

**Non-Consolidated Financial Results for the Third Quarter of the Fiscal Year
Ending March 31, 2018 (Japanese GAAP)**

February 14, 2018

Listed exchange: Tokyo Stock Exchange, first section

Company Name: OPTiM Corporation

Stock code: 3694

URL <http://en.optim.co.jp/>

Representative:

Shunji Sugaya, President

Inquires

Akihiro Hayashi, Director

TEL +81-3-6435-8570

Financial results submission date: February 14, 2018

Scheduled dividend payment date: --

Supplementary financial result explanatory materials:

yes

Quarterly financial report meeting:

none

(Amounts less than one million yen are rounded down)

1. Performance for the third quarter of fiscal year ending March 2018 (April 1, 2017 – December 31, 2017)

(1) Financial results (cumulative)

(% represents change from same period of the previous year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to the company	
	(in million yen)	%	(in million yen)	%	(in million yen)	%	(in million yen)	%
FY 2018 Q3	2,811	21.6	240	-47.5	238	-47.5	119	-49.3
FY 2017 Q3	2,311	24.8	458	8.6	454	7.6	236	0.3

	Basic Earnings per Share		Diluted Earnings per Share	
	yen (with fractions)		yen (with fractions)	
FY 2018 Q3	8.98		8.64	
FY 2017 Q3	17.82		17.05	

(Notes) 1. On April 1, 2017, the number of shares of the company was doubled. So the basic earnings per share and the diluted earnings per share are calculated assuming that the split occurred in the beginning of the previous fiscal year.

(2) Financial Position

	Total Assets		Net Assets		Equity Ratio	
	(in million yen)		(in million yen)		%	
FY 2018 Q3	3,239		2,539		78.4	
FY 2017	3,331		2,417		72.6	

(Reference) Equity

FY 2018 Q3: 2.539 million yen

FY 2017: 2.417 million yen

2. Dividends

	Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	End of Year	Annual Total
	yen (with fractions)	yen (with fractions)	yen (with fractions)	yen (with fractions)	yen (with fractions)
FY 2017	--	0.00	--	0.00	0.00
FY 2018	--	0.00	--		
FY 2018 (projected)		--	--	--	--

(Note) Revisions to the latest dividend forecast: none

(Note) The FY 2018 dividend forecast is currently pending.

3. Earnings forecasts for fiscal year 2018 (April 1, 2017 - March 31, 2018)

(% represents change from same period of the previous year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to the company		Earnings per Share
	(in million yen)	%	(in million yen)	%	(in million yen)	%	(in million yen)	%	(in fractions of yen)
FY 2018	4,000	20.7	1	-99.9	1	-99.9	0	-99.8	0.05
			~800	~16.8	~800	~17.3	~496	~24.7	~37.21

(Note) Revisions to the latest consolidated earnings forecast: none

※ Notes

(1) Use of special accounting for preparing quarterly financial statements: none

(2) Changes in accounting policies, changes in accounting estimates and restatement

- ① Changes in accounting policies due to revisions to accounting standards and other regulations: none
- ② Changes in accounting policies other than ①: none
- ③ Changes in accounting estimates: none
- ④ Restatements: none

(3) Number of issued shares (common shares)

1 Total number of issued shares at end of period (including treasury shares)	FY 2018 Q3	13,324,416 shares	FY 2017	13,327,336 shares
2 Number of treasury shares at end of period	FY 2018 Q3	160 shares	FY 2017	160 shares
3 Average number of shares (cumulative from the beginning of the year)	FY 2018 Q3	13,332,833 shares	FY 2017 Q3	13,250,451 shares

(Note) On April 1, 2017, number of shares of the company was doubled. So the number of shares is calculated assuming that the split occurred in the beginning of the previous fiscal year.

※ Quarterly financial results not covered by quarterly review

※ Explanation of appropriate use of the earnings forecast and other issues (Notes on future concerns, etc.)

The forward-looking statements in this document concerning forecasts of performance and other results are based on information held by the company and assumptions that were considered reasonable at the time of drafting this document. As such, actual figures may vary greatly from these estimates.

