

COMPANY RESEARCH AND ANALYSIS REPORT

OPTiM Corporation

3694

Tokyo Stock Exchange Prime Market

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Summary

Achieved record-high net sales for a 25th consecutive year in FY3/25. In agritech, the Company is expanding Japan's No. 1 drone service for wet-land rice cultivation nationwide

OPTiM Corporation <3694> (hereafter, also "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 OPTiM 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 (1,171 patent applications filed, 569 patents granted, as of March 2025). 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 description

The Company's main services consist of IoT Platform Services, which provided approximately 89.7% of total sales in FY3/25. Its core service OPTiM Biz, which enables centralized management of smart devices through the cloud, has been deployed at more than 180,000 companies and has held the No. 1 share of the market for 14 consecutive years. The Company's commercial distribution involves OEM and sales through partner companies and it receives license fees according to the number of devices.

Furthermore, in X-Tech Services, it is engaged in using the AI/IoT platform OPTiM Cloud IoT OS to promote IT integration ("●● x IT," with "●●" standing for the sector) in various industries. In the agriculture field, it offers Pinpoint Time Spraying, a DX service that uses AI and drones to spray agricultural chemicals, and OPTiM Geo Scan, a high-precision 3D data measuring app for construction. In the medical field, it offers the telemedicine service Pocket Doctor, and the Medicaroid Intelligent Network System (MINS), which is a network support system for hinotori™ Surgical Robot System, Japan's first surgical assistance robot system developed by Medicaroid Corporation, a joint venture of Kawasaki Heavy Industries, Ltd. <7012> and SYSMEX CORPORATION <6869>. It also provides OPTiM AI Hospital, an on-premise LLM model to help doctors and nurses carry out document creation tasks using generative AI. In addition to the above, it is also seeing growth for its AI-based contract management service OPTiM Contract and the AI-based bookkeeping service OPTiM Electronic Bookkeeping, meaning that it has a slew of killer services which have entered a period of widespread adoption.

Since its founding, the Company has used technology and intellectual property strategies as a platform for innovative market entry, and several of its services have the No. 1 share of the Japanese market. It has built a business model based on license income and in the AI/IoT field, it is strengthening collaboration with prominent companies in each industry.

Summary

2. Results trends

In the FY3/25 consolidated results, the Company recorded ¥10,580mn in net sales, up 3.3% year on year (YoY), ¥1,954mn in operating profit (up 0.7%), ¥1,862mn in ordinary profit (up 1.0%), and ¥1,178mn in profit attributable to owners of parent (up 0.6%), as the Company achieved record-high net sales for the 25th consecutive year since its founding.

The main factors contributing to the growth in sales were an increase in OPTiM Biz license sales and the growth of X-Tech Services. In particular, Pinpoint Time Spraying is now deployed over 26,000 hectares of land across Japan, achieving the No. 1 share of the Japanese market. The Company has also started providing corporate contracts for OPTiM Geo Scan in the construction industry and it has been introduced at several major construction companies.

On the other hand, the revision to the recognition of some transactions in 4Q as net revenue meant that the Company failed to meet its net sales target for the first time since listing. On the profit front, the gross margin was steady, increasing by 0.1 percentage points (pp) YoY to 49.4%. This was mainly due to highly profitable stock-type sales, such as license income, accounting for approximately 70% of the sales mix. The SG&A expense ratio also rose by 0.6pp as the Company continued its active investment in human resources. As a result, the operating margin decreased by 0.4pp to 18.5%.

3. Growth strategies and topics

The Company is continuing to advance its strategy of using the stable growth of mobile management services as a foundation for achieving significant results growth through the expansion of X-Tech/AI services. In the X-Tech domain, it is using technologies such as OPTiM Cloud IoT OS to develop killer DX services in areas including agritech, digital construction, digital health, office and marketing, and video management.

In particular, it is using AI, including generative AI, to drive business growth with a focus on three points: 1) developing cutting edge AI technologies, 2) deploying a variety of AI services onto the market, and 3) enhancing productivity by using AI inhouse. It is strengthening frameworks for the strategic use of AI on a Company-wide basis.

In agritech, it is aiming to build an overwhelming lead in agricultural drone services by expanding the drone platform it has developed for wet-land rice cultivation to handle other crops. In construction, it is evolving OPTiM Geo Scan into a multi-functional app that can handle onsite tasks other than measuring. In the medical field, in addition to promoting the spread of OPTiM AI Hospital, it has also concluded a business and capital alliance with Central Medience to advance joint development on medical DX.

