

Fiscal Year Ended June 30, 2022
(FY6/22)

Results of Operations

Smartvalue Co., Ltd.

(Securities code: 9417)

August 18, 2022

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03 FY6/23 Business Plan and Goals

**04 Medium-term Business Plan Highlights of the New Rolling Plan
(announced in August 2022)**

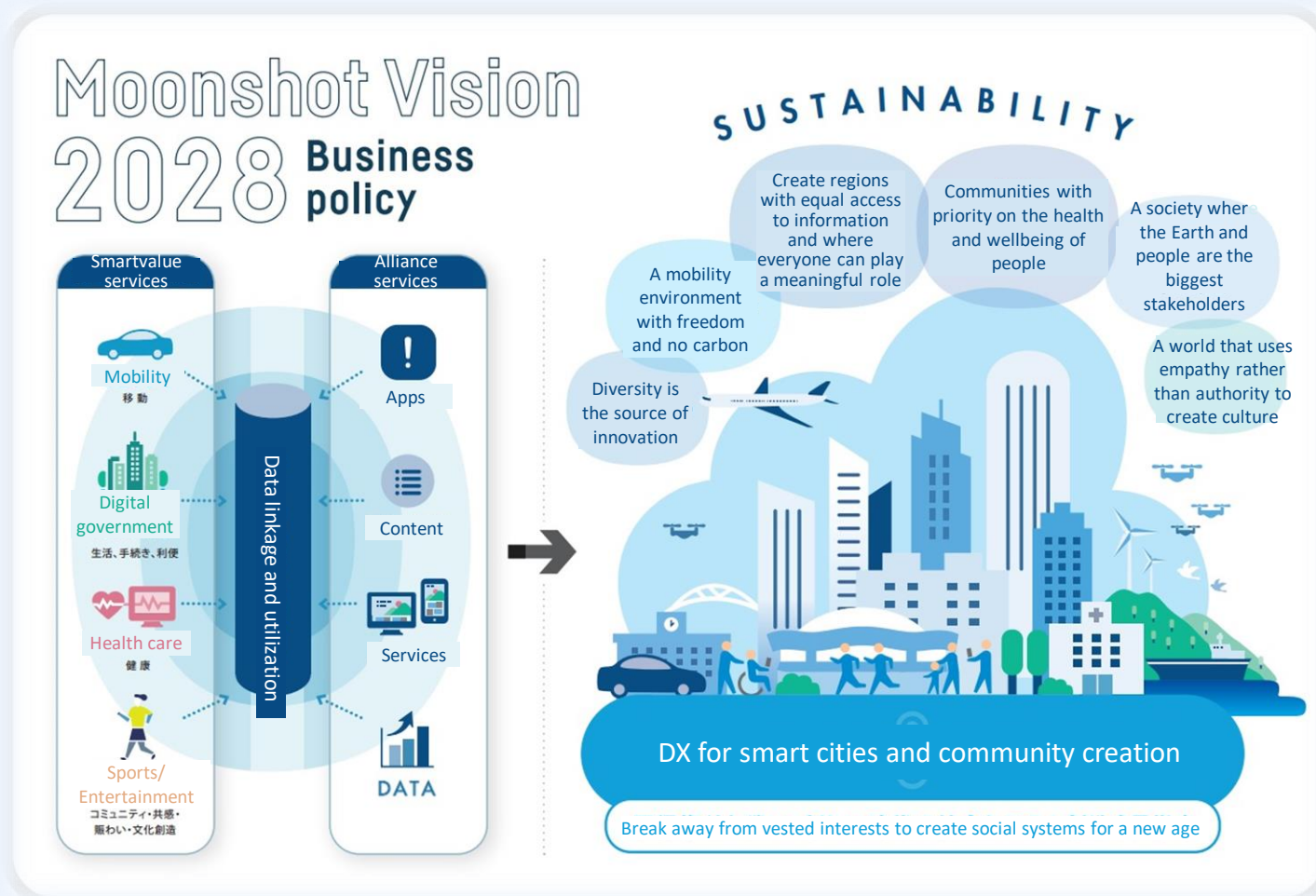
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01

FY6/22 Results of Operations

Moonshot Vision 2028, which was announced in 2020, defines medium to long-term business policies during the years leading to Smartvalue’s 100th anniversary in 2028. The central goal is to create a real city into a smart city, the social system of the future, through the power of digital technologies and communities.









The base for accomplishing this goal will be activities to further expand and upgrade cloud services involving digital government, mobility services and other sectors.



Beginning with FY6/23, the operations of two subsidiaries that were previously part of the Digital Government segment are a new business segment called Smart Venues.

Business Segments	Companies	Business	Business	Services
Digital Government	Smartvalue Co., Ltd. Digital Government Business	Cloud services Outsourced development	Content management systems (CMS) and other cloud services for the distribution of information by local governments DX services for the national government and local governments A smart city data linkage platform Cloud platform Healthcare services	 Open-gov Platform
	North Detail Co., Ltd.	Client-specific development team service	Client-specific development team service	
Smart Venues	One Bright KOBE Co., Ltd.	Smart venues Content	Support for digital city creation by operating an arena	Arena operation business/ Sports and entertainment business Open-gov Platform
	Storks Co., Ltd.	Sports	Operation of a professional basketball team	
Mobility Services	Smartvalue Co., Ltd. Mobility Services Business	Mobility IoT	Cloud services Outsourced development	 CiEMS Kuruma Tsunagu Platform Kuruma Base
		Car Solution	Sales of products	Safe driving support devices for company cars

SaaS/laaS for Specific Applications

Segments	Name of service	Description of services	
Digital Government	Cloud Suite for local governments  Gabukura Platform for regional information 	SMART L-Gov CMS SMART L-Gov APPS SMART L-Gov OPEN DATA SMART ALERT	Website management system; links with LINE and many other media An app service for smartphones An open data management system PR support service for disaster prevention and responses
	Cloud Suite for local governments  Gabukura Platform for online government activities 	Arrange Port Form	Survey and analysis service Government procedure search service Online application service
	Cloud Suite for local governments  Gabukura Data management platform Open-gov Platform		Smart city data link platform
	Cloud Platform	VM Hosting Omakase laaS	Private cloud platform Public cloud platform
Mobility Services	Gov't/company vehicle management service (Mobility IoT services)  Car Intelligence Energy Management System	CIEMS CIEMS Report	Telematics service Smartphone app for simplified vehicle management
	 Kuruma Tsunagu Platform		Mobility IoT platform
	 Kuruma Base		Mobility sharing platform for car sharing and fully automated rental car businesses

Consistent progress over many years in the social systems domain, where time is required for making SaaS an integral part of society

Activities year after year for acquiring cloud technologies, strengthening software engineering capabilities and creating an SaaS model. There has also been progress involving community creation that uses a data linkage platform and Smart Venues Business.

April 2004	Started <u>S-CUBE iDC</u> , an internet data center in the city of Sakai (Osaka)
March 2005	Started <u>eOsaka CDC/ISP service</u> at the Osaka Prefectural Internet Data Center
October 2008	Started the <u>CiEMS telematics service</u> for the oversight of movements of company vehicles (SaaS model)
October 2012	Started the <u>Smart VDC cloud virtualization platform service</u> (IaaS model)
January 2014	Started <u>Smart L-Gov</u> , a regional data cloud service for local governments (SaaS model)
December 2017	Started <u>Healthcare Support</u> , a health management support service for companies (SaaS model)
March 2019	Acquired <u>North Detail Co., Ltd.</u> to strengthen software engineering capabilities
September 2019	Started <u>Kuruma Base</u> , a car sharing platform (SaaS model)
May 2019	Started <u>GaaS</u> , a platform for online government activities for local governments (SaaS model)
March 2020	Sold the <u>carrier shop agency business</u> , which was about half of total sales
February 2021	Started the <u>Open-gov Platform</u> , a data management platform for the “community DX”
April 2021	Started providing a platform for GIGA schools to the Sakai Education Committee (IaaS model)
April 2021	<u>One Bright KOBE and Storks began working with the Smartvalue Group</u> (Smart Venues Business)
October 2021	<u>Docomo invested in One Bright KOBE and started participating in its business operations</u>
November 2021	<u>Participation in a community data linkage trial at Umekita Sotoniwa Square in the Umekita Second Zone Development Project near Osaka Station</u>
August 2022	<u>Signed cooperation agreement with the City of Kobe and starting private-sector activities for creating a smart city</u>

Sales and earnings were **below the forecast** but **a big improvement** resulted in a return to an ordinary profit and profit attributable to owners of parent

The FY6/22 ordinary profit was ¥8 million compared with the ¥112 million forecast. However, earnings are clearly **recovering**, after the ¥580 million ordinary loss in FY6/21 due mainly to the sale of the carrier shop agency business and impact of the pandemic.

Cloud service **monthly recurring revenue (MRR) is increasing steadily.**

Digital Government services for local governments are performing well and there was a big improvement in efficiency and profitability, along with cost reductions, in Mobility Services, although the volume of new service contracts was low.

The Smart Venues segment is currently in an investment phase for making this a business that can play a major role beginning in FY6/25 in accomplishing Smartvalue's mission. In FY6/22, due to delays in measures to become profitable, this business was one reason for that earnings were below the forecast.

Financial Results / Summary

Digital Government is performing well, although new orders for services were slightly below the plan. In Mobility Services, although new orders for services were slow, there are good prospects concerning large projects and this business achieved a big improvement in profitability due to cost cutting and higher efficiency. Smart Venues performance was below the forecast because of delays with measures to generate sales.

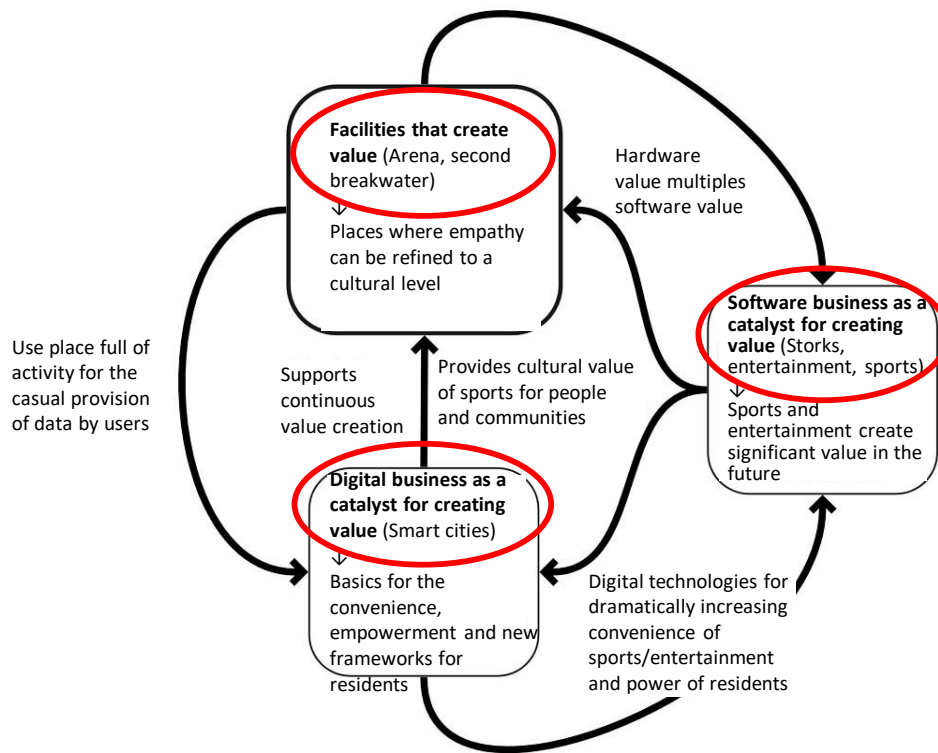
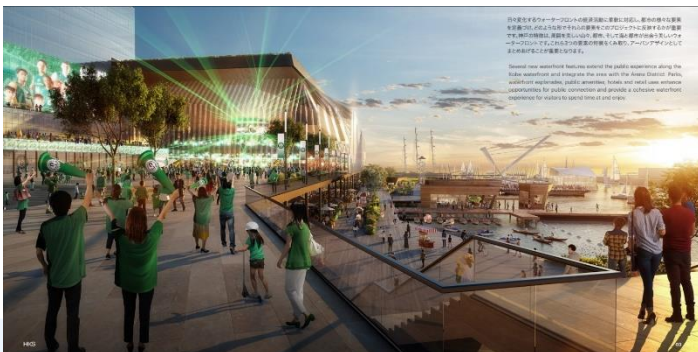
(Millions of yen)

Segment		FY6/21 Results	FY6/22 (Forecast)	FY6/22 Results	FY6/23 (Forecast)
Digital Government	Operating profit	163	289	317	328
Mobility Services	Operating profit	(276)	314	233	320
Smart Venues	Operating profit	-	-	(89)	(61)
Consolidated	Corporate expenses	492	525	476	539
	Operating profit	(605)	78	(15)	48
	Ordinary profit	(580)	112	8	42
	Profit attributable to owners of parent	(1,407)	92	1	47

Financial Results / Smart Venues Segment

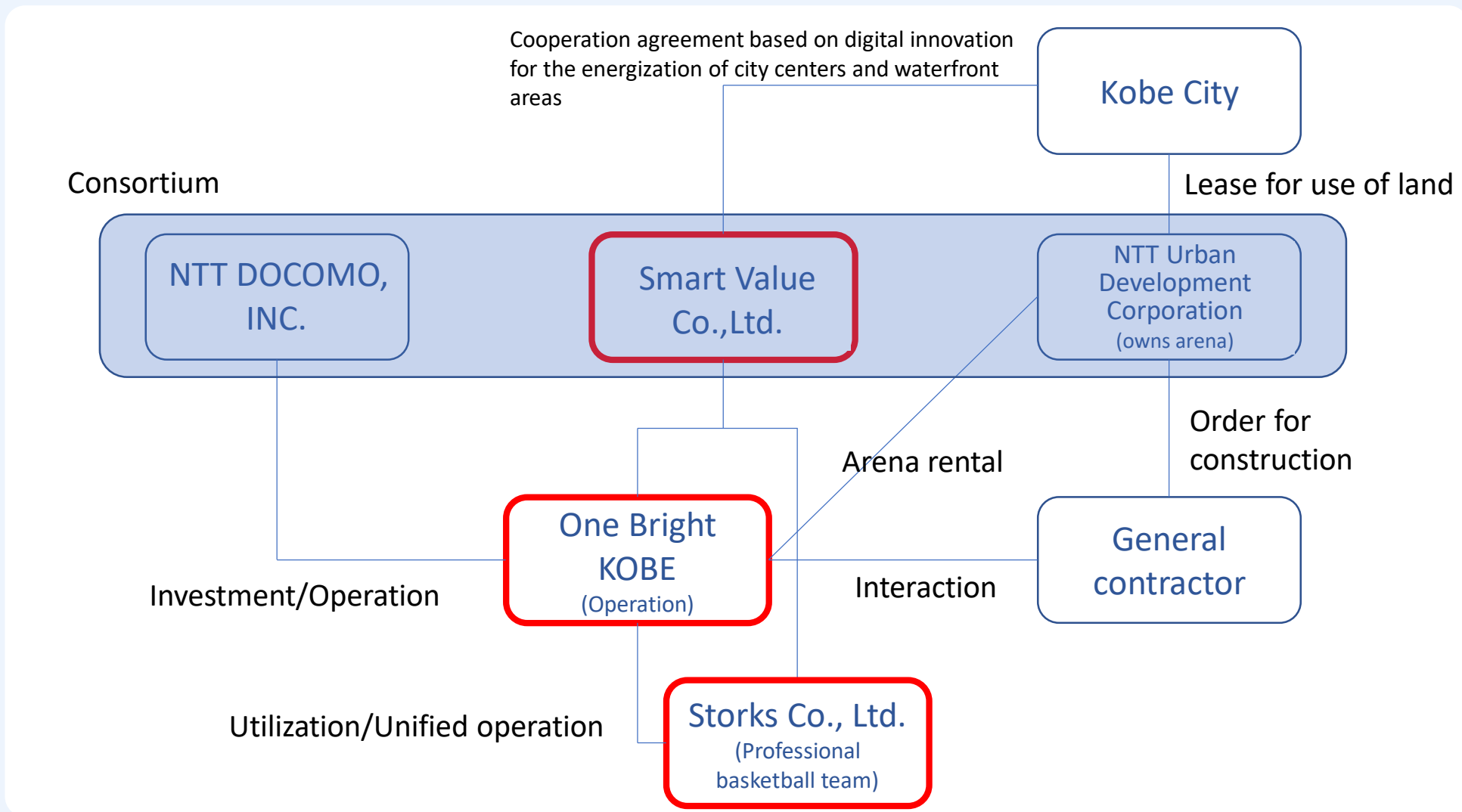
This segment consists of the operations of two subsidiaries and is expected to start contributing to consolidated earnings in FY6/25. Creating smart city models based on physical cities such as Kobe City.

The Smart Venues segment is a community creation business that uses the digital technology and community strengths of the sports business of Storks Co., Ltd. and the arena business of One Bright KOBE Co., Ltd. Smart Venues is based on a U.S./European business model used to energize communities. This business encompasses sports, entertainment and other forms of content not yet proven in Japan along with arenas and also has the goal of creating smart cities. Beginning in FY6/26, this segment is expected to have fiscal year sales of more than ¥4 billion.



* There is no Smart Venues MRR forecast because work is still under way for establishing a model for the monetization of the data utilization business.

Smartvalue, NTT Docomo and NTT Urban Development have formed a consortium for Japan's first multi-purpose arena project created and operated by the private sector. Another objective is the provision of smart venues that utilize ICT.



A model for monetization of subsidiaries Storks and One Bright KOBE and of smart city activities. Aiming to use close ties with the community to play a key role in creating social systems of the future.

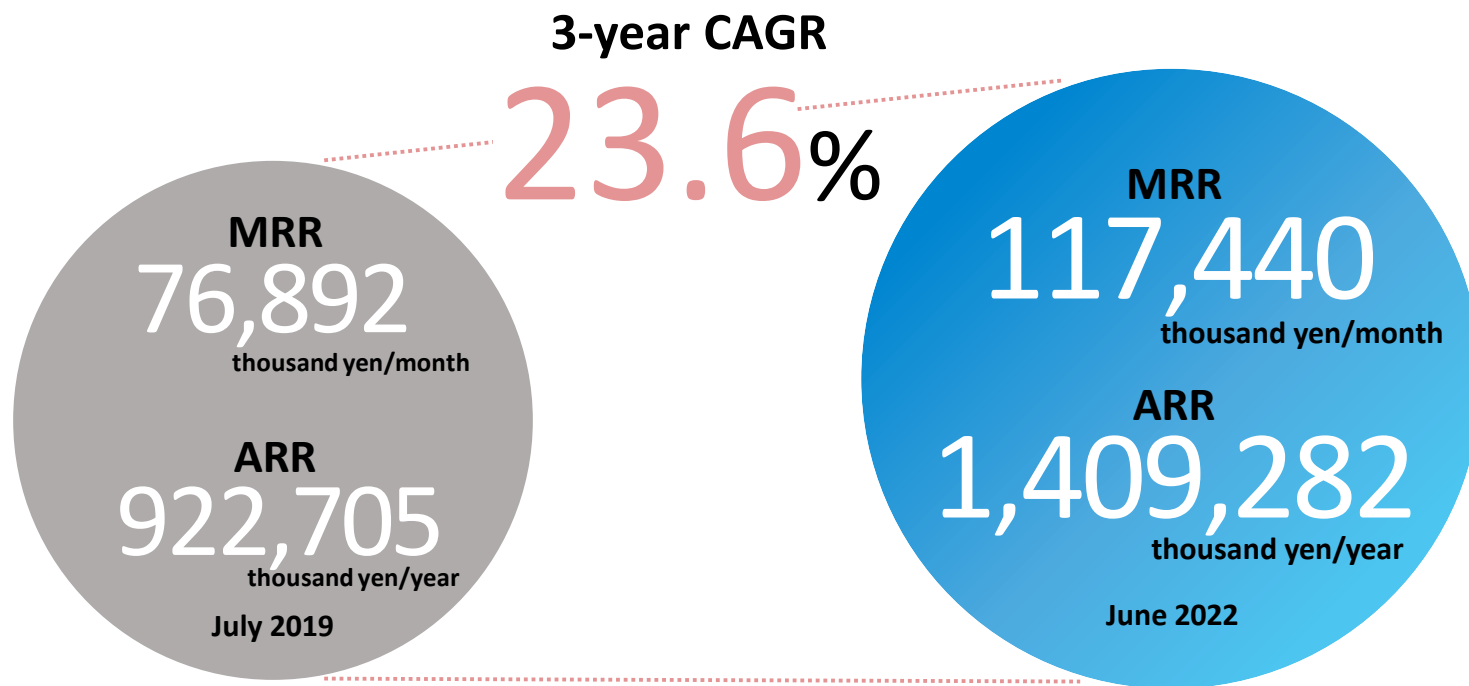
	Before FY6/25 arena opening	After completion of the arena
Storks Co., Ltd. (Professional basketball team)	<ul style="list-style-type: none"> • Revenue from sponsoring companies • Ticket revenue • Broadcast and other distribution rights • Academies • Merchandise sales • Fan club activities 	<ul style="list-style-type: none"> • Revenue from sponsoring companies • Ticket revenue • Broadcast and other distribution rights • Academies • Merchandise sales • Fan club activities • Advertisements • B-to-B activation • Sports vending/NFTs
One Bright KOBE (Operation of multi-purpose arena)	<ul style="list-style-type: none"> • B-to-B activation • Naming rights • Revenue from sponsoring companies 	<ul style="list-style-type: none"> • B-to-B activation • Naming rights • Revenue from sponsoring companies • Arena rental • Ticket revenue • Merchandise sale commissions • Food and beverage sales • VIP services • Advertisements • Broadcasting rights • Sports betting/NFTs
Smart City (Digital community creation)	<ul style="list-style-type: none"> • Participation in demonstration trials • Use of subsidies 	<ul style="list-style-type: none"> • Social issue solution activation • Launch and widespread use of Web3 • Data utilization fees • Payment processing fees • Income from directing customers to other companies

Although sales and earnings were below the forecast, there was an improvement from the prior year's ordinary loss of ¥580 million to a small ordinary profit. Profitability of current cloud services increased significantly because of cost cutting and other actions. Mobility services performance was below the plan. Administrative expense reductions. Investments in new Smart Venues businesses, higher wages and other cost increases were largely offset.

