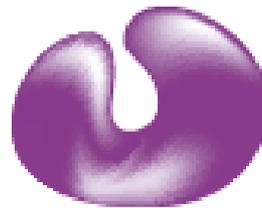


GungHo Online Entertainment, Inc.

FY2014

**Financial Results Briefing
Session for the 1st quarter**



GungHo

April 28, 2014

FY2014

1Q Financial Highlights

Updated Record—High Sales and Profit Again

Financial highlights

Consolidated Results

■ Increase in sales and profit (YoY, QoQ)

Sales: 49.9 billion yen (61.5% increase YoY)

Operating profit: 28.7 billion yen (54.6% increase YoY)

Mobile Consumer Business

■ Further growth P&D, other games are good sales.

Sales: 48.8 billion yen (67.1% increase YoY)

Operating profit: 29.6 billion yen (57.4% increase YoY)

PC Online Business

■ Especially, domestic environment is under hard condition.

Sales: 1.0 billion yen (36.4% decrease YoY)

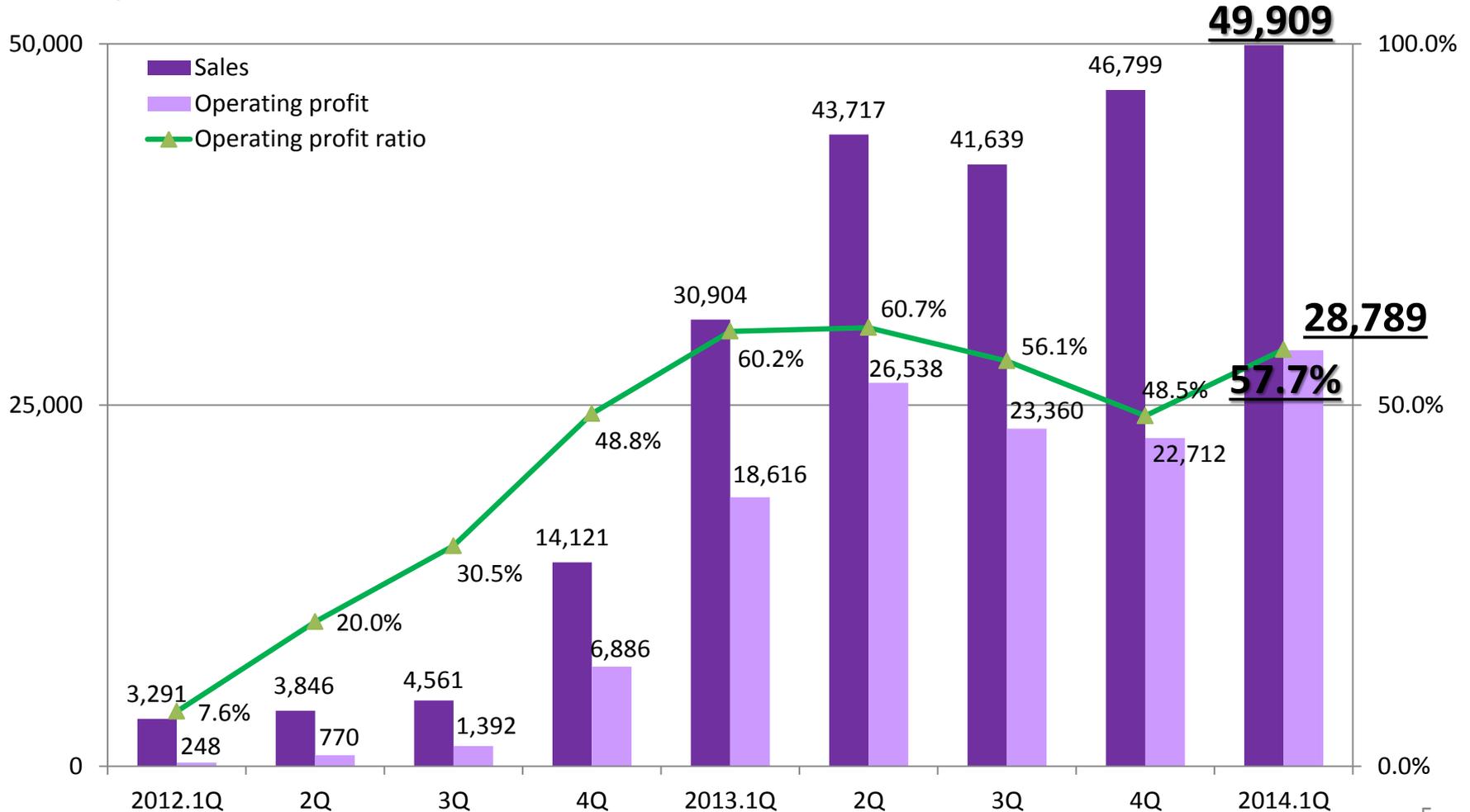
Operating loss: 0.4 billion yen (2013 1Q: 0.4 billion yen)

Trends in Quarterly Results

Increase in sales and profit QoQ

Updated record-high sales and profit.
Operating profit ratio had been declining because of promotion strengthening from last 2Q, but this 1Q operating profit ratio significantly improved 9.2p QoQ.

