

Nihon Enterprise Co., Ltd.

Consolidated financial summary for 3Q FY2015, ending 31st May



As of March 2015





Summary of financial results for 3Q FY2015



Review of contents service segment

for 3Q FY2015



Review of solution segment

for 3Q FY2015



Outlook for FY2015 【 Earnings forecast 】

Contents service segment

- Contents provision for “carrier fixed rate services” expanded
 - “Leisure and parking info.” for “the Sugotoku-Contents”
 - “Women’s beauty rhythm”, “Stamps making★as much as you want” for “Apps CHOU HODAI”
 - “Couple note” for “App Pass”

Solution segment

- Started distributors development for;
 - “AplosOne softphone”, an extension telephone App
 - “BizTalk”, a commercial messenger App for enterprise
- Received consigned development orders through the demands occurred towards FY ending (March)

Others

- New stock offering (853 million yen), third-party allocation of shares (153 million yen)
- 200 million yen capital increase for “HighLab Co., Ltd.”, a consolidated subsidiary
- 100 million yen capital increase for “4QUALIA Co., Ltd.”, a consolidated subsidiary

Summary of consolidated income statements

	1Q - 3Q of FY2014 ended May	1Q - 3Q of FY2015 ending May	Y/Y change	
			Sum	Percentage
S a l e s	3,277	3,740	463	14.1%
C O G S	1,686	1,945	269	15.4%
G r o s s P r o f i t	1,591	1,795	203	12.8%
S G & A	1,335	1,680	344	25.8%
Operating Profit	255	114	▲140	▲55.0%
Non-operating profit	21	20	▲0	▲4.2%
Non-operating expense	17	9	▲8	▲47.9%
Ordinary profit	259	125	▲133	▲51.4%
Extraordinary profit	516	331	▲185	▲35.9%
Extraordinary loss	0	10	10	1,496.4%
P r e - t a x p r o f i t	775	446	▲328	▲42.4%
Total amount of corporation tax a n d o t h e r s	334	260	▲74	▲22.2%
Income before minority interest	440	186	▲254	▲57.7%
Minority interests in net profit	26	23	▲2	▲10.4%
N e t p r o f i t	414	162	▲251	▲60.8%

(Million yen)

Y/Y sales comparison

■ Sales of solution segment substantially increased

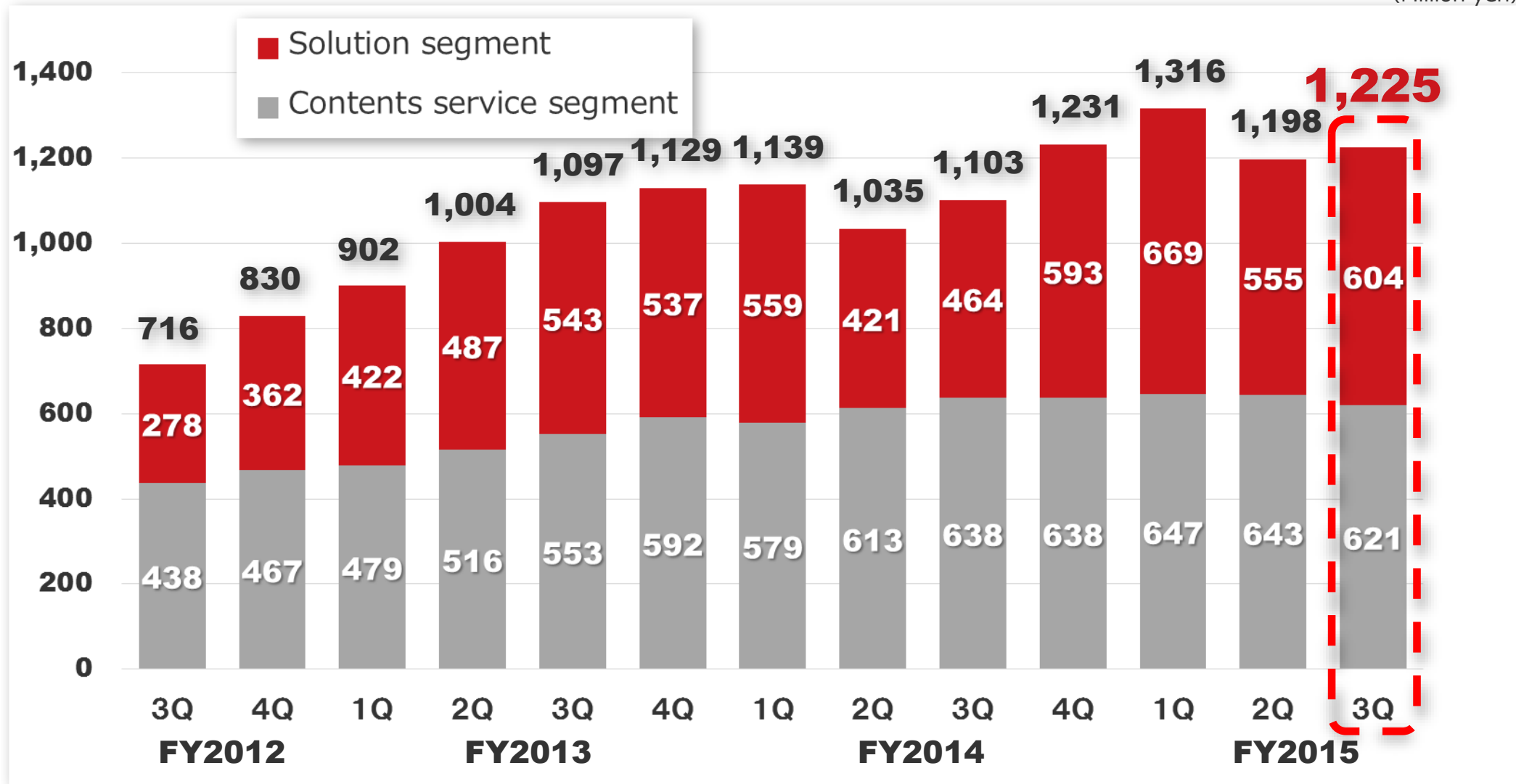
(Million yen)

	1Q - 3Q of FY2014 ended May	1Q - 3Q of FY2015 ending May	Y/Y change	
			Sum	Percentage
Contents service s e g m e n t	1,831	1,911	79	4.4%
Solution segment	1,445	1,829	383	26.5%
T o t a l	3,277	3,740	463	14.1%

Y/Y sales growth

■ Sales of solution segment was up in comparison to both 3Q FY2014 and 2Q FY2015

(Million yen)



Y/Y sales comparison of contents service segment

■ Sales of contents service segment totally rose 4.4%, driven by games

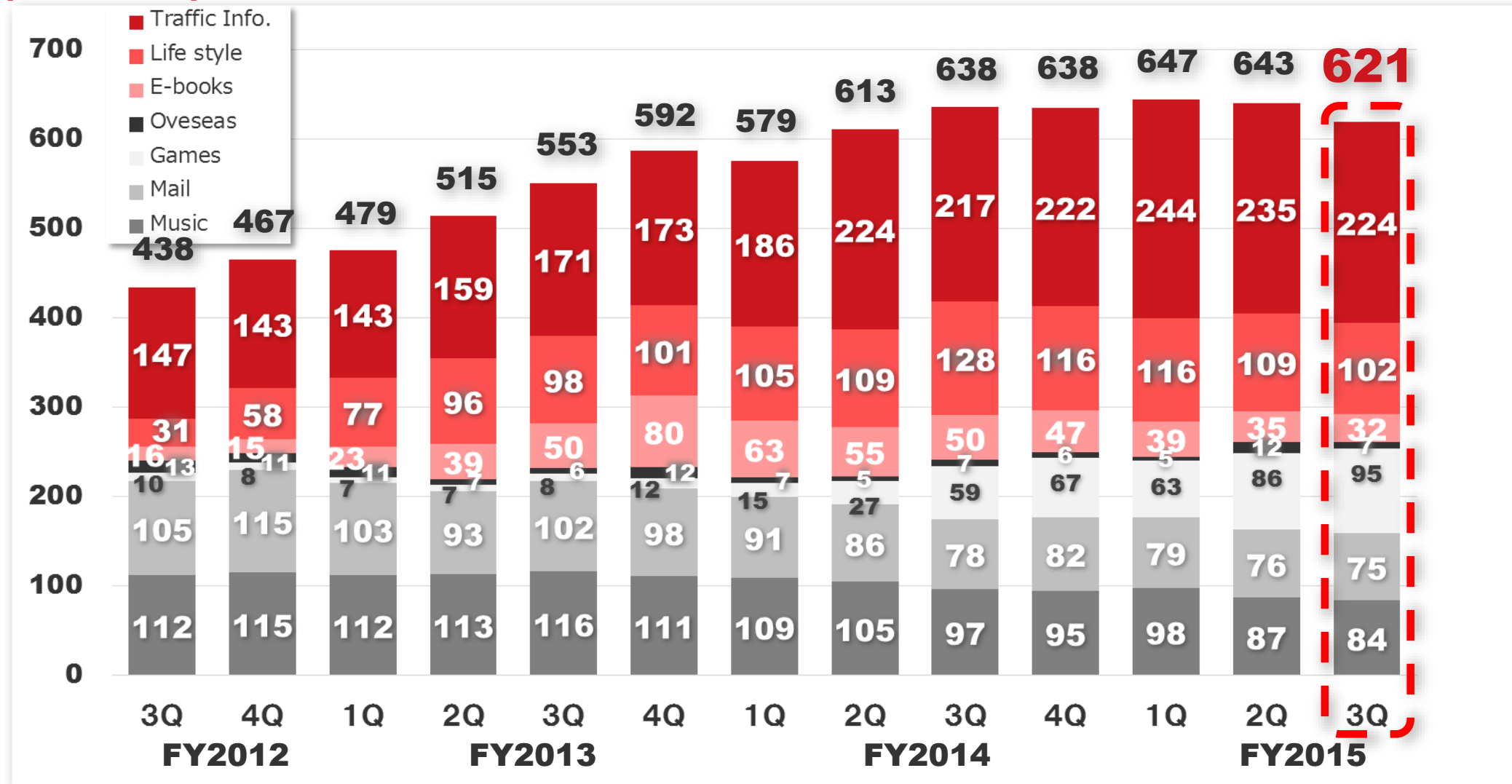
(Million yen)

