ADWAYS PRESENTATION MATERIAL NOVEMBER 6, 2020

TOKYO STOCK EXCHANGE MOTHERS STOCK CODE: 2489 ADWAYS INC.

Founder and CEO, Haruhisa Okamura

SECOND QUARTER

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second quarter

1 FY2020Q2 Performance

Chapter1 : Second quarter results

Cumulative Quarterly Results (YoY)

(JPY mn)

	FY2020 Q2 cumulative		YoY (FY2019 Q2 cumulative)	
	cumutative	Result	Change	Change (%)
Net sales	21,492	18,023	+3,469	+19.2%
Gross profit	3,994	2,969	+1,024	+34.5%
SG&A expenses	3,311	3,074	+237	+7.7%
Operating profit	682	-104	+787	_
Ordinary profit	866	-21	+888	_
Profit attributable to owners of parent	591	-227	+819	_

Net sales YoY Increased JPY +3,469 mn (+19.2%)

Operating Profit YoY Increased JPY +787 mn (-)

Quarterly Results (YoY, QoQ)

(JPY mn)

	FY2020 Q2		YoY FY2019 Q2	2		1	
		Result	Change	Change (%)	Result	Change	Change (%)
Net sales	11,489	8,997	+2,492	+27.7%	10,003	+1,485	+14.9%
Gross profit	2,189	1,515	+674	+44.5%	1,804	+384	+21.3%
SG&A expenses	1,696	1,510	+185	+12.3%	1,615	+80	+5.0%
Operating profit	493	4	+488	_	189	+304	+160.8%
Ordinary profit	636	54	+582	-	229	+406	+176.9%
Profit attributable to owners of parent	413	39	+373	+954.4%	178	+234	+131.2%

Net			Operating YoY Increased +488 mn (-)
sales	QoQ Increased	+1,485 mn (+14.9%)	profit QoQ Increased +304 mn (+160.8%)

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*Year-on-year change in operating profit and ordinary profit is not listed as it increased over 1,000%.

Quarterly Trend of Sales · Operating Profit (FY2018 Q1 – FY2020 Q2)





Net Upward trend from FY2019 Q2

Operating profit New quarterly record

FY2020 Forecast Revisions

(JPY mn)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Initial forecasts	41,662	402	418	137
Revised forecasts	44,355	824	1,010	525
Change	2,692	421	591	387
Change (%)	6.5%	104.5%	141.5%	282.5%

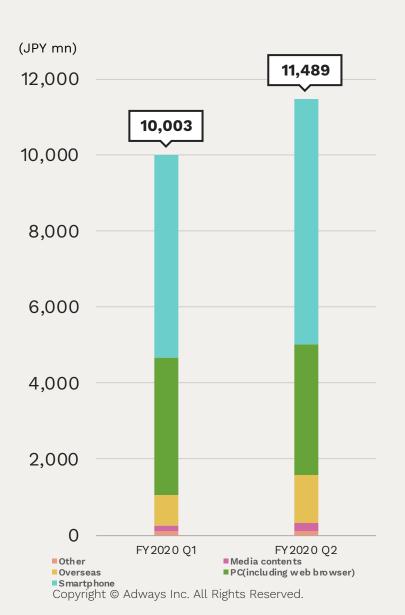
FY2020 Consolidated Performance Forecast Values (April 1, 2020 – March 31, 2021)

(JPY mn)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Initial forecasts	41,662	402	418	137
Revised forecasts	44,355	824	1,010	525
Q2 Results	21,492	682	866	591
Initial forecasts Progress rate	51.6%	169.3%	207.3%	431.1%
Revised forecasts Progress rate	48.5%	82.8%	85.8%	112.7%

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Net Sales (QoQ Change)



Domestic Advertising

PC

• JPY 9,905 mn -

QoQ: JPY +969 mn (+10.8%)

Smartphone · · · JPY 6,458 mn

(Mainly app advertising)

QoQ: JPY +1,151 mn (+21.7%)

In addition to UNICORN sales increasing, advertising spend increased due to some game clients releasing big new titles. Advertising spend also increased significantly for comic apps from several clients.

··· JPY 3,446 mn

(PC web advertising and smartphone web advertising)

QoQ: JPY -182 mn (-5.0%)

The COVID-19 pandemic reduced personal consumption as well as search frequency of financial terms such as 'loan' and 'credit card,' had negative impact in finance campaigns.

