

## Q&A Regarding FY2023 1Q financial results (Summary)

This Q&A summarizes the main questions asked by investors at the small meetings and other events. Some contents have been edited for ease of understanding.

### **Q1. Please explain the 1Q results for the overseas E2E services within Production Technology Services business (Overseas).**

A. For the overseas E2E services, sales and operating income before goodwill amortization increased year on year. This was mainly owing to growth of digital cinema services and trailer production services with increase in the number of feature films released. Furthermore, for localization services (subtitling and dubbing), the demand slowdown is slower than expected and the demand itself almost unchanged compared to the corresponding period in the last fiscal year. As a result, the overseas E2E services are going almost as planned.

\* As the closing date for the overseas E2E services is December 31, the results from January 1, 2023 to March 31, 2023 were reflected in the first quarter of this consolidated fiscal year.

### **Q2. Has the Hollywood strike had any impact?**

A. Although there is a risk that it will have some sort of impact, we do not anticipate any impact at this time. There is a possibility that a prolonged strike may delay the production of feature films, which in turn may cause delays in the delivery of our services.

### **Q3. Please explain the reason for the significant increase in sales and operating income for Content Creation business.**

A. Significant increase in sales was because of more release of major works for theater and video streaming service than the corresponding period in the last fiscal year. Increase in operating income was result of improved gross margin for production of animation works and strong sales of the light novel "The Apothecary Diaries (Kusuriya no Hitorigoto)".

### **Q4. How were sales of the light novel "The Apothecary Diaries"? Can we expect further growth?**

A. The 13th (the newest) volume of the novel was published in February and the sales were stronger than expected with the news of its coming TV animated series in October. We expect the strong sales of the novel to continue by synergy with the TV animation.

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### **Q5. How was performance of high speed cameras in Imaging Systems & Solutions business?**

A. The production has recovered from the second half of the last fiscal year by settlement of semiconductor shortage. The orders remain strong, including for automotive industry. As a result, sales and operating income of high speed cameras increased year on year in the 1Q.

End.