

Nihon Enterprise Co., Ltd.

Full Fiscal Year May 2013

Presentation on Financial Results

July 10, 2013





Earnings Overview for May 2013



Business Strategies of FY 2014 for Domestic Markets



Business Strategies of FY 2014 for Overseas Markets



Earnings Forecast for FY 2014

Mobile Content Segment

■ Expanded sales of mobile contents with alliance-type business

Expansion of monthly smartphone subscribers by collaborating with mobile phone sales companies through alliance-type monthly content billing

■ Provided mobile contents to smartphones as fixed-rate services

Provided more mobile contents for au Smart Pass and Yahoo! Premium

■ Acquired more smartphone subscribers on monthly-basis

Attracted more subscribers for smartphone contents through “shop affiliations”*

Solutions Segment

■ Expanded “shop affiliations” advertising business

Increased sales of mobile contents in line with the increased growing popularity of smartphones

■ Expanded business solutions to businesses

Increased the number of orders regarding websites and smartphone apps

■ Launched corporate cost-cutting solution

Started new business (reverse auction) and acquired and One Inc.

Overseas (China)

■ Business alliance with China Telecom

Opened mobile phone shops in Dongfang Road and Huangjincheng Avenue

■ Delivered digital comics translated from a popular novel

Digitalized a popular novel “JiuDingJi” to comics from SNDA

*Advertising business in collaboration with mobile phone sales companies.

Consolidated Statements of Income

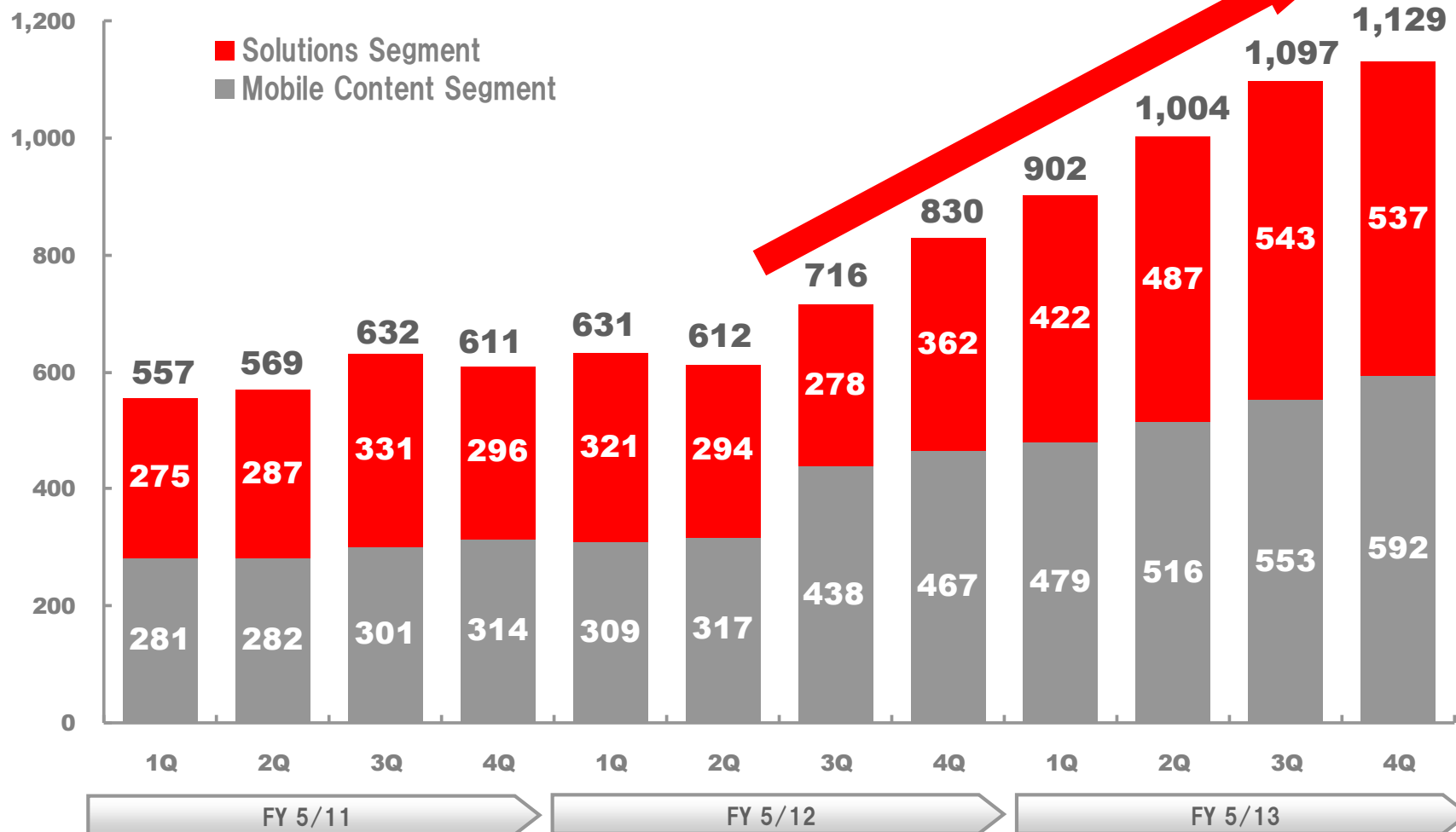
(Millions of Yen)

		FY 5/12 (June/11~May/12)	FY 5/13 (June/12~May/13)	FY 5/11 (June/10~May/11)	
				Value	Share
	Mobile Content Segment	1,533	2,142	609	39.8%
	Solutions Segment	1,257	1,991	733	58.3%
Net sales		2,790	4,134	1,343	48.1%
Cost of sales		1,224	2,235	1,010	82.5%
%		43.9%	54.1%		
Gross profit		1,565	1,898	332	21.2%
%		56.1%	45.9%		
SG&A		1,261	1,526	264	21.0%
%		45.2%	36.9%		
Operating income		304	372	68	22.4%
%		10.9%	9.0%		
Non-operating income		15	23	7	50.3%
%		0.6%	0.6%		
Non-operating expenses		1	4	2	126.7%
%		0.1%	0.1%		
Ordinary income		318	391	73	23.1%
%		11.4%	9.5%		
Extraordinary income		25	354	328	1,267.2%
%		0.9%	8.6%		
Extraordinary losses		3	46	42	1,210.7%
%		0.1%	1.1%		
Net income		170	354	184	108.7%
%		6.1%	8.6%		

