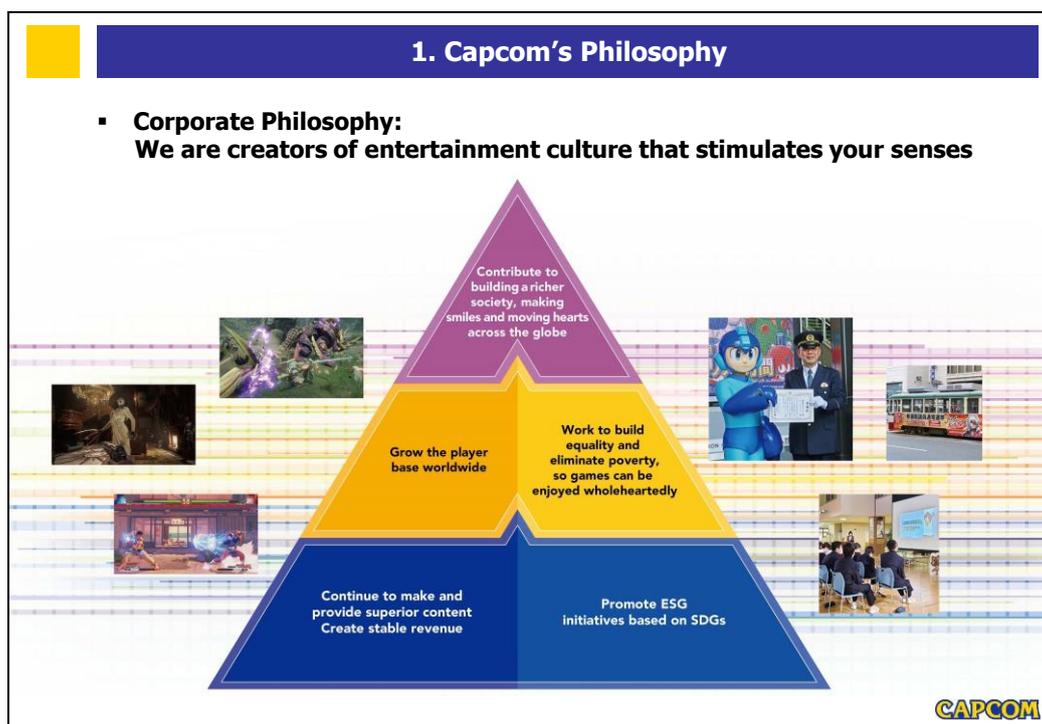


# Financial Results Briefing for the Year ended March 31, 2022

## Summary of President and COO Haruhiro Tsujimoto's Presentation (May 16, 2022)

Good day, this is Haruhiro Tsujimoto, President of Capcom.

