USEN Corporation

Summary of Third Quarter of Fiscal Year Ending August 2015

June 30, 2015

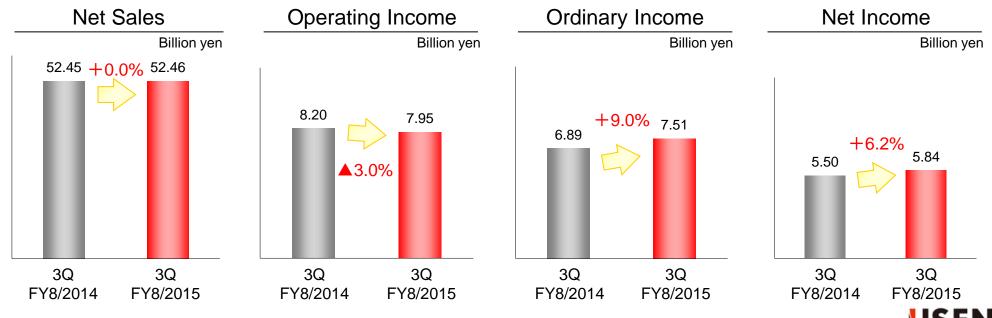
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| Results of Operations | Third Quarter Financial Highlights

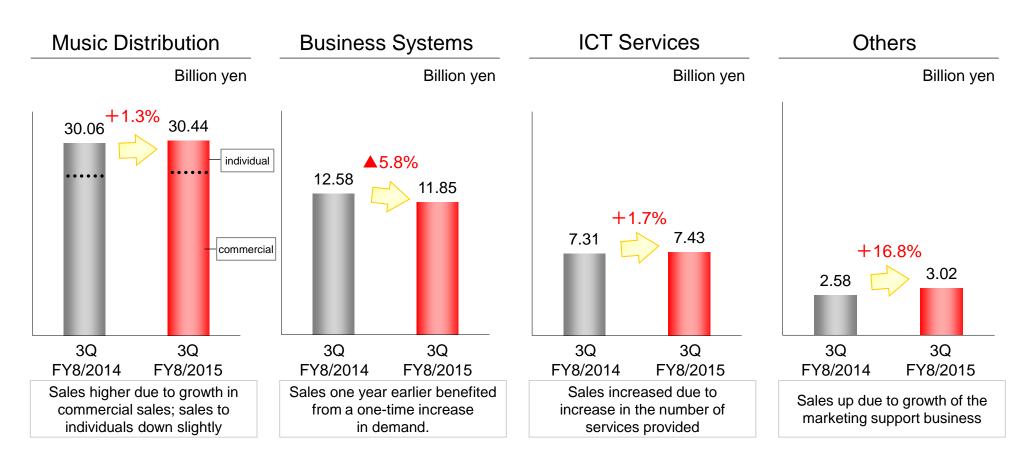
- Sales increased slightly as sales growth in the music distribution business and marketing support business offset a drop in the business systems sales following an upturn in demand occurred last fiscal year.
- •Operating income decreased because of expenses for investments for future growth. But ordinary income and net income were higher as a reduction in debt lowered interest expenses and there were no financial and equity expenses, including fund procurement expenses, which impacted earnings one year earlier.



