Attachment contents

1. Qualitative information regarding the consolidated business

(1) The progress of the consolidated business results including related qualitative information

During the first quarter ended June 30, 2013, the industry saw the market for home video games enter a period of scant new product releases in anticipation of a full-scale launch of next-generation home video game consoles by the end of December this year.

At the same time, the industry is under pressure to build new growth models and reform earning structures as the competitive environment further diversifies due in part to the introduction of low-priced cloud games in addition to the continued, albeit slower-paced, momentum of inventory-risk-free social games resulting from the spread of smartphones (high-function mobile phones) and tablets (multi-functional mobile terminals).

Under these circumstances, as part of the Company's efforts for restructuring, Capcom pressed forward with the reduction of outsourced development work (mainly using overseas development companies) in order to increase the ratio of in-house development, and endeavored to expand and strengthen the development system.

Additionally, Capcom pushed forward with collaborations based on major contents, such as the performance of the theatrical play of the popular Capcom game "Sengoku BASARA 3: Utage" in the four largest cities in Japan, starting in Fukuoka and then in Tokyo, Osaka and Nagoya.

Further, the Company held a very well-received photography contest leveraging the global boom of capturing the combat techniques depicted in "Street Fighter" in live-action photographs. The contest, which also captured the attention of non-gamers, helped to broaden the customer base.

Meanwhile, Capcom was named the best game manufacturer for the third consecutive year at the prestigious "FAMITSU Awards 2012".

As a result, net sales for the first quarter were 17,457 million yen (down 6.2% from the same term last year), operating income was 723 million yen (down 72.9% from the same term last year), ordinary income was 1,151 million yen (down 47.9% from the same term last year), and net income was 828 million yen (down 37.3% from the same term last year).

Status of each operational department

① Digital Contents business

In this business segment, although "Resident Evil Revelations" (for PlayStation 3, Xbox 360, Wii U and PC) basically achieved projected sales and "Dragon's Dogma: Dark Arisen" (for PlayStation 3 and Xbox 360) enjoyed solid sales, they fell short of driving an increase in sales.

On the other hand, the online title "Monster Hunter Frontier G" (for PCs and Xbox 360) performed steadily, while the browser title "Onimusha Soul", distributed in Taiwan in order to expand the Company's business field, enjoyed a successful launch, being ranked first in popularity and garnering a great deal of attention.

Further, the Beeline brand's flagship title "Smurfs' Village" maintained its long-term popularity, providing stable income.

However, mobile contents did not achieve expected levels of sales throughout the period under review, due in part to the lack of major titles.

The resulting net sales were 12,454 million yen (down 9.4% from the same term last year), and operating income was 423 million yen (down 82.4% from the same term last year).

② Arcade Operations business

In the Arcade Operations business, efforts were made to capture a broad customer base and stimulate demand in pursuit of the "No. 1 shop in the area" by winning core customers, securing repeat customers and attracting families by expanding our activities, such as various events, to attract local customers in the stagnant market.

However, the lack of high-performing game machines, intensification of competition with other modes of entertainment and bad weather adversely impacted the Company's efforts to attract customers.

Since we opened an arcade in the "MARK IS Shizuoka" shopping center in Shizuoka City, our total number of arcades became 35 as of the end of the period under review.

The resulting net sales were 2,484 million yen (down 3.5% from the same term last year), and operating income was 366 million yen (down 5.1% from the same term last year).

③ Amusement Equipments business

In the Pachinko & Pachislo division, business consisted mainly of repeat sales and contracted product development due to the absence of new products.

In the Arcade Games Sales business, a new coin-operated game machine "Mario Party Fushigi no Korokoro Catcher 2" performed solidly.

The resulting net sales were 2,042 million yen (up 19.4% from the same term last year), and operating income was 659 million yen (down 4.7% from the same term last year).

④ Other Businesses

The net sales from Other Businesses, mainly consisting of publication of game guidebooks and sales of related goods, were 476 million yen (down 19.7% from the same term last year), and operating income was 224 million yen (down 2.6% from the same term last year).

(2) Qualitative information regarding the financial position

Total assets as of the end of the first quarter decreased by 7,598 million yen from the end of the previous fiscal year to 96,766 million yen. Primary decreases were 4,624 million yen in notes and accounts receivable, trade and 3,270 million yen in cash on hand and in banks.

Liabilities as of the end of the first quarter decreased by 5,756 million yen from the end of the previous fiscal year to 35,780 million yen. Primary decreases were 3,689 million yen in notes and accounts payable, trade, 1,800 million yen in accrued income taxes.

Net assets as of the end of the first quarter decreased by 1,841 million yen from the end of the previous fiscal year to 60,986 million yen. Primary increases were 828 million yen in net income for the 3 months period under review and 1,043 million yen in cumulative translation adjustments which related to foreign exchange translation of the net assets of foreign consolidated subsidiaries. Primary decreases were 2,282 million yen in increase in treasury stock and 1,439 million yen in cash dividends.

(3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results current fiscal year ending March 31, 2014 remains the same as what was projected at the financial results announcement on May 8, 2013.

2. Other information

(1) Transfer of major subsidiaries

There were no applicable subsidiary transfers.

(2) Use of special accounting methods for the quarterly consolidated financial statements

Calculation of tax expense

Tax expense for consolidated subsidiaries is calculated by determining a reasonable estimate of the effective tax rate after the application of tax-effect accounting for income before income taxes in the fiscal year, including the first quarter, and multiplying income before income taxes by this estimated effective tax rate.