

# OPTiM Corporation

**3694**

Tokyo Stock Exchange Prime Market

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## Summary

### In 1H FY3/25, the Company achieved record high net sales and operating profit for a six-month period. It is releasing original services using generative AI in each field

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 14 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 telemedicine services, 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 the office DX field, it is selling an increasing number of licenses for OPTiM Contract, an AI-based contract management service, and for OPTiM denshichobohozon (Electronic Bookkeeping), a service compliant with the requirements of the Electronic Bookkeeping Law since January 2024. X-Tech Services saw the emergence of a slew of killer services, some of which have entered a period of widespread adoption.

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.

## Summary

## 2. Results trends

In the 1H FY3/25 consolidated results, the Company recorded ¥4,517mn in net sales, up 3.0% year on year (YoY), ¥794mn in operating profit (up 4.1%), ¥663mn in ordinary profit (down 1.2%), and ¥383mn in profit attributable to owners of parent (down 2.7%), as the Company passed through 1H smoothly toward achieving record-high net sales for the 25th consecutive year since its founding. 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 14th consecutive year, and licenses steadily accumulated in step with the growth of the market. In X-Tech Services, the Company's efforts to develop killer services based on the core product, OPTiM Cloud IoT OS in multiple fields contributed to results. In the agritech field in particular, the nationwide roll out of "pinpoint time spraying" service, a DX service that uses drones to spray agricultural chemicals, resulted in a considerable increase in sales. The Company also steadily accumulated license sales for OPTiM Geo Scan in the digital construction field, and OPTiM Contract and OPTiM denshichobohozon (Electronic Bookkeeping) in the office DX field. In 1H, the Company also smoothly raised the percentage of overall sales accounted for by stock-type sales to a high of 86.5%. On the profit front, the gross margin increased by 2.4 percentage points (pp) YoY, mainly due to the proportion of highly profitable stock-type sales in the sales mix. The SG&A expense ratio also rose by 2.2pp as the Company continued its active investment in development personnel. As a result, the operating margin increased by 0.2pp to 17.6%. Overall, the Company can be assessed as delivering a steady performance as it continues to make solid upfront investments for the future while maintaining high profitability. Additionally, the decrease in ordinary profit and profit attributable to owners of parent in 1H can be attributed to an increase in the share of loss of entities accounted for using equity method of ¥43mn.

## 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.

The Company is actively advancing research and development in the generative AI field, and it is creating generative AI-based services that can be utilized across multiple fields, such as healthcare DX and office DX. Example applications include OPTiM Taglet, a camera-based app for automated report generation, OPTiM Customer Success Portal, a customer success service realized using generative AI, and OPTiM AI Hospital, a service with an on-premise large scale language model (LLM) to help doctors and nurses carry out document creation tasks using generative AI. To date, the Company has specialized in AI in areas such as images, videos, and sounds, and it is now leveraging its technological advantages related to generative AI to realize the practical application of services that contribute to specialist operations. One example that is gaining attention is OPTiM AI Hospital, which was launched in January 2025. This is the first service in Japan equipped with an on-premise LLM model to help doctors and nurses carry out document creation tasks using generative AI. It was introduced on a trial basis at Yuaikai Medical Corporation's Oda Hospital, where it was proven to make operations more efficient by reducing the time spent on creating discharge summaries by 54.2%.

