

**GURUNAVI**  
**Medium Term Management Plan**

**July 2016**

Corporate mission and business area

Future business expansion

Business area expansion and numerical plan

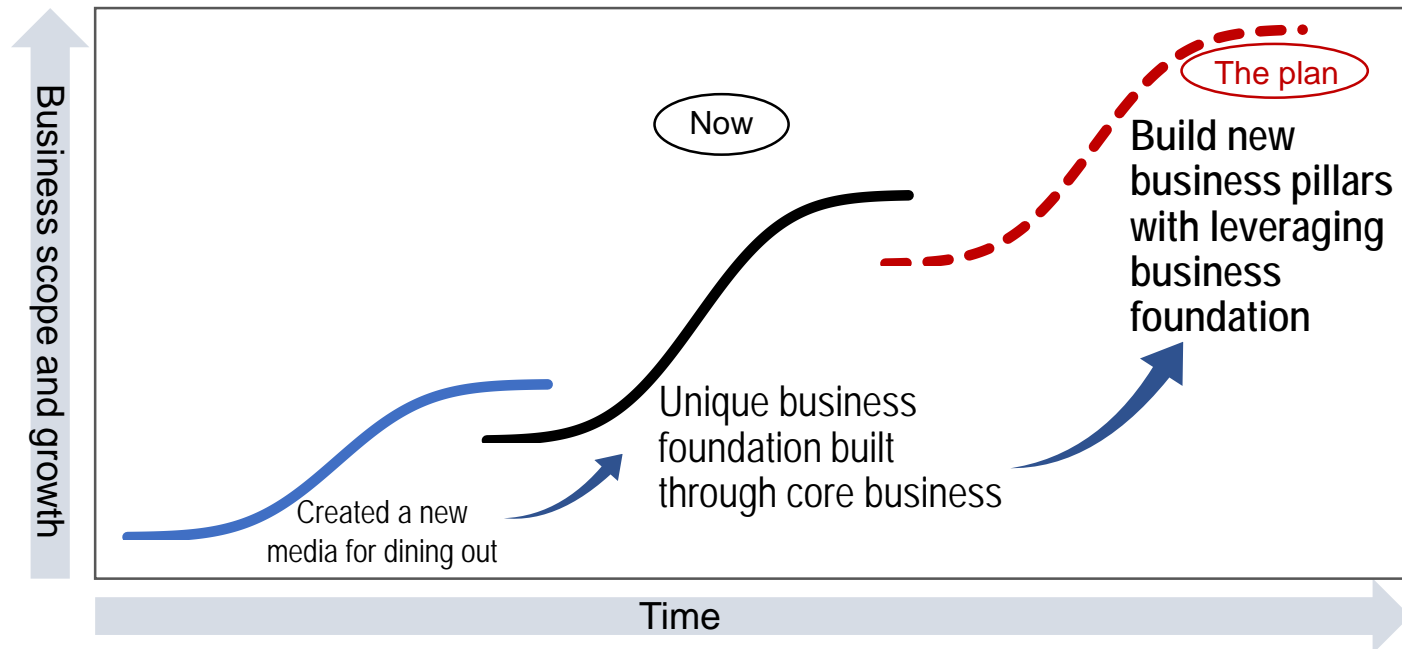
## ■ Purpose of the plan

- To formulate strategies to evolve business foundation and achieve continued growth.
- To build new business pillars for the next 20 years, leveraging the past 20-year experience of business.

Strengthen core business

+

Build a business portfolio



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## Foster an appreciation of Japanese culture

Mutual respect for national culture and the history that shaped it is essential in a global society.

Gurunavi's founding aspiration is to communicate Japanese culture to the world by encouraging Japanese and non-Japanese alike to understand and appreciate the culture through firsthand experience.

## Protect and nurture Japan's food culture

Discernment and passion for food is a national characteristic in Japan. Gurunavi aims to leverage this trait to develop and expand a business overflowing with Japanese-style originality

### What makes Japan's food culture unique

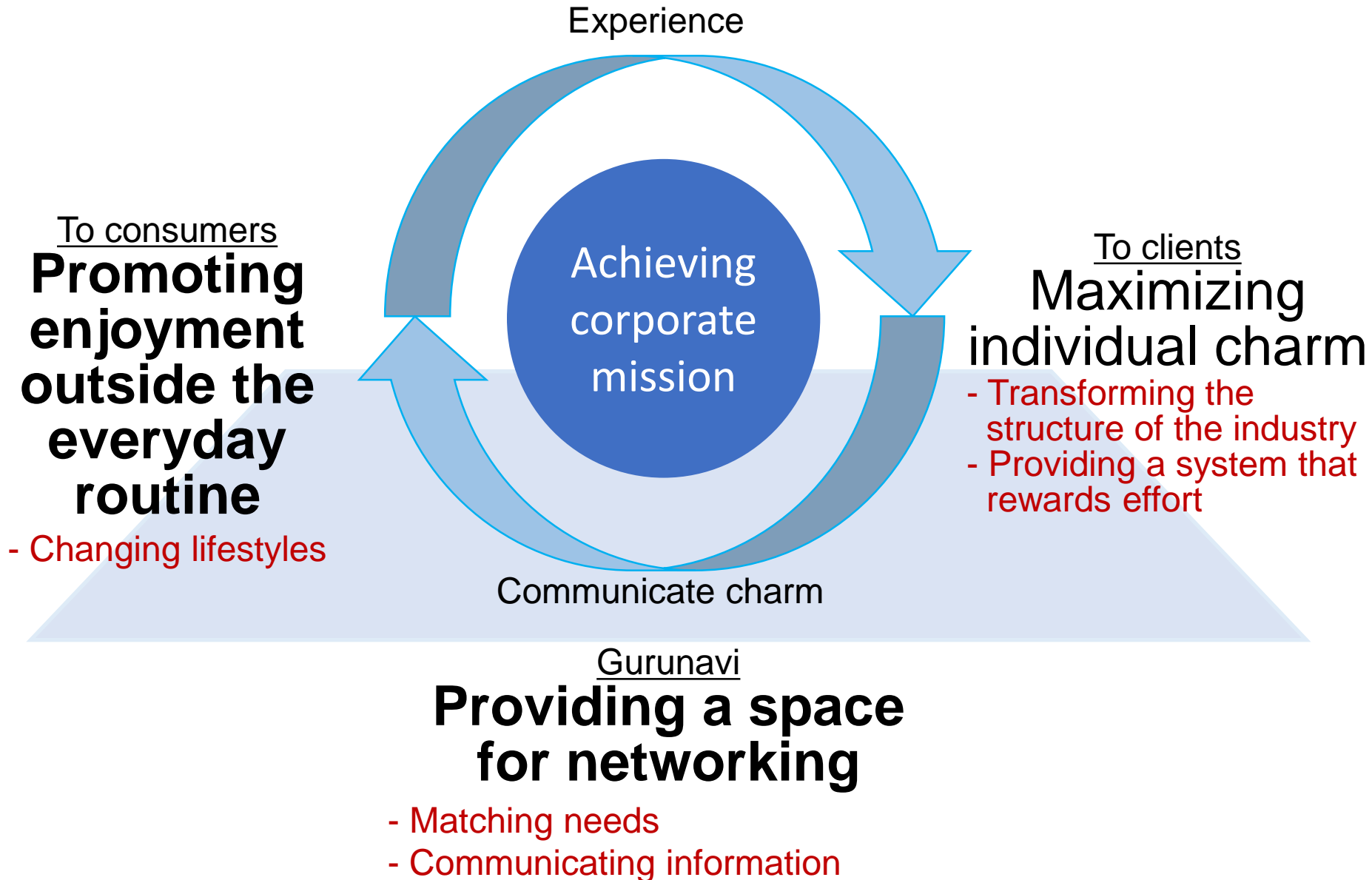
#### Plentiful ingredients

- Climate
  - Clearly defined seasons, six climatic zones
- Geography
  - North-south elongation, long coastline



#### Diverse evolution

- History
  - Introduction and integration of other cultures
  - Evolution of Japanese culture
- National characteristics
  - Tradition of craftsmanship
  - Appreciation of quality food and ingredients
  - Traditional adherence to harmony (*Wa*) in combination of ingredients and serving presentation



The enjoyment of doing something outside the everyday routine encourages people to try cultural experiences.

