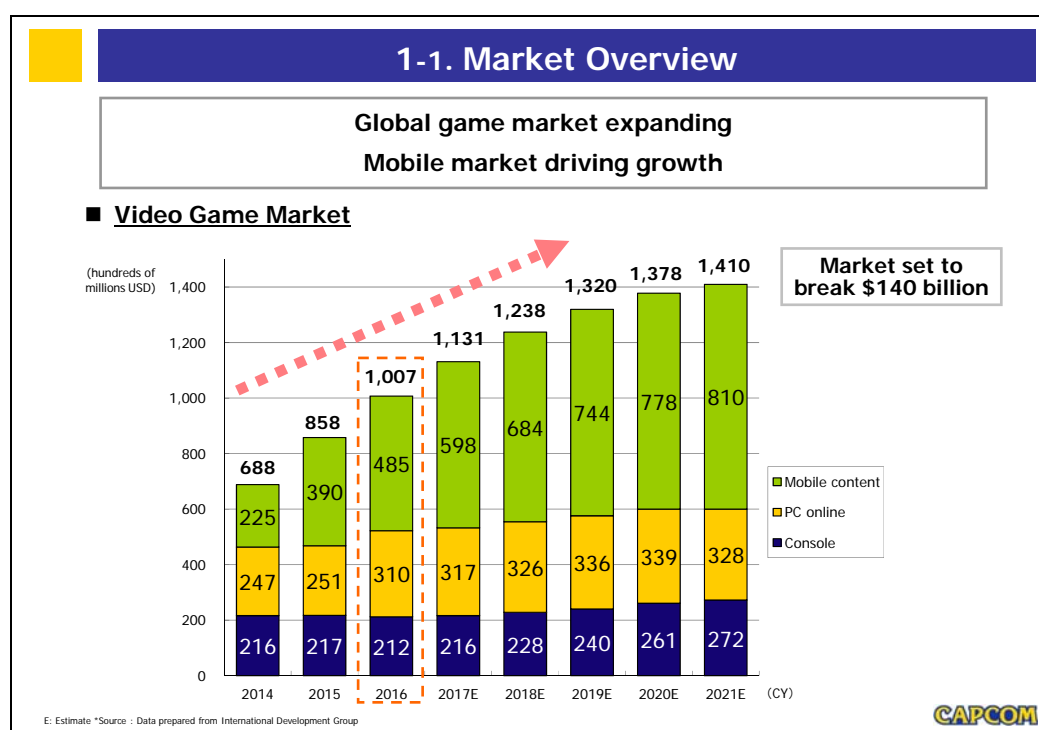


Financial Results Briefing for the Year ended March 31, 2017

Summary of President and COO Haruhiro Tsujimoto's Presentation (April 28, 2017)

Good day to all of you, my name is Haruhiro Tsujimoto, president of Capcom.
Today I'd like to discuss our business strategies and plans moving forward into the fiscal year ending March 31, 2018.

1-1. Market Overview



To begin, I'd like to go over a summary of the game market in preface to our growth strategy for this fiscal year.

The market surpassed \$100 billion for the first time in 2016, and further, is expected to grow to \$140 billion by 2021, continuing a pace of expansion that far exceeds projections from one year ago.

1-2. Growth Strategies

1-2. Growth Strategies

Overview

- **Strategy 1: Expand our Consumer business**
 - Regularly launch major titles in the global market
 - Strengthen downloads (full-game, additional contents, catalog titles)

- **Strategy 2: Overhaul our Online business**
 - Build alliances while strengthening internal mobile development
 - Promote business alliances in Asia



Now I will explain the two prongs of Capcom's growth strategy.

The first of these is to expand our Consumer business. To this end, we will regularly develop and launch titles from major brands in the global market, including *Resident Evil*, *Monster Hunter* and *Street Fighter*. Further, we will continue to strengthen our digital downloads business, which is an area we have been concentrating on for a number of years.

