



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

1st Quarter Report
Fiscal year ending March 31, 2015

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.

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Financial Highlights

Financial Highlights -Consolidated Business Results (1)

■ 3 Months Results in FY6/13 vs. FY6/14

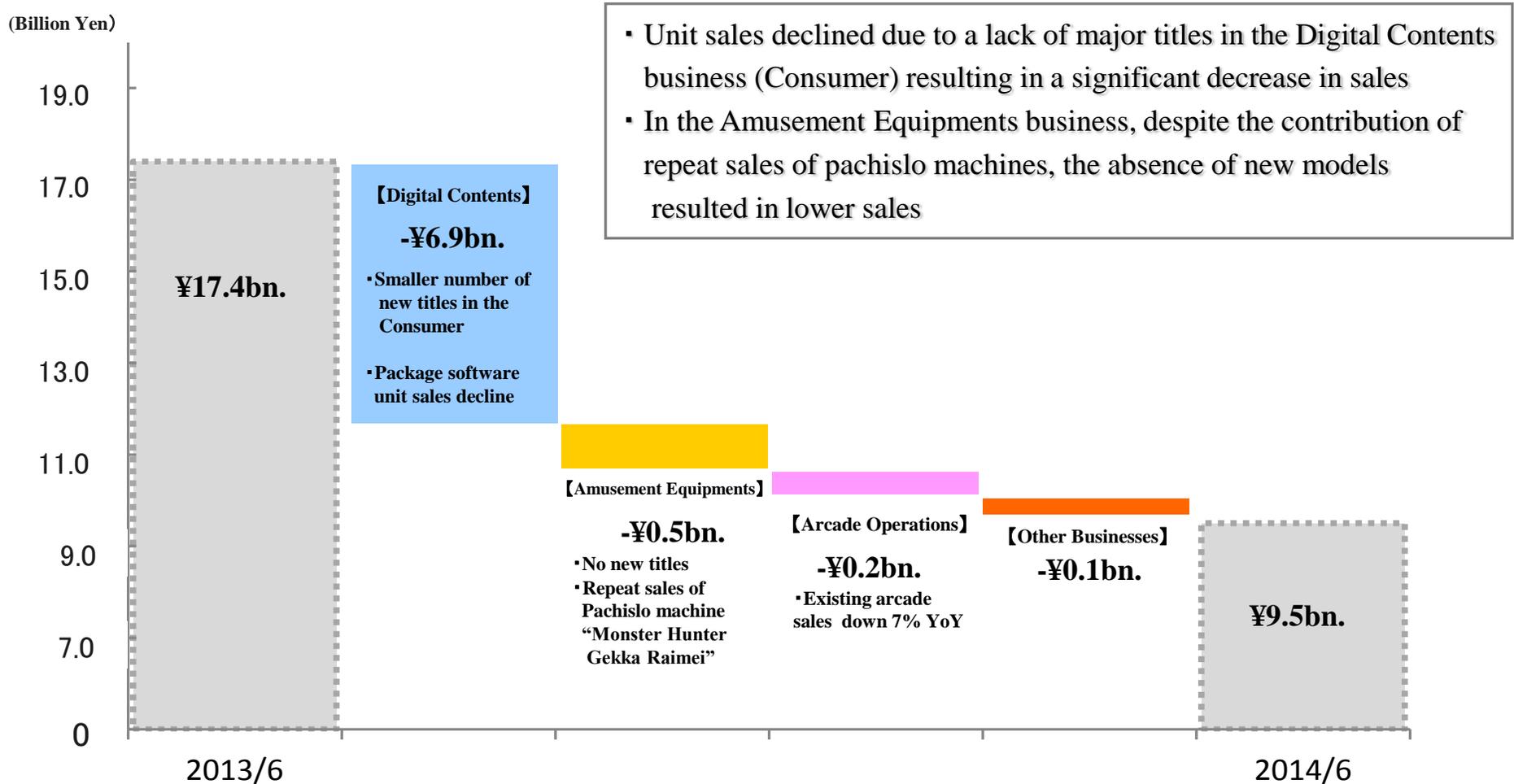
(Million yen)

	2013/6	2014/6	Difference
Net sales	17,457	9,575	-7,882
Operating income	723	1,268	545
Ordinary income	1,151	1,223	72
Net income	828	765	-63

- Although sales declined due to a lack of major titles, operating income increased on highly profitable repeat sales and cost reductions in each business segment
- Foreign exchange gains were significantly lower compared to the previous fiscal year
- On track to achieve full-year forecasts

Financial Highlights -Consolidated Business Results (2)

