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

First Half of the Fiscal Year Ending June 30, 2024 (FY6/24)

February 15, 2024

INDEX

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Business Highlights

01

First Half Summary

Although the first half operating loss of ¥303 million was higher than the planned loss of ¥256 million, the current segments of Digital Government and Mobility Services performed well. The main reason is steady cloud service monthly recurring revenue in these segments.
The first half loss was above the plan as Smart Venues sales growth was below the plan despite increased investments in this segment.

A recovery of Smart Venues performance will be essential for achieving fiscal year profitability. Activities for improving this performance are moving forward quickly as the Smart Venues segment prepares for generating revenue after Kobe Arena opens in April 2025 while working on strengthening current results of operations.

Performance in the Digital Government and Mobility Services segments is strong and there are many activities for achieving the FY6/24 sales and earnings targets.

FY6/24 Financial Summary (Consolidated)

Operating profit matched or exceeded the first half plan in the current business segments (Digital Government and Mobility Services). The Smart Venues segment, which is to become the third core business, is currently in the investment phase with activities under way for the success of this new business sector.

(Millions of yen)

	1H FY6/23 Results	1H FY6/24 Plan	1H FY6/24 Results	YoY change	Vs. plan		FY6/23 Full-year results	FY6/24 Full-year plan	YoY change
Net sales	1,750	1,812	**1,714**	97.9%	94.6%		3,873	**4,454**	115.0%
Digital Government	858	820	**769**	89.7%	93.8%		1,948	**2,049**	105.2%
Mobility Services	767	746	**764**	99.6%	102.4%		1,555	**1,658**	106.7%
Smart Venues	124	245	**180**	144.9%	73.5%		369	**746**	202.2%
Operating profit	(158)	(256)	**(303)**	-	-		(74)	**23**	-
Digital Government	134	53	**69**	51.4%	130.2%		406	**384**	94.5%
Mobility Services	146	100	**100**	69.0%	100.8%		288	**236**	81.9%
Smart Venues	(183)	(149)	**(224)**	-	-		(268)	**(78)**	-
Corporate expenses	(254)	(260)	**(248)**	-	-		(501)	**(518)**	-
Operating margin	-	-	**-**	-	-		-	**0.5%**	-
Digital Government	15.6%	6.4%	**8.9%**	-	-		20.9%	**18.8%**	-
Mobility Services	19.0%	13.4%	**13.2%**	-	-		18.5%	**14.2%**	-
Smart Venues	-	-	**-**	-	-		-	**-**	-
Ordinary profit	(160)	(260)	**(303)**	-	-		(75)	**16**	-
Profit attributable to owners of parent	(115)	(222)	**(280)**	-	-		(48)	**15**	-

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Changes in Operating Profit (Consolidated)

Consolidated The first half loss was higher than one year earlier in part due to below-plan sales in the Digital Government segment but mainly because of a higher cost of sales (for investments) in the Smart Venues segment and higher personnel expenses.
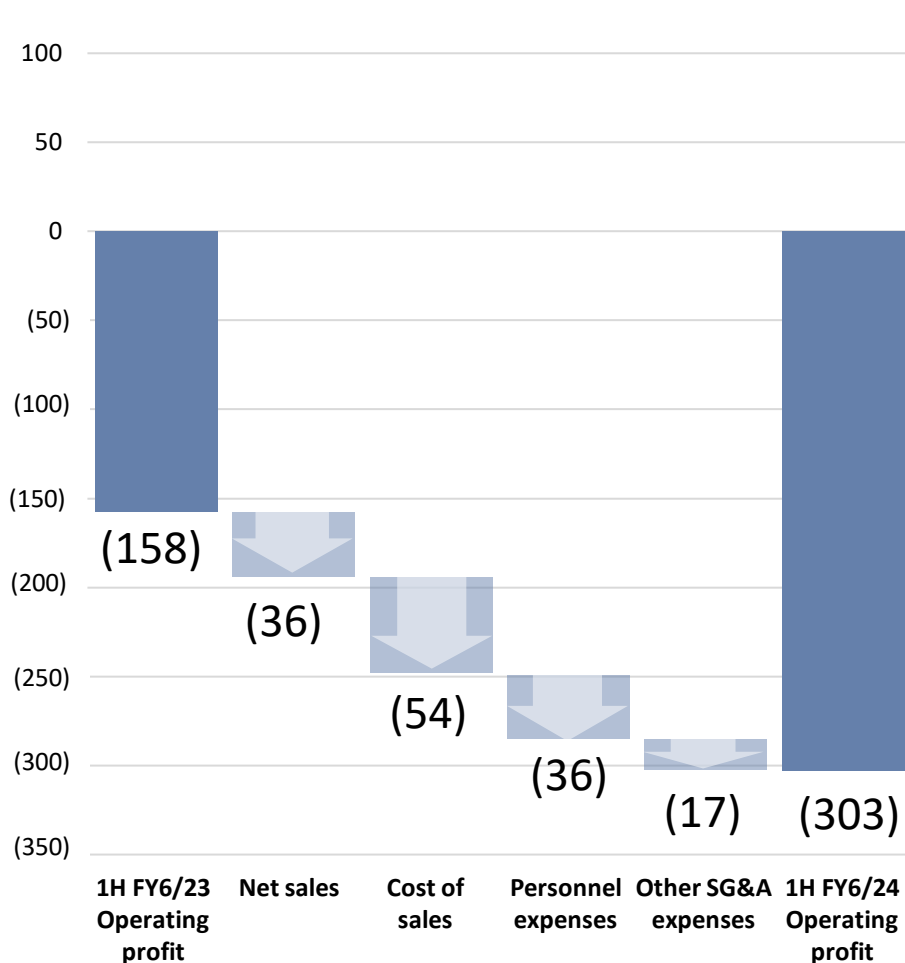
(Millions of yen)

Decrease in net sales	
Digital Government	(88)
Mobility Services	(3)
Smart Venues	55

Increase in cost of sales	
Digital Government	(38)
Mobility Services	33
Smart Venues	59

Increase in personnel expenses	
Digital Government	2
Mobility Services	4
Smart Venues	26
Administration	4

Increase in other SG&A expenses	
Digital Government	12
Mobility Services	4
Smart Venues	11
Administration	(10)

Waterfall chart:
- 1H FY6/23 Operating profit: (158)
- Net sales: (36)
- Cost of sales: (54)
- Personnel expenses: (36)
- Other SG&A expenses: (17)
- 1H FY6/24 Operating profit: (303)

Financial Results Overview (Business Segment Performance)

Consolidated

(Millions of yen)

	1H FY6/23 Results	1H FY6/24 Plan	1H FY6/24 Results	YoY change	Vs. plan	Comp.	FY6/24 Full-year plan
Net sales	1,750	1,812	**1,714**	97.9%	94.6%	100.0%	4,454
Cloud services	983	1,031	**1,020**	103.7%	98.9%	59.5%	2,492
MRR (Monthly recurring revenue)	725	760	**755**	104.1%	99.3%	44.1%	1,567
Service start-up and construction	257	270	**264**	102.6%	97.7%	15.4%	925
Outsourced development	119	72	**99**	83.6%	137.7%	5.8%	228
Sales of products	316	270	**265**	83.9%	98.2%	15.5%	574
Client-specific development team service	206	192	**147**	71.7%	76.9%	8.6%	412
Smart venues	124	245	**180**	144.9%	73.5%	10.5%	746
Operating profit	(158)	(256)	**(303)**	-	-	-	23
Operating margin	-	-	**-**	-	-	-	0.5%

Net Sales by Business Format

Digital Government

(Millions of yen)

	1H FY6/23 Results	1H FY6/24 Plan	1H FY6/24 Results	YoY change	Vs. plan	Comp.	FY6/24 Full-year plan
Net sales	858	820	**769**	89.7%	93.8%	100.0%	2,049
Cloud services	630	623	**611**	96.9%	98.0%	79.5%	1,599
MRR (Monthly recurring revenue)	411	427	**433**	105.5%	101.5%	56.4%	880
Service start-up and construction	219	196	**177**	80.9%	90.4%	23.1%	718
Outsourced development	21	4	**10**	47.7%	224.3%	1.3%	37
Client-specific development team service	206	192	**147**	71.7%	76.9%	19.2%	412
Operating profit	134	53	**69**	51.4%	130.2%	-	384
Operating margin	15.6%	6.5%	**9.0%**	-	-	-	18.8%

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Net Sales by Business Format

Mobility Services

(Millions of yen)

	1H FY6/23 Results	1H FY6/24 Plan	1H FY6/24 Results	YoY change	Vs. plan	Comp.	FY6/24 Full-year plan
Net sales	767	746	**764**	99.6%	102.4%	100.0%	1,658
Cloud services	352	407	**408**	115.9%	100.3%	53.5%	892
MRR (Monthly recurring revenue)	314	333	**321**	102.4%	96.5%	42.1%	686
Service start-up and construction	38	74	**87**	226.7%	117.0%	11.4%	206
Outsourced development	98	68	**89**	91.3%	131.9%	11.8%	191
Sales of products	316	270	**265**	83.9%	98.2%	34.8%	574
Operating profit	146	100	**100**	69.0%	100.8%	-	236
Operating margin	19.0%	13.4%	**13.2%**	-	-	-	14.2%

Net Sales by Business Format

Smart Venues

(Millions of yen)

|	1H FY6/23 Results	1H FY6/24 Plan	1H FY6/24 Results	YoY change	Vs. plan	Comp.	FY6/24 Full-year plan
Net sales	124	245	**180**	144.9%	73.5%	100.0%	746
Smart Venues	124	245	**180**	144.9%	73.5%	100.0%	746
Operating profit	(183)	(149)	**(224)**	-	-	-	(78)
Operating margin	-	-	-	-	-	-	-

ARR

ARR decreased in the first half because of a Mobility Services high-volume customer terminated a contract.

Forecast growth in the second half supported in part by new high-volume contracts.
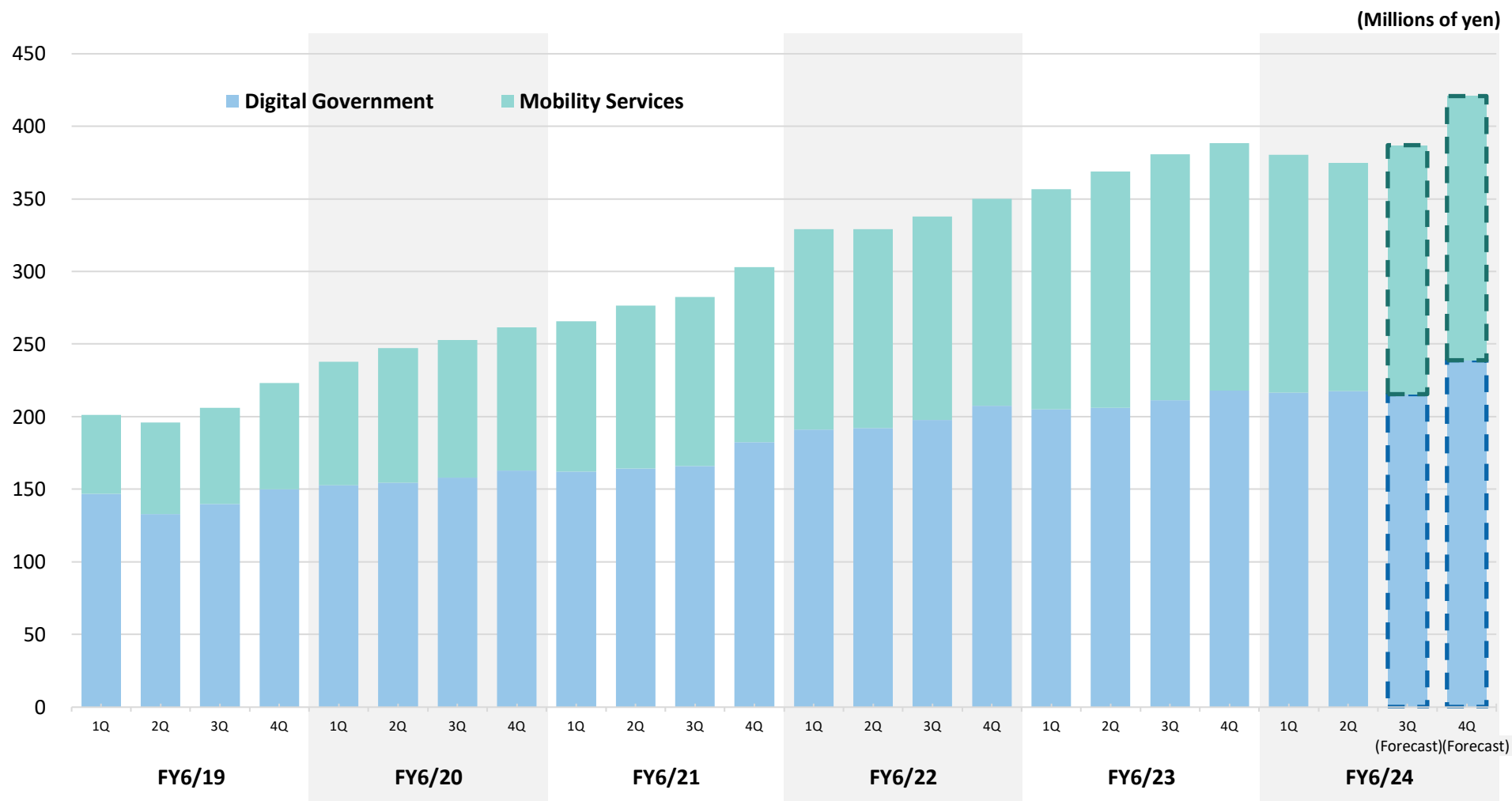
Cloud Service CAGR (ARR)

A relatively long time is needed to receive orders in the social services domain, but recurring revenue has been growing steadily during the past five years.

