

# OPTiM Corporation

**3694**

Tokyo Stock Exchange Prime Market

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## ■ Summary

**In FY3/24 the Company achieved record high sales and profits due to stable growth of the mainstay Optimal Biz, as well expansion and growth of X-Tech services in every industry. Strategic investments are planned for the agritech and office DX fields**

OPTiM Corporation <3694> (“the Company”) is a venture company specializing in AI and IoT technologies. It is aiming to be a leading company in the Fourth Industrial Revolution by making its mainstay Optimal Biz and OPTiM Cloud IoT OS the de facto standards. 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 (1,129 pending, 548 registered, as of March 2024). The Company has major companies from a wide range of industries 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 First Section in 2015. The Company transferred to the Prime Market in conjunction with the reorganization of TSE markets in April 2022.

### 1. Business details

The Company’s main services consist of IoT Platform Services, which provide 88.6% of total net sales (FY3/24). It is divided into Mobile Management Services, which is a longstanding strength of the Company, and X-Tech Services, an area in which it has been actively investing in recent years. In Mobile Management Services, the main focus is Optimal Biz, whose functions include operations management within an organization, and settings for asset management and security policy by managing various devices such as smartphones and tablets on the cloud. The Company has solidified a position as the de facto standard with deployments at more than 180,000 companies and a No. 1 share secured in the market for 13 consecutive years. Its commercial distribution includes sales by partner companies and OEM supply, and the Company receives license fees according to the number of devices.

In X-Tech Services, it is engaged in initiatives using the AI/IoT platform OPTiM Cloud IoT OS in various industries and package services like OPTiM AI Camera. As an initiative to utilize OPTiM Cloud IoT OS, the Company is combining IT with different industries in the pursuit of “●● x IT” (“●●” stands for the sector) to transform all industries on the model of the Fourth Industrial Revolution. In the agriculture, forestry and fisheries industries, it succeeded with a demonstration experiment for pest control using AI and drones in 2016, which was a first for the agriculture field in Japan. Currently, the “pinpoint time spraying” service is being provided on a national scale. In the construction field the Company is providing OPTiM Geo Scan, the world’s first application for generating high-precision 3D data using a smartphone. In the healthcare field, the Company released Pocket Doctor, Japan’s first remote healthcare consultation service, in 2016. In 2020, the Company’s AI/IoT platform OPTiM Cloud IoT OS was adopted for the network support system of the hinotori™ Surgical Robot System, Japan’s first surgical assistance robot system developed by Mediaroid Corporation, a joint venture of Kawasaki Heavy Industries, Ltd. <7012> and SYSMEX CORPORATION <6869>. In addition to the services described above, X-Tech Services saw the emergence of a slew of killer services, some of which have entered a period of widespread adoption.

## 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 several services with 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

In the FY3/24 consolidated results, the Company recorded ¥10,243mn in net sales (up 10.4% YoY), ¥1,940mn in operating profit (up 10.9%), ¥1,844mn in ordinary profit (up 12.8%), and ¥1,171mn in profit attributable to owners of parent (up 21.7%). The Company achieved sales growth for the 24th consecutive year since its founding and record high operating profit. The increase in net sales reflected steady sales growth in Mobile Management Services as well as a surge in sales growth of X-Tech Services. Optimal Biz, the core product in Mobile Management Services retained its No. 1 share of the market for a 13th consecutive year, and licenses steadily accumulated in step with the growth of the market. In X-Tech Services, results emerged in multiple fields where the Company seeks to develop killer services based on the core product, OPTiM Cloud IoT OS. The percentage of sales from X-Tech Services increased briskly to 42.5% (37.8% in the previous fiscal year). In the agritech field, the “pinpoint time spraying” service has been rolled out nationwide. In the marketing DX field, the “Super App Platform for Municipalities” started to roll out in Saga City, and has started to be used with a penetration rate of about 30% among city residents. On the profit front, although the gross margin declined 1.1 percentage points YoY, the SG&A expense ratio also declined by 1.3 percentage points, leaving the operating margin about level YoY at 18.9%. Generally, the Company is delivering a solid performance as it continues to make solid upfront investments for the future while maintaining high profitability.

### 3. Growth strategies and topics

The Company’s basic strategy is to rapidly improve business results by continuing the smooth growth in Mobile Management Services while realizing huge growth in X-Tech Services, which is consistent with its efforts to date. In X-Tech Services, it is developing multiple industry-specific killer services using OPTiM Cloud IoT OS and other related technologies and its main business areas include agritech, digital construction, digital health, office DX, marketing DX, and video management DX.

In the agricultural sector, the Company has developed various elemental technologies, such as pinpoint agricultural chemical spraying and fertilization technology using drones. Agri-Contractor Services use both the hardware (drones, etc.) and software (AI/IoT-based analysis systems, etc.) the Company has developed to date. Here, the Company has been enhancing its lineup with multiple services, including “pinpoint time spraying,” which is a drone service for carrying out pest removal and prevention at optimal times. In FY3/25, the Company plans to strengthen its system for drone and pilot operations and invest proactively in its back-end systems in order to provide stable operations of a nationwide service structure. It has already built a network of around 1,000 drone pilots who are mobilized daily on the front lines. The Company has made progress on strengthening ties with JA organizations nationwide, where there is growing anticipation for this service. By preparing a framework that is able to allocate equipment and personnel (pilots, etc.) more efficiently, the Company will be able to deliver a full-scale roll out in the future. Incidentally, it has captured the No. 1 market share in AI solutions for the agriculture, forestry, and fisheries field.

