

April 15, 2014

Press Release

CyberZ Co.,LTD

In 2013, the smartphone game market reached 546.8 billion, rising 178% from last year, comprising approximately half of the game market in Japan.
 This survey was conducted by CyberZ regarding the market trends of smartphone games, publicizing the market scale of native/browser games.

CyberAgent Co., Ltd. (headquarters : Shibuya, Tokyo, CEO : Susumu Fujita, Tokyo Stock Exchange Mothers listing : code 4751) and the consolidated subsidiary CyberZ Co., Ltd. (headquarters : Shibuya, Tokyo, CEO : Takahiro Yamauchi) collaborated with Seed Planning Co., Ltd (headquarters : Bunkyo, Tokyo, CEO : Yoshio Umeda) in launching a survey of the market trends of smartphone games with the Japan Online Society (headquarters : Shibuya, Tokyo, CEO : Shuuhei Ueda, Kenichi Takano).

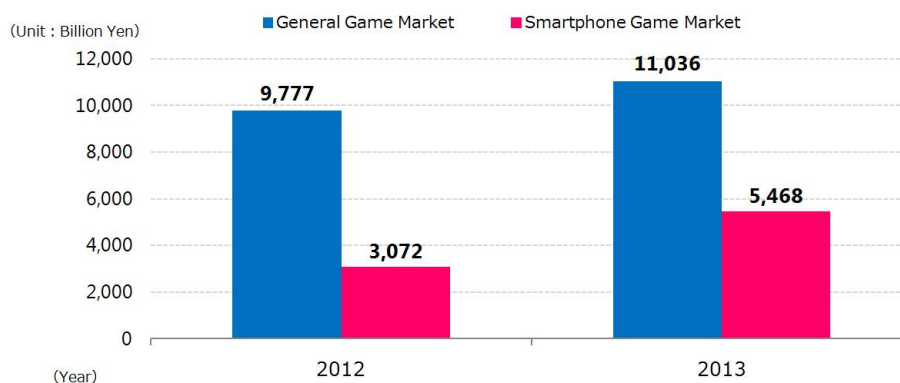
The survey, in which the smartphone games were categorized as "native apps" and "browser games" (※1) , provided the estimation of the user's annual expenditures from January 2013 to December 2013 of smartphone games and in calculating the market scale. The results of the survey are as follows:

■ 2013 Smartphone Market Scale Calculations

The smartphone game market scale in 2013 was 546.8 billion yen, rising 178% from the prior year. Reaching approximately 2.2 times the domestic home video game market, it comprised of close to half of the game market of Japan.

The smartphone gaming market expanded due to the rapid spread of smartphones. In particular, the application markets such as the AppStore and GooglePlay, accelerated the spread of smartphone games through free-downloads (with the option to pay after). With native apps, casual games such as puzzle/quiz games to role playing games reflected an increase in genre titles in response to an increasing interest from newer audiences such as females and middle-aged users. Browser games, on the other hand, still find loyalty from the core users of card battle games, who migrated from feature phones to smartphones. Due to the market circumstances, the smartphone game market of 2013 reached 546.8 billion yen, rising 178% from last year. This accounts for about 50% of the domestic game market from the same year and about 2.2 times the domestic video game software market which was 253.7 billion yen (※3) .

Market Size of General Game and Smartphone Game In Japan



Co-Research by CyberZ and Seed Planning
 Quotes from "Famitsu Game Hakusho 2013"
 ※The given numbers in 2013 are based on the forecast in May, 2013



■ The Market Trend of Smartphone Native Apps

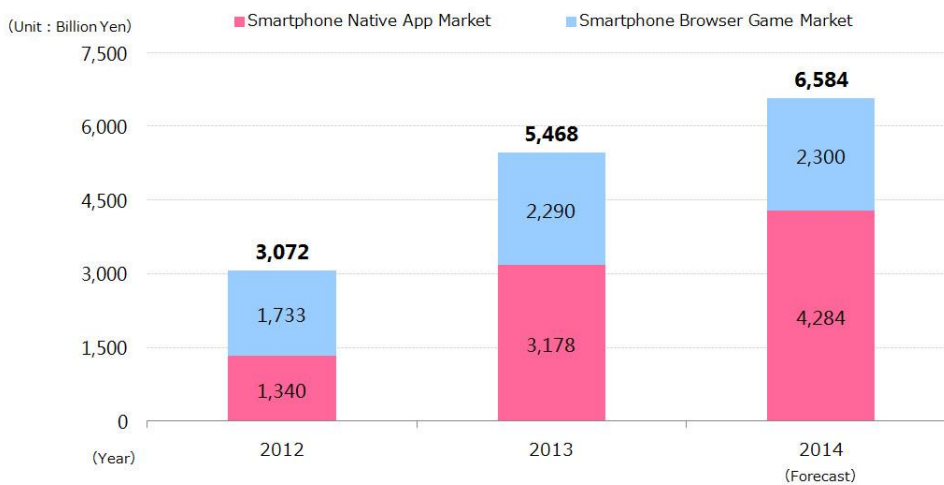
The smartphone native app market of 2013 was 317.8 billion yen, significantly increasing 237.2% from last year.

The smartphone native app market revolves around consumer game companies with strong titles, as well as the SAP (social application providers) and online game companies recognized for their respective expertise/ strengths in game applications and their various titles. The "puzzle type RPG" (introduced in 2012) gained popularity, becoming a national hit in 2013.

