



DIGITAL - The Heartbeat of the Future

DIGITAL HOLDINGS, INC.
FY 2020 Q2 Results Briefing Materials
Date. 2020.08.06

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1 | FY2020 Financial Summary

- **YoY 0.9% decrease in consolidated revenue,
YoY 79.7% increase in consolidated EBITDA,
YoY JPY 949 million increase in quarterly net income attributable to owners of parent**
 - Revenue were strong in Q1 due to budget expansion of existing customers and acquisition of new customers.
 - ✓ YoY 8.6% increase in consolidated revenue
 - ✓ YoY 103.3% increase in consolidated EBITDA
 - In Q2, revenue growth slowed due to the impact of COVID-19. On the other hand, quarterly net income attributable to owners of parent improved due to capital gains in Financial Investment business.
 - ✓ YoY 11.0% decrease in consolidated revenue
 - ✓ YoY JPY 189 million decrease in consolidated EBITDA
 - ✓ YoY JPY 509 million increase in quarterly net income attributable to owners of parent
- **Full-scale Start of Digital Shift business in With/After COVID-19**
 - ✓ Launch of digital shift subsidiaries and start of new initiatives
 - ✓ SaaS products development in progress, multiple products to be released this year

FY2020 Executive Summary

- Summary of Consolidated Financial Results

Revenue	JPY	41,327 million	YoY	0.9 % down
Operating profit	JPY	(295) million	YoY	JPY 174 million decrease
EBITDA	JPY	1,076 million	YoY	79.7 % up
Quarterly net income attributable to owners of parent	JPY	595 million	YoY	JPY 949 million increase

- Digital Shift KPI

Revenue	JPY	922 million	YoY	22.5 % down
Composition ratio of gross profit		6.5 %	YoY	1.7 % down

Consolidated Executive Summary

(Unit: JPY 1 million)	FY2020	Fluctuations		FY2019
		Amount	YoY	
Revenue	41,327	(368)	(0.9)%	41,696
Gross profit	6,874	(787)	(10.3)%	7,662
Operating profit	(295)	(174)	-	(121)
EBIT	579	860	-	(281)
EBITDA *1	1,076	477	79.7%	598
Net income attributable to owners of parent	595	949	-	(353)
ROE (LTM) *2*3	10.8%	9.3 pts	-	1.5%
Free cash flow	(1,097)	(119)	-	(977)
Per share Net income (yen): EPS	26.45	41.91	-	(15.46)

*1 The definition of EBITDA has been changed since fiscal 2020 to improve the usefulness of the indicators.

EBITDA as defined before the change is JPY 995 million for FY2020 (YoY increase: 127.1%).

*2 ROE: Net income attributable to owners of parent (LTM) / (Average equity capital during the calculation period)

*3 LTM: Last Twelve Months



FY2020 Financial Summary by Segment

1. Marketing business
2. Synergy Investment business
3. HD management costs

Summary

Revenue growth slowed due to the impact of COVID-19 from Q2, despite strong sales in Q1.
Therefore, controlling SG&A expenses by cost control (mainly operating expenses and recruiting expenses)

(Unit: JPY 1 million)	Mager Sub-segment			Local Small and Medium Sub-segment			Total Marketing Business		
	FY2020	Fluctuations	FY2019	FY2020	Fluctuations	FY2019	FY2020	Fluctuations	FY2019
Revenue	30,725	(0.1)%	30,751	10,334	13.6%	9,099	40,866	3.3%	39,567
Gross profit	4,813	(3.5)%	4,987	1,952	13.0%	1,728	6,763	0.8%	6,706
SG&A	(3,936)	2.5%	(4,038)	(1,624)	(6.6)%	(1,523)	(5,558)	(0.2)%	(5,547)
Operating profit	876	(7.5)%	948	328	60.6%	204	1,204	3.9%	1,159
EBIT	822	(7.6)%	890	331	59.5%	207	1,154	5.2%	1,097
EBITDA	932	(15.5)%	1,102	444	63.3%	272	1,377	0.7%	1,367

*Operating profit/EBIT/EBITDA: HD Management Cost Pre-allocation

*Total Marketing Business : Figures include intersegment adjustments between Mager Sub-segment and Local Small and Medium Sub-segment

I Summary

Although revenue decreased due to sluggish business in China and sales of overseas consolidated subsidiaries due to the impact of COVID-19, EBITDA increased by 298.7% year-on-year due to capital gains and other factors.

	FY2020	Fluctuations		FY2019
		Amount	YoY	
(Unit: JPY 1 million)				
Revenue	475	(1,662)	(77.8)%	2,138
Gross profit	125	(860)	(87.3)%	985
SG&A	(488)	688	58.5%	(1,176)
Operating profit	(362)	(172)	-	(190)
EBIT	604	871	-	(267)
EBITDA	714	535	298.7%	179

*Operating profit/EBIT/EBITDA: HD Management Cost Pre-allocation

Financial Investment

Achieve stable capital gains and generate cash to invest in Digital Shift business

■ An investee, Commerce One Holdings, Inc. newly listed

- Company name: Commerce One Holdings, Inc. (Stock Code: 4496)
- Listed Market: Tokyo Stock Exchange Mothers
- Listed Date: June 26, 2020

■ Impacts on consolidated financial results and forecasts by the partial sale

- FY2020 Q2 Financial Results: Extraordinary Income: JPY 468 million
- FY2020 Q3 Financial Results: Extraordinary Income: JPY 792 million

Major issues listed in the last 3 years



Commerce One Holdings, Inc.
(June 2020)



Jimoty, Inc.
(February 2020)



Space Market, Inc.
(December 2019)



Lancers, Inc.
(December 2019)



RAKSUL, INC.
(May 2018)



Writeup co.,Ltd.
(June 2018)

I Summary

A slight year-on-year increase due to temporary expenses incurred during the implementation of cost control across the Group

	FY2020	Fluctuations		FY2019
		Amount	YoY	
(Unit: JPY 1 million)				
SG&A	(1,140)	(62)	(5.8)%	(1,077)
Operating profit	(1,140)	(62)	(5.8)%	(1,077)
EBIT	(1,183)	(76)	(6.9)%	(1,106)
EBITDA	(1,018)	(91)	(9.8)%	(927)

【Definition of HD management costs】

The definition of HD management costs has been revised as follows since 2018.

- ✓ Personnel expenses of DIGITAL HOLDINGS, INC. Administration Division
- ✓ HD maintenance costs other than personnel expenses borne by DIGITAL HOLDINGS, INC. Administration Division
- ✓ Partial service costs other than personnel costs provided by DIGITAL HOLDINGS, INC. Administration Division to its subsidiaries

*The difference between SG&A and EBIT is the effect of non-operating income and expenses.



Financial forecasts for 2020

Financial forecasts

Marketing business performance is expected to gradually recover due to the increased need for Digital Shift in marketing activities, despite the sluggish in advertising demand due to the impact of COVID-19.

	Announcement on August 6, 2020		Change from the announcement on February 12, 2020		Announcement on February 12, 2020	
	Forecasts	YoY	Amount	%	Forecasts	YoY
(Unit: JPY 1 million)						
Revenue	76,500 ~78,500	(8.2)% ~(5.8)%	(14,500) ~(12,500)	(15.9)% ~(13.7)%	91,000	9.2%
EBIT	1,170 ~1,370	(55.3)% ~(47.6)%	(1,930) ~(1,730)	(62.3)% ~(55.8)%	3,100	18.5%
EBITDA	1,600 ~1,800	(53.4)% ~(47.6)%	(2,000) ~(1,800)	(55.6)% ~(50.0)%	3,600	4.5%
(Reference) HD management costs	Review office environment and plan to recognize temporary expenses for partial office reduction					
SG&A	(2,400)	(4.8)%	(200)	(9.1)%	(2,200)	(3.9)%



2 | Progress in Digital Shift business

On July 1, 2020, the company changed its name from OPT Holding, Inc. to **DIGITAL HOLDINGS, INC.**, and began to shift its focus from advertising agency business to **Digital Shift business**.

Our mission is to support and realize the digital shift of companies, therefore we aim to contribute broadly to society by promoting the digital shift of all management resources, including people, goods, money, and information.

Under the new trade name, in the With/After COVID-19 era, we will further support and realize the challenge of all Japanese companies toward digital shift.

Our Mission

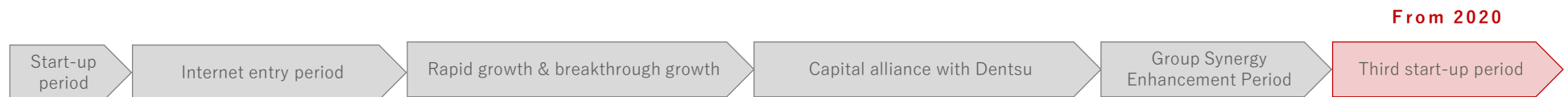
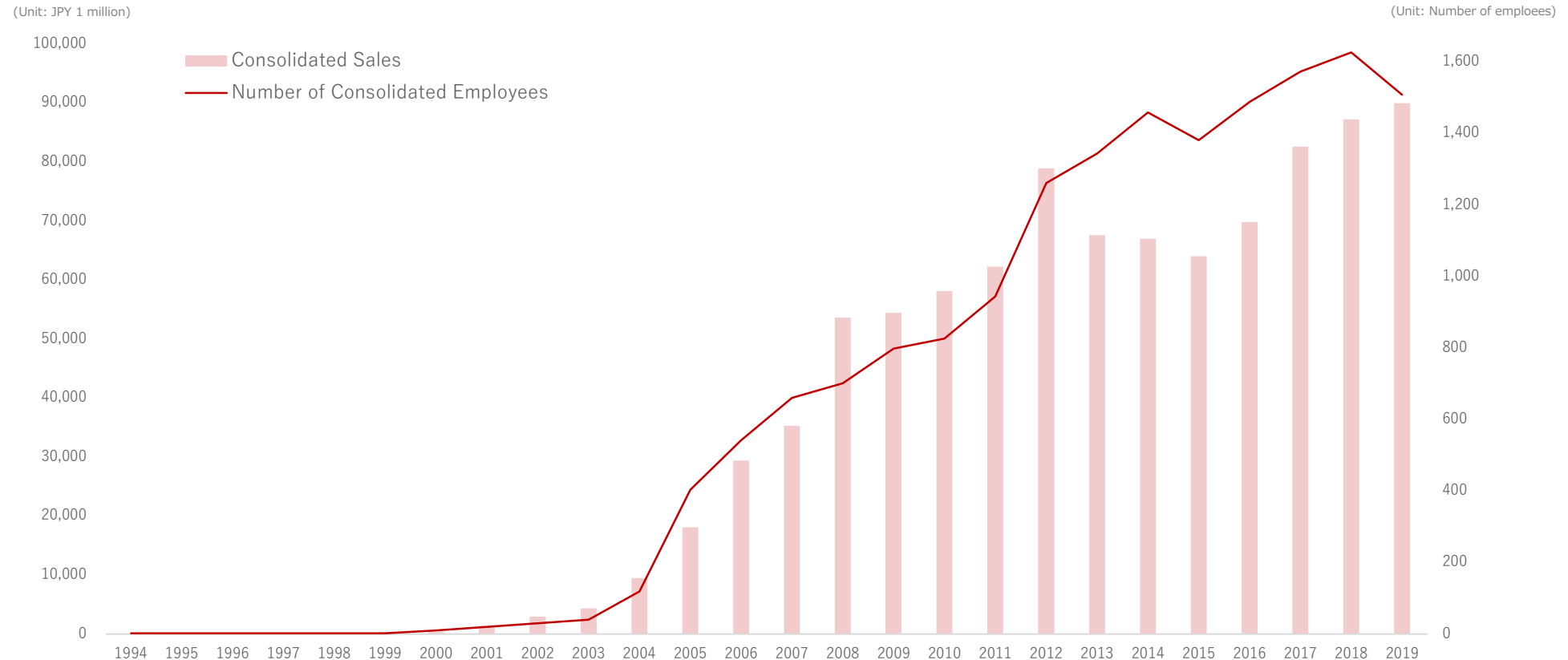
Becoming the infrastructure of challenge for every company and person in Japan.
The digital heartbeat will become the heartbeat
of companies, of Japan, of people.

