



Capcom Co., Ltd.
(Tokyo Stock Exchange,
First Section, 9697)

Overview of Strategies and Plans
Fiscal Year ending March 31, 2022

■ Regarding Full-Year Business Strategies and Plan

- **Forecast 9th consecutive fiscal year of operating income growth driven by Digital Contents business**
- **Aim to achieve record Consumer sub-segment sales volume of 32 million units by leveraging two major titles: *Resident Evil Village* and *Monster Hunter Rise*.**
- **Prioritizing safety in carrying out business operations while working to minimize the impact of COVID-19**
Anticipate any impact on business performance to be negligible at this point in 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.

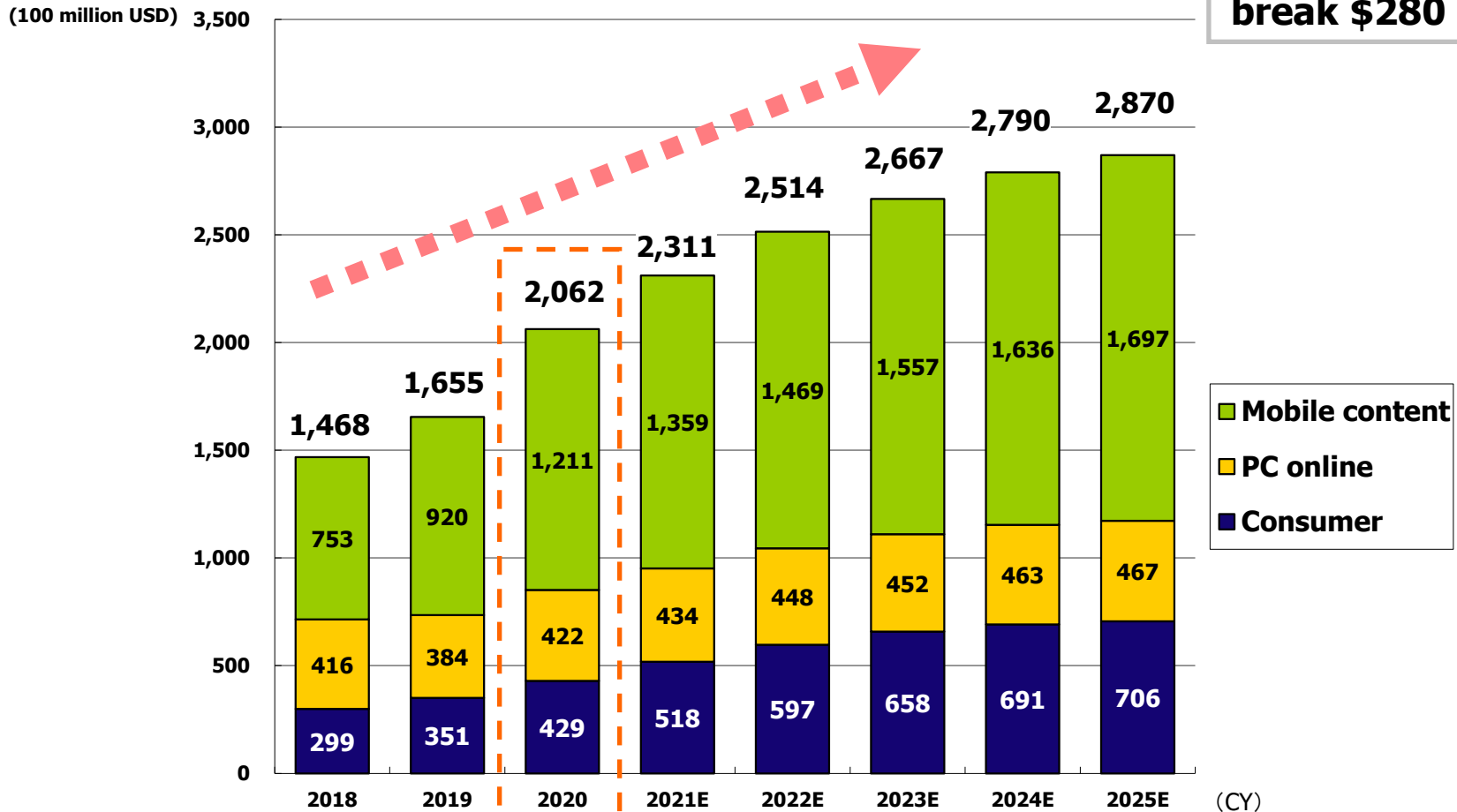
Factors that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) consumer demand for home video game consoles; (4) sales outside Japan; (5) changes 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.

1-1. Growth Strategies (Market Overview)

