

Summary of First Quarter of Fiscal Year Ending August 2015

January 7, 2015

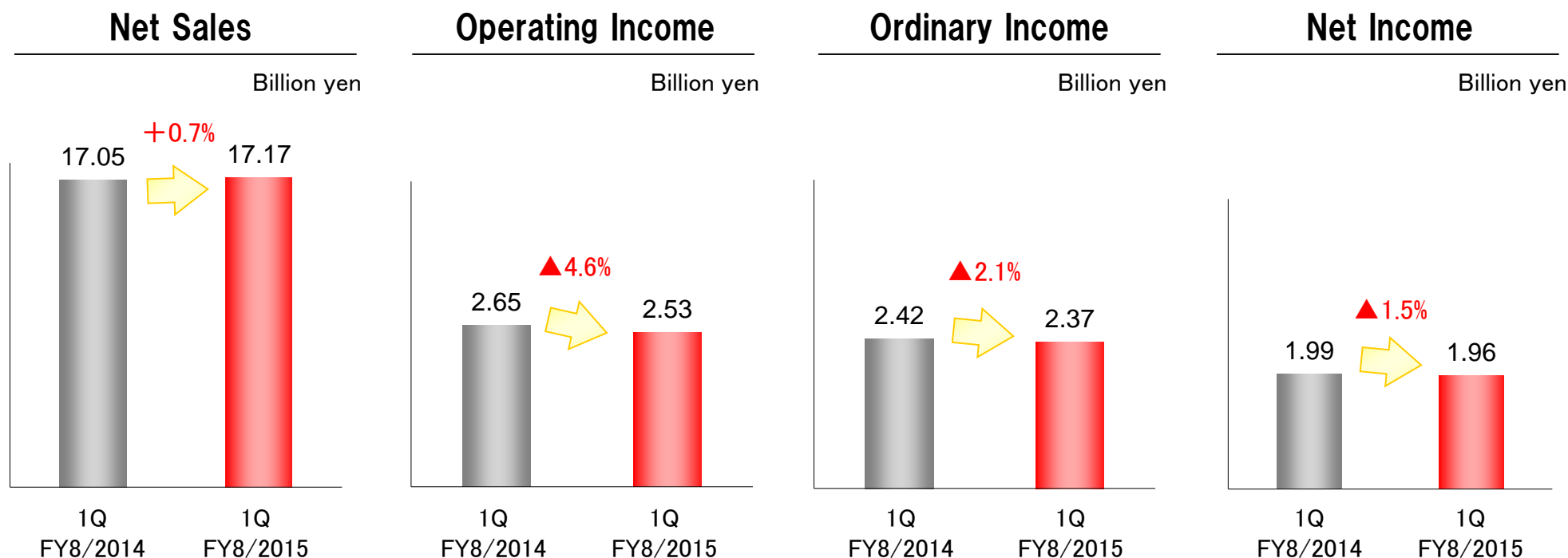


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|| Results of Operations || First Quarter Financial Highlights

- Despite of a small decrease in business systems, sales increased ¥120 million from one year earlier by a growth in other business segments sales.
- There were small declines in earnings at all levels because of expenditures for various purposes, including activities aimed at future growth in all business segments.



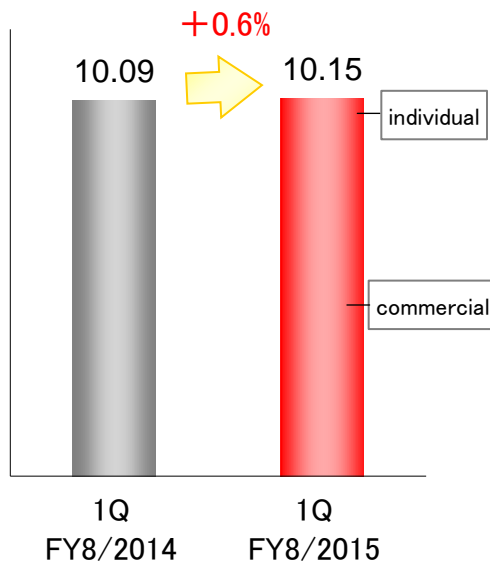
* Monetary amounts are not rounded; percentages are rounded to the nearest tenth.

|| Results of Operations || First Quarter Financial Highlights

Business Segment Sales

Music Distribution

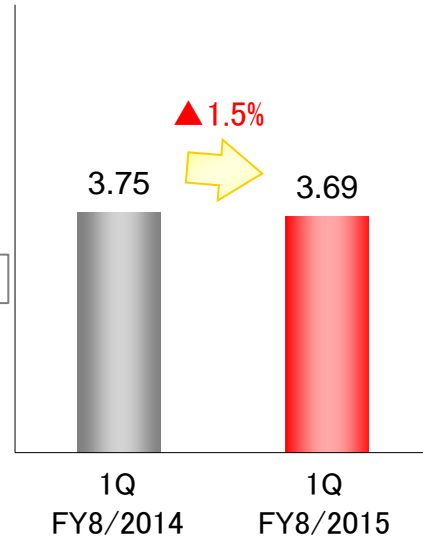
Billion yen



Sales higher due to growth in commercial sales; sales to individuals down slightly

Business Systems

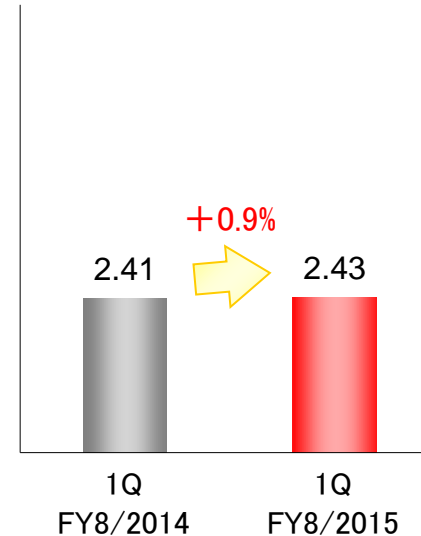
Billion yen



Small sales decline due mainly to a decrease in deliveries to hospitals and restaurants

ICT Services

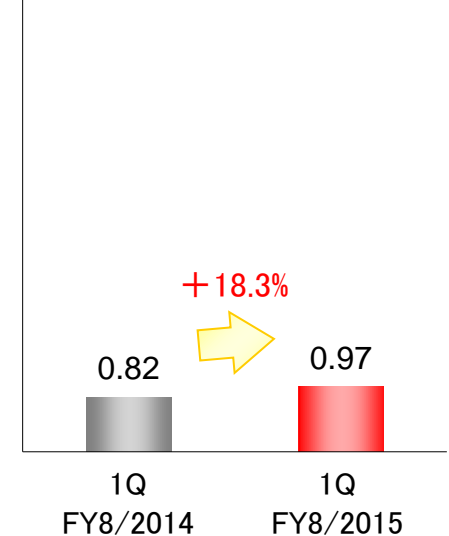
Billion yen



Sales increased due to a larger lineup of services and an increase in the number of services provided

Others

Billion yen



Sales up due to growth of the marketing support business

(Ref.) USEN uses commercial sales and consumer sales as one of its performance indicators.

