

COMPANY RESEARCH AND ANALYSIS REPORT

OPTiM Corporation

3694

Tokyo Stock Exchange Prime Market

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Summary

In FY3/22 results, sales increased for the 22nd consecutive fiscal year since the Company's founding. License revenue performed strongly, including in the mainstay Optimal Biz and OPTiM Cloud IoT OS. The Company increased forward-looking investments centered on human resources

OPTiM Corporation <3694> ("the Company") is a venture company specializing in AI and IoT technologies which was established by current President and Representative Director Shunji Sugaya and his friends in 2000 when he was a student at Saga University. With "We make the Internet as simple as breathing" as its mission statement, it is aiming to be a leading company in the Fourth Industrial Revolution by making its OPTiM Cloud IoT OS the de facto standard. It has 645 employees (as of April 1, 2022), around 70% of whom are engineers. From the start, it has been developing technologies with a focus on creating never-before-seen services, and owns a number of patents related to these technologies. The Company has many major companies among its partners, and its technological capabilities and potential have been highly evaluated both internally and externally. In 2014, it was listed on the Tokyo Stock Exchange (TSE) Mothers market, and upgraded to the TSE 1st Section in 2015. With the reorganization of TSE markets in April 2022, the Company transferred to the Prime Market.

1. Business details

The Company's operations are divided into businesses centered on Optimal Biz (Corporate DX), and businesses utilizing OPTiM Cloud IoT OS (Industrial DX). In Corporate DX, the Company proposes digitalization to improve internal operations and work efficiency, and targets all sectors and industries. The Company has a cumulative customer base of over 180,000 companies through the provision of Optimal Biz and other services, and the Company utilizes sales partners to offer services with new value, including OPTiM ID+ and OPTiM Contract, to this customer base. Optimal Biz, the Company's flagship device management service, is an essential service in the fields of security countermeasures and batch settings for companies, such as for smartphones, tablets, PCs, and IT equipment, and has maintained the No. 1 share in the growing domestic Mobile Device Management (MDM) market for 11 years running. This business has a stock-type business model, and its stable earnings support the Company's investment in development. In Industrial DX, the Company promotes digitalization aimed at business creation targeting individual industries based on OPTiM Cloud IoT OS. The Company enhanced Optimal Biz used in device management and completed OPTiM Cloud IoT OS, a new AI and IoT platform, in 2016. With this, it ramped up "〇〇 x IT (enter the industry name into 〇〇)" initiatives that target industry revolutions utilizing IT. The industry where the results of this have been realized the most is the construction industry. In 2017, four companies, including Komatsu Ltd. <6301> ("Komatsu"), started LANDLOG, a new platform for the construction production process, and partner companies and customers continue to increase. In the agriculture, forestry, and fisheries industries, in 2016 the Company succeeded with a demonstration experiment for pest control using drones in the agriculture field. In 2018, the Smart Agriculture Alliance, which is led by the Company, grew to a nationwide scale and carried out full-scale harvesting of crops, including rice and soybeans. In the healthcare field, the Company released the "Pocket Doctor" remote healthcare consultation service in 2016 and the "Online Healthcare Platform" in 2020. Recently, the Company's technology has been used in the "hinotori™ Surgical Robot System," Japan's first surgical assistance robot system developed by Medicaroid Corporation, a joint venture of Kawasaki Heavy Industries <7012> and Sysmex <6869>.

Summary

Since its founding, the Company has constantly provided innovative services and developed new markets with support from abundant technological capabilities founded on an intellectual property strategy and business creation capabilities. It has services of No. 1 shares in the Japanese market and possesses a business model with strong license income. Additionally, it has been promoting powerful business development with top players in various industries in recent years as a market leader in AI, IoT, and Big Data.

2. Results trends

For FY3/22, consolidated results, the Company posted ¥8,310mn in net sales (up10.5% year on year (YoY)) and ¥1,534mn in operating profit (down15.2%), as the Company achieved sales growth for the 22nd straight fiscal year since its founding. Stock-type sales, which make up approximately 70% of sales, benefited from a steady increase in the number of licenses for the mainstay service, Optimal Biz. The service has held the top share of Japan's MDM market for the past 11 years and has become the de facto standard. Other stock-type sales have also been solid, including those related to OPTiM Cloud IoT OS. Flow-type sales, which account for roughly 30% of sales, are steady. This mainly reflects the contribution from the company's efforts over several years to combine IT into three major industries through the promotion of "〇〇 x IT" (Agriculture x IT, Healthcare x IT, and Construction and Civil Engineering x IT). Profits decreased YoY, but this mainly reflects aggressive growth investments conducted to expand earnings from FY3/23 onward. The Company's business model has the capability to achieve an operating margin of 20% or higher, but the Company has proactively made forward-looking investment aimed at becoming a leading company in the Fourth Industrial Revolution.

3. Growth strategies and topics

Corporate DX refers to digitalization to improve internal operations and work efficiency, targeting all sectors and industries. In this field, demand for promotion of remote work, enhanced work efficiency, and cost savings through digitalization of office work is rapidly expanding in the COVID-19 pandemic environment. The Company has a customer base of over 180,000 companies cumulatively through provision of Optimal Biz and other products, and aims to leverage sales partners to provide services with new value, such as remote-operation service, authentication security service for IoT, and contract management services, to this customer base.

Industrial DX refers to digitalization for creation of businesses that target specific industries. Devices connected to the OPTiM AI and IoT platform and killer services for specific industries are increasing from promotion of the "〇〇 x IT" strategy up to now, and the Company aims to continue strengthening device coverage and developing and providing killer services for industries. Looking at recent topics, in the agriculture field, in November 2021 the Company launched a "pinpoint time spraying" service as a new offering for the pinpoint spray series. In the construction and civil engineering field, in March 2022 the 3D measurement app "OPTiM Geo Scan" became the first app in Japan to comply with the "Guidelines for Work Progress Management Using 3D Measurement Technology" of the Ministry of Land, Infrastructure, Transport and Tourism.

