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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Company name OPTiM CORPORATION Stock exchange listing Tokyo  
 Code number 3694 URL <https://www.optim.co.jp/>  
 Representative (Job title) President (Name) Shunji Sugaya  
 Contact (Job title) Board Director of Administration (Name) Akihiro Hayashi (TEL) 03-6435-8570  
 Scheduled date of the Ordinary General Meeting of Shareholders June 29, 2022 Scheduled date of commencing dividend payments -  
 Scheduled date of securities report submission June 30, 2022  
 Availability of supplementary briefing materials on financial results : Yes  
 Schedule of financial results briefing session : Yes (For institutional investors and securities analysts )

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 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	%
Fiscal year ended March 31, 2022	8,310	10.5	1,534	(15.2)	1,485	(25.7)	943	(23.8)
Fiscal year ended March 31, 2021	7,517	11.7	1,808	603.8	2,000	671.0	1,237	955.8

(Note) Comprehensive income Fiscal year ended March 31, 2022 896 Million yen ( -30.8 %)  
 Fiscal year ended March 31, 2021 1,295 Million yen ( - %)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	17.14	17.02	20.0	21.8	18.5
Fiscal year ended March 31, 2021	22.49	22.32	34.2	36.9	24.1

(Reference) Equity in net income of affiliates Fiscal year ended March 31, 2022 -69 Million yen  
 Fiscal year ended March 31, 2021 -9 Million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net asset per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	7,387	5,248	69.8	93.68
As of March 31, 2021	6,248	4,355	68.2	77.39

(Reference) Equity As of March 31, 2022 5,157 Million yen As of March 31, 2021 4,259 Million yen

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	698	(1,666)	493	979
Fiscal year ended March 31, 2021	1,323	(1,151)	0	1,453

## 2. Dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Total			
Fiscal year ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ended March 31, 2022	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
Fiscal year ending March 31, 2023 (Forecast)	Yen -	Yen -	Yen -	Yen -	Yen -	Million yen -	% -	% -

(Note) The dividend forecast for the fiscal year ending March 31, 2023 is currently undecided.

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

\* Notes

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2022 (Changes in specified subsidiaries resulting in changes in the scope of consolidation): No

New: – (Company name:), Exclusion: – (Company name:)

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

- 1) Changes in accounting policies due to the revision of accounting standards : Yes  
 2) Changes in accounting policies other than due to 1) above : No  
 3) Changes in accounting estimates : Yes  
 4) Retrospective restatement : No

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

1) Total number of issued shares at the end of the period (including treasury shares)	March 31, 2022	55,139,520 shares	March 31, 2021	55,128,288 shares
2) Total number of treasury shares at the end of the period	March 31, 2022	89,348 shares	March 31, 2021	88,948 shares
3) Average number of shares during the period	March 31, 2022	55,044,723 shares	March 31, 2021	55,038,583 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Non-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	%
Fiscal year ended March 31, 2022	7,976	7.9	1,532	(14.5)	1,557	(21.9)	1,013	(17.9)
Fiscal year ended March 31, 2021	7,389	10.5	1,793	603.9	1,993	672.2	1,234	962.8
	Basic earnings per share		Diluted earnings per share					
	Yen		Yen					
Fiscal year ended March 31, 2022	18.40		18.27					
Fiscal year ended March 31, 2021	22.43		22.27					

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net asset per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	7,313	5,229	71.5	94.99
As of March 31, 2021	6,086	4,262	70.0	77.44

(Reference) Equity As of March 31, 2022 5,229 Million yen As of March 31, 2021 4,262 Million yen

\* The financial statements are not subject to a 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. Summary of Operating Results, etc.

### (1) Summary of Operating Results for the Current Fiscal Year

During the current consolidated fiscal year, the Japanese economy has shown signs of recovery as the severe situation caused by the novel coronavirus pandemic (hereinafter referred to as COVID-19) has eased.

In this market environment, the Group has been engaged in our business through continued aggressive investment for growth in order to develop new markets by promoting two types of DX (\*1), categorized as Corporate DX for digitalization to improve and streamline internal operations, as well as Industrial DX for digitalization to create businesses using digital technologies.

First, regarding the status of Corporate DX in the current consolidated fiscal year, the number of licenses has been growing steadily as teleworking has been popularized with the spread of COVID-19 and the need for Optimal Biz, which contributes to the management and operation of terminals used for teleworking, has increased.

