

THE LEADER in DIGITAL SHIFT

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- 1 Introduction of Opt Group**
- 2 4 Turning Points**
- 3 OPT Group's Vision**

① Introduction of OPT Group



Opt Group: Digital Shift Company

OPT Holding Inc.



FY2018 Full-year results

Over 1,600 employees
Diverse staff with digital talents

- Consultant
- Engineer
- Creator, etc.

Marketing Business

Marketing for local/SME clients (SoldOut, etc.)

Sales: JPY 16.8 billion
EBITDA: JPY 1.1 billion

HR support
(recruiting, training)

IT support

WEB marketing support

Solution development

Marketing for large corporations (OPT, etc.)

Sales: JPY 64.4 billion
EBITDA: JPY 3.7 billion

Synergy Investment Business

Business development / AI business (SIGNATE, etc.)

AI business

New business development

China EC support

Venture investment (OPT Ventures, etc.)

EBITDA: JPY 1.6 billion
AUM: JPY 30.0 billion
(At the end of March 2019)

Fund investment

Balance sheet investment

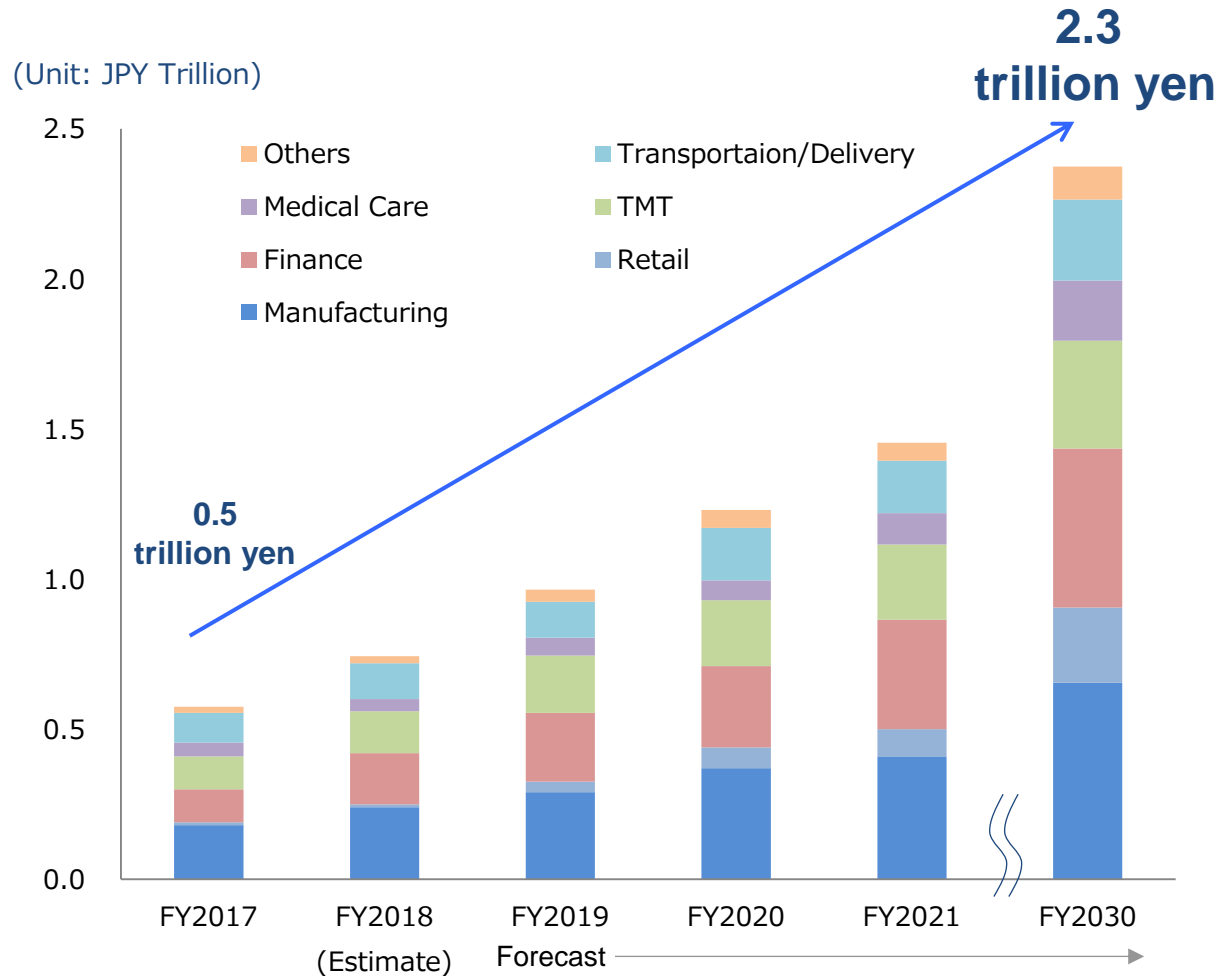
Local SMEs

Metropolitan major cities large-size corporations

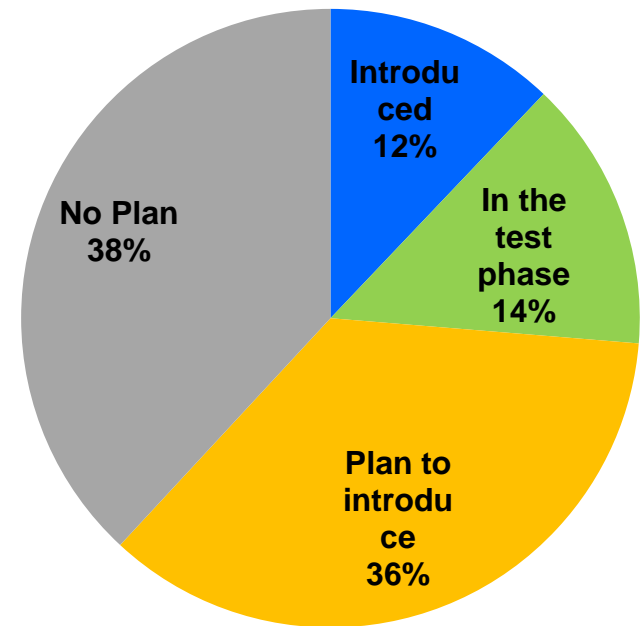
Startup companies

Overseas companies

Forecast for Digital Shift and its related Market in Japan*

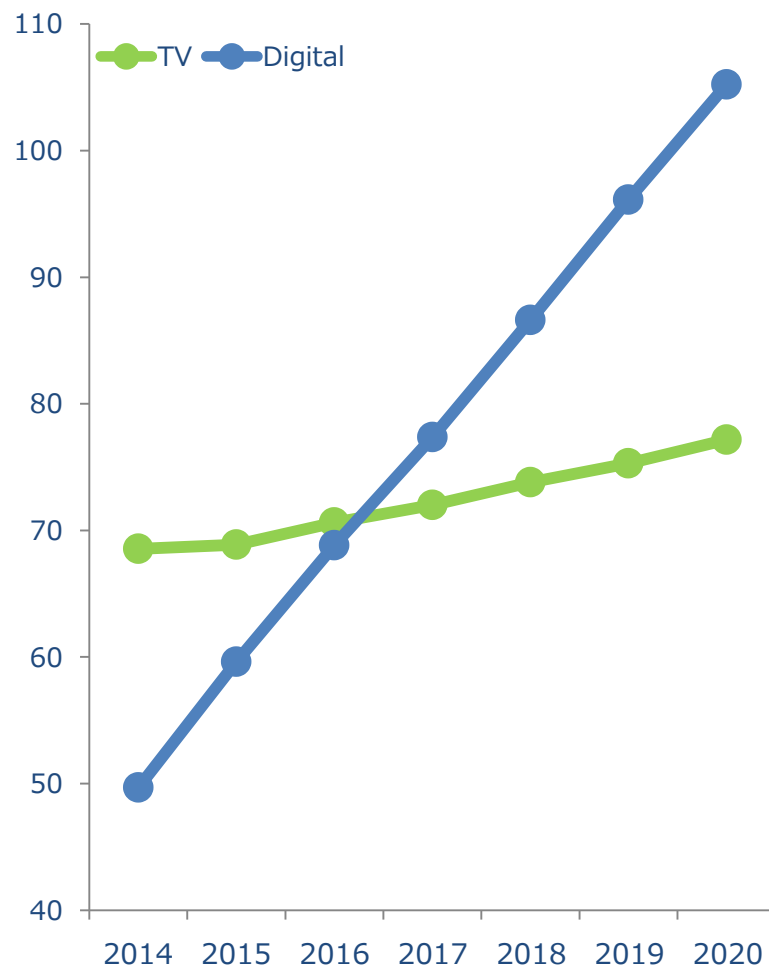


Current status of digital shift in Japanese companies



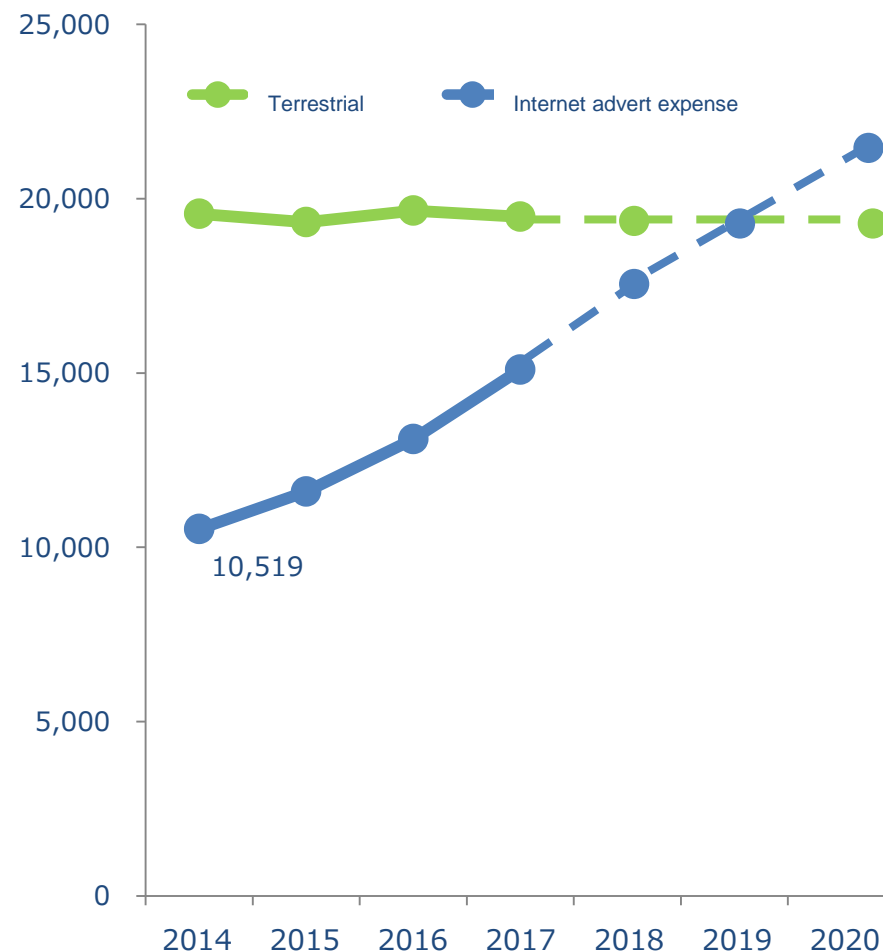
US Internet advertising market

(Unit : billion \$)



Japan Internet advertising market

(Unit: JPY in 100 million)

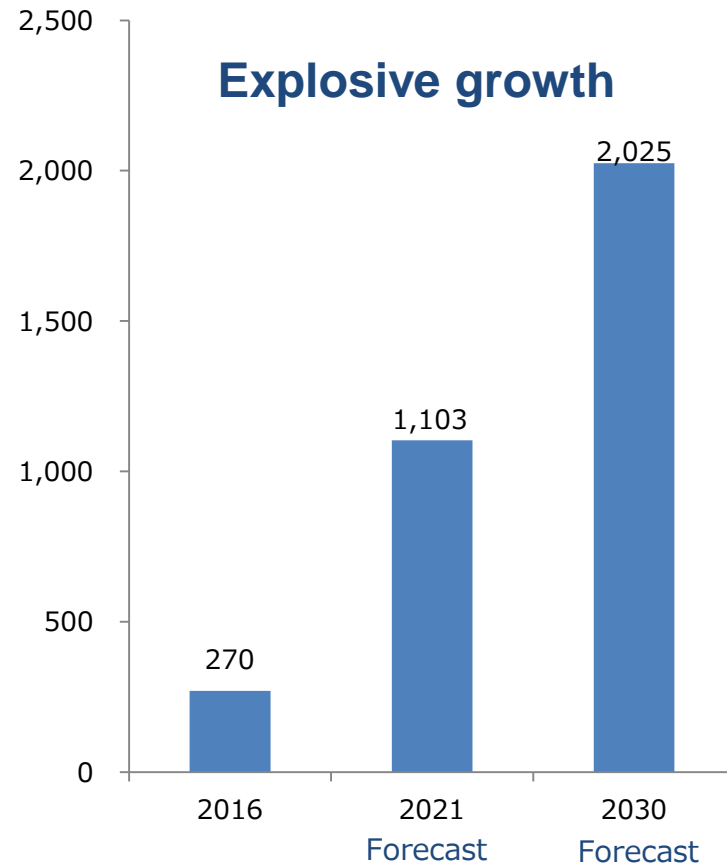




We expect AI business market to expand to JPY2.025 trillion yen by 2030
Meanwhile, IT talents shortage is a huge social problem

