



2Q FY2016 Presentation Material

from Jan. 2016 to Mar. 2016

English

- 1. Overview of Quarterly Consolidated Financial Results**
- 2. Business Forecast for FY2016**
- 3. Internet Advertisement Business**
- 4. Game Business**
- 5. Media Business**
- 6. Up-front Investment (*AbemaTV & AbemaTV FRESH!*)**
- 7. Summary**

Overview of Quarterly Consolidated Financial Results

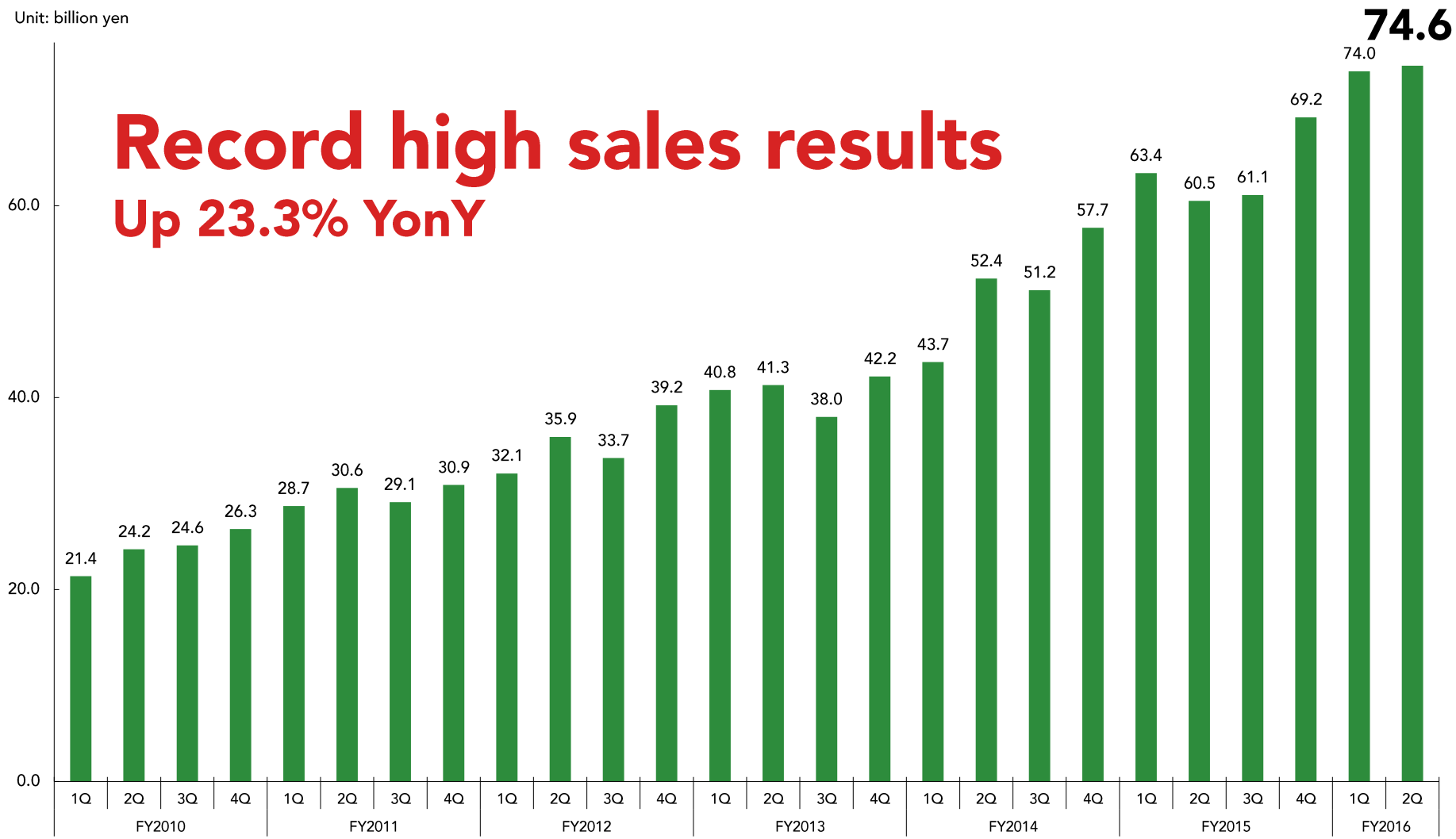
(Jan. 2016 – Mar. 2016)

[Highlights] FY2016 2Q

Consolidated Financial Results	Marked a record high sales Sales: 74.6 billion yen up 23.3% YonY OP: 11.2 billion yen up 37.3% YonY
Media Business	Launched AbemaTV on April 11, 2016 Sales: 5.3 billion yen OP : 0.03 billion yen (Up-front Investment 0.68billion yen)
Ad Business	High sales growth rate exceeding the market growth rate Sales: 42.3 billion yen up 20.5% YonY OP: 4.1 billion yen up 10.5% YonY
Game Business	Declined after the demand in Dec. and self- regulation Sales: 27.6 billion yen up 35.4% YonY (down 7.0% QonQ) OP: 6.9 billion yen up 50.6% YonY (down 21.5% QonQ)

[Quarterly Consolidated Sales]

Unit: billion yen

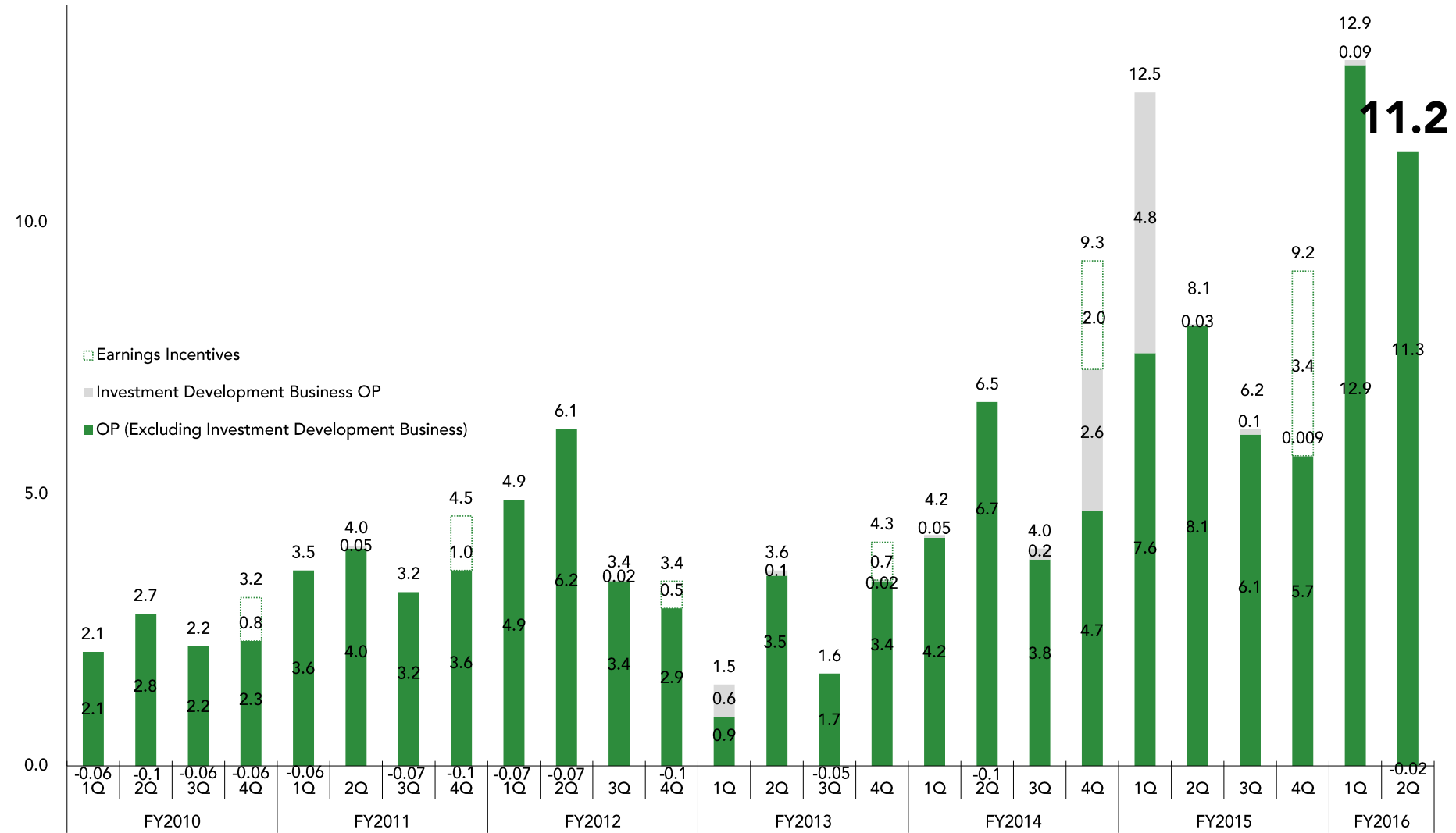


1. Overview of Quarterly Consolidated Financial Results



[Quarterly OP] 2Q 11.2billion yen (up 37.3% YoY)

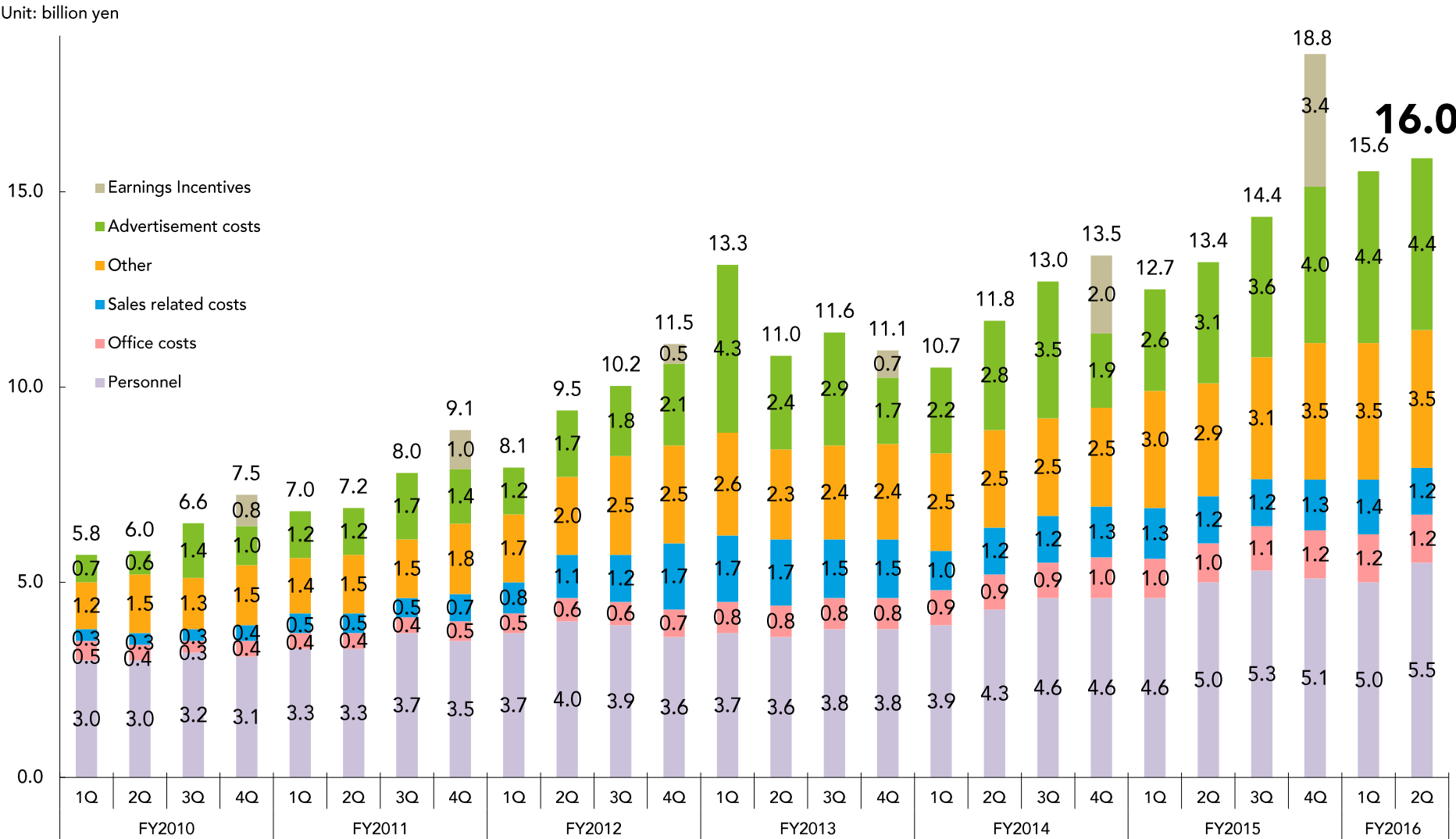
Unit: billion yen



1. Overview of Quarterly Consolidated Financial Results



[Quarterly SG&A Expenses]

