SMARTVALUE
Hospitality First

The Revised Second Medium-term Business Plan

July 2020 to June 2023

A Roadmap for Progress toward Moonshot Vision 2028

August 14, 2020

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

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Positioning of Medium-term Business Plans

SMARTVALUE
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IPO
July 2015

Market capitalization of ¥1.7 billion at the IPO

First Medium-term Business Plan
July 2015 – June 2018

- Accomplished the goal of doubling operating profit from the IPO level to ¥366 million

Year of Preparations
June 2018 – June 2019

- Listed on the Tokyo Stock Exchange First Section
- Acquired a software development company
- Sold an owned data center
- Market capitalization reached ¥10 billion

Second Medium-term Business Plan
July 2019 – June 2022

- Sold the Mobile Business
- Implemented COVID-19 countermeasures

Rolling plans to reflect big changes in market conditions

July 2020 – June 2023

The Revised Second Medium-term Business Plan
The current business plan

- Implemented COVID-19 countermeasures
- DX for cities that follow the smart city concept
- Build a stronger technology development framework

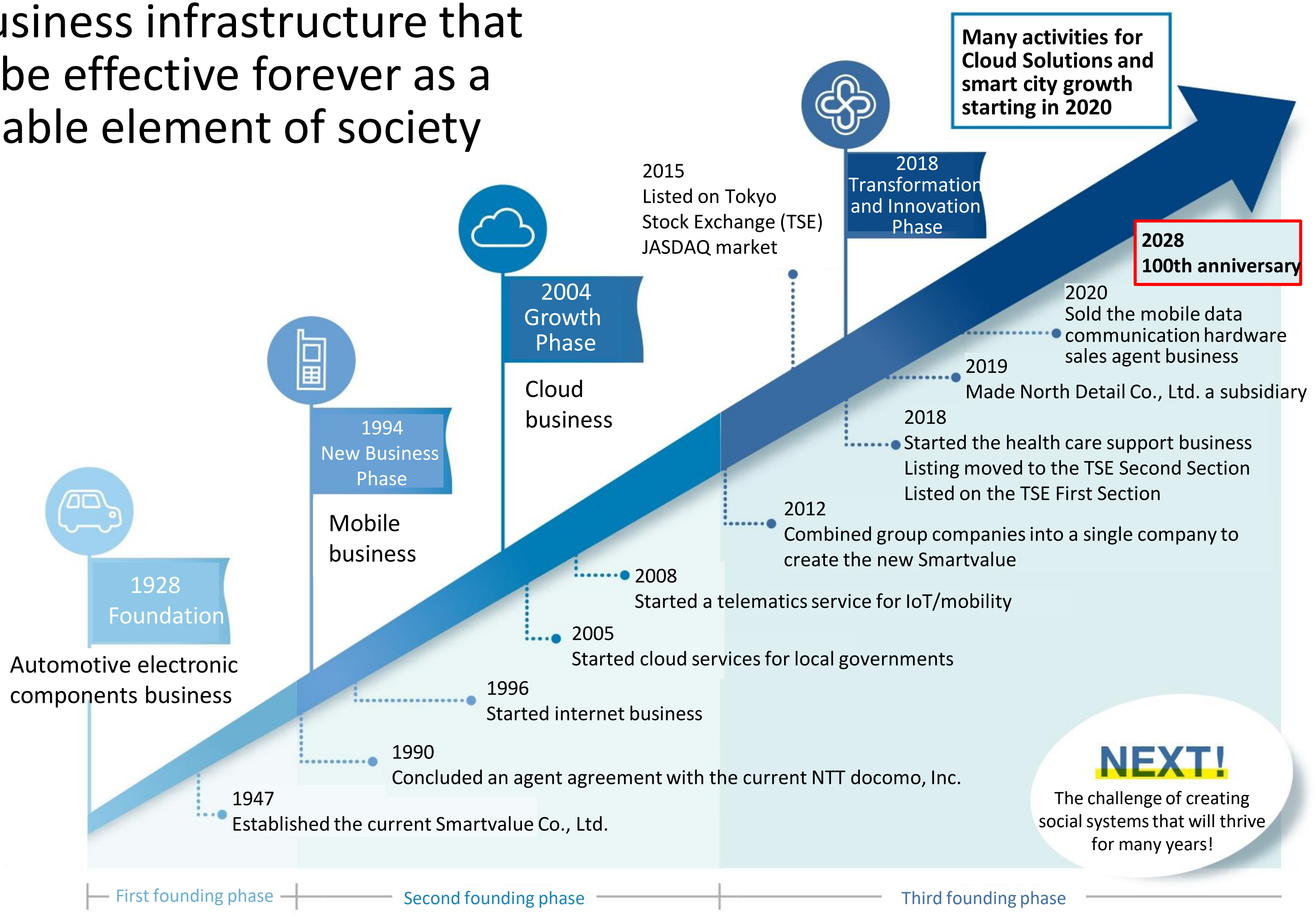
Third Medium-term Business Plan
July 2023 – June 2026

Fourth Medium-term Business Plan
June 2026 – June 2029

June 2028
100th anniversary of our founding
Market capitalization of ¥100 billion

A Company with a History of 100 Years

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



1928
Foundation

Automotive electronic components business

1947
Established the current Smartvalue Co., Ltd.

1990
Concluded an agent agreement with the current NTT docomo, Inc.

1994
New Business Phase

Mobile business

1996
Started internet business

2004
Growth Phase

Cloud business

2005
Started cloud services for local governments

2008
Started a telematics service for IoT/mobility

2012
Combined group companies into a single company to create the new Smartvalue

2015
Listed on Tokyo Stock Exchange (TSE) JASDAQ market

2018
Transformation and Innovation Phase

2018
Started the health care support business
Listing moved to the TSE Second Section
Listed on the TSE First Section

2019
Made North Detail Co., Ltd. a subsidiary

2020
Sold the mobile data communication hardware sales agent business

Many activities for Cloud Solutions and smart city growth starting in 2020

2028
100th anniversary

NEXT!
The challenge of creating social systems that will thrive for many years!

Goals

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

We contribute to society in four ways by functioning as a company that serves the public as an integral member of society: **(1) Using our businesses to create more added value; (2) Earning profits from businesses that produce benefits for society; (3) Consistently providing employment and paying taxes; and (4) Achieving the steady growth and advancement of our people and our organization**. By making these contributions, we are determined to be a company that is trusted as a critical member of society and that can be successful forever.

Companies consist of the shared assets of society and merely **utilize these assets on behalf of society**. Passing on these shared assets to the next generations while **raising the value of these assets** is our primary responsibility. Our resolute commitment to **functioning as a main constituent of society** underpins all of our activities.

We want to clearly define **why people do their jobs** as we aim for an increase in value through growth as a company that is a shared asset of society. We want everyone involved to be happy in terms of physical goods and spirit. By embracing this philosophy, we are determined to **pass on these shared assets to the next generation, which will be the core of the next phase of society**.
Increasing the value of our company will allow us to provide employment and pay taxes consistently as well as make other contributions to society. As the method for increasing value, we have a commitment to creating services that can help solve social issues.
We are dedicated to **enthusiastically** operating businesses that bring about positive changes in society in many ways.
The objective of all of these activities is **a sustainable existence with success involving both our business operations and our mission**.

Mission

Combine "smart" systems and technologies to create social systems that can systems that will go down in history

We will further increase the convergence of the **power of technology** and of **our business model**. Our goal is creating social capital that includes software as well as physical elements of this capital.
Outstanding technologies can alter social frameworks for the creation of a **distributed autonomous society**. Combining these frameworks with a compatible business perspective will result in the emergence of a digital society in the future.

We are in a revolutionary phase as the world advances from the industrialized society that ended with the 20th century to an information-driven society. To tackle social issues, technology and data obtained from physical devices must be utilized for the establishment of **social systems that can change the world**.
Overall, this stance represents the creation of services that can play a role in **the smart city** concept.

As mentioned in our goals, our most important premise is that **mission-driven companies are sustainable**. We want everyone at our company to constantly think about how our activities can make society better and how to create social systems that will go down in history.
Today, we are at the beginning of a digital society that will last until the 22nd century. As a result, this is also **a period of change that will produce an autonomous society.** Our mission is to make society even better by using technology and data for **social system innovation**. This mission is valid during this current period of change. The result of these activities will be the creation of a humanistic society.

The Digital Society and the Evolution of Social Themes

20th Century (Industrial Society)	21st Century (Digital Society)
The Industrial Revolution	The ICT Revolution Society 5.0
Vertical integration	Flat communities
Centralized control	Self-reliant decentralization
Top-down authority	Consensus
Closed	Open/Sharing
Culture of exclusion	Culture of diversity
Competition	Joint creation
Pipelines	Platforms
What to do? Things/money/rights/ priority on authority	Why do it? Experiences/excitement/ shared feelings/being human

A humanistic society
Hospitality first

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

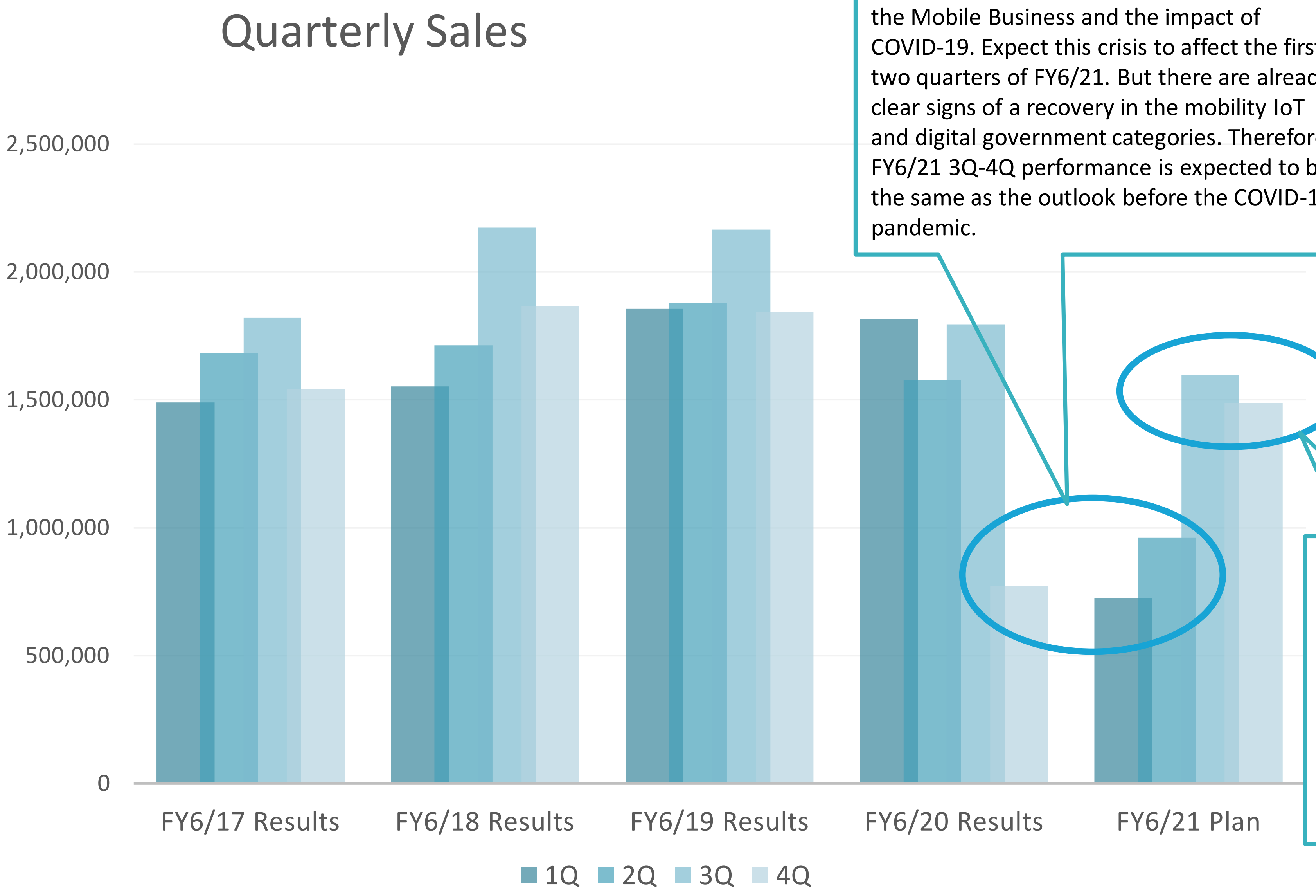
Businesses that machines, computers and AI cannot do

