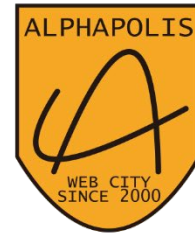


Note: This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

**Second Quarter of the
Fiscal Year
Ending March 31, 2026
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 13, 2025

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

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

Operating Results Highlights (2Q cumulative: April 2025 – September 2025)

[Consolidated results]

- Net sales **7,989 million yen**
- Ordinary profit **1,716 million yen**

[Non-consolidated results]

- Net sales **7,989 million yen**
(Year-on-year **+25.8%**)
- Ordinary profit **1,807 million yen**
(Year-on-year **+16.5%**)

Topics Highlights (2Q: July 2025 – September 2025)

- The acquisition of WHITE FOX, an animation production company, as a subsidiary resulted in the transition to consolidated financial statements starting from the current second quarter.
*In 2Q, only B/S is consolidated. Inclusion of P/L begins from 3Q.
- Significant growth in e-book sales owing to promotion of sales expansion measures, etc. On a non-consolidated basis, AlphaPolis quarterly net sales and profits substantially surpassed previous records.
- A steady stream of TV anime adaptations for the Company's hits.
"Gate Season 2: Where the JSDF Fought" (Jul. 4)
"Possibly the Greatest Alchemist of All Time" Anime Season 2 (Sep. 11)
"Re:Monster" Anime Season 2 (Sep. 25)

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026

The acquisition of WHITE FOX Co., Ltd. as a subsidiary resulted in the transition to consolidated financial statements starting from the current second quarter. We are therefore withdrawing the non-consolidated earnings forecast announced on May 15, 2025, and newly announcing a consolidated earnings forecast.

■ Consolidated earnings forecast for FY2025

Unit: Million yen	FY2025 consolidated earnings forecast (April 2025 – March 2026)
Net sales	17,100
Operating profit	3,720
Ordinary profit	3,760
Profit attributable to owners of parent	2,330
Basic earnings per share (yen)	80.18

[Reference] Withdrawn FY2025 non-consolidated earnings forecast

Unit: Million yen	FY2025 non-consolidated earnings forecast (Reference)
Net sales	16,000
Operating profit	3,700
Ordinary profit	3,710
Profit	2,300
Basic earnings per share (yen)	79.14

The consolidated earnings forecast incorporates WHITE FOX Co., Ltd.'s results from 3Q onward. Going forward, we plan to disclose only consolidated earnings forecasts.

Overview of the Statement of Income (Consolidated)

For the current second quarter, consolidation includes only the B/S for WHITE FOX Co., Ltd.
Advisory fees and other expenses of 90 million yen related to the acquisition of subsidiary shares were recorded in consolidated P/L under SG&A expenses.

Unit: Million yen	Fiscal year ending March 31, 2026		Remarks
	2Q cumulative	Composition ratio	
Net sales	7,989	100.0%	
Gross profit	6,120	76.6%	
Selling, general and administrative expenses	4,424	55.4%	Expenses totaling 90 million yen related to the acquisition of subsidiary shares were recorded as 2Q expenses in the consolidated financial statements.
Operating profit	1,695	21.2%	
Ordinary profit	1,716	21.5%	
Profit attributable to owners of parent	1,029	12.9%	

Overview of the Statement of Income (Non-consolidated)

Sales of e-books increased through initiatives such as a 25th anniversary campaign linked with our e-store, resulting in a 25.8% year-on-year increase in net sales. Ordinary profit increased by 16.5% despite a slight decline in profit margin, as the ratio of sales commissions rose year-on-year due to changes in the sales composition ratio for the e-store.

Unit: Million yen	Fiscal year ending March 31, 2026		Fiscal year ended March 31, 2025		Year-on-year	
	2Q cumulative	Composition ratio	2Q cumulative	Composition ratio	Rate	Amount
Net sales	7,989	100.0%	6,348	100.0%	+ 25.8%	+ 1,640
Gross profit	6,120	76.6%	4,784	75.4%	+ 27.9%	+ 1,336
Selling, general and administrative expenses	4,333	54.2%	3,237	51.0%	+ 33.9%	+ 1,096
Operating profit	1,786	22.4%	1,546	24.4%	+ 15.5%	+ 239
Ordinary profit	1,807	22.6%	1,551	24.4%	+ 16.5%	+ 255
Profit	1,120	14.0%	961	15.1%	+ 16.5%	+ 158

Breakdown of Net Sales (Non-consolidated)

“(2) Manga,” which are highly compatible with e-books, continued to perform well. Year-on-year sales grew a substantial 31.0%, mainly due to significant sales of e-books.

Unit: Million yen	Fiscal year ending March 31, 2026		Fiscal year ended March 31, 2025		Year-on-year	
	2Q cumulative	Composition ratio	2Q cumulative	Composition ratio	Rate	Amount
Net sales	7,989	100.0%	6,348	100.0%	+ 25.8%	+ 1,640
(1) Light novels	1,818	22.8%	1,605	25.3%	+ 13.3%	+ 212
(2) Manga	6,037	75.6%	4,608	72.6%	+ 31.0%	+ 1,429
(3) Paperback	122	1.5%	113	1.8%	+ 8.1%	+ 9
(4) Other	10	0.1%	21	0.3%	- 50.2%	- 10

Breakdown of Selling, General and Administrative Expenses (Non-consolidated)

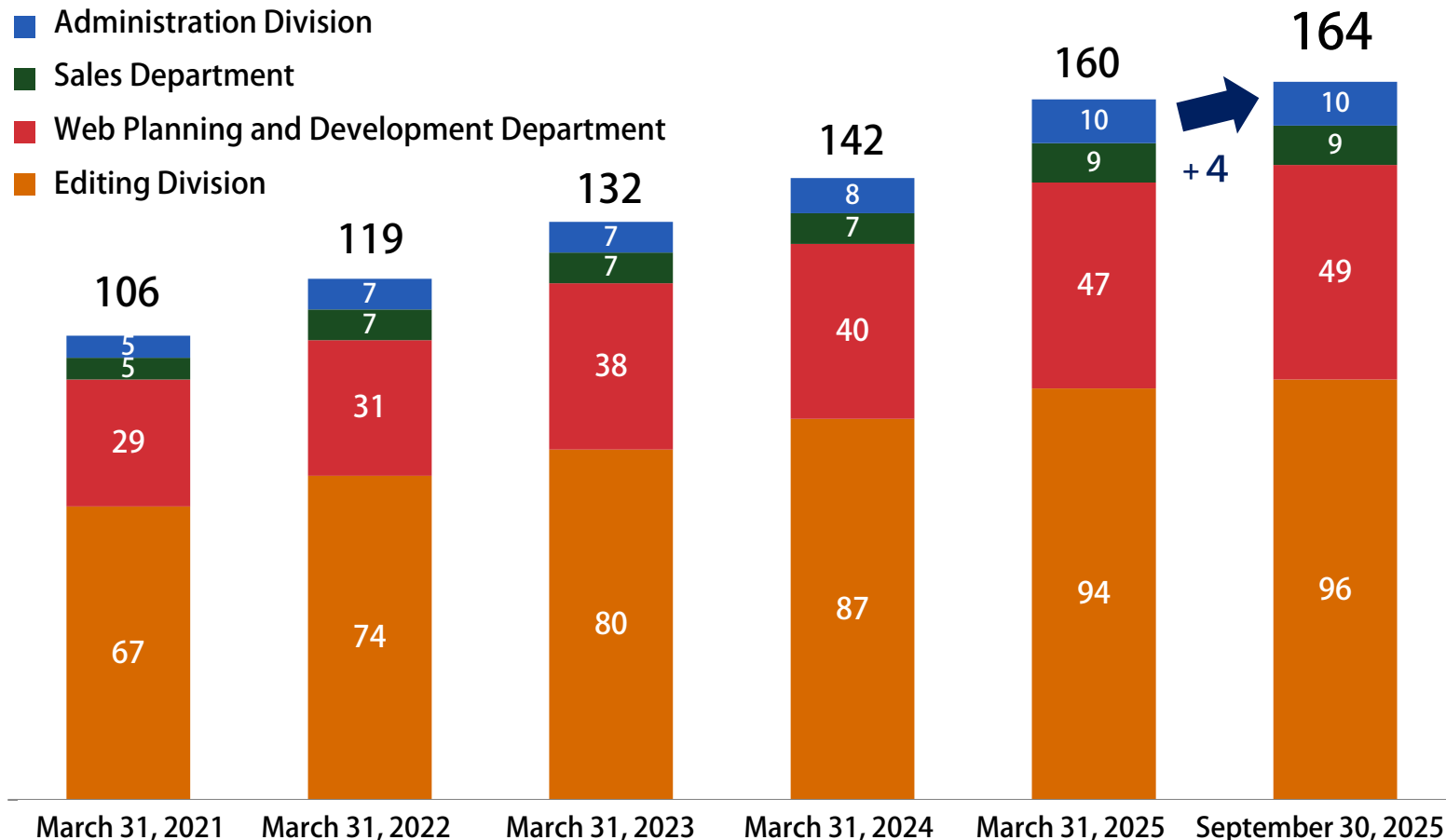
“(1) Sales commissions, etc.” are mainly commissions related to sales of e-books and have increased in proportion to the growth in sales of e-books.

“(5) Other” increased year-on-year mainly due to investments related to AI utilization, and other factors.

Unit: Million yen	Fiscal year ending March 31, 2026		Fiscal year ended March 31, 2025		Year-on-year		Remarks
	2Q cumulative	Composition ratio	2Q cumulative	Composition ratio	Rate	Amount	
Selling, general and administrative expenses	4,333	100.0%	3,237	100.0%	+ 33.9%	+ 1,096	
(1) Sales commissions, etc.	3,484	80.4%	2,491	76.9%	+ 39.9%	+ 993	Increased mainly in line with growth in sales of e-books.
(2) Personnel expenses (including provisions and remuneration for officers)	378	8.7%	346	10.7%	+ 9.0%	+ 31	Increased due to an increase in the number of employees and higher wage levels.
(3) Recruiting expenses	13	0.3%	21	0.7%	- 37.0%	- 7	
(4) Promotion and Advertising expenses	163	3.8%	146	4.5%	+ 11.7%	+ 17	
(5) Other	293	6.8%	231	7.2%	+ 26.9%	+ 62	Increased due to AI utilization-related investments and other factors.