5-year CAGR

16.7%

ARR
¥ 802 million/year
January 2019

ARR
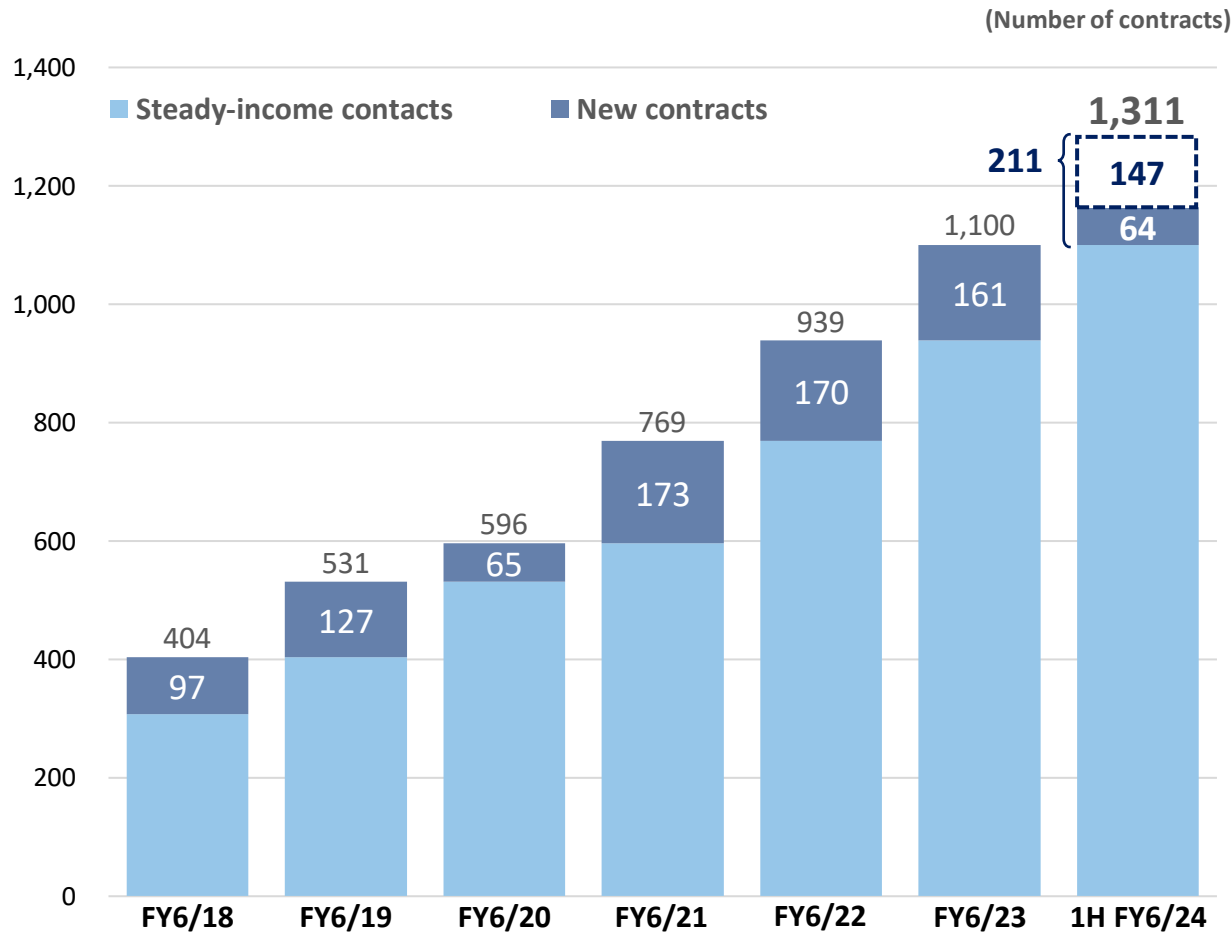¥ 1,488 million/year
December 2023
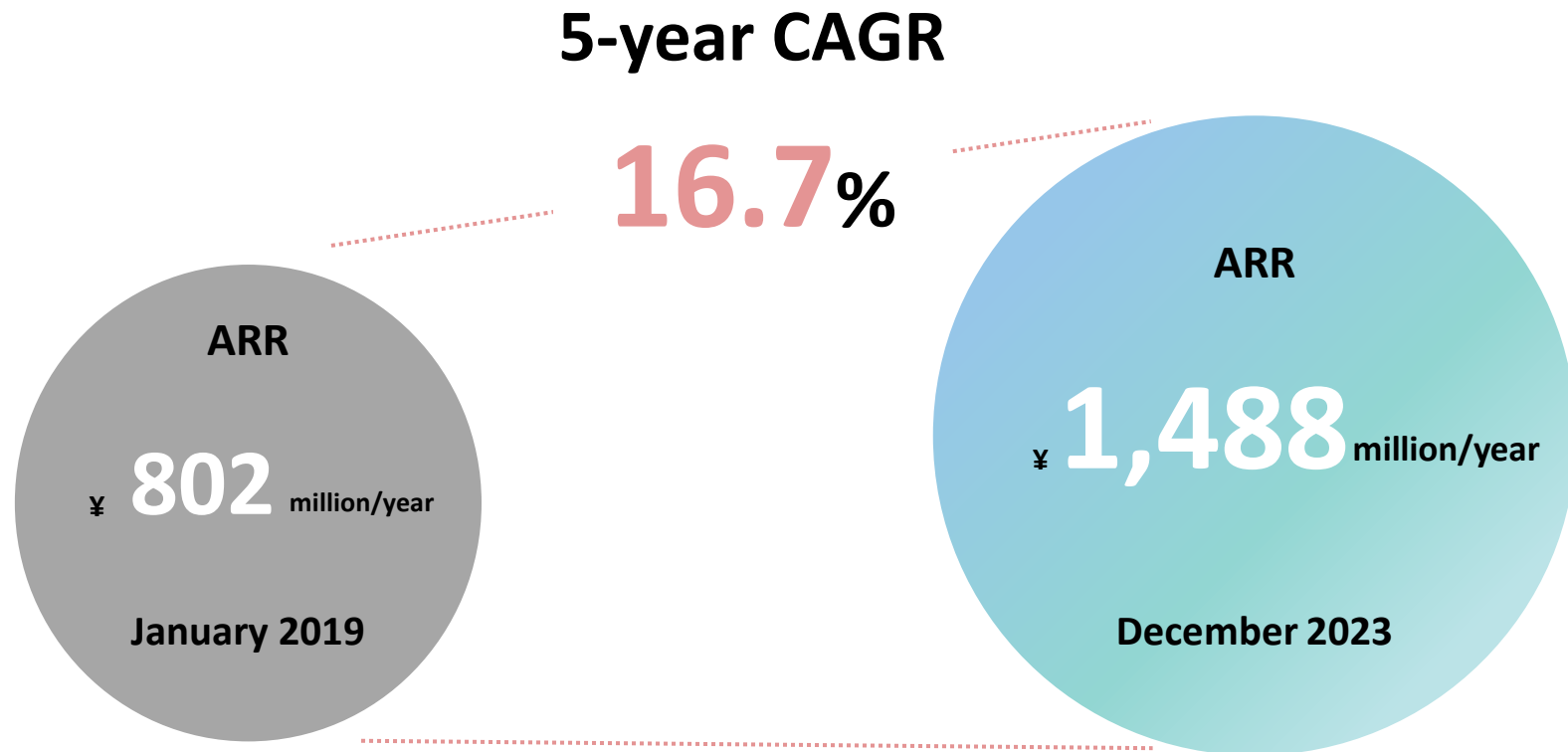
* The compound annual growth rate (CAGR) is the geometric average (an average of an item that changes by a percentage of share) of the annual growth rate of a company over a period of several years.
* Average annual revenue (ARR) is monthly recurring revenue (MRR) multiplied by 12.

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KPI: Digital Government (Number of Contracts for Regional Information Cloud Service)

Digital Government

(Number of contracts)

- **Steady-income contacts**
- **New contracts**

	FY6/18	FY6/19	FY6/20	FY6/21	FY6/22	FY6/23	1H FY6/24
Total	404	531	596	769	939	1,100	1,311
New contracts	97	127	65	173	170	161	64 / 147 (211)

1,164 contracts

FY6/24 goal of **1,311**

Ended some sales agent operations and shifted to an internal framework for sales operations as the use of digital government continues to increase.

The pct. of winning bids for contracts was initially somewhat low but is now beginning to improve with the establishment of the new framework. Aiming to reach the goal for FY6/24.
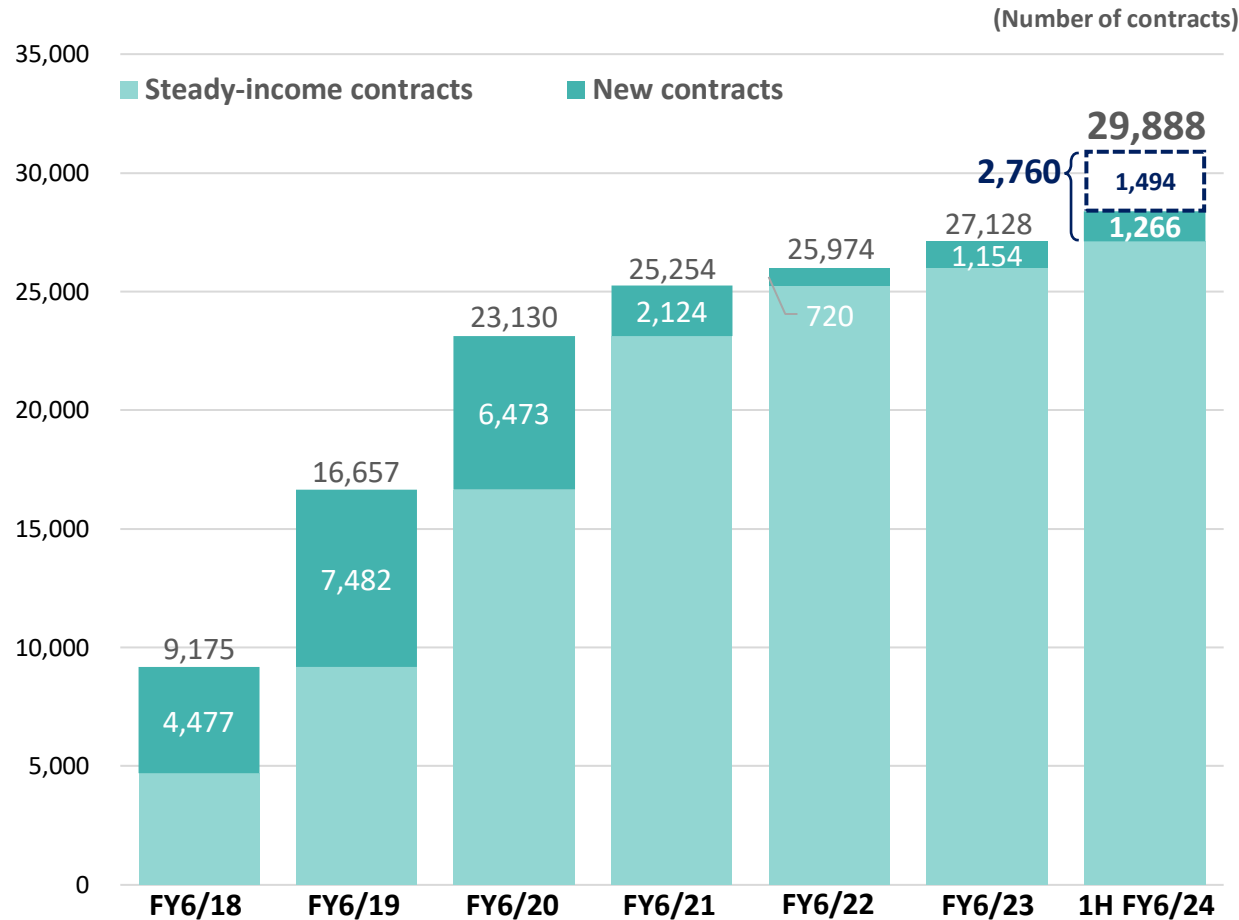
* Total of the four major services of the SMART L- Gov, additional services, and GaaS
* Number of users of services, not the number of local governments

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KPI: Mobility Services (Mobility IoT: Number of CiEMS Hardware Contracts)

Mobility Services

(Number of contracts)

- Steady-income contracts
- New contracts

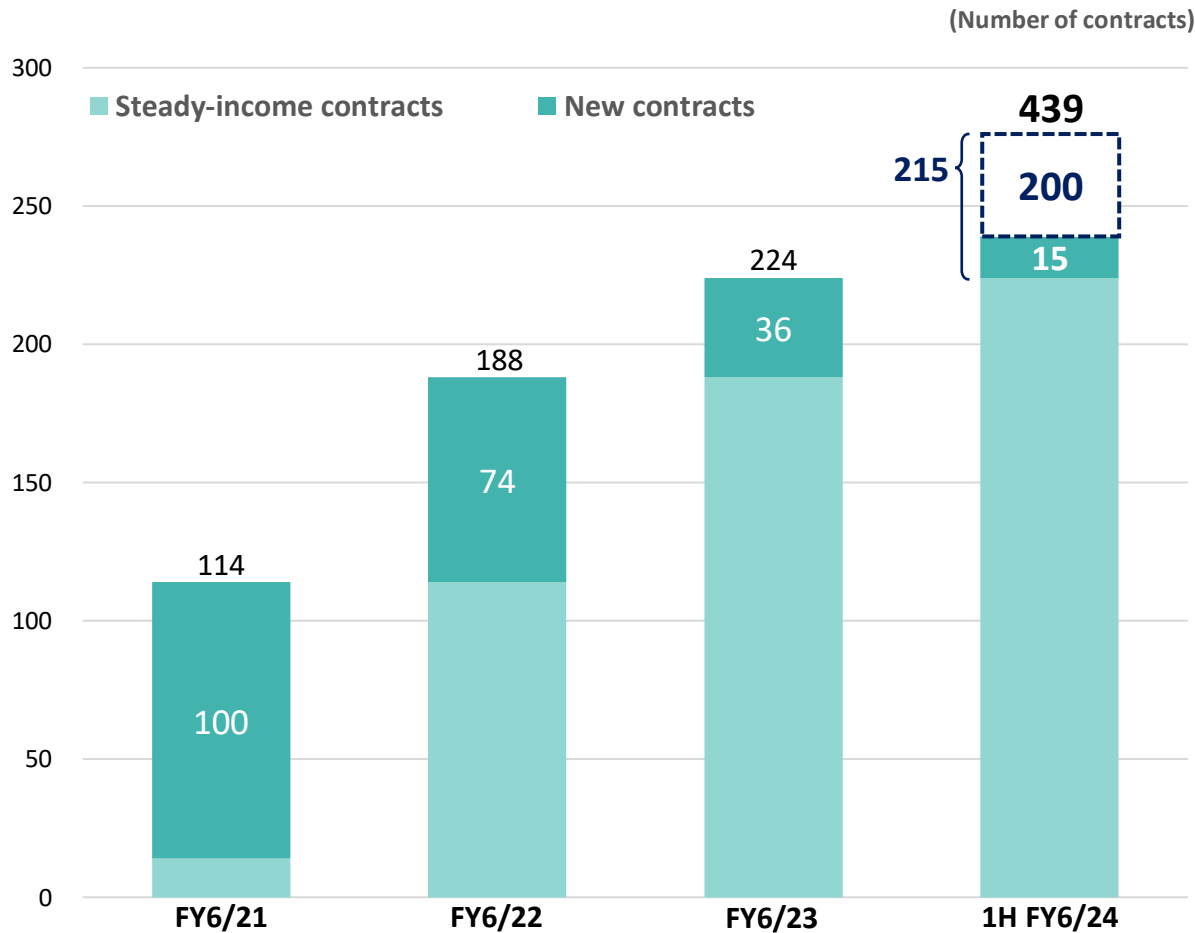| | | | | | | 29,888 |
						2,760 { 1,494
				25,974	27,128	1,266
		23,130	25,254		1,154	
	16,657		2,124	720		
9,175	7,482	6,473				
4,477						
FY6/18	FY6/19	FY6/20	FY6/21	FY6/22	FY6/23	1H FY6/24

28,394 contracts

FY6/24 goal of

29,888

The number of new contracts was 81% higher than in the first half of FY6/23 as first half new contracts exceeded the total number for FY6/23. This increase is primarily attributable to the growth of pipelines for receiving business from high-volume customers where Mobility Services was unable to receive orders in FY6/23.