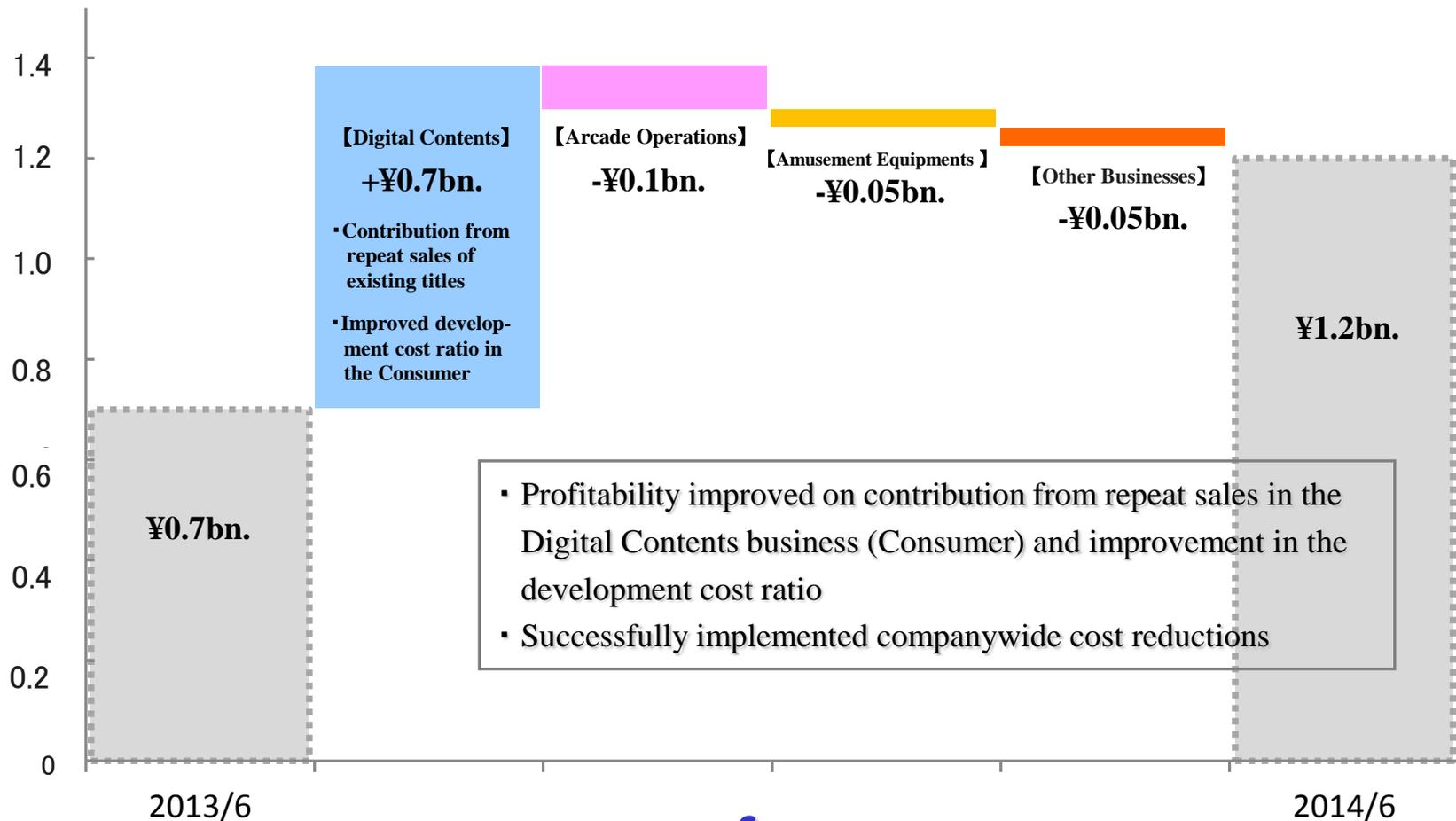
■ FY6/14 Net Sales (Fact of Increase and Decrease)



Financial Highlights -Consolidated Business Results (3)

■ FY6/14 Operating Income (Fact of Increase and Decrease)

(Billion Yen)



Financial Position – Balance Sheet

■ Major Changes in Balance Sheet Items

(Million yen)

Assets	2014/3	2014/6	Difference
Notes and accounts receivable, trade	18,134	8,603	-9,531
Work-in-progress for game software	10,355	13,034	2,679

(1) Notes and accounts receivable, trade

- Decline in receivables of pachislo machines launched last fiscal year

(2) Work-in-progress for game software

- Increased in line with development progress in the Consumer sub-segment

(Million yen)