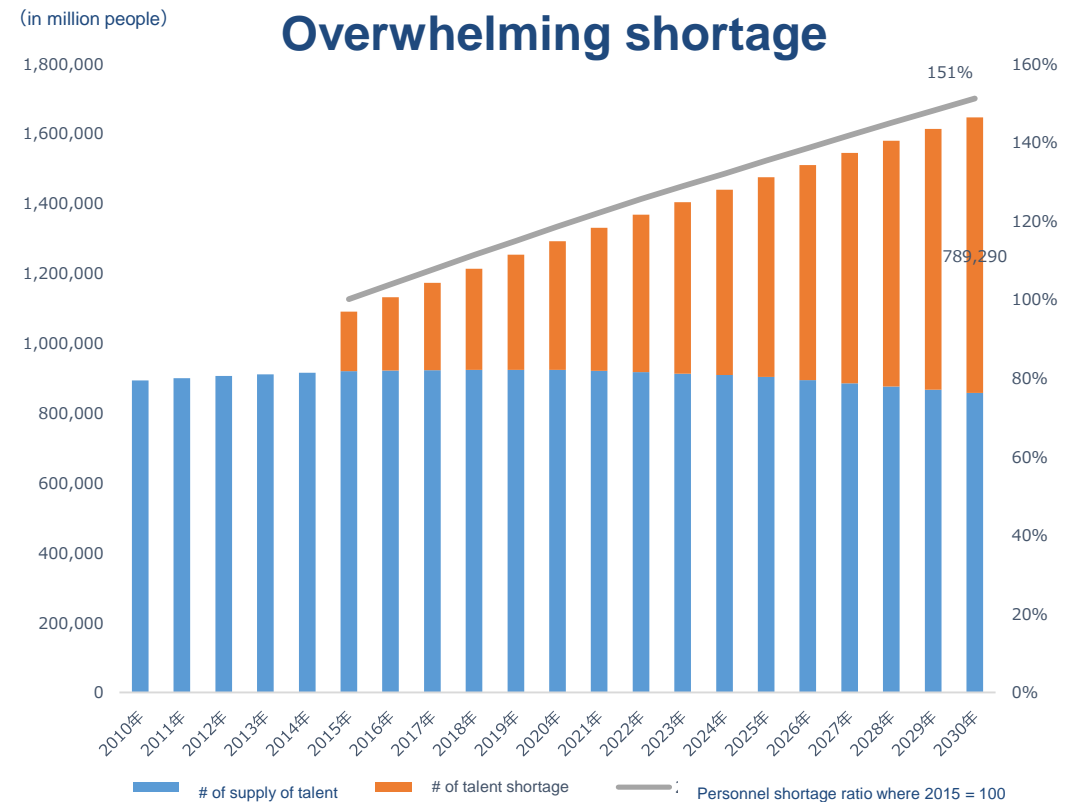
【AI Market】

(Unit : JPY billion)



【Demand of IT talent (overall) and supply outlook】

Overall IT talent in user companies, IT vendors, Internet companies



2

4 Turning Points

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



- Management

1 Transformation to “Digital Shift Company”
- Marketing business for large corporations

2 Back on industry’s top-class growth rate
- Marketing business for local/SME clients

3 Positioned at dominating No.1 market share
- Synergy investment business

4 Growth Investments for future

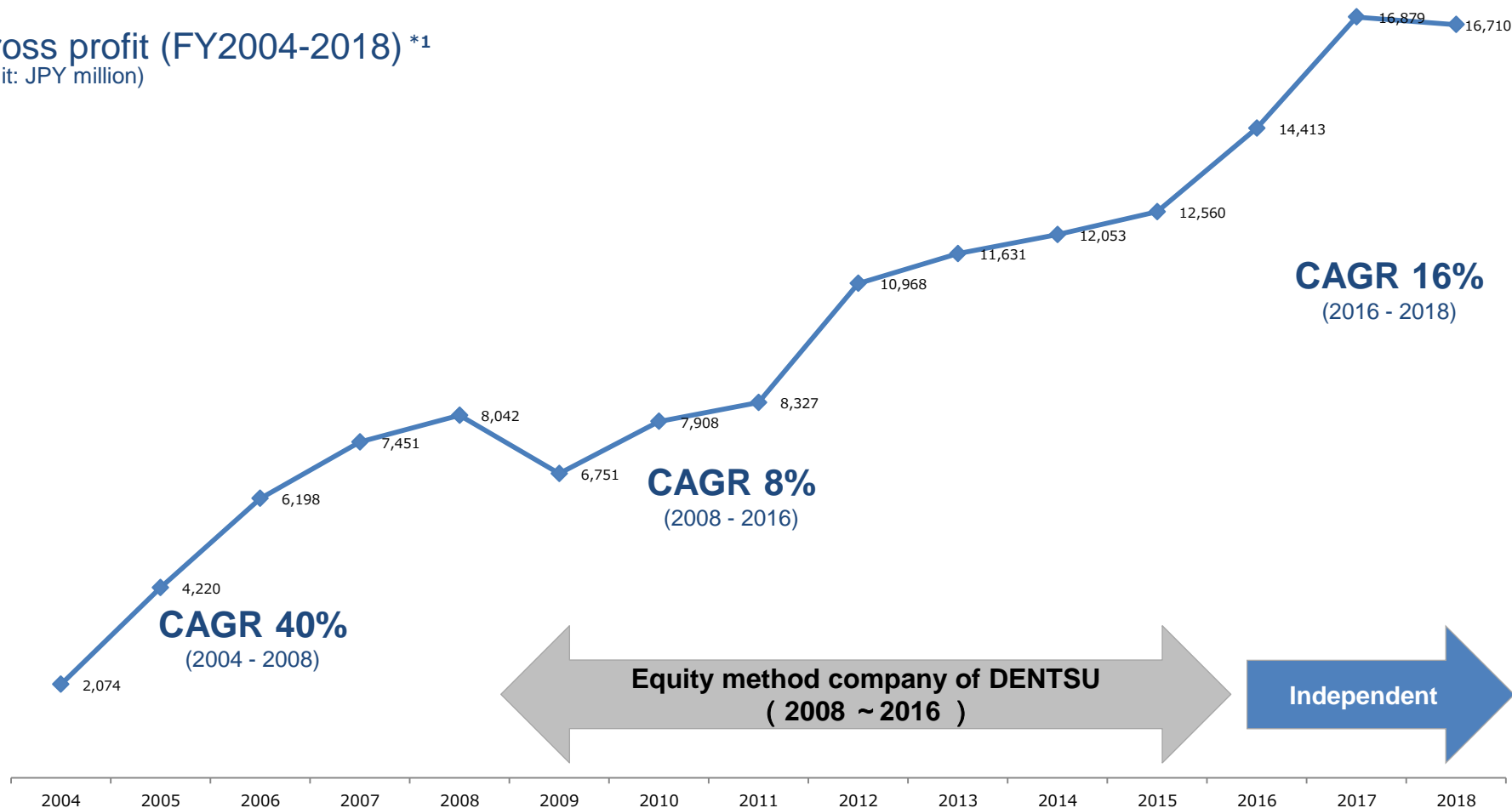


(1) Management

Returned to high growth 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.