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KPI: Mobility Services (Mobility IoT: Number of Kuruma Base Contracts)

Mobility Services

(Number of contracts)

Chart legend: Steady-income contracts, New contracts

- FY6/21: 114 (New contracts 100, Steady-income 14)
- FY6/22: 188 (New contracts 74, Steady-income 114)
- FY6/23: 224 (New contracts 36, Steady-income 188)
- 1H FY6/24: 439 { 215 (200, New contracts 15), Steady-income 224

239 contracts

FY6/24 goal of **439**

The number of contracts is down 40% from the first half of FY6/23 mainly because car sharing businesses, the priority user category of this segment, have held down investments since FY6/23 as they wait to see how market conditions will change. Due to this situation, Mobility Services focused on the tourism sector and the construction machinery rental sector, which resulted in alliances with large companies.

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FY6/24 Consolidated Balance Sheet

(Millions of yen)

As of June 30, 2023

Total assets: 3,866

Assets	Liabilities
Cash and deposits 2,339	Interest-bearing debt 815
	Various liabilities 609
	Net assets
Notes and accounts receivable-trade, and contract assets 472	Shareholders' equity 2,121
Various assets 1,054	
	Non-controlling interests 319

As of December 31, 2023

Total assets: 3,684

Assets	Liabilities
Cash and deposits 1,943	Interest-bearing debt 873
	Various liabilities 710
Notes and accounts receivable-trade, and contract assets 620	**Net assets**
	Shareholders' equity 1,758
Various assets 1,119	
	Non-controlling interests 341

Strategies/Topics

02

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Business Segment Overview
Segment Information and Group Categories

Digital Government, which has played a key role in the shift to digital technologies by governments for many years, and Mobility Services, which provides services centered on mobility IoT, generate steady sales and earnings. Smart Venues is expected to grow and become the third core business.
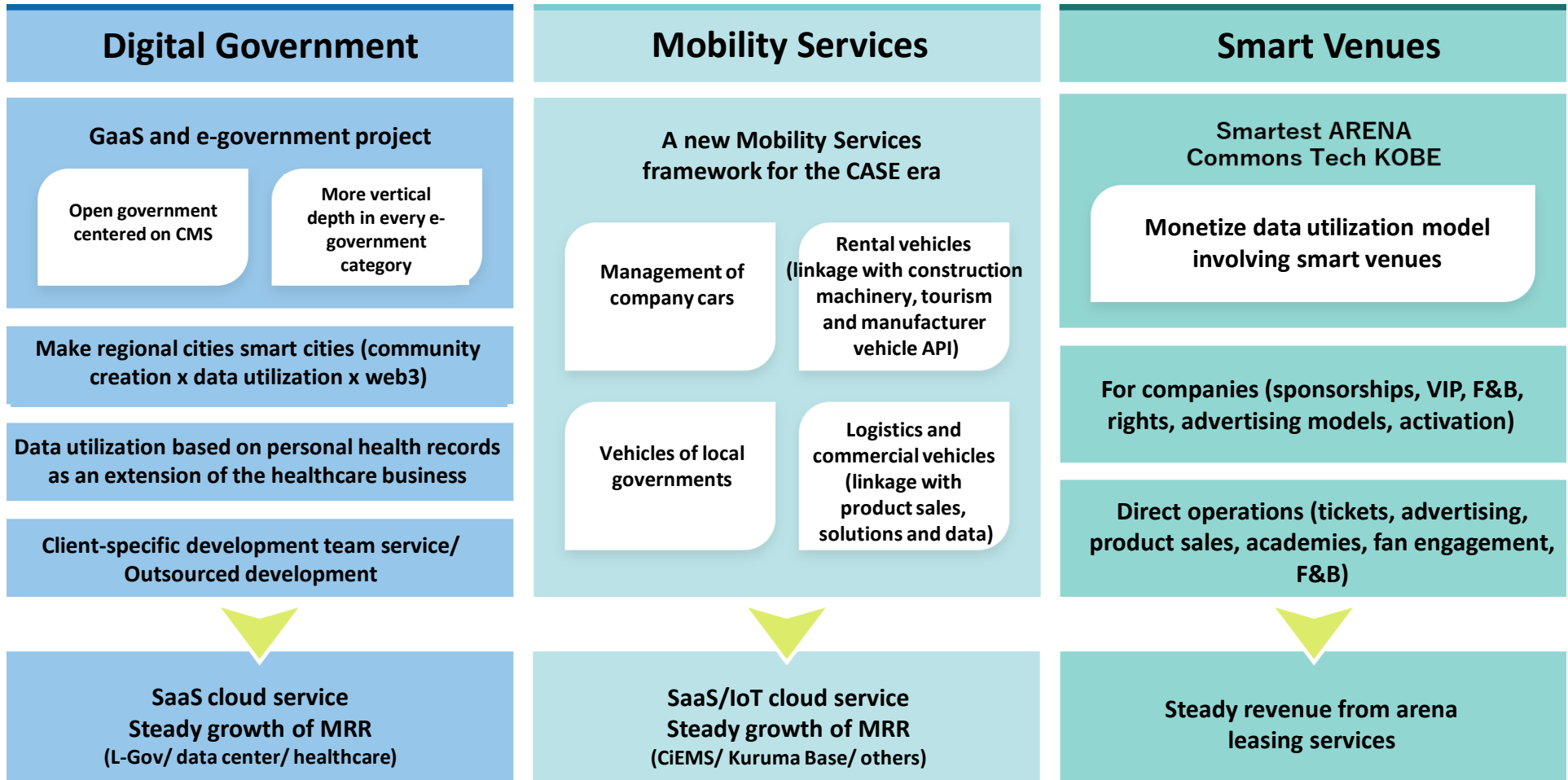
Business segments	Companies	Business categories	Business activities	Services
Digital Government	**Smartvalue** Digital Government Business **NORTHDETAIL**	SaaS platform Client-specific development team service	• E-government • CMS services for local governments • Online procedure service • Data linkage/analysis • Software development	SMART L-Gov GaaS Government as a Service **Open-gov Platform**
Mobility Services	**Smartvalue** Mobility Services Business	SaaS/IoT Platform Outsourced development Sales of devices	• Management of the operation of company cars • Mobility IoT platform • Car sharing platform • Sales of safe driving support devices • IoT/software development	CiEMS Car Intelligence Energy Management System **Kuruma Tsunagu Platform** **Kuruma Base**
Smart Venues	**One Bright KOBE** **Storks**	Activation support and arena leasing Hospitality services, sporting and entertainment events Digital city creation	• Operation of stadiums and arenas • Smart City • Operation of a professional sports team	**One Bright KOBE** **KOBE STORKS**

Business Segment Overview
Segment Information and Business Activities

Growth of monthly recurring revenue (MRR) from SaaS in current business sectors and **stable leasing income** in the arena business will be the base. In addition, vertical applications will be provided as cloud services and the data obtained from these services will be **used in smart city models.**

Digital Government

GaaS and e-government project

Open government centered on CMS

More vertical depth in every e-government category

Make regional cities smart cities (community creation x data utilization x web3)

Data utilization based on personal health records as an extension of the healthcare business

Client-specific development team service/ Outsourced development

**SaaS cloud service
Steady growth of MRR
(L-Gov/ data center/ healthcare)**

Mobility Services

A new Mobility Services framework for the CASE era

Management of company cars

Rental vehicles (linkage with construction machinery, tourism and manufacturer vehicle API)

Vehicles of local governments

Logistics and commercial vehicles (linkage with product sales, solutions and data)

**SaaS/IoT cloud service
Steady growth of MRR
(CiEMS/ Kuruma Base/ others)**

Smart Venues

Smartest ARENA Commons Tech KOBE

Monetize data utilization model involving smart venues

For companies (sponsorships, VIP, F&B, rights, advertising models, activation)

Direct operations (tickets, advertising, product sales, academies, fan engagement, F&B)

Steady revenue from arena leasing services

Digital Government: Strategy

Overview

The performance of Digital Government remains strong as governments continue to shift to digital technologies.

The market share of Smartvalue's services, chiefly CMS, is increasing. Smartvalue's services have been recognized at PR competitions with two websites receiving awards.

ガブクラ

Gabukura

Cloud Suite for local governments Gabukura

Platform for regional information "SMART L-Gov"	Platform for online government activities "GaaS"	For smart city and smart area Data management platform "Open-gov Platform"

SMART L-GOV

Local gov't CMS with a consistently high market share

Provided to more than **350** local governments and public-sector organizations throughout Japan

Official website | Tourism website | SNS | Email delivery service
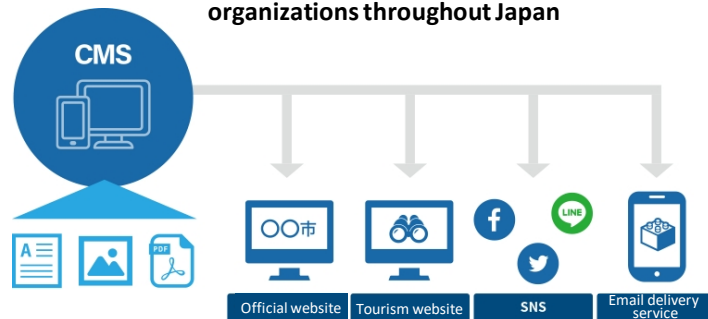
PR awards received again in 2023

Minister for Internal Affairs and Communications Award (Special Recognition) and Yomiuri Shimbun Award Hisayamamachi, Fukuoka

https://www.town.hisayama.fukuoka.jp/

Awarded Samukawamachi, Kanagawa

https://www.town.samukawa.kanagawa.jp/

Digital Government: Strategy
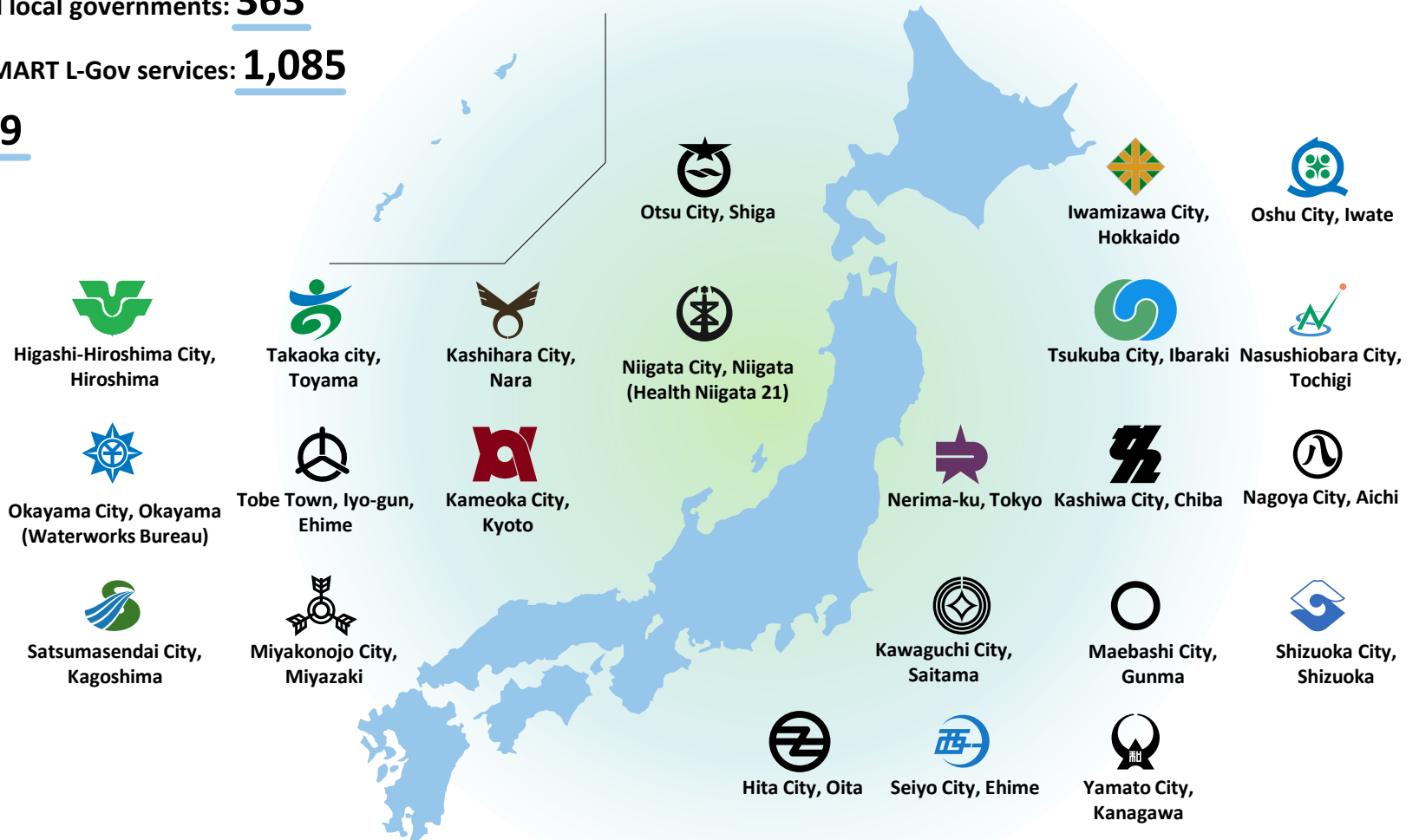
Users of Digital Government services

Many large local governments in Japan are using Smartvalue services.

Number of contracted local governments: **363**

Number of users of SMART L-Gov services: **1,085**

Contracts for GaaS: **79**

Otsu City, Shiga

Iwamizawa City, Hokkaido

Oshu City, Iwate

Higashi-Hiroshima City, Hiroshima

Takaoka city, Toyama

Kashihara City, Nara

Niigata City, Niigata (Health Niigata 21)

Tsukuba City, Ibaraki

Nasushiobara City, Tochigi

Okayama City, Okayama (Waterworks Bureau)

Tobe Town, Iyo-gun, Ehime

Kameoka City, Kyoto

Nerima-ku, Tokyo

Kashiwa City, Chiba

Nagoya City, Aichi

Satsumasendai City, Kagoshima

Miyakonojo City, Miyazaki

Kawaguchi City, Saitama

Maebashi City, Gunma

Shizuoka City, Shizuoka

Hita City, Oita

Seiyo City, Ehime

Yamato City, Kanagawa

Digital Government: Strategy

Overview

In April 2024, Smartvalue and WingArc1st Inc. will begin offering a vertical SaaS for local governments called the Public Sector Facility Reservation System. This is part of the strategic objective of a fully integrated government DX using linkage with the government cloud in order to improve services for residents and achieve efficient and optimized operations as Japan's population declines.

