

Basic Policies for FY2015

To expanding the business performance for the current fiscal year, our company has three basic policies.

- ① Enhancement in the RAF network
- ② Improvement of Average Revenue Per User
- ③ Expansion of the healthcare-related service business domain

① Enhancement in the RAF network

Although we are making efforts to increase the number of new subscribers through the RAF network, we are also promoting the following measures to further solidify the strength of the RAF network. Aggressively pursuing these quantitative and qualitative measures, we will seek to further expand the number of paying subscribers for smartphones by increasing the number of new subscribers and improving the turnover rate.

Quantitative Approach

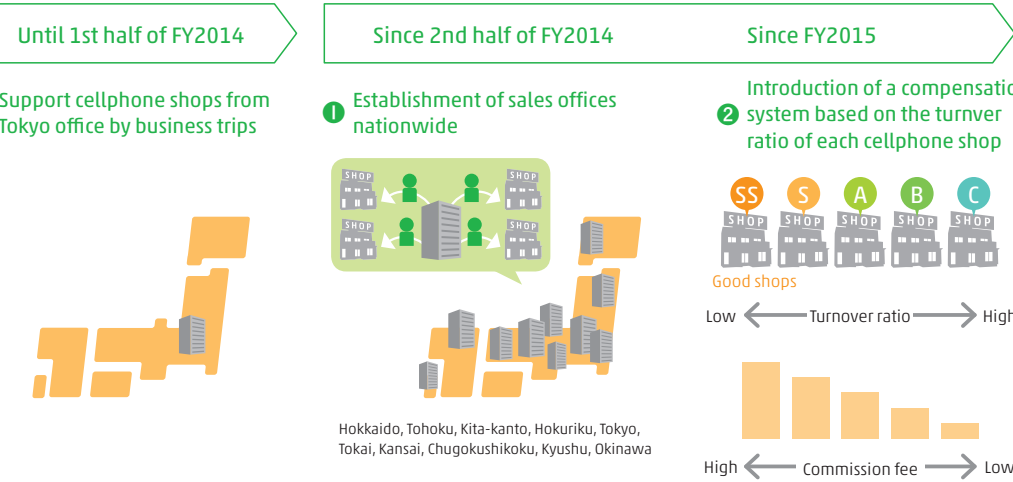
●Establishment sales offices in the nation

In the past, we supported cellphone shops from Tokyo, making business trips when it was necessary. We have established nine sales offices across the country. This has put in place a system for providing sales with detailed support and increasing the number of visits to cellphone shops.

Qualitative Approach

●Introduction of a compensation system based on the turnover ratio of each cellphone shop

In fiscal 2015, we move forward with the introduction of a compensation system based on the withdrawal rate of each cellphone shop. This system has enabled us to firmly establish the practice of providing customers who visit cellphone shops with in-depth explanations on the content, which in turn has led to a decline in the turnover rate.



② Improvement of ARPU

In addition to further expanding the number of paying subscribers for smartphones, we are also working actively to improve the average revenue per user (ARPU).

Sales in the content distribution business are calculated by using the following formula. In order to boost sales, we need to increase either the total number of paying subscribers or ARPU.

Net sales = Total number of paying subscribers × ARPU × 12 months

Because the total number of paying subscribers stays around 8 million, a ¥10 increase in the average annual ARPU will lead to about a ¥1.0 billion increase in sales, as shown below.

8.00 millions of people × ¥10 × 12 months = ¥0.96 billion

We intend to further improve ARPU by providing high value-added services in the following three categories.

●Music, books and videos

In September 2014, we launched a service of providing music, as well as books and comics, for a monthly fee of ¥400 (excluding tax) at *music.jp*. This service allows users to enjoy not only music but also books and comics through a single account.

In March 2015, we also elevated the level of convenience offered to customers by enhancing the services available to them. We added videos provided by *Video Market Corporation*, an equity method affiliate of MTI, enabling them to watch popular seasonal works such as TV dramas and anime they may have missed.



●Healthcare-related information

We provide *Luna-Luna*, a women's healthcare-related information service (monthly fee of ¥180 excluding tax). We also provide *Luna-Luna Family* (monthly fee of ¥300 excluding tax) in response to the rising needs in recent years for maternity-related information, applying the expertise we have cultivated with *Luna-Luna*.















For women who want to have a child, the first and most important step is to manage their menstrual cycle and date of ovulation. This will enable them to better understand the best timing for getting pregnant. With this thought in mind, the *Luna-Luna Family* service works to support women who want to have a child by informing them of the time they are most likely to get pregnant.

●Weather information

Life Ranger Weather (monthly fee of ¥100 and ¥300 excluding tax) is a community-based weather information service. It not only conveys the latest weather information from across the country quickly and accurately, but also provides highly sought information about typhoons, delivering detailed coverage of each region.

The service offered at a monthly fee of ¥300 also provides important local information for everyday life and news. This information includes train delays, traffic jams, traffic control, tornadoes, volcanoes, and disaster damage reports. Approximately 30% of the users of the *Life Ranger Weather* already use this expensive paid service.