## Summary

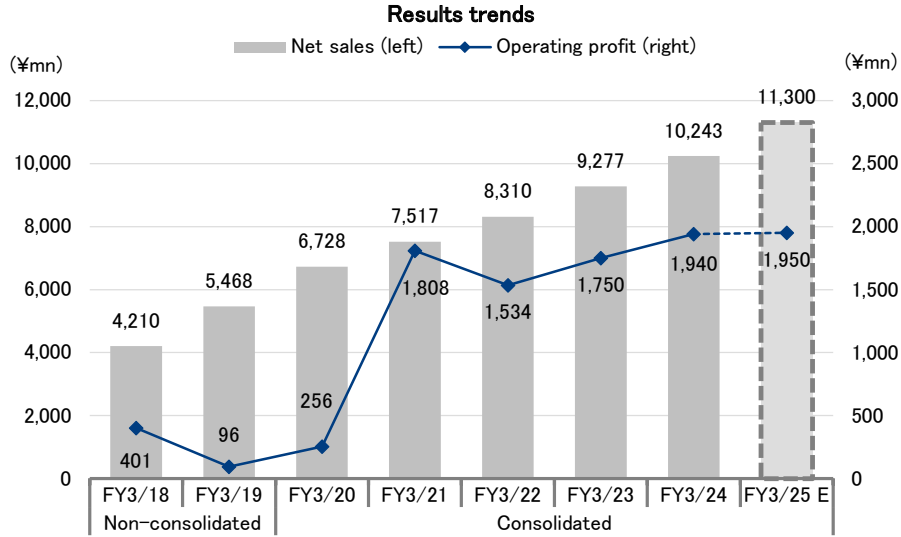
#### 4. Outlook

In its FY3/25 consolidated results forecast, the Company is expecting 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. On the other hand, it also has plans to achieve steady increases in sales and profits. The Company is striving for record-high net sales for the 25th consecutive year since its founding, maintaining the same level 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, while the rapid advances in DX in each industry provide a tailwind, 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. The progress rate of net sales for 1H against the full-year net sales forecast was 40.0%, on par with the same period of the previous year. (42.8%). On the profit front, the Company aims to achieve record-high operating profit, even while making aggressive growth investments. 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. The progress rate of operating profit for 1H against the full-year operating profit forecast is 40.7%, on par with the same period of the previous year (39.3%). Premised on organic growth, we believe the Company's profit forecast is readily attainable, as stock-type sales in 1H were favorable and are expected to increase further in 2H, even while continuing with aggressive growth investments, unless there are 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 1H FY3/25, the nationwide roll out of a DX service that uses drones to spray agricultural chemicals in the agritech field contributed to results. The Company is smoothly accumulating stock-type business and has achieved record high net sales and operating profit for a six-month period
- An extremely stable financial condition, leaving surplus capacity for future M&A and other initiatives
- It is releasing original services using generative AI in each field. Currently, it is investing strategically in the agritech and office DX fields

Summary



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. 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.

#### Company overview

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.

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 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. Content of business

The Company’s main services consist of IoT Platform Services, which provide 88.6% of 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 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.

Company overview

Support Services contribute 0.8% of 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 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.

**Business description by segment**

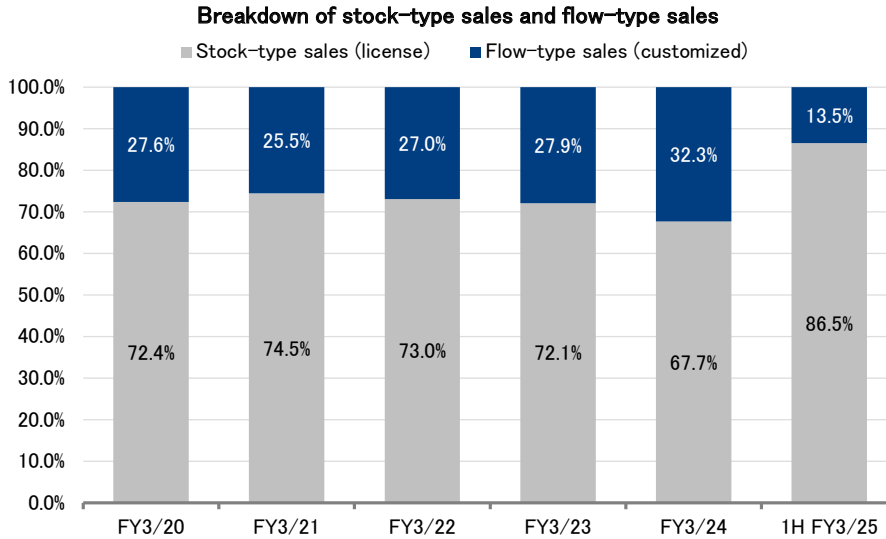
Service	Classification in results briefing materials	Business description	Sales breakdown (FY3/24)
<b>IoT Platform Services (Optimal Biz)</b>	Mobile Management Services	Main service is Optimal Biz used to manage smartphones, tablets, and other devices on the cloud, manage operations within organizations and assets, and conduct security policy settings.	46.1%
<b>IoT Platform Services (IoT Platform Services excluding Optimal Biz)</b>	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%
<b>Remote Management Services</b>		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%
<b>Support Services</b>	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%
<b>Other Services</b>		This business delivers the unlimited-usage services for software and content, including Unlimited Software and Unlimited Tablet.	3.2%
<b>Total</b>			100.0%

