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PRESENTATION MATERIAL AUGUST 3, 2021

TOKYO STOCK EXCHANGE FIRST SECTION ADWAYS INC. Director and Chairman, Haruhisa Okamura

STOCK CODE: 2489

Contents

1. FY2021 Q1 Performance ... P.4

2. Business Overview



3. Supplementary Materials ... P.32

Note on Terms

- In the 22nd fiscal period (this period), the last day of our fiscal year changed from March 31 to December 31, so fiscal 2021 (22nd fiscal period) ends in December 2021.
- The accounting period for fiscal 2021 is nine months for domestic companies and twelve months for overseas companies.
- The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) is in effect from the beginning of fiscal 2021. Accordingly, "Net Sales" under the old standard are expressed as "Gross Sales".
- For comparisons prior to the fiscal year ended March 2021, gross sales for FY2021 Q1 have been included as reference figures, but please note that these are not official audited figures.
- Gross profit margin, SG&A expense margin, operating profit margin, ordinary profit margin, profit margin (FY2021 Q1 profit margin attributable to owners of parent), sales cost margin and posting cost margin are expressed as a percentage of the gross sales above.

first quarter

1 FY2021 Q1 Performance

Chapter1 : First quarter results

Quarterly Results (YoY, QoQ)

	FY2021 Q1		YoY FY2020 Ç	1	Ç	QoQ FY2020 Q	4	
		Result	Change	Change (%)	Result	Change	Change (%)	
Gross sales	12,354	10,003	+2,350	+23.5%	15,566	-3,212	-20.6%	
Net sales	2,754	2,195	+559	+25.5%	3,214	-459	-14.3%	
Gross profit	2,167	1,804	+362	+20.1%	2,580	-413	-16.0%	
SG&A expenses	1,862	1,615	+246	+15.3%	2,034	-172	-8.5%	
Operating profit	305	189	+116	+61.5%	546	-241	-44.1%	
Ordinary profit	450	229	+220	+220 +96.1%		-109	-19.6%	
Profit attributable to owners of parent	249	178	+70	+39.6%	514	-265	-51.5%	
Gross YoY Increased JPY +2,350 mn (+23.5%) Operating YoY Increased JPY +116 mn (+61.5%) sales QoQ Decreased JPY -3,212 mn (-20.6%) profit QoQ Decreased JPY -241 mn (-44.1%)								

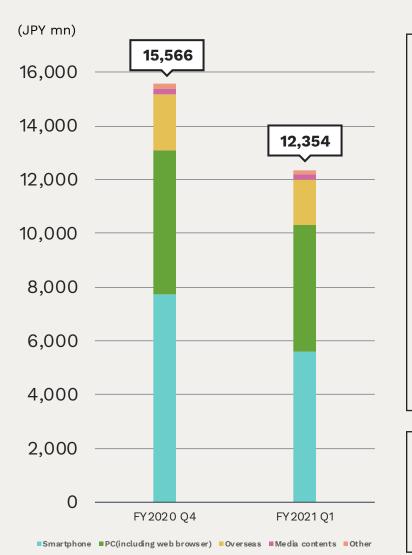
(JPY mn)

FY2021 Consolidated Performance Forecast Values

(JPY mn)

	Gross sales	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2021 Forecast	38,183	7,500	490	580	170
FY2021 Q1 Results	12,354	2,754	305	450	249
Progress rate	32.4%	36.7%	62.3%	77.7%	146.8%

Gross Sales (QoQ Change)



Domestic ... JPY 10,288 mn -Advertising

QoQ: JPY -2,779 mn (-21.3%)

Smartphone · · · · JPY 5,577 mn

(Mainly app advertising)

QoQ: JPY -2,179 mn (-28.1%)

Mobile payment app advertising spend, which surged in Q4, decreased, as did manga app ad spend.

PC · · · · · · · · JPY 4,711 mn

(PC web advertising and smartphone web advertising)

QoQ: JPY -600 mn (-11.3%)

Some clients increased ad spend but it fell overall from the high demand period of finance clients in Q4.

