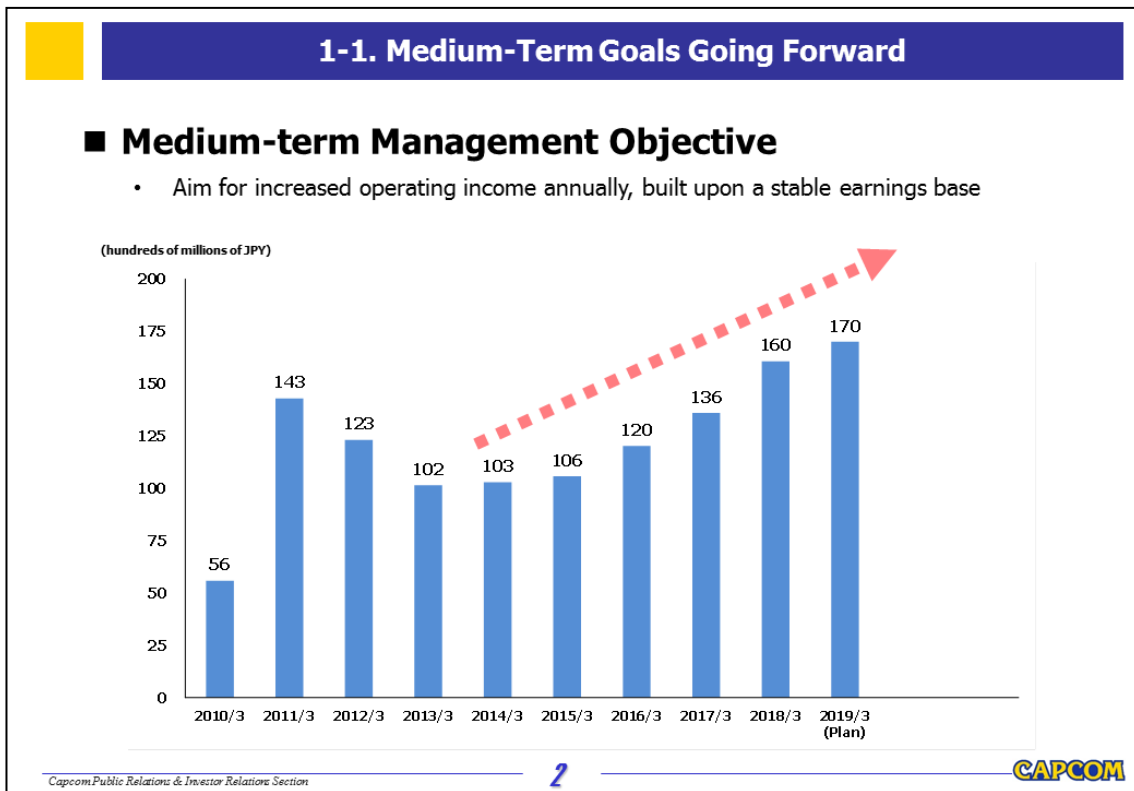


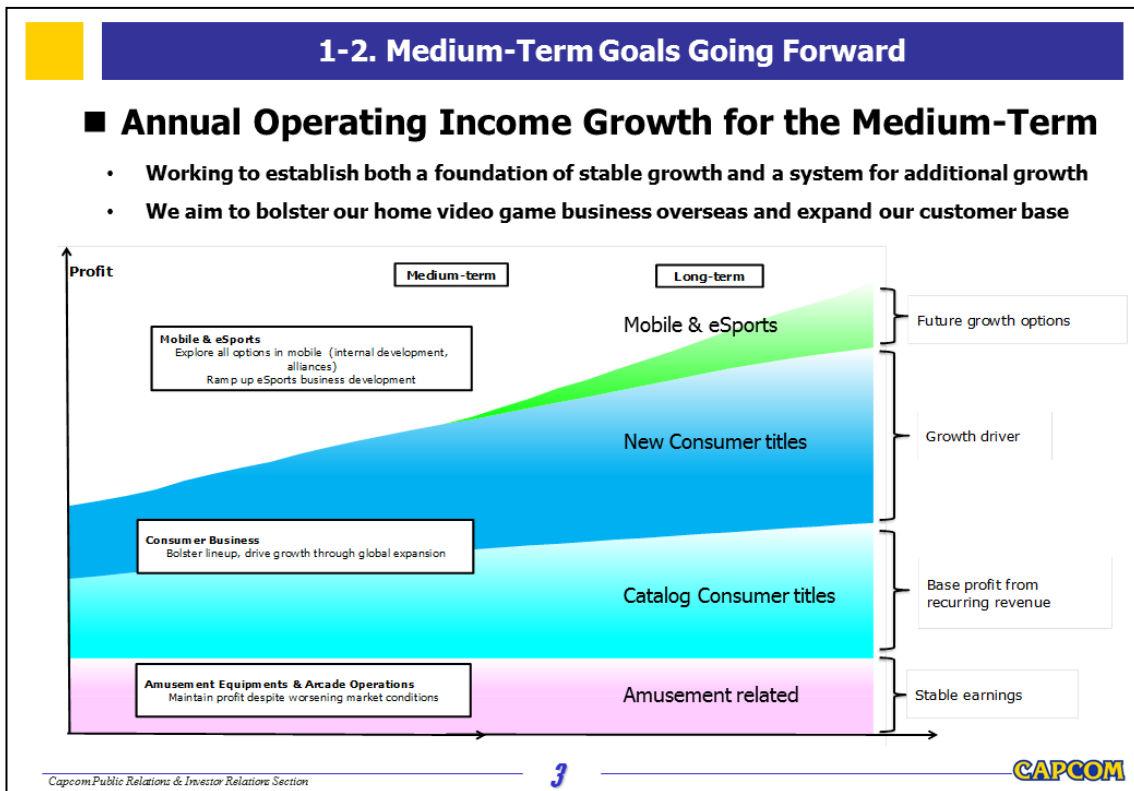
**Financial Results Briefing for the Year ended March 31, 2018**  
**Summary of Chairman and CEO**  
**Kenzo Tsujimoto's Presentation**  
**(May 9, 2018)**

