

Flash Report for the 2nd Quarter of Fiscal Year ending December 31, 2013 [Japan GAAP] (on a consolidated basis)

July 26, 2013

Stock exchange listing: Tokyo

Company Name: OPT, Inc.

Stock Code: 2389 URL <http://www.opt.ne.jp/>

Representative: Noboru Hachimine, Founder, President and CEO

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Scheduled date of commencement of dividend payment: —

Supplemental materials for the quarterly financial results: Yes

(Amounts of less than one million yen are rounded down and percentages are rounded to the first decimal place)

1. Consolidated Results for the 2nd Quarter of Fiscal Year 2013 (January 1, 2013 – June 30, 2013)

(1) Consolidated Business Results (% represents year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------------------|-----------------|------|------------------|------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2nd Quarter of FY2013 | 38,244 | 1.9 | 941 | 87.5 | 888 | 153.0 | 312 | 0.0 |
| 2nd Quarter of FY2012 | 37,517 | 27.6 | 502 | 2.5 | 351 | (44.9) | 311 | (12.1) |

Note: Comprehensive income: 2nd Quarter of FY2013: 372 million yen (up 36.5%); 2nd Quarter of FY2012: 272 million yen (up 70.2%)

| | Basic net income per share | Diluted net income per share |
|-----------------------|----------------------------|------------------------------|
| | Yen | Yen |
| 2nd Quarter of FY2013 | 10.60 | 10.37 |
| 2nd Quarter of FY2012 | 10.60 | 10.48 |

Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. In addition, basic net income per share for the 2nd quarter of FY2013 and FY2012 was calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

| | Total assets | Net assets | Net assets ratio |
|-----------------------|-----------------|-----------------|------------------|
| | Millions of yen | Millions of yen | % |
| 2nd Quarter of FY2013 | 31,893 | 19,409 | 56.4 |
| December 31, 2012 | 36,838 | 19,618 | 49.6 |

(Reference) Capital: 2nd quarter of FY2013 ended June 30, 2013: 17,987 million yen FY2012 ended December 31, 2012: 18,269 million yen

2. Dividends

| | Dividend per share | | | | |
|--------------------|---|---|---|------------------------------|----------|
| | End of 1 st quarter (Mar. 31) | End of 2 nd quarter (Jun. 30) | End of 3 rd quarter (Sep. 30) | Fiscal year-end (Dec. 31) | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY2012 | — | 0.00 | — | 3,700.00 | 3,700.00 |
| FY2013 | — | 0.00 | — | — | — |
| FY2013 (forecasts) | — | — | — | — | — |

Notes:

- Revisions of the forecasts of consolidated results since the latest announcement: None
- Breakdown of dividend for the fiscal year ended December 31, 2012: Commemorative dividend: 2,000 yen Full-year dividend: 1,700 yen
- On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. The above figures for FY2012 are based on actual dividend paid before the stock split.

3. Consolidated Earnings Forecasts for Fiscal Year ending December 31, 2013 (January 1, 2013 - December 31, 2013)

(% represents year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-----------------|-------|------------------|------|-----------------|------|-----------------|-----|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full-year | 75,000 | (5.0) | 2,150 | 42.7 | 2,050 | 51.2 | 900 | 8.3 | 30.56 |

Revisions of the forecasts of consolidated results since the latest announcement: Yes

Notes:

(1) Changes in major subsidiaries during the quarterly period

(changes in specified subsidiaries resulting from changes in the scope of consolidation): Yes

Inclusion: Yes

New: 1 company (Company name) OPT America, Inc.

Exclusion: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting policy arising from revision of accounting standards etc.: Yes

(b) Changes in accounting policy other than those noted in (a) above: None

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: None

(4) Number of shares outstanding (common stock)

(a) Number of shares outstanding at the end of the period (including treasury stock)

| | | | |
|------------------------------------|----------------------|-------------------------------------|----------------------|
| FY2013 2Q (As of June 30, 2013) | 29,901,400 shares | FY2012 (As of December 31, 2012) | 29,875,600 shares |
|------------------------------------|----------------------|-------------------------------------|----------------------|

(b) Number of shares of treasury stock at the end of the period

| | | | |
|------------------------------------|-------------------|-------------------------------------|-------------------|
| FY2013 2Q (As of June 30, 2013) | 440,000 shares | FY2012 (As of December 31, 2012) | 440,000 shares |
|------------------------------------|-------------------|-------------------------------------|-------------------|

