



DIGITAL - The Heartbeat of the Future

DIGITAL HOLDINGS, INC.
FY 2021 Results Briefing Materials

Date. 2021.2.10

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1 | FY 2020 Financial Summary

Consolidated Results	Revenue	JPY	88,768 million	YoY	1.3 % down
	EBITDA	JPY	7,591 million	YoY	55.1 % up
	Net income attributable to owners of parent	JPY	3,750 million	YoY	94.5 % up
Digital Shift KPI	Revenue		1,934 1 million yen	YoY	53.0 % up
	Composition ratio of gross profit		8.2 %	YoY	2.0 % up
Topics	Marketing Business: Achievement of earnings forecast due to year-end demand expansion and ongoing cost control effects				
	Synergy Investment Business: 5 IPOs realized , EBITDA approx. JPY 7 billion and securing investment resources for growth				
	Digital Shift Business: Rapid Expansion of Needs in COVID-19, Multiple Projects Launched				

*Digital Shift KPI: Due to withdrawal from China business (general trade business), actual figures excluding this business and year-on-year fluctuations are shown.

FY2020 Executive Summary

(Unit: JPY 1 million)	FY 2020	Fluctuations		FY 2019
		Amount	YoY	
Revenue	88,768	(1,185)	(1.3)%	89,953
Gross profit	17,793	+78	+0.4%	17,715
Operating income	3,240	+607	+23.0%	2,633
EBIT	6,175	+3,511	+131.8%	2,664
EBITDA*1	7,591	+2,698	+55.1%	4,893
Net income attributable to owners of parent	3,750	+1,822	+94.5%	1,928
ROE(LTM)*2*3	12.9%	-	+ 5.3%	7.6%
Free cash flow	3,755	+2,385	+174.1%	1,370
Earnings per Share(in JPY)	167.86	+83.63	-	84.23

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

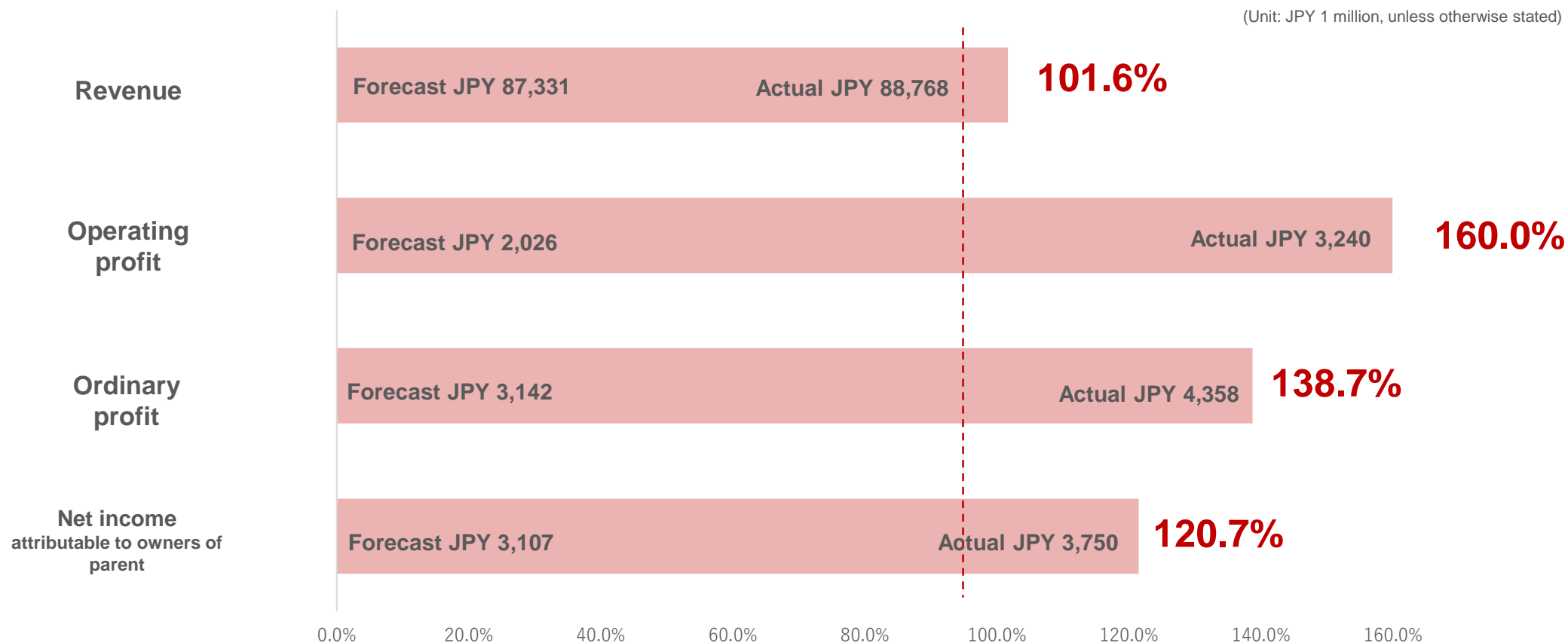
EBITDA as defined before the change is JPY 7,520 million for the fiscal year ending December 2019 (YoY increase: 58.1%).

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

*3 LTM: Last Twelve Months

FY2020 Achievements in the consolidated earnings forecasts

Achieved all indicators due to increased year-end demand in the marketing business and the impact of the IPO of financial investment in December



Shareholder return policy

To improve capital efficiency and further return profits to shareholders, during the period of DS Innovation 2023, the Company will consider implementing shareholder return measures while taking into accounts stock price level, financial situation and cash flow, regardless of the beginning or during the period.

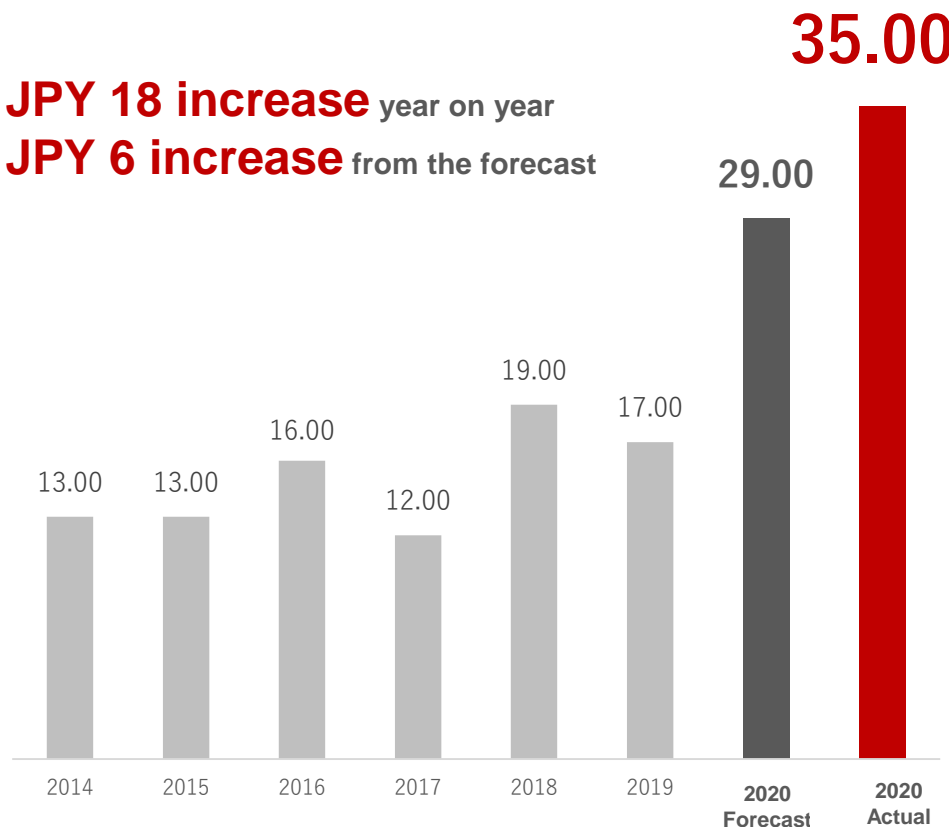
Dividend policy

In order to enhance corporate value over the medium to long term, the Company aims to secure funds for business and human resource investment, etc. necessary to strengthen the management system and improve earnings. This is why the Company aims to achieve a dividend payout ratio 20% increase in net income attributable to owners of parent before amortization of goodwill.

Dividend Performance (JPY)

(dividend payout ratio: 20.85%)

JPY 18 increase year on year
JPY 6 increase from the forecast



Purchase of treasury stock

JPY 1 billion of treasury stock acquired like FY 2020

Type of shares to be acquired	Common Stock
Total number of shares to be acquired	Up to 650,000 shares Ratio to the number of outstanding shares (excluding treasury stock): 2.93%
Total amount of acquisition	Up to JPY 1 billion
Repurchase period	From February 12, 2021 to June 30, 2021 (Contract date basis)
Method of acquisition	Market purchased on Tokyo Stock Exchange

Treasury shares repurchased in FY2020: Approx. JPY 1 billion
(Period: from February 13, 2020 to April 16, 2020; Acquired shares: 705,900 shares)



FY2020 Financial Summary by Segment

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

- Despite the impact of COVID-19, demand, after bottoming out in May, recovered toward the end of the year
- Especially in Major Sub-segment, ongoing cost control reduced SG&A

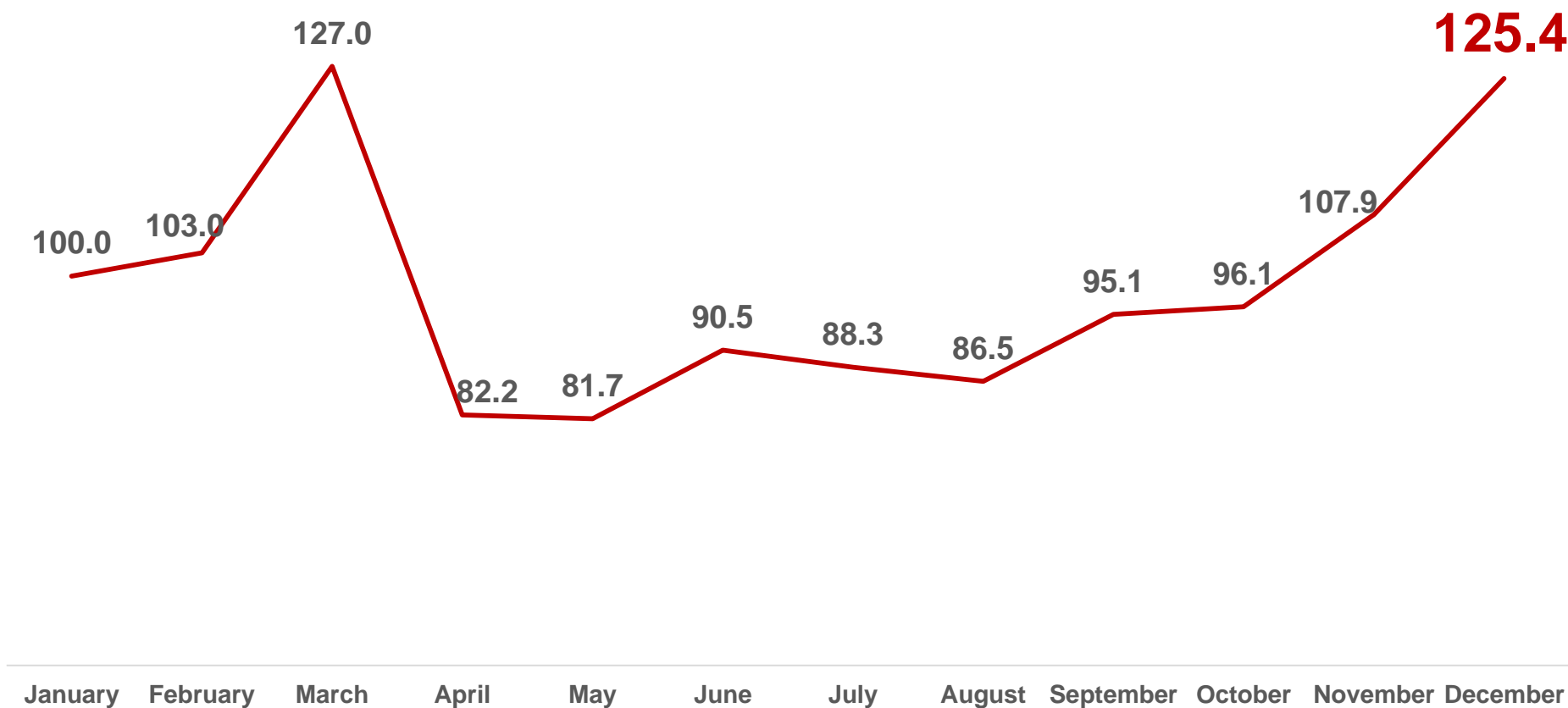
	Mager Sub-segment			Local Small and Medium Sub-segment			Total Marketing Business		
	FY2020	Fluctuations	FY2019	FY2020	Fluctuations	FY2019	FY2020	Fluctuations	FY2019
(Unit: JPY 1 million)									
Revenue	62,705	(2.3)%	64,209	20,434	3.7%	19,703	82,780	(0.7)%	83,347
Gross profit	9,881	(5.2)%	10,424	3,792	1.3%	3,745	13,666	(3.5)%	14,157
SG&A	(7,746)	+4.4%	(8,100)	(3,420)	(12.2)%	(3,047)	(11,158)	(0.3)%	(11,128)
Operating profit	2,135	(8.1)%	2,324	372	(46.6)%	697	2,507	(17.2)%	3,028
EBIT	2,097	+4.2%	2,012	343	(43.1)%	604	2,441	(6.7)%	2,615
EBITDA	2,330	(11.7)%	2,638	620	(22.9)%	804	2,951	(14.1)%	3,435

*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

Revenue decline bottomed out in May, followed by a moderate recovery, and recovered, to near the level before the declaration of a state of emergency in April, in December due to year-end demand.