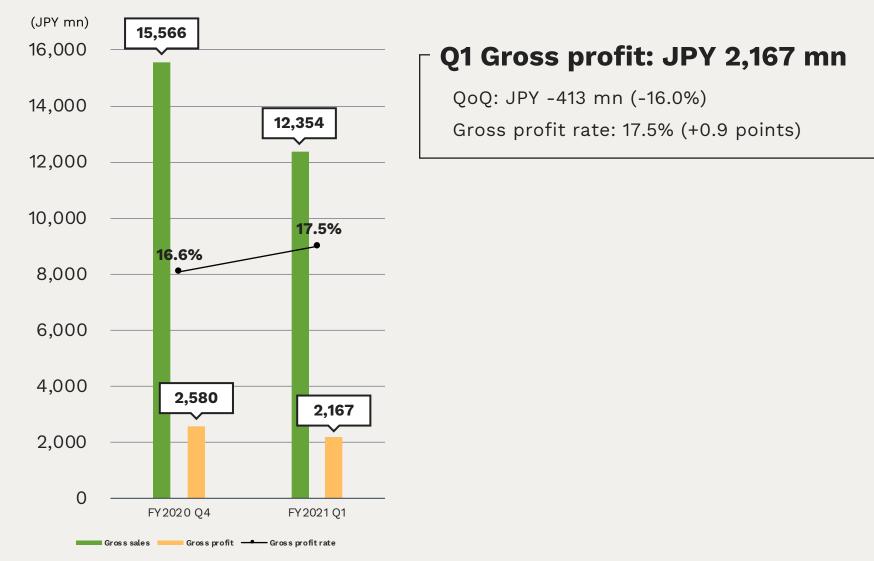
Overseas · · · · · JPY 1,710 mn QoQ: JPY -386 mn (-18.4%)

Seasonal effect of Chinese New Year in Chinese regions and decrease in Taiwanese brand ad business

*The accounting periods of our overseas subsidiaries end in December, so their FY2021 Q1 (January – March) figures are consolidated with the Adways Group's FY2021 Q1 (April - June) figures.

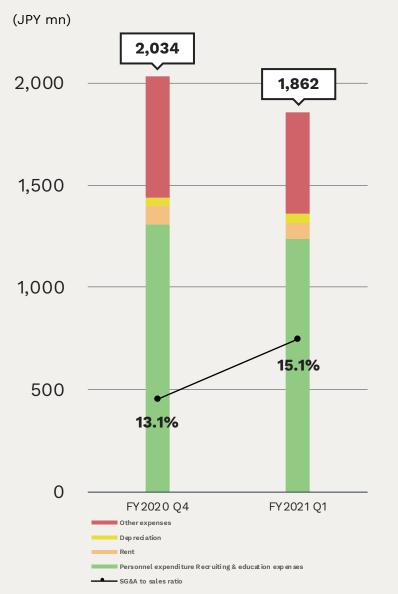
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Gross Profit (QoQ Change)



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SG&A Expenses (QoQ Change)



Q1 SG&A expenses: JPY 1,862 mn

QoQ: JPY -172 mn (-8.5%)

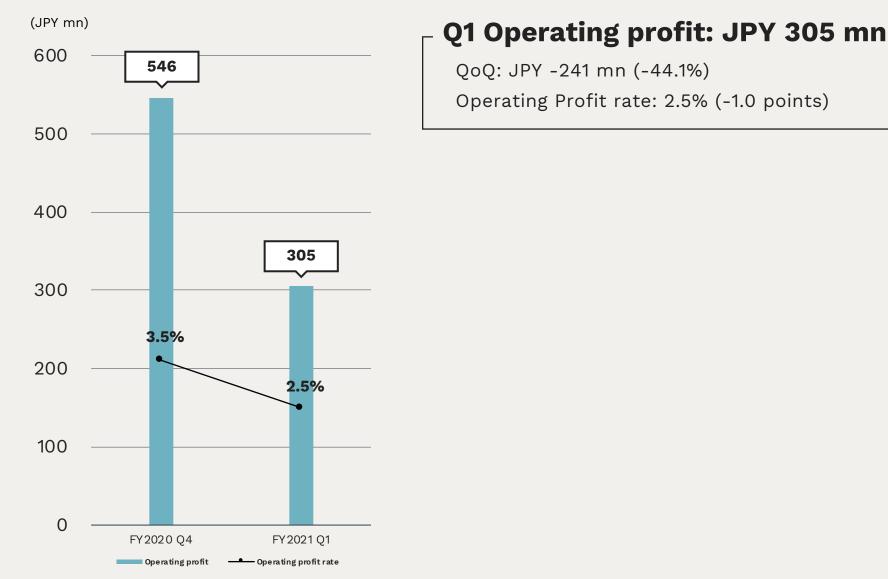
SG&A to sales ratio: 15.1% (+2.0 points)

Main Factors of Decrease

• Reduced in personnel expenditure and recruiting & education expenses: Approx. JPY -72 mn

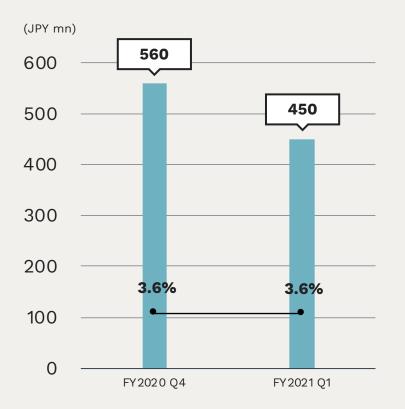
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Operating Profit (QoQ Change)



