



Capcom Co., Ltd.
(TSE Prime, 9697)

Overview of Strategies and Plans
Fiscal Year ending March 31, 2023

■ Regarding Full-Year Business Strategies and Plan

- **Forecast 10th consecutive fiscal year of increased operating income driven by further growth of Digital Contents business**
- **Aim to achieve record Consumer sub-segment sales volume of 37 million units with new and catalog title sales growth.**
- **Launch major new titles, including *Monster Hunter Rise: Sunbreak***

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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.

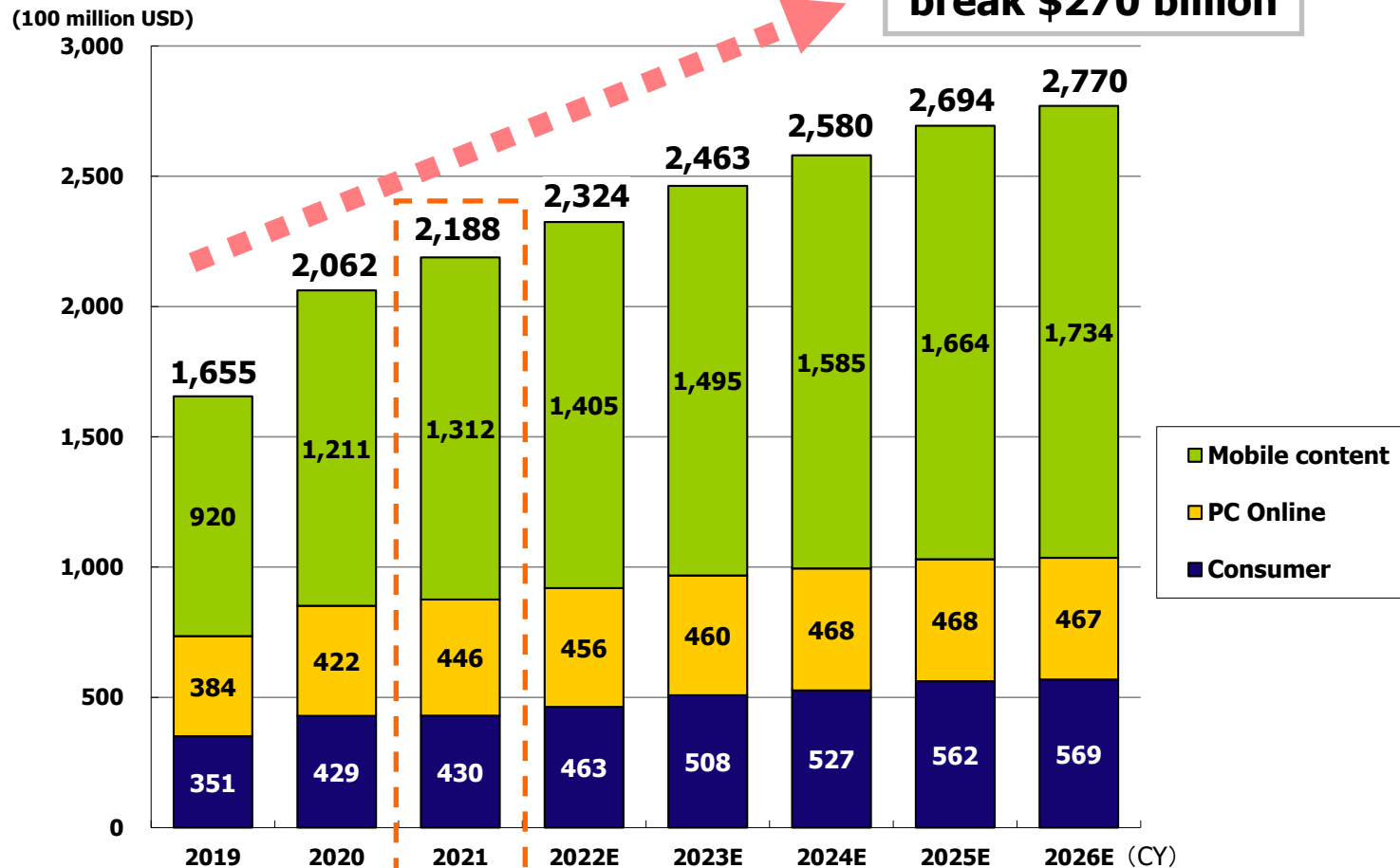
Factors that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) consumer demand for home video game consoles; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; and (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.

