



OPTiM Corporation

Q2 Financial Results Briefing for the Fiscal Year Ending March 2021

November 20, 2020

Presentation

Sugaya: Hello everyone. I am Shunji Sugaya, Representative Director of OPTiM. This time, we will hold a Financial Results Briefing of OPTiM for the Second Quarter of the Fiscal Year Ending March 2020.

To prevent the spread of COVID-19, we have decided to hold the event online again this time. Thank you for your cooperation today.

Now, I will proceed according to the agenda as shown below.

I would like to introduce our Company overview in the first five to seven minutes. If you already know well about us, I would appreciate it if you could fast forward the video for about five to seven minutes. Thank you in advance.

Now, let me briefly introduce the Company overview.

Basic Data

OPTiM

- Corporate name: **OPTiM Corporation** (Tokyo Stock Exchange, First Section: 3694)
- Established: 2000
- Offices:
 - OPTiM TOKYO (Tokyo head office)
 - OPTiM SAGA (Saga head office, located in Saga University)
 - OPTiM FUKUOKA
 - OPTiM KOBE
- President: **Shunji Sugaya** (Saga University, Faculty of Agriculture guest professor)
- Total staff: **593** (as of May 2020, including contract and dispatch staff)
 - Average age: 32.8
- Major Stockholders
 - Shunji Sugaya, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, Fuji Xerox Co., Ltd.



Tokyo Head Office

Saga Head Office



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We, OPTiM, were listed on the First Section of the Tokyo Stock Exchange in 2015. The Company was established in 2000, so it was established about 20 years ago. Our head office is in Saga, and we are the only one in Japan to have our head office on the premises of a national university, Saga University.

About 80% of our staff are located in Tokyo. We also have offices in Fukuoka and Kobe. A total of approximately 600 employees, including contract and temporary employees, are working together.

Our main shareholders include strategic alliance partners such as NTT EAST and Fuji Xerox, who also participate as shareholders.

OPTiM's Mission



"We make sure Network devices work for you."

Under the concept of **"We make the Net as simple as breathing,"** OPTiM's mission is to make the Net itself be like air, something you use without noticing it. In addition, we want to open the Internet, an indispensable infrastructure, to anyone regardless of IT literacy. Since the day of our establishment, we engage in developing products so that everyone can enjoy the creativity and convenience the Internet brings.

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We have been engaged in business under the slogan "making the Internet as simple as breathing." The keyword Internet reflects terms such as AI and IoT to the keyword net.

We want IT to be like the air for everyone that can be used comfortably and without awareness, and we want it to be so valuable but comfortable that we can forget its existence, so we are working on our business with this slogan.

OPTiM's Strengths



With a wealth of technological capabilities based on **Intellectual Property Strategy** and **Business Creativity**, we have always provided innovative services and pioneered new markets. As a **Market Leader in AI, IoT, and Big Data**, we are promoting strong **Business Development** with top players in each industry. In the domestic market, we have established the business model based on **abundant license revenue**, with **services with the largest market share**.

Strengths	Description
1. Abundant technical ideas	Develop functions, products, services, and business models based on patents that are the first of their kind in Japan and the world (OPTiM's president was awarded the first place in the scale of individual patent assets in the information and communication field ^{※1})
2. Advanced Technology	Realize new ideas by using license revenue for investing in research and development in the next generation of IT technologies for AI, IoT, Cloud, Security and Robotics.
3. Service planning, development and operation capabilities	The ability to plan products realized with new ideas and turn them into generalized packaged services. To plan, design, develop and operate services with features, prices and service models that meet customer needs
4. Strong license revenue	Robust licensing revenue through a subscription business (a model that allows users to receive services for a fixed period of time by paying a fee) that includes "Optimal Biz," the MDM service with the largest market share in Japan ^{※2} , and "Optimal Remote," which has the largest number of users in Japan.
5. Consulting Capabilities	Strong consulting skills to understand the market environment of our partners and work with them to create innovation and new services using OPTiM's technology
6. Business Creativity	Business creativity to commercialize new products and services in cooperation with many partners, including industry leaders, communication carriers, and printer manufacturers, or to develop business on a large scale

※1 Source: Patent Results, as of January 31, 2015

※2 Source: "Collaboration and Mobile Management Software Market Outlook 2019," published by Mic Research Institute in September 2019, based on the number of categories where "Optimal Biz" was rated No. 1 in the FY 2018 performance value survey results, with Optimal Biz earning the No. 1 share in a total of 19 categories in FY 2018. It earned the No. 1 rating in 19 categories: Market share, "volume" and "value" percentages in the mobile security management tool market, from Fuji Chimera Research Institute, "2018 Network Security Business Survey Review (Volume 1), Mobile Management Market 2018 results from Techno Systems Research, "2018-2019 Endpoint Management Market Marketing Analysis," from Techno Systems Research, "2018-2019 Edition

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Now, let me briefly introduce the strengths of OPTiM.

OPTiM is a Company that possesses very large new technological concepts, as well as a tremendous scale of patent assets.

We use these and technological capabilities to realize them, including cloud security, robots, AI, and IoT. We are skilled at planning, developing, and operating services to develop them as services in the future.

We have built them up as a solid licensing revenue base. As a monthly subscription model that is less likely to be cancelled, as a recurring model, it has become the core of our revenue.

In addition, when we explore new partnerships and customers in new fields, we are not a simple technologies group of, but a very skillful Company in terms of business consulting capabilities. We are a Company with excellent capabilities in rebuilding the business models of client companies or partner companies, using new technologies and new business models that bring in new revenue sources.

These are precisely what we call business creativity. Together with some of Japan's leading companies, we create new revenue streams through new business models and technologies, which in themselves generate OPTiM revenue streams, ongoing revenue streams, licensing revenue, or subscription revenue. This is our Company.

