

Presentation Materials for 2Q Fiscal Year May 2014

January 2014





FY5/14 Earnings Results <2Q>



FY5/14 Business Deployment <Domestic>



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

Mobile Content Segment

- Expand contents for carriers' flat rate, unlimited usage fee services
(Introduced new contents for au Smart Pass (2), Sugo Toku Contents (1))
- d-Menu contents applications for iPhone
- Provide new application services (Fivetalk, Komyukara)

Solutions Segment

- Impact from start of sales of iPhone5s/c at store affiliations※ reduced sales
- Store affiliations sales expansion (Test marketing with Tokyo Bookshop Group)
- Projects for corporations increase (Smartphone development)

Overseas Business (China)

- Expand number of distributors of “JiuDingJi” Digi-Comic
(China Mobile “Mobile Comix”, China Telecom “Love Comix”, China Unicom “Rich Comix”)
- Sales of China Telecom cellular telephones decline
(Sales incentives temporarily suspended due to budget overruns)

Contents sales (Real Affiliate) compensation paid to collaborating cellular telephone sales companies based upon performance

Consolidated Income Statement



(Million Yen)

	1H FY5/13	1H FY5/14	YY Change	
			Value	Percent
Sales	1,907	2,174	267	14.0%
CGS	1,000	1,135	134	13.5%
Gross Income	906	1,039	132	14.6%
SG&A	716	878	162	22.6%
Operating Income	189	160	-29	-15.6%
Ordinary Income	197	168	-28	-14.4%
Net Income	121	132	10	9.0%

Quarterly Sales Comparison

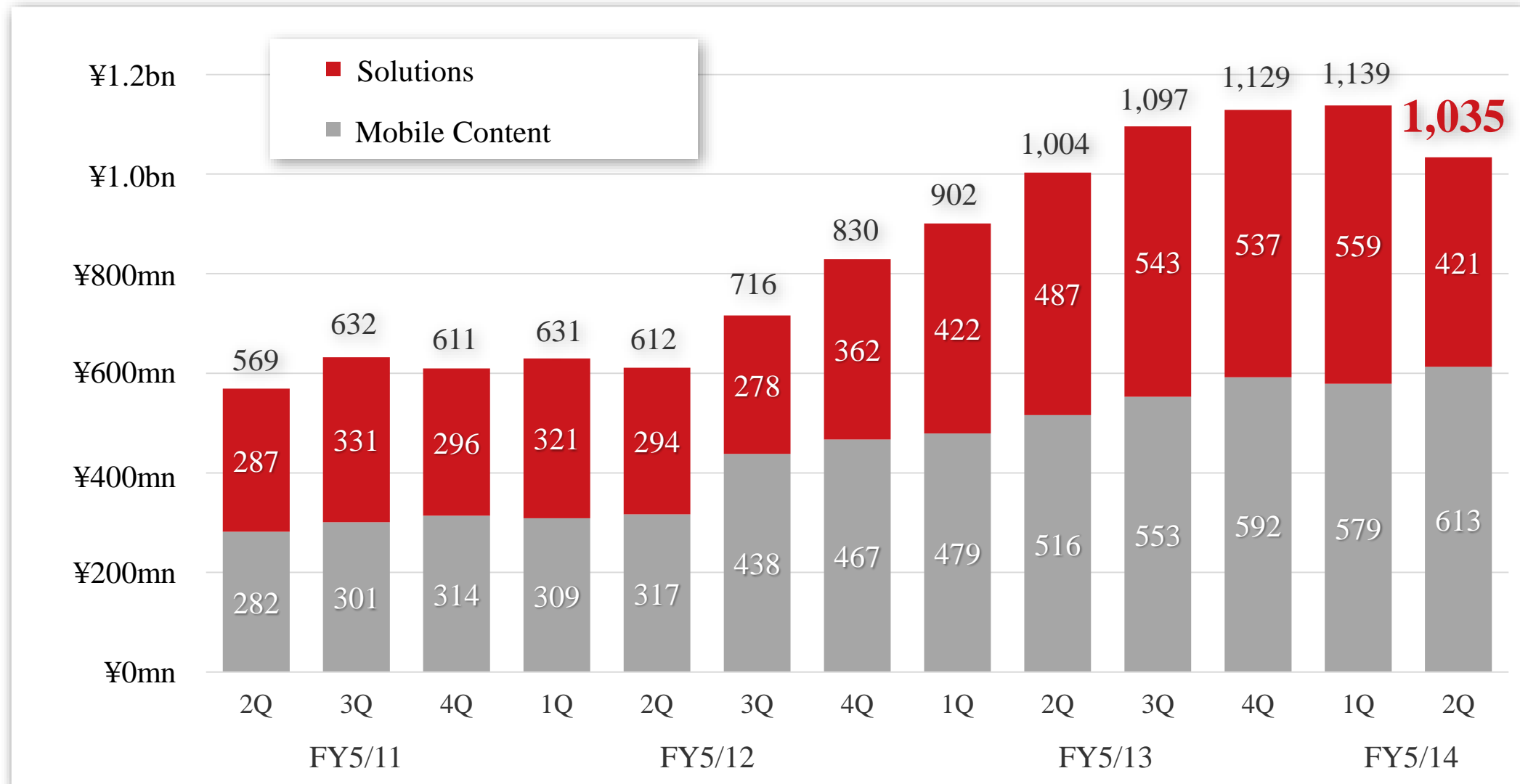
■ Sales of Both Mobile Content Segment, Solutions Segment Grow

(Million Yen)

	1H FY5/13	1H FY5/14	YY Change	
			Value	Percent
Mobile Content Segment	996	1,193	196	19.7%
Solutions Segment	910	981	71	7.8%
Total	1,907	2,174	267	14.0%