It leads to

Unconscious acquisition of cultural experiences

- In an enjoyable situation, cultural experiences are natural and unforced.

and

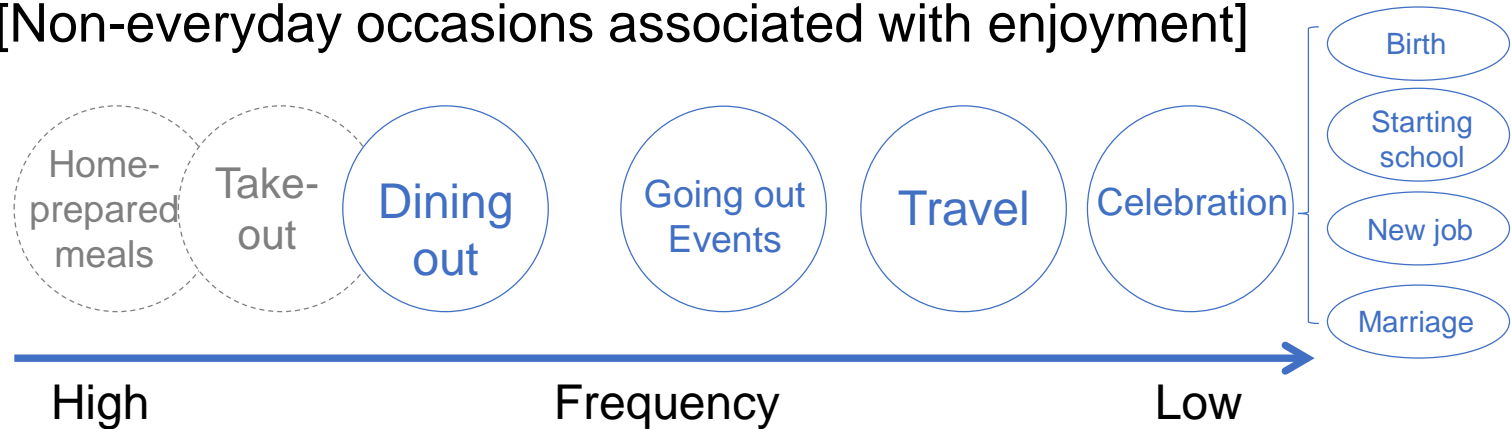
Encourages repeat experiences

- Enjoyable experiences encourage repeat behavior.
- As more people return for the same experience, the providers are motivated to maintain and improve the quality of their offerings.



Target business areas that are associated with enjoyment or that create enjoyment

[Non-everyday occasions associated with enjoyment]



① Business areas associated with enjoyment

E.g. Dining out, going out, events, travel, celebrations

② Business areas that create enjoyment

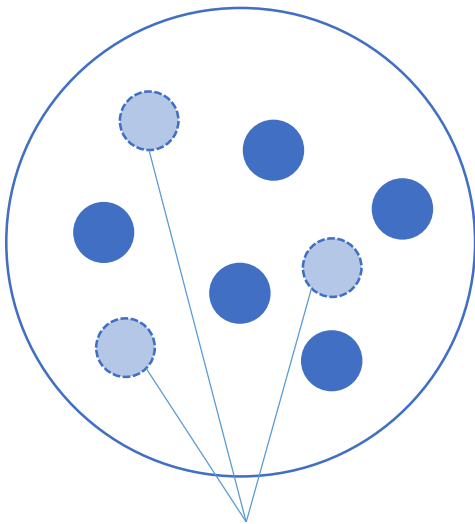
E.g. Turning home-prepared meals and take-out into special events

To respect individuals is to protect unique cultures

Individual cultures are scattered all over the country. Some are famous, some are obscure. Some are new, and some are old.

Maximize and communicate the charm of individuals

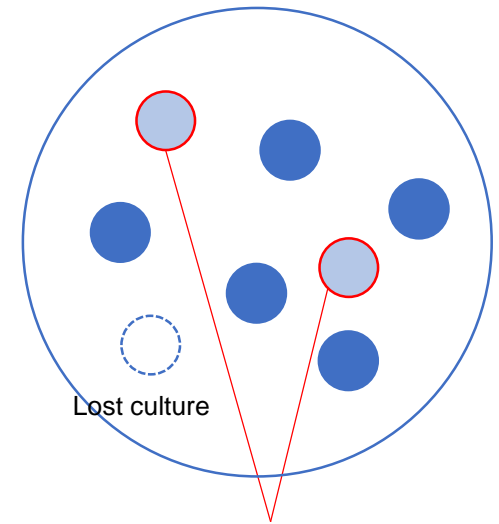
As more people experience and come to know the charm of each culture, they protect its existence.



Individual cultures that could disappear without intervention

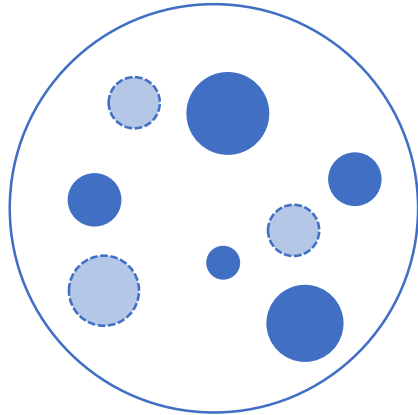


- ① Understand and rediscover individual charm.
- ② Communicate this charm to consumers.
- ③ Encourage consumers to try cultural experiences.
- ④ Maintain and enhance individual charm.



Individual cultures that need not disappear

Our primary target segment is clients group that lack sales capabilities



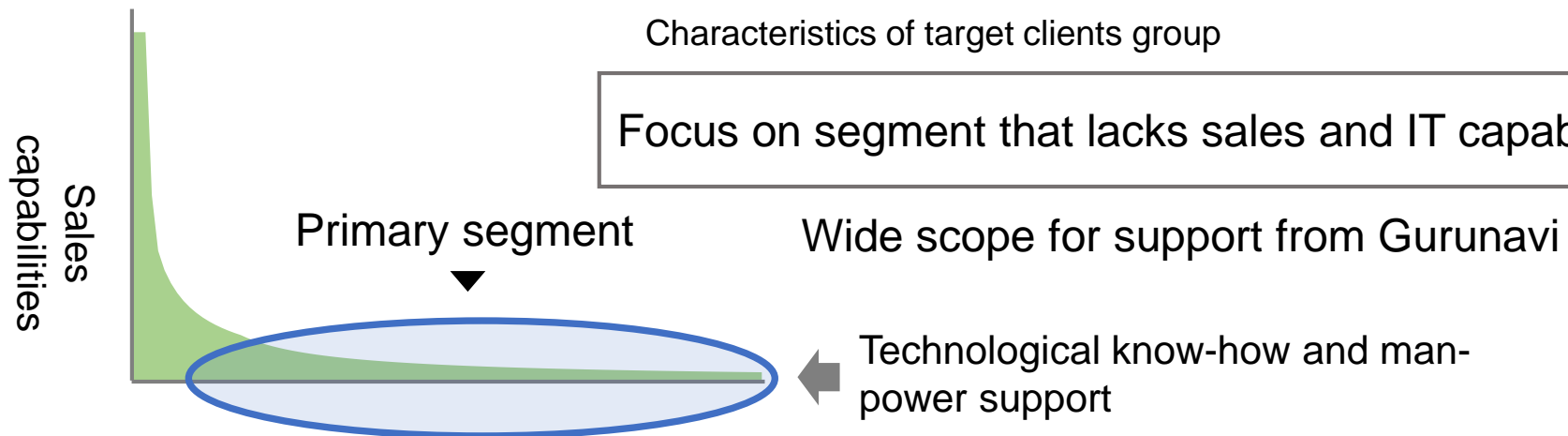
Support wide-ranging sectors in target segments