2023 | 2024 | 2025

Government policies

2023 — Priority plan for a digital society
- Cabinet approval on June 9
- Defines policies for the cloud-by-default rule, with cloud rather than on-premises as the standard, and for online procedures

2024 — Release of the digital marketplace for governments
- A catalog website for local governments and other public-sector organizations
- Goal is enabling the rapid purchasing of IT systems while remaining transparent and competitive
- Much more efficient contract activities and encourage the participation of new vendors

(Reference) Digital Agency: Data System Procurement Reform Study Group of the Digital Agency (Seventh)
https://www.digital.go.jp/councils/procurement-reform/d7917b18-7475-4b60-9199-ff252a463ce2/

2025 — Shift to the government cloud (in stages)
- Unified government cloud service utilization environment
- Requirement of robust security systems, the disclosure of specs when transitioning to the cloud, and other items
- Completing the transition by 2025, primarily the core system, is the goal

(Reference) Digital Agency: Government cloud
https://www.digital.go.jp/policies/gov_cloud/

Smartvalue strategy

2023
- More local gov't partnership agreements
- Acquire expertise in specific gov't procedure categories

2024
Launch SaaS (vertical SaaS) for specific gov't procedures for local governments

The first step is the April 2024 start of the Public Sector Facility Reservation System with WingArc1st

Inclusion of the Open-gov Platform in the Digital Agency service catalog

2025
More service connections with the cloud-based core IT systems of local governments

The goal is a fully integrated government DX

**Users of Digital Government services**

Actions taken after the Noto Peninsula Earthquake

We would like to express our condolences to those who lost their lives in the Noto Peninsula Earthquake of 2024 and our deepest sympathy to those who have been affected by the disaster.

Several municipalities in the Noto Peninsula, which was hit by a powerful earthquake in January 2024, use Smartvalue's digital government services.

Immediately after the earthquake, Smartvalue established an emergency response framework that included measures for stable operation of websites.

At one municipality, website traffic was as much as 4,123% of the volume on the same day of 2023.

Municipality Website Traffic Increase After the Earthquake [bps]

— Jan. 1, 2023   — Jan. 1, 2024
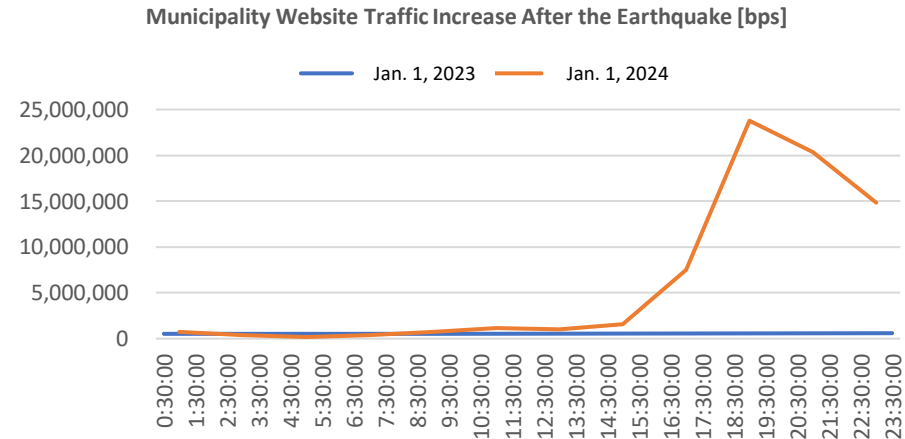
Information on seismic intensity, etc. is obtained from the JMA website.
https://www.jma.go.jp/jma/menu/20240101_noto_jishin.html

Smartvalue Actions

Earthquake timeline	Epicenter	Magnitude	Max. intensity	Smartvalue actions
January 1, 2024 at 16:06	Noto District, Ishikawa	5.5	Strong 5	
January 1, 2024 at 16:10	Noto District, Ishikawa	7.6	7	Information was shared immediately, primarily to managers
January 1, 2024 at 16:18	Noto District, Ishikawa	6.1	Strong 5	
January 1, 2024 at 16:30				Surveillance team detected an increase in the server load
January 1, 2024 at 16:40				Engineers established an online emergency response framework
January 1, 2024 at 17:15				Confirmed stability of the server load; continued surveillance of servers

Websites of local governments are a vital component of the social infrastructure. Ensuring the stable operation of these websites as much as possible is one of the greatest duties of Smartvalue. We will continue to provide services in order to perform this important role.

Customer's Comments

Services for the city of Yamatotakada in Nara –
"Helps distribute information quickly"

During the pandemic, local governments needed to distribute information about subsidies and other payments with speed and accuracy.
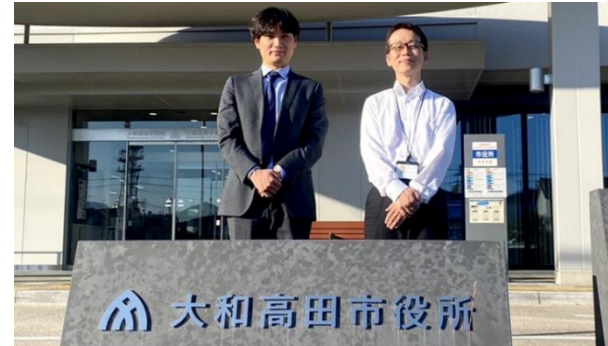
Mr. Takeda, Manager of Public Relations and Hearing Division, Planning and Policy Dept. of Yamatotakada City (right) and Mr. Tamaki, Public Cloud Sales Group member, Cloud Innovation Division, Smartvalue (left)

Service used

Regional information platform
"SMART L-Gov CMS"

Benefits

● Many residents said the website was difficult to use and the information was difficult to understand.

● Long time needed to redesign the website because of the telework environment at the website production company and other reasons

Information for resident consultations was divided into categories. Even gov't employees with little IT knowledge can post information with ease.

For more information: https://www.smartvalue.ad.jp/ownedmedia/7055/

Digital Government Topics: Otsu City, Shiga

Using GaaS for gov't DX in the city of Otsu in Shiga

Made the city's website easier for residents to submit online applications during the pandemic

Mr. Hara, DX Promotion Office, Information Policy Division, Policy Coordination Department, Otsu City (left) and Mr. Yamamoto, GaaS Development Group member, Development Design Division, Smartvalue (right)

Service used

Online government platform

"GaaS Port"

Benefits

- Information about applications was provided separately on individual city website pages.
- No consistency of information about applications made the information difficult to understand.

All information about applications was centralized in GaaS Port.

Information can be accessed with ease because items are arranged by category and information type.

For more information: https://www.smartvalue.ad.jp/ownedmedia/7324/

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Mobility Services Strategy: Fully Utilize Platforms

Vision

| A low-carbon society | Perform tasks efficiently | Accident-free society | Unrestricted mobility |

Strategy

Growth of IoT services for mobility

Create new mobility services that can become social systems

**Mobility IoT platform
Kuruma Tsunagu Platform**

クルマツナグ
プラットフォーム
CiEMS
Car Intelligence Energy Management System

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

**Mobility sharing platform
"Kuruma Base"**

Kuruma Base

- Alliances with automakers
- Effective use of EVs (VPP, etc.)
- Efficient use of company vehicles
- Services for MaaS (mobility as a service) businesses

Added value by utilizing data

Produce data to support business growth

Additions and updates as required

Digital transformation consulting

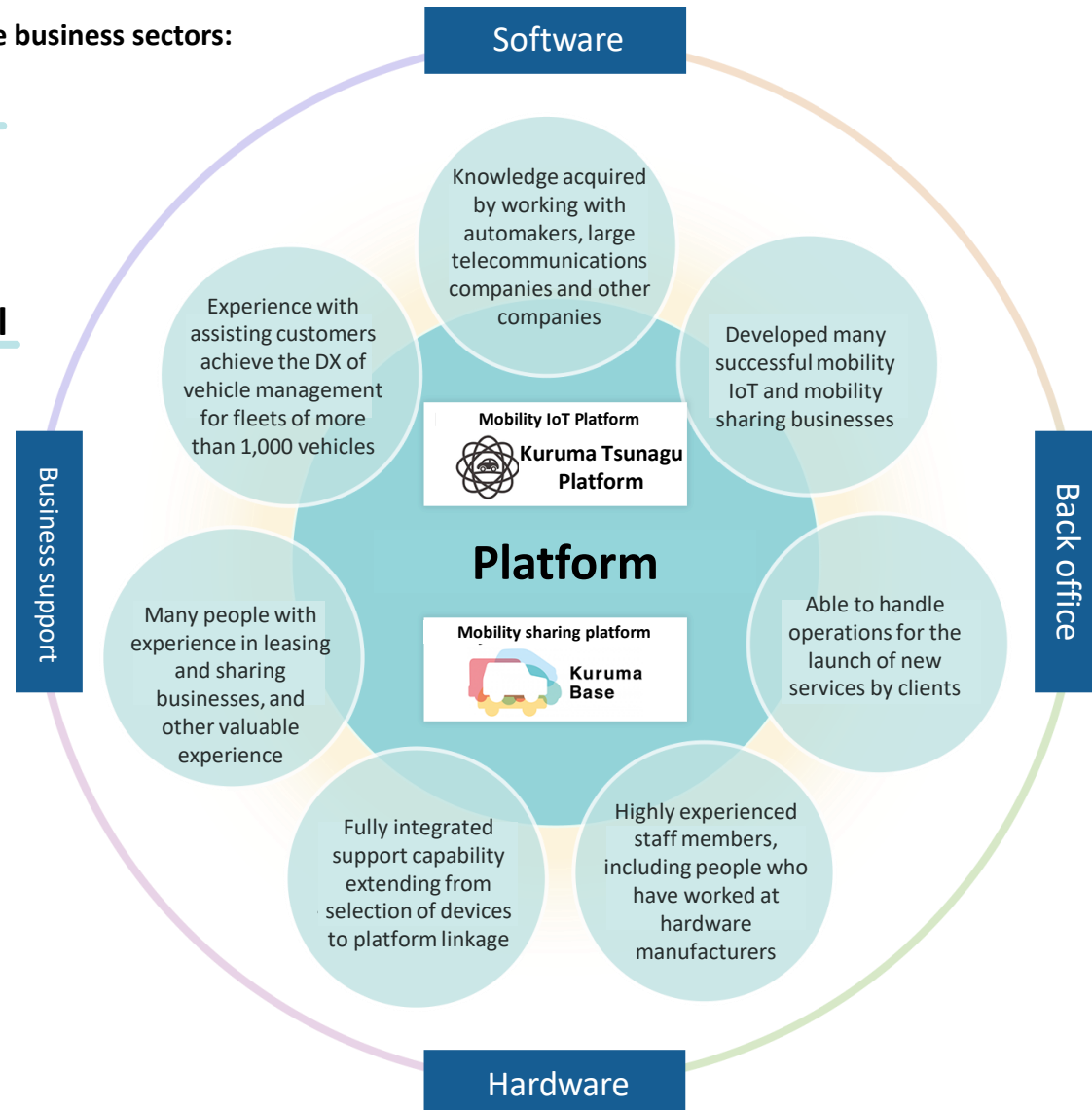| Support for service plans | Support for defining requirements | System construction | Support for operation frameworks | Support for implementing projects |

SMARTVALUE
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Mobility Services Strategy: Leverage Business Unit Strengths

Major mobility services clients are in these business sectors:

- **Property insurance companies**

- **Auto dealers**

- **Car rental**

- **Construction equipment rental**

- **Fuel trading companies**

- **Financial institutions**

In the Mobility Services segment, the plan is to recruit a large number of people while continuing to strengthen current businesses and seeking opportunities for adding new businesses.

Software

Knowledge acquired by working with automakers, large telecommunications companies and other companies

Developed many successful mobility IoT and mobility sharing businesses

Back office

Able to handle operations for the launch of new services by clients

Highly experienced staff members, including people who have worked at hardware manufacturers

Hardware

Fully integrated support capability extending from selection of devices to platform linkage

Many people with experience in leasing and sharing businesses, and other valuable experience

Business support

Experience with assisting customers achieve the DX of vehicle management for fleets of more than 1,000 vehicles

Mobility IoT Platform
Kuruma Tsunagu Platform

Platform

Mobility sharing platform
Kuruma Base

Mobility Services Strategy: Actions for Specific Market Sectors

Requirements of specific market sectors are identified to enable the addition of functions that are needed and linkage with other services.

There are many sales activities targeting large market sectors that do not yet use Smartvalue services.

Companies
Local governments

Linkage/reinforcement of CRM/BI tools for more efficient vehicle management

Target: Corporations that own company cars without commercial registrations

Market size: About 13.2 million vehicles, more than 95% not yet using telematics

Cost, accidents, legal compliance, and tasks required for maintenance and administration are major issues at organizations that need to manage vehicles. The use of data obtained through telematics and apps is effective for all of these issues.

Rental cars
Car sharing

Ties with rental car systems/API linkage for automobiles

Target: Businesses that own vehicles and parking facilities

Market size: About 920,000 rental cars/about 52,000 vehicles for sharing

The horizontal expansion of automated services initially for the rental construction equipment industry and support for car sharing operations in the rental car industry.

Logistics
Cargo transport

Investments for building a cloud service for cargo transport companies

Target: Cargo transport companies/Companies with truck fleets

Market size: About 14.4 million vehicles

Operators of trucks in Japan need to deal with many issues, including the new 2024 restrictions on working time, the aging of maintenance technicians, the labor shortage, the high cost of fuel, and the need to reduce CO_2 emissions to protect the environment. Smartvalue is making investments for the remote diagnosis of vehicle problems and the creation of a service for the visualization of fuel consumption.

Mobility Services Topics: CiEMS Improves KPI at High-volume Contracts

The digital transformation (DX) was essential at many companies and local governments for the continuity of operations during the pandemic. Smartvalue's CiEMS vehicle management service was one way to accomplish the DX. CiEMS produced the following benefits at a securities company.

