

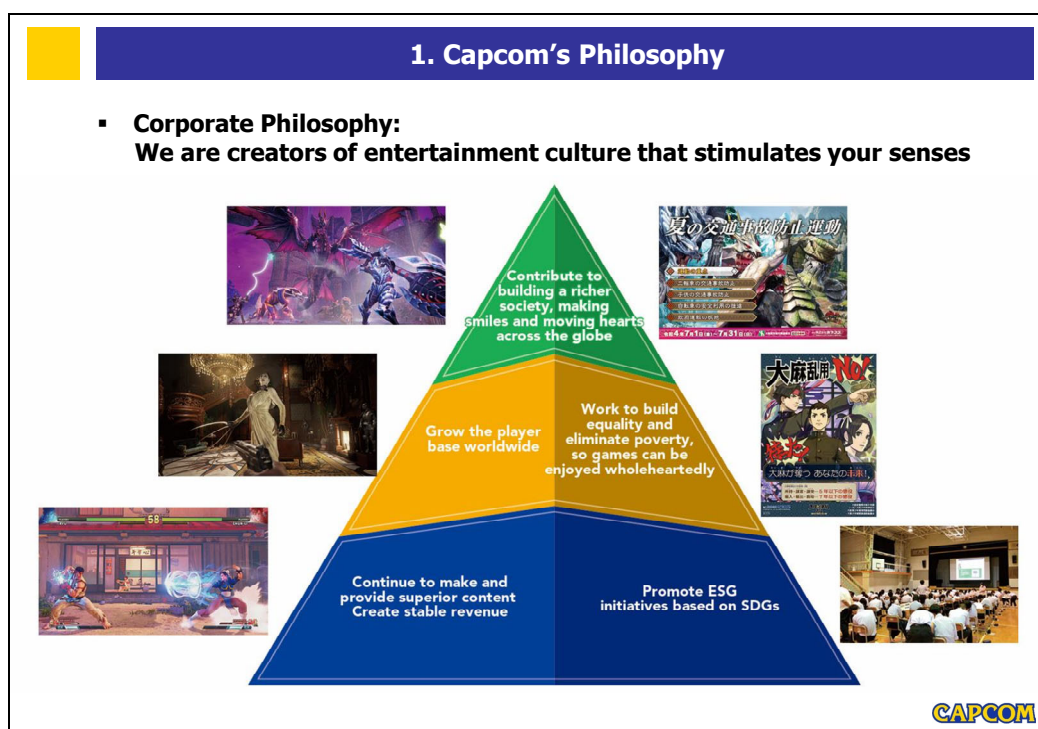
Financial Results Briefing for the Year ended March 31, 2023

Summary of President and COO Haruhiro Tsujimoto's Presentation

(May 16, 2023)

I'm Haruhiro Tsujimoto, President of Capcom.

1. Capcom's Philosophy



Firstly, I'd like to go over Capcom's corporate philosophy.

Capcom is a creator of entertainment culture that stimulates the senses, and since our founding we have provided games and other high-quality content to create smiles and move hearts around the globe.

Our purpose is to contribute to building richer, more fulfilling lives for people through games and other content.

Going forward, we will contribute to addressing important social issues while building a sustainable society. We will bring joy and emotion to the world and work to create an environment where games can be enjoyed, while providing the energy for people to push forward in their lives.

1. Capcom's Philosophy

- Celebrating the 40th anniversary of Capcom's founding with our motto: "From Osaka, to the World"