Company Strength: Intellectual Property Strategy

OPTiM®

- OPTiM possesses **abundant intellectual property**
 - **Shunji Sugaya** is **ranked the No. 1 individual** in patent asset scale ranking in the information and communications field. (As of the end of January 2015, research by Patent Result Co., Ltd.)
- He was awarded the “**Intellectual Property Achievement Award**” by **Patent Office of METI** in April 2018
- We are developing innovative activities that effectively utilize our intellectual property in all aspects, including entry into new business fields, business diversification, and global expansion
- The patent for pinpoint agrochemical spraying technology received the “**Minister of Education, Culture, Sports, Science, and Technology Award**” at the Kyushu Regional Invention Awards



(Reference: Excerpts from the points of receiving the Intellectual Property Achievement Award, Director-General of the Japan Patent Office)

OPTiM creates new technologies, conducts research, and development, while incorporating those technologies, and uses the results to create products and services, as well as the patent rights acquired in the business model, to differentiate and secure a competitive advantage.

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Let me touch briefly on intellectual property.

Two years ago, we were awarded the “Intellectual Property Achievement Award” by the Patent Office as the first IT Company, IT venture.

Last year, we received the Minister of Education, Culture, Sports, Science and Technology Award at the Kyushu Regional Invents Awards in 2019 for technology used in agriculture called pinpoint pesticide spraying.

In the information and communications field, I was ranked No. 1 individual in patent asset scale ranking.

I will talk about where OPTiM started. We have been conducting device management, AI and IoT for many years, and This is where we started.

**Our technology is being used all around you.
AI automatically connects you to the Internet.**



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At that time, NTT was rolling out FLET'S fiber-optic services on a large scale. However, the biggest problem for NTT was that optical fiber. When the optical fiber line was opened, the construction work was always the customer's home.

The reason was that someone had to do the setting, as what kind of home gateway and router were connected were unknown.

OPTiM used AI to determine what kind of router is there, what kind of setting is needed, and where it should be set, as if people think about and execute it, so even if an unknown router was discovered, it can be automatically analyzed and set up by software, AI. As a result, NTT greatly reduced the number of construction works and as able to perform construction work at a faster speed.

We offered this tool, called FLET'S Easy Setup Tool. The contents are licensed by OPTiM.

Remote support service

OPTiM®

Customers using a smartphone or computer can receive support remotely from the call center.



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After that, after connected to the Internet. In order to turn the Internet into the air, there are many cases where you do not know how to use smartphones, tablets, and PCs. You have some trouble, you do not know security well, these are common. We have launched a service area in which we set up customers' smartphones, tablets, and PCs by providing remote operation support while watching the screen.

We have the No. 1 domestic market share in this field, and we now have a service that is used by a very wide range of customers, including KDDI and Softbank.



Optimal Biz — Expanding the possibilities of mobile—

Optimal Biz solves a wide range of issues in the business use of smartphones and tablets



Loss, Theft and Information Leakage Prevention

- Remote lock
- Local lock
- Remote wipe
- Local wipe
- Location information acquisition



Security settings

- Antivirus settings
- Screen lock policy enforcement
- Wi-Fi filtering
- Zone-based application prohibition



Efficiency of device configuration

- Application deployment
- Document delivery
- Client certificate distribution
- Wi-Fi setting
- Encryption settings on the device



Asset management and terminal monitoring

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And what I have introduced so far were services for general consumers. In order to turn the Internet into air for general consumers, we have developed services such as automation of various device settings, automation of machine settings, and support for machines connected to each other. We have also developed the Optimal Biz service based on the idea that not only general consumers but also corporations, are likely to encounter a number of similar problems.

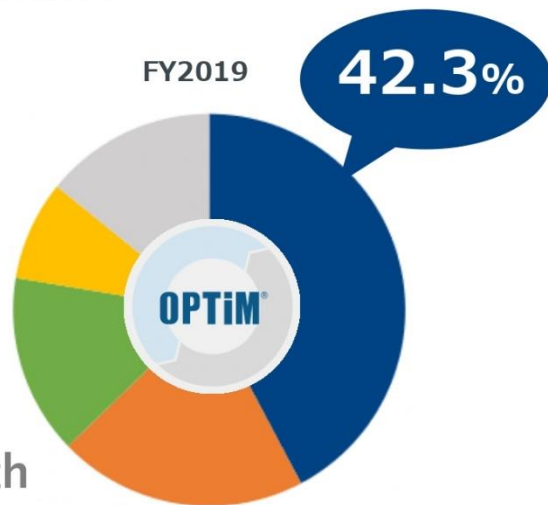
Companies, in particular, are now operating thousands of smartphones or PCs that are almost the same as the number of employees. If this is the case, then various IT administrators will have a challenge when it comes to new security problems, when it comes to where the terminal is in the first place, and when the terminal is lost, how to eliminate its data.

We released the Optimal Biz service as a platform through which these can be centrally managed and resolved by from the cloud.



No. 1 market share
in Japan^{※1}

Overwhelming success with
more than **180,000 companies**^{※2}



※1: Mick Keizai Research Institute, "Collaboration Mobile Management Software Market Outlook 2019," number of IDs shipped for SaaS and ASP MDM
※2: June 25, 2019, compiled by us

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This has a huge share. We are currently the No. 1 Company in the domestic market and have an overwhelming market share. With 180,000 companies adopting it, this is precisely a recurring model and a subscription model in which customers actively pay monthly fees, and it has been a service that serves as the backbone of OPTiM's earnings.

Optimal Biz : The nation's most evaluated MDM

OPTiM®

In survey reports published by four well-known domestic and overseas research companies, we have won the No. 1 rating in **a total of 35 categories.**



Source:

- IDC Japan "Domestic system / service management software market share, 2018: Full-scale SaaS and IT operation analysis" (PJ44569319)
 - Techno System Research "2019-2020 Edition Endpoint Management Market Marketing Analysis", published in January 2020, II. Market Trends 2. Mobile Management Market
 - Fuji Chimera Research Institute "2019 Network Security Business Survey Overview << Market Edition >>", published in October 2019, 2018 domestic MDM / EMM market <quantity>, 2018 domestic MDM / EMM market <amount>
 - Mick Economic Research Institute "Market Outlook for Collaboration Mobile Management Software 2019 Edition", published in September 2019, among the results of the 2018 actual value survey
- OPTiM aggregates the number of departments that received the highest evaluation of "Optimal Biz"

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Many well-known organizations have praised OPTiM as the best mobile device management Company in all areas.

