

Financial Results Briefing for the Year ended March 31, 2024
Summary of President and COO Haruhiro Tsujimoto's Presentation
(May 13, 2024)

I'm Haruhiro Tsujimoto, President of Capcom.

1. Capcom's Philosophy



Firstly, I'd like to go over Capcom's corporate philosophy.

Capcom is a creator of entertainment culture that stimulates the senses, and since our founding we have provided games and other high-quality content to create smiles and move hearts around the globe.

Our purpose is to contribute to building richer, more fulfilling lives for people through games and other content.

Going forward, we will contribute to addressing important social issues while building a sustainable society. We will bring joy and emotion to the world and work to create an environment where games can be enjoyed, while providing the energy for people to push forward in their lives.

1. Capcom's Philosophy

- Celebrating the 40th anniversary of Capcom's founding with our motto: "From Osaka, to the World"



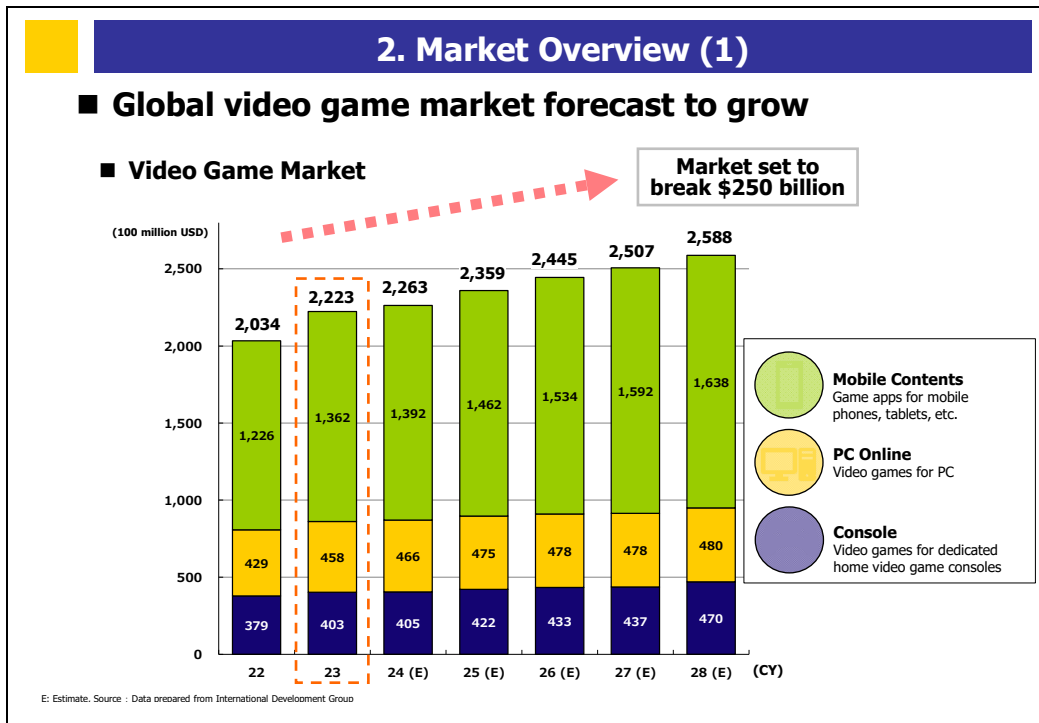
June 11 of last year marked the 40th anniversary of Capcom's founding.

To celebrate, we carried out a number of activities. The largest of these was Capcom Town, a website built to be a digital destination that fans around the world could enjoy. This site became an important touch point with customers where we gathered fan opinions while working to enhance awareness of the Capcom brand.

As of March 31, the site has had over 4.4 million visitors from places like Japan and the US, as well as Brazil, Europe, Asia and all over the world, helping us to strengthen ties with global fans.

We will continue growing our fan base in the 230-plus countries and regions where we sell games, creating the pinnacle in entertainment with our original content to support sustainable growth and improved corporate value over the next 10 years and beyond.

2. Market Overview (1)



Moving on, I will take you through our medium-term management objectives and our plans for the March 2025 fiscal year. To begin, let's look at the latest market forecast.