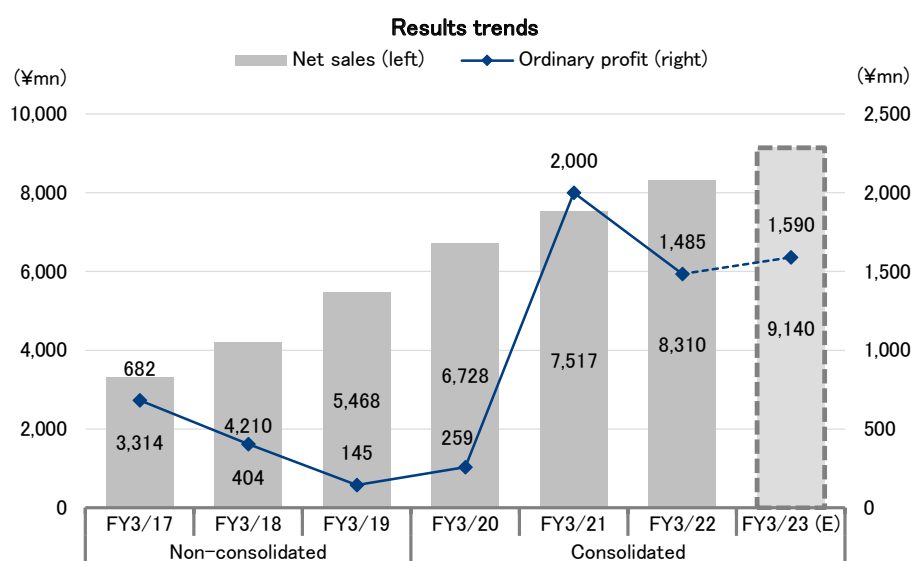
Summary

4. Outlook

In FY3/23 consolidated results guidance, the Company is forecasting net sales of ¥9,140mn (up10.0% YoY) and operating profit of ¥1,690mn (up10.1%). In net sales, the Company aims to achieve a similar growth rate to the previous fiscal year (10.5%) and a new record high for the 23rd consecutive fiscal year since its foundation. As the EMM and MDM markets expand steadily, the Company's mainstay products and services are in an advantageous position and this trend is expected to continue in FY3/23. The Company has considered services that it has released up to FY3/22 and started to expand from various perspectives, including for the future potential for the market and the Company's competitive advantages, and so forth, and determined a priority ranking for services to concentrate on. For high priority "killer services" (services that offer high customer benefit and have decisive advantages over others), the Company's basic policy is to make aggressive investments and strengthen sales and raise the level of stock-type sales that support future stable growth. With regard to profit, the Company's policy is to conduct aggressive growth investments while retaining a certain level of profit. The fact that the operating margin is lower than the profit margin of 20% or higher that represents the actual capability of the Company's business model speaks to the Company's strong commitment to investment. Moreover, when good investment opportunities arise during the fiscal year (such as M&As), the Company's policy is to make growth investments flexibly and proactively. At FISCO, we believe that the Company is amply able to achieve its profit forecast even while making aggressive growth investments.

Key Points

- A venture company in the spotlight that aims to be a leading company in the Fourth Industrial Revolution. Has contributed to society through innovation since its founding
- Promotes Corporate DX and Industrial DX with its proprietary AI/IoT platform
- Optima Biz is the de facto standard for PC and mobile management SaaS
- Has an extensive track record in construction, agriculture, healthcare, and other industries, using OPTiM Cloud IoT OS
- In FY3/22, sales increased for the 22nd consecutive fiscal year since the Company's founding. License revenue performed strongly, including in the mainstay Optimal Biz and OPTiM Cloud IoT OS. The Company increased forward-looking investments centered on human resources



Source: Prepared by FISCO from the Company's financial results

Company overview

A venture company attracting attention that aims to have a leading presence in the Fourth Industrial Revolution. Promoting Corporate DX and Industrial DX with its AI/IoT platform

1. Company overview and history

The Company is a venture company specializing in AI and IoT technologies which was established by current President and Representative Director Shunji Sugaya and his friends in 2000 when he was a student at Saga University. With “We make the Internet as simple as breathing” as its mission statement, it is aiming to be a leading company in the Fourth Industrial Revolution by making its OPTiM Cloud IoT OS the de facto standard. The Company considers its sole reason for existence to be the creation and realization of innovation, and it is distinguished by making a large number of inventions since its foundation. Mr. Sugaya ranked No 1. for the scale of patent assets held by individuals in the field of information and communications from 1993 to 2020. It has 645 employees (as of April 1, 2022), around 70% of whom are engineers.

Although the Company's main business was initially Internet video advertising services, it concluded a technology-license agreement with Nippon Telegraph and Telephone East Corporation (“NTT East”) <9432> in 2006, and used this opportunity of providing automated Internet connection tools that utilize AI to convert to an optimal business (its coined term for a business that aims to make the Internet as simple as breathing and optimize the world of tomorrow). In 2009, it started to provide the Optimal Biz management platform for PCs. The Company has been offering a variety of products and services up until now, but its value of “smartly operating remote devices” has remained consistent even as its fields covered and its technologies change.

From around 2011, to respond to the trend to shift from PCs to mobile throughout the world, the Company developed a management platform compatible with multiple devices, including smartphones and other devices. It is currently promoting OPTiM Cloud IoT OS, which expands and evolves this platform, to make it the de facto standard. From 2013, it entered into the area of unlimited-usage services for software and content, and broadened the scope of its business model.

In 2015, the Company made fully fledged its “〇〇 x IT (enter the industry name into 〇〇)” initiative to use IT to bring about reforms in industry. It started projects with its partner companies and organizations in fields including construction and agriculture. The industry where the results have been realized the most is the construction industry. In 2017, four companies, including Komatsu, jointly started LANDLOG, a new platform for the construction production process, and its partner companies and customers are continuing to increase. The Company started provision of OPTiM Land Scan (now, OPTiM Geo Scan), a world-first straightforward high-precision smartphone 3-D surveying app that can be used by anyone with iPad Pro, in 2020. In the agriculture, forestry and fisheries industries, in 2016 the Company succeeded with a demonstration experiment for pest control using drones in the agriculture field. In 2018, the Smart Agriculture Alliance, which is led by the Company, grew to a nationwide scale and carried out full-scale harvesting of crops, including rice and soybeans. The Company has also made remarkable headway in the healthcare field, where its technology is being used in the network support system of the “hinotori™ Surgical Robot System,” Japan's first surgical assistant robot system, developed by Medicaroid.

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Company overview

The Company has many major companies among its partners, and its technological capabilities and potential have been highly evaluated both internally and externally. The Company is accelerating efforts to expand business through collaboration with major companies, including the establishment of OPTiM Bank Technologies Corp., a joint venture with THE BANK OF SAGA LTD. aimed at planning and selling solutions that utilize AI and IoT, in 2020 and participation in the establishment of NTT e-Drone Technology Corporation with NTT East and others to promote use of domestic drone services, and establishment of DXGoGo Corporation, a joint venture with KDDI <9433> to assist Corporate DX with product planning that uses AI and IoT, in 2021.

Furthermore, in 2014 the Company was listed on TSE Mothers market, rising quickly to the first section in 2015. When the TSE market categories were reorganized in April 2022, the Company transitioned to the Prime market.