Increasing use of smartphones and tablets in business **OPTiM®**



① GIGA school concept



② Telemedicine service



③ Telework



④ Anti-Corona service

Optimal Biz
— Expanding the possibilities of mobile —



⑤ Check the congestion status of the store



⑥ Cashless payment



⑦ Utilization in construction, civil engineering, agriculture, etc.



⑧ Remote support in business

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In addition, the COVID-19 crisis has caused a spread in many ways. Currently, The GIGA School Concept has been very much discussed in the news. COVID-19 causes some students not to be able to go to school. So, we would like to create an environment where you can study from home.

However, this is the same situation that companies have with PCs, smartphones, and other devices. For the teachers and school staff, they have to set up a computer or a tablet for each student and. It is a tremendous work. There are also security issues. We are using Optimal Biz to provide these to schools. We also hold the No. 1 share in this field.

Also, telemedicine. There is also a need for hospitals that want doctors to have tablets and smartphones and operate them securely. Of course, as a hospital, they have to distribute a number of smartphones and manage them securely.

Or even in companies, some personal computers are not in front of them, in the Company, due to telework. When they are not in the Company and are used from their home, it is also used as a mechanism for managing operational support that enables the use of them comfortably while ensuring security.

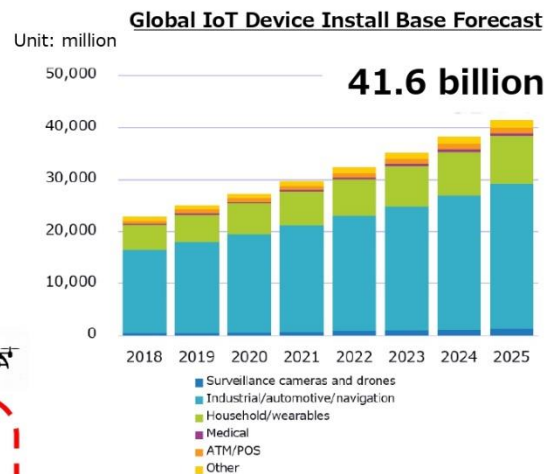
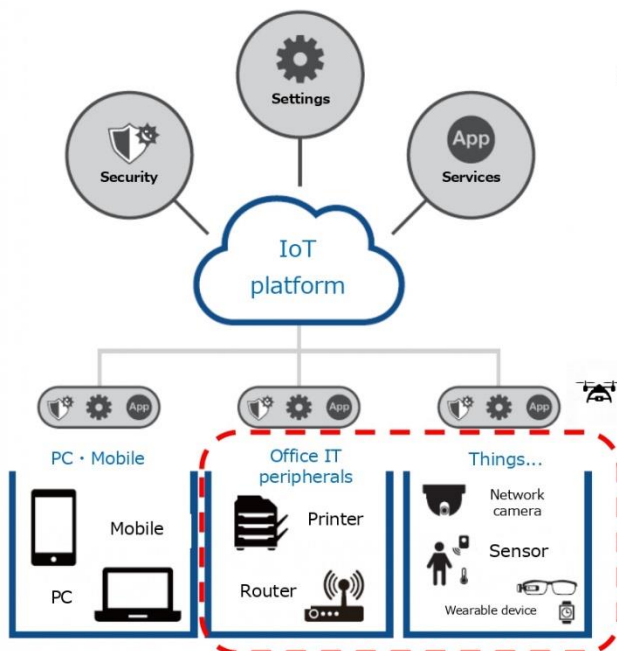
There are many other fields, such as agriculture and construction. In various fields of business, the more smartphones, tablets, and PCs are used or the more supports are used, the newer revenue sources for this Optimal Biz will increase.

With the transformation of society, it is absolutely impossible that the number of smartphones, mobile devices and PCs will decrease, and the number will increase more and more. Every time it expands, we will support the field.

We are working to create an environment in which everyone can use smartphones, tablets, and PCs safely and with peace of mind.

Providing IoT (Internet of Things) platform

OPTiM®



IoT (Internet of Things) is expanding rapidly

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From another perspective, the focus of what I have introduced so far has been on smartphones, tablets, and PCs. There are, of course, other kinds of equipment used in offices, other than these three types of devices, namely smartphones, tablets, and PCs.

Printers, for example, are also connected to the Internet, as well as routers, and typical network cameras and surveillance cameras have also starting to be connected to the Internet.

The more this kind of things increases, the more needs of companies: OPTiM is creating a great service, but we want to manage not only smartphones, tablets, and computers, but also printers together.

Or they want to manage network cameras together. In response to these customer requests, we have evolved from the so-called smartphone, tablet, and PC management tools to an IoT platform, a platform that can manage all devices connected to the Internet of Things.

Providing AI / IoT platforms (...starting from IoT platforms)

OPTiM®

41.6 billion IoT devices generate **about 80ZB of data**, IDC predicts 2025
(ZB = about 1 trillion times 1GB)



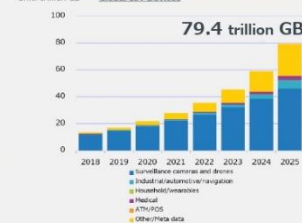
79.4 trillion GB

**The use of AI to guide useful
information becomes essential**

**The explosive growth in the amount of data associated with
the spread of the Internet of Things (IoT)**



Forecasting the Annual Data Generation of
Global IoT Devices



Source IDC 2019 analysis of players in the domestic data ecosystem / Data as a Service: with a focus on IoT-related operators <https://www.idc.com/getdoc.jsp?containerId=prJP45371219>

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The statistics of a company suggest that the world's IoT equipment will reach 40 billion units in 2025. Naturally, as you all have experienced, this number is increasing. The more these devices, the more security needs and management needs will naturally emerge, so the area of business for OPTiM will expand.

Another point of view is that various devices are now connected to the Internet. That is good, but naturally connecting to the Internet means that information will be uploaded as much as that. This means that it will go up to the cloud.