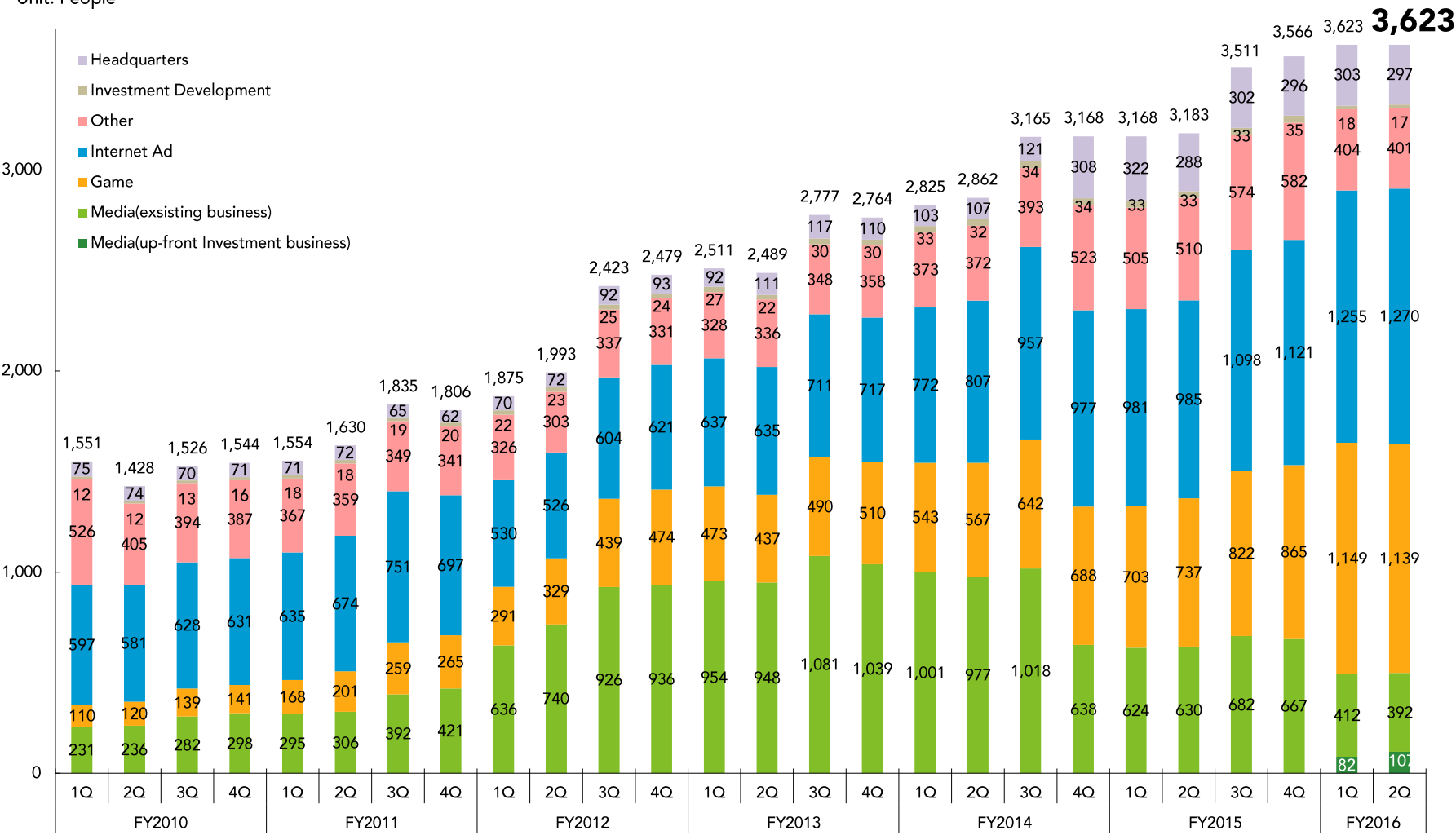


1. Overview of Quarterly Consolidated Financial Results



[No. of Employees] 244 new graduates join in April 2016

Unit: People



*Number of employees in Media Business describe separately existing business and up-front investment

1. Overview of Quarterly Consolidated Financial Results

[PL]

Unit: million yen	FY2016 2Q Jan-Mar 2016	FY2015 2Q Jan-Mar 2015	YonY	FY2016 1Q Oct-Dec 2015	QonQ
Net Sales	74,609	60,510	23.3%	74,030	0.8%
Gross margin	27,344	21,615	26.5%	28,676	-4.6%
SG&A expenses	16,090	13,421	19.9%	15,690	2.6%
Operating profit	11,253	8,193	37.3%	12,986	-13.3%
OPM	15.1%	13.5%	1.5points	17.5%	-2.5points
Ordinary profit	10,923	8,323	31.2%	12,814	-14.8%
Extraordinary income	1,072	199	437.2%	703	52.4%
Extraordinary loss	1,647	1,386	18.9%	1,344	22.5%
Current net pretax profit	10,348	7,137	45.0%	12,173	-15.0%
Current net profit	5,344	3,508	52.3%	5,913	-9.6%

1. Overview of Quarterly Consolidated Financial Results

[BS]

Unit: million yen	End of Mar 2016	End of Mar 2015	YonY	End of Dec 2015	QonQ
Current assets	95,776	77,610	23.4%	85,143	12.5%
Cash deposits	39,432	30,605	28.8%	25,172	56.6%
Fixed assets	39,135	35,593	10.0%	37,856	3.4%
Total assets	134,911	113,203	19.2%	123,000	9.7%
Current liabilities	48,375	38,925	24.3%	42,321	14.3%
(Income tax payable)	7,777	7,515	3.5%	2,634	195.2%
Fixed liabilities	1,769	1,278	38.3%	1,749	1.1%
Net assets	84,766	72,999	16.1%	78,929	7.4%

Business Forecast for FY2016

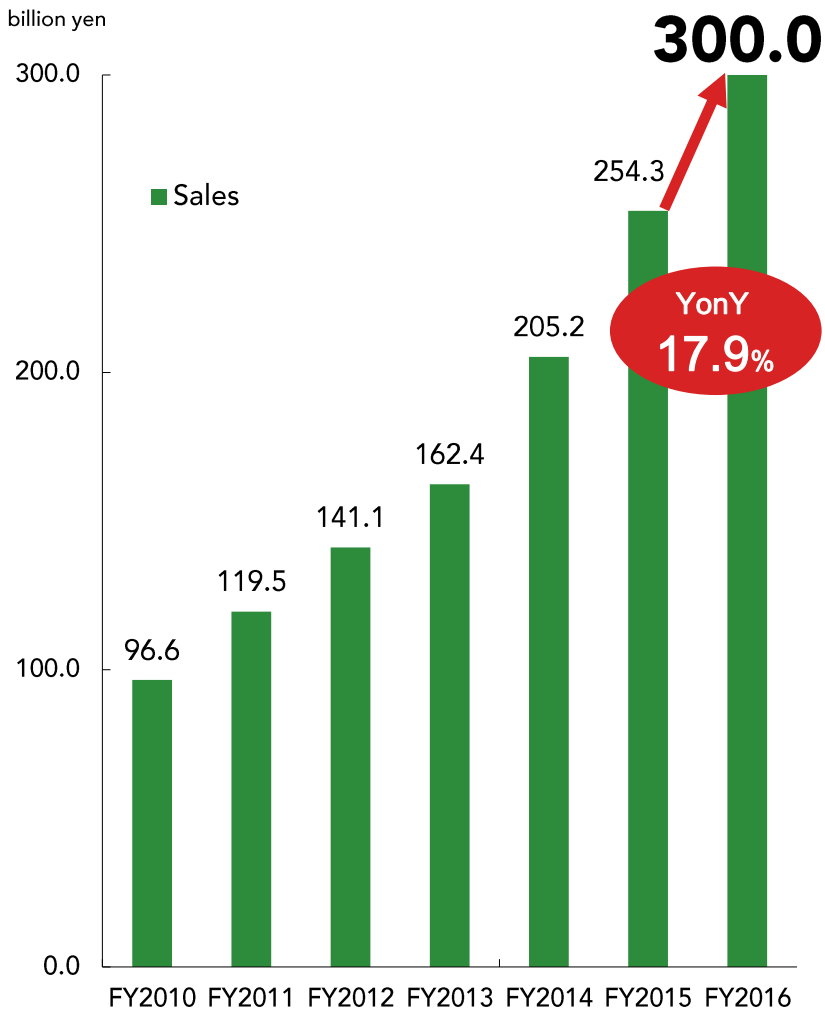
(Oct. 2015 – Sep. 2016)

