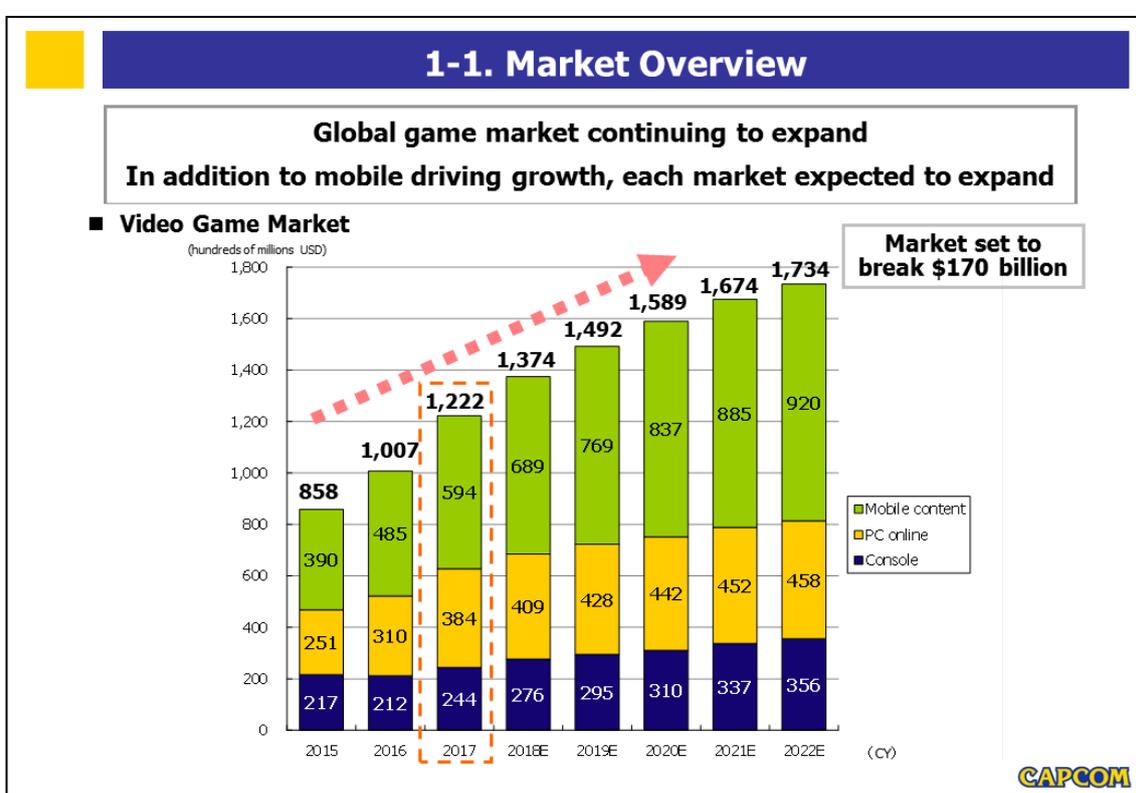


Financial Results Briefing for the Year ended March 31, 2018

Summary of President and COO Haruhiro Tsujimoto's Presentation (May 9, 2018)

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, 2019.

1-1. Market Overview



To begin, I would like to go over the latest market forecasts.

By the year 2022, the market is expected to grow to \$173.4 billion, more than 1.4 times its size in 2017. This market expansion looks to be driven primarily by growth in the mobile market, however, the consumer games market is also expected to grow significantly, up 46% compared to 2017.

One other point, the forecasted figures have been growing each year. One year ago, the data predicted the overall market in 2021 would be \$140 billion, but this year it is forecast to be \$167.4 billion; we've also seen actual results exceeding the forecasts. Further, the growth rates for the consumer and PC online markets are getting higher.

We see this environment as presenting a significant opportunity for growth. As such, we will endeavor to grow our core Consumer business while undertaking cross-platform development and expanding our global presence in regions such as North America, Europe, Asia as well as in developing countries.

2. Forecasts for FY3/19

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**Aim for six consecutive years of increased operating income
driven by growth in the Digital Contents business**

(in millions of JPY)

	2018/3	2019/3 Plan	Difference
Net sales	94,515	96,000	1,485
Operating income	16,037	17,000	963
Operating margin	17.0%	17.7%	-
Ordinary income	15,254	16,500	1,246
Net income attributable to owners of the parent	10,937	12,000	1,063

- Increase sales and profit year-over-year through stable growth in the Consumer business and improvements to the Amusement Equipments business
- Earnings per share forecast: ¥109.60
- Dividend forecast: interim dividend of ¥15 and year-end dividend of ¥15 resulting in a ¥30 dividend for the fiscal year (payout ratio: 27.4%)

*A 2-for-1 stock split of common stock was executed, effective April 1, 2018



Next, I would like to discuss our earnings forecast for the 2018 fiscal year.

