## Financial Results Briefing for the First Half of the Year ending March 31, 2017 Summary of President and COO Haruhiro Tsujimoto's Presentation (October 28, 2016)

Today I will discuss the progress of our growth strategy, which will be the theme of our full-year results, and the strategies and plans for each of our business segments in the fiscal year ending March 2017.

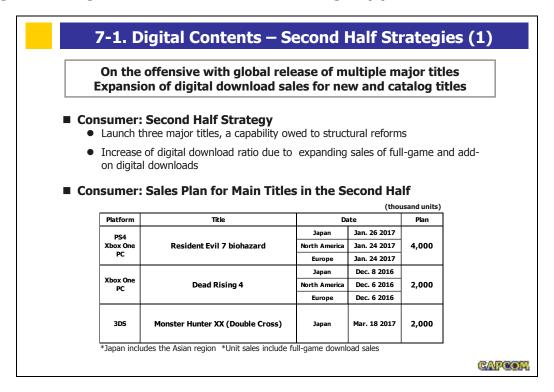
Page 5: 6. Forecasts for FY3/17



To begin, I would like to give a simple explanation of the points of our growth strategy that will drive achievement of this full-year plan.

We have been including consumer business expansion as one of our growth strategies, and have carried out structural reforms within this business; as a result, from the end of the calendar year until the end of this fiscal year we will launch three major titles: *Resident Evil 7 biohazard*, *Dead Rising 4* and *Monster Hunter XX (Double Cross)*. Within our cutting-edge development environment, we are diligently developing each of these to be titles that are well-received by the market and that drive our fiscal results.

Page 8: 7-1. Digital Contents – Second Half Strategies (1)



Now I would like to go over the second half strategies for each segment.

First, I will discuss the Digital Contents business.

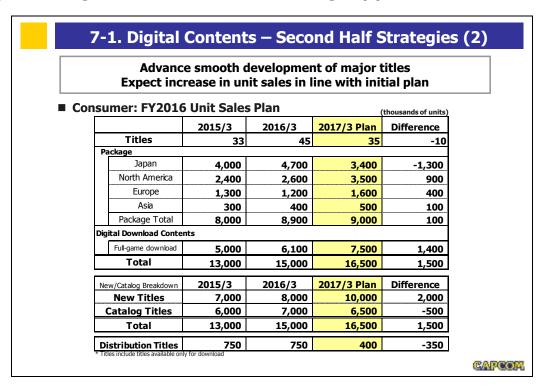
The important point during the second half for the Consumer business will be launching three major titles, from the end of the calendar year to the end of the fiscal year.

First on this list is *Resident Evil 7 biohazard*, scheduled to be released on January 24. We expect to sell 4 million units during this fiscal year. We are currently hard at work developing the game, and in order to provide a cutting-edge play environment for our flagship title, have given it full PlayStation®VR support, as well as support for high-resolution visuals on the recently announced PlayStation 4 Pro and Xbox One S. Further, as a global title we plan to feature support in 13 languages—the most in our company's history. Even more, at this moment the PS4 demo version has surpassed 4 million downloads, indicating high levels of excitement from users.

Second on this list is *Dead Rising 4*, scheduled to be released on December 6 for the Xbox One and PC. We expect to sell 2 million units during this fiscal year. We are focusing on full-game and digital download sales for this title.

The third on the list is *Monster Hunter XX (Double Cross)*, scheduled to be released on March 18 for the Nintendo 3DS family of systems. This is the latest entry into the *Monster Hunter* series, and we expect to sell 2 million units during this fiscal year.

Page 9: 7-1. Digital Contents – Second Half Strategies (2)



Next is the full-year unit sales plan for the Consumer business.

We are anticipating an increase in the number of unit sales for the full year in-line with our initial plan, due to contributions from the three titles I have just discussed, all of which are proceeding smoothly in development.

We expect an increase of 1.5 million units to a total of 16.5 million units sold, despite 10 less titles compared to the previous fiscal year. The reason for a reduction in the number of titles is, in addition to fewer distribution titles, we are focusing on the sale of major titles this fiscal year, and thus there are fewer mid-sized titles. Further, with the release of these three major titles, the ratio of new titles within the total 16.5 million units is higher than its normal share of approximately 50%, having increased to approximately 60%.

With regards to unit sales by region, package unit sales in the U.S. and Europe will increase because there are more major global titles than last fiscal year, including *Resident Evil 7 biohazard* and *Dead Rising 4*. Within Japan we anticipate a decrease of 1.3 million units due to comparatively lower sales following last fiscal year's *Monster Hunter X (Cross)*.