History

Year	Major event
2000	Founded OPTiM Corporation
2001	Established Tokyo Office
2006	Started providing an e-mail/router auto-setup tool, "Optimal Setup"
2007	Started providing a screensharing product for PC, "Optimal Remote"
2008	Increased capital through third-party allocation (NTT East)
2009	Made business alliance with NIPPON TELEGRAPH AND TELEPHONE CORPORATION to promote Home ICT Started providing a PC management platform, "Optimal Biz"
2010	Started providing the world's first remote support product for Android devices, "Optimal Remote Mobile"
2011	Started providing a mobile device management platform, "Optimal Biz for Mobile" Acquired a patent for device identification technology, "Tiger"
2012	Recognized and took 9th place in the "Ranking of Patent Asset Scale in Information Communication Industry, 2011-2012"
2013	Started providing "Unlimited Software powered by OPTiM"
2014	Listed on Tokyo Stock Exchange's Mothers market Achieved three straight years of No.1 MDM service share in Japan by "Optimal Biz" Started sales of "Unlimited Tablet powered by OPTiM", the world's first comprehensive tablet service Acquired the 1st place of Emerging Market Company Ranking of Patent Asset Scale in the Information Communication Industry issued by Patent Result Co., Ltd. Announced "Optimal Remote for Lollipop," realizing global first remote support of every Android™ smartphone and tablet in the world
2015	Announced "Remote Experience Sharing," OPTiM's remote technology strategy for the IoT/wearables era Formed a business alliance with Komatsu for Remote Technology, with its first collaboration involving "Optimal Second Sight," a Visual Remote Support service, in which it provides its Smart Construction ICT solutions to construction sites Announced "SkySight," the world's first Big Data analysis platform that supports drones Concluded a three-party agreement for IT Agriculture with Saga University and Saga Prefectural Government Strengthened Capital Alliance with Fuji Xerox Jointly developed "Pocket Doctor," a remote healthcare assistance service Moved to the First Section of the Tokyo Stock Exchange
2016	Pocket Doctor won the Grand Prize in the Japan Healthcare Business Contest 2016 held by the Ministry of Economy, Trade and Industry Announced a new version of OPTiM Cloud IoT OS, an OS optimized for the AI and IoT age Saga University's Faculty of Agriculture, Saga Prefecture's Agriculture, Forestry and Fisheries Department, and OPTiM Corporation were the first in the world to successfully conduct a demonstration experiment to utilize a drone equipped with pest-killing functions in order to conduct pesticide-free pest control at night OPTiM Corporation and Microsoft entered-into a technology alliance in the AI and IoT fields
2017	Concluded a comprehensive partnership agreement with Saga Prefecture to promote the utilization of AI and IoT toward realizing the Fourth Industrial Revolution Four companies, including Komatsu, decided on the joint planning and management of LANDLOG, a new platform that connects to the construction production process as a whole Relocated head office to within a national university (Saga University), the first listed company to do so in Japan Made a subsidiary of Telepathy Global Co., Ltd., which has development capabilities for IoT hardware Started the Smart Agriculture Alliance to utilize AI, IoT, and Big Data to realize "Fun, Cool and Profitable Agriculture"
2018	Won the Intellectual Property Achievement Award, which recognizes companies that have contributed to the development of the intellectual property rights system The Company and MonotaRo opened the MonotaRo AI Store Opened SMART AGRI, an IT and agriculture future media Announced AGRI EARTH, an AI, IoT, and robot platform for the agriculture, forestry and fisheries, distribution processing, and food industries Started DRONE CONNECT β -version, a drone pilot sharing service Announced two new products: OPTiM AI Camera, which has a pre-trained model application menu for more than 300 models, and OPTiM AI Prediction, a prediction service based on quantitative data analyses Announced it holds the basic patent relating to a technology for pinpoint pesticide spraying and fertilization

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Company overview

Year	Major event
2019	<p>Established OPTiM AGRI MICHINOKU Co., Ltd., Japan's first smart agriculture regional trading company, with Michinoku Bank</p> <p>Concluded a basic agreement for a business alliance with Sysmex in the field of "cutting edge healthcare x AI and IoT"</p> <p>The number of organizations participating in the Smart Agriculture Alliance exceeded 1,000</p> <p>Obtained approval for second-class medical equipment manufacturing and sales business</p> <p>Opened OPTiM KOBE as a new base in Kobe City</p> <p>Kawasaki Heavy Industries and OPTiM Corporation entered-into a business alliance to utilize AI and IoT in the fields of precision machinery and robots</p> <p>Entered-into a business alliance with VNPT, Vietnam's state-run major communications group, in the fields of AI services and smart agriculture</p>
2020	<p>Provision of OPTiM services at no charge as assistance in dealing with the COVID-19 outbreak</p> <p>Announced Optimal Biz Telework that harnesses AI to enhance work management, motivation, physical well-being, and productivity in telework</p> <p>Sysmex Corporation and OPTiM Corporation jointly established D'PULA Medical Solutions Corporation to plan, develop, and operate a medical AI and IoT open platform and digital transformation solutions</p> <p>Established OPTiM Bank Technologies Corp. as a joint venture with the Bank of Saga</p> <p>For the first time in the world, started providing, free of charge, OPTiM Land Scan (now, OPTiM Geo Scan) β-version, which is an app that anyone can easily use with an iPhone Pro to make high-precision smartphone 3-D surveys</p> <p>For the first time in Japan in the agriculture field, conducted a demonstration experiment for a non-assisted non-visual flight using a fixed-wing drone to realize Level 3 of the Aerial Industrial Revolution</p> <p>Established the DX Fund with the Bank of Saga</p>
2021	<p>Participates in the establishment of NTT e-Drone Technology Corporation to promote use of domestic drone services</p> <p>Establishes DXGoGo, a joint venture with KDDI to assist corporate DX with product planning that uses AI and IoT</p> <p>Formally launched OPTiM Geo Scan, an app that allows anyone to use an iPhone Pro or iPad Pro to easily make high-precision smartphone 3-D surveys</p> <p>Announced and formally launched OPTiM Contract, which uses AI to reduce contract management costs and risks</p> <p>Announced and formally launched OPTiM ID+, a cloud authentication platform service</p> <p>MDM/PC management service Optimal Biz achieved No. 1 share in MDM market for 11th straight year based on the result of a research report from Deloitte Tohmatsu MIC Research Institute</p> <p>Launched a "pinpoint time spraying" service as a new lineup for pinpoint spraying series</p> <p>OPTiM's AI solutions acquired the No. 1 market share in 8 categories</p> <p>Patent for "AI analysis and management system," received the Minister of Education, Culture, Sports, Science and Technology Award at the 2021 Kyushu Regional Invention Awards</p>
2022	<p>Announced "OPTiM Geo Point" app that enables anyone to conduct global navigation satellite system (GNSS) surveying and pile driving using a smartphone</p> <p>Transitioned to the Prime Market following the reorganization of TSE market categories</p> <p>OPTiM Geo Scan compatible with Ministry of Land, Infrastructure, Transport and Tourism's Guidelines for Work Progress Management</p>

Source: Prepared by FISCO from the Company's web page and releases

2. Content of business

The Company's services can be divided into Corporate DX and Industrial DX.

Corporate DX proposes digitalization to improve internal operations and work efficiency, and targets all sectors and industries. The Company has a cumulative customer base of over 180,000 companies through the provision of Optimal Biz and other services, and the Company utilizes sales partners to offer services with new value, including OPTiM ID+ and OPTiM Contract (details on both discussed below) to this customer base. The business model is mainly license sales (stock-type sales and subscriptions).

In Industrial DX, the Company promotes digitalization aimed at business creation targeting individual industries based on OPTiM Cloud IoT OS. In "○○x IT," initiatives in construction, healthcare, agriculture and robotics have come first, and many services have already been established, including OPTiM Geo Scan in the construction field and an agriculture DX service in the agriculture field. Furthermore, OPTiM AI Camera, a cloud-based AI image analysis service that can be used simply by connecting a camera is also an industry-specific initiative and is therefore categorized as Industrial DX. The business model is primarily license sales (stock-type sales and subscriptions), while there is also customization revenue specific to each industry and company (flow-type sales).