	1Q - 3Q of FY2014 ended May	1Q - 3Q of FY2015 ending May	Y/Y change	
			Sum	Percentage
Traffic info.	628	703	75	12.0%
Life style	342	328	▲14	▲4.2%
E - B o o k	169	108	▲60	▲36.0%
O v e r s e a s	20	25	4	23.3%
G a m e s	102	244	142	138.9%
M a i l	256	230	▲25	▲10.0%
M u s i c	312	270	▲41	▲13.4%
T o t a l	1,831	1,911	79	4.4%

Y/Y sales growth of contents service segment

■ Game continued to increase while traffic info. decreased in comparison to previous quarter

(Million yen)



Y/Y sales comparison of solution segment

■ Sales of solution segment totally increased by 26.5% driven by strong growth of advertising business

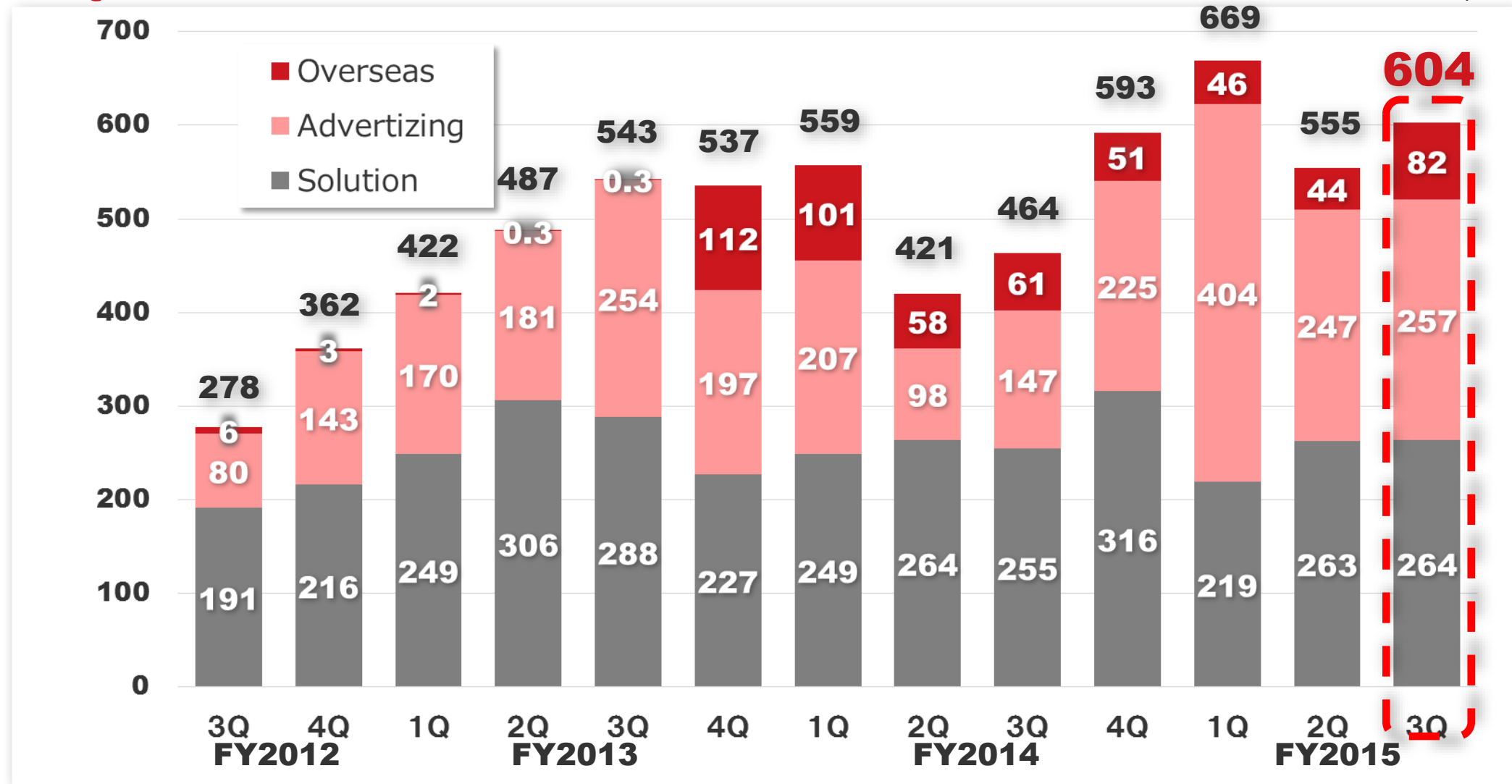
(Million yen)

	1Q - 3Q of FY2014 ended May	1Q - 3Q of FY2015 ending May	Y/Y change	
			Sum	Percentage
S o l u t i o n b u s i n e s s	769	747	▲21	▲2.9%
A d v e r t i s i n g b u s i n e s s	454	908	454	100.1%
O v e r s e a s	221	172	▲49	▲22.3%
T o t a l	1,445	1,829	383	26.5%

Y/Y sales growth of solution segment

■ Higher sales in all the business of solution segment in comparison to both 3Q FY2014 and 2Q FY2015

(Million yen)



Y/Y COGS・SGA comparison

- **COGS** : COGS ratio increased due to sales growth of solution segment (such as advertising business)
- SGA** : SGA increased due to aggressive investment in advertising expenses (contents service segment)

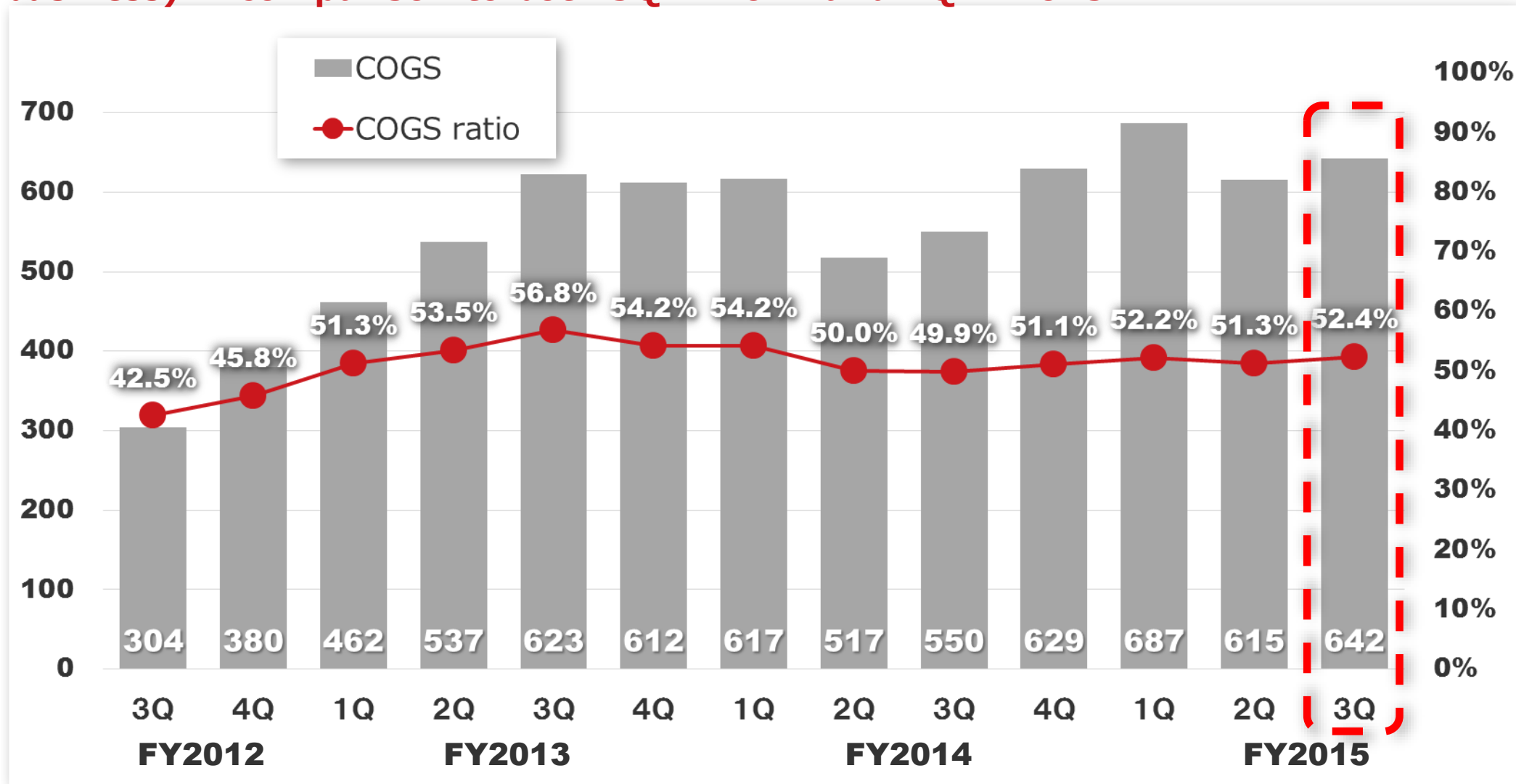
(Million yen)

