

Nihon Enterprise Co., Ltd.

FY2015, ended 31st May



Consolidated financial summary

As of July 2015





Summary of financial results for FY2015



Strategy for FY2016 ending May [content service segment]



Strategy for FY2016 ending May [solution segment]



Outlook for FY2016 ending May [Earnings forecast]

Contents service segment

- Contents provision for “carrier fixed rate services” expanded
 - “Nekketsu! Yankee sports festival” and “Yowamushi Pedal” (au Smartpass)
 - “Nadeshiko Fan!!” (Sugotoku-Contents)
 - “Natsume Yu-jin-cho Let’s play with Nyanko sensei” (App Pass)
- Contents (native apps) provision in app markets expanded
 - “Honey plus” (Android/iOS), “PasteLius”(Android), “Brash up my dear darling” (Android/iOS)

Solution segment

- Received orders of consigned development towards March due to increased demand in FY ending
- Acquired large scale of consigned development order toward FY 2016
- Started regional revitalization business

Others

- Capital increase for a subsidiary “and One Inc.”, (40 million yen)

Summary of consolidated income statements

	FY2014 ended May	FY2015 ended May	Y/Y change	
			Sum	Percentage
S a l e s	4,508	5,116	607	13.5%
C O G S	2,315	2,704	389	16.8%
G r o s s P r o f i t	2,193	2,411	218	10.0%
S G & A	1,857	2,222	364	19.6%
Operating Profit	335	189	▲145	▲43.4%
Non-operating profit	24	24	▲0	▲0.4%
Non-operating expense	19	9	▲10	▲52.3%
Ordinary profit	340	204	▲135	▲39.9%
Extraordinary profit	516	341	▲175	▲34.0%
Extraordinary loss	23	29	5	24.0%
P r e - t a x p r o f i t	833	516	▲316	▲38.0%
Total amount of corporation tax a n d o t h e r s	361	307	▲53	▲14.8%
Income before minority interest	472	208	▲263	▲55.8%
Minority interests in net profit	35	31	▲3	▲11.2%
N e t p r o f i t	437	177	▲259	▲59.4%

(Million yen)

Y/Y sales comparison

■ Sales of solution segment substantially increased

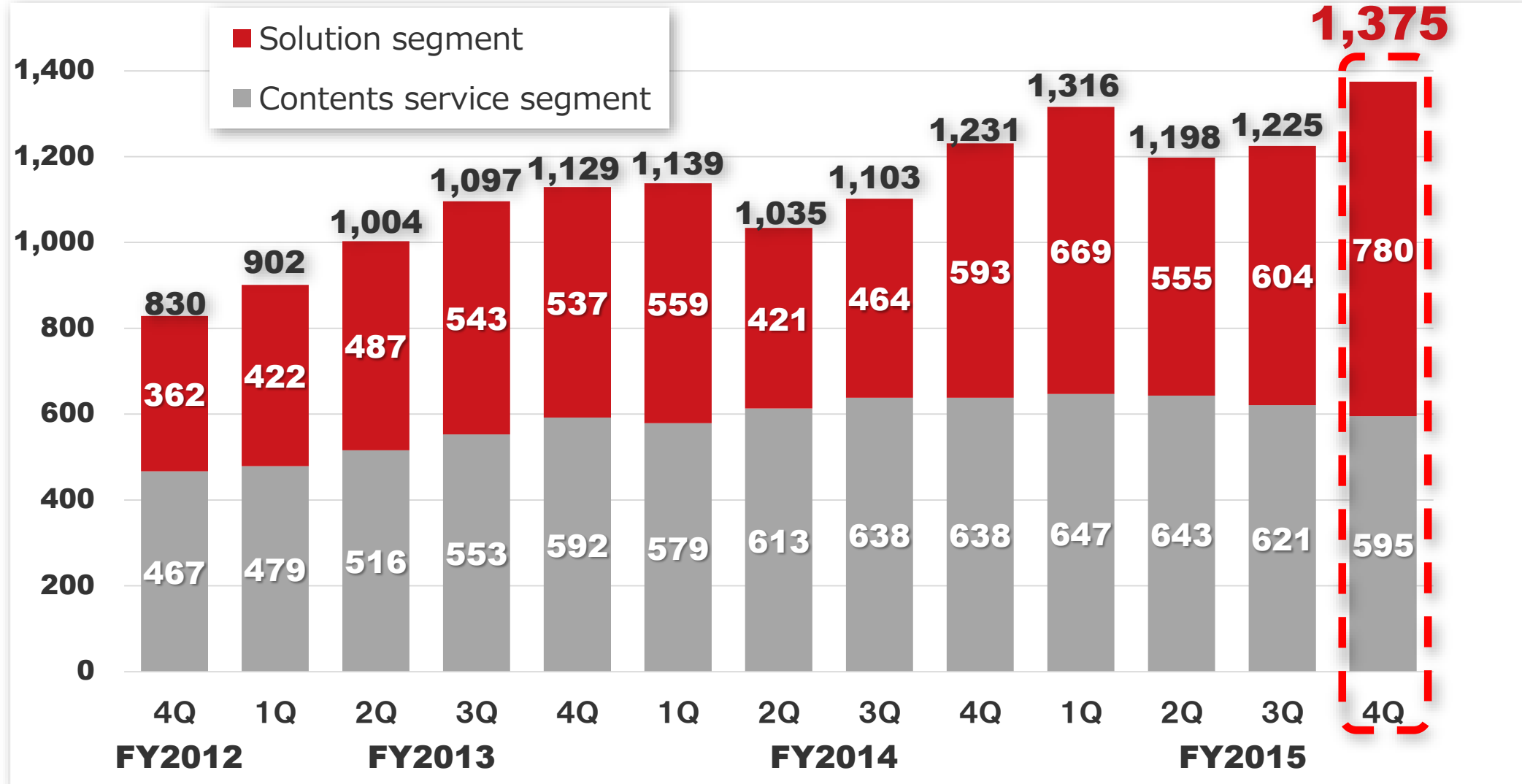
(Million yen)

	FY2014 ended May	FY2015 ended May	Y/Y change	
			Sum	Percentage
Contents service s e g m e n t	2,469	2,506	37	1.5%
Solution segment	2,039	2,609	570	28.0%
T o t a l	4,508	5,116	607	13.5%

Y/Y sales transition

■ Sales of solution segment was up in comparison to both 4Q FY2014 and 3Q FY2015

(Million yen)



Y/Y sales comparison of contents service segment

■ Sales of contents service segment totally rose 1.5%, driven by games

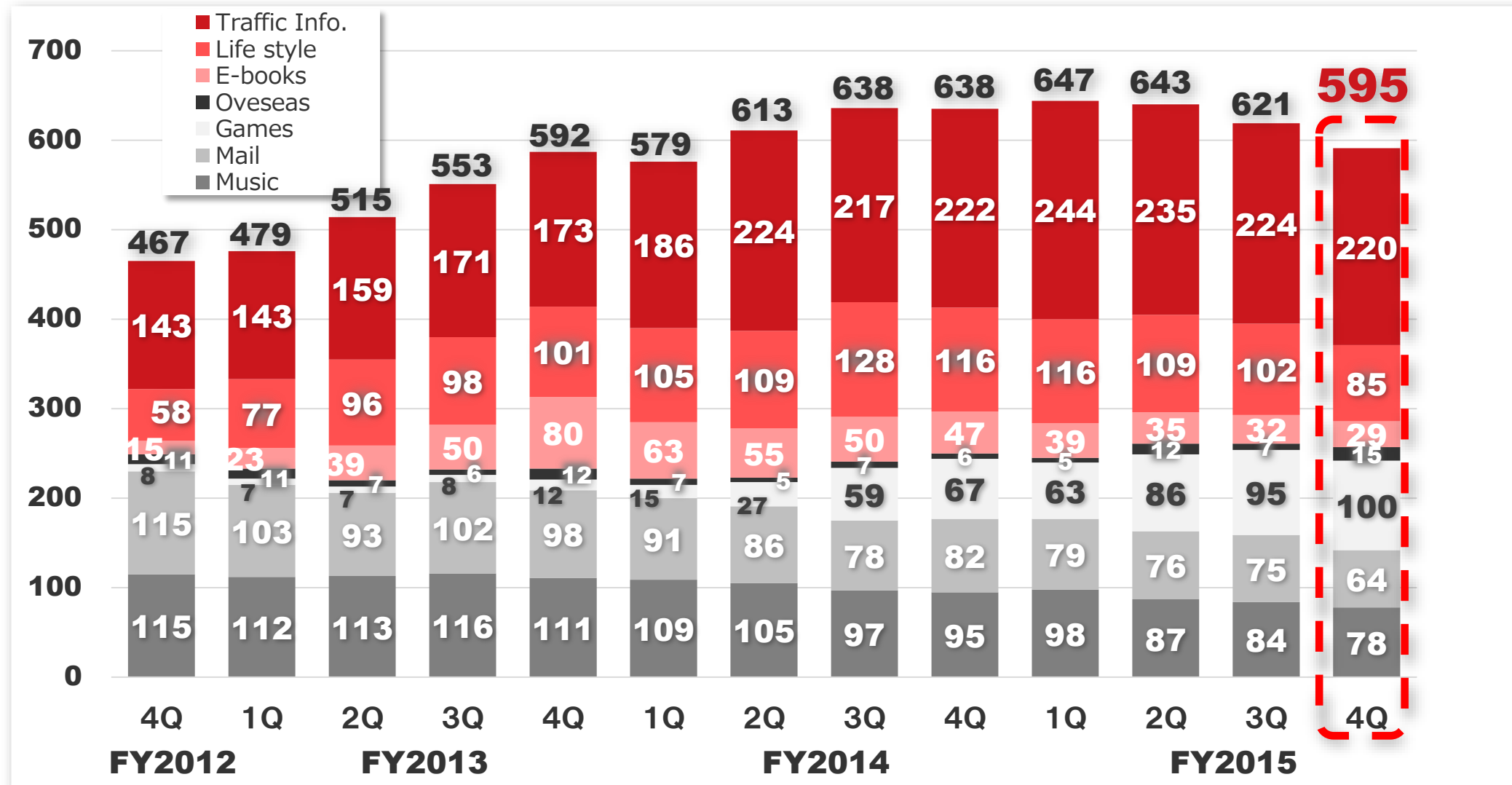
(Million yen)

