

# ***THE LEADER in DIGITAL SHIFT***

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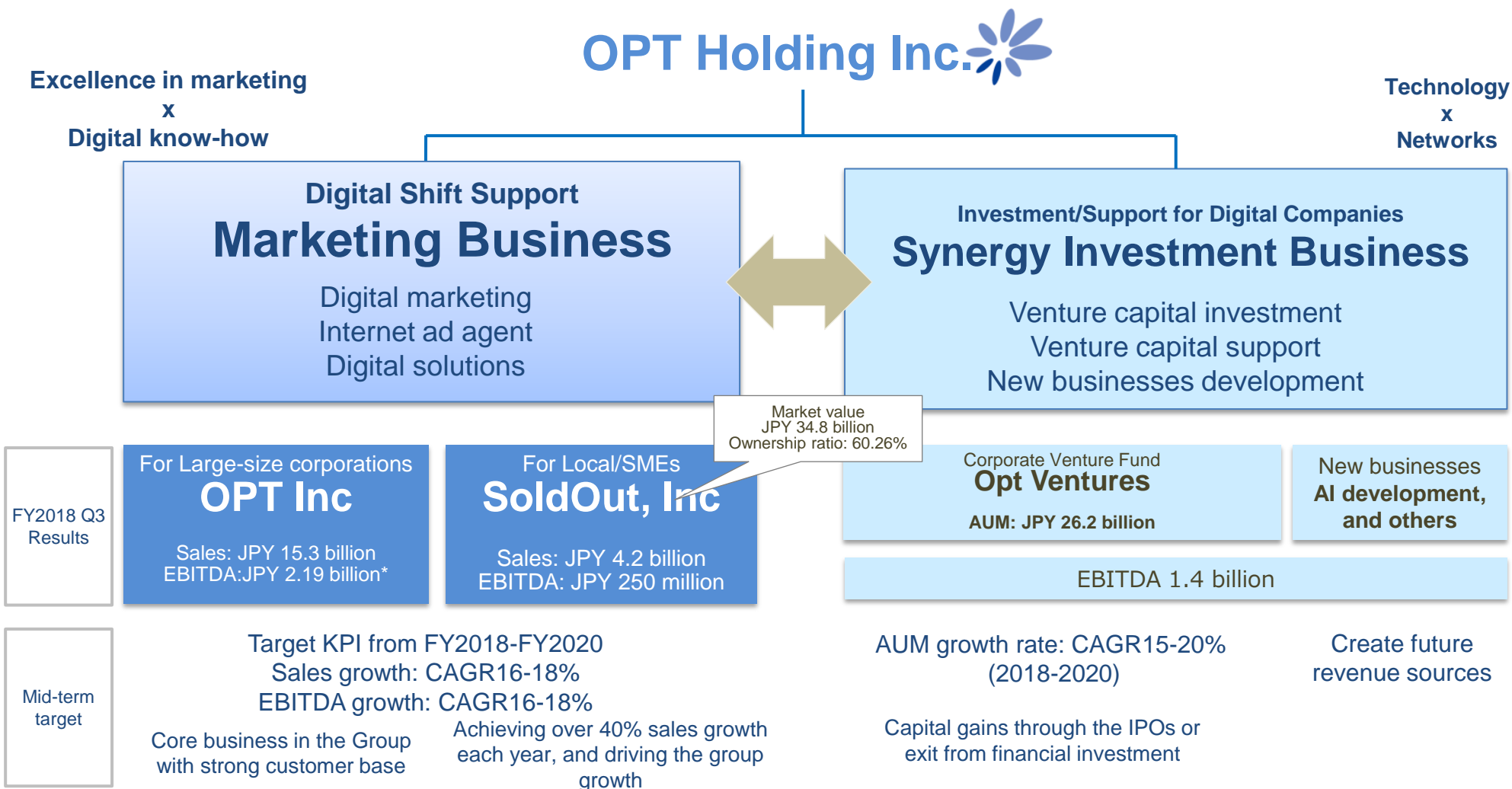
Any information herein other than past or present facts represents our future outlook developed based on the input currently available, and includes various risks and uncertainties. Thus, please note that actual business results released at a later date may differ due to such factors.

- 1 Introduction of Opt Group**
- 2 4 turning points**
- 3 OPT Group's vision**
- 4 Appendix**