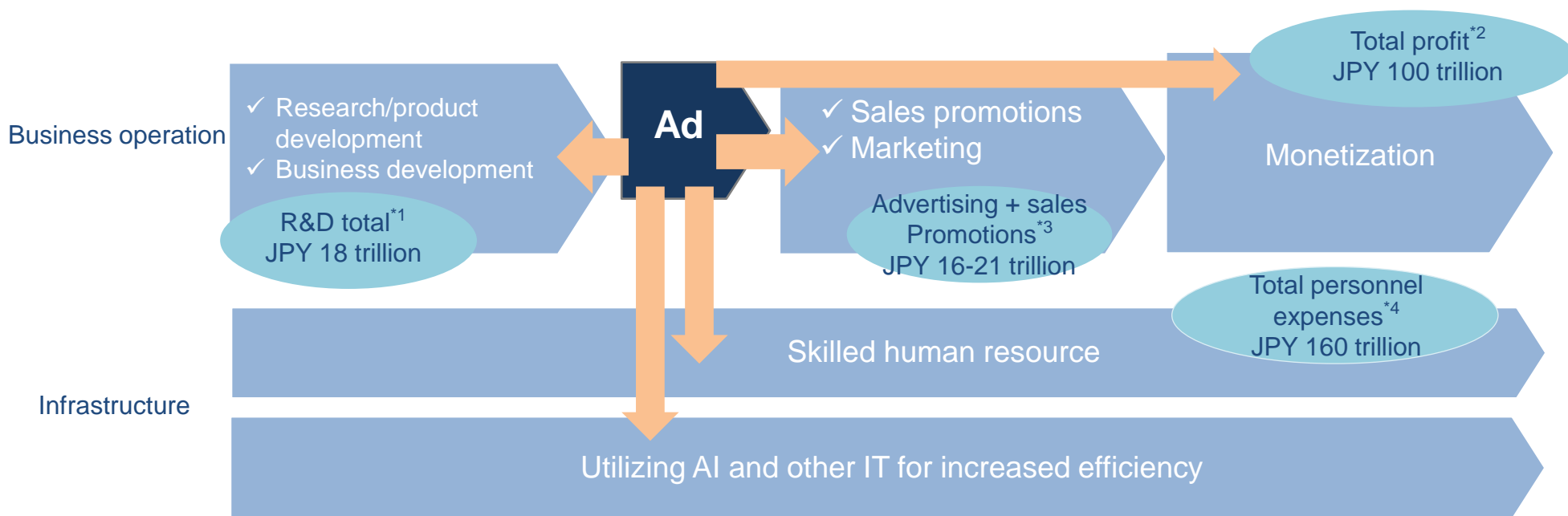
Gross profit (FY2004-2018) *1
(Unit: JPY million)



Ad Agency plus Digital Shift Company expanding our business domain

- Digital Shift is essential for survival for any companies
- Inquiries/support requests pouring in from clients for the most updated digital technology information, new business models, startup companies, talent development/assignment of staff and AI system developments in addition to Internet ad.
- Experience/expertise gained through supporting DENTSU digital shift

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



From ad market to other core corporate activities
Transform OPT Group to “Digital Shift Company”



Succeeded in capturing two major market opportunities

1. TV ad is losing ground

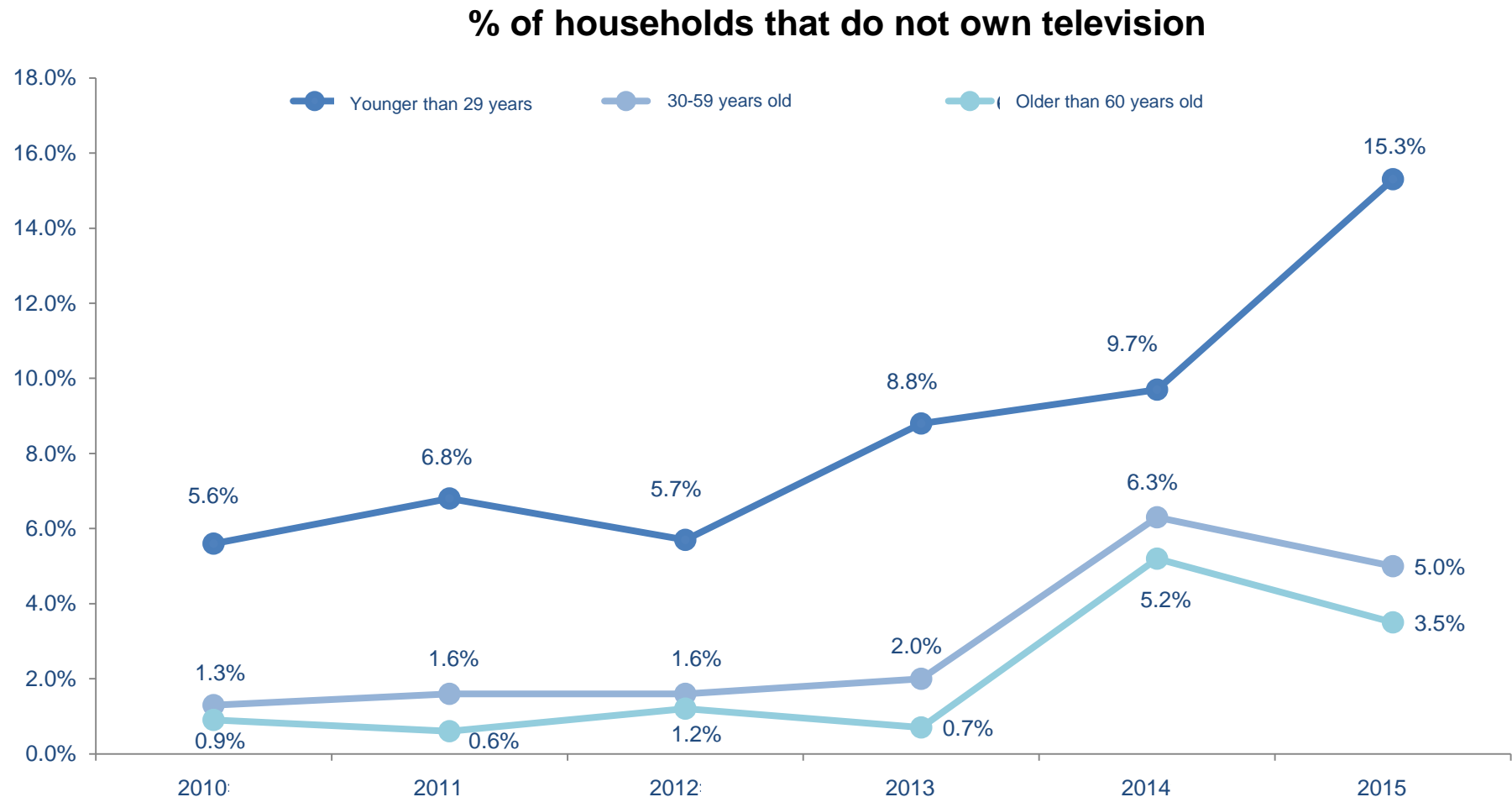
➡ **Acquiring brand sponsors' ad spending**