Source: Prepared by FISCO from the Company's 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 overview



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

## Business overview

**Optimal Biz has the No. 1 share of the mobile management service market, having been installed at 180,000 companies. In X-Tech Services, the Company is growing AI and IoT services for offices and the agriculture, construction, and healthcare industries**

### 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 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.

Business overview

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 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 Optimal Biz, there are new services like OPTiM Contract, OPTiM denshichobohozon (Electronic Bookkeeping), OPTiM ID+ and OPTiM Asset, and convenience increases when they are utilized in combination.

Optimal Biz can even be used to manage business-use devices

**MDM · PC management service "Optimal Biz" strengthens cooperation with smartphone and tablet manufacturers such as KEYENCE, SHARP, and OPTOELECTRONICS.**

With the MDM/PC management service Optimal Biz, we are strengthening our cooperative relationship with manufacturers of smartphones and tablet devices for business use, and we are making progress in supporting dedicated devices for all industries and types of business.

In addition, we have added a new menu for managing dedicated business terminals to implement DX and improve efficiency in the workplace, such as in restaurants, retail stores, logistics companies, and factories, using newly supported dedicated business terminals.

We will continue to strengthen our collaboration with smartphone and tablet manufacturers, and expand the functions that achieve operational efficiency while ensuring safety.

**MDM/PC management service "Optimal Biz" begins to be introduced to Life Corporation**

Ordering, product management, seal printing, POP operation\*1, etc. Unique functions enable the unification of terminals for various tasks, accelerating store DX

Life Corporation, which operates a total of 311 supermarkets\*2 in the Kanto and Kansai regions, has started to introduce the MDM and PC management service "Optimal Biz".

In a store environment where multiple types of terminals are mainly used for each task, unifying the business terminals and controlling the terminal malfunctions caused by employee operations with "Optimal Biz" will make it possible to promote store DX.

\*1 Electronic shelf label POP operation: The process of updating price displays and promotional information in stores by transmitting product names, prices, barcode information, etc. from POS cash registers or PCP creation systems to electronic shelf labels.  
 \*2 As of September 10, 2024. From the Life Corporation company profile.

Source: The Company's results briefing materials



10/31/2024 Press release

Business overview

(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.



Source: The Company’s results briefing materials

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.

#### Business overview

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.

#### 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 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. The Company estimates the total addressable market for this field to be ¥150.0bn.

## Business overview

**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.

**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.

Business overview

**(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.

**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 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.

#### 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 1H FY3/25, the Company smoothly accumulated stock-type business and achieved record high net sales and operating profit for a six-month period

#### 1. Overview of 1H FY3/25 results

In the 1H FY3/25 consolidated results, the Company recorded ¥4,517mn in net sales (up 3.0% YoY), ¥794mn in operating profit (up 4.1%), ¥663mn in ordinary profit (down 1.2%), and ¥383mn in profit attributable to owners of parent (down 2.7%), as the Company passed through 1H smoothly toward achieving record-high net sales for the 25th consecutive year since its founding.