Quarterly Sales Trend

■ Mobile Content Segment Sales expected to grow to approx. ¥600mn



Mobile Content Segment: Quarterly Sales Comparison

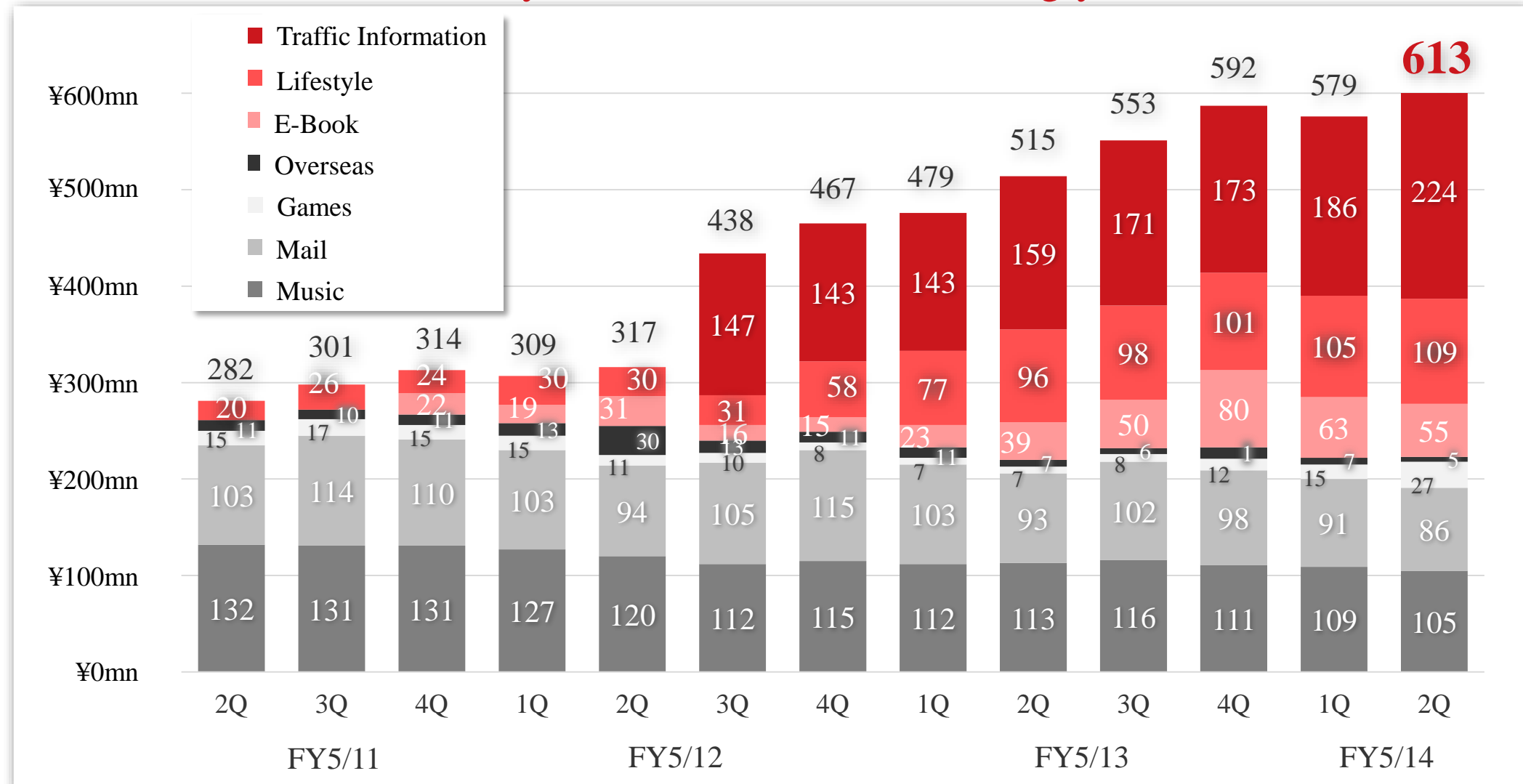
Traffic Information, Lifestyle, E-Book and Games Grow

(Million Yen)

	1H FY5/13	1H FY5/14	YY Change	
			Value	Percent
Traffic Information	303	410	107	35.4%
Lifestyle	174	214	39	23.0%
E-Book	62	118	55	89.2%
Overseas	19	12	-6	-34.0%
Games	14	43	28	192.1%
Mail	196	177	-18	-9.5%
Music	225	215	-10	-4.6%
Total	996	1,193	196	19.7%

