ADWAYS

2023 FEBRUARY 9, 2024 PRESENTATION MATERIAL

FULL YEAR FY2023





STOCK CODE: 2489

TSE PRIME MARKET ADWAYS INC.

CEO Sho Yamada



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Note on Terms

- The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) is in effect from the beginning of FY2021. Accordingly, "Net Sales" under the old standard are expressed as "Gross Sales."
- Please note that the gross sales is not official figures that have been audited by the accounting auditor.
- Due to a change in the accounting period starting from FY2021, FY2021 is 9 months for domestic companies and 12 months for overseas subsidiaries, and FY2021 Q3 is 3 months for domestic companies and 6 months for overseas subsidiaries.
- The reporting segments starting from FY2022 are as follows: "Agency Business (Domestic/Overseas)," which provides comprehensive marketing support for apps and websites, and "Ad Platform Business," which operates UNICORN and affiliate ad services, etc.
- Gross profit margin, SG&A expense margin, operating profit margin, ordinary profit margin, profit margin (profit margin attributable to owners of parent), sales cost margin and posting cost margin are expressed as a percentage of the gross sales above.

Chapter1: Full Year FY2023 results

Full-Year FY2023
Performance

FY2023 Initial Forecast and Actual Performance

(JPY mn)

	Gross sales (Reference)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2023 Forecasts	58,919	13,500	800	1,120	750
Results (cumulative)	59,006	13,524	921	1,313	966
Change	87	24	121	193	216
Achievement rate	100.1%	100.2%	115.2%	117.2%	128.8%

Annual Results (YoY)

(JPY mn)

	FY2023 Result	YoY FY2022				
		Reference value	Change (%)			
Gross sales	59,006	59,590	-584	-1.0%		
Net sales	13,524	13,415	+108	+0.8%		
Gross profit	10,950	10,806	+144	+1.3%		
SG&A expenses	10,029	9,135	+894	+9.8%		
Operating profit	921	1,671	-749	-44.9%		
Ordinary profit	1,313	1,506	-193	-12.9%		
Profit attributable to owners of parent	966	2,536	-1,570	-61.9%		

Gross sales

YoY Decreased JPY -584 mn (-1.0%)

Operating profit

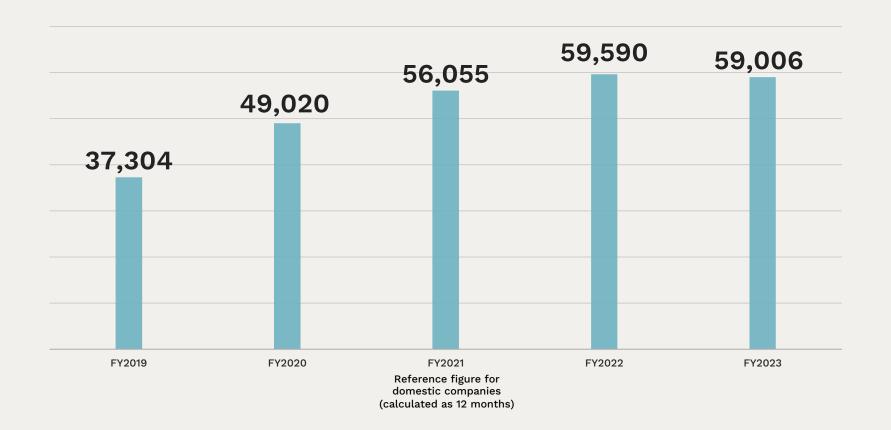
YoY Decreased JPY -749 mn (-44.9%)

Segment Summary

Agency Business (Domestic)	Segment Gross sales: JPY 24,505 mn YoY: JPY -1,941 mn (-7.3%) In the game and comic app advertising businesses, client advertising budgets are decreasing as revenues are on a decreasing trend due in part to market commoditization and the freshness of popular apps showing signs of fading as a long time has passed since these were released.
Agency Business (Oversea)	Segment Gross sales: JPY 9,381 mn YoY: JPY -249 mn (-2.6%) In the app business, there was a budget reduction of a client and decrease in the number of major new title releases in Taiwan. In the brand business, too, Taiwan's economic downturn causing budget reductions and other factors resulted in decrease.
Ad Platform Business	Segment Gross sales: JPY 22,659 mn YoY: JPY +1,562 mn (+7.4%) While UNICORN decreased due to the external environment and imperfection in the logic, affiliate grew substantially, mainly in the finance genre of JANet.

Annual Change in Consolidated Gross sales

(JPY mn)

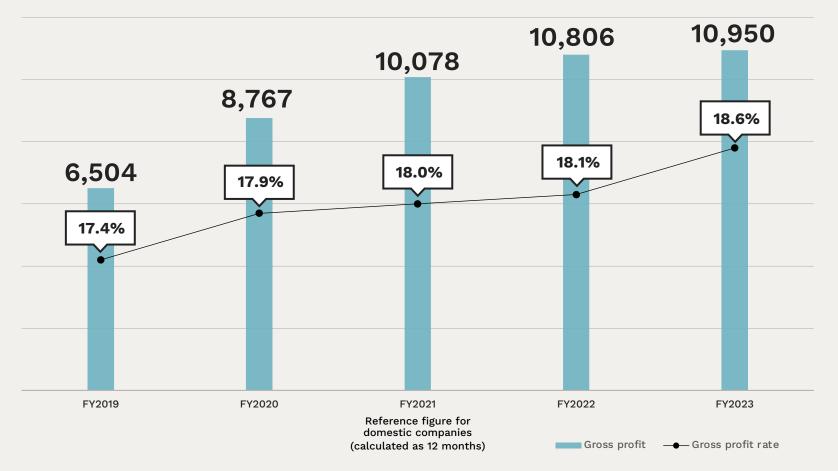


Gross Sales JPY 59,006 mn

YoY: Decreased JPY -584 mn (-1.0%)

Annual Change in Consolidated Gross profit

(JPY mn)