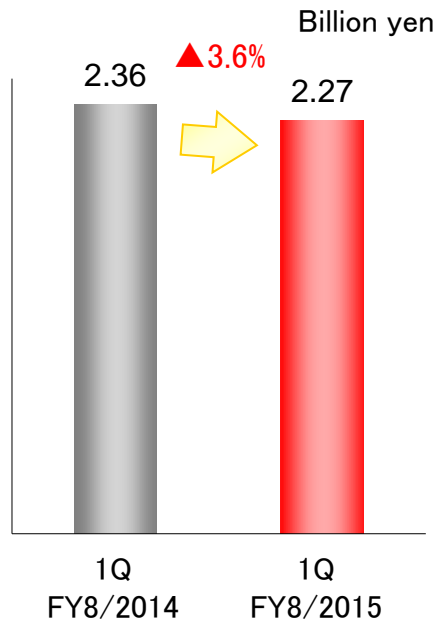
* In FY8/2014, there was a sales deduction of ¥20 million for inter-segment transactions.

* In FY8/2015, there was a sales deduction of ¥70 million for inter-segment transactions.

|| Results of Operations || First Quarter Financial Highlights

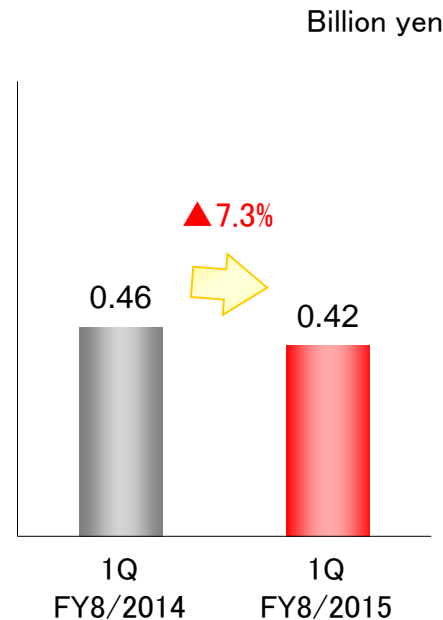
Business Segment Operating Income

Music Distribution



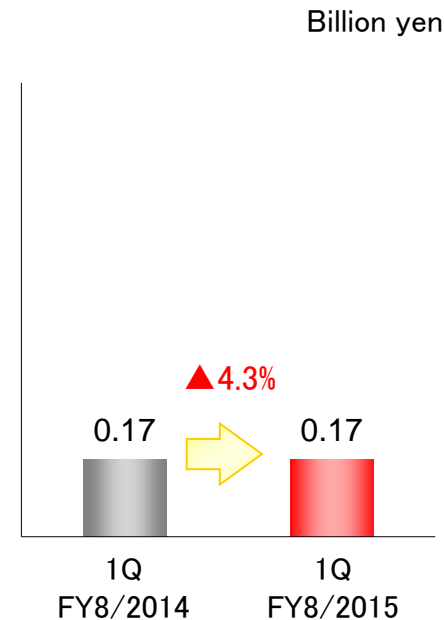
Mainly the result of expenditures, including for growth-oriented activities

Business Systems



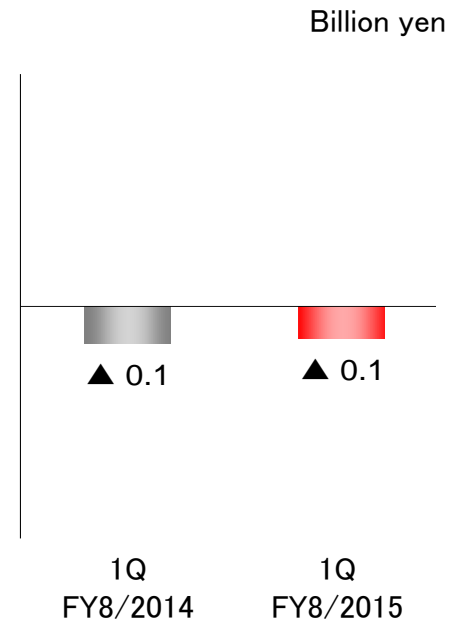
Higher gross margin raised gross profit but operating income was down because of higher costs

ICT Services



Basically unchanged from one year earlier

Others



Basically unchanged from one year earlier

* In FY8/2014, there was an operating income deduction of ¥260 million for inter-segment transactions.

* In FY8/2015, there was an operating income deduction of ¥260 million for inter-segment transactions.

