



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

First Half Report
Fiscal year ending March 31, 2022

■ Regarding H1 Results

- **Digital sales, included those for major new titles, contributed to YoY sales and profit growth**
- **Continued operating stores under reduced hours in the Arcade Operations business to minimize impact of COVID-19**
- **On track with full-year plan**

■ Regarding Full-Year Business Plan

- **Currently no changes to initial full-year guidance**
- **Announced January 12, 2022 release date for PC version of *Monster Hunter Rise* (January 13 JST)**

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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 of home video games, 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 FY3/22

Aiming for nine consecutive years of OP growth and highest profit in company history, driven by Digital Contents business

(million yen)

	2021/3	2022/3 Plan	Difference
Net sales	95,308	100,000	4,692
Operating income	34,596	42,000	7,404
Operating margin	36.3%	42.0%	-
Ordinary income	34,845	42,000	7,155
Net income attributable to owners of the parent	24,923	30,000	5,077

*No changes to the full-year forecast announced on May 10, 2021.

- Earnings per share forecast: ¥140.52
- Dividend forecast: interim dividend of ¥18 and year-end dividend of ¥18 resulting in a ¥36 dividend for the fiscal year

*With an effective date of April 1, 2021, Capcom performed a 2-for-1 stock split of its common stock.

2-1. Q2 Financial Highlights – Consolidated Business Results (1)

■ 6 Months Results in FY9/20 vs. FY9/21

(million yen)

	2020/9	2021/9	Difference
Net sales	42,059	69,995	27,936
Operating income	17,863	28,924	11,061
Operating margin	42.5%	41.3%	-
Ordinary income	17,571	29,723	12,152
Net income attributable to owners of the parent	12,993	22,219	9,226

- Sales and profits up YoY driven primarily by contributions of multiple major new titles and digital sales in the Consumer sub-segment
- Booked ¥761 million in non-operating income due to gain on liquidation of subsidiaries

2-1. Q2 Financial Highlights – Consolidated Business Results (2)

■ FY9/21 Net Sales/Operating Income (by segment)

(million yen)

	2020/9	2021/9	Difference	2022/3 Plan
Net sales	42,059	69,995	27,936	100,000
Digital Contents	35,378	59,803	24,425	77,800
Arcade Operations	4,031	5,647	1,616	13,000
Amusement Equipments	1,325	1,611	286	5,500
Other Businesses	1,323	2,933	1,610	3,700
Operating income	17,863	28,924	11,061	42,000
Digital Contents	19,849	30,216	10,367	44,800
Arcade Operations	-262	71	333	700
Amusement Equipments	18	388	370	2,000
Other Businesses	552	1,370	818	1,000
Adjustments*	-2,294	-3,121	-827	-6,500

*Adjustments include unallocated corporate operating expenses. The corporate operating expenses, which do not belong to any reportable segment, mainly consist of administrative expenses.

2-2. Q2 Financial Highlights – Financial Position

■ FY9/21 Balance Sheet/Statement of Cashflows (Summary)

Balance Sheet (million yen)

Assets	2021/3	2021/9	Difference
Current Assets	127,391	144,604	17,213
Cash on hand and in banks	71,239	111,524	40,285
Notes and accounts receivable - trade	25,096	6,097	-18,999
Work in progress for game software	24,443	21,852	-2,591
Other	6,613	5,131	-1,482
Fixed Assets	36,321	36,360	39
Total assets	163,712	180,964	17,252
Liabilities			
Current Liabilities	32,590	33,009	419
Notes and accounts payable - trade			
Electronically recorded monetary liabilities	3,702	2,592	-1,110
Deferred income	6,673	8,100	1,427
Other	22,215	22,317	102
Long-term liabilities	10,327	10,202	-125
Total liabilities	42,918	43,212	294
Net Assets			
Shareholders' equity	120,967	138,275	17,308
Other	-173	-522	-349
Total net assets	120,794	137,752	16,958
Total liabilities and net assets	163,712	180,964	17,252

Statement of Cashflows (million yen)

	2020/9	2021/9	Difference
Cash flows from operating activities	8,802	48,432	39,630
Net income before income taxes	17,564	29,718	12,154
Change in work in progress for game software	-2,604	2,592	5,196
(Negative numbers indicate an increase)			
Cash flows from investing activities	-2,451	-6,174	-3,723
Cash flows from financing activities	-3,643	-5,591	-1,948
Effect of exchange rate changes on cash and cash equivalents	-196	182	378
Net change in cash and cash equivalents	2,511	36,848	34,337
Cash and cash equivalents at beginning of year	59,672	64,043	4,371
Cash and cash equivalents at end of quarter	62,183	100,892	38,709

