



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

3rd Quarter Report
Fiscal year ending March 31, 2022

■ Regarding Q3 Results

- Digital sales for major new titles and catalog titles contributed to YoY sales and profit growth
- Profit items tracking in-line with expectations compared to full-year fiscal guidance
- Continuing to prioritize safety in business operations and minimize impact of COVID-19
- Scheduled to join Prime Market division of the Tokyo Stock Exchange in April 2022

■ Regarding Full-Year Business Plan

- Currently no changes to initial full-year guidance
- Released *Monster Hunter Rise* for PC, on January 12, 2022 (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 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 FY3/22

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. Q3 Financial Highlights – Consolidated Business Results (1)

■ 9 Months Results in FY12/20 vs. FY12/21

(million yen)

	2020/12	2021/12	Difference
Net sales	64,867	88,163	23,296
Operating income	24,382	35,096	10,714
Operating margin	37.6%	39.8%	-
Ordinary income	24,088	36,148	12,060
Net income attributable to owners of the parent	17,523	26,708	9,185

- Sales and profits up YoY driven primarily by contributions of two 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. Q3 Financial Highlights – Consolidated Business Results (2)

■ FY12/21 Net Sales/Operating Income (by segment)

(million yen)

	2020/12	2021/12	Difference	2022/3 Plan
Net sales	64,867	88,163	23,296	100,000
Digital Contents	48,966	70,453	21,487	77,800
Arcade Operations	7,018	8,992	1,974	13,000
Amusement Equipments	6,712	4,937	-1,775	5,500
Other Businesses	2,170	3,781	1,611	3,700
Operating income	24,382	35,096	10,714	42,000
Digital Contents	24,787	35,894	11,107	44,800
Arcade Operations	86	419	333	700
Amusement Equipments	2,431	1,932	-499	2,000
Other Businesses	861	1,549	688	1,000
Adjustments*	-3,785	-4,699	-914	-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. Q3 Financial Highlights – Financial Position

■ FY12/21 Balance Sheet/Statement of Cashflows (Summary)

Balance Sheet (million yen)

Assets	2021/3	2021/12	Difference
Current Assets	127,391	141,299	13,908
Cash on hand and in banks	71,239	100,774	29,535
Notes and accounts receivable - trade	25,096	9,866	-15,230
Work in progress for game software	24,443	26,148	1,705
Other	6,613	4,511	-2,102
Fixed Assets	36,321	34,531	-1,790
Total assets	163,712	175,831	12,119
Liabilities			
Current Liabilities	32,590	26,561	-6,029
Notes and accounts payable - trade			
Electronically recorded monetary liabilities	3,702	3,393	-309
Deferred revenue	6,673	8,338	1,665
Other	22,215	14,830	-7,385
Long-term liabilities	10,327	10,251	-76
Total liabilities	42,918	36,813	-6,105
Net Assets			
Shareholders' equity	120,967	138,920	17,953
Other	-173	96	269
Total net assets	120,794	139,017	18,223
Total liabilities and net assets	163,712	175,831	12,119

Statement of Cashflows (million yen)

	2020/12	2021/12	Difference
Cash flows from operating activities	7,867	41,461	33,594
Net income before income taxes	24,078	36,142	12,064
Change in notes and accounts receivable - trade	4,382	15,253	10,871
(Negative numbers indicate an increase)			
Change in work in progress for game software	-2,729	-1,701	1,028
(Negative numbers indicate an increase)			
Cash flows from investing activities	-3,372	-6,724	-3,352
Cash flows from financing activities	-6,439	-9,537	-3,098
Effect of exchange rate changes on cash and cash equivalents	-361	605	966
Net change in cash and cash equivalents	-2,305	25,804	28,109
Cash and cash equivalents at beginning of year	59,672	64,043	4,371
Cash and cash equivalents at end of quarter	57,366	89,848	32,482

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

Both package and digital sales grew driven by new major titles and catalog titles in the Consumer sub-segment

■ Digital Contents Performance for the 9 Months

(100 million yen)

	2019/12	2020/12	2021/12	2022/3 Plan
Net sales	405	489	704	778
Consumer Breakdown				
Package	97	99	256	218
Digital (incl. digital license)	282	343	418	515
Digital license portion		29	8	5
Consumer total	379	442	674	733
Deferred revenue portion			-16	
Mobile Contents	26	47	30	45
Operating income	198	247	358	448
Operating margin	49.0%	50.6%	50.9%	57.6%

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

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

Unit sales volume up YoY

Growth across all categories, including overseas and digital sales

■ Unit Sales for the 9 Months (Consumer)

(units in thousands)

	2019/12		2020/12		2021/12		2022/3 Plan	
New Titles (SKU)	22		11		19		24	
Number of titles sold / sales regions					301 / 211			
Total unit sales	16,500		19,800		25,800		32,000	
Overseas units	13,350	80.9%	17,100	86.4%	21,550	83.5%	26,400	82.5%
Japan units	3,150	19.1%	2,700	13.6%	4,250	16.5%	5,600	17.5%
Digital units	12,800	77.6%	16,200	81.8%	18,700	72.5%	26,500	82.8%
Physical units	3,700	22.4%	3,600	18.2%	7,100	27.5%	5,500	17.2%
Catalog units	12,200	73.9%	15,800	79.8%	18,200	70.5%	23,900	74.7%
New units	4,300	26.1%	4,000	20.2%	7,600	29.5%	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 Monster Hunter: World Resident Evil 7 biohazard		Monster Hunter Rise Resident Evil 7 biohazard Resident Evil 2 Monster Hunter World: Iceborne 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 growing new-title sales for major brands

