

**Financial Results Briefing for the First Half of the  
Fiscal Year ending March 31, 2018: Q&A Summary  
(November 6, 2017)**

Q. Given its current sell-through, how likely is *Marvel vs. Capcom: Infinite* to achieve its full-year target of 2 million units sold?

A. First-half results for this title are in line with our expectations. Going forward, we aim to achieve its full-year target by releasing additional characters, along with holding promotions for the title during Black Friday and the holiday season.

Q. How much of *Marvel vs. Capcom: Infinite's* cost was recognized in the first half of the current fiscal year?

A. While we do not disclose detailed figures, we follow accounting principles concerning recognizing development costs, and work to recognize them at the same time as we recognize sales. Because development costs are distributed over a title's lifetime unit sales, in this case we recognized a portion of the total development cost proportionate to the 900 thousand units sold in the first half of the fiscal year.

Q. How has *Monster Hunter: World* been received?

A. This title received high praise at the Tokyo Game Show as well as other events all over the world, and we feel that our users are currently very satisfied with it. Going forward, we look to maximize sales by carrying out robust promotional activities not only in Japan, but also in the North American and European markets as well.

Q. What progress have you made in connection with the mobile licensing deal from the first quarter? What licensing deals are on the horizon?

A. There is nothing that we can comment on at this time. We will provide ongoing announcements when we are able.

Q. What is the breakdown by sub-segment of the ¥2.7 billion year-over-year profit increase in Digital Contents?

A. Of this ¥2.7 billion increase, approximately half is attributable to Consumer, and the remainder to Mobile and PC Online.

Q. What are your expectations for the Nintendo Switch, and how will you support it going forward?

A. We feel the favorable performance of the Nintendo Switch, and the impact it is having on reaffirming the status of home video game consoles, are very positive. Going forward we will support the Nintendo Switch based on our fundamental strategy of multiplatform development.

Further, we are cognizant of the need to evaluate further how to best utilize the unique features of this platform, which differ from those of other home video game consoles.

Q. In recent years, the number of smaller-scale titles you release has decreased. What is your thinking with regard to appropriating development resources to not only AAA titles, but also to small- and medium-scale titles, and do you feel the resource allocation within your development structure is appropriate?

A. We concurrently invest in small- and medium-scale titles, and currently have unannounced titles in development. Further, with regard to the allocation of development resources, we are able to maintain a high productivity rate by hiring 100 or more new graduates each fiscal year, and assigning them to positions after thoroughly evaluating their aptitude.

Q. How will the regulatory changes following the 5.9 pachislo machines affect results going forward?

A. There is uncertainty in the current market environment, and we expect that conditions will worsen following the regulatory revisions scheduled for February of next year. We are running a number of simulations in order to devise an appropriate response, however, given that this is a ¥10 trillion market and that there are factors besides compliance rule changes that must be considered, we believe that it would be premature to make a decision based solely on the current information available. Moreover, the two models we plan to release in the second half of this fiscal year are already compliant, and we plan to launch them at a time best suited to maximizing unit sales.

Q. Revenue has continued to increase year-over-year in the Arcade Operations business. What are your current and future expectations for this business?

A. Sales and profit were up year-over-year thanks to contributions driven by popular prizes, including those of specific characters, primarily at stores located in shopping centers. While the effect of the increase in customer transactions stemming from revisions to the Entertainment and Amusement Trades Act wore off in July, even now existing stores are outperforming year-over-year, and going forward we believe the market environment will continue to be favorable.

Q. With regard to recognizing development costs in Consumer, for example, if it became difficult to amortize through sales of a title, would this necessarily lead to an impairment?

A. If it is judged that amortization is not feasible, the alternative would be to declare impairment. We do not disclose the criterion for this, however, we make decisions on how to proceed after consulting with our accounting firm each quarter.

Q. Will *Monster Hunter: World* include in-game monetization?

A. At the moment we have nothing we can share other than what information has already been

made public.

Q. What measures are you taking to make PC Online profitable and grow?

A. Because growth in the PC market has slowed, we are prioritizing growth of Consumer and Mobile. We aim to make PC Online profitable by maintaining sales for *Dragon's Dogma Online* and *Monster Hunter Frontier*, while implementing measures such as cost control.

Q. Will you be able to release the two pachislo models scheduled for the second half of the fiscal year?

A. Both of the models we plan to sell are already verified compliant.

Q. What are the costs and revenues associated with eSports?

A. In general, eSports revenue consists of revenue from licensing deals, as well as admission fees and fees for broadcasting rights for event operators. On the other hand, associated costs can include expenses stemming from holding events for event operators.

Q. What are your expectations for future eSports revenue and profit?

A. We are currently at a stage where we are considering monetizing this business from a number of angles, including through promotional activities and running events; as such, we have not set any concrete revenue goals at this point in time.

Q. Do you lack knowhow in planning, developing and operating games in the Mobile business?

A. Planning, developing and operating knowhow must be thought of as a unified concept; currently, we believe we have room for improvement overall.

Q. What is your medium- to long-term policy regarding mobile alliances?

A. Our strategy remains the same, specifically that we will explore all available options, without setting restrictions upon the kinds of measures we adopt, so as to continue developing mobile games in-house while also working with external partners. Supported by the market, we aim to release high-quality content.

Q. Looking forward, it's technologically feasible that the barriers to rolling out content to mobile, home video game consoles, and PCs will disappear. Is your development and alliance structure prepared for this?

A. Our current development structure allows our developers to move between title development regardless of platform, and we have had examples where developers from our Consumer sub-segment have developed titles for mobile devices.