2. Business Forecast for FY2016

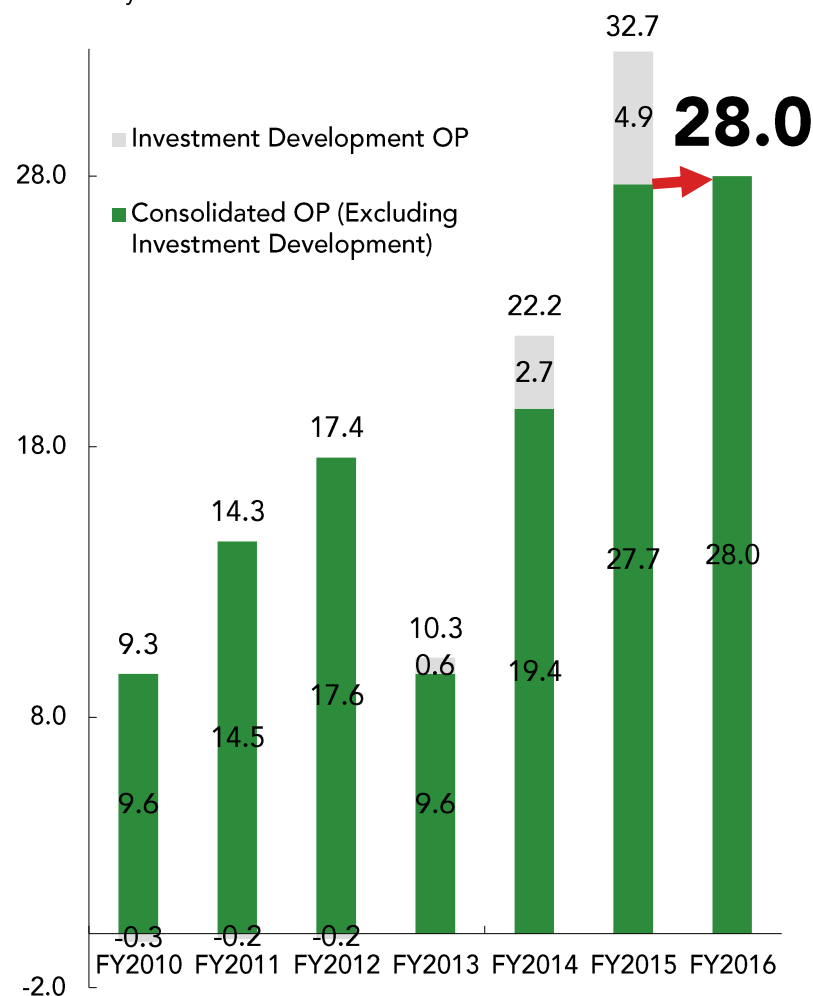
[Sales] 300.0 billion yen

[OP] 28.0 billion yen

Unit: billion yen

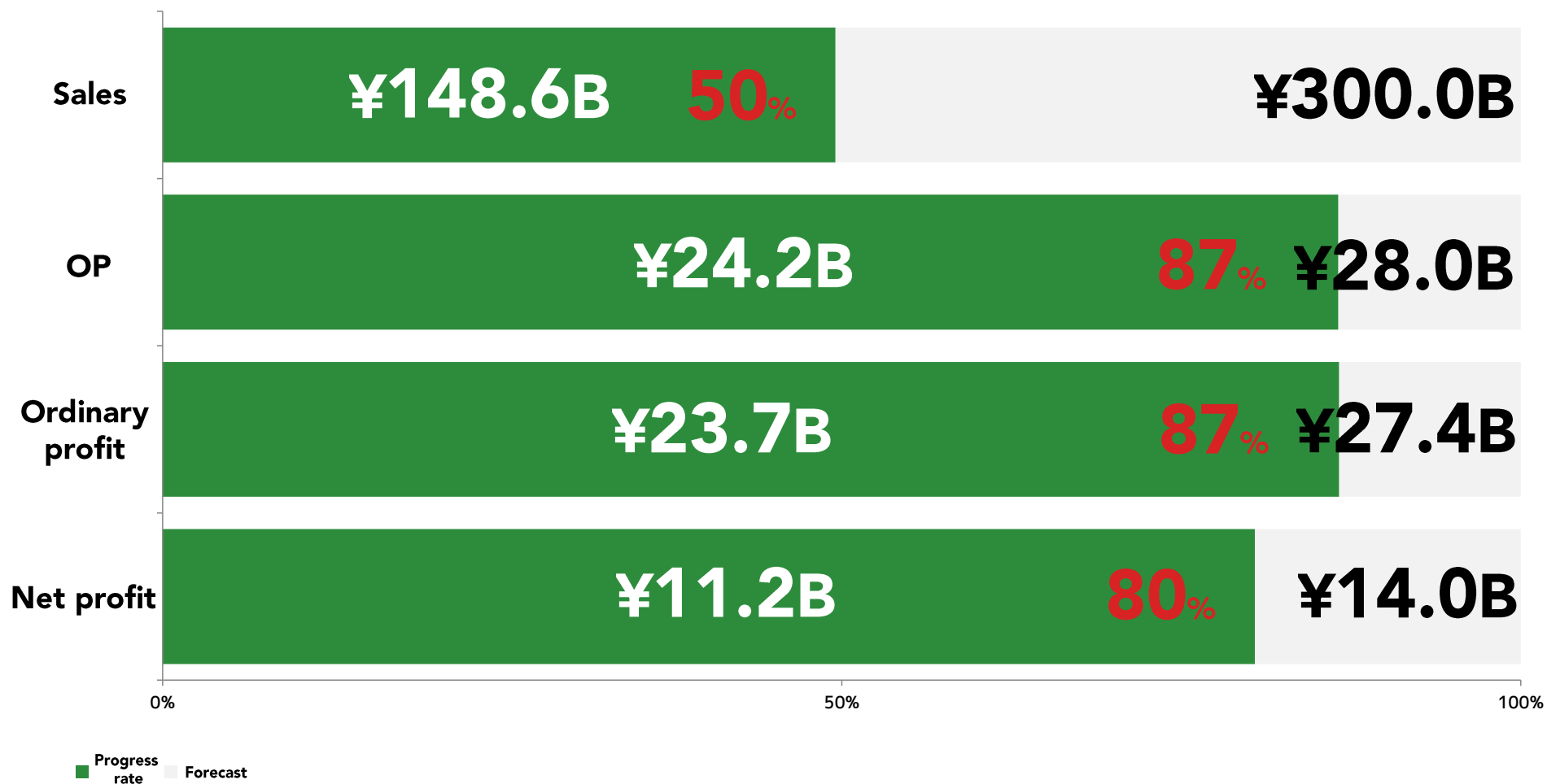


Unit: billion yen



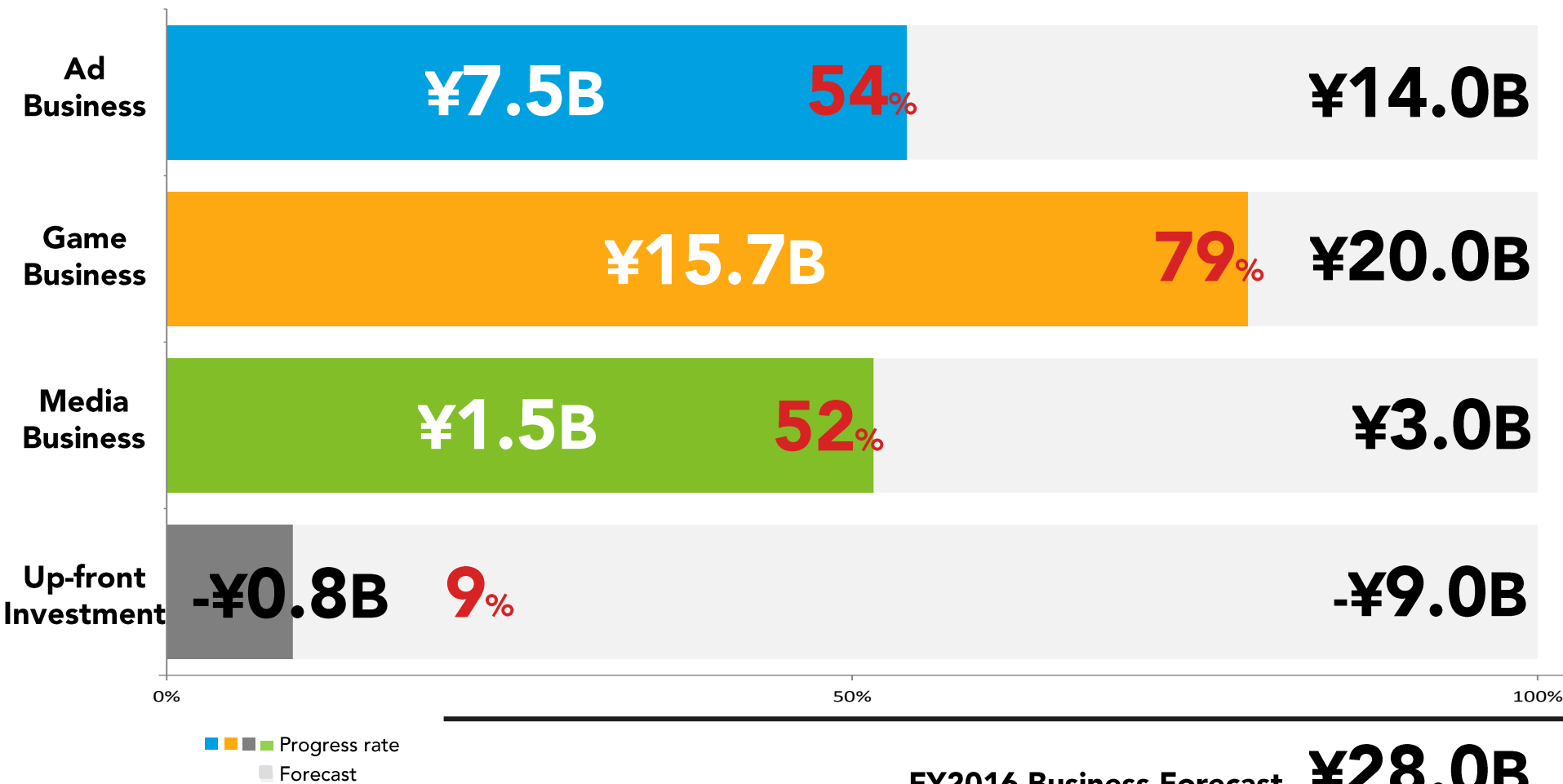
2. Business Forecast for FY2016

[Progress rates toward earnings forecast] Steady progress



2. Business Forecast for FY2016

[Progress rate of OP for each business] Full-scale up-front investment from Apr.



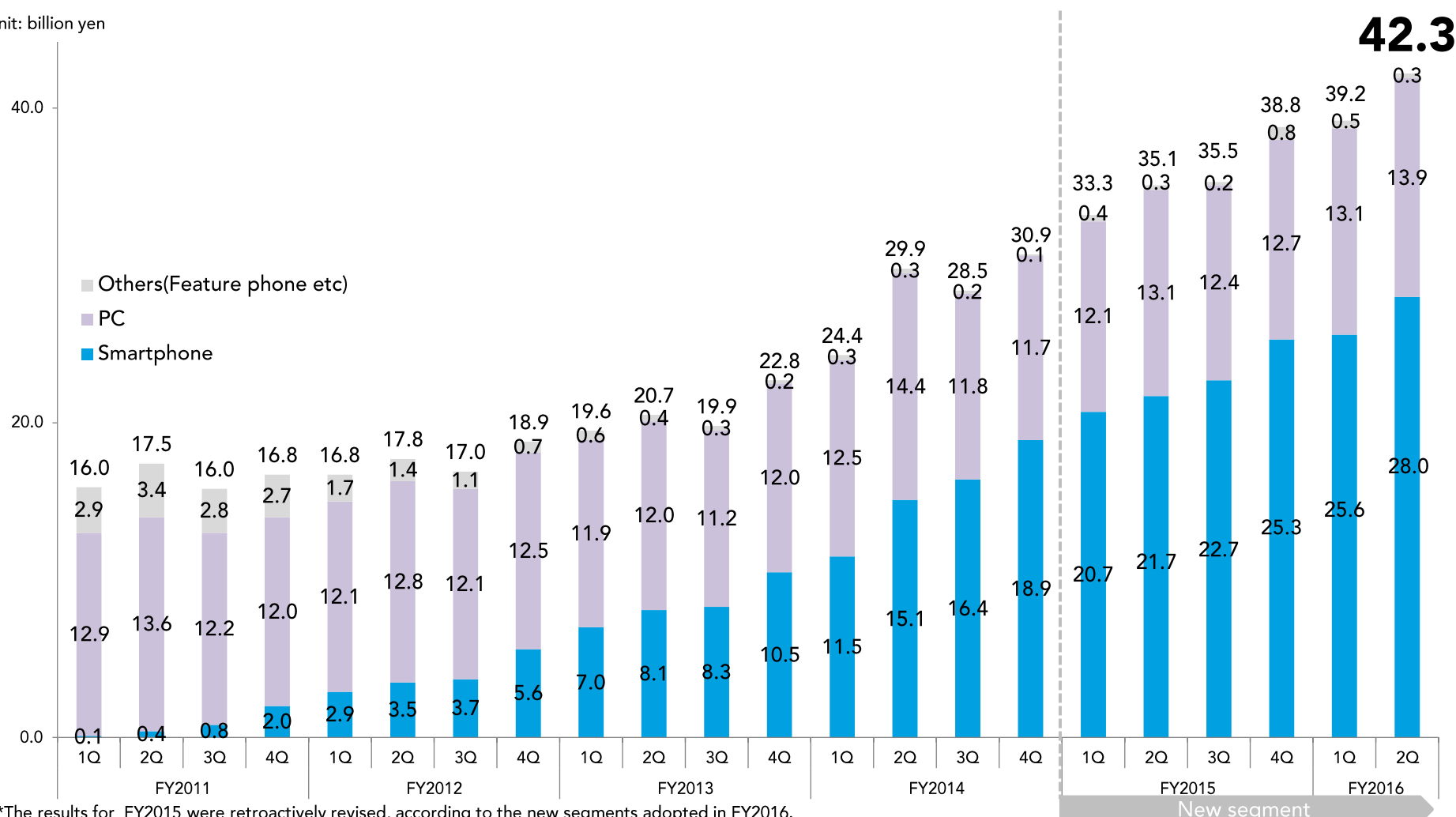
Internet Advertisement

3. Internet Advertisement Business

[Quarterly Sales] 2Q: **42.3** billion yen (up **20.5%** YoY)

