

# ALWAYS

The background features two vibrant koi fish, one orange and red, and another red and white, swimming in blue water. The scene is viewed through a chain-link fence, with white petals or leaves scattered throughout the water.

July 2015

Presentation Material

TOKYO STOCK EXCHANGE MOTHERS STOCK CODE : 2489

Financial Results Presentation for 1Q FY2015

July 31, 2015

President and CEO, Haruhisa Okamura



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# 1. 1Q FY2015 Performance



# 1. 1Q FY2015 Performance

## Quarterly Results (YoY, QoQ)

(¥mn)

	1Q FY2015	YoY 1Q FY2014			QoQ 4Q FY2014		
		Result	Change (¥mn)	Change (%)	Result	Change (¥mn)	Change (%)
Net Sales	9,482	8,831	+651	7.4%	9,852	-370	-3.8%
Gross Profit	1,798	1,579	+219	13.9%	1,940	-141	-7.3%
SG&A Expenses	1,593	1,345	+248	18.5%	1,673	-79	-4.7%
Operating Profit	204	233	-28	-12.3%	267	-62	-23.4%
Recurring Profit	220	241	-20	-8.7%	317	-96	-30.5%
Net Profit (attributable to parent company shareholders)	121	94	+27	29.2%	172	-50	-29.4%

### Net Sales

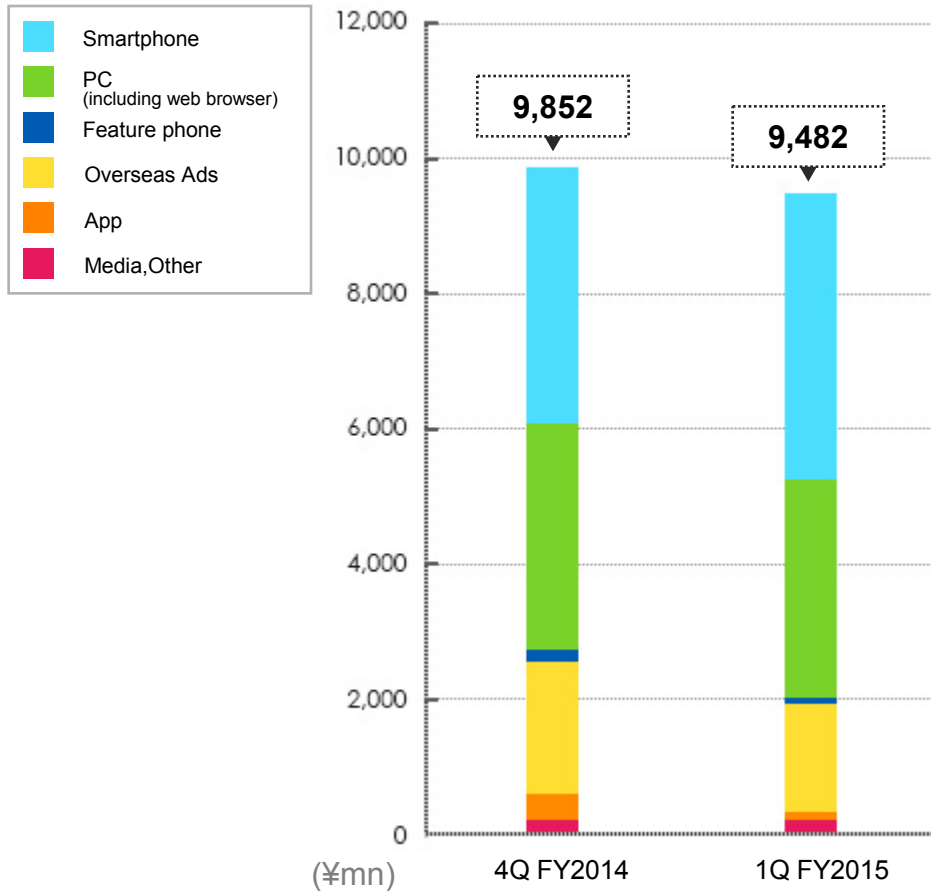
Increased	¥651mn	YoY	(+7.4%)
Decreased	¥370mn	QoQ	(-3.8%)

### Operating Profit

Decreased	¥28mn	YoY	(-12.3%)
Decreased	¥62mn	QoQ	(-23.4%)

# 1. 1Q FY2015 Performance: Net Sales

## QoQ Change



### Domestic Advertising **¥7,592mn**

QoQ : +¥291mn (+4.0%)

Smartphone : ¥4,250mn

QoQ : +¥442mn (+11.6%)

-increase due to reinforced sales activities.  
(ex. Giving total proposals)

PC (including web browser) : ¥3,229mn

QoQ : -¥123mn (-3.7%)

-decrease due to cutdown of financial clients' orders

### Overseas Advertising **¥1,582mn**

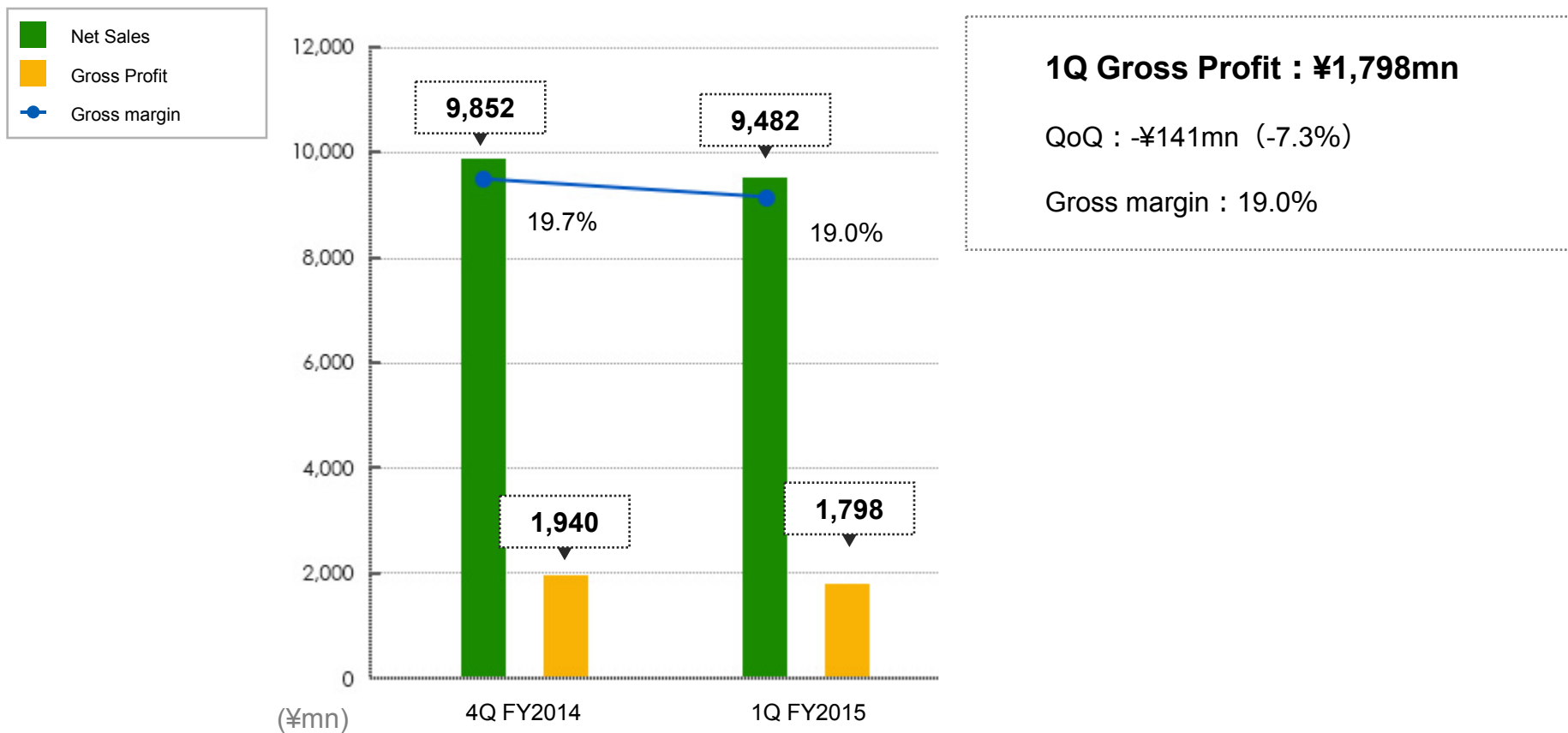
QoQ : -¥402mn (-20.3%)