Impact of COVID-19

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

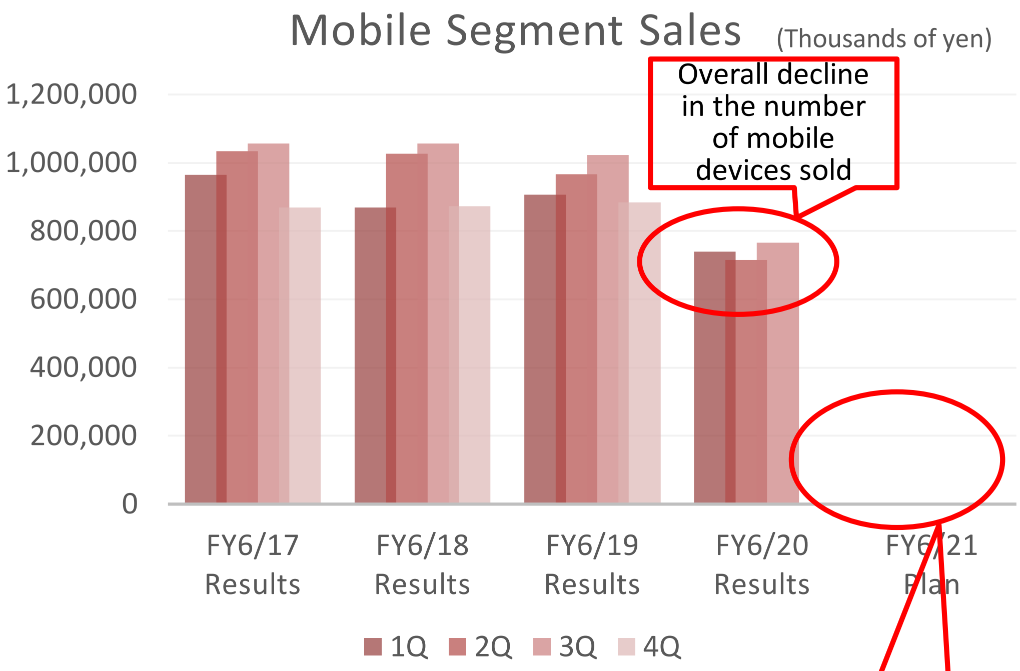
Impact of COVID-19 -Quarterly Sales-



Big drop in 3Q sales because of the sale of the Mobile Business and the impact of COVID-19. Expect this crisis to affect the first two quarters of FY6/21. But there are already clear signs of a recovery in the mobility IoT and digital government categories. Therefore, FY6/21 3Q-4Q performance is expected to be the same as the outlook before the COVID-19 pandemic.

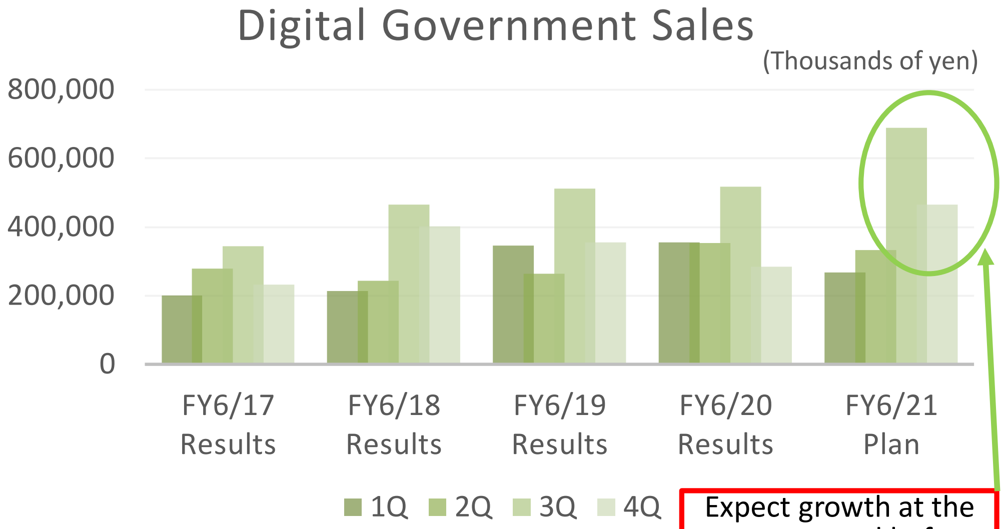
Expect 3Q/4Q sales to be almost the same as forecast before the sale of the Mobile Business mainly because of growth of the cloud business, which has an increasing volume of steady income.

Impact of COVID-19 -Quarterly Sales-

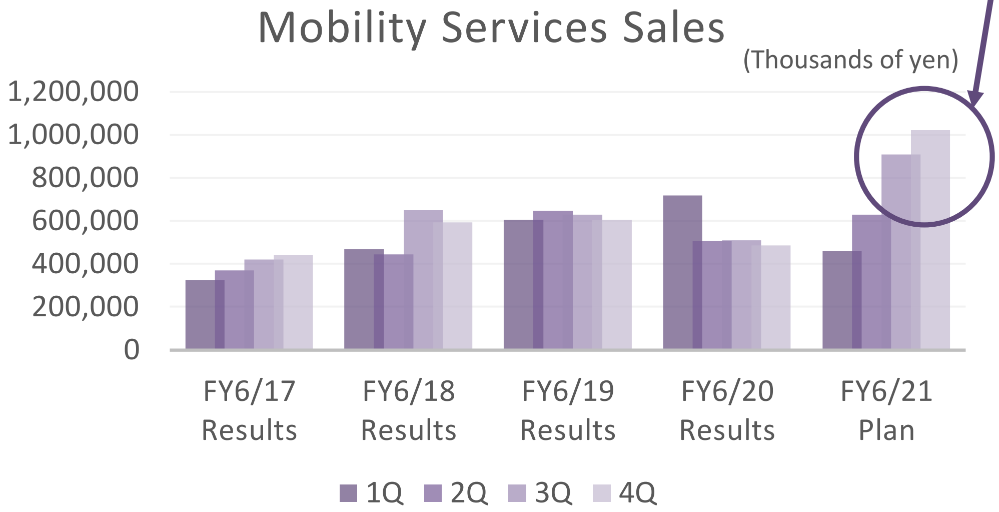


Overall decline in the number of mobile devices sold

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



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



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 a touchstone for success in the 21st century

Create social systems with meaningful value and a story

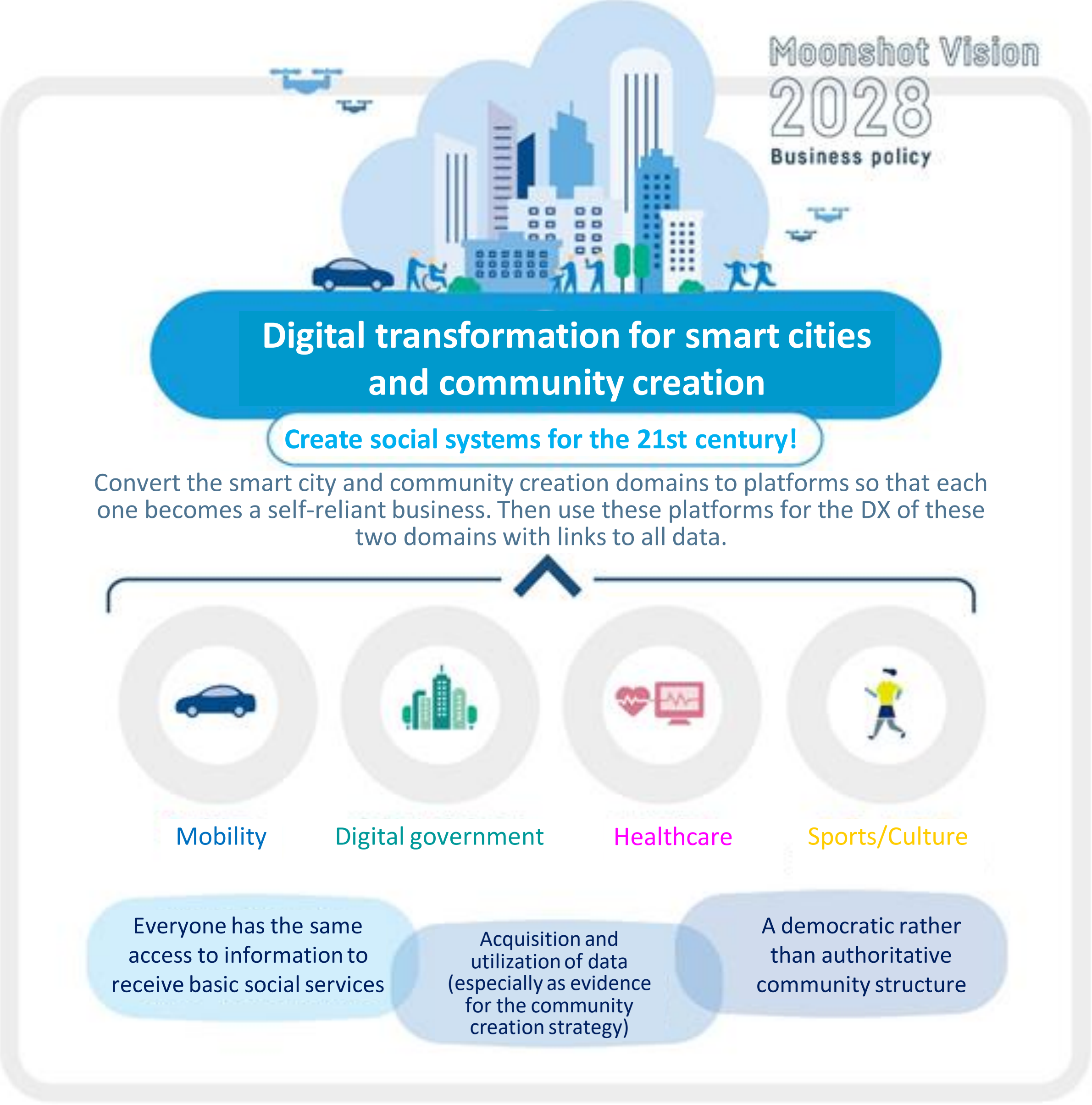
An organization with excellent communication and reliability; balance between fixed business processes and creativity; a corporate culture that encourages diversity with people thinking on their own

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



Digital transformation for smart cities and community creation

Create social systems for the 21st century!

Convert the smart city and community creation domains to platforms so that each one becomes a self-reliant business. Then use these platforms for the DX of these two domains with links to all data.

