TOKYO STOCK EXCHANGE MOTHERS
STOCK CODE:2489

ADWAYS

Presentation Material
October 2014

Financial Results Presentation for 2Q FY2014

October 31,2014
President and CEO, Haruhisa Okamura

Topics

1. 2Q FY2014 Performance

Cumulative Quarterly Results (YoY)

(¥mn)

	2Q FY2014 (Cumulative)	YoY 2Q FY2013（Cumulative）		
		Result	Change (¥mn)	Change (%)
Net Sales	17,526	14,490	+3,035	+20.9%
Gross Profit	3,257	2,566	+691	+26.9%
SG&A Expenses	2,663	2,263	+399	+17.7%
Operating Profit	594	303	+291	+96.1%
Recurring Profit	632	256	+375	+146.6%
Net Profit	385	243	+141	+58.0%

Net Sales

Increased ¥3,035mn YoY （+20.9%）

Operating Profit

Increased ¥291mn YoY （+96.1%）

1. 2Q FY2014 Performance: Quarterly

Quarterly Results (YoY,QoQ)

(¥mn)

	2Q FY2014	YoY 2Q FY2013			QoQ 1Q FY2014		
		Result	Change (¥mn)	Change (%)	Result	Change (¥mn)	Change (%)
Net Sales	8,695	7,651	+1,043	+13.6%	8,831	-135	-1.5%
Gross Profit	1,678	1,384	+294	+21.3%	1,579	+99	+6.3%
SG&A Expenses	1,317	1,120	+197	+17.6%	1,345	-27	-2.0%
Operating Profit	360	263	+97	+36.8%	233	+127	+54.5%
Recurring Profit	390	265	+125	+47.5%	241	+149	+62.0%
Net Profit	290	261	+28	+11.0%	94	+196	+207.9%

Net Sales

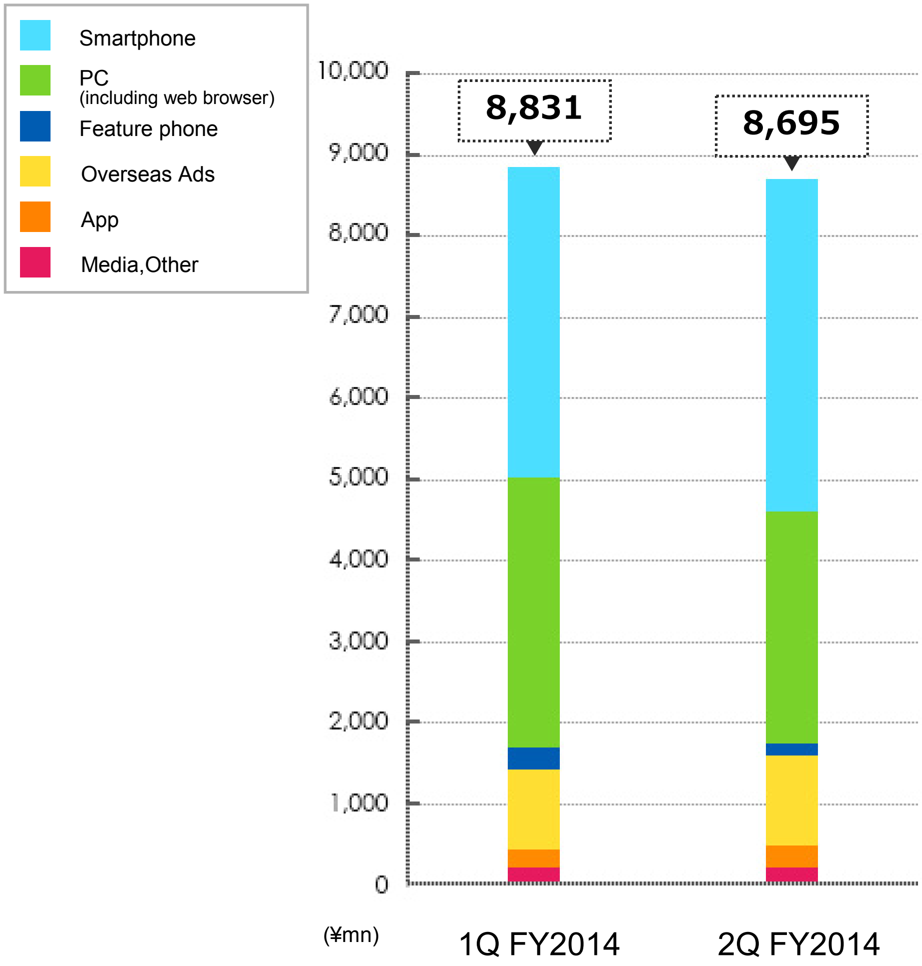
Increased ¥1,043mn YoY (+13.6%)
Decreased ¥135mn QoQ (-1.5%)

Operating Profit

Increased ¥97mn YoY (+36.8%)
Increased ¥127mn QoQ (+54.5%)

1. 2Q FY2014 Performance: Net Sales

QoQ Change



Domestic Advertising **¥7,150mn**

QoQ：-¥298mn（-4.0%）

Smartphone：¥4,108mn
QoQ：+¥332mn（+8.8%）
-increase due to ongoing strong performance

PC（includeing web browser）：¥2,850mn
QoQ：-¥541mn（-16.0%）
-decrease due to advertisement budget cuts by clients in financial industry

Feature phone：¥192mn
QoQ：-¥89mn（-31.8%）
-decrease due to ongoing downsizing of the market since last quarter