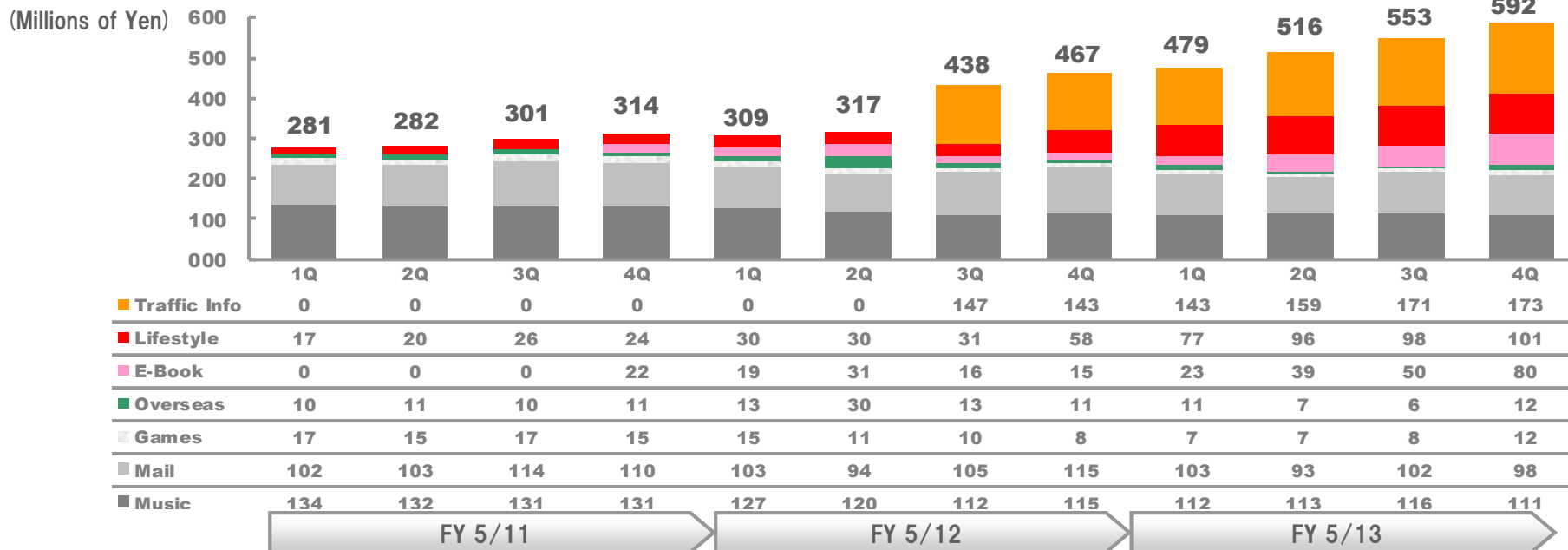
Quarterly Consolidated Earnings Trend (Net Sales)

Continue to Increase Sales

(Millions of Yen)



Mobile Content Segment: Increased Traffic Info, Lifestyle and E-Book



(Millions of Yen)

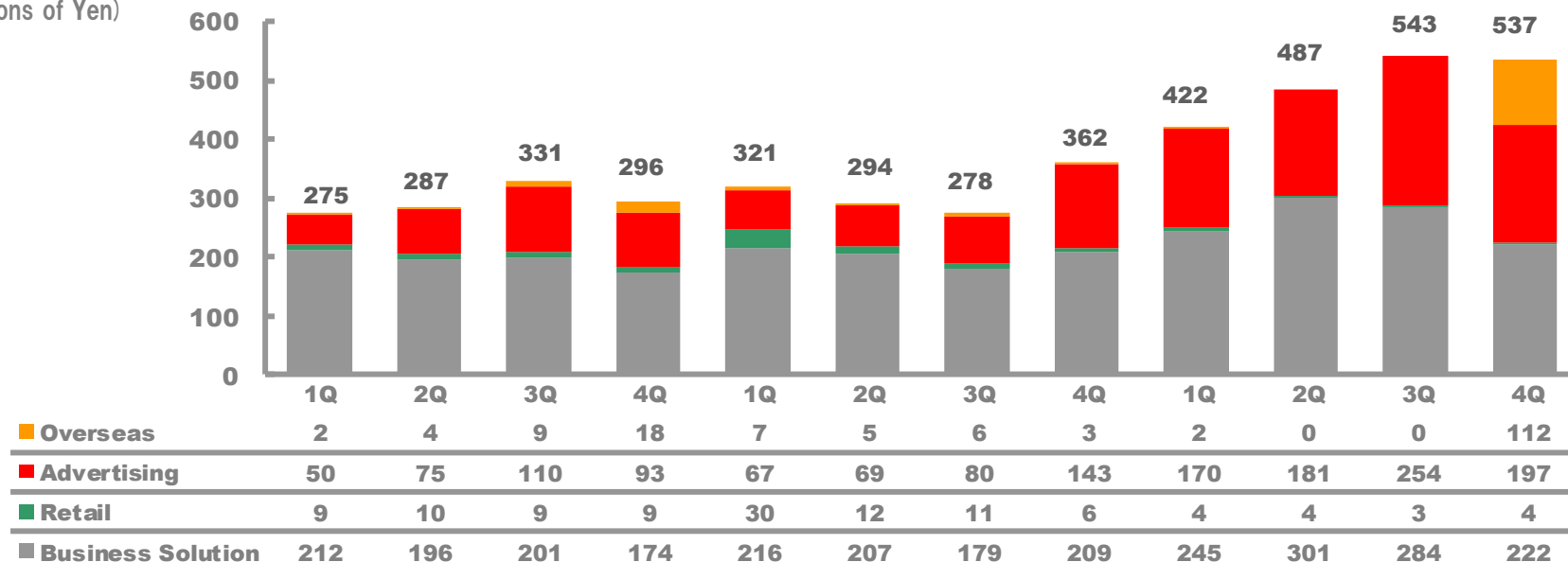
		FY 5/12 (6/11~5/12)	FY 5/13 (6/12~5/13)	YY Change	
				Value	Share
	Traffic Info	291	648	357	122.7%
	Lifestyle※	150	374	223	148.6%
	E-Book	83	193	110	133.6%
	Overseas	68	38	▲29	▲43.8%
	Games	45	35	▲10	▲22.0%
	Mail	418	397	▲20	▲5.0%
	Music	475	454	▲21	▲4.5%
Total		1,533	2,142	609	39.8%

※Lifestyle: Mobile contents in health, voice messages, and employee benefit administration programs.

Solution Segment Consolidated Earnings Trend

Solutions Segment: Increased Advertising and Overseas (China & Mobile Phone Sales)

(Millions of Yen)



FY 5/11

FY 5/12

FY 5/13

(Millions of Yen)

