



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

3rd Quarter Report
Fiscal year ending March 31, 2024

Major Takeaways

■ Q3 Results

- Sales and profit up due to catalog sales growth in Q3
- ***Street Fighter 6***: over 2.98 million units sold (3 million units as of Jan. 3)
- Game sales grew YoY from 29.1 million units to 32.6 million units
- Sales and profit up in Amusement Equipments and Arcade Operations businesses

■ Full-Year Business Plan

- On track to achieve 11 consecutive years of operating profit growth

(million yen)

	2022/12	YoY	2023/12	YoY	Difference	2024/3 Plan	YoY
Net sales	79,671	-10%	106,179	33%	26,508	140,000	11%
Operating income	33,332	-5%	47,704	43%	14,372	56,000	10%
Operating margin	41.8%	-	44.9%	-	-	40.0%	-
Ordinary income	33,564	-7%	49,460	47%	15,896	56,000	9%
Net income attributable to owners of the parent	23,610	-12%	34,636	47%	11,026	40,000	9%

YoY indicates percent change from the same term of the previous year.

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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 FY3/24

**Aiming for 11 consecutive years of OP growth
driven by steady growth of Digital Contents business**

(million yen)

	2020/3	YoY	2021/3	YoY	2022/3	YoY	2023/3	YoY	2024/3 Plan	YoY	Difference
Net sales	81,591	-18%	95,308	17%	110,054	16%	125,930	14%	140,000	11%	14,070
Operating income	22,827	26%	34,596	52%	42,909	24%	50,812	18%	56,000	10%	5,188
Operating margin	28.0%	-	36.3%	-	39.0%	-	40.3%	-	40.0%	-	-
Ordinary income	22,957	26%	34,845	52%	44,330	27%	51,369	16%	56,000	9%	4,631
Net income attributable to owners of the parent	15,949	27%	24,923	56%	32,553	31%	36,737	13%	40,000	9%	3,263

YoY indicates percent change from the same term of the previous year.

- Expect increased sales and profit due to digital sales growth in the Consumer sub-segment
- Foreign exchange rate forecast (end of the period): USD ¥125、Euro ¥135
- Earnings per share forecast: ¥191.28
- Dividend forecast: interim dividend of ¥27 and year-end dividend of ¥27 resulting in a ¥54 dividend for the fiscal year

2-1. Q3 Financial Highlights – Consolidated Business Results

■ FY12/23 Net Sales/Operating Income (consolidated/by segment)

(million yen)

	2019/12	YoY	2020/12	YoY	2021/12	YoY	2022/12	YoY	2023/12	YoY	Difference	2024/3	Plan	YoY
Net sales	52,908	-14%	64,867	23%	88,163	36%	79,671	-10%	106,179	33%	26,508	140,000		11%
Digital Contents	40,589	-15%	48,966	21%	70,453	44%	61,242	-13%	81,436	33%	20,194	106,300		8%
Arcade Operations	9,201	14%	7,018	-24%	8,992	28%	11,357	26%	13,847	22%	2,490	18,000		15%
Amusement Equipments	663	-79%	6,712	912%	4,937	-26%	3,699	-25%	8,020	117%	4,321	10,000		28%
Other Businesses	2,453	17%	2,170	-12%	3,781	74%	3,371	-11%	2,875	-15%	-496	5,700		31%
Operating income	18,448	37%	24,382	32%	35,096	44%	33,332	-5%	47,704	43%	14,372	56,000		10%
Digital Contents	19,885	30%	24,787	25%	35,894	45%	34,619	-4%	47,361	37%	12,742	58,900		10%
Arcade Operations	1,187	37%	86	-93%	419	387%	1,013	142%	1,547	53%	534	1,300		6%
Amusement Equipments	376	-	2,431	547%	1,932	-21%	2,068	7%	4,560	121%	2,492	3,700		8%
Other Businesses	358	-64%	861	141%	1,549	80%	1,219	-21%	642	-47%	-577	1,600		12%
Adjustments*	-3,358	-	-3,785	-	-4,699	-	-5,588	-	-6,406	-	-818	-9,500		-
Operating margin	34.9%	-	37.6%	-	39.8%	-	41.8%	-	44.9%	-	-	40.0%		-
Ordinary income	18,702	38%	24,088	29%	36,148	50%	33,564	-7%	49,460	47%	15,896	56,000		9%
Net income attributable to owners of the parent	13,065	42%	17,523	34%	26,708	52%	23,610	-12%	34,636	47%	11,026	40,000		9%

*Adjustments include unallocated corporate operating expenses. The corporate operating expenses, which do not belong to any reportable segment, mainly consist of administrative expenses. YoY indicates percent change from the same term of the previous year.

