



Capcom Co., Ltd.
(Tokyo Exchanges,
First Section, 9697)

3rd Quarter Report
Fiscal year ending March 31, 2014

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 diversifying user needs and other changes in market conditions. Items 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) the popularity of 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. Please note that this is not a complete list of factors that can influence Capcom's operating results.

Contents

- 1. Financial Highlights** . . . P 3
- 2. Point of Financial Highlights** . . . P 9
- 3. Business Segments** . . . P 11
- 4. Forecast for Year Ending March 2014** . . . P 27
- 5. Additional Information** . . . P 29
-Summary of Major Financial Information

Financial Highlights

Financial Highlights -Consolidated Business Results (1)

Strong sales of major titles raised sales but earnings were down due to drop from high P&S sales one year earlier

■ 9 Months Results in FY12/12 vs. FY12/13

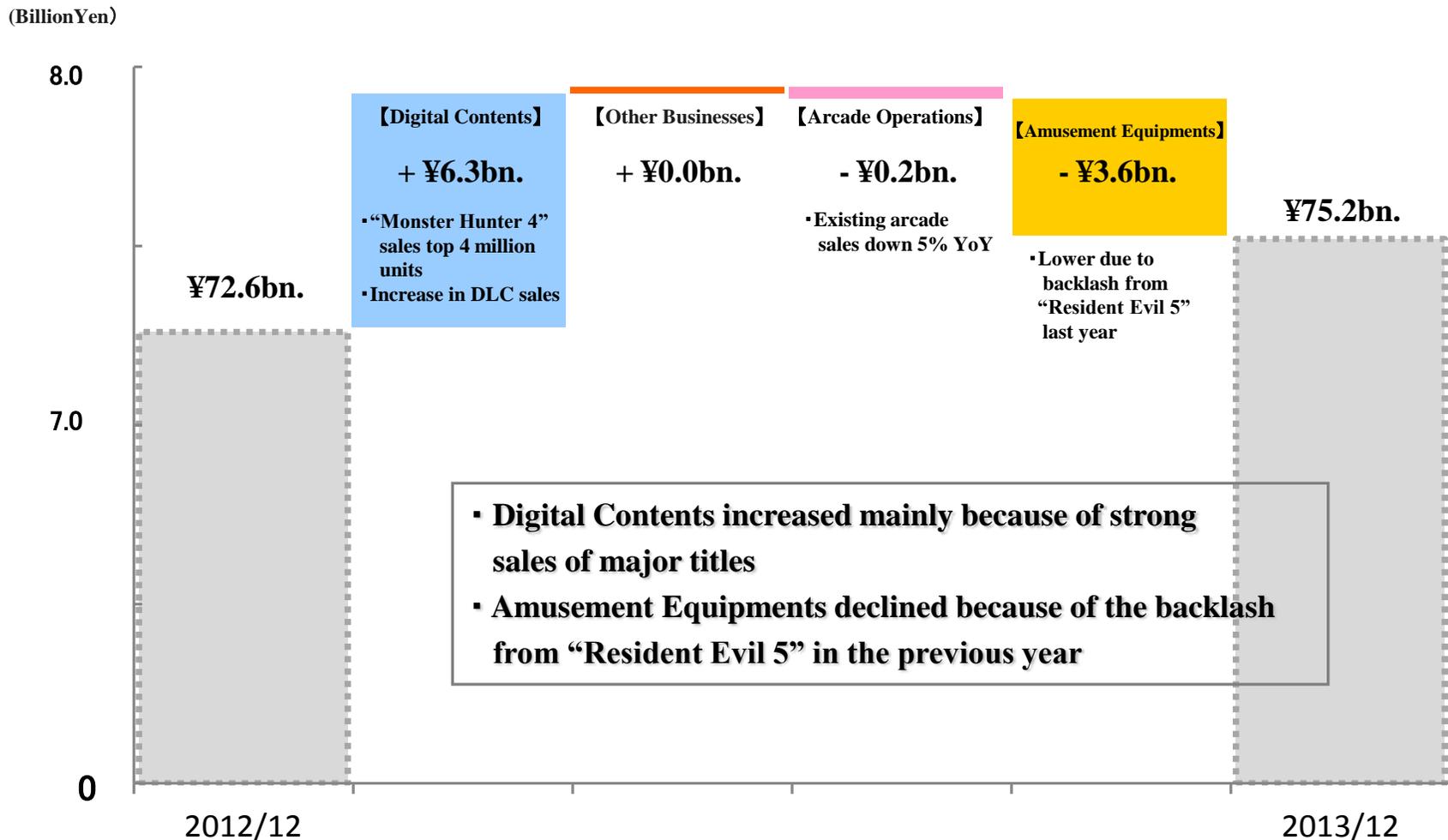
(Million yen)

