



February 9, 2018
Business Results for the
Fiscal Year Ending December 31, 2017

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Any information herein other than past or present facts represents our future outlook developed based on the input currently available, and includes various risks and uncertainties. Thus, please note that actual business results released at a later date may differ due to such factors.

Three Business Segments Driving Digital Shift

Marketing Business

Digital marketing

Internet advertising
agency service

Solution providing

Overseas Business

Digital marketing

Internet advertising
agency service

EC business to China

Synergy Investment

Investments in venture
companies

Support of business
management

Development of new
businesses

Enhanced Digital Shift Support and Entered to New Growth Phase

Consolidated
revenue

JPY82 B+ all-time-high, **up 18.3%** YoY
Outpacing market growth[※]

Consolidated
operating
income

Up 15.9% YoY
Operating income from Marketing
Business: **Up 30.7%** YoY

* Survey on Internet Advertising Market by Yano Research Institute Ltd. in 2017, <http://www.yano.co.jp/press/press.php/001691>

Marketing Business

Continued to grow a wide customer base, from large to local/SME businesses

- Increased brand customers utilizing GPS tool (*1) **t@STORE** ad.
- Increased EC customers through proactive sales activities through local hubs (*2) **LISKUL**
- Launched digital marketing support for large enterprise customers

Synergy Investment

Approx. ¥9.6 B AUM(*3): sharing economy, disruptive technology, and direct trading as investment criteria

- Continued “connoisseur” investment and supporting business management as CVC(*4)
- Key investment including Raksul and Jimoty
- Invested approx. ¥0.7 B in seven venture companies, including Tunnel(*5) and Nippontect Systems(*6) in 2017

Overseas

EC Business to china turned profitable

Finance

Purchased 3.769 million own shares; canceled 6.709 million own shares

*1. Dynamic advertisement distribution service using location information provided by ConnectOm, Inc.

*2. Owned media operated by Soldout, Inc., providing know-how on Web marketing including listing advertising.

*3. Assets under management: Total book value of operational investment securities and investment securities (including investments other than those in the Investment & Incubation Business)

*4. Corporate venture capital: Organization that functions as a business entity to perform investing activities using its own funds.

*5. Operator of “RoomClip,” the largest consumer-generated media for residential interiors in Japan.

*6. Developer of dementia diagnosis support systems in the field of dementia, one of Japan’s social challenges.

(Unit: JPY Million)

- Both sales and profits increased; continuously acquired new customers. Revenue increased by 18.3%
- EPS increased by 51.7% YoY
- Built a foundation to achieve medium-term management plan in 2020

	2017Actual	Guidance		2016Actual	
		Amount	%	Amount	%
Revenue	82,602	80,000	3.3%	69,815	18.3%
Operating Income	2,224	2,400	(7.3%)	1,919	15.9%
EBITDA ※1	3,333	3,350	(0.5%)	2,910	14.6%
Net Income	1,011	1,000	1.1%	745	35.6%
Free Cash Flows ※2	925	–	–	1,046	(11.6%)
EPS	¥43.44 ※3	¥43.47 ※4	(0.1%)	¥28.64 ※5	51.7%

*1. EBITDA = Operating income + Depreciation + Goodwill amortization

*2. Adjusted free cash flow = Operating cash flow + Investment cash flow ± Temporary cash flow items (difference between amount deposited for forward stock transaction of Company shares and amount returned)

*3. Purchased 3.769 million own shares on February 14, 2017. <http://www.opt.ne.jp/files/topics/3877.pdf>

*4. The guidance amount of diluted EPS is an undiluted EPS.

*5. Diluted EPS will be ¥32.21, using the number of shares at the end of 2017 as the denominator for calculation.

- Continued investing in human resources for future growth
- Strengthened balance sheets; recorded some investment impairments and cleaned some past investment projects, groundwork for 2018 and subsequent years

(Unit: JPY Million)

	2017	2016	Year-on-Year basis	
			Amount	%
Revenue	82,602	69,815	12,786	18.3%
Gross profit	16,404	14,405	1,998	13.9%
Gross margin (%)	19.9%	20.6%	(0.7%)	–
Personnel expenses	8,529	7,401	1,128	15.2%
SGA	5,650	5,084	565	11.1%
Operating income	2,224	1,919	304	15.9%
Operating margin (%)	2.7%	2.7%	–	–
Ordinary income	1,921	2,004	(83)	(4.2%)
Net income before taxes	2,058	1,881	176	9.4%
Net income attributable to owners of parent	1,011	745	265	35.6%
EBITDA * 1	3,333	2,910	423	14.6%
Adjusted free cash flow *2	925	1,046	(121)	(11.6%)
ROE	6.3%	4.5%	1.8%	–
EPS	¥43.95	¥28.81	¥15.14	52.6%
Diluted EPS	¥43.44	¥28.64	¥14.80	51.7%

*1. EBITDA = Operating income + Depreciation + Goodwill amortization

*2. Adjusted free cash flow = Operating cash flow + Investment cash flow ± Temporary cash flow items (difference between amount deposited for forward stock transaction of Company shares and amount returned)

