

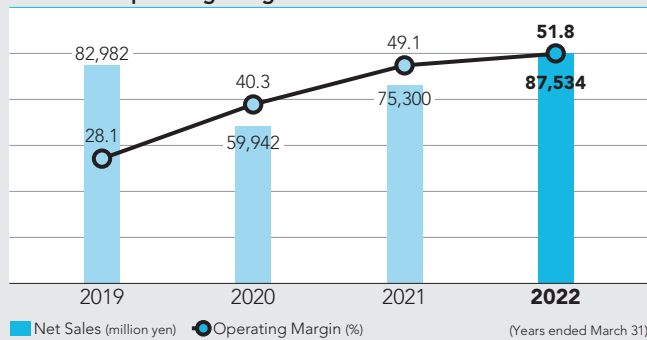
Segment Information

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

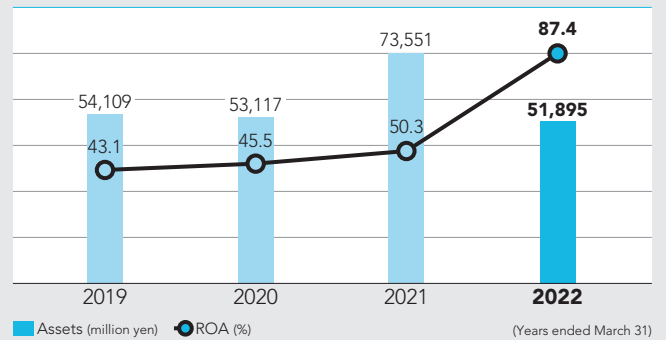
Digital Contents

This business develops and sells packaged and digital game content for consumer home video game platforms. It also develops and manages games for Mobile Contents and PC Online Games. Consumer games produces creative, original content that provides recurring revenue by utilizing digital distribution on platforms including PC. Many of these million-seller titles are also launched on smartphone and tablet devices, and are distributed worldwide in order to maximize earnings.

Net Sales/Operating Margins

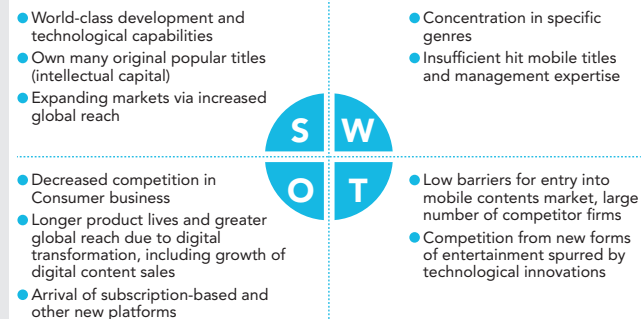


Assets/ROA

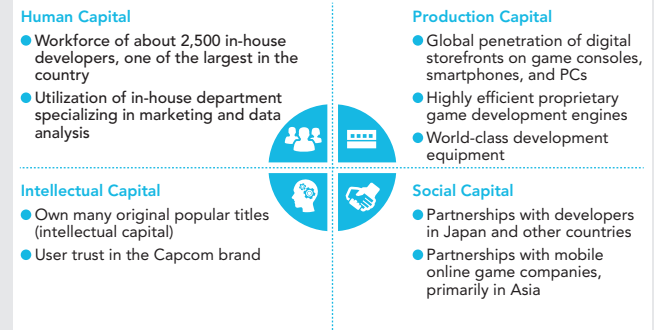


SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats



Utilization of Non-Financial Capital



Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

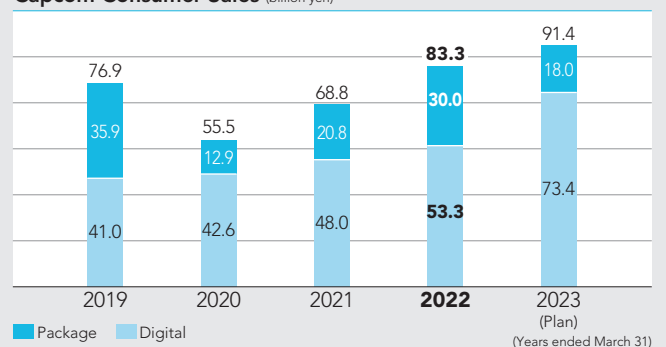
Consumer (Package + Digital) sub-segment

This fiscal year (ended March 31, 2022), new titles performed well, including *Resident Evil Village*, which was launched in May 2021, selling 6.1 million units and *Monster Hunter Stories 2: Wings of Ruin*, which was launched in July 2021, selling 1.5 million units. Together with focusing business development on high-margin digital sales, this drove improvements in business results.