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Company overview

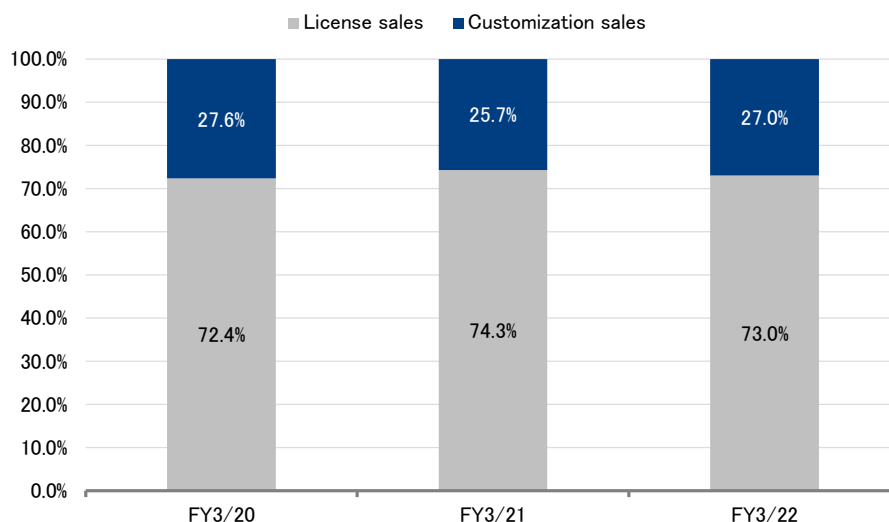
Business description

	Corporate DX	Industrial DX
Customer	Covers all sectors and industries. Existing client base of approximately 180,000 companies	Covers individual industries. Particular progress being made in agriculture, construction, healthcare, robotics
Purpose	Digitalization to improve internal operations and efficiency	Digitalization for business creation
Main software/platforms	Optimal Biz	OPTIM Cloud IoT OS
Examples of new value proposition	Optimal Remote IoT, OPTIM ID+, OPTIM Digital Marketing, OPTIM Contract, etc.	Construction: OPTIM Geo Scan Healthcare: MINS Agriculture: Agriculture DX service Robots: Robot DX service All industries: OPTIM AI Camera series
Business model	Mainly license sales (stock-type sales) A subscription revenue model, in which stable growth is achieved by accumulating the number of customers	License sales (stock-type sales) + customization sales (flow-type sales) Customization refers to development, etc. at the time of initial introduction, and fluctuates significantly

Source: Prepared by FISCO from the Company's materials

Net Sales composition consists of recurring license sales (stock-type sales) and one-time fee customization sales (flow-type sales) with a breakdown in license sales and customization sales of 7:3.

Breakdown of license sales and customization sales



Source: Prepared by FISCO from the Company's results briefing materials

Business overview

Optima Biz is the de facto standard for PC and mobile management SaaS. Has an extensive track record in construction, agriculture, healthcare, and other industries, using OPTiM Cloud IoT OS, an AI and IoT platform

1. Market trends

The Company's growth is supported by the development of the Fourth Industrial Revolution*1. In recent years, the use of IoT (Internet of Things), which includes network cameras, sensors, and wearable devices in addition to PCs and mobile devices, has been rapidly spreading. Forecasts indicate that IoT device installations could reach 41.6bn units in 2025, according to the Company. Alongside this, the volume of data created will increase explosively, and it is estimated that by 2025, the volume of data created by IoT devices in the world will reach 79.4tn GB (approximately four times the volume in 2020). The accelerating increase in Big Data will drive the use of AI to guide users to the useful information within. It can be said that one of the Company's strengths is its provision of solutions that hold the key to advancing the Fourth Industrial Revolution. These include Optimal Biz that manages IoT devices and the OPTiM Cloud IoT OS platform to use IoT and AI. The market that the Company targets is a massive market that is growing, with the potential to be an estimated ¥160 trillion (45 billion devices x ¥300/month*2).

*1 The major changes to the industrial structure and the creation of new economic value through the development of information communication technologies, including IoT, AI, and Big Data.

*2 "45 billion devices" is the estimated number of IoT devices shipped; "¥300/month" is the average monthly unit price of Optima Biz.

2. Company's business areas

(1) Optimal Biz (Corporate DX)

Optimal Biz is the Company's mainstay Corporate DX service that was launched in 2009. It is classified as a corporate MDM tool and is capable of easily managing mobile devices, such as smartphones, tablets, PCs, and IT equipment, and implementing security measures, from a browser. The Company provides it through numerous sales partners, including KDDI, NTT East, FUJIFILM Holdings <4901>, Panasonic <6752>, RICOH JAPAN <7752>, and OTSUKA CORPORATION <4768>, and on an OEM basis as a service of sales partners and receives license fees based on the number of devices (¥300/month as the standard price per single-device end user). The domestic MDM market is growing at a steady rate of over 10% annually, and the Company has solidified a position as the de facto standard with a top share secured in the market*1 for 11 consecutive years and deployments at more than 180,000 companies*2. In addition, the average cancellation rate was significantly lower than the industry average at approximately 0.5%, highlighting the high level of customer satisfaction. In FY3/21, the Company started provision of Optimal Biz Telework, a service that realizes communication support, business support, and productivity enhancement support in a telework environment to obtain telework demand driven by COVID-19 pandemic measures and address further expansion of license sales.

*1 Deloitte Tohmatsu MIC Research Institute's "Collaboration and Mobile Management Software Market Outlook – FY2021 Edition" MDM shipped ID volume (including SaaS, ASP), multiple other research reports.

*2 According to the Company's compilation as of June 25, 2019.

(2) Optimal Remote (Corporate DX)

Optimal Remote is a solution for Corporate DX utilized in customer support and other scenes. It significantly reduces support time previously spent on oral explanations through use of screen sharing with customer devices and remote control and resolves issues in about 60% of the time spent for support. It also speeds up and shortens the overall support process by achieving much faster speeds than products from other companies in screen transfer and remote-control responses. License volume is steadily increasing with increased demand for remote support in the COVID-19 environment. An example is application in smartphone support, which was difficult to provide in store activities. In FY3/22, the Company also released a web-based screen sharing service “Optimal Remote Web” and a tool for device managers called “Optimal Remote IoT,” which enables centralized remote operation from a web browser.

(3) Optimal Second Sight (Industrial DX)

Optimal Second Sight is a remote work assistance service that shares video from frontline locations using cameras on smart glasses, smartphones, and tablets, and supports frontline activities using various assistance functions. License volume increased for this service too thanks to obtaining pandemic-related demand. The service truly meets new normal needs by confirming conditions and facilitating support from a distant location for tasks that had previously relied on on-site confirmation amid restrictions on movement among locations.

(4) OPTiM AI Camera (Industrial DX)

The Company released OPTiM AI Camera, a strategic product, and derivative services in 2018 and aims to become the de facto standard in video analysis using AI. OPTiM AI Camera is a service that conducts image analysis on the cloud utilizing existing surveillance cameras. It can be easily deployed because the service does not require deployment of specialized hardware for image analysis. OPTiM AI Camera Enterprise is a service that assists in marketing, security, work efficiency, and other areas by collecting data from various types of cameras installed for specific industries and uses in stores, facilities, and other locations and conducting image analysis using learned models. It is capable of delivering rapid and advanced AI image analysis through installation of OPTiM Edge and other specialty hardware and analyzing images acquired with network cameras. Furthermore, it can address a wide range of needs with an unlimited-use pack that covers core functions, optional features that are specialized by industry, and professional plans that assist in development of image analysis solutions tailored to individual customers. OPTiM AI Camera Mobile, the third service, supports analysis of video at desired locations just by installing a specialized app in a smartphone or tablet and setting up the device. This is a revolutionary service because it handles analysis of video taken by the device camera without requiring any external equipment, such as surveillance cameras or analysis devices. It conducts analysis of customer attributes (age, gender), number of people, and other details mainly for retailers and restaurants and offers attractive pricing too at ¥1,950 a month per mobile device. Furthermore, in FY3/22, use cases in various industries were announced, including “increasing the level and efficiency of dam shielding membrane inspection operations” and “visualization of car park congestion status by vehicle detection.”