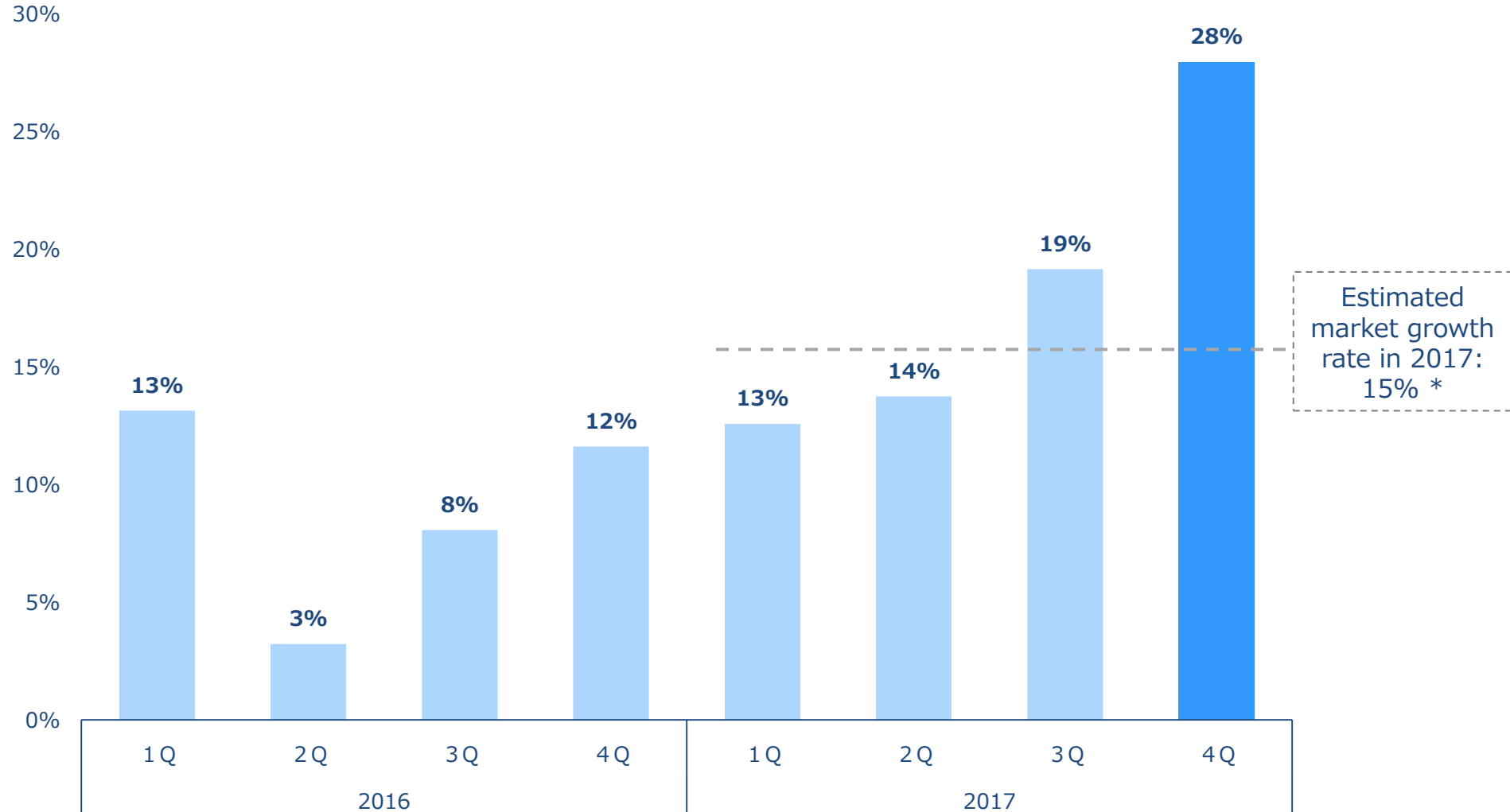
•Increased revenue and improved gross margin contributed to the growth of EBITDA

(Unit: JPY Million)

		2017	2016	Year-on-Year basis	
				Amount	%
Consolidation	Revenue	82,602	69,815	12,786	18.3%
	Gross profit	16,404	14,405	1,998	13.9%
	Operating income	2,224	1,919	304	15.9%
	EBITDA	3,333	2,910	423	14.6%
Marketing Business	Revenue	79,459	68,294	11,164	16.3%
	Gross profit	15,205	13,273	1,931	14.6%
	Operating income	3,487	2,667	819	30.7%
	EBITDA	4,440	3,461	978	28.3%
Synergy Investment	Revenue	174	52	121	229.6%
	Gross profit	(474)	(8)	(466)	—
	Operating income	(766)	(179)	(587)	—
	EBITDA	(764)	(179)	(585)	—
Overseas Business	Revenue	3,026	1,480	1,545	104.4%
	Gross profit	1,675	1,133	541	47.8%
	Operating income	(25)	(96)	71	—
	EBITDA	(8)	(76)	68	—
Other	Revenue	(57)	(12)	(44)	—
	Gross profit	(1)	7	(8)	—
	Operating income	(471)	(472)	1	—
	EBITDA	(333)	(294)	(38)	—

* EBITDA = Operating income + Depreciation + Goodwill amortization

• Significant growth in each quarter of 2017 mostly due to newly acquired brand advertising and SME clients.



*: "Reality and Outlook of the Internet Advertising Market, 2017" from Yano Research Institute Ltd.

(Unit: JPY Million)

Free Cash Flows

	2017	2016	Amount	%
Operating cash flow	2,047	1,134	(912)	80.4%
Investment cash flow	(1,883)	(88)	(1,794)	—
Free cash flow	164	1,046	(882)	(84.3%)
Adjustments *	761	—	(761)	—
Adjusted free cash flow	925	1,046	(121)	(11.6%)

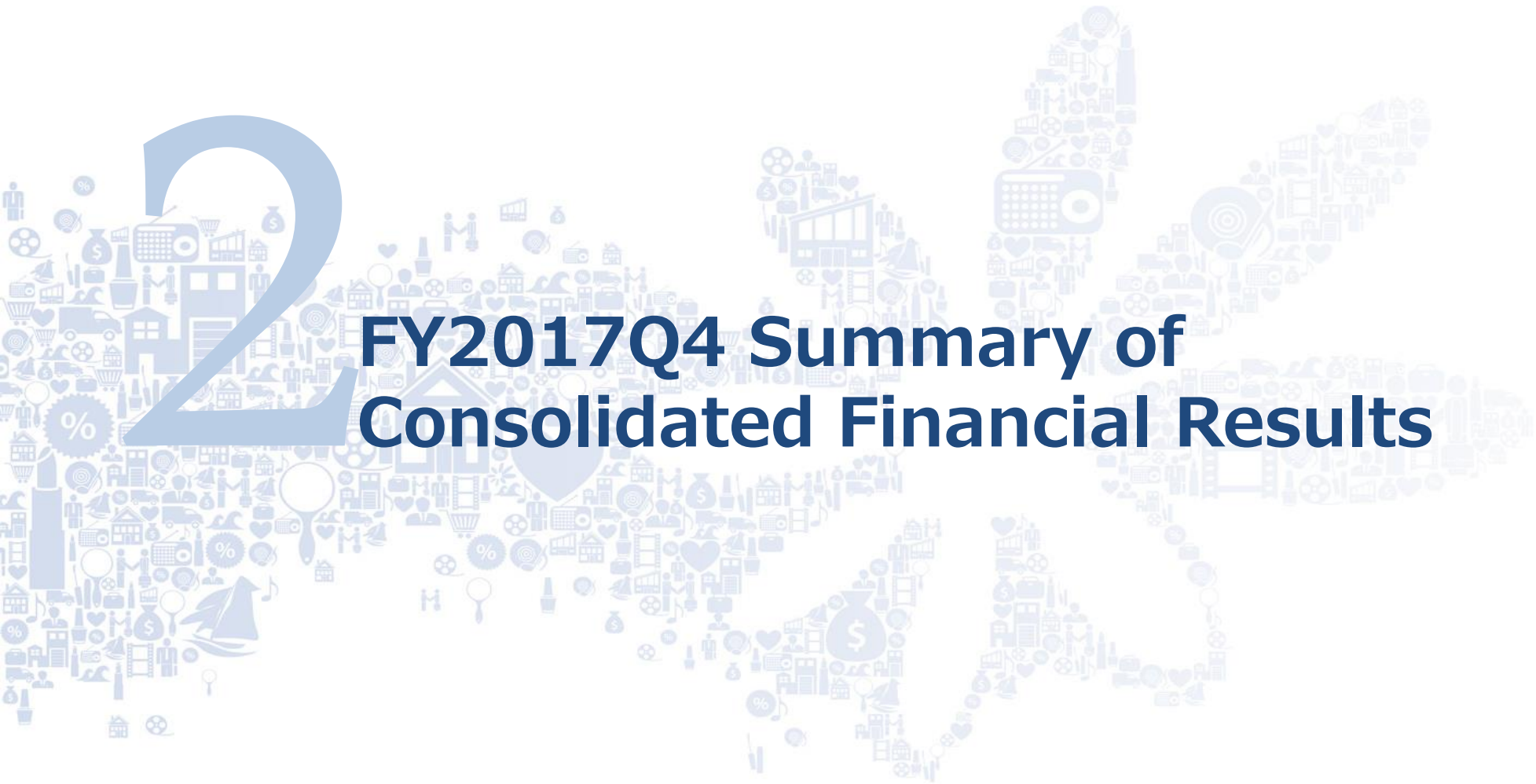
*Adjusted free cash flow = Operating cash flow + Investment cash flow ± Temporary cash flow items

