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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 12, 2022

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 August 12, 2022 Scheduled date of commencing dividend payments -

Scheduled date of securities report submission June 30, 2022

Availability of supplementary briefing materials on quarterly financial results : Yes

Schedule of quarterly financial results briefing session : No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	1,945	15.5	192	(19.8)	156	(31.4)	68	(49.7)
Three months ended June 30, 2021	1,683	22.2	240	-	227	622.3	135	947.7

(Note) Comprehensive income Three months ended June 30, 2022 68 Million yen (-49.7 %) Three months ended June 30, 2021 136 Million yen (935.5 %)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended June 30, 2022	1.24	1.23	1.23	1.23
Three months ended June 30, 2021	2.47	2.45	2.45	2.45

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of June 30, 2022	6,875	5,317	5,317	5,317	76.0	76.0
As of March 31, 2022	7,387	5,248	5,248	5,248	69.8	69.8

(Reference) Equity As of June 30, 2022 5,225 Million yen As of March 31, 2022 5,157 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, 2022	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2023	-	-	-	-	-
Fiscal year ending March 31, 2023 (Forecast)	-	-	-	-	-

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

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	Yen
Full year	9,140	10.0	1,690	10.1	1,590	7.1	947	0.4	17.20	17.20

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

* Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2022 : No

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

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 : No

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

3) Changes in accounting estimates : No

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)

June 30, 2022	55,141,024 shares	March 31, 2022	55,139,520 shares
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2) Total number of treasury shares at the end of the period

June 30, 2022	89,948 shares	March 31, 2022	89,348 shares
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3) Average number of shares during the period

June 30, 2022	55,051,241 shares	June 30, 2021	55,040,199 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 are not intended as a promise by the Company that these 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 three months of the consolidated fiscal year, the Japanese economy showed signs of recovery amid progress in measures against the spread of the novel coronavirus (hereinafter referred to as COVID-19) and the normalization of economic and social activities.

In this market environment, the Group has been engaged in business by promoting two types of DX (*1), classified as Corporate DX for digitalization to improve and streamline internal operations and Industrial DX for digitalization to create businesses using digital technology, and by continuing to make aggressive investments for growth to develop new markets.

First, with regard to the status of Corporate DX during the first three months of the current consolidated fiscal year, the number and types of PCs, smartphones, and other terminals to be managed have increased as more companies utilize teleworking for their operations in response to the spread of COVID-19. In line with this, the number of licenses for Optimal Biz, which manages and operates terminals used for business purposes, is steadily increasing.

For our AI-based contract management service OPTiM Contract, we have acquired Certification of Legal Requirements for Electronic Transaction Software (*2) from Japan Image and Information Management Association (JIIMA). By obtaining this certification, OPTiM Contract is certified as a service that can manage contracts and other national tax-related documents electronically in accordance with the revised Electronic Bookkeeping Law. In addition, IGUAZU Corporation became a new sales partner. In the future, we aim to expand sales of OPTiM Contract through approximately 600 IGUAZU partners nationwide.

Next, with regard to the status of Industrial DX in the first three months of the current consolidated fiscal year, OPTiM AI Camera Enterprise, a real-time AI image analysis service that can be used across industries, has been increasingly adopted and is being used in a wide variety of situations. New applications included an initiative to count the number of passengers using the Kyushu-Saga International Airport passenger building, operated and managed by Saga Airport Terminal Building Co., Ltd., and the use of the system as an anti-COVID-19 solution in the castle tower at Kumamoto Castle. Thus, the use of the OPTiM AI Camera Enterprise has been expanding for marketing applications related to facility operations and for preventing the spread of COVID-19.

In the construction field, the smartphone 3D surveying application OPTiM Geo Scan became the first LiDAR surveying application using a mobile terminal in Japan (*3) that complies with 3D measurement technology-based finished shape management guidelines (*4) revised by the Ministry of Land, Infrastructure, Transport and Tourism. This means that the survey meets a certain level of accuracy as stipulated by the government and OPTiM Geo Scan will be usable in finished shape surveying for public works projects, which will hopefully promote the further use of the system. In addition, we started providing OPTiM Geo Design, an application for creating graphic data, as a free option for OPTiM Geo Scan. OPTiM Geo Design specializes in the creation of graphic data that forms the basis of frequently used plans (*5), profiles (*6), and cross sections (*7) in the construction field, making it easy for on-site workers without drafting experience or knowledge to create graphic data. By introducing OPTiM Geo Scan, you can get support not only for 3D surveying, but also for surveying using OPTiM Geo Point, creating 2D drawings using OPTiM Geo Design and many other situations in the construction field.

Optimal Biz, OPTiM Geo Scan, OPTiM Contract, OPTiM AI Camera, and OPTiM AI Camera Enterprise were certified as IT tools eligible for subsidy under the IT Introduction Subsidy 2022 administered by the Ministry of Economy, Trade and Industry. Users can install these certified services at half the price at most, which will hopefully increase the number of licenses.

As a result of these efforts, consolidated operating results for the first three months of the current consolidated fiscal year were as follows: net sales of 1,945,562,000 yen (up 15.5% year-on-year), operating profit of 192,627,000 yen (down 19.8% year-on-year), ordinary profit of 156,221,000 yen (down 31.4% year-on-year), and profit attributable to owners of parent of 68,430,000 yen (down 49.7% year-on-year).

On the other hand, there are signs of another spread of COVID-19, and it is currently unclear how much of an impact it will have on the Group, given the current uncertainties about its future impact on society and other factors. In the unlikely event that COVID-19 continues to spread further, the impact on the economy will be unknown and may affect the Group.

