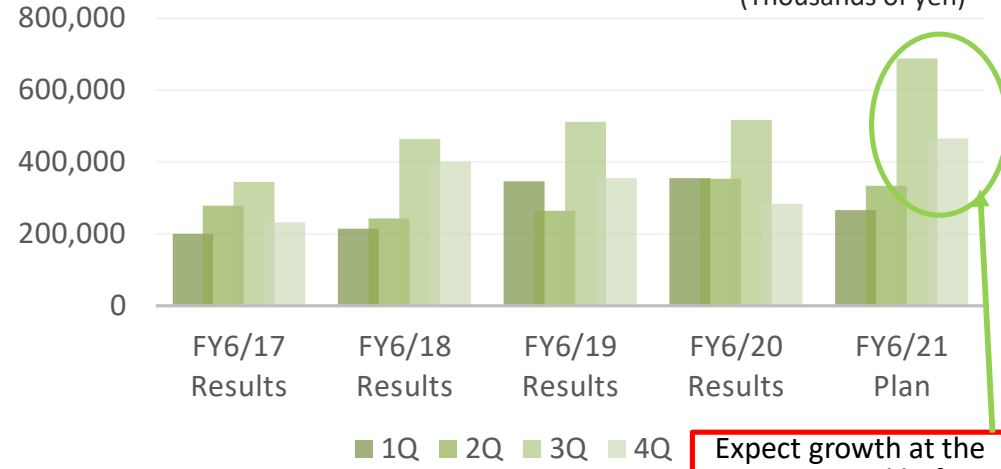


Overall decline in the number of mobile devices sold

No sales because the Mobile Business was sold in 3Q FY6/20

Digital Government Sales

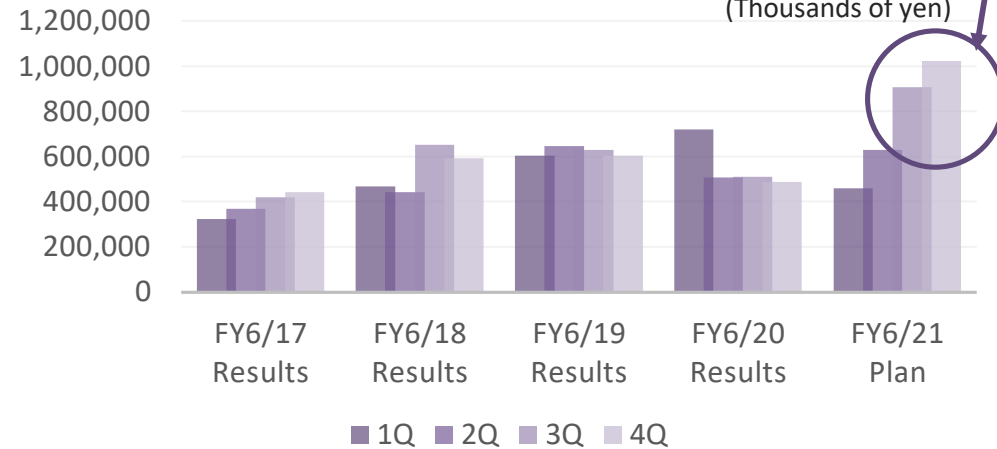
(Thousands of yen)



Expect growth at the rate expected before COVID-19 as steady income increases

Mobility Services Sales

(Thousands of yen)



FY6/20

Financial Results

Sales and earnings were much lower in FY6/20 because of COVID-19 and the sale of the Mobile Business.

The FY6/21 forecast incorporates the continuing effects of COVID-19 on sales and earnings. We want this forecast to be very clear by factoring in risk factors and, based on the resumption of the minimum level of economic activity as of now, to include as much as possible our outlook for factors that we can create and control ourselves. Our forecast also includes lessons learned concerning problems with the FY6/20 forecast.

FY6/20 Financial Summary

1. Lower sales and an operating loss
2. Performance was affected by the sale of the Mobile Business in March 2020, which was about half of total sales.
3. COVID-19 severely impacted the mobility category. In the digital government category, there were postponements of bids for new orders and deliveries as governments pushed back purchasing activity.
4. There was a gain on the sale of a business but also an asset impairment loss. The result was a bottom-line profit.
5. Although we are increasing software investments, expenditures for developing new services were higher than anticipated.
6. Large number of inquiries about digital government and mobility IoT because of COVID-19.
7. Administrative expenses increased because of the head office relocation and expenditures for teleworking and other measures for creating a safe and productive workplace environment.

Net sales

5,958 million yen

(Down 23.0% YoY)

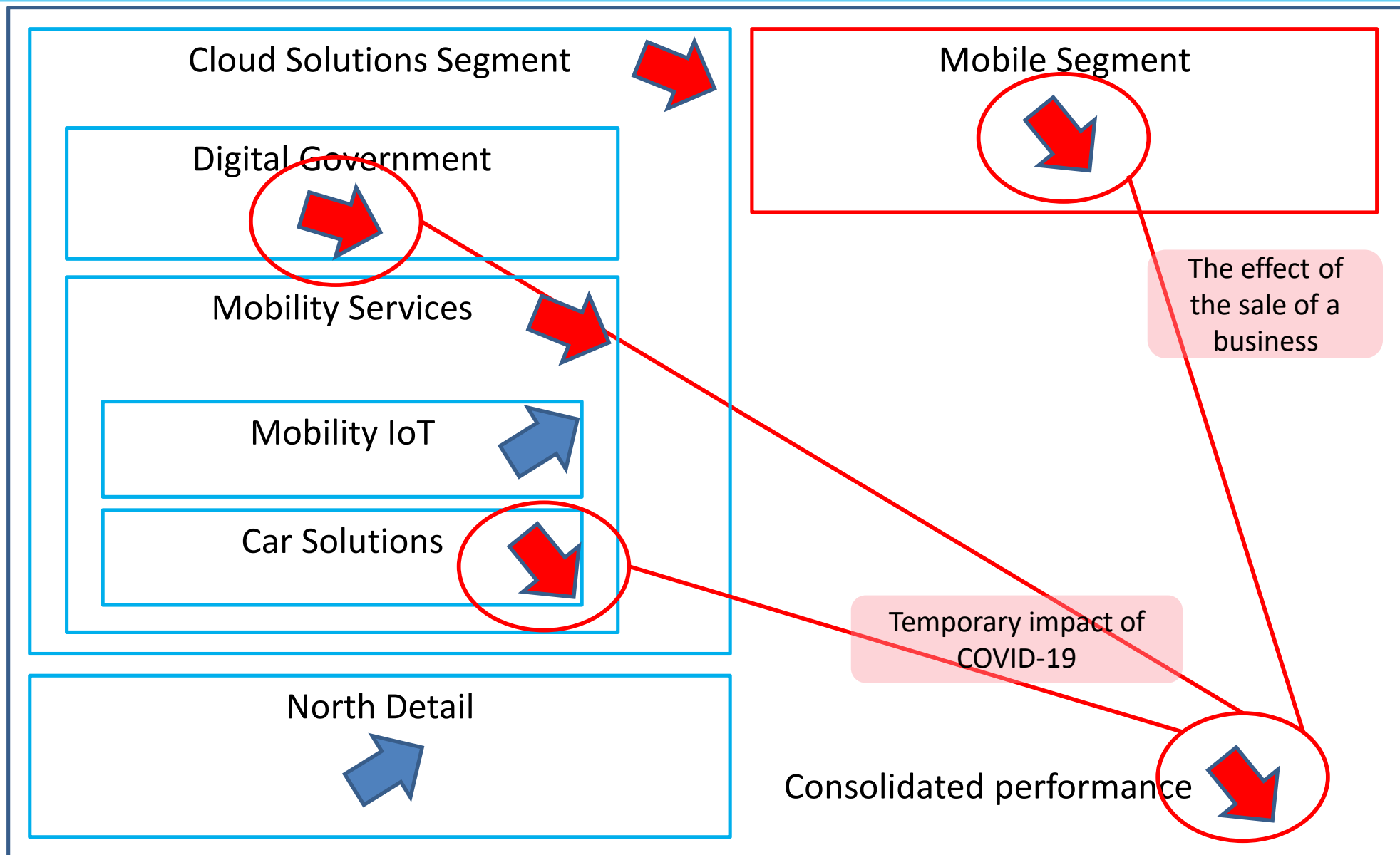
Operating loss

(239) million yen

Profit

32 million yen

FY6/20 Financial Summary (The Prior-year Operating Profit Comparison)



Business Objective Progress Report

- 1 Convergence of government services and ICT to create digital communities ➔ GaaS development activities and smart city project preparations
- 2 Automobile-as-a-service business ➔ Launched Kuruma Base and increased the number of customers
- 3 Reexamine segments, focus on key businesses ➔ Focused resources on digital government and mobility IoT
- 4 Response to falling Mobile Business sales volume ➔ Sold the Mobile Business
- 5 Head office relocation ➔ Established a base for hybrid open innovation that reflects the new normal created by COVID-19
- 6 SMART WORK activities ➔ Started SMART WORK, but the large volume of work in other businesses prevented the completion of this project
- 7 A corporate culture for the creation of distinctive and meaningful value ➔ Did not reach stage of organizational activities because of the large volume of work and COVID-19
- 8 Proper balance between internal controls and self-reliance ➔ Need to make internal controls even stronger

FY6/20 Consolidated Statement of Income

Low Mobile sales and the sale of this business, effects of COVID-19, more software investments in key businesses, head office relocation

(Millions of yen)

	FY6/19 Results	FY6/20 Results*	YoY change	Major items
Net sales	7,743	5,958	-1,784	
Cloud Solutions	3,962	3,736	-225	Higher sales of mobility IoT and local information cloud categories Big drop in car solutions sales because of low auto sales caused by COVID-19
Mobile*	3,780	2,222	-1,558	Lower sales due to sluggish sales of mobile devices
Operating profit	320	(239)	-560	
Cloud Solutions	312	84	-227	<ul style="list-style-type: none"> • Big decline in car solutions earnings • Growth of mobility IoT • Big increase in work needed to develop new technologies
Mobile*	462	240	-221	Lower profit due to sluggish sales of mobile devices
Corporate expenses	(454)	(565)	-110	Head office relocation
Operating margin	4.1%	---	---	
Cloud Solutions	7.9%	2.3%	-5.6 points	
Mobile*	12.2%	10.8%	-1.4 points	
Ordinary profit	344	(223)	-568	
Extraordinary income (losses)	(41)	898	+939	<ul style="list-style-type: none"> • Gain on sale of Mobile Business: 1,482 million yen (Extraordinary income) • Amortization of goodwill: 342 million yen (Extraordinary losses) • Loss on valuation of investment securities: 107 million yen (Extraordinary losses) • Impairment loss: 102 million yen (Extraordinary losses) • Other extraordinary losses: 31 million yen (Extraordinary losses)
Profit	193	32	-160	

*The Mobile Business was sold on March 31, 2020.

FY6/20 Consolidated Balance Sheet

The Mobile Business sale increased current assets and impairment accounting was applied to non-current assets.

The goal is a streamlined balance sheet

(Millions of yen; %)

		FY6/19 Results		FY6/20 Results			Major items
		Amount	Comp.	Amount	Comp.	Change	
Assets	Current assets	2,081	46.4	2,925	62.3	843	• Increase in cash due to the sale of Mobile Business
	Non-current assets	2,405	53.6	1,767	37.7	-638	• Decrease in goodwill of a subsidiary • Decrease in investment securities • Decrease in deferred tax assets
	Total assets	4,487	100.0	4,692	100.0	205	
Liabilities and net assets	Current liabilities	781	17.4	1,030	21.9	249	• Increase in income taxes payable
	Non-current liabilities	93	2.1	78	1.7	-14	• Decrease in lease obligations
	Total liabilities	874	19.5	1,108	23.6	234	
	Total net assets	3,613	80.5	3,583	76.4	-29	
	Total liabilities and net assets	4,487	100.0	4,692	100.0	205	

FY6/20 Statement of Cash Flows

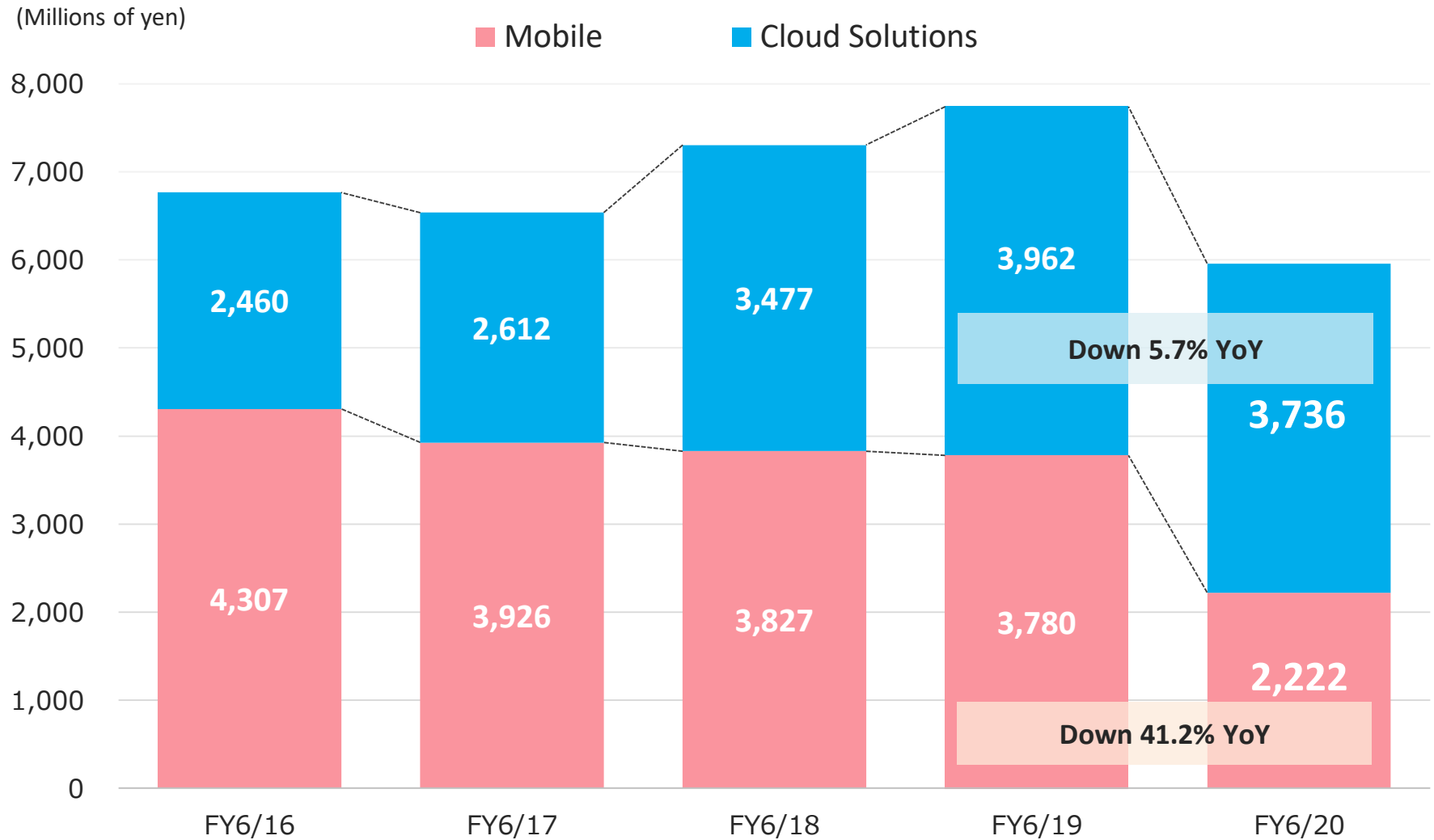
A big increase in funds available for new investments

More flexibility for making investments in growing business sectors that have the potential to contribute to future earnings

(Millions of yen)