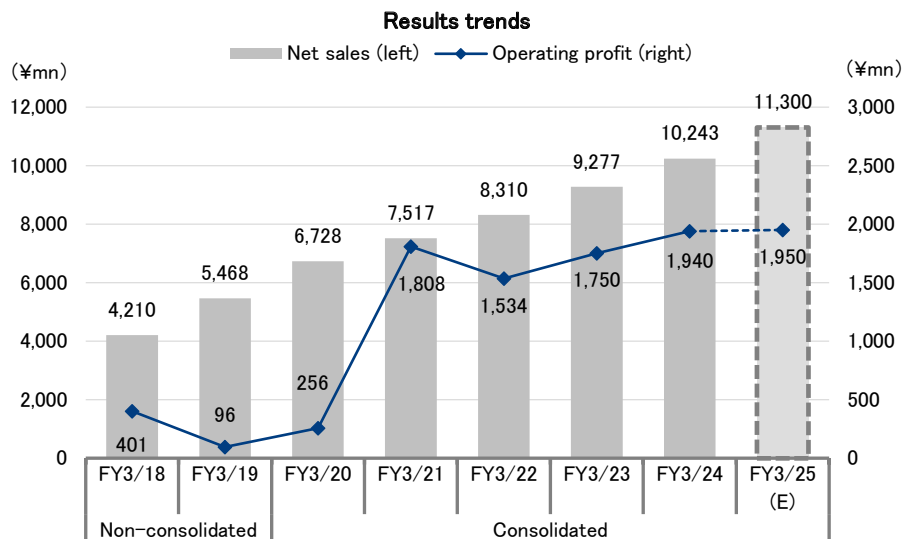
Summary

4. Outlook

In its FY3/25 consolidated results forecast, the Company is predicting net sales to increase 10.3% YoY to ¥11,300mn, operating profit to increase 0.5% to ¥1,950mn. The Company is striving for record-high net sales for the 25th consecutive year since its founding, maintaining the same growth rate as in the previous term (10.4%). With the mobile management services market expanding at a steady pace, the Company’s mainstay products and services have secured an advantageous position, and as they grow, the increase in stock-type sales is expected to continue in FY3/25. For X-Tech Services, the Company will make active investments and strengthen sales through high-priority “killer services” as part of efforts to increase stock-type sales underpinning stable future growth. In particular, the Company is making aggressive investments to realize substantial growth in the agritech drone agricultural chemical spraying service and the office DX document management service, among others, and significant results can be expected. After continuously increasing sales over the past 24 fiscal years, the Company clearly has a business model capable of delivering stable growth, and its sales plan for FY3/25 can be trusted. On the profit front, the Company aims to achieve record-high operating profit, even while making aggressive growth investments. At FISCO, we believe the Company’s profit forecast is well attainable, even while continuing aggressive growth investments, provided that they are based on organic growth, excluding special factors such as a particularly attractive investment opportunity.

Key Points

- A venture company that is drawing attention for aiming to achieve industry innovation with proprietary AI, IoT, and robotics technologies amid worsening labor shortages. Holds multiple No. 1 solutions in each field
- In FY3/24, achieved record high sales and profits due to stable growth of the mainstay Optimal Biz, as well expansion and growth of X-Tech services in every industry
- An extremely stable financial condition, leaving surplus capacity for future M&A and other initiatives
- Continuing to make active growth investments to become a central company in the Fourth Industrial Revolution. Strategic investments are planned for the agritech and office DX fields



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

## ■ Company overview

**A venture company that is drawing attention for aiming to achieve industry innovation with proprietary AI, IoT, and robotics technologies amid worsening labor shortages. Holds multiple No. 1 solutions in each field**

### 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, including achieving 1,129 pending patents and 548 registered patents as of March 2024. The total number of employees is 406 (as of April 1, 2024), and the majority of these are involved in development.

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”) 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 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 “●● x IT” 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. In the construction industry, four companies, including Komatsu, jointly started LANDLOG, a new platform for the construction production process in 2017. The Company started provision of OPTiM Land Scan (now, OPTiM Geo Scan), a straightforward high-precision smartphone 3D surveying app that can be used by anyone with iPad Pro and is the first of its kind in the world, in 2020. At this time, the cumulative number of license agreements has exceeded 1,000. 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. Moreover, 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 AI/IoT platform OPTiM Cloud IoT OS is being used in the network support system of the “hinotori™ Surgical Robot System,” Japan’s first surgical assistant robot system, developed by Medicaroid.

Company overview

The Company has major companies from a wide range of industries 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. <8395> 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 CORPORATION <9433> to assist Corporate DX with product planning that uses AI and IoT, in 2021.

In 2014 the Company was listed on TSE Mothers Market, rising quickly to the First Section in 2015. The Company transferred to the Prime Market in conjunction with the reorganization of TSE markets in April 2022.

**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 Started sales of Unlimited Tablet powered by OPTiM, the world's first comprehensive tablet service Announced Optimal Remote for Lollipop, realizing global first remote support of every Android™ smartphone and tablet in the world
2015	Formed a business alliance with Komatsu <6301> for Remote Technology Announced SkySight, the world's first Big Data analysis platform that supports drones Moved to the First Section of the Tokyo Stock Exchange
2016	Launched Unlimited Tablet for reading popular magazines at 7-ELEVEN stores nationwide Pocket Doctor won the Grand Prize in the Japan Healthcare Business Contest 2016 held by the Ministry of Economy, Trade and Industry Announced an 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
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 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 Started providing Smart Home Medical Care for healthcare facilities nationwide 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
2019	Established OPTiM AGRI MICHINOKU Co., Ltd., Japan's first smart agriculture regional trading company, with Michinoku Bank Started providing AMIAS, a healthcare diagnostic imaging AI integrated open platform Opened OPTiM KOBE as a new base in Kobe City Kawasaki Heavy Industries and OPTiM Corporation entered-into a business alliance to utilize AI and IoT in the fields of precision machinery and robots
2020	Announced Optimal Biz Telework that harnesses AI to enhance work management, motivation, physical well-being, and productivity in telework Sysmex Corporation and OPTiM Corporation jointly established a company to plan, develop, and operate a medical AI and IoT open platform and digital transformation solutions 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 Established the DX Fund with the Bank of Saga