Annual creation of about 32,400 hours
(First year after start of CiEMS)

Number of accidents down 74%
(After one year vs. highest no. of accidents)
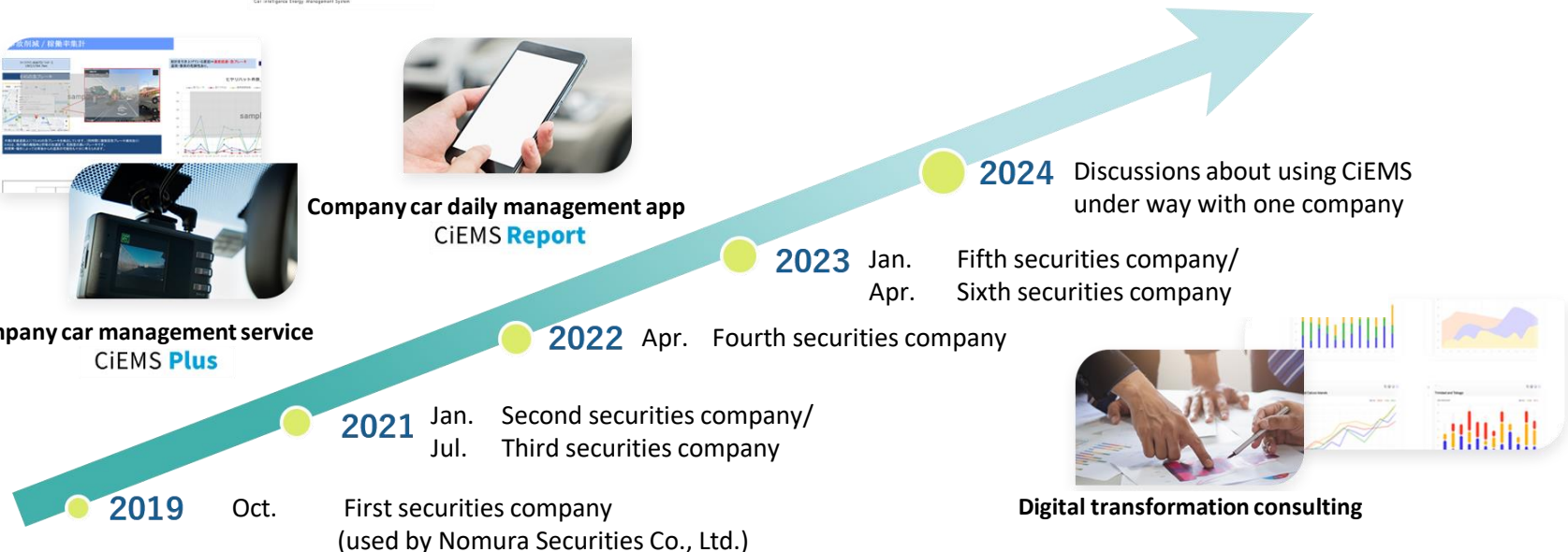
Number of vehicles down about 25%
(First two years after start of CiEMS)

CiEMS Series
Car Intelligence Energy Management System

Company car daily management app
CiEMS **Report**

Company car management service
CiEMS **Plus**

2024 Discussions about using CiEMS under way with one company

2023 Jan.   Fifth securities company/
Apr.   Sixth securities company

2022 Apr.   Fourth securities company

2021 Jan.   Second securities company/
Jul.   Third securities company

2019 Oct.   First securities company
(used by Nomura Securities Co., Ltd.)

Digital transformation consulting

SMARTVALUE
Hospitality First

Mobility Services Topics: Key Management Function for Kuruma Base

The first key management service was provided to AKTIO Corporation, Japan's largest construction equipment rental company.

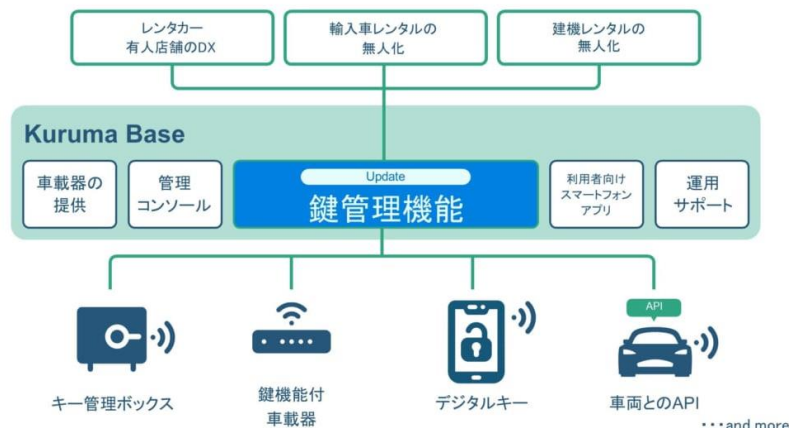## Issues in the construction industry

Need to improve efficiency/Reduce use of labor

▲
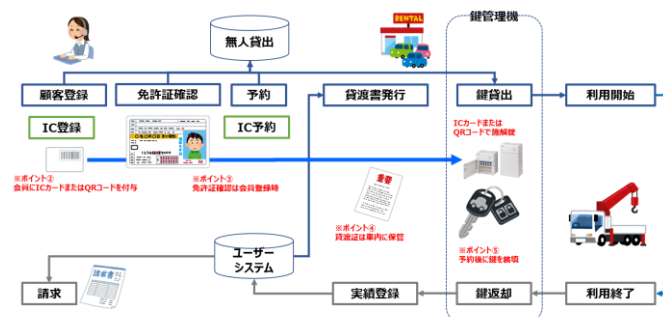
Need for workplace environment improvements

▲

Labor shortage/New 2024 working time restrictions

Structure of fully automated rental of construction equipment

Release information (1)

A key management function was added to Kuruma Base on December 18, 2023 mainly for the full automation of construction equipment and imported car rental operations.

Release information (2)

AKTIO Corporation started using Kuruma Base on January 18, 2024 for the rental service of construction equipment using a fully automated process.

Smart Venues: Overview

GLION ARENA KOBE is scheduled to open in April 2025. This is one part of measures taken based on the Japanese government's stadium and arena reform initiative that positions sports and entertainment as a growing business sector.

A smart venue that achieves the convergence of digital technologies and society

Japan's first park using the harbor greenery private-public partnership (PPP) system of the Ministry of Land, Infrastructure, Transport and Tourism, fully utilizing the flexibility of the private sector

Smart Venues Topics

Kobe Arena Named
GLION ARENA KOBE

Official top partner contract signed with GLION

Smartvalue and GLION will work together for the success of this landmark arena in the city of Kobe to make the arena a new symbol of Kobe and create a civic pride.

First in Japan – Certification as a harbor greenery project for the creation of harbor greenery and place where people gather
This step speeds up the creation of a smart venue

The harbor greenery PPP program is a business model with a high degree of flexibility along with economic benefits for private-sector companies. In August 2022, Smartvalue established a partnership agreement with the City of Kobe for ideas for the future of the city center and waterfront. Smartvalue is holding discussions with the city concerning the use of data involving people who visit this waterfront area.

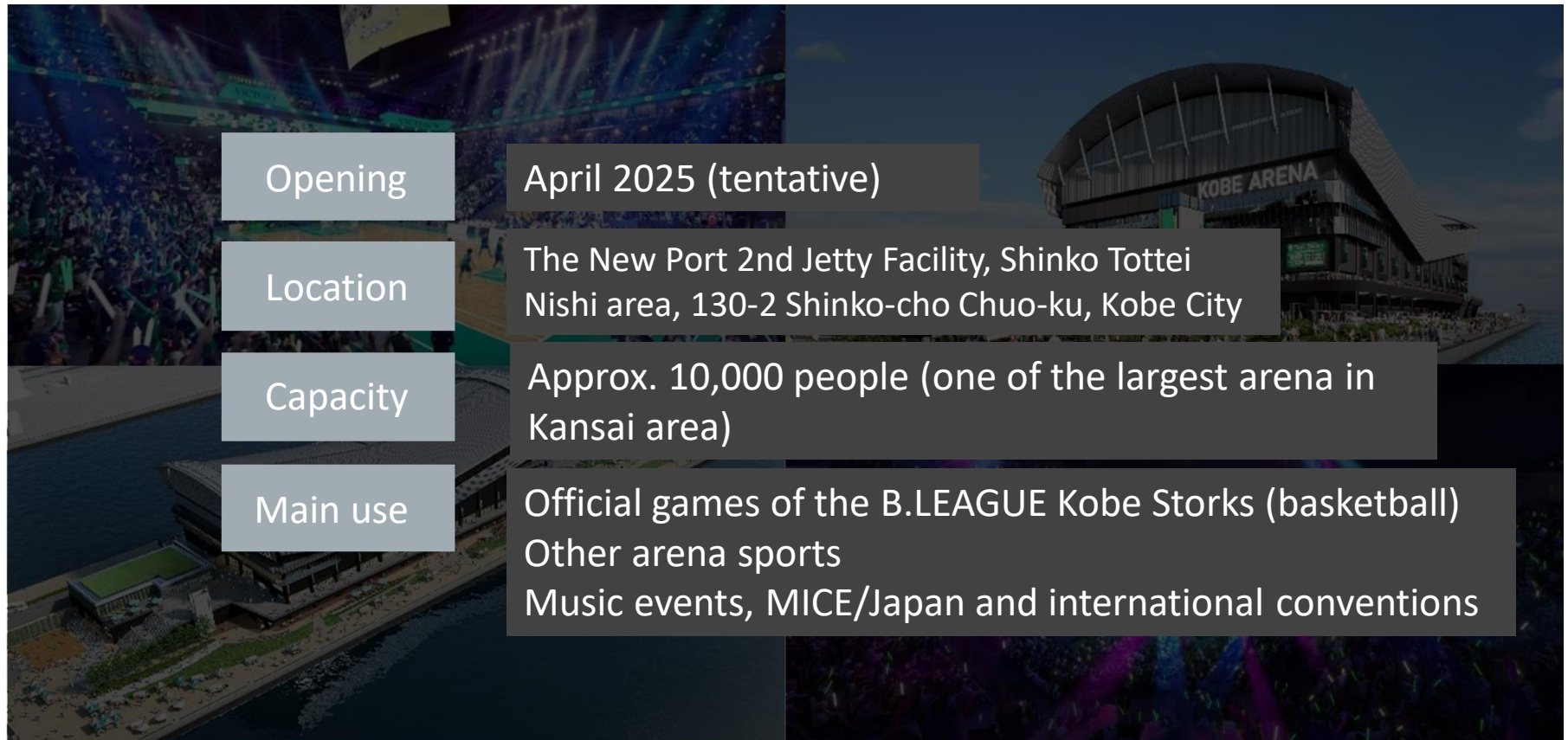
The park is surrounded by the harbor

A view of the sea from the park's central hill

Inside the hill at the park's center

Smart Venues: Overview

Following the opening of the arena in April 2025, the Smart Venues segment is expected to generate annual sales of ¥3.7 billion.

The arena and park area are expected to attract approximately 3 million people in total every year and provide a variety of data.

Opening	April 2025 (tentative)
Location	The New Port 2nd Jetty Facility, Shinko Tottei Nishi area, 130-2 Shinko-cho Chuo-ku, Kobe City
Capacity	Approx. 10,000 people (one of the largest arena in Kansai area)
Main use	Official games of the B.LEAGUE Kobe Storks (basketball) Other arena sports Music events, MICE/Japan and international conventions

Smart Venues: Highlights

GLION ARENA KOBE will be a new symbol of Kobe's vibrant waterfront, opening about 30 years after the devastating earthquake in 1995, and will revitalize this area. The arena will be a long-awaited entertainment center for Kansai and a new source of sales and earnings for Smartvalue due to income from leasing, partners and sponsors, hospitality services, events and the development of content.

An entertainment center for Kansai

The Kansai area has very few arenas with capacity of 10,000. A survey mainly by Osaka promotors revealed a large volume of demand for this type of arena and high expectations.

Co-creation partnerships

Partnerships include sponsors that pay for advertising as well as activities with partners that use the arena as a base for making the surrounding area an energetic community and for helping solve social issues.

Smart city initiatives

One goal is to use the community creation DX operations of Smartvalue to create a smart city around the arena. The plan is to collect data by using Smartvalue's own apps and payment system.

VIP floor

The luxurious VIP floor gives guests a special experience during sports and other events. The floor will be used during Kobe Storks basketball games as well as during some concerts.

Co-creation partnerships

Usually, leasing accounts for the majority of income for arena owners and operators. At this arena, the plan is for Smartvalue also to hold events on its own or with partners, thereby assuming some risk, in order to use this facility in more ways.

Collaboration with Kobe Storks

Smartvalue will operate the arena while working closely with the Kobe Storks basketball team, which has the goal of advancing to the B.LEAGUE PREMIER in 2026. Linkage of content and facilities will be used to maximize the efficiency of arena operations and the entertainment value of basketball games.

Smart Venues: Overview

The arena is expected to host events on about 160 to 200 days every year. Events will include B.LEAGUE basketball games, other arena sports, music concerts, combat sports, e-sports competitions, corporate and school events, and other events. Smartvalue expects the first annual sales of ¥3.7 billion from arena leasing, ticket sales of events held by Smartvalue, hospitality, leasing space to tenants, merchandise sales, advertising, co-creation partnerships, academic events, and other activities.

- ✔ The multi-purpose arena will be used for sporting events, concerts and many other events
- ✔ The goal for this multi-purpose arena, which has a capacity of 10,000 people, is to operate more than 160 days every year and have an
- ✔ annual attendance of more than one million.

Kobe Storks games
30+ days every year

Capacity: About 8,000 people
The only private-sector arena in the Kansai area that is home to a pro sports team

Concerts
80+ days every year

Capacity: About 10,000 people
Planning on performances by artists and groups from Japan and many other countries

MICE/Corporate events
10+ days every year

International conferences, academic events, corporate events, making Kobe a new destination for the global MICE market
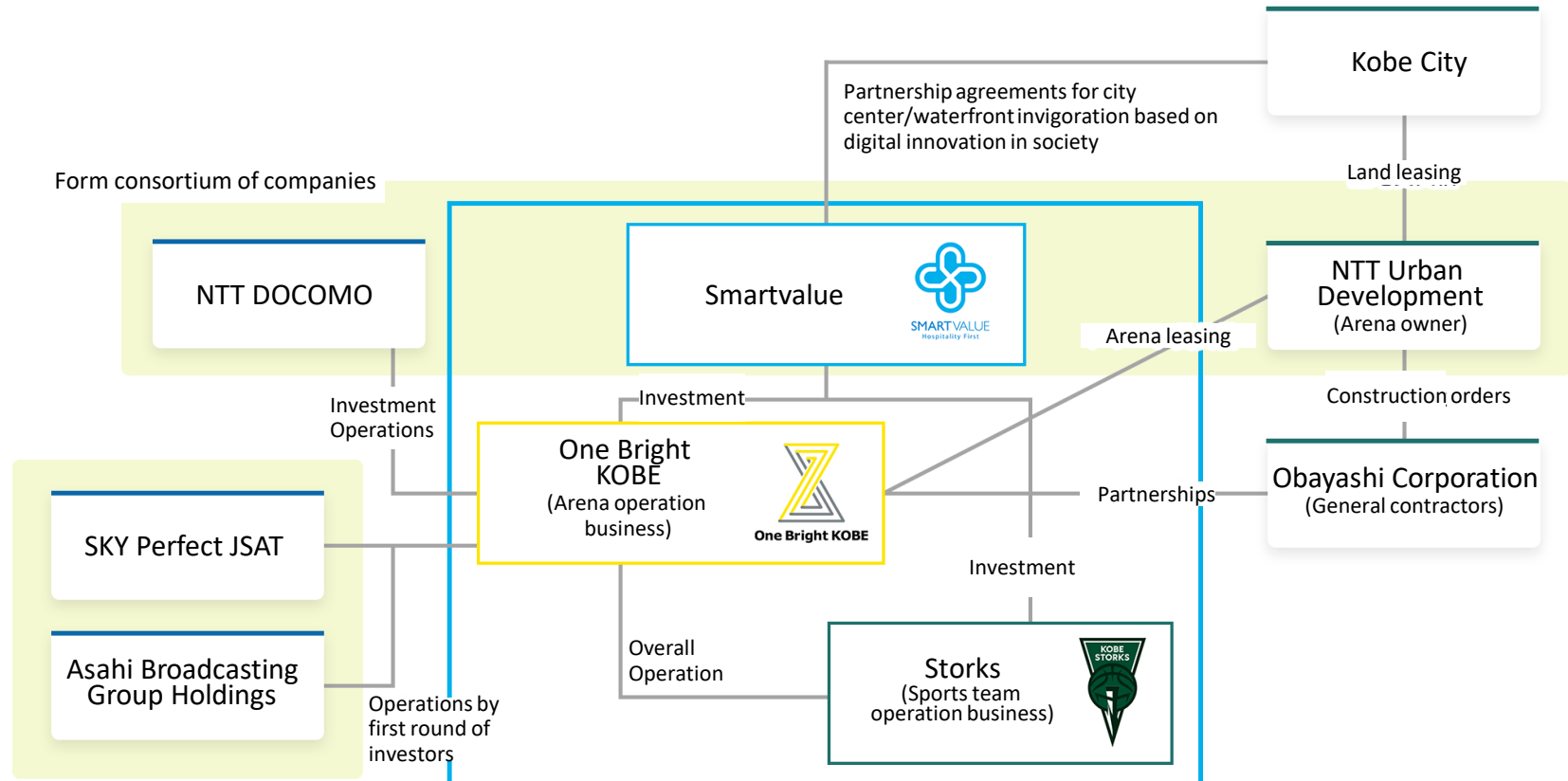
Other events
20+ days every year