A steady growth driven by the smartphone ads

Unit: billion yen



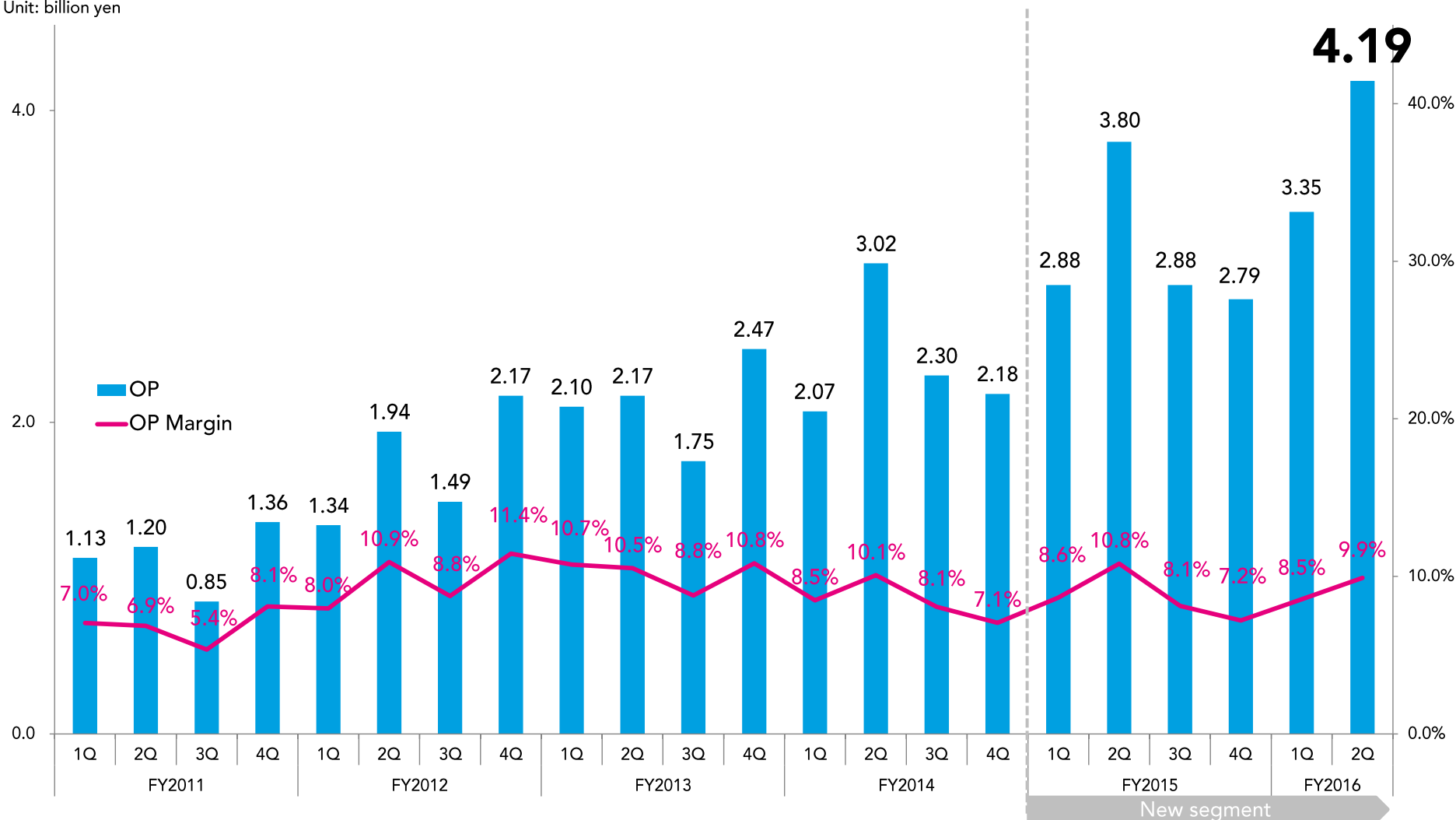
*The results for FY2015 were retroactively revised, according to the new segments adopted in FY2016.
(Sirok, Inc. and Shibuya Clip Create, Inc. were added.)

**From FY2015, the expenses for feature phone, event promotion sales, etc. are included in Others.

3. Internet Advertisement Business

[Quarterly OP] **2Q: 4.19 billion yen** (up **10.5%** YoY)

Unit: billion yen



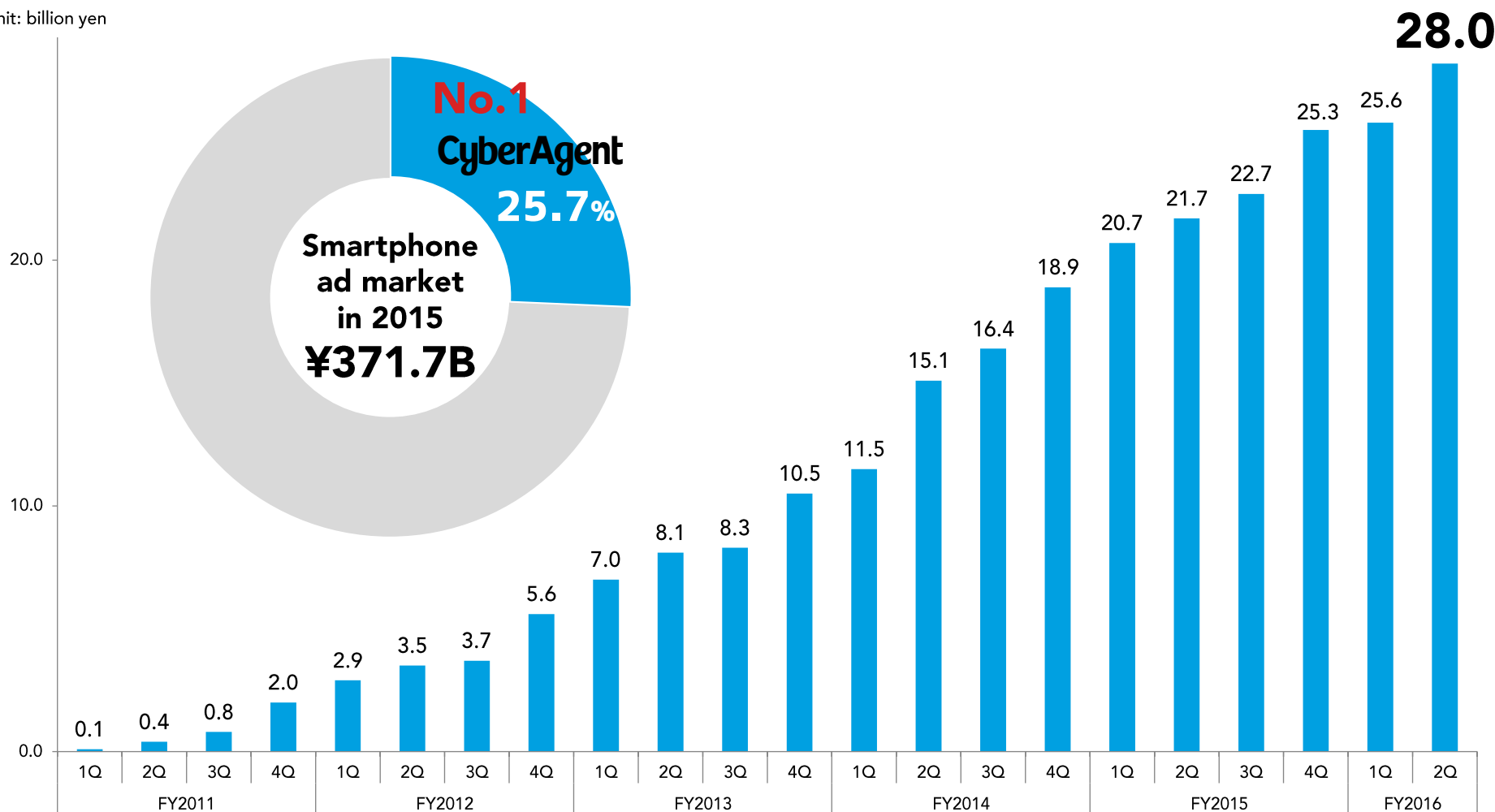
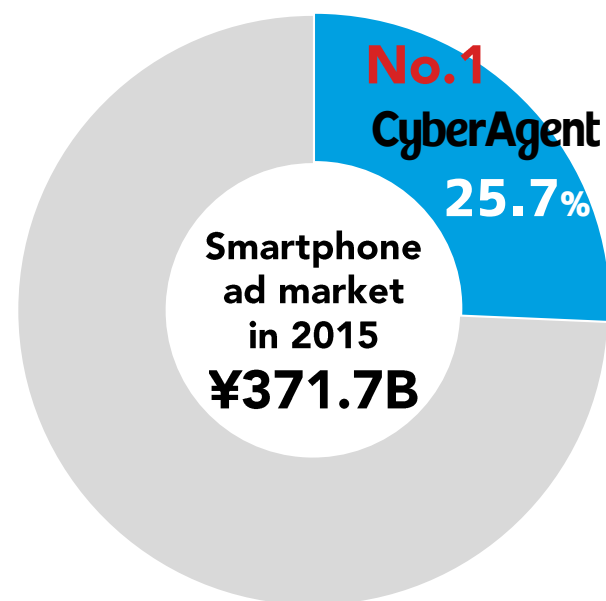
*The OP and OP margin of Internet Advertisement Business does not include earnings incentives.

** The results FY2015 were retroactively revised, according to the new segments adopted in FY2016. (Sirok, Inc. and Shibuya Clip Create, Inc. were added.)