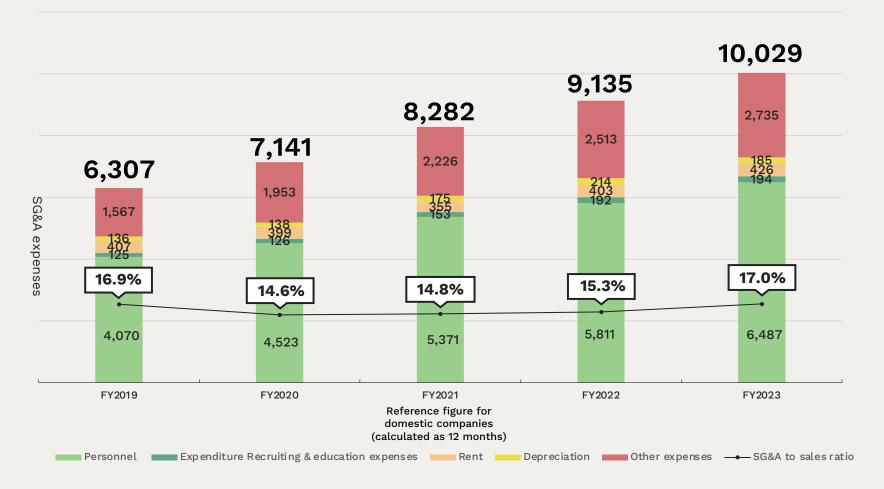
Gross profit JPY 10,950 mn

YoY: Increased JPY +144 mn (+1.3%)

Gross Profit rate: 18.6% (± 0.4 points)

Annual Change in Consolidated SG&A Expenses

(JPY mn)



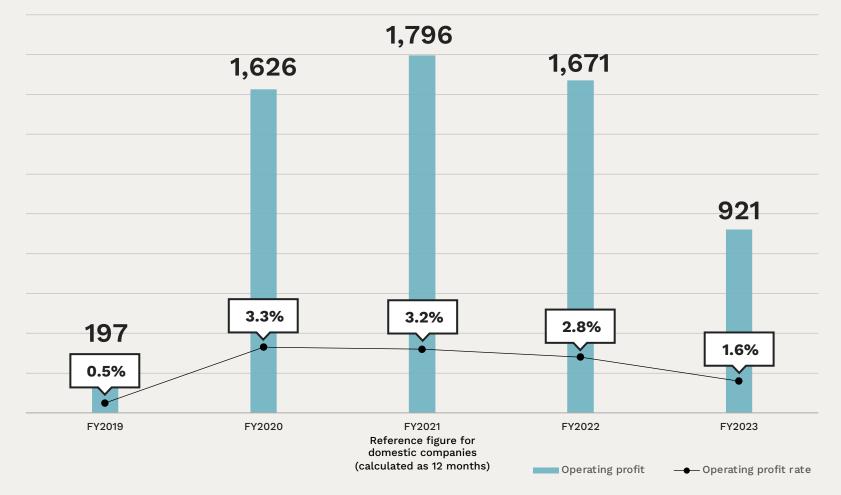
SG&A expenses JPY 10,029 mn

YoY: Increased JPY +894 mn (+9.8%)

SG&A to sales ratio: 17.0% (\pm 1.7 points)

Annual Change in Consolidated Operating Profit



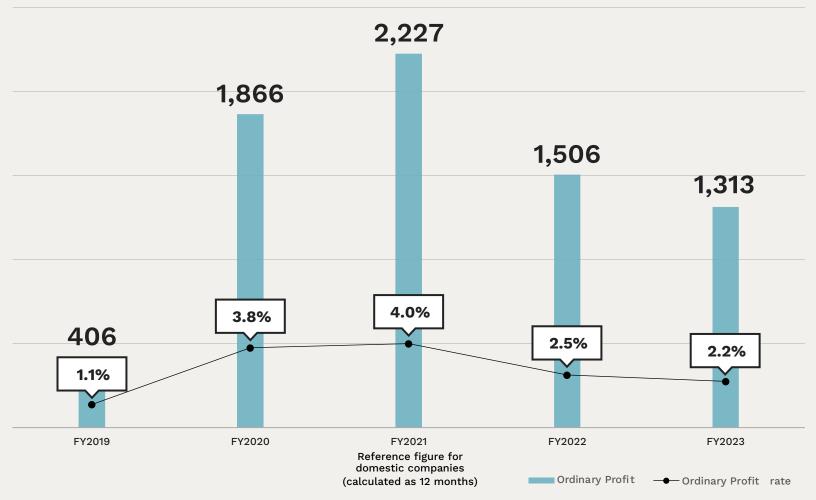


Operating Profit JPY 921 mn

YoY: Decreased JPY -749 mn (-44.9%)

Operating profit rate: 1.6% (-1.2 points)

Annual Change in Consolidated Ordinary Profit

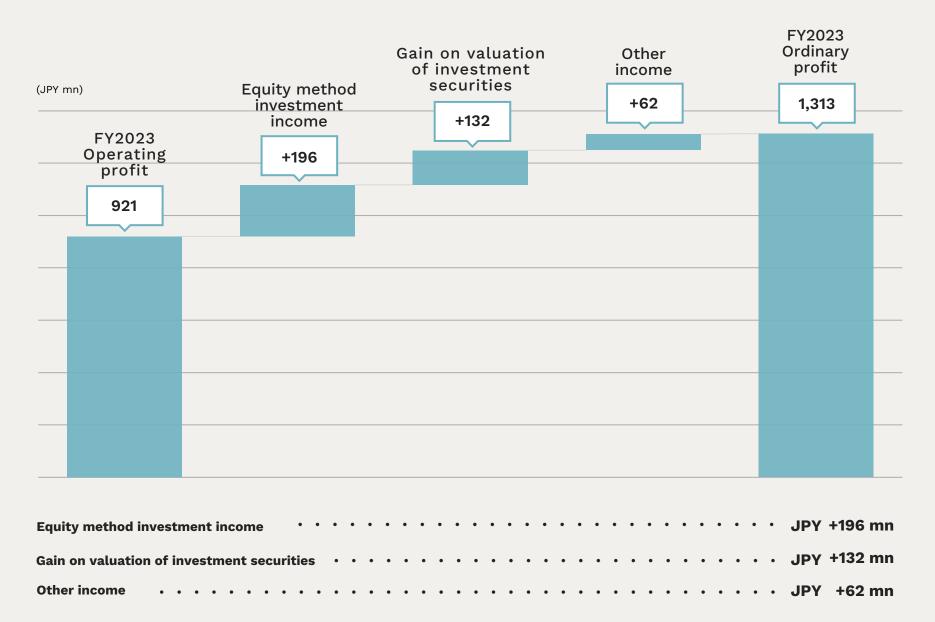


Ordinary Profit JPY 1,313 mn

YoY: Decreased JPY -193 mn (-12.9%)