- Mobility
- Digital government
- Healthcare
- Sports/Culture

Everyone has the same access to information to receive basic social services

Acquisition and utilization of data (especially as evidence for the community creation strategy)

A democratic rather than authoritative community structure

The Revised Second Medium-term Business Plan

July 2020 to June 2023

FY6/21-FY6/23 Basic Plan

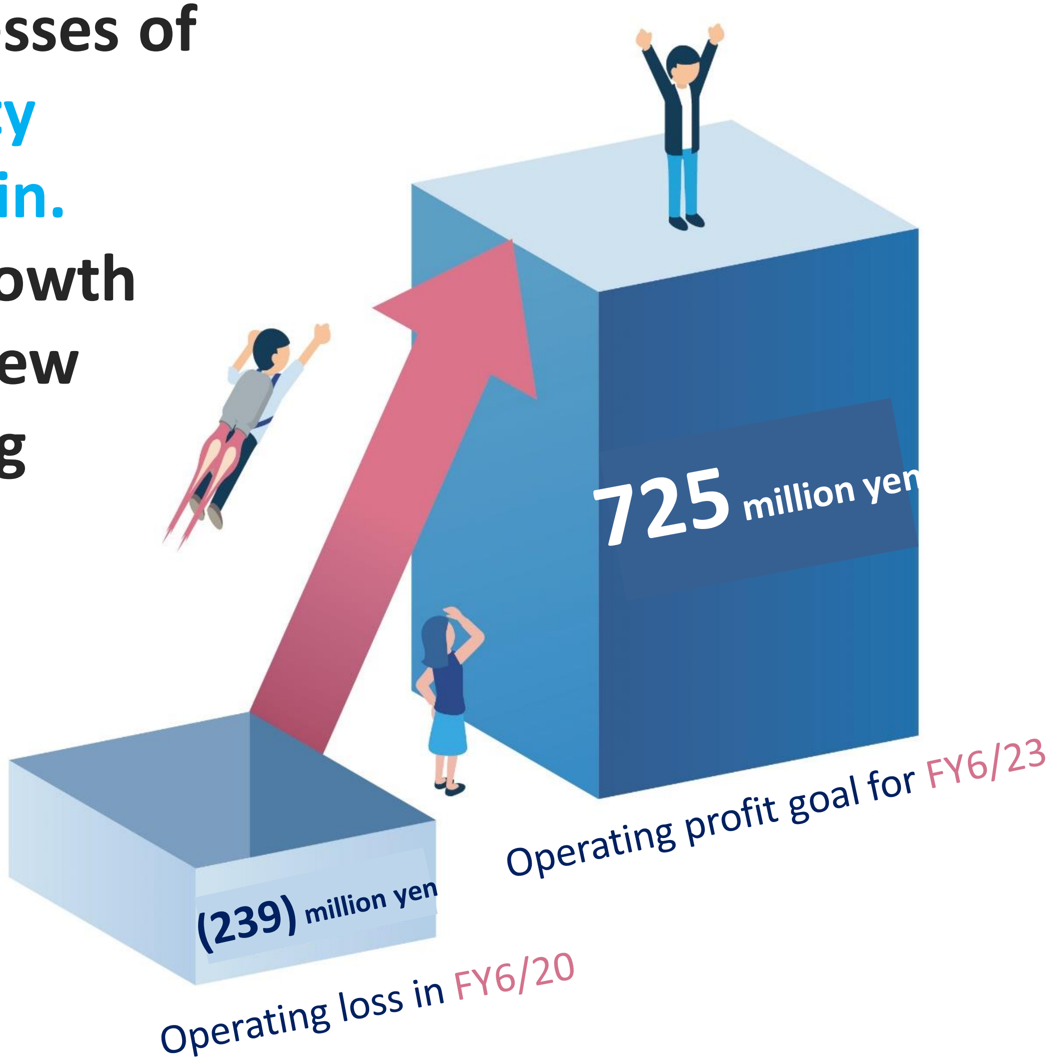
July 2020 to June 2023

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

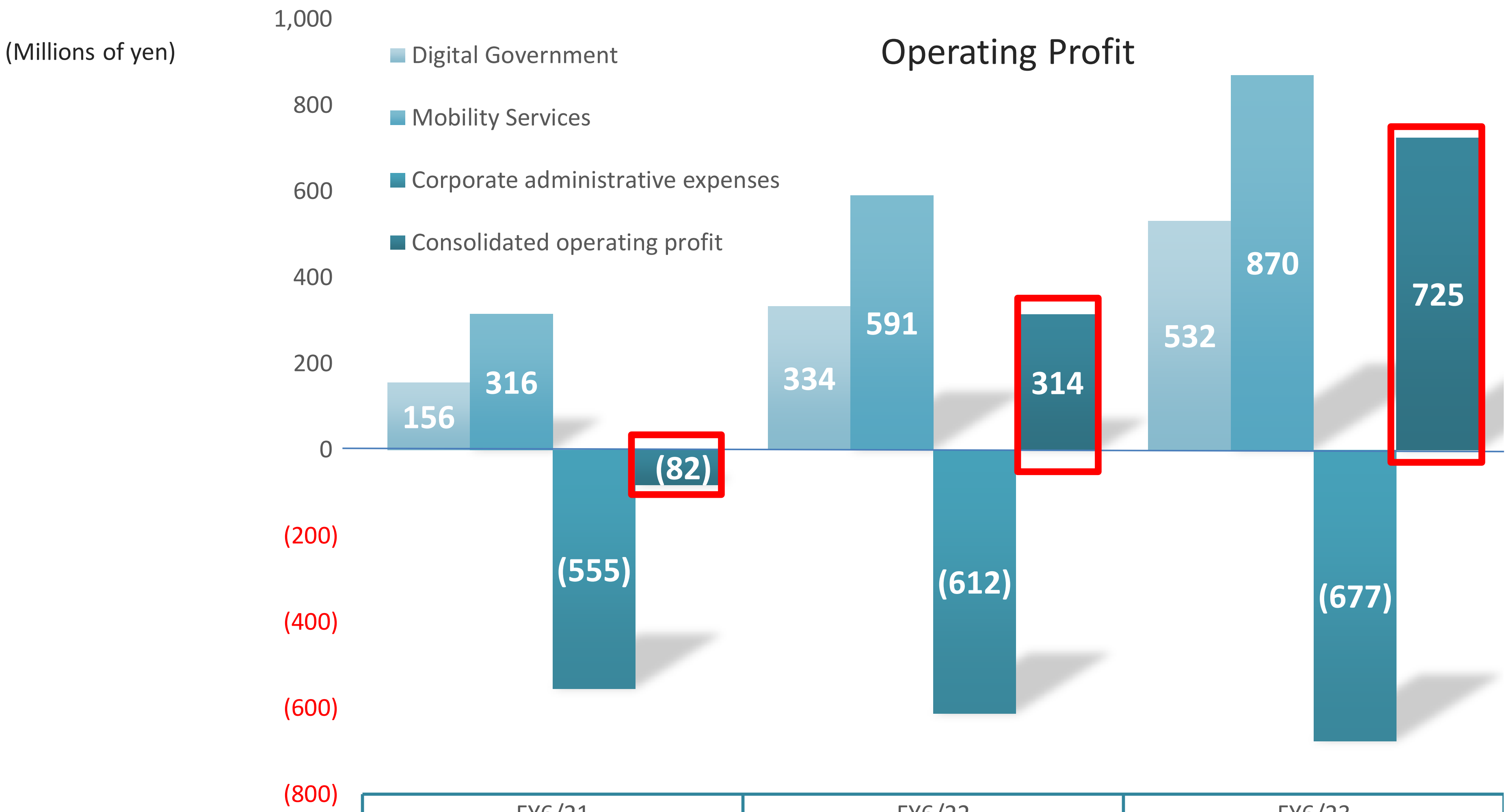
Earnings Growth Goal for FY6/21 to FY6/23

July 2020 to June 2023

Expanding from the core businesses of Digital Government and Mobility Services to 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.


725 million yen
Operating profit goal for FY6/23
(239) million yen
Operating loss in FY6/20

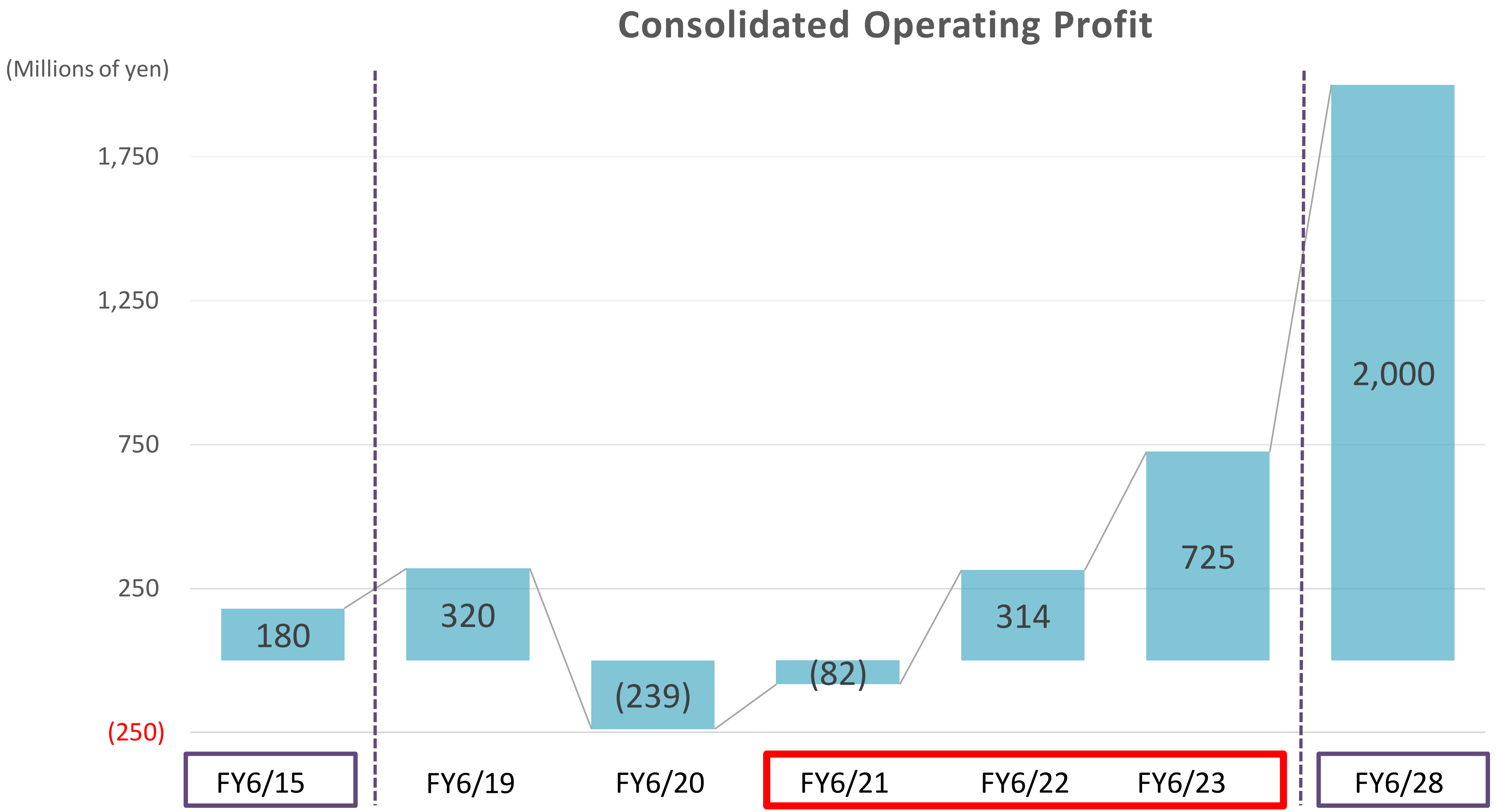
FY6/21-FY6/23 Forecast of Operating Profit



	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

Earnings Growth Plan and 2028 Goal

Our goal for FY6/28, which is our 100th anniversary, is operating profit of at least ¥2 billion.
The previous plan had an operating profit target of ¥800 million for FY6/22. There is one-year delay for achieving this target due to the sale of the Mobile Business and the impact of the COVID-19 crisis.



