

Nihon Enterprise Co., Ltd.

Financial statements for 1Q of FY2015



As of September 2014





Summary of earnings results [1Q of FY2015]



Operating review [Contents service business]

for the 1Q of FY2015



Operating review [Solution business]

for the 1Q of FY2015



Outlook for FY2015 [Earnings forecast]

Content service business

- Services for “carriers’ fixed rate services” increased
 - Contents lineup expanded (Commu-kara” was released for au Smart pass)
 - Enter to carriers’ new services (AppSeru, App Pass)
- A free of charge chat App., “Fivetalk” achieved 100 million downloads
- Pre-registration of a game App. titled “Pull! NekoPing Planet” started

Solution business

- Sharply higher sales in in-store affiliate^(*)
- Contracted with Chiba prefecture for Chiba project to prevent declining in birthrate
- “AplosOne softphone”, an IP telephone App, released

Others

- Gained 331 million yen as extraordinary profit on sales of investment securities

※performance based contents sales through the alliances with cell phone distributors (real affiliate).

Financial briefing - summary of consolidated income statements



	1Q of FY2014 ended May	1Q of FY2015 ending May	YY change	
			Sum	Percentage
S a l e s	1,139	1,316	177	15.6%
C O G S	617	687	70	11.3%
G r o s s P r o f i t	521	628	107	20.6%
S G & A	461	576	114	24.9%
Operating Profit	59	52	▲7	▲12.4%
Non-operating profit	2	4	2	114.8%
Non-operating expense	1	0	▲1	▲93.3%
Ordinary profit	60	57	▲3	▲5.1%
Extraordinary profit	107	331	223	208.0%
Extraordinary loss	0	7	7	7,345.6%
Pre-tax profit for this quarter	167	380	212	127.1%
Total amount of corporation tax and others	79	162	82	104.2%
Income before minority interest for this quarter	88	218	130	147.6%
Minority interests in net p r o f i t	6	6	▲0	▲1.0%
N e t p r o f i t	81	212	130	159.1%

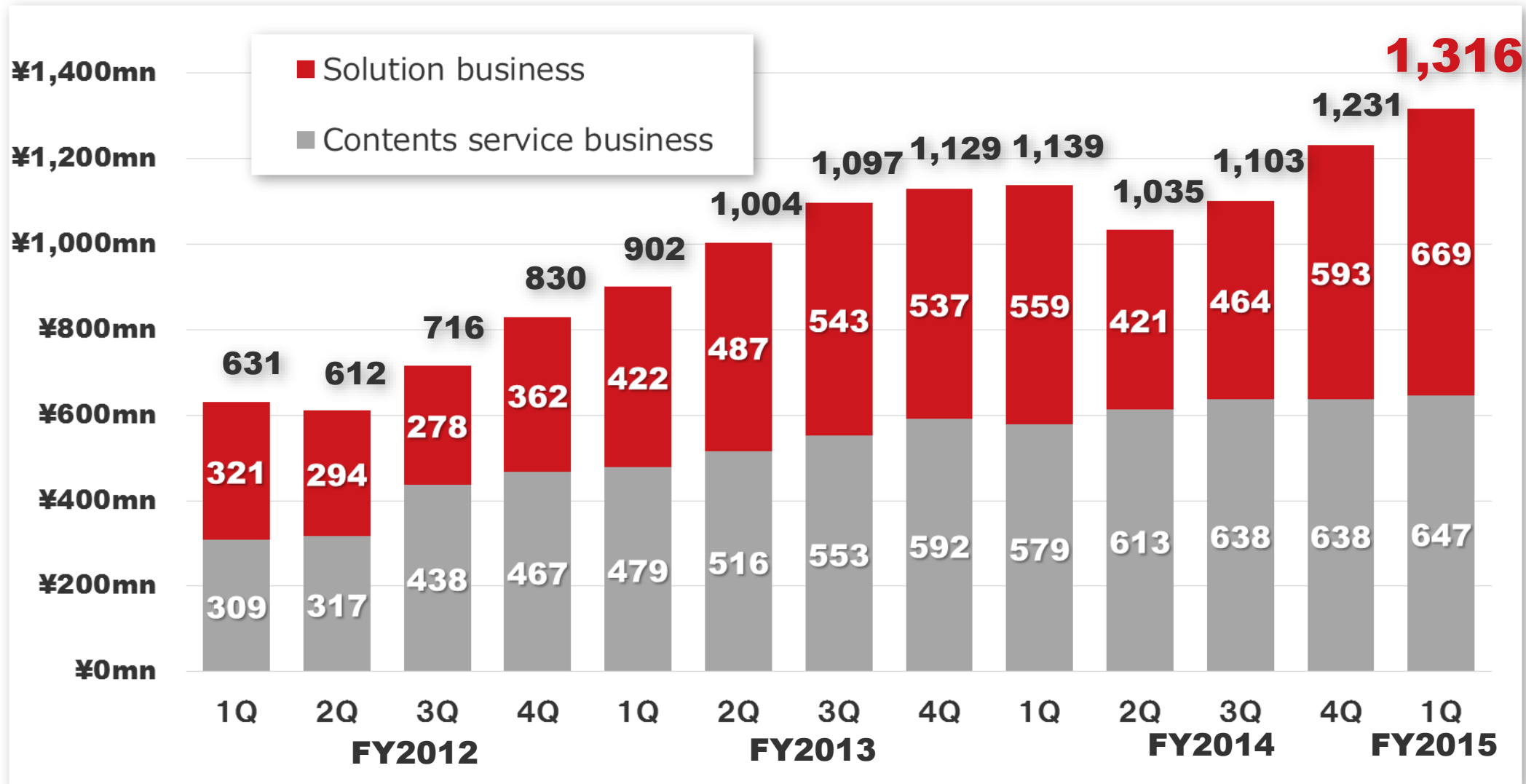
(Million yen)

■ Sales of both content service business and solution business increased

(Million yen)

	1Q of FY2014 ended May	1Q of FY2015 ending May	YY change	
			Sum	percentage
Contents service b u s i n e s s	579	647	67	11.7%
Solution business	559	669	109	19.6%
T o t a l	1,139	1,316	177	15.6%