With *Monster Hunter Rise*, released in the previous fiscal year, we focused on expanding the user base by such means as launching a PC version in January 2022, pushing the cumulative total for the title past 9 million units sold. Likewise, boosted by the latest release, *Resident Evil Village*, catalog title *Resident Evil 7 biohazard* sold more than 1 million units for the sixth consecutive year.

In addition, titles like *Monster Hunter World: Iceborne* and *Resident Evil 2* also demonstrated staying power and gave a

Capcom Consumer Sales (billion yen)



boost to revenue.

As a result, package sales were 30.0 billion yen, and digital sales were 53.3 billion yen. Together, they resulted in Consumer sales of 83.3 billion yen (up 21.1% from the previous year) for a continued increase. The operating margin has also improved to over 50%.

Moreover, the growth in our library of titles due to a steady new release pipeline in recent years along with successful holiday season discount measures pushed up digital sales to 24.60 million units (up 6.3% from the previous year). As a result, this year's package and full-game download sales totaled 32.60 million units (up 8.3% from the previous year), making this the seventh consecutive year of growth.

For Capcom, we consider Consumer business growth as one of the keys to achieving our medium-term business goals. Our initiatives are to (1) strengthen digital sales, (2) bolster our title lineup through the continued execution of our 60-month and 52-week maps, and (3) utilize both new and dormant intellectual properties.

Under (1), the prevalence of digital selling has made it possible to implement measures such as limited-time sales, increasing flexibility in pricing and expanding the impact of marketing. We utilize our existing intellectual properties (IP) in addition to major titles and additional content, and remake or rerelease past titles on current-generation hardware, in order to create sales opportunities and increase the digital sales ratio. In terms of (2), since March 2015 we have been carrying out operations according to both our medium-term title portfolio map, called the "60-month map," and our yearly developer assignment plan, called the "52-week map." We will work toward establishing an efficient development structure, enabling us to release major titles on a regular basis. Finally, for (3) we seek to revive dormant intellectual properties for which we have not recently released new titles by increasing the number of our developers.

Next fiscal year, we expect a continued contribution from catalog title *Monster Hunter Rise* and *Resident Evil Village* on top of new titles *Monster Hunter Rise: Sunbreak* and *Resident Evil 4*. We will also work to further expand sales globally based on our digital strategy for other major titles. As a result of these efforts, we expect to increase unit sales to 37.0 million units (up 13.5% from the year under review), net sales to 91.4 billion yen (up 9.7% from the year under review), and for the digital sales ratio to remain in the 80% range.

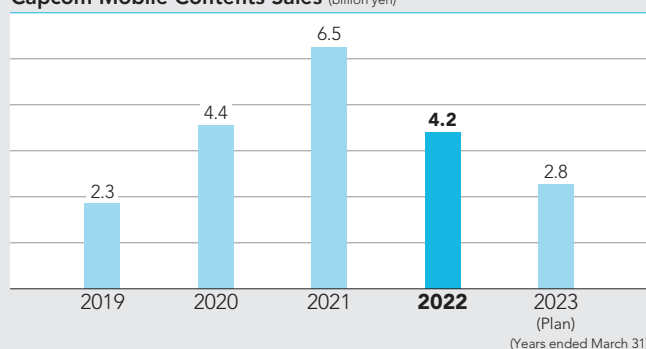
Mobile Contents Sub-segment

This fiscal year (ended March 31, 2022), we focused on existing titles while licensing income associated with the launch of *Devil May Cry: Peak of Combat* in China in June 2021 contributed as well, bringing net sales to 4.2 billion yen (down 35.4% from the previous year).

In the future, we will continue to explore a wide range of possibilities, including cultivating existing titles, developing new titles using our intellectual properties, and forming alliances with companies in Japan and elsewhere. We will work on development in the mobile field and accumulating operational know-how. We will also work on research and development in anticipation of future technological innovation, including the new generation of mobile communication standards.

In the next fiscal year, we expect net sales to decrease to 2.8 billion yen (down 33.3% from the year under review) due to aging of existing titles.

