



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

First Half Report
Fiscal year ending March 31, 2023

■ Regarding H1 Results

- **Comparative downturn in sales and profit YoY created by major new title in same period of the previous year**
- **Growth YoY in Consumer business game sales up from 19.8 million units to 21.3 million units**
- **New title *Monster Hunter Rise: Sunbreak* tops 4.4 million units in sales cumulatively**
- **Sales and profits up in Arcade Operations business due to recovery in number of customers**

■ Regarding Full-Year Business Plan

- **H1 showed steady progress to full-year plan. Positive FX impact**
- **Upward revision to full-year guidance based on H1 progress. Full-year sales volume guidance also increased to 40 million units due to growth in catalog title sales**
- **New title *Resident Evil 4* scheduled for March 24, 2023 release**

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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.

1-1. Forecasts for FY3/23

**Aiming for ten consecutive years of OP growth
and highest profit in company history**

(million yen)

	2022/3	2023/3 Initial Plan	2023/3 Revised Plan	Difference (YoY)
Net sales	110,054	120,000	125,000	14,946
Operating income	42,909	48,000	50,000	7,091
Operating margin	39.0%	40.0%	40.0%	-
Ordinary income	44,330	48,000	50,000	5,670
Net income attributable to owners of the parent	32,553	34,500	36,500	3,947

- Upward revision to full-year plan announced October 26, 2022
- Earnings per share forecast: ¥173.60
- Dividend forecast: interim dividend of ¥23 and year-end dividend of ¥23 resulting in a full-year dividend of ¥46. Will review as appropriate in line with business performance

1-2. Forecasts for FY3/23 – Upward Revision

■ Full-year Forecasts by Segment (vs. Initial Forecast)

(million yen)

	2023/3 Previous Plan	2023/3 Revised Plan	Difference
Net sales	120,000	125,000	5,000
Digital Contents	94,200	97,800	3,600
Consumer	91,400	95,100	3,700
Mobile Contents	2,800	2,700	-100
Arcade Operations	15,000	15,000	0
Amusement Equipments	6,000	7,000	1,000
Other Businesses	4,800	5,200	400
Operating income	48,000	50,000	2,000
Digital Contents	51,100	52,900	1,800
Consumer			
Mobile Contents			
Arcade Operations	1,000	1,000	0
Amusement Equipments	2,400	3,000	600
Other Businesses	1,300	1,500	200
Elimination and Corporate	-7,800	-8,400	-600

- Upward revision to Digital Contents business forecast due to growth in Consumer
- Amusement Equipments forecast raised based on sales of pachislo machines

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

■ 6 Months Results in FY9/21 vs. FY9/22

(million yen)

	2021/9	2022/9	Difference
Net sales	69,995	49,067	-20,928
Operating income	28,924	21,895	-7,029
Operating margin	41.3%	44.6%	-
Ordinary income	29,723	22,996	-6,727
Net income attributable to owners of the parent	22,219	16,142	-6,077

- Major new title in the previous fiscal year caused a comparative downturn in sales and profit in the Consumer sub-segment
- Recorded foreign exchange gain of ¥1,094 million as non-operating income
- Pursuing strategic investment in personnel with aim of long-term sustainable growth

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

■ FY9/22 Net Sales/Operating Income (by segment)

(million yen)

	2021/9	2022/9	Difference	2023/3 Revised Plan
Net sales	69,995	49,067	-20,928	125,000
Digital Contents	59,803	36,062	-23,741	97,800
Arcade Operations	5,647	7,323	1,676	15,000
Amusement Equipments	1,611	3,023	1,412	7,000
Other Businesses	2,933	2,657	-276	5,200
Operating income	28,924	21,895	-7,029	50,000
Digital Contents	30,216	21,826	-8,390	52,900
Arcade Operations	71	677	606	1,000
Amusement Equipments	388	1,721	1,333	3,000
Other Businesses	1,370	1,258	-112	1,500
Adjustments*	-3,121	-3,588	-467	-8,400

*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

■ FY9/22 Balance Sheet/Statement of Cashflows (Summary)

Consolidated Balance Sheet

(million yen)

Assets	2022/3	2022/9	Difference
Current Assets	151,312	162,422	11,110
Cash on hand and in banks	107,262	105,202	-2,060
Notes - trade	7,932	11,413	3,481
Accounts receivable - trade			
Work in progress for game software	31,192	40,418	9,226
Other	4,926	5,389	463
Fixed Assets	36,053	37,538	1,485
Total assets	187,365	199,961	12,596
Liabilities			
Current Liabilities	30,742	41,110	10,368
Notes and accounts payable - trade	3,601	5,692	2,091
Electronically recorded monetary liabilities			
Deferred income	8,932	14,799	5,867
Other	18,209	20,619	2,410
Long-term liabilities	10,147	11,410	1,263
Total liabilities	40,890	52,520	11,630
Net Assets			
Shareholders' equity	144,765	141,284	-3,481
Other	1,710	6,156	4,446
Total net assets	146,475	147,440	965
Total liabilities and net assets	187,365	199,961	12,596

