August 21st, 2015

FYE December Q2 (Jan-Jun) Financial Results

Presentation Material

hotto link

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Growth strategies and their progress

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Medium term targets

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I Consolidated Financial Results

for Q2 FYE Dec. 2015 (Jan-Jun)

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Highlights

- Net Sales: 1,216million yen (2.4 times greater than the Jan-Jun period in 2014)
  - ✓ Overseas sales accounted for 56% of total sales due to the acquisition of Effyis, Inc. in the US
  - ✓ Sales grew as planned
- Operating Profit: posted a loss of 132 million yen（operating profit of 65 million yen for Jan-Jun period in 2014）

Operating profit before amortization of goodwill : 0 million yen

- ✓ Incurrence of temporary costs（acquisition of Effyis, Inc.， audit fee for B/S at the beginning of the fiscal year, IFRS consulting fee, cost for post merger integration(PMI）
- ✓ Accrual of royalty fees in association with a contract with a new Chinese social media（Reached break-even point in Q2 while it was greatly below that in Q1）
- ✓ Operating profit excluding costs mentioned above and before amortization of goodwill was approximately 52 million yen
- ✓ Other factors affecting the operating cost were incremental personnel expenses due to the business expansion and additional costs related to changes in accounting treatment (before and after) pertaining to the acquisition of Effyis, Inc.

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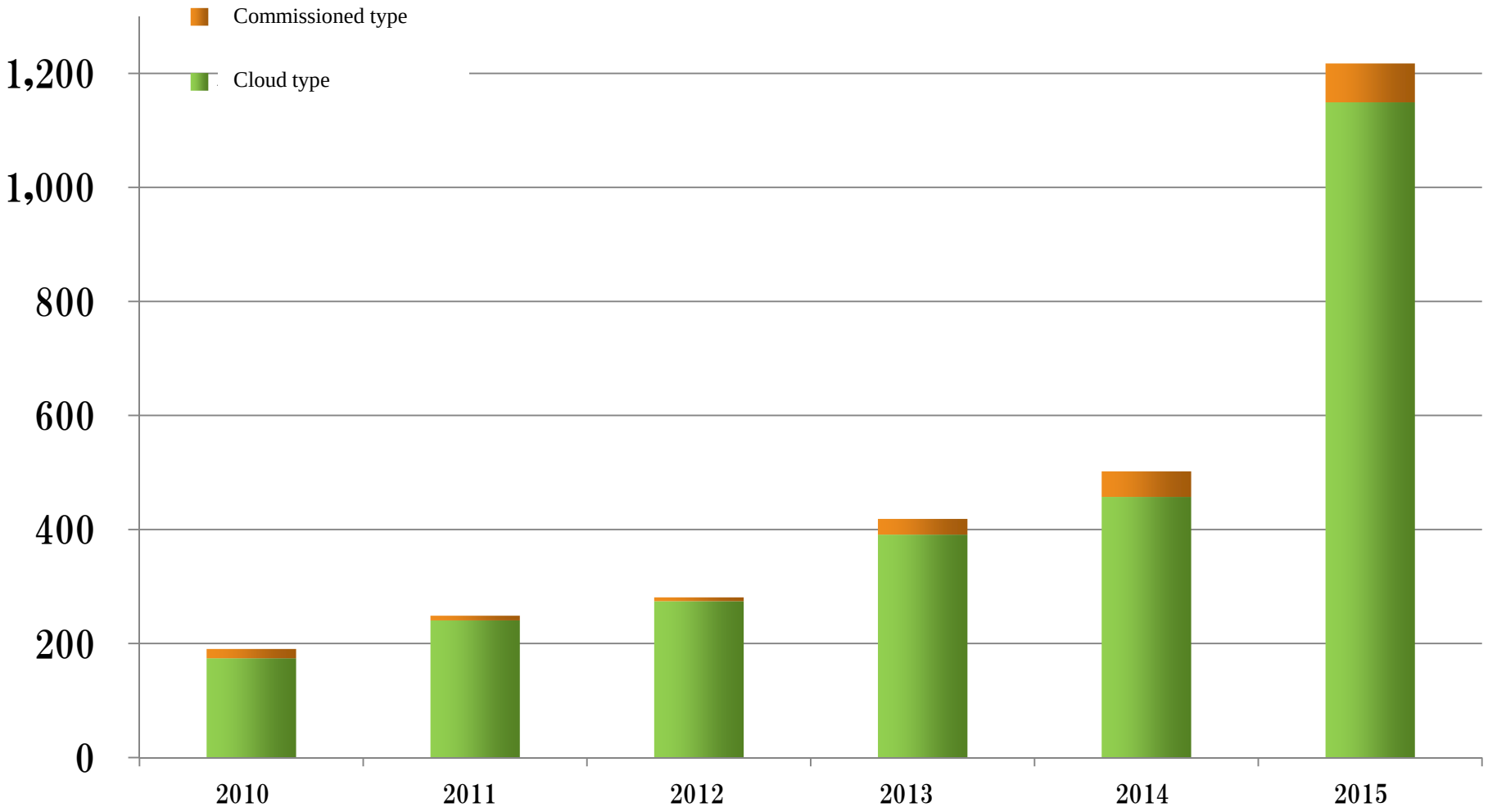
Changes in Consolidated Sales (for each Jan-Jun period)

(unit：million yen)



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Consolidated financial results summary (cum. Q2) (Japanese GAAP)

(unit:million yen)

	FYE Dec 2015 (Q2)	FYE Dec 2014 (Q2)	yoy
Net Sales	1,216	502	242%
Operating Profit	-132	65	—
OP margin	-10.9%	13.0%	—
Ordinary Profit	-182	65	—
Net profit	-162	27	—
OP before amortization of goodwill	0	94	—

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Difference between IFRS and Japanese GAAP

※Note

While accounting for the full fiscal year results will be based on IFRS, given the time it will take to transition into IFRS, financial reporting for Q1, Q2 and Q3 will be based on Japanese GAAP.