	2012/12	2013/12	Difference
Net sales	72,699	75,221	2,522
Operating income	9,838	8,521	-1,317
Ordinary income	10,054	9,251	-803
Net income	6,645	5,957	-688

- Sales were higher than the same term last year due to brisk sales of major titles, but earnings decreased when the “Resident Evil 5” pachislo machine was very strong
- Performance is generally in line with the fiscal year plan
- Foreign exchange gain of 662 million yen because of the weaker yen
- Fiscal year EPS forecast is 105.58 yen

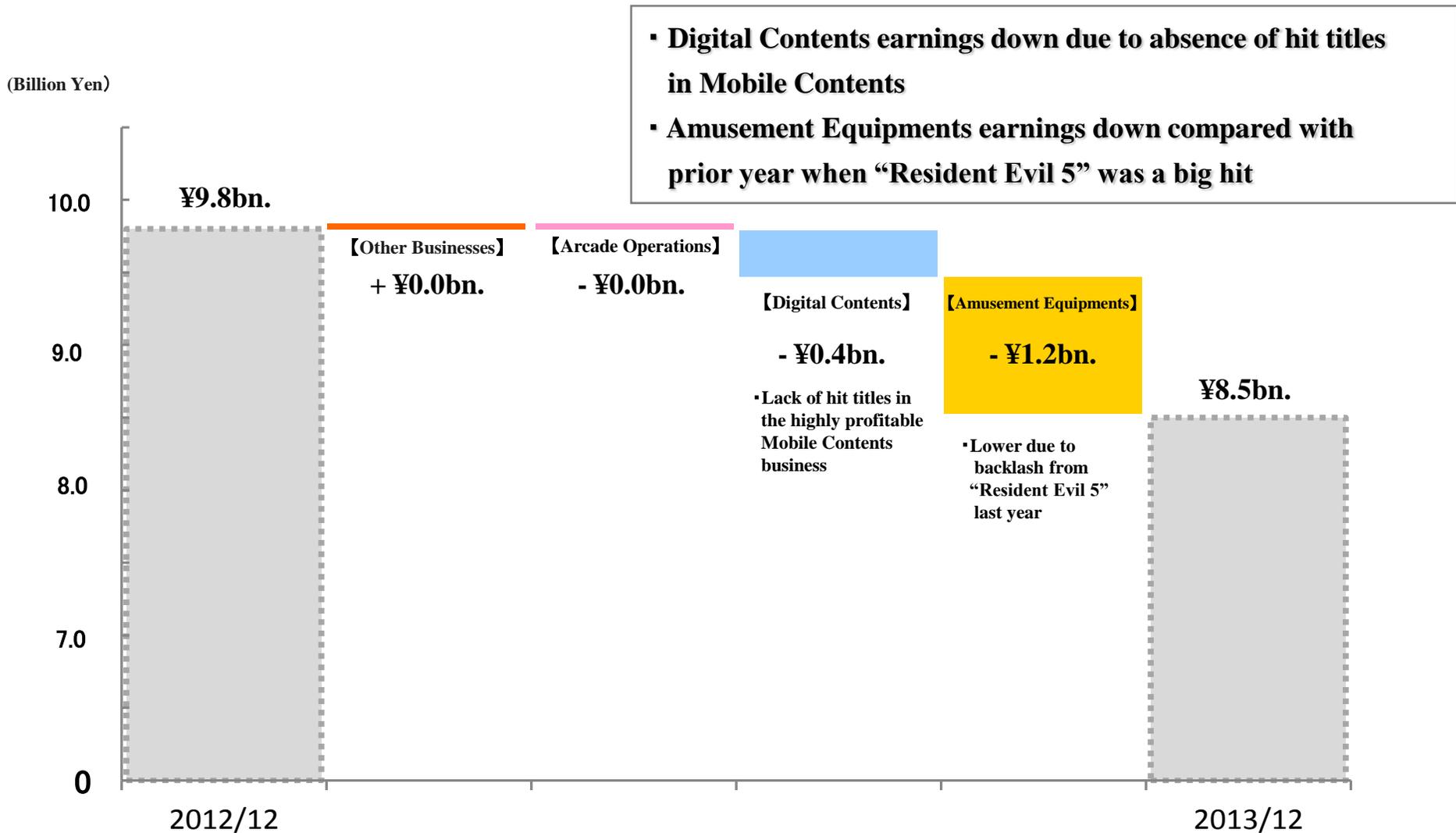
Financial Highlights - Consolidated Business Results (2)

