



Capcom Co., Ltd.
(Tokyo Stock Exchange,
First Section, 9697)

First Half Report
Fiscal year ending March 31, 2021

■ Regarding H1 Results

- Digital sales for major new title and catalog titles contributed to YoY sales and profit growth
- Impact of COVID-19 on businesses and development currently negligible

■ Regarding Full-Year Business Plan

- Currently performing well compared to full-year plan; no changes to initial guidance
- Announced March 26, 2021 release date for new title, *Monster Hunter Rise* for Nintendo Switch

Contents

	page
1. Forecasts for FY3/21	3
2. Financial Highlights	4
3. Business Segment Results	7
4. Business Segment Plans & Strategies	13
5. Supplement	19
Summary of Major Financial Information / Our Major IP	

Forward-looking Statements

Strategies, plans, outlooks and other statements that are not historical facts are based on assumptions that use information currently available and reasonable judgments. Actual performance may be significantly different from these statements for a number of reasons.

In the entertainment industry, which includes Capcom, performance may be highly volatile because of diverging user needs and other changes in market conditions.

Factors that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) consumer demand for home video game consoles; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; (7) changes in market conditions; (8) natural disasters, disease outbreaks, economic crises and other unforeseeable events. Please note that this is not a complete list of factors that can influence Capcom's operating results.

1. Forecasts for FY3/21

Targeting eight consecutive years of OP growth and record profit driven by stable Digital Contents business contributions

(million yen)

	2020/3	2021/3 Plan	Difference
Net sales	81,591	85,000	3,409
Operating income	22,827	25,500	2,673
Operating margin	28.0%	30.0%	-
Ordinary income	22,957	25,500	2,543
Net income attributable to owners of the parent	15,949	18,000	2,051

- Earnings per share forecast: ¥168.62
- Plan to increase dividend to improve shareholder returns, with interim dividend of ¥25 and year-end dividend of ¥25, resulting in a ¥50 full-year dividend

2-1. Financial Highlights – Consolidated Business Results (1)

■ 6 Months Results in FY9/19 vs. FY9/20

(million yen)

	2019/9	2020/9	Difference
Net sales	37,272	42,059	4,787
Operating income	13,992	17,863	3,871
Ordinary income	14,002	17,571	3,569
Net income attributable to owners of the parent	9,846	12,993	3,147

- Performing well compared to our full-year plan, with sales and profit up year-over-year due primarily to contributions from Consumer digital sales
- Arcade Operations returns to profitability for Q2 while taking into account COVID-19 prevention in operations

2-1. Financial Highlights – Consolidated Business Results (2)

■ FY9/20 Net Sales/Operating Income (by segment)

(million yen)

	2019/9	2020/9	Difference	2021/3 Plan
Net sales	37,272	42,059	4,787	85,000
Digital Contents	29,163	35,378	6,215	66,900
Arcade Operations	6,233	4,031	-2,202	10,500
Amusement Equipments	241	1,325	1,084	4,500
Other Businesses	1,633	1,323	-310	3,100
Operating income	13,992	17,863	3,871	25,500
Digital Contents	14,503	19,849	5,346	28,300
Arcade Operations	915	-262	-1,177	0
Amusement Equipments	67	18	-49	1,700
Other Businesses	733	552	-181	700
Adjustments*	-2,227	-2,294	-67	-5,200

*Adjustments include unallocated corporate operating expenses.

2-2. Financial Highlights – Financial Position

■ FY9/20 Balance Sheet/Statement of Cashflows (Summary)

Balance Sheet (million yen)

Assets	2020/3	2020/9	Difference
Current Assets	108,829	104,751	-4,078
Cash on hand and in banks	65,657	69,060	3,403
Notes and accounts receivable - trade	15,959	5,783	-10,176
Work in progress for game software	21,222	23,829	2,607
Other	5,991	6,079	88
Fixed Assets	34,636	33,054	-1,582
Total assets	143,466	137,806	-5,660
Liabilities			
Current Liabilities	35,863	20,377	-15,486
Notes and accounts payable - trade	5,844	2,546	-3,298
Electronically recorded monetary liabilities			
Deffered income	7,642	851	-6,791
Other	22,377	16,980	-5,397
Long-term liabilities	7,868	7,443	-425
Total liabilities	43,731	27,820	-15,911
Net Assets			
Shareholders' equity	101,385	111,707	10,322
Other	-1,650	-1,721	-71
Total net assets	99,735	109,986	10,251
Total liabilities and net assets	143,466	137,806	-5,660