The second of these is to overhaul our Online business. In Mobile, we will promote the use of Capcom's IP and explore launching titles developed not only internally, but also through alliances. Further, we will continue the business collaborations we have in the Asian region.

2. Forecasts for FY3/18

2. Forecasts for FY3/18

**Achieve five consecutive years of increased operating income
driven by growth in the Digital Contents business**

(in millions of JPY)

	2017/3	2018/3 Plan	Difference
Net sales	87,170	93,000	5,830
Operating income	13,650	14,500	850
Operating margin	15.7%	15.6%	-
Ordinary income	12,589	14,000	1,411
Net income attributable to owners of the parent	8,879	9,500	621

- Increase sales and profit over the previous year through stable growth in the Consumer business and reforms to the Online business
- Earnings per share forecast: ¥173.53
- Dividend forecast: interim dividend of ¥25 and year-end dividend of ¥25 resulting in a ¥50 dividend for the fiscal year

CAPCOM

Next, I would like to discuss our earnings forecast for the 2017 fiscal year.

Similar to past years, our aim this fiscal year is to achieve five consecutive years of operating income growth, with our Digital Contents business as a growth driver.

Our forecast calls for increased profits in all items: net sales of ¥93 billion, up ¥5.8 billion year-over-year; operating income of ¥14.5 billion, up ¥800 million year-over-year; an operating margin of 15.6%; ordinary income of ¥14 billion, up ¥1.4 billion year-over-year, and net income attributable to owners of the parent of ¥9.5 billion, up ¥600 million year-over-year.

Our earnings per share forecast is ¥173.53; our dividend forecast calls for an interim dividend of ¥25, and a year-end dividend of ¥25, resulting in a ¥50 dividend for the full fiscal year.

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

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

Focus on sales of major titles in the global market

■ **Consumer Strategies**

- **Reap stable contributions from major brands**
 - Launch 2 major titles
 - Bolster lineup of current-generation console re-releases; promote multiplatform development, including for the Nintendo Switch
 - Explore leading-edge markets, such as eSports with *Street Fighter V*
 - Focus on brand penetration in growth regions such as Asia to establish future revenue sources
- **Grow revenue with digital downloads (full game and additional content)**
 - Accelerate roll-out of digital download offerings from our back catalog of 79 million-seller titles and other contents-based assets
 - Digital revenue forecast: 33.6% of Consumer net sales

CAPCOM

Now I will go over the strategies and plans for each of our business by segment.

We will focus on sales of major titles in the global market for our Digital Contents business.

In Consumer, we will launch two major titles this fiscal year, while expanding upon re-releases for current-generation systems and promoting multi-platform development across all hardware. We will also take strides in eSports, promoting titles such as *Street Fighter V* primarily from our US-based subsidiary, while at the same time exploring the leading-edge markets of AR and VR. What's more, we will look to secure future earnings by focusing on brand penetration in developing regions such as Asia, bolstering sales through localization and online distribution.

We will continue to strengthen digital downloads, both full-game and additional content offerings. We have a significant advantage in this area, given that we possess more than 79 titles that have reached over a million copies in sales. This fiscal year, we will continue to provide digital downloads from our back catalog of assets, and forecast 33.6% of Consumer net sales to be digital.


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

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

■ **FY3/18 Sales Plan for Major Consumer Titles**

Platform	Title	Region	Release Date	Plan
PS4 Xbox One PC	MARVEL VS. CAPCOM: INFINITE	Japan	Late 2017	2 million
		North America	Sep 2017	
		Europe	Sep 2017	
PS4 Xbox One PC	RESIDENT EVIL 7 biohazard (Catalog)	Japan	Jan 26, 2017	2 million
		North America	Jan 24, 2017	
		Europe	Jan 24, 2017	
–	Major Title	–	–	–

• Includes digital full game sales
 • Japan includes sales for the Asian region



Here is our scheduled sales lineup of major titles this fiscal year.