Sales of both content service business and solution business increased

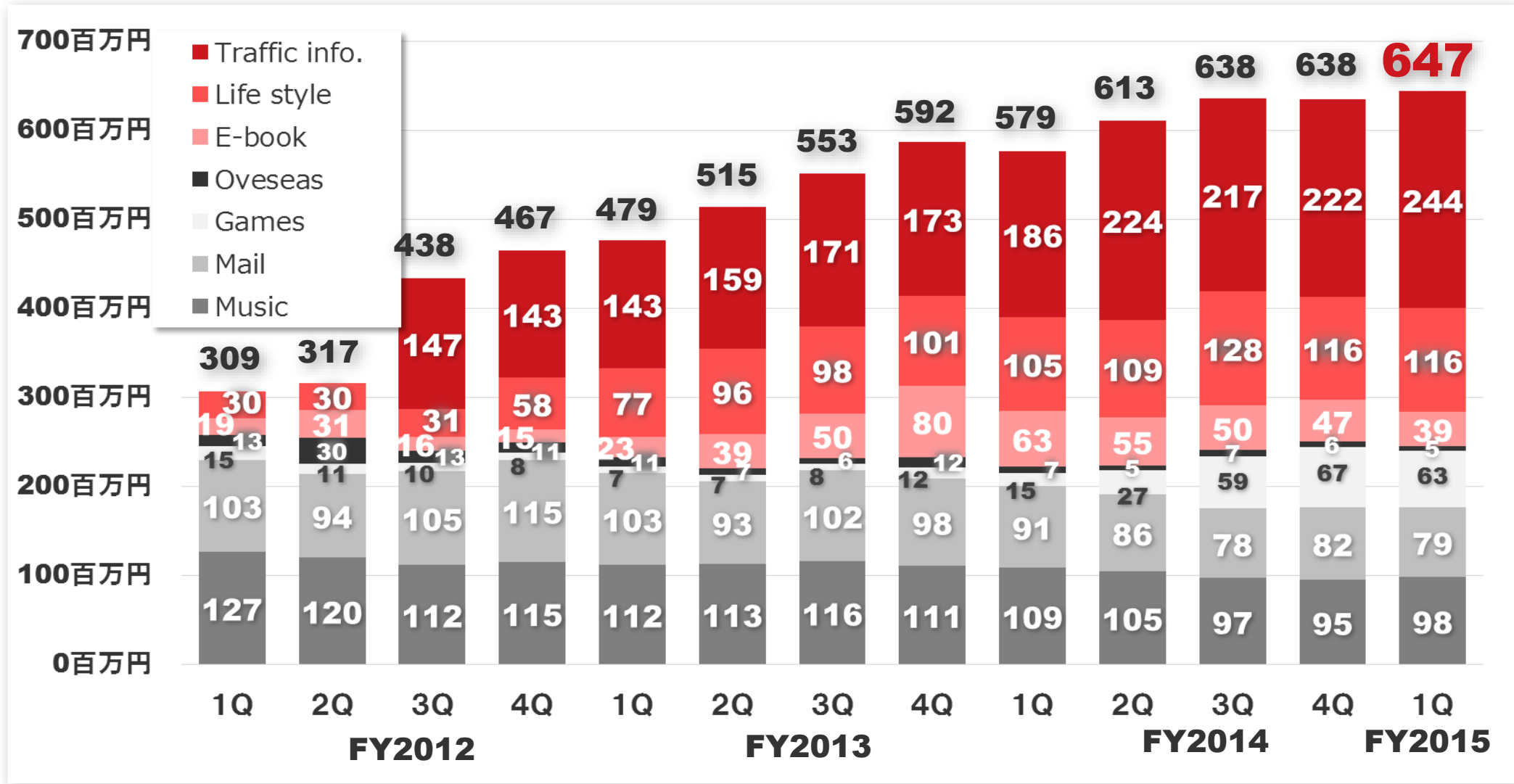


■ Sales driven by traffic information and games rose by 11.7%

(Million yen)

	1Q of FY2014 ended May	1Q of FY2015 ending May	YY change	
			Sum	percentage
Traffic Info.	186	244	57	31.0%
Life style	105	116	11	11.4%
E - B o o k	63	39	▲23	▲37.4%
O v e r s e a s	7	5	▲1	▲21.7%
G a m e s	15	63	47	304.9%
M a i l	91	79	▲12	▲13.5%
M u s i c	109	98	▲11	▲10.8%
T o t a l	579	647	67	11.7%

Traffic information remained robust with increasing trend

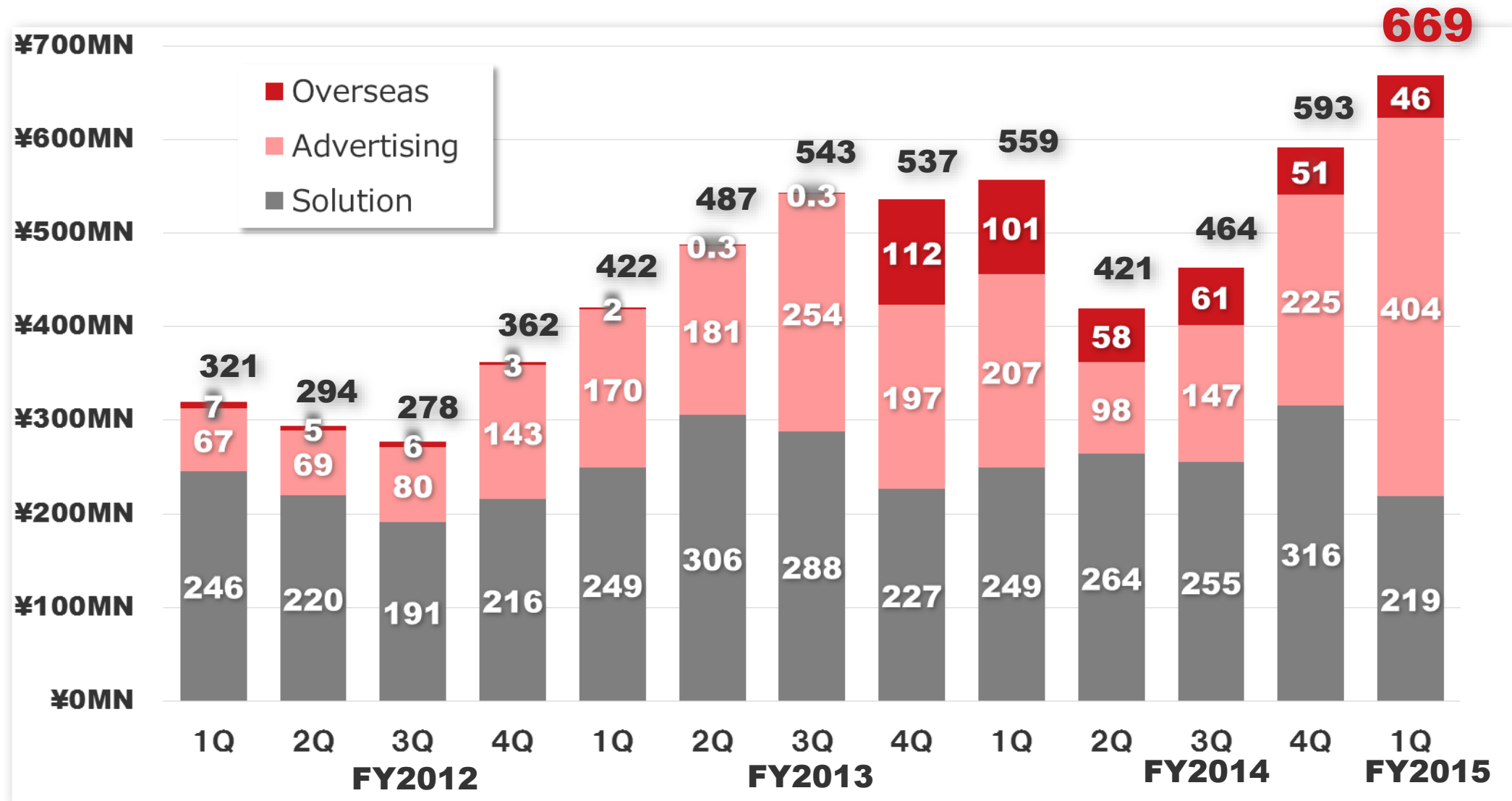


■ Sales driven by advertising business rose by 19.6%

(Million yen)

	1Q of FY2014 ended May	1Q of FY2015 ending May	YY change	
			Sum	percentage
S o l u t i o n	249	219	▲30	▲12.4%
A d v e r t i s i n g b u s i n e s s	207	404	196	94.6%
O v e r s e a s	101	46	▲55	▲54.8%
T o t a l	559	669	109	19.6%