## Results trends

## 1H FY3/25 consolidated results

	1H FY3/24		1H FY3/25		YoY
	Results	vs. net sales	Results	vs. net sales	
Net sales	4,384	100.0%	4,517	100.0%	3.0%
Cost of sales	2,164	49.4%	2,122	47.0%	-1.9%
Gross profit	2,220	50.6%	2,395	53.0%	7.9%
SG&A expenses	1,457	33.2%	1,601	35.4%	9.9%
Operating profit	762	17.4%	794	17.6%	4.1%
Ordinary profit	671	15.3%	663	14.7%	-1.2%
Profit attributable to owners of parent	394	9.0%	383	8.5%	-2.7%

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 14th consecutive year, and licenses steadily accumulated in step with the growth of the market. In X-Tech Services, the Company's efforts to develop killer services based on the core product, OPTiM Cloud IoT OS in multiple fields contributed to results. In the agritech field in particular, the nationwide roll out of "pinpoint time spraying" service, a DX service that uses drones to spray agricultural chemicals, resulted in a considerable increase in sales. The Company also steadily accumulated license sales for OPTiM Geo Scan in the digital construction field, and OPTiM Contract and OPTiM denschichobohozon (Electronic Bookkeeping) in the office DX field. In 1H, the Company also smoothly raised the percentage of overall sales accounted for by stock-type sales to a high of 86.5%. Note that the Company's flow-type sales tend to be weighted toward the 2H of the fiscal year.

On the profit front, the gross margin increased by 2.4pp YoY, mainly due to the proportion of highly profitable stock-type sales in the sales mix. The SG&A expense ratio also rose by 2.2pp as the Company continued its active investment in development personnel. As a result, the operating margin increased by 0.2pp to 17.6%. Overall, the Company can be assessed as delivering a steady performance as it continues to make solid upfront investments for the future while maintaining high profitability. Additionally, the decrease in ordinary profit and profit attributable to owners of parent in 1H can be attributed to an increase in the share of loss of entities accounted for using equity method of ¥43mn.

## 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 1H FY3/25 decreased ¥94mn from the end of the previous year to ¥9,468mn. Current assets decreased ¥247mn to ¥4,351mn. This was mainly attributable to cash and deposits increasing ¥605mn and notes and accounts receivable-trade, and contract assets decreasing ¥924mn. Fixed assets increased ¥152mn to ¥5,116mn due to factors such as increases of ¥185mn in software and ¥198mn in software in progress. The balance of cash and deposits at the end of 1H FY3/25 was ¥2,508mn, indicating a surplus capacity.



Results trends

Total liabilities declined ¥503mn to ¥1,716mn. This was mainly attributable to current liabilities declining ¥504mn due to factors including a ¥300mn decrease in short-term borrowings and a ¥171mn decrease in income taxes payable. Non-current liabilities were largely unchanged, increasing by less than ¥1mn to ¥139mn. Total net assets increased ¥409mn to ¥7,751mn due to factors such as an increase of ¥383mn in retained surplus from recording profit attributable to owners of parent.

Regarding management indicators for stability, the current ratio was 276.0%, while the equity ratio was 80.9%. 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 17.6% (FY3/24). 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)		
	FY3/24	1H FY3/25	Change
<b>Current assets</b>	4,599	4,351	-247
Cash and deposits	1,902	2,508	605
Notes and accounts receivable–trade and contract assets	2,491	1,566	-924
<b>Non-current assets</b>	4,963	5,116	152
Software	2,852	3,038	185
Software in progress	174	372	198
<b>Total assets</b>	9,562	9,468	-94
<b>Current liabilities</b>	2,080	1,576	-504
Short-term borrowings	314	14	-300
Income taxes payable	397	226	-171
<b>Non-current liabilities</b>	139	139	0
<b>Total liabilities</b>	2,220	1,716	-503
<b>Total net assets</b>	7,342	7,751	409
<b>Total liabilities and net assets</b>	9,562	9,468	-94
<b>Stability</b>			
Current ratio (current assets ÷ current liabilities)	221.0%	276.0%	55pp
Equity ratio (shareholders' equity ÷ total assets)	75.8%	80.9%	5.1pp