We have two new titles and one catalog title that we expect to be in the million-seller class.

In addition to the previously-announced *Marvel vs. Capcom: Infinite*, which we expect to sell 2 million units, and is scheduled for a September 2017 North American and European release and a late 2017 release in Japan, we have one other new title scheduled to launch this fiscal year. We plan to disclose further details when the time is right.

Further, we expect to sell 2 million units of *Resident Evil 7 biohazard*, which was released in the previous fiscal year, as a catalog title this year.

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

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

**Increase unit sales through launch of new titles
and by leveraging library of content**

■ **FY3/18 Unit Sales Plan for the Consumer business**

(in thousands)

	2016/3	2017/3	2018/3 Plan	Difference
Titles (SKU)	45	42	37	-5
Package				
Japan	4,700	3,500	2,750	-750
North America	2,600	4,300	4,700	400
Europe	1,200	2,200	2,650	450
Asia	400	400	400	-
Package Total	8,900	10,400	10,500	100
Digital download contents				
Full-game download	6,100	9,000	12,500	3,500
Total	15,000	19,400	23,000	3,600

CAPCOM

Next up is our unit sales plan.

We plan to release 37 titles, which is five less than the previous year; however, we are forecasting 23 million total units sold, package and digital, which is a 3.6 million-unit increase year-over-year.

Looking at package unit sales by region, first, we expect sales in Japan to decline by 750 thousand units to 2.75 million units, following last year's performance of *Monster Hunter XX (Double Cross)*. In North America and Europe we believe major titles targeting the global market, such as *Marvel vs. Capcom: Infinite* and catalog title *Resident Evil 7* will make contributions, with sales in North America expected to increase by 400 thousand units to 4.7 million units, and sales in Europe expected to increase by 450 thousand units to 2.65 million units. We expect sales in Asia to remain on par with the previous year, at 400 thousand units. As a result, we forecast an increase of 100 thousand units overall, bringing the total package unit sales to 10.5 million units for the fiscal year.

We expect full-game downloads to increase by 3.5 million units, to 12.5 million units total.


3-1. Digital Contents – Strategic Objectives and Plan (4)

3-1. Digital Contents – Strategic Objectives and Plan (4)

Build alliances while bolstering use of IP to adapt to changing mobile market; revitalize existing PC Online titles

- **Mobile Contents Strategies**
 - **Produce hits both domestically and overseas**
 - Bolster development of new titles that use Capcom IP
 - Explore broad alliance possibilities with the aim of producing hit titles
 - Localize popular content for developing regions, such as Asia

- **PC Other Strategies**
 - **Revitalize existing titles**
 - Launch updates for major titles both in Japan and Asia



Now I will cover our strategy for Mobile Contents and PC Other.

For Mobile, we will bolster development of new titles featuring Capcom IP while exploring broad alliance possibilities with the aim of producing hit titles.

Further, by bringing titles such as *Monster Hunter Explore* and *Toraware no Paruma* to the Asian region, we will steadily strengthen our earnings base.

We intend to focus on the operations of existing titles for PC Other. As such, we will stabilize profitability by implementing updates for major titles in both Japan and the Asian region, such as for *Monster Hunter Frontier Z* and *Dragon's Dogma Online*.

3-1. Digital Contents – Strategic Objectives and Plan (5)

3-1. Digital Contents – Strategic Objectives and Plan (5)

Expect increased revenue and profit from stable growth in the Consumer business and improvements to the Online business

■ **Digital Contents Plan**

(hundreds of millions of JPY)

	2016/3	2017/3	2018/3 Plan	Difference
Net sales	525	587	650	63
Operating income	121	110	137	27
Operating margin	23.1%	18.9%	21.1%	—
Breakdown of Net Sales				
Package	312	337	365	28
Digital download contents	109	155	185	30
Consumer total	421	492	550	58
Mobile Contents	33	38	50	12
PC Other	71	57	50	-7