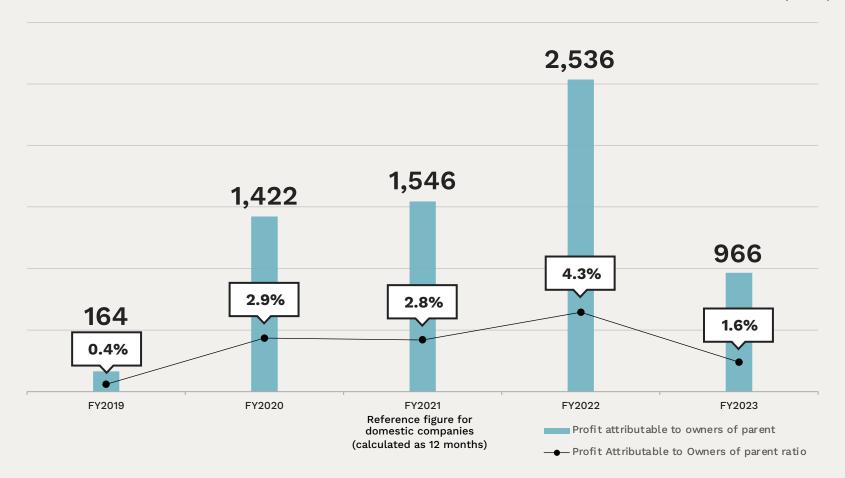
Ordinary profit rate: 2.2% (-0.3 points)

Breakdown of FY2023 Ordinary Profit



Annual Change in Consolidated Profit Attributable to Owners of Parent

(JPY mn)

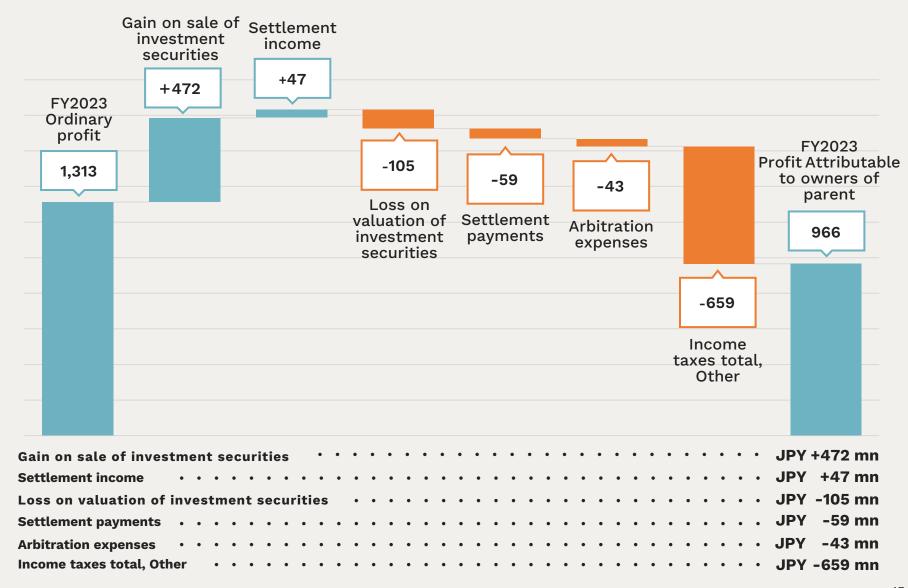


Profit attributable to owners of parent JPY 966 mn

YoY: Decreased JPY -1,570 mn (-61.9%)

Profit Attributable to Owners of parent ratio: 1.6% (-2.6 points)

Breakdown of FY2023 Profit Attributable to Owners of Parent



Chapter2: Fourth quarter results



FY2023Q4 Performance

Quarterly Results (YoY · QoQ)

(JPY mn)

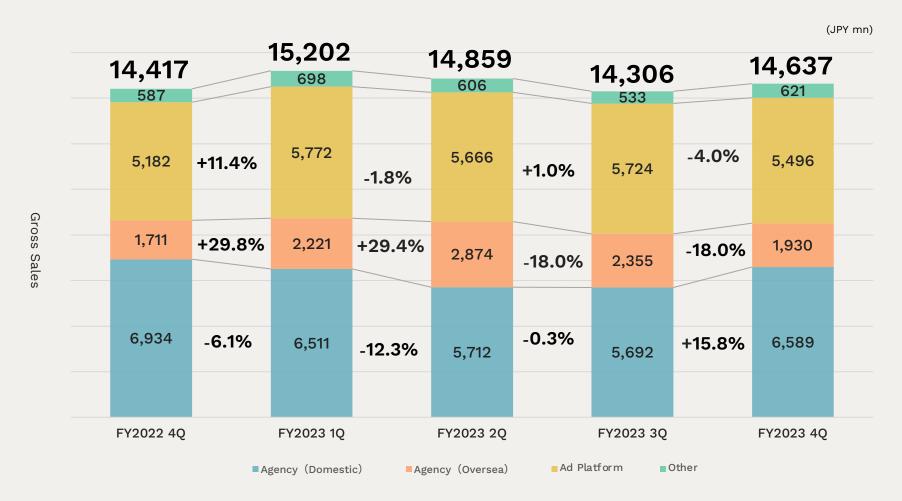
	FY2023	FY2022 Q4 FY2023 Q4	YoY FY2022 Q4		QoQ FY2023 Q3			
	Q4	Performance Trends	Results	Change	Change (%)	Results	Change	Change (%)
Gross sales	14,637		14,417	+220	+1.5%	14,306	+331	+2.3%
Net sales	3,402		3,468	-65	-1.9%	3,278	+124	+3.8%
Gross profit	2,633	~	2,827	-194	-6.9%	2,678	-45	-1.7%
SG&A expenses	2,368	~~	2,346	+21	+0.9%	2,651	-283	-10.7%
Operating profit	265	~	481	-216	-44.9%	26	+238	+900.7%
Ordinary profit	405	~	493	-87	-17.8%	104	+301	+288.6%
Profit attributable to owners of parent	296	~	1,127	-831	-73.7%	-20	+316	-