Digital - The Heartbeat of the Future

Expanding digital shift business to revitalize industry,
and enrich society in Japan.

Third start-up period

Expansion of business scale centering on marketing business Aiming to increase corporate value through Digital Shift business



Digital marketing know-how

26 years

Marketing know-how accumulated through business development on the digital front

Digital talent

1,500 and more

Rich and diverse human resources with digital expertise within the Group

Largest AI platform in Japan

30,000 over ^{*1}

One of largest data scientist AI competition sites in Japan

Investee IPOs (Ability to judge)

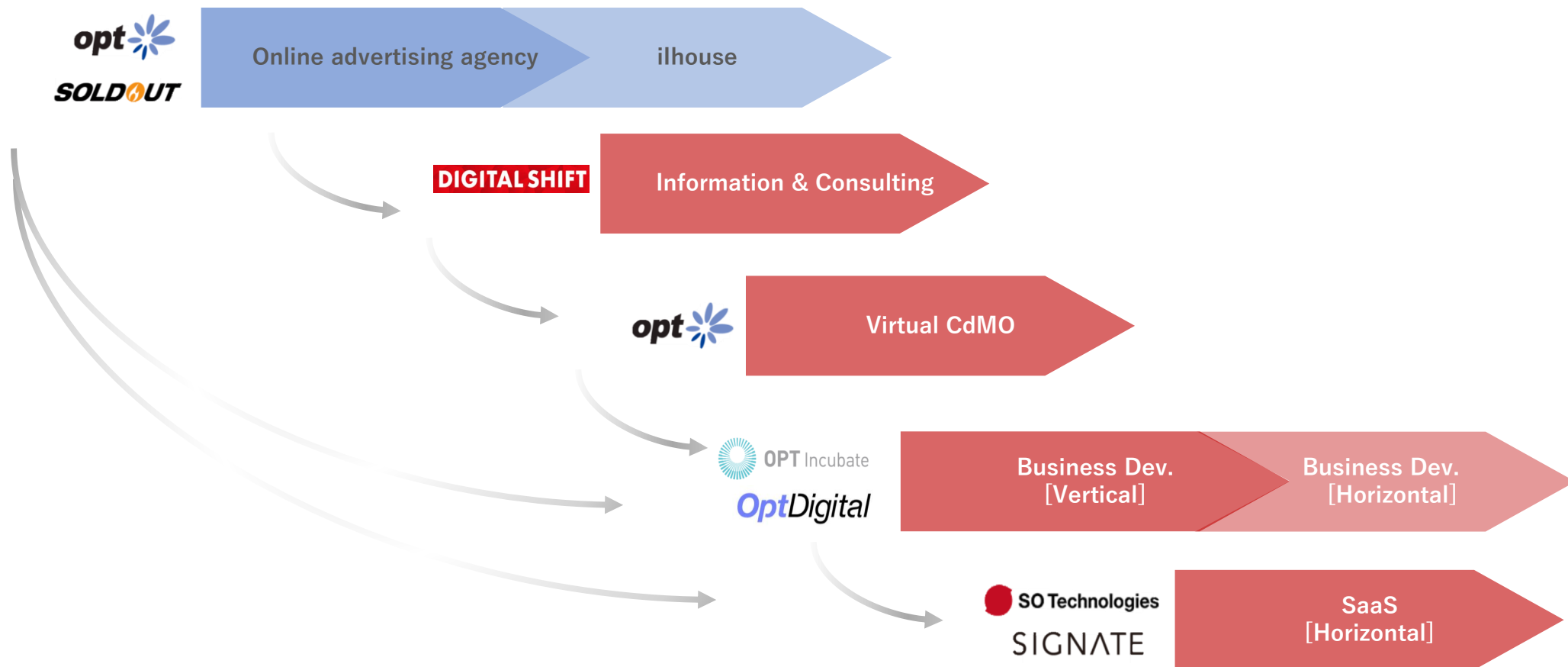
27 IPOs ^{*2}

Support investment and business development in venture companies and realize many IPOs since establishment

^{*1} As of May 11, 2020 ^{*2} Results of DIGITAL HOLDINGS, INC. and Bond Investment Group Co., Ltd., a consolidated subsidiary that manages its own investment partnerships

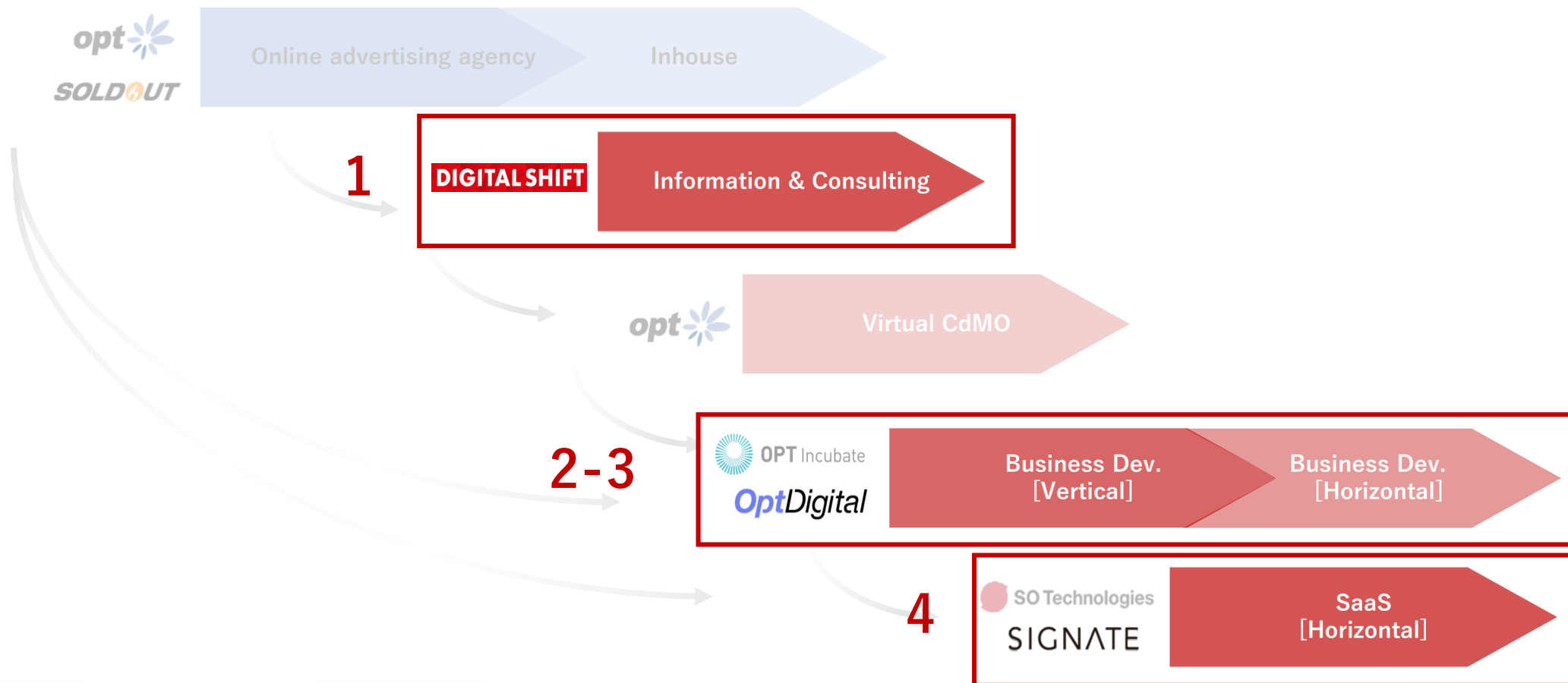
Business portfolio transition

Based on the digital marketing know-how and assets we have cultivated, we have laid the groundwork for Digital Shift and are now ready.



SaaS products that solve enterprise challenges

(4 of the most recently released products)



Supporting companies' Digital Shift through information and consulting

DIGITAL SHIFT

Digital Shift Inc.

Subscription services for management and business leaders

Digital Shift Research Institute

Become an information community and help companies achieve Digital Shift by helping them through giving necessary information

Management
& Business leader



Subscription fee
JPY 25,000 per month

Planning, Proposal
by Consultant
(Performance Fee)

Digital Shift Contents

Industry Reports

Seminars
& meeting

Tour of cutting-edge
companies

Workcaation
service

etc.

Digital Shift
information



SaaS solution for time and cost in developing new businesses

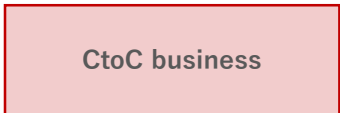
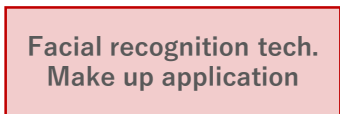


OPT Incubate, Inc.

Launch of SaaS business development platform

Matching business POC (proof-of-concept) can start in as short a time as 10 days

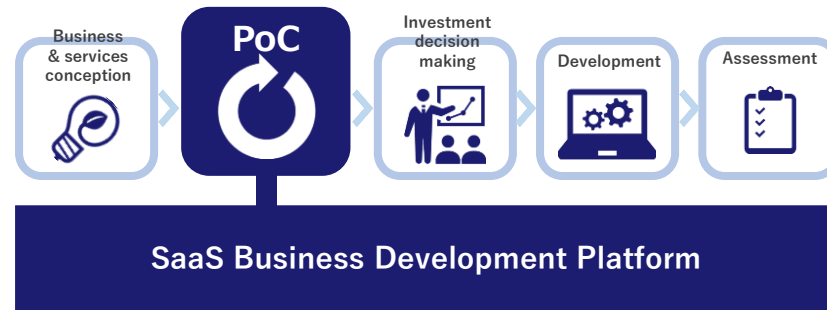
New business Dev.
and
operation results



PoC SaaS

Person in charge of
new business development

Business
development
know-how



JPY 300,000
per month



A system, which will take more than three months from requirement definition to release and costs 15-20 million yen in total, can be utilized from no initial cost and a fixed monthly fee of JPY 300,000, and can be released in as short a time as 10 days.