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Company overview

Year	Major event
2021	<p>Participated in the establishment of NTT e-Drone Technology Corporation to promote use of domestic drone services</p> <p>Established 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 3D 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>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 eight categories</p> <p>Patent for AI analysis and management system for contracts, 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 using 3D measurement technology</p> <p>Started providing OPTiM Asset, a cloud service for goods management</p> <p>Entered-into a business alliance with Gurunavi, in the fields of DX services for the restaurant industry</p>
2023	<p>Combined the Company's marketing DX service OPTiM Digital Marketing and Online Healthcare Platform to provide to Tayoris, SOGO MEDICAL CO., LTD.'s official healthcare app</p> <p>Started provision of OPTiM Geo Scan Advance, which enables the easy generation of high-precision 3D data covering long distances using a smartphone</p> <p>Established OPTiM FARM Corp., which conducts agricultural production using a wide range of cutting-edge agritech</p> <p>MDM/PC management service Optimal Biz achieved No. 1 share in MDM market for 13th straight year based on the result of a research report from Deloitte Tohmatsu MIC Research Institute</p>
2024	<p>OPTiM Geo Scan receives the highest evaluation, VE, in the Ministry of Land, Infrastructure, Transport and Tourism NETIS registration</p> <p>Saga City Super App received the 29th AMD Award Regional Prize</p>

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

2. Content of business

The Company's main services consist of IoT Platform Services, which provide 88.6% of total net sales (FY3/24). It is divided into Mobile Management Services, which is a longstanding strength of the Company, and X-Tech Services, an area in which it has been actively investing in recent years. In Mobile Management Services, the main focus is Optimal Biz, whose functions include operations management within an organization, and settings for asset management and security policy by managing various devices such as smartphones and tablets on the cloud. Its commercial distribution includes sales by partner companies and OEM supply, and the Company receives license fees according to the number of devices. In X-Tech Services, it uses the AI/IoT platform OPTiM Cloud IoT OS to engage in initiatives and services to realize DX in all manner of industries, including agriculture, construction, and medicine.

Remote Management Services provide 7.3% of total net sales (FY3/24). Optimal Second Sight, which is a remote work support service, not only supports work in the field, it has also been adopted as support equipment for disaster countermeasures to facilitate smooth relief activities and to ascertain conditions in the field during a disaster. Its core technologies are remote screen sharing and remote operations. The Company receives license fees according to the number of devices at customer companies that have installed it.

Support Services contribute 0.8% of total net sales (FY3/24). Sales are trending downward alongside the slowdown in the growth of the PC market. The Company provides Optimal Diagnosis & Repair, which automatically detects and repairs problems on devices like smartphones and tablets, and Optimal Setup, which automatically analyzes, operates and sets up routers, and it receives customization fees for functions added at the time of installations and license fees.

Other Services are at 3.2% of total net sales (FY3/24). This segment delivers unlimited-usage services for software and content, including Unlimited Software for individuals, and Unlimited Tablet for reading popular magazines, and mainly utilizes a fixed monthly fee model.

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Company overview

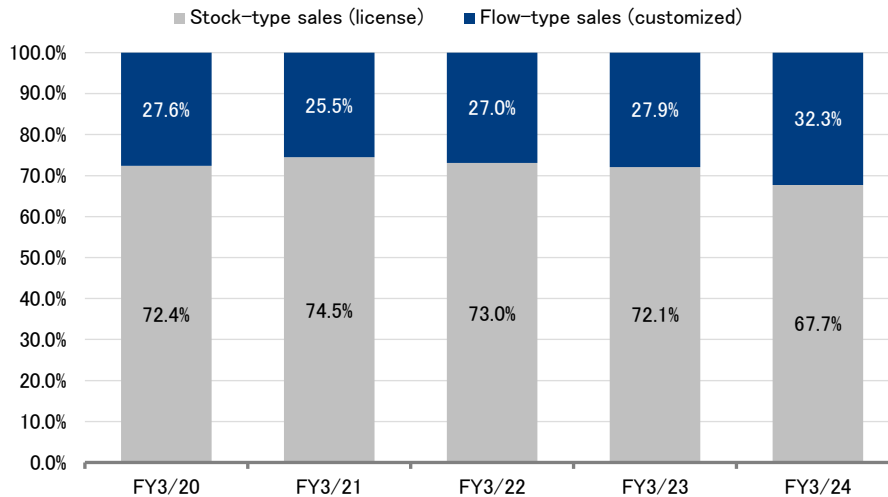
Net sales composition consists of stock-type sales and flow-type sales with a breakdown in stock-type sales and flow-type sales of about 68:32. The Company’s basic strategy is to maximize stock-type sales (license income), which offer stable revenues, so it is prioritizing the establishment of its own products and services. Therefore, although it is engaging in customized development (flow-type sales) that will lead to stock-type sales in the future, the priority given to other types of customized development is falling. In a typical year, the trend is for flow-type sales to increase in 2H.

Business description by segment

Service	Classification in results briefing materials	Business description	Sales breakdown (FY3/24)
IoT Platform Services (Optimal Biz)	Mobile Management Services	Main service is Optimal Biz used to manage smartphones, tablets, and other devices on the cloud, manage operations within organizations and assets, and conduct security policy settings.	46.1%
IoT Platform Services (IoT Platform Services excluding Optimal Biz)	X-Tech Services	Using the AI/IoT platform, OPTiM Cloud IoT OS, the Company will engage in initiatives and services to realize DX in all manner of industries, including its “pinpoint time spraying” service using drones in the agriculture field, and OPTiM Geo Scan, a smartphone-based 3D surveying app in the construction field.	88.6%
Remote Management Services		Optimal Second Sight, which is a remote work support service, not only supports work in the field, but it has also been adopted as support equipment for disaster countermeasures to facilitate smooth relief activities and to ascertain conditions in the field during a disaster.	7.3%
Support Services	Other Services	Provides Optimal Diagnosis & Repair, which automatically detects and repairs problems on devices like smartphones and tablets, and Optimal Setup, which automatically sets up routers.	0.8%
Other Services		This business delivers the unlimited-usage services for software and content, including Unlimited Software and Unlimited Tablet.	3.2%
<b>Total</b>			<b>100.0%</b>

Source: Prepared by FISCO from the Company’s securities report

Breakdown of stock-type sales and flow-type sale



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

## Business overview

**Optimal Biz has held the No. 1 share for 13 consecutive years in the mobile management service market.**  
**In X-Tech Services, the Company is accelerating growth of AI/IoT services for each industry using OPTiM Cloud IoT OS**

### 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. 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 an estimated potential of ¥160tn (45.0 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 and communication technologies, including IoT, AI, and Big Data.