■ FY12/13 Net Sales (Fact of Increase and Decrease)



Financial Highlights - Consolidated Business Results (3)

■ FY12/13 Operating Income (Fact of Increase and Decrease)



Financial Highlights – Balance Sheet

■ Major Changes in Balance Sheet Items

(Million yen)

Assets	2013/3	2013/12	Difference
Notes and accounts receivable, trade	11,687	8,045	-3,642
Work-in-progress for game software	18,888	10,952	-7,936
Other intangible fixed assets	7,709	10,722	3,013

(1) Work-in-progress for game software

- Down because of the launch of several major titles

(2) Other intangible fixed assets

- Increased due to the expansion of the online contents

(Million yen)

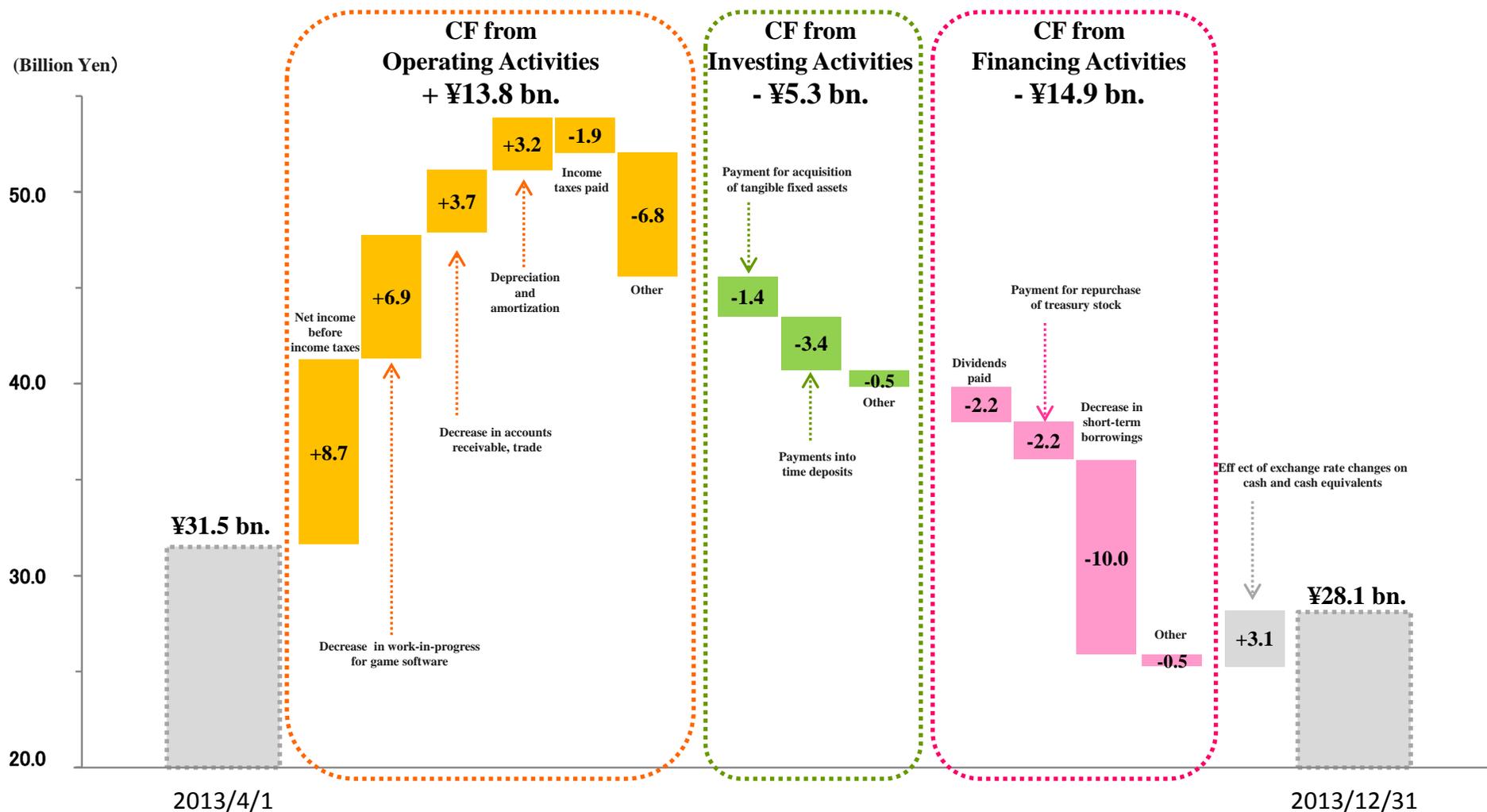
Liabilities	2013/3	2013/12	Difference
Short-term borrowings	11,194	1,052	-10,142