(5) “○○ x IT” (Industrial DX)

The “○○ x IT” initiative, which seeks to reinvent all industries as Fourth Industrial Revolution-style industries by utilizing OPTiM Cloud IoT OS, a platform for platform builders, and combining industries and IT (AI, IoT, etc.), starts with verification tests and develops official businesses and services for specific corporate clients. Initial industries are “Construction x IT,” “Agriculture x IT,” and “Healthcare x IT,” and these efforts have already ramped up businesses in some cases.

Business overview

a) Construction x IT

Construction x IT is one of the most advanced areas in utilizing AI and IoT. The Company provides OPTiM Cloud IoT OS for LANDLOG, a new construction and civil engineering platform led by Komatsu, and aims to realize frontline operations of the future with safety and high productivity. The platform collects data from all types of “things” used in the construction production process (facilitating management and analysis of excavators, dump trucks, drones, and other equipment), and, under suitable authority management, various providers supply that data to many users who support construction sites. The Company established Landlog Marketing Corporation, which promotes construction DX and ICT (information communications technology) projects in 2020 and started sales of smart construction retrofit kits* and marketing of DX solutions for construction projects.

* These kits support ICT-driven advanced functionality in familiar hydraulic shovels that are already being used with an “add-on” of the latest digital equipment.

Another initiative is world-leading development and provision of OPTiM Geo Scan, an application that can acquire high-precision 3D data simply by scanning soil structures or other survey objects with a smartphone or tablet equipped with a LiDAR sensor, under the joint development with Matsuo Construction Co., Ltd., Kyushu’s largest general construction firm. It envisions use at smaller project sites that are not suited to drones, laser scanners, or other devices. OPTiM Geo Scan is capable of shortening the surveying time by up to 60% compared to traditional light wave surveying. Also, specialized knowledge is not necessary for the surveys and they can be easily carried out by a single person, helping to eliminate the problem of shortages of labor and engineers.

b) Agriculture x IT

In the Agriculture x IT area, the Company has comprehensively an AI, IoT, and Robotics technology platform (agriculture DX service), including the world’s first pinpoint agricultural chemical spraying technology, and supports labor savings and higher income in agricultural operations. Other services developed by the Company (besides pinpoint agricultural chemical spraying) include sowing technology using drones and image and sensor analysis of fields using AI and IoT (Agri Field Manager), and a wide-area field management system utilizing a glider-type drone. These technologies support cutting-edge smart farming. In addition, the Company has started the “pinpoint time spraying” service which aims to offer the maximum prevention effect with the minimum amount of pesticides used by combining the reproduction forecasting technology and pest outbreak prediction technology it has developed over the years with drone prevention and extermination expertise. The Company is proactively advancing initiatives that contribute to cost reductions for producers as well as a safe and secure food life for consumers, along with a lower environmental impact.

The Company has also implemented innovative business-model initiatives to expand use of smart agriculture and realize enjoyable, stylish, and profitable farming. One example is Smart Agri Food. In this initiative, the Company provides cutting-edge technology to producers at no charge and has them produce crops with high added value. It then purchases all of the output, handles branding and sales and shares revenue with producers. As an example with rice, in 2020 the Company succeeded in developing pinpoint spraying/fertilization technology, and in 2021 the Company successfully used drones to sow seed rice directly into paddy fields, and carried out rice production in six prefectures utilizing the latest technologies to produce rice with a secured process (reduced pesticides) as well as make the process less labor-intensive than before. This rice is being sold online on the Company’s “SMART AGRICULTURE” (nicknamed Sma-Choku (Smart Direct)) online store as well as on sites such as Amazon and Rakuten marketplace as “Smart Rice 2022” (FY2021 new rice, nine types).

c) Healthcare x IT

The Company combines IoT and AI technologies in the healthcare area too and strives to resolve various issues in medicine. One example is “Pocket Doctor,” a remote healthcare consultation service, announced in 2016 that received the Grand Prize in the Japan Healthcare Business Contest 2016 sponsored by METI. The Company started OEM supply of the “Online Healthcare Platform,” which facilitates straightforward and quick development of online healthcare systems, in 2020. It also jointly developed the Mediaroid Intelligent Network System (MINS) jointly with Mediaroid Corporation in the same year. MINS is a network support system platform designed to assist the surgical assistance robot system for Japan’s first surgical assistance robot “hinotori™ Surgical Robot System” developed by Mediaroid, assist safe and efficient utilization of surgical rooms, and assist in transfer and inheritance of surgical techniques. It is an open platform on which information including the various sensors installed in hinotori™, endoscopic videos, and videos of the entire operating room, is collected, analyzed, and provided in real time. It was developed based on the Company’s OPTiM Cloud IoT OS. The “hinotori™ Surgical Robot System” and “MINS” are already being installed at several hospitals, where they are used in total resection operations to treat prostate cancer at hospitals such as Kobe University Hospital, International Clinical Cancer Research Center and Musashino Tokushukai Hospital.

The results of the Company’s initiatives in individual industries are clearly emerging as its AI solutions market shares. According to a market survey for FY2021 conducted by Deloitte Tohmatsu MIC Research Institute, the Company acquired top market shares for AI solutions in eight categories (in SaaS market trends for sales trends by provision format, “SaaS sales,” “SaaS user charge sales,” and “SaaS related service sales”; in sales trends by industry, “agriculture, forestry and fisheries industries sales” and “healthcare sales”; in sales trend by employee numbers, “sales for users with less than 300 employees”; and in sales trend by application, “maintenance and inspection sales” and “diagnostic support sales”).

3. The Company's strengths

The Company has constantly provided innovative services and developed new markets with support from abundant technological capabilities founded on an intellectual property strategy and business creation capabilities. It has services of No. 1 shares in the domestic market and built a business model with extensive license income. Additionally, it has been promoting powerful business development with top players in various industries in recent years as a market leader in AI, IoT, and Big Data. The Company’s strengths can be summarized in six points: 1) robust technology innovation capabilities, 2) advanced technology capabilities, 3) service planning, development, and operation capabilities, 4) strong license income, 5) plentiful customer base, and 6) business creation capabilities.

Business overview

The Company's strengths

Characteristics (strengths)	Content
1. Robust technology innovation capabilities	Inventiveness to create from 0 to 1. Regarding technological ideas, the Company proactively secures intellectual property rights (The first venture company to receive the Intellectual Property Achievement Award from the Japan Patent Office. The Company's President ranked No. 1* for the scale of patent assets held by individuals in the field of information and communications)
2. Advanced technological capabilities	Realizes new concepts with advanced technological capabilities in AI, IoT, Cloud, Security, and Robotics
3. Service planning, development, and operation capabilities	Possesses planning capability to take products realizing new ideas and generalizing them as package services. Has the ability to plan, design, develop and operate with functions, price and service models that match customers' needs
4. Strong license income	Robust license revenue based on SaaS/subscription model (a model that allows customers to receive a service for a certain period of time by paying a fee). These services include Optimal Biz, a mobile device management SaaS that has had the No. 1 market share in Japan for 11 straight years, along with other services. The average cancellation rate is approximately 0.5%.
5. Plentiful customer base	A cumulative customer base of roughly 180,000 companies that it has acquired over the years through direct sales as well as large partners.
6. Business creation capabilities	Commercializes new products or services with many partners, including industry leading companies, telecommunications carriers, and printer manufacturers, or vastly expands business through business creation capabilities

* Survey by Patent Result (as of the end of November 2021)

Source: Prepared by FISCO from the Company's results briefing materials

4. Intellectual Property Strategy

Since its establishment, the Company has developed technologies while keeping in mind creating services never seen in the world before, and it has adopted a strategy of acquiring and holding intellectual properties. One example of this is its outstanding device identification technology called Tiger, which it patented in Japan and the United States in 2011, that dramatically improves the accuracy of identifying devices. Also, the patent for pinpoint pesticide spraying technology obtained in 2018 received the Minister of Education, Culture, Sports, Science and Technology Award at the 2018 Kyushu Regional Invention Awards. Most recently, the patent for AI analysis and management system for contracts obtained in 2018 received the Minister of Education, Culture, Sports, Science and Technology Award at the 2021 Kyushu Regional Invention Awards. Additionally, the Company's President Shunji Sugaya is ranked No. 1 for individual patent asset scale in the field of information and communications (1993 through 2020). These intellectual properties not only create walls preventing others from entering new business fields, but also allows major companies to feel secure in establishing partnerships and alliances with the Company.

