



Summary of Questions and Answers from the 27th Annual General Meeting of Shareholders for the Fiscal Year Ending September 30, 2024

This document summarizes the questions asked by shareholders at the 27th Annual Meeting of Shareholders held on Friday, December 13, 2024.

Q1

Could you provide more details about the 1.6 billion yen one-time loss for WinTicket Inc. mentioned in the earnings presentation materials?

A1 Respondent: Go Nakayama, Director

The cost was for the correction of reward points that should have been recorded as advertising expenses and we recorded it at fiscal year-end. We ensure such inconveniences do not occur again in the future.

Q2

What is your general stance on using AI in the creative field?

A2 Respondent: Takahito Naito, Managing Executive Officer

Currently, we are actively utilizing AI company-wide to improve operational efficiency, aiming to reduce existing workloads by 60%. In the creative field, we plan to use AI for production of videos, animations, games, and the like, and we are conducting research and development to achieve this.

Q3

I've been a fan of "Ameba" since its launch. Could you share your thoughts on its brand image?

I feel that ABEMA has a quirky yet somewhat nerdy vibe to it.

A3 Respondent: Susumu Fujita, President

If you read "Ameba" backward, you get "ABEMA." While Ameba gained widespread popularity during the era dominated by feature phones (Japan-specific cellphones), as we entered the smartphone era, the name and logo were needed to be refreshed and move on from its past brand image. By making ABEMA stand out, we aim to differentiate the brand and carve out a distinct identity.

I'm surprised to hear that you think it has a 'nerdy vibe', but since anime is one of our focus areas, I think that actually works well in terms of image.

Q4

The boom in smartphone games is over, and competition among companies is becoming more intense.

Could you tell me about the future prospects of your gaming business?

A4 Respondent: Susumu Fujita, President

FY2024 saw increases in both revenue and profit, which I believe is something to be proud of.

We had to report a decline in revenue and profit in FY2021, which was due to the aftermath of an unprecedented hit title.

However, in FY2024, multiple new titles became hits, leading to an increase in both revenue and profit compared to the previous year in our game business.

Having games that generate steady profits allows us to reinvest, attract talent, and thus strive for profits as a remaining player.

Q5

Dividend income in your Non-Consolidated Statements of Income is quite large at 6.3 billion yen. Is this sustainable?

Also, the Consolidated Statements of Income shows 380 million yen. Can you explain why the amount is lower?

A5 Respondent: Go Nakayama, Director

Dividend income in the Non-Consolidated Statements of Income primarily consists of dividends from group company earnings, which are paid to the parent company every fiscal year to ensure group profitability.

In the Non-Consolidated Statements of Income, this dividend income is offset, resulting in the difference in amounts.

Q6

Given your current sales levels, I'd like to see you aim for a net profit of 40 billion yen.

Can you explain the reasons for the low net profit and what measures have been implemented?

A6 Respondent: Go Nakayama, Director

The lower net profit attributable to shareholders of the parent company was affected by two factors: 1. ABEMA being a joint venture with TV Asahi, making it ineligible for the Japanese group relief and consolidated taxation, and 2. the impact of minority interests in Cygames, Inc.

Looking ahead, we anticipate a higher growth rate in net profit through reducing losses in our media business which is moving towards profitability, and contributions from our wholly-owned subsidiaries.

Q7 It seems the development of "LOST ORDER" is on hold. What is the current status?

A7 Respondent: Yusuke Hidaka, Director

The game is currently on hold, so no development is taking place at this time.

[Correction] The title is currently in development. We apologize for the incorrect answer.

Q8

What measures are you taking to maintain and increase employee motivation?

A8 Respondent: Susumu Fujita, President

Our company is built on a strong foundation of many employees who have royalties to the company and work hard on their own initiative. But we have also put in place a number of measures designed to energize the organization in every way possible.

Q9

What is your mid- to long-term stock price target? If you have any guidance or figures, please share.

