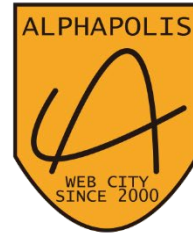


**Second Quarter of
the Fiscal Year
Ending March 31, 2025
Financial Results Briefing
Material**



A L P H A P O L I S
アルファポリス

AlphaPolis Co., Ltd.
(Tokyo Stock Exchange
Growth Market : 9467)

November 14, 2024

Management Philosophy

Pursuing Entertainment for a New Era

Under the mission of “not being constrained by conventional methods or common sense” and “thoroughly pursuing what is good, interesting and desired,” we aim to become the strongest entertainment company, creating and providing new entertainment centered on the Internet.

Corporate Slogan

***E*ntertainment & *E*ngineering**
Entertainment & Engineering

There are two things of great importance to the Company.
We believe that by combining these two Es, we can create new ideas, strengthen and evolve the Company and everything around it, and that this will enable us to realize our management philosophy.

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2. Status of Business Initiatives (Second Quarter)

3. Future Initiatives

4. Appendix

Highlights for the Second Quarter of the Fiscal Year Ending March 31, 2025

Operating Results Highlights (2Q cumulative: April 2024 – September 2024)

- Net sales (Year-on-year + 24.1%)

6,348 million yen

- Ordinary profit (Year-on-year + 32.5%)

1,551 million yen

Topics Highlights

(2Q: July 2024 – September 2024)

- Quarterly net sales and profits reached record highs due to strengthening of sales expansion measures and implementation of price revisions, as well as the strong performance of anime adaptations and popular series.
- The anime adaptation in 2025 of the blockbuster novel “May I Ask for One Final Thing?” has been decided. This is the first anime adaptation from “Regina Books,” a novel label in which the female protagonist plays an active role. (Sep. 17)
- We have launched the sale of French-language translated manga in e-book format. We are promoting the medium-term key strategy of “expanding overseas sales.” (Sep. 27)

Overview of the Statement of Income -Summary

In addition to the fact that overall sales were boosted by sales expansion measures and price revisions, sales of anime adaptations and popular series were also strong, resulting in a year-on-year increase in net sales of 24.1%. As for ordinary profit, the profit margin improved to 24.4% due to a decrease in the ratio of fixed costs accompanying sales expansion, resulting in a year-on-year increase of 32.5%.

Unit: Million yen	Fiscal year ending March 31, 2025		Fiscal year ended March 31, 2024		Year-on-year	
	2Q cumulative	Composition ratio	2Q cumulative	Composition ratio	Rate	Amount
Net sales	6,348	100.0%	5,113	100.0%	+ 24.1%	+ 1,234
Gross profit	4,784	75.4%	3,818	74.7%	+ 25.3%	+ 965
Operating profit	1,546	24.4%	1,167	22.8%	+32.5%	+ 379
Ordinary profit	1,551	24.4%	1,171	22.9%	+ 32.5%	+ 380
Profit	961	15.1%	726	14.2%	+ 32.5%	+ 235

Breakdown of Net Sales

Net sales increased in all genres.

In particular, “(1) Light novels” and “(2) Manga” grew significantly mainly due to strong sales of e-books.

Unit: Million yen	Fiscal year ending March 31, 2025		Fiscal year ended March 31, 2024		Year-on-year	
	2Q cumulative	Composition ratio	2Q cumulative	Composition ratio	Rate	Amount
Net Sales	6,348	100.0%	5,113	100.0%	+ 24.1%	+ 1,234
(1) Light novels	1,605	25.3%	1,190	23.3%	+ 34.8%	+ 414
(2) Manga	4,608	72.6%	3,806	74.4%	+ 21.1%	+ 801
(3) Paperback	113	1.8%	105	2.1%	+ 7.3%	+ 7
(4) Other	21	0.3%	11	0.2%	+ 94.0%	+ 10

Breakdown of Selling, General and Administrative Expenses

“(1) Sales commissions, etc.” increased mainly in line with the growth in sales of e-books.

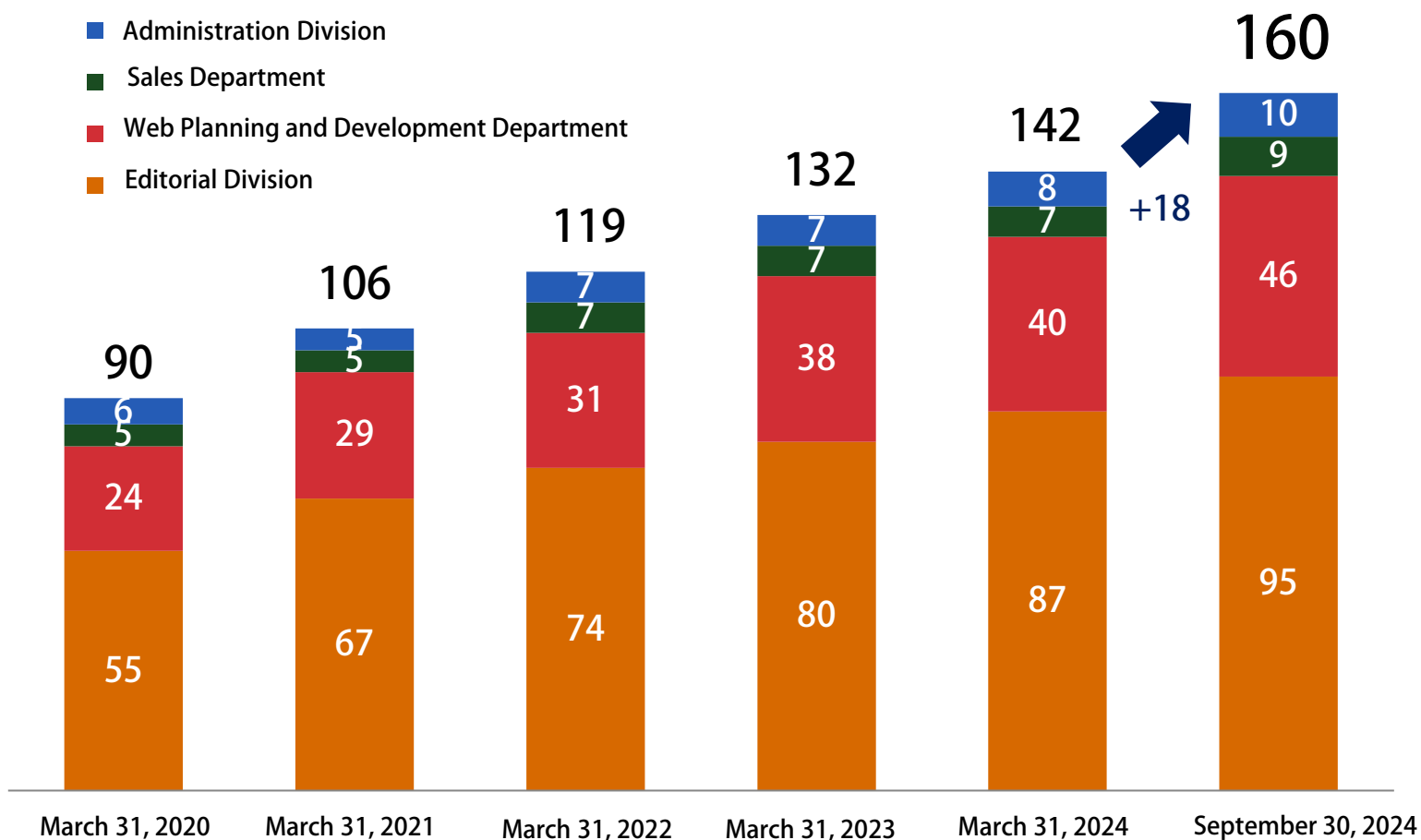
“(4) Promotion and advertising expenses” increased mainly due to the strengthening of promotions for the Company’s website and apps, and the recording of advertising expenses related to TV anime.

Unit: Million yen	Fiscal year ending March 31, 2025		Fiscal year ended March 31, 2024		Year-on-year		Remarks
	2Q cumulative	Composition ratio	2Q cumulative	Composition ratio	Rate	Amount	
Selling, general and administrative expenses	3,237	100.0%	2,651	100.0%	+ 22.1%	+ 586	
(1) Sales commissions, etc.	2,491	76.9%	2,030	76.6%	+ 22.7%	+ 460	Increased mainly in line with growth in sales of e-books.
(2) Personnel expenses (including provisions and remuneration for officers)	346	10.7%	315	11.9%	+ 10.1%	+ 31	Increased due to an increase in the number of employees and an improvement in wage levels.
(3) Recruiting expenses	21	0.7%	12	0.5%	+ 77.7%	+ 9	
(4) Promotion and advertising expenses	146	4.5%	92	3.5%	+ 58.5%	+ 54	Expenses related to strengthening promotions and TV anime increased.
(5) Other	231	7.2%	200	7.6%	+ 15.5%	+ 31	

Changes in the Number of Employees

Increased by 18 employees compared to the end of the previous fiscal year mainly due to the hiring of new graduates and experienced personnel in the Editorial Division and the Web Planning and Development Department to further expand the business, and also due to the expansion of the Sales Department to further strengthen the book sales system.

- Administration Division
- Sales Department
- Web Planning and Development Department
- Editorial Division



*The number of employees includes the average number of part-time workers per year.

Percentage of women in management positions

Target: 50.0% by the fiscal year ending March 31, 2029

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
37.5%	41.1%

Rate of male employees taking childcare leave

Target: 80.0% or more on average by the fiscal year ending March 31, 2029

Fiscal year ended March 31, 2024
100.0%

* The average rate of male employees taking childcare leave will be calculated by aggregating the figures for each fiscal year from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2029.

