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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 14, 2023

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 14, 2023 Scheduled date of commencing dividend payments –

Scheduled date of securities report submission June 30, 2023

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, 2023 (April 1, 2023 to June 30, 2023)

(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, 2023	2,020	3.9	312	62.4	262	67.8	148	117.7
Three months ended June 30, 2022	1,945	15.5	192	(19.8)	156	(31.4)	68	(49.7)

(Note) Comprehensive income Three months ended June 30, 2023 148 Million yen (117.3 %) Three months ended June 30, 2022 68 Million yen (-49.7 %)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended June 30, 2023	2.71	2.69	2.71	2.69
Three months ended June 30, 2022	1.24	1.23	1.24	1.23

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of June 30, 2023	8,430	6,347	8,430	6,347	74.2	74.2
As of March 31, 2023	8,219	6,189	8,219	6,189	74.2	74.2

(Reference) Equity As of June 30, 2023 6,255 Million yen As of March 31, 2023 6,097 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2024	–	–	–	–	–
Fiscal year ending March 31, 2024 (Forecast)	–	–	–	–	–

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

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	10,205	10.0	1,939	10.8	1,805	10.4	1,106	14.9	20.09	

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

* Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2023 : 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, 2023	55,146,784 shares	March 31, 2023	55,143,968 shares
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2) Total number of treasury shares at the end of the period

June 30, 2023	94,908 shares	March 31, 2023	94,260 shares
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3) Average number of shares during the period

June 30, 2023	55,051,740 shares	June 30, 2022	55,051,241 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 quarter of the current consolidated fiscal year, the Group continued to focus on expanding license sales from the previous consolidated fiscal year. Specifically, based on license sales of Mobile Management Services centering on Optimal Biz, we are continuing investment in research and development to make progress with license sales of X-Tech (Cross Tech) Service, an industry- and business-specialized service, as new sales. Below are specific explanations of the progress made by the Group during the first quarter of the current fiscal year.

First, regarding Mobile Management Services. The market share for Optimal Biz, the core service, sees continued steady increase in the number of licenses in addition to the existing market share it has built up so far, in line with the expansion and growth of the market.

Next, we would like to explain the status of X-Tech Services by service.

First, regarding OPTiM AI Camera of video management DX (*1). The congestion visualization function, which is an anonymized display of congestion conditions, of OPTiM AI Camera has been provided on Fukuoka Support, the official portal site of Fukuoka City, and Welcamera Net, which is a system for displaying the number of people waiting at the counter in Fukuoka City. OPTiM AI Camera visualizes the congestion conditions of waiting rooms in each ward office in real time, and displays it on the Fukuoka City portal site and the waiting number display system. In addition, the images displayed are anonymized so that individuals cannot be identified, and the individuals are displayed in a privacy-conscious manner. This will contribute to the alleviation of congestion and the creation of safe and secure facilities. We hope that this will become the foundation for the spread of OPTiM AI Camera in local governments in the future.

Regarding Agritech, we exhibited a booth jointly with NTT e-Drone Technology at the G7 Agriculture Ministers' Meeting in Miyazaki held from April 22 to 23, and demonstrated field analysis using Pinpoint Pesticide Spraying Technology and Agri Field Manager as examples of smart agricultural technologies, as well as automated flying drones. In addition, OPTiM FARM Corporation was established with the aim of realizing the sustainable development of Japanese agriculture. Through OPTiM FARM Corporation, the Group will further promote research and development in agricultural DX starting from its own farms in Tochigi and Ibaraki Prefectures.

In terms of digital construction, we launched OPTiM Geo Scan Advance, which enables easy, high-precision, long-distance 3D surveying on smartphones for the smartphone 3D surveying application OPTiM Geo Scan. OPTiM Geo Scan Advance is a service for OPTiM Geo Scan that enables anyone to easily perform long-distance surveying, which was previously difficult, by attaching dedicated hardware equipped with an external LiDAR (*2) sensor for long-range scanning to a smartphone. As the usage of OPTiM Geo Scan continues to expand, we can expect a further increase in licenses.

For Office DX, OPTiM denshichobohozon, a service related to the AI contract management service OPTiM Contract, now supports AI analysis of eligible invoice issuer registration numbers (invoice registration numbers) for the invoice system to be introduced on October 1, 2023. As a result, the invoice registration number written on invoices and other documents can be automatically converted into data. In addition, the validity of the invoice registration number entered by AI can be automatically confirmed through the Web-API (*3) provided by the National Tax Agency, which is expected to further increase the number of licenses in preparation for the launch of the invoice system in the future.

