

**First-Quarter Consolidated Financial Results Conference Call for the Fiscal
Year ending March 31, 2021: Q&A Summary
(August 3, 2020)**

Q. Your full-year guidance remains unchanged; tell me about the risk of delays for titles currently under development.

A. The extent of COVID-19's impact remains unforeseeable, however at this point in time we believe there are no risks of delay to development that would significantly affect our business results for this fiscal year. In the medium-term, there may be adjustments to our release lineup, however none that we think will cause a major deviation from our medium-term plan.

Q. How has COVID-19 increased demand and how long will this continue?

A. Growth in digital sales has been driven by numerous factors, making it difficult to measure the individual effect that COVID-19 has had. However, while we may have benefited somewhat from increased demand for digital games, it is likely that the casual gaming audience, who under normal circumstances do not play games as often, has been turning to games with greater frequency as an alternate use of leisure time while restrictions on going outside the home are in place; as a publisher who creates content primarily for the core gaming audience, we believe that any effects to our business will be limited.

Q. How do your Q1 results compare to internal projections?

A. Results for Q1 have exceeded our internal projections. In our Consumer business, we have made good progress with digital sales of our catalog to the full-year plan. We aim to maintain a similar momentum into Q2 and beyond through tactics such as price optimization, working toward achieving our full-year plan.

Q. Digital sales have continued to be strong in recent years. Is there still room for growth here?

A. The characteristics for digital game markets differ by region, and we have not yet been able to universally support all markets at this point in time. Going forward we aim to continue expansion, targeting a 90% digital sales ratio.

Q. What is the outlook for the alliance title with Tencent?

A: As this title represents an out-licensing arrangement, it differs from our in-house titles and will not provide continuous revenue following release. The title is currently being readied for launch.

Q. How do your Q1 results by segment compare to internal projections?

A. Q1 results for Digital Contents (excluding Mobile Contents), Arcade Operations, Amusement Equipments and Other Businesses exceeded projections, beating our internal plan overall.

Q. Given the progress you've made in the Digital Contents business with Q1 results, does the fact that you have maintained full-year guidance mean that expectations for the major new title scheduled for the 2H are not that high?

A. Regardless of the sales plan for the major title in the 2H, our full-year guidance remains unchanged as we are still contending with the issues brought by COVID-19 and are not at a point where we can clearly foresee business results beyond Q2.

Q. How did the Arcade Operations business perform on a monthly basis during Q1?

A. Temporary closures were an issue, with business at a low in April and May; however, during June stores in areas less affected by COVID-19 provided contributions, bringing a return to profitability for the single month.

Q. Tell me which catalog titles contributed during Q1 that are not mentioned in the financial results materials.

A. These included *Resident Evil 4* (for current-generation platforms), *Resident Evil 6* (for current-generation platforms), *Dragon's Dogma: Dark Arisen* (for current-generation platforms), *Devil May Cry 5*, and *Resident Evil 5* (for current-generation platforms).

Q. Tell me about the digital sales ratio trend for new releases.

A. As this differs by title we are unable to provide specific information for a trend. However, we are monitoring this with interest as it will be a KPI important for sales strategy going forward. The digital sales ratio for *Resident Evil 3*, released in April 2020, is approximately 60%.

Q. For a quarter in which there was a major new title release, promotional expenses for Q1 of the March 31, 2021 fiscal year seem low. Will this be the trend going forward?

A. Promotional expenses for Q1 of the March 31, 2021 fiscal year were lower due to the cancellation of events such as E3 following the spread of COVID-19. With consideration given to the wider adoption of digital purchases, going forward we will work to curb expenses through exploring optimal promotional methods.

Q. Give me a breakdown of digital sales by platform and region.

A. In general, digital sales by platform were: 35% on PlayStation consoles, 35% on PC, 15% on Xbox devices and 15% on Nintendo consoles. Regionally, trends overall remained the same as they had been up to this point. Looking at regional sales of *Resident Evil 3* by volume, starting with the region with the highest volume and going downward in order they were: North America, Europe, Japan, Asia.

Q. Tell me about the *Monster Hunter* title you are developing for teenage children, mentioned at your Annual General Meeting of Shareholders.

A. There is no information that we can share at this time.

Q. Tell me how *Resident Evil 3* has been received, and what pricing strategies there are for the future.

A. With reference to sales trends for the original *Resident Evil 3: Nemesis* as well, results have not especially deviated from our internal sales plan. Looking ahead, we will consider pricing strategies targeting the holiday season, starting in autumn and running to the end of the year.

Q. What is your policy regarding pricing for next-generation titles?

A. We do not have a set policy at this time. We will consider our approach having analyzed both our strengths and weaknesses while closely monitoring industry trends.