- Sales and profit up YoY due to solid performance of all business segments, led by Digital Contents
- Booked foreign exchange gain of ¥1,018 million under non-operating income

2-2. Q3 Financial Highlights – Financial Position

■ FY12/23 Balance Sheet/Statement of Cashflows (Summary)

Balance Sheet

(million yen)

Assets	2020/3	YoY	2021/3	YoY	2022/3	YoY	2023/3	YoY	2023/12	YoY	Difference
Cash on hand and in banks	65,657	24%	71,239	9%	107,262	51%	102,116	-5%	108,008	6%	5,892
Notes receivable - trade & Accounts receivable - trade	15,959	14%	25,096	57%	7,932	-68%	25,097	216%	12,472	-50%	-12,625
Work in progress for game software	21,222	25%	24,443	15%	31,192	28%	38,510	23%	46,157	20%	7,647
Others	40,628	3%	42,934	6%	40,979	-5%	51,642	26%	56,288	9%	4,646
Total assets	143,466	16%	163,712	14%	187,365	14%	217,365	16%	222,925	3%	5,560
Liabilities											
Notes and accounts payable - trade & Electronically recorded monetary liabilities	5,844	14%	3,702	-37%	3,601	-3%	5,529	54%	4,966	-10%	-563
Deferred income	7,642	383%	6,673	-13%	8,932	34%	5,455	-39%	1,056	-81%	-4,399
Others	30,245	8%	32,543	8%	28,357	-13%	45,252	60%	33,157	-27%	-12,095
Total liabilities	43,731	26%	42,918	-2%	40,890	-5%	56,236	38%	39,179	-30%	-17,057
Total net assets	99,735	12%	120,794	21%	146,475	21%	161,129	10%	183,745	14%	22,616
Total liabilities and net assets	143,466	16%	163,712	14%	187,365	14%	217,365	16%	222,925	3%	5,560

*YoY indicates percent change from the end of the previous year.

*Deferred income of approx. ¥1 billion consists primarily of revenue from *Street Fighter 6* that was deferred until the release of DLC. We anticipate this revenue will gradually be recognized in net sales by the end of FY2024.

Statement of Cashflows

(million yen)

	2019/12	YoY	2020/12	YoY	2021/12	YoY	2022/12	YoY	2023/12	YoY	Difference
Cash flows from operating activities	15,061	-	7,867	-	41,461	-	9,455	-	21,333	-	11,878
Net income before income taxes	18,690	-	24,078	-	36,142	-	33,551	-	49,598	-	16,047
Increase (decrease) in notes and accounts receivable - trade	7,700	-	4,382	-	15,253	-	-797	-	12,787	-	13,584
Decrease (increase) in work in progress for game software	-8,848	-	-2,729	-	-1,701	-	-8,886	-	-7,909	-	977
Decrease (increase) in deferred revenue	2,169	-	-7,450	-	1,595	-	-5,357	-	-4,502	-	855
Cash flows from investing activities	-2,799	-	-3,372	-	-6,724	-	-2,786	-	-5,097	-	-2,311
Cash flows from financing activities	-5,208	-	-6,439	-	-9,537	-	-25,233	-	-15,399	-	9,834
Cash and cash equivalents at beginning of year	53,004	-	59,672	-	64,043	-	95,635	-	89,470	-	-6,165
Cash and cash equivalents at end of quarter	59,538	-	57,366	-	89,848	-	78,966	-	92,898	-	13,932

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

Sales and profit up due to Consumer sub-segment digital sales growth

■ Digital Contents Performance

(100 million yen)

	2019/12	YoY	2020/12	YoY	2021/12	YoY	2022/12	YoY	2023/12	YoY	2024/3 Plan
Net sales	405	-15%	489	21%	704	44%	612	-13%	814	33%	1,063
Consumer breakdown											
Package sales	97	-41%	99	2%	256	159%	102	-60%	141	38%	125
Digital sales (incl. digital license)	282	-5%	343	22%	418	22%	490	17%	648	32%	909
Digital license portion			29	-	8	-72%	25	213%	51	104%	32
Consumer total	379	-18%	442	17%	674	52%	592	-12%	790	33%	1,034
Deferred revenue portion					-16	-	53	-	43	-	
Mobile Contents	26	53%	47	81%	30	-36%	20	-33%	24	20%	29
Operating income	198	30%	247	25%	358	45%	346	-4%	473	37%	589
Operating margin	49.0%	-	50.6%	-	50.9%	-	56.5%	-	58.2%	-	55.4%

*YoY indicates percent change from the same term of the previous year.

