

**Consolidated financial results for the 3 months
of the fiscal year ending March 31, 2025 (Japan GAAP - Unaudited)**

Date of issue: July 29, 2024

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo

Code number: 9697

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Dividend payment date: -

Preparation of supplementary material on financial results : Yes

Holding of financial results briefing : Yes (For institutional investors)

Note: Numbers are rounded down to the nearest 1 million yen.

1. Results for 3 months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(1) Financial results

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
3 months ended June 30, 2024	29,597	(32.5)	12,889	(46.4)	13,487	(47.9)	9,975	(45.1)
3 months ended June 30, 2023	43,858	73.8	24,047	99.4	25,865	102.0	18,163	101.6

Note: Comprehensive income: 3 months ended June 30, 2024 : 12,680 million yen (-41.2%) 3 months ended June 30, 2023 : 21,566 million yen (80.3%)

	Earnings per share	Diluted earnings per share
	yen	yen
3 months ended June 30, 2024	23.85	—
3 months ended June 30, 2023	43.43	—

Note: With an effective date of April 1, 2024, Capcom (the "Company") performed a 2-for-1 split of its common stock.

The Company calculated "Earnings per share", assuming that the stock split was implemented with an effective date of April 1, 2023.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
1st quarter ended June 30, 2024	240,795	198,610	82.5
Year ended March 31, 2024	243,476	195,081	80.1

Reference: Shareholders' equity: 1st quarter ended June 30, 2024 : 198,610 million yen Year ended March 31, 2024 : 195,081 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2024	—	27.00	—	43.00	70.00
Year ending March 31, 2025	—				
Year ending March 31, 2025 (Forecast)		18.00	—	18.00	36.00

Note: 1. Changes in dividends forecast during the 3 months ended June 30, 2024 : No

2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.

For dividends for the year ended March 31, 2024, the above dividends paid were the actual amounts before the stock split.

3. Earnings forecast for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2025	165,000	8.3	64,000	12.1	63,000	6.0	46,000	6.1	109.98

Note: Changes in earnings forecast during the 3 months ended June 30, 2024 : No

Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
 Newly included: 1 companies (Company name) Leostar Co., Ltd.
- (2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes
 Note: Please refer to "2. Summary of consolidated financial statements (4) Notes to consolidated financial statements (Application of special accounting treatment for preparation of quarterly financial statements)" on page 10 for more details.
- (3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements
- | | |
|---|----|
| ① Changes in accounting principles resulting from amendment of the accounting standard: | No |
| ② Changes in accounting principles other than ①: | No |
| ③ Changes in accounting estimates: | No |
| ④ Retrospective restatement: | No |
- (4) Number of shares outstanding (Common stock):
- | | | | |
|---|-------------|-----------------------------------|-------------|
| ① Number of shares outstanding (including treasury stock) | | | |
| 1st quarter ended June 30, 2024 : | 533,011,246 | Year ended March 31, 2024 : | 533,011,246 |
| ② Number of treasury stock | | | |
| 1st quarter ended June 30, 2024 : | 114,765,276 | Year ended March 31, 2024 : | 114,772,206 |
| ③ Average number of shares outstanding | | | |
| 1st quarter ended June 30, 2024 : | 418,242,943 | 1st quarter ended June 30, 2023 : | 418,226,117 |
- Note: 1. The number of treasury stock at the end of the 1st quarter and the number of treasury stock deducted when calculating the average number of shares outstanding during the 1st quarter include the Company's shares held by the Stock Grant ESOP trust.
 2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock. The Company calculated "Number of shares outstanding", "Number of treasury stock" and "Average number of shares outstanding", assuming that the stock split was implemented with an effective date of April 1, 2023.

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)
 (The Review will be disclosed for investor reference following the completion of its English-language translation at a later date.)

(Explanation about the appropriate usage of business prospects and other special notes)

- The above-mentioned business forecasts were based on the information available as of the date of the release of this report.
- Future events may cause the actual results to be significantly different from the forecasts.
- Please refer to "1. Operating results overview (3) Qualitative information regarding the consolidated business forecasts" on page 4 for more details.