Changes in the Number of Employees (Non-consolidated)

The number of employees increased by four from the end of the previous fiscal year, mainly due to the hiring of new graduates in the Editing Division and the Web Planning and Development Department.



* 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	Fiscal year ended March 31, 2025
37.5%	41.1%	39.5%

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	Fiscal year ended March 31, 2025	Average for period at left
100.0%	100.0%	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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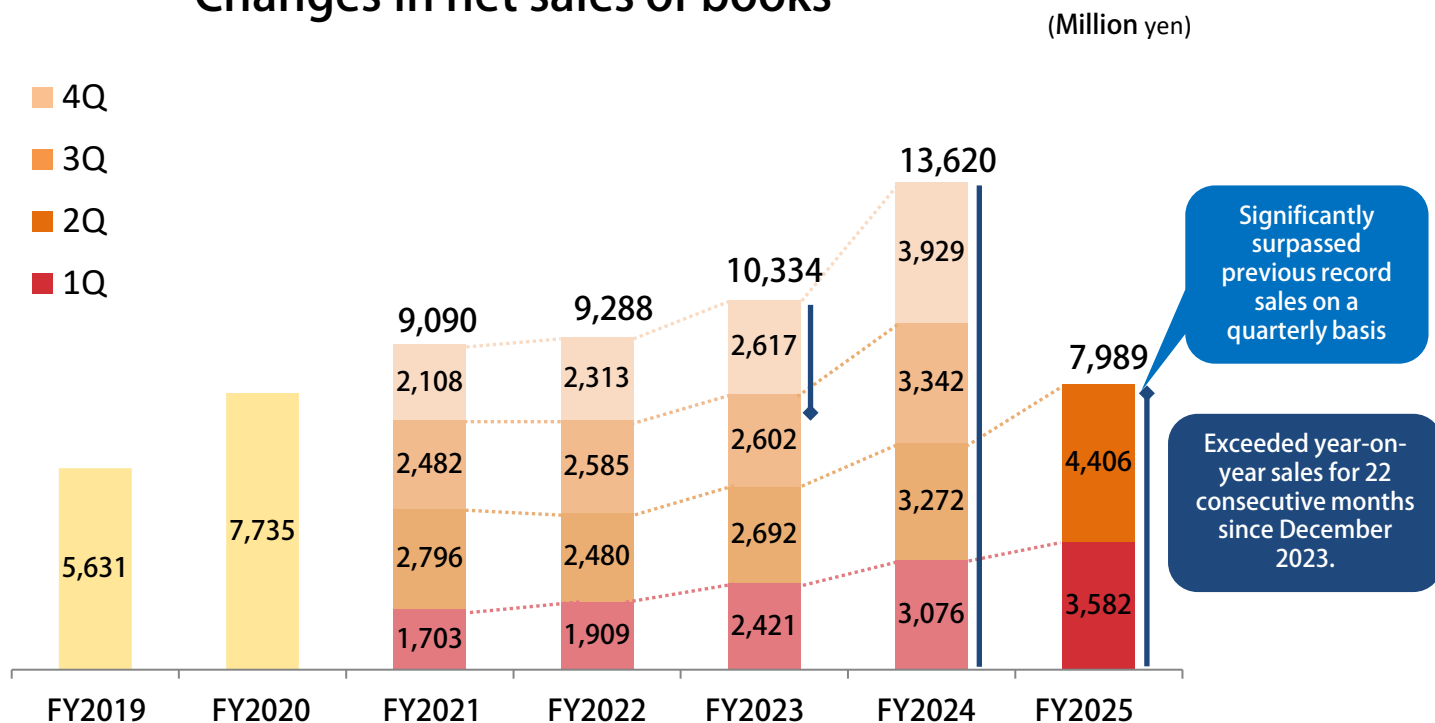
1. Summary of Financial Results
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(1) Book Publishing Business

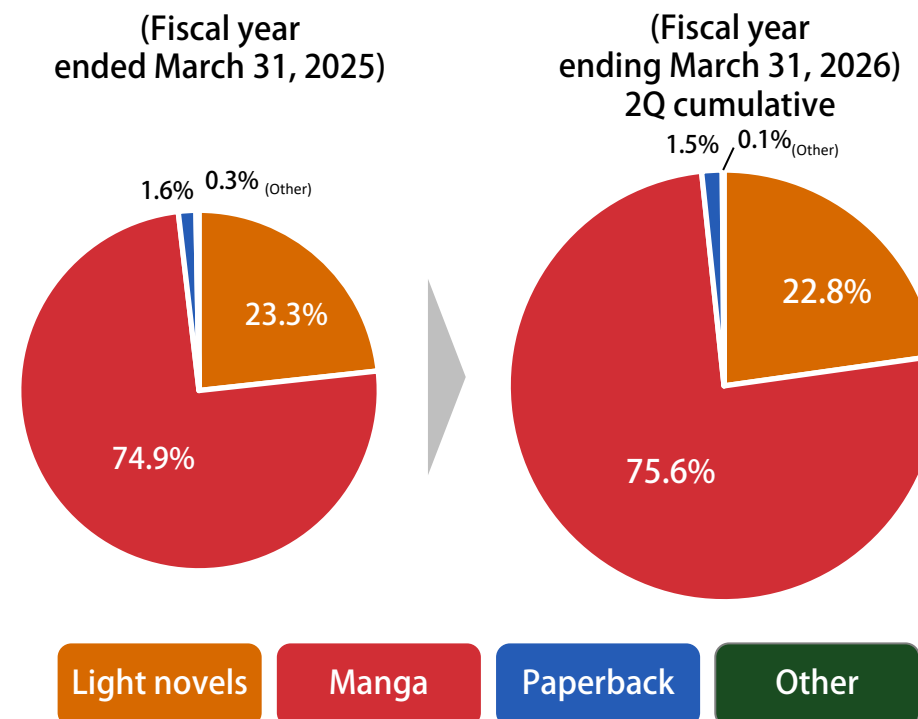
Net sales for books in the current second quarter reached 4.4 billion yen, significantly surpassing the previous quarterly record.

Monthly net sales for books have exceeded the previous year's year-on-year figures for 22 consecutive months since December 2023.

Changes in net sales of books



Net sales by genre

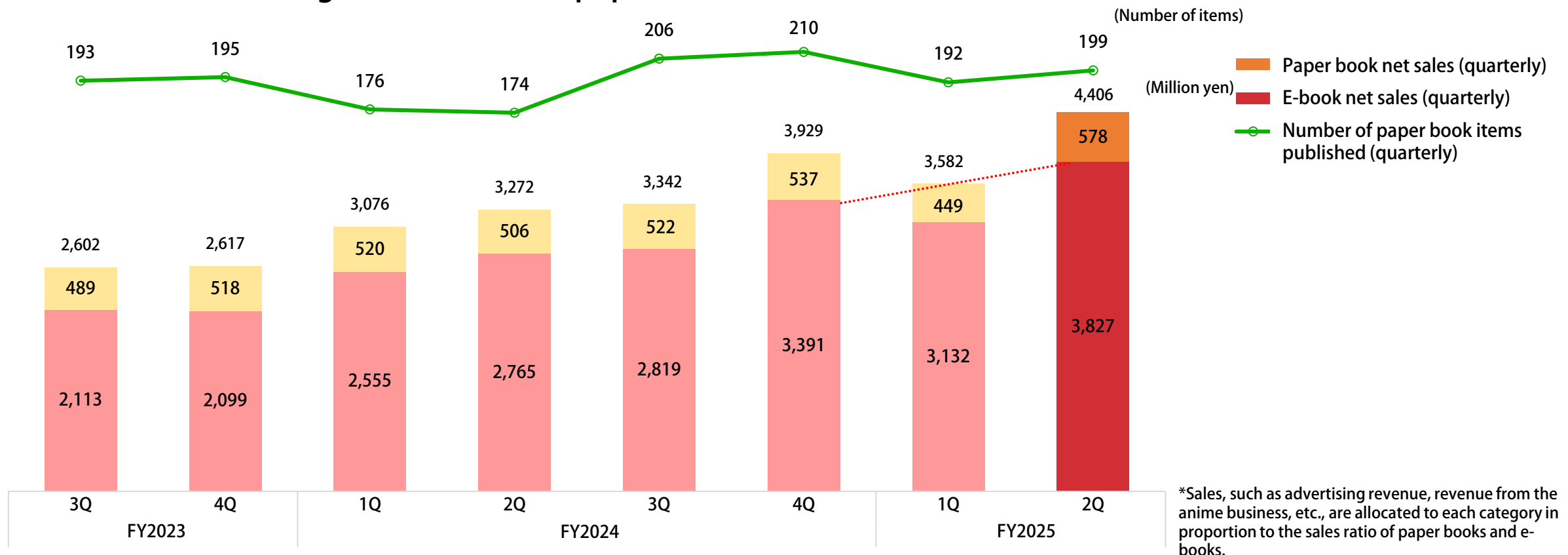


(1) Book Publishing Business

Sales of paper books reached a high level due to the strong performance of new titles and content adapted into anime, etc.