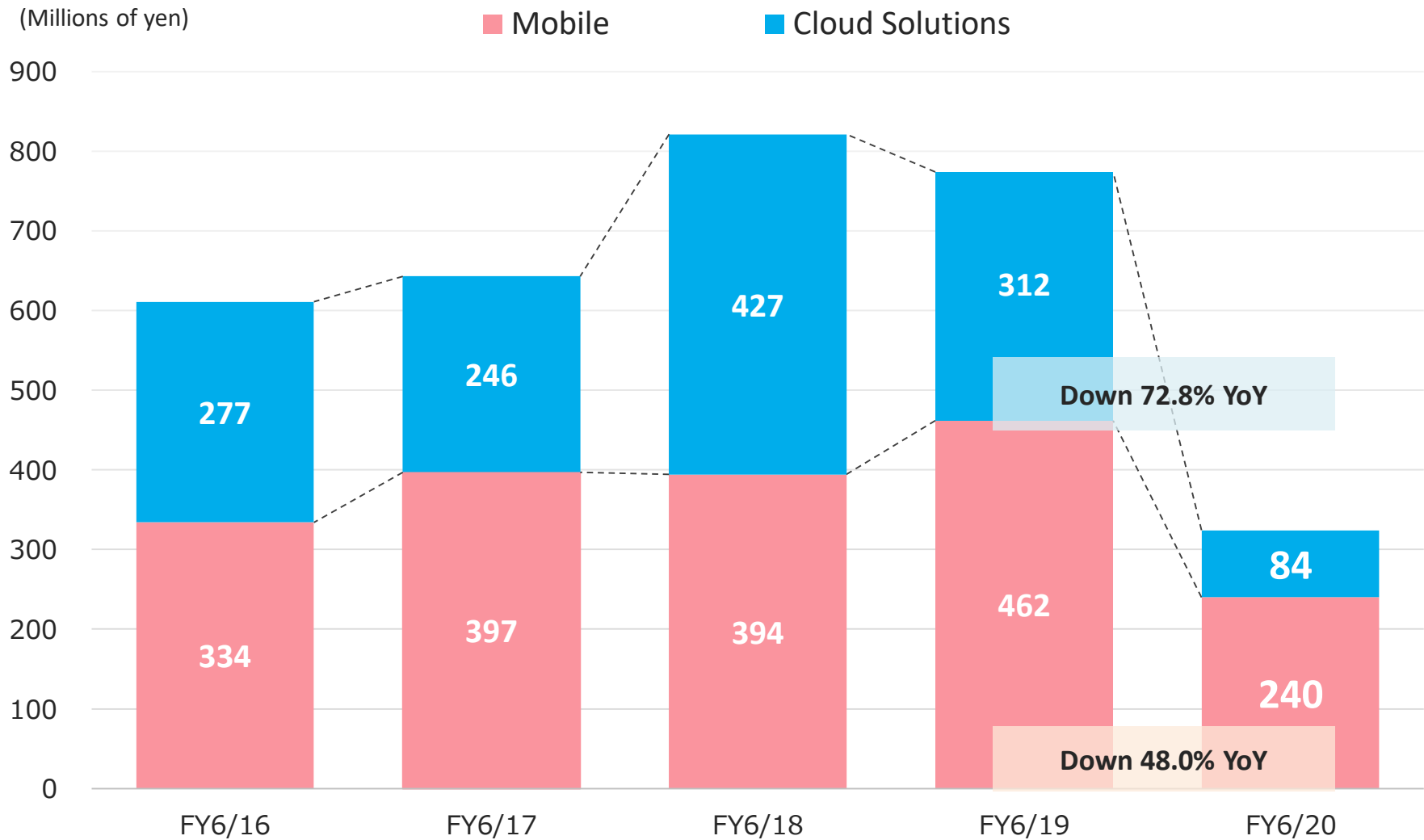
	FY6/19 Results	FY6/20 Results	Major items
Cash flows from operating activities	174	392	<ul style="list-style-type: none"> • Positive factors: <ul style="list-style-type: none"> Increase in profit before income taxes Decrease in trade receivables Depreciation and goodwill amortization • Negative factor: <ul style="list-style-type: none"> Increase in gain on sale of businesses
Cash flows from investing activities	(1,766)	1,007	<ul style="list-style-type: none"> • Positive factor: <ul style="list-style-type: none"> Proceeds from sale of businesses • Negative factors: <ul style="list-style-type: none"> Purchase of non-current assets resulting from head office relocation Purchase of software assets
Cash flows from financing activities	(83)	(83)	<ul style="list-style-type: none"> • Negative factor: <ul style="list-style-type: none"> Cash dividends paid
Net increase (decrease) in cash and cash equivalents	(1,675)	(1,675)	
Cash and cash equivalents at beginning of period	2,380	705	
Cash and cash equivalents at end of period	705	2,022	

FY6/20 Sales by Business Segment



* Nine months of sales of Mobile in FY6/20, which was sold in March 2020

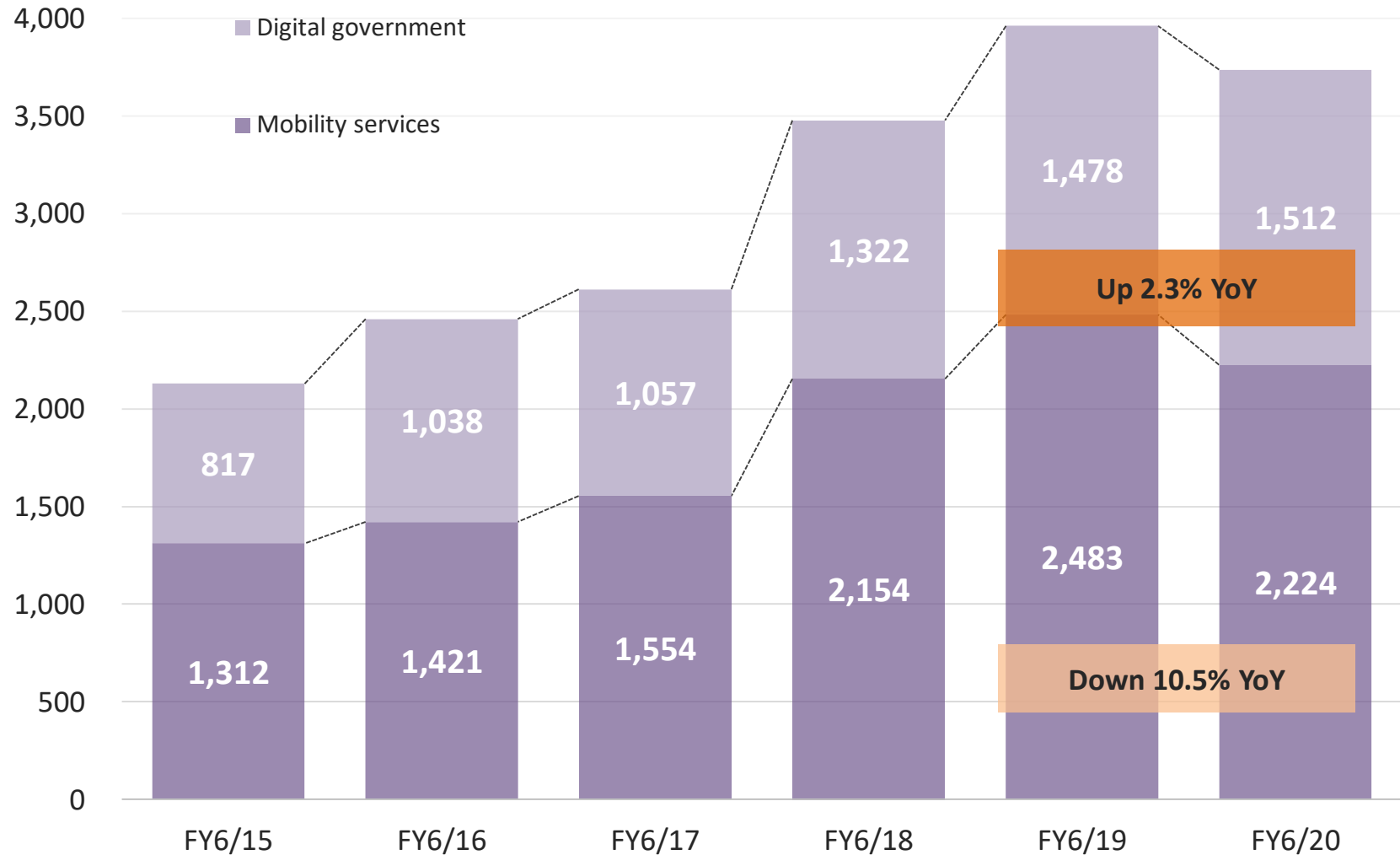
FY6/20 Operating Profit by Business Segment



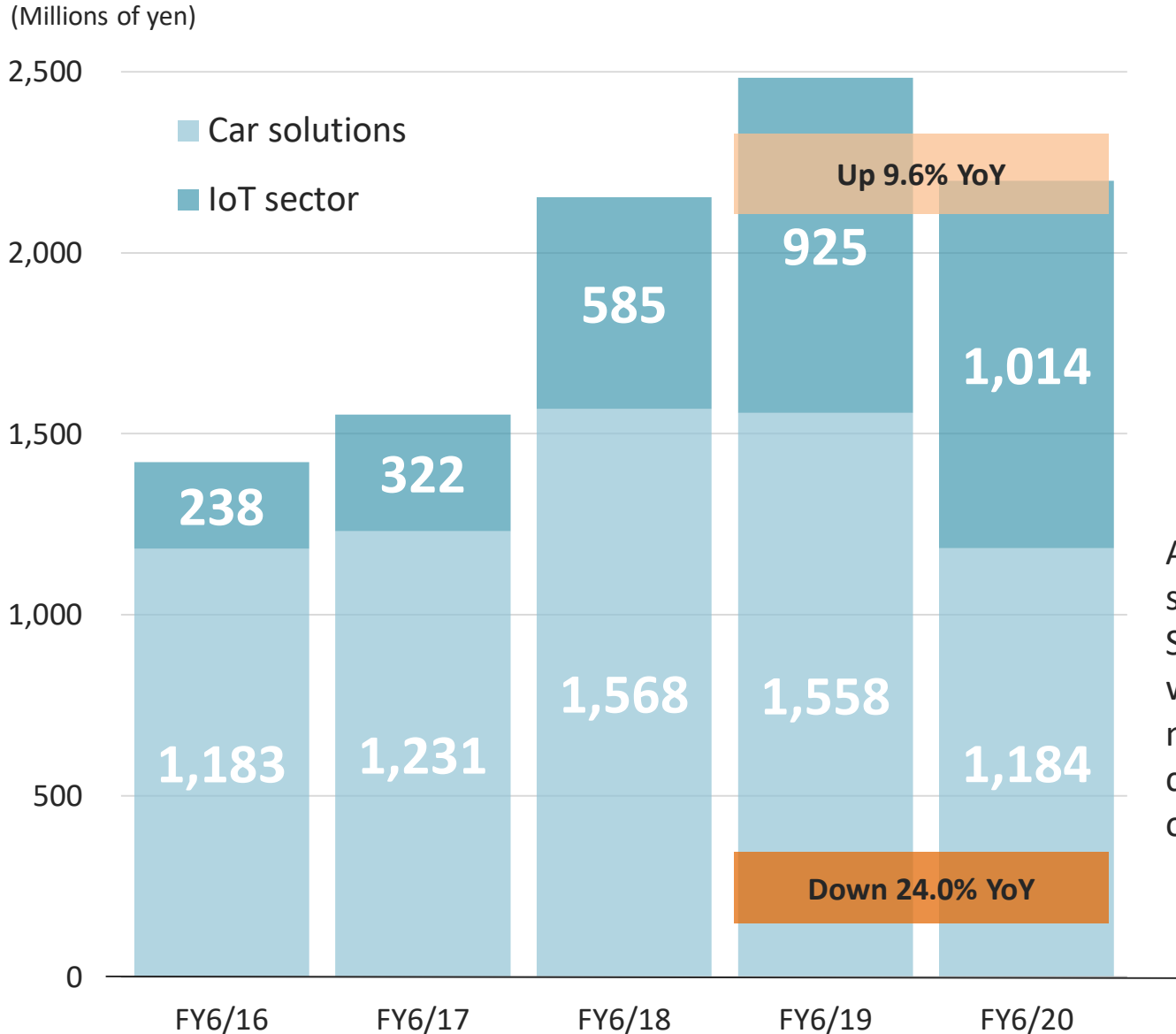
*Nine months of earnings of Mobile in FY6/20, which was sold in March 2020

FY6/20 Cloud Solutions Sales by Business Category

(Millions of yen)



FY6/20 Mobility Services | Changes in Sales

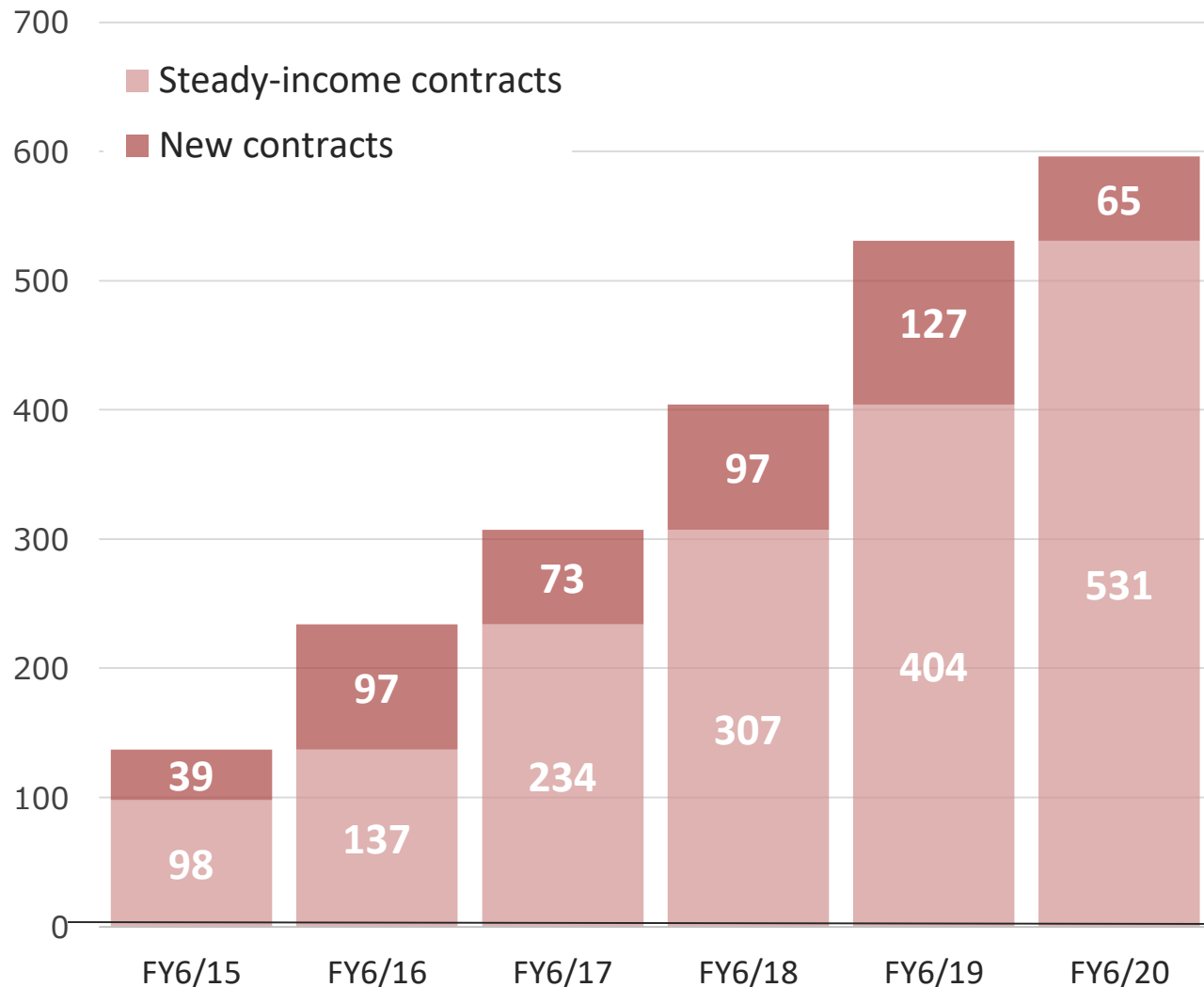


IoT sector
Up 9.6%
YoY

A big decline in car solutions hardware sales due to slow auto sales. Strong interest in IoT services; sales were higher but fell short of the plan mainly because COVID-19 forced customers to postpone the placement of orders.

