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## Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

November 12, 2021

Company name OPTiM CORPORATION Stock exchange listing Tokyo  
 Code number 3694 URL <https://www.optim.co.jp/>  
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 Scheduled date of filing quarterly securities report November 12, 2021  
 Scheduled date of commencing dividend payments -  
 Availability of supplementary briefing materials on quarterly financial results : Yes  
 Schedule of quarterly financial results briefing session : Yes (For institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	3,521	15.4	571	75.6	516	0.4	319	(0.5)
Six months ended September 30, 2020	3,051	3.9	325	-	514	-	321	-

(Note) Comprehensive income Six months ended September 30, 2021 319 million yen (-0.8%)  
 Six months ended September 30, 2020 321 million yen (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	5.81	5.77
Six months ended September 30, 2020	5.84	5.80

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2021	5,844	4,671	78.4
As of March 31, 2021	6,248	4,355	68.2

(Reference) Equity As of September 30, 2021 4,579 million yen  
 As of March 31, 2021 4,259 million yen

### 2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2022	-	0.00			
Fiscal year ending March 31, 2022 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: No

### 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	8,269	10.0	1,121	(38.0)	1,121	(43.9)	695	(43.8)	12.63
	~9,020	~20.0	~2,000	~10.6	~2,000	~0.0	~1,240	~0.2	~22.53

(Note) Revision to the financial results forecast announced most recently: No

\* Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2021: No  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation): No  
New: - (Company name: ), Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatements

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than due to 1) above: No

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

September 30, 2021	55,130,688 shares	March 31, 2021	55,128,288 shares
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2) Total number of treasury shares at the end of the period

September 30, 2021	89,348 shares	March 31, 2021	88,948 shares
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3) Average number of shares during the period

September 30, 2021	55,040,711 shares	September 30, 2020	55,037,508 shares
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\* The quarterly financial statements are not subject to a quarterly review by a certified public accountant or audit firm.

\* Proper use of the financial results forecasts and other special notes

The forward-looking statements, including the financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and they are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors.

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## 1. Qualitative Information on the Consolidated Quarterly Financial Results

### (1) Explanation of Operating Results

During the first half of the current consolidated fiscal year, the Japanese economy continued to show signs of recovery amid the still severe conditions caused by the impact of the novel coronavirus pandemic (hereinafter referred to as COVID-19) but the pace of recovery has been weakening.

In this market environment, by promoting two types of DX (\*1), categorized as Corporate DX for digitalization to improve internal operations and efficiency, as well as Industrial DX for digitalization to create businesses using digital technologies, the Group will continue to promote the concept of  $\circ \circ \times \text{IT}$  to develop new markets.

First, with regard to Corporate DX in the first half of the current consolidated fiscal year, the Company continued to expand stock-type sales, centering on Optimal Biz, which has maintained the top market share for 11 consecutive years (Deloitte Tohmatsu MIC Research Institute Co., Ltd., Cloud Services Market Status and Outlook FY2013 Edition, IT Asset Management (including MDM) Market Total Sales, FY2011 to FY2012 Results (Published in 2013)/Collaboration/Contents and Mobile Management Package Software Market Outlook FY2014 Edition, MDM Market Trends, Number of IDs of MDM Shipments (Including SaaS and ASP), FY2013 Results (Published in 2014)/Collaboration/Contents and Mobile Management Package Software Market Outlook, MDM Market Trends, Number of IDs of MDM Shipments (Including SaaS and ASP), FY2014 to FY2017 Results (Published in 2015 to 2018)/Collaboration and Mobile Management Software Market Outlook, MDM Market Trends, Number of IDs of MDM Shipments (Including SaaS and ASP), FY2018 to FY2020 Results and FY2021 Forecast (Published in 2019 to 2021)).

In the first half of the current consolidated fiscal year, we launched sales of a new cloud authentication infrastructure service, OPTiM ID+ (Plus). OPTiM ID+ is a cloud-based ID management service that allows users to log on to multiple cloud services used by an organization with a single ID and password. By introducing OPTiM ID+, the workload related to information leakage prevention, which tends to become complicated, will be reduced, such as by enabling information system administrators to operate accounts in a unified manner. It can also be used in conjunction with Optimal Biz to permit logins to cloud services only from devices that are managed by Optimal Biz and whose security is guaranteed. This realizes both the convenience provided by PC, mobile, and cloud services and stronger security measures.