Global game market
continuing to expand

■ Video Game Market

Market set to
break \$280 billion

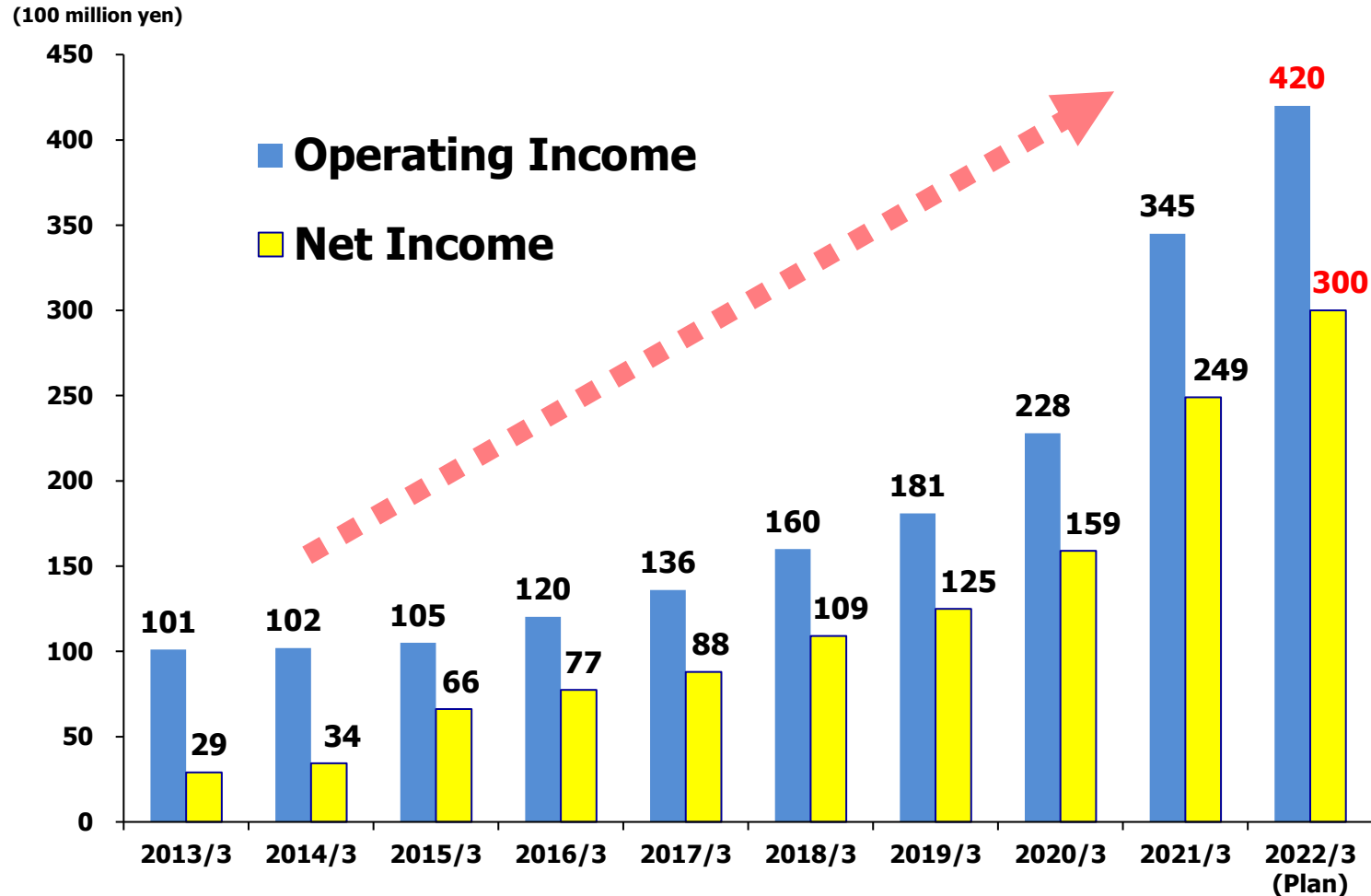


E: Estimate *Source : Data prepared from International Development Group

1-2. Growth Strategies (Medium-Term Goals) (1)

■ Medium-term Management Objective

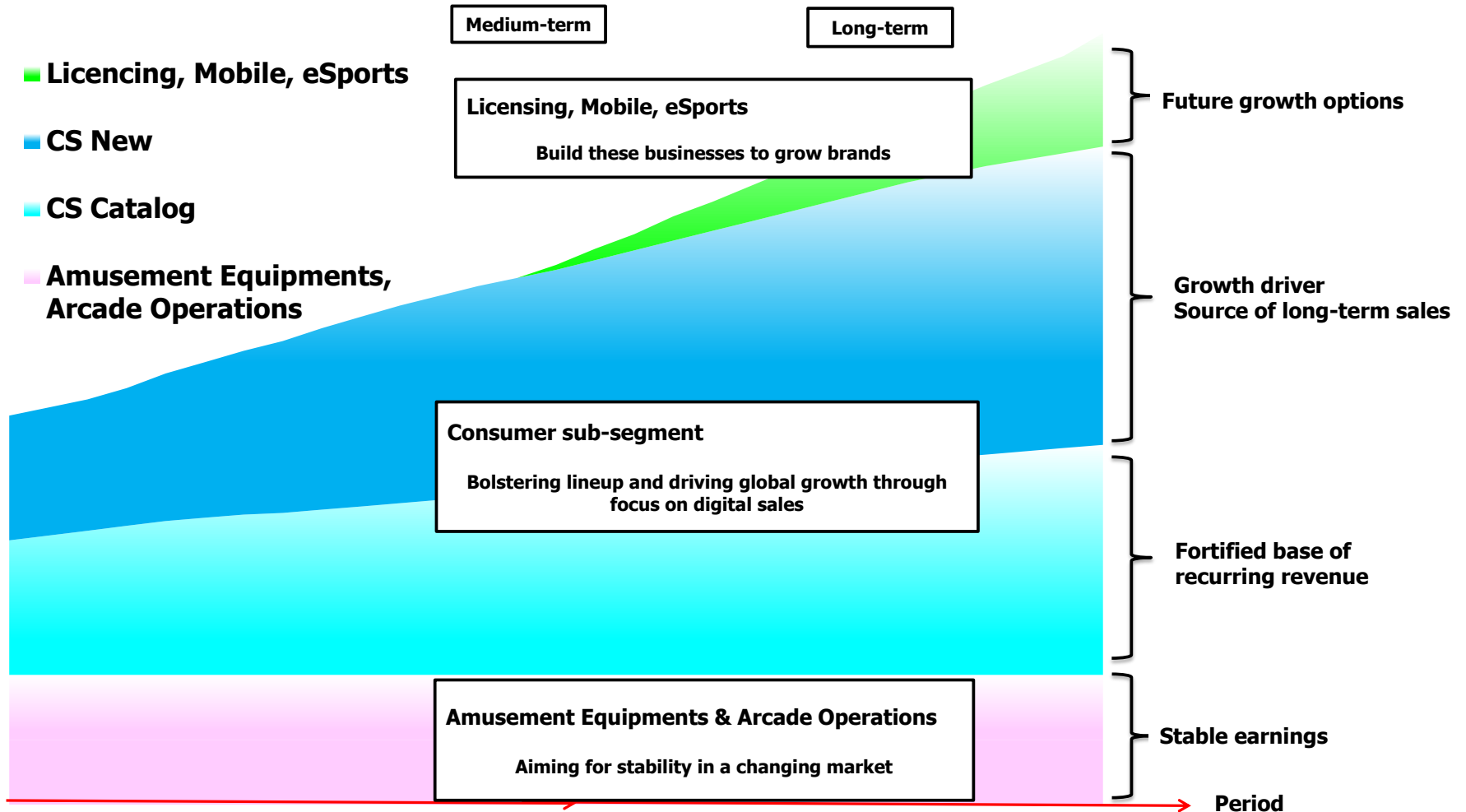
- Aim for annual OP growth (of 10% or more), supported by stably-built earnings foundation