FY6/20 Growth of Steady-income Contracts for Core Digital Government Services

(Number of contracts)



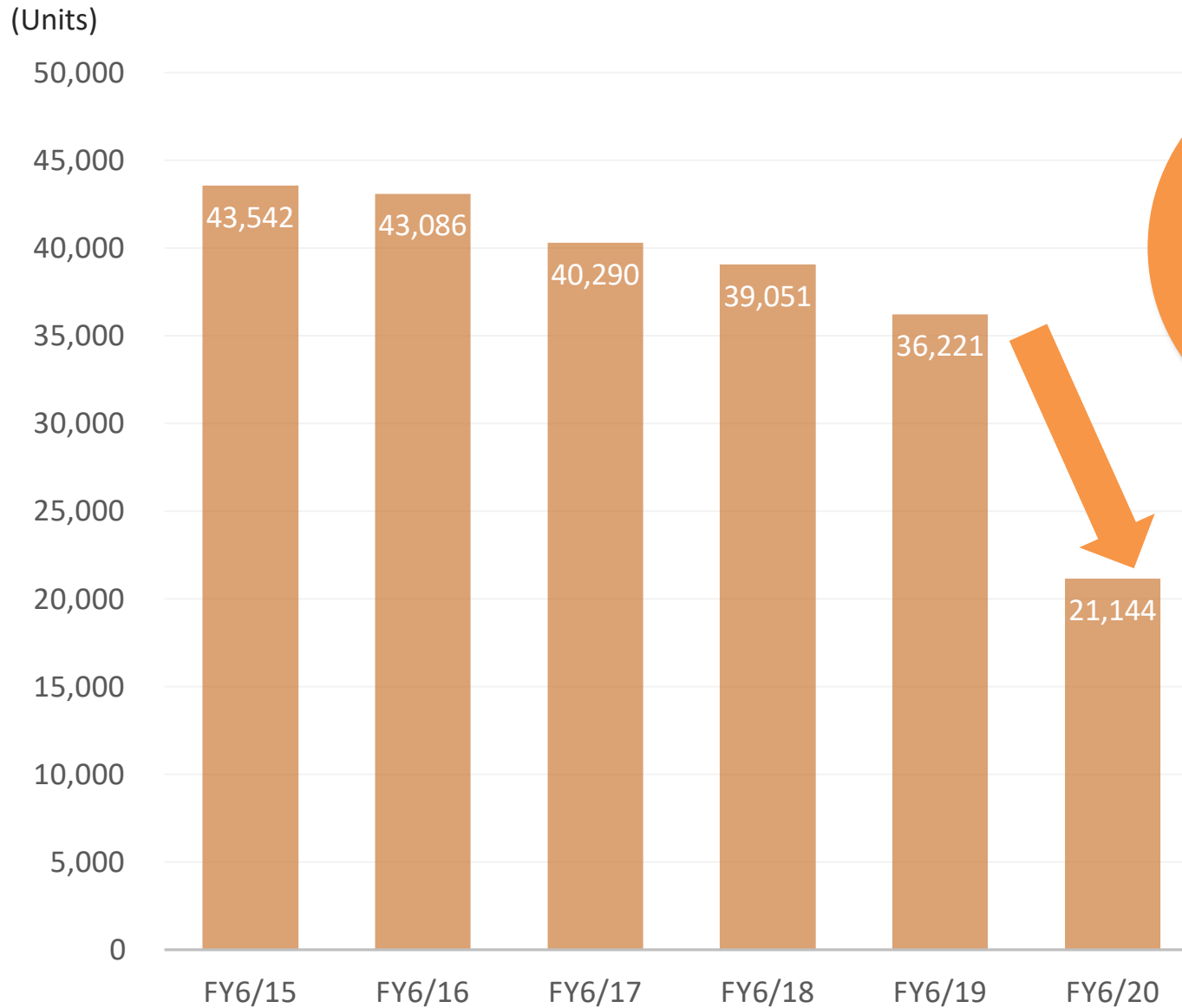
Number of contracts
596

New contracts did not reach the fiscal year goal. One reason is the strategy of increasing sales activity efficiency. Also, COVID-19 caused delays at many customers that planned to start using these services in 3Q/4Q. The result was only 65 new contracts.

*Four core SMART L-Gov services and additional services; GaaS total

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

FY6/20 Number of Mobile Devices Sold



Down
24.3% in
the first three
quarters YoY

*Nine months of sales of Mobile in FY6/20, which was sold in March 2020

FY6/20 Extraordinary Income and Losses

Sale of the Mobile Business

This business was sold on March 31, 2020 for two reasons. First is to focus resources on carefully chosen businesses to achieve more growth of corporate value. Second is shifting emphasis to the Cloud Solutions Business to aim for more growth. The gain on the sale of this business of 1,448,477 thousand yen was categorized as extraordinary income.

Amortization of goodwill of a subsidiary

The performance of consolidated subsidiary North Detail was below the fiscal year plan. After reexamining the business plan, the decision was made to write off North Detail goodwill of 342,973 thousand yen and record this as an extraordinary loss.

Loss on valuation of investment securities

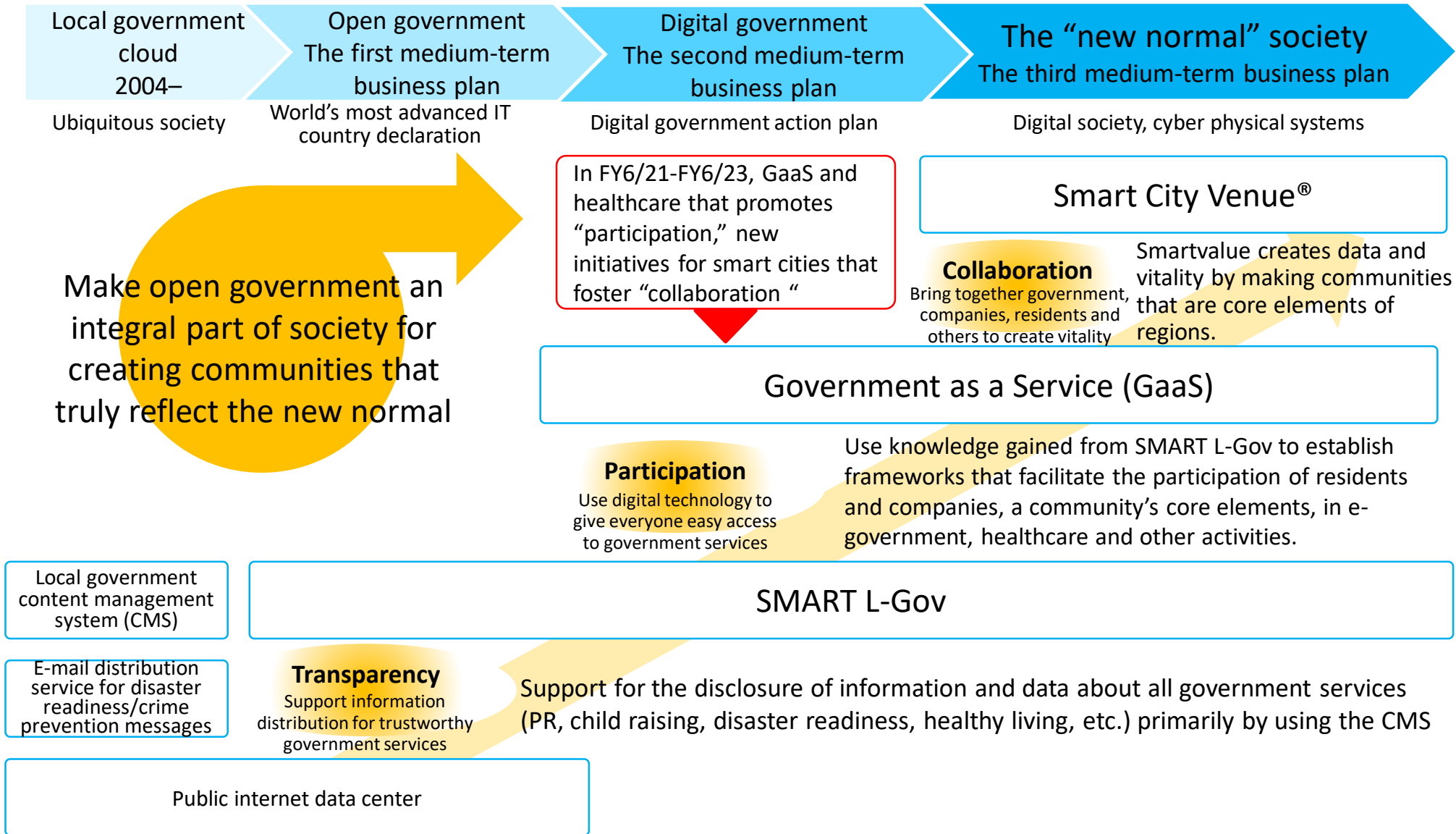
Due to the valuation of certain investment securities held by Smartvalue with fair values that are well below their book values, the decision was made to record a loss on valuation of investment securities of 107,416 thousand yen as an extraordinary loss.

Software impairment

Based on the results of an examination of the utilization of internally developed software, an impairment loss of 102,220 thousand yen was recorded as an extraordinary loss because of the lower profitability of these assets.

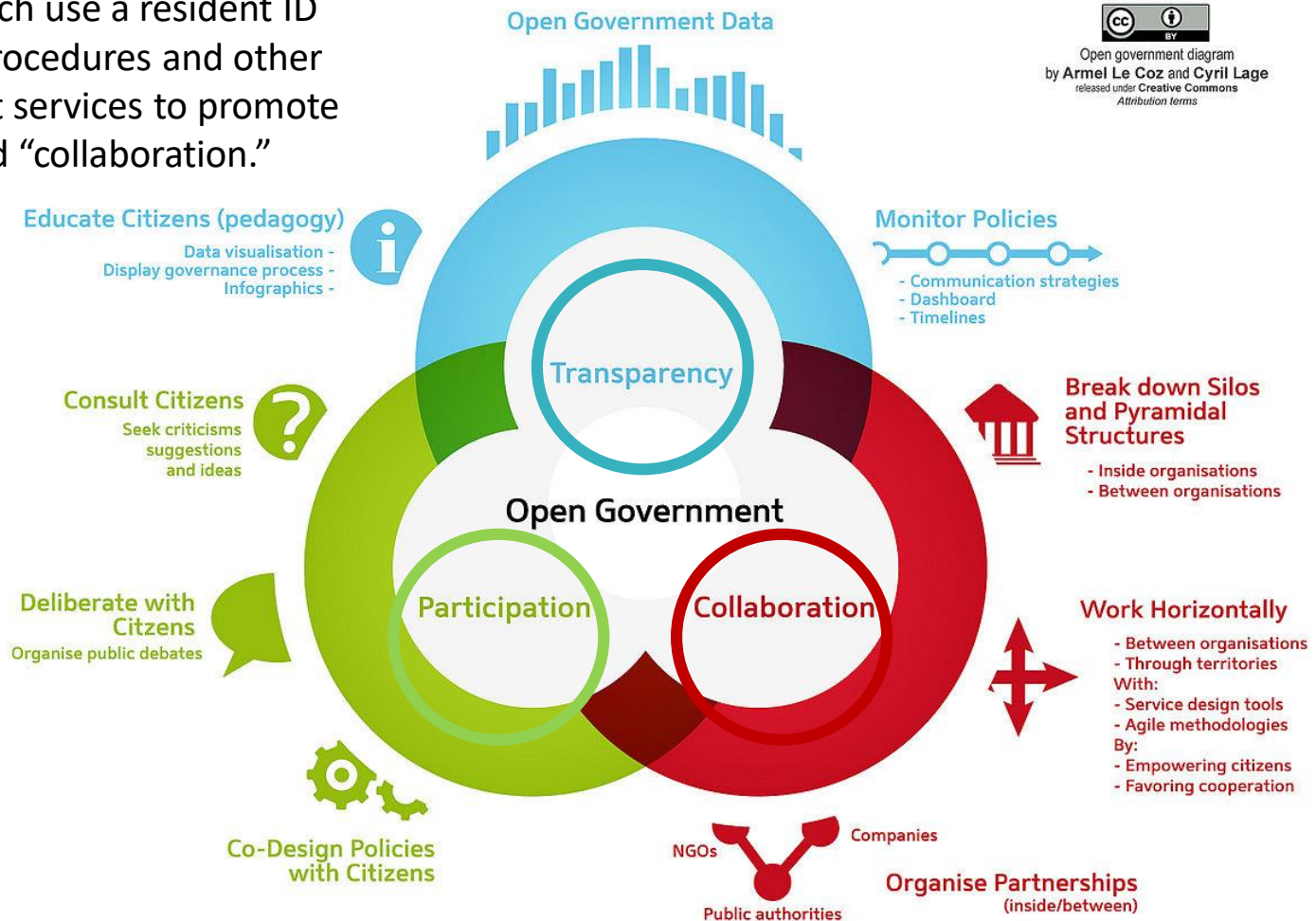
Digital Government Domain

Transition of the Digital Government Domain



Open Government

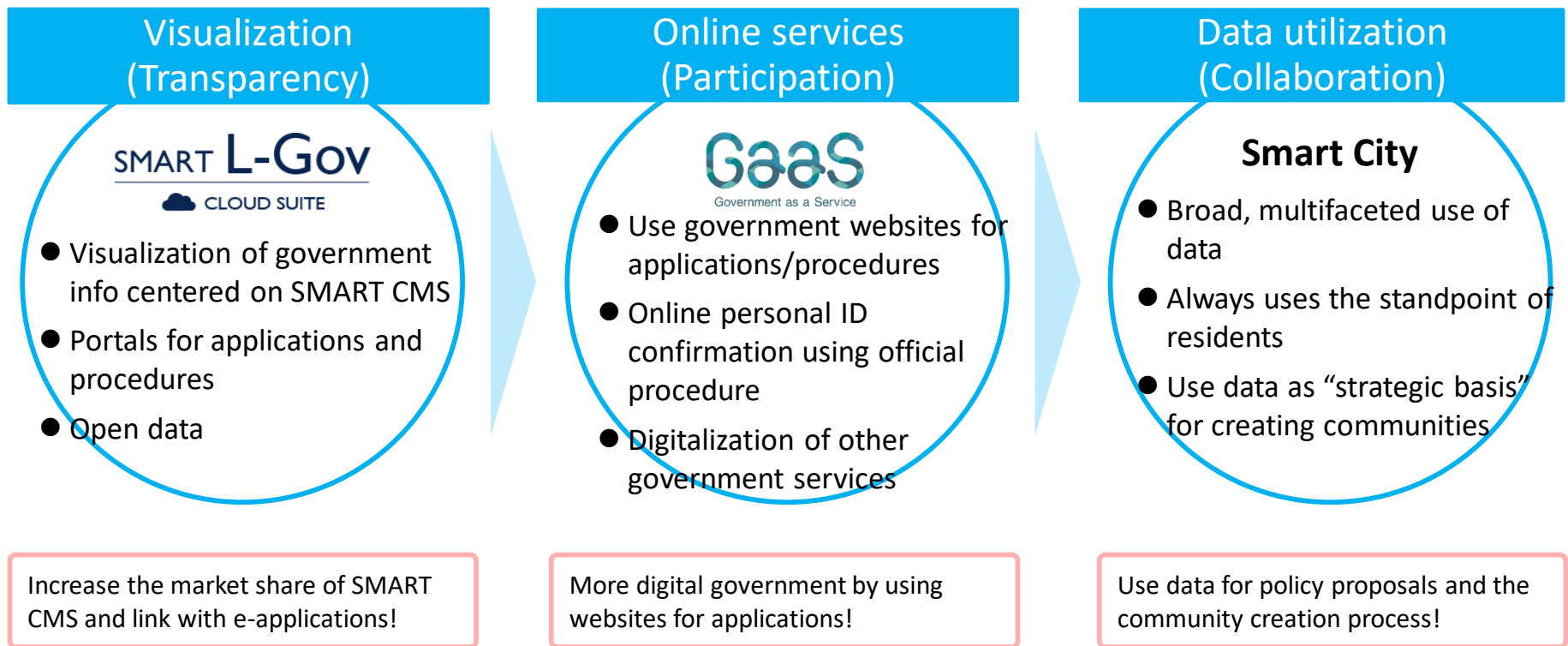
The three basic components of open government extend from SMART L-Gov, which provides “transparency,” to GaaS and the smart city, which use a resident ID platform, online procedures and other digital government services to promote “participation” and “collaboration.”



Composition of the Digital Government Domain

Integrating open government with society in stages

We have expanded this business sector by providing SMART L-Gov for “achieving transparency.” Now we are aiming for more growth in two ways. One is the use of GaaS, which uses a resident ID platform for online government services, for participation. The other is involvement with smart cities, which require data utilization, for “collaboration.”