*PoC: Proof of Concept. It refers to verification and demonstration in the pre-stage of prototype development for the purpose of verification of concepts (Demonstration of new concepts, theories, principles and ideas) in new businesses.

OptDigital

OptoDigital Corporation

SaaS for customer Digital Shift

Launched in August in response to the needs of companies in COVID-19

platformer
Collaboration with

LINE

Platformer B

Platformer C

Platformer D

etc.

business
development

“Deep Connect” & “Deep Reach”

Deep Connect^{*1}

Secure customer chat tool

Deep Reach^{*2}

Easy-to-use LINE notification messages

Charge on ID utilization
and/or chat use
per Month



(including 20,000 free copies)
JPY 100,000 per month

(20,000 copies or more)
Delivery cost: JPY 5 per copy



Planned Industry Example

Insurances

Car

Real Estate

Electric power and gas

Retail

Mail-order

etc.

*1 Deep Connect: A chat service that uses LINE but enhances security on its own. SaaS for online and remote face-to-face sales and call center operations.

*2 Deep Reach: No need to develop one-to-one LINE message delivery to customers. Services that can be delivered quickly and at low cost.

SaaS enables corporate subscribers to be notified of various kinds of information, and disaster information from local governments, etc.

Supporting the development of DX human resources in Japan

SIGNATE

SIGNATE, Inc.

Subscription online AI learning program

SIGNATE Quest

AI business dev.

Many development competitions

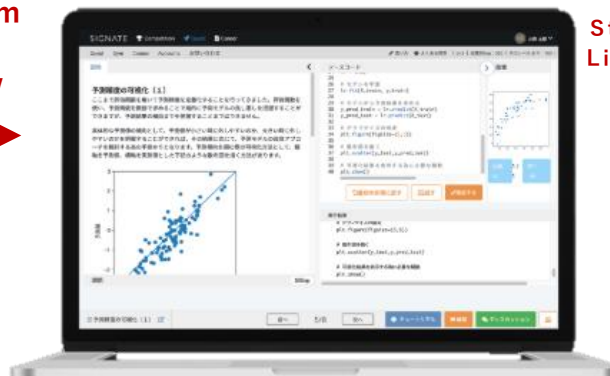
Data scientist network

AI development

AI expert recruitment development support

superpractical program
built from
SIGNATE's know-how

Essential skills and data literacy of DX human resources.
From AI modeling to AI project promotion, it is a practical program
that you can surely learn according to the level of the learner.



Corporate

Standard JPY 50,000 per month
Light JPY 30,000 per month

Individual

JPY 1,980 per month
JPY 5,980 per 6 months

Major companies and
government introducing
as DX human resources
development measures



Raise your career by acquiring
AI skills from beginners to
intermediates



3 | Appendix

**The group No.1 entrepreneur serves as
President and Group CEO**



Atsushi Nouchi, President and Group CEO

Group Initiatives

1994	Invests in Decaregs as a Co-founder
1996	Participation in OPT. Promotion of business start-up
2005	Established Classified ^{*1} dedicated to listing Yahoo! real estate properties, Promoting Business Expansion
2011	Established Platform ID ^{*3} , a joint venture with CCC ^{*2} , to launch data marketing
2013 ~	Established Opt Ventures ^{*4} , to spearhead investment development projects Established OPT incubate for incubation business, Building a foundation for new business development
2017	Became Group COO to lead formulation and implementation of strategies and measures under the theme of "Group Collaboration"
2020	President and Group CEO to realize Group innovation

Reforming Corporate Culture to Realize Group Innovation

*1 All shares were transferred to Yahoo Japan Corporation at the end of December 2017. *2 Transferred from Culture Convenience Club Co., Ltd. to CCC Marketing Co., Ltd.

*3 All shares purchased from CCC Marketing Co., Ltd. at the end of December 2017. *4 The trade name was changed to Bonds Investment Group on July 1, 2020.



Noboru Hachimine
Chairman

Over the years, he has shown great leadership,
Driving our Group's Corporate Value Enhancement



Shūsaku Minoda
Director

He has extensive experience in the financial field both in Japan
and overseas, as well as extensive experience and broad insight
as a corporate manager.



Tomoyuki Mizutani
Director
(External/Independent)

He has been engaged in the human resources
business field for a long time and has been engaged
in a wide range of activities on the themes of human
resources and social contribution, such as social
entrepreneur development, and has abundant
experience and broad knowledge.



Koji Yanagisawa
Director
(External/Independent)

He has extensive knowledge of corporate management in areas
such as accounting, finance, IR, legal affairs and corporate
governance, as well as experience as CFO in growing
companies.



Yasuhiro Ogino
Director
(External/Independent)

He has extensive knowledge of overall business
management, centering on business development and M & A,
as well as experience as CFO in growing companies.



Fumiyuki Shinomiya
Director (External/Independent)
Audit and Supervisory Committee Member

He has abundant experience and insight in the financial field both in Japan and overseas.



Yuki Okabe
Director (External/Independent)
Audit and Supervisory Committee Member

She has considerable knowledge of finance and accounting as a certified public accountant and experience as an auditor at several listed companies.



Toshio Yamaue
Director (External/Independent)
Audit and Supervisory Committee Member

Receive opinions and suggestions necessary for deliberation of proposals from the perspective of a lawyer



Masahiro Yamamoto
Director (External/Independent)
Audit and Supervisory Committee Member

He has considerable knowledge of finance and accounting as a certified public accountant and has experience in many corporate support activities as a representative employee of an auditing firm.

2020 Group Executive Officers



Atsushi Nouchi
Group CEO



Noboru Hachimine
Group Chairman (President, Digital Shift, Inc.)



Takayuki Katō
Group CFO , Responsible for business management



Jun Ishiwata
Group CHRO



Daisuke Kanazawa
Responsible for major and second-tier marketing business



Yasushi Ishihara
Responsible for Tech & Solutions business



Kōsuke Yoshida
Responsible for Investment Development and China business
(Director, Digital Shift, Inc.)



Hideo Saitō
Responsible for AI business

I Initiatives

- Establish and embody systems that flexibly respond to changes in the social environment
 - ✓ **Continue to encourage telework**
Can use the office within 2 days per week if necessary
 - ✓ **Review of office environment**
Partial reduction of office to reduce company-wide costs
 - ✓ **Provision of Work Design Allowance**
Provision of allowance for improvement of telework environment

FY2020 Q3 Financial Summary

Consolidated Summary

(Unit: JPY 1 million)	FY2020 Q2	Fluctuations		FY2019 Q2
		Amount	YoY	
Revenue	17,922	(2,218)	(11.0)%	20,141
Gross profit	2,852	(631)	(18.1)%	3,484
Operating profit	(769)	(240)	-	(528)
EBIT	(508)	215	-	(724)
EBITDA *1	(235)	(189)	-	(45)
Net income attributable to owners of parent	(87)	509	-	(596)
ROE (LTM) *2*3	10.8%	9.3 pts	-	1.5%
Free cash flow	(657)	(185)	-	(472)
Per share Net income (yen): EPS	(3.94)	(22.12)	-	(26.06)

*1 The definition of EBITDA has been changed since fiscal 2020 to improve the usefulness of the indicators.

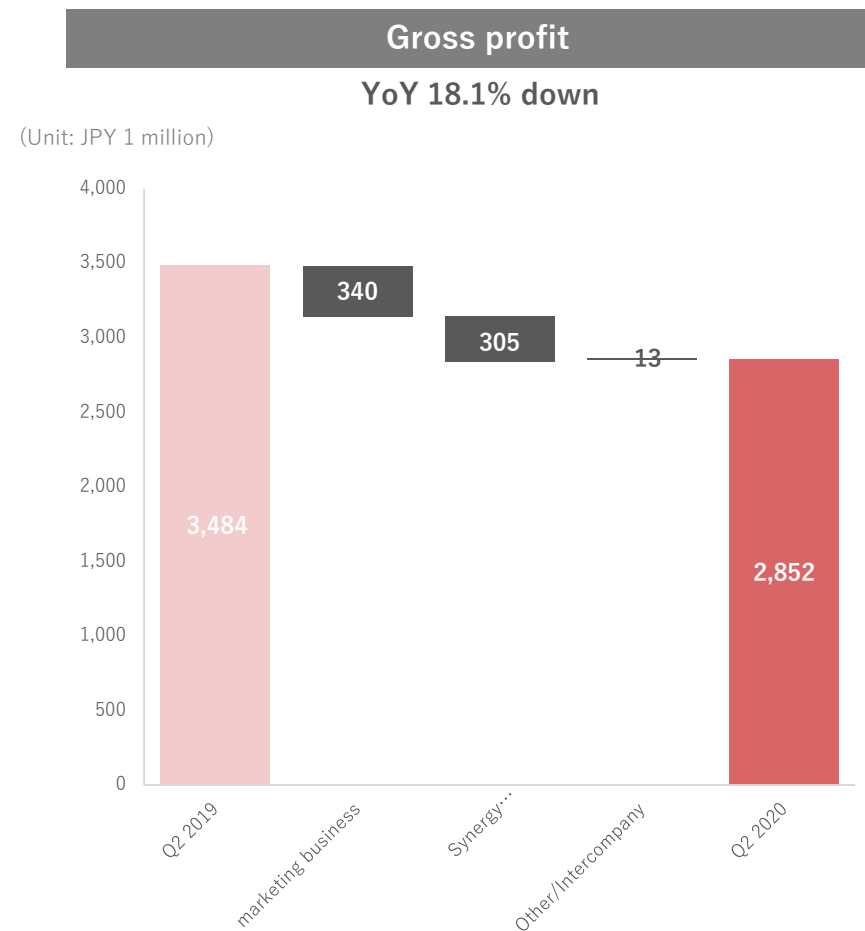
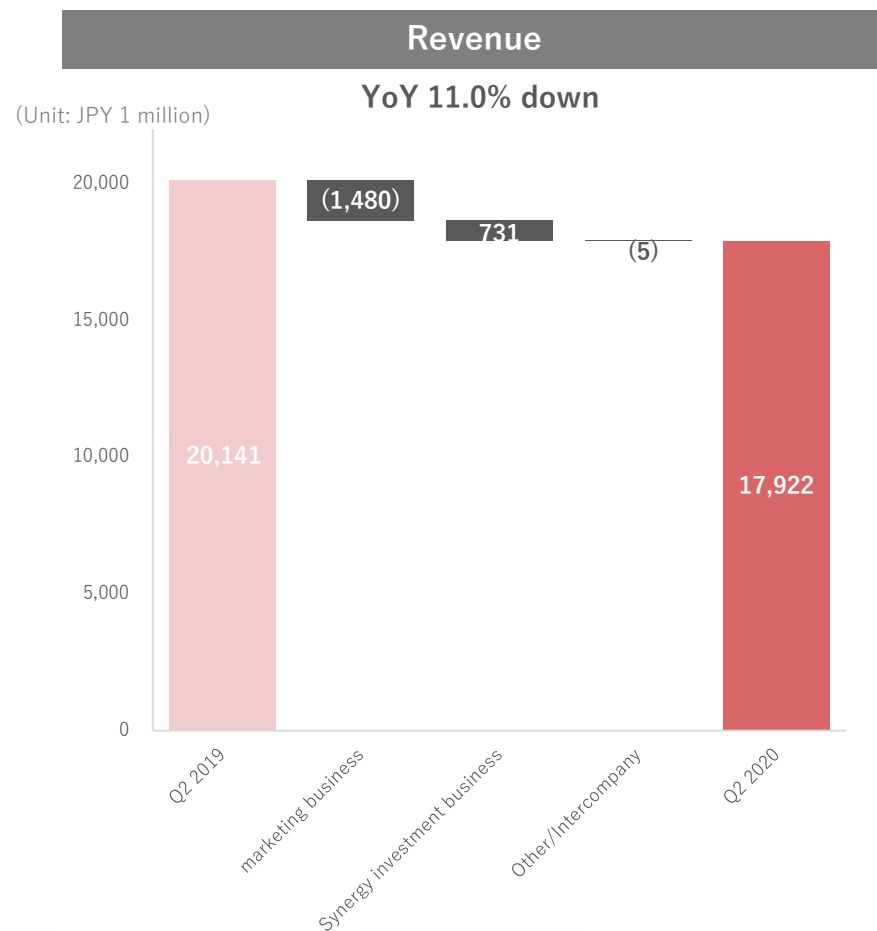
EBITDA as defined before the change is JPY (229) million for FY2020 Q3 (YoY increase: JPY 18 million).

