



Capcom Co., Ltd.
(TSE Prime, 9697)

1st Quarter Report
Fiscal year ending March 31, 2023

■ Regarding Q1 Results

- **Comparative downturn in sales and profit YoY created by major new title in same period of the previous year**
- **Initial sales of new title *Monster Hunter Rise: Sunbreak* surpassed 2.5 million units (Q1)**
- **Catalog sales grew steadily year-over-year, from 8.8 million to 9 million**
- **Sales and profit up in Arcade Operations business due to recovery in customer numbers**

■ Regarding Full-Year Business Plan

- **First quarter performance proceeding in-line with plan. Major new title release scheduled for H2**
- **No changes to full-year plan at this time**

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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; and (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 FY3/23

Aiming for 10 consecutive years of OP growth and highest profit in company history, driven by Digital Contents business

(million yen)

	2022/3	2023/3 Plan	Difference
Net sales	110,054	120,000	9,946
Operating income	42,909	48,000	5,091
Operating margin	39.0%	40.0%	-
Ordinary income	44,330	48,000	3,670
Net income attributable to owners of the parent	32,553	34,500	1,947

*No changes to the full-year forecast announced on May 11, 2022.

- Earnings per share forecast: ¥165.21 (July 29: Plan to cancel 4.38 million shares)
- Dividend forecast: interim dividend of ¥23 and year-end dividend of ¥23 resulting in a ¥46 dividend for the fiscal year

2-1. Q1 Financial Highlights – Consolidated Business Results (1)

■ 3 Months Results in FY6/21 vs. FY6/22

(million yen)

	2021/6	2022/6	Difference
Net sales	48,423	25,232	-23,191
Operating income	23,604	12,061	-11,543
Ordinary income	23,899	12,803	-11,096
Net income attributable to owners of the parent	17,340	9,007	-8,333

- Major new title in the previous fiscal year caused a comparative downturn in sales and profit in the Consumer sub-segment
- Foreign exchange gain of ¥727 million
- Pursuing strategic investment in personnel with aim of long-term sustainable growth through measures such as raising average salaries for employees and introducing a stock grant ESOP trust

2-1. Q1 Financial Highlights – Consolidated Business Results (2)

■ FY6/22 Net Sales/Operating Income (by segment)

(million yen)

	2021/6	2022/6	Difference	2023/3 Plan
Net sales	48,423	25,232	-23,191	120,000
Digital Contents	43,918	19,860	-24,058	94,200
Arcade Operations	2,389	3,286	897	15,000
Amusement Equipments	1,282	649	-633	6,000
Other Businesses	832	1,435	603	4,800
Operating income	23,604	12,061	-11,543	48,000
Digital Contents	24,455	12,541	-11,914	51,100
Arcade Operations	-63	186	249	1,000
Amusement Equipments	243	270	27	2,400
Other Businesses	482	818	336	1,300
Adjustments*	-1,512	-1,755	-243	-7,800

*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. Q1 Financial Highlights – Financial Position

■ FY6/22 Balance Sheet/Statement of Cashflows (Summary)

Balance Sheet (million yen)

Assets	2022/3	2022/6	Difference
Current Assets	151,312	158,014	6,702
Cash on hand and in banks	107,262	98,099	-9,163
Notes receivable - trade	7,932	18,113	10,181
Accounts receivable - trade			
Work in progress for game software	31,192	35,890	4,698
Other	4,926	5,912	986
Fixed Assets	36,053	36,754	701
Total assets	187,365	194,768	7,403
Liabilities			
Current Liabilities	30,742	30,821	79
Notes and accounts payable - trade	3,601	2,550	-1,051
Electronically recorded monetary liabilities			
Deferred income	8,932	13,062	4,130
Other	18,209	15,209	-3,000
Long-term liabilities	10,147	11,486	1,339
Total liabilities	40,890	42,307	1,417
Net Assets			
Shareholders' equity	144,765	147,795	3,030
Other	1,710	4,665	2,955
Total net assets	146,475	152,461	5,986
Total liabilities and net assets	187,365	194,768	7,403

Statement of Cashflows (million yen)

