

THE LEADER in DIGITAL SHIFT

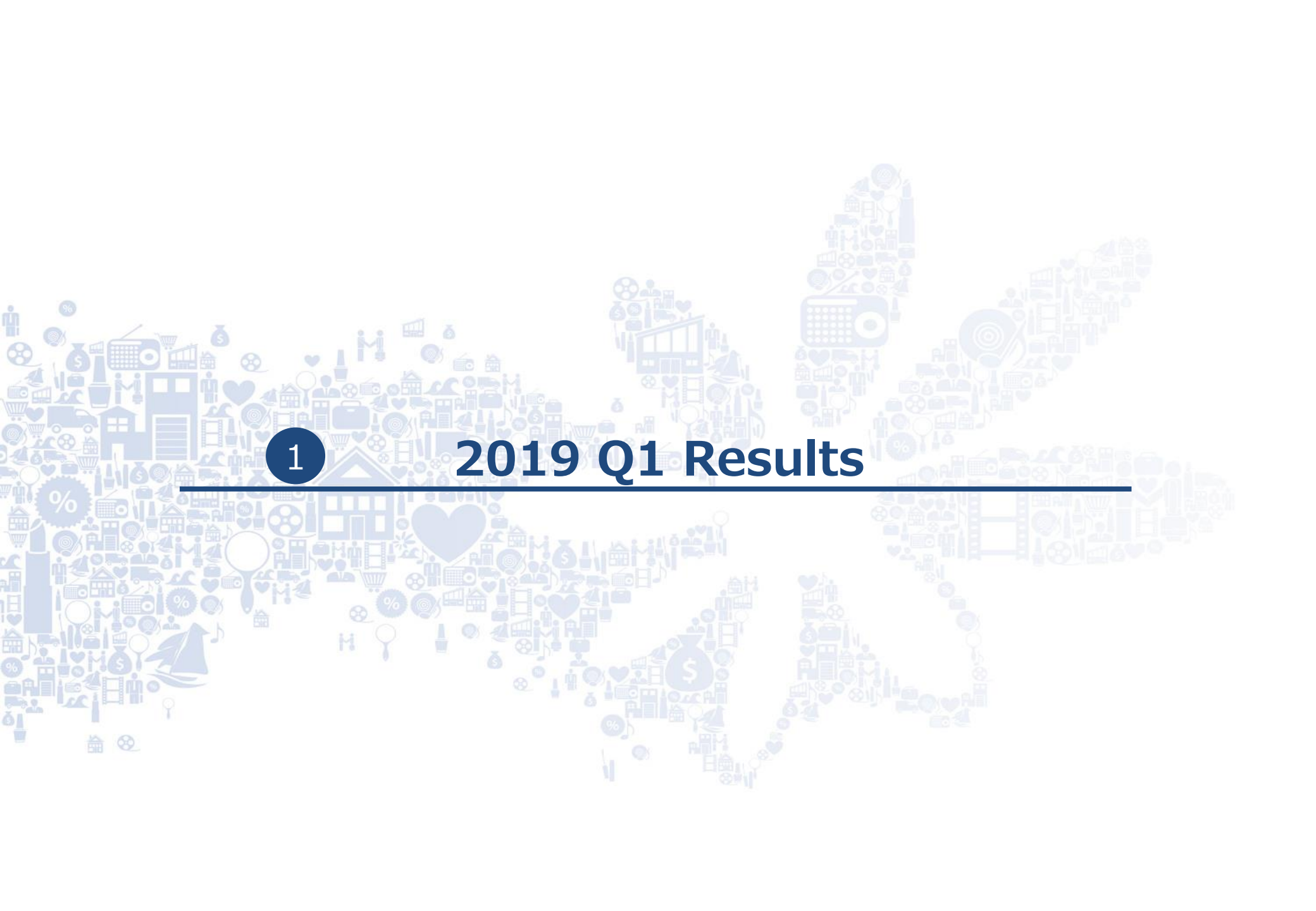
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1

2019 Q1 Results

OPT Holding, Inc., and its subsidiaries and affiliates (hereinafter, the Group) adopt Japanese generally accepted accounting principles (J-GAAP) and disclose its financial statements in accordance with J-GAAP reporting format; however, the Group uses following non-GAAP indicators in order to more accurately evaluate its results of operations and financial position. Please refer to the definition of each Non-GAAP indicator as stated below. Also reconciliation of GAAP to Non-GAAP indicators of EBIT, EBITDA and Free cash flow are stipulated in this material.

[Definition and formula of Non-GAAP metrics]

1. EBIT(Earnings before Interest and Taxes)

=Net income before taxes + interest payment – interest income

2. EBITDA(Earnings before Interest, Taxes, Depreciation and Amortization)

=EBIT+Other financial gain/loss+depreciation of noncurrent tangible assets+amortization of intangible assets+depreciation of long-term prepaid expense+non-cash gain/loss

3. FCF(Free cash flow)

=Operating cash flow + investment cash flow± one-off cash flow items

4. FMV(Fair Market Value)

=an estimated market value of a property or a liability, based on third-party transaction between a knowledgeable and willing buyer and a knowledgeable and willing seller

5. IRR(Internal Rate of Return)

= an investment return computed assuming subject securities in our portfolio were sold at the end of the reporting period.

6. AUM(Assets Under Management)

= aggregate amount of (1) book value of subsidiaries' and affiliates' stocks and (2) FMV of operational investment securities and invested securities

Note; The Group discloses those Non-GAAP metrics as important management KPIs from 2018.

[Adjustments for past financial results]

- Consolidated results for 2018 include earnings from the video streaming business of relaido, Inc. (former Skill-Up Video Technologies, Inc.), belongs to Large Corporation Segment of Marketing Business, and also includes costs and gains incurred by its company-split and business transfer.
- In this material, consolidated results and Marketing Business segment results are compared to the adjusted previous year's results in which the earnings and other related costs and gains related to the transferred business of the former Skill-Up Video Technologies, Inc. were excluded.
- Results for 2019 Q1 are not adjusted, as the business was already transferred in 2018.

Unit: JPY million	2019 Q1			2018 Q1		a-b Adjusted amount
	Actual	Adjusted YoY (%)	YoY (%)	a Adjusted	b Actual	
Revenue	21,555	(3.0)%	(5.3)%	22,215	22,773	(558)
Gross profit	4,178	(7.5)%	(10.0)%	4,516	4,640	(124)
Operating income	406	(60.5)%	(59.7)%	1,028	1,007	21
EBIT	443	(51.5)%	(50.4)%	913	893	20
EBITDA	685	(42.5)%	(45.8)%	1,192	1,265	(73)
Quarterly net income attributable to owners of parent	242	(56.3)%	(52.9)%	555	515	40

Marketing Business (Adj)

Revenue JPY 20,298million YoY 1.9% down
EBITDA JPY 970million YoY 39.7% down

- Large Corporations
 - Part of our major clients shrank their advertising budgets. Our personnel cost went up as we have increased staffs
 - Recent New Business Wins will translate into sales from Q2 or later
- Local SMEs:
 - In addition to lower business from major clients, incentive income decreased and staff costs increased.

Synergy Investment Business

Revenue JPY 1,260million YoY 18.5% down
EBITDA JPY 157million YoY 280.4% up
AUM JPY 30,035million JPY 8,816million increase from 2018 Q4
IRR 15.7% 1.7pt up from 2018 Q4

- Revenue: Declined compared to 2018 Q1 mainly due to deconsolidation of Writeup, etc.
- EBITDA: Improved due to sale of marketable securities and liquidation of overseas subsidiaries, etc.
- AUM/IRR: Increased from last quarter due to higher market value of operational investment security such as Raksul.

Consolidated Results (Adj)

Revenue JPY 21,555million YoY 3.0% down
EBITDA JPY 685million YoY 42.5% down

- Revenue: Marketing Business, the core business of the Group, recorded negative growth YoY basis
- EBITDA: Corporate Function costs also increased in addition to declined EBITDA of marketing business units

2019 Q1 Key Consolidated Financials

(Unit: JPY million)	2019 Q1	2018 Q1 Adjusted	Change		2018 Q1 w/o adj	Change	
			Amount	YoY (%)		Amount	YoY (%)
Revenue	21,555	22,215	(660)	(3.0)%	22,773	(1,218)	(5.3)%
Gross profit	4,178	4,516	(336)	(7.5)%	4,640	(461)	(10.0)%
Operating income	406	1,028	(601)	(60.5)%	1,007	(601)	(59.7)%
EBIT	443	913	(470)	(51.5)%	893	(450)	(50.4)%
EBITDA	685	1,192	(506)	(42.5)%	1,265	(579)	(45.8)%
Quarterly net income attributable to owners of parent	242	555	(270)	(52.7)%	515	(272)	(52.9)%
ROE(LTM) ^{※1※2}	7.2%				5.8%	1.4pts	-
Free cash flow	(327)				79	(406)	-
Earnings per share EPS (in yen)	10.60				22.79	(12.19)	-
Diluted earnings per share (in yen)	10.59				22.60	(12.01)	-

※1 ROE=Net income attributable to owners of parent (LTM) ÷ (Average equity amount as of March 31, 2018 and 2019)

2 LTM=Last Twelve Months

(Unit: JPY million)

	Reporting segment			Othes		Consolidated
	Marketing Business	Synergy Investment Business	Total	Corporate Function Cost	Other	
Revenue	20,298	1,260	21,558	-	(3)	21,555
Gross profit	3,564	617	4,181	-	(3)	4,178
SG&A	(2,709)	(531)	(3,240)	(538)	7	(3,771)
Operating income	855	86	941	(538)	3	406
EBIT	859	115	974	(534)	2	443
EBITDA	970	157	1,127	(441)	0	685

[Free cash flow]

(Unit: JPY million)

	2019 Q1	2018 Q1	Amount	YoY (%)
Operating cash flow	(131)	486	(618)	-
Investing cash flow	(373)	878	(1,251)	-
Free cash flow	(505)	1,364	(1,870)	-
Adjustments*	177	(1,285)	1,463	-
Adjusted Free cash flow	(327)	79	(406)	

None: Adjustments: One off cash flow item

- 2019 Q1: Penalty payment regarding the company-split business transfer of vide streaming business of relaid, Inc., (Formally Skill-up Video Technologies, inc.,
- 2018 Q1 : Application deposits fund return for derivative contract of own shares and gain from the derivative' settlement.

(Unit: JPY million)

[EBITDA]

	2019 Q1	2018 Q1	Amount	YoY (%)
Income before Taxes	438	886	(447)	(50.5%)
Interest paid (+)	6	8	(2)	(29.7%)
Interest received (-)	(1)	(1)	0	16.8%
EBIT	443	893	(450)	(50.4%)
Depreciation (+)	1	43	(41)	(97.9%)
Amortization of intangible assets(+)	45	241	(195)	(81.3%)
Depreciation of long-term pre-paid expense (+)	0	1	0	(40.7%)
Non-cash profit/loss (+)	195	87	108	124.4%
EBITDA	685	1,265	(579)	(45.8%)

Large Corporations

- Revenue declined year-on-year basis mainly as some clients shrank their advertising budget.
- EBIT/EBITDA decreased year-on-year basis due to an increase in HR related costs (hiring, training, promotion, etc).

Local SMEs

- Revenue growth in 2019 Q1 is lower than the past due to decreased businesses from specific clients.
- Same as Large Corporation segment, EBIT/EBITDA decreased due to an increase in HR related costs (hiring, training, promotion, etc).

(Unit: JPY million)	Large Corporations				Local SMEs				Segment Total ※			
	2019 Q1	2018 Q1	Amount of change	% of change	2019 Q1	2018 Q1	Amount of change	% of change	2019 Q1	2018 Q1	Amount of change	% of change
Revenue	16,177	16,902	(725)	(4.3)%	4,263	3,969	293	7.4%	20,298	20,697	(398)	(1.9)%
Gross profit	2,725	2,911	(185)	(6.4)%	839	835	3	0.5%	3,564	3,742	(178)	(4.8)%
SG&A	(1,958)	(1,721)	(236)	(13.7)%	(758)	(591)	(167)	(28.2)%	(2,709)	(2,308)	(400)	(17.3)%
Operating income	767	1,169	(401)	(34.4)%	81	244	(163)	(66.8)%	855	1,434	(578)	(40.3)%
EBIT	771	1,188	(417)	(35.1)%	81	247	(165)	(67.0)%	859	1,435	(576)	(40.1)%
EBITDA	848	1,312	(463)	(35.3)%	121	296	(174)	(58.9)%	970	1,608	(638)	(39.7)%

Revenue

- Decreased year-on-year basis due to deconsolidation of Writeup and sales/liquidations of overseas subsidiaries.

EBIT/EBITDA

- Gross profit was declined due to the deconsolidation, China cross-border EC business's earnings deterioration and inventory devaluation.
- EBIT and EBITD were increased by the increased gain from equity method company and gain from overseas funds.