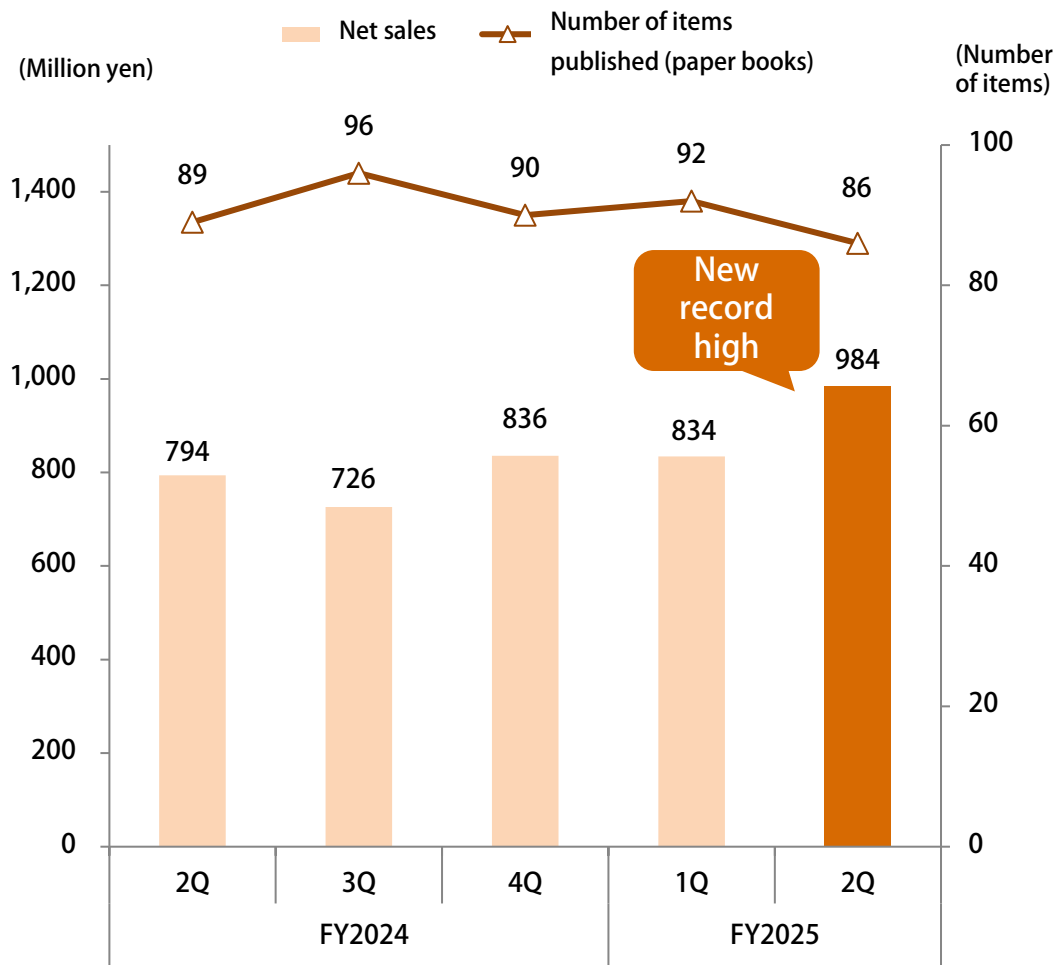
Sales of e-books achieved significant growth, primarily through sales promotion initiatives such as the 25th anniversary campaign, reaching a figure substantially exceeding the previous record high sales achieved in the fourth quarter of the previous fiscal year.

Changes in net sales of paper books and e-books



(1) Book Publishing Business - Light Novels

Light novels



Second quarter topics

- Sequels to popular series such as “A Journey Through Another World ~Raising Kids While Adventuring~” and “Mamahaha no Kokoroe” are performing well.
- E-book sales continue to be driven by strong performance in women’s fiction and single-volume sales within this genre.
- Quarterly net sales exceeded 4Q of the previous fiscal year, breaking the previous record high.

Main hits published in the second quarter



17 thousand copies



14 thousand copies

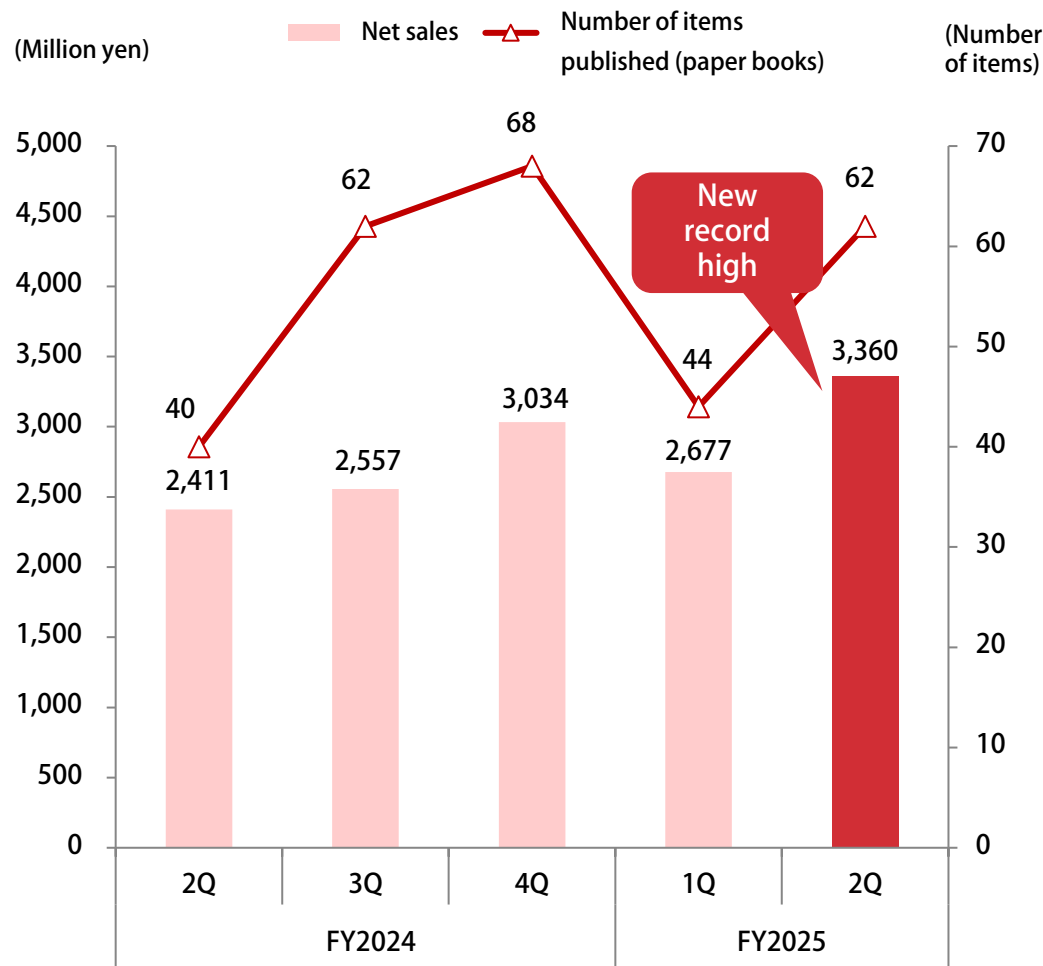


9 thousand copies

*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

- Published 62 titles, mainly sequels to popular series including the blockbuster first edition of 80,000 copies for “Mamahaha no Kokoroe,” and works adapted into anime.
- The 25th anniversary campaign undertaken from August proved successful, resulting in a significant increase in e-book sales.
- Quarterly net sales exceeded the fourth quarter of the previous fiscal year, breaking the previous record high.

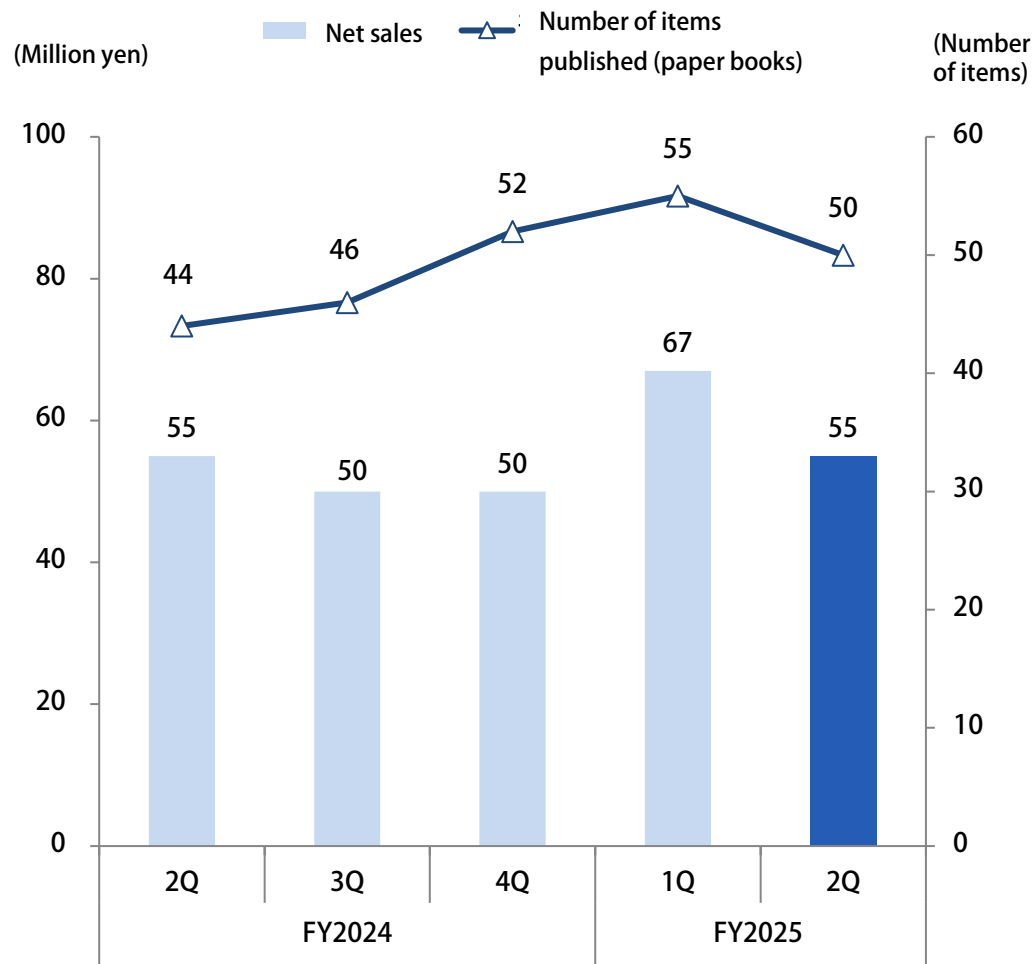
Main hits published in the second quarter



*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

- The popular serialized story “Secret Weekend Pâtissière” from the Asahi Shogakusei Shimbun* has been published as a children’s book. We will continue to focus on entering the steadily growing children’s book market.
- Published multiple titles in various genres, including character literature and period novels. Our aim is to further strengthen and expand the genres we handle.