Mobile Content Segment: Quarterly Sales Trend

Traffic Information, Lifestyle Continue to Trend Strongly



Solutions Segment: Quarterly Sales Comparison

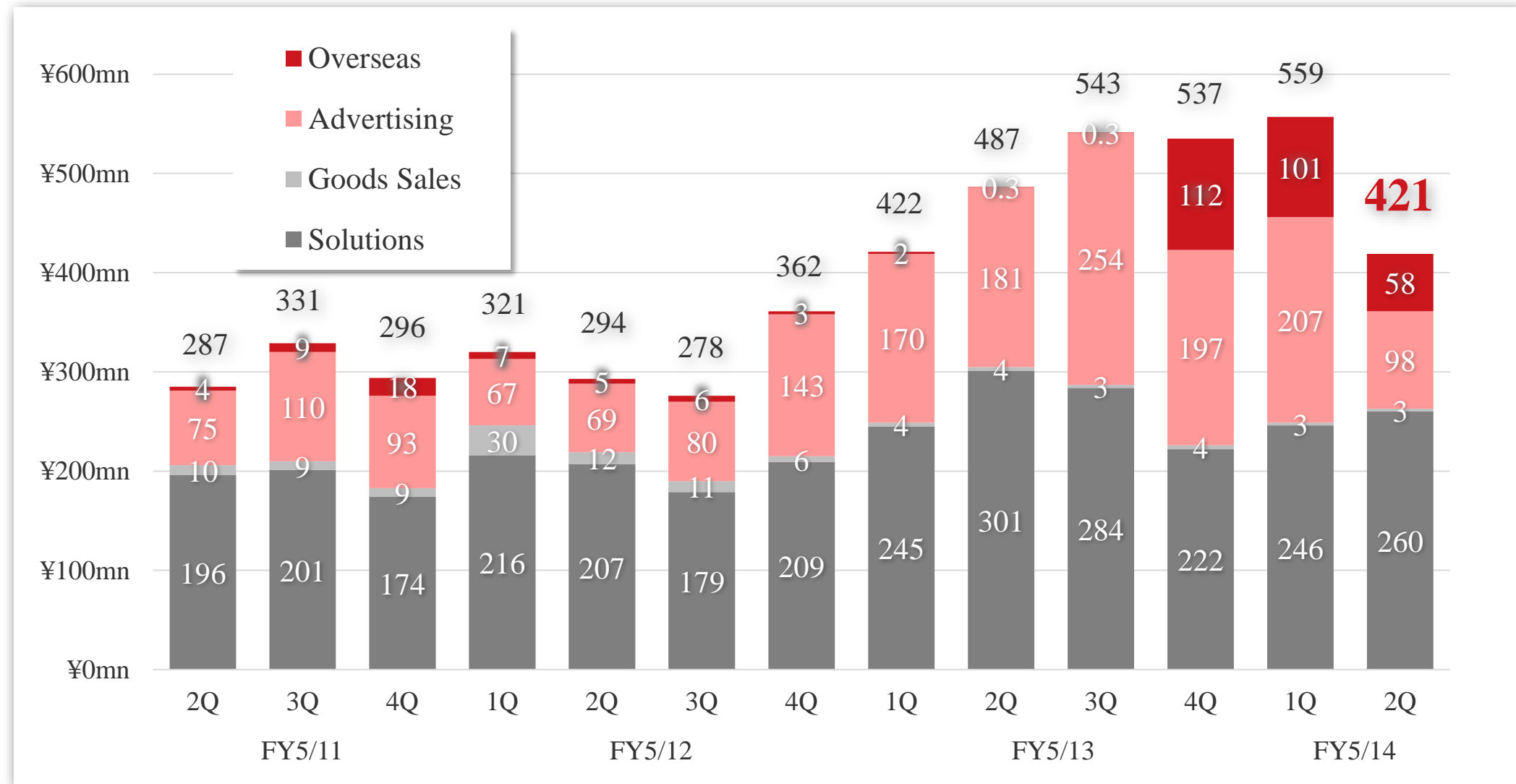
Overseas (China) Sales Grow

(Million Yen)

	1H FY5/13	1H FY5/14	YY Change	
			Value	Percent
Overseas	2	160	157	6,371.6%
Advertising	352	306	-45	-13.0%
Goods Sales	9	7	-1	-20.1%
Solutions	546	507	-39	-7.2%
Total	910	981	71	7.8%

Solutions Segment: Quarterly Sales Trend

Solutions Trends Strongly, Advertising and Overseas Decline



Comparison of Quarterly CGS, SG&A

- SG&A: Aggressive Advertising Spending (Mobile Content Segment), Human Resources Expense Increase (Staffing for Cellular Telephone Sales in China)

(Units: Million Yen)

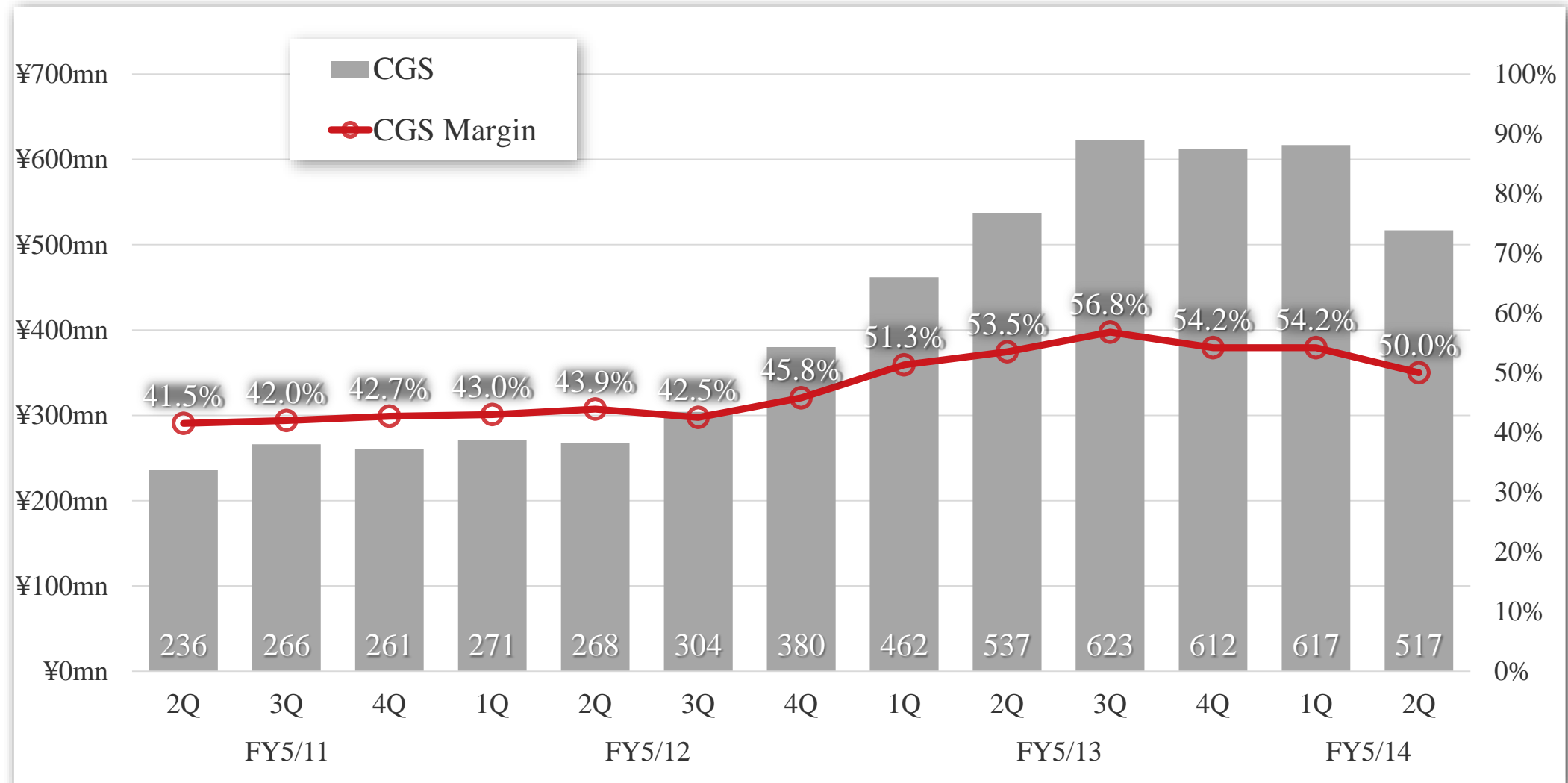
	1H FY5/13	1H FY5/14	YY Change	
			Value	Percent
CGS	1,000	1,135	134	13.5%
CGS Margin	52.5%	52.2%	—	—

(Units: Million Yen)

	1H FY5/13	1H FY5/14	YY Change	
			Value	Percent
(Advertising)	135	209	74	54.8%
(Others)	581	669	87	15.1%
SG&A	716	878	162	22.6%
SG&A Margin	37.6%	40.4%	—	—

