



ADWAYS

October 2015, Presentation Material

TOKYO STOCK EXCHANGE MOTHERS STOCK CODE : 2489

Financial Results Presentation for 2Q FY2015

October 30, 2015

President and CEO, Haruhisa Okamura

Topics

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2. Business Overview ●————● P.10
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1. 2Q FY2015 Performance

1. 2Q FY2015 Performance: Cumulative

Cumulative Quarterly Results (YoY)

(¥mn)

	2Q FY2015 (Cumulative)	YoY 2Q FY2014 (Cumulative)		
		Result	Change (¥mn)	Change (%)
Net Sales	19,625	17,526	+2,098	+12.0%
Gross Profit	3,616	3,257	+359	+11.0%
SG&A Expenses	3,139	2,663	+476	+17.9%
Operating Profit	477	594	-117	-19.7%
Recurring Profit	519	632	-112	-17.8%
Net Profit	281	385	-103	-26.8%

Net Sales

Increased ¥2,098mn YoY (+12.0%)

Operating Profit

Decreased ¥117mn YoY (-19.7%)

1. 2Q FY2015 Performance: Cumulative

Quarterly Results (YoY, QoQ)

(¥mn)

	2Q FY2015	YoY 2Q FY2014			QoQ 1Q FY2015		
		Result	Change (¥mn)	Change (%)	Result	Change (¥mn)	Change (%)
Net Sales	10,142	8,695	+1,447	+16.6%	9,482	+660	+7.0%
Gross Profit	1,818	1,678	+139	+8.3%	1,798	+19	+1.1%
SG&A Expenses	1,545	1,317	+227	+17.3%	1,593	-48	-3.0%
Operating Profit	272	360	-88	-24.5%	204	+67	+32.9%
Recurring Profit	298	390	-91	-23.5%	220	+78	+35.7%
Net Profit	159	290	-130	-45.0%	121	+37	+31.0%

Record High

Net Sales

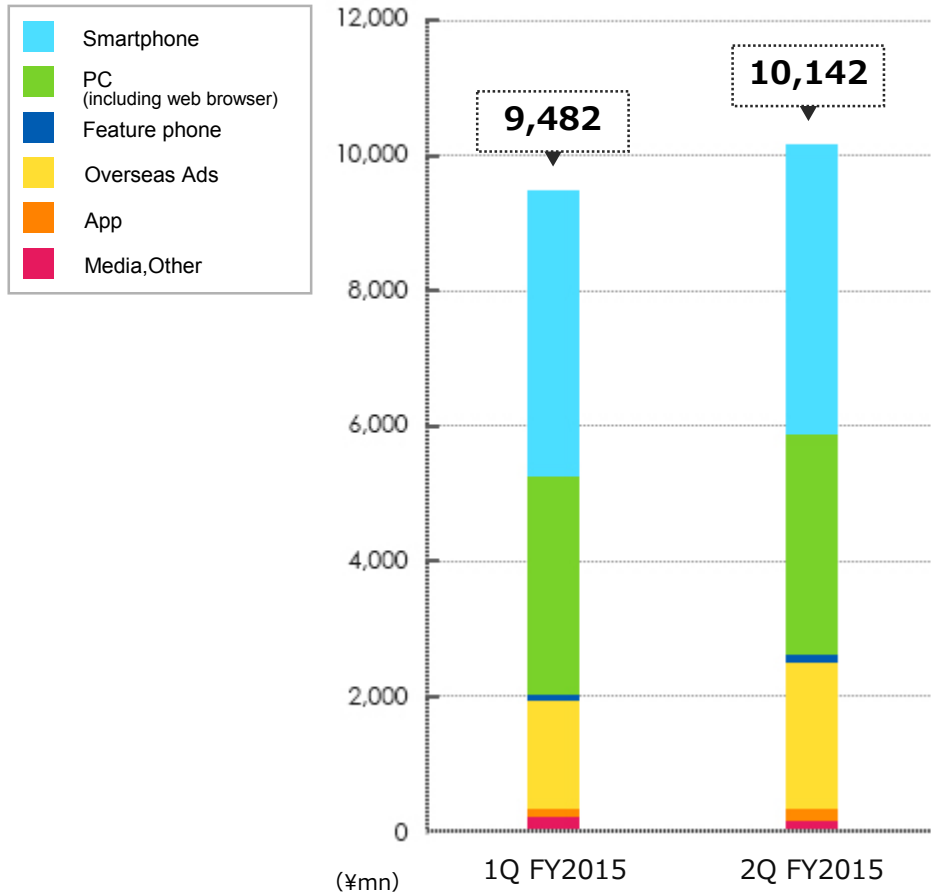
Increased ¥1,447 mn YoY (+16.6%)
 Increased ¥660 mn QoQ (+7.0%)

Operating Profit

Decreased ¥88 mn YoY (-24.5%)
 Increased ¥67 mn QoQ (+32.9%)

1. 2Q FY2015 Performance: Net Sales

QoQ Change



Exceeded ¥10B in the quarter!

Domestic Advertising **¥7,636m n**

QoQ : +¥43mn (+0.6%)

Smartphone : ¥4,262mn

QoQ : +¥11mn (+0.3%)

- continue to improve the business of comprehensive proposals

PC (including web browser) : ¥3,250mn

QoQ : +¥21mn (+0.7%)

- projects of main financial institutions have remained almost flat

Overseas Advertising **¥2,163mn**

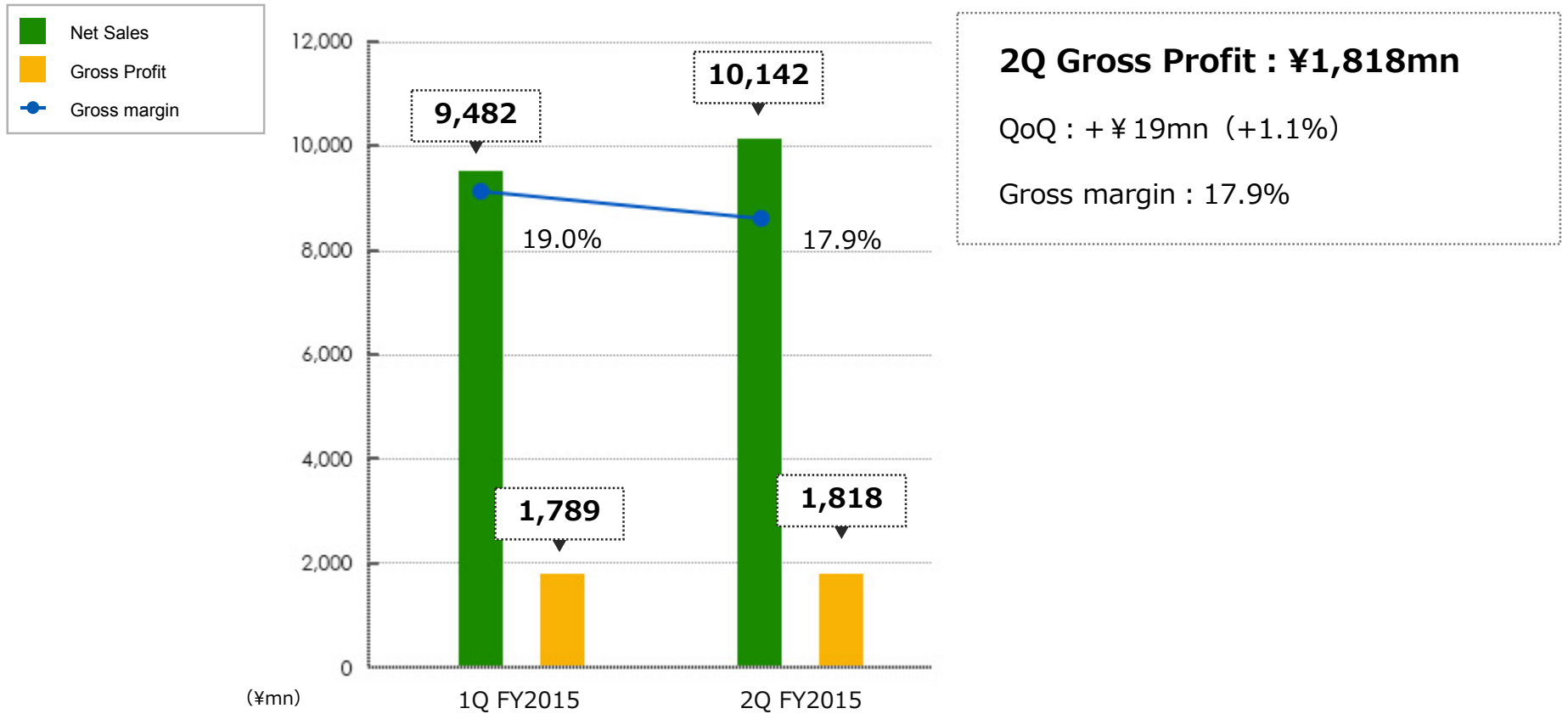
QoQ : ¥580mn (+36.7%)