In the current fiscal year, the Company also launched new services: Optimal Remote Web, Optimal Remote IoT, OPTiM ID+ (Plus), OPTiM Contract, and OPTiM Digital Marketing.

The next section provides the status of Industrial DX in the current fiscal year.

With regard to initiatives in the agricultural field under Industrial DX, we have begun offering a "pinpoint time spraying" service that enables timely pest control based on field-specific digital analysis. The "pinpoint time spraying" service, which combines the growth forecasting and pest forecasting technologies cultivated to date with our knowledge of drone pest control, enables the application of the minimum amount of pesticides at the appropriate time to maximize pest control effects. This year, the company continued to sell "Smart Rice," safe and secure rice cultivated using AI and drones to reduce the use of pesticides, and began selling "Smart Rice 2022," new rice produced in the fiscal year ended March 31, 2022.

In the medical field, the introduction of the hinotori™ Surgical Robot System (hereinafter referred to as hinotori™), the first made-in-Japan robotic-assisted surgery system, is being promoted, and the Group continues to support its introduction in terms of software, including the Medicaroid Intelligent Network System (MINS), a platform for the network support system for hinotori™, develop peripheral services, and cooperate in things like enhancement and addition of functions. Progress has also been marked, with the receipt of orders for new large-scale projects and others.

In the construction field, we launched OPTiM Geo Scan, a smartphone 3D surveying application. OPTiM Geo Scan is an application that enables the generation of high-precision 3D data required at civil engineering sites by scanning surveyed objects such as soil structures with a smartphone or tablet. We have also launched a linkage between OPTiM Geo Scan and Scan-X, a service of ScanX, K.K. that enables processing, analysis, and sharing of 3D point group data in the cloud, as well as a GNSS (\*2) surveying and piling application OPTiM Geo Point that improves surveying accuracy as a free option for OPTiM Geo Scan.

Also, we held an online event, OPTiM INNOVATION 2021 to introduce our activities in various fields, as well as AI and IoT solutions that can be immediately applied to business. The event was organized for the construction, agriculture, medical, and other sectors under this year's theme, "DX to Change Your Job." By introducing solutions and case studies that realize DX in various industries to the participants of the event, we are promoting the Group's AI and IoT solutions.

As a result, consolidated operating results for the current fiscal year were as follows: net sales of 8,310,717,000 yen (up 10.5% year on year), operating profit of 1,534,621,000 yen (down 15.2% year on year), ordinary profit of 1,485,545,000 yen (down 25.7% year on year), and profit attributable to owners of parent of 943,561,000 yen (down 23.8% year on year).

The services provided by the Group are as follows.

#### (IoT Platform Service)

This service category includes Optimal biz, OPTiM Cloud IoT OS, OPTiM AI Camera, OPTiM AI Camera Enterprise, OPTiM ID+, OPTiM Contract, OPTiM Digital Marketing, OPTiM IoT, etc.

In particular, the number of licenses for Optimal Biz, the main service of IoT Platform Service, has been steadily increasing during the current fiscal year, and has been evaluated by a third-party research organization as the de facto standard service for mobile device management services in Japan, as shown by the fact that it has been rated the top share (\*3) in the domestic market for 11 consecutive years in a research report issued by Deloitte Tohmatsu MIC Research Institute Co., Ltd.

As services that promote the ○×IT initiative, in the agricultural field, we provide Pinpoint Pesticide Spray Service, Pinpoint Fertilizer Application Service, and Pinpoint Time Spray Service. In the medical field, we provide the Medicaroid Intelligent

Network System (MINS), a network support system platform for the surgical support robot system hinotori™. In the construction field, we provide OPTiM Geo Scan, a smartphone 3D surveying application, and OPTiM Geo Point, a GNSS surveying and piling application, as free options for OPTiM Geo Scan.

(Remote Management Service)

This service category includes Optimal Remote, Optimal Remote IoT, Optimal Remote Web, Optimal Second Sight, Smart Field, Online Medical Platform, Pocket Doctor, and others.

(Support Service)

This service category includes Optimal Setup, Optimal Diagnosis & Repair, and others.

(Other Services)

This service category includes Unlimited Use of PC Software, Tabuho, an unlimited magazine reading service, and Tabuho Spot, a service of Tabuho for corporate customers.