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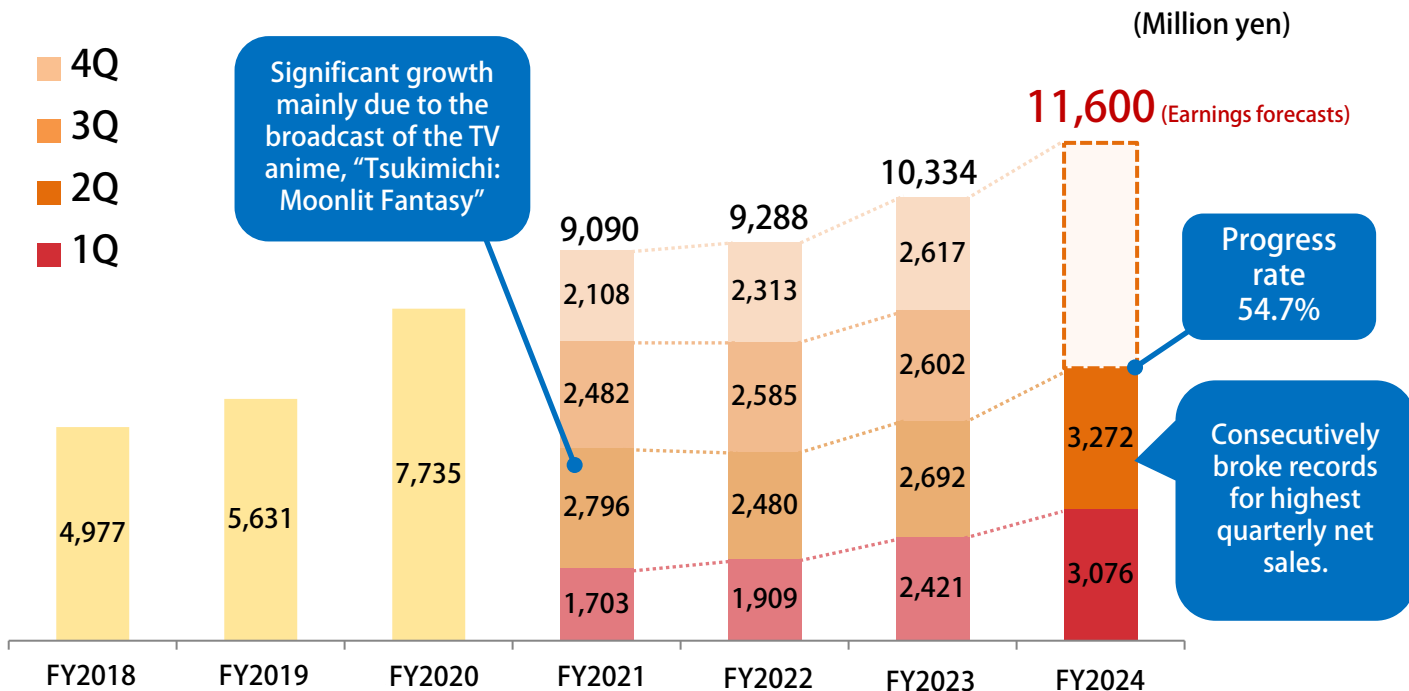
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(1) Book Publishing Business

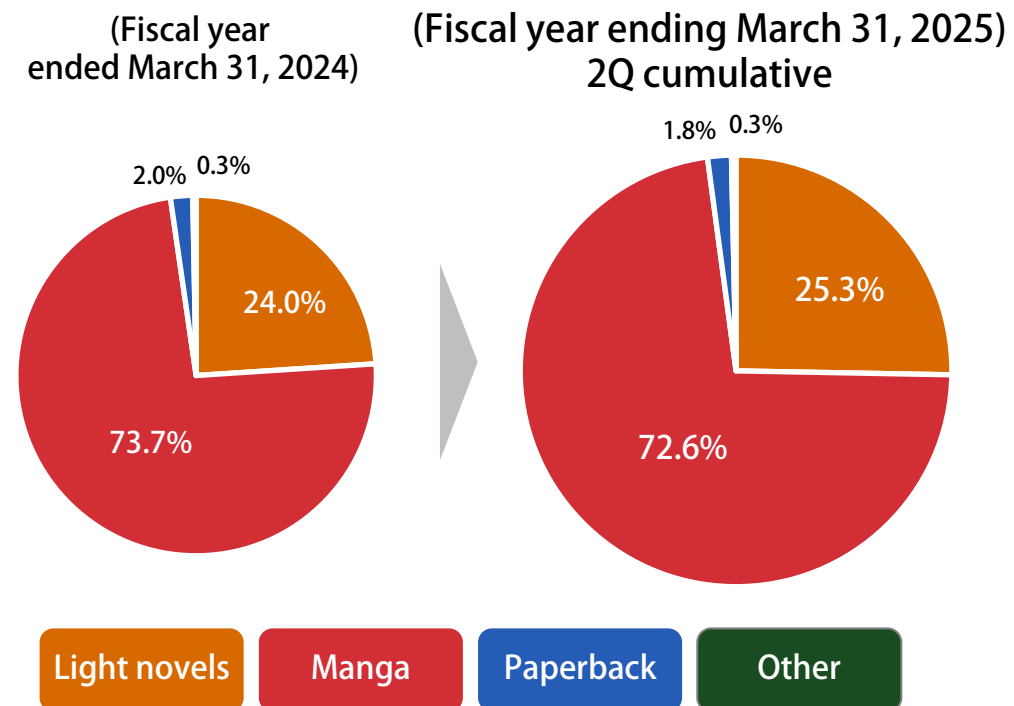
Net sales for the second quarter of the current fiscal year reached 3.27 billion yen, **consecutively breaking records for highest quarterly net sales** following the first quarter of the current fiscal year.

By genre, the proportion of light novels increased mainly due to the popularity of original novels that have been adapted into anime.

Changes in net sales of books

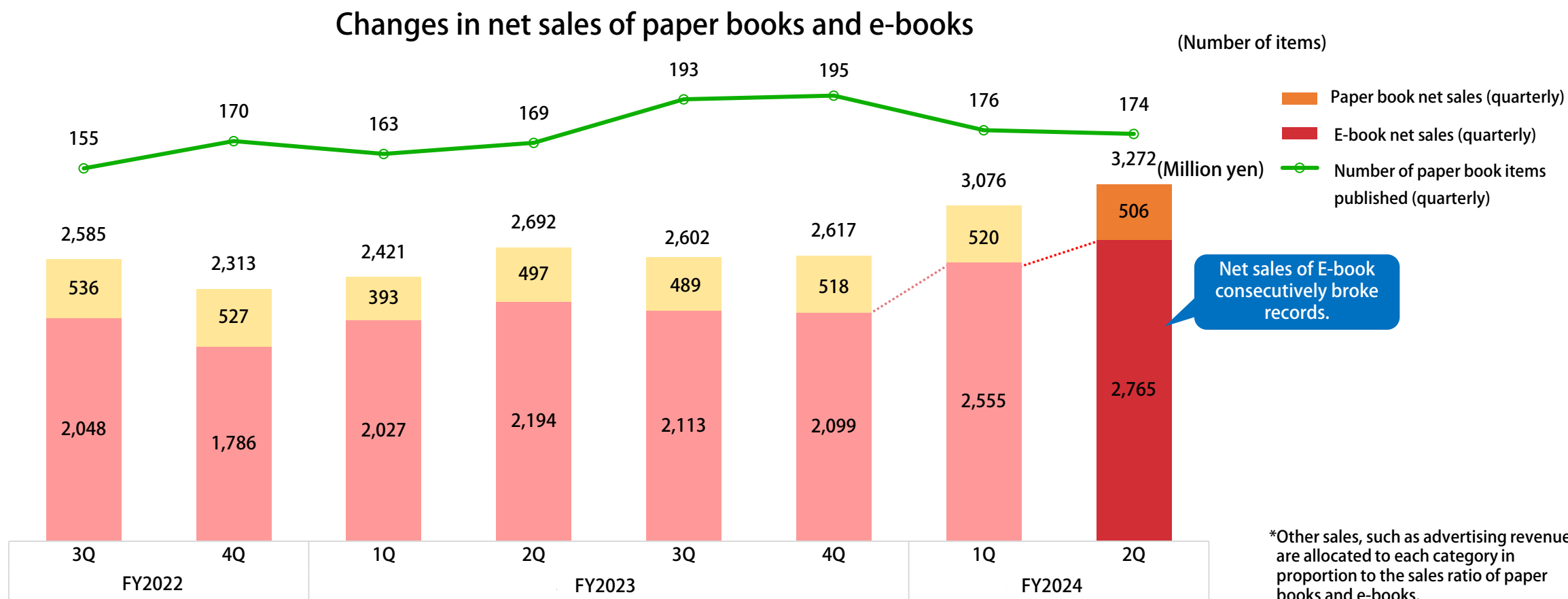


Net sales by genre



(1) Book Publishing Business

Sales of paper books remained high, despite the difficult market conditions, due to strategic efforts to increase sales of content adapted into anime continued from the first quarter. Sales of e-books consecutively reached record high levels, following the first quarter, due to the implementation of sales expansion measures and price revisions, as well as the strong performance of anime-adapted content and popular series.



(1) Book Publishing Business - Light Novels

Light novels



Second quarter topics

- The next volume of “A Playthrough of a Certain Dude’s VRMMO Life,” a series which has sold over 2 million copies in total, and new titles, etc. published from the award-winning content of the Web Content Grand Prix, performed well.
- “Tsukimichi: Moonlit Fantasy” volumes 1 to 20 continued to sell well mainly in e-book sales after the second season of the TV anime ended in June, contributing to sales in this genre.

Main hits published in the second quarter

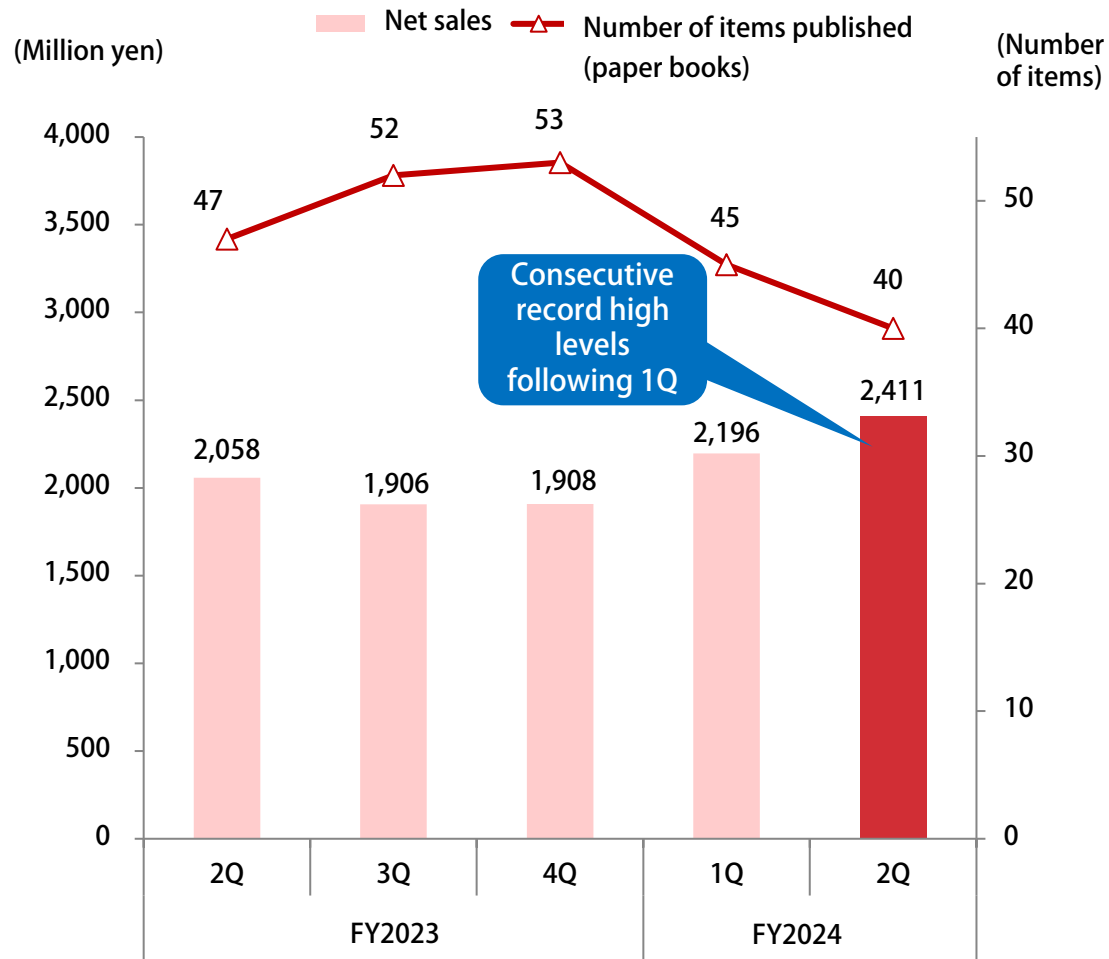


*The total number of copies sold for the series includes the number of e-books sold.