*2 ROE: Net income attributable to owners of parent (LTM) / (Average equity capital during the calculation period)

*3 LTM: Last Twelve Months

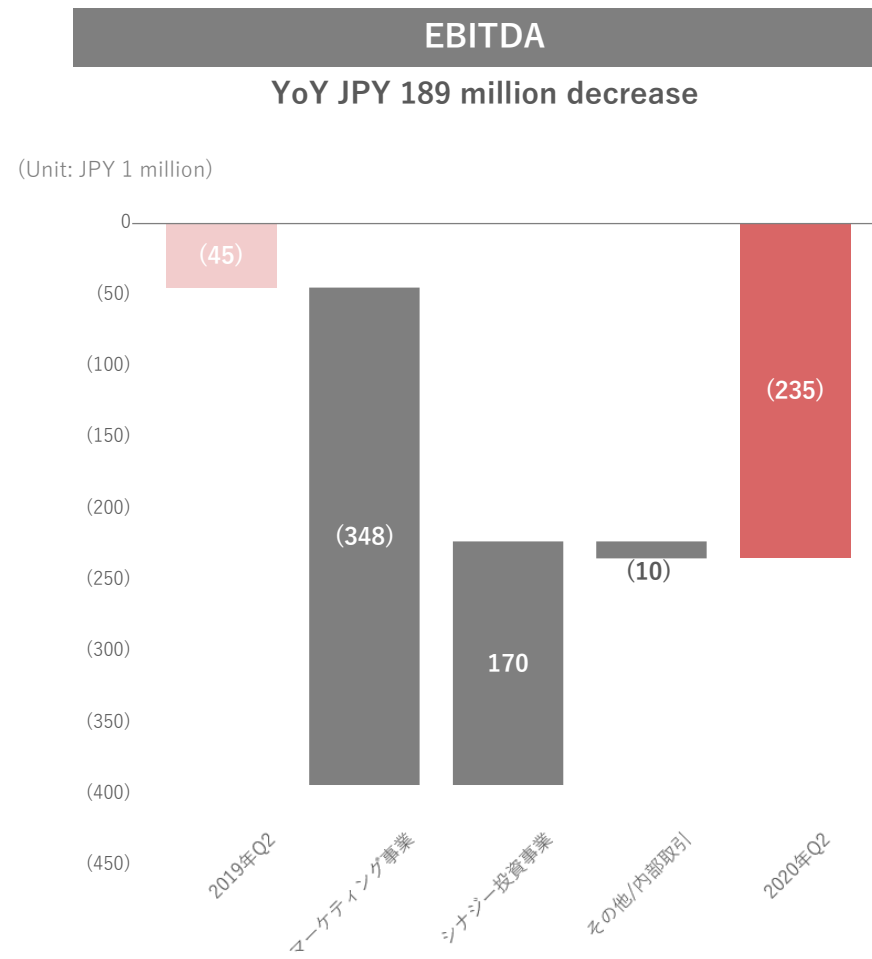
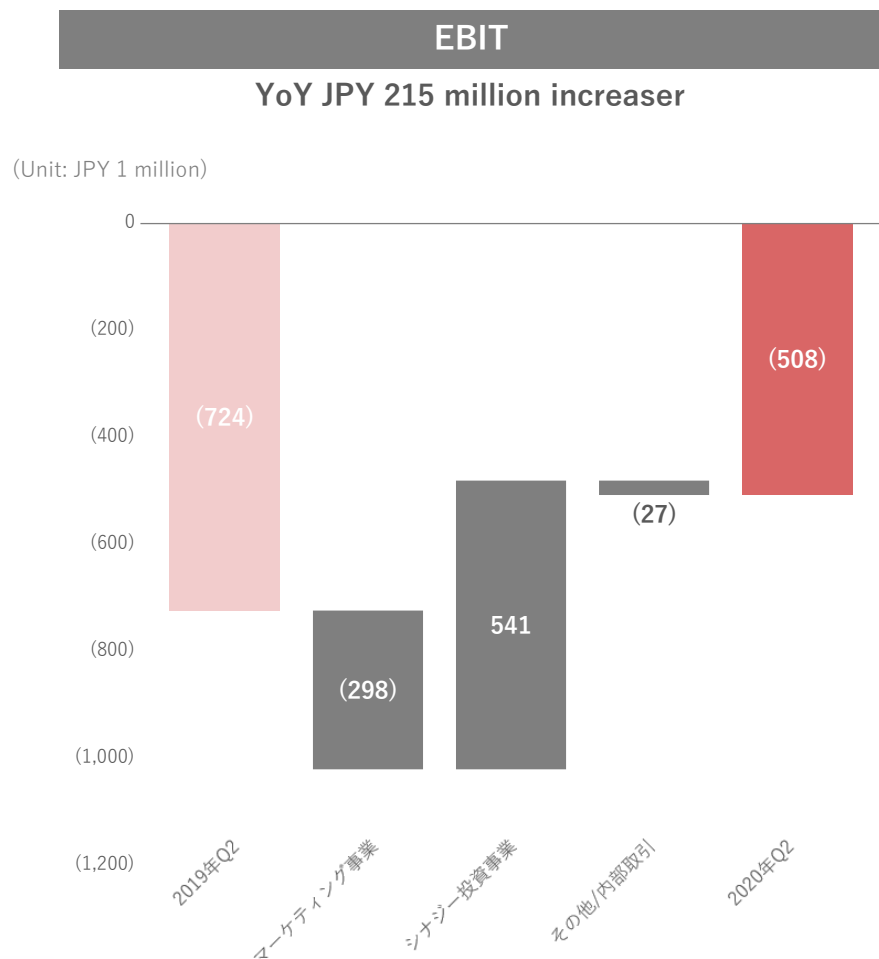
FY2020 Q2 Consolidated breakdown

- **Marketing business:** Revenue and profit decreased due to a reduction in the budget for the digital advertising market and a decrease in ad placement in the digital advertising market due to the impact of COVID-19.
- **Synergy investment business:** Revenue and profit decreased due to sluggish business in China due to the impact of COVID-19 and the impact of exclusion from consolidation due to the sale of overseas consolidated subsidiaries



FY2020 Q2 Consolidated breakdown

- Marketing business: Profits declined due to, from existing long-term customers, weak advertising demand and a decrease of gross profit margin, in both Major Sub-segment and Local Small and Medium Sub-segment, despite curbing an increase of SG&A through cost controls.
- Synergy investment business: Profits increased due to the impact of gain on sale of securities held.



Free Cash Flow

(Unit: JPY 1 million)

	FY2020 Q2	Fluctuations	FY2019 Q2
		Amount	
Cash flows from operating activities	(42)	363	(405)
Profit before income taxes	(515)	213	(728)
Income taxes refund (paid)	218	628	(410)
Loss (gain) on sales of investment securities	(381)	(381)	-
Loss (gain) on valuation of investment securities	60	(275)	336
Decrease (increase) in working capital	107	214	(107)
Others	467	(36)	503
Investment cash flow	(615)	(548)	(67)
Proceeds from sale of Investment securities	88	88	-
Proceeds from redemption of investment securities	(499)	(482)	(17)
Purchase of Intangible assets	(139)	64	(203)
Others	(64)	(219)	154
Free Cash Flow	(657)	(185)	(472)
Adjustment by temporary items	-	0	-
Adjusted Free Cash Flow	(657)	(185)	(472)

* Decrease (increase) in working capital = Change in trade receivables + Change in inventories + Change in trade payables + Change in accrued consumption taxes

* Adjustment = Temporary items

AUM (Fair value)/IRR (Internal Rate of Return)

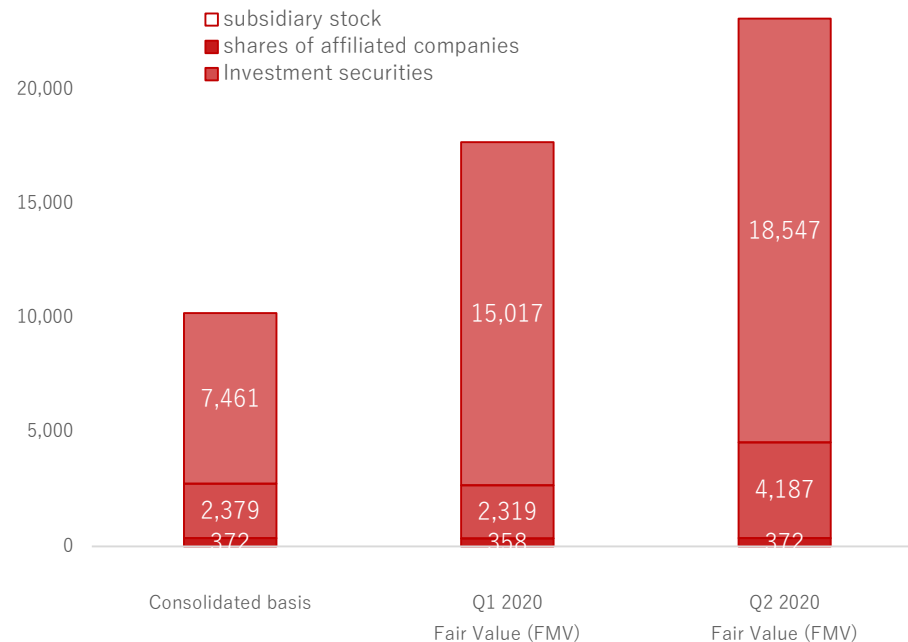
[AUM] *1,2

AUM at the end of FY2020 Q2: JPY 23,108 million

*Difference between fair value and acquisition value in consolidated accounts:^{*3} JPY 12,894 million increase (126.2% up)

*An increase of RAKSUL, Inc. in operational investment securities caused an increase of JPY 5,413 million from the end of FY2020 Q1

(Unit: JPY 1 million)



[IRR] *4

Increase from the previous quarter due to increase in market capitalization of listed companies (RAKSUL, Inc.)