Our aim is to achieve six consecutive years of operating income growth, driven by the growth of our Digital Contents business.

Our forecast calls for net sales of ¥96 billion, up ¥1.485 billion year-over-year; operating income of ¥17 billion, up ¥963 million year-over-year; an operating margin of 17.7%; ordinary income of ¥16.5 billion, up ¥1.246 billion year-over-year, and net income attributable to owners of the parent of ¥12 billion, up ¥1.063 billion year-over-year.

Our earnings per share forecast is ¥109.60; our dividend forecast calls for an interim dividend of ¥15, and a year-end dividend of ¥15, resulting in a ¥30 dividend for the full fiscal year. As such, we forecast a 27.4% dividend payout ratio.

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

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

Promote global expansion of major titles
Plan to launch mobile titles developed through alliances

- **Consumer Strategies**
 - **Promote global expansion of major brands**
 - *Monster Hunter: World* broke 8 million units* shipped; aim to grow global unit sales with continued promotion, and with PC version *As of April 16, 2018
 - As with Title Update One (March 22) and Title Update Two (April 19), will release multiple updates to maintain players' interest and catalog sales
 - Planning to release 2 major titles
 - **Grow earnings with digital downloads of new and catalog titles**
 - Digital revenue forecast: 46.3% of Consumer net sales
- **Mobile Strategies**
 - Launch *Dai Gyakuten Saiban 2* for Android/iOS in April
 - Expand alliances both in Japan and overseas leveraging our IP



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

First, in the Digital Contents business we will focus on promoting the global expansion of our major Consumer titles. *Monster Hunter: World* has exceeded 8 million units in sales as of April 16, and moving forward we aim to grow this figure globally with the launch of the PC version, and by focusing on catalog sales of the title. To that end, we will offer title updates, similar to the two we have already released—the first launched on March 22 and the second on April 19. By incorporating customer feedback to improve future updates, we aim to increase user satisfaction, which will support continued user interest and catalog sales of the game.

Further, while for strategic purposes I am unable to disclose their names at the moment, our scheduled pipeline includes the release of two major titles.

We are forecasting that 46.3% of Consumer net sales will be digital, which we plan to achieve by focusing on digital download sales of both new and catalog titles.

In Mobile, we launched *Dai Gyakuten Saiban 2* for Android and iOS in April. We also plan to launch titles developed in association with external partners and featuring our IP, both domestically in Japan and overseas.

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

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

Focus on catalog sales of major titles

Unit sales overall on par with previous fiscal year

■ **FY3/19 Unit Sales Plan for the Consumer business** (in thousands)

	2017/3	2018/3	2019/3 Plan	Difference
Titles (SKU)	42	50	53	3
Package				
Japan	3,500	3,400	2,000	-1,400
North America	4,300	4,300	5,300	1,000
Europe	2,200	2,900	3,250	350
Asia	400	900	750	-150
Package Total	10,400	11,500	11,300	-200
Digital download contents				
Full-game download	9,000	12,900	13,700	800
Total	19,400	24,400	25,000	600



Next is our unit sales plan.

We plan to release 53 titles, which is three more than the previous year. We are forecasting 25 million total units sold, physical and digital, which is largely in-line with the previous year.

Looking at physical unit sales by region, first, we expect sales in Japan and Asia to decline, following last year's performance of *Monster Hunter: World*. In North America and Europe, we believe catalog sales of *Monster Hunter: World* will continue to contribute, and are forecasting an increase year-over-year.

As a result, we forecast 11.3 million units in physical sales, a decrease of 200 thousand units year-over-year.

We expect full-game downloads to increase year-over-year, driven by sales of the PC version of *Monster Hunter: World* and growth in catalog sales outside of Japan.

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

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

Promote catalog sales of *Monster Hunter: World*
Unit sales of catalog titles expected to grow significantly

■ Breakdown of FY3/19 New and Catalog Consumer Unit Sales and Major Titles (thousands of units)

	2016/3	2017/3	2018/3	2019/3 Plan
Consumer				
NEW				
major titles	Monster Hunter X (Cross) Street Fighter V Resident Evil 0 HD Remaster	Resident Evil 7 Monster Hunter XX (Double Cross) Resident Evil 5 (Re-release) Resident Evil 4 (Re-release)	Monster Hunter: World Marvel vs. Capcom Infinite Resident Evil: Revelations 1& 2 (Re-releases)	Major Title 1 Major Title 2 others
New Unit Sales	8,000	10,600	13,400	7,400
CATALOG				
major titles	Resident Evil: Revelations 2 Monster Hunter 4G	Monster Hunter X (Cross) Resident Evil 6 (Re-release)	Resident Evil 7 Monster Hunter XX (Double Cross)	Monster Hunter: World others
Catalog Unit Sales	7,000	8,800	11,000	17,600
Titles (SKU)	45	42	50	53
Total	15,000	19,400	24,400	25,000

*Titles released within a given fiscal year calculated as new titles; titles released prior to a given fiscal year calculated as catalog titles.