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

|| Results of Operations || Third Quarter Financial Highlights

Business Segment Sales



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

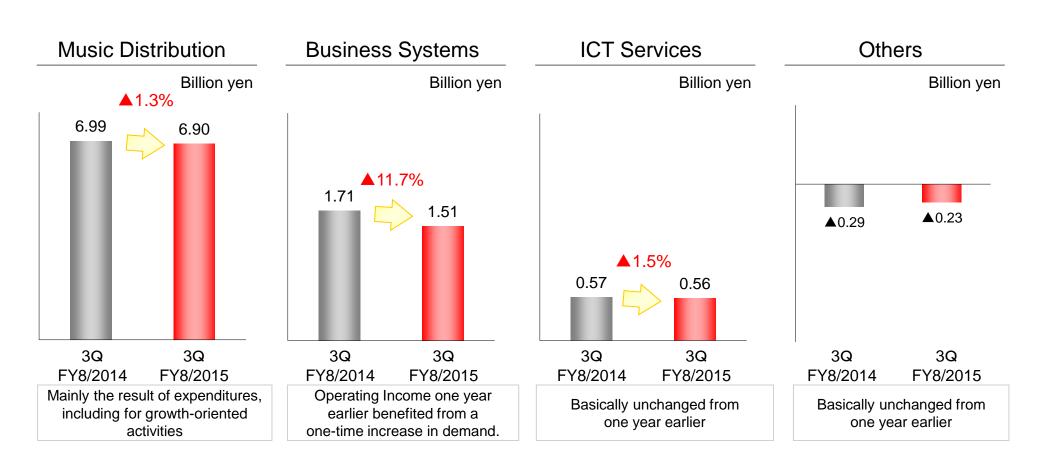


^{*} In FY8/2014, there was a sales deduction of ¥90 million for inter-segment transactions.

^{*} In FY8/2015, there was a sales deduction of ¥280 million for inter-segment transactions.

|| Results of Operations || Third Quarter Financial Highlights

Business Segment Operating Income



^{*} In FY8/2014, there was an operating income deduction of ¥780 million for inter-segment transactions.



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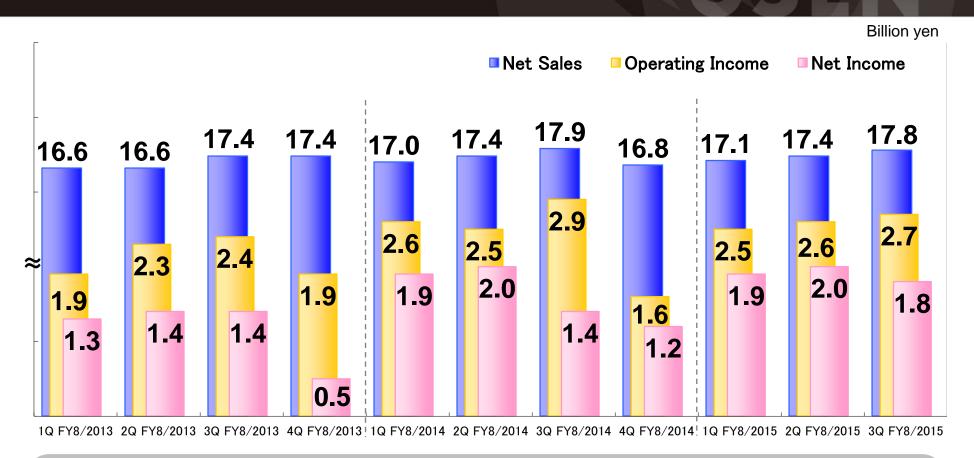
| Results of Operations | Third Quarter Performance vs. Forecast

Billion yen	FY Forecast (A)	3Q Actual (B)	Progress (B÷A)
Net Sales	70.00	52.46	75.0%
Operating Income	8.60	7.95	92.5%
Ordinary Income	8.00	7. 51	93.9%
Net Income	6.00	5.84	97.4%

Sales were generally as expected but earnings were more than 90% at all levels as of the end of third quarter.