- demonstrated a favorable trend as some immediate projects occurred

*The accounting periods of our overseas subsidiaries end in December, so their 2Q FY2015(April-June)figures are consolidated with the Adways Group's 2Q FY2015(July-September)figures.

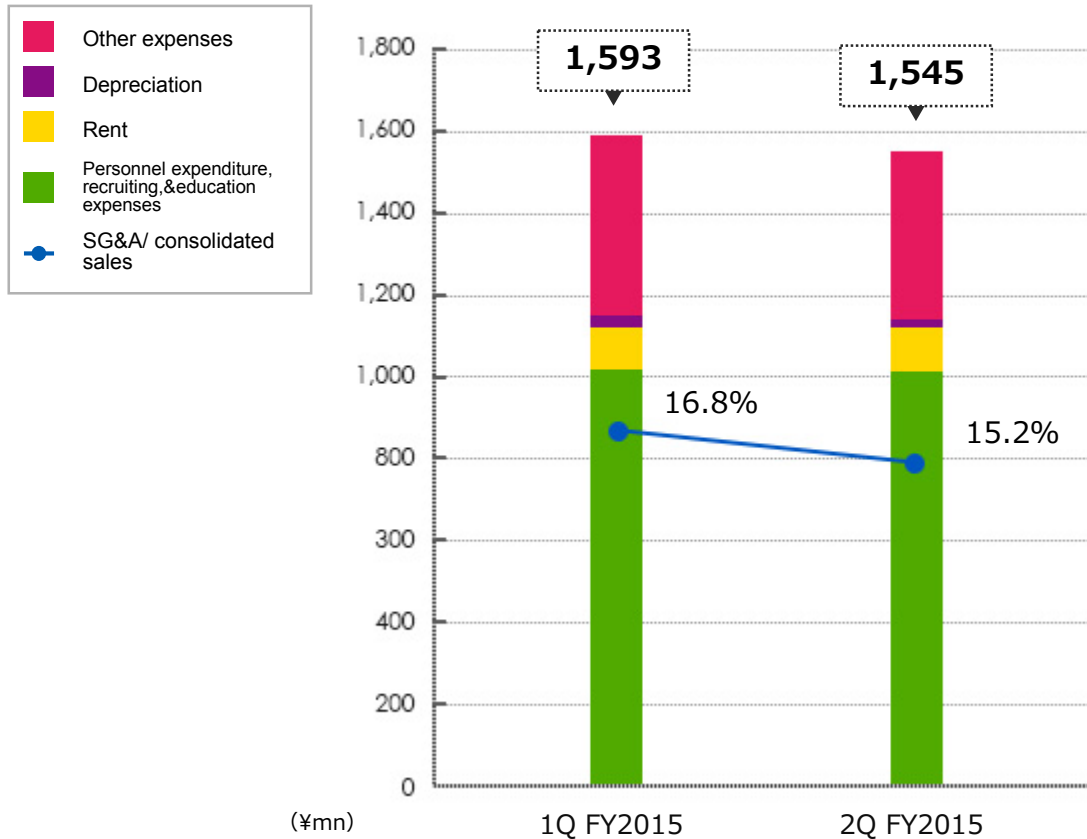
1. 2Q FY2015 Performance: Gross Profit

QoQ Change



1. 2Q FY2015 Performance: SG&A Expenses

QoQ Change



2Q SG&A Expenses : ¥1,545mn

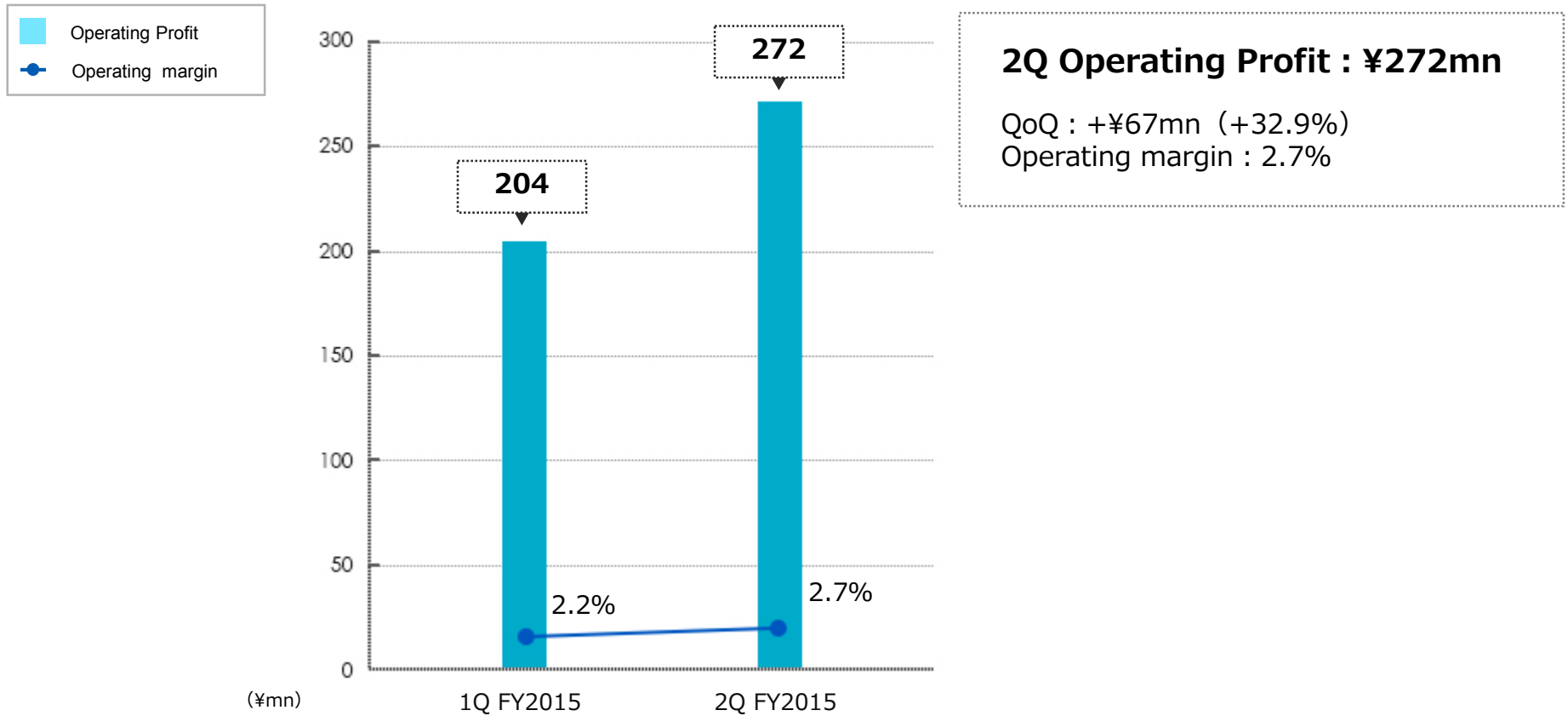
QoQ : -¥48mn (-3.0%)
SG&A to Sales ratio : 15.2%

Research and Development expense
: -¥44mn

- as a result of the end of the research and development period for the new service, it decreased by the subjects change to the cost of sales, etc.