-decrease due to a reaction to spending spree of budgets before the year-end in Dec.

•Fiscal year-end of our overseas subsidiaries is December, so their 1Q FY2015 (January – March) figures are consolidated with the Adways Group's 1Q FY2015 (April – June) figures.

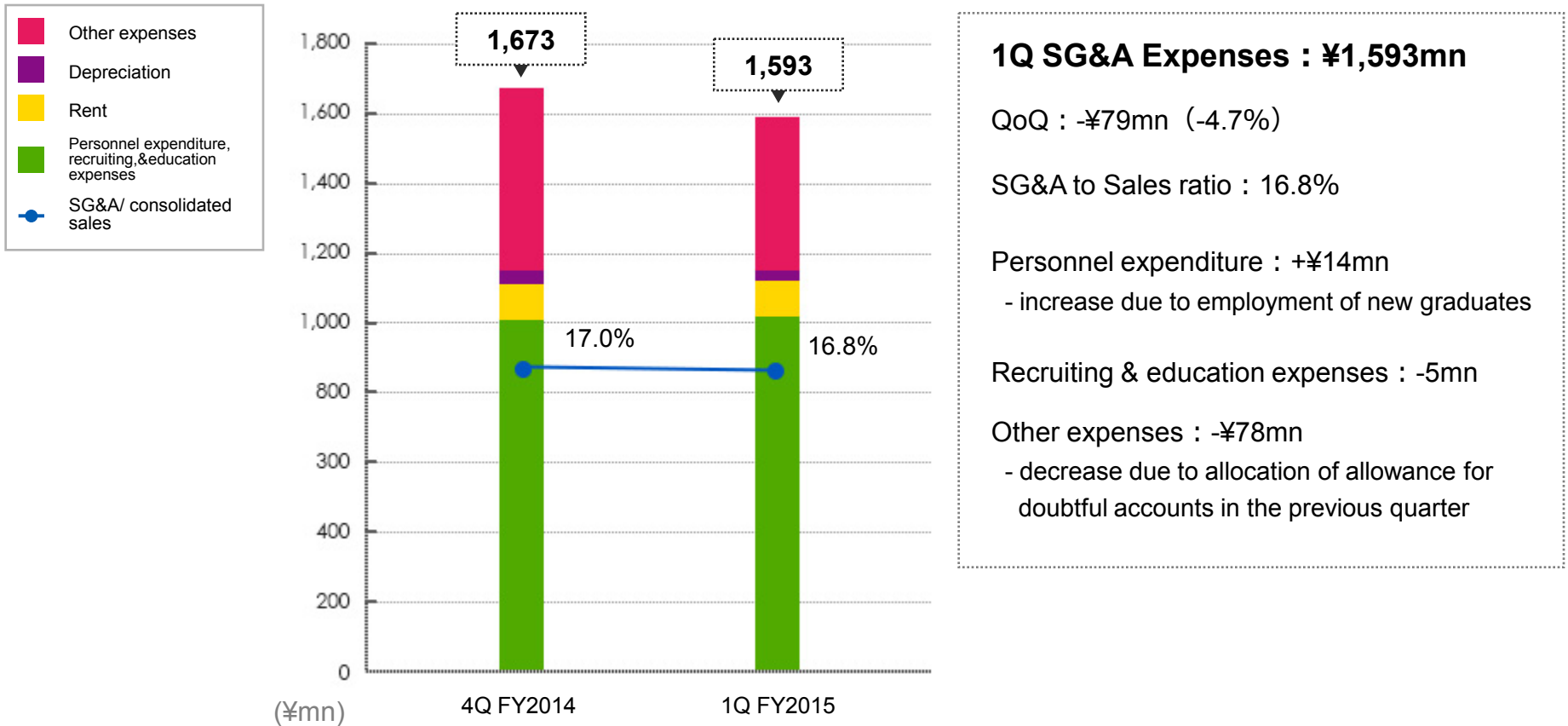
# 1. 1Q FY2015 Performance: Gross Profit