EBITDA

	2017	2016	Amount	%
Operating income	2,224	1,919	304	15.9%
Depreciation	771	659	111	16.9%
Amortization of goodwill	338	331	6	2.1%
EBITDA	3,333	2,910	423	14.6%

(Unit: JPY Million)

	2017	2016	Amount	Contributors to changes
Operating income	2,224	1,919	304	Increased gross profit in the Marketing Business. Impairment of operational investment securities.
Non-operating income	497	344	153	MtM of derivatives transaction
Non-operating expenses	(800)	(258)	(541)	Impact of U.S. SOZO Fund management fees and valuation losses. Impact of equity accounting losses.
Ordinary income	1,921	2,004	(83)	
Extraordinary income	461	538	(76)	Impact of gains on sales of investment securities.
Extraordinary loss	(324)	(660)	336	Impact of losses on valuation of investment securities.
Income before income taxes	2,058	1,881	176	
Total income taxes	(1,122)	(1,124)	2	Impact of inclusion of losses on valuation of prior-year investment securities in tax deductible expenses.
Income tax adjustments	215	193	21	
Net income attributable to non-controlling interests	(140)	(205)	64	
Net income attributable to owners of parent	1,011	745	265	



FY2017Q4 Summary of Consolidated Financial Results



(Unit: JPY Million)

- Marked record high quarterly revenue, up 28.0% YoY
- Investments in human resources and cleaned some past investments

	2017Q4	2016Q4	Year-on-Year basis	
			Amount	%
Revenue	22,323	17,444	4,878	28.0%
Operating Income	298	547	(249)	(45.5%)
EBITDA ※1	591	804	(212)	(26.4%)
Net Income	245	(15)	289	—
Free Cash Flows ※2	1,008	557	450	80.8%
Diluted EPS	¥11.25	—	—	—

*1. EBITDA = Operating income + Depreciation + Goodwill amortization

*2. Adjusted free cash flow = Operating cash flow + Investment cash flow ± Temporary cash flow items



FY2017Q4 Summary of Consolidated Financial Results **opt** Holding

- Continued to invest in human resources for future growth
- Strengthened the balance sheets; recorded some investment impairments and cleaned some past investment projects, groundwork for 2018 and onward

(Unit: JPY Million)

	2017Q4	2016Q4	Year-on-Year basis	
			Amount	%
Revenue	22,323	17,444	4,878	28.0%
Gross profit	4,089	3,774	315	8.4%
Gross margin (%)	18.3%	21.6%	(3.3%)	—
Personnel expenses	2,260	1,897	362	19.1%
Other selling, general and administrative expenses	1,530	1,328	201	15.2%
Operating income	298	547	(249)	(45.5%)
Operating margin (%)	1.3%	3.1%	(1.8%)	—
Ordinary income	128	571	(442)	(77.5%)
Net income before taxes	245	324	(70)	(21.8%)
Net income attributable to owners of parent	347	(15)	289	—
EBITDA * 1	591	804	(212)	(26.4%)
Adjusted free cash flow *2	1,008	557	450	80.8%
ROE	3.2%	(0.2%)	3.4%	—
EPS	¥11.74	(¥0.61)	¥12.35	—
Diluted EPS	¥11.25	—	—	—

*1. EBITDA = Operating income + Depreciation + Goodwill amortization

*2. Adjusted free cash flow = Operating cash flow + Investment cash flow ± Temporary cash flow items (difference between amount deposited for forward stock transaction of Company shares and amount returned)



FY2017Q4 Summary of Consolidated Financial Results **opt** Holding

(Units: Million JPY)

• Strong performance in Marketing Business leading to strong consolidated results

Year-on-Year basis

		2017Q4	2016Q4	Amount	%
Consolidation	Revenue	22,323	17,444	4,878	28.0%
	Gross profit	4,089	3,774	315	8.4%
	Operating income	298	547	(249)	(45.5%)
Marketing Business	Revenue	21,304	17,031	4,272	25.1%
	Gross profit	4,047	3,437	609	17.7%
	Operating income	975	713	261	36.6%
Synergy Investment	Revenue	126	14	112	803.0%
	Gross profit	(469)	(1)	(468)	—
	Operating income	(568)	(44)	(524)	—
Overseas Business	Revenue	904	407	496	122.0%
	Gross profit	514	336	177	52.7%
	Operating income	40	14	25	182.3%
Other	Revenue	(11)	(7)	(3)	—
	Gross profit	(2)	0	(3)	—
	Operating income	(148)	(135)	(12)	—

(Units: Million JPY)

Free Cash Flows

	2017Q4	2016Q4	Amount	%
Operating cash flow	1,075	862	213	24.7%
Investment cash flow	(67)	(304)	237	—
Free cash flow	1,008	557	450	80.9%
Adjustments *	—	—	—	—
Adjusted free cash flow	1,008	925	450	8.9%

*Adjusted free cash flow = Operating cash flow + Investment cash flow ± Temporary cash flow items