Gross YoY Increased JPY +220 mn (+1.5%) sales QoQ Increased JPY +331 mn (+2.3%)

Quarterly Segment Summary

Agency Business (Domestic)	Segment Gross sales: JPY 6,589 mn YoY: JPY -345 mn (-5.0%) Comic app sales increased due to the resumption of comic app promotions, which were suspended in the same quarter of the previous year due to client circumstances. Game apps declined due to budget cuts for titles that had major promotions in the same quarter of the previous year.
Agency Business (Oversea)	Segment Gross sales: JPY 1,930 mn YoY: JPY +218 mn (+12.8%) Distribution of game apps by overseas clients grew in Japan. The foreign exchange rate contributed to this increase.
Ad Platform Business	Segment Gross sales: JPY 5,496 mn YoY: JPY +313 mn (+6.0%) While UNICORN saw a decrease due to the absence of a major one-time promotion in the same quarter of the previous year, affiliate ads grew substantially, mainly in the finance genre of JANet.

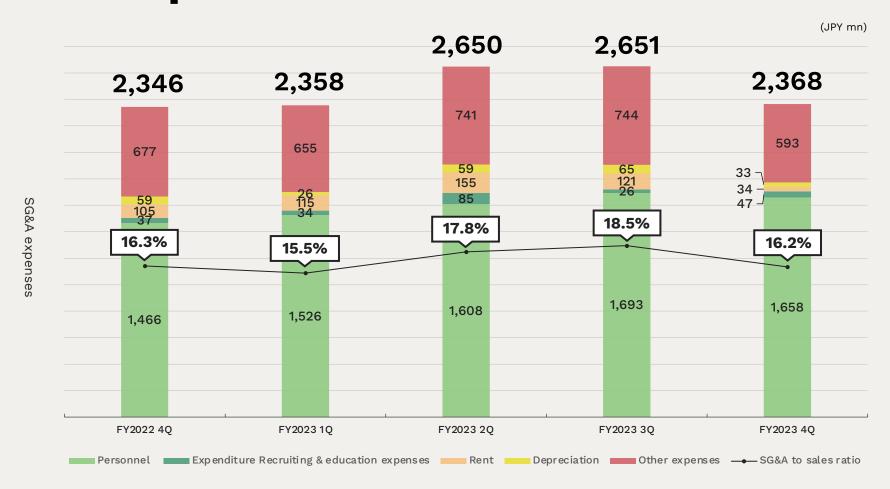
Quarterly Change in Consolidated Gross Sales



Q4 Gross Sales : JPY 14,637 mn

YoY: Increased JPY +220 mn (+1.5%) QoQ: Increased JPY +331 mn (+2.3%)

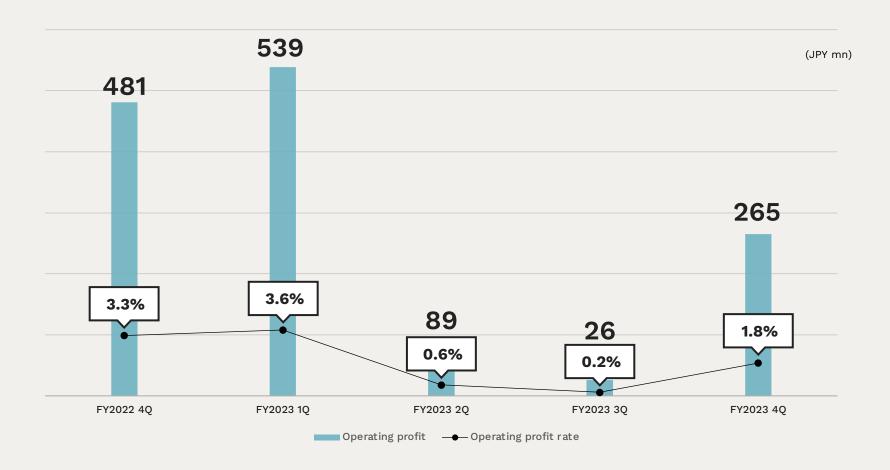
Quarterly Change in Consolidated SG&A Expenses



Q4 SG&A expenses : JPY 2,368 mn

YoY: JPY +21 mn (+0.9%) SG&A to sales ratio: 16.2% (YoY: -0.1 points)

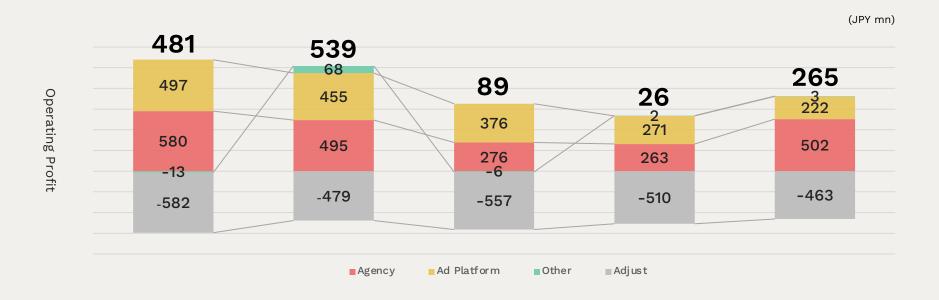
Quarterly Change in Consolidated Operating Profit

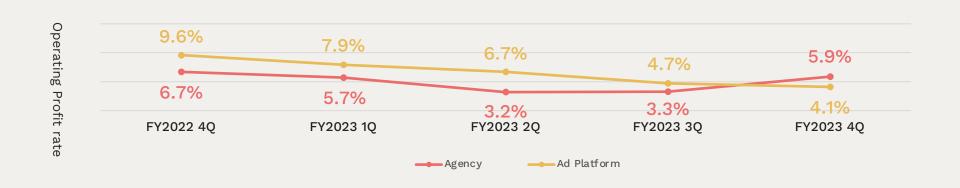


Q4 Operating profit : JPY 265 mn

YoY: JPY -216 mn (-44.9%) Operating Profit rate: 1.8% (YoY: -1.5 points)