*The figures in ○ are the number of copies of the latest print edition of paper books (as of the date of publication of this document).

(1) Book Publishing Business - Manga

Manga




Second quarter topics

- The next volumes to large-scale popular series such as “A Gatherer’s Adventure in Isekai” and “May I Ask for One Final Thing?” continued to sell well.
- E-book sales were successfully lifted overall by price revisions for new and existing titles and sales promotion measures implemented by each e-store.
- Quarterly net sales **consecutively broke record high levels** following the first quarter.

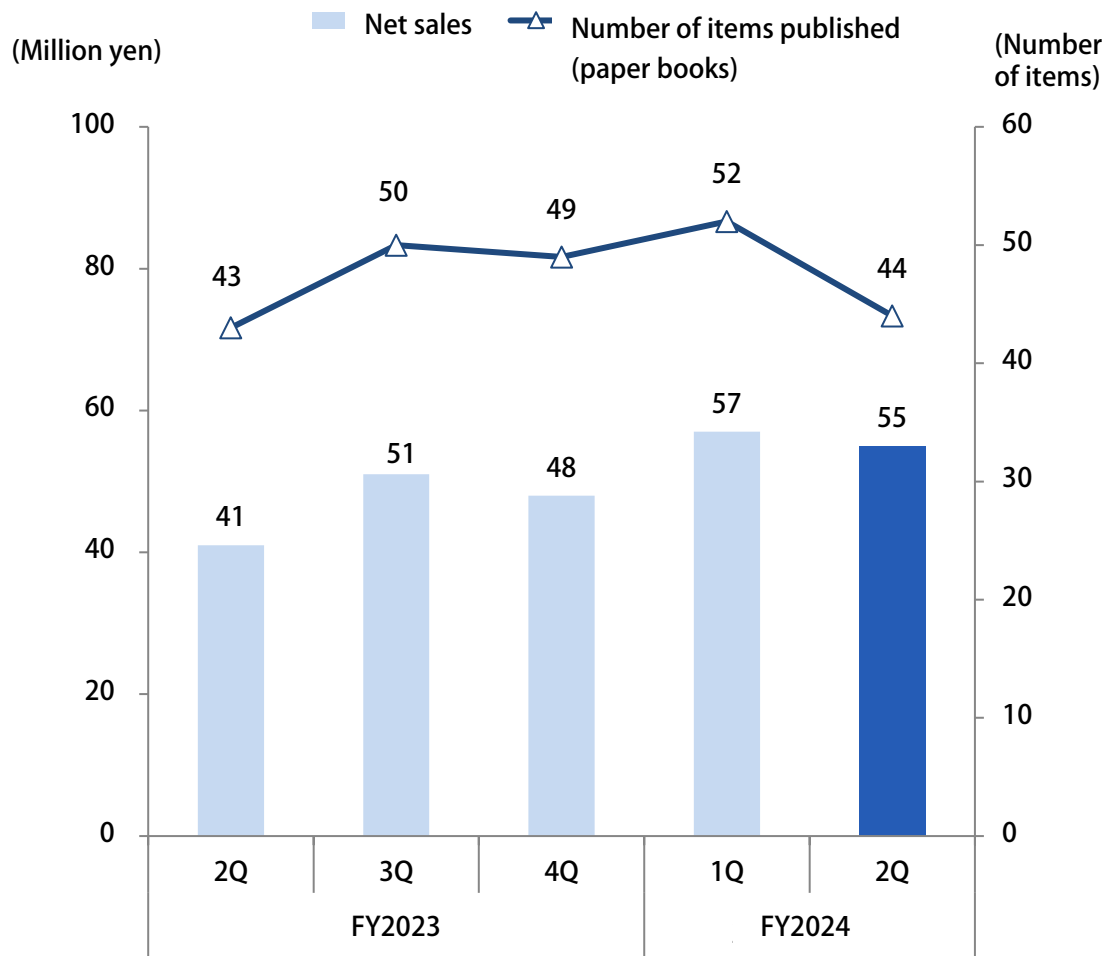
Main hits published in the second quarter



*The figures in  are the number of copies of the latest print edition of paper books (as of the date of publication of this document).

(1) Book Publishing Business - Paperback

Paperback



Second quarter topics

- Published multiple award-winning content of the Web Content Grand Prix, such as the “Character Literature Grand Prix” and “Light Literature Grand Prix.” Focused on expanding the range of handled genres.
- Published a children’s paperback edition of the long-selling novel “Nijiirō Hotaru,” which was made into an animated film by TOEI ANIMATION in 2012. We are promoting our entry into the children’s book market, which is performing steadily despite the difficult market environment for paper books.

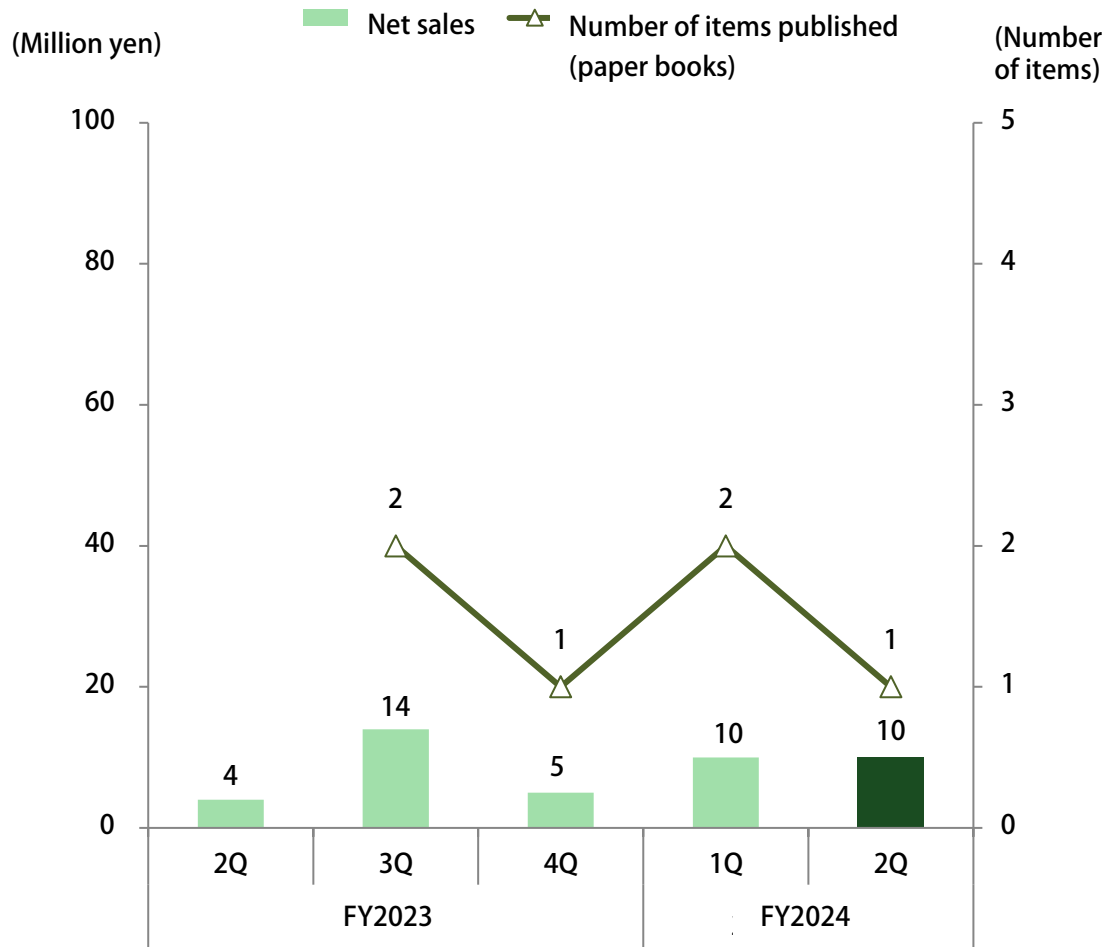
Main hits published in the second quarter



*The figures in are the number of copies of the latest print edition of paper books (as of the date of publication of this document).

(1) Book Publishing Business - Other

Other



Second quarter topics

- Published a book based on a popular business series on the Company's website, "80-sai demo Hodoyoku Shiawasenahito wa Koiufuni Kangaeteiru."
- Aiming to build a system that is not dependent on a specific genre, we have continued to focus on developing and strengthening our position in a wide range of genres.



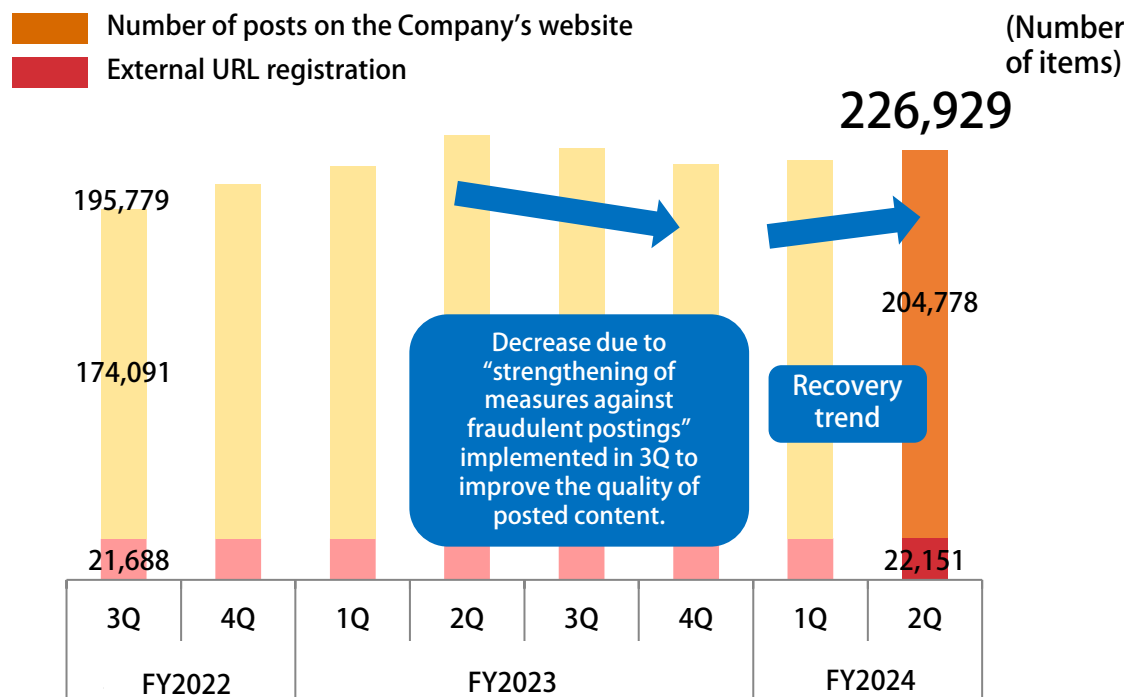
(2) Website Operation - Changes in KPIs

The number of posts on the Company's website has stabilized after a decrease due to the strengthening of measures against fraudulent postings, and is on a recovery trend.