1-1. Growth Strategies (Market Overview)

Global game market
continuing to expand

Video Game Market

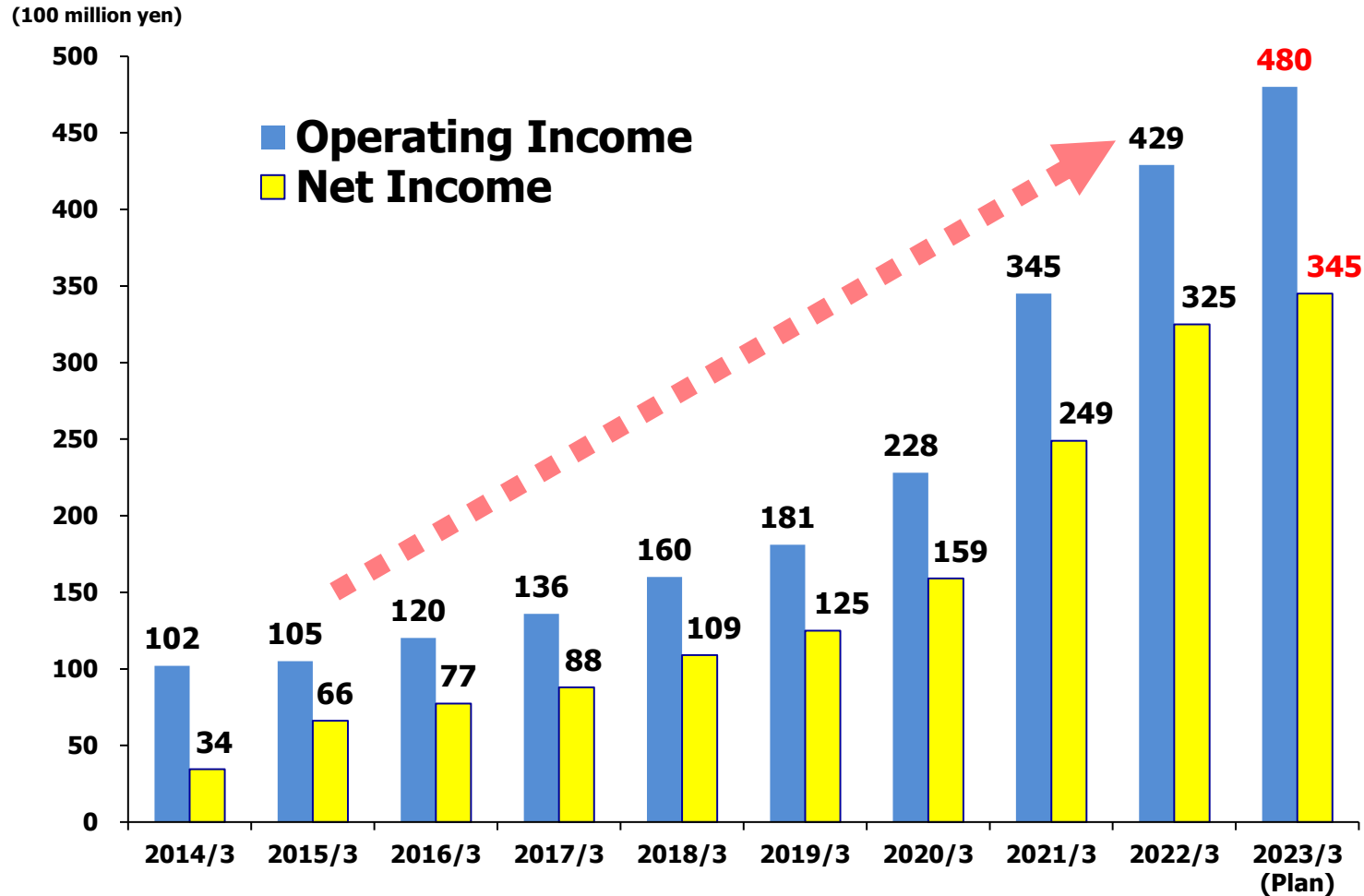
Market set to
break \$270 billion



1-2. Growth Strategies (Medium-Term Goals) (1)