■ Increasing trend with higher sales of advertising business



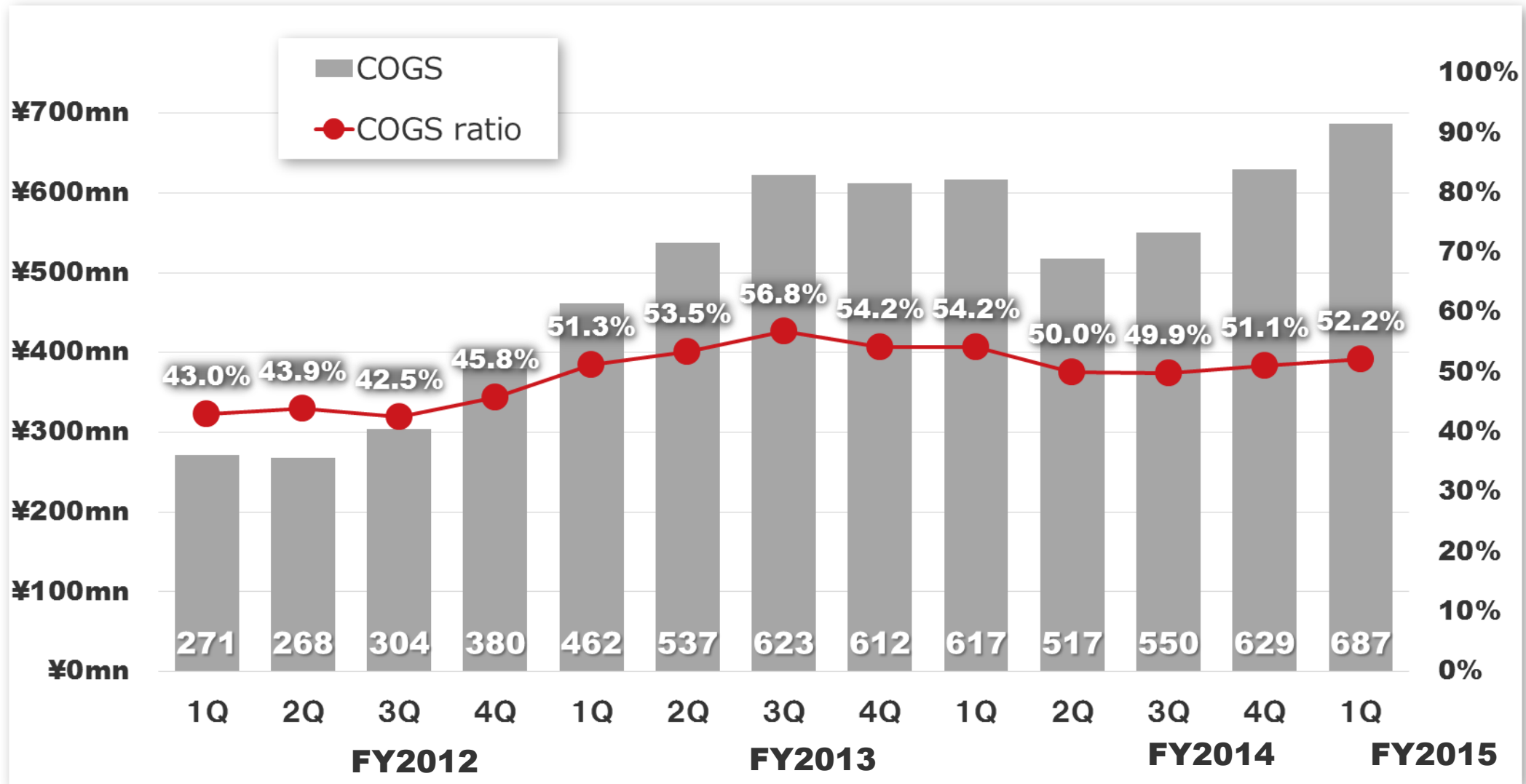
- **COGS** : COGS ratio improved through increase in sales of contents service for “carriers’ fixed rate services”
- **SGA** : SGA increased with positive investment in advertising expenses (content service business)

(Million yen)

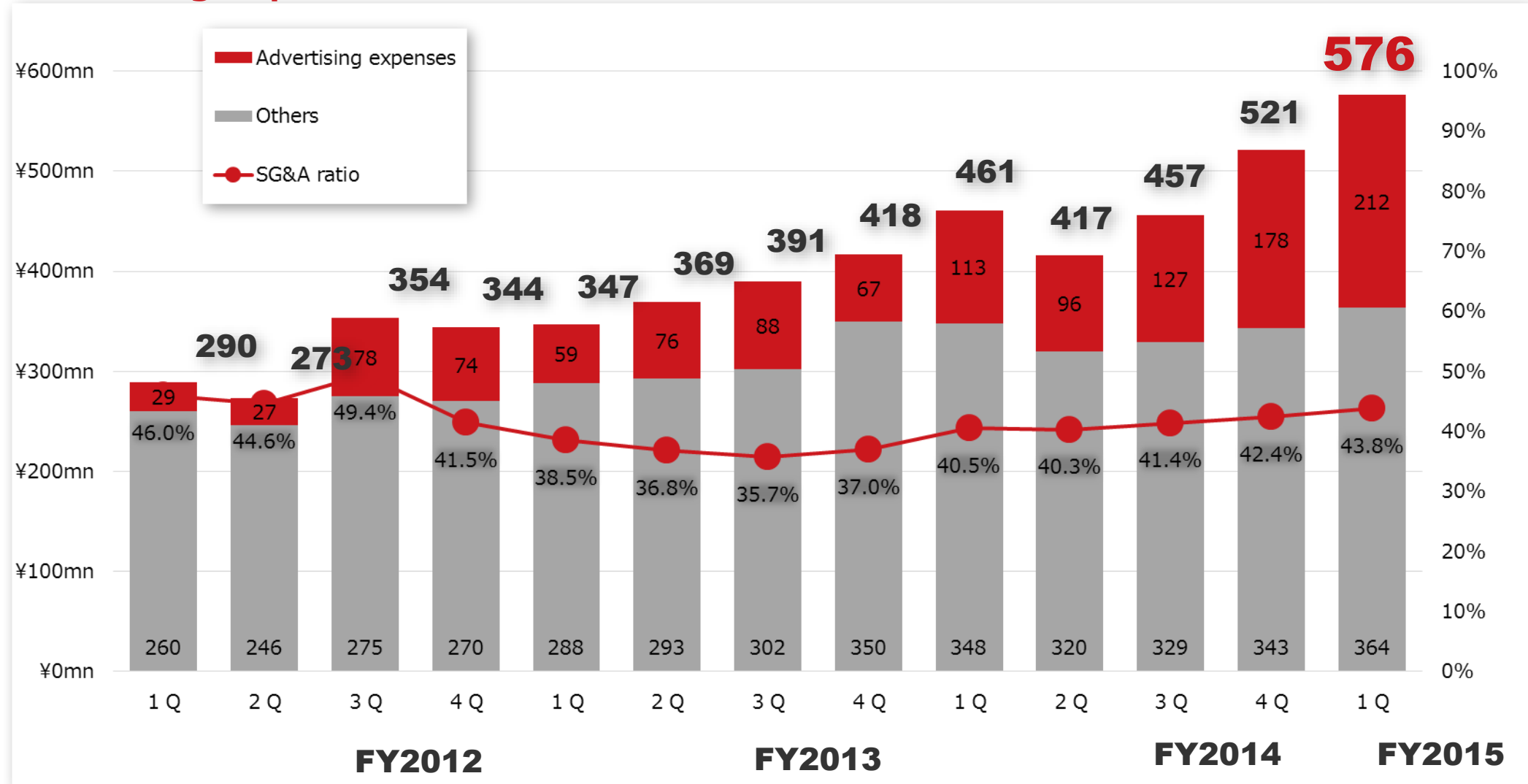
	1Q of FY2014 ended May	1Q of FY2015 ending May	YY change	
			Sum	percentage
C O G S	617	687	70	11.3%
COGS ratio	54.2%	52.2%	—	—

	1Q of FY2014 ended May	1Q of FY2015 ending May	YY change	
			Sum	percentage
(advertising e x p e n s e)	113	212	99	87.4%
(O t h e r s)	348	364	15	4.6%
S G & A	461	576	114	24.9%
SG&A ratio	40.5%	43.8%	—	—