### 1. Capcom's Philosophy

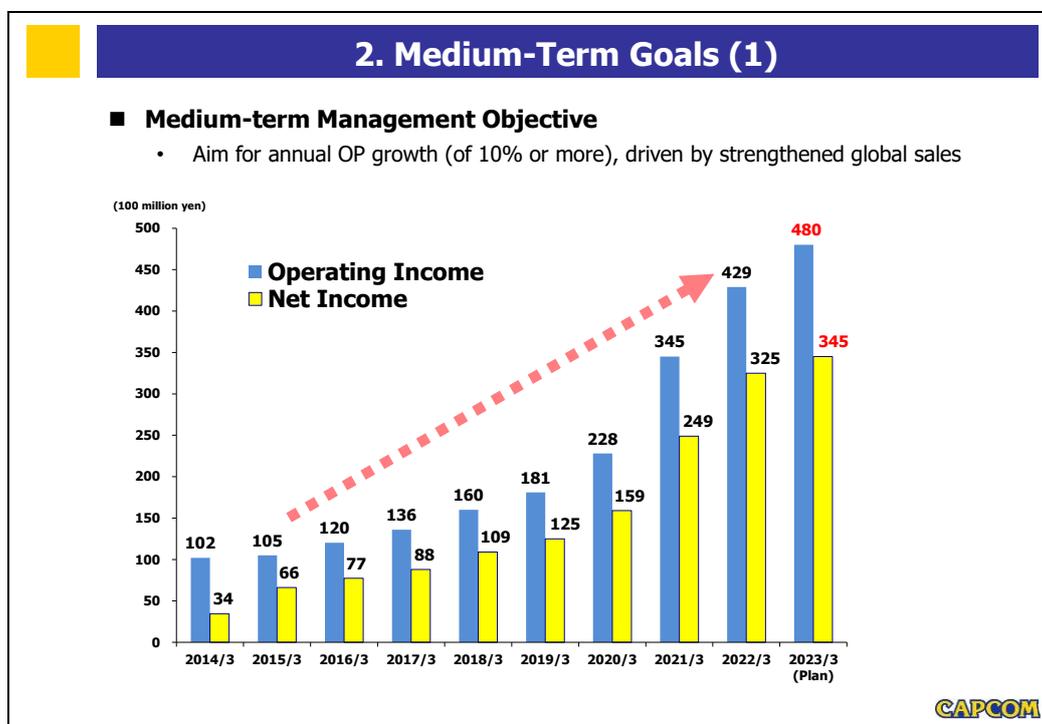


First, I'd like to discuss Capcom's management philosophy.

Since our founding, Capcom has worked to be a creator of entertainment culture that stimulates your senses. Beginning with games, we've brought smiles and excitement to people the world over with our high-quality content.

Our reason for being here, our purpose, is to contribute to building a richer society through our games and content. By delivering laughter and joy, by providing people around the world with the energy to lead positive lives, or working to build an environment where people can enjoy games in such a way, we will help create a sustainable society.

## 2. Medium-Term Goals (1)



Next, I will go over our medium-term management policy and our business strategy for the fiscal year ending March 2023.

First, our medium-term goals.

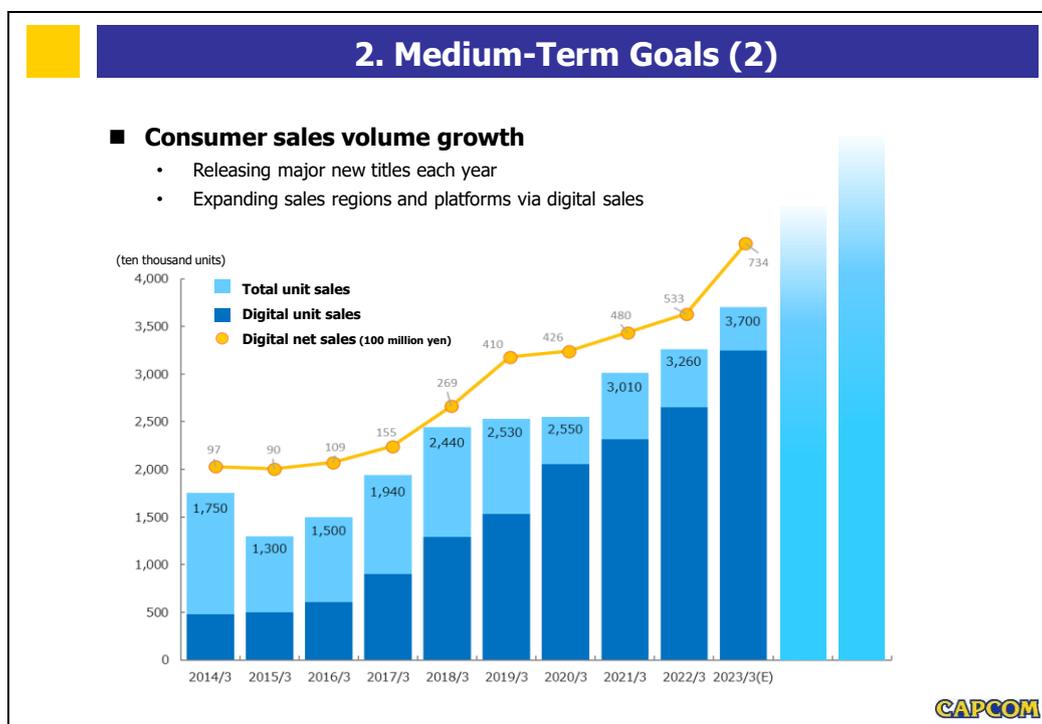
### (1) Medium-Term Management Objective

