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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

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 commencing dividend payments –
Availability of supplementary briefing materials on financial results : Yes
Schedule of financial results briefing session : No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(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	%
Nine months ended December 31, 2024	6,835	(3.1)	1,094	(17.3)	938	(21.9)	538	(24.0)
Nine months ended December 31, 2023	7,056	11.6	1,323	66.0	1,200	70.8	708	77.2

(Note) Comprehensive income Nine months ended December 31, 2024 524 Million yen (22.4%) Nine months ended December 31, 2023 675 Million yen 69.2%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	9.77	9.73
Nine months ended December 31, 2023	12.86	12.78

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of December 31, 2024	9,292	7,867	83.7
As of March 31, 2024	9,562	7,342	75.8

(Reference) Equity As of December 31, 2024 7,775 Million yen As of March 31, 2024 7,249 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00	–		
Fiscal year ending March 31, 2025 (Forecast)				–	–

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

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	11,300	10.3	1,950	0.5	-	-	-	-	-

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

* Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2024 : 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)	December 31, 2024	55,198,528 shares	March 31, 2024	55,163,232 shares
2) Total number of treasury shares at the end of the period	December 31, 2024	99,688 shares	March 31, 2024	95,347 shares
3) Average number of shares during the period	December 31, 2024	55,088,155 shares	December 31, 2023	55,053,258 shares

* The quarterly financial statements are not subject to a quarterly review by a certified public accountant or audit firm.

* Proper use of the financial results forecasts and other special notes

The forward-looking statements, including the financial results forecasts contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and 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 third quarter of the current consolidated fiscal year, the Group continued to steadily grow its Mobile Management Services, which occupy an overwhelming market share, from the previous consolidated fiscal year, while aiming to achieve significant growth by creating innovation in the rapidly expanding DX (*1) market through X-Tech Services. The Group's business has been developed with both services as dual engines of growth. Below, we will report on the specific progress made during the third quarter of the current consolidated fiscal year, according to the categories of “X-Tech Services” and “Mobile Management Services”.

First, we will report on “X-Tech Services”, which is the focus of our proactive growth investments.

For Agritech services, we are developing our business in the areas of production, processing and distribution in order to digitize the entire agricultural value chain. During the current consolidated fiscal year, we carried out aggressive sales activities and made growth investments in order to further expand our drone spraying DX service, the “Pinpoint Time Spraying Service (hereinafter, PTS)”, and as a result, we achieved to acquire the largest share in Japan (*2) and grew significantly. In terms of the market overview, the aerial rice spraying market is shifting from helicopter spraying, which had previously accounted for the majority of the market share, to drone spraying, and the potential of the drone spraying market is expanding. For the next fiscal year, we are expanding the scope of PTS to include crops that were previously difficult to spray using helicopters, and we are making steady progress.

For Office DX, we provide services that make it possible to efficiently and accurately process a variety of office tasks by utilizing AI and IoT, which are areas in which our group excels. During the third quarter of the current consolidated fiscal year, we enhanced the functions of our AI-based contract management service “OPTiM Contract” and our AI-based electronic bookkeeping “OPTiM denshichobohozon(Electronic Bookkeeping)”. Both services have been highly evaluated by customers for their advanced AI text analysis accuracy and intuitive operability even for first-time users, and the number of licenses is steadily increasing. In addition, in the “IT Trend Annual Ranking 2024”, which ranks the number of inquiries received each year, “OPTiM denshichobohozon(Electronic Bookkeeping)” won first place in the electronic form system category, and “OPTiM Contract” won first place in the contract management system category (*3).

For Marketing DX, we are providing “digitalization of customer contact services” that enable all organizations and companies to respond to the rapidly changing lifestyles of consumers, centered on smartphones, and we are making progress in developing businesses in various industries. During the third quarter of the current consolidated fiscal year, we announced the “OPTiM Customer Success Portal”, Japan's first (*4) customer success service powered by AI. The “OPTiM Customer Success Portal” is a service that utilizes the content (manuals, FAQs, pamphlets, etc.) that companies have to build digital touchpoints with their customers. It centrally manages and visualizes communication with customers, and AI automatically responds to inquiries, distributes contents, and updates them. This improves customer satisfaction while reducing the cost of customer support for companies. With regard to the “Official Super App for Local Governments” DX service, we are promoting its nationwide rollout to local governments based on the success of the “Official Super App for Saga City”. The service is being considered to be introduced by multiple local governments, including Takeo City in Saga Prefecture, which has already decided to introduce the service.