- Diverse groups of clients - famous and obscure, new and old.
- Hidden charms not widely known



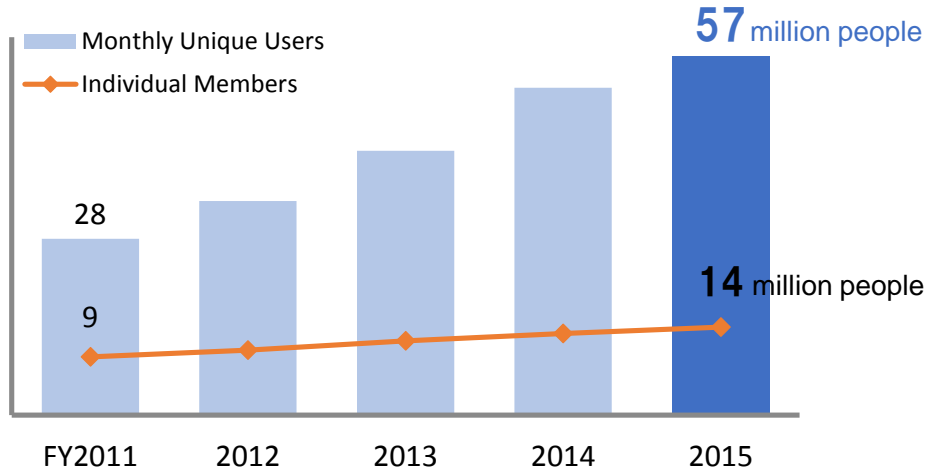
Characteristics of target clients group

Focus on segment that lacks sales and IT capabilities

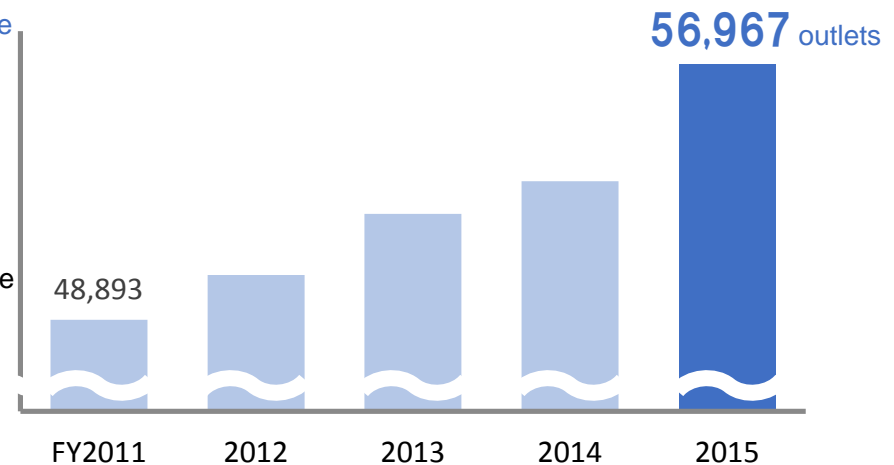


Steady growth in our core restaurant promotion business

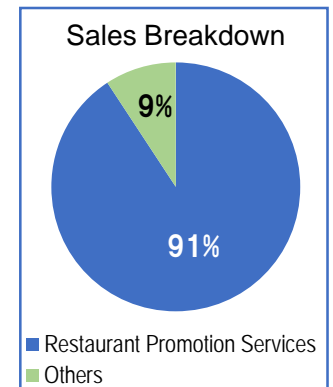
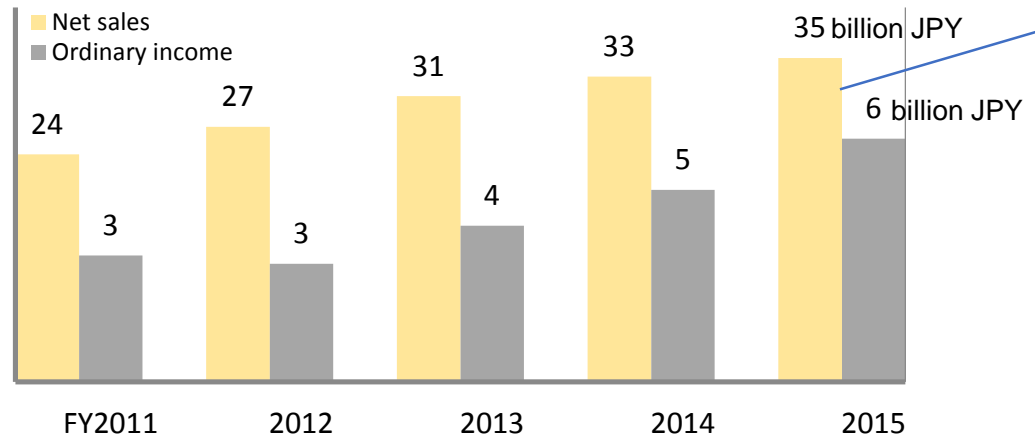
Monthly Website Users and Registered Individual Members



Paid-Member Restaurants



Income



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## Expanding business fields of restaurant support business and building new businesses in other markets

### Expanding business fields of restaurant support business

- **Supporting restaurants' sales promotion**  
Increase site users by leveraging our strengths, proactively seeking partnerships with other companies, and strengthening website functions, etc.
- **Supporting restaurants' business diversification**  
Help restaurants diversify by providing support in responding to consumers' changing needs and leveraging their existing resources
- **Supporting restaurants' other business**  
Business support centered on ICT use for restaurants, with a view to applying latest technologies

### Creating and expanding new business fields

- **Business support to businesses in primary and secondary food sector**  
Support centered on the promotion of producers and food product manufacturers (including branding support)
- **Further expanding the field of non-everyday occasions**  
Develop business in areas where food is a major component, such as travel and outings
- **Expansion of paid-membership services to consumers**  
Strengthen our own services  
Tie-up with services from other companies

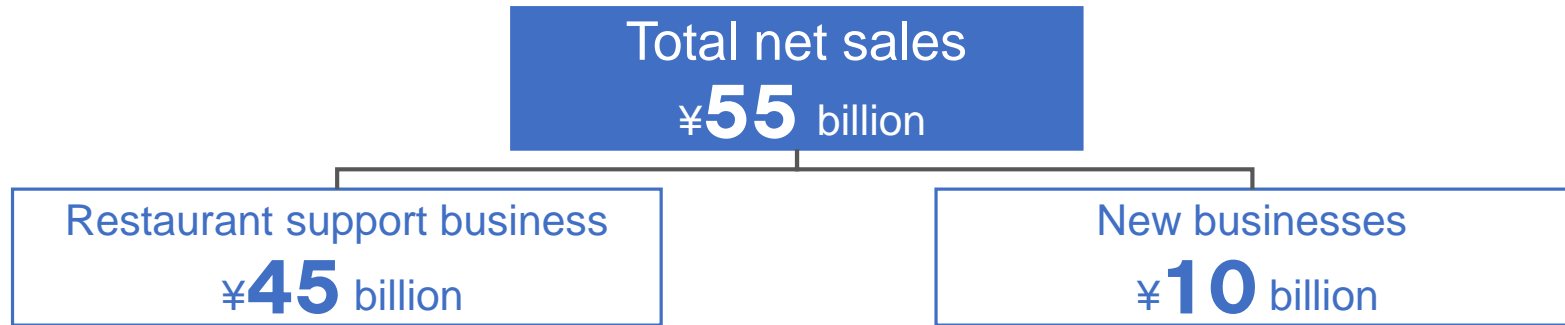
### Key strategy for development

Fully leverage management resources

Engage in open innovation

Utilize big data

(collection/processing/  
analysis/application)