Accomplishments	Digital Government	Strong orders for Gabukura as the use of e-government continues to increase (This strength offset lower orders for low-rate optional services caused by government policies.)
	Digital Government	Progress with increasing participation in community creation (smart cities) centered on regional data utilization and on using demonstration trials and other activities to acquire know-how
	Corporate	A big improvement in profitability because of cost controls and higher efficiency in all operations more than offset wage increases and other sources of higher expenses
More work needed	Mobility Services	Much slower growth of the CiEMS IoT service for company vehicles as the pandemic reduced the use of these vehicles. Some interest in Kuruma Base, a car sharing platform for after the pandemic, but real demand for this platform is still small.
	Smart Venues	New investments as planned for starting operations in FY6/25 but sales are currently insufficient. Steady progress with building a base for making this a large business.

Sales of the Application-specific SaaS Business

A relatively long time is needed to receive orders in the social services domain, but this SaaS business has been growing steadily during the past three years.



*The compound annual growth rate (CAGR) is the geometric average (an average of an item that changes by a percentage of share) of the annual growth rate of a company over a period of several years.

*Average annual revenue (ARR) is monthly recurring revenue (MRR) multiplied by 12.

Strong sales and earnings growth as businesses began recovering from the pandemic downturn. Returned to profitability (ordinary profit, profit attributable to owners of parent) but sales and earnings were below the forecast mainly because Smart Venues sales were less than planned.

Consolidated Statement of Income (YoY change)

(Millions of yen)

	FY6/21	FY6/22	Change
Net sales	3,446	3,805	359
Digital Government	1,732	2,249	516
Mobility Services	1,713	1,556	(157)
Operating profit	(605)	(15)	590
Digital Government	163	228	64
Mobility Services	(276)	233	509
Corporate expenses	(492)	(476)	16
Operating margin	-	-	-
Digital Government	9.5%	10.2%	0.7%
Mobility Services	-	15.0%	-
Ordinary profit	(580)	8	588
Profit attributable to owners of parent	(1,407)	1	1,408

Cloud services increased to 54% of sales and 35% of MRR and the pct. of product sales declined. A clear shift of business operations to the cloud.

(Thousands of yen)

Business	FY6/21	FY6/22	Sales Ratio	FY6/21 vs. FY6/22
Net sales	3,446,178	3,805,373	100.0%	110.4%
Cloud services	1,935,873	2,069,659	54.4%	106.9%
MRR (Monthly recurring revenue)	1,127,338	1,346,104	35.4%	119.4%
Service start-up and construction	808,535	723,554	19.0%	89.5%
Outsourced development	305,322	204,652	5.4%	67.0%
Sales of products	875,396	752,083	19.8%	85.9%
Client-specific development team service	262,240	318,188	8.4%	121.3%
Smart venues/sports	67,344	460,790	12.1%	684.2%
Operating profit	(605,316)	(15,083)	--	--
Operating margin	--	--	--	--

MRR in the SaaS category continues to climb, increasing 16%. Small decrease in monetary sales of new contracts but the effect was minimal because of the effect of optional services with low monthly fees. Operating profit was negatively affected by smart venues/sports.

(Thousands of yen)

Business	FY6/21	FY6/22	Sales Ratio	FY6/21 vs. FY6/22
Net sales	1,732,547	2,249,199	100.0%	129.8%
Cloud services	1,342,008	1,425,293	63.4%	106.2%
MRR (Monthly recurring revenue)	674,958	788,376	35.1%	116.8%
Service start-up and construction	667,050	636,916	28.3%	95.5%
Outsourced development	60,954	44,927	2.0%	73.7%
Client-specific development team service	262,240	318,188	14.1%	121.3%
Smart venues/sports	67,344	460,790	20.5%	684.2%
Operating profit	163,864	228,196	--	139.3%
Operating margin	9.46%	10.15%	--	--

Steady growth of MRR but slow acquisition of new services.

Big increase in operating profit mainly due to measures to reduce expenses.

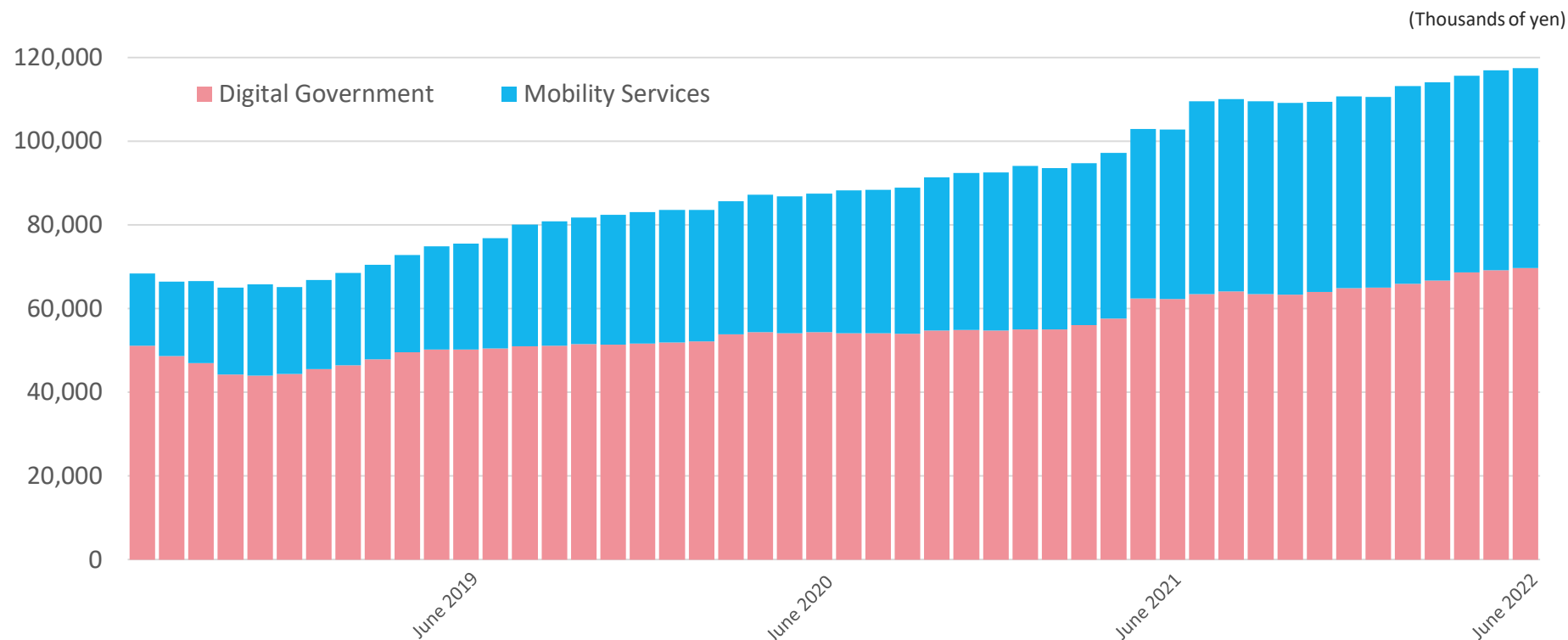
(Thousands of yen)

Business	FY6/21	FY6/22	Sales Ratio	FY6/21 vs. FY6/22
Net sales	1,713,630	1,556,174	100.0%	90.8%
Cloud services	593,865	644,366	41.4%	108.5%
MRR (Monthly recurring revenue)	452,380	557,728	35.8%	123.3%
Service start-up and construction	141,484	86,638	5.6%	61.2%
Outsourced development	244,368	159,724	10.3%	65.4%
Sales of products	875,396	752,083	48.3%	85.9%
Operating profit	(276,272)	233,098	--	--
Operating margin	--	15.0%	--	--

Increased investment in Subsidiary One Bright KOBE and loans

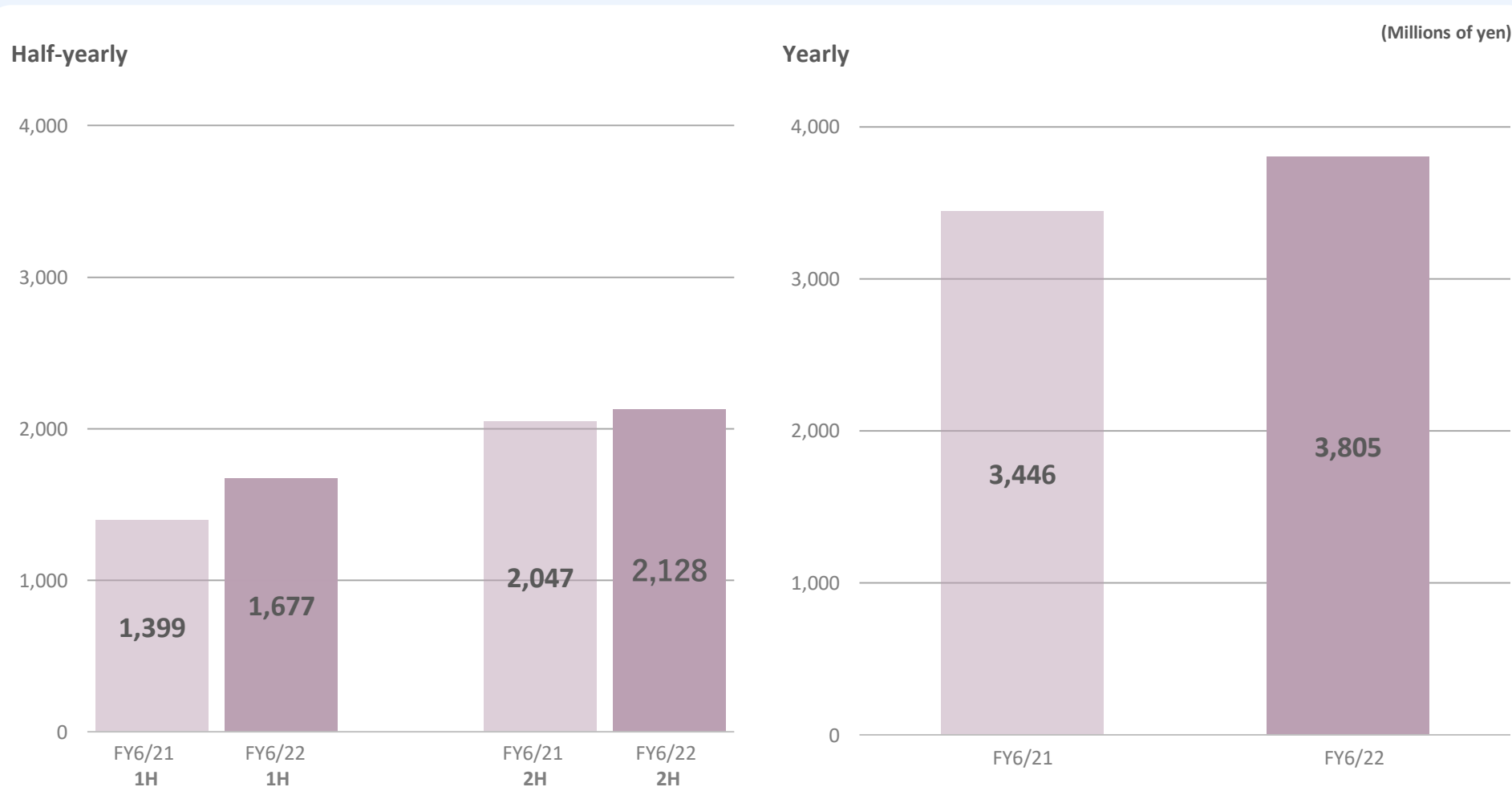
Consolidated Balance Sheet		FY6/21	FY6/22	Change	Major items
					(Millions of yen)
	Current assets	1,761	3,179	1,417	<ul style="list-style-type: none"> ■ Current assets • Cash and deposits: Up 1,793 • Accounts receivable-trade: Down 142 • Income taxes receivable: Down 199 ■ Non-current assets • Software: Up 37 • Buildings and structures: Down 18 • Software in progress: Down 52 ■ Deferred assets • Share issuance costs: Up 2
	Non-current assets	978	938	(39)	
	Deferred assets	0	2	2	
	Total assets	2,740	4,120	1,380	
	Current liabilities	491	1,278	787	<ul style="list-style-type: none"> ■ Current liabilities • Short-term borrowings: Up 628 • Current portion of long-term borrowings: Up 84 • Income taxes payable: Up 30 ■ Non-current liabilities • Long-term borrowings: Up 266
	Non-current liabilities	131	391	259	
	Total liabilities	622	1,669	1,046	
	Share capital	959	959	-	<ul style="list-style-type: none"> • Capital surplus: Third party investments for consolidated subsidiaries: Up 95 • Retained earnings: Dividend payments: Down 80 • Non-controlling interests: Up 316
	Capital surplus	949	1,044	95	
	Retained earnings	334	254	(79)	
	Treasury shares	(125)	(124)	1	
	Non-controlling interests	-	316	316	
	Total net assets	2,117	2,451	333	
	Total liabilities and net assets	2,740	4,120	1,380	

Steady MRR growth despite slow sales of some new service contract

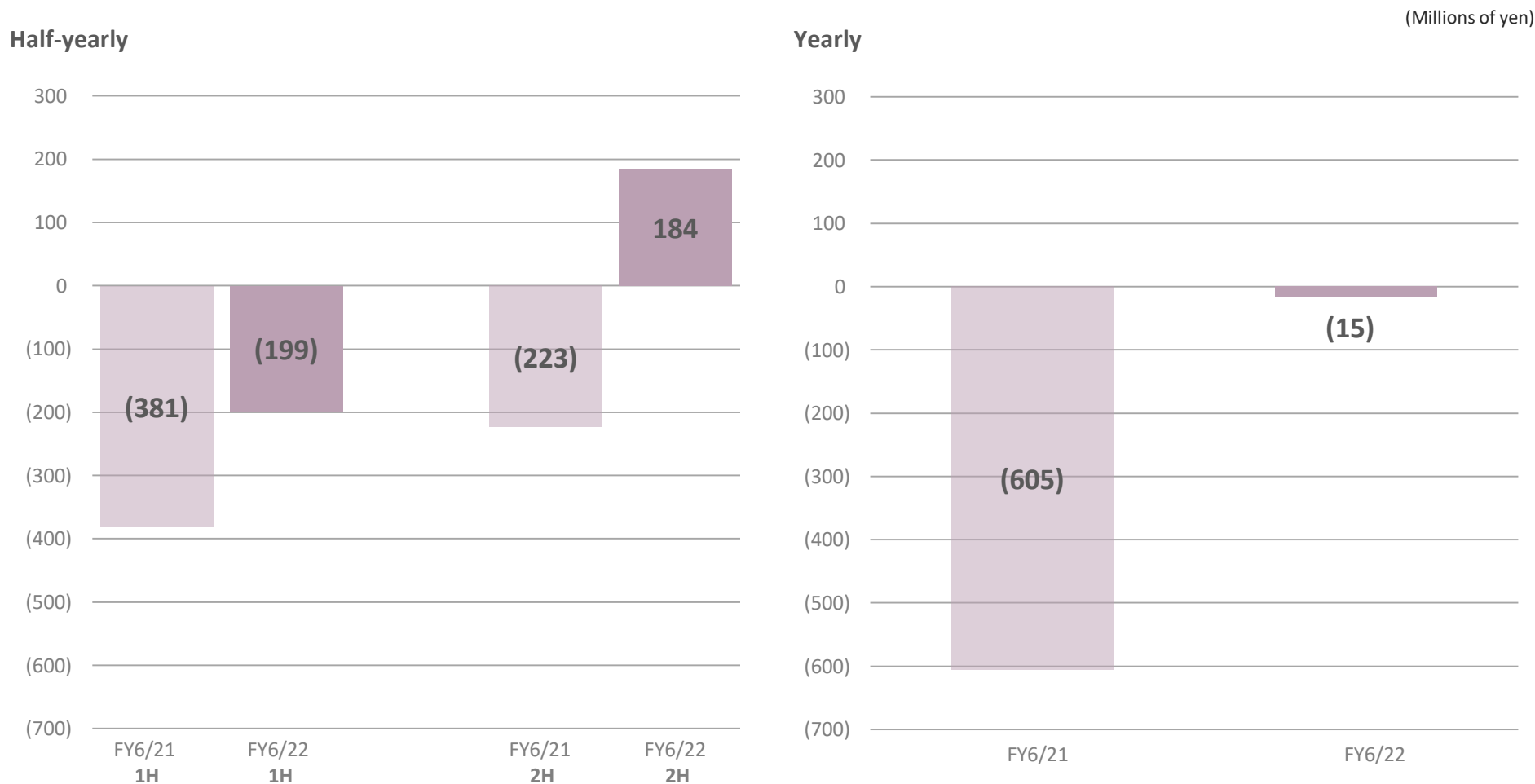


MRR as of term-end	Segment	June 2019	June 2020	June 2021	June 2022
	Digital Government	50,243	54,336	62,331	69,702
	Mobility Services	25,279	33,131	40,504	47,737
	Total	75,522	87,468	102,835	117,440

Sales are recovering with some instability due to the pandemic



Second half is still the majority of earnings. Although full-year operating profit did not turn profitable, operating profit improved due to MRR growth and operating profit and profit attributable to owners of parent remained in the black.



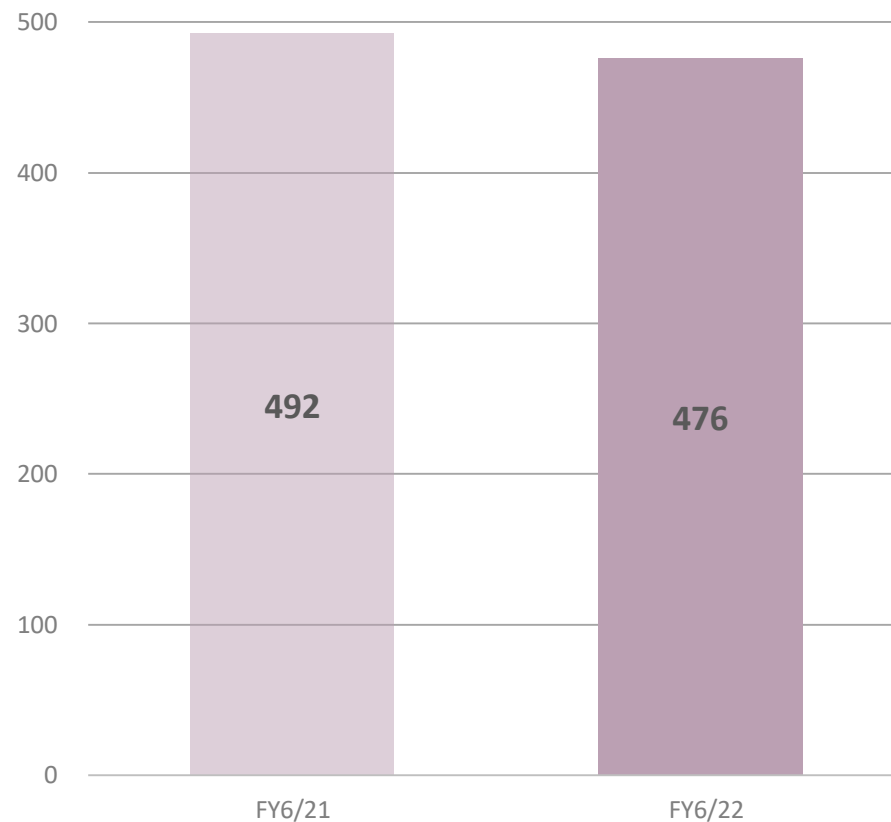
Lowering expenses by increasing efficiency and making other improvements

(Millions of yen)