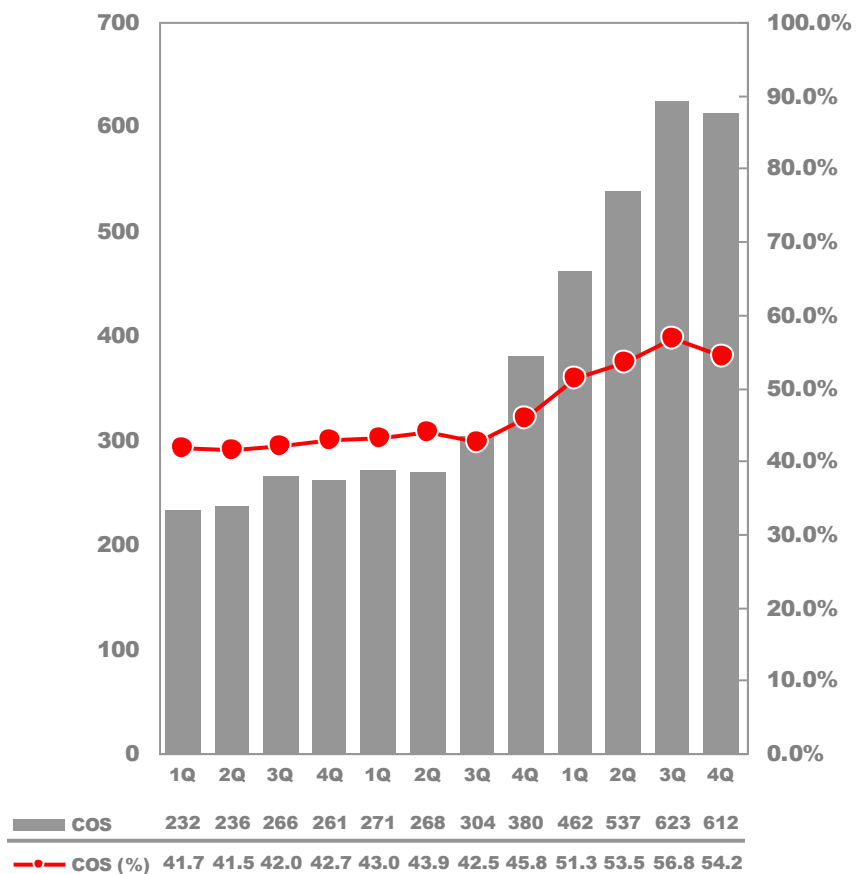
		FY 5/12 (6/11~5/12)	FY 5/13 (6/12~5/13)	YY Change	
				Value	Shares
	Overseas	22	115	92	409.0%
	Advertising	360	803	443	123.0%
	Retail	61	17	▲43	▲71.2%
	Business Solution	813	1,054	241	29.6%
Solutions Segment		1,257	1,991	733	58.3%

Consolidated Cost of Sales and SG&A Trend

Developed New Services and Actively Hired Competent Workers in China

(Millions of Yen)

Cost of sales (COS)