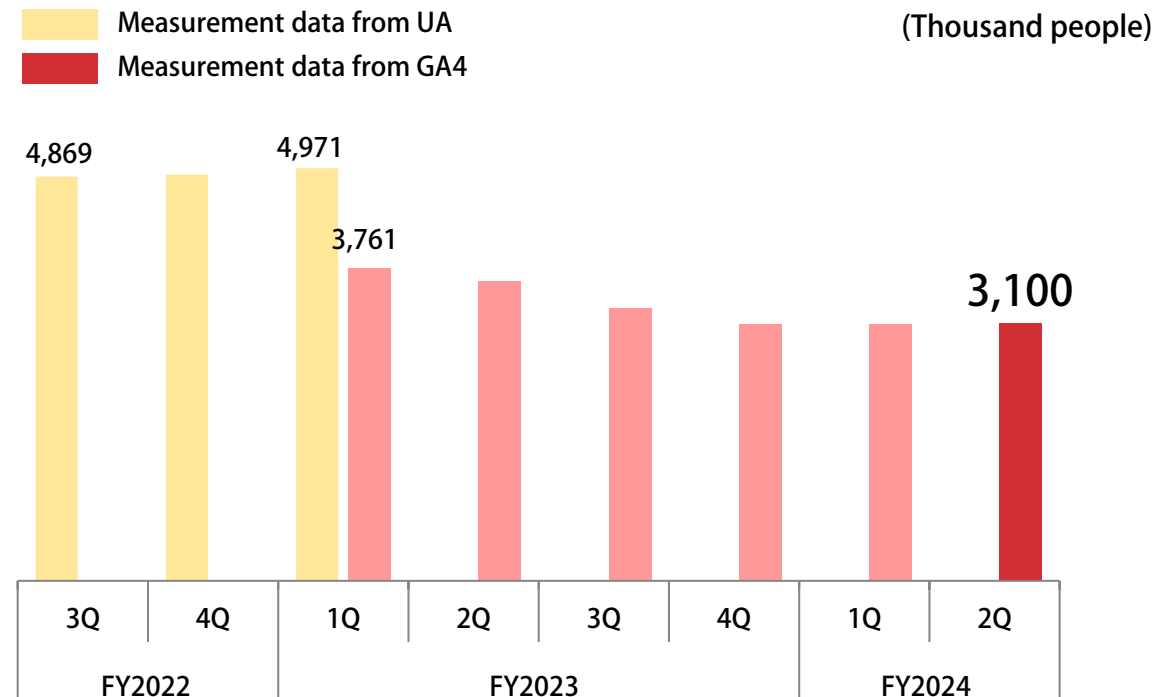
The number of monthly unique users was 3.1 million, the same level as in the first quarter.

We will continue to focus on enriching the content of the Company's website and increasing the number of users.

Total number of content items



Number of monthly unique users

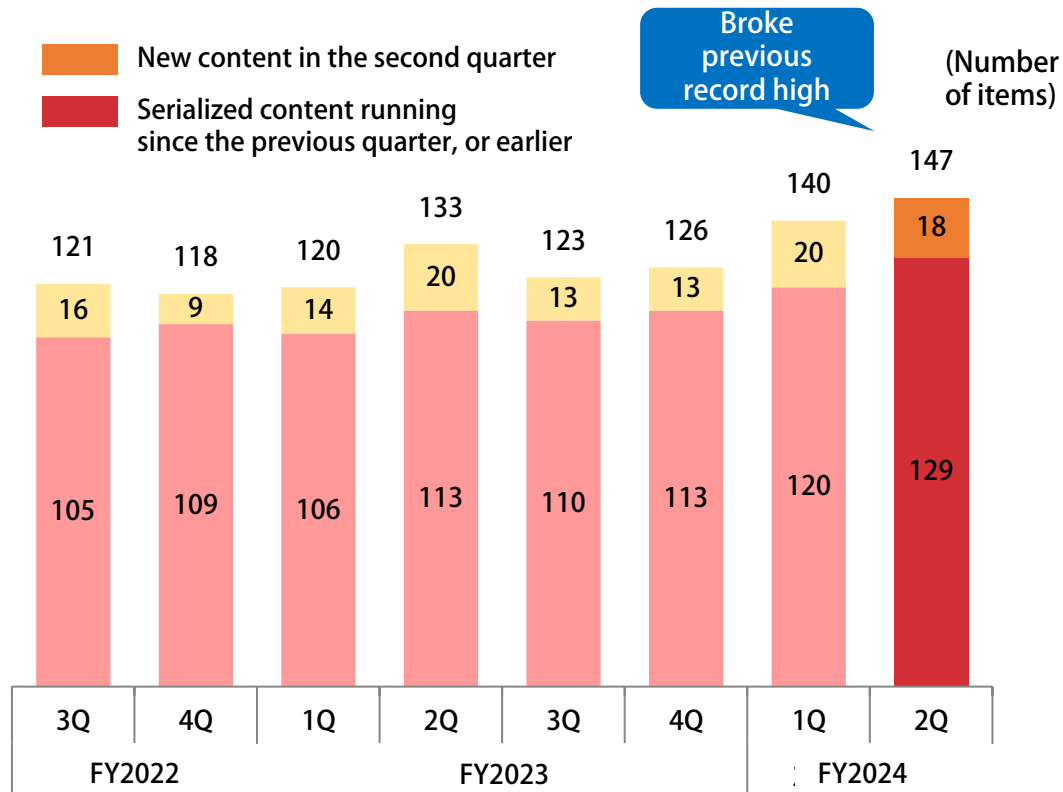


*As the measurement of "Universal Analytics (UA)," which was used to calculate the number of unique users, ended in July 2023, the data from the second quarter of the fiscal year 2023 onwards is calculated using measurement data from "Google Analytics 4 (GA4)."

(2) Website Operation – Manga Web Series

18 new series have been started, including manga adaptations of 15 light novels and 3 original manga. The number of serialized manga titles, which will form the basis for the number of manga published in the future, has increased steadily to a record high of 147.

Number of manga web series



Main new serialized manga in the second quarter



*The number of accesses is the number of accesses on the day the latest episode was published.

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(1) Book Publishing Business - Publication Plan (1/3)

We plan to continuously publish popular content with series totals of over 200,000 copies, etc.

Light novels












<p>3Q Possibly the Greatest Alchemist of All Time 17</p> <p>Series total 1.2 million</p> <p>10th Fantasy Novel Grand Prix Reader's Award Winner</p>	 <p>9 thousand</p>	<p>3Q Amarimono Isekaijin no Jiyuu Seikatsu 8, 9</p> <p>Series total 0.23 million</p> <p>13th Fantasy Novel Grand Prix Special Award Winner</p>	 <p>10 thousand</p>	<p>4Q Tsukimichi: Moonlit Fantasy 21</p> <p>Series total 4.7 million</p> <p>5th Fantasy Novel Grand Prix Reader's Award Winner</p>	 <p>25 thousand</p>
<p>3Q Camper Van de Iku Isekai Tsurezure Kiko</p> <p>3rd Next Generation Fantasy Cup Interesting Skill Award</p>	 <p>8 thousand</p>	<p>3Q Fantasy wa Shiranaikeredo Nanyara Kikakugai Mitaidesu 3</p> <p>3rd Next Generation Fantasy Cup Excellence Award</p>	 <p>8 thousand</p>	<p>4Q A Journey Through Another World ~Raising Kids While Adventuring~ 17</p> <p>Series total 1.23 million</p> <p>9th Fantasy Novel Grand Prix Special Award Winner</p>	 <p>17 thousand</p>
<p>3Q Regina</p> <p>Tensei Akachan Kati wa Chohokatsudo Shiteimasu 2</p> <p>15th Fantasy Novel Grand Prix Grand Prize Winner</p>	 <p>8 thousand</p>	<p>4Q A Playthrough of a Certain Dude's VRMMO Life 31</p> <p>Series total 2 million</p> <p>6th Fantasy Novel Grand Prix Reader's Award Winner</p>	 <p>10 thousand</p>	<p>4Q & arche</p> <p>Saioishi no Gikei wo Mederutame Nagaikishimasu! 5</p> <p>9th BL Novel Grand Prix Reader's Award Winner</p>	 <p>11 thousand</p>


- (Notes)
- The figures in  are the planned first print circulation for paper books as of the end of the second quarter.
 - Series total circulation includes e-book sales.
 - Publication timing is the schedule as of the date of publication of this document.
 - The illustration shows the latest volume as of the date of publication of this document.

(1) Book Publishing Business - Publication Plan (2/3)

We plan to continuously publish hit titles with the first edition of over 30,000 copies. Also, we are focusing on expanding into other genres.

Manga

3Q	<p>Re:Monster 12</p> <p>Series total 1.7 million</p>  <p>28 thousand</p>	3Q	<p>GATE: Where the JSDF Fought 26</p> <p>Series total 7.1 million</p>  <p>47 thousand</p>	4Q	<p>Tsukimichi: Moonlit Fantasy 15</p> <p>Series total 4.7 million</p>  <p>71 thousand</p>
3Q 4Q	<p>The Unaware Atelier Meister 7, 8</p> <p>Series total 0.75 million</p>  <p>22 thousand</p>	4Q	<p>THE NEW GATE 16</p> <p>Series total 2.7 million</p>  <p>31 thousand</p>	4Q	<p>A Journey Through Another World ~Raising Kids While Adventuring~ 10</p> <p>Series total 1.23 million</p>  <p>30 thousand</p>
3Q	<p>Possibly the Greatest Alchemist of All Time 8</p> <p>Series total 1.2 million</p>  <p>23 thousand</p>	3Q	<p> The Transfer Destination Was a World with few Pharmacists 5</p> <p>Series total 0.74 million</p>  <p>27 thousand</p>	4Q	<p> Doku wo Kurawaba Sara Made 2</p> <p>Series total 0.13 million</p>  <p>13 thousand</p>

- (Notes)
- The figures in  are the planned first print circulation for paper books as of the end of the second quarter.
 - Series total circulation includes e-book sales.
 - Publication timing is the schedule as of the date of publication of this document.
 - The illustration shows the latest volume as of the date of publication of this document (if the manga was not yet published, it shows the first volume of the original version).


(1) Book Publishing Business - Publication Plan (3/3)

We plan to publish titles in a wide range of genres, including character literature, business books, picture books, and children's books.

Paperback

3Q Character literature

Oni no Toryosama no Hanayome Gohan!



5th Character Literature Grand Prix Gourmet Award Winner

3Q Youth novel

Sayonara madeno 7-kakan, Tada Kimi wo Miteita



6th Hokkori Jinwari Grand Prix Grand Prize Winner

3Q アルファポリス ぎずな文庫


Miechau Nante, Himitsudesu.