(Unit: millions of yen)

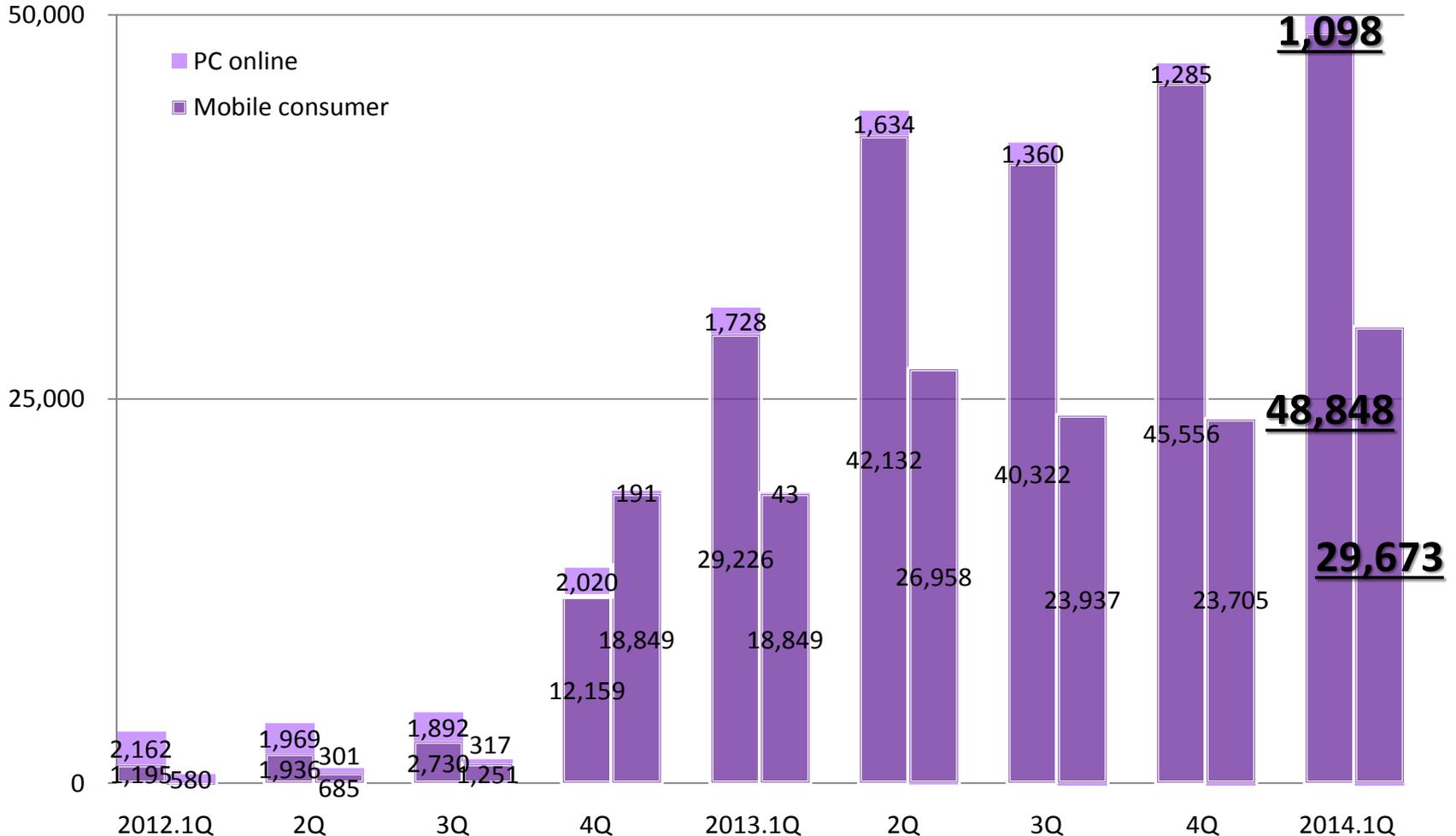


Trends in Quarterly Results by Segment

Smartphone games are good sales

4Q sales including sales of "PAZUDORA Z" for Nintendo 3DS updated record high. This 1Q's results updated record-high sales and operating profit by earnings of only smartphone games.

(Unit: millions of yen)



