



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

3rd Quarter Report
Fiscal year ending March 31, 2021

■ Regarding Q3 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.**
- **Currently there is limited impact from the data security incident on this quarter's business results. There is an ongoing investigation into the scope of the damage. Internal systems have been largely restored.**

■ Regarding Full-Year Business Plan

- **As of January 21, 2021 we have raised our guidance due primarily to the strong performance of digital sales in Consumer.**
- **Plan to release *Monster Hunter Rise*, a new title for Nintendo Switch, on March 26, 2021.**

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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; (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

Aiming for eight years of increased operating income and highest profit in company history, driven by Digital Contents performance

(million yen)

	2020/3	2021/3 Plan	Difference
Net sales	81,591	92,000	10,409
Operating income	22,827	30,500	7,673
Operating margin	28.0%	33.2%	-
Ordinary income	22,957	30,000	7,043
Net income attributable to owners of the parent	15,949	21,000	5,051

- As of January 21, 2021, we've raised our full-year earnings forecast
- EPS forecast: ¥196.72 per share
- Dividend forecast: interim dividend of ¥25 and a year-end dividend of ¥35, resulting in a full-year dividend of ¥60

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

■ 9 Months Results in FY12/19 vs. FY12/20

(million yen)

	2019/12	2020/12	Difference
Net sales	52,908	64,867	11,959
Operating income	18,448	24,382	5,934
Ordinary income	18,702	24,088	5,386
Net income attributable to owners of the parent	13,065	17,523	4,458

- Profit up YoY due primarily to contributions of digital sales in Consumer and increased unit sales of pachislo machines

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

■ FY12/20 Net Sales/Operating Income (by segment)

(million yen)

	2019/12	2020/12	Difference	2021/3 Plan
Net sales	52,908	64,867	11,959	92,000
Digital Contents	40,589	48,966	8,377	71,500
Arcade Operations	9,201	7,018	-2,183	10,000
Amusement Equipments	663	6,712	6,049	7,000
Other Businesses	2,453	2,170	-283	3,500
Operating income	18,448	24,382	5,934	30,500
Digital Contents	19,885	24,787	4,902	33,000
Arcade Operations	1,187	86	-1,101	0
Amusement Equipments	376	2,431	2,055	2,400
Other Businesses	358	861	503	900
Adjustments*	-3,358	-3,785	-427	-5,800

*Adjustments include unallocated corporate operating expenses.

2-2. Financial Highlights – Financial Position

■ FY12/20 Balance Sheet/Statement of Cashflows (Summary)

Balance Sheet		(million yen)	
Assets	2020/3	2020/12	Difference
Current Assets	108,829	104,433	-4,396
Cash on hand and in banks	65,657	64,094	-1,563
Notes and accounts receivable - trade	15,959	11,556	-4,403
Work in progress for game software	21,222	23,955	2,733
Other	5,991	4,828	-1,163
Fixed Assets	34,636	33,165	-1,471
Total assets	143,466	137,598	-5,868
Liabilities			
Current Liabilities	35,863	18,407	-17,456
Notes and accounts payable - trade			
Electronically recorded monetary liabilities	5,844	3,430	-2,414
Deferred revenue	7,642	143	-7,499
Other	22,377	14,834	-7,543
Long-term liabilities	7,868	7,442	-426
Total liabilities	43,731	25,849	-17,882
Net Assets			
Shareholders' equity	101,385	113,568	12,183
Other	-1,650	-1,819	-169
Total net assets	99,735	111,748	12,013
Total liabilities and net assets	143,466	137,598	-5,868

Statement of Cashflows		(million yen)	
	2019/12	2020/12	Difference
Cash flows from operating activities	15,061	7,867	-7,194
Net income before income taxes	18,690	24,078	5,388
Change in work in progress for game software	-8,848	-2,729	6,119
Cash flows from investing activities	-2,799	-3,372	-573
Cash flows from financing activities	-5,208	-6,439	-1,231
Effect of exchange rate changes on cash and cash equivalents	-519	-361	158
Net change in cash and cash equivalents	6,533	-2,305	-8,838
Cash and cash equivalents at beginning of year	53,004	59,672	6,668
Cash and cash equivalents at end of quarter	59,538	57,366	-2,172

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

Sales and profit up from growth of digital sales in Consumer and launch of new titles in Mobile Contents

■ Digital Contents Performance for the 9 Months

(100 million yen)

	2018/12	2019/12	2020/12	2021/3 Plan
Net sales	478	405	489	715
Breakdown				
Package	165	97	99	185
Digital (incl. digital license)	268	282	343	470
Digital license only			29	32
Consumer total	433	379	442	655
Mobile Contents	17	26	47	60
PC Other	28			
Operating income	152	198	247	330
Operating margin	31.9%	49.0%	50.6%	46.2%

