

**Financial Results Briefing for the
Fiscal Year ended March 31, 2020: Q&A Summary
(May 12, 2020)**

Q. What changes in core user behavior have you perceived following the spread of COVID-19?

A. While we believe there has been an increase in the frequency of people playing games given the current restrictions on going outdoors, it is possible that less leisure time will be available in the future due to factors such as reduced summer vacation time at schools. As such, our view overall is that on average there will not be a major change.

Q. Capcom is perceived as being cautious with its approach to new hardware. What is your policy regarding support for the next-generation of platforms?

A. While we are unable to provide specific details at this time, we intend to approach the next-generation of platforms in step with our multi-platform strategy.

Q. I imagine there are obstacles to production of visuals and audio recording while situated in a work-from-home environment. How is Capcom addressing this?

A. While our initiatives are not drastically different from those of our peers in the industry, we are working to increase efficiency and have been carrying out talks with key members of game development, adjusting the times our creators come to work in order to maintain our release schedule for this fiscal year.

Q. What comparisons can be drawn between past economic disasters and the current COVID-19 crisis?

A: Both the Great East Japan Earthquake and the 2008 Financial Crisis were defined by factors such as geography and field; the crisis surrounding COVID-19, however, is one that affects all of humanity. It is challenging to carry out work in these circumstances as we normally would. Currently, it is unclear when this crisis will be under control; however, we will continue to carry out business while making the lives of our employees, customers and all stakeholders our top priority.

Q. When will we get some visibility on which specific new major titles will be released in FY2020?

A. With the exception of *Resident Evil 3*, which was released on April 3, 2020, we are currently considering the timing of all other title announcements. We will formulate a schedule after giving further consideration to overall factors, such as the market situation and any movement on the part of platform holders.

Q. Tell me about the pipeline from FY2021 onward.

A. While we are unable to provide any details on specific titles or dates at this time, we plan to release major IP at the optimal time according to our 60-month development roadmap.

Q. Tell me about your marketing initiatives to further increase the ratio of digital sales.

A. We are strengthening our support for the PC platform, as it has a large global install base and the ratio of digital sales on the platform is high. In recent years, we have also carried out cooperative marketing campaigns with PC and PC device manufactures.

Q. Tell me about your activities in China and emerging markets.

A. We currently sell titles digitally in over 200 countries and regions and have extended the sales life of our games through initiatives that include leveraging our back catalog of titles. Going forward, we will grow sales globally through effectively utilizing one of our strengths: our robust library of IP, which have established a world-wide presence via licensing, such as in film adaptations.

Q. Regarding further growth in the Mobile business, what are your objectives and how will you approach matters such as in-house development and alliances?

A. We launched a number of new titles in the previous fiscal year, however we believe that more than ever before experience in mobile game development and operations will be needed going forward. We will continue to amass know-how in this area via both in-house development and operations, as well as through working with external partners with a successful track record in the mobile game market.

Q. Which do you give more importance to for the purposes of future profit growth: improving profit margins or top-line growth? Also, what will be the drivers of top-line growth?

A. Releasing multiple major new titles on a consistent, annual basis is our priority in achieving increased operating income each fiscal year. The primary reasons for this are, not only can we anticipate increased revenue through bolstering our lineup of titles with new releases, but also in the following fiscal year and onward we are able to improve margin contributions as these games become highly profitable catalog titles. Moreover, these games can further be used to capture fans in newly cultivated regional markets, such as developing countries, when sold as value-priced titles whose development costs have been fully depreciated.

Q. What business opportunities do you see with 5G?

A. 5G utilization is currently limited primarily to mobile devices, whose small display screens are less suited to delivering the stunning visual experiences that can be provided by the types of PC and console games for which we are known. We are now working on the technical research that will enable us to take advantage of potential major changes that may occur in this area in another 5 to 10 years, while also building out our global sales network.

Q. A number of new platforms, including streaming services, have entered the market. What is Capcom's policy for supporting these platforms?

A. While we are in multiple talks, we are unable to provide details regarding a standard policy of platform support since many of these new services will be just beginning to enter full-fledged operations. As such, we will evaluate developments for each opportunity in our considerations going forward.

Q. Tell me the details of the impairment in Q4.

A. We are unable to discuss details such as the specific monetary amount, however this was recorded in business sub-segments including Consumer and Mobile.

Q. Following the cancellation of E3 and the Tokyo Game Show, what changes have there been to Capcom's marketing strategy?

A. We are considering our future promotional strategy while looking at the activities of each platform holder and the possibilities of working together. Further, as the Tokyo Game Show organizers are considering an online event as an alternative, we will seek ways to utilize this with an eye toward optimizing our promotional activities.

Q. When will Capcom begin support for next-generation platforms?

A. As we have done in the past, we will release titles at a time that is beneficial to us while considering factors such as the platform's installation base.

Q. Will there be any difficulties in releasing new titles if the state of emergency in Japan is extended?

A. In the past, when physical packaged games were the mainstream it would have been possible that retail store closures could have an impact on new title releases; however, at present, digital sales are widespread, and we believe any impact should be minimal. Also, while work from home has had some effect on content development, we are working to minimize its impact through innovating work efficiencies.