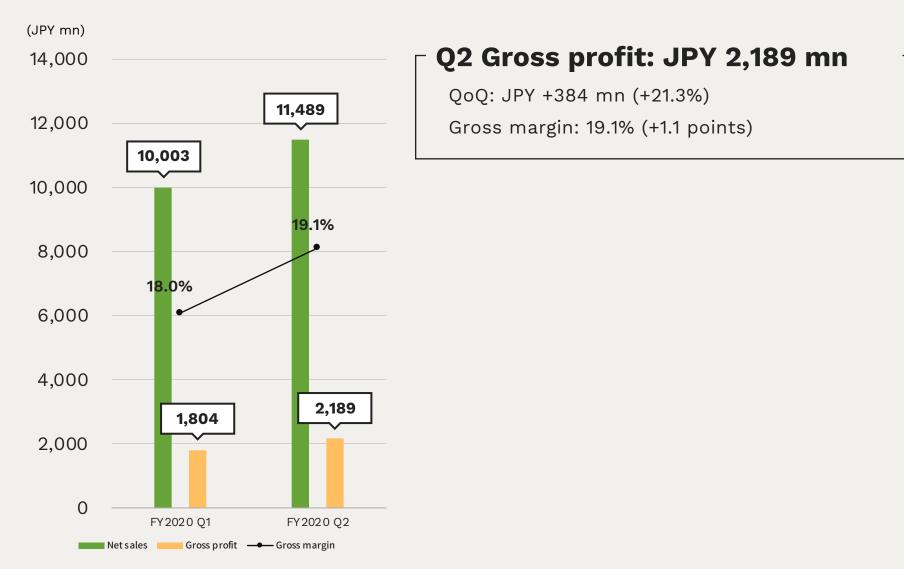
Overseas ···· JPY 1,261 mn

QoQ: JPY +446 mn (+54.9%)

Advertising spend increased due to growing demand for global marketing from Chinese clients. Cross-border e-commerce recovered when international air mail resumed.

*The accounting periods of our overseas subsidiaries end in December, so their FY2020 Q2 (April – June) figures are consolidated with the Adways Group's FY2020 Q2 (July -September) figures.

Gross Profit (QoQ Change)



SG&A Expenses (QoQ Change)



Q2 SG&A expenses: JPY 1,696 mn ¬

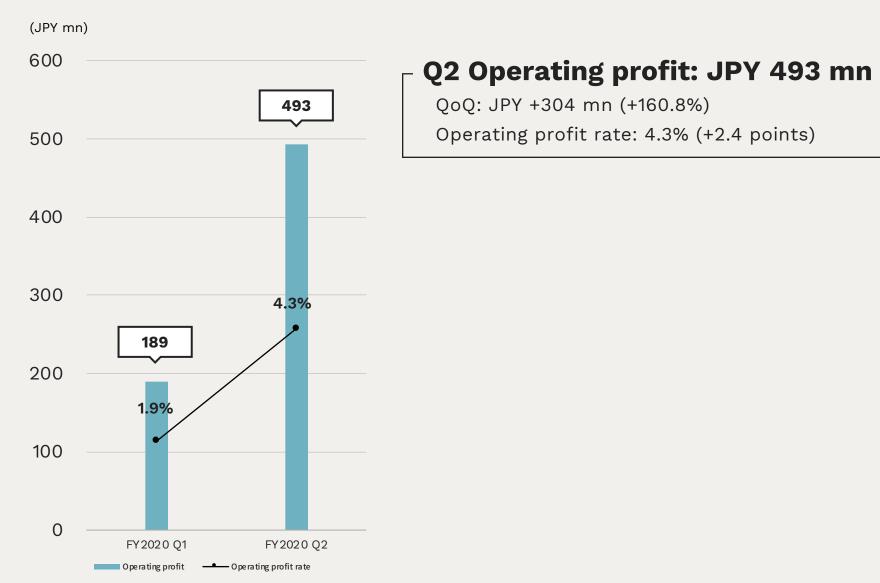
QoQ: JPY +80 mn (+5.0%)

SG&A to sales ratio: 14.8% (-1.4 points)

Main Factors of Decrease

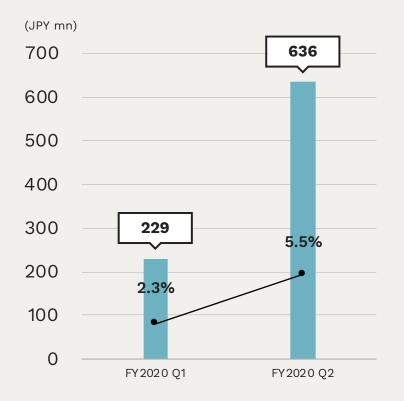
• Increased in personnel expenditure and recruiting & education expenses: Approx. JPY +47 mn