For Digital health, we are providing various DX services that aim to improve operational efficiency through digitalization, including remote medical consultation services, in order to solve issues such as the rising cost of medical care due to the declining birthrate and aging population, and the shortage of medical personnel. During the third quarter of the current consolidated fiscal year, we announced “OPTiM AI Hospital”, the first (*5) on-premise (*7) LLM (*8) service in Japan that uses a generative AI (*6) to support the writing tasks of medical personnel. OPTiM AI Hospital is equipped with the LLM “OPTiM AI”, which operates in a high-security on-premises environment that does not require an external internet connection. By using this service, it is possible to use generative AI to support the creation of medical information reports by doctors and nursing summaries by nurses when patients are admitted to or discharged from hospital, even in environments where personal information is considered important, and to improve operational efficiency. In addition, this service was tested at Yuai-kai Oda Hospital, and it was proven to be an effective service for improving operational efficiency in the hospital's business processes, as it achieved a 54.2% reduction in the time required to create nursing summaries at the time of discharge compared to before the introduction of the service. We will continue to work to expand the market for this service.

For Digital construction, we provide an app that allows anyone to easily perform high-precision surveying using a smartphone. During the third quarter of the consolidated fiscal year, the number of licenses for “OPTiM Geo Scan” increased steadily. In addition, we have started offering “OPTiM Geo Scan” corporate license, which is mobile integrated operation solution for construction sites. “OPTiM Geo Scan” corporate license is a service that includes “OPTiM Geo Scan” license, “OPTiM Geo Scan Advance” dedicated hardware, GNSS receivers (*9), and equipment rental for iPhones and other devices. By signing up for the “OPTiM Geo Scan” corporate license, you can start using “OPTiM Geo Scan” for surveying immediately, without having to worry about procuring equipments or managing equipment assets. It has received high praise from major general contractors, and has been introduced not only in Japan but also at overseas construction sites.

For Video Management DX, we provide a service that uses AI to analyze security cameras and other video footage in place of humans. During the third quarter of the current consolidated fiscal year, we launched the AI video analysis service “OPTiM AI Camera Analytics”. “OPTiM AI Camera Analytics” is the world's first (*10) AI video analysis solution that allows customers to easily perform video analysis themselves, and enables marketing analysis, confirmation of near-misses, and video extraction. OPTiM AI Camera Analytics performs advanced analysis and visualization of video data using AI installed on OPTiM Edge (*11), which is connected to the customer's network. The range of uses is greatly expanded depending on the customer's ingenuity, including marketing, crime prevention, and safety measures.

Next, we will explain Mobile Management Services, another pillar of our business.

For Mobile Management Service, “Optimal Biz” was updated to version 10.0 on February 9, 2025, and the service name was changed to “OPTiM Biz”. Version 10.0 features a completely new logo and UI design for the management screen, as well as support functions using AI chatbots. The AI chatbots will suggest the necessary functions and setting procedures according to the customer's intended use. In addition, going forward, “OPTiM Biz” will continue to aim to become a comprehensive service that resolves the issues faced by information systems departments and management departments. Furthermore, “Optimal Biz” has been evaluated as having the top share for 14 consecutive years (*12), and in the third quarter of the current consolidated fiscal year, the number of licenses has increased steadily in line with market growth as a result of progress in supporting dedicated terminals for businesses such as restaurants, retail stores, logistics companies, and factories.

As a result of these activities, consolidated operating results for the first nine months of the current consolidated fiscal year were as follows: net sales of 6,835,013 thousand yen (down 3.1% year-on-year), operating profit of 1,094,651 thousand yen (down 17.3% year-on-year), ordinary profit of 938,286 thousand yen (down 21.9% year-on-year), and profit attributable to owners of parent of 538,381 thousand yen (down 24.0% year-on-year).