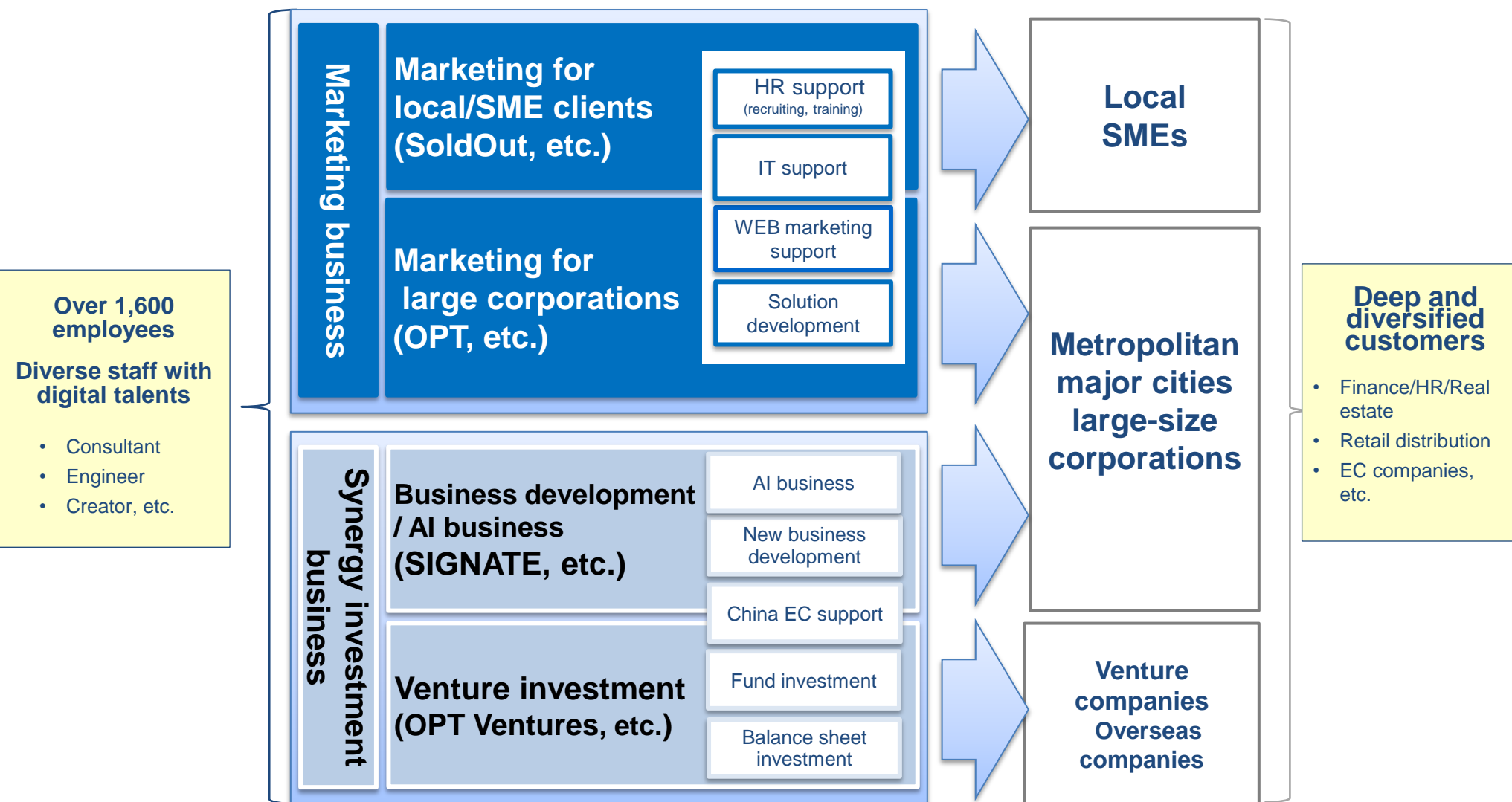
# 1 Introduction of Opt Group



## Opt Group: Digital Shift Support Companies



Note; Includes gain of JPY 1.42 billion by the income from partial business transfer of SkillUp Video Technologies

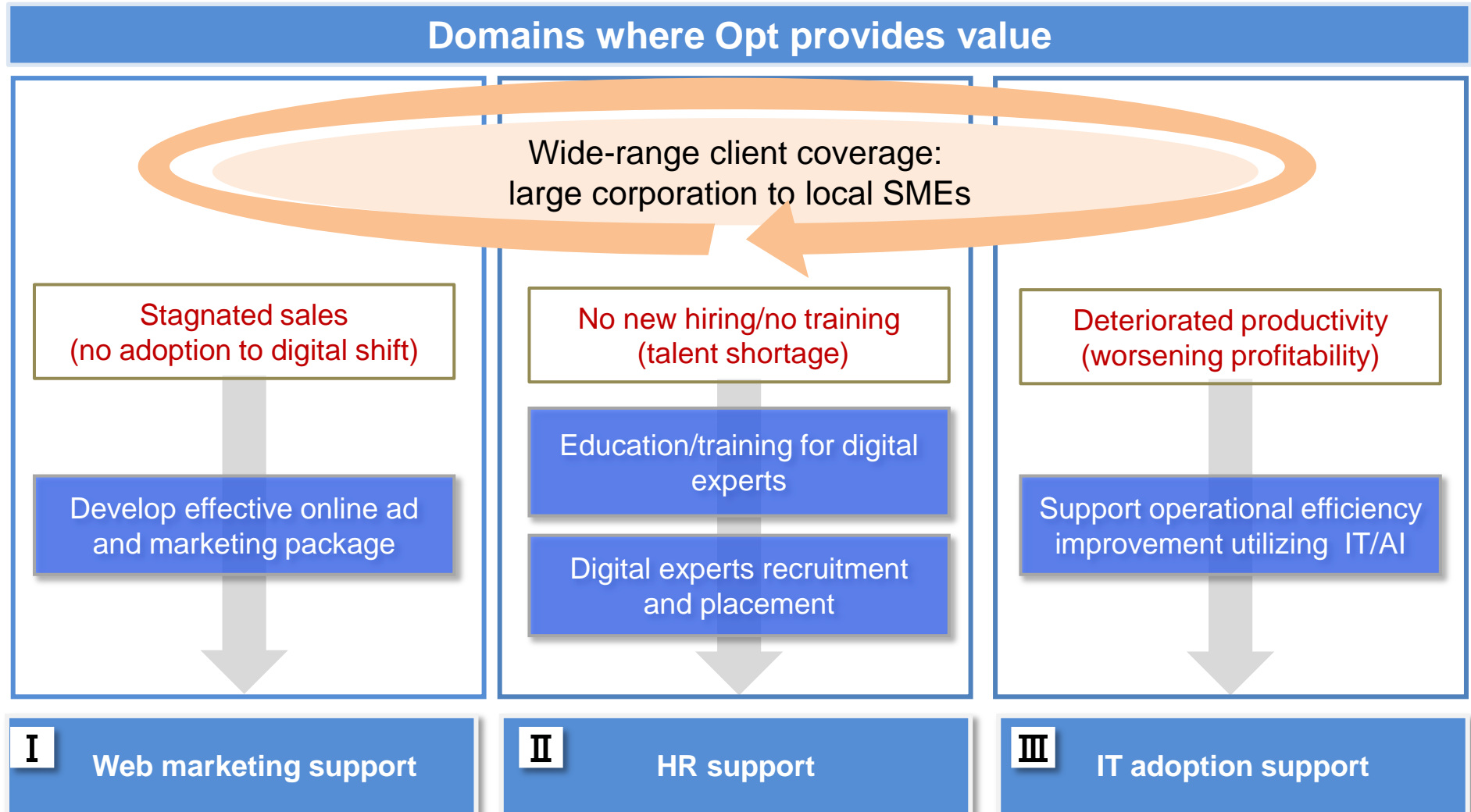




**Our business, supporting digital shift, revitalize Japanese economy by getting out from vicious cycle that many Japanese companies are falling into.**



**The Group provides services for the client companies to support their digital shift.**





**In addition to strong customer base (cover 6,000) and first-mover advantage gained from existing business operations, we transform ourselves into innovator of digital shift support capitalizing core competences, intelligence, professionals, training know-how and tech capability**

## **Capturing trends in digital industry**

### **Excellent intelligence**



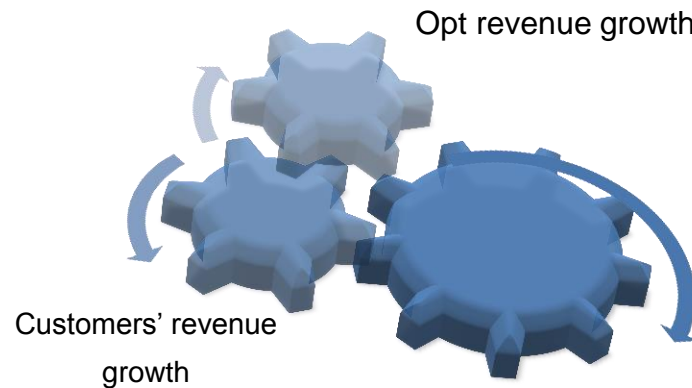
- ✓ Best-in-class track record of start-up investment and strong connection to the Japanese venture talents.
- ✓ Establish window sites outside of Japan (in Bay area and China)

## **Owing sufficient talents to realize digital shift**

### **Excellent professionals**



- ✓ Over 1500 experienced staffs and wide-range knowhow gained from online ad agent business, our core business.