Time series variations in relative revenue with January 2020 before the declaration of a state of emergency in April 2020 as 100

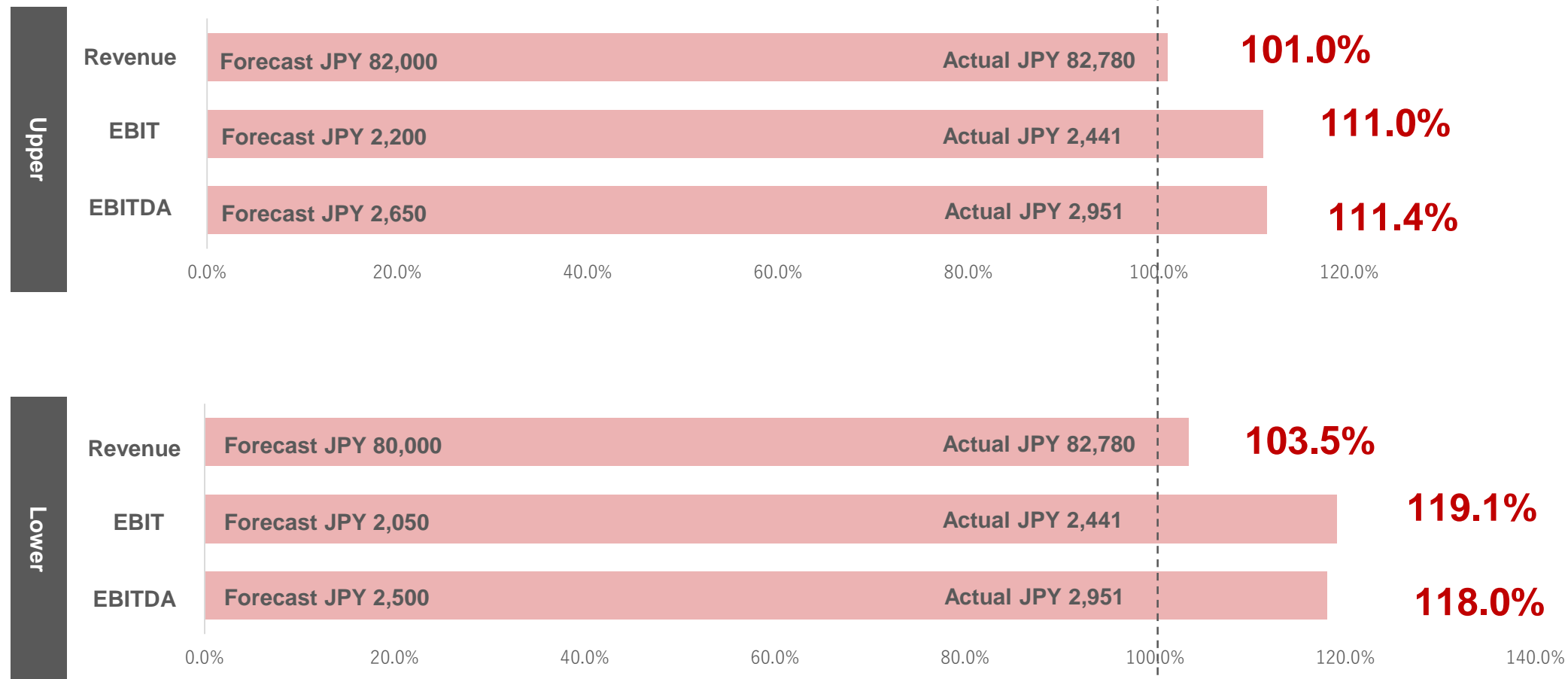


FY2020 Achievements in Marketing Business forecasts

Achieved all indicators for both the upper and lower performance forecasts

(Unit: JPY 1 million, unless otherwise stated)

100% line



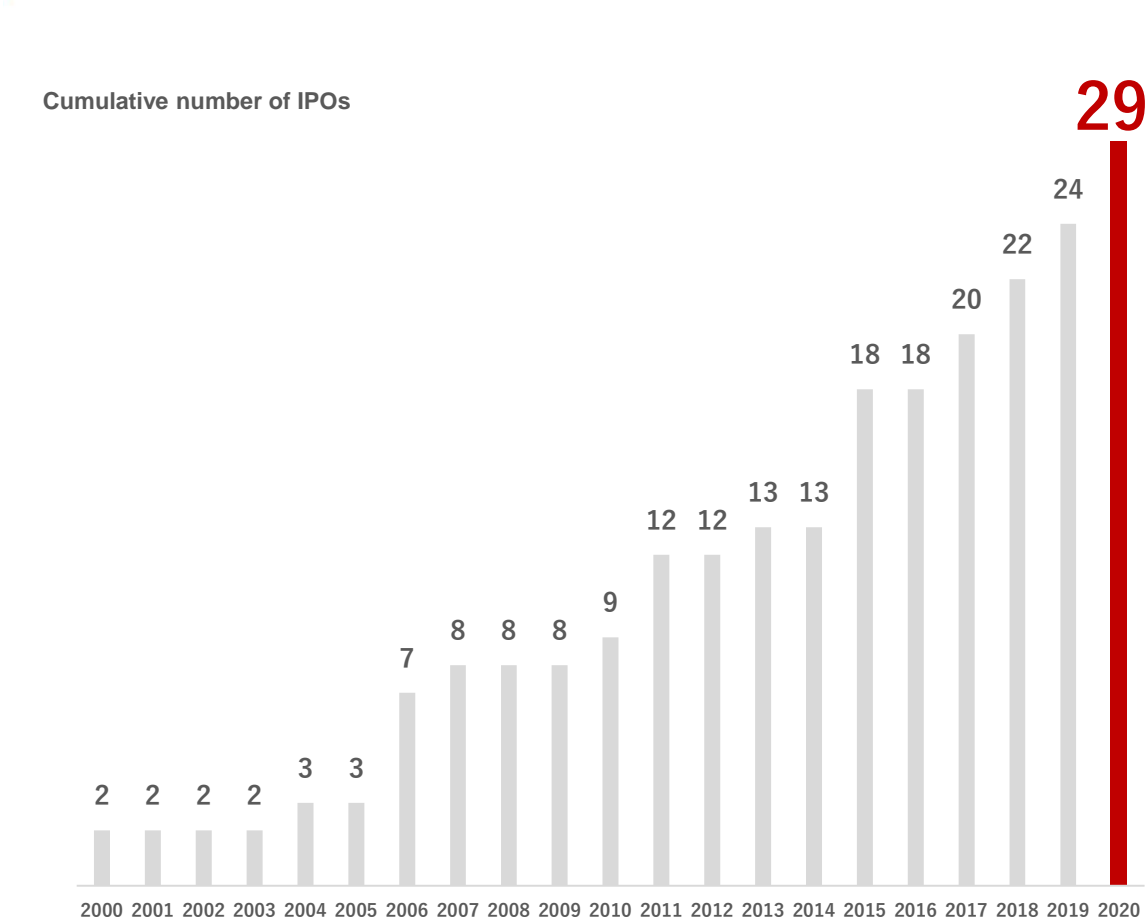
- Secure continuous profits by utilizing assets held
- Secure investment resources for group growth and accelerate investment in digital shift businesses

(Unit: JPY 1 million)	FY2020	Fluctuations		FY2019
		Amount	YoY	
Revenue	6,065	(575)	(8.7)%	6,640
Gross profit	4,203	+607	+16.8%	3,596
SG&A	(1,122)	+558	+33.2%	(1,680)
Operating profit	3,080	+1,164	+60.7%	1,916
EBIT	6,154	+3,718	+152.6%	2,436
EBITDA	6,667	+3,145	+89.3%	3,522

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

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With the IPOs of the investee companies in December, the number of IPOs for FY2020 was 5 companies, and the number of IPOs for the last 20 years counted up 29 companies.



Major companies listed in the last 3 years

December 2020 Newly listed two companies

 ENECHANGE Corporation (December 2020)	 Welsnabi Co., Ltd. (December 2020)
 rakumo Corporation (September 2020)	 Commerce One Holdings Co., Ltd. (June 2020)
 Jimoty Corporation (February 2020)	 Space Market Co., Ltd. (December 2019)
 Raksul Corporation (May 2018)	 Lancers Corporation (December 2019)

Group-wide cost control achieved within full-year forecasts

	FY2020	Fluctuations	FY2019
		Amount	
(Unit: JPY 1 million)			
SG&A	(2,326)	(36)	(2,290)
Operating profit	(2,345)	(43)	(2,302)
EBIT	(2,419)	(32)	(2,387)
EBITDA	(2,025)	+22	(2,047)

【Definition of HD management costs】

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

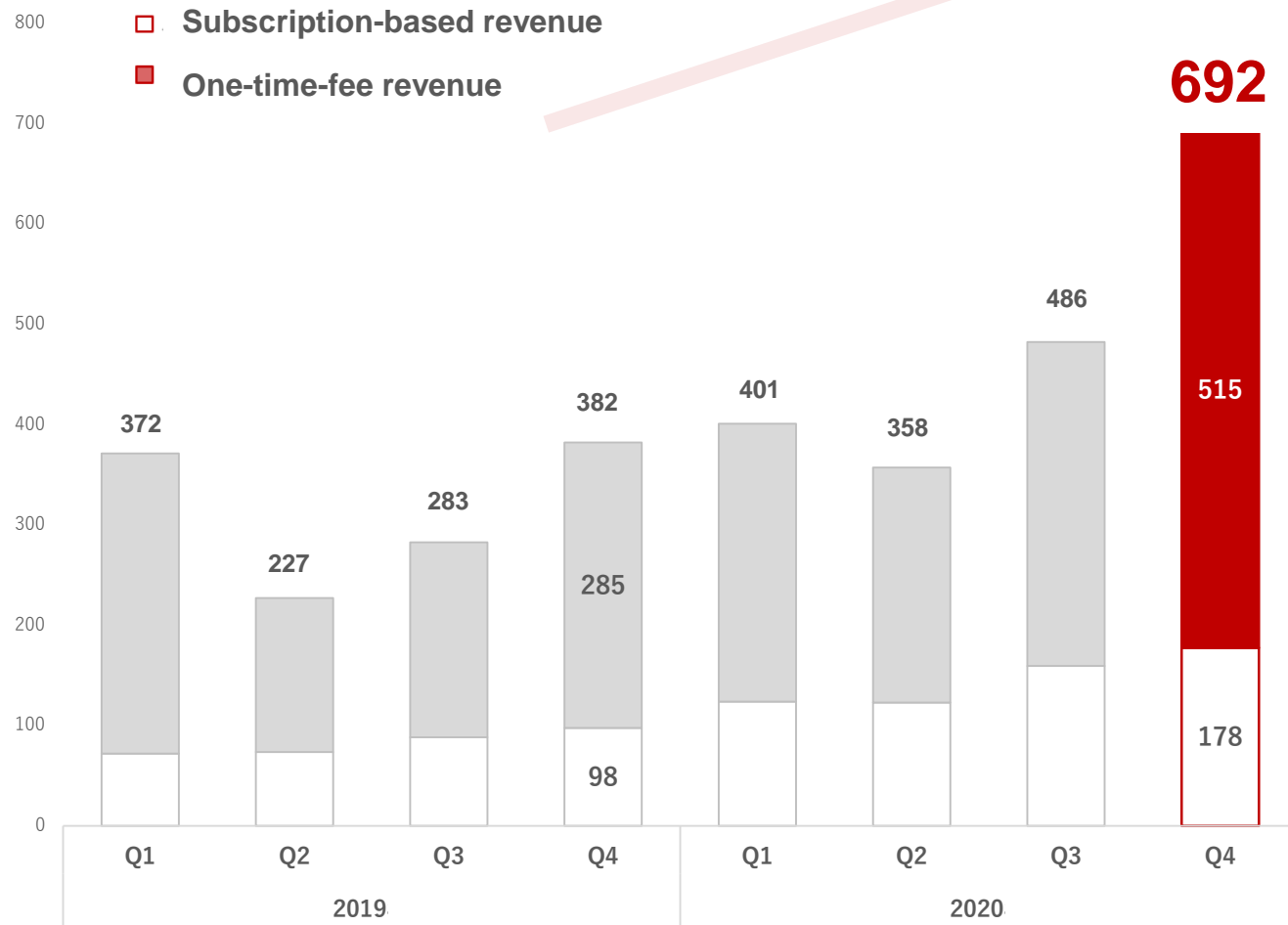
- ✓ Personnel expenses of DIGITAL HOLDINGS, INC. Administration Division
- ✓ HD maintenance costs other than personnel expenses borne by DIGITAL HOLDINGS, INC. Administration Division
- ✓ Partial service costs other than personnel costs provided by DIGITAL HOLDINGS, INC. Administration Division to its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