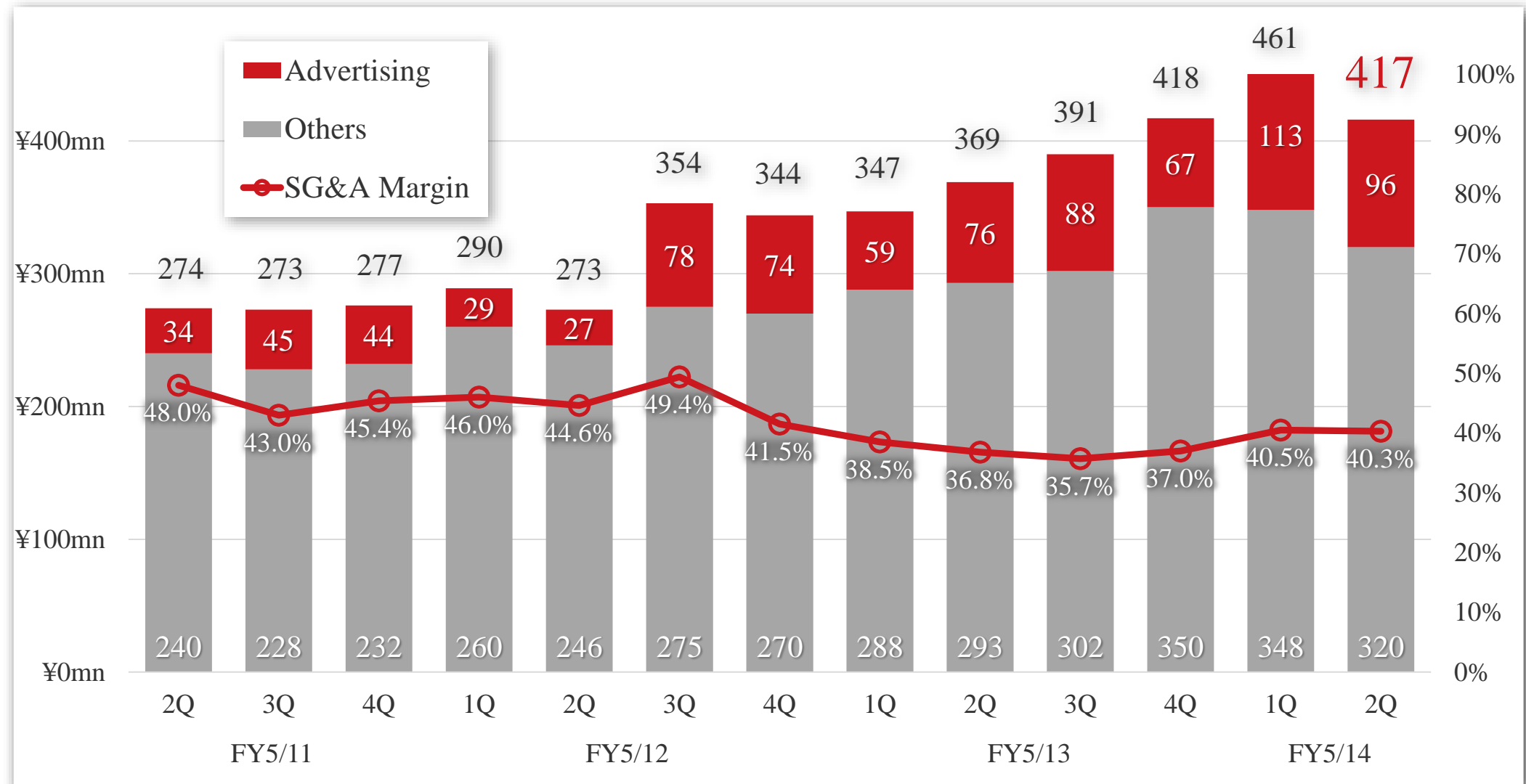
Quarterly CGS Trend

■ Decline in CGS Accompanying Lower Solutions Segment(Advertising, China), Increase in Fixed Rate Fees Contents Contribute to Improvement in CGS Margin



