

Financial Results Presentation for Q3 FY2017
Summary of the main questions and answers

Q1. Is there any change in subscriptions to content through cellphone shops?

A1. There is no major change in subscriptions through cellphone shops. We are not noticing the level of quietness that we noticed immediately after the end of the provision of the 0-yen cellphone, when smartphones did not sell quickly, but visitors hardly ever come flooding in as they did when new models were launched in the past. Recently, subscribers have increasingly applied to subscribe to video content at optical communication line counters. This is limited to some of the mass retailers, but it is steadily increasing.

Q2. Will the new channel cover the decreased number of subscriptions for existing content?

A2. The operations of this new channel commenced in around June, and we are still ascertaining how it works. On the other hand, because many subscribers apply for the high-unit-price services of 1,000 yen and 2,000 yen, which are two to four times the price of the existing content, this will cover some of the decline in sales, although it is not sufficient to cover the decreased number of subscribers.

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. The analysis of the withdrawal rate of subscribers to the 2,000-yen service was not conducted sufficiently because the service only commenced this month, but the current situation does not seem to be too bad.

Q4. Regarding the launch of a trial of AI jointly with a bank, are there any special points regarding the development for a bank and its service?

A4. Local banks are the largest group companies to have adopted our AI. We currently have business with about 10 local banks, as well as financial institutions and real-estate companies, and we have an environment where we are more likely to accumulate expertise. We are receiving an increasing number of inquiries about the automatic answering of FAQ, especially from local banks.

Q5. Can you tell us about the vision for AI business development?

A5. The AI business of our subsidiary Automagi posted a profit. It has received numerous orders, and if we are able to secure a sufficient number of engineers to respond to the orders, we will be able to achieve steady growth.