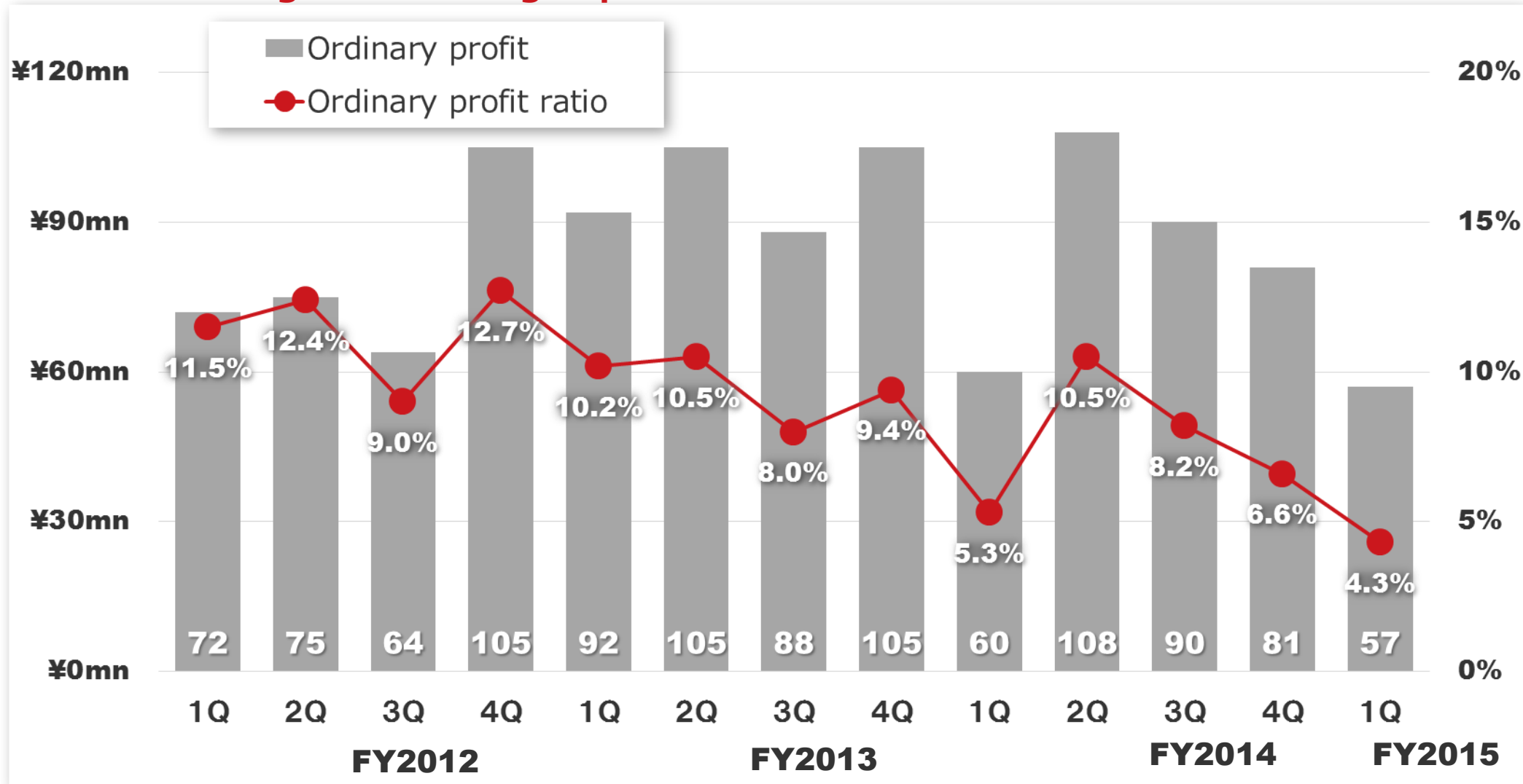
■ COGS ratio increased as sales of solution business (advertising business) rose



■ SG&A increased due to positive investment in contents service business through advertising expenses



■ Ordinary profit decreased due to positive investment in contents service business through advertising expenses





Summary of earnings results [1Q of FY2015]



Operating review [Contents service business]

for the 1Q of FY2015



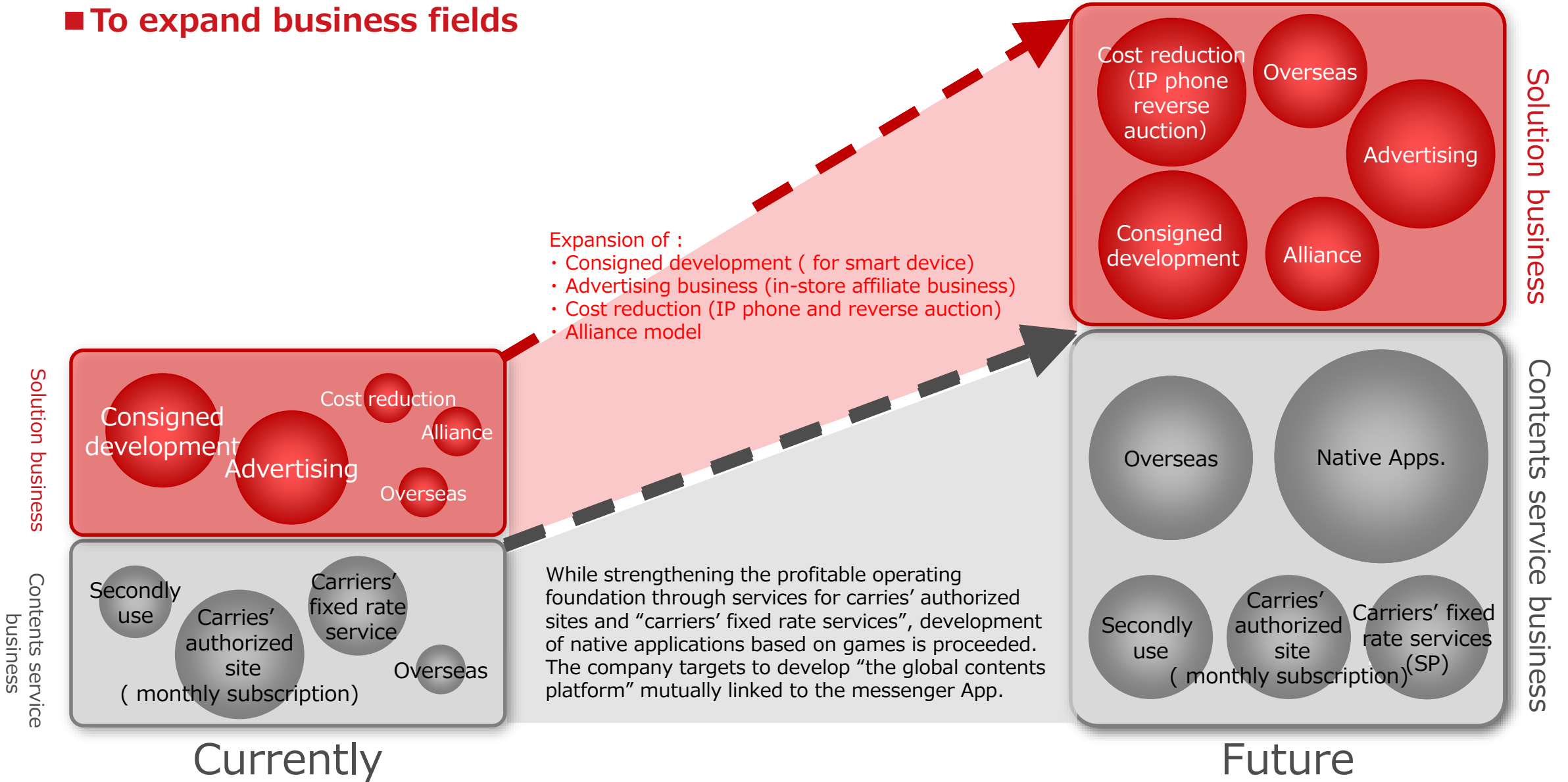
Operating review [Solution business]