Supplementary Materials Table of Contents

1. Qualitative data relevant to this financial report	2
(1) Explanation of financial results	2
(2) Explanation of financial position	4
(3) Explanation of earnings forecasts and other forecasts	4
2. Quarterly financial statements	5
(1) Balance sheet	5
(2) Statement of income	6
First quarter, fiscal year 2018	6
(3) Notes on quarterly financial statements	7
(Notes on assumptions of going concerns)	7
(Notes on significant changes in the amount of shareholder's equity)	7
(Significant events after the balance sheet date)	7

1. Qualitative data relevant to this financial report

The items regarding future expectations stated here are based on the company's judgment as of the end of this quarter.

(1) Explanation of Financial Results

The Japanese economy saw continued steady improvement in employment and earnings due to the Japanese government's economic policies. However, there are still concerns about the fragility of this recovery and the effect of overseas market uncertainties and financial capital market fluctuations.

In such a market environment, the company has prioritized becoming a leader in the Fourth Industrial Revolution. In the coming year, the company is aggressively developing new business and investing in R&D in the AI/IoT/robot fields.

With bold investments, existing services continue to see strong growth. The company's IoT platform service, Optimal Biz, was found to have the largest market share in the Japanese EMM market in FY 2016. This statistic was reported in research reports by IDC Japan, Inc., Fuji Chimera Research Institute Co., Ltd., and MIC Research Institute, Ltd. Optimal Biz was recently upgraded to support Android Enterprise and Android 8.0 Oreo, as well as strengthened management functions for all Android devices. These upgrades enable more advanced security settings on Android devices.

In the field of AI, IoT, and robotics, the company has started development of six services to cater to issues of specific industries, with each solution being based on the AI/IoT platform Cloud IoT OS. AI Predictive Maintenance Service predicts equipment breakdown in factories and power plants.

Smart Field is a service that integrates worker support and management into a company's field operations. Automated AI camera surveillance service AI Physical Security Service has already been introduced and tested in railway companies to improve safety. In addition, customer analysis service Smart Retail Management, AI Voice Analytics Service, and AI Call Center Service are under development.

The company also announced its Smart Agriculture Solution, a collection of various services that utilize AI, IoT, and big data. This solution includes field information management service, Agri Field Manager, greenhouse information management service, Agri House Manager, robotics services OPTiM Hawk, OPTiM Agri Drone, and OPTiM Crawler, farm work recording for GAP standards service Agri Assistant, brand for produce cultivated with OPTiM technology Smart Yasai, and block chain-powered traceability platform Agri Block Chain.

The company also reported success in its experiments of cultivating soybeans using its AI/IoT/drone-powered pinpoint agricultural chemical application technology, the first of its kind in the world. Residual agricultural chemical levels were also measured, and the chemicals were found to be at undetectable levels. In these experiments, agricultural chemical use was reduced to just 10% of normal use, and the operation costs were reduced as well.

Based on the success of the experiment, the company announced its Smart Agriculture Alliance, which has the goal of creating "fun, cool, and profitable agriculture." The participants of Smart Agriculture Alliance will work with OPTiM for one of three kinds of projects: Smart Agri Food Projects, Smart Device Projects, and Other Projects.

The Smart Agri Food Projects for producers, distributors, and sellers of produce cultivated with reduced pesticide use through OPTiM's technology, giving the produce added value. The technology is provided by the company free of charge. In addition, OPTiM will purchase crops of participants who raise soybeans or rice.

LANDLOG Ltd. was established as a joint venture between OPTiM, Komatsu Ltd., NTT Docomo Inc., and SAP Japan. This company is developing the open platform LANDLOG to revolutionize the construction industry.

In December, the company entered the Finance x IT Comprehensive Alliance with Saga Bank, Ltd., to utilize AI, IoT, and block chain technology in finance.

The number of licenses for currently existing remote management services is growing. In the medical field, the introduction of "Remote Medical Consultation Pocket Doctor" has continued to be sold to medical institutions. Furthermore, the number of licenses for companies using remote work support services Remote Action and Optimal Second Sight is increasing.