	1Q - 3Q of FY2014 ended May	1Q - 3Q of FY2015 ending May	Y/Y change	
			Sum	Percentage
C O G S	1,686	1,945	259	15.4%
COGS ratio	51.4%	52.0%	—	—

	1Q - 3Q of FY2014 ended May	1Q - 3Q of FY2015 ending May	Y/Y change	
			Sum	Percentage
(advertising e x p e n s e)	337	582	244	72.6%
(O t h e r s)	998	1,097	99	9.9%
S G & A	1,335	1,680	344	25.8%
SG&A ratio	40.8%	44.9%	—	—

Y/Y COGS transition

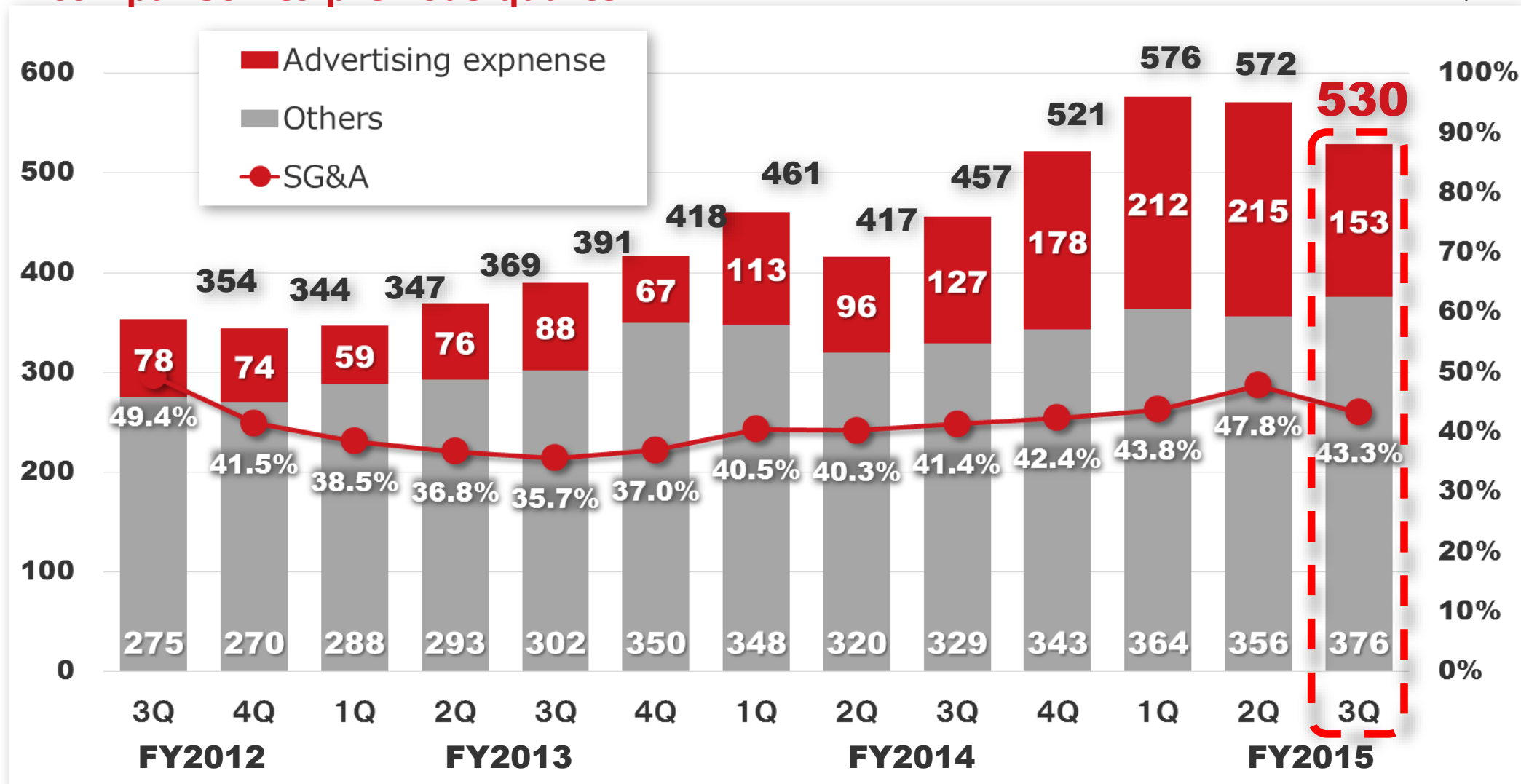
- COGS ratio increased due to higher sales in solution business (such as advertising business) in comparison to both 3Q FY2014 and 2Q FY2015 (Million yen)



Y/Y SGA transition

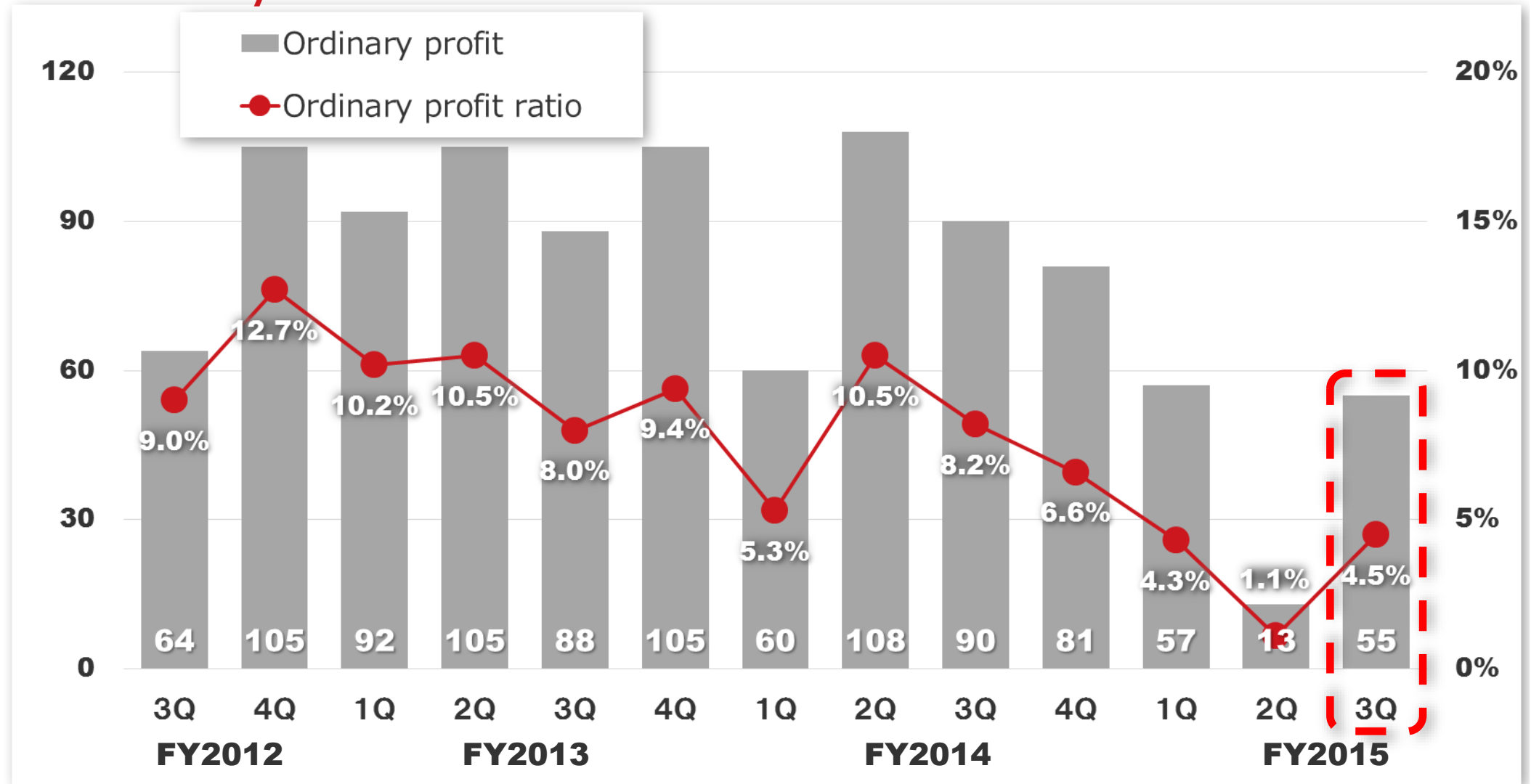
- Due to strategic promotion for contents service segment, 3Q SGA decreased in comparison to previous quarter