Currently, we have set 10% annual operating income growth as our medium-term management objective.

For the March 2022 fiscal year, we continued to promote stronger digital sales in the Consumer business. This, along with global software sales and the stable build up of profit, has resulted in 9 consecutive years of increased profit and 5 consecutive years of record profit, as measured from the March 2013 fiscal year.

Looking forward to the March 2023 fiscal year, we are aiming for more growth, anticipating 48 billion yen in operating income.

## 2. Medium-Term Goals (2)



### (2) Consumer sales volume growth

Driving our goal of 10% or more annual operating income growth is expansion of our Consumer unit sales.

Until the mid-2010s, our sales volume had experienced volatility depending on whether we released a major title in a given fiscal year. However, by anticipating wider adoption of digital sales and taking a proactive approach to creating PC versions of games, we have succeeding in promoting our strategy, which included a focus on pricing for catalog titles, and since the March 2016 fiscal year have increased our unit sales volume for 7 consecutive years.

As evidenced by our highest-ever 37-million-unit sales plan for the March 2023 fiscal year, we aim to continue growing our sales volume by promoting our digital policy.

## 2. Medium-Term Goals (3)

2. Medium-Term Goals (3)

■ **Long-term sales of high-quality titles**

- Major IP contribute long-term, both as new titles and on into high-margin catalog sales

(ten thousand units)

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	Cummulative unit sales*	2023/3 (Plan)
Resident Evil 7 biohazard	350	160	120	100	150	180	1,080	Continue to contribute as catalog titles
Monster Hunter: World		790	450	320	140	90	1,800	
Resident Evil 2			420	240	160	140	960	
Monster Hunter World: Iceborne				520	240	140	920	
Resident Evil 3					390	110	520	
Monster Hunter Rise					480	410	900	
Resident Evil Village						610	610	

\*As of March 31, 2022



January 2017 release  
Resident Evil 7 biohazard  
6 consecutive years of over 1 million units in sales



January 2018 release  
Monster Hunter: World  
Highest-selling title in Capcom history



May 2021 release  
Resident Evil Village  
Anticipate ongoing sales, next year and beyond



### (3) Long-term sales of high quality titles

Now I would like to discuss our specific activities for continuing to grow annual unit sales.

First is releasing high quality titles on a regular, continuous basis.

Backed by development capabilities that we've cultivated over the years, by releasing high-quality new titles each year, we've become able to then continue selling those titles over the long-term as part of our high-margin back catalog.

This supports the stable growth of Capcom.

This is evidenced by the genuine results we have had since the March 2017 fiscal year, when we began to accelerate our focus on digital sales.

For example, fiscal year 2016 release *Resident Evil 7* has sold over 1 million units each year for 6 consecutive fiscal years, with cumulative sales now over 10 million units.

Similarly, sales of fiscal year 2017 release *Monster Hunter: World* have exceeded 20 million units, when including sales of the bundle version, which also contains the massive expansion *Monster Hunter World: Iceborne*.