One example of a new license sale is for TOKAI Communications Corporation, which started using Optimal Second Sight for providing support to employees in October. This service allows off-site workers to show their work environment through smart device cameras to operators in real-time, so the employees can give more complete support to not only personal computers and smart phones, but home appliances as well.

The company's Unlimited Tablet and Unlimited Smartphone services are continuing to sell in both regular sales and as the corporate service "Tabuho Spot." In addition, contracts for the service to be used for corporate marketing is increasing; one such collaboration was with Nestlé Japan in December.

① IoT Platform Services

The number of Optimal Biz licenses has been growing steadily, and the service has achieved the top market share in various market research reports.

The company has actively invested in OPTiM Cloud IoT OS, an OS optimized for the IoT era. It has announced six services to meet the needs of various industries, including breakdown prediction, AI-powered call center solution, and dangerous situation detection.

In agriculture, the company will continue with partnerships from the Smart Agriculture Alliance, building on the success of its pinpoint agricultural chemical application technology.

② Remote Management Services

The sales of licenses for current services is growing steadily, and the company is working on promoting new services. The company has been able to readily increase the number of medical institutions participating in its Remote Medical Consultation Pocket Doctor. Remote work support services Remote Action and Optimal Second Sight have also had steadily increasing license sales.

③ Support Services

As the PC market is shrinking, OPTiM's sales figures in this area are decreasing. However, in the newly-developed MVNO market, automation and support efficiency is in demand, and the company will continue to expand its services in this area.

④ Other Services

The growth of business with Unlimited Software and Unlimited Biz Software (corporate-use version of Unlimited Software) has been occurring alongside the increasing focus on businesspeople by major fixed-line communication service carriers. The company's Unlimited Tablet and Unlimited Smartphone services are continuing to sell in both regular sales and as the corporate service "Tabuho Spot." In addition, contracts for the service to be used for corporate marketing is increasing; one such collaboration was with Nestlé Japan in December.

(2) Explanation of Financial Position

(Current Assets)

The total for current assets at the end of third quarter of this fiscal year is 2,166,456,000 yen, a decrease of 548,949,000 yen from the end of the previous fiscal year. This is mainly a result from decreases in two values, cash and deposits figures were down 448,756,000 yen, and notes and accounts receivable (trade) decreased by 100,722,000 yen.

(Non-current assets)

The total for current assets at the end of this year's third quarter is 1,072,666,000 yen, an increase of 457,048,000 yen from the end of the previous fiscal year. This is mainly due to a 133,396,000 yen increase of cash and deposits, a 132,394,000 yen increase of deferred tax assets (fixed assets), and a 88,422,000 yen increase of accounts receivable.

(Liabilities)

At the end of the third quarter of this fiscal year, the total liabilities totaled 700,065,000 yen, a 213,697,000 yen decrease from the total at the end of the previous fiscal year. This is mainly a result from a decrease in the values of income tax payable by 248,714,000 yen.

(Net Assets)

The total net assets at the end of this fiscal year's third quarter is 2,539,058,000 yen, an increase of 121,797,000 yen from the end of the previous fiscal year. This is due to an increase of 119,781,000 yen in retained earnings from quarterly profits.

(3) Explanation of earnings forecasts and other forecasts

The forecasts for fiscal year 2018 have not differed from the forecasts officially announced on May 12, 2017 in the Non-Consolidated Financial Statement for Fiscal Year 2017.

2. Quarterly Financial Statements and Notes
 (1) Quarterly balance sheet

(In thousand yen)