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

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

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

Record sales volume driven primarily by overseas, digital, and catalog title sales growth

■ Unit Sales for the 9 Months (Consumer)

(units in thousands)

	2019/12			2020/12			2021/12			2022/12			2023/12			2024/3 Plan		
New Titles (SKU)	22			11			19			27			33			31		
Titles sold / sales regions	296 / 213			293 / 213			301 / 211			310 / 219			287 / 232					
Total unit sales	YoY			YoY			YoY			YoY			YoY			YoY		
	16,500	-0.6%		19,800	20.0%		25,800	30.3%		29,100	12.8%		32,600	12.0%		45,000	7.9%	
	Share		YoY	Share		YoY	Share		YoY	Share		YoY	Share		YoY	Share		YoY
Overseas units	13,350	80.9%	-6.0%	17,100	86.4%	28.1%	21,550	83.5%	26.0%	22,750	78.2%	5.6%	26,800	82.2%	17.8%	37,900	84.2%	13.1%
Japan units	3,150	19.1%	31.3%	2,700	13.6%	-14.3%	4,250	16.5%	57.4%	6,350	21.8%	49.4%	5,800	17.8%	-8.7%	7,100	15.8%	-13.4%
Digital units	12,800	77.6%	15.3%	16,200	81.8%	26.6%	18,700	72.5%	15.4%	26,550	91.2%	42.0%	29,300	89.9%	10.4%	42,500	94.4%	13.9%
Physical units	3,700	22.4%	-32.7%	3,600	18.2%	-2.7%	7,100	27.5%	97.2%	2,550	8.8%	-64.1%	3,300	10.1%	29.4%	2,500	5.6%	-43.2%
Catalog units	12,200	73.9%	-2.4%	15,800	79.8%	29.5%	18,200	70.5%	15.2%	22,000	75.6%	20.9%	26,700	81.9%	21.4%	35,700	79.3%	21.8%
New units	4,300	26.1%	4.9%	4,000	20.2%	-7.0%	7,600	29.5%	90.0%	7,100	24.4%	-6.6%	5,900	18.1%	-16.9%	9,300	20.7%	-25.0%
Major titles																		
New	Monster Hunter World: Iceborne			Resident Evil 3			Resident Evil Village Monster Hunter Stories 2: Wings of Ruin			Monster Hunter Rise: Sunbreak			Street Fighter 6 MegaMan Battle Network Legacy Collection Vol. 1 & Vol. 2			Street Fighter 6 Exoprimal		
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 Devil May Cry 5 Resident Evil 2 Resident Evil Village Resident Evil 3 Monster Hunter World: Iceborne			Resident Evil 4 Resident Evil 2 Monster Hunter Rise: Sunbreak Monster Hunter Rise Resident Evil Village Resident Evil 3			Resident Evil 4 Monster Hunter Rise Monster Hunter World: Iceborne Resident Evil Village Monster Hunter Rise: Sunbreak Resident Evil 2 Monster Hunter: World (12 titles total)		

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

*YoY indicates percent change from the same term of the previous year.

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

Grew sales of new and catalog titles following new title reveal and via successful long-term pricing strategy

■ 9 Months Highlights (Consumer)

- *Street Fighter 6* breaks 3 million units sold (as of Jan. 3, 2024)
- *Resident Evil 4* surpassed 6.48 million units sold
- All-new *Monster Hunter Wilds* 2025 release date announced, catalog sales grow for *Monster Hunter* series titles
- Total unit sales for Q3 (3 months) grow YoY from 7.8 million to 10 million units

● FY23 Top Title Unit Sales (10 thousand units)

Title	FY23	Lifetime
Street Fighter 6	298	298
Resident Evil 4	269	648
Resident Evil 2	166	1,361
Monster Hunter Rise: Sunbreak	164	710
MegaMan Battle Network Legacy Collection*	151	151
Monster Hunter Rise	146	1,420
Resident Evil Village	142	939
Resident Evil 3	136	843
Monster Hunter World: Iceborne	133	1,163