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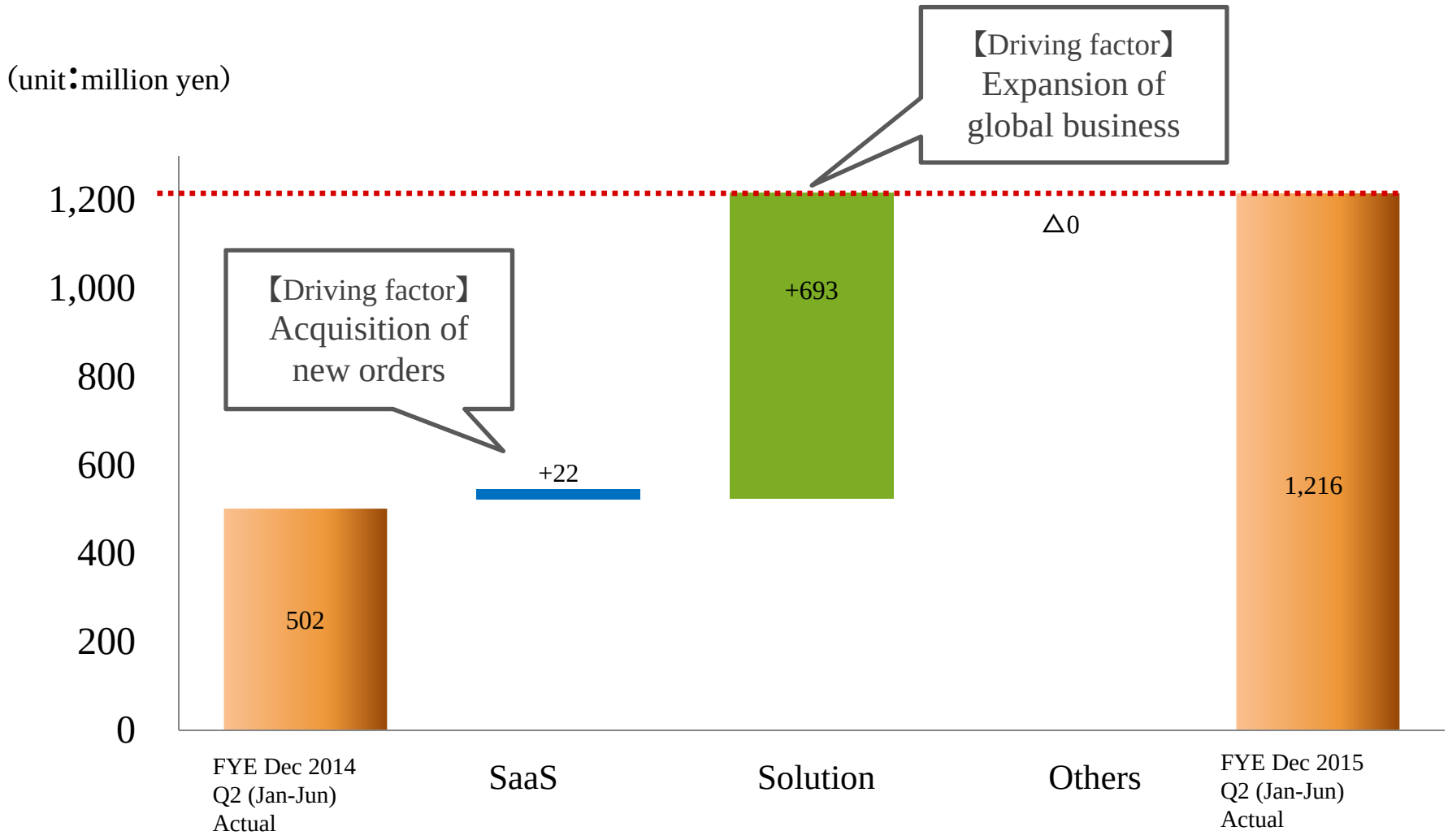
Net sales results analysis (yoy comparison)



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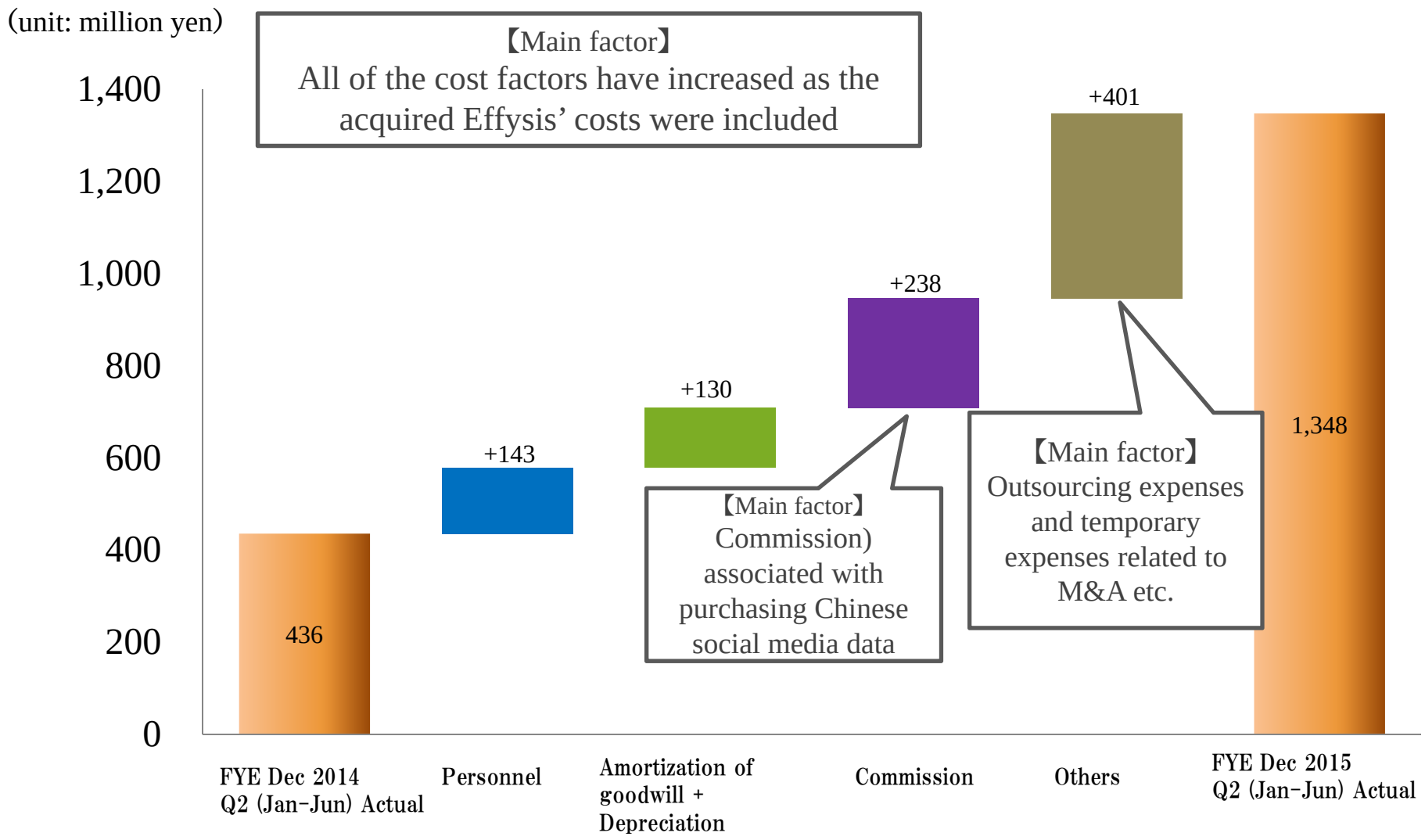
Cost (Cost of sales + SG &A expenses) analysis (yoy comparison)