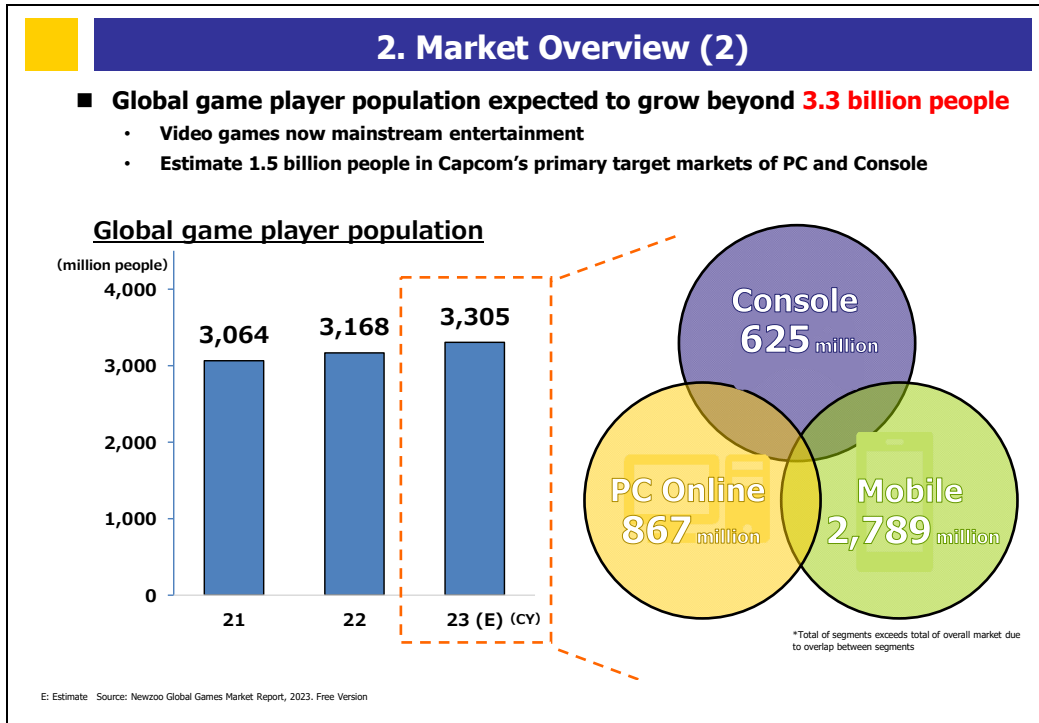
The outlook for the game market is continued growth, including for our primary Consumer segment.

In 2023, the market reached 222.3 billion dollars. Both this result and the future outlook are higher than previous estimates, and it's expected the market will reach 258.8 billion dollars by 2028, a 16% increase compared to 2023.

By platform, mobile market growth is expected to be the largest; however, PC and Console games are also expected to grow.

While Capcom has achieved major growth over the past 10 years, given the market environment, we have analyzed that there is still room to grow further.