The Revised Second Medium-term Business Plan | KPI

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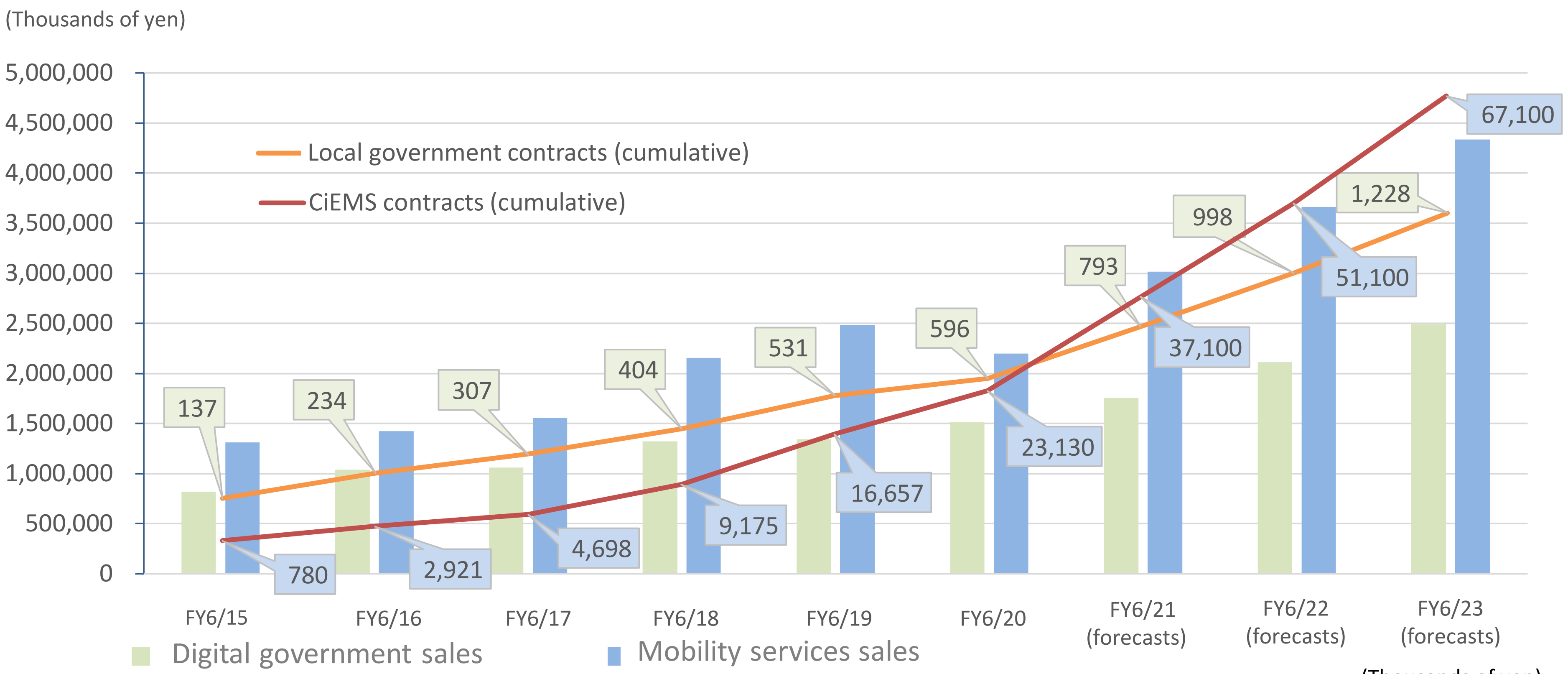
Cloud Solutions Business | Performance and Key Performance Indicators



(Thousands of yen)

	Results						Second Medium-term Business Plan		
	68th	69th	70th	71st	72nd	73rd	74th	75th	76th
	FY6/15	FY6/16	FY6/17	FY6/18	FY6/19	FY6/20	FY6/21	FY6/22	FY6/23
Digital government sales	817,993	1,039,477	1,057,796	1,323,769	1,344,030	1,512,562	**1,754,863**	**2,112,268**	**2,495,000**
Local government contracts (cumulative)	137	234	307	404	531	596	**793**	**998**	**1,228**
Mobility services sales	1,312,815	1,421,359	1,554,625	2,154,222	2,483,567	2,198,694	**3,018,259**	**3,665,050**	**4,334,657**
CiEMS contracts (cumulative)	780	2,921	4,698	9,175	16,657	23,130	**37,100**	**51,100**	**67,100**

The Revised Second Medium-term Business Plan | KPI

Management Indicators

(Thousands of yen)

	Results					Second Medium-term Business Plan		
	69th	70th	71st	72nd*	**73rd**	**74th**	**75th**	**76th**
	FY6/16	FY6/17	FY6/18	FY6/19	**FY6/20**	**FY6/21**	**FY6/22**	**FY6/23**
Net sales	6,768,428	6,539,000	7,305,867	7,743,057	**5,958,661**	**4,773,121**	**5,777,318**	**6,829,657**
Operating profit	257,326	274,834	381,503	320,255	**(239,750)**	**(82,199)**	**314,063**	**725,585**
Profit	165,209	180,457	324,772	193,660	**32,901**	**(93,511)**	**197,600**	**456,285**
Total assets	3,060,949	2,943,822	4,729,472	4,487,795	**4,692,916**	**4,110,653**	**5,700,911**	**7,523,470**
Interest-bearing debt	549,385	457,832	23,259	59,706	**41,173**	**22,640**	**1,320,607**	**2,625,000**
Total liabilities	1,248,834	1,157,132	1,223,376	874,466	**1,108,945**	**583,274**	**2,035,212**	**3,538,371**
Net assets	1,812,115	1,786,690	3,506,095	3,613,329	**3,583,970**	**3,527,379**	**3,665,699**	**3,985,099**
Equity ratio (%)	59.2	60.7	74.1	80.5	**76.4**	**85.8**	**64.3**	**53.0**
Earnings per share (Yen)	18.26	20.03	37.19	19.48	**3.31**	**(9.35)**	**19.76**	**45.63**
ROE (%)	9.5	10.0	12.3	6.5	**1.4**	**(2.7)**	**5.4**	**11.4**
ROIC (%)	7.3	8.5	7.5	6.0	**(4.3)**	**(1.5)**	**4.1**	**7.1**

*Smartvalue started preparing consolidated financial statements in FY6/19.

Targets for key indicators

- ○ **Improve ROE: 11.4% in FY6/23**
- ○ **Improve ROIC: 7.1% in FY6/23**

Efficient use of working capital; higher cash return

Establish the optimal capital structure

Increase business value creation and profitability

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.
We are examining many social issues and thinking about how people should live and the roles of key elements affecting our lives.
We will take more actions for creating a future where people can enjoy healthy and fulfilling lives.

Cloud Solutions Business

Digital Government Segment

This segment provides information distribution tools for transparency in open government and cloud services for participation and collaboration centered on resident ID platforms. We will utilize these tools and services to operate 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.

Mobility Services Segment

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

Kuruma Tsunagu Platform

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

→2028 100th Anniversary

Digital Government Domain

Transition of the Digital Government Domain

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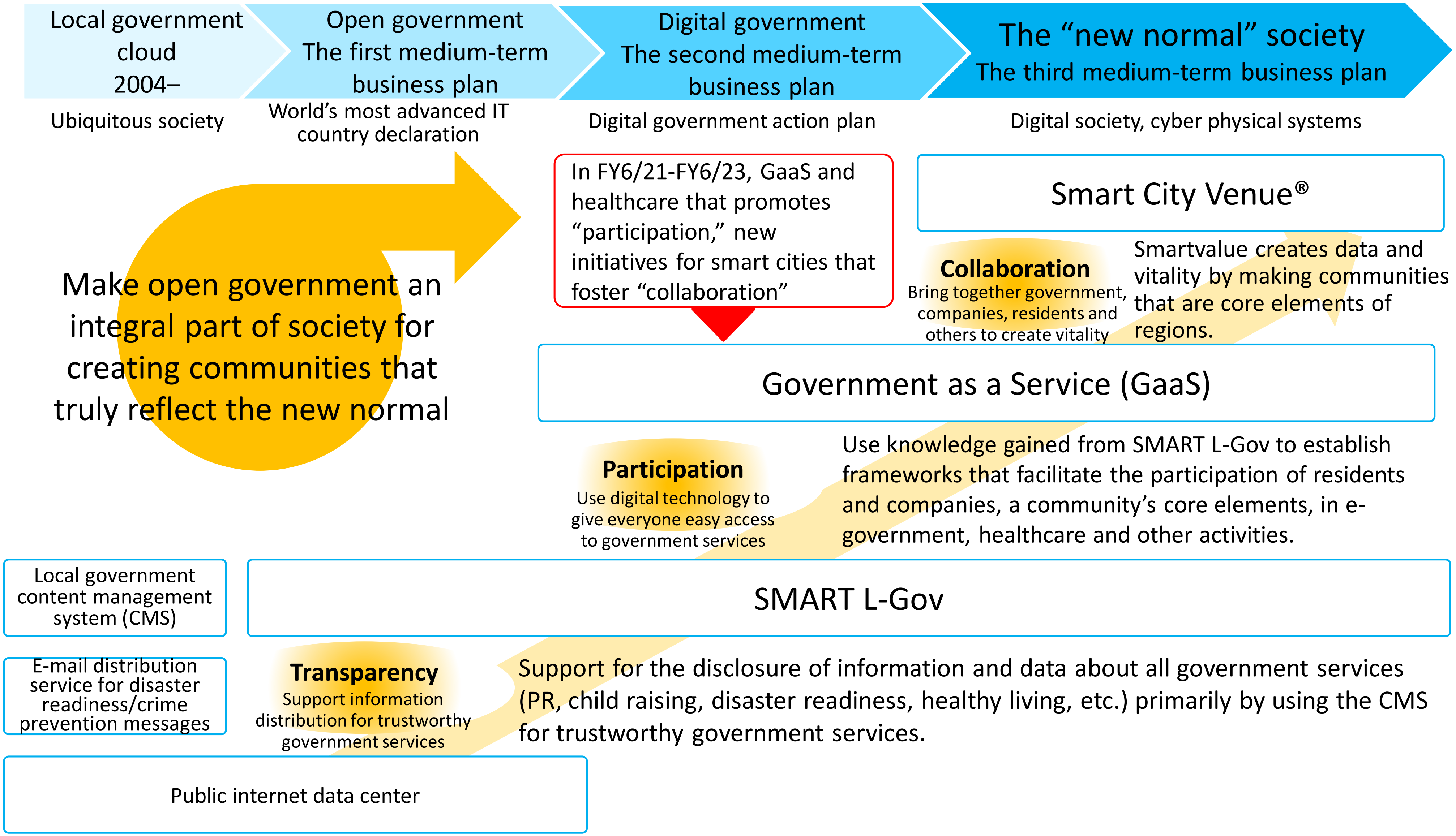


Local government cloud
2004–

Ubiquitous society

Open government
The first medium-term business plan

World's most advanced IT country declaration

Digital government
The second medium-term business plan

Digital government action plan

The "new normal" society
The third medium-term business plan

Digital society, cyber physical systems

Make open government an integral part of society for creating communities that truly reflect the new normal

In FY6/21-FY6/23, GaaS and healthcare that promotes "participation," new initiatives for smart cities that foster "collaboration"

Smart City Venue®

Collaboration
Bring together government, companies, residents and others to create vitality

Smartvalue creates data and vitality by making communities that are core elements of regions.