Summary

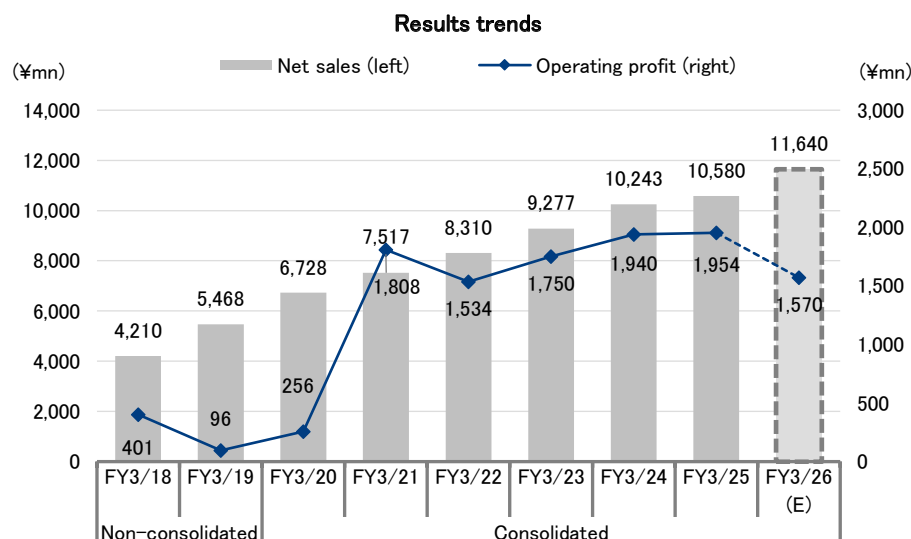
4. Outlook

In its FY3/26 consolidated results forecast, the Company is predicting net sales to increase 10.0% YoY to ¥11,640mn, but operating profit to decrease 19.7% to ¥1,570mn. The Company is striving for record-high net sales for the 26th consecutive year since its founding by maintaining its steady 10% YoY growth rate. 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 FY3/26. For X-Tech/AI services, while the rapid advances in DX in each industry provide a tailwind, the Company will aim to realize considerable growth through high-priority "killer services." In particular, in the agritech field, it plans to advance its drone agricultural chemical spraying service by investing in the building of a framework for deploying the service on a nationwide scale and by expanding the platform it has established for wet-land rice cultivation to handle other crops, and significant results can be expected. On the profit front, profit levels are expected to fall slightly as the Company invests heavily in developing AI services and building service infrastructure. The main thrust of this investment will be investment in human resources. Amid fierce competition over recruitment, the Company sees the recruitment and retention of exceptional talent as the most important factor in its business growth and it plans to further strengthen in this area by actively investing in efforts such as improving personnel systems. In this advanced stage of development, it will also actively invest in the AI field, which is experiencing rapid technological innovation, by developing new services, enhancing R&D structures, and encouraging inhouse AI usage. The operating margin forecast (13.5%) is lower than the operating margins the Company's business model is capable of delivering (18.5% in FY3/25 and sometimes over 20% in past fiscal years), but this can be interpreted as demonstrating the Company's appetite for investment. As the use of AI becomes more prevalent in every industry, some competing technologies and services are expected to emerge, so this is an important period for the Company in regard to securing an advantage. Therefore, we think that its decision to invest actively in the advanced stage is sensible.

Key Points

- A venture company that is 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 FY3/25, it smoothly accumulated stock-type business and achieved record-high net sales for a 25th consecutive year. In agritech, it is expanding Japan's No. 1 drone service for wet-land rice cultivation nationwide
- In FY3/26, it is aiming for record-high net sales for the 26th consecutive year since its founding. Profits are forecast to shrink due to considerable investment in AI service development and infrastructure
- In agritech, it will expand its drone service for uses other than wet-land rice cultivation and in digital construction, it will expand its business to cover tasks other than measurement

Summary



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

Company profile

A venture company that is aiming to achieve industry innovation with proprietary AI, IoT, and robotics technologies. Holds multiple No. 1 solutions in each field

1. Company profile 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 1,171 patent applications filed, 569 patents granted, as of March 2025. The total number of employees is 433 (as of April 1, 2025), 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 (hereafter, “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 (now OPTiM 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.