1-2. Growth Strategies (Medium-Term Goals) (2)

■ Medium-Term Growth

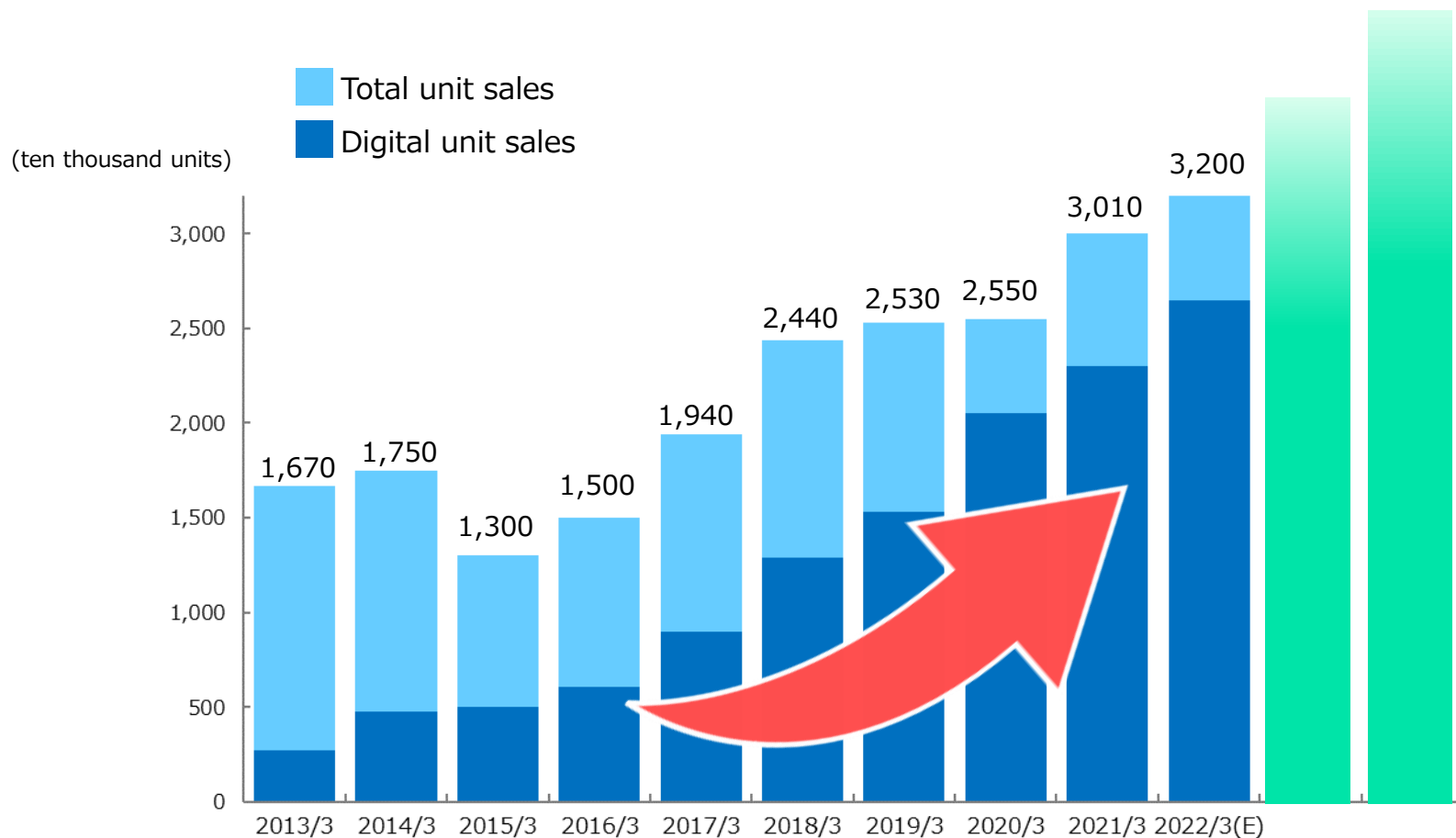
- Medium-term: Focusing on growing digital sales in Consumer sub-segment
- Long-term: Build mobile, licensing and eSports into future revenue sources



1-2. Growth Strategies (Medium-Term Goals) (3)

■ Consumer sales volume growth

- Continue to grow sales volume each year by leveraging annual major title releases and digital distribution to expand sales regions and platforms



2. Forecasts for FY3/22 (1)

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

	2021/3	2022/3 Plan	(million yen) Difference
Net sales	95,308	100,000	4,692
Operating income	34,596	42,000	7,404
Operating margin	36.3%	42.0%	-
Ordinary income	34,845	42,000	7,155
Net income attributable to owners of the parent	24,923	30,000	5,077

- Expect increased sales and profit YoY due primarily to growth of digital sales in the Consumer sub-segment
- Prioritizing safety in business operations, working to minimize the impact of COVID-19
- Earnings per share forecast: ¥140.52
- Dividend forecast: interim dividend of ¥18 and year-end dividend of ¥18 resulting in a ¥36 dividend for the fiscal year

*With an effective date of April 1, 2021, Capcom performed a 2-for-1 stock split of its common stock.