## 1-1. Medium-Term Goals Going Forward



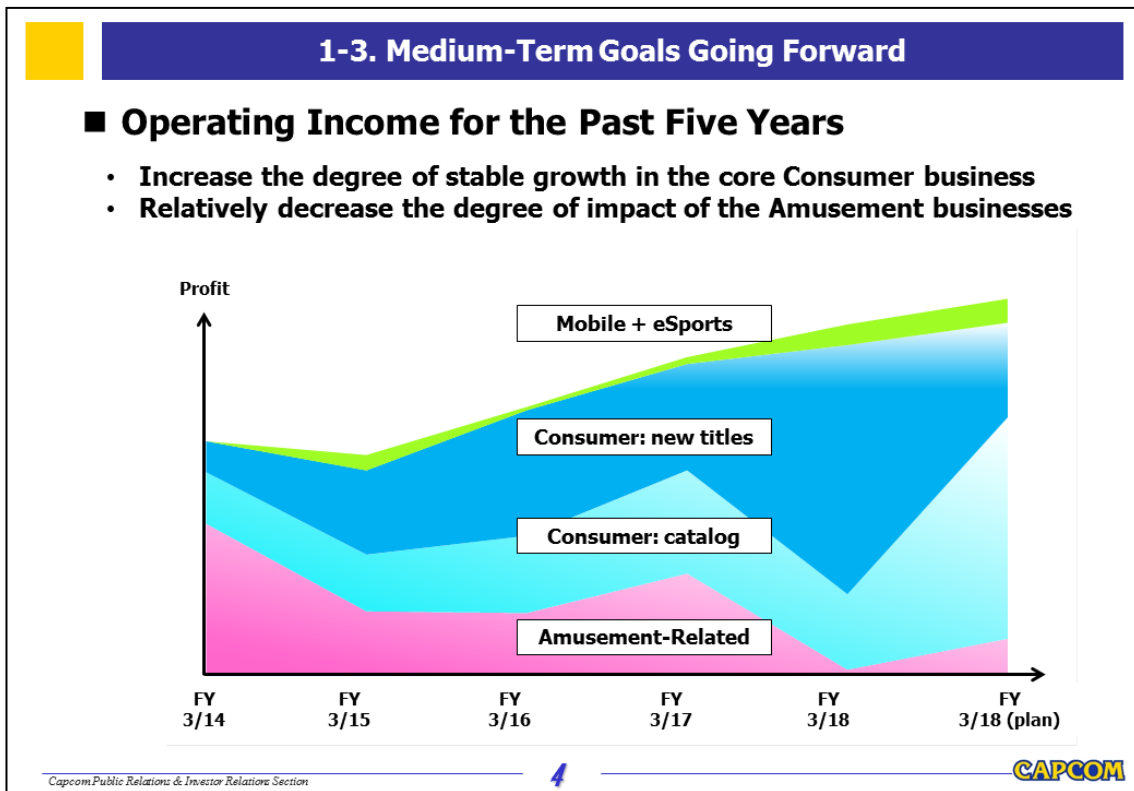
- Since the fiscal year ended March 2014 we have achieved five consecutive years of operating income growth.
- What is more, as a result of optimizing the balance of our work-in-progress in development, the profit line items from ordinary income down have been steadily growing.
- Moving forward, we aim to build up a consistent revenue foundation in order to continue to achieve operating income growth for each of the next five, and even ten, fiscal years.
- Further, due to the rising ratio of digital sales, in the future we can expect to improve our profitability even more, as general costs such as those for discs and packaging decrease.

## 1-2. Medium-Term Goals Going Forward



- This is an image of our future growth that I shared with you in May of last year.
- We will pursue growth driven by our core Consumer business. In addition to strengthening our new titles, we will grow sales of our catalog titles by maximizing the lifecycle of titles via digital sales.
- For each title, we will attempt to continue sales over a five-year period, utilizing a variety of pricing strategies and approaching a wide breadth of user segments. Through endeavors such as these, we aim to achieve 25 million units in sales globally for the current fiscal year.
- An example to illustrate my points: cumulatively, including all associated versions of the game, *Resident Evil 5* has sold more than 10 million units. In the global market, with an install base of 100 million consoles, the amount of customers you acquire is critical, which is why we must set our sights to the world.

### 1-3. Medium-Term Goals Going Forward



- If you lay out our results for the previous five years, you can see that we've built up our profit in the Consumer business, and are on our way to developing a structure of consistent growth.
- In recent years, the Consumer business has accounted for a larger ratio of profit, however, in the past the Pachinko & Pachislo has offset downturns in our Consumer business; we have developed a revenue structure that is holistic, which does not rely on any single business.
- Moving forward, we will continue to pursue profit growth through contributions from our major Consumer IP, such as *Monster Hunter* and *Resident Evil*.
- We've also seen rising interest in esports at the global level in recent years, highlighting the idea that games are not only fun to play but also fun to watch.

- Tournaments are held throughout the world, and likewise, spectators tune in to watch from all corners of the globe. In order to garner a base of support in this market, the content or IP must be something that is familiar to people everywhere. Case in point, *Street Fighter* is played in over 100 countries across the world, with participants gathering for tournaments from more than 20 different countries.
- Capcom is committed to strengthening its esports endeavors both in Japan and overseas. In order to spread esports however, it is important to not only focus on promoting events aimed at pro-gamers or top-tier competitors, but also to build out a foundation for competition by promoting events aimed at amateur players.
- We're aiming for future monetization by focusing our efforts on growing the size of the market over the next five years.