In addition, we announced that OPTiM Contract, an AI-based contract management service, will start to collaborate with Adobe Sign, a cloud-based electronic sign service of Adobe Document Cloud provided by Adobe Inc. This will enable the centralized management not only of scanned data of conventional paper-based contracts and Microsoft Word text files, but also electronic contracts concluded with Adobe Sign, thereby reducing costs and risks associated with concluding contracts and management operations required for all corporate activities.

Next, for Industrial DX, stock-type sales mainly of OPTiM Cloud IoT OS continued to expand from the first quarter.

First of all, OPTiM AI Camera, an AI image analysis service that can be used regardless of industry, is steadily gaining popularity, and we have completed the verification of the connection between OPTiM AI Camera Enterprise and ArgosView, a Video Management System (VMS) service, in collaboration with Panasonic Net Solutions Co., Ltd. The combination of OPTiM AI Camera Enterprise and ArgosView makes it easier to check the congestion status of vast and multiple facilities and floors through AI image analysis, which will contribute to studies of measures to prevent the spread of COVID-19. It also makes it possible to check the times spent by customers at locations, which can be used for store marketing.

The following describes our initiatives in each of the Industrial DX fields.

In the construction field, we provided OPTiM Geo Scan, an application that enables users to acquire high-precision 3D data by simply scanning surveyed objects such as soil structures with a smartphone or tablet equipped with a Light Detection and Ranging (LiDAR: a type of sensor technology that uses laser light to accurately detect the distance to an object, its position, and its shape) sensor, with disaster drills in 2021 conducted by the Kyushu Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. By using OPTiM Geo Scan for disaster recovery activities, we can expect to reduce the costs of surveying equipment and shorten the surveying time, which will contribute to the collection of 3D data and disaster recovery activities using this data. In addition, we have started to connect OPTiM Geo Scan with ScanX, K.K.'s service, ScanX, which enables 3D point cloud data to be processed, analyzed and shared on the cloud. Through this connection, it will be possible to carry out everything from surveying to the creation of 3D data and data sharing with the client after editing, simply by using only the OPTiM Geo Scan account. In addition, we are making progress in our efforts to develop the LANDLOG platform and for smart construction in collaboration with Komatsu Ltd.

In the agricultural field, we and five other companies—Kubota Corporation, inaho Inc., Routrek Networks, Inc., Legmin inc., and KantoKoushin-KUBOTA—have started a demonstration experiment for smart house cultivation. By bringing together the automation solutions using robots, AI, and other technologies of each of the participating companies, we have established a demonstration environment that enables us to mutually utilize the data collected in each cultivation process, such as irrigation (watering), fertilization, pest control (prevention and extermination of pests), and harvesting. In addition, we are working on initiatives such as spraying pesticides as needed using drones in the Shirakawa area of Fukushima Prefecture, and conducting direct seeding cultivation using drones in Niigata Prefecture and various other areas to reduce the burden of rice cultivation. In this way, we are aiming to develop new solutions through conducting a series of various demonstration experiments.

In the medical field, the introduction of the hinotori™ Surgical Robot System (hereinafter referred to as hinotori™), the first made-in-Japan robotic assisted surgery system, is being promoted, and the Group continues to support its introduction in terms of software, including the Medicaroid Intelligent Network System (MINS), a platform for the network support system for hinotori™. In addition, alongside the spread of COVID-19, demand is rising for the Online Medical Care Platform reflecting the growing need for online medical care. In response to this, we have started a joint research project with Kobe University, a national university corporation, and ZAIKEN Co., Ltd. to investigate the safety and usefulness of a new form of medical treatment that utilizes a small electrocardiograph mailing system for outpatient treatment of atrial fibrillation patients, using the Online Medical Pocket Doctor and duranta, a wearable electrocardiograph. Through this research, we are investigating the safety and usefulness of a new medical care format in cardiovascular outpatient clinics that combines online and face-to-face consultations.

In the field of intellectual property, a patent for an AI analysis and management system for contracts (Patent No. 6290459) received the Prize of the Minister of Education, Culture, Sports, Science and Technology at the Kyushu Regional Awards for Invention in 2021. In addition, Patent Result Co., Ltd. has ranked Shunji Sugaya, the President of the Company, as number one for individual patent assets in the field of information and communications in Japan from 1993 to 2020.

