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Press Release

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Sales and Profit Up in Consolidated Results for Fiscal Year Ended March 31, 2017

Year-over-year Net Sales Up 13.2%, Operating Income Up 13.5%

- Operating income grows for fourth consecutive fiscal year due to
sales of major titles and effectively leveraging IP -

Capcom Co., Ltd. today announced that net sales increased to 87,170 million yen in its consolidated business results for the fiscal year ended March 31, 2017 (up 13.2% year-over-year). Operating income was 13,650 million yen (up 13.5% year-over-year), and ordinary income was 12,589 million yen (up 10.9% year-over-year). Net income attributable to owners of the parent increased to 8,879 million yen (up 14.6% year-over-year).

During the fiscal year ended March 31, 2017, titles from the Digital Contents business gave a solid performance; this included *Resident Evil 7 biohazard*, which features the ability to play the full game in the included optional PSVR Mode for PS4, as well as *Monster Hunter XX (Double Cross)*, the latest title in the hit series. Current-generation console ports of *Resident Evil* titles from our back catalog also performed well. Further, our Amusement Equipments business scored a major hit with the pachislo machine *Monster Hunter Kyoryu Sensen*, which sold thirty-seven thousand units.

As a result, both sales and profit exceeded those of the same period last year: consolidated net sales were 87,170 million yen, operating income was 13,650 million yen, ordinary income was 12,589 million yen and net income attributable to owners of the parent was 8,879 million yen.

Moving forward, we will strengthen digital download sales and increase our pipeline of major title releases according to our medium-term strategic map. From this, we expect to bolster revenue, specifically by continuing to grow our Digital Contents business while regularly releasing new pachislo models from our Amusement Equipments business. As such, we forecast increased sales and profit for the fiscal year ending March 31, 2018, anticipating net sales of 93,000 million yen and operating income of 14,500 million yen.

1. Consolidated Financial Results of the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March 31, 2017	87,170	13,650	12,589	8,879
Year ended March 31, 2016	77,021	12,029	11,348	7,745

2. Forecast for the Fiscal Year Ending March 31, 2018

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share of common stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Year ending March 31, 2018	93,000	14,500	14,000	9,500	173.53

Note: Capcom discloses only full year business forecasts, as it manages its business performance on an annual basis.

3. Status of Each Operational Department

(1) Digital Contents

(Unit: Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Difference (%)
Net sales	52,577	58,704	11.7%
Operating income	12,167	11,096	-8.8%
Operating margin	23.1%	18.9%	-

- a. *Resident Evil 7 biohazard* (for PlayStation 4, Xbox One, Windows PC), which features the ability to play the full game in the included optional PSVR Mode for PS4, gave an overall solid performance, while *Monster Hunter XX (Double Cross)* (for the Nintendo 3DS family of systems), is off to a promising start following its March 2017 release.
- b. Re-releases of the *Resident Evil* series performed steadily thanks to a stable fanbase for the brand. Further, *Monster Hunter Generations*, known as *Monster Hunter X (Cross)* in Japan and Asia (for the Nintendo 3DS family of systems), achieved solid sales overseas thanks to Capcom's established brand capabilities. On the other hand, *Dead Rising 4* (for Xbox One and Windows PC) and *Monster Hunter Stories* (a game targeting younger audiences, for the Nintendo 3DS family of systems) underperformed.

- c. In online games and mobile contents, the Company broke new ground amidst ongoing efforts to achieve progress in this static sub-segment by reviewing its development framework and operation methods. This led *Toraware no Paruma* (an enterprising romance game for Android devices and iOS that was developed primarily by female staff) to reach the top of the App Store paid application rankings on its release date.
- d. The resulting net sales were 58,704 million yen (up 11.7 % from the previous fiscal year), and operating income was 11,096 million yen (down 8.8% from the previous fiscal year).

(2) Arcade Operations

(Unit: Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Difference (%)
Net sales	9,056	9,525	5.2%
Operating income	699	752	7.5%
Operating margin	7.7%	7.9%	-

- a. In the Arcade Operations business, signs of recovery to our industry are becoming evident, partly because regulations on the entry into arcades at night were relaxed by the amendments to the Act on Control and Improvement of Amusement Business, etc. effective June 2016. Under such circumstances, efforts were made to capture a broad customer base by securing repeat customers and attracting persons of middle or advanced age and children accompanied by a parent. This was done through community-based arcade marketing to win the support of local residents by holding various events and operating arcades that offer comfortable experiences to customers under the banner of “No. 1 arcade in the community.”
- b. To develop new business opportunities, the Company also pushed forward innovative new business formulas, such as opening CharaCap shops, which primarily sell character merchandise inside arcades. During the period under review, three new arcades were opened while one arcade was closed bringing the total number of arcades to 36.
- c. The resulting net sales were 9,525 million yen (up 5.2% from the previous fiscal year) and operating income was 752 million yen (up 7.5% from the previous fiscal year).

(3) Amusement Equipments

(Unit: Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Difference (%)
Net sales	13,343	16,856	26.3%
Operating income	2,812	5,106	81.6%
Operating margin	21.1%	30.3%	-

- a. In the Pachinko & Pachislo sub-segment, *Monster Hunter Kyoryu Sensen*, this fiscal year's major release, was a mega hit thanks to synergy with home video games, and drove sales expansion. In the Arcade Games Sales sub-segment, the Company launched *Mario Party Fushigi no Challenge World* and focused on repeat sales of existing products.
- b. The resulting net sales were 16,856 million yen (up 26.3% from the previous fiscal year) and operating income was 5,106 million yen (up 81.6% from the previous fiscal year).

(4) Other Businesses

(Unit: Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Difference (%)
Net sales	2,043	2,083	2.0%
Operating income	511	969	89.8%
Operating margin	25.0%	46.5%	-

The net sales from Other Businesses, mainly consisting of royalty income from licensing and sale of character merchandise, were 2,083 million yen (up 2.0% from the previous fiscal year) and operating income was 969 million yen (up 89.8% from the previous fiscal year).