2. Newspapers/Flyers is declining

➡ **Acquiring retail clients**



Households without TV set on dramatic increase

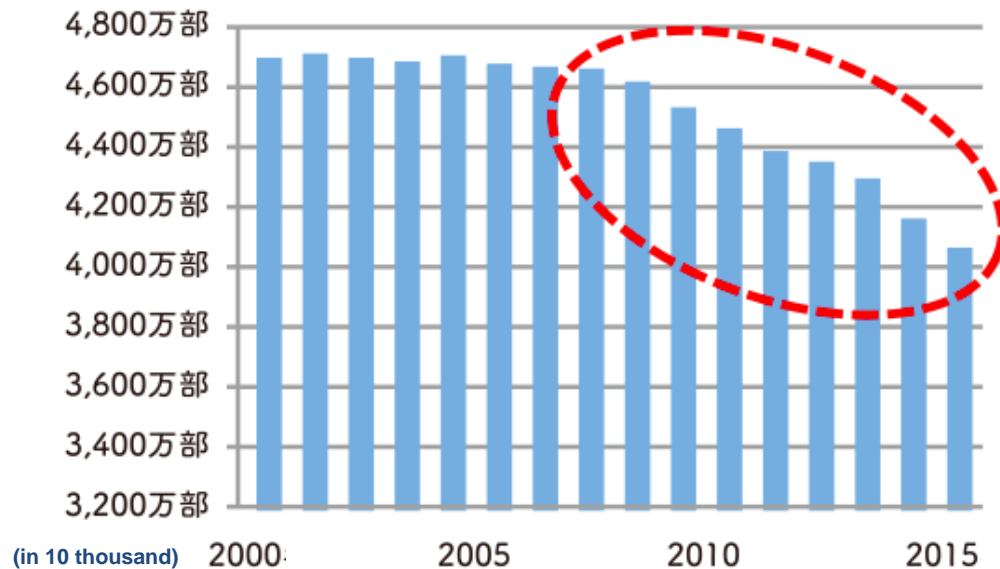


(2) Marketing for Large Corporations: Newspaper flyers also losing dramatically

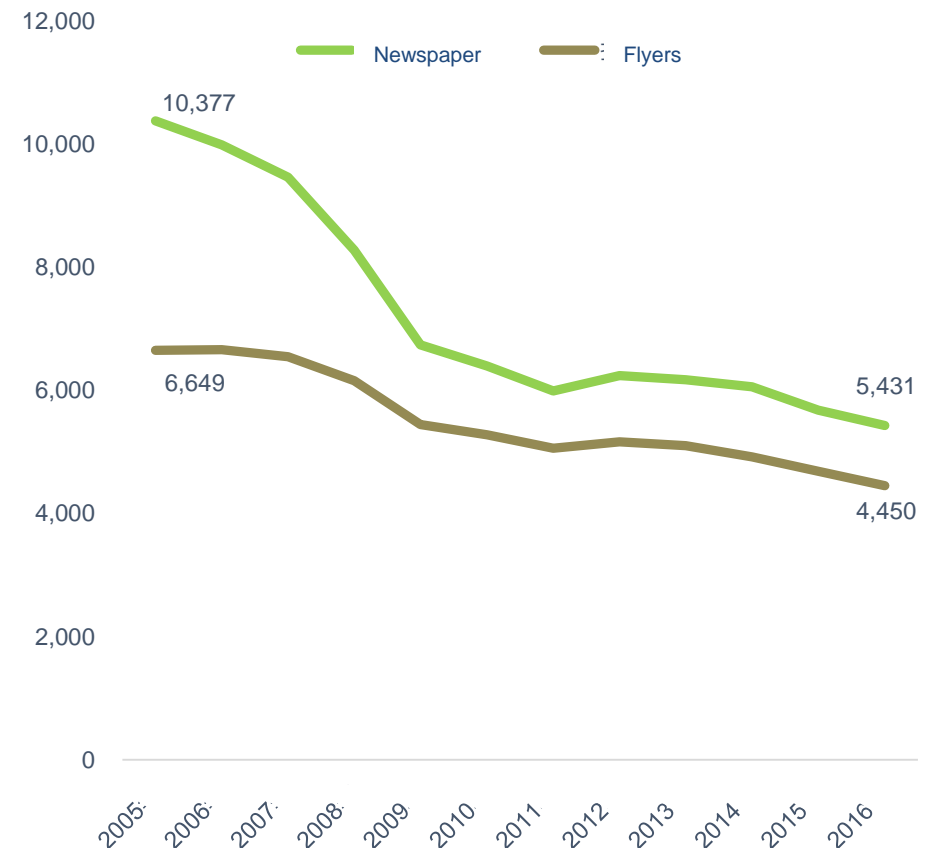
- ✓ Sharp decline of newspaper subscription leads to decline of flyer effectiveness as a tool to increase store traffic.
- ✓ Launch of smartphone tool leveraging GPS information; the ad budget is shifting to Internet.

Decline of newspaper readers

Newspaper Subscription



(JPY in 100 million)



(2) Marketing for Large Corporations: Smartphone solution as substitute of flyers

Strong support from the retail industry for own product “TOSTORE”
Deliver ads leveraging GPS information and measure ad effectiveness

tSTORE

It is possible to distribute ads only to those who are
within one kilometer from a shop





(3)Marketing Business for Local/SME Clients Overwhelming No.1 Market Share with 4 Strengths

SoldOut is the only company whose revenues exceeding JPY10 billion among web marketing companies with business focus on local SMEs

**Face-to-Face support at 21
sales offices nationwide**

Sales capabilities



SOLDOUT

SoldOut Inc.
(Spun off from OPT Inc. in December 2009)

Solid customer base

Transactional record with

3,243 companies

on accumulated basis

(as of March 31, 2017)