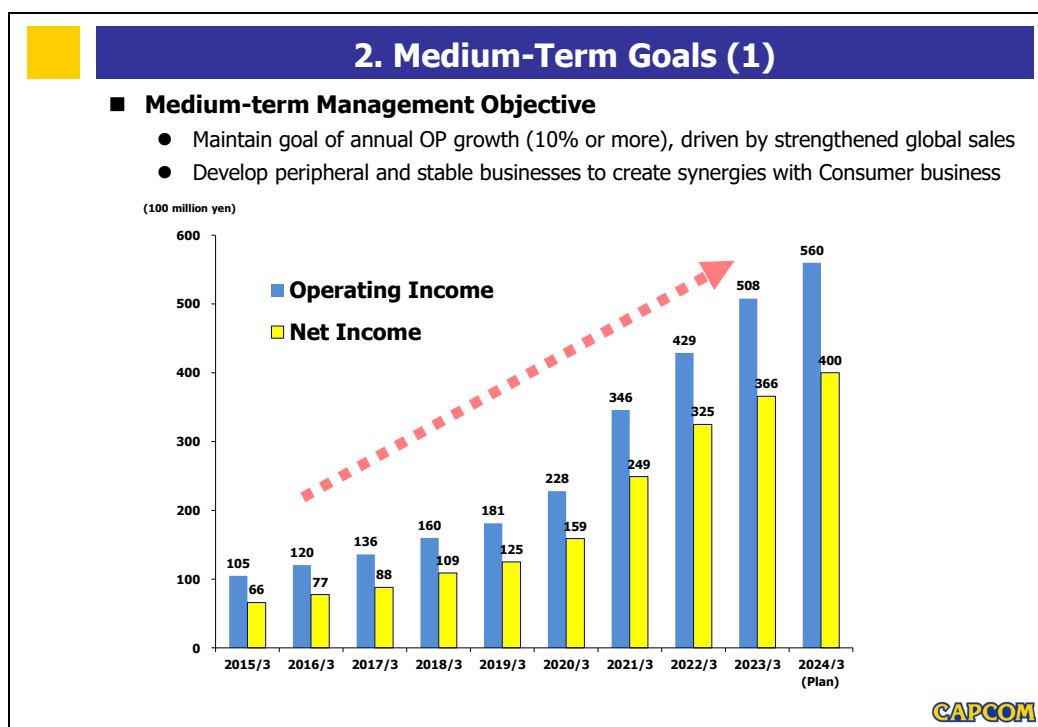
June 11 marks the 40th anniversary of our founding.

To celebrate, we will open Capcom Town, a website built to be a digital destination that fans around the world can enjoy.

We're also planning to release an anniversary video over our social channels and many other global-facing activities from our different businesses.

Through these activities we'd like to express our gratitude for your support over the past 40 years while we also pursue enhanced branding for further growth in the future.

2. Medium-Term Goals (1)



Moving on, I will discuss our medium-term management objectives and our plans for the March 2024 fiscal year.

First, I would like to go over our medium-term management objectives.

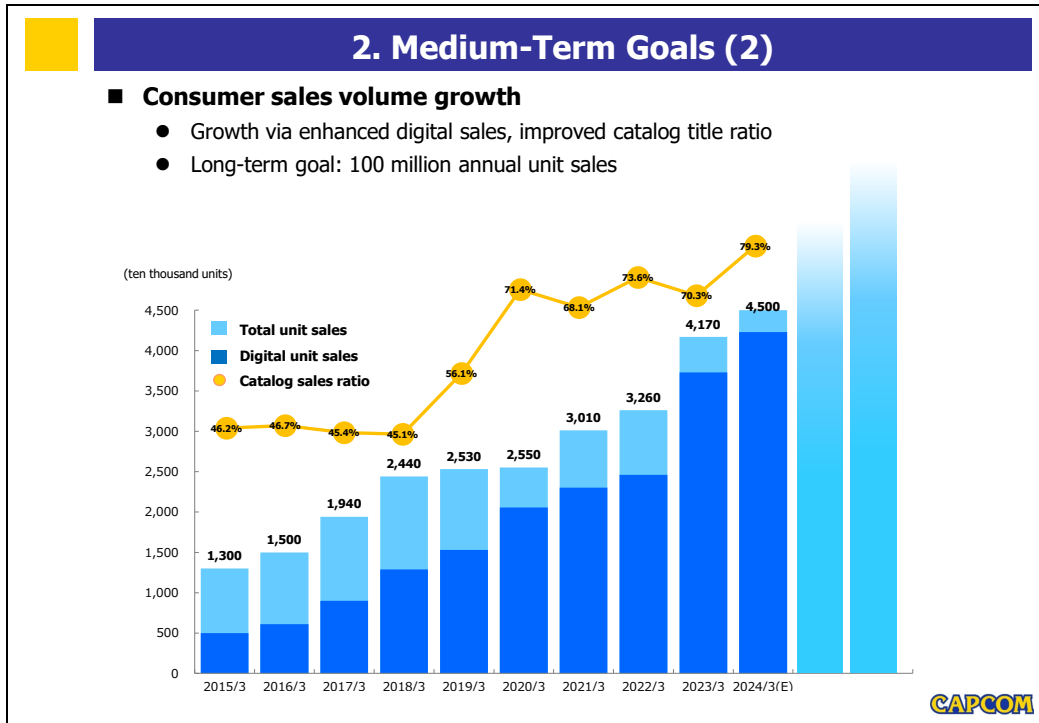
(1) Management's goals for the medium term