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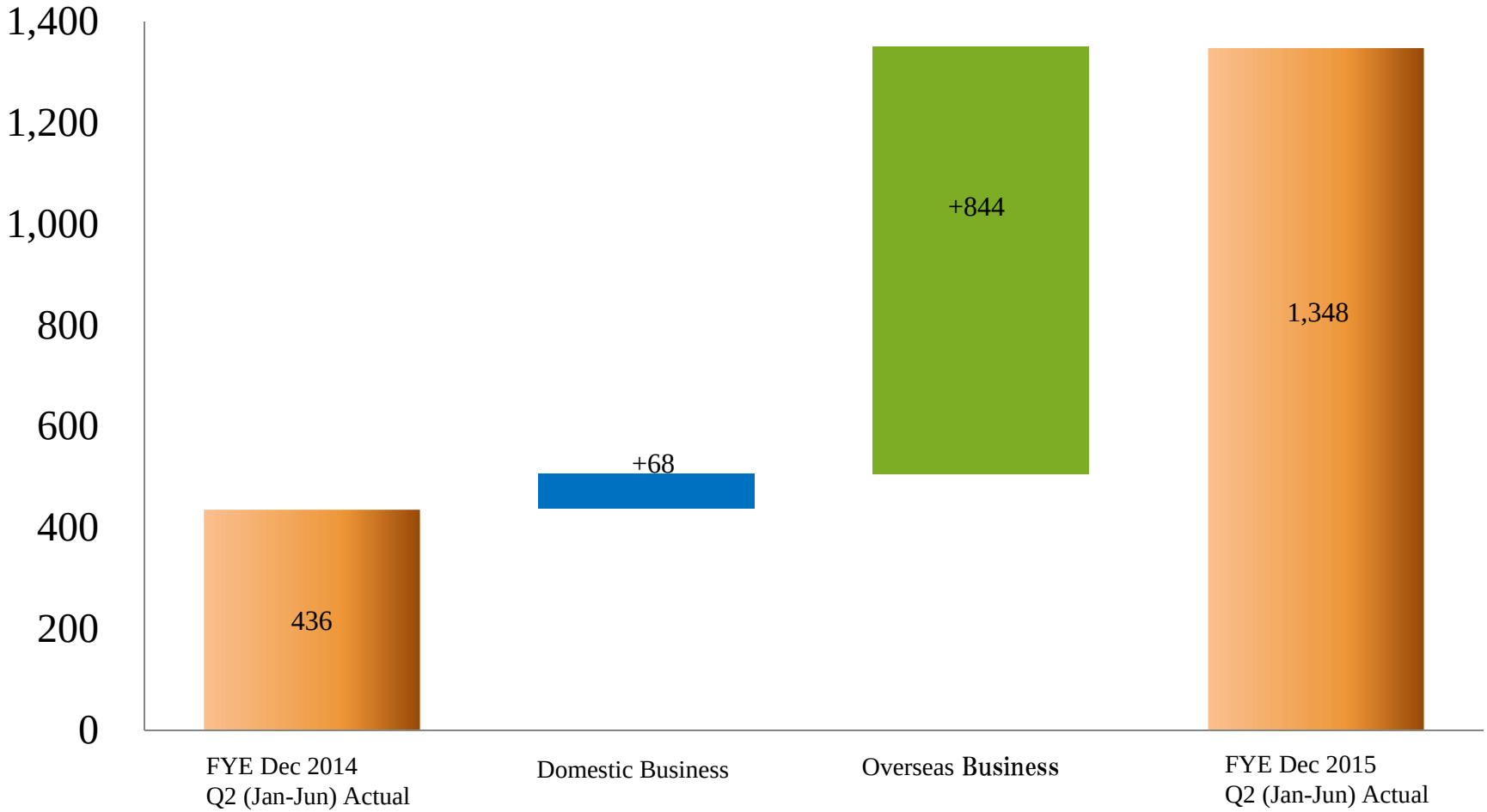
Cost (Cost of sales + SG &A expenses) analysis (domestic & overseas factors)

(unit: million yen)



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Consolidated Balance Sheet

【Main factor】
Increase in borrowings
(for acquisition)

(unit: million yen)

	As of end Dec 2014	As of end June 2015	Difference
Current Assets	2,935	1,093	-1,842
Non-current Assets	309	3,473	3,164
Total Assets	3,244	4,566	1,322
Current Liabilities	1,891	2,845	954
Non-current Liabilities	2	435	433
Total Liabilities	1,893	3,280	1,387
Total Net Assets	1,351	1,286	-65
Total Liabilities and Net Assets	3,244	4,566	1,322

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II Growth strategies and their progress

What we are doing for Fiscal Year 2015

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Growth strategies and their progress

Through the utilization of social big data:

1 Further penetration in the marketing field

Responding to advanced and diversified needs

2 Expansion into diverse industries and establishment of key position as data distributor

Into various areas including politics/ administration, finance and media

3 Expansion overseas

Further penetration in the Marketing field

- New version release of “e-mining” in Q1 contributed to a decline in cancellations (4.5％improvement)

- New version release of “*kuchikomi*@kakaricho” (direct sales) expected to contribute to decline in cancellation rate in the second half of the FY.

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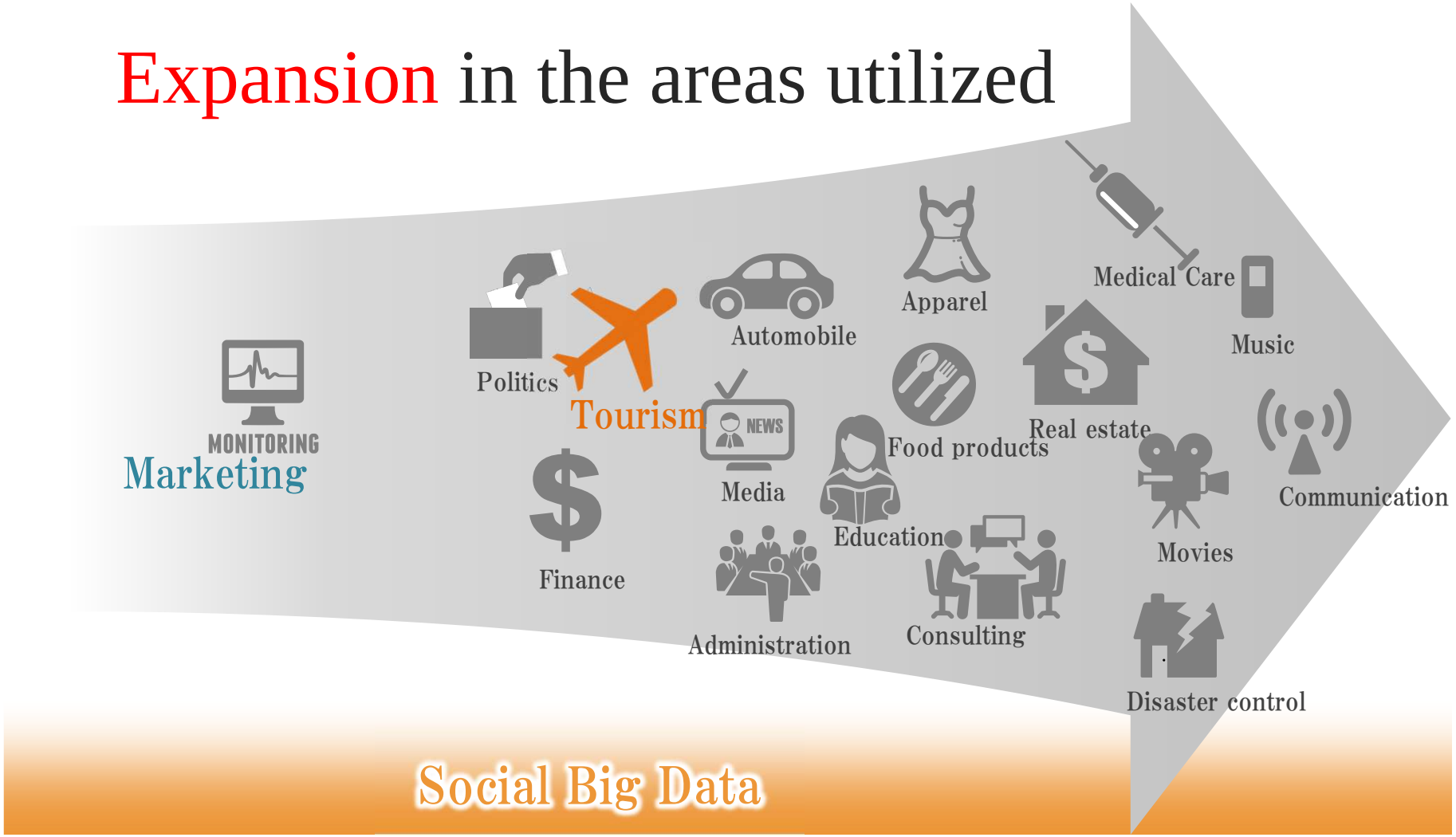
Global Social Big Data×○○○