FY2020 Q2	(Reference) FY2020 Q1
12.1%	10.4%

The Company has disclosed the IRR of investment for transparency of investment performance since 2018 Q2.

*1 AUM: Total of book value of shares of subsidiaries and affiliates, and fair values of operational investment securities and Investment securities

*2 Fair Value: The amount at which a party with knowledge of the transaction exchanges its assets or settles its liabilities at an arm's length price

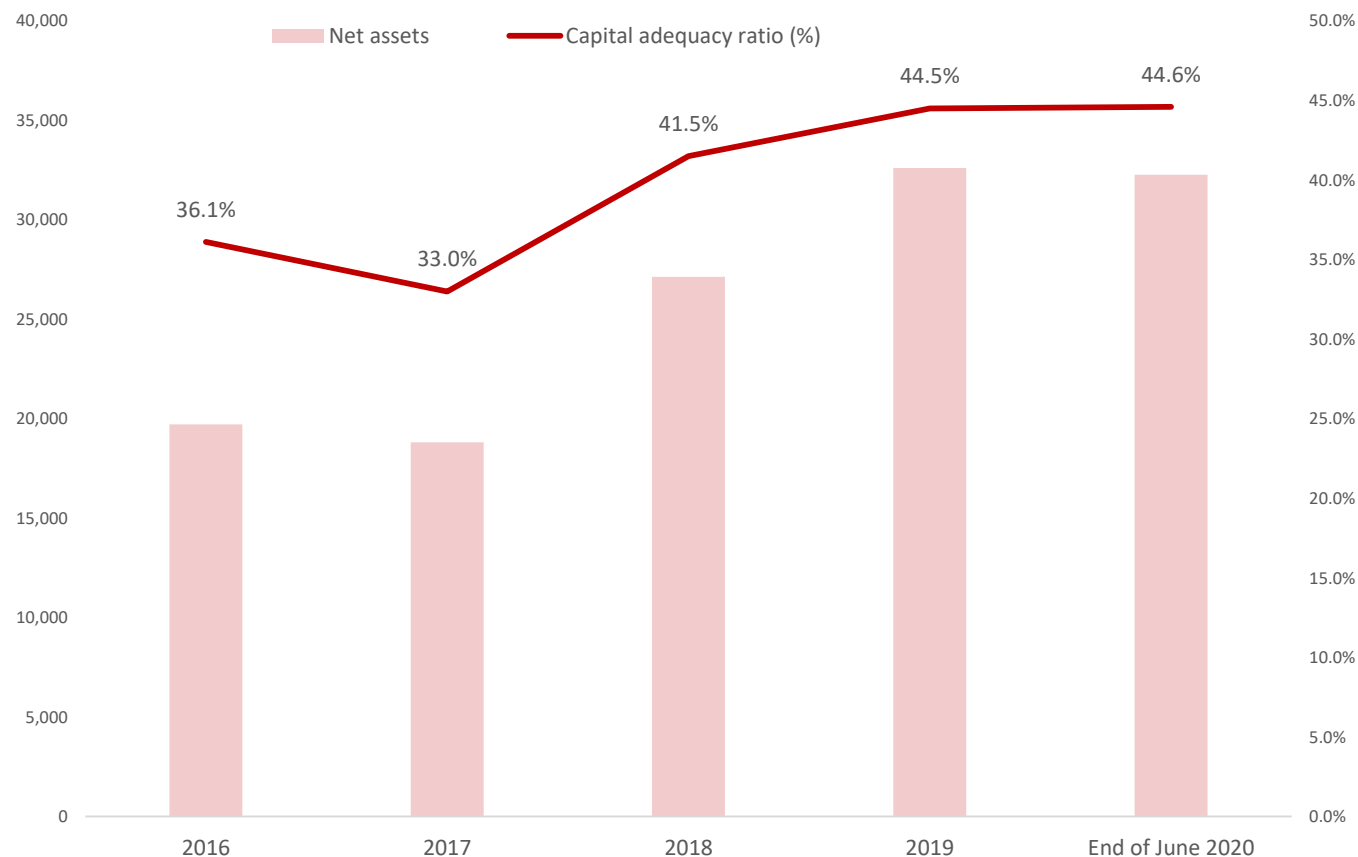
*3 Acquisition value in consolidated accounts: Stocks of subsidiaries and affiliates represent the total of Carrying amount. Operational investment securities and Investment securities represent the total fair value after consideration for impairment.

*4 IRR: Internal Rate of Return,

Planning to continue investing in our business with a stable financial base.

Net assets • capital ratio

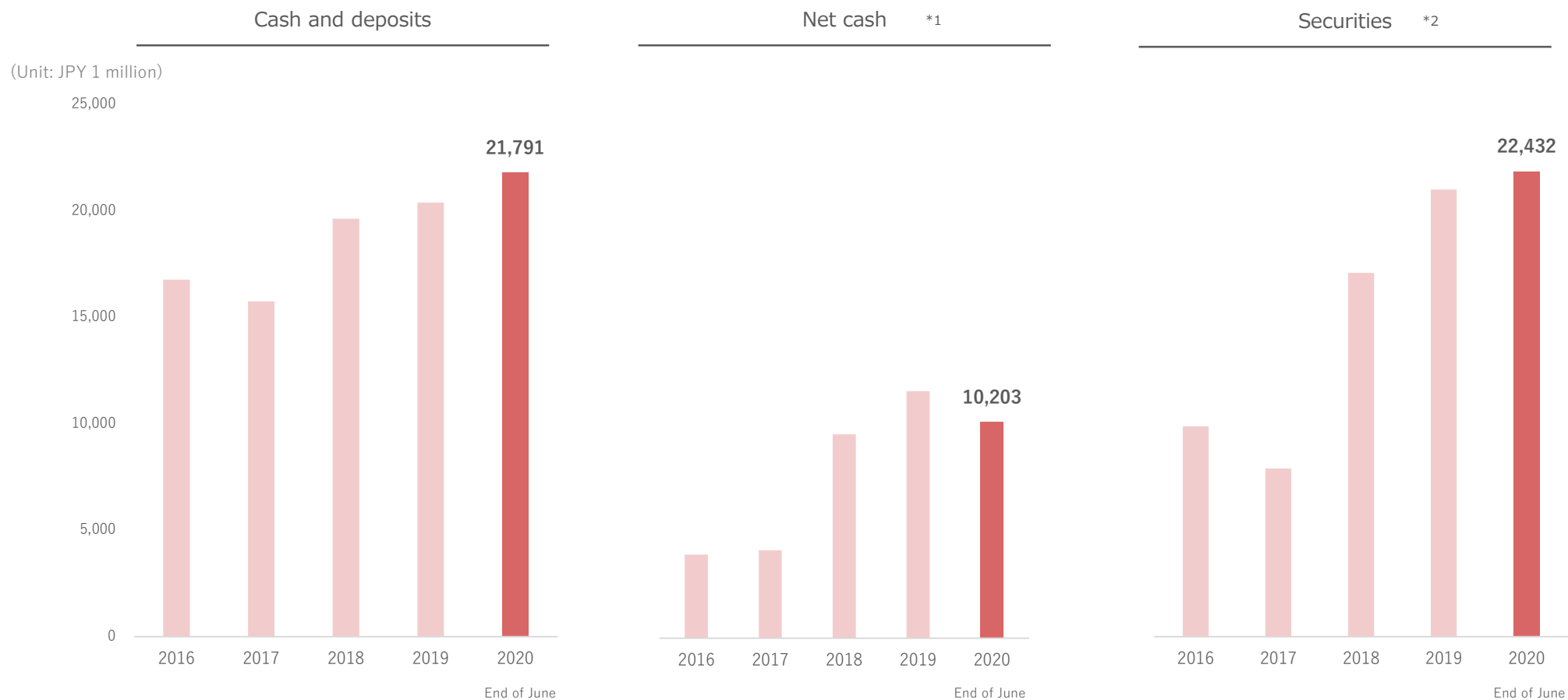
(Unit: JPY 1 million)



Capital ratio 44.6%

Net assets JPY 32,271 million

Balance Sheet



*1 Cash and deposits minus interest-bearing debt (Short-term borrowings, Current portion of long-term Borrowings, Long-term borrowings)

*2 Total of operational investment securities and investment securities

FY2020 Q2 Marketing business

Summary

Revenue decreased 7.7% year on year due to sluggish advertising demand due to the impact of COVID-19. Therefore, controlling SG&A expenses by cost control (mainly operating expenses and recruiting expenses)