Our current medium-term goal is annual operating profit growth of at least 10%.

In the March 2023 fiscal year, we continued to pursue enhanced digital sales in our Consumer business sub-segment while steadily building up global software sales and profit. As a result, we achieved our 10th consecutive year of profit growth since the March 2013 fiscal year, as well as our 6th consecutive year of record profit.

In the March 2024 fiscal year we're aiming to reach 56 billion yen in operating profit and further growth.

2. Medium-Term Goals (2)



(2) Consumer sales volume growth

Unit sales growth in the Consumer business is supporting this ongoing profit growth.

Unit sales volume has increased since the March 2015 fiscal year for 8 consecutive years due to promoting digital sales and the steady release of major hit titles in recent years.

Further, following the shift to digital sales, both the volume and ratio of catalog title sales has increased thanks to expanding demand for catalog titles globally.

We will continue to aim for sales volume growth to support stable earnings growth. Beyond that, considering that the current population of game players is said to be 3 billion, I believe a long-term goal of 100 million units in annual sales is possible.

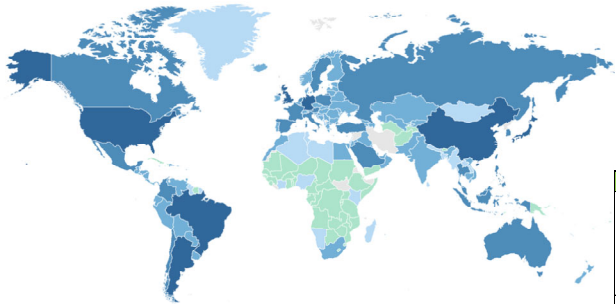
Moving forward, I will explain our activities to further expand unit sales.



2. Medium-Term Goals (3)

2. Medium-Term Goals (3)


- **Global catalog title growth via PC platform support and digital marketing**
 - Sold **307 titles in 230 countries/regions** via leveraging the PC platform (*FY22)
Steady growth in sales regions and unit volume over past 5 years
 - Promoting sales growth strategy based on analysis of country/regional sales data
 - Enhanced promotion by utilizing digital events to communicate new information

◆ FY2022 Home Video Game Unit Sales by Country



(Countries/regions)			
Legend	Units sold	FY2017	FY2022
	Over 1 million	2	7
	Over 100,000	15	23
	Over 1,000	63	74
	Over 100	46	48
	Under 100	92	78
Total		218	230



(3) Expanding sales regions

My first point is expanding our sales regions by actively supporting the PC platform.

As shown by this map, we have widened our sales regions in recent years thanks to greater adoption of digital sales on PC, which has enabled us to sell our games even in countries and regions where dedicated game consoles are not available.

In the previous year, including our back catalog of games, we sold 307 different products in 230 countries and regions, with more than 40% of volume sold on the PC. Further, the per country sales volume has also grown compared to 5 years ago.

Looking ahead, we will raise the level of sales volume in lower performing countries and regions by executing pricing strategies and bolstering our brand.

At the same time, we look to build synergetic effects between our pricing strategies and communications by utilizing digital events such as Capcom Showcase and Capcom Spotlight.