for the 1Q of FY2015

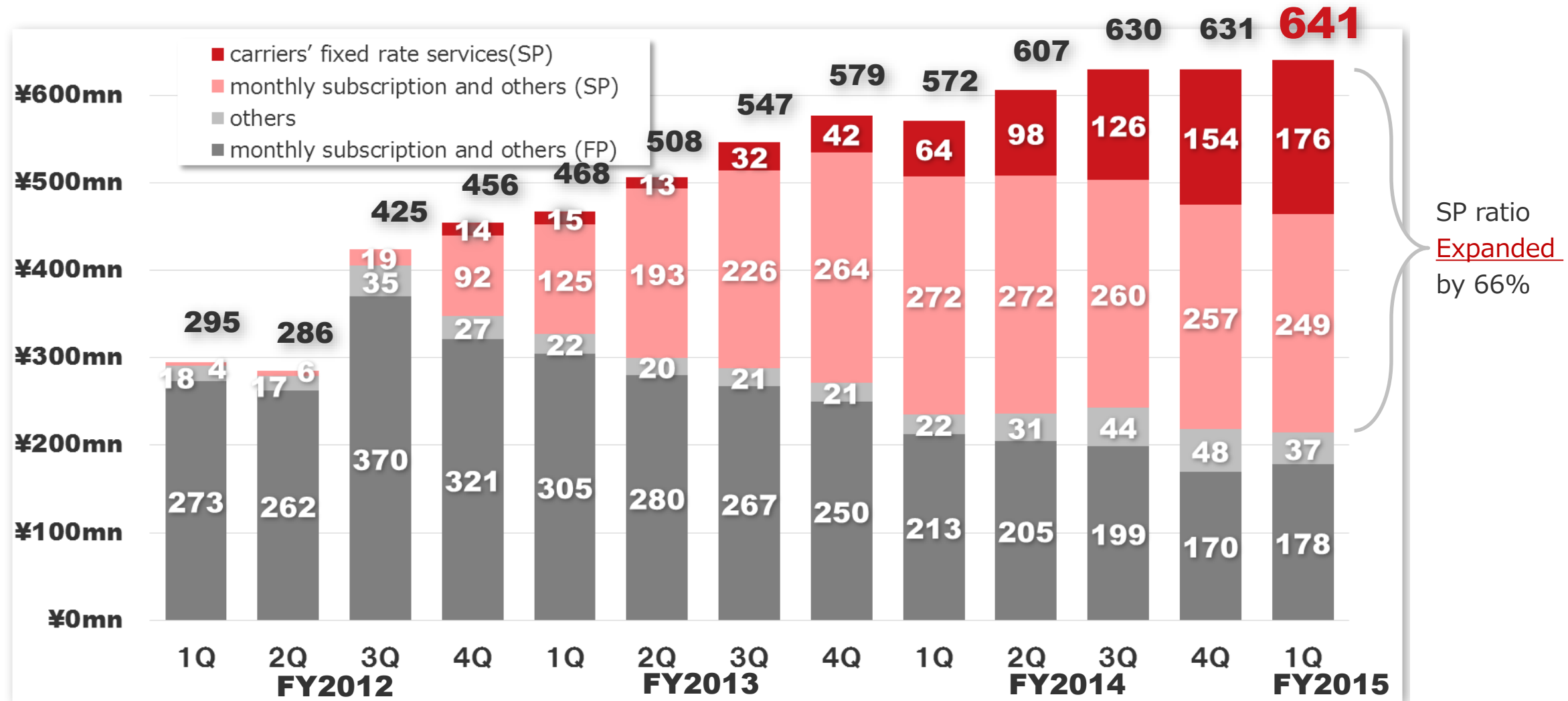


Outlook for FY2015 [Earnings forecast]

■ To expand business fields



■ Continuous higher earnings through increase in both the number of subscribers and the volume of contents in “carriers’ fixed rate services”



Released several Apps for carrier's brand new fixed rate service



Woman's DIARY



A Walk in the Clouds



A Space Odyssey



XL Axiata

"AppSeru"
unlimited usage of apps

XL Axiata...the second major mobile carrier in Indonesia (number of contracts:70 million)
AppSeru... the service with unlimited usage of apps offered in "Gudang Aplikasi" app store by XL Axiata. Currently approximately 100 Apps including games are distributed.



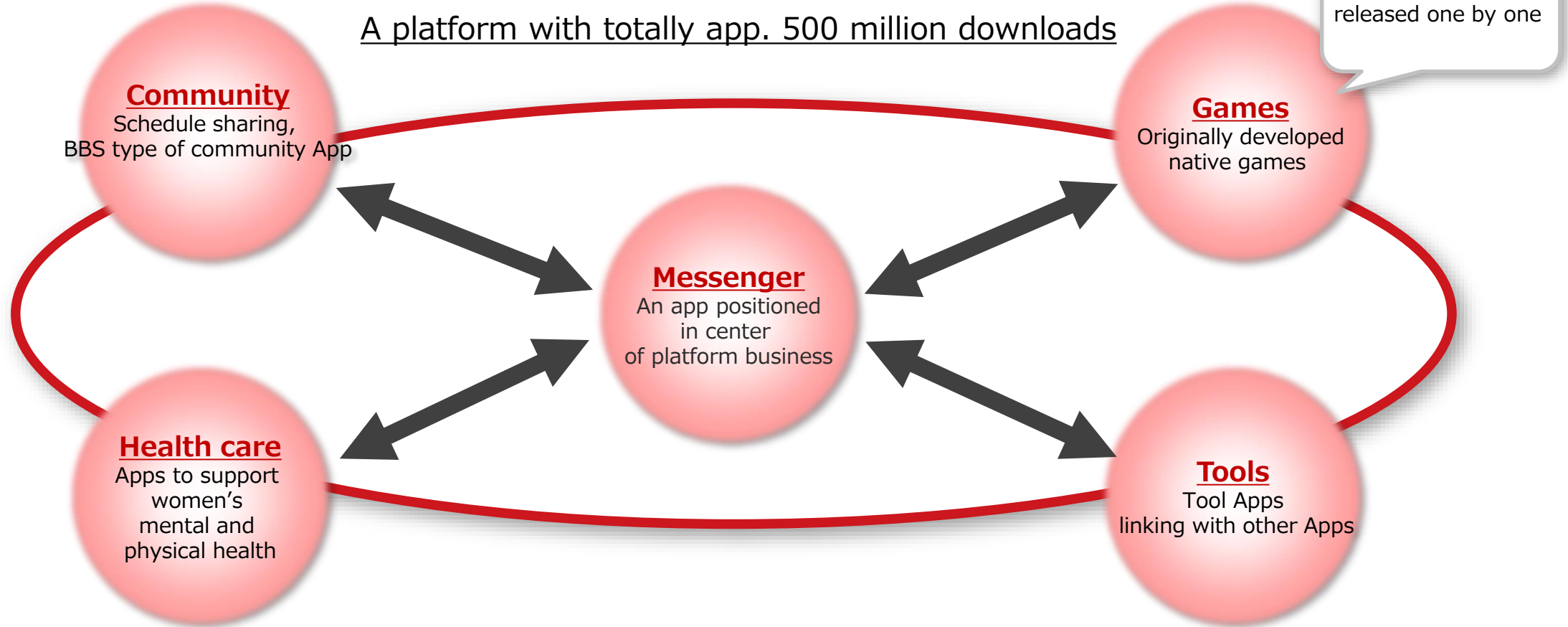
Casual games

SoftBank



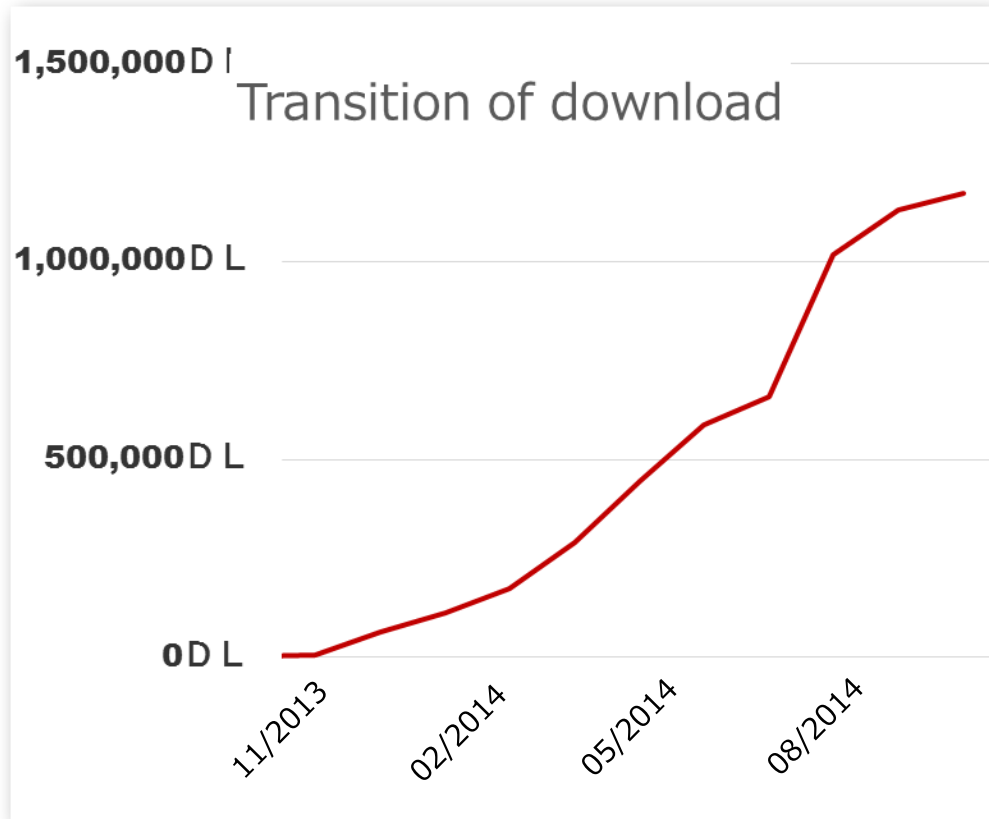
※「App Pass」...the service with unlimited use of apps for 4G smartphone, SoftBank Mobile Corp. has launched on 29th August 2015. Unlimited usage of popular apps that collectively cost more than ¥40,000 for ¥ 370(before tax) a month.