* A daily newspaper for elementary school children published by The Asahi Gakusei Shimbun Company.

Main hits published in the second quarter



7 thousand copies



6 thousand copies

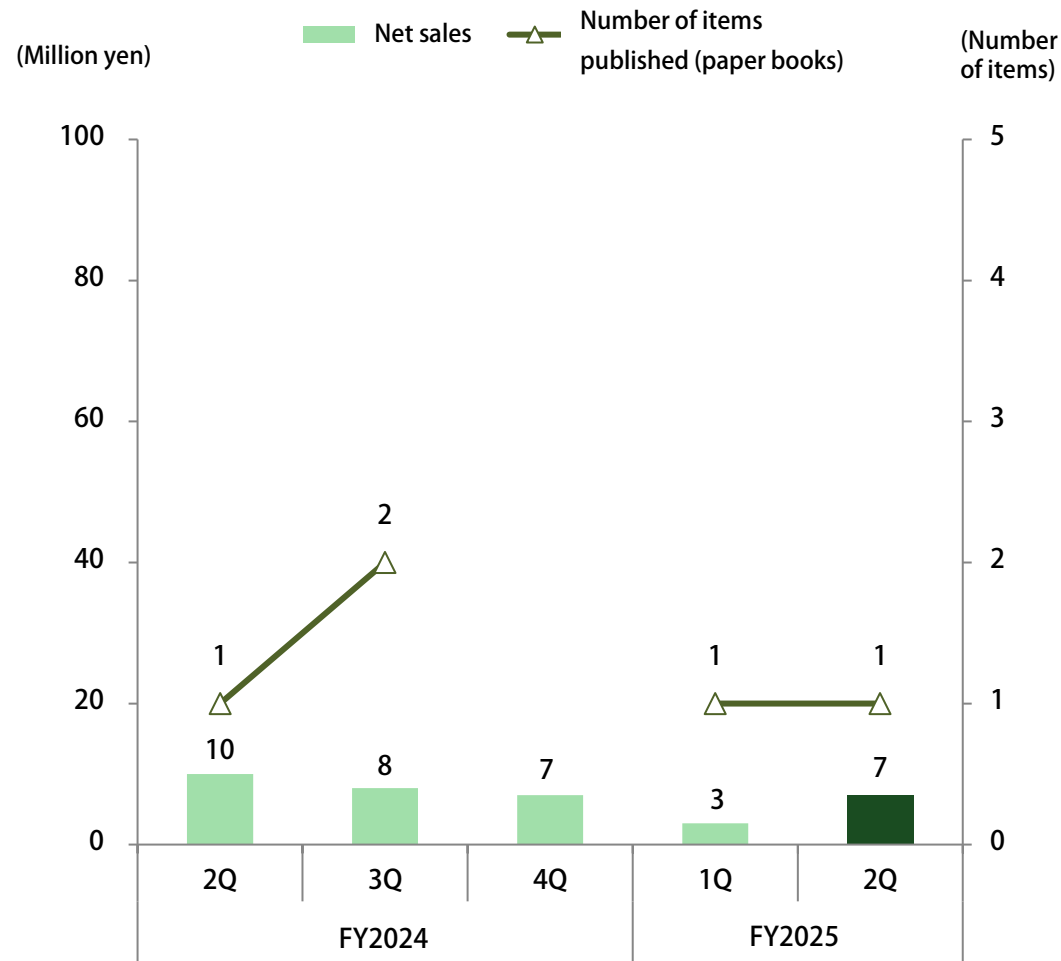


6 thousand copies

*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).

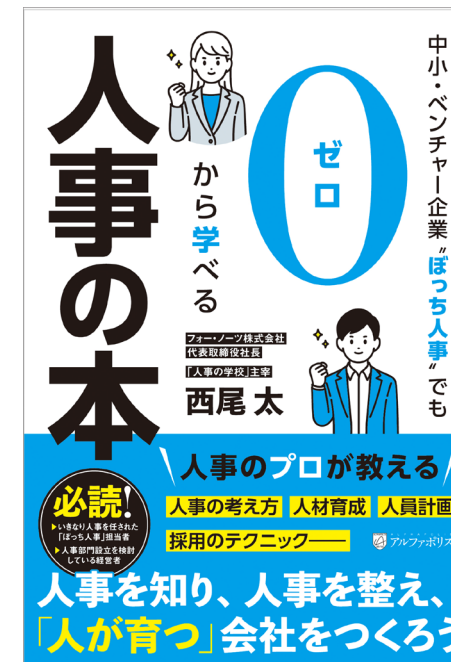
(1) Book Publishing Business - Other

Other



Second quarter topics

- Published the business book “The Book of Human Resources That Even a ‘Loner in HR’ at a Small-to-Medium Venture Company Can Learn from Scratch.”
- We strive to publish books across a wide range of genres with a view to further expanding our business performance and optimizing our portfolio.

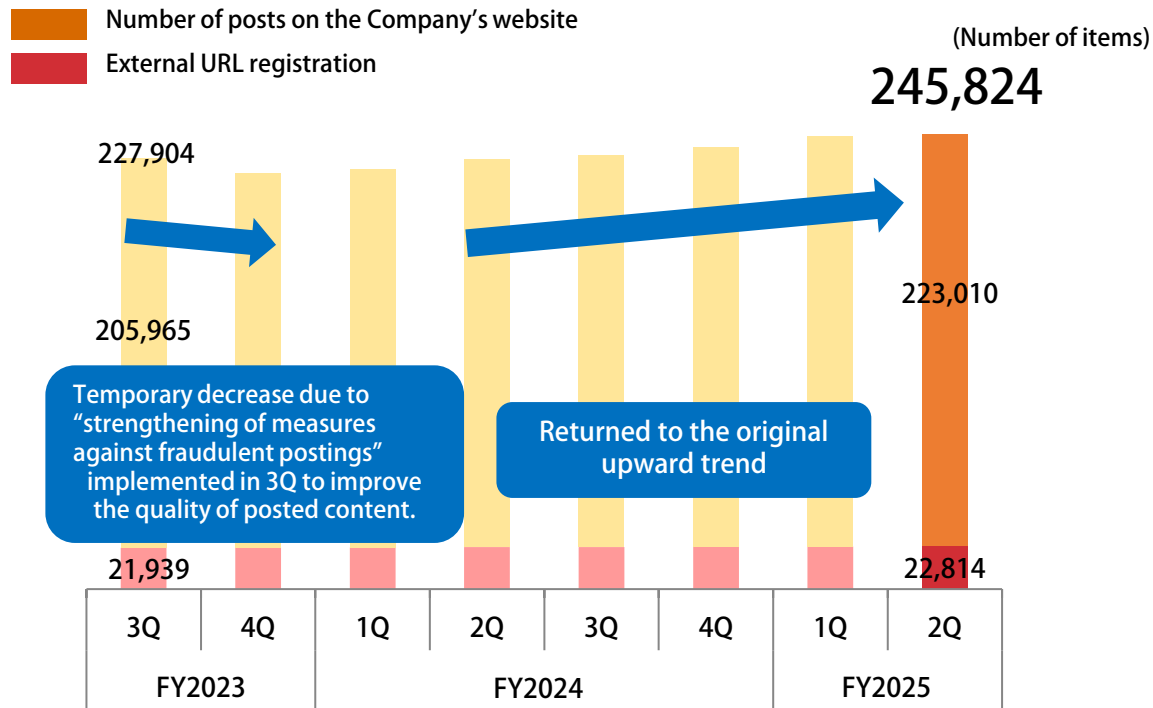


(2) Website Operation - Changes in KPIs

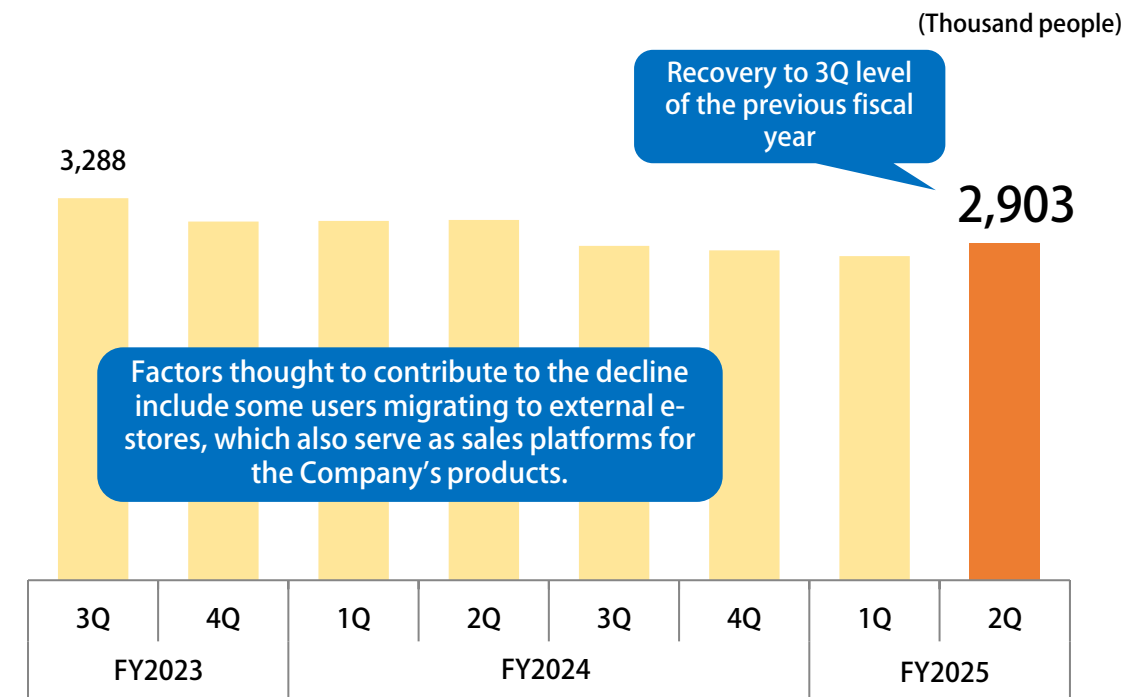
The number of posts on the Company's website serving as the basis for published books continues to increase steadily.