1st Kizuna Children's Book Grand Prix Excellence Award Winner

4Q Character literature

Shiitagerareta Muno no Ane wa, Ayakashi Toryo ni Dekiai Sareteimasu 2



6th Character Literature Grand Prix Grand Prize and Reader's Award Double award winner

Other


Business

Jinsei ga Omoidorinaru Obake Mental



Picture books

Picture Book/Children's Book Grand Prix Grand Prize Winner, entry content, etc. x 1-2 items

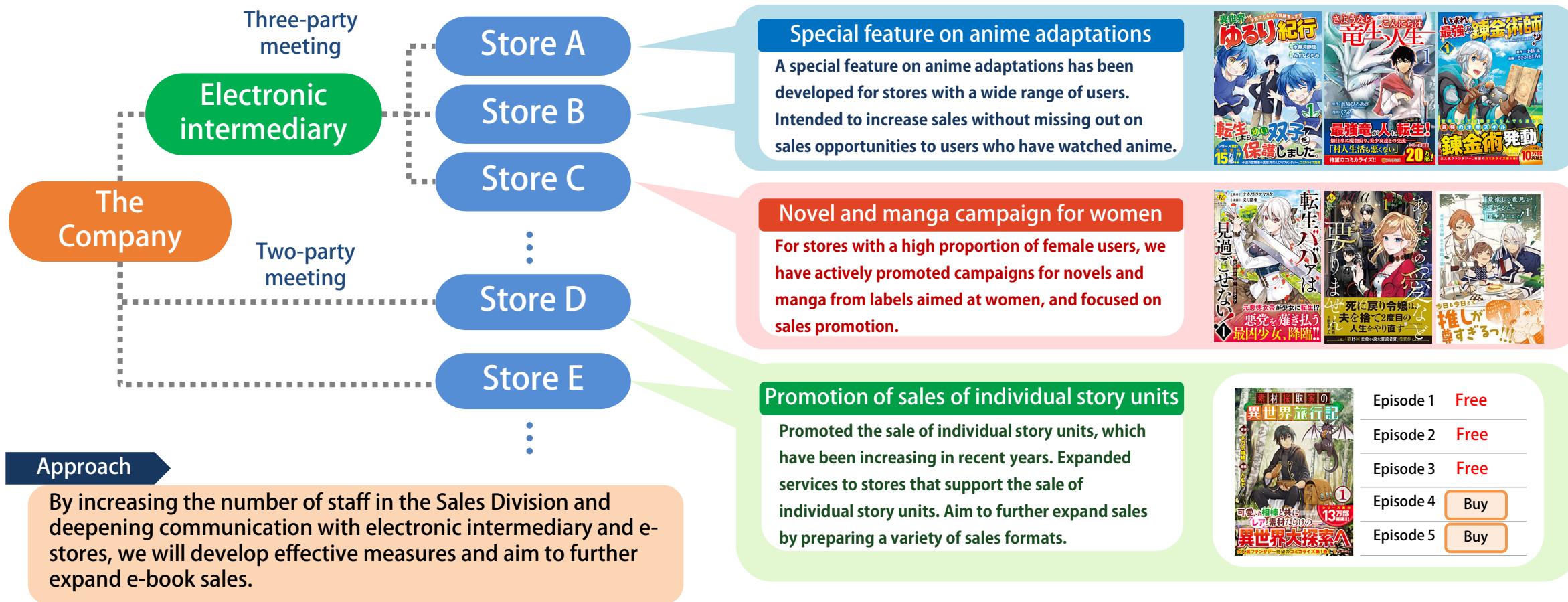
- (Notes)
- The figures in  are the planned first print circulation for paper books as of the end of the second quarter.
 - Series total circulation includes e-book sales.
 - Publication timing is the schedule as of the date of publication of this document.
 - The illustration shows the latest volume as of the date of publication of this document (if the paperback was not yet published, it shows the first volume of the original version).

(1) Book Publishing Business - E-Books

Net sales of e-books have remained at a high level of growth through the implementation of effective campaign measures that take into account the characteristics and user base of each e-store, and also through the strengthening of sales systems.

Implementation of regular strategy meetings to expand sales

Development of campaigns and sales formats tailored to the characteristics of each store



(2) Website Operation - Service Development Using AI

Released a “novel search function using generative AI” and a “high-precision recommendation function service.”

We will continue to develop and update services using AI to further enhance the website.

The Company's website



Development and installation of services using AI.
Work to further enhance and revitalize the website.

Provide highly convenient service functions.
Aim to expand the number of writers and site users.

Development and installation of services using AI

- ▶ Novel search function using generative AI
『Novel Search AI Assistant β』
- ▶ High-precision recommendation function service
『Recommended novels for you』

Release on Nov. 11

Release on Oct. 30

Writers and Site Users



- ▶ Novel search function using generative AI, “Novel Search AI Assistant β” : <https://ssl4.eir-parts.net/doc/9467/tdnet/2523807/00.pdf>
- ▶ High-precision recommendation function service, “Recommended novels for you” : <https://ssl4.eir-parts.net/doc/9467/tdnet/2514798/00.pdf>

(2) Website Operation - Strengthening of Manga

The number of entries for the “Manga Grand Prix” has remained at a high level. We will aim to achieve further business growth by continuing to discover promising content and artists, and strengthening the media power of our manga website and manga app.

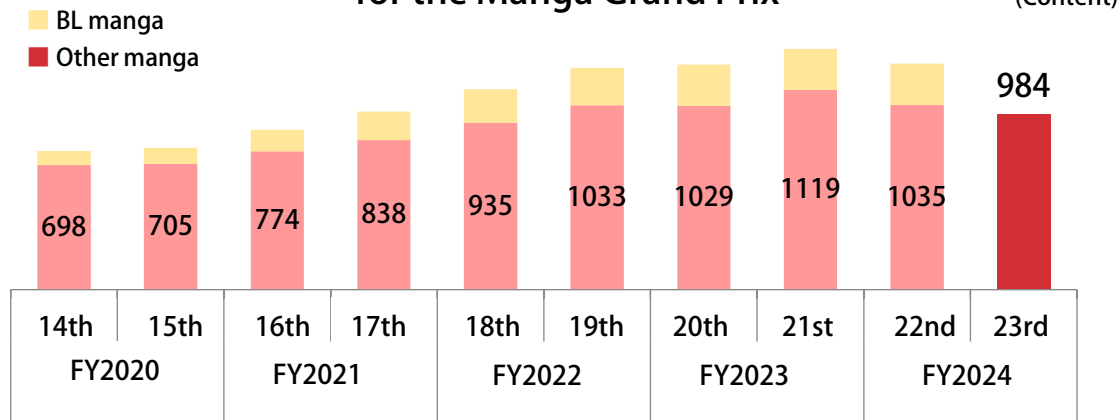


Scheduled to be held in October 2024
The 23rd Manga Grand Prix
 Autumn Campaign

Scheduled to be held in April 2025
The 24th Manga Grand Prix
 Spring Campaign

Successively publishing comics by writers from the Manga Grand Prix

Changes in the number of entries for the Manga Grand Prix



*From the 23rd event, BL manga content was excluded from the Manga Grand Prix, as it was to be integrated into the separate “BL Grand Prix.” For this reason, the number of entries for the Manga Grand Prix up to and including the 22nd is listed excluding BL manga.

(2) Website Operation - Expansion into Other Genres

Web Content Grand Prixes for a wide range of genres are held.

We aim to further expand our range of handled genres and quickly establish a position as a general publisher.

Upcoming Web Content Grand Prixes

November The 12th BL Grand Prix

December The 17th Picture Book Grand Prix

January The 8th Character Literature Grand Prix

March The 8th Horror and Mystery Novel Grand Prix

Book version of the Web Content Grand Prix winners

Character literature



Picture books and children's books



History and period



Horror and mystery



BL novel



Light literature



(3) Strengthening Media Development (1/2)

The highly popular novel “May I Ask for One Final Thing?” is set to be animated in 2025. This is the first anime adaptation from the “Regina Books” novel label in which the female protagonist plays an active role. In addition, the novel “The Unaware Atelier Meister,” which has sold a total of over 750,000 copies as a series, will also be adapted into an anime in April 2025.

*Series total circulation includes e-book sales.

“May I Ask for One Final Thing?”

【主要キャスト】

スカーレット・エル・ヴァンディミオン：瀬戸麻沙美
他

【スタッフ】

原作：鳳ナナ『最後にひとつだけお願いしても
よろしいでしょうか』（アルファポリス刊）

原作イラスト：沙月

漫画：ほおのきソラ

監督：坂本一也

シリーズ構成：赤尾でこ

キャラクターデザイン：芳我恵理子

音楽：樺山日南子

アニメーション制作：ライデンフィルム

メインプロダクション：ライデンフィルム京都スタジオ

【ティザーPV】

https://youtu.be/jB8N_ywHajo

【TVアニメ「最後にひとつだけお願いしてもよろしいでしょうか」公式サイト】

<https://saihito-anime.com/>



©鳳ナナ・アルファポリス/最ひと製作委員会

“The Unaware Atelier Meister”

【主要キャスト】

クルト：小松未可子
ユーリシア：瀬戸麻沙美
リーゼロッテ：田中美海
他

【スタッフ】

原作：時野洋輔（アルファポリス刊）

原作イラスト：ゾウノセ

漫画：古川奈春（アルファポリス刊）

監督：石井久志

シリーズ構成：赤尾でこ

キャラクターデザイン：中村深雪

音楽：渡邊峻治

アニメーション制作：EMTスクエアード

【ティザーPV】

<https://youtu.be/u3RS3SDyhLo>

【アニメ『勘違いの工房主』公式サイト】

<https://kanchigai-pr.com>



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(3) Strengthening Media Development (2/2)

Animated adaptations of our hit titles have come one after another. We will continue to focus on activities to create media content, and by accelerating the media development of the Company's IP, we will increase profits in the book and anime businesses.

TV anime broadcast schedule

*The broadcast schedule is the schedule as of the date of publication of this document.

Fiscal year 2024

3Q (Oct.~Dec.)

4Q (Jan.~Mar.)

Broadcasting titles in 2025

Titles in production

Been on air since
Oct. 2024

Scheduled to air
from Jan. 2025

Adapted into TV anime!
Scheduled to air from Apr. 2025

Adapted into TV anime!
Scheduled to air in 2025

Anime in
production

Third season of anime in
production

Goodbye, Dragon Life



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/「さようなら竜生、こんにちは人生」製作委員会

Possibly the Greatest Alchemist of All Time



©2025小狐丸・アルファポリス
/いずれ最強の錬金術師?製作委員会

The Unaware Atelier Meister



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/勘違いの工房主製作委員会

May I Ask for One Final Thing?



©鳳ナナ・アルファポリス/最
ひと製作委員会

New Saga



©2023阿部正行・アルファポリス
/強くてニューサーガ製作委員会

Tsukimichi: Moonlit Fantasy Season 3



©あずみ圭・アルファポリス
/月が導く異世界道中第二幕製作委員会

(4) Stock Split

A stock split is planned to improve stock liquidity and expand the investor base.

Record date	December 31, 2024 (As the shareholder register administrator is closed on that day, the effective date is December 30, 2024.)
Split ratio	Split at a ratio of 3 shares per share
Shareholder benefits	For shareholders who own at least one unit share after the split (substantial system expansion)

With this stock split, the forecast of cash dividends per share for the fiscal year ending March 31, 2025, as announced in the “Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP),” dated May 10, 2024, will be revised as follows. Please note that this revision to the forecast of cash dividends is due to the above-mentioned stock split, therefore there is no substantive change to the forecast of cash dividends per share.