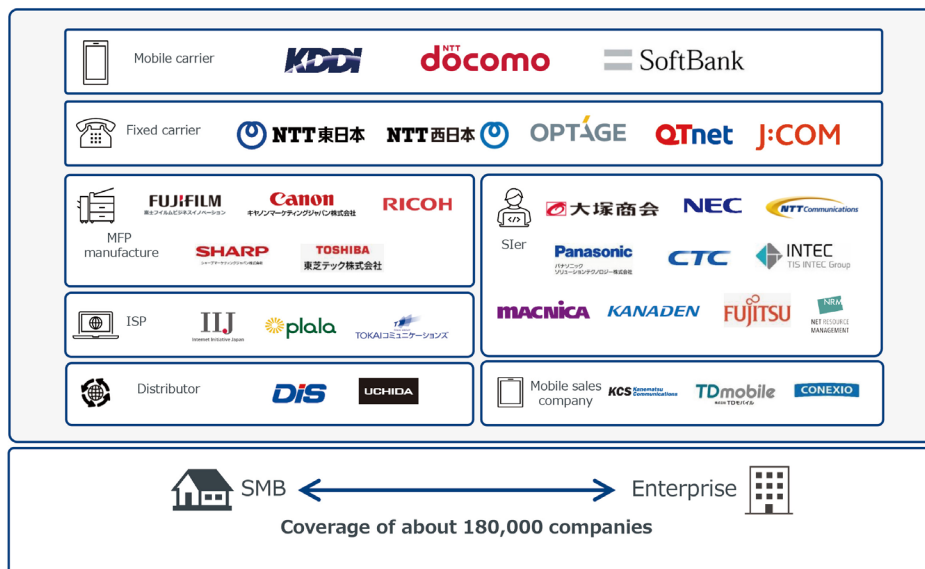
5. Sales channel strategy (Corporate DX)

The Company has a solid base in terms of its sales channels. Its cumulative base of 180,000 service user companies has been developed primarily by partner companies. These include companies such as major telecommunications carriers, multifunction printer manufacturers, ISPs, Slers, and mobile phone sales companies, all of which have large numbers of corporate customers, forming a nationwide sales network. In particular, the Company has established joint ventures with the KDDI Group and the NTT Group, creating strong connections.

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Business overview

Corporate DX partner strategy



Source: The Company's results briefing materials

Results trends

In FY3/22, sales increased for the 22nd consecutive fiscal year since the Company's founding. License revenue performed strongly, including in the mainstay Optimal Biz and OPTiM Cloud IoT OS. The Company increased forward-looking investments centered on human resources

1. Overview of the FY3/22 results

In FY3/22, the Company delivered a sales increase for the 22nd consecutive fiscal year since its founding with ¥8,310mn in net sales (up10.5% YoY), ¥1,534mn in operating profit (down15.2%), ¥1,485mn in ordinary profit (down25.7%), and ¥943mn in profit attributable to owners of parent (down23.8%).

FY3/22 consolidated results (consolidated)

	FY3/21		FY3/22		YoY
	Results	Vs. net sales	Results	Vs. net sales	
Net sales	7,517	100.0%	8,310	100.0%	10.5%
Cost of sales	2,943	39.1%	3,728	44.9%	26.7%
Gross profit	4,574	60.9%	4,581	55.1%	0.2%
SG&A expenses	2,766	36.8%	3,047	36.7%	10.2%
Operating profit	1,808	24.1%	1,534	18.5%	-15.2%
Ordinary profit	2,000	26.6%	1,485	17.9%	-25.7%
Profit attributable to owners of parent	1,237	16.5%	943	11.4%	-23.8%

Source: Prepared by FISCO from the Company's financial results

We encourage readers to review our complete legal statement on "Disclaimer" page.

Results trends

Net sales were within the range of the initial plan with an increase of 10.5% YoY. Stock-type sales, which make up approximately 70% of sales, benefited from a steady increase in the number of licenses for the mainstay service, Optimal Biz. The service has held the top share of Japan's MDM market for the past 11 years and has become the de facto standard. Other stock-type sales have also been solid, including those related to OPTiM Cloud IoT OS. Flow-type sales, which account for roughly 30% of sales, are steady. This mainly reflects the contribution from the Company's efforts over several years to combine IT into three major industries through the promotion of "〇〇 x IT" (Agriculture x IT, Healthcare x IT, and Construction and Civil Engineering x IT).

Operating profit decreased 15.2% YoY, within the range of the initial plan. Although profits decreased YoY, but this mainly reflects aggressive growth investments conducted to expand earnings from FY3/23 onward. Cost of sales increased 26.7% YoY, SG&A expenses increased 10.2% YoY, particularly, the number of employees increased by 60 YoY to 645 people (as of April 1, 2022). Breaking this down, approximately 70% of personnel are involved directly in service and product development, while approximately 30% are working in non-development roles (sales, marketing, management, etc.). The Company's business model has the capability to achieve an operating margin of 20% or higher, but the Company has proactively made forward-looking investment aimed at becoming a leading company in the Fourth Industrial Revolution.

Equity ratio of approximately 70%, retaining a highly safe financial foundation

2. Financial condition and management indicators

Total assets were ¥7,387mn at the end of FY3/22 (up ¥1,138mn vs. the end of FY3/21). Current assets didn't change significantly, increasing ¥16mn to ¥3,532mn. Looking at the main factors, notes and accounts receivable-trade and contract assets increased by ¥470mn, while cash and deposits decreased by ¥474mn. Non-current assets increased by ¥1,121mn to ¥3,855mn through an increase of software assets. The main factor was an ¥841mn increase in intangible assets. The balance of cash and deposits was ¥979mn.

Total liabilities increased by ¥245mn compared to the end of FY3/21 to ¥2,138mn. Current liabilities increased by ¥169mn to ¥2,000mn, mainly due an increase of ¥497mn in short-term borrowings. Non-current liabilities increased by ¥76mn to ¥138mn. Total net assets increased ¥892mn to ¥5,248mn, mainly reflecting an increase in retained surplus of ¥943mn due to the recording of profit attributable to owners of parent.

In the management indicators of stability, the current ratio was 176.6%, while the equity ratio was 69.8%. Therefore, the Company's financial stability is extremely high.