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1. Operating results overview

(1) Operating results for the period under review

In the three months ended June 30, 2024, Capcom Co., Ltd. (the “Company,” together with its subsidiaries, the “Group”) actively pursued investments for growth focused on the continued enhancement of digital sales in order to further evolve and expand within the global market. In addition, as part of its human resources investment strategy, which is one of the Company’s top priorities, it continued to invest in human capital with the aim of stable and sustainable growth, including by increasing remuneration levels linked to business performance and providing a special payment to employees, in order to secure and develop human resources to support the future. Furthermore, with regard to the remuneration system for directors, in order to link remuneration for directors more closely to business performance and further align incentives with shareholders, the Company implemented measures aimed at increasing corporate value over the medium to long term, such as by introducing a performance-linked stock remuneration system. With these kind of management policies, the Company has been working to continue strengthening its development and technological capabilities, including through the acquisition in July of a 3DCG production company with strengths in animation production for home video game development.

Regarding business conditions during the three months ended June 30, 2024, in addition to the release of past titles on additional platforms, sales were dominated by catalog sales of major titles released in previous fiscal years in the core Digital Contents business due to the timing of new title sales in the fiscal year under review being weighted to the second half of the fiscal year. As a result of promoting digital sales and efforts to increase sales volumes globally, the Company sold 240 titles in 214 countries and regions, contributing to enhancing the value of the Company’s brands and achieving unit sales of 9.53 million units, down from 13.5 million units in the same period of the previous fiscal year when *Street Fighter 6* was released.

The Company also worked to increase earnings through efficient operation of amusement arcades and the promotion of store openings in new store formats in Arcade Operations, as well as through the continued introduction of smart pachislo machines and the utilization of the Group’s popular intellectual properties (IPs) in Amusement Equipments. In addition to such activities, the Company further enhanced the brand of its content by utilizing its major IPs in film and television productions, licensed merchandise, and esports.

As a result, for the three months ended June 30, 2024, consolidated net sales were 29,597 million yen (down 32.5% year-over-year), operating income was 12,889 million yen (down 46.4% year-over-year), ordinary income was 13,487 million yen (down 47.9% year-over-year), and net income attributable to owners of the parent was 9,975 million yen (down 45.1% year-over-year), outperforming the Company’s plan for the period under review.

Status of business by operating segment

① Digital Contents business

In the Digital Contents business, past titles *Monster Hunter Stories* and *Monster Hunter Stories 2: Wings of Ruin* were released on additional platforms in June, and thanks to support from a wide range of users, sales of *Monster Hunter Stories 2: Wings of Ruin* surpassed a cumulative total of 2 million units. In addition, sales of catalog titles *Monster Hunter World: Iceborne* and *Monster Hunter Rise* continued to grow, contributing to an improvement in the brand value of titles in the series, with cumulative sales now over 100 million units worldwide.

Regarding catalog titles, the Company continued working to enhance brand recognition and increase the number of users for *Street Fighter 6*, the major new title in this flagship series that was released in the previous fiscal year, by strengthening collaborations with esports activities. Sales of *Dragon's Dogma 2*, released in March, progressed in line with expectations. In addition, the Company conducted proactive promotional campaigns to gain wider recognition of its IPs and acquire new fans, focusing primarily on series title sales, such as *Resident Evil 4*. As a result, sales of catalog titles got off to a solid start thanks to promoting pricing measures, amounting to 9.26 million units, compared to 9.8 million units in the same period of the previous fiscal year.

Consequently, progress toward achieving the full-year plan was generally in line with plans, though sales volume for the three months ended June 30, 2024, decreased compared with the same period of the previous fiscal year when *Street Fighter 6* was released.

In Mobile Contents, cumulative downloads of *Monster Hunter Now*, which was released in the previous fiscal year, exceeded 15 million and continued to gain in popularity among many users. In addition, in the three months ended June 30, 2024, *Monster Hunter Puzzles: Felyne Isles* (for iOS and Android) was released globally in June.

As a result, segment net sales were 21,416 million yen (down 43.5% year-over-year), and operating income was 12,821 million yen (down 48.0% year-over-year).