Capcom Mobile Contents Sales (billion yen)



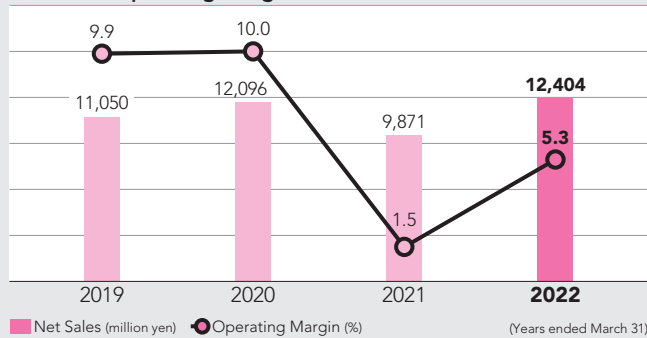
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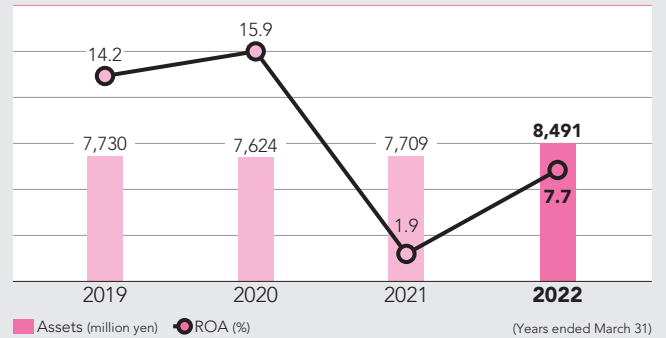
Arcade Operations

We operate amusement facilities, primarily Plaza Capcom arcades, in Japan. These arcades are predominantly in large commercial complexes. We have diligently followed a scrap-and-build policy to maximize our efficiency in arcade operations, and have been hosting various events designed to attract families and younger customers.

Net Sales/Operating Margins



Assets/ROA



SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats

<ul style="list-style-type: none"> Specialize in opening stores in large shopping centers to secure a stable customer base Thorough scrap-and-build strategy focused on investment efficiency to ensure sustainable earnings 	<ul style="list-style-type: none"> Low sales growth rate due to small number of carefully selected facilities Limited synergy with proprietary contents
<ul style="list-style-type: none"> Cultivate market, including merchandise sales and restaurants utilizing our intellectual properties Increase new customers through esports collaboration Introduce new machines and services 	<ul style="list-style-type: none"> Entertainment diversification due to rapid growth of digital games Change in business climate accompanying diminished customer appeal Diminished customer appeal due to COVID-19

Utilization of Non-Financial Capital

<p>Human Capital</p> <ul style="list-style-type: none"> Internal store management staff Part-time workers hired locally 	<p>Production Capital</p> <ul style="list-style-type: none"> High foot traffic of large shopping centers Developers that design and construct facilities
<p>Intellectual Capital</p> <ul style="list-style-type: none"> Store management know-how cultivated over 38 years Intellectual properties (characters and worlds) that can be rolled out in food, drinks and prizes Services utilizing virtual reality (VR) technology 	<p>Social Capital</p> <ul style="list-style-type: none"> Our relationships with local residents Arcade game makers around the world

Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2022), operations were suspended and hours reduced at some stores due to the declaration of a state of emergency associated with the COVID-19 pandemic. However, after the state of emergency was lifted, we worked on expanding revenue, including efforts to get customers to return, efficient operations at existing stores, and opening stores with new business formats.

As for the number of stores, we opened Plaza Capcom Mitten Fuchu in Tokyo and Miraino Aeon Mall Hakusan, which features the interactive amusement facility Crazy Banet that is being rolled out as a new way to attract customers. We also closed one store, bringing the total number of stores to 42.

For the full year, same store sales were up 19% compared to the previous year. Both sales and profit were up with segment net sales of 12.404 billion yen (up 25.7% from the previous year) and operating income of 652 million yen (up 337.6% from the previous year) due to contributions from both new and existing stores.

In the next fiscal year, we will persist in working to recover from the impact we experienced from the COVID-19 pandemic this year and continue to make efforts toward efficient operations while maintaining measures to prevent infection. We forecast an increase in both sales and profit with same store sales up 11% from the previous year, bringing net sales to 15.0 billion yen (up 20.9% from the year under review) and operating income to 1.0 billion yen (up 53.4% from the year under review).