■ Medium-term Management Objective

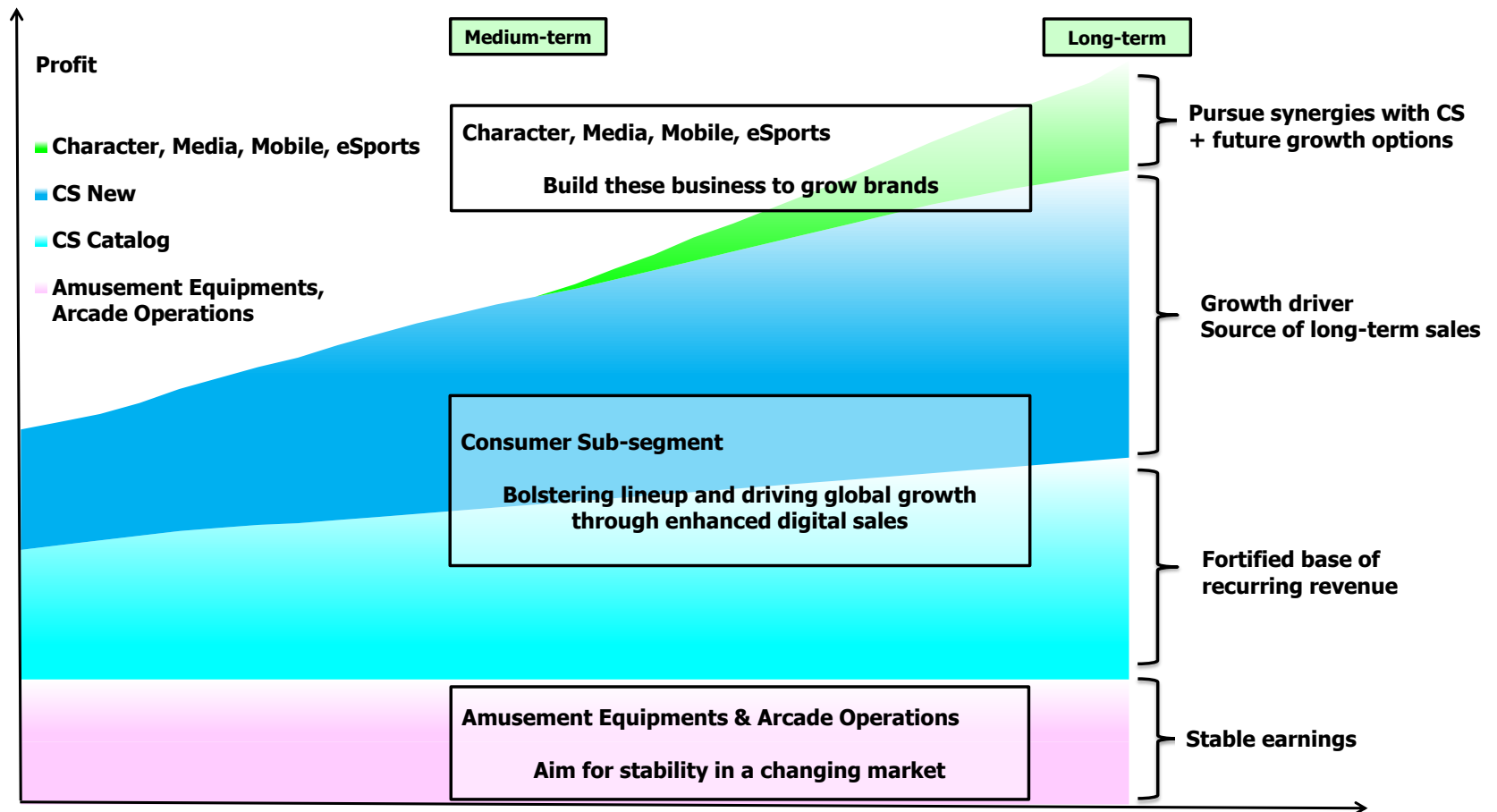
- Aim for annual OP growth (of 10% or more), driven by strengthened global sales



1-2. Growth Strategies (Medium-Term Goals) (2)

■ Medium-Term Growth

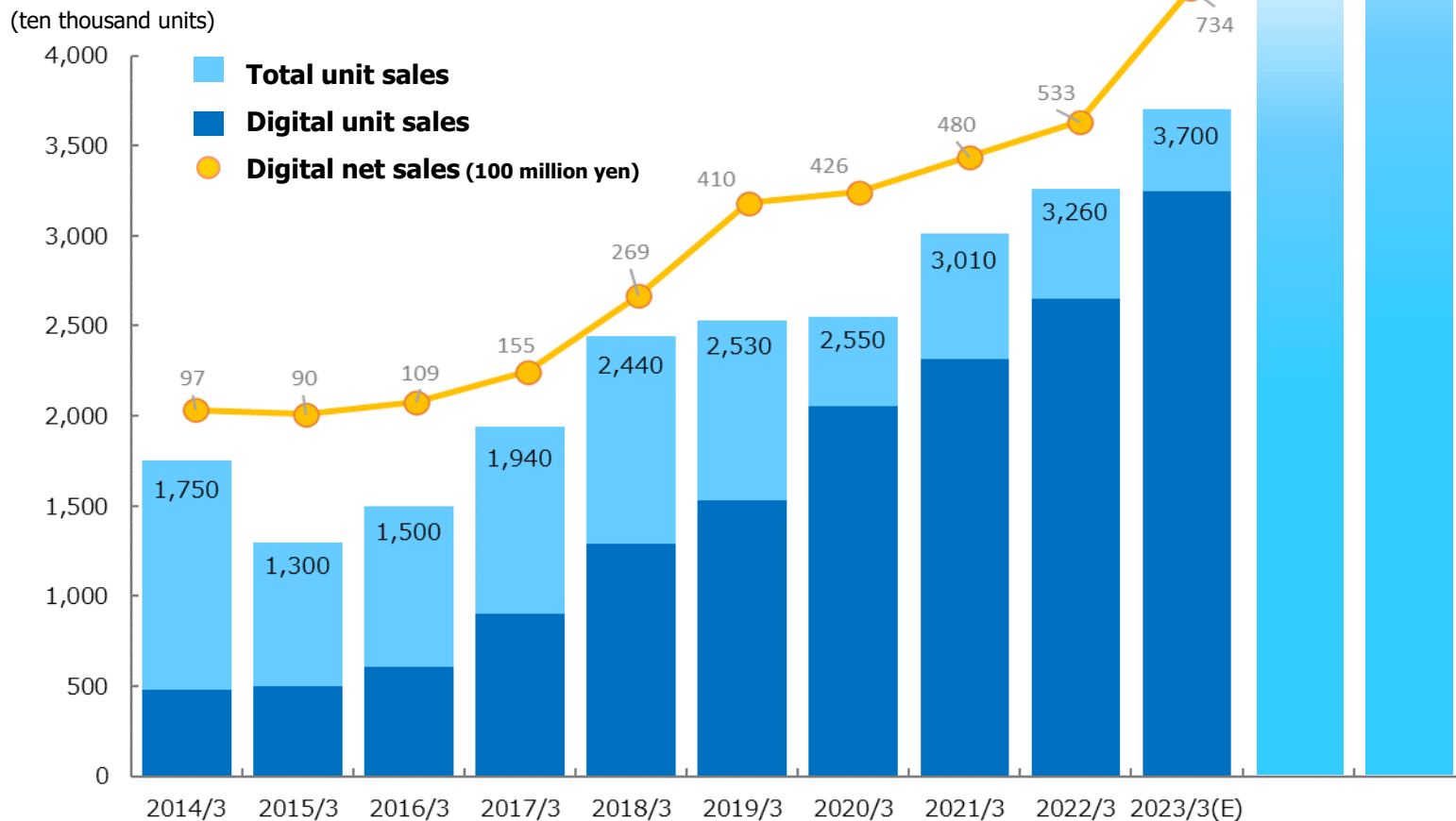
- Medium-term: Focusing on growing digital sales in Consumer sub-segment
- Long-term: Pursue Consumer growth and synergies with peripheral businesses to strengthen earnings base