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Ordinary Profit (QoQ Change)



Q1 Ordinary profit: JPY 450 mn
QoQ: JPY -109 mn (-19.6%)
Ordinary Profit rate: 3.6% (-)

Profit Attributable to Owners of Parent (QoQ Change)

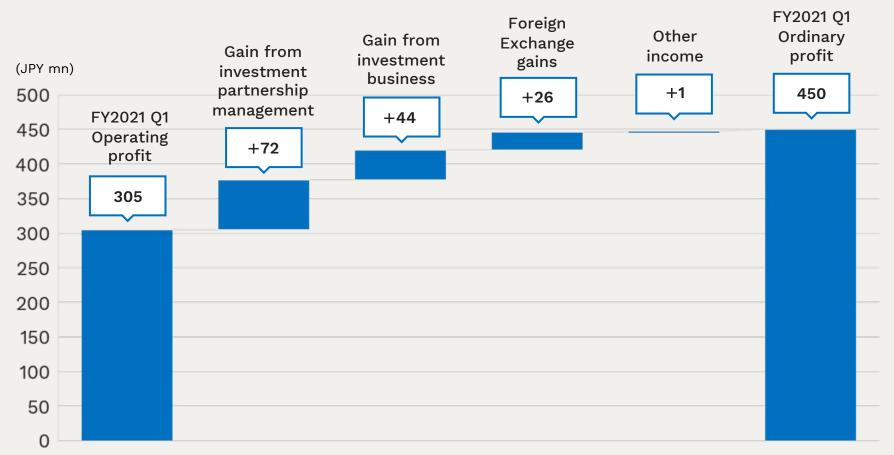
(JPY mn) 600 514 500 400 249 300 3.3% 200 2.0% 100 0 FY2020Q4 FY 2021 Q1

Q1 Profit attributable to owners of parent : JPY 249 mn

QoQ: JPY -265 mn (-51.5%)

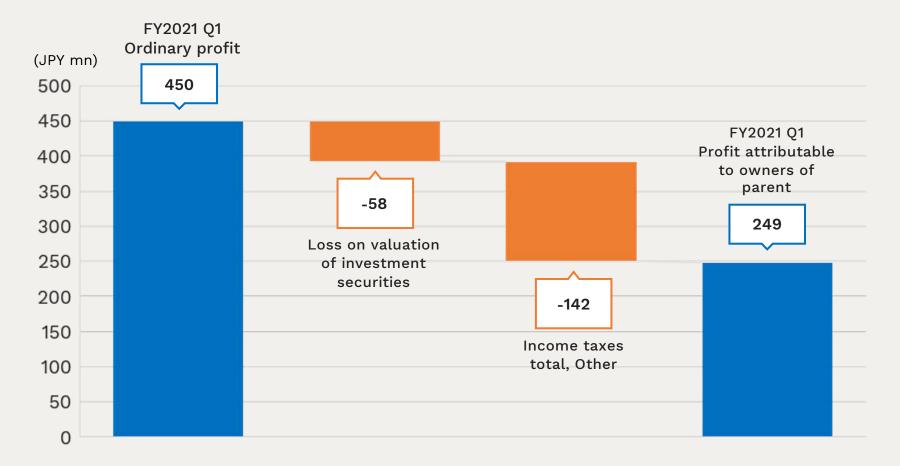
Profit Attributable to Owners of parent ratio:2.0% (-1.3 points)

Breakdown of FY2021 Q1 Ordinary Profit



Gain from investment partnership management	••••••	JPY +72 mn
Gain from investment business ••••••	• • • • • • • • • • • • • • • • • • •	JPY +44 mn
Foreign exchange gains ••••••••••	• • • • • • • • • • • • • • • • • • •	JPY +26 mn
Other income •••••••••••••	• • • • • • • • • • • • • • • • • • •	JPY +1 mn