Quarterly Income Statement

Consolidated Profit and Loss Sheet

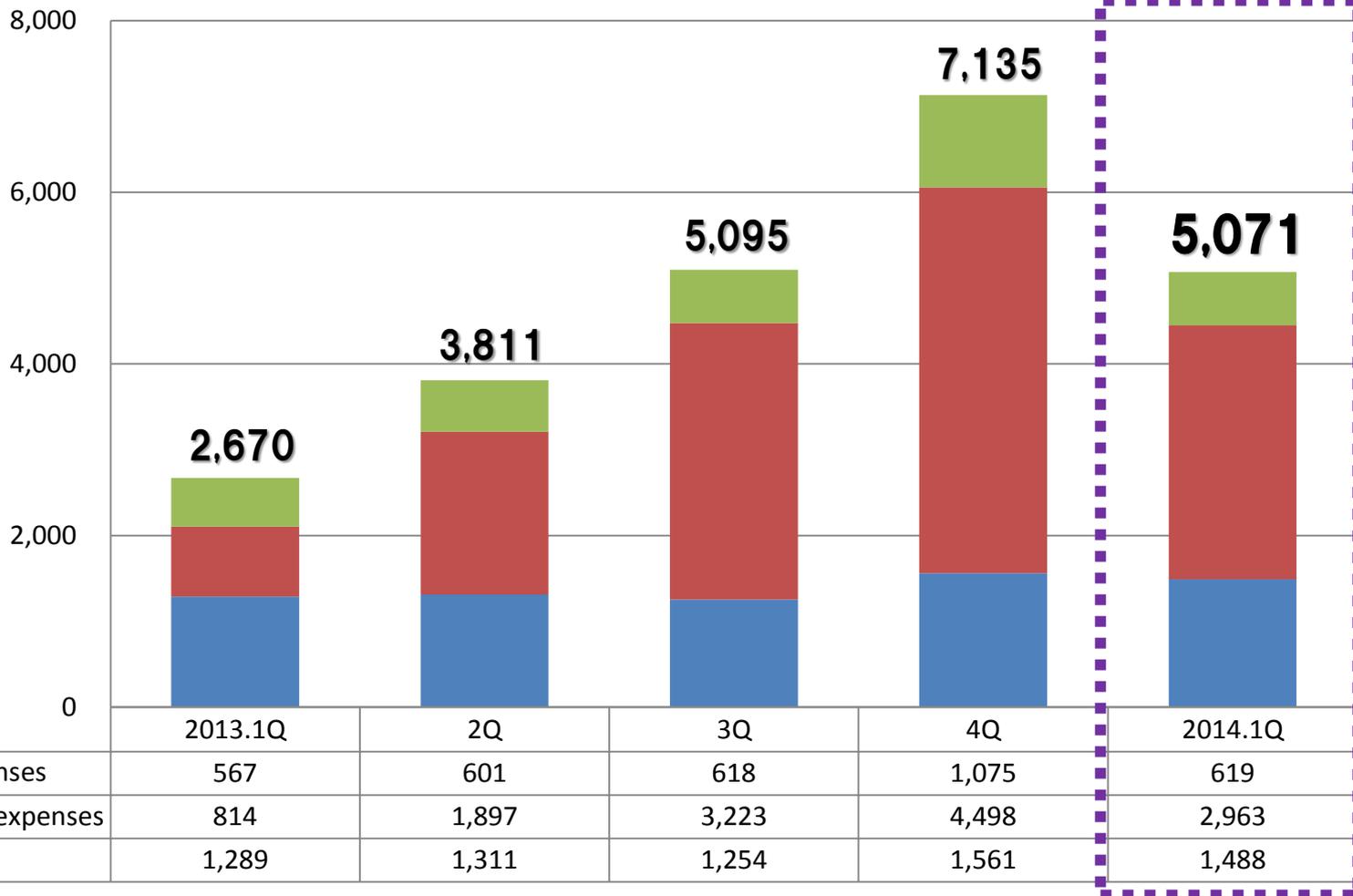
SG&A is stable. Operating profit ratio improved significantly.

Units: millions of yen	FY2014 1Q (Jan. – Mar. 2014)	FY2013 1Q (Jan. – Mar. 2013)	Change ratio YoY	FY2013 4Q (Oct. – Dec. 2013)	Change ratio QoQ
Sales	49,909	30,904	61.5%	46,799	6.6%
Gross profit margin	33,860	21,286	59.0%	29,847	13.4%
Gross profit margin ratio	67.8%	68.9%	-1.1p	63.8%	4.0p
SG&A	5,071	2,670	89.7%	7,135	-28.9%
Operating profit	28,789	18,616	54.6%	22,712	26.7%
Operating profit ratio	57.7%	60.2%	-2.6p	48.5%	9.1p
Ordinary profit	28,095	18,662	50.5%	21,433	31.1%
Profit before tax	28,095	18,648	50.6%	20,842	34.8%
Net profit	17,063	12,321	38.5%	12,151	40.4%