1-2. Growth Strategies (Medium-Term Goals) (3)

■ Consumer sales volume growth

- Releasing major new titles each year
- Expanding sales regions and platforms via digital sales
- Aim for 50 million units in the medium term. Set sights on 100 million units in the long-term



2. Forecasts for FY3/23 (1)

Aim for ten consecutive years of increased operating income driven by stable growth of the Digital Contents business

(million yen)

	2022/3	2023/3 Plan	Difference
Net sales	110,054	120,000	9,946
Operating income	42,909	48,000	5,091
Operating margin	39.0%	40.0%	-
Ordinary income	44,330	48,000	3,670
Net income attributable to owners of the parent	32,553	34,500	1,947

- Expect increased sales and profit YoY due primarily to growth of digital sales in the Consumer sub-segment
- Earnings per share forecast: ¥161.59
- Dividend forecast: interim dividend of ¥23 and year-end dividend of ¥23 resulting in a ¥46 dividend for the fiscal year

2. Forecasts for FY3/23 (2)

**Consumer sub-segment of the Digital Contents business
to drive overall growth**

■ Business Segment Plan

(million yen)

	2021/3	2022/3	2023/3 Plan	Difference
Net sales	95,308	110,054	120,000	9,946
Digital Contents	75,300	87,534	94,200	6,666
Arcade Operations	9,871	12,404	15,000	2,596
Amusement Equipments	7,090	5,749	6,000	251
Other Businesses	3,045	4,366	4,800	434
Operating income	34,596	42,909	48,000	5,091
Digital Contents	37,002	45,359	51,100	5,741
Arcade Operations	149	652	1,000	348
Amusement Equipments	2,407	2,348	2,400	52
Other Businesses	987	1,517	1,300	-217
Adjustments*	-5,951	-6,967	-7,800	-833

*Adjustments include unallocated corporate operating expenses. The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3-1. Digital Contents – Strategic Objectives and Plan (1)

Anticipate increase in sales and profits driven by digital sales growth in the Consumer sub-segment

■ Digital Contents Plan

(100 million yen)

	2021/3	2022/3	2023/3 Plan	Difference
Net sales	753	875	942	67
Consumer Breakdown				
Package Sales	208	300	180	-120
Digital Sales (incl. digital license)	480	533	734	201
Digital license portion	30	9	41	32
Consumer total	688	833	914	81
Deferred revenue portion	-22	-19		
Mobile Contents	65	42	28	-14
Operating income	370	453	511	58
Operating margin	49.1%	51.8%	54.2%	-

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

3-1. Digital Contents – Strategic Objectives and Plan (2)

Expect record sales volume

and significant growth in overseas, digital and catalog title sales

■ FY3/23 Unit Sales Plan for the Consumer Sub-segment

(units in thousands)