Operating Profit (QoQ Change)



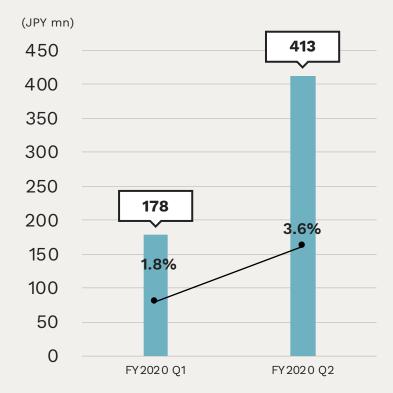
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Ordinary Profit (QoQ Change)



Q2 Ordinary profit: JPY 636 mn QoQ: JPY +406 mn (+176.9%) Ordinary profit rate : 5.5% (+3.2 points)

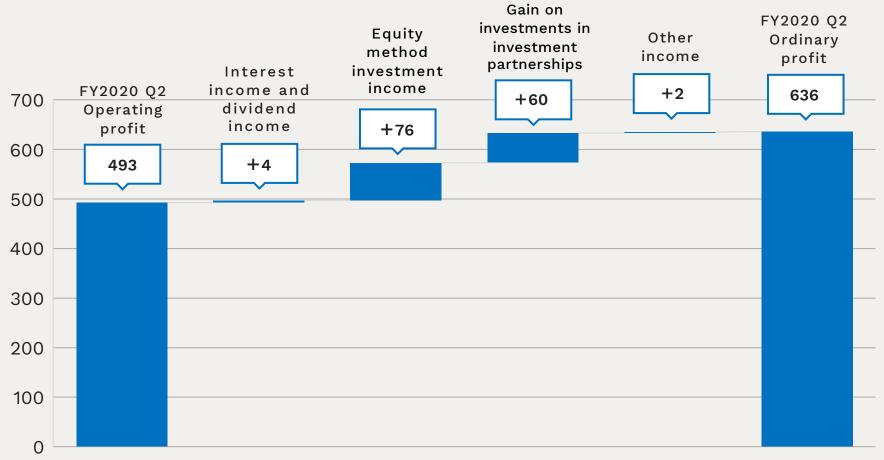
Profit Attributable to Owners of Parent (QoQ Change)



Q2 Profit attributable to owners of parent : JPY 413 mn

QoQ: JPY +234 mn (+131.2%) Profit rate: 3.6% (+1.8 points)

Breakdown of FY2020 Q2 Ordinary Profit

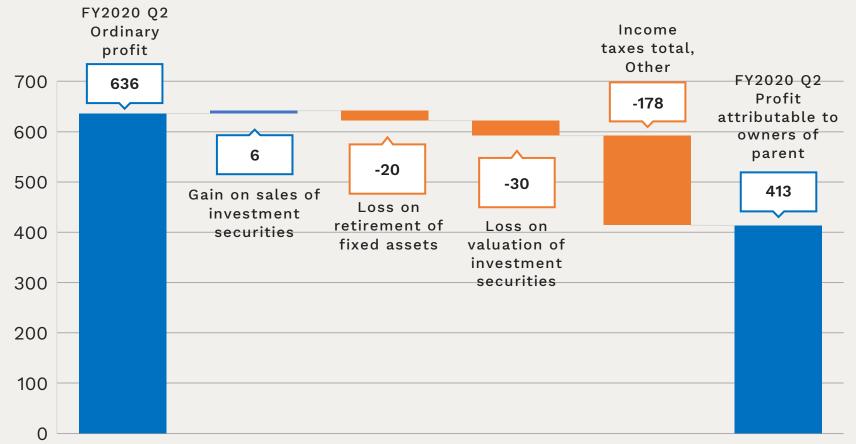


⁽JPY mn)

Interest income and dividend income	•	•	• •	•	•	•	• •	•	•	•	•	•	•	•	•	JPY	+4 mn
Equity method investment income ••••	• •	•	•••	•	•	•	•	•	•	•	•	•	•	•	•	JPY	+76 mn
Gain on investments in investment partnerships			• •	•	•	•	• •	•	•	•	•	•	•	•	•	JPY	+60 mn
Other income ••••••••••	• •	•	•••	•	•	•	•	•	•	•	•	•	•	•	• •	JPY	+2 mn