Quarterly Change in Consolidated Operating Profit (By Segment)





Quarterly Change in Consolidated Ordinary Profit



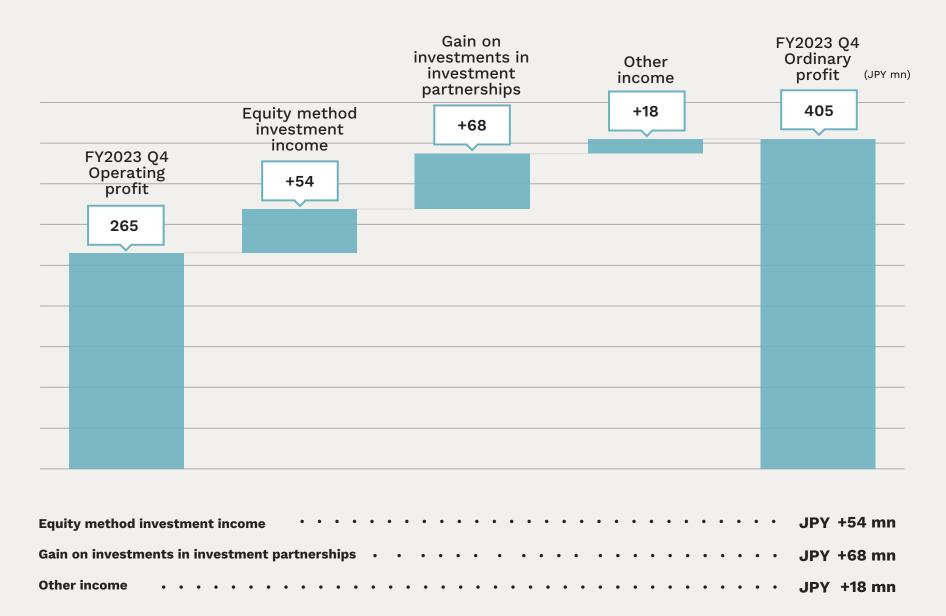


Ordinary profit: JPY 405mn

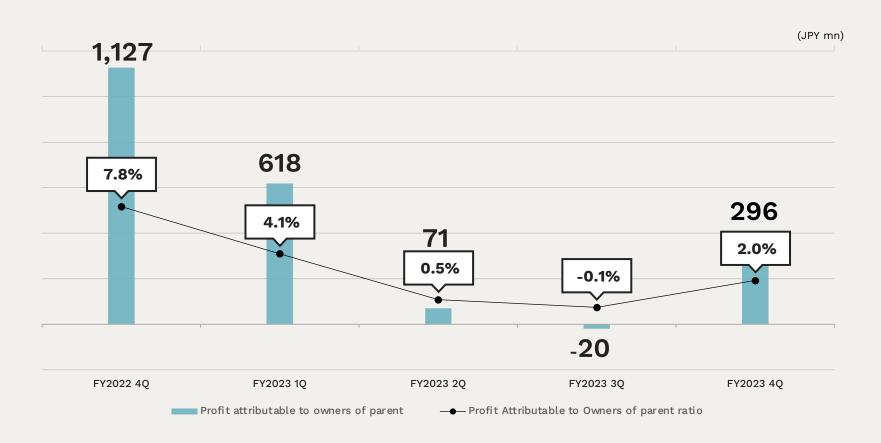
YoY: JPY -87 mn (-17.8%)

Ordinary Profit rate: 2.8% (YoY: -0.6 points)

Breakdown of FY2023 Q4 Ordinary Profit



Quarterly Change in Consolidated Profit Attributable to Owners of Parent

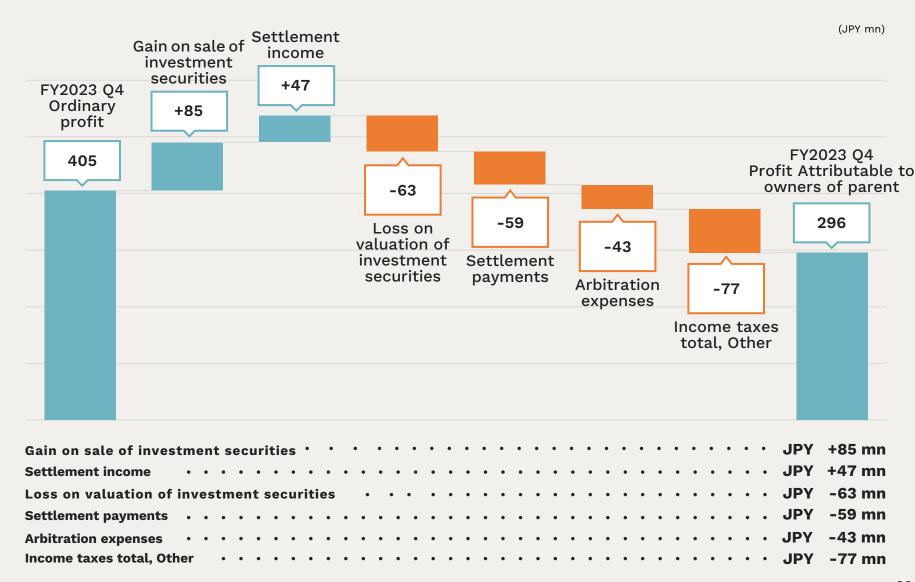


Profit attributable to owners of parent: JPY 296 mn

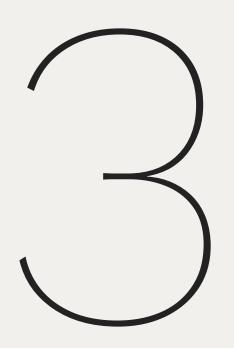
YoY: JPY -831 mn (-73.7%)

Profit Attributable to Owners of parent ratio: 2.0% (YoY: -5.8%)

Breakdown of FY2023 Q4 Profit Attributable to Owners of Parent



Chapter3: Shareholder returns



FY2023 Shareholder Returns

Shareholder Returns

FY2023 Dividend

JPY 5.77 per share

Regular Dividend Policy (FY2021 - FY2023)