(Unit: JPY million)	2019 Q1	2018 Q1	Amount of change	% of change
Revenue	1,260	1,546	(286)	(18.5)%
Gross profit	617	773	(156)	(20.2)%
SG&A	(531)	(738)	207	(28.1)%
Operating income	86	32	53	166.1%
EBIT	115	(40)	155	-
EBITDA	157	41	116	280.4%

[AUM*1 (FMV*2)]

AUM at the end of 2019 Q1 : JPY 30,035 million

(JPY 20,418 million increase from acquisition cost; up 212.3%)

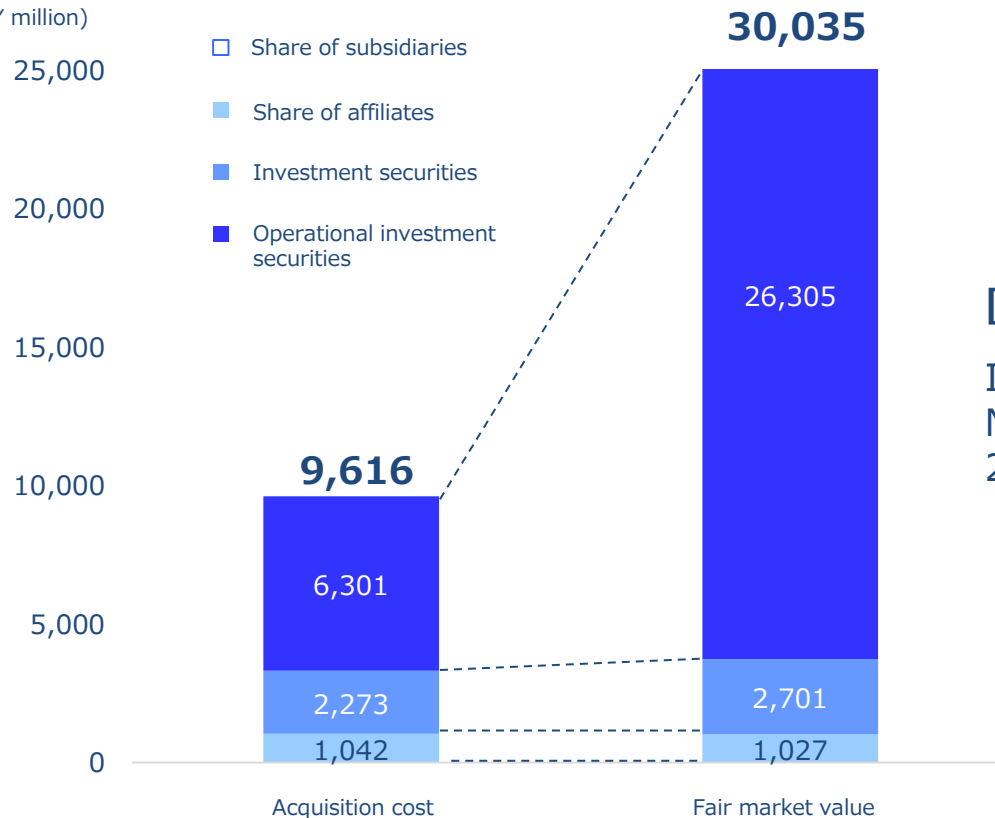
- Increased by JPY 8,817 million from 2018 Q4 due to higher market value of operational investment security such as Raksul.

[IRR (Internal Rate of Return)]

Improved by Raksul's market value increase

IRR of invested assets is disclosed for improving transparency of our return from investments

(Unit: JPY million)



2019 Q1	(Reference) 2018 Q4
15.7%	14.0%

[Other topic]

In March 2019, the first closing of OPT Ventures No.2 Investment Partnership, created in December 2018, has completed.



Synergy Investment Segment	Current Situation
Oversea Marketing	<p>Reorganization of overseas ad agency businesses</p> <p>2018 Liquidated</p> <ul style="list-style-type: none">-TOKYO GETS Co., Ltd-GRASIA Bangkok Co., Ltd. (Thailand) <p>2019 Currently in process of liquidation/sales</p> <ul style="list-style-type: none">-eMFORCE Inc. (Korea)-Chai Communication Co., Ltd. (Korea)-GRASIA Pte., Ltd. (Singapore)-OPT SEA Pte., Ltd. (Singapore)-OPTOK Co., Ltd. (Thailand) etc.,

SG&A costs increased due to investments on human resources (hiring and training) for mid-term growth, to enhancing group-wide management systems, and to amortization of restricted stocks granted to selected employees.

(Unit: JPY million)	2019 Q1	2018 Q1	Change amount
SG&A	(538)	(447)	(91)
Operating income	(538)	(443)	(94)
EBIT	(534)	(487)	(46)
EBITDA	(441)	(459)	17

Definition of Corporate Function cost

The definition of this Corporate Function cost has changed since 2018 as follows.

- ✓ Personnel cost at administrative division at OPT Holding
- ✓ Overhead cost to manage OPT Holding's administrative division except personnel cost.
- ✓ Expense for several services provided to Group companies by OPT Holding is included.

* Reasons for the discrepancy between SG&A costs and EBIT include non-Operating income and losses.

* Reasons for the discrepancy between EBIT and EBITDA include costs of stock compensation plan (since 2018 Q3).

* For comparison, gain on valuation of derivatives is excluded from 2018 Q1 EBIT/EBITDA.

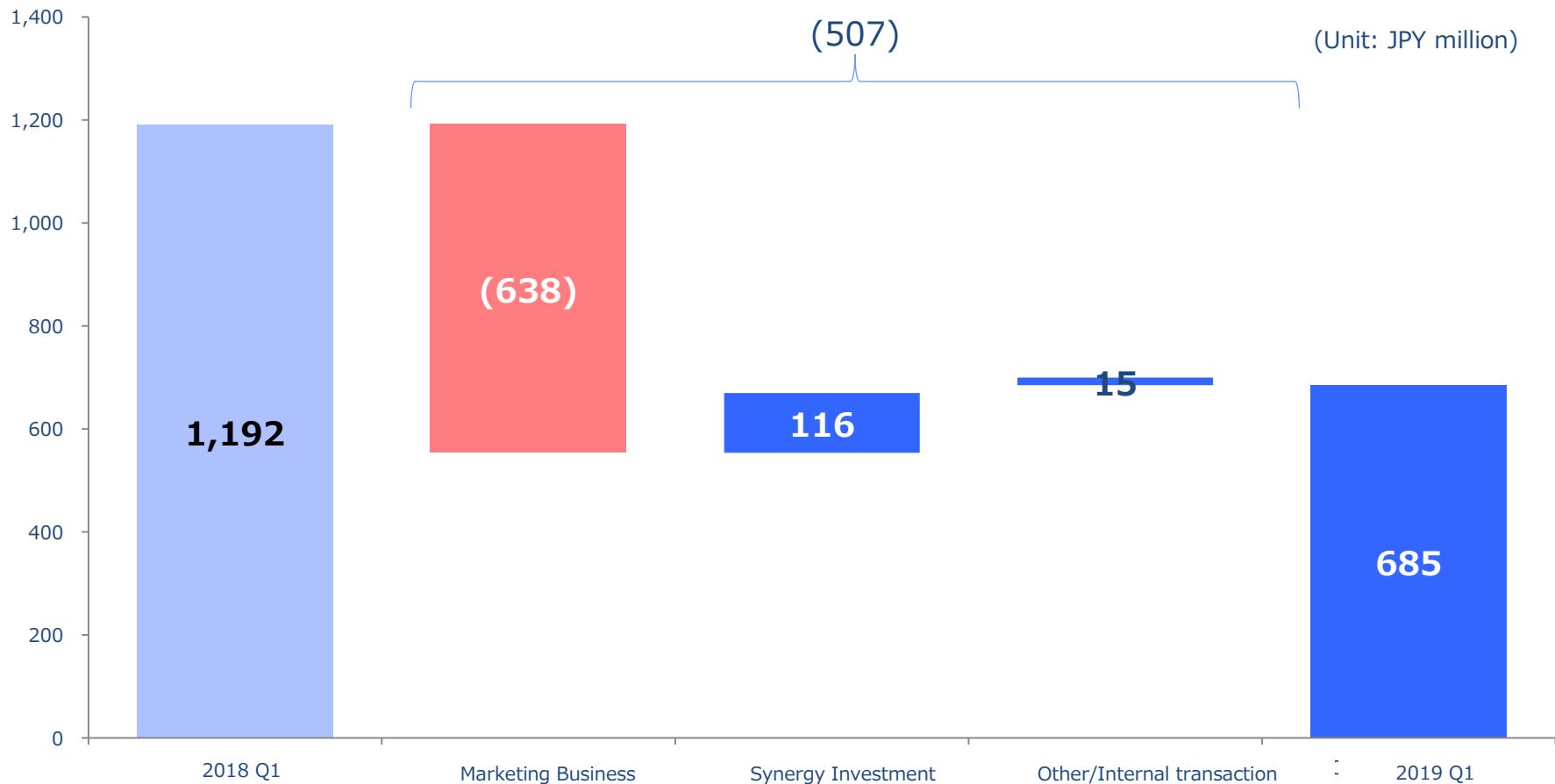
2019 Q1 Consolidated EBITDA Analysis (Adjusted)

Marketing Business

Decreased mainly due to declined revenue in both Large Corporation and Local SMEs and to higher HR related costs (hiring/training/promotion, etc.)

Synergy Investment Business

Increased by drop in SG&A from restructuring/liquidation of overseas subsidiaries and improvement in non-Operating income from gain in overseas funds, although Gross profit is reduced by deconsolidation of Writeup.



* EBITDA: Before allocation of Corporate Function costs



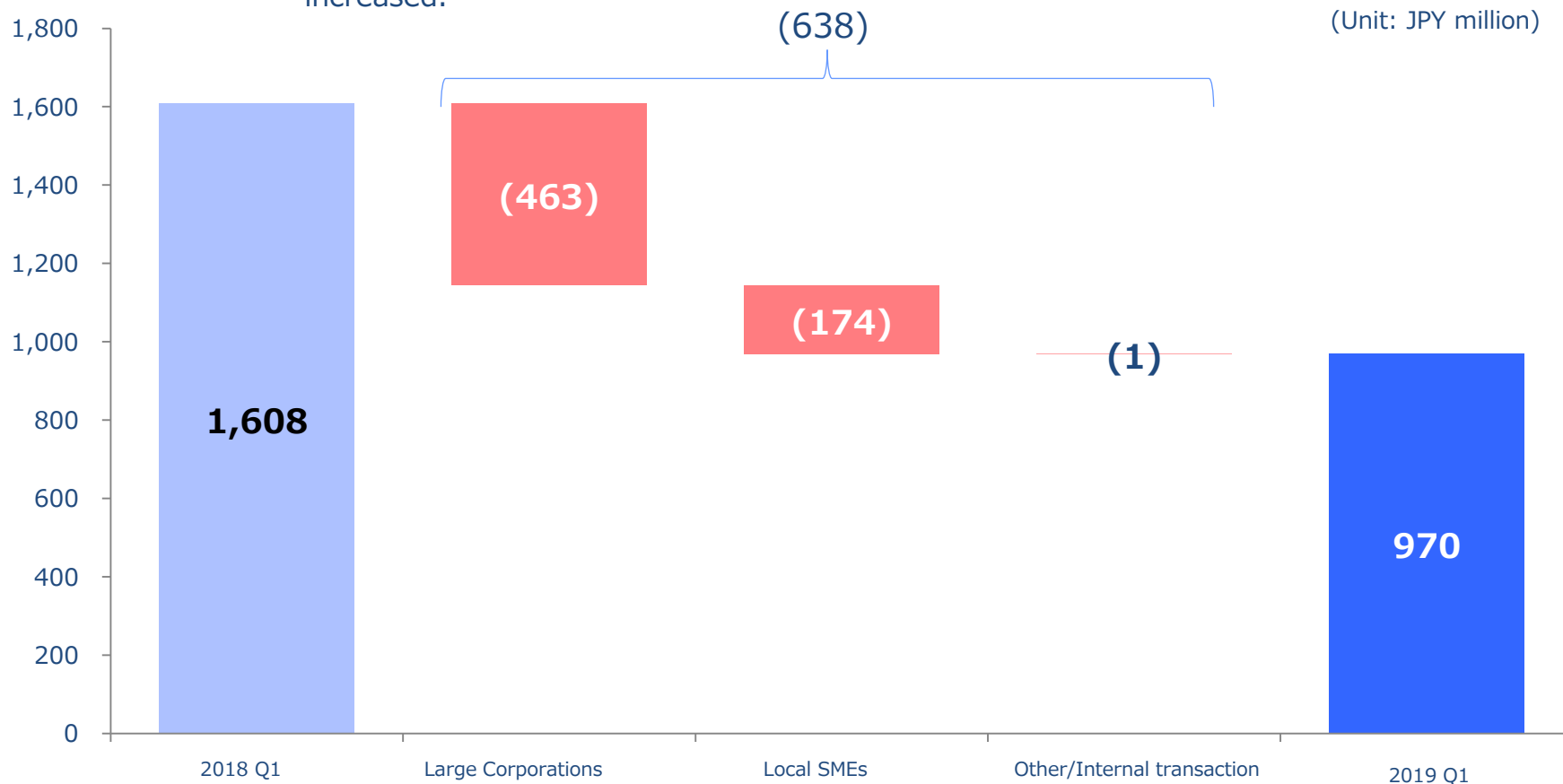
2019 Q1 Marketing Business EBITDA Analysis (Adjusted)

Large corporations

- Revenue declined year-on-year basis mostly because some clients of certain industries shrank their advertising budget
- HR related costs (hiring, training, promotion, etc.) increased year-on-year basis..