Statement of Cashflows (million yen)

	2019/9	2020/9	Difference
Cash flows from operating activities	10,138	8,802	-1,336
Net income before income taxes	13,991	17,564	3,573
Change in work in progress for game software	-5,263	-2,604	2,659
Cash flows from investing activities	-1,350	-2,451	-1,101
Cash flows from financing activities	-3,017	-3,643	-626
Effect of exchange rate changes on cash and cash equivalents	-1,023	-196	827
Net change in cash and cash equivalents	4,746	2,511	-2,235
Cash and cash equivalents at beginning of year	53,004	59,672	6,668
Cash and cash equivalents at end of quarter	57,751	62,183	4,432

3-1. Business Segments – Digital Contents (1)

**Sales and profit up driven primarily by
robust digital sales in Consumer**

■ Digital Contents Performance

(100 million yen)

	2018/9	2019/9	2020/9	2021/3 Plan
Net sales	341	291	353	669
Breakdown				
Package	114	75	73	159
Digital (incl. digital license)	195	199	248	450
Digital license only			10	20
Consumer total	309	274	321	609
Mobile Contents	12	17	32	60
PC Other	20			
Operating income	117	145	198	283
Operating margin	34.4%	49.7%	56.1%	42.3%

*Digital license indicates one-time income from providing content etc. to online platforms

*The PC Other sub-segment has been merged with Consumer as of FY3/20

3-1. Business Segments – Digital Contents (2)

Sales volume up YoY
Overseas, digital and catalog volumes grow

■ Unit Sales for the 6 Months (Consumer)

(units in thousands)

	2018/9	2019/9	2020/9	2021/3 Plan
New Titles (SKU)	32	15	7	14
Total unit sales	10,900	11,100	13,800	28,000
Overseas units	9,350	8,600	12,000	24,950
Digital units	7,350	8,450	11,400	23,500
Catalog units	8,450	7,750	10,950	18,000
Major titles				
New	Street Fighter 30th Anniversary Collection Mega Man X Legacy Collection	Monster Hunter World: Iceborne	Resident Evil 3	Resident Evil 3 Monster Hunter Rise etc.
Catalog	Monster Hunter: World Resident Evil 7 biohazard	Monster Hunter: World Resident Evil 2 Devil May Cry 5	Monster Hunter World: Iceborne Resident Evil 2 Resident Evil 7 biohazard Monster Hunter: World	Monster Hunter World: Iceborne Resident Evil 2 Monster Hunter: World

*New titles: titles released in the current fiscal year; Catalog titles: titles released in the previous fiscal year or earlier

*Includes distribution titles

3-1. Business Segments – Digital Contents (3)

Focused on expanding sales of new major title and long-term sales of titles released in previous fiscal years

■ 6 Months Highlights (Consumer)

- *Resident Evil 3* exceeds cumulative 3 million units sold
- Catalog titles *Resident Evil 2* and *Resident Evil 7 biohazard* etc. also performing well
- *Monster Hunter World: Iceborne* wins Award for Excellence at the Japan Game Awards; *Monster Hunter: World* tops cumulative 16.4 million units sold



Resident Evil 3

■ 6 Months Highlights (Mobile Contents)

- Prepared for service launch of alliance title in Asia

3-2. Business Segments – Arcade Operations

Sales and profit down due to temporary store closures amidst pandemic, however same store sales showed signs of recovery

■ 6 Months Business Results

(100 million yen)

	2018/9	2019/9	2020/9	2021/3 Plan
Net sales	55	62	40	105
Operating income	7	9	-2	0
Operating margin	13.3%	14.7%	-	0.0%
Same store sales	± 0 %	+9%	-40%	-18%

■ Number of Stores

(stores)

	2019/3	2020/3	2020 /9	2021/3 Plan
New stores	2	3	0	3
Closed stores	1	0	0	0
Total	37	40	40	43