**Training Support
Use of external resources**

Supply capacity



**Based on
44 thousand accounts
(automatic bidding)**

Analytical capabilities

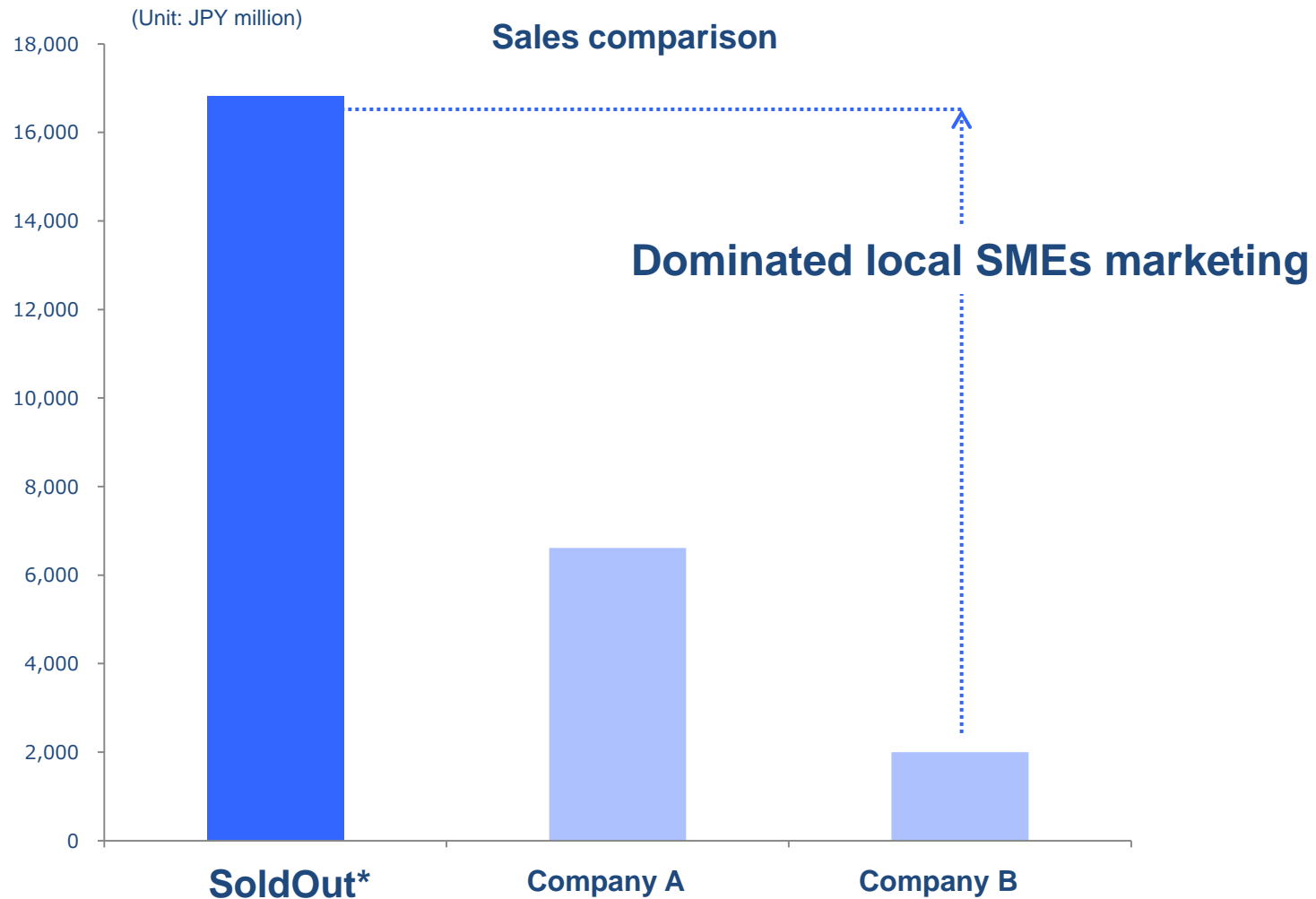


**Over 200 inquiries
per month**

Marketing capabilities



Trade volume is a barrier to entry in ad business; SoldOut generates over JPY 10 billion sales revenue and stands out among competition





(3) Marketing Business for local/SME clients: Partnership with major platformers

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

Overwhelming purchasing power in SME market

Major platformers

Yahoo!

- Capital and business alliances
- API coordination with our own tools

Google

- API coordination with our own tools

Facebook

- API coordination with our own tools
- Business partners*

LINE

- Contracted strategic partner

Amazon

Plan to partner with new platformers to grow business

Rakuten

SoldOut Group

SOLDOUT
ベンチャー専用のネット販促サポーター

Search LIFE

techloco

Growth Gear



Lead local SME market
partnering with major
platformers



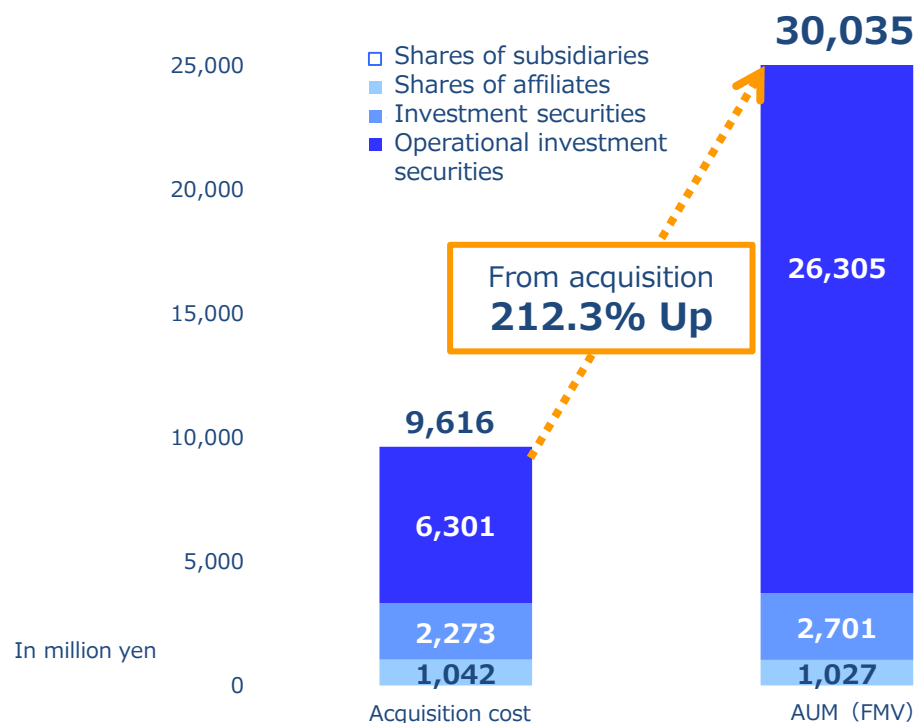
1) Created OPT Ventures #2 Fund

- 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)]



[IRR (Internal Rate of Return)]

2019 Q1	(Reference) 2018 Q4
15.7%	14.0%

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

 **RakSul**
(TSE 4384)

 **coconala**

 **SPACEMARKET**

 **ジモティー**

 **sitateru**
Made by imagination.

Lancers



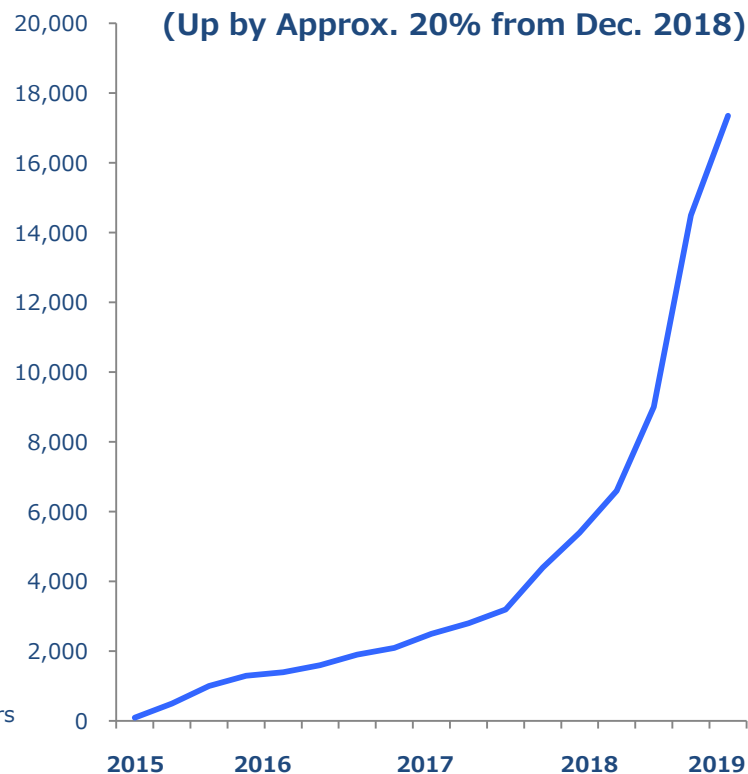
Established SIGNATE in April 2018 and started full-range operations