*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)

**Unit sales on par with same period of previous year
driven by catalog sales of major titles**

■ Unit Sales for the 9 Months (Consumer)

(units in thousands)

	2018/12	2019/12	2020/12	2021/3 Plan
New Titles (SKU)	50	22	11	14
Total unit sales	16,600	16,500	19,800	29,000
Overseas units	14,200	13,350	17,100	24,400
Digital units	11,100	12,800	16,200	22,600
Catalog units	12,500	12,200	15,800	20,200
Major titles				
New	Mega Man X Legacy Collection Mega Man 11	Monster Hunter World: Iceborne	Resident Evil 3	Resident Evil 3 Monster Hunter Rise
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 Monster Hunter: World Resident Evil 7 biohazard	Monster Hunter World: Iceborne Resident Evil 2 Resident Evil 7 biohazard 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 supporting next-generation platforms and growing long-term sales of catalog titles

■ 9 Months Highlights (Consumer)

- *Monster Hunter World: Iceborne* topped cumulative 7.2 million units
- *Resident Evil 3* achieved cumulative 3.6 million units
- Released *Devil May Cry 5 Special Edition* for next-generation platforms in November 2020



Devil May Cry 5 Special Edition

■ 9 Months Highlights (Mobile Contents)

- Launched *Rockman X Dive* in Japan in October 2020
- Launched *Street Fighter: Duel*, an alliance title, in Mainland China in November 2020



Rockman X Dive

3-2. Business Segments – Arcade Operations

**Same store sales showed signs of recovery
while sales and profit declined due to COVID-19**

■ 9 Months Business Results

(100 million yen)

	2018/12	2019/12	2020/12	2021/3 Plan
Net sales	80	92	70	100
Operating income	8	11	0	0
Operating margin	10.7%	12.9%	1.2%	0.0%
Same store sales	± 0 %	+7%	-28%	-19%

■ Number of Stores

(stores)

	2019/3	2020/3	2020/12	2021/3 Plan
New stores	2	3	1	1
Closed stores	1	0	0	0
Total	37	40	41	41

■ 9 Months Highlights

- Same store sales: -28%
- Opened the new Capcom Store Osaka showroom in Shinsaibashi on Nov. 20, 2020



Capcom Store Osaka

3-3. Business Segments – Amusement Equipments

**Sales and profit increased due to
release of new model utilizing major IP**

■ 9 Months Business Results

(100 million yen)

	2018/12	2019/12	2020/12	2021/3 Plan
Net sales	32	6	67	70
Operating income	-6	3	24	24
Operating margin	-	56.7%	36.2%	34.3%



Monster Hunter: World

■ 9 Months Highlights

- Released *Monster Hunter: World* pachislo machine in November 2020
- PS unit sales: 2 models sold total of 21 thousand units (no models launched in same period of previous year)

3-4. Business Segments – Other Businesses

**Character Contents generally performed on par YoY;
Costs down in eSports following events going online during pandemic**

■ 9 Months Business Results

(100 million yen)

	2018/12	2019/12	2020/12	2021/3 Plan
Net sales	21	24	21	35
Character Contents			20	34
eSports			1	1
Operating income	9	3	8	9
Character Contents			14	19
eSports			-6	-10
Operating margin	46.7%	14.6%	39.7%	25.7%

■ 9 Months Highlights

- Hollywood film adaptation *Monster Hunter* was released in December 2020 beginning with markets outside of Japan
- Held Street Fighter League: Pro-JP 2020, an esports league, online from September through November 2020



Hollywood film *Monster Hunter*
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4-1. Business Segment Plans & Strategies – Digital Contents (1)

**Aim to grow both sales and profit
driven primarily by contributions from Consumer**

■ FY3/21 Digital Contents Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	829	599	715	116
Breakdown				
Package	359	129	185	56
Digital (incl. digital license)	410	426	470	44
Digital license only		26	32	6
Consumer total	769	555	655	100
Mobile Contents	23	44	60	16
PC Other	37			
Operating income	233	241	330	89
Operating margin	28.1%	40.3%	46.2%	-

*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)

Look to increase unit sales through release of major new titles as well as growth of digital sales for catalog titles

■ 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	29,000
Overseas units	19,400	21,600	21,450	24,400
Digital units	12,900	15,300	20,550	22,600
Catalog units	11,000	14,200	18,200	20,200
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
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 Resident Evil 7 biohazard 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