This information is exploding now, and it is said that in 2025, 80 trillion gigabytes of data per year will be uploaded on the cloud by 2025.

Providing AI (artificial intelligence) package services

OPTiM



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Then, there is the next need from customers: we are now able to efficiently and securely manage equipment linked to the Internet with OPTiM, it was done by getting OPTiM's platform, but the data that is generated from it is enormous. It is impossible to check it manually, so they want it to be analyzed by AI. We began to receive such requests, and began offering a package service for AI.

We are offering three main categories, namely AI Camere, AI Voice Recorder, AI Prediction.

It is becoming possible for the AI to understand what can be understood from what are visible to people, and AI Camere is a package of it.

It is becoming possible for the AI to understand most of what we hear in our ears. AI Voice is a system that translates what is heard into letters.

Then, AI Prediction is a mechanism for predicting the future based on the data obtained from these. We are offering these three products to our customers.

OPTiM's AI Solution #1 Share in 4 Categories

～ As found by MIC Research Institute Ltd. ～

OPTiM® AI Industry



OPTiM's AI solution has been ranked No. 1^{※1} in four categories: sales growth for both the agricultural, forestry, fishery industry and medical industry; sales growth by user size for companies of less than 300 employees, and vender share of growth in measurement, observation, and search.

※1 Source: "Image Recognition Solutions with AI (Deep Learning) Market Status and Outlook [FY 2019 Edition]," published by MIC Research Institute Ltd. on September 17, 2019

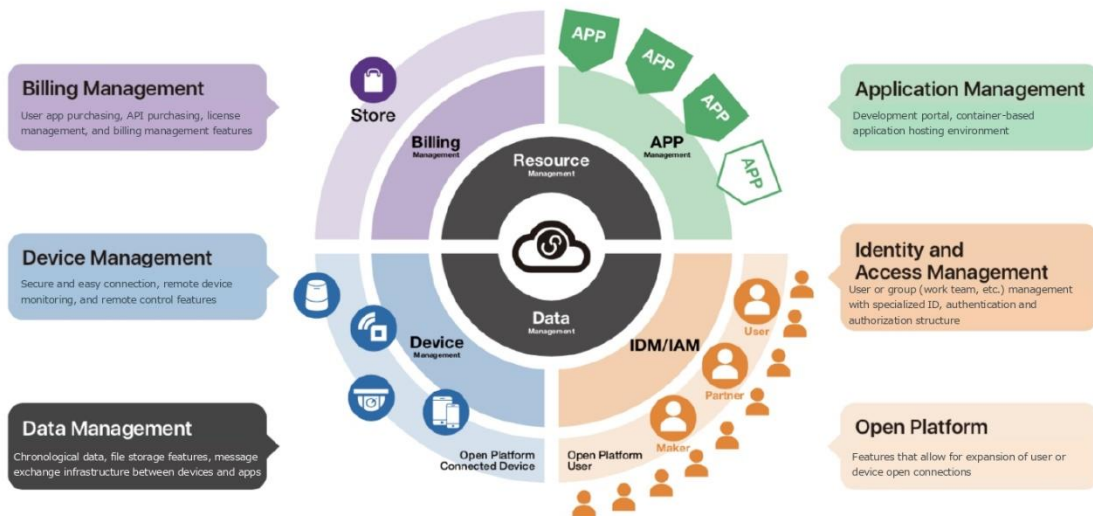
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In these fields, though the market has just started, OPTiM has received praise such as that it probably has the No. 1 market share in a number of fields.

Platform for players who want do platform business

Equipped with functions to make an AI/IoT Platform Ecosystem



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Then, to make it easier to use such an AI/IoT platforms, we devised OPTiM Cloud IoT OS as a platform to ensure that customers can use them with peace of mind.

ID is most likely to be targeted for hacking, while there is the leak of data that is easily targeted. There are a number of difficult tasks in the management of IDs: they must be managed every time people increase or devices increase; they must be issued, or they must be removed.

These things can be managed in a unified manner, control can be performed as to what kind of people are allowed to access to what level of information with what devices. With the information obtained from there, we also offer AI services like the one just mentioned. Our third-party vendors, as well as our OPTiM partners, can create applications there and deploy and sell services. We offer this centralized platform.



We will reinvent all industries into the fourth industrial revolution by combining each industry with IT (AI, IoT, etc.) through “○○ x IT”.

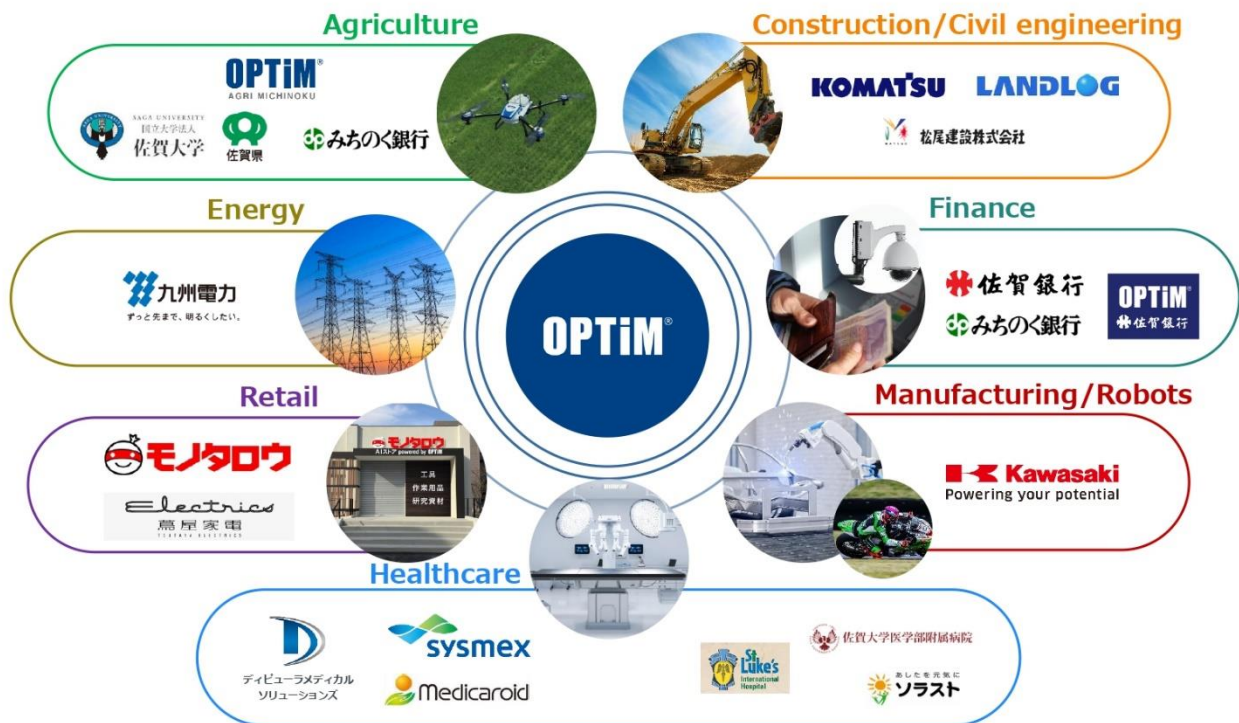
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It is said that there will be the Fourth Industrial Revolution that will change all industries. We will continue to use AI, IoT, and robotics to play a role in the revolution. In response to this revolution, we would like to be involved from the perspective of AI and IoT. We are one of the best companies in Japan and the world in terms of AI and IoT, but we do not know much about the industries that will change.