Government as a Service (GaaS)

Participation
Use digital technology to give everyone easy access to government services

Use knowledge gained from SMART L-Gov to establish frameworks that facilitate the participation of residents and companies, a community's core elements, in e-government, healthcare and other activities.

Local government content management system (CMS)

SMART L-Gov

E-mail distribution service for disaster readiness/crime prevention messages

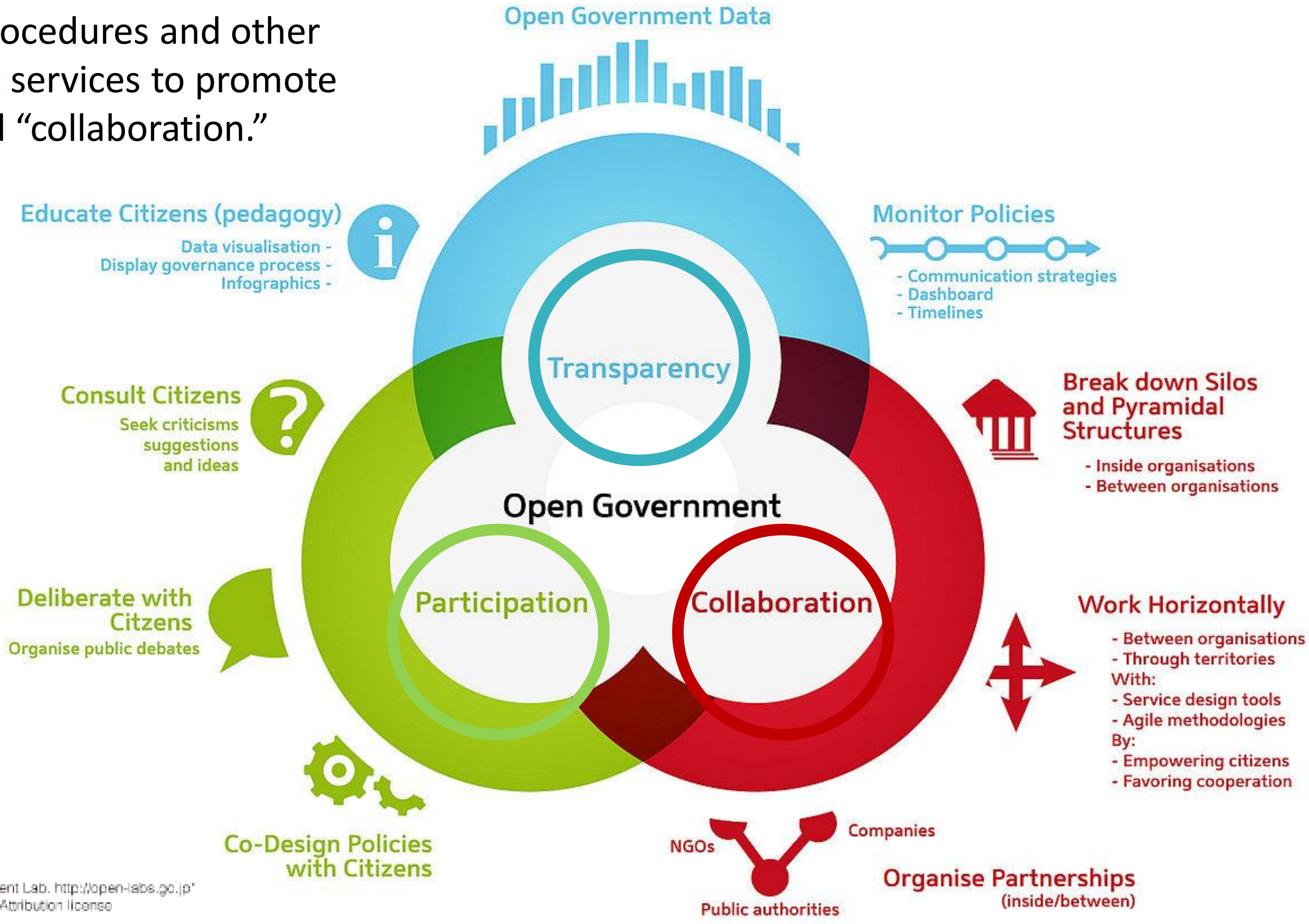
Transparency
Support information distribution for trustworthy government services

Support for the disclosure of information and data about all government services (PR, child raising, disaster readiness, healthy living, etc.) primarily by using the CMS for trustworthy government services.

Public internet data center

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.”



Open Government Data

Educate Citizens (pedagogy)
Data visualisation -
Display governance process -
Infographics -

Monitor Policies
- Communication strategies
- Dashboard
- Timelines

Transparency

Open Government

Participation

Collaboration

Consult Citizens
Seek criticisms
suggestions
and ideas

Break down Silos and Pyramidal Structures
- Inside organisations
- Between organisations

Deliberate with Citizens
Organise public debates

Work Horizontally
- Between organisations
- Through territories
With:
- Service design tools
- Agile methodologies
By:
- Empowering citizens
- Favoring cooperation

Co-Design Policies with Citizens

NGOs
Companies
Public authorities

Organise Partnerships
(inside/between)

Open government diagram
by Armel Le Coz and Cyril Lage.
Japanese version by Open Government Lab. http://open-labs.go.jp'
released under Creative Commons Attribution license

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. “

Visualization (Transparency)

SMART L-Gov
CLOUD SUITE

- Visualization of government info centered on SMART CMS
- Portals for applications and procedures
- Open data

Increase the market share of SMART CMS and link with e-applications!

Online services (Participation)

GaaS
Government as a Service

- Use government websites for applications/procedures
- Online personal ID confirmation using official procedure
- Digitalization of other government services

More digital government by using websites for applications!

Data utilization (Collaboration)

Smart City

- Broad, multifaceted use of data
- Always uses the standpoint of residents
- Use data as “strategic basis” for creating communities

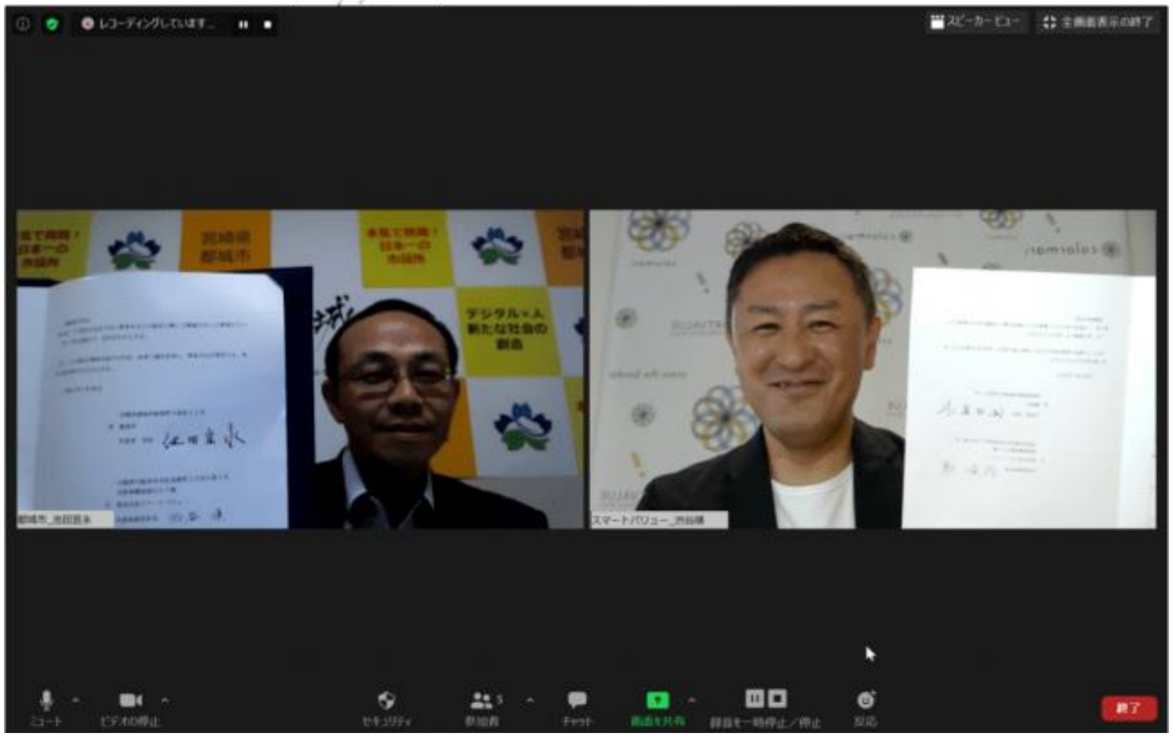
Use data for policy proposals and the community creation process!

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

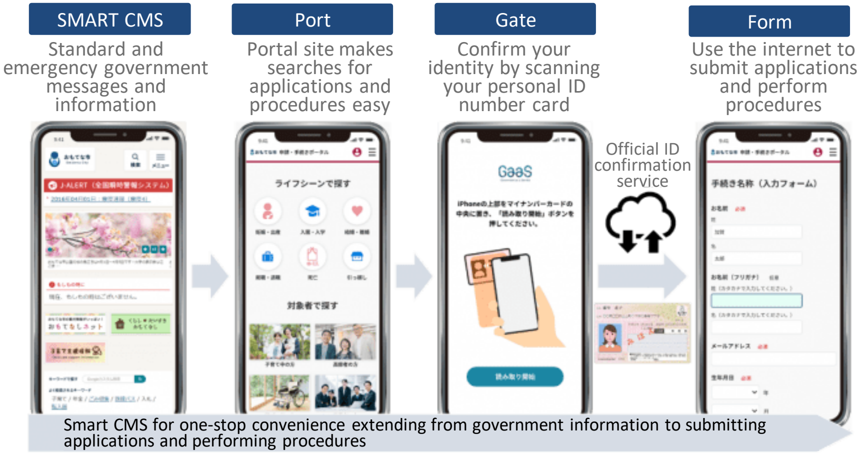
City of Miyakonojo (Miyazaki prefecture) x Smartvalue
Signed cooperation agreement for digitalization of services



Started in July 2020

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.