The number of monthly unique users, which continued to struggle, managed to recover to the previous fiscal year's third quarter level owing to the effect of the 25th anniversary campaign conducted on the Company's website, and other factors.

Total number of content items



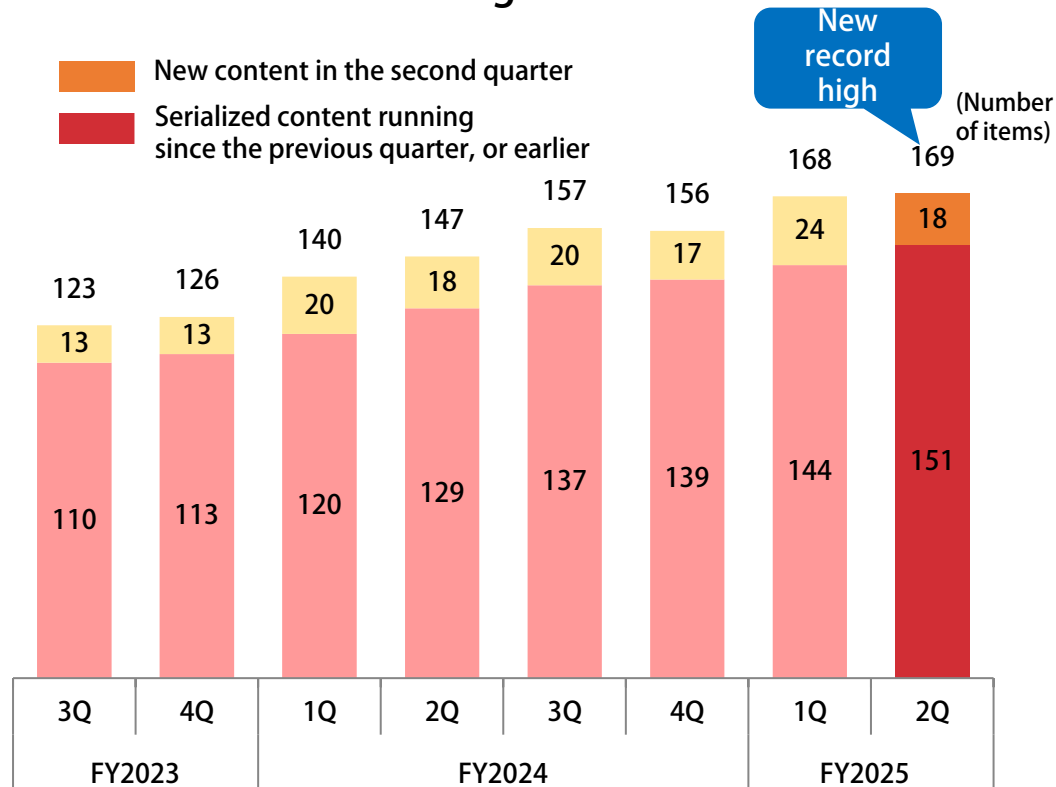
Number of monthly unique users



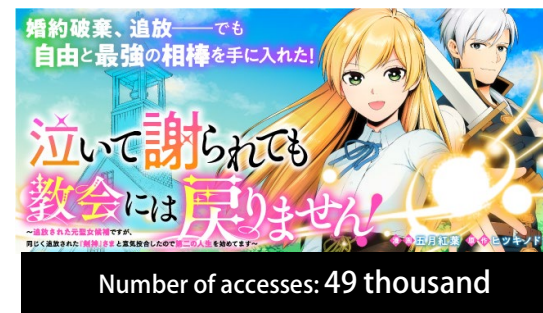
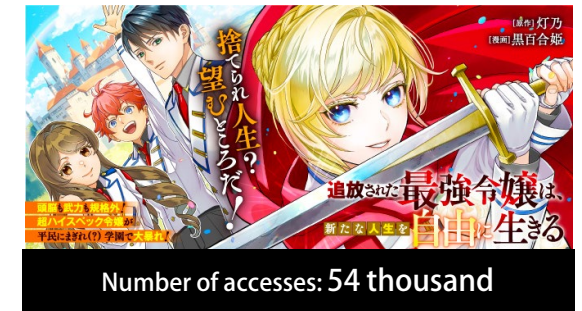
(2) Website Operation – Manga Web Series

18 new series have been started, including manga adaptations of 16 light novels and 2 original manga.
The number of serialized manga titles, which will form the basis for the number of manga published in the future, reached a record breaking 169.

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









3Q  Anime adaptation set for 2026 Saioishi no Gikei wo Mederutame Nagaikishimasu! 6 Series total 0.19 million 9th BL Novel Grand Prix Reader's Award Winner  11 thousand	3Q  Until the Villain Priest I Am is Captured by the Knight Commander 12th BL Grand Prix Grand Prix/Readers' Award Double award winner  8 thousand	3Q  I Never Want to Be Your Wife Again 18th Romance Novel Grand Prix Grand Prize Winner  7 thousand
3Q  Being Reborn, Then Abandoned, I Was Rescued and Live Happily 7 9th Fantasy Novel Grand Prix Special Award Winner  6 thousand	3Q  The Hated Omega Died and Returned to the World, Disguised as a Beta 12th BL Grand Prix Contemporary BL Grand Prize Winner  6 thousand	4Q A Playthrough of a Certain Dude's VRMMO Life 33 Series total 2.17 million 6th Fantasy Novel Grand Prix Reader's Award Winner  9 thousand
3Q  Abandoned, But Now Trapped By My Clingy High-Spec Childhood Friend CEO, and Can't Escape 18th Romance Novel Grand Prix Eternity Award Winner  4 thousand	4Q  Mamahaha no Kokoroe 8 Series total 0.65 million  14 thousand	4Q Second season of anime set for production The Unaware Atelier Meister 12 Series total 1.60 million 11th Fantasy Novel Grand Prix Reader's Award Winner  4 thousand


- (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 sequels, as well as manga and paperback editions of the same title, and 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	<div>Third season of anime in production</div> <p>Tsukimichi: Moonlit Fantasy 16</p> <p>Series total 5.30 million</p>	 <p>68 thousand</p>	3Q	<div>Gate Season 2 Set for anime adaptation</div> <p>GATE: Where the JSDF Fought 28</p> <p>Series total 7.50 million</p>	 <p>43 thousand</p>	3Q	<div>Anime on air since October 2025</div> <p>A Gatherer's Adventure in Isekai 9</p> <p>Series total 2.10 million</p>	 <p>35 thousand</p>
3Q	<p>A Journey Through Another World ~Raising Kids While Adventuring~ 11</p> <p>Series total 1.81 million</p>	 <p>35 thousand</p>	3Q	<p>THE NEW GATE 17</p> <p>Series total 3.70 million</p>	 <p>28 thousand</p>	4Q	<div>Second season of anime set for production</div> <p>Possibly the Greatest Alchemist of All Time 9</p> <p>Series total 1.70 million</p>	 <p>25 thousand</p>
3Q	<div>Second season of anime set for production</div> <p>The Unaware Atelier Meister 9</p> <p>Series total 1.60 million</p>	 <p>29 thousand</p>	3Q	<div>Regina Anime on air since October 2025</div> <p>May I Ask for One Final Thing? 11</p> <p>Series total 1.87 million</p>	 <p>35 thousand</p>	4Q	<div>Regina Anime adaptation set for 2026</div> <p>An Observation Log of My Wife Who Calls Herself a Villainess 4</p> <p>Series total 2.60 million</p>	 <p>35 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 sequels, as well as separate volumes of the original version and paperback editions of the same title, and 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 separate 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, period novels, picture books, and business books.

Paperback

3Q

Character literature

The Thorn of Order 5

13th Fantasy Novel Grand Prix
Special Award Winner



3Q

History/Period

Weeping Under
Cherry Blossoms in
the Shadow of the
Sword

9th Historical/Period Novel Grand Prix
Special Award Winner



3Q

Character literature

Kyoto Pontocho's
Yokai Guide

8th Character Literature Grand Prix
Local Award Winner



4Q

Character literature

The Court Beauties
Adorned in Splendor
2

7th Character Literature Grand Prix
Grand Prize Winner



Other

3Q

Business

Techniques to
Silence
Idiots Who
Underestimate You



3Q

Picture books

Mr. Mole Sees
the World!



(Notes)

- The figures in (yellow circle) are the planned first print circulation for paper books as of the end of the second quarter.
- Series total circulation includes sequels, as well as separate volumes of the original version and manga of the same title, and 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 edition was not yet published, it shows the first volume of the separate volume of the original version).

(1) Book Publishing Business - E-Books

The large-scale 25th anniversary campaign conducted in the second quarter contributed significantly to sales. We will continue to undertake various initiatives and strengthen collaborative relationships with e-stores and e-intermediaries to further expand sales.

