Presentation Materials for 1Q Fiscal Year May 2014

September 2013

NIHON ENTERPRISE

NIHON ENTERPRISE



FY5/14 Earnings Results <1Q>



FY5/14 Business Deployment <Domestic>



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

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1Q FY5/14 Results Highlights

Mobile Content Segment

- Expand contents for carriers' flat rate, unlimited usage fee services
- Provide contents for messenger applications

Solutions Segment

- Advertising (shop affiliations※) promotion
- Deploy cost reduction solutions service

Overseas Business (China)

- Conduct cellular telephone sales via China Telecom shops
- Create electronic comic versions of popular novels

※ Cooperative business model for success fee based contents sales (Real affiliates) with cellular telephone carriers

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Consolidated Income Statement

(Million Yen)

	1Q FY5/13	1Q FY5/14	YY Change	
			Value	Percent
Sales	902	1,139	236	26.2%
CGS	462	617	155	33.6%
Gross Income	439	521	81	18.5%
SG&A	347	461	114	32.9%
Operating Income	92	59	-32	-35.4%
Ordinary Income	92	60	-32	-35.0%
Net Income	43	81	38	87.2%

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Quarterly Sales Comparison

Sales of Both Mobile Content Segment, Solutions Segment Grow

(Million Yen)

	1Q FY5/13	1Q FY5/14	YY Change	
			Value	Percent
Mobile Content Segment	479	579	99	20.8%
Solutions Segment	422	559	137	32.4%
Total	902	1,139	236	26.2%

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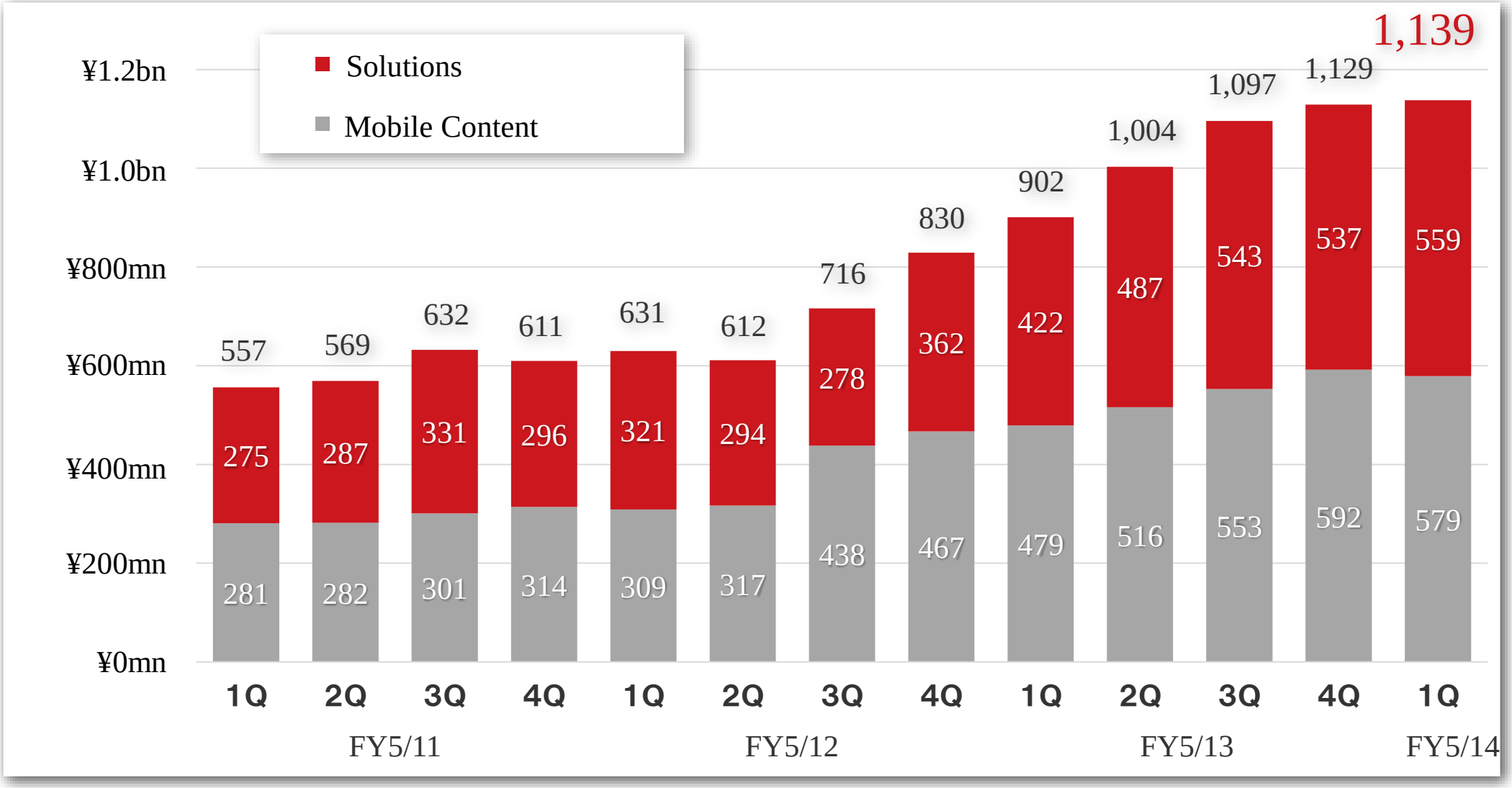
Quarterly Sales Trend

Continuation of Sales Growth Trend



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Mobile Content Segment: Quarterly Sales Comparison

Traffic Information, Lifestyle, E-Book Grew

(Million Yen)

	1Q FY5/13	1Q FY5/14	YY Change	
			Value	Percent
Traffic Information	143	186	42	29.7%
Lifestyle	77	105	27	34.9%
E-Book	23	63	39	171.3%
Overseas	11	7	-4	-36.8%
Games	7	15	7	102.1%
Mail	103	91	-11	-11.1%
Music	112	109	-2	-2.2%
Total	479	579	99	20.8%