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

Digital Shift KPI

Digital Shift KPI: Revenue Growth Rate

(Unit: JPY 1 million)

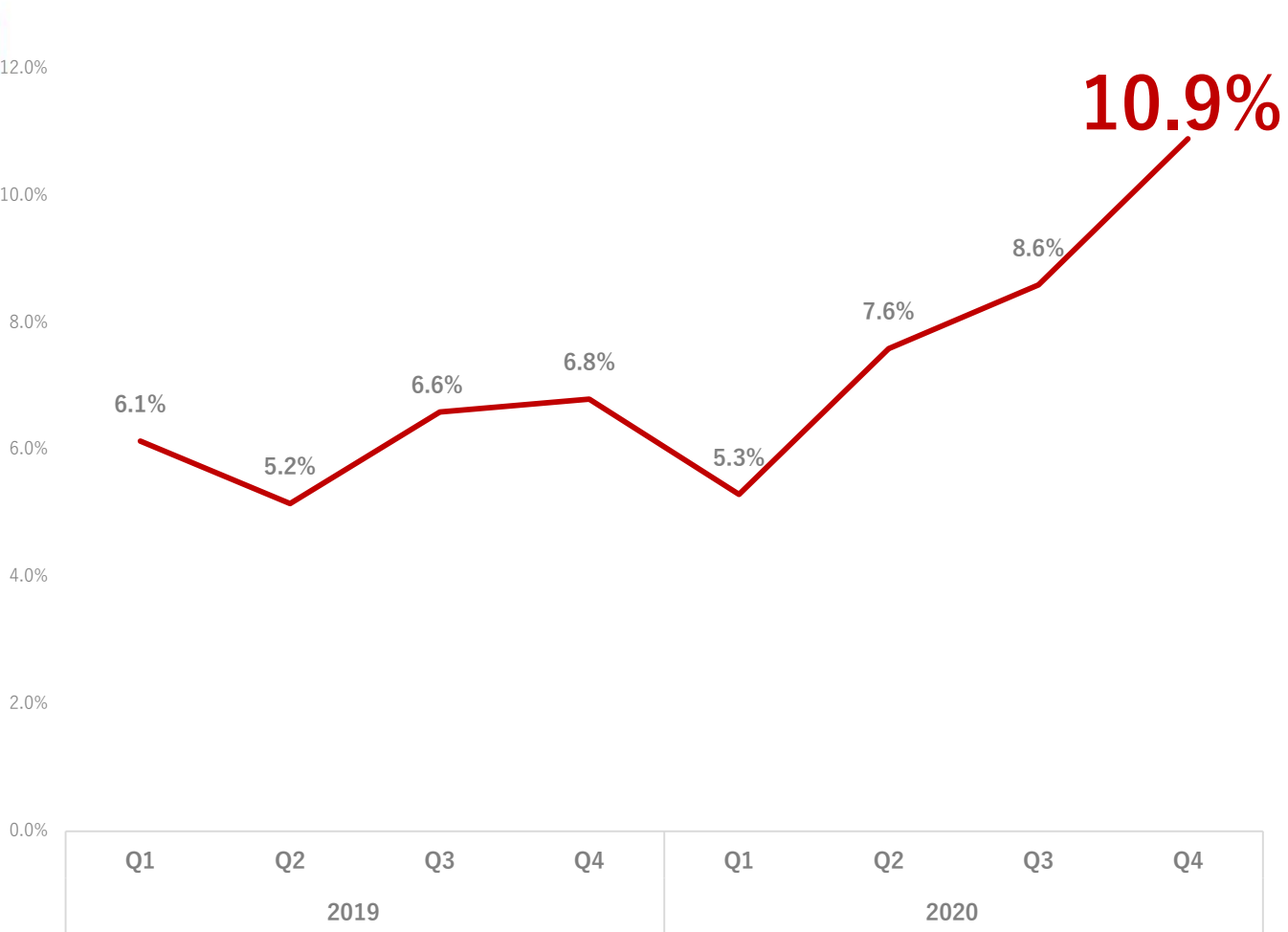


High record revenue

Digital Shift revenue
YoY **81.1% up**

Subscription-based revenue
YoY **81.9% up**

*Due to withdrawal from China business (general trade business), actual figures excluding this business and year-on-year fluctuations are shown.



Rising steadily

Gross Profit
YoY **56.0% up**

Gross Profit Margin
YoY **4.2% up**

*Due to withdrawal from China business (general trade business), actual figures excluding this business and year-on-year fluctuations are shown
*Composition ratio of consolidated gross profit excluding financial investment business

2

Key Measures for the Future DS Innovation 2023

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.

**A true digital shift company that creates new value
and solves social issues leading Society 5.0**

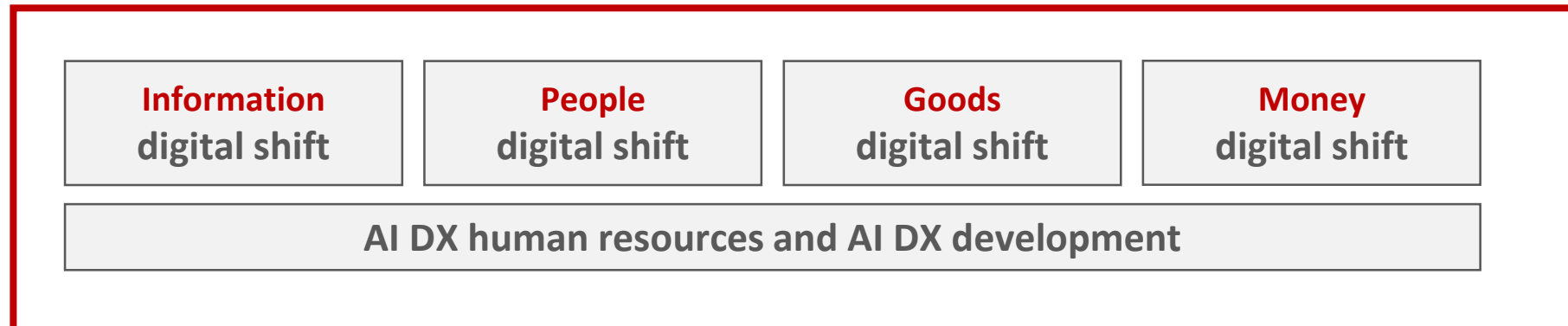
"Digital - The Heartbeat of the Future"

Providing new value to the world through digital technology to enrich people's lives

Solving social issues by creating new value
through **information, people, goods, and money** solutions



Digital Shift Engine



2020, when structural reforms started in earnest

- *Corporate Culture Update
- *Change of management structure
- *Restructuring of the business portfolio
- *Changes in key advertising business indicators
- *New Business Development (Digital Shift Business)

2020

Prepared period
for business conversion

Corporate Culture
Update

Change of Management
Structure

Business Portfolio
Organizing

Change in Key Indicators
in Advertising Business

New Business
Development
(Digital Shift Business)

2021 to 2023

Transition period → Growth period

strongly promote a business pivot
DS Innovation 2023

Reorganization of OPT (3 divisions)

Concentrated investment
in digital shift business

Management focusing on
growth and profitability

~ 2030

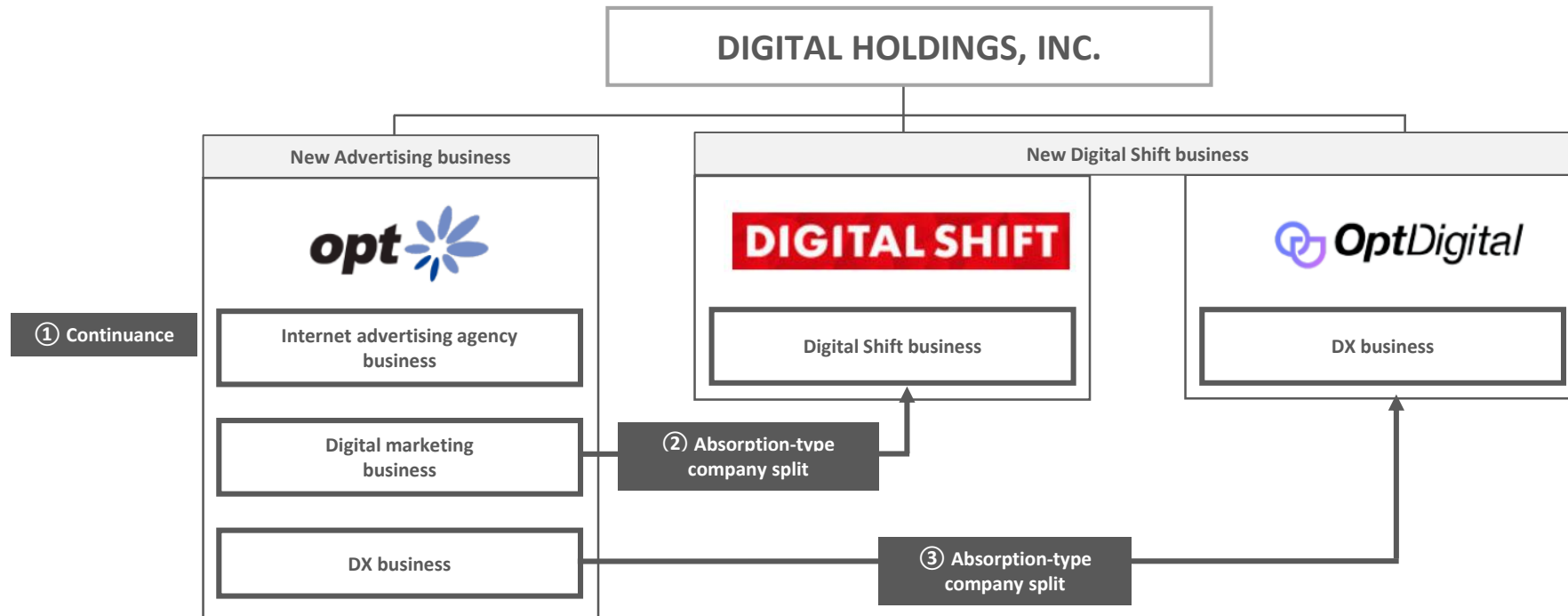
Breakthrough period

B2B SaaS
+
Digital Shift-related Product
Platformization

**Corporate value of
JPY 1 trillion yen**

Realization of rapid business pivot and digital shift of advertising agency business

Optimal placement of digital marketing professionals who have been at the forefront of digital business
in Digital Shift business

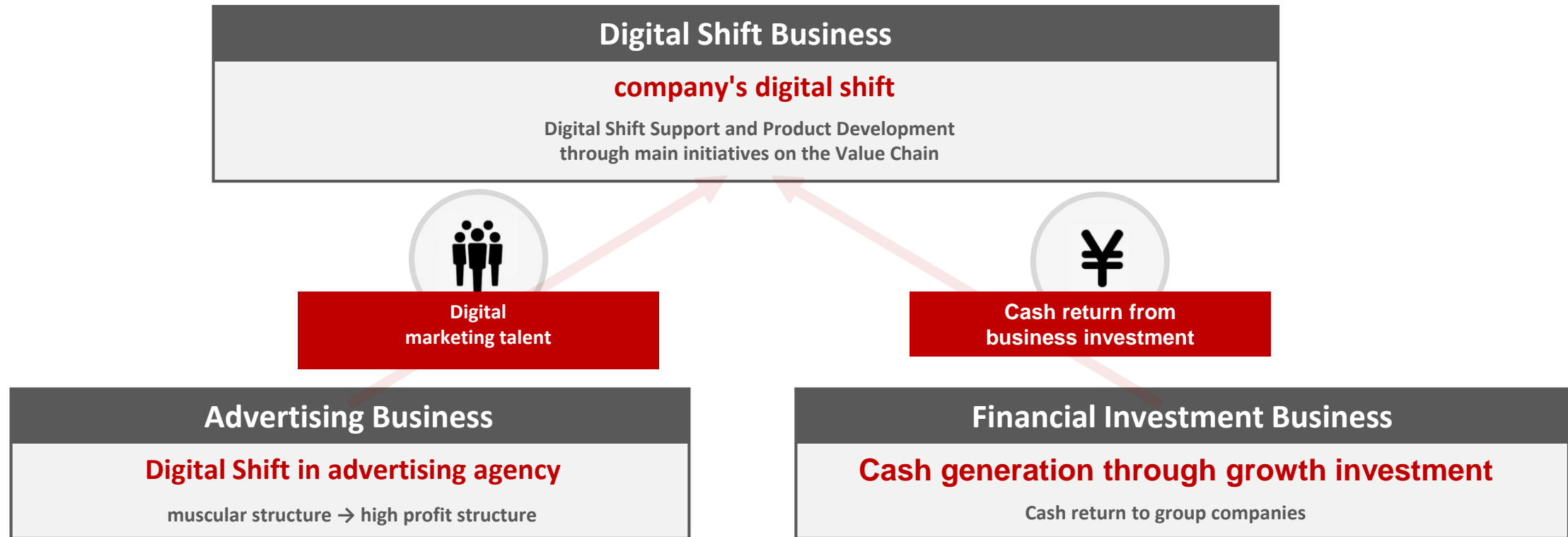


- ① Internet advertising agency business : OPT, Inc. Continues. The digital shift in the advertising agency industry
- ② Digital marketing business : Absorbed and split into Digital Shift, Inc. Strengthen sales competitiveness, accelerate consulting and resident support
- ③ DX business: Absorbed and split into OptDigital, Inc. Strengthen SaaS investment, and realize Industrial Transformation

*For details, please refer to "Announcement of Reorganization of OPT, Inc. (Absorption-type Company Split)" announced on the same day.