Trends in SG&A

Advertisement expenses decrease

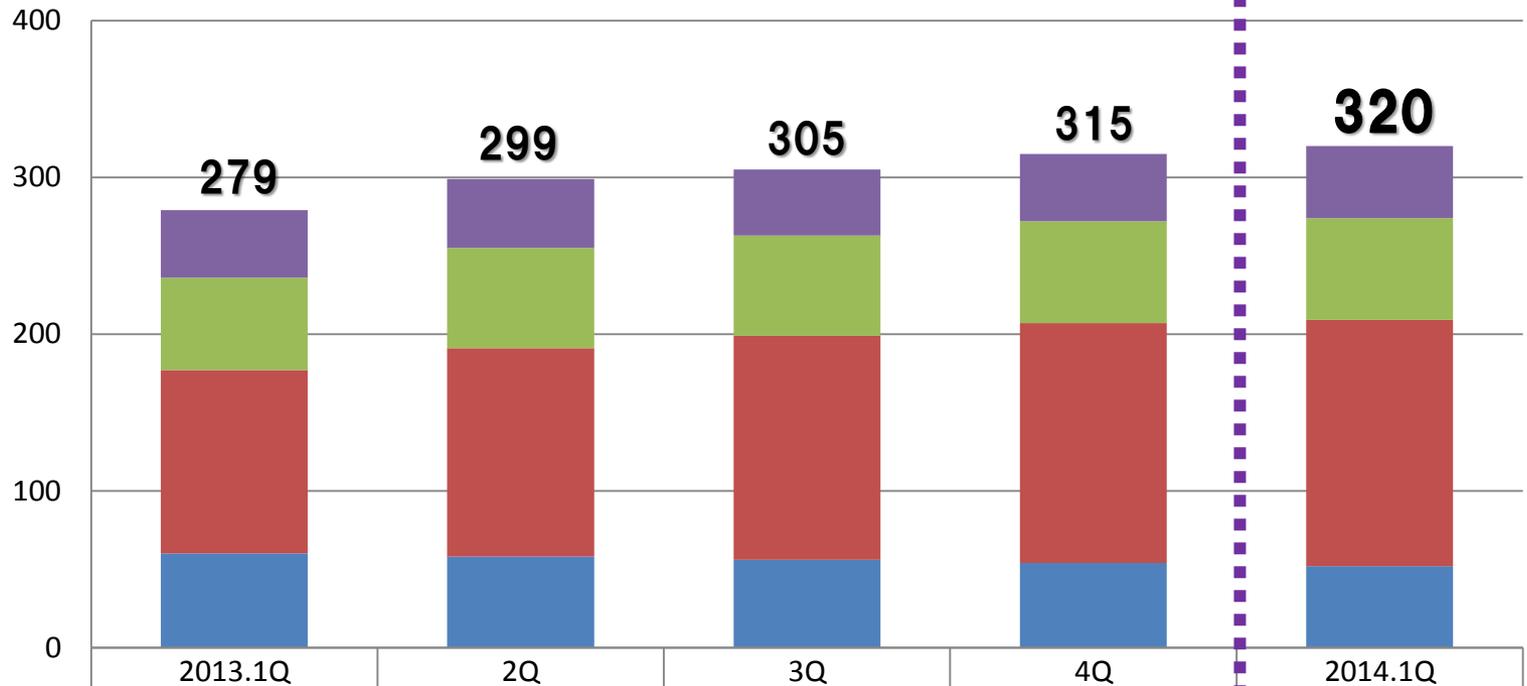
Advertisement expenses of TV commercial and events increased temporarily in last 4Q along with launch of “PAZUDORA Z” for Nintendo 3DS. Advertisement expenses of this 1Q was equal level to last 3Q, and SG&A decreased.



Trends in number of employees

Stable

We don't believe that making a lot of games improves the results necessarily. We believe that sustaining the appropriate scale organization creating high quality game keeps GungHo quality and improves the position as a gaming company.



Administration, others	43	44	42	43	46
CS, System	59	64	64	65	65
Mobile consumer	117	133	143	153	157
PC online	60	58	56	54	52

FY2014

1Q Business Highlights

**Smartphone
games are good
sales**

PUZZLE & DRAGONS

Divine Gate



CRAZY TOWER



27 million

2 million

1 million

0.6 million

1.5 million

8 million

Total over 40 million downloads

※The number of downloads are not including overlap.
※The number of downloads includes downloads in Japan only.

Japan P&D No.1

カテゴリー ランキング

トップ有料 トップ無料 **トップセールス**

- 
 パズル&ドラゴンズ
ゲーム
★★★★☆ (1,749) [+開く](#)
- 
 モンスターストライク
ゲーム
★★★★☆ (218,245) [+開く](#)
- 
 LINE ポコパン
ゲーム
★★★★☆ (1,925) [開く](#)
- 
 ぷよぷよ!!クエスト
ゲーム
★★★★☆ (532) [+開く](#)
- 
 LINE : ディズニー
ツムツム
ゲーム
★★★★☆ (7,634) [+開く](#)

AppStore
(As of April 28, 2014)

