

**Third Quarter Consolidated Financial Results Conference Call
for the Fiscal Year ending March 31, 2024: Q&A Summary
(January 31, 2024)**

Q While unit sales of catalog titles increased in the third quarter, the average selling price seems to have increased compared to the same period of the previous year. What factors caused this?

A The main factor was the year-on-year increase in unit sales of catalog titles with relatively higher selling prices, such as *Resident Evil 4*. We will continue working to maximize earnings by pricing based on market analysis in line with our medium- to long-term strategy.

Q What has caused digital license revenue to exceed its annual target?

A The major driver of this has been providing our titles to subscription services. In considering how we provide games going forward, we will assess the needs of players while continuing to evaluate the use of subscription services based on market conditions.

Q Tell me about the overall direction of next year's earnings guidance.

A We are currently formulating guidance for the next fiscal year and are unable to discuss details at this time. In general, we plan to continue our medium-term management objective of 10% or more operating income growth. Also, given that long-term growth of catalog title sales are the foundation of our stable earnings, we will continue to promote increased unit sales volume worldwide. The average selling price of our titles will fluctuate depending on the mix of new and catalog titles, as well as the range of prices for the titles that are currently available for purchase.

Q What new major titles do you plan to release in the next fiscal year?

A We have made no announcements regarding this. We will provide more information regarding next fiscal year's titles at the appropriate time.

Q What will your policy be in setting your foreign exchange rate assumptions for the fiscal year ending March 31, 2025?

A We will continue to base our exchange rate forecast on the conditions of the market and as such do not expect to significantly change our policy.

Q Work-in-progress for game software has been increasing. What is your outlook regarding development costs going forward?

A The trend in recent years has been that as development cycles grow, work-in-progress for game software increases. However, we see the streamlining of development and enhancement of productivity as priority issues and are continuing to address these on an ongoing basis.

Q Will there be any change to your strategy of maximizing profit growth via sales volume if you decrease the selling price of catalog titles in the fourth quarter?

A We will continue our approach of growing profit by increasing overall unit sales, offsetting any impact of reduced prices.

Q What are the factors behind the growth in unit sales of catalog titles in the third quarter? Also, is there any change in your strategy to expand the number of sales regions and countries?

A Beyond our long-term pricing strategy, we believe that the factors that drove growth included the nomination of *Resident Evil 4* for Game of the Year at The Game Awards 2023 in December 2023, as well as the increase in exposure of this title and the series as a whole due to expanded platform support. In addition, new title announcements for the *Monster Hunter* and *Dragon's Dogma* series spurred an increase in unit sales for both. By region, the *Monster Hunter* series is gaining brand awareness in Asia, while the *Resident Evil* series is seeing unit sales growth in emerging markets and Latin America.

Q What is the status of preorders for *Dragon's Dogma 2* and what is the outlook for the future?

A Preorders generally tend to increase directly before the release date of a title. This game has been well received by players and we will continue to monitor its progress as we approach its March 22 release date.

Q Did the performance of your different business segments during the third quarter exceeded your expectations when compared to internal targets?

A The Digital Contents business was in line with expectations, including the impact of foreign exchange rates, while the Arcade Operations business and Amusement Equipments business slightly exceeded expectations.

Q How likely is it that you will achieve your annual unit sales target of 45 million units?

A While the overall mix of new and catalog title sales may vary from initial expectations, we are aiming to achieve our full year target.

Q Other companies are increasingly pricing games at \$69.99. What is your pricing policy for the next fiscal year?

A *Dragon's Dogma 2*, which is scheduled for release this fiscal year, will be priced at \$69.99. Industrywide development costs are rising, and we are considering a price review as one option. Ultimately, we intend to take a thoughtful approach in pricing our games while ascertaining user feedback.

Q What is your unit sales target for *Monster Hunter Wilds*? Do you aim to sell more units than *Monster Hunter World*?

A We do not disclose sales targets for individual titles. In general, we create titles with the intention of surpassing the performance of previous titles in a series.

Q You stated that the third quarter results of the Digital Contents business were in line with expectations, including foreign exchange rates. Tell me what offset any foreign exchange tailwinds.

A While catalog sales were strong, impairment losses in the first half of the fiscal year and an increase in various costs were some of the factors that account for this; however, results were in line with our expectations overall.

Q In addition to the fact that you are making steady progress against your full-year plan, you also have the upcoming launch of a new major title *Dragon's Dogma 2* in March. Why have you not revised your full-year guidance?

A We expect to make long-term strategic expenditures in the fourth quarter and are therefore focusing on fulfilling our stated full-year plan.

Q You have announced that *Monster Hunter Wilds* will be released in 2025. What factors typically play a role in determining the launch window of a title?

A Ultimately, this decision is based on the progress of development.

Q In the Amusement Equipments business, is the reason for the quarter-over-quarter increase in sales due to licensing income?

A The primary driver of this is not due to special licensing revenue, but rather revenue associated with the sales of machines. Also, while we plan to release one new model in the fourth quarter, due to the certification requirements of this business we are still in the process of preparing for release.

Q Will EC platform sales become the mainstream sales channel in the Amusement Equipments business?

A EC platforms represent the diversification of sales channels, and we will continue to use different channels as appropriate to the situation.

Q Following the launch of *Exoprimal*, will there be any changes in your development policy for new IP in the future?

A We will not change our policy regarding new IP. We will continue to dedicate a portion of our development investment to the creation of new IP.

Q What are your sales expectations for *Dragon's Dogma 2*?

A We do not disclose sales targets for individual titles, but we have been communicating that we consider this game to be in the million-selling class.