■ 6 Months Highlights

- Same store sales: -40%
- All stores reopened in June; return to profitability for Q2

3-3. Business Segments – Amusement Equipments

Sales up from launch of new model
Income overall on par YoY

■ 6 Months Business Results

(100 million yen)

	2018/9	2019/9	2020/9	2021/3 Plan
Net sales	22	2	13	45
Operating income	-6	0	0	17
Operating margin	-	27.8%	1.4%	37.8%

■ 6 Months Highlights

- Pachislo machine *Ring-ni-kakero1 -World champion carnival version-* launched in September
- One model sold 3.7 thousand units in H1
(no models launched in same term of previous year)



Ring-ni-kakero1
-World champion carnival version-

3-4. Business Segments – Other Businesses

**Licensing revenue down slightly
due to impact of COVID-19**

■ 6 Months Business Results

(100 million yen)

	2018/9	2019/9	2020/9	2021/3 Plan
Net sales	14	16	13	31
Character Contents			12	30
eSports			1	1
Operating income	6	7	5	7
Character Contents			8	19
eSports			-3	-12
Operating margin	48.8%	44.9%	41.7%	22.6%

■ 6 Months Highlights

- *Dragon's Dogma*, an original animated series, began streaming worldwide on Netflix in September
- Announced first collaborative exhibition with notable Japanese animation studio Tezuka Productions, called Capcom vs. Osamu Tezuka Characters
- Kicked off esports league Street Fighter League: Pro-JP 2020 in September online

4-1. Business Segment Plans & Strategies – Digital Contents (1)

Aiming for increased sales and profit due to contributions from major title releases and digital sales in the Consumer business

■ Digital Contents Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	829	599	669	70
Breakdown				
Package	359	129	159	30
Digital (incl. digital license)	410	426	450	24
Digital license only		26	20	-6
Consumer total	769	555	609	48
Mobile Contents	23	44	60	16
PC Other	37			
Operating income	233	241	283	42
Operating margin	28.1%	40.3%	42.3%	-

*Digital license indicates one-time income from providing content etc. to online platforms

*The PC Other sub-segment has been merged with Consumer as of FY3/20

4-1. Business Segment Plans & Strategies – Digital Contents (2)

Expect higher sales volume from increase in major new title launches and digital growth

■ Consumer: FY3/21 Unit Sales Plan

(units in thousands)

	2018/3	2019/3	2020/3	2021/3 Plan
New Titles (SKU)	50	61	35	14
Total unit sales	24,400	25,300	25,500	28,000
Overseas units	19,400	21,600	21,450	24,950
Digital units	12,900	15,300	20,550	23,500
Catalog units	11,000	14,200	18,200	18,000
Major titles				
New	Monster Hunter: World Marvel vs. Capcom: Infinite	Resident Evil 2 Devil May Cry 5	Monster Hunter World: Iceborne	Resident Evil 3 Monster Hunter Rise etc.
Catalog	Resident Evil 7 biohazard Monster Hunter Generations Ultimate	Monster Hunter: World Resident Evil 7 biohazard	Monster Hunter: World Resident Evil 2 Devil May Cry 5 Street Fighter V Resident Evil 7 biohazard	Monster Hunter World: Iceborne Resident Evil 2 Monster Hunter: World

*New titles: titles released in the current fiscal year; Catalog titles: titles released in the previous fiscal year or earlier

*Includes distribution titles

**Focus on sales expansion for new and catalog titles
including *Monster Hunter Rise***

■ Consumer: Second Half Strategy

- New major title *Monster Hunter Rise* scheduled for March 2021 release
- Next-generation system title *Devil May Cry 5 Special Edition* to release (November 12)
- *Resident Evil Village* in development, scheduled for 2021 release



Monster Hunter Rise

■ Mobile Contents: Second Half Strategy

- *Rockman X DiVE* launched in Japan in October (iOS/Android)
- Asian alliance title *Street Fighter: Duel* scheduled to launch in mainland China in November (iOS/Android)