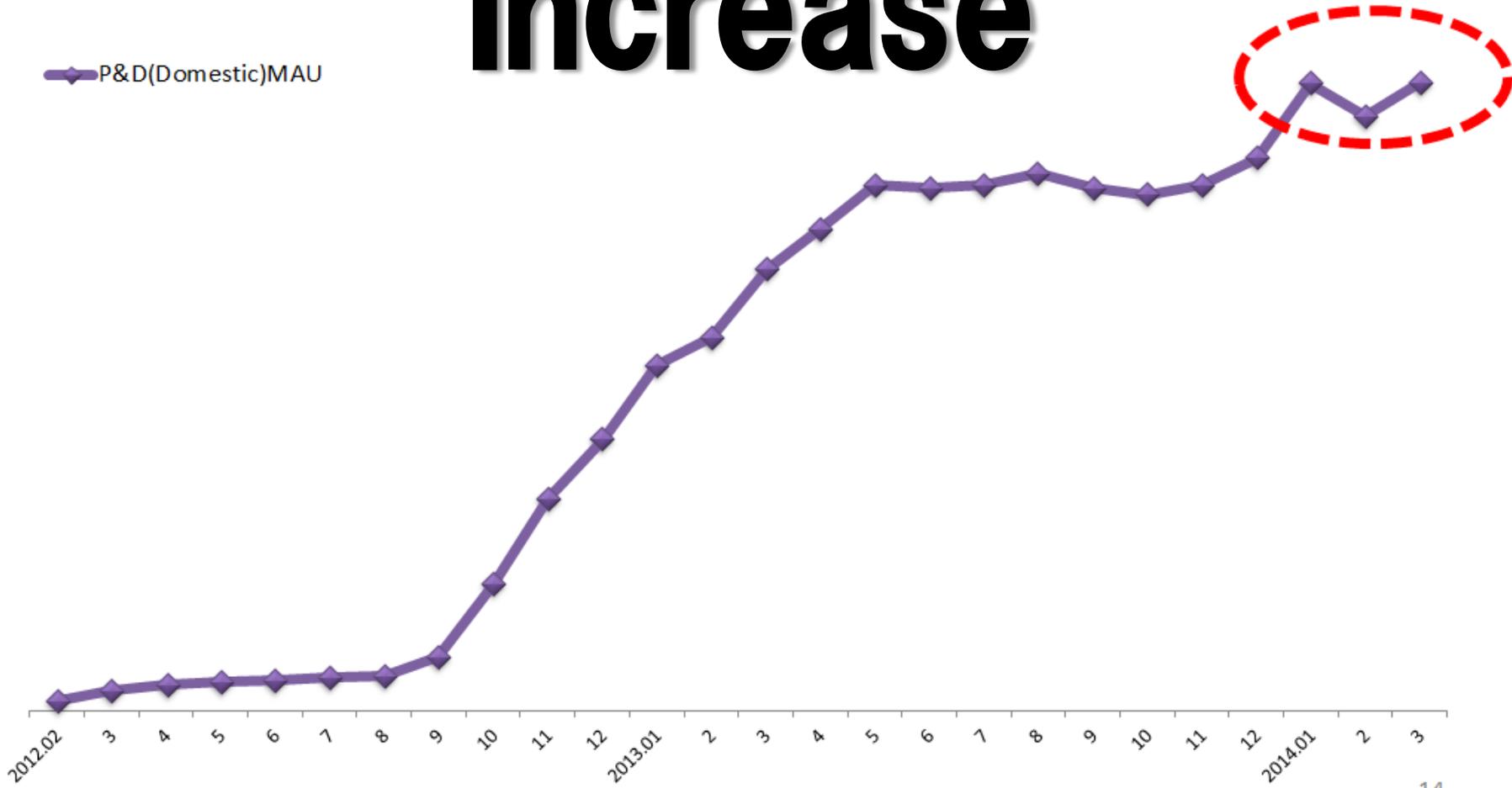
ゲーム

売上トップ **新着有料トップ** 新着無料

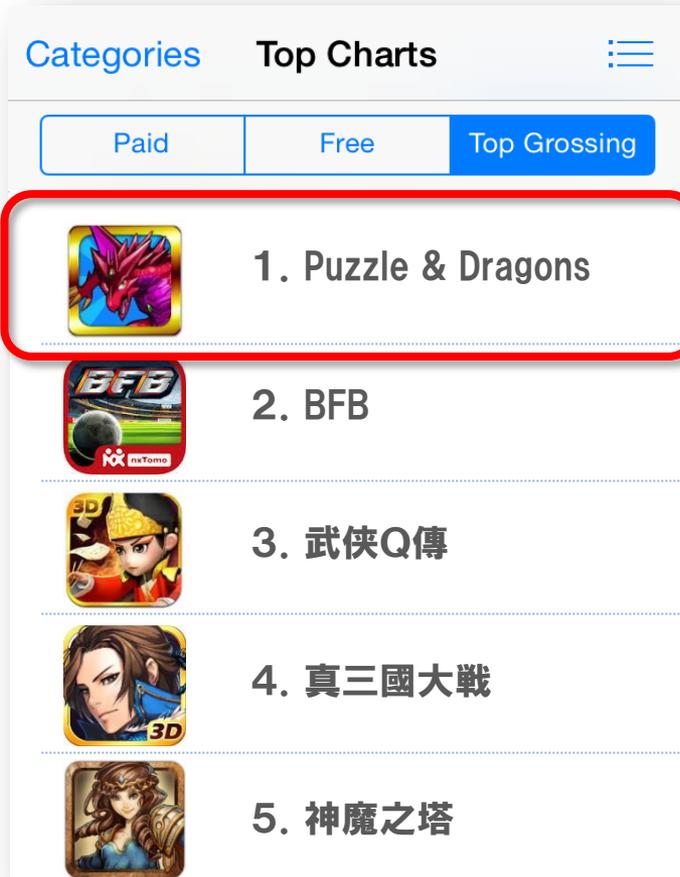
- 
 1. パズル&ドラゴンズ
GungHoOnlineEntertainment
GOOGLEのおすすめ インストール済
- 
 2. クイズRPG 魔法使いと黒猫..
COLOPL, Inc.
GOOGLEのおすすめ 更新
- 
 3. モンスターストライク
mixi, Inc.
★★★★☆ 無料
- 
 4. LINE : ディズニー ツムツム
LINE Corporation
★★★★☆ 更新
- 
 5. LINE ポコパン
LINE Corporation
★★★★☆ 無料