As for the Group's sales structure, sales are heavily weighted toward the second half of the fiscal year primarily due to the fact that stock-type license income is mainly generated through sales on a monthly billing basis and that the acceptance period for

flow-type customized sales tends to be concentrated in the second half of the fiscal year.

- *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 Certification of Legal Requirements for Electronic Transaction Software: A system where JIIMA checks whether commercial software and software services that store transaction information when national tax-related documents are prepared by computer and exchanged electronically meet the requirements of Article 7 of the revised Electronic Bookkeeping Law, and certifies those that are determined to meet the legal requirements.
- *3 As of April 8, 2022, based on our research. Surveying services and applications are targeted that combine the measurement functionality using mobile device-mounted LiDAR sensors with RTK-GNSS receivers, which are available for general sale.
- *4 3D measurement technology-based finished shape management guidelines: An index compiled by the Ministry of Land, Infrastructure, Transport and Tourism on matters required for surveying using 3D surveying technology in the civil engineering field.
- *5 Plan: A drawing of a structure as seen from a high-angle view.
- *6 Profile: A drawing showing the relationship between the height of each measuring point of a structure, viewed horizontally from the side by a vertical cross-section of the structure.
- *7 Cross sections: A drawing showing the configuration of a structure, viewed vertically from the side by a vertical cross-section of the structure.

(2) Explanation of Financial Position

Status of assets, liabilities and net assets

(Assets)

The balance of assets at the end of the first quarter of the current consolidated fiscal year was 6,875,671,000 yen, a decrease of 511,805,000 yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 893,062,000 yen in notes and accounts receivable-trade, and contract assets, whereas there was an increase of 445,624,000 yen cash and deposits.

(Liabilities)

The balance of total liabilities at the end of the first quarter of the current consolidated fiscal year was 1,558,224,000 yen, a decrease of 580,449,000 yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 500,000,000 yen in short-term borrowings and 188,594,000 yen in notes and accounts payable-trade.

(Net assets)

The balance of net assets at the end of the first quarter of the current consolidated fiscal year was 5,317,446,000 yen, an increase of 68,644,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 68,430,000 yen in retained earnings resulting from profit attributable to owners of parent.

(3) 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, 2023, 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, 2022 dated May 13, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(1,000 yen)

	Fiscal year ended March 31, 2022 (As of March 31, 2022)	Three months ended June 30, 2022 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	979,399	1,425,024
Notes and accounts receivable - trade, and contract assets	2,277,485	1,384,423
Inventories	94,002	78,144
Other	181,199	165,192
Total current assets	3,532,087	3,052,785
Non-current assets		
Property, plant and equipment	404,754	447,646
Intangible assets		
Software	1,537,909	1,711,016
Software in progress	112,437	109,512
Other	10,578	8,933
Total intangible assets	1,660,924	1,829,463
Investments and other assets		
Leasehold and guarantee deposits	560,888	345,403
Deferred tax assets	512,688	536,356
Other	716,133	664,016
Total investments and other assets	1,789,710	1,545,776
Total non-current assets	3,855,390	3,822,886
Total assets	7,387,477	6,875,671
Liabilities		
Current liabilities		
Notes and accounts payable - trade	599,575	410,981
Short-term borrowings	514,550	14,550
Income taxes payable	88,783	108,315
Provision for bonuses	140,957	205,811
Other provisions	23,552	27,056
Other	632,773	652,892
Total current liabilities	2,000,191	1,419,608
Non-current liabilities		
Asset retirement obligations	138,482	138,616
Total non-current liabilities	138,482	138,616
Total liabilities	2,138,674	1,558,224
Net assets		
Shareholders' equity		
Share capital	444,018	444,054
Capital surplus	728,150	728,186
Retained earnings	4,054,056	4,122,486
Treasury shares	(75,272)	(75,272)
Total shareholders' equity	5,150,952	5,219,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,184	6,184
Total accumulated other comprehensive income	6,184	6,184
Non-controlling interests	91,665	91,807
Total net assets	5,248,802	5,317,446
Total liabilities and net assets	7,387,477	6,875,671

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(For the three months)

(1,000 yen)

	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net sales	1,683,831	1,945,562
Cost of sales	737,314	990,068
Gross profit	946,516	955,493
Selling, general and administrative expenses	706,427	762,866
Operating profit	240,089	192,627
Non-operating income		
Foreign exchange gains	2	-
Subsidy income	269	3,062
Consumption tax gain	14,410	273
Miscellaneous income	833	5,342
Total non-operating income	15,516	8,678
Non-operating expenses		
Interest expenses	55	443
Foreign exchange losses	-	75
Share of loss of entities accounted for using equity method	27,832	43,679
Loss on investments in investment partnerships	78	840
Loss on retirement of non-current assets	-	0
Miscellaneous losses	20	44
Total non-operating expenses	27,986	45,084
Ordinary profit	227,619	156,221
Extraordinary losses		
Loss on valuation of investment securities	-	8,078
Total extraordinary losses	-	8,078
Profit before income taxes	227,619	148,142
Income taxes - current	65,514	88,848
Income taxes - deferred	25,897	(23,668)
Income taxes for prior periods	-	14,390
Total income taxes	91,411	79,570
Profit	136,207	68,571
Profit attributable to non-controlling interests	214	141
Profit attributable to owners of parent	135,993	68,430

(Quarterly Consolidated Statements of Comprehensive Income)

(For the three months)

(1,000 yen)

	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Profit	136,207	68,571
Comprehensive income	136,207	68,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	135,993	68,430
Comprehensive income attributable to non-controlling interests	214	141

(3) 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.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

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

II For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

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