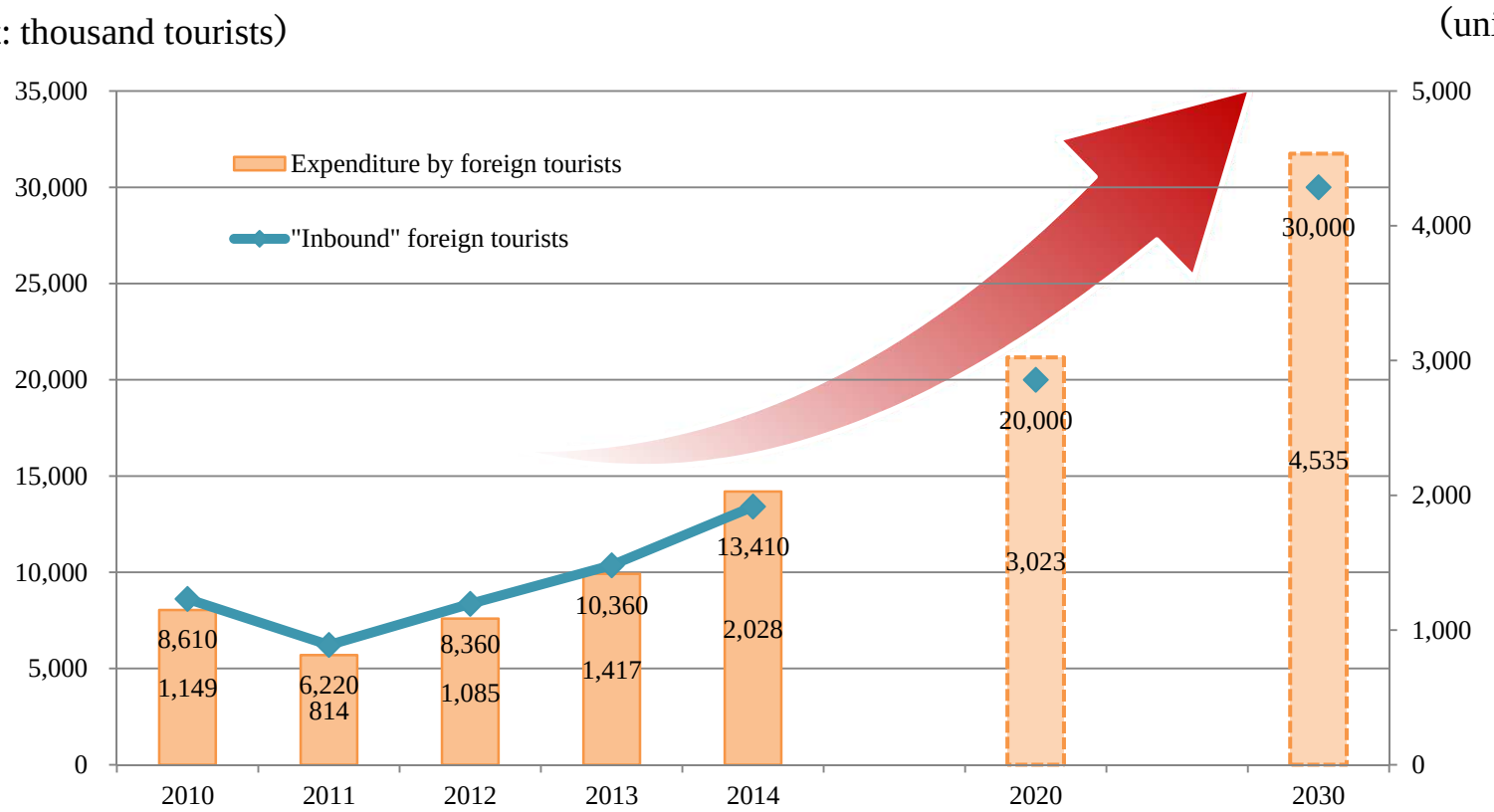
Expansion in the areas utilized



Global Social Big Data × Tourism

Total expenditure by foreign tourists visiting Japan exceeds 2 trillion yen

Estimated to exceed 3 trillion yen in 2020, 4.5 trillion yen in 2030



Company estimates, utilizing data from "Consumption trend survey for foreigners visiting Japan (2014)" (Japan Tourism Agency) (Assuming expenditure per tourist is the same as that of 2014)