**Strong customer base;  
More than 6,000 companies\*  
we have served.**

## **Various training programs for digital experts**

### **Excellent training know-how**



- ✓ Rich contents and wide variety knowledge about digital shift and provide training programs to client companies

## **Solving workforce shortages by AI and other IT solutions**

### **Excellent tech capability**



- ✓ SIGNATE, our affiliate, provide service to develop AI and recruitment/training AI engineers. Total 10,000 data scientists register SIGNATE platform to date.

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## 4 turning points

- (1) 4 turning points
- (2) Marketing business for large corporations
- (3) Marketing business for local/SME clients
- (4) Synergy investment business



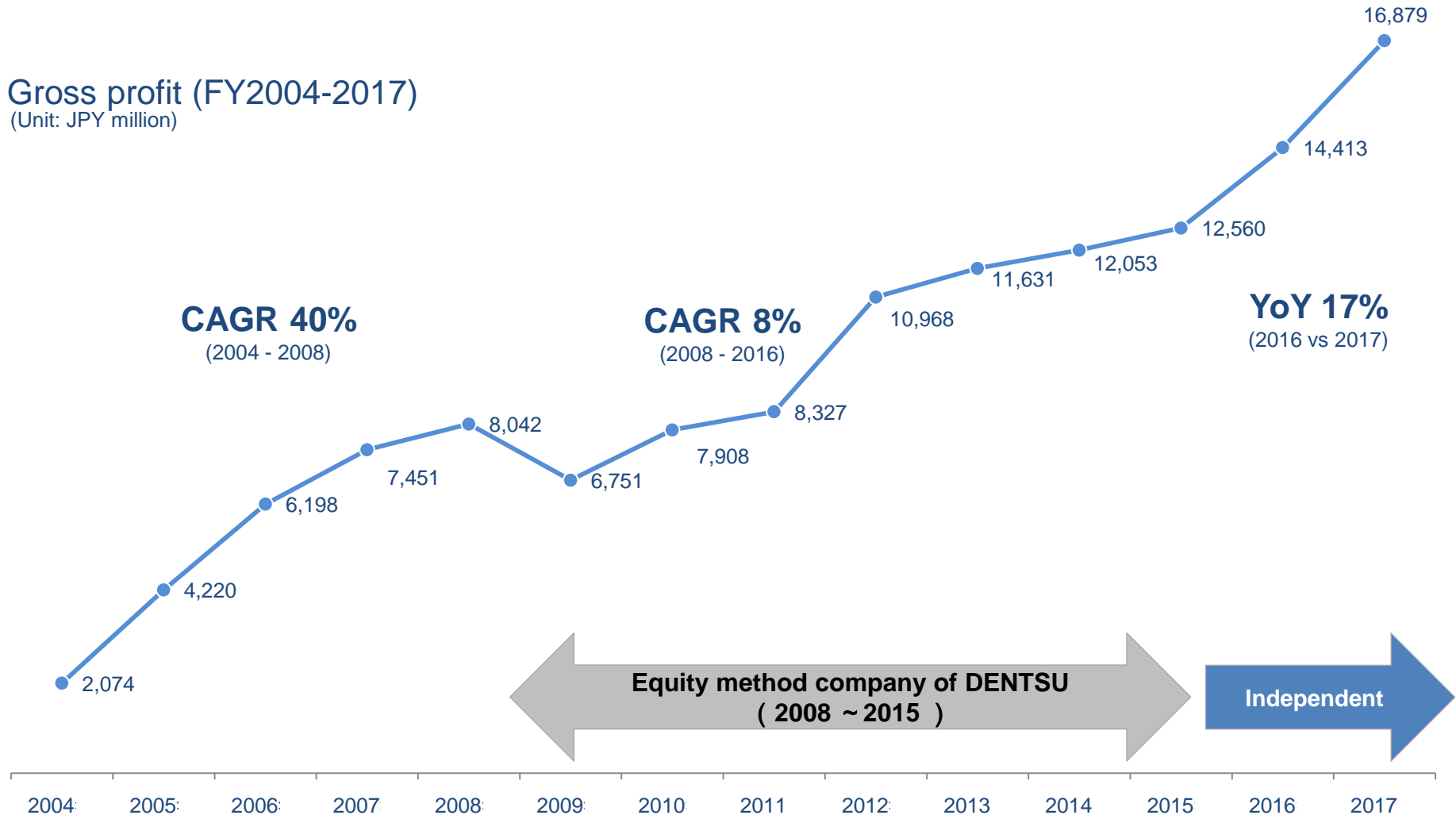
- ① Management  
**Achieved high-growth as an independent player**
- ② Marketing business for large corporations  
**Back on industry's top-class growth rate**
- ③ Marketing business for local/SME clients  
**Ranked at overwhelming No.1 market share**
- ④ Synergy investment business  
**Increased AUM brought by IPOs of companies we invest**



## (1) Returned to high growth trend as an independent player

After being independent again in 2016 by resolving an alliance with DENTSU, we focus on digital related business, and agile business management.

Gross profit (FY2004-2017)  
(Unit: JPY million)





## (2) Marketing for large corporations: OPT Inc. returns to industry No. 1 growth rate

### OPT Inc. quarterly sales revenue



Launched May 2017



Launched September 2016

TJUNAGARU Launched: January 2015

Full-scale contribution to sales

# (2) Marketing for large corporationsOur product line-ups

Marketing for large corporation

マーケティング大手

**Digital support tool**  
デジタル支援ツール



アドプラン  
(オプト)

Advertising  
effectiveness  
measurement  
tool



ビエボ  
(オプト)

"How-to" video  
service



マクガフィン  
(オプト)

Video media  
targeting  
Millennials



ジャパンメイド  
(オプト)

Video media on  
traditional  
Japan

PONTE

ポンテ  
Life style  
media for  
ladies



ユニス  
(オプト)

Creative  
generation tool

TSUNAGARU

ツナガル  
(オプト)

LINE business  
marketing tool



スピン アップ  
(オプト)

Application data  
management tool

.HYAKKEI

LIFE WITH NATURE

ドットハックエイ  
(オプト)

Outdoor life style  
media



カケル  
(オプト)

Social media



ドロップ:フィジカルマーケ  
ティングマガジン (オプト)

Phygital  
Marketing  
Magazine

t@STORE  
Video Ad.