2. Market Overview (2)

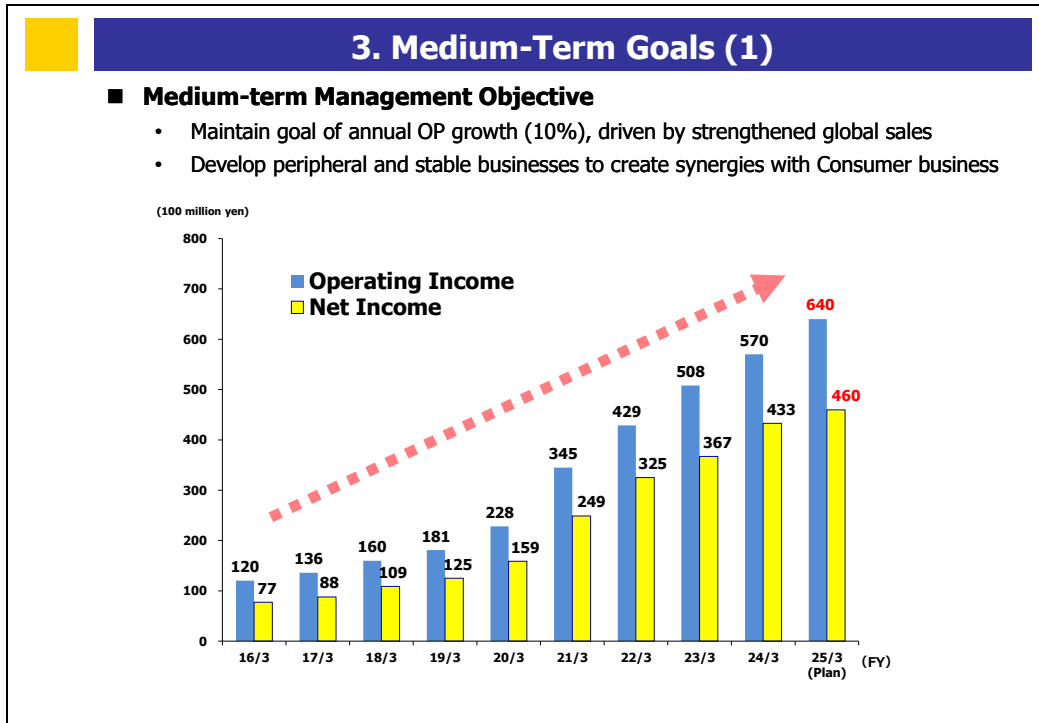


Moving on, the global game player population is also expected to keep growing.

As of 2023, the number of global game players has reached 3.3 billion.

Our main targets of PC and Console players is estimated to be 1.5 billion people. Since we have achieved 46 million units in annual sales as of the March 2024 fiscal year, we see this situation as an excellent opportunity for ongoing growth.

3. Medium-Term Goals (1)



Moving on, I will discuss our medium-term management objectives.

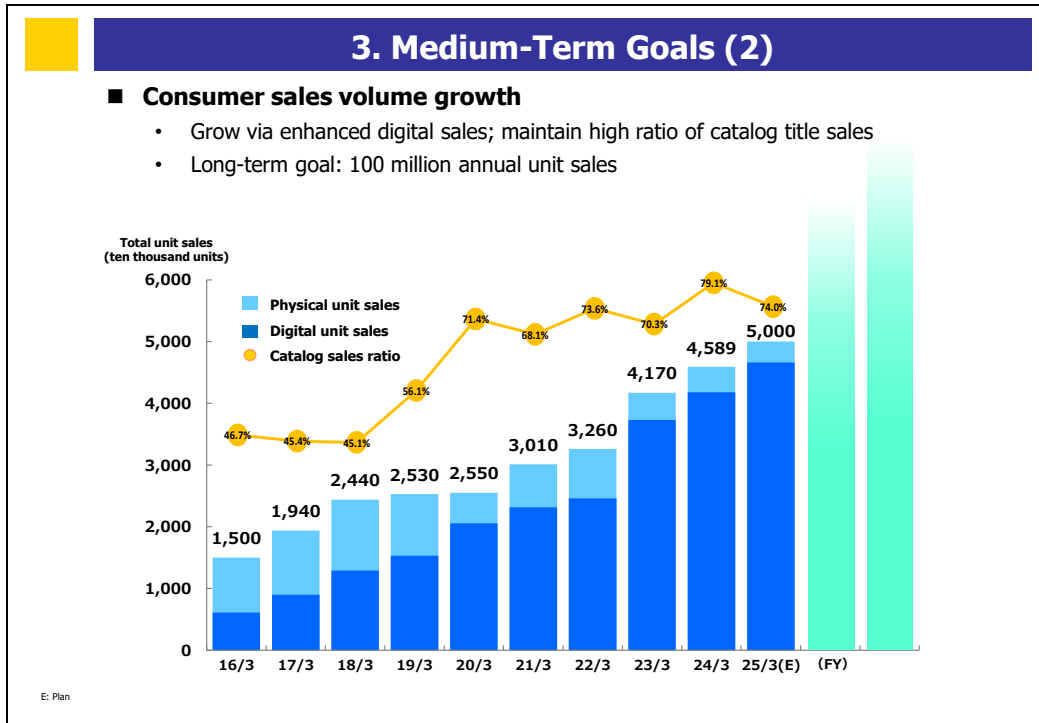
(1) Management's goals for the medium term

Our current medium-term goal is annual operating profit growth of 10%.