SMART CMS
Standard and emergency government messages and information

Port
Portal site makes searches for applications and procedures easy

Gate
Confirm your identity by scanning your personal ID number card

Official ID confirmation service

Form
Use the internet to submit applications and perform procedures

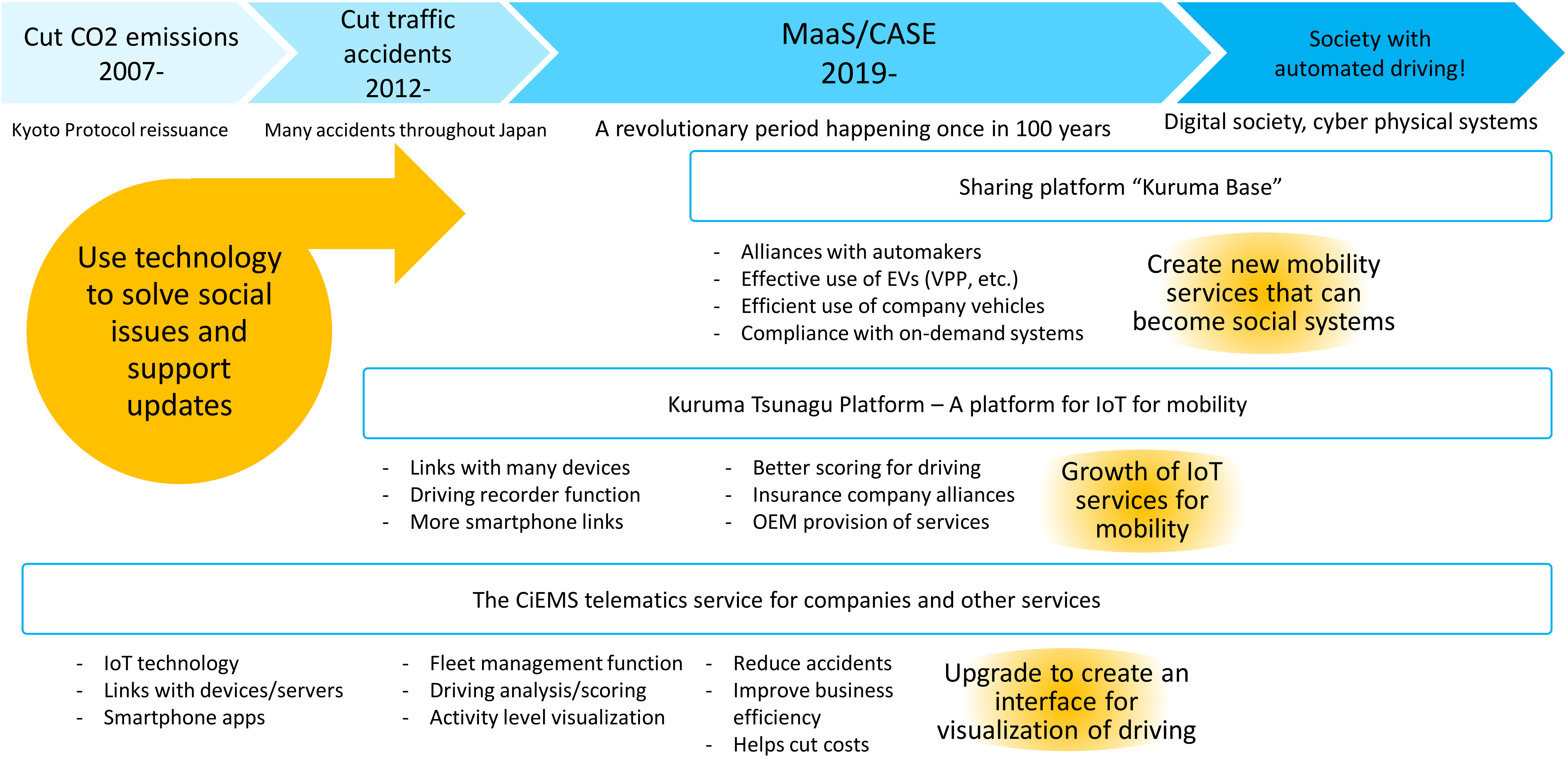
Smart CMS for one-stop convenience extending from government information to submitting applications and performing procedures

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 automated driving.



Cut CO2 emissions 2007-
Kyoto Protocol reissuance

Cut traffic accidents 2012-
Many accidents throughout Japan

MaaS/CASE 2019-
A revolutionary period happening once in 100 years

Society with automated driving!
Digital society, cyber physical systems

Use technology to solve social issues and support updates

Sharing platform "Kuruma Base"

- Alliances with automakers
- Effective use of EVs (VPP, etc.)
- Efficient use of company vehicles
- Compliance with on-demand systems

Create new mobility services that can become social systems

Kuruma Tsunagu Platform – A platform for IoT for mobility

- Links with many devices
- Driving recorder function
- More smartphone links
- Better scoring for driving
- Insurance company alliances
- OEM provision of services

Growth of IoT services for mobility

The CiEMS telematics service for companies and other services

- IoT technology
- Links with devices/servers
- Smartphone apps
- Fleet management function
- Driving analysis/scoring
- Activity level visualization
- Reduce accidents
- Improve business efficiency
- Helps cut costs

Upgrade to create an interface for visualization of driving

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
- Society5.0
- Data Analytics
- Society with automated driving

Projects

- Mobility IoT × Connected DriveRecorder
- Mobility IoT × Smart Maintenance
- Mobility IoT × Insurance research/analysis
- Mobility IoT × Prevention of pedal errors
- Mobility IoT × Prevent inattentive driving
- Sharing × Corporate CarShare
- Sharing × EV CarShare
- Sharing × Mobility As a Service

Applications

- Smartphone-linked car driving recorder
  CiEMS Eye
- Alliance for a preventive maintenance platform
  Vehicle management
  Nishide Auto Service Co.Ltd
- Company car daily management service
  CiEMS Report
- OEM services with alliance partners
  NTT Communications
  KIRIX LEASE
- Company car safe driving management service
  CiEMS
  Car intelligence Energy Management System
- Community car sharing service (joint demonstration trial)
  Patto
- OEM services with alliance partners
  九州電力
  Kyushu Electric Power Co., Inc.
  NTT Le Perc
  NTT East

Service platforms

Mobility IoT platform
Kuruma Tsunagu Platform

Mobility sharing platform
Kuruma Base

Goal of the Mobility Services Business

Create social systems that will go down in history by combining IT, finance, insurance and data utilization for total support including the launch of socially significant companies and operation and maintenance activities.

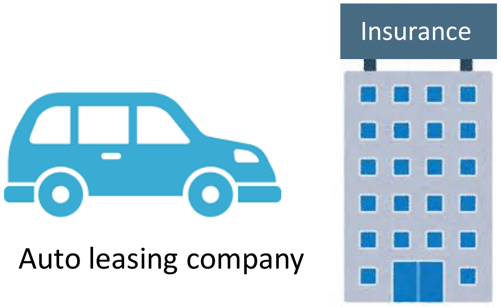
Mobility Company

Insurance

Finance

Establish platforms

Reinsurance / Secondary financing



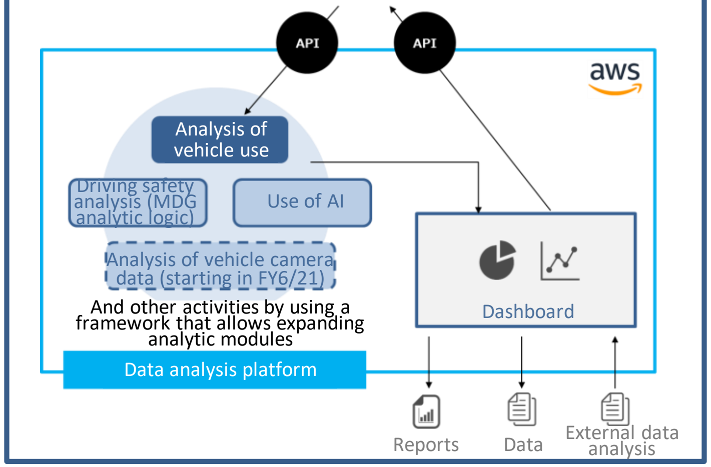
Auto leasing company

Mobility sharing platform

Kuruma Base

Mobility IoT platform

Kuruma Tsunagu Platform


API
API
aws
Analysis of vehicle use
Driving safety analysis (MDG analytic logic)
Use of AI
Analysis of vehicle camera data (starting in FY6/21)
And other activities by using a framework that allows expanding analytic modules
Data analysis platform
Dashboard
Reports
Data
External data analysis

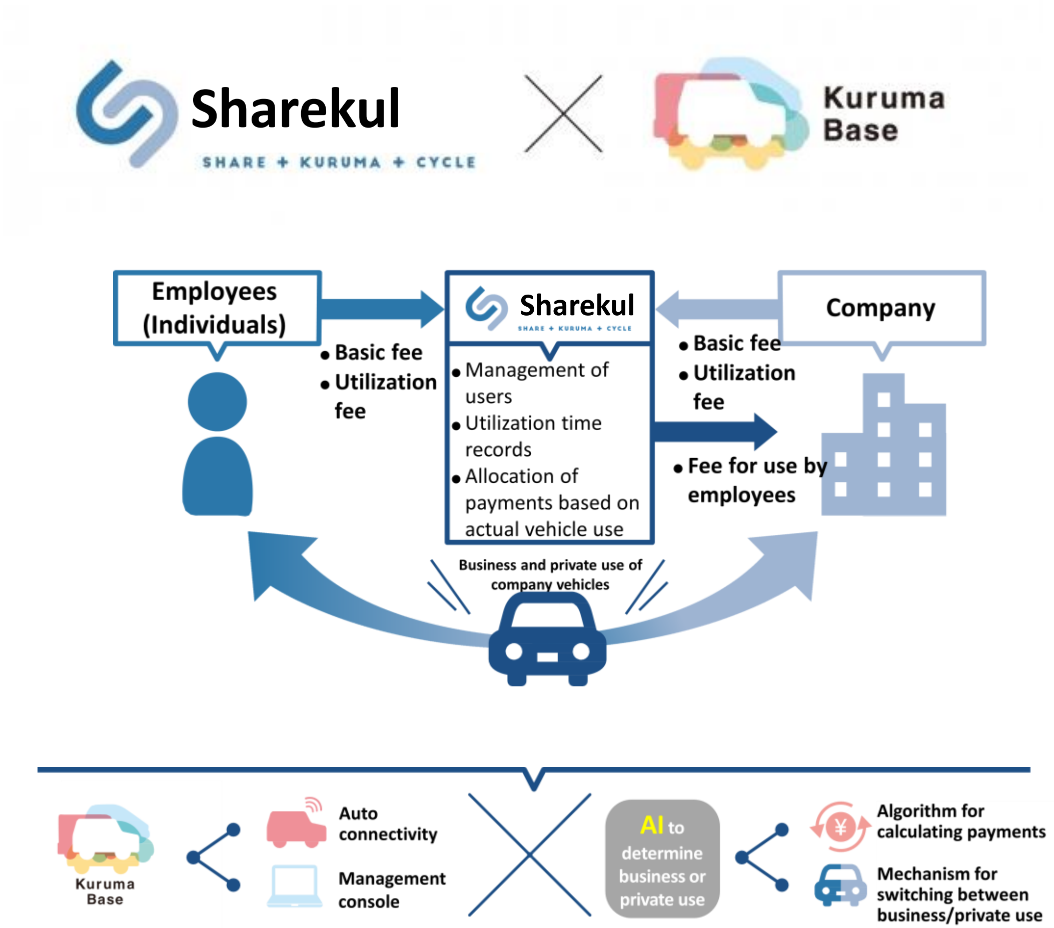
Provide platforms

Mobility Business Player

配車サービス
バイクシェア
カーシェア
カープール（相乗り）
自動運転
シェアパーキング
宅配・輸送・物流
飲食系サービス

Establish services/provide support

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



Sharekul
SHARE + KURUMA + CYCLE
×
Kuruma Base

Employees (Individuals)

- Basic fee
- Utilization fee

Sharekul

- Management of users
- Utilization time records
- Allocation of payments based on actual vehicle use

Company

- Basic fee
- Utilization fee
- Fee for use by employees

Business and private use of company vehicles

Kuruma Base
Auto connectivity
Management console
AI to determine business or private use
Algorithm for calculating payments
Mechanism for switching between business/private use

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).