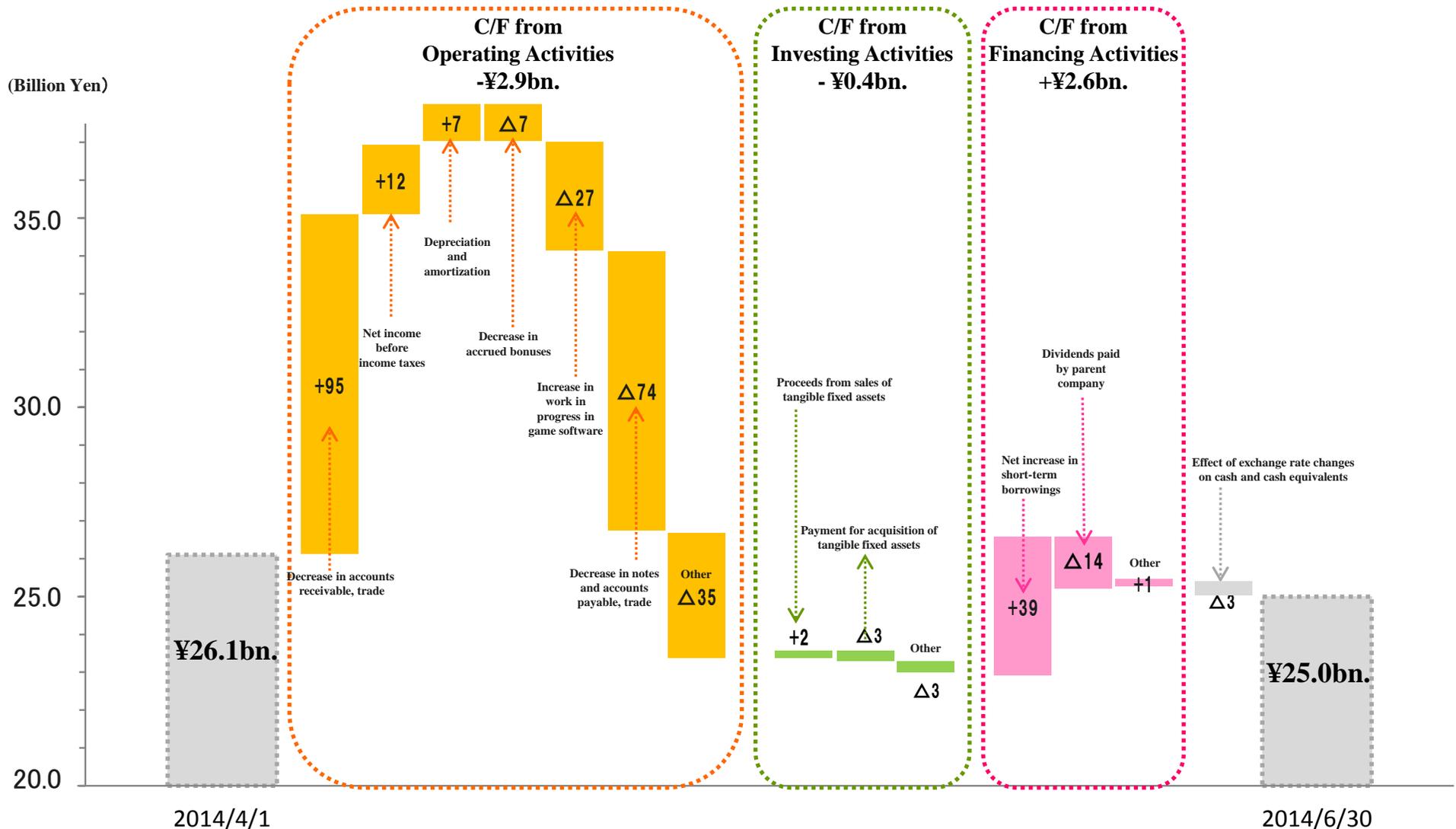
Liabilities	2014/3	2014/6	Difference
Notes and accounts payable, trade	4,950	1,513	-3,437
Electronically recorded monetary liabilities	6,926	2,955	-3,971

(3) Notes and accounts payable, trade / Electronically recorded monetary liabilities

- Decrease due to progress in payments related to distribution titles and components for Pachislo machines

Financial Position - Consolidated Cash Flows

■ FY14/6 Consolidated Cash Flows (Fact of Increase and Decrease)



Point of Financial Highlights

Growth Strategy Initiatives

■ Improve the Consumer business

- Launch of “Monster Hunter 4 Ultimate” slated for October 11, 2014*
- Contribution of digital download sales to the Consumer business was resulted in approximately 50%