\*2 "45.0 billion devices" is the estimated number of IoT devices shipped. "¥300/month" is the average monthly unit price of Optima Biz.

### 2. The Company's business areas

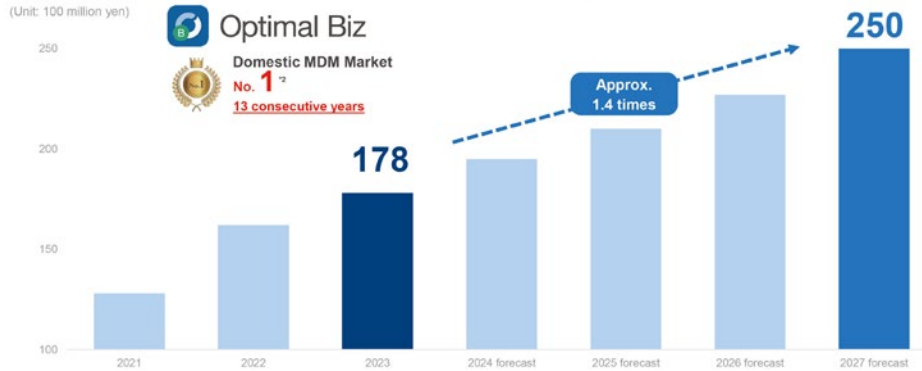
#### (1) Mobile management service, Optimal Biz

Optimal Biz is the Company's mainstay service that was launched in 2009. It is classified as a corporate MDM tool and is capable of easily managing devices, such as smartphones, tablets, PCs, and IT equipment, and implementing security measures, from a browser. The Company provides this service through numerous sales partners, including KDDI; NTT East; FUJIFILM Business Innovation Corp., which is a Group company of FUJIFILM Holdings Corporation <4901>; Panasonic Solution Technologies Co., Ltd., which is a Group company of Panasonic Holdings Corporation <6752>; RICOH JAPAN Corp., which is a sales subsidiary of RICOH COMPANY, LTD. <7752>; and OTSUKA CORPORATION <4768>. It also provides Optimal Biz 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). As the domestic MDM market grows at a steady rate of over 10% annually, the Company has solidified a position as the de facto standard with a No. 1 share secured in the market for 13 consecutive years and deployments at more than 180,000 companies. In addition, the average churn rate was significantly lower than the industry average at approximately 0.5%, highlighting the high level of customer satisfaction. Since the start of the COVID-19 pandemic, telework has been increasingly utilized regardless of company sector or size, and the number of licenses has been steadily increasing with heightened needs for management and security measures for computers and smartphones used for work. In fields peripheral to Optimal Biz, there are new services like OPTiM Contract, OPTiM denschobohozon (Electronic Bookkeeping), OPTiM ID+ and OPTiM Asset, and convenience increases when they are utilized in combination.

Business overview

Mobile management service market and Optimal Biz

The market for mobile management services is expected to grow to approximately 25 billion yen in 2027 (approximately 1.4 times larger than the actual market size in 2023)\*1



Source: The Company's results briefing materials

(2) X-Tech Services

The Company will utilize OPTiM Cloud IoT OS, a platform for platformers, to combine IT (AI, IoT, etc.) with various industries, and through “● x IT” it will reinvent all industries on the model of the Fourth Industrial Revolution. This initiative started with demonstration experiments and has been developing into official businesses and services for specific client companies and industries. Initial industries are “Digital construction” “Agritech” and “Digital health” and these efforts have already ramped up businesses in many cases.

X-Tech Services business areas

**OPTiM**  
 AI • IoT • Robotics  
 OPTiM Cloud IoT OS  
 Total TAM: 2.4369 trillion yen

- Agritech**  
 TAM: 388.5 billion yen  
 Aging producers and a decreasing labor force are causing labor shortages. Abandoned farmland is increasing, and the domestic self-sufficiency rate is low, posing a serious situation. OPTiM provides AI agricultural machinery, such as drones, to address these issues. The drone pesticide spraying service is the largest in Japan. Starting with this service, we will expand and provide numerous Agritech services.
- Digital Construction**  
 TAM: 360 billion yen  
 The construction and civil engineering industries face various challenges, including labor shortages and the closure of local businesses. To solve these issues, OPTiM offers an app that allows high-precision surveying via smartphones, improving on-site work efficiency. We plan to introduce new features that can be used not only for civil engineering surveys but also for various on-site work scenarios.
- Marketing DX**  
 TAM: 360 billion yen  
 We provide “digital customer interaction services” using smartphone apps, enabling organizations and companies to adapt to the significantly changing lifestyles of consumers centered around smartphones. Many organizations and companies, including restaurants, pharmacies, hardware manufacturers, and municipalities, have adopted our services, and we aim to expand further.
- Digital Health**  
 TAM: 150 billion yen  
 Rising medical costs due to the aging population and labor shortages in hospitals are becoming serious issues. OPTiM will continue to expand its range of DX tools that improve business efficiency, including telemedicine services, to address these issues through digital solutions.
- Video Management DX**  
 TAM: 756.2 billion yen  
 With labor shortages becoming a serious issue across various industries, there is an expectation for AI to conduct surveillance camera analyses instead of humans. OPTiM offers services where AI analyzes and reports on video footage and the like, which is widely used in various industries, and we plan to continue expanding.
- Office DX**  
 TAM: 422.2 billion yen  
 We offer services that utilize OPTiM's AI to efficiently and accurately handle various document management tasks in offices. Currently, we provide contract management services and services compliant with the Electronic Bookkeeping Law, and we are considering expanding our lineup.