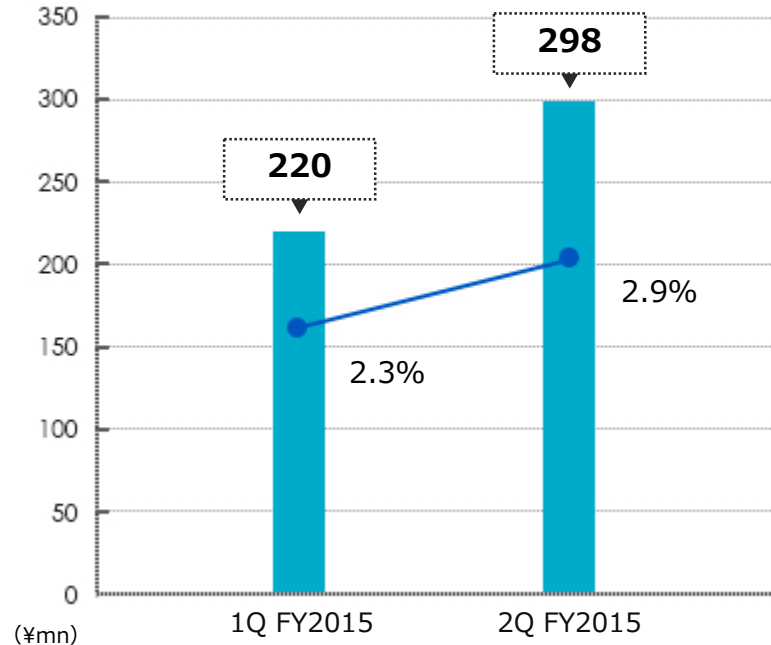
1. 2Q FY2015 Performance: Operating Profit

QoQ Change



1. 2Q FY2015 Performance: Recurring Profit and Net Profit

QoQ Change

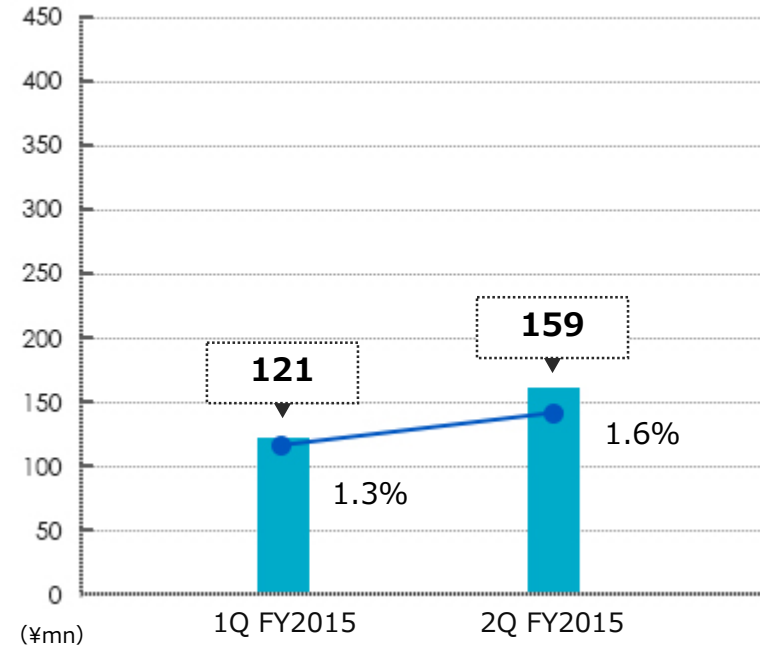


2Q Recurring Profit : ¥298mn

QoQ : +¥78mn (+35.7%)

Recurring Profit margin : 2.9%


QoQ Change



2Q Net Profit : ¥159mn

QoQ : +¥37mn (+31.0%)

Net Profit margin : 1.6%



2. Business Overview

Beyond Everything Internet

SmartPhone

Ad Technology



Global

2. Business Overview : Reorganization

Reorganization of the structure for global market



Executive Officer of
new business

Sho Yamada

Director
Head of global business

Nobuyoshi Noda

Executive officer of
global marketing

Shingo Kano

2015.7.1

Newly organized Global Business Development Group

Concentrate business resources, and implement optimization and maximization
Promote the construction of ad platforms in Asian market

2. Business Overview : Global Smartphone Strategy

Released "4T", an ad management platform!


Party
track
by ADWAYS
3rd party tracking tool


AppDriver
reach the pocket
by ADWAYS
CPI Adnetwork


CHANet 成果网
by ADWAYS
Web affiliate service for PC and SP

Ad Technology



2015.08.06 release

What's
Coming Next...?


Yoyaku Top10
Pre-registration platform

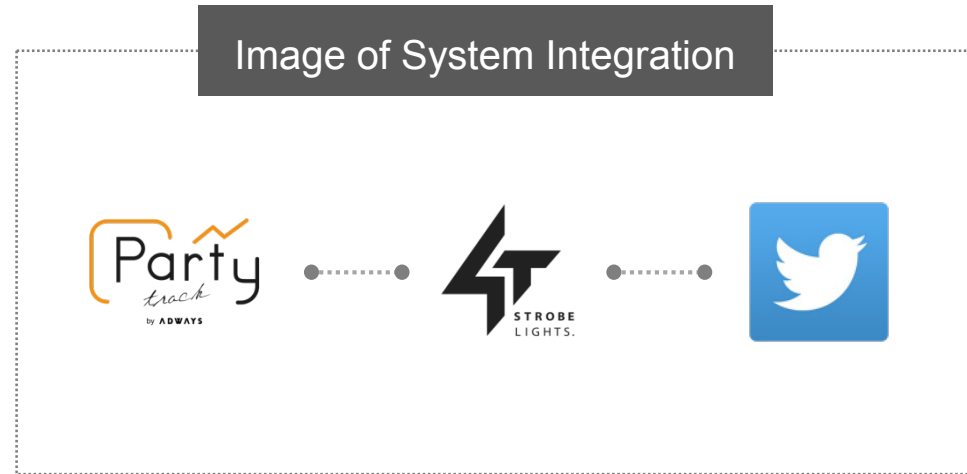

JFnet
JAPAN
Affiliate Network
by ADWAYS
Web affiliate service for PC and SP


Smart-C
by ADWAYS
Web affiliate service for FP and SP

2. Business Overview : Global Smartphone Strategy

Allows advertising based on the efficient and accurate analysis for users

Ad management platform with higher functions



2015.8.6

Certified as a Twitter Official Partner

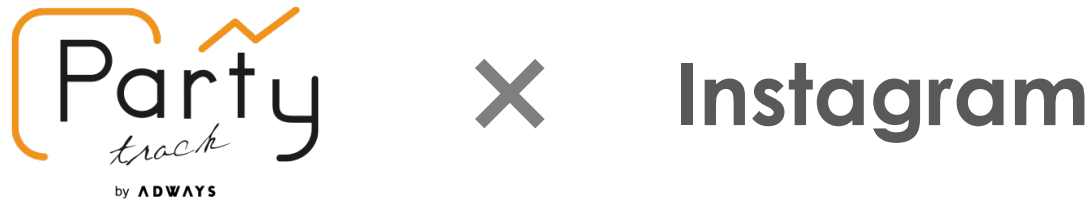
*What is a Twitter Official Partner?