	2021/6	2022/6	Difference
Cash flows from operating activities	34,300	-5,522	-39,822
Net income before income taxes	23,898	12,805	-11,093
Change in notes and accounts receivable - trade	10,673	-10,178	-20,851
(Negative numbers indicate an increase)			
Change in work in progress for game software	5,023	-4,693	-9,716
(Negative numbers indicate an increase)			
Cash flows from investing activities	-2,067	-1,363	704
Cash flows from financing activities	-5,027	-6,226	-1,199
Effect of exchange rate changes on cash and cash equivalents	182	2,591	2,409
Net change in cash and cash equivalents	27,388	-10,521	-37,909
Cash and cash equivalents at beginning of year	64,043	95,635	31,592
Cash and cash equivalents at end of quarter	91,431	85,114	-6,317

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

New massive expansion contributes to digital sales
Comparative downturn year-over-year

■ Digital Contents Performance

(100 million yen)

	2020/6	2021/6	2022/6	2023/3 Plan
Net sales	214	439	198	942
Consumer breakdown				
Package sales	60	184	29	180
Digital sales (incl. digital license)	143	246	163	734
Digital license portion	0	5	19	41
Consumer total	203	430	192	914
Deferred revenue portion		-5	-38	
Mobile Contents	11	9	6	28
Operating income	118	244	125	511
Operating margin	55.0%	55.7%	63.1%	54.2%

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

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

Expanded sales from new massive expansion and PC catalog titles
Digital and catalog unit sales outperform previous year

■ Unit Sales for the 3 Months (Consumer)

(units in thousands)

	2020/6		2021/6		2022/6		2022/3 Plan	
New Titles (SKU)	6		5		12		45	
Number of titles sold / sales regions	290 / 198		299 / 200		297 / 206			
Total unit sales	9,200		13,300		11,700		37,000	
Overseas units	8,100	88.0%	10,800	81.2%	8,700	74.4%	30,000	81.1%
Japan units	1,100	12.0%	2,500	18.8%	3,000	25.6%	7,000	18.9%
Digital units	7,350	79.9%	9,100	68.4%	10,400	88.9%	32,500	87.8%
Physical units	1,850	20.1%	4,200	31.6%	1,300	11.1%	4,500	12.2%
Catalog units	6,600	71.7%	8,800	66.2%	9,000	76.9%	27,000	73.0%
New units	2,600	28.3%	4,500	33.8%	2,700	23.1%	10,000	27.0%
Major titles								
New	Resident Evil 3		Resident Evil Village		Monster Hunter Rise: Sunbreak		Monster Hunter Rise: Sunbreak Resident Evil 4 (More)	
Catalog	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 Rise Devil May Cry 5 Dragon's Dogma: Dark Arisen Street Fighter V Monster Hunter: World		Monster Hunter Rise Resident Evil Village Resident Evil 7 biohazard Resident Evil 2 Monster Hunter World: Iceborne Resident Evil 3	

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

*Includes distribution titles

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

Focused on launch of new major expansion and catalog sales of major titles from previous fiscal years

■ 3 Months Highlights (Consumer)

- New title *Monster Hunter Rise: Sunbreak* sold 3 million units (announced July 13)
- Sales of *Monster Hunter Rise* surpassed 10 million units cumulatively
- *Resident Evil Re:Verse*, special free additional content for *Resident Evil Village*, scheduled for October 28, 2022, release
- *Resident Evil 4*, the latest title in the series, scheduled for release on March 24, 2023

■ 3 Months Highlights (Mobile Contents)

- Focused activities primarily on existing title operations



Monster Hunter Rise: Sunbreak

3-2. Business Segments – Arcade Operations

Sales and profit up due to new and existing store contributions
Continuing COVID-19 prevention measures

■ 3 Months Business Results

(100 million yen)

	2020/6	2021/6	2022/6	2023/3 Plan
Net sales	11	23	32	150
Operating income	-5	-0	1	10
Operating margin	-	-	5.7%	6.7%
Same store sales	-63%	+114%	+30%	+11%

■ Number of Stores

(stores)

	2021/3	2022/3	2022/6	2023/3 Plan
New stores	1	2	1	4
Closed stores	0	1	0	2
Total	41	42	43	44

■ 3 Months Highlights

- Recovery in customer numbers drive same store sales +30%
- Grand opening of Crazy Banet at Aeon Mall Tokoname (Aichi Prefecture) held on April 1