2. Forecasts for FY3/22 (2)

**Consumer sub-segment of the Digital Contents business
to drive overall growth**

■ Business Segment Plan

	2020/3	2021/3	2022/3 Plan	(million yen) Difference
Net sales	81,591	95,308	100,000	4,692
Digital Contents	59,942	75,300	77,800	2,500
Arcade Operations	12,096	9,871	13,000	3,129
Amusement Equipments	6,533	7,090	5,500	-1,590
Other Businesses	3,018	3,045	3,700	655
Operating income	22,827	34,596	42,000	7,404
Digital Contents	24,161	37,002	44,800	7,798
Arcade Operations	1,211	149	700	551
Amusement Equipments	2,085	2,407	2,000	-407
Other Businesses	544	987	1,000	13
Adjustments*	-5,176	-5,951	-6,500	-549

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

3-1. Digital Contents – Strategic Objectives and Plan (1)

Anticipate increase in sales and profits driven by further bolstering digital sales in the Consumer sub-segment

■ Digital Contents Plan

(100 million yen)

	2020/3	2021/3	2022/3 Plan	Difference
Net sales	599	753	778	25
Breakdown				
Package	129	208	218	10
Digital (incl. digital license)	426	480	515	35
Digital license portion	26	30	5	-25
Consumer total	555	688	733	45
Deferred revenue portion		-22		
Mobile Contents	44	65	45	-20
Operating income	241	370	448	78
Operating margin	40.3%	49.1%	57.6%	-

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

3-1. Digital Contents – Strategic Objectives and Plan (2)

**Expect record sales volume from global contribution
of major new title and digital catalog titles**

■ FY3/22 Unit Sales Plan for the Consumer Sub-segment

(units in thousands)

	2019/3	2020/3	2021/3	2022/3 Plan
New Titles (SKU)	61	35	14	13
Total unit sales	25,300	25,500	30,100	32,000
Overseas units	21,600	21,450	24,350	26,400
Digital units	15,300	20,550	23,150	26,500
Catalog units	14,200	18,200	20,500	23,900
Major titles				
New	Resident Evil 2 Devil May Cry 5	Monster Hunter World: Iceborne	Monster Hunter Rise Resident Evil 3	Resident Evil Village Monster Hunter Stories 2: Wings of Ruin
Catalog	Monster Hunter: World Resident Evil 7 biohazard	Monster Hunter: World Resident Evil 2 Devil May Cry 5 Street Fighter V Resident Evil 7 biohazard	Monster Hunter World: Iceborne Resident Evil 7 biohazard Resident Evil 2 Monster Hunter: World	Monster Hunter Rise Monster Hunter World: Iceborne Resident Evil 3 Resident Evil 2 Monster Hunter: World Resident Evil 7 biohazard

*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. Digital Contents – Strategic Objectives and Plan (3)

**Leverage major brands and
intra-brand promotions to maximize revenue opportunities**

■ Consumer Strategies

- Release *Resident Evil Village* on May 7
Aim for further sales growth of *Resident Evil* series overall in conjunction with new release
- Release *Monster Hunter Stories 2: Wings of Ruin* on July 9
Continue free title updates for *Monster Hunter Rise*
- Work to maximize sales for each major brand in conjunction with digital strategy