*Total figure for *MegaMan Battle Network Legacy Collection Vol. 1* and *Vol. 2*



"Outfit 3" additional character costumes for *Street Fighter 6* released on December 1

3-2. Business Segments – Arcade Operations

Sales and profit up due to new and existing store contributions
Profit levels exceeded pre-COVID levels

■ 9 Months Business Results

(100 million yen)

	2019/12	YoY	2020/12	YoY	2021/12	YoY	2022/12	YoY	2023/12	YoY	2024/3 Plan
Net sales	92	14%	70	-24%	89	28%	113	26%	138	22%	180
Operating income	11	37%	0	-93%	4	387%	10	142%	15	53%	13
Operating margin	12.9%	-	1.2%	-	4.7%	-	8.9%	-	11.2%	-	7.2%
Same store sales	107%	-	72%	-	122%	-	121%	-	111%	-	105%

*YoY indicates percent change from the same term of the previous year.

■ Number of Stores

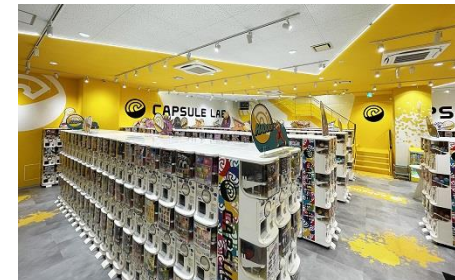
(stores)

	2020/3	YoY	2021/3	YoY	2022/3	YoY	2023/3	YoY	2023/12	YoY	2024/3 Plan
New stores	3	-	1	-	2	-	5	-	3	-	4
Closed stores	0	-	0	-	1	-	2	-	0	-	0
Total	40	8%	41	3%	42	2%	45	7%	48	7%	49

*YoY indicates percent change from the same term of the previous year.

■ 9 Months Highlights

- Same store sales: 111%
- In addition to the 2 stores opened in Q1, Capsule Lab Harajuku Takeshita Street (Tokyo) opened on Dec. 15, 2023



Capsule Lab Harajuku Takeshita Street

3-3. Business Segments – Amusement Equipments

Released 2nd smart pachislo model on amusement EC platform
Sales and profit up due to steady release of new models

■ 9 Months Business Results

(100 million yen)

	2019/12	YoY	2020/12	YoY	2021/12	YoY	2022/12	YoY	2023/12	YoY	2024/3 Plan
Net sales	6	-79%	67	912%	49	-26%	36	-25%	80	117%	100
Operating income	3	-	24	546%	19	-21%	20	7%	45	121%	37
Operating margin	56.7%	-	36.2%	-	39.1%	-	55.9%	-	56.9%	-	37.0%

*YoY indicates percent change from the same term of the previous year.

■ Pachislo Sales Volume

	2019/12	YoY	2020/12	YoY	2021/12	YoY	2022/12	YoY	2023/12	YoY	2024/3 Plan
New titles	0	-	2	-	2	-	3	-	2	-	4
Sales (thousand units)	0	-	21.0	-	18.0	-14%	32.0	78%	28.4	-11%	37

*YoY indicates percent change from the same term of the previous year *Includes catalog title sales.

■ 9 Months Highlights

- Total 28,400 units sold; FY12/22: 3 new titles; 32,000 units sold (includes catalog title sales)
 Sales: *Smart pachislo Sengoku BASARA GIGA*: 15,000 units;
Smart pachislo Biohazard Village: 10,400 units;
 3,000 units in catalog sales



*Smart pachislo
Biohazard Village*

3-4. Business Segments – Other Businesses

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

■ 9 Months Business Results

	2019/12		2020/12		2021/12		2022/12		2023/12		2024/3 Plan
	YoY	YoY	YoY	YoY	YoY	YoY	YoY	YoY	YoY		
Net sales	24	17%	21	-12%	37	74%	33	-11%	28	-15%	57
Character			18	-	30	67%	31	3%	26	-16%	50
eSports/Media			3	-	7	133%	2	-71%	1	-50%	7
Operating income	3	-64%	8	141%	15	80%	12	-21%	6	-47%	16
Character			13	-	20	54%	21	5%	17	-19%	31
eSports/Media			-4	-	-5	-	-8	-	-11	-	-15
Operating margin	14.6%	-	39.7%	-	41.0%	-	36.2%	-	22.3%	-	28.1%

* YoY indicates percent change from the same term of the previous year. Beginning FY23/6, business results for Media have been incorporated with eSports. This change has been reflected in the above full year FY24/3 plan and business results for previous years.