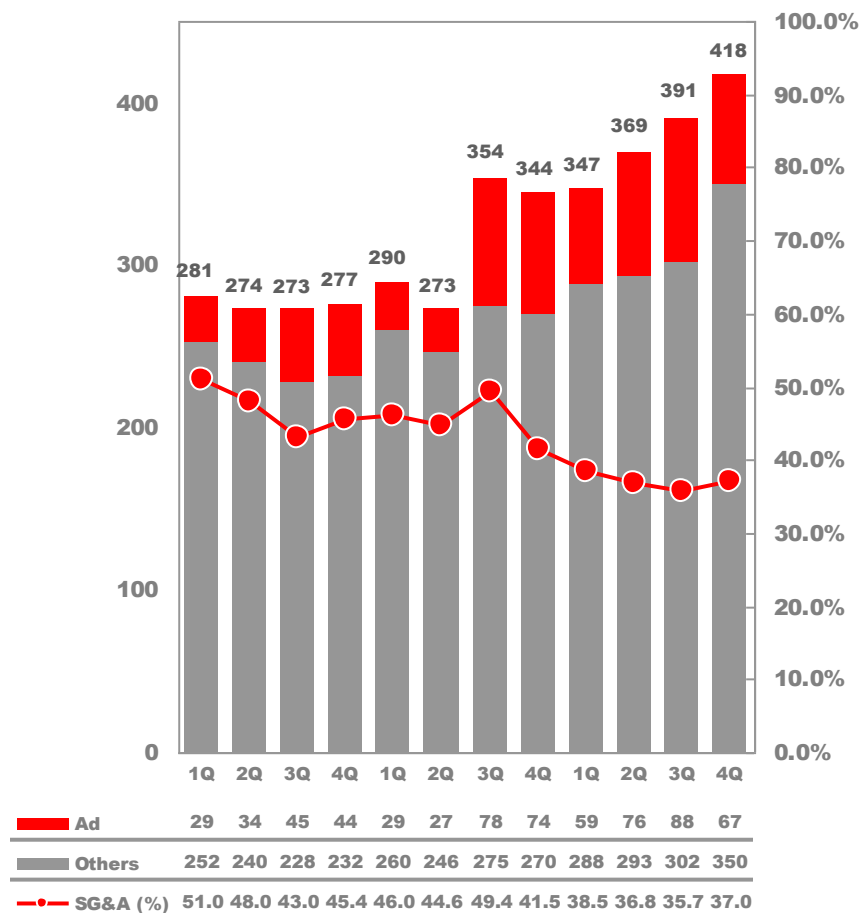


FY 5/11

FY 5/12

FY 5/13

SG&A



FY 5/11

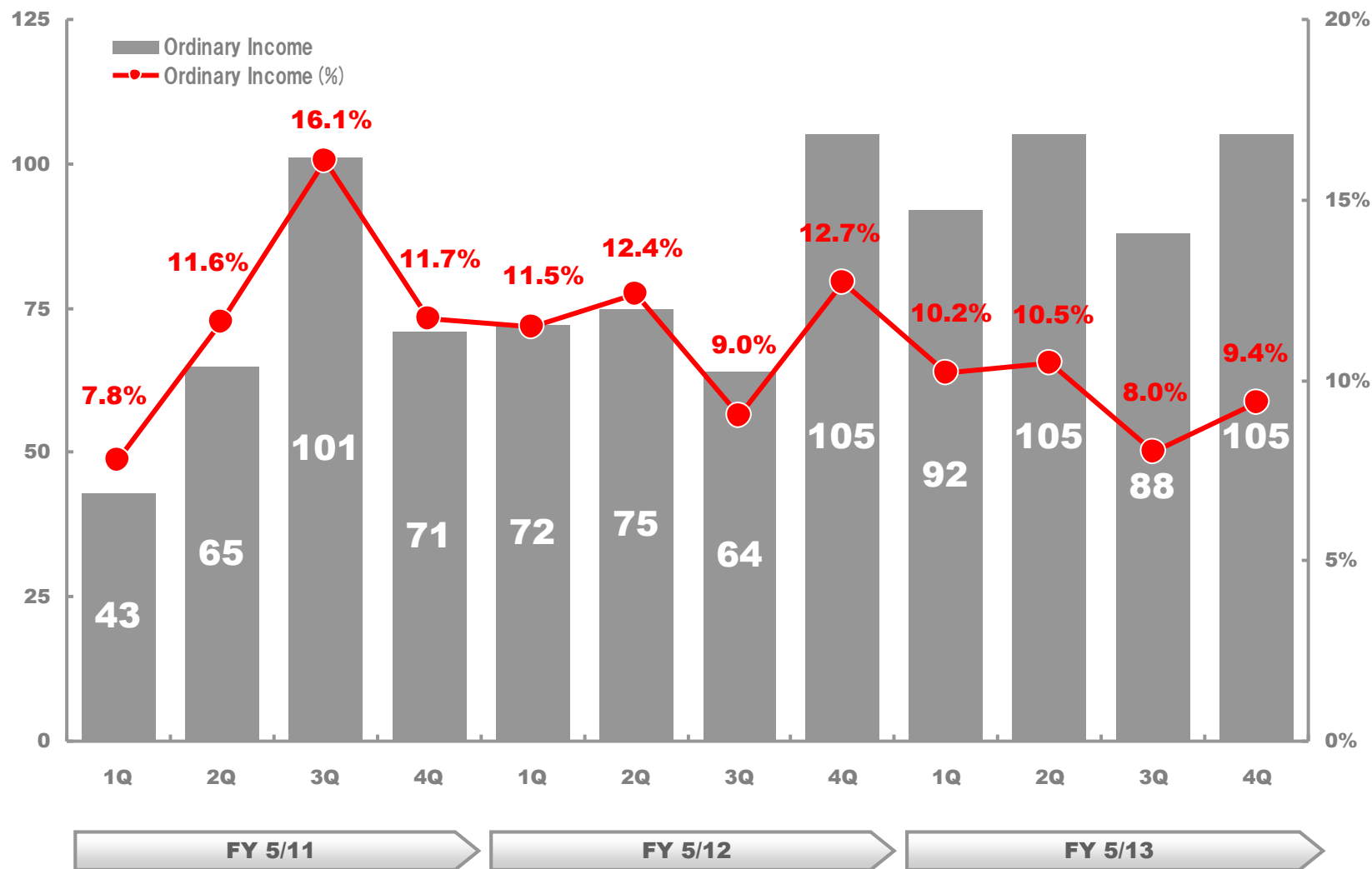
FY 5/12

FY 5/13

Consolidated Ordinary Income Trend

Rise Ordinary Income based on Earnings Growth & Cost Reduction

Millions of Yen



Consolidated Financial Results by Segment

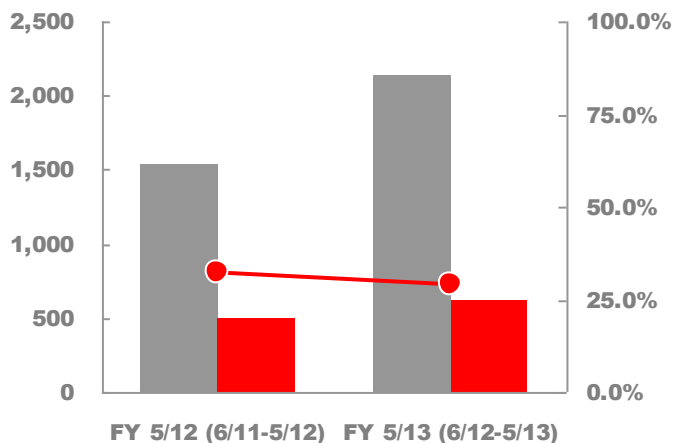
Mobile Content Segment

Solutions Segment

Increased Sales & Profit based on Traffic Info & Lifestyle / Increased Ad Sales & Upfront Inv. in Mobile Phone Sales in China

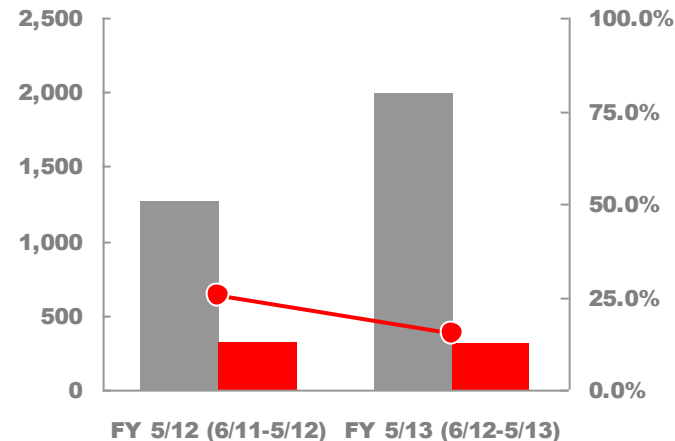
(Millions of Yen)

Mobile Content Segment



(Millions of Yen)

Solutions Segment



■ Net Sales	1,533	2,142
■ Segment Income	494	621
●-● Segment Income (%)	32.2%	29.0%

■ Net Sales	1,257	1,991
■ Segment Income	317	304
●-● Segment Income (%)	25.2%	15.3%

(Millions of Yen)

		FY 5/12 (6/11~5/12)	FY 5/13 (6/12~5/13)	YY Change	
				Value	Shares
Mobile Content Segment	Net Sales	1,533	2,142	609	39.8%
	Segment Income	494	621	127	25.8%
Solutions Segment	Net Sales	1,257	1,991	733	58.3%
	Segment Income	317	304	▲12	▲4.0%

*Segment income was adjusted based on operating income on the consolidated PL, SG&A (494 million yen) and amortization of goodwill (13 million yen) from administration department for FY 5/12 and SG&A (522 million yen) and amortization of goodwill (31 million yen) from administration department for FY 5/13.

Consolidated Balance Sheets

Increased Asset such as “Cash and Deposits”, “Investments in Securities”

(Millions of Yen)

	FY End of 5/12		FY End of 5/13		Changes	Main reasons
	Value	Shares	Value	Shares		
Current assets	2,506	70.1%	3,445	68.0%	938	Increased cash and deposits, and accounts receivable
Fixed assets	1,070	29.9%	1,624	32.0%	553	Increased investments in securities
Total assets	3,577	100.0%	5,069	100.0%	1,492	
Current liabilities	361	10.1%	840	16.6%	479	Increased consumption taxes payable and accounts payable-trade
Long-term liabilities	35	1.0%	275	5.4%	240	Increased deferred income tax liabilities
Total liabilities	396	11.1%	1,116	22.0%	719	
Common stock	595	16.7%	595	11.8%	–	
Capital surplus	473	13.2%	473	9.3%	–	
Retained earnings	1,938	54.2%	2,260	44.6%	322	Net income and cash dividends paid
Total shareholders' equity	3,008	84.1%	3,330	65.7%	322	
Total accumulated other comprehensive income	57	1.6%	486	9.6%	429	Increased net unrealized gains on other securities
Share acquisition rights	–	–	0	0.0%	0	
Minority interests	114	3.2%	134	2.7%	20	
Total net assets	3,180	88.9%	3,953	78.0%	772	
Total liabilities & net assets	3,577	100.0%	5,069	100.0%	1,492	