In our digital download unit sales plan we expect both new and catalog titles to increase for a total of 7.5 million units, a 23% increase compared to the same period last year.

For catalog unit sales, at 6.5 million units the plan for this fiscal year is approximately the same as last fiscal year's 7 million units, combined package and digital download sales.

Page 10: 7-1. Digital Contents – Second Half Strategies (3)

## 7-1. Digital Contents – Second Half Strategies (3) Strengthen operations of existing titles in Mobile and PC Online with updates ■ Mobile Contents: Second Half Strategy • Strengthen operations for *Monster Hunter Explore* Release new title developed by Capcom Mobile First title: Otomo Drop Monster Hunter Stories (Android/iOS), winter 2016 Toraware no Paruma > October: Release new character in the Aoi chapter **■ PC Others: Second Half Strategy** • Dragon's Dogma Online Season 2.2 update coming winter of 2016 > Aim to increase number of active users while improving user satisfaction for existing players • Update *Monster Hunter Frontier G* to *Monster Hunter Frontier Z* in November Newly supports PlayStation 4 • Large update including additional new monsters for *Monster Hunter Online* CAPCOM

Now I would like to discuss the second half strategies for Mobile and PC Others. We will strengthen existing title operations here, performing updates for each on a continuous basis.

First, with regards to our Mobile strategy, *Monster Hunter Explore*—the core of our existing titles—is steadily contributing to revenue having exceeded 5 million downloads; we therefore will endeavor to fortify our revenue base by continuing to offer updates for the title.

Also, we will release *Otomon Drop Monster Hunter Stories* in winter 2016 as a touchstone for our Mobile business going forward, and as the first title from our newly established Capcom Mobile. We plan to utilize the knowhow cultivated while operating Snoopy Drops to make this title a hit.

What's more, we released a new chapter this October featuring the character Aoi in *Toraware no Paruma*; we are considering various ways to expand upon this new IP in order to continue growth.

Mobile is an area that we must develop in order to realize the growth strategy of our company. In this fiscal year we would like to aim for increased revenue by focusing on internally-developed titles as I have just described, and establish a foothold for genuine growth for next year onward.

Continuing on into PC Others, we plan to expand our user base in *Dragon's Dogma Online* by continuing regular updates, while at the same time building profits by increasing the retention

rate of existing users.

With *Monster Hunter Frontier G*, in November we are planning a major update and transition into *Monster Hunter Frontier Z*, and expect steady profit contributions from continued stable operations.

Lastly, with regard to *Monster Hunter Online*—a title being operated with Tencent Holdings Limited in China—at the end of the calendar year and at the Lunar New Year we are planning a major update, including the addition of new monsters.

Page 11: 7-1. Digital Contents Full-year Plan

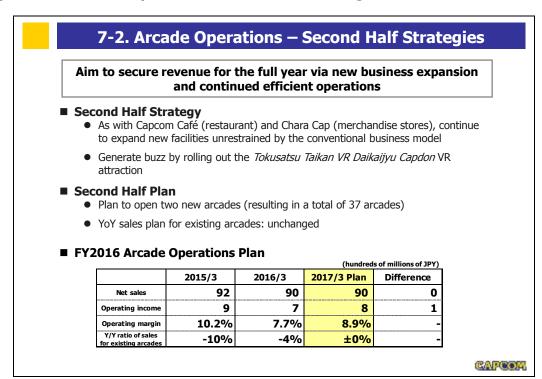
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Via ida	nen or major	Consumer		
Digital Contents: FY20	16 Plan		(hundreds o	f millions of JPY)
	2015/3	2016/3	2017/3 Plan	Difference
Net sales	453	525	590	65
Operating income	102	121	143	22
Operating margin	22.5%	23.1%	24.2%	
Breakdown of Net Sales				
Package	262	312	330	18
Digital Download Contents	90	109	140	31
Consumer total	352	421	470	49
Mobile Contents	41	33	40	7
PC Other	60	71	80	g

Next, I will explain our full-year plan for the Digital Contents business, as well as the sales plan for each business segment.

There are no changes to our full-year plan from the initial plan. For Digital Contents overall, we are anticipating net sales of ¥59 billion and operating income of ¥14.3 billion. We expect increased revenue due to an expansion of titles in the Consumer business; to break down net sales: in Consumer we anticipate a total of ¥47 billion, a ¥4.9 billion increase; in Mobile Contents we anticipate ¥4 billion, a ¥700 million increase; and in PC Others we anticipate ¥8 billion, a ¥900 million increase. As we are expecting contributions from major consumer titles in the second half in particular, management, development and sales will come together as one to focus our efforts on maximizing profits for each title.