## QoQ Change



# 1. 1Q FY2015 Performance: SG&A Expenses

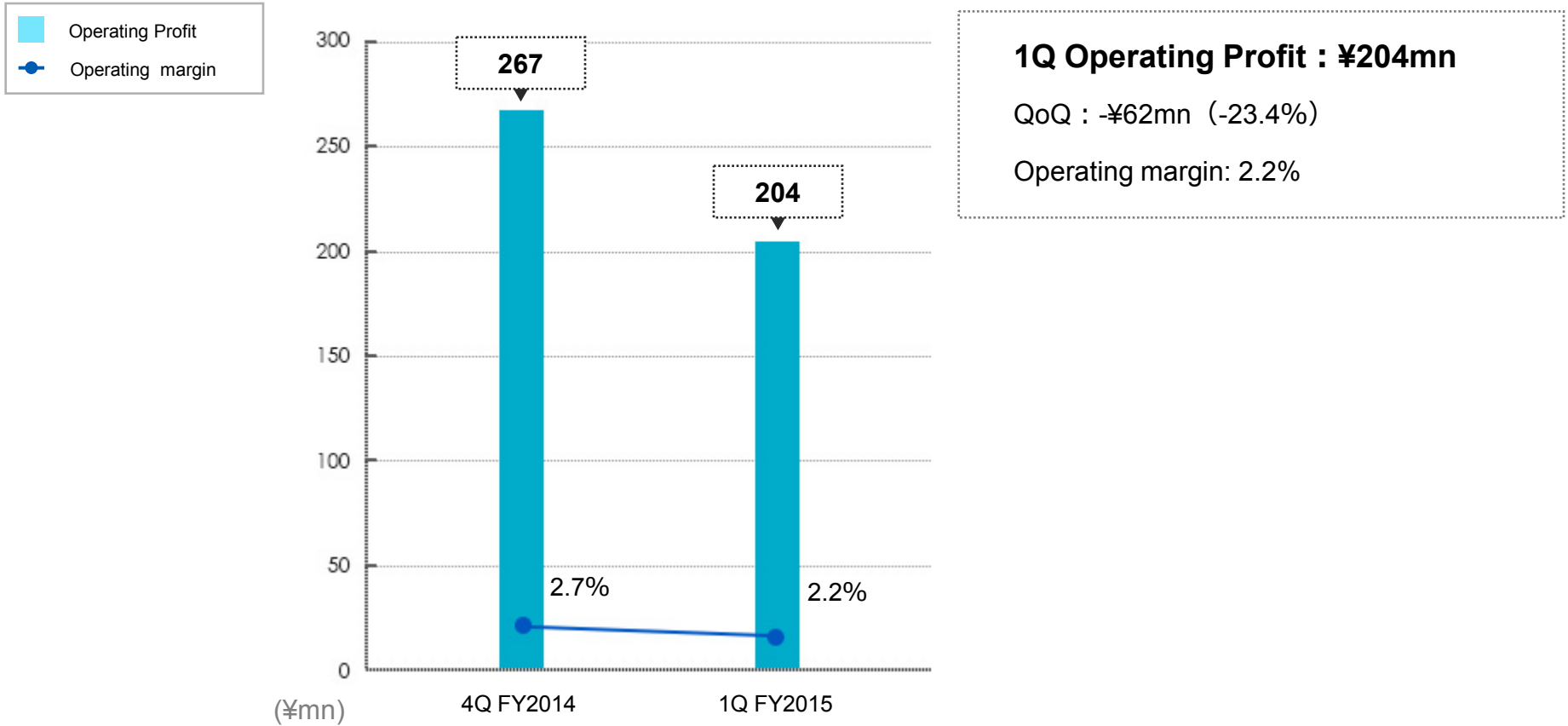
## QoQ Change





# 1. 1Q FY2015 Performance: Operating Profit

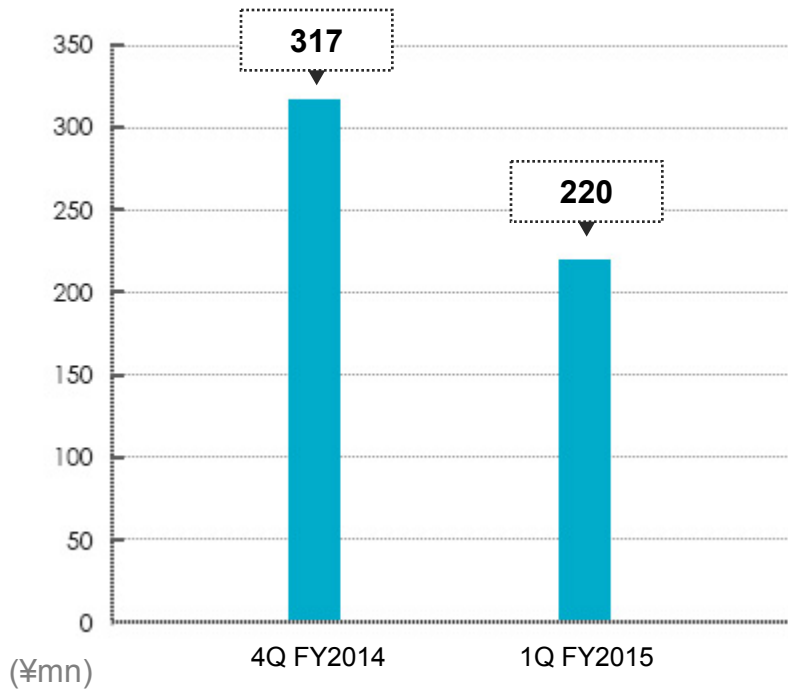
## QoQ Change





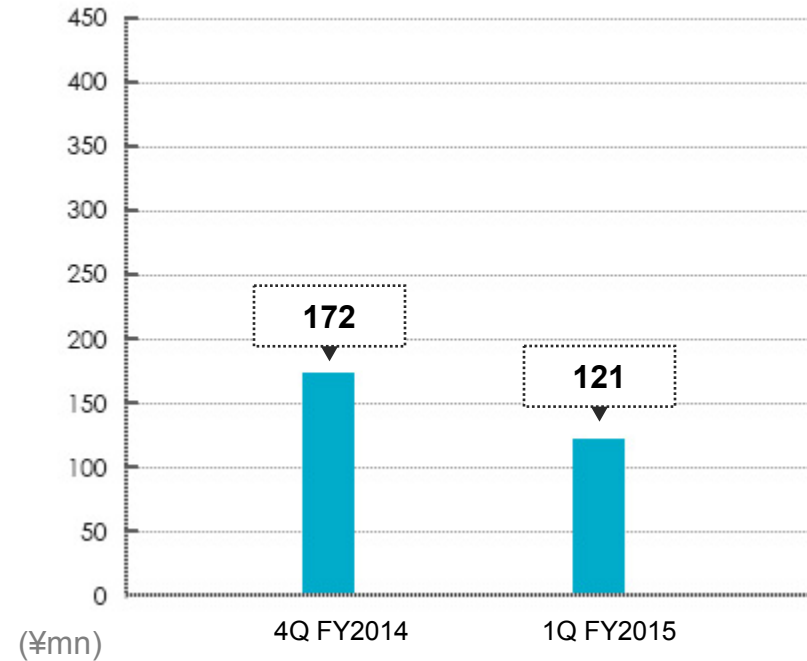
# 1. 1Q FY2015 Performance: Recurring Profit Net Profit (attributable to parent company shareholders)

## QoQ Change



**1Q Recurring Profit : ¥220mn**

QoQ : -¥96mn (-30.5%)



**1Q Net Profit : ¥121mn**

(attributable to parent company shareholders)

QoQ : -¥50mn (-29.4%)





## 2. Business Overview



# Beyond Everything Internet

**Internet has gone beyond so many things.  
Space, device, border, industry and even imagination.  
But it can go further than this. We will amaze the world with it.**

## 2. Business Overview: Global Smartphone Strategy

**Smartphone**

×

**Ad Technology**

×

**Global**

**Become an ad  
platform in growing  
Asia**



# 2. Business Overview: Global Smartphone Strategy



3<sup>rd</sup> party tracking tool



CPI Adnetwork

## Ad Technology

Coming soon...