In the March 2024 fiscal year, we continued to pursue enhanced digital sales in our Consumer business sub-segment while steadily building up global software sales and profit. As a result, we achieved our 11th consecutive year of profit growth since the March 2013 fiscal year, as well as our 7th consecutive year of record profit.

In the March 2025 fiscal year we're aiming to reach 64 billion yen in operating profit and further growth.

3. Medium-Term Goals (2)



(2) Consumer sales volume growth

Unit sales growth in the Consumer business is supporting this ongoing profit growth.

Unit sales volume has increased since the March 2015 fiscal year for 9 consecutive years due to promoting digital sales and the steady release of major hit titles in recent years.

Further, following the shift to digital sales, we have maintained a ratio of over 70% catalog title sales in recent years thanks to expanding demand for catalog titles globally.

In the fiscal year March 2024, sales of critically acclaimed titles in key franchises supported this high ratio of sales, including *Resident Evil 4*, released in March 2023, and *Monster Hunter: World*, released in March 2018.

We will continue to aim for sales volume growth to support stable earnings growth. Considering that the current population of PC and Console game players is roughly 1.5 billion, I believe a long-term goal of 100 million units in annual sales is very achievable.

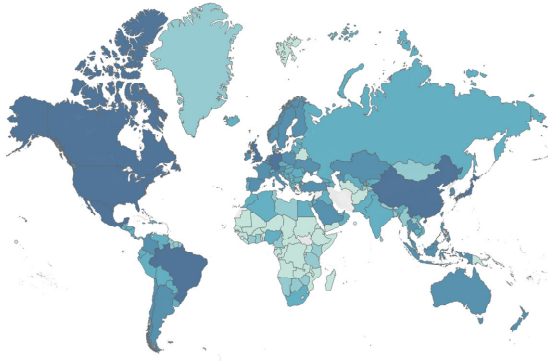
Next, I will explain our activities to further expand unit sales.

3. Medium-Term Goals (3)

3. Medium-Term Goals (3)

- **Global catalog title growth via PC platform support and digital marketing**
 - Sold **292 titles in 235 countries/regions** via leveraging the PC platform (*FY24/3)
 - Steadily grew sales volume in each area compared to FY20/3
 - Promoting sales growth strategy by enhancing data analysis of each country/region

◆ FY24/3 Consumer Video Game Unit Sales by Country



(countries/regions)			
Key	Annual Unit Sales	FY20/3	FY24/3
■	1,000,000+	4	8
■	100,000+	15	28
■	1,000+	64	71
■	100+	46	54
■	Under 100	86	74
Total		215	235

(3) Expanding sales regions

My first point is expanding our sales regions by actively supporting the PC platform.

As shown by this map, we have widened our sales regions in recent years thanks to greater adoption of digital sales on PC, which has enabled us to sell our games even in countries and regions where dedicated game consoles are not available.

In the previous year, including our back catalog of games, we sold 292 different products in 235 countries and regions, with more than 50% of digital units sold on the PC. Further, the per country sales volume has also grown compared to 5 years ago.

Looking ahead, we will raise the level of sales volume in lower performing countries and regions, specifically in the “global south,” by strengthening brand awareness worldwide with movies and TV shows featuring our content while carrying out global data analysis and marketing.

3. Medium-Term Goals (4)

3. Medium-Term Goals (4)

■ Reference: Unit sales volume by area (5 years)

- All areas steadily growing
- Developing areas such as Asia, Middle and South America, and the Middle East in particular grew more than double

(thousand units)