■ Strategic business plan

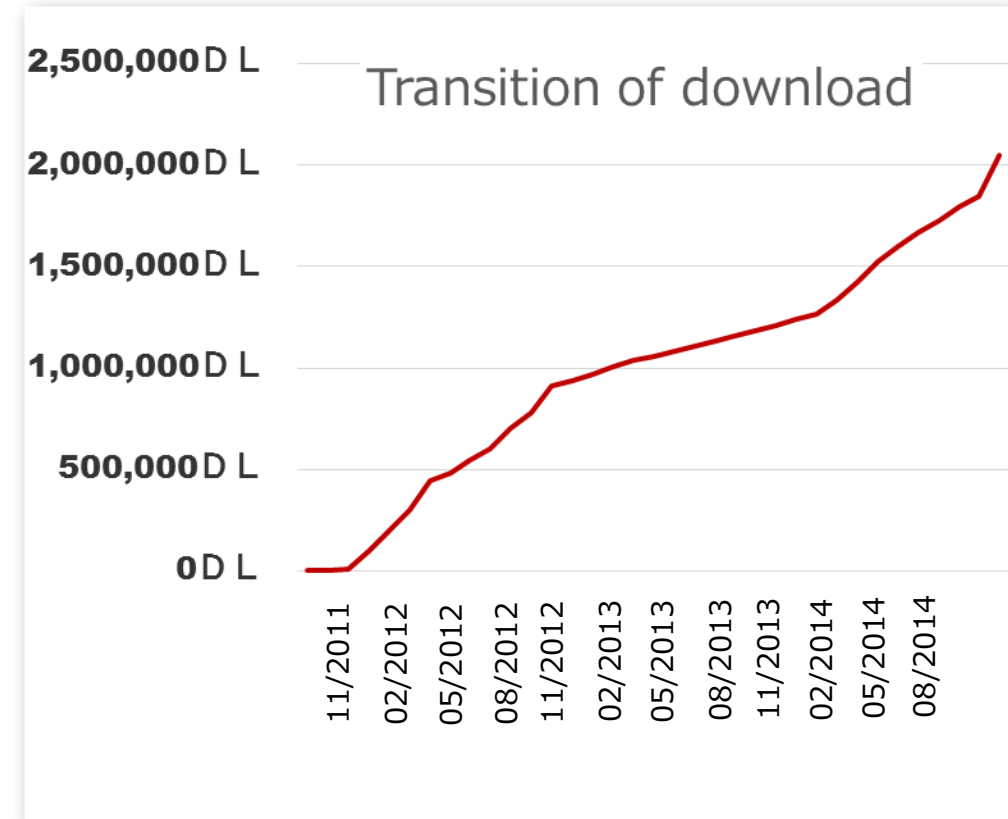


- To release smartphone games, based on native application, with smash hits
- To produce a global contents platform originated from Japan

■ a free of charge chat App. “Fivetalk”



■ “Women’s dairy”, an App to support women’s health



■ Game App. “Pull! NekoPing planet”



development

pre-registration

service in



August 2014

Autumn 2014

Summary of earnings results [1Q of FY2015]

Operating review [Contents service business]

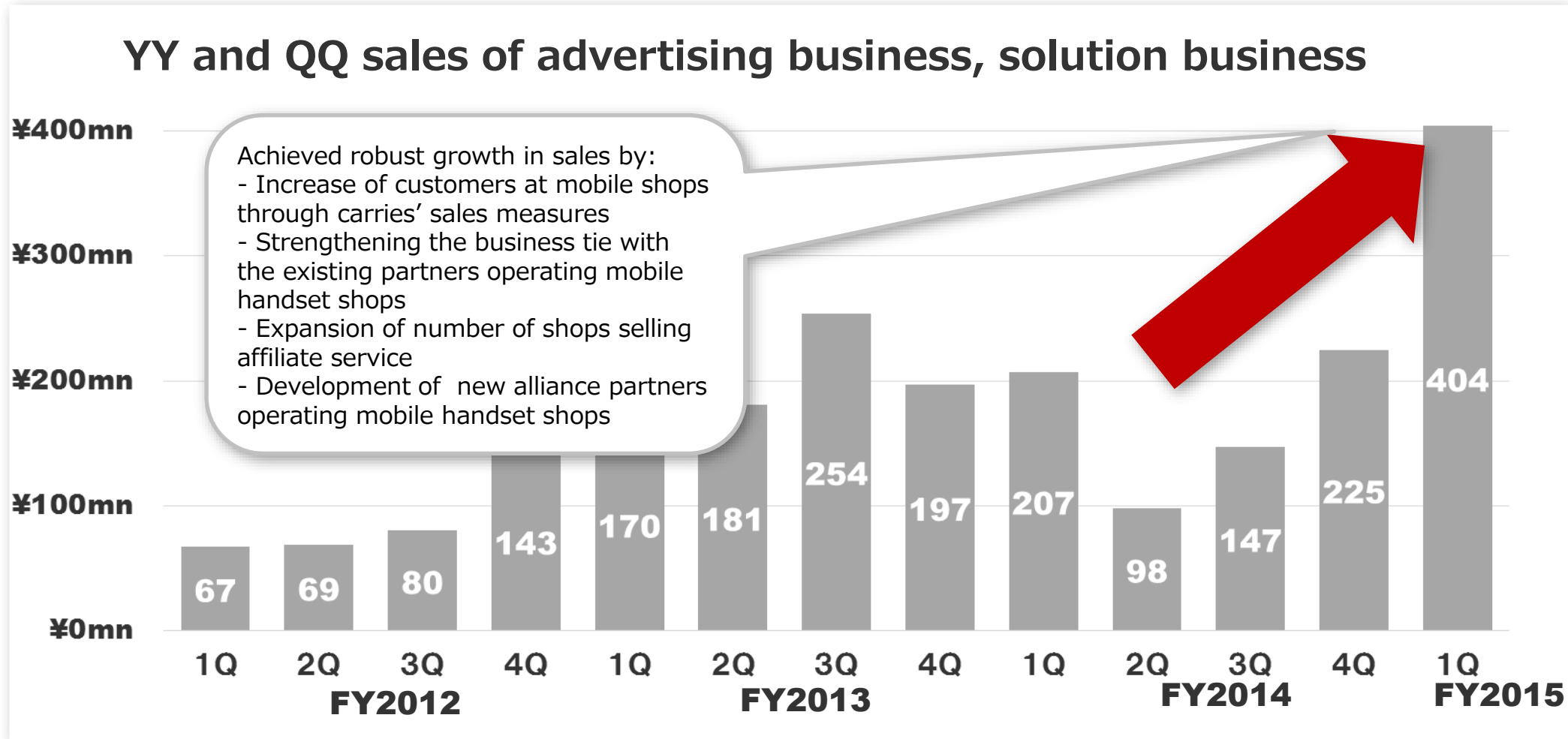
for the 1Q of FY2015

Operating review [Solution business]