Therefore, I would like to ask the leaders of the changing industries to teach us about the changing industries. By combining this knowledge, we are working to transform these industries as DX, Fourth Industrial Revolution-oriented industries. We call it “○○ x IT” efforts.

Become a company that utilizes the AI/IoT platform to transform all industries (partnerships and joint venture strategies based on the ○○ x IT vision) **OPTiM®**



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As I mentioned earlier, we are implementing the AI/IoT platforms represented by Cloud IoT OS. While we offer them, we receive inquiries from various companies as we are the only Company that has such platforms even in the world.

Komatsu is a leading global IoT company. Komatsu wanted to use OPTiM's platform as a platform for deploying IoT with its construction equipment, deploying IoT in its construction sites, and to deploy AI for them, so we created a joint venture called LANDLOG to work on them.

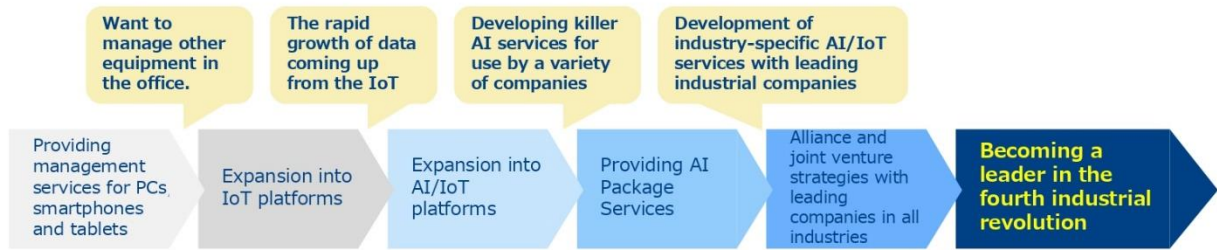
Also, this time, Japan's first domestically produced surgical robot was launched from a company called Medicaroid, which is a joint venture between Kawasaki Heavy Industries and Sysmex. Regarding here as well, since there is only OPTiM that has these AI and IoT platforms, they have asked us to work together, and we provide a service that can provide analysis by AI and IoT for surgical robots.

To ensure the smooth provision of these services, we have created a company called D'PULA Medical Solutions with Sysmex, which aims at the new fields medical DX such as digital pills. Under our comprehensive alliance with Kawasaki Heavy Industries, we are working to deploy AI, cloud computing, and digitization with various things for Kawasaki Heavy Industries.

As you can see, we are working together with our various leading companies in various areas to develop new businesses by deploying AI, IoT, and digitization into their assets.

History from PC/mobile management to AI / IoT platform

OPTiM®



Source: Ministry of Internal Affairs and Communications 2019 White Paper on Information and Communications, Information and Communications White Paper, Part 1, Section 2, Trends in ICT Supporting the Digital Economy, and (2) Rapid Spread of IoT Devices, Figure 1-2-1-3: Trends and Forecasts for the Number of IoT Devices in the World. : <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r01/html/nd112120.html>

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As you saw earlier, the beginning was the setting of the router. A company that started with setting up a router connected to the Internet began providing support, began offering services for corporations, and is now aiming for AI and IoT platforms.

Again, the greater the number of IoT devices shipped, the more the OPTiM's business domain will expand.

We are becoming a leading company in
the Fourth Industrial Revolution

We are committed to becoming a leading Company in the Fourth Industrial Revolution, the changes from 2025, in a market in which all industries will be transformed. We are working on it together.

Thank you very much.

2Q FY03/2021 Financial Results

OPTIM

On track to achieve record high sales for the 21st consecutive year since the company's founding

We have been aggressively investing in the fields of AI, IoT, and Robotics over the last three years to become a leading company in the 4th industrial Revolution. We have positioned the current fiscal year as a period for collecting profits as planned.

(Consolidated operating results Unit: 1 million yen)

	2Q FY03/2020 Consolidated results	2Q FY03/2021 Consolidated results	Actual results year-on-year	FY03/2021 Consolidated earnings forecast
Net Sales	2,935	3,051	103.9%	7,407~8,080
Operating profit	18	325	1,772.2%	712~1,526
Ordinary profit	11	514	4,395.4%	802~1,616
Profit attributable to owners of parent	△32	321	—	501~1,028

**No Change from
the original plan**

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I will continue with the review of our financial results for the second quarter of the fiscal year ending March 2021.

In our financial results, sales were JPY3.05 billion. Operating income was JPY325 million. Ordinary income was JPY514 million.

Compared to the results of the previous year, it seems that the growth slowed, as evidenced by the fact that the growth for net sales were 104%. I will explain the reason for this later.

