

**Financial Results Presentation for Q2 FY2017
Summary of the main questions and answers**

Q1. Why did you amortize the goodwill in full in association with the conversion of Video Market Corporation to a subsidiary?

A1. In the fourth quarter of the fiscal year ended September 30, 2016, we recorded a loss on valuation of the shares of Video Market on a non-consolidated basis. We also needed to post a loss on valuation on a non-consolidated basis this time when we acquired additional shares of Video Market and, in tandem with this, we amortized the goodwill in full on a consolidated basis.

Q2. The total number of paying subscribers fell below 7 million as of the end of March, and concern remains with respect to the business outlook. Do you think that we don't have to worry too much, given that ARPU continues to improve?

A2. We think that the total number of paying subscribers will continue to see a net decline given the external environment. However, because ARPU continues to rise, we don't think that net sales will decline significantly. We think that net sales for the current fiscal year will come close to the initial forecast because the number of paying subscribers of Video Market will be added in the second half due to its conversion to a consolidated subsidiary.

Q3. Has the withdrawal rate increased from before due to progress in subscriptions for services with high billing rates?

A3. The withdrawal rate has not increased as a result of promoting sales of services with a high unit price. To prevent the withdrawal rate from rising, we are working to provide enhanced services with an expanded selection of video titles and the number of points.

Q4. I had the impression that the number of subscribers was increasing at shops other than those of major carriers. What is its ratio to the total number of subscribers now, and what will happen to it in the future?

A4. The ratio is still about 5% of the total number of new subscribers, but we think that it will grow going forward. At shops other than carriers', sales are increasing through MVNO, etc. and there is growth potential in the ratio. We think that eventually about 20% of the total number of new subscribers will be those through this channel for attracting users.

Q5. Concerning your efforts for healthcare-related service business, I think that you are able to attract young users, but do you have any idea about your efforts for elderly people?

A5. We don't have any specific initiative to disclose at this time.

Q6. Are there any different characteristics in subscribers through MVNO compared to those through cellphone carriers, such as a higher withdrawal rate or a greater tendency to subscribe to a 1,000-yen course per month?

A6. Initially, when MVNO appeared on the scene, subscription to our content service was limited because many of the users themselves were strict on pricing. Recently, because MVNO has begun spreading to general users who are not so strict on prices, their withdrawal rate is at a level that is not much different from that for subscribers through cellphone carriers.

Q7. It seems that data linkage is progressing by degrees in your efforts for the health-related service business. How will you develop the business model going forward?

A7. We think that it will come to a business model of collecting usage fees from companies, local governments, hospitals and pharmacies little by little, while leaving usage fees for end users free of charge.