Revision to
the forecast of
cash
dividends

	Cash dividends per share		
	Second quarter-end	Fiscal year-end	Total
Previous forecast (announced on May 10, 2024)	0 yen	33.00 yen	33.00 yen
Revised forecast (converted to pre-stock split)	0 yen	11.00 yen (33.00 yen)	11.00 yen (33.00 yen)
Results for the previous fiscal year (Fiscal year ended March 31, 2024)	0 yen	0 yen	0 yen

(5) Promotion of Medium-Term Key Strategies

1. Expanding overseas sales

Aiming to **expand the overseas market share of mainly digital manga**. We will strive to add languages other than English to translations and expand sales regions, with the target of **achieving an overseas ratio of 30%** of profits related to digital manga by the fiscal year ending March 31, 2030.

Promoting the expansion of translated languages and sales regions

ALPHA MANGA

Sales of individual story units via in-house apps

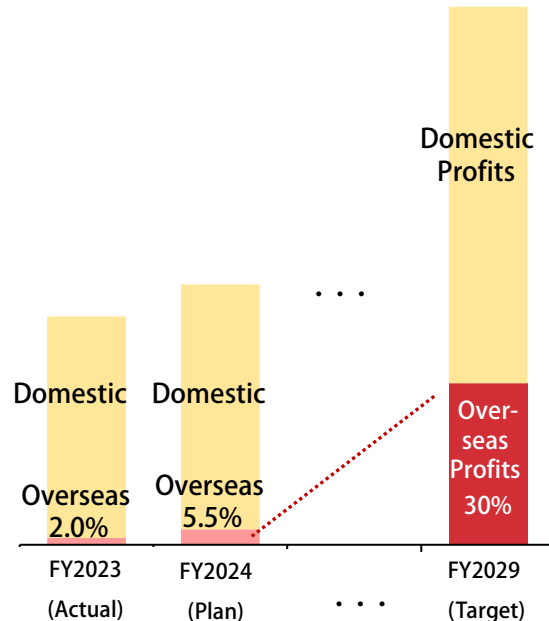


Overseas e-stores

Sales of volumes in e-stores in each country



Domestic and overseas ratio of digital manga sales profits

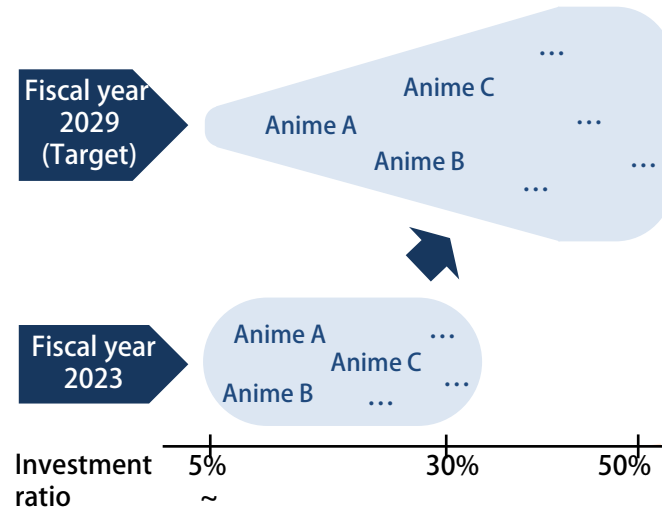


2. Expanding the anime business

In addition to aiming to increase sales of the original books through small-scale investment, the Company will **establish an anime business** by investing and committing to the production of anime itself, and aims to **increase profits from the anime business by 20 times** by the fiscal year ending March 31, 2030. At the same time, the Company aims to significantly raise its own IP capabilities to a much higher level.

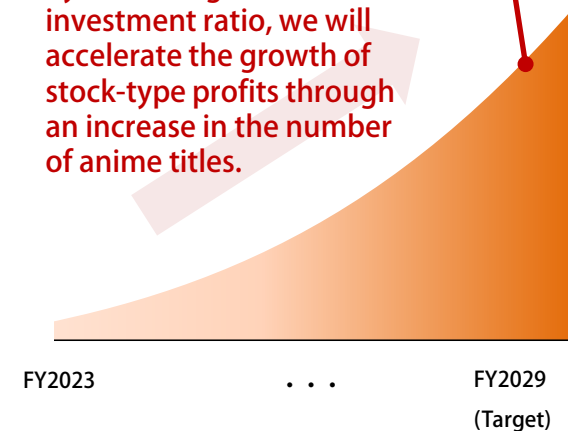
Raising the investment ratio for anime production

Expansion of profits from the anime business



20 times that of the fiscal year 2023

By increasing the investment ratio, we will accelerate the growth of stock-type profits through an increase in the number of anime titles.



Contents



- 1. Summary of Financial Results**
- 2. Status of Business Initiatives (Second Quarter)**
- 3. Future Initiatives**
- 4. Appendix**



Yusuke Kajimoto, Representative Director and President

- Mar. 1993 Graduated from the Faculty of Engineering, The University of Tokyo
- Apr. 1993 Joined Hakuodo Inc.
- Aug. 2000 Established the Company Representative Director and President (to present)



Akimichi Ohkubo, Director

- Mar. 1996 Graduated from School of Commerce, Meiji University
- Apr. 1996 Joined TOYOTA FINANCE CORPORATION
- Mar. 2010 General Manager, Finance & Accounting Department, SBI Mortgage Co., Ltd. (currently SBI ARUHI Corporation)
- Dec. 2012 Joined the Company
- Dec. 2013 Director (to present)
- Jul. 2015 General Manager, Administration Division (to present)

Hiroyuki Tominaga, Director (Outside)

- Mar. 1971 Graduated from the Faculty of Engineering, The University of Tokyo
- Apr. 1971 Joined Sasebo Heavy Industries Co., Ltd.
- Apr. 1995 Registered as an attorney. Member of the Intellectual Property Law Study Group, Tokyo Bar Association
- Apr. 2000 Member of the Tokyo Bar Association Special Committee on Measures against Racketeering through Intercession in Civil Disputes
- Feb. 2003 Registered as a patent attorney
- Feb. 2003 Representative, Tominaga Law and Patent Office (to present)
- Jun. 2014 Director, the Company (to present)

Takao Ochifuji, Full-time Corporate Auditor (Outside)

- Mar. 1977 Graduated from Faculty of Foreign Studies, Sophia University
- Apr. 1977 Joined DENTSU INC.
- Jul. 2003 Representative Director, Dentsu EYE Inc.
- Mar. 2006 Representative Director, Wunderman Dentsu Inc.
- Apr. 2012 General Manager, Global Business Center, DENTSU INC.
- Apr. 2013 Corporate Auditor, the Company (to present)

Nobuhiko Ikeda, Corporate Auditor (Outside)

- Mar. 1968 Graduated from Faculty of Commerce and Management, Hitotsubashi University
- Apr. 1968 Joined The Mitsui Trust and Banking Company, Limited
- Jun. 1999 Director, Mitsuishin Business Co., Ltd.
- Mar. 2006 General Manager, Internal Audit Office, SBI Mortgage Co., Ltd. (currently SBI ARUHI Corporation)
- May 2008 Audit and Supervisory Board Member, SBI Mortgage Co., Ltd.
- Mar. 2013 Corporate Auditor, the Company (to present)

Takuya Shiraishi, Director (Outside)

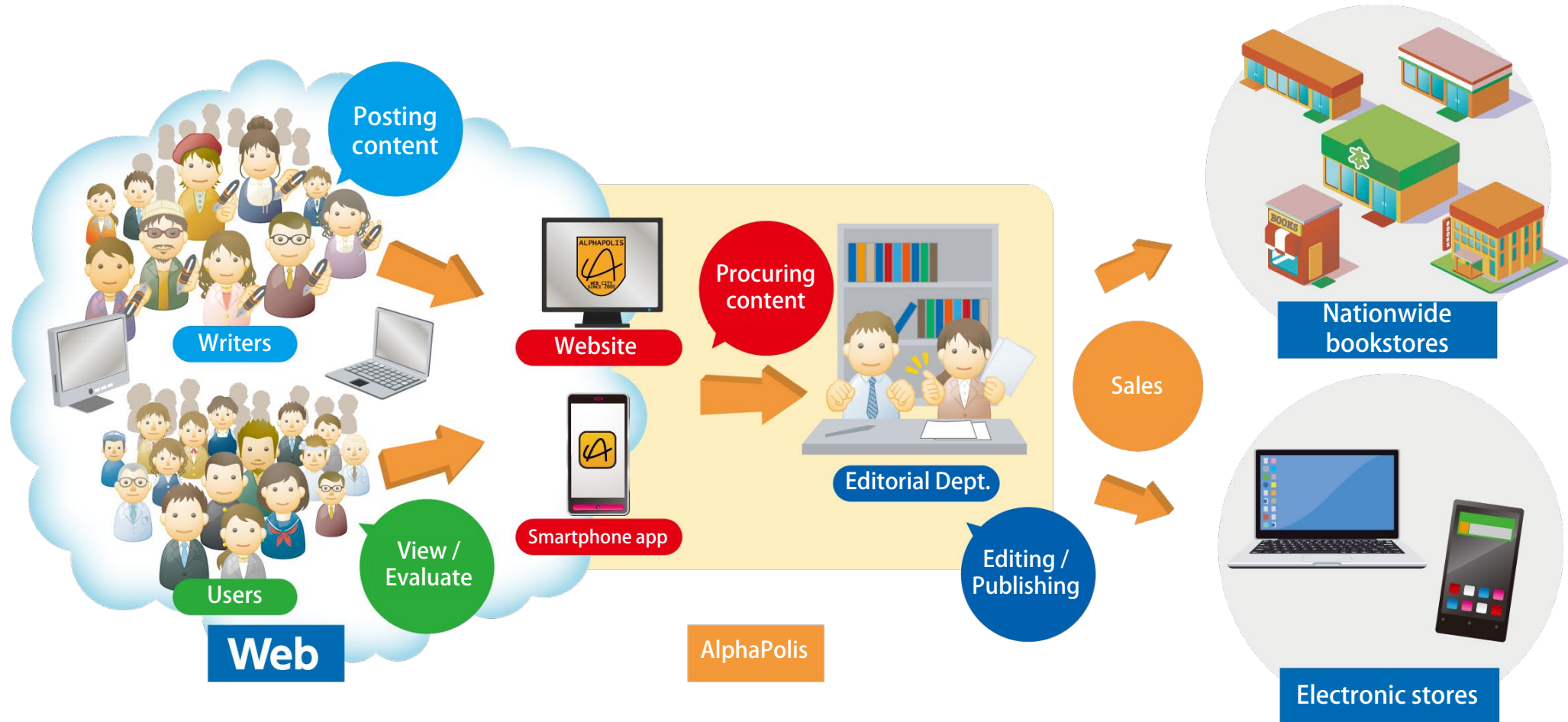
- Mar. 1996 Completed the Department of Aeronautics and Astronautics, Graduate School of Engineering, The University of Tokyo
- Apr. 1996 Joined Future Corporation
- Jan. 2016 President, Lawson Digital Innovation Inc.
- Feb. 2018 Representative Director and President, Digimile, Inc. (to present)
- May 2018 CIO, Walmart Japan Holdings, Inc. / Seiyu GK
- Jun. 2021 Director, the Company (to present)
- May 2023 Executive Manager, Ajinomoto Co., Inc. (to present)

Yoshiaki Amano, Corporate Auditor (Outside)

- Mar. 1972 Graduated from Faculty of Law, Keio University
- Apr. 1972 Joined The Mitsui Trust and Banking Company, Limited
- Jan. 2001 Transferred to Mitsui Mining Co., Ltd.
- Jun. 2005 Representative Director, Mitsui Mining Materials Co., Ltd.
- Jun. 2006 Full-time Corporate Auditor, Suncoh Consultants Co., Ltd.
- Jun. 2014 Corporate Auditor, the Company (to present)

Business Model: Overview

Operates a website for posting novels and manga which anyone can post and view for free. The content posted on the site is edited and published based on user evaluations, etc., and revenue is generated through sales at nationwide bookstores and electronic stores.