Half-yearly



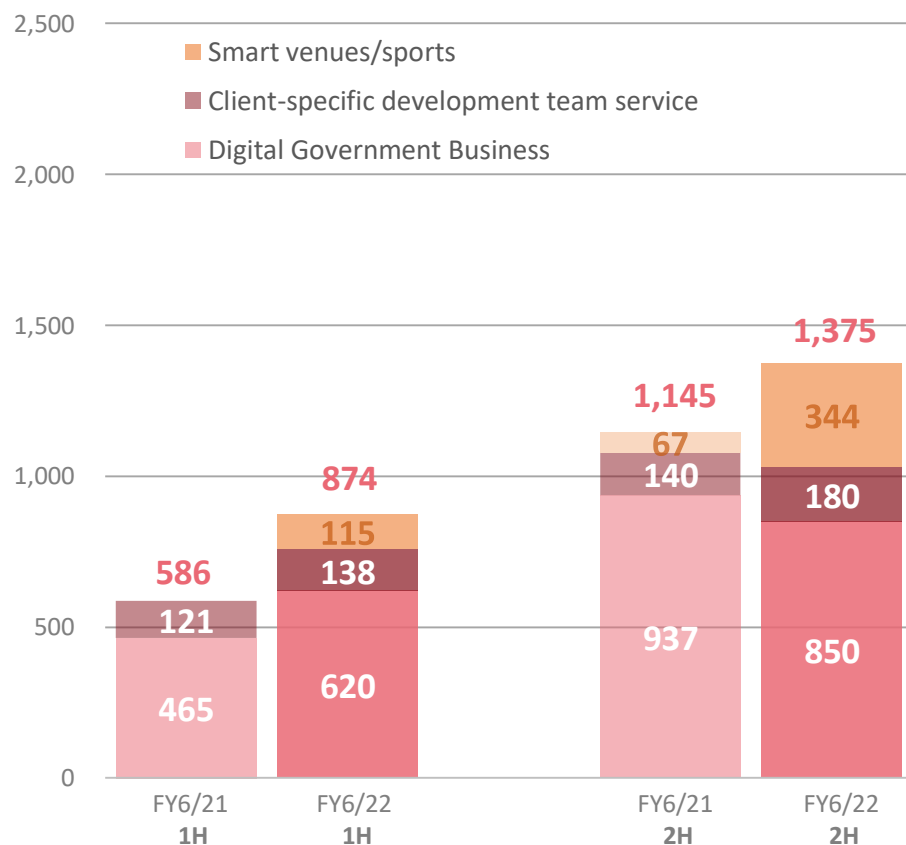
Yearly



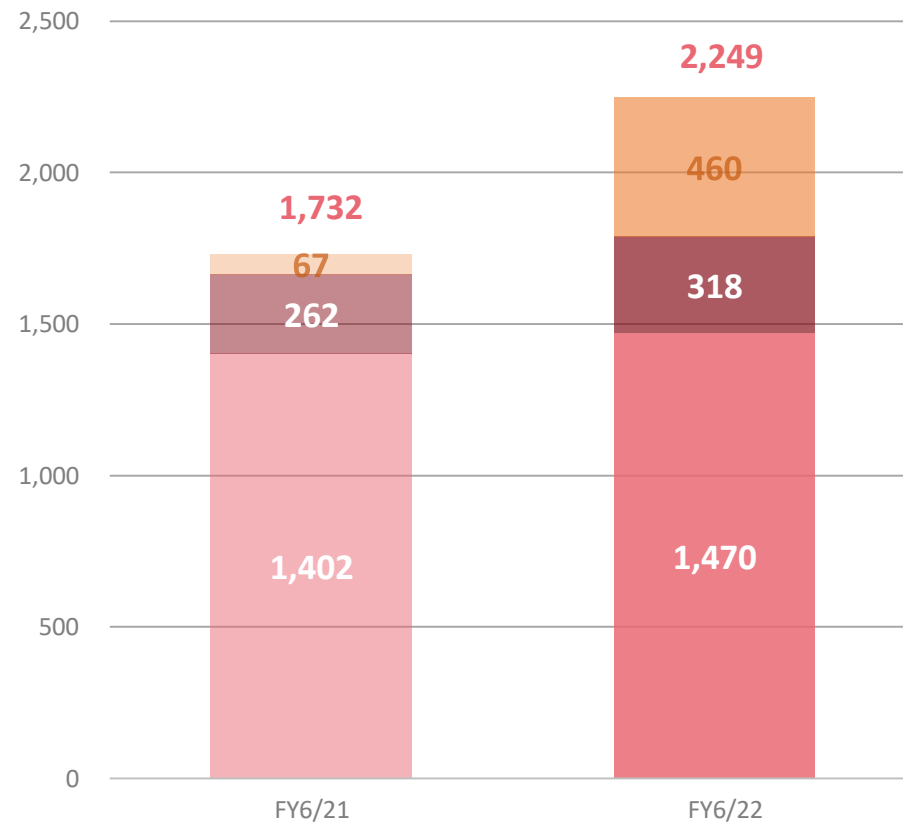
Performance was as planned despite the effect of a shift to FY6/23 of the recognition of some new orders received in the 4Q for local government cloud services

(Millions of yen)

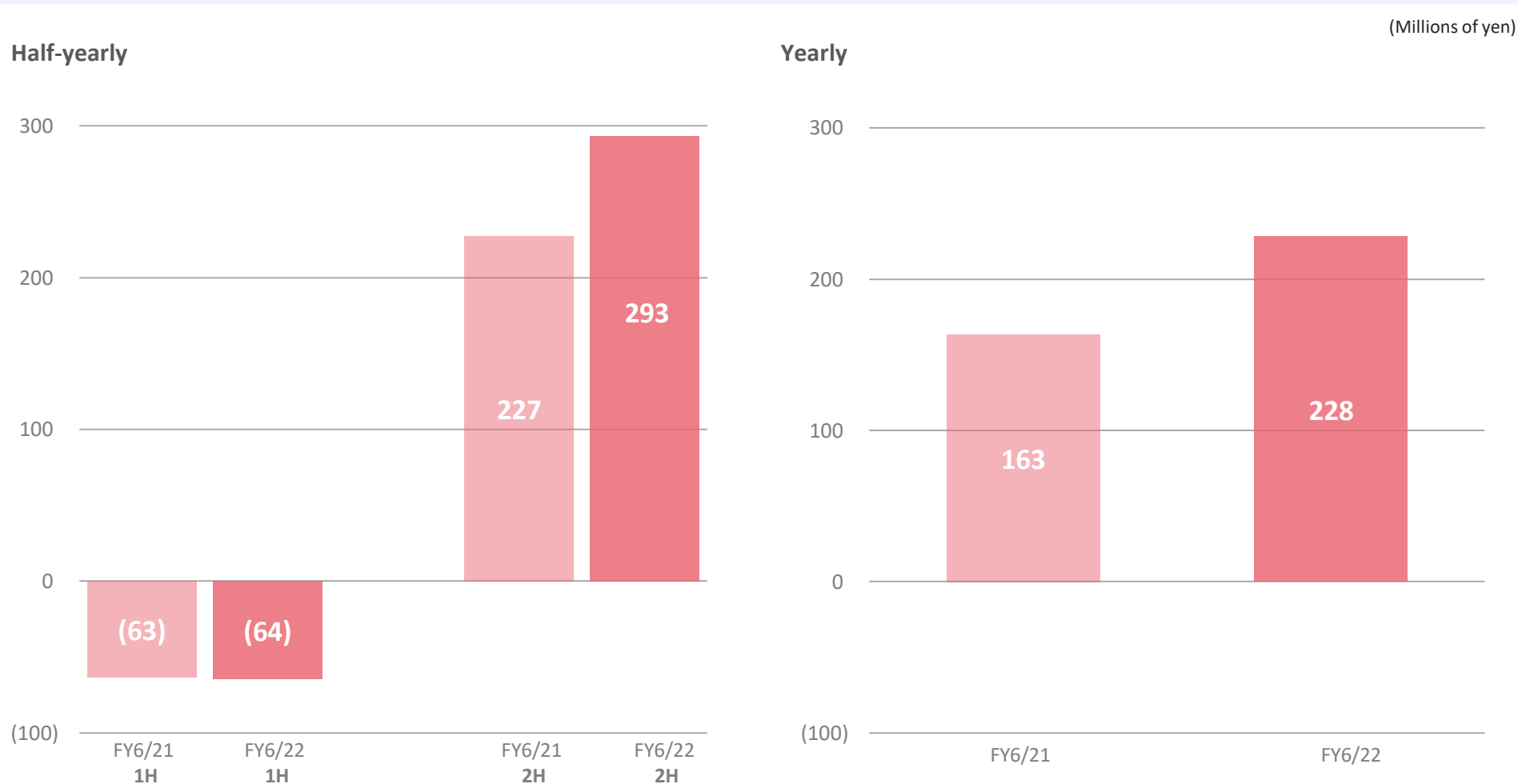
Half-yearly



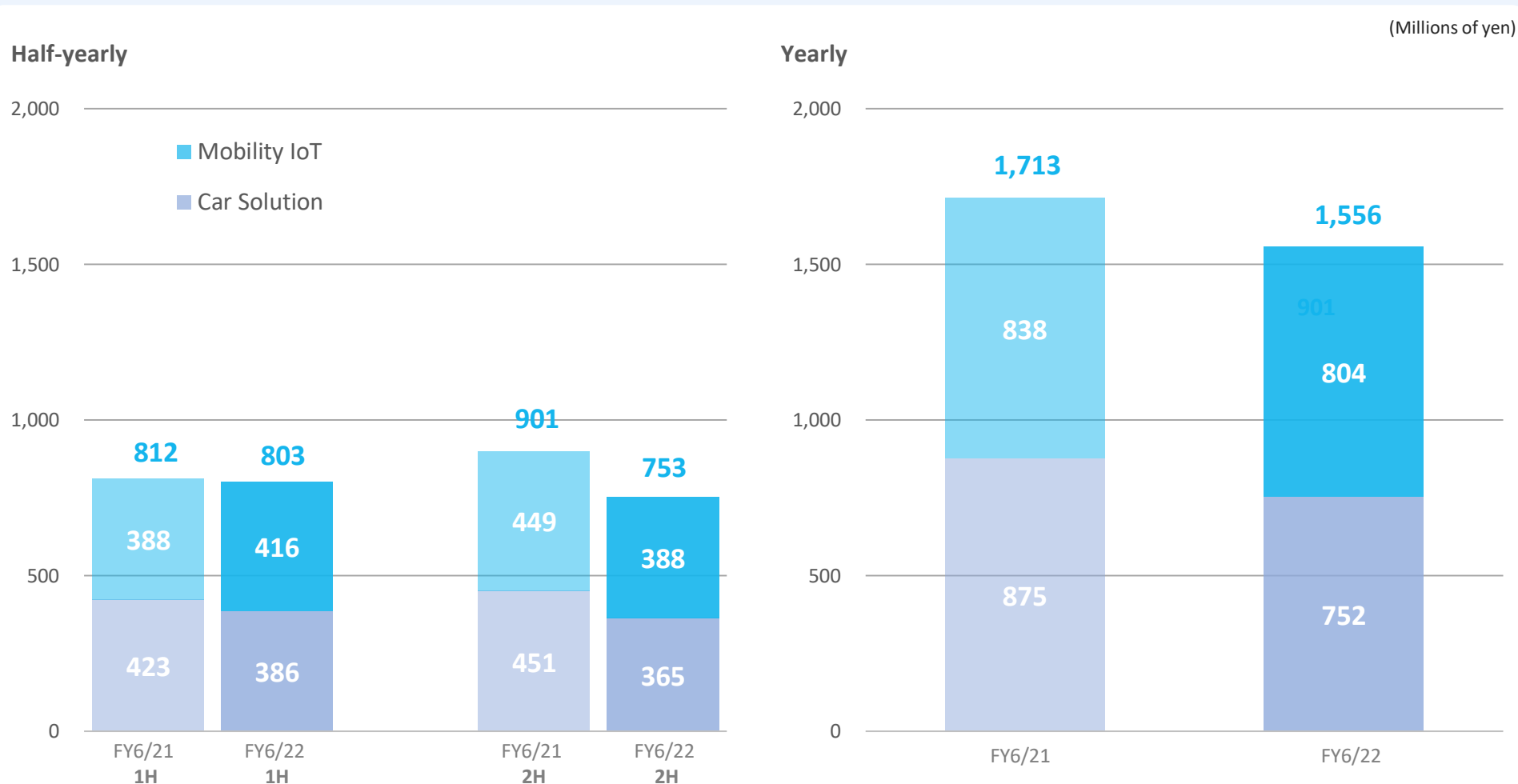
Yearly



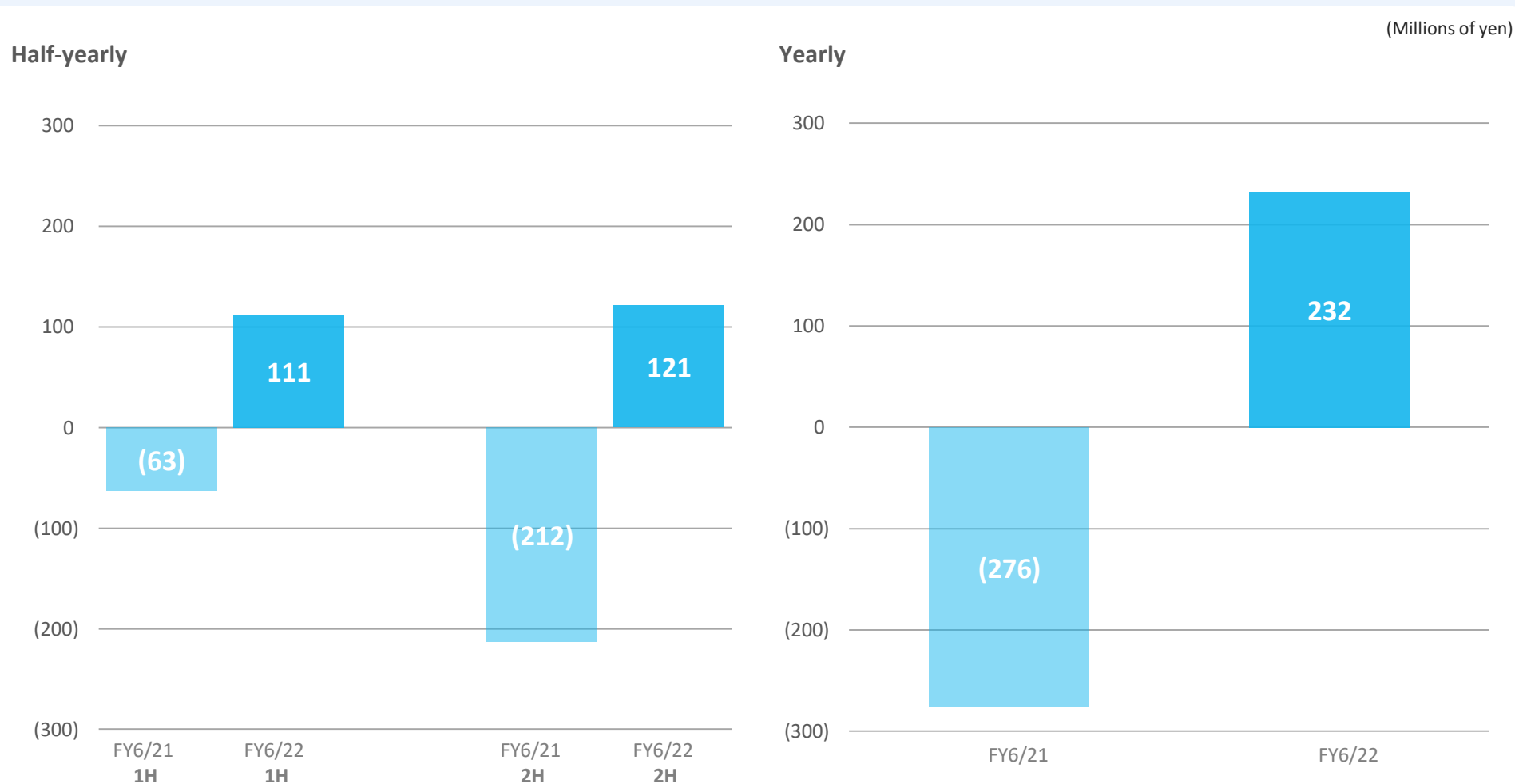
Earnings increased even with the negative effect of smart venues/sports, which is in an investment phase



The Car Solution sales were largely in line with plan, while the Mobility IoT growth was lacking.



A big improvement in profitability due mainly to lower expenses, higher efficiency.



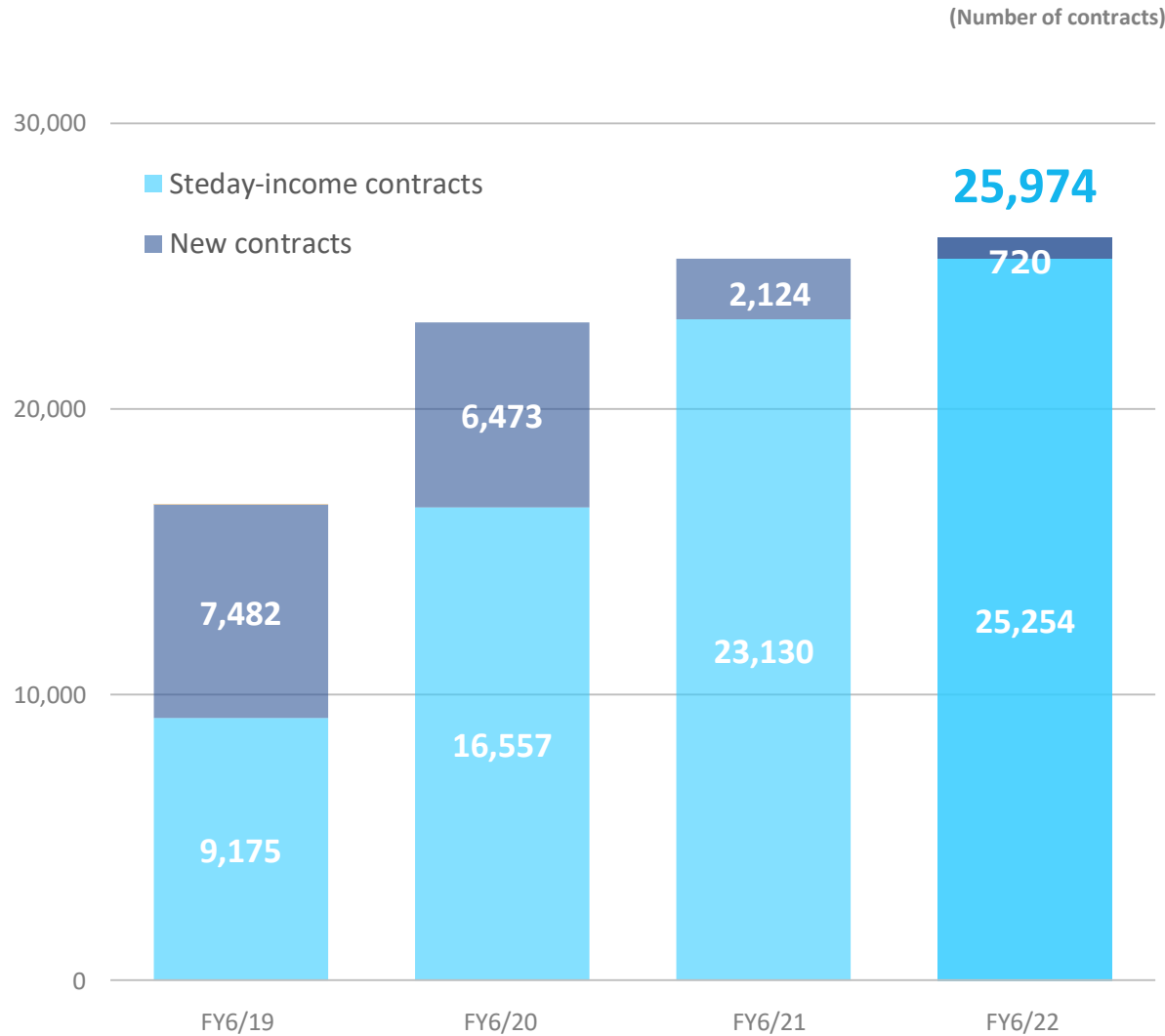


939
contracts
FY6/22 goal of
973

Providing information to community residents is more important than ever because of natural disasters, the pandemic and the need to solve various regional issues. Due to more than 10 years of constant improvements in the quality of cloud services, the number of contracts continued to increase in FY6/22, including the receipt of large orders, even as orders for optional services decreased because of the policies of some governments.

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

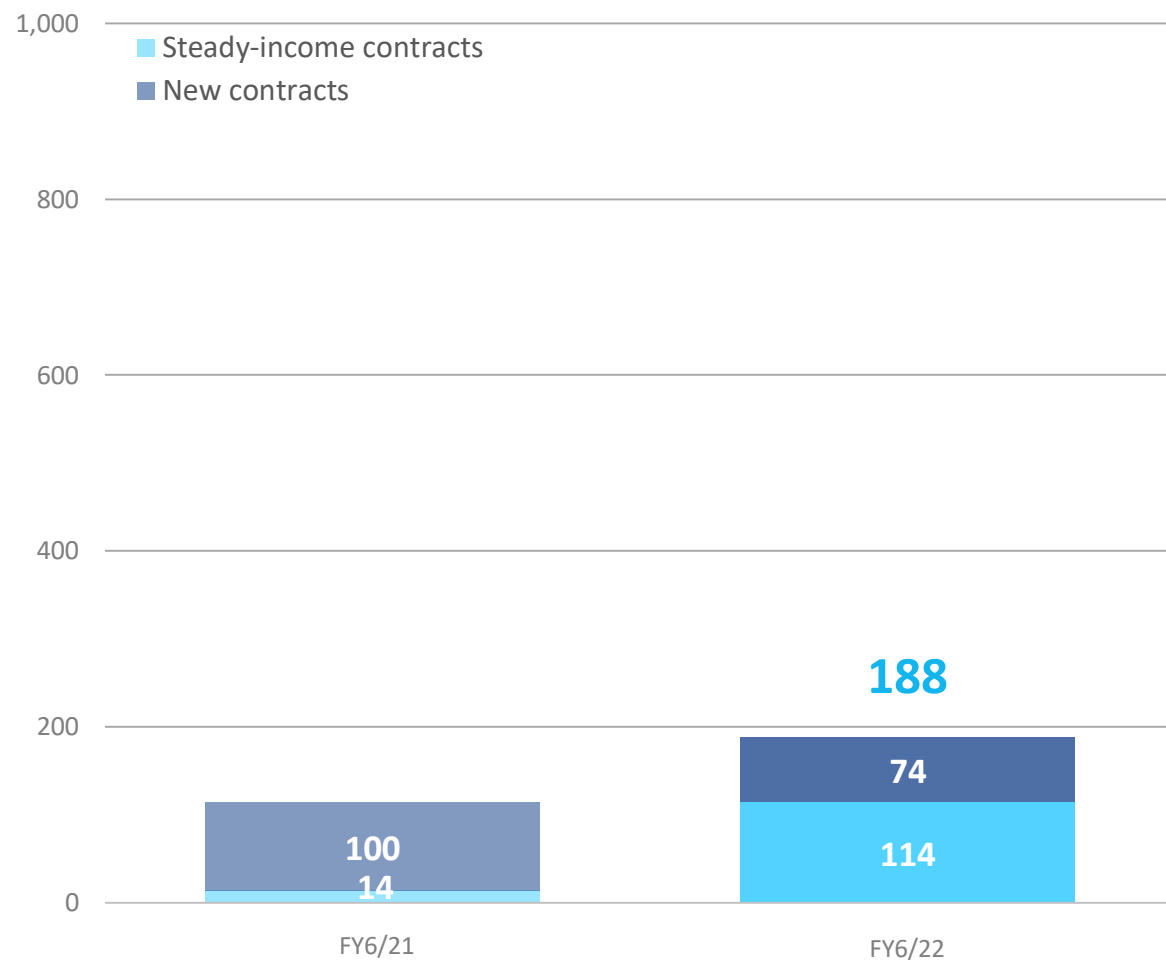
*Number of users of services, not the number of local governments



25,974
contracts
FY6/22 goal of
31,254

720 new contracts in FY6/22 vs. the goal of a net increase of 6,000. New contracts for 3,015 vehicles and cancelations for 2,295 vehicles. The cause is companies reducing fleet size rather than managing their own fleets, but this trend appears to have ended. Plan to transform the strong pipeline into sales and earnings by using actions that also reflect changes in strategies of companies.