Here we have a breakdown of the unit sales for our new and catalog titles, as well as our major titles, for this fiscal year.

For new titles, including the two new major titles we plan to release, we forecast 7.4 million units in sales. For catalog titles, we forecast 17.6 million units in sales, making a total of 25 million units for the year.

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

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

**Expect increased sales and profit driven
primarily by stable growth of Consumer business**

■ Digital Contents Plan

(hundreds of millions of JPY)

	2017/3	2018/3	2019/3 Plan	Difference
Net sales	587	741	755	14
Operating income	110	191	200	9
Operating margin	18.9%	25.8%	26.5%	—
Breakdown of Net Sales				
Package	337	383	360	-23
Digital download contents	155	269	310	41
Consumer total	492	652	670	18
Mobile Contents	38	41	55	14
PC Other	57	48	30	-18

CAPCOM

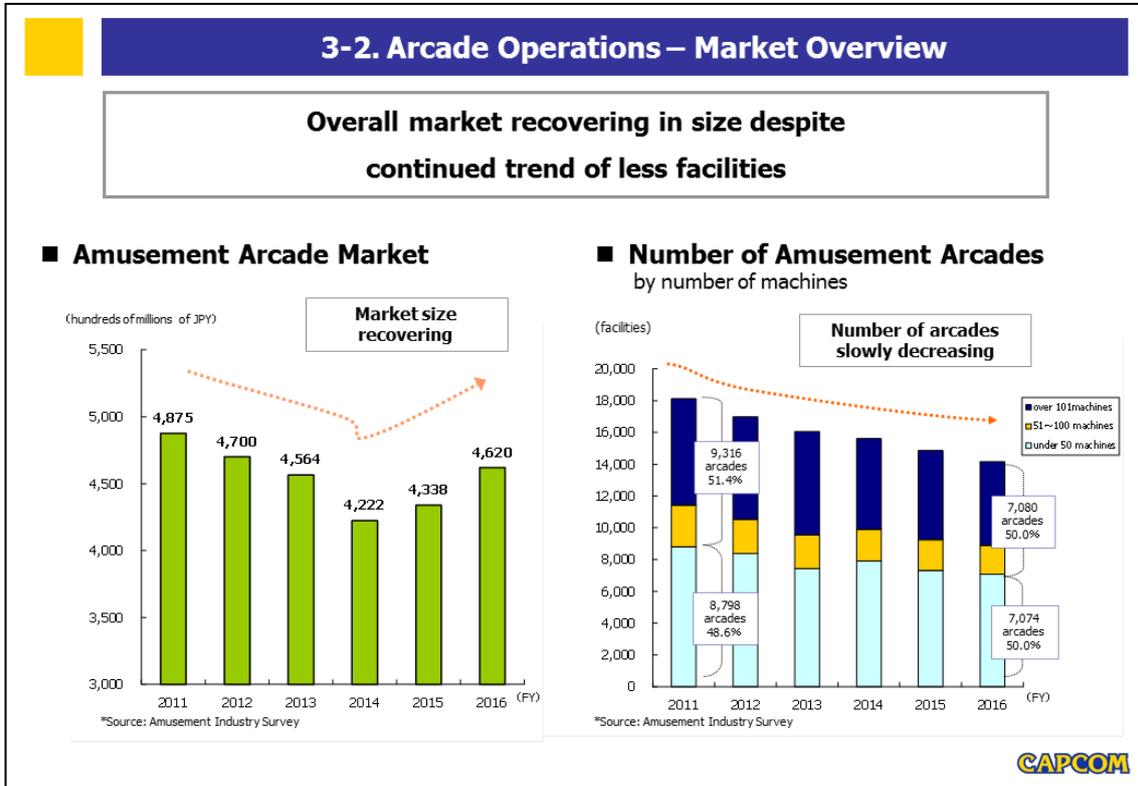
Now I will cover our plan for the Digital Contents business.

Our forecast calls for net sales of ¥75.5 billion, up ¥1.4 billion year-over-year; operating income of ¥20 billion, up ¥900 million year-over-year; and an operating margin of 26.5%.