トストア ビデオ アド  
Video distribution  
service leveraging  
GPS

TRIVER

トライバー  
(オプト)

Analytic solution



アドプラン リーチ  
シミュレーター (オプト)

Budget allocation  
optimization tool bet.  
TV ad and Internet ad



dynagram  
タイナクfum  
(オプト)

Video generation tool  
For infeed ad



フィードターミナル  
(オプト)

Data feed  
management tool



ウリザ  
(スキルアップ・ビデオテクノロジーズ)

Ad network for  
premium videos

**Others その他**

Opt Technologies  
オプトテクノロジーズ  
(オプト)

Opt  
Technologies

CONTENTS STUDIO  
コンテンツスタジオ (仮称)  
(オプト、クロスフィニティ)

Creators'  
organization



ドロップ:フィジカルマーケティングラボ  
(オプト)

Physical  
marketing Labo

Studio  
CANVAS

スタジオ キャンバス  
(オプト 他)

Video Studio

**Media  
メディア**



## (2) Marketing for SMEs/others

### Our product line-ups

#### Marketing for local/SME clients

マーケティング地方中小

**Marketing support**  
マーケティング支援

**LISKUL**

リスキル  
(ソウルドアウト)

Owned media for  
Web marketing

#### Investment Business

投資育成

**Digital business デジタル実業**

**PRIME CHEF**

プライムシェフ  
(オプトインキュベーター)

Sharing  
economy of chef

**Technology support**  
テクノロジー支援

**ATOM**

アトム  
(テクロコ)

Integrated  
management  
Platform

**Others その他**

**SIGNATE**

シグネイト  
(シグネイト)

Biggest AI  
platform

**HR support HR支援**

**リブセフ!**  
リアルタイム

Web marketing  
E-learning  
service

**ZINZAI**

ジンザイ  
(グロウスギア)