Source: The Company's results briefing materials

## Business overview

**a) Digital construction**

The construction and civil engineering industry is facing various challenges, including lack of personnel due to labor shortages and other factors, and the closure of local businesses. Construction is one of the most advanced areas in utilizing AI and IoT. The Company provides OPTiM Cloud IoT OS for LANDLOG, a construction and civil engineering platform for EARTHBRAIN Ltd., a joint venture led by Komatsu and aims to realize frontline operations of the future with safety and high productivity. LANDLOG collects and accumulates 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 provides users with data in a format that can be used efficiently at construction sites. OPTiM Cloud IoT OS serves as the foundation for this service. In addition, in 2020, the Company established Landlog Marketing Corporation (currently OPTiM Digital Construction Corporation), which promotes construction DX and ICT (information and communications technology) projects and conducts sales of smart construction retrofit kits\* and marketing of DX solutions for the construction industry.

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

The Company was the first in the world to develop OPTiM Geo Scan, an application that has sparked industrywide interest. High-precision 3D data can be acquired simply by scanning earth structures or other survey objects with a smartphone or tablet device with a built-in LiDAR sensor. Even at small-scale worksites where drones or laser scanners cannot be used, the app demonstrates its superiority, and, compared to conventional electro-optical surveying, the time required can be reduced by up to 60%. No specialized knowledge is required, and surveying can be easily performed by one person, so it can also help address shortages in engineers and other personnel. Developed ahead of other companies worldwide, it was launched in 2021, and since then, the Company has developed various options and peripheral devices such as the terrestrial laser scanner OPTiM Geo Scan Advance, to further improve its convenience. The Company estimates the total addressable market for this field to be ¥360.0bn.

**b) Agritech**

With aging producers and a decreasing labor force, the agriculture field is experiencing labor shortages. The situation is serious with issues such as an increase in abandoned farmland and a falling domestic self-sufficiency rate. The Company has comprehensively developed an AI, IoT, and Robotics technology platform (agriculture DX service), including the world’s first “pinpoint agricultural chemical spraying and fertilization technology,” and supports labor savings and higher income in agricultural operations. Other services developed by the Company (besides pinpoint agricultural chemical spraying) include “seeding technology” using drones; “Agri Field Manager,” a service for conducting image analysis of fields and crops using AI; and a “wide-area field management system” utilizing glider-type drones. These technologies support cutting-edge smart farming. Currently, the Company is expanding the “pinpoint time spraying” service on a nationwide scale, which aims to offer the maximum prevention effect at the optimal times with the minimum amount of pesticides used by combining the growth forecasting technology and pest outbreak prediction technology it has developed over the years with drone prevention. The Company is proactively advancing initiatives that contribute to personnel shortages and cost reductions for producers as well as a safe and secure food life for consumers, along with a lower environmental impact. The Company estimates the total addressable market for this field to be ¥388.5bn.

## Business overview

**c) Digital health**

Rising medical costs due to the aging population and labor shortages in hospitals are becoming serious issues. The Company combines IoT and AI technologies in the healthcare field as well and strives to resolve various issues in medicine. One example is “Pocket Doctor,” the first remote healthcare consultation service in Japan using smartphones and tablets, 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 surgeries in the fields of urology, digestive system surgery, and gynecology. The Company estimates the total addressable market for this field to be ¥150.0bn.

**d) Marketing DX**

Due to the normalization of smartphones and the outbreak of the COVID-19 pandemic, the digitalization of customer service has accelerated. The Company develops cloud services and smartphone apps that digitalize customer service at companies and organizations and make marketing activities better and more efficient. In this field, the Company’s development is based on the CRM tools of YURASCOPE Corporation, a subsidiary acquired through an M&A in 2020. Examples include tools for the restaurant industry aimed at boosting customer orders and carrying out sales activities when customers are not present, tools for communication between local governments and citizens, and user tools for large-scale stadiums. The Company estimates the total addressable market for this field to be ¥360.0bn.

**e) Office DX**

In office environments facing the challenges of eliminating labor shortages and workstyle reforms, the Company provides services that can efficiently and accurately process various document management-related operations using its strengths in AI. Its representative service is OPTiM Contract, an AI contract management service that uses AI technology to facilitate tasks such as document searches and the management of termination dates. OPTiM denshichobohozon (Electronic Bookkeeping), is an AI transaction information (records) management service that uses AI to make the keeping of transaction information, such as invoices, receipts, and purchase orders, more efficient. The storage of this information is a requirement of the Electronic Bookkeeping Law, for which the grace period ended in December 2023. The office DX field includes demand from large companies to small and medium enterprises, regardless of industry or type of business, and the market is estimated to be worth over ¥422.2bn.

## Business overview

**f) Video management DX**

As labor shortages become a serious issue in various industries, AI is expected to take the place of humans in analyzing security camera footage and so forth. 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 supports fields such as marketing, security, and operational efficiency by collecting data from various types of cameras installed in different industries and for different purposes in stores, facilities, and other locations and analyzing the images 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. Recently, there have been increasing cases of use in various sectors, and the Company has disclosed some of the applications, which include increasing the sophistication and efficiency of dam wall inspections, visualizing traffic conditions in parking garages via vehicle sensors, and assessing the number of people staying at tourist spots (to prevent the spread of infections). The Company estimates the total addressable market for this field to be ¥756.2bn.