(Number of contracts)



Only 74 new contracts vs. the FY6/22 goal of a net increase of 950 because of the pandemic, delays in deliveries of new cars and other reasons. Focusing on creating new markets that reflect customers' needs involving electric vehicle car sharing and other services as people and companies learn to live with COVID-19.

Basic plan

1. Priority is MRR growth as the indicator of progress with cloud services
2. Translate the next world view into actions for a ¥100 billion market cap in 2028
3. Establish a powerful position in the government digitalization market
4. Expand the mobility IoT platform for growth after the pandemic ends
5. Enlarge the data linkage platform and the community creation DX business
6. Strategic activities in the healthcare business based on the digitalization of government services
7. Further strengthen corporate governance and establish sound frameworks for internal controls and rules
8. The first year of activities for accomplishing the goals of the Third Medium-term Business Plan

Results

FY6/21 results were difficult due to the sales of the carrier shop agency business and the pandemic downturn. Sales and earnings started to recover during FY6/22 due to a renewed commitment to Moonshot Vision 2028 and the benefits of cost cutting and efficiency improvements, despite the continuing impact of the pandemic.

An increase in MRR, mainly for SaaS for specific applications, even though mobility services had difficulty adding new customers.

Progress with preparations for e-government growth regarding positioning to provide services for online procedures; preparations at local governments too started in FY6/22, creating favorable conditions for growth.

High level of interest in mobility IoT platforms but this market is still small. Goal is to target new market sectors with measures such as EV sharing through an alliance with Tesla.

For the DX of community creation (smart cities), which is an extension of application-specific SaaS, a faster pace of preparations such as demonstration trials at Osaka Umekita and in Kobe. Still in the investment phase and a full-scale contribution to consolidated performance (FY sales of about ¥4 billion) is expected to start in FY6/26.

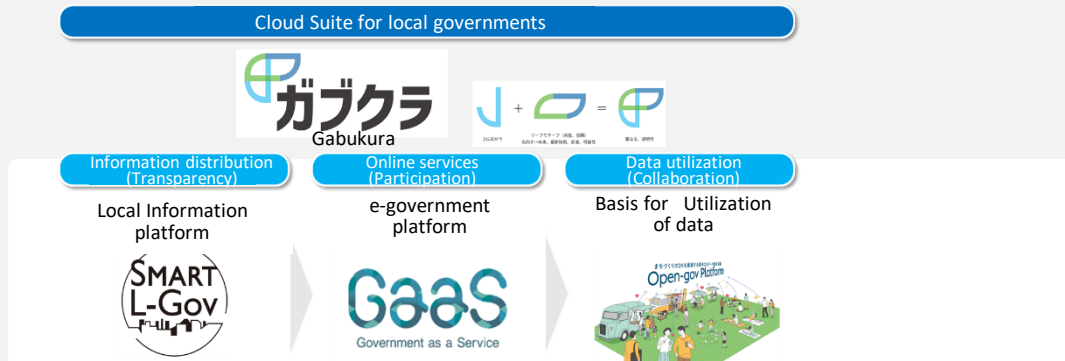
Although a small change in the strategic direction of the health care sector was needed, work is proceeding with the establishment of a SaaS model as part of smart cities and other concepts.

Implemented a new rolling three-year business plan.

Business Topics 02

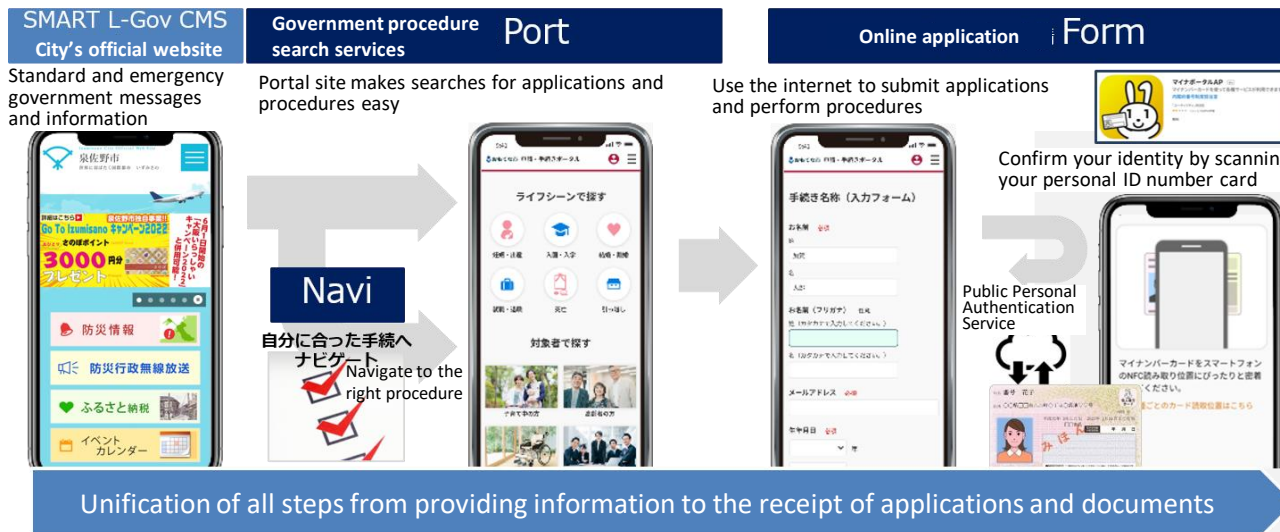
Launched Gabukura – A cloud suite for local governments that supports sustained regional growth

The City of Izumisano (Osaka prefecture), currently using SMART L-Gov CMS, has decided to start using GaaS



Izumisano has decided to start using GaaS (also linked to the government unified online service platform) with a data link to SMART L-Gov CMS. The release is planned for no later than the end of 2022.

This service will allow people to perform procedures without visiting a city office and will greatly reduce redundant administrative tasks (providing information about applications and procedure and other tasks), which is a significant issue at local governments.




Started an application and procedure service linked to a unified platform for all gov't online services -Creating opportunities to use personal ID number cards-



SMARTVALUE
Hospitality First

Launch of an online application/procedure function with links to unified platforms for gov't online services and the personal ID number portal

GaaS × Personal ID number portal AP official ID authentication
Government as a Service



Online procedures improve efficiency

Supports the DX of local governments

Ability to expand/upgrade personal ID number portal functions



Linkage with GaaS (Government as a Service), Smartvalue's online government services platform, improves the ease of Myna Portal searches and upgrades online applications, procedures and other functions.

【 Features of this service 】

01

Use of a single platform for governments

02

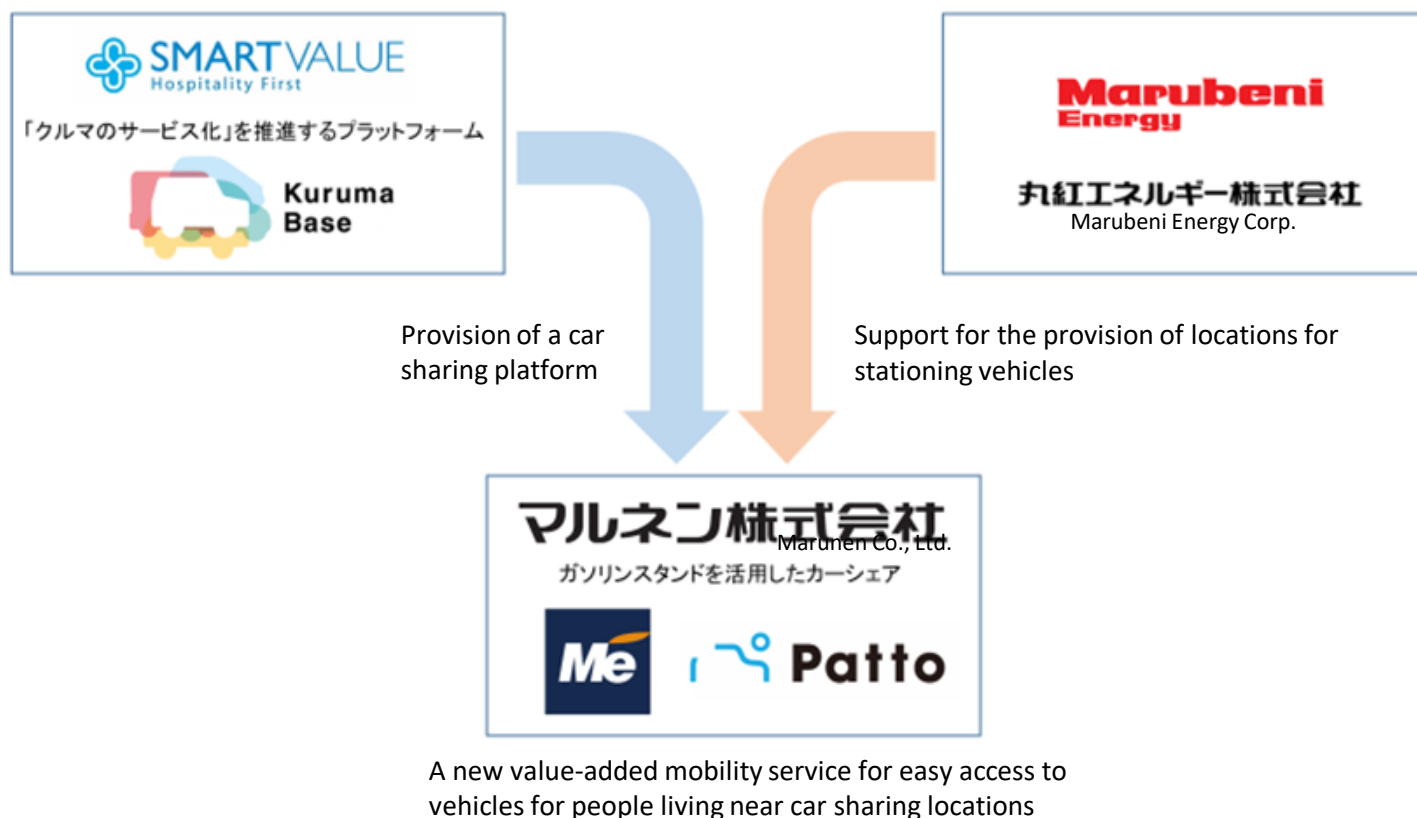
Expansion of the personal ID number portal functions to handle a large number of applications and procedures

03

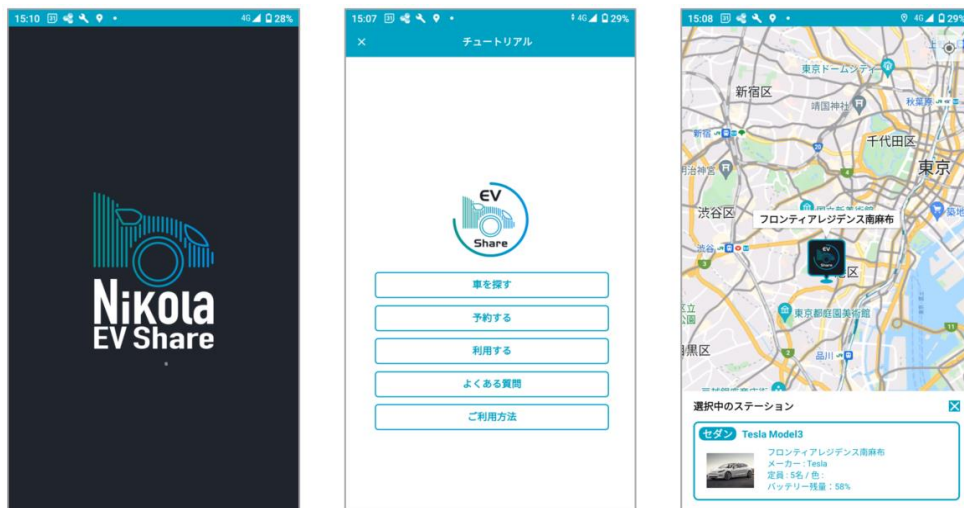
Simple settings by using the administrator screen

Start of a car sharing business using Marunen service stations and the Kuruma Base mobility sharing platform

By using the support of Marubeni Energy Corp. for stationing cars, Smartvalue is providing a mobility sharing platform for service stations of Marunen Co., Ltd. Smartvalue plans for more growth of this car sharing business with a view of expanding to the entire Marubeni Energy Group.



A Kuruma Base Tesla electric vehicle sharing service at condominiums by using cooperation with Kyushu Electric Power, Hokkaido Electric Power and Exkey



This service combines Tesla electric cars with the Kuruma Base car sharing platform with an API link

Uses the integration of electric cars and smartphones to provide a solution for the provision of a mobility service within this ecosystem



Agreement to cooperate for further invigorating central Kobe and waterfront areas



Objective of the agreement

The main objective is the completion of the Kobe Arena Project, which is in the waterfront and city center districts of Kobe, in accordance with the grand design of Kobe for becoming a prominent harbor-centered city. Strengthening collaboration between the city and Smartvalue is expected to result in many private-public sector joint-creation activities that utilize advanced technologies. The goals are the advancement of city center and waterfront areas and the further invigoration of these areas based on the vision of making Kobe one of the world's leading cities centered on a harbor.

(1) More city center-waterfront circulation of people centered on Kobe Arena (tentative name)

Kobe Arena will use a new arena app for visitors and residents of Kobe for the purpose of increasing the movement of people between the city center and waterfront. For example, the app will give people an incentive to use public transportation when visiting the arena and provide information about nearby stores and special events. Another aim of the app is to enable every visitor and resident of Kobe to receive the best possible services.

(2) A source of digital innovation, such as the creation of a digital twin city

Project planners are working on ways to use the metaverse to allow people unable to attend arena events in person to have a realistic sense of being at an event.

In addition to optimizing services for everyone, the Kobe Arena app will have a data platform capable of giving people a new type of viewing experience for sports and other events.

To create these capabilities, a co-creation program will be launched with companies, universities and other partners in the fall of 2022. These partners will jointly create value for the future of the city center and waterfront areas.

(3) Activities for increasing engagement with residents and visitors and attracting even more people

By using a link with customer relationship management (CRM), the arena app will facilitate the visualization of engagement for everyone. Furthermore, non-fungible tokens (NFT) may be used for converting visualized engagement into an entity with value.

Participation in the Government Data Utilization Project of Osaka Metropolitan University with Municipalities, Universities and Companies in Osaka Prefecture



Summary

Smartvalue is a participant in the data utilization project led by Osaka Metropolitan University. With the support of the Osaka Smart City Partners Forum and the Kansai Innovation Initiative, this project has the goal of increasing the utilization of urban data in Osaka and giving people training in the field of data utilization applications.

Osaka Metropolitan University is studying various ways to utilize data in a manner that will take advantage of the excellent location of the new Morinomiya campus that is to begin operating in 2025. One theme is to be a “smart university” in a manner that reflects the Osaka smart city strategy and data of local governments and companies will be used for the creation at the university of numerous services.

Between September 3, 2022 and March 11, 2023, urban data at companies, governments and universities will be used for activities that solve community-related issues and for Hackathons and other events that help people develop skills involving the use of data.

03

FY6/23

Business Plan and Goals

Following the 2020 sale of the carrier shop agency business in 2020 and the impact of the pandemic, FY6/23 will be a year for building a stronger infrastructure and creating strategic next-generation social systems as Smartvalue looks ahead to its 100th anniversary in 2028.

1. Continue focusing on increasing cloud service MRR. Use many activities and approaches for this growth in existing services as well as in other areas, such as by providing an original business model as an SaaS in the B-to-B sector.
2. Form alliances to create an ecosystem for the full-scale digitalization of government.
3. In mobility services, reexamine medium-term strategies and create a B-to-B market for new mobility IoT services that meet the needs of the CASE (connected, autonomous, shared, electric vehicles) era.
4. Move ahead step by step with preparations for the creation of a smart city model that utilizes data about cities.
5. Step up activities for creating a business model like no other in Japan for smart venues while maintaining the proper balance between preparations for the 2025 start of operations and the level of earnings in the years before then.
6. Reinforce activities involving human resources.
7. More activities for accomplishing the mission of fighting vested interests in order to establish a new social system for the 21st century.

Aiming for a recovery in sales and earnings while continuing to invest in the Smart Venues business and absorbing higher wages.

Consolidated Statement of Income (YoY change)

(Millions of yen)

	FY6/22	FY6/23 (Forecast)	Change
Net sales	3,805	4,539	734
Digital Government	1,778	1,946	158
Mobility Services	1,556	1,908	351
Smart Venues	460	684	224
Operating profit	(15)	48	63
Digital Government	317	328	11
Mobility Services	233	320	87
Smart Venues	(89)	(61)	27
Corporate expenses	(476)	(539)	(63)
Operating margin	-	1.1%	-
Corporate expenses	17.8%	16.9%	(0.9)%
Corporate expenses	15.0%	16.8%	1.8%
Smart Venues	-	-	-
Ordinary profit	8	42	34
Profit attributable to owners of parent	1	47	46

The shift to cloud services will continue as sales of products decline. Operations involving smart venues are expected to slowly start producing sales.

(Thousands of yen)

Business	FY6/22	FY6/23 Forecast	Sales Ratio	FY622 vs. FY6/23 Forecast
Net sales	3,805,373	4,539,504	100.0%	119.3%
Cloud services	2,069,659	2,538,472	55.9%	122.7%
MRR (Monthly recurring revenue)	1,346,104	1,532,399	33.8%	113.8%
Service start-up and construction	723,554	1,006,073	22.2%	139.0%
Outsourced development	204,652	244,802	5.4%	119.6%
Sales of products	752,083	701,042	15.4%	93.2%
Client-specific development team service	318,188	370,249	8.2%	116.4%
Smart venues/sports	460,790	684,938	15.1%	148.6%
Operating profit	(15,083)	48,011	--	--
Operating margin	--	1.1%	--	--

Planning on 10% growth of service start-up sales and more MRR growth.

(Thousands of yen)

Business	FY6/22	FY6/23 Forecast	Sales Ratio	FY622 vs. FY6/23 Forecast
Net sales	1,788,409	1,946,540	100.0%	108.8%
Cloud services	1,425,293	1,545,209	79.4%	108.4%
MRR (Monthly recurring revenue)	788,376	844,722	43.4%	107.1%
Service start-up and construction	636,916	700,486	36.0%	110.0%
Outsourced development	44,927	31,082	1.6%	69.2%
Client-specific development team service	318,188	370,249	19.0%	116.4%
Operating profit	317,524	328,684	--	--
Operating margin	17.8%	16.9%	--	--

Forecast a 252% increase in service start-up and construction sales. FY6/23 will be a critical year for competing and winning as activities continue for lowering expenses and improving efficiency.

(Thousands of yen)

Business	FY6/22	FY6/23 Forecast	Sales Ratio	FY622 vs. FY6/23 Forecast
Net sales	1,556,174	1,908,026	100.0%	122.6%
Cloud services	644,366	993,263	52.1%	154.1%
MRR (Monthly recurring revenue)	557,728	687,677	36.0%	123.3%
Service start-up and construction	86,638	305,586	16.0%	352.7%
Outsourced development	159,724	213,719	11.2%	133.8%
Sales of products	752,083	701,042	36.7%	93.2%
Operating profit	232,928	320,360	--	--
Operating margin	15.0%	16.8%	--	--

Smart Venues business is expected to have FY sales of about ¥4 billion once full-scale operations begin in FY6/26. Sales and earnings are expected to emerge slowly during the current investment phase of this business.