A9 Respondent: Susumu Fujita, President

I believe a CEO of a listed company should never disclose stock price targets.

Our market capitalization surpassed 1 trillion yen in 2021 thanks to the hit game, but stock prices often experience prolonged declines following such spikes.

As a company, we aim to achieve continuous revenue and profit growth to avoid long periods of declining revenue and profit and have returned to a growth trend in FY2024 after hitting a bottom in FY2023.

We remain committed to working hard to increase our corporate value.

Q10

Regarding shareholder benefits, I've been using them and appreciate them, but do you plan to continue them?

A10 Respondent: Susumu Fujita, President

We introduced the shareholder benefits program based on a shareholder proposal at the AGM 2022.

As more and more people become fans of ABEMA, we will of course continue this program.

Q11 Regarding *Touken Ranbu Online*, the popular title by Nitroplus Co., Ltd., posted comments on X by one of its voice actors caused flaming. I'm concerned about the potential damage to the brand of the character and the title.

What are your policies and corrective measures concerning compliance and harassment?

A11 Respondent: Susumu Fujita, President

Since this matter pertains to an individual voice actor in a game, we will refrain from making comments.

With regard to compliance, we regularly implement measures to identify risks early and carry out employee education and awareness activities to ensure high ethical standards across the group.

Q12

Some ads distributed on other social media or video streaming services leave a bad impression.

Are there any guidelines for the ads distributed on ABEMA?

A12 Respondent: Takahito Naito, Managing Executive Officer

ABEMA has implemented systems to review advertisers and ad creatives internally before distribution, ensuring a safe viewing experience.

Q13 What is the schedule for President Fujita's succession, and what will be your role after the transition?

A13 Respondent: Susumu Fujita, President

Since 2022, we've been working towards a smooth transition by preparing handover documents and conducting training for the next president candidates.

The next president will be announced in 2026, but I plan to stay on as chairman with representative authority to support. I'm currently 51 years old and am considering gradually transferring authority and stepping back around the age of 60.

Q14 What is your policy for extending the lifespan of the games you provide?

A14 Respondent: Yusuke Hidaka, Director

Although the frequency of content updates may decrease over time compared to the peak period, we aim to operate each game for as long as possible, as appropriate to the size of the game.

Q15

I understand you are focusing on intellectual properties (IPs) such as anime and characters, but what are your plans for expanding IPs overseas?

A15 Respondent: Susumu Fujita, President

Overseas expansion is a primary goal for our company.

We strive to create IPs that will be well-received internationally and expand them globally.

Q16

I'm currently playing one of your titles, and I feel the playtime per day is long. It would be nice if you could implement features that allow progress in about two-thirds of the current time. What are your thoughts on shortening playtime or expanding time-saving features?

A16 Respondent: Yusuke Hidaka, Director

Thank you for your valuable feedback regarding time reduction features.

While some games naturally require longer playtimes to fully enjoy their worldbuilding, quality, and development aspects, our game lineup also offers casual games that can be played in 5–10 minutes. We will continue to create a wide range of games that cater to different user preferences and play styles.

Q17

There seems to be a significant difference in remuneration between directors and audit and supervisory committee members. Could you explain the reason for this?

A17 Respondent: Director Nakayama

The total remuneration for directors is decided at the general shareholders' meeting, and within that limit, amounts is determined based on each person's position and role.

We believe that the directors' remuneration has been set competitively, considering the company's current scale and ensuring it is on par with other companies.

Q18

Currently, there are no soccer-specific stadiums in Tokyo that meet "J1" standards. Is it not possible for FC Machida ZELVIA to have a dedicated soccer stadium?

What are your thoughts on pursuing such a project, especially in light of the redevelopment plans near Machida Station?

A18 Respondent: President Fujita

A dedicated soccer stadium has always been a dream of ours. However, considering the budget allocations of both Machida City and ourselves, as well as the limited availability of land in Tokyo suitable for such a project, we feel that such an undertaking would be extremely difficult. We would love to do that, but it's not realistic at this time.

END