Resident Evil Village

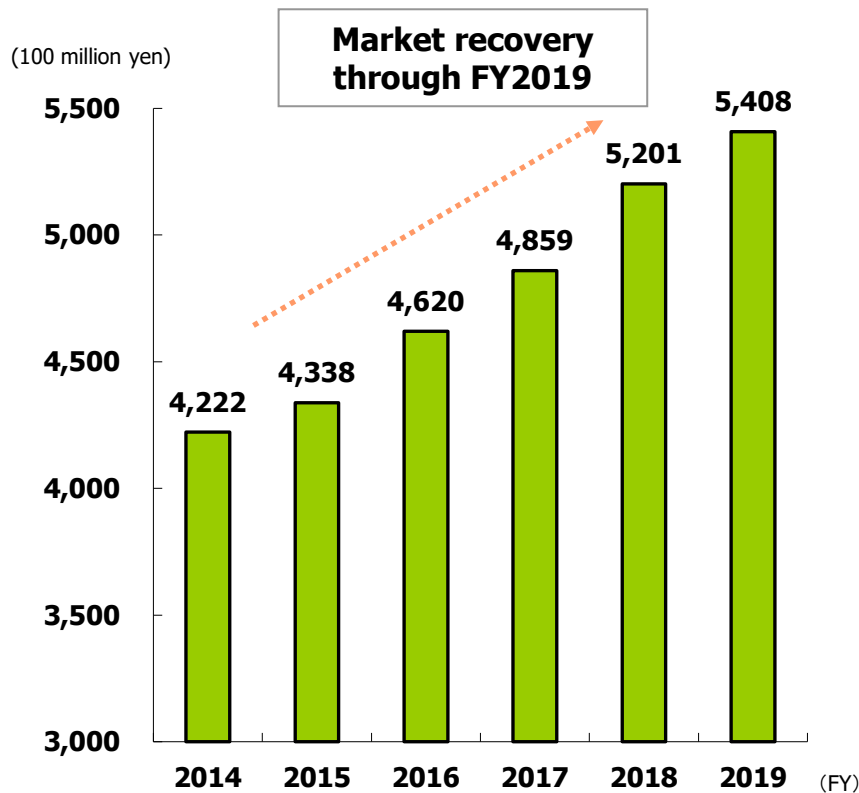
■ Mobile Strategies

- Launch new titles in addition to managing ongoing titles

3-2. Arcade Operations – Market Overview

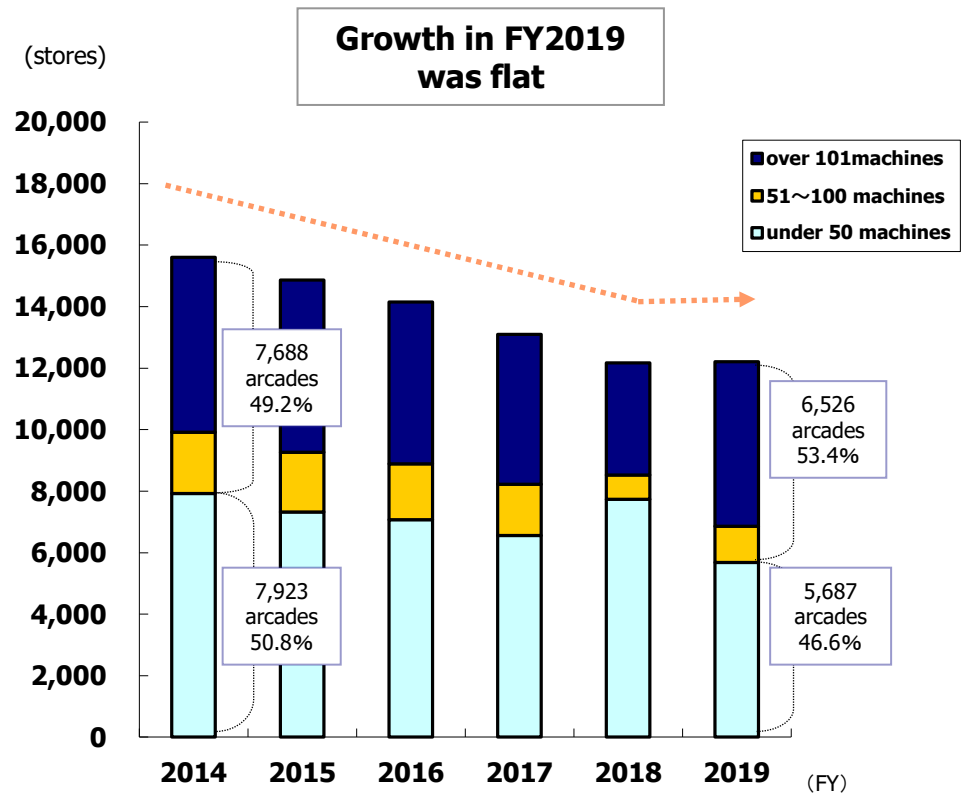
Carefully monitor the effects of
COVID-19 on the market

■ Amusement Arcade Market Sales



*Source: Amusement Industry Survey

■ Number of Amusement Arcades by number of machines



*Source: Amusement Industry Survey

3-2. Arcade Operations – Strategic Objectives and Plan

Anticipate recovery from contributions of new and existing stores
Carry out infection prevention measures on an ongoing basis

■ Arcade Operations Strategy

● Endeavor to streamline store openings and operations

- Plan: same store sales: +23%; openings: 3, closings: 1, total: 43 stores
- Plaza Capcom MitteN Fuchu scheduled to open May 28; Toyota location closing in May

■ Arcade Operations Plan

(100 million yen)

	2020/3	2021/3	2022/3 Plan	Difference
Net sales	120	98	130	32
Operating income	12	1	7	6
Operating margin	10.0%	1.5%	5.4%	-
Same store sales	+ 3%	-22%	+ 23%	-