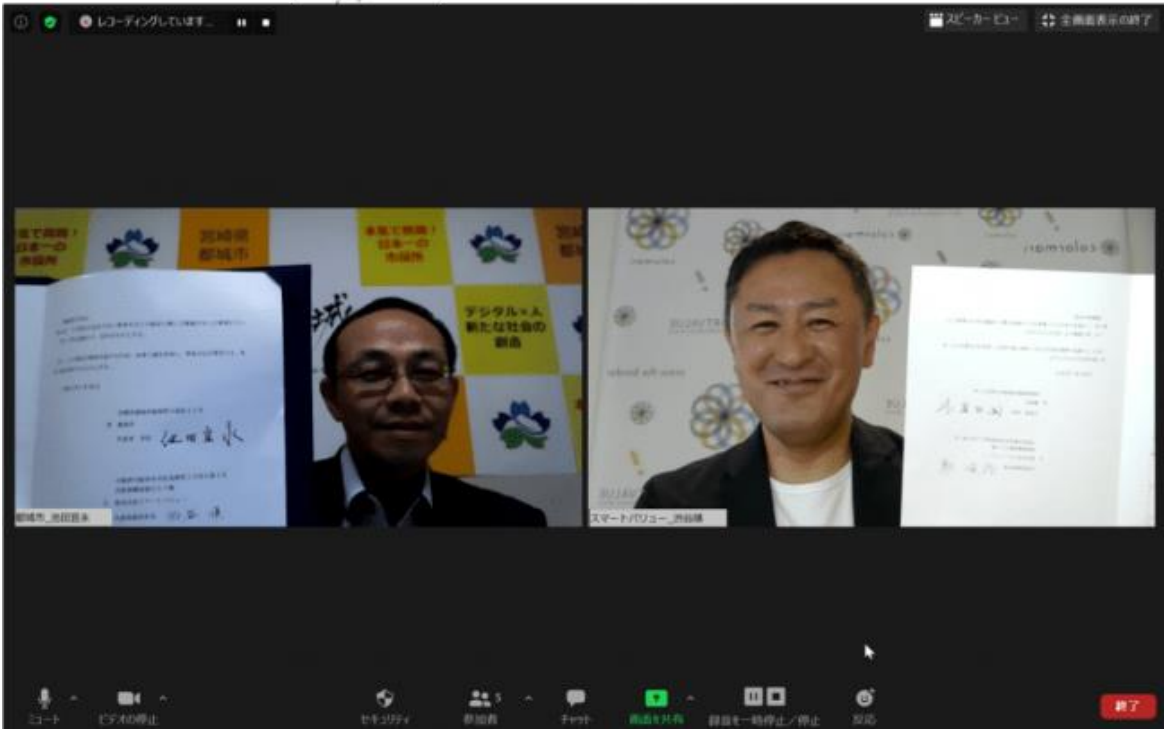
Use the universal open government concept in the public and private sectors in order to achieve community creation goals.

Example of Digital Government – Cooperation Agreement with Miyakonojo

Surveys and analysis to start online government procedures

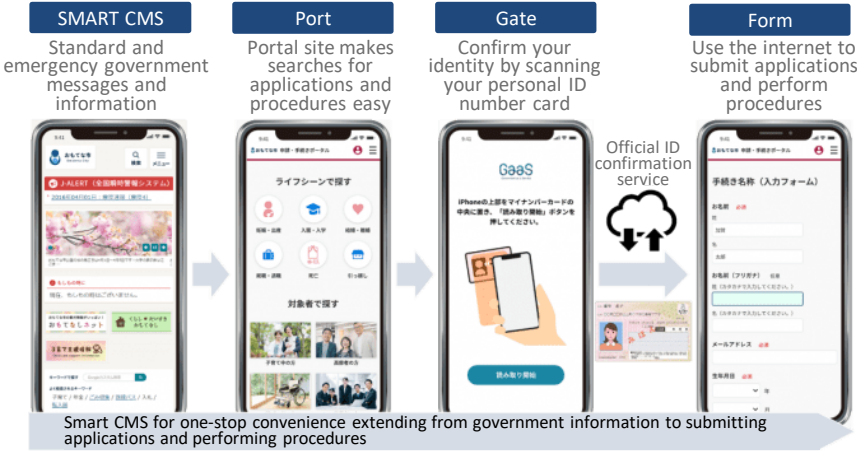
Starting in July 2020

City of Miyakonojo (Miyazaki prefecture) x Smartvalue
Signed cooperation agreement for digitalization of services



Miyakonojo continues to make progress with digitalization. The city has the highest personal ID number use rate in Japan and has one of the shortest processing times for applications for benefit payments. Smartvalue will assist the city for more progress.

Smartvalue will perform surveys and analysis in order to perform various government procedures online.

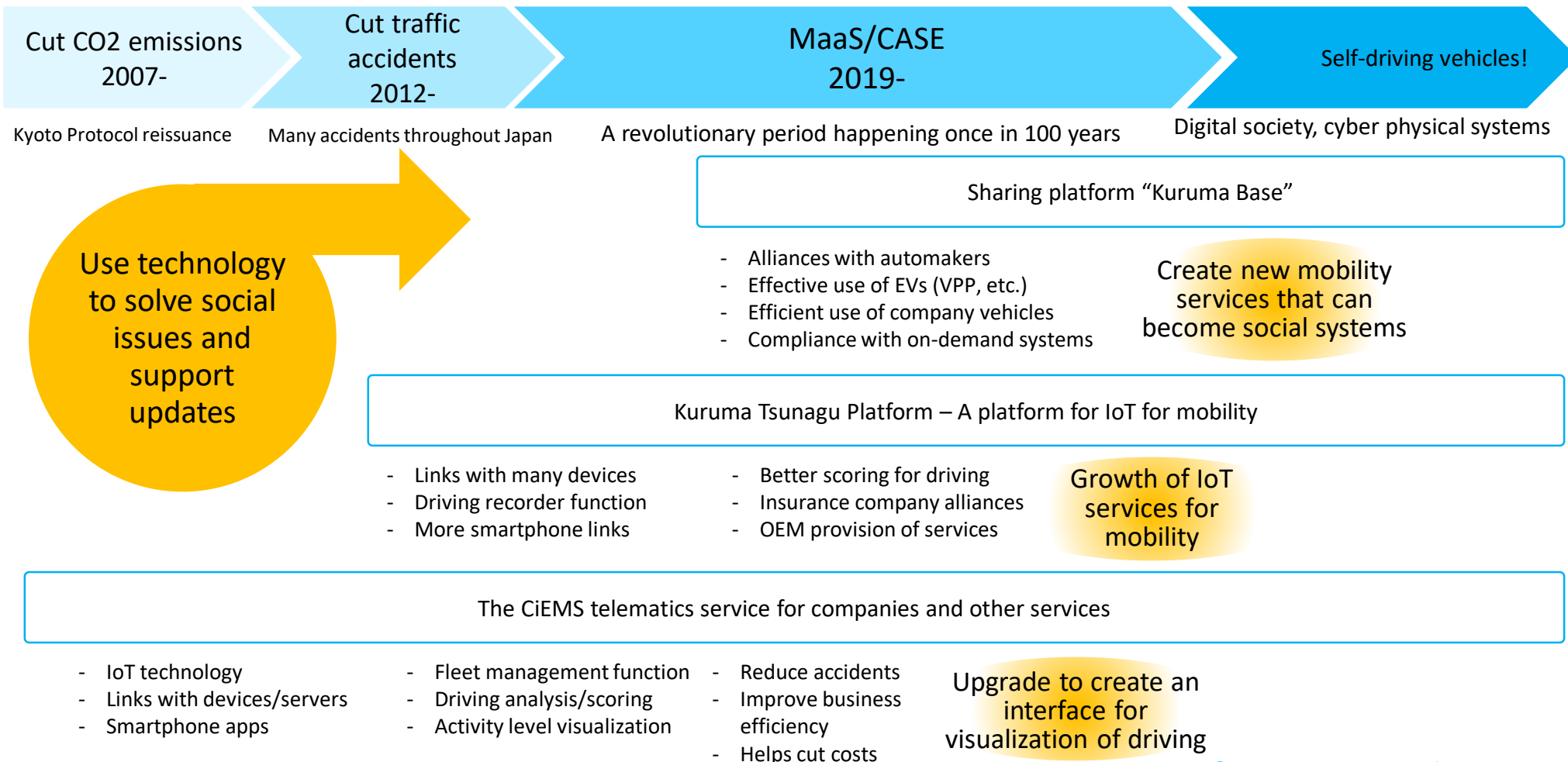


Surveys and other activities are under way for more online applications and procedures!

Mobility IoT Domain

The Transition of Mobility Services (Mobility IoT)

Since the mobility services business launched the telematics service (IoT service) for companies, many actions have been used for the growth and strengthening of this service: advanced data analysis, stronger data links for use as a platform, provision of platforms to service providers, and other measures. We used our IoT technology to start providing a sharing platform. We are transforming mobility into a service by shifting from ownership to utilization. Our goal is creating mobility services that can become a new social system while reflecting the needs of the upcoming age of self-driving vehicles.



Scalable Platforms for the Age of CASE

Use of Smartvalue's Kuruma Tsunagu Platform and Kuruma Base as platforms for the provision of many types of services. Plan to utilize a massive volume of mobility data to expand and upgrade services.

Vision

Low carbon society

Efficient business operations

No automobile accidents

Unrestricted mobility

Key technologies

5G

AI

Society 5.0

Data analytics

Self-driving vehicles

Projects

Mobility IoT
×
Connected drive recorder

Mobility IoT
×
Smart maintenance

Mobility IoT
×
Insurance research/analysis

Mobility IoT
×
Prevention of pedal errors

Mobility IoT
×
Prevent inattentive driving

Sharing
×
Corporate car share

Sharing
×
EV car share

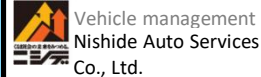
Sharing
×
Mobility as a Service

Applications

Smartphone-linked car driving recorder



Alliance for a preventive maintenance platform



Company car daily management service



OEM services with alliance partners



Company car safe driving management service



Community car sharing service (joint demonstration trial)



OEM services with alliance partners



Service platforms

Mobility IoT platform
Kuruma Tsunagu Platform

Mobility sharing platform

Kuruma Base

Examples of Kuruma Base Use (1) Sharekul Company Car Sharing System

Started in September 2019

Sharekul is a new concept in car sharing services that separates business and private use of company cars to enable employees to use these cars as needed.

1. Lowers expenses for automobiles

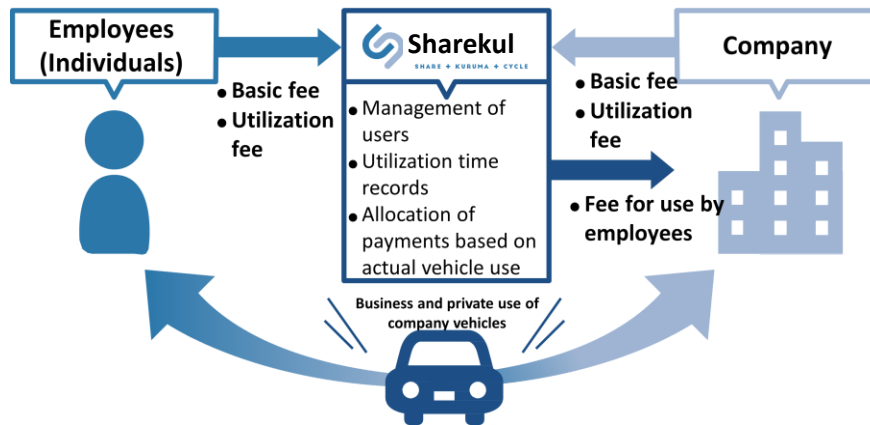
By accurately separating business and private use, Sharekul lowers a company's expenses for its vehicles. Employees benefit because there is no longer a need to own a car. Both companies and employees can therefore use cars at a much lower cost.

2. A benefit that can help with employee retention

No need for people on long-term solo transfers to buy a car, no need to sell a car when transferred to a center-city location, and other advantages. The result is lower expenses and more convenience that creates more engagement between companies and employees. Easy to do personal errands when going to or from work, which helps with working style reforms.

3. More rigorous risk management concerning vehicles

Sharekul precisely manages the company and private use of leased vehicles. This reduces risk, including compliance, concerning these vehicles. Also, access to a broad range of vehicles increases employee motivation, and contribute to a company's branding and PR activities (cars display the company name/logo).



Examples of Kuruma Base Use (2) The Patto Car Sharing Service



Started in February 2020

Demonstration trials are under way for this innovative car sharing service, which is operated by Suzuki Motor, Marubeni and Smartvalue.



1. Car sharing closely linked to specific areas!
 Patto uses a network of stations located in suburban residential areas to give people quick access to a vehicle. The goal is a convenient mobility service for communities. Establishing dominant positions in targeted areas allows people to use a car whenever needed, a sharing business model ideal for individuals.

2. A car sharing first! Save money with gentle driving!
 Patto assesses drivers by using seven of the 10 recommendations of the Eco Drive Promotion Association: smooth driving, gentle accelerator use, minimal acceleration/deceleration, quickly release the accelerator, safe driving, safe speed, and periodic breaks. A driving score is calculated every month for every item and the vehicle utilization rate and other fees change accordingly beginning with the next reservation. This fee structure is unlike that of any other car sharing service. This scheme uses the technologies of the Smartvalue telematics service that was launched in 2008 and has the aim of encouraging safe driving and eco driving.

3. Smartphone does everything from reservations to locking/unlocking cars!
 Simply use the Patto smartphone app to make reservations, make payments and perform other car sharing tasks. The smartphone can even be used as the vehicle's key.



Examples of Kuruma Base Use (3)

Kyushu Electric Power's T-share and weev Services



Kyushu Electric Power Co., Inc.



EV car sharing service for
condominium residents



Started in April 2020

Kuruma Base is used for T-share, a car sharing service, and weev, an electric vehicle sharing service for condominium residents. Both services are operated jointly by Kyushu Electric Power and the Tokyo metropolitan government.

T-share

Operated by Kyushu Electric Power and the Tokyo metropolitan government, T-share is a service with the objective of increasing the use of zero-emission vehicles in the rental car and car sharing sectors. The T-share EV car sharing service started on April 27, 2020 with a fleet of Tesla Model 3 cars.

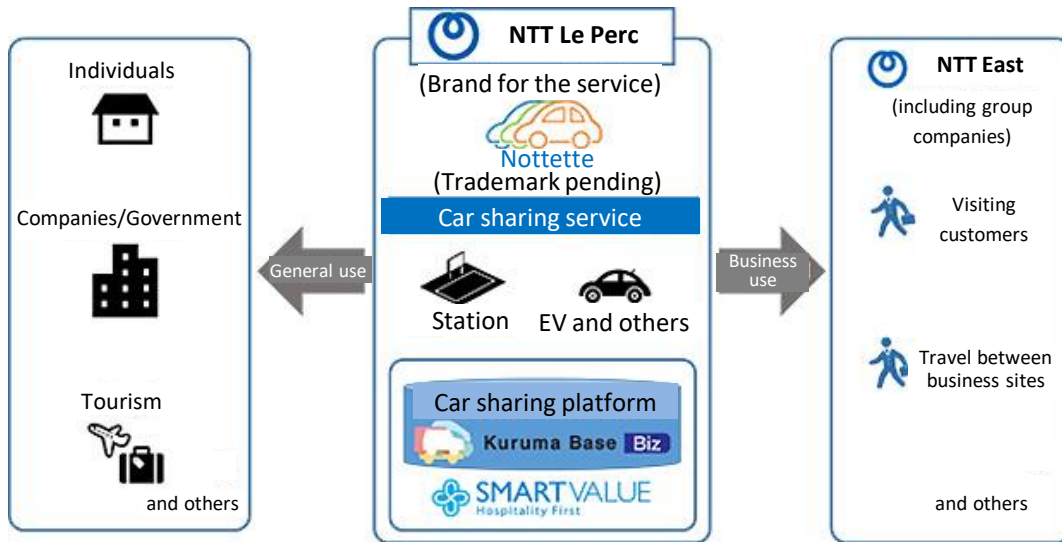
An app can be used to lock/unlock vehicles via Tesla's official API.

weev

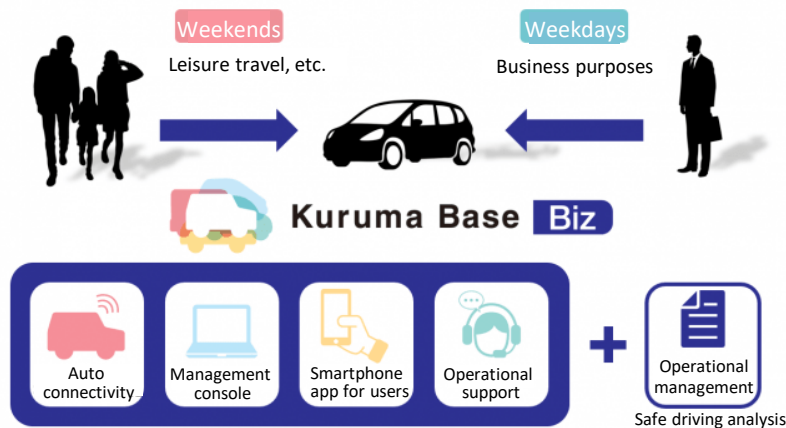
This EV car sharing service was created specifically for condominium residents in Kyushu and the Tokyo area. Operations are scheduled to begin in December 2020 and have the following features.

