

**Financial Results Briefing for the First Half of the
Fiscal Year ending March 31, 2020: Q&A Summary
(October 29, 2019)**

Q. How do you calculate unit sales for *Monster Hunter World: Iceborne (MHW:I) Master Edition*? Are they being double-counted with *Monster Hunter: World (MHW)*?

A. They are counted toward unit sales for *MHW:I*.

Q. Why were Consumer retail sales prices lower in Q2?

A. This was primarily due to executing pricing strategies such as discount sales for major catalog titles that had been contributing at nearly full price through Q1.

Q. The media has reported that *MH:W* has been approved for release in China. Is this true?

A: While we are aware of these news reports, we have not officially confirmed their validity at this time.

Q. I would like a rough estimate of the amount written down in the Mobile sub-segment during Q2.

A. While we have not disclosed the details, in the range of 1 billion yen would be a fair approximation, which would include certain new titles and cancelled projects.

Q. The amount depreciated for content in Q2 feels small. Why is this?

A. The cost of sales is lower in Q2 because aside from *MHW:I*, our other titles have all nearly been completely depreciated, while general costs have been trending downward due to the shift to digital. Also, *MHW:I* has just been released and we expect it to have a long sales life as well as a long deprecation schedule.

Q. Why did you invest less into esports than initially planned for the first half of the fiscal year?

A. While there is nothing that merits special mention, our focus on large-scale events scheduled for the second half of the year and onward, such as the Intel World Open and Capcom Cup, could be cited as contributing factors.

Q. What should we look to as performance indicators of growth in esports?

A. At present, how much we can expect to earn in revenue in the future is still to be determined. We feel that our first priority is increasing the numbers around event attendance and viewership while strengthening the base of people who are interested in *Street Fighter* as much as possible.

Q. You've launched mobile titles at a consistent pace during FY2019. Please give me an update on the performance of each.

A. *Sengoku BASARA Battle Party* performed well at launch but is currently slower in growth. As *Gundam Breaker Mobile* and *Teppen* are both alliance titles we will refrain from commenting on their performance, however we are working with our partners to grow each game.

Q. What was the reason for the write-down in the Mobile sub-segment?

A. Our criteria for evaluating titles has not changed; as with our Consumer sub-segment, we reevaluate all titles in our Mobile sub-segment that significantly deviate from their sales plan. This is not out of the ordinary even for titles in their launch year.

Q. Will Mobile return to profitability next fiscal year?

A. We aim to return to profitability next year, and to that end will continue to develop and launch both internally-developed and co-developed titles in order to grow the Mobile sub-segment into another revenue pillar.

Q. How will *Street Fighter's* inclusion in the Intel World Open esports tournament impact revenue?

A. Through working with Intel Corporation, we believe we can grow awareness of both *Street Fighter* and esports. We do not expect any significant impact on revenue.

Q. Considering the launch of *MHW:I*, a massive expansion that was downloadable, what is your future outlook and policy regarding sales of digital download content?

A. Since the lifecycle of games has grown longer, the question of how best to utilize digital download content going forward is certainly one of significance, especially with the growing need to keep content fresh. As we still have the January 2020 release of *MHW:I* for PC on the horizon, we feel it is too early to give a summary review.

Q. What is your Mobile strategy going forward?

A. With the roll-out of 5G on the horizon in the global market, as well as in considering the potential for new kinds of content that goes beyond the traditional scope of mobile games, yet is enjoyed utilizing mobile devices, we are currently discussing our future strategy here.

Q. Has there been a change to your 2H Mobile title release schedule?

A. There have been no changes. We plan to release both internally- and jointly-developed titles.

Q. What was the unit sales trend for *MH:W* in Q2?

A. We successfully executed pricing strategies, leading to growth of primarily the PC version of the game. We also believe that building buzz for the launch of the console version of *MHW:I* positively contributed to sales of the PC version of the base game.

Q. What is your strategy to grow sales for *MHW:I* going forward?

A. Looking toward the holiday shopping season, we are considering a number of measures focused around promoting the content of the game in overseas markets. It is possible that we will evaluate a price drop, however, as this would influence market trends we have not made specific plans at this time. *MHW:I* is our first massive digital expansion, and we look to stimulating the market in order to grow sales for the title.

Q. How would you evaluate *MHW:I*'s performance at this point in time, and how has it done in each region?

A. While we would like to evaluate its performance following the launch of the PC version, in Q2 the game shipped 2.8 million units and is overall in-line with our expectations. Further, regional sales of the game have grown in Japan, however this is to be expected considering the domestic fan base is familiar with the "G" versions of past games in the *Monster Hunter* series, which have included a large amount of additional content.

Q. Please give a breakdown of the sub-segments in the Digital Contents business for which you revised the plan for profit.

A. Primarily, the revision is in consideration of the write-down in the Mobile sub-segment.

Q. You previously stated that you restructured the development organization of your fighting games. Can you give a status update?

A. As they represent one of our major IPs, we did carry out a reorganization here, however simply doing so once does not mean the matter is settled; even under the new structure we are continuing game development while carrying out a trial-and-error-based improvement cycle.