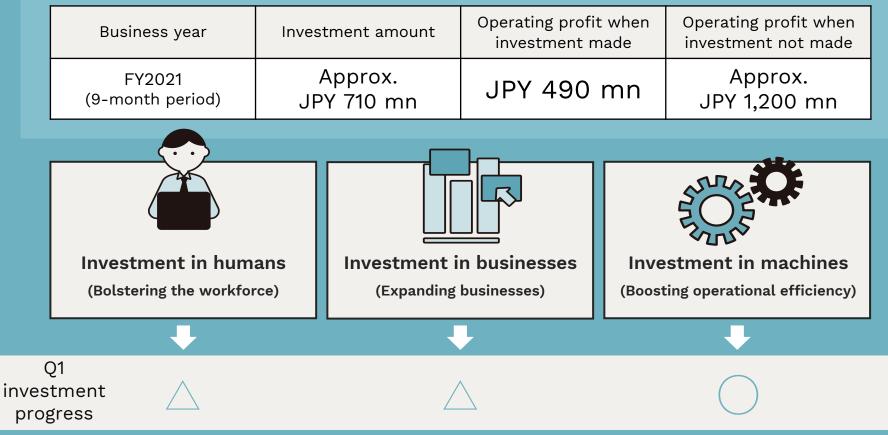
Breakdown of FY2021 Q1 Profit Attributable to Owners of Parent



Loss on valuation of investme	nt securities	•	• •	•	٠	•	• •	٠	•	• •	•	•	٠	•	٠	•	٠	٠	JPY -58 mn
Income taxes total, Other		•	• •	•	•	٠	• •	٠	•	• •	•	•	•	•	•	•	•	•	JPY -142 mn

Investment in Humans, Businesses and Machines

Plan to invest approx. JPY 710 mn in FY2021



 $\circ:$ As planned $\ \ \Delta:$ Less than planned $\ \ \times:$ Much less than planned

Investment did not go according to plan, resulting in higher-than-planned Q1 operating profit. The remaining investment budget will be used in Q2 onward, maintaining the fullyear plan.

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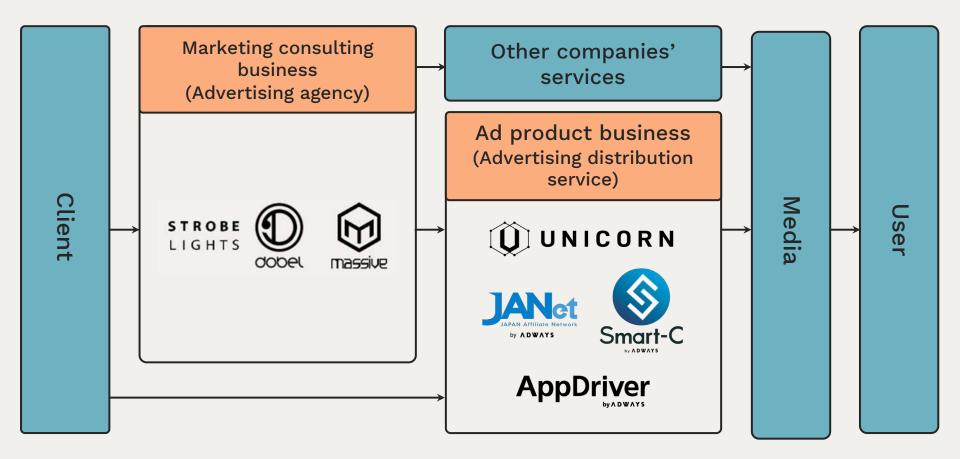
* Investment here refers to spending different from past spending (new investment). ¹⁴

first quarter





Advertising business



We classify our ad business into a marketing consulting business that also sells other companies' services and an ad product business that operates our ad distribution service.

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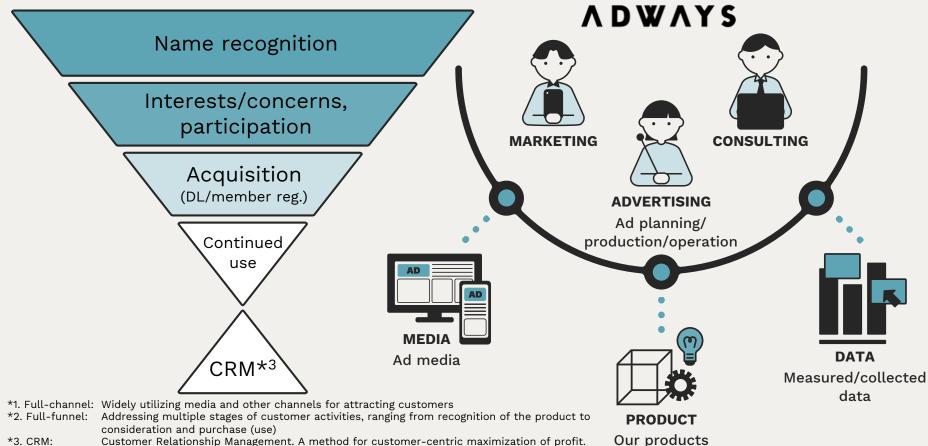
first quarter