- Eligibility requires only living in a condominium (confidence)
- Cars are quickly available at an individual's residence (convenience)
- No fixed fees; pay only for the amount of utilization (reasonable)

Examples of Kuruma Base Use (4) Nottette Service of NTT Le Perc



Allows the internal sharing of company cars as well as sharing with residents of nearby areas, companies and governments, and others



Started in May 2020

On weekdays, a company uses its fleet internally or with affiliated companies during business hours. On weekends and holidays, the vehicles can be rented by anyone.

Summary

Nottette is the brand of a car sharing service operated primarily by NTT Le Perc. The platform for this service is Kuruma Base Biz, which is also the platform for the Patto car sharing service of Smartvalue. A smartphone app is used for service registration, finding a station, reservations, lock/unlock cars, make payments and all other tasks.

Kuruma Base Biz

Kuruma Base Biz combines Kuruma Base and the telematics system for companies that Smartvalue has been providing for 10 years for the management of vehicle operations. During business hours, vehicles are shared by the company and its affiliated companies. On weekends and holidays, cars can be rented by anyone.

Optimization of assets

Nottette allows a company and all members of its group to share the same fleet of vehicles. This service can significantly reduce the cost of owning vehicles by lowering the number of cars that a company or group of companies requires.

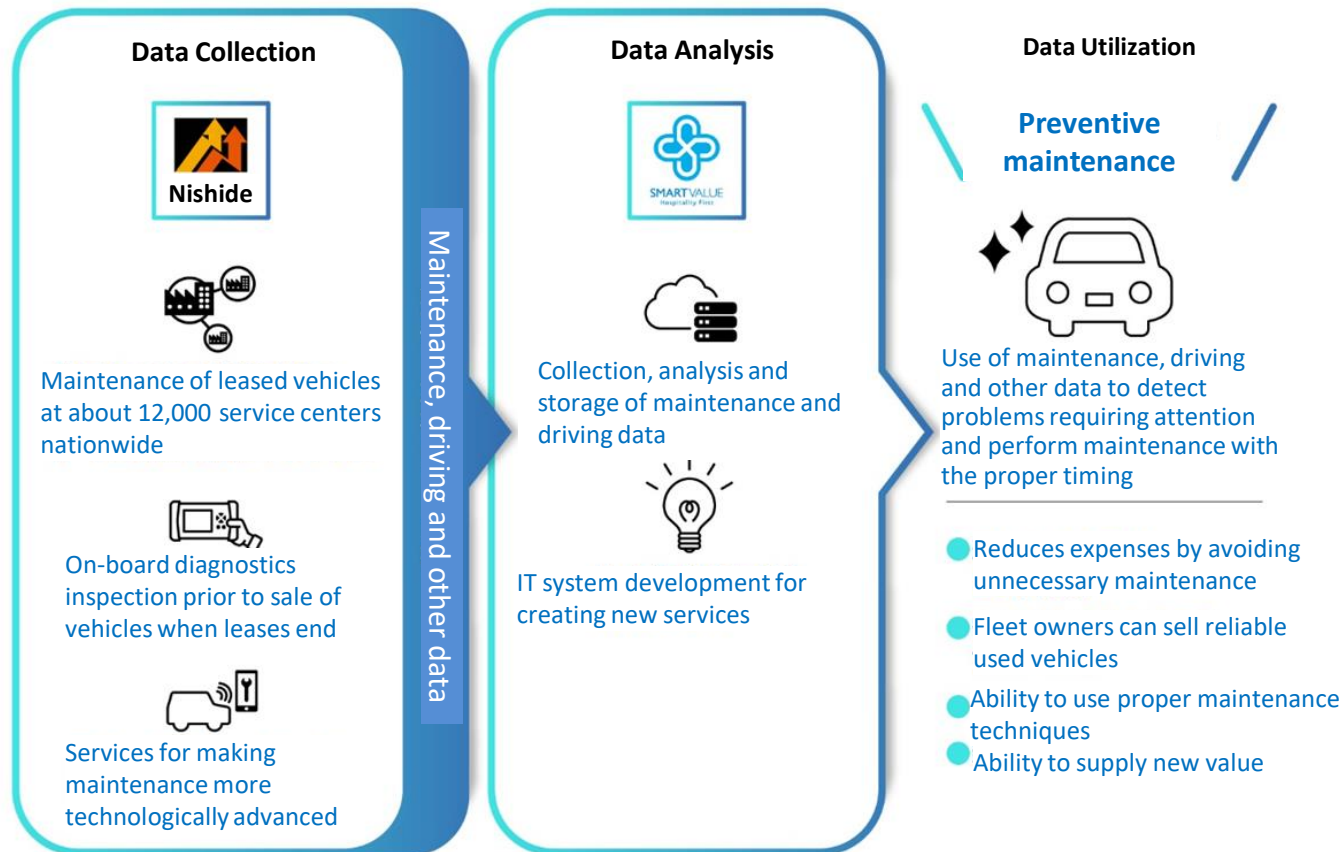
Example of Kuruma Tsunagu Platform Use (1)

Preventive Maintenance by Nishide Auto Services

The Kuruma Tsunagu platform combines the expertise of Smartvalue and Nishide Auto Services for the use of automotive IoT data for preventive maintenance.

A new service for the automobile maintenance industry

Started in June 2020



Nishide Auto Services has specialized in the comprehensive management of fleet maintenance services since automobile leasing started in Japan. Today, the company provides a Fleet Management System backed by a nationwide network of service centers. In this age of the digital transformation, Nishide is dedicated to the overall optimization of next-generation mobility by using digital technologies and big data to develop a new management system.

By combining their expertise, Smartvalue and Nishide plan to establish a system that targets areas requiring improvements in the automotive maintenance industry. The system will include the centralized management of maintenance data as cars are used, links among different types of systems, and the collection and analysis of data. We want to ensure the safety and reliability of automobile maintenance as well as used vehicle transactions by collecting and utilizing traceability data concerning maintenance histories, driving data and other items spanning the entire life of vehicles.

Head Office Relocation and New Open Innovation Space

In April 2020, the Osaka Head Office was relocated to a building in the city's Chuo-ku as one step for providing a better workplace environment.

The new head office includes the newly established colormari Open Innovation Space, which has been certified by the Osaka Municipal Innovation Base Promotion Subsidy Program.

The innovation space is a place for using collaboration among many people for the co-creation process leading to original and groundbreaking ideas. Interactions using information and ideas not restricted to a single business field or other theme are expected to make this a valuable source of innovation.

- Keihanshin Midosuji Bldg., the new location of the Osaka Head Office



Shareholder Returns

Basic policy on profit distribution

The basic policy is to pay a consistent and stable dividend while securing internal reserves necessary for future business growth and making business operations stronger.

Year-end dividend and payout ratio

(Yen)

	FY6/15	FY6/16	FY6/17	FY6/18	FY6/19	FY6/20 (Plan) *2
Dividend per share*1	25.0	12.5	15.0 Ordinary dividend: 12.5 Commemorative dividend: 2.5	10.0 Ordinary dividend: 6.25 Commemorative dividend: 3.75	8.0	8.0
	3.125	3.125	3.75	5.0		
Payout ratio	16.1%	17.1%	18.7%	13.4%	41.1%	241.7%

*1. Smartvalue conducted a 2-for-1 common stock split on October 1, 2015, January 1, 2018 and July 1, 2018.

The upper dividend figures are the actual dividends before adjusting for the stock splits.

The lower dividend figures are dividends assuming that the stock splits had taken place at the beginning of FY6/15.

*2. The dividend for FY6/20 will require the approval of a resolution at the shareholders meeting to be held on September 24, 2020.

FY6/21

Plan

Basic Plan and Goals for FY6/21

Moonshot Vision 2028 Interaction and Breakthrough! Perseverance, preparation and concentration

- 1 Use internal and external interaction to fuel innovative thinking
- 2 Activities looking ahead to the 2028 market cap goal of 100 billion yen
- 3 Improve controls, quality, standardization and other aspects of technology development
- 4 Stronger governance by changing to the committee-based governance structure
- 5 Internal digital transformation (DX) progress and smart work initiatives
- 6 Place emphasis on creating digital communities (Smart city)
- 7 Create cloud, IoT and other business models suitable for today's new normal
- 8 Build the groundwork for rapid growth starting in FY6/22

Basic Plan and Goals for FY6/21

1. Eliminate sectionalism that divides different organizational units. Use seamless internal/external open innovation. Create social systems for the convergence of cyber and physical elements, such as software, hardware and facilities. Encourage interaction among organizations, companies, people, devices, data, ideologies, identities and many other entities for generating new value and advancing to an even higher level.
2. We must resolve factors that conflict with creative processes and the controls needed to carry through with those ideas. One reason is to accomplish the market cap goal of 100 billion yen in 2028, our 100th anniversary.
3. Reinforce supervision of the technology development unit and strengthen management of development processes, quality management and other activities.
4. Use the change to committee-based system to separate business operations from management oversight. Use additional measures, including more accountability for business operations, to further upgrade corporate governance.
5. Incorporate the DX in all areas of the company and conduct “smart work” by boosting productivity and efficiency, using fixed schemes and standardization, establishing processes and using business activities to create value.
6. The overall objective is to focus on creating digital communities (smart cities) and, to accomplish this, increase the scale of the required cloud/IoT services and of businesses that function as a smart city platform. We want to advance to the creation of social systems of historic proportions.
7. Concentrate on cloud/IoT businesses, sharing and other business models that match today’s new normal.
8. Focus on the resources needed to set the stage for rapid growth starting in FY6/22 and establish a framework, deploy resources and take other steps for this growth.

Summary of FY6/21 Forecast

1. Revised business segments and segment allocation rules because the Mobile Business was sold in FY6/20
2. COVID-19 and technology development investments will affect first half performance but expect a recovery in the second half
3. Forecast a loss, but this is caused mainly by a delay of about six months in business growth following the Mobile Business sale caused by COVID-19
4. Strong Cloud Solutions growth: Sales up 28.6% and operating profit up 367.9%
5. A big increase in mobility IoT earnings is expected to raise mobility services earnings
6. More progress with building a sound business infrastructure, including the technology development framework, quality, standardization and other areas
7. Higher workplace environment expenses, including personnel expenses
8. Changing to the committee-based system to make governance even stronger

Net sales

4,773 million yen

Operating loss

(82) million yen

Business Structure Beginning in FY6/21

Former Segments

Segment and Business	Domain
Cloud Solutions Business	
Digital government	Digital government
Mobility services	Mobility IoT
	Car solutions
Others	Nearshore development
Mobile Business	Mobile

New Segments

Business	Segment	Domain
Cloud Solutions Business	Digital government	Digital government
	Mobility services	Mobility IoT
		Car solutions

- (1) The former Cloud Solutions segment has become two segments: Digital Government and Mobility Services.
- (2) The Mobile segment has been deleted because of the sale of the mobile data communication hardware sales agent business on March 31, 2020.

Business Structure Beginning in FY6/21

Combining “smart” systems and technologies to create social systems that can thrive for many years!

At Smartvalue, we believe in the power of technology and have been working on services that create new value for society. In addition, we are examining many social issues and thinking about how people should live and the roles of key elements affecting our lives. We will continue to take many actions for creating a future where people can enjoy healthy and fulfilling lives.



This segment provides information distribution tools for transparency in open government and cloud services for participation and collaboration centered on resident ID platforms. These tools and services are vital for platforms that form the basis for the upcoming age of digital government. All activities are aimed at creating e-government that leads to a new paradigm for government services.

Digital Government activities use private-sector knowhow and financing to convert to a profit model government activities for public services, government facilities that are symbols of their respective regions, and other items. Invigorating communities and regions and creating industries are the main goals. Another objective is establishing 21st century social systems capable of digital community creation in the age of cyber physical systems through the convergence of governments, ICT, and experience- and empathy-based elements. To accomplish these goals, this segment will encompass healthcare, sports, mobility, application procedures and many other fields.

A link between you and information about the region where you live

Contracts with 596 local governments, ranking first in Japan in the cloud CMS market category

*Smartvalue data as of June 30, 2020

SMART L-Gov is a local information cloud platform provided by Smartvalue for local governments and public-sector agencies.



Resident ID platform facilitates digital government services

Announcing GaaS (Government as a Service)

Smartvalue was first in Japan to create a GaaS that is a resident ID platform utilizing blockchain technology. We are providing this nationwide as a platform that allows using digital technologies for providing government services.

Many types of application services are planned. The first is POTAL.



Automotive devices were the first business of Smartvalue. The sale of automotive information devices remains the main business of this segment. But this business has also grown to become a one-stop source of mobility IoT services for the new automotive era of CASE (connected, autonomous, shared, electric). Operations include connected services, platforms for the utilization of data, the development of applications and other activities.

A platform for converting automobiles into a service Kuruma Base



We created Kuruma Base as a platform designed specifically for the conversion of automobiles into a service. The purpose is to further expand this automotive business domain outward from the connected sector to cover the themes of sharing and services too.

Making telematics even easier to use New potential for the mobility society

We provide cloud services using technologies, chiefly IoT, that target automobiles and many other categories of mobility.

By analyzing and using a diverse array of data obtained from mobility, we will prevent automobile accidents, reduce traffic jams, use vehicles more efficiently and facilitate other forms of progress. Our goal is to use automobile driving data to solve a variety of social issues.

The Smartvalue CiEMS Series is an IoT service for company vehicles for driving safety, compliance with traffic laws and more efficient business operations. This service is currently used by about 350 companies and 23,000 vehicles.

*As of June 30, 2020



FY6/21 Statement of Income: New Segments

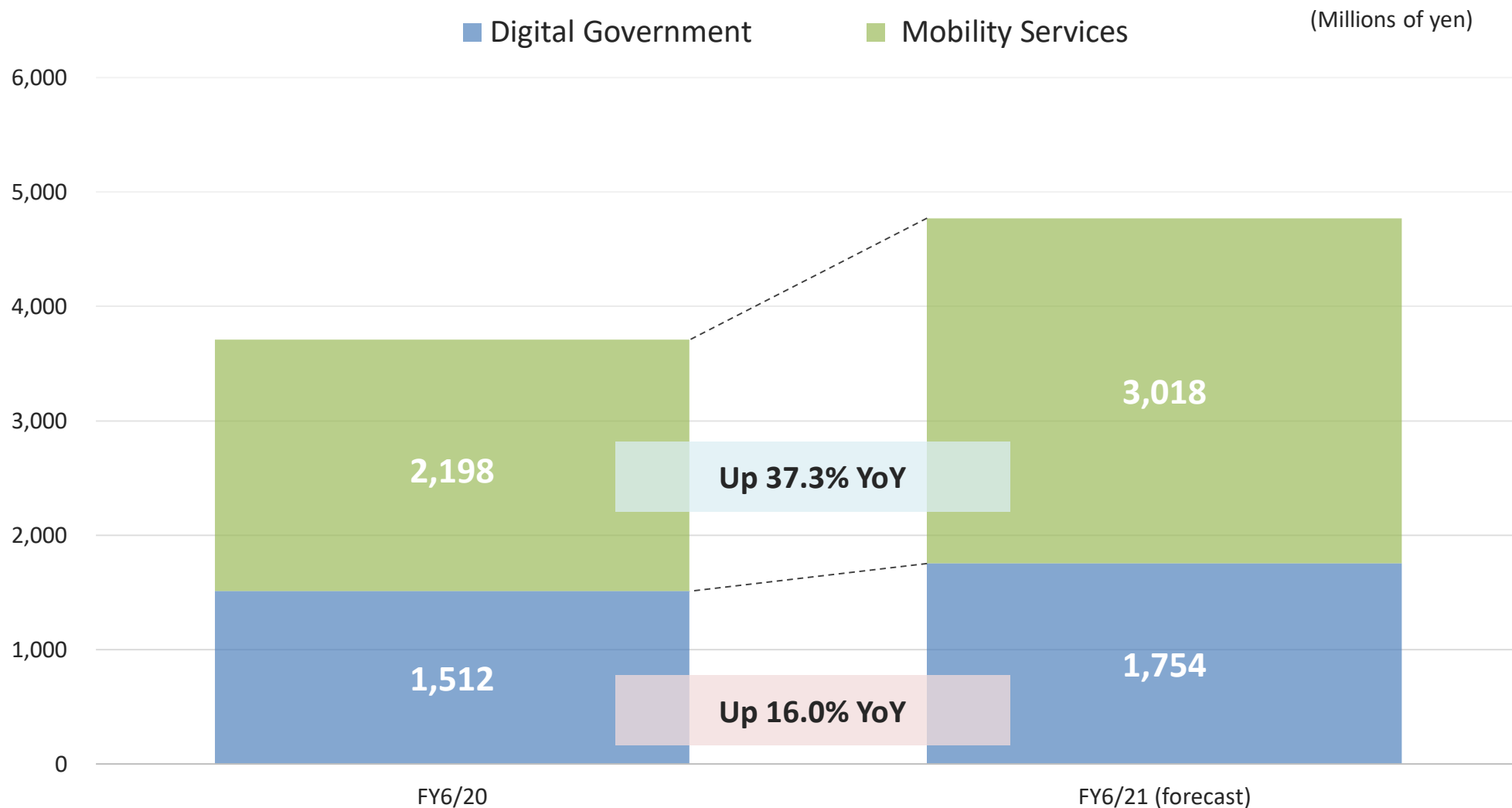
Shifting emphasis to growing market sectors to build a highly profitable business portfolio