Company profile

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 Ltd. <6301>, 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.

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 Corporation, 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 the TSE Mothers Market, rising quickly 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.

2. Business description

The Company’s main services consist of IoT Platform Services, which provide 89.7% of net sales (FY3/25). 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 OPTiM 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.

Company profile

Remote Management Services provide 5.7% of net sales (FY3/25). 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. Also, OPTiM Taglet, a camera-based app for automated report generation released in June 2024, is the first service in the world (according to investigations by the Company as of July 1, 2024) to have a function that uses an AI (LLM) to generate work reports using photos taken at actual workplaces (patent pending). Its core technologies are workplace image sharing and remote operation and the Company receives license fees according to the number of devices at companies deploying the service.

Support Services contribute 0.7% of net sales (FY3/25). 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 3.9% of net sales (FY3/25). 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.

Business description by segment

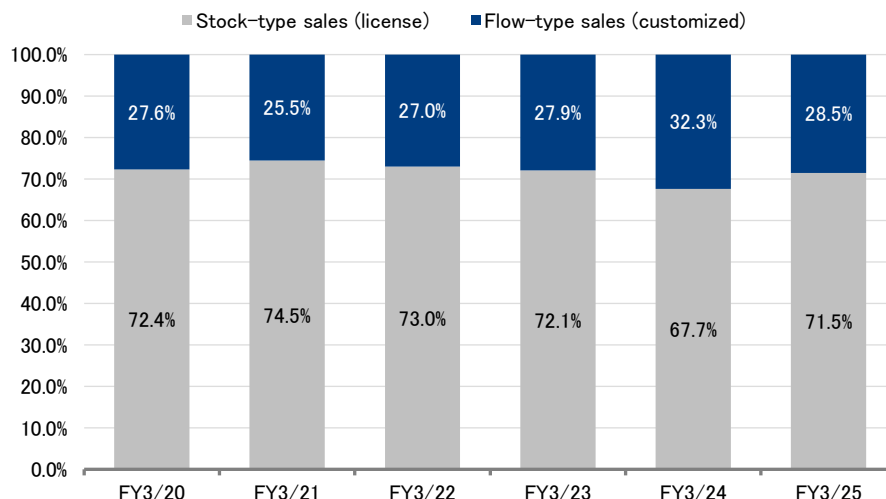
Service	Classification in results briefing materials	Business description	Sales breakdown (FY3/25)
IoT Platform Services (OPTiM Biz)	Mobile Management Services	Main service is OPTiM Biz used to manage smartphones, tablets, and other devices on the cloud, manage operations within organizations and assets, and conduct security policy settings.	89.7%
IoT Platform Services (IoT Platform Services excluding OPTiM Biz)	X-Tech Services	In services related to the AI/IoT platform OPTiM Cloud IoT OS, OPTiM AI Camera is being introduced as a service that uses AI image analysis technologies to solve issues specific to each industry.	
Remote Management Services	Other 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. OPTiM Taglet, a camera-based app for automated report generation, is the first service in the world to have a function that uses an AI (LLM) to generate work reports using photos taken at actual workplaces (patent pending).	5.7%
Support Services		Provides Optimal Diagnosis & Repair, which automatically detects and repairs problems on network devices like smartphones and tablets, and Optimal Setup, which automatically sets up routers.	0.7%
Other Services		This business delivers the unlimited-usage services for software and content, including Unlimited Software and Unlimited Tablet.	3.9%
Total			100.0%

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

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 70:30. 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.

Company profile

Breakdown of stock-type sales and flow-type sales



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

Business overview

Significant upgrade of OPTiM Biz, which has the No. 1 share of the mobile management service market, having been installed at 180,000 companies

1. Market trends

The Company's growth is supported by the development of the Fourth Industrial Revolution*1. In recent years, the use of Internet of Things (IoT), 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 4 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 OPTiM 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 OPTiM Biz.

2. The Company's business areas

(1) Mobile management service, OPTiM Biz

OPTiM 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. In February 2025, the Company carried out a large-scale upgrade of the service, including the integration of an AI agent, and changed its name from Optimal Biz to OPTiM Biz. 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). The domestic MDM market is growing at a steady rate of over 10% annually and was worth a total of ¥18.7bn as of 2024, and the Company has solidified a position as the de facto standard with a No. 1 share secured in the market for 14 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 OPTiM Biz, there are new services like OPTiM Contract, OPTiM Electronic Bookkeeping, OPTiM ID+ and OPTiM Asset, and convenience increases when they are utilized in combination.