2. Medium-Term Goals (4)

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- **Long-term sales of high-quality titles**
 - Major IP contribute long-term, both as new titles and on into high-margin catalog sales

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	Cumulative unit sales*	2024/3 (Plan)
Resident Evil 7 biohazard	350	160	120	100	150	180	120	1200	Continue to contribute as catalog titles
Monster Hunter: World		790	450	320	140	90	80	1880	
Resident Evil 2			420	240	160	140	220	1190	
Monster Hunter World: Iceborne				520	240	140	100	1020	
Resident Evil 3					390	110	190	700	
Monster Hunter Rise					480	410	370	1270	
Resident Evil Village						610	180	790	
Monster Hunter Rise: Sunbreak							540	540	
Resident Evil 4							370	370	


*As of March 31, 2023




January 2017 release
Resident Evil 7 biohazard
7 consecutive years of over 1 million units in sales



January 2018 release
Monster Hunter: World
Highest-selling title in Capcom history



March 2023 release
Resident Evil 4
Anticipate ongoing sales, next year and beyond



(4) Long-term sales of high-quality titles

My second point is releasing high quality titles on a regular, continuous basis.

In recent years, following the release of a new game, we've been able to continue selling that game over the long term as a high-margin catalog title by carrying out digital discounts in stages.

This is evidenced by the results we have had since the March 2017 fiscal year, when we began to accelerate our focus on digital sales.

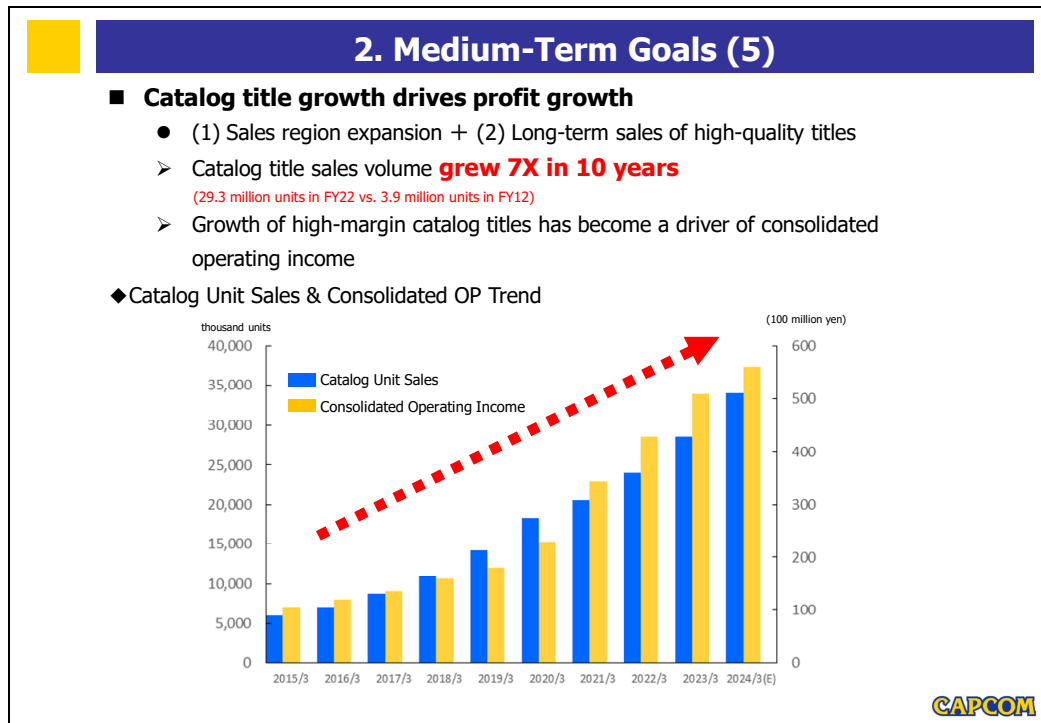
For example, *Resident Evil 7* was released in the March 2017 fiscal year and has sold over 1 million units each year for 7 consecutive years, with cumulative sales now over 12 million units.

Similarly, *Monster Hunter: World* released in the March 2018 fiscal year and has sold a Capcom record of 18.8 million units. When including sales of the bundle version, which contains the massive expansion *Monster Hunter World: Iceborne*, this figure exceeds 22 million units.