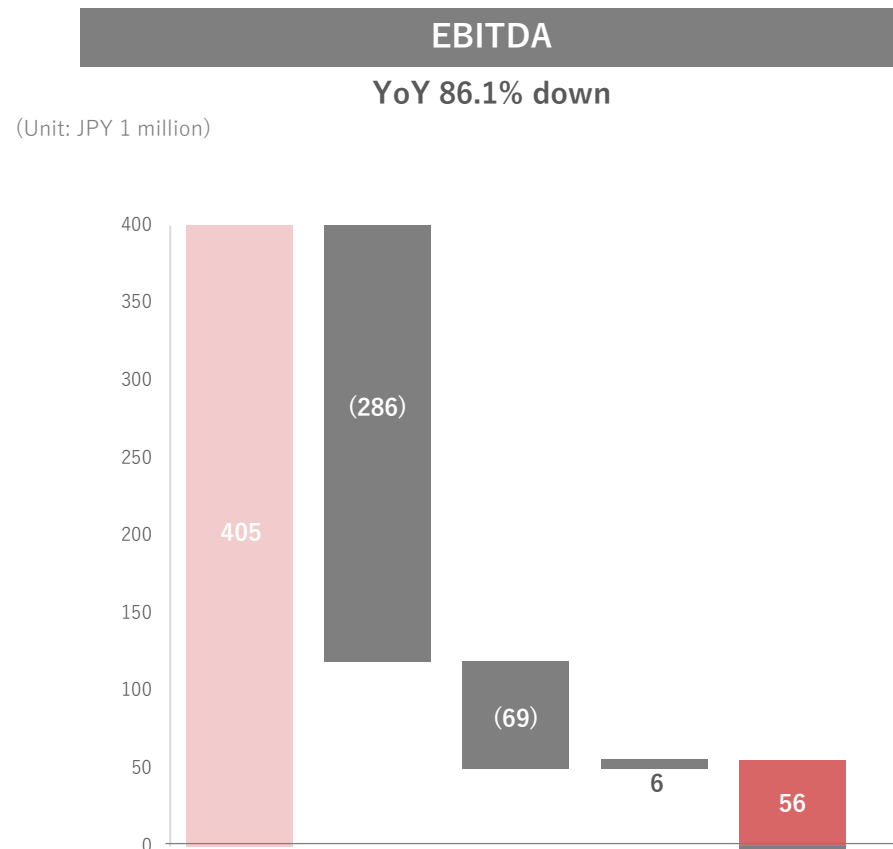
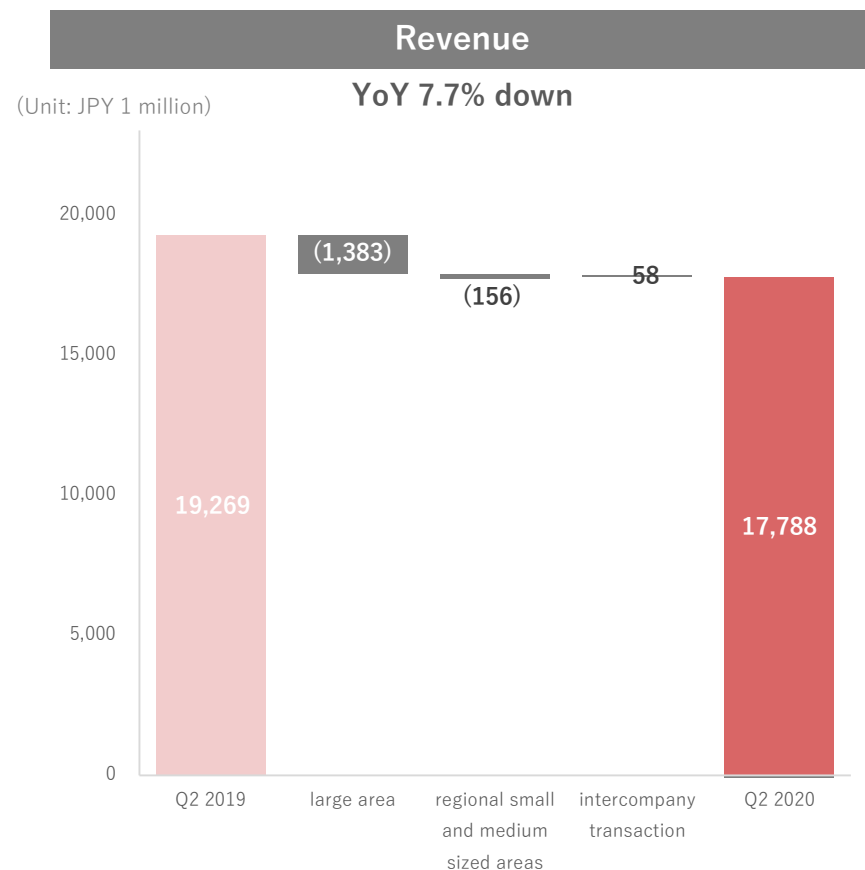
	Mager Sub-segment			Local Small and Medium Sub-segment			Total Marketing Business		
	FY2020 Q2	Fluctuations	FY2019 Q2	FY2020 Q2	Fluctuations	FY2019 Q2	FY2020 Q2	Fluctuations	FY2019 Q2
(Unit: JPY 1 million)									
Revenue	13,189	(9.5)%	14,573	4,679	(3.2)%	4,836	17,788	(7.7)%	19,269
Gross profit	1,971	(12.8)%	2,261	830	(6.4)%	888	2,801	(10.8)%	3,141
SG&A	(1,972)	5.2%	(2,080)	(806)	(5.4)%	(764)	(2,777)	2.1%	(2,837)
Operating profit	(0)	-	180	24	(80.0)%	123	23	(92.2)%	303
EBIT	(87)	-	119	27	(78.4)%	126	(59)	-	238
EBITDA	(30)	-	256	87	(44.4)%	156	56	(86.1)%	405

*Operating profit/EBIT/EBITDA: HD Management Cost Pre-allocation

*Total Marketing Business : Figures include intersegment adjustments between Mager Sub-segment and Local Small and Medium Sub-segment

FY2020 Q2 Marketing business breakdown

- Revenue and profit declined due to, from existing long-term customers, weak advertising demand, in both Major Sub-segment and Local Small and Medium Sub-segment, despite curbing an increase of SG&A through cost controls.

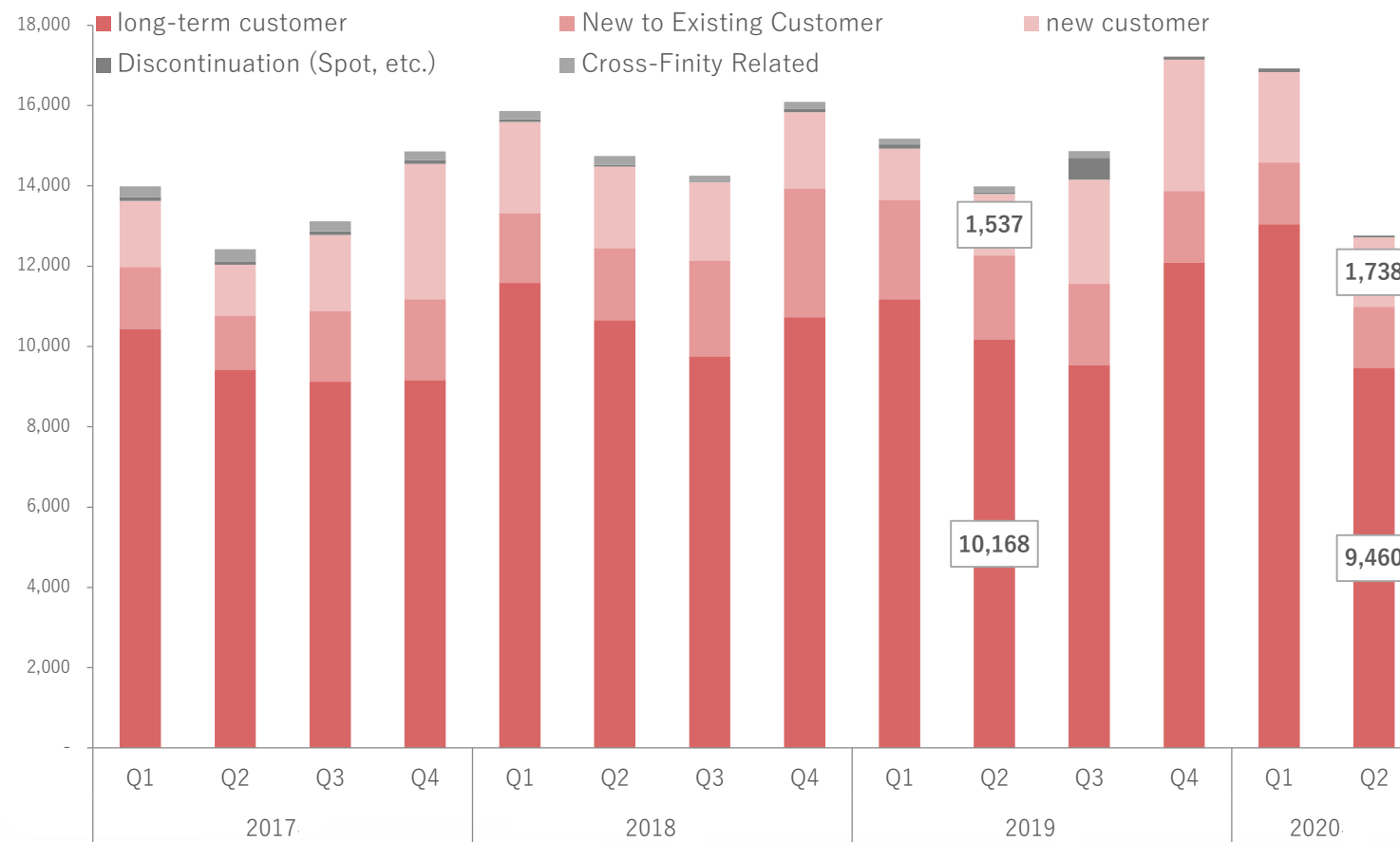


*EBITDA: HD Management Cost Pre-allocation

Trend of Revenue by Customer Category (OPT, Inc.)

- Long-Term customers reduced their budgets, but new customers are increasing their transaction volume steadily.

(Unit: JPY 1 million)



**New
customers**

YoY **13.1%** up

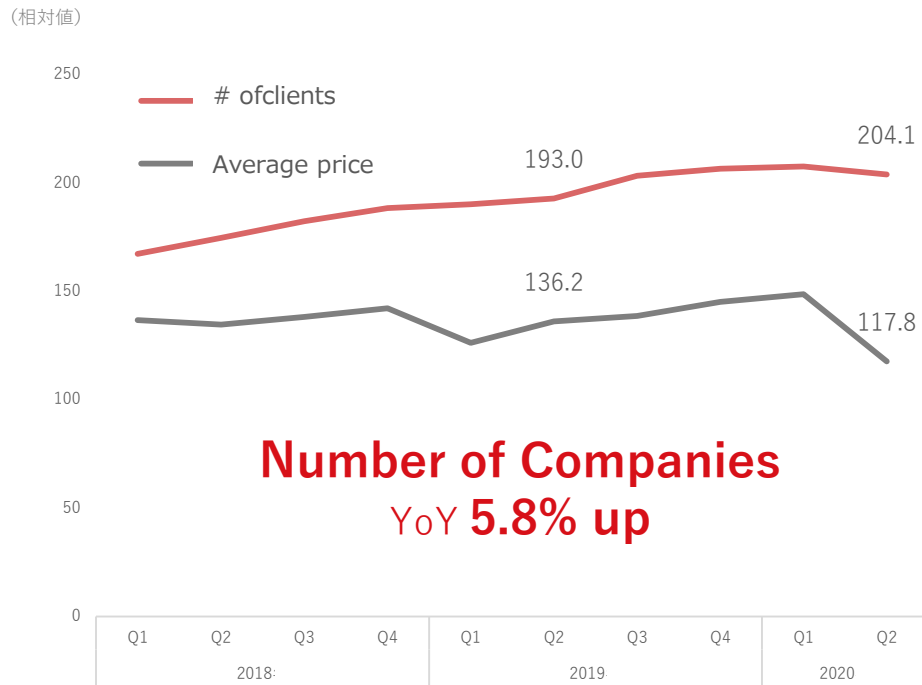
**Long-term
customers**

YoY **6.7%** down

Revenue in Local Small and Medium Sub-segment

[Number of Companies × Unit Price]

[Trend by Customer Category]