(c) Average number of shares during period

| | | | |
|------------------------------------|----------------------|-------------------------------------|----------------------|
| FY2013 2Q (As of June 30, 2013) | 29,446,179 shares | FY2012 2Q (As of March 31, 2012) | 29,425,600 shares |
|------------------------------------|----------------------|-------------------------------------|----------------------|

Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. The number of shares outstanding at year-end, the number of shares of treasury stock at year-end, and the average number of shares during the second quarter of FY2012 were calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

***Indication of quarterly review procedure implementation**

This financial report is not subject to quarterly review procedures required pursuant to the Financial Instruments and Exchange Act. As of the time of disclosing this report, quarterly review procedures of consolidated financial statements required pursuant to the Financial Instruments and Exchange Act have not been completed.

*** Explanations about the proper use of earnings forecasts and other specific matters**

Forward-looking statements including earnings forecasts and other specific matters in this document are based on information currently available to management and certain assumptions considered by management to be reasonable. A variety of factors could cause actual results and events to differ significantly from those projected.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

| | FY2012 | 2nd Quarter of FY2013 |
|-------------------------------------|---------------------------|------------------------------|
| | (As of December 31, 2012) | (As of June 30, 2013) |
| Assets | | |
| Current assets | | |
| Cash and deposits | ¥14,303,768 | ¥ 12,388,594 |
| Notes and accounts receivable—trade | 12,869,988 | 9,727,947 |
| Short-term investment securities | 500,000 | — |
| Operational investment securities | — | 754,864 |
| Inventories | 15,540 | 17,595 |
| Other | 1,043,558 | 1,218,220 |
| Allowance for doubtful accounts | (179,197) | (186,624) |
| Total current assets | 28,553,658 | 23,920,597 |
| Noncurrent assets | | |
| Total property, plant and equipment | 750,113 | 710,461 |
| Intangible assets | | |
| Goodwill | 680,896 | 621,830 |
| Other | 952,931 | 1,088,290 |
| Total intangible assets | 1,633,827 | 1,710,120 |
| Investments and other assets | | |
| Investment securities | 4,510,724 | 4,152,555 |
| Other | 1,439,454 | 1,447,926 |
| Allowance for doubtful accounts | (49,458) | (48,081) |
| Total investments and other assets | 5,900,720 | 5,552,399 |
| Total noncurrent assets | 8,284,662 | 7,972,981 |
| Total assets | ¥36,838,321 | ¥31,893,579 |

(Thousands of yen)

| | FY2012 (As of December 31, 2012) | 2nd Quarter of FY2013 (As of June 30, 2013) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | ¥12,358,980 | ¥8,715,492 |
| Short-term loans payable | 459,528 | 477,000 |
| Income taxes payable | 260,411 | 416,646 |
| Provision for bonuses | 268,684 | 269,914 |
| Other | 3,117,290 | 1,952,833 |
| Total current liabilities | <u>16,464,895</u> | <u>11,831,886</u> |
| Noncurrent liabilities | | |
| Long-term loans payable | 62,957 | 29,175 |
| Provision for retirement benefits | 126,200 | 148,083 |
| Asset retirement obligations | 132,555 | 108,414 |
| Other | 433,172 | 366,301 |
| Total noncurrent liabilities | <u>754,885</u> | <u>651,974</u> |
| Total liabilities | <u>17,219,781</u> | <u>12,483,861</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,600,567 | 7,611,907 |
| Capital surplus | 7,694,938 | 7,706,260 |
| Retained earnings | 3,030,216 | 2,785,439 |
| Treasury stock | (217,646) | (217,646) |
| Total shareholders' equity | <u>18,108,076</u> | <u>17,885,961</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 117,127 | 33,321 |
| Foreign currency translation adjustment | 44,572 | 67,934 |
| Total accumulated other comprehensive income | <u>161,700</u> | <u>101,256</u> |
| Subscription rights to shares | 64,124 | 43,491 |
| Minority interests | 1,284,638 | 1,379,009 |
| Total net assets | <u>19,618,539</u> | <u>19,409,718</u> |
| Total liabilities and net assets | <u>¥36,838,321</u> | <u>¥31,893,579</u> |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated Statements of Income**