Local/ SMEs

- Growth in 2019 Q1 revenue is lower than the past due to decreased revenues from specific clients.
- Same as Large Corporation segment, HR related costs (hiring, training, promotion, etc.) increased.



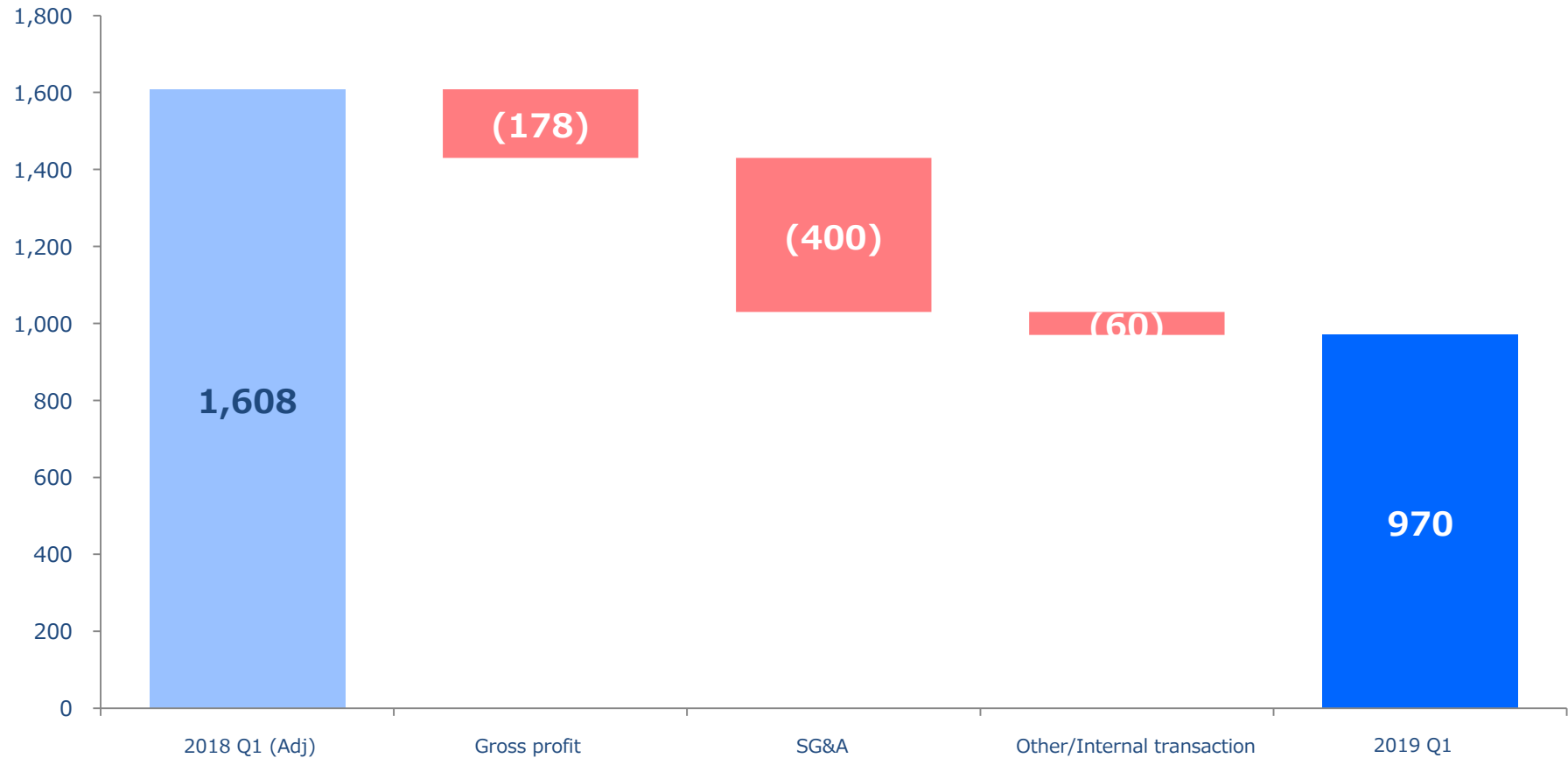
* EBITDA: Before allocation of Corporate Function costs



EBITDA YoY (39.7)% down

- Gross profit was lower by JPY 178 million from 2018 Q1 as revenue decreased.
- SG&A increased partly due investments on human resources (hiring, training, etc.)

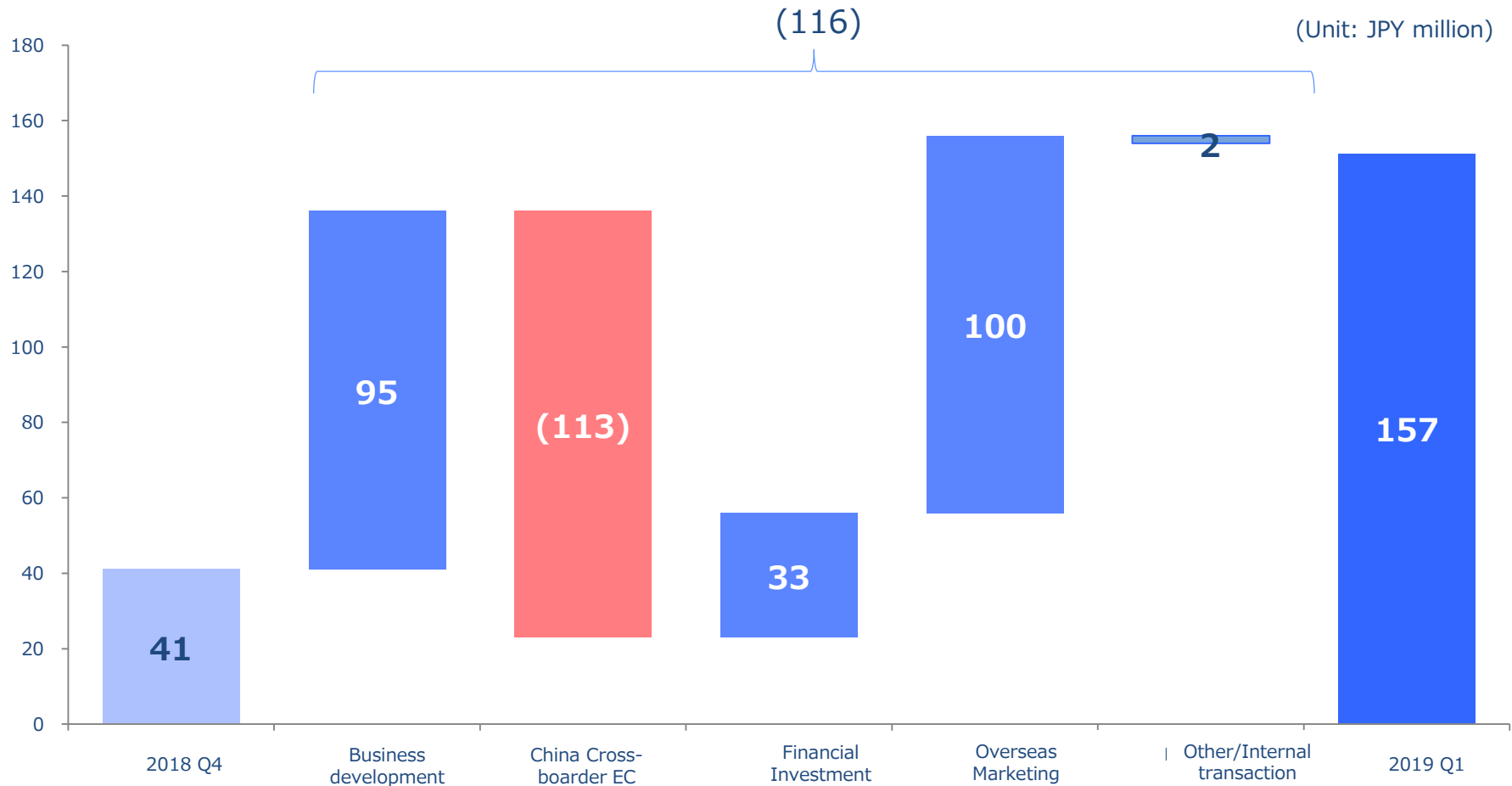
(in million yen)



* EBITDA: Before allocation of Corporate Function costs

2019 Q1 Synergy Investment Business EBITDA Breakdown (Adjusted)

- Business Development** Large project sales by SIGNATE
- China/cross-boarder EC** Deterioration in Gross profit margin and inventory devaluation
- Financial Investments** Gains on overseas funds
- Overseas Marketing** Decreased loss by restructuring/liquidation of non-profitable businesses



* EBITDA: Before allocation of Corporate Function costs



2

Update on Large Corporation Marketing Business Segment

Born in 1980 (38 years old)

2005: Joined OPT Inc. as a part-timer

2008: Head of the Sales

2010: General Manager of the Sales

2013: Marketing Executive Officer

2015: President & CEO of OPT Inc.

2017: Head of Marketing for Large Corporations,
OPT Holding Inc.

2019: Group Executive Officer, responsible to Digital Shift
Support

Major achievements and future direction

- Formulated “Vision” as the first attempt
- Expanded to its business domain and launch non-ad services
- Enhanced organizational capability through dramatically hire and train engineers and marketing specialists
- Appoint executives with diverse background and shift simple organization, with fewer layers.
- Head to be “Innovation Agency” by offering the best marketing solutions by client by client.





Market Dynamism \times Strategy

- ✓ Strategy for New Client Acquisition
- ✓ Strategy for Product/Service Development
- ✓ Strategy for Human Resource Development

Increase in inquiries and invitation to competitions

Direct Agenda (Conference)



Win Best Agenda Award, appraised our knowledge and practical know-how on direct marketing

Direct Agenda is a study conference where top 250 marketers get together

Senden Kaigi (study group)

Organize a study group of O2O marketing with Senden Kaigi Marketing Research lab



Senden Kaigi is the Japanese external research institute for marketing

Retail Agenda (Conference)

Did a presentation of the integrated marketing at the conference for domestic/international marketers from retail to manufacturing industry



O2OTech (Seminar)

Did a presentation at seminar event "O2O Tech" for clients from retail and manufacturing industry on how to leverage LINE.



Covered topics are the newest O2O strategy of LINE and future O2O market

Brand Summit (Conference)

Participated in an international conference to discuss brand value enhancement and marketing innovations. Participants are decision makers at advertisers and top experts.

Marketing Technology Fair

Did a presentation at the largest scale marketing event focusing on combining technology and know-how

Covered topics at the fair was to introduce a project with local government.

Increasing Digital Solutions

Behavior analysis x Location information

JINS Apps to analyze customer data and leverage O2O



Automatically receive push notification to the Apps users who are approaching the area where real store or shops located.