② Arcade Operations business

In Arcade Operations, in addition to the recovery of tourism demand after the COVID-19 pandemic, consumer habits also continued to change. As such, the Company worked to increase earnings through the efficient operation of existing stores and store openings in new store formats. Moreover, the Company worked to maximize the appeal of our brick-and-mortar stores by holding events and creating synergies with other businesses.

During the three months ended June 30, 2024, the Company opened Plaza Capcom Oyabe (Toyama Prefecture) in April, and opened a new area at Plaza Capcom Ikebukuro (Tokyo) in May, bringing the total number of stores to 51.

As a result, segment net sales were 4,864 million yen (up 18.1% year-over-year), and operating income was 516 million yen (up 37.4% year-over-year).

③ Amusement Equipments business

In Amusement Equipments, the pachislo market remained solid, driven by smart pachislo machines. Sales of 5 thousand units of the new model *Street Fighter V Chosensha no Michi*, which was released in June, contributed to earnings. Sales of *Strike the Blood*, which was released in March, also contributed.

As a result, segment net sales were 2,220 million yen (up 147.2% year-over-year), and operating income was 1,083 million yen (up 59.7% year-over-year).

④ Other Businesses

In Other Businesses, the Company bolstered its structure by integrating internal organizations to accelerate collaboration between esports and the licensing business, with the aim of improving the brand value of its titles.

In addition to taking measures to expand the esports user base on a global scale, the Company worked to further promote its various esports tournaments and announced that it will hold Capcom Cup 11, the championship tournament for the 2024 season, at the *Ryogoku Kokugikan* arena to contribute to the spread of esports in Japan. The Capcom Pro Tour 2024—which offers the right to compete in the Capcom Cup 11, the final tournament of the tour with a grand prize of \$1 million USD—was kicked off in June, sparking heated competitions in various regions around the world.

Additionally, *Street Fighter 6* has been selected as a competitive title for the Esports World Cup to be held in Saudi Arabia, thereby providing momentum for future expansion.

In addition, the Company focused on promoting various events and collaborations in conjunction with the 20th anniversary of the *Monster Hunter* series, as well as focusing on movie and television adaptations of its major IPs and developing character merchandise for its popular titles.

As a result, segment net sales were 1,097 million yen (up 13.3% year-over-year), and operating income was 664 million yen (up 34.3% year-over-year).

(2) Overview of the consolidated financial position for the period under review

Total assets as of the end of the first quarter decreased by 2,681 million yen from the end of the previous fiscal year to 240,795 million yen. The primary increases were 5,886 million yen in work in progress for game software, 2,336 million yen in cash on hand and in banks, and 707 million yen in current assets, other, due to an increase in prepaid expenses, etc. The primary decrease was 11,763 million yen in accounts receivable - trade.

Total liabilities as of the end of the first quarter decreased by 6,209 million yen from the end of the previous fiscal year to 42,185 million yen. The primary decreases were 4,870 million yen in accrued bonuses and 1,601 million yen in accrued income taxes.

Net assets as of the end of the first quarter increased by 3,528 million yen from the end of the previous fiscal year to 198,610 million yen. The primary increases were 9,975 million yen in quarterly net income attributable to owners of the parent and 2,729 million yen in cumulative translation adjustments. The primary decrease was 9,163 million yen in dividends from retained earnings.

(3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results for the current fiscal year ending March 31, 2025, remains the same as what was projected at the financial results announcement on May 9, 2024.

2. Summary of consolidated financial statements

(1) Consolidated balance sheets

(million yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (June 30, 2024)
Assets		
Current assets		
Cash on hand and in banks	125,191	127,528
Accounts receivable - trade	25,383	13,620
Merchandise and finished goods	1,692	1,890
Work in progress	1,222	1,209
Raw materials and supplies	847	1,181
Work in progress for game software	39,035	44,921
Other	4,456	5,163
Allowance for doubtful accounts	(2)	(2)
Total current assets	197,826	195,511
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	10,938	10,684
Other, net	19,529	19,652
Total tangible fixed assets	30,468	30,337
Intangible assets	1,444	1,458
Investments and other assets		
Other	13,760	13,511
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	13,737	13,488
Total fixed assets	45,650	45,283
Total assets	243,476	240,795

