

Questions and Answers

Date: May 17, 2018 (Thu) 16 : 30~17 : 30
Place: OTEMACHI 1st SQUARE CONFERENCE Room C, Tokyo
Speaker: Mr. Kenji Kamiya, President
Mr. Akito Ode, Executive Officer
Mr. Takehito Suzuki, General Manager, Corporate Planning Department

※The following is the content of the questions and answers at the financial results briefing. Some parts have been added and corrected for making them more understandable.

• **Regarding the full year earnings forecast for the term ending March 2019 (Presentation Material, p.19)**

- Q. In the full year earnings forecast for the term ending March 2019, are you anticipating an increase in advertising expenses in the SG&A expenses?
- A. Yes, we are anticipating an increase in the advertising expenses during the term. Please refer to page 19 of the Presentation Material for detailed amounts. More specifically, in the automobile-related information business, we envisage the costs connected to the alliance with our partner companies towards building “Goo Life Time Value,” and, for the lifestyle-related information business, we are expecting an increase in advertising expenses in nursing, medical and welfare.
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• **Maintenance Area: About GooPit (Presentation Material, p.8 and p.28)**

- Q. The number of fee-charging affiliated shops of GooPit increased rapidly through the 3Q and 4Q. Could you explain what specifically changed from before?
- A. There are two main reasons why they have increased.
Firstly, we have expanded our operational areas. Previously we were operating a business primarily targeting maintenance shops close to our GooPit business bases. The expanded operational areas contributed to an increase in the number of fee-charging affiliated shops of GooPit.
Secondly, the number of fee-charging shops has grown as we have come to be able to concretely present highly effective advertisements to attract customers (maintenance records contents) for maintenance shops and GooPit's customer attraction efficacy has been improving.
- Q. Are you expecting that you'll reach the break-even point if you manage to reach your target of 3,250 fee-charging shops for the term ending March 2019?
- A. That's right. We believe that the GooPit advertising business will reach the break-even point if we manage to achieve 3,250 fee-charging shops. This is of course on the assumption that turnover per shop will be maintained.
- Q. Your target of 3,250 shops for the term ending March 2019 feels slightly on the conservative side. What is your view?
- A. We are hoping to achieve that target of 3,250 shops as early as September 2018. Even if it takes a bit longer, we still want to get there by December 2018. However, we want to make sure that we take care of the management businesses for our existing clients, especially because we will be needing the support of maintenance records contents to exert an effect of GooPit to attract customers. So, although we are not expecting the GooPit fee-charging shops to increase as much as they did during the 4Q, it is still our aim to make something tangible of the GooPit advertising business by the end of the term ending March 2019.