	FY2014 ended May	FY2015 ended May	Y/Y change	
			Sum	Percentage
Traffic info.	850	924	73	8.6%
Life style	459	413	▲45	▲10.0%
E - B o o k	216	137	▲78	▲36.3%
O v e r s e a s	27	40	13	49.8%
G a m e s	169	345	175	103.8%
M a i l	339	295	▲43	▲12.9%
M u s i c	407	349	▲58	▲14.3%
T o t a l	2,469	2,506	37	1.5%

Y/Y sales transition of contents service segment

■ Game increased while others decreased

(Million yen)



Y/Y sales comparison of solution segment

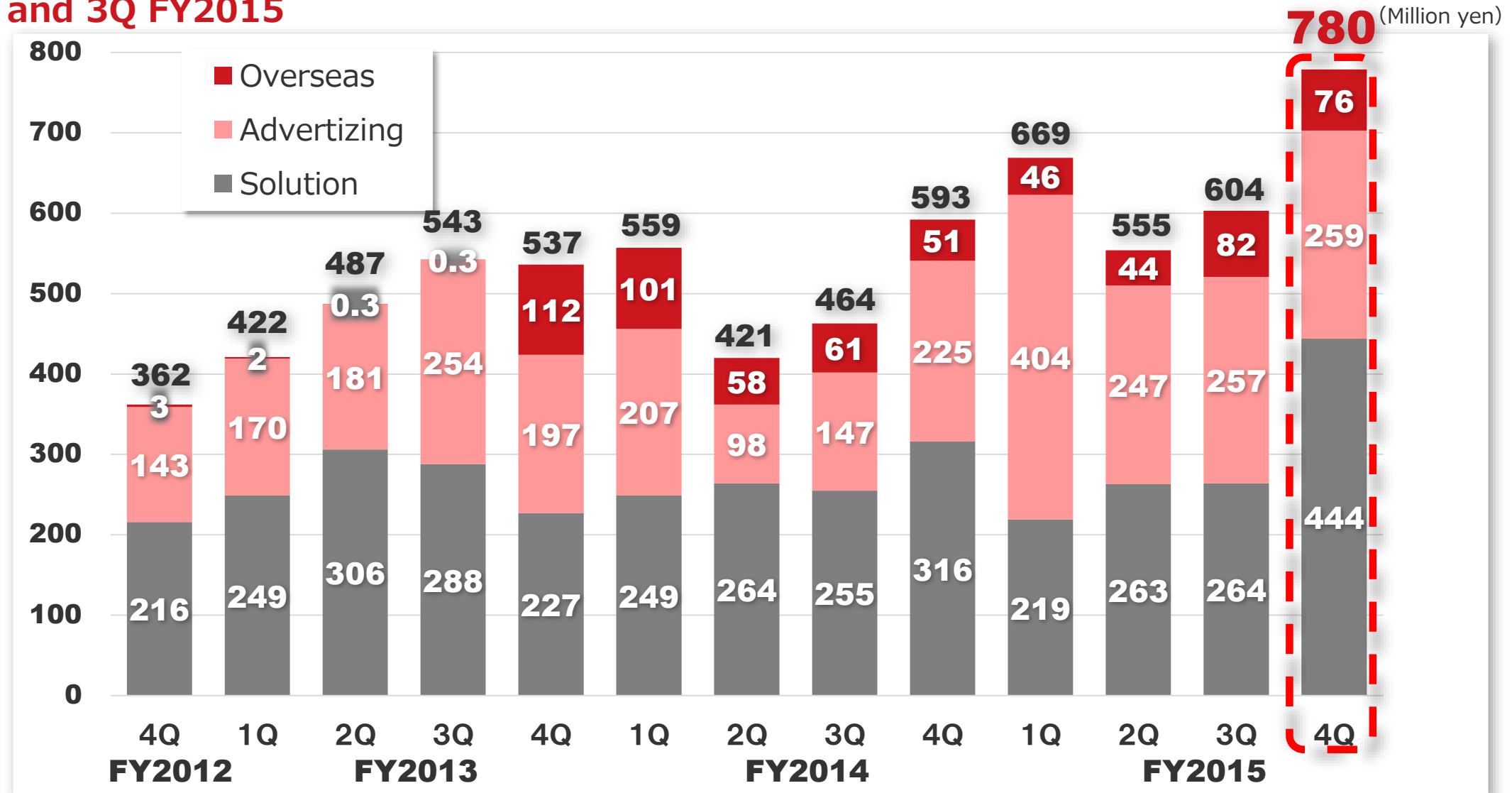
■ Sales of solution segment totally increased by 28.0% driven by strong growth of advertising business

(Million yen)

	FY2014 ended May	FY2015 ended May	Y/Y change	
			Sum	Percentage
S o l u t i o n b u s i n e s s	1,086	1,192	106	9.8%
A d v e r t i s i n g b u s i n e s s	679	1,168	488	72.0%
O v e r s e a s	273	249	▲24	▲8.9%
T o t a l	2.039	2,609	570	28.0%

Y/Y sales transition of solution segment

- **Solution segment significantly increased in comparison to both 4Q FY2014 and 3Q FY2015**



Y/Y COGS・SGA comparison

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

(Million yen)

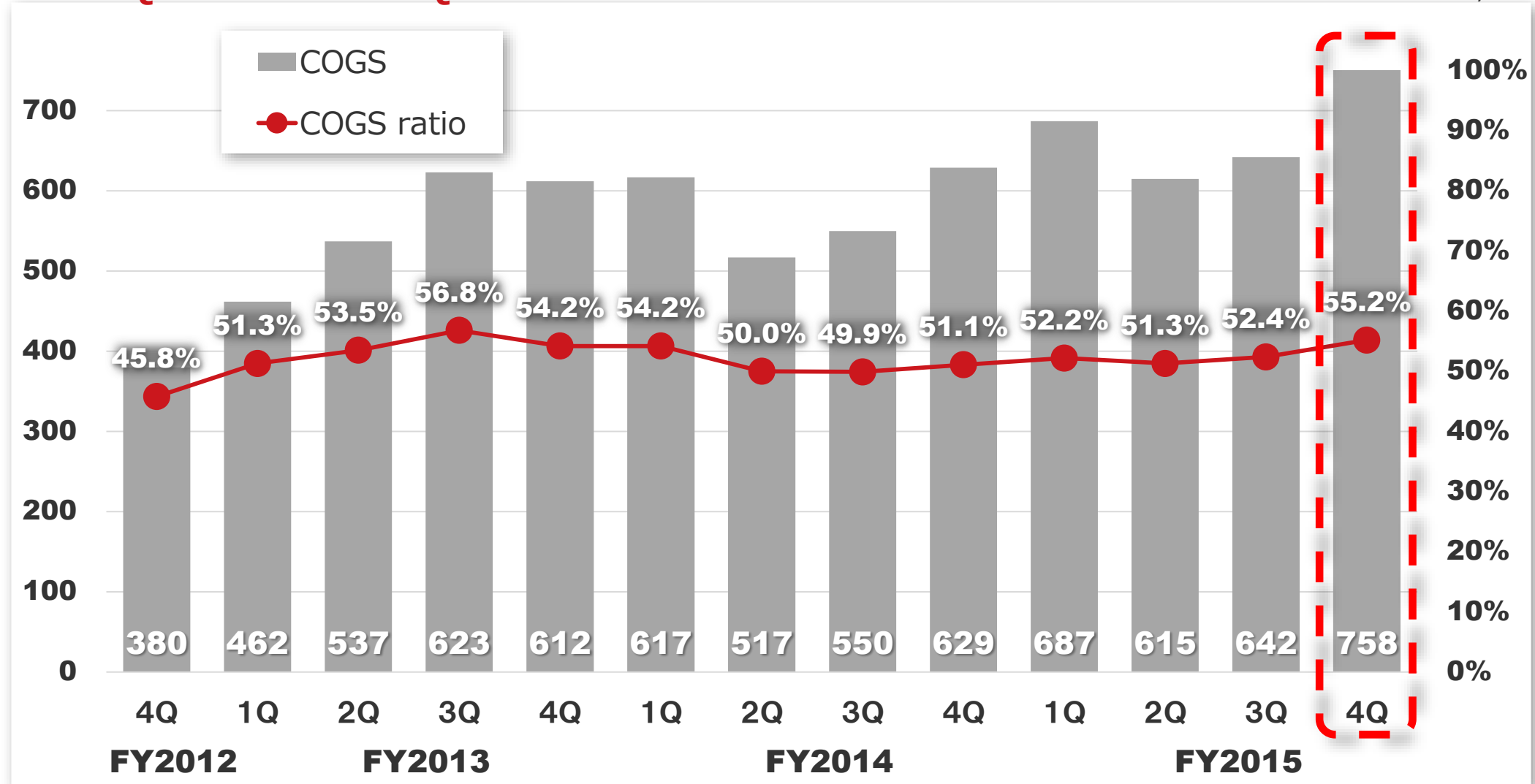
	FY2014 ended May	FY2015 ended May	Y/Y change	
			Sum	Percentage
C O G S	2.315	2,704	389	16.8%
COGS ratio	51.4%	52.9%	—	—

	FY2014 ended May	FY2015 ended May	Y/Y change	
			Sum	Percentage
(advertising e x p e n s e)	515	711	196	38.0%
(O t h e r s)	1,342	1,510	168	12.5%
S G & A	1,857	2,222	364	19.6%
SG&A ratio	41.2%	43.4%	—	—

Y/Y COGS transition

- COGS ratio increased due to higher sales in solution segment in comparison to both 4Q FY2014 and 3Q FY2015