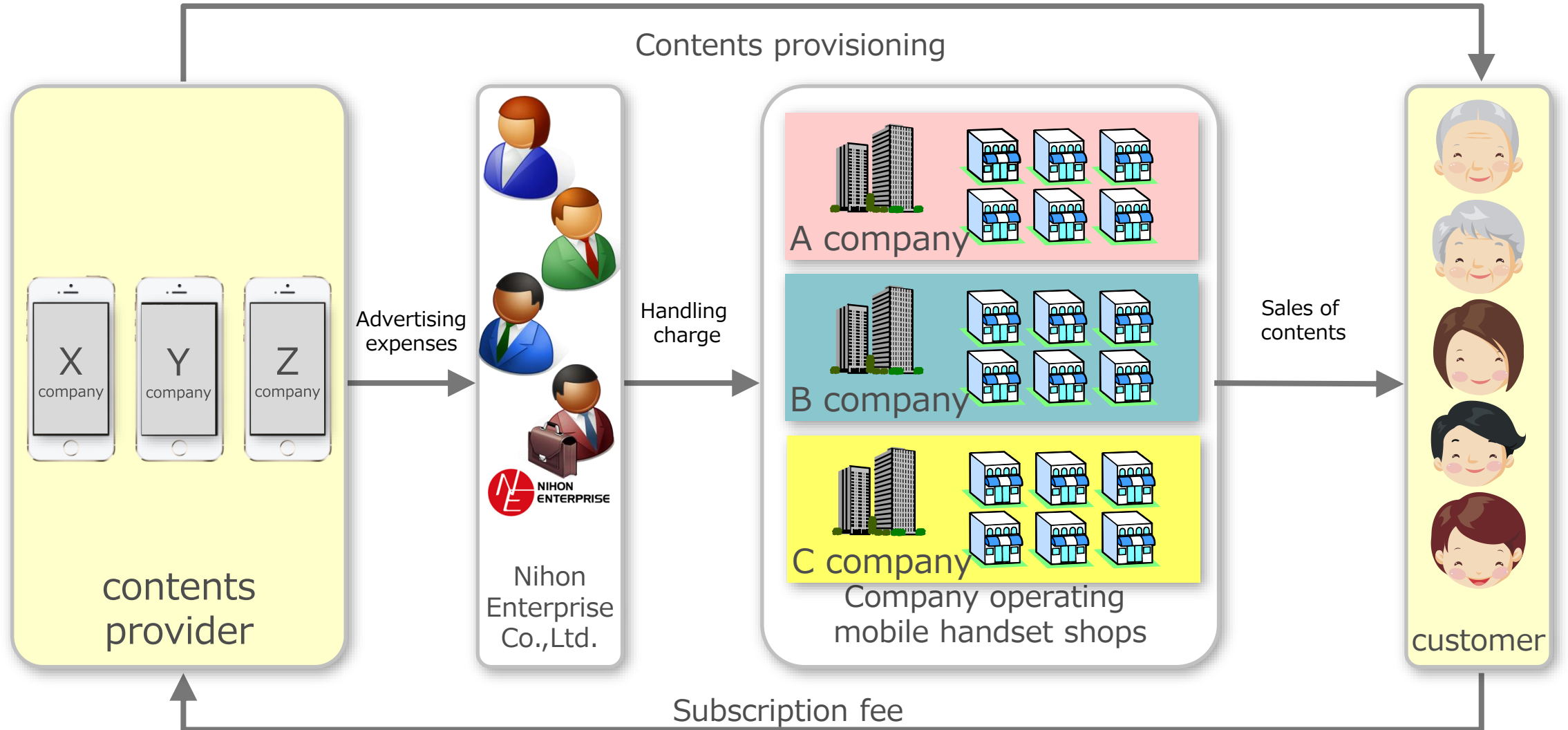
for the 1Q of FY2015

Outlook for FY2015 [Earnings forecast]

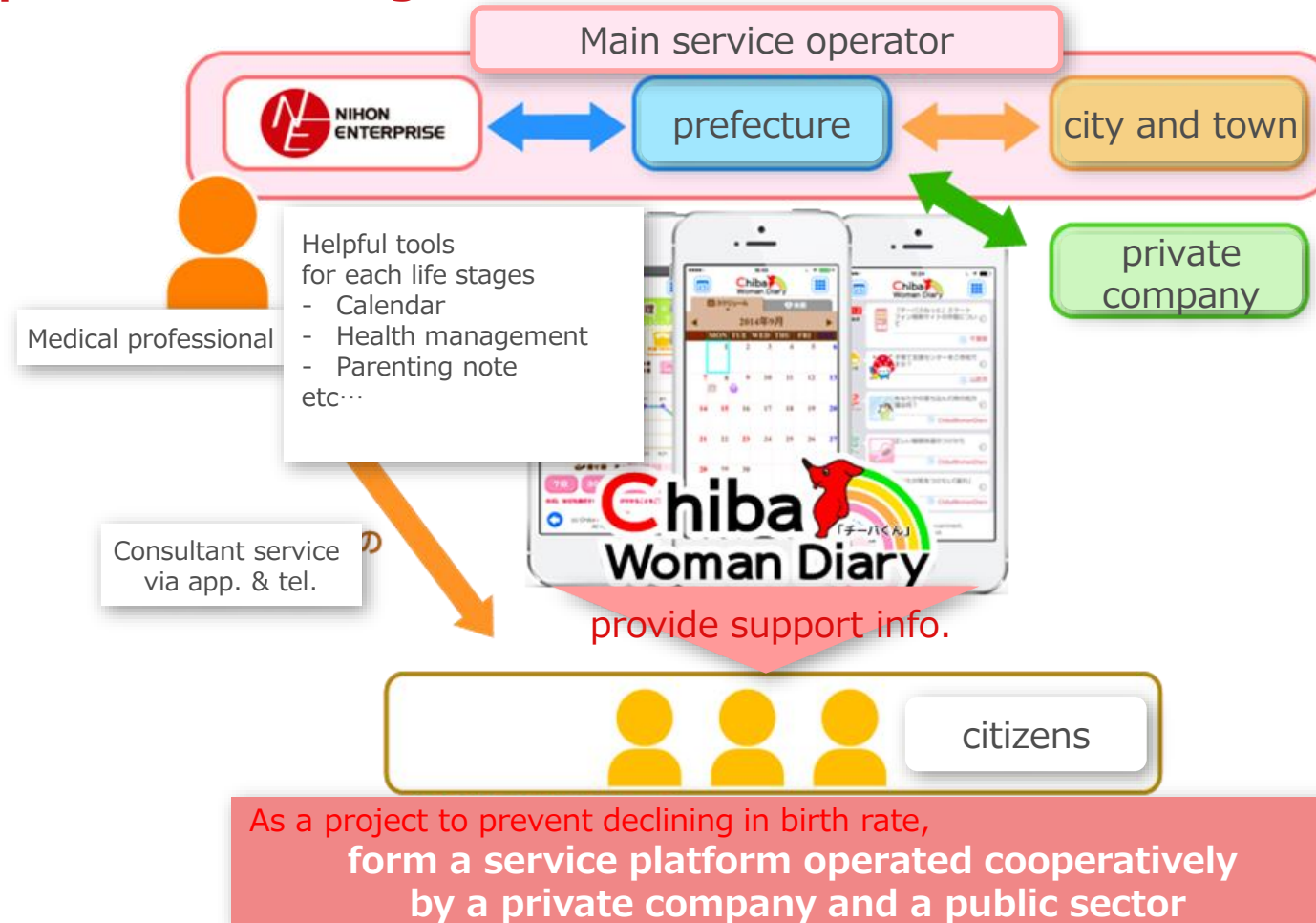
■ Robust growth in sales of advertising business (including in-store affiliate)