* in Japan

■ Strengthen the Online Games business

- Decided to start distribution of native apps and online games in the Asian region

Business Segments

Digital Contents business

**Focusing efforts on highly profitable existing title's repeat sales
and add-on DLC sales**

■ 3 Months Highlights (Consumer)

- Expanding repeat sales of “Dead Rising 3” for Xbox One
- Launch of “Monster Hunter 4 Ultimate” in Japan slated for October 11
- Sequential distribution of add-on DLCs for “Dead Rising 3” and “Sengoku BASARA 4”
- Solid sales for full-game digital versions of previously released and lower-priced titles

Business Segments -Digital Contents (2)

Although digital download sales continue to expand, unit sales have declined significantly due to a lack of leading titles

■ Unit Sales for the 3 Months (Consumer)

(Unit: Thousand)

	2012/6	2013/6	2014/6	2015/3 Plan
Titles	9	9	2	25
Package				
Japan	1,100	600	200	5,200
North America	600	900	400	2,600
Europe	600	900	100	1,000
Asia	100	100	0	200
Package total	2,400	2,500	700	9,000
Digital download contents				
Full-game	350	600	700	4,000
Total	2,750	3,100	1,400	13,000

**Stable Mobile Content existing title sales,
focusing on PC Online in Japan and development in Asia**

■ 3 Months Highlights (Mobile Contents)

- Launched “Monster Hunter Freedom Unite for iOS” under the Capcom brand
- Strengthening native app distribution in China and Asia region
- Commenced distribution of two new titles under the Beeline brand
 - ⇒ “Smurfette’s Magic Match” and “Snoopy’s Sugar Drop”

■ 3 Months Highlights (PC Other)

- Off to a strong start with major update to “Monster Hunter Frontier GG”
 - ⇒ Services for PS Vita version will officially begin on August 20
- Planning to distribute PC online games in China and Asia regions as needed
 - ⇒ PC online game “Ghost’n Goblin Online” (China, South Korea)
 - ⇒ PC browser game “Onimusha Soul” (China, Thailand)
 - ⇒ PC online game “Monster Hunter Online” (China)

Business Segments -Digital Contents (4)

Improved profitability despite significant decline in sales due to improved development cost ratios and cost reductions

■ Digital Contents Performance

(100 million yen)

	2013/6	2014/6	2015/3 Plan
Net sales	124	55	500
Operating income	4	11	68
Operating margin	3.4%	20.5%	13.6%
(Consumer)			
Package	72	14	290
Digital download contents	16	13	80
Consumer total	88	27	370
Mobile Contents	19	14	50
PC Other	17	14	80

Arcade Operations business

Business Segments -Arcade Operations

Decline in sales and profits due to lackluster existing arcade performance and consumption tax increase

■ 3 Months Highlights

- Existing-arcade sales down 7% YoY
- Market remained soft due to impact of consumption tax increase

■ 3 Months Business Results

(100 million yen)

	2012/6	2013/6	2014/6	2015/3 Plan
Net sales	25	24	22	100
Operating income	3	3	2	15
Operating margin	15.0%	14.7%	9.7%	15.0%
Year-to-Year Ratio of existing arcades	92%	94%	93%	98%

■ Number of Arcades

(Facilities)

	2013/3	2014/3	2014/6	2015/3 Plan
New arcades	0	1	0	3
Closing arcades	3	2	0	1
Total	34	33	33	35

Amusement Equipments business

Business Segments - Amusement Equipments

Despite a lack of new titles, contribution from highly profitable repeat sales resulted in a lower sales and higher earnings

■ 3 Months Highlights (P&S)

- Contribution from pachislo machine “Monster Hunter Gekka Raimei” repeat sales
- Plan to launch new pachislo machine “Sengoku BASARA 3” in early September 2014

■ 3 Months Highlights (Arcade Games Sales)

- Continuing sales of coin-operated game “Mario Party Fushigi no Korokoro Catcher2”

■ 3 Months Business Results

(100 million yen)

	2012/6	2013/6	2014/6	2015/3 Plan
Net sales	17	20	14	175
Operating income	6	6	6	50
Operating margin	40.4%	32.3%	41.9%	28.6%

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



**Forecast for fiscal year ending
March 31, 2015**

Fiscal 2014 Forecasts

**First quarter performance on track toward
achieving full-year forecasts**

(million yen)

	3 months ended Jun. 30, 2014	March 31, 2015 (Forecast)
Net sales	9,575	80,000
Operating income	1,268	10,500
Ordinary income	1,223	10,200
Net income	765	6,600