	20/3			21/3			22/3			23/3			24/3			5yr Growth FY19→23
	Results	Share	vs. prev.	Results	Share	vs. prev.	Results	Share	vs. prev.	Results	Share	vs. prev.	Results	Share	vs. prev.	
Total	25,500	100%	101%	30,100	100%	118%	32,600	100%	108%	41,700	100%	128%	45,893	100%	110%	180%
① N. America	9,000	35%	89%	10,700	36%	119%	11,700	36%	109%	12,600	30%	108%	13,900	30%	111%	155%
② Europe	6,000	24%	93%	7,050	23%	114%	7,800	24%	111%	8,000	19%	103%	9,500	21%	118%	153%
③ Asia	4,000	16%	99%	3,550	12%	82%	3,890	12%	109%	7,700	18%	199%	9,100	20%	118%	209%
④ Japan	4,050	16%	110%	5,750	19%	142%	5,500	17%	96%	8,200	20%	149%	7,790	17%	95%	192%
⑤ Cen./South America	1,500	6%	163%	2,300	8%	139%	2,800	9%	122%	4,200	10%	150%	4,450	10%	104%	266%
⑥ Oceania	350	1%	112%	350	1%	95%	480	1%	137%	600	1%	130%	650	1%	109%	185%
⑦ M. East	150	1%	65%	180	1%	124%	250	1%	137%	340	1%	133%	400	1%	120%	270%
⑧ Africa	40	0%	111%	40	0%	106%	50	0%	109%	60	0%	122%	80	0%	134%	189%

Displayed results are approximate figures that have been rounded. As such, percentage growth versus previous years may not match the displayed figures, and totals for regions may not match annual totals.

(4) Unit sales trends by area

For reference, here is our annual unit sales by area for the past 5 years.

While true that sales volumes are highest in established markets, developing countries show the highest rates of growth.

Over 5 years we've seen areas more than double in sales, including growth in Asia of 209%, Middle and South America of 266%, and the Middle East of 270%.

In addition to existing markets, we anticipate continued growth in developing and emerging markets in the future, driven by the PC platform.

3. Medium-Term Goals (5)

3. Medium-Term Goals (5)


■ 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)

	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	Cumulative unit sales	25/3 (Plan)
Resident Evil 7 biohazard	350	160	120	100	150	180	120	130	1,330	Continue to contribute as catalog titles
Monster Hunter: World*		790	450	450	230	170	140	280	2,530	
Resident Evil 2			420	240	160	140	220	200	1,390	
Monster Hunter World: Iceborne				520	240	140	100	230	1,260	
Resident Evil 3					390	110	190	170	870	
Monster Hunter Rise					480	410	370	190	1,470	
Resident Evil Village						610	180	180	980	
Monster Hunter Rise: Sunbreak							540	220	770	
Resident Evil 4							370	330	700	
Street Fighter 6								330	330	
Dragon's Dogma 2								260	260	


*Includes sales of *Monster Hunter World: Iceborne Master Edition*.
Sales numbers rounded down to 10 thousand units. As of March 31, 2024.



Resident Evil 7 biohazard
8 consecutive years of over 1 million units in sales



Monster Hunter: World
Highest-selling title in Capcom history



Resident Evil 4
Anticipate further sales going forward

(5) Long-term sales of high-quality titles

My second point is releasing high quality titles on a regular, continuous basis.

In recent years, following the release of a new game, we've been able to continue selling that game over the long term as a high-margin catalog title by carrying out digital discounts in stages.

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

For example, *Resident Evil 7* was released in the March 2017 fiscal year and has sold over 1 million units each year for 8 consecutive years, with cumulative sales now over 13 million units. Similarly, *Monster Hunter: World* released in the March 2018 fiscal year and has sold a Capcom record of over 25 million units.

Resident Evil 4, released in March 2023, has been highly acclaimed and sold over 7 million units worldwide in about 1 year.

Further, fiscal year March 2024 releases *Street Fighter 6* and *Dragon's Dogma 2* are both off to a strong start and have sold over 3.3 million and 2.62 million units respectively. We expect continued sales growth for these titles in the future.

3. Medium-Term Goals (6)



(6) Expanding catalog sales via digital selling

As a result of expanding our sales regions and selling high-quality titles over the long term, catalog title sales volume has grown 6 times over the past 10 years, from 5.7 million units in the March 2014 fiscal year to over 36 million units in the March 2024 fiscal year.


Consolidated operating profit has grown in conjunction with this, and as I mentioned, we have achieved 11 consecutive years of profit growth.

As growth of high-margin catalog title sales strongly promotes growth of our consolidated earnings we plan to continue our focus on catalog title sales.