As for the number of stores, we will continue to promote opening stores with new business formats based on our basic strategy of scrap-and-build. We plan to open four stores and close two, bringing the total number to 44.

Amusement Equipments

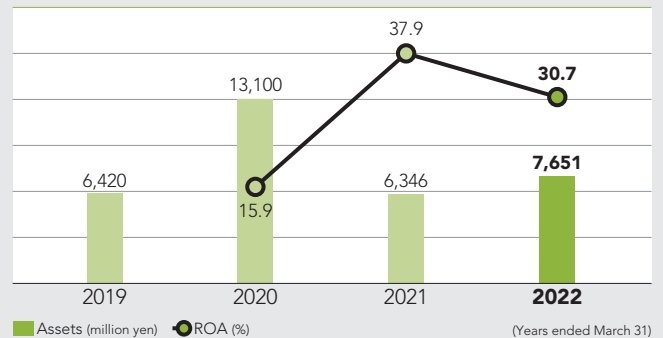
Here, we leverage the contents from our home video games.

The Pachinko & Pachislo (PS) sub-segment is involved in the development, manufacture and sales of frames and LCD devices for gaming machines as well as software, creating synergy between businesses.

Net Sales/Operating Margins

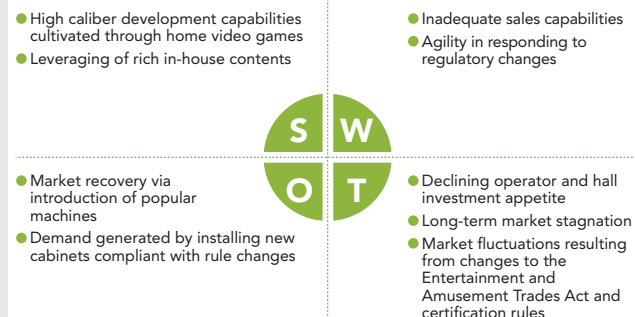


Assets/ROA

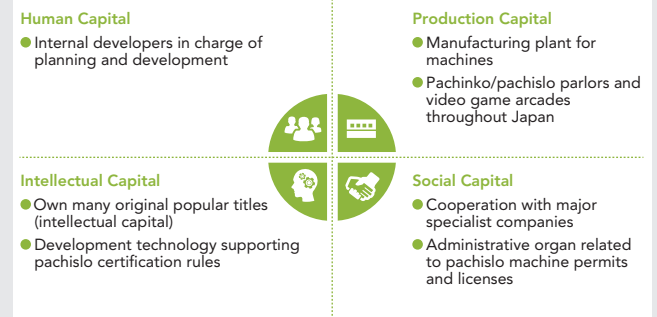


SWOT Analysis

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Utilization of Non-Financial Capital



Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2022), three machines designed to current regulations, including *Monster Hunter: World Gold Hunting* were launched by the Pachinko & Pachislo (PS) sub-segment, selling 26,000 units.

Shifts in the market environment resulting from such things as changes to methods of pachislo machine model certification and suspension of hall operations due to COVID-19 continued to have an impact. In the midst of these circumstances, three new machines, including *Monster Hunter: World Gold Hunting* and *Pachislo Devil May Cry 5*, were released in steady succession. The resulting sales and profit were down, with net sales coming in at 5.749 billion yen (down 18.9% from the previous year) and operating income at 2.348 billion yen (down 2.5% from the previous year). However, we worked to improve the margin by utilizing various business models.

In the next fiscal year, sluggish performance at halls and store closings due to COVID-19 means that we must continue monitoring market trends. Under these circumstances, we will

work to release models that impress hall operators and end-users, continuing to (1) develop machines not dependent on speculation and that feature a variety of playing styles and entertaining video elements that utilize content from our popular Consumer content, while (2) working on securing a strong sales network and improving machine quality through cooperating with a major specialist company.

In the next fiscal year, we plan to introduce four models while continuing to monitor market trends and sell 34,000 units (8,000 units more than the year under review).

We expect that both sales and income will be up, with net sales at 6.0 billion yen (up 4.4% from the year under review) and operating income at 2.4 billion yen (up 2.2% from the year under review).

