

Financial Result Presentation for FY2013 2Q Summary of the main questions and answers

Here is a summary of the main questions and answers given at the financial result presentation for FY2013 2Q, held on May 10, 2013.

Q1. The figures for both sales and profits in the earnings forecast for FY2013 are at the same level as the previous year. What figures do you expect for FY2014?

A1. Improving the efficiency of promotions has become the most important issue for us in the second half. If we can effectively improve them, then there is a possibility that we will increase both sales and profits for FY2014. But if we fail to do that, we believe the figures will be at around the same level as those for FY2013.

Q2. You have revised your dividend payment. So how do you decide the amount of dividend to pay?

A2. Our idea with regards to distributing profits is to aim for a 35% total return ratio. And our basic policy is to ensure a good balance between returning profits to shareholders and ensuring we can achieve sustainable growth in sales and net profits over the medium to long term. We expected full-year consolidated operating income for FY2013 to be at the same level as the previous fiscal year, 1.7 billion yen. And so we planned to pay a dividend of 40 yen per share, the same level as the previous year, in order to ensure stable dividend payments. But recently we downwardly revised the forecast for the full-year consolidated operating income and the revised figure was about one-third that of the initial forecast. So from the viewpoint of ensuring stable dividend payments, we revised the dividend to 20 yen, which is half of the initial estimated dividend of 40 yen.

Q3. It seems that e-learning is content where the withdrawal rate is low. How much does this rate differ from the rate with other content? Also, I believe you have a lot of competitors in the field of e-learning, but how do you differentiate your service from that offered by other companies?

A3. The withdrawal rate is relatively low, but please understand that we are not able to give you the detailed figures. With content for smartphones, we are in a situation where it is hard for paid content to become popular and it is difficult to increase sales for items

other than games and free useful content. These are the issues that all content providers are currently facing. In such circumstances, one reason why we can differentiate our service from that offered by our competitors is that we already have a system to effectively carry out promotions and to increase the number of members on an ongoing basis. We plan to continue enhancing our promotions in the future, focusing mainly on those for content that is used frequently.