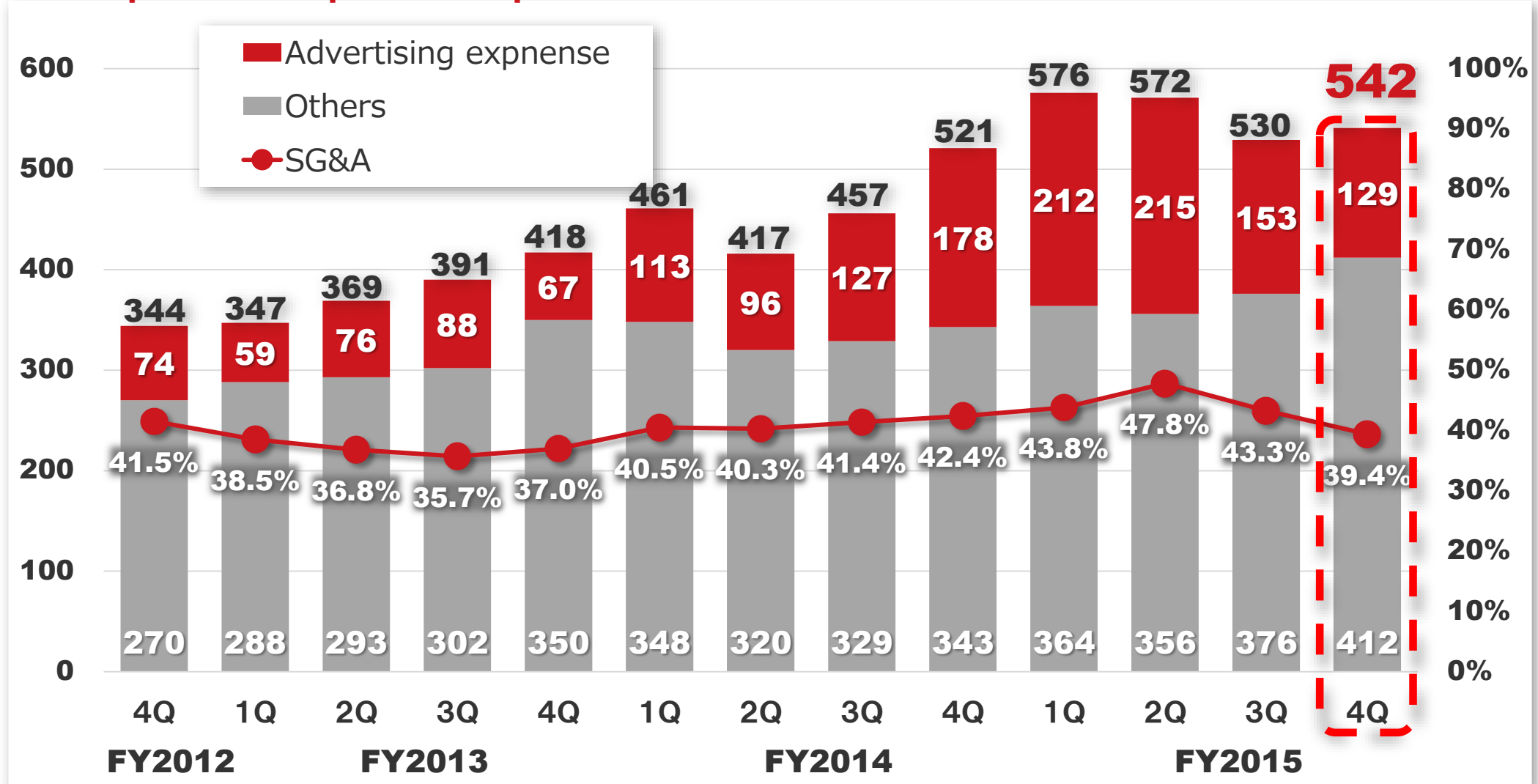
(Million yen)



Y/Y SGA transition

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

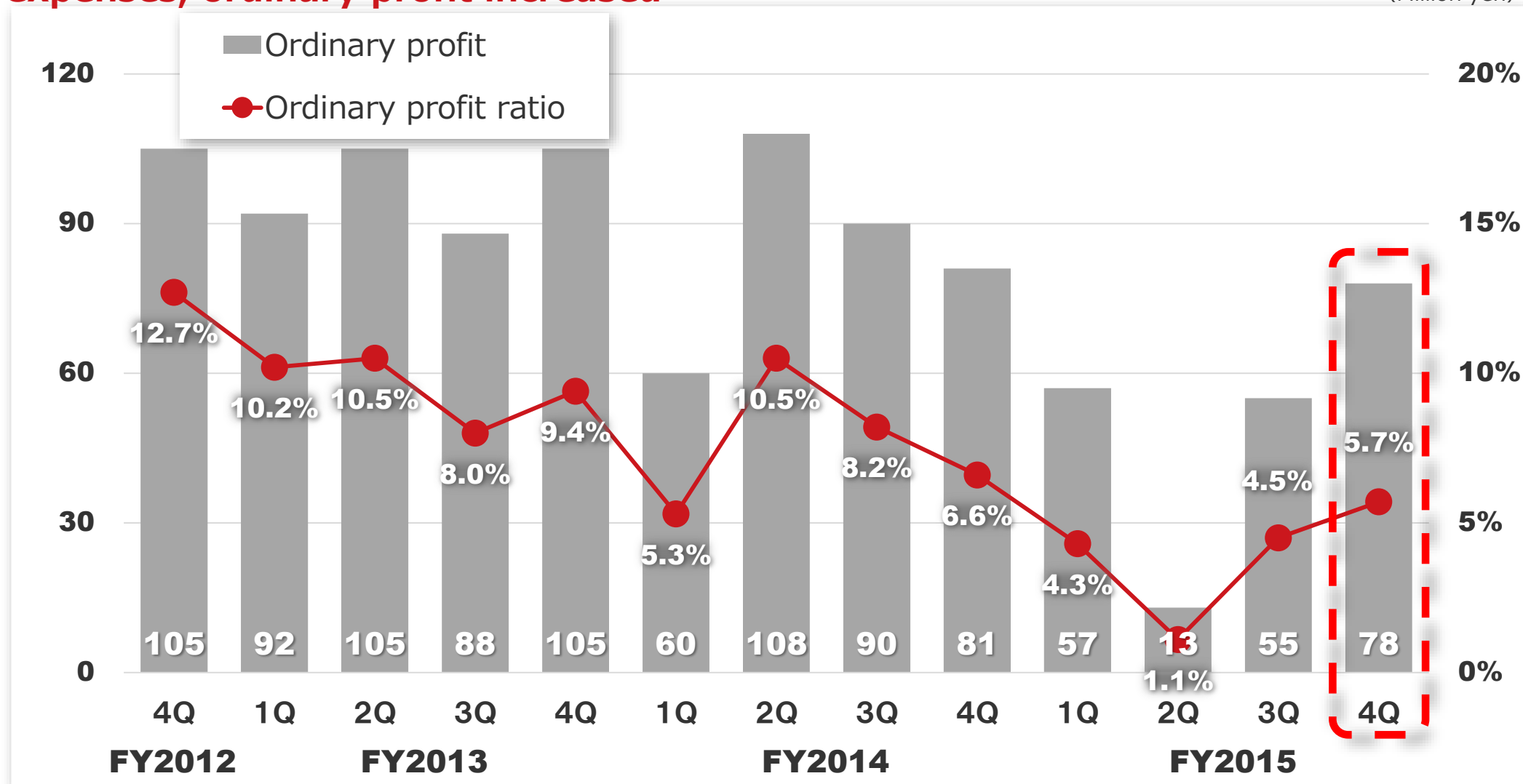
(Million yen)



Y/Y OP transition

- Due to higher sales in solution segment and strategic investment in advertising expenses, ordinary profit increased

(Million yen)





