

■ Summary of main supplementary explanations questions and answers at the FY2022
Fourth Quarter GREE results briefing held on August 4, 2022

【Q1】 What were the main factors impacting QoQ change in earnings in 4Q FY2022?

【A1】 The main factor was strong performance from *Heaven Burns Red*. We also saw positive contribution from anniversary events held in 4Q, resulting in QoQ growth in both sales and profit. Since FY2017 when we released *Another Eden* and *SINoALICE*, we have worked to strengthen our systems and improve our operational capabilities. We believe these efforts bore fruit with *Heaven Burns Red*, allowing us to make it into a hit title and achieve strong post-release performance.

【Q2】 Please comment on the factors that made it possible for you to release new hit titles in FY2022 and lessons you learned from the past.

【A2】 Since our “release blitz” of FY2017, we have implemented many measures to strengthen our development and operations systems. We see three main points related to the creation of major hit titles in FY2022. First is the strengthening of our marketing capabilities that we can bring to bear around the time of release. We have found that if we surpass fans’ expectations, this can make a huge impact via SNS and other media. For this reason, we have worked to build development and marketing capabilities that can create buzz that surpasses the expectations of our fans. The second point is the quality of our games. In line with our “engine strategy”, we amassed a wide range of development resources and strengthened our creative potential in areas such as 3D rendering, allowing us to take the quality of our games to the next level. The third point is the volume of content delivered at the time of release. We have learned that it is important to provide our passionate user base with even more content than they expect at the time of release and we have built development and operation systems capable of doing so.

【Q3】 Please tell us about the results of your investments in the Metaverse Business and the outlook for this business.

【A3】 At the beginning of FY2022, we announced plans to invest roughly ¥10 billion in the Metaverse Business over the next two-to-three years and investment is proceeding in line with our plans. We have also made smooth progress in terms of profitability, with the business reaching the breakeven level. We will continue to make the necessary investments to expand our user base, increase sales, and achieve strong growth on a global scale.

【Q4】 Please explain the background behind your entry into the DX Business and your goals in this area.

【A4】 GREE has long provided a wide range of services including marketing support to our corporate clients and we have decided to restructure these services, integrating them into the DX Business. This allows us to share our databases among various functions, resulting in a system capable of offering solutions that will ensure the growth and profitability of the business. We will leverage this system to go beyond simply delivering products to our clients and provide them with a wide range of DX support services that grow along with their businesses.

【Q5】 Please explain the background behind your entry into the Manga Business and your goals in this area.

【A5】 We will continue to strengthen our three business pillars (Games and Anime, Metaverse, and Commerce and DX) as we also focus on developing new businesses such as the Manga Business. In the current entertainment market environment, it has become necessary to conduct multifaceted business development because it is difficult to succeed by pursuing just one line of business. This is why we entered the manga business. By diversifying our media portfolio by leveraging IP to create not only anime and games, but also other media such as manga, we can more aggressively develop our first-party IP and increase the number of channels available to communicate with users. We hope to develop our manga business based on a medium-to-long term perspective.

【Q6】 Please let us know about profit and the outlook for the Investment and Incubation Business.

【A6】 We view FY2021 results in the Investment and Incubation Business as exceptionally strong and we think FY2022 results will prove to be more typical. We expect the Investment and Incubation Business to stably contribute to earnings over the medium-to-long term, albeit with some degree of volatility when viewed over short-term spans. We target a return on investment of 10% or higher.

【Q7】 What is the income outlook for 1Q FY2023 in the Internet and Entertainment Business?

【A7】 We expect 1Q FY2023 operating income in the Internet and Entertainment Business of between roughly ¥1.0 billion and ¥1.5 billion. This is because we expect a reactive decline from strong performance by new hit titles and the impact of anniversary events held for mainstay titles in 4Q FY2022 and we also plan to make investments to strengthen our systems with the goal of ensuring contribution to profit over the

medium-to-long term.