We will hold an event called OPTiM INNOVATION 2021 to introduce our activities in these various fields, as well as AI and IoT solutions that can be immediately applied to business. This year, we plan to hold the event on separate days for each of the multiple industries in which the Group is involved under the theme of DX to Change Your Work. The first event is OPTiM INNOVATION 2021 Construction for the construction industry, the second is OPTiM INNOVATION 2021 Agri for the agriculture industry, and the third and fourth are OPTiM INNOVATION 2021 Medical for the medical industry, and OPTiM INNOVATION 2021 Final for all kinds of companies, including the office, retail and manufacturing industries. At OPTiM INNOVATION 2021 Construction, we will introduce the latest developments for digital transformation at construction sites, such as i-Construction, ICT utilization, 3D construction, and BIM (\*2)/CIM (\*3), as well as updated information, introduction and utilization cases, and the future prospects of OPTiM Geo Scan, a surveying application that will revolutionize construction sites. At OPTiM INNOVATION 2021 Agri, we will introduce new services related to smart agriculture promoted by our Group, examples of projects using cutting-edge technologies including our patented Pinpoint Pesticide Spraying Technology, and initiatives with partners.

As a result, consolidated operating results for the second quarter of the current fiscal year were as follows: net sales of 3,521,478,000 yen (up 15.4% year on year), operating profit of 571,878,000 yen (up 75.6% year on year), ordinary profit of 516,550,000 yen (up 0.4% year on year), and profit attributable to owners of parent of 319,884,000 yen (down 0.5% year on year).

As mentioned above, both sales and profits have been steadily increasing.

The gap between operating profit and ordinary profit is large, but this is due to the fact that all three joint ventures established from the previous fiscal year to the current fiscal year are in an investment phase and therefore they are incurring upfront expenses.

Profit attributable to owners of parent decreased year on year, but this was caused by the fact that in the previous fiscal year, there were postings of non-operating income as a special factor, including commissions income (approximately 92 million yen) due to the delay in the finalization of government subsidies, etc., and a gain on investments in investment partnerships (approximately 99 million yen).

The Group's sales structure is heavily weighted toward the second half of the fiscal year due to the fact that stock-type sales are the mainstay of the Group's sales and that the acceptance inspection period for flow-type customization income tends to be concentrated in the second half of the fiscal year.

On the other hand, there are concerns about the long-term economic impact of COVID-19 on a global scale. Even now that the emergency declaration and quasi-emergency measures imposed nationwide in Japan have been lifted, the future status of the COVID-19 pandemic and its impact on society remain uncertain, and the extent of its impact on the Group is unpredictable. In the event that infections spread again in the future and the pandemic does not come to an end, this may lead to a slowdown of the economy itself, which may have an impact on our group.

- \*1 DX: Digital transformation. The concept is that the penetration of IT will change people's lives for the better in all aspects, meaning that companies will use technology to fundamentally change the performance and scope of their business.
- \*2 BIM: Abbreviation for Building Information Modeling It is an initiative to improve the efficiency and sophistication of overall construction production and management systems by introducing 3D models from the planning, survey, and design stages to facilitate information sharing among related parties throughout the project through linking and developing 3D models in the subsequent construction and maintenance/management stages.
- \*3 CIM: Abbreviation for Construction Information Modeling/Management This refers to the introduction of BIM, which has been used in the field of architecture, in the field of civil engineering.

## (2) Explanation of Financial Position

## Status of assets, liabilities and net assets

## (Assets)

The balance of assets at the end of the second quarter of the current consolidated fiscal year was 5,844,057,000 yen, a decrease of 404,849,000 yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 651,282,000 yen in notes and accounts receivable-trade and contract assets, and 305,807,000 yen in cash and deposits, despite increases of 324,443,000 yen in software and 177,375,000 yen in software in progress.

## (Liabilities)

The balance of total liabilities at the end of the second quarter of the current consolidated fiscal year was 1,172,837,000 yen, a decrease of 720,180,000 yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 261,795,000 yen in notes and accounts payable-trade and 357,166,000 yen in income taxes payable.

## (Net assets)

The balance of net assets at the end of the second quarter of the current consolidated fiscal year was 4,671,220,000 yen, an increase of 315,331,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 319,884,000 yen in retained earnings resulting from profit attributable to owners of parent.

## (3) Analysis of Cash Flow Status

Cash and cash equivalents (hereinafter referred to as cash) at the end of the second quarter of the current consolidated fiscal year decreased by 305,807,000 yen on the end of the previous consolidated fiscal year to 1,147,869,000 yen.

The status of each cash flow and their factors during the first half of the current consolidated fiscal year are as follows.