Summary of financial results for FY2015



Strategy for FY2016 ending May **【content service segment】**

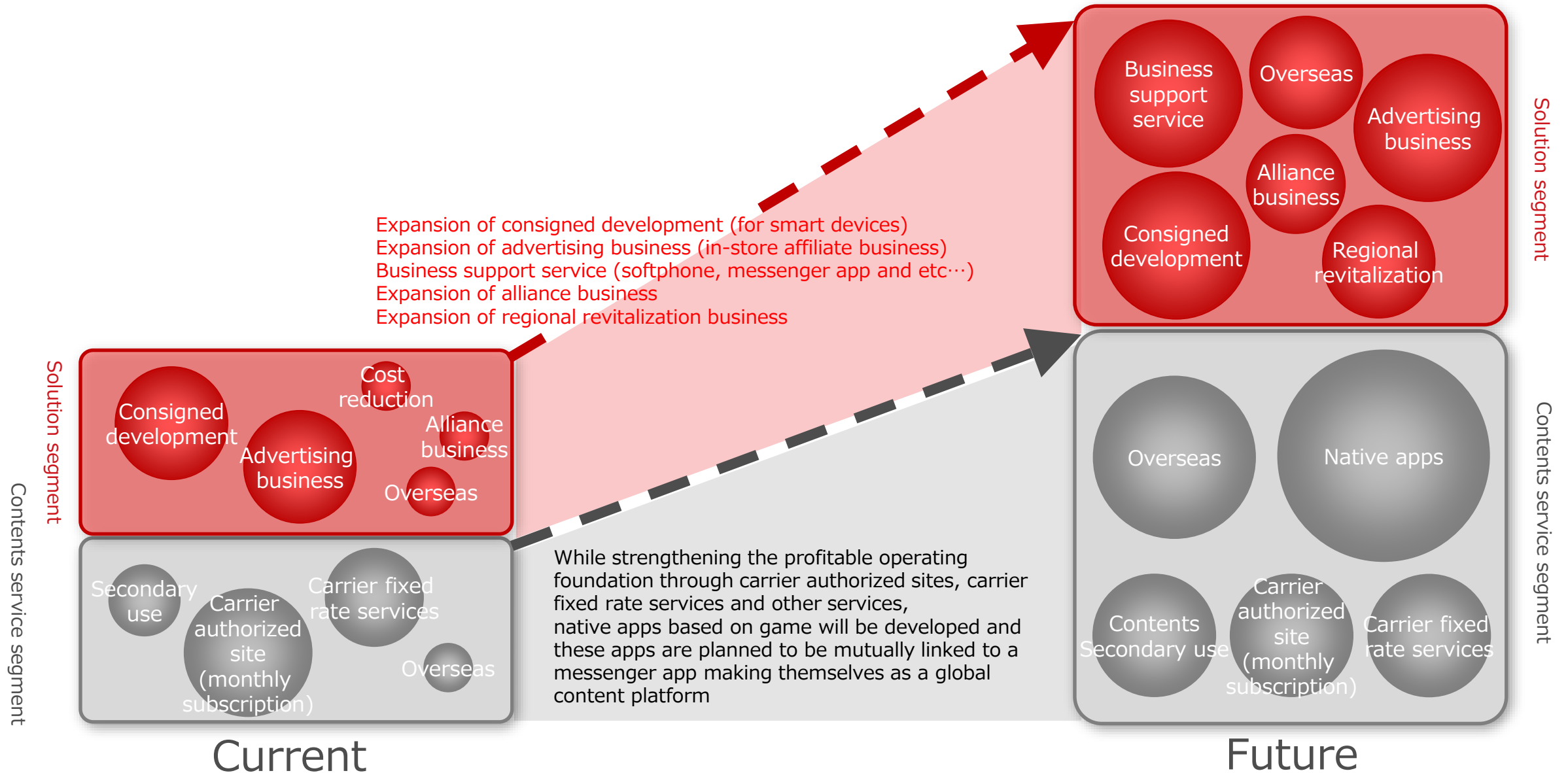


Strategy for FY2016 ending May **【solution segment】**



Outlook for FY2016 ending May **【 Earnings forecast 】**

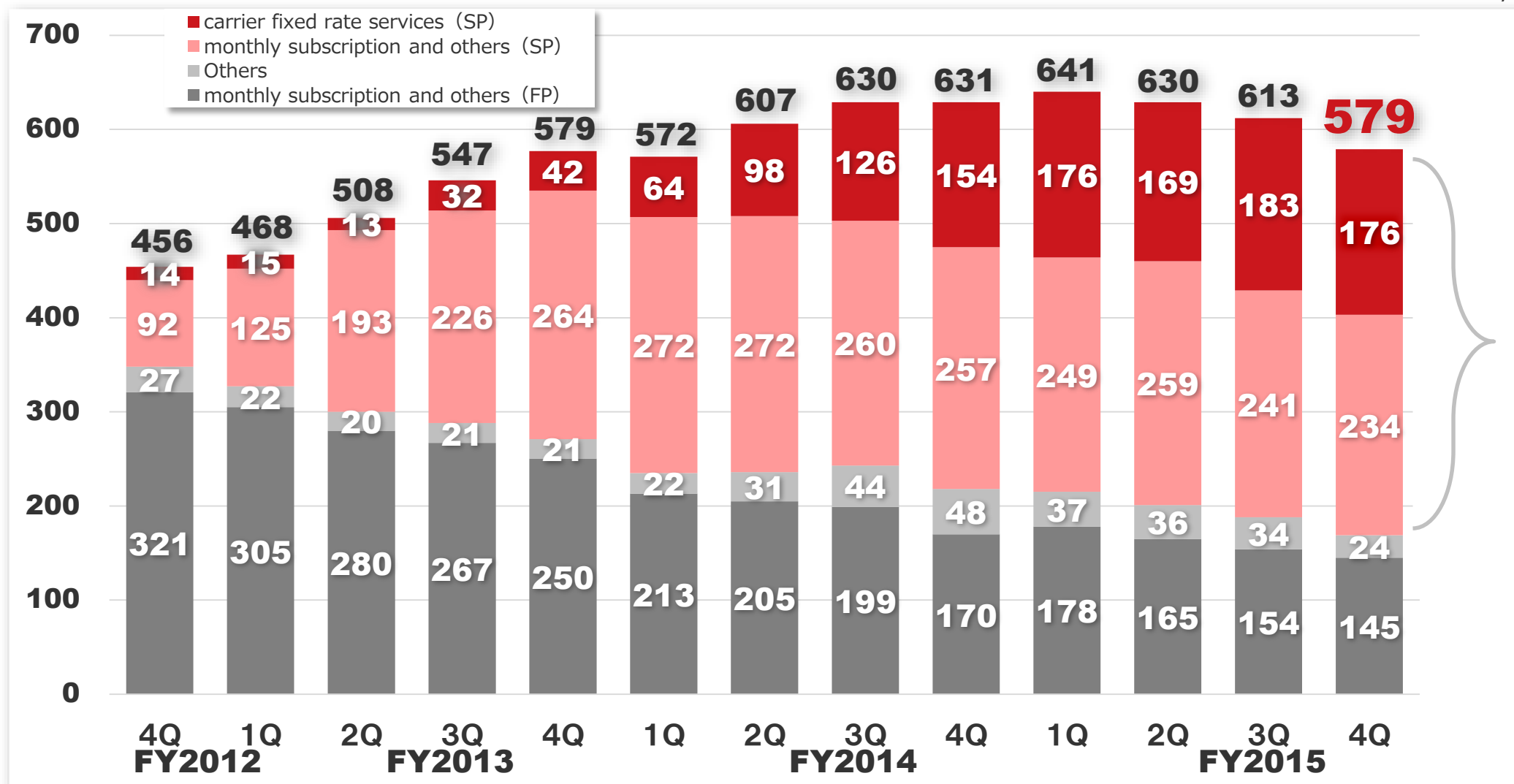
Roadmap [expansion of business fields]



Sales breakdown by domestic platform

■ Sales ratio of smartphone(SP) increased up to 71%

(Million yen)



SP ratio
increased by
71%

Contents provision to carrier fixed rate services

■ Higher sales through successive provision of contents

auスマートパス

au Smartpass

(KDDI)



Started from April

Started from March

スゴ得コンテンツ

the Sugotoku-Contents

(NTT DOCOMO)



Started from May



App Pass

(SOFTBANK)



Started from March



Started from June

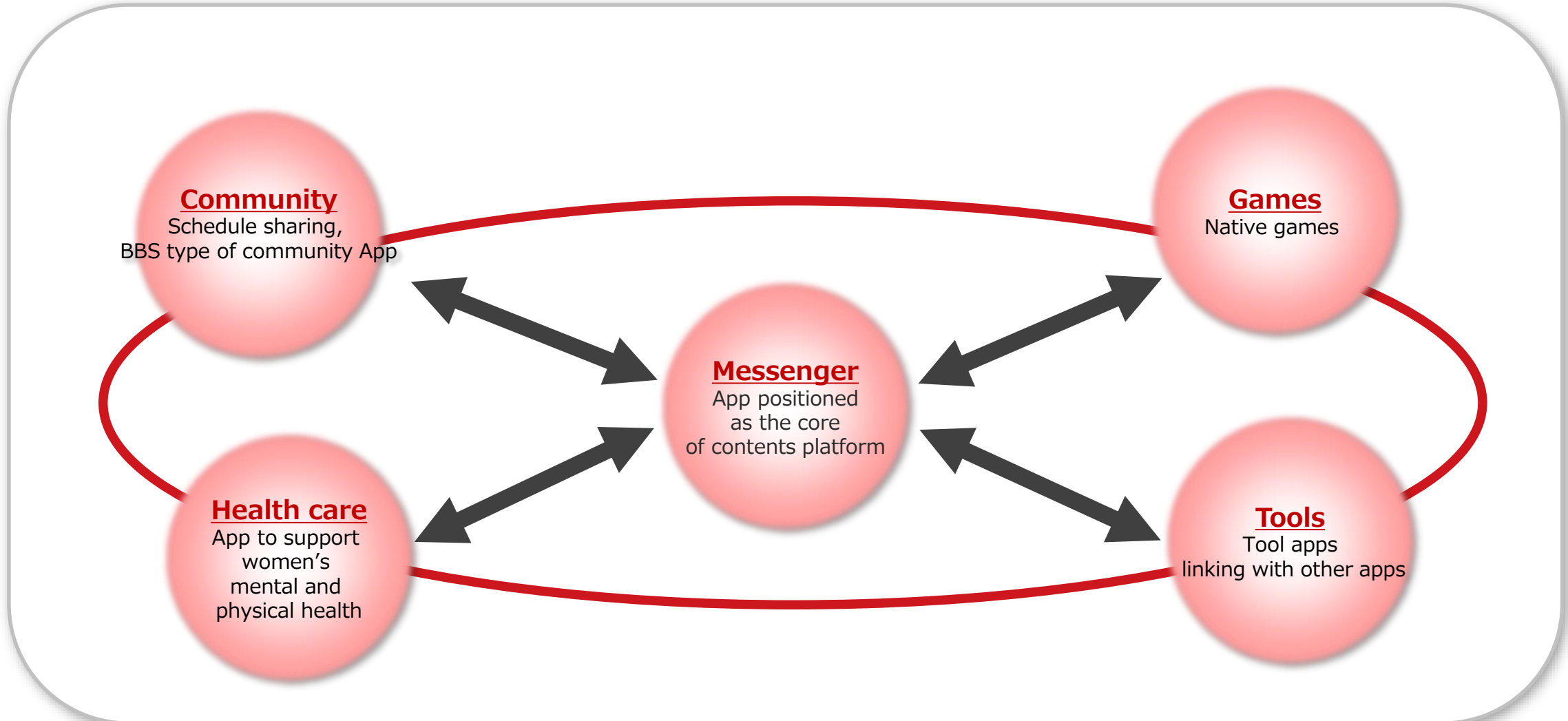
App CHOU HODAI

アプリ超ホーダイ®
(SOURCENEXT)