Breaking down net sales by segment, we expect physical sales to decrease by ¥2.3 billion year-over-year to ¥36 billion, following the release of *Monster Hunter: World* in the previous fiscal year, while digital download sales increase by ¥4.1 billion year-over-year to ¥31 billion, due to contributions from catalog sales. The resulting forecast for total Consumer net sales is ¥67 billion.

In Mobile Contents, including revenue from titles developed in association with external partners, we expect net sales to increase by ¥1.4 billion year-over-year to ¥5.5 billion. Meanwhile in PC Others, in considering the number of years our existing titles *Monster Hunter Frontier Z* and *Dragon's Dogma Online* have been in operation, we expect net sales to decrease by ¥1.8 billion year-over-year to ¥3 billion.

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 amusement arcade market is showing a recovery trend.

3-2. Arcade Operations – Strategic Objectives and Plan

3-2. Arcade Operations – Strategic Objectives and Plan

Same store sales set to improve with market recovery
Pursue business expansion through new store openings

- **Arcade Operations Strategy**
 - **Develop new formats and promote tie-ups with other businesses**
 - Projected same store sales: +2%
 - Plan to open 4 new stores and close no stores, for a total of 40 stores
 - Build out market foundation through running Capcom Esports Club
 - Promote business synergies with Consumer game demos and other game community events
- **Arcade Operations Plan**

	2017/3	2018/3	2019/3 Plan	Difference
Net sales	95	102	110	8
Operating income	7	8	10	2
Operating margin	7.9%	8.6%	9.1%	-
Same store sales	2%	2%	2%	-

(hundreds of millions of JPY)



Plaza Capcom Hiroshima



This fiscal year, we aim to improve same store sales on the back of the market’s recovery, and plan to pursue business expansion through new store openings.

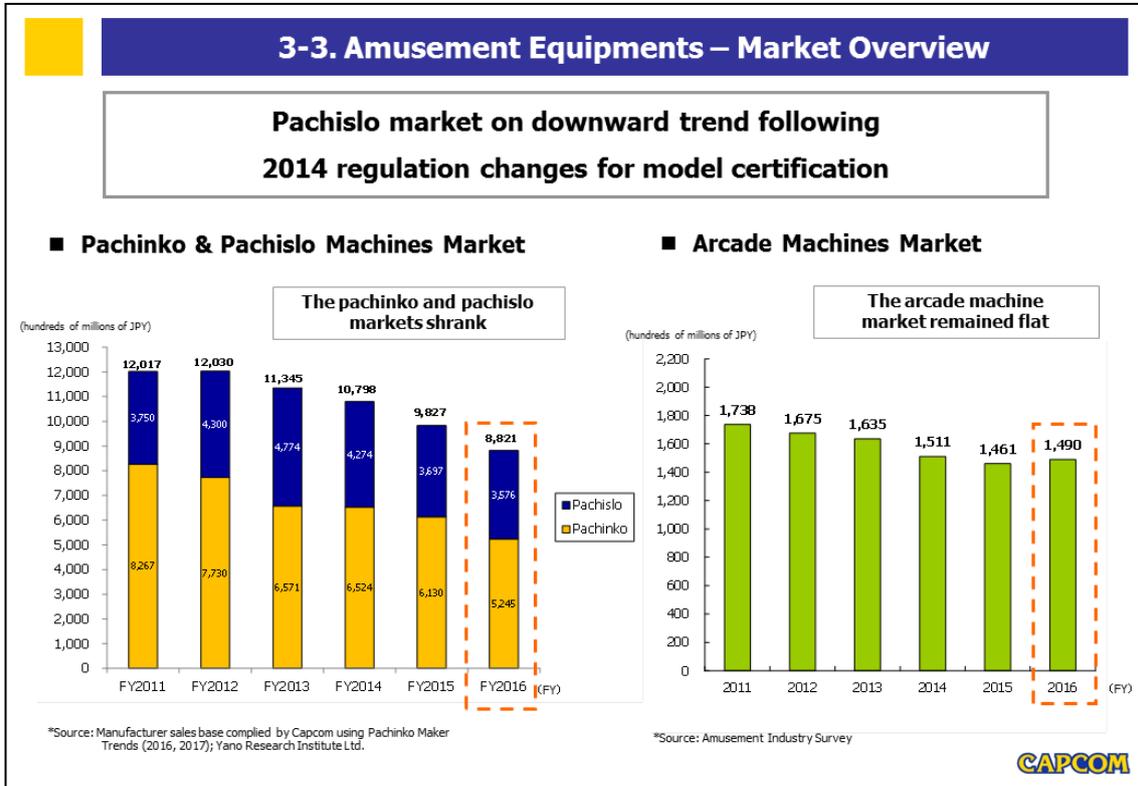
We’re forecasting a 2% increase in same store sales.