Business Model: Website Operation

Two systems for collecting good content that will become successful products

1. Web Content Grand Prix

① Holding prize contests for each genre

- Voting prize contests are **held every month** for different genres, such as fantasy novels, romance novels, and manga.
- There are awards such as the “Grand Prize” selected by the Editorial Dept. and the “Reader’s Award” for works that were most popular with readers, and the winners receive prize money.
- **Many of the works are published as books** from these prize contests, centering on award-winning content.

② Reader participation type

- Prize money is also presented to readers who voted, through a lottery.
The prize contests are made more exciting by involving readers.

2. Publishing Application System

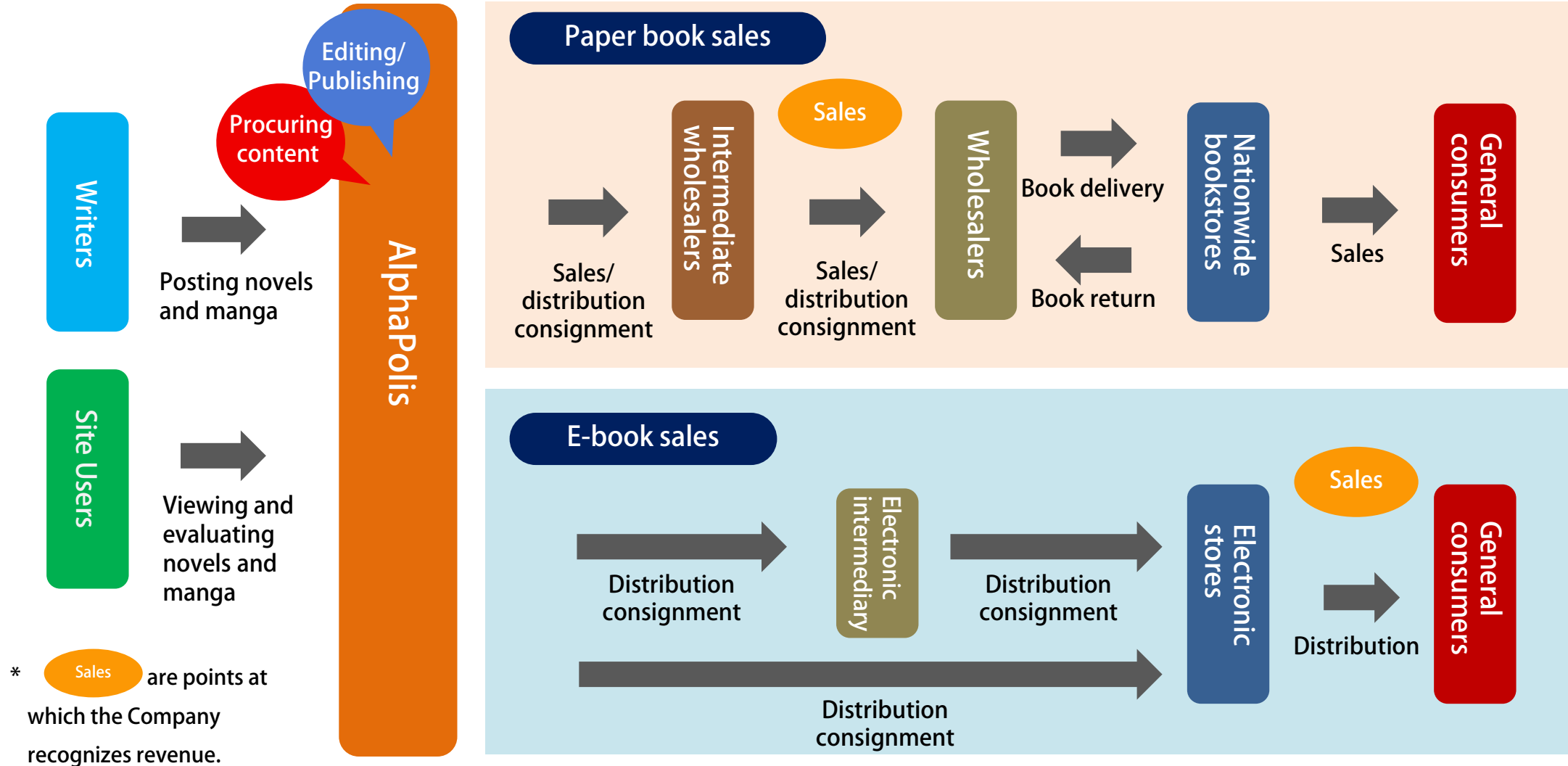
If the posted content receives a certain level of evaluation, application can be filed with the Company’s Editorial Dept. for consideration for publication.

Applicants can try their hand at publishing at any time.



Business Model: Sales Flow

The sales flow for the Company is as follows.



Two strengths of our business model that differ from conventional publishing

Creating new markets that reflect trends

Nowadays, trends in reader preferences for novels change very quickly. This trend first emerges in content on the Internet.

We can quickly identify the latest trends in content and commercialize popular books stably and in large quantities.

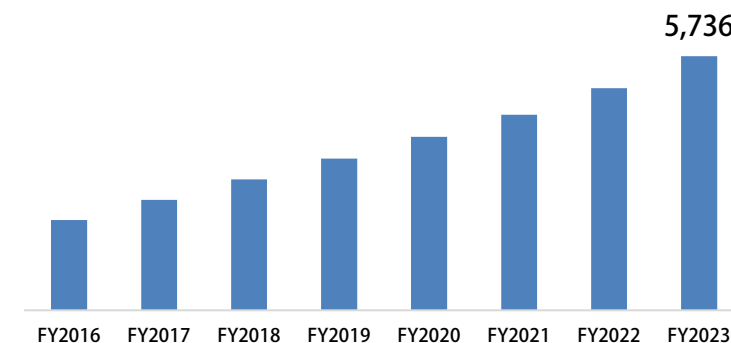
Avoiding the risk of a big flop

We select content for publication after assessing the needs of a sufficient number of readers based on numerous user evaluations on the Internet.

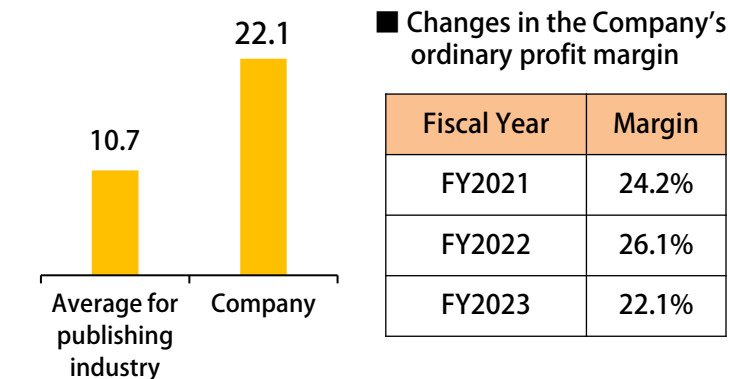
This helps to reduce the risk of not being able to secure enough sales to cover the costs of publishing the book.

Publishing business of the Company		
Function	Website operation	Book publishing
Content	Operation of a website for posting novels, manga, etc.	Editing and publishing of content collected from the content posting website
Com- petitors	Companies that operate websites for posting content *Includes models similar to ours operated by publishers	Publishers
Com- petitive advan- tage	<ul style="list-style-type: none"> ➤ Our content posting website is a pioneer website operated by a publishing company with a wealth of know-how from many years of experience in the business and a track record of numerous publications. ➤ We provide attractive services for people who want to become writers, such as “posting incentives” and “publishing application systems.” 	<ul style="list-style-type: none"> ➤ Reduction of collection labor and costs by procuring good content from our own content posting website based on user evaluations. ➤ The success rate at publication is raised by the large number of user evaluations gathered on the content posting website, and losses due to careless book publication are avoided ➤ Through these efforts, we can secure a high profit margin greatly exceeding the average for the publishing industry.