Joint development with clients

Claim Service on LINE account by SOMPO JAPAN

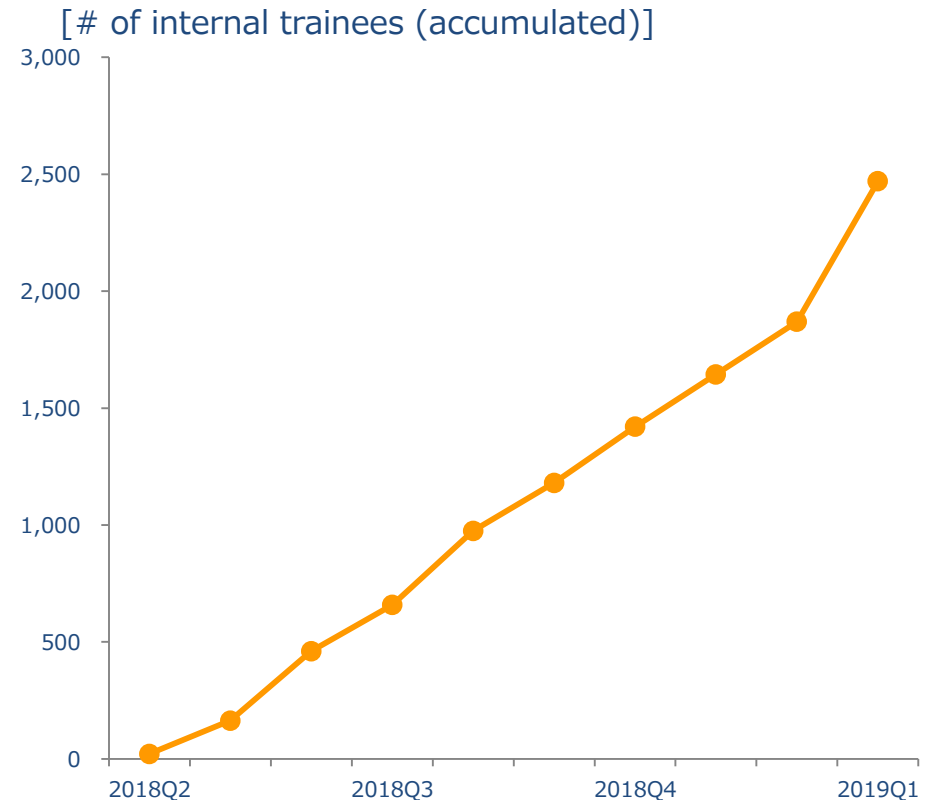
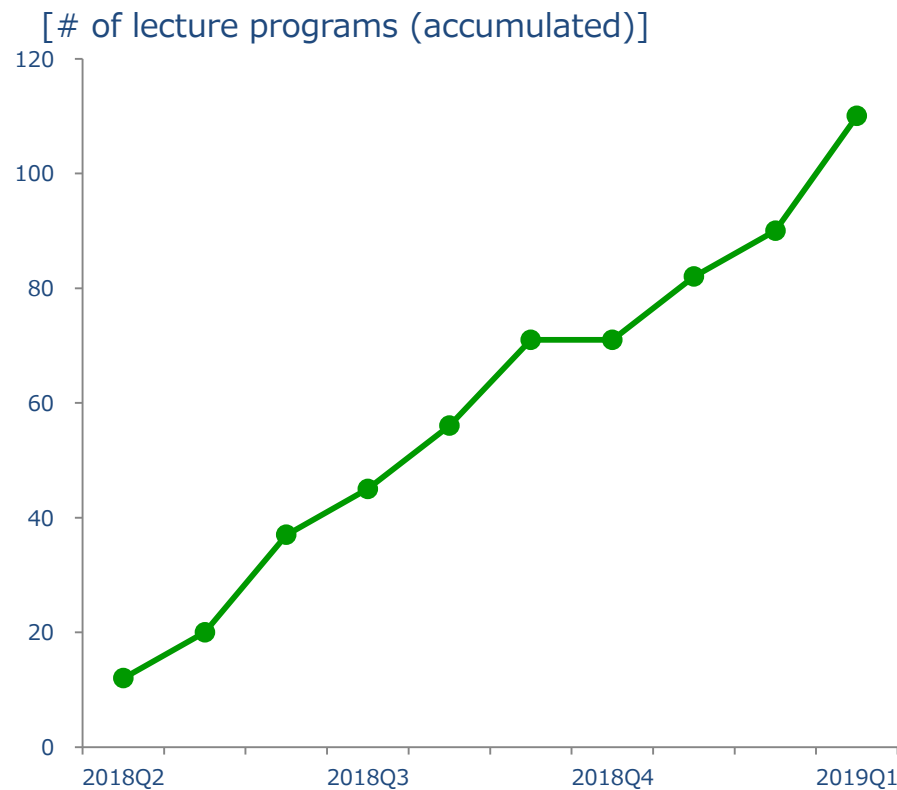
API for LINE's messaging apps
T&SUNAGARU

Providing new service on LINE through offering technical supports for LINE's Messaging API. OPT is a partner company of LINE's Biz Solutions Partner Program.



Enhanced/accelerated training to develop internal digital talents at “OPT HR Development Center”

Internal training programs leveraging group-wide knowledge/know-how to accelerate development of talents.
Improved quality and delivery of service to clients by our talents backed by group-wide knowledge management system.



A stylized map of the Philippines is formed by a dense collection of small, light blue icons. These icons represent various aspects of business and marketing, including storefronts, shopping carts, percentage signs, hearts, film reels, and communication devices. The map is centered on the page, with the title text overlaid on it.

3

Marketing Business for Local SMEs



Takeshi Ogiwara, MBA(Marketing)
Representative Director, Chairman,
and CGO of SoldOut, Inc.

Why I founded SoldOut, Inc?

Experiences that change myself

- Bankruptcy of my fathers' business when I was 10 years old
- Fail to run a small business started with friends after college graduation
- Learn from experience that sales expansion is the biggest issue for SMEs
- Become to believe Internet is fair marketplace for SMEs
- Recognize my SMEs' orientation not large enterprise as my own business
- Accumulated knowledge on Web marketing for 10 years

I founded SoldOut with a determination to set my own mission; to support SMEs to grow through solving the SMEs owners' problems and challenges that I have had the same experience.

ともに覚悟する。ともに挑む。

SOLDOUT

**To be No.1 player in marketing support for local SMEs
(Targeted market share:10%)**



**Society where SMEs fully use the Internet, and
Society where SMEs double their productivity**

100,000 job creation (through our clients)

- ✓ Established 21 sites across Japan
- ✓ Strong ties to clients

**Strength (1)
Talk directly**

- ✓ Find clients with ambition for growth and establish long-term relationship
- ✓ Accumulated know-how for local SMEs to realize better ROI through advertisement

**Strength (2)
Smart client development**

SOLDOUT

**Strength (3)
Comprehensive approach**

- ✓ Capable to address management agenda from multiple approaches including IT and HR service besides digital marketing

**Strength (4)
Business alliances**

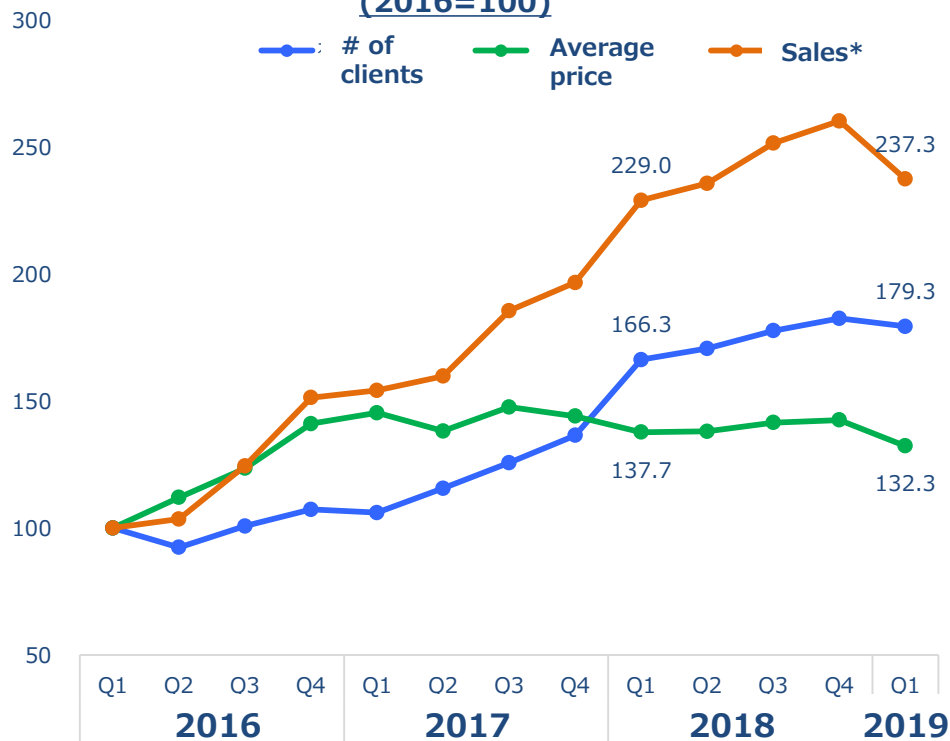
- ✓ No 1 in local SMEs market regarding ties with major platformers; Yahoo Japan, LINE, and Facebook, etc.

KPIs on track; Continuously aim for high growth

[# of companies × Unit Price]

- # of companies is steadily increasing (YoY +7.9%)
 - Average price per a client is decreased affected by declined sales from big clients (YoY (3.9)%)
- (Among mid-range price clients, unit price moves upwardly)

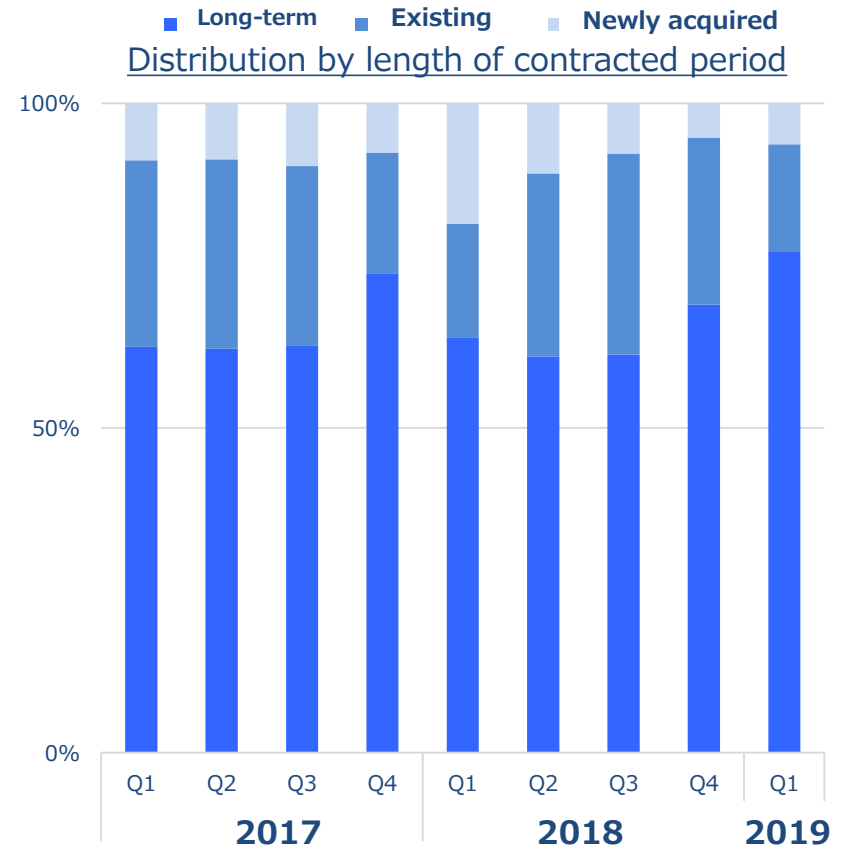
Trend of total sales, # of company, and price
(2016=100)



[Duration of contract (continuity)]

- Portion of long-term contract is increasing. (YoY +13.3pts)
- Make efforts to increase sales categorized by “new” and “existing”

Distribution by length of contracted period





4

Our Plan

“Digital Shift (DS)”: How we envision?