(Million yen)



- Due to strategic investment in advertising expenses, ordinary profit improved to 55 million yen

(Million yen)





Summary of financial results for 3Q FY2015



Review of contents service segment

for 3Q FY2015



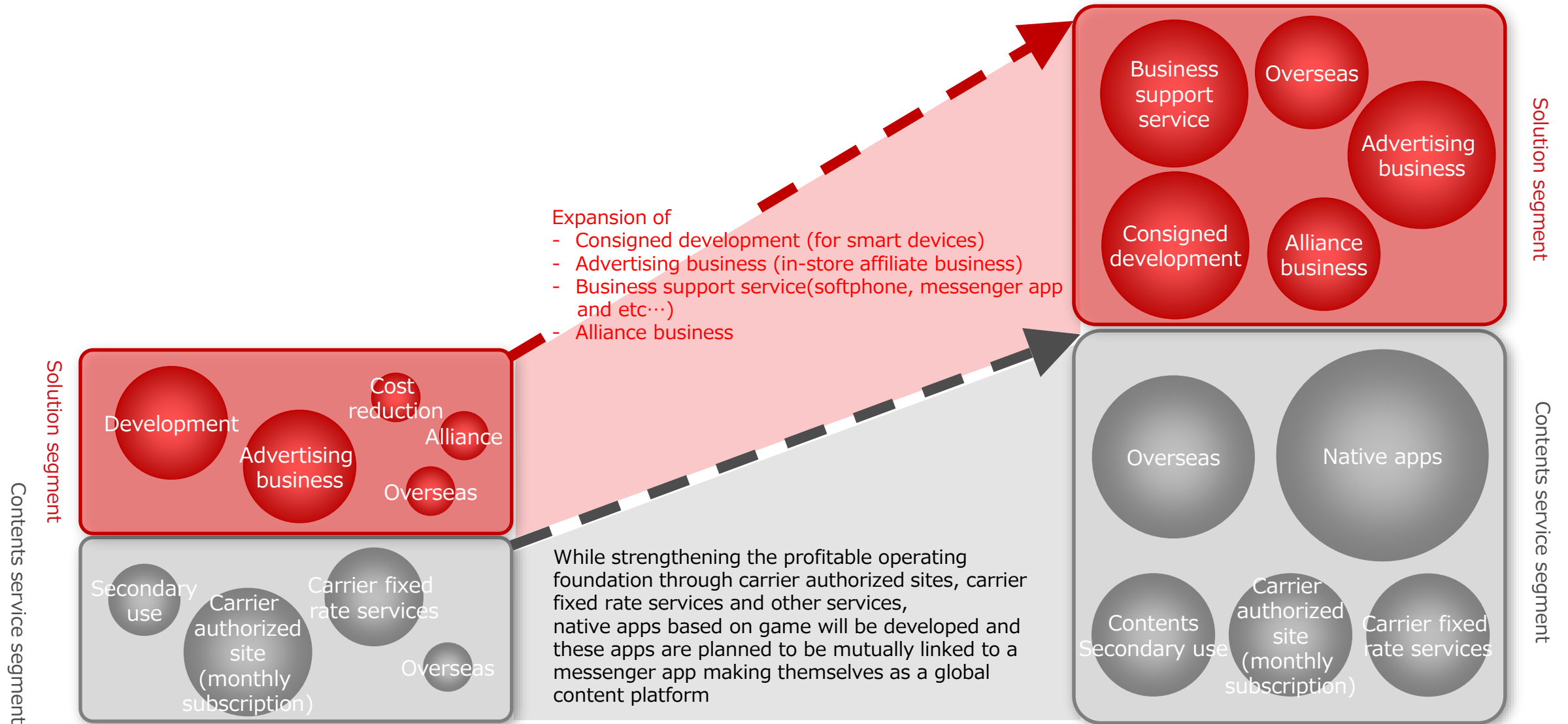
Review of solution segment

for 3Q FY2015



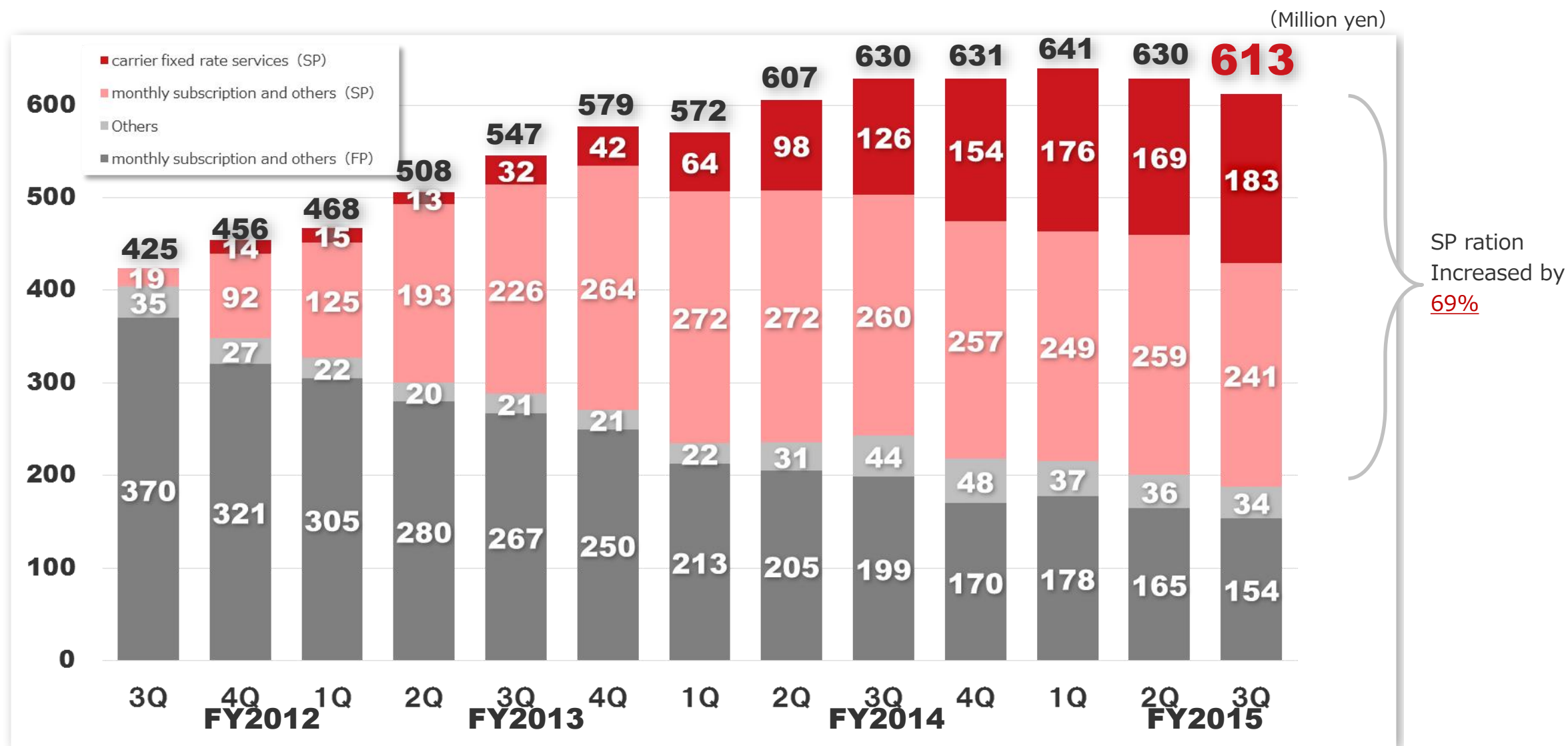
Outlook for FY2015 【 Earnings forecast 】