|| Results of Operations || Quarterly Consolidated Performance

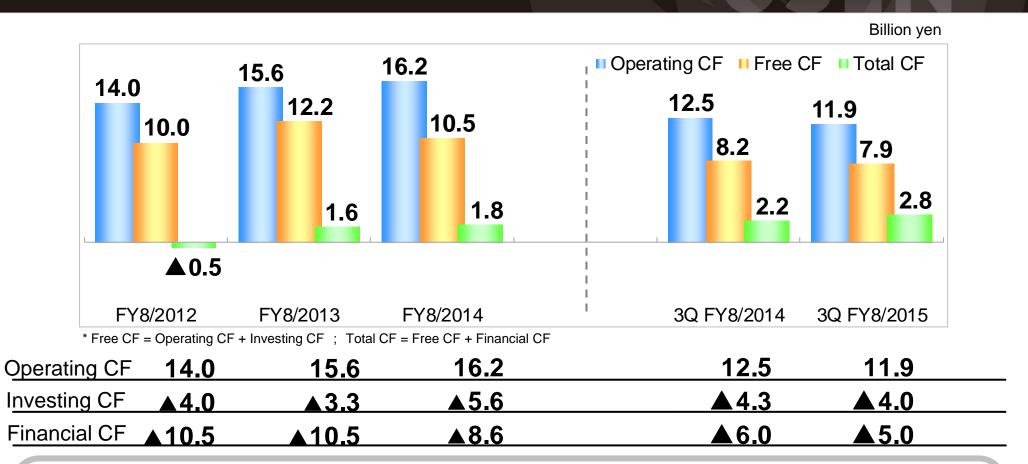


Third quarter sales and operating income were higher than in the second quarter. Net income decreased but was higher than one year earlier when financial and equity expenses held down earnings.



^{*} All figures are not rounded.

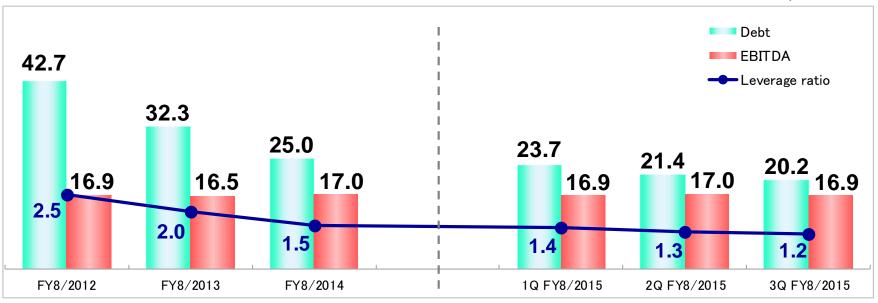
|| Financial Indicators || Cash Flows



Operating cash flows decreased ¥600 million despite the higher earnings mainly because of an increase in income taxes paid. Investing cash flows were about the same as one year earlier. Cash used for financial activities decreased ¥1 billion mainly because of refinancing expenses one year earlier. Overall, net cash provided in the third quarter increased ¥600 million.

|| Financial Indicators || Leverage Ratio





^{*} EBITDA = Operating income + Depreciation + Depreciation of goodwill

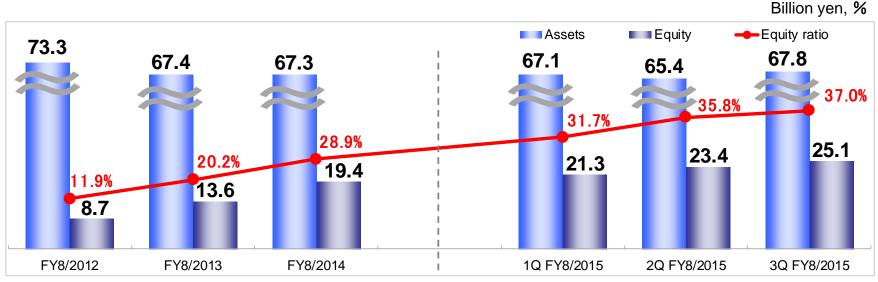
EBITDA was steady, remaining about the same as one year earlier. The leverage ratio decreased to 1.2 times as debt continued to decline.