We plan to open four new stores and close none, giving us a total of 40 stores.

Further, we plan to utilize our stores to promote esports. Through running Capcom Esports Clubs, we aim to build out the esports market foundation while pursuing greater revenue and profit. Also, in order to attract customers to our stores, we plan to hold Consumer game demos or other events that showcase our IP.

This fiscal year we expect net sales of ¥11 billion, up ¥800 million year-over-year, operating income of ¥1 billion, up ¥200 million year-over-year, and an operating margin of 9.1%

3-3. Amusement Equipments – Market Overview



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

The pachislo machines market continued to shrink following regulatory changes for model certification in 2014. However, following the announcement of partial changes to self-regulation in January of this year, it is being forecast that a recovery is possible.

As with the amusement arcades market, the arcade machines market had been shrinking; however, there was a slight recovery in the 2016 fiscal year.

3-3. Amusement Equipments – Strategic Objectives and Plan

3-3. Amusement Equipments – Strategic Objectives and Plan

Concentrate on sales along with PS market environment

Decrease of costs associated with Arcade Games Sales

- **Pachinko & Pachislo Strategy**
 - Regularly release models that utilize popular franchises
 - Capcom Pachislo Machine Unit Sales Plan: five models; 24,000 units
 - Scheduled releases: *Okami ~Kaidouhen~* June 2018
- **Arcade Games Sales Strategy**
 - Continue to sell existing products
- **Amusement Equipments Plan**

	2017/3	2018/3	2019/3 Plan	Difference
Net sales	168	78	70	-8
Operating income	51	-7	10	17
Operating margin	30.3%	-	14.3%	-

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



Pachislo Machine
Okami ~Kaidouhen~



Here is our strategy for the Amusement Equipments business.

We plan to continue to release machines that utilize our IP in Pachinko & Pachislo. We plan to release five models this year, totaling 24 thousand units in sales. *Okami ~Kaidouhen~* (compliant with model certification testing) is scheduled to launch in June.

In Arcade Games Sales, we plan to continue selling existing products.

This fiscal year, and in light of the market environment, we expect net sales of ¥7 billion, down ¥800 million year-over-year. We also expect a return to profitability, as the impact accompanying reassessment of valuations of work-in-progress in the previous fiscal year in Arcade Games Sales should dissipate. We expect an operating income of ¥1 billion, and an operating margin of 14.3%.

3-4. Other Business – Strategic Objectives and Plan

3-4. Other Business – Strategic Objectives and Plan

Work to grow eSports
Promote our Single Content Multiple Usage Strategy

■ **Esports Strategy**

- **Create business opportunities within esports**
 - Established dedicated business division (eSports Group)
 - Hold the CAPCOM Pro Tour Japan Premier Tournament, award points to high ranking players for the CAPCOM CUP 2018 world championship to energize the Japanese market



■ **Character Contents Strategy**

- **Increase awareness of major brands with collaborations, TV and movies**
 - Animated TV show *Gyakuten Saiban: Sono "Shinjitsu", Igiari! Season 2* begins airing fall 2018
 - Monster Hunter: The Real running at Universal Cool Japan 2018

■ **Other Businesses Plan**

	2017/3	2018/3	2019/3 Plan	Difference
Net sales	20	23	25	2
Operating income	9	11	-4	-15
Operating margin	46.5%	48.2%	-	-

(hundreds of millions of JPY)



Finally, I would like to discuss our Other Businesses.

This fiscal year we are placing a strategic emphasis on pursuing expansion into esports within Other Businesses.

In April, we established the eSports Group as a dedicate esports business division.

In terms of domestic activities, we plan to hold the Capcom Pro Tour Japan Premier Tournament at the Tokyo Game Show in September. Further, in order to energize the Japanese market, we have prepared a spot at the Capcom Cup 2018 world championship for Japan's top ranking player, who will have acquired points throughout the year at events such as the aforementioned tournament.

In Character Contents, in addition to the broadcast of the animated TV show *Gyakuten Saiban: Sono "Shinjitsu", Igiari! Season 2* in autumn of 2018, Monster Hunter: The Real is once again being featured at Universal Cool Japan.

This fiscal year we expect net sales of ¥2.5 billion, up ¥200 million year-over-year. However, due to prioritizing investment in esports, we anticipate an operating loss of ¥400 million, down ¥1.5 billion year-over-year.

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.