



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

Forecast Revisions for
Year ending March 31, 2014

Precautions Concerning 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 Consumer Online Games Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) the popularity of home video game players; (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.



Forecast Revisions for the Fiscal Year ending March 31, 2014

<Background of Earnings Revision>

Issues

- Decentralization of resources through the concurrent development of mobile contents in Tokyo and Osaka
- Insufficient operational know-how at the native app development unit (Osaka) due to the following on the home video games development
- Delay in implementing brand strategy and fierce competition with titles of other companies in the PC online game market

Countermeasures

- Rigorously evaluate mobile and online games under development as part of business restructuring measures
- Thoroughly reexamine the development flow for online games and create a new development map
- Capture synergies in the Online Games business by combining the skills of the Tokyo and Osaka workforces

Consolidated Forecast Revisions (2)

■ Forecast for the Fiscal Year ending March 31, 2014

(Million Yen)

	2014/3 Forecast	Revised Forecast	Difference	Difference (%)
Net sales	97,000	101,500	4,500	104.6%
Operating income	12,000	10,000	(2,000)	83.3%
Ordinary income	11,700	10,500	(1,200)	89.7%
Net income	6,800	3,300	(3,500)	48.5%

- Sales are expected to be higher than planned because of the popularity of a major title in the Consumer business and a new pachislo title
- Operating income is expected to be less than planned as weak sales of highly profitable mobile contents products PC online games bring down profitability
- Recorded an special loss of about 5 billion yen following an examination of the potential of recovering expenses in the Mobile Contents and PC Online Games businesses, where sales are weak

Consolidated Forecast Revisions (3)

Forecast for the Fiscal Year ending March 31, 2014 (By Business Segments)

(Million Yen)

	Net Sales			Operating Income		
	2014/3 Forecast	Revised Forecast	Difference	2014/3 Forecast	Revised Forecast	Difference
Digital Contents	63,000	65,000	2,000	7,800	4,500	(3,300)
Arcade Operations	11,000	11,000	-	1,700	1,600	(100)
Amusement Equipments	20,000	23,000	3,000	5,500	7,000	1,500
Other Businesses	3,000	2,500	(500)	1,200	900	(300)
Elimination and Corporate	-	-	-	(4,200)	(4,000)	200
Consolidated Total	97,000	101,500	4,500	12,000	10,000	(2,000)

- Sales are expected to increase because of the popularity of major titles, including “Monster Hunter 4” in the Digital Contents business
- Operating income is expected to be less than forecast due to under expectations of products in the highly profitable mobile contents and “Monster Hunter Frontier G”
- In the Amusement Equipments business, “Monster Hunter Gekka Raimei” pachislo machine shows brisk sales

Consolidated Forecast Revisions (4)

■ Special Loss

(Million Yen)

	3rd Quarter (9 Months)	FY3/14 forecast
Special Loss	501	approx. 5,500

<Reasons for Special Loss>

- **Performance in the Mobile Contents and PC Online Games businesses has been consistently below expectations**
 - ⇒ Major reexamination and reorganization of the product development and operations infrastructures
 - ⇒ Decided to record business structural improvement expenses following a comprehensive examination of prospects for recovering expenses associated with all mobile contents and PC online game titles