

**Financial Results Briefing for the  
Fiscal Year ended March 31, 2025: Q&A Summary  
(May 13, 2025)**

- Q Among the key resources of people, products, and capital, which does Capcom currently prioritize the most in order to sustain stable growth?
- A We place the highest priority on securing talent and aim to hire 150 new graduates each fiscal year. The game industry has evolved significantly over the past 10 to 20 years. We believe that harnessing the sensibilities of these new graduates, who have grown up amid these changes, is essential for adapting to an increasingly global and digital market environment. We expect that these efforts will meaningfully contribute to the company's future growth.
- Q What are your thoughts on the Nintendo Switch 2 and what type of titles are planned for release on the platform? Does this change your multi-platform strategy?
- A *Street Fighter 6* and *Kunitsu-Gami: Path of the Goddess* will be released alongside the Nintendo Switch 2. *Street Fighter 6* will support cross-play, among other features, demonstrating the potential of leveraging the capabilities of this new hardware. Our existing multi-platform strategy remains unchanged, and we will continue to release titles for a broad userbase.
- Q There is a difference in the average sales price of new titles and catalog titles. Going forward will you prioritize sales volume or total revenue?
- A Rather than focusing solely on either one of these, we aim to achieve growth on both fronts. Regarding the pricing of individual titles, we will continue to take a flexible approach, including potential price reductions, based on the title's market value and sales strategies.
- Q Capcom appears to be accumulating a significant amount of net cash. How do you plan to utilize these funds and is there a certain threshold you're aiming to maintain?
- A In addition to enhancing our development environment, such as the current construction of the new company building, we are considering other options such as M&A in emerging technology fields that may contribute to our future growth. For the time being, we intend to maintain our current level of net cash.
- Q What is Capcom's view on the current industry pricing standards of new titles and the outlook going forward?
- A Considering all the factors related to development costs, such as adapting to cutting-edge technology and labor costs, as well as the total playtime offered by each title, we believe that the current pricing of new titles is appropriate. However, we remain flexible in considering our approach to pricing.

Q I have the impression that catalog titles will be the key driver of earnings. Could you elaborate further on your sales strategies?

A Our catalog sales strategy consists of maximizing profitability through global digital sales. We have been using flexible pricing measures, multi-platform development, enhancing brand recognition through our Single Content Multiple Usage strategy, as well as leveraging promotional efforts tied to new title announcements to appeal to a wide userbase. As a result, we have achieved sales in over 220 countries and regions. This fiscal year, alongside *Monster Hunter Wilds*, we will continue to maximize the value of our catalog titles centered around our major brands.

Q With regards to expanding sales of catalog titles, are there any specific countries or regions that you are targeting, particularly in emerging markets?

A We have been conducting on-the-ground research in countries such as India and Brazil for several years, examining user preferences and local gaming environments. Based on the findings of these studies, we are formulating long-term expansion strategies tailored to each region which we will progressively roll out.

Q Following the release of new titles such as *Dragon's Dogma 2* and *Monster Hunter Wilds*, Capcom has needed to address various bugs and optimization issues on PC. Is the RE ENGINE sufficiently equipped to handle the increasing diversity in PC specifications?

A We believe that the RE ENGINE is fully capable of accommodating the growing diversity in PC environments. We are able to implement a flexible and adaptive development approach by drawing on our extensive development experience. However, in large-scale user environments, unforeseen issues may arise. In such cases, we prioritize and address these issues through timely patches and updates with a continued focus on enhancing user satisfaction.

Q Will Capcom continue to prioritize in-house development as the foundation of its development structure?

A We will continue to focus on in-house production for core elements of development as it's difficult to accumulate sufficient experience and expertise through outsourcing alone. Through internal development we aim to further enhance both our development capabilities and our product quality.