- \*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 GNSS: Abbreviation for Global Navigation Satellite System, a global positioning system using satellites (positioning satellites).
- \*3 Deloitte Tohmatsu MIC Research Institute Co., Ltd., Cloud Services Market Status and Outlook FY2013 Edition, IT Asset Management (including MDM) Market Total Sales, FY2011 to FY2012 Results (Published in 2013)/Collaboration/Contents and Mobile Management Package Software Market Outlook FY2014 Edition, MDM Market Trends, Number of IDs of MDM Shipments (Including SaaS and ASP), FY2013 Results (Published in 2014)/Collaboration/Contents and Mobile Management Package Software Market Outlook, MDM Market Trends, Number of IDs of MDM Shipments (Including SaaS and ASP), FY2014 to FY2017 Results (Published in 2015 to 2018)/Collaboration and Mobile Management Software Market Outlook, MDM Market Trends, Number of IDs of MDM Shipments (Including SaaS and ASP), FY2018 to FY2020 Results and FY2021 Forecast (Published in 2019 to 2021)

## (2) Summary of Financial Position for the Current Fiscal Year

### (Assets)

The balance of assets at the end of the current consolidated fiscal year was 7,387,477,000 yen, an increase of 1,138,570,000 yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 474,277,000 yen in cash and deposits, despite increases of 470,304,000 yen in notes, accounts receivable-trade and contract assets, 866,904,000 yen in software, and 224,771,000 yen in leasehold and guarantee deposits.

### (Liabilities)

The balance of total liabilities at the end of the current consolidated fiscal year was 2,138,674,000 yen, an increase of 245,656,000 yen from the end of the previous consolidated fiscal year. This was mainly due to a 497,400,000 yen increase in short-term borrowings.

### (Net assets)

The balance of net assets at the end of the current consolidated fiscal year was 5,248,802,000 yen, an increase of 892,913,000 yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 943,561,000 yen in retained earnings resulting from profit attributable to owners of parent.

### (3) Summary of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year decreased by 474,277,000 yen from the end of the previous fiscal year to 979,399,000 yen.

The status of cash flows and their main factors during the current fiscal year are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 698,237,000 yen (1,323,462,000 yen provided in the same period of the previous year). This was mainly due to profit before income taxes of 1,485,545,000 yen, depreciation of 492,789,000 yen, an increase in trade receivables of 470,304,000 yen, and income taxes paid of 830,769,000 yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 1,666,254,000 yen (1,151,757,000 yen used in the same period of the previous year). This was mainly due to the purchase of intangible assets of 1,110,901,000 yen, purchase of shares of subsidiaries and associates of 167,027,000 yen, and payments of leasehold and guarantee deposits of 331,475,000 yen.

#### (Cash Flows from Financing Activities)

Net cash provided by financing activities was 493,739,000 yen (620,000 yen provided in the same period of the previous year). This was mainly due to proceeds from short-term borrowings of 500,000,000 yen.

### (4) Future Outlook

The Group's business model is based on a sales structure centered on stock-based licensing revenues. In addition, the existing markets in which we operate, including EMM and MDM, continue to expand steadily. The Company's position in this market also continues to be dominant, and we expect this trend to continue in the future.

In the previous consolidated fiscal year, the Group determined the priority of services to focus on by examining the services currently being developed from various perspectives, including the future potential of the market, the Group's superiority in that market, market share, and the status of competitors.

Based on these priorities, we intend to make the fiscal year ending March 31, 2023, another year of raising the level of stock sales to support stable growth in the future by aggressively investing in growth to strengthen the development of killer services and promoting sales of killer services by leveraging our strong sales network, as in the previous consolidated fiscal year.

In addition, the Group advocates becoming a company that plays a key role in the fourth industrial revolution, and intends to flexibly and aggressively invest for growth when good investment opportunities arise during the period.

As a result of the above, for the fiscal year ending March 31, 2023, the Company forecasts net sales of 9,140 million yen (up 10.0% year-on-year), operating profit of 1,690 million yen (up 10.1% year-on-year), ordinary profit of 1,590 million yen (up 7.1% year-on-year), and profit attributable to owners of parent of 947 million yen (up 0.4% year-on-year).