^{*} EBITDA is for the most recent 12-month period

^{*} Leverage ratio = Debt / EBITDA for past 12 months

|| Financial Indicators || Equity Ratio

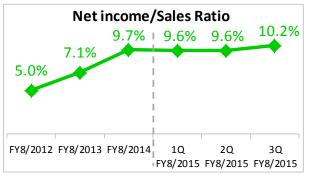


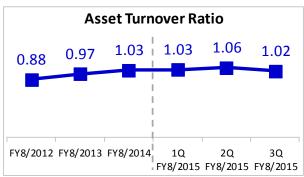
^{*} Equity = Net assets – Stock acquisition rights

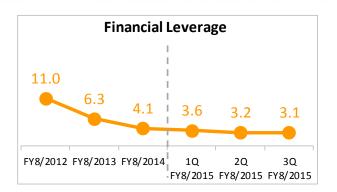
Assets increased in part because of higher cash and deposits resulting from advance payments to receive music in the music distribution business. Despite the higher assets, the equity ratio increased to 37.0% as retained earnings increased.

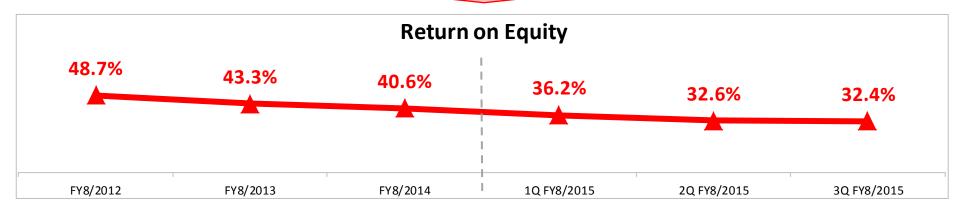


|| Financial Indicators || Return on Equity





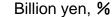


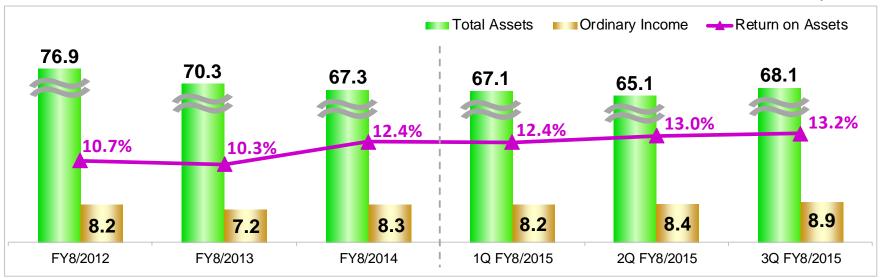


- * Return on equity (ROE) = Net income/Sales ratio x Asset turnover ratio x Financial leverage
- * Sales and net income are for the last 12-month period and assets and equity are the averages of the amounts at the ends of the current and previous FY

The net income/sales ratio increased and the financial leverage ratio was basically flat. But the asset turnover decreased due to advance payments in the music distribution business. As a result, the ROE continued to decline slowly but still 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.

Average assets in the third quarter increased mainly because advance music distribution payments raised cash and deposits. But the ROA increased to 13.2% because of higher ordinary income.



| Operating Highlights (Music Distribution) | A New Supplementary Service



On April 1, 2015, USEN launched USEN Register, a multi-function iPad cash register app for increased reliability and safety at stores.

The app is backed by a strong 24-hour, 365-day support infrastructure.

"Features"

- ✓ Less expensive than conventional POS cash registers and can be packaged with the USEN broadcasting service
- ✓ 24-hour, 365-day support center, a service seldom available for other companies' apps
- ✓ USEN handles every step from initial settings and merchandise registrations to installation and start-up assistance
- ✓ Order entry systems required by restaurants can be set up at a low cost
- ✓ The master registration and revision service reduces the amount of work that businesses using USEN Register need to perform themselves
 - * Master: Setting of merchandise registration/price revision and name of manager, and password changes on the store management page.