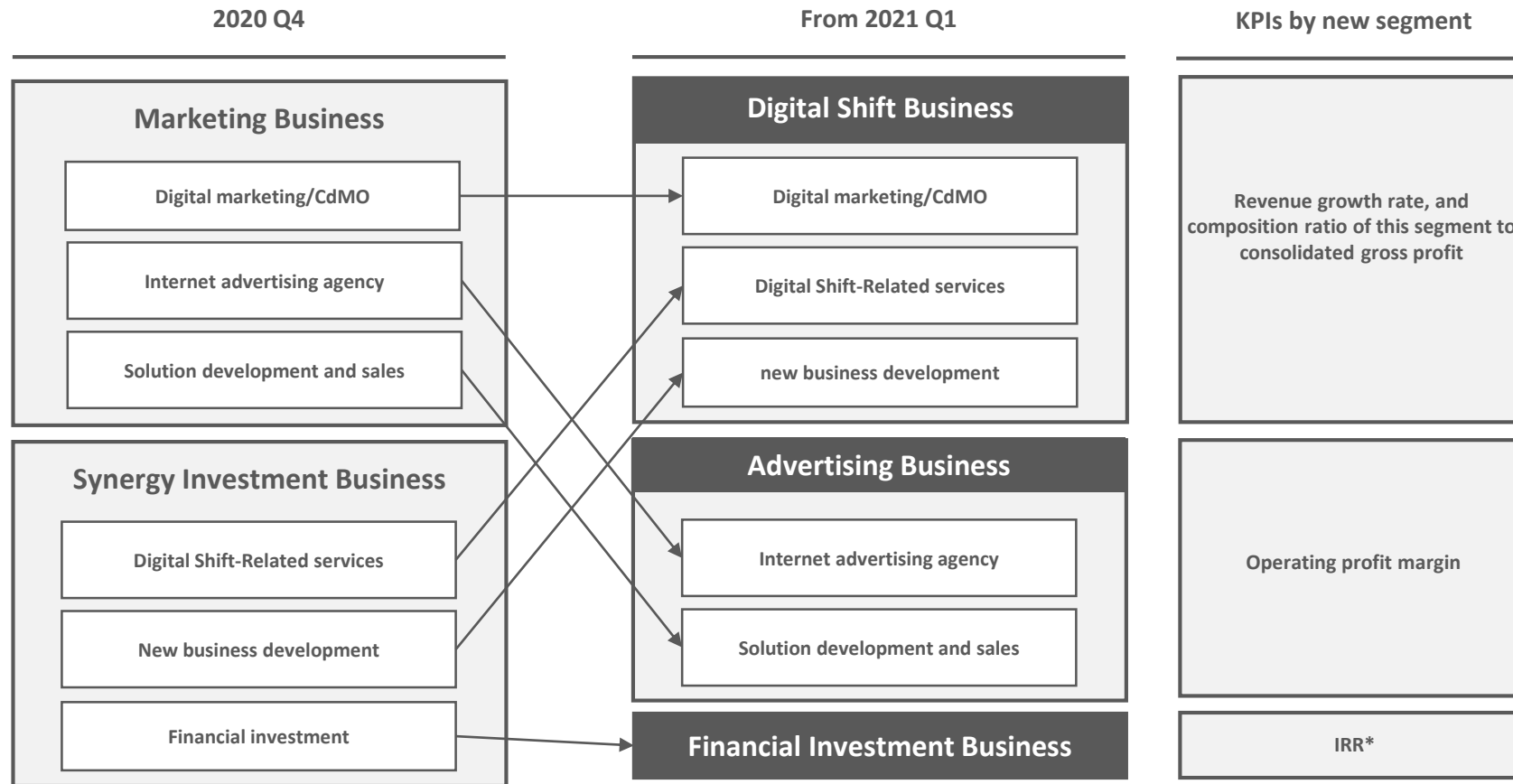
Investing Group Assets (People and Money) in Digital Shift Business

Change to segments linked to group strategy



(Reference) Overview of a transition to New Segment

The new segments were reorganized into three businesses: Digital Shift Business, Advertising Business and Financial Investment Business. KPIs were set for each new segment.

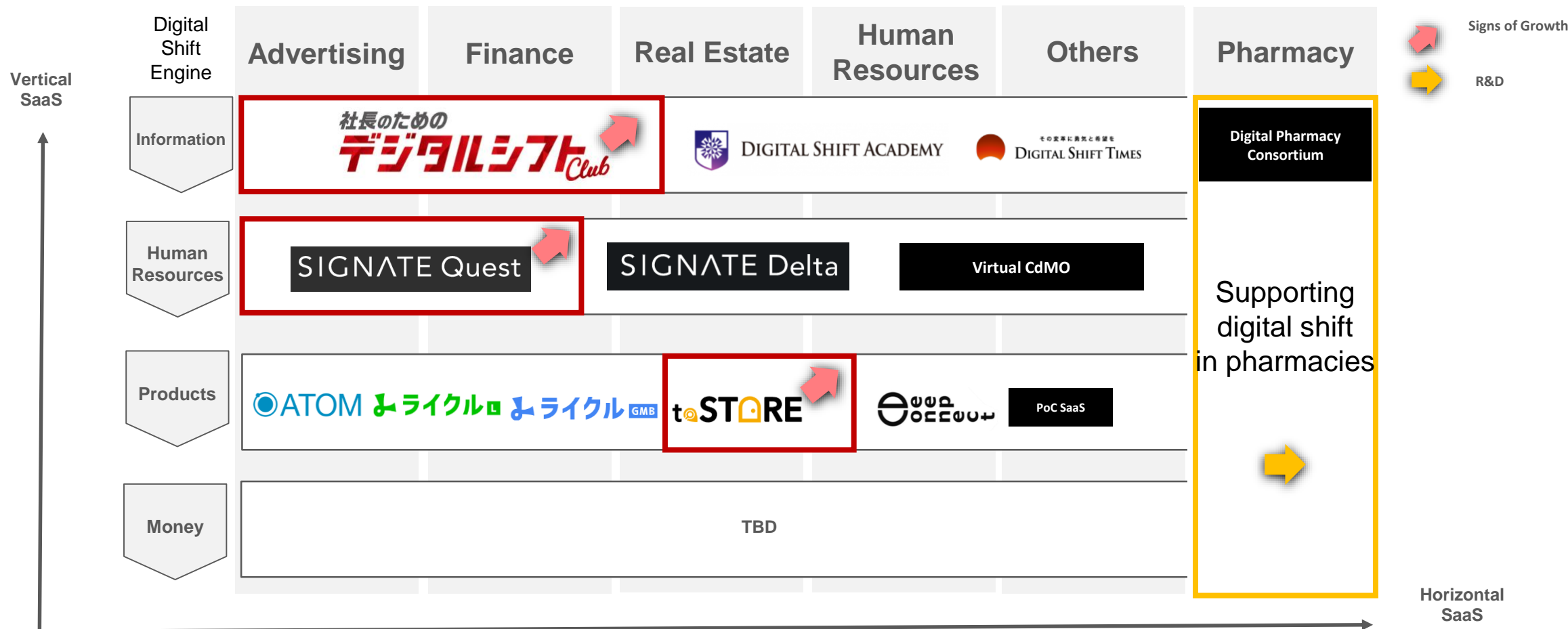


*Financial investment business IRR: Changed to definition to be linked to business strategy in order to make returns more visible

Concentrated investment in digital shift business

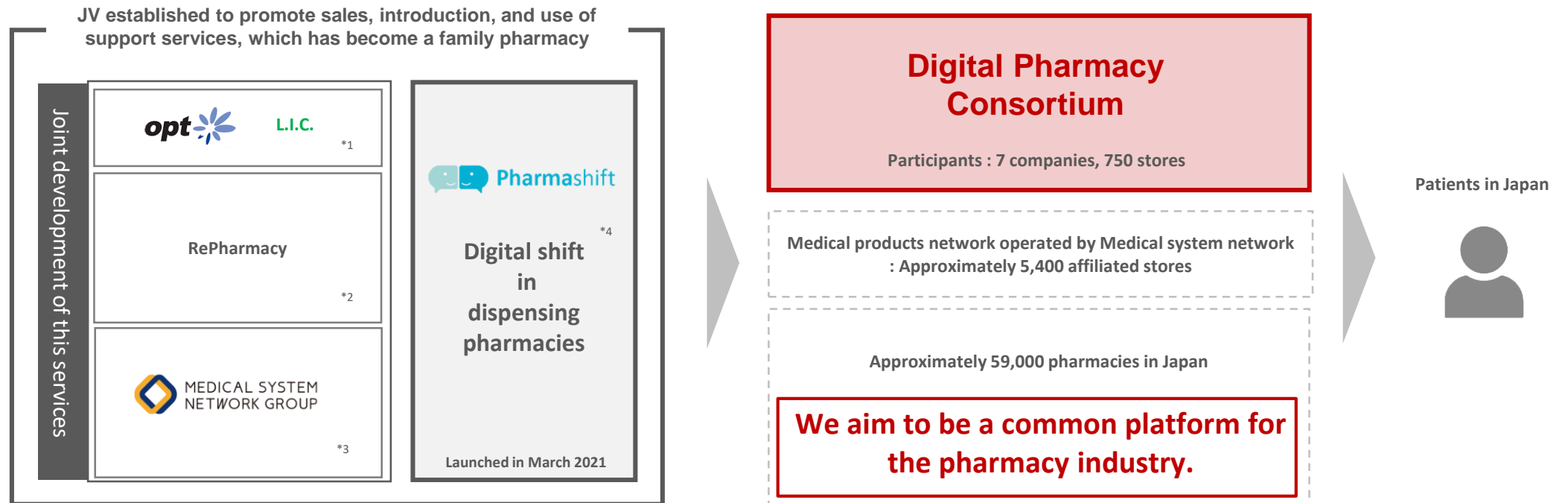
Business portfolio to support companies and industries that are lagging behind the digital shift
Further strengthen investment in projects with growth expect potential

[Main Initiatives]



Concentrated investment in digital shift business : Support for conversion to family pharmacies

- Digital Pharmacy Consortium Launched to Create New Pharmacy Platform
- Consortium Companies Decide to install Conversion Service to Family Pharmacies with utilizing LINE



*1 "LINE Innovation Center (L.I.C.)", which is an open innovation organization that promotes the digital shift by making the most of "LINE"

*2 100% subsidiary of OptDigital, Inc. (established October 1, 2020)