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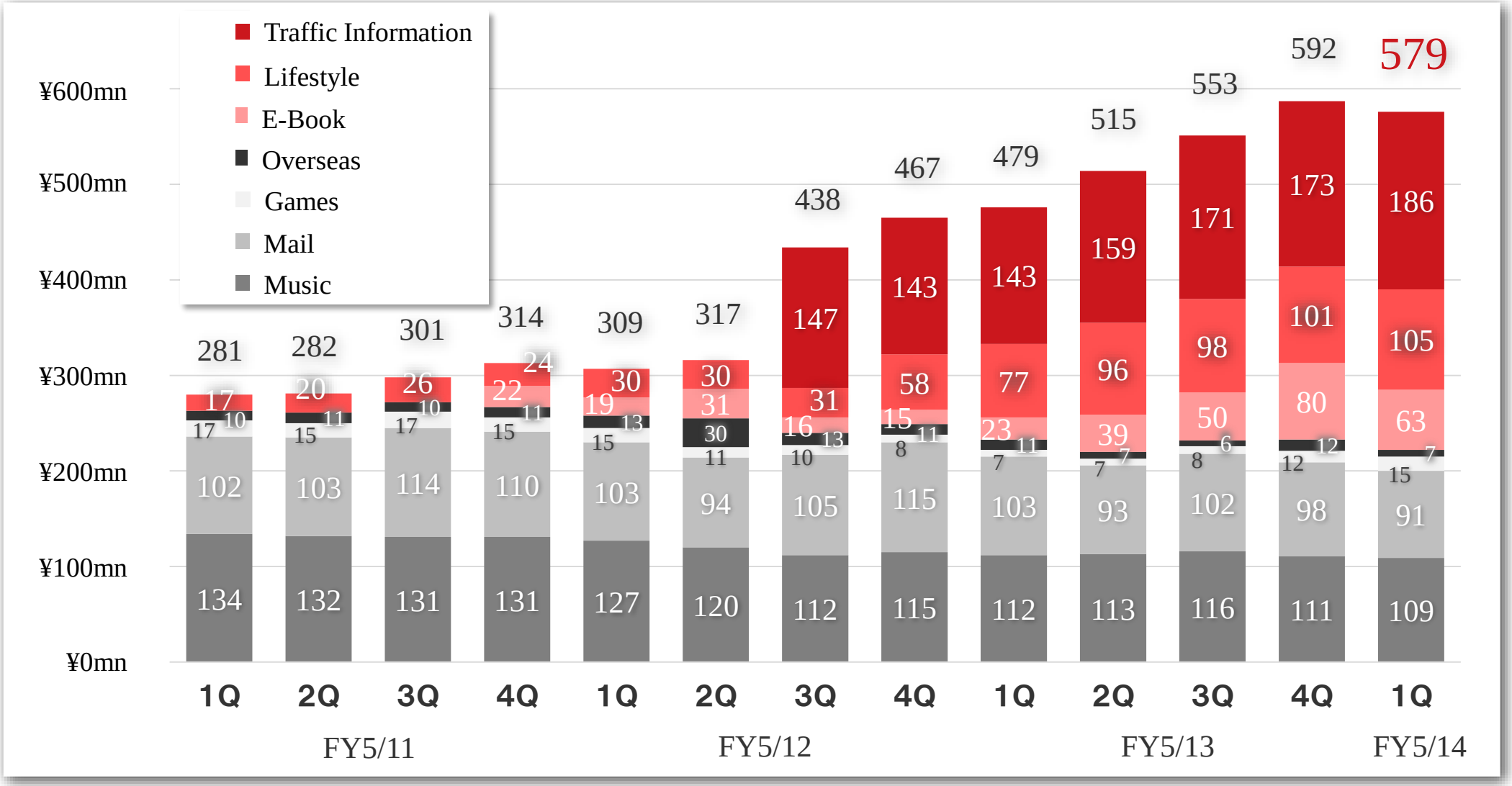
Mobile Content Segment: Quarterly Sales Trend

Traffic Information, Lifestyle Continue to Trend Strongly



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Solutions Segment: Quarterly Sales Comparison

Overseas (China), Advertising Sales Grow

(Million Yen)

	1Q FY5/13	1Q FY5/14	YY Change	
			Value	Percent
Overseas	2	101	99	4,677.2%
Advertising	170	207	36	21.6%
Goods Sales	4	3	-0	-17.1%
Solutions	245	246	1	0.5%
Total	422	559	137	32.4%

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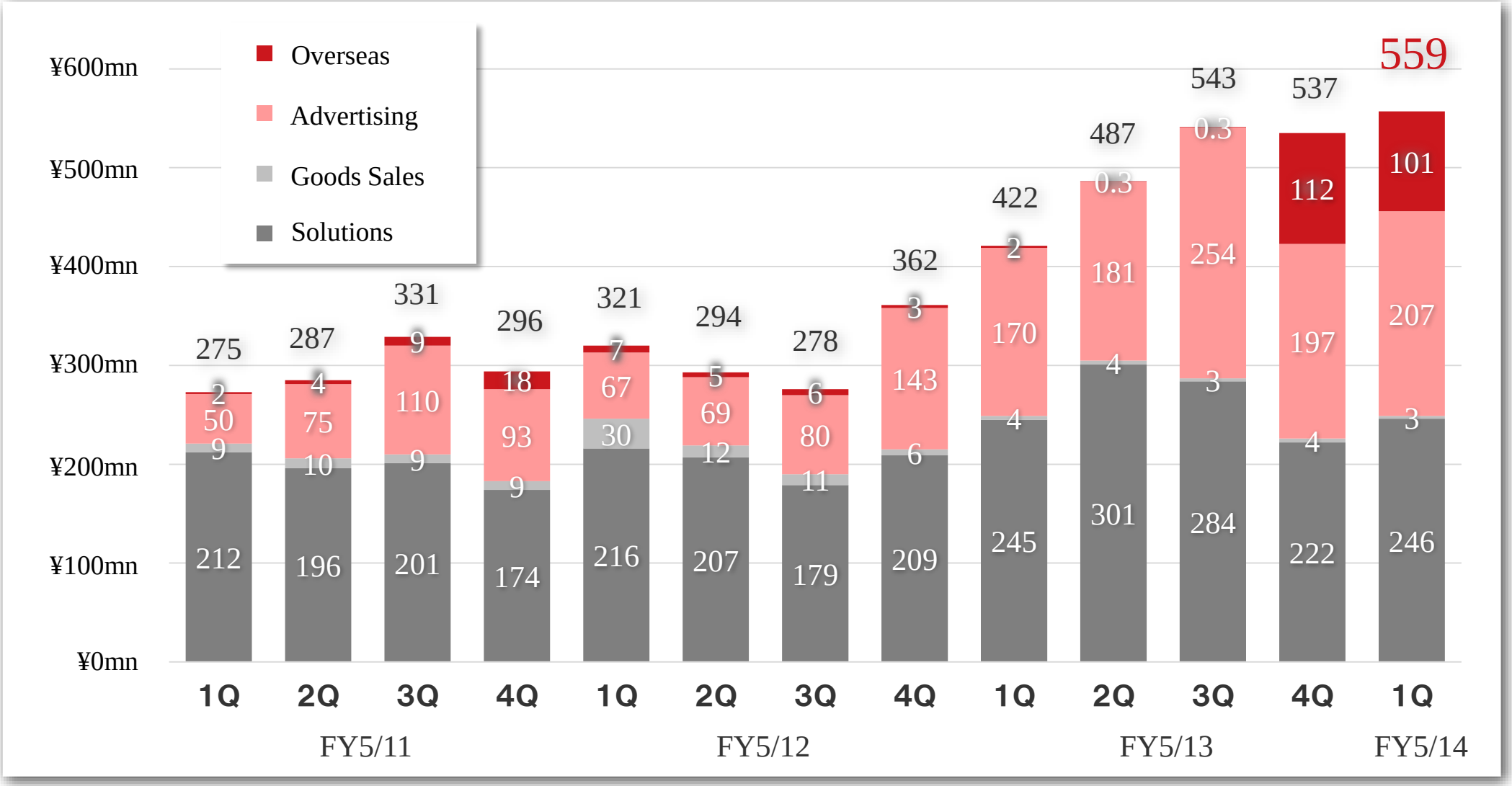
Solutions Segment: Quarterly Sales Trend

Advertising the Growth Driver



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CGS, SG&A Quarterly Comparison

- CGS: Aggressive Spending on Overseas (China Cellular Telephone Sales), Advertising (Shop Affiliations)
- SG&A: Aggressive Spending on Advertising (Mobile Content Segment)

(Million Yen)

	1Q FY5/13	1Q FY5/14	YY Change	
			Value	Percent
CGS	462	617	155	33.6%
CGS Margin	51.3%	54.2%	–	–

(Million Yen)