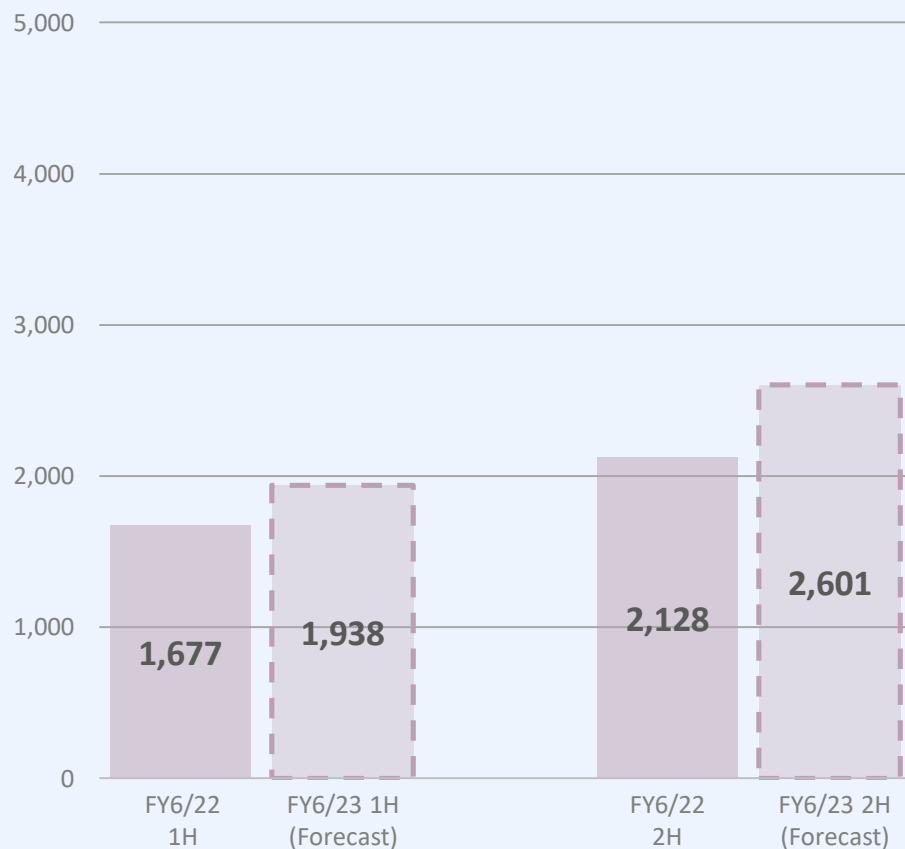
(Thousands of yen)

Business	FY6/22	FY6/23 Forecast	Sales Ratio	FY622 vs. FY6/23 Forecast
Net sales	460,790	684,938	100.0%	148.6%
Smart venues/sports	460,790	684,938	100.0%	148.6%
Operating profit	(89,327)	(61,572)	--	--
Operating margin	--	--	--	--

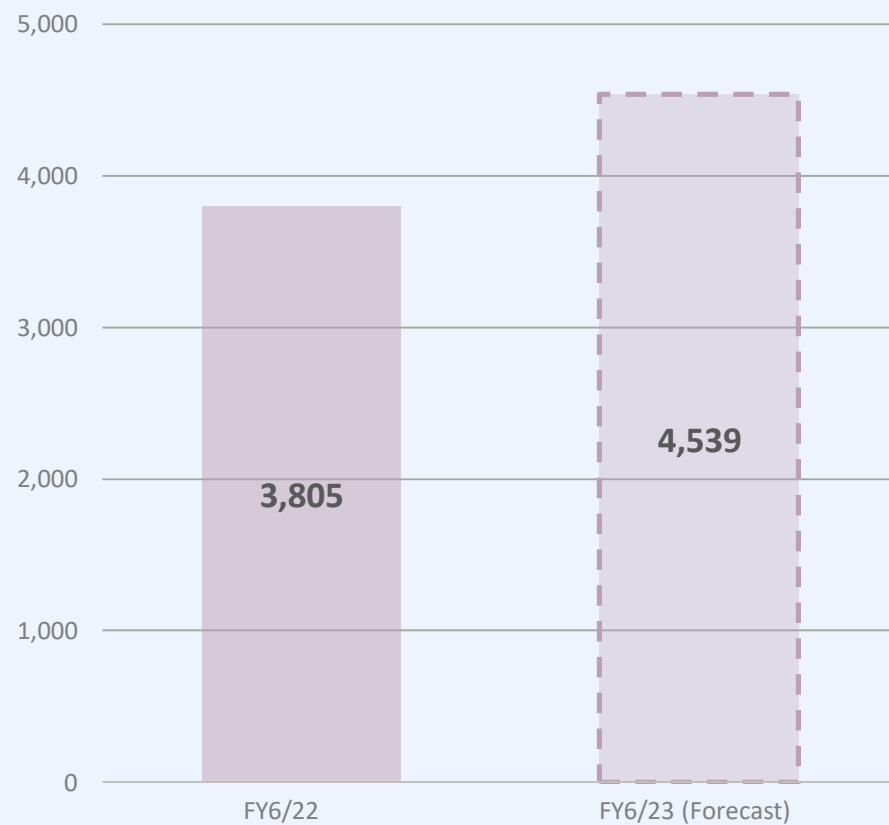
Year-on-year sales growth despite instability caused by the pandemic

(Millions of yen)

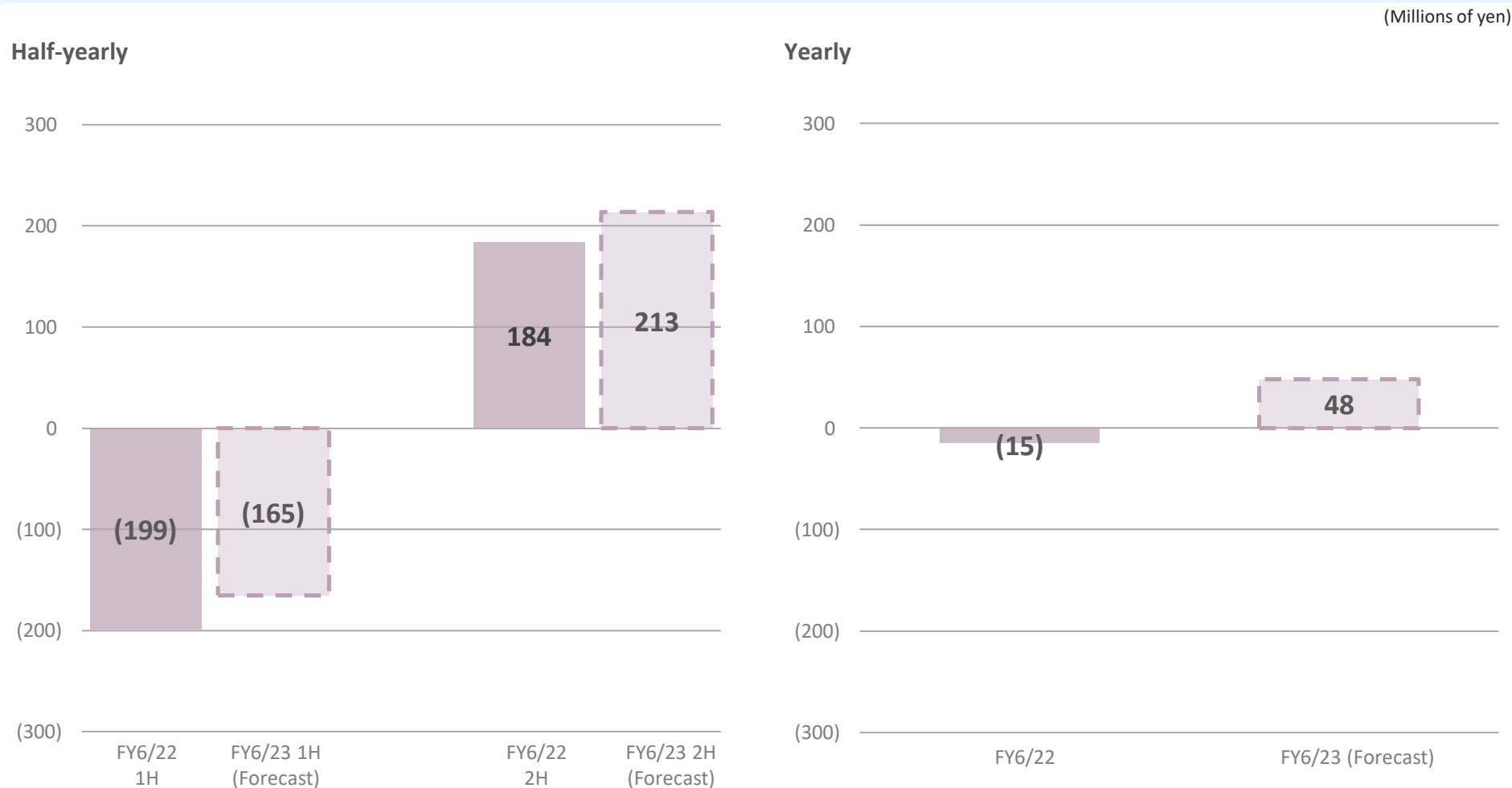
Half-yearly



Yearly



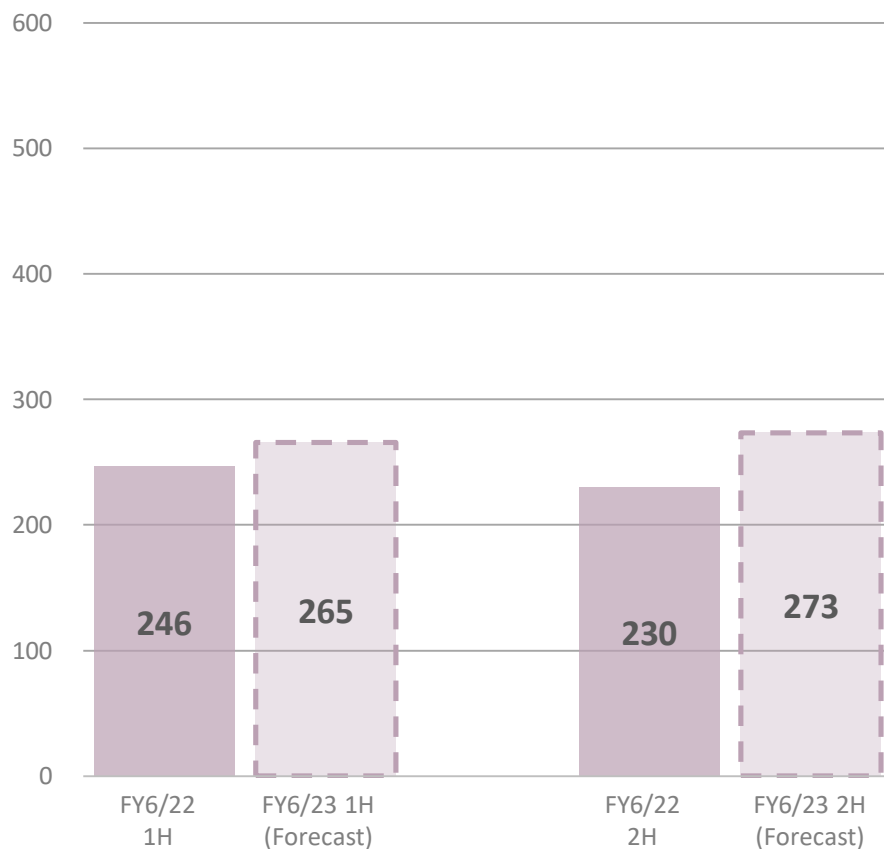
Although the second half is still the majority of earnings, the plan is for a FY profit while absorbing higher wages and smart venues investments.



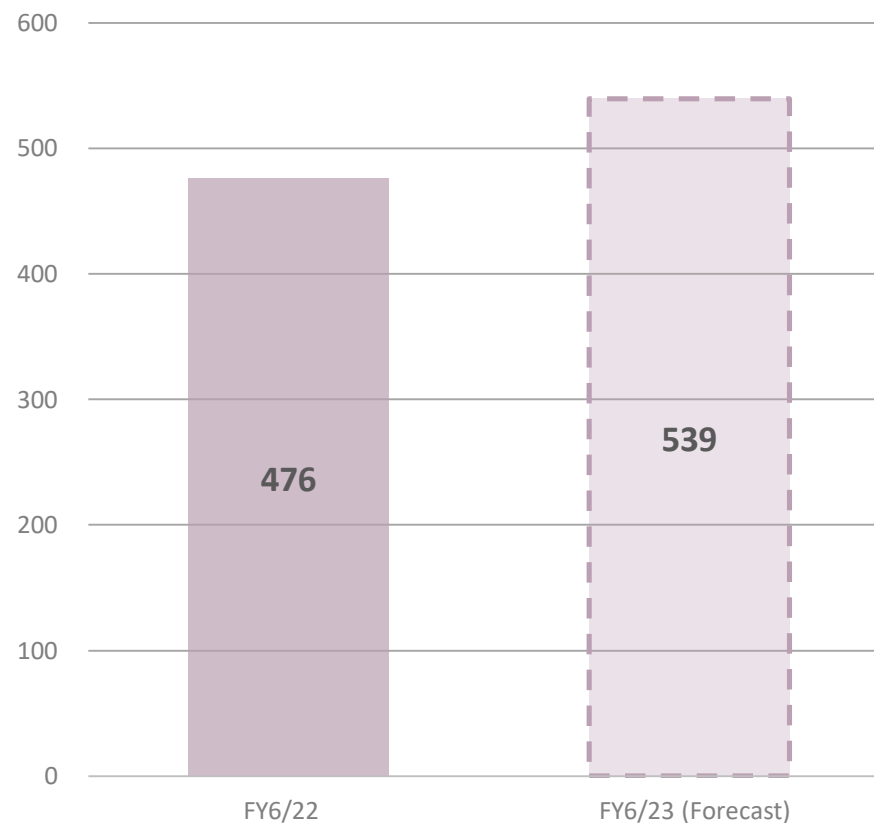
Forecast a small increase that includes investments in human resources and expenses for corporate governance

(Millions of yen)

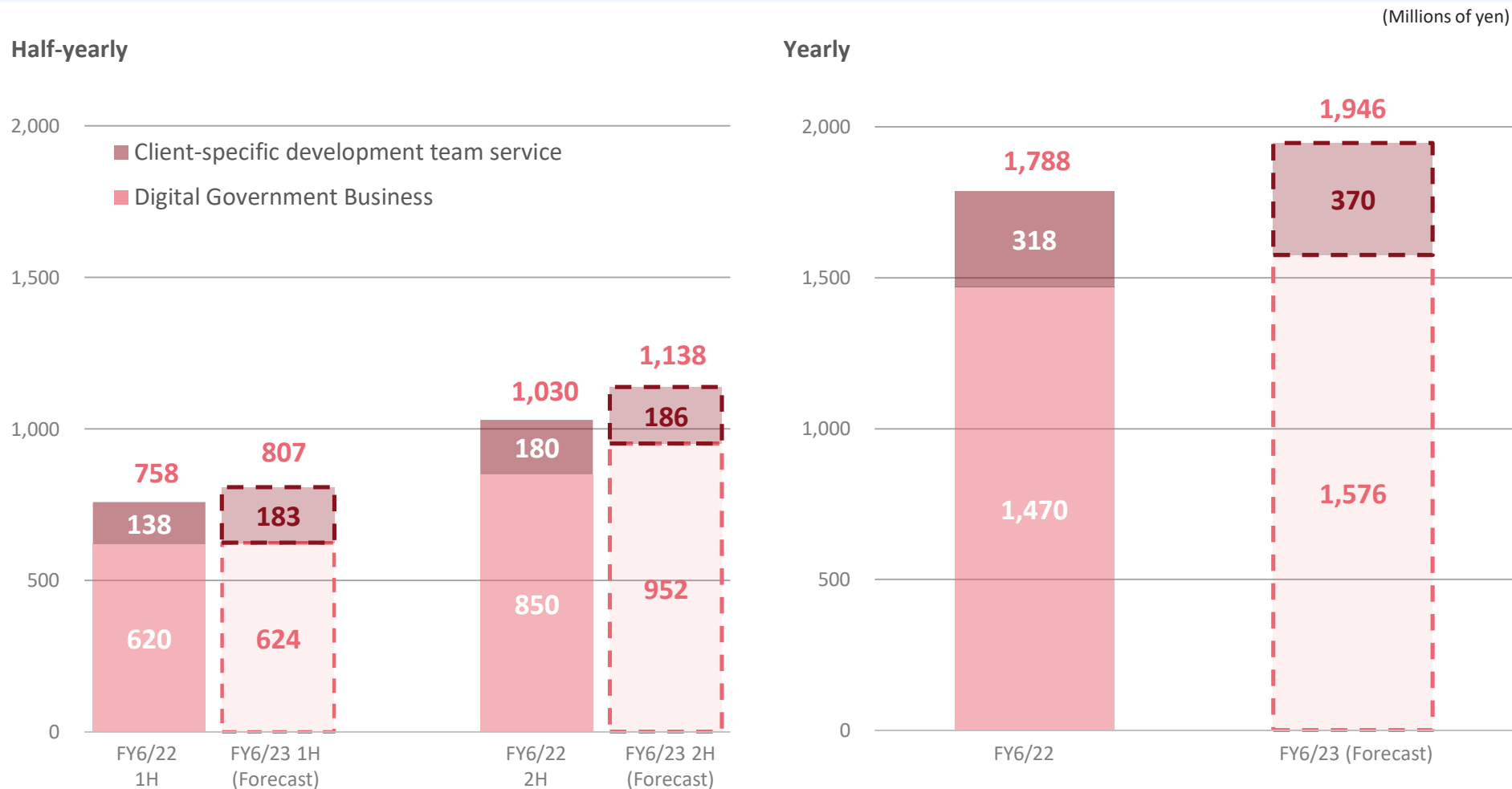
Half-yearly



Yearly



Forecast higher service start-up sales as the pace of the digitalization of government services increases.

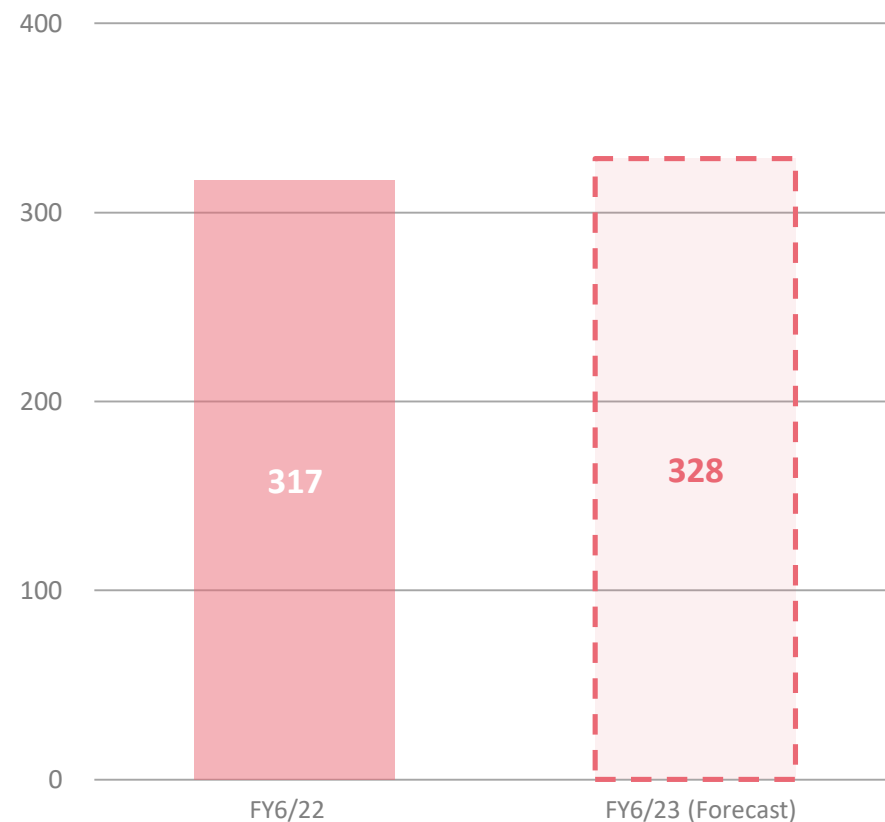
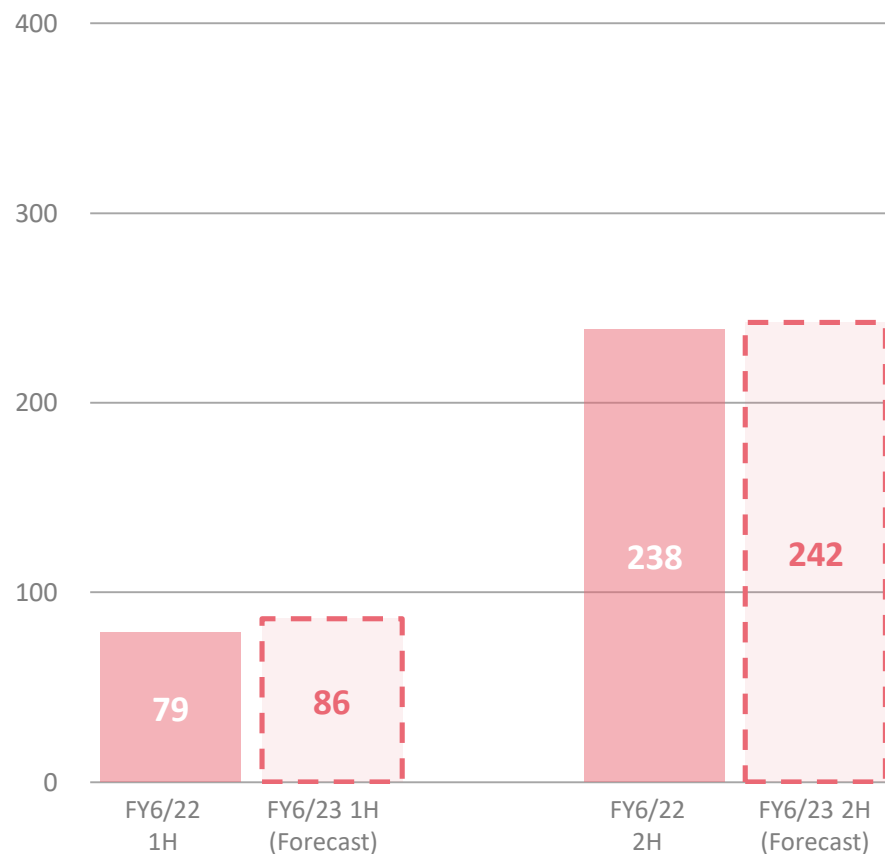


No change in market trends but aiming for higher earnings while absorbing expenses for human resources and other activities.