[Fortified field] Smartphone Ad 2Q **28.0 billion yen (up **29.2%** YoY)**

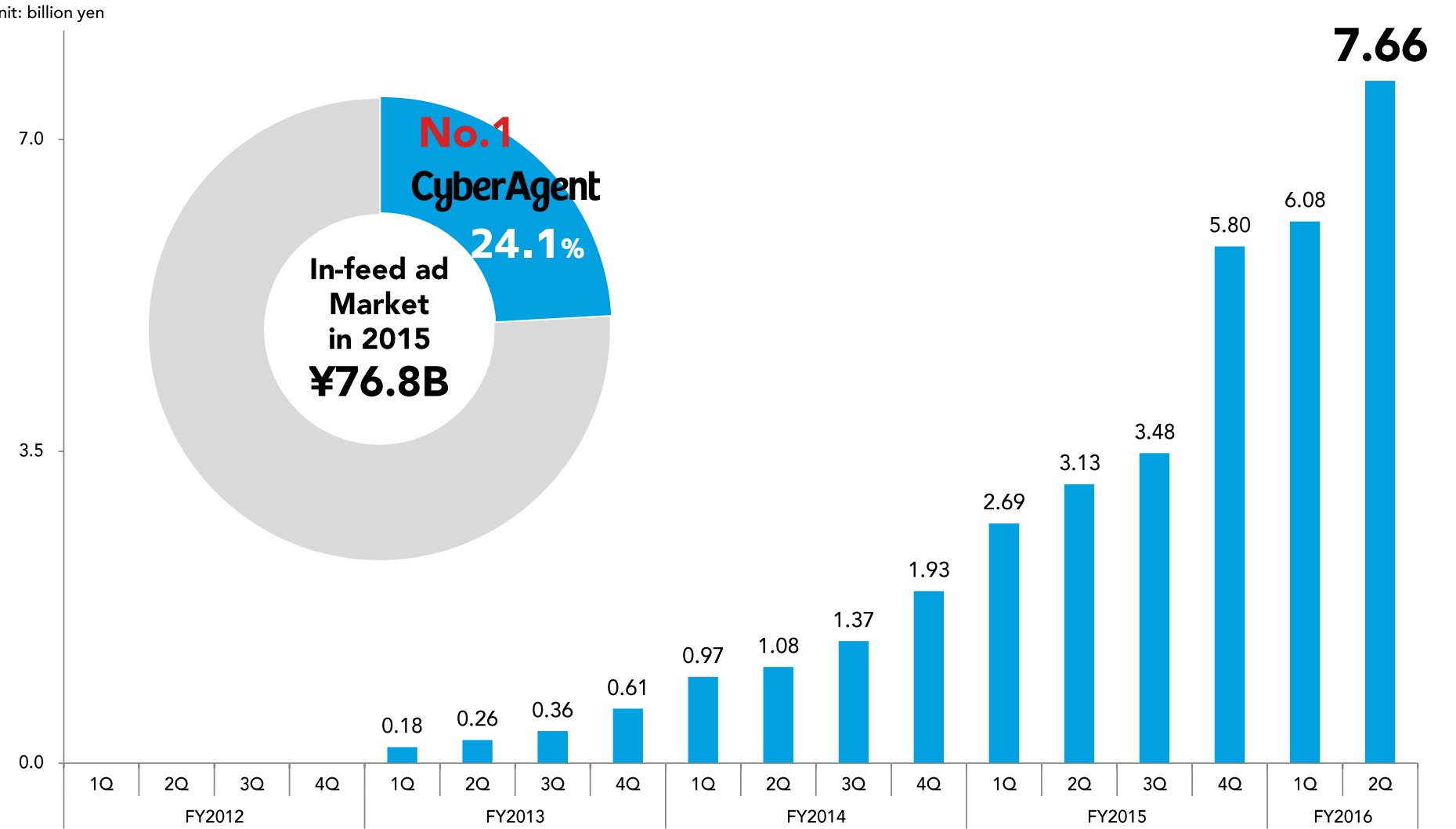
Our abilities to operate diversified services, including in-feed ads, were effective.

Unit: billion yen



*Source: Collaborative survey by CyberZ, Inc. and Seed Planning. Calculated based on our financial results for the period from Jan. to Dec. 2015 and the reference materials disclosed by each company.

[Fortified field] In-feed Ad 2Q **7.66** billion yen (**2.4x** YonY)
Facebook and Twitter Ads are growing



[Fortified field] Video Ad 2Q 2.36 billion yen (2.9x YoY)

Unit: billion yen

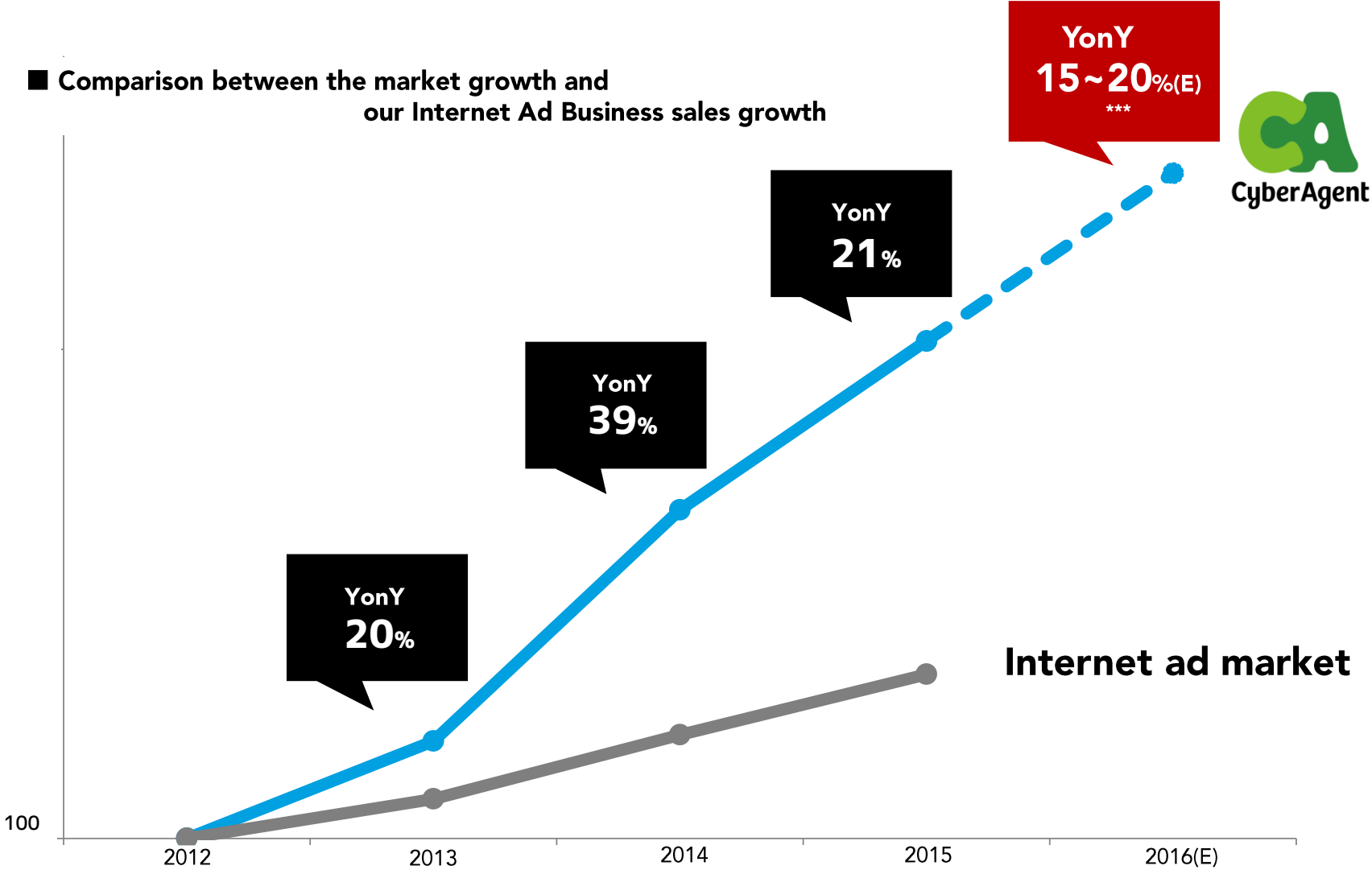
Established a division focus on brand ads
Plan to promote
AbemaTV & AbemaTV FRESH!



*Video ads: Ads in YouTube, LINE Video, digital signage, etc.

[Compared with the market] Aim to achieve our growth rate exceeding the market growth rate**, catching the trend wave for our strategies

■ Comparison between the market growth and our Internet Ad Business sales growth



*Variation under the assumption that the value in 2012 is 100.
**Source: "Ad cost in Japan 2013," "Ad cost in Japan 2014," and "Ad cost in Japan 2015" of Dentsu Inc.
***The growth rate in 2016 was estimated in 2Q of the term ending Sep. 2016.

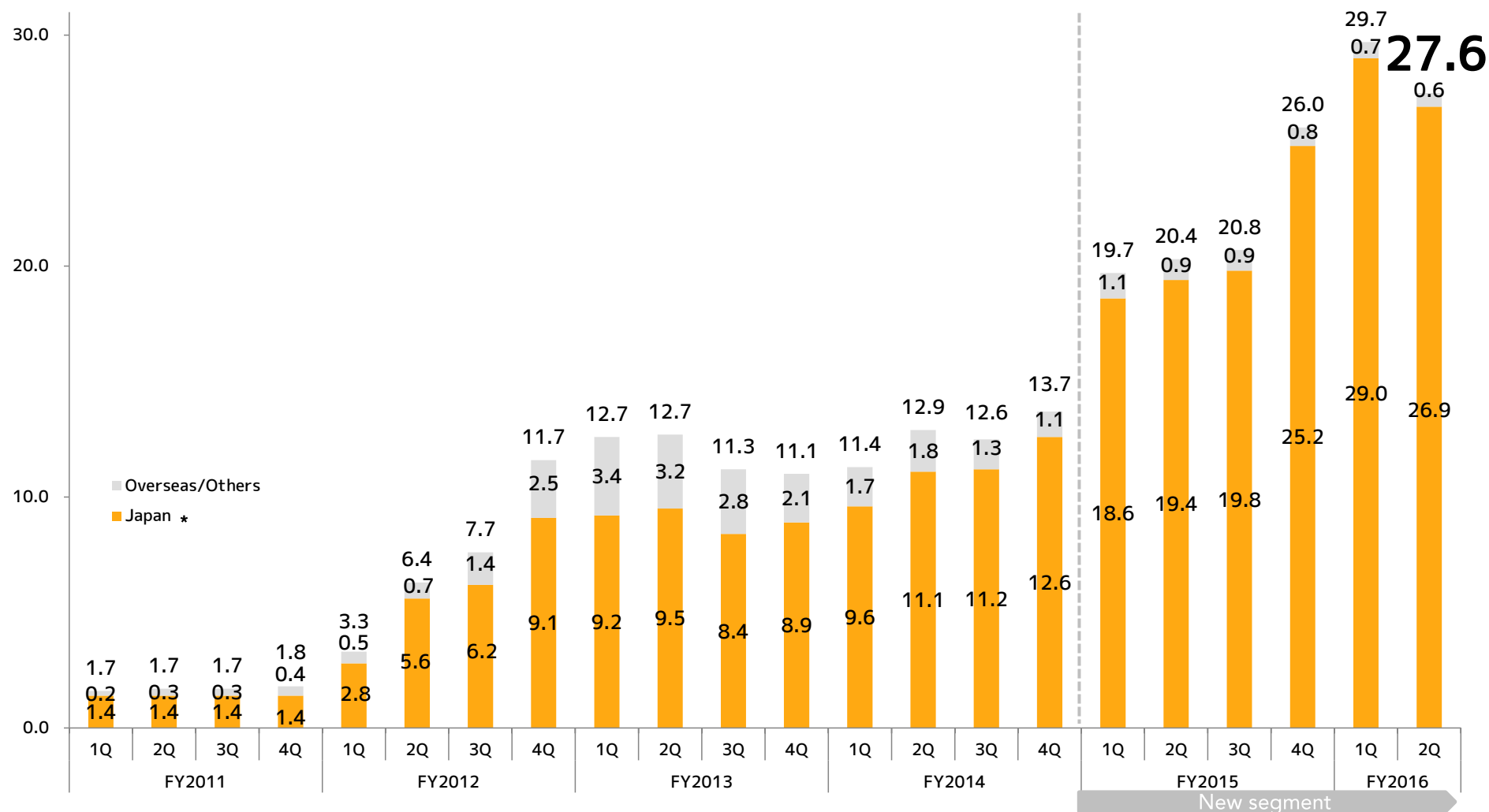
Game

4. Game Business

[Quarterly Sales] 2Q: **27.6** billion yen (down **7.0%** QonQ)

