

Financial Results Presentation for Q1 FY2018
Summary of the main questions and answers

Q1. The number of paying subscribers has continued to decrease. Provide information about the recent situation at cellphone shops, the channel for subscription application, and future movements.

A1. The sales quantity of devices have remained weak and thus there is no significant change in the recent situation. However, as mobile carriers ease restrictions on the inclusion of content, we have the impression that we will have less difficulty in including our content. In addition, the decrease in the overall number of paying subscribers will cause a smaller difference between new members and withdrawing members and we consider that there will be a time when the number of the former equals the number of the latter.

Q2. The increase in video content has caused a steady increase in ARPU. That trend continues. What level is forecast for the current and following fiscal years?

A2. As shown on page 6 of the materials, the year-on-year increase is ¥25. This is largely attributable to conversion of Video Market Corporation into a consolidated subsidiary. The quarter-on-quarter increase is ¥4.1 for the fourth quarter where the above influence did not exist, and ¥5.7 for the first quarter under review. Therefore, the growth trend is expected to continue at that pace.

Q3. Healthcare-related services have steadily increased the number of contracts with sports management services and others. In addition, the AI service seems to have made a good start. Please provide information about the scale of sales of those services.

A3. In the healthcare-related services business, net sales of new businesses other than the monthly fee-charging business are still in the hundreds of millions of yen. We intend to increase sales in the stock-type business such as the electronic maternity health record book services and check-up service for companies, CARADA, to a scale of one to two billion yen. Automagi, the subsidiary engaging in the AI services business, posted net sales from the AI business of about 200 million yen for the previous fiscal year. Twice that amount, or about 400 million yen is the plan for the current fiscal year.