

Q&A sessions at the FY2021 4Q financial results briefing (summary)

This note is a summary of Q&A sessions at the financial results briefing and the small meeting. Some parts have been revised to facilitate better understanding.

Q1: Please tell us about the impact of the Russo-Ukrainian War on your business performance. Are there any obvious or anticipated impacts at this point in time?

A: In Europe, we have some footprints, at this time, we have not reported any significant impact on its businesses. However, we think it is necessary to closely monitor the future situation.

Q2: I saw some articles that there may be a limit to the growth of the video streaming market. Some streaming companies saw a decline in the number of new members due to the relaxation of restrictions on outings and the rise in prices. Please tell us about the impact on your global E2E services.

A: To be sure, there are some news that the number of new members of a major video streaming service provider has declined, but it is also true that some companies are acquiring new members. Video streaming providers are still competing, and the number of new original drama productions is still increasing.

Meanwhile, some countries and regions around the world have not started video streaming, and we expect demand for localization in new languages by entering such countries and regions. Recently, for example, there has been a tendency for works produced locally in South Korea and elsewhere to be distributed worldwide. Both domestic and overseas demand for E2E services is still at an increasing stage, and we recognize that this will not slow down rapidly for the time being.

Q3: I have a question about medical information systems for diagnostic imaging, which specializes in the cardiovascular area. Please tell us about your competitors. Please also tell us why you specialize in this cardiovascular area.

A: We refrain from announcing specific names to our competitors, but the market share in this field is dominated by three companies, including ours. Our group specializes in this area since the cardiovascular sector requires a system that handles video, and the Group's strengths and core technologies lie in handling video. There are many competitors in the still image field, and we recognize that we can leverage our strengths in this cardiovascular field.

Q4: I feel that there is a lock-in of creators among video streaming service providers, could you tell me about the status of securing human resources in your company?

A: Among the video streaming service providers, or vendors offering E2E services and localization services like our group, competition for securing human resources is becoming extremely fierce. However, as a group, we are expanding our bases and securing human resources in regions where personnel costs are relatively reasonable, such as Cairo and South Africa.

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Q5: Are there any efforts being made to improve the treatment and development of creators?

A: The recruitment of creators and video-related human resources is becoming increasingly difficult, and we are taking several measures to "secure and revitalize human resources". We have already established and are promoting a system that allows creators for flexible work styles at our domestic subsidiaries. In addition, we have introduced a "Talent Management System" to visualize and utilize human resource capabilities within the Group. In addition, in order to realize an attractive work environment, each company is also taking initiatives to promote awareness of work-life balance.

Q6: The performance of global E2E business has already exceeded the target set for FY2025, the final year of the mid-term plan, ahead of schedule, and is it on an upward trend. Do you have any idea of revising the mid-term plan?

A: Global E2E sales have already been significantly higher than the initial mid-term plan, and we will need to consider Global E2E sales targets depending on this fiscal year's results. However we are not considering a review of the entire mid-term plan at this time.

Q7: I think the Imaging Systems & Solutions business needs to beat competitors in order to achieve increased sales and profits in a mature industry. Please tell us about its prospects.

A: The Imaging Systems & Solutions business is a collection of various businesses, each of which has factors that can be expected to grow. For example, sales of high-speed cameras, which belong to the niche top business, have been mainly for corporate R&D, but we are now aggressively marketing them in the field of automotive crash testing, and we expect them to grow in the future. In addition, Systems for broadcasting stations are expected to shift to cloud computing throughout the industry, and we believe that our group has growth potential in terms of being able to provide new solutions. In optical measurement, we have received orders from overseas film manufacturers and other companies for optical measurement equipment, for example, as a measuring device in the film production line for liquid crystal TVs, and we expect this equipment to grow in the future.

Q8: How have you started the optical measurement business? Did you have any related technologies within your company?

A: Optical devices using photonic crystals, a state-of-the-art optical control technology, are the businesses of Photonic Lattice, Inc., which we acquired in November 2020. This is a research and development company originated in Tohoku University, and has established manufacturing technology for photonic crystal optical elements and commercialized polarization measurement equipment using photonic crystals for more than 20 years since the time of Tohoku University. Our group's Photron jointly developed an optical measurement device with this company. As for optical

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elements, we are considering developing such technologies in the fields of high-speed optical communications and semiconductor inspection, and we expect these to be fields where we can grow significantly in the future.