■ 9 Months Highlights

- Carried out merchandising for goods related to major titles
- *Onimusha* animated series streamed worldwide on Netflix from Nov.
- Continued to enhance the *Street Fighter 6* brand through global esports activities such as Street Fighter League: Pro-JP 2023 and Capcom Pro Tour 2023



Courtesy of Netflix
Onimusha animated series on Netflix

4-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2020/3	YoY	2021/3	YoY	2022/3	YoY	2023/3	YoY	2024/3 plan	YoY	2023/12
Net Sales	81,591	-18.4%	95,308	16.8%	110,054	15.5%	125,930	14.4%	140,000	11.2%	106,179
Gross Profit	40,947	10.0%	52,741	28.8%	61,317	16.3%	73,819	20.4%	83,000	12.4%	66,051
Margin (%)	50.2%	-	55.3%	-	55.7%	-	58.6%	-	59.3%	-	62.2%
Sales and G&A Expenses	18,119	-5.0%	18,145	0.1%	18,408	1.4%	23,006	25.0%	27,000	17.4%	18,346
Operating Income	22,827	25.8%	34,596	51.6%	42,909	24.0%	50,812	18.4%	56,000	10.2%	47,704
Margin (%)	28.0%	-	36.3%	-	39.0%	-	40.3%	-	40.0%	-	44.9%
Ordinary Income	22,957	26.2%	34,845	51.8%	44,330	27.2%	51,369	15.9%	56,000	9.0%	49,460
Margin (%)	28.1%	-	36.6%	-	40.3%	-	40.8%	-	40.0%	-	46.6%
Net income attributable to owners of the parent	15,949	27.1%	24,923	56.3%	32,553	30.6%	36,737	12.9%	40,000	8.9%	34,636
Margin (%)	19.5%	-	26.1%	-	29.6%	-	29.2%	-	28.6%	-	32.6%

*YoY indicates percent change from the same term of the previous year.

● Sales and Profit by Business Segments

(million yen)

		2020/3	YoY	2021/3	YoY	2022/3	YoY	2023/3	YoY	2024/3 plan	YoY	2023/12
Digital Contents	Net Sales	59,942	-27.8%	75,300	25.6%	87,534	16.2%	98,158	12.1%	106,300	8.3%	81,436
	Operating Income	24,161	3.6%	37,002	53.1%	45,359	22.6%	53,504	18.0%	58,900	10.1%	47,361
	Margin (%)	40.3%	-	49.1%	-	51.8%	-	54.5%	-	55.4%	-	58.2%
Arcade Operations	Net Sales	12,096	9.5%	9,871	-18.4%	12,404	25.7%	15,609	25.8%	18,000	15.3%	13,847
	Operating Income	1,211	10.5%	149	-87.7%	652	337.6%	1,227	88.2%	1,300	5.9%	1,547
	Margin (%)	10.0%	-	1.5%	-	5.3%	-	7.9%	-	7.2%	-	11.2%
Amusement Equipments	Net Sales	6,533	90.9%	7,090	8.5%	5,749	-18.9%	7,801	35.7%	10,000	28.2%	8,020
	Operating Income	2,085	-	2,407	15.4%	2,348	-2.5%	3,433	46.2%	3,700	7.8%	4,560
	Margin (%)	31.9%	-	33.9%	-	40.8%	-	44.0%	-	37.0%	-	56.9%
Others	Net Sales	3,018	17.2%	3,045	0.9%	4,366	43.4%	4,360	-0.1%	5,700	30.7%	2,875
	Operating Income	544	-32.9%	987	81.4%	1,517	53.7%	1,433	-5.5%	1,600	11.7%	642
	Margin (%)	18.0%	-	32.4%	-	34.7%	-	32.9%	-	28.1%	-	22.3%

*YoY indicates percent change from the same term of the previous year.

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: 154 million units**



Resident Evil 4 VR Mode free additional DLC released on Dec. 8, 2023

- ***Monster Hunter* series: 97 million units**



All-new *Monster Hunter Wilds* release scheduled for 2025

- ***Street Fighter* series: 53 million units**



Ed, the third Year 1 additional character for *Street Fighter 6* scheduled for February 2024

- ***Mega Man* series: 41 million units**
- ***Devil May Cry* series: 30 million units**
- ***Dragon's Dogma* series: 8.4 million units**