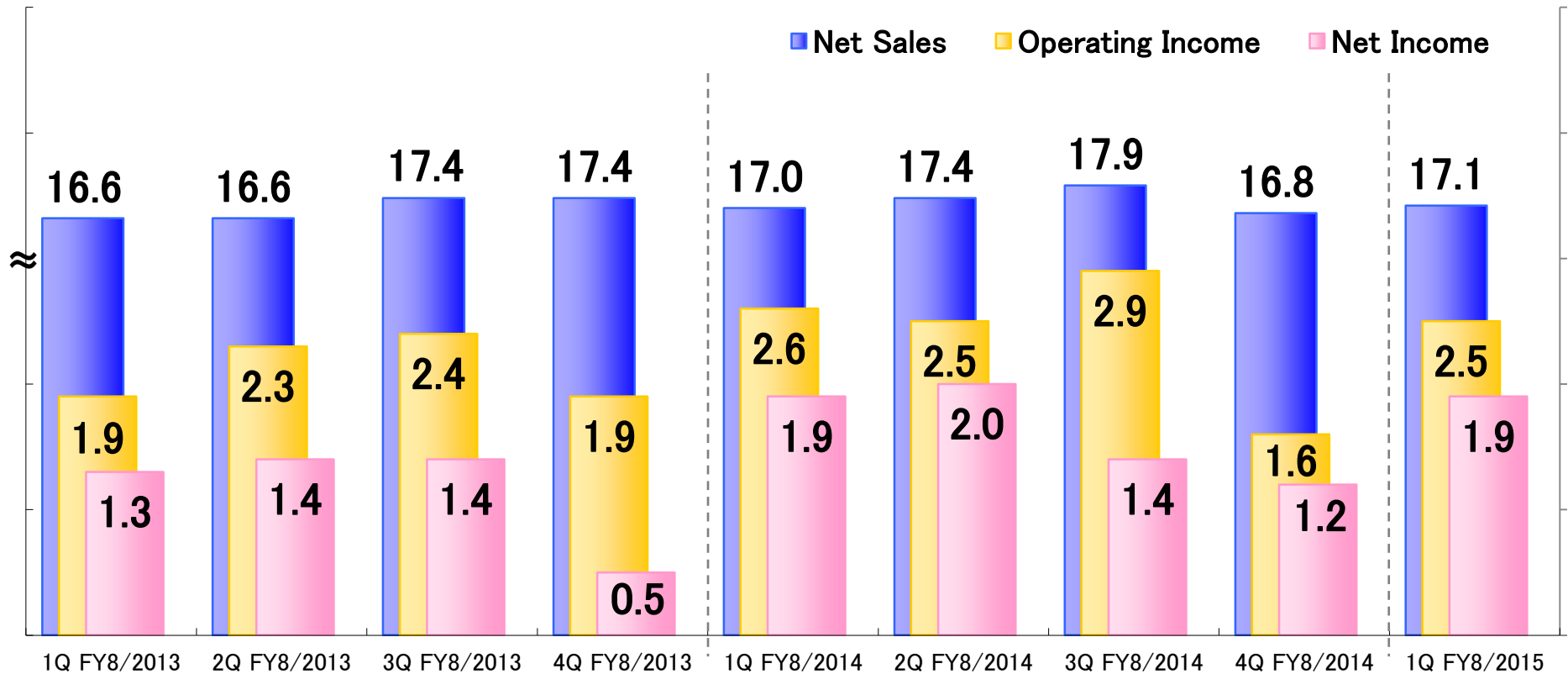
|| Results of Operations || First Quarter Performance vs. Forecast

	Billion yen	FY Forecast (A)	1Q Actual (B)	Progress (B ÷ A)
Net Sales		70.00	17.17	24.5%
Operating Income		8.60	2.53	29.5%
Ordinary Income		8.00	2.37	29.6%
Net Income		6.00	1.96	32.8%

First quarter sales were generally as expected but earnings were higher than the forecast at all levels.

|| Results of Operations || Quarterly Consolidated Performance

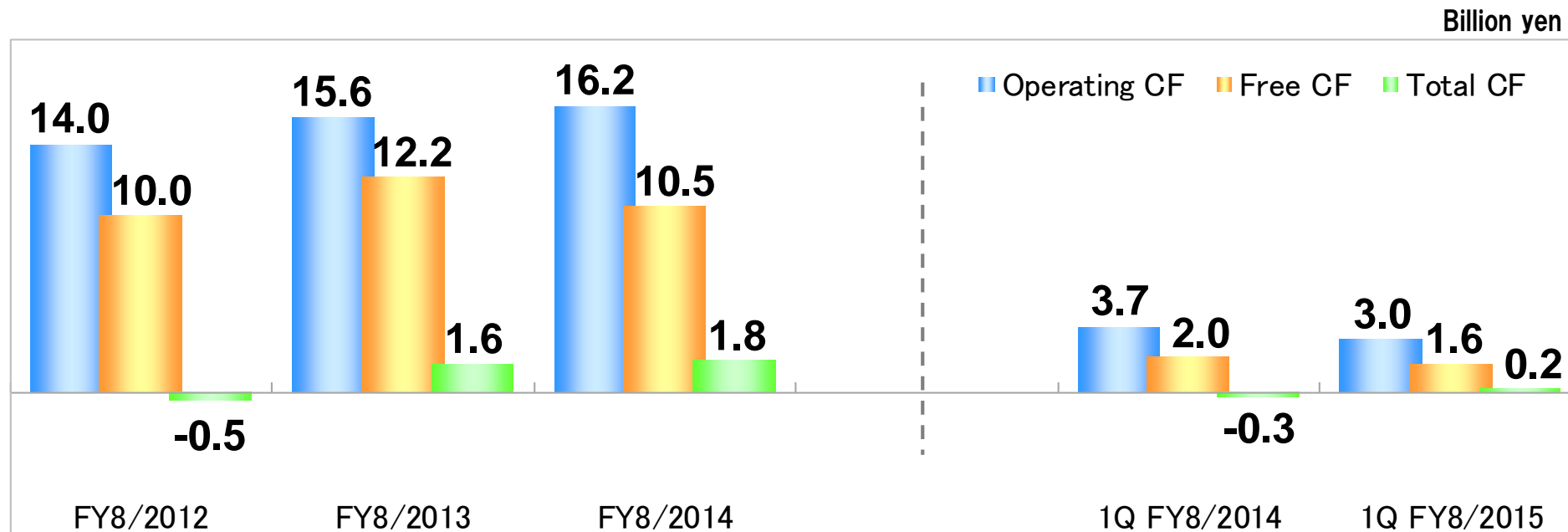
Billion yen



First quarter sales were higher than in the first quarters of the previous two fiscal years.
Operating income and net income were about the same as one year earlier.