Yoyaku Top10

Pre-registration platform



Web affiliate service for PC and SP



Web affiliate service for PC and SP



Web affiliate service for FP and SP

**Adways' ad platform  
that connects promotions  
in East and Southeast Asian countries.**



**Global**

**New**



**Adways  
Vietnam**

\*East Asia refers to Japan, South Korea, China, Taiwan and Hong Kong in this document.



## Expansion of cross-border Ecommerce Business

### Advantages of cross-border Ecommerce

(e.g.)



Purchase  
Company A's diapers  
in China

1Unit  
**CNY 140**  
(JPY approx.2,800)

**50% OFF**



Purchase  
Company A's diapers  
on Japanese  
Ecommerce website

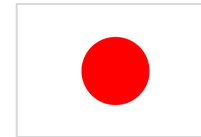
1Unit  
**JPY 1,400**

**CHANet** 成果网  
by ADWAYS

×

**楽一番**  
Leyifan.com

### Market Scale



**1.4trillion**

FY2018  
(forecast)

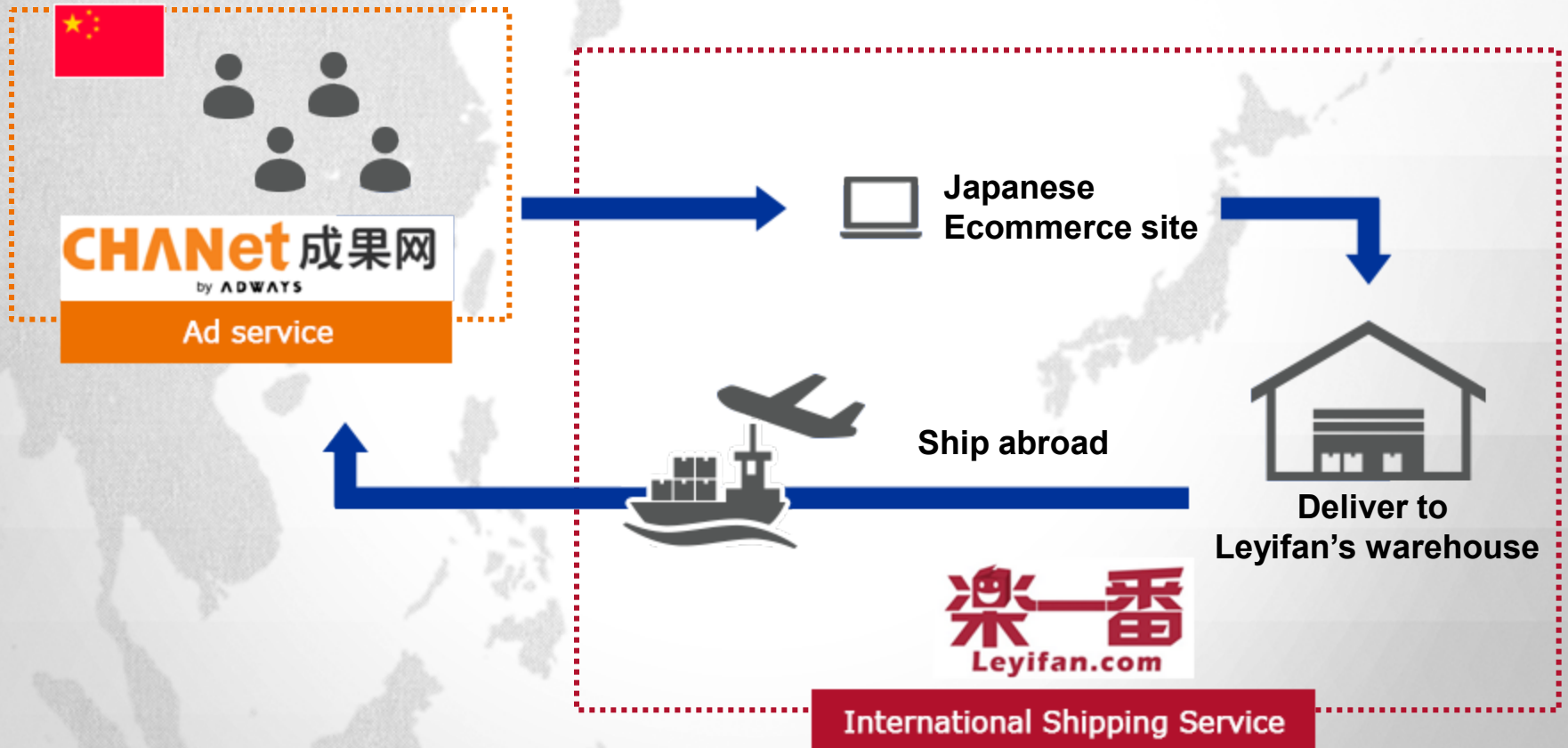
**606bn**

FY2014

**2.3x**

Source: Ministry of Economy, Trade and Industry – May 2015  
FY 2014 Report: Development of Infrastructure Related to Economic  
and Societal Informatization and Shift to Service-based Economy (e-  
commerce Market Survey)

## Meet expanding demand for Chinese Ecommerce with Ad service x Int'l Shipping Service







おはよう  
すけー  
んのはじめ

**OMG, This is Amazing.**



**Thank you very much for attending our presentation today.**

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Information provided in this presentation contains forward-looking statements including Adways Inc.'s current plans, outlook, estimates and forecast related to its business and industry trends. Such statements are inevitably subject to certain risks and uncertainties. Actual results may differ from the outlook expressed herein due to risks which may or may not be known at present, uncertainties and various other factors. Adways Inc. makes no warranty that its future outlook and forecasts are accurate, and actual results may differ materially from company estimates and may be worse than those expressed. Statements made herein are based on information available as of July31, 2015 and a variety of factors may cause the statements to differ from actual results.