① **Support “digital shift”
For clients**

Provide DS support for overall corporate activities covering people, resources, financing, knowledge and information in addition to ad business

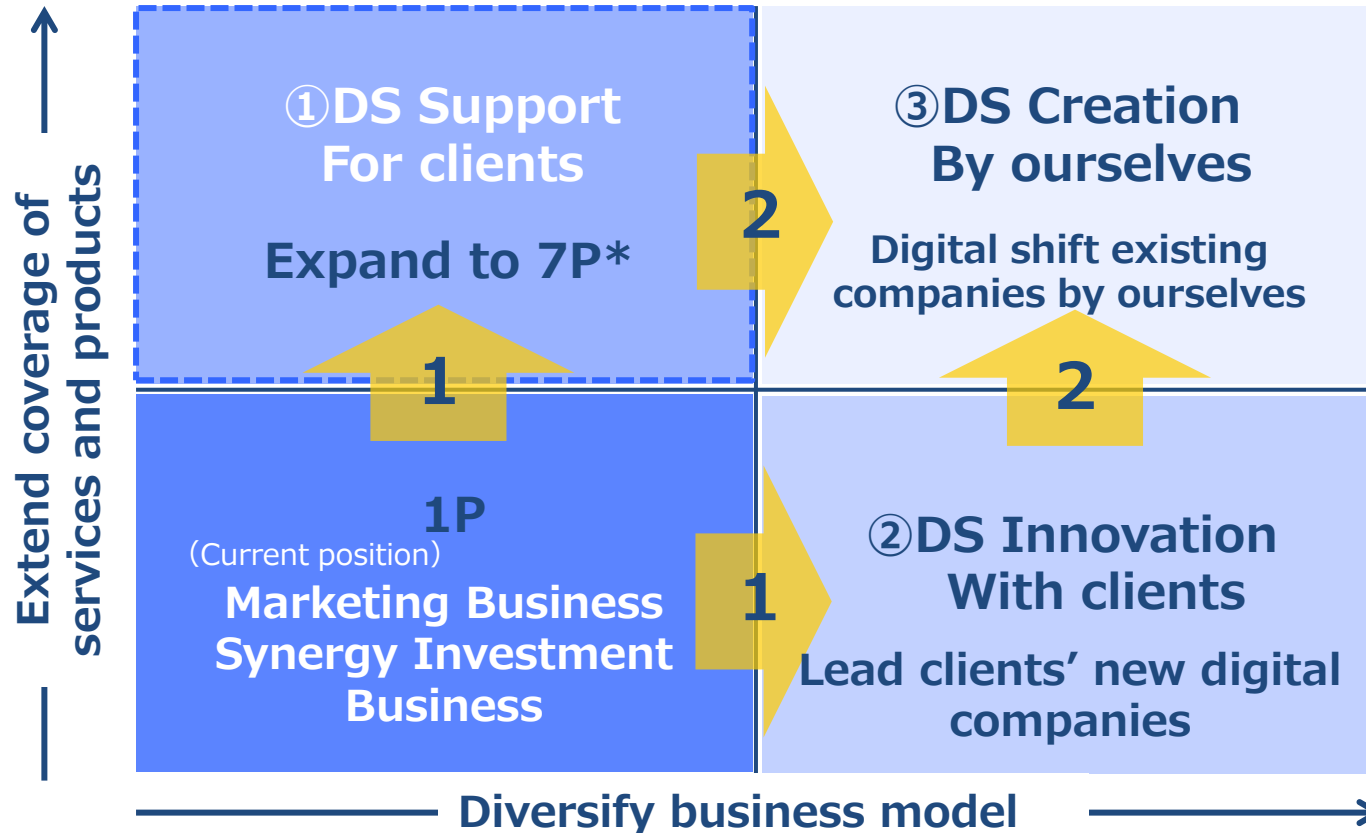
② **Innovate through
“digital shift”
With clients**

Commit ourselves to clients’ digital shift; support digital companies created with/by clients with our own group resources

③ **Create “digital shift”
By ourselves**

Implement digitalization of existing companies
Create digital business from zero to one

Digital Ad Agency plus Digital Shift Company



OPT Group's Core Asset

Approx. 6,000 client base / Approx. 1,600 digital talents
Strong connection to China / Established network with startups / No.1 in AI talent pool in Japan and advanced technologies



Progresses to Date on Our Strategy

Transformation to Ad Agency + Digital Shift Company

- (1) Branding as Digital Shift Company
- (2) Leadership Structure and Digital Shift KPIs
- (3) Our Strength in China Business
- (4) Our Strength in AI Business
- (5) Our Strength in Venture Investments

1. Start to issue “Digital Shift Times”

- Issue newsletters featuring most recent social and business movements related to “Digital Shift” (Plan to start in June 2019)

2. Publish a book focusing on Digital Shift

- Will be on store in Fall 2019

3. Start “Digital Shift Academy” and Digital Shift Workshop

- Start a full-range support service to develop clients’ future CDO/CDTO, and to realize digital shift at client companies (Plan to start in July 2019)

4. China Tech Tour

- Started unique study tours to see and experience China cutting-edge digital technologies

Established group-wide strategic organizational structure for Digital Shift

(Digital Shift KPIs are planned to be disclosed)



1. OPT is the only one non-Chinese company to participate in China national digital advertising project

- Chinese government approved to participate the project by evaluating our business achievement in Japan and business development plan in China .
- The official name of the project is “Shenzhen New Media and Advertising Industrial Park Introduction”

2. Co-invested in TechTemple Shenzhen which operates venture incubation facilities

- TechTemple group already have 10 sites. 500 companies are using its facilities, and also user companies can use tech temple networks and other benefits



3. China tech tour

- China is the most innovative place, superior to Silicon Valley
- China tech tour, leveraging our strong connection with Chinese business, is very popular. Tours are currently conducted multiple times per year, for clients like Japanese auto and retail industries.

4. Created OPT China (established on April 1, 2019)



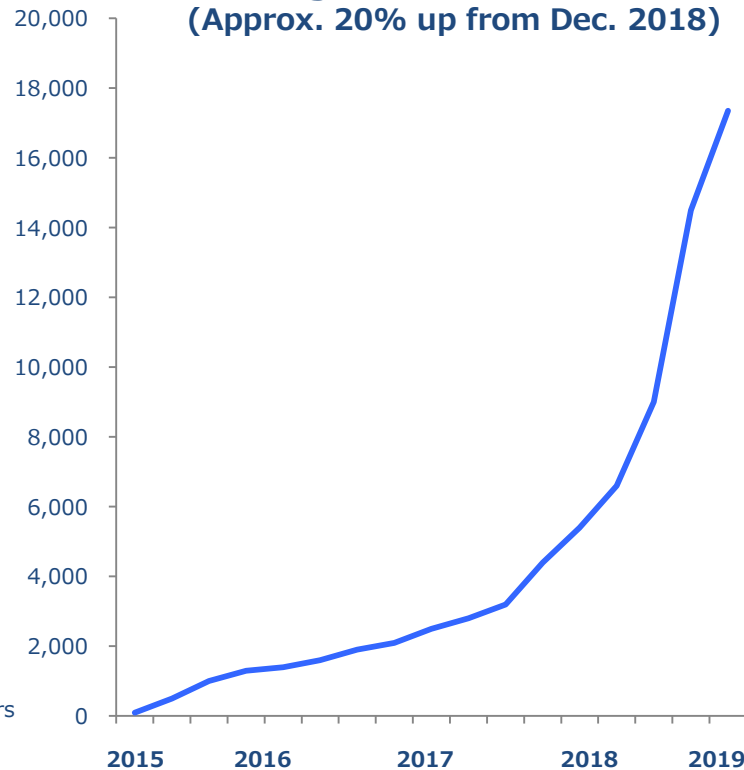
- Plans to sell goods and services in China as a sole agent for Japanese SME manufacturers
- Cross-boarder e-Commerce business to general trading

Established a new company in April 2018 and started full-range operations

Participating in large-scale social infrastructure projects

Membership on our AI platform

Reached to 17,000 engineers registered in 2019
(Approx. 20% up from Dec. 2018)



SIGNATE: Reasons to be chosen

① Want to know who is excellent AI service provider or competent engineer

SIGNATE's AI platform provides transparent and accurate information by its original scoring system

② Talent shortage in Japan for AI development

Support through SIGNATE AI platform which has the largest registration number of data scientists

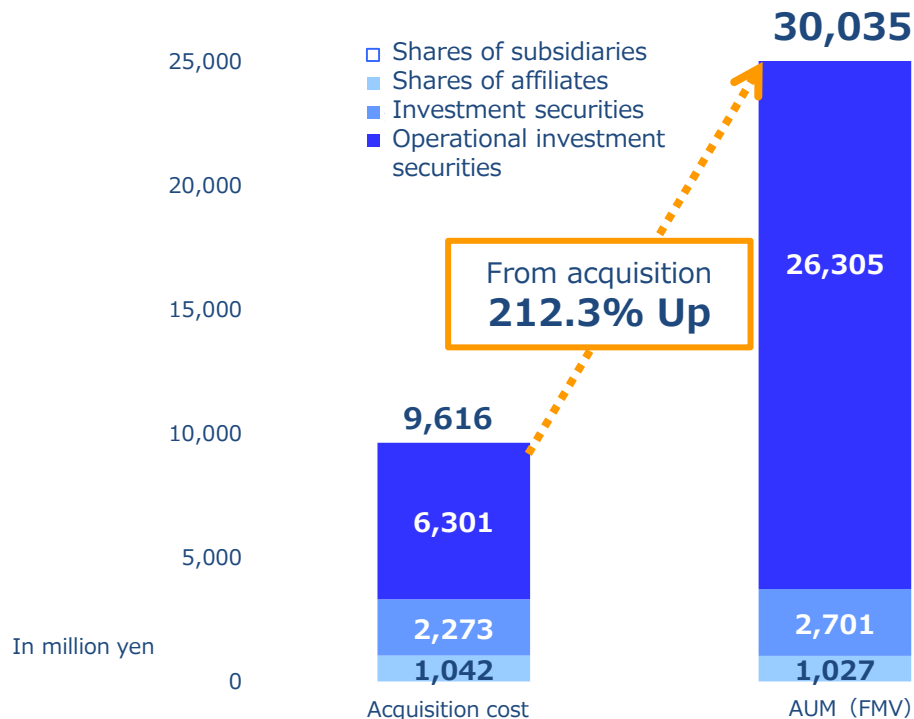
1) Created OPT Ventures #2 Fund

- JPY 10 billion size, completed the first closing

2) Investments grow steadily, and AUM increases

- RakSul's stock price rose after their IPO and other major investments are also in growth phase

[AUM (Fair market value)]



- Investing in startups which offers sharing economy related service
 - Portfolio include many startups with high growth potential
- Major Investments**

RakSul (TSE 4384)

ジモティー **coconala**

SPACEMARKET

sitateru
Made by imagination.

Lancers

A world map where each country is filled with a dense collection of small, light-blue icons. These icons represent various aspects of business, finance, and industry, such as buildings, dollar signs, percentages, hearts, and tools. The map is centered on the Atlantic Ocean.

5

2019 Full-year Earnings Forecast



Earnings Forecast for Full-year 2019: No Change in guidance as of Today

Marketing Business :

(In JPY million)	2019 Q1 (Actual)	2019 Full-year (Forecast)	% of Progress
Revenue	20,298	93,500	21.7%
EBIT	859	5,000	17.2%
EBITDA	970	5,550	17.5%

Outlook for 2019 Q2 or later

- Sales from a part of existing clients, whose sales were stagnant, is expected to recover.
- Strong new business wins through competitions; will start to translate into sales from 2H of 2019.
- Aggressive investments on human resource (hiring and training) started from 2018 would bring benefits in 2019 2H or later.

Synergy Investment Business and Corporate Function Cost:
No major changes from the guidance as of today



6

References

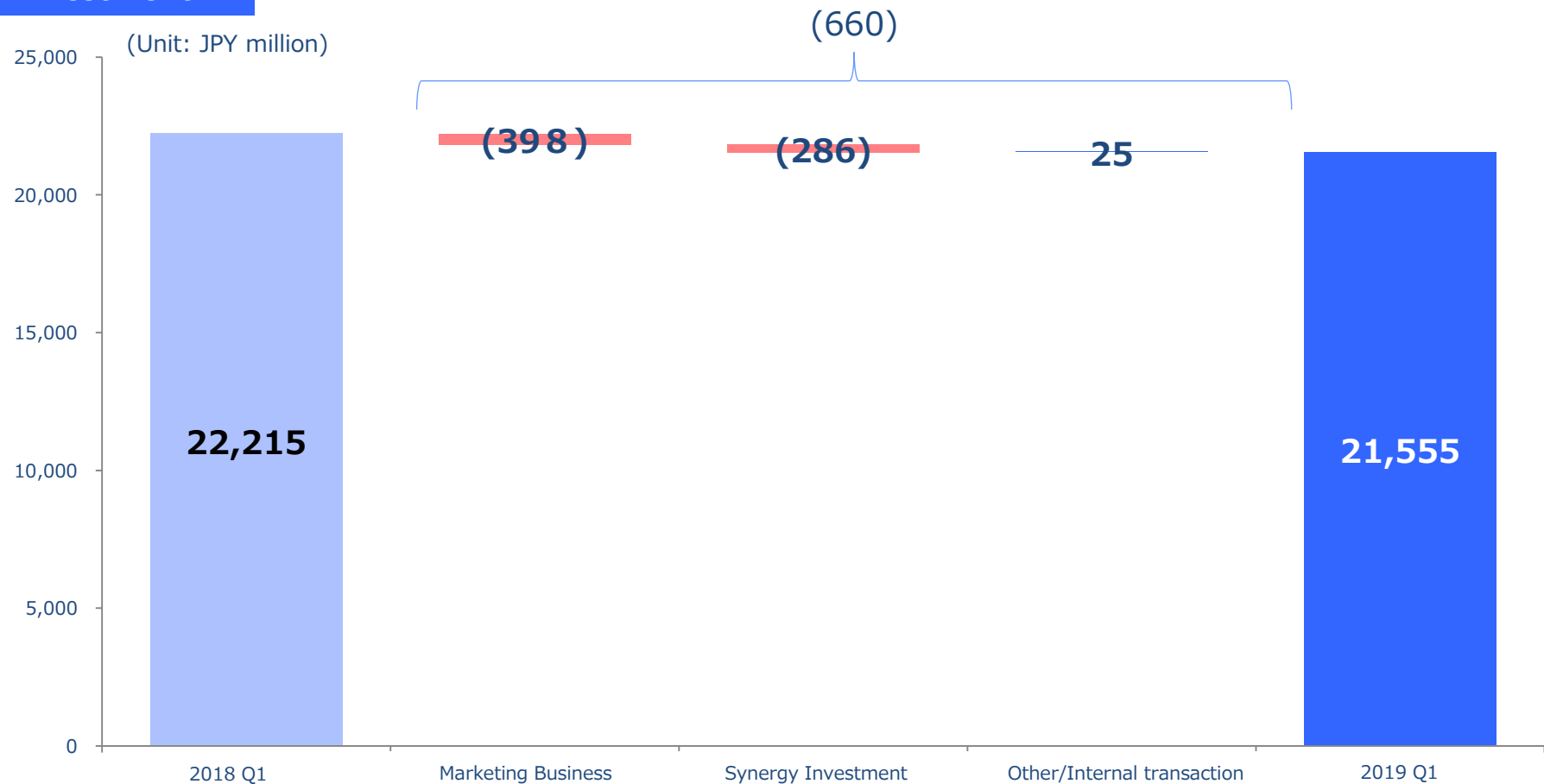
Marketing Business

Large Corporations: Revenue fell YoY, as some clients shrunk their advertising budgets

