Financial Results Briefing for the First Quarter of the Fiscal Year Ending March 31, 2027
(Q&A from Sell-Side Analysts and Institutional Investors (Summary))

<Content and Digital Business Segment>

Q1: What is the background behind the upward revision of the sales forecast for the content and digital business from the initial plan?

A1: The primary factor is that the recovery of performance in our largest market, China, is progressing faster than anticipated. In particular, sales in the toys and hobbies category increased by approximately 1.5 times YoY, driven by strong sales of a new series in building block toys Additionally, we have made progress in developing new licensing partners. In markets where counterfeit products easily enter circulation, we are introducing affordable low-price products to suppress the counterfeit market and expand our legitimate market share. Meanwhile, the decline in the card game market has bottomed out, and our market share remains solid. Domestic operations are also progressing smoothly, with licensing revenue increasing by approximately 10% YoY. Merchandising sales also effectively increased YoY, excluding the impact of shifts in the release timing of certain card products.

Q2: The content and digital business recorded revenue growth in the first quarter. Do you expect this growth to continue going forward? Could you share the specific initiatives and momentum that you are feeling?

A2: Our collaboration with the master licensee in China has strengthened, allowing us to leverage IP marketing and product rollout capabilities in that market. Currently, we are undergoing structural reforms to bring back and apply the successful know-how cultivated in China to the Japanese market. Domestically, we are strengthening product rollouts targeted at Gen Z females. In July, we opened a directly operated store, ULTRA MART TOKYO, in Harajuku, featuring collaboration products with *mofusand*. Going forward, we will continue to expand our B2B licensing business while achieving sustained growth through a multifaceted combination of in-house product development, store expansion, e-commerce, and SNS marketing.

Q3: Regarding the strategies emphasizing domestic operations, when do you expect visible results from marketing initiatives like short-form videos to appear?

A3: In China, marketing targeting Gen Z females using SNS and VTubers has yielded significant results. We are currently introducing this methodology into our domestic business. Domestically, we are strengthening our approach to new customer segments by actively utilizing e-commerce and SNS marketing, including short-form videos. We expect tangible results to appear sequentially from the second half of this fiscal year into the next, mainly through coordination with ULTRA MART TOKYO and future store expansions.

<Amusement Business Segment>

Q4: Could you explain the reasons for the upward revision of the amusement business's earnings forecast? Also, are there any prominent machine titles that will be introduced in the second quarter and beyond?

A4: The factors behind the upward revision include stronger-than-expected ongoing sales of titles from the previous period, such as *L Tokyo Ghoul*, as well as recent PS machine sales. Additionally, improvements in production capacity and manufacturing costs have significantly enhanced profitability per machine. Sales for the first and second quarters exceeded expectations, and sales for the major title to be released in the third quarter have already been completed. To achieve our targets, we plan to release several more prominent machine titles moving forward.

Q5: Regarding the amusement business, could you share your outlook and confidence in achieving steady, upward-trending earnings from the next fiscal year and onward?

A5: FIELDS CORPORATION is highly evaluated by pachinko halls nationwide as a one-of-a-kind distributor in the industry. Beyond simply selling PS machines, FIELDS conducts comprehensive consulting sales, such as providing annual replacement simulations centered on machine titles expected to have long-term operation, and proposing optimal installation ratios between pachinko and pachislot machines. Furthermore, we are gradually increasing the sales ratio of in-house products, including private brands. As a result of reduced production and manufacturing costs due to increased production of titles like the *Evangelion* series and *Tokyo Ghoul* series, the operating profit margin per unit has steadily improved. Moving forward, we aim to establish a business structure capable of consistently generating stable earnings by continuously creating long-lived titles following our core content, which commands a high market share.

Q6: Will you be able to create a third flagship series following the *Evangelion* series and *Tokyo Ghoul* series? Please share your approach to the IP portfolio.

A6: While it is not easy to intentionally create a flagship series that maintains a high utilization rate for over a year, we are meticulously preparing in-house developed products that utilize multiple strong IP. We plan to announce information sequentially regarding major titles from this fiscal year to the next fiscal year. Going forward, we will steadily build a diversified IP portfolio anticipated to achieve long-term operations while reducing our reliance on specific content.

Q7: For the *Tokyo Ghoul* series, is there a strategy to support video/media adaptations to enhance the brand value of the IP, similar to the *Evangelion* series?

A7: For *Tokyo Ghoul* as well, we are planning and developing new video content for PS machines in strong collaboration with the copyright owner. By making sufficient investments in development, our policy is not only to enhance the appeal and commercial value of the machines themselves, but also to contribute to increasing the brand value and expanding the recognition of the IP itself.

Q8: What is the background behind the upward revision of the Medium-Term Management Plan for the amusement business?

A8: The main factors are that, in addition to building strong relationships of trust with pachinko halls nationwide, we have significantly expanded our development staff and established a framework to acquire and develop strong in-house IP. Through the strengthening of our sales base, improvement of product development capabilities, and enhanced profitability of in-house products, we have established a clear outlook for stable earnings growth in the future. Based on this solid business foundation and future earnings outlook, we determined that we could maintain sufficient business growth even when implementing the largest-ever shareholder return, leading to the upward revision of the plan.

<Business in General>

Q9: Is the current dividend policy the response to the statement made at the 2023 financial results briefing, "We want to provide the best possible shareholder return"? Could you explain why dividends were chosen over share buybacks or shareholder benefit programs?

A9: As a measure to redefine the characteristics of the amusement business, whose corporate value was historically difficult to evaluate appropriately, thereby enhancing the valuation of the Group as a whole, we decided to allocate the profits generated from this business to our largest-ever dividend. By allocating cash generated by the amusement business to shareholder returns and strategically allocating other operating cash flows to growth investments such as the IP business, we aim to establish a sustainable growth cycle of "profit growth," "enhanced shareholder returns," and "increased corporate value."

Q10: Considering the cash flow from the next fiscal year onward, can we assume that this dividend level will be maintained as a floor, and that the risk of a dividend cut is limited?

A10: Based on the expansion of cash flow accompanying the upward revision of the earnings forecast, we recognize that the current dividend level is fully sustainable. Therefore, we view the risk of a dividend cut as minimal at this stage. Not only for the current fiscal year but also for the next fiscal year and beyond, we will firmly strive to improve performance and endeavor to maintain and enhance stable dividends.

Q11: Regarding funds allocated to areas other than dividends, are you considering growth investments not only in China but also in Southeast Asia and other regions?

A11: By leveraging our strong business foundation in China, we believe it is fully possible to achieve further business growth in the Southeast Asian market. Currently, our local partner companies possess exceptionally strong store development and sales capabilities. Our policy is to actively allocate the cash generated, along with the advanced SNS marketing and product rollout know-how cultivated in the Chinese market, toward growth investments in Asian regions, including Southeast Asia, as well as the domestic Japanese market.

Q12: What is the current status regarding the organizational culture, employee motivation, and sense of unity at Tsuburaya Productions, which plays a core role in growth?

A12: Tsuburaya Productions has excellent talent and receives strong support from local partner companies in China. Although there is a history of facing difficulties unique to the content business, by absorbing marketing and rollout know-how established in the Chinese market and bringing it back to apply in Japan, we have been able to map out a clear future growth trajectory. Going forward, we plan to further strengthen cooperation between Japan and China and accelerate business expansion into global markets, including Asian countries and the U.S. Within the company as well, a strong sense of unity and motivation toward future growth is taking shape.