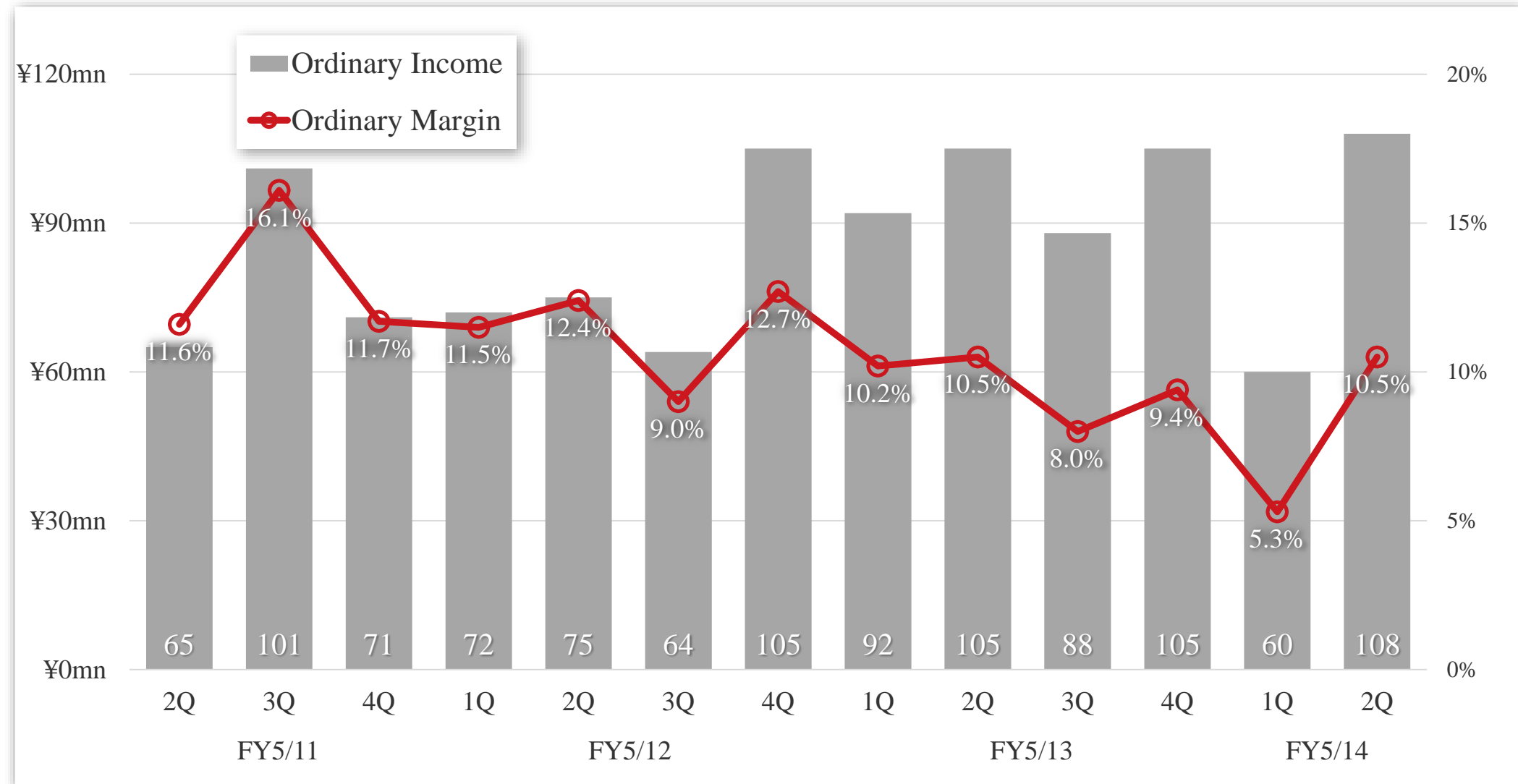
Quarterly SG&A Trend

■ Promote Effective Advertising Spending in Mobile Content Segment, Other Cost Reductions



