

Summary of Main Questions and Answers at the Results Briefing for the First Quarter of the Fiscal Year Ending March 31, 2017

The following is a summary of key questions and answers at the results briefing for the first quarter of the fiscal year ending March 31, 2017, held on August 4 (Thursday), 2016.

Q1. Reason for unchanged sales ratio of durable goods and consumables

A1. While sales from consumables have grown steadily, sales of durable goods also grew due to a good performance in the direct sales PC category. Although the market saturation for PCs is high, consumer behavior shifting from offline to online seems to be a driving factor in the sales growth for direct sales PCs

Q2. Regarding *tabelog's* plans to implement pay-per-use payment options for restaurants

A2. While we cannot disclose any details, we are on-track to release new payment plans within this fiscal year

Q3. Lower monthly unique user numbers QoQ

A3. Each year, seasonal factors lead to an increase in user numbers in March. Current numbers show that user numbers in July are already higher than in March and we expect this trend to continue.

Q4. Impact of adopting IFRS on Kakaku's M&A policy

A4. Adopting IFRS will not result in a more active policy regarding M&As. We will continue to consider both in-house developments as well as M&As

Q5. Lower advertising revenue YoY and future outlook

A5. Advertising revenue in the first quarter decreased due to lower ad spend from manufacturers impacted by earthquakes in Kumamoto. We will continue to drive our advertising business by raising prices for advertorials, which we are very good at, and by expanding our line-up of smartphone ads.

Q6. Impact of *tabelog* app renewal

A6. It is still too soon to tell what kind of impact the renewal will have, as app users only make up a small percentage of *tabelog* users over all. The purpose of this renewal was to encourage more users to log-in and we are seeing an increase by 1.5 times. The timeline function, which can only be accessed when logged-in, will be an important factor in raising *tabelog's* value as an online media. By implementing such functions, we also hope to raise user loyalty.

Q7. Current status of *Kakaku.com* app

A7. Since the release of the *Kakaku.com* app, user numbers have not increased significantly. In terms of usability, the difference between app and browser is very small and our focus lies on improving usability for smartphones overall

Q8. Peer-to-peer categories in *Kakaku.com*

A8. We provide an auction service for durable goods, as well as a peer-to-peer marketplace app, called *Furimano*. Since peer-to-peer transactions are starting to gain attention for being exempt from consumption tax, we would like to focus on this category going forward.

Q9. Current status and future outlook of monetizing *Yoyaku Note*

A9. We are not planning on monetizing *Yoyaku Note* by itself. Our focus lies on generating revenue through customer acquisition via tabelog. Since restaurants using online reservation services, have the most need for a reservation management system, we want to focus on popularizing the use of online reservations first and introduce *Yoyaku Note* to restaurants using online reservations, as a next step.

Q10. New initiatives with other carriers in terms of offering new user services

A10. We are preparing to release a new service within this fiscal year.

Q11. Reason behind the release of recipe app *Recipom*

A11. The recipe market has a lot of strong players and we hope to differentiate ourselves by providing only high quality pictures and recipes. Download numbers are still very small, but the high ratio of active users, lead us to believe that the service is competitive. The business model will be advertising.