(Millions of yen)

	FY6/20 Results (Revised)	FY6/21 Forecast	YoY change (%)	Major items
Net sales: Cloud Solutions Business	3,711	4,773	128.6%	
Digital Government	1,512	1,754	116.0%	Increase in steady income and growth of GaaS and other government digitalization services
Mobility Services	2,198	3,018	137.3%	A big increase in mobility IoT sales
Operating profit: Cloud Solutions Business	101	473	467.9%	
Digital Government	68	156	228.1%	Steady-income profit margin is improving
Mobility Services	32	316	972.5%	One-time expenses for service development held down FY6/20 profit Growth of CiEMS steady income, which has a high profit margin
Operating margin	2.7%	9.9%	+7.2 points	
Digital Government	4.5%	8.9%	+4.4 points	
Mobility Services	1.5%	10.5%	+9.0 points	
Corporate expenses	(576)	(555)		
Consolidated operating profit	(239)	(82)		
Consolidated ordinary profit	(223)	(81)		
Profit	32	(93)		

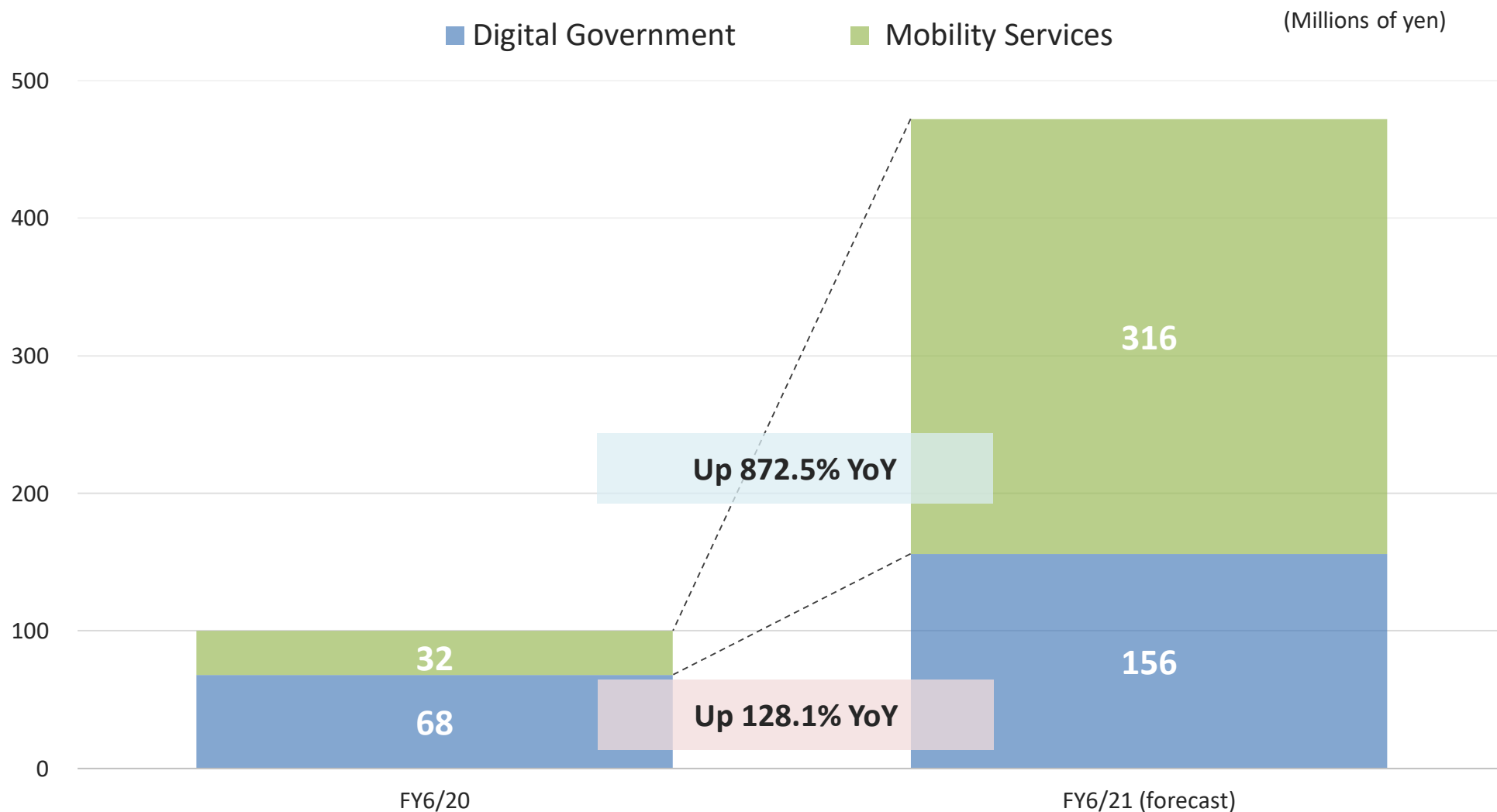
* For these comparisons, FY6/20 information has been restated to match the new business segments starting in FY6/21.
The Mobile segment is omitted because this business was sold in FY6/20.

FY6/21 Forecast of Sales: New Segments



* For these comparisons, FY6/20 information has been restated to match the new business segments starting in FY6/21. The Mobile segment is omitted because this business was sold in FY6/20.

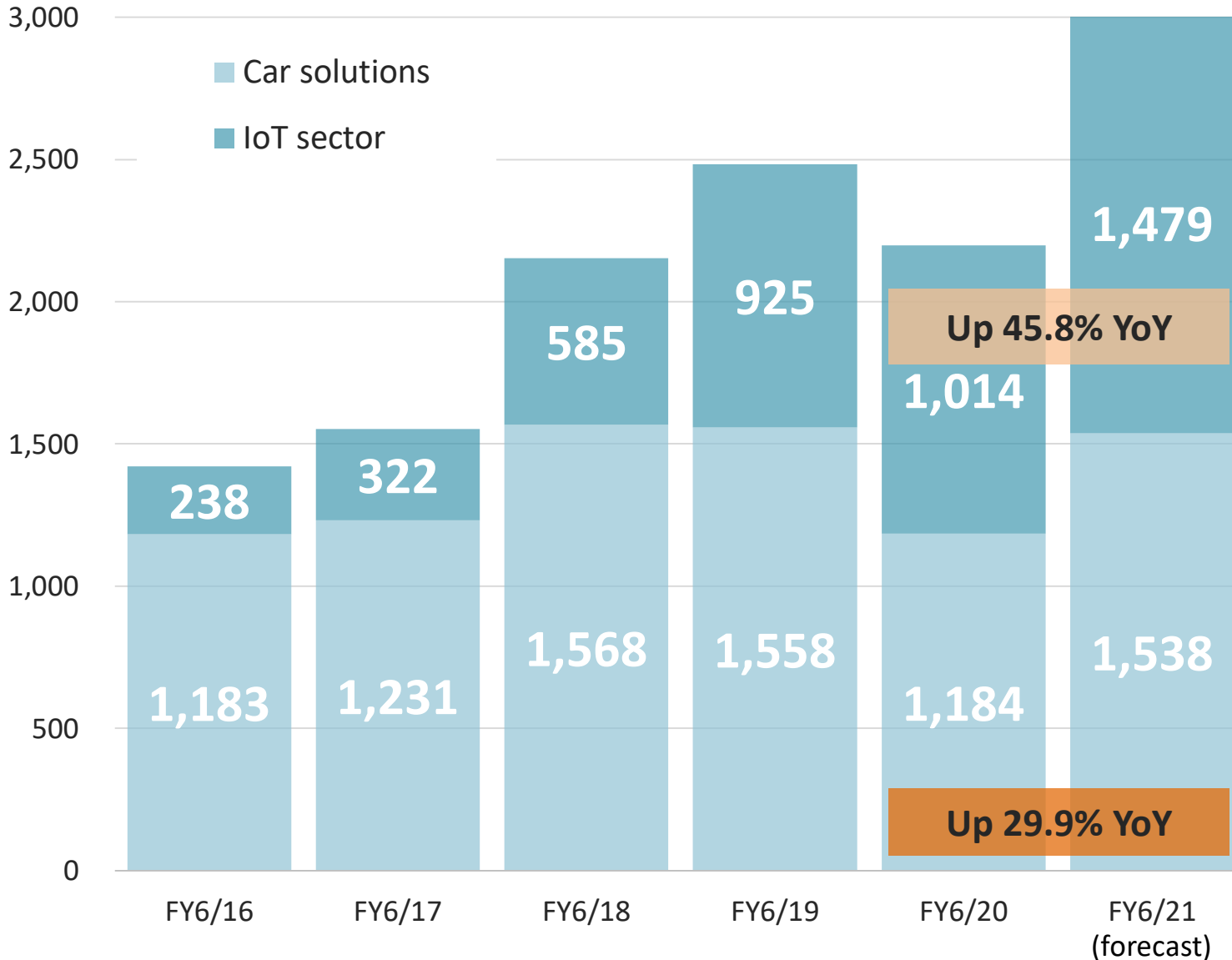
FY6/21 Forecast of Operating Profit: New Segments



* For these comparisons, FY6/20 information has been restated to match the new business segments starting in FY6/21. The Mobile segment is omitted because this business was sold in FY6/20.

FY6/21 Mobility Services | Changes in Sales

(Millions of yen)

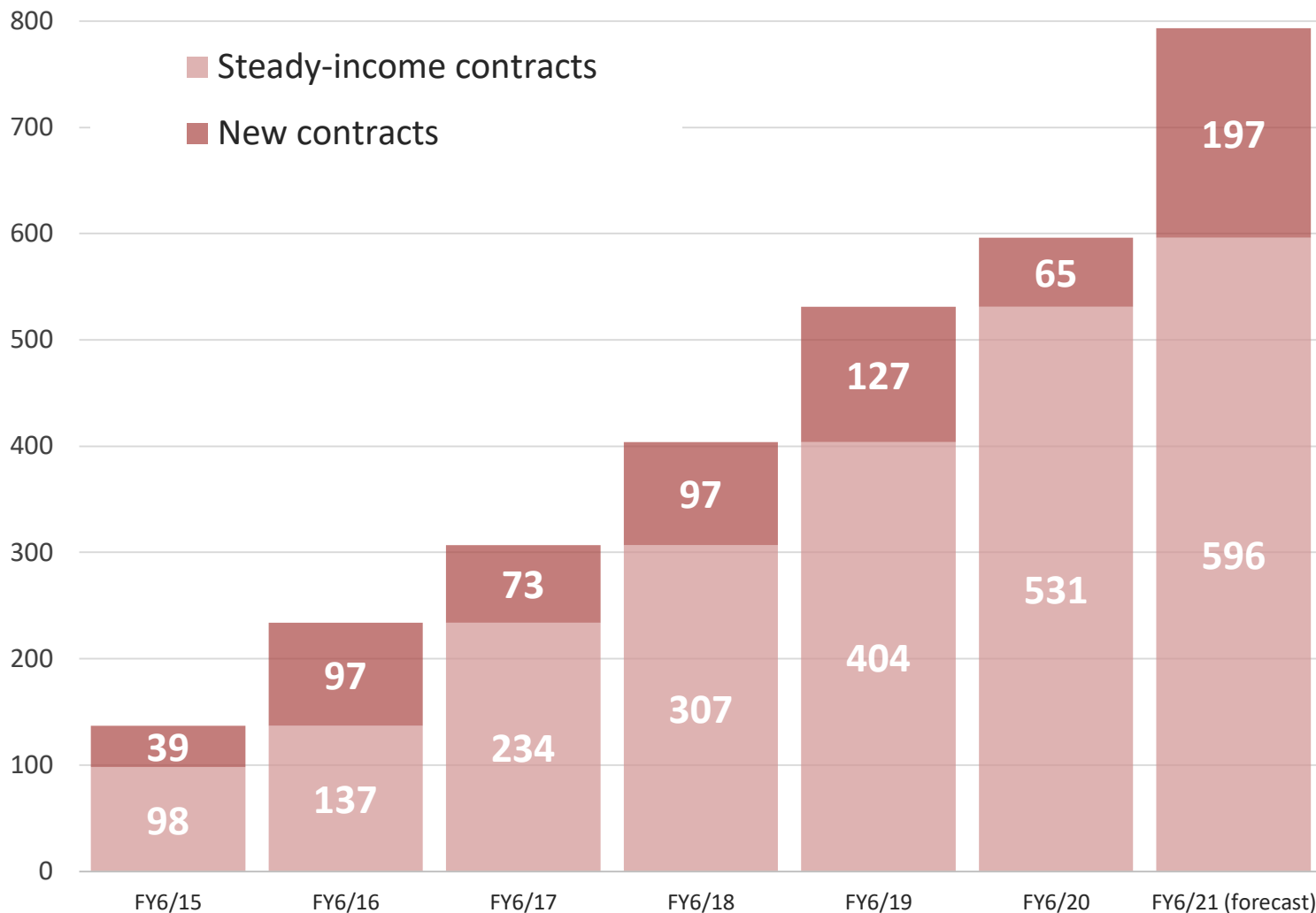


**IoT sector
Up 45.8%
YoY**

In Mobility IoT, both CiEMS and Kuruma Base have strong pipelines for upcoming business. The forecast for car solutions, which is largely the sale of devices, assumes auto sales will recover somewhat.

FY6/21 Growth of Steady-income Contracts for Core Digital Government Services

(Number of contracts)



Number of contracts
793

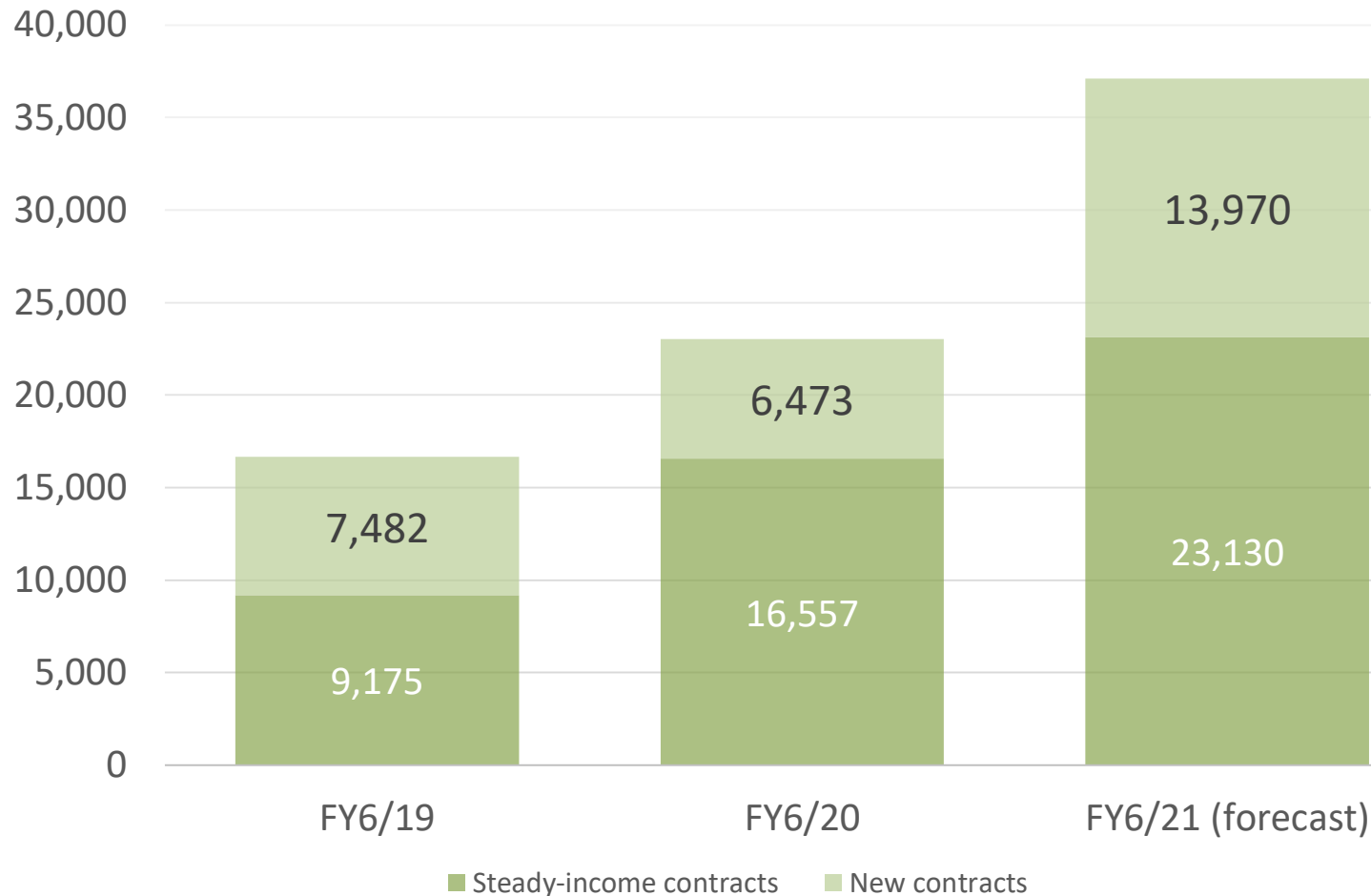
The goal is 197 new contracts, which includes GaaS and consulting for the conversion of government services to digital technology.