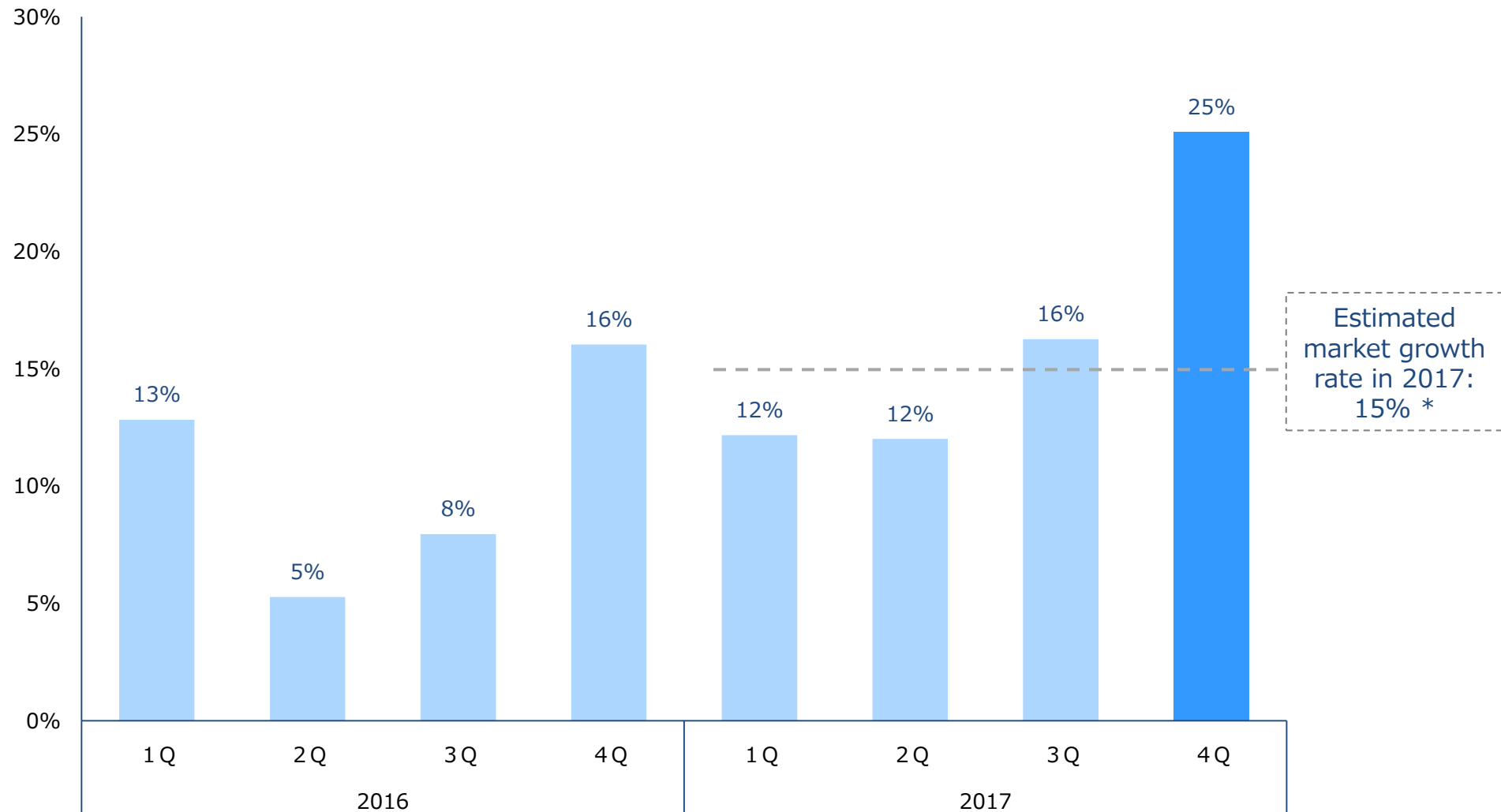
EBITDA

	2017Q4	2016Q4	Amount	%
Operating income	298	547	(249)	(45.5%)
Depreciation	209	174	35	20.3%
Amortization of goodwill	83	81	1	2.1%
EBITDA	591	804	(212)	(26.4%)



Results by Segment








• Increase in revenue through acquisition of new clients



*: "Reality and Outlook of the Internet Advertising Market, 2017" from Yano Research Institute Ltd.

• Invested in seven venture companies in 2017. Approx. JPY9.6 B AUM (*)