Smartphones and games that are easily played, such as puzzle/quiz games, consumer games with titles/motifs such as Sangokushi (Three Kingdoms) and of the Warring States period, are optimal for smartphones; thus, the smartphone native app gained the following of many users. In addition, foreign developers, including Europe, provided many global titles. Such titles spread to a wide range of users through social media networks, review sites, TV commercials, and smartphone advertisements.

The smartphone native apps market, through the conditions of the market, grew to 317.8 billion yen, significantly higher than the 134 billion yen of 2012 (rising 237.2%). In 2013, it became more commonplace to incorporate an accounting model that motivated players to pay for rare digital items, to continue to play the game, or to enhance the functionality of the player. Long term players paying a regular fee allowed for the smartphone native apps market to grow rapidly.

Market Size of Smartphone Games in Japan



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■ The Market Trend of Smartphone Browser Games

The smartphone browser game market in 2013 was 229 billion yen, improving 132.2% from the prior year.

Many users of the feature phone browser games, which saw a rapid market expansion since 2009, migrated to the smartphone in 2013. Users of browser games often pay a higher monthly payment than users of native apps and revealed a stronger support and loyalty towards their favorite titles.

On the other hand, smartphone users obtaining games via main app markets such as AppStore and GooglePlay became popular. Native apps, recognized for their appeal and operability, became widely accepted by users. Thus, many game companies which provided smartphone browser game titles on a short-term basis are considering increasing the development of native apps in the near future.



In the long term, game titles with the high usability of HTML5 (※5) can potentially gain the support of users over the app game as well as the possibility of providing a new game interface through the spread of Cloud technology, allowing for better gameplay without the restrictions of location or device.

■ Smartphone Game Market Estimates for 2014

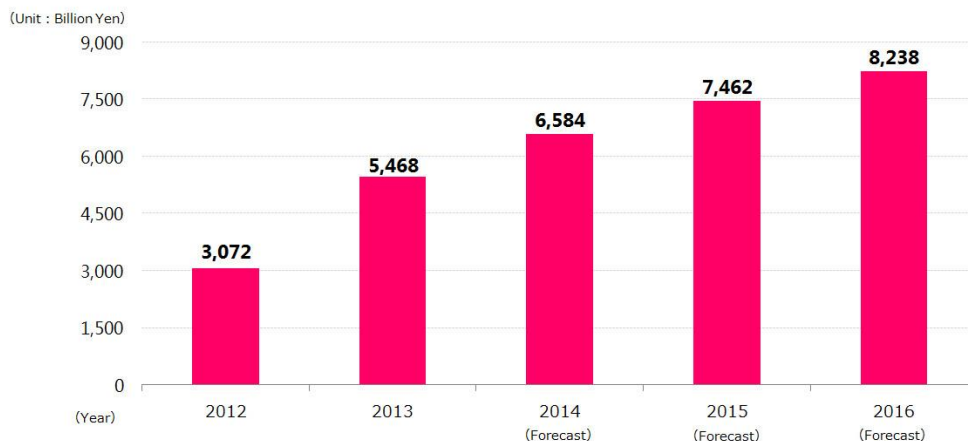
Forecast for the smartphone game market in 2014 is estimated to be 658.4 billion yen, revealing an increase of 120.4% from the prior year.

An upwards trend in smartphone game users is expected in accordance with the widespread use of smartphones.

The smartphone game market, in accordance with the widespread use of smartphones, is expected to grow. Since early 2014, aggressive promotional activities made through TV commercials by gaming companies, likely will attract and increase the number of users.

It can be expected that in 2014, the native smartphone application market will grow steadily, largely due to the introduction of a real-time, multi-user game platform. Conversely, in the smartphone browser game market, while there is a possibility of outflow when the user migrates from the feature phones to the smartphones, this situation can be minimized by meeting the needs of core users.

Market Size of Smartphone Game in Japan



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■ The Future of the Smartphone Game

In 2016, the smartphone game market is expected to reach 800 billion yen.

With the widespread use of smartphones, the smartphone gaming market is expected to see continued expansion from 2015 and later. Currently, Japanese gaming companies are developing smartphone games not only for the domestic market but for expansion into the global market, evolving as a high international competitive power in the Japanese content industry.

In order to contribute for the future developments in the smartphone game industry, our firm will continue to strive in improving and providing solutions and results through smartphone promotions.

※1 The definition of smartphone and product classification in the study is as follows:

- smartphone game: The game which is played on smartphone terminals and tablet terminals by users.



• smartphone native app: The game indicated as a game application software obtained by an app market such as AppStore and GooglePlay. It may also include web applications.

• smartphone browser game: The game that can be played on the My Page game portal, provided by the web browser of smartphone terminals. It's usually called "neighborhood of native." When a native app gets content from the web, sales as a "browser game" is dependent on the browser game platform.

※2 This study was completed through investigations and interviews with related business operators of the smartphone industry and referencing public information and seed planning data. The definition of market scale is as follows:

The total amount of users investing in gaming companies for playing smartphone games also include the fees of the application market and game platform. In addition, the market and gross sales of smartphone browser games is estimated by the gross sales and proceeds disclosed by major game platform providers.

※3 This study cited the information published by the game media "Famitsu."

※4 This study cited the trend values of the monthly billing amount published by our "Smartphone Game User Survey" on Dec. 2013.

※5 The description of web page is the 5th edition of HTML as the markup language.

■ Survey Summary

Research Subject : CyberZ Co., LTD

Research Duration : From Jan. 2013 to Mar. 2014

Research Method : Interviews with smartphone market representatives, collection of public information and data from research agencies.

Research Subject : Smartphone Game Market

Research Institutions : Seed Planning Co., LTD

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■ About Us

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Concluded.