	1Q FY5/13	1Q FY5/14	YY Change	
			Value	Percent
(Advertising)	59	113	54	91.1%
(Others)	288	348	60	20.9%
SG&A	347	461	114	32.9%
SG&A Margin	38.5%	40.5%	–	–

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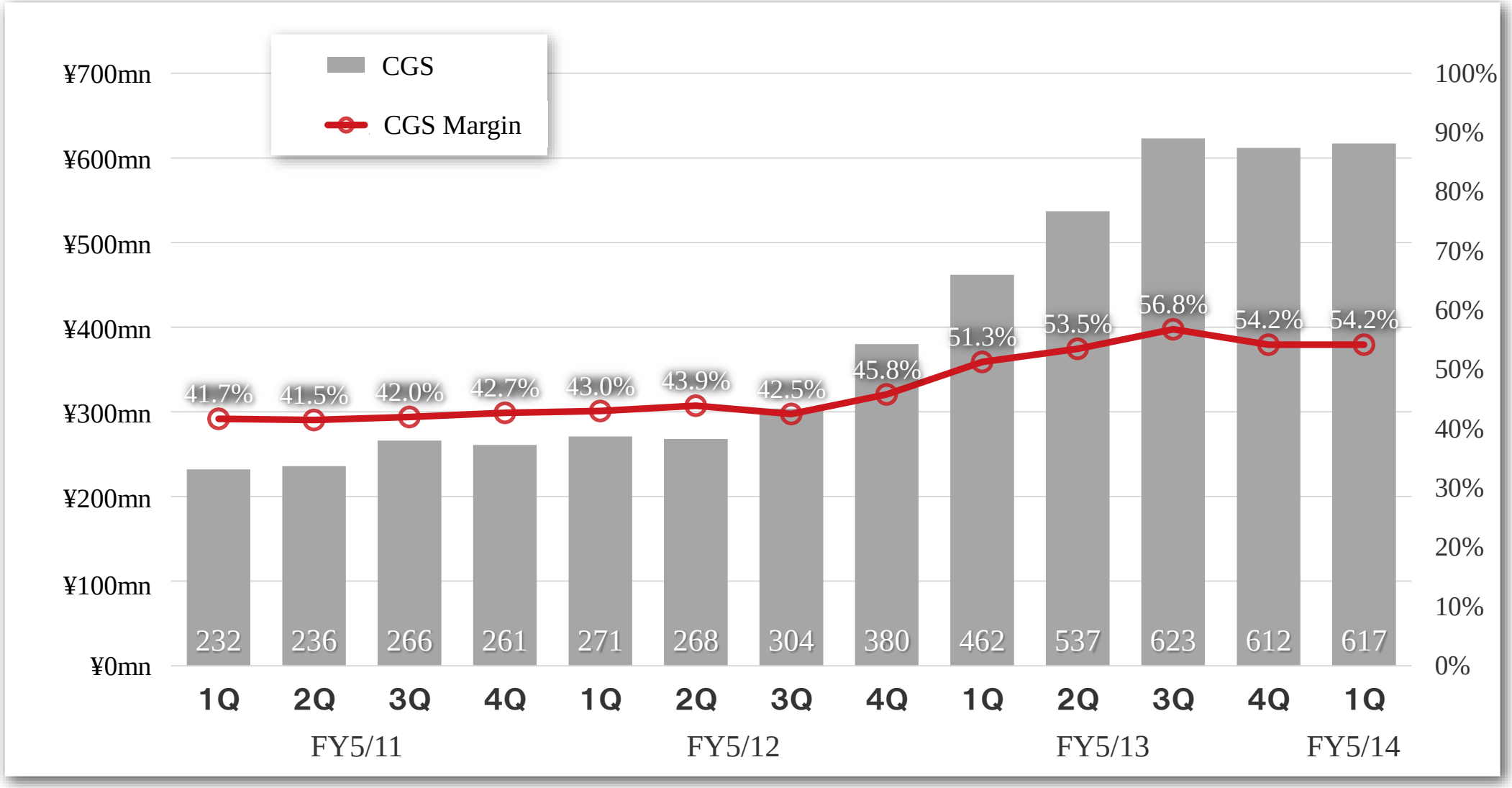
Quarterly CGS Trend

Restraint in CGS



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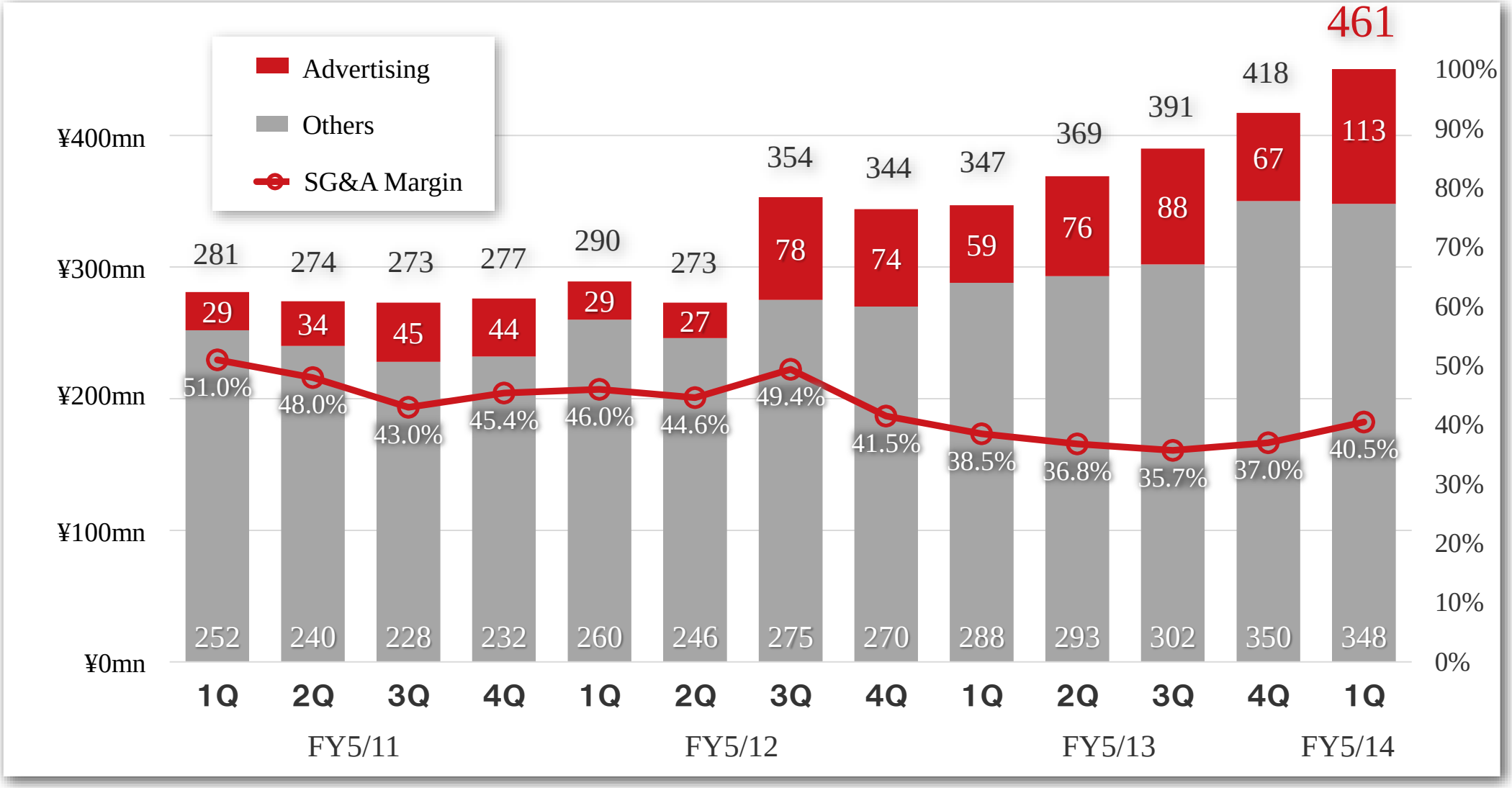
Quarterly SG&A Trend

