

**First-Quarter Consolidated Financial Results Conference Call for the Fiscal
Year ending March 31, 2018: Q&A Summary
(July 28, 2017)**

Q. Concerning the licensing agreements in Capcom's mobile business, what kind of agreements have been made, and when will the games be released?

A. We are unable to share any specific details regarding which IP we will use, the names of potential business partners or when service for games will begin at this time. The mobile business is an important matter for us, and we see these licensing agreements as the first step toward building alliances there.

Q. Having booked licensing revenue this quarter, how will Capcom approach mobile going forward?

A. The contract in question is a single milestone within our larger endeavors in the mobile space. Our ultimate goal is to increase the value of our IP by launching games and growing our user base. We are moving forward with efforts to produce a hit title while looking at all available options, including strengthening internal development as well as building alliances with other companies.

Q. The full-year unit sales guidance for new Consumer titles of 10.3 million units is on par with the previous fiscal year; however, considering *Resident Evil 7 biohazard* was launched last year, is this number not bullish? What is your outlook going forward, including your expectations for this year's *Monster Hunter: World*?

A. We are confident that we will be able to achieve this number because the full-year unit sales guidance for new games consists of 37 titles (counted on a SKU-basis) that include re-releases of catalog titles for current-generation hardware. Further, we have received positive feedback on *Monster Hunter: World*, which was well received when announced at E3. Going forward, we will maximize sales by carrying out proactive measures not only in the Japanese market, but in the North American and European markets as well.

Q. What were the regional unit sales for *Ultra Street Fighter II: The Final Challengers*? (*Ultra Street Fighter II*, below)

A. 100 thousand units in Japan, and a combined 350 thousand units in Europe and North America.

Q. Following the sales results of *Ultra Street Fighter II*, what will Capcom's approach to the Nintendo Switch be going forward?

A. The Nintendo Switch seems to be doing very well, and we look forward to further growth in its install base. Beginning with *Monster Hunter XX (Double Cross) Nintendo Switch Ver.* for Japan, we are evaluating how we will support this platform in the future.

Q. Stronger regulations in the pachislo market have been announced. What is your policy and future outlook for the PS business?

A. The overall market here has been shrinking, and we believe the situation will grow more severe due to these new regulations; however, we do not intend to revise our plan at this time, as there remains room for us to display ingenuity here with improved entertainment as well as through cost reductions via utilization of used materials.

Q. Are there any other licensing matters on the horizon for the Mobile business this fiscal year?

A. There is nothing further that we can communicate regarding alliances at the present time. We believe it is possible to achieve our full-year plan through strengthening our existing titles and through contributions from new titles.

Q. What are your criteria for selecting mobile alliance business partners?

A. We are negotiating with companies that possess both high-level knowhow and a track record of results running games as a service. Further, whether a company can understand the value and characteristics of our IP while utilizing them is a criterion.

Q. When will Capcom experience real growth in mobile?

A. We are currently taking the appropriate steps to position ourselves for growth from the next fiscal year onward. If efforts, including approaching new genres, proceed smoothly, it is possible we will start to see some results beginning this fiscal year.

Q. The profit margin in Consumer for this first quarter seems high; why is that? Further, will it be possible to maintain this level in the future?

A. Our profit margin received a boost because, in addition to *Ultra Street Fighter II*, which was released this quarter, being a re-release and having lower-tier development costs, its actual sales outperformed our unit sales plan for the title. Going forward, we will work to achieve continuous sales in Consumer via pricing strategies, including seasonal discounts and other measures.

Q. How do you determine which game to release on which platform?

A. As platform trends are in a constant state of flux, we consider everything from the content of the game to our users' tastes in order to make the optimal choice for each title.

Q. Do you expect to continue booking the licensing revenue in mobile from this quarter into the second quarter of this year?

A. This licensing revenue was a one-time occurrence for this quarter that sprang from progress in building our alliances.

Q. Who will carry out service operations under the licensing agreement in question?

A. Currently, we plan to have our business partners carry out operations, with Capcom receiving a set amount of revenue.

Q. Is Capcom considering working with companies in the Asian region, including those in China?

A. We are open to considering alliance opportunities in all regions, including China.