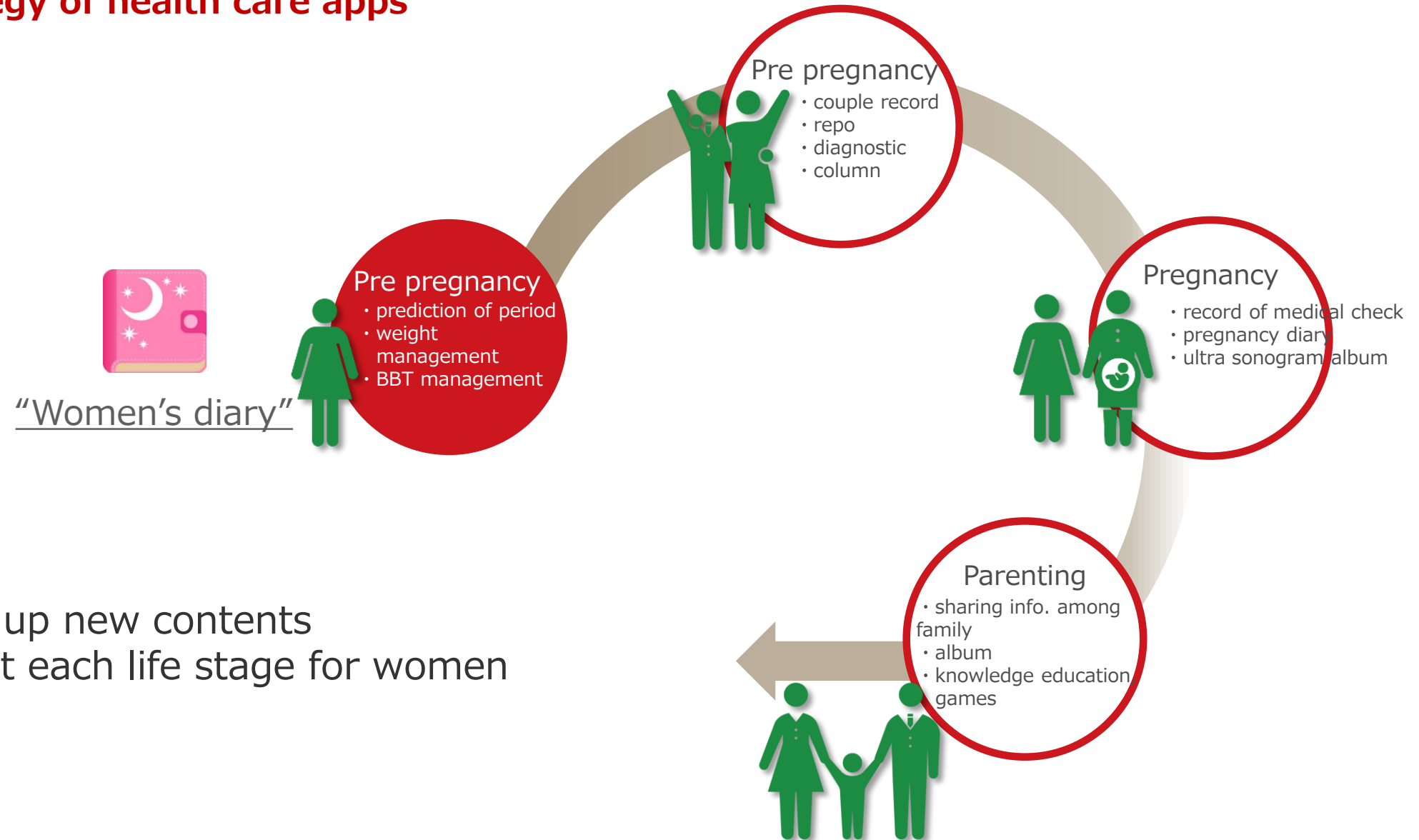


Native apps

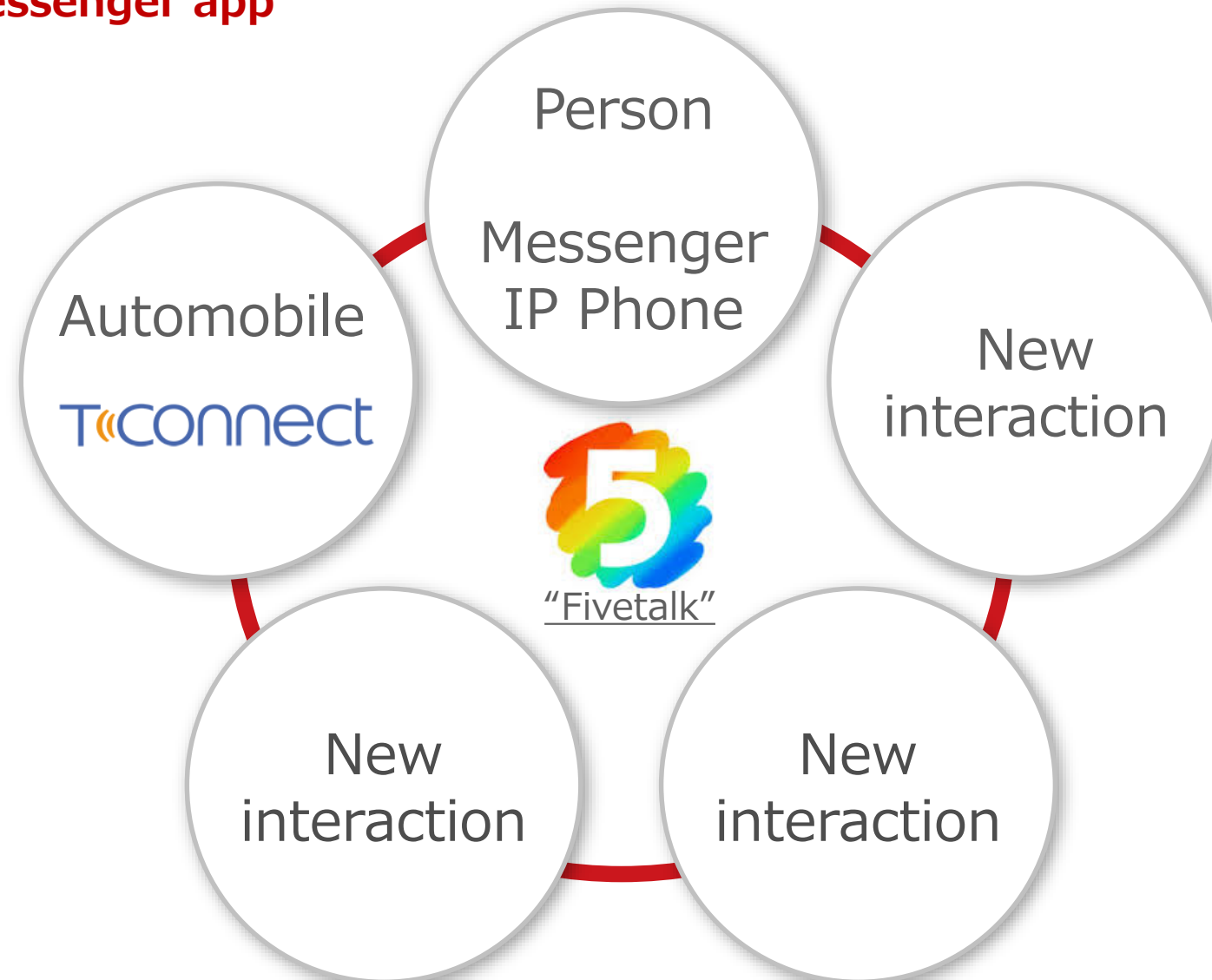
■ Business strategy of native apps



■ Strategy of health care apps



■ Strategy of messenger app



※「T-Connect」 is the next generation of telematics service which connects Toyota smart center and "T-Connect Navi"(Car navigation device) through network and provide various information to drivers.



Summary of financial results for FY2015



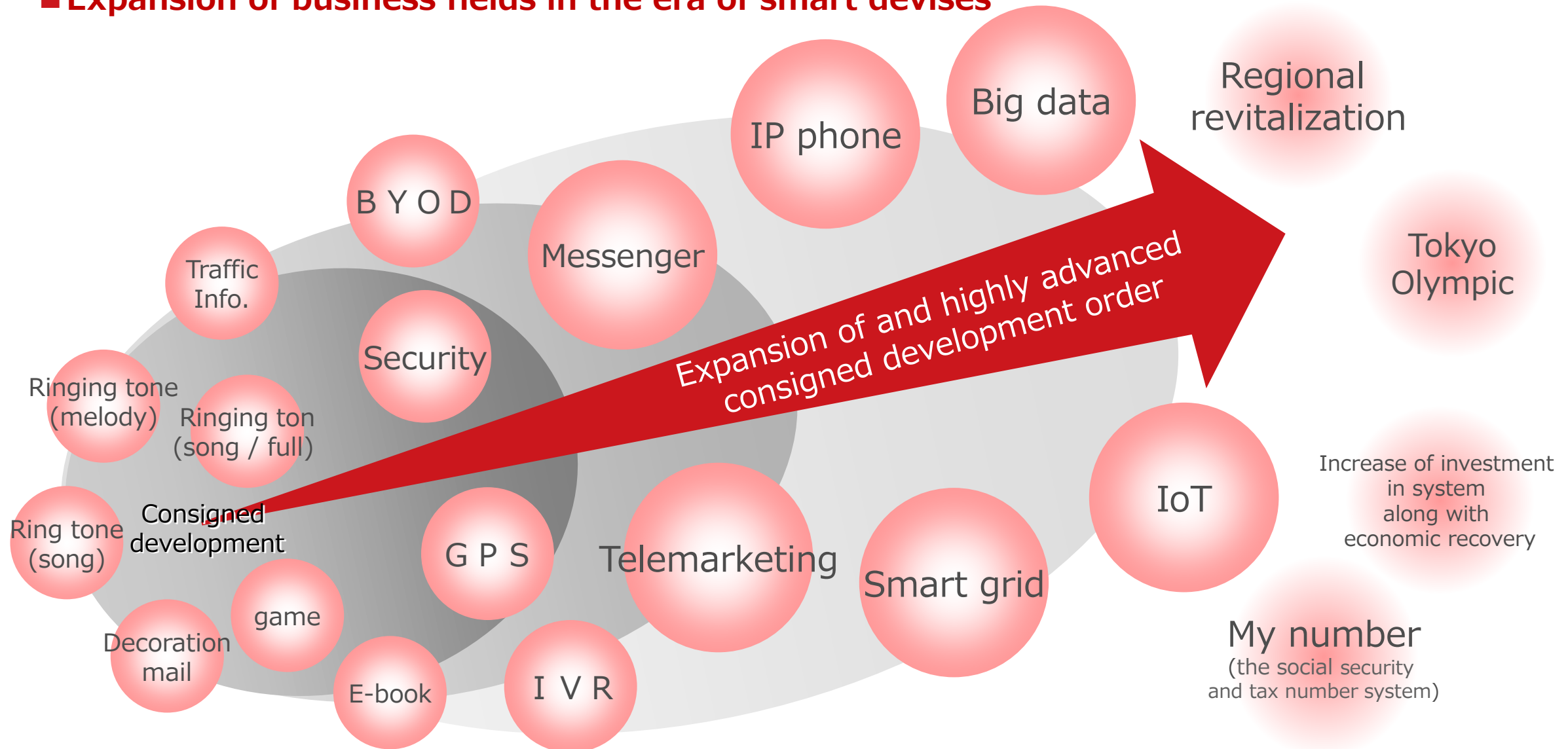
Strategy for FY2016 ending May [content service segment]



Strategy for FY2016 ending May [solution segment]



Outlook for FY2016 [Earnings forecast]



■ Entering into smart community business (founded a subsidiary)

(1) Company name	: Yamaguchi renewable energy factory Co., Ltd.
(2) Address	: Ube city, Yamaguchi prefecture
(3) President CEO	: Katsunori Ueda (president CEO of Nihon Enterprise)
(4) Business	: - Power generation business by renewable energy and others, and its management and operation - Business related to selling electricity and others
(5) Capital	: 40 million yen
(6) Date of establish	: 4 th June 2015
(7) Settling day	: 31 st May
(8) Share	: Nihon Enterprise Co., Ltd. 38.27%
	4QUALIA CO., Ltd. (subsidiary) 12.35%
	Others 49.38%

