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## Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

August 13, 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 August 13, 2021  
 Scheduled date of commencing dividend payments -  
 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, 2021 (April 1, 2021 to June 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	%
Three months ended June 30, 2021	1,683	22.2	240	-	227	622.3	135	947.7
Three months ended June 30, 2020	1,377	17.5	(38)	-	31	-	12	-

(Note) Comprehensive income Three months ended June 30, 2021 136 million yen ( 935.5%)  
 Three months ended June 30, 2020 13 million yen ( -%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	2.47	2.45
Three months ended June 30, 2020	0.24	0.23

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2021	5,719	4,492	76.9
As of March 31, 2021	6,248	4,355	68.2

(Reference) Equity As of June 30, 2021 4,395 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	-	-	-	-	-
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 three months ended June 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: 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, 2021	55,129,472 shares	March 31, 2021	55,128,288 shares
2) Total number of treasury shares at the end of the period	June 30, 2021	89,148 shares	March 31, 2021	88,948 shares
3) Average number of shares during the period	June 30, 2021	55,040,199 shares	June 30, 2020	55,036,052 shares

\* 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 quarter of the fiscal year ending March 31, 2022, the Japanese economy continued to show signs of recovery, although with increasing weakness in some areas, despite still being in a severe situation due to the impact of the novel coronavirus infection (hereinafter referred to as COVID-19).

In such a market environment, the Group will continue to promote the concept of  $\text{OO} \times \text{IT}$  in the current fiscal year. To promote this concept, we will develop new markets by promoting two types of DX (\*1), categorizing digitalization for internal business improvement and efficiency as Corporate DX and digitalization for business creation using digital technology as Industrial DX.

For Corporate DX, needs to digitize office operations, promote remote work, improve operational efficiency, and reduce costs are rapidly expanding due to COVID-19. The Group already has a cumulative customer base of 180,000 companies through providing Optimal Biz and other services. We will utilize our sales partners to develop and provide new services to this customer base.

For Industrial DX, demand for devices connected to the Group's AI and IoT platforms and killer services for industry is increasing dramatically as a result of the further promotion of the  $\text{OO} \times \text{IT}$  strategy. Going forward, we will continue to enhance device coverage and promote the development of industrial killer services, aiming to connect to 45 billion devices worldwide and to provide industrial killer services.

We will work together with our existing strong sales partners and joint ventures to promote and expand our business using these two DXs as our driving force.

First, a detailed explanation of Corporate DX is provided below.

With regard to the business situation of the Group during the first quarter of the current fiscal year, teleworking has become more common due to the spread of COVID-19. Against this backdrop, demand for the management and operation of smartphones, tablets, and PCs used outside the office is increasing, leading to a steady increase in the number of Optimal Biz licenses. As a proof of this, Optimal Biz, which supports Corporate DX, was recognized as having the top market share in 12 out of 19 categories in the 2020 research results for the section of "2. Mobile Management Market" in the 2020–2021 Endpoint Management Market Marketing Analysis, which is a research report published by a third-party research organization, Techno Systems Research Co., Ltd.

We also introduced new services, of Optimal Remote Web, Optimal Remote IoT, OPTiM ID+ (Plus), OPTiM Contract, and OPTiM Digital Marketing.

Optimal Remote Web is a remote support service that allows users to easily and securely share the web screen displayed on their PC, smartphone, tablet, etc., in real time. The operator can check the contents of the web page being viewed and provide support by simply asking the user for the reception number, without requiring the user to install a dedicated application.

Optimal Remote IoT is a service that enables remote operation of IoT terminals where an agent has been installed in advance. By using this service, operators can remotely control IoT devices without commuting to work, which can be used for telework. In addition, this service enables the operation of devices installed remotely without the need to visit the site, which contributes to the reduction of the terminals' operation and maintenance costs and early recoveries from problems.

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.

OPTiM Contract is a service that uses AI to improve the efficiency of contract management. In this service, an AI automatically and rapidly extracts data such as the name of the contract, the name of the contracting company, the date of contract conclusion/termination, the effective period, and the date of contract renewal written in the contract. The information automatically extracted by the AI is categorized and managed collectively on the dashboard, which reduces management costs. In addition, alerts are issued when the expiration date of a contract is approaching to prevent losses due to a failure to renew the contract.

OPTiM Digital Marketing is a cloud service that optimizes and streamlines a company's various marketing initiatives based on CRM (Customer Relationship Management). By using this service, companies can optimize various activities related to

strengthening contact with customers, such as customer information management, website content management, EC site construction and operation, and efficient mail magazine distribution.