	2020/3		2021/3		2022/ 3		2023/3 Plan	
New Titles (SKU)	35		14		24		45	
Number of titles sold / sales regions	305 / 220		301 / 216		304 / 219			
Total unit sales	25,500		30,100		32,600		37,000	
Overseas units	21,450	84.1%	24,350	80.9%	27,100	83.1%	30,000	81.1%
Japan units	4,050	15.9%	5,750	19.1%	5,500	16.9%	7,000	18.9%
Digital units	20,550	80.6%	23,150	76.9%	24,600	75.5%	32,500	87.8%
Physical units	4,950	19.4%	6,950	23.1%	8,000	24.5%	4,500	12.2%
Catalog units	18,200	71.4%	20,500	68.1%	24,000	73.6%	27,000	73.0%
New units	7,300	28.6%	9,600	31.9%	8,600	26.4%	10,000	27.0%
Major titles								
New	Monster Hunter World: Iceborne		Monster Hunter Rise Resident Evil 3		Resident Evil Village Monster Hunter Stories 2: Wings of Ruin		Monster Hunter Rise: Sunbreak (More)	
Catalog	Monster Hunter: World Resident Evil 2 Devil May Cry 5 Street Fighter V Resident Evil 7 biohazard		Monster Hunter World: Iceborne Resident Evil 7 biohazard Resident Evil 2 Monster Hunter: World		Monster Hunter Rise Resident Evil 7 biohazard Resident Evil 2 Monster Hunter World: Iceborne Resident Evil 3		Monster Hunter Rise Resident Evil Village Resident Evil 7 biohazard Resident Evil 2 Monster Hunter World: Iceborne Resident Evil 3	

*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. Digital Contents – Strategic Objectives and Plan (3)

Release multiple major new titles
Maximize sales by promoting each IP

■ Consumer Strategies

- ***Monster Hunter Rise: Sunbreak*, a massive, premium expansion for *Monster Hunter Rise*, scheduled to launch on June 30, 2022**
- **Plan to release multiple major new titles**
- **Expand catalog sales globally by promoting digital strategy**



Monster Hunter Rise: Sunbreak

■ Mobile Strategies

- **Focus on managing ongoing titles**

3-2. Arcade Operations – Strategic Objectives and Plan

Aim for increase sales and profits through new and existing stores

Continue infection prevention measures on an ongoing basis

■ Arcade Operations Strategy

- **Promote streamlined operations at stores
and open new locations to attract customers**

Will open the interactive amusement facility

Crazy Banet in Tokoname, Aichi Prefecture in April 2022

Plan: same store sales: +11%; openings: 4, closings: 2, total: 44 stores

■ Arcade Operations Plan

(100 million yen)

	2021/3	2022/3	2023/3 Plan	Difference
Net sales	98	124	150	26
Operating income	1	6	10	4
Operating margin	1.5%	5.3%	6.7%	-
Same store sales	-22%	+19%	+11%	-



Interactive amusement facility
Crazy Banet

3-3. Amusement Equipments – Strategic Objectives and Plan

**Aim for stable revenue contributions
with steady release of new models**

■ Amusement Equipments Strategy

● Release models utilizing our popular IP

- Pachislo Machine Unit Sales Plan: four models; 34 thousand units
(three models sold 26 thousand units in previous year)

*unit sales includes catalog sales

■ Amusement Equipments Plan

(units in thousands)

	2021/3	2022/3	2023/3 Plan	Difference
Models	3	3	4	1
Unit sales	27	26	34	8

(100 million yen)

	2021/3	2022/3	2023/3 Plan	Difference
Net sales	70	57	60	3
Operating income	24	23	24	1
Operating margin	33.9%	40.8%	40.0%	-



Gekka Miyabi pachislo machine
April 2022 launch

3-4. Other Businesses – Strategic Objectives and Plan (1)

**Promote Single Content Multiple Usage strategy
to enhance value of game brands**

■ Character/Media, eSports Strategy

- Utilize popular IP in merchandise, such as apparel and figures
- Live-action drama *Resident Evil* scheduled to stream worldwide on Netflix starting July 14
- Capcom Pro Tour 2022, a 1-on-1 esports tournament, will accelerate its global expansion with addition of new events

■ Other Businesses Plan

(100 million yen)

	2021/3	2022/3	2023/3 Plan	Difference
Net sales	30	43	48	5
Character/Media	29	40	45	5
eSports	1	3	3	0
Operating income	9	15	13	-2
Character/Media	18	23	26	3
eSports	-9	-8	-13	-5
Operating margin	32.4%	34.7%	27.1%	-