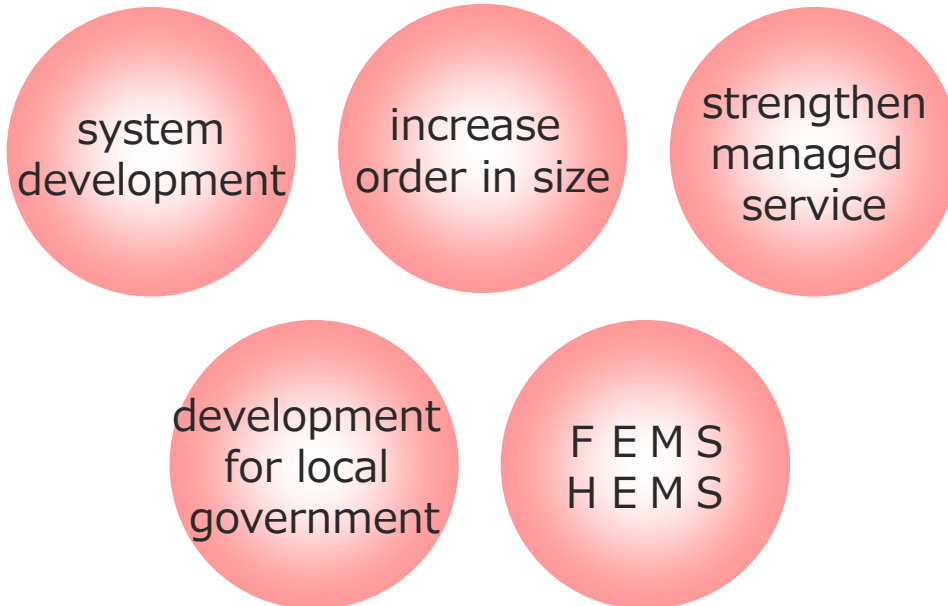
Entering into
smart community business
(founded a subsidiary)

**Expansion of
regional revitalization business
through utilization of IT**

■ Expansion of business fields

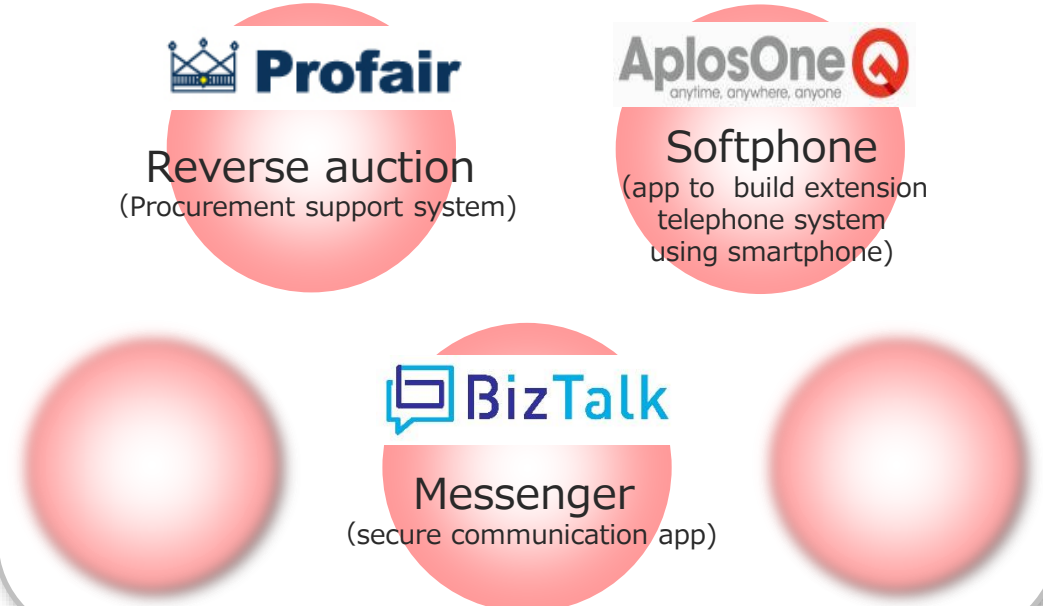
Consigned development

To expand service fields
by enhancing technical skill
backed up with increase of market demands!

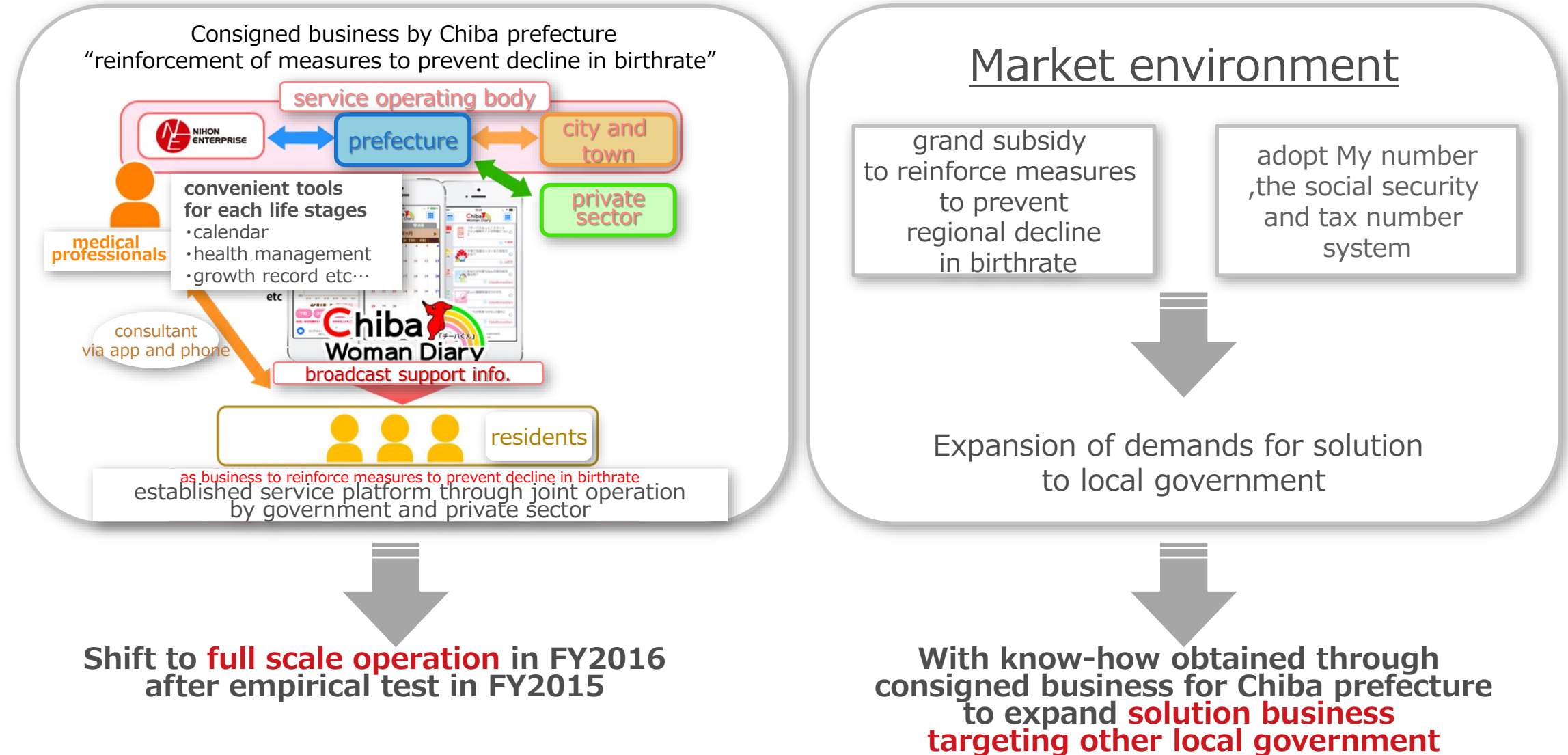


Business support

Aggressive sale expansion
to enterprise customers!



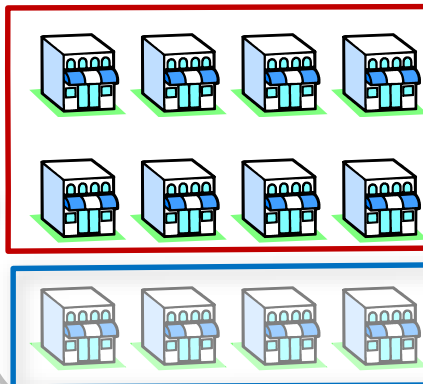
■ Business expansion in the field of services to local government



■ Strategy of in-store affiliate

For existing alliance distributors

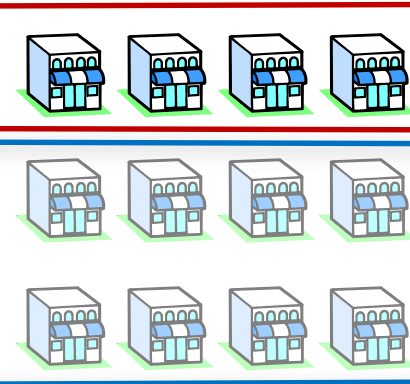
mobile device distributor A



Improvement of churn rate at shops with positive operation

Expansion of number of shops to sell affiliate service

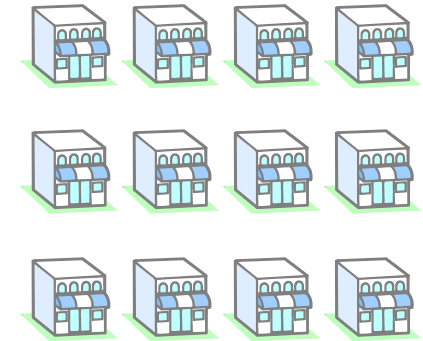
mobile device distributor B



Improvement of shops with negative operation

For new alliance distributors

mobile device distributor C



Newly development of "mobile device distributor"

To raise sales through increase of touch points(number of shops), and to enhance the media value through improvement of churn rate

Strengthen sales for feature phone as well, which is less competitive



Summary of financial results FY2016



Strategy for FY2016 ending May [content service segment]



Strategy for FY2016 ending May [solution segment]



Outlook for FY2016 [Earnings forecast]

Outlook for FY2016 [earning forecast]

■ Consolidated earnings forecast

(Million yen)

	Results of FY2015	Forecasts of FY2016	Y/Y change	
			Sum	Percentage
S a l e s	5,116	6,100	983	19.2%
Sales profit	189	450	260	137.2%
Ordinary profit	204	470	265	129.7%
N e t s a l e s	177	190	12	7.0%

Annual dividend per stock (Forecast for FY2016) : 3.00Yen

Appendix

Name of the company	Nihon Enterprise Co., Ltd.	
Address	Matsuoka Shibuya Bldg. 1-17-8 Shibuya, Shibuya-ku, Tokyo, Japan	
Established	30 th May 1989	
Capital	1.1 billion yen (as of 31 st May 2015)	
Number of stocks issued	40,516,700 (as of 31 st May 2015)	
Number of employee	201 (as of 31 st May 2015 / 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

HighLab Co., Ltd.

