

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

August 14, 2017

Listed exchange: Tokyo Stock Exchange, first section

Company Name: OPTiM Corporation

Stock code: 3694 URL <http://en.optim.co.jp/>

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Financial results submission date: August 14, 2017

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 first quarter of fiscal year ending March 2018 (April 1, 2017 - June 30, 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 Q1	867	8.7	135	-36.4	133	-37.1	76	-43.7
FY 2017 Q1	798	35.6	212	84.9	212	85.0	135	91.5

	Basic Earnings per Share		Diluted Earnings per Share	
	yen (with fractions)		yen (with fractions)	
FY 2018 Q1	5.71		5.49	
FY 2017 Q1	10.22		9.75	

(Notes) 1. On April 1, 2017, the number of shares of the company was doubled due to a 2-to-1 split. 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 Q1	3,258		2,493		76.5	
FY 2017	3,331		2,417		72.6	

(Reference) Equity FY 2018 Q1: 2,493 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)				
FY 2017	--	0.00	--	0.00	0.00
FY 2018	--				
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 Q1	13,327,832 shares	FY 2017	13,327,336 shares
2 Number of treasury shares at end of period	FY 2018 Q1	160 shares	FY 2017	160 shares
3 Average number of shares (cumulative from the beginning of the year)	FY 2018 Q1	13,327,574 shares	FY 2017 Q1	13,223,120 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.

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## 1. Qualitative data relevant to this financial report

### (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 IoT platform service "Optimal Biz" has received a major upgrade, and is now able to control use of Microsoft Office 365 and Google's G Suite accounts from devices not managed by Optimal Biz. Both of those services hold a large share in the cloud office products market, and with this upgrade, is it now possible to easily restrict access to company accounts from personal devices, preventing incidents of shadow IT.

Furthermore, the company has upgraded its corporate marketplace, OPTiM store. It has added sales support function and ID linking for Microsoft CSP partners, strengthening the existing functions of the service.

The company has done active investment in the AI/IoT/robot sphere resulting in a comprehensive collaboration agreement with Saga Prefecture to promote the use of AI and IoT as part of the fourth industrial revolution. Saga Prefecture is a test area for utilizing the company's AI and IoT. The aim is to expand not only into the agricultural, fishery, and medical fields, but all industries. To increase adoption of OPTiM Cloud IoT OS, an operating system optimized for IoT, the company started a business collaboration with Pasona Tech, Inc, to launch "AI/IoT Introduction Support Service." Until recently, the company has provided AI/IoT-based services to the fields of agriculture, fishery, medicine, construction, and more. And now, the company is working to widen its scope by developing solutions to suit the individual needs of any industry.

Sales of the company's existing remote management service licenses are growing steadily. Furthermore, in the medical field, the family doctor consultation feature of Pocket Doctor was updated, and the service has begun to be sold to medical institutions as "Remote Medical Consultation Pocket Doctor." Revision of medical fees by the Ministry of Health, Labour and Welfare for remote medical services are expected to be announced in 2018, and the company will work to increase sales to make this kind of service more widespread. For remote work support services Remote Action and Optimal Second Sight, the number of trial accounts being converted to paid accounts has increased, and user needs are increasing as well. The company will continue to improve functions of those services and promote sales.

The number of licenses sold for Unlimited Tablet and Unlimited Smartphone services has steadily increased. In addition, as of May 25, 2017, there are more than 700 magazine titles available on those services.

As a result of all these successes, OPTiM's sales in the first quarter were 867,692,000 yen, an increase of 8.7% from the first quarter of the previous year. Also, the operating income was 135,021,000 yen, a 36.4% decrease, ordinary income was 133,798,000 yen, a 37.1% decrease, and quarterly net income was 76,101,000 yen, a 43.7% decrease.

Finally, as OPTiM focuses on a single segment for license sales and maintenance support service (Optimal), segmentation was omitted from this explanation, however, service classifications will follow.

#### ① IoT Platform Service

With the steady growth of corporate-use smart devices, Optimal Biz license sales continue to increase. The service recently received a major upgrade, and now has stronger integration with Microsoft and Google cloud services. With these improvements, the company looks to further expand its market share.

The company has actively invested in OPTiM Cloud IoT OS, an OS optimized for the IoT era. AI and IoT services from the company are being used in agriculture, fisheries, medicine, construction, and more, and the company is working on expanding those services to provide solutions for every industry's individual needs.