Declined due to retroaction of the demand in Dec. and self-regulation

Unit: billion yen

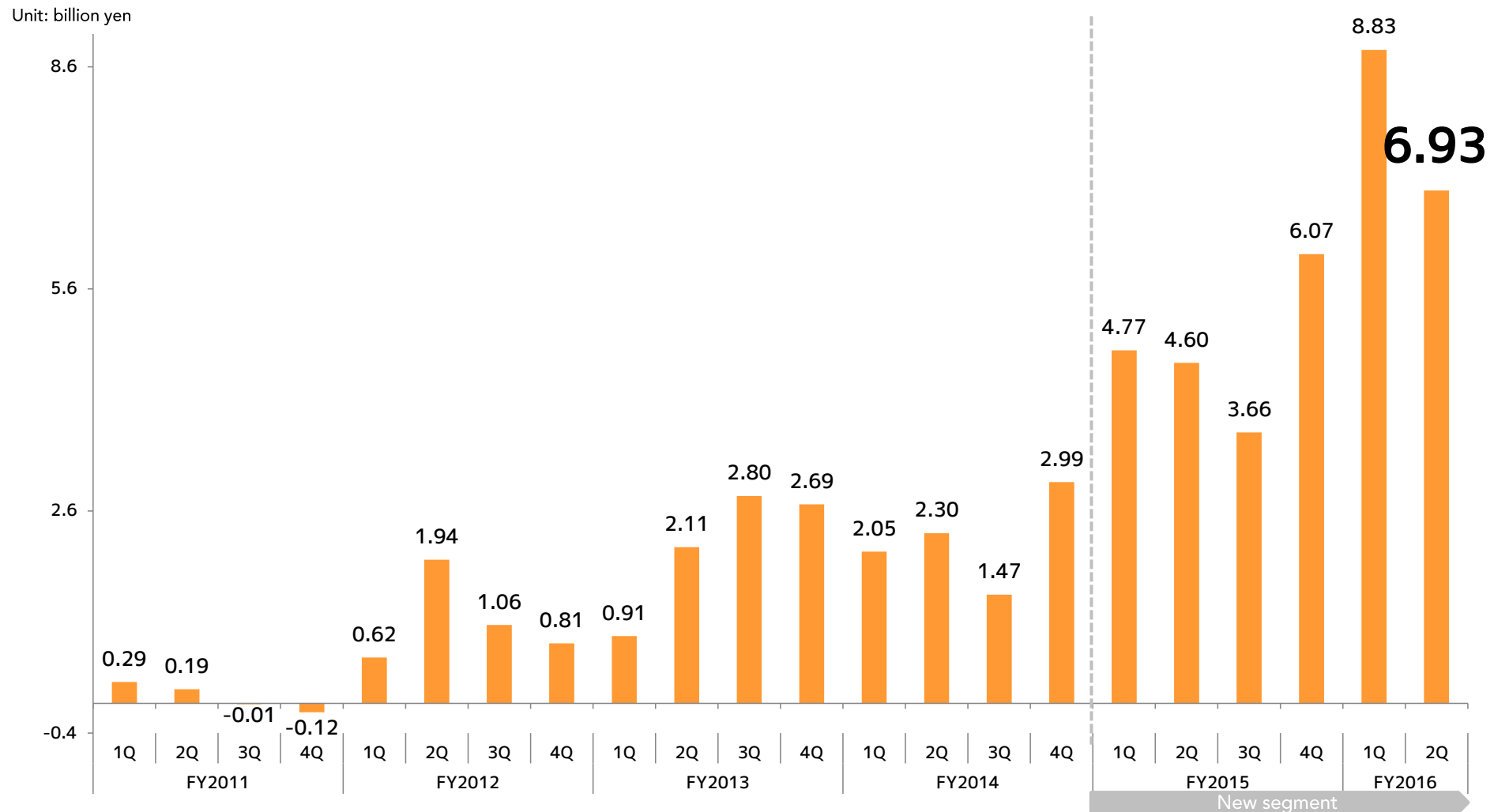


*Sales of "Overseas/Others": Overseas sales, product goods sales, etc.

*The results for FY2015 were retroactively revised, according to the new segments adopted in FY2016. (The games of the Ameba Business and Goodroid, Inc. were added.)

4. Game Business

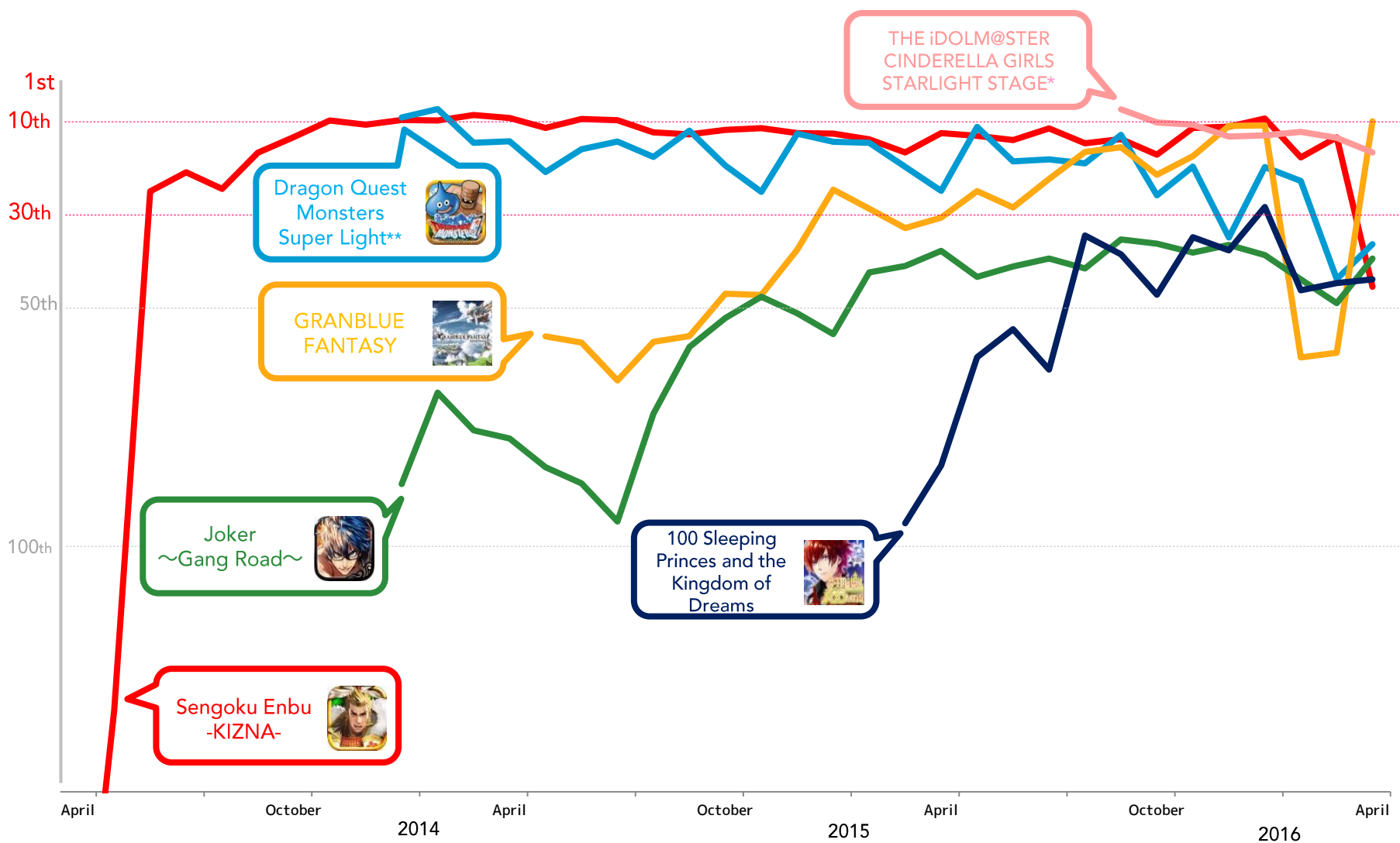
[Quarterly OP] 2Q: **6.93** billion yen (down **21.5%** QonQ)



* The OP of the Game Business does not include earnings incentives.

**The results for FY2015 were retroactively revised, according to the new segments adopted in FY2016. (The games of the Ameba Business and Goodroid, Inc. were added.)

[Sales ranking] Major titles are still ranked high



* ©BANDAI NAMCO Entertainment Inc. It was jointly developed and is operated by ©BANDAI NAMCO Entertainment Inc. and Cygames Inc.
 ** © 2014,2015 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Cygames, Inc.
 *** Sales ranking calculates the App Store top sales ranking from AppDB. Monthly avg. values in ranking is used. (For April, by 19th)

[New titles] 6 games to be released in the term ending Sep. 2016.

① *Shadowverse*

To be released
for 3Q FY2016
(JP/US)

Provided by
Cygames, Inc.



② To be released for 3Q FY2016

Provided by CyberAgent, Inc.

3D ? game

③ To be released in 2016

Provided by GCREST, Inc.

Game for
? women

④ *Endride ~X fragments~*

To be released in 2016

Joint project between CA and Nippon Television Network Corp.