HR information  
distribution  
services

<http://zinzaibiz.com/>

**Succeeded in capturing two major market opportunities;**

1. TV ad is losing its ground

➡ Acquiring brand sponsors' ad spending

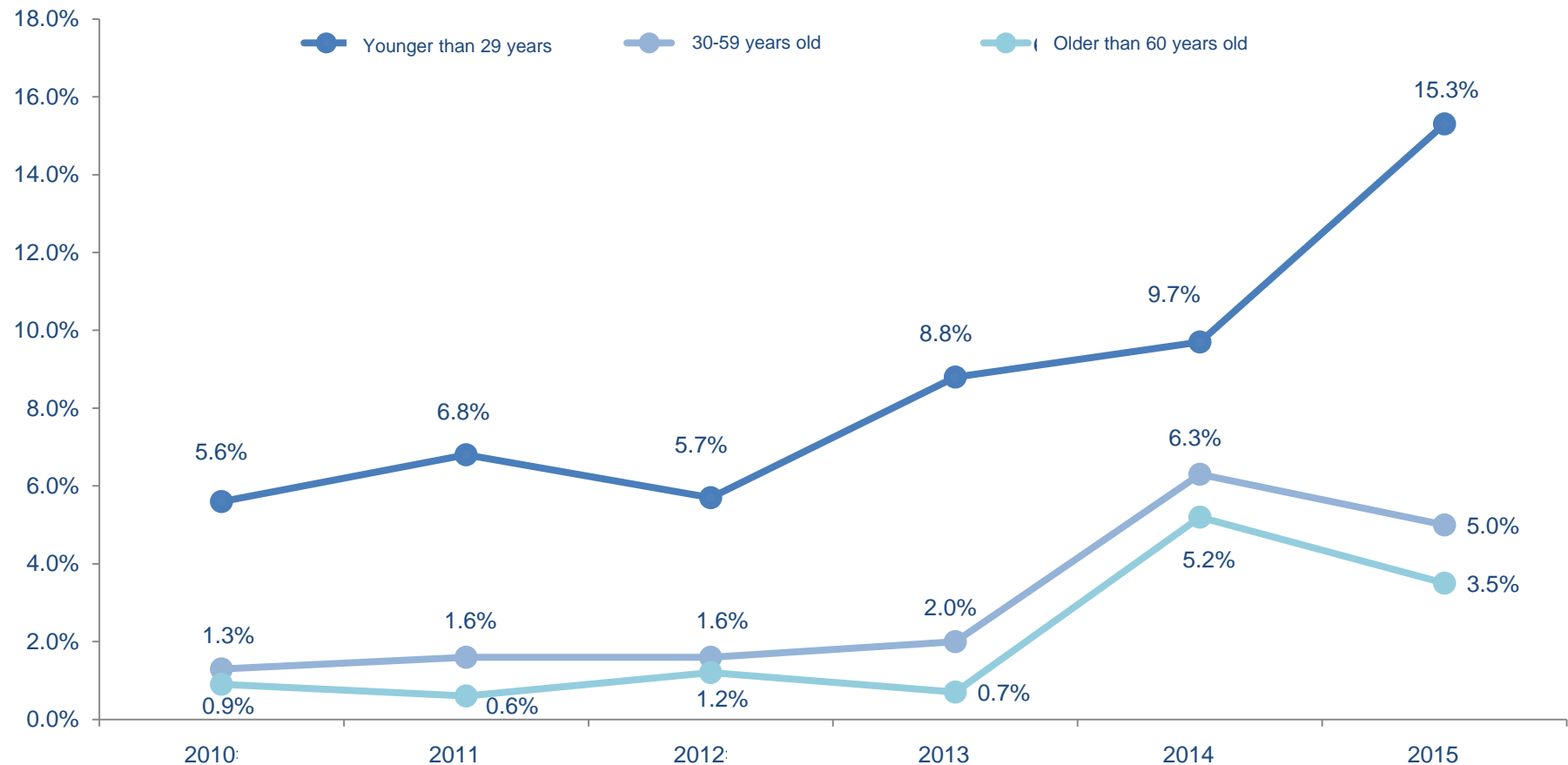
2. Newspapers/Flyers is declining

➡ Acquiring retail clients



## TV is becoming less effective media for advertisers

% of households that do not own television



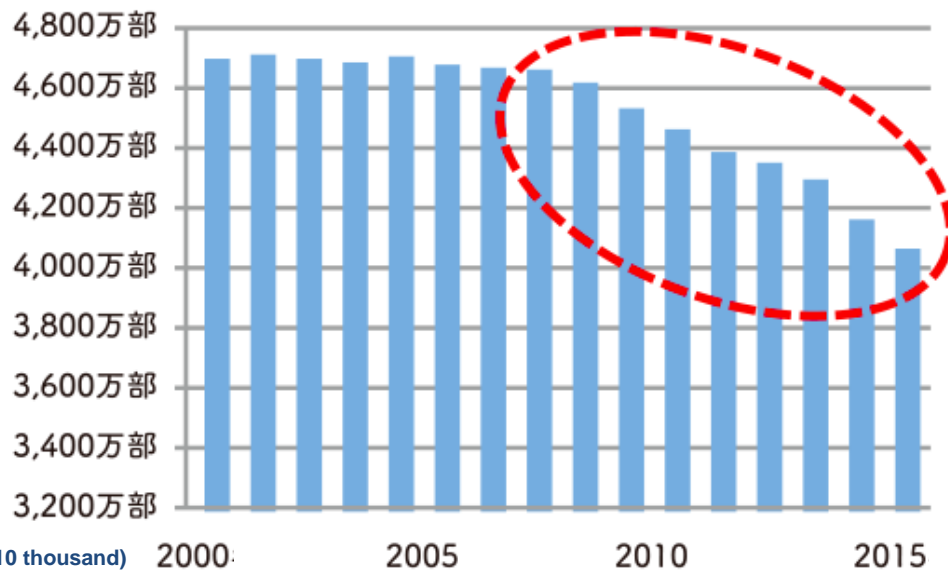


## (2) Marketing for Large Corporations: Newspaper flyers also losing at dramatically accelerated pace

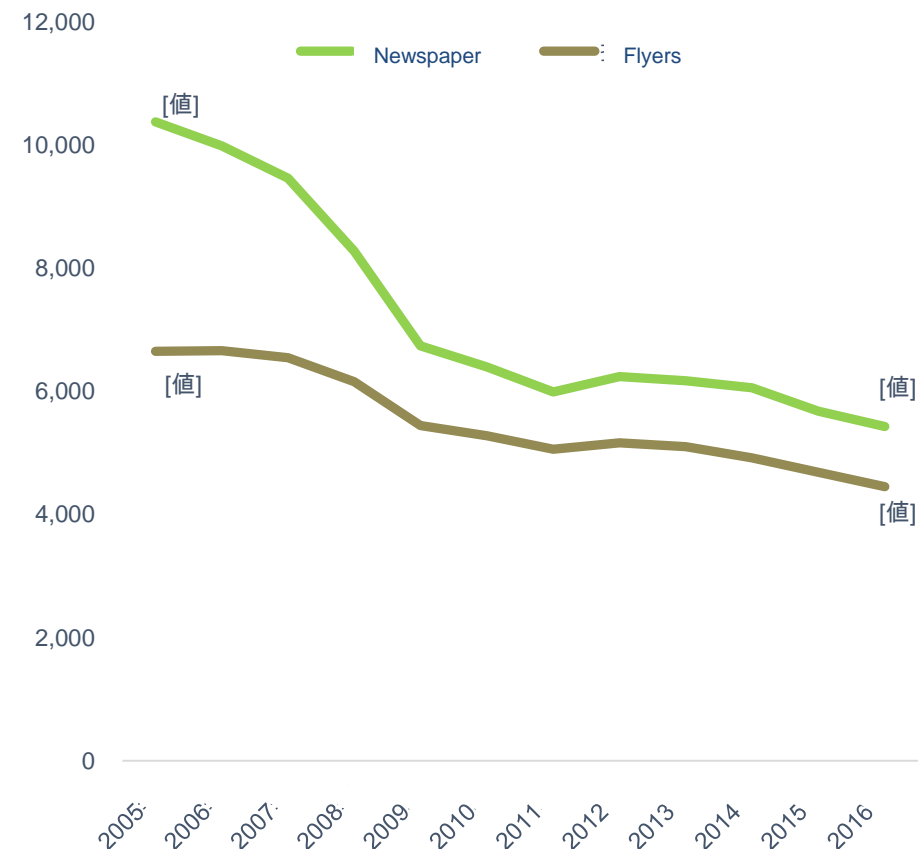
- ✓ Sharp decline of newspaper subscription leads to decline of flyer ad effectiveness as a tool to increase store traffic.
- ✓ Launch of smartphone tool leveraging GPS information; the ad budget is shifting to Internet.

### Decline of newspaper readers

#### Newspaper Subscription



( JPY in 100 million )



## (2) Marketing for large corporations: Smartphone solution: substitute of flyers

**Strong support from customers in the retail industry on delivery of adverts leveraging GPS information and measurement of effectiveness**

# t<sup>o</sup>STORE

**It is possible to distribute advertisements only to those who are within a radius of one kilometer from a shop.**



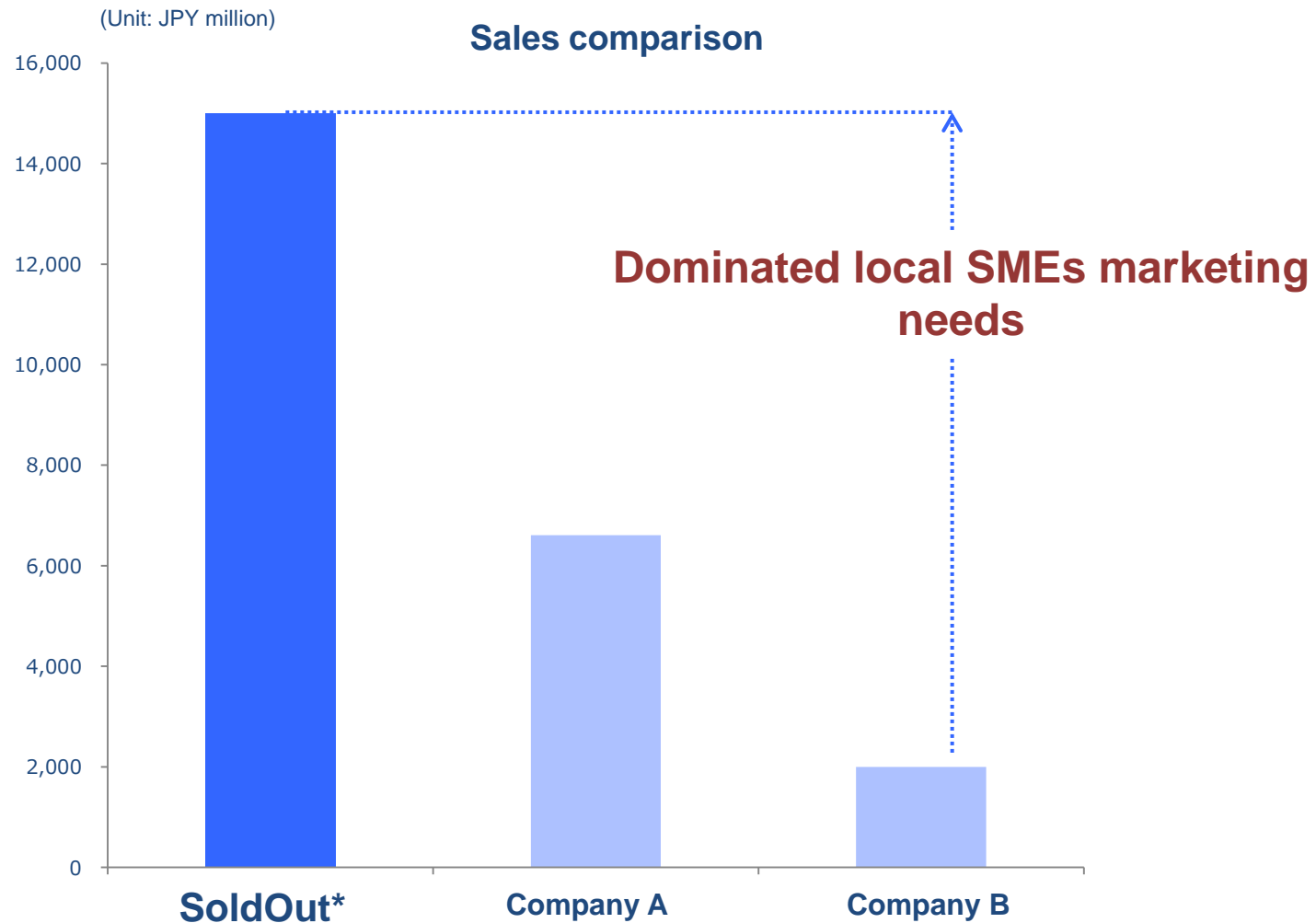
### (3) Marketing business for local/SME clients