Earnings Overview for May 2013



Business Strategies of FY 2014 for Domestic Markets



Business Strategies of FY 2014 for Overseas Markets

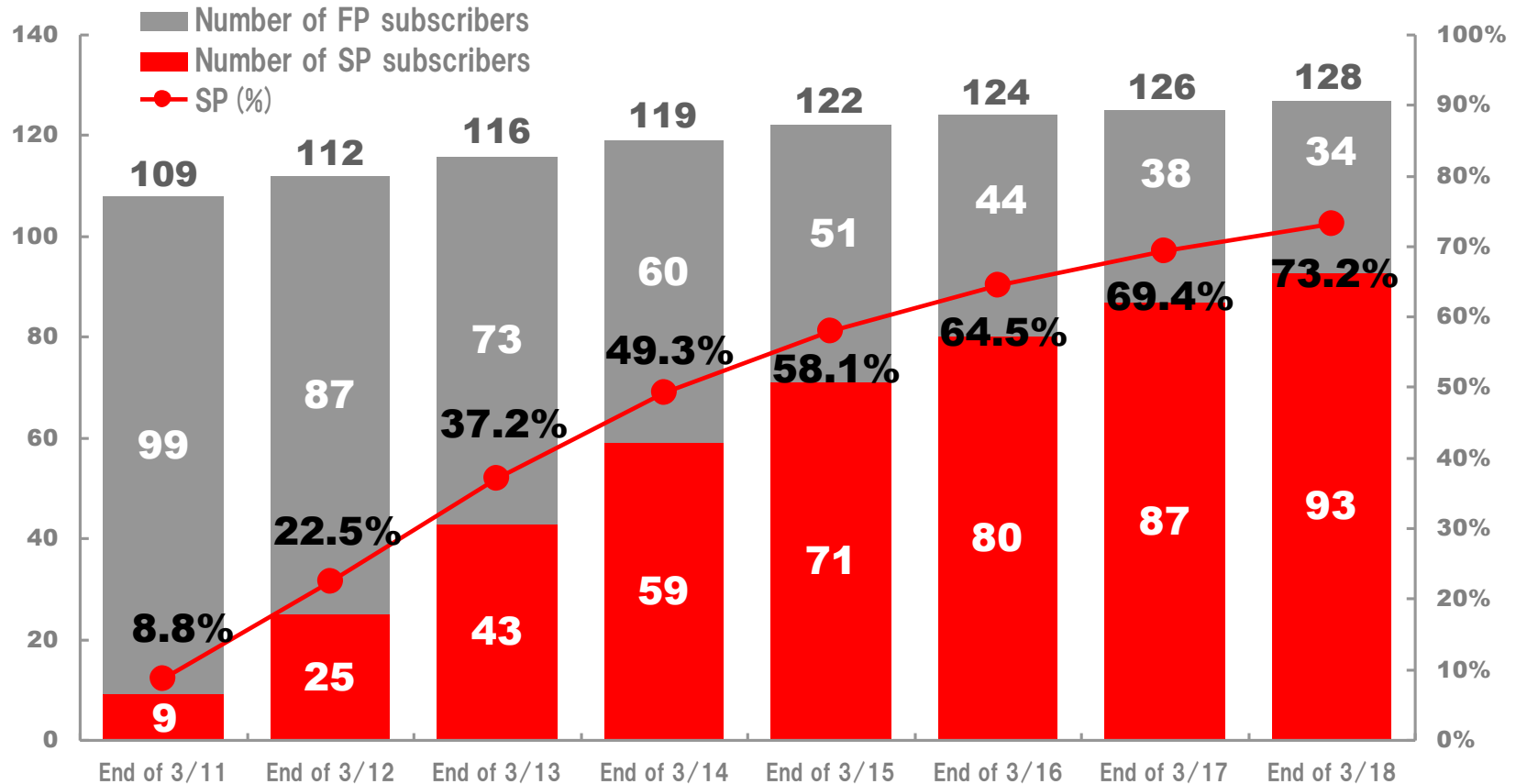


Earnings Forecast for FY 2014

Change in Mobile Phone Market Environment

Forecast of SP Subscribers and Trend in Ratio

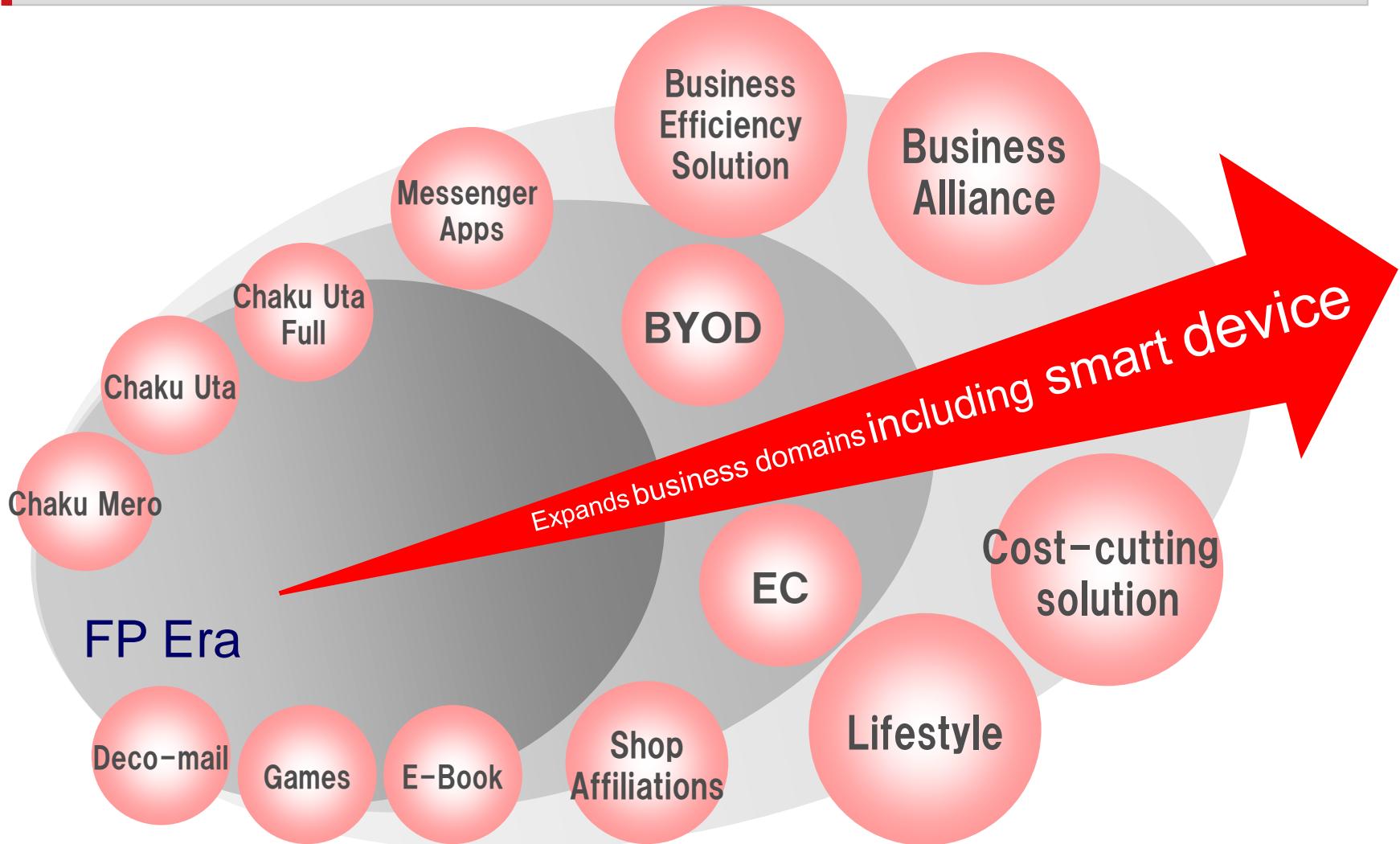
(Millions of Subscribers)



 **Move on Smart Device Era**

Reference: Nihon Enterprise made this data based on official data from MM Research Institute, Ltd.