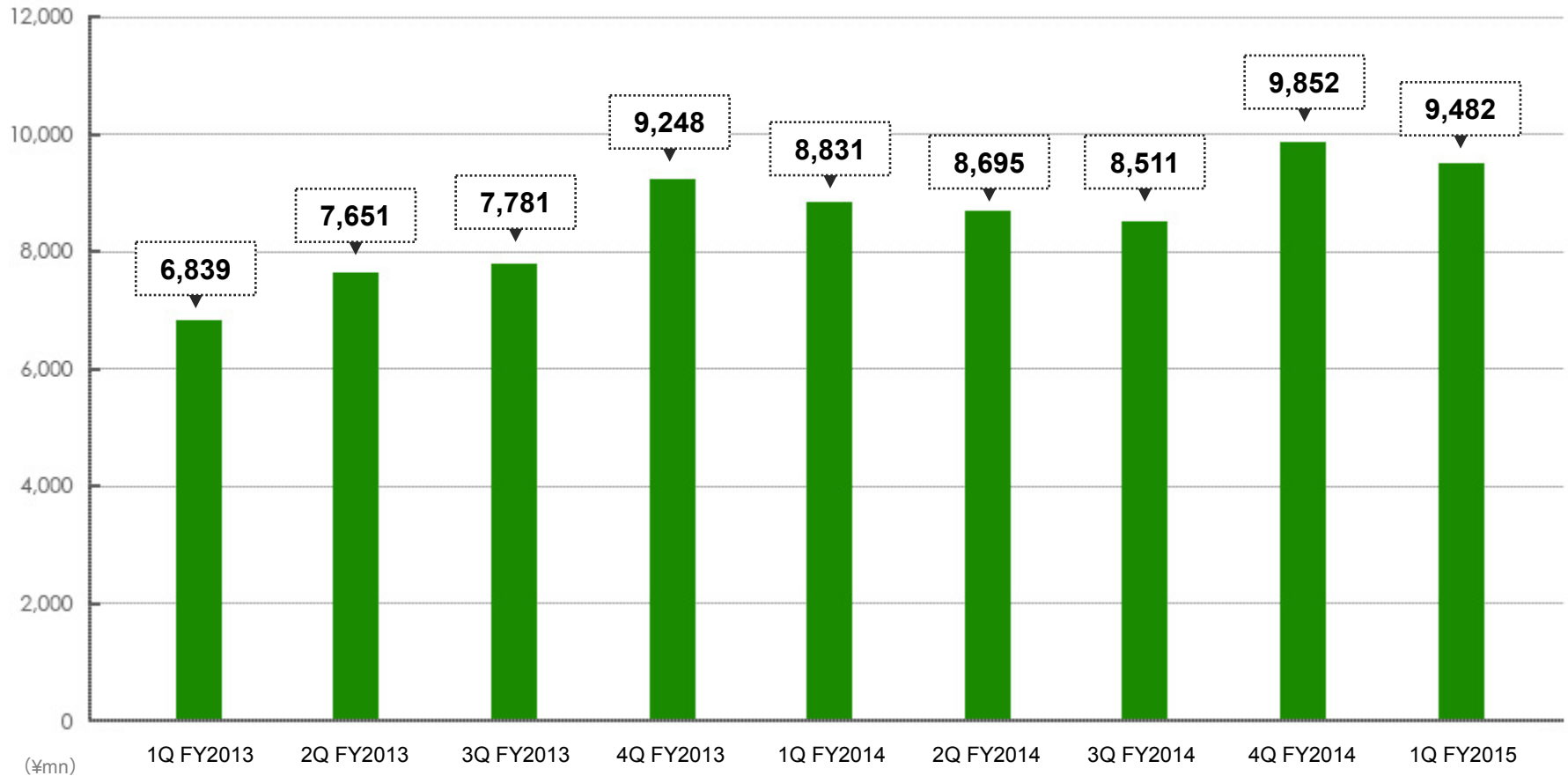


# 3. Supplementary Materials



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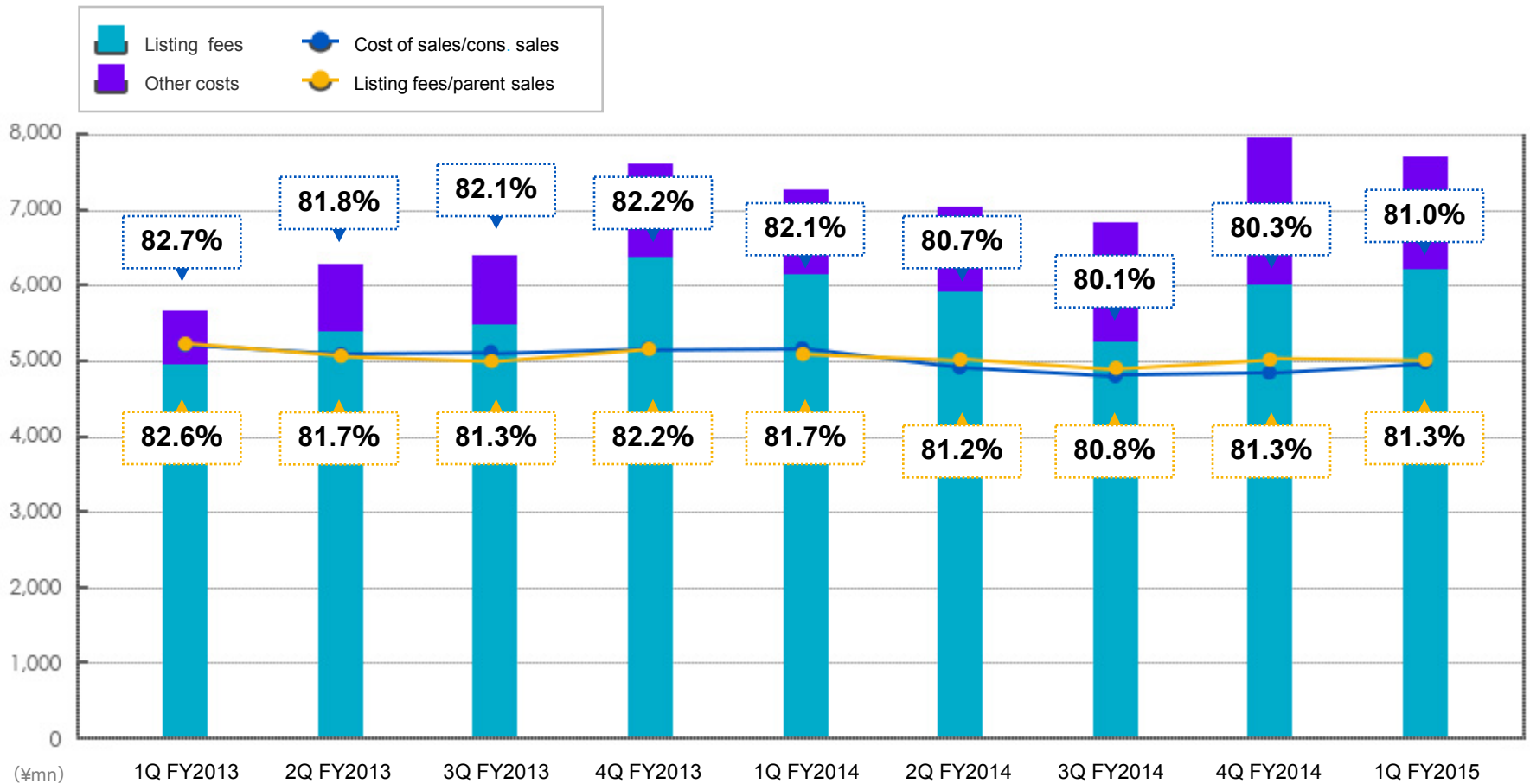
## Consolidated sales (Quarterly)