Development of campaigns

Campaign rollout

- Through communication with e-intermediaries and e-stores, we will implement campaigns and special features tailored to each e-store's unique characteristics and user base.
- We will continue to implement limited-time free access and coupon discounts, etc., carefully timing their rollout to maximize effectiveness.



Strengthening collaborative relationships with e-stores and e-intermediaries

Sales of individual story units and split-volume editions

- The **novel story distribution** begun in January 2025 was popular. We will bolster our distribution structure to further expand sales.
- We will roll out **advance distribution service for split-volume edition**, and also strive to boost advertising at e-stores.



Plans for anime tie-ins

- Develop anime-adapted special features that tie in with anime broadcast periods, being sure to capture sales opportunities with anime audience.

Expansion of sales channels

- We began transactions with e-store "Renta!" from June 2025.
- We will also continue to focus on expanding sales at overseas e-stores.

(2) Website Operation - Service Development Using AI

The release of a steady stream of AI-powered service features.

We will continue to consider and develop services related to the effective business use of AI.

“Novel AI Proofreading” – Function that uses AI to edit incorrect and missing characters and incorrect word usage

ALPHAPOLIS
アルファポリス

誤字・誤用を見つけます!

Released in September 2025

小説AI校正

絶対絶命
絶対絶命

興味深々
興味津々

うなづく
うなづく

こじんまり
こじんまり

少しづつ
少しづつ

関心した
関心した

Novel submission app implementation is also underway. Release is coming soon.

“Novel Search AI Assistant β ” - Novel search function using generative AI

ALPHAPOLIS
アルファポリス

おすすめの小説をAIが回答!

小説検索AIアシスタント β

Released in November 2024

“Recommended novels for you” - High-precision recommendation function service

レコメンド機能リリース!

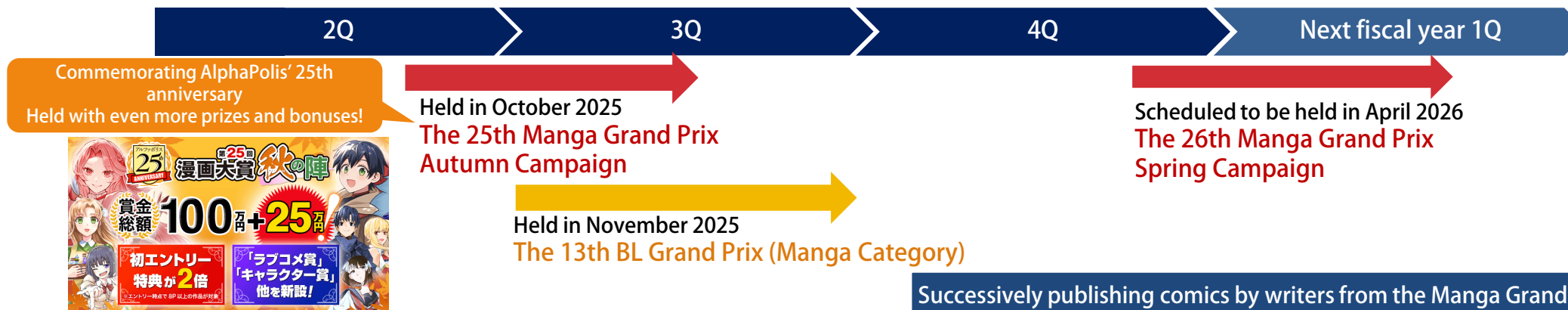
あなたにおすすめの小説

Webサイト
アプリ

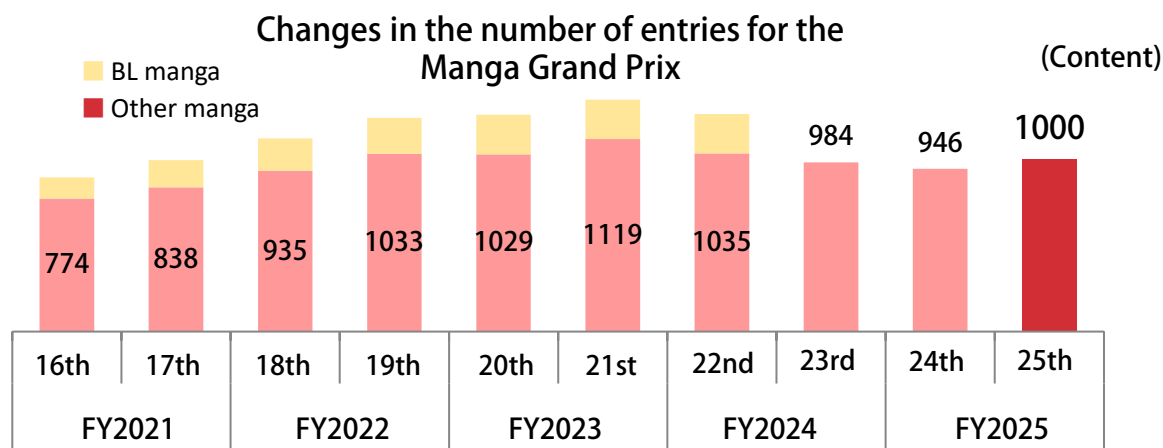
Released in October 2024

(2) Website Operation - Strengthening 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.



*Illustrations represent some of the applicable books



*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

Prize contests for various genres are held and measures to enhance labels are implemented.

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

Hold and enhance Web Content Grand Prixes for various genres

13th BL Grand Prix



Held in November

18th Picture Book Grand Prix



Held in December

9th Character Literature Grand Prix



Held in January

9th Horror and Mystery Novel Grand Prix



Held in March

* Previous awards' banners used for upcoming Web Content Grand Prixes

Hold contests for new genres

25th Anniversary Cup



Label enhancement measures

Establish exclusive label for e-books

Kizuna Bunko 3rd anniversary campaign



(3) Strengthening Media Development (1/2)

Following the huge TV anime hit, continuation of production is set for a second season.
Moreover, a TV anime adaptation of “The strongest job is apparently not a hero or a sage, but an appraiser (provisional)!” has the go-ahead for April 2026.

Production confirmed for a second season of TV anime!



『Re:Monster』



©金新児狐・アルファポリス/
リ・モンスターII製作委員会

『いずれ最強の錬金術師?』



TV anime adaptation set for April 2026!

【キャスト】

真名部響生：金元寿子
エマリア：伊藤 静
クロード：三宅健太
リリアン：ラマルファ ミッシェル 立山
ヴェネ：首藤志奈

【スタッフ】

原作：あてきち（アルファポリス刊）
原作イラスト：しがらき旭
漫画：武田充司
監督：星野 真
シリーズ構成・脚本：清水 恵
キャラクターデザイン：大川美穂子・松本淑恵
アニメーション制作：スタジオフラッド
他

【アニメ化決定PV】

<https://youtu.be/R0kiKttn8GI>

【アニメ『最強の職業は勇者でも賢者でもなく
鑑定士（仮）らしいですよ?』公式サイト】

<https://kanteishikari-anime.com>

『最強の職業は勇者でも賢者でもなく
鑑定士（仮）らしいですよ?』



©2026あてきち・アルファポリス/鑑定士（仮）製作委員会

(3) Strengthening Media Development (2/2)

Our several anime hit titles are scheduled to air. 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.

Anime broadcast schedule

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

Fiscal year 2025

3Q (Oct. – Dec.)

Been on air since
Oct. 2025

『最後にひとつだけ
お願いしても
よろしいでしょうか』



©鳳ナナ・アルファポリス/
最ひと製作委員会

Been on air since
Oct. 2025

『素材採取家の
異世界旅行記』



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素材採取家の異世界旅行記製作
委員会

4Q (Jan. – Mar.)

Scheduled to air
from Jan. 2026

『最推しの義兄を
愛でるため、
長生きします!』



©朝陽天満・辻本詞・アルファポ
リス/『最推し』製作委員会

Fiscal year 2026

1Q (Apr. – Jun.)

Scheduled to air
from Apr. 2026

『最強の職業は勇者でも
賢者でもなく鑑定士
(仮) らしいですよ?』



©2026あてきち・アルファポリス/
鑑定士(仮)製作委員会

2026

Scheduled to air
in 2026

『自称悪役令嬢な
婚約者の観察記録。』



©しき・アルファポリス/
パーティア様を愛でる会

In production/Production confirmed

『月が導く異世界道中
第三幕』



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導く異世界道中第二幕製作委員会

『GATE SEASON2
自衛隊 彼の海にて、
斯く戦えり』



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/GATE2 製作委員会

『いずれ最強の
錬金術師?』
第2期



©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

『Re:Monster』
第2期



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ポリス/リ・モンス
ターII製作委員会

『勘違いの工房主』
第2期



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ファポリス/勘違いの
工房主製作委員会

(4) 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

Domestic and overseas ratio of digital manga sales profits

Overseas e-stores

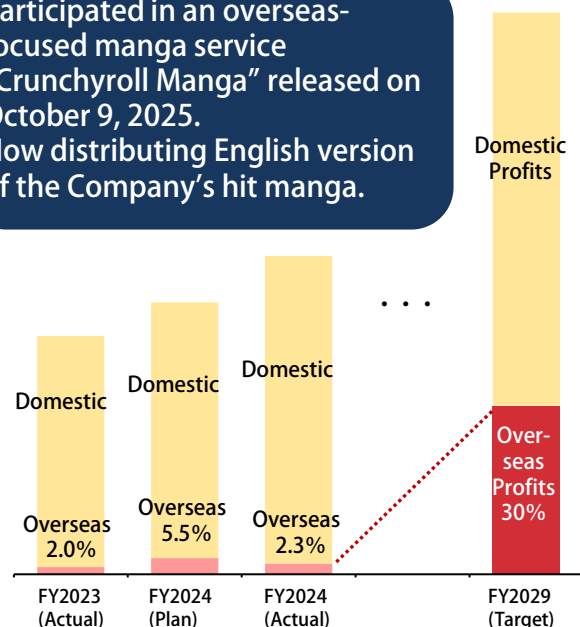
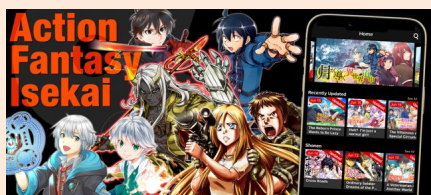
Sales of volumes in e-stores in each country



Participated in an overseas-focused manga service “Crunchyroll Manga” released on October 9, 2025. Now distributing English version of the Company’s hit manga.