Marketing consulting business

Comprehensive app & web marketing support business

Comprehensive marketing support through integrated planning offline and online

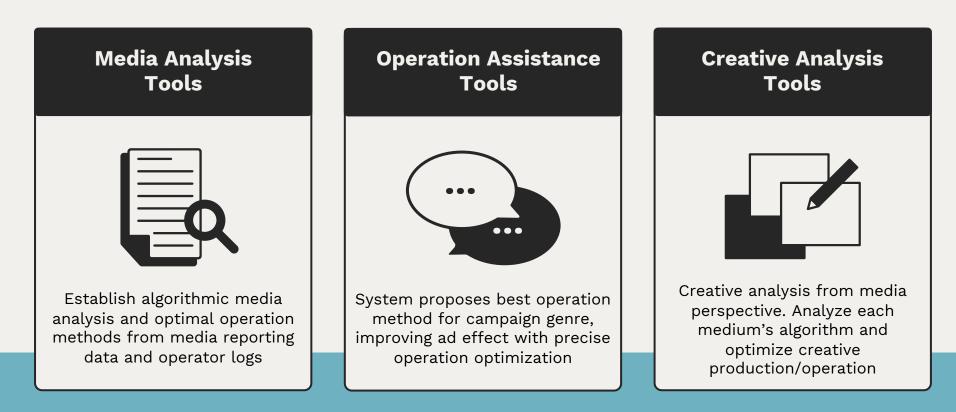
Full-channel,*¹ full-funnel*² comprehensive marketing support able to approach multiple needs and multiple targets



*3. CRM: Customer Relationship Management. A method for customer-centric maximization of profit.

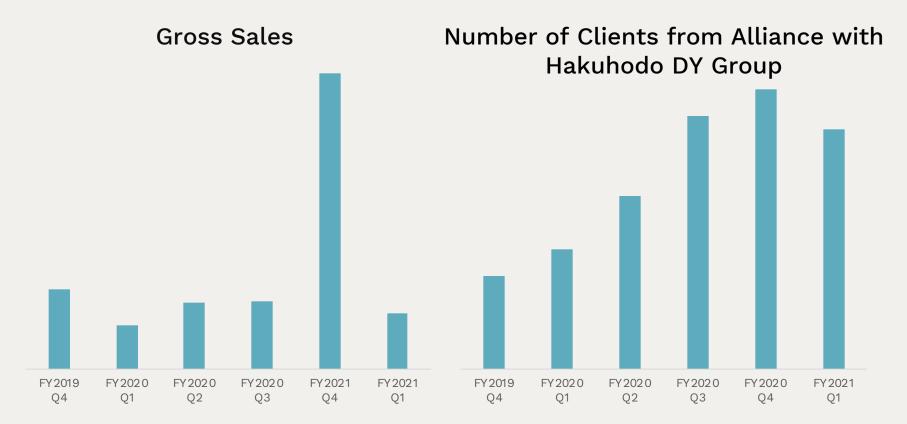
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Leverage technology to maximize substantive ad effect



Maximize ad effect by analyzing main mega-platform algorithms to optimize operation

Progress of Capital and Business Alliance with Hakuhodo DY Group



While gross sales and number of clients declined from last quarter, they showed strong growth year on year compared with the same quarter last year.

first quarter

Ad product business

UNICORN, affiliate ad service business etc.

UUNICORN REDEFINE DIGITAL MARKETING,

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Progress of UNICORN

Change in UNICORN Gross Sales and Machine Learning Costs



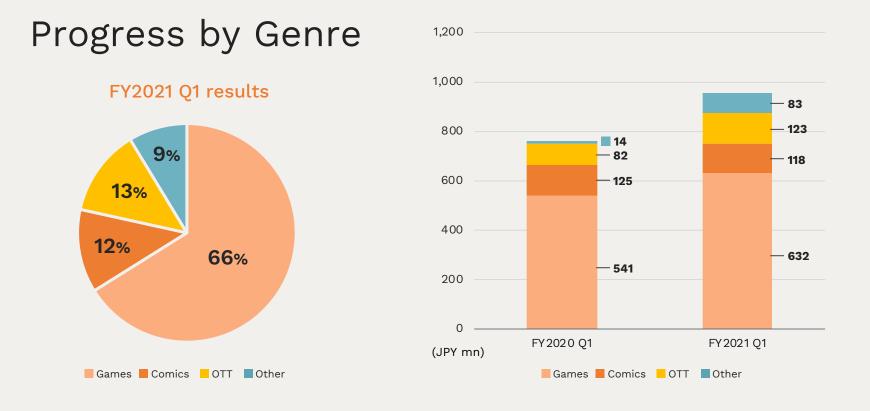
Machine learning costs

*FY2020 Q1 figures here differ from FY2020 Q1 materials published before due to change in gross sales calculation method for service sectors.