Expands Business Domains in the Smart Device Era



Mobile Content
Segment

Solutions
Segment

Mobile Content Coping with Smart Device Era



Mobile Phone
Sales Companies

Instore selling of **monthly charge mobile contents** developed in cooperation with mobile phone sales companies

Mobile Content
Segment

For smartphones

Provides Contents of “Fixed-Price Services”

Fixed-price
services

Reconstruction of mobile content market provided by mobile telecommunication companies

- Can be used them without worrying about
- Users can use multiple contents at the fixed price
⇒ Create a different market from CPs' market



Uta & Mero Tori hodai



Deco Deco Mail



Decome★Tukuri Hodai



Emoji★Tukuri Hodai



Josei no Kirei Rizumu



ATIS Traffic Info



GAME RUSH

auスマートパス

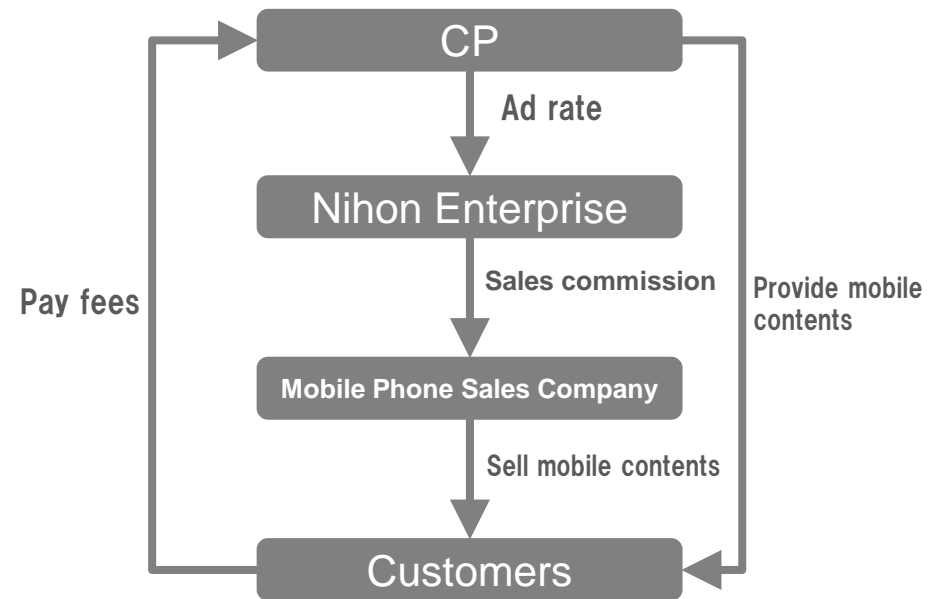
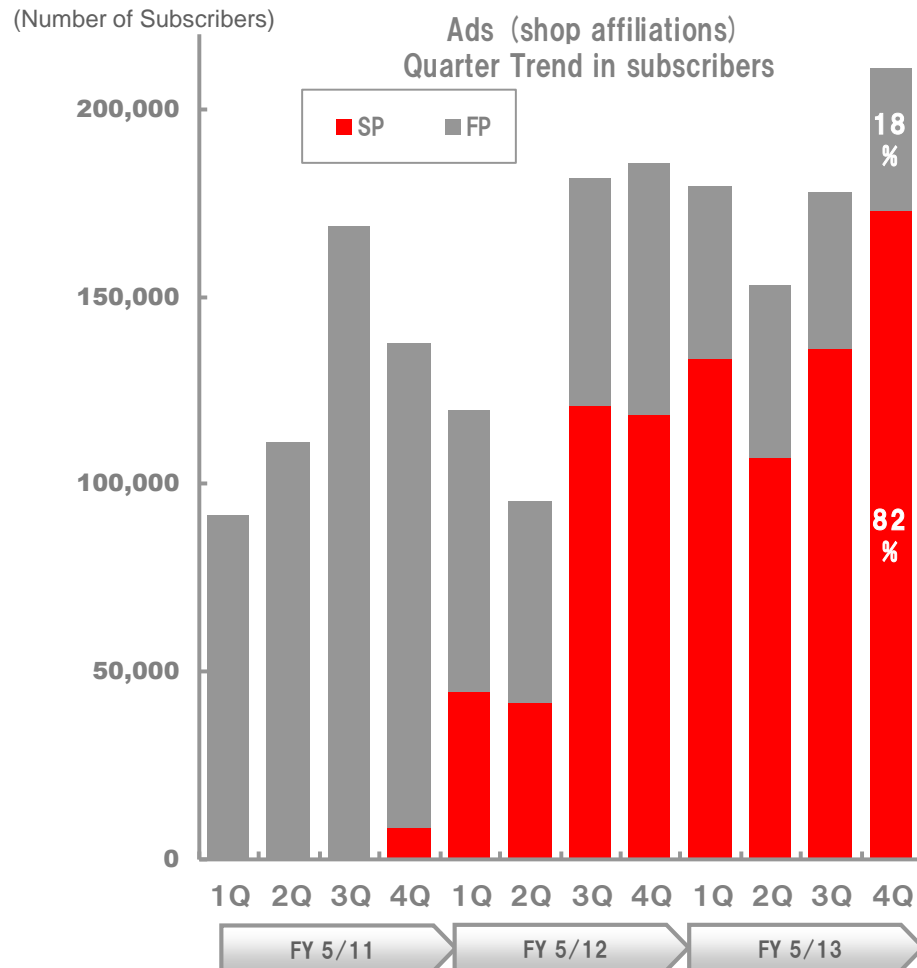
YAHOO! JAPAN プレミアム

スゴ得コンテンツ

Cope with strategies from mobile telecommunication companies for smart device era

Solutions Segment

Expands Advertising Business due to Rapid Growth in Smartphones



Create new sales routes in different industries based on a business model of shop affiliations.

Solutions
Segment

Started Nippon Open Market (Reverse Auction)

- ★ Easy to find new suppliers
- ★ Enables procurements at reasonable prices

- ★ Easy to get info about new bidding items
- ★ Helps find new business partners