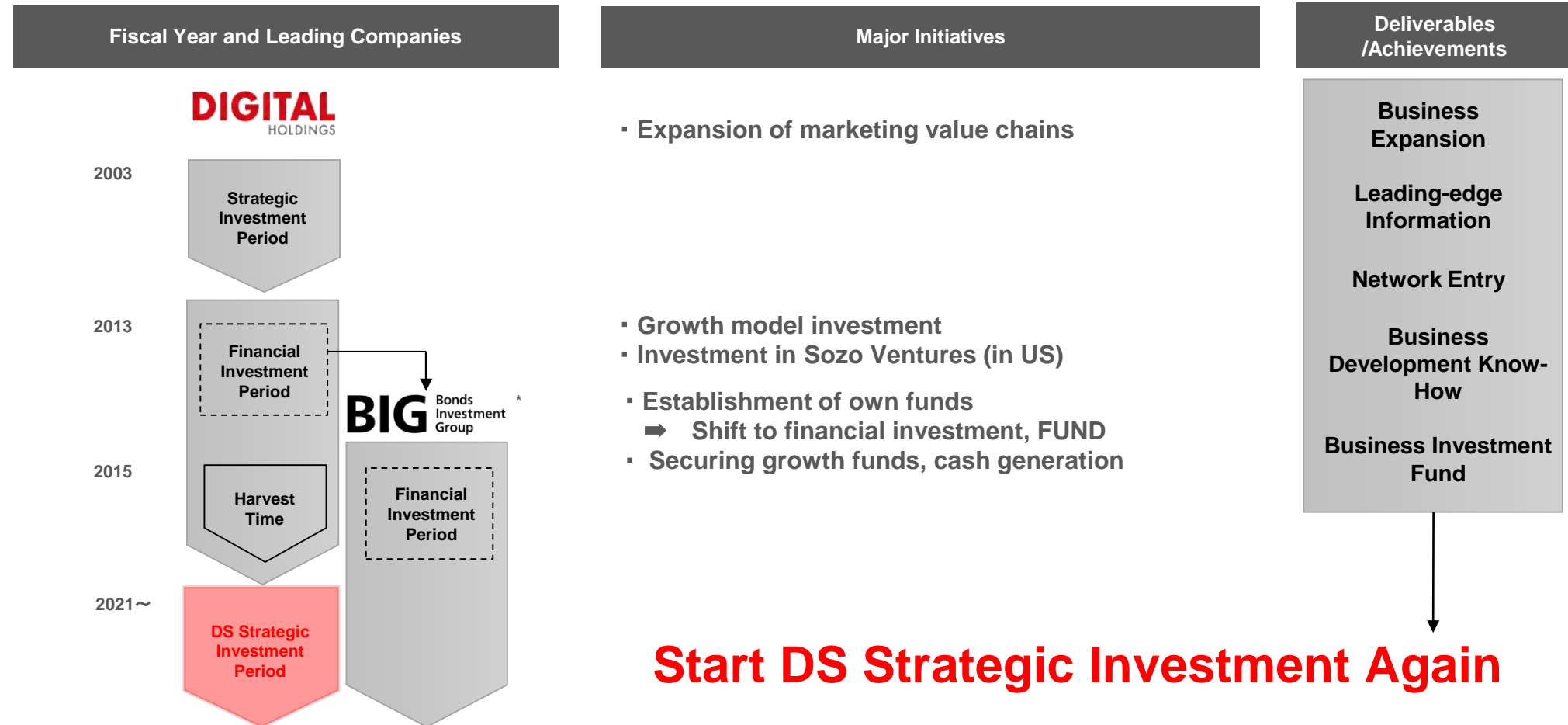
*3 Medical System Network Co., Ltd. : A business company that operates a pharmaceutical network and a dispensing pharmacy "Nanohana Pharmacy" as its core business

*4 PharmaShift Co., Ltd. (established October 1, 2020), Medical System Network Co., Ltd. 51.0%, RePharmacy, Inc. 49.0%

Concentrated investment in digital shift business : Positioning of the financial investment business

To create businesses with high corporate value

Going forward, we will make use of the know-how and network we have cultivated through financial investment to reinvest in the DS strategy.



* FUNDS organized by 100% subsidiary Bonds Investment Group

New management structure for digital shift business expansion

- Appointed COO Kanazawa for DS Innovation 2023.
- The board of directors and the audit committee will continue to have a strong lineup of professionals who represent their respective fields.

Management	
職位	Name
Chairman	Noboru Hachimine
President	Atsushi Nouchi
Director	【NEW】 Daisuke Kanazawa
	Shūsaku Minoda
Director (External/Independent)	Tomoyuki Mizutani
	Koji Yanagisawa
	Yasuhiro Ogino
Director (External/Independent) Audit and Supervisory Committee Member	Fumiyuki Shinomiya
	Yuki Okabe
	Toshio Yamaue
	Masahiro Yamamoto

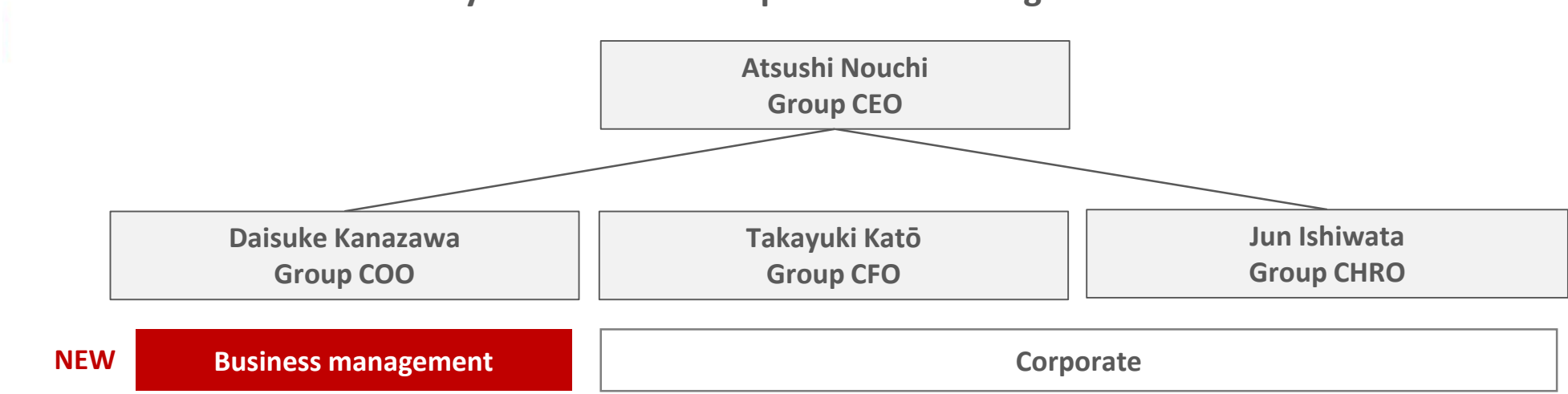
Group executive officers	
管轄	Name
Group CEO	Atsushi Nouchi
Group COO	Daisuke Kanazawa
Group CFO	Takayuki Katō
Group CHRO	Jun Ishiwata
Group Executive Officer, responsible for SaaS business	Yasushi Ishihara
Group Executive Officer, responsible for Consulting & HR business	Kōsuke Yoshida
Group Executive Officer, responsible for AI business	Hideo Saitō
Group Executive Officer, responsible for Advertising business	【NEW】 Seiya Kurimoto

Notes:

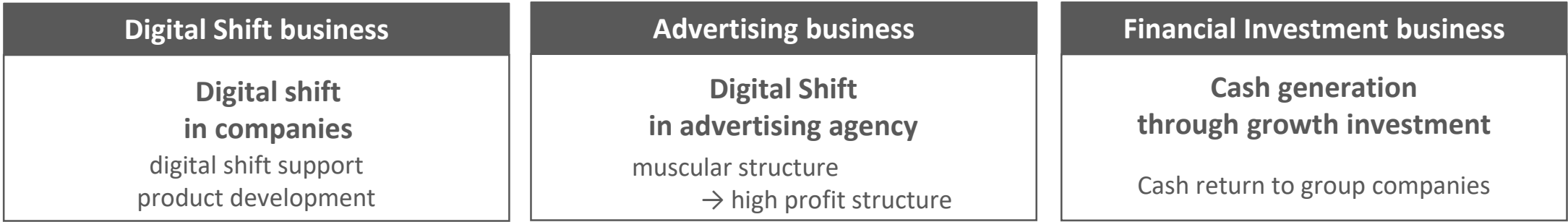
- ① : The appointment of directors will be proposed at the 27th ordinary general meeting of shareholders to be held on March 26, 2021, and will be formally decided there.
- ② : The appointment of the group executive officers is scheduled take place on April 1, 2021 following the formal decision in ①.

Group Supervision and Management System Focusing on Growth and Profitability

Newly established Group business management function



Planning, execution, management, and support of group strategies
focusing on growth and profitability



Establishment of ESG site

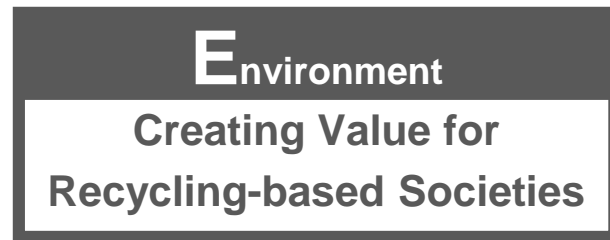
DIGITAL HOLDINGS, INC. and its subsidiaries contribute to the realization of sustainable societies by **"supporting digital shift of companies."**



Sustainable societies for our future with the power of Digital Shift.

SUSTAINABLE DEVELOPMENT GOALS

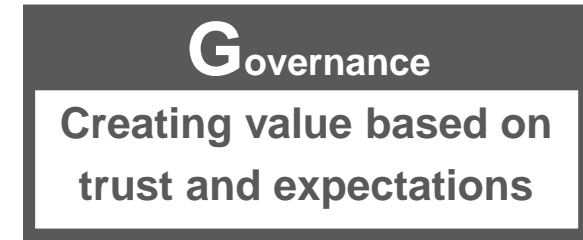
DIGITAL HOLDINGS, INC. and its subsidiaries contribute to the realization of sustainable societies by "**supporting the digital shift of companies.**"



Initiatives on
Environmental Issues



Initiatives on
Social Issues



Initiatives on
to Protecting Stakeholders
and Improving Profits

through contributing to SDGs

Achieving DS Innovation 2023

Promoting ESGs based on our Mission Vision

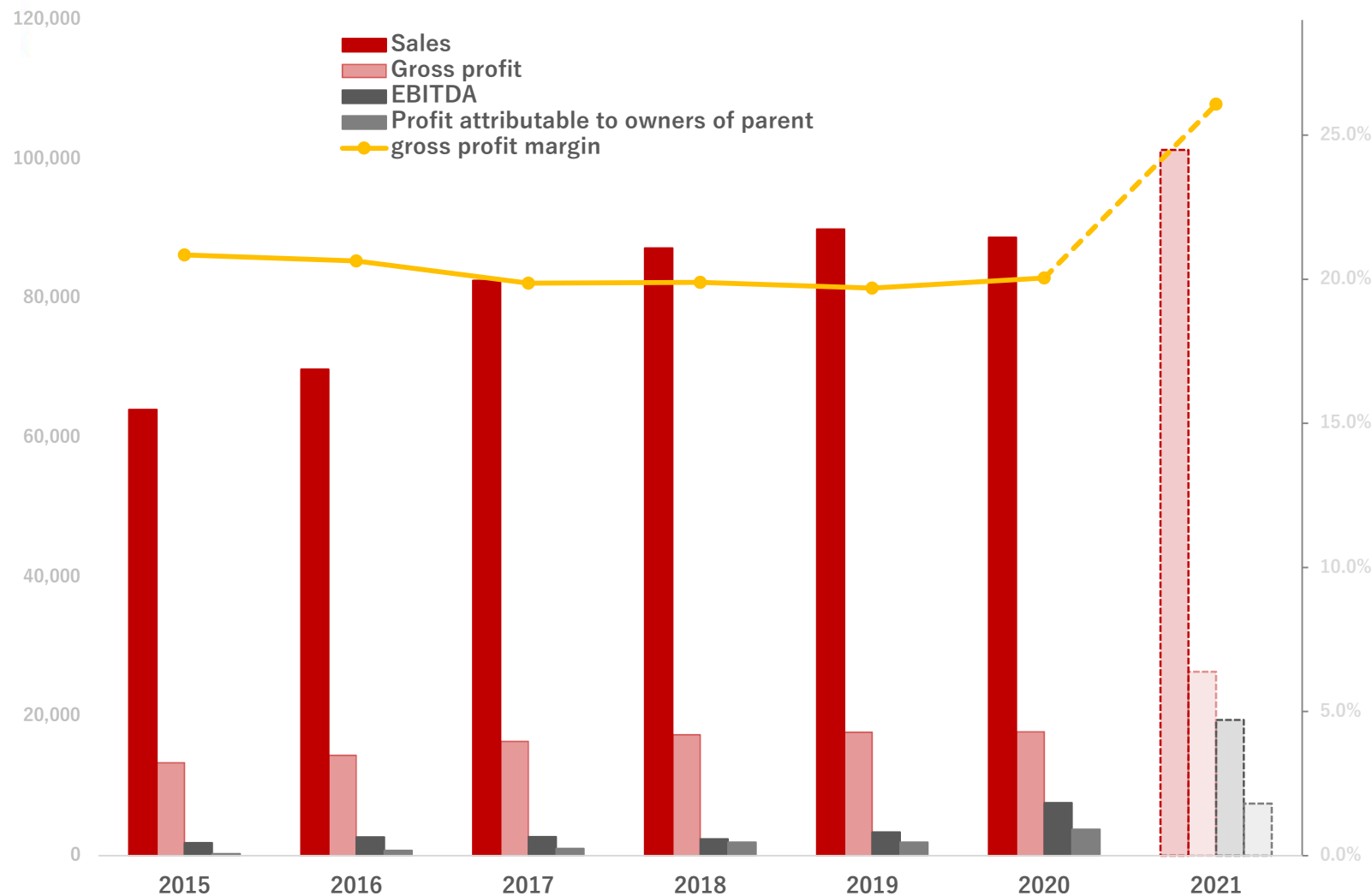
Theme	Major Initiatives	SDGs for
Environment	<ul style="list-style-type: none"> *Efficient and effective use of offices *Paperless Initiatives 	  
Society	<ul style="list-style-type: none"> *Diversity, inclusion *Development and support of digital Professionals *Projects Solving Social Issues by Digital Shift with Companies and Government Agencies * Support for local revitalization through digital shift *Investment and management support for venture companies that accelerate digital shift * Promoting the Need for Digital Shift with own Media 	        
Governance	<ul style="list-style-type: none"> *Strengthening Corporate Governance through Dialogue with Stakeholders *Appropriate evaluation of management (establishment of Nomination and Remuneration Committee) *Implementation and Publication of Board of Directors Effectiveness Evaluation 	