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Breakdown of Q2 FY2020 Profit Attributable to Owners of Parent



⁽JPY mn)

Gain on sales of investment securit	ties	6							•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	JPY	+6	mn
Loss on retirement of fixed assets							•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	JPY	-20	mn
Loss on valuation of investment se	cur	iti	es				•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	JPY	-30	mn
Income taxes total, Other	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	JPY	-178	mn

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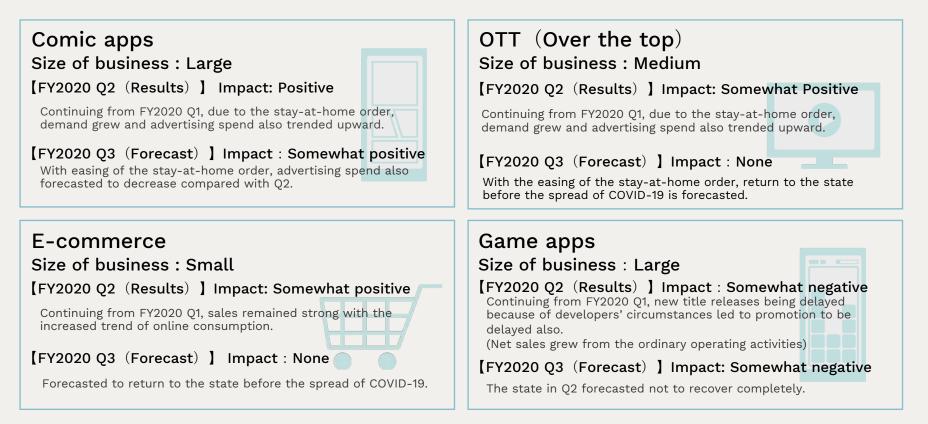




Impact of the Novel Coronavirus (COVID-19)

Continuing from FY2020 Q1, there was no major impact on performance in FY2020 Q2 because the Adways Group's areas of business are primarily online.

*The following presents the impact of COVID-19 only and does not take into consideration changes in net sales and profit from ordinary operating activities.



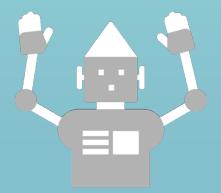
Impact of the Novel Coronavirus (COVID-19)

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*The following presents the impact of COVID-19 only and does not take into consideration changes in net sales and profit from ordinary operating activities.

* Since December is the end of Finance **Overseas advertising** the fiscal year for overseas subsidiaries, Q2 is from April to Size of business : Large Size of business : Medium June and Q3 is from July to September. [FY2020 Q2 (Results)] Impact : Negative [FY2020 Q2 (Results)] Impact : None Brand ad business in China and Taiwan was negatively impacted but Advertising spend trended downward as the COVID-19 pandemic reduced personal consumption and search frequency of financial advertising spend increased for app advertising. terms like 'loan' and 'credit card.' [FY2020 Q3 (Forecast)] Impact : None [FY2020 Q3 (Forecast)] Impact : Negative Brand ad business forecasted not to recover completely. The state in Q2 is forecasted to continue. App ad business forecasted to continue to increase ad spend. Cross-border e-commerce Brands Size of business : Small Size of business : Small [FY2020 Q2 (Results)] Impact : Somewhat Negative [FY2020 Q2 (Results)] Impact : Negative Continuing from FY2020 Q1, decreased due to brand advertisers Recovering from Q1 due to international air mail resuming in July refraining from or delaying marketing campaigns. [FY2020 Q3 (Forecast)] Impact : Somewhat Negative [FY2020 Q3 (Forecast)] Impact : None Though some impact could persist, forecasted to largely return to The state in Q2 is forecasted to recover somewhat but not the pre-pandemic state. completely.