CAPCOM

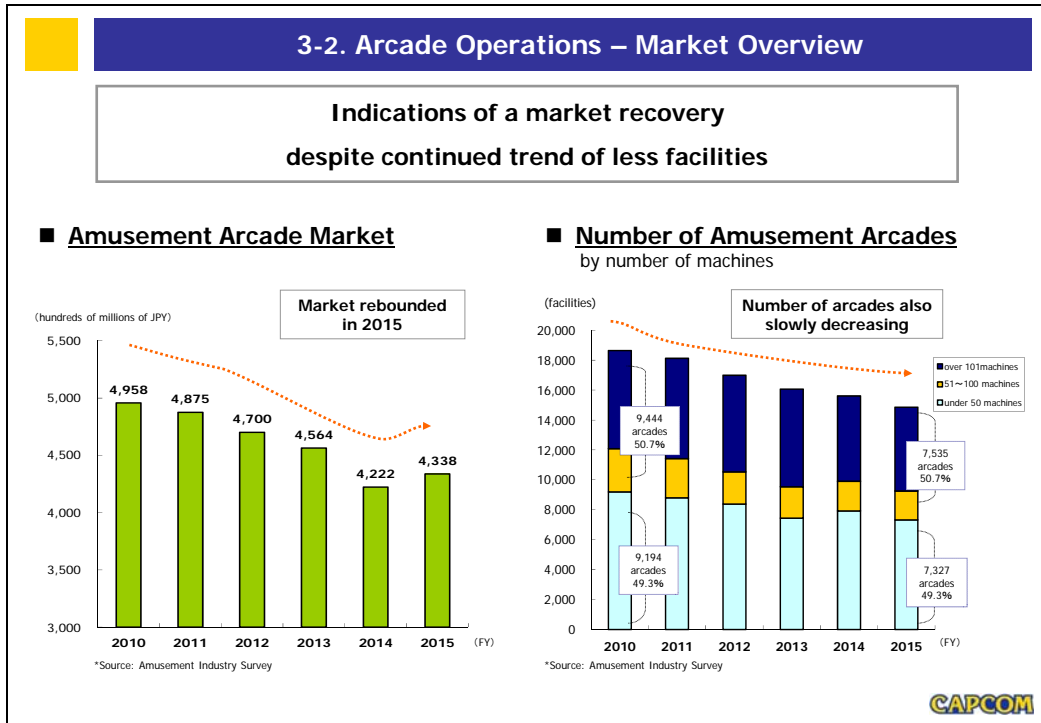
Moving ahead, I will go over our forecast for our Digital Contents business.

This fiscal year, we forecast ¥65 billion in net sales, up ¥6.3 billion year-over-year, and ¥13.7 billion in operating income, up ¥2.7 billion year-over-year. We expect the operating margin to be 21.1%, once more exceeding the 20% mark.

Breaking down net sales by sub-segment, we expect ¥36.5 billion for packaged games, up ¥2.8 billion year-over-year, ¥18.5 billion for digital download contents, up ¥300 million year-over-year, bringing the Consumer total to ¥55 billion, up ¥5.8 billion year-over-year.

In Mobile Contents we expect ¥5 billion, up ¥1.2 billion year-over-year, and in PC Other we are forecasting ¥5 billion, down ¥700 million year-over-year.

3-2. Arcade Operations – Market Overview



Now I would like to discuss the Arcade Operations business.

While the number of facilities continues a slow decline, the size of the market grew slightly.


