

Q&A sessions at the FY2022 4Q financial results briefing (Summary)

This Q&A summarizes the main questions asked by investors at the financial results briefing and other venues. Some contents have been edited for ease of understanding.

Q1. In content creation business, please describe the company's market share and performance in the TV commercial productions market.

A. I am unable to provide a specific domestic market share for our TV commercial productions business. We recognize that we occupy a mid-tier position within the industry. Our TV commercial productions business in FY2022 was affected by a fall-off from the special demand for large-scale events in the previous fiscal year. In addition, the business struggled to obtain orders for TV commercials from the second half of the fiscal year.

In FY2023, we are already hiring mid-career producers and advancing alliances with outside companies in order to strengthen orders. Also we are working to strengthen our position in the Internet advertising area through activities such as collaboration among subsidiaries.

Q2. In Imaging Systems & Solutions business, Please describe the status of high-speed camera production amid the resolution of the semiconductor shortage and the outlook for future growth in the segment.

A. As I discussed earlier in this financial results presentation, the effects of the semiconductor shortage began to lessen in the second half of FY2022, and production is increasing. For FY2023, in order to meet robust orders, we are working toward a production goal of approximately 1.5 times our FY2021 production.

Q3. I have heard the news about slowdowns in membership growth in video streaming businesses such as Disney+ and Netflix. Will this affect the company's business?

A. I will refrain from explaining the impacts of individual companies on our business. As noted in the financial results presentation, the overall video streaming market is expected to continue to grow regardless of the trends for specific companies. We too are conducting our business to enhance shift towards stable growth and to increase profitability.

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Q4. What are your assumptions for the dollar exchange rate in financial forecasts for the Global E2E business in FY2023 (the fiscal year ending in March 2024)? Also, please explain why the reset goal of 35.0 billion yen is lower than the FY2023 forecast of 37.9 billion yen.

A. I will refrain from disclosing the specific exchange rates in the FY2023 financial forecast. We have assumed a slight appreciation of the yen from the actual FY2022 rate. Also, for our FY2025 goals, we assumed a stronger yen than in FY2023. Accordingly, while we are planning for growth on a local currency dollar basis, we expect net sales in yen terms to decrease.

Q5. The game business is recognized as an important one for future growth. Please be a bit more specific about what kind of business you are currently undertaking in this field. Should I understand that through the end of the latest fiscal year, the customers have been domestic game makers? Please discuss this.

A. Please see Page 28 of the financial results presentation. The businesses that we are currently engaged in are listed at the upper right. Currently, we are engaged in (1) 3DCG and 2DCG production for game design, (2) Debugging and software testing for quality control, and (3) Creative talent dispatch and referral. As noted at the bottom of Page 29 of the financial results presentation, in the future, we hope to expand into the areas of game development, localization, and marketing. Also, our customers are not only in Japan. We also do business with a number of overseas customers.

End.