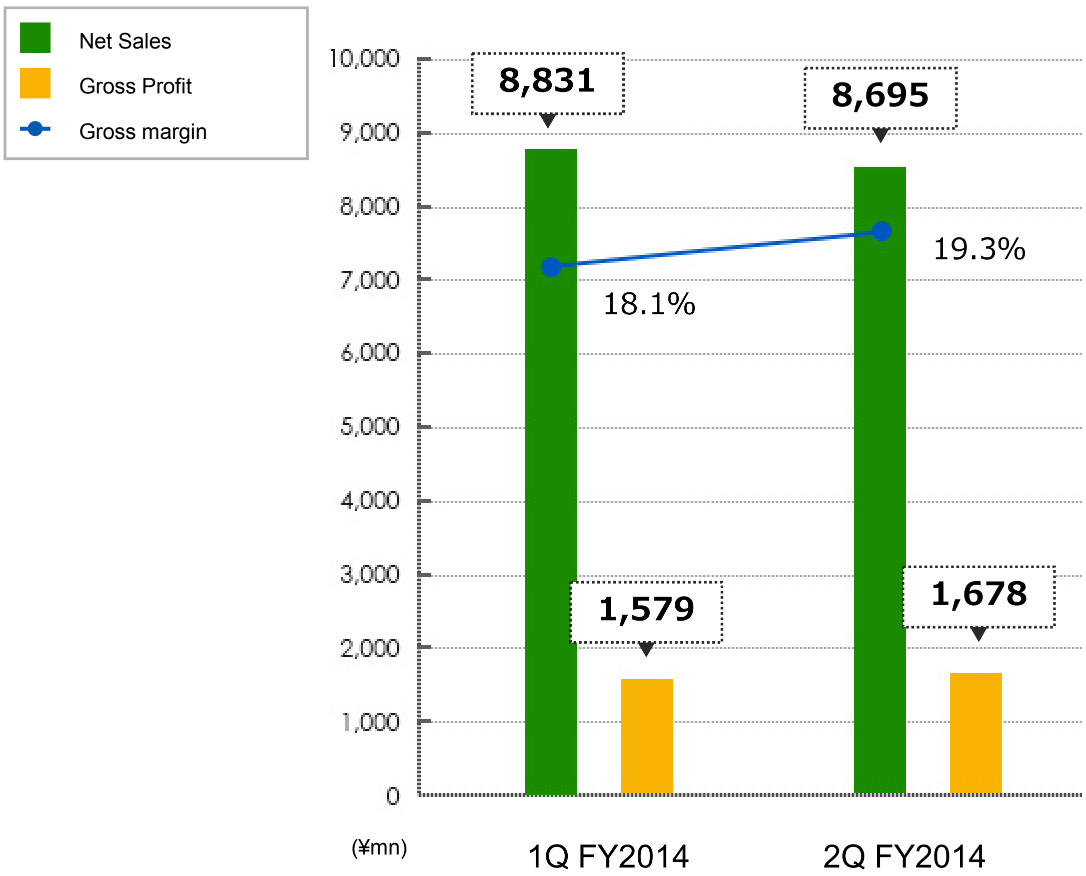
Overseas Advertising **¥1,113mn**

QoQ：+¥134mn（+13.7%）
-increase due to strong business

*The accounting periods of our overseas subsidiaries end in December ,so their 2Q FY2014(April-June)figures are consolidated with the Adways Group's 2Q FY2014(July-September)figures.

1. 2Q FY2014 Performance: Gross Profit

QoQ Change



2Q Gross Profit：¥1,678mn

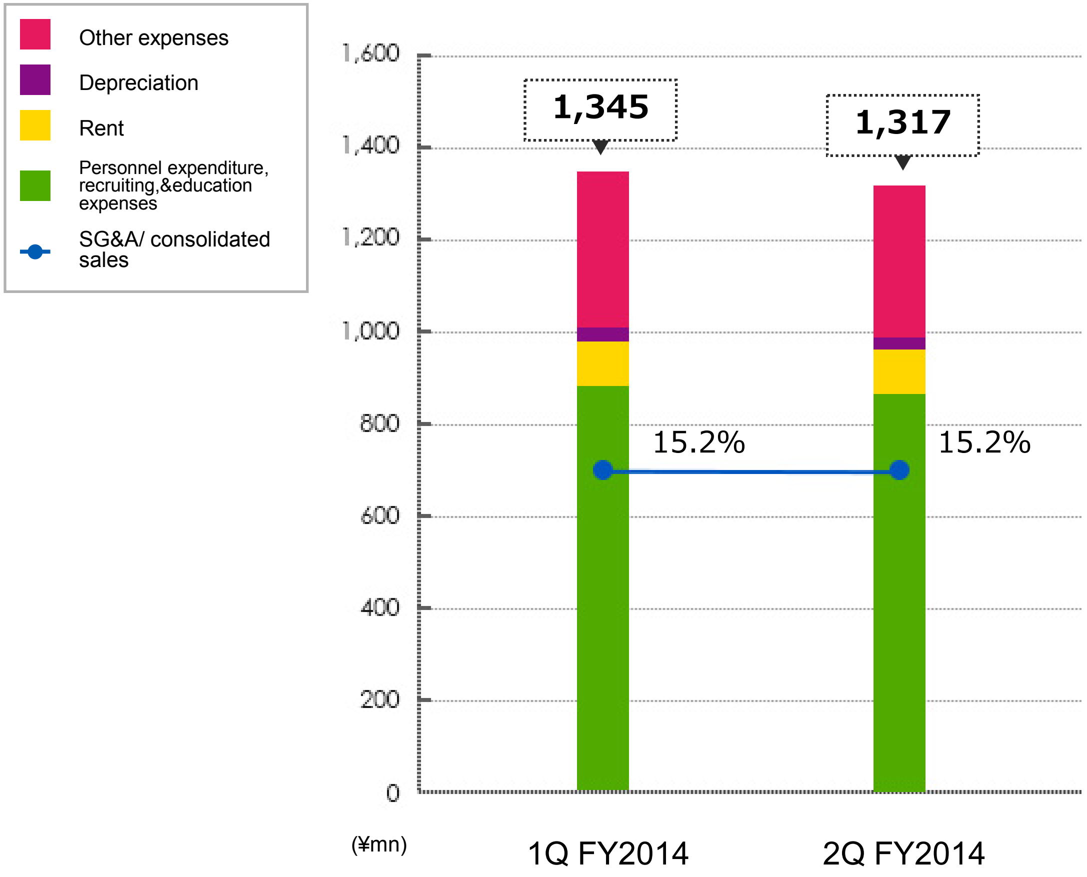
QoQ：+¥99mn（+6.3%）

Gross margin：19.3%（+1.2ppt）

-optimization of advertisement-related resources
-redistribution of application development personnel