#### ② Remote Management Service

The sales of licenses for current services is growing steadily, and the company is working on promoting new services. The family doctor consultation feature of Pocket Doctor was updated, and the service has begun to be sold to medical institutions as "Remote Medical Consultation Pocket Doctor." The company is working to introduce the service to more medical institutions in the future. For remote work support services Remote Action and Optimal Second Sight, the number of trial accounts being converted to paid accounts has increased, and the company is promoting improved features and working on sales.

#### ③ Support Service

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. Unlimited Tablet and Unlimited Smartphone partner sales are increasing, as well as the number of license sales. As of May 25, 2017, there are more than 700 magazine titles available with the service. The company will continue to find new partners.

## (2) Explanation of Financial Position

### (Current Assets)

The total of the current assets at the end of the first quarter of this fiscal year is 2,609,533,000 yen, a decrease of 105,871,000 yen from the end of the previous fiscal year. This is mainly a result from an increase in cash and deposits figures of 22,880,000 yen, and from notes and accounts receivable (trade) decreasing by 126,642,000 yen.

### (Fixed Assets)

The total for fixed assets at the end of this year's second quarter is 649,272,000 yen, an increase of 33,654,000 yen from the end of the previous fiscal year. The reason for this increase is mainly due to the increase of 33,083,000 yen in property investments.

### (Liabilities)

At the end of the first quarter of this fiscal year, the total liabilities totaled 765,348,000 yen, a 148,414,000 yen decrease from the total at the end of the previous fiscal year. The reason for this change was mainly due to an increase of 106,690,000 yen in deferred income, with a decrease of 206,731,000 yen in income taxes payable.

### (Net Assets)

The total net assets at the end of this fiscal year's first quarter is 2,493,457,000 yen, an increase of 76,196,000 yen from the end of the previous fiscal year. This is due to an increase of 76,101,000 yen in retained earnings from quarterly profits.

## (3) Explanation of earnings forecasts and other forecasts

The achievement 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 Q1 (Quarter ending June 30, 2017)
<b>Assets</b>		
Current Assets		
Cash and deposits	2,038,659	2,061,540
Notes and accounts receivable - trade	582,144	455,502
Work in process	814	2,047
Other	93,786	90,444
<b>Total current assets</b>	<b>2,715,405</b>	<b>2,609,533</b>
Fixed assets		
Tangible fixed assets	131,847	127,830
Intangible fixed assets	62,752	67,340
Investments and other assets	421,018	454,101
<b>Total non-current assets</b>	<b>615,618</b>	<b>649,272</b>
<b>Total assets</b>	<b>3,331,024</b>	<b>3,258,806</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	183,250	143,488
Income taxes payable	294,798	88,066
Provision for bonuses	72,000	86,897
Provision for directors' bonuses	39,900	45,125
Other	291,218	369,158
<b>Total current liabilities</b>	<b>881,167</b>	<b>732,736</b>
Non-current liabilities		
Asset retirement obligation	32,595	32,612
<b>Total non-current liabilities</b>	<b>32,595</b>	<b>32,612</b>
<b>Total liabilities</b>	<b>913,763</b>	<b>765,348</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	417,664	417,711
Capital surplus	701,795	701,843
Retained earnings	1,298,015	1,374,116
Treasury shares	-213	-213
<b>Total shareholders' equity</b>	<b>2,417,260</b>	<b>2,493,457</b>
<b>Total net assets</b>	<b>2,417,260</b>	<b>2,493,457</b>
<b>Total liabilities and net assets</b>	<b>3,331,024</b>	<b>3,258,806</b>

(2) Statement of Income  
(FY 2018 Q1)

(in thousand yen)

	FY 2017 Q1 (April 1, 2016 to June 30, 2016)	FY 2018 Q1 (April 1, 2017 to June 30, 2017)
Net Sales	798,202	867,692
Cost of sales	148,679	214,839
Gross income	649,522	652,853
Selling, general and administrative expenses	437,215	517,831
Operating Income	212,307	135,021
Non-operating income		
Currency exchange profit	127	--
Subsidy income	--	100
Miscellaneous income	138	494
Total non-operating income	266	594
Non-operating expenses		
Currency exchange loss	--	52
Losses on investment partnership management	--	1,765
Miscellaneous losses	0	
Total non-operating expenses	0	1,817
Ordinary Income	212,573	133,798
Income before taxes and minority interests	212,573	133,798
Income taxes - current	80,820	81,792
Income taxes - deferred	-3,359	-24,096
Total income taxes	77,461	57,696
Net income	135,112	76,101



- (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.

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

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