ALPHA MANGA

Sales of individual story units via in-house apps

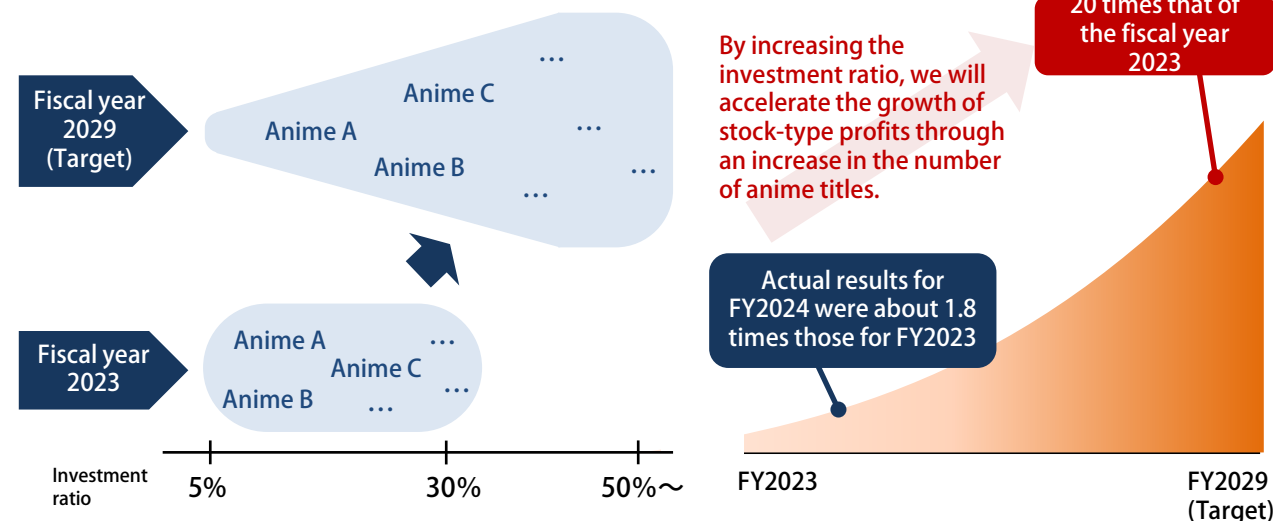


2. Expanding the anime business

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



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 Hakuhodo 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)

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)

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)

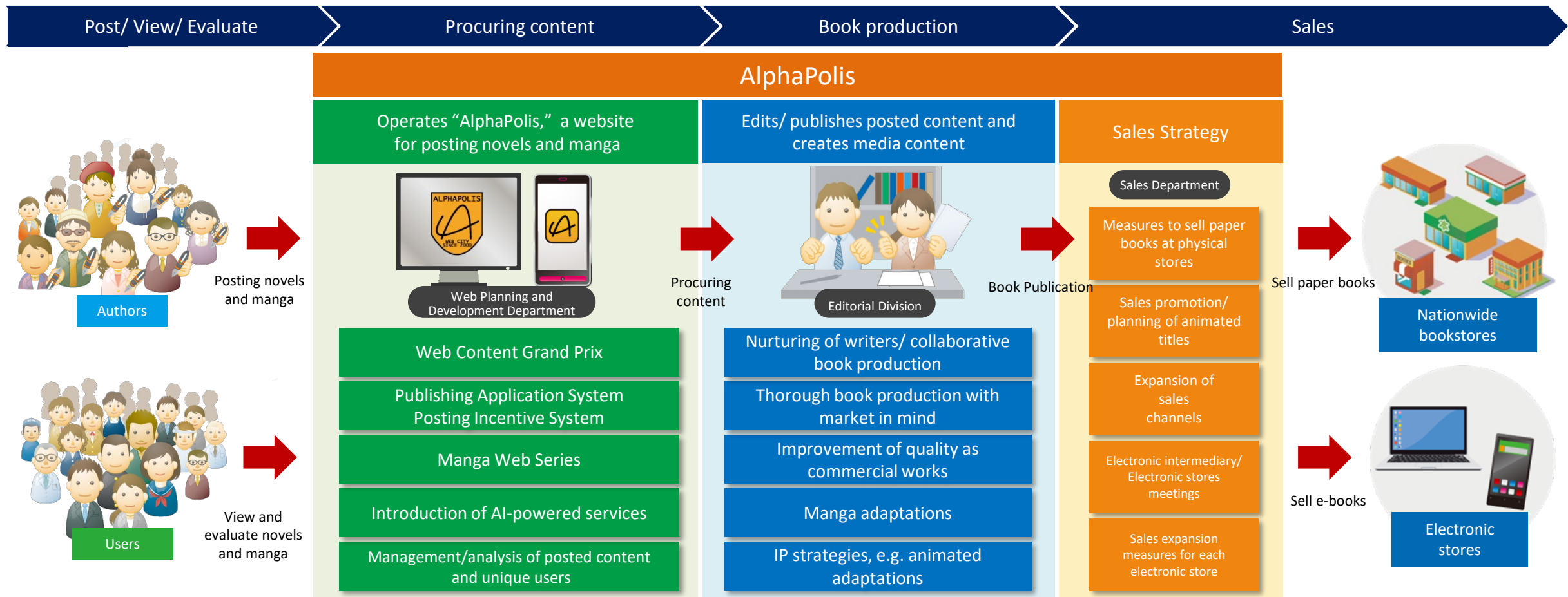
Mar. 1968 Graduated from Faculty of Commerce and Management,
Hitotsubashi University
Apr. 1968 Joined The Mitsui Trust and Banking Company, Limited
Jun. 1999 Director, Mitsuishin Business Co., Ltd.
Mar. 2006 General Manager, Internal Audit Office, SBI Mortgage Co., Ltd.
(currently SBI ARUHI Corporation)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

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, Sunco 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.

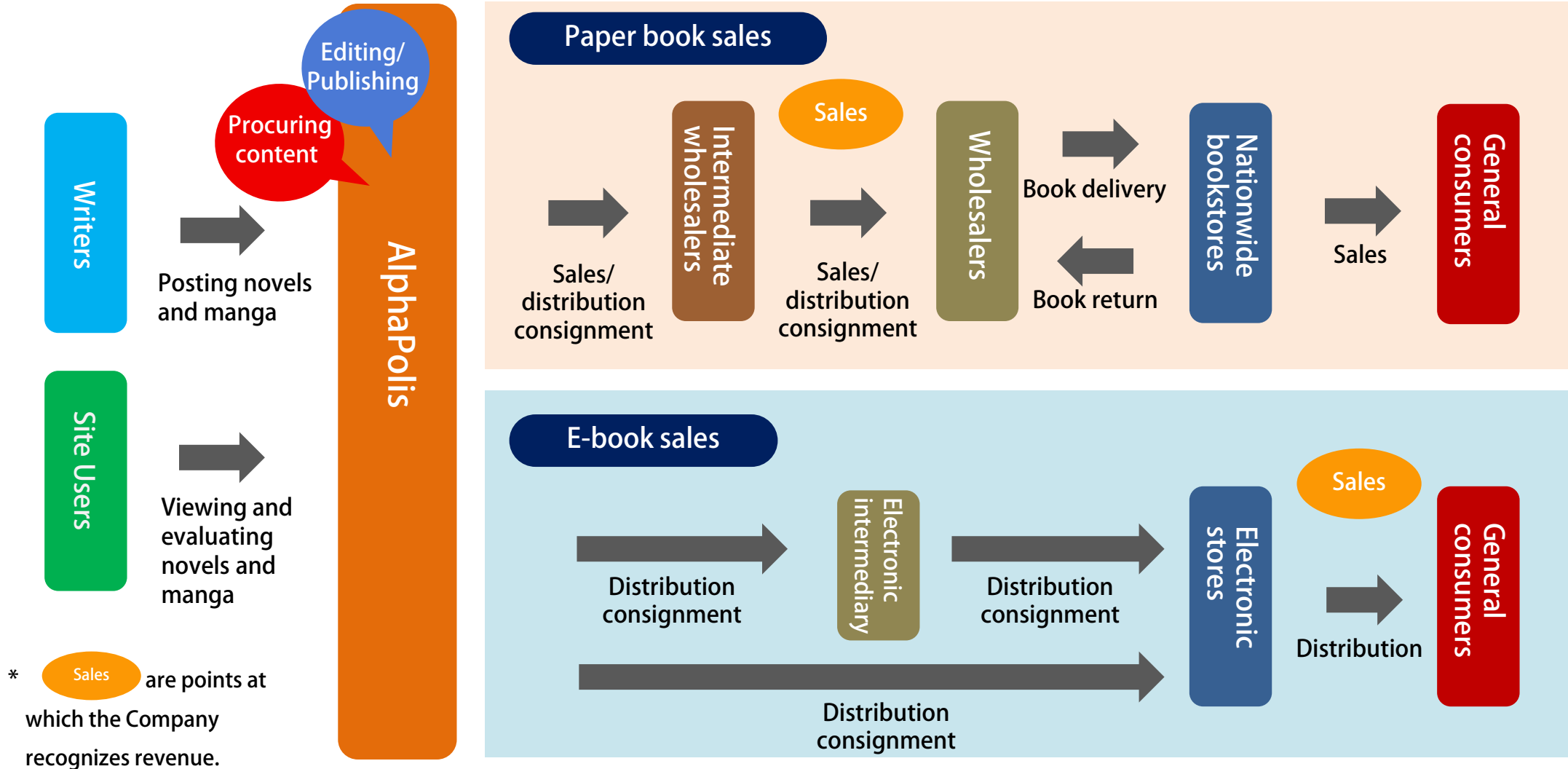
Applicants can try their hand at publishing at any time.