(3) Short-term borrowings

- Down because of repayments

Financial Highlights - Consolidated Cash Flows

■ FY12/13 Consolidated Cash Flows (Fact of Increase and Decrease)



Point of Financial Highlights

Growth Strategy Initiatives

■ Improve the Consumer business

- “Monster Hunter 4” shipments have topped 4 million units
- Shipments of “Dead Rising 3” for next-generation consoles have topped 1 million units

■ Strengthen the Online Games business, which has much growth potential

- DLC* sales are already 7.7 billion yen,
which is 10% higher than the plan for the entire fiscal year

* DLC includes “full-game download” and “additional contents”

Business Segments

Digital Contents

Business Segments -Digital Contents (1)

Strong major title sales and higher full-game download sales improve profitability in the Consumer business

■ 9 Months Highlights (Consumer)

- Stronger than planned sales of “Monster Hunter 4” (3DS) contributed to earnings.
- “Dead Rising 3” for the Xbox One became a million-seller in Europe and North America.
- Full-game downloads of new and older titles were both strong.

■ Sales of Major Titles for the 9 Months (Consumer)

(Unit: Thousand)

Platform	Title	Region	Date	Result
3DS	Monster Hunter4	Japan	2013/9/14	4,000
PS3 Xbox 360 Wii U PC	Resident Evil Revelations	Japan	2013/5/23	1,100
		North America	2013/5/21	
		Europe	2013/5/24	
Xbox One	Dead Rising 3	North America	2013/11/22	1,000
		Europe	2013/11/22	

* Result includes the units of full- game downloads

* Japan includes other Asian countries

Business Segments -Digital Contents (2)

**Small increase in packaged software sales volume due to contribution from “Monster Hunter 4”
Big increase in sales of full-game DLC**

■ Software Unit Sales for the 9 Months (Consumer)

(Unit: Thousand)