Local SMEs: Revenue growth for 2019 Q1 was smaller than past, due to declined number of billings from some client

Synergy Investment

Decreased due to deconsolidation of Writeup and sale/liquidation of overseas subsidiaries

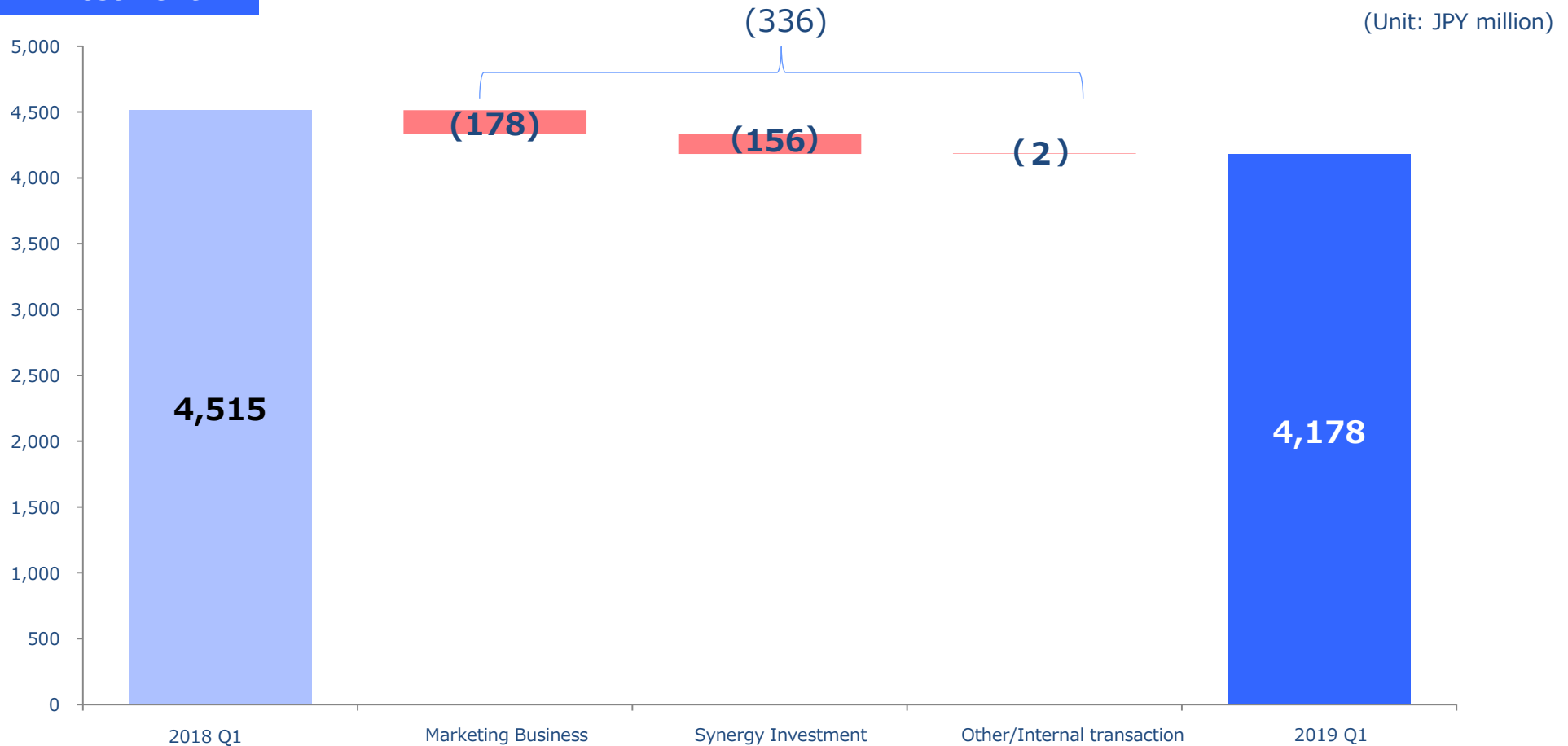


Marketing Business

Decreased by lower revenue in both Large Corporations and Local SMEs

Synergy Investment

Declined by earnings deterioration as well as inventory devaluation in China cross-border business in addition to deconsolidation of Writeup

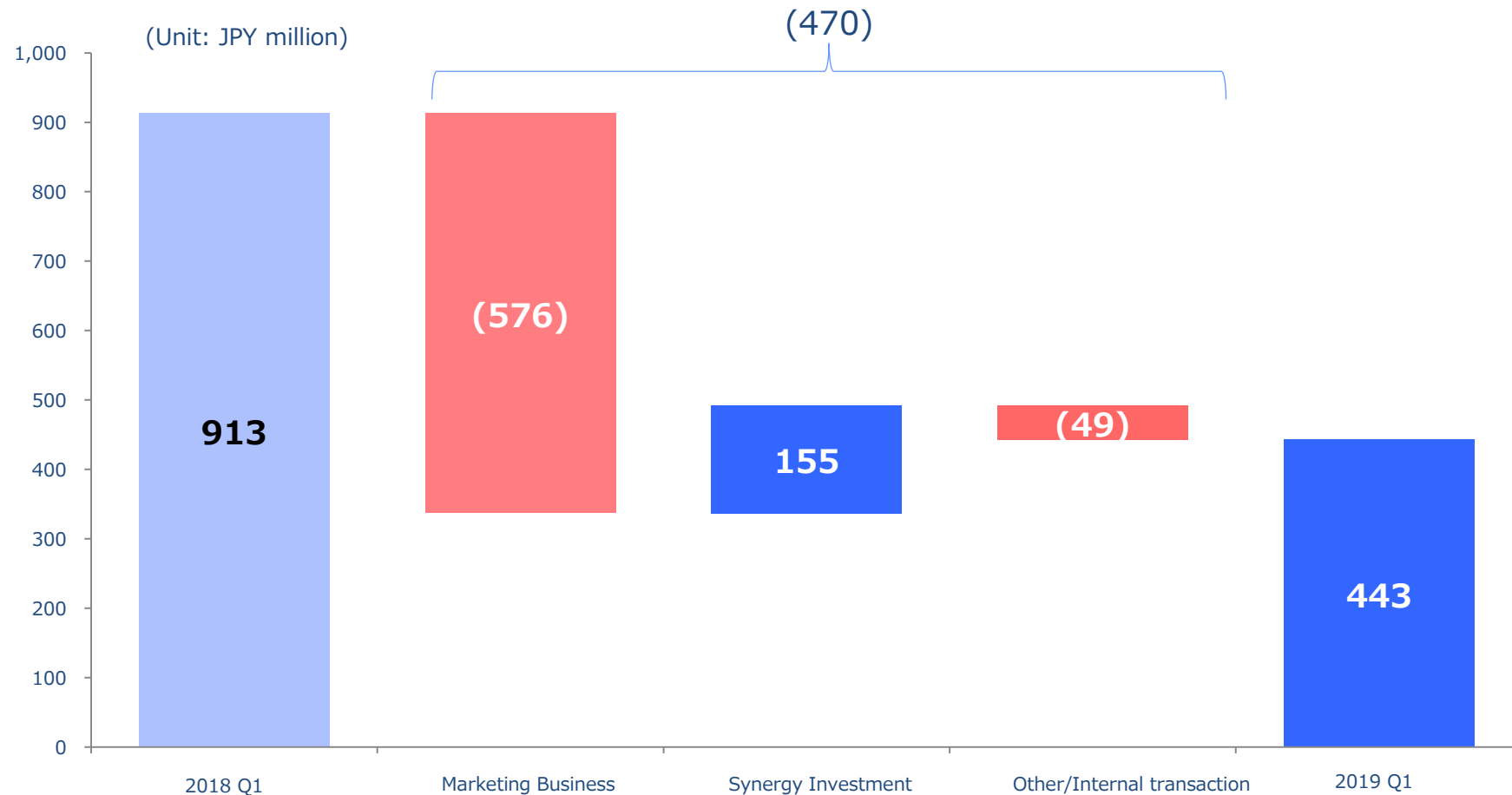


Marketing Business

Declined due to revenue decrease in Large Corporations and Local SMEs and increased staff costs (hiring/training/promotion, etc.)

Synergy Investment

Increased by improved profitability of equity method company and gain on investment partnership in spite of Writeup deconsolidation, offsetting lower revenues and deteriorating Gross profit deterioration by inventory devaluation in China cross-border business.





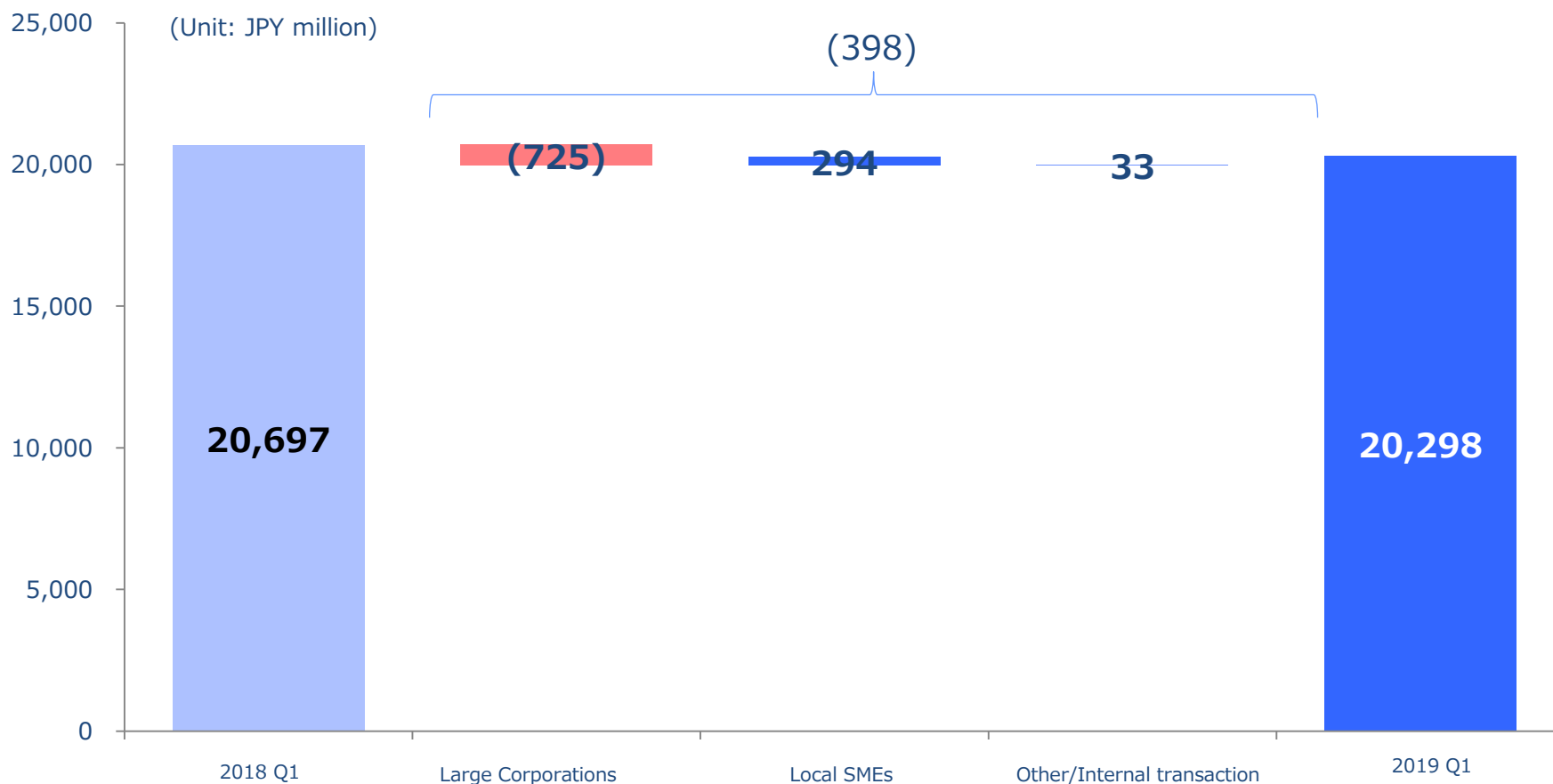
2019 Q1 Breakdown of Marketing Business Breakdown of Revenue (Adjusted)