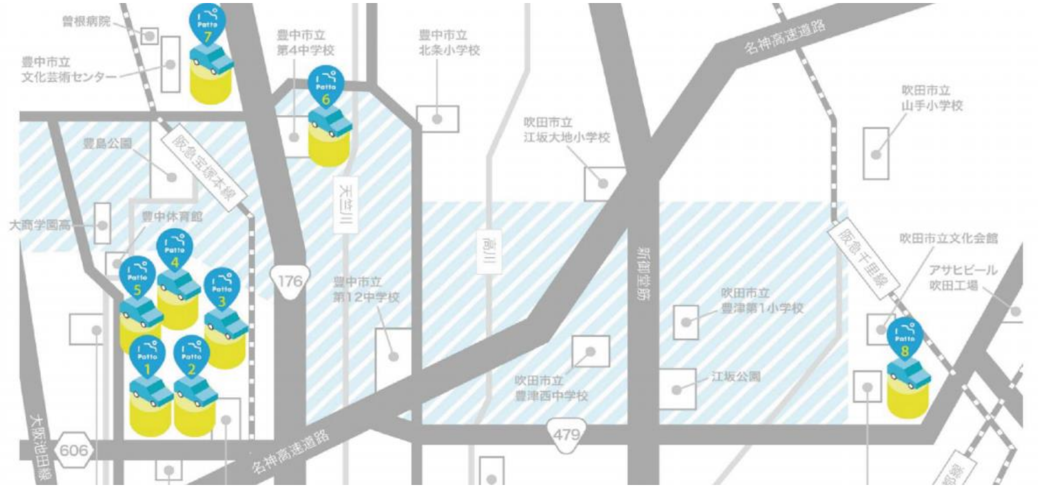
Examples of Kuruma Base Use (2) The Patto Car Sharing Service

Patto

SUZUKI

Global crossvalue platform
Marubeni

カーシェアここです。
「パッ」と乗れるクルマあります。
Patto CarShare
「パッ」と、カーシェア
Patto
大阪
わ73


曽根病院
豊中市立
文化芸術センター
豊中市立
第4中学校
豊中市立
北条小学校
名神高速道路
吹田市立
山手小学校
吹田市立
江坂大地小学校
豊島公園
阪急宝塚本線
天竺川
高川
新御堂筋
大商学園高
豊中体育館
阪急千里線
吹田市立文化会館
アサヒビール
吹田工場
176
豊中市立
第12中学校
吹田市立
豊津第1小学校
江坂公園
吹田市立
豊津西中学校
479
606
大阪池田線
Patto 1
Patto 2
Patto 3
Patto 4
Patto 5
Patto 6
Patto 7
Patto 8

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.

Zero-emission EV car sharing service

EV car sharing service for condominium residents

Started in April 2020

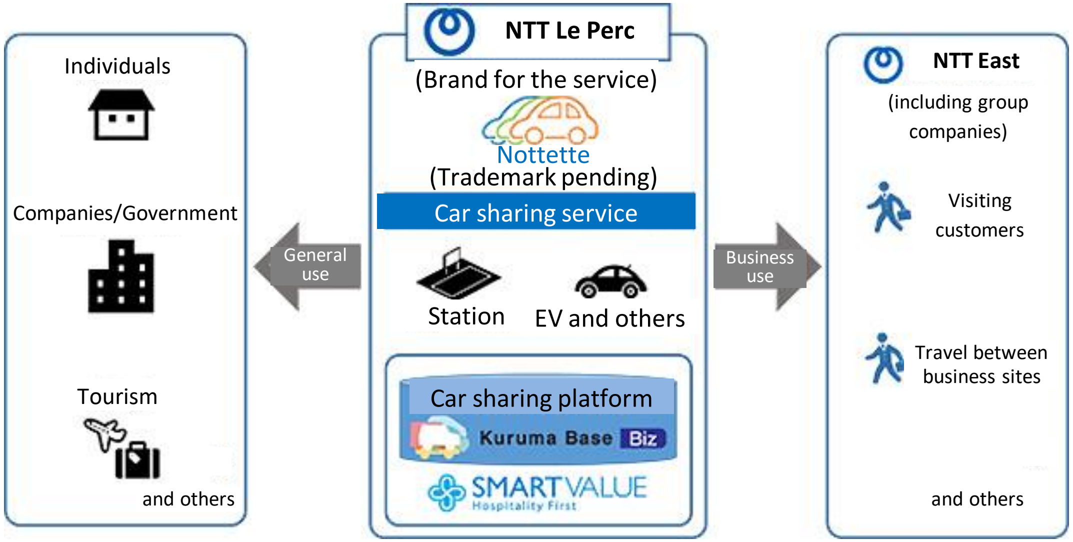
Kuruma Base is used for T-share, a car sharing service, and weev, an electric vehicle sharing service for condominium residents. Both services are operated jointly by Kyushu Electric Power and the Tokyo metropolitan government.

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



Individuals

Companies/Government

Tourism

and others

General use

NTT Le Perc

(Brand for the service)

Nottette

(Trademark pending)

Car sharing service

Station

EV and others

Car sharing platform

Kuruma Base Biz

SMARTVALUE Hospitality First

Business use

NTT East

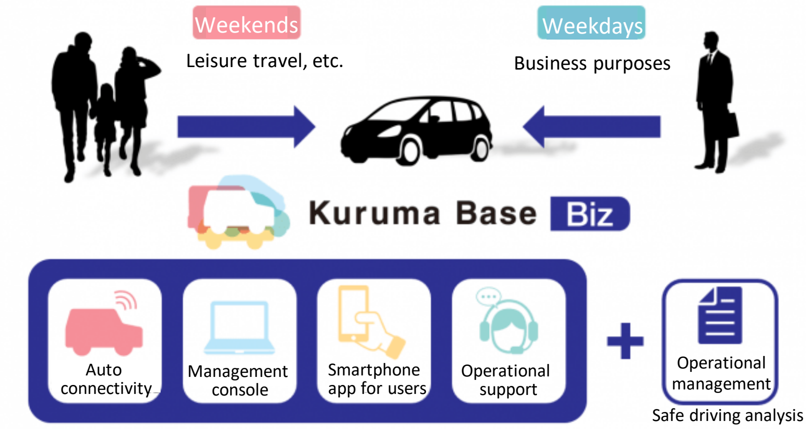
(including group companies)

Visiting customers

Travel between business sites

and others

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



Weekends

Leisure travel, etc.

Weekdays

Business purposes

Kuruma Base Biz

- Auto connectivity
- Management console
- Smartphone app for users
- Operational support

+

Operational management

Safe driving analysis

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

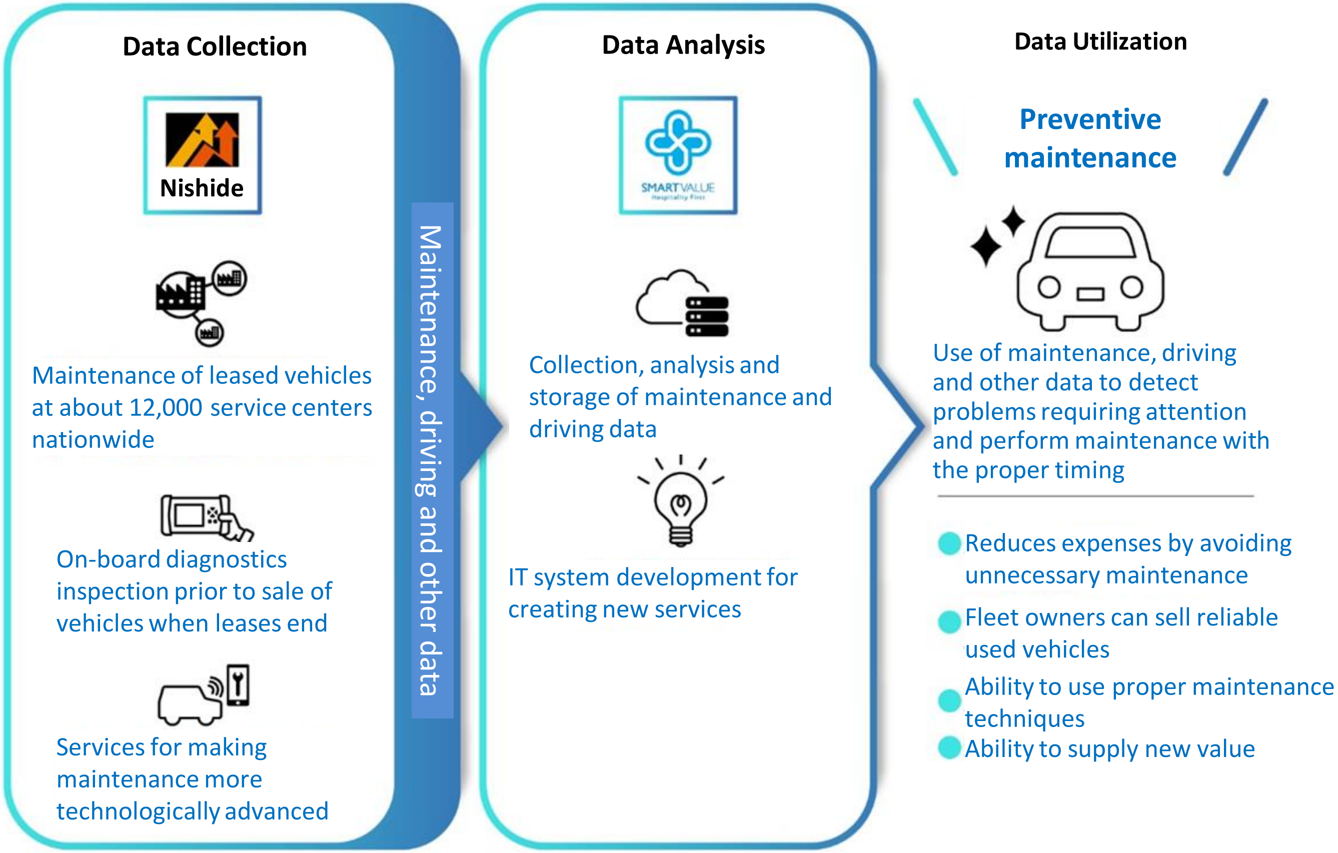
Nottette allows a company and all members of its group to share the same fleet of vehicles. This service can significantly reduce the cost of owning vehicles by lowering the number of cars that a company or group of companies requires.

Example of Kuruma Tsunagu Platform Use

Preventive Maintenance by Nishide Auto Service

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

A new service for the automobile maintenance industry



Data Collection

Maintenance of leased vehicles at about 12,000 service centers nationwide

On-board diagnostics inspection prior to sale of vehicles when leases end

Services for making maintenance more technologically advanced

Maintenance, driving and other data

Data Analysis

Collection, analysis and storage of maintenance and driving data

IT system development for creating new services

Data Utilization

Preventive maintenance

Use of maintenance, driving and other data to detect problems requiring attention and perform maintenance with the proper timing

- Reduces expenses by avoiding unnecessary maintenance
- Fleet owners can sell reliable used vehicles
- Ability to use proper maintenance techniques
- Ability to supply new value

Started in June 2020

Nishide Auto Service 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.

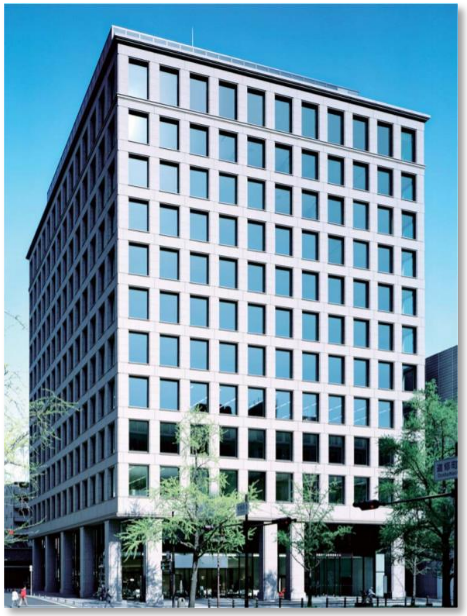
Head Office Relocation and New Open Innovation Space

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.