Google Play
(As of April 28, 2014)

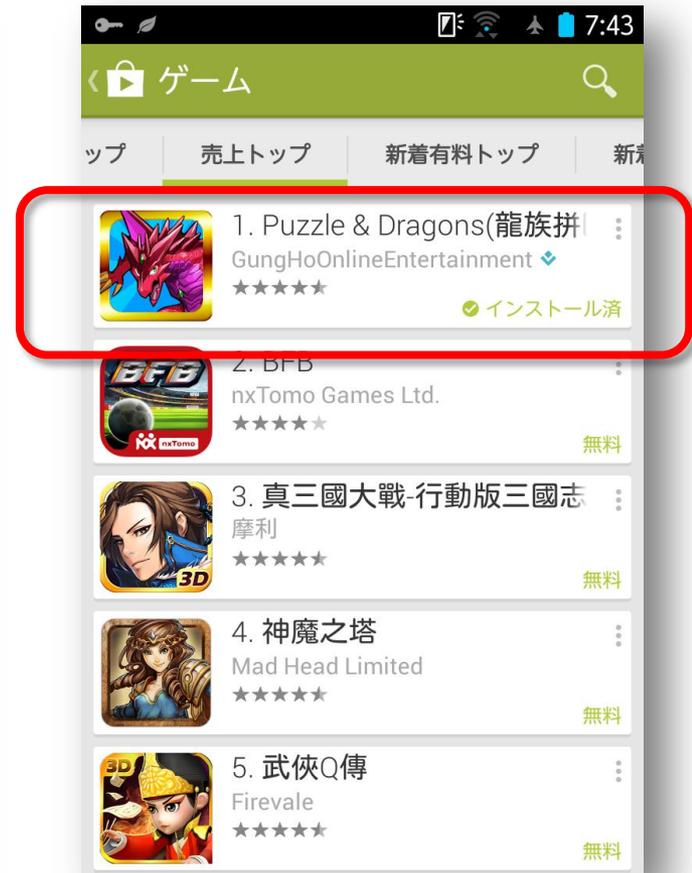
Domestic MAU Increase



Hong Kong No.1



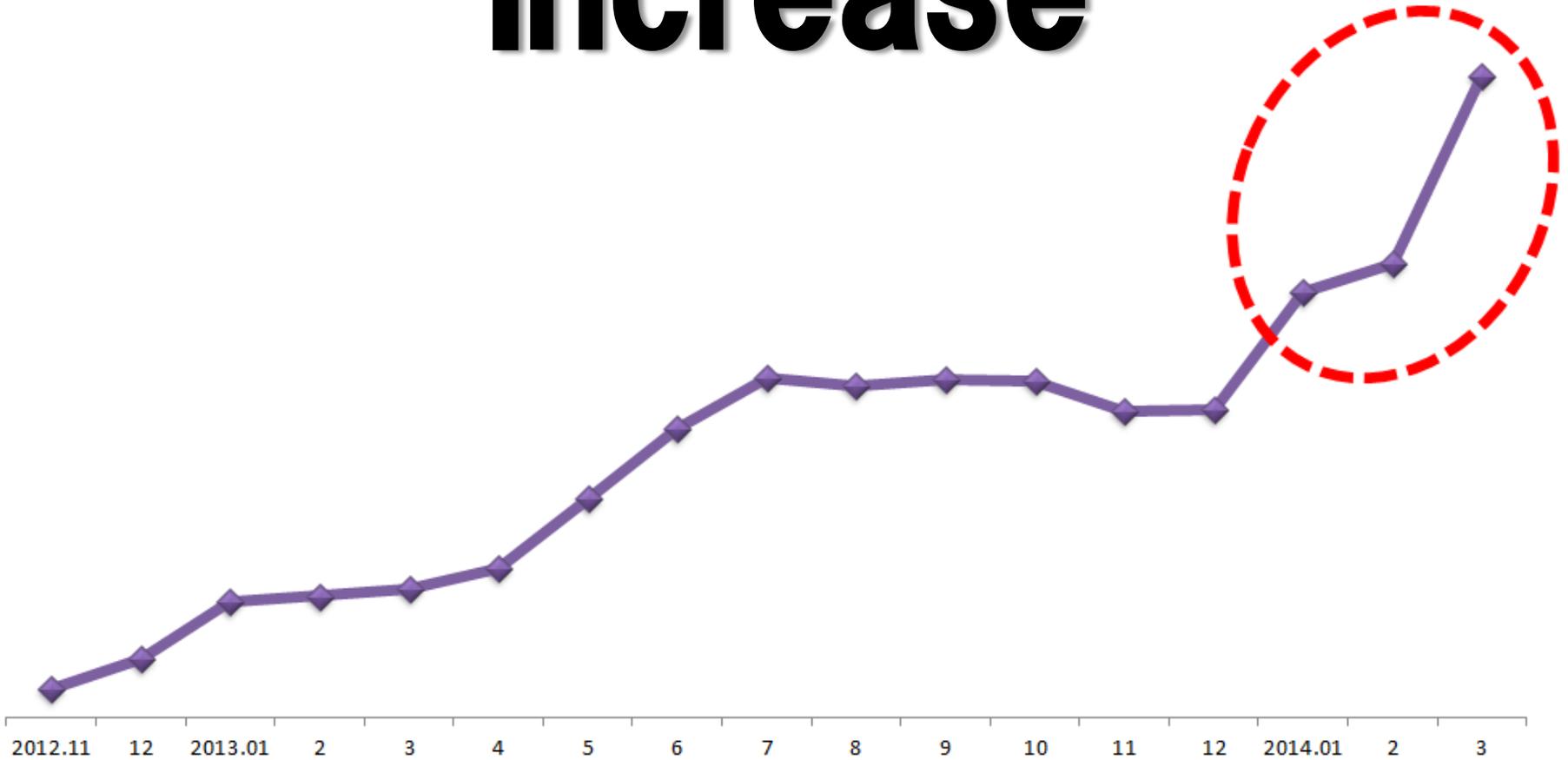
AppStore
(2014年3月14日時点)