	2011/12	2012/12	2013/12	Difference
Titles	46	33	33	0
Package				
Japan	5,000	3,700	5,800	2,100
North America	2,500	4,000	3,100	-900
Europe	1,700	2,600	1,700	-900
Asia	200	400	200	-200
Package Total	9,400	10,700	10,800	100
DLC				
Full-game download	1,000	1,500	3,600	2,100
Total	10,400	12,200	14,400	2,200

**Mobile Contents sales were sluggish
and several titles were launched in the PC and others category**

■ 9 Months Highlights (Mobile Contents)

- **Capcom and Beeline brand sales were lackluster due to absence of new hit titles**
- **In Japan, added “CROSS x BEATS” (iOS) and other titles to enlarge the native app lineup**
- **Launched new Beeline brand titles, including “Kiwi & Me” (iOS)**

■ 9 Months Highlights (PC Other)

- **For “Monster Hunter Frontier G,” the main title, started offering services for the PS3 and Wii U, which topped four million IDs in total**
- **Launched the new PC browser game “Euro Historia” on COG / Yahoo! Game**

Business Segments -Digital Contents (4)

Consumer business is performing well but sales were down due to the lack of hit titles in Mobile Contents

■ Digital Contents Performance

(100 million yen)

	2011/12	2012/12	2013/12	Difference
Net sales	357	497	560	63
Operating income	73	73	69	-4
Operating margin	20.5%	14.7%	12.3%	—
(Composition)				
Package	248	330	385	55
Online contents				
DLC	19	33	77	44
Mobile Contents	40	86	52	-34
PC Other	50	48	46	-2
Online contents total	109	167	175	8

Business Segments -Digital Contents (5)

For packaged software, concentrating on repeat sales of major titles
For Mobile Contents, continuing to launch new titles

■ FY2013 Outlook for remainder

- Concentrating on repeat sales of “Monster Hunter 4” (3DS) and “Dead Rising 3” (Xbox One)
- For Mobile Contents, plan to introduce several new games, including “Street Fighter Battle Combination” (iOS/Android) and “Monhan Itsudemo Airu Life”(iOS) etc.
- Using new platforms for “Monster Hunter Frontier G” to launch many events



“Dead Rising 3”

Business Segments -Digital Contents (6)

Aiming for higher sales from repeat sales of major titles

■ FY2013 Sales Forecast for Major Titles (Consumer)

(Unit: Thousand)

Platform	Title	Region	Date	Plan
3DS	Monster Hunter 4	Japan	2013/9/14	4,000
PS3 Xbox 360 Wii U PC	Resident Evil Revelations	Japan	2013/5/23	1,200
		North America	2013/5/21	
		Europe	2013/5/24	
Xbox One	Dead Rising 3	North America	2013/11/22	1,200
		Europe	2013/11/22	

* Result includes the units of full-game downloads

* Japan includes other Asian countries

Business Segments -Digital Contents (7)

**Revised plan to reflect strong sales of major titles
Goal is YoY growth for packaged and DLC software combined**

■ FY2013 Software Units Sales Plan (Consumer)

(Unit: Thousand)

	2012/3	2013/3	2014/3 Plan	Difference
Titles	68	46	40	-6
Package				
Japan	6,800	4,500	6,800	2,300
North America	5,100	5,400	3,500	-1,900
Europe	3,300	3,600	1,900	-1,700
Asia	500	500	300	-200
Package Total	15,700	14,000	12,500	-1,500
DLC				
Full-game download	1,300	2,700	5,000	2,300
Total	17,000	16,700	17,500	800

Business Segments -Digital Contents (8)

Revised plan to reflect strength in the Consumer business
and weakness in other segments

■ FY2013 Digital Contents Plan

(100 million yen)

	2012/3	2013/3	2014/3 Plan	Difference
Net sales	598	636	630	-6
Operating income	128	70	78	8
Operating margin	21.5%	11.1%	12.4%	—
(Composition)				
Package	441	407	400	-7
Online contents				
DLC	28	52	85	33
Mobile Contents	63	110	70	-40
PC Other	66	67	75	8
Online contents total	157	229	230	1

Arcade Operations

Business Segments -Arcade Operations (1)

Sales down due to lower sales at existing arcades
but profitability reached the 15% level