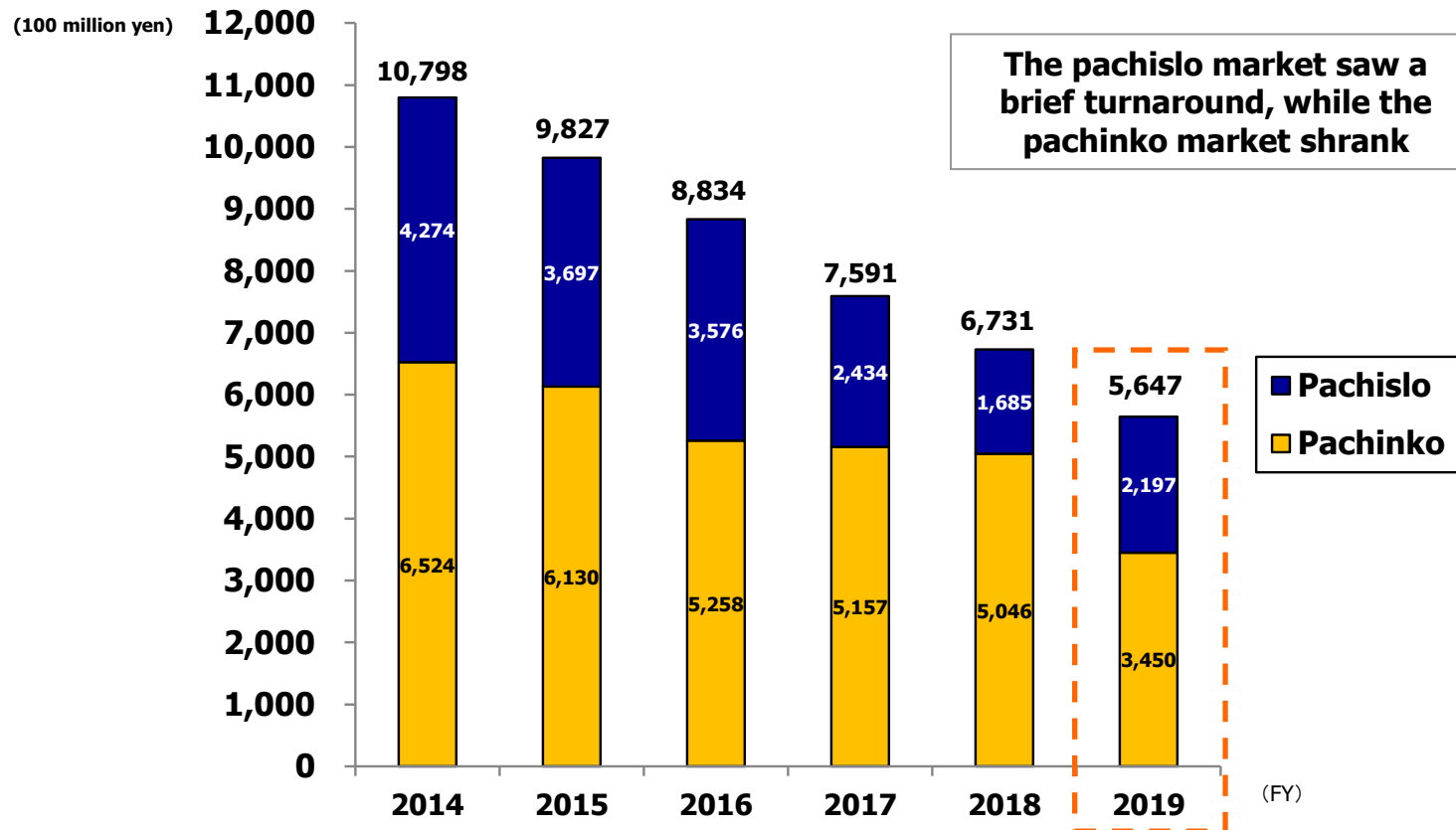


Plaza Capcom MitteN Fuchu

3-3. Amusement Equipments – Market Overview

Though pachislo had a brief turnaround, the overall market shrank
Continue to monitor market trends

■ Pachinko & Pachislo Machines Market



*Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2019, 2020); Yano Research Institute Ltd.

3-3. Amusement Equipments – Strategic Objectives and Plan

**Plan to release new models
based on pachislo market environment**

■ Pachinko & Pachislo Strategy

● Release models utilizing our popular IP

➤ Pachislo Machine Unit Sales Plan: four models; 28 thousand units

*includes 1,000 units in catalog sales

(three models sold 27 thousand units in previous year)

■ Amusement Equipments Plan

(units in thousands)

	2020/3	2021/3	2022/3 Plan	Difference
Models	1	3	4	1
Unit sales	20	27	28	1

(100 million yen)

	2020/3	2021/3	2022/3 Plan	Difference
Net sales	65	70	55	-15
Operating income	20	24	20	-4
Operating margin	31.9%	33.9%	36.4%	-



Hyakka Ryoran Samurai Girls
pachislo machine

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Scheduled for June 2021 launch

3-4. Other Businesses – Strategic Objectives and Plan (1)

Accelerate Single Content Multiple Usage strategy by coordinating with title release activities

■ Character Contents Strategy

● Expand revenue through merchandising and collaboration

- Release merchandise such as apparel and figures featuring popular IP

Release *Monster Hunter Rise* amiibo as well as a collaboration t-shirt with Uniqlo

● Grow brand awareness through visual media and stage productions

- Appeal to global audience with all-new Hollywood film adaptation *Resident Evil*, scheduled for November 24, 2021 release in North America, and CG animated drama *Resident Evil: Infinite Darkness*, streaming on Netflix starting in July
- Digital and physical versions of the series' first Hollywood film adaptation *Monster Hunter* to be rolled out worldwide



Magnamalo amiibo™

*amiibo is a trademark of Nintendo



Monster Hunter Rise

UT graphic t-shirt



CG drama *Resident Evil: Infinite Darkness*



Monster Hunter Hollywood adaptation

©CONSTANTIN FILM Production Services GmbH.

3-4. Other Businesses – Strategic Objectives and Plan (2)

Strengthen online tournaments in eSports

Promote expansion of the player base

■ eSports Strategy

● Work to grow stakeholder base with medium- to long-term mindset

- Plan to hold Capcom Pro Tour Online 2021, which features 1-on-1 battles; the tournament will be online due to COVID-19, and nearly doubled in scale, with 32 tournaments in 19 global regions planned
- Plan to hold 2021 seasons for Street Fighter League in the US and Japan, featuring team-based battles
- *Street Fighter V* tournament at Intel World Open scheduled to begin in June, with finals to be held in July

■ Other Businesses Plan

(100 million yen)

	2020/3	2021/3	2022/3 Plan	Difference
Net sales	30	30	37	7
Character Contents	27	29	35	6
eSports	3	1	2	1
Operating income	5	9	10	1
Character Contents	15	18	19	1
eSports	-10	-9	-9	0
Operating margin	18.0%	32.4%	27.0%	-

4-1. Capcom's Ambition

- **Corporate Philosophy:**
We are creators of entertainment culture that stimulates your senses



Contribute to building a richer society, making smiles and moving hearts across the globe

Grow the player base worldwide

Promote ESG initiatives based on SDGs
Contribute to building an environment that is fair and without poverty, where people can wholeheartedly enjoy games