Planning on using tie-ups with content holders and media companies for events by Smartvalue or with partners
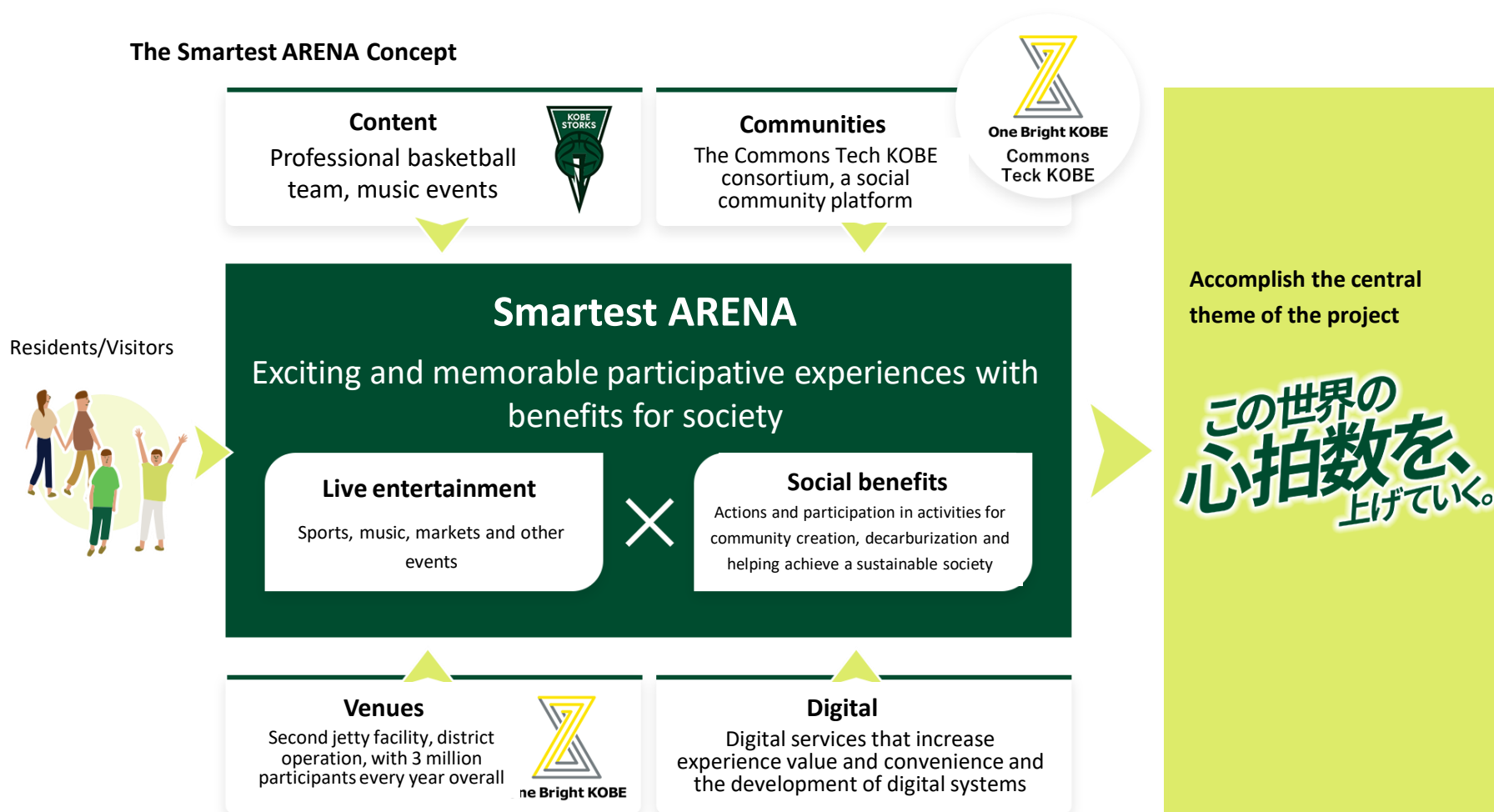
Smart Venues: Scheme

Smart Venues uses a consortium consisting of Smartvalue, NTT DOCOMO and NTT Urban Development. This private-sector scheme is used for unified operations for the B.LEAGUE Kobe Storks basketball team and entertainment events held directly by the consortium. The consortium companies are seeking more co-creation partners in order to leverage this platform for creating new markets, revitalizing regions of Japan, contributing to sustainability, implementing models for solving social issues, and even creating smart cities.

Kobe City

Partnership agreements for city center/waterfront invigoration based on digital innovation in society

Form consortium of companies

Land leasing

NTT DOCOMO

Smartvalue

SMARTVALUE
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Arena leasing

NTT Urban Development
(Arena owner)

Investment

Construction orders

Investment
Operations

One Bright KOBE
(Arena operation business)

One Bright KOBE

Partnerships

Obayashi Corporation
(General contractors)

SKY Perfect JSAT

Investment

Asahi Broadcasting Group Holdings

Overall Operation

Storks
(Sports team operation business)

KOBE STORKS

Operations by first round of investors

Smart Venues Strategy

The Smartest ARENA concept brings together four business categories: (1) Content that stimulates curiosity; (2) Operation of venues that bring people together; (3) Digital operations for greater convenience; and (4) Social activities for people-people and people-community interaction

The Smartest ARENA Concept

Content
Professional basketball team, music events

Communities
The Commons Tech KOBE consortium, a social community platform

One Bright KOBE
Commons Teck KOBE

Accomplish the central theme of the project

この世界の
心拍数を、
上げていく。

Residents/Visitors

Smartest ARENA
Exciting and memorable participative experiences with benefits for society

Live entertainment
Sports, music, markets and other events

✕

Social benefits
Actions and participation in activities for community creation, decarburization and helping achieve a sustainable society

Venues
Second jetty facility, district operation, with 3 million participants every year overall

One Bright KOBE

Digital
Digital services that increase experience value and convenience and the development of digital systems

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Smart Venues Strategy: Create Smart Cities

Use the partnership agreement with the City of Kobe for activities that make digital innovation an integral part of society.
Make the arena a smart venue that functions as a platform for the entire community.

KOBE
Smartest Arena

A new community (smart city) for Kobe built on an ICT platform
The arena will create more linkage between Kobe's Sannomiya district and the waterfront

Use the arena app for a greater flow of people

Use area-specific digital coupons to send people to other businesses too

Use data analysis for further invigoration of the region

Smart Venues: Construction Progress

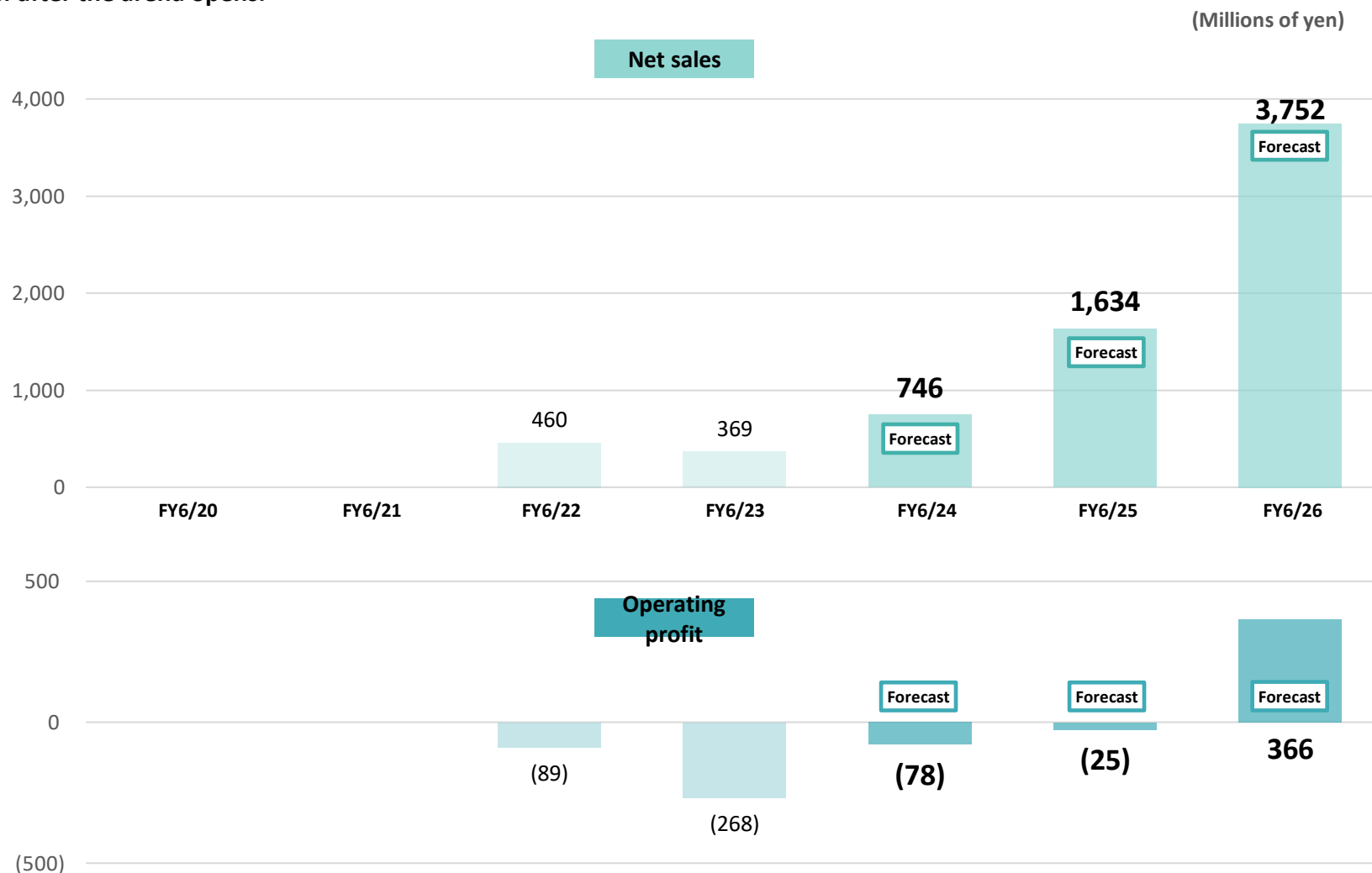Construction of the arena is progressing on schedule.

When completed, the arena will be a landmark on the Kobe waterfront and one of the world's few arenas that is bordered by the harbor on three sides.

As of January 2024

Smart Venues: Three-Year Plan

The Smart Venues business is currently in the investment phase. Performance is improving as the number of sponsors and other partners steadily increase, naming rights are sold, and other activities progress. Preparations are moving forward with the forecast of annual sales of ¥3.7 billion after the arena opens.

(Millions of yen)

Net sales

	FY6/20	FY6/21	FY6/22	FY6/23	FY6/24	FY6/25	FY6/26
			460	369	746 Forecast	1,634 Forecast	3,752 Forecast

Operating profit

	FY6/20	FY6/21	FY6/22	FY6/23	FY6/24	FY6/25	FY6/26
			(89)	(268)	(78) Forecast	(25) Forecast	366 Forecast

Medium-term Business Plan

Announced in August 2023

03

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FY6/24-FY6/26 Statement of Income

Forecast consistent growth of the core Digital Government and Mobility Services businesses as monthly recurring revenue enables these businesses to grow as expenditures are made for human resources and other purposes. Anticipate a significant contribution to earnings by Smart Venues, which will become the third core business, beginning in FY6/26.
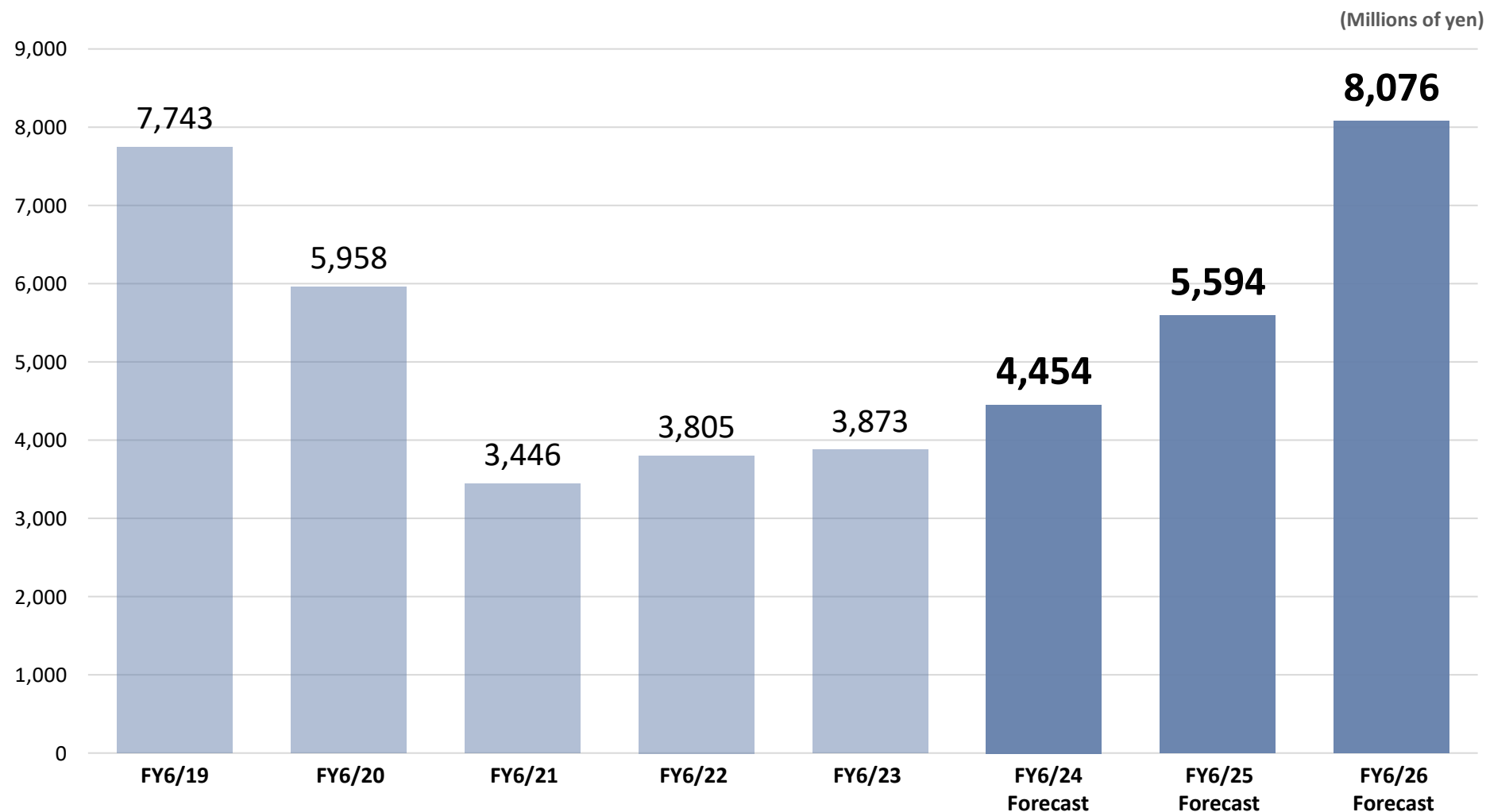
(Millions of yen)