4. Strategy for Sustainable Growth (1)

4. Strategy for Sustainable Growth (1)

- **Personnel Investment Strategy**
 - Pursuing personnel investment strategy under direction of CHO in working toward mid-to-long term sustainable growth
(Carried out since FY22)
 - (1) Increased average annual employee salary by 30%;
introduced stock-grant ESOP program (*for permanent employees);
strengthened link between bonus system and business performance;
Raised entry-level starting salaries to ¥300,000/mt (+¥65,000/mt) *Begins FY25
 - (2) Carried out various company-wide briefings with employees;
steadily increasing employee engagement
 - (3) Aim to achieve 88% or better ratio in male-to-female wage gap,
85% or better ratio of male employees taking paternity leave by 2029
 - Will improve productivity by providing an even more comfortable work environment for employees and pursuing talent acquisition and training while increasing employee contributions and motivation
 - Look to further bolster 2,675-person strong developer workforce



Moving on, I will review the 3 points of our management strategy for ensuring long-term growth.

(1) Personnel Investment Strategy

First is our personnel investment strategy.

I have discussed this in the past, however, we are pursuing investment in personnel as one of our strategic management priorities to ensure the long-term growth of our company.

In addition to increasing the average annual salary of permanent employees by 30%, strengthening the link between company performance and our bonus system, and introducing a stock-grant ESOP program, we have announced that we will increase the entry-level starting salary for new graduates to 300 thousand yen per month starting in fiscal year March 2026 with the aim of acquiring talented people as we continue to invest in human capital.

We are also carrying out initiatives to improve communication and employee engagement, including company-wide briefings to deepen employee understanding of our business situation, as well as seminars about health, mental health, and harassment prevention.

Moreover, in order to provide a comfortable working environment and promote diversity, we aim to achieve an 88% or better ratio in the male-to-female wage gap, and 85% or better ratio of male employees taking paternity leave by 2029.

By providing an even more comfortable work environment for employees, and carrying out hiring and training, we aim to enhance productivity going forward.

Further, we are working to bolster the company by continuing to hire at least 100 new graduates for our R&D organization.

4. Strategy for Sustainable Growth (2)

4. Strategy for Sustainable Growth (2)

■ Strengthening our brands worldwide

- Accelerating reach of our brands into more than 230 countries/regions by pursuing **in-house movie production, esports promotions and sponsorships**



Games...?



Established Capcom Pictures
Producing new live-action
Street Fighter film



Courtesy of Netflix
Netflix animated series
Onimusha streamed
worldwide from October



Monster Hunter Now (licensed)
downloaded over
15 million times*



Games mean
CAPCOM!



Esports promotions



Sponsorships in popular sports



Sponsorships in popular sports



Expand game
sales
demographics
globally

* As of April 23, 2024
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(2) Strengthening our brands worldwide

The second strategic point is strengthening our brands.

As I mentioned, we have widely expanded our sales regions.

However, there is still a disparity in sales volume between regions.

It is important for us to increase penetration and strengthen our brand in many areas to reach 100 million units in annual sales. As such we will promote global branding to increase awareness of Capcom's games.

For example, last year we worked with Niantic on the mobile game *Monster Hunter Now*, which has now been downloaded more than 15 million times. We hope this game will contribute to further increasing the brand awareness of the *Monster Hunter* series worldwide.

Further, movies and television shows are very effective for increasing brand awareness as they can convey the world and feel of a game even without playing it.

We have worked to maximize the promotional benefits of visual media in past year with works like the feature-length CG animated movie *Resident Evil: Death Island*, and the animated *Onimusha* series that began streaming worldwide on Netflix.

We also continue to promote growth of esports globally such as with large-scale prize money at events.

4. Strategy for Sustainable Growth (3)

4. Strategy for Sustainable Growth (3)

- **Bolstering related businesses**
 - Building base support for consolidated earnings by bolstering related businesses such as Arcade Operations and Amusement Equipments



Capsule Lab Takeshita Street store opened
December 15, 2023



Enhance online claw crane games



Puri Mart / Capsule Lab Sannomiya store
opened March 20, 2024



Smart Slot Biohazard Village sold directly to
pachislo halls via EC site

(3) Bolstering related businesses

We are working to enhance earnings in each of our business segments.

This is because by creating an earnings foundation in related businesses, such as Arcade Operations and Amusement Equipments, we can create stable growth.