Aggressive Advertising Spending in Mobile Content Segment



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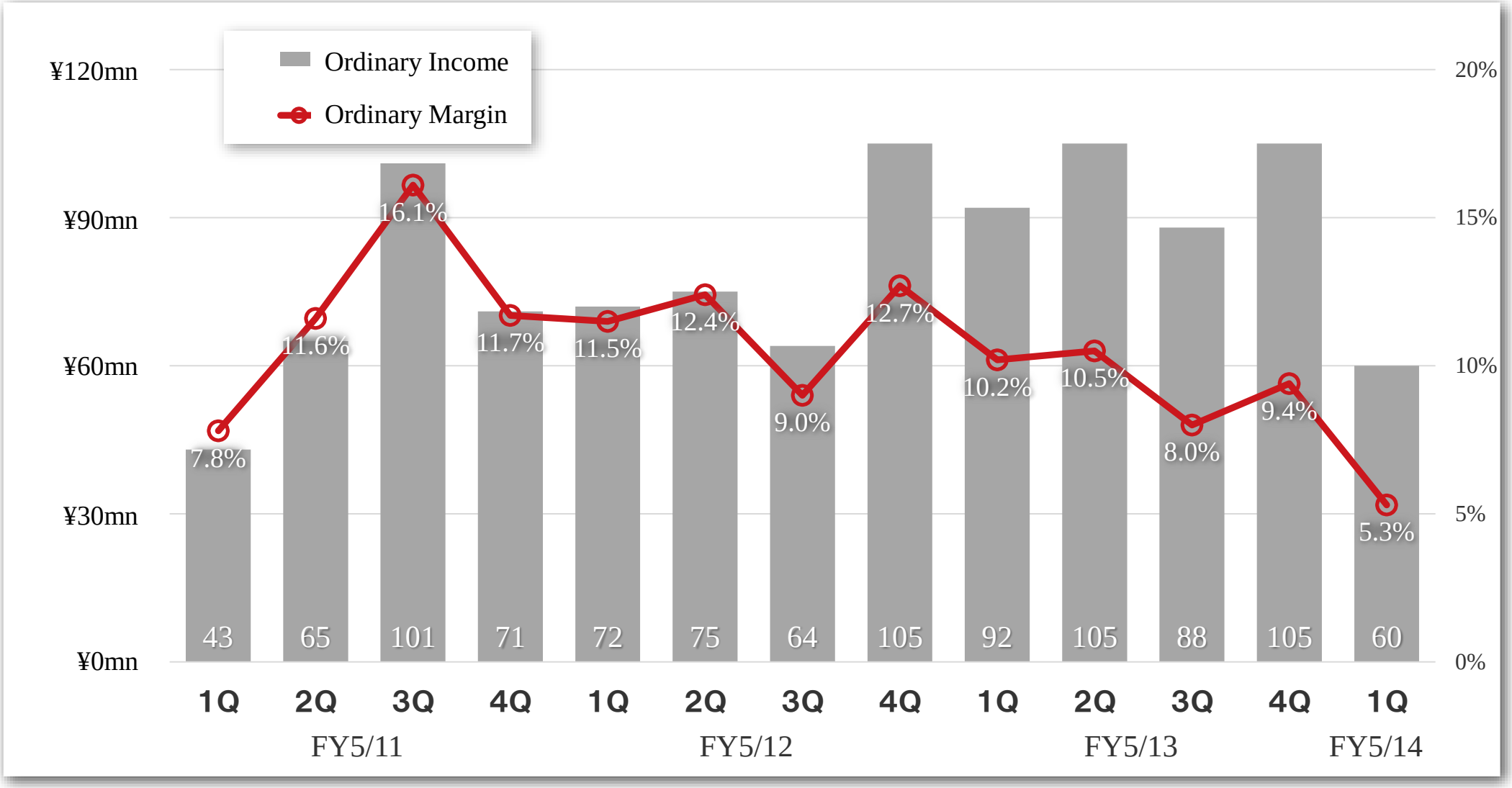
Quarterly Ordinary Income Trend

Lower Profits in 1Q on Aggressive Advertising Spending in Mobile Content Segment



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FY5/14 Earnings Results <1Q>



FY5/14 Business Deployment <Domestic>



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

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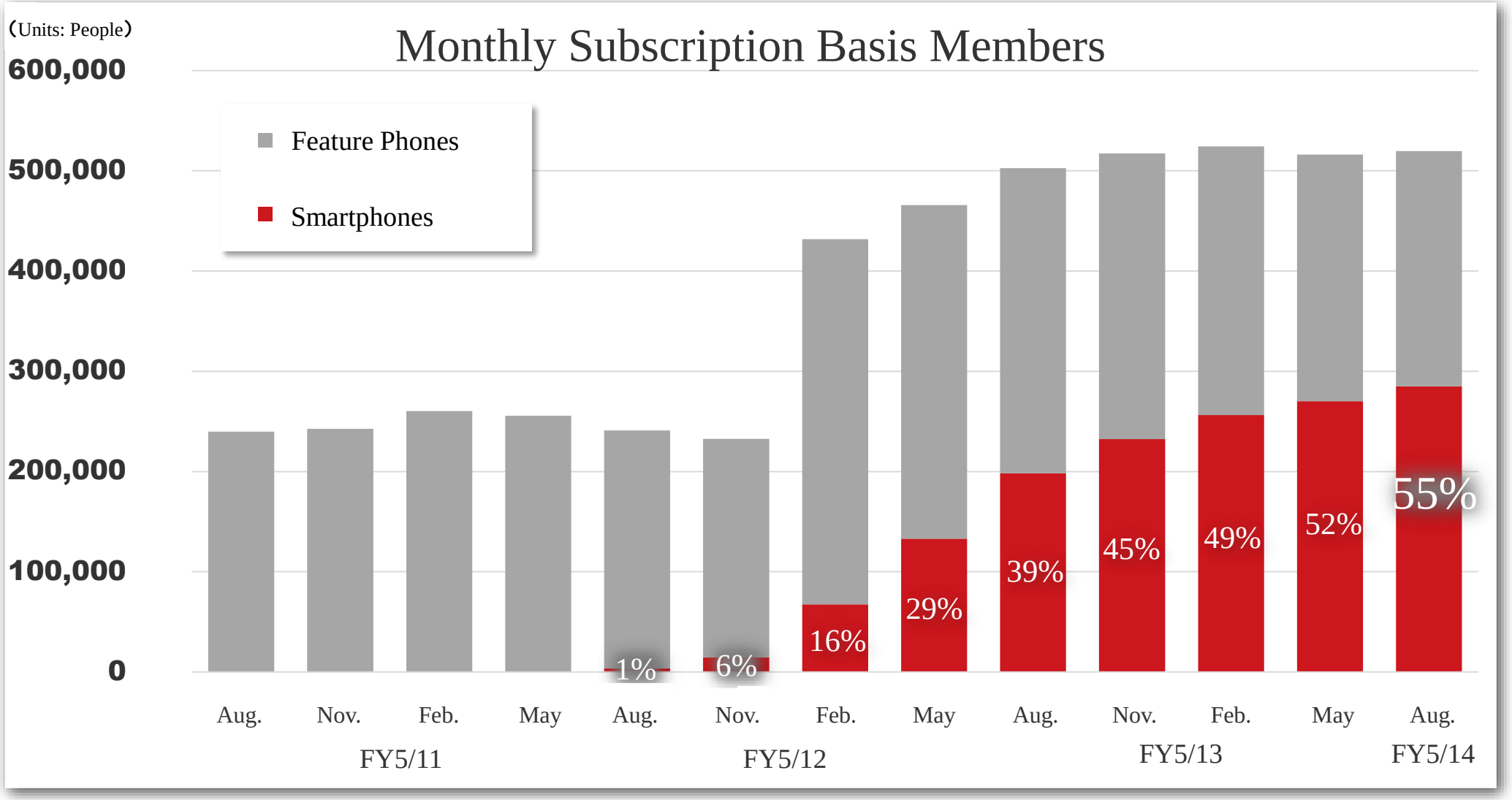
Expand Sales of Smartphone Monthly Subscription Basis Website