Continue to make and provide superior content
Stably create revenue

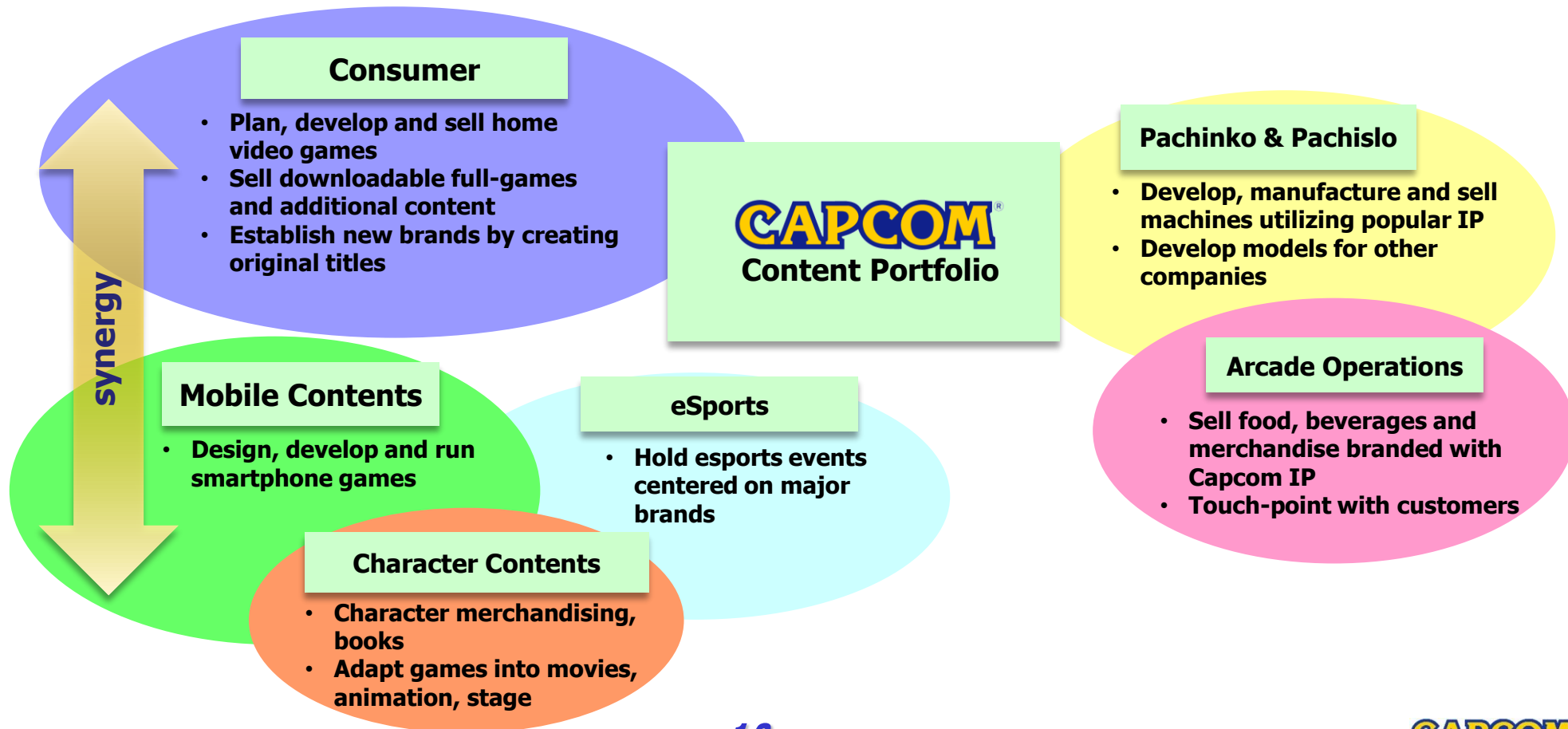


4-2. Capcom's Businesses

Capcom uses its game content as the basis for a broad range of business activities

Growth Businesses
approx. **80%** of Net Sales

Stable Businesses
approx. **20%** of Net Sales



4-3. Example of Leveraging a Brand: *Monster Hunter*

Capcom uses its library of powerful, original game content in a wide array of businesses beyond home video games



Orchestral concerts



Café collaborations

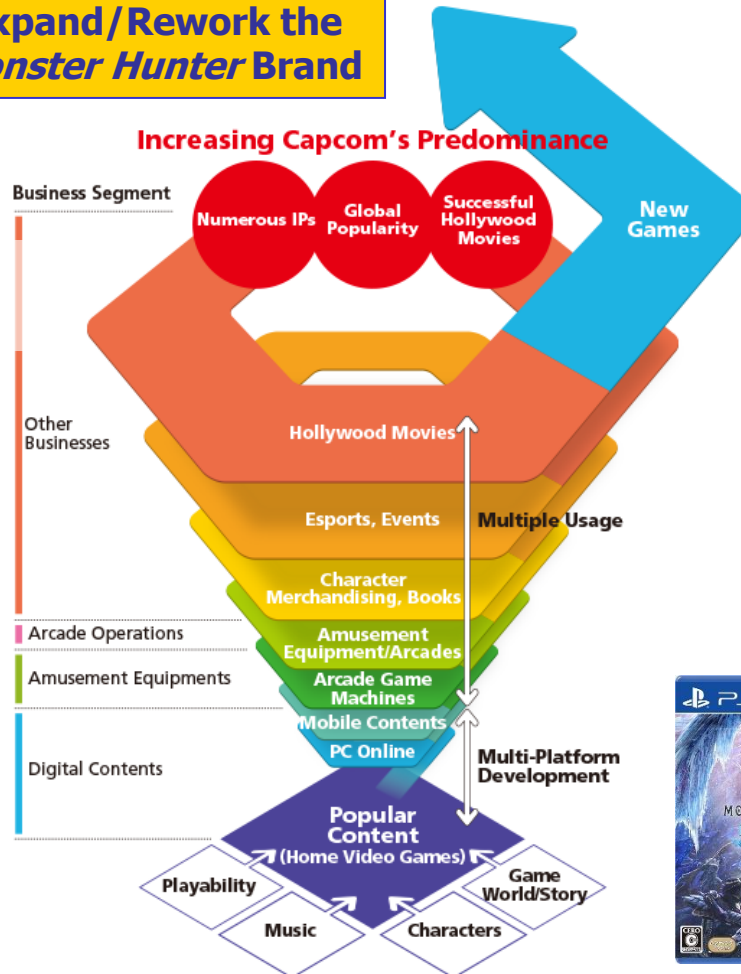


Smartphone games

Appeal to families

Capture casual players

Expand/Rework the *Monster Hunter* Brand



Increase brand awareness



Hollywood adaptations

©CONSTANTIN FILM Production Services GmbH.



