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To whom it may concern

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**Announcement Regarding Differences between the Results for the Third Quarter of Fiscal Year
 Ending December 31, 2015 and the Results for the Same Period of the Previous Fiscal Year**

GungHo Online Entertainment, Inc. (the “Company”) hereby announces the details of the difference between the results for the nine months of the fiscal year ending December 31, 2015 (from January 1, 2015 to September 30, 2015) and those for the same period of the previous fiscal year.

1. Differences between the results for the nine months of the fiscal year ending December 31, 2015 (consolidated) and those for the same period of the previous fiscal year (consolidated)

(Unit: millions of yen)

	Net sales	Operating profit	Ordinary profit	Quarterly net profit	Quarterly net profit per share
Nine months ended September 30, 2015(A)	119,219	58,858	59,063	37,251	34.51yen
Nine months ended September 30, 2014(B)	132,828	73,441	72,504	49,715	43.28yen
Change (A) - (B)	Δ13,609	Δ14,583	Δ13,440	Δ12,464	Δ8.77yen
Change (%)	Δ10.2%	Δ19.9%	Δ18.5%	Δ25.1%	Δ20.3%

2. Reason for the differences

In the current business environment surrounding the Company’s group, the growth in the contract volume of smartphones slowed in Japan. On the other hand, in the game industry, “Tokyo Game Show 2015,” held in September this year, ended with a record-high number of exhibitors (480 in total). A majority of these exhibitors were overseas companies (246 exhibitors) as this game show has expanded to become an international game exhibition. The contents have also been growing which included smartphone games that are already widespread in Japan, VR (virtual reality (*1)) creating new possibilities for games, and live game streaming (in which gamers can broadcast what they are playing live), on top of conventional home-use game machines, offering many ways to enjoy games, showing the further upsurge in Japan’s game market.

Under such environment, the Company has aimed to maintain and increase the number of users by using MAU (Monthly Active User (*2)) as its important management index, successfully managing and operating the games we provide.

As for smartphone games, the Company has installed a new game element called “Ranking Dungeon” into its main title “Puzzle and Dragons” (hereinafter referred to as “P&D”), adding a new way to play P&D so there is more to enjoy for high-level users as well. Three and a half years have already passed since the launch of P&D, and gamers are now more familiar with how to play it. As a result, pay rate have declined, but MAU still remains at a high level.

On the other hand, the number of downloads of “Summons Board” has continued to grow well as the Company has successfully accelerated the acquisition of new customers thanks to TV commercials that have been continuously aired since the 2nd quarter. Moreover, as for the Company’s “Divine Gate”, a television animation of this game is on its way to be broadcasted starting in January 2016. The Company will continue to launch this franchise on multi-platform, while having the game at its core.

As for overseas business development, the launch of Chinese version of P&D is well underway. As for a North American version of P&D, the Company started to air TV commercials in North America from September 28, aiming to acquire new players.

As a result, operating results in the third-quarter show differences compared to the same period of previous year.

Despite strong sales in smartphone games, net sales for the applicable period are expected to show a year-on-year decline.

Owing to the above-mentioned sales decline, operating income, ordinary income, and quarterly net profit for the period under review are anticipated to show a year-on-year decline, respectively.

*1 VR stands for virtual reality, which is a technology to artificially create a sense of reality by combining computer graphics and sound effects.

*2 MAU (Monthly Active User) refers to users who log in to the game at least once a month.

3. Supplemental information

While the industry where the Company belongs tends to be easily impacted by the business environment and operating results also can be influenced, the company discloses estimated October sales figure as follows:

The amount presented here reflects the estimated non-consolidated net sales, since we are currently in the process of compiling consolidated net sales for the month.

Net Sales (October 2015. Non-consolidated base) : 11,000 million yen (a decline of 15.4% compared to the same period a year ago)

As an overview of the situation as of October, with the continuous broadcasting of the “P&D” TV commercials and in-game events, the “P&D” MAU has grown steadily. Further, for “P&D”, the “Cooperative play dungeon α (alpha)” was implemented from October 29. With the “Cooperative play dungeon α (alpha)”, two users can compete simultaneously within the same dungeon, widening the range in which “P&D” can be played. Further, “Divine Gate”, with the TV commercial starting broadcasting from September 28, is capturing additional new users. Downloads of “Summons Board” also exceeded 4 million on October 4, demonstrating that titles other than “P&D” are also growing steadily.

* The results above are subject to change as those figures are based on the estimation and have not audited.

* Future results involve various uncertainties and the company does not guarantee that above business performance will be maintained.