Co-existence of Humans & Machines



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Automate what humans can't do Consolidate what machines can't do to humans

Maximize performance

UUNICORN REDEFINE DIGITAL MARKETING,

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Progress of UNICORN

Change in UNICORN Sales and Machine Learning Costs

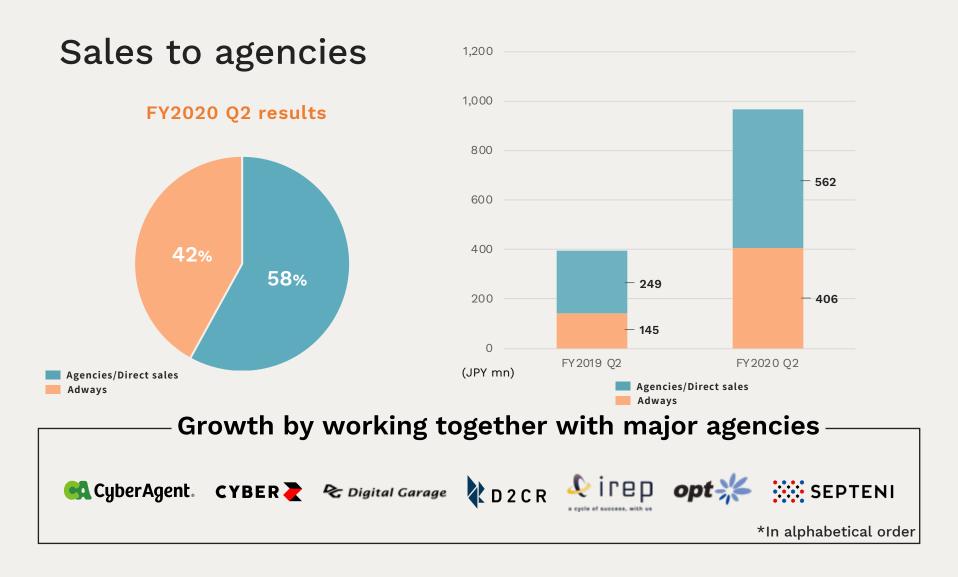


each service changing.

Sales grew significantly by 246% year on year. Continuing to accelerate machine learning development and steadily improve the accuracy.

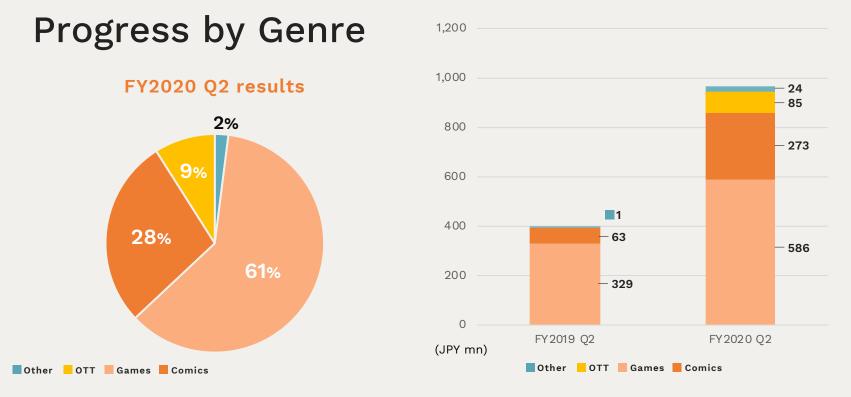
Progress of UNICORN

second quarter



Progress of UNICORN

second quarter

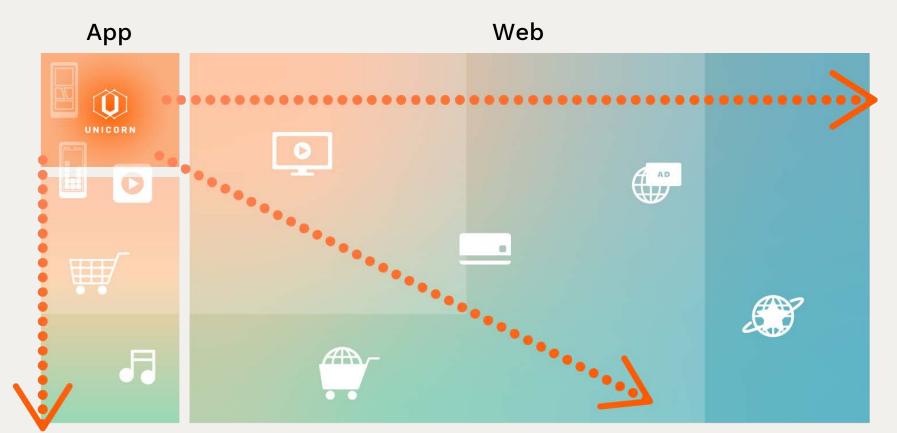


Growth in new genres

Steady growth in games, OTT, and other domains.

Major growth in comics due to increase in disposable time.