1. 2Q FY2014 Performance: SG&A Expenses

QoQ Change



2Q SG&A Expenses：¥1,317mn

QoQ：-¥27mn（-2.0%）

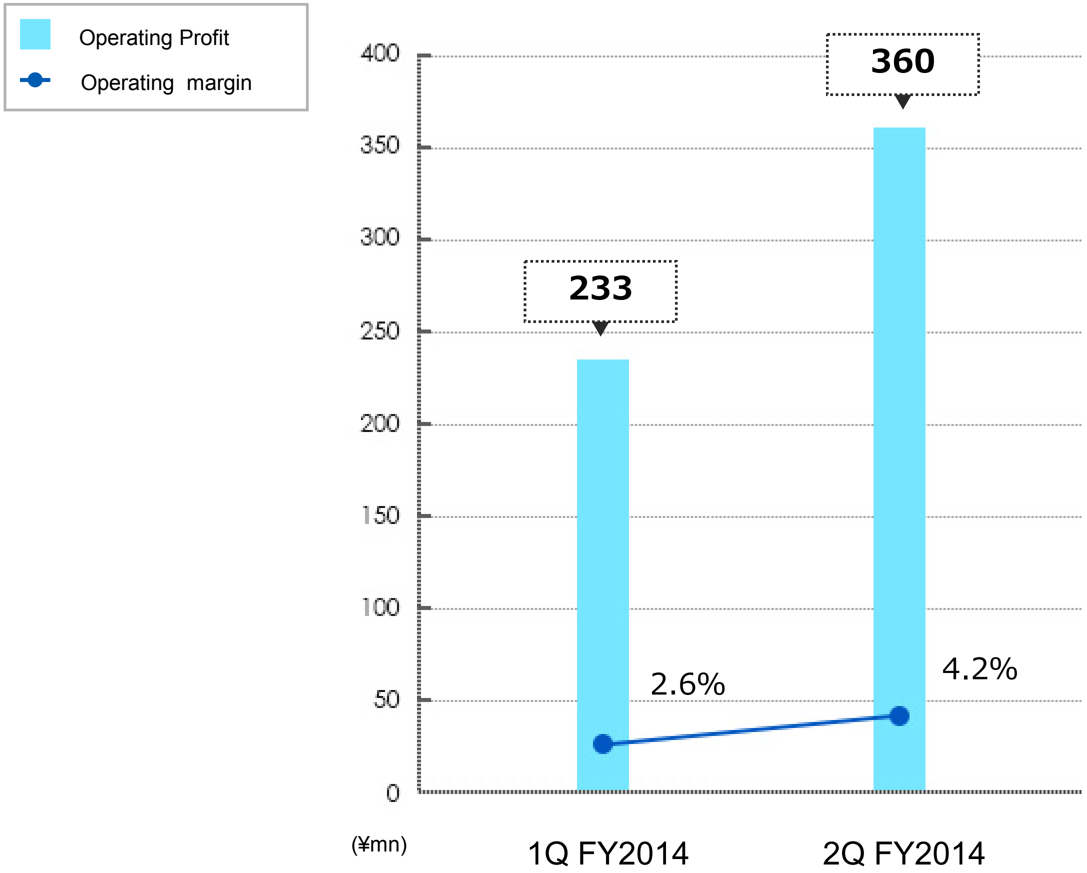
SG&A to Sales ratio：15.2%

Personnel expenditure, recruiting & education expenses：-¥17mn

-decrease in the number of development personnel, etc.