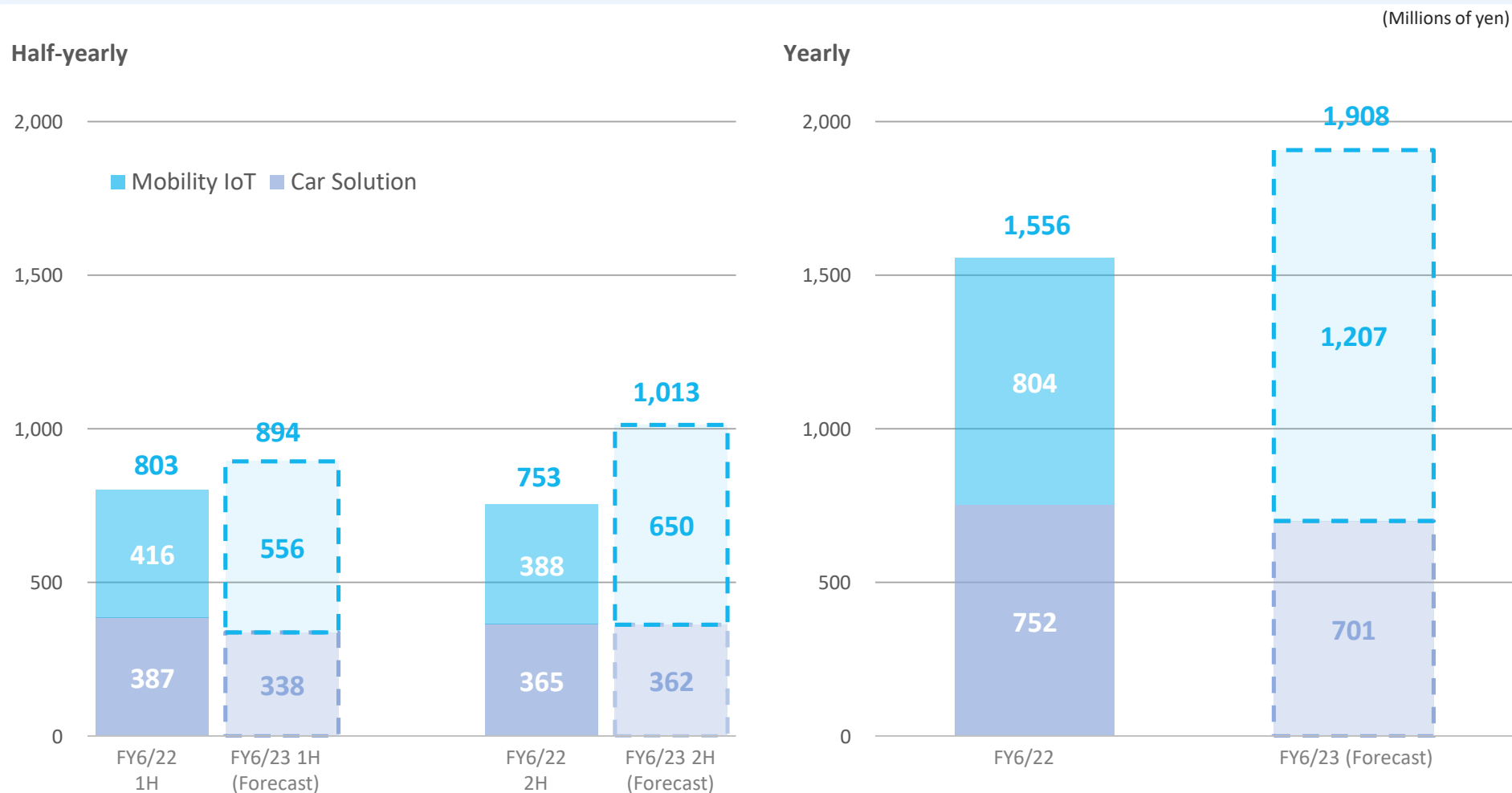
(Millions of yen)

Half-yearly

Yearly



Forecast lower car solutions (product sales) sales as expected but a big increase in mobility IoT sales.

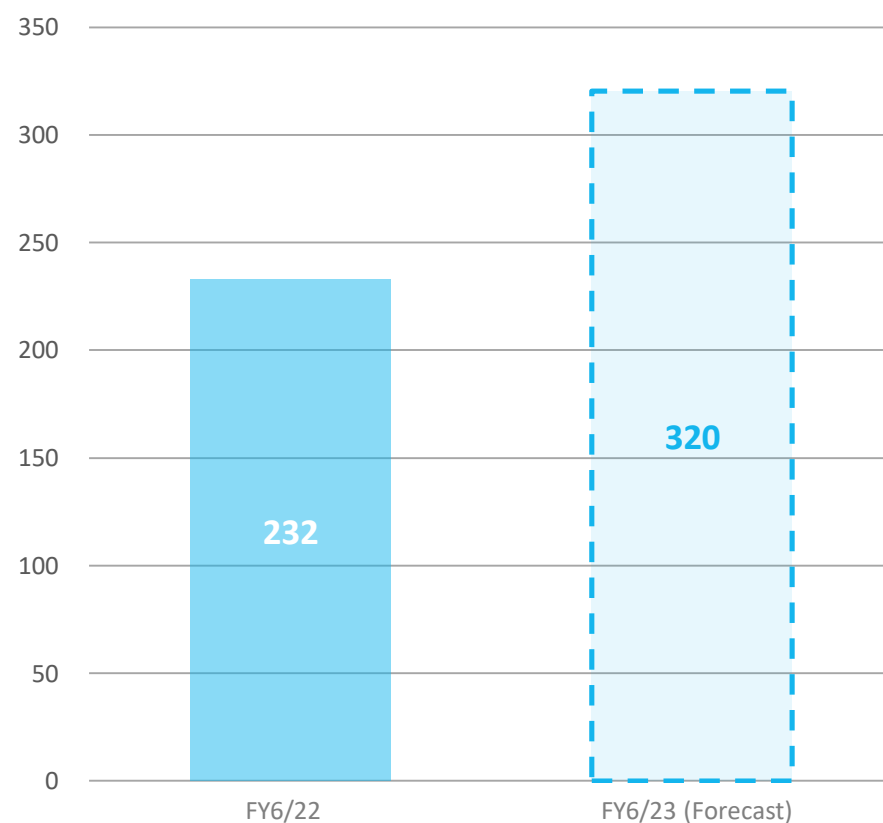
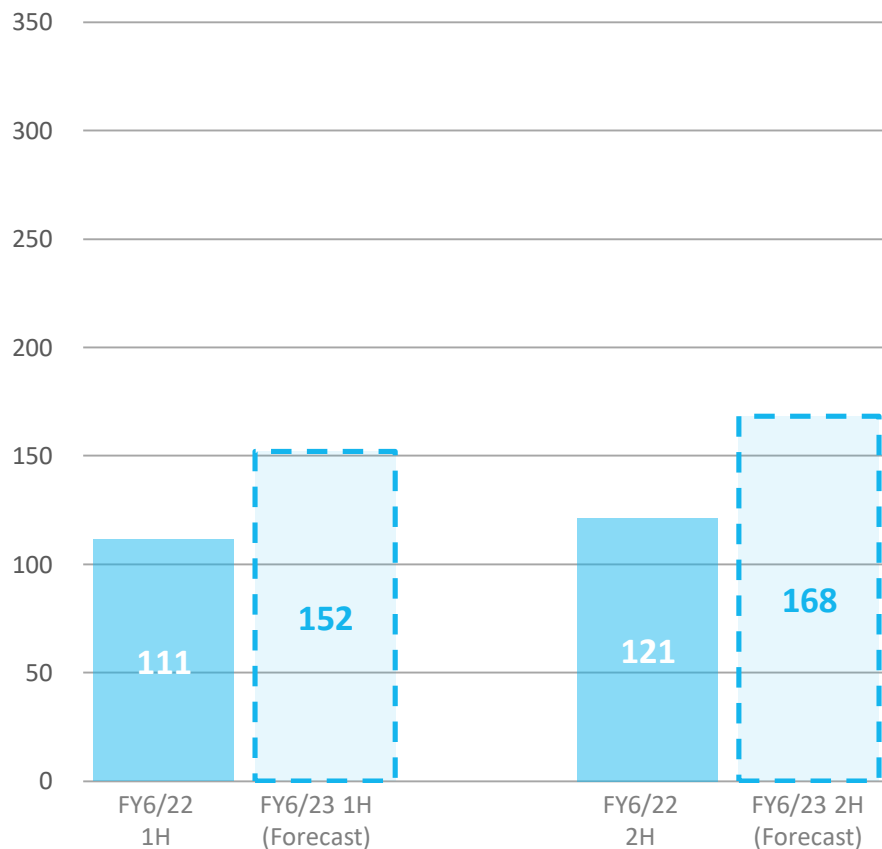


Plan on higher earnings as sales increase as cost cutting and efficiency improvement measures continue.

(Millions of yen)

Half-yearly

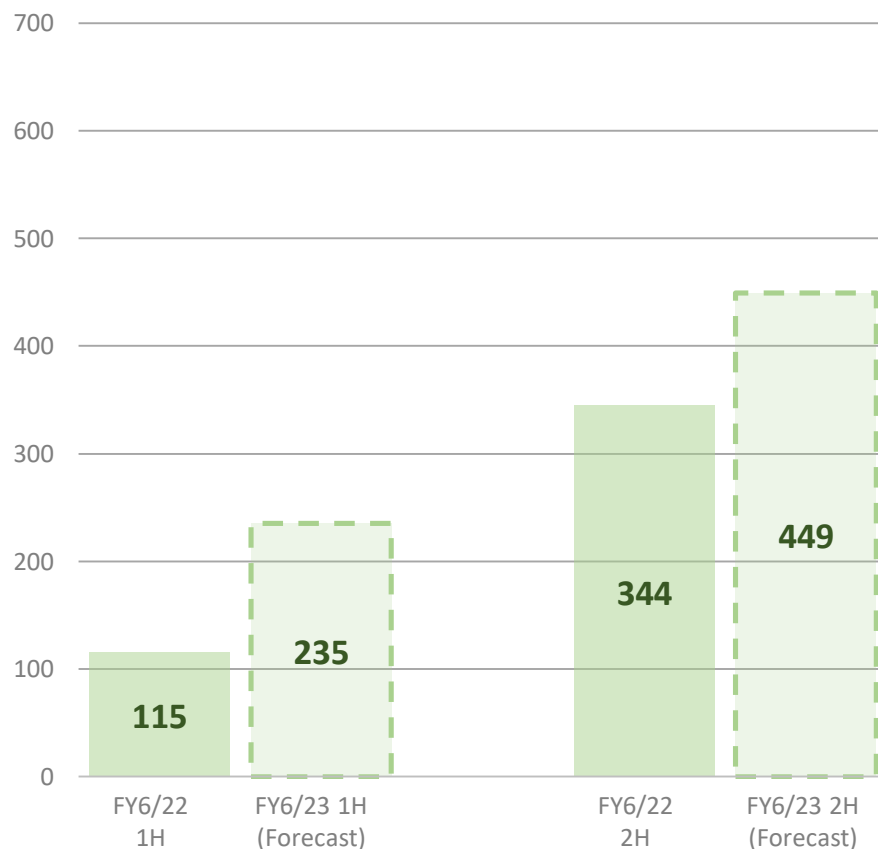
Yearly



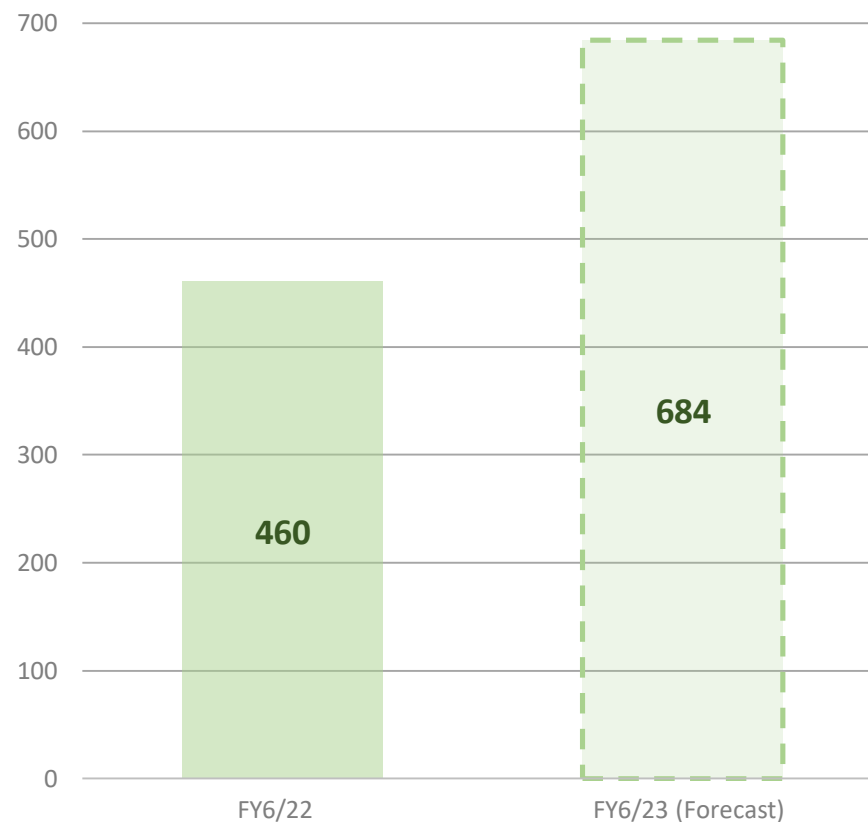
Forecast higher sales at Storks, which became profitable in FY6/22. One Bright KOBE is expected to slowly start contributing to sales even though it is still in the investment phase.

(Millions of yen)

Half-yearly



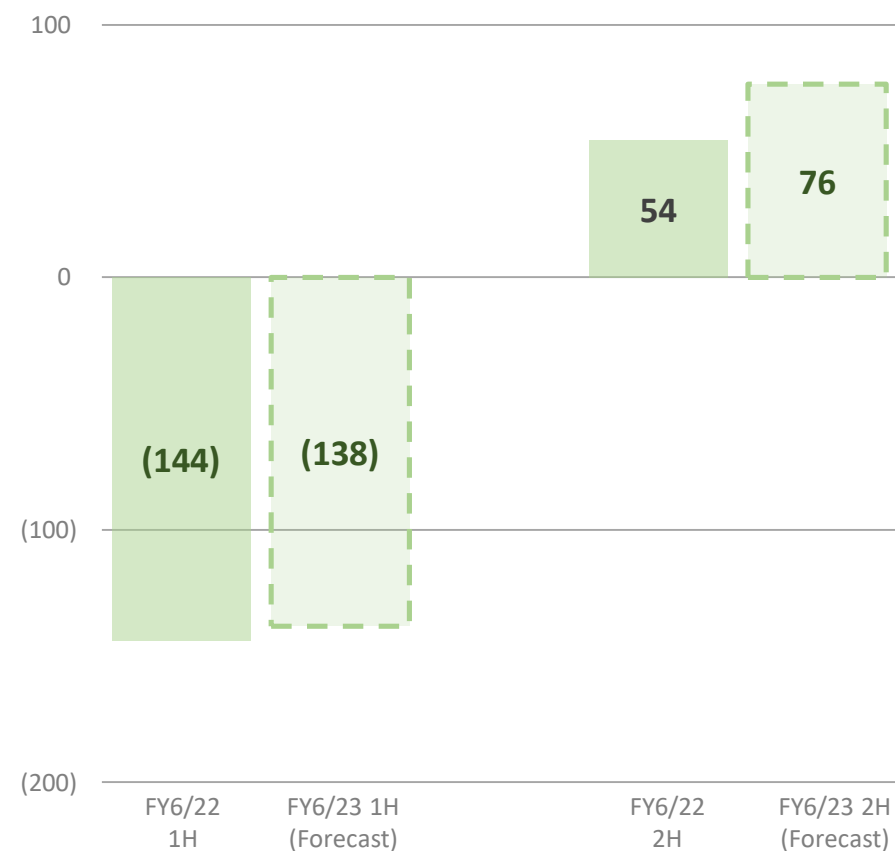
Yearly



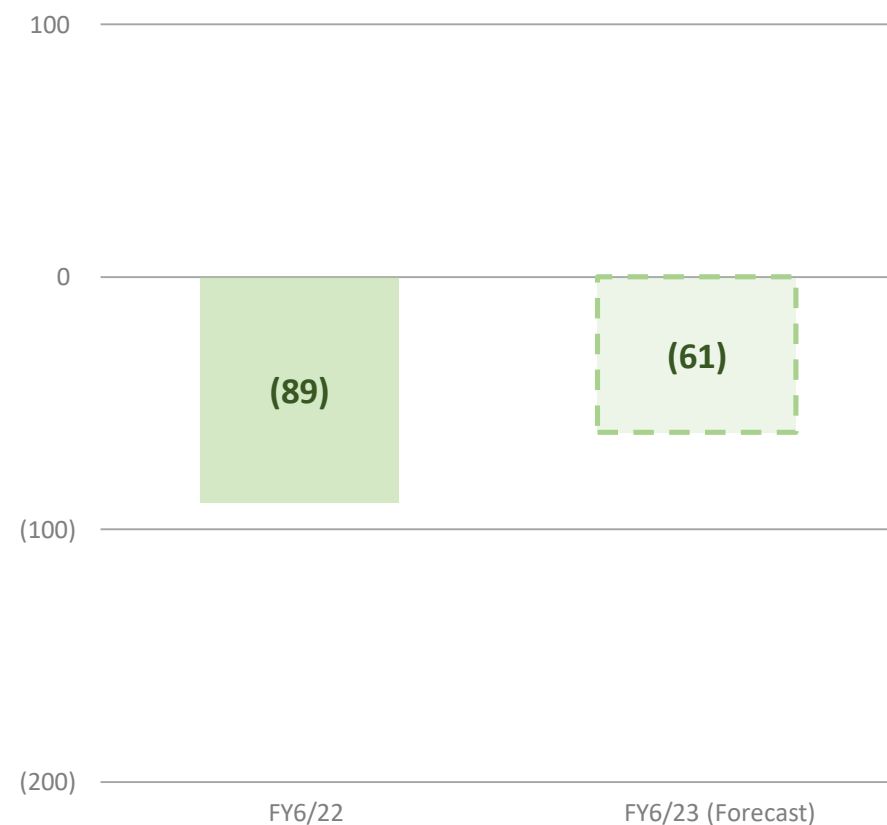
Another loss is expected in FY6/23 even as sales are recorded while absorbing the cost of investments.