Paid-membership at ¥3,000/month
Plan to increase suppliers to 8,000



Earnings Overview for May 2013



Business Strategies of FY 2014 for Domestic Markets



Business Strategies of FY 2014 for Overseas Markets

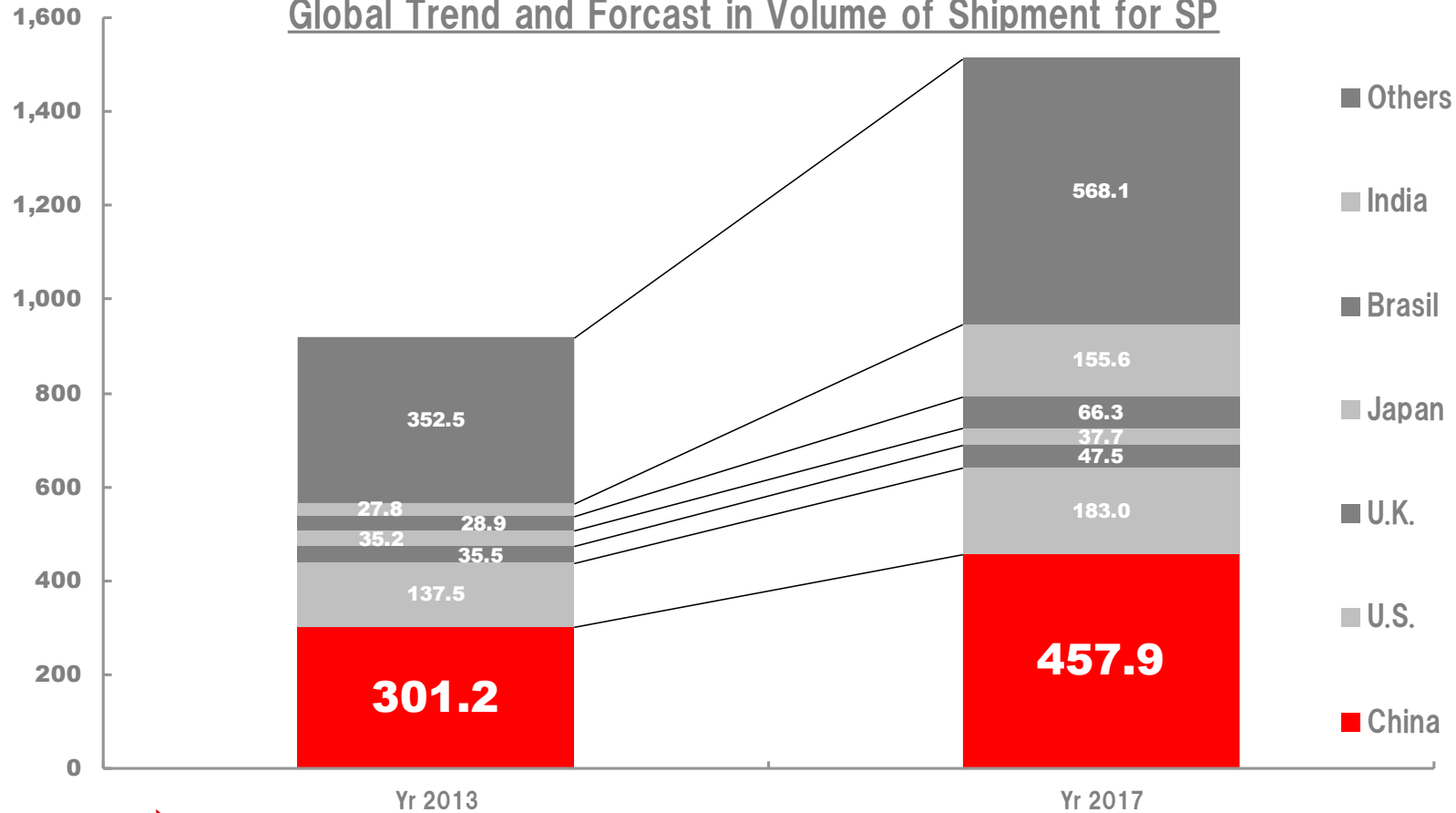


Earnings Forecast for FY 2014

Change in Mobile Phone Market Environment [Overseas]

(Millions of Subscribers)

Global Trend and Forecast in Volume of Shipment for SP



Overseas markets (esp. China) move into the smart device era

Reference: IDC (U.S.)

China

Expands to Deliver Digital Comics



Business model ~Translate popular novels into comics~

Worked with publishers
and cartoonists



Translated “JiuDingJi”
a Chinese popular novel
into comic



Provided
as digital comic for
Mobile Animations
(China Mobile)



Increased
subscribers

Plan 1) Add new titles

Utilize business model
of “JiuDingJi”

Plan 2) Increase platforms

Increase the number of
platforms such as
China Telecom, China Unicom

China

Overview of Mobile Phone Sales Business



因特瑞思(北京)信息科技有限公司

Business partnership ※Nihon Enterprise has 100% ownership of this subsidiary

Sells China Telecom's devices
including mobile phones

**Creates new business
by actual shop openings**

Improves customer satisfaction

**Provides sale
knowledge**

- **Japanese Hospitality**
- **Experienced-Based Shops**
- **Japanese Innovative Designs**

Introduces mobile content
sales (Future plan)

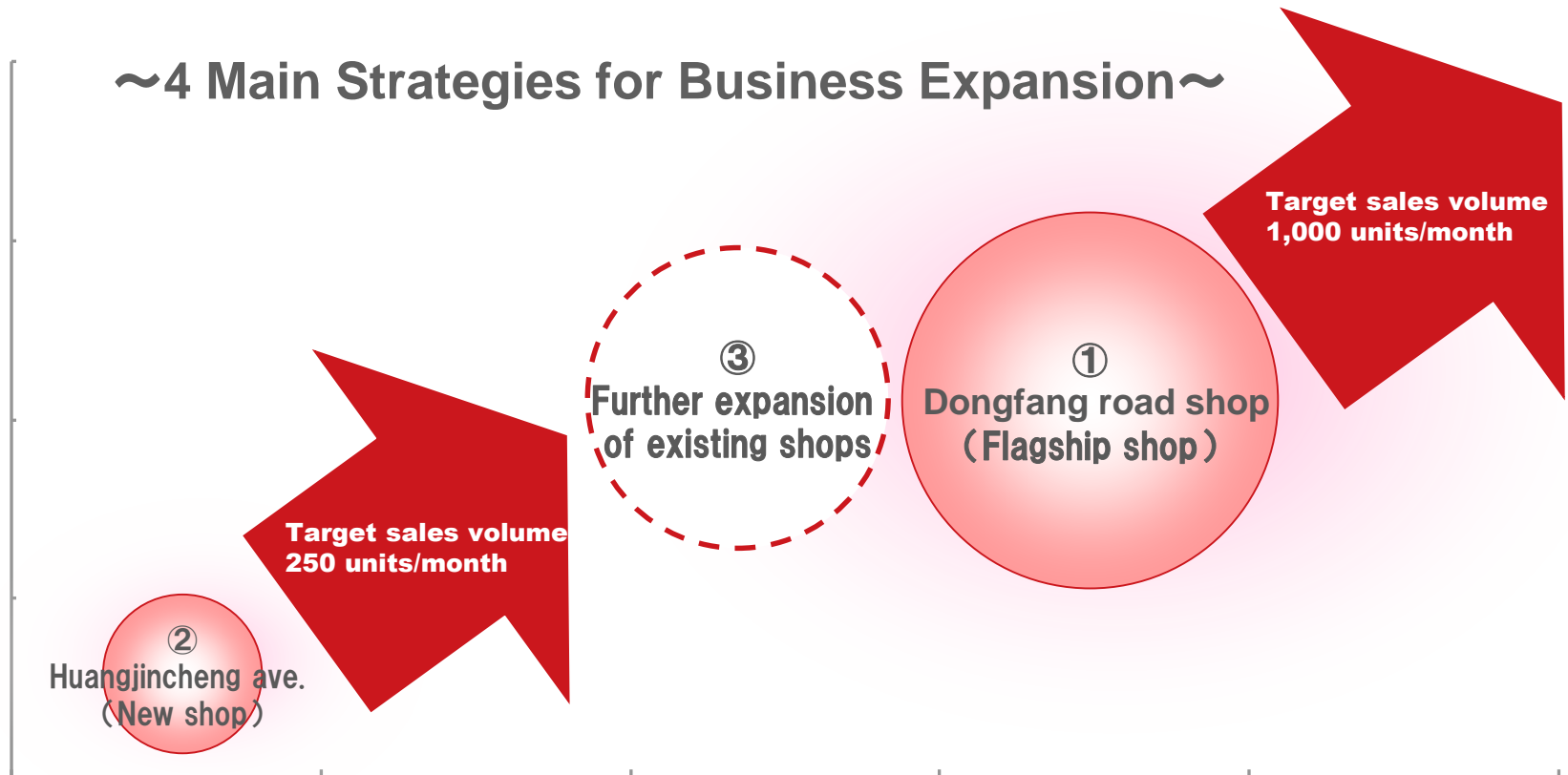
**Works with Mobile Telecommunication Companies
Expands shop affiliations**