We aim to continue building a stable earnings foundation in each of these segments not only with existing structures, but also by incorporating new business models.

5. Forecasts for FY25/3 (1)

5. Forecasts for FY25/3 (1)

**Aim for 12 consecutive years of increased operating income
driven by stable growth of the Digital Contents business**

(100 million yen)

	24/3 Results					25/3 Plan						
	H1	YoY	H2	YoY	FY	YoY	H1	YoY	H2	YoY	FY	YoY
Net sales	749	53%	774	1%	1,524	21%	570	-24%	1,080	39%	1,650	8%
Operating income	338	55%	232	-20%	570	12%	200	-41%	440	89%	640	12%
Operating margin	45.2%	-	30.0%	-	37.5%	-	35.1%	-	40.7%	-	38.8%	-
Ordinary income	361	57%	232	-18%	594	16%	190	-48%	440	89%	630	6%
<small>Net income attributable to owners of the parent</small>	252	57%	180	-12%	433	18%	140	-45%	320	77%	460	6%

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

- Expect increased sales and profit YoY due to growth in Digital Contents and all other businesses
- Expect results to be weighted to H2 due to release timing of new titles
- EPS forecast: ¥109.98
- Dividend forecast: interim ¥18, year-end ¥18, full-year total ¥36

Next, I will go over our guidance for the March 2025 fiscal year.

Last year marked 11 consecutive years of operating profit growth and record high net sales and profit at all levels driven by growth in the Consumer sub-segment of Digital Contents.

This year we're aiming for 8 consecutive years of record profit by focusing on major new and digital title sales to grow our core Consumer business. We also plan to achieve our 12th consecutive year of operating profit growth.

Also note that due to the timing of releases for new titles, this year we anticipate earnings to be weighted to the second half of the fiscal year.

We plan for net sales to increase 12.5 billion yen to 165 billion yen; operating income to increase 6.9 billion yen to 64 billion yen, with an operating profit margin of 38.8%.

We plan for ordinary income to increase 3.5 billion yen to 63 billion yen, and net income to increase 2.6 billion yen to 46 billion yen.

The EPS forecast is 109.98 yen per share, and we plan an interim dividend of 18 yen and a year-end dividend of 18 yen, making the annual dividend 36 yen.

5. Forecasts for FY25/3 (2)

5. Forecasts for FY25/3 (2)							
Digital Contents business drives growth							
Anticipate increased sales and profit across all business segments							
(100 million yen)							
	20/3	21/3	22/3	23/3	24/3	25/3 Plan	Difference
Digital Contents							
Net sales	599	753	875	981	1,198	1,250	51
Operating income	241	370	453	535	598	669	70
Unit sales (thousand units)	255	301	326	417	458	500	41
Arcade Operations							
Net sales	120	98	124	156	193	220	26
Operating income	12	1	6	12	18	21	2
Amusement Equipments							
Net sales	65	70	57	78	90	126	36
Operating income	20	24	23	34	41	47	6
Other Businesses							
Net sales	30	30	43	43	42	53	10
Operating income	5	9	15	14	8	16	7

- Plan major new title release, worldwide promotional activities
- Promote increased brand awareness through movies & television shows, etc.
- Anticipate record unit sales. Will expand new and catalog sales globally via digital strategy

Lastly, here is our business segment guidance.

The Digital Contents business will continue to drive growth.

We expect to sell a record 50 million units for the year by expanding digital sales of major new and catalog titles globally.

As a result, we plan for net sales to increase 5.1 billion yen to 125 billion yen, operating income to increase 7 billion yen to 66.9 billion yen with an operating margin of 53.5%.

We also anticipate increased sales and profit in the Arcade Operations business due to contributions from new and existing stores, as well as increased sales and profit in the Amusement Equipments business via the launch of 4 new titles.

In Other Businesses, we will continue to promote investment in eSports, but anticipate increased sales and profit through strengthening activities in the Character Contents and Media businesses.

Thus concludes my presentation.

Once again, we aim to deliver another year of record earnings through our focus on steadily growing worldwide digital sales in our core Consumer business.

In order for us to continue our expansion, all of us, including our employees, their families and our global stakeholders, will come together as one and focus our efforts on enhancing corporate value. I humbly ask for your continued support.