It is a partnership program provided by Twitter, Inc.

Companies which can provide high-quality products and a professional level of services on Twitter can receive this certification.

2. Business Overview : Global Smartphone Strategy

PartyTrack has integrated with Instagram followed by Facebook®!



SNS focused on photos shared with users around the world, and photos can easily be captured and processed.

Many female users in 10's and 20's with high sensitivity.

Active Users

Total Photos Shared

Likes/Day

Average Photos /Day

400M+

40B+

3.5B

80M+

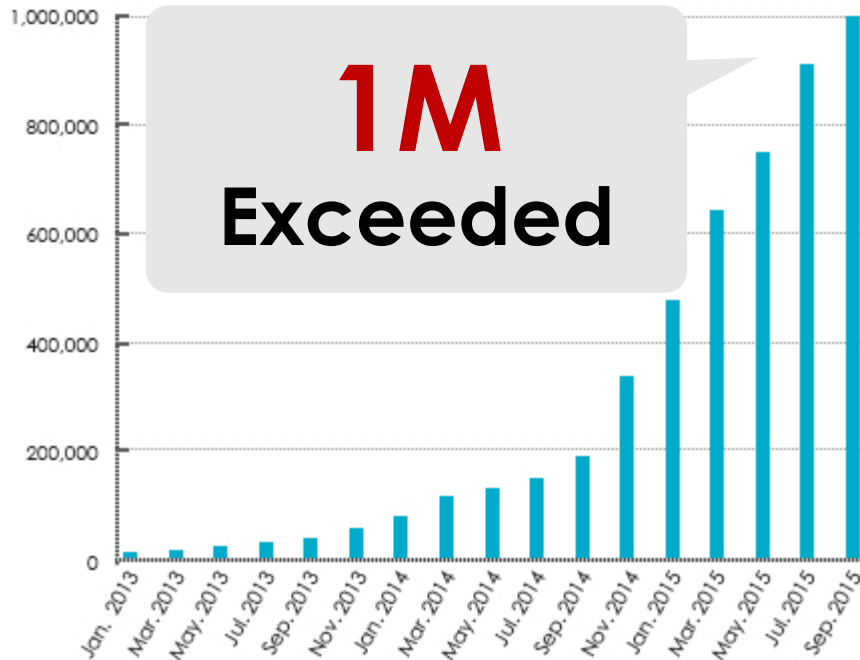
Reference: Instagram website

2. Business Overview : Global Smartphone Strategy

App pre-registration service “Yoyaku Top10” reached 1M Japanese users and 0.4M overseas users!



Total Number of Users in Japan



Expanding the service in overseas markets!

▼ USA



▼ KOREA



▼ Southeast Asia



0.4M+users

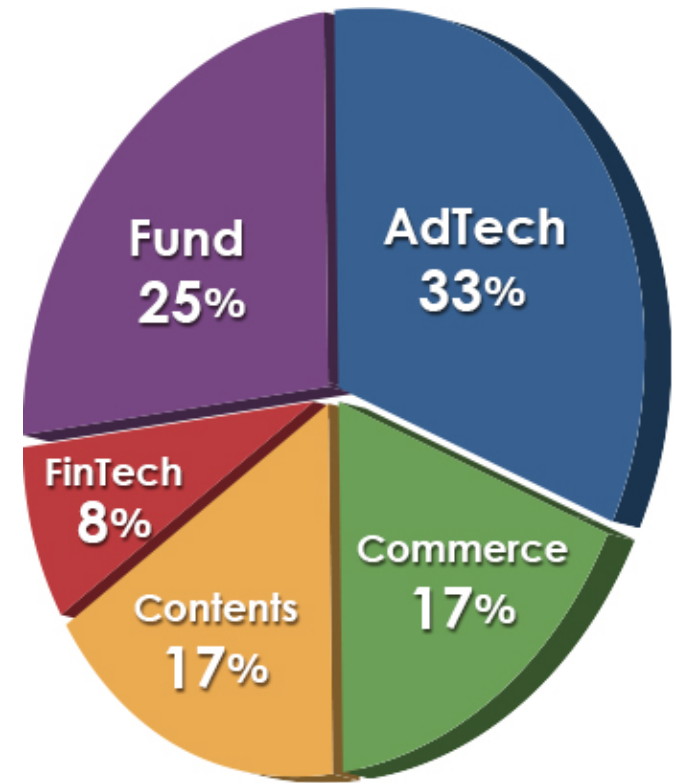
2. Business Overview : Global Smartphone Strategy

Utilize external resources aggressively, and improve the development of new technology and alliances

2Q FY2015 (Apr-Sep 2015)

Invested Amount **340mn**
Number of companies **12**

(Division according to the invested business)



Invested Companies (selected)

 **rei
frontier**


orb


PLUCKY


shirogami
白ヤギコーポレーション

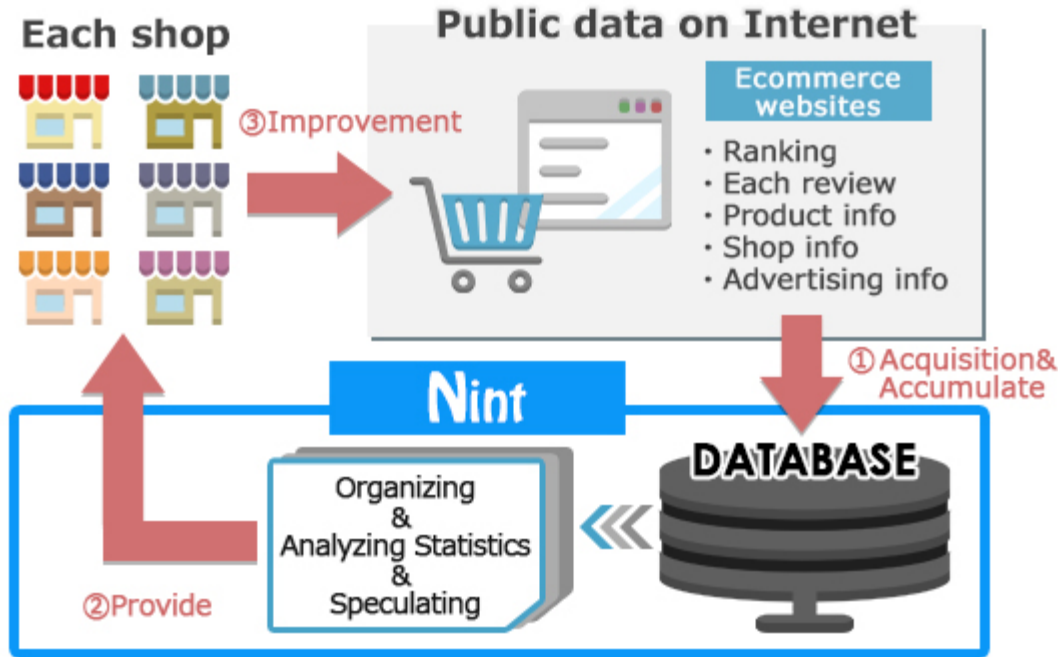
social design platform
 **COLORFUL
BOARD**


Unicon

(Number of companies ratio)

2. Review of Operations ~Global Commerce Strategy (Ecommerce big data)

Expansion of providing the Ecommerce big data business



1. Acquire and accumulate a vast amount of data from the information published on the Internet.
2. Organize the accumulated data as available data, and provide by performing analysis, speculation, and statistics from different angles.
3. Implement measures such as merchandising, inventory adjustment, and advertising based on the data of Nint.