## 2-1. World-Class Brands: *Street Fighter* Games

**2-1. World-Class Brands: *Street Fighter* Games**



# Street Fighter

- **Is #1 in market share** in the US, Europe and Japan for home video games\*
- **More than 70%** of sales from outside of Japan
- **Growing the user base through branding with Hollywood movies and esports**

\*Series share of sales within versus fighting game genre

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- My vision of a “global brand” is one that has top share in the North American and European markets.
- When situated in Japan, it’s often the case that you chase after the top spot in Japan only; however, Japan’s share of the world market is limited. My requirements for growth are, establishing a customer base in more than 100 countries, and producing brands that sell worldwide.
- Fortunately, *Street Fighter* is well known in both North America and Europe; this brand recognition is a strength that contributes to running events, such as when we hold esports tournaments.
- When we consider that digital downloads are only going to further gain traction, and therefore make it possible to approach any market in the world, the importance of the global branding of our content is certain to increase.

## 2-1. World-Class Brands: *Street Fighter* Hollywood Movie

### 2-1. World-Class Brands: *Street Fighter* Hollywood Movie

# *Street Fighter* in Hollywood

- Released in '94, Capcom alone invested the total **¥4 billion** to make
- Revenue related to the film: **¥15.5 billion** (world-class)
- Still streamed across the globe today, strengthening the brand



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- One key to global branding can be found in Hollywood adaptations.
- At the time, there were a fair number of skeptics regarding branching out into movies, however in 1994 we invested the entire ¥4 billion to make this Hollywood film. At that time, and even today, no other Japanese company has completely financed a film and produced a return of ¥15.5 billion.
- Promotion for a given game runs through the short window of time prior to and following the game's release; with a movie however, even after its theater run has ended, it continues to have a presence in the long-term on cable television broadcast or through DVD sales. Even today, we enjoy approximately ¥50 million annually in revenue from this film adaptation.
- From both a global and a long-term perspective, having been confident in 1) the global adoption of the content, 2) the long-term revenue and 3) the increase in users, we

carried out this film adaptation, which has proven successful in translating to not only revenue but also the expansion of the Capcom brand.



## 2-2. World-Class Brands: Movies, Animation and More

2-2. World-Class Brands: Movies, Animation and More

### Establishing Our Brands With Visual Media Some Examples

Movies		
Street Fighter II	Aug. 1994	Feature-length animated movie
Street Fighter	Dec. 1994	Hollywood movie
Resident Evil	Mar. 2002	Hollywood movie
Resident Evil: Apocalypse	Sep. 2004	Hollywood movie
Resident Evil: Extinction	Nov. 2007	Hollywood movie
Resident Evil: Degeneration	Oct. 2008	Feature-length CG movie
Resident Evil: Afterlife	Sep. 2010	Hollywood movie
Sengoku BASARA –The Last Party–	Jun. 2011	Feature-length animated movie
Ace Attorney	Feb. 2012	Movie
Resident Evil: Retribution	Sep. 2012	Hollywood movie
Resident Evil: Damnation	Oct. 2012	Feature-length CG movie
Resident Evil: The Final Chapter	Dec. 2016	Hollywood movie
Resident Evil: Vendetta	May 2017	Feature-length CG movie

TV animation		
Street Fighter II V	Apr. 1995	TV animation
Mega Man Battle Network	Mar. 2002	TV animation
Sengoku BASARA	Apr. 2009	TV animation
Gyakuten Saiban: Sono "Shinjitsu", Igiari!	Apr. 2016	TV animation
Monster Hunter Stories RIDE ON	Oct. 2016	TV animation