Roadmap - expansion of business fields -



Sales breakdown by domestic platform

■ Sales from feature phone(FP) down, smartphone(SP) up



Contents provision to carrier fixed rate services

- Higher sales due to additional contents provision both to existing and newly released fixe rate services

auスマートパス au Smartpass (KDDI)



Started from March

スゴ得コンテンツ the Sugotoku-Contents (NTT DOCOMO)



App Pass (SOFTBANK MOBILE)

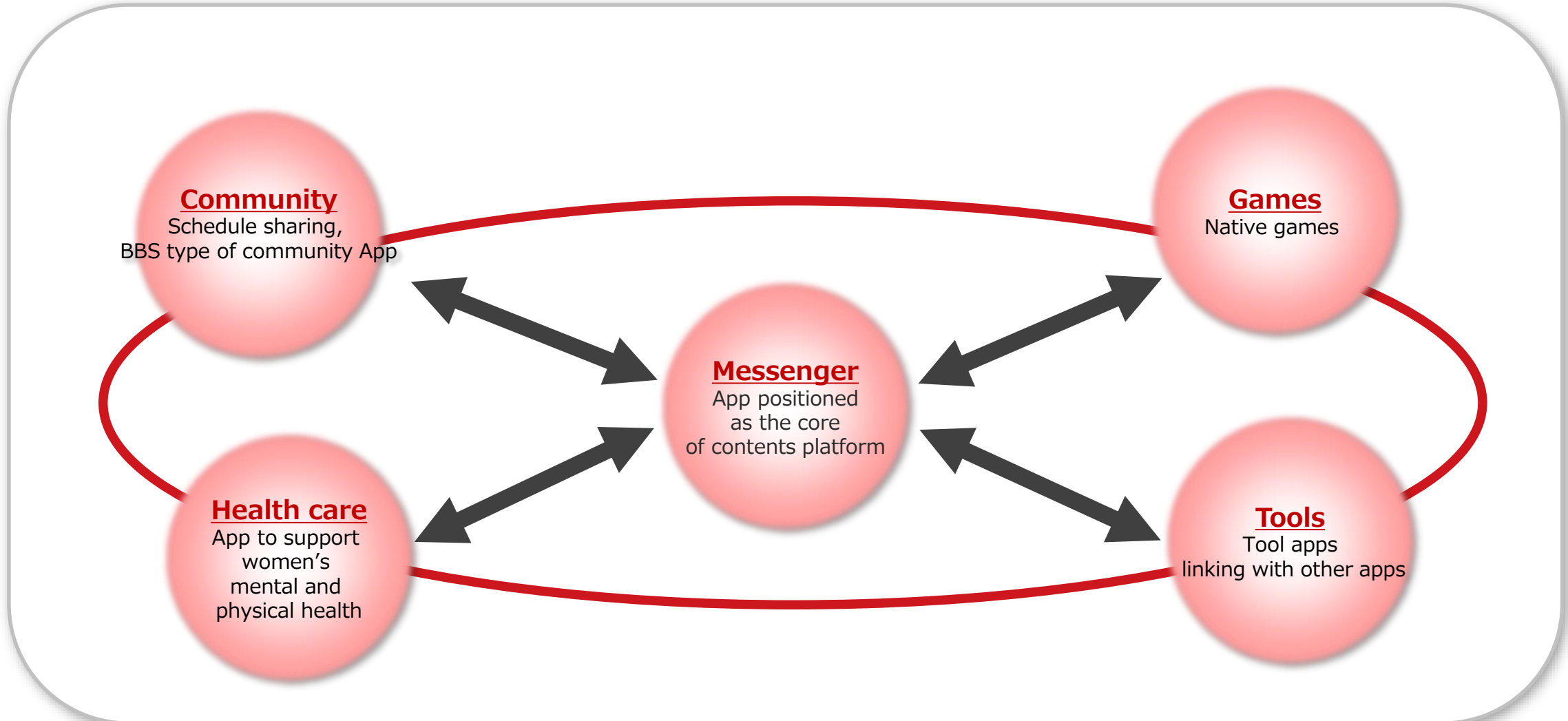


Started from March

アプリ超ホーダイ® CHOU HODAI (SOURCENEXT)



■ Business strategy for native apps



Native apps

■ Review of major apps

"Fivetalk"



- Introduced new functions
- Linked with game apps
- Upgraded for higher quality

"Woman's DIARY"



- Linked with games for girls
- Started add-on billing
- Established new business model

Game apps



"NekoPing! Planet"



"Nyami's Tap nyan-pa"



"Honey+"



"Brush up my dear darling"