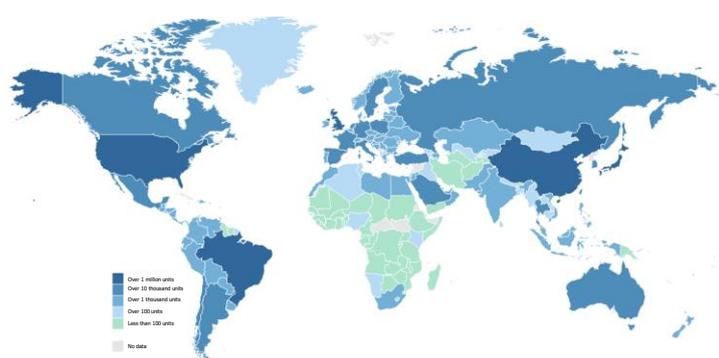
Fiscal year 2021 release *Resident Evil Village* has also received high praise, and we are seeing tangible results for ongoing sales.

Further, we are readying multiple major releases for the year ending March 2023 as well.

## 2. Medium-Term Goals (4)

### 2. Medium-Term Goals (4)

- **Catalog title growth via digital sales (1)**
  - Through leveraging the PC platform, **353 titles in 237 countries and regions** contribute to stable earnings (\*latest 5-year-cumulative total)
  - Promoting sales growth strategy based on analysis on country/regional sales data
  
- ◆ FY2021 Home Video Game Unit Sales by Country



Legend:

- Over 1 million units
- Over 500 thousand units
- Over 100 thousand units
- Less than 100 thousand units
- No data

### (4) Catalog title growth via digital sales

Our second activity is expanding our sales regions through proactively utilizing the PC platform.

In recent years, we have become able to sell games in countries and regions where dedicated home video game consoles aren't available due to the spread of the PC platform, which is built for digital sales. As a result, our sales regions have grown widely, as shown on this map.

Including past titles, we currently sell more than 300 titles in over 200 countries and regions, and our ratio of PC unit sales has grown to over 30% of all unit sales.

## 2. Medium-Term Goals (5)



Due to both the long-term sales of high-quality titles and the expansion of sales regions, our annual sales of catalog titles have grown 6 times over the past 10 years, from 3.9 million units in the March 2012 fiscal year to 24 million units in the March 2022 fiscal year.

In conjunction with this, our consolidated operating profit is also growing. The growth of high-margin catalog titles is a major growth driver for our consolidated earnings, and we intend to continue our focus on catalog sales.

### **3. Strategy for Sustainable Growth (1)**

## 3. Strategy for Sustainable Growth (1)

- **Personnel Investment Strategy**
  - Personnel investment now highest priority issue for management's strategy toward achieving mid-to-long term sustainable growth

(Carried out April 2022)

- (1) Reorganized human resources operations, established Chief Human Resources Officer position
- (2) Revised compensation system

- Will improve productivity by providing an even more comfortable work environment for employees and pursuing talent acquisition and training
- Look to further bolster 2,500-person strong developer workforce



**CAPCOM**

Now I would like to take you through 2 of management's strategies for making long-term growth more certain.

#### (1) Personnel Investment Strategy

The first is our personnel investment strategy.

As we communicated in a March press release, we have made investment in personnel one of our top priority issues in our management strategy in order to better secure medium to long-term growth for Capcom.

Highly skilled talent is essential for producing high-quality games and delivering them across the globe.

To that end, we have appointed our Vice President, Mr. Miyazaki, as Chief Human Resources Officer, and under his direction, we have built a new structure to facilitate direct communication between management and employees.

Further, we have partially revised our compensation system and raised the average base salary for permanent employees by 30%, while introducing a bonus system more closely linked to the company's performance.

We will work to further talent acquisition and training and enhance productivity by providing an even more comfortable working environment for employees.

### 3. Strategy for Sustainable Growth (2)



#### (2) Strengthening our brands worldwide

The second strategy is strengthening our brand.