Cumulative total of new publications issued by the Company



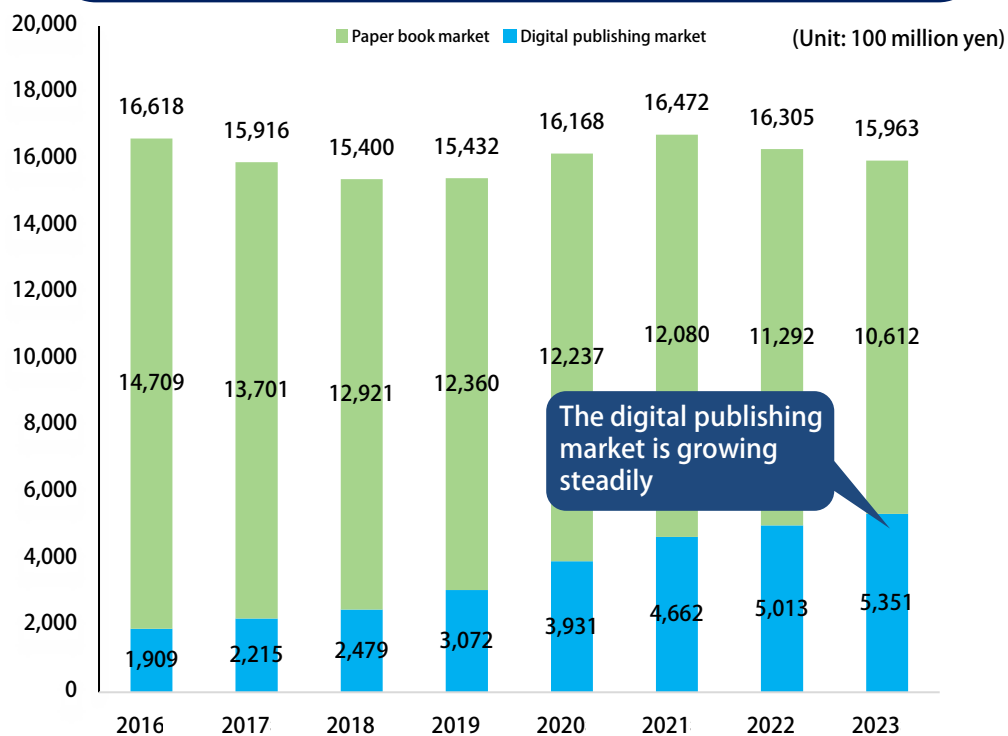
Ratio of ordinary profit to net sales



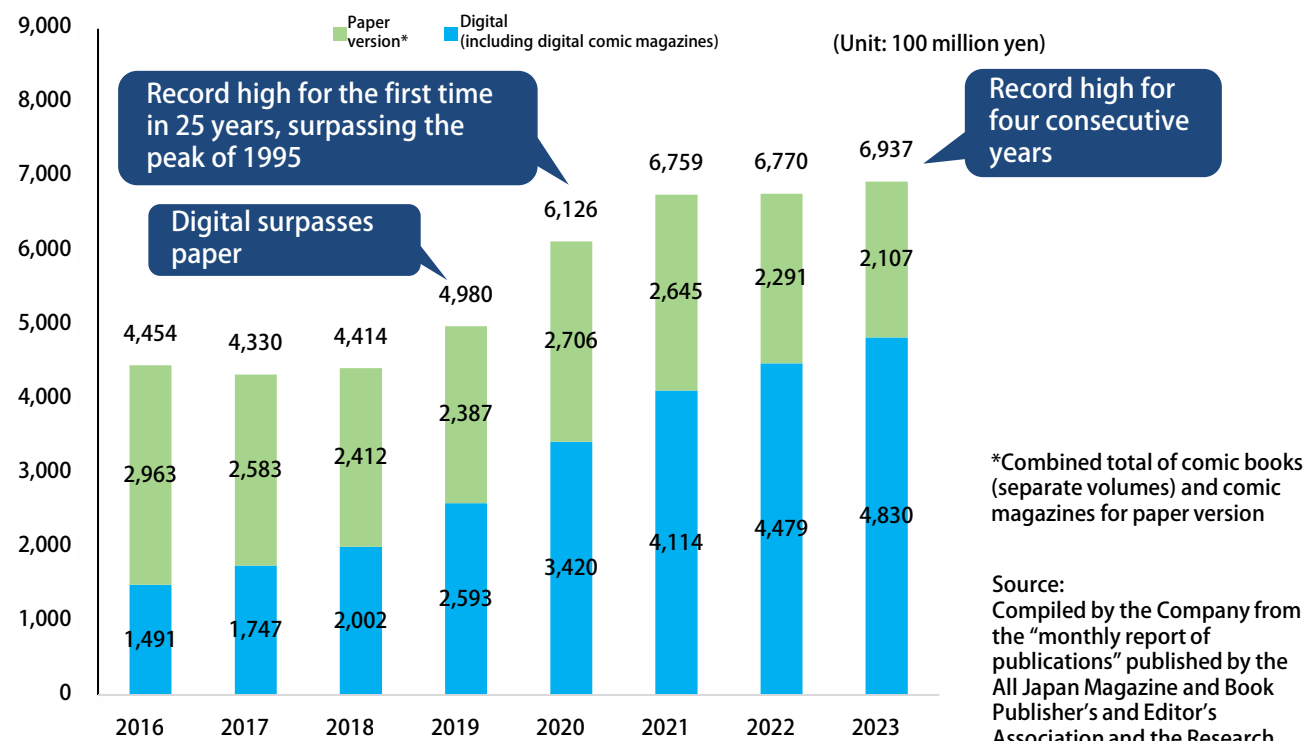
Source: The average for the publishing industry is calculated by the Company based on the sales and ordinary profit for publishers excluding newspapers in the “Preliminary Report on the 2023 Basic Survey of Japanese Business Structure and Activities” by the Ministry of Economy, Trade and Industry.

- In the combined paper and digital publishing market, the paper book market continues to face a difficult situation, but the digital publishing market continues to grow steadily.
- The size of the comic market has grown for four consecutive years since 2020. Sales of digital comics have grown significantly mainly due to the popularity of visual content, original digital content, and vertical scrolling comics.

Changes in estimated sales in the paper book market and the digital publishing market



Changes in estimated sales for the comic market



Source:
Compiled by the Company from the "monthly report of publications" published by the All Japan Magazine and Book Publisher's and Editor's Association and the Research Institute for Publications.

In addition to strengthening the publishing business, we aim to expand beyond publishing and develop other businesses in the future that utilize the IP we have accumulated in the publishing business as an entertainment company. For this purpose, the business and financial issues that we should address first are as follows.

Item	Business and financial issues to be addressed
Securing and training excellent human resources	<p>Our editors are assigned to each book, and their responsibilities cover all necessary work from production to sales, including planning, editing, producing sales promotion tools, and placing advertisements. Therefore, our system is designed so that the results of each editor's work are easy to see to help maintain their motivation, but at the same time, requires a wide range of knowledge and skills. With that said, the needs of readers are changing very rapidly and the timing of publication is becoming extremely important. Furthermore, as we aim to expand the genres we handle going forward, it will be necessary to increase the number of editors to ensure that content that is expected to be a hit is published without missing the right moment. In addition, in order to expand the genres we handle, we will need to enhance the services on the Company's website, including our smartphone app, and expand the types of content that can be procured. Therefore, we will also need to increase the number of engineers and other web development personnel to ensure prompt response on our website services.</p> <p>In addition to promoting the recruitment of mid-career personnel who can provide an immediate impact, we are also working to secure human resources who will drive dramatic future growth by actively recruiting new graduates. At the same time, we are also working to create a company that attracts applicants by continuously implementing measures to enhance in-house training and improve the name recognition of the Company and its services.</p>
Increasing the number of writers and users	<p>Our business model is based on the premise that we can collect a large amount of high-quality content on the Internet, and that the success rate at publication can be raised in advance through evaluations from multiple perspectives by numerous users. We must therefore continuously secure new content and users.</p> <p>As such, improving the satisfaction of writers and users is important for us, and we aim to achieve this by actively implementing measures such as the "posting incentive," which provides gift certificates or cash depending on the number of views of the posted content, etc. and promotions for publications, as well as responding appropriately to requests from writers and users with respect to the Company's website.</p>
Expanding the genres of handled books	<p>Light novels account for approx. 24% of net sales, and the manga, which accounts for approx. 74% of net sales, includes many comic adaptations of works that were originally light novels, so there is a high degree of dependence on light novels. For this reason, from the perspective of further business expansion and portfolio optimization, we have positioned the expansion of the genres for the books we handle as one of our priority issues, so that we do not depend on specific genres.</p> <p>We are actively working to develop new genres by holding and augmenting the Web Content Grand Prix in a wide range of genres, including the "Character Literature Grand Prix," the "Historical/Period Novel Grand Prix," and the "Picture Book/Children's Book Grand Prix."</p>

Item	Business and financial issues to be addressed
<p>Responding to the digital book market</p>	<p>In the publishing industry, to which the Company belongs, the digital book market has been steadily expanding, and since the Company began full-scale digital book sales in fiscal year 2015, digital book sales have continued to increase steadily. On the other hand, because the market environment for digital books changes more rapidly than that for paper books, it is necessary to take flexible measures in response to changes in the environment that are different from those for conventional paper book content in order to maintain and expand digital book sales.</p> <p>We are working to build a system that will enable us to respond quickly to such changes in the market environment by improving the organizational structure and raising employee awareness as needed.</p>
<p>Securing and expanding new sales channels</p>	<p>Currently, the environment surrounding the Company in the publishing industry has become increasingly severe, and the decline in the number of bookstores is particularly remarkable. In this environment, we need to secure and expand sales channels for the Company's book content, as well as pursue high profitability for those channels.</p> <p>In order to expand sales in the growing digital book market, we are working to expand sales channels by strengthening partnerships with digital distributors and digital stores that serve as sales channels, and are promoting new contracts with overseas digital stores as a way of tapping into the booming overseas manga market. Furthermore, we launched the paid subscription service "Rental" in February 2017 and expanded our services globally by releasing the manga app "Alpha Manga" for overseas users in July 2021 with a view to building and strengthening a system for directly selling book content to general consumers. By enhancing the entire pipeline from our content posting website to our sales website, we are working to fortify and expand our operational backbone.</p>
<p>Business expansion utilizing in-house IP</p>	<p>In order to further expand our business, the Company aims to diversify the business beyond the publishing business, utilizing the in-house IP accumulated through the publishing business. Specifically, the Company aims to expand into media other than the publishing business, such as video, goods sales, game business, and new app services for smartphones.</p>
<p>Responding to generative AI</p>	<p>In recent years, the use of generative AI has been rapidly expanding in tandem with the remarkable advancement of AI technology, and this could greatly affect the creative aspects of the Company, so we need to respond quickly to make effective use of this tool. On the other hand, rules regarding copyright for generative AI are yet to be established not only in Japan but also overseas, so we need to prepare for risks arising from copyright issues.</p> <p>In order to address these issues, the Company is constantly gathering information on trends in generative AI and legal regulations, and is working to promptly respond to the emergence of social rules surrounding generative AI.</p>
<p>Strengthening internal control structures</p>	<p>The Company believes that in order to respond quickly to changes in market trends, competitors, customer needs, etc., and to maintain sustainable growth, it is important to standardize and streamline operations through the strengthening of internal control structures. Accordingly, the Company will strive to strengthen internal control structures by developing an environment that enhances the effectiveness of internal controls and improving corporate governance. By doing so, we aim to standardize and streamline our operations while ensuring thorough risk management through systematic control and supervision.</p>

Recognized Risks and Response Measures (1/2)

We recognize the following main risks that could significantly affect the realization of growth and the execution of the business plan.

Category	Item	Main risk	Likelihood of occurrence/ Timeframe	Degree of impact	Risk response measure
Risks related to the business environment	Entry of competitors	A possibility that other companies will enter the market using a business model similar to ours.	Medium/ Mid-long term	Medium	Continuous implementation of measures to improve the Company's name recognition and the satisfaction of writers and users, to secure a competitive advantage.
	Resale price maintenance system	A possibility that price competition, such as price discounts, will occur due to the abolition of the "resale price maintenance contract system" under the Antimonopoly Act.	Low/ Mid-long term	Medium	Monitoring of system revisions and responses to the revisions by the Administrative Division.
	Copyright, trademark rights, intellectual property rights, etc.	A possibility of copyright-related problems between the Company and the writers, or copyright or trademark right-related problems between the Company and other companies. Also a possibility of significant changes or new provisions in laws and regulations related to copyright, etc., that will affect the Company.	Low/ Mid-long term	Medium	Responding in collaboration with attorneys specializing in intellectual property rights with whom the Company has an advisory contract.

Recognized Risks and Response Measures (2/2)

Category	Item	Main risk	Likelihood of occurrence/ Timeframe	Degree of impact	Risk response measure
Risks related to the business	Business partners with high dependence	A possibility that the two companies we depend on greatly, Seiunsys Co., Ltd., an intermediate wholesaler of paper books, and MEDIA DO Co., Ltd., a major wholesaler of digital books, will be unable to continue business with us for some reason.	Low/ Unknown	Large	Responding by creating a different sales scheme.
	Stable operation of systems	A possibility of system failure due to a sudden increase in the number of accesses to each service provided by the Company or a server shutdown due to a disaster, etc.	Low/ Unknown	Large	Increasing the number of staff in the Web Planning and Development Department to ensure the stable operation of the system and to respond to unforeseen circumstances.
Risks related to the business structure	Dependence on the Representative Director and President	A possibility that Yusuke Kajimoto, Representative Director and President, who is the founder of the Company and has extensive experience, knowledge, connections, etc. regarding management and plays a central role in promoting the business, may be unable to execute his duties as a manager of the Company for some reason.	Low/ Unknown	Large	Recruitment and training of senior management and business promotion staff. Creation and promotion of a system for division of labor through delegation of authority.

*Please refer to the “Business risks” section of the Annual Securities Report for information on other risks.

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