Upgrade of OPTiM Biz with AI integration



Our flagship service (OPTiM Biz) underwent a significant upgrade with AI integration

Along with a significant upgrade of the feature set, the service name and UX have been revamped.



Equipped with an operation support service through the integration of AI agents.



Strengthening partnerships with smartphone and tablet manufacturers such as KEYENCE, Kyocera, OptoElectronics, Sharp, and Zebra.

Added a dedicated terminal management menu to enable usage in stores, logistics, factories, and other operational sites, while strengthening marketing efforts for this market.


※アルファベット順に掲載

Source: The Company's results briefing materials

Currently expanding AI/IoT services for the construction, agriculture, and medical industries and for offices

(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 services are “Digital construction,” “Agritech,” and “Digital health,” and these efforts have already ramped up businesses in many cases.

a) Digital construction

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. Recently, the Company has been evolving the app into an everyday operational app that not only fulfills measuring needs, but also covers other tasks required at construction sites (design, piling, positioning, and material calculations). Also, OPTiM Geo Scan Corporate License is a one-stop service providing all the equipment necessary for using Geo Scan, offering functions from asset management to full-assistance technical support. It has been adopted by Shimizu Corporation and many other major construction companies. 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 service has grown into the largest drone spraying service in Japan in terms of area covered. It has over 1,000 registered pilots and 200 pilot teams in operation. The Company is continuing to establish social infrastructure 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

X-Tech Services : Agritech

Pinpoint Timie Spraying service (drone spraying DX service) became Japan's largest*1 drone spraying service



Source: The Company's results briefing materials

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," a remote healthcare consultation service, announced in 2016. 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 Medicaroid Intelligent Network System (MINS) jointly with Medicaroid 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 Medicaroid, 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. In November 2024, the Company started providing OPTiM AI Hospital, an on-premise LLM model to help doctors and nurses carry out document creation tasks using generative AI. It ensures high levels of security through an on-premise operating environment which is not connected to the internet, and by enabling the safe use of AI, it is reducing the time spent by staff on document creation by approximately 50%. In May 2025, the Company concluded a business and capital alliance with Central Medience, a medical group operating three hospitals, including Hamada Hospital, in which it agreed to advance joint development of DX and AI services for the healthcare industry. The Company estimates the total addressable market for this field to be ¥150.0bn.

A unique strategy that supports business expansion and growth through the spread of DX and AI

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 Corp., 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. In particular, it is developing "Official Super App for Municipalities" as super app platforms that consolidate all apps provided by local governments. The first super app was launched in Saga City and they have since been adopted by a succession of local government, including Tagawa City and Munakata City in Fukuoka Prefecture, and Takeo City in Saga Prefecture. 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 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.

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. 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). In October 2024, the Company unveiled OPTiM AI Camera Analytics, the world's first service that uses AI to analyze stored video data using a variety of methods. 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 which has captured a No.1 share of the remote support market. 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.

c) OPTiM Taglet

OPTiM Taglet, a camera-based app for automated report generation released in June 2024, is the first service in the world (according to investigations by the Company as of July 1, 2024) to have a function that uses an AI (LLM) to generate work reports using photos taken at actual workplaces (patent pending). In industries where the recording of photos and videos are part of workplace operations, such as construction, real estate, facility management, the veterinary industry, primary industries, and local governments, this service makes operations more efficient as it can start organizing photos and creating reports immediately after an image is taken and then provide AI support for completing said reports.

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 14 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 2025, the Company had 1,171 patent applications filed, 569 patents granted. 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.

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

Smoothly accumulated stock-type business and achieved record-high net sales for a 25th consecutive year

1. Overview of FY3/25 results

In the FY3/25 consolidated results, the Company recorded ¥10,580mn in net sales (up 3.3% YoY), ¥1,954mn in operating profit (up 0.7%), ¥1,862mn in ordinary profit (up 1.0%), and ¥1,178mn in profit attributable to owners of parent (up 0.6%), as the Company achieved record-high net sales for the 25th consecutive year since its founding.