3

FY 2021 Earnings Forecasts and FY 2023 Key Business Targets

Consolidated Financial Forecast for FY2021

(Unit: JPY 1 million)



Revenue

JPY **100,000** million
YoY **12.7% up**

Operating profit

JPY **10,000** million
YoY **208.6% up**

EBITDA

JPY **12,000** million
YoY **58.1% up**

Net income attributable to owners of parent

JPY **7,500** million
YoY **100.0% up**

Concept of FY2021 Earnings Forecasts

Segment	KPIs by Business	Concept of Forecasts
Digital Shift Business	Revenue growth rate Gross profit composition ratio	<ul style="list-style-type: none"> *Focus on revenue growth; Target revenue growth rate of over 80% *Acceleration of growth investment for future profitability, therefore 2021 deficit plan
Advertising business	Operating profit ratio	<ul style="list-style-type: none"> *Change key indicators from revenue to operating profit *Increase productivity through automation and efficiency *COVID-19 impact has been taken into account in light of current trends
Financial Investment business	IRR ^{*1}	<ul style="list-style-type: none"> *Included in announced gain on sale of Raksul Inc. shares ^{*2} *A certain percentage of write-down has been included in consideration of past trends
(Reference) HD management costs	<ul style="list-style-type: none"> *In addition to the partial reduce of office space in FY2020, a further reduce is scheduled for FY2021 *Continued cost control across the Company and its subsidiaries 	

Upside Downside Scenarios Not Included in Earnings Forecasts

Upside	Unanticipated gain on sales of securities held	Going into unanticipated growth investments at present time (M&A, large product developments, etc.)
Downside	Impact of further deterioration of the economic environment due to COVID-19	

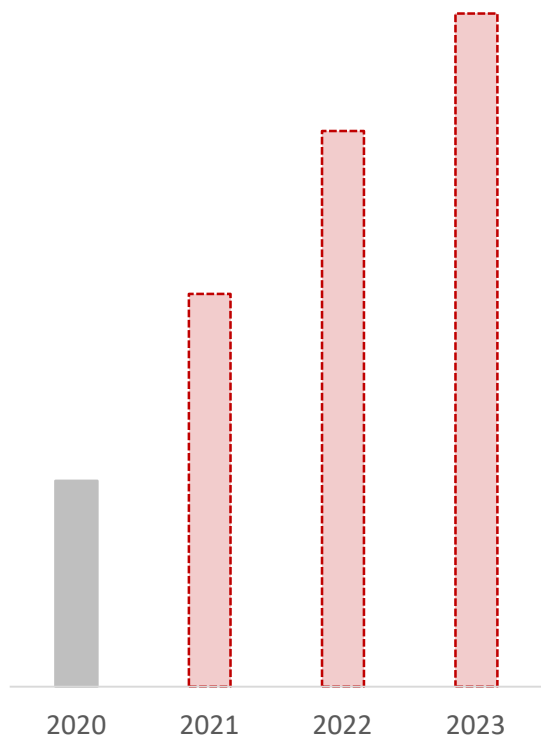
*1: The definition will be changed to reflect the business strategy in order to visualize returns.

*2: For details, please see the immediate release announced on February 3, 2021 and February 4, 2021.

KPI of “DS Innovation 2023”

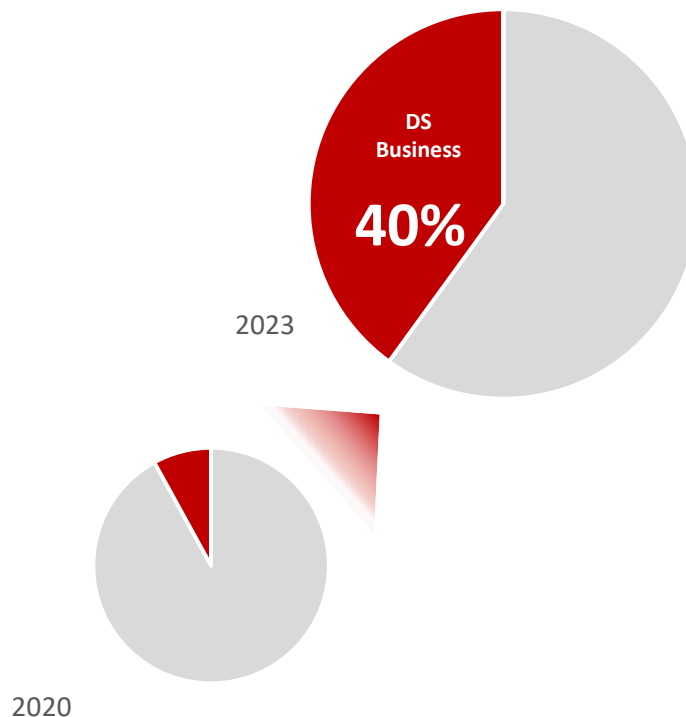
Revenue growth rate
of DS business

CAGR: over **50%**



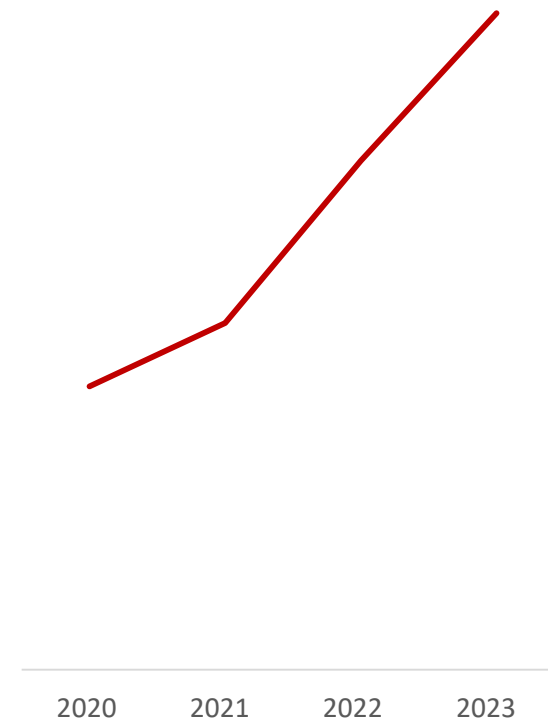
Composition ratio of DS business
gross profit

over **40%**



Operating income margin in
advertising business

over **6.5%**



*The actual number for 2020 in the CAGR calculation is calculated retroactively in the new segment definition.

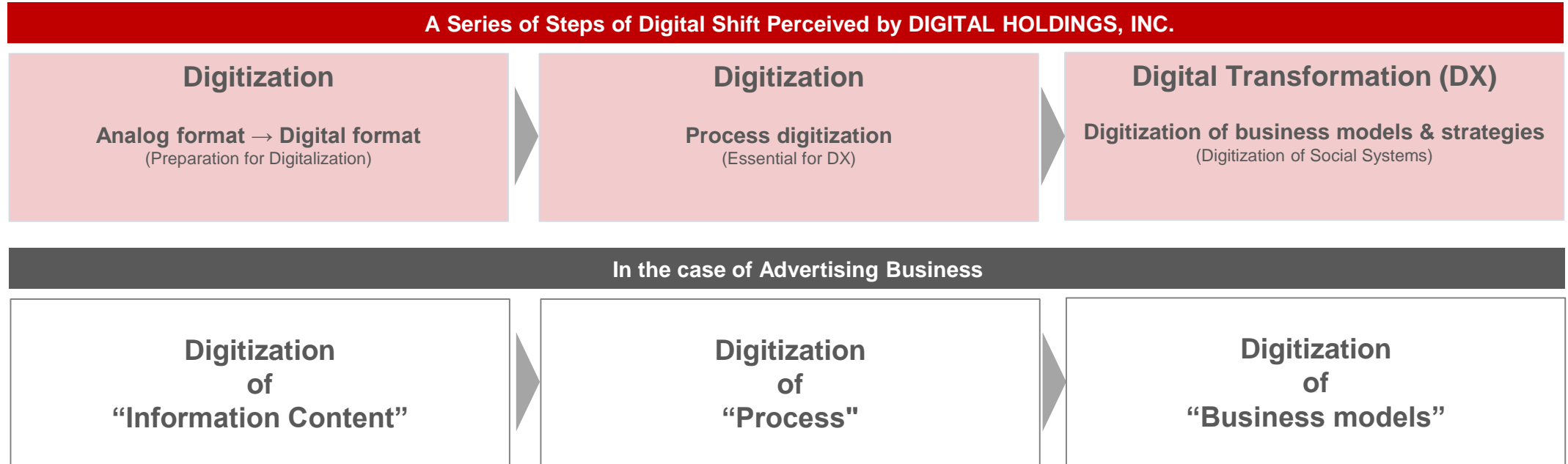
4 | Appendix

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.

The digital shift is composed of a series of steps aimed at the digital transformation, which changes business processes from analog to digital.



*DX (Digital Transformation): What is to transform people's lives into better ones through the penetration of digital technology. Innovative innovations that completely overturn existing values and frameworks.

**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, a joint venture with CCC, to launch data marketing ^{*2}
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

Main Topics

Building and embodying systems and frameworks that flexibly respond to changes in the social environment

Move to telework



- Continued office work rate of **less than 10%**
- Office **Reduce to 1/3**

*Additional reduce due in 2021

Improvement of office environment



Secure social distancing and create **safe and secure working environments**

Introduction of Worcation in Nasu



Creating New Business Opportunities in the natural environment

Renewal of side business activities



Active career development support by promoting a variety of working styles

COVID -19 Challenge

SIGNATE

The holding of a challenge gathering the wisdom of data scientists to support the formulation of infection control measures and treatment policies for the novel coronavirus (COVID-19)



その変革に勇気と希望を

DIGITAL SHIFT TIMES

In addition to providing information necessary for corporate transformation, Digital Shift Times actively delivers information on working styles, lifestyles, and global trends related to COVID-19.

DIGITAL SHIFT

Workcation service utilizing the accommodation facility "Nasu Kogen Towa Pure Cottage in NASU HIGHLAND RESORT" operated by Towa Nasu Resort Co., Ltd. launched in collaboration with Nippon Parking Development Group for companies seeking to install workcation adapted to the "With Corona" era.

“Digital Shift Club for Presidents” launched

"Digital Shift Research Institute" has been updated to a companionship model that strongly promotes the realization of the digital shift.

社長のための デジタルシフトClub



A taxi ad is being distributed featuring Kataoka Ainosuke.



① Digital Shift Consulting for presidents

JPY 100,000 per month
Matching information, people, companies, and services

② Support for Human Resource Development for Digital Divisions

From JPY 100,000 to JPY 500,000 per month
Multiple programs such as curriculums and seminars tailored to needs

SIGNATE : The largest AI competition service in Japan



The number of registered users exceeded

40,000.



**Won Minister of Economy, Trade
and Industry Award
of
commendation for Individuals
contributing to the promotion of
information technology
as
significant contributions to the
development of AI human resources
in Japan**

FY2020 Q4 Financial Summary

■ Summary of Consolidated Financial Results

Revenue	JPY 24,137 million	YoY 11.8 % down
Operating profit	JPY 522 million	YoY 83.6 % down
EBITDA	JPY 1,391 million	YoY 62.0 % down
Quarterly net income attributable to owners of parent	JPY 283 million	YoY 87.7 % down

■ Digital Shift KPI

Revenue	JPY 692 million	YoY 81.1 % up
Composition ratio of gross profit	10.9 %	YoY 4.2 % up

*Digital Shift KPI: Due to withdrawal from China business (general trade business), actual figures excluding this business and year-on-year fluctuations are shown.