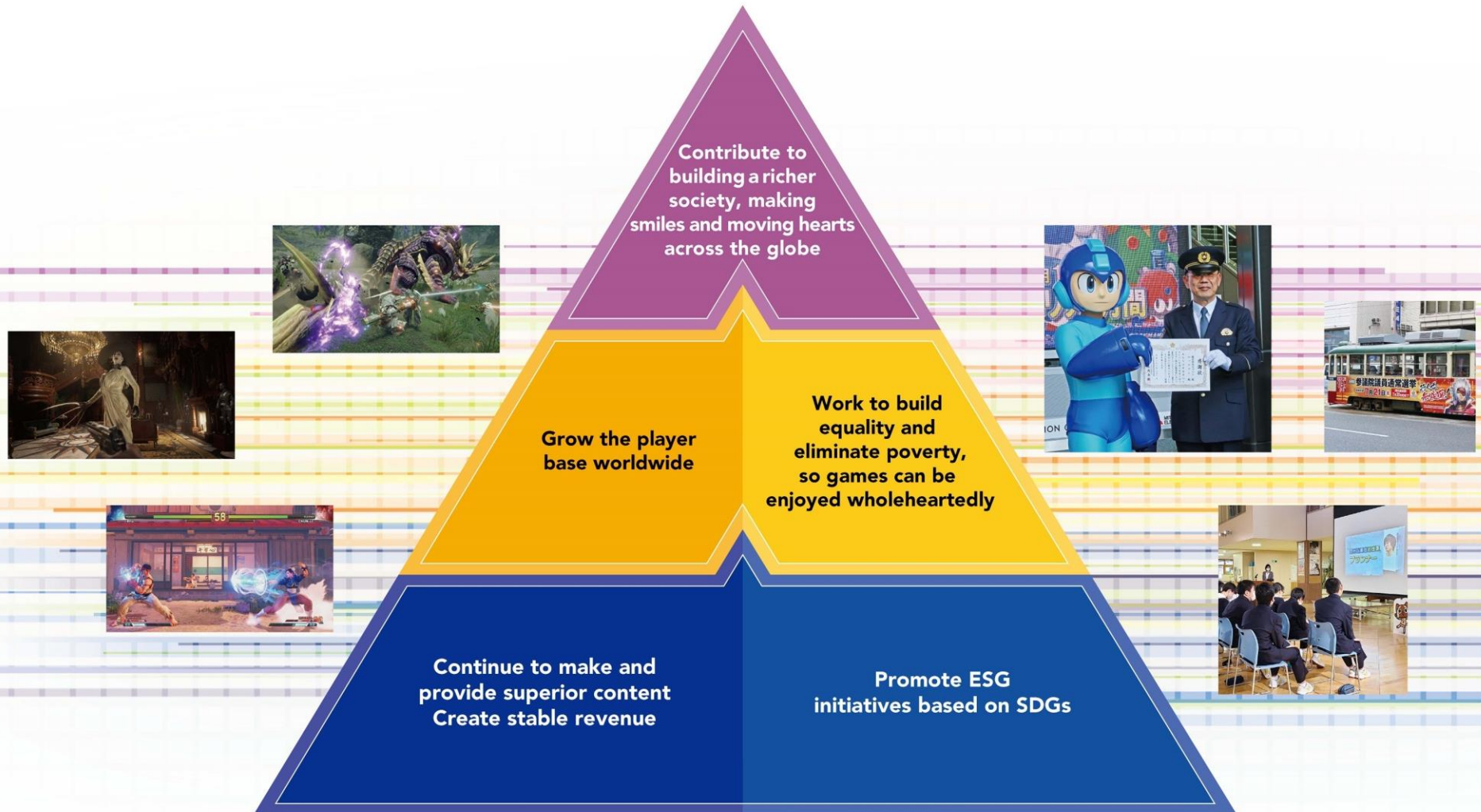


Resident Evil on Netflix

© 2022 Netflix

4-1. Capcom's Philosophy

- **Corporate Philosophy:**
We are creators of entertainment culture that stimulates your senses