Resident Evil 4, released in the March 2023 fiscal year, has been highly reviewed and we are seeing a positive response for ongoing sales.

Further, we are readying multiple major releases for the March 2024 fiscal year, including the upcoming *Street Fighter 6*.

2. Medium-Term Goals (5)



(5) Expanding digital sales with catalog titles

As a result of expanding our sales regions and selling high-quality titles over the long term, catalog title sales volume has grown 7 times over the past 10 years, from 3.9 million units in the March 2013 fiscal year to 29.3 million units in the March 2023 fiscal year.

Consolidated operating profit has grown in conjunction with this, and as I mentioned, we have achieved 10 consecutive years of profit growth.

As growth of high-margin catalog title sales strongly promotes growth of our consolidated earnings we plan to continue our focus on catalog title sales.

3. Strategy for Sustainable Growth (1)



3. Strategy for Sustainable Growth (1)

- **Personnel Investment Strategy**
 - Pursuing personnel investment strategy under direction of CHO in working toward mid-to-long term sustainable growth

(Carried out in FY22)

- (1) Increased average annual employee salary by 30%, introduced stock-grant ESOP program (*for permanent employees), heightened link between bonus system and business performance
 - Will continue to raise compensation levels via link with business performance
- (2) Carried out company-wide briefings with employees
- (3) Established diversity for Board of Directors

- Will improve productivity by providing an even more comfortable work environment for employees and pursuing talent acquisition and training while increasing employee contributions and motivation
- Look to further bolster 2,500-person strong developer workforce

Moving on, I will review the 3 points of our management strategy for ensuring long-term growth.

(1) Personnel Investment Strategy

First is our personnel investment strategy.

As I said at last year's fiscal results presentation, we are pursuing investment in personnel as one of our strategic management priorities to ensure the long-term growth of our company.

In the previous fiscal year, we increased the average annual salary of permanent employees by 30%, introduced a stock-grant ESOP program utilizing 4 million shares of treasury stock and strengthened the link between company performance and our bonus system.

We look to continue to raise the level of salaries linked to sustainable earnings growth. Based on this policy, we anticipate an approximate 10% year-over-year increase in the level of employee salaries.

We are also carrying out initiatives with future growth in mind, including company-wide briefings to deepen employee understanding of our business situation and establishing diversity on the board of directors.

By providing an even more comfortable work environment for employees, and carrying out hiring and training, we aim to enhance productivity going forward.

Further, we are working to bolster the company by continuing to hire at least 150 new graduates for our R&D organization.

3. Strategy for Sustainable Growth (2)

3. Strategy for Sustainable Growth (2)

- **Strengthening our brands worldwide**
 - Accelerating reach of our brands into more than 200 countries/regions by pursuing **in-house movie production, esports promotions and sponsorships**

Games...?



Established Capcom Pictures
Producing new live-action
Street Fighter film



Resident Evil: Death Island
CG film in July



Monster Hunter Now (licensed)
new mobile app in September

Games mean
CAPCOM!



Expand game sales
demographics globally





Esports promotions



Sponsorships in popular sports



Sponsorships in popular sports

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(2) Strengthening our brands worldwide

The second strategic point is strengthening our brands.

As I mentioned, we have widely expanded our sales regions.

However, there is still a disparity in sales volume between regions.

It is important for us to increase penetration and strengthen the brands for our content in many areas in order to reach 100 million units in annual sales.

We will therefore promote global branding in order to increase awareness of Capcom's games among those who are not yet familiar with our titles.

For example, as we recently announced, working with Niantic we are targeting fans outside of home consoles with the upcoming new mobile game *Monster Hunter Now*.

A closed beta test for this title began in late April, with the number of applications to take part far exceeding the limit, giving us a real sense of how anticipated this title is.

Further, movies and television shows are very effective for increasing brand penetration as they can convey the world and feel of a game without someone playing it.

We are steadily making progress here, as seen by our establishment of Capcom Pictures last year, and the recent announcement about production of a new live-action *Street Fighter* movie.

