

Flash Report for the 1st Quarter of the Fiscal Year Ended December 31, 2017

[Japan GAAP] (on a consolidated basis)

April 28, 2017

Company Name: OPT Holding, Inc. Stock Exchange Listing: Tokyo
 Stock Code: 2389 URL <http://www.opt.ne.jp/english/holding/>
 Representative: Noboru Hachimine, Founder, President and CEO
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 Supplemental materials prepared for financial results: Yes

(Amounts of less than one million yen are rounded down and percentages are rounded to the first decimal place)

1. Consolidated Results for the 1st Quarter of Fiscal 2017 (January 1, 2017 – March 31, 2017)

(1) Consolidated Business Results (% represents year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FY2017	20,886	12.6	1,093	23.0	1,178	44.2	666	269.3
1Q FY2016	18,551	13.1	889	144.3	817	183.4	180	50.2

Note: Comprehensive income (loss): 1Q FY2017: 659 million yen (—%) 1Q FY2016: (22) million yen (—%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
1Q FY2017	27.56	27.38
1Q FY2016	6.99	—

(Note) There were no issued and outstanding shares with a dilutive effect as of the end of the first quarter of FY2016. Accordingly, diluted net income per share data is not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2017	45,917	17,349	31.2	632.81
December 31, 2016	46,325	19,720	36.1	643.89

(Reference) Capital: March 31, 2017: 14,312 million yen December 31, 2016: 16,708 million yen

2. Dividends

	Annual dividend per share				
	1Q-end (Mar. 31)	2Q-end (Jun. 30)	3Q-end (Sep. 30)	4Q-end (Dec. 31)	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	—	0.00	—	16.00	16.00
FY2017	—				
FY2017 (forecasts)		0.00	—	—	—

Revisions to the most recently announced dividend forecast: None
 Forecast for the FY2017-end dividend is yet to be determined.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2017 (January 1, 2017 – December 31, 2017)

(% represents year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	—	—	—	—	—	—	—	—	—
Full fiscal year	80,000	14.6	2,400	25.1	1,750	(12.7)	1,000	34.1	43.47

Revisions to the most recently announced consolidated earnings forecast: None

Notes:

- (1) Changes in major subsidiaries during the fiscal year
(changes in specified subsidiaries resulting from changes in the scope of consolidation): None
Inclusion: None Exclusion: None
- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
(a) Changes in accounting policies arising from the revision of accounting standards, etc.: None
(b) Changes in accounting policies other than those noted in above (a): None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None
- (3) Number of shares outstanding (common stock)
(a) Number of shares outstanding as of the end of the period (including treasury stock)
March 31, 2017: 23,817,700 shares December 31, 2016: 30,089,600 shares
(b) Number of shares of treasury stock as of the end of the period
March 31, 2017: 1,200,000 shares December 31, 2016: 4,140,000 shares
(c) Average number of shares during the period
1Q FY2017: 24,189,012 shares 1Q FY2016: 25,840,000 shares

*** Regarding the status of audit procedure implementation**

This flash report is outside the scope of audit procedures as prescribed under the Financial Instruments and Exchange Act of Japan. Audit procedures for financial statements as prescribed under the Act have not been completed at the time of disclosure.

*** Explanations about the proper use of earnings forecasts and other specific matters**

Forward-looking statements including earnings forecasts and other specific matters in this document are based on information currently available to management and certain assumptions considered by management to be reasonable. A variety of factors could cause actual results and events to differ significantly from those projected.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	16,771,468	15,277,123
Notes and accounts receivable - trade	11,440,621	13,855,897
Short-term investment securities	1,999,373	-
Operational investment securities	5,410,534	53,89,423
Inventories	48,875	33,402
Deferred tax assets	385,435	317,188
Other	1,149,455	1,165,719
Allowance for doubtful accounts	(254,938)	(218,965)
Total current assets	36,950,824	35,819,788
Noncurrent assets		
Total property, plant and equipment	620,276	582,709
Intangible assets		
Goodwill	1,317,629	1,259,077
Other	1,749,013	1,899,561
Total intangible assets	3,066,642	3,158,638
Investments and other assets		
Investment securities	4,461,159	4,354,837
Other	1,890,387	2,629,782
Allowance for doubtful accounts	(664,208)	(627,763)
Total investments and other assets	5,687,337	6,356,856
Total noncurrent assets	9,374,257	10,098,205
Total assets	46,325,081	45,917,993

(Thousands of yen)