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Quickly Develop Response to NTT Docomo Monthly Subscription Basis Site for iPhones



Uta & Mero Tori Hodai



Deco Deco Mail



Decome Tukuri Hodai



Emoji Tukuri Hodai



Josei no Kirei Rizumu



ATIS Traffic Information



Parking & Leisure Information

Quickly Create Responses for Sales Launch (September 20)



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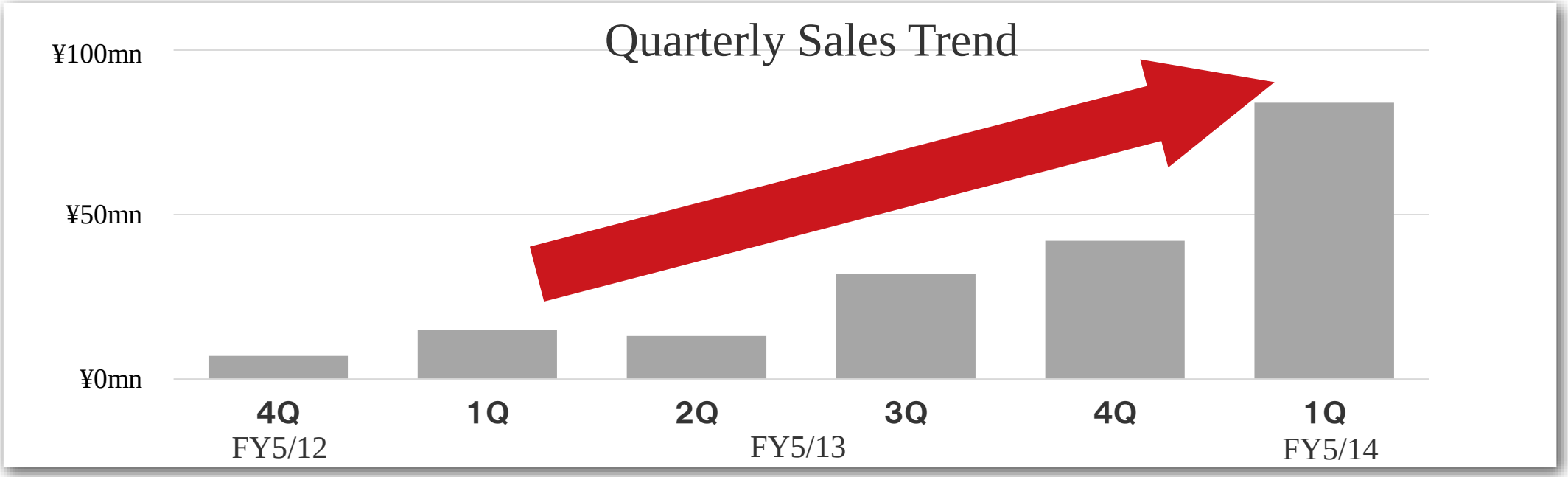
Business Deployment (Domestic): Fixed Rate Fees, Unlimited Usage

Fixed Rate Fees, Unlimited Usage Carrier Services, Aggressive Contents Expansion



auスマートパス (Smart Pass) 3/2012～

6.82mn Members (As of End 6/2013)

YAHOO! JAPAN プレミアム (Premium) 10/2012～

Achieve 1.40mn Members within 3 months

スゴ得コンテンツ (Sugo Toku Contents) 5/2013～

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Business Deployment (Domestic): Messenger Application Stamps

Respond to Popular Stamps , Applications



Smartphone Applications

"Stamp Kobou"

Free (Some sold at ¥170)



Application to Simply Make Stamps in the Messenger Application

Available on the App Store

ANDROID APP ON Google play



KAKAO TALK Stamp

"Owata Panda"

¥170



Usage Period: Unlimited
Set Contents: 24 Stamp Types
Access Method: Others
⇒ Item Store
⇒ Stamp
URL：http://www.kakao.co.jp/

Largest Chinese Messenger Service (400mn Users)
Distribution of Application for "WeChat" Launched in October

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Business Deployment (Domestic): Smartphone Applications