	FY 2017 (FY ending March 31, 2017)	FY 2018 Q3 (Quarter ending December 31, 2017)
Assets		
Current Assets		
Cash and deposits	2,038,659	1,589,903
Notes and accounts receivable - trade	582,144	481,422
Work in process	814	11,999
Other	93,786	83,131
Total current assets	2,715,405	2,166,456
Fixed assets		
Tangible fixed assets	131,847	265,243
Intangible fixed assets	62,752	63,017
Investments and other assets		
Deferred tax assets	197,906	330,301
Other	223,112	414,104
Total investments and other assets	421,018	744,405
Total non-current assets	615,618	1,072,666
Total assets	3,331,024	3,239,123
Liabilities		
Current liabilities		
Notes and accounts payable - trade	183,250	221,976
Income taxes payable	294,798	46,083
Provision for bonuses	72,000	52,684
Provision for directors' bonuses	39,900	15,675
Other	291,218	330,998
Total current liabilities	881,167	667,418
Non-current liabilities		
Asset retirement obligation	32,595	32,646
Total non-current liabilities	32,595	32,646
Total liabilities	913,763	700,065
Net assets		
Shareholders' equity		
Capital stock	417,664	4188,671
Capital surplus	701,795	702,803
Retained earnings	1,298,015	1,417,797
Treasury shares	-213	-213
Total shareholders' equity	2,417,260	2,539,058
Total net assets	2,417,260	2,539,058
Total liabilities and net assets	3,331,024	3,239,123

(2) Statement of Income
(FY 2018 Q3)

(In thousand yen)

	FY 2017 Q3 (April 1, 2016 to December 31, 2016)	FY 2018 Q3 (April 1, 2017 to December 31, 2017)
Net Sales	2,311,531	2,811,284
Cost of sales	372,359	738,562
Gross profit	1,939,171	2,072,721
Selling, general and administrative expenses	1,481,117	1,832,049
Operating Income	458,054	240,672
Non-operating income		
Currency exchange profit	3	3
Subsidy income	200	300
Miscellaneous income	850	2,374
Total non-operating income	1,054	2,678
Non-operating expenses		
Currency exchange loss	111	162
Losses on investment partnership management	4,675	4,577
Miscellaneous losses	0	--
Total non-operating expenses	4,787	4,739
Ordinary Income	454,321	238,611
Income before taxes and minority interests	454,321	238,611
Income taxes - current	225,039	226,487
Income taxes - deferred	138,001	--
Income taxes - adjustments	-144,850	-107,657
Total income taxes	219,189	118,829
Profit	236,131	119,781

(3) Notes on quarterly financial statements

(Notes on assumptions of going concerns) None to report.

(Notes on significant changes in the amount of shareholder's equity) None to report.

(Significant events after the balance sheet date)

(Absorption-Type Merger of a Subsidiary)

At the Board of Directors meeting held on January 18, 2018, it was decided that subsidiary Telepathy Global will become part of OPTiM by way of absorption-type merger effective February 28, 2018. The agreement was concluded on January 18, 2018.

1. Goal of the Subsidiary Absorption-Type Merger

By merging Telepathy Global with the company, OPTiM aims to improve the efficiency of operations by concentrating management resources and continue with development and global expansion of the company's AI, IoT, and robot business.

2. Summary of the Subsidiary Absorption-Type Merger

(1) Schedule

Date of Resolution by the Board of Directors January 18, 2018

Date of Agreement January 18, 2018

Scheduled Absorption-Type Merger Effective Date February 28, 2018

(Note) This type of merger is defined in Japanese law in the Companies Act, Article 796, Paragraph 2 as a simplified merger, and as an abbreviated merger in Article 784, Paragraph 1 of the same law. As a result, a separate meeting is not required for shareholders' approval of this acquisition.

(2) Method

Telepathy Global will be dissolved, with OPTiM as the sole surviving company.

(3) Allocations

This merger is with a wholly-owned subsidiary of the company, and as a result, no reassignment of shares or other monies shall occur. Furthermore, no new shares will be issued, and there will be no increase in capital value.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights due to this acquisition are not applicable.

3. Post-Merger

There will be no change in the name, address, location, name, business content, capital, and fiscal year schedule of OPTiM with the conclusion of this acquisition.

4. Outline of Accounting

According to the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement 21, September 13, 2013), and "Application Guidelines on Accounting Standards for Business Combinations and Business Divestitures" (Guidance No. 10 on Healthcare Enterprise Accounting Standards, September 13, 2013), the company will process this merger as a transaction under common control.

* This English translation is for reference purposes only. The original Japanese version will prevail as the official authoritative version.