## Revenue of SoldOut, Inc.: Steadily Growing

Defying the conventional wisdom that local areas do not generate profits,  
Opt achieves accelerated growth on stock market listing.



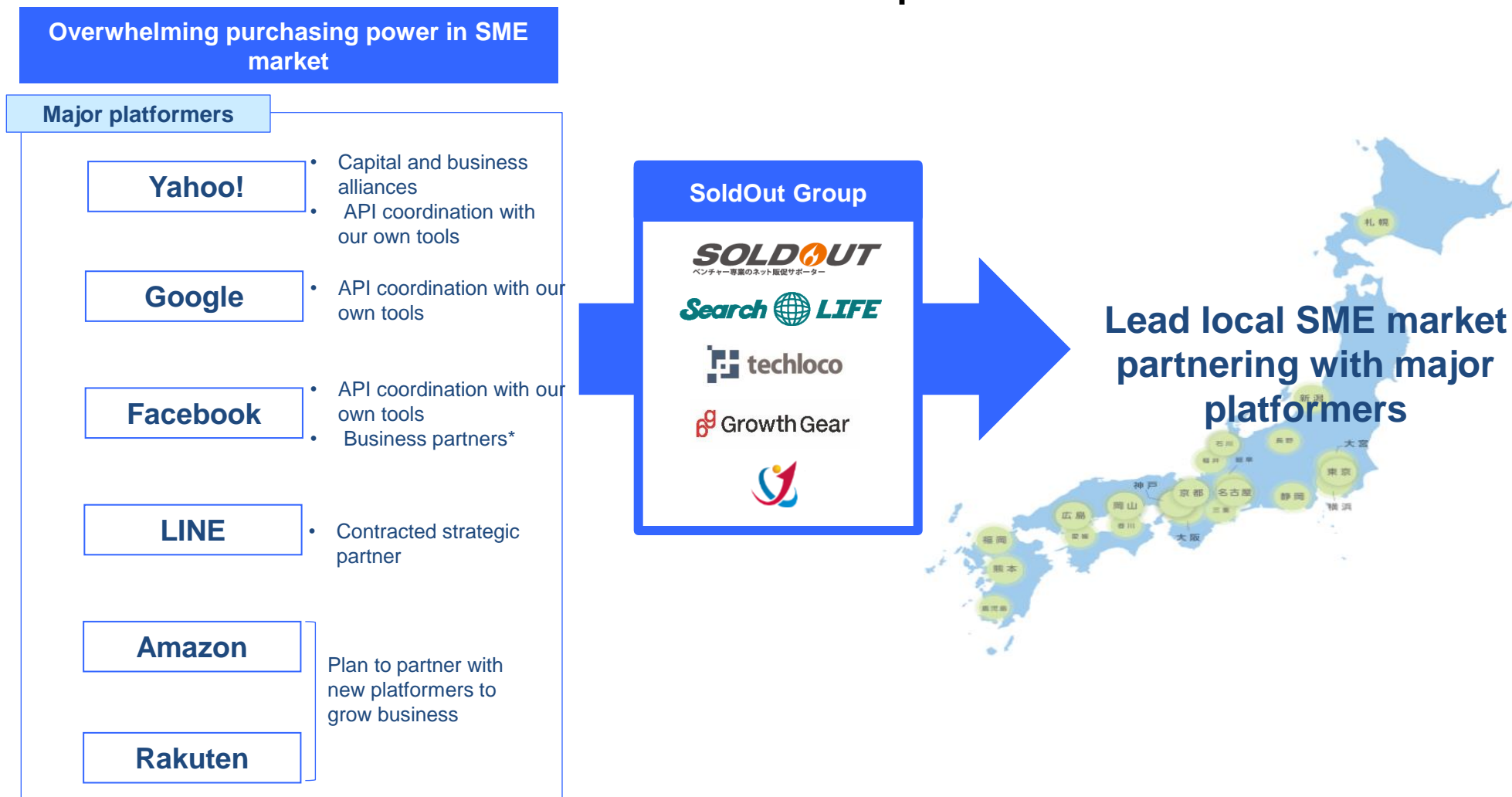
**Trade volume is a barrier to entry in ad business; SoldOut is expected to earn over 10 billion yen and stands out among competition**