Summary of financial results for 3Q FY2015



Review of contents service business

for 3Q FY2015



Review of solution business

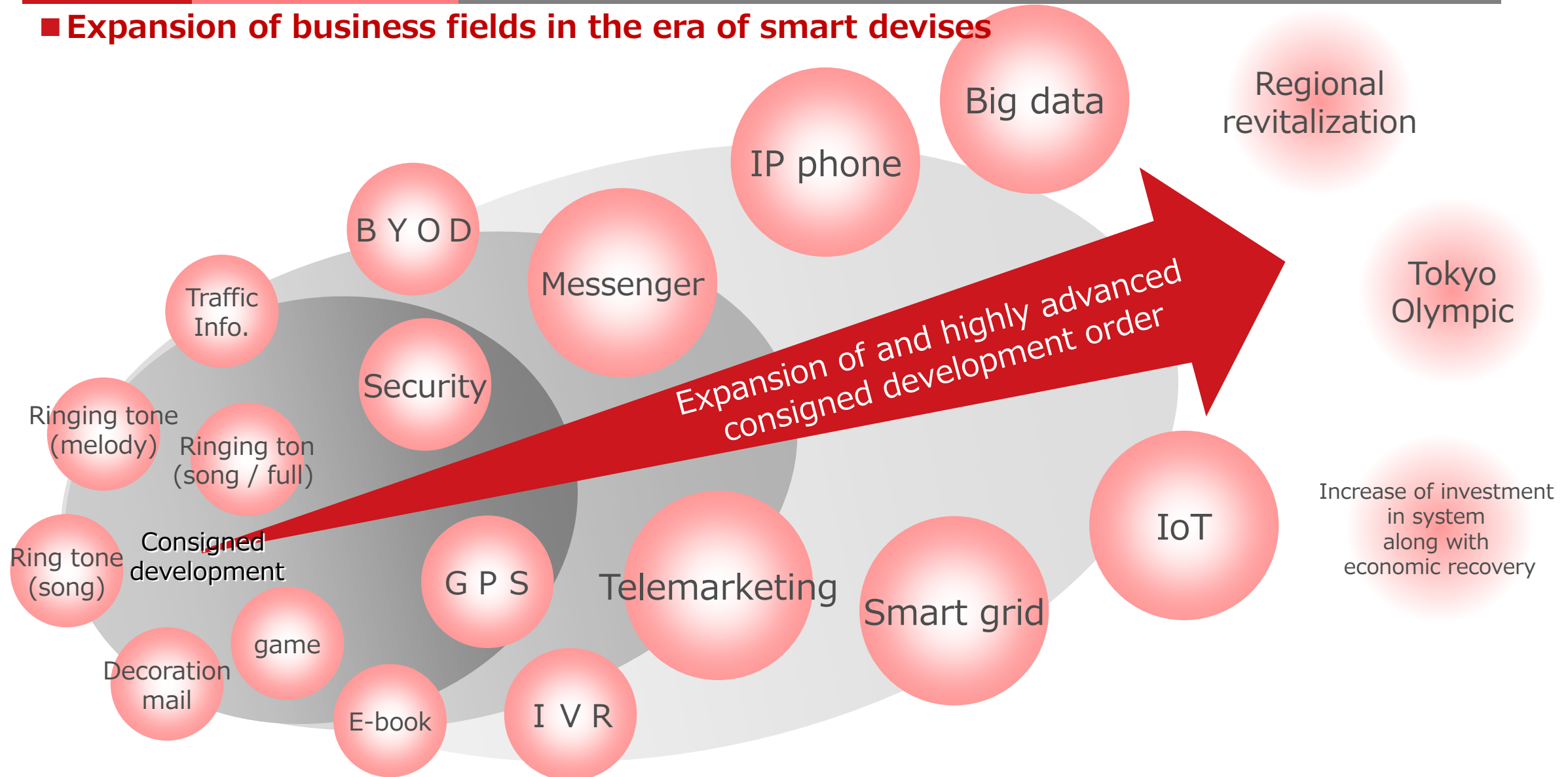
for 3Q FY2015



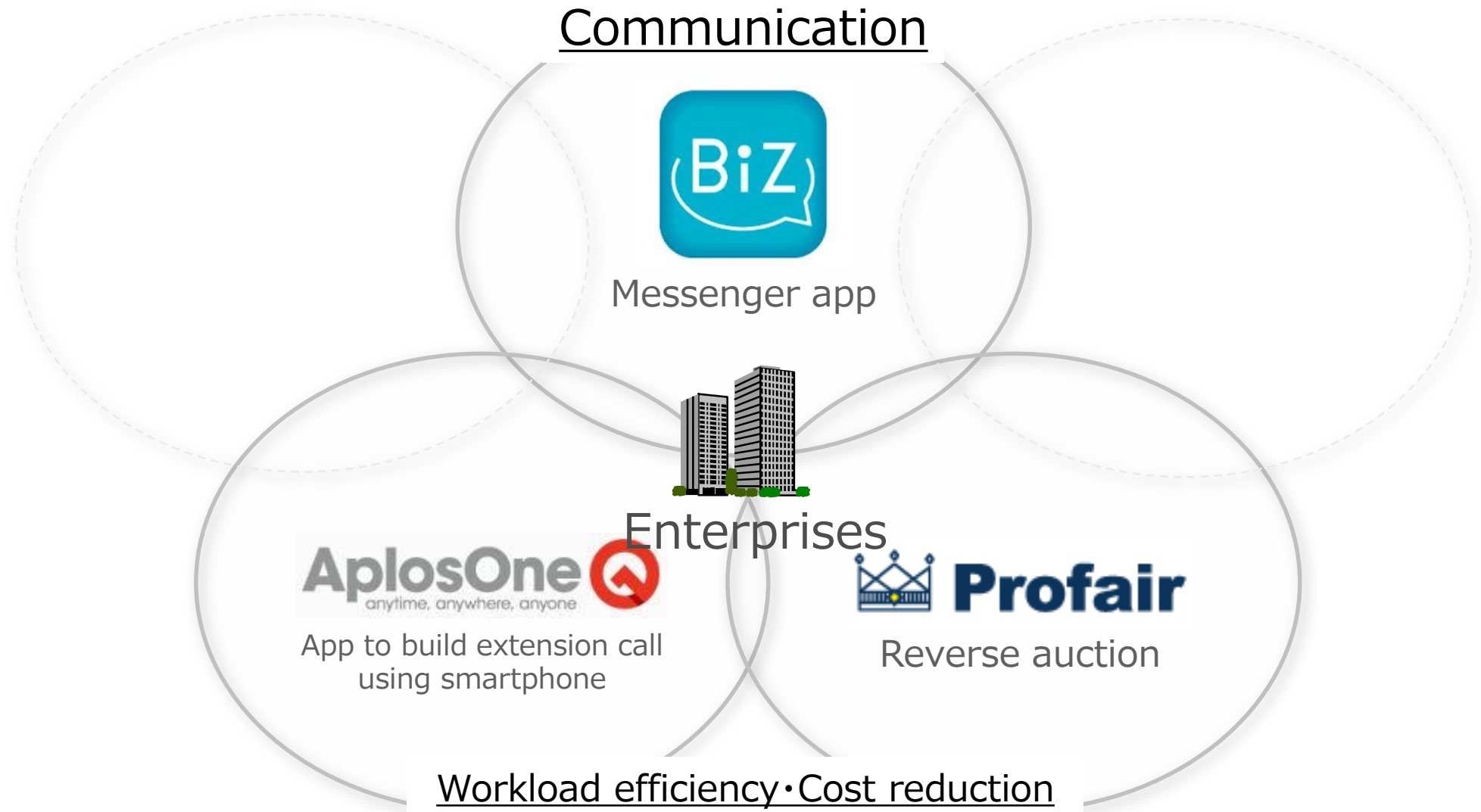
Outlook for FY2015 【 Earnings forecast 】

Roadmap of solution segment

■ Expansion of business fields in the era of smart devices



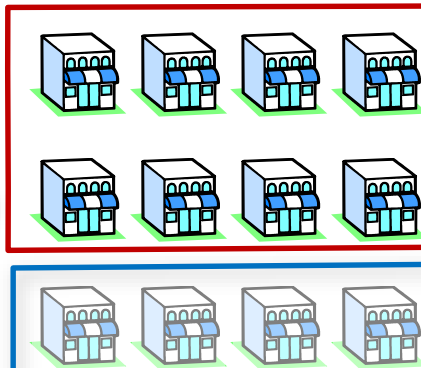
■ Expansion of business support service



■ Review of in-store affiliate

For existing alliance distributors

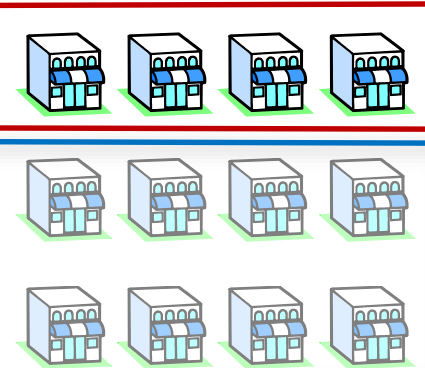
Mobile device distributor A



Improvement of churn rate at shops with positive operation

Expansion of number of shops to sell affiliate service

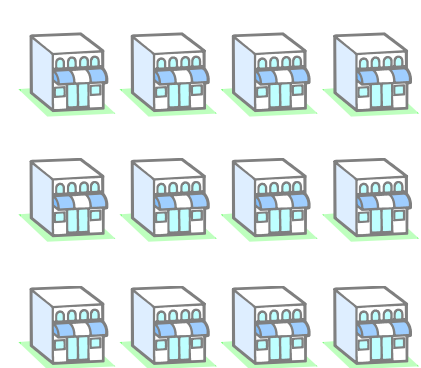
Mobile device distributor B



Improvement of the shops with negative operation

For new alliance distributors

Mobile device distributor C



Newly developed Mobile device distributor

Continues to increase sales through expansion of touch point (number of shops) and to enhance advertising value by churn rate improvement



Summary of financial results for 3Q FY2015



Review of contents service business

for 3Q FY2015



Review of solution business

for 3Q FY2015



Outlook for FY2015 【 Earnings forecast 】

Outlook for FY2015 [earning forecast]

■ Consolidated earnings forecast

	Results of FY2014	Forecasts of FY2015	Y/Y change	
			Sum	Percentage
S a l e s	4,508	5,130	621	13.8%
Sales profit	335	220	▲115	▲34.4%
Ordinary profit	340	230	▲110	▲32.4%
N e t s a l e s	437	180	▲257	▲58.8%

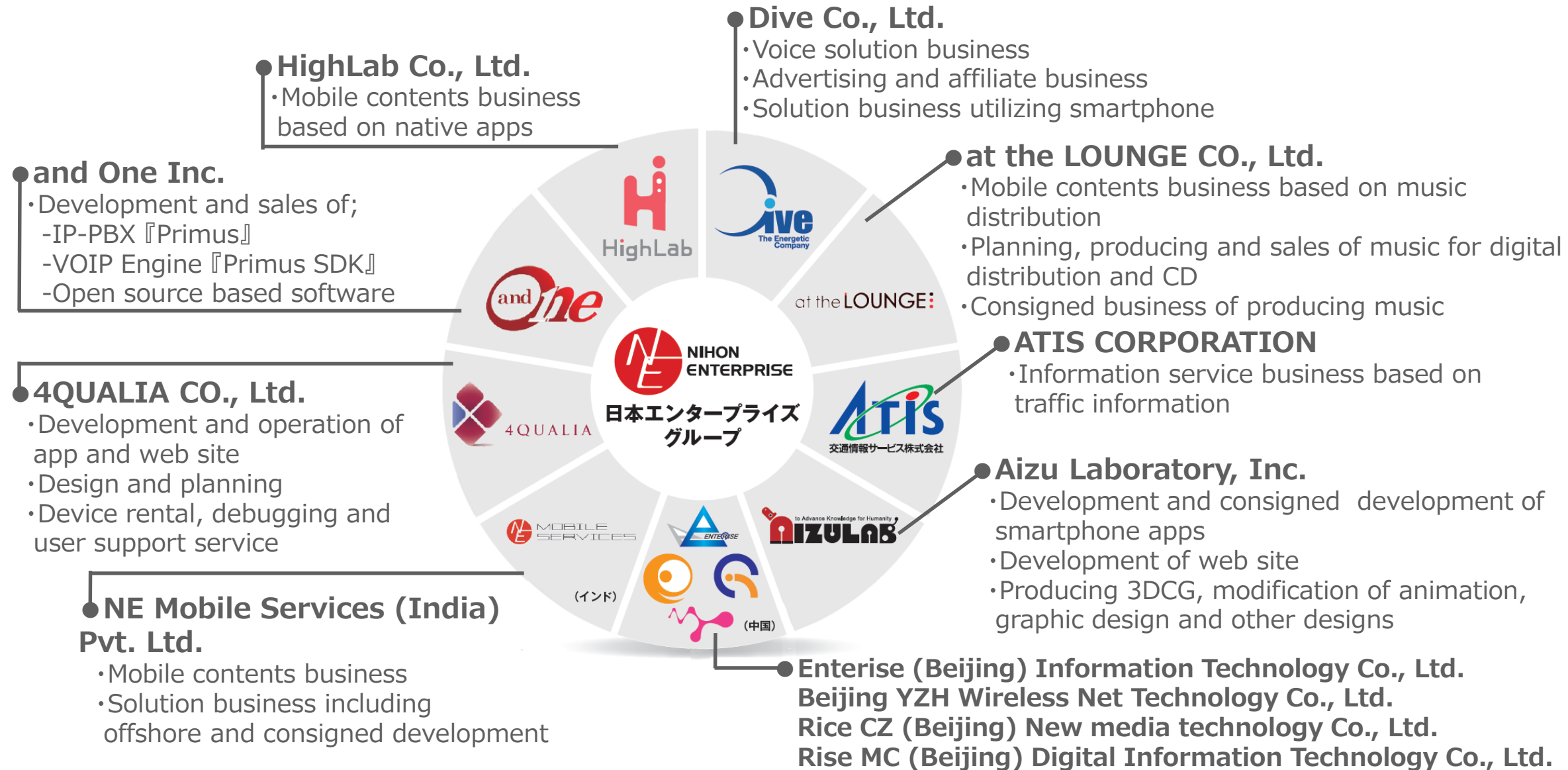
Annual dividend per stock (Forecast for FY2015) : 3.00Yen