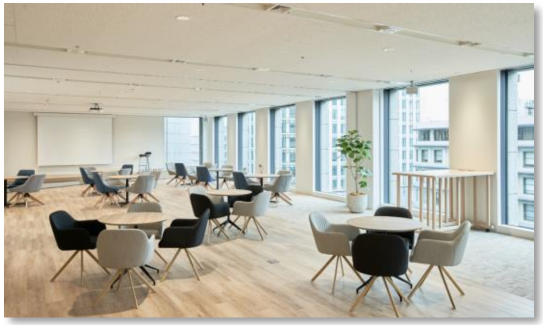
The new head office includes the newly established colormari Open Innovation Space, which has been certified by the Osaka Municipal Innovation Base Promotion Subsidy Program.

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



colormari



Sustainable Development Goal Contribution Matrix

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
SMART L-Gov CLOUD SUITE	SMART L-Gov CLOUD SUITE	SMART L-Gov CLOUD SUITE	Kuruma Base	colormari	SMART L-Gov CLOUD SUITE	SMART L-Gov CLOUD SUITE	SMART L-Gov CLOUD SUITE	SMART L-Gov CLOUD SUITE
CiEMS Car intelligence Energy Management System		SMART WORK SMARTVALUEらしい働き方を。	Kuruma Tsunagu Platform	SMART WORK SMARTVALUEらしい働き方を。	Kuruma Base	Kuruma Base		GaaS Government as a Service
Healthcare Support ヘルスケア・サポート		Kurumin certification in 2019		Kurumin certification in 2019	GaaS Government as a Service	GaaS Government as a Service		
SMART WORK SMARTVALUEらしい働き方を。					CiEMS Car intelligence Energy Management System	Kuruma Tsunagu Platform		
Kurumin certification in 2019					Healthcare Support ヘルスケア・サポート	Smart City Project		

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- colormari
- Smart City Project
- Kuruma Tsunagu Platform

SUSTAINABLE DEVELOPMENT GOALS

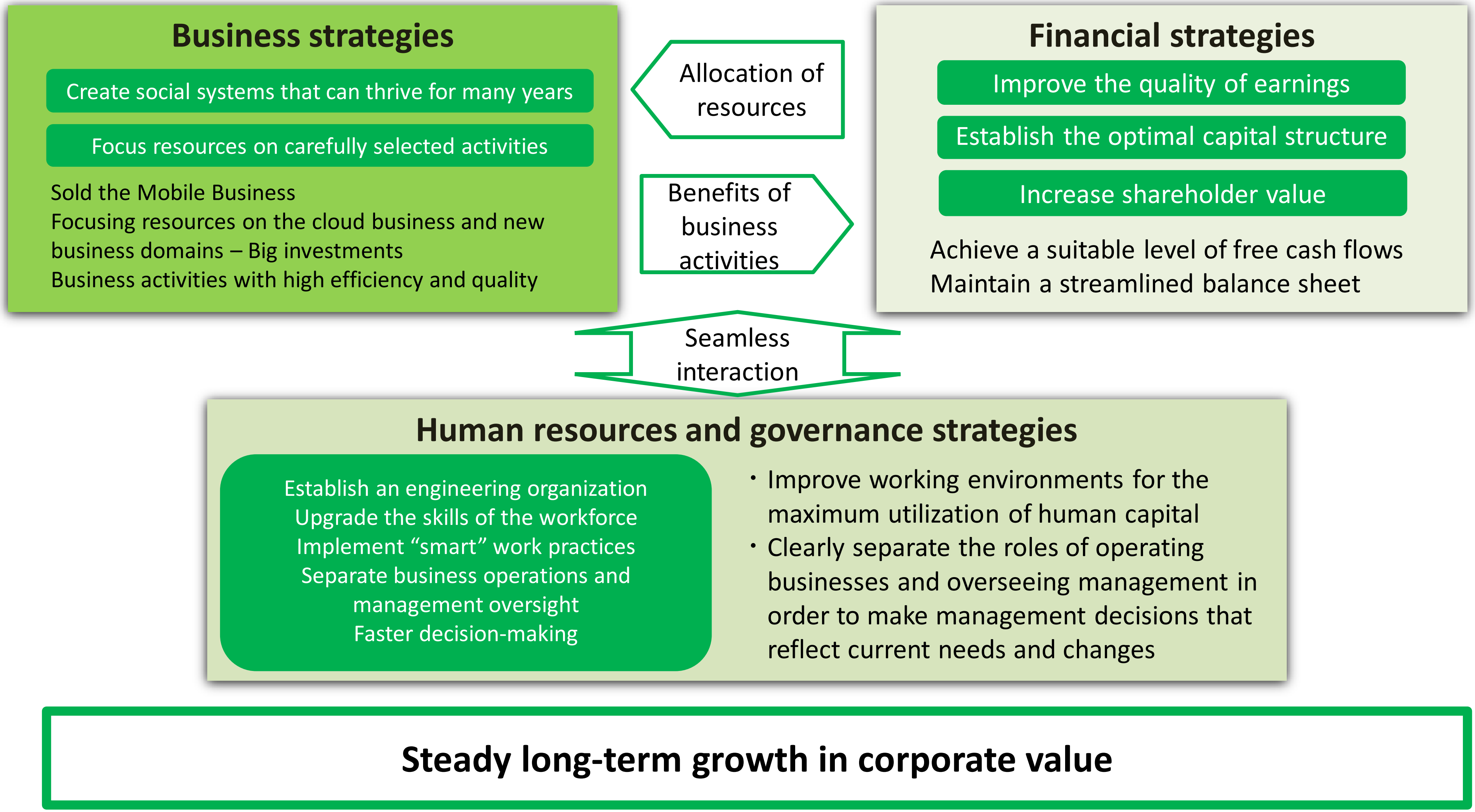
Sustainable Development Goal Activities

The goal of our services and other activities is the creation of social systems for a digital society with even more cohesion and balance among social responsibility, sustainability and economic soundness. Almost all of these systems place priority on people and are consistent with the spirit of the SDGs.

SUSTAINABLE DEVELOPMENT GOALS

SMART L-Gov CLOUD SUITE	A constantly growing platform that supports the open and transparent distribution of information by local governments. Anyone can easily access information about education, the environment, child raising, disaster preparedness, healthy living and other subjects in order to enjoy healthy and fulfilling lives.
GaaS Government as a Service	Digital solutions for government procedures and participation in local governments by residents for open government participation and collaboration for the creation of sustainable cities and regions. This platform is a city infrastructure giving everyone access to a broad range of information and procedures.
Kuruma Base	This car sharing platform helps increase the use of electric vehicles with a goal of zero emission and performs an important role as an infrastructure in providing more efficient mobility in cities.
Kuruma Tsunagu Platform	This platform facilitates the use of vehicle operation data to increase fuel efficiency and make other improvements, thereby performing an important role as an infrastructure in providing more efficient mobility in cities.
CiEMS Car intelligence Energy Management System	This telematics service is a connected car solution that helps people drive safely and promotes environmentally responsible driving, such as by increasing fuel efficiency. This service is used primarily by companies to increase the efficiency of operations involving mobility.
Healthcare Support ヘルスケア・サポート	An industrialization model for extending the healthy lives of people and increasing welfare benefits through the outsourcing of health exam checkup reservations (for the staff of a company or government, a cancer exam, etc.) and medical institution service coordination and other activities. This model covers checkups as well as the feedback of checkup results.
Smart City Project	As a comprehensive definition, this project is a model for the utilization of data for the creation of communities that put people first. This platform aims to facilitate the operation of communities that are sustainable and where every resident can receive basic services.
colormari	The goal is creating pleasant and productive workplaces and facilities that encourage combining internal and external resources for open innovation. Practical activities are under way for the creation of innovative ideas.
SMART WORK SMARTVALUEらしい働き方を。	A practical model for working style reforms with the objective of improving productivity. This model supports both good health and motivation for employees who are assigned to a variety of workplace environments.
Kurumin certification in 2019	Smartvalue has provided support since 2013 for employees raising children and received Kurumin certification as a childcare support company. To serve an even broader range of needs, childcare time off is provided to male employees and employees can reduce working hours for a longer period in order to care for a child.

Our Goal: Steady Long-term Growth of Corporate Value



Business strategies

- Create social systems that can thrive for many years
- Focus resources on carefully selected activities

Sold the Mobile Business
Focusing resources on the cloud business and new business domains – Big investments
Business activities with high efficiency and quality

Allocation of resources

Benefits of business activities

Financial strategies

- Improve the quality of earnings
- Establish the optimal capital structure
- Increase shareholder value

Achieve a suitable level of free cash flows
Maintain a streamlined balance sheet

Seamless interaction

Human resources and governance strategies

Establish an engineering organization
Upgrade the skills of the workforce
Implement “smart” work practices
Separate business operations and management oversight
Faster decision-making

- Improve working environments for the maximum utilization of human capital
- Clearly separate the roles of operating businesses and overseeing management in order to make management decisions that reflect current needs and changes

Steady long-term growth in corporate value

Financial Strategies for the Growth of Shareholder and Corporate Value

Growth of Corporate Value

- Improve the quality of earnings
- Establish the optimal capital structure
- Increase shareholder value

Financial strategies

Improve the quality of earnings

Increase cash returns by rigorously managing the recovery of investments and using working capital as efficiently as possible.

Establish the optimal capital structure

Maximize corporate value by maintaining financial soundness while making investments for more growth.

Increase shareholder value

Aim for long-term growth of shareholder value by increasing business value creation and profitability and achieving the sustained growth of business operations.

A Governance Structure for the Growth of Corporate Value

Smartvalue believes that its management requires the ability to conduct business operations with speed in order to adapt quickly to changes in market conditions while clearly separating business operations and management oversight and further reinforcing this oversight to ensure the soundness of management.

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.

- To strengthen the management oversight function and improve the efficiency of Smartvalue’s management, the roles of operating businesses and of making executive decisions and overseeing management are separate.
- Separating these two roles is expected to contribute to more growth by boosting the speed and freedom of management activities.

Smartvalue will use the advantages of the company with committees governance structure to establish an even more effective corporate governance framework.

SMARTVALUE
Hospitality First
Enjoy Job
Enjoy Life
楽しんだ者が勝つ。
縁joy
縁joy

私たちスマートバリューが
掲げる普遍的なビジョン。

社会の公器として
永続する事業体となる。

「 何故働くのか？ 」を明確にし、社会の共有財産である「 会社 」の成長によって価値を増大させ、関わるヒトたちが物心ともに幸せを享受し、
それを経て次の社会の主体である世代へと確実にバトンを繋ぐ意志を持つ。また、会社の価値を増大させることで、雇用と納税を継続させ、社会に貢献する。
私たちが属する社会そのものの課題解決となりえるサービスで実現させ、その価値を増大させる。
それにより、スマートバリューはサスティナブルな存在となり、社会を永続させ、未来を創り続けることができると信じています。
そのためにはイノベーションが必要です。イノベーションは1人の天才からは生まれません。多様な人材で構成されるチームの力が最大化されてこそ生まれます。
1人ひとりが認められていると感じ、楽しく自律的に働けることがすべての原点と考えます。Enjoy Job! Enjoy Life! 楽しんだ者が勝つ。