### (3) Marketing business for local/SME clients: Partnership with major platformers processing

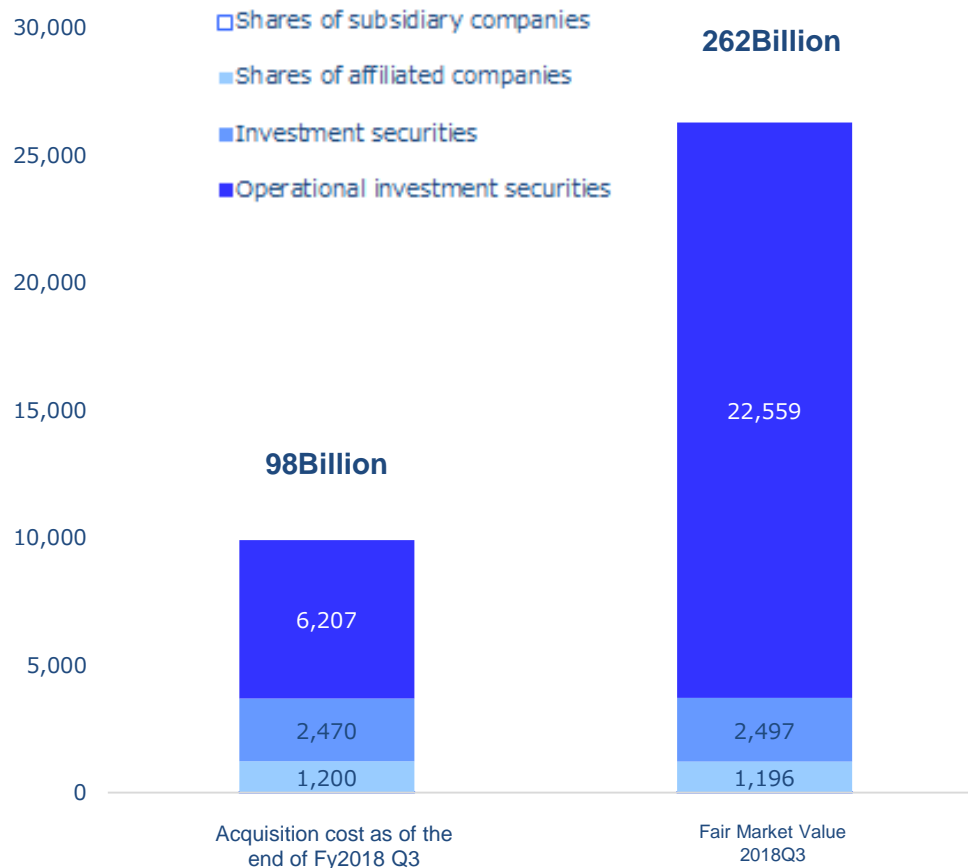
**Major platformers that want to enter into local SME market are partnering with the SoldOut Group**



## Serial IPOs of the invested companies increasing AUM

### AUM

(Unit: JPY million)



### Portfolio

- Invest intensively on start-ups providing sharing economy service
- Attractive start-ups such as RakSul are in our portfolio

\* Listed on May 31.



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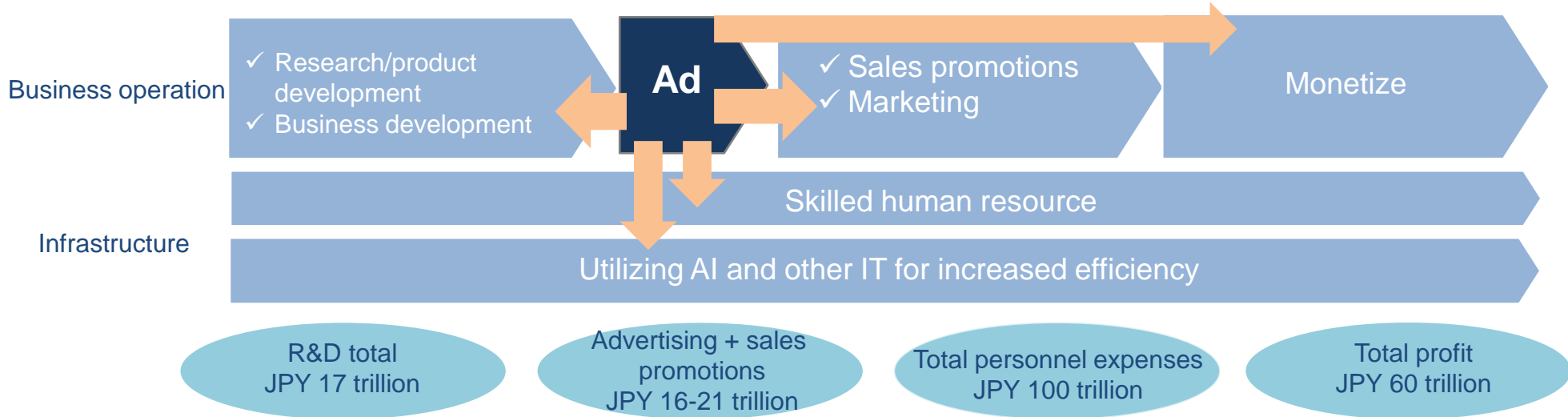
## **OPT Group's Vision**

***From an Advertising Agency  
to a Digital Shift Company***





## Digital shift in ad industry is spreading to other business arenas in Japan



**Expanding our business from existing ad market to other core corporate activities leading to a "Digital Shift Company"**

### Three initiatives to promote the Digital Shift

#### (1) DS support

For clients

- ✓ Provide DS support with people/resources/financing/knowledge to major corporations and local SMEs

#### (2) DS innovation (joint business)

With clients

- ✓ Establish JV and install OPT Group's know-how and inject resources
- ✓ May invest in the form of fund

#### (3) DS creation (own business)

By ourselves

- ✓ Challenge to realize DS in society, creating DS business from zero to one
- ✓ M&A

- ✓ **Research/product development**
- ✓ **Business planning**

- Leading venture investment track record/network in Japan
- Managing 7 incubation facilities in China
- Information from Silicon Valley and Chinese sites

- ✓ **Advertising/Sales promotions**
- ✓ **Marketing**

- Over 1,500 professionals with know-how of major online advertising companies
- Over 6,000 client companies
- Over 20 sales branches nationwide

- ✓ **Monetization**

- Commitment to profit sharing

### **Digital human resources and AI/IT labor efficiency**

- Abundant DS education/training programs
- Train engineers to be AI experts
- Place DS human resources
- Rich track records/practical experience to create business models
- Technological and creative functions

- ✓ Promote DS in fields where Opt and SIGNATE are active, instead of Ds promoted by consultants and system integrators
- ✓ Marketing and Synergy Investment Businesses will become integrated in the process of pursuing DS

## Today's DS

## Opt Group's strengths in tomorrow's DS

	Business Strategy	IT/system DS	Marketing	Digital human resource education	Research	Business operations Human resources placement
Opt Holding	-	-	✓✓	✓✓	✓✓	✓✓
Consulting companies	✓✓	-	-	-	✓	✓
Slers	-	✓✓	-	-	-	-
Major general ad agencies	-	✓	✓	-	✓	-
Internet ad agencies	-	-	✓✓	-	✓	-

## 4 Appendix





## THE LEADER in DIGITAL SHIFT: NEW STAGE 2020

Revenue of approx. JPY 130 billion and EBITDA of approx. JPY 6.5 billion

2020

### Marketing Segment

Transform the marketing of every client as a change agent for digital shift

Revenue: approx. JPY 126.0 B  
EBITDA: approx. JPY 7 B

### Synergy Investment Segment

Create new businesses by investing in the affiliated companies in the digital area