Results trends

Consolidated balance sheets and management indicators

	End of FY3/21	End of FY3/22	Change
(¥mn)			
Current assets	3,515	3,532	16
(Cash and deposits)	1,453	979	-474
(Notes and accounts receivable-trade and contract assets)	1,807	2,277	470
Non-current assets	2,733	3,855	1,121
(Intangible assets)	819	1,660	841
Total assets	6,248	7,387	1,138
Current liabilities	1,831	2,000	169
Non-current liabilities	61	138	76
Total liabilities	1,893	2,138	245
Total net assets	4,355	5,248	892
Total liabilities and net assets	6,248	7,387	1,138
<Stability>			
Current ratio (current assets ÷ current liabilities)	192.0%	176.6%	-
Equity ratio (shareholders' equity ÷ total assets)	68.2%	69.8%	-

Source: Prepared by FISCO from the Company's financial results

Growth strategies and topics

The Company continued to make aggressive growth investments while securing a profit, aiming to become “a leading company in the Fourth Industrial Revolution” for a total addressable market of ¥160tn

The Company focused on R&D activities in the past few years and achieved results in a variety of industries through promotion of “○○x IT” with OPTiM Cloud IoT OS and ramp-up of new services, such as OPTiM AI Camera. Recently, it intends to develop new markets by categorizing digitalization into Industrial DX and Corporate DX categories because of strong advances by two different types of DX. The Company targets a massive market. The Company estimates the potential global market size of Industrial DX and Corporate DX at roughly ¥160tn and ¥9tn just in Japan (estimated from Japan's 5.8% share of global GDP in 2019). Assuming a market share on par with Optimal Biz (40%), this amounts to ¥3.6tn, and it is clear that the Company is pursuing the development of a large market.

1. Corporate DX

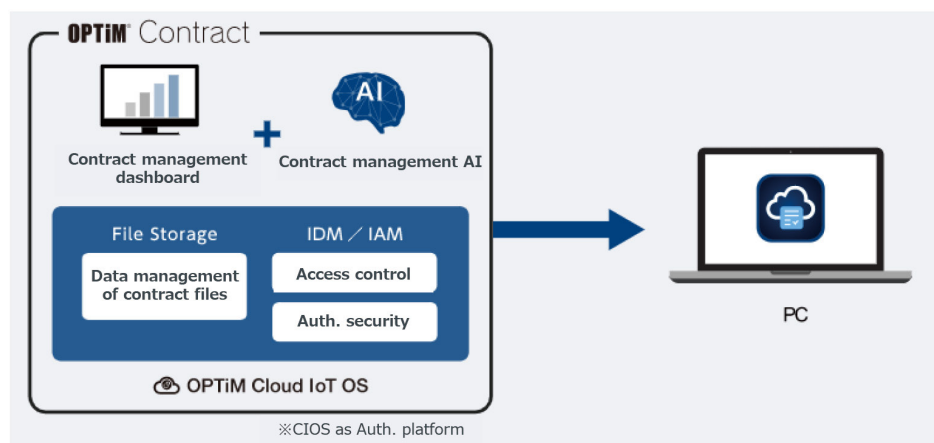
Corporate DX refers to digitalization for internal work improvement and better efficiency targeting all business types and industries. Demand for promotion of remote work, enhanced work efficiency, and cost savings through digitalization of office work is rapidly expanding in the COVID-19 pandemic environment. The Company has a customer base of over 180,000 companies cumulatively through provision of Optimal Biz and other products and aims to leverage sales partners to provide services with new value, such as IoT remote-operation service, authentication security service, and contract management service, to this customer base.

Growth strategies and topics

As a recent example, in February 2022, the Company launched the cloud service “Digitomer,” which provides a simple connection between stores and their customers. The service is an integrated customer management service supporting digital marketing for SMEs, and the product name, “Digitomer,” is imbued with the meaning of using digital technology (“Digi”) to carefully develop customers who visit stores as precious treasures (“tama”) to be carefully nurtured by deepening connections and empathy with them. The service provides access to function such as customer service management, website editing, customer information management, and automatic email send-outs at low cost using the cloud. Next, the Company plans to successively roll out industry specific functions and templates for the service industry and healthcare industry, and so forth.

Additionally, OPTiM Contract, an AI-based contract management service launched in June 2021, allows users to efficiently manage contracts, including classification/ registration, searches and inquiries/notifications, user file authority management, and other tasks. The service earned strong approval for its improved searchability using AI and automatic termination date notification, among other features. The service is on the OPTiM Cloud IoT OS platform, which allows users to manage contracts in a safe and secure environment. These functions are based on the patent for AI analysis and management system for contracts which won the Minister of Education, Culture, Sports, Science, and Technology Award at the 2021 Kyushu Regional Invention Awards.

OPTiM Contract



Source: Company materials

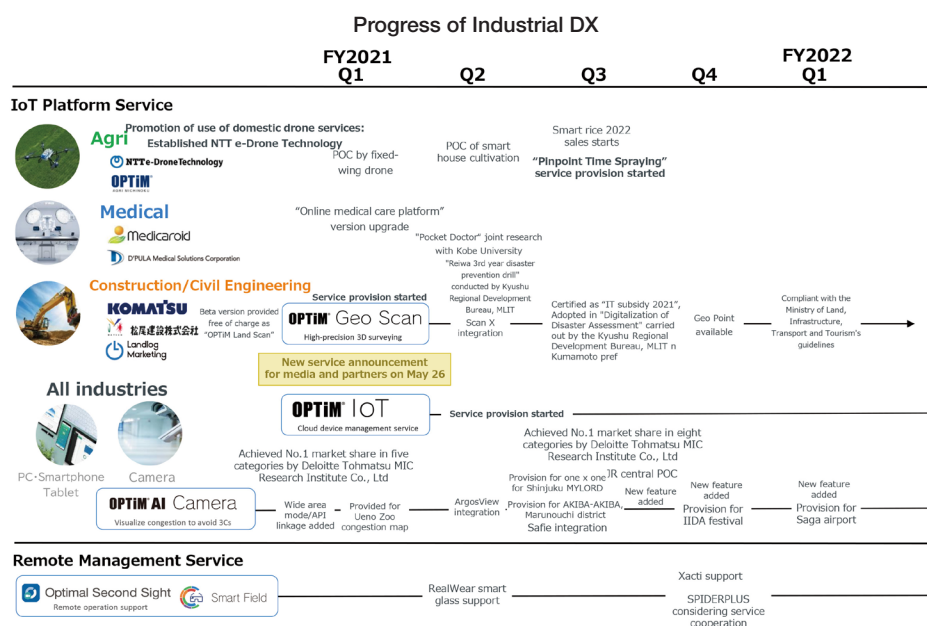
2. Industrial DX

Industrial DX refers to digitalization for creation of businesses that target specific industries. Since devices connected to the OPTiM AI and IoT platform and killer services for specific industries are increasing from promotion of the “〇〇 x IT” strategy up to now, the Company aims to continue strengthening device coverage and advancing the development of killer services for industries.

Growth strategies and topics

Turning to topics in the agriculture field, in November 2021 the Company launched a “pinpoint time spraying” service as a new offering for the pinpoint spray series. Up to now, the Company has contributed to reducing the amounts of agricultural chemicals and fertilizers used with pinpoint agricultural chemical spraying. However, feedback from producers highlighted an issue that agricultural chemicals were not being applied at the correct timing. The new service combines determination of correct timing for pest control using growth prediction technology and pest occurrence prediction technology with expertise on spraying developed through the “Drone Agricultural Chemical Spraying and Pest Control Service” of the DRONE CONNECT drone pilot sharing service. By combining them, the Company has realized the same effect with a lower frequency of agricultural chemical spraying, contributing to a reduction of environmental impact. The service also has an advantage in that it can be used in mountainous areas as well as on the plains.