Participating in large-scale infrastructure projects

Membership on our AI platform

17,000 engineers registered in 2019

(Up by Approx. 20% from Dec. 2018)



SIGNATE: Reasons to be chosen

- ① Want to know who is excellent AI service provider/engineer

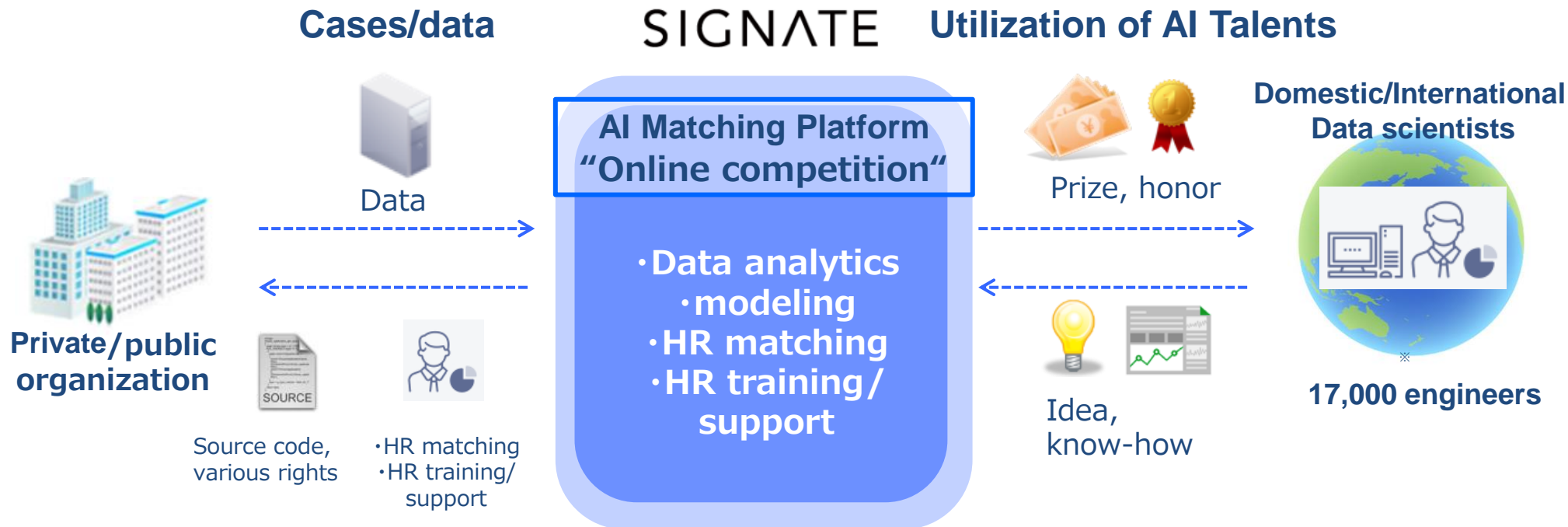
SIGNATE's AI platform provides transparent and accurate information by its original scoring system

- ② Talent shortage in Japan for AI development

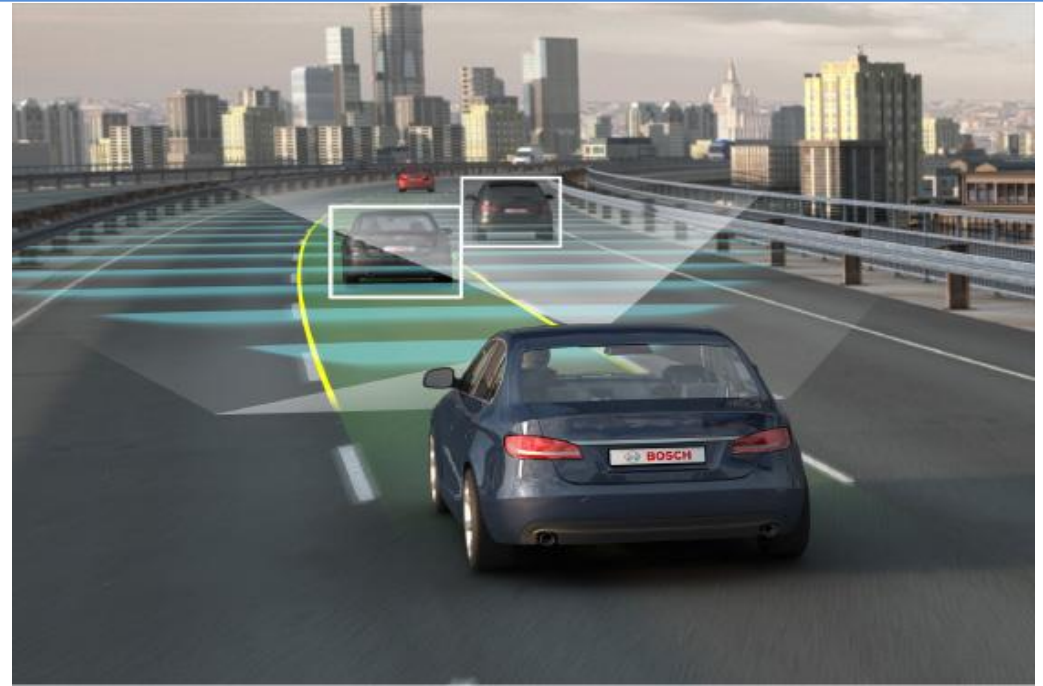
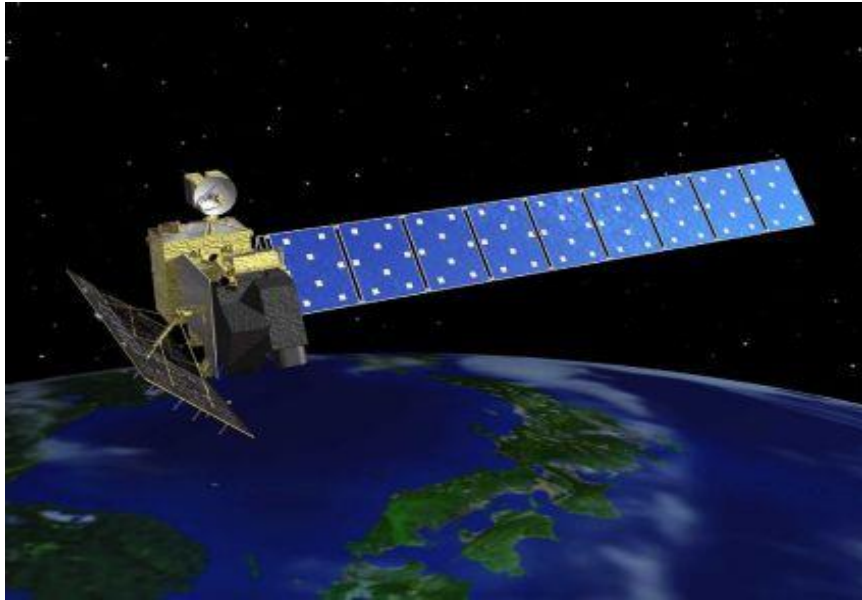
Support through SIGNATE AI platform which has the largest registration number of data scientists