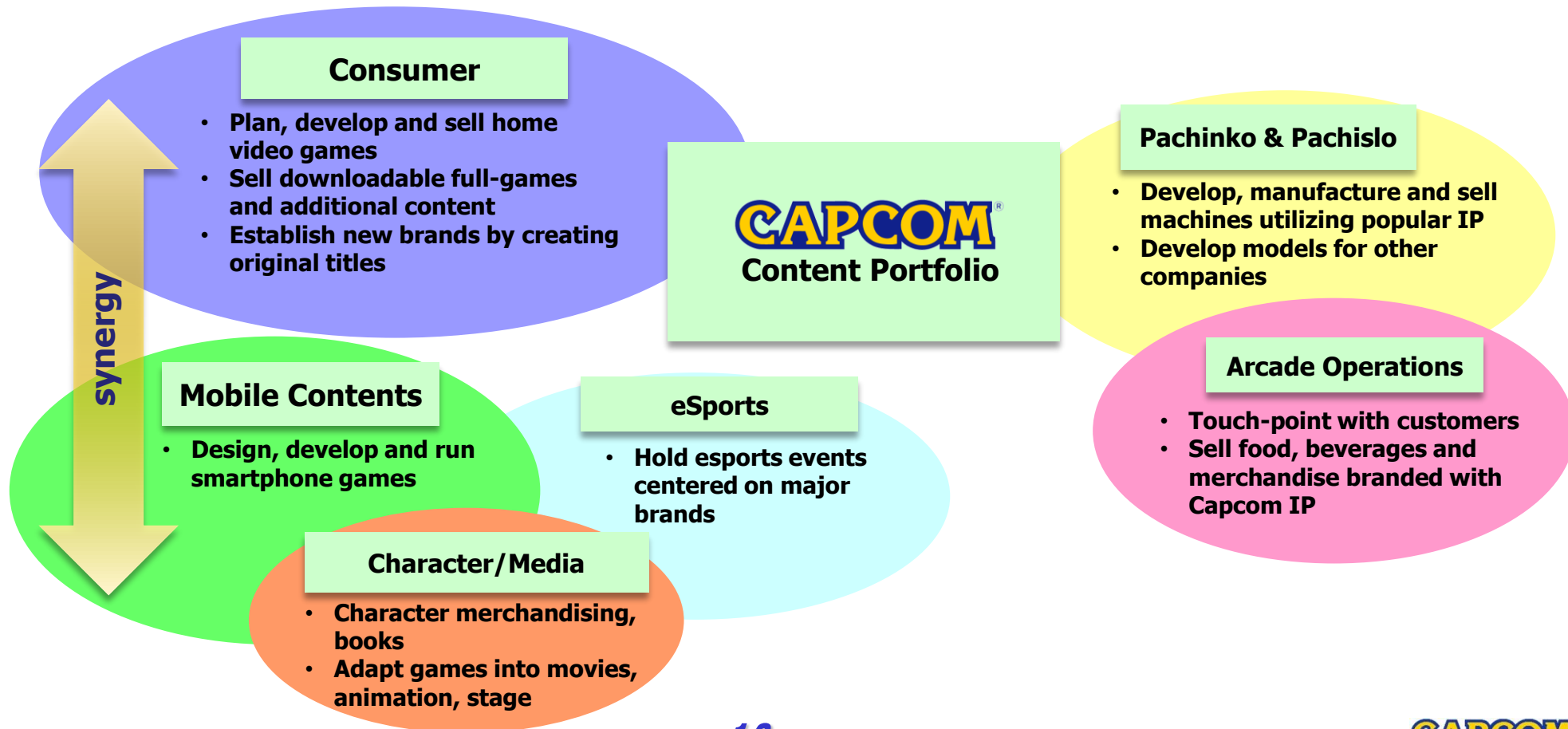


4-2. Capcom's Businesses

Capcom uses its game content as the basis for a broad range of business activities

Growth Businesses
approx. **80%** of Net Sales

Stable Businesses
approx. **20%** of Net Sales



4-3. Example of Leveraging a Brand: *Monster Hunter*

Capcom uses its library of powerful, original game content in a wide array of businesses beyond home video games



Orchestral concerts

Appeal to families

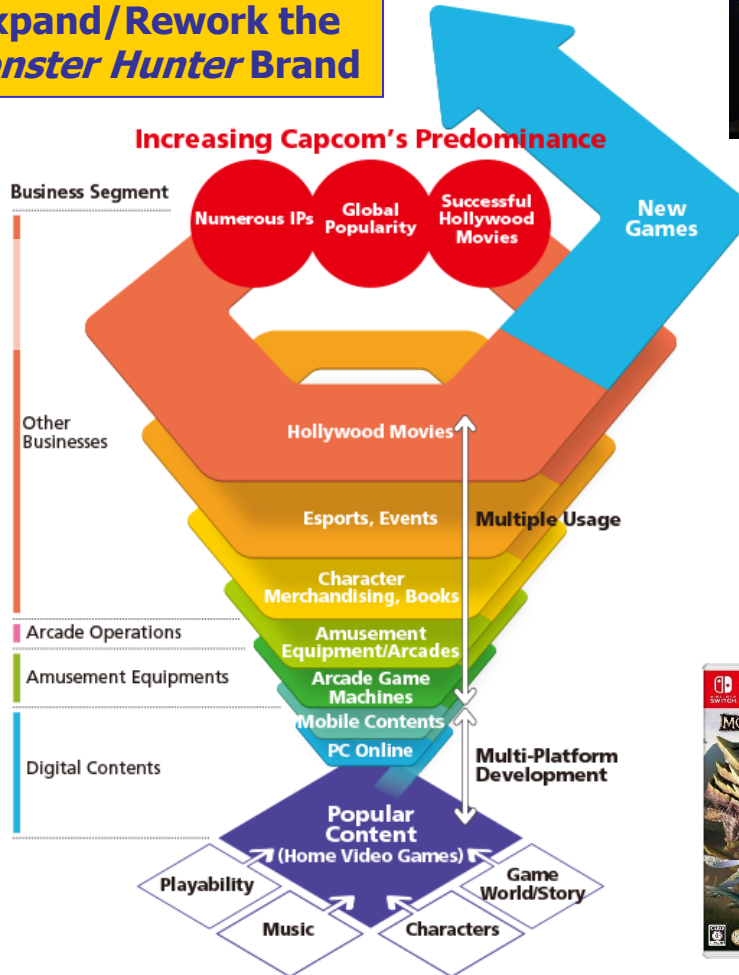


Café collaborations

Capture casual players



Expand/Rework the *Monster Hunter* Brand



Increase brand awareness



Hollywood adaptations

©CONSTANTIN FILM Production Services GmbH.