Google Play
(As of April 3, 2014)

Overseas MAU Increase

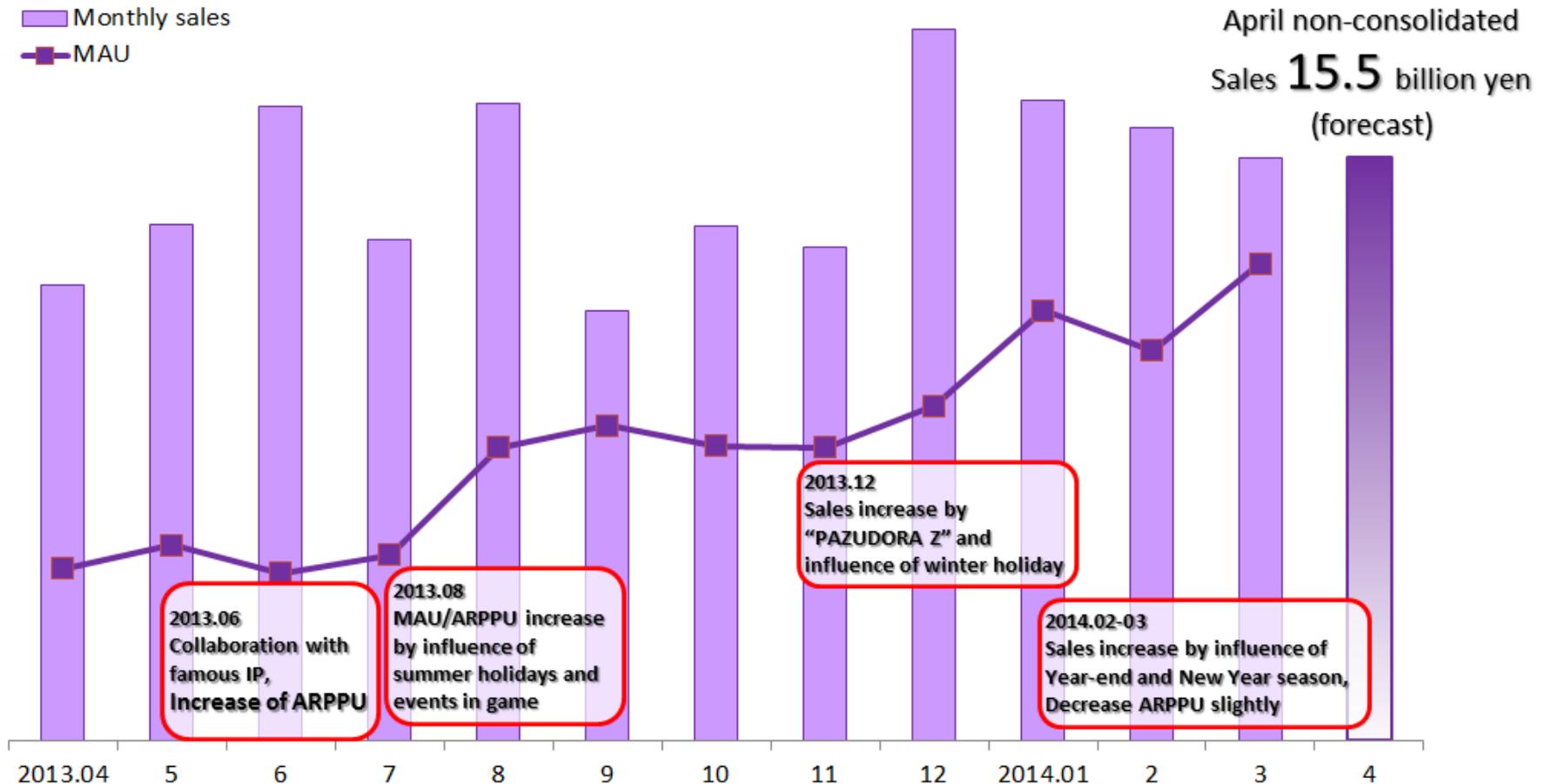
◆ P&D(Overseas)MAU



Trends in monthly non-consolidated sales and MAU

We think that MAU is important KPI, and managing the game that users can enjoy playing in long term.