4-2. Business Segment Plans & Strategies – Arcade Operations

**Continue to expand new format stores while taking
COVID-19 prevention into account in operations**

■ Second Half Strategy

- Second showroom in Japan, Capcom Store Osaka, scheduled to open November
- Full-year plan: openings: 3; closings: 0 (total: 43 stores)
- Full-year same store sales plan: -18%



Capcom Store Osaka (Shinsaibashi)

■ FY3/21 Arcade Operations Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	110	120	105	-15
Operating income	10	12	0	-12
Operating margin	9.9%	10.0%	0.0%	-
Same store sales	+2%	+3%	-18%	-

4-3. Business Segment Plans & Strategies – Amusement Equipments

**Aim to achieve plan via launch of
new model utilizing major IP**

■ Second Half Strategy

- Plan to release new *Monster Hunter: World* pachislo model in November
- Full-year plan: altogether 2 models, 18 thousand units



Monster Hunter: World

■ FY3/21 Amusement Equipments Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	34	65	45	-20
Operating income	-26	20	17	-3
Operating margin	-	31.9%	37.8%	-

Strengthen brand value with film adaptations of IP
Hold online tournaments worldwide in eSports, due to COVID-19

■ Character Contents: Second Half Strategies

- Theatrical release for Hollywood film adaptation of *Monster Hunter* begins overseas in December 2020
- New Hollywood film adaptation of the *Resident Evil* series announced; scheduled for 2021 release

■ eSports: Second Half Strategies

- Grand Final of Street Fighter League: Pro-JP 2020 to be held in Japan; Capcom Cup 2020 scheduled for spring 2021 overseas

■ FY3/21 Other Businesses Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	25	30	31	1
Character Contents		27	30	3
eSports		3	1	-2
Operating income	8	5	7	2
Character Contents		15	19	4
eSports		-10	-12	-2
Operating margin	31.5%	18.0%	22.6%	-

5-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2019/3	2020/3	2021/3 Plan	%	2020/ 9
Net Sales	100,031	81,591	85,000	104.2%	42,059
Gross Profit	37,222	40,947	43,500	106.2%	25,193
Margin (%)	37.2%	50.2%	51.2%	-	59.9%
Sales and G&A Expenses	19,078	18,119	18,000	99.3%	7,330
Operating Income	18,144	22,827	25,500	111.7%	17,863
Margin (%)	18.1%	28.0%	30.0%	-	42.5%
Ordinary Income	18,194	22,957	25,500	111.1%	17,571
Margin (%)	18.2%	28.1%	30.0%	-	41.8%
Net income attributable to owners of the parent	12,551	15,949	18,000	112.9%	12,993
Margin (%)	12.5%	19.5%	21.2%	-	30.9%

● Sales and Profit by Business Segments

(million yen)

		2019/3	2020/3	2021/3 Plan	%	2020/ 9
Digital Contents	Net Sales	82,982	59,942	66,900	111.6%	35,378
	Operating Income	23,315	24,161	28,300	117.1%	19,849
	Margin (%)	28.1%	40.3%	42.3%	-	56.1%
Arcade Operations	Net Sales	11,050	12,096	10,500	86.8%	4,031
	Operating Income	1,096	1,211	0	-	-262
	Margin (%)	9.9%	10.0%	0.0%	-	-
Amusement Equipments	Net Sales	3,422	6,533	4,500	68.9%	1,325
	Operating Income	-2,668	2,085	1,700	81.5%	18
	Margin (%)	-	31.9%	37.8%	-	1.4%
Others	Net Sales	2,575	3,018	3,100	102.7%	1,323
	Operating Income	811	544	700	128.7%	552
	Margin (%)	31.5%	18.0%	22.6%	-	41.7%

5-2. Supplement: Our Major IP

Capcom owns a wealth of brands originating from its games that boast worldwide popularity

■ Cumulative Unit Sales and Examples of Brand Utilization

- ***Resident Evil* series: 105 million units**



Featured *Resident Evil Village* at Tokyo Game Show

- ***Monster Hunter* series: 65 million units**



Announced *Monster Hunter Rise*

- ***Street Fighter* series: 45 million units**



Holding team-based league Street Fighter League: Pro-JP 2020

- ***Mega Man* series: 36 million units**
- ***Devil May Cry* series: 22 million units**
- ***Dead Rising* series: 14 million units**