Consolidated Statement of Cashflows

(million yen)

	2021/9	2022/9	Difference
Cash flows from operating activities	48,432	14,515	-33,917
Net income before income taxes	29,718	22,998	-6,720
Change in work in progress for game software	2,592	-9,221	-11,813
(Negative numbers indicate an increase)			
Cash flows from investing activities	-6,174	-1,931	4,243
Cash flows from financing activities	-5,591	-20,431	-14,840
Effect of exchange rate changes on cash and cash equivalents	182	3,656	3,474
Net change in cash and cash equivalents	36,848	-4,190	-41,038
Cash and cash equivalents at beginning of year	64,043	95,635	31,592
Cash and cash equivalents at end of quarter	100,892	91,445	-9,447

*Deferred revenue of ¥14.7 billion under current liabilities consists primarily of revenue from *Resident Evil Village* and *Monster Hunter Rise: Sunbreak* that was deferred until the release of free DLC. We anticipate this revenue will gradually be recognized in net sales by the end of FY2023.

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

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

■ Digital Contents Performance for the 6 months

(100 million yen)

	2020/9	2021/9	2022/9	2023/3 Revised Plan
Net sales	353	598	360	978
Consumer breakdown				
Package	73	233	43	163
Digital (incl. digital license)	248	345	306	788
Digital license portion	10	7	22	41
Consumer total	321	578	349	951
Deferred revenue portion		-14	-54	
Mobile Contents	32	19	11	27
Operating income	198	302	218	529
Operating margin	56.1%	50.5%	60.5%	54.1%

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

*Deferred revenue primarily indicates the variance between deferred revenue and reversed revenue stemming from the release of free download content that typically follows the release of a full game

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

Expanded sales from new massive expansion and PC catalog titles
Major growth in digital and catalog unit sales

■ Unit Sales for the 6 Months (Consumer)

(units in thousands)

	2020/9		2021/9		2022/9		2023/3 Revised Plan	
New Titles (SKU)	7		13		16		30	
Number of titles sold / sales regions			301 / 207		304 / 213			
Total unit sales	13,800		19,800		21,300		40,000	
Overseas units	12,000	87.0%	16,200	81.8%	16,050	75.4%	32,600	81.5%
Japan units	1,800	13.0%	3,600	18.2%	5,250	24.6%	7,400	18.5%
Digital units	11,400	82.6%	13,900	70.2%	19,500	91.5%	36,000	90.0%
Physical units	2,400	17.4%	5,900	29.8%	1,800	8.5%	4,000	10.0%
Catalog units	10,950	79.3%	13,200	66.7%	16,050	75.4%	30,000	75.0%
New units	2,850	20.7%	6,600	33.3%	5,250	24.6%	10,000	25.0%
Major titles	Resident Evil 3		Resident Evil Village Monster Hunter Stories 2: Wings of Ruin		Monster Hunter Rise: Sunbreak		Monster Hunter Rise: Sunbreak Resident Evil 4	
New	_____		_____		_____		_____	
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 Resident Evil 3 Monster Hunter: World		Monster Hunter Rise Devil May Cry 5 Resident Evil 2 Resident Evil 3 Monster Hunter World: Iceborne Dragon's Dogma Dark Arisen		Monster Hunter Rise Devil May Cry 5 Resident Evil Village Resident Evil 4 Monster Hunter World: Iceborne Resident Evil 2 10 titles	

*"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 ongoing sales of new major title and long-term sales of titles released in previous fiscal years

■ 6 Months Highlights (Consumer)

- New title *Monster Hunter Rise: Sunbreak* tops 4.4 million units cumulatively
- Cumulative sales of *Monster Hunter Rise* surpass 11 million units
- *Resident Evil Village* wins Award for Excellence at the Japan Game Awards
- *Resident Evil 2* exceeds 10 million units cumulatively



*Monster Hunter Rise:
Sunbreak*

■ 6 Months Highlights (Mobile Contents)

- Focused activities primarily on existing title operations

3-2. Business Segments – Arcade Operations

Sales and profits up from contributions of new and existing stores
Continuing COVID-19 prevention measures

■ 6 Months Business Results

(100 million yen)

	2020/9	2021/9	2022/9	2023/3
Net sales	40	56	73	150
Operating income	-2	0	6	10
Operating margin	-	1.3%	9.2%	6.7%
Same store sales	-40%	+36%	+26%	+11%