- Forecast fiscal year earnings per share of ¥117.37
- Plan to pay dividend per share of ¥40 for the current fiscal year, the sum of a ¥15 first half dividend and ¥25 year-end dividend



Additional Information

-Summary of Major Financial Information

Summary of Major Financial Information(1)

● Profit and Loss Sheet

(Unit: Million Yen)

	2013/3	2014/3	2015/3 Plan	%	2014/6
Net Sales	94,075	102,200	80,000	78.3%	9,575
Gross Profit	32,163	29,949	28,800	96.2%	4,368
% of Gross Profit	34.2%	29.3%	36.0%	-	45.6%
Sales and G&A Expenses	21,942	19,749	18,300	92.7%	3,100
Operating Income	10,151	10,299	10,500	102.0%	1,268
% of Operating Income	10.8%	10.1%	13.1%	-	13.2%
Ordinary Income	10,944	10,946	10,200	93.2%	1,223
% of Ordinary Income	11.6%	10.7%	12.8%	-	12.8%
Net Income	2,973	3,444	6,600	191.6%	765
% of Net Income	3.2%	3.4%	8.3%	-	8.0%

● Sales by Business Segments

(Unit: Million Yen)

		2013/3	2014/3	2015/3 Plan	%	2014/6
Digital Contents	Net Sales	63,636	65,824	50,000	76.0%	5,506
	Operating Income	7,062	4,489	6,800	151.5%	1,131
	Operating Margin	11.1%	6.8%	13.6%	-	20.5%
Arcade Operations	Net Sales	10,944	10,620	10,000	94.2%	2,200
	Operating Income	1,709	1,617	1,500	92.8%	214
	Operating Margin	15.6%	15.2%	15.0%	-	9.7%
Amusement Equipments	Net Sales	16,783	23,160	17,500	75.6%	1,498
	Operating Income	4,892	7,131	5,000	70.1%	627
	Operating Margin	29.1%	30.8%	28.6%	-	41.9%
Others	Net Sales	2,711	2,594	2,500	96.4%	369
	Operating Income	740	1,001	900	89.9%	177
	Operating Margin	27.3%	38.6%	36.0%	-	48.0%

*Results of Digital Contents business consists of past "Consumer Online Games business" and "Mobile Contents business".

● Sales by Geographic Area

(Unit: Million Yen)

	2013/3	2014/3	2015/3 Plan	%	2014/6
Japan	65,873	86,532	69,000	79.7%	7,942
North America	17,377	10,179	7,500	73.7%	1,248
Europe	9,406	4,320	2,200	50.9%	321
Others	1,417	1,167	1,300	111.4%	63

Summary of Major Financial Information(2)

●Sales Units Shipped <platform>

		2013/3	2014/3	2015/3 Plan	Difference	2014/6
Playstation 2	Titles	-	-	-	-	-
	Units	100	-	-	-	-
PlayStation 3	Titles	21	17	-	-	1
	Units	7,100	4,200	-	-	300
PSP	Titles	4	-	-	-	-
PS Vita	Units	600	200	-	-	10
Wii	Titles	2	2	-	-	-
WiiU	Units	700	350	-	-	30
NintendoDS	Titles	7	4	-	-	1
Nintendo 3DS	Units	1,300	4,700	-	-	150
Xbox 360	Titles	8	11	-	-	-
Xbox One	Units	3,700	2,950	-	-	200
PC & Others	Titles	4	5	-	-	-
	Units	500	300	-	-	10
Package total	Titles	46	39	25	-14	2
	Units	14,000	12,700	9,000	70.9%	700
Full-game download	Titles	-	3	-	-3	-
	Units	2,700	4,800	4,000	83.3%	700
Total	Total Titles	46	42	25	-17	2
	Total Units	16,700	17,500	13,000	74.3%	1,400

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

●Sales Units Shipped <Distribution/Old titles>

	2013/3	2014/3	2015/3 Plan	Difference	2014/6
Distribution titles	550	1,400	450	32.1%	80
Old titles	3,900	5,700	6,000	105.3%	1,300

●Sales Units Shipped <geographic>

	2013/3	2014/3	2015/3 Plan	Difference	2014/6
Japan	4,500	6,700	5,200	77.6%	200
North America	5,400	3,800	2,600	68.4%	400
Europe	3,600	1,900	1,000	52.6%	100
Asia	500	300	200	66.7%	-
Full-game download (Global)	500	4,800	4,000	83.3%	700
Total	14,000	17,500	13,000	74.3%	1,400