Global Social Big Data×Tourism

2015 Jan-Jun recent consumption trends of foreign tourists visiting Japan (“Inbound tourists”)

Jan～Mar 2015 foreign tourists’ expenditure amount: 706 billion yen

Apr～Jun foreign tourists’ expenditure amount: 888 billion yen

1.6 trillion yen

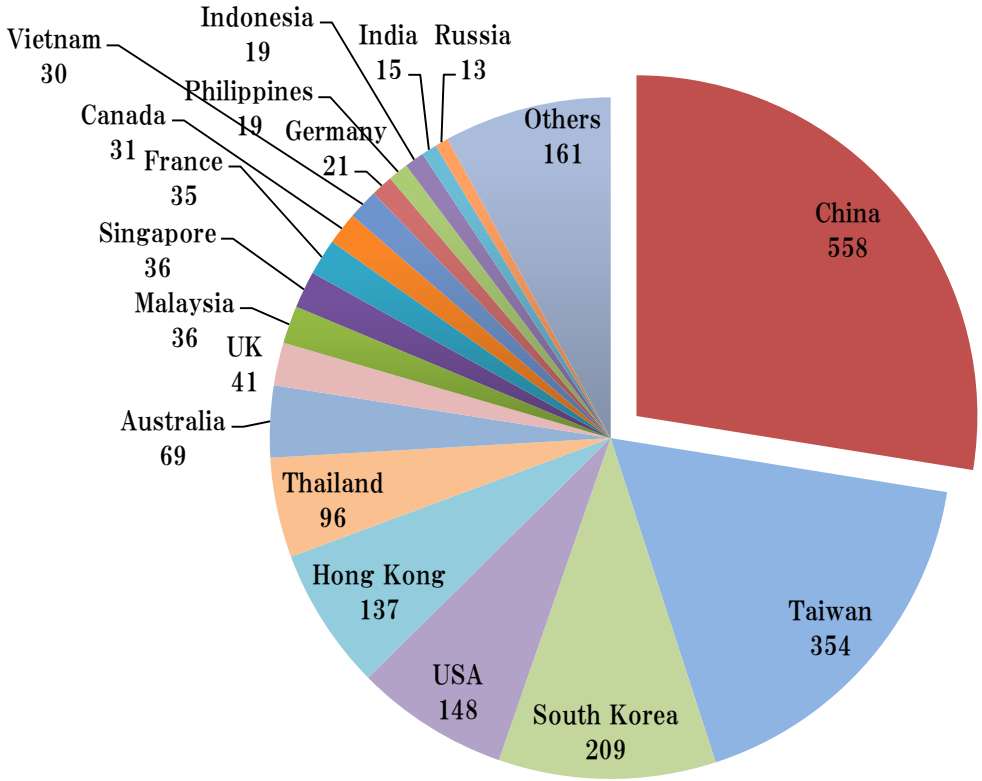
Possibility of exceeding the projected level for 2020 in 2015

Japan Tourism Agency:
“Consumption trend survey for foreigners visiting Japan Jan- Mar 2015 results”
“Consumption trend survey for foreigners visiting Japan Apr-Jun 2015 results”

Global Social Big Data × Tourism

Expenditure by people visiting Japan from China is 558 billion yen, accounting for 27.5% of total expenditure by foreign tourists visiting Japan

Country/ regional breakdown of total expenditure of foreign tourists visiting Japan



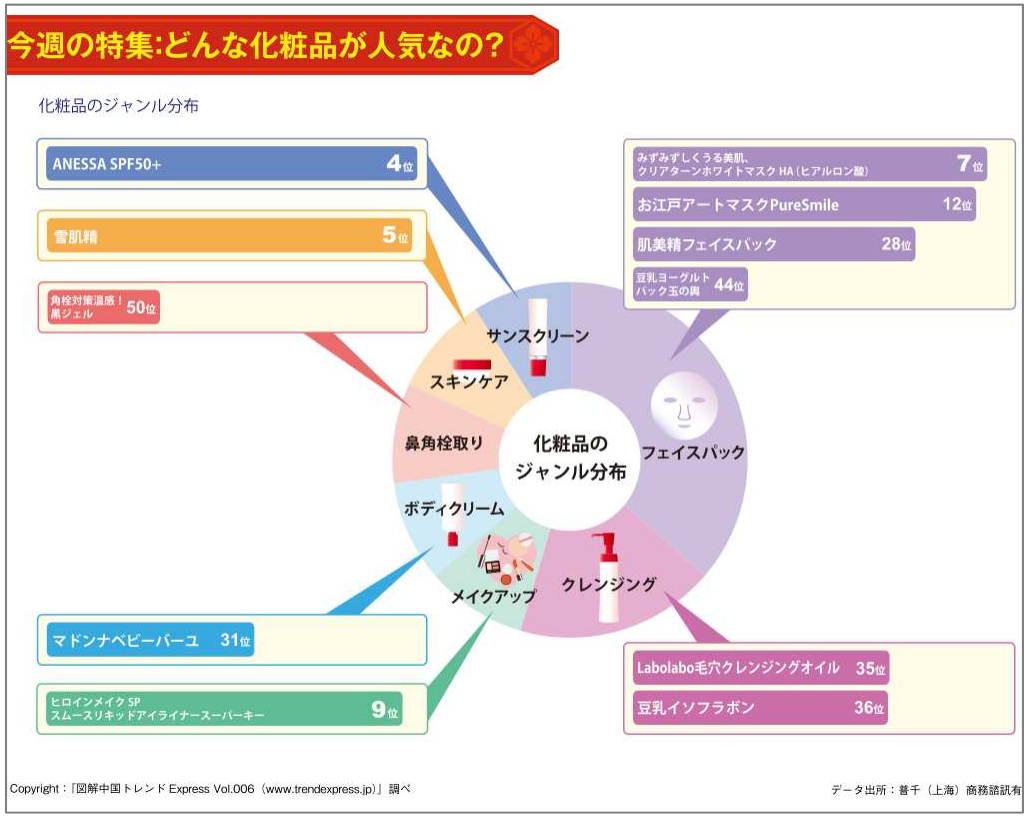
(unit: billion yen)

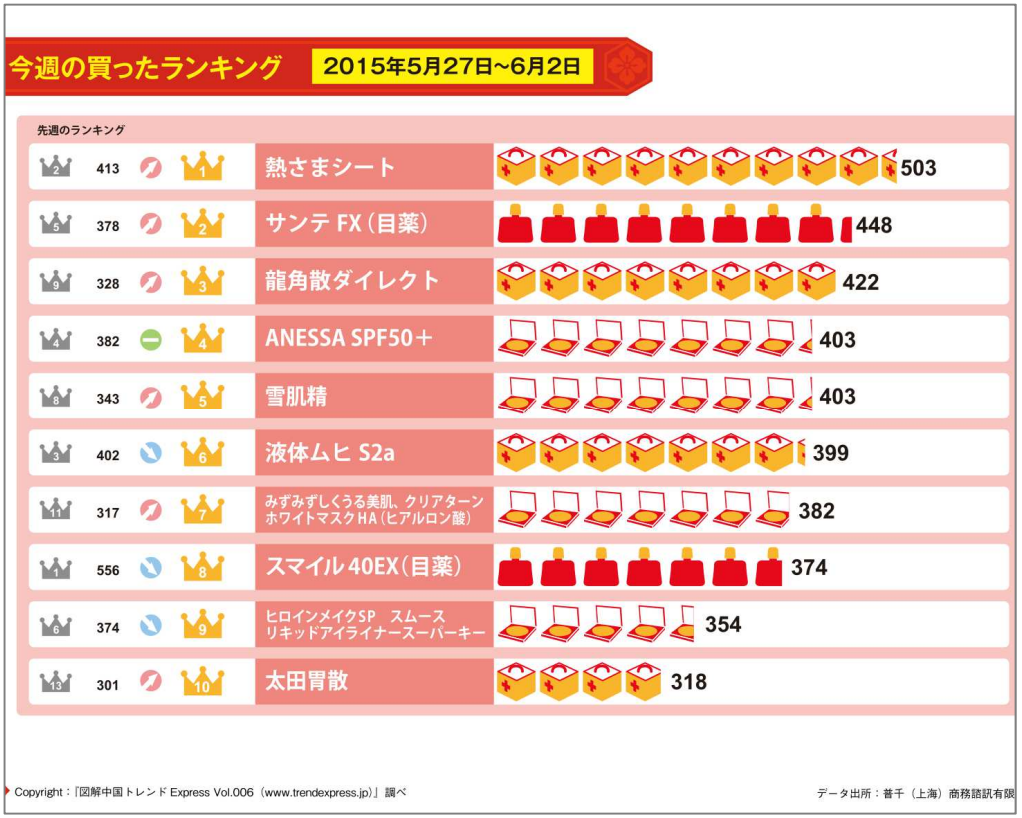
Global Social Big Data × Tourism

Started sales of "*Visualized* China Trend Express" !