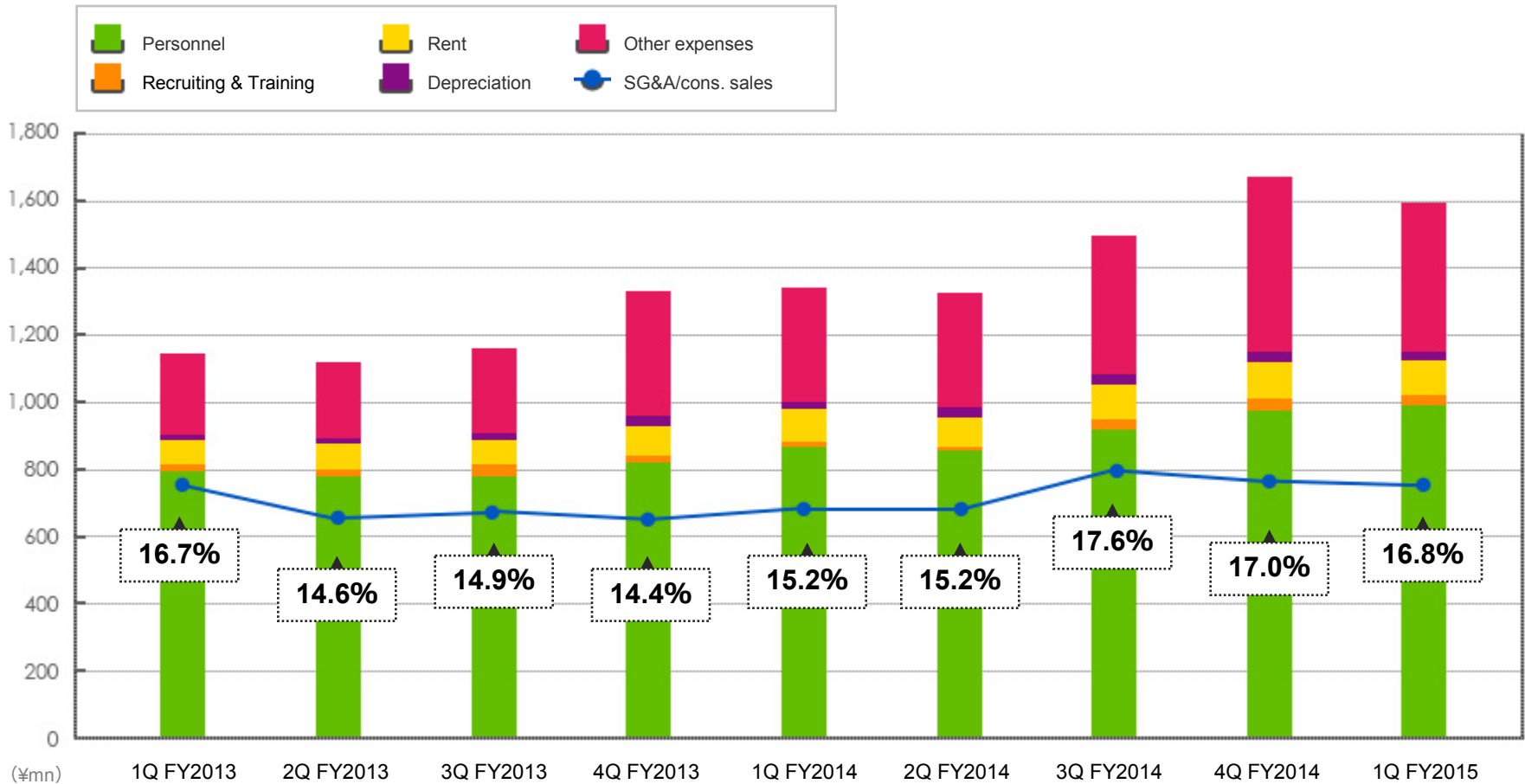
# 3. Supplementary Materials

## Consolidated Cost of Sales (Quarterly)



# 3. Supplementary Materials

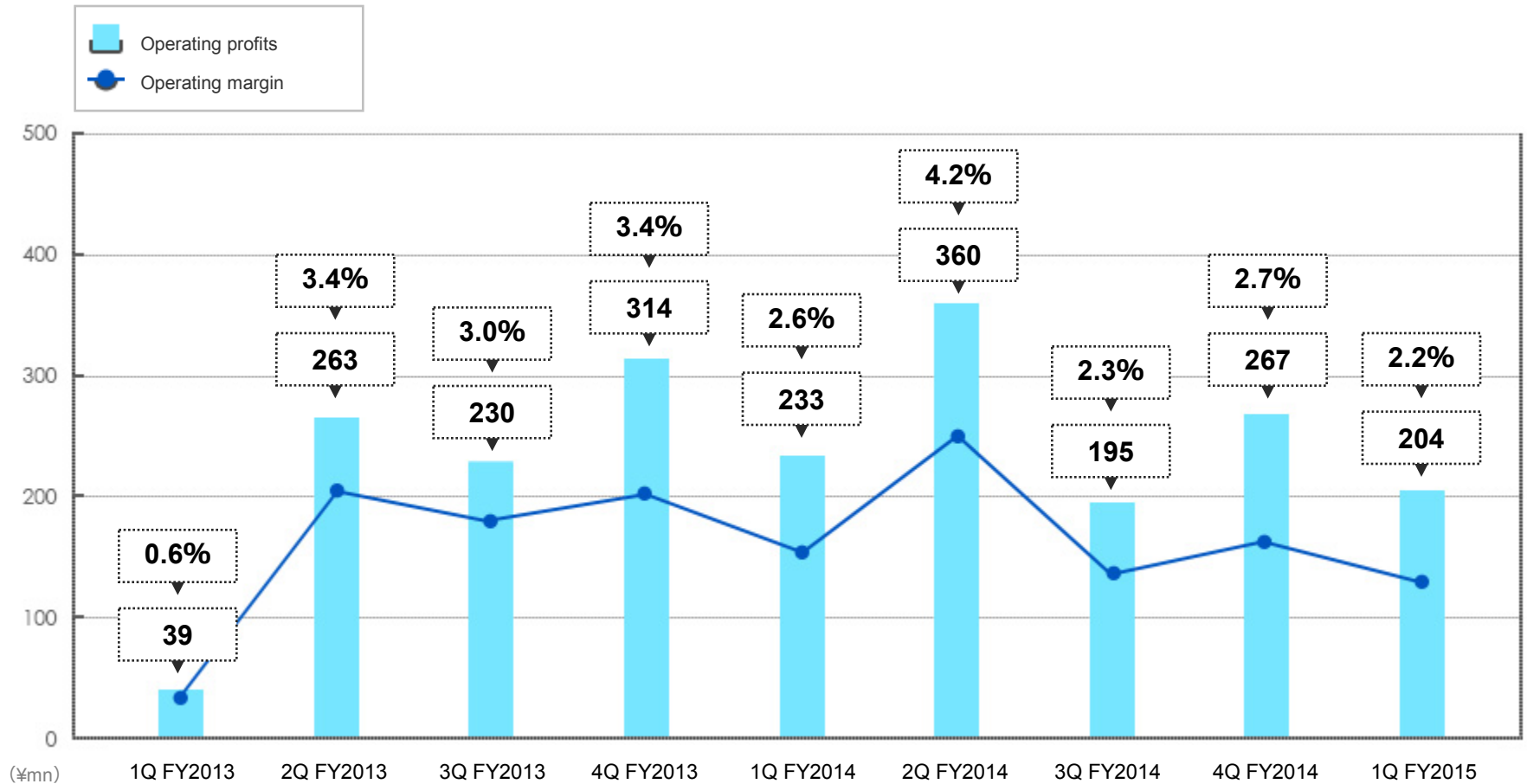
## Consolidated SG&A Expenses (Quarterly)





# 3. Supplementary Materials

## Consolidated Operating Profit (Quarterly)



# 3. Supplementary Materials

## Consolidated Balance Sheet (QoQ)

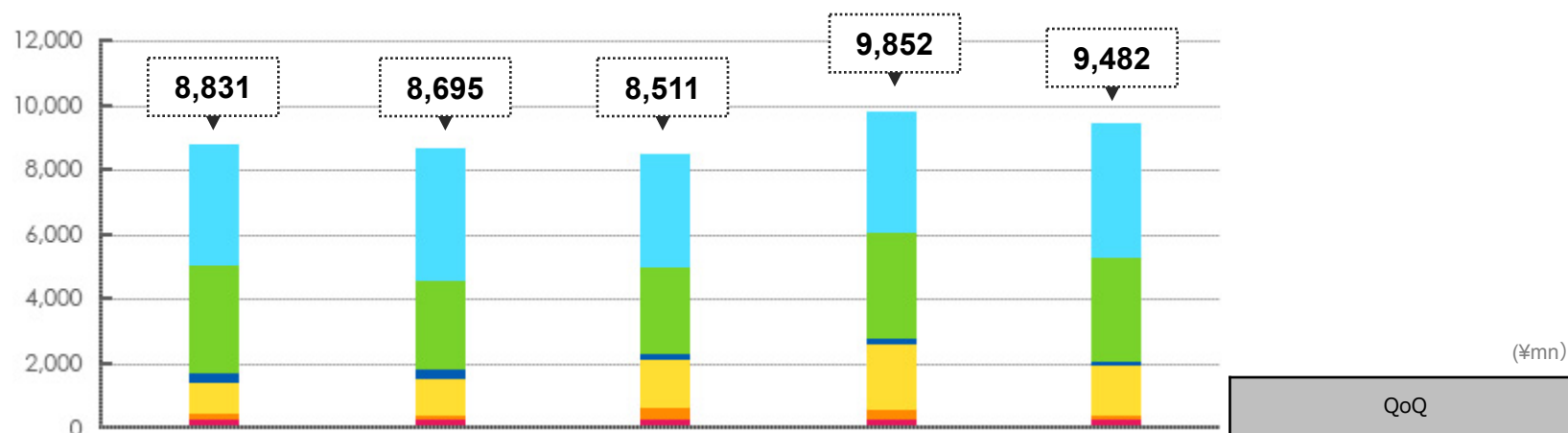
(¥mn)

	1Q FY2015	4Q FY2014	Change (¥mn)	Change (%)