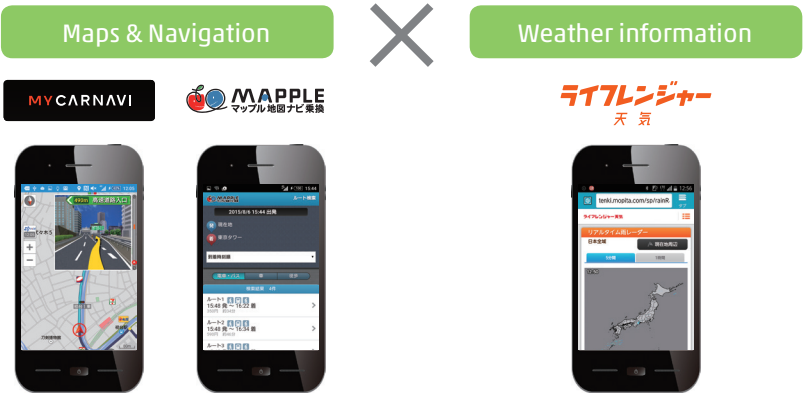
Policy of raising ARPU

Category	Music, books and videos	Healthcare-related information	Weather information
Service level			
High added value	 ¥400 / month (tax not incl.)  Integrated popular categories	 ¥300 / month (tax not incl.)  Shifted to a service which offers information centered pregnancy and raising children.	 ¥300 / month (tax not incl.)  Launched a weather information of region-based relationship
Basic value	   ¥300 / month (tax not incl.) 	 ¥180 / month (tax not incl.)	 ¥100 / month (tax not incl.)
Free service	 Free trial		

* There are some of price plans including ¥300 per month (tax not incl.) and fixed charge course and optional coins. For more details, please visit our each service site.

Life service is preparing a new high added value one as well.

To encourage customers to continue using our content, we seek to provide them with high value-added services. Currently we are preparing to combine the maps & navigation service with the weather information *Life Ranger Weather* and launch an integrated service this summer.



③Expansion of the healthcare-related service business domain

●We operate 4 core businesses in a mid-to-long term

We are working to create business opportunities by developing new services unique to smartphones. Our aim is to expand related businesses by investing in areas that are deemed to have a large market size and high growth potential.

In this environment, our focus is on the expansion of the healthcare-related service business domain as one of our medium- and long-term efforts and the promotion of the following four main services, making use of our existing customer base.

- 1: Women healthcare-related information service
- 2: Medical information service cooperated with doctors, etc.
- 3: Genetic analysis service
- 4: Machine-to-machine service



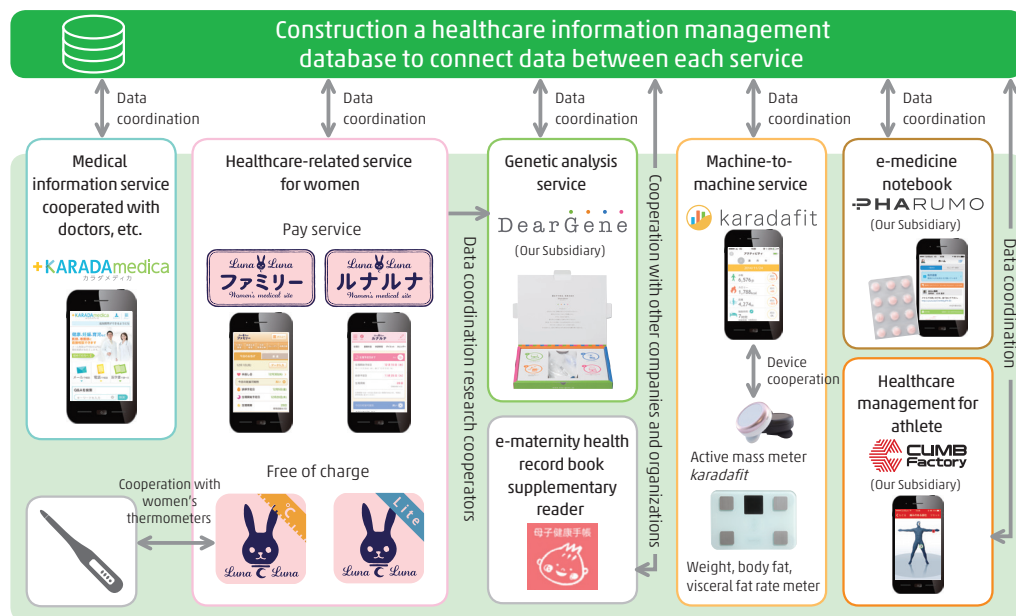
Ask a question about a worry and an uneasiness immediately


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●Future development of healthcare-related services

Although we currently provide these services separate from one another, our goal is to create an integrated custom-made healthcare service that coordinates between these services. The main focus of this integrated service will be existing content services, such as *Luna-Luna* and *KARADAmédica*.

The cooperation image between healthcare services



New subsidiaries in healthcare-related service business domain

As we introduced on the previous page, we have been operating healthcare-related services with the four core businesses. Since April 2015, we have acquired new subsidiaries which play important roles, and we introduce them as follows.

① CLIMB factory Inc. [Healthcare management for athlete]

CLIMB Factory supports athletes and the professional staff that support their health management. It records and analyzes all kinds of information on the health management of top athletes, enabling them to properly manage their health.

[Transacting results] Japan Football Association, University of Tsukuba, Orix Buffaloes, Morinaga Weider Training Lab.



- Coaches and staff are able to manage the data entered by athletes—such as data on their daily physical condition, sleep, and diet—with a dedicated application for coaches and staff.

② PHARUMO, Inc. [electronic medical notebook service]

To provide a scheme for local medical cooperation based on dispensing pharmacies, PHARUMO produces and operates an electronic medicine notebook *Pharumo*. Developed with the help of pharmacists, Pharumo is intended to help improve adherence (the concept of patients understanding their own medical treatment and taking part in it).



- Users can read the drug information details, in addition to the prescription record introductions, with a single click of a button.
- Users can view videos and guiding prescriptions.
- Users can easily ask pharmacists questions using the communication function.