Both operating income and ordinary income increased significantly, with operating increasing 1,700% and ordinary income increasing 4,400% YoY. In addition, we have not revised our full-year earnings forecasts from the figures introduced to you at the beginning of the fiscal year.

In particular, we have made investments in the AI and IoT fields over a three-year period with the aim of becoming a leading Company in the Fourth Industrial Revolution. The current fiscal year is the period for recovery of profits from them. There is no change from the initial plan regarding that this is the period in which profits will be recovered.

■ Performance Progress and Outlook

【Sales】

- Due to the impact of the coronavirus, delays in some new “license-customization”[※] projects have slowed down the sales growth rate. However, we are seeing a recovery trend toward the second half of the year.
- Sales of Optimal Biz corporate licenses are growing at a faster pace than in the same period last year due to the promotion of DX(Digital Transformation) in the corona era among the corporate and educational sectors. (Subscription license sales ratio, approximately 80% of total sales)
- Therefore, the forecast for the fiscal year ending March 31, 2012 remains unchanged.

【Profit】

- The difference between operating profit and ordinary profit was due to the postponement of government subsidies to the current fiscal year, and also due to gains on investment in partnership.
- From the current fiscal year, we have started to capitalize software assets, mainly the OPTiM Cloud IoT OS, due to the increased profitability of our products, which contributed to the increase in profit.
- As a result of the above, both sales and profits in the second quarter were on target.

We believe that we know the extent of the impact of the new coronavirus on the Group, but we will make an announcement in the event of a new impact that is greater than expected. In the event of any changes to the earnings forecast, we will disclose such information promptly.

※License/customization: Customized development based on our research and development portions as the license. This development will lead to the issuance of a license in the future.

I would like to report on the fact that the progress in sales appears to have slowed down.

Until the end of the first quarter, I think that this year many companies were affected by COVID-19. Our efforts have been made since the beginning of the term, assuming the impact and damage due to COVID-19.

However, in the case of OPTiM, the impact of COVID-19 was not much at the beginning of the term. Our important partners did not mention that COVID-19 would have an impact on the progress of their business with us either.

However, the impact of COVID-19 deteriorated and finally a State of Emergency was declared by May, and the global supply chain was halted. Until the end of the first quarter of the year, it was the idea that the promotion of the DX with OPTiM would be carried out because it was an urgent task for companies, so the progress of the projects would not be affected.

After the end of the first quarter and I believe from the beginning of July, the beginning of the second quarter, the impact of COVID-19 gradually began to appear.

Especially in the area of the licensing business, the so-called recurring and subscription models, there was almost no impact, but rather, the situation is that they are trending favorably due to the impact of DX promotion. There is what we call a licensing and customization project. When various companies use the AI/IoT platforms that I introduced earlier, they want to customize some of them for themselves, there is a need to customize some of them in order to use the OPTiM's Cloud IoT OS.

We refer to this as new licensing and customization for products that are customized to meet these needs. The projects began to be partially delayed. We started to hearing requests such as to delay it to the third quarter or for a few months later as the situation is unpredictable.

As a result, the sales growth rate seems to have slowed due to the delay in the licensing and customization projects, which were scheduled to be recorded at the end of September. However, we are heading toward the second half of the fiscal year, and this is on a recovery trend.

I think the outlook of the impact of COVID-19 has become clear to some extent. Some global transportation companies, those involved in tourism and the food and beverage industry are still in the server struggle, and other companies remain in a very difficult situation too. Since the impact of COVID-19 has been visible a certain extent, we have been working together to resume the DX project and to make DX stronger at this timing.

Then, popularization of telework, which I mentioned earlier, and initiatives such as online schooling or GIGA school, led to an increase in corporate licensing sales in Optimal Biz at a faster pace than in the same period of the previous fiscal year. This might be indecent to say, but in this area, the impact of COVID-19 has been very favorable for OPTiM.

In general, our subscription license accounts for 80% of our total sales. As this part does not collapse basically, OPTiM itself is not affected by the economy, and it is good that this area is growing rapidly in the current fiscal year.

In terms of the absolute amount of sales, while OPTiM itself does not prefer consigned development, for license customization, a customized license is offered in the form of consigned development for a lump sum of amount. Software with a customized license is provided, so it is just for using the license. We will provide this license to use, so it appears that growth is lagging, especially when compared with last fiscal year or the previous fiscal year, due to the sales delayed here.

I would like to reiterate that there is no change in the earnings forecast because we are on a recovery trend toward the second half of the fiscal year.

In terms of profits, there is a considerable difference between operating income and ordinary income. We are very thankful for the support of the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Land, Infrastructure, Transport and Tourism, mainly for our agricultural projects. We receive various forms of support in various areas, such as the support of the Ministry of Land, Infrastructure, Transport and Tourism in the field of construction and engineering, and

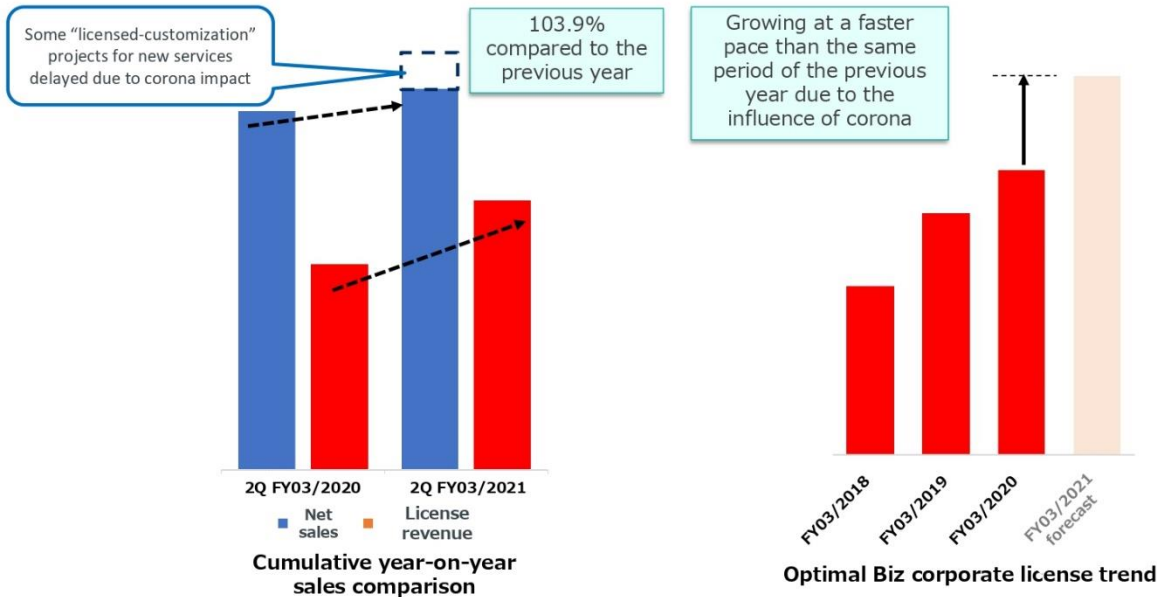
As the determination of subsidies from the government was delayed until the fiscal year under review, there is a difference between operating income and ordinary income. In addition, some of the gains on investments in partnerships also contributed to this.