FY3/25 consolidated results

	FY3/24		FY3/25		
	Results	vs. net sales	Results	vs. net sales	YoY
Net sales	10,243	100.0%	10,580	100.0%	3.3%
Cost of sales	5,196	50.7%	5,358	50.6%	3.1%
Gross profit	5,047	49.3%	5,222	49.4%	3.5%
SG&A expenses	3,107	30.3%	3,268	30.9%	5.2%
Operating profit	1,940	18.9%	1,954	18.5%	0.7%
Ordinary profit	1,844	18.0%	1,862	17.6%	1.0%
Profit attributable to owners of parent	1,171	11.4%	1,178	11.1%	0.6%

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. It also renamed OPTiM Biz (formerly Optimal Biz), the core product in Mobile Management Services and carried out a significant upgrade for the AI era. OPTiM Biz retained its No. 1 share of the market for a 14th consecutive year, and licenses steadily accumulated in step with the growth of the market. X-Tech services grew into a pillar of income, accounting for 44.6% of the sales mix. In the agritech field in particular, the drone-based agricultural chemical spraying service Pinpoint Time Spraying was expanded nationwide. It has been adopted by customers in 133 municipalities in 26 prefectures, including around 100 pest control associations and JA organizations, meaning that it is now being used over a total area of approximately 26,000 hectares and has claimed a No.1 share of the Japanese market. In the digital construction field, the Company started providing corporate licenses for OPTiM Geo Scan, a mobile integrated operation solution for construction sites, and it has been adopted by several major construction companies, including Shimizu Corporation <1803>. Also, as a result of reviewing some of its transactions in 4Q based on accounting standards, the Company decided to revise the revenue recognition for these transactions from gross to net. This meant net sales decreased, explaining why it failed to meet its net sales target for the first time since listing.

On the profit front, the gross margin was steady, increasing by 0.1pp YoY to 49.4%. This was mainly due to highly profitable stock-type sales, such as license income, accounting for approximately 70% of the sales mix. The SG&A expense ratio also rose by 0.6pp as the Company continued its active investment in development personnel. As a result, the operating margin decreased by 0.4pp to 18.5%.

Results trends

2. Financial condition and management indicators

Total assets at the end of FY3/25 increased ¥1,531mn from the end of the previous year to ¥11,094mn. Current assets increased ¥877mn to ¥5,476mn. This was mainly attributable to notes and accounts receivable - trade, and contract assets increasing ¥994mn. Non-current assets increased ¥654mn to ¥5,617mn due to factors such as increases of ¥498mn in software. The balance of cash and deposits at the end of FY3/25 was ¥1,734mn.

Total liabilities increased ¥354mn to ¥2,574mn. This was mainly attributable to current liabilities increasing ¥353mn due to factors including a ¥488mn increase in notes and accounts payable - trade and a ¥207mn increase in accounts payable, despite a ¥314mn decrease in short-term borrowings. Non-current liabilities were largely unchanged. Total net assets increased ¥1,177mn to ¥8,519mn due to factors such as an increase in retained surplus from recording profit attributable to owners of parent. The balance of interest-bearing debt at the end of FY3/25 was zero, indicating debt-free management.

Regarding management indicators for stability, the current ratio was 224.9%, while the equity ratio was 76.0%. Therefore, the Company's financial stability is extremely high. The Company continues to make development investment at a certain minimum level, but it has also maintained high profitability and efficiency with ROE of 15.0% (FY3/25). Given characteristics such as an abundance of cash and deposits and strong borrowing capacity, 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-FY3/24	End-FY3/25	Change
Current assets	4,599	5,476	877
Cash and deposits	1,902	1,734	-167
Notes and accounts receivable - trade and contract assets	2,491	3,485	994
Non-current assets	4,963	5,617	654
Software	2,852	3,351	498
Total assets	9,562	11,094	1,531
Current liabilities	2,080	2,434	353
Notes and accounts payable - trade	335	823	488
Short-term borrowings	314	-	-314
Accounts payable	259	466	207
Non-current liabilities	139	140	0
Total liabilities	2,220	2,574	354
Total net assets	7,342	8,519	1,177
Total liabilities and net assets	9,562	11,094	1,531
Stability			
Current ratio (current assets ÷ current liabilities)	221.0%	224.9%	-
Equity ratio (shareholders' equity ÷ total assets)	75.8%	76.0%	-
Profitability			
ROE (net income ÷ shareholders' equity)	17.6%	15.0%	-
ROA (ordinary profit ÷ total assets)	20.7%	18.0%	-
ROS (operating profit ÷ net sales)	18.9%	18.5%	-