※ Major factor of profit decline : Aggressive promotion in contents service segment

Appendix

Corporate profile

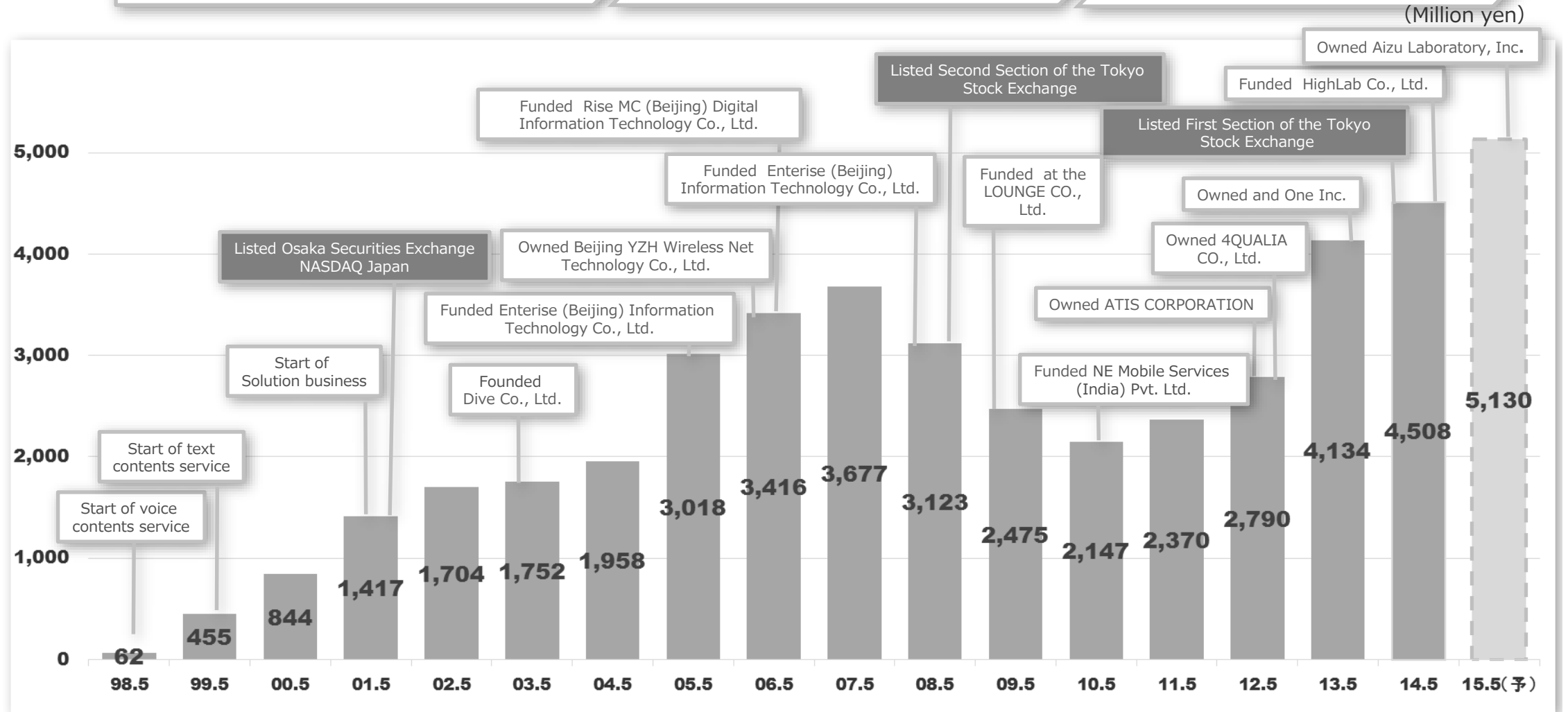
Name of the company	Nihon Enterprise Co., Ltd.	
Address	Matsuoka Shibuya Bldg. 1-17-8 Shibuya, Shibuya-ku, Tokyo, Japan P.O number 150-0002	
Established	1989年5月30日	
Capital	1099.30 million yen (as of January 21 2015)	
Number of stocks issued	40,480,000	
Number of employee	188 (as of November 2014 / consolidated)	
Board member	President and CEO Executive Managing Director Executive Managing Director Outside Managing Director Outside Managing Director Audit and Supervisor Board Member Auditor Auditor	Katsunori Ueda Masaru Tanaka Koichi Sugiyama Kazuo Oguri Takeshi Okada Kazuhiro Kobayashi Yoshiaki Kogame Koichi Ara