Furthermore, we have begun capitalizing software, particularly Cloud IoT OS, as the harvesting period has begun. As a result, profits are increasing. In the first place, for licensing, our growth, profit margins are limited as a whole with the consignment of license customization.

Therefore, sales seem to have slowed down, but the more licensing grows, the higher the profit margin will naturally be. Licensing is now growing at a faster pace than last year, so if customization is reduced, the profit margin will naturally tend to rise further.

Second Quarter Sales Supplement

OPTiM®



- Due to the impact of the coronavirus, delays in some new "license-customization" projects have slowed down the sales growth rate. However, we are seeing a recovery trend toward the second half of the year.
- Sales of Optimal Biz corporate licenses are growing at a faster pace than in the same period last year due to the promotion of DX(Digital Transformation) in the corona era among the corporate and educational sectors.

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I would like to explain again with graphs.

As shown here, in the comparison with the previous year's sales, the previous year's cumulative sales, the licensing and customization projects for some of the new services were affected by some companies that started to wait and see due to COVID-19. That is why there have been delays.

The sales were not included in the interim results and brought forward. But we were working on this throughout last year and the previous fiscal year, and therefore, there was a decline in sales.

However, license sales are growing at a faster pace than the previous fiscal year, partly due to the impact of COVID-19. Thus, the slowdown in sales were kept down at 104%. As licenses continue to grow, sales grow further and the proportion of licenses rises, profits will be generated, so the profit margin will move toward a favorable trend.

You may be wondering why we are doing this license customization. When using our AI and IoT platforms, in the case of Komatsu, for example, it is LANDLOG. Naturally, we would like to use it in accordance with the strategies and business strategies of each company, and OPTiM's AI/IoT platform, Cloud IoT OS of is a general-purpose one that can be used in all industries.

This means that there may be a shortage of parts for customization for a company's construction civil engineering field. Then we work to create and provide such software in order for our license to be used, according to requests from Komatsu, and our partners.

Accordingly, we believe that the more this license and customization project increases, the more likely it will lead to an increase in licenses in the future.

About ESG initiatives

OPTiM®

Environment

Agriculture x IT : Pinpoint pesticide spraying technology

- Achieves pesticide-reduced cultivation without spraying unnecessary pesticides by performing image analysis on crops using AI

Agriculture x IT : Smart Agri food project (Smart Rice)

- A future-oriented agricultural project that produces rice and vegetables that consumers can eat with peace of mind by utilizing AI, IoT, and Robotics, including pinpoint pesticide spraying and fertilizer application technology.



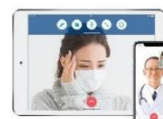
Social

Healthcare x IT : Online medical service

- By providing remote medical care via smartphone or tablet, patients can continue to be seen by doctors, which leads to preventive medical care and reduces the number of patients with lifestyle-related diseases and caregivers. For physicians, it also reduces the time and financial burden of house calls

Free provision of our services

- In the event of natural disasters such as the Great East Japan Earthquake, the Kumamoto Earthquake, the Hokkaido Beppu Earthquake, torrential rains in July 2018, and a new type of coronavirus infection, we provide related services free of charge from the perspective of social contribution.



Governance

Establishment of Management Advisory Committee

- Leading experts in the fields of agriculture, construction, and healthcare, which we are currently working on, were invited to serve as executive advisors to the committee. They provide valuable advice on not only involvement in each industry based on their experience and knowledge, but also on strengthening corporate governance to maximize corporate value and ensure the transparency and soundness of management.



Masaaki Okuhara
Former Administrative
Vice Minister of
Agriculture, Forestry
and Fisheries



Kunio Noji
Special Advisor,
Komatsu Ltd.



Masayoshi Hayashi
Special Advisor, Sysmex
Corporation

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Let me continue to introduce our ESG initiatives.

We always wanted to be a Company that contributes to society and has a great impact on people around the world, even before this keyword, ESG, emerged. This was the first statement in our management philosophy when we launched OPTiM.

This is still the management philosophy that all employees set out today. We do not just want to earn profit for ourselves, we want to create something that will have a positive impact on the people of the world. Through these efforts, we have sought to become a Company that can contribute to the world through our business.

To summarize them, in terms of the environment, we are trying to minimize the use of pesticides as much as possible. As it was featured in Today's Close-Up, the negative impact of pesticides on the human body is becoming a major topic worldwide.

In anticipation of these trends, we are engaged in pinpoint spraying technology, a combination of AI and pesticide spraying technology that makes cultivation possible without the use of up to 99.9% pesticides. We are also trying to sell the produces from such cultivation.

In fact, the number of users has risen due to the COVID-19 crisis for these services that are offering. We are offering services such as online medical services such as Pocket Doctor, and smart home medical care, which is home-watch nursing.

Since we are a corporate entity, we must make a profit. But we want to be useful as much as possible for those who have suffered a major disaster and we provide such services at no cost too.