* All figures are not rounded.

|| Financial Indicators || Cash Flows

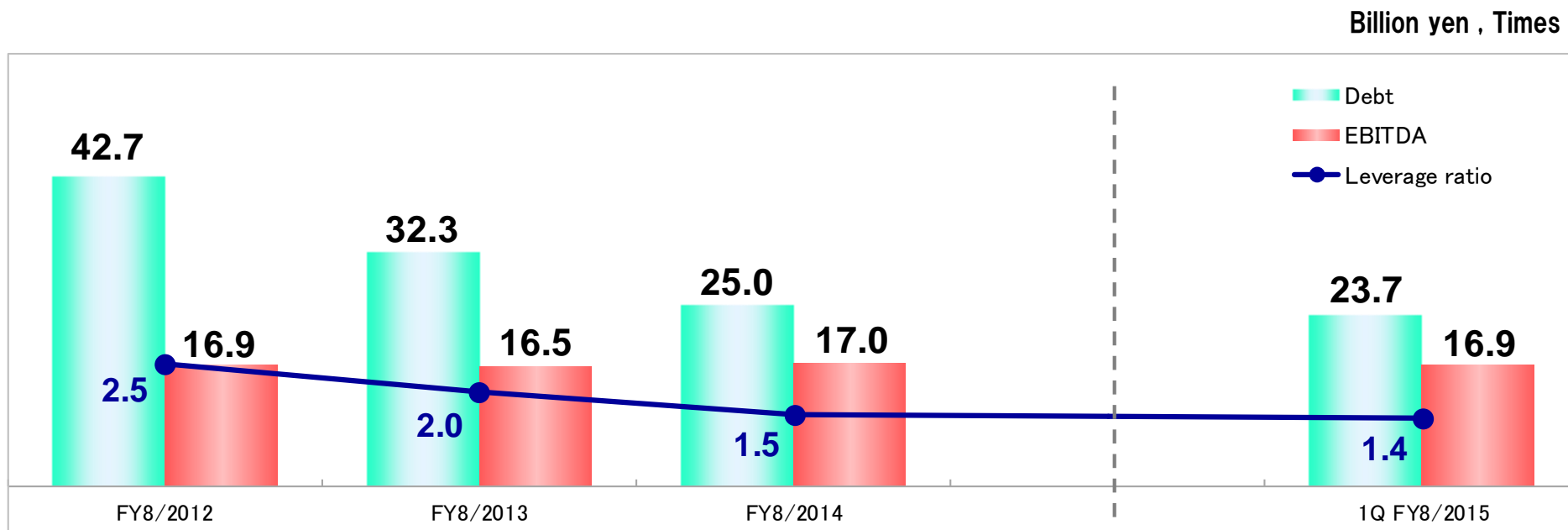


* Free CF = Operating CF + Investing CF ; Total CF = Free CF + Financial CF

Operating CF	14.0	15.6	16.2	3.7	3.0
Investing CF	▲4.0	▲3.3	▲5.6	▲1.7	▲1.4
Financial CF	▲10.5	▲10.5	▲8.6	▲2.3	▲1.4

Operating cash flows were down ¥700 million mainly because of lower earnings, higher tax payments and cash used for working capital. But total cash flows increased ¥500 million as cash used in investing and financing activities decreased.

|| Financial Indicators || Leverage Ratio



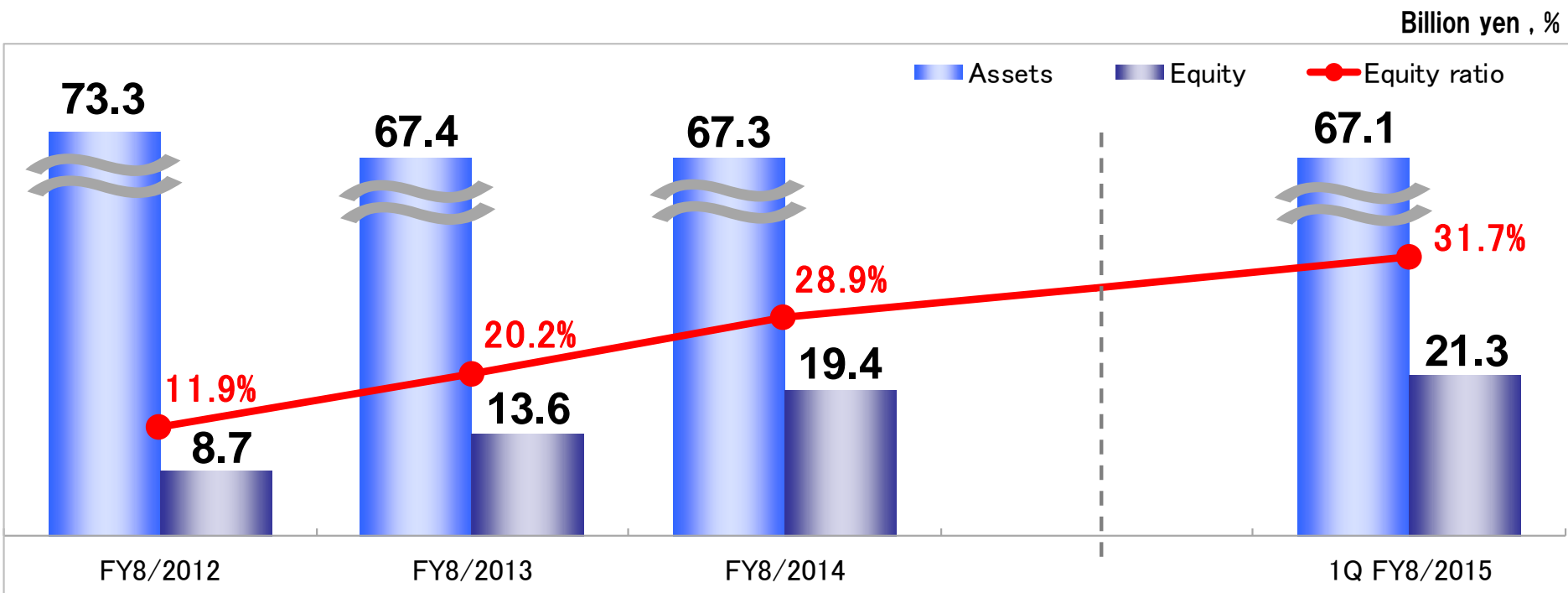
* EBITDA = Operating income + Depreciation + Depreciation of goodwill

* EBITDA is for the most recent 12-month period

* Leverage ratio = Debt / EBITDA for past 12 months

**EBITDA was steady, remaining about the same as one year earlier.
The leverage ratio decreased to 1.4 times as debt continued to decline.**