(Millions of yen)

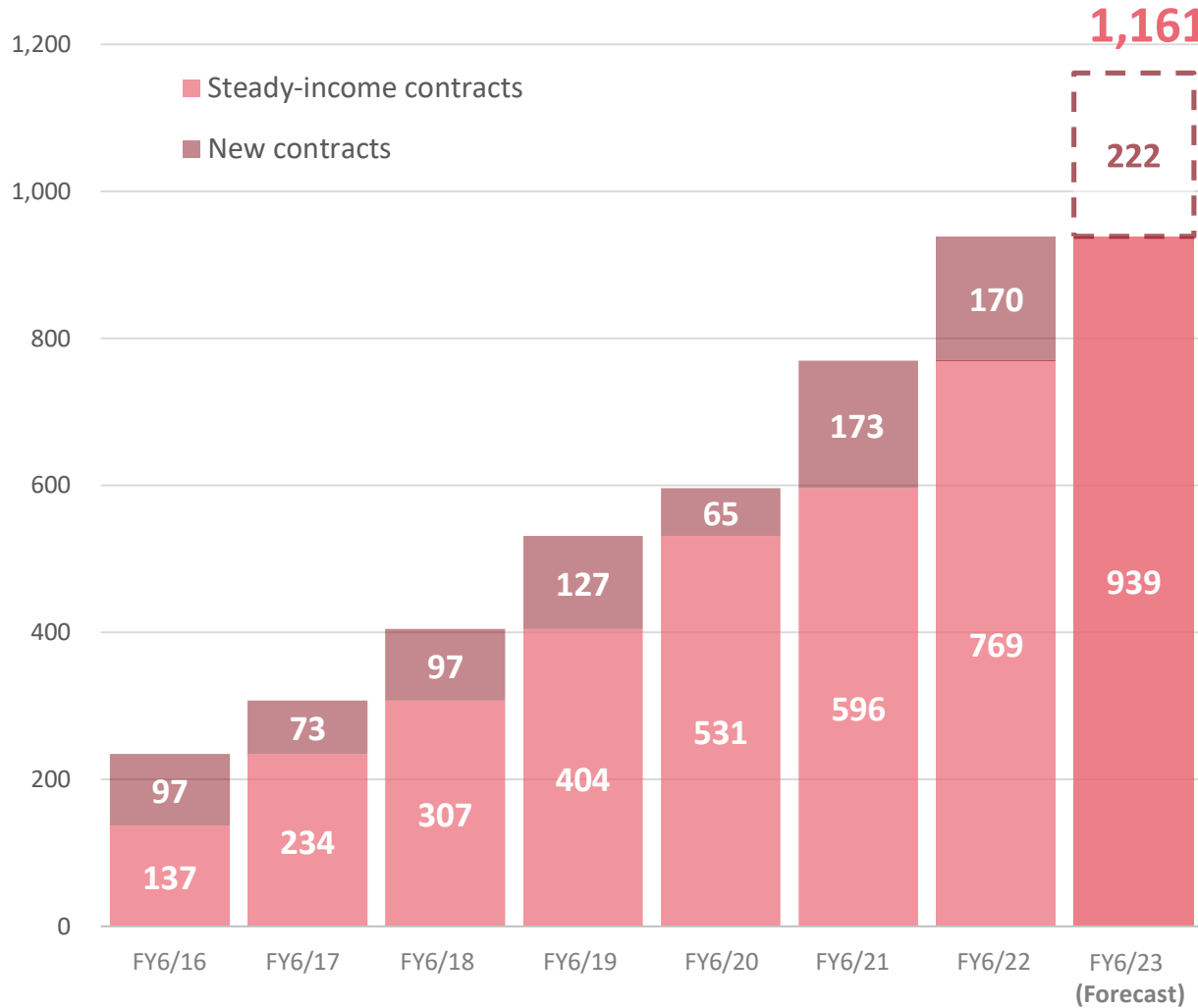
Half-yearly



Yearly



(Number of contracts)

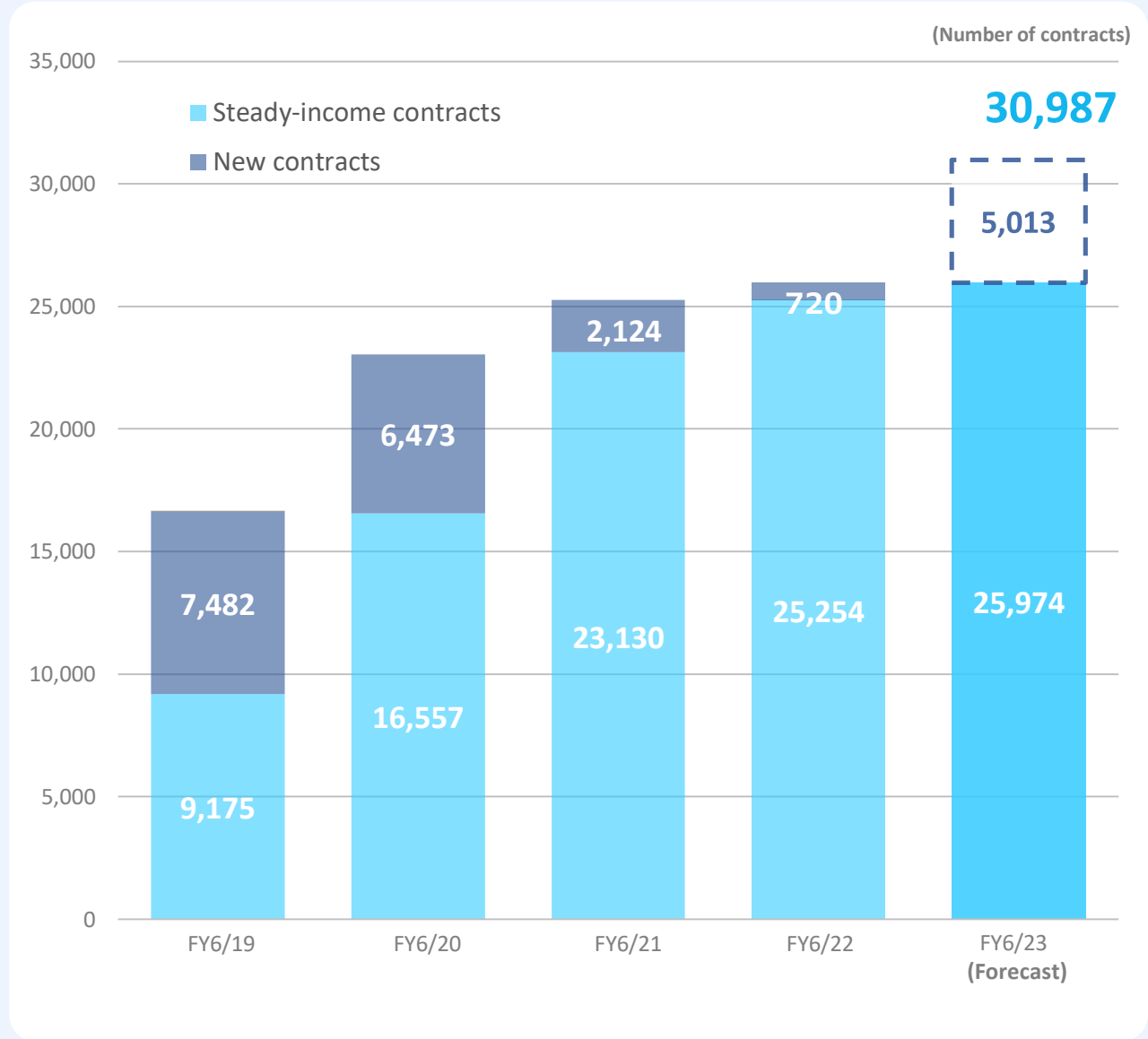


FY6/23 goal of
1,161
contracts

For more than 10 years, there have been continuous activities for upgrading the quality of information distributed to the public as the importance of providing information increases due to natural disasters, the pandemic and the need for information to help solve regional issues. In FY6/23, the number of contracts is expected to continue to increase. One reason is the launch of online application procedures (GaaS).

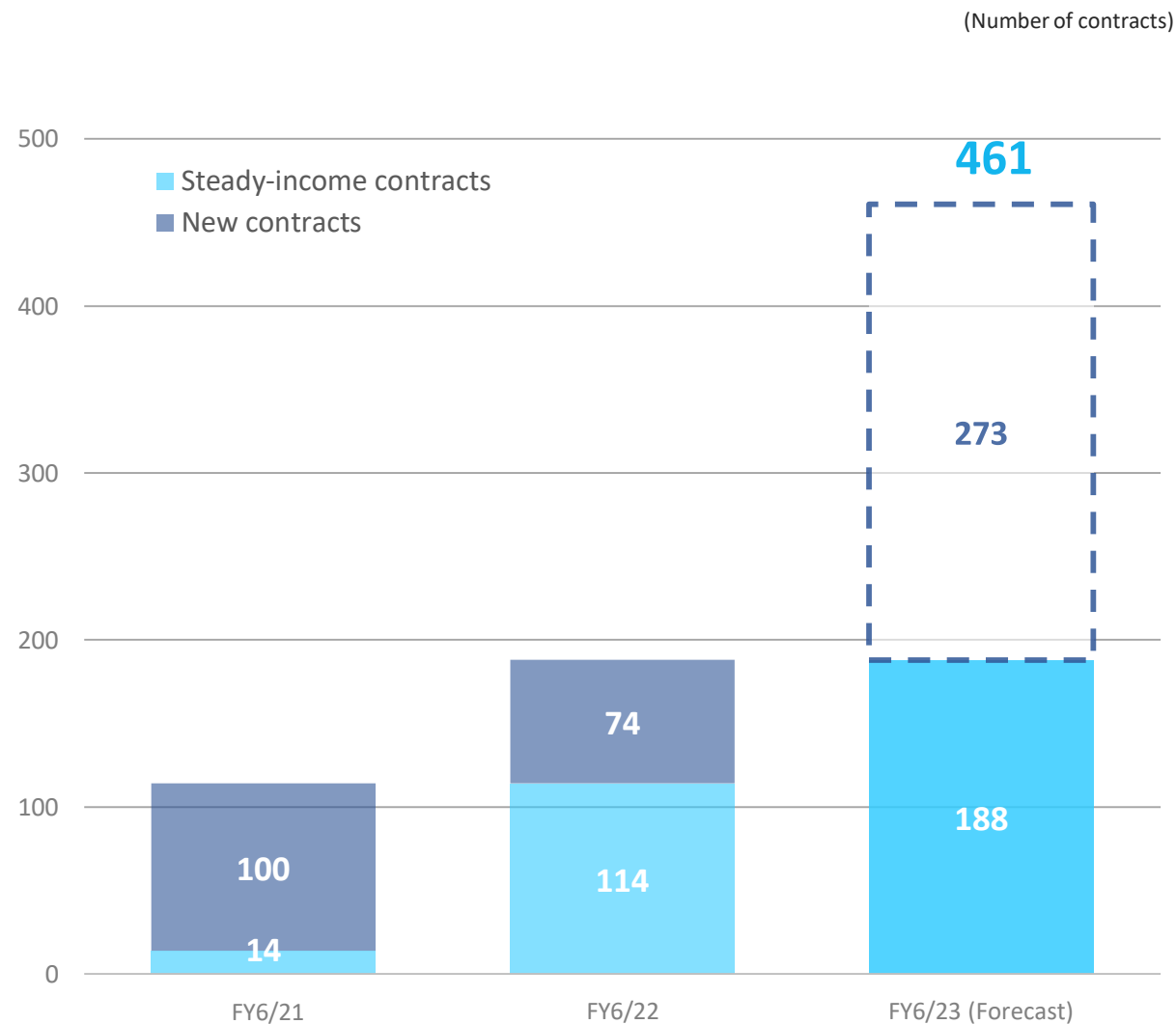
*Total of the four major services of the SMART L-Gov, additional services, and GaaS.

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



FY6/23 goal of
30,987
contracts

Following two years of minimal growth in the number of contracts, the FY6/23 goal is to add 5,013 contracts. This is based on a strong pipeline of potential new contracts, the outlook for cancelations of current customers, and a gradual change in market conditions involving the pandemic and delays in automobile deliveries.



FY6/23 goal of
461
contracts

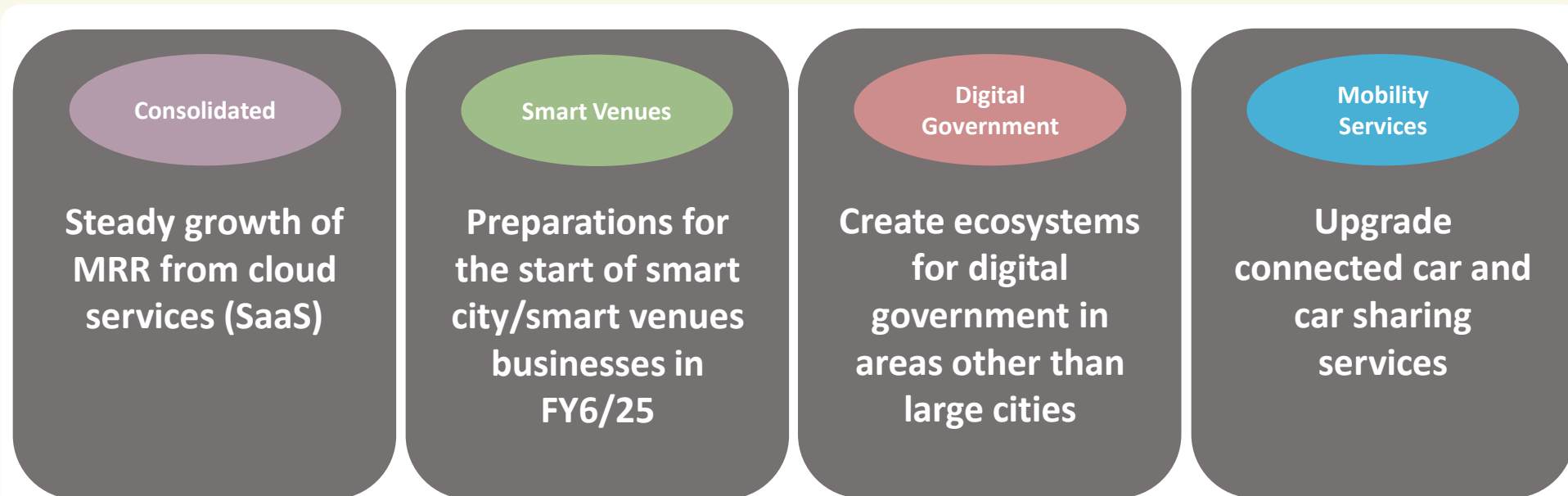
The market for Kuruma Base has grown very slowly since this service was launched in the spring of 2020 because of uncertainty among potential users about this new service. The goal is 273 new contracts by creating new sources of demand by marketing Kuruma Base for electric car sharing, fully automated rental car operations and other services that reflect the requirements of living with the pandemic.

04

Medium-term Business Plan Highlights of the New Rolling Plan

(announced in August 2022)

There is no change in the primary goal of raising cloud services MRR. Preparations will continue in Smart Venues for the full-scale start of operations in FY6/26. Another central theme is the expansion of services that form the basis for smart cities/smart venues, such as digital government, mobility and health care services.

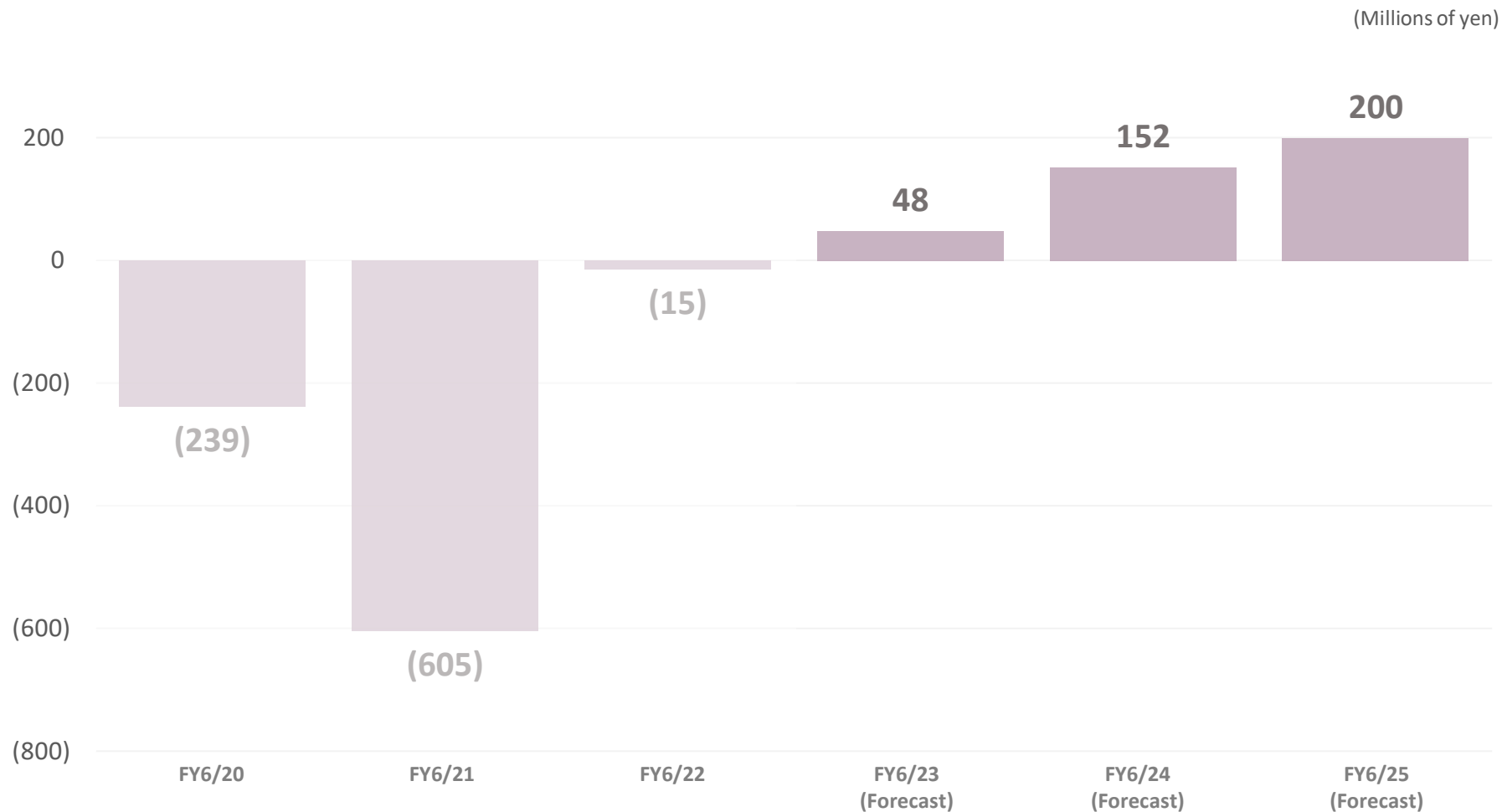


Reinforce activities involving human resources

DX for all business processes and many types of environments for work

Break away from vested interests to create new social systems and a new concept for local government services that incorporates the private sector, NPOs and other partners

The goal is operating profit of ¥200 million in FY6/25 backed by the consistent growth of MRR while absorbing the cost of smart venue investments, higher wages and other items.



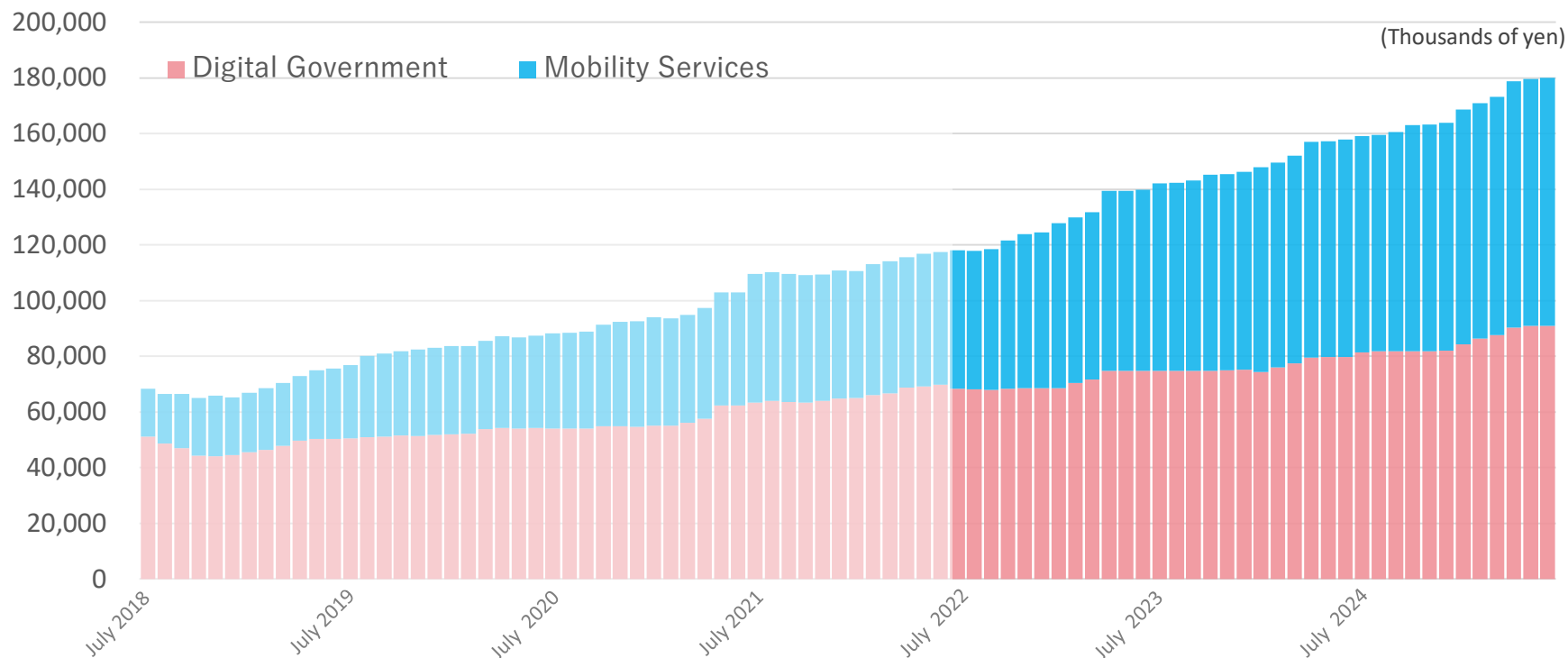
Planning on steady growth during the business plan due to the growth of MRR (ARR) even as smart venue investments and wage increases continue.

(Thousands of yen)

		FY6/22	FY6/23 Forecast	FY6/24 Forecast	FY6/25 Forecast
Digital Government	Net sales	1,788,409	1,946,540	2,063,881	2,232,762
	ARR	788,376	844,722	916,185	1,020,806
	Operating profit	317,524	328,684	352,562	438,479
Mobility Services	Net sales	1,556,174	1,908,026	1,950,732	2,136,919
	ARR	557,728	687,677	870,179	999,772
	Operating profit	233,098	320,360	361,326	419,704
Smart Venues	Sales	460,790	684,938	909,375	2,121,747
	Operating profit	(89,497)	(61,572)	(207)	(85,649)
Administration	Operating profit	(476,209)	(539,460)	(561,021)	(572,111)
Consolidated	Net sales	3,805,373	4,539,504	4,923,988	6,491,430
	ARR	1,346,104	1,532,399	1,786,364	2,020,579
	Operating profit	(15,083)	48,011	152,660	200,421
	Ordinary profit	8,228	42,381	146,720	183,738

The forecasts have been revised based on a conservative outlook due to market conditions during FY6/22.