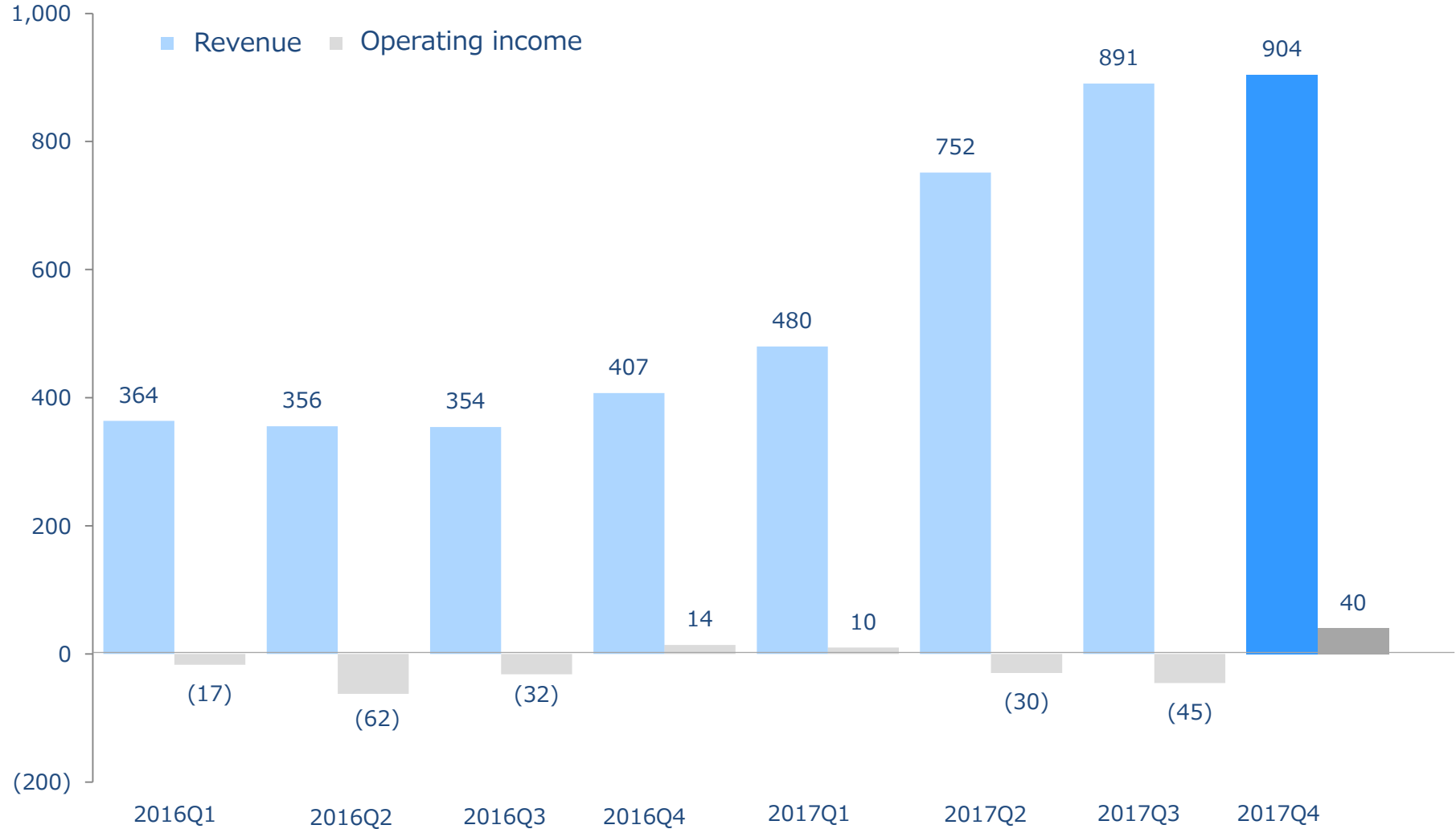
2017 Investment

Company	Business contents
	<p>Operator of “RoomClip,” a service allowing users to post and view photos of real-life residential interiors.</p>
	<p>Provider of a sharing economy service through which users can try at a monthly flat rate, or even buy, high-class jewelry or designer labels.</p>
	<p>Developer of systems providing comprehensive support in the field of dementia.</p>
	<p>Operator of “MOGE CHECK,” an application for mortgage conversion, and “MOGE SCORE,” for mortgage credit scores, both of which were launched for the first time in Japan.</p>
	<p>Provider of an application service for smartphones, through SIM cards used by inbound tourists during their visit to Japan.</p>
	<p>Provider of easy-to-use office tools as a service in a cloud environment, where implementation work is minimized and the service is updated on an ongoing basis.</p>
	<p>Media business, video marketing support business, and talent management business.</p>

※ AUM (Assets Under Management): Total book value of operational investment securities and investment securities (including investments other than those in the Investment & Incubation Business)

• Turned to profitable with a 28% revenue increase and favorable performance by a subsidiary in Korea.

(Units: Million JPY)





6 Valuation of Derivatives

Background of Derivative Transaction of Company Shares

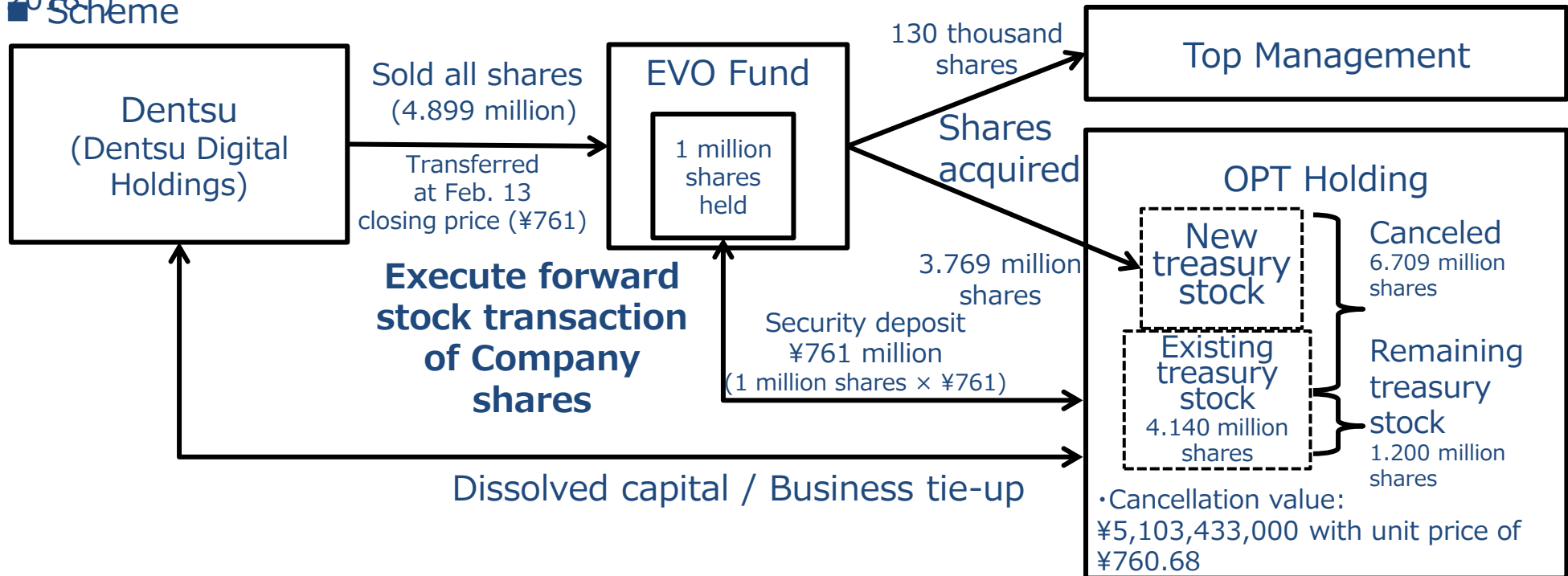
■ Background

1. Dissolved capital / business tie-up with Dentsu on February 13, 2017
2. Implemented forward stock transaction of Company shares using 3.769 million shares from Dentsu, and canceled 6.709 million shares
3. Dentsu's stake in OPT Holding (4.899 million shares) was transferred to EVO Fund.
4. Implemented forward stock transaction with EVO Fund using 1 million Company shares held by EVO Fund.

■ Date of contract:

Feb. 13, 2017 (Calculation start date for reference price at end: Feb. 12, 2017. Maturity date: Feb. 12, 2018.)