- Mobile contents business based on native apps

and One Inc.

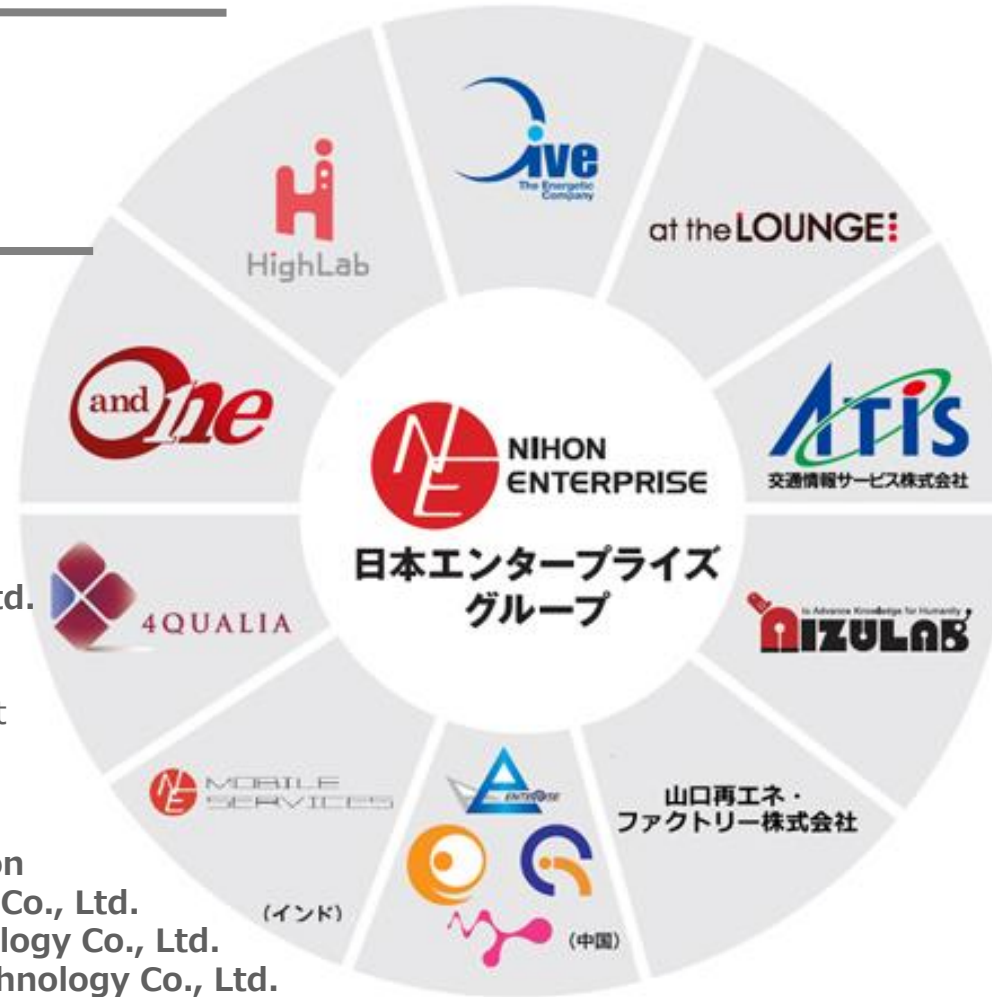
- Development and sales of;
 - IP-PBX 『Primus』
 - VOIP Engine 『Primus SDK』
 - Open source based software

4QUALIA CO., Ltd.

- Development and operation of app and web site
- Design and planning
- Device rental, debugging and user support service

NE Mobile Services (India) Pvt. Ltd.

- Mobile contents business
- Solution business including offshore and consigned development

Intoku zuisi (Beijing) Information**Technology Co., Ltd.****Beijing YZH Wireless Net Technology Co., Ltd.****Rice CZ (Beijing) New media technology Co., Ltd.****Rise MC (Beijing) Digital Information Technology Co., Ltd.****Dive Co., Ltd.**

- Voice solution business
- Advertising and affiliate business
- Solution business utilizing smartphone

at the LOUNGE CO., Ltd.

- Mobile contents business based on music distribution
- Planning, producing and sales of music for digital distribution and CD
- Consigned business of producing music

ATIS CORPORATION

- Information service business based on traffic information

Aizu Laboratory, Inc.

- Development and consigned development of smartphone apps
- Development of web site
- Producing 3DCG, modification of animation, graphic design and other designs

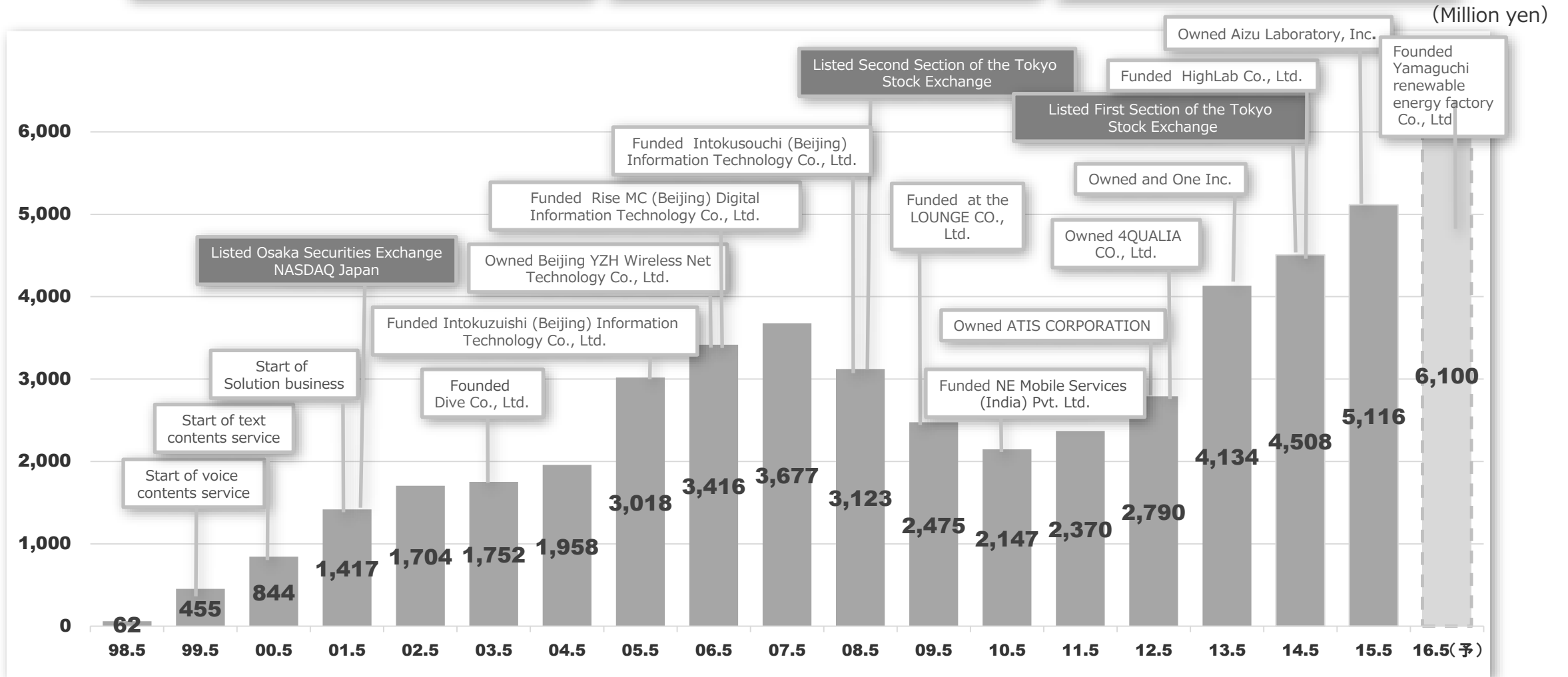
Yamaguchi renewable energy factory Co., Ltd

- Power generation business by renewable energy and others, and its management and operation
- Sales of electricity