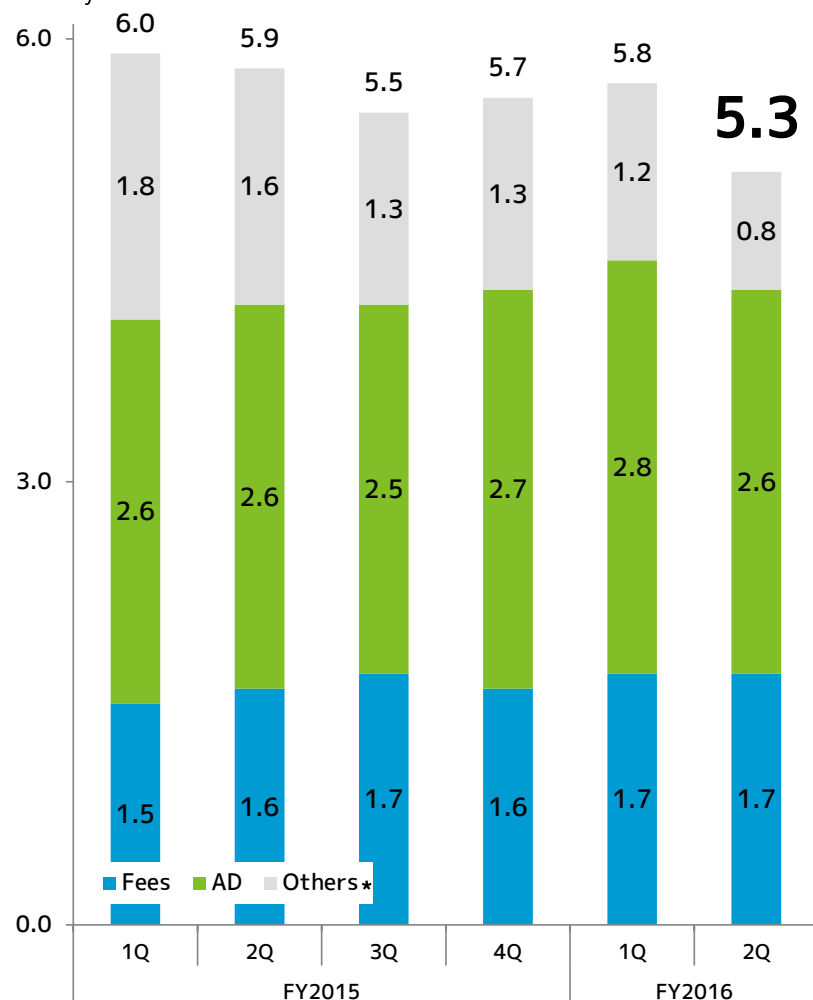
Media

5. Media Business

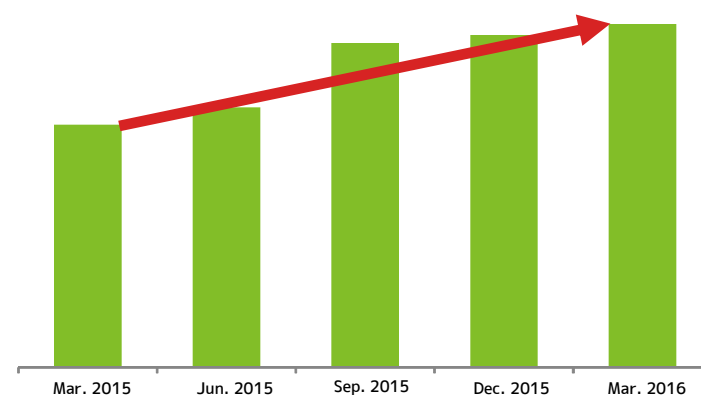
[Quarterly Sales]

2Q: 5.3 billion yen (down 10.6% YoY)

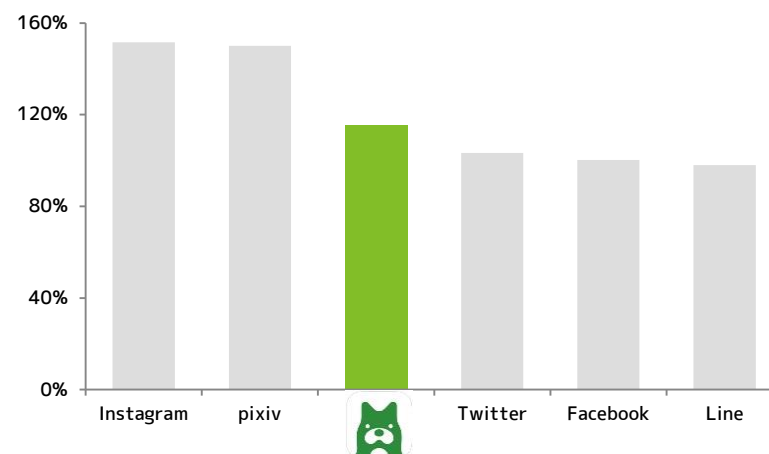
Unit: billion yen



Ameba Apps DAU 1.4x (YoY)



Ranked 3rd of SNS growth rate ranking in 2015***



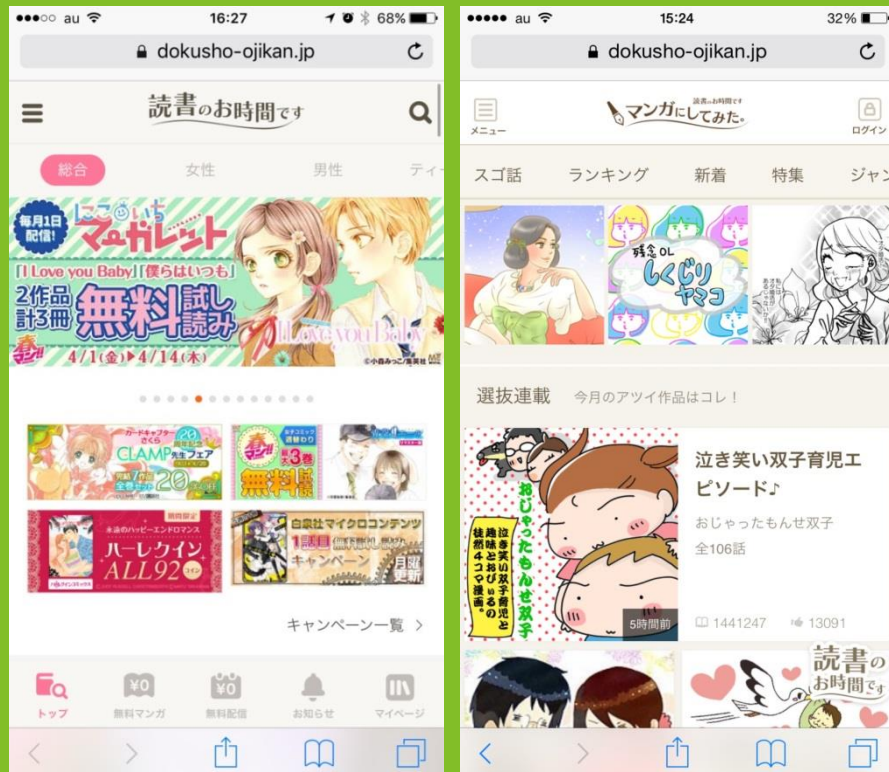
*Others: platform commission fees, etc.

** The results for FY2015 were retroactively revised, according to the new segments adopted in FY2016. (Games are included in the Game Business. AbemaTV, Inc., 7gogo, Inc. and other 6 firms added).

***: Reference: App Ape Analytics

[New charged fee service] both of *e-book* and *meet up* service moved in black a single month

It's time to read



E-book service for women
Aim to occupy the largest share in the market of women's e-comics.

Tapple



Online dating service with hobbies
A total of 14.8 million couples* have been realized. (since May 2014)

* No. of matchings with "Cool"

** "It's time to read": released in Sep. 2013

*** "Birth of Tapple": released on May 15, 2014

Up-front Investment

(AbemaTV & AbemaTV FRESH!)

Brand unification

AbemaTV, Inc.



**Live broadcasting
platform**



Internet TV station

*AbemaTV, Inc. is a joint venture established with TV Asahi Corporation in Apr. 2015. Capital contribution ratio: CyberAgent: 60%, TV Asahi: 40%

**The business of "AmebaFRESH!" was transferred to AbemaTV, Inc. on Apr. 1, 2016.

[AbemaTV]

A TV like video service with passive watch manners

AbemaTV officially launched on Apr. 11



[AbemaTV] 4 features



1
FREE



24/7
program



Product
quality



Contents
lineup

6. Up-front Investment (AbemaTV & AbemaTV FRESH!)

[AbemaTV] ① Free of charge without subscription, revenue from ads

Same model as TVCM (mainly 15 sec) , start from May on a full scale



Program



CM



Program

Example of advertisers (Record up until now)

LOTTE Co., Ltd. / NISSIN FOOD PRODUCTS CO., LTD. / Recruit Sumai Company Ltd.
Seven-Eleven Japan Co.,Ltd. / SoftBank Corp. and 7 other companies

[AbemaTV] ② 24 hours program

Watch 24/7 anytime and anywhere



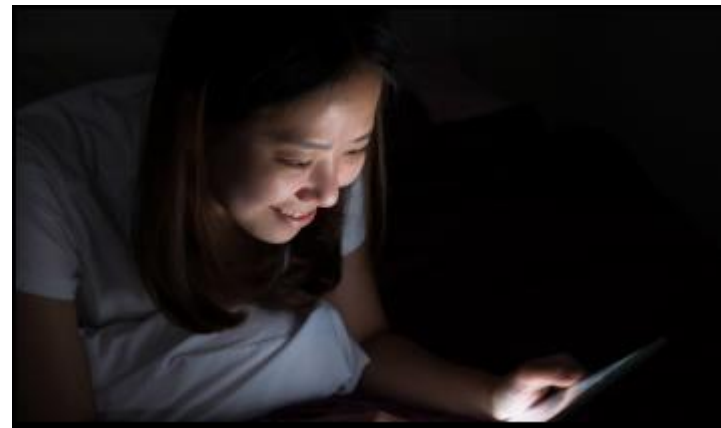
At breakfast



On the road



At lunch time



Before sleep

[AbemaTV] ③ Product quality

User friendly design + function

Tap to see
lineup



Tap to go
MENU list

Tap to enter comments

Tap to see
comment list

Swipe to change channels

[AbemaTV] ③ Product quality

Program notification



Tap the program to watch

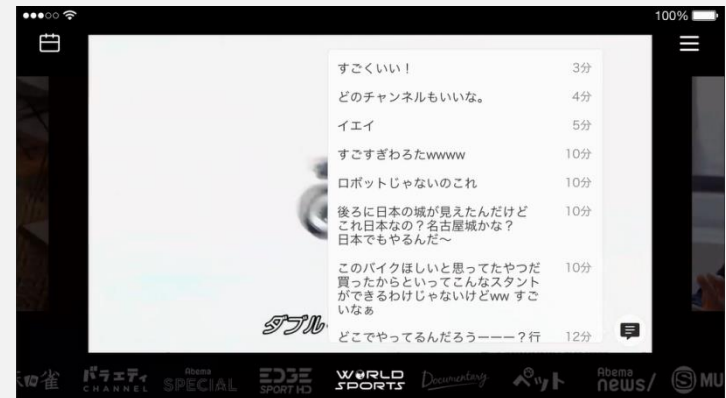


Tap "Remind Me"

Comment function



Enter comments



Display comments on the list and post them in Twitter

[AbemaTV] ③ Product quality

Available for watching aired programs by “Video on demand”

Premium Plan : 960 yen/month (tax included)*



[AbemaTV] ④ Contents lineup

More than 20 channels



[AbemaTV] ④ Contents lineup



Original channel
24 hours news channel
produced by TV Asahi News Division



Harajuku Abema news

Cast : Nicole Fujita, Hana Imai, et al

A program for teenager to 20s
(smartphone used generation)
Live broadcast from 6pm Mon to Fri at
Harajuku open studio



AbemaPrime

Cast: Daisuke Muramoto(woman
rushhour), Kendo Kobayashii, et al

Live broadcast from 8pm Mon to Fri
Edgy news program



Yoru Buzz

Cast: Mino Monta

Live broadcast 8pm on every Saturday
Mino Monta made a comeback as a
newscaster in 2.5 years

[AbemaTV] ④ Contents lineup



Original channel

Original live broadcast program such as
24 hours monitoring someone

The image for "The Night" program shows a dimly lit bar or lounge interior with a pool table in the background and various bottles on a counter in the foreground.

