

**Financial Results Briefing for the
Fiscal Year ended March 31, 2019: Q&A Summary
(May 10, 2019)**

Q. Tell me how you devised the unit sales plan for *Monster Hunter World: Iceborne* (*MHW:I*, below) for FY3/2020.

A. For unit sales in Japan, we have looked to the sales performance of so-called “G-versions” of past titles in the series. For overseas, we have taken into account the performance of competitors’ titles in our formulation. We aim to maximize unit sales through analyzing the accumulated preorder and sales trends for our series, including series other than *Monster Hunter*, against indicators such as preorder rates and player feedback at events going forward.

Q. Can we expect any changes for future *Street Fighter* titles, considering the games’ usage in esports?

A. We would like to explore ways to provide added value to players, such as features that heighten their sense of immersion. However, we have nothing specific to share at this time. We will examine this issue based on the data we gather through upcoming league play.

Q. Tell me about Capcom’s strengths relating to the next generation of hardware.

A. The games we developed using the RE ENGINE during this current hardware generation have received critical acclaim, and from the early stages of building this engine, we kept the ability to augment it for next-generation development in mind; as such, we view the RE ENGINE as one of our strengths that will contribute to next-generation game creation.

Q. Will the release of *MHW:I* impact the catalog sales of *Monster Hunter: World*?

A. Sales of both the digital and physical versions of *Monster Hunter: World* grew steadily in FY3/2019. We plan to further grow these sales in FY3/2020 through linked sales activities and promotions with *MHW:I*.

Q. Your guidance shows a 36% OP margin in the Digital Contents business for FY3/2020. Will this level be sustainable in FY3/2021 and beyond?

A. In recent years, coordinating the digital sales of catalog titles with new releases in a given series have effectively contributed to earnings through improvements to our digital sales ratio and the accumulation of marketing data. We expect the ratio of digital sales in the market to continue to rise, and think it possible to anticipate the same level of profitability.

Q. What is your policy on shareholder returns going forward?

A. Our basic policy of targeting a consolidated dividend payout ratio of 30% while providing a stable

dividend remains the same. Our FY3/2020 dividend forecast calls for an annual dividend of ¥35, though we strive to pay a suitable amount based on the progress of our business results. We remain committed to providing returns to all of our shareholders, and in addition to the share buyback carried out in November 2018, boast an average total return ratio of more than 60% for the past ten-year period.

Q. Tell me what titles currently in your pipeline are being developed with the RE ENGINE.

A. While we are unable to comment on the specific number of titles or release windows, there are numerous titles currently being developed internally with the RE ENGINE.

Q. How have fans reacted to the more detailed *MHW:I* announcement?

A. The announcement was made just this morning (May 10 JST), and as such, we plan to collect and analyze feedback from each of our subsidiaries over the coming week.

Q. Exactly how much fan feedback and comments are you able to gather from the market?

A. While we are unable to provide specific details, we feel that collecting information globally and categorizing and analyzing that data by attribute is what is important. We strive to ensure that player impressions of Capcom and our games are aligned with what we have intended. We do so by integrating feedback gathered from fans into our games as much as possible, and by honestly communicating our policies and way of thinking when this is not possible.

Q. What role will the newly established Master Planning Office play?

A. The Master Planning Office's primary role is to develop a structure for the next generation. It will develop forward-looking strategies for the long term, addressing how Capcom should approach a market where it is believed the digital ratio will only further grow. Currently, its activities are primarily in the information gathering stage.

Q. Why is *MHW:I* the only major new title planned for FY3/2020?

A. It is a reality that development cycles are trending longer for games developed to a world-leading standard. As such, it is possible that there will be a single major new title release in a given fiscal year due to the composition of our title pipeline. However, the profitability of the Digital Contents business is rising, with widespread digital sales driving longer sales lifecycles for games as well as multifaceted revenue opportunities, which includes catalog sales.