Quarterly Ordinary Income Trend

■ Higher 2Q Profits on Reductions in CGS, SG&A





FY5/14 Earnings Results <2Q>



FY5/14 Business Deployment <Domestic>

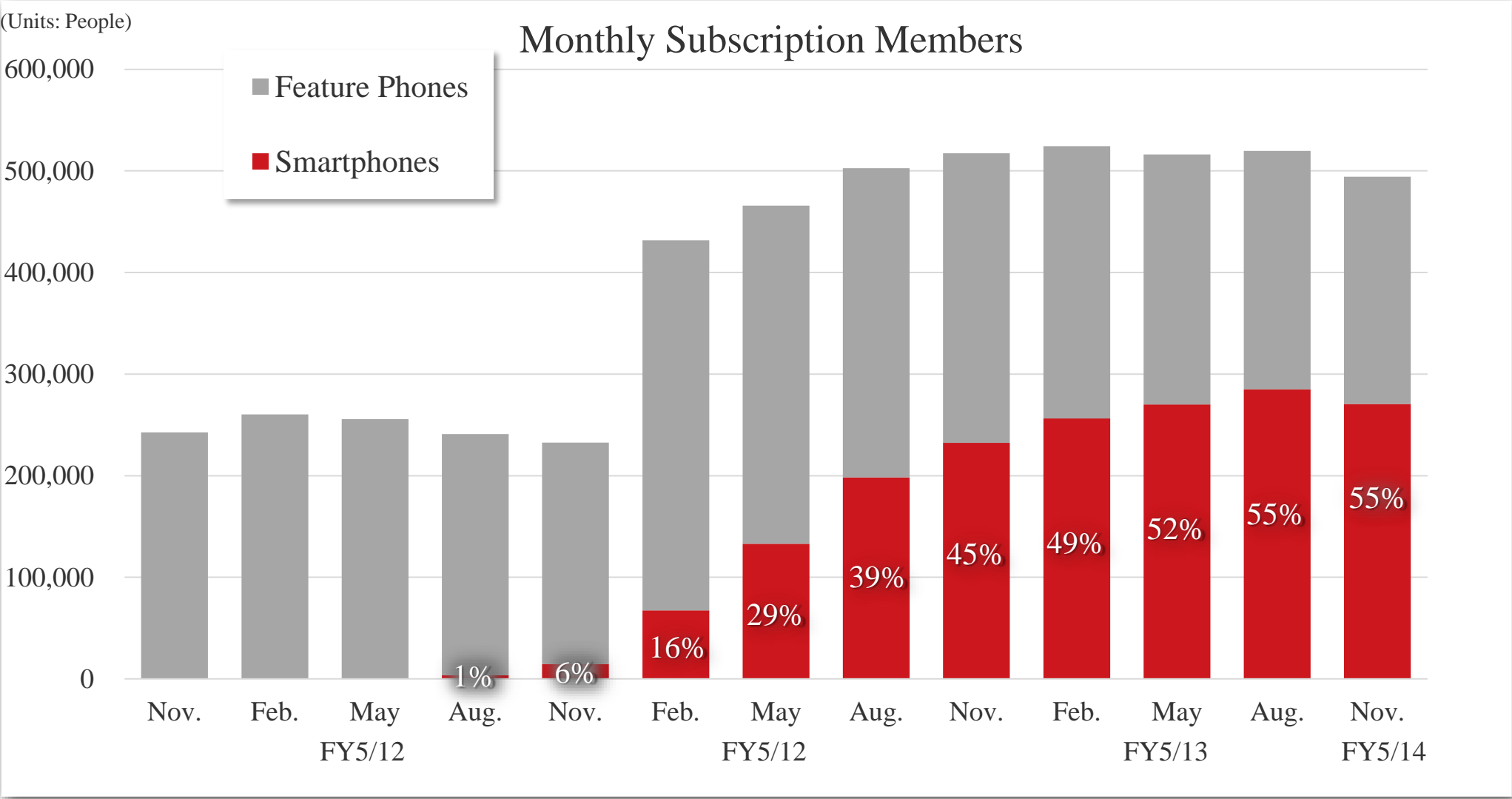


FY5/14 Business Deployment <Overseas>

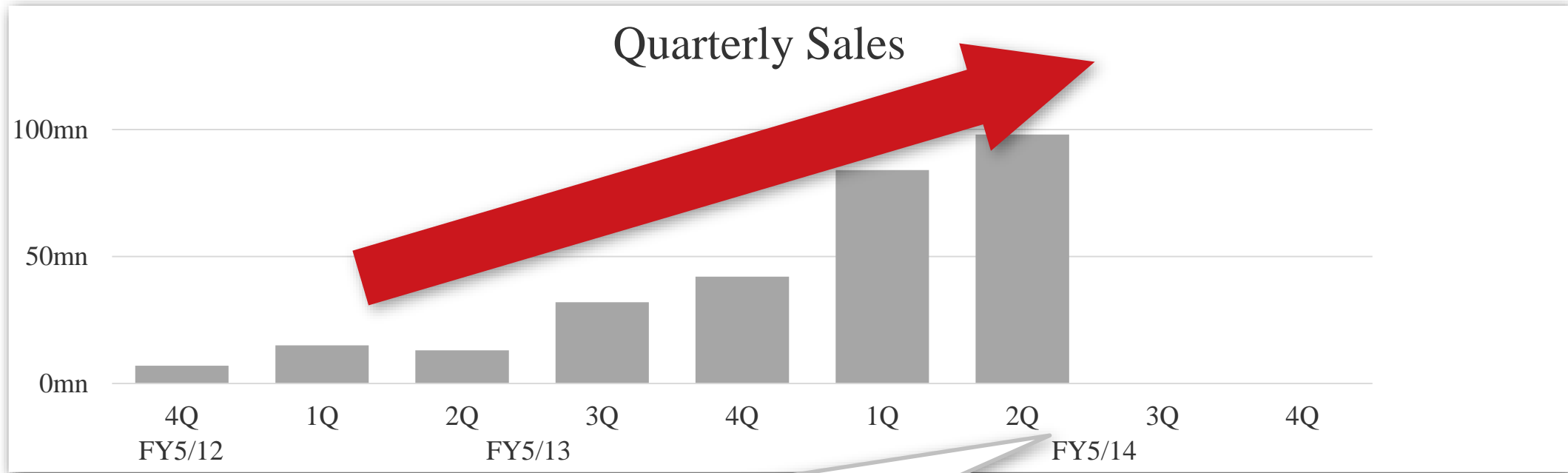


FY5/14 Outlook <Earnings Estimates>

■ Acquire Monthly Subscription Basis Websites Targeting Smartphones on a Continued Basis



Fixed Rate Fees Carrier Services, Aggressive Contents Expansion



スゴ得コンテンツ

Sugo Toku Contents



Chokotto Game
(October -)

auスマートパス

au Smart Pass



Natsume Yujin Cho Nyanko
Sensei to Asobou (November -)



Leisure and Parking
Information (November -)

Aggressive Fortification of
Contents in the Second Half

Increases in Users Accompanying Creation of Global (Multiple Languages) Versions



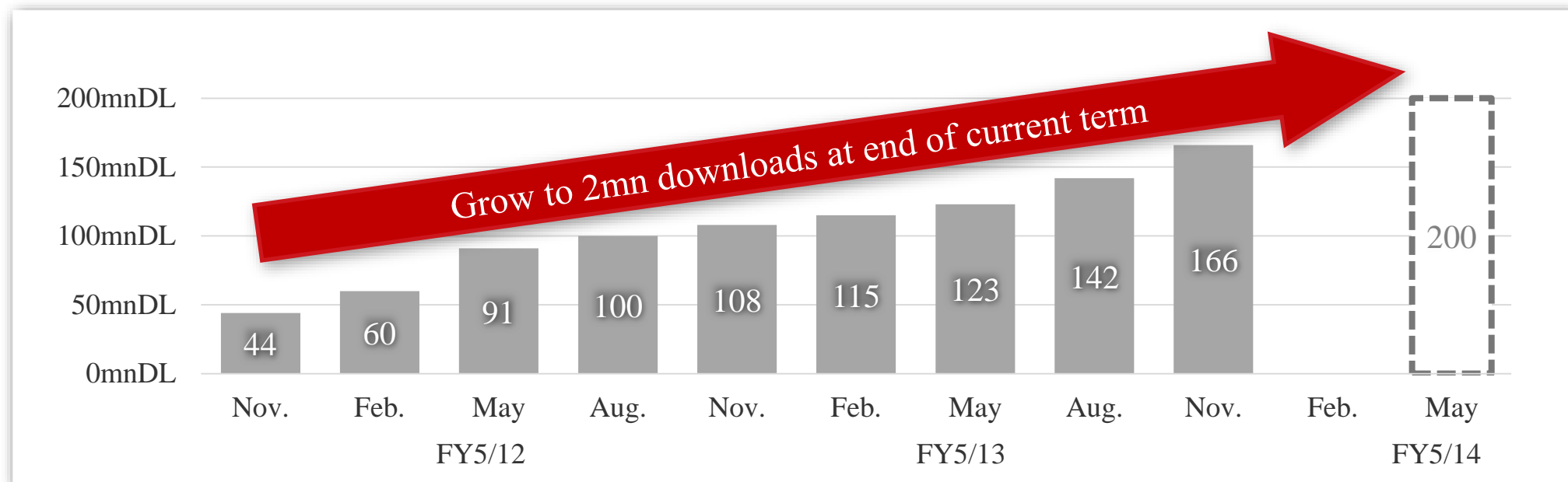
Application Supporting Women's Minds and Bodies

“Woman's DIARY”

Free



Body Condition Recording, Management
Menstrual Period Calendar



Introduce New Smartphone Applications



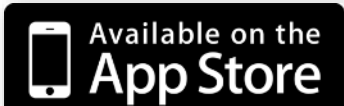
Messenger Application
“Fivetalk” (Free)
Started October 2013

Enables easy writing of
personal messages

Enables messages to be
sent to family, friends,
loved ones
Custom made greeting
cards



A messenger application with capability to
send self made paintings, greeting cards