## ● Supporting restaurants' sales promotion

- Evolve official website
  - Improve customer referrals, including tie-ups with other companies' media
  - Strengthen tools for individual member data collection
  - Expand number of member restaurants in line with user needs (regional, overseas, type of restaurant)
  - Establish new search methods
- Expand promotional products
  - Promote online reservations, expand targeting products
- Further capitalize on business entertainment demand

## ● Supporting restaurants' business diversification

- Support development of home cooking and home-meal replacement  
e.g.) Opening a store in the shopping mall on the internet, on-line ordering system for meal delivery service, etc.

## ● Supporting restaurants' other business

- Multi-lingual sites, ingredient procurement support, customer relationship management, etc.

## ● Business support to businesses in primary and secondary food sector

- Promotion, branding support, etc.  
(local governments, manufacturers, producers)

## ● Further expanding the field of non-everyday occasions

- Travel (LIVEJAPAN, Gurutabi), outings (Let's enjoy TOKYO)
- Gifts (hospitality gifts)

## ● Expansion of paid-membership services to consumers

- Strengthen our own services (Club Michelin, and other paid-membership services)
- Tie-up with services from other companies

Implement three growth drivers that leverage strengths

① Development using original infrastructure

② Leverage user reach in major cities

③ Build systems to facilitate innovation



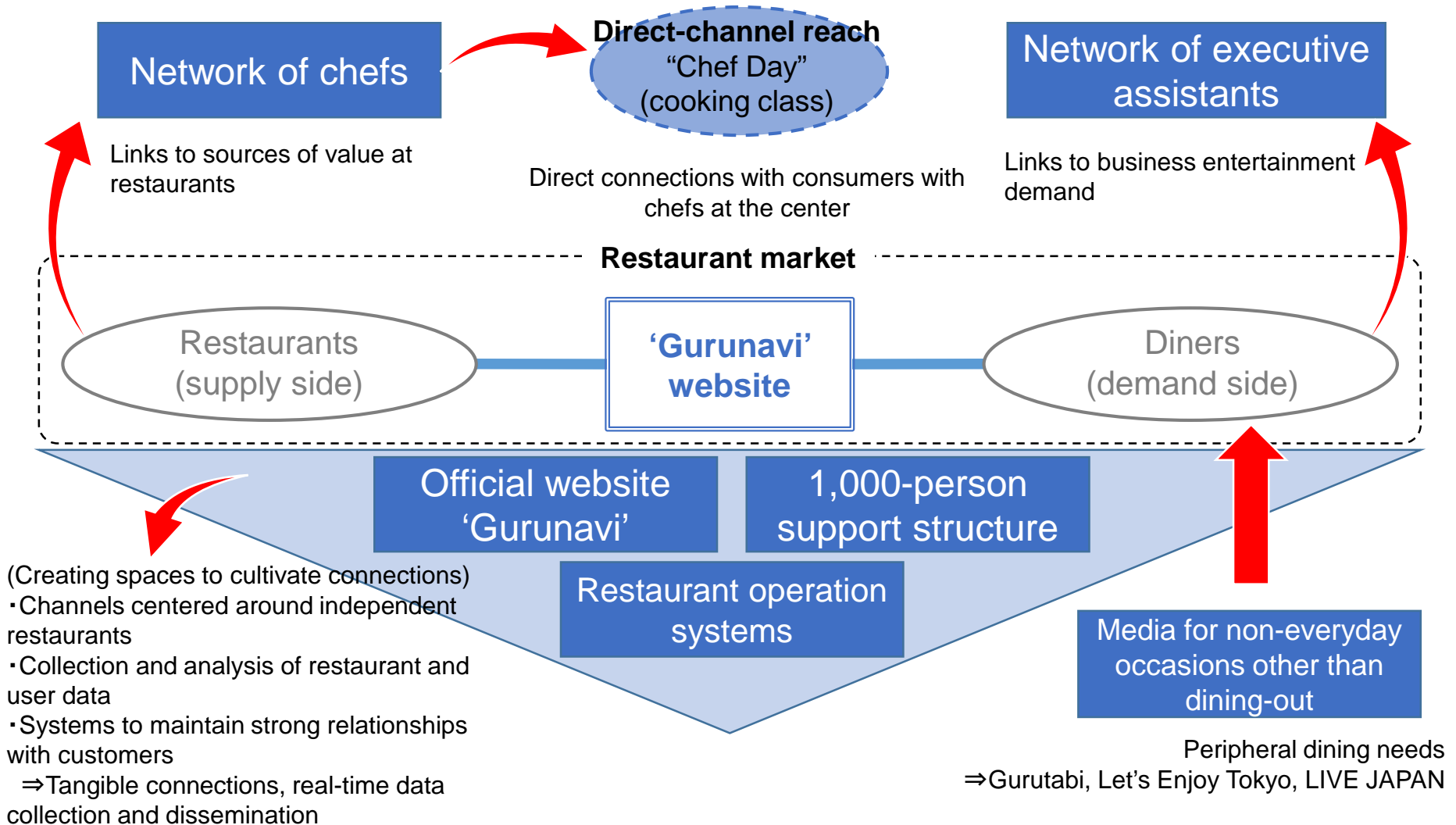
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## Building a system directly linked to key components of the restaurant market



## Original infrastructure is a Gurunavi core competence

### Gurunavi strengths

Official website  
'Gurunavi'

1,000-person  
support structure

Restaurant  
operation systems

- Brand power as a restaurant media
- Accumulated data on a large and diverse collection of restaurants and users
- Structure for quickly approaching a large number of restaurants
- Deep relationships built on interaction with restaurants in multiple areas
- Real-time information dissemination tool used by large number of restaurants

Network of chefs

Network of executive  
assistants

- Collaborate closely with professionals knowledgeable about cooking techniques and selecting ingredients, and creative with food
- Collaborate closely with professional and discerning assistants who are key people in regards to business entertainment

Media for non-  
everyday occasions

- Collect information on an extremely large and varied selection of business operators and users in the non-everyday occasion sector (travel, events, etc.)