**(3) Other Services****a) Optimal Remote**

Optimal Remote is a service 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. Moreover, the Company is also developing 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.

**b) Optimal Second Sight**

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 COVID-19-related demand. The service truly meets the needs of the new normal by confirming conditions and facilitating support from a distant location for tasks that had previously relied on on-site confirmation amid a decrease in movement among locations.

**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 stock-type sales (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
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 stock-type sales	Robust stock-type sales based on SaaS/subscription model (a model that allows customers to receive a service for a certain period of time by paying a fee). Services include Optimal Biz, a mobile management SaaS service that has held the No. 1 share of the domestic market for 13 consecutive years. The average cancellation rate is approximately 0.5%
5	Plentiful customer base	A cumulative customer base of more than 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

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 and fertilization technology obtained in 2018 received the Minister of Education, Culture, Sports, Science and Technology Award at the 2019 Kyushu Regional Invention Awards, and 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 holds the intellectual property for each of its killer services. For example, the basis for OPTiM Cloud IoT OS is a program for the automatic selection of optimal AI or API based on predefined conditions (registration number: JP6404529), the basis for OPTiM Geo Scan, which streamlines surveying in construction, is a program that simply realizes high-precision 3D surveys through automatic coupling of positional information and 3D point cloud data (registration number: JP6928217), and the basis for OPTiM Digital Marketing is a program that analyzes camera images using AI and provides coupons with discount rates based on seat vacancy rates (registration number: JP6246446). As of March 2024, the Company had 1,129 pending patents and 548 registered patents. These intellectual properties not only create walls preventing others from entering new business fields, but also allow major companies to feel secure in establishing partnerships and alliances with the Company.

Business overview

Intellectual property strategy and results

- Possesses a wealth of highly effective intellectual property
  - The Company's President ranked No. 1 for the scale of patent assets held by individuals in the field of information and communications (Ranked by Patent Result Co., Ltd., as of January 2015)
- Received the Intellectual Property Achievement Award from the Japan Patent Office, the Ministry of Economy, Trade and Industry in April 2018
- Develops innovation activities with an awareness of the effective use of intellectual property in all phases, including entry into new business fields, business diversification, and global expansion
- The patent for pinpoint pesticide spraying technology received the Minister of Education, Culture, Sports, Science and Technology Award at the 2019 Kyushu Regional Invention Awards



No. 1, for the scale of patent assets held by individuals in the field of information and communications in Japan

順位	氏名	所属会社	特許件数	特許出願件数	特許出願件数(特許)	特許出願件数(特許)	特許出願件数(特許)	特許出願件数(特許)	特許出願件数(特許)
1	Y.M.	275.3	165 / 165	1999/04/01	2015/03/02	0.255	1999/04/01	2015/03/02	0.255
2	K.S.	246.3	200 / 200	1999/04/01	2015/03/07	0.221	1999/04/01	2015/03/07	0.221
3	K.H.	196.6	200 / 200	1999/04/01	2015/03/19	0.279	1999/04/01	2015/03/19	0.279
4	Y.K.	166.2	200 / 200	2004/04/12	2015/03/05	0.227	2004/04/12	2015/03/05	0.227
5	H.S.	127.7	75 / 75	2004/03/09	2015/03/09	0.268	2004/03/09	2015/03/09	0.268
6	M.I.	121.2	200 / 200	1999/03/16	2015/03/02	0.204	1999/03/16	2015/03/02	0.204
7	H.I.	108.9	200 / 200	1997/02/27	2015/03/10	0.203	1997/02/27	2015/03/10	0.203
8	K.M.	102.2	20 / 20	2011/02/14	2015/03/14	1.160	2011/02/14	2015/03/14	1.160
10	S.T.	100.8	240 / 240	2004/04/01	2015/04/01	0.213	2004/04/01	2015/04/01	0.213

Source: The Company's results briefing materials

5. Sales channel strategy

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, system integrators, 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.

## Results trends

**In FY3/24, achieved record high sales and profits due to stable growth of the mainstay Optimal Biz, as well expansion and growth of X-Tech services in every industry**

1. Overview of FY3/24 results

In the FY3/24 consolidated results, the Company recorded ¥10,243mn in net sales (up 10.4% YoY), ¥1,940mn in operating profit (up 10.9%), ¥1,844mn in ordinary profit (up 12.8%), and ¥1,171mn in profit attributable to owners of parent (up 21.7%). The Company achieved sales growth for the 24th consecutive year since its founding and record high operating profit.



## Results trends

## FY3/24 consolidated results

	FY3/23		FY3/24		YoY
	Results	Vs. net sales	Results	Vs. net sales	
Net sales	9,277	100.0%	10,243	100.0%	10.4%
Cost of sales	4,598	49.6%	5,196	50.7%	13.0%
Gross profit	4,679	50.4%	5,047	49.3%	7.9%
SG&A expenses	2,929	31.6%	3,107	30.3%	6.1%
Operating profit	1,750	18.9%	1,940	18.9%	10.9%
Ordinary profit	1,634	17.6%	1,844	18.0%	12.8%
Profit attributable to owners of parent	962	10.4%	1,171	11.4%	21.7%

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

The increase in net sales reflected steady sales growth in Mobile Management Services as well as a surge in sales growth of X-Tech Services. Optimal Biz, the core product in Mobile Management Services retained its No. 1 share of the market for a 13th consecutive year, and licenses steadily accumulated in step with the growth of the market. In X-Tech Services, results emerged in multiple fields where the Company seeks to develop killer services based on the core product, OPTiM Cloud IoT OS. The percentage of sales from X-Tech Services increased briskly to 42.5% (37.8% in the previous fiscal year). In the agritech field, the “pinpoint time spraying” service has been rolled out nationwide. In the digital construction field, licenses steadily accumulated for the 3D surveying app OPTiM Geo Scan. In the marketing DX field, the “Super App Platform for Municipalities” started to roll out in Saga City, and has started to be used with a penetration rate of about 30% among city residents.