2. Review of Operations ~Global Commerce Strategy (Ecommerce big data)

Provide the information strategy for Ecommerce



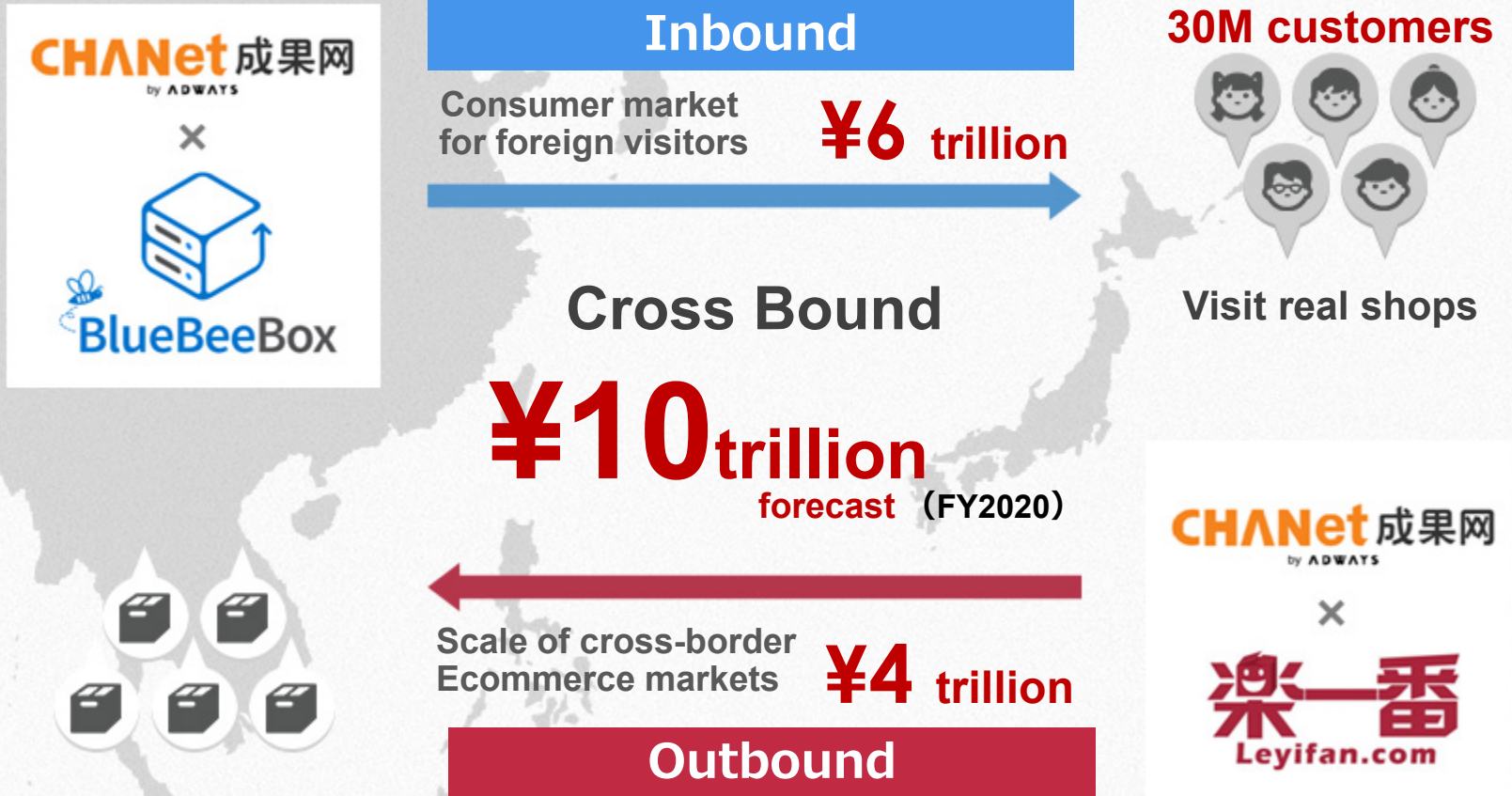
The World's Ecommerce market in 2018
ALMOST DOUBLE!

157 trillion yen (2014) → **298** trillion yen (2018)

Reference: eMarketer forecast, 2014.12
"Retail Sales Worldwide Will Top \$22Trillion This Year"

2. Review of Operations ~Global Commerce Strategy (Cross border Ecommerce business)

Business expansion to cross-boundary markets, including cross border Ecommerce



Reference: Published by Ministry of Economy, Trade and Industry
Japan National Tourist Office (JNTO) published

おにん
すげー
このはじめて

OMG, This is Amazing



Thank you very much for attending our presentation today.

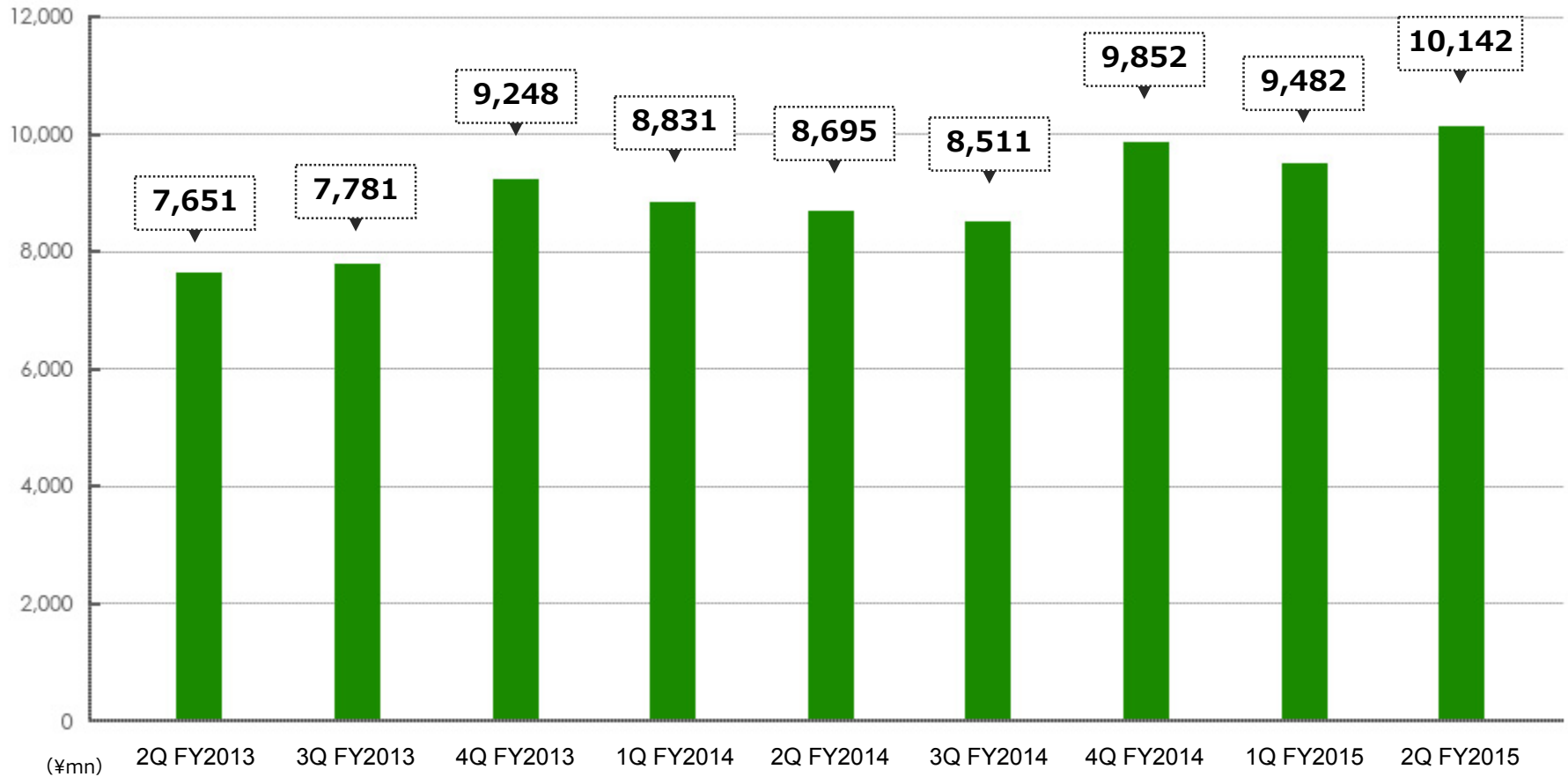
Information provided in this presentation contains forward-looking statements including Adways Inc.'s current plans, outlook, estimates and forecast related to its business and industry trends. Such statements are inevitably subject to certain risks and uncertainties. Actual results may differ from the 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 October 30, 2015 and a variety of factors may cause the statements to differ from actual results.