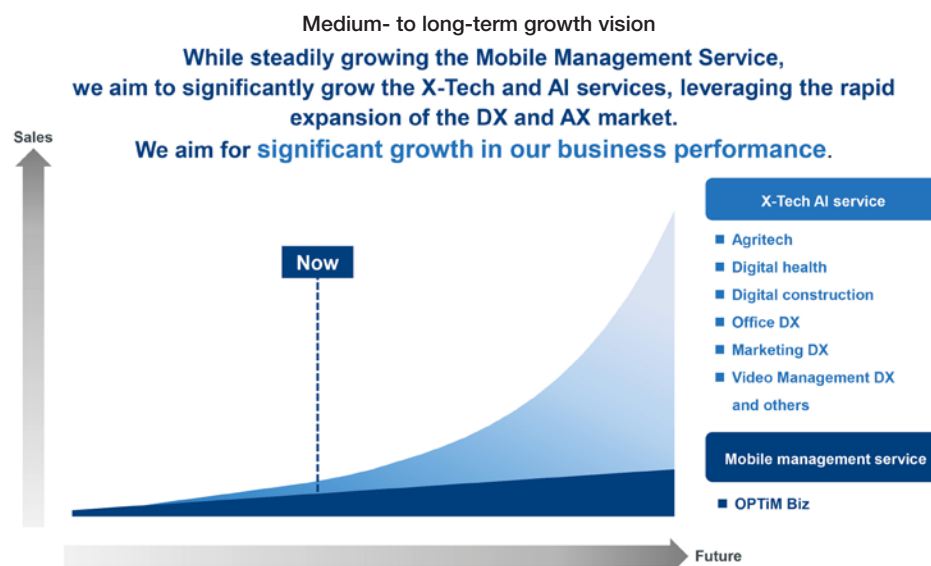
Source: Prepared by FISCO from the Company's financial results

Growth strategies and topics

The Company is strategically investing in and establishing infrastructure for the development of cutting-edge AI technologies, including generative AI. In agritech, it will expand its drone service for uses other than wet-land rice cultivation and in digital construction, it will expand its business to cover tasks other than measurement

1. Medium- to long-term growth vision: Considerable growth of X-Tech/AI services

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 OPTiM Biz and OPTiM Cloud IoT OS. In the medium- to long-term, the Company aims to rapidly improve business results by continuing the steady growth in Mobile Management Services (OPTiM Biz) while realizing huge growth in X-Tech/AI services in response to the rapid expansion of the DX/AX markets. In X-Tech/AI 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, and video management DX.



Source: The Company's results briefing materials

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

(1) Active use of generative AI in X-Tech services

The Company's approach to AI is centered on business and technological development strategies and its policy is to accelerate growth by strategically advancing AI-related technologies, services, and internal reforms. To achieve this, it is accelerating the following three efforts.

1) Strengthening AI technology development

Strategic investment for cutting-edge AI technology development

2) Strengthening AI service development

A diverse AI service portfolio that creates customer value and its market expansion

3) Enhancing productivity by leveraging AI internally

Company-wide AI adoption for fundamental productivity transformation and accelerated innovation

To strengthen development of AI technology, the Company is strategically investing in and building promotion frameworks for the development of cutting-edge AI technology. In regard to the organizational setup, technological development will be led by a specialist generative AI (especially LLM) R&D development team that spans all project development teams. It will also build a flexible LLM infrastructure that supports both cloud and on-premise deployments to achieve both development efficiency and scalability.

To strengthen development of AI services, the Company has already realized a portfolio of diverse AI services that create value for customers and deployed these onto the market, but it also plans to release a variety of AI services within the next year and achieve rapid market deployment. Examples of its new services with AI agents as the core value include a general-purpose AI agent for office tasks, an AI agent specialized in generating medical documents, and an AI agent for report generation. Examples of its UX refresh through AI integration include an MDM/PC management service for AI integration into OPTiM Biz, Japan's first customer success service powered by generative AI, an AI-powered electronic document management system, and a cloud AI document management service.

Strategically investing in and building promotion frameworks for the development of cutting-edge AI technology

strategic investment for cutting-edge AI technology development

Driving technological advancement through a cross-functional R&D team, and building a flexible LLM infrastructure that supports both cloud and on-premises deployments.