Users Increases Accompanying Creation of Multiple Language Versions



Applications Supporting
Women's Minds and Bodies
"Woman's DIARY"
Free

Available on the App Store

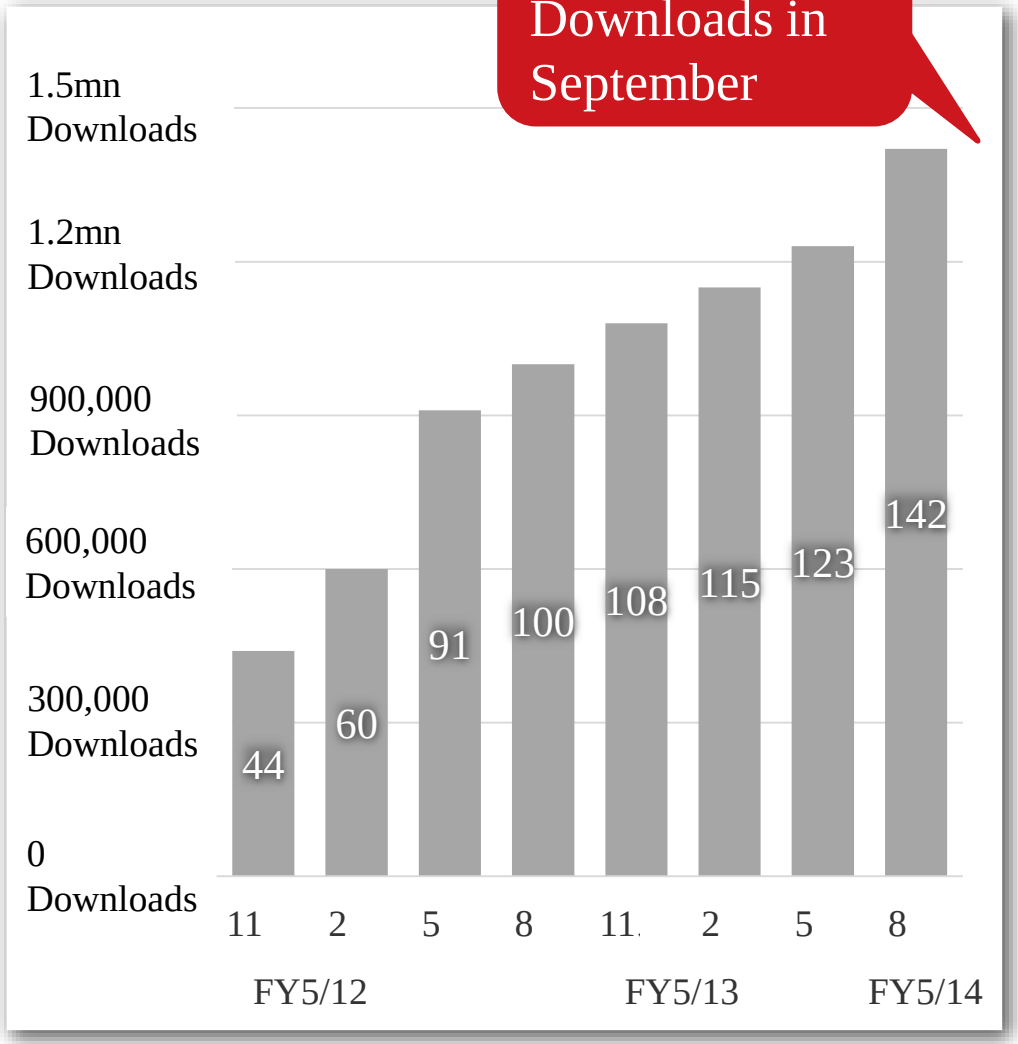
ANDROID APP ON Google play



Japanese, English,
Chinese,
Korean Languages

Deploy Worldwide through
Multiple Language Responses

Exceeded 1.5mn Downloads in September



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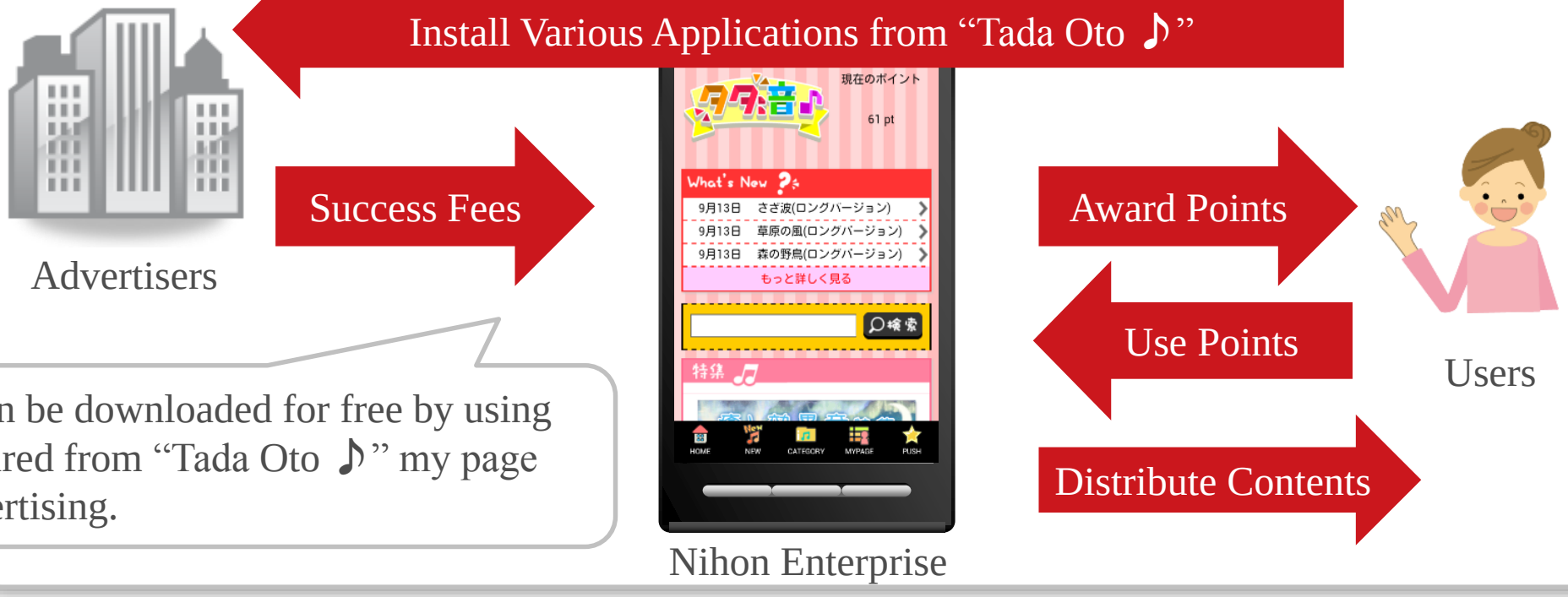
Business Deployment (Domestic): New Business Models

Existing Contents Reward Application

"Tada Oto ♪" (Free sound)
Available in Andoroid Phone Store For Free

Reach younger users through "Free" offerings

ANDROID APP ON Google play



Contents can be downloaded for free by using points acquired from "Tada Oto ♪" my page reward advertising.

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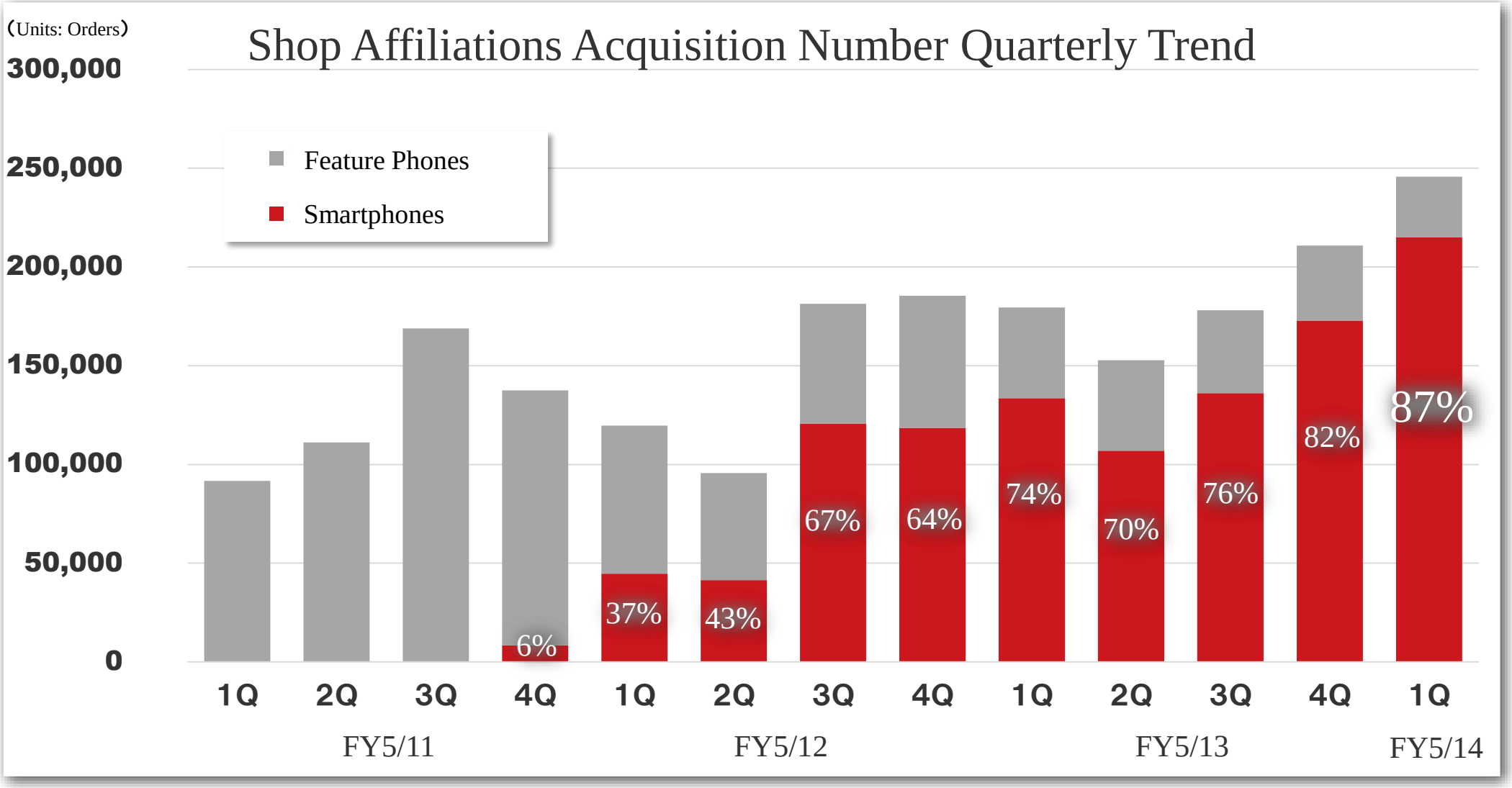
Business Deployment (Domestic): Shop Affiliations Advertising