3-2. Arcade Operations – Strategic Objectives and Plan

3-2. Arcade Operations – Strategic Objectives and Plan


Expect to increase revenue via selective focus on profitable facilities
Strengthen business foundation via development of new category

- **Arcade Operations Strategy**
 - **Open new stores and develop new category in favorable locations**
 - Projected YoY ratio of sales for existing arcades: +3%
 - Plan to open 5 new locations, close 1 location, for a total of 40 locations
 - Stabilize revenue via new categories, including merchandise shops and character-themed restaurant expansions
 - Promote business synergies with Consumer game demos and other game community events
- **Arcade Operations Plan**

	2016/3	2017/3	2018/3 Plan	Difference
Net sales	90	95	100	5
Operating income	7	7	7	0
Operating margin	7.7%	7.9%	7.0%	-
Y/Y ratio of sales for existing arcades	-4%	2%	3%	-



Plaza Capcom Ishinomaki

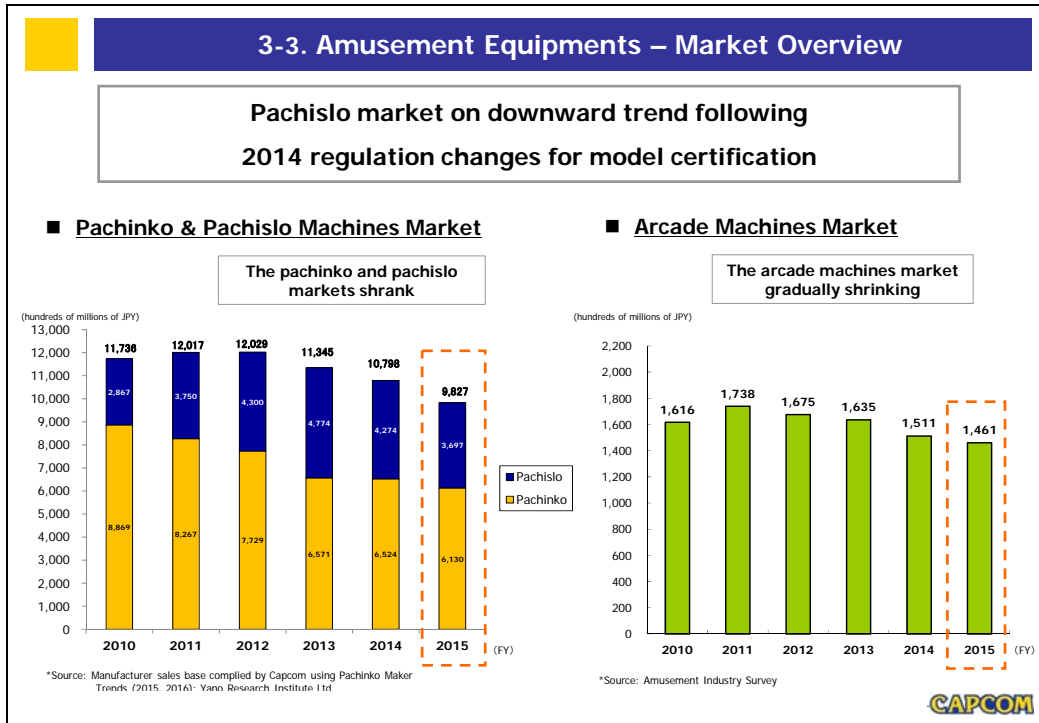


For our strategy this fiscal year, we plan to strengthen our business foundation by developing new categories, and expect to increase revenue by focusing on profitable facilities.

We're forecasting a 3% increase in net sales for existing arcades, and will stabilize revenue with establishments that utilize Capcom IP, such as CharaCap merchandise shops and the Capcom Café. We plan to open five new facilities and close one, giving us a total of 40 facilities. Further, we plan to hold Consumer title-related events, such as game demos, with the aim of generating synergies; as a result of this, we should be able to both attract our home video game customers to our amusement facilities, and to promote our Consumer titles.

This fiscal year we expect net sales of ¥10 billion, up ¥500 million year-over-year, operating income of ¥700 million, the same amount as last year, and an operating margin of 7.0%.

3-3. Amusement Equipments – Market Overview



Moving on, I will go over our Amusement Equipments business.