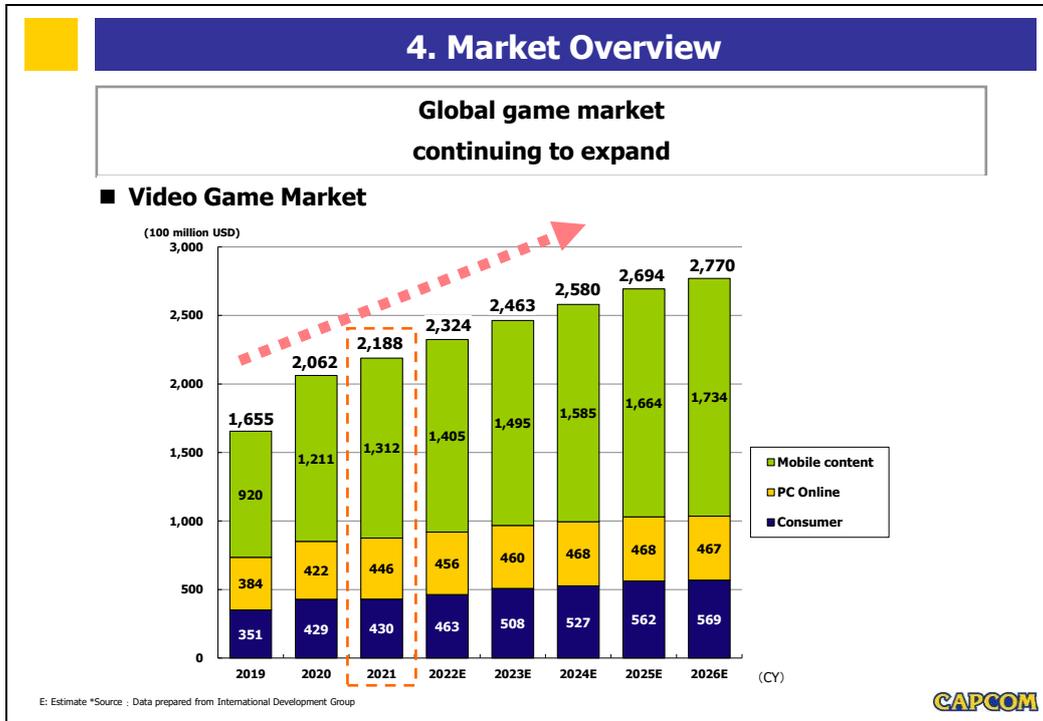
While we have widely expanded our sales regions, there are still differences in sales volume between regions. We are working to strengthen our brands globally in order to build awareness of Capcom's games among those who are still not familiar with games.

In the Media business for example, in order to actively grow by engaging in in-house production, we have established Capcom Pictures, Inc. a motion picture production company in Los Angeles.

We are also building our global fan base by continuing activities in promoting eSports.

Moreover, we recently announced an official sponsorship deal with the Japan Volleyball Association. We look to grow and expand the reach of the Capcom brand through supporting the activities of the Japan men's and women's national teams on the world stage.

## 4. Market Overview



Moving on, I will take you through our strategies and plans for the fiscal year ending March 31, 2023. To begin, let's look at the latest market forecast.

The game market is expected to continue growing, including our core Consumer market.

The size of the market in 2021 reached 218.8 billion dollars, continue to grow from last year (2020 was 206.2 billion dollars.) By 2026, the market is expected to reach 277 billion dollars, approximately 1.2 times (or a 26.5% increase from) the size of the market in 2021.

Looking at the amount of growth by platform, Mobile showed the largest growth (increase of 42.2 billion dollars, up 32.1%), however the Consumer market also displayed a high growth rate of 32.3% (increase of 13.9 billion dollars).

Capcom has achieved impressive growth over the past 10 years, however looking at the market environment we analyze that further growth is yet possible.