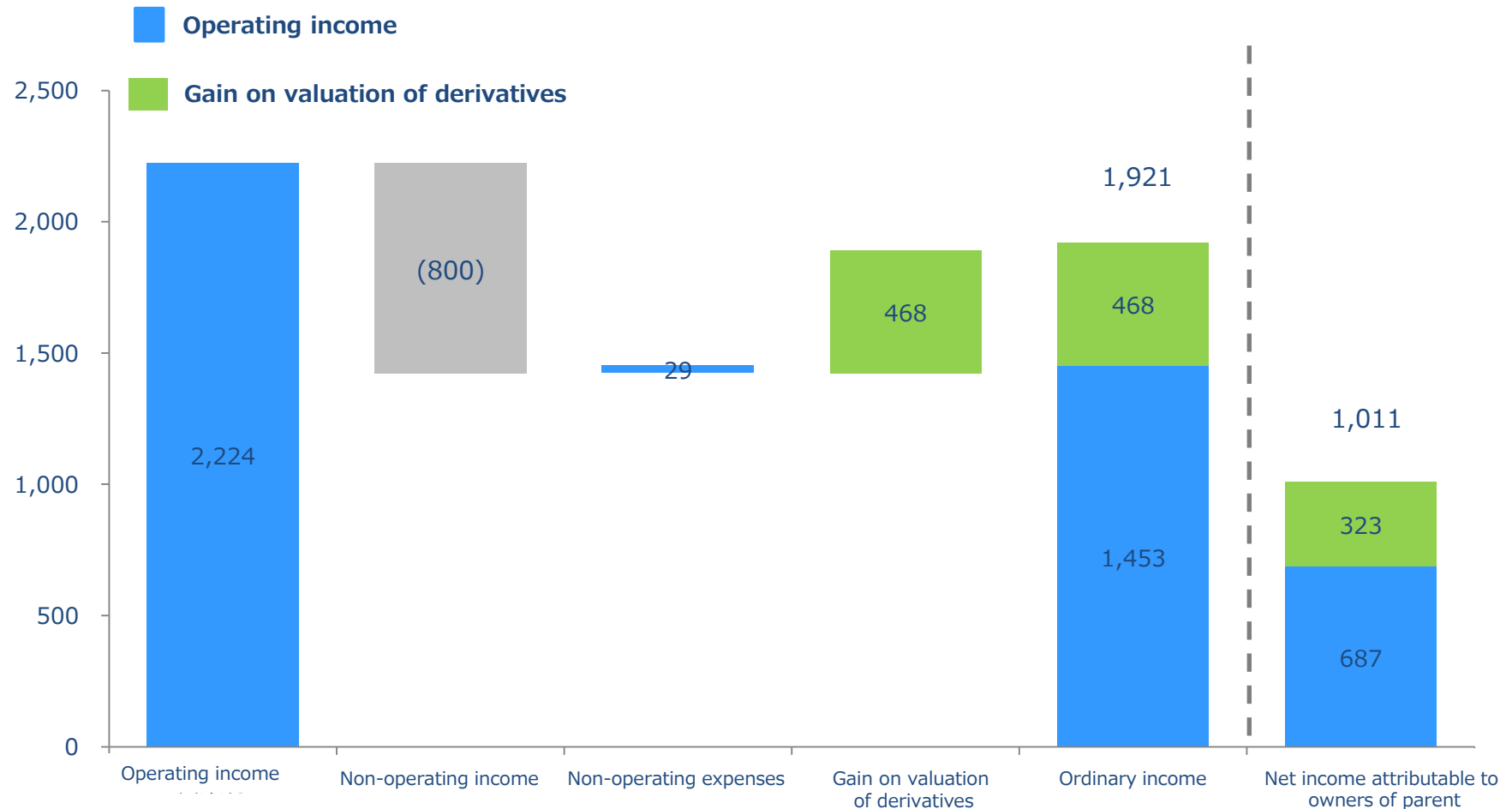
■ Scheme



(Units: Million JPY)

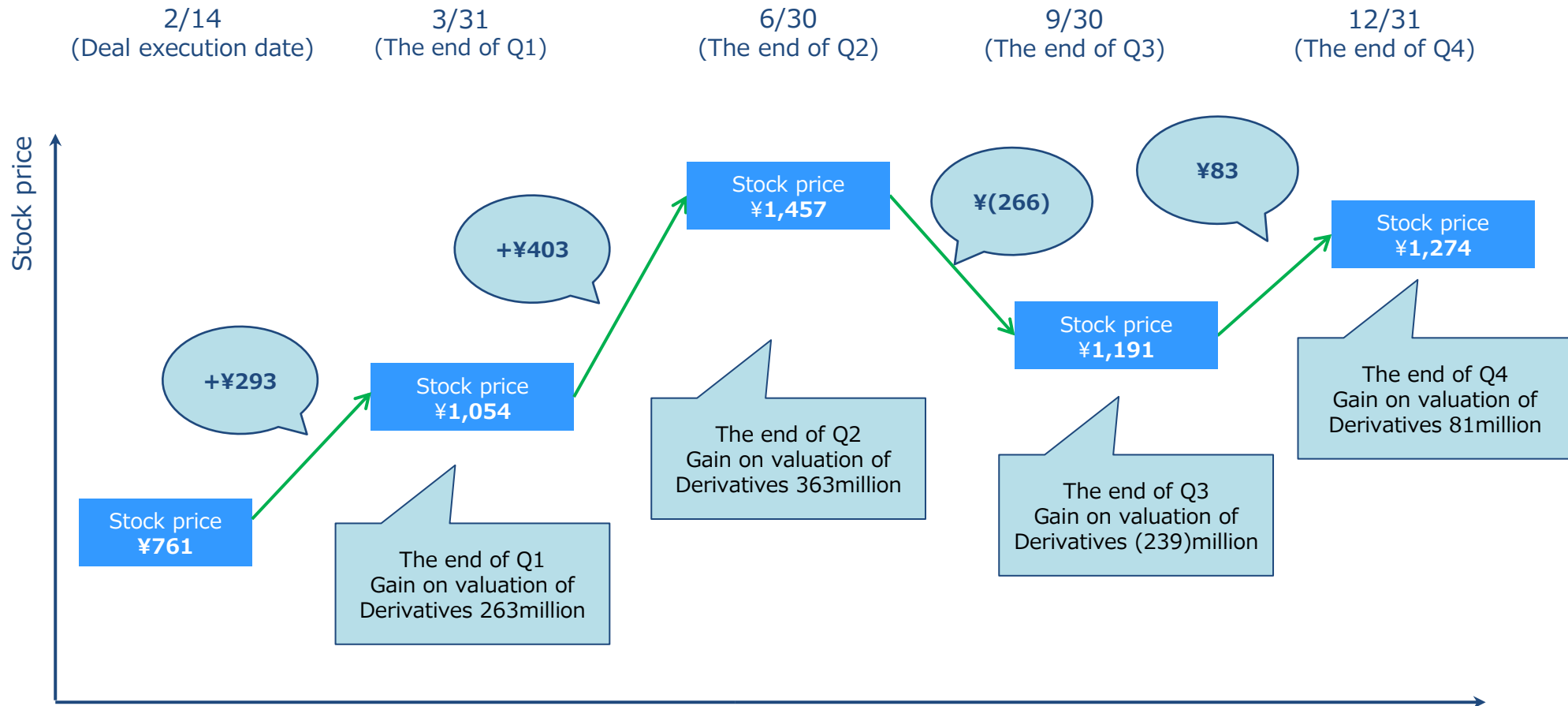
Gain on valuation of derivatives

[Ordinary income detail]