Social Application
“Komyukara” (Free)
Started October 2013



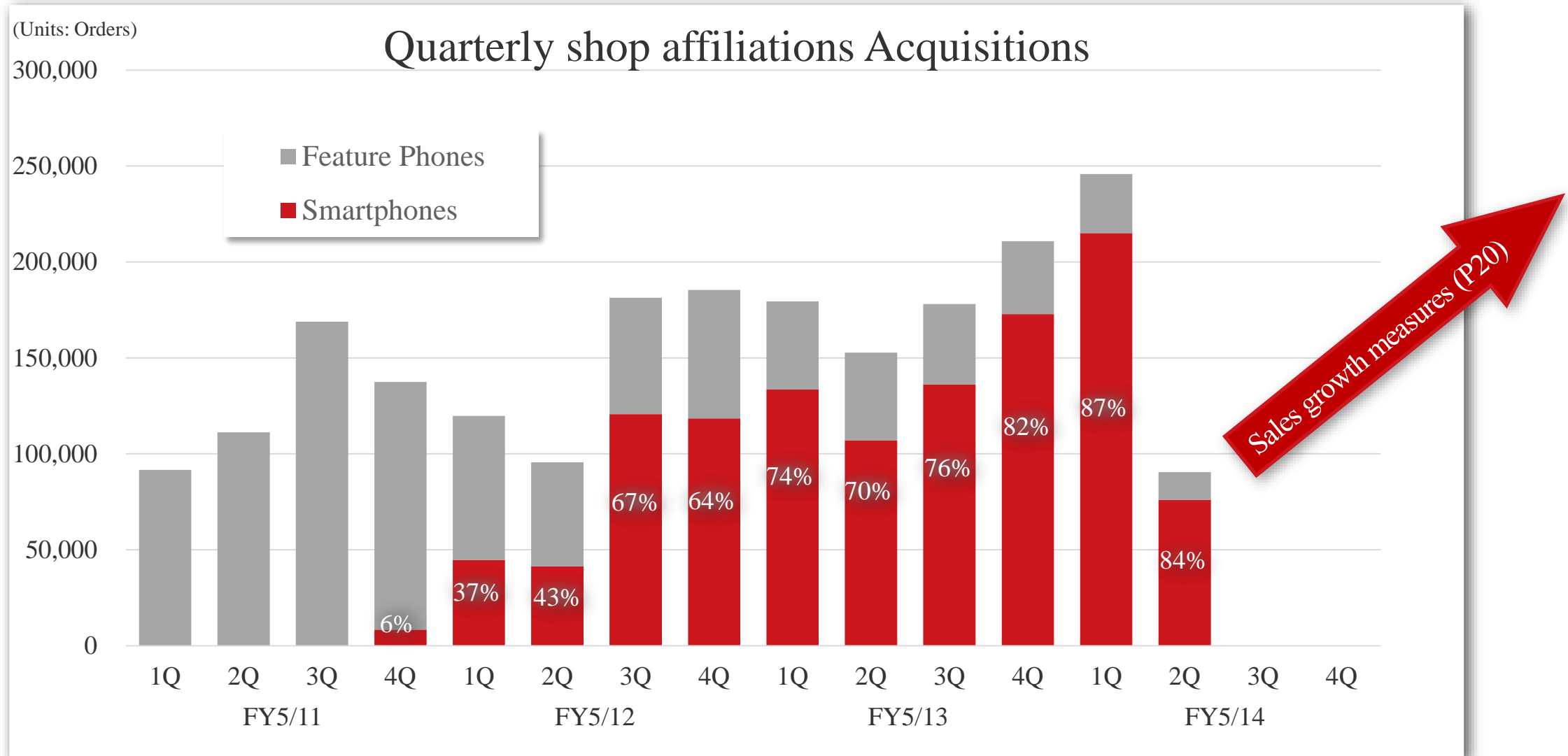
Komyukara allows for
members to exchange
information,
communicate with each
other

Lets participate in
interesting communities!

Free bulletin board application that
allows schedule sharing



Number of Shop Affiliations Acquired Declined Along with Start of iPhone5s/c Sales



■ Measures to Grow Advertising Business “Fortification of Cooperation, Expansion of Sales Channels”



Expand Cooperative Business (Example: SANRIO WAVE CO., LTD.)



dGame ※ Application
“Run-Run Hello Kitty”
Free (Fees charged for some services)

Participate in New Platform (Expected in January)
“Cut Dependence upon Card Games,
Games Used by Women”

Renewal to offer puzzle games more challenging!



Functions added to increase the usability
and overall quality of games!

