

## **Summary of Key Questions and Answers**

### **From the Operating Results Briefing for Q3 FY2023**

The following is a summary of the key questions and answers from the operating results briefing for the third quarter of FY2023, held on February 7, 2024.

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Q1	Was the China Business situation the trigger for the recording of impairment losses for many assets in the Game Business? Please share the approach for organizational downsizing going forward.
A1	In the Game Business each individual game title is considered a cash generating unit. We conducted this review across the board for titles in both China and Japan, based on the state of the China Business and new titles. For the China office, as mentioned in the Operating Results Briefing materials we plan major downsizing, which is already underway. For Japan, we are also pursuing new challenges as described in the IR Day in November 2023, and we aim to produce results from those initiatives.
Q2	Please share the background for the impairment loss for IRIAM.
A2	Looking at our live streaming services such as Pococha, our thinking about the future growth potential for the IRIAM service has not significantly changed. As we explored how best to move forward, we realized that there were some areas that were going to require more time than we initially expected at the time of the acquisition. We need to carefully consider how to best move forward with monetization and other aspects in conjunction with community formation and development, and we need to be especially careful to get the balance right. Our expectation for the future growth potential has not changed, but we have revised our expectations for the timing of growth in financial performance.
Q3	Do you see more difficulties in the Japan business environment as well for the Game Business? What is your forecast for the Game Business performance next fiscal year and beyond?
A3	<p>As development has grown to be more and more large scale, the risk of volatility is there in both Japan and China, and what we need to do going forward is to consider how to reduce that risk.</p> <p>In addition to our existing initiatives leveraging our core competencies of our partnerships with partner companies and live operations capabilities, among others, we also aim to establish a new initiative that reduces development risk and have it bear fruit. Overall, we will do our best to reduce risk while also delivering financial performance.</p> <p>For FY2023 we expect a segment profit, and we aim to deliver a segment profit next fiscal year as well, but at this time it is difficult to estimate exact figures, so I cannot go into any more detail.</p>

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Q4	Do you expect the amortization expenses to decrease due to the impairment loss you recorded?
A4	Many assets that had amortization expenses were subject to the recorded impairment loss, so we expect the level of amortization expenses to decrease in the short term.

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Q5	How much cost reduction do you expect from the China Business changes?
A5	We shared the performance of the China Business on slide 9 of the Operating Results Briefing materials. We expect to have cost reductions as a result of the changes. For the performance of the Game Business overall, there are other factors besides the China Business changes that will have an impact, including future new titles and the performance of existing titles, so those need to be taken into consideration.

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Q6	Has there been any change to your goals in the Healthcare & Medical Business to achieve profitability for the full fiscal year and 5 billion yen in profit for the business as a whole next fiscal year?
A6	There is no change to the goals we have shared to date. In the Healthcare Area, the Data Use Area tends to have strong seasonal performance in Q4, and we are working hard now to deliver results. In the Medical Area, in addition to our existing initiatives, we are also expanding into new initiatives, such as Join Mobile Care, the remote treatment package leveraging Join, and we are making progress with these projects.

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