3. Supplementary Materials

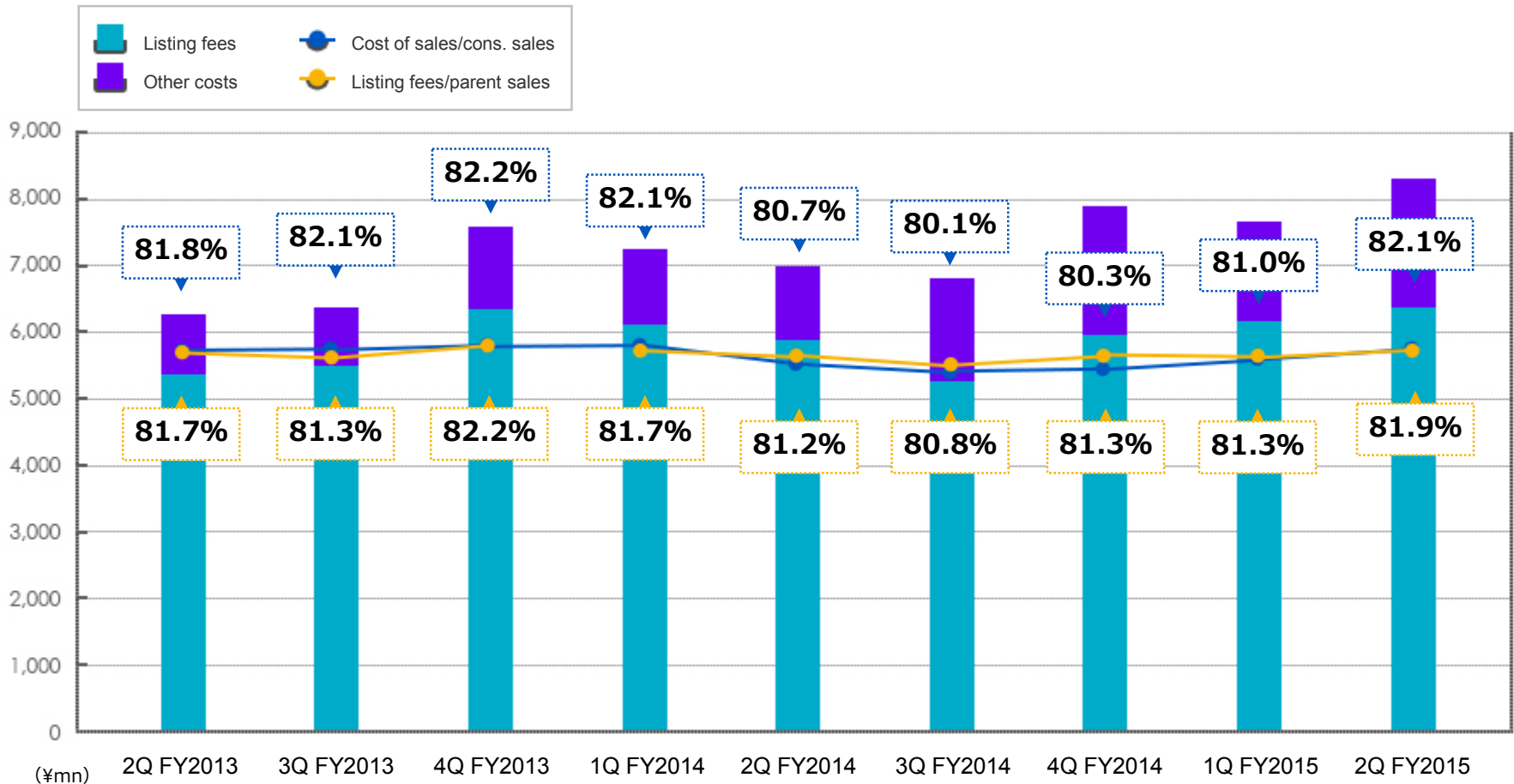
3. Supplementary Materials

Consolidated sales (Quarterly)