The pachislo machines market shrunk following regulatory changes for model certification in 2014.

3-3. Amusement Equipments – Strategic Objectives and Plan

3-3. Amusement Equipments – Strategic Objectives and Plan


**Anticipate decrease in profit following major hit in previous year;
continue to regularly release machines using popular IP**

- **Pachinko & Pachislo Strategy**
 - Regularly release cabinets that utilize popular franchises
 - Capcom Pachislo Machine Unit Sales Plan: four models; 50,000 units
 - Scheduled releases: *Ace Attorney* May 2017; *Resident Evil: Revelations* Summer 2017
- **Arcade Games Sales Strategy**
 - Continue to sell cabinets that utilize both Capcom IP and popular, licensed IP
 - *Monster Hunter Medal Hunting G*, a medal game, scheduled for Summer 2017
- **Amusement Equipments Plan**


(hundreds of millions of JPY)

	2016/3	2017/3	2018/3 Plan	Difference
Net sales	133	168	155	-13
Operating income	28	51	38	-13
Operating margin	21.1%	30.3%	24.5%	-

* Ratio of Pachinko & Pachislo to Arcade Games sales approx. 9:1



Pachislo Machine
Ace Attorney



Here is our strategy for the Amusement Equipments business.

We plan to regularly release cabinets that utilize popular franchises in Pachinko & Pachislo; however, we anticipate a decrease in profit year-over-year, following a major hit machine in the previous fiscal year. We plan to release four models this year, totaling 50 thousand units in sales. *Ace Attorney* is scheduled to launch in May, and *Resident Evil: Revelations* in summer.

In Arcade Games Sales, we plan to continue selling cabinets that feature both Capcom IP in addition to other popular licensed properties. We plan to launch *Monster Hunter Medal Hunting G* this summer, a follow-up to the acclaimed *Monster Hunter Medal Hunting*.

This fiscal year we expect net sales of ¥15.5 billion, down ¥1.3 billion year-over-year, operating income of ¥3.8 billion, also down ¥1.3 billion year-over-year, and an operating margin of 24.5%.

3-4. Other Business – Strategic Objectives and Plan

3-4. Other Business – Strategic Objectives and Plan


Maximize brand revenue via increased awareness
Promote our Single Content Multiple Usage Strategy

- **Character Contents Strategy**
 - **Increase awareness of major brands with TV and movies**
 - Feature-length CG film *RESIDENT EVIL: VENDETTA* scheduled for a May 27, 2017 release
 - Animated TV show *Monster Hunter Stories RIDE ON* currently on the air and receiving favorable reviews
 - **Target non-gamers**
 - Expand the Universal Studios Japan attraction *Monster Hunter the REAL*


- **Other Businesses Plan**

	2016/3	2017/3	2018/3 Plan	Difference
Net sales	20	20	25	5
Operating income	5	9	10	1
Operating margin	25.0%	46.5%	40.0%	-

(hundreds of millions of JPY)



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Finally, I would like to discuss our Other Business.

We will continue to execute on our Single Content Multiple Usage strategy in the Other Business.

In Character Contents, we aim to increase awareness of our major brands by leveraging them in video media. This fiscal year, the feature-length CG film *RESIDENT EVIL: VENDETTA* is scheduled for release in May. Additionally, the animated TV show *Monster Hunter Stories RIDE ON* has been gaining traction, gradually building awareness for the brand since it began airing in October of last year.

Also currently running is *Monster Hunter THE REAL*, an attraction featured in the limited-time Universal Cool Japan event at Universal Studios Japan.

This fiscal year we expect net sales of ¥2.5 billion, up ¥500 million year-over-year, operating income of ¥1.0 billion, up ¥100 million year-over-year, and an operating margin of 40.0%.

This ends my presentation.

All of us will continue to work together as one to achieve our business objectives this year, thus we ask for your continued support.

Thank you.