Large Corporations

Revenue declined mainly due to some clients shrank their advertising budgets

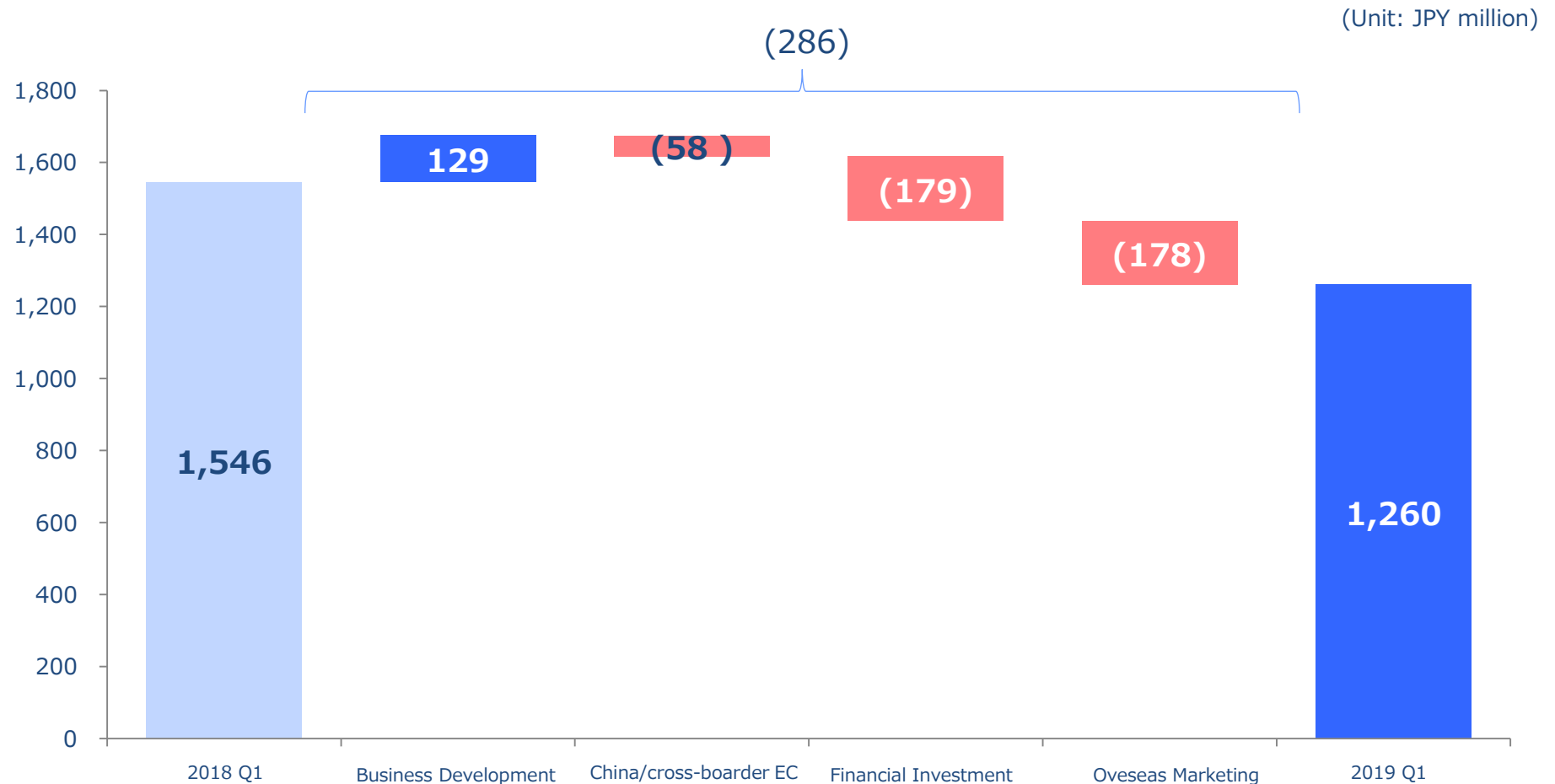
Local SMEs

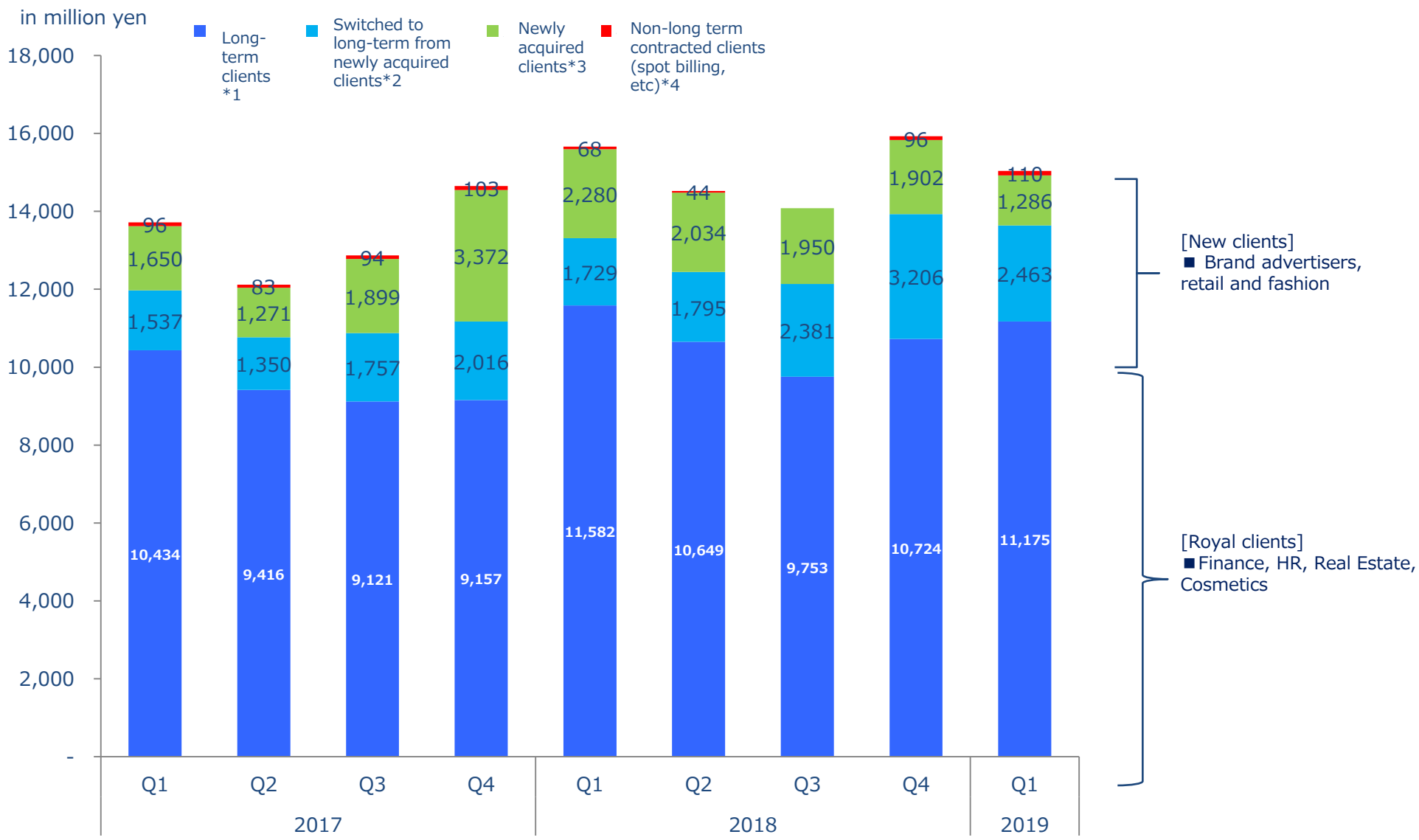
Revenue growth slowed due to declined number of billings from some clients.



2019 Q1 Synergy Investment Business : Breakdown of Revenue (Adjusted)

- Business Development** Revenue expanded by large projects by SIGNATE
- China/cross-boarder EC** Decreased revenue by switching the business model from cross-border EC to general trade
- Financial Investments** Declined due to deconsolidation of Writeup
- Overseas Marketing** Decreased by restructuring/liquidation of non-profitable businesses



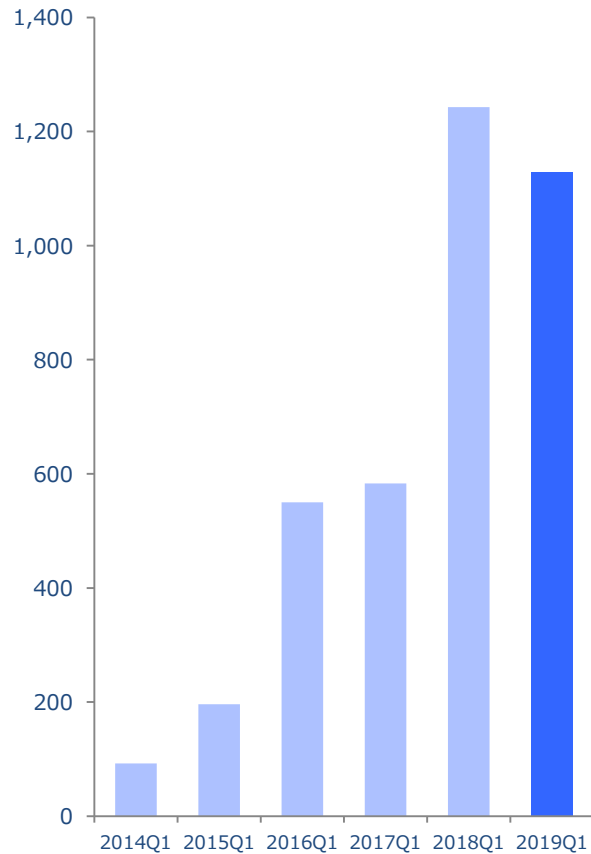


The category above is defined based on service period; *1: More than 24 months *2: 12 months ~ 24 months, *3: 1 month~12 months, *4: Less than 1 month

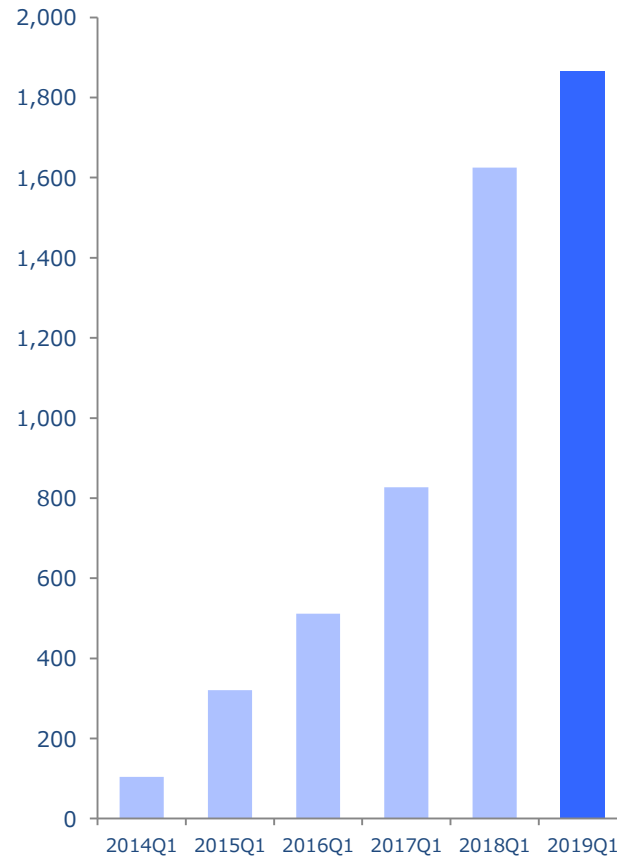
SNS ads and LINE ads continued to grow thanks to focus on strategic targets (brands/O2O), but video ads were down YoY

(Unit: JPY million)