Therefore, MAU is increasing steadily and monthly sales is more stable.



* MAU of April 2014 doesn't mention because it's difficult to calculate.

New game

Release on Feb. 10, 2014





Downloads Rank

**App
Store**

No. 1

(Feb. 25, 2014)

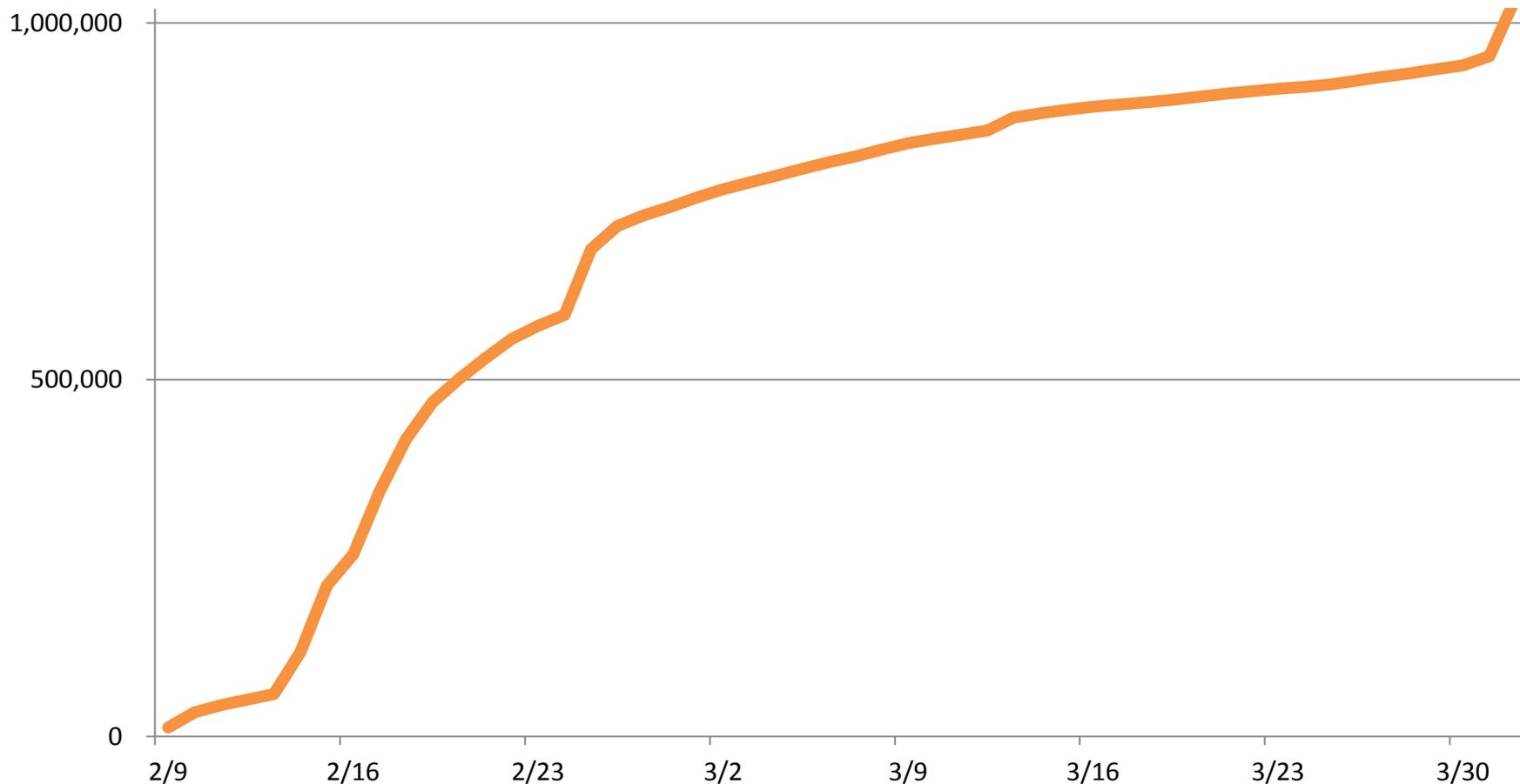
**Google
Play**

No. 4

(Feb. 19, 2014)



Over 1 million downloads



2Q business measures



 **GungHo Festival 2014**

2nd P&D JAPAN CUP

**May 25, 2014
Tokyo Big Sight**

Super Big Collaboration !

**PUZZLE
&
DRAGONS**

×





**It' s under development diligently !
Don' t miss it.**

Thank you !



GungHo Online Entertainment, Inc.
IR/Corporate Communication Group, Business Planning Office
ir@gungho.jp