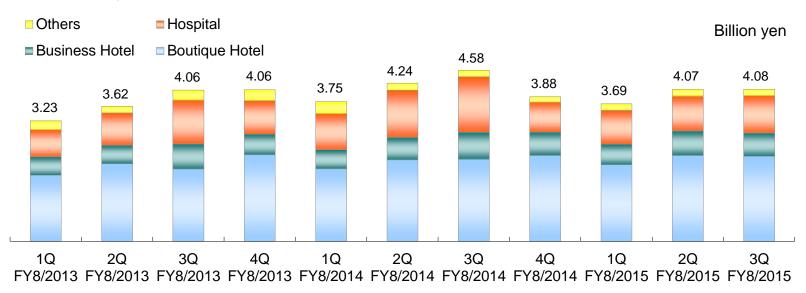




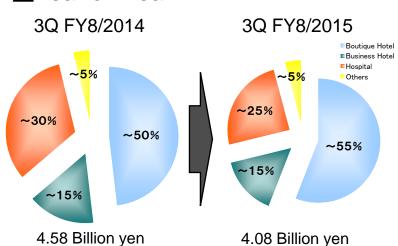


| Operating Highlights (Business Systems) | Sales Composition

Quarterly Sales



Year on Year



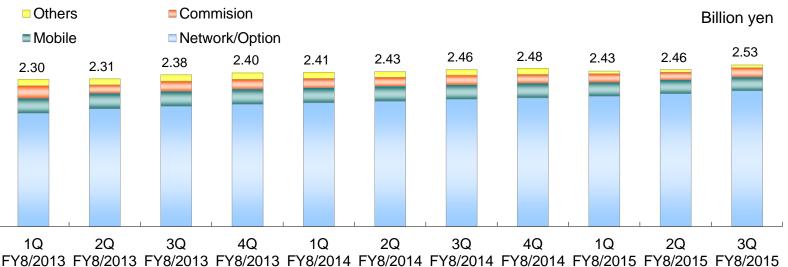
OConsistent growth after excluding effect of the rush demand

- Sales fell about ¥500 million due to higher demand prior to the April 2014 consumption tax hike, especially in the hospital sector. But sales were slightly higher than two years ago and in the previous quarter.
- In the third quarter, although the hotel sector was somewhat weak, the hospital sector was strong and as a result total sales were firm.
- Quarterly sales are generally higher compared with two years ago when performance was not distorted by a consumption tax hike.

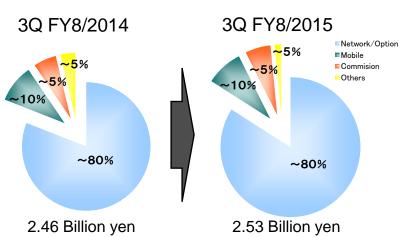


| Operating Highlights (ICT Services) | Sales Composition

Quarterly Sales



lYear on Year

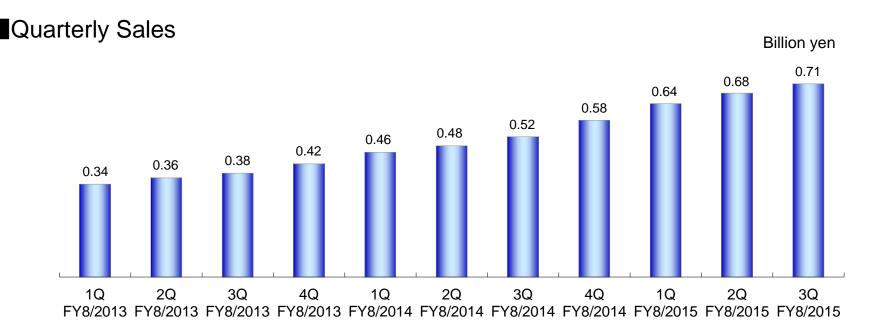


OBig increase in third quarter sales to more than ¥2.5 billion

- Sales growth was backed by continuing increases in sales in the core network/optional service category
- In the mobile category, performance remained weak but commission sales were higher than one year earlier
- Quarterly sales topped ¥2.5 billion for the first time
- Continuing to become more competitive by enlarging the service lineup in response to intense competition



| Operating Highlights (Others) | Marketing Support Sales Composition



OStrong and steady growth propels quarterly sales above ¥700 million

- Sales surpassed ¥700 million due to mainly the USEN "Hitosara" gourmet website
- Started a new service (see next page) based on the concept of people ("hito") and food dishes ("sara") for more added value in *Hitosara*
- In addition to the current social networking service tie-ups and web advertising sales, plan to expand the service lineup to meet more market and customer needs

