

**Financial Result Presentation for FY2015 Q1**  
**Summary of the main questions and answers**  
**(at the presentation held on Thursday, February 5, 2015)**

Here is a summary of the main questions and answers given at the financial result presentation for FY2015 Q1.

---

**Q1. What are the expected selling, general and administrative expenses, especially the advertising expenses, from the 2Q?**

A1. As described on page 23 of the presentation material, we expect that selling, general and administrative expenses in FY2015 will be 24.3 billion yen. They will be 12.0 billion yen in the 1H and 12.3 billion yen in the 2H. Of the selling, general and administrative expenses, advertising expenses are expected to be 4.8 billion yen in the 1H and 4.7 billion yen in the 2H. The main reason for the increase in selling, general and administrative expenses in the 2H is an increase in personnel expenses, which we expect will be 2.8 billion yen in the 1H and 3.1 billion yen in the 2H.

**Q2. Why are the expected advertising expenses in the 2Q 0.8 billion yen more than advertising expenses in the 1Q?**

A2. The peak season for sales of mobile terminals comes in March, and we expect more advertising expenses in the 2Q than in the 1Q. Advertising expenses will change depending on trends in the peak season, but we expect greater advertising expenses to gain new subscribers through cellphone shops.

**Q3. What is the ratio of selling, general and administrative expenses associated with the Company's own content to that associated with other companies' content?**

A3. Advertising expenses are spent only on our own content. In association with the sales of other companies' content, sales commission is posted, and there are no advertising expenses.

**Q4. Music services are also provided by other companies, but I understand that music services do not perform very well. Could you describe in detail why music.jp did well in the 1Q?**

A4. Many companies operate a pay-as-you-go model for their music download services. If there are few hit songs, there will be few downloads, and sales will be weak. If there are hit songs, the number of downloads, and sales, will rise.

We receive monthly subscriber fees, and sales are posted whether there are hit songs or not. However, if the number of downloads declines, the satisfaction of our customers will also decline. We have therefore changed our service so that our customers can use the points

that they have accumulated as monthly paying subscribers to download not only music but also books and comics. We think that the change has produced these results.

The number of downloads of books has increased dramatically since the integration of services. Although costs have also increased in association with the increase in the number of downloads, the ratio of active customers has also risen. In spring, we plan to add videos to our integrated service.