Home video games

Expand into peripheral businesses



Pachislo machine

4-4. Capcom's Competitive Edge (1)

**Global recognition backed by world-class
game-development and technological capabilities**

■ World-class capabilities

1. **With development capable of producing world-leading levels of quality, Capcom consistently creates hit titles**
2. **Capcom has established a streamlined work environment, equipped with cutting-edge R&D facilities and tools, making it a leader in game development technology**

■ Fortifying our workforce

1. **Currently maintain an approx. 2,280-person strong development force**
2. **Have hired over 1,000 new-graduates in 10 years**
 - Fresh workforce contributing to major title development following training
 - Major source of future competitiveness

*As of March 31, 2021



3D scanning studio



Motion capture studio



R&D Bldg. #2

4-4. Capcom's Competitive Edge (2)

Capcom owns a wealth of brands originating from its games that boast worldwide popularity

■ Cumulative Sales Volumes and Examples of Expansion by Brand

- **Resident Evil series: 110 million units**



Released the latest title in the series, *Resident Evil Village*

- **Monster Hunter series: 72 million units**



Monster Hunter Rise exceeded 6 million units sold

- **Street Fighter series: 46 million units**



Held the Grand Final for our Street Fighter League: Pro-JP 2020 esports league

- **Mega Man series: 36 million units**
- **Devil May Cry series: 23 million units**
- **Dead Rising series: 14 million units**

*Cumulative sales as of March 31, 2021

5. Summary of Major Financial Information (1)

● Profit and Loss Statement

(million yen)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
Net sales	100,031	81,591	95,308	116.8%	100,000	104.9%
Gross profit	37,222	40,947	52,741	128.8%	62,000	117.6%
% margin	37.2%	50.2%	55.3%	-	62.0%	-
Sales and G&A expenses	19,078	18,119	18,145	100.1%	20,000	110.2%
Operating income	18,144	22,827	34,596	151.6%	42,000	121.4%
% margin	18.1%	28.0%	36.3%	-	42.0%	-
Ordinary income	18,194	22,957	34,845	151.8%	42,000	120.5%
% margin	18.2%	28.1%	36.6%	-	42.0%	-
Net income attributable to owners of the parent	12,551	15,949	24,923	156.3%	30,000	120.4%
% margin	12.5%	19.5%	26.1%	-	30.0%	-

● Sales by Business Segments

(million yen)

		2019/3	2020/3	2021/3	%	2022/3 Plan	%
Digital Contents	Net sales	82,982	59,942	75,300	125.6%	77,800	103.3%
	Operating income	23,315	24,161	37,002	153.1%	44,800	121.1%
	Operating margin	28.1%	40.3%	49.1%	-	57.6%	-
Arcade Operations	Net sales	11,050	12,096	9,871	81.6%	13,000	131.7%
	Operating income	1,096	1,211	149	12.3%	700	469.8%
	Operating margin	9.9%	10.0%	1.5%	-	27.0%	-
Amusement Equipments	Net sales	3,422	6,533	7,090	108.5%	5,500	77.6%
	Operating income	-2,668	2,085	2,407	115.4%	2,000	83.1%
	Operating margin	-	31.9%	33.9%	-	36.4%	-
Others	Net sales	2,575	3,018	3,045	100.9%	3,700	121.5%
	Operating income	811	544	987	181.2%	1,000	101.3%
	Operating margin	31.5%	18.0%	32.4%	-	27.0%	-

● Sales by Geographic Area

(million yen)

	2019/3	2020/3	2021/3	%
Japan	39,387	39,954	46,427	116.2%
North America	30,134	21,341	25,816	121.0%
Europe	19,387	10,667	13,191	123.7%
Others	11,121	9,628	9,872	102.5%

5. Summary of Major Financial Information (2)

●Promotional Expense

(million yen)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
Consolidated	5,490	4,253	3,178	74.7%	3,600	113.3%

●Number of Stores

(facilities)

	2019/3	2020/3	2021/3	Difference	2022/3 Plan	Difference
Consolidated	37	40	41	1	43	2

●Capital Investment

(million yen)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
Consolidated	2,439	2,338	3,597	153.8%	6,200	172.4%

●Depreciation

(million yen)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
Consolidated	3,228	2,795	2,791	99.9%	3,500	125.4%

●Number of Employees

(persons)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
Consolidated	2,832	2,988	3,152	105.5%	3,350	106.3%
Consolidated Developers	2,032	2,142	2,285	106.7%	2,473	108.2%

●R&D Investment Cost

(million yen)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
R&D Investment Cost	27,038	25,843	25,375	98.2%	33,000	130.0%
Technical R&D Cost	1,147	1,253	1,461	116.6%	2,500	171.1%

●Foreign Exchange Rate (end of March)

(JPY)

	2019/3	2020/3	2021/3	%	2022/3 Plan	%
USD/JPY	111	108	110	101.9%	105	95.5%
Euro/JPY	124	119	129	108.4%	125	96.9%