While PC Others is currently in a difficult spot, we plan for a recovery for the full year with contributions from *Monster Hunter Online* and by strengthening our existing titles.

Page 13: 7-2. Arcade Operations – Second Half Strategies



Moving onward, I would like to discuss the Arcade Operations business.

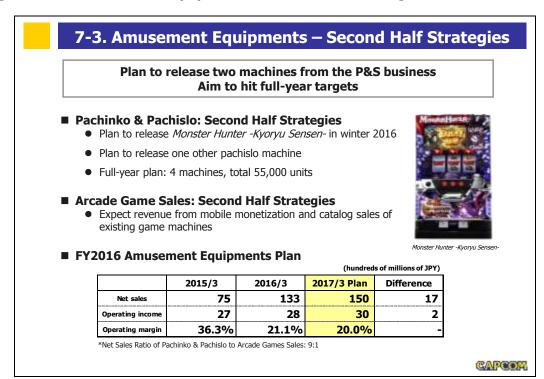
Our initial plan for this fiscal year stands as is; we will aim for net sales of ¥9 billion and operating income of ¥800 million via measures that include continued efficient operations, sales of character merchandise, and outfitting VR attractions. The market situation has shown signs of bottoming out, and from the perspective of the year-over-year sales ratio for existing arcades we feel that we are making steady progress from the first half.

In terms of specific measures, we will continue to expand upon our Capcom Cafés, which are restaurants that utilize our IP, as well as our Chara Cap integrated merchandising corners. Further, starting in September, we began operating our VR attraction *Tokusatsutaikan VR Daikaijyu Capdon.* at our Kichijoji arcade. Beyond a mere inducement for visitors interested in VR, we are utilizing it as a test case for expansion of VR attractions within our arcades going forward. Further, we are planning to attract more customers to our amusement facilities by holding events where we demo home video games or host discussions with members of our development staff.

We plan to open two new arcades in the second half, bringing our number of facilities to a total of 37.

Our initial plan stands as is, with growth remaining flat year-over-year for sales of existing arcades for the full year.

Page 15: 7-3. Amusement Equipments – Second Half Strategies



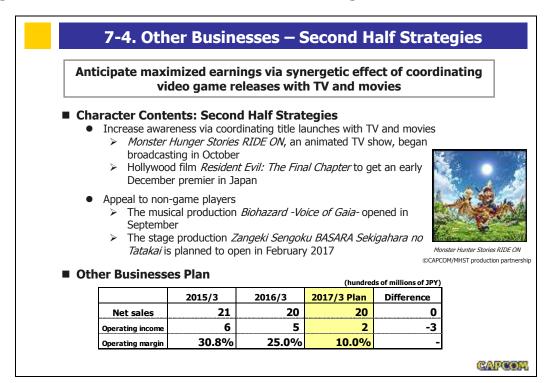
Next is the plan for Amusement Equipments.

In the P&S business, we plan to release the pachislo machine *Monster Hunter -Kyoryu Sensen-* in winter 2016. Our plan is to sell 25 thousand units of this, and currently orders have been favorable. Including the first half, we plan to release four models over the full year, and sell a total of 55 thousand units.

In Arcade Games Sales we expect revenue from catalog sales of existing game machines and monetization through network systems.

There have been no changes to the initial plan for the full year in the Amusement Equipments business; we aim for net sales of ¥15 billion and operating income of ¥3 billion. We anticipate the ratio of sales between the P&S business and the Arcade Games Sales business to be 9:1.

Page 17: 7-4. Other Businesses – Second Half Strategies



Finally, for Other Businesses we will continue to pursue our Single Content Multiple Usage strategy.

In terms of animated TV shows, *Monster Hunter Stories RIDE ON* has been broadcasting since October. With this we strive to further increase the value of the brand, and to drive synergistic effects for both *Monster Hunter Stories*, released in October, as well as *Monster Hunter XX* (*Double Cross*), which is scheduled for release in March.

Further, the Hollywood movie *Resident Evil: The Final Chapter*, which is scheduled for an advanced release in Japan on December 23, 2016, is scheduled to run worldwide in January 2017. We anticipate, here as well, that there will be synergies between the film and the game *Resident Evil 7: biohazard*, scheduled to launch in January 2017, producing increased revenues for both.

Also, we aim to attract non-game users to the market by expanding stage and theater productions such as the musical *Biohazard -Voice of Gaia-* and the stage production *Zangeki Sengoku BASARA Sekigahara no Tatakai*.

There are no changes to the full-year plan from the initial plan, with net sales set at ¥2 billion and operating income set at ¥200 million.

This concludes my presentation.

All of us will continue to work together as one to achieve our business objectives this year, thus we ask for your continued support.