Current Assets	17,863	17,674	+188	+1.1%
(Cash and Deposits)	11,471	11,668	-197	-1.7%
Fixed Assets	2,200	2,132	+67	+3.2%
Total Assets	20,063	19,806	+256	+1.3%
Current Liabilities	6,922	6,613	+308	+4.7%
Fixed Liabilities	99	102	-2	-2.8%
Total Liabilities	7,021	6,715	+305	+4.6%
Net Assets	13,041	13,090	-49	-0.4%



# 3. Supplementary Materials

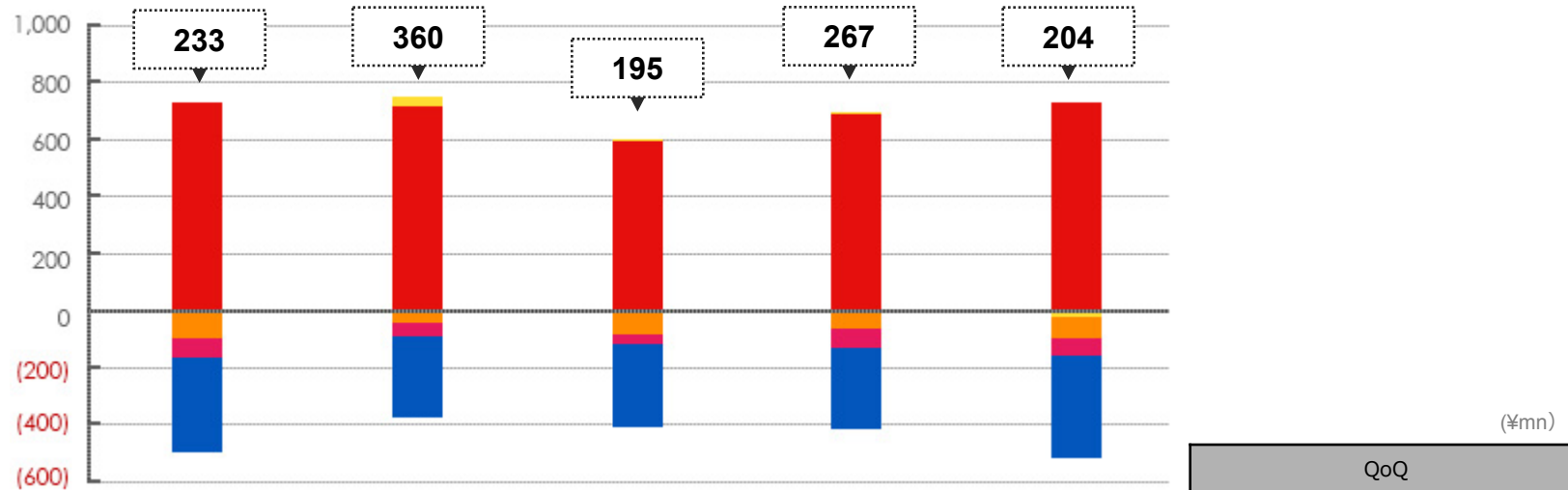
## Breakdown of Consolidated Sales by Segment (Quarterly)