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

## Growth strategies and topics

**The Company is releasing original services using generative AI in each field. Currently, it is investing strategically in the agritech and office DX fields**

### 1. Medium- to long-term growth vision: Accelerated growth of X-Tech 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 Optimal 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 (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.

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

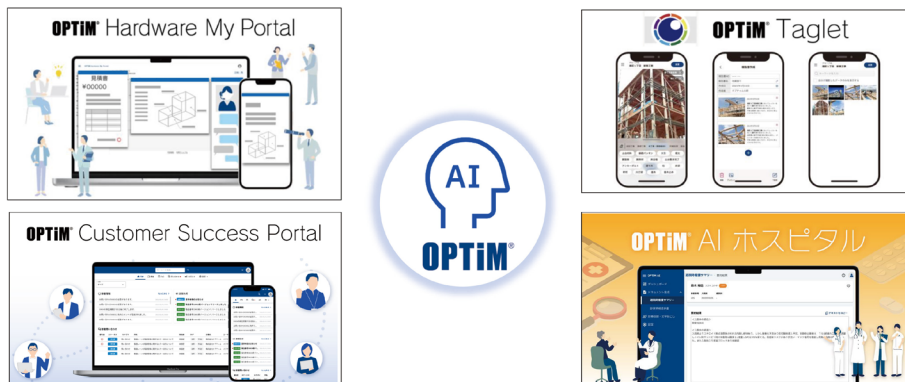
#### (1) Active use of generative AI in X-Tech services

The Company is actively advancing research and development in the generative AI field, and it is creating generative AI-based services that can be utilized across multiple fields, such as healthcare DX and office DX. Example applications include OPTiM Taglet, a camera-based app for automated report generation, OPTiM Customer Success Portal, a customer success service realized using generative AI, and OPTiM AI Hospital, a service with an on-premise large scale language model (LLM) to help doctors and nurses carry out document creation tasks using generative AI. To date, the Company has specialized in AI in areas such as images, videos, and sounds, and it is now leveraging its technological advantages related to generative AI to realize the practical application of services that contribute to specialist operations. One example that is gaining attention is OPTiM AI Hospital, which was launched in January 2025. This is the first service in Japan equipped with an on-premise LLM model to help doctors and nurses carry out document creation tasks using generative AI. It was introduced on a trial basis at Yuikai Medical Corporation's Oda Hospital, where it was proven to make operations more efficient by reducing the time spent on creating discharge summaries by 54.2%.

#### Approaches to the field of generative AI

The Group is actively promoting investment in research and development in the field of generative AI, and is providing services that use large-scale language models (LLM), such as the "OPTiM Taglet" camera app, which automatically creates reports using generative AI, the "OPTiM Customer Success Portal", which is a service that uses generative AI to automatically and cost-effectively support customer success in all industries, and "OPTiM AI Hospital", a service that uses on-premise LLM to support doctors and nurses in their writing tasks, etc.

We will continue to invest in research and development in the field of generative AI, and realize DX in all industries.



Source: The Company's results briefing materials

## Growth strategies and topics

**(2) 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.

The agriculture logistics DX business being advanced by the Company and its subsidiary, OPTiM AGRI MICHINOKU, is one of the businesses working to rationalize the distribution of agricultural, forestry, and marine products through initiatives to reduce environmental impact under the MIDORI Strategy for Sustainable Food Systems and the MIDORI Act Certification System being promoted by the Japanese government. It is the first business in Japan to be certified as a business that establishes foundations. As a result of this certification, the Company and its subsidiary, OPTiM AGRI MICHINOKU, will be eligible for priority adoption measures for more than 20 agricultural-related subsidy projects in Japan.