FY2020 Q4 Segment Overview

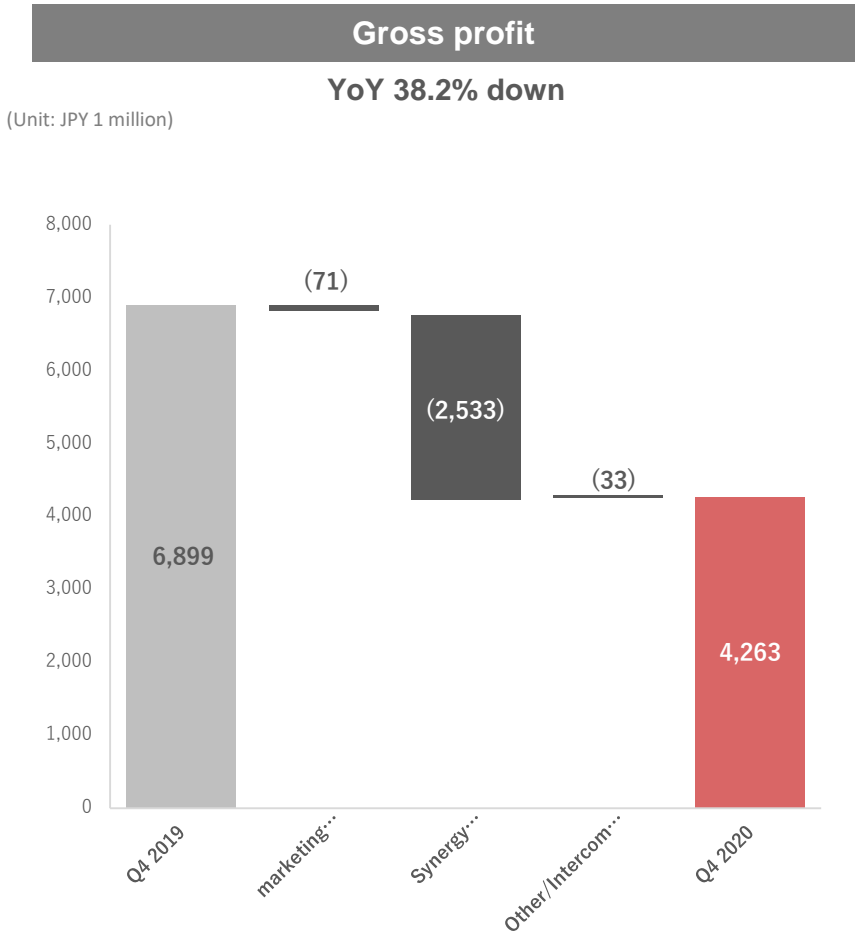
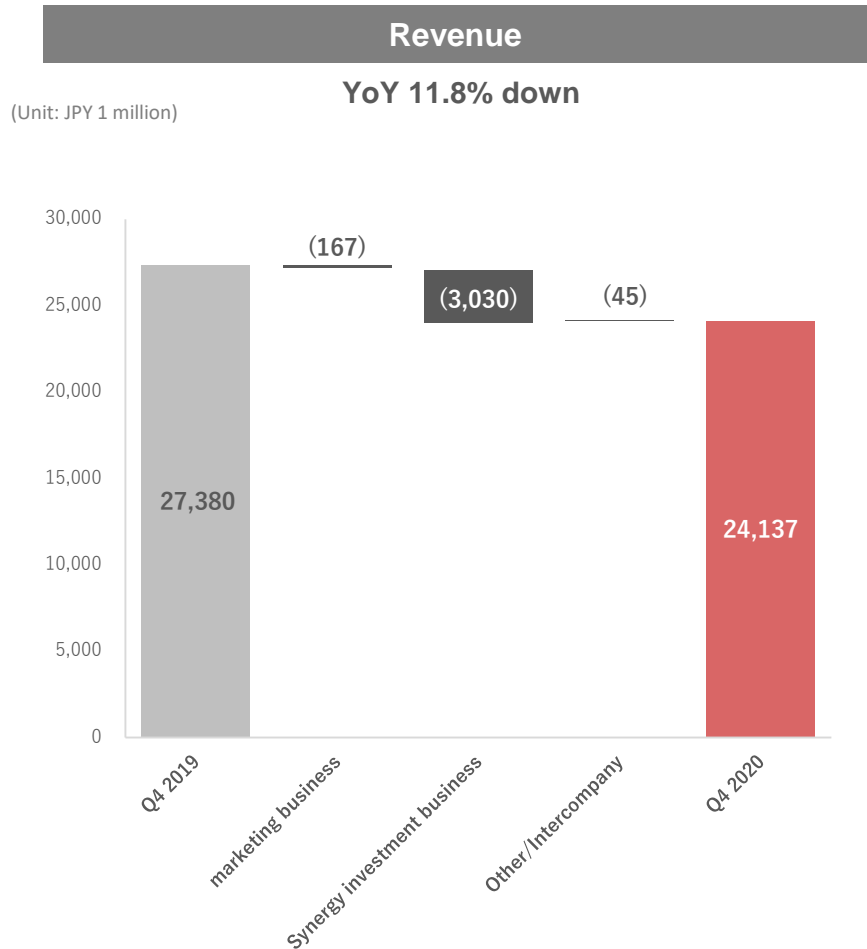
- **Marketing business:** Revenue and profit increased in Major Sub-segment due to increased advertising demand toward the end of the year, while revenue and profit decreased in Local Small and Medium Sub-segment despite a moderate recovery trend.
- **Synergy Investment business:** Although there was a gain on the sale of shares in the IPO in December, revenue and profit decreased due to the impact of a gain on the sale of a portion of shares in RAKSUL, INC. in the previous year.

	FY2020 Q4	Fluctuations		FY2019 Q4
		Amount	YoY	
Revenue of Marketing business	23,035	(167)	(0.7)%	23,202
EBITDA of Marketing business	1,199	(103)	(7.9)%	1,302
Revenue of Synergy Investment business	1,151	(3,030)	(72.5)%	4,181
EBITDA of Synergy Investment business	667	(2,349)	(77.9)%	3,016

*FY2019 Q4 Synergy Investment business : Gain on the sale of a portion of shares in RAKSUL, Inc. (Revenue JPY 3,631 million, EBITDA JPY 2,886 million)

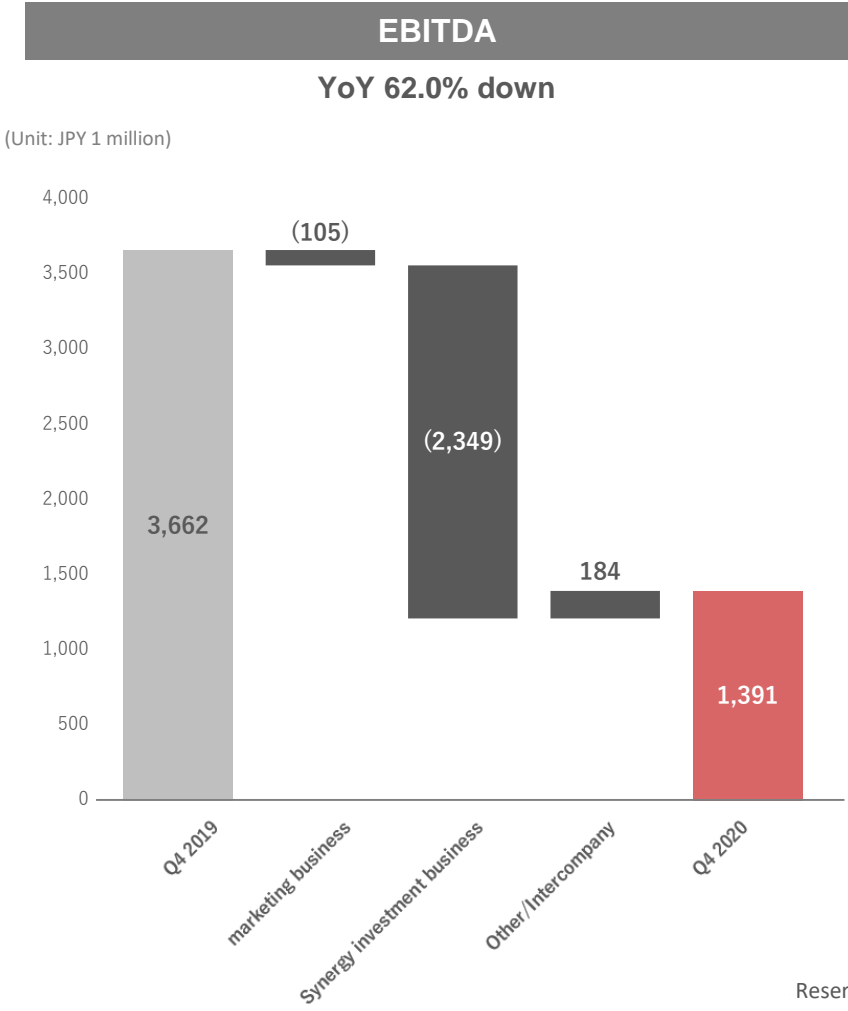
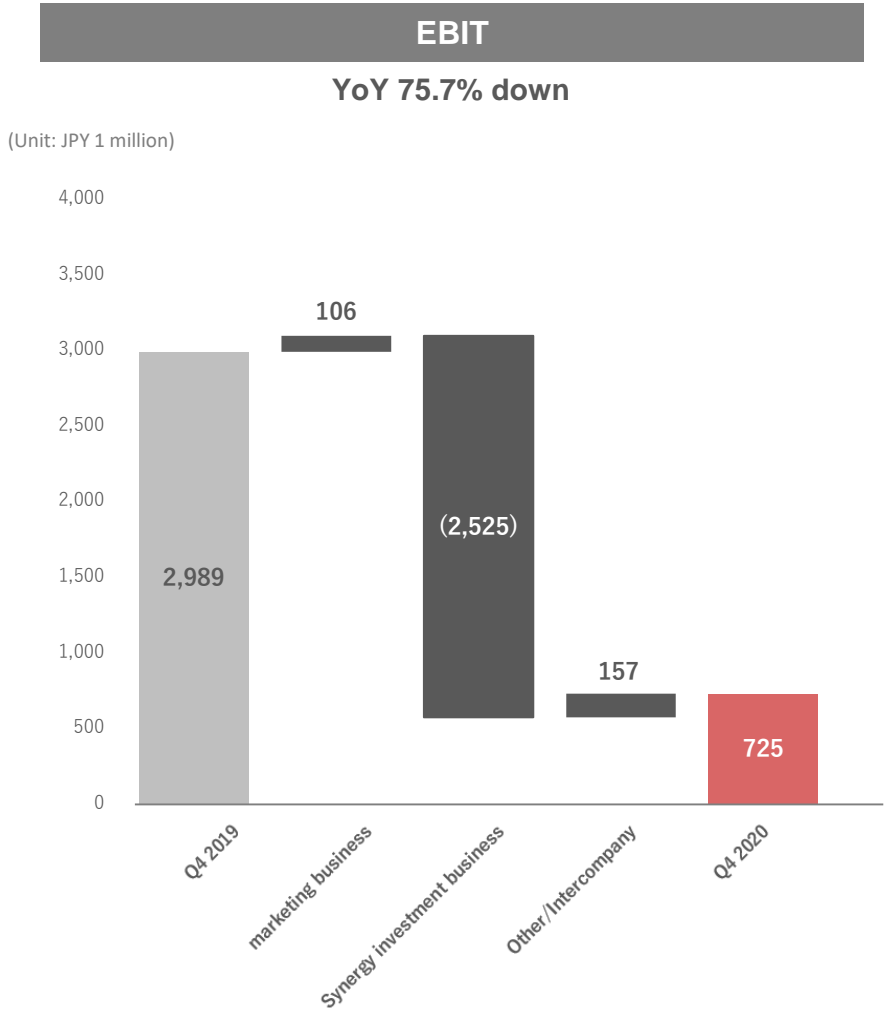
FY2020 Q4 Consolidated breakdown

- **Marketing business:** Despite an increase in advertising demand toward the end of the year, due to the impact of COVID-19, 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.
- **Synergy investment business:** Revenue and profit decreased due to the impact of a gain on the sale of a portion of shares in RAKSUL, INC. in the previous year.



FY2020 Q4 Consolidated breakdown

- Marketing business: EBIT increased year on year due to one-time non-operating profit, but advertising demand from existing long-term customers was sluggish in both Major Sub-segment and Local Small and Medium Sub-segment.
- Synergy investment business: Revenue and profit decreased due to the impact of a gain on the sale of a portion of shares in RAKSUL, INC. in the previous year.