	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	QoQ	
						Change(¥mn)	Change (%)
Smartphone	3,775	4,108	3,472	3,807	4,250	+442	11.6%
PC	3,392	2,850	2,770	3,352	3,229	-123	-3.7%
Feature phone	281	192	164	140	113	-27	-19.6%
Overseas advertising	979	1,113	1,495	1,985	1,582	-402	-20.3%
App	233	247	399	389	125	-263	-68.5%
Media, Other	169	183	209	176	180	+4	+2.4%
<b>Total</b>	<b>8,831</b>	<b>8,695</b>	<b>8,511</b>	<b>9,852</b>	<b>9,482</b>	<b>-370</b>	<b>-3.8%</b>

# 3. Supplementary Materials

## Breakdown of Consolidated Operating Profit by Segment (Quarterly)

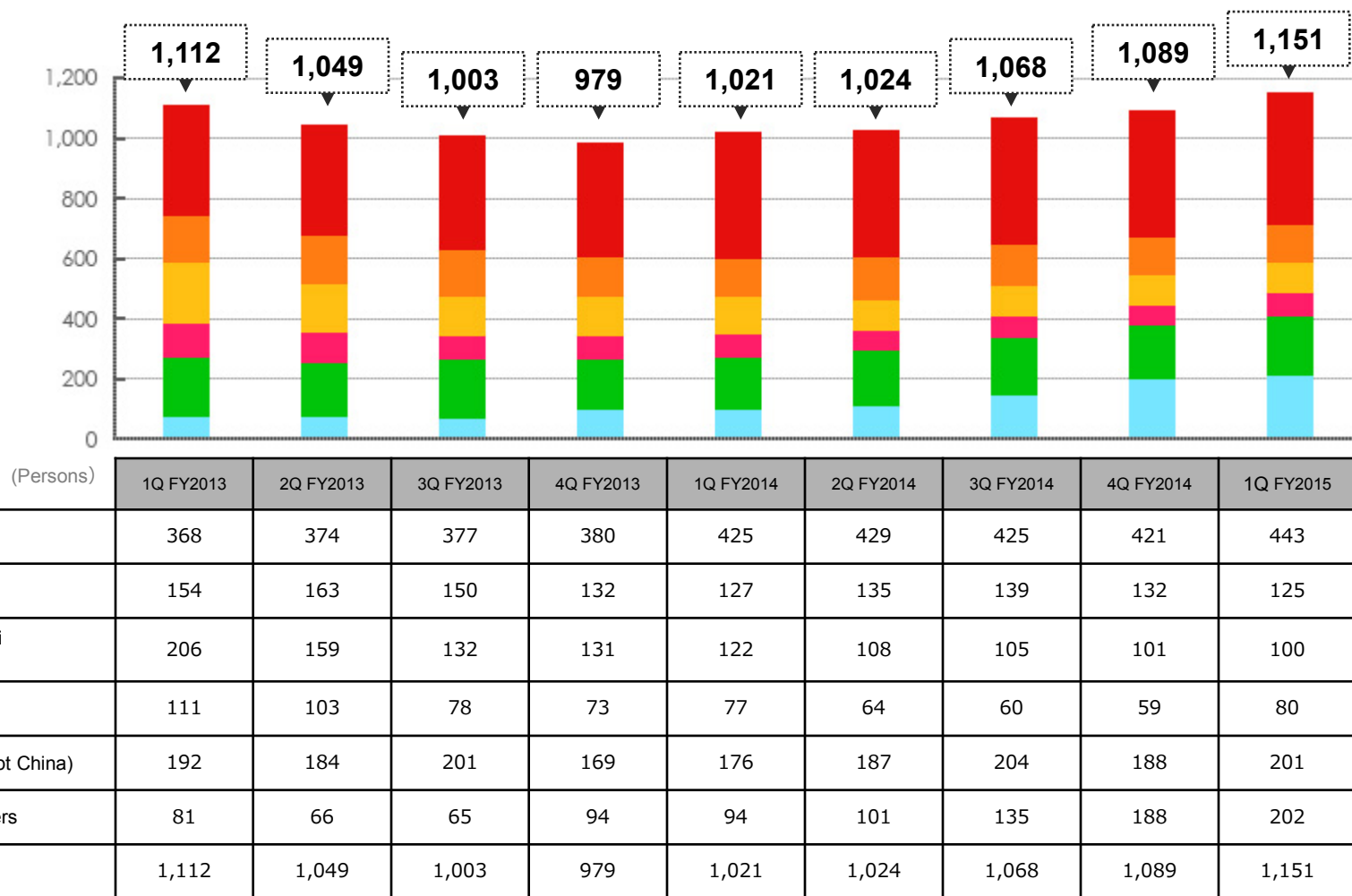


	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	QoQ	
						Change(¥mn)	Change (%)
<span style="color: red;">■</span> Advertising	725	703	597	686	725	+38	+5.7%
<span style="color: yellow;">■</span> Overseas advertising	-1	35	9	-6	-22	-16	-
<span style="color: orange;">■</span> App	-91	-47	-85	-63	-70	-7	-
<span style="color: pink;">■</span> Media, Other	-72	-41	-32	-69	-69	-0	-
<span style="color: blue;">■</span> Eliminations & corporate	-326	-289	-294	-280	-357	-77	-
<b>Total</b>	<b>233</b>	<b>360</b>	<b>195</b>	<b>267</b>	<b>204</b>	<b>-62</b>	<b>-23.4%</b>



# 3. Supplementary Materials

## Group Employees (Quarterly)



# 3. Supplementary Materials



## Company Overview

Company name Adways Inc.

Founded February 28, 2001

Business overview Internet business

President & CEO Haruhisa Okamura

Capital ¥1,603mn (As of end of June 2015)

Net Sales ¥ 35,890mn (FY2014, Consolidated)

Employees 1,151 including temp workers (As of end of June 2015)