Further, we continue to promote growth of esports globally with initiatives such as increasing the prize money at events.

Additionally, we look to expand the Capcom brand worldwide through our support of popular sports, such as the National Japanese Volleyball Association and Cerezo Osaka, as well as with our participation in the World Expo 2025.

3. Strategy for Sustainable Growth (3)

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- **Bolstering related businesses**
 - Building base support for consolidated earnings by bolstering related businesses such as Arcade Operations and Amusement Equipments



Preopening of Miraino Aeon Mall Toyokawa Store in March 2023



Enhance online claw crane games



Establish Crazy Banet interactive amusement facilities



Smart Slot Sengoku BASARA GIGA
Scheduled for August 2023 release



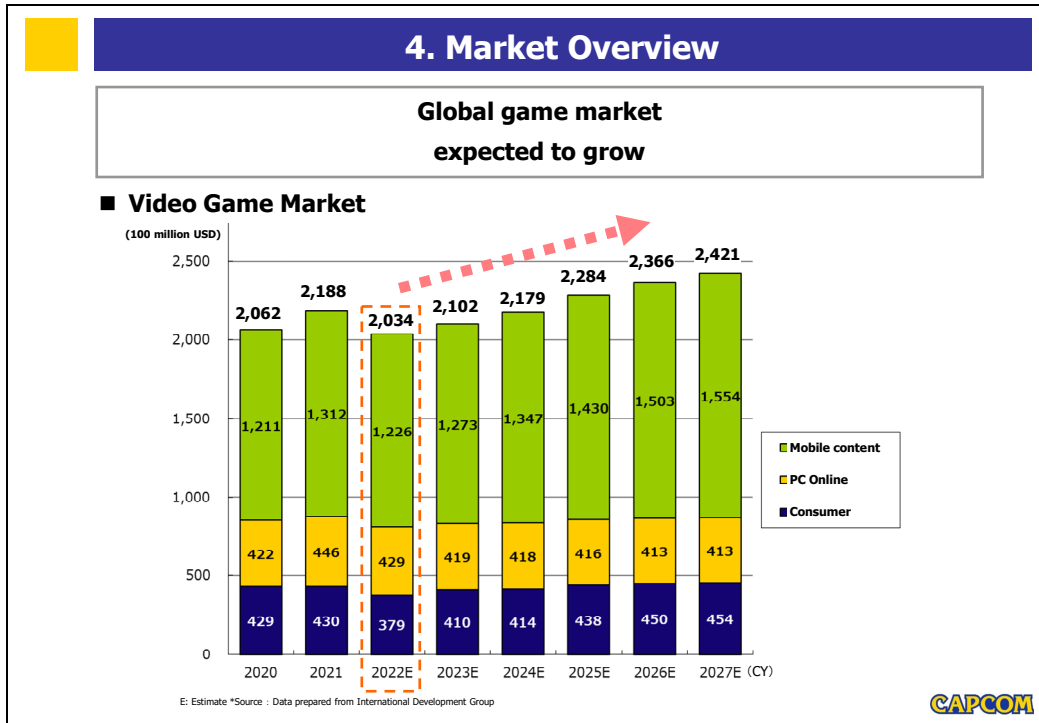
(3) Bolstering related businesses

As I have explained, the main driver of our growth is in the global consumer home video game market. However, we are working to enhance earnings in each of our business segments.

This is because by creating an earnings foundation in related businesses, such as the Arcade Operations and Amusement Equipments businesses, we can create stable growth.

In each of these segments, we aim to continue building a stable earnings foundation not only with existing business structures, but also by incorporating new formats and business models.

4. Market Overview



Moving on, I will take you through our strategies and plans for the March 2024 fiscal year. To begin, let's look at the latest market forecast.

The outlook for the game market is continued growth, including for our primary Consumer segment.

In 2022, the market reached \$203.4 billion dollars.

This is forecast to exceed \$242.1 billion dollars in 2027, about 1.2 times the market size in 2022.

For market size by platform, the mobile market is expected to be the largest (growing \$32.8 billion dollars, or 26.8%); however, PC and Consumer are also forecast to continue growing.