■ 9 Months Highlights

- Existing arcade sales down 5% from one year earlier (down 5% in 1H and 5% in Q3)
- Closed one arcade (Naganuma, November 2013)

■ 9 Months Business Results

(100 million yen)

	2011/12	2012/12	2013/12	Difference
Net sales	88	81	79	-2
Operating income	14	12	12	0
Operating margin	16.9%	15.5%	15.6%	-
Year-to-Year Ratio of Existing arcades	±0%	-6%	-5%	-

■ Number of Arcades

(Facilities)

	2012/3	2013/3	2013/12	2014/3 Plan
New arcades	0	0	1	1
Closing arcades	0	3	1	2
Total	37	34	34	33

Business Segments -Arcade Operations (2)

**No change in fiscal year plan
Goal is level earnings by operating arcades efficiently**

■ FY2013 Outlook for remainder

- Continue to secure earnings by rigorously controlling costs
- Attract more customers with measures like hands-on tours for seniors and a kids corner with fees based on time
- Plan to close one arcade in Q4 (resulting in total of 33 locations)
- Fiscal year existing arcade sales plan: Down 1% (no change)

■ FY2013 Business Plan

(100 million yen)

	2012/3	2013/3	2014/3 Plan	Difference
Net sales	117	109	110	1
Operating income	17	17	17	-
Operating margin	15.2%	15.6%	15.5%	-
Year-to-Year Ratio of Existing Stores	+1%	-5%	-1%	-

Amusement Equipments

Business Segments -Amusement Equipments (1)

Performance in line with plan despite YoY declines in sales and earnings

■ 9 Months Highlights (P&S business)

- Sales and earnings down from one year earlier when the success “Resident Evil 5” pachislo machine made a big contribution to performance
- No new machines were introduced in Q3

■ 9 Months Highlights (Arcade Games Sales business)

- Generally in line with the plan due to the favorable repeat sales

■ 9 Months Business Results

(100 million yen)

	2011/12	2012/12	2013/12	Difference
Net sales	36	128	92	-36
Operating income	0	37	24	-13
Operating margin	0.5%	28.8%	26.6%	-

*Pachinko & Pachislo is about 90% of net sales, and Arcade Games Sales about 10%

Business Segments -Amusement Equipments (2)

**Plan to introduce the second pachislo machine of this fiscal year
Goal is growth in sales and earnings**

FY2013 Outlook for remainder (P&S business)

- Plan to start selling the “Monster Hunter Gekka Raimei” pachislo machine in March 2014

FY2013 Outlook for remainder (Arcade Games Sales business)

- Plan to start selling “Monster Hunter Medal Hunting Compact”, a new coin-operated game, in the spring of 2014

FY2013 Business Plan

(100 million yen)

	2012/3	2013/3	2014/3 Plan	Difference
Net sales	76	167	200	33
Operating income	8	48	55	7
Operating margin	11.6%	29.1%	27.5%	-

*Pachinko & Pachislo is about 90% of net sales, and Arcade Games Sales about 10%



“Monster Hunter Gekka Raimei”



**Forecast for Year Ending
March 31, 2014**

Forecast for Year Ending March 31, 2014

No change in fiscal year plan – Concentrating on repeat sales of major titles and sales of online contents and pachislo machines

(million yen)

	2013/3	2014/3 Plan	Difference
Net sales	94,075	97,000	2,925
Operating income	10,151	12,000	1,849
Ordinary income	10,944	11,700	756
Net income	2,973	6,800	3,827

- No change in initial forecast for the current fiscal year
- Fiscal year EPS forecast is 120.62 yen
- Forecast first half dividend of 15 yen and year-end dividend of 25 yen, resulting in a FY3/14 dividend of 40 yen



Additional Information

Summary of Major Financial Information

Summary of Major Financial Information(1)