Weekly report on the situation of expenditure of Chinese tourists visiting Japan through real-time analysis of Chinese social big data.

Sales of this service have been favorable since its launch.





Global Social Big Data×Tourism

8/21(Fri)
Announced business collaboration with
“Yamatogokoro.jp” – the largest B to B portal site
for foreign tourists visiting Japan

やまとごころ.jp × hotto link

Global Social Big Data × Tourism

Cooperate on sales of "*Visualized* China Trend EXPRESS" and jointly develop solution services for the market for "Inbound tourist consumption"

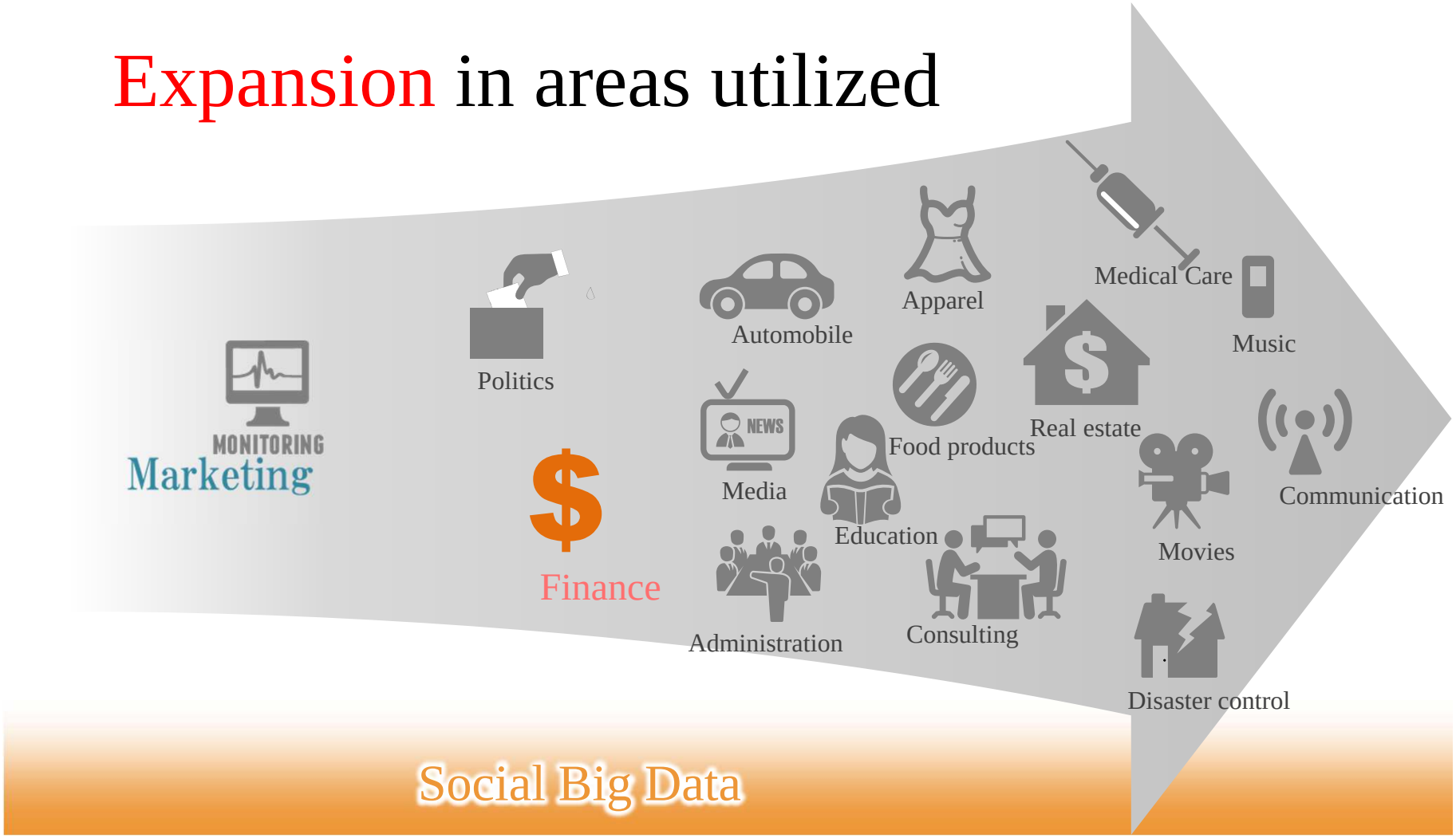
(ie. focusing on expenditure by foreign tourists visiting Japan)

Global Social Big Data × Tourism

Overseas expansion of "*Visualized* China Trend EXPRESS"

