

**Financial Results Briefing for the First Half of the
Fiscal Year ending March 31, 2018: Q&A Summary
(October 29, 2018)**

Q. Tell me about your promotional plan for *Monster Hunter: World* (*MHW*, below) as well as those for your other upcoming major releases in the second half of the fiscal year.

A. For *MHW*, we plan to retain existing users through future updates to the title, while aiming to capture new players by carrying out pricing strategies. We will also work toward developing the player community through holding real-world events overseas, similar to those held in Japan. For our major titles, such as *Resident Evil 2*, in addition to traditional promotions, we will focus on bolstering digital marketing in order to promote sales. This is carried out through centralizing management of sales data such as preorders and sales trends, and via analysis of various data points, including distribution of age, the repeat purchase rate, as well as feedback from comments on social networking sites.

Q. Tell me the details regarding the PS impairment loss booked in the first half of the fiscal year, as well as your outlook on the PS plan for the second half of the fiscal year.

A. In light of the current market environment, we feel the revised plan is not conservative. Further, this is not only an issue of the market, as there is room for improvement within our development organization; as such, we will strengthen our organization and develop machines to be released in the next fiscal year and onward. Additionally, in the first half of the fiscal year we did a write down for machines scheduled to be released in the second half, recorded to cost of sales. However, we have not disclosed the specific amount of this.

Q. How much room for growth remains for *MHW*?

A. We typically develop two- to three-year sales plans for major titles. For *MHW*'s second year, we have planned for a reasonable sales figure given the 7.9 million units it sold in the first year of its release. We will endeavor to grow sales further in the second half of this fiscal year with a focus on the PC version of the game.

Q. What are your thoughts regarding your title portfolio for the next fiscal year?

A: As has been the case up to now, we are managing and developing our titles using our 60-month map, which looks five years into the future. As such, we are preparing games, which includes utilizing our back catalog of titles, in order to achieve our medium- to long-term goal of sustainable growth for the next fiscal year as well.

Q. Specifically, which catalog titles grew in the second quarter?

A. In addition to *MHW*, specific titles include *Monster Hunter Generations Ultimate*, *Resident Evil 7*

biohazard and *Okami HD*.

Q. Tell me the current situation for *MHW*.

A. As of September 30, 2018, the title has sold a cumulative 10.7 million units, with approximately 70% of that total from sales outside of Japan. Also, within Japan the increase in the number of players aged 10 to 19 years old has exceeded our expectations.

Q. What impact has censorship in China had on Capcom?

A. Because we fundamentally carry out business expansion in China through Tencent, we are not in a position to comment on this. We will continue to actively approach this massive market going forward; however as it does carry a degree of country risk, we would like to proceed one step at a time while ascertaining the situation.

Q. What specifically did you do when you examined your esports investment amount in Other Businesses?

A. When laying out our plan at the beginning of the fiscal year, we had budgeted a larger amount for investment because our eSports Group in Japan was in its startup phase at that time. However, during the process of planning specific activities we refined our investment plan to be more precise. Our enthusiasm for esports remains the same and going forward we will continue to actively promote activities to expand the esports market.

Q. In your full-year plan for Mobile, there has been a downward revision of 2 billion yen in net sales. What is the proportion of this between the first and second halves of the fiscal year?

A. The performance of existing titles was weaker than our expectations, and thus there was a downward revision for both the first half and the second half of the fiscal year; however, the amount for the second half is slightly larger.

Q. What is your current situation as well as your future outlook on developing for cloud gaming?

A. While we did release a certain title supporting cloud gaming in the first half, this was done primarily for technological research purposes and did not have a significant impact on earnings. Based on the results of this research, we will internally consider further expansion into cloud gaming.

Q. Tell me more regarding how your PS machines were out of line with the user perspective.

A. In analyzing the operations of machines at pachislo halls following release, we ascertained that our machines had been removed from the floor after a shorter period than we had expected. In order to fulfill our concept of creating pachislo that can be enjoyed for a long time, going forward we will adjust our internal development organization.

Q. Will you change your basic strategy in accordance with changes in the Mobile market environment?

A. While we have revised our mobile title lineup in light of the market environment, there will be no fundamental change in strategy.

Q. Tell me about development progress on Type 6 pachislo machines. Also, what is your outlook on Type 6 machines?

A. While we are unable to discuss details at this time, we have gathered positive reviews from the market regarding the change from Type 5.9 to Type 6 machines, and are continuing preparations for development of Type 6 machines. Going forward, our development will essentially focus on Type 6 machines, with the goal of releasing them during the March 2020 fiscal year and onward.