		FY6/23	FY6/24 Forecast	FY6/25 Forecast	FY6/26 Forecast
Digital Government	Net sales	1,948	2,049	2,209	2,371
	Operating profit	406	384	430	396
Mobility Services	Net sales	1,555	1,658	1,750	1,951
	Operating profit	288	236	244	314
Smart Venues	Net sales	369	746	1,634	3,752
	Operating profit	(268)	(78)	(25)	366
Administration	Operating profit	(501)	(518)	(547)	(574)
Consolidated	Net sales	3,873	4,454	5,594	8,076
	Operating profit	(74)	23	101	503
	Ordinary profit	(75)	16	86	459

Net sales

Consolidated | **Sales have been low following the 2020 termination of the carrier shop agency business and due to the pandemic. Business portfolio restructuring is expected to lead to a sales recovery in 2025 and the following years.**

(Millions of yen)

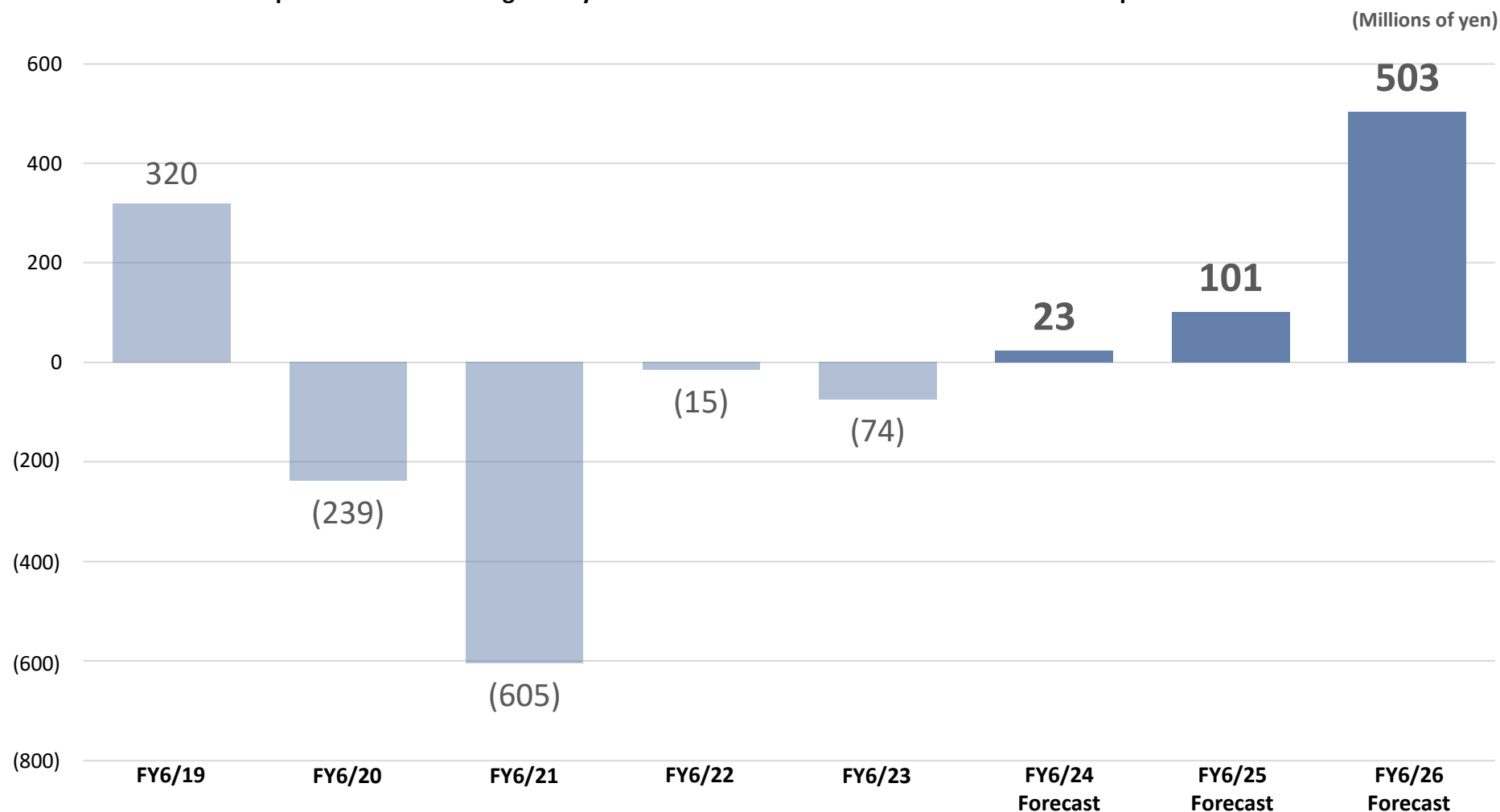|	FY6/19	FY6/20	FY6/21	FY6/22	FY6/23	FY6/24 Forecast	FY6/25 Forecast	FY6/26 Forecast
Net sales	7,743	5,958	3,446	3,805	3,873	4,454	5,594	8,076

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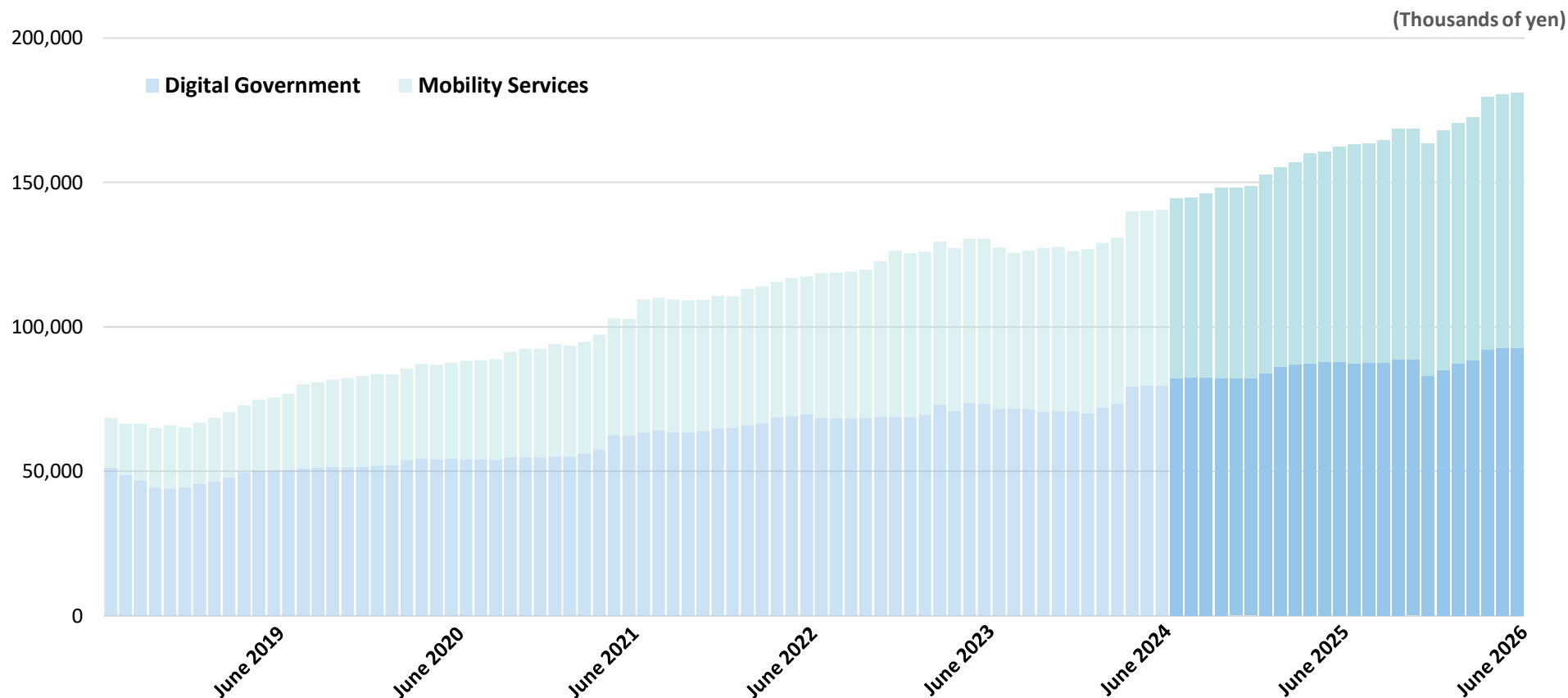
Operating Profit

Consolidated — Sales have been low following the 2020 termination of the carrier shop agency business and due to the pandemic. Operating profit is recovering as increasing personnel expenses are offset by the benefits of business portfolio restructuring and by measures to lower the cost of sales and SG&A expenses.

(Millions of yen)

FY6/19	FY6/20	FY6/21	FY6/22	FY6/23	FY6/24 Forecast	FY6/25 Forecast	FY6/26 Forecast
320	(239)	(605)	(15)	(74)	23	101	503

SMART VALUE
Hospitality First

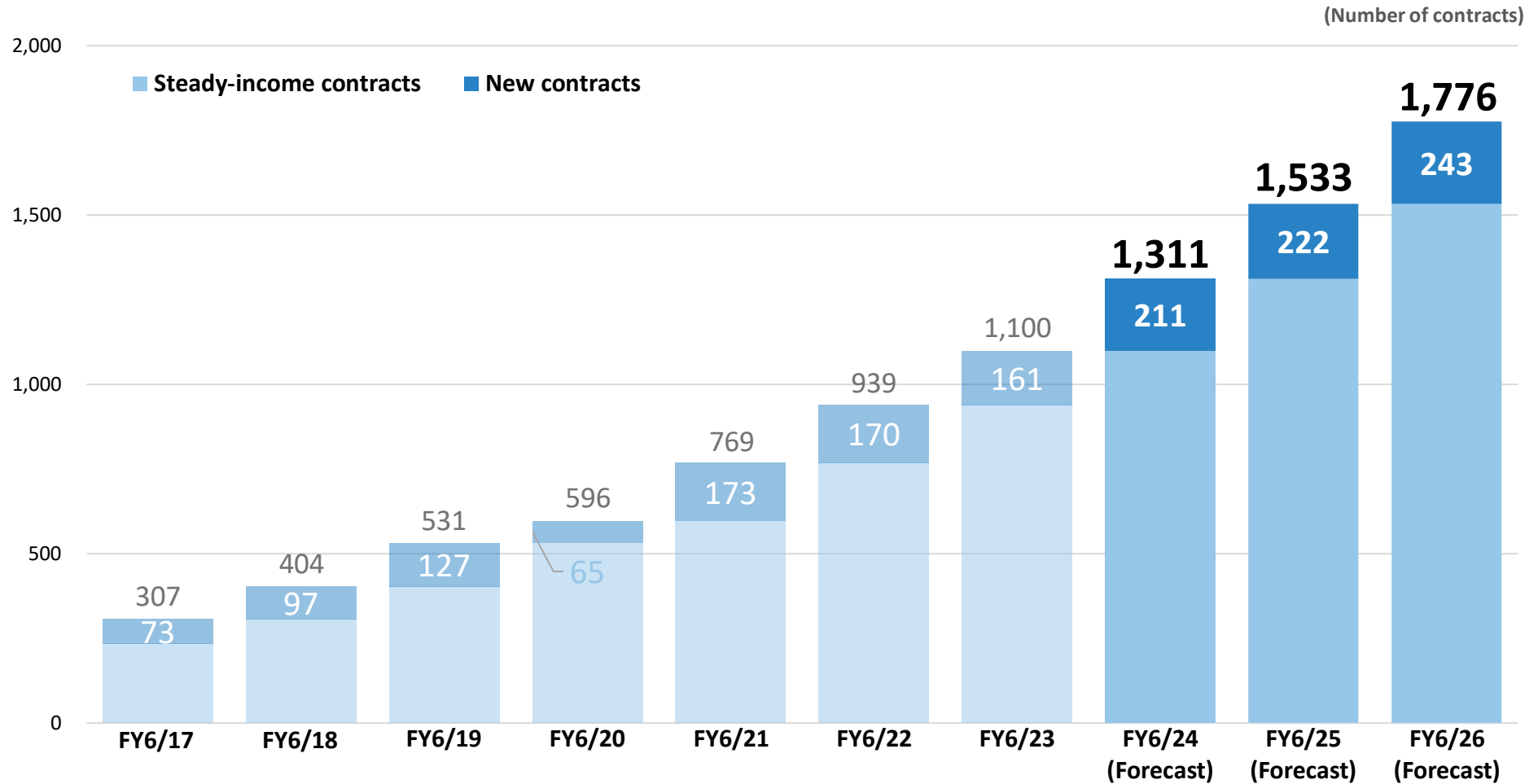# Growth of MRR

(Thousands of yen)

MRR as of the term-end

	FY6/19 Results	FY6/20 Results	FY6/21 Results	FY6/22 Results	FY6/23 Results	FY6/24 (Forecast)	FY6/25 (Forecast)	FY6/26 (Forecast)
Digital Government	50,243	54,336	62,331	69,702	73,335	**79,670**	**87,926**	**92,830**
Mobility Services	25,279	33,131	40,504	47,737	57,224	**60,866**	**74,385**	**88,433**
Total	75,522	87,468	102,835	117,440	130,559	**140,537**	**162,312**	**181,263**