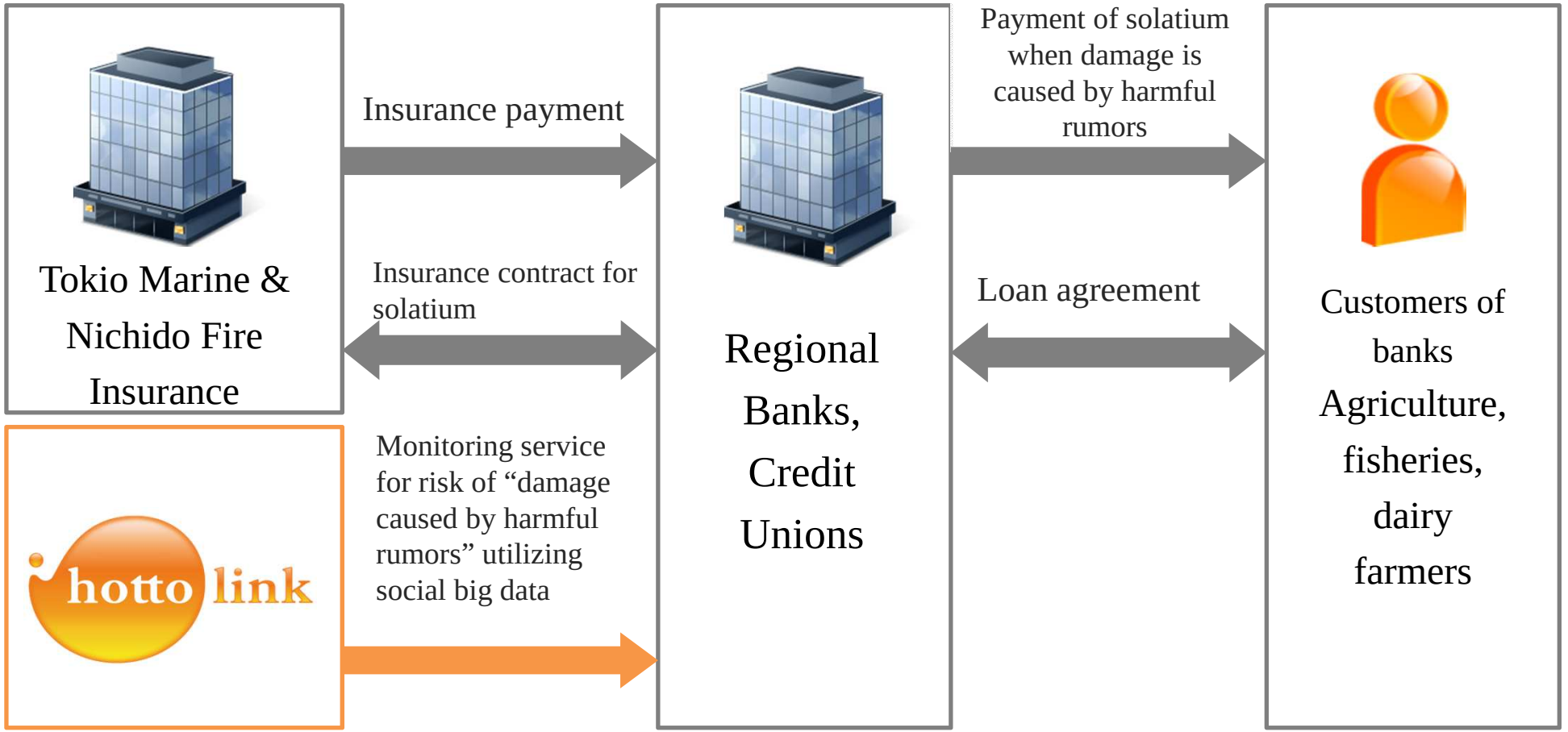
Global Social Big Data×○○○

Expansion in areas utilized



Global Social Big Data×Finance

On July 29th, started to provide social big data for a loan product for “Measures against damage caused by harmful rumors, with solatium payment service”



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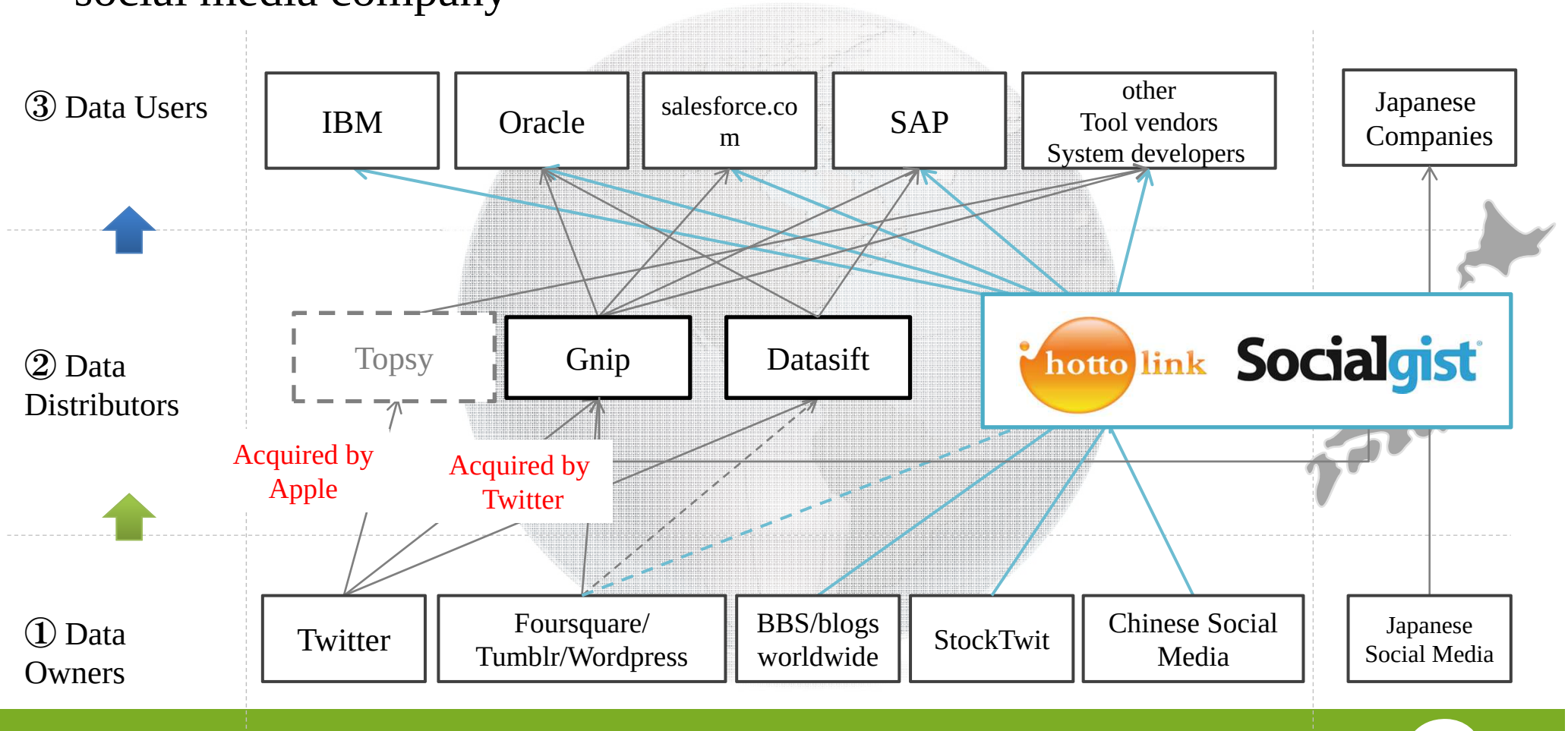
Establish firm position as a Data Distributor

Conclusion of data purchase agreement with StockTwits® & Chinese social media company



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Expansion Overseas

- Formed a capital and business alliance with Ideal Marketing Strategist Co. Ltd. (Pu Qian; 普千) in Shanghai, which conducts media monitoring and analysis