### Original infrastructure

Core infrastructure

Gurunavi's core structure

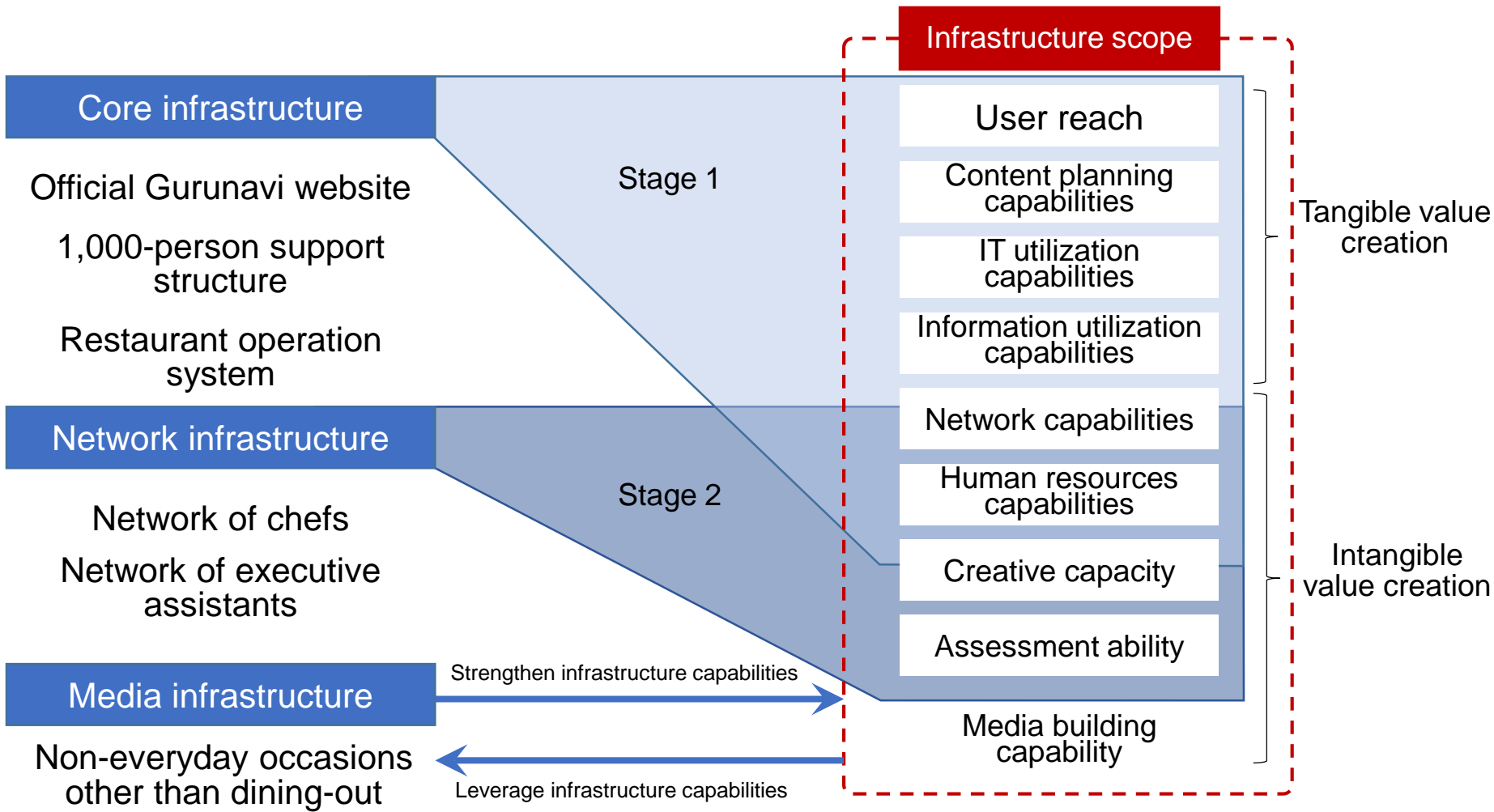
Network  
infrastructure

Human resources with  
superior ability

Media  
infrastructure

Strengthens core  
infrastructure

Leveraging the full scope of Gurunavi's infrastructure to support sustainable growth



Utilize our infrastructure capabilities to collaborate with influential companies, accelerate business advancement



Leverage the full scope of our infrastructure to make changes to the external environment into business opportunities

## Demographic shift

Declining overall population  
Accelerated aging society with low birthrate  
Continued concentration in Tokyo area

## Growth opportunities for Japan

Olympics and Paralympics to be held in Tokyo  
Creation of a tourism-orientated country (regional revitalization playing a central role)  
Development of a competitive agricultural sector (TPP)  
Becoming a leading country for healthcare (making healthcare a growth industry)  
Progress towards a fourth industrial revolution

## Changing consumer lifestyles

Proliferation of smart devices  
Increasing use of big data  
Growth of the sharing economy

Original  
Infrastructure

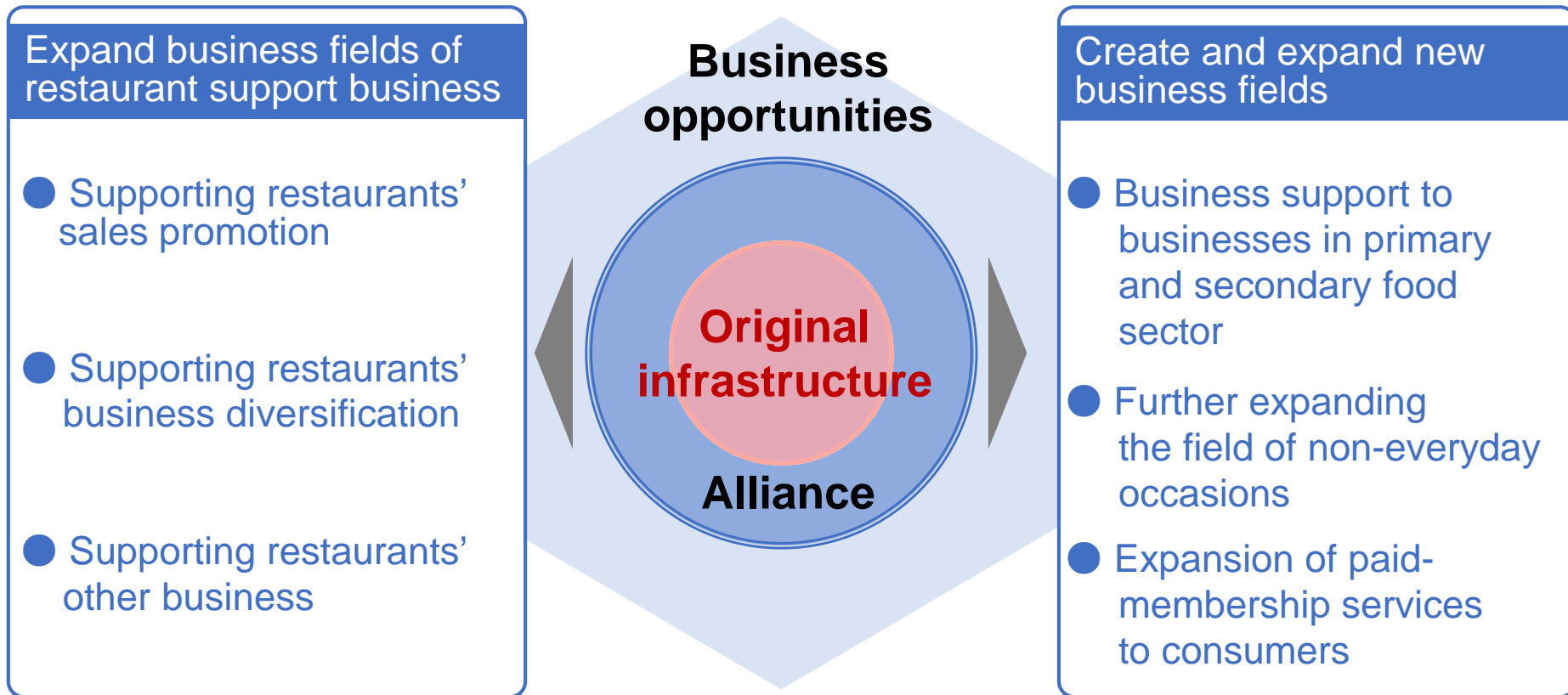
- Support restaurant diversification and accelerate operational support