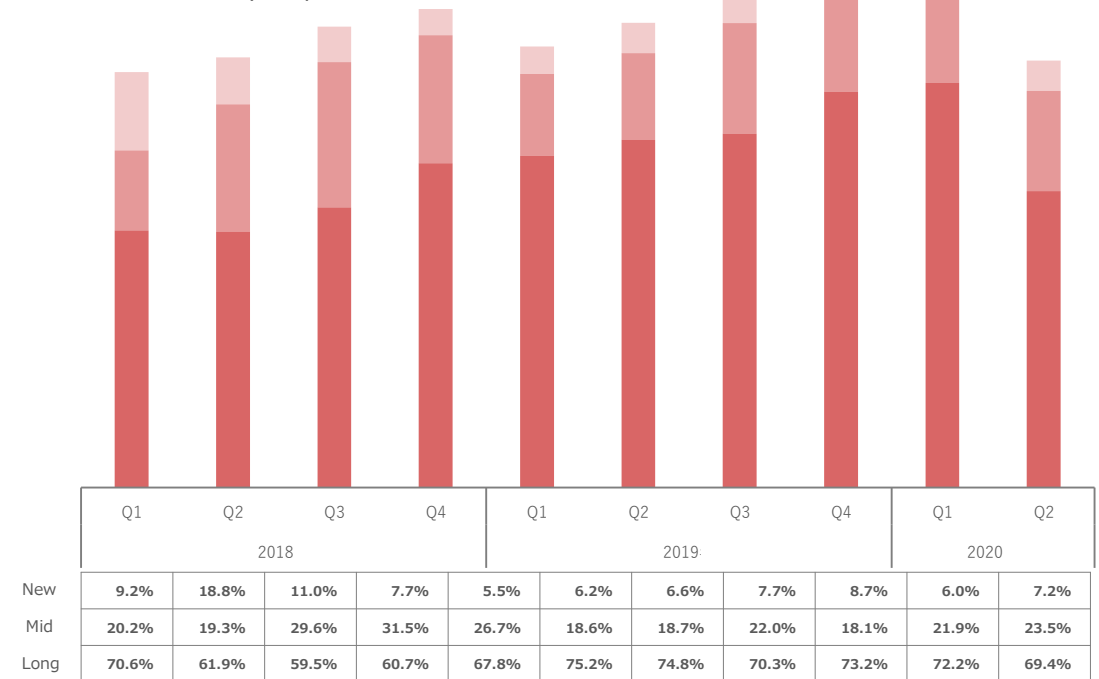


* FY2016 Q1 displayed as relative as 100

* Among digital marketing support, companies receiving advertising management support, which is the main business category, were extracted and disclosed

* As a result of the simplified absorption-type split of Growth-gear Inc., a subsidiary of our company, the business related to Indeed Inc. has been succeeded and the definition has been revised, and the previous figures have been retroactively corrected and presented.

■ Long-term
■ Existing
■ Newly acquired



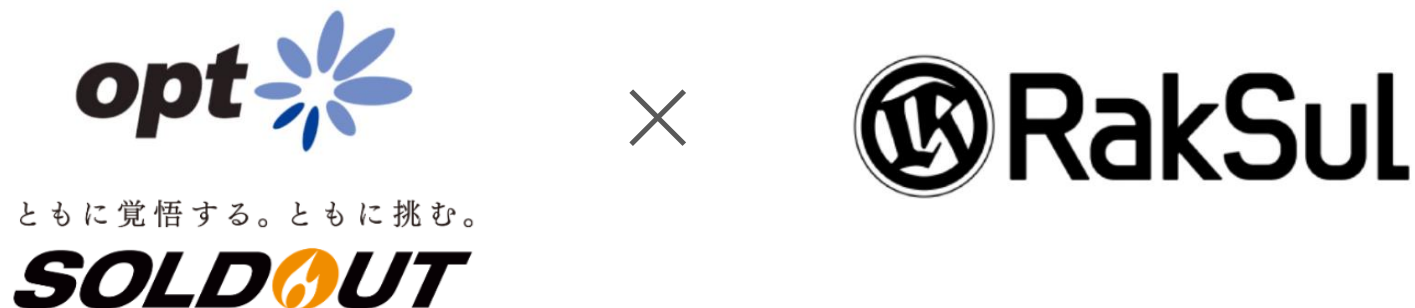
* The company that receives advertising management support, which is the main business of the digital marketing business, was extracted and disclosed

* Defined as, 1 -3 consecutive months = [New], 4 -12 consecutive months = [Mid], 13 consecutive months or more = [Long]

Business tie-up with RAKSUL, Inc.

Comprehensive support for corporate marketing activities through integrated planning of digital advertising and TV commercials

Further strengthen linkage with RAKSUL Inc.'s programmatic TV commercial with "Novasell" and digital marketing measures



“Novasell” provides programmatic TV commercials by utilizing RAKSUL Inc.'s unique advertising methods and “Novasell Analytics,” a cloud-based TV commercial effectiveness measurement tool. By utilizing “Novasell Analytics,” it will go through planning, production, broadcasting, and analysis at one stroke. It will make it possible to measure the advertising effects of TV commercials, which have traditionally been considered difficult. Achieve growth through optimized advertising investment.

Marketing business: Major Awards and Certifications

Media	Awards and Certifications	Descriptions	
		OPT, Inc.	SoldOut, Inc.
Google	Search Innovation Award※1	—	Search Advertising Division
	Growing Businesses Online Awards※2	—	Japan's Best Award
	Premier Partner Awards 2019※3	—	Best Award in shopping advertising
Yahoo!JAPAN	Specially Approved partner ※4	Advertising Management partner	Advertising Management partner
	Yahoo! Marketing Solutions partner Program ※5	★★★★ partner	★★★ partner
	Search Advertising Award ※6	—	No. 1 in Hokkaido
	Preferred Partner Program ※7	—	ATOM Certification
Criteo	Criteo Certified Partners ※8	Four Sters (★★★★)	Two Stars (★★)
LINE	LINE Ads Platform Sales Partner ※9	Silver	Silver, Best SMB Partner Certification
	Technology Partner, LINE Account Connect Division ※9	Diamond	—
	LINE Account Connect Sales Partner ※9	Silver	—
	LINE Biz Partner Program ※9	Planning Partner Silver Measurement, Performance	—
Facebook	Business Partner of the Business Cooperation Agreement between Facebook Japan and Kobe City for the Revitalization of Local Economies and Communities ※10	—	Business Support partner Award
Indeed	Featured Employer category, Strategic Product Award for the 1st half of 2019 ※11	—	No. 1

※1: Search Innovation Award in Premier Partner Awards 2018, sponsored by Google Partners

※2: Google AdWords Agency Awards for Premier Badge Holders in a Worldwide Agency Contest

※3: Awards to recognize companies that have made innovations in digital marketing in areas such as search advertising, app advertising, video advertising, display advertising, shopping advertising, and growth of online businesses.

※4: "Yahoo! Marketing Solutions partner Program" certified by Yahoo Japan Corporation; "Specially Certified partner" performing marketing methods and advertisement operations that require expertise

※5: A program under which Yahoo Japan Corporation certifies partner, which has a track record of supporting the marketing activities of advertisers by comprehensively utilizing Yahoo! JAPAN's advertising products and services to maximize the effectiveness of advertisements.

※6: "Search Advertising Award" sponsored by Yahoo Japan Corporation, which recognizes agencies that continuously sell advertising products

※7: Yahoo! Promotion Advertisement Operational Efficiency Support Program "Preferred Partner Program"

※8: Criteo Certified Partners (Star Agency System), who continuously sell advertising products offered by Criteo Corporation and certify agencies that have passed the certification test.

※9: Award for certifying partner in sales and development of various corporate services provided by LINE Corporation

※10: Business support for the "Business Partnership Agreement for Regional Economy and Community Revitalization" concluded between Facebook Japan and Kobe City partner

※11: An award presented by Indeed Japan Co., Ltd. to commend distinguished service in the proposal/operation of "Featured Employer"

FY2020 Q2 Synergy Investment business

Summary

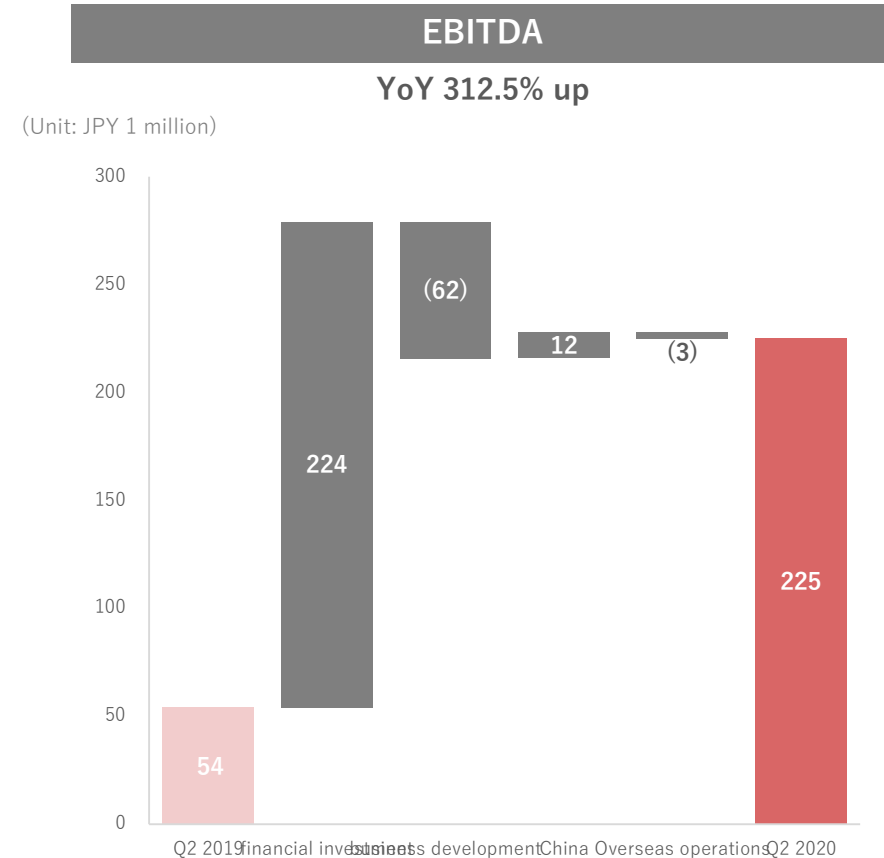
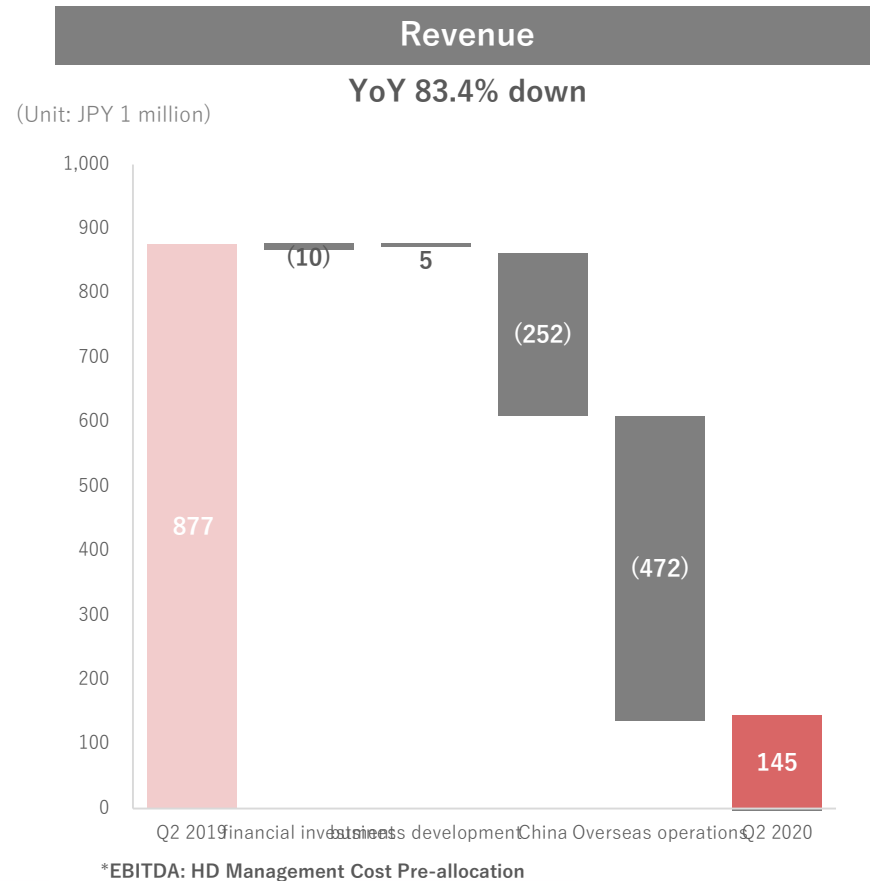
Although revenue decreased due to sluggish business in China and sales of overseas consolidated subsidiaries due to the impact of COVID-19, EBITDA increased by 312.5% year-on-year due to capital gains and other factors.