While Capcom has achieved major growth over the past 10 years, given the market environment, we have analyzed that there is still room to grow further.

5. Forecasts for FY3/24 (1)

5. Forecasts for FY3/24 (1)			
Aim for 11 consecutive years of increased operating income driven by stable growth of the Digital Contents business			
	(million yen)		
	2023/3	2024/3 Plan	Difference
Net sales	125,930	140,000	14,070
Operating income	50,812	56,000	5,188
Operating margin	40.3%	40.0%	-
Ordinary income	51,369	56,000	4,631
Net income attributable to owners of the parent	36,737	40,000	3,263

- Expect increased sales and profit YoY due primarily to growth of digital sales in the Consumer sub-segment
- Earnings per share forecast: ¥191.28
- Dividend forecast: interim dividend of ¥27 and year-end dividend of ¥27 resulting in a ¥54 dividend for the fiscal year

CAPCOM

Next, I will go over our guidance for the March 2024 fiscal year.

First, in the previous fiscal year, we achieved 10 consecutive years of operating profit growth and record high net sales and profit at all levels driven primarily by growth in the Consumer sub-segment of our Digital Contents business.

This year we aim to achieve 7 consecutive years of record profit at all levels by focusing on new major title releases and enhanced digital sales to grow our core Consumer business. We also plan to achieve our 11th consecutive year of operating profit growth.

We're forecasting consolidated net sales to increase by ¥14.07 billion yen to ¥140 billion yen; operating income to increase by ¥5.188 billion yen to ¥56 billion yen; and an operating profit margin of 40.0%.


Ordinary income is expected to increase by ¥4.631 billion yen to ¥56 billion yen. Net income attributable to owners of the parent is expected to increase by ¥3.263 billion yen to ¥40 billion yen.

The earnings per share forecast is ¥191.28 yen per share, and the dividend forecasts calls for an interim dividend of ¥27 yen and a year-end dividend of ¥27 yen, making the annual dividend ¥54 yen.

5. Forecasts for FY3/24 (2)

5. Forecasts for FY3/24 (2)				
Digital Contents business drives growth				
Anticipate increased sales and profit across all business segments				
	(million yen)			
	2022/3	2023/3	2024/3 Plan	Difference
Digital Contents				
Net sales	87,534	98,158	106,300	8,142
Operating income	45,359	53,504	58,900	5,396
Unit sales (thousand units)	32,600	41,700	45,000	3,300
Arcade Operations				
Net sales	12,404	15,609	18,000	2,391
Operating income	652	1,227	1,300	73
Amusement Equipments				
Net sales	5,749	7,801	10,000	2,199
Operating income	2,348	3,433	3,700	267
Other Businesses				
Net sales	4,366	4,360	5,700	1,340
Operating income	1,517	1,433	1,600	167

- New title *Street Fighter 6* scheduled for June 2, 2023
- Plan to release multiple major new titles
- Anticipate record unit sales. Will expand catalog sales globally via digital strategy



Lastly, here is our plan by business segment.

The Digital Contents business will continue to drive growth.

We expect to sell a record 45 million units for the year with major new releases, including the upcoming June 2 release of *Street Fighter 6*, and by expanding digital sales of catalog titles globally.

As a result, we anticipate net sales to increase by ¥8.142 billion yen to ¥106.3 billion yen, operating income to increase by ¥5.396 billion yen to ¥58.9 billion yen and a 0.9 point increase in the operating margin to 55.4%.

We also anticipate increased sales and profit in the Arcade Operations business due to contributions from new and existing stores, as well as increased sales and profit in the Amusement Equipments business via the launch of 4 new titles.

In Other Businesses, we will continue to promote investment in eSports, but anticipate increased sales and profit through strengthening activities in the Character Contents and Media businesses.

Thus concludes my presentation.

Once again, we aim to deliver another year of record earnings through our focus on steadily growing worldwide digital sales in our core Consumer business.

In order for us to continue our expansion, all of us, including our employees, their families and our global stakeholders, will come together as one and focus our efforts on enhancing corporate value. I humbly ask for your continued support.