

Q&A Regarding FY2023 Financial Results (Summary)

This Q&A summarizes the main questions from investors.

Some contents have been edited for ease of understanding.

Q1. Is it correct to understand that fund allocation revenue from the TV animation production committee of “The Apothecary Diaries” is not included in the 4th quarter of the FY2023 financial results? Has it been factored into the FY2024 plan?

A. Fund allocation revenue from the production committee of “The Apothecary Diaries” is not included in the 4th quarter of the FY2023 financial results. It has been factored into the FY2024 plan to the extent that it can be anticipated.

Q2. The reasons for a decrease in operating income for FY2024 from the previous fiscal year are explained as the rebound from the recording of increased sales of major works in the previous year, sale of consolidated subsidiaries, and the impact of the strike in Hollywood. How much impact do you estimate for each of these?

A. In terms of profit, the rebound from the recording of increased sales of major works will not have a material impact. Sale of consolidated subsidiaries will have a positive impact since they had incurred losses. The impact of the strike in Hollywood is expected to be negative in the hundreds of millions of yen.

Q3. Are you rationalizing the overseas global E2E business in Production Technology Services? When do you expect to recover from the impact of the strike in Hollywood?

A. We are rationalizing our global E2E business by transferring operations from the U.S. where personnel costs are high to mainly Cairo, Egypt, which is a low-cost country. The strike in Hollywood itself has ceased; however, the situation is gradually recovering from the period when contents could not be produced. The impact is expected to subside in 1H this year and recover thereafter.

Q4. In the Imaging Systems & Solutions business, market recovery for businesses other than high-speed camera is expected to be slow. Do you expect sales of and profits from high-speed camera to increase?

A. We plan to introduce new models of high-speed cameras in FY2024. Demand in Southeast Asia and from automakers is very strong, and both sales and operating income are expected to reach record highs.

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Q5. Please show us your initiatives and measures to increase PBR required by the Tokyo Stock Exchange.

A. We are conscious of increasing PBR, and also strongly aware of PBR below 1.0. We recognize that our capital efficiency is not sufficient enough. However, capital efficiency in our business as a whole is not necessarily low, and we believe that what we need to do is to further grow businesses with high capital efficiency, and to tackle businesses with low capital efficiency with a certain amount of determination. We would like to explain specific mid-term measures in our new Mid-Term Plan to be announced in May next year.

End.