

**Financial Results Briefing for the First Half of the Fiscal
Fiscal Year ending March 31, 2021: Q&A Summary
(October 29, 2020)**

Q What is your reasoning for maintaining full-year guidance despite your strong first-half performance?

A While we are not aware of any specific risks at this point in time, we are currently not updating our guidance for the full fiscal year because both the performance of *Monster Hunter Rise*, which is scheduled for release in the second half of the fiscal year, and the outlook for digital sales in the holiday season are yet uncertain.

Q What impact on results are expected of new Consumer business titles in the second half of the fiscal year?

A Since *Devil May Cry 5 Special Edition* is a re-release title we have not incorporated an especially large contribution for it into guidance. Further, while *Monster Hunter Rise* is expected to ship over one million units, in formulating guidance we have taken into consideration both its late-March release date and focused platform support.

Q What can you tell me about profit in the Mobile business for the first half of this fiscal year?

A Other than licensing revenue from an overseas alliance title, this business has not contributed to profit. We are considering our approach going forward for this business.

Q Which titles will comprise sales for new games for the second half of the fiscal year?

A In addition to *Resident Evil 3*, which was released in the first half of the fiscal year, we plan to release both *Monster Hunter Rise* and *Devil May Cry 5 Special Edition* in the second half of the fiscal year. The scheduled release window for *Resident Evil Village* is 2021.

Q What was the digital sales trend in the Consumer business from July through September?

A Sales were soft in July and August compared to those of the first quarter, however September was on par with June.

Q Going forward, what impact will the spread of COVID-19 in Europe have on business results?

A While it's possible that an increase in time at home could provide a tailwind in terms of digital sales growth, at this point we do not anticipate any special impact because of differences between countries within Europe, including their approaches to COVID-19 and preferences for physical games.

- Q What effect has *Demon Slayer: Kimetsu no Yaiba* had on the Arcade Operations business?
- A We are not aware of any significant impact to earnings at this point in time. We hope that it will be a positive factor for Arcade Operations as we aim to return this business to profitability for the full year.
- Q Are you concerned about cannibalization between *Monster Hunter Rise* and *Monster Hunter World: Iceborne*?
- A There is no major concern for cannibalization as both the platforms and concepts for these games differ.
- Q Speak about the impact running proactive price promotions has on revenue. Also, what effect did making *Street Fighter V* a free trial during September have?
- A Choosing to discount or not has a significant effect on the unit sales plan for a given month. As September brought Tokyo Game Show 2020 Online, we focused on carrying out digital price promotions. Moving forward, we will accumulate know-how, working to see how actively we can control the business through discounting while maintaining a wholistic view of the overall market, including pricing trends for content. Results for *Street Fighter V* have been encouraging, contributing to sales of the latest title in the series and building interest in esports.
- Q What are your expectations for *Street Fighter: Duel* in the Chinese mobile market?
- A We are currently preparing for a November launch, however aside from booking licensing revenue in the second quarter, we do not expect this title to significantly contribute to revenue during this fiscal year.
- Q Is there a possibility of strategically delaying the release of your new titles?
- A Our title lineup is built while considering the balance between development progress and progress toward achieving business results. We do not have anything to share regarding launch delays at this time.
- Q What factors drove the strong digital sales of the first half?
- A It is true that we experienced some, albeit limited, tailwind for demand stemming from an increase in consumer free-time spent at home due to COVID-19; however, as a company with many core-user focused brands, we believe that this effect was smaller compared to what was experienced by competitors in the industry.
- Q The digital unit sales price seems to be higher than in the same period of the previous year. Is this a result of accumulating know-how in pricing?

A As a result of releasing *Monster Hunter World: Iceborne* in the same period of the previous year, which had a lower unit price for a new title, our unit price this year is comparatively higher. We will continue to build knowhow in this area going forward, looking to carry out pricing that meets our game players' price point levels.

Q Tell me the background behind *Monster Hunter: World* becoming a hit in overseas markets. Also, in considering that point, please also tell me your sales strategy for *Monster Hunter Rise*.

A One reason for the success of *Monster Hunter: World* is that it was created for high-end home video game consoles and PCs. In particular, we have analyzed that releasing it on PC, which has a broad user base, was a significant factor. For *Monster Hunter Rise*, we plan to market the title after analyzing the tastes and preferences of those who own the platform it will be released for.

Q What does the licensing revenue recognized in the Digital Contents business indicate? Can we expect this to continue going forward?

A This indicates one-off revenue not tied to units sold, including that for providing content to online platforms such as PlayStation Now and Xbox Game Pass. Going forward, we will examine the resources we dedicate to this segment while taking future platform adoption trends into consideration.

Q Do you plan to offer titles on Epic Games Store?

A We are not commenting on specific services at this time. We will continue to evaluate opportunities on a variety of platforms.

Q Tell me about pricing for next-generation titles.

A There is nothing we can share at this time. We ask that you wait for future announcements.