■ Advertising business (In-store affiliate) expanded

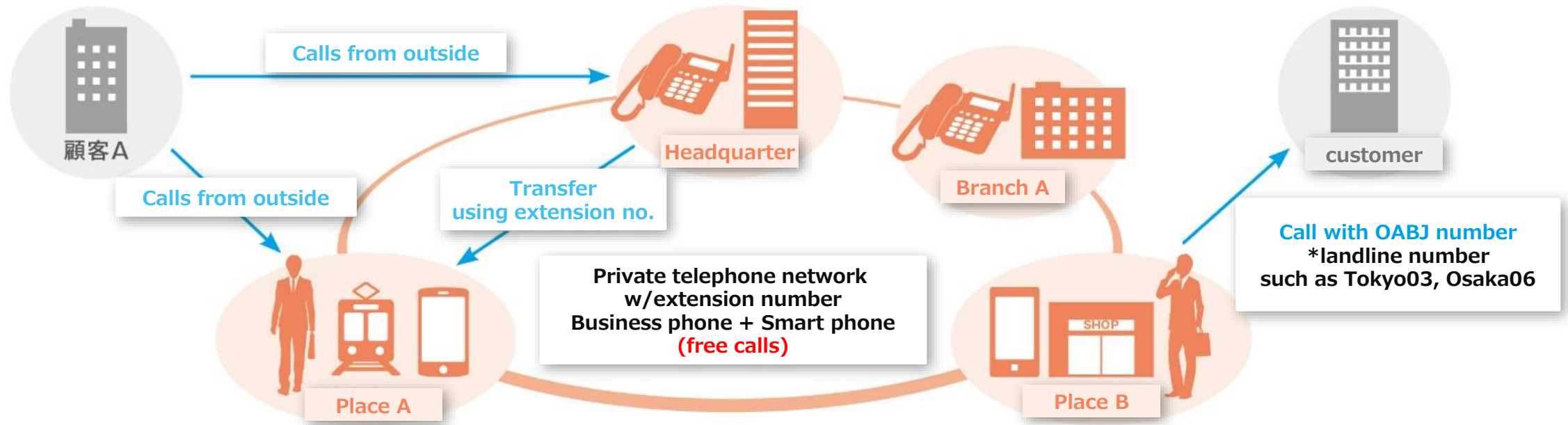


■ Business with public sector, Chiba prefecture “project to prevent declining in birth rate”



Through the success in this project, the company is planning to provide the same type of services to the other local governments

■ Launched “AplosOne softphone”, an App offering free calls with extension number utilizing smartphone



To provide small (51million companies) and medium (334million companies) sized enterprises with the highly qualified cost reduction service utilizing softphone, as business use of smartphone will be diffused into enterprises

■ Messenger App. for corporate use

I must avoid ID hacking and information leakage

I'm using a messenger app. freely existed in the market even for the business conversation



Under development
target service release
in this Autumn



Secure environment

(eg.)

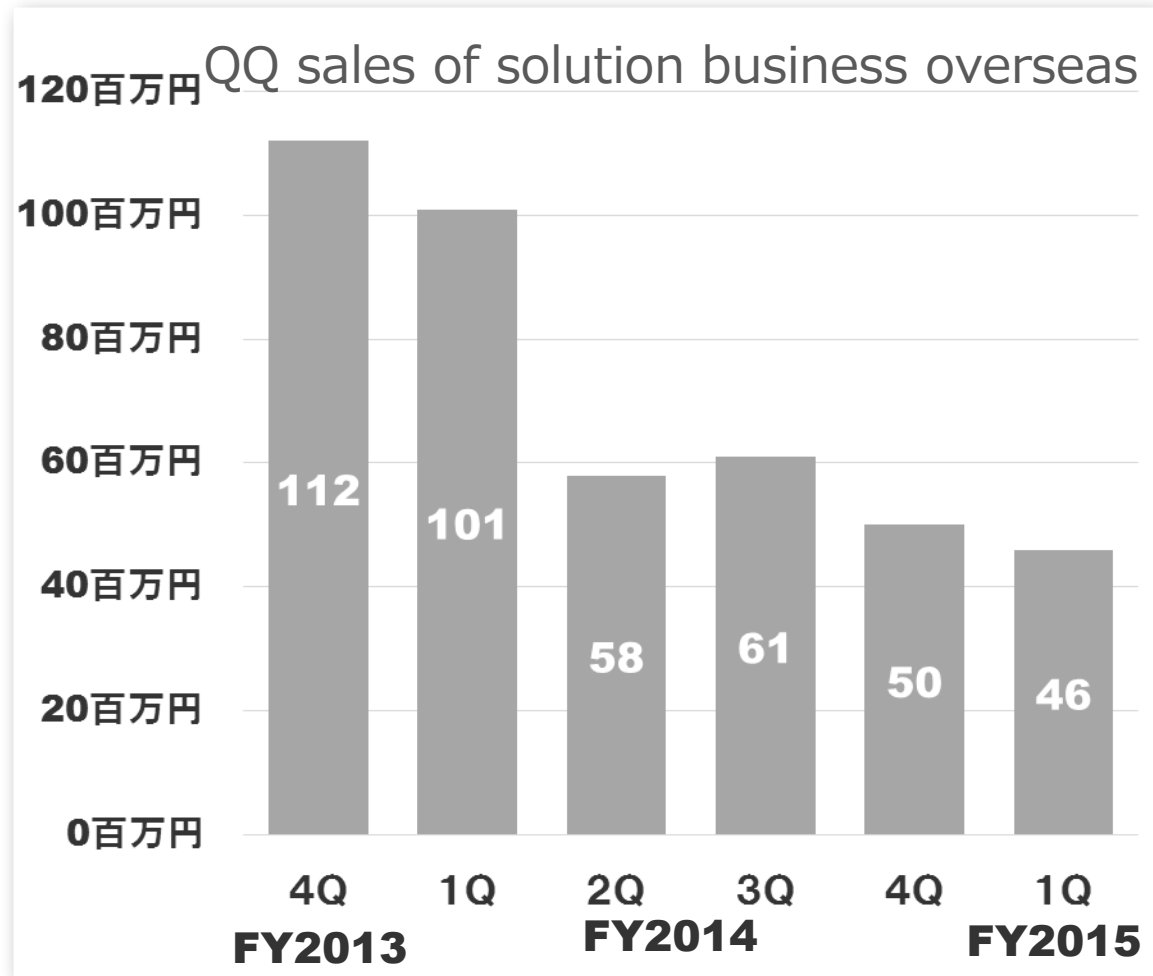
Reports with
videos and graphics

Automatic
meeting mins.

Schedule
sharing

Highly secure messenger App.
for corporate use.
Customization for each client is available
(schedule to be released in this Autumn)

■ Improved profit from sales of mobile phone (China Telecom)



With start of LTE and the introduction of carrier aggregation technology[※], China moves into the ultra high speed broadband network era, which exceeds Japan

- Plan to establish profitable business structure which is not influenced by carrier's policy change
- Plans with increase of ARPU on communication network

- sales activities to major enterprises (not in shop)
- plan to sell mobile accessories
- fully managed cost saving
- in-store affiliate of excellent contents
- strengthen revenue model through service plan with high price

Aiming at turning profit in early stage

※Carrier aggregation technology: technology to band circuits to gain high speed connection



Summary of earnings results 【 1Q of FY2015 】



Operating review 【 Contents service business 】

for the 1Q of FY2015



Operating review 【 Solution business 】

for the 1Q of FY2015



Outlook for FY2015 【 Earnings forecast 】

■ Consolidated earnings forecast

(Million yen)

	FY2014 ended May	FY2015 ended May (forecast)	YY Change	
			Sum	Percentage
S a l e s	4,508	5,210	701	15.6%
Sales profit	335	415	79	23.7%
Ordinary profit	340	430	89	26.4%
N e t s a l e s	437	350	▲87	▲19.9%

annual dividend per stock (forecast for FY2015):3.00 yen

Nippon Enterprise group promises to bring happiness and touching 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.

* This document is a translation of Japanese original. In case of that there is any discrepancy between Japanese original and this document, the Japanese original is assumed to be correct.