1. 2Q FY2014 Performance: Operating Profit

QoQ Change

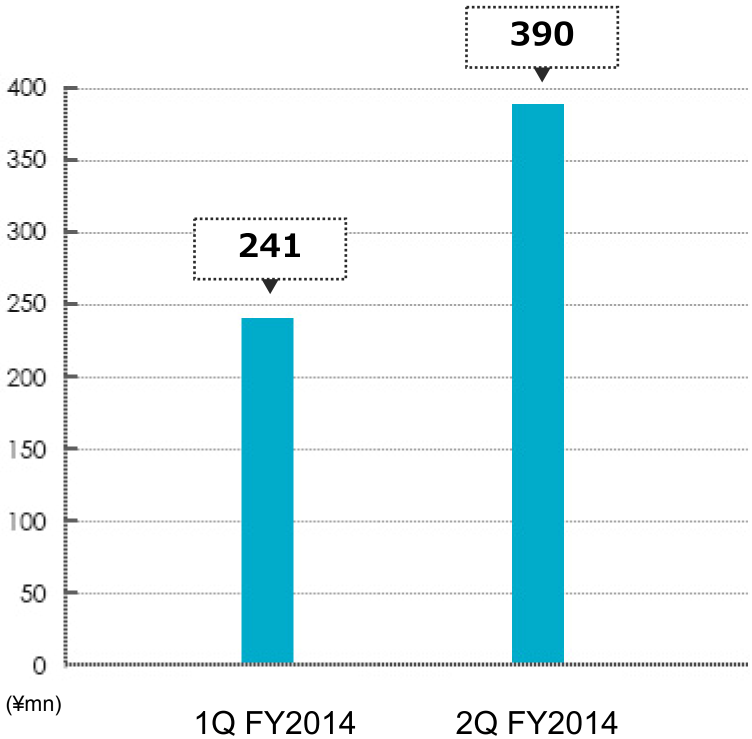


2Q Operating Profit：¥360mn

QoQ：+¥127mn（+54.5%）
Operating margin：4.2%（+1.6ppt）

-increase in operating profit due to increased gross profit

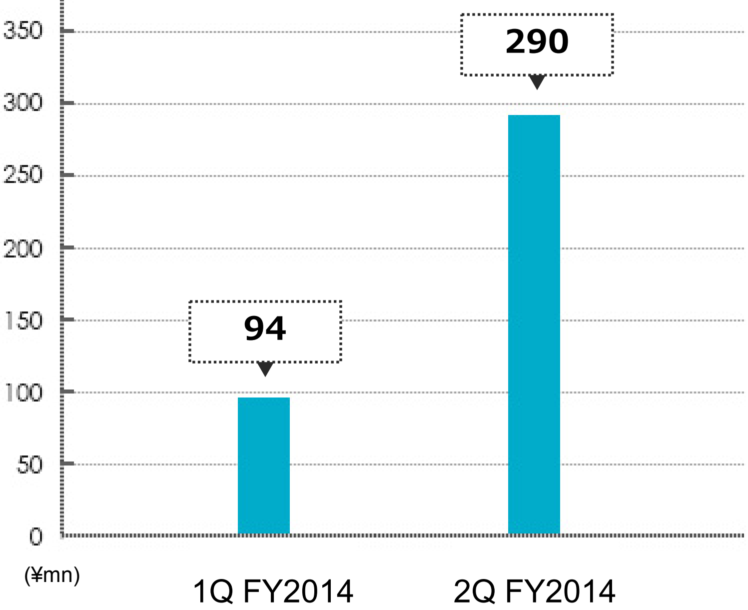
QoQ Change



2Q Recurring Profit：¥390mn

QoQ：+¥149mn（+62.0%）

QoQ Change



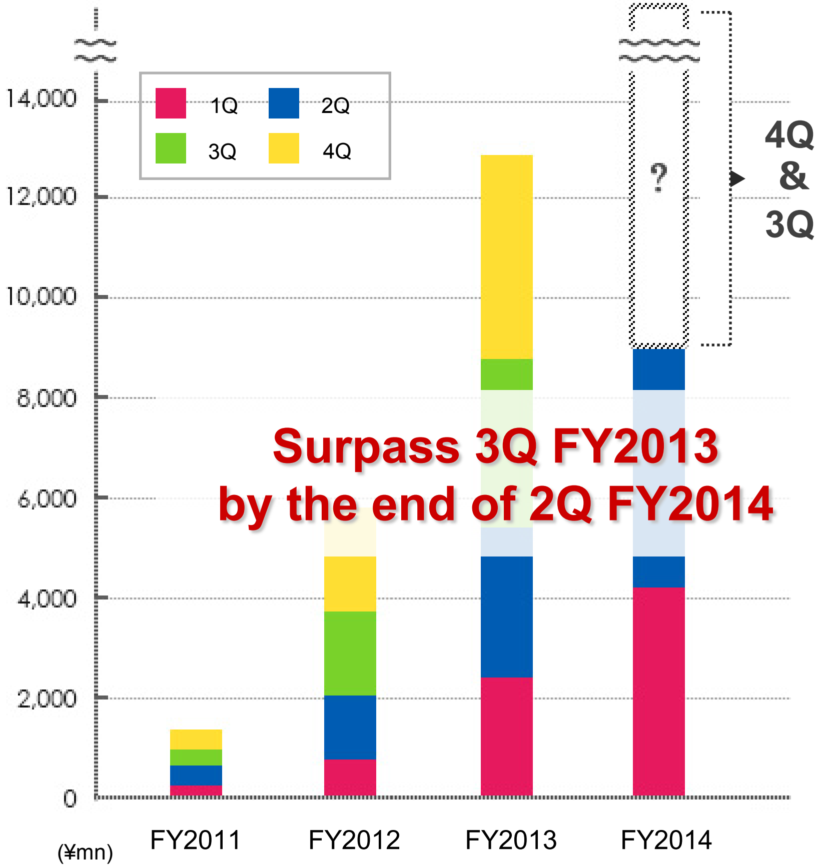
2Q Net Profit：¥290mn

QoQ：+¥196mn（+207.9%）

2. Business Overview

Become a Global Smartphone Ads Company

Adways group's Smartphone Ads sales



* Reference value by Adways' management accounting

Partnership Strategy

Partnering with major domestic/international media companies to realize cross-border promotions

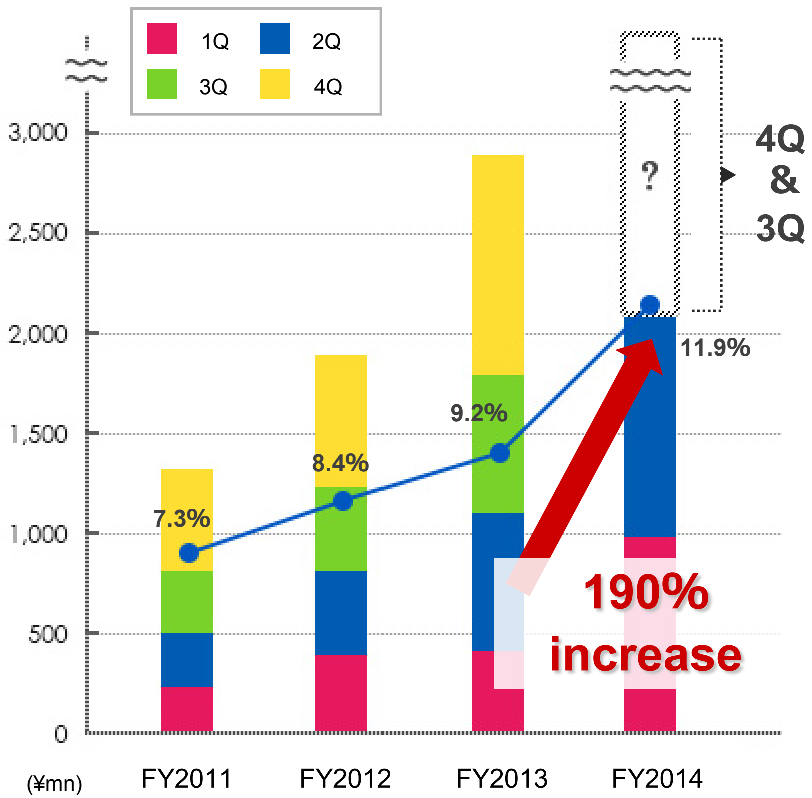
Overseas Strategy

Aim to expand business at each office by developing markets and establishing promotion systems

Focus

Expansion of overseas advertising

Overseas sales to consolidated sales ratio



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Rapid increase of YoY
190%

(122% increase in the internet advertising market in Asia)

Overseas ads accounts for more than **10%** of the Adways Group's sales

*Reference for the internet advertising market in Asia:
Estimated by eMarketer,Jun.2014 (Asia Pacific region excluding Japan and Australia)

Expansion of overseas network partnership

Clients

UNI QLO | Sony Digital ENTERTAINMENT | gumi | GAMEVIL

Advertising service-related

LINE | TALK | Facebook® | WO store | InMOBI | DOMOB多盟

Payment

infobip | fortumo mobile payments

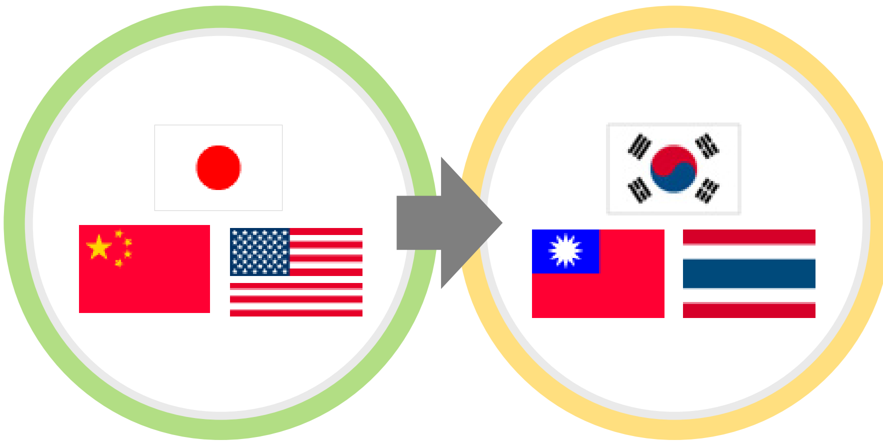
Supporting overseas promotion of major clients

Expanding overseas advertising service networks

Promote partnerships in businesses other than advertising services

Become Asia's No.1 CPI network

Cross-border promotions



Establishment of promotion systems

Party track by ADWAYS ✖ 予約トップ10 ✖ AppDriver reach the pocket by ADWAYS

Realize cross-border promotions

Establish a successful promotion systems

3. FY2014 Guidance and Dividend Forecast

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FY2014 Consolidated Guidance（April 1,2014-March 31,2015）

(¥mn)

	Net Sales	Operating Profit	Recurring Profit	Net profit	Net Profit per Share
FY2014 Forecast	37,000	1,000	1,000	480	¥11.79
2Q results	17,526	594	632	385	¥9.46
Progress *	47.3%	59.4%	63.2%	80.2%	-
(Reference) FY2013 Cumulative results	31,521	847	840	551	¥14.45

*figures below second decimal place rounded off.