4-1. Business Segment Plans & Strategies – Digital Contents (3)

Release new title *Monster Hunter Rise*
Continue focus on expanding digital sales for catalog titles

■ Consumer: Outlook for FY 3/21

- *Monster Hunter Rise* for Nintendo Switch, the latest title in the series, scheduled to release Mar. 26, 2021
- *Ghosts 'n Goblins Resurrection* for Nintendo Switch, a reboot of dormant IP, scheduled to release Feb. 25, 2021
- *Resident Evil Village*, the latest title in the series, scheduled to release in May 2021



Monster Hunter Rise

■ Mobile Contents: Outlook for FY 3/21

- Look to focus on operations for newly released and existing titles



Resident Evil Village

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

Aim to achieve full-year plan while taking measures for COVID-19 prevention

■ Arcade Operations: Outlook for FY3/21

- Plan to open 1 new store and close no stores for the full-year (resulting in a total 41 stores)
- Full-year same store sales: -19%

■ FY3/21 Arcade Operations Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	110	120	100	-20
Operating income	10	12	0	-12
Operating margin	9.9%	10.0%	0.0%	-
Same store sales	+2%	+3%	-19%	-

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

**Expect increased sales and profit for the full year
due to release of new machines**

■ Pachinko & Pachislo: Outlook for FY3/21

- New pachislo machine *Resident Evil 7 biohazard* scheduled for February 2021 release
- Full-year plan: 3 models to sell total of 27,000 units



*Resident Evil 7
biohazard*

■ FY3/21 Amusement Equipments Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	34	65	70	5
Operating income	-26	20	24	4
Operating margin	-	31.9%	34.3%	-

4-4. Business Segment Plans & Strategies – Other Businesses

Enhance brand value by promoting Single Content Multiple Usage
Focus on building out eSports foundation with online events

■ Character Contents: Outlook for FY3/21

- Hollywood film adaptation *Monster Hunter* scheduled to release March 2021 in Japan

■ eSports: Outlook for FY3/21

- Street Fighter League: Pro-JP 2020 Grand Final scheduled for January 30

■ FY3/21 Other Businesses Plan

(100 million yen)

	2019/3	2020/3	2021/3 Plan	Difference
Net sales	25	30	35	5
Character Contents		27	34	7
eSports		3	1	-2
Operating income	8	5	9	4
Character Contents		15	19	4
eSports		-10	-10	0
Operating margin	31.5%	18.0%	25.7%	-

5-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2019/3	2020/3	2021/3 Plan	%	2020/12
Net Sales	100,031	81,591	92,000	112.8%	64,867
Gross Profit	37,222	40,947	49,000	119.7%	35,810
Margin (%)	37.2%	50.2%	53.3%	-	55.2%
Sales and G&A Expenses	19,078	18,119	18,500	102.1%	11,428
Operating Income	18,144	22,827	30,500	133.6%	24,382
Margin (%)	18.1%	28.0%	33.2%	-	37.6%
Ordinary Income	18,194	22,957	30,000	130.7%	24,088
Margin (%)	18.2%	28.1%	32.6%	-	37.1%
Net income attributable to owners of the parent	12,551	15,949	21,000	131.7%	17,523
Margin (%)	12.5%	19.5%	22.8%	-	27.0%

● Sales and Profit by Business Segments

(million yen)

		2019/3	2020/3	2021/3 Plan	%	2020/12
Digital Contents	Net Sales	82,982	59,942	71,500	119.3%	48,966
	Operating Income	23,315	24,161	33,000	136.6%	24,787
	Margin (%)	28.1%	40.3%	46.2%	-	50.6%
Arcade Operations	Net Sales	11,050	12,096	10,000	82.7%	7,018
	Operating Income	1,096	1,211	0	-	86
	Margin (%)	9.9%	10.0%	0.0%	-	1.2%
Amusement Equipments	Net Sales	3,422	6,533	7,000	107.1%	6,712
	Operating Income	-2,668	2,085	2,400	115.1%	2,431
	Margin (%)	-	31.9%	34.3%	-	36.2%
Others	Net Sales	2,575	3,018	3,500	116.0%	2,170
	Operating Income	811	544	900	165.4%	861
	Margin (%)	31.5%	18.0%	25.7%	-	39.7%

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: 107 million units

RESIDENT EVIL™

Resident Evil live action film reboot announced

- *Monster Hunter* series: 66 million units



Monster Hunter Riders tops 6 million downloads

- *Street Fighter* series: 46 million units



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

- *Mega Man* series: 36 million units
- *Devil May Cry* series: 23 million units
- *Dead Rising* series: 14 million units