□ Strategic R&D Organization

- We are creating an organizational setup where a cross-product R&D team takes the lead in generative AI (especially LLM) technology development.
- We are rapidly researching the latest technologies and implementing their optimization (fine-tuning) for each service.

□ Flexible and robust technical architecture

- We can design services capable of supporting both managed cloud-based LLMs and on-premises LLMs.
- By core-modularizing LLM-related technologies, including RAG (Retrieval Augmented Generation), and making them commonly available across cloud and on-premises environments, we achieve both development efficiency and scalability.

□ Future Vision

- We are promoting the continuous catch-up with rapidly evolving LLM technologies and the establishment of a competitive advantage through the accumulation of our unique technologies.

Source: The Company's results briefing materials



Growth strategies and topics

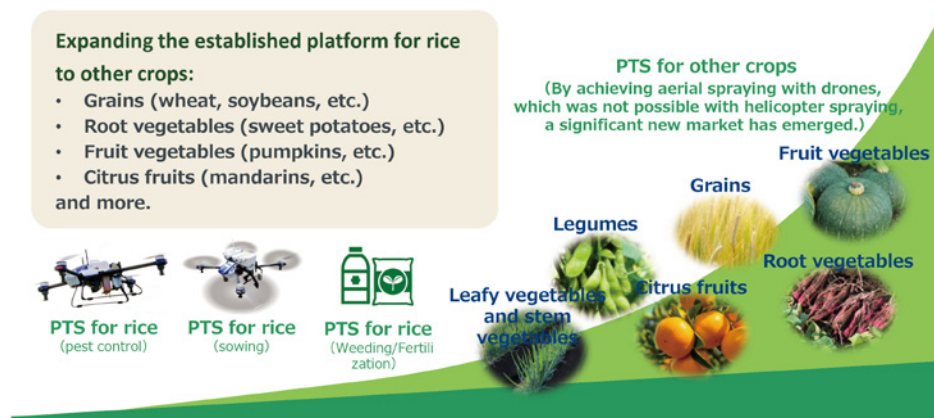
(2) Agritech: Drone service expanding from wet-land rice cultivation to other crops

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 established the stable operation of this service on a nationwide basis, mainly for wet-land rice cultivation (pest prevention, planting, weeding, and fertilization). It has already built a network of around 1,000 drone pilots organized into 200 teams 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. It has captured the No. 1 market share in AI solutions for the agriculture, forestry, and fisheries field.

Going forward, the Company is aiming for the service to become the No.1 agricultural drone service for all crops by progressively expanding the platform it has established for wet-land rice cultivation to handle other crops. Crops covered will include grains and legumes (such as wheat and soybeans), root vegetables (such as sweet potatoes), fruit vegetables (such as pumpkins), and citrus fruits (such as tangerines), and operation covering some of these has already started. In particular, it is possible it will be able to create a sizeable new market for drone services that cover areas where helicopters have been unable to spray, such as mountainous areas and narrow stretches of land.

X-Tech services: Agritech

Gradually expanding the established platform for rice to other crops, aiming to become the No. 1 agricultural drone service for all crops.



Source: The Company's results briefing materials

(3) Digital construction

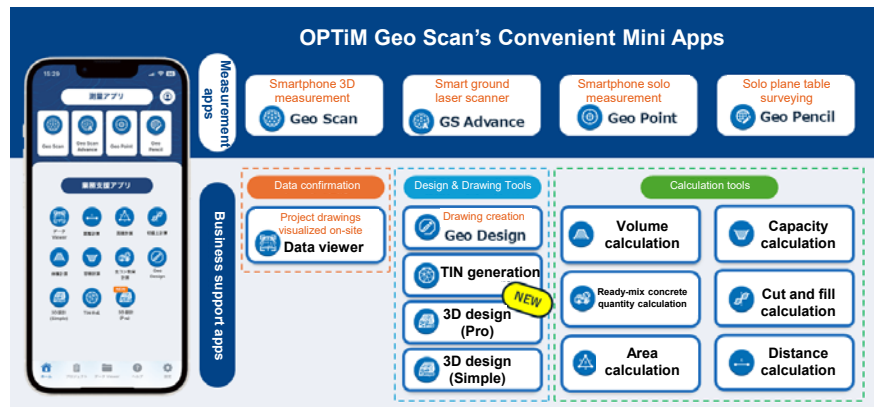
For OPTiM Geo Scan, a global pioneering high-precision 3D measuring app, the Company is evolving the app to fulfill construction site needs that go beyond just measurement. Currently it is expanding applet functions to cater to tasks required at construction sites, such as design, pile-driving, positioning, and material calculations. Recently released function include compatibility with new receivers that enable measurement in mountainous and urban areas, 3D design, and Geo Pencil, which enables individuals to carry out plane table surveying.

