

Financial Results Presentation for Q1 FY2019
Summary of Questions and Answers

Q1. Will all three carriers respond to the transfer of paying subscribers from feature phones (flip phones) to smartphones?

A1. Excluding SoftBank, NTT DOCOMO and KDDI are likely to transfer their paying subscribers. About 90% of our company's paying subscribers for feature phones subscribes to these two carriers and we think there will be almost no impact due to the termination of service for feature phones.

Q2. With regard to the increase in ARPU, you are saying that the number of subscribers for a service at ¥1,470 or ¥1,780 per month is on the increase. How will the profitability change compared with your existing service at ¥500 or ¥1,000 per month?

A2. It will not change. Up to now, the number of video views is fewer than that of MG (minimum guarantee). Recently, that number has increased close to the level of MG. From now on, the cost is likely to increase due to the rise in views of new Hollywood movies, but we do not think there will be an impact.

Q3. What is the current situation of the alliance with Medipal Holdings Corporation (Medipal)?

A3. With regard to the sales of cloud electronic health records, we have provided a detailed explanation to Medipal on a working level and we have already successfully won a contract through them. From now on, we expect Medipal to use its business capacity in sales. Because the online medical examination service recently launched, we will continue to focus on product development. We will start sales in the second half of this period.

Q4. What is the background of the support for fertility treatments by municipalities?

A4. We have the impression that municipalities are taking more active measures to address the shrinking birthrate than the Japanese government. The population decline is a serious issue outside of the Kanto area and metropolitan areas. With regard to the prefectures that concluded a comprehensive contract with our company, the first is Saitama Prefecture, which is in the Kanto area, and the second is Osaka Prefecture, which is one of the metropolitan areas in Japan. Therefore, we think that the prefectures across Japan are currently working on this issue.