*Four core SMART L-Gov services and additional services; GaaS total

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

Mobility Services KPI – Number of CiEMS Hardware Contracts

Number of CiEMS Hardware Contracts



**New
contracts
13,970**

Forecast an increase in CiEMS steady income from 369 million yen in FY6/20 to 523 million yen in FY6/21

If the FY6/21 target of 13,970 new contracts is achieved, steady income will increase significantly in FY6/22.

A Governance Structure for the Growth of Corporate Value

Smartvalue has decided to **change its governance structure** from the company with a Board of Corporate Auditors structure **to the company with committees structure**. This change will require the approval of shareholders at the annual meeting to be held in September 2020.

The purpose of this change is to further clarify the separation of supervising management and conducting business operations, which is expected to strengthen the management oversight function and speed up decisions involving business operations. With this structure, Smartvalue will have a transparent governance design with a Nominations Committee, Remuneration Committee and Auditing Committee that are designated by law. We will use this new structure to make corporate governance stronger and aim for the sustained growth of corporate value.

The new structure separates the roles of management oversight and conducting business operations, enabling all individuals to fulfill their responsibilities.

Many issues involving the long-term plan for 2028 exist, such as the need for people to act on their own initiative, elimination of decisions based on guessing and conjecture, excessive reliance on the company's owner, and the need for succession planning. With Smartvalue having grown to its current size, there is a need to establish a sound governance infrastructure for moving forward.

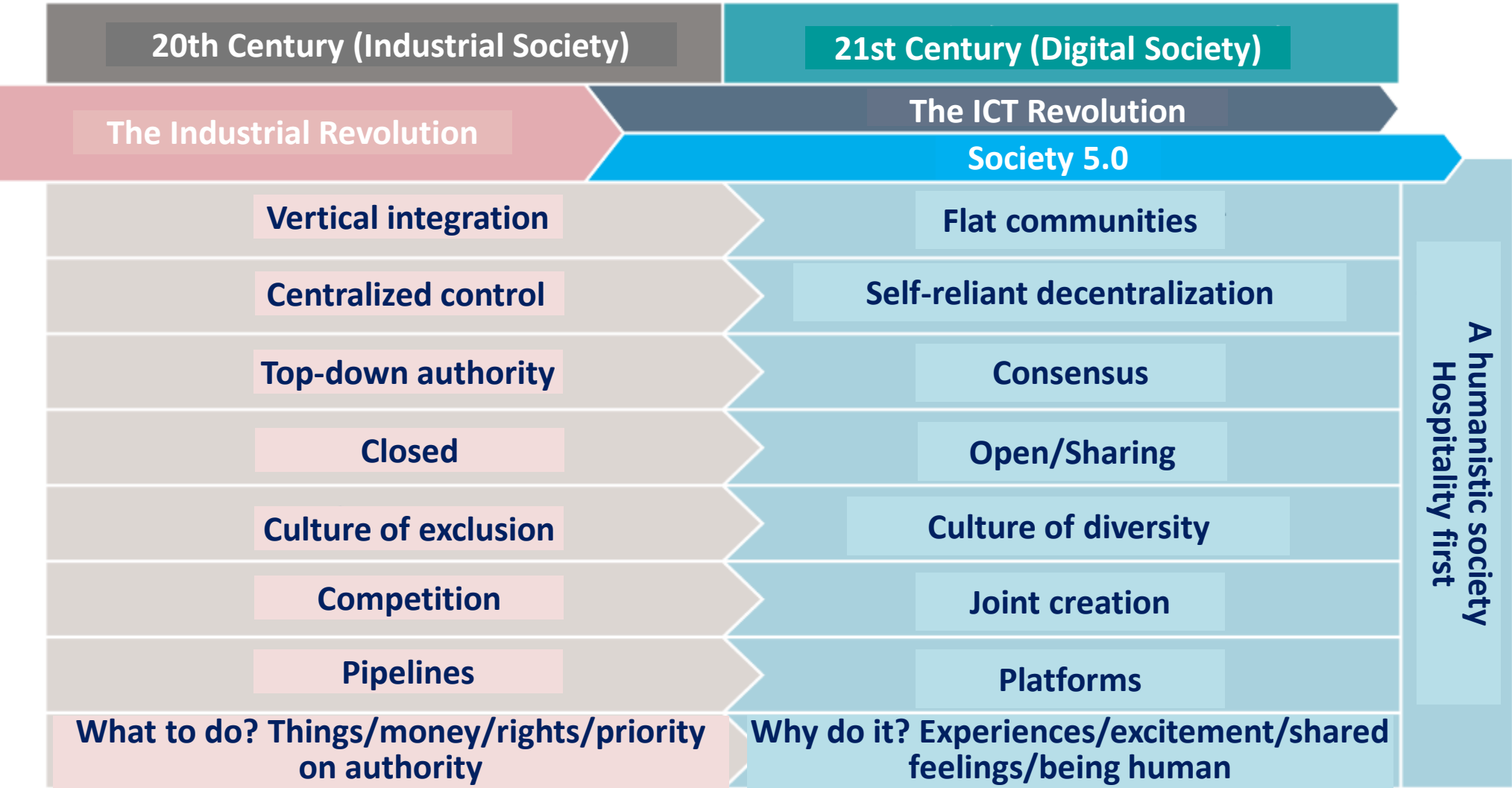
The decision to change the governance system is also due to Smartvalue's position as a family-owned company.

The committee structure will allow benefiting from management by the company's owner while ensuring that Smartvalue has a sound and transparent corporate governance infrastructure.

The Revised Second Medium-term Business Plan

July 2020 to June 2023

The Digital Society and the Evolution of Social Themes



Priority on Business Designs for Emerging Requirements of a New Age

Businesses with social significance and responsibility and ability to help people

Businesses creating shared feelings, excitement, connections, a story and emotion

Businesses clearly defining their own value with no reliance on vested interests

Businesses with digital native characteristics (immediate digital transformation)

Redesign the value of business models that have existed for many years

Businesses that have undergone democratization

Hybrid on-site and online businesses

Businesses that put people first, with diversity and no divisions

Businesses that machines, computers and AI cannot do

Slogan

“Moonshot Vision 2028”

In March 2020, we sold the NTT Docomo carrier shop agency business (Mobile Business). The purpose was to clearly define our stance for upcoming progress and reinforce our commitment to focusing on activities for creating social systems.

The next eight years will be critical for success in the 21st century

Create social systems with meaningful value and a story

An organization with excellent communication and reliability; balance between fixed business processes and creativity; a corporate culture that encourages diversity with people thinking on their own

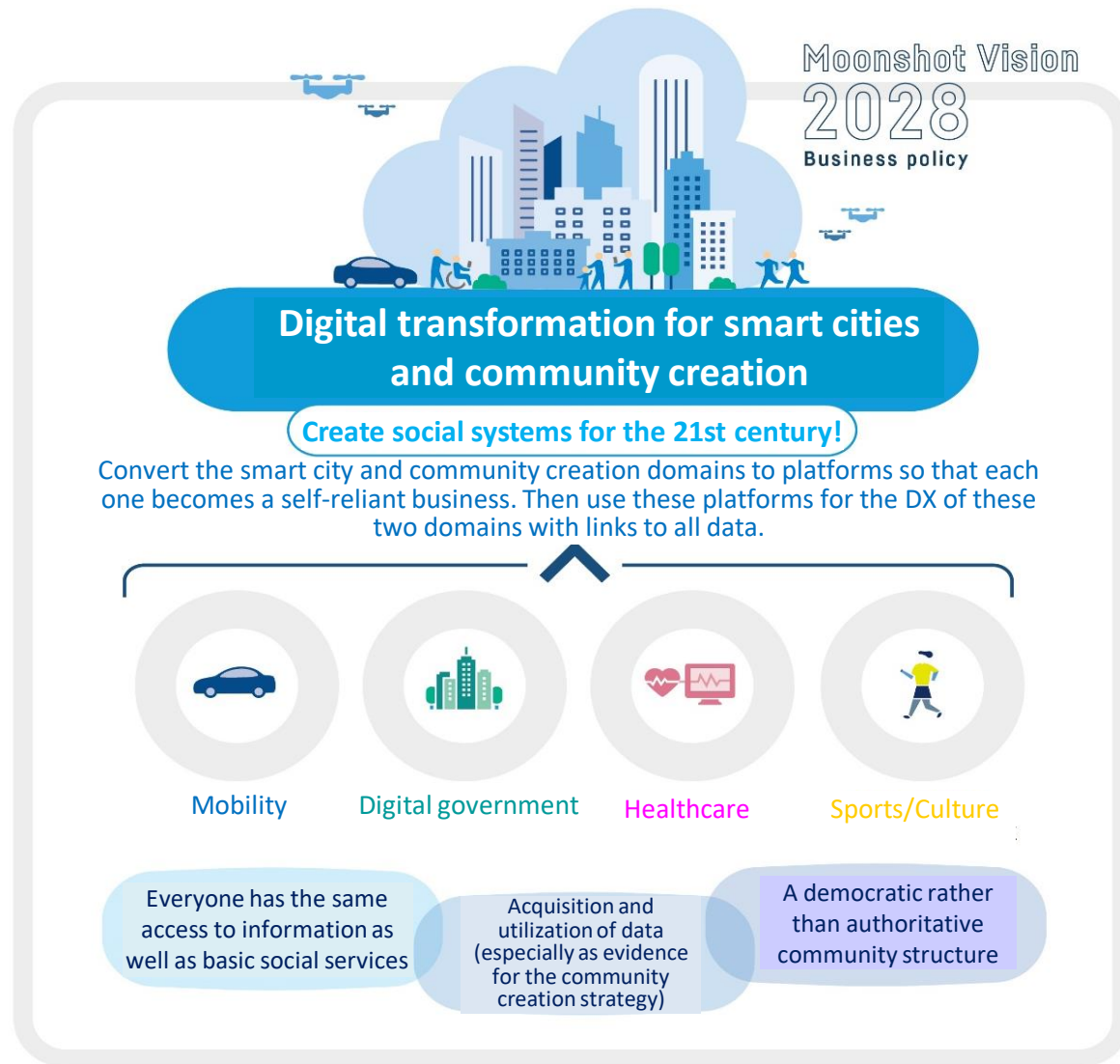
Smart cities based on the digital transformation, incorporating mobility, digital government, healthcare, smart venues/sports and other elements

Focus on carefully selected strategic activities; balance between aggressive investments and managing businesses with speed

Aim for market capitalization of 100 billion yen

Establish an engineering infrastructure and upgrade employees' skills; standardization for development processes and quality assurance

Moonshot Vision 2028 Business Policy



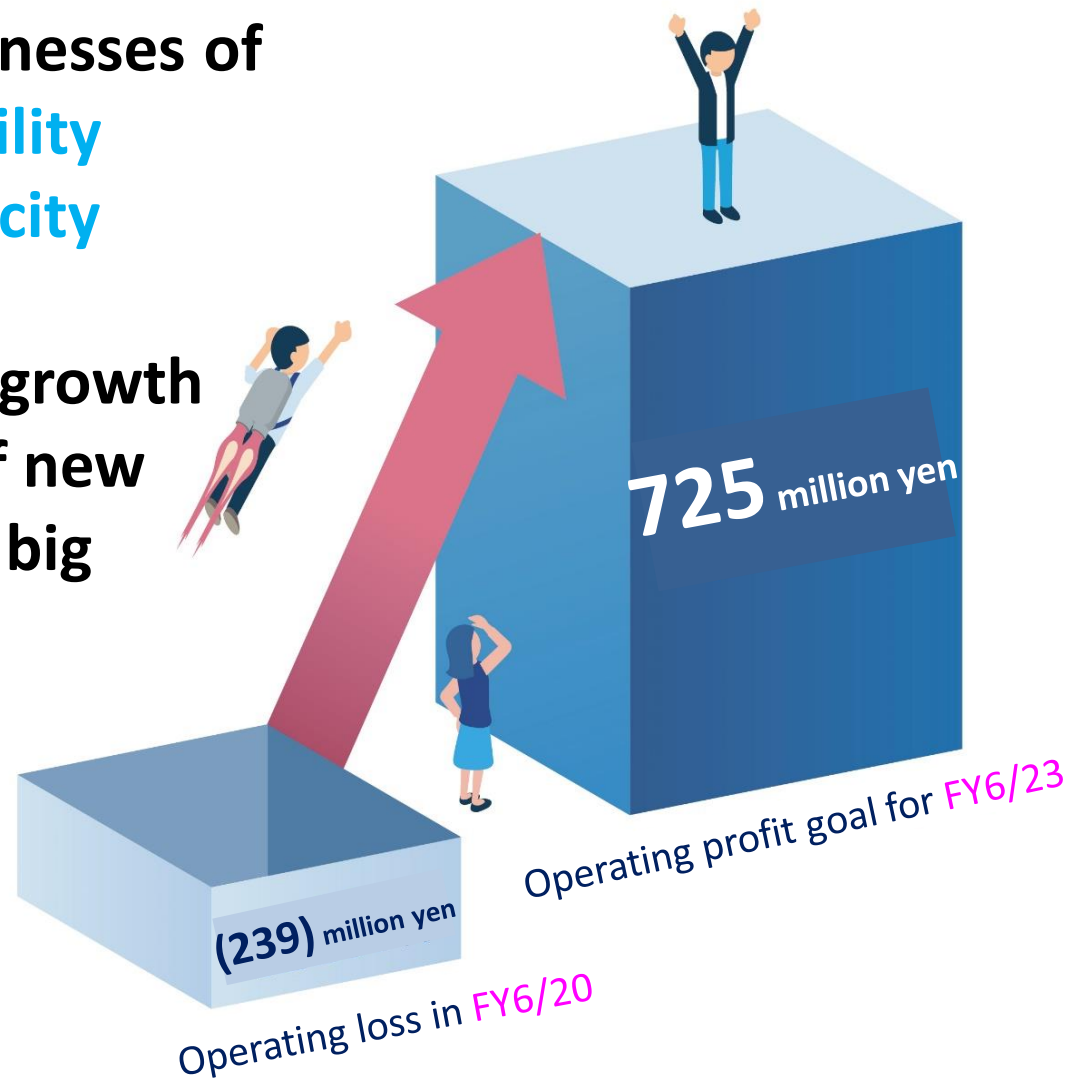
FY6/21-FY6/23 Basic Plan

1	One-year delay due to Mobile Business sale and COVID-19; aiming for growth starting in FY6/22
2	Create social systems based on smart city/community creation DX as extensions of the themes of mobility, digital government, healthcare, and sports/culture
3	Base for technology development, upgrade quality, unified operations with North Detail
4	A more powerful mobility IoT platform strategy
5	Develop the markets for digital government DX support and online government procedures
6	Use a tight focus on carefully selected fields to aim for healthcare business growth again
7	Enter sports/culture and other business domains that can create civic pride
8	Create smart cities that thoroughly reflect residents' viewpoints and are integrated using democratic principles
9	Increase steady-income for more earnings and higher efficiency
10	Strengthen governance (change to the committee-based governance structure)
11	An organization using open innovation along with the proper balance between control and self-reliance (creativity)
12	Infrastructure and flexibility to accommodate a variety of environments for doing work