Theatrical productions		
Phoenix Wright: Ace Attorney –The Truth Comes Back to Life	Feb. 2009	Takarazuka Revue Company
Sengoku BASARA	Jul. 2009	Theatrical production
Phoenix Wright: Ace Attorney 2	Aug. 2009	Takarazuka Revue Company
Prosecutor Miles Edgeworth: Ace Attorney 3	Jan. 2013	Takarazuka Revue Company
Sengoku BASARA	Jun. 2013	Takarazuka Revue Company
MUSICAL BIOHAZARD: Voice of Gaia	Oct. 2016	Theatrical production

TV dramas		
Sengoku BASARA –MOONLIGHT PARTY–	Jul. 2012	TV drama

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- In addition to *Street Fighter*, we've leveraged content from our global brands to produce numerous works in the visual arts and media.
- These sorts of productions get seen by many people, contributing to strengthening our brands.

## 2-3. World-Class Brands: Resident Evil Games

**2-3. World-Class Brands: *Resident Evil* Games**



# Resident Evil

- Is **#1 in market share** in the US, Europe and Japan\*
- More than **75%** of sales from outside of Japan
- Established brand with **six films** produced in Hollywood
- Growing the user base with **sales of back-catalog titles from the series**

\*Share of weekly sales during week of release

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- *Resident Evil* has also been adapted into its own run of six Hollywood movies, which will contribute to further strengthening the brand in the future.

## 2-4. World-Class Brands: *Monster Hunter* Games

**2-4. World-Class Brands: *Monster Hunter* Games**



# Monster Hunter

- Built into a **top brand**, globally
- *Monster Hunter: World* now Capcom's best-selling title, with **8 million units sold\***
- Growing the user base with multiple updates and upcoming PC release

\*As of April 16, 2018

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- Capcom owns a wealth of various IP, however, in order to solidify *Resident Evil*, *Street Fighter* and *Monster Hunter* as global brands, we will continue to focus on these three.
  
- By growing the scope of digital sales, the new *Monster Hunter: World* became the best-selling title in Capcom's history. However, in considering the total global installation base of hardware, I feel there is still a lot of room for growth. A fundamental strategy for us moving forward will therefore be to aim for global sales expansion over the course of multiple years.

## 2-5. A Portfolio of Leading Brands



- In order to create titles for these top brands, Capcom has invested sizable amounts into development. As such, for a given title that has passed its peak in sales, and for which it has been judged difficult to achieve the lifetime sales target, we endeavor to carry out amortization early.
- At the same time, Capcom is further improving its cash flows on the basis of definite profit generation and accurate recognition of costs.
- Further, in order to ensure dividends as a reward to all of our shareholders, we continue to pursue the goal of increasing our operating income each fiscal year moving forward. In conjunction with this, we are committed to growth in the medium- to long-term, and are making the necessary investments to thrive in the next generation.
- Regarding our Mobile business, we believe that a change is coming in how mobile devices are used for entertainment in the future, due to dramatic upcoming technological innovations as well as advancements in telecommunications standards.

Capcom maintains a forward orientation looking five years ahead, and is structured to flexibly adapt to possible developments in all of our markets.

**Investing in Development & Facilities**

## Investing to be the Best in the World

- **Human Resources**
  - ① **Number of developers: 2,100**
  - ② **New graduates hired: over 100 per year**
  
- **Cutting-Edge Facilities**
  - ① **Technical Center**
  - ② **Opened R&D Bldg. #2**
  - ③ **Established Capcom Juku**



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- Thanks to technological innovations, the way in which we enjoy home video games has evolved. We developed *Monster Hunter: World* to support 4K, however should high-definition games become the norm, beyond games, it could spur on the spread of esports, with spectators viewing events on their big-screen televisions. For our part as well, Capcom is committed to dedicating human resources to the expansion of esports.
  
- Over the next five years, the home video game market is expected to mature further. The install base for major consoles will surpass its current 100 million-unit level, and grow even larger. In the 2017 fiscal year, we made *Monster Hunter: World* a global success; however, we are committed to attaining the same success for our other titles going forward, and ask for your continued support.
  
- I would like to close my presentation here. The president will now explain the details of our strategy.