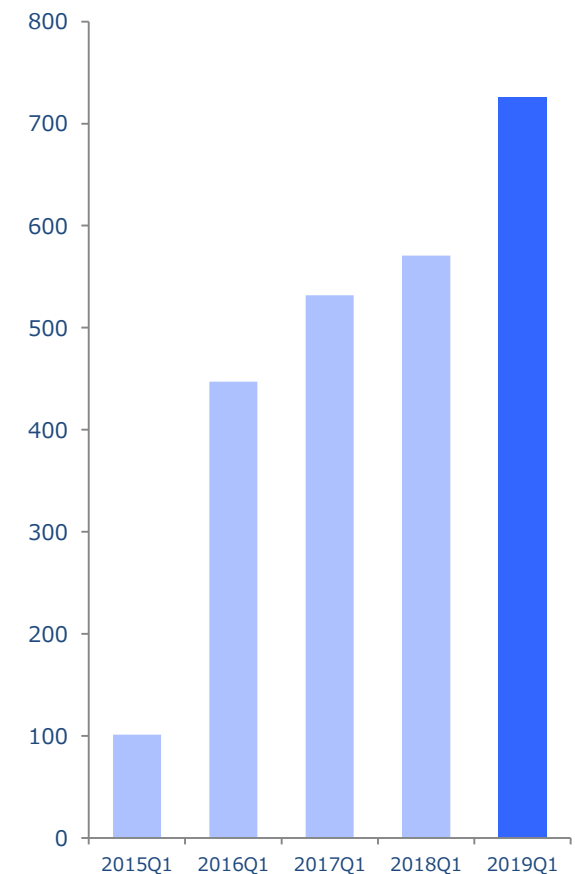
[Video Ad]
YoY:(9.2)%



[SNS Ad]
YoY : +14.8%

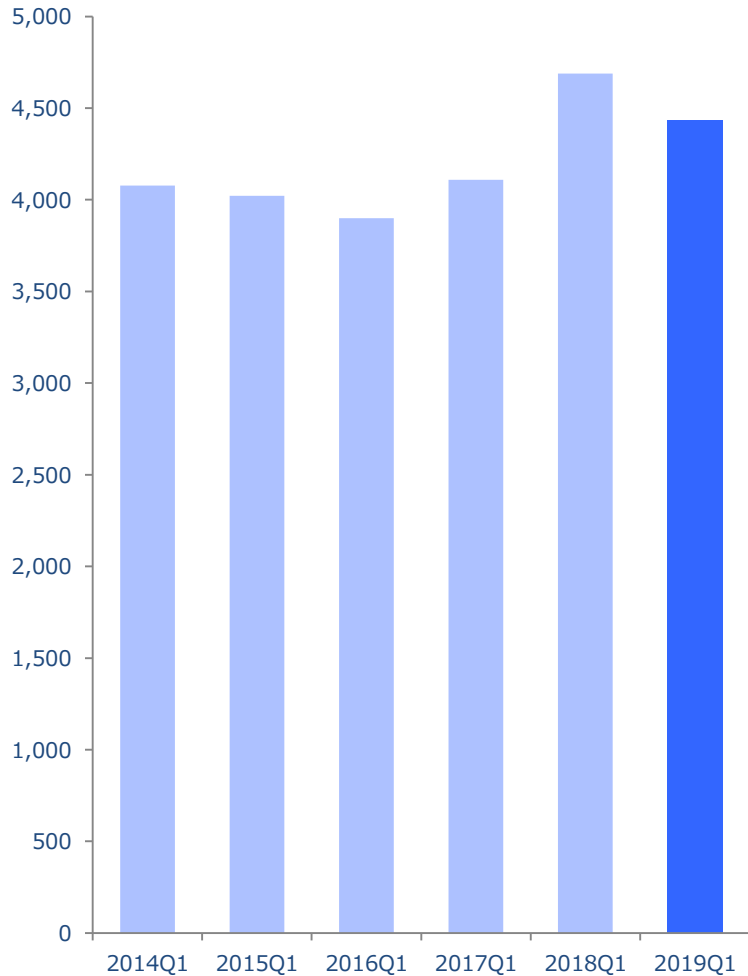


[LINE Ad]
YoY : +27.2%



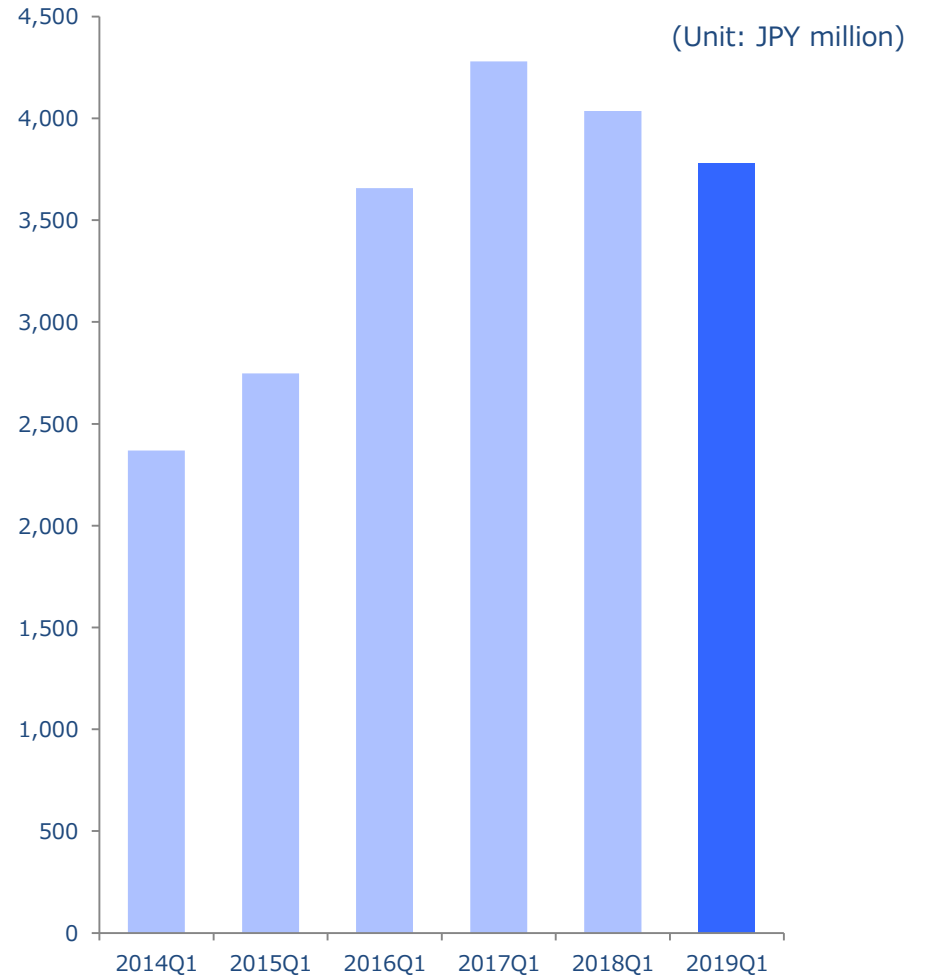
[Listing Ad] YoY : (5.5)%

Declined affected by decreased billing from a HR service clients



[Ad-network Ad] YoY : (6.3)%

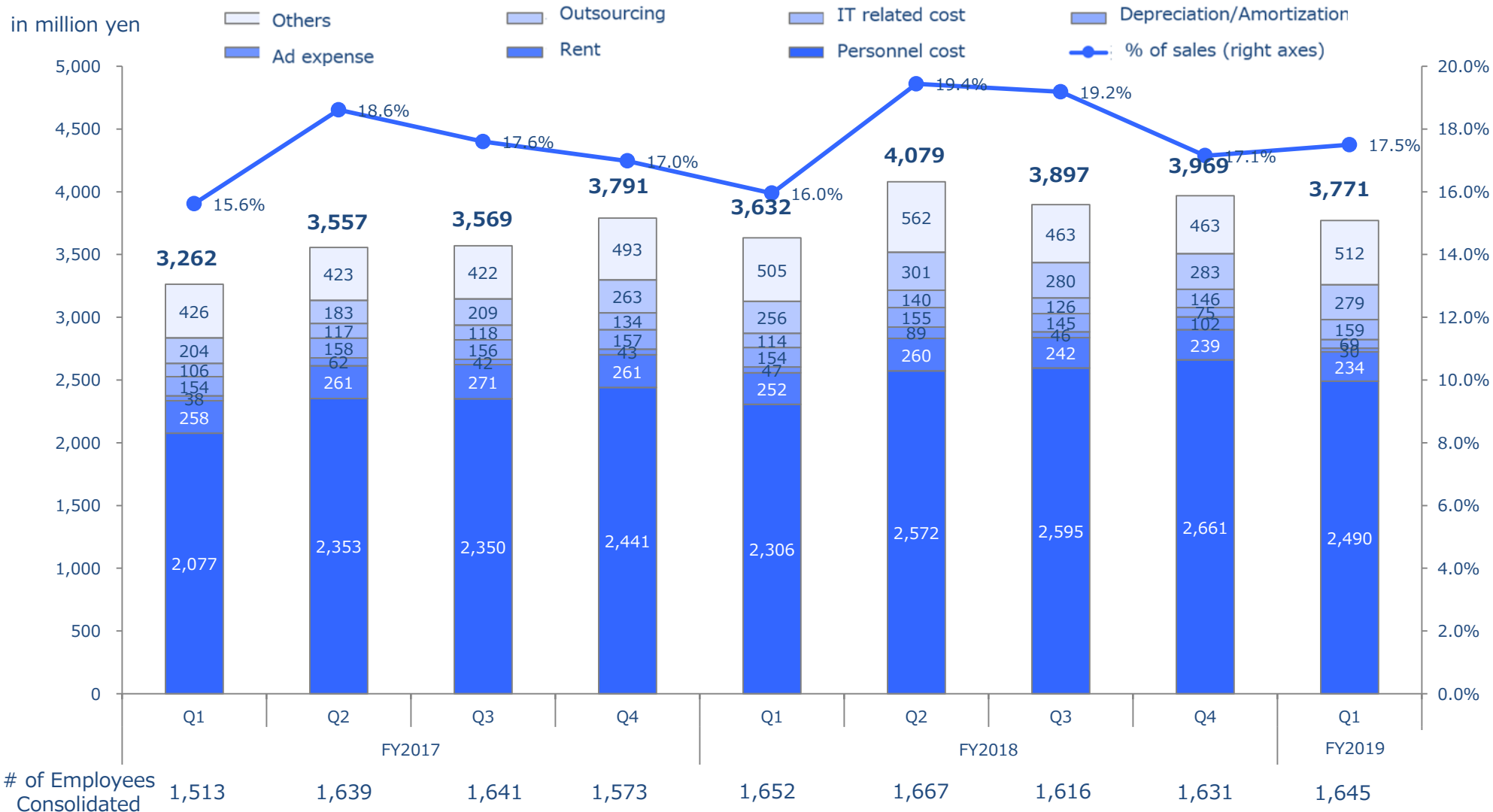
Declined associated with the decreased billings from real estate clients and HR related service clients



Quarterly Consolidated SG&A Movement

Continued investment on human resources (hiring/training) for mid-term growth and enhancing group-wide management system increasing SG&A.

(Unit: JPY million)



Note; Employee include regular employees and contractors.

1) Shares of consolidated Subsidiaries and affiliates: book value.

2) Operational investment securities and other investment securities; calculated depending on the classification

Classification	Valuation method
① Notes and securities of which investment amount is small	Acquisition cost
② Listed companies' shares	Closing price at the end of March 2019
③ Securities (except ① or ②) with the recent financing	Based on value on the recent financing
④ Securities except above	CMV*1, DCF*2, or net asset method*3 depending on each company's status.

*1: CMV (comparable multiple valuation) method

Applied to issues for which competitors are set in SPEEDA, an information analysis tool.

*2: DCF (discounted cash flow) method

Applied to issues for which competitors are not set in SPEEDA and with reasonable business plans using KPIs or any other basis for calculation are available. If there are any discrepancies between the actual performance and the business plan, it will be adjusted by the plan achievement ratio.

*3: Net asset method

Applies to issues for which: (i) no specific business plan is available, (ii) a company with going concern, or (iii) the FMV estimate by the CMV or DCF method falls below shareholders' equity attributed to us.

KPMG AZSA LLC has provided us with guidance and advice in calculating FMV for the investment business.

item		contents
Investment		Those invested in or after 2003
Reference date for calculation		End of reporting period
Method	Impaired investment	Calculated as if they were sold at the net asset value after impairment.
	Investment with recent financing	Calculated as if they were sold at the refinance valuation.
	IPOed investment	Calculated as if they were sold at the market value as of the reference date.
	Fund	Calculated with the amount collected until the end of the reporting period and the book value as of the end of reporting period.
	Others	Any other investment with no change in their 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.
Income taxes		Income taxes are included.



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