The Company’s website

The screenshot displays the AlphaPolis website interface. At the top, there's a navigation bar with links for '小説' (Novels), '公式漫画' (Official Comics), '投稿漫画' (Submitted Comics), 'レンタル' (Rent), 'Webコンテンツ大賞' (Web Content Grand Prix), '絵本ひろば' (Picture Book Plaza), 'ビジネス' (Business), '書籍' (Books), and 'メディア化' (Mediaization). Below this, a banner for the '第24回漫画大賞' (24th Manga Grand Prix) is visible. The main content area features several promotional banners, including one for 'TVアニメ' (TV Anime) and another for 'ライト文芸大賞' (Light Literature Grand Prix). A '投稿作品 ランキング' (Submitted Works Ranking) section is also present, showing a list of works with their genres and publication dates. On the right side, there's a 'お知らせ' (Notice) section with recent updates.

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.

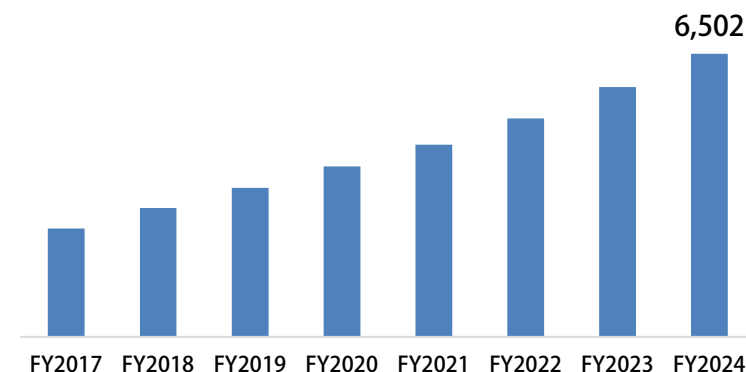
Avoiding the risk of a big flop

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

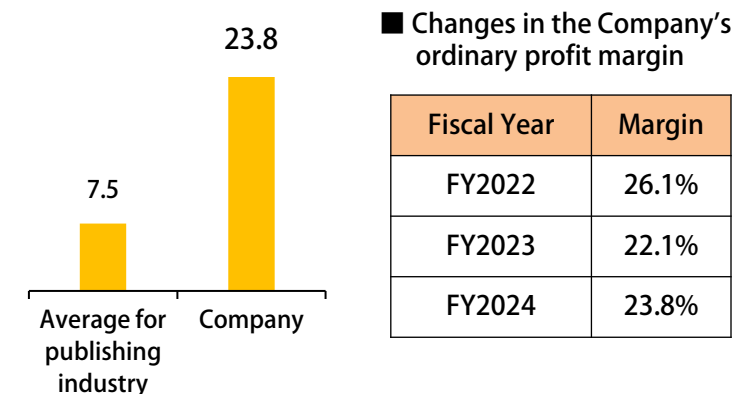
This helps to reduce the risk of not being able to secure enough sales to cover the costs of publishing the book.

	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



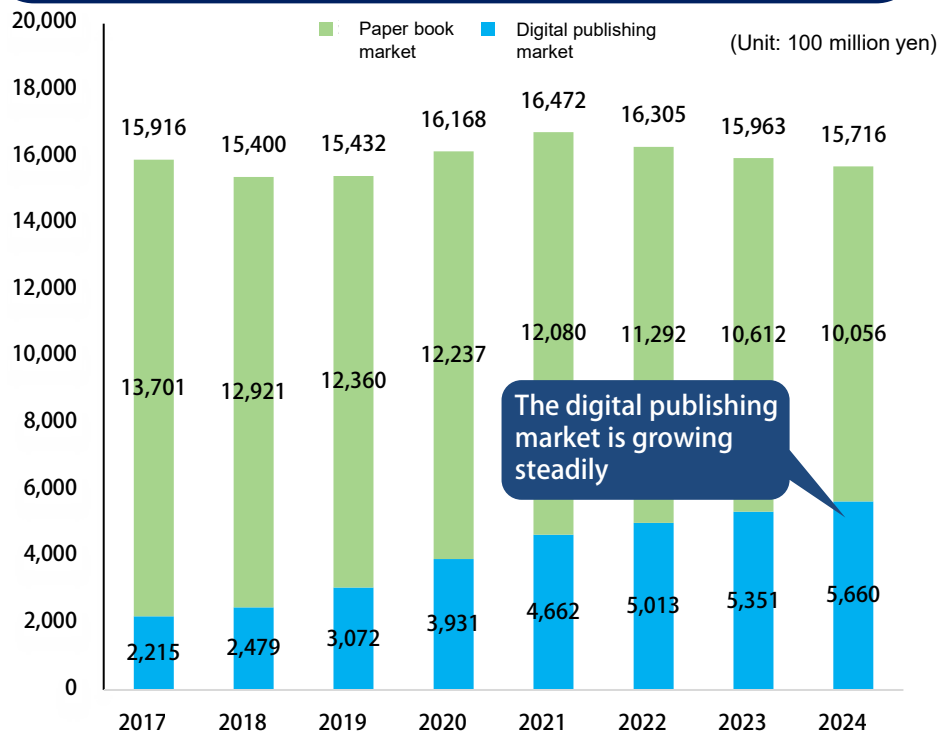
Ratio of ordinary profit to net sales



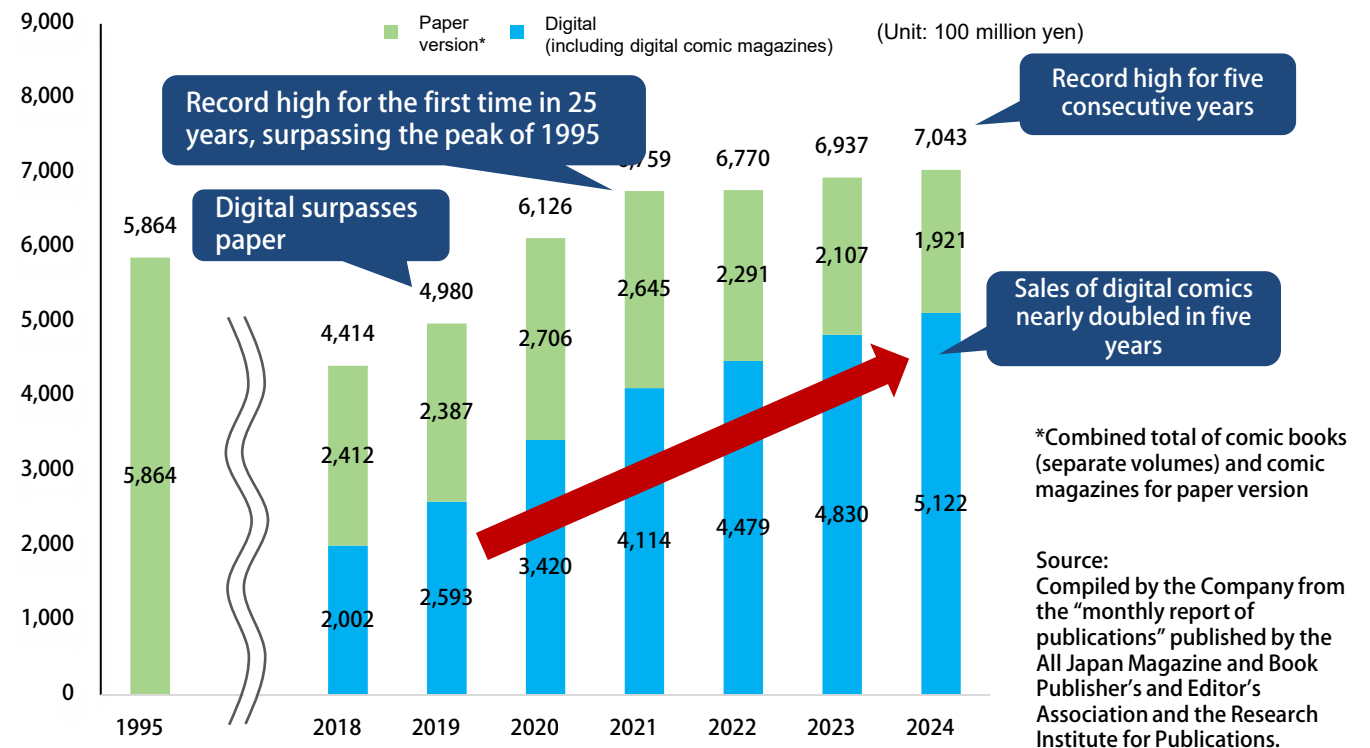
Source: The average for the publishing industry is calculated by the Company based on the sales and ordinary profit for publishers excluding newspapers in the “Preliminary Report on the 2024 Basic Survey of Japanese Business Structure and Activities” by the Ministry of Economy, Trade and Industry.

- In the publishing industry in which we operate, 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, our main genre, has grown for five consecutive years since 2020. In particular, sales of digital comics topped 500.0 billion yen, nearly doubling in five years.

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



Changes in estimated sales for the comic market



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. 23% of net sales, and the manga, which accounts for approx. 75% 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 Grand Prix."</p>

Item	Business and financial issues to be addressed
Responding to the digital book market	<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>
Securing and expanding new sales channels	<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>
Business expansion utilizing in-house IP	<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, such as video centered on anime adaptation, goods sales, game business, and new app services for smartphones.</p>
Responding to generative AI	<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>
Strengthening internal control structures	<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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In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The contents of explanatory materials are based on information available as of the date of announcement of this presentation.

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