Gross sales remained flat. Adapting to changes accompanying iOS14.5 temporarily increased machine learning costs.

About **UNICORN**

Progress of UNICORN

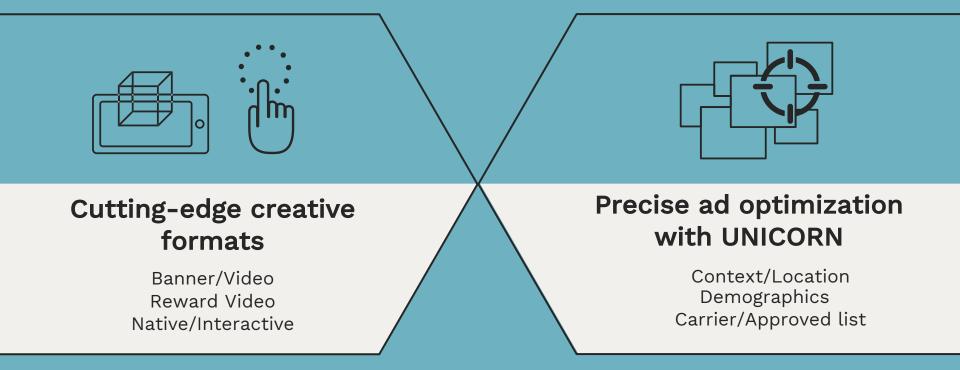


Growth in Games, OTT and Other.

In Other, we expect Web business, focused on brand advertisers, to become our fourth pillar.

About UNICORN

Advanced ad method UNICORN Interactive AD



Achieve completely new types of communication with unencountered users by using unprecedented creatives

UNICORN Interactive AD Creative Case Study

SUBARU Corporation



KOSÉ Corporation



Henkel Japan Ltd.



PUMA Japan K.K.



Significant increase in brand transactions and sales

Overseas ad business

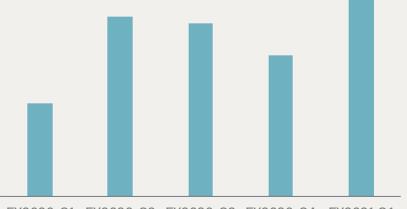
Comprehensive overseas app & web marketing support business

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Overseas ad business

China

App Marketing Business (Change in Gross Sales)



FY2020 Q1 FY2020 Q2 FY2020 Q3 FY2020 Q4 FY2021 Q1

FY2021 Q1 app business gross sales increased 224% YoY

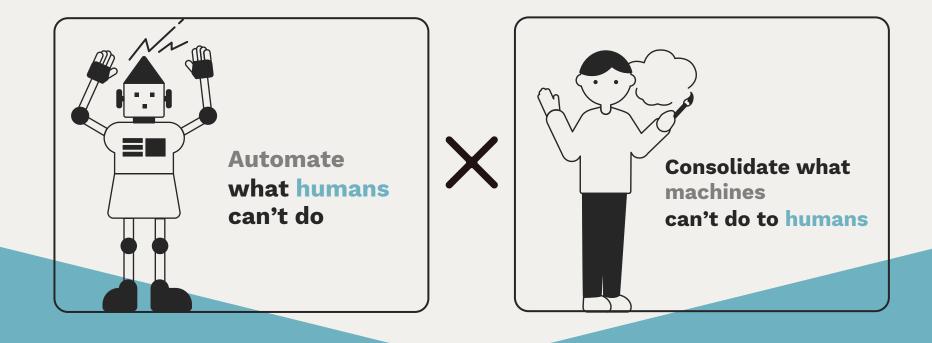
Taiwan

Authorized "LINE Diamond Sales Partner" and "LINE Family Club"