## 2. Basic Approach to the Selection of Accounting Standards

For the time being, the Group's policy is to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and the comparability among companies. With respect to the application of International Financial Reporting Standards, the Group intends to take appropriate measures in consideration of various circumstances in Japan and overseas.



### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(1,000 yen)

	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	1,453,676	979,399
Notes and accounts receivable - trade	1,807,181	-
Notes and accounts receivable - trade, and contract assets	-	2,277,485
Merchandise and finished goods	92,123	75,918
Work in process	6,749	18
Raw materials and supplies	2,503	18,065
Other	153,079	181,199
Total current assets	3,515,313	3,532,087
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	163,383	323,294
Machinery, equipment and vehicles, net	18,671	13,828
Construction in progress	-	6,725
Other, net	71,507	60,907
Total property, plant and equipment	253,562	404,754
Intangible assets		
Software	671,005	1,537,909
Software in progress	131,510	112,437
Other	17,157	10,578
Total intangible assets	819,673	1,660,924
Investments and other assets		
Investment securities	230,398	151,273
Shares of subsidiaries and associates	406,100	503,341
Leasehold and guarantee deposits	336,116	560,888
Deferred tax assets	636,647	512,688
Other	51,093	61,519
Total investments and other assets	1,660,356	1,789,710
Total non-current assets	2,733,593	3,855,390
<b>Total assets</b>	<b>6,248,906</b>	<b>7,387,477</b>

(1,000 yen)

	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	612,195	599,575
Short-term borrowings	17,150	514,550
Income taxes payable	531,856	88,783
Contract liabilities	—	204,570
Provision for bonuses	135,322	140,957
Provision for bonuses for directors (and other officers)	23,054	23,196
Other	511,495	428,558
Total current liabilities	1,831,074	2,000,191
Non-current liabilities		
Asset retirement obligations	61,943	138,482
Total non-current liabilities	61,943	138,482
Total liabilities	1,893,017	2,138,674
<b>Net assets</b>		
Shareholders' equity		
Share capital	443,749	444,018
Capital surplus	727,880	728,150
Retained earnings	3,110,494	4,054,056
Treasury shares	(75,272)	(75,272)
Total shareholders' equity	4,206,852	5,150,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,861	6,184
Total accumulated other comprehensive income	52,861	6,184
Non-controlling interests	96,175	91,665
Total net assets	4,355,888	5,248,802
Total liabilities and net assets	6,248,906	7,387,477

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

## Consolidated Statements of Income

(1,000 yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net sales	7,517,790	8,310,717
Cost of sales	2,943,132	3,728,929
Gross profit	4,574,658	4,581,787
Selling, general and administrative expenses	2,766,019	3,047,166
Operating profit	1,808,638	1,534,621
Non-operating income		
Interest income	57	6
Commission income	92,630	0
Insurance claim income	1,336	6,913
Subsidy income	–	269
Gain on investments in investment partnerships	100,796	–
Consumption tax gain	3,479	15,673
Other	5,747	7,610
Total non-operating income	204,048	30,474
Non-operating expenses		
Interest expenses	45	476
Share of loss of entities accounted for using equity method	9,099	69,786
Foreign exchange losses	3,041	124
Loss on investments in investment partnerships	–	2,647
Loss on retirement of non-current assets	–	6,466
Other	45	49
Total non-operating expenses	12,233	79,550
Ordinary profit	2,000,453	1,485,545
Extraordinary losses		
Loss on valuation of investment securities	16,294	–
Total extraordinary losses	16,294	–
Profit before income taxes	1,984,159	1,485,545
Income taxes - current	649,330	397,733
Income taxes - deferred	92,107	144,559
Total income taxes	741,438	542,293
Profit	1,242,721	943,251
Profit attributable to non-controlling interests	5,119	(309)
Profit attributable to owners of parent	1,237,601	943,561

Consolidated Statements of Income

(1,000 yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit	1,242,721	943,251
Other comprehensive income		
Valuation difference on available-for-sale securities	52,861	(46,677)
Total other comprehensive income	52,861	(46,677)
Comprehensive income attributable to	1,295,583	896,574
Comprehensive income attributable to owners of parent	1,290,463	896,884
Comprehensive income attributable to non-controlling interests	5,119	(309)