Furthermore, in terms of strengthening governance, we have established the Management Advisory Committee to strengthen corporate governance while receiving advice from representatives of each industry, and to strengthen our business while observing compliance.

Outlook

OPTiM

Ongoing investment in our “Industry x IT” strategy

Progressing steadily
Advancing the further acquisition of AI, IoT and robotics technology
And pushing efforts to record sales

We continue to invest aggressively in the field of AI, IoT and robotics, full-fledged booking of sales and return through profits will follow the schedule below.



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Please let me introduce our forecasts for the fiscal year ending March 2021.

We have made investments in the past three years with the keyword "oo x IT" starting in 2017. We have been working this fiscal year positioning it as a year in which we will continue to invest and recover profits.

Outlook for Fiscal 2021 (Period 21) Sales Plan

OPTiM®

For the year ending March 2021,
we aim to achieve **record sales**
for the **21st consecutive year**
since our founding.

FY Ending 2021
Sales projection: ¥7.407 ~ 8.08 billion
(110.1 ~ 120.1 YOY growth)

Steady growth is expected for all services, and we plan to grow sales by about 120%.

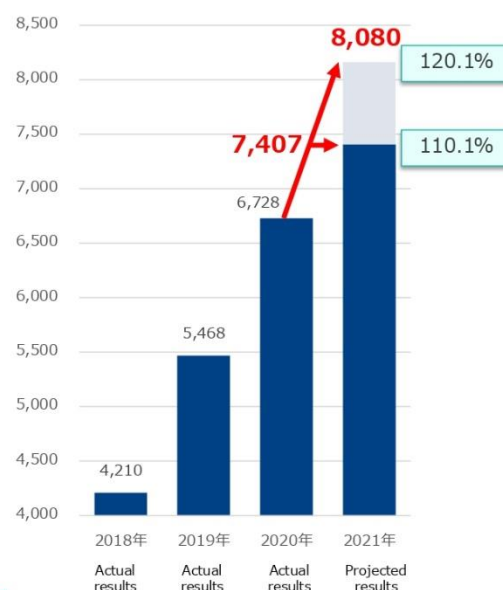
On the other hand, the economic impact of the new coronavirus on a global scale over a long period of time is currently expected, and there is a possibility that our company may have risks that have not yet been realized. As a response to that risk, we have set a planned value in a range that takes into account a reduction in sales of up to 10%.

Compared to the
previous year

(Unit: 1 million yen)

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Sales forecast



FY 2018 and 2019 non-consolidated financial results
FY 2020 consolidated financial results

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As I mentioned earlier, there is no change in earnings forecasts. The earnings forecast for the fiscal year ending March 31, 2021 has been JPY8,080 million to JPY7,407 million in sales, a 120% to 110% YoY growth, and we have been on track to achieve record high sales for the 21 consecutive year since our foundation.

The reason we have this range is that at the beginning of the fiscal year we did not see any impact from COVID-19. However, this has been a major disaster, and we expect it to have an impact on our results sooner or later. Basically, OPTiM's business is planned to grow about 120%, but we have given it the range in consideration of the possible downside due to the impact of COVID-19.

Outlook for Fiscal 2021 (Period 21) Profit Plan

OPTIM®

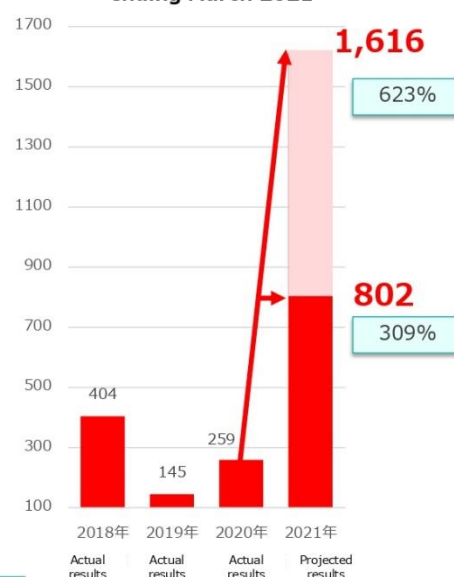
For the year ending March 2021, Aim for **record high profit**

To become a leading company in the 4th Industrial Revolution, we have made aggressive investments on AI, IoT and Robotics over the last 3 years. We are positioning this period for collecting profits as planned, and we plan to have an ordinary profit ratio of about 20%.

On the other hand, especially in the case of new services, the impact of the new coronavirus is not completely predictable, and we plan to continue continuous R&D investment during this period. Therefore, we will use range-based earnings forecasts.

Forecast for FY ending March 2021
Ordinary profit: ¥1.6 billion to ¥800 million
(Ordinary profit margin 10 ~ 20%)
(309 ~ 623% growth YOY)

Change in actual profit for the past 3 years and forecast for the year ending March 2021



Compared to the previous year

(Unit: 1 million yen)

Ordinary Profit

FY 2018 and 2019 non-consolidated financial results
FY 2020 consolidated financial results

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We also aim to achieve record-high profits in the current fiscal year JPY1,616 million to JPY802 million in terms of ordinary income.

Around 20% - 10% in terms of ordinary income margin. Compared to the previous year, the business is steadily trending toward achieving an ordinary income margin of 6.23 to 3 times.

We have been aggressively investing in the fields of AI, IoT, and Robotics over the last three years to become a leading company in the 4th industrial Revolution. We have positioned the current fiscal year as a period for collecting profits as planned.

For sales, we aim for **record high sales** for **the 21st consecutive year** since our foundation.

And for profit as well, we aim for **record high profit**.

As I mentioned earlier, we will not stop investing. We will make investments at or above the same level as in the past. Meanwhile, new areas, centered on Cloud IoT OS for AI/IoT and robotics, have entered the harvesting phase, enabling us to recover earnings.

We aim to achieve record-high sales for the 21st consecutive year since our foundation.

In terms of profits, we are aiming for record-high profits.

Then, we will conclude OPTiM's interim financial results briefing.

Thank you very much for taking the time today for OPTiM's efforts amid your busy schedules.

[END]