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February 14, 2023

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(Securities Code: 4432; Prime Market of TSE)
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Notice Concerning Capital and Business Tie-Up with Smartvalue Co., Ltd.

WingArc1st Inc. (the “Company”) hereby announces that at its meeting held on February 14, 2023, the Board of Directors passed a resolution to undertake a capital and business tie-up related to digital transformation (DX) in the public-sector field with Smartvalue Co., Ltd. (Smartvalue), and the Company concluded a Capital and Business Tie-Up Agreement with Smartvalue on the same day.

1. Reason for capital and business tie-up

Having gone through major turmoil and economic difficulties due to the COVID-19 pandemic, Japan is now transitioning to a new social system centered on the introduction of digital technology. The Digital Agency was launched in September 2021, and the Priority Policy Program for Realizing Digital Society (Note 1) was adopted by the cabinet in June 2022. The policy program clearly calls for such measures as making it possible to complete administrative procedures online (generally giving greatest priority to digital methods and making it possible to complete procedures online and eliminate the need for paper), and promoting the use of data administrative purposes.

Given such an environment, the Company has included expanding industry and business solutions that promote DX in its Medium-term Management Policy announced in January 2022, has set the public sector as a priority field, established a dedicated department, and is undertaking related activities.

Smartvalue, the counterparty in the capital and business tie-up, touts “combining ‘smart’ systems and technologies to create social systems that can thrive for many years” as its missions and is aiming to grow into a company that undertakes future-oriented community creation in order to become an enduring business entity that is a public instrument for society. Smartvalue primarily offers cloud services for local governments.

The tie-up is being undertaken to not only meld the specialized knowledge and experience related to leveraging data that the Company has acquired since its founding with Smartvalue’s local government channels and sales know-how but also create new services that promote the introduction of digital technology into administration. Even before the tie-up, the Company and Smartvalue moved forward with an examination regarding providing cloud services to the public sector since around August 2022 and jointly launched a proof of concept regarding completing administrative procedures online with Kita-Kyushu City since January 2023. (Note 2)

Taking into consideration the results of this proof of concept, the Company and Smartvalue will work to expand the services provided and local governments that they provide services to through close cooperation and move forward with increasing productivity and creating value through DX.

- Notes: 1. Digital Agency’s Priority Policy Program for Realizing Digital Society
(<https://www.digital.go.jp/policies/priority-policy-program/>)
2. The Company’s press release
(<https://corp.wingarc.com/en/public/202211/news2464.html>)

2. Details of business tie-up, etc.

(1) Details of business tie-up

The Company and Smartvalue have agreed to conduct joint business development for the following.

- (i) Business development in the field of digitizing administrative procedures
 - Business development for local governments utilizing “invoiceAgent,” the Company’s electronic business forms platform
 - Joint business development of cloud services for the public sector
- (ii) Business development in the fields of smart cities and mobility
 - Joint business development in the fields related to smart cities and mobility, and development of new services for those fields
- (iii) Development of new businesses and increasing the scale of existing businesses
- (iv) Other business support

(2) Details of capital tie-up

The Company will underwrite the capital increase through third-party allotment of shares that Smartvalue will undertake and acquire the common shares of Smartvalue. Moreover, the Company will acquire the common shares of Smartvalue from its major shareholders, Jun Shibuya (Director and Representative Director and President of Smartvalue), Kazumasa Shibuya and Nozomi Works., Ltd. As a result, the Company will acquire a total of 830,000 common shares of Smartvalue, which is expected to represent a ratio to total number of issued shares (Note 1) of 8.00%.

- Underwriting of a capital increase through third-party allotment of shares

(1)	Date of acquisition	March 2, 2023
(2)	Number of shares to be acquired (Ratio to the total number of issued shares) (Note 1)	415,000 shares (4.00%)
(3)	Acquisition cost (Note 2)	¥412 per share Total payment: ¥170,980,000

- Acquisition of shares from major shareholders

(1)	Counterparties to the acquisition	Jun Shibuya	Kazumasa Shibuya	Nozomi Works., Ltd.
(2)	Number of shares to be acquired (Ratio to the total number of issued shares) (Note 1)	207,500 shares (2.00%)	147,500 shares (1.42%)	60,000 shares (0.58%)
(3)	Acquisition cost (Note 2)	¥412 per share Total payment: 85,490,000	¥412 per share Total payment: 60,770,000	¥412 per share Total payment: 24,720,000
(4)	Scheduled date of acquisition	March 2, 2023	March 2, 2023	March 2, 2023

- Notes: 1. Ratio to total number of issued shares after capital increase through third-party allotment (excluding treasury shares)
2. The price includes a premium of 0.98% added to the closing price of common shares of Smartvalue on Tokyo Stock Exchange, Inc. on February 13, 2023.

3. Summary of business tie-up counterparty

(1) Name:	Smartvalue Co., Ltd.		
(2) Address	3-6-1 Doshomachi, Chuo-ku, Osaka-shi, Osaka		
(3) Name and position of representative	Jun Shibuya Director, President and CEO		
(4) Businesses	Cloud solutions business		
(5) Capital	¥959,454,000		
(6) Established	June 1947		
(7) Main shareholders and shareholding percentages (Note)	Kazumasa Shibuya		22.95
	Jun Shibuya		14.23
	Nozomi Works., Ltd.		5.79
	Commons & Sense Inc.		5.79
	Mutsumi Shimada		4.25
	The Master Trust Bank of Japan, Ltd. (Trust Account)		4.00
	Tomio Sugimura		2.96
	JP JPMSE LUX RE NOMURA INT PLC 1 EQ CO		1.61
	BAYAREA Co., Ltd.		1.40
	Akihisa Shimada		1.37
(8) Relationships between Smartvalue and the Company	Capital relationship	None	
	Personnel relationship	None	
	Business relationship	Smartvalue has concluded a user agreement for the Company's cloud service and an outsourcing agreement related to online reservation system for local governments. The Company also sponsors the Kobe Arena (tentative name) Support Program, which One Bright KOBE Co., Ltd., a Smartvalue subsidiary, is raising funds for.	
	Related party	None	
(9) Smartvalue's consolidated operating results and financial position for the past three fiscal years			
Fiscal Period	FY6/20	FY6/21	FY6/22
Consolidated net assets	¥3,583,970,000	¥2,117,913,000	¥2,451,252,000
Consolidated total assets	¥4,692,916,000	¥2,740,375,000	¥4,120,656,000
Consolidated net assets per share	¥359.65	¥211.00	¥212.60
Consolidated net sales	¥5,958,661,000	¥3,446,178,000	¥3,805,373,000
Consolidated operating profit (loss)	¥(239,750,000)	¥(605,316,000)	¥(15,083,000)
Consolidated ordinary profit (loss)	¥(223,392,000)	¥(580,000,000)	¥8,228,000
Profit (loss) attributable to owners of parent	¥32,901,000	¥(1,407,512,000)	¥1,080,000
Consolidated net income (loss) per share	¥3.31	¥(140.54)	¥0.11
Dividend per share	¥8.00	¥8.00	¥8.00

Note: As of December 31, 2022. Excludes treasury shares.

4. Schedule

(1) Date of Board of Directors resolution	February 14, 2023
(2) Agreement date	February 14, 2023
(3) Share transfer date	March 2, 2023 (scheduled)
(4) Date of capital increase through third-party allotment	March 2, 2023 (scheduled)

5. Outlook

It is thought that this will have an immaterial impact on the Company's consolidated earnings for the current fiscal year, however, if something that should be disclosed arises, it will be disclosed separately.