### (3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1,000 yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	443,439	727,570	1,872,893	(75,272)	2,968,629
Changes during period					
Issuance of new shares - exercise of share acquisition rights	310	310			620
Profit (loss) attributable to owners of parent			1,237,601		1,237,601
Net changes in items other than shareholders' equity					
Total changes during period	310	310	1,237,601	-	1,238,222
Balance at end of period	443,749	727,880	3,110,494	(75,272)	4,206,852

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	-	-	70,555	3,039,185
Changes during period				
Issuance of new shares - exercise of share acquisition rights				620
Profit (loss) attributable to owners of parent				1,237,601
Net changes in items other than shareholders' equity	52,861	52,861	25,619	78,481
Total changes during period	52,861	52,861	25,619	1,316,703
Balance at end of period	52,861	52,861	96,175	4,355,888

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1,000 yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	443,749	727,880	3,110,494	(75,272)	4,206,852
Changes during period					
Issuance of new shares - exercise of share acquisition rights	269	269			539
Profit (loss) attributable to owners of parent			943,561		943,561
Net changes in items other than shareholders' equity					
Total changes during period	269	269	943,561	—	944,100
Balance at end of period	444,018	728,150	4,054,056	(75,272)	5,150,952

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	52,861	52,861	96,175	4,355,888
Changes during period				
Issuance of new shares - exercise of share acquisition rights				539
Profit (loss) attributable to owners of parent				943,561
Net changes in items other than shareholders' equity	(46,677)	(46,677)	(4,509)	(51,187)
Total changes during period	(46,677)	(46,677)	(4,509)	892,913
Balance at end of period	6,184	6,184	91,665	5,248,802

## (4) Consolidated Statement of Cash Flows

(1,000 yen)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,984,159	1,485,545
Depreciation	160,580	492,789
Amortization of goodwill	2,741	6,579
Increase (decrease) in provision for bonuses for directors (and other officers)	1,641	142
Increase (decrease) in provision for bonuses	22,895	5,635
Interest and dividend income	(57)	(6)
Interest expenses	45	476
Foreign exchange losses (gains)	3,058	–
Loss (gain) on investments in investment partnerships	(100,796)	2,647
Share of loss (profit) of entities accounted for using equity method	9,099	69,786
Loss (gain) on valuation of investment securities	16,294	–
Decrease (increase) in trade receivables	(249,810)	(470,304)
Decrease (increase) in inventories	(65,104)	7,374
Decrease (increase) in accounts receivable - other	6,857	(1,615)
Increase (decrease) in trade payables	71,973	(6,266)
Loss on retirement of non-current assets	–	6,466
Increase (decrease) in accounts payable - other	(89,659)	54,728
Increase (decrease) in accrued expenses	(15,428)	11,703
Increase (decrease) in accrued consumption taxes	45,576	(108,644)
Increase (decrease) in unearned revenue	37,747	–
Increase (decrease) in contract liabilities	–	(3,240)
Increase (decrease) in deposits received	(70,971)	1,234
Other, net	(56,134)	(25,431)
Subtotal	1,714,709	1,529,598
Interest and dividends received	57	6
Interest paid	(45)	(598)
Income taxes paid	(391,259)	(830,769)
Net cash provided by (used in) operating activities	1,323,462	698,237
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(63,750)	(56,295)
Proceeds from sales of property, plant and equipment	1,015	–
Purchase of intangible assets	(759,084)	(1,110,901)
Payments for asset retirement obligations	–	(1,500)
Loan advances	(21,000)	–
Collection of loans receivable	21,396	396
Purchase of investment securities	(30,000)	–
Proceeds from sales of investment securities	33,000	–
Purchase of shares of subsidiaries and associates	(415,200)	(167,027)
Payments for acquisition of businesses	(39,064)	–
Proceeds from distributions from investment partnerships	129,447	9,200
Purchase of insurance funds	(9,981)	(9,981)
Payments of leasehold and guarantee deposits	(199)	(331,475)
Proceeds from refund of leasehold and guarantee deposits	1,664	1,331
Net cash provided by (used in) investing activities	(1,151,757)	(1,666,254)

	(1,000 yen)	
	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	500,000
Repayments of short-term borrowings	–	(2,600)
Dividends paid to non-controlling interests	–	(4,200)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	620	539
Net cash provided by (used in) financing activities	620	493,739
Effect of exchange rate change on cash and cash equivalents	(3,058)	–
Net increase (decrease) in cash and cash equivalents	169,266	(474,277)
Cash and cash equivalents at beginning of period	1,263,910	1,453,676
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	20,500	–
Cash and cash equivalents at end of period	1,453,676	979,399



## (5) Notes on Consolidated Financial Statements

(Notes ongoing concern assumptions)

Not applicable.