Compared to the previous consolidated fiscal year, both sales and profits have decreased, and we will explain the reasons for this. As the timing of recording flow sales varies from year to year, we manage them based on an annual plan. In particular, the delivery and inspection of flow sales for the current fiscal year has tended to be concentrated in the fourth quarter compared to recent years.

In addition, as a result of our continued focus on expanding stock sales since the previous consolidated fiscal year, sales have been steadily increasing. On the other hand, SG&A expenses have increased due to factors such as the increased focus on direct sales as a measure to expand stock sales.

As described above, sales and profits have temporarily decreased compared to the previous consolidated fiscal year due to the timing of recording, but they are progressing smoothly as planned and there will be no impact on the full-year earnings forecast.

In addition, the sales structure of our group is weighted towards the second half of the year due to factors such as the fact that stock sales, which are mainly continuous billing, and the timing of acceptance inspections for flow sales tend to be concentrated in the second half of the year.

The group is actively promoting investment in research and development and service development in the field of generative AI, and we have already launched a number of services that use large-scale language models (LLMs), including the world's first (*13) camera app that automatically creates reports using generative AI, “OPTiM Taglet”; the first customer success service in Japan that uses generative AI, “OPTiM Customer Success Portal”; the first service in Japan to use on-premise LLM to support doctors and nurses in their writing tasks using generative AI, “OPTiM AI Hospital”; and OPTiM Hardware My Portal, a service

that aims to improve customer satisfaction and streamline sales by digitizing and consolidating customer contact points, and other services that use large-scale language models (LLMs) have been launched. We will continue to expand our services in the field of generative AI and realize DX in all industries.

*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 As of January 22, 2025, according to our research.
*3 The results are based on the number of requests for information received from January 1 to November 30, 2024, for each product category on the IT Trend website, which is a website for comparing IT products and requesting information, operated by Innovation & Co.
*4 As of October 17, 2024, according to our research.
*5 As of November 7, 2024, according to our research. As a service with LLM installed that is linked to electronic medical records and is implemented on-premises.
*6 Generative AI: A general term for AI technology that generates new content such as text, images, videos, and audio by utilizing patterns and relationships learned from data.
*7 On-premise software ... Refers to the operation of hardware (e.g., servers) and software (e.g., applications) that is installed in a facility managed by the user.
*8 LLM: Abbreviation for Large Language Models. A type of generative AI that achieves advanced language understanding by learning large amounts of text data.
*9 GNSS receiver ... Equipment that receives radio waves transmitted from multiple navigation satellites to the ground and acquires positioning information.
*10 As of September 2023, according to our research. As a service that can analyze, automatically edit, tag, and frame-by-frame edit videos based on user settings using multiple AI models.
*11 An edge computing server dedicated to the “OPTiM AI Camera” series provided by our company. Edge computing, also known as edge processing, is a network technique that optimizes data processing at the edge of the Internet.
*12 Source: 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 FY2023 Results and FY2024 Forecast (Published in 2019 to 2024)
*13 As of June 26, 2024, according to our research. An automated photo report creation service using AI (LLM).

(2) Explanation of Financial Position

Status of assets, liabilities and net assets

(Assets)

The balance of assets at the end of the third quarter of the current consolidated fiscal year was 9,292,347 thousand yen, a decrease of 270,187 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,113,100 thousand yen in notes receivable, accounts receivable and contract assets, while cash and deposits increased by 451,506 thousand yen and software increased by 337,242 thousand yen.

(Liabilities)

The balance of total liabilities at the end of the third quarter of the current consolidated fiscal year was 1,424,376 thousand yen, a decrease of 796,097 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 377,119 thousand yen in income taxes payable, and a decrease of 300,000 thousand yen in short-term borrowings payable..