- Increase restaurant users
- Promote ICT usage by restaurants
- Accelerate support for regional revitalization

- Accelerate big data usage
- Evolve information collection and dissemination system

Expand business by incorporating external capabilities centered on our original infrastructure

Capture business opportunities ← Leverage original infrastructure + Complement through alliances



Implement three growth drivers that leverage strengths

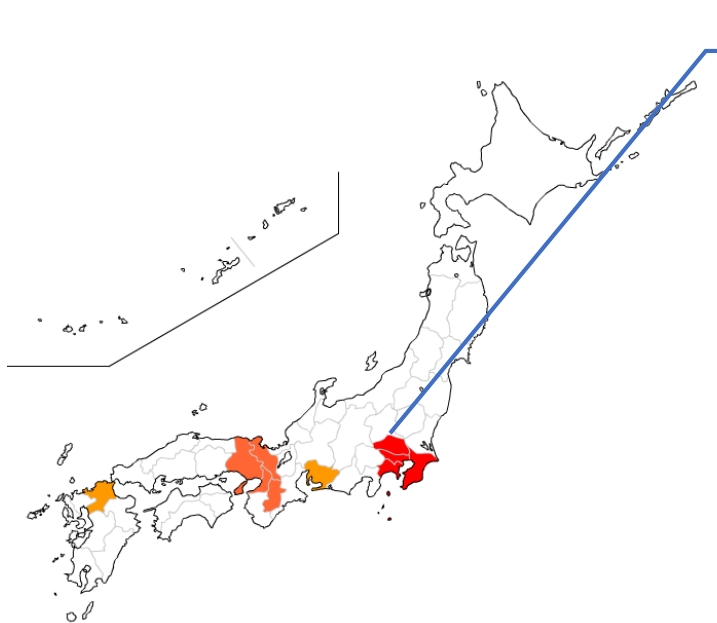
① Development using original infrastructure

② Leverage user reach in major cities

③ Build systems to facilitate innovation



Residential populations, purchasing power and population influx are overwhelmingly concentrated in major cities



## Characteristics of the Greater Tokyo area

\*Greater Tokyo area: Tokyo, Kanagawa, Chiba, and Saitama

### Current

(Percentage of national total concentrated in Greater Tokyo area)

Population*1:	28%
Restaurant sales*2:	44%
Retail sales*2:	36%
Foreign visitors*3:	40%
Domestic visitors*4:	20%

### Near future

Tokyo Olympics and Paralympics:

⇒ accelerated influx of people from both Japan and overseas

Long term rise in percentage of national population\*1:

⇒2010: 27.8%; 2020: 28.8%; 2030: 29.5%

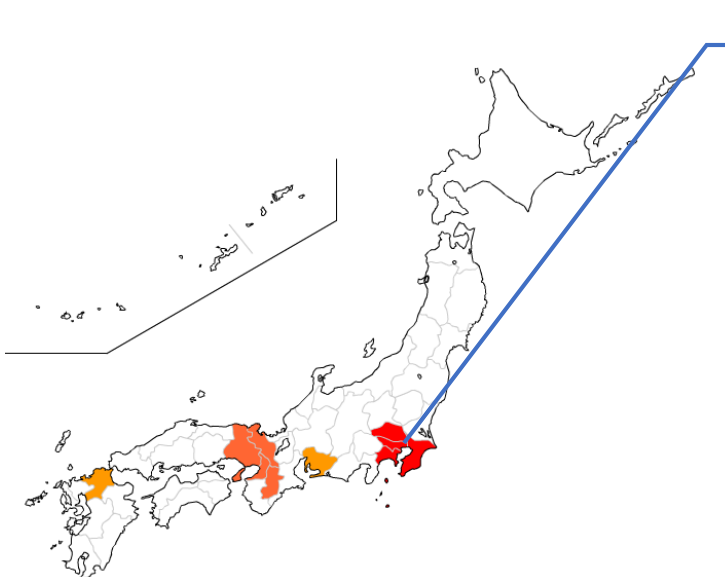
\*1: National Institute of Population and Social Security Research  
*Estimated future population of Japan by prefecture*

\*2: Bureau of Statistics  
Ministry of Internal Affairs and Communications  
*2012 Economic Census for Business Activity*

\*3: Japan Tourism Agency  
*Jan. – Mar. 2016 survey of consumption by overseas visitors to Japan*

\*4: Japan Tourism Agency  
*Travel and tourism consumption trend survey 2014*

Business development up to now has resulted in significant user reach in major cities



## Strength in the Greater Tokyo area

\*Greater Tokyo area: Tokyo, Kanagawa, Chiba, and Saitama

### Restaurant support business track record

Percentage of total number of member restaurants in Japan	
Greater Tokyo area:	<b>50%</b>
Annual PV by Gurunavi members	
Restaurants in Greater Tokyo area:	<b>60%</b>
Percentage of total number of Gurunavi members in Japan	
Greater Tokyo area:	<b>44%</b>

### Let's Enjoy Tokyo user reach

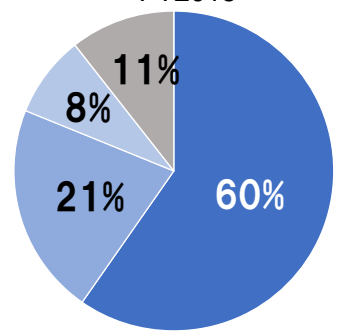
Monthly users:	<b>4.8 million</b>
Members:	<b>550,000</b>