(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 current fiscal year, and it will recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

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

Due to the application of the Revenue Recognition Accounting Standard, notes and accounts receivable-trade, which was included in current assets in the consolidated balance sheet for the previous fiscal year, is now included in notes, accounts receivable-trade and contract assets from the current fiscal year. Unearned revenue included in other under current liabilities is presented as contract liabilities from the current consolidated fiscal year. In addition, increase (decrease) in unearned revenue, which was presented in cash flows from operating activities in the consolidated statements of cash flows for the previous fiscal year, is presented as increase (decrease) in contract liabilities from the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not made any reclassifications based on the new presentation method for the previous consolidated fiscal year.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, Revenue recognition-related notes for the previous fiscal year are not presented.

(Changes in accounting estimates)

(Changes in estimates of useful lives of property, plant and equipment and asset retirement obligations)

In the current consolidated fiscal year, the Company relocated its Tokyo head office. The useful lives of non-current assets that will no longer be available due to the relocation were changed to the period up to the completion date of the relocation, and the assets were depreciated over the remaining period.

In addition, the Company changed its estimate of the asset retirement obligations that had been recorded as restoration obligations based on the real estate lease contract for the property prior to such relocation, as more precise estimates became available.

As a result of this change, each of operating profit, ordinary profit, and profit (loss) before income taxes for the current consolidated fiscal year decreased by 153,459,000 yen compared to the amounts based on the previous method.

(Segment information, etc.)

[Segment information]

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

[Related information]

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

### 1. Information by Product and Service

	(1,000 yen)				
	IoT platform service	Remote management service	Support service	Other services	Total
Sales to external customers	6,135,963	793,126	130,219	458,481	7,517,790

## 2. Information by Region

### (1) Sales

Not applicable as there are no sales to external customers outside Japan.

### (2) Property, Plant and Equipment

Not applicable as there is no property, plant and equipment located outside Japan.

## 3. Information by Major Customer

(1,000 yen)

Name of customer	Sales
KDDI CORPORATION	2,494,784
Komatsu Ltd.	785,133

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

## 1. Information by Product and Service

(1,000 yen)

	IoT platform service	Remote management service	Support service	Other service	Total
Sales to external customers	6,922,893	778,587	114,864	494,372	8,310,717

## 2. Information by Region

### (1) Sales

This information is omitted as sales to external customers in Japan account for more than 90% of the net sales in the consolidated statements of income.

### (2) Property, Plant and Equipment

Not applicable as there is no property, plant and equipment located outside Japan.

## 3. Information by Major Customer

(1,000 yen)

Name of customer	Sales
KDDI CORPORATION	2,870,756

[Information on impairment losses of non-current assets by reportable segment]

Not applicable.

[Information on amortization of goodwill and unamortized balance by reportable segment]

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

[Information on gains on negative goodwill by reportable segment]

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	77.39 Yen	93.68 Yen
Basic earnings per share	22.49 Yen	17.14 Yen
Diluted earnings per share	22.32 Yen	17.02 Yen

(Note) 1. The basis for calculating net assets per share is as follows.

	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
Total net assets (1,000 yen)	4,355,888	5,248,802
Amount deducted from total net assets (1,000 yen)	96,175	91,665
Net assets related to common shares at the end of the period (1,000 yen)	4,259,713	5,157,137
Number of common shares used in the calculation of net assets per share at the end of the period (share)	55,039,340	55,050,172

2. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (1,000 yen)	1,237,601	943,561
Amounts not attributable to common shareholders (1,000 yen)	–	–
Profit attributable to owners of the parent related to common shares (1,000 yen)	1,237,601	943,561
Average number of common shares during the period (share)	55,038,583	55,044,723
Diluted earnings per share		
Adjustment of profit attributable to owners of the parent (thousand yen)	–	–
Increase in common shares (shares)	407,248	395,943
(Of which stock acquisition rights (shares))	(407,248)	(395,943)
Summary of potential stock not included in the calculation of diluted earnings per share due to the absence of dilutive effects	–	–

(Significant subsequent events)

Not applicable.