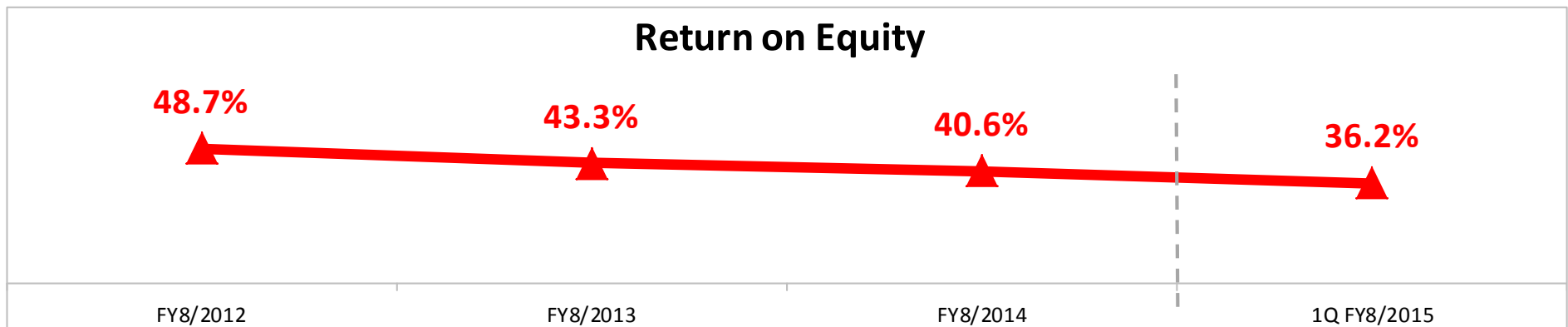
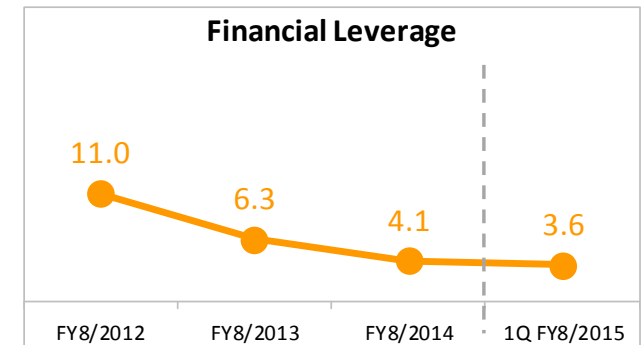
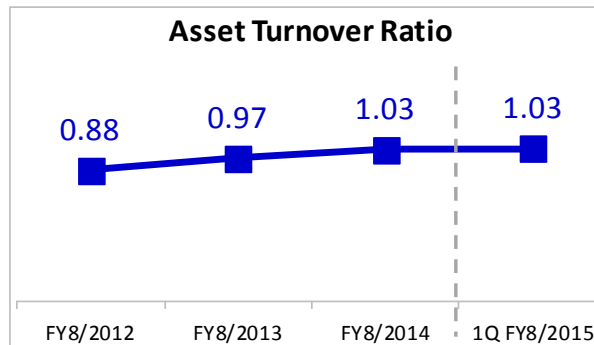
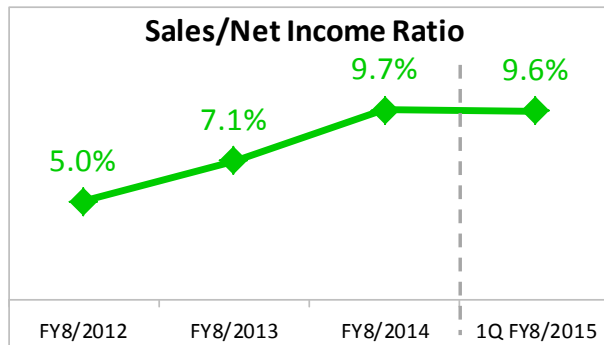
|| Financial Indicators || Equity Ratio



* Equity = Net assets – Stock acquisition rights

There was almost no change in assets from the end of August, but the equity ratio increased to more than 30% because equity increased due to higher retained earnings.

|| Financial Indicators || Return on Equity

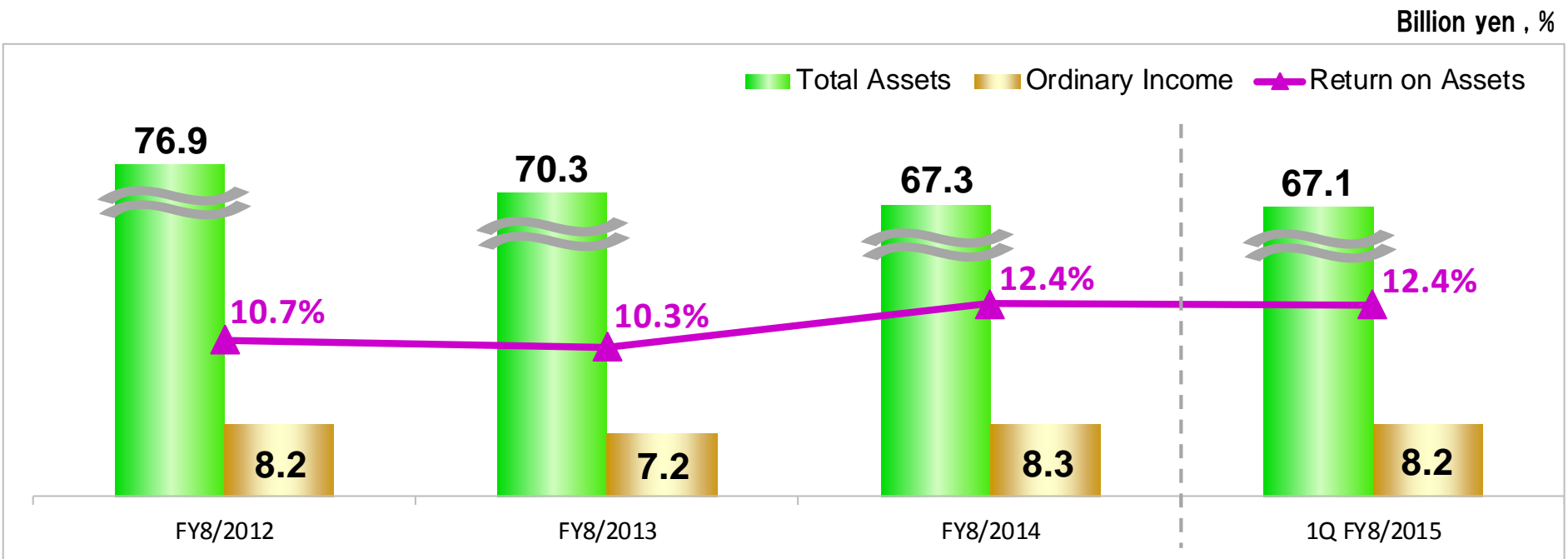


* Return on equity (ROE) = Sales/Net income ratio x Asset turnover ratio x Financial leverage