### New user reach through LIVE JAPAN

Participating companies:	<b>22</b>
Featured facilities:	<b>2,500</b>

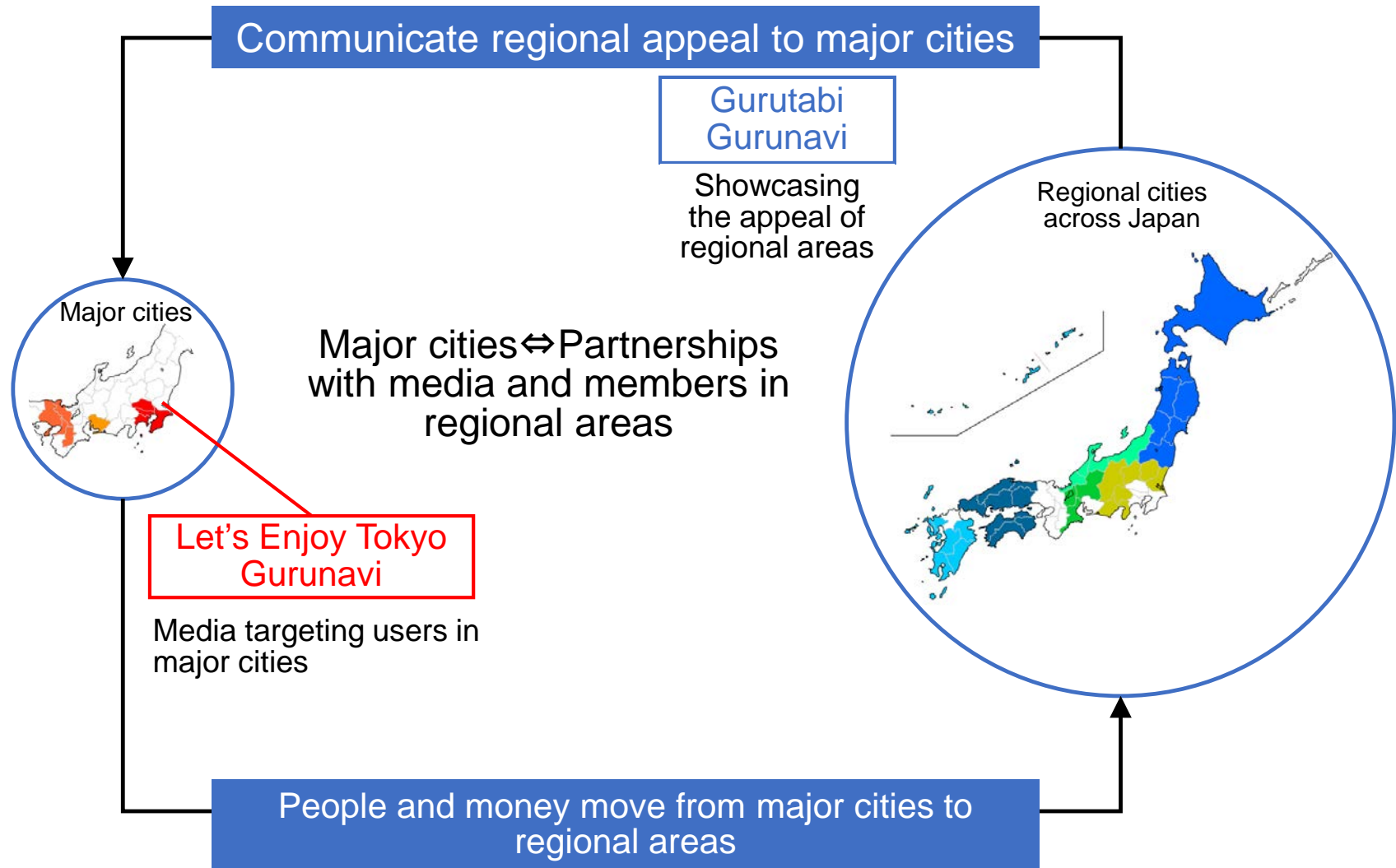
\*At service start

Restaurant promotion services sales ratios: FY2015



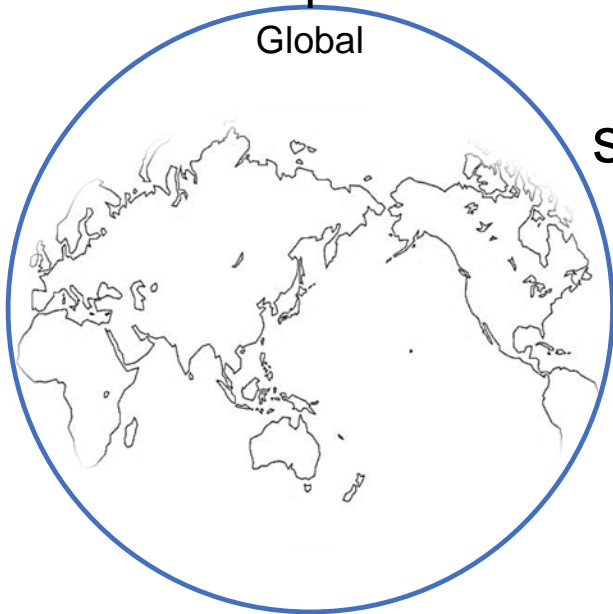
■ Greater Tokyo area     ■ Osaka area  
■ Core regions (Aichi, Fukuoka)     ■ Other area

Leverage user reach in major cities for unique regional revitalization



Make full use of LIVE JAPAN, a tourism information service for overseas visitors to Japan started in the Greater Tokyo area

Welcoming foreign visitors to Japan



One-stop guide service for major cities  
+  
Chance to communicate the appeal of regional areas of Japan



Leverage the Tokyo Olympics and Paralympics to promote the whole of Japan

Major review sites, Japanese Restaurant Week, Japan Trend Ranking, etc.

Fully engage foreign visitors to Japan

Become the No.1 service for foreign visitors

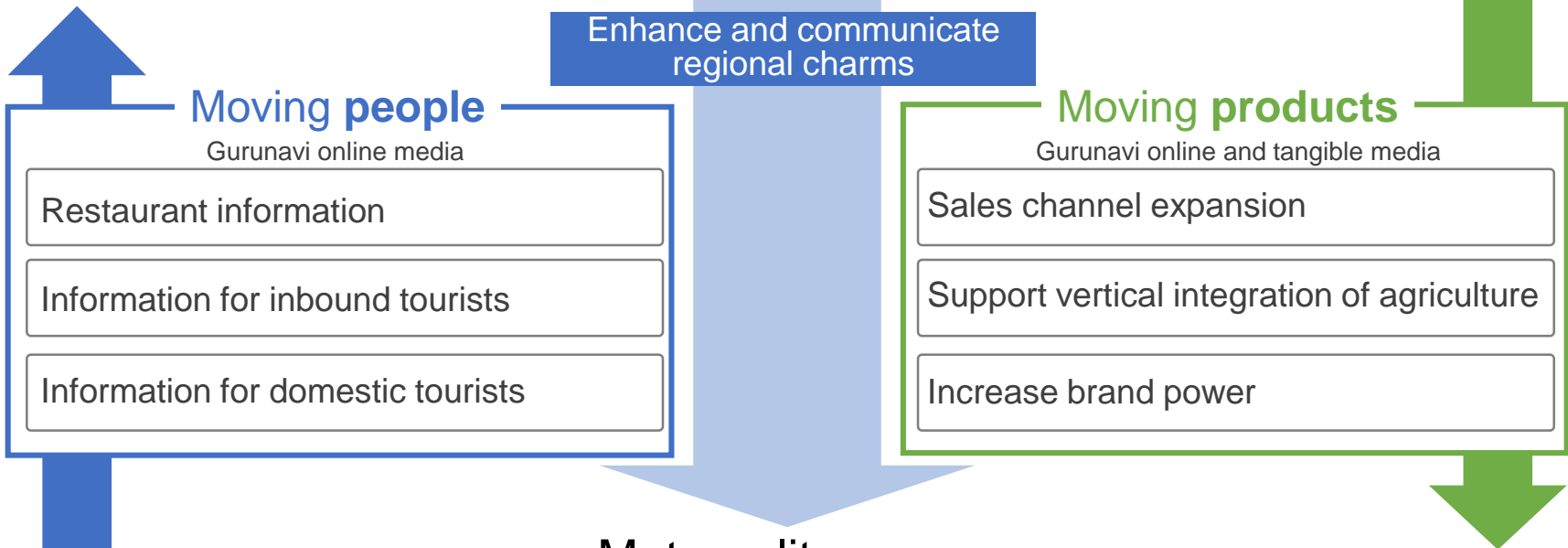
LIVE JAPAN, Gurunavi multi-lingual sites