(Unit: JPY 1 million)

	FY2020 Q4	Fluctuations Amount	FY2019 Q4
Cash flows from operating activities	750	(3,200)	3,950
Profit before income taxes	719	(2,265)	2,984
Decrease (increase) in investment securities for sale	209	(274)	483
Impairment loss	31	(221)	252
Decrease (increase) in working capital	(374)	(191)	(183)
Others	165	(247)	412
Cash flows from investing activities	7	11	(3)
Purchase of investment securities	(82)	162	(244)
Purchase of Intangible assets	(200)	(155)	(45)
Proceeds from redemption of investment securities	278	212	65
Proceeds from transfer of business	105	(209)	315
Others	(93)	1	(94)
Free Cash Flow	757	(3,189)	3,947
Adjustment by temporary items	-	-	-
Adjusted Free Cash Flow	757	(3,189)	3,947

* 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

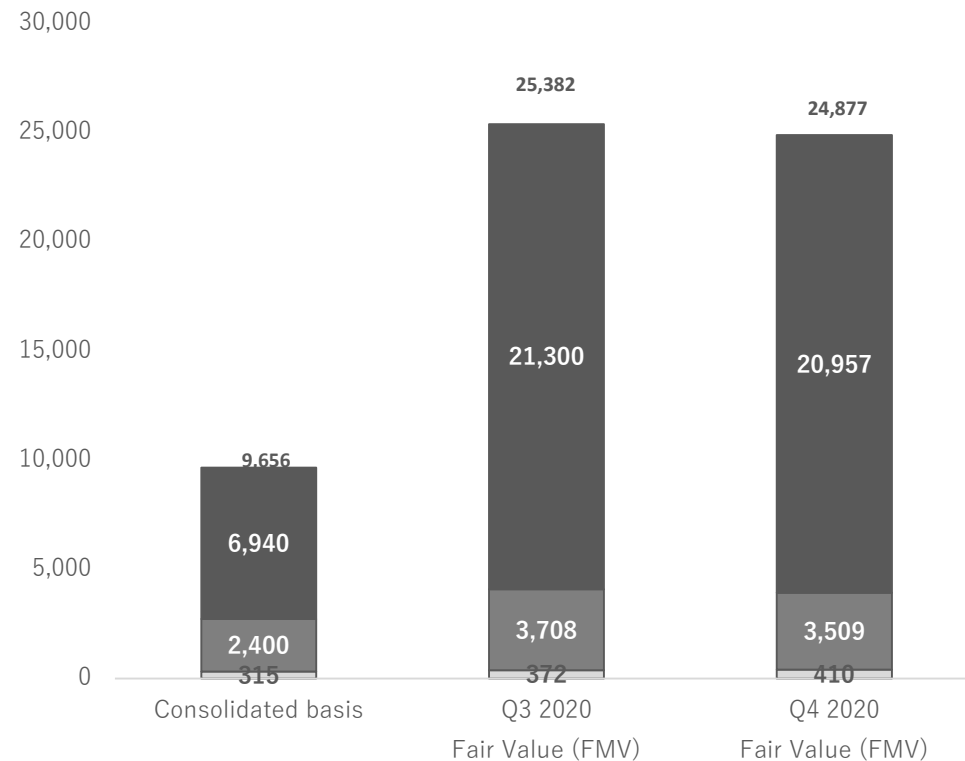
AUM at the end of FY2020 Q4: JPY 24,877 million

*Difference between fair value and acquisition value in consolidated accounts: ^{*3} JPY 15,221 million up (157.6% up)

[IRR] * 4

Relatively flat compared to Q3

(Unit: 1 million yen)



FY2020 Q4	(Reference) FY2020 Q3
11.7%	11.8%

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

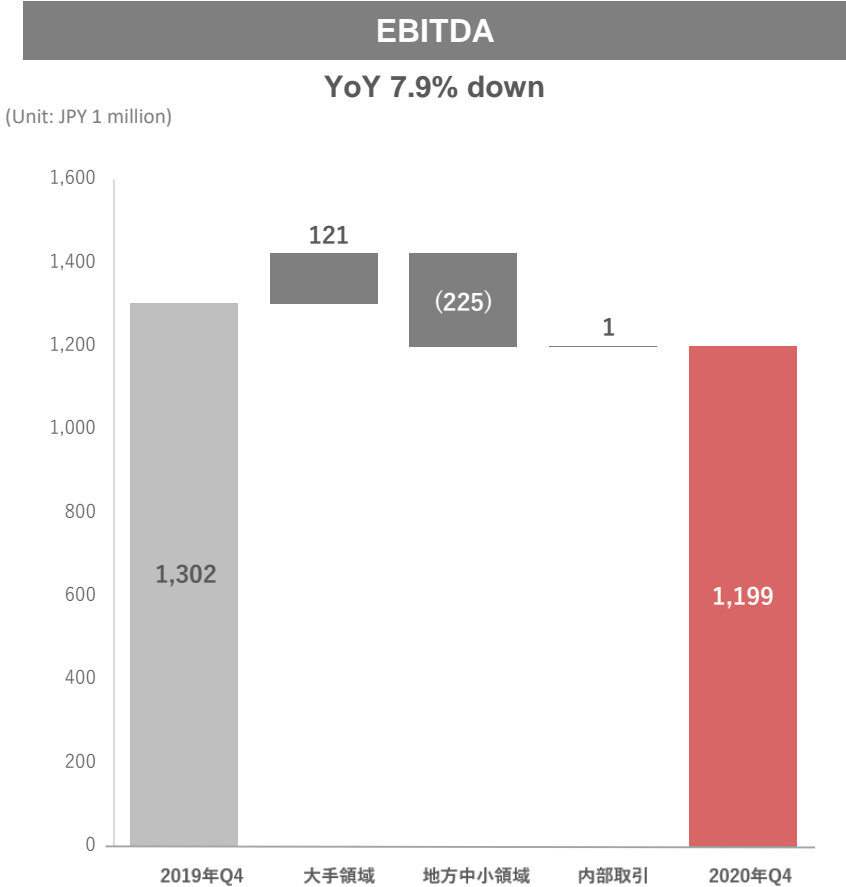
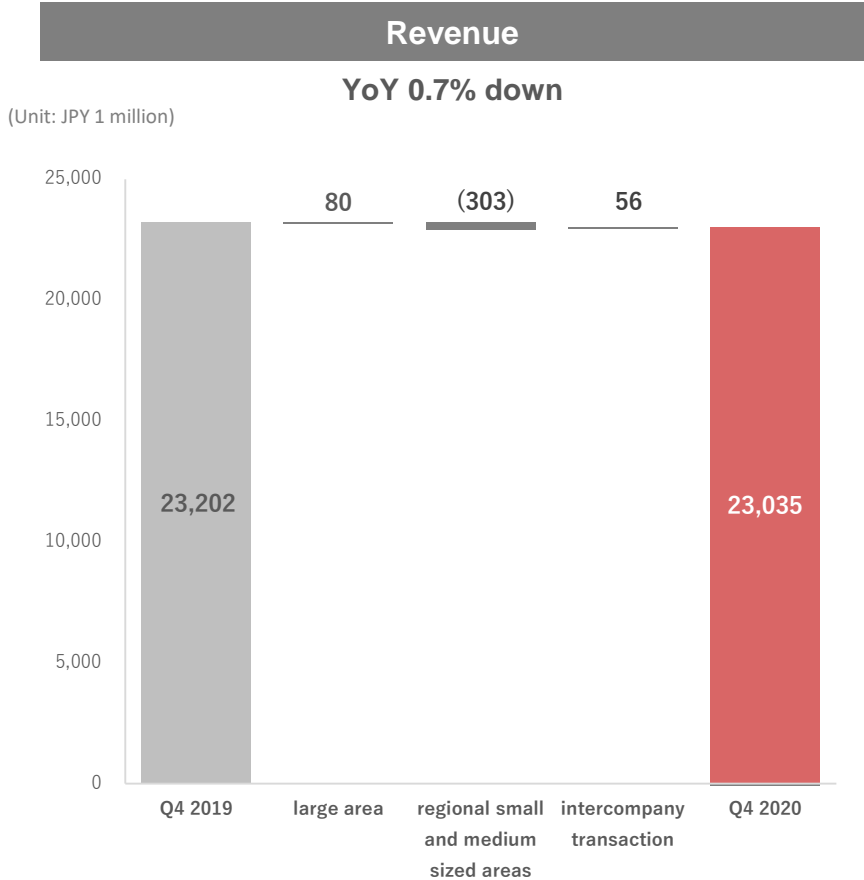
*2 Fair Value: The amount at which a party with knowledge of the transaction exchanges its assets or settles its liabilities at an arm's length price

*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,

FY2020 Q4 Marketing business breakdown

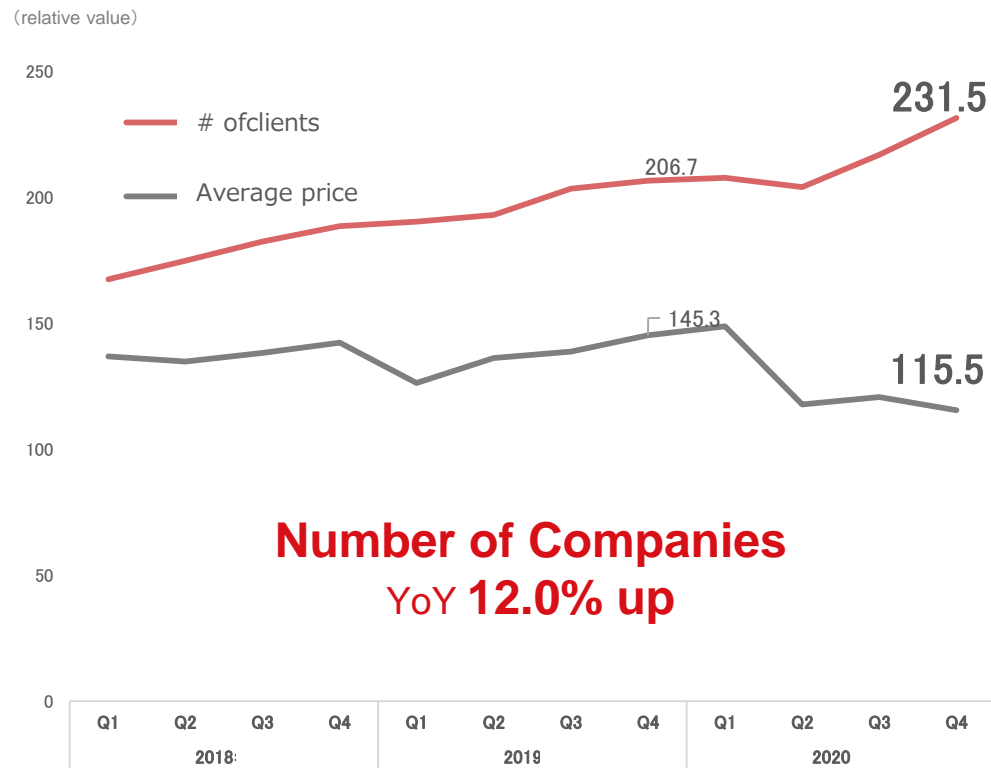
- Major Sub-segment: Revenue recovered to the level of the same period of the previous year due to increased demand toward the end of the year, and profit increased due to the effect of continuous cost control.
- Local Small and Medium Sub-segment: Revenue decreased despite a recovery trend due to the bottoming out of the impact of COVID-19, and EBITDA also decreased due to the impact of relocation expenses, etc.



*EBITDA: HD Management Cost Pre-allocation

Revenue in Local Small and Medium Sub-segment

[Number of Companies × Unit Price]



- * 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.

[Trend by Customer Category]



- * 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]

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 2019 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 Definition of key indicators

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 December 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 December 2020
Base date for calculation		End of December 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 December 2020 and the book value as of the end of December 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



New Segment Overview for FY2021

New Segment Overview

Segment	How monetize	Main contents	Major Group Companies
Digital Shift Business	Fee, subscription, etc. (30% ~)	<ul style="list-style-type: none"> ▪ Digital Shift consulting ▪ SaaS product development and sales ▪ Operation and development of AI expert platform ▪ DX staffing services, etc. 	DIGITAL SHIFT SIGNATE     
Advertising Business	Agent fee	<ul style="list-style-type: none"> ▪ Internet advertising agency business ▪ Solution development and sales, etc. 	 ともに覚悟する。ともに進む。 SOLDOUT 
Financial Investment Business	Capital gain	<ul style="list-style-type: none"> ▪ Venture capital Investment ▪ Fund management ▪ Management support for investees, etc. 	BIG Bonds Investment Group BIG1 Investment L.P. BIG2 Investment L.P. 