In topics in the construction and civil engineering field, in March 2022 the 3D measurement app “OPTiM Geo Scan” became the first app in Japan to comply with the “Guidelines for Work Progress Management Using 3D Measurement Technology” of the Ministry of Land, Infrastructure, Transport and Tourism. This is an app that enables users to acquire high-precision 3-D data required on civil engineering sites by simply scanning surveyed objects such as soil structures with a smartphone or tablet. Compared to conventional light wave surveying, the surveying time can be shortened up to 90%. By complying with the guidelines, it can be used consistently throughout the entire construction process on sites of any size, from construction planning and design, to the start of construction and completion of inspection. The uses include construction starting survey on sites of any size, mid-project cost surveys, and progress surveys used for construction inspection. In this way, the app can realize further operational efficiencies.



Source: The Company's results briefing materials

■ Outlook

In FY3/23, the Company aims to achieve a 23rd consecutive year of sales increases since its founding, along with a YoY increase of 10.1% in operating profit, while executing aggressive growth investments

In FY3/23 consolidated results guidance, the Company is forecasting ¥9,140mn (up10.0% YoY) in net sales, ¥1,690mn (up10.1%) in operating profit, ¥1,590mn (up7.1%) in ordinary profit, and ¥947mn (up0.4%) in profit attributable to owners of parent, a forecast of 10% YoY growth, which is a similar level to the previous fiscal year. The Company started recouping past investments in FY3/21. However, it plans to continue aggressive R&D investments targeting development of the potential market worth ¥160tn with the goal of being a leading company in the Fourth Industrial Revolution.

FY3/23 consolidated results outlook

	FY3/22		FY3/23		
	Results	Vs. net sales	Forecast	Vs. net sales	YoY
Net sales	8,310	100.0%	9,140	100.0%	10.0%
Operating profit	1,534	18.5%	1,690	18.5%	10.1%
Ordinary profit	1,485	17.9%	1,590	17.4%	7.1%
Profit attributable to owners of parent	943	11.4%	947	10.4%	0.4%

Source: Prepared by FISCO from the Company's financial results

With regard to net sales, the Company aims to grow at about the same rate as the previous fiscal year (10.5% in the previous fiscal year), achieving a new net sales record for the 23rd consecutive year since its founding. License sales, which are stock-type sales, account for around 70% of net sales. Prior to the COVID-19 pandemic, the Company expanded flow-type sales based on the ○○ x IT strategy, achieving continued YoY growth of 20% or more at one stage (FY3/18 up 27.0%, FY3/19 up 29.9%, and FY3/20 up 23.0%). During the COVID-19 pandemic, customer's forward-looking investments softened for a while, but the Company continued stable growth by reinforcing its stock-type sales (up 11.7% in FY3/21 and up 10.5% in FY3/22). As the EMM and MDM markets expand steadily, the Company's mainstay products and services are in an advantageous position and the trend of increasing stock-type license sales is expected to continue in FY3/23. The Company has considered services that it has released up to FY3/22 and started to expand from various perspectives, including for the future potential for the market and the Company's competitive advantages, and so forth, and determined a priority ranking for services to concentrate on. For high priority "killer services," the Company's basic policy is to make aggressive investments and strengthen sales and raise the level of stock-type sales that support future stable growth.

With regard to profit, the Company's policy is to conduct aggressive growth investments while retaining a certain level of profit. The fact that the operating margin is lower than the profit margin of 20% or higher that represents the actual capability of the Company's business model speaks to the Company's strong commitment to investment. Moreover, the Company has stated its aim to be a leading company in the Fourth Industrial Revolution, and when good investment opportunities arise during the fiscal year (such as M&As), the Company's policy is to make growth investments flexibly and proactively. At FISCO, we believe that the Company has set its sights on becoming amply able to achieve its profit forecast even while making aggressive growth investments.

ESG initiatives

Contributing to society through innovation since its founding

Even since before the term ESG (Environment, Social, Governance) attracted attention, the Company focused on ESG initiatives through its business while always thinking about having a positive influence on society. The Company's Management Philosophy is "Try hard to create universal technology/services/business models that influence people all over the world in a good way," and the Company is actually contributing to society through innovation. The Company also takes diversity, relationships with local communities, and governance into consideration in its management and operations. Some examples are described below.

(1) Environment

a) Reduction of agricultural chemicals and fertilizers by as much as 99% through pinpoint chemical and fertilizer spraying

Image analysis of crops is performed by AI and unnecessary pesticides are not sprayed, achieving cultivation with reduced amounts of pesticide.

b) Establishment of a cultivation technology framework capable of responding to climate change (warming) utilizing digital technology

By digitalizing weather, water level, cultivation history, pests, and growth data, the Company developed a system that recommends a cultivation method corresponding to environment and growth conditions. It also enhanced pest prediction technology using AI. It facilitates sustainable cultivation by assisting measures for issues such as crop damage from high temperatures caused by climate change and northward migration of pests.

c) Provision of ForestScope, a resource volume survey service using drones

The Company provides ForestScope service that estimates the number of trees and timber volume by aerially photographing forests with drones and analyzing images. Utilization of this service simplifies surveys of forest resource volume and reduces the number of steps required by surveys of resource volume. Resource volume surveys provide valuable data for forest conservation and contribute to planned forest management that involves tree cutting for conservation, cyclical resource usage, and carbon neutrality.

(2) Social

a) Provision of services that support diverse workstyles (Optimal Biz, Optimal Biz Telework, Optimal Remote, and Optimal Second Sight)

With the COVID-19 pandemic as a catalyst, many companies have shifted to a telework (work-from-home) format and need to accommodate work that is not constrained by physical location or time. The Company offers multiple services to realize various types of work, thereby addressing these social conditions.

b) Healthcare × IT: online healthcare services

The Company is addressing the issues of regional differences in healthcare, work and child care, and loss of opportunity for hospital visits due to physical conditions, etc. by enabling continuous healthcare consultations through remote consultations on a smartphone or tablet. This will lead to preventative healthcare and reduce the numbers of patients with lifestyle-related diseases and nursing carers. For doctors also, it will reduce the time spent on home visits and the economic burden of such visits.

(3) Governance**a) Establishment of Nomination, Remuneration, and Special Committees**

The "Nomination Committee" and "Remuneration Committee" are established as advisory bodies voluntarily by the Board of Directors for the purpose of strengthening fairness, transparency, and objectivity by ensuring opportunities for appropriate involvement and advice from outside board directors when considering important matters such as selection and dismissal of board directors and remuneration. The "Nomination Committee and the Remuneration Committee" are composed of at least three members who are board directors, and the majority of them are selected from independent outside directors. In addition, the Company has established the Special Committee to enhance the Company's corporate governance by strengthening fairness, transparency, and objectivity with respect to important transactions, etc., that conflict with the interests of controlling shareholders and minority shareholders. The Special Committee consists of two independent outside board directors.

Shareholder return policy

Putting priority on investing in the future, has not decided the dividend outlook

The Company puts priority on investing in growth and has not decided the dividend outlook at this point. As a venture company in Japan with rare technological capabilities and imagination, a medium- to long-term perspective will be necessary for investment.

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