- Post Merger Integration (PMI) with Effyis（Socialgist）is in progress

III Medium Term Target

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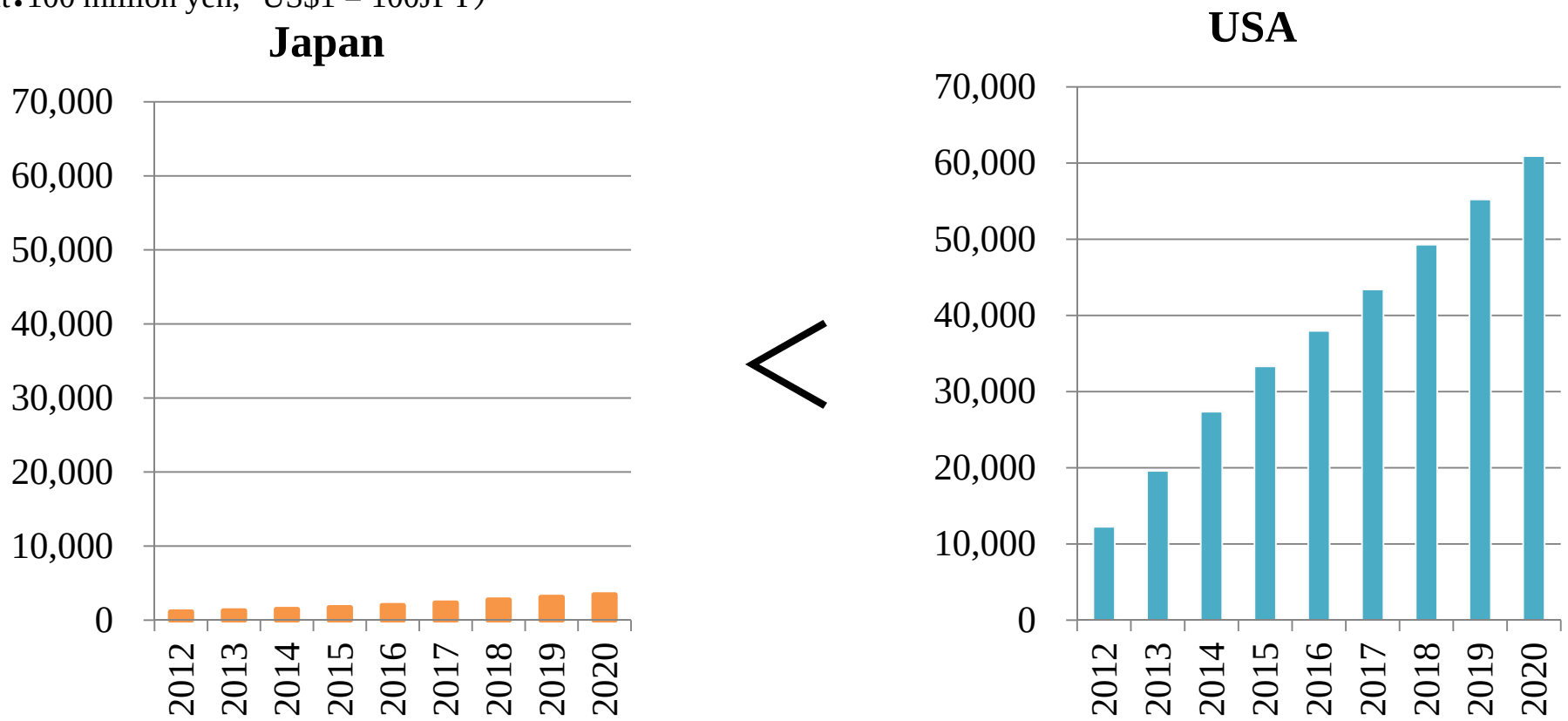
Hotto link will in the medium term…

Medium term target

Market size for Big Data (US vs Japan)

Forecasted to be **17.8** times greater than that of Japan by 2020

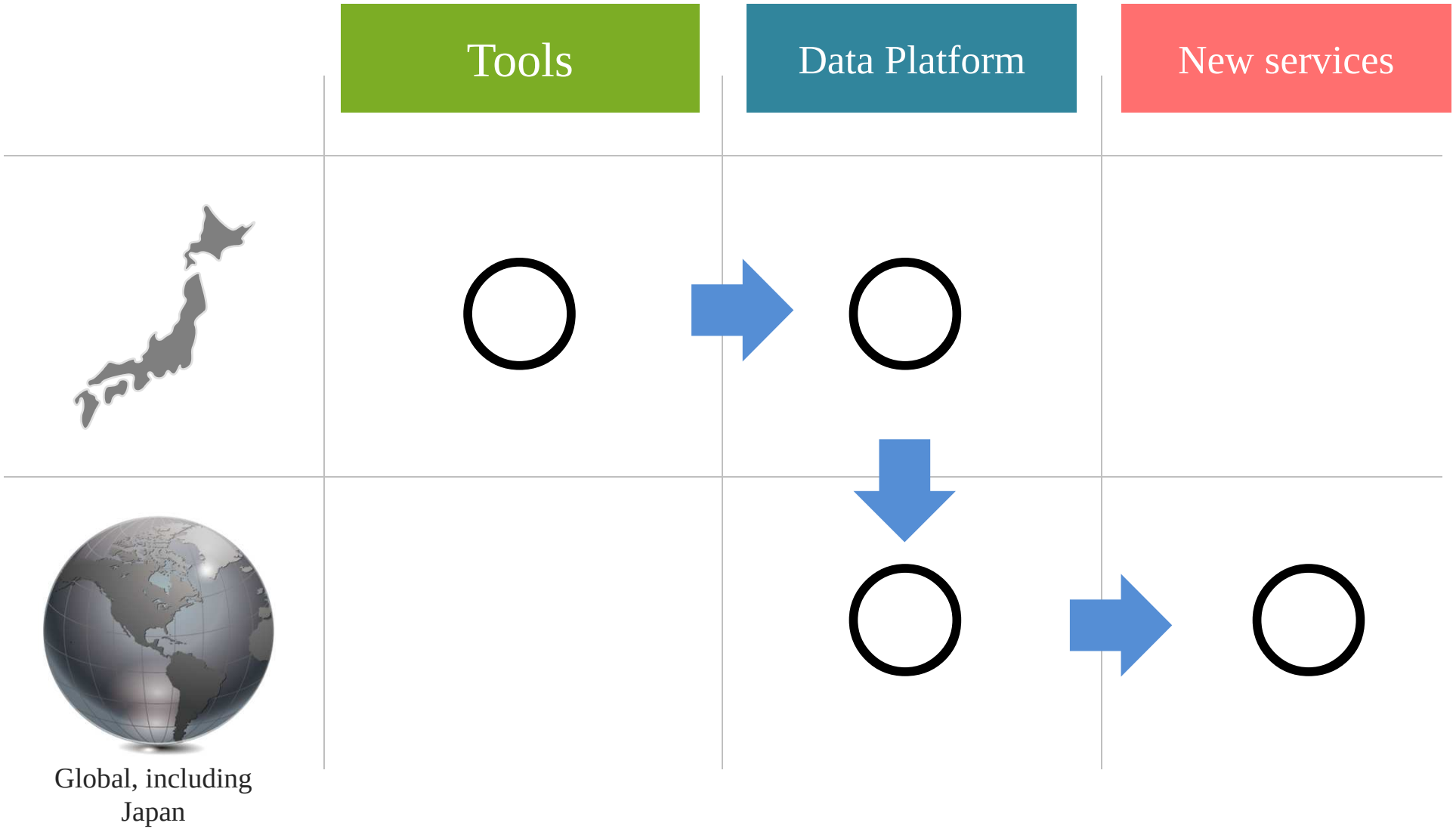
(unit：100 million yen, US$1 = 100JPY)



Forbes: Roundup Of Analytics, Big Data & Business Intelligence Forecasts And Market Estimates, 2015

Yano Research：Trend and projections of big data analytics market size

Towards achieving the medium term target



Make the World “Hotto”

Thank you for your kind attention
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