Expand Sales at Clients Accompanying Smartphone Diffusion



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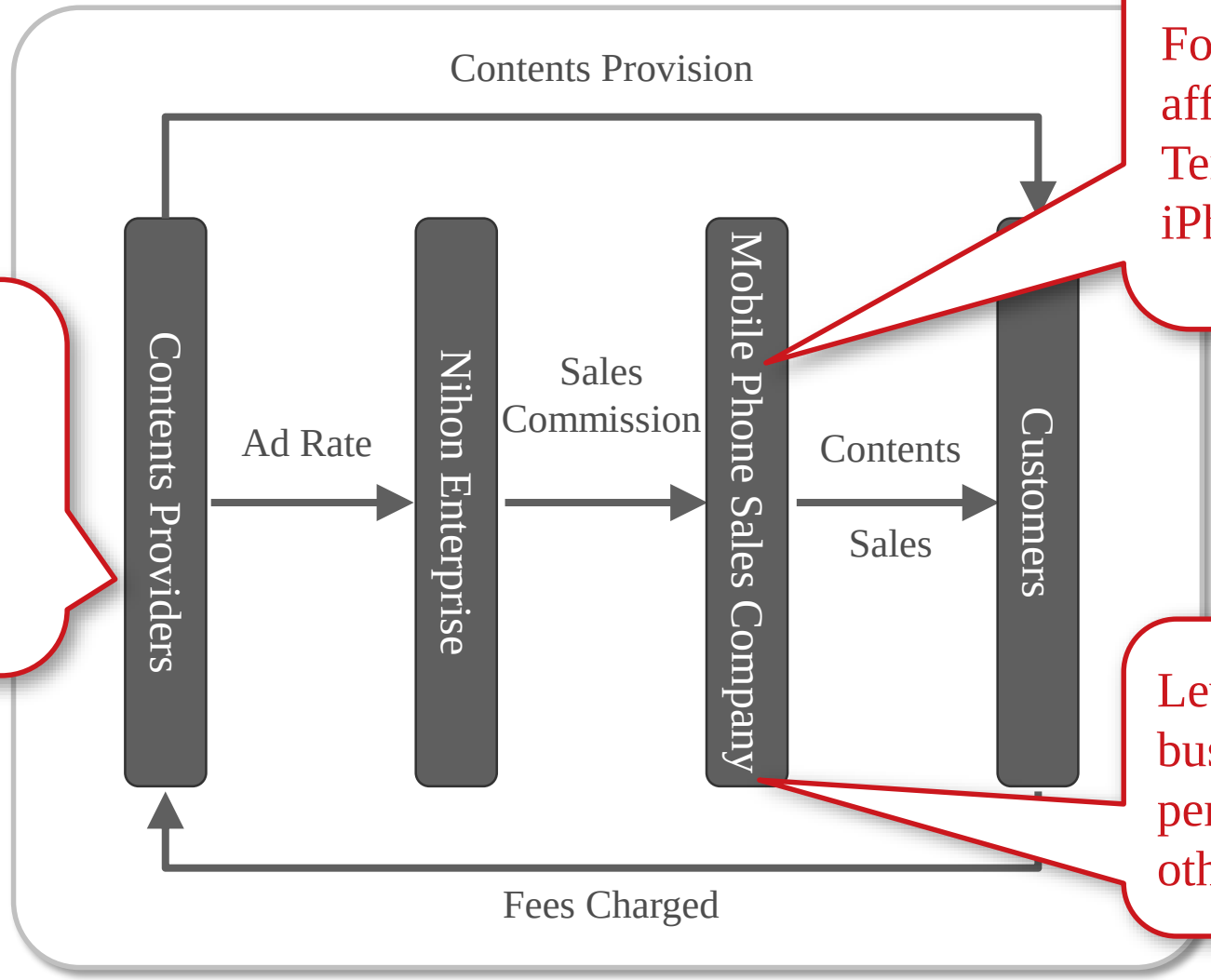
Business Deployment (Domestic): Shop Affiliations Advertising

Response to NTT Docomo iPhone Sales



Acquire advertisers for iPhone monthly subscription basis website

Fortify sales of shop affiliations for Android Terminals at stores where iPhones are not sold

Leverage shop affiliations business model to develop person-to-person sales for other industries

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Expand Joint Business (Case: SANRIOWAVE CO.,LTD.)



d game※ applications
“Run Run Hello Kitty”
Free (Some charges)





sanriowave  NIHON ENTERPRISE

Joint Business

Expand alliance for Smartphone applications
(Participate in new platforms)

※d game: NTT Docomo Inc. ties up with major game companies to provide select games