## Get **people** to regional areas and consuming local **products**

### Regional cities across Japan



### Enhance and communicate regional charms



### Metropolitan area



Implement three growth drivers that leverage strengths

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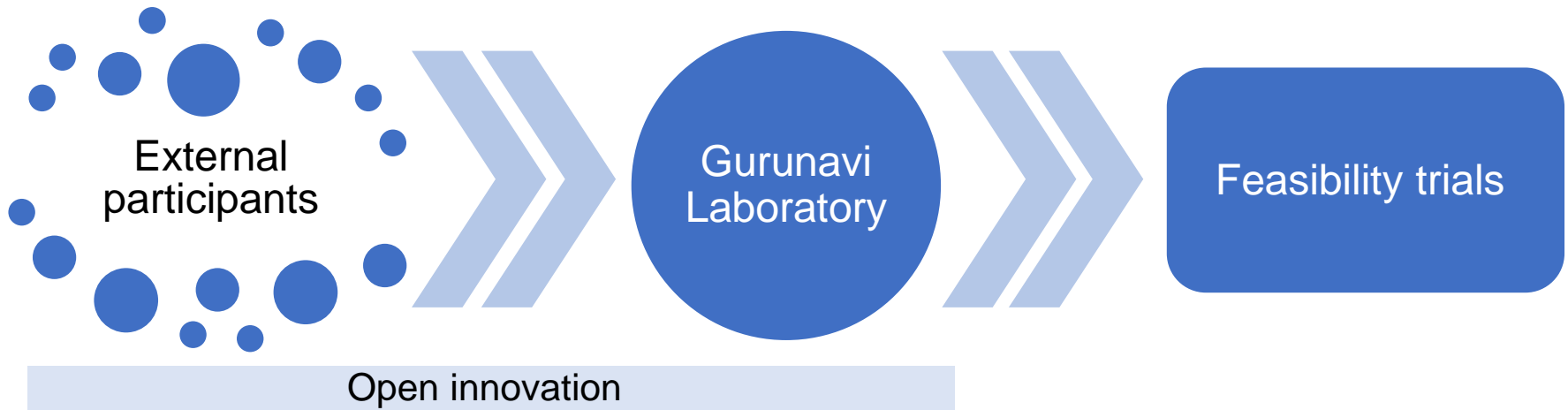
③ Build systems to facilitate innovation

## Producing innovation through applied research on technological and open innovation

(Accumulate a wide-range of expertise)

(Blend internal and external expertise)

(Quickly implement successful results)



- Keep current on latest information regarding technology, business, etc.
- Collaborate with restaurants and chefs
- Collaborate with companies and individuals

- Provide a system for applying Gurunavi business resources (information and know-how)
- Applied research utilizing infrastructure

E.g.: System for gathering and disseminating information using AI, IoT  
Developing new ingredients with chefs (variation and improvement)  
Hold business contests

- Expand support team that can swiftly implement alliances and M&A

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## Expansion of paid-membership services to consumers

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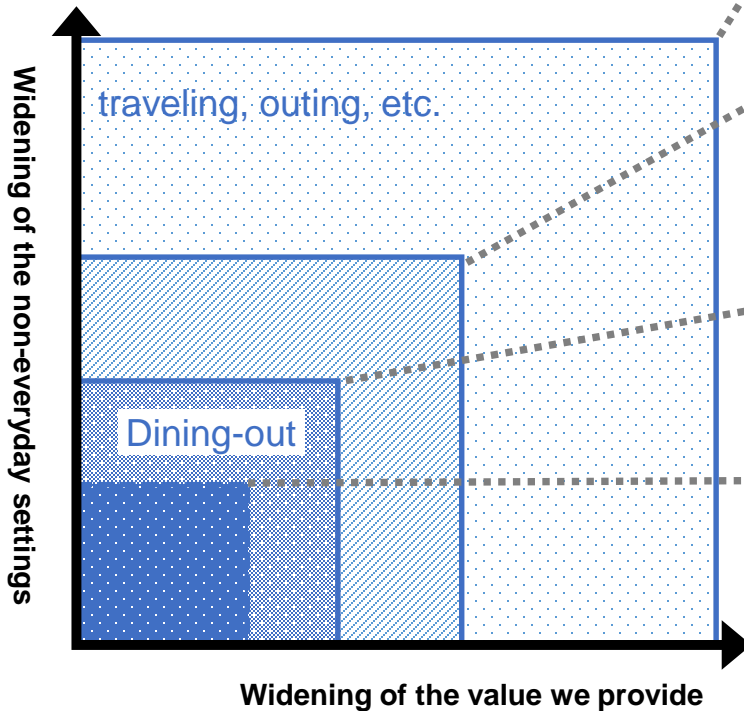
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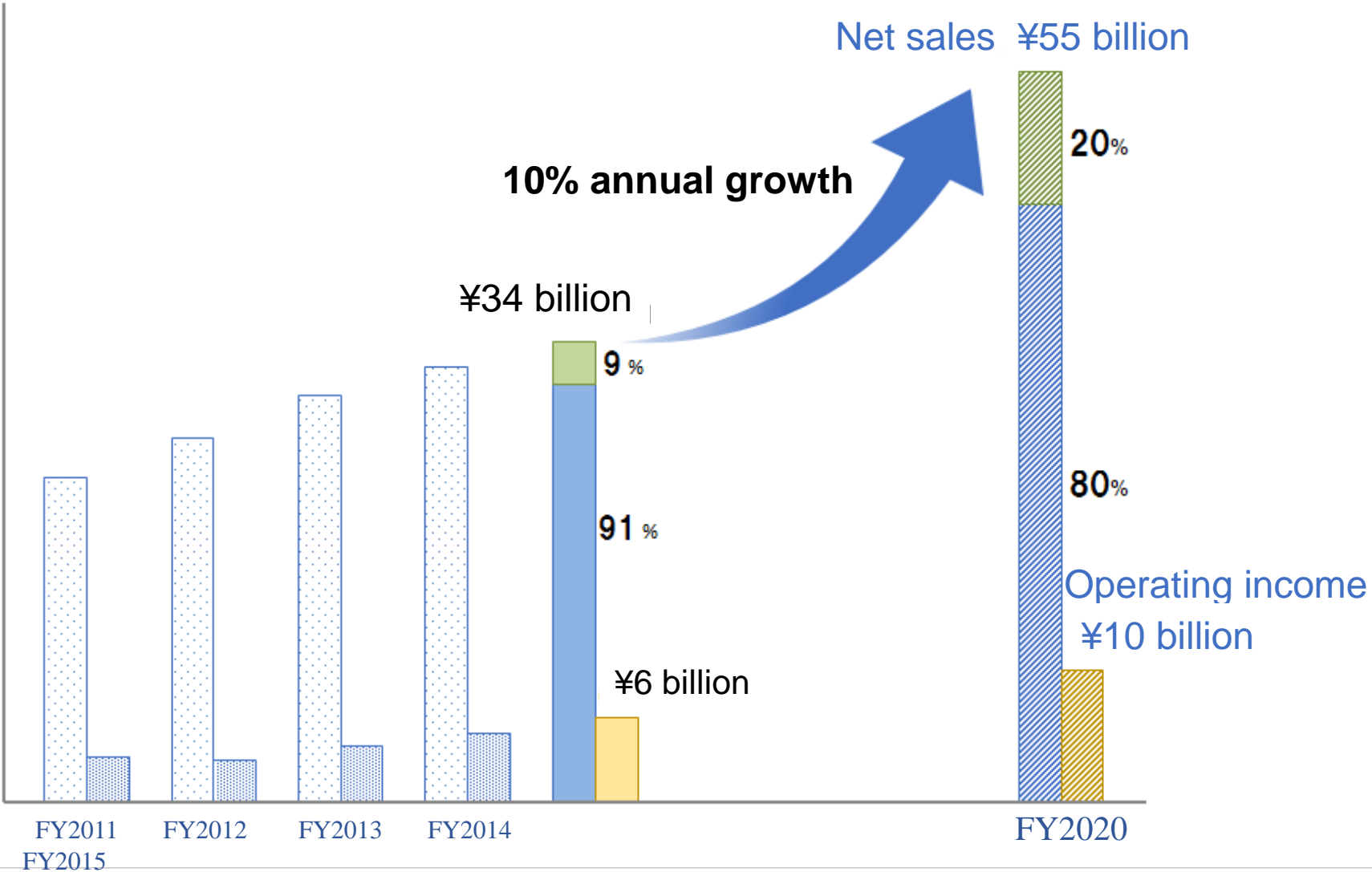
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## Supporting restaurants' sales promotion

- Evolve official website
- Expand promotional products
- Further capitalize on business entertainment demand



Continue double-digit annual growth of net sales and operating income





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