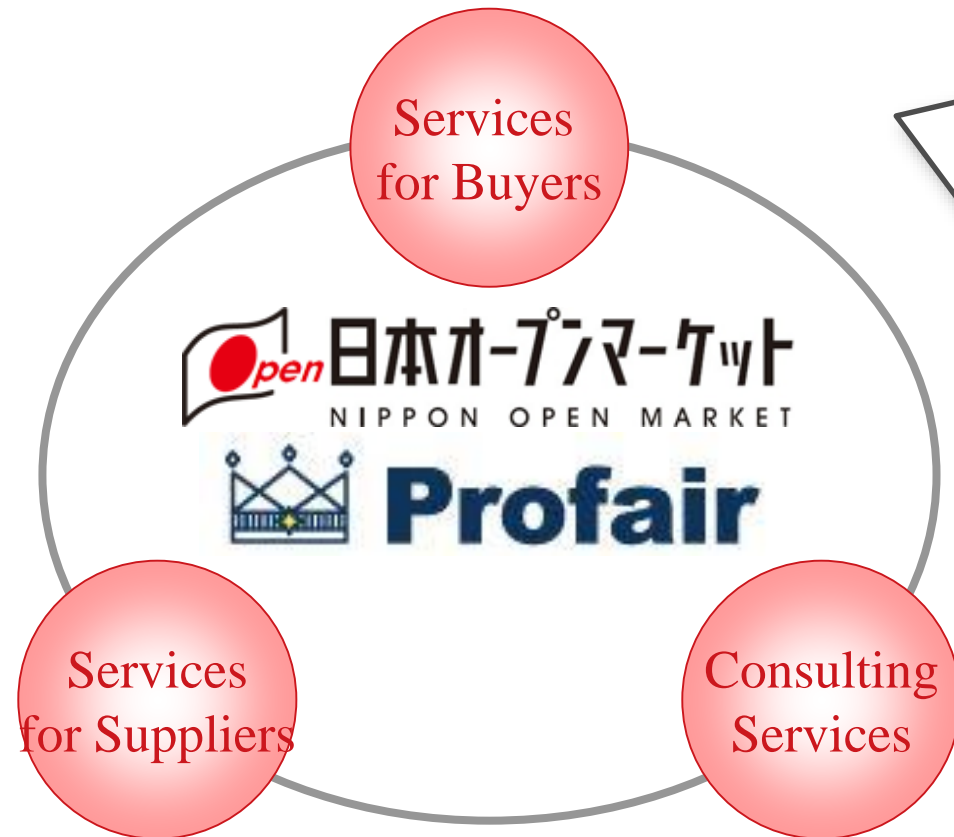


Increase the Presence of
Characters in the Global
Framework



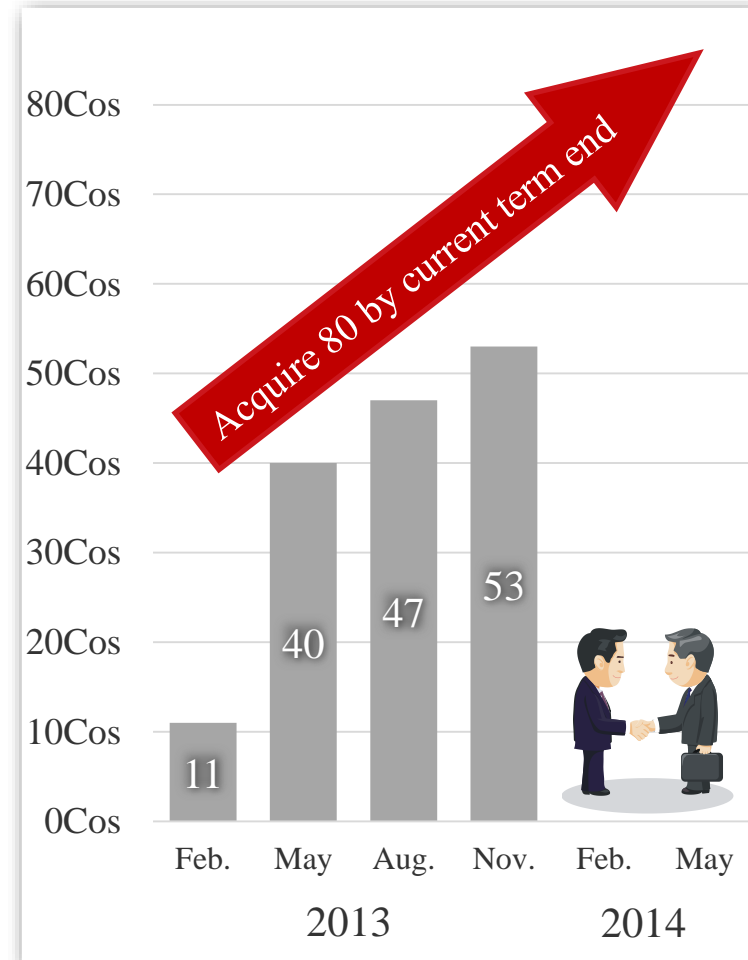
dGame: A service where NTT Docomo Inc. collaborates with major game makers to provide specially selected games

■ Expand the Reverse Auction



Invigorate Auction by Expanding
Sales of Buyers, Suppliers

Buyer Contracts Trend



Promote Voice Based Services for New Corporate Clients



A secure message application created within the closed environment of companies

Leveraging the voice communication software development technological strengths of the subsidiary “and One Inc.” to create IP telephone services



FY5/14 Earnings Results <2Q>



FY5/14 Business Deployment <Domestic>



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

Expand Distributors of “JiuDingJi”, Produce New Titles

Popular Chinese Novel “JiuDingJi” Turned into Cartoon (Digi-Comic)



China Mobile

Distributed over “Mobile Comix” from July 2012

China Telecom

Distributed over “Love Comix” from April 2013

China Unicom

Distributed over “Rich Comix” from September 2013

Tencent

Distributed over “Tencent Comix” from November 2013

Exceeded 5mn views,
including free version

New Titles

Launch in magazines (Expected in 2nd Half)

■ Start Providing China Mobile “Comix-Award Expression” with stamp icons “Utagame”, “Owata Panda,” which can be used in WeChat※ and Weibo※

Utagame
30 Stamps
3 Yuan (About ¥50)



Owata Panda
30 Stamps
3 Yuan (About ¥50)



※WeChat: A free communication and chat community application provided by Tencent, one of China’s major IT companies, to smartphones. The total number of accounts exceeds 600mn.



※“Weibo”: A Chinese social media, referred to as the Chinese Twitter because of their mini-blog functions. One of the most representative weibos is “Sina Weibo” operated by the largest Chinese portal site operator SINA Corporation, and “Tencent Weibo” operated by Tencent. The total number of weibo accounts exceeds 1.3bn.



■ Cellular Telephone Shop (China Telecom) Terminal Sales Deployment

China Telecom
Dongfang Road Shop

China Telecom
Huangjincheng Avenue Shop

2Q
(Jul-Sep)

Temporary suspension of carrier sales incentives due to budget overruns resulting from aggressive sales by cellular telephone sales companies contributed to sales decline in 2Q

3Q
(Oct-Dec)

Further expansion in Chinese cellular telephone market along with sales launch of iPhone5s/c
China Telecom started new sales incentives during latter half of November

4Q
(Jan-Mar)

China Telecom implemented fortified sales measures in response to intensified competition arising from iPhone sales launch by China Mobile

※The Chinese subsidiary's fiscal year ends at the end of December. Moreover, financial statements based on provisional earnings created ending in March have been adjusted to include differences in major transactions at the consolidated level and have been used in the creation of consolidated financial statements.



FY5/14 Earnings Results <2Q>



FY5/14 Business Deployment <Domestic>



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

Consolidated Earnings Estimates

(Units: Million Yen)

	FY5/13	FY5/14 Est.	YY Change	
			Value	Percent
Sales	4,134	5,000	865	20.9%
Operating Income	372	520	147	39.7%
Ordinary Income	391	500	108	27.7%
Net Income	354	569	214	60.3%

Dividend Per Share Estimate: ¥2 ※

Net income estimates have been revised upwards from ¥315 to ¥569 million due to the occurrence of extraordinary income resulting from the sale of marketable securities.

※ A 100 for one split of common stock was conducted on December 1, 2013.

Nihon Enterprise endeavors to provide all of its clients with satisfying solutions and services in its contents business.

Statements made in this presentation with respect to Nihon Enterprise's current plans, estimates, strategies and other information which is not historical data are forward-looking statements about the future business performance. These future business performance are based upon our sales activities and business operations, various occurrences and conditions which include "conviction," "expectations," "plans," "strategies," "outlook," "forecasts," and "possibilities" but are not limited to these factors. They may also include information regarding forecasts communicated both verbally and in written form, and published widely in other forms of media. These statements are based upon the decisions of management using the most through information available at the time of their creation. And because our actual earnings results may differ largely from our earnings estimates due to various important factors, we strongly recommend that viewers of this document should not rely solely upon this document and seek out other available sources of information in assessing our Company.