

Summary of Questions and Answers for 4Q FY2023 Financial Results Briefing

The summary of the main questions and answers at the financial results briefing for the 4Q of the fiscal year ending December 2023 (for institutional investors, analysts, and the media) held on November 9, 2023 is as follows.

Q1. Full-Year and Next-Year Outlook

A1. There is no change from the forecast announced in the previous earnings announcement, and the Company will continue to aim for double-digit revenue growth and profit turnaround in the 5Q.

For the next fiscal year, the Company is unable to announce specific figures at this time, but it is aiming to continue double-digit revenue growth and achieve significant increases in profits, while keeping expenses at cruising speed.

Q2. Regarding Human Capital Investment and Cost-Review

A2. The Company continues to invest aggressively in human capital, which is its core asset. However, it does not consider that a pay increase implemented in the current fiscal year will need to be raised further in the next fiscal year. The Company would consider it again when it is able to confirm the conversion to business value in the next few years.

On the other hand, other costs, not limited to specific items, are being reviewed in the entire group. In the 5Q, the amount of decrease is assumed to be narrower compared to the extent of the decline from the 3Q to the 4Q, but there is still room for it to decrease.

Q3. Regarding Changes in Shareholder Return Policy

A3. The Company believes it is critical for shareholders to be rewarded with returns through a combination of share repurchases and dividends and capital gains from business growth.

On top of this, as the Company expects a stable increase in its cash flow, it has confirmed that it is now able to strengthen shareholder returns while securing funds to invest in growth, and has decided to raise the payout ratio and the lower limit on dividends per share.

The Company will continue to consider the acquisition of own shares at all times, and will do so in accordance with the circumstances.

Q4. Regarding Digital Advertising Market

A4. The impression is that enterprises are increasingly investing in digital marketing amid the continuing revitalization of consumer spending through reopening, but it is highly likely to continue for some time from the next fiscal year onward to focus on demand for sales promotions that emphasize short-term profitability.

Q5. Digital Marketing Business Results and Outlook

A5. Looking at the results, there were no significant changes in industry and product category from the 3Q, and the Company sees continued strength in demand for sales promotions due to growth in search ads, etc. The CRM area, which is compatible with sales promotions, is also growing steadily.

Against the backdrop of strong demand for search advertising, the Company's take rate also continues to be flat, but it does not believe it will significantly depress operating profit.

Q6. IP Platform Business Results and Outlook

A6. The results for the 4Q include a certain amount of upward pressure from anime broadcasting. By continuing to increase the number of hit titles, the Company expects to achieve sustainable growth by raising the revenue earned by its own IP.