On the profit front, the gross margin decreased 1.1 percentage points YoY and the SG&A expense ratio also declined 1.3 percentage points, resulting in an operating margin of 18.9%, the same level as in the previous term. Overall, the Company made ample upfront investments for the future while maintaining high profitability, so it can be seen that results have been steady.

## An extremely stable financial condition, leaving surplus capacity for future M&A and other initiatives

### 2. Financial condition and management indicators

Total assets at the end of FY3/24 increased by ¥1,343mn from the end of the previous year to ¥9,562mn. Current assets increased ¥850mn to ¥4,599mn. This was mainly attributable to cash and deposits increasing by ¥461mn and notes and accounts receivable – trade, and contract assets increasing by ¥389mn. Fixed assets increased by ¥492mn to ¥4,963mn due to factors such as an increase of ¥787mn in software. The balance of cash and deposits at term-end improved further, increasing ¥461mn to ¥1,902mn.

Total liabilities increased by ¥190mn to ¥2,220mn. This was mainly attributable to current liabilities rising ¥189mn due to factors including an increase of ¥165mn in accounts payable. Non-current liabilities were largely unchanged, increasing by ¥0mn to ¥139mn. Total net assets increased ¥1,152mn to ¥7,342mn due to factors such as an increase of ¥1,171mn in retained surplus from recording profit attributable to owners of parent.

Results trends

Regarding management indicators for stability, the current ratio was 221.0%, while the equity ratio was 75.8%. Therefore, the Company's financial stability is extremely high. The Company continues to make development investment at a certain minimum level; however, it has maintained high profitability and efficiency with ROE of 17.6%, ROA of 20.7%, and ROS of 18.9%. Given characteristics such as an abundance of cash and deposits and very low levels of borrowings, the Company's financial structure will allow it to actively pursue acquisitions in cases where M&A deals and other opportunities arise.

**Consolidated balance sheets and management indicators**

	(¥mn)		
	End-FY3/23	End-FY3/24	Change
<b>Current assets</b>	3,748	4,599	850
(Cash and deposits)	1,440	1,902	461
(Notes and accounts receivable-trade and contract assets)	2,101	2,491	389
<b>Non-current assets</b>	4,470	4,963	492
(Software)	2,065	2,852	787
<b>Total assets</b>	8,219	9,562	1,343
<b>Current liabilities</b>	1,891	2,080	189
(Short-term borrowings)	314	314	0
(Accounts payable)	94	259	165
<b>Non-current liabilities</b>	139	139	0
<b>Total liabilities</b>	2,030	2,220	190
<b>Total net assets</b>	6,189	7,342	1,152
<b>Total liabilities and net assets</b>	8,219	9,562	1,343
<b>&lt;Stability&gt;</b>			
Current ratio (current assets ÷ current liabilities)	198.2%	221.0%	-
Equity ratio (shareholders' equity ÷ total assets)	74.2%	75.8%	-
<b>&lt; Profitability &gt;</b>			
ROE (net profit ÷ equity)	17.1%	17.6%	-
ROA (ordinary profit ÷ total assets)	21.0%	20.7%	-
ROS (operating profit ÷ net sales)	18.9%	18.9%	-

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

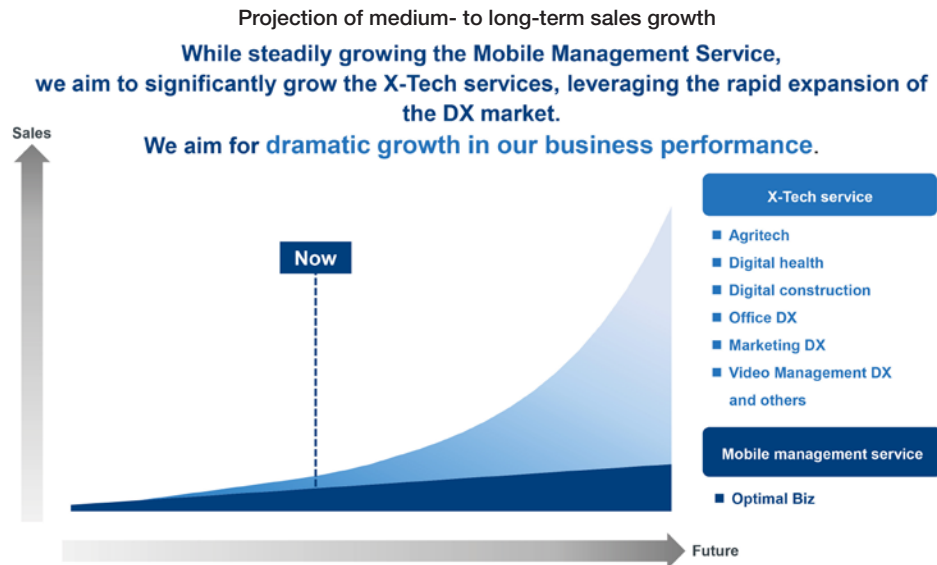
## ■ Growth strategies and topics

**Continuing to make active growth investments to become a central company in the Fourth Industrial Revolution.**  
**Strategic investments are planned for the agritech and office DX fields**

### 1. Projection of medium- to long-term sales growth

Over the past few years, the Company has focused on R&D activities and achieved results in a variety of industries by launching new services based on Optimal Biz and OPTiM Cloud IoT OS. In the medium- to long-term, the Company aims to rapidly improve business results by continuing the smooth growth in Mobile Management Services (Optimal Biz) while realizing huge growth in X-Tech Services. In X-Tech Services, it is developing multiple industry-specific killer services using OPTiM Cloud IoT OS and other related technologies and its main business areas include agritech, digital construction, digital health, office DX, marketing DX, and video management DX.