FY2021

Dividend payout ratio of 21%

or

JPY 2.70 per share

Whichever is higher

FY2022

Dividend payout ratio of 22%

or

JPY 2.80 per share

Whichever is higher

FY2023

Dividend payout ratio of 23%

or

JPY 2.90 per share

Whichever is higher

Chapter4 : Forecasts



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FY2024 Consolidated Performance Forecast Values

(JPY mn)

	Gross Sales (Reference)	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2024 Forecast	62,000	14,200	770	1,000	580
FY2023 Results	59,006	13,524	921	1,313	966
Change	2,993	675	-151	-313	-386
Change (%)	5.1%	5.0%	-16.4%	-23.8%	-40.0%

Shareholder Returns

Dividend Policy

For the three-year period starting from the fiscal year ended December 2024 (through the fiscal year ending December 2026), we aim to pay a dividend per share using that fiscal year as the dividend payout ratio excluding the first fiscal year (24% for the current fiscal year because it is the 25th fiscal year) or based on a dividend of 3.00 yen per share, increased by 0.10 yen per share each year, whichever is higher.

Regular Dividend Policy (FY2024 - FY2026)

FY2024

Dividend payout ratio of 24%

or

JPY 3.00 per share

Whichever is higher

FY2025

Dividend payout ratio of 25%

or

JPY 3.10 per share

Whichever is higher

FY2026

Dividend payout ratio of 26%

or

JPY 3.20 per share

Whichever is higher

^{*}Please note that the dividend policy is subject to change based on major performance fluctuation, large-scale M&A and other management changes.

Chapter5: business overview

Advertising business

Classification of Advertising Business Other companies' Agency business services (Advertising agency) Ad platform business (Advertising distribution service) Client Media User **U**NICORN STROBE LIGHTS Best Practice Checker etc **AppDriver**

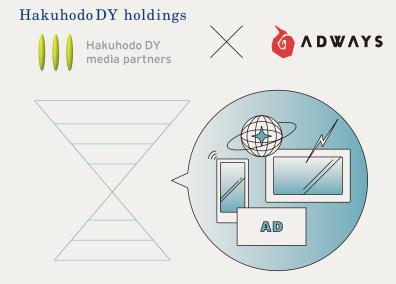
We classify our ad business into an agency business that also sells other companies' services and an ad plaftform business that operates our ad distribution service.

Agency business (Domestic)

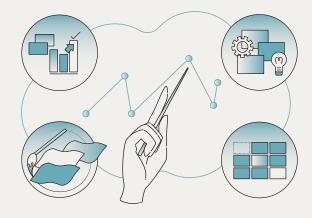
Comprehensive app & web marketing support business

Principles of Agency Business (Domestic)

Digital transformation of marketing as a business growth driver for clients







In our agency business, we provide comprehensive marketing support through integrated offline and online planning. In order to approach brand advertisers and execute more effective market planning conscious of full-channel¹ and full-funnel² marketing plans that integrate TV and digital, rather than confining ourselves to an advertising framework, we are marketing consultants who provide comprehensive marketing support for all types of issues. We also fuse AI-based highly sophisticated marketing technology and human operational and creative capabilities to create essential advertising value in order to provide comprehensive and efficient support for our clients' business growth.

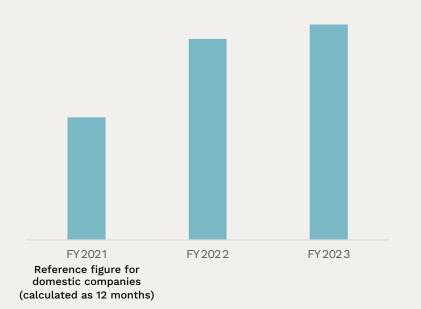
^{*1.}Full-channel: Widely utilizing media and other channels for attracting customers

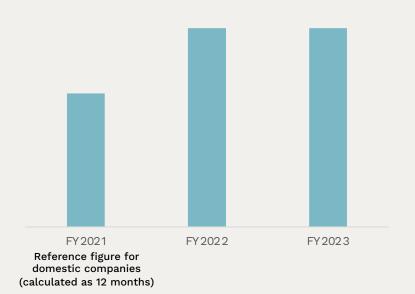
^{*2.}Full-funnel: Addressing multiple stages of customer activities, ranging from recognition of the product to consideration and purchase (use)

Progress of Capital and Business Alliance with Hakuhodo DY Group









Gross profit was strong.

^{*}FY2021 (12 months for domestic companies) is reference figures that combine results from that year with domestic companies' figures from the fourth quarter of the fiscal year ended March 2021 (accounting period).

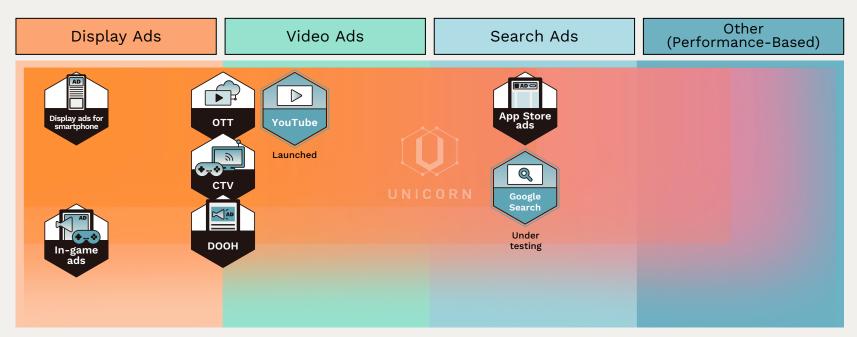
Ad platform business

UNICORN, affiliate ad service business etc.



Principles of Ad Platform Business (UNICORN)

Three-dimensional expansion based on channel, value and account



UNICORN continues to expand in terms of distribution, working with services such as Connected TV and OTT* in addition to automatically optimized distribution on the Apple Search Ads | Today tab, search tab, search results, and product pages. In addition, with testing done, compatibility with YouTube is now complete and provision of ad delivery menu has commenced. We will continue to optimize user communication across all channels.

Progress of UNICORN

Change in UNICORN Gross Sales and Machine Learning Costs



Gross salesMachine learning costs

In materials up to the end of FY2021, only gross sales of UNICORN Inc were represented, but starting from FY2022, gross sales are represented as external sales generated by the Group that include transactions of departments exclusively handling UNICORN related sales. As a result, gross sales in materials for FY2021 and earlier and gross sales in this document differ. (Transactions of departments that also handle other products are not included.)