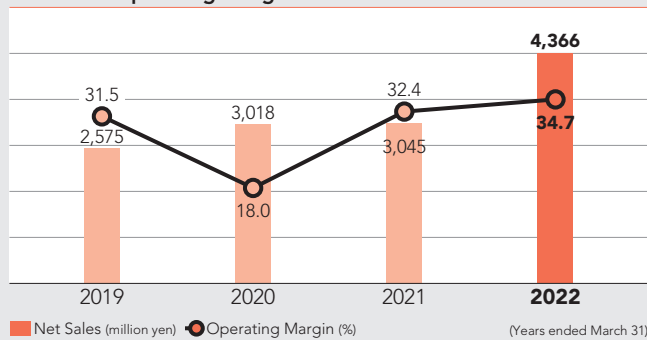
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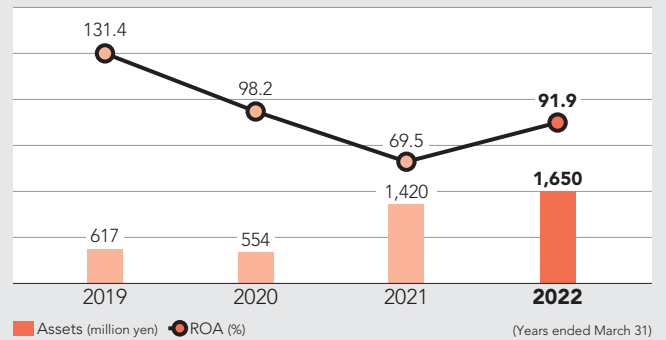
Other Businesses

Based on our Single Content Multiple Usage strategy of developing game content for various media, we pursue a variety of copyright-related business opportunities including publishing (walkthrough and strategy guides as well as game art books) and licensing (movies, animated television programs, music CDs, and merchandise). Furthermore, we are concentrating on the esports business as well.

Net Sales/Operating Margins

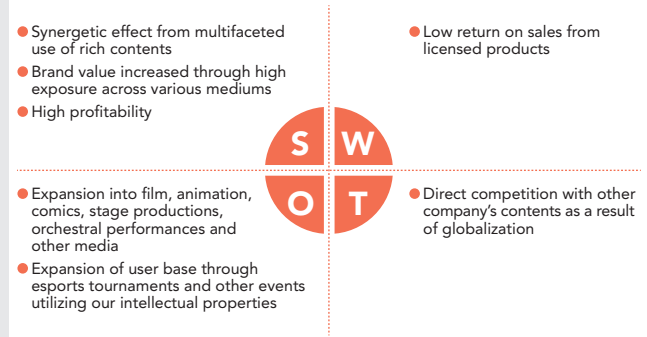


Assets/ROA



SWOT Analysis

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Utilization of Non-Financial Capital



Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2022), we worked to improve brand value with movies and merchandise featuring popular IPs, including exclusive worldwide streaming of a CG animated television program featuring our flagship IP on Netflix and the global release of Hollywood film *Resident Evil: Welcome to Raccoon City*.

In eSports we held online tournaments for Capcom Pro Tour Online 2021 in 19 regions, roughly doubling the previous year's scale as we looked to expand the user base worldwide. We also held Street Fighter League: Pro-JP 2021 with a new team owner system and a US league tournament, both of which had many exciting matches.

As a result, both sales and profit rose with growth of the licensing business pushing net sales to 4.366 billion yen (up 43.4% from the previous year) and operating income to 1.517 billion yen (up 53.7% from the previous year).

In the next fiscal year, we will leverage the substantial synergies with our Consumer games by diversifying the use of

our rich library of IPs and rolling them out across various mediums, including movies, animated television programs, theatrical productions, and events. In eSports, we made the decision to hold a new group of tournaments called "World Warrior" in addition to the existing one to further expand the scale of Capcom Pro Tour. We are also holding a new Street Fighter League in Europe for further expansion.

Moreover, we will continue to leverage our IPs based on our Single Content Multiple Usage strategy, with the first live action drama in the *Resident Evil* series launching globally in July 2022 on Netflix, as we work to increase the value of our core brands through adaptations and collaborations.

We expect net sales to increase to 4.8 billion yen (up 9.9% from the previous year) and operating income to be 1.3 billion yen (down 14.3% from the previous year), for an increase in sales and decrease in profit owing to the promotion of licensing and increased investment in eSports.