FY2021 Q1 LINE ad gross sales increased 357% YoY

Co-existence of Humans & Machines



Maximize performance

Beyond Everything Internet

インターネットの全てを越えていく



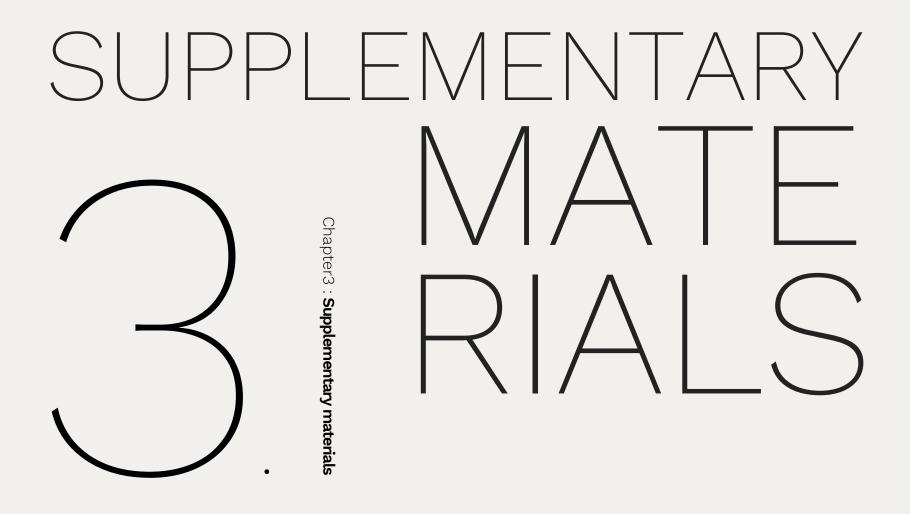
OMG, This is Amazing

Thank you very much for attending our presentation today

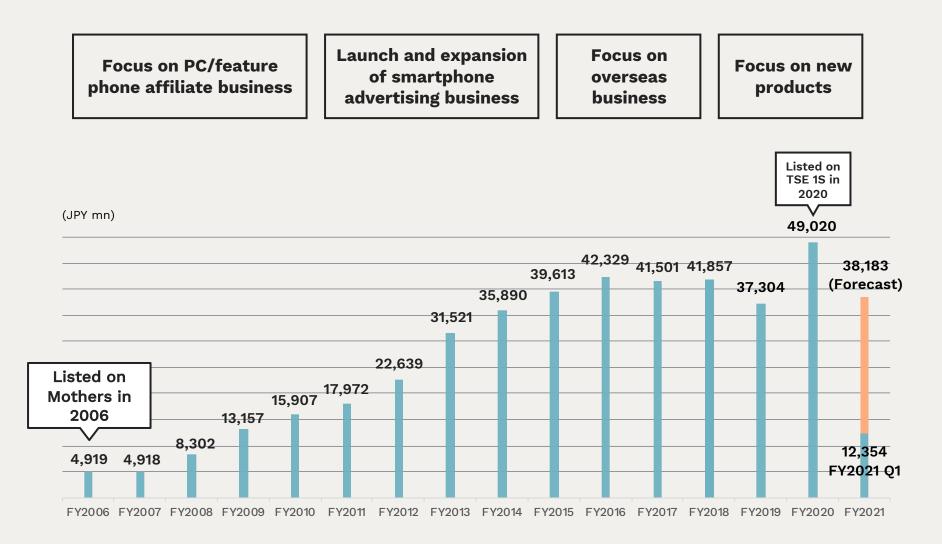
The information provided in this presentation contains forward-looking statements including Adways Inc.'s current plans, outlook, estimates and forecasts related to its business and industry trends. Such statements are subject to certain risks and uncertainties. Actual results may differ from the outlook 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 Aug 3, 2021, and a variety of factors may cause the statements to differ from actual results.

first quarter



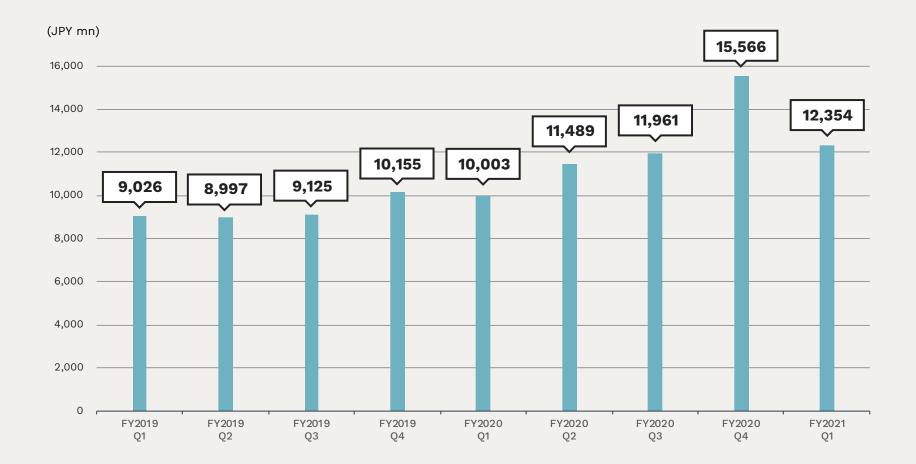
Yearly Change in Consolidated Gross Sales