* Sales and net income are for the last 12-month period and assets and equity are the averages of the amounts at the ends of the current and previous FY

The sales/net income ratio and asset turnover ratio were about the same as at the end of August. Financial soundness improved as financial leverage decreased and the ROE, although lower, remains high.

|| Financial Indicators || Return on Assets



* Ordinary income return on assets (ROA) = Ordinary income / Average FY assets x 100
* Ordinary income is for the last 12-month period.
* Assets are the average of the amounts at the ends of the current and previous FY.

The ROA was 12.4%, the same as in the previous fiscal year, as ordinary income was basically unchanged due to the consistent profitability of business activities.

|| Operating Highlights (Music Distribution) || New Tuners

▶▶ October 2014 – The new tuner , “EZ-MESSE II” , for commentary broadcasts received a Good Design Award

This tuner was recognized for having all the broadcasting functions needed to serve as a commentary broadcast tuner at business locations. Furthermore, simple operations allow this tuner to be used with ease even at a single store. The tuner can be switched easily between recording general commentary used for business operations and providing BGM. Users can also program the unit to provide broadcasts based on a schedule. These features enable businesses to use the “EZ-MESSE II” for advanced and exacting applications. In addition, the exterior is designed for ease of operation so that even store personnel with little experience with broadcasts will not be afraid to operate this tuner.



- ✓ Capable of handling more than 200 types of comments and chimes and includes an original recording function
- ✓ Allows businesses to operate an annual broadcasting schedule to implement a 52-week merchandising program
- ✓ Not affected by changes in the weather and a 5-inch color LCD screen makes operations easy

▶▶ **USEN SPOT Enterprise sales started in October 2014 – A free Wi-Fi service designed specifically for chain store operators**

USEN SPOT Enterprise was created as a supplementary service for chain stores, in addition to a free Wi-Fi service for stores that was launched in January 2014. This new service is structured for companies that operate at least 50 stores.

The goal is to capture synergies with the music distribution business by telling potential users about how this service offers benefits for both store operators and customers.



- Users can offer this Wi-Fi service with their own brands and make other changes in order to show customers the originality of the service.
- Compatibility with any carrier and device allows use with smartphones, tablets, notebook PCs and other Internet-accessing equipment.
- The Foreigner SSID service for access by foreign tourists in Japan is included with USEN SPOT Enterprise.
- The registration screen includes the top 11 languages of foreign visitors to Japan in fiscal 2013.
- An effective tool for sales promotions (coupons, etc.) and attracting customers because operations can be overseen by a company's head office

|| Operating Highlights (Music Distribution) || New Alliance

Equity investment and business alliance with Singapore company in November 2014

USEN has made an investment in Express in Music Pte. Ltd. (EIM) and established a business alliance with this company. Based in Singapore, EIM operates a music distribution business in Singapore, Malaysia and so on. USEN will provide EIM with consulting, sales support and other assistance that leverage its expertise gained from more than 50 years of experience in Japan. One goal is to increase EIM's corporate value. USEN also aims to use this alliance to start its own operations in Southeast Asia.

Profile

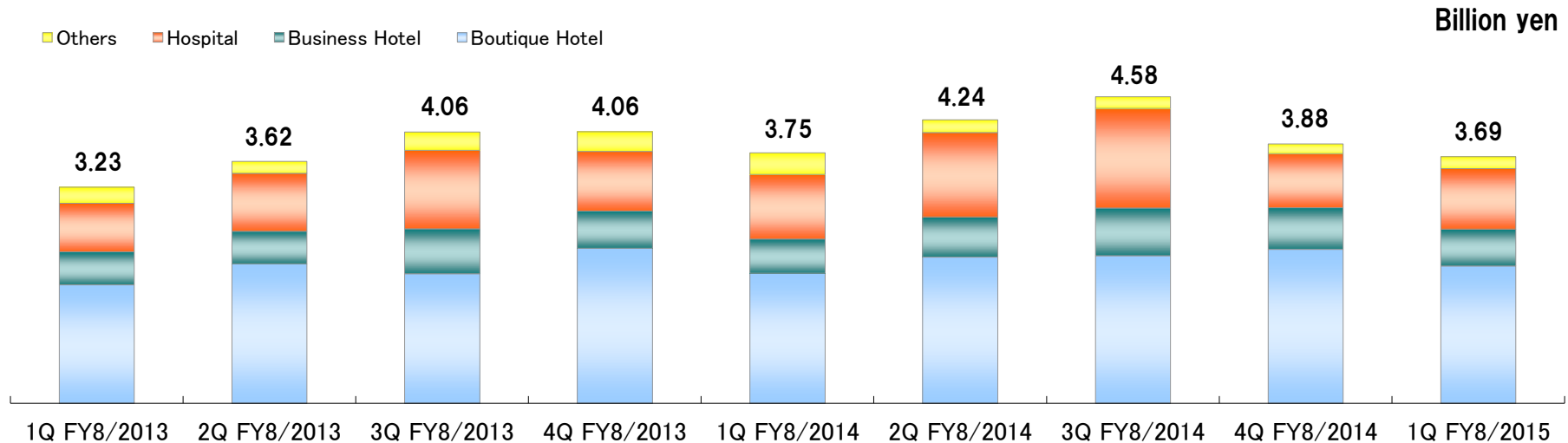
- (1) Name : Express in Music Pte. Ltd.
- (2) Activities : Music distribution in Singapore, Malaysia and so on
- (3) Established : January 28, 2009
- (4) Representative : Jerry Chen Yongjie
- (5) Capital : S\$254,837