Expand into peripheral businesses



Home video games



Pachislo machines

4-4. Capcom's Competitive Edge (1)

Global recognition backed by world-class game development technology and capabilities

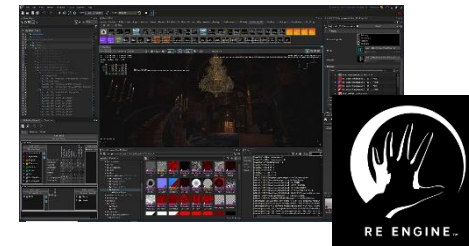
■ World-class capabilities

1. **With development capable of producing world-leading levels of quality, Capcom consistently creates hit titles**
2. **Capcom has established a streamlined work environment, equipped with cutting-edge R&D facilities and tools, making it a leader in game development technology**

■ Fortifying our workforce

1. **Approx. 2,500-person strong development force**
2. **Have hired over 1,000 new-graduates in 10 years**
 - Fresh workforce contributing to major title development following training
 - Major source of future competitiveness

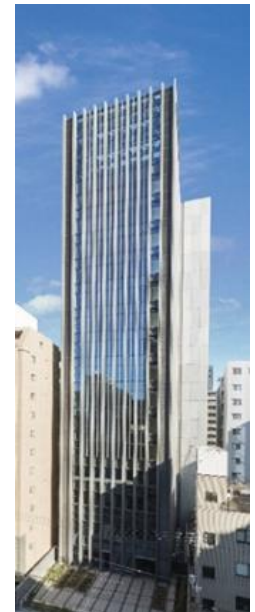
*As of April 1, 2022



RE ENGINE



Motion capture studio



R&D Bldg. #2

4-4. Capcom's Competitive Edge (2)

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

■ Cumulative Sales Volumes and Examples of Expansion by Brand

- ***Resident Evil* series: 125 million units**



Resident Evil Village, the latest title in the series, surpassed 6.1 million units sold

- ***Monster Hunter* series: 80 million units**



Monster Hunter Rise exceeded 9 million units sold

- ***Street Fighter* series: 47 million units**



Announced *Street Fighter 6*, the series' newest title

- ***Mega Man* series: 37 million units**
- ***Devil May Cry* series: 25 million units**
- ***Dead Rising* series: 15 million units**

*Cumulative sales as of March 31, 2022

5. Summary of Major Financial Information (1)

•Profit and Loss Statement

(million yen)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
Net sales	81,591	95,308	110,054	115.5%	120,000	109.0%
Gross profit	40,947	52,741	63,011	119.5%	72,000	114.3%
% margin	50.2%	55.3%	57.3%	-	60.0%	-
Sales and G&A expenses	18,119	18,145	20,101	110.8%	24,000	119.4%
Operating income	22,827	34,596	42,909	124.0%	48,000	111.9%
% margin	28.0%	36.3%	39.0%	-	40.0%	-
Ordinary income	22,957	34,845	44,330	127.2%	48,000	108.3%
% margin	28.1%	36.6%	40.3%	-	40.0%	-
Net income attributable to owners of the parent	15,949	24,923	32,553	130.6%	34,500	106.0%
% margin	19.5%	26.1%	29.6%	-	28.8%	-

•Sales by Business Segments

(million yen)

		2020/3	2021/3	2022/3	%	2023/3 Plan	%
Digital Contents	Net sales	59,942	75,300	87,534	116.2%	94,200	107.6%
	Operating income	24,161	37,002	45,359	122.6%	51,100	112.7%
	Operating margin	40.3%	49.1%	51.8%	-	54.2%	-
Arcade Operations	Net sales	12,096	9,871	12,404	125.7%	15,000	120.9%
	Operating income	1,211	149	652	437.6%	1,000	153.4%
	Operating margin	10.0%	1.5%	5.3%	-	6.7%	-
Amusement Equipments	Net sales	6,533	7,090	5,749	81.1%	6,000	104.4%
	Operating income	2,085	2,407	2,348	97.5%	2,400	102.2%
	Operating margin	31.9%	33.9%	40.8%	-	40.0%	-
Others	Net sales	3,018	3,045	4,366	143.4%	4,800	109.9%
	Operating income	544	987	1,517	153.7%	1,300	85.7%
	Operating margin	18.0%	32.4%	34.7%	-	27.1%	-

5. Summary of Major Financial Information (2)

●Promotional Expense

(million yen)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
Consolidated	4,253	3,178	3,540	111.4%	4,200	118.6%

●Number of Stores

(stores)

	2020/3	2021/3	2022/3	Difference	2023/3 Plan	Difference
Consolidated	40	41	42	1	44	2

●Capital Expenditure

(million yen)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
Consolidated	2,338	3,597	3,788	105.3%	5,300	139.9%

●Depreciation

(million yen)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
Consolidated	2,795	2,791	3,385	121.3%	3,600	106.4%

●Number of Employees

(persons)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
Consolidated	2,988	3,152	3,206	101.7%	3,400	106.1%
Consolidated Developers	2,142	2,285	2,369	103.7%	2,500	105.5%

●R&D Investment Cost

(million yen)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
R&D Investment Cost	25,843	25,375	29,862	117.7%	41,000	137.3%
Technical R&D Cost	1,253	1,461	1,877	128.5%	1,900	101.2%

●Foreign Exchange Rate (end of March)

(JPY)

	2020/3	2021/3	2022/3	%	2023/3 Plan	%
USD/JPY	108	110	122	110.9%	110	90.2%
Euro/JPY	119	129	136	105.4%	130	95.6%