Period of foundation

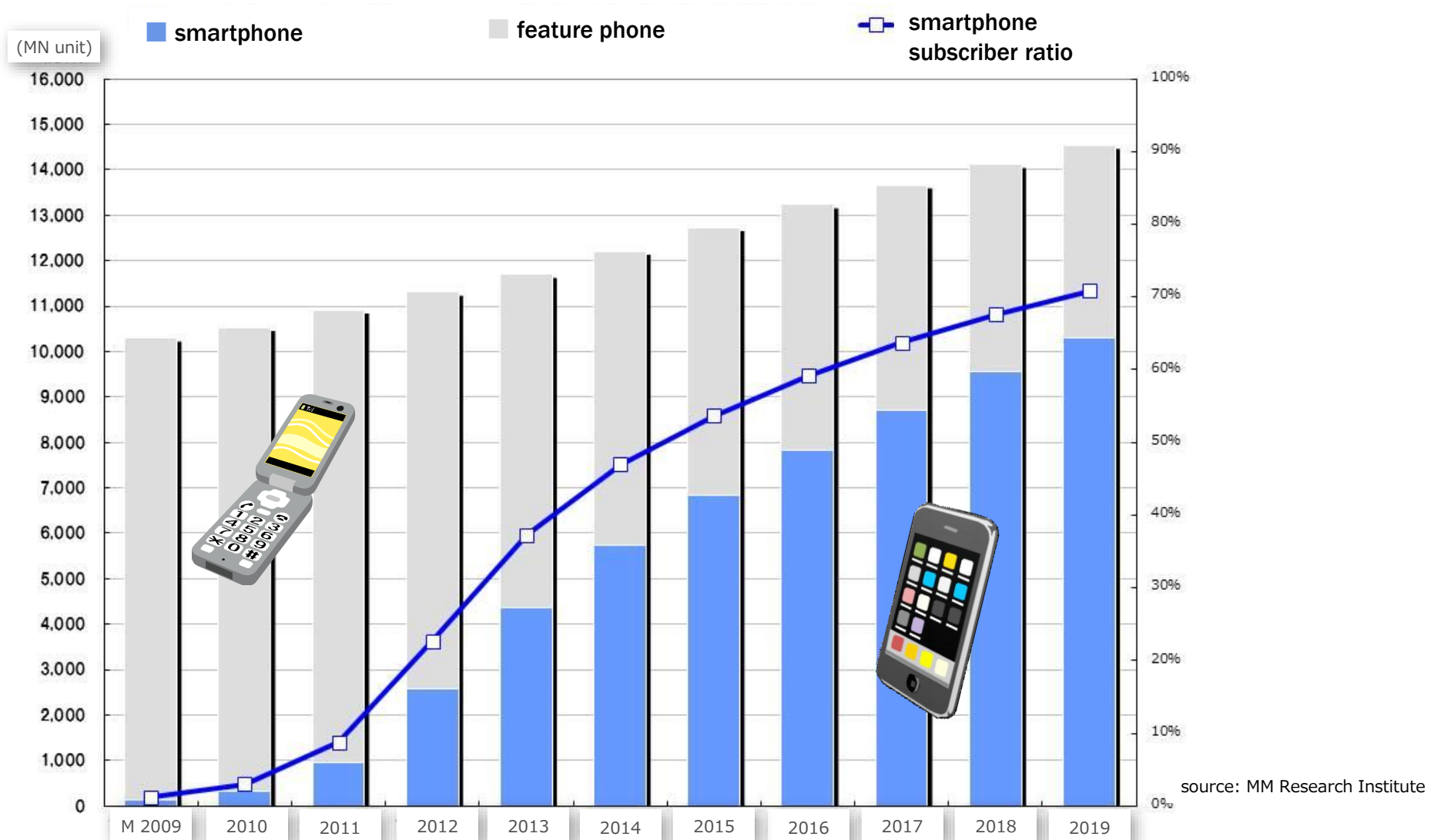
Period of growth

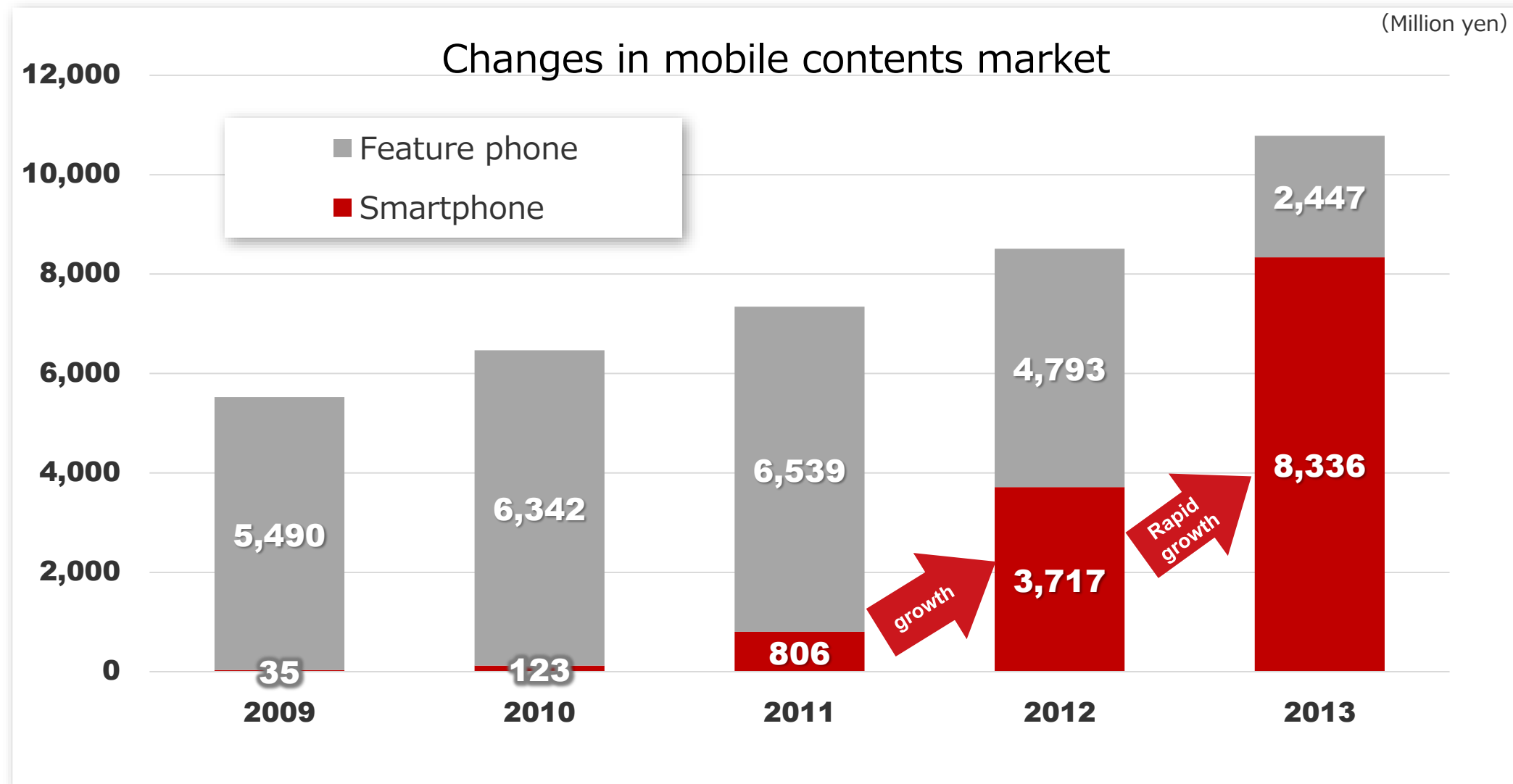
Period of jumping up



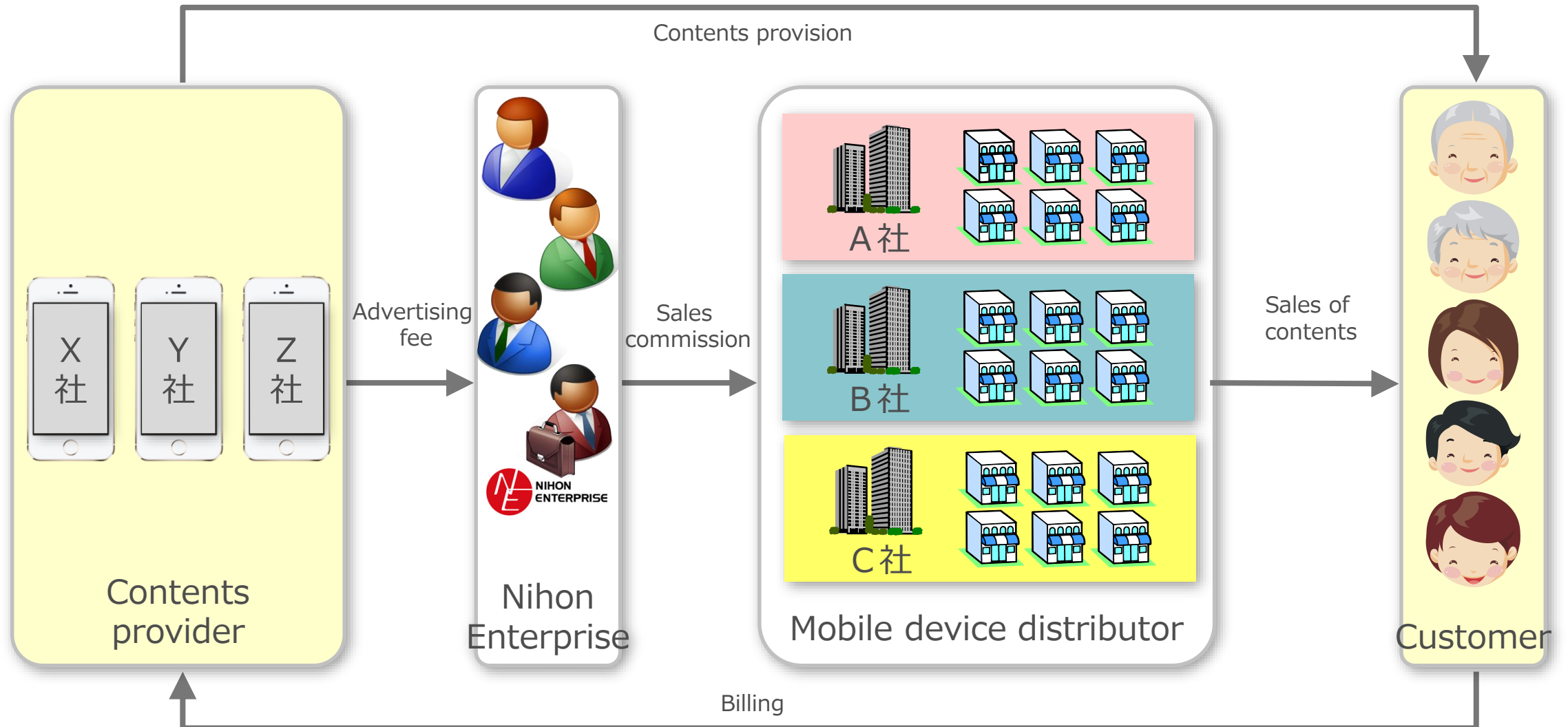
※Since FY2001 consolidated sales are shown

Changes in smartphone subscriber





source: Ministry of Internal Affairs and Communications





※ Wholly owned Chinese subsidiary of Nihon Enterprise

Sales of China Telecom's
mobile devices

**To create new business
through real shop launch**

Improvement of
customer satisfaction

**Provision of
sales
know-how**

- Japanese style "Omotenashi"
- shops providing customer experience
- Japan made state of the art design

Start of contents
sales (future plan)

**Alliance business with mobile carrier
To start in-store affiliate**

Nihon 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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