Furthermore, Optimal Biz of Mobile Management Services, OPTiM Geo Scan of X-Tech Services, OPTiM Contract, OPTiM AI Camera, OPTiM AI Camera Enterprise, OPTiM Asset, and Optimal Remote of Other Services were certified as IT tools eligible for subsidy under the IT Introduction Subsidy 2023 administered by the Ministry of Economy, Trade and Industry. Companies that install these services can install them for up to half price, so we believe this will be a tailwind to increase license sales for each applicable service.

As a result, consolidated operating results for the first three months of the current consolidated fiscal year were as follows: net sales of 2,020,497,000 yen (up 3.9% year-on-year), operating profit of 312,789,000 yen (up 62.4% year-on-year), ordinary profit of 262,091,000 yen (up 67.8% year-on-year), and profit attributable to owners of parent of 148,973,000 yen (up 117.7% year-on-year).

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 LiDAR: Abbreviation for Light Detection and Ranging. This is a type of sensor technology that uses laser beams to accurately detect the distance to an object, its position, and shape.
- *3 Web-API: An API for exchanging information via the Internet. An API is a point of contact for linking different software and programs.

(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 8,430,995,000 yen, an increase of 211,544,000 yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 838,962,000 yen in notes and accounts receivable-trade and contract assets, and a decrease of 193,957,000 yen in software in progress, whereas there was an increase of 831,388,000 yen in cash and deposits, and an increase of 394,698,000 yen in software.

(Liabilities)

The balance of total liabilities at the end of the first quarter of the current consolidated fiscal year was 2,083,959,000 yen, an increase of 53,817,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 368,652,000 yen in other current liabilities and a decrease of 240,991,000 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 6,347,035,000 yen, an increase of 157,726,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 148,973,000 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, 2024, 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, 2023 dated May 15, 2023.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(1,000 yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Three months ended June 30, 2023 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	1,440,860	2,272,249
Notes and accounts receivable - trade, and contract assets	2,101,357	1,262,394
Inventories	59,545	122,932
Other	147,182	181,760
Total current assets	3,748,945	3,839,336
Non-current assets		
Property, plant and equipment	456,839	444,185
Intangible assets		
Software	2,065,391	2,460,090
Software in progress	344,131	150,173
Other	161	161
Total intangible assets	2,409,684	2,610,425
Investments and other assets		
Leasehold and guarantee deposits	346,294	346,503
Deferred tax assets	399,649	368,448
Other	858,037	822,095
Total investments and other assets	1,603,981	1,537,047
Total non-current assets	4,470,505	4,591,659
Total assets	8,219,451	8,430,995
Liabilities		
Current liabilities		
Notes and accounts payable - trade	512,385	366,359
Short-term borrowings	314,550	314,550
Income taxes payable	335,286	94,295
Provision for bonuses	210,712	277,328
Other provisions	31,775	37,207
Other	486,413	855,065
Total current liabilities	1,891,122	1,944,806
Non-current liabilities		
Asset retirement obligations	139,018	139,153
Total non-current liabilities	139,018	139,153
Total liabilities	2,030,141	2,083,959
Net assets		
Shareholders' equity		
Share capital	444,125	444,193
Capital surplus	728,256	728,324
Retained earnings	5,016,817	5,165,791
Treasury shares	(75,401)	(75,454)
Total shareholders' equity	6,113,799	6,262,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(16,365)	(7,715)
Total accumulated other comprehensive income	(16,365)	(7,715)
Non-controlling interests	91,876	91,896
Total net assets	6,189,309	6,347,035
Total liabilities and net assets	8,219,451	8,430,995

(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, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Net sales	1,945,562	2,020,497
Cost of sales	990,068	944,796
Gross profit	955,493	1,075,700
Selling, general and administrative expenses	762,866	762,911
Operating profit	192,627	312,789
Non-operating income		
Interest income	–	0
Subsidy income	3,062	790
Other	5,615	1,104
Total non-operating income	8,678	1,894
Non-operating expenses		
Interest expenses	443	314
Share of loss of entities accounted for using equity method	43,679	48,152
Other	961	4,125
Total non-operating expenses	45,084	52,592
Ordinary profit	156,221	262,091
Extraordinary losses		
Loss on valuation of investment securities	8,078	–
Total extraordinary losses	8,078	–
Profit before income taxes	148,142	262,091
Income taxes - current	88,848	85,714
Income taxes - deferred	(23,668)	27,382
Income taxes for prior periods	14,390	–
Total income taxes	79,570	113,097
Profit	68,571	148,994
Profit attributable to non-controlling interests	141	20
Profit attributable to owners of parent	68,430	148,973

(Quarterly Consolidated Statements of Comprehensive Income)

(For the three months)

(1,000 yen)

	For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit	68,571	148,994
Comprehensive income	68,571	148,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	68,430	148,973
Comprehensive income attributable to non-controlling interests	141	20

(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, 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.

II For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

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