(million yen)

	Previous fiscal year (March 31, 2024)	Current fiscal year (June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,603	2,269
Electronically recorded monetary liabilities	1,730	1,594
Short-term borrowings	3,591	3,591
Current portion of long-term borrowings	626	626
Accrued income taxes	5,454	3,852
Accrued bonuses	8,388	3,518
Deferred income	683	558
Other	10,135	10,423
Total current liabilities	33,213	26,433
Long-term liabilities		
Long-term borrowings	3,000	3,000
Liabilities for retirement benefits for employees	4,379	4,509
Provision for share awards	2,074	2,356
Other	5,727	5,884
Total long-term liabilities	15,181	15,751
Total liabilities	48,394	42,185
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	30,259	30,259
Retained earnings	172,615	173,427
Treasury stock	(50,012)	(50,001)
Total shareholders' equity	186,100	186,924
Accumulated other comprehensive income		
Cumulative translation adjustments	9,197	11,926
Accumulated adjustments for retirement benefits, net of tax	(216)	(240)
Total accumulated other comprehensive income	8,980	11,686
Total net assets	195,081	198,610
Total liabilities and net assets	243,476	240,795

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(million yen)

	Previous 3 months April 1, 2023 to June 30, 2023	Current 3 months April 1, 2024 to June 30, 2024
Net sales	43,858	29,597
Cost of sales	13,587	11,099
Gross profit	30,271	18,497
Selling, general and administrative expenses	6,224	5,608
Operating income	24,047	12,889
Non-operating income		
Interest income	201	272
Dividend income	12	0
Exchange gain, net	1,630	620
Other	25	53
Total non-operating income	1,870	946
Non-operating expenses		
Interest expense	15	17
Social contribution activity-related expenses	—	291
Other	37	39
Total non-operating expenses	52	348
Ordinary income	25,865	13,487
Special gains		
Gain on sales of fixed assets	1	143
Total special gains	1	143
Special losses		
Loss on sales and /or disposal of fixed assets	0	1
Total special losses	0	1
Net income before income taxes	25,866	13,629
Income taxes	7,703	3,653
Net income	18,163	9,975
Net income attributable to owners of the parent	18,163	9,975

Consolidated statements of comprehensive income

	(million yen)	
	Previous 3 months April 1, 2023 to June 30, 2023	Current 3 months April 1, 2024 to June 30, 2024
Net income	18,163	9,975
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	196	—
Cumulative translation adjustments	3,196	2,729
Adjustments for retirement benefits, net of tax	10	(24)
Total other comprehensive income	3,403	2,705
Comprehensive income	21,566	12,680
Comprehensive income attributable to:		
Owners of the parent	21,566	12,680
Non-controlling interests	—	—

(3) Consolidated statements of cash flows

(million yen)

	Previous 3 months April 1, 2023 to June 30, 2023	Current 3 months April 1, 2024 to June 30, 2024
Cash flows from operating activities		
Net income before income taxes	25,866	13,629
Depreciation and amortization	900	1,062
Amortization of goodwill	—	8
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in accrued bonuses	(2,164)	(4,891)
Increase (decrease) in provision for share awards	277	282
Interest and dividend income	(214)	(272)
Interest expense	15	17
Exchange (gain) loss, net	(665)	(295)
Loss (Gain) on sales or disposal of fixed assets	(1)	(141)
Decrease (increase) in notes and accounts receivable - trade	8,433	11,811
Decrease (increase) in inventories	(50)	(512)
Decrease (increase) in work in progress for game software	(1,293)	(5,886)
Increase (decrease) in notes and accounts payable - trade	(1,830)	(532)
Increase (decrease) in deferred revenue	(3,934)	(126)
Other	(1,237)	(313)
Subtotal	24,103	13,840
Interest and dividends received	260	359
Interest paid	(12)	(15)
Income taxes paid	(11,371)	(4,776)
Net cash provided by operating activities	12,979	9,407
Cash flows from investing activities		
Payments into time deposits	(8,945)	(11,598)
Proceeds from withdrawal of time deposits	8,945	11,598
Payments for acquisitions of tangible fixed assets	(1,644)	(847)
Proceeds from sales of tangible fixed assets	1	338
Payments for acquisitions of intangible fixed assets	(163)	(151)
Other	(26)	(139)
Net cash used in investing activities	(1,833)	(800)
Cash flows from financing activities		
Payments for repurchase of treasury stock	—	(1)
Dividends paid by parent company	(8,524)	(9,164)
Other	(253)	(295)
Net cash used in financing activities	(8,778)	(9,461)
Effect of exchange rate changes on cash and cash equivalents	2,902	2,015
Increase (decrease) in cash and cash equivalents	5,270	1,160
Cash and cash equivalents at beginning of year	89,470	109,091
Cash and cash equivalents at end of quarter	94,741	110,252