- Q Could you provide a breakdown of the 20.5 billion yen in deferred revenue, and will this be fully recognized within the fiscal year ending March 2026?
- A Much of the deferred revenue is related to free title updates for *Monster Hunter Wilds*. This revenue gradually will be recognized in accordance with the timing of each title update's release. Please await future announcements regarding the title update schedule.
- Q Can we expect the current trend for the PC unit sales ratio to continue?
- A In the fiscal year ended March 2025, PC accounted for over 50% of total unit sales. We expect this level to gradually rise in the fiscal year ending March 2026 and onward, driven by the increasing ownership of gaming PCs globally, including in Japan, and the fact that catalog sales in emerging markets are primarily PC-based.
- Q Are key cards for Nintendo Switch 2 (game cards that feature an activation key necessary to launch the software) recorded as physical or digital units?
- A They are recorded as digital sales.
- Q Could you provide details on the new title lineup for this fiscal year?
- A Please await future announcements regarding titles that are not yet disclosed at this time.
- Q Under which accounting category are the expenses related to Expo 2025 recorded and what type of content is Capcom presenting there?
- A Expo-related expenses are recorded as social contribution activity-related expenses under non-operating expenses. For the fiscal year ended March 2025, these expenses totaled approximately 1.5 billion yen, and we expect them to be approximately 3 billion yen for the fiscal year ending March 2026. At the ongoing Expo held in Osaka, Kansai, we are exhibiting *Monster Hunter Bridge* at the XD Hall of the Osaka Healthcare Pavilion and have received very positive feedback from visitors.
- Q Did the release of *Monster Hunter Wilds* have a positive impact on sales of previous titles in the series? Also, will Capcom continue to increase sales of *Monster Hunter* series titles this fiscal year?
- A As reflected in the top-selling titles for the fiscal year ended March 2025, the promotional measures surrounding the release of *Monster Hunter Wilds* contributed to increased sales of past entries in the *Monster Hunter* series. We will continue to implement similar measures by promoting sales expansion for catalog titles in conjunction with new title announcements for other series as well.

- Q With the goal of continuous 10% operating profit growth, how does Capcom plan to elevate its non-major IPs, such as *Onimusha* or *Dead Rising*, into major brands? Also, how do you evaluate the performance of *Dragon's Dogma 2* in the previous fiscal year specifically?
- A For our brands, we aim to strengthen each brand by expanding catalog sales following the release of a new title. As for *Dragon's Dogma 2*, as it has not only attracted existing fans of the series but also succeeded in attracting new fans, we have a positive perception of its performance. We will continue to actively promote the title and aim to increase catalog sales of the series.
- Q There has been a growing interest in the Warring States period of Japan's history with several movies and television shows featuring samurai becoming hits in the genre. Do you see this trend as a tailwind for *Onimusha: Way of the Sword*?
- A Given the long history and global sales track record of the *Onimusha* series, we believe this title is well-positioned to benefit from the current trend and expect it to achieve a certain level of sales units.
- Q Following the release of the major title *Monster Hunter Wilds* in the fiscal year ended March 2025, how does Capcom view its R&D investments going forward?
- A We plan to invest 58.3 billion yen in development during the current fiscal year ending March 2026. We believe that development investments will continue to increase given factors such as the continued advancements in hardware and rising labor costs. However, we aim to improve efficiency through measures such as updates to Capcom's proprietary RE ENGINE. Development investment levels are determined based on various indicators, such as ROI and the status of our mid-to long-term lineup, and sales plans are formulated and managed accordingly to these investments.
- Q What is the expected impact of foreign exchange rates on sales and profits?
- A Our plan is based on an exchange rate of 140 yen to the U.S. dollar. We estimate that a fluctuation of 1 yen against this rate would have an impact of approximately 300 to 400 million yen on operating income.
- Q Which roles within development are currently experiencing staffing shortages?
- A A significant portion of our game development staff are engaged in roles related to graphics and visual effects. Within those roles, there are shortages of animators and other people that are involved in creating expressions of movement, such as for game characters, making this area one focus of our recruitment efforts. Additionally, we have recently acquired companies as subsidiaries that possess strong capabilities in this field, contributing to the enhancement of our overall development capabilities.