(Net assets)

The balance of net assets at the end of the third quarter of the current consolidated fiscal year was 7,867,971 thousand yen, an increase of 525,910 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 538,381 thousand 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, 2025, 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, 2024, dated May 15, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(1,000 yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Nine months ended December 31, 2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	1,902,753	2,354,259
Notes and accounts receivable - trade, and contract assets	2,491,259	1,378,158
Inventories	58,744	271,593
Other	146,307	163,951
Total current assets	4,599,064	4,167,963
Non-current assets		
Property, plant and equipment	440,196	407,927
Intangible assets		
Software	2,852,745	3,189,987
Software in progress	174,160	324,321
Other	47,727	43,124
Total intangible assets	3,074,632	3,557,433
Investments and other assets		
Leasehold and guarantee deposits	346,503	346,416
Deferred tax assets	327,078	243,686
Other	775,059	568,919
Total investments and other assets	1,448,641	1,159,023
Total non-current assets	4,963,470	5,124,384
Total assets	9,562,534	9,292,347
Liabilities		
Current liabilities		
Notes and accounts payable - trade	335,448	277,820
Short-term borrowings	314,550	14,550
Income taxes payable	397,346	20,226
Provision for bonuses	224,359	211,084
Other provisions	22,667	16,305
Other	786,544	744,425
Total current liabilities	2,080,916	1,284,413
Non-current liabilities		
Asset retirement obligations	139,557	139,962
Total non-current liabilities	139,557	139,962
Total liabilities	2,220,473	1,424,376
Net assets		
Shareholders' equity		
Share capital	444,587	445,435
Capital surplus	728,719	729,566
Retained earnings	6,188,174	6,726,555
Treasury shares	(75,500)	(75,599)
Total shareholders' equity	7,285,980	7,825,957
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(36,019)	(50,216)
Total accumulated other comprehensive income	(36,019)	(50,216)
Share acquisition rights	–	101
Non-controlling interests	92,100	92,128
Total net assets	7,342,061	7,867,971

(1,000 yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Nine months ended December 31, 2024 (As of December 31, 2024)
Total liabilities and net assets	9,562,534	9,292,347

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(For the nine months)

(1,000 yen)

	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Net sales	7,056,012	6,835,013
Cost of sales	3,512,921	3,358,967
Gross profit	3,543,091	3,476,046
Selling, general and administrative expenses	2,219,348	2,381,394
Operating profit	1,323,743	1,094,651
Non-operating income		
Interest income	9	137
Commission income	–	16,127
Subsidy income	1,420	4,827
Other	5,482	2,614
Total non-operating income	6,912	23,707
Non-operating expenses		
Interest expenses	1,059	501
Share of loss of entities accounted for using equity method	117,945	157,983
Other	10,876	21,586
Total non-operating expenses	129,881	180,072
Ordinary profit	1,200,774	938,286
Extraordinary income		
Gain on change in equity	–	1,996
National subsidies	21,328	1,954
Total extraordinary income	21,328	3,950
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	21,328	1,954
Total extraordinary losses	21,328	1,954
Profit before income taxes	1,200,774	940,283
Income taxes - current	397,818	312,215
Income taxes - deferred	94,895	89,657
Total income taxes	492,714	401,873
Profit	708,060	538,410
Profit attributable to non-controlling interests	1	28
Profit attributable to owners of parent	708,058	538,381

(Quarterly Consolidated Statements of Comprehensive Income)

(For the nine months)

(1,000 yen)

	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Profit	708,060	538,410
Other comprehensive income		
Valuation difference on available-for-sale securities	(32,440)	(14,196)
Total other comprehensive income	(32,440)	(14,196)
Comprehensive income	675,619	524,213
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	675,617	524,184
Comprehensive income attributable to non-controlling interests	1	28

(3) Notes on Quarterly Consolidated Financial Statements

(Notes ongoing 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 nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

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

II For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

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

(Notes on cash flow statements)

The Company has not prepared cash flow statements for the third quarter of the current consolidated fiscal year. Depreciation (including amortization of intangible assets) for the third quarter of the current consolidated fiscal year is as follows.

	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)	For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)
Depreciation	589,694 thousand yen	797,095 thousand yen