

**Summary of Q&A at the Conference Call**  
**Third-Quarter Consolidated Financial Results of the**  
**Year ending March 31, 2016 (January 28, 2016)**

- Q. What is the achievement ratio of your original business plan as of the end of the third quarter?
- A. Consolidated business results surpassed our previous forecasts due mainly to contributions from “Monster Hunter X (Cross)”. Supported by this title, business results of the Consumer sub-segment in the Digital Content business also surpassed initial forecast. However, performance of other business segments was somewhat weak.
- Q. Why did “Monster Hunter X (Cross)” record sales higher than forecast and what is your forecast of unit sales for the full fiscal year?
- A. We feel that the introduction of Hunting Techniques, Hunting Styles and other new features combined with the world view and gaming styles of the preceding series have earned popularity among game players. While it is difficult to precisely forecast the volume of sales, we expect total sales to exceed 3.2 million units as sales continue to be favorable.
- Q. How confident are you about delivering on plans you have set for “Street Fighter V”?
- A. As we are in the midst of booking orders, it is difficult to answer whether we will be able to reach our targets. We have forecasted current fiscal year sales for this title at 2 million units. Now, we are only a month away from the end of the fiscal year. As this is a very popular brand in the U. S. and Europe, we will continue to monitor progress in sales.
- Q. What are the factors behind the significant increase of sales of PC and other products in the Digital Contents business?
- A. Strong sales of “Dragon’s Dogma Online” and contribution from “Monster Hunter Online” in China lifted sales in this category.
- Q. What are your thoughts about the current status of “Monster Hunter Online”?
- A. Given the nature of PC online games, we feel that it will take a while for the number of players to increase. However, player growth is off to a smooth start exceeding our expectations. We look forward to improvement in ranking. Trends during the Lunar New Year period will be the key point. We will draw up plans for the next fiscal year after reviewing the trends during this period.

- Q. What are your thoughts about the PS Business (Pachinko, Pachislo) for the next fiscal year and onward?
- A. On the whole, effects of rule changes have started to surface. But, we will stick with our policy stable supply on a quarterly basis. Plans for the next year will be based on current market conditions. The breakeven point of individual models has come down as we have managed to lower manufacturing costs and enhance development efficiency.
- Q. Profit margins in the Digital Contents business spiked in the third quarter (three months)? Are there any factors other than “Monster Hunter X (Cross)” for this jump in profit margins?
- A. The primary reason is favorable sales of “Monster Hunter X (Cross)”. Higher sales of digital catalog titles are also a factor.
- Q. Please explain why you revised the fiscal sales forecast of the Mobile Contents sub-segment and PC and Other sub-segment?
- A. Sales of “Monster Hunter Explore” and “Dragon’s Dogma Online” are on target. We revised plans downward in view of the actual performance of other existing titles.
- Q. Why did you decide to review your development organization and what effect did it have?
- A. We felt that the twin-organization system – Capcom and Beeline – needed changes in view of the changing market environment. Midori Yuasa, CEO of Beeline Interactive, Inc., will oversee the entire Mobile Business. Development of titles using CAPCOM IP will be under one single roof.
- Q. Are impairment losses likely to crop up in the fourth quarter?
- A. At this point, I do not see any impairment losses surfacing in the fourth quarter. The volume of work-in-process is on the rise because we are expanding the lineup of our titles. Looking at the development situation, we feel that work-in-process is at a satisfactory level.
- Q. What are the reasons behind the expected decline in sales of PC and others in the Digital Contents business in the fourth quarter?
- A. This decline is due to a reactionary drop from the spike in third-quarter income as we booked a part of the royalty income related to the launch of “Monster Hunter Online”. We expect to start booking running royalty income from the next fiscal year.

- Q. Why is the Amusement Equipments Business expected to plunge into the red in the fourth quarter (3 months)
- A. No new products launches are scheduled for the fourth quarter. But there are up-front fixed costs.
- Q. Please explain how confident you are about achieving your medium-term targets going forward from the next fiscal year.
- A. We have not altered our medium-term targets announced in May 2015. We will continue toward these goals. I am not in a position to give you any concrete information on plans from fiscal years March 2017 and March 2018.
- Q. Please explain your long-term strategies after the March 2019 fiscal year?
- A. We are discussing this issue internally. At this point, I am not in a position to elaborate further on this point.