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Growth strategies and topics

OPTiM Geo Scan: Everyday site digitalization that even caters to needs other than measurement

Digitizing everyday operations on construction and civil engineering sites — all with a smartphone Expanding functionality from measurement to business support with a wide range of mini apps



Source: The Company's results briefing materials

(4) Digital health

A point to watch in the digital health field is that the Company has started providing OPTiM AI Hospital, an on-premise LLM model to help doctors and nurses carry out document creation tasks using generative AI. It is being introduced at clinical testing sites and its effects in regard to enhancing operational efficiency are being confirmed. For example, it reduces the time spent on creating discharge summaries by 54.2%. The Company plans to start full-scale marketing of the service to healthcare institutions.

In January 2025, the Company concluded a business and capital alliance with Central Medience, a medical group operating three hospitals, including Hamada Hospital, in which it agreed to advance joint development of DX and AI services for the healthcare industry. The alliance is expected to lead to the development of new solutions that cater for every aspect of healthcare institution management, including medical device and specialty pharmaceutical distribution (SPD) DX services, hospital management DX services, medical matters and receipt management DX services, and hospital cleaning DX services.

■ Outlook

Aiming for record-high net sales in FY3/26 for the 26th consecutive year since its founding. Profits are forecast to shrink due to considerable investment in AI service development and infrastructure

In its FY3/26 consolidated results forecast, the Company is predicting net sales to increase 10.0% YoY to ¥11,640mn, and operating profit to decrease 19.7% to ¥1,570mn. 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. 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 rationally estimating profit and loss from affiliates over which the Company does not have control.

FY3/26 consolidated results outlook

(¥mn)

	FY3/25		FY3/26		
	Results	vs. net sales	Forecast	vs. net sales	YoY
Net sales	10,580	100.0%	11,640	100.0%	10.0%
Operating profit	1,954	18.5%	1,570	13.5%	-19.7%
Ordinary profit	1,862	17.6%	-		
Profit attributable to owners of parent	1,178	11.1%	-		

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

The Company is striving for record-high net sales for the 26th consecutive year since its founding by maintaining the steady YoY growth rate of around 10% it has achieved in previous fiscal years. 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 FY3/26. The rapid advances in DX/AI in each industry are providing a tailwind for X-Tech/AI services. In this environment, the Company will aim to realize considerable growth through its high-priority "killer services." In particular, in the agritech field, it plans to advance its drone agricultural chemical spraying service by investing in the building of a framework for deploying the service on a nationwide scale and by expanding the platform it has established for wet-land rice cultivation to handle other crops, and significant results can be expected. After continuously increasing sales over the past 25 fiscal years, the Company clearly has a business model capable of delivering stable growth, and its sales plan for FY3/26 can be trusted.

Outlook

On the profit front, profit levels are expected to fall slightly as the Company invests heavily in developing AI services and building service infrastructure. The main thrust of this investment will be investment in human resources. Amid fierce competition over recruitment, the Company sees the recruitment and retention of exceptional talent as the most important factor in its business growth and it plans to further strengthen in this area by actively investing in efforts such as improving personnel systems. In this advanced stage of development, it will also actively invest in the AI field, which is experiencing rapid technological innovation, by developing new services, enhancing R&D structures, and encouraging inhouse AI usage. The operating margin forecast (13.5%) is lower than the operating margins the Company's business model is capable of delivering (18.5% in FY3/25 and sometimes over 20% in past fiscal years), but this can be interpreted as demonstrating the Company's appetite for investment. As the use of AI becomes more prevalent in every industry, some competing technologies and services are expected to emerge, so this is an important period for the Company in regard to securing an advantage. Therefore, FISCO thinks that its decision to invest actively in the advanced stage is sensible.

■ Shareholder return policy

Prioritizing investment in the future, the Company does not pay dividends

The Company prioritizes investment for growth and currently does not pay dividends. 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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