

**First-Quarter Consolidated Financial Results Conference Call
for the Fiscal Year ending March 31, 2022: Q&A Summary
(July 29, 2021)**

Q Is the strong performance of catalog titles attributable to industry-wide factors, or factors unique to individual companies?

A In the first quarter of the fiscal year ending March 31, 2022 our strong catalog performance was primarily due to *Monster Hunter Rise*. We have not carried out comparisons with other companies.

Q What is your policy regarding support for the PC platform going forward?

A In following our core strategy of multiplatform development, we continue to provide our content on a variety of devices, including PCs, in order to maximize our user base. As with home video game consoles, we feel that PCs are an important channel.

Q Is demand for PC versions of games exceeding that for console versions?

A While demand for PC versions of games did not exceed that for console versions in the fiscal year ended March 31, 2021, we feel that the gap between the two is shrinking.

Q How far along are you to achieving your fiscal year targets in each business segment?

A Overall, we are making satisfactory progress in all our business segments.

Q Do you think there will be a drop off in COVID demand?

A At this point we have not seen a drop in demand. However, we believe any effects from COVID demand on us will be small, as many of our titles target core game players.

Q Do you feel that video games have penetrated the mainstream market?

A In evaluating market trends in recent years, we believe that games, as a form of entertainment, have gained wider traction in the market.

Q What can you share regarding the amount of the write down in work in progress for game software?

A We have revalued some unreleased titles by a certain amount, which falls within our internal estimates.

- Q Tell me the details regarding how much deferred revenue will impact net sales.
- A We have recorded a variance of 500 million yen between the reversed portion of revenue for titles released in the fiscal year ended March 31, 2021 and the portion of deferred revenue for new titles in the current fiscal year.
- Q How do you judge the performance of *Monster Hunter Stories 2: Wings of Ruin*?
- A At this point, the title has only recently been released. We are therefore waiting to evaluate its performance for the entire second quarter. We feel that initial sales have been favorable.
- Q You have yet to disclose your pipeline for next fiscal year onward. Are you certain you can achieve annual double-digit operating income growth?
- A In the interest of our business, it is our policy to make title announcements after we have made certain their release. We believe it is possible for us to achieve double-digit operating income growth annually through leveraging means such as digital marketing while continuing to regularly release multiple major titles each fiscal year.
- Q What impact has COVID-19 had on development?
- A While we are carrying out initiatives suitable to our development structure, such as staggered working hours, there has not been any major impact to the development progress on each of our titles.
- Q How will the resurgence of COVID-19 affect your Arcade Operations business going forward?
- A We will be closely watching trends in the number of guests while adhering to the infection prevention policies of the property owners.
- Q What is your thinking on the increase in PC gamers worldwide?
- A We are conscious of marked growth in emerging markets, as well as existing markets.
- Q What is your thinking regarding pricing for AAA titles on the new generation of consoles?
- A For new titles, we would like to set prices that are appropriate, based on market data.
- Q Why have technical R&D costs increased year-over-year?
- A This is due to booking incentive pay for members of R&D. Further, our policy going forward will be to invest in business infrastructure, beginning with introducing new technologies, in order to be prepared for the drastic changes that we anticipate in the market.

Q Your cash balance is soon likely to exceed 100 billion yen. How do you intend to use this cash?

A We carry out approximately 30 billion yen of R&D investment each fiscal year; as such, given the hit-driven nature of the game industry, in the event that the market undergoes drastic environmental changes we feel it is reasonable for us to maintain about 100 billion yen in cash on hand in order to stably continue business operations for a three-year period. Further, we intend to continue investing in new technologies and business infrastructure improvements in order to manage changes in the market going forward.