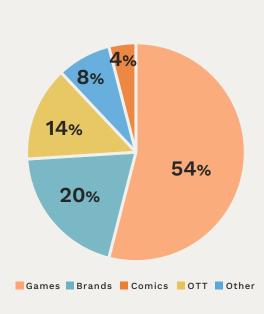
Although gross sales were 80% YoY due to the absence of a major one-time promotion in the same quarter of the previous year, this item still increased by JPY 243 mn (+21%) from the previous quarter.

About **UNICORN**

Progress of UNICORN

Progress by Genre







OTT increased while other genres declined.

About **UNICORN**

Progress of UNICORN

UNICORN's Performance: YoY

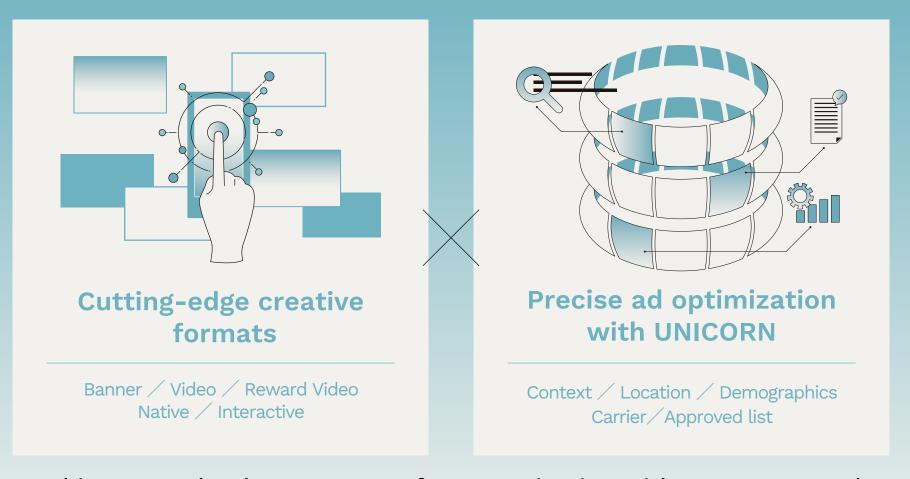
(JPY mn)

	FY2023 Q4	YoY FY2022 Q4				
	112025 Q+	Result	Change	Change (%)		
Gross sales	1,370	1,713	-342	-20.0%		
Gross profit	481	585	-104	-17.8%		
Operating profit	84	215	-130	-60.8%		

Gross sales decreased by JPY 342 mn due to the absence of a major one-time promotion in the same quarter of the previous year.

About **UNICORN**

Advanced ad method UNICORN Interactive AD



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

Commencement of Collaboration with Anzu, Provision of In-Game Ad Solutions

Distributing ads that are integrated into the game world will improve UX and increase ad receptivity, boosting ad effectiveness.



Commencement of Comprehensive Collaboration with ARROVA Engaged in the In-Game/Metaverse/XR Field





We will contribute to market expansion by leveraging both UNICORN and ARROVA's knowledge and support expertise in gaming to introduce UNICORN's native in-game ads, which are part of the game world, into the in-game, metaverse, and XR field.

^{*}XR: Extended Reality. Technology that fuses the real world with the virtual world to create new experiences.



DEEE

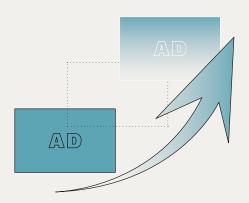
Delight 喜び Exciting

Eager 熱心 Exceed 超える

New fusion of tradition and innovation.

Principles of Ad Platform Business (ADWAYS DEEE)





Update affiliate advertising with new concepts

AppDriver



Strengthen service development to improve consumer experience and maximize media revenue

JANet 20th Anniversary Event Held

We held an event celebrating the 20th anniversary of the JANet service.



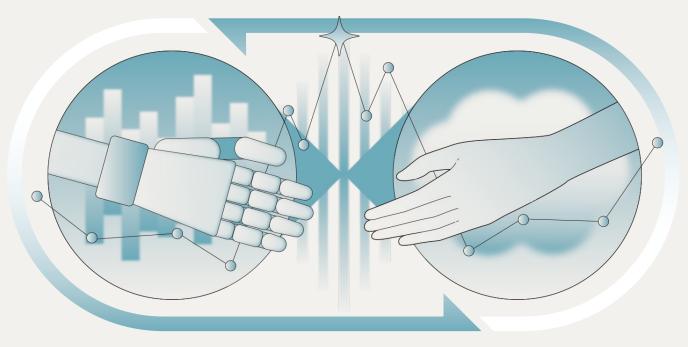
There were talks on the state of affiliate advertising and its intrinsic value.



236 people from 111 companies attended.

We will continue to promote transparency, fairness and soundness in affiliate advertising and contribute to the development of the industry in order to keep providing "real value" to the world.

Co-existence of Humans & Machines



Automate What humans can't do

Consolidate what machines can't do to humans



PURPOSE OF ADWAYS

Make the world say "OMG, This is Amazing" and empower every person to expand their potential, the heart of our "No People, No Gain" philosophy.

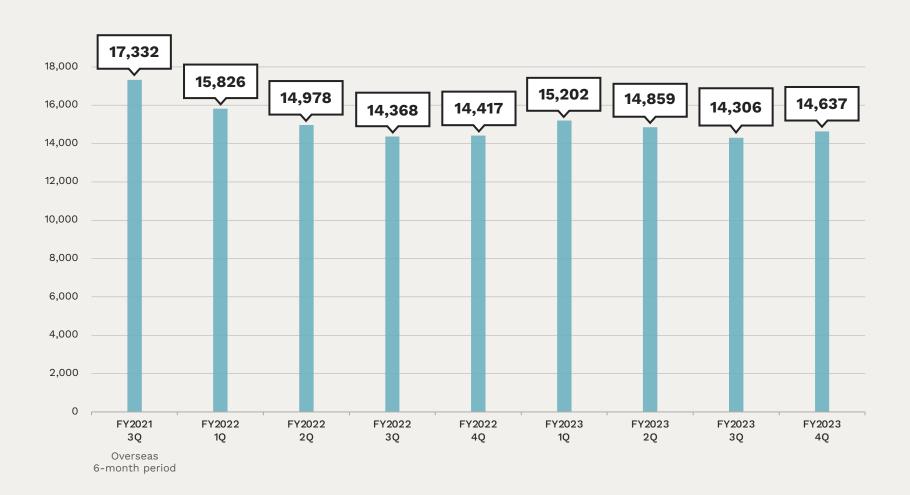
Thank you very much for attending our presentation today

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 February 9, 2024, and a variety of factors may cause the statements to differ from actual results.