Aimed to build synergies with sales promotion of past series entries

■ 9 Months Highlights (Consumer)

- *Resident Evil Village* topped 5.7 million units; won total of 4 awards at Golden Joystick Awards 2021, including Ultimate Game of the Year
- *Resident Evil 7 biohazard* achieved 6th consecutive fiscal year of more than 1 million units in sales
- New title *Monster Hunter Stories 2: Wings of Ruin* sold more than 1.4 million units
- *Monster Hunter Rise* exceeded 8 million units sold (as of January 18, 2022)



Resident Evil Village

■ 9 Months Highlights (Mobile Contents)

- Performance of existing titles remained steady

3-2. Business Segments – Arcade Operations

Continued operations while watching COVID-19 trends
Same store sales showed signs of recovery

■ 9 Months Business Results

(100 million yen)

	2019/12	2020/12	2021/12	2022/3 Plan
Net sales	92	70	89	130
Operating income	11	0	4	7
Operating margin	12.9%	1.2%	4.7%	5.4%
Same store sales	+7%	-28%	+22%	+23%

■ Number of Stores

(stores)

	2020/3	2021/3	2021/12	2022/3 Plan
New stores	3	1	2	2
Closed stores	0	0	1	1
Total	40	41	42	42

■ 9 Months Highlights

- Same store sales: +22%

3-3. Business Segments – Amusement Equipments

**Aimed to stably provide new models
that utilize major IP**

■ 9 Months Business Results

(100 million yen)

	2019/12	2020/12	2021/12	2022/3 Plan
Net sales	6	67	49	55
Operating income	3	24	19	20
Operating margin	56.7%	36.2%	39.1%	36.4%

■ 9 Months Highlights

- PS unit sales: 2 new models, 18 thousand units in total sales (2 models, 21 thousand units in total sales in same period of previous year)
- New model *Monster Hunter: World Gold Hunting* sold 10 thousand units
Began operating on December 6, 2021



*Monster Hunter: World
Gold Hunting*

3-4. Business Segments – Other Businesses

**Promoted Single Content Multiple Usage strategy
in conjunction with game sales**

■ 9 Months Business Results

(100 million yen)

	2019/12	2020/12	2021/12	2022/3 Plan
Net sales	24	21	37	37
licensing/media		20	36	35
eSports		1	1	2
Operating income	3	8	15	10
licensing/media		14	20	19
eSports		-6	-5	-9
Operating margin	14.6%	39.7%	41.0%	27.0%

■ 9 Months Highlights

- Hollywood film adaptation *Resident Evil: Welcome to Raccoon City* was released on November 24, 2021 beginning with markets outside of Japan
- Team-based esports Street Fighter League held in both Japan and the U.S.A.



Resident Evil: Welcome to Raccoon City
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4. Plans for this Fiscal Year

- **Digital Contents business**
 - **Released *Monster Hunter Rise* for PC, on January 12, 2022 (January 13 JST)**
 - **Continue to promote sales growth for new and catalog titles in Consumer sub-segment**
 - **Focus on title development to bolster pipeline for next fiscal year**

- **Amusement Equipments business**
 - ***Pachislo Devil May Cry 5* slated for March 2022 release**

- **Other Businesses**
 - **Live-action movie *Resident Evil: Welcome to Raccoon City* scheduled for January 28, 2022 theatrical release in Japan**
 - **Grand Final for the esports league *Street Fighter League: Pro-JP 2021* scheduled for January 29, 2022**

5-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2020/3	2021/3	2022/3 Plan	%	2021/12
Net Sales	81,591	95,308	100,000	104.9%	88,163
Gross Profit	40,947	52,741	62,000	117.6%	49,605
Margin (%)	50.2%	55.3%	62.0%	-	56.3%
Sales and G&A Expenses	18,119	18,145	20,000	110.2%	14,509
Operating Income	22,827	34,596	42,000	121.4%	35,096
Margin (%)	28.0%	36.3%	42.0%	-	39.8%
Ordinary Income	22,957	34,845	42,000	120.5%	36,148
Margin (%)	28.1%	36.6%	42.0%	-	41.0%
Net income attributable to owners of the parent	15,949	24,923	30,000	120.4%	26,708
Margin (%)	19.5%	26.1%	30.0%	-	30.3%

● Sales and Profit by Business Segments

(million yen)

		2020/3	2021/3	2022/3 Plan	%	2021/12
Digital Contents	Net Sales	59,942	75,300	77,800	103.3%	70,453
	Operating Income	24,161	37,002	44,800	121.1%	35,894
	Margin (%)	40.3%	49.1%	57.6%	-	50.9%
Arcade Operations	Net Sales	12,096	9,871	13,000	131.7%	8,992
	Operating Income	1,211	149	700	469.8%	419
	Margin (%)	10.0%	1.5%	5.4%	-	4.7%
Amusement Equipments	Net Sales	6,533	7,090	5,500	77.6%	4,937
	Operating Income	2,085	2,407	2,000	83.1%	1,932
	Margin (%)	31.9%	33.9%	36.4%	-	39.1%
Others	Net Sales	3,018	3,045	3,700	121.5%	3,781
	Operating Income	544	987	1,000	101.3%	1,549
	Margin (%)	18.0%	32.4%	27.0%	-	41.0%

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



Resident Evil Village won 4 awards at Golden Joystick Awards 2021, including Ultimate Game of the Year



Monster Hunter Rise for PC released January 13, 2022

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



Released new character Luke for *Street Fighter V: Champion Edition*

- ***Mega Man* series: 37 million units**
- ***Devil May Cry* series: 25 million units**
- ***Dead Rising* series: 14 million units**