Earnings Growth Goal for FY6/21 to FY6/23

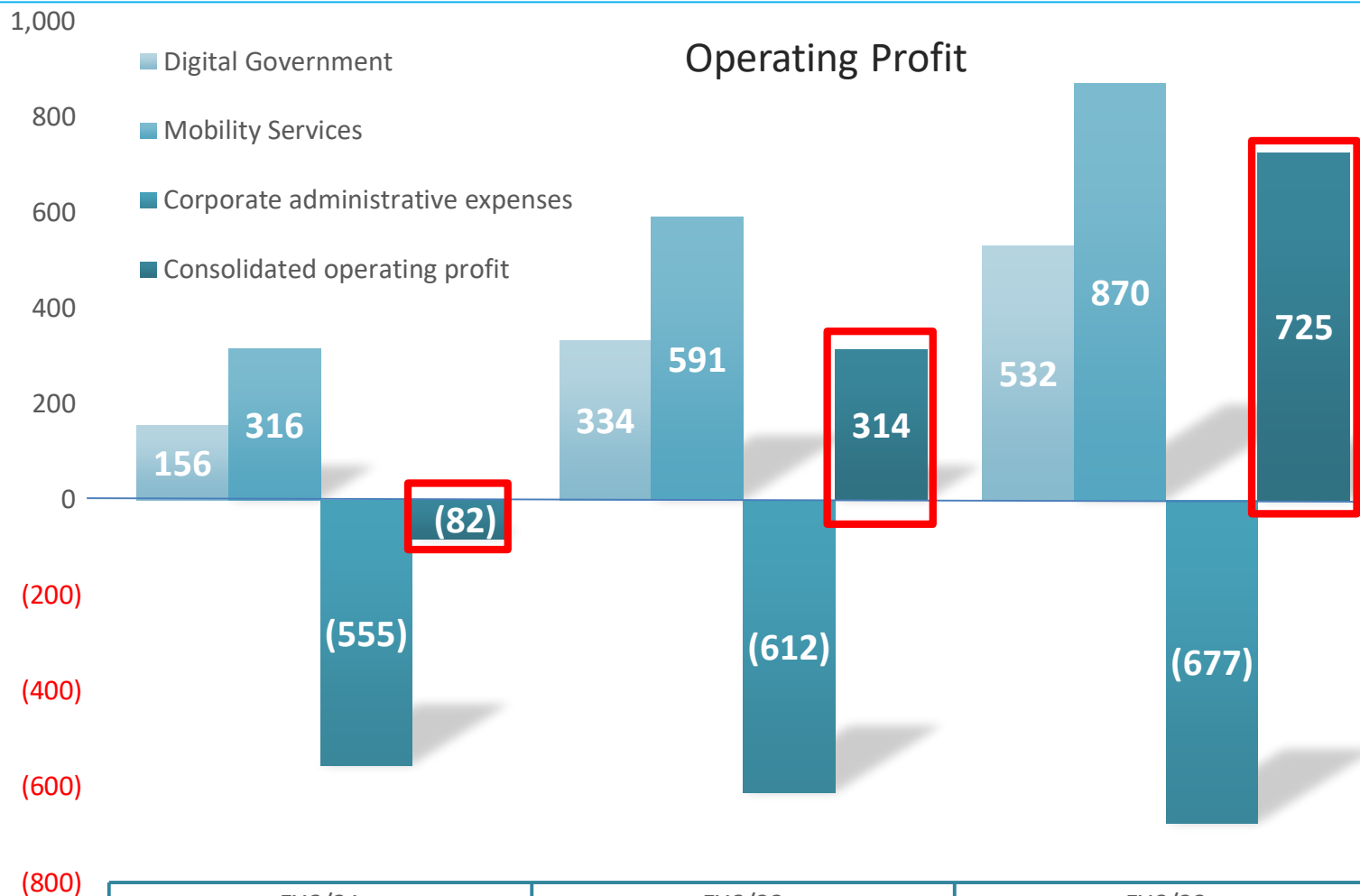
Expanding from the core businesses of **Digital Government and Mobility Services** by adding **the smart city domain**.

By combining steady-income growth with the aggressive pursuit of new business, we are aiming for a big increase in operating profit.



FY6/21-FY6/23 Forecast of Operating Profit

(Millions of yen)



	FY6/21	FY6/22	FY6/23
Digital Government	156	334	532
Mobility Services	316	591	870
Corporate administrative expenses	(555)	(612)	(677)
Consolidated operating profit	(82)	314	725

Supplementary Information

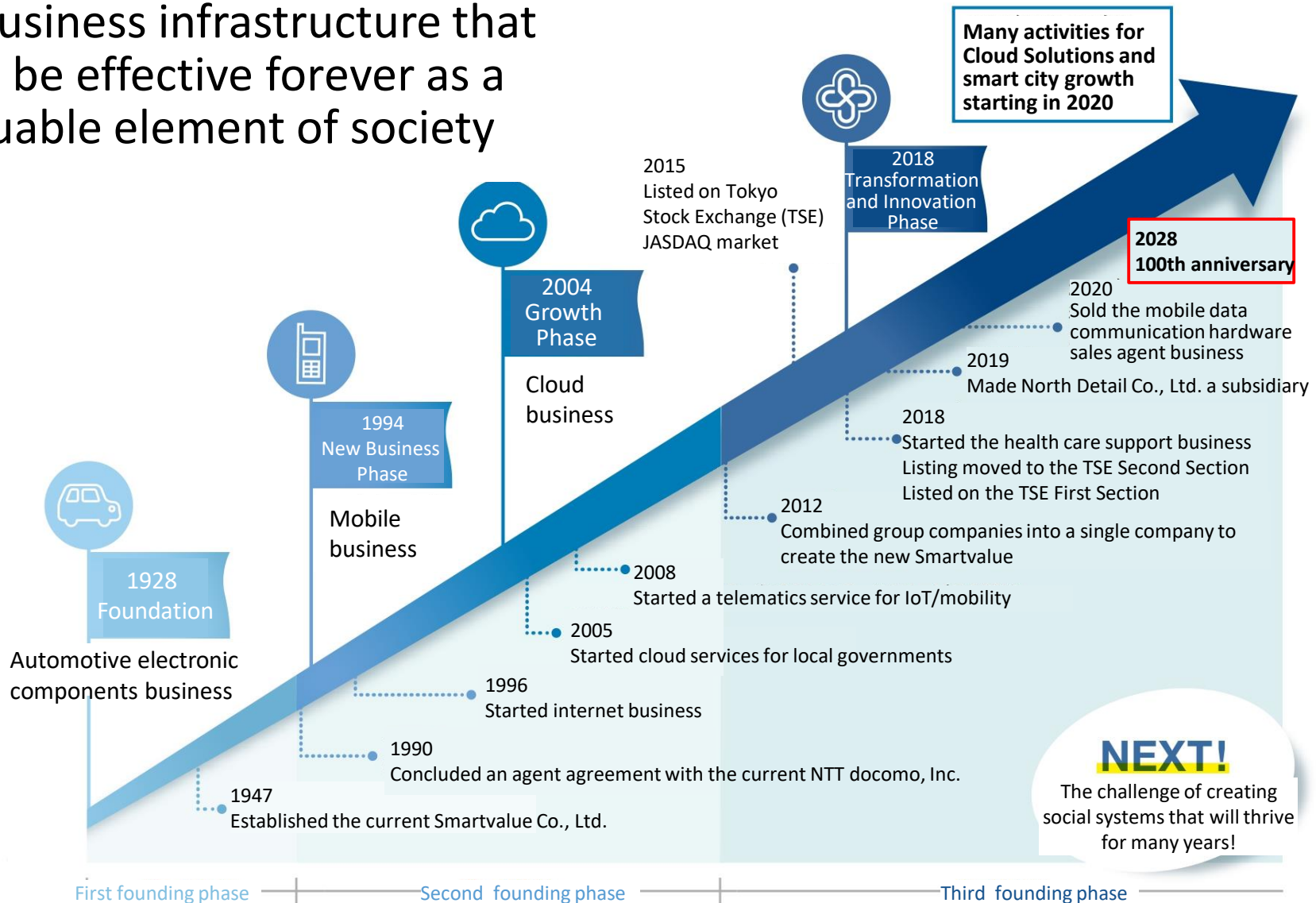
Company Profile

A business infrastructure that can be effective forever as a valuable element of society

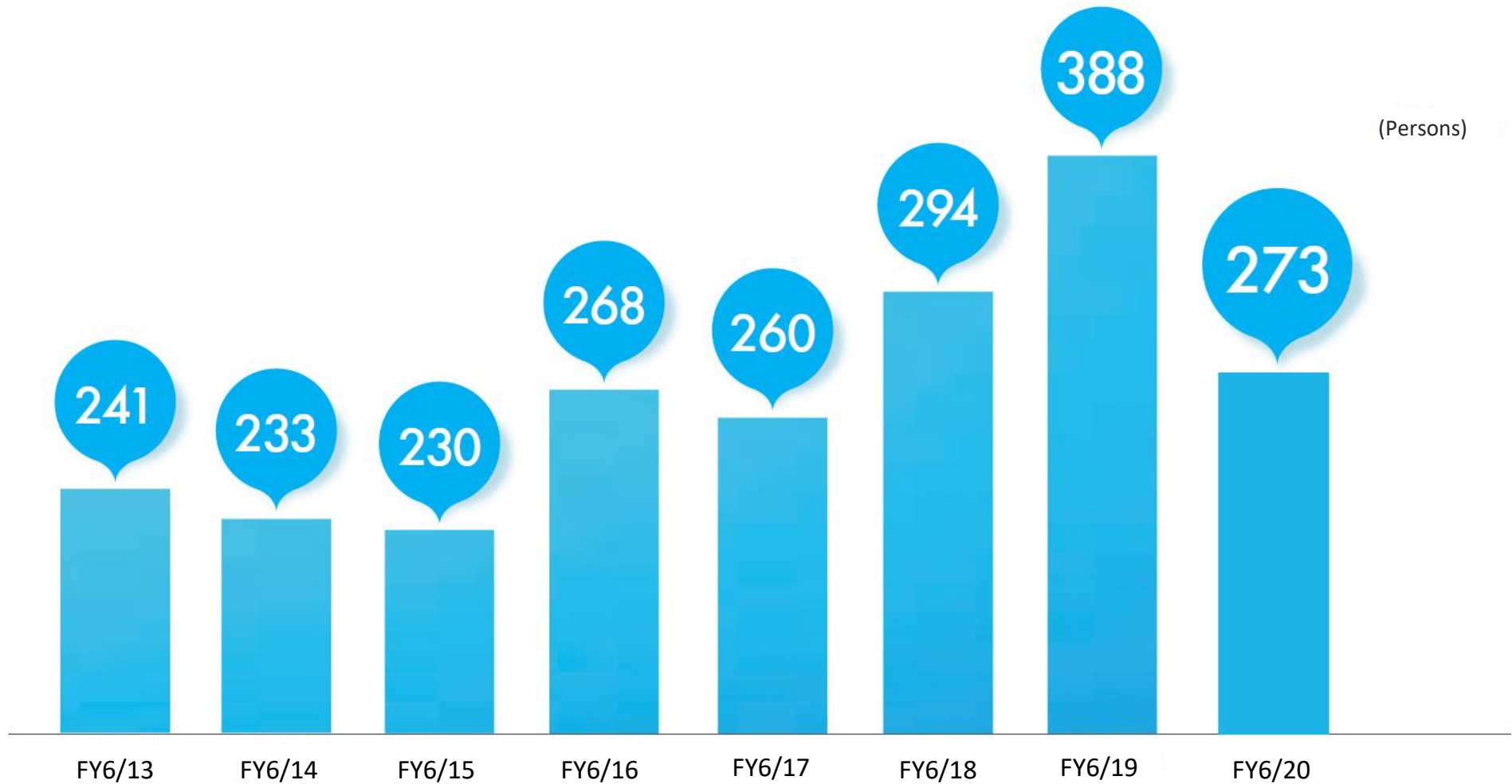
Name	Smartvalue Co., Ltd.
Listing	Tokyo Stock Exchange, First Section (Securities code: 9417)
Founded	October 1928 (now in the 91st year)
Established	June 1947
Capital	959,454 thousand yen
Representative	Jun Shibuya, President and CEO
Employees	273 (As of June 30, 2020)
Headquarters	Keihanshin Midosuji Bldg. 7F 3-6-1, Doshomachi, Chuo-ku, Osaka
Offices	Osaka head office (Chuo-ku, Osaka) / Tokyo office (Chuo-ku, Tokyo) Miyakonojo BPO Center (Miyakonojo-shi, Miyazaki) / Six docomo shops (Osaka)
Subsidiary	North Detail Co., Ltd. (Sapporo, Hokkaido)
Business	Cloud Solutions Business (Digital Government Segment / Mobility Services Segment)

History

A business infrastructure that can be effective forever as a valuable element of society



Smartvalue Group Employees



* The number of employees is as of the end of each fiscal year (June 30).

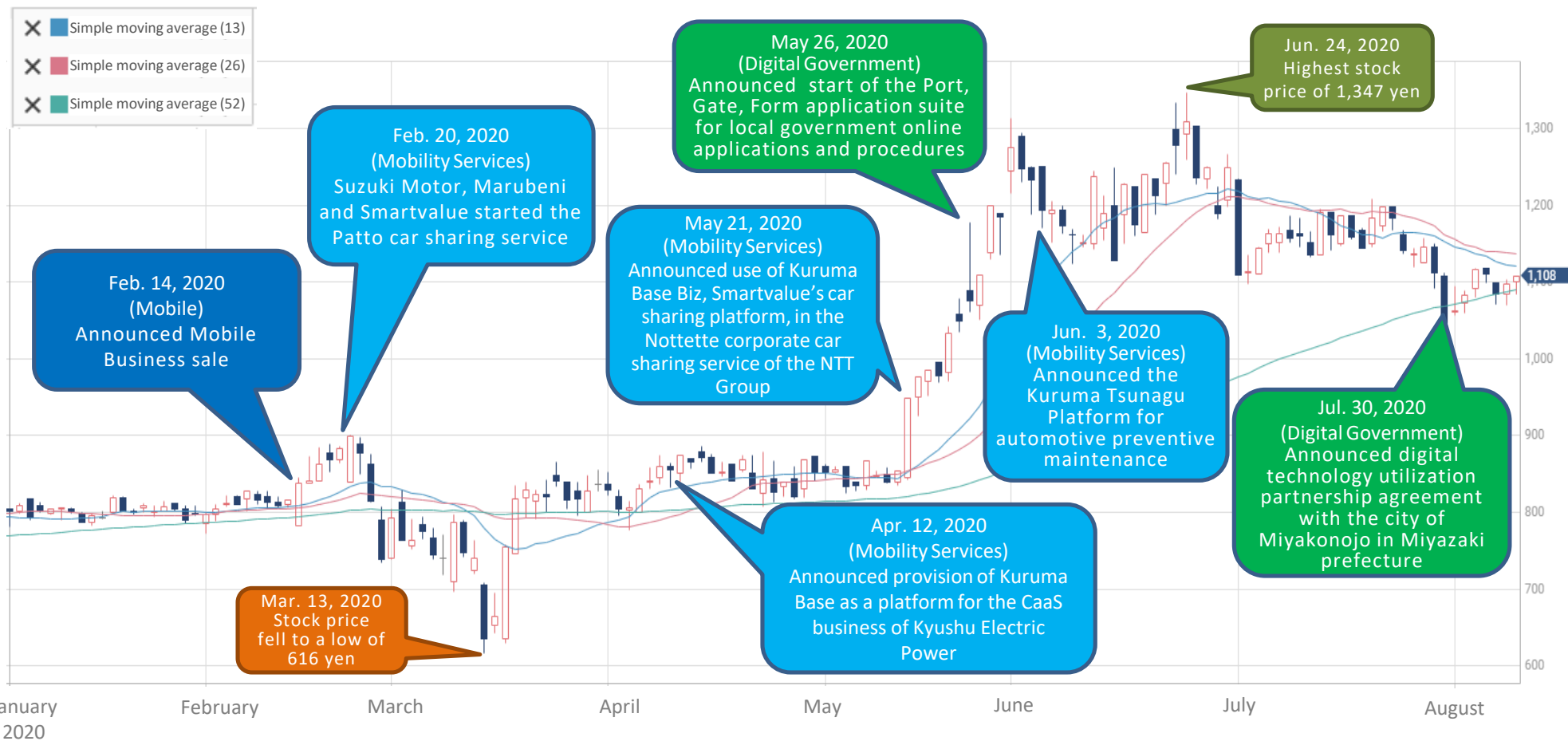
The number of temporary employees is not shown because it is less than 10% of the total number of employees.

Stock Chart

Source: Electronic version of the Nihon Keizai Shimbun, Smart Chart (January 2020 – August 12, 2020 (daily price))

Tokyo Stock Exchange,
First Section
Securities code: 9417
Closing price on August 12, 2019

Stock price: 1,108 yen Trading unit: 100 shares
Minimum purchase: 110,800 yen Market capitalization: 11,373 million yen
PER: 10.71x Number of shares outstanding: 10,264,800 shares



- Monetary figures in this presentation are shown in millions with the remainder rounded down. Percentages are shown to first decimal place and are rounded off.
- Forecasts and other forward-looking statements in this presentation are based on Smartvalue's judgments at the time this presentation was prepared. Smartvalue does not guarantee the accuracy of this information.
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