USEN Investment in EIM

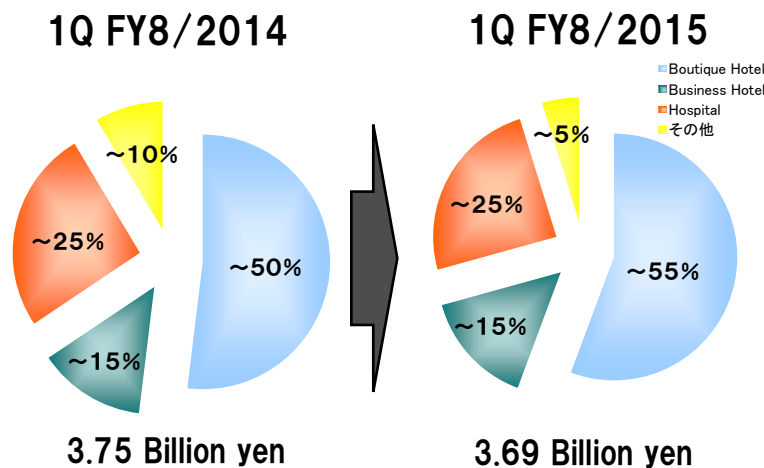
- (1) Amount : S\$600,000
- (2) Ownership : About 10% (including common stock equivalents)

|| Operating Highlights (Business Systems) || Sales Composition

■ Quarterly Sales



■ Year on Year

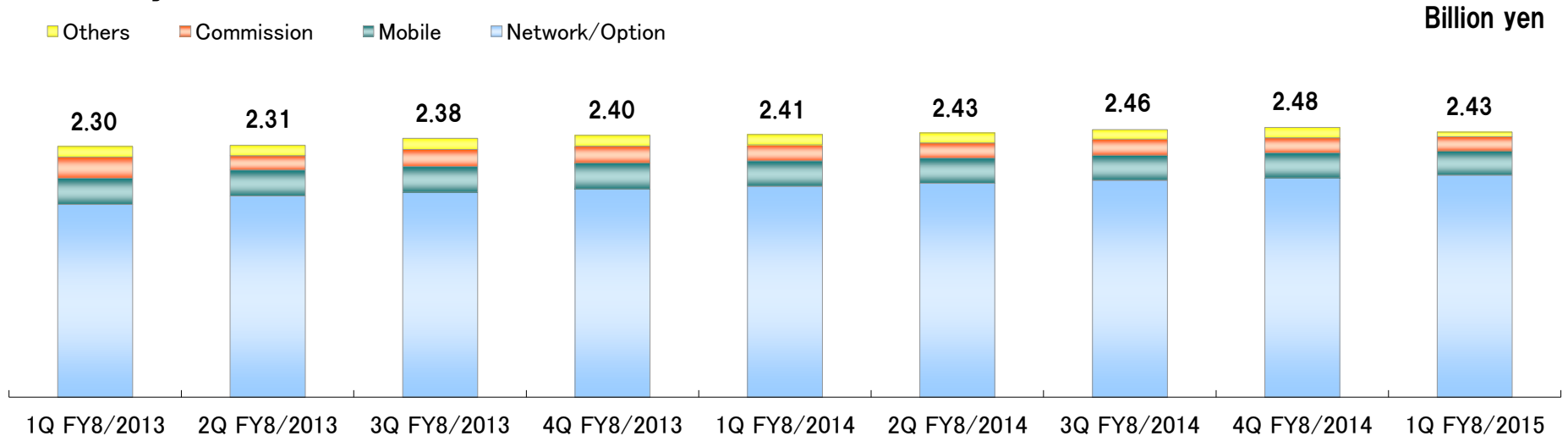


As in prior years, first quarter sales were lower than in the previous quarter.

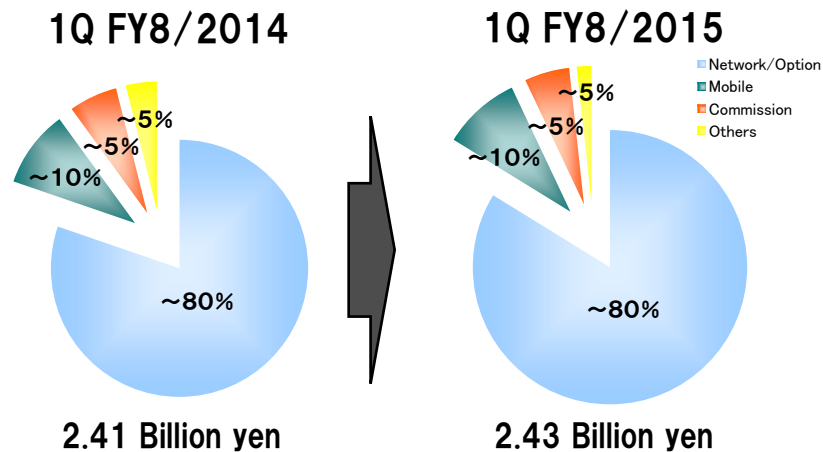
- Sales were down from prior quarter just as in the previous two fiscal years.
- Combined sales in the three main business sectors were about the same as one year earlier, but total segment sales decreased slightly because of weakness in the others sector.