Calculate our stock price at the end of quarter

* Due to volatility/uncertainty, not included in the forecast



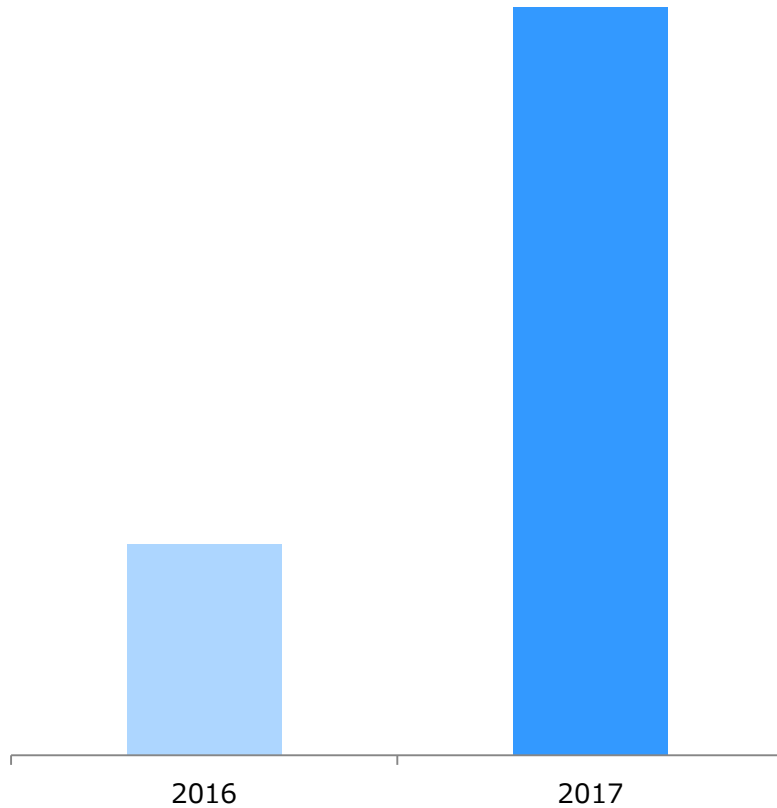
7

Appendix

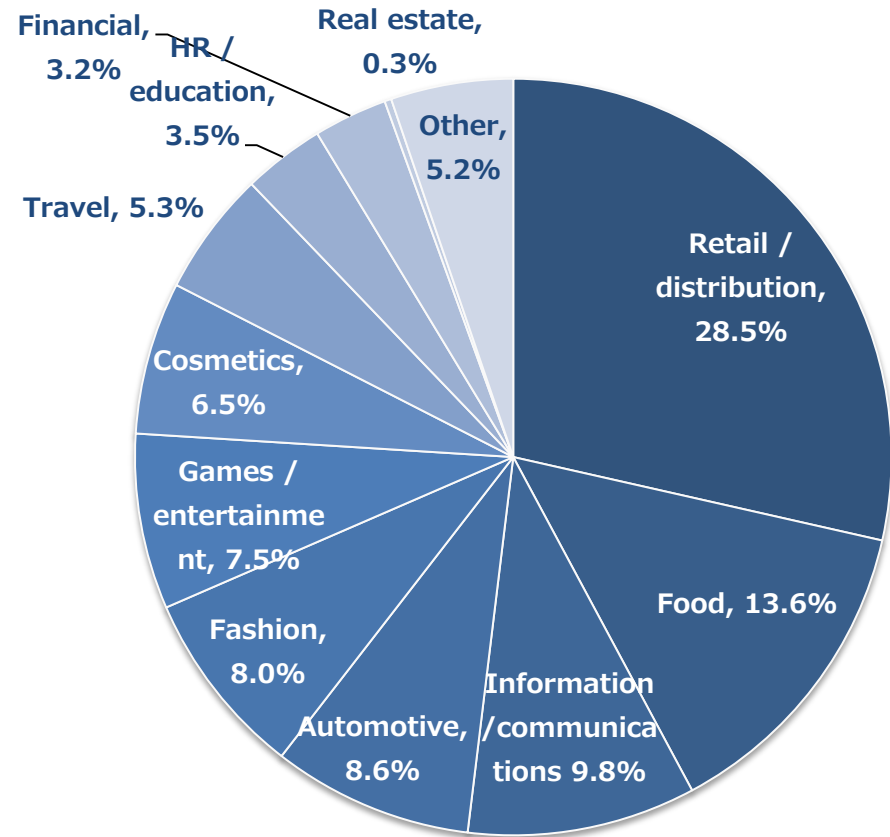


Number of brand advertisers

Year-on-Year basis
3.5 times



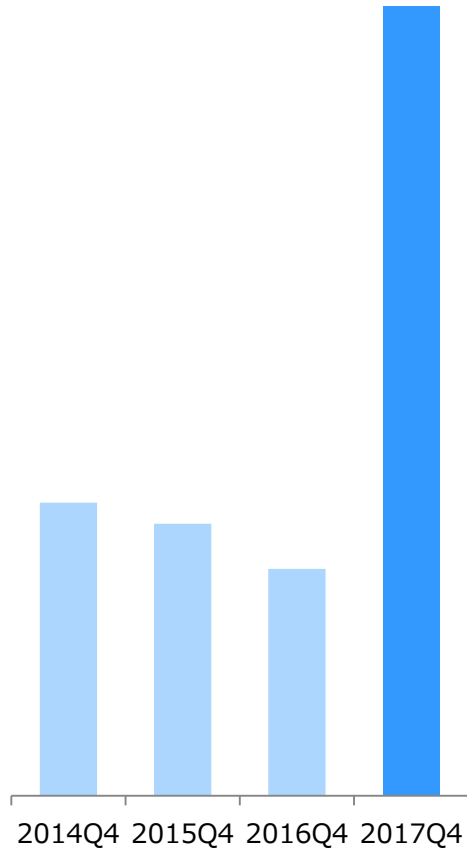
Industries of Brand Advertisers



- Focus areas: Mainly cross-selling/acquiring new customers

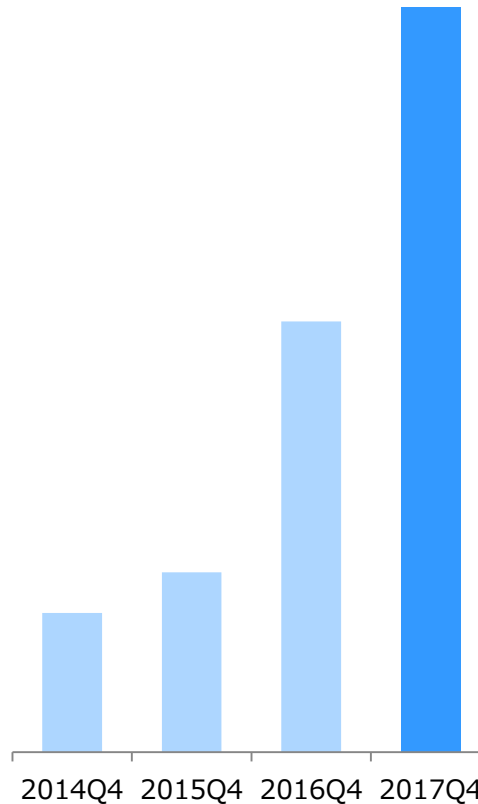
Video ad

Year-on-Year basis
3 times



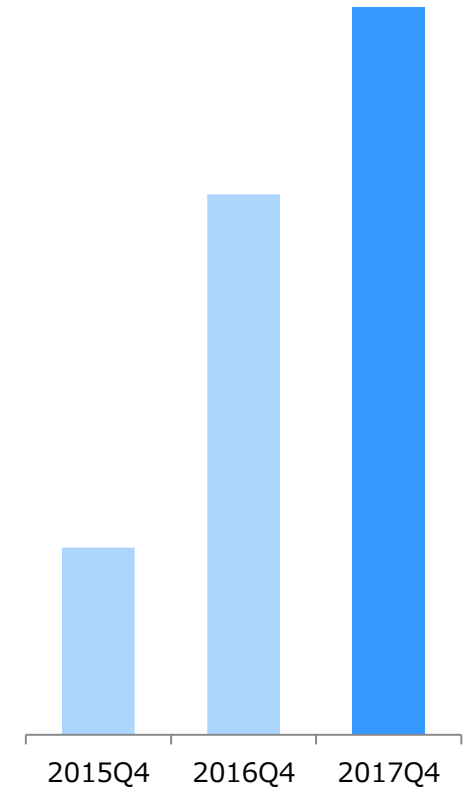
Social advertisement

Year-on-Year basis
73.1%



LINE ad

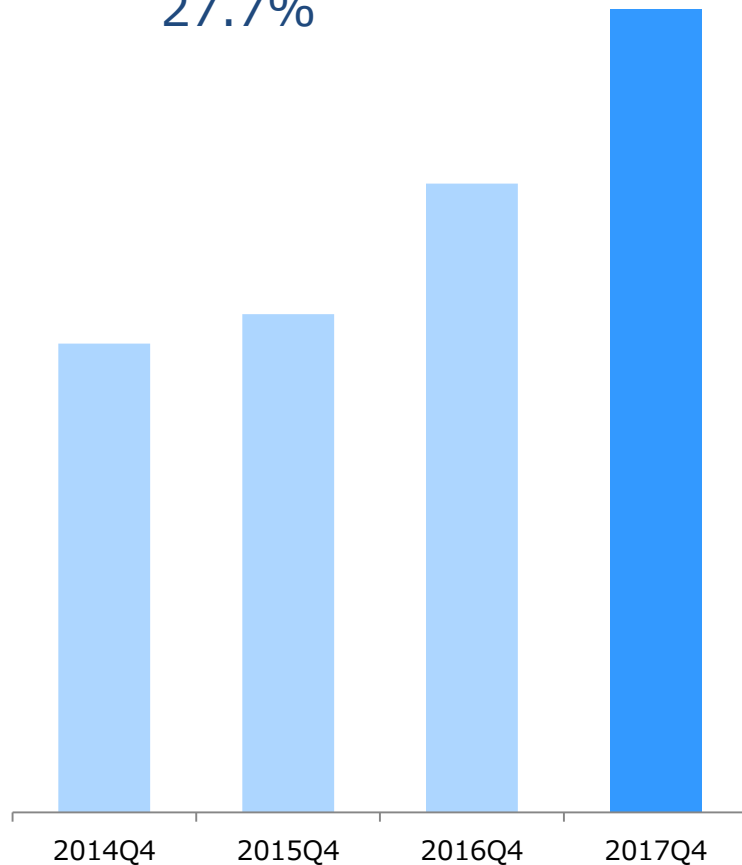
Year-on-Year basis
34.7%



- Products using specialty areas: Mainly succeeded in upselling

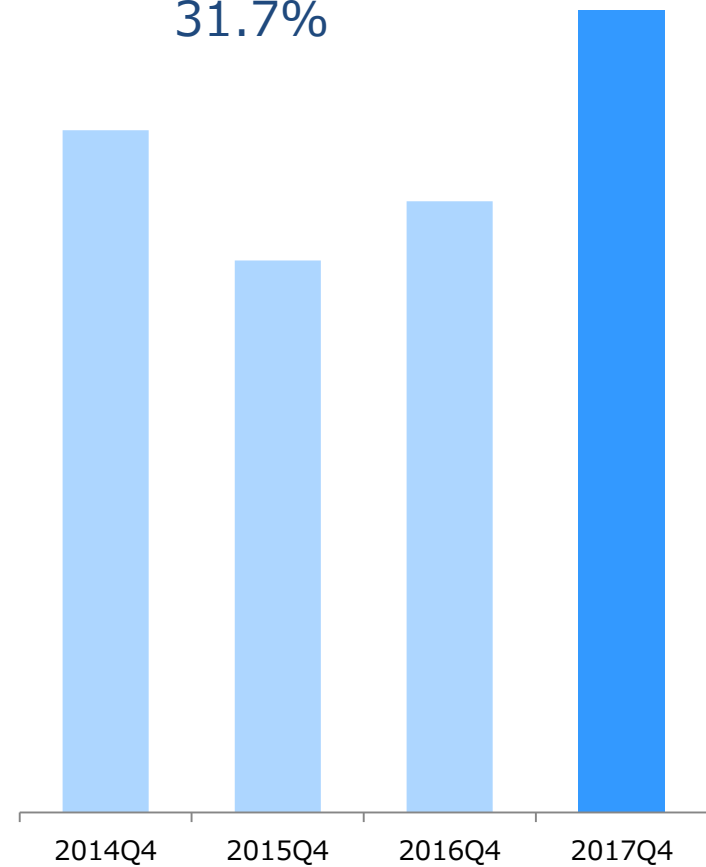
Ad network ad

Year-on-Year basis
27.7%



Listing ad

Year-on-Year basis
31.7%





Reference Materials

Major Affiliates (As of FY2017 Q4-End)

Segment	Name	Business
Marketing Business	OPT, Inc.	Marketing business
	CLASSIFIED	Planning and sales of classifieds
	Crossfinity	SEO and media consulting business
	SOLDOUT <small>ベンチャー専業のネット販促ポーター</small>	Advertising agency for mid-sized and venture companies
	s1o interactive	Trading desk business
	SkillUp Video Technologies	Digital contents platform business
	ConnectOM	Omni-channel solution business
	Search LIFE	Internet advertising operation business
	Writeup. Co., Ltd	Internet-related business
	Grooover, Inc.	Native Ad and media business (incl. consulting) of smart device
	TechLoCo, Inc.	Marketing technology proposal business for mid-, small- and medium-sized as well as growth companies
	Growth Gear Co.,Ltd	Human resource support services business for mid-, small- and medium-sized as well as growth companies
	Platform ID	Database business
Overseas Business	brainy	Advertising revenue optimization support by publisher
	eMFORCE	Internet advertising agency in South Korea
	grasia	Marketing business for overseas
Investment and Value Creation Business	TOKYO GETS	Entertainment business in Japan and overseas
	OPT Ventures, Inc.	Consulting, investment, and alliance business in the US
	OPT WORKS	Provide training and recruitment services for data scientists