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Press Release

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**Sales and Profit Up in Consolidated Results for the Three Months Ended June 30, 2017**

**Driven by 7.5% Increase in Net Sales Year-over-year**

-Favorable progress in line with full-year plan; looking to achieve five consecutive years of operating income growth with forthcoming major title launches-

Capcom Co., Ltd. today announced that net sales increased to 11,746 million yen in its consolidated business results for the three months ended June 30, 2017 (up 7.5% year-over-year). Operating income was 784 million yen (compared with an operating loss of 726 million yen in the same period of the previous year), and ordinary income was 772 million yen (compared with an ordinary loss of 2,080 million yen in the same period of the previous year). Net income attributable to owners of the parent was 521 million yen (compared with a net loss attributable to owners of the parent of 1,411 million yen in the same period of the previous year).

We reduced expenses in this quarter with the aim of profit improvement, which included reviewing and re-evaluating our cost of sales and selling, general and administrative expenses. From the Consumer sub-segment of our core Digital Contents business we launched *Ultra Street Fighter II* (for the Nintendo Switch), which gave a favorable starting performance. Additionally, *Resident Evil 7 biohazard* and *Monster Hunter XX (Double Cross)*, both released in the previous fiscal year, contributed to profit improvement to a certain degree.

As a result, consolidated net sales were 11,746 million yen, operating income was 784 million yen, ordinary income was 772 million yen and net income attributable to owners of the parent was 521 million yen.

The forecast for the consolidated business results for the current fiscal year ending March 31, 2018 remains the same as what was projected at the financial results announcement on April 27, 2017.

1. Results for the 3 months ended June 30, 2017

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	Million Yen
3 months ended June 30, 2017	11,746	784	772	521
3 months ended June 30, 2016	10,927	(726)	(2,080)	(1,411)

## 2. Earnings 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

## 3. Status of Each Operational Department

### (1) Digital Contents

(Unit: Million Yen)

	3 months ended June 30, 2016	3 months ended June 30, 2017	Difference (%)
Net sales	6,740	7,688	14.1%
Operating income	8	1,676	20,850%
Operating margin	0.1%	21.8%	-

- a. In this business, although the first quarter corresponds to the market's off-season in terms of the launch cycle for major titles, *Ultra Street Fighter II* (for Nintendo Switch), which was released in May 2017, made an excellent start and proved to be a smash hit. In addition, *Resident Evil 7 biohazard* (for PlayStation 4, Xbox One and PC) and *Monster Hunter XX (Double Cross)* (for the Nintendo 3DS family of systems) contributed to revenue to a certain extent.
- b. The resulting net sales were 7,688 million yen (up 14.1% from the same term in the previous year) and operating income was 1,676 million yen (compared with an operating income of 8 million yen for the same term in the previous year).

### (2) Arcade Operations

(Unit: Million Yen)

	3 months ended June 30, 2016	3 months ended June 30, 2017	Difference (%)
Net sales	2,157	2,245	4.1%
Operating income	107	128	18.8%
Operating margin	5.0%	5.7%	-

- a. In the Arcade Operations business, the Company made efforts to acquire new customers and secure repeat customers through user-oriented marketing. Examples include installing game machines that meet diverse customer needs, holding various events and conducting service day campaigns. At the same time, the Company worked to reduce arcade operating costs to improve profitability.
- b. In order to strengthen our position in the Chubu region, we opened a new store in the Aichi Prefecture, bringing the total number of stores to 37.

- c. The resulting net sales were 2,245 million yen (up 4.1% from the same term in the previous year) and operating income was 128 million yen (up 18.8% from the same term in the previous year).

### (3) Amusement Equipments

(Unit: Million Yen)

	3 months ended June 30, 2016	3 months ended June 30, 2017	Difference (%)
Net sales	1,662	1,396	(16.0%)
Operating income	(61)	(229)	-
Operating margin	-	-	-

- a. In the Pachinko & Pachislo sub-segment, the Company launched the *Phoenix Wright: Ace Attorney* pachislo machine in a mixed market environment.
- b. In the Arcade Games Sales sub-segment, business was generally weak despite our efforts to promote repeat sales of existing products.
- c. The resulting net sales were 1,396 million yen (down 16.0% from the same term in the previous year). The Company recorded an operating loss of 229 million yen (compared with an operating loss of 61 million yen for the same term in the previous year).

### (4) Other Businesses

(Unit: Million Yen)

	3 months ended June 30, 2016	3 months ended June 30, 2017	Difference (%)
Net sales	366	415	13.2%
Operating income	126	184	46.1%
Operating margin	34.4%	44.3%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 415 million yen (up 13.2% from the same term in the previous year) and operating income was 184 million yen (up 46.1% from the same term in the previous year).