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

Increased sales and profit driven primarily by package and digital sales accompanying new major title release in Consumer

■ Digital Contents Performance for the 6 months

(100 million yen)

	2019/9	2020/9	2021/9	2022/3 Plan
Net sales	291	353	598	778
Consumer breakdown				
Package	75	73	233	218
Digital (incl. digital license)	199	248	345	515
Digital license portion		10	7	5
Consumer total	274	321	578	733
Deferred revenue portion			-14	
Mobile Contents	17	32	19	45
Operating income	145	198	302	448
Operating margin	49.7%	56.1%	50.5%	57.6%

*Digital license indicates one-time income from providing content etc. to online platforms

3-1. Business Segments – Digital Contents (2)

Sales volume up 43% YoY; Growth in all categories
including overseas units (81.8% of total) and digital units (70.2% of total)

■ Unit Sales for the 6 Months (Consumer)

(units in thousands)

	2019/9		2020/9		2021/9		2022/3 Plan	
New Titles (SKU)	15		7		13		13	
Number of titles sold / sales regions					301 / 207			
Total unit sales	11,100		13,800		19,800		32,000	
Overseas units	8,600	77.5%	12,000	87.0%	16,200	81.8%	26,400	82.5%
Japan units	2,500	22.5%	1,800	13.0%	3,600	18.2%	5,600	17.5%
Digital units	8,450	76.1%	11,400	82.6%	13,900	70.2%	26,500	82.8%
Physical units	2,650	23.9%	2,400	17.4%	5,900	29.8%	5,500	17.2%
Catalog units	7,750	69.8%	10,950	79.3%	13,200	66.7%	23,900	74.7%
New units	3,350	30.2%	2,850	20.7%	6,600	33.3%	8,100	25.3%
Major titles								
New	Monster Hunter World: Iceborne		Resident Evil 3		Resident Evil Village Monster Hunter Stories 2: Wings of Ruin		Resident Evil Village Monster Hunter Stories 2: Wings of Ruin	
Catalog	Monster Hunter: World Resident Evil 2 Devil May Cry 5		Monster Hunter World: Iceborne Resident Evil 2 Resident Evil 7 biohazard Monster Hunter: World		Monster Hunter Rise Resident Evil 7 biohazard Monster Hunter World: Iceborne Resident Evil 2 Resident Evil 3 Monster Hunter: World		Monster Hunter Rise Monster Hunter World: Iceborne Resident Evil 3 Resident Evil 2 Monster Hunter: World Resident Evil 7 biohazard	

**New*: titles released in the current fiscal year; *Catalog*: titles released in the previous fiscal year or earlier

*Includes distribution titles

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

Focused on expanding sales of new major title and long-term sales of titles released in previous fiscal years

■ 6 Months Highlights (Consumer)

- *Resident Evil Village* exceeds 4.8 million units sold
Resident Evil 7 biohazard hits series-first record of 10 million units
- New title *Monster Hunter Stories 2: Wings of Ruin* tops 1.3 million units
Monster Hunter: World surpasses 20 million* units globally
*Includes shipments of *Monster Hunter World: Iceborne Master Edition*



*Monster Hunter Stories 2:
Wings of Ruin*

■ 6 Months Highlights (Mobile Contents)

- Favorable performance from alliance title *Devil May Cry: Peak of Combat*, launched June 11 in China

3-2. Business Segments – Arcade Operations

Same store sales showed signs of recovery
Carrying out shortened operating hours at some stores

■ 6 Months Business Results

(100 million yen)

	2019/9	2020/9	2021/9	2022/3 Plan
Net sales	62	40	56	130
Operating income	9	-2	0	7
Operating margin	14.7%	-	1.3%	5.4%
Same store sales	+9%	-40%	+36%	+23%

■ Number of Stores

(stores)

	2020/3	2021/3	2021/9	2022/3 Plan
New stores	3	1	2	3
Closed stores	0	0	1	1
Total	40	41	42	43

■ 6 Months Highlights

- Same store sales: +36%
- Opened new store Miraino Aeon Mall Hakusan on July 19

3-3. Business Segments – Amusement Equipments

**Sales and profit up from increased sales volume
including catalog sales of popular models**

■ 6 Months Business Results

(100 million yen)

