

## Q&A Regarding 2Q FY2023 Financial Results (Summary)

This Q&A summarizes the main questions at the financial results briefing.

Some contents have been edited for ease of understanding.

### **Q1. Please tell us your forecast about future contribution of “The Apothecary Diaries” to sales and profits.**

A. The TV broadcast and video streaming of “The Apothecary Diaries” that started in October have provided an opportunity for it to be seen by more people than ever before. Sales of the published light novel and comics increased after the start of the broadcasting. As its popularity further increases, we expect to expand into various fields such as film adaptations, merchandise sales, and collaborations with other companies.

### **Q2. There have been cases in the past that the production company was not your group company when your IP was made into animation. Do you have a policy in future that animation of your IP should be produced within your group as possible as you can?**

A. Yes. We will produce animation of our IP within our group as possible as we can, taking into account the intention of the production committee.

### **Q3. How do you view the future outlook for commercial sales? In addition, how much is the proportion of web commercial sales to total commercial sales?**

A. We view the market environment for TV commercials as challenging when compared to the previous year. Meanwhile, the number of web commercials have been gradually increasing. Although they still make up less than half of the total in terms of monetary value, we are in the process of strengthening this area.

### **Q4. Regarding investments in Global E2E Business, sales of localization services declined. Are there any concerns about your investment in the business locations being excessive?**

A. We believe that the investment in facilities is appropriate. Although the volume for localization of older works ordered by video streaming service providers, which was significantly high in the past few years, has been settled, and the overall demand has decreased slightly, we still believe we can make adjustment by controlling the number of personnel. Because the competition will be for new titles going forward, we think that the key will be how many connections we can make with various video streaming service providers.

End.