	FY2020 Q2	Fluctuations		FY2019 Q2
		Amount	YoY	
(Unit: JPY 1 million)				
Sales	145	(731)	(83.4)%	877
Gross profit	63	(305)	(82.7)%	368
SG&A	(290)	355	55.1%	(645)
Operating profit	(226)	50	-	(276)
EBIT	158	541	-	(382)
EBITDA	225	170	312.5%	54

*Operating profit/EBIT/EBITDA: HD Management Cost Pre-allocation

FY2020 Q2 Synergy Investment business breakdown

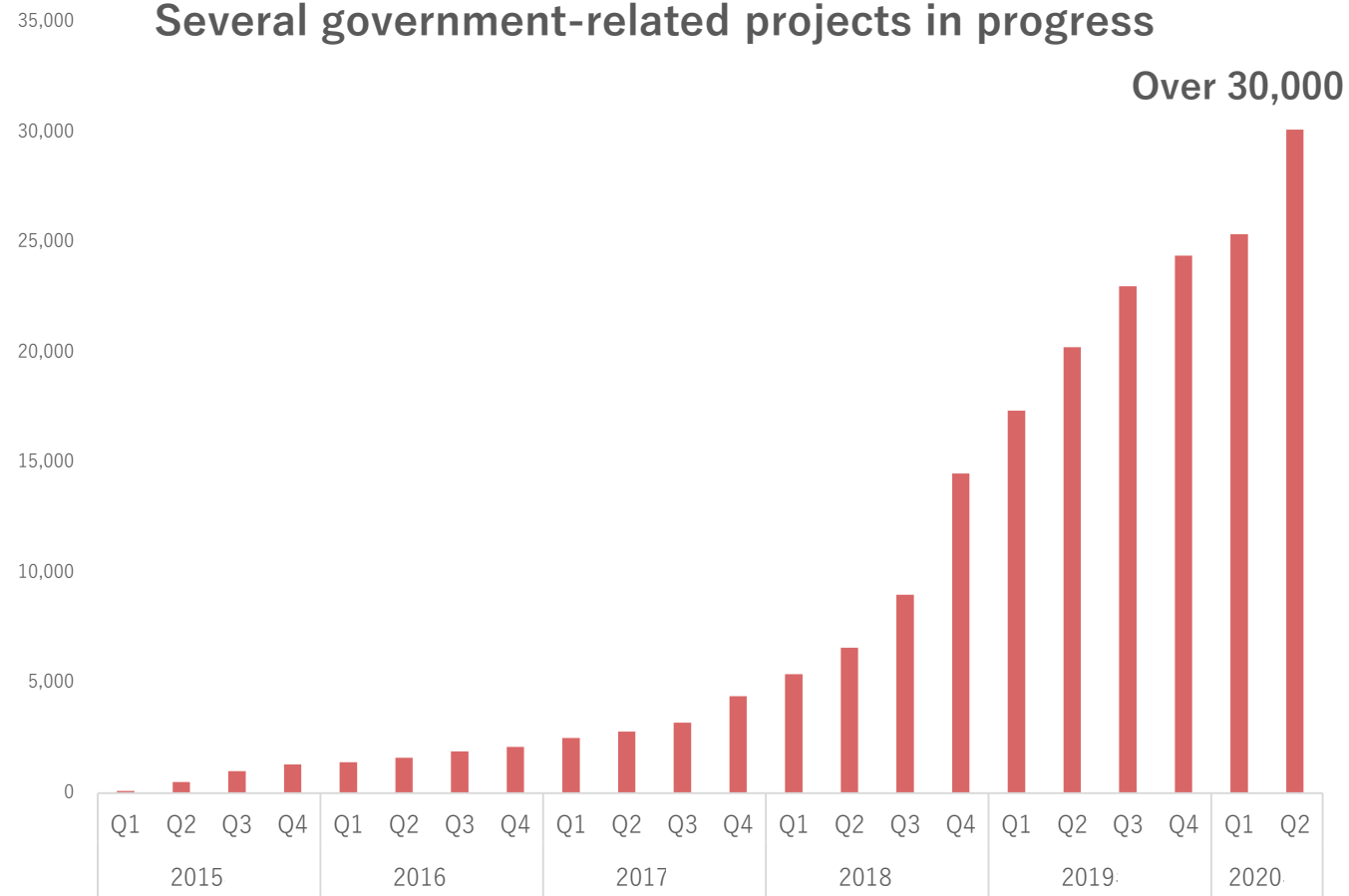
- **Financial Investment** : Profits increased due to the impact of gain on sale of securities held.
- **Business Development** : Despite a decline in profits due to delays in development projects and the suspension of exhibitions, which were affected by COVID-19, it was making good progresses that online educations were provided by SIGNATE Inc.
- **Business in China** : Revenue decreased due to the impact of COVID-19, but profits increased due to curbing an increase of SG&A through cost controls.
- **Business in the other foreign countries** : Revenue and profit decreased due to the impact of exclusion from consolidation due to the sale of overseas consolidated subsidiaries



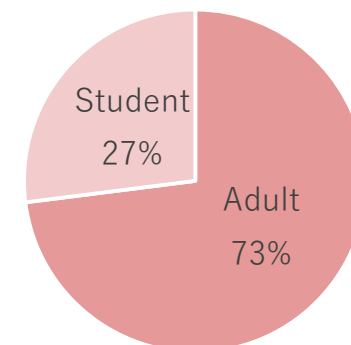
SIGNATE The largest AI competition service in Japan

The number of registered users exceeded 30,000.
Several government-related projects in progress

(Person)



Registered User Attributes



The largest site in Japan in which about half of the participants, led by the University of Tokyo, having a master's degree or higher, and both adults and students with advanced skills.

*As of May 11, 2020

IOPT Ventures, Inc., a company that strives to solve social issues, changed its trade name

BIG Bonds
Investment
Group

To Bonds Investment Group on July 1, 2020

What is Bonds Investment Group?

- Total assets under management: Approx. JPY 14 billion
- Number of Investees: 55 and more
- EXITs: 15 and more
- Investment theme: “IT × Industry”

Hands-on venture capital takes on the challenge of "Solving social issues and transforming society in Japan" in various industries such as pharmacies, healthcare, construction, real estate, finance, HR, etc. utilizing its abundant business experience in the IT field

New Company's Corporate Philosophy & 3 Key Points

“Bonds” means a bond. It always being close to entrepreneurs, and teams, entrepreneurs, investors, and all stakeholders, as one group team, tackle major social challenges and create big businesses together with entrepreneurs.

1. Focus on solving social issues
2. Challenge to solve social issues in one team
3. Buddy system to support entrepreneurs

1. **EBIT (Earnings before Interest and Taxes)**

Net income before income taxes + Interest expenses - Interest income

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

EBITDA = EBIT + Other financial gains (losses) + Depreciation + Amortization
+ Stock-based compensation expense + Impairment losses

3. **FCF (Free Cash Flow)**

FCF = Cash flows from operating activities + Cash flows from investing activities
± Adjustment by temporary items

- 1) Stocks of subsidiaries and affiliates represent the total of carrying amount.
- 2) Operational investment securities and Investment securities shall base their valuations on the following categories.

Categories	Evaluation method
① Securities whose investment amount is small	Acquisition price
② Listed securities	Closing market price as of the end of June 2020
③ Securities with the most recent financing experience (equity financing); (excluding ① and ②)	Value based on the financing value
④ Securities other than those listed above	Assessed by the multiple method* ¹ , the DCF method* ² and the net assets method* ³ according to the business situations.

※1 Multiple Method

Companies for which competitors can be set using information analysis tools are evaluated using the multiple method.

※2 DCF method

Companies that cannot set competitors through information analysis tools, etc. and that can obtain reasonable business plan based on KPIs, etc. shall be evaluated by the DCF method. However, if there are discrepancies between the actual performance and business plan, companies shall be evaluated by the DCF method with multiplying the achievement rate of the plan.

※3 Net assets method

Companies for which no clear business plan is available, companies in doubt about the going concern assumption, and companies with equity below net assets assessed using the multiple method or the DCF method are assessed using the net assets method.

* The company has not received any advice from KPMG AZSA LLC regarding fair value since FY2020.

IRR (Internal Rate of Return) Calculation Method

Items		Matter
Subject		Issues invested in the financial investment business between 2013 and the end of June 2020
Base date for calculation		End of June 2020
Calculation Method	Impaired stock	Calculated assuming sale at Net assets value at impairment
	Stocks that have been financed most recently	Calculated on the assumption that the securities were sold at the fair value of the shares at the time of the financing
	IPO	Calculated as if sold at market value on the calculation reference date
	Fund	Calculated using the amount collected before the end of June 2020 and the book value as of the end of June 2020.
	Other than the above	If there is no change in basis due to sale, impairment, financing (equity financing), IPO, etc., the calculation is based on the assumption that it was sold at book value on measure.
Treatment of corporation tax when calculating IRR		Consider corporation tax