The Night

From 1am Mon to Fri

Cast: Speed wagon (Mon),
Mari Yaguchi (Tue), et al

Like a radio style program
brought to you from
Chateau Ameba every late
at night



Mogami Moga no mogamaga

From 10pm every Mon

Cast: Moga Mogami
(Dempagumi.inc), Nobuyuki
Tsuchiya (Knights)

A program for learning
magazine work from various
specialists as a chief editor



Mousou Monday

From 11pm every Mon

Cast:
Yuji Ayabe (Peace), Anna
Konno, Misumi Shiochi, et al

A fancy program to cheer up
a blue Monday



Wakatsuki Chinatsu to nama de ittemita

From 8pm every Wed

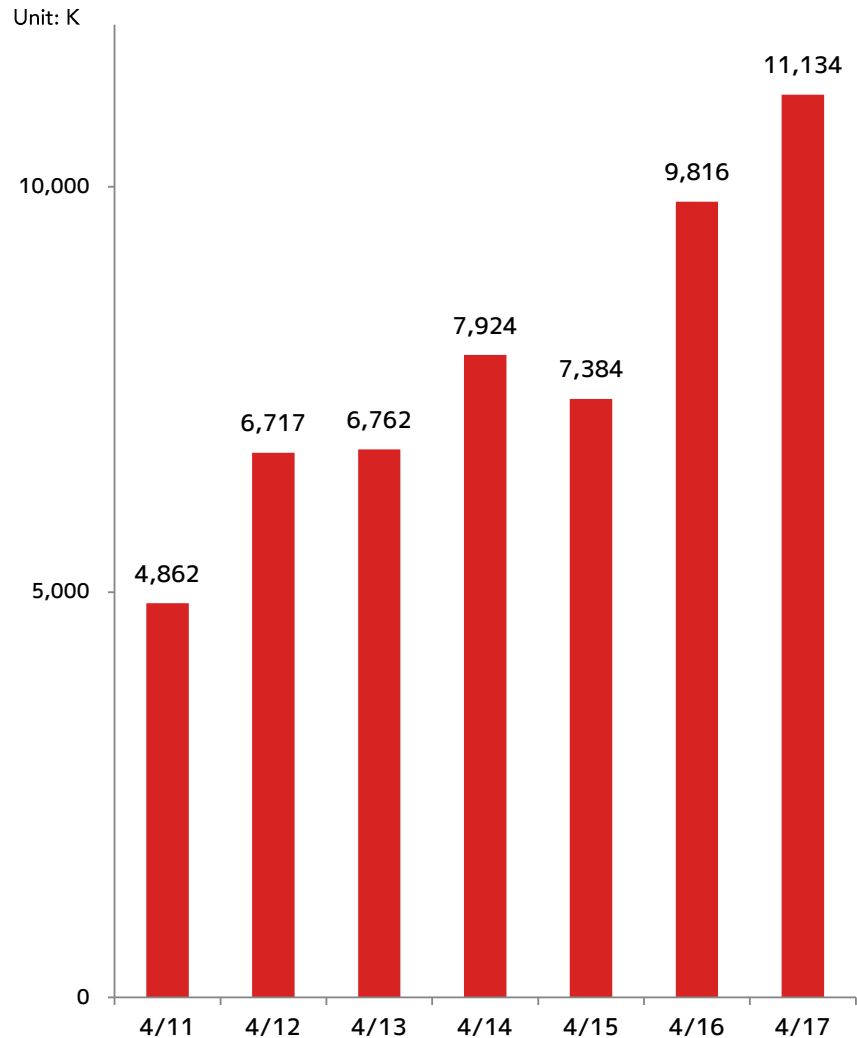
Cast: Chinatsu Wakatsuki

Chinatsu Wakatsuki, kind of a
big sister for the young, unzip
the real school life

6. Up-front Investment (AbemaTV & AbemaTV FRESH!)

[AbemaTV] Achieve more than 10 million views after a week since it launched

■ Transition of number of views



Best 10 channels※



1	AbemaNews
2	Midnight Anime
3	Good old Anime
4	Anime24
5	Drama
6	AbemaSPECIAL
7	MTV
8	Variety
9	Family Anime
10	Reality Show

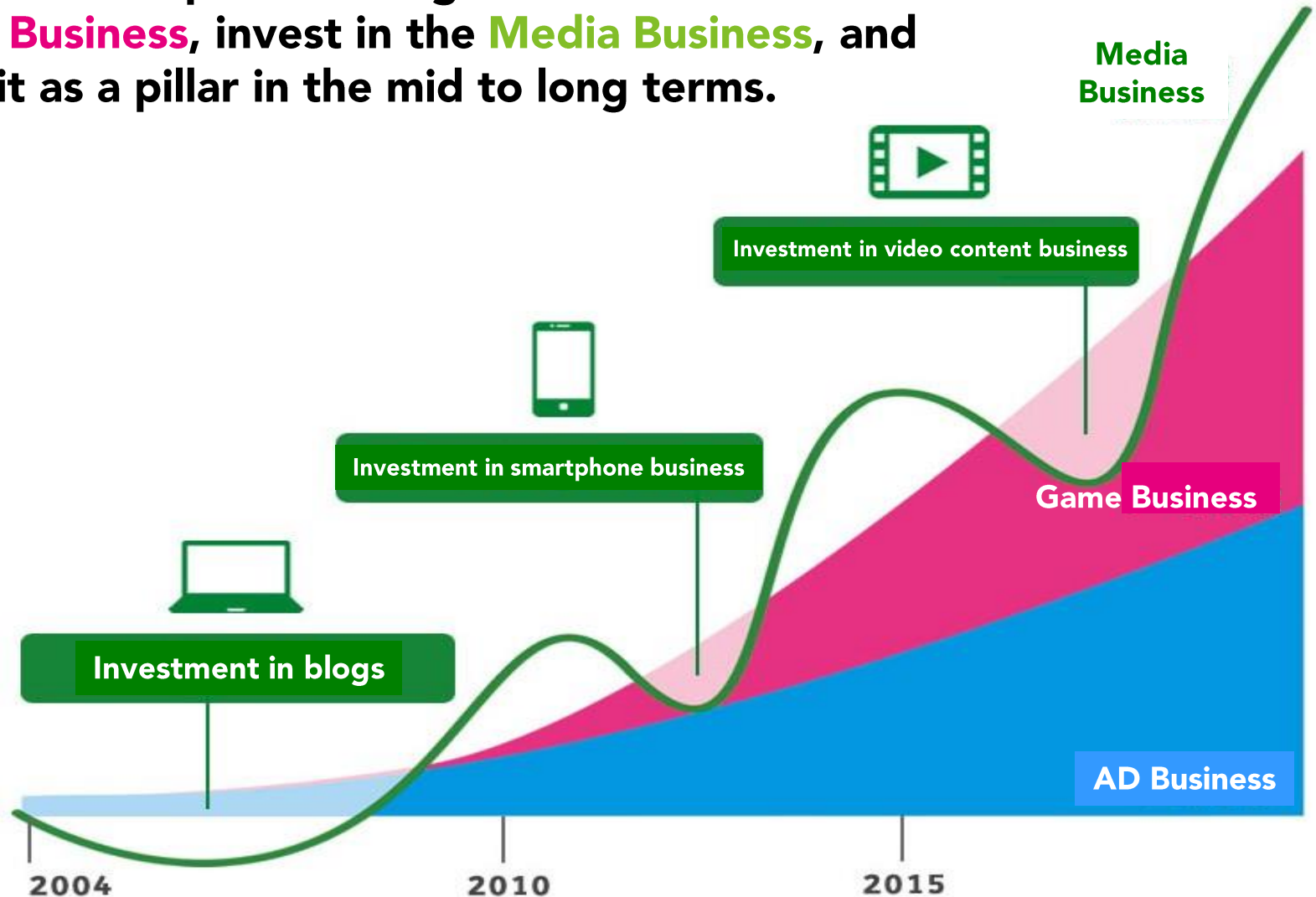
*The figure indicates the cumulative number of views from Apr. 13, 2016.

Summary

2. Business Forecast for FY2016

[Operating Profit (Image)]

To accumulate profit through the **AD Business** and **Game Business**, invest in the **Media Business**, and grow it as a pillar in the mid to long terms.



Develop Media Business as a main pillar in the mid/long term

Ad Business

Steady progress. Its share is estimated to expand.

Game Business

Strengthen the self-regulation and enhance the Soundness.

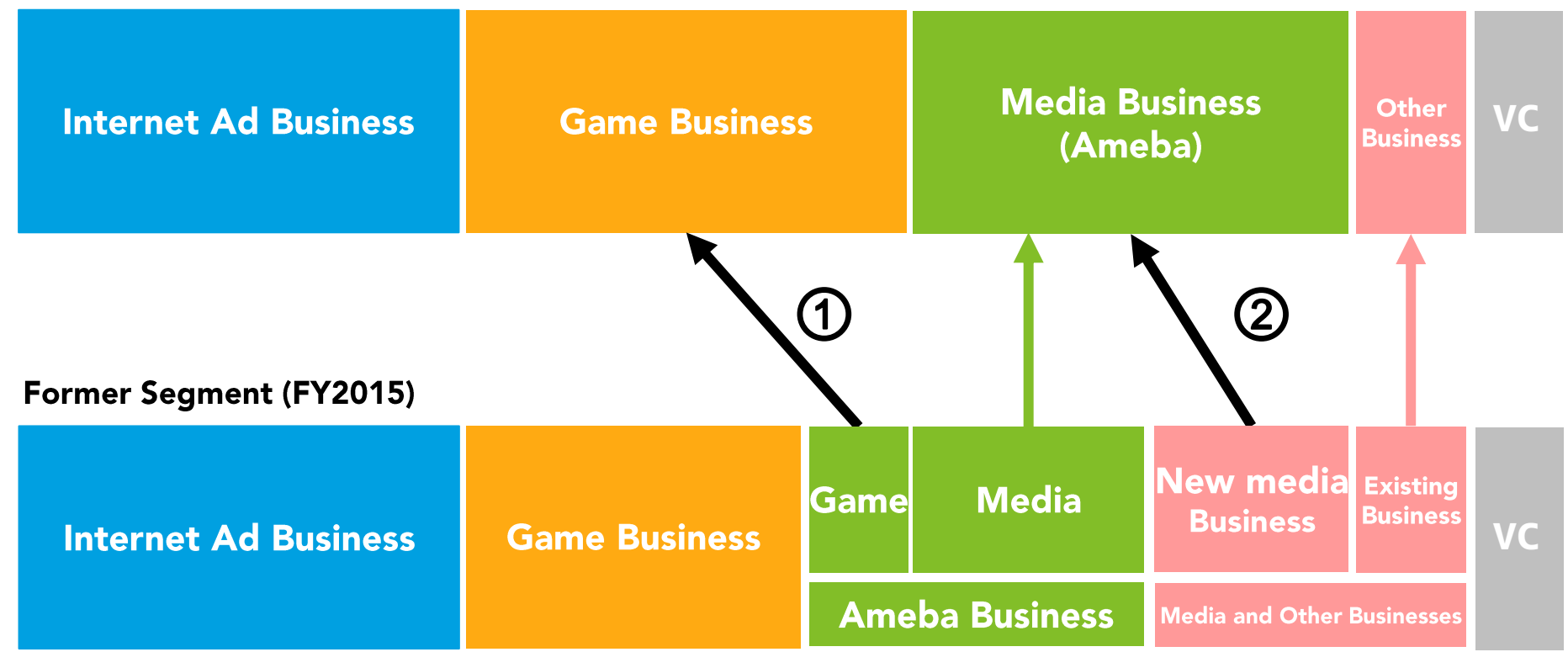
Media Business

Regard video business as a first year, and will enhance the up-front investment.

References

[New segment (FY2016)]

- (1) The game section of the Ameba Business is categorized into the Game Business
- (2) New Business (Video businesses & 755) is categorized into the media business (Ameba)



The financial results for 3Q of FY2016 are scheduled to be released at 15:00 or later on Thursday, July 21, 2016.

[Notes]

The future information, such as earnings forecast, written in this document was produced based on the available information at that time, and our company does not guarantee that they will come true. Actual performance, etc. may be different according to various factors. We would appreciate your understanding.