※
**17,000 data scientists: Japan's largest AI talent pool
providing data analysis for private/public organizations**



(4) Synergy Investment Business: SIGNATE's Involvement





(4) Synergy Investment Business: Our Strength in China Business

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

- Chinese government approved us to participate in 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 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

3 OPT Group's Vision





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



JPY 1 trillion revenue in 2030^{*}

Create a marked impact on society

Will transform to Internet Ad Agency plus Digital Shift Company

“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

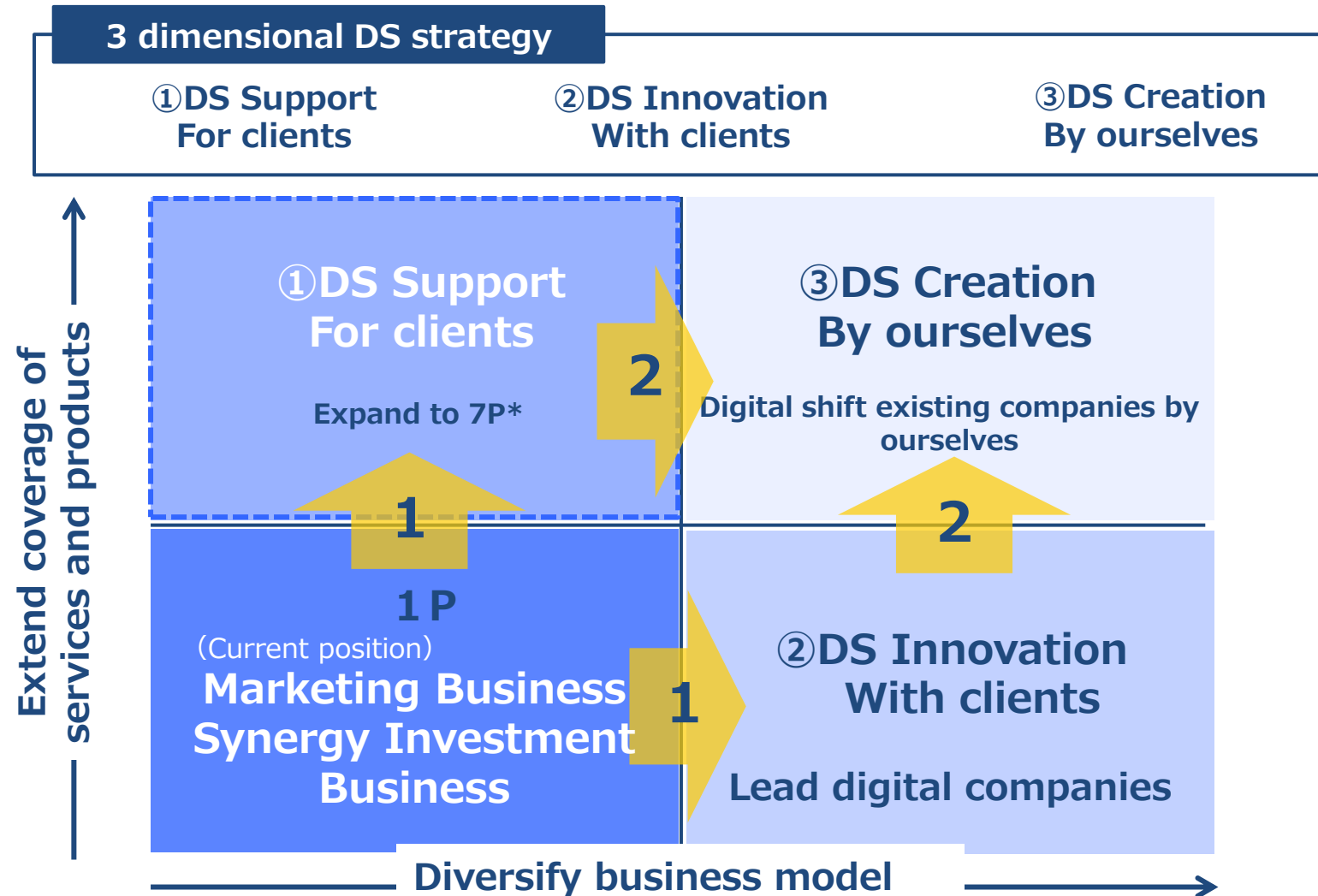
② **Innovate through
“digital shift”
With clients**

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

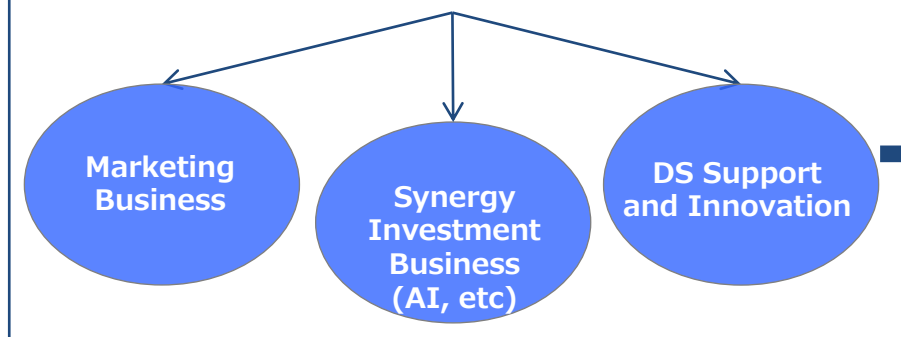
Internet Ad Agency plus Digital Shift Company





Start growth investment aggressively in about three years

About JPY20 billion for
business investment



Additional budget for
M&A

M&As related to
Digital Shift creation

Earnings in J-GAAP

Expected deterioration mainly due to amortization of goodwill; however, aiming to improve corporate value

Target Return from Investment

• IRR 10%

Management KPI

- **EBITDA**
- **Free cash flow**
- **ROCE** (Return on Capital Employed)
- **ROE** (Return on Equity)

Return to shareholders

Expand return to shareholders by accelerating mid-to-long term growth of EPS through allocating retained earnings to investment on digital related business