Final dividend planned to be ¥1.65 per share by maintaining the dividend payout ratio as 14% of the consolidated net profit.

（Adways adopts a unit share system which sets a share-trading unit as 100 shares per unit.）

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 31, 2014 and a variety of factors may cause the statements to differ from actual results.

4. Supplementary Materials

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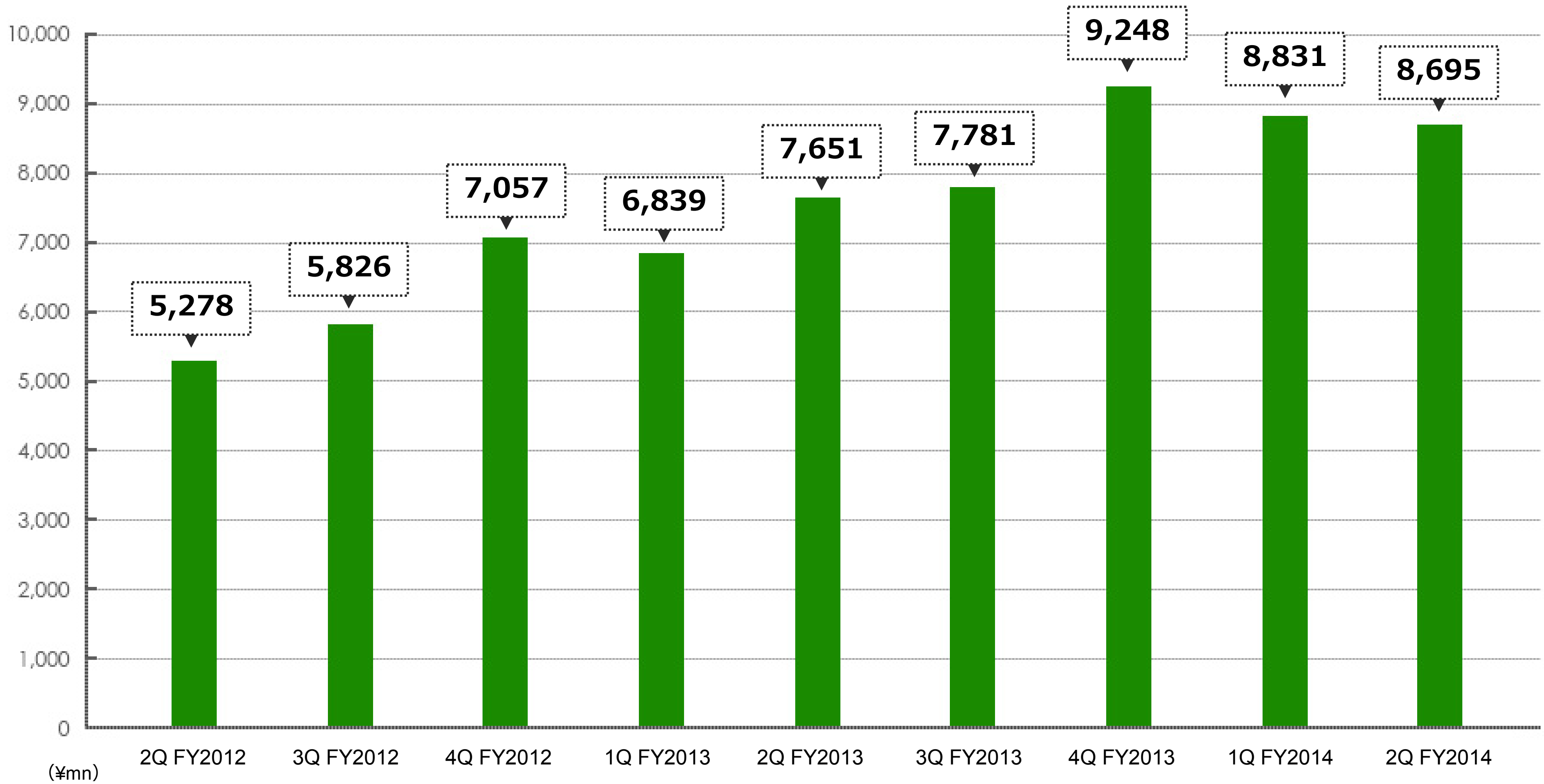
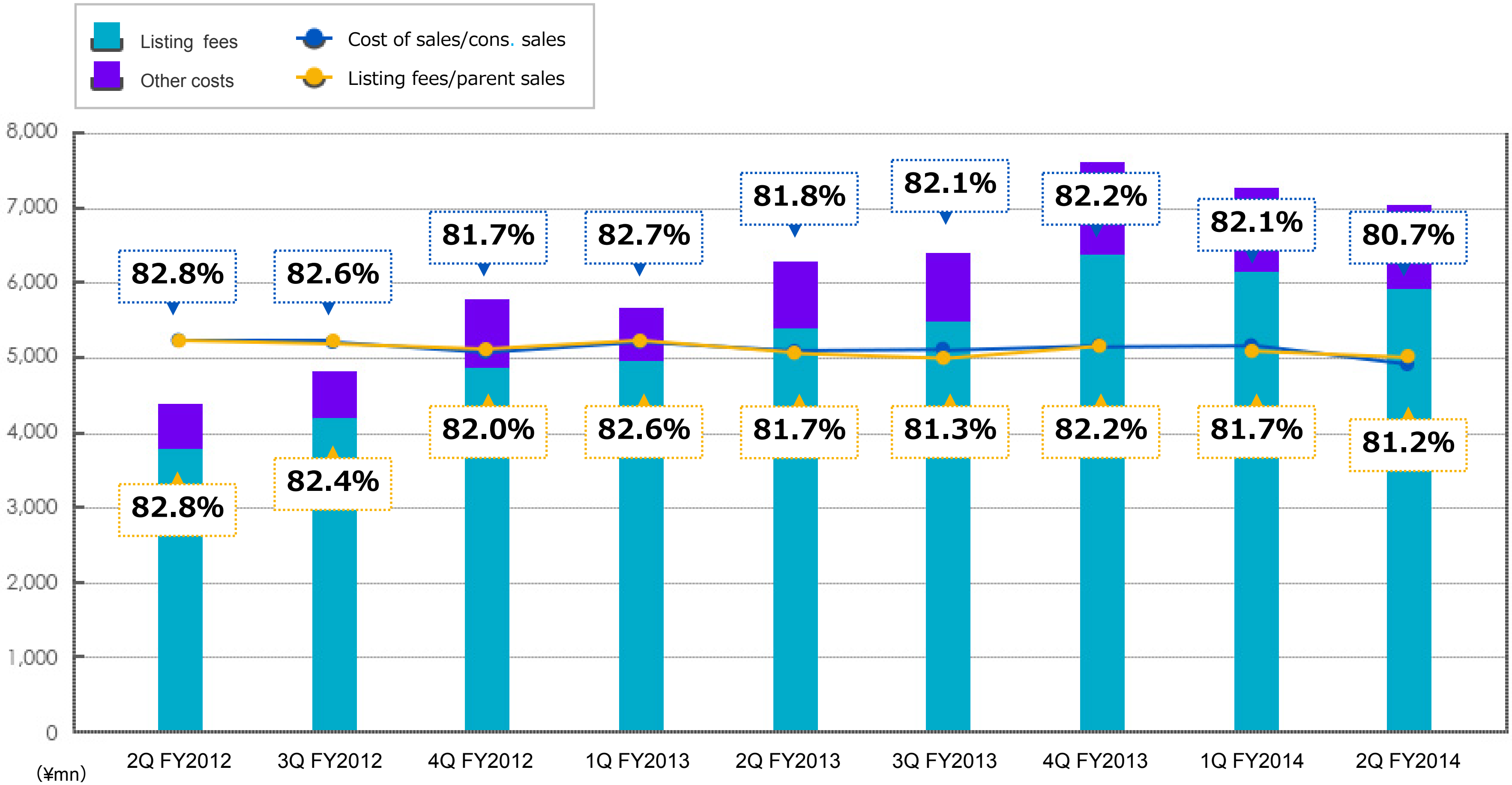
Consolidated sales (Quarterly)