|| Operating Highlights (ICT Services) || Sales Composition

■ Quarterly Sales



■ Year on Year

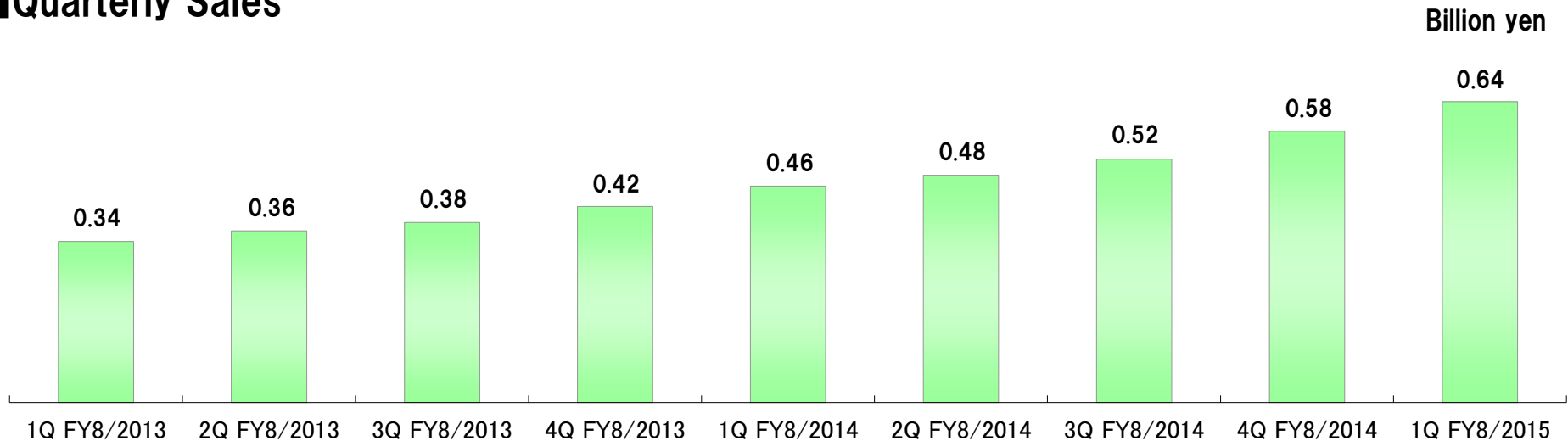


Sales were lower than in the previous quarter but slightly higher than one year earlier

- Sales continue to grow in the core network/optional service category, but total segment sales were down from the previous quarter because of weakness in others
- A small increase in sales compared with one year earlier
- Markets in this segment continue to be extremely competitive

|| Operating Highlights (Others) || Marketing Support Sales Composition

■ Quarterly Sales



Consistent sales growth since FY8/2013

- In 4Q FY8/2012, the new “Hitosara” brand was launched for USEN’s gourmet website to clearly express the site’s focus on chefs(person:”hito”) and food(dishes:”sara”)
- Since then, sales have been increasing steadily as the website became an increasingly powerful medium and sales were generated from bundling with services of other companies

|| Operating Highlights (Others) || New service of Sales Support Segment

▶▶ Debut on October 31 of “bangs” – A search site for hair stylists

Women today want to choose stylists as well as hair salons

The “bangs” search site advances the search for a salon for cutting and styling hair to the level of locating a specific individual to perform these services. Visitors to this website can look for a stylist based on extensive information on the techniques, approaches and other characteristics of more than prominent 500 stylists at about 100 hair salons in the most popular districts of Tokyo.



>> Marketing Support (“*Hitosara*”)

September 2014 The number of chefs in the Chef Directory of the “*Hitosara*” gourmet information website topped 5,000

>> Other publicity activities

November 2014 In association with Japan’s Act for Measures to Support the Development of the Next Generation, USEN established an action plan with the goal of earning “Kurumin” certification. This is given to companies with measures to support families and maintain the proper balance between work and personal lives.

>> Investor relations

November 2014 Annual meeting of shareholders and approval of amendment to the Articles of Incorporation

|| First Quarter Topics || “Hitosara” Gourmet Website

▶▶ On September 2, 2014, the number of chefs on the “*Hitosara*” Chef Directory topped 5,000.



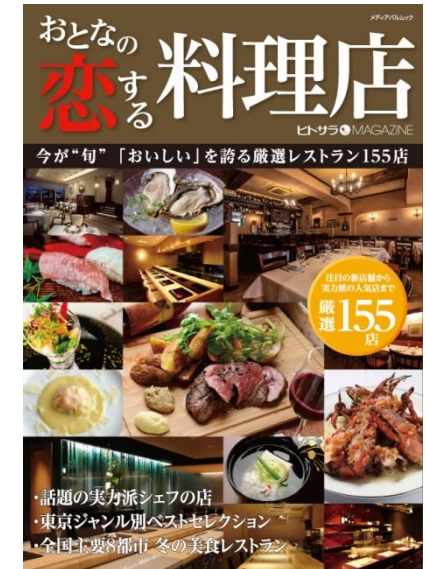
“*Hitosara*” was launched as a gourmet website for distributing information about chefs that people can use with confidence. A key feature is enabling people to see pictures of the chefs. Due to the strong support of users, the website now lists more than 5,000 chefs.

(1) Started Chef's Table on Oct. 3



“Chef's Table” is a program in which chefs talk about their restaurants and cuisine. This new service is part of “*Sumaho de USEN*”, a fixed-rate music distribution service for smartphone subscribers.

(2) Second issue of *MOOK* on Nov. 14



Following on the success of the first issue of *MOOK*, USEN has published a second issue that is now in bookstores throughout Japan.

▶▶ Action plan and two-year action period (Sept. 2014 to Aug. 2016) for earning “*Kurumin*” certification under Japan’s Act for Measures to Support the Development of the Next Generation

USEN is dedicated to enabling all employees to realize their full potential. The company has created an action plan for creating a workplace environment with the proper balance between employees’ jobs and their families, such as by providing time off for taking care of children and other family requirements.

▶▶ Annual meeting of shareholders and approval of amendment to the Articles of Incorporation

At the annual meeting of shareholders on November 27, shareholders approved the first five proposals, all of which were submitted by USEN. The next four proposals, which were submitted by shareholders, were not approved. Approval of the second proposal amended the Articles of Incorporation to add “travel business and travel agent business in accordance with the Travel Agency Act” to the purposes of business.

Proposals submitted to shareholders

- | | |
|---|--|
| 1. Appropriation of retained earnings | 4. Election of two corporate auditors |
| 2. Amendment to the Articles of Incorporation | 5. Election of one alternate corporate auditor |
| 3. Election of five directors | 6-9. Shareholder proposals |

Proposals 1 to 5 were approved with no revisions and all proposals submitted by shareholder were not approved.

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Statements about USEN's plans, strategies and other items that are not historical facts are forward-looking statements that are based on the judgments of management using currently available information. Actual results of operations may differ from these statements for a number of reasons.

This presentation was prepared solely for the purpose of providing information that can be helpful for making investment decisions. No information in this presentation is provided for the purpose of soliciting an investment.