## (Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to 566,164,000 yen (compared to 510,363,000 yen provided in the same period of the previous fiscal year). This was mainly due to a decrease in notes and accounts receivable-trade of 651,282,000 yen and a decrease in notes and accounts payable-trade of 252,252,000 yen.

## (Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to 867,887,000 yen (compared to 325,941,000 yen used in the same period of the previous fiscal year). This was mainly due to payments of 613,531,000 yen for the acquisition of intangible fixed assets and payments of 151,169,000 yen for leasehold and guarantee deposits.

## (Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to 4,084,000 yen (compared to 559,000 yen provided in the same period of the previous fiscal year). This was mainly due to the payment of 4,200,000 yen in dividends paid to non-controlling interests.

## (4) Notes on the Consolidated Financial Results Forecast and Other Forward-looking Information

For the consolidated financial results forecast for the fiscal year ending March 31, 2022, there is no change from the figures of the consolidated financial results forecast announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 dated May 14, 2021.

## 2. Quarterly Consolidated Financial Statements and Major Notes

## (1) Quarterly Consolidated Balance Sheets

(1,000 yen)

	(As of March 31, 2021)	(As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,453,676	1,147,869
Notes and accounts receivable - trade	1,807,181	-
Notes and accounts receivable - trade, and contract assets	-	1,155,898
Inventories	101,376	68,977
Other	153,079	158,085
Total current assets	3,515,313	2,530,831
Non-current assets		
Property, plant and equipment	253,562	208,608
Intangible assets		
Software	671,005	995,448
Software in progress	131,510	308,885
Other	17,157	13,868
Total intangible assets	819,673	1,318,202
Investments and other assets		
Leasehold and guarantee deposits	336,116	484,851
Deferred tax assets	636,647	595,925
Other	687,592	705,638
Total investments and other assets	1,660,356	1,786,415
Total non-current assets	2,733,593	3,313,226
Total assets	6,248,906	5,844,057
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	612,195	350,400
Short-term borrowings	17,150	17,150
Income taxes payable	531,856	174,690
Provision for bonuses	135,322	102,933
Other provisions	23,054	11,963
Asset retirement obligations	-	55,230
Other	511,495	455,213
Total current liabilities	1,831,074	1,167,581
Non-current liabilities		
Asset retirement obligations	61,943	5,255
Total non-current liabilities	61,943	5,255
Total liabilities	1,893,017	1,172,837
<b>Net assets</b>		
Shareholders' equity		
Share capital	443,749	443,806
Capital surplus	727,880	727,938
Retained earnings	3,110,494	3,430,378
Treasury shares	(75,272)	(75,272)
Total shareholders' equity	4,206,852	4,526,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,861	52,861
Total accumulated other comprehensive income	52,861	52,861
Non-controlling interests	96,175	91,507
Total net assets	4,355,888	4,671,220
Total liabilities and net assets	6,248,906	5,844,057



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(For the six months)

(1,000 yen)

	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net sales	3,051,093	3,521,478
Cost of sales	1,145,478	1,525,333
Gross profit	1,905,615	1,996,145
Selling, general and administrative expenses	1,579,993	1,424,266
Operating profit	325,621	571,878
Non-operating income		
Interest income	3	3
Commission income	92,630	0
Insurance claim income	1,301	1,168
Subsidy income	-	269
Gain on investments in investment partnerships	99,182	748
Consumption tax gain	-	14,410
Miscellaneous income	4,190	2,578
Total non-operating income	197,308	19,179
Non-operating expenses		
Foreign exchange losses	1,664	5
Loss on retirement of non-current assets	-	2,772
Share of loss of entities accounted for using equity method	6,517	71,630
Miscellaneous losses	-	98
Total non-operating expenses	8,181	74,507
Ordinary profit	514,748	516,550
Profit before income taxes	514,748	516,550
Income taxes - current	164,691	156,412
Income taxes - deferred	28,138	40,722
Total income taxes	192,829	197,134
Profit	321,919	319,416
Profit (loss) attributable to non-controlling interests	430	(467)
Profit attributable to owners of parent	321,488	319,884

(Quarterly Consolidated Statements of Comprehensive Income)

(For the six months)

(1,000 yen)

	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Profit	321,919	319,416
Comprehensive income	321,919	319,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	321,488	319,884
Comprehensive income attributable to non-controlling interests	430	(467)