	2019/9	2020/9	2021/9	2022/3 Plan
Net sales	2	13	16	55
Operating income	0	0	3	20
Operating margin	27.8%	1.4%	24.1%	36.4%

■ 6 Months Highlights

- Released one new model, 8.5 thousand total units sold
(Released one new model, 3.7 thousand total units sold
in same period of the previous year)
- New model *Hyakka Ryoran Samurai Girls* sold 4.5 thousand units
Catalog model *Resident Evil 7 biohazard* sold 4 thousand units



Hyakka Ryoran Samurai Girls

pachislo machine

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3-4. Business Segments – Other Businesses

**Pursued Single Content Multiple Usage strategy
in conjunction with game title sales**

■ 6 Months Business Results

(100 million yen)

	2019/9	2020/9	2021/9	2022/3 Plan
Net sales	16	13	29	37
licensing/ media		12	28	35
eSports		1	1	2
Operating income	7	5	13	10
licensing/ media		8	15	19
eSports		-3	-2	-9
Operating margin	44.9%	41.7%	46.7%	27.0%

■ 6 Months Highlights

- CG animated series *Resident Evil: Infinite Darkness*, CG movie *Monster Hunter: Legends of the Guild* streamed on Netflix
- 1-on-1 esports tournament series Capcom Pro Tour Online 2021 underway worldwide
- Carried out collaboration between *Street Fighter V* and popular overseas game app

4. Plans for this Fiscal Year

- **Digital Contents business**
 - **PC release of *Monster Hunter Rise* scheduled for January 12, 2022 (January 13 JST)**
 - **Continue to promote sales growth for new and catalog titles in Consumer sub-segment**

- **Amusement Equipments business**
 - **3 new pachislo models scheduled for release, including *Monster Hunter: World Gold Hunting***

- **Other businesses**
 - **Live-action movie *Resident Evil: Welcome to Raccoon City* scheduled for November theatrical release overseas**
 - **Kicked off esports league Street Fighter League: Pro-JP 2021 in October, under 8-company-team-ownership system**

5-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2020/3	2021/3	2022/3 Plan	%	2021/9
Net Sales	81,591	95,308	100,000	104.9%	69,995
Gross Profit	40,947	52,741	62,000	117.6%	39,332
Margin (%)	50.2%	55.3%	62.0%	-	56.2%
Sales and G&A Expenses	18,119	18,145	20,000	110.2%	10,407
Operating Income	22,827	34,596	42,000	121.4%	28,924
Margin (%)	28.0%	36.3%	42.0%	-	41.3%
Ordinary Income	22,957	34,845	42,000	120.5%	29,723
Margin (%)	28.1%	36.6%	42.0%	-	42.5%
Net income attributable to owners of the parent	15,949	24,923	30,000	120.4%	22,219
Margin (%)	19.5%	26.1%	30.0%	-	31.7%

● Sales and Profit by Business Segments

(million yen)

		2020/3	2021/3	2022/3 Plan	%	2021/9
Digital Contents	Net Sales	59,942	75,300	77,800	103.3%	59,803
	Operating Income	24,161	37,002	44,800	121.1%	30,216
	Margin (%)	40.3%	49.1%	57.6%	-	50.5%
Arcade Operations	Net Sales	12,096	9,871	13,000	131.7%	5,647
	Operating Income	1,211	149	700	469.8%	71
	Margin (%)	10.0%	1.5%	5.4%	-	1.3%
Amusement Equipments	Net Sales	6,533	7,090	5,500	77.6%	1,611
	Operating Income	2,085	2,407	2,000	83.1%	388
	Margin (%)	31.9%	33.9%	36.4%	-	24.1%
Others	Net Sales	3,018	3,045	3,700	121.5%	2,933
	Operating Income	544	987	1,000	101.3%	1,370
	Margin (%)	18.0%	32.4%	27.0%	-	46.7%

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: 120 million units**



Resident Evil 3 honored with Award for Excellence at Japan Game Awards

- ***Street Fighter* series: 47 million units**



Released additional characters in *Street Fighter V: Champion Edition*

- ***Monster Hunter* series: 78 million units**



Monster Hunter Rise: Sunbreak scheduled for Summer 2022 release

- ***Mega Man* series: 37 million units**
- ***Devil May Cry* series: 24 million units**
- ***Dead Rising* series: 14 million units**