**(3) 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 expected going forward. OPTiM Contract allows users to efficiently manage contracts, including classification, registration, searches and inquiries, notifications, user file authority management, and other tasks. These functions are based on the patent for AI analysis and management system for contracts, which won the Minister of Education, Culture, Sports, Science, and Technology Award at the 2021 Kyushu Regional Invention Awards.

OPTiM Sasumane is an SaaS management service that reduces workloads and costs for information systems departments by centralizing the management of SaaS, on-premise systems, and IT devices. It can reduce costs by detecting accounts that are not being used, regardless of whether they have been allocated or not, and the accounts of employees who have left an organization, and it supports the prevention of unauthorized access by detecting when SaaS is being used by parties that do not have authorization from the client company. In FY3/25, the service can now provide even further workload reductions through new functions such as a contract ledger function, and API integration with the Kao Navi talent management system.

Growth strategies and topics

X-Tech services: Office DX

**Launch of a function to contract management ledger function in OPTiM Sasumane (SaaS Management)**

We have started providing a new function called "Contract Management Ledger" to manage contracts related to the use of SaaS.

This function is for managing information such as the contract plan, contract start date, contract end date, and contract period for the SaaS used by the company. By using this function, you can receive alerts when contract deadlines or automatic renewal dates are approaching, so you can achieve centralized management of multiple contracts, prevent omissions in procedures such as contract renewal, and improve the efficiency of contract management.

**SaaS management service "OPTiM Sasumane (SaaS Management)" begins API integration with talent management system "Kao Navi"**

By linking with "Kao Navi", it is possible to reflect "Kao Navi" user information as the HR master for "OPTiM Sasumane (SaaS Management)", and based on that user information, "OPTiM Sasumane (SaaS Management)" can centrally manage each SaaS account. In addition, by linking "Kao Navi" as one of the SaaS management targets of "OPTiM Sasumane (SaaS Management)", it will also be possible to visualize the usage status of "Kao Navi" for each employee.

This will allow the information systems department, which is responsible for the basic management of business systems, to easily refer to information necessary for business, such as user information such as names and photos, and the usage status of services, which will lead to a reduction in workload.

Source: The Company's results briefing materials



**(4) 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. Since its launch, the app has achieved a high number of downloads and has become popular among Saga citizens, gaining recognition as a new digital administrative infrastructure. In July 2024, this initiative won an award for excellence in the Government and Public Institution category of the 2024 Japan DX Awards. The Japan DX Award Organizing Committee commented on the reasoning for the award, saying, "We were very impressed with the innovative approach of concentrating city hall functions within an app. As populations decline, we expect that this kind of systematic initiative will spread to other local governments (source: Japan Digital Transformation Promotion Association)." The Company has started leveraging the expertise it gained through the Saga City project to develop similar projects with local governments across Japan, and in August 2024 it took on a project from Takeo City in Saga Prefecture.

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.

## ■ Outlook

**In FY3/25, the Company will continue to execute aggressive growth investments while aiming to achieve a 25th consecutive year of net sales increases since its founding, along with a record high operating profit. Progress has been smooth, on par with the previous fiscal year**

In its FY3/25 consolidated results forecast, the Company is predicting net sales to increase 10.3% YoY to ¥11,300mn, and 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 rationally 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%

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 level 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. The progress rate of net sales for 1H against the full-year net sales forecast was 40.0%, on par with the same period of the previous year (42.8%). 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.

#### Outlook

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. The progress rate of operating profit for 1H against the full-year operating profit forecast is 40.7%, on par with the same period of the previous year (39.3%). Premised on organic growth, we believe the Company's profit forecast is readily attainable, as stock-type sales in 1H were favorable and are expected to increase further in 2H, even while continuing with aggressive growth investments, unless there are special factors such as a particularly attractive investment opportunity.

## ■ 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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