(Thousands of yen)

| | 2nd Quarter of FY2012 (From January 1, 2012 to June 30, 2012) | 2nd Quarter of FY2013 (From January 1, 2013 to June 30, 2013) |
|--|--|--|
| Net sales | ¥ 37,517,064 | ¥ 38,244,940 |
| Cost of sales | 32,472,668 | 32,089,908 |
| Gross profit | 5,044,395 | 6,155,032 |
| Total selling, general and administrative expenses | 4,542,263 | 5,213,753 |
| Operating income | 502,131 | 941,278 |
| Non-operating income | | |
| Interest income | 24,707 | 16,483 |
| Dividends income | 3,228 | 40 |
| Gain on investments in partnership | — | 55,536 |
| Other | 17,376 | 21,150 |
| Total non-operating income | 45,312 | 93,211 |
| Non-operating expenses | | |
| Interest expenses | 1,927 | 7,483 |
| Loss on investments in partnership | 116,878 | — |
| Equity in losses of affiliates | 72,728 | 81,822 |
| Other | 4,578 | 56,444 |
| Total non-operating expenses | 196,112 | 145,750 |
| Ordinary income | 351,331 | 888,738 |
| Extraordinary income | | |
| Gain on sales of investment securities | 72,413 | 30,723 |
| Reversal of allowance for doubtful accounts | — | 22,228 |
| Gain on negative goodwill | 128,421 | — |
| Other | — | 8,897 |
| Total extraordinary income | 200,834 | 61,849 |
| Extraordinary loss | | |
| Impairment loss | — | 27,194 |
| Loss on valuation of investment securities | 59,223 | 58,238 |
| Head office transfer cost | 66,592 | — |
| Other | 4,103 | 10,152 |
| Total extraordinary loss | 129,919 | 95,586 |
| Income before income taxes | 422,246 | 855,002 |
| Total income taxes | 56,369 | 432,227 |
| Income before minority interests | 365,876 | 422,774 |
| Minority interests in income | 53,880 | 110,639 |
| Net income | ¥ 311,996 | ¥ 312,135 |

(2) Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | 2nd Quarter of FY2012 (From January 1, 2012 to June 30, 2012) | 2nd Quarter of FY2013 (From January 1, 2013 to June 30, 2013) |
|---|--|--|
| Income before minority interests | ¥ 365,876 | ¥ 422,774 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (97,471) | (83,807) |
| Foreign currency translation adjustment | (1,323) | (2,100) |
| Share of other comprehensive income of associates accounted for using equity method | 5,711 | 35,469 |
| Total other comprehensive income | (93,084) | (50,438) |
| Comprehensive income | 272,792 | 372,336 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of the parent | 218,801 | 253,245 |
| Comprehensive income attributable to minority interests | 53,990 | 119,090 |

(3) Items related to going concern assumption

Not applicable

(4) Segment Information

Second Quarter of FY2013 (January 1, 2013 – June 30, 2013)

1. Information on Net Sales, Income (Loss), Assets, and Other Amounts by Reporting Segment

(Thousands of yen)

| | Reportable Segment | | | | | | Adjustments (Note 1) | Amounts recorded in consolidated financial statements (Note 2) |
|---------------------------------------|---|----------------------|----------------------------------|----------------------|---|------------|-------------------------|---|
| | Internet Advertising & Solution Business | Database Business | Social & Consumer Business | Overseas Business | Investment and Value Creation Business | Total | | |
| Net sales | | | | | | | | |
| Sales, external | 33,267,552 | 1,302,336 | 1,132,498 | 2,098,078 | 444,475 | 38,244,940 | — | 38,244,940 |
| Intersegment sales or transfers | 132 | 130,772 | 18,955 | — | — | 149,860 | (149,860) | — |
| Total | 33,267,684 | 1,433,109 | 1,151,453 | 2,098,078 | 444,475 | 38,394,801 | (149,860) | 38,244,940 |
| Segment income (loss) | 628,975 | 146,909 | 36,831 | (98,334) | 224,314 | 938,696 | 2,582 | 941,278 |

Notes:

1. The 2,582 thousand yen adjustment to segment income (loss) is attributable to intersegment eliminations.
2. Segment income (loss) refers to operating income (loss) as reported in the consolidated statements of income, after adjustment.

2. Changes to reporting segment

From the 2nd quarter of FY2013, the Investment and Value Creation Business has been added as a reportable segment following the Company's establishment of a special department to accelerate the growth of Internet-related venture companies.

3. Information Concerning Loss on Impairment of Noncurrent Assets and Goodwill by Reporting Segment

(Significant loss on impairment of noncurrent assets)

Not applicable

(Significant changes in amount of goodwill)

Not applicable

(Significant gain on negative goodwill)

Not applicable

(5) Note Regarding Significant Changes in the Amount of Shareholders' Equity

Not applicable

(6) Significant Subsequent Events

Not applicable