

**First-Quarter Consolidated Financial Results Conference Call
for the Fiscal Year ending March 31, 2024: Q&A Summary
(July 26, 2023)**

Q How do you evaluate your first quarter earnings performance compared to your plan?

A Overall, earnings for the first quarter were in line with our expectations, excluding the upward swing in foreign exchange rates.

Q How do you evaluate the performance of *Street Fighter 6*?

A Compared to the internal plan for the title, sales are generally progressing in line with our expectations. We believe that its positive critical reception will work as a tailwind in expanding future sales of the game as a catalog title.

Q How do you evaluate the performance of *Exoprimal* and what is your outlook for this title?

A Given that this game is an all-new IP, the situation is not without its challenges; however, we view the fact that the game has amassed over 1 million players to be positive. Going forward, we will continue to release content for the game while monitoring player behavior with an eye toward expanding sales.

Q What are your thoughts on the relationship between critical reception and sales performance?

A While the strength of sales directly following launch will vary from title to title, we believe that high critical scores help build the reputation of a game, which can extend its overall life.

Q Why is the average price of catalog titles not lower despite discount promotions run during the first quarter?

A The main reasons for this are contributions from *Resident Evil 4*, which was released at the end of the previous fiscal year, and the fact that we did not introduce any additional heavily discounted titles in the first quarter.

Q What were the development costs for *Street Fighter 6*?

A We do not disclose specific development costs for individual titles.

Q How do you see the progress made in the first quarter compared to your full-year plan? Is it possible you will raise your full-year guidance?

A As we have communicated from the beginning of this fiscal year, earnings will be more heavily weighted in the first half of the fiscal year and our first quarter business results are generally in-line with our internal projections. As such, we have not revised our full-year

guidance.

Q What is your lifetime sales target for *Street Fighter 6*?

A While we do not communicate specific figures for internal budgets, we look to outperform the title's predecessor, *Street Fighter V*, and are aiming for more than 10 million units over the life of the title.

Q What is the purpose of acquiring Swordcanes Studio and what is your future policy regarding M&A?

A We decided to make Swordcanes Studio a wholly-owned subsidiary in order to bolster our development organization, as they have exceptional 3D computer graphics production technology. We will continue to pursue mergers and acquisitions in order to strengthen our development organization, with a view to acquire technology or secure human resources that our company currently lacks.

Q Looking at the full year, what are some potential risks in the second half of the year?

A We are not aware of any apparent serious risks at this time. However, steadily building catalog sales, which form the foundation of our earnings, is necessary to achieve our full-year earnings target.

Q What are your expectations for *Monster Hunter Now*?

A Many people participated in the beta test, and we feel that expectations from players for this title are high. We see this as a very important title for further growing the *Monster Hunter* brand globally and driving expansion of video game sales in the Consumer sub-segment.

Q What risks are there for *Exoprimal* being unprofitable?

A As this title was released during the second quarter, earnings from it will be reflected beginning in that period. We do not expect it to be unprofitable at this time.

Q Have initial sales volumes decreased in conjunction with the longer product lives brought by selling games digitally?

A In recent years, along with waiting for discounts, we believe there are a certain number of players that also wait to see how well a game is reviewed after it is released. However, because the reputation of a game among players who bought it directly after its release is linked to its sales volume as a catalog title, we feel that the important point here is creating high-quality games.

Q With a number of companies shifting their policy toward domestic development, what are your thoughts on the competition for acquiring talent?

A Acquiring superior talent is one of the most important management issues facing our company, and under the direction of the CHO we are continuing to carry out reforms, such as by revising our compensation and human resources systems. We are also focused on hiring talent from outside of Japan and have implemented improvements including systems to facilitate visits home.

Q Is it possible for a new release to become a hit in emerging nations?

A While there are some economically advantaged people who will purchase new releases in emerging nations, we believe there are more players who buy games at reduced prices in these areas. Because of this, in such markets, rather than new releases we have made growing brand awareness a priority for expanding sales of lower-priced catalog titles.

Q Is it possible you will adjust your full-year earnings for the sake of steady annual growth?

A First quarter earnings were in line with our expectations, however because our full-year earnings will largely depend on the sales performance of new and catalog titles in the second quarter and onward, it is difficult for us to provide an answer regarding our degree of certainty for achieving full-year targets at this time. All of us are working hard to deliver on our publicly announced guidance.

Q Is it possible to reduce development costs in the medium term by adopting new technologies such as AI?

A We have been actively working to shrink costs for some time by carrying out technological research internally, including with the introduction of proprietary development engines such as MT Framework and RE ENGINE. That being said, we expect the development process to grow in step with advances in hardware functionality, and therefore believe it is important to continue to work to reduce costs in the future.