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

KPI (Number of Contracts for Regional Information Cloud Service)

Digital Government

(Number of contracts)

■ Steady-income contracts ■ New contracts

	FY6/17	FY6/18	FY6/19	FY6/20	FY6/21	FY6/22	FY6/23	FY6/24 (Forecast)	FY6/25 (Forecast)	FY6/26 (Forecast)
Total	307	404	531	596	769	939	1,100	1,311	1,533	1,776
New contracts	73	97	127	65	173	170	161	211	222	243

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KPI (Mobility IoT: Number of CiEMS Hardware Contracts)

Mobility Services

(Number of contracts)

Legend: ■ Steady-income contracts ■ New contracts

FY	Total	New contracts	Steady-income
FY6/17	4,698		1,777
FY6/18	9,175		4,477
FY6/19	16,657		7,482
FY6/20	23,130		6,473
FY6/21	25,254		2,124
FY6/22	25,974		720
FY6/23	27,128		1,154
FY6/24 (Forecast)	29,888	2,760	
FY6/25 (Forecast)	33,968	4,080	
FY6/26 (Forecast)	39,028	5,060	

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KPI (Mobility IoT: Number of Kuruma Base Contracts)

Mobility Services

(Number of contracts)

■ Steady-income contracts   ■ New contracts

	FY6/21	FY6/22	FY6/23	FY6/24 (Forecast)	FY6/25 (Forecast)	FY6/26 (Forecast)
Total	114	188	224	**439**	**729**	**1,080**
New contracts				215	290	351
Steady-income contracts	100	74	36			

Appendix

04

SMARTVALUE
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Company Profile

An entrepreneurial IT company now in its 95th year. Starting as a small factory and now in the third generation, the company is evolving and adding new business models.
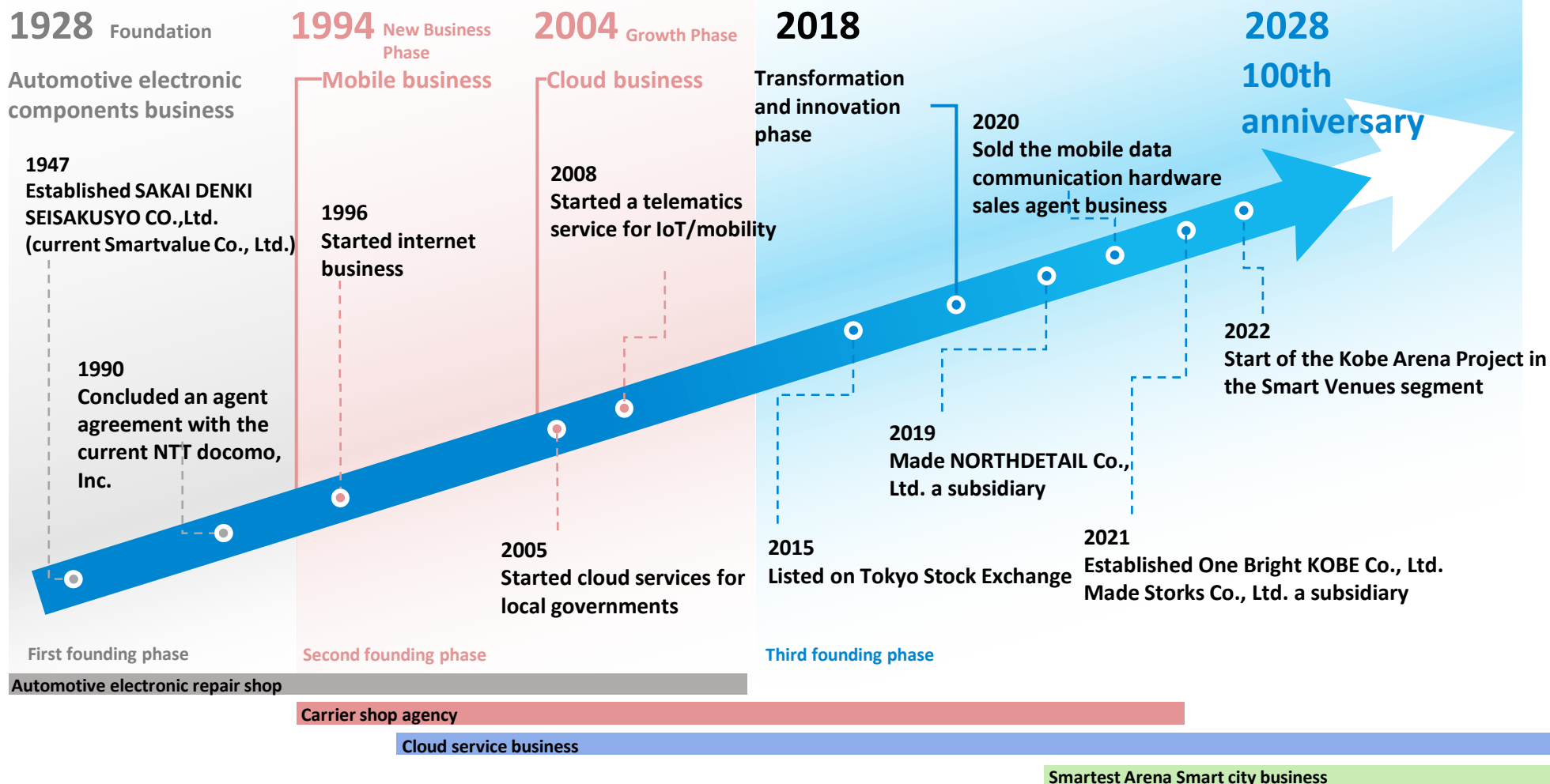
Although the transformation and growth process is still under way, Smartvalue has the goal of using cloud services, data utilization and Commons Tech to be a key element of the social infrastructure of the 21st century and afterward.

Name	Smartvalue Co., Ltd.
Listing	Tokyo Stock Exchange, Standard Market (Securities code: 9417)
Founded	October 1928
Established	June 1947
Capital	1,044,944 thousand yen
Representative	Jun Shibuya, President and CEO
Employees	270 (As of December 31, 2023) including group employees
Headquarters	Keihanshin Midosuji Bldg. 7F 3-6-1, Doshomachi, Chuo-ku, Osaka
Offices	Tokyo office (Chuo-ku, Tokyo) / Miyakonojo BPO Center (Miyakonojo, Miyazaki)
Consolidated Subsidiaries	NORTHDETAIL Co., Ltd. (Sapporo, Hokkaido) / One Bright KOBE Co., Ltd. (Kobe, Hyogo) / Storks. Co., Ltd. (Nishinomiya, Hyogo)
Business	Digital Government/ Mobility Services/ Smart Venues

History

04. Appendix

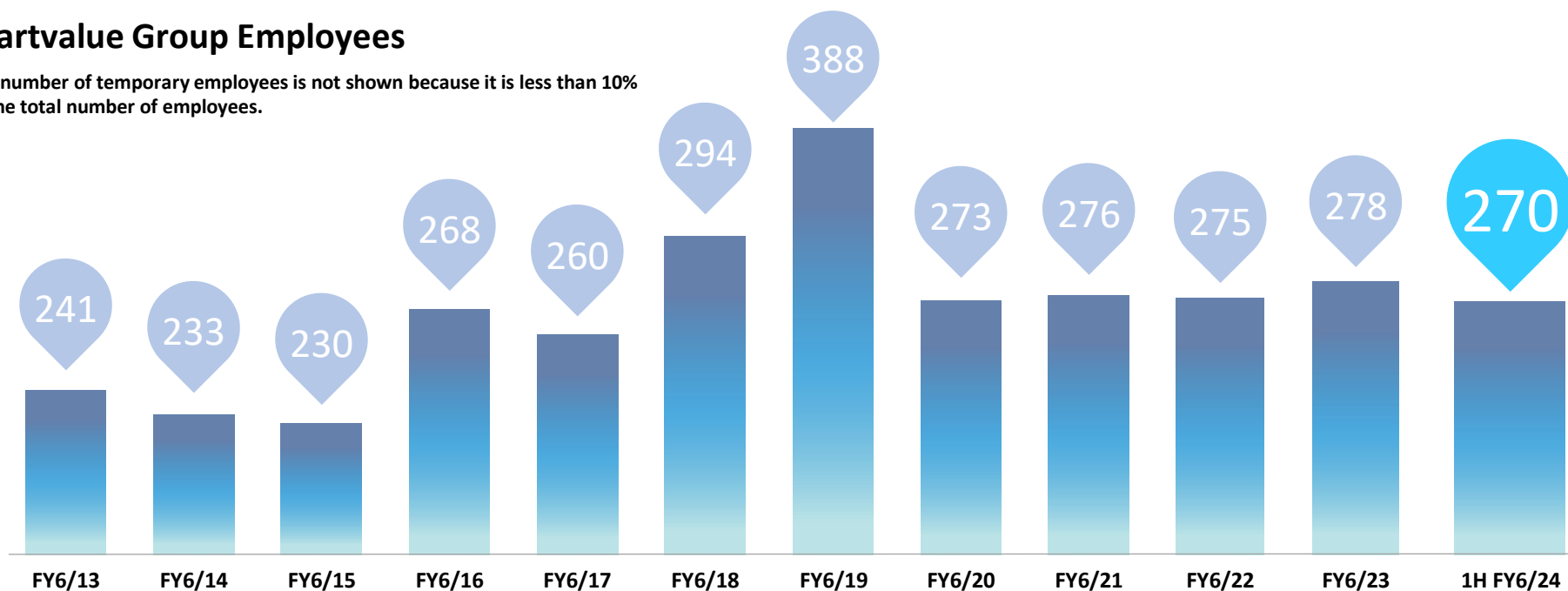Growth over 95 years from a small factory to a cloud services provider.

A company backing up social systems as new events continue to reshape society.
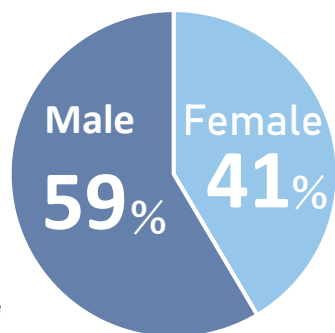
1928 Foundation

Automotive electronic components business

1947
Established SAKAI DENKI SEISAKUSYO CO.,Ltd. (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

2008
Started a telematics service for IoT/mobility

2005
Started cloud services for local governments

2018

Transformation and innovation phase

2015
Listed on Tokyo Stock Exchange

2019
Made NORTHDETAIL Co., Ltd. a subsidiary

2020
Sold the mobile data communication hardware sales agent business

2021
Established One Bright KOBE Co., Ltd. Made Storks Co., Ltd. a subsidiary

2022
Start of the Kobe Arena Project in the Smart Venues segment

2028
100th anniversary

First founding phase

Automotive electronic repair shop

Second founding phase

Carrier shop agency

Cloud service business

Third founding phase

Smartest Arena Smart city business

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Employees

Smartvalue Group Employees

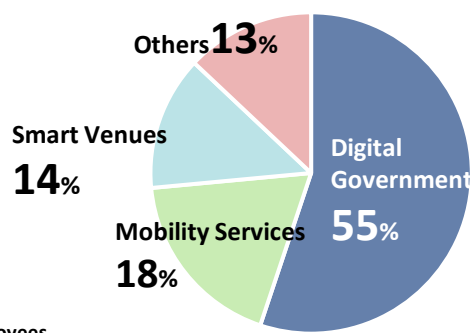* The number of temporary employees is not shown because it is less than 10% of the total number of employees.
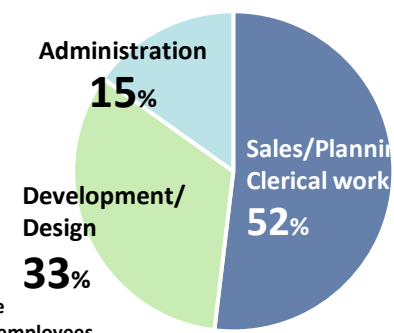

FY6/13	FY6/14	FY6/15	FY6/16	FY6/17	FY6/18	FY6/19	FY6/20	FY6/21	FY6/22	FY6/23	1H FY6/24
241	233	230	268	260	294	388	273	276	275	278	270

Gender

Male **59**% Female **41**%

Smartvalue Group

Segment

Others **13**%
Smart Venues **14**%
Mobility Services **18**%
Digital Government **55**%

Smartvalue (Including employees seconded to consolidated subsidiaries)

Job type

Administration **15**%
Development/Design **33**%
Sales/Planning Clerical work **52**%

Smartvalue (Including employees seconded to consolidated subsidiaries)

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Human Resources Initiatives

The SMART WORK project of Smartvalue Co., Ltd. includes initiatives to enable people to do their jobs by using many working styles, increase support for raising children, allow employees to do their jobs while caring for an aging parent, and improve the workplace environment in many other ways.
We will continue to take actions for more improvements concerning the workplace environment, measures to deal with Japan's aging and declining population, and other activities. We are committed to maintaining workplaces and providing benefits that enable people to work with confidence while realizing their full potential.

Kurumin certification

In March 2023, Smartvalue received for the fourth time Kurumin certification from the Minister of Health, Labour and Welfare as a company that provides support for raising and caring for children. (Continuously certified since April 2012)
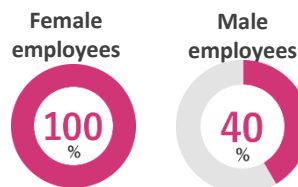
Eruboshi certification

In September 2022, Smartvalue was certified by the Minister of Health, Labour and Welfare as an outstanding company concerning the empowerment and advancement of women.

Use of child care time off

Female employees 100%

Male employees 40%

Women have used 100% of available time off for child care since this program started. During FY6/23, men used 40% of the available time off.

Work and family member care

Smartvalue has its own system to support employees who need to care for a family member while continuing to work. Salaries are paid for part of this time off and employees can decide working hours in the family care support program.

Infertility treatment support

In July 2023, Smartvalue added a program to assist employees undergoing procedures involving infertility. Employees can take time off for these treatments or reduce working hours. A consultation service is also available.

Work-life support info meetings

Smartvalue holds information meetings periodically to explain programs that enable employees to remain at the company while meeting obligations at home. These meetings raise the awareness of these benefits as well as the understanding of how the programs function.

Initiatives for Sustainability

Basic Policy for Sustainability

The purpose of Smartvalue is to serve 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." Our businesses help solve social issues and business activities are backed by sound corporate governance. We are also committed to protecting the environment and constantly being a positive and beneficial member of society in other ways. This commitment and our socially responsible business activities are rooted in our belief that the implementation of sustainability initiatives is our purpose.

Convergence of "digital" and "real"

Our businesses help solve social issues through the use of technology for achieving the convergence of the "digital" and "real" domains.

Earth is our biggest stakeholder

Our activities for helping deal with environmental issues are based on the belief that the Earth is our biggest stakeholder.

Respect for diversity

We respect the diversity of our people and recognize this diversity as the premise for ability to produce innovative ideas. Based on this thinking, we maintain an organizational culture that always puts people first.

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