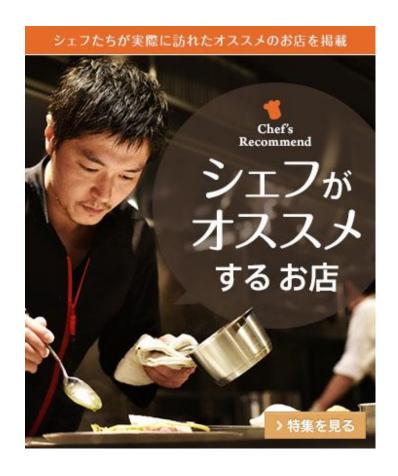


| Operating Highlights (Others) | New service of Marketing Support Segment



Launched on May 26 the Restaurants Recommended by Chefs service in the "Hitosara" website, listing about 2,000 restaurants selected by professionals

~New dining discoveries by using ideas of professionals rather than consumers~







|| Third Quarter Topics ||

>> Music Distribution

April 2015 Announced on May 15 the first-ever distribution of background music for offices for the public areas of a building – the Terrace Square office building in Tokyo

>> Investor Relations

April 2015 Started measures to comply with revision of Companies Act that became effective on May 1

May 2015 **Board of directors approved adoption of the Corporate Governance Code** starting on June 1

* Subsequent events

June 2015 Purchased stock of PSY-fa Co., Ltd., making this company a consolidated subsidiary

June 2015 Signed basic agreement for a comprehensive alliance with Tokyo Electric Power and started developing a new service



|| Third Quarter Topics || Music Distribution



The first distribution of music to the public areas of an office building

~ Started the Sound Design for OFFICE service as interest in workplace music increases due to Japan's enactment of mandatory checks for workers' stress ~

Tenants started moving into the multi-purpose office building Terrace Square on May 15. The building is in Tokyo's Kanda-Nishiki-cho



Terrace Square





| Third Quarter Topics | Investor Relations

>> Compliance with the revision of Companies Act

The revised Companies Act that was passed in 2014 will become effective on May 1, 2015.
 Amendments reflect expectations and demands involving corporate governance in Japan.
 To comply with this change, the board of directors approved a resolution for revisions to the basic policy for the establishment of internal control systems.

>> Compliance with the Corporate Governance Code

Following the establishment of a Stewardship Code, a set of guidelines for investors,
 Japan established a Corporate Governance Code on June 1. The governance code has
 two goals: sustained growth of companies and long-term growth of corporate value.
 The board of directors approved a resolution to enact all five fundamental principles that
 are required of companies with stock traded on the JASDAQ market.



| Third Quarter Topics | Investor Relations (Subsequent events)

- >> Two IR press releases in June about expanding the service lineup for the commercial market, USEN's core customer segment
 - Acquisition of PSY-fa

PSY-fa has two main businesses: the media business, centered on "CouponLand" and "Tokyo Wedding Collection", and the merchandising business.

USEN expects to benefit from synergies in the commercial market sector because the businesses of USEN and PSY-fa are complementary

Basic agreement for alliance with Tokyo Electric Power and new service development
Japan's electric power sector will become fully deregulated in April 2016. USEN and
Tokyo Electric Power have agreed to start discussions for establishing a comprehensive alliance.
In addition, the two companies will develop services that combine their products and services with the sale of electricity.

The plan is to use USEN's nationwide sales network to start offering services in the Chubu and Kansai regions of Japan and then other regions.

|| Disclaimer ||

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