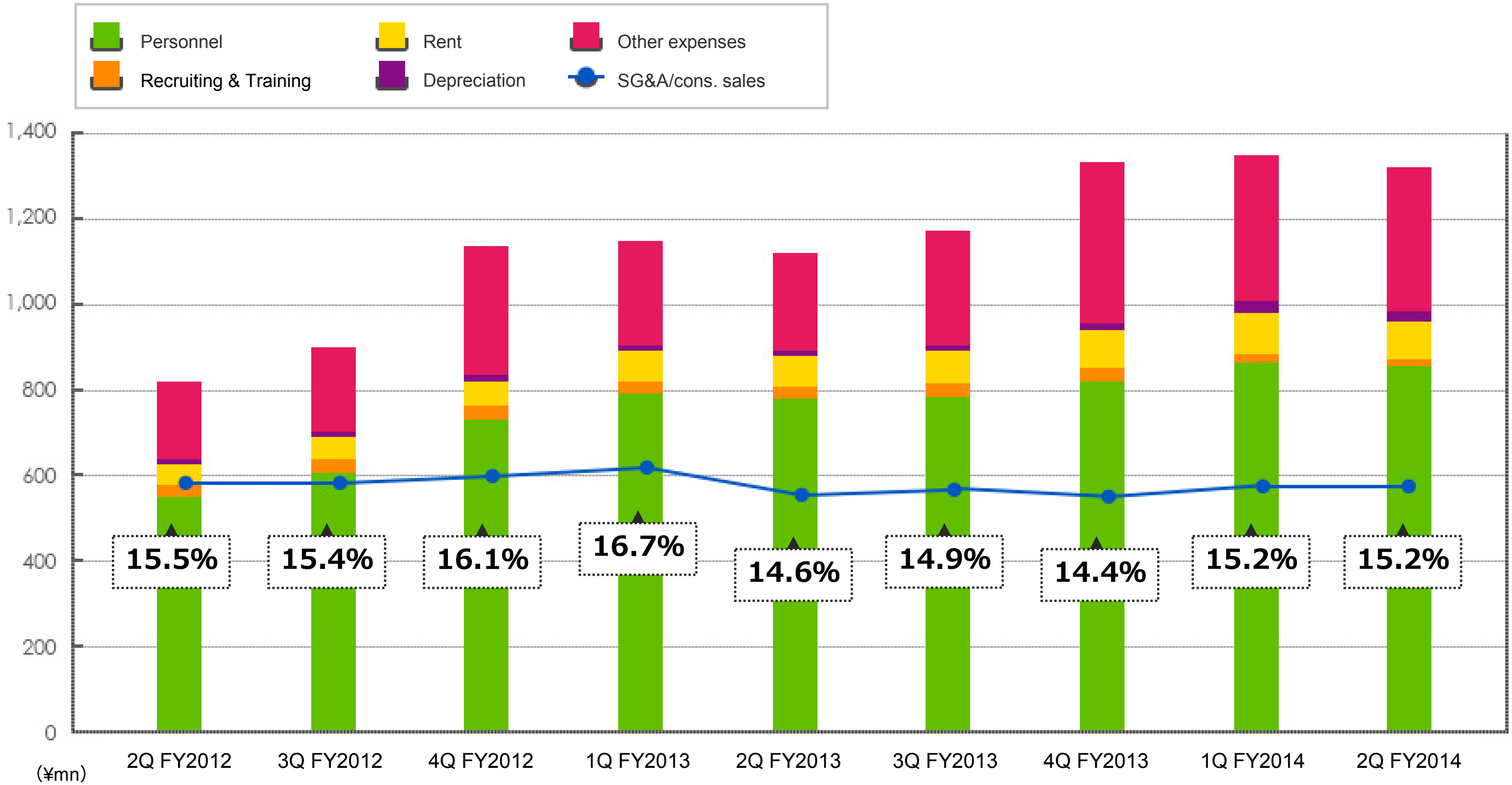


4. Supplementary Materials

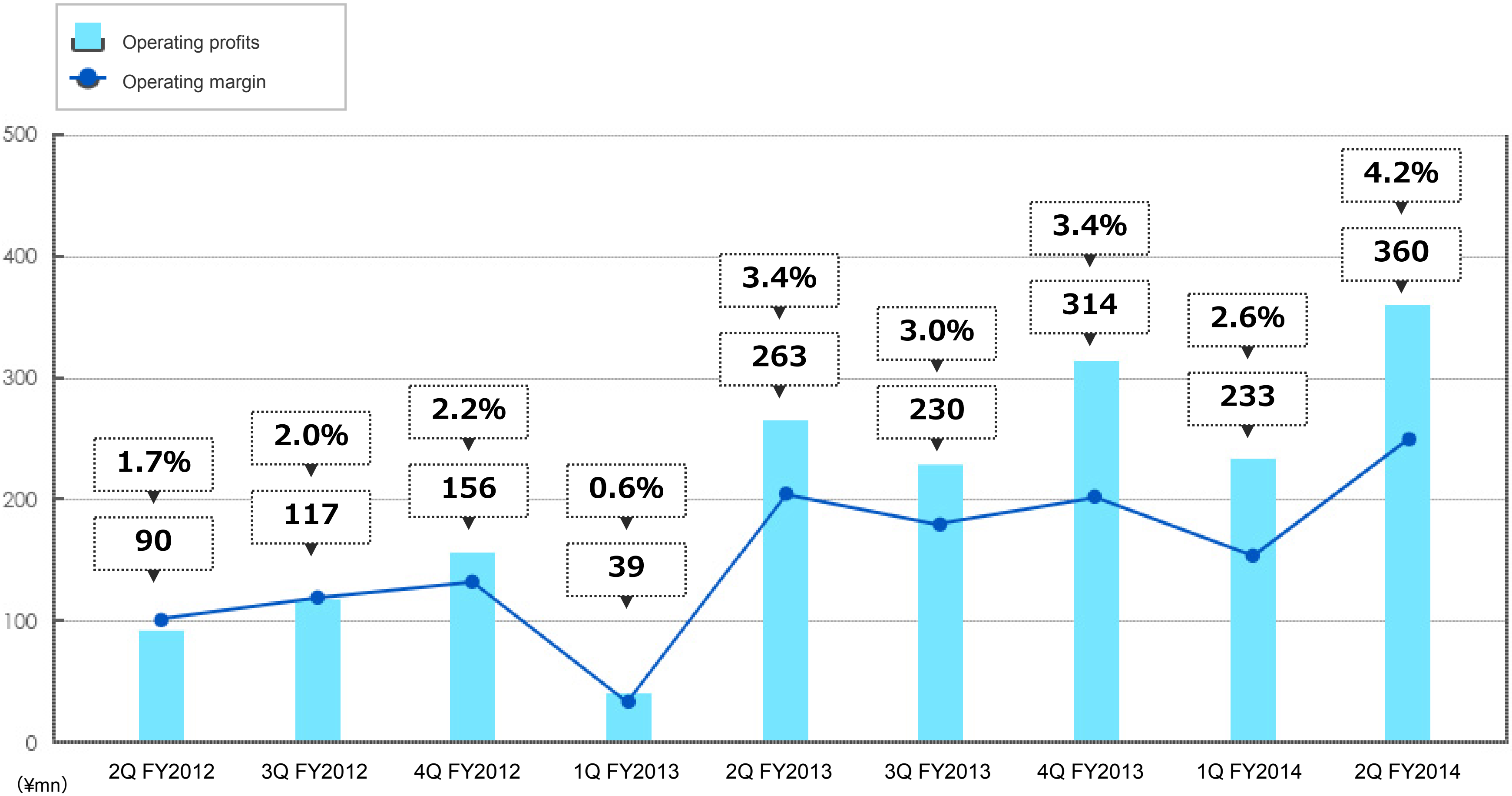
Consolidated Cost of Sales (Quarterly)



Consolidated SG&A Expenses (Quarterly)



Consolidated Operating Profit (Quarterly)



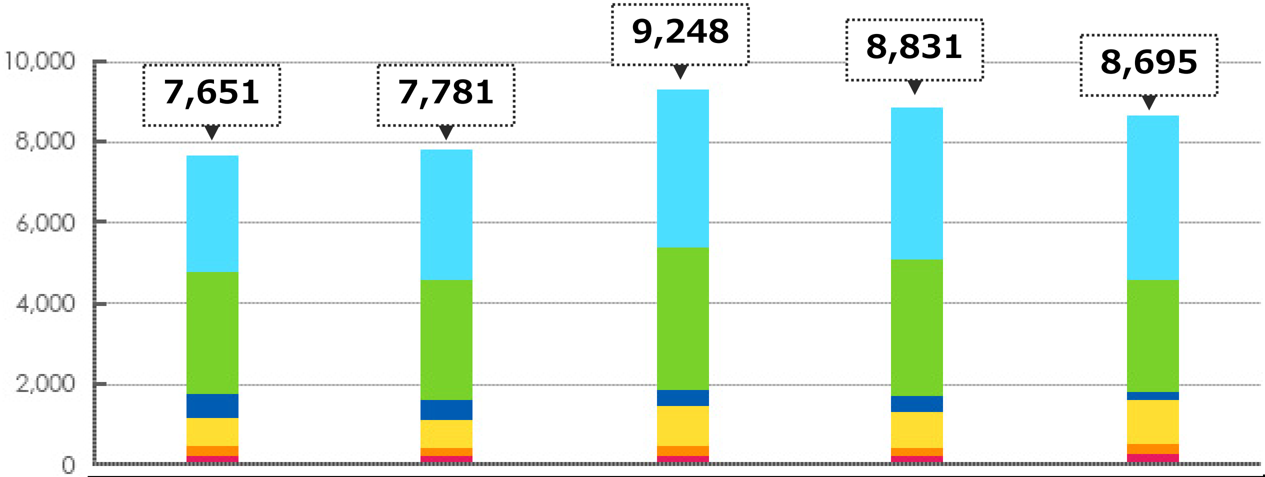
Consolidated Balance Sheet (QoQ)

(¥mn)

	2Q FY2014	1Q FY2014	Change (¥mn)	Change (%)
Current Assets	16,050	15,665	+384	+2.5%
(Cash and Deposits)	10,726	10,467	+259	+2.5%
Fixed Assets	1,896	1,868	+27	+1.5%
Total Assets	17,946	17,534	+412	+2.4%
Current Liabilities	5,643	5,587	+56	+1.0%
Fixed Liabilities	110	108	+2	+2.5%
Total Liabilities	5,754	5,695	+58	+1.0%
Net Assets	12,192	11,838	+353	+3.0%

4. Supplementary Materials

Breakdown of Consolidated Sales by Segment (Quarterly)