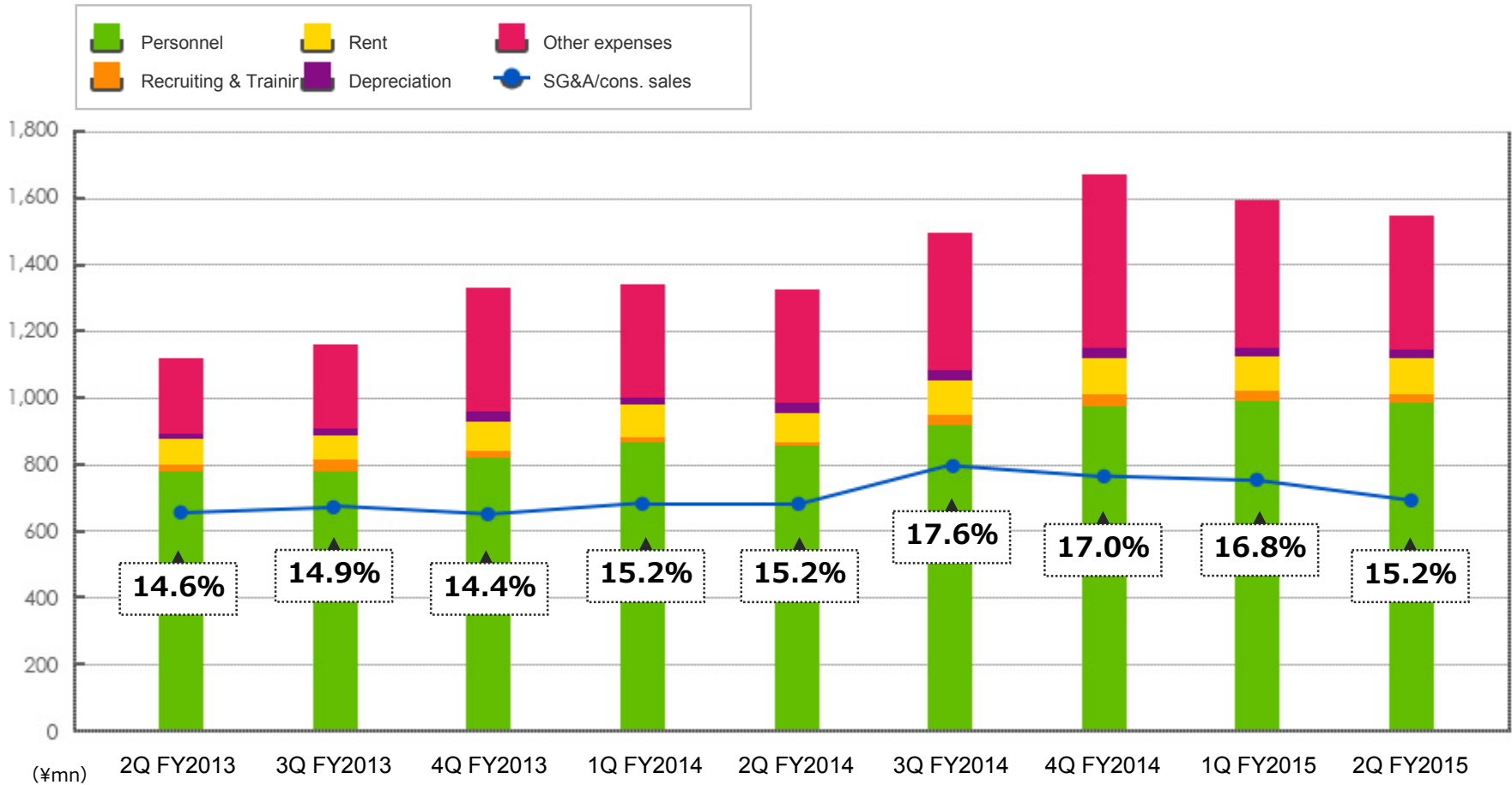
3. Supplementary Materials

Consolidated Cost of Sales (Quarterly)



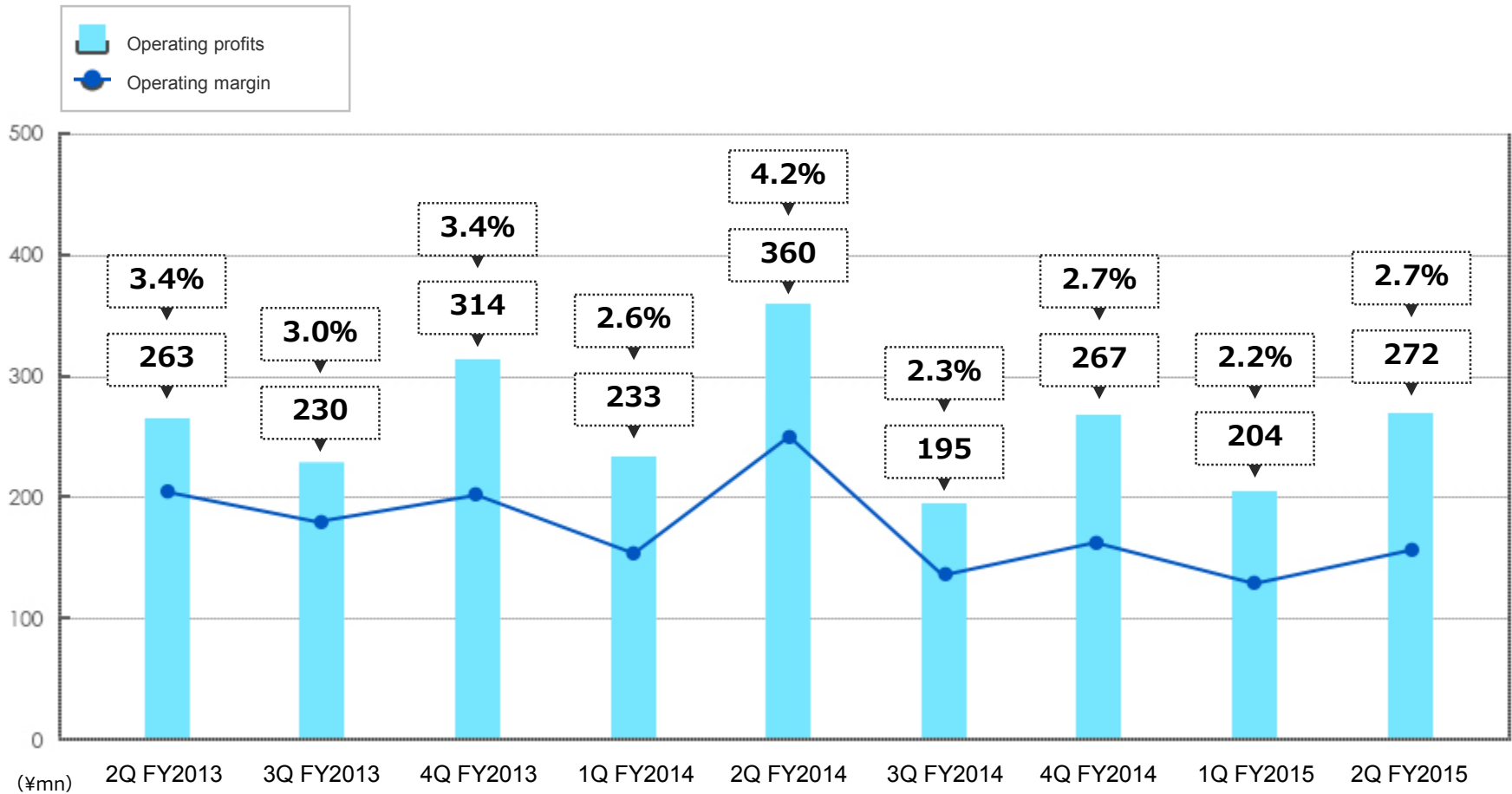
3. Supplementary Materials

Consolidated SG&A Expenses (Quarterly)



3. Supplementary Materials

Consolidated Operating Profit (Quarterly)



3. Supplementary Materials

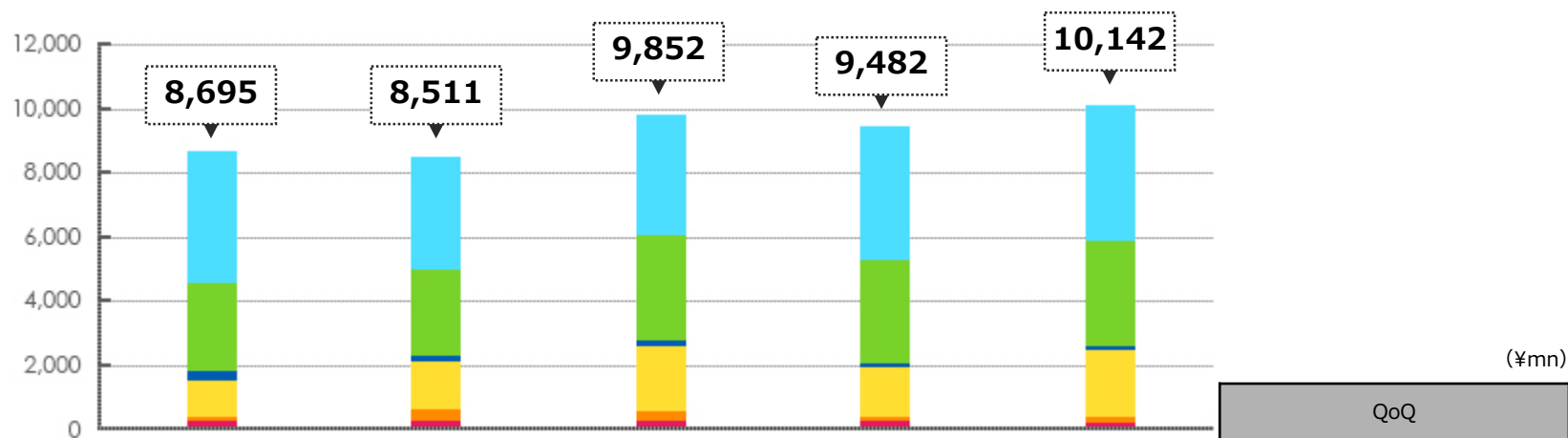
Consolidated Balance Sheet (QoQ)