The goal is ARR of ¥2 billion in FY6/25



MRR as of the end of the month

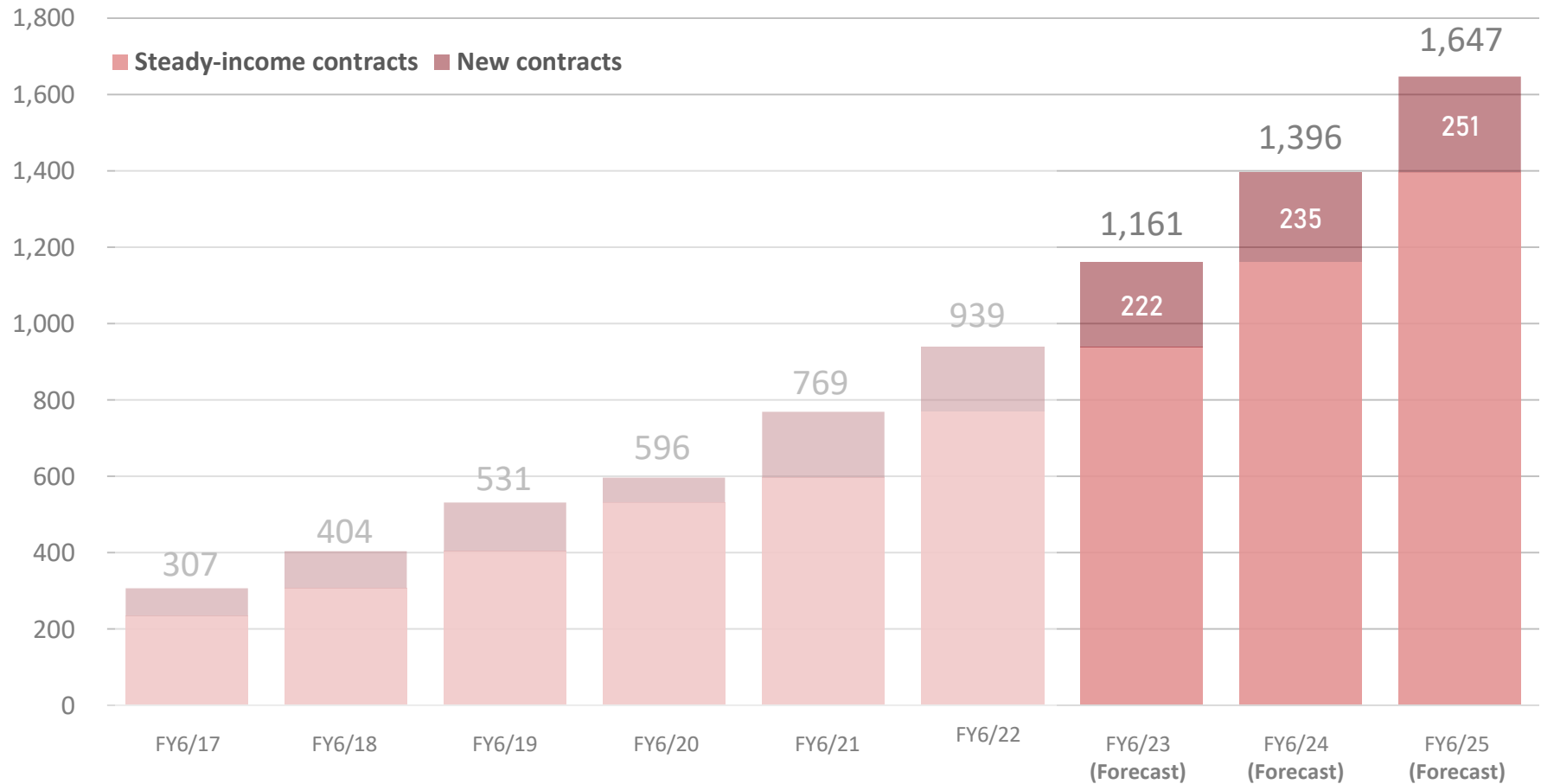
Segment	June 2019	June 2020	June 2021	June 2022	June 2023 Forecast	June 2024 Forecast	June 2025 Forecast
Digital Government	50,243	54,336	62,331	69,702	74,768	79,700	90,912
Mobility Services	25,279	33,131	40,504	47,737	65,141	78,215	89,182
Total	75,522	87,468	102,835	117,440	139,909	157,915	180,095

* MRR...Monthly recurring revenue, which is cloud service fees and other income received on a monthly basis

Contracts for Digital Government Business

Contracts for steady-income regional information cloud services

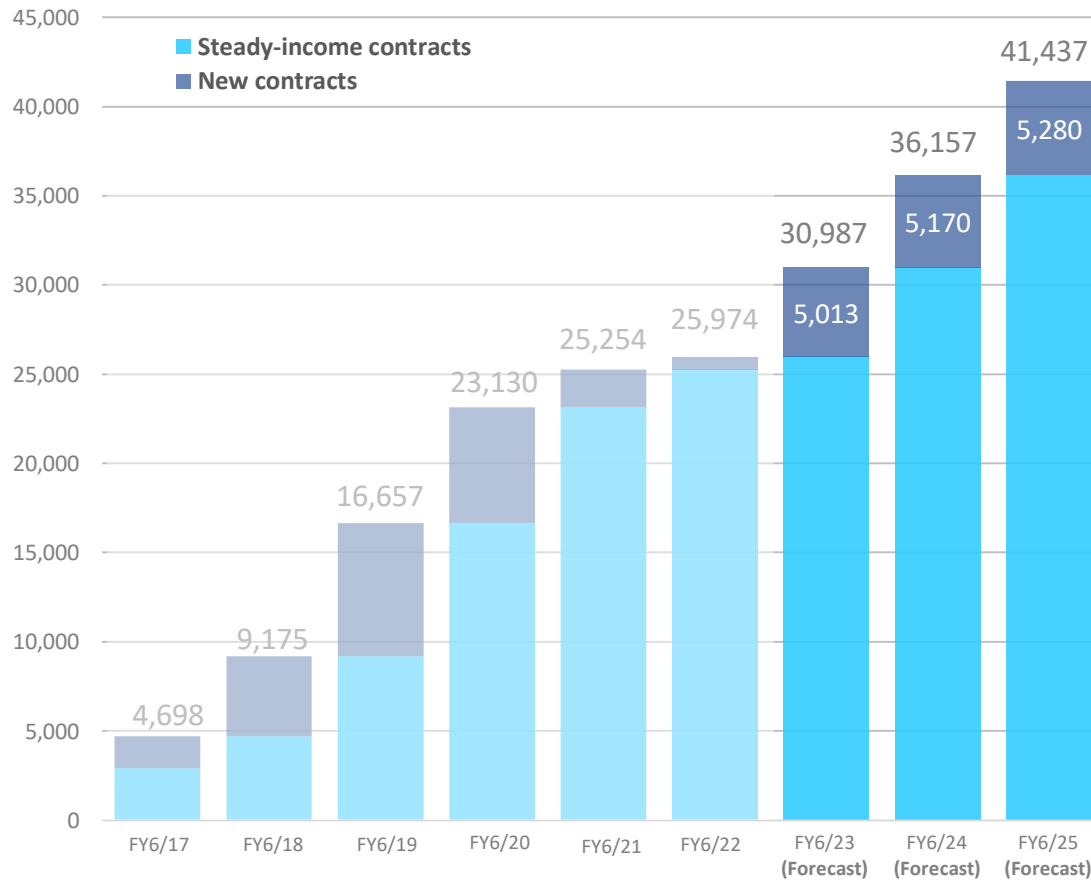
(Number of contracts)



Contracts for Mobility IoT

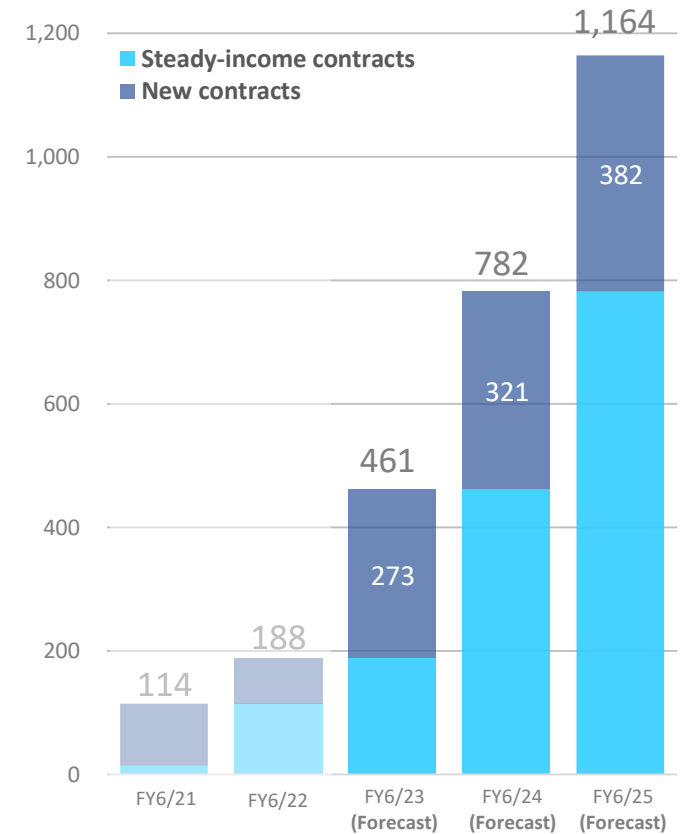
Cumulative CiEMS contracts

(Units)



Cumulative Kuruma Base contracts

(Units)

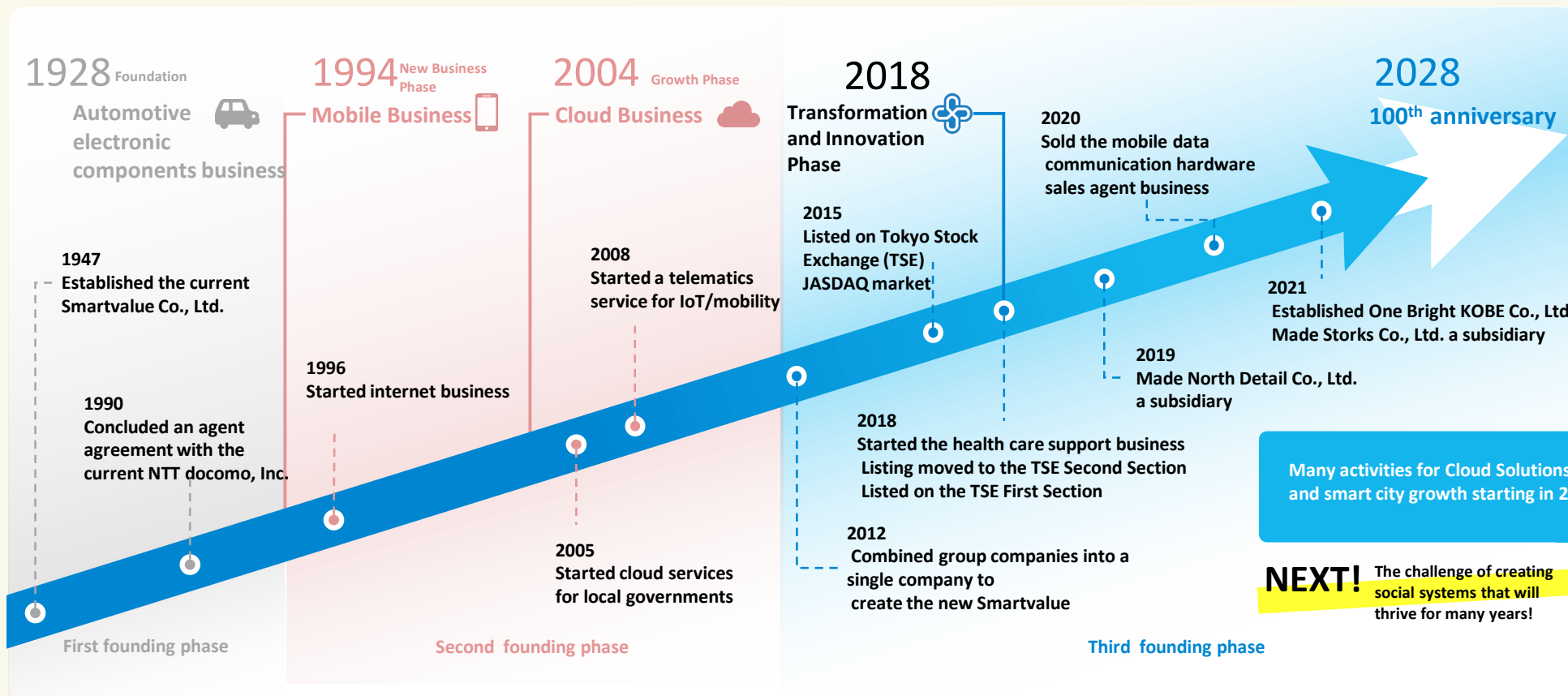


Appendix 05

A business infrastructure that can be effective forever as a valuable element of society and play key roles in creating new stages for society over the years

Name	Smartvalue Co., Ltd.
Listing	Tokyo Stock Exchange, Standard Market (Securities code: 9417)
Founded	October 1928 (94th anniversary)
Established	June 1947
Capital	959,454 thousand yen
Representative	Jun Shibuya, President and CEO
Employees	275 (As of June 30, 2022 *including consolidated subsidiaries)
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, Miyazaki)
Consolidated Subsidiary	North Detail Co., Ltd. (Sapporo, Hokkaido) / One Bright KOBE Co., Ltd. (Kobe, Hyogo) / Storks. Co., Ltd. (Nishinomiya, Hyogo)
Business	Cloud Solutions Business (Digital Government/ Mobility Services/ Smart Venues)

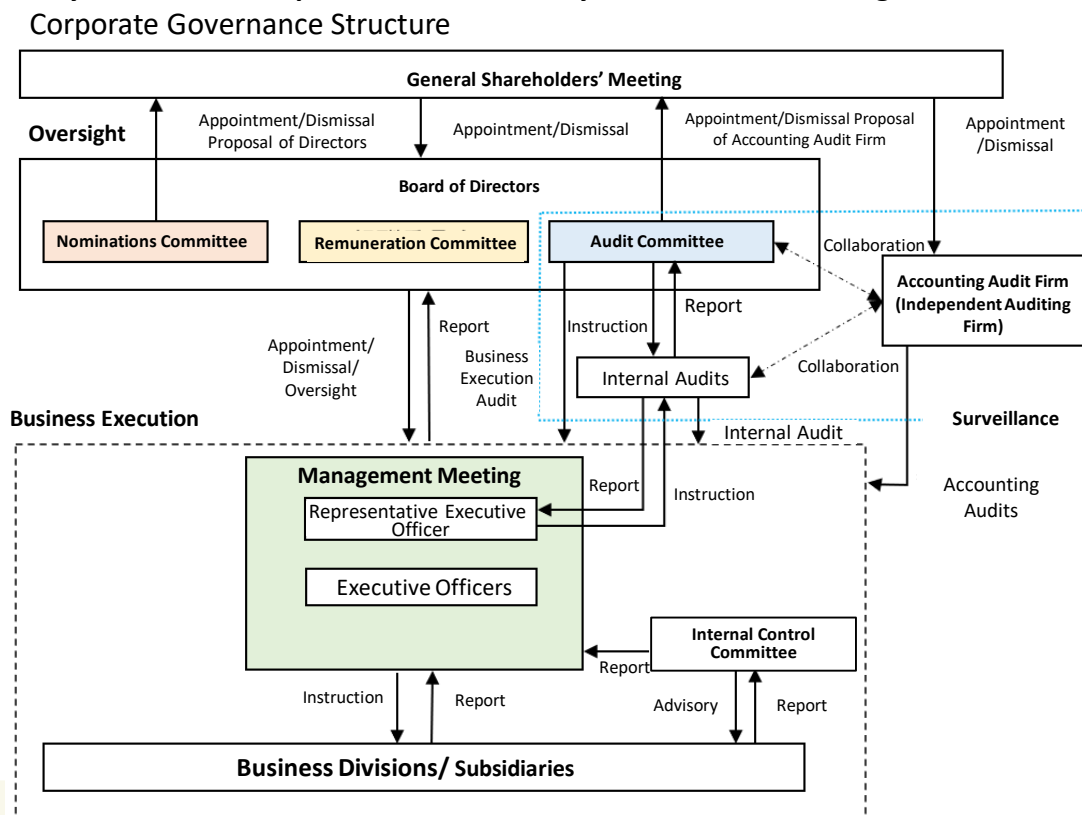
Growth over 95 years from a small factory to a cloud services provider. Our goal is to become a “social systems creation company” that is a driving force behind even more social reforms and innovation.



A Governance Structure for the Growth of Corporate Value

Based on the corporate philosophy of serving as “a business infrastructure that can be effective forever as a valuable element of society and play key roles in creating new stages for society over the years.” we are dedicated to using “smart” systems and technology for creating the social systems that will thrive for many years. We want to be a company that is a constant source of new value for our customers.

We will build strong relationships with stakeholders as we make our business operations even more efficient. Maintaining and improving a sound governance structure is vital to our ability to fulfill our responsibilities to society as well as for the long-term growth of corporate value.



Basic Policy for Sustainability

Basic Policy for Sustainability

The purpose of Smartvalue is to be “a business that can be a valuable element of society forever and play key roles in creating new stages for society over the years.” Always functioning as a business for the benefit of society, which we view as equivalent to sustainability, is at the heart of this purpose. This includes businesses that help solve social issues, sound corporate governance, protection of the environment and many other aspects of our business operations.



Fusion of digital and real domains

- Use advanced technologies for the convergence of the digital and real business domains for business activities that help solve social issues.



Earth is our most important stakeholder

We have a strong commitment to protecting the environment based on the stance that our most important stakeholder is Earth.



Respect for diversity

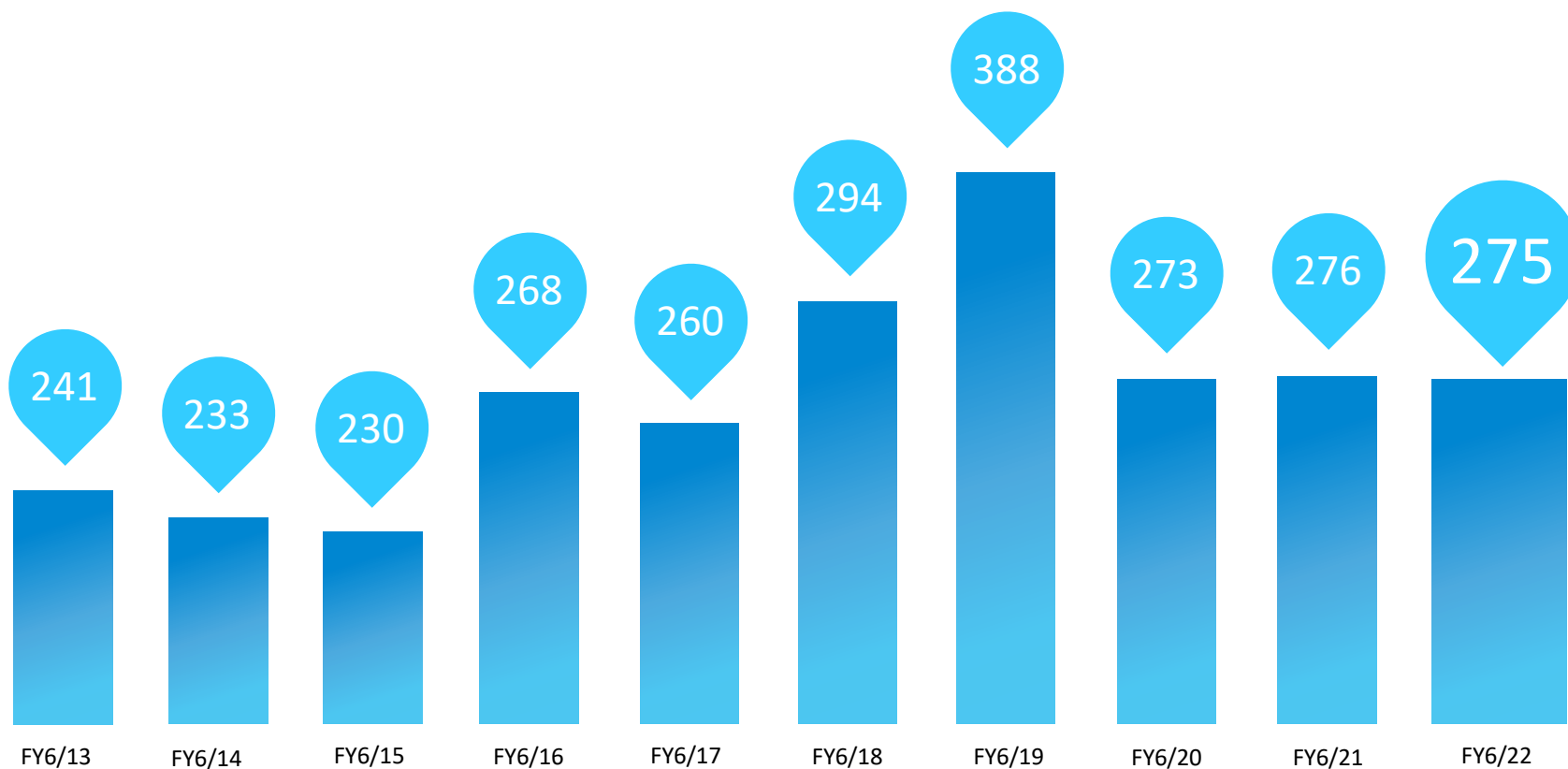
We respect diversity and understand that diversity is vital for innovative thinking. This is the basis for our corporate culture that always puts people first.



Smartvalue has been certified by Sumitomo Mitsui Banking Corp. for the receipt of green/social/sustainability loans in recognition of our many activities for accomplishing the Sustainable Development Goals.

A slimmer workforce following the sale of the carrier shop agency business in April 2020

(Persons)



*The FY6/22 number is as of June 30, 2022.

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



Tokyo Stock Exchange,
Standard Market
Securities code: 9417
Closing price on August 2,
2022

Stock price: 472 yen **Trading unit: 100 shares** **Minimum purchase: 47,200 yen**
Market capitalization: 4,845 million yen **PER: 102.26x**
Number of shares outstanding: 10,264,800 shares

Source: Electronic version of the Nihon Keizai Shimbun, Smart Chart (February 14, 2022 – August 15, 2022 (daily price))

- 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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