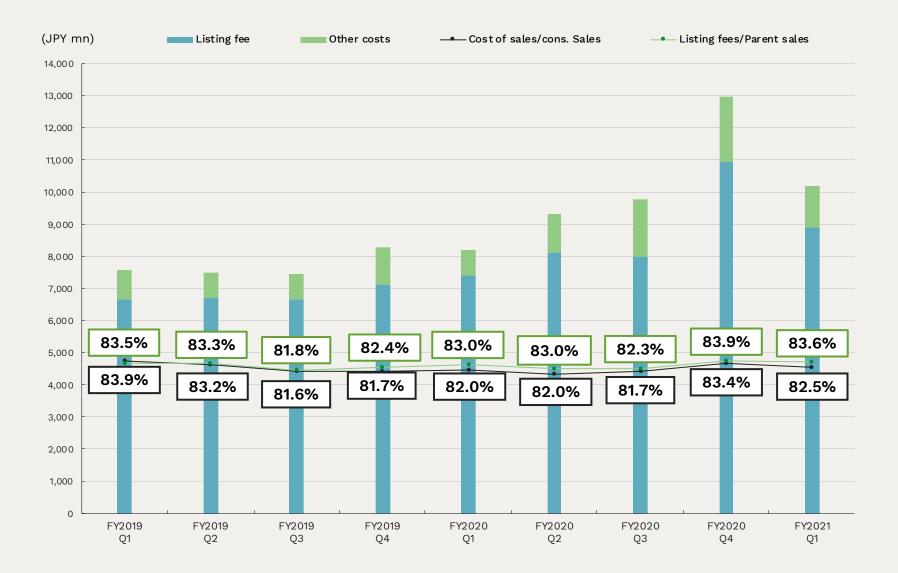
Yearly Change in Consolidated Operating Profit



Quarterly Change in Consolidated Gross 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)

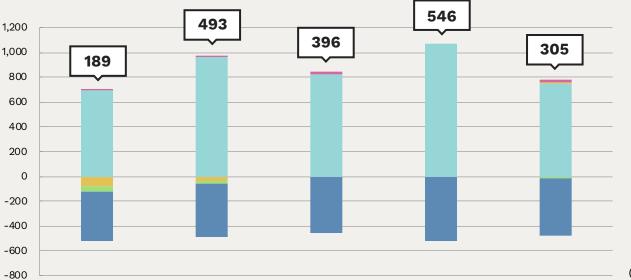
	FY2021 Q1	FY2020 Q4	Change	Change (%)
Current assets	16,543	20,275	-3,731	-18.4%
(Cash and deposits)	9,295	9,944	-649	-6.5%
Non-current assets	3,304	3,473	-169	-4.9%
Total assets	19,847	23,748	-3,900	-16.4%
Current liabilities	8,405	12,275	-3,869	-31.5%
Non-current liabilities	258	249	+8	+3.4%
Total liabilities	8,663	12,525	-3,861	-30.8%
Net assets	11,184	11,223	-39	-0.4%

Quarterly Breakdown of Consolidated Sales by Segment



						Qo	Q
	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	Change	Change(%)
Smartphone	5,306	6,458	6,408	7,756	5,577	-2,179	-28.1%
PC	3,629	3,446	3,429	5,312	4,711	-600	-11.3%
Overseas	814	1,261	1,744	2,097	1,710	-386	-18.4%
Media contents	146	190	202	216	198	-18	-8.6%
Other	106	132	176	183	156	-27	-14.9%
Total	10,003	11,489	11,961	15,566	12,354	-3,212	-20.6%

Quarterly Breakdown of Consolidated Operating Profit by Segment



(JPY mn)

						Qo	Q
	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	Change	Change (%)
Advertising	697	960	828	1,068	752	-316	-29.6%
Overseas	-77	-34	-5	0	11	+11	—
Media Contents	11	17	20	0	17	+17	—
Other	-49	-27	-4	-9	-10	-1	—
Eliminations & Corporate	-392	-423	-442	-512	-465	+47	_
Total	189	493	396	546	305	-241	-44.1%

*QoQ Change (%) for Media Contents is not listed as it exceeded 1,000%. QoQ Change (%) for Overseas, Other and Eliminations & Corporate is not listed as there is a period of operating loss.

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Quarterly Change in Group Employees



(Persons)	FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1
ADW Japan	533	521	512	506	533	535	546	558	613
ADW China	84	95	91	88	82	83	90	75	74
Domestic subsidiaries	102	99	96	100	102	100	105	99	101
Overseas subsidiaries (excluding China)	85	87	92	96	98	104	107	110	117
Temporary workers, part-time employees	110	98	113	125	109	139	125	71	77
Total	914	900	904	915	924	961	973	913	982

Company Overview

Company name	Adways Inc.	
Founded	February 28, 2001	
Business overview	Internet business	
CEO	Sho Yamada	
Capital	JPY 1,629 mn	(As at end of June 2021)
Gross sales	JPY 49,020 mn	(FY2020, Consolidated basis)
Employees * including temporary workers	982 (for the entire group)	(As at end of June 2021)