(¥mn)

	2Q FY2015	1Q FY2015	Change (¥mn)	Change (%)
Current Assets	17,903	17,863	+40	+0.2%
(Cash and Deposits)	11,493	11,471	+22	+0.2%
Fixed Assets	2,221	2,200	+21	+1.0%
Total Assets	20,124	20,063	+61	+0.3%
Current Liabilities	6,876	6,922	-45	-0.7%
Fixed Liabilities	97	99	-2	-2.7%
Total Liabilities	6,973	7,021	-48	-0.7%
Net Assets	13,151	13,041	+110	+0.8%

3. Supplementary Materials

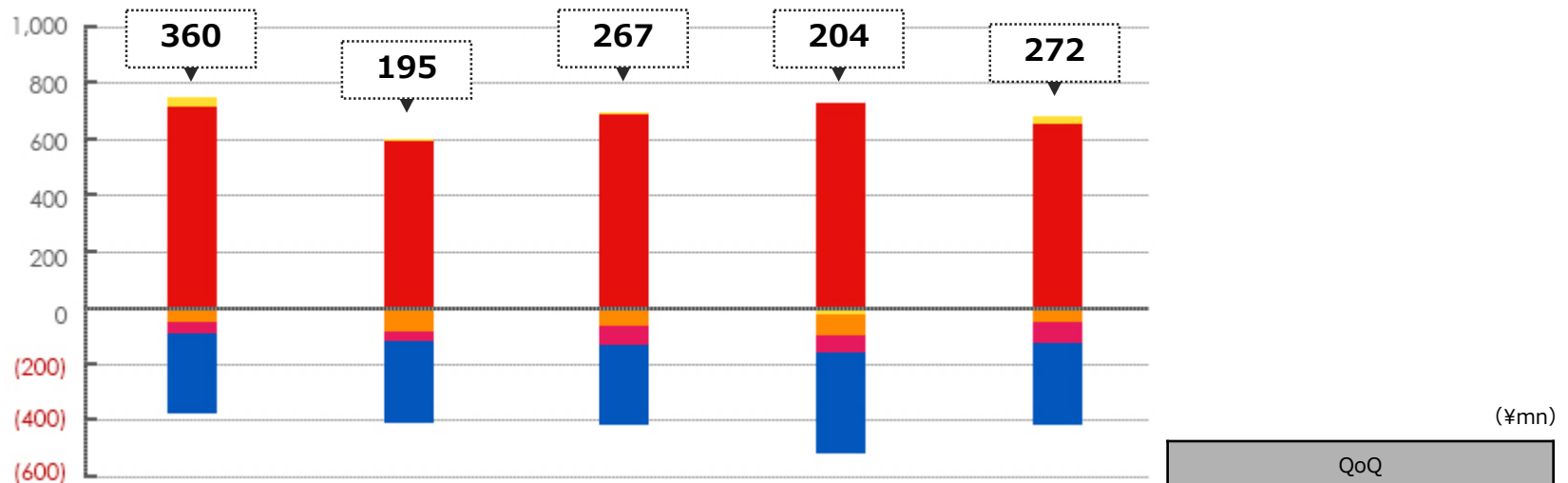
Breakdown of Consolidated Sales by Segment (Quarterly)



	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015	QoQ	
						Change(¥mn)	Change (%)
Smartphone	4,108	3,472	3,807	4,250	4,262	+11	+0.3%
PC	2,850	2,770	3,352	3,229	3,250	+21	+0.7%
Feature phone	192	164	140	113	122	+9	+8.8%
Overseas Advertising	1,113	1,495	1,985	1,582	2,163	+580	+36.7%
App	247	399	389	125	206	+80	+64.4%
Media, Other	183	209	176	180	136	-44	-24.7%
Total	8,695	8,511	9,852	9,482	10,142	+660	+7.0%

3. Supplementary Materials

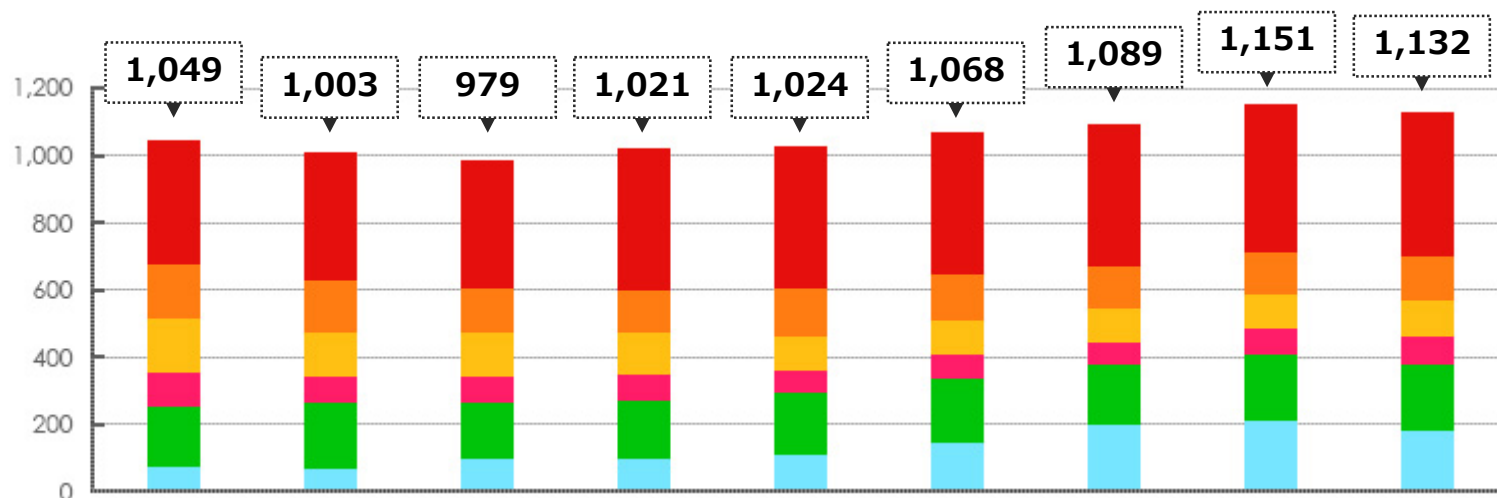
Breakdown of Consolidated Operating Profit by Segment (Quarterly)



	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015	QoQ	
						Change(¥mn)	Change (%)
Advertising	703	597	686	725	654	-70	-9.7%
Overseas Advertising	35	9	-6	-22	34	+57	-
App	-47	-85	-63	-70	-50	+20	-
Media, Other	-41	-32	-69	-69	-73	-4	-
Eliminations & corporate	-289	-294	-280	-357	-293	+64	-
Total	360	195	267	204	272	+67	+32.9%

3. Supplementary Materials

Group Employees (Quarterly)



(Persons)	2Q FY2013	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015
ADW Japan	374	377	380	425	429	425	421	443	430
ADW China	163	150	132	127	135	139	132	125	130
ADW Shanghai (R&D center)	159	132	131	122	108	105	101	100	107
Domestic subs	103	78	73	77	64	60	59	80	79
Overseas subs(except China)	184	201	169	176	187	204	188	201	206
Temps, part-timers	66	65	94	94	101	135	188	202	180
Total	1,049	1,003	979	1,021	1,024	1,068	1,089	1,151	1,132

3. Supplementary Materials

Company Overview

Company name	Adways Inc.	
Founded	February 28, 2001	
Business overview	Internet business	
President & CEO	Haruhisa Okamura	
Capital	¥1,605mn	(As of end of September 2015)
Net Sales	¥ 35,890mn	(FY2014, Consolidated)
Employees	1,132 including temp workers	(As of end of September 2015)