China

Expands Mobile Phone Sales Business



~4 Main Strategies for Business Expansion~



**④ Increases the new business model into China :
selling mobile contents with devices in addition
to increasing sales**



Earnings Overview for May 2013



Business Strategies of FY 2014 for Domestic Markets



Business Strategies of FY 2014 for Overseas Markets



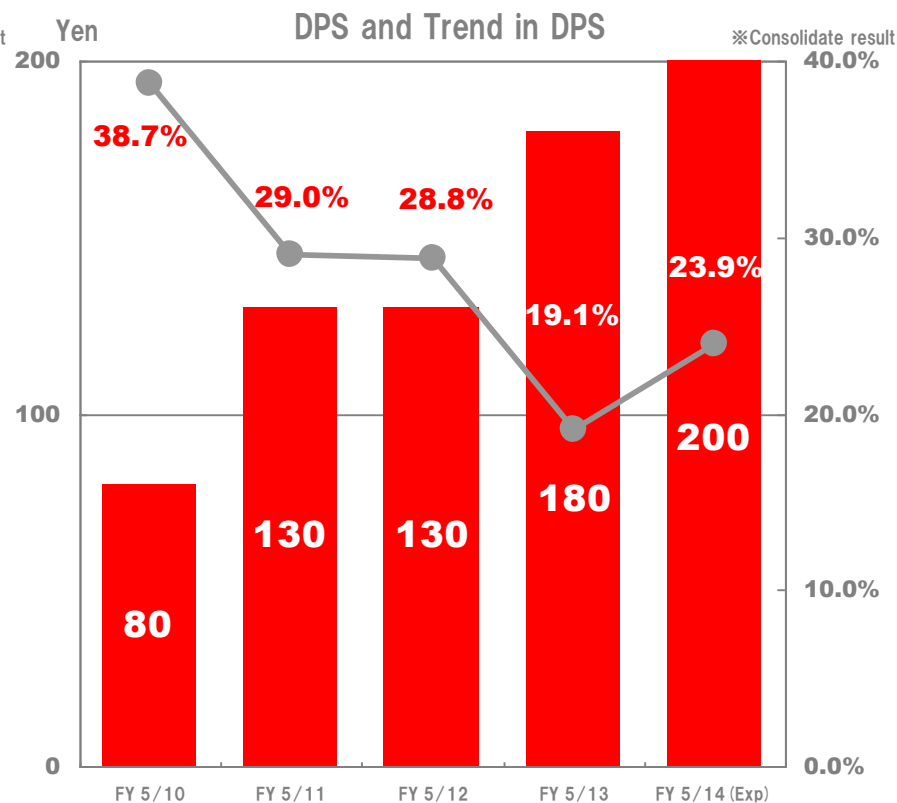
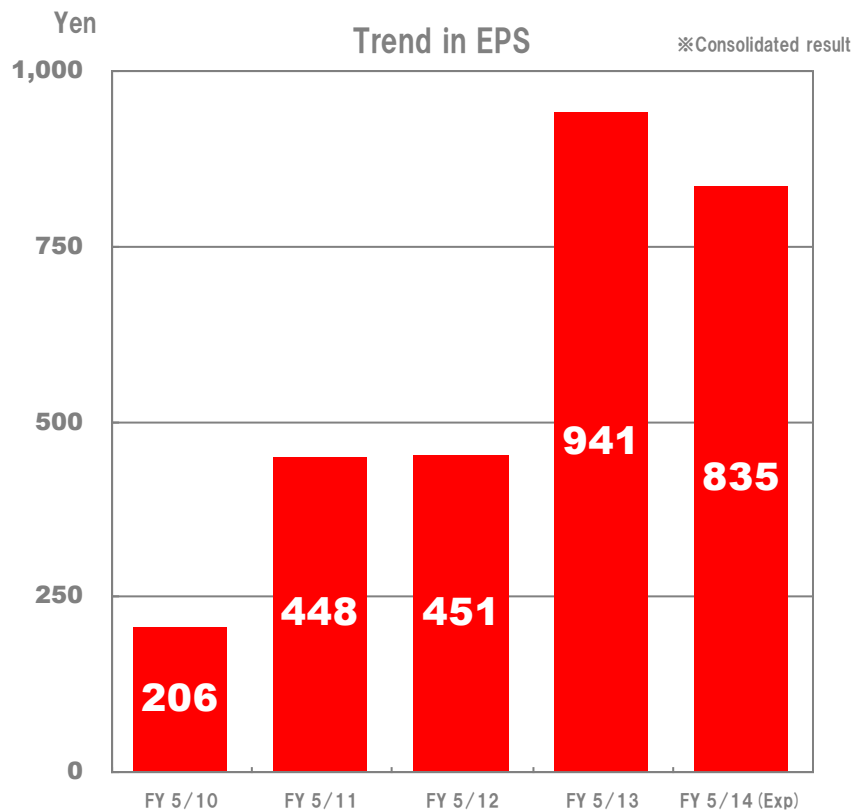
Earnings Forecast for FY 2014

Consolidated Earnings Forecast

(Millions of Yen)

		FY 5/13		FY 5/14	
		Value	Shares	Value	Shares
	Mobile Content Segment	2,142	39.8%	2,527	17.9%
	Solutions Segment	1,991	58.3%	2,473	24.2%
Net sales		4,134	48.1%	5,000	20.9%
Operating income		372	22.4%	520	39.7%
%		9.0%		10.4%	
Ordinary income		391	23.1%	500	27.7%
%		9.5%		10.0%	
Net income		354	108.7%	315	▲11.3%
%		8.6%		6.3%	

Dividend Forecast



Nihon Enterprise and our group strive to bring you customer satisfaction through digital contents.

Information contained in this document including current plans, forecasts and strategy are not actual figures but predictions of Nihon Enterprise's future performance and should not be looked at as such. Predictions are not limited to future sales, company's performance, events or situations explained by phrases such as "assurance", "expectations", "plans", "strategies", "probability", "anticipation", "possibility", as well as their synonyms. Other publications may contain oral or written predictions. Information and predictions contained in this document are based on management judgment made from available data. Do not rely on these financial forecasts as actual business results may differ.