

**Q&A Summary for the Conference Call about Revision
of Forecast for the Fiscal Year ending March 2014
(March 31, 2014)**

- Q. Please explain the special loss of 5 billion yen.
- A. This figure is losses resulting from a rigorous assessment of work in progress associated with titles that are under development or on the market, mostly in the Mobile Contents and PC Online Games businesses. We performed a comprehensive examination of prospects for recovering the investments in the above businesses. Mobile Contents accounts for a larger share of this loss than the PC Online Games business does.
- Q. Does this revision mean that your outlook for the smartphone market has changed?
- A. There is no change in our view on the smartphone market that will continue to grow worldwide. However, we believe that we need to take another look at user characteristics to obtain an accurate understanding. For example, compared with home video games, smartphone games are used for a shorter time each time and smartphone users view payments for games differently.
- Q. Please provide information about expenses for developing native apps for smartphones.
- A. We are not able to make a general statement about these expenses because they differ for each title. But development expenses for a single title are basically not very high. However, development expenses for native apps that are based on home video games tend to be higher than for conventional native apps.
- Q. What is your outlook for consolidated performance in the next fiscal year and what are the prospects for growth in the Mobile Contents business?
- A. We are working on our fiscal year plan for each business segment and will announce our forecast in May when we release the financial result of FY ended March 2014. For consolidated operating income in the next fiscal year, we are using the expected operating income of 10 billion yen in this fiscal year as the basis for preparing the forecast.
- Q. Please explain the composition of Digital Contents business sales.
- A. In the fiscal year ending in March 2014, we expect Digital Contents sales of 65 billion yen. This forecast is the sum of Consumer business sales, which includes digitally distributed content, of 52.5 billion yen, Mobile Contents sales of 6.5 billion yen, and PC and others sales of 6.0 billion yen.
- Q. Will there be any change in the Mobile Contents strategy because of the structural reforms?
- A. As in the past, our goals are to develop new titles faster and improve the likelihood that these titles will become hits.

- Q. Is there any change in your stance about development expenditures in the next fiscal year because of this forecast revision?
- A. There is no significant change. We will continue to aim for higher efficiency by increasing the share of internal development.
- Q. Why is Digital Contents operating income in this fiscal year so far below your initial plan?
- A. The main reason is that sales in the Mobile Contents and PC Online Games businesses, which have high profit margins, fell short of our plan.
- Q. Why didn't sales of "Monster Hunter Frontier G" reach your goal?
- A. We believe that the primary reason is our inability to increase the number of users although we offered expansion of platforms for this title.
- Q. What actions are you taking to improve prospects that new Mobile Contents titles will be hits?
- A. The "operational power" needed to constantly attract people will be a key point. We need to determine the differences between the characteristics of home video game and mobile game users and create services that match the needs of targeted users. Our titles must also fully reflect what we hear from users of mobile contents.
- Q. Is there any risk in the Mobile Contents business regarding Japan's "gacha" regulations for mobile phone games?
- A. We believe there is very little risk of a problem occurring because our current titles do not use any excessive billing systems.