3-3. Business Segments – Amusement Equipments

**Profit on par with previous fiscal year
due to release of new model type**

■ 3 Months Business Results

(100 million yen)

	2020/6	2021/6	2022/6	2023/3 Plan
Net sales	1	12	6	60
Operating income	0	2	2	24
Operating margin	39.2%	19.0%	41.6%	40.0%

■ 3 Months Highlights

- Total 2.7 thousand units sold

(In the same period of the previous fiscal year 1 model was released and 6 thousand units sold (includes catalog titles))

Rolled out new model type pachislo machine *Gekka Miyabi* on April 18, which sold 1.7 thousand units

Catalog title *Resident Evil 7 biohazard* sold 1 thousand units



Gekka Miyabi

3-4. Business Segments – Other Businesses

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

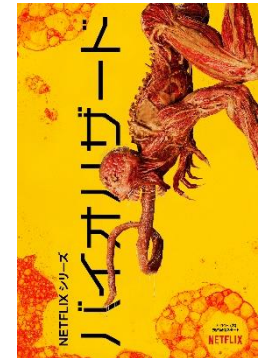
■ 3 Months Business Results

(100 million yen)

	2020/6	2021/6	2022/6	2023/3 Plan
Net sales	8	8	14	48
Character/Media	8	7	14	45
eSports	0	1	0	3
Operating income	5	4	8	13
Character/Media	6	5	9	26
eSports	-1	-1	-1	-13
Operating margin	58.1%	57.9%	57.0%	27.1%

■ 3 Months Highlights

- Actively carried out merchandising of *Monster Hunter Rise: Sunbreak* related goods
- The live-action *Resident Evil* series began streaming worldwide exclusively on Netflix starting July 14
- Kicked off the global online esports tournament Capcom Pro Tour 2022



Courtesy of Netflix

Resident Evil
live-action series

4-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2021/3	2022/3	2023/3 Plan	%	2022/6
Net Sales	95,308	110,054	120,000	109.0%	25,232
Gross Profit	52,741	63,011	72,000	114.3%	16,439
Margin (%)	55.3%	57.3%	60.0%	-	65.2%
Sales and G&A Expenses	18,145	20,101	24,000	119.4%	4,378
Operating Income	34,596	42,909	48,000	111.9%	12,061
Margin (%)	36.3%	39.0%	40.0%	-	47.8%
Ordinary Income	34,845	44,330	48,000	108.3%	12,803
Margin (%)	36.6%	40.3%	40.0%	-	50.7%
Net income attributable to owners of the parent	24,923	32,553	34,500	106.0%	9,007
Margin (%)	26.1%	29.6%	28.8%	-	35.7%

● Sales and Profit by Business Segments

(million yen)

		2021/3	2022/3	2023/3 Plan	%	2022/6
Digital Contents	Net Sales	75,300	87,534	94,200	107.6%	19,860
	Operating Income	37,002	45,359	51,100	112.7%	12,541
	Margin (%)	49.1%	51.8%	54.2%	-	63.1%
Arcade Operations	Net Sales	9,871	12,404	15,000	120.9%	3,286
	Operating Income	149	652	1,000	153.4%	186
	Margin (%)	1.5%	5.3%	6.7%	-	5.7%
Amusement Equipments	Net Sales	7,090	5,749	6,000	104.4%	649
	Operating Income	2,407	2,348	2,400	102.2%	270
	Margin (%)	33.9%	40.8%	40.0%	-	41.6%
Others	Net Sales	3,045	4,366	4,800	109.9%	1,435
	Operating Income	987	1,517	1,300	85.7%	818
	Margin (%)	32.4%	34.7%	27.1%	-	57.0%

4-2. Supplement: Our Major IP

Capcom owns a wealth of globally popular brands originating from its games

■ Cumulative Unit Sales and Examples of Brand Utilization

- **Resident Evil series: 127 million units**



Resident Evil Village Gold Edition scheduled for October 28 release

- **Monster Hunter series: 84 million units**



Monster Hunter Rise: Sunbreak tops cumulative 3 million units in sales (as of July 13)

- **Street Fighter series: 48 million units**



Street Fighter 6, the latest title in the series, scheduled for 2023 release

- **Mega Man series: 38 million units**
- **Devil May Cry series: 26 million units**
- **Dragon's Dogma series: 6.8 million units**