	As of December 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,307,034	11,466,299
Short-term loans payable	230,000	330,000
Current portion of long-term loans payable	2,556,387	2,372,778
Income taxes payable	920,205	421,255
Provision for bonuses	393,659	237,027
Other	2,878,276	3,104,818
Total current liabilities	<u>16,285,563</u>	<u>17,932,178</u>
Noncurrent liabilities		
Long-term loans payable	9,880,022	10,178,708
Net defined benefit liability	173,581	194,593
Deferred tax liabilities	64,386	78,581
Asset retirement obligations	110,119	110,417
Other	90,900	74,210
Total noncurrent liabilities	<u>10,319,009</u>	<u>10,636,511</u>
Total liabilities	<u>26,604,572</u>	<u>28,568,689</u>
Net assets		
Shareholders' equity		
Capital stock	7,684,034	7,835,926
Capital surplus	7,827,715	3,096,736
Retained earnings	3,838,251	3,869,262
Treasury stock	(3,148,046)	(912,886)
Total shareholders' equity	<u>16,201,954</u>	<u>13,889,038</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,427	(2,839)
Foreign currency translation adjustment	502,201	426,488
Total accumulated other comprehensive income	<u>506,629</u>	<u>423,648</u>
Subscription rights to shares	6,164	1,590
Non-controlling interests	3,005,759	3,035,026
Total net assets	<u>19,720,508</u>	<u>17,349,304</u>
Total liabilities and net assets	<u>46,325,081</u>	<u>45,917,993</u>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	FY2016 (From January 1, 2016 to March 31, 2016)	FY2017 (From January 1, 2017 to March 31, 2017)
Revenue	18,551,559	20,886,781
Cost of sales	14,737,558	16,530,213
Gross profit	3,814,000	4,356,567
Selling, general and administrative expenses	2,924,991	3,262,805
Operating income	889,009	1,093,762
Non-operating income		
Interest income	3,694	2,496
Gain on investments in partnership	—	19,388
Gain on valuation of Derivatives	—	263,700
Other	41,645	13,707
Total non-operating income	45,340	299,293
Non-operating expenses		
Interest expenses	5,409	9,899
Loss on investments in partnership	18,770	—
Equity in losses of affiliates	75,835	154,262
Other	16,861	50,190
Total non-operating expenses	116,876	214,353
Ordinary income	817,472	1,178,702
Extraordinary income		
Gain on sales of investment securities	23,399	—
Gain on reversal of subscription rights to shares	713	2,389
Other	2,078	1
Total extraordinary income	26,191	2,390
Extraordinary loss		
Loss on retirement of noncurrent assets	789	1,030
Impairment loss	13,290	—
Loss on valuation of investment securities	247,758	—
Other	1,388	—
Total extraordinary loss	263,175	1,030
Income before income taxes	580,487	1,180,063
Total income taxes	348,324	436,363
Net income	232,163	743,699
Net income attributable to non-controlling interests	51,624	76,932
Net income attributable to owners of parent	180,539	666,766

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY2016 (From January 1, 2016 to March 31, 2016)	FY2017 (From January 1, 2017 to March 31, 2017)
Net income	232,163	743,699
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,319)	(9,186)
Foreign currency translation adjustment	(222,404)	(81,272)
Share of other comprehensive income of associates accounted for using equity method	(10,904)	6,204
Total other comprehensive income (loss)	(254,628)	(84,254)
Comprehensive income	(22,465)	659,444
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(67,471)	583,785
Comprehensive income attributable to non-controlling interests	45,006	75,658

(3) Segment Information

1Q FY2017 (From January 1, 2017 to March 31, 2017)

1. Information on Revenue, Income (Loss), Assets and Other Amounts by Reporting Segment

(Thousands of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Amounts Recorded in Consolidated Financial Statements (Note 3)
	Marketing Business	Investment and Value Creation Business	Overseas Business	Total				
Revenue								
Sales, external	20,400,174	4,047	476,074	20,880,296	6,484	20,880,781	—	20,886,781
Intersegment sales or transfers	1,362	—	4,088	5,450	101,914	107,364	(107,364)	—
Total	20,401,537	4,047	480,163	20,885,747	108,398	20,994,146	(107,364)	20,886,781
Segment income (loss)	1,288,495	(72,096)	9,901	1,226,300	68,158	1,294,459	(200,696)	1,093,762

Notes:

1. Other is comprised of business segments that are not included in reportable segments and includes the Social & Consumer Business.
2. Adjustments are as follows:
 - (1) The (200,696) thousand yen adjustment to segment income (loss) is attributable to intersegment eliminations and Companywide expenses that are not allocated to each reportable segment.
3. Segment income (loss) refers to operating income (loss) as reported in the consolidated statements of income after adjustment.