The next section describes Industrial DX.

First of all, OPTiM AI Camera, which is an AI image analysis service that can be used regardless of the industry, is steadily growing in popularity. In the first quarter, we provided the congestion visualization function, which is an anonymized display of congestion conditions, of OPTiM AI Camera to Ueno Zoo in cooperation with KDDI Corporation. This service visualizes the congestion in areas where congestion is expected in real time and displays it on the website of Ueno Zoo. By checking this information, visitors can check the level of congestion in advance and avoid congestion by visiting areas that are not crowded first to enjoy the exhibition comfortably. In addition, they can enjoy the exhibitions without anxiety in terms of preventive measures against the spread of COVID-19.

We also introduced a new service, OPTiM IoT, which is a cloud device management service that utilizes IoT. OPTiM IoT is a service that manages and operates all kinds of devices and equipment from the cloud. Introducing this service will allow you to optimize the operation of the devices and equipment you are managing and maximize the productivity of the devices and equipment.

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

In the field of agriculture, in cooperation with Ishikawa Agricultural Research Center, which is working with us on the development of a drone direct seeding machine, we conducted a demonstration experiment to acquire growth information on a wide range of rice, soybeans, etc., from aerial images taken by the fixed-wing drone OPTiM Hawk and to provide detailed cultivation guidance. Conventionally, growth information obtained from surveys of representative fields in the region is used for cultivation guidance. But in this demonstration experiment, fixed-wing drone technology will be applied to combine growth information from conventional representative fields with the extensive information obtained from drones. This will allow the conditions of all the fields in the target area to be checked and detailed cultivation guidance tailored to the conditions of each field to be realized. Therefore, further improvements in the yield and quality of crops can be expected. This demonstration experiment is being conducted as part of the FY2021 Smart Agriculture Demonstration Project organized by the Ministry of Agriculture, Forestry and Fisheries of Japan.

In the healthcare field, during the COVID-19 pandemic, online healthcare treatment is attracting more and more attention as a new healthcare treatment method that does not involve human contact. Under such circumstances, we have upgraded the version of our product to meet the demands of our customers who use the Online Healthcare Platform provided by our Group. In this upgrade, the video calling function has been enhanced. In addition, we enhanced the corresponding items of the healthcare device connectivity function to allow users to refer to the blood oxygen level measured by the Apple Watch.

In the construction field, we have officially launched OPTiM Geo Scan, an application formally known as OPTiM Land Scan, which allows users to acquire highly accurate three-dimensional data by simply scanning surveyed objects such as soil structures with a smartphone or tablet equipped with 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. OPTiM Geo Scan is an application that allows users to generate highly accurate three-dimensional data required by civil engineering sites through the scanning of survey targets such as soil structures with a smartphone or tablet. This application is intended for use at small-scale sites where it is difficult to use drones or laser scanners, and it can reduce surveying time by up to 60% compared to conventional electro-optical distance measuring. Furthermore, the cost can be reduced by more than 80% compared to existing 3D survey methods using drones, laser scanners, etc.

In addition, we established a joint venture company, DXGoGo Inc., together with KDDI Corporation. DXGoGo will plan and provide DX products and services using AI and IoT that are easy to implement by taking advantage of the strengths of KDDI Corporation and our company. In addition, we will contribute to the digital transformation of all industrial fields by developing plans that create new business models and commercializing them.

As a result, consolidated operating results for the first quarter of the current fiscal year were as follows: net sales of 1,683,831,000 yen (up 22.2% year on year), operating profit of 240,089,000 yen (compared to an operating loss of 38,603,000 yen in the same period of the previous fiscal year), ordinary profit of 227,619,000 yen (up 622.3% year on year), and profit attributable to owners of parent of 135,993,000 yen (up 947.7% year on year).

As for Corporate DX, license sales mainly of Optimal Biz are progressing steadily, especially MDM services for corporate customers, which are the mainstream services, and we expect to increase license sales through new services. For Industrial DX, sales from license customization (\*2) have made a steady start compared to in the previous fiscal year. In addition, we expect to develop solutions specialized for each industry, and sales in the agriculture × IT field, which we have been working on for several years, have been particularly strong.

On the other hand, there are concerns about the long-term economic impact of COVID-19 on a global scale. In the previous fiscal year, the Group's new businesses that will play important roles in expanding sales in the future, especially customized development for client companies when they introduce our Group's services, were sometimes affected by changes in the policies and measures of partner companies due to the impact of COVID-19. At present, when there is uncertainty about the future status of COVID-19 and the impact it will have on society, it is unclear to what extent it will have an impact on our Group.