Potential of UNICORN



Continue to grow by widening client base for Web business

New Initiatives

for

Brand Advertisers

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Advanced Advertising Methods UNICORN Interactive AD

Cutting-edge creative formats

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Banner / Video Reward Video Native / Interactive

Precision targeting with UNICORN

Context/Location Demographics Carrier/Approved list

Achieve new forms of communication to reach unencountered users through new ad creative formats

AR Virtual Makeup

By using facial recognition on smartphone browser, users can virtually try on makeup items. It's a whole new type of interactive ad that users can enjoy brand image through brand's original background images, filters, and background music.



*Image is for illustrative purposes only.



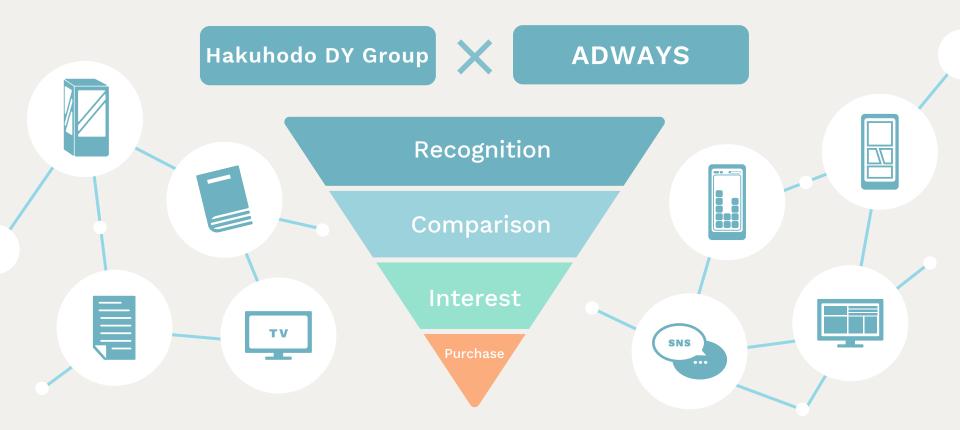
Capital and Business Alliance

with Hakuhodo DY Media Partners

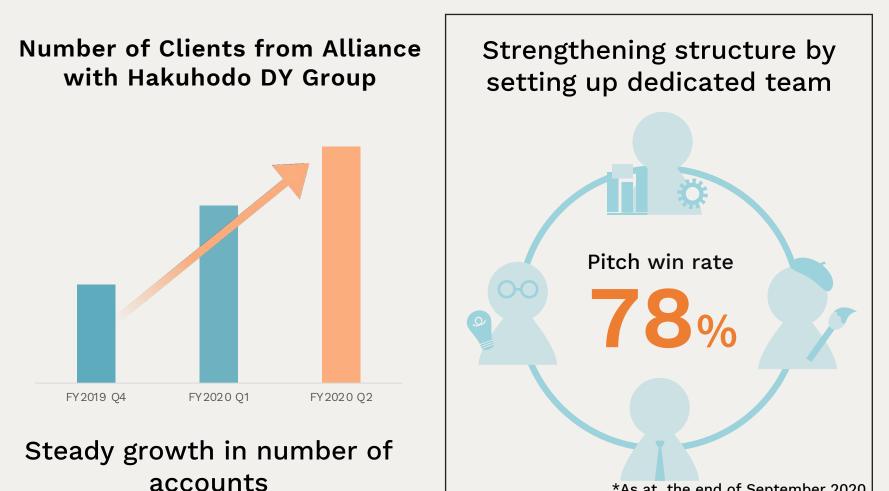
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Comprehensive marketing support through integrated planning of TV & digital

Full-channel, full-funnel comprehensive marketing support enabled to approach multiple needs and multiple targets