Growth strategies and topics



Source: The Company's results briefing materials

**2. Progress of main X-Tech services and newest examples**

**(1) Agritech**

In the agricultural sector, the Company has developed various elemental technologies, such as pinpoint agricultural chemical spraying and fertilization technology using drones. Agri-Contractor Services use both the hardware (drones, etc.) and software (AI/IoT-based analysis systems, etc.) the Company has developed to date. Here, the Company has been enhancing its lineup with multiple services, including “pinpoint time spraying,” which is a drone service for carrying out pest removal and prevention at optimal times. In FY3/25, the Company plans to strengthen its system for drone and pilot operations and invest proactively in its back-end systems in order to provide stable operations of a nationwide service structure. It has already built a network of around 1,000 drone pilots who are mobilized daily on the front lines. The Company has made progress on strengthening ties with JA organizations nationwide, where there is growing anticipation for this service. By preparing a framework that is able to allocate equipment and personnel (pilots, etc.) more efficiently, the Company will be able to deliver a full-scale roll out in the future. Incidentally, it has captured the No. 1 market share in AI solutions for the agriculture, forestry, and fisheries field.

Growth strategies and topics

X-Tech Service: agritech



Source: The Company's web page

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Drone service for pest removal and prevention at optimal times:  
 Pinpoint time spraying  
 Service for rice, soybean, and wheat producers in mountainous regions and flatlands, with numerous achievements in pest removal and prevention throughout Japan

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Spraying services are available from ¥13,500  
 Remote management eliminates the need to accompany the sprayer  
 Increased effectiveness due to spraying at optimal times  
 Includes digital spray map  
 No need to compile applications

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**(2) Office DX**

In the office DX field, the AI-based contract management service, OPTiM Contract, and the January 2024 Electronic Bookkeeping Law requirement compliance service, OPTiM denshichobohozon (Electronic Bookkeeping), both saw substantial growth in license numbers, with further rapid growth likely for FY3/25 onward. OPTiM Contract 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 from users for its improved searchability using AI and automatic termination date notification, among other features. 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. For OPTiM denshichobohozon (Electronic Bookkeeping), while many large companies have completed their compliance with the Electronic Bookkeeping Law from January 2024, there are many small to medium-sized firms that have yet to comply, and this is expected to drive introduction of the service going forward. The service was continuously upgraded until the previous fiscal year, and offers functional advantages; however, the Company plans to accelerate its introduction by investing in marketing such as online advertising and seminars in a bit to further increase name recognition.

**(3) Marketing DX**

In the OPTiM Digital Marketing field, in April 2023 the beta version of Saga City Super App, which enables users to access all services of Saga City from a single app, was released to the public. The app allows city residents to complete various administrative procedures online without going to the city hall, obtain information such as rubbish collection days, local information, and disaster prevention. It also contributes to digitalization of administrative operations and reducing labor. In the nine months since its launch, downloads of the app have reached approximately 38,000, and it is gaining wider recognition as a new digital administration infrastructure with an effective penetration rate of around 30% among Saga City residents. This initiative has also been highly rated by external institutions, receiving the Regional Award at the Digital Content of the Year '23/29th AMD Award organized by the Association of Media in Digital. The Company plans to use the know-how accumulated at Saga City to expand this initiative across municipalities throughout Japan.

The point that all these examples share is that they combine and multiply technologies accumulated by the Company to accelerate the cultivation of new business areas and addition of new functions and services.

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

## ■ Outlook

### In FY3/25, the Company aims to achieve a 25th consecutive year of net sales increases since its founding, along with a record high operating profit, while executing aggressive growth investments

In its FY3/25 consolidated results forecast, the Company is predicting net sales to increase 10.3% YoY to ¥11,300mn, operating profit to increase 0.5% to ¥1,950mn. The Company started recouping past investments in FY3/21. However, it plans to continue aggressive growth investments targeting development of the total addressable market worth ¥160tn, with the goal of continuing to be a leading company in the Fourth Industrial Revolution. Meanwhile, the Company plans to achieve steady increases in sales and profits. Moreover, it has a policy of not disclosing specific forecasts for ordinary profit and profit attributable to owners of parent, due to the difficulty in rational estimating profit and loss from affiliates over which the Company does not have control.

#### FY3/25 consolidated results outlook

	FY3/24		FY3/25		
	Results	Vs. net sales	Forecast	Vs. net sales	YoY
Net sales	10,243	100.0%	11,300	100.0%	10.3%
Operating profit	1,940	18.9%	1,950	17.3%	0.5%
Ordinary profit	1,844	18.0%	-	-	-
Profit attributable to owners of parent	1,171	11.4%	-	-	-

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

The Company is striving for record-high net sales for the 25th consecutive year since its founding, maintaining the same growth rate as in the previous term (10.4%). As the mobile management services market steadily expands, the upward trend in stock-type sales due to the growth of the Company's mainstay products and services, which are in an advantage position, is expected to continue in FY3/25. The rapid advances in DX in each industry are providing a tailwind for X-Tech Services. In this environment, the Company will make active investments and strengthen sales through high-priority "killer services" as part of efforts to increase stock-type sales underpinning stable future growth. In particular, the Company is making aggressive investments to realize substantial growth in the agritech drone agricultural chemical spraying service and the office DX document management service, among others, and significant results can be expected. After continuously increasing sales over the past 24 fiscal years, the Company clearly has a business model capable of delivering stable growth, and its sales plan for FY3/25 can be trusted.

On the profit front, the Company is targeting record-high operating profit, even while making growth investments proactively. The operating margin forecast (17.3%) is lower than the profit margin of 24.1% (FY3/21) representing the actual capability of the Company's business model, which 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&A), the Company's policy is to make growth investments flexibly and proactively. At FISCO, we believe the Company's profit forecast is well attainable, even while continuing aggressive growth investments, provided that they are based on organic growth, excluding special factors such as a particularly attractive investment opportunity.

## ■ Shareholder return policy

### **Putting priority on investing in the future, has not determined the dividend outlook**

The Company puts priority on investing in growth and has not determined 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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