Should the spread of the infection continue for a prolonged period of time and not come to an end, it could lead to a decline in the economy itself, which could have an impact on our Group.

The Group's sales structure is heavily weighted toward the second half of the fiscal year, due to the fact that stock-type license income accounts for the majority of sales (approximately 80%) and that the acceptance period of flow-type customization income 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 License customization: Customized development based on a license of the part of the services that we have researched and developed. Development leading to the issuance of licenses in the future.

## (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 5,719,052,000 yen, a decrease of 529,854,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 201,760,000 yen in software and 185,340,000 yen in investments and other assets, whereas a decrease of 835,900,000 yen in notes and accounts receivable-trade and, contract assets.

(Liabilities)

The balance of total liabilities at the end of the first quarter of the current consolidated fiscal year was 1,226,898,000 yen, a decrease of 666,118,000 yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 263,780,000 yen in notes and accounts payable-trade and 461,102,000 yen in income taxes payable.

(Net assets)

The balance of net assets at the end of the first quarter of the current consolidated fiscal year was 4,492,153,000 yen, an increase of 136,264,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 135,993,000 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, 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 June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,453,676	1,348,622
Notes and accounts receivable - trade	1,807,181	-
Notes and accounts receivable - trade, and contract assets	-	971,280
Inventories	101,376	83,899
Other	153,079	134,734
Total current assets	3,515,313	2,538,537
Non-current assets		
Property, plant and equipment	253,562	239,483
Intangible assets		
Software	671,005	872,765
Software in progress	131,510	207,055
Other	17,157	15,512
Total intangible assets	819,673	1,095,334
Investments and other assets		
Leasehold and guarantee deposits	336,116	486,116
Deferred tax assets	636,647	610,749
Other	687,592	748,830
Total investments and other assets	1,660,356	1,845,697
Total non-current assets	2,733,593	3,180,514
Total assets	6,248,906	5,719,052
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	612,195	348,415
Short-term borrowings	17,150	17,150
Income taxes payable	531,856	70,753
Provision for bonuses	135,322	196,694
Other provisions	23,054	28,825
Asset retirement obligations	-	1,497
Other	511,495	503,095
Total current liabilities	1,831,074	1,166,432
Non-current liabilities		
Asset retirement obligations	61,943	60,466
Total non-current liabilities	61,943	60,466
Total liabilities	1,893,017	1,226,898
<b>Net assets</b>		
Shareholders' equity		
Share capital	443,749	443,777
Capital surplus	727,880	727,908
Retained earnings	3,110,494	3,246,487
Treasury shares	(75,272)	(75,272)
Total shareholders' equity	4,206,852	4,342,901
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	96,389
Total net assets	4,355,888	4,492,153
Total liabilities and net assets	6,248,906	5,719,052

## (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, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Net sales	1,377,576	1,683,831
Cost of sales	561,849	737,314
Gross profit	815,726	946,516
Selling, general and administrative expenses	854,329	706,427
Operating profit	(38,603)	240,089
Non-operating income		
Commission income	63,979	0
Insurance claim income	555	-
Foreign exchange gains	-	2
Subsidy income	-	269
Gain on investments in investment partnerships	6,428	-
Consumption tax gain	-	14,410
Miscellaneous income	1,719	833
Total non-operating income	72,683	15,516
Non-operating expenses		
Foreign exchange losses	594	-
Share of loss of entities accounted for using equity method	1,970	27,832
Loss on investments in investment partnerships	-	78
Miscellaneous losses	-	75
Total non-operating expenses	2,564	27,986
Ordinary profit	31,515	227,619
Profit before income taxes	31,515	227,619
Income taxes - current	38,116	65,514
Income taxes - deferred	(19,754)	25,897
Total income taxes	18,361	91,411
Profit	13,153	136,207
Profit attributable to non-controlling interests	173	214
Profit attributable to owners of parent	12,979	135,993



(Quarterly Consolidated Statements of Comprehensive Income)

(For the three months)

(1,000 yen)

	For the three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	For the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Profit	13,153	136,207
Comprehensive income	13,153	136,207
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,979	135,993
Comprehensive income attributable to non-controlling interests	173	214

(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.

(Changes in significant subsidiaries during the three months ended June 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.

With respect to the application of the Revenue Recognition Accounting Standard, etc., the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, and it has calculated the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter of the current fiscal year, but there was no such cumulative effect and no impact on profit and loss for the first quarter of the current 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.

(Segment information, etc.)

[Segment information]

I For the three months ended June 30, 2020 (From April 1, 2020 to June 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 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.