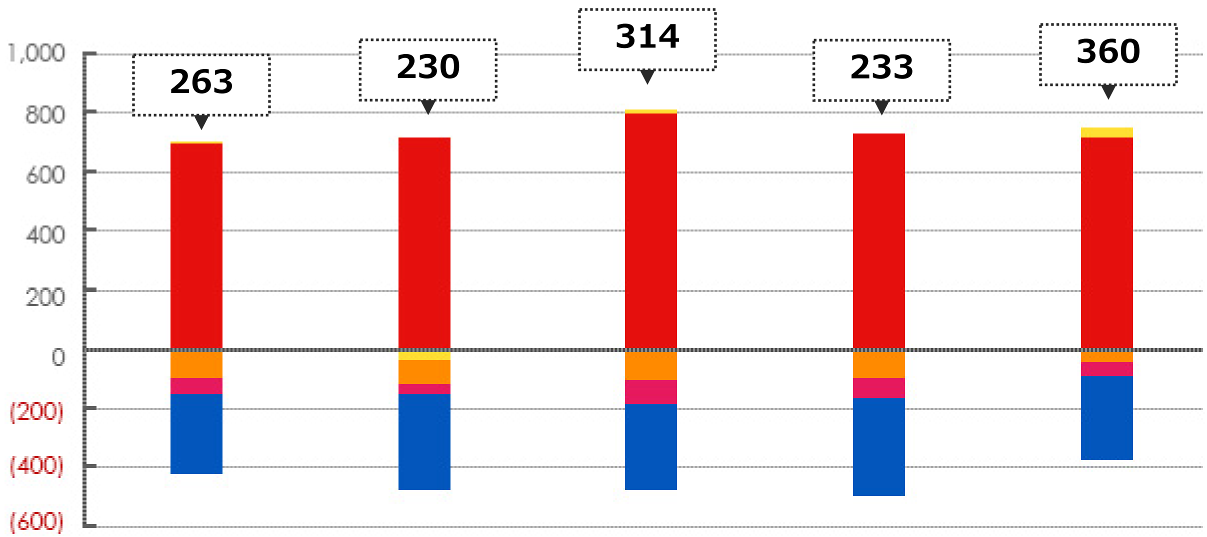


(¥mn)

	2Q FY2013	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014	QoQ Change(¥mn)	QoQ Change (%)
Smartphone	2,846	3,195	3,882	3,775	4,108	+332	+8.8%
PC	3,022	2,987	3,458	3,392	2,850	-541	-16.0%
Feature phone	659	507	397	281	192	-89	-31.8%
Overseas advertising	690	685	1,109	979	1,113	+134	+13.7%
App	242	180	225	233	247	+14	+6.1%
Media, Other	188	225	175	169	183	+14	+8.3%
Total	7,651	7,781	9,248	8,831	8,695	-135	-1.5%

*"Smart-C" affiliate advertising sales which were previously included under the feature phone segment (previously the "mobile phone segment") have been reclassified under the smartphone segment as of 1Q FY2012.

Breakdown of Consolidated Operating Profit by Segment (Quarterly)

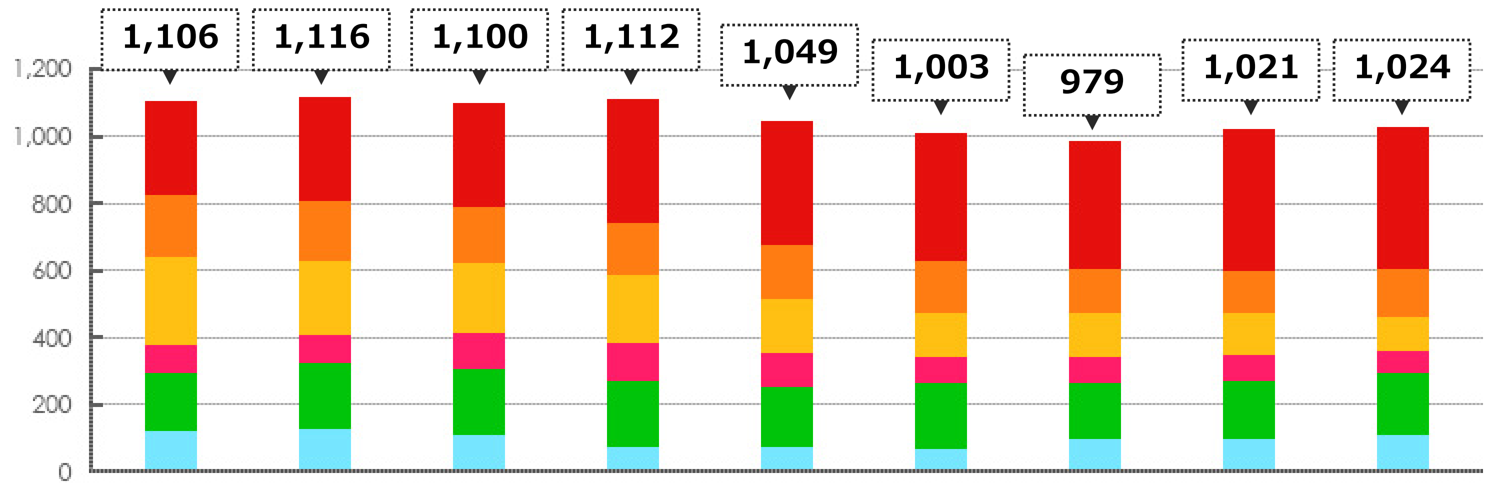


(¥mn)

						QoQ	
	2Q FY2013	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014	Change(¥mn)	Change (%)
Advertising	688	710	777	725	703	-21	-3.1%
Overseas Advertising	-3	-37	12	-1	35	+37	–
App	-97	-87	-104	-91	-47	+44	–
Media, Other	-52	-28	-80	-72	-41	+31	–
Eliminations & corporate	-270	-326	-291	-326	-289	+36	–
Total	263	230	314	233	360	+127	+54.5%

4. Supplementary Materials

Group Employees (Quarterly)



(Persons)	2Q FY2012	3Q FY2012	4Q FY2012	1Q FY2013	2Q FY2013	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014
ADW Japan	282	305	309	368	374	377	380	425	429
ADW China	185	181	169	154	163	150	132	127	135
ADW Shanghai (R&D center)	256	219	210	206	159	132	131	122	108
Domestic subs	88	89	102	111	103	78	73	77	64
Overseas subs(ex. China)	171	190	195	192	184	201	169	176	187
Temps, part-timers	124	132	115	81	66	65	94	94	101
Total	1,106	1,116	1,100	1,112	1,049	1,003	979	1,021	1,024

Company Overview

Company name	Adways Inc.	
Founded	February 28, 2001	
Business overview	Internet business	
President & CEO	Haruhisa Okamura	
Capital	¥1,489mn	(As of end of September 2014)
Net Sales	¥ 31,521mn	(FY2013, Consolidated)
Employees	1,026 including temp workers	(As of end of September 2014)