● Profit and Loss Sheet

	2012/3	2013/3	2014/3 E	%	2013/12
Net Sales	82,065	94,075	97,000	103.1%	75,221
Gross Profit	32,469	32,094	32,000	99.7%	23,203
% of Gross Profit	39.6%	34.1%	33.0%	-	30.8%
Sales and G&A Expenses	20,150	21,942	20,000	91.1%	14,681
Operating Income	12,318	10,151	12,000	118.2%	8,521
% of Operating Income	15.0%	10.8%	12.4%	-	11.3%
Ordinary Income	11,819	10,944	11,700	106.9%	9,251
% of Ordinary Income	14.4%	11.6%	12.1%	-	12.3%
Net Income	6,723	2,973	6,800	228.7%	5,957
% of Net Income	8.2%	3.2%	7.0%	-	7.9%

● Sales by Business Segments

		2012/3	2013/3	2014/3 E	%	2013/12
Digital Contents	Net Sales	59,809	63,636	63,000	99.0%	56,067
	Operating Income	12,887	7,062	7,800	110.5%	6,919
	Operating Margin	21.5%	11.1%	12.4%	-	12.3%
Arcade Operations	Net Sales	11,729	10,944	11,000	100.5%	7,949
	Operating Income	1,787	1,709	1,700	99.5%	1,242
	Operating Margin	15.2%	15.6%	15.5%	-	15.6%
Amusement Equipments	Net Sales	7,663	16,783	20,000	119.2%	9,213
	Operating Income	890	4,892	5,500	112.4%	2,450
	Operating Margin	11.6%	29.1%	27.5%	-	26.6%
Others	Net Sales	2,862	2,711	3,000	110.7%	1,991
	Operating Income	877	740	1,200	162.2%	721
	Operating Margin	30.6%	27.3%	40.0%	-	36.2%

● Sales by Geographic Area

	2012/3	2013/3	2014/3 E	%	2013/12
Japan	57,899	65,873	83,000	126.0%	61,848
North America	15,867	17,377	9,500	54.7%	8,757
Europe	6,930	9,406	3,500	37.2%	3,669
Other territories	1,368	1,417	1,000	70.6%	945

Summary of Major Financial Information(2)

● Sales Units Shipped <platform>

(Thousand Units)

		2012/3	2013/3	2014/3 E	Difference	2013/12
Playstation 2	Titles	0	0	-	-	0
	Total Units	200	100	-	-	0
Playstation 3	Titles	25	21	-	-	14
	Total Units	6,200	7,100	-	-	3,100
PSP	Titles	9	4	-	-	0
	Total Units	1,900	600	-	-	150
Wii	Titles	4	2	-	-	2
	Total Units	650	700	-	-	250
NintendoDS	Titles	12	7	-	-	4
Nintendo3DS	Total Units	3,300	1,300	-	-	4,650
Xbox 360	Titles	16	8	-	-	8
Xbox One	Total Units	3,200	3,700	-	-	2,400
PC & Others	Titles	2	4	-	-	3
	Total Units	250	500	-	-	250
Package total	Titles	68	46	38	-7	31
	Total Units	15,700	14,000	12,500	89.3%	10,800
Full-game download	Titles	0	0	2	1	2
	Total Units	1,300	2,700	5,000	185.2%	3,600
Total	Titles	68	46	40	-6	33
	Total Units	17,000	16,700	17,500	104.8%	14,400

*Full-game download includes the titles distributed only by download

● Sales Units Shipped <distribution / catalogue repeat sales>

(Thousand Units)

	2012 /3	2013/3	2014/3 E	Difference	2013/12
Distribution titles	1,250	550	1,100	200.0%	950
Old titles	3,900	3,900	6,000	153.8%	4,500

● Sales Units Shipped <geographic>

(Thousand Units)

	2012/3	2013/3	2014/3 E	Difference	2013/12
Japan	6,800	4,500	6,800	151.1%	5,800
North America	5,100	5,400	3,500	64.8%	3,100
Europe	3,300	3,600	1,900	52.8%	1,700
Asia	500	500	300	60.0%	200
Full-game download (global)	1,300	2,700	5,000	185.2%	3,600
Total	17,000	16,700	17,500	104.8%	14,400