(4) Notes to consolidated financial statements

(Going concern assumptions)

Not applicable

(Changes in the scope of consolidation)

Leostar Co.,Ltd. has been included in the scope of consolidation due to its foundation from the beginning of the first quarter of the consolidated fiscal year.

(Application of special accounting treatment for preparation of quarterly financial statements)

(Calculation of income taxes)

Income taxes are calculated by multiplying the net income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Segment Information)

I Previous 3 months (From April 1, 2023 to June 30, 2023)

Information on net sales and operating income (loss)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	37,875	4,117	898	42,890	968	43,858	—	43,858
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	37,875	4,117	898	42,890	968	43,858	—	43,858
Operating income (loss)	24,679	375	678	25,733	494	26,228	(2,181)	24,047

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. Adjustments of operating income (loss) of -2,181 million yen include unallocated corporate operating expenses of -2,181 million yen.

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Operating income (loss) for segments are adjusted on operating income of the consolidated statements of income.

II Current 3 months (From April 1, 2024 to June 30, 2024)

Information on net sales and operating income (loss)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	21,416	4,864	2,220	28,500	1,097	29,597	—	29,597
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	21,416	4,864	2,220	28,500	1,097	29,597	—	29,597
Operating income (loss)	12,821	516	1,083	14,421	664	15,085	(2,196)	12,889

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. Adjustments of operating income (loss) of -2,196 million yen include unallocated corporate operating expenses of -2,196 million yen.

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Operating income (loss) for segments are adjusted on operating income of the consolidated statements of income.

(Material changes in shareholders' equity)

Not applicable

(Additional Information)

(Establishment of Stock Grant ESOP Trust)

In June 2022, the Company established a Stock Grant ESOP trust as an employee incentive plan (the Plan, below) for its permanent employees (excludes employees not living in Japan; eligible employees, below).

1. Overview

The Company established the Plan with the aim of increasing employee motivation and interest in contributing to the enhancement of earnings.

Under the Plan, the Company established a Stock Grant ESOP (Employee Stock Ownership Plan) trust (the "ESOP trust", below).

The ESOP trust is an employee incentive plan similar to ESOP plans in the U.S. and will grant the Company's stock that has been acquired by the ESOP trust to eligible employees who have satisfied certain requirements, based on predetermined stock transfer rules.

Further, the Company will provide all funds for acquisition of the aforementioned stock by the ESOP trust, so none of the cost falls upon the eligible employees.

The Company anticipates that by establishing the ESOP trust eligible employees will be able to reap the economic benefits of increases in the value of the Company's stock, resulting in increasing workplace motivation while at the same time enhancing work performance.

Further, voting rights for the Company's stock held in the ESOP trust will be exercised within a structure that reflects the will of eligible employees who are candidate beneficiaries, and is an effective way to improve corporate value by promoting participation in management planning.

2. The Company's Stock that Remains in the Trust

The Company's stock that remains in the trust is recorded as treasury stock in net assets based on the book value in the trust (excluding associated expenses). Total book value and the number of shares at the end of the previous fiscal year and the current 3 months are 13,791 million yen and 7,983,640 shares, and 13,778 million yen and 7,976,150 shares, respectively.

With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock. The Company calculated the number of treasury stock assuming that the stock split was implemented with an effective date of April 1, 2023.