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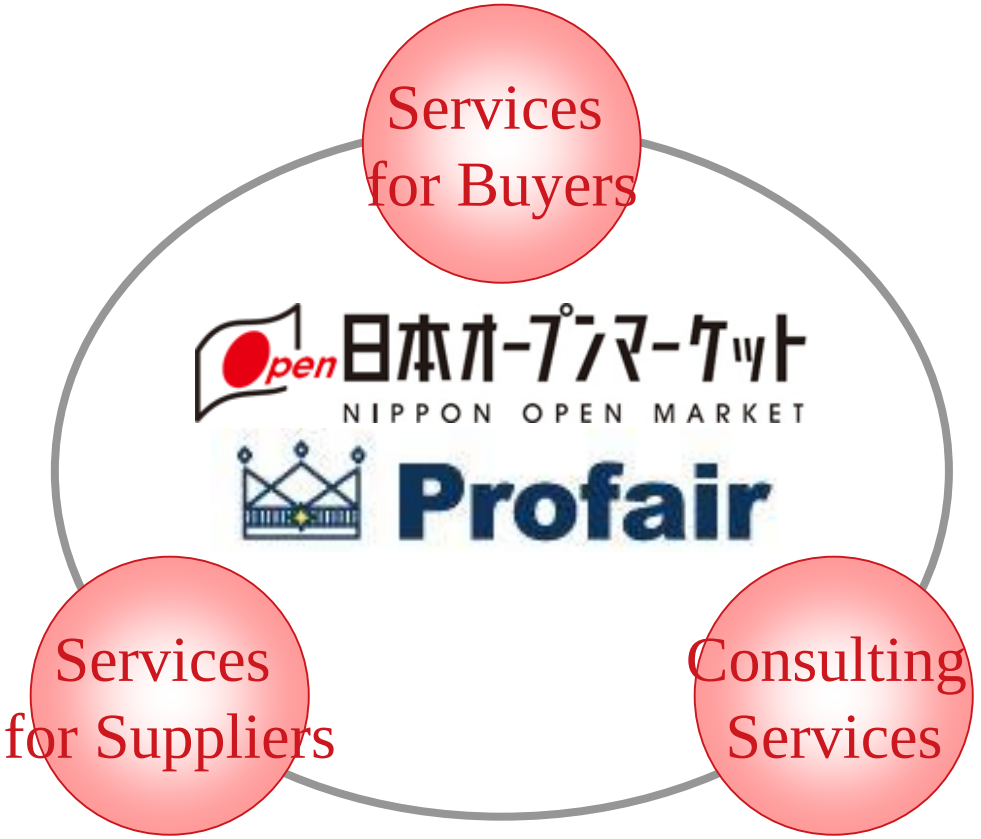
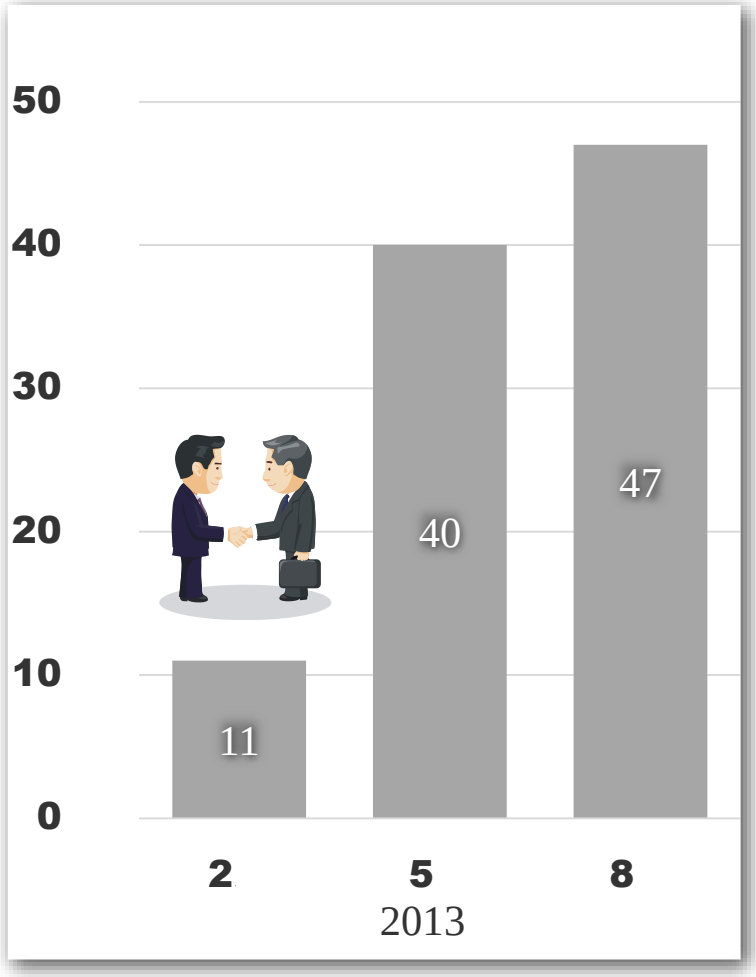
Business Deployment (Domestic): Solutions

Expand Reverse Auction



Trend in Contracts with Buyers



Expand sales to buyers, suppliers to energize auction

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FY5/14 Earnings Results <1Q>



FY5/14 Business Deployment < Domestic >



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

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Business Deployment (Overseas): Mobile Content Segment

Expand Distribution of “JiuDingJi” / Add New Titles

Comic Version (Digi-Comic) of
Popular Chinese Novel “JiuDingJi”



China Mobile (Comix Home Base) Distribution

China Unicom (Comix Home Base)
Distribution Started

China Telecom (Comix Home Base)
Distribution to Start

China Mobile (Browse Home Base)
Distribution to Start

New Titles

Distribution Expected to Start from October

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Business Deployment (Overseas): Solutions

Cellular Telephone Shop (China Telecom) Terminal Sales Deployment

China Telecom
Dongfang Road Shop

China Telecom
Huangjincheng Avenue Shop

iPhone 5 S



iPhone 5 C



Further Expansion in Chinese Cellular Telephone Market Along with iPhone 5s, 5c Sales Started from September

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FY5/14 Earnings Results <1Q>



FY5/14 Business Deployment < Domestic >



FY5/14 Business Deployment <Overseas>



FY5/14 Outlook <Earnings Estimates>

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Fiscal Year May 2014 Earnings Estimates

Consolidated Earnings Estimates

(Million Yen)

	FY5/13	FY5/14	YY Change	
			Value	Percent
Sales	4,134	5,000	865	20.9%
Operating Income	372	520	147	39.7%
Ordinary Income	391	500	108	27.7%
Net Income	354	315	-39	-11.3%

Dividend Per Share Estimate: ¥2 ※

※ Effective as of December 1, 2013, a 100 for 1 stock split is expected to be undertaken along with a change in the minimum share trading lot from 1 to 100. In light of this stock split, dividend per share payment at the end of fiscal year May 2014 is also expected to be adjusted, resulting in a pre stock split dividend payment equivalent to ¥200 per share.

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Other Information Regarding FY5/14

Stock Split, Minimum Share Trading Lot Change

In light of the Japanese Stock Exchanges' "Trading Lot Concentration Activity Plan" announcement, Nihon Enterprise has decided to conduct a 100 for 1 stock split and raise its minimum share trading lot from 1 to 100 as a means of increasing liquidity and access to its shares.

Stock Split Implementation

A 100 for 1 Stock Split Will Be Undertaken

- Registry Date: November 30, 2013, Saturday (Effective registry date November 29, 2013, Friday)
- Effective Date: December 1, 2013, Sunday

Minimum Share Trading Lot Implementation

Minimum Share Trading Lot to Be Changed to 100 Shares

- Effective Date: December 1, 2013, Sunday

※ Our minimum share trading lot will be changed from 1 to 100 in the Tokyo Stock Exchange effective from November 27, 2013, Wednesday

Moreover, the actual investment unit will remain unchanged due to the offsetting changes resulting from the stock split and change in minimum share trading lot.

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Nihon Enterprise endeavors to provide all of its clients with satisfying solutions and services in its contents business.

Statements made in this presentation with respect to Nihon Enterprise's current plans, estimates, strategies and other information which is not historical data are forward-looking statements about the future business performance. These future business performance are based upon our sales activities and business operations, various occurrences and conditions which include "conviction," "expectations," "plans," "strategies," "outlook," "forecasts," and "possibilities" but are not limited to these factors. They may also include information regarding forecasts communicated both verbally and in written form, and published widely in other forms of media. These statements are based upon the decisions of management using the most through information available at the time of their creation. And because our actual earnings results may differ largely from our earnings estimates due to various important factors, we strongly recommend that viewers of this document should not rely solely upon this document and seek out other available sources of information in assessing our Company.

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