## (3) Quarterly Consolidated Statements of Cash Flows

	(1,000 yen)	
	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net cash provided by (used in) operating activities		
Profit before income taxes	514,748	516,550
Depreciation and amortization expense	58,381	159,351
Amortization of goodwill	-	3,289
Increase (decrease) in provision for bonuses for board directors (and other officers)	(10,094)	(11,090)
Increase (decrease) in provision for bonuses	(33,563)	(32,388)
Interest and dividend income	(3)	(3)
Foreign exchange losses (gains)	1,713	-
Loss (gain) on investments in investment partnerships	(98,358)	(748)
Share of loss (profit) of entities accounted for using equity method	5,694	71,630
Decrease (increase) in trade receivables	588,611	651,282
Decrease (increase) in inventories	(10,508)	32,398
Increase (decrease) in trade payables	(137,689)	(252,252)
Loss (gain) on sales of non-current assets	(124)	-
Loss on retirement of non-current assets	-	2,772
Decrease (increase) in accounts receivable - other	(11,677)	(5,975)
Increase (decrease) in accounts payable - other	(126,597)	3,643
Increase (decrease) in accrued expenses	(14,236)	4,111
Increase (decrease) in accrued consumption taxes	(73,392)	(126,386)
Increase (decrease) in unearned revenue	161,413	66,571
Increase (decrease) in deposits received	(61,387)	(4,383)
Other	(179)	(8,025)
Subtotal	752,748	1,070,347
Interest and dividends received	3	3
Income taxes paid	(242,388)	(504,186)
Net cash provided by (used in) operating activities	510,363	566,164
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(11,195)	(15,048)
Proceeds from sales of property, plant and equipment	1,015	-
Purchase of intangible assets	(313,672)	(613,531)
Purchase of investment securities	(30,000)	-
Loan advances	(21,000)	-
Payments for asset retirement obligations	-	(800)
Purchase of shares of subsidiaries and associates	(82,000)	(98,000)
Proceeds from distributions from investment partnerships	129,447	9,200
Payments of leasehold and guarantee deposits	(199)	(151,169)
Proceeds from refund of leasehold and guarantee deposits	1,465	1,264
Other	198	198
Net cash provided by (used in) investing activities	(325,941)	(867,887)
Net cash provided by (used in) financing activities		
Dividends paid to non-controlling interests	-	(4,200)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	559	115
Net cash provided by (used in) financing activities	559	(4,084)
Effect of exchange rate change on cash and cash equivalents	(1,713)	-
Net increase (decrease) in cash and cash equivalents	183,267	(305,807)

	(1,000 yen)	
	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Cash and cash equivalents at beginning of period	1,263,910	1,453,676
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	20,500	-
Cash and cash equivalents at end of period	1,467,677	1,147,869

## (4) Notes on Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Note in the event of a significant change in the amount of shareholders' equity)

Not applicable.

(Changes in significant subsidiaries during the six months ended September 30, 2021)

Not applicable.

(Change in the scope of consolidation or application of the equity method)

Significant changes in the scope of application of the equity method

Effective from the first quarter of the current fiscal year, the newly established DXGoGo Inc., has been included in the scope of application of the equity method.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standard") and other related standards from the beginning of the first quarter of the current fiscal year, and it will recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

Regarding the application of the revenue recognition accounting standard, etc., the Company followed the transitional treatment prescribed in the proviso of Paragraph 84 of the revenue recognition accounting standard and calculated the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter of the current consolidated fiscal year, but there was no such cumulative effect and no impact on profit and loss for the first half of the current consolidated fiscal year.

Due to the application of the Revenue Recognition Accounting Standard, notes and accounts receivable-trade, which was included in current assets in the consolidated balance sheet for the previous fiscal year, is now included in notes, accounts receivable-trade and contract assets from the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not made any reclassifications based on the new presentation method for the previous consolidated fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on revenues from contracts with customers for the six months ended September 30, 2020, has not been broken down.

(Changes in accounting estimates)

(Changes in the useful lives of tangible fixed assets)

During the second quarter of the current consolidated fiscal year, we decided to relocate the Tokyo head office. As a result of the relocation, the useful lives of fixed assets that will no longer be available for use have been reduced and this change will be applied proactively.

As a result of this change, each of operating profit, ordinary profit, and profit (loss) before income taxes for the first half of the current consolidated fiscal year decreased by 16,385,000 yen compared to the amounts based on the previous method.

(Segment information, etc.)

[Segment information]

## I For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

Since the Group's only business is the license sales and maintenance support service (Optimal) business, this information is omitted.

## II For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

Since the Group's only business is the license sales and maintenance support service (Optimal) business, this information is omitted.