PPLEMENTA Chapter6: Supplementary materials

Quarterly Change in Consolidated Gross Sales



^{*}FY2021 Q3 is a 6-month accounting period for overseas subsidiaries in line with the change of fiscal year.

Quarterly Change in Consolidated Cost of Sales



^{*}FY2021 Q3 is a 6-month accounting period for overseas subsidiaries in line with the change of fiscal year.

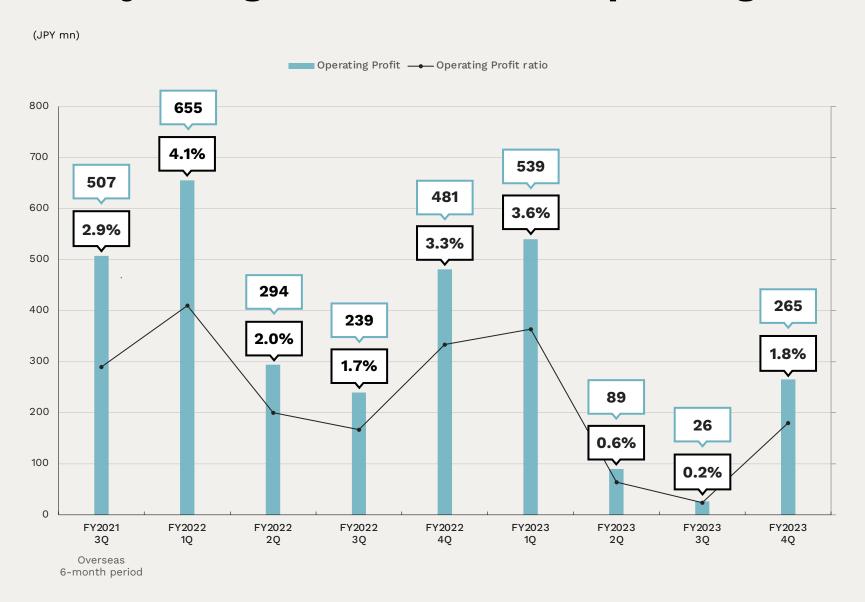
^{*}Listing fee and Listing fees/Parent sales show non-consolidated figures and ADWAYS DEEE totals.

Quarterly Change in Consolidated SG&A Expenses



^{*}FY2021 Q3 is a 6-month accounting period for overseas subsidiaries in line with the change of fiscal year.

Quarterly Change in Consolidated Operating Profit



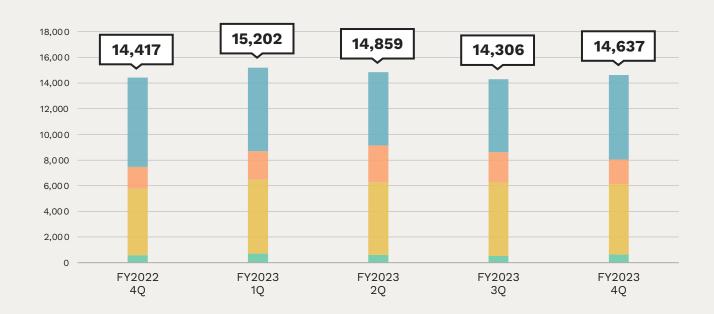
^{*}FY2021 Q3 is a 6-month accounting period for overseas subsidiaries in line with the change of fiscal year.

Consolidated Balance Sheet (QoQ)

(JPY mn)

	FY2023 Q4	FY2023 Q3	Change	Change (%)
Current assets	19,940	19,095	+844	+4.4%
(Cash and deposits)	10,194	9,757	+436	+4.5%
Non-current assets	5,287	5,444	-157	-2.9%
Total assets	25,227	24,540	+686	+2.8%
Current liabilities	10,342	9,741	+601	+6.2%
Non-current liabilities	283	351	-67	-19.3%
Total liabilities	10,625	10,092	+533	+5.3%
Net assets	14,601	14,447	+153	+1.1%

Quarterly Breakdown of Consolidated Sales by Segment



						QoQ	
(JPY mn)	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	Change	Change (%)
Agency (domestic)	6,934	6,511	5,712	5,692	6,589	+896	+15.8%
Agency (overseas)	1,711	2,221	2,874	2,355	1,930	-424	-18.0%
Ad platform	5,182	5,772	5,666	5,724	5,496	-228	-4.0%
Other	587	698	606	533	621	+87	+16.5%
Total	14,417	15,202	14,859	14,306	14,637	+331	+2.3%

Quarterly Change in Group Employees



(Persons)	FY2021 Q3	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4
ADW Japan	611	603	641	648	649	513	548	543	542
ADW China	80	83	76	72	71	72	72	74	75
Domestic subsidiaries	117	132	146	147	137	263	279	280	279
Overseas subsidiaries (excluding China)	144	138	144	143	148	135	145	133	128
Temporary workers, part-time employees	105	98	58	64	119	118	68	76	129
Total	1,057	1,054	1,065	1,074	1,124	1,101	1,112	1,106	1,153

^{*}Adways Japan decreased and domestic subsidiaries increased due to the ad platform business spinning off and becoming a subsidiary in FY2023 Q1.

Company Overview

Company name	Adways Inc.	
Founded	February 28, 2001	
Business overview	Internet business	
CEO	Sho Yamada	
Capital	JPY 1,717 mn	(As at end of December 2023)
Gross sales	JPY 59,006 mn	(FY2023, Consolidated basis)
Employees * including temporary workers	1,153 (for the entire group)	(As at end of December 2023)