Progress of Capital and Business Alliance



Beyond Everything Internet

インターネットの全てを越えていく

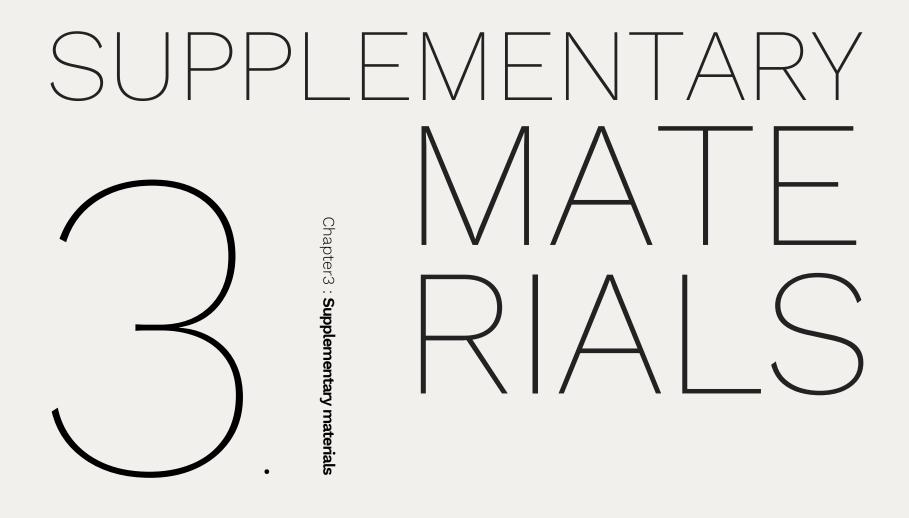


OMG, This is Amazing

Thank you very much for attending our presentation today

The 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 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 November 6, 2020, and a variety of factors may cause the statements to differ from actual results.