EBITDA: approx. JPY 1.2 B

### Headquarters Functions

Elite corps accelerating corporate value improvement

EBITDA: approx. JPY (1.7) B

- ✓ Reinforce recruiting and organizational structure
- ✓ Invest in training for early strategization
- ✓ Enhance creatives
- ✓ Form specialized organizations
- ✓ Increase and expand revenue of Company products
- ✓ Increase and expand revenue of non-ad products
- ✓ Find new clients through strategic alliances

Revenue: approx. JPY 84.0 B  
EBITDA: approx. JPY 4.5 B

Financial investment

- ✓ Capital gains
- ✓ Cutting-edge information/networks
- ✓ Formation of second fund

Business development

- ✓ Develop / create new businesses
- ✓ M&A

EBITDA: approx. JPY 1.6 B  
(Prior to upward revision: approx. JPY 0.5 B)

[2019 – 2020]

- ✓ Shift to IFRS
- ✓ Introduce common ERP to Group
- ✓ Integrate Group HQ functions
- ✓ Maintain the management personnel ratio, reduce man-hours, accumulate know-how

[Efforts in 2018]

- ✓ Establish business management base
- ✓ Introduce the restricted stock compensation plan
- ✓ Introduce an employees' shareholding association

EBITDA: approx. JPY (1.5) B

Measure  
s from  
2018

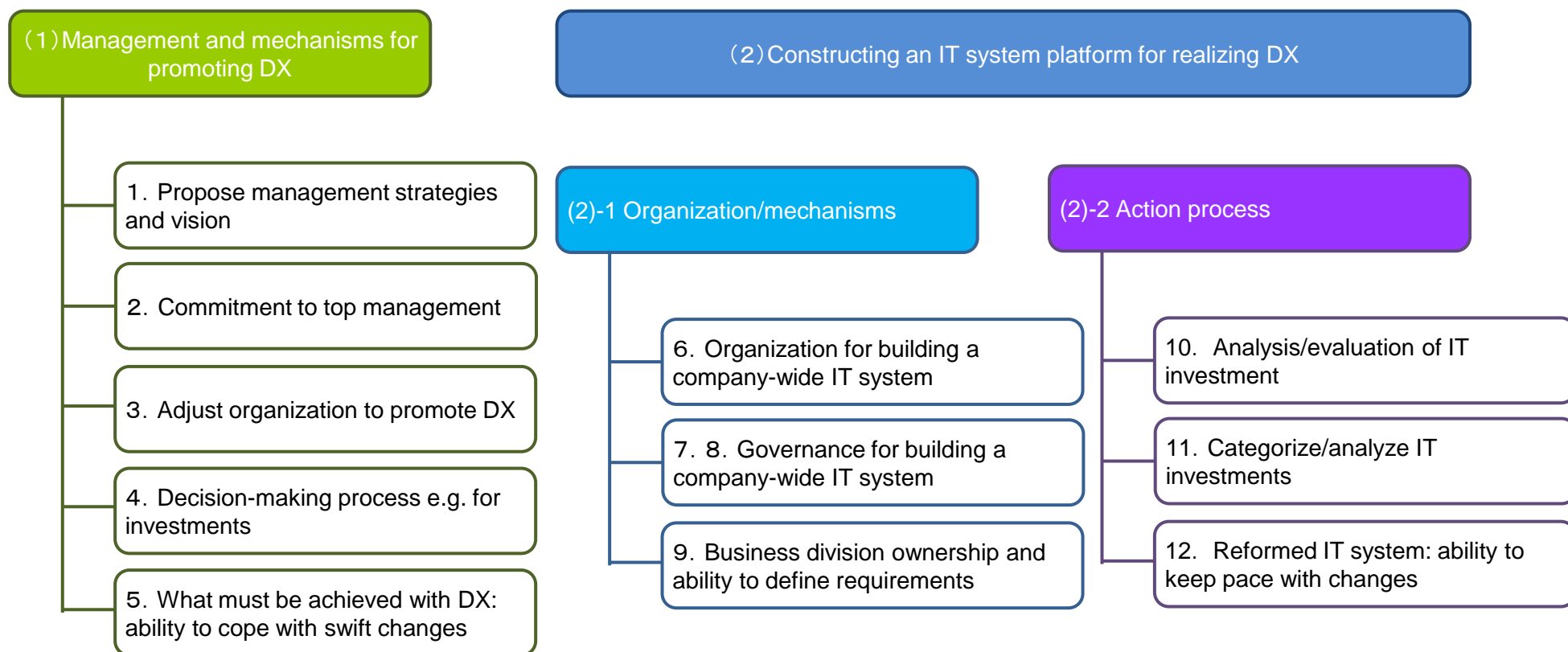
## Returns to Shareholders

- Target dividend payout ratio of 20% to “net income attributable to parent company shareholders plus amortization of goodwill.”
- Will increase returns to shareholders by allocating internal reserves to investments in growing digital businesses and accelerating the medium to long-term EPS growth.

## ROE target

- Will build an optimal capital structure for business growth and improved corporate value by having a right balance between capital and debt.
- Over 10% ROE in the medium term.

**In addition to urgent need for Digital Shift in Japanese companies, the Japanese government's Digital Shift needs are expanding, leading to key national policies**



## Extremely high success rate

	ROI	Gross IRR	Success rate ※3
<b>Total</b> (in and after 2013)	<b>2.9 times</b>	<b>39%</b>	<b>91%</b>
<b>Realized</b> ※1	<b>4.2 times</b>	<b>47%</b>	<b>82%</b>
<b>Unrealized</b> ※2	<b>1.7 times</b>	<b>20%</b>	<b>94%</b>

※1 Realized: Investment issues with sale or IPO

※2 Unrealized Investment issues other than those realized

※3 Success rate: % of investment issues, ROI that is more than 1.

※4 Prerequisites for ROI / Gross IRR calculation:

Issues calculated	Fund issues	In terms of fund investment, the OPT Ventures #1 fund issues are only calculated.
	Non-fund issues	Either of the following: <ul style="list-style-type: none"> <li>Issues in which the financial investment business invested after the launch of the financial investment business in 2003.</li> <li>Issues in the possession of OPT Holding, the management of which is entrusted to OPT Ventures.</li> </ul>
Reference date		End of June 2018
Method	Impairment issues	Calculated as if they were sold at the net asset value as of impairment.
	Issues with financing	Calculated as if they were sold at the value of the most recent financing.
	IPO issues	Calculated as if they were sold at the market value as of the reference date.
	Fund issues	Calculated by taking into account impairment and financing under the Limited Liability Partnership Act on a issue-by-issue basis.
	Other issues	Any other issues with no change in acquisition cost due to sale, impairment, financing, IPO, or the like are calculated as if they were sold on the reference date at the acquisition cost.
Handling of income taxes		Income taxes are not taken into account.