■ Number of Stores

(stores)

	2021/3	2022/3	2022/9	2023/3
New stores	1	2	1	4
Closed stores	0	1	1	2
Total	41	42	42	44

■ 6 Months Highlights

- Same store sales: +26%
- Grand opening of Crazy Banet at Aeon Mall Tokoname (Aichi Prefecture) on April 1; closed Tokuyama store in September

3-3. Business Segments – Amusement Equipments

**Sales and profit up from increased sales volume
accompanying release of popular brands**

■ 6 Months Business Results

(100 million yen)

	2020/9	2021/9	2022/9	2023/3 Revised Plan
Net sales	13	16	30	70
Operating income	0	3	17	30
Operating margin	1.4%	24.1%	56.9%	42.9%

■ Pachislo Sales Volume

	2020/9	2021/9	2022/9	2023/3 Revised Plan
New titles	1	1	3	4
Sales (thousand units)	3.7	8.5	27.7	42

(*Includes catalog title sales)

■ 6 Months Highlights

- New pachislo model *Shin Onimusha 2* sold 10 thousand units
- New pachislo model *Biohazard RE:2* sold 15 thousand units
(in halls from October)



Shin Onimusha 2

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)

	2020/9	2021/9	2022/9	2023/3 Revised Plan
Net sales	13	29	26	52
Character/Media	12	28	25	49
eSports	1	1	1	3
Operating income	5	13	12	15
Character/Media	8	15	16	27
eSports	-3	-2	-4	-12
Operating margin	41.7%	46.7%	47.3%	28.8%

■ 6 Months Highlights

- Actively pursued expansion of game-related merchandise
- Announced global release of first animated adaptation of *Onimusha* series on Netflix
- Esports league tournament Street Fighter League: Pro-JP 2022 kicked off in September

4. Plans for this Fiscal Year

■ Digital Contents business

- *Resident Evil Re:Verse*, free DLC for *Resident Evil Village*, scheduled for **October 28** release
- New title *Resident Evil 4* scheduled for **March 24, 2023** release

■ Arcade Operations business

- Interactive amusement facility **Miraino AEON Mall Toki** opened on **October 7**
- **Capcom Store & Cafe Umeda** to open on **November 11**

■ Amusement Equipments business

- Pachislo machine *Monster Hunter World: Iceborne* to launch in **January 2023**

■ Other businesses

- Esports league **Street Fighter League** streaming in **North America and Europe** starting in **October**

5-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2021/3	2022/3	2023/3 Revised Plan	%	2022/9
Net Sales	95,308	110,054	125,000	113.6%	49,067
Gross Profit	52,741	63,011	73,000	115.9%	31,214
Margin (%)	55.3%	57.3%	58.4%	-	63.6%
Sales and G&A Expenses	18,145	20,101	23,000	114.4%	9,318
Operating Income	34,596	42,909	50,000	116.5%	21,895
Margin (%)	36.3%	39.0%	40.0%	-	44.6%
Ordinary Income	34,845	44,330	50,000	112.8%	22,996
Margin (%)	36.6%	40.3%	40.0%	-	46.9%
Net income attributable to owners of the parent	24,923	32,553	36,500	112.1%	16,142
Margin (%)	26.1%	29.6%	29.2%	-	32.9%

● Sales and Profit by Business Segments

(million yen)

		2021/3	2022/3	2023/3 Revised Plan	%	2022/9
Digital Contents	Net Sales	75,300	87,534	97,800	111.7%	36,062
	Operating Income	37,002	45,359	52,900	116.6%	21,826
	Margin (%)	49.1%	51.8%	54.1%	-	60.5%
Arcade Operations	Net Sales	9,871	12,404	15,000	120.9%	7,323
	Operating Income	149	652	1,000	153.4%	677
	Margin (%)	1.5%	5.3%	6.7%	-	9.2%
Amusement Equipments	Net Sales	7,090	5,749	7,000	121.8%	3,023
	Operating Income	2,407	2,348	3,000	127.8%	1,721
	Margin (%)	33.9%	40.8%	42.9%	-	56.9%
Others	Net Sales	3,045	4,366	5,200	119.1%	2,657
	Operating Income	987	1,517	1,500	98.9%	1,258
	Margin (%)	32.4%	34.7%	28.8%	-	47.3%

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: 131 million units



Resident Evil Village Gold Edition
scheduled for release on October 28

- *Monster Hunter* series: 88 million units



Carrying out free content updates for
Monster Hunter Rise: Sunbreak

- *Street Fighter* series: 49 million units



Street Fighter 6 wins award in Future
Division at the Japan Game Awards

- *Mega Man* series: 38 million units
- *Devil May Cry* series: 27 million units
- *Dead Rising* series: 15 million units