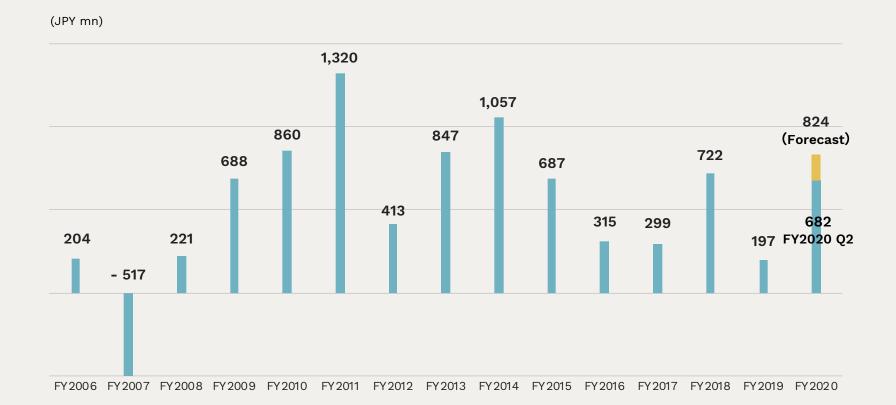


Consolidated Trend of Sales





Consolidated Trend of Operating Profit



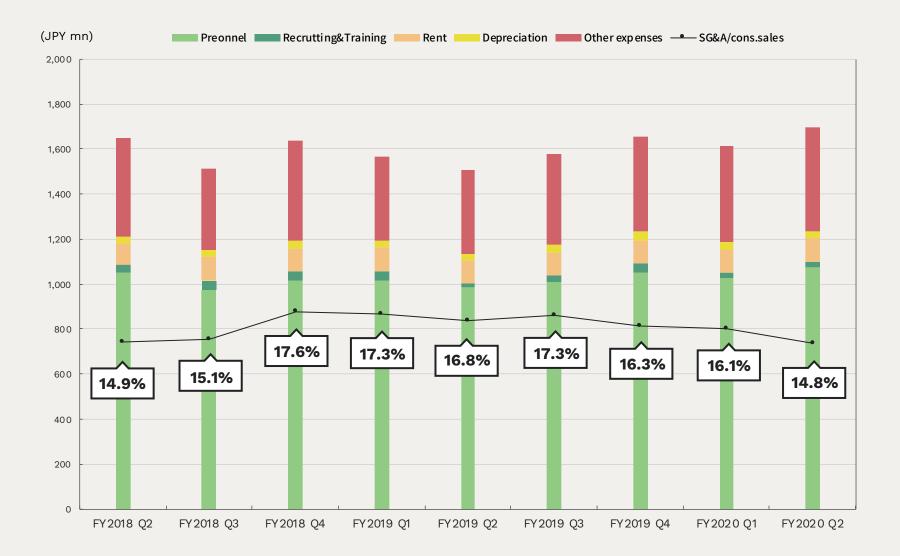
Quarterly Change in Consolidated Sales



Quarterly Change in Consolidated Cost of Sales



Quarterly Change in Consolidated SG&A Expenses



Quarterly Change in Consolidated Operating Profit

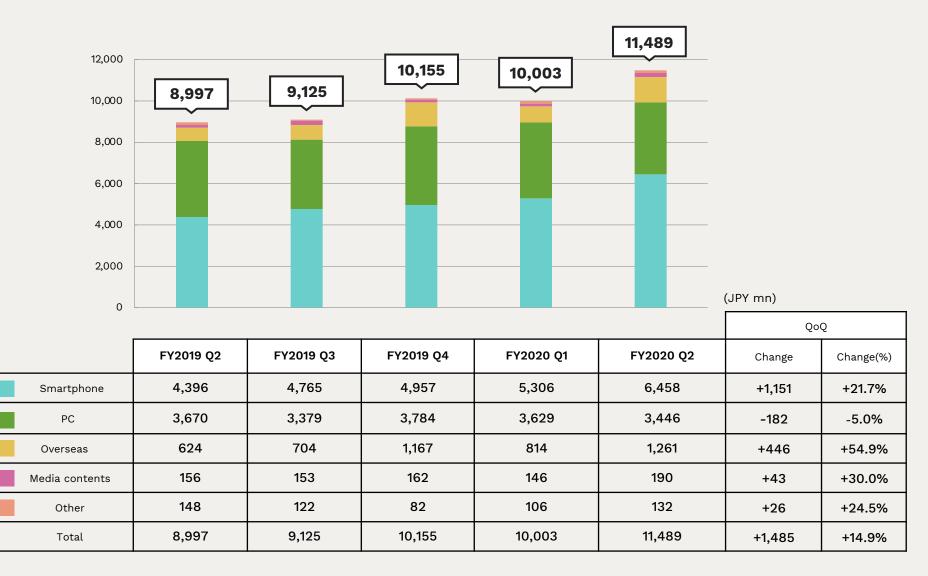


Consolidated Balance Sheet (QoQ)

(JPY mn)

	FY2020 Q2	FY2020 Q1	Change (JPY mn)	Change (%)
Current assets	17,664	16,392	+1,272	+7.8%
(Cash and deposits)	11,361	10,800	+561	+5.2%
Non-current assets	2,809	2,745	+63	+2.3%
Total assets	20,474	19,137	+1,336	+7.0%
Current liabilities	7,333	6,379	+954	+15.0%
Non-current liabilities	149	185	-36	-19.7%
Total liabilities	7,483	6,565	+917	+14.0%
Net assets	12,991	12,572	+418	+3.3%

Quarterly Breakdown of Consolidated Sales by Segment

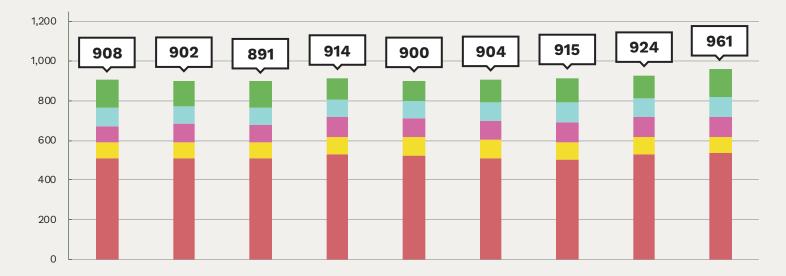


Quarterly Breakdown of Consolidated Sales by Segment



						Qo	Q
	FY2019 Q2	FU2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	Change	Change(%)
Smartphone	480	605	699	697	960	+263	+37.8%
PC	-100	-79	-50	-77	-34	+43	—
Overseas	15	14	10	11	17	+6	+56.2%
Media contents	1	-21	-38	-49	-27	+22	—
Other	-393	-414	-423	-392	-423	-31	_
Total	4	103	198	189	493	+304	+160.8%

Quarterly Change in Group Employees



(Persons)	FY2018 Q2	FY2018 Q3	FY2018 Q4	FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2
ADW Japan	512	509	510	533	521	512	506	533	535
ADW China	80	80	78	84	95	91	88	82	83
Domestic subsidiaries	82	93	90	102	99	96	100	102	100
Overseas subsidiaries (excluding China)	91	91	90	85	87	92	96	98	104
Temporary workers, part-time employees	143	129	123	110	98	113	125	109	139
Total	908	902	891	914	900	904	915	924	961

Company Overview

Company name	Adways Inc.	
Founded	February 28, 2001	
Business overview	Internet business	
Founder and CEO	Haruhisa Okamura	
Capital	JPY 1,605 mn	(As at end of September 2020)
Net sales	JPY 37,304 mn	(FY2019, Consolidated basis)
Employees * including temporary workers	961 (for the entire group)	(As at end of September 2020)