Period of foundation

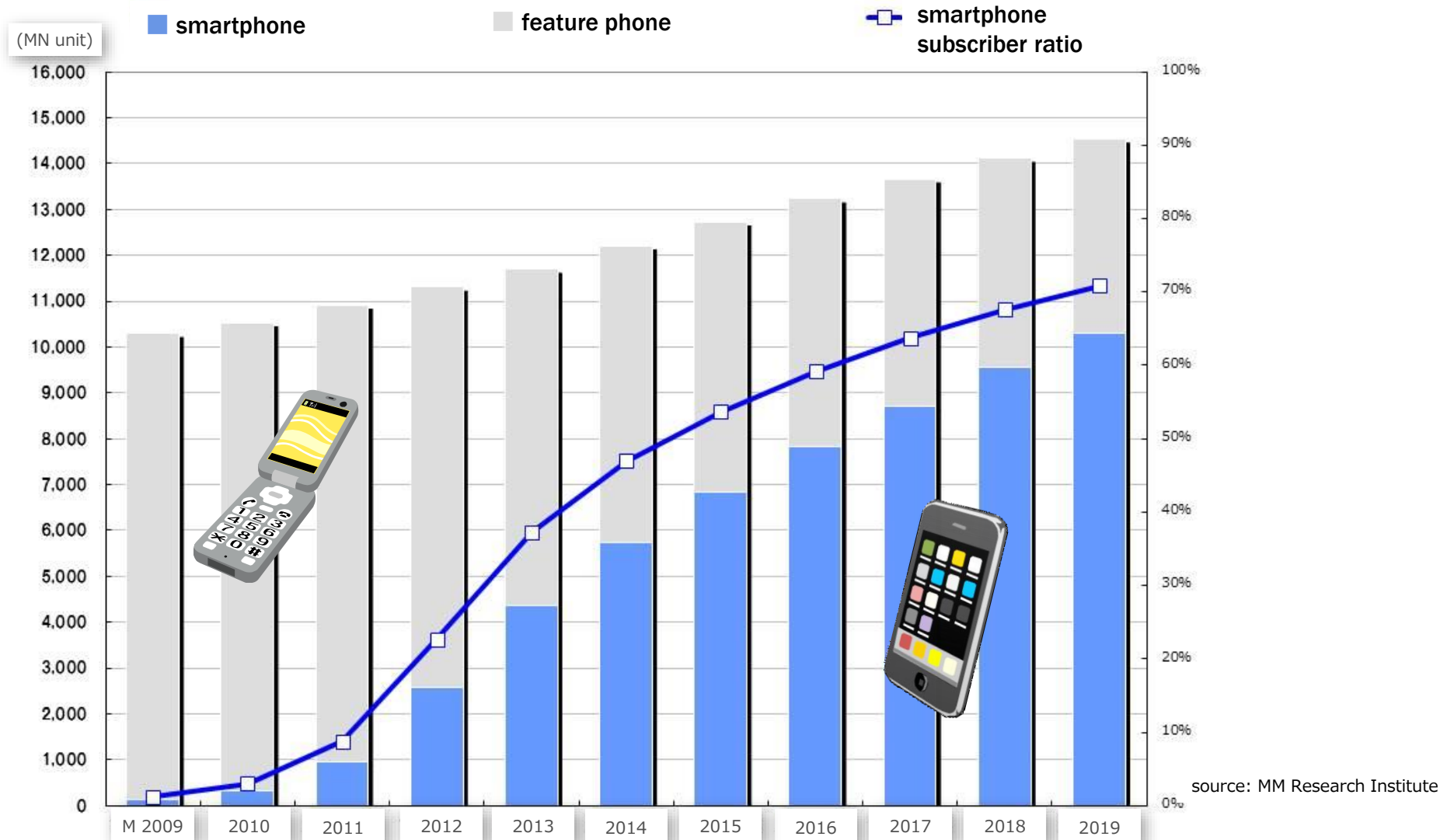
Period of growth

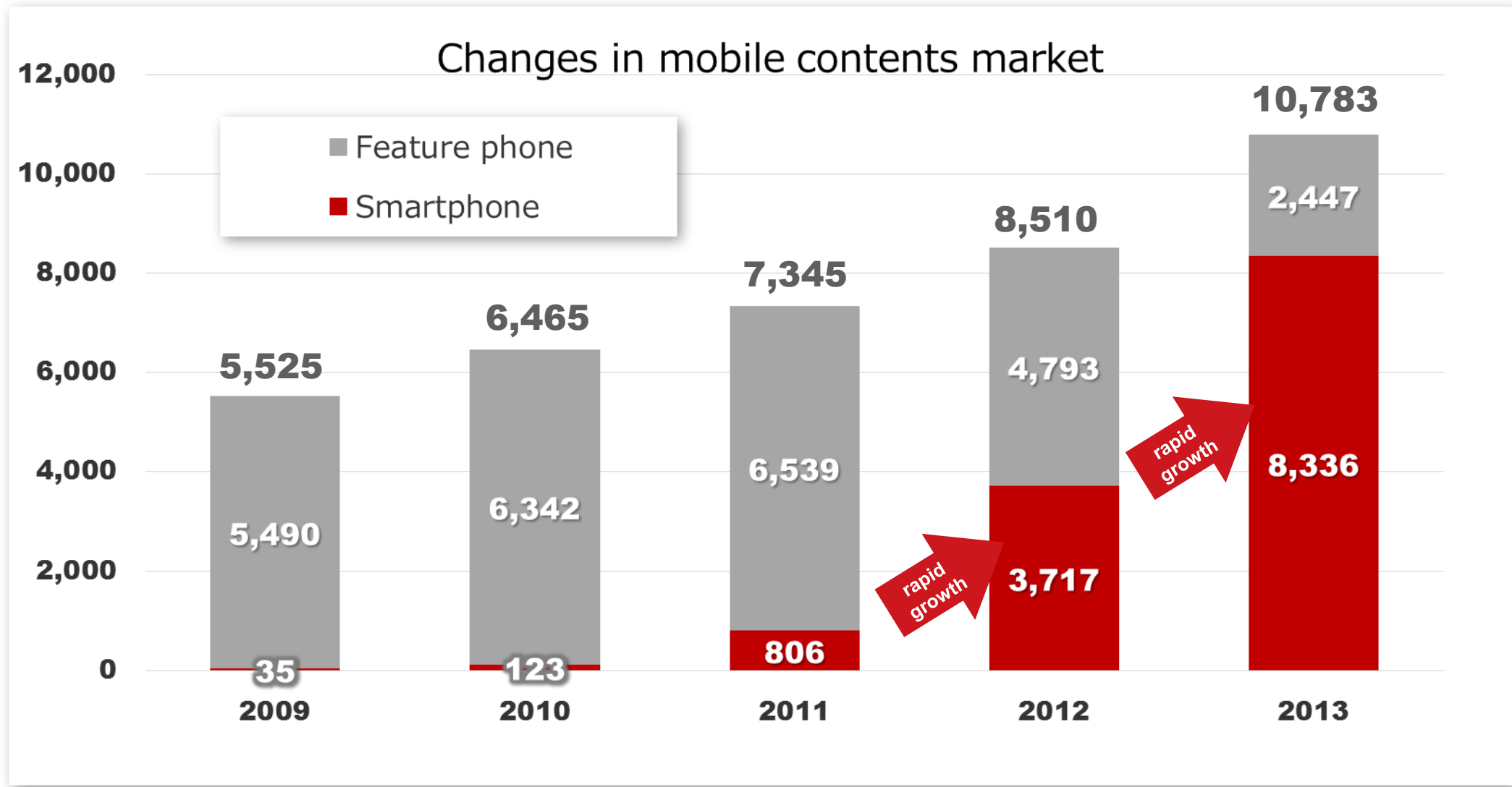
Period of jumping up



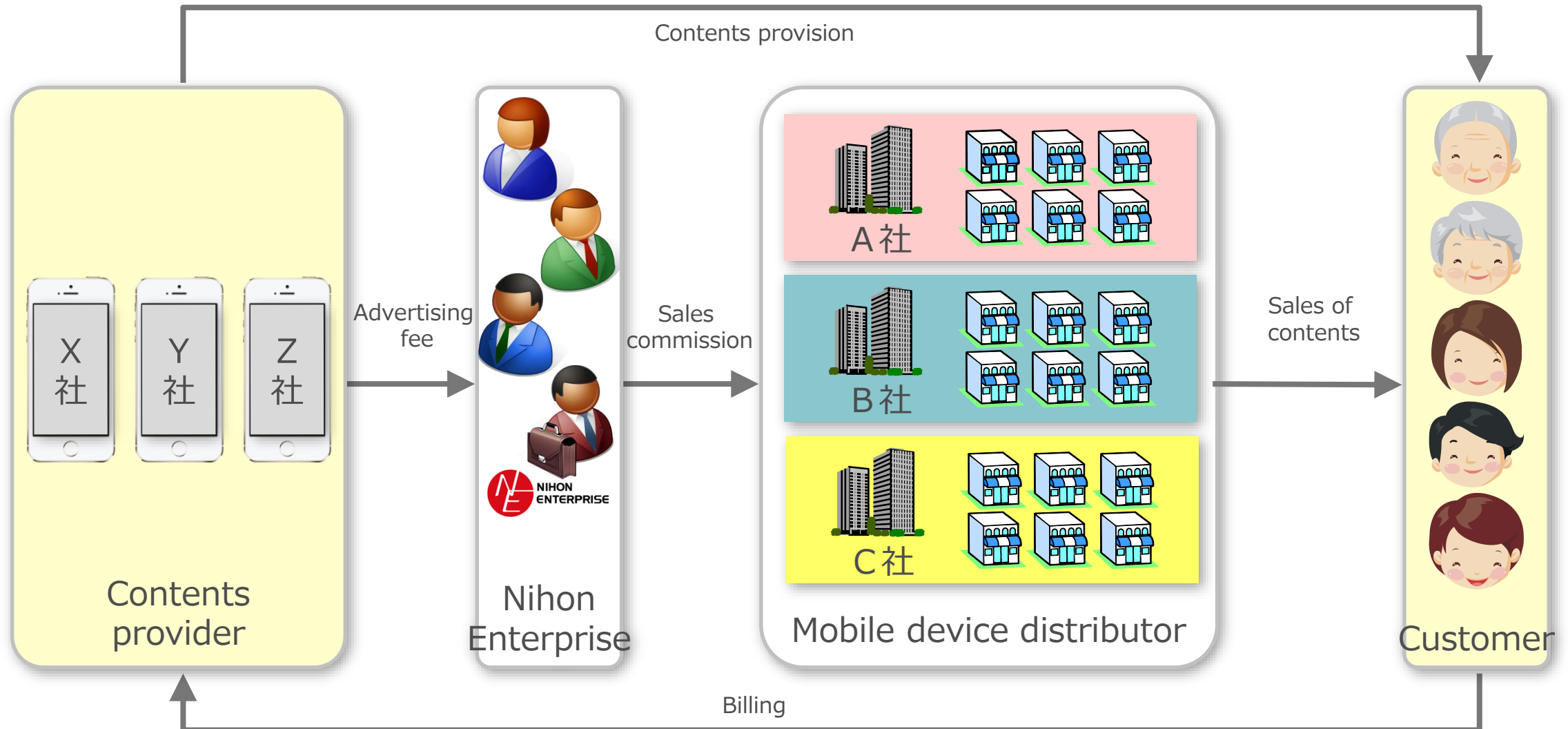
※Since FY2001 consolidated sales are shown

Changes in number of smartphone subscriber





Source: Ministry of Internal Affairs and Communications



Nippon Enterprise group promises to bring happiness and touched experience to all the customers through our contents service 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.

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