## 5. Forecasts for FY3/23 (1)

<b>5. Forecasts for FY3/23 (1)</b>			
<b>Aim for ten consecutive years of increased operating income driven by stable growth of the Digital Contents business</b>			
	(million yen)		
	2022/3	2023/3 Plan	Difference
<b>Net sales</b>	<b>110,054</b>	<b>120,000</b>	<b>9,946</b>
<b>Operating income</b>	<b>42,909</b>	<b>48,000</b>	<b>5,091</b>
<b>Operating margin</b>	<b>39.0%</b>	<b>40.0%</b>	<b>-</b>
<b>Ordinary income</b>	<b>44,330</b>	<b>48,000</b>	<b>3,670</b>
<b>Net income attributable to owners of the parent</b>	<b>32,553</b>	<b>34,500</b>	<b>1,947</b>

- Expect increased sales and profit YoY due primarily to growth of digital sales in the Consumer sub-segment
- Earnings per share forecast: ¥161.59
- Dividend forecast: interim dividend of ¥23 and year-end dividend of ¥23 resulting in a ¥46 dividend for the fiscal year

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Next, I will go over our forecast for the March 2023 fiscal year.

First, in last year's results our Consumer sub-segment in the Digital Contents business was our primary growth driver, enabling us to achieve the highest sales and highest profit at all levels in our history, and marking 9 consecutive years of operating income growth.

This year, we are once again aiming for 6 consecutive years of the highest profit at all levels, growing our main Consumer business with new major releases and stronger digital sales. We also look to achieve 10 consecutive years of operating income growth.

Year-over-year, we are targeting net sales of 120 billion yen, a 9.946 billion yen increase, operating income of 48 billion yen, a 5.091 billion yen increase, and anticipate an operating income margin of 40.0%.

We look to achieve ordinary income of 48 billion yen, a 3.67 billion yen increase, and net income attributable to owners of the parent of 34.5 billion yen, a 1.947 billion yen increase.

We are forecasting earnings per share of 161.59 yen, as well as an interim dividend of 23 yen, year-end dividend of 23 yen, making for a full-year dividend of 46 yen.

## 5. Forecasts for FY3/23 (2)

5. Forecasts for FY3/23 (2)				
Consumer sub-segment of Digital Contents business overall driver				
(million yen)				
	2021/3	2022/3	2023/3 Plan	Difference
<b>Digital Contents</b>				
Net sales	75,300	87,534	94,200	6,666
Operating income	37,002	45,359	51,100	5,741
Unit sales (thousand units)	30,100	32,600	37,000	4,400
<b>Arcade Operations</b>				
Net sales	9,871	12,404	15,000	2,596
Operating income	149	652	1,000	348
<b>Amusement Equipments</b>				
Net sales	7,090	5,749	6,000	251
Operating income	2,407	2,348	2,400	52
<b>Other Businesses</b>				
Net sales	3,045	4,366	4,800	434
Operating income	987	1,517	1,300	-217

- New title *Monster Hunter Rise: Sunbreak* scheduled for June 30, 2022
- Plan to release multiple major new titles
- Anticipate record unit sales. Will expand catalog sales globally via digital strategy

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Lastly I will go over our plan by business segment.

Our growth driver continues to be the Consumer sub-segment of our Digital Contents business.

We are targeting our highest-ever annual unit sales of 37 million units, driven by both the release of new major titles, including the scheduled launch of *Monster Hunter Rise: Sunbreak* on June 30, as well as by growth in catalog sales globally, primarily through digital sales.

As a result we anticipate net sales of 94.2 billion yen, an increase of 6.666 billion yen, operating income of 51.1 billion yen, an increase of 5.741 billion yen, and an operating income margin of 54.2%, representing a 2.4 point increase.

In the Arcade Operations business we forecast an increase in sales and profit due to contributions from both new and existing stores.

In the Amusement Equipments business we also expect sales and profit to increase due to the launch of 4 new models.

In Other Businesses, we expect profit to dip due to continued investment in promoting eSports, however we see sales increasing due to bolstering our activities in Character Contents and the Media business.

Thus concludes my presentation.

Once again, this fiscal year we aim to achieve our highest-ever profit, following our digital strategy to steadily grow our core Consumer digital sales globally.

While hoping the COVID-19 pandemic will at last draw to a close, we are prioritizing the health and safety of employees, their families, and all stakeholders. Coming together to work as one, all of us at Capcom will continue to strive in building corporate value.