

Summary of Major Questions and Answers for Earnings Report on the Third Quarter of 2018

Marketing Business

Q 1

How did OPT's revenue from existing and new clients change from Q2 to Q3 on a non-consolidated basis?

A1

From the perspective of OPT's stand-alone sales portfolio, we made progress without any major problems in terms of the revenue from existing priority clients (financial, human resources, real estate, cosmetics), brand sponsors and retail clients.

Moreover, what was new was that from this year we were able to provide the brand sponsors, whom we had cultivated in the previous year, with services other than advertising, which led to providing bundled services including advertising agency services.

Q 2

According to Page 52 of the reference material, the year-to-year growth in Q3 is weaker than the one in Q2 in long-term and new clients. What is the cause of this? Will you be able to recover in the future?

A 2

Some of long-term clients may choose agencies as a result of price competition. Since our strategy is to compete on solutions rather than prices, we basically do not pursue the top line only by price competition. The revenue growth in new clients is slightly sluggish mainly because we have used human resources to expand the value chain for the brand sponsors and retail clients whom we acquired in the previous year. We will hire about 180 persons this year and more than 80 new graduates next year. We plan to recover the client growth by training these new hires and secure

new clients next year and onwards.

Q3

Amid diversification of products, do changes in the competitive media environment including the ad fraud problem serve as a catalyst to your company?

A3

Ad fraud is indeed a problem, requiring a system to thoroughly check delivery destinations. It seems that 20 to 30 percent of the whole industry is affected. However, we work with major platformers including Google, Amazon and Facebook, which take solid measures against ad fraud. Thus, we believe that the impact of ad fraud on us should be negligible.

Q4

In which area of the marketing business for local / SMEs do you differentiate yourself from your competitors?

A4

Broadly, there are three areas. The first one is differentiating ourselves in human resources. We hire well-qualified individuals and invest time and money to provide them with adequate training. Such training allows them to clearly communicate knowledge about advertising technology to our clients. This is a major differentiator. The second one is providing a dashboard function. This service is well received and increases the switching cost to another company. The third one is covering recruiting advertising as well. We can lock in clients by combining recruiting ads with advertising to sell products.

Synergy Investment Business

Q5

Do you invest in rapidly growing Chinese entities through the OPT Ventures #2 fund?

A6

The main investees of the OPT Ventures #2 fund are Japanese entities. However, overseas group companies invest in companies based in Silicon Valley or Asia.

SIGNATE

Q7

What is the SIGNATE business model like? How does it generate revenue?

A7

The SIGNATE business model is mainly about AI system development and has a platform with a total of 12,000 registered people (accumulated basis). In the platform, a competition-style development is carried out and allows competition participants to improve their levels and create better algorithms because they can view the details of the development conducted by other participants. As an incentive for participants, top performers will be given cash prizes. SIGNATE also acts as a job placement function to meet the needs of the companies looking for outstanding developers. It includes listed companies, but their revenues have not reached the level of tens of billions of yen. Based on this, you can assume our level.