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Press Release

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**Net Sales Up 17.6%, Operating Income Up 191.5% Year-Over-Year in
Consolidated Results for the Six Months Ended September 30, 2017**

- Favorable progress in line with full-year plan; driven by core Consumer sub-segment -

Capcom Co., Ltd. today announced that in its consolidated business results for the six months ended September 30, 2017, net sales increased to 33,729 million yen (up 17.6% year-over-year), operating income increased to 5,001 million yen (up 191.5% year-over-year), ordinary income increased to 5,016 million yen (up 875.5% year-over-year), and net income attributable to owners of the parent increased to 3,481 million yen (up 757.5% year-over-year).

In the six months ended September 30, 2017, our core Digital Contents business drove revenue, with the global release of our major title *Marvel vs. Capcom: Infinite*, as well as a stalwart performance by *Monster Hunter XX (Double Cross) Nintendo Switch Ver.* for the Nintendo Switch; additionally, *Resident Evil 7 biohazard*, released in our previous fiscal year, surpassed 4 million cumulative units shipped.

As a result, consolidated net sales were 33,729 million yen, operating income was 5,001 million yen, ordinary income was 5,016 million yen and net income attributable to owners of the parent was 3,481 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 6 months ended September 30, 2017

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
	Million Yen	Million Yen	Million Yen	Million Yen
6 months ended September 30, 2017	33,729	5,001	5,016	3,481
6 months ended September 30, 2016	28,676	1,715	514	405

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)

	6 months ended September 30, 2016	6 months ended September 30, 2017	Difference (%)
Net sales	16,373	20,138	23.0%
Operating income	1,099	3,830	248.4%
Operating margin	6.7%	19.0%	-

- a. In this business, *Monster Hunter XX (Double Cross) Nintendo Switch Ver.* (for Nintendo Switch) performed strongly, while *Marvel vs. Capcom: Infinite* (for PlayStation 4, Xbox One and PC), which targets the European and US markets, was released in September.
- b. In addition to *Ultra Street Fighter II The Final Challengers* (for Nintendo Switch) turning out to be a smash hit, catalog unit sales of such titles as *Monster Hunter XX (Double Cross)* (for the Nintendo 3DS family of systems), which was released in the previous fiscal year, also contributed to the increase in revenues to a certain extent.
- c. Furthermore, in online games, *Monster Hunter Frontier Z*, a perennial favorite which underwent a major update commemorating its 10th anniversary, performed steadily; while in mobile contents, amid the reorganization of operations, which include the Company carrying out alliance strategies to bring about a breakthrough in the business, *Monster Hunter Explore* remained popular, while licensing revenue from utilizing our IP also contributed to the increase in profits.
- d. The resulting net sales were 20,138 million yen (up 23.0 % from the same term in the previous year) and operating income was 3,830 million yen (up 248.4% from the same term in the previous year).

(2) Arcade Operations

(Unit: Million Yen)

	6 months ended September 30, 2016	6 months ended September 30, 2017	Difference (%)
Net sales	4,810	5,179	7.7%
Operating income	478	634	32.7%
Operating margin	9.9%	12.2%	-

- a. Amid diversifying lifestyles, the arcade made a comeback as a familiar entertainment option, which was “inexpensive, close and not time-consuming.” Under such circumstances, the Company employed user-oriented marketing, including installing machines that meet customer needs and holding various events such as service day campaigns. Through this, the Company made efforts to acquire new customers, such as families with children, and secure repeat customers, while reducing arcade operating costs to improve profitability.
- b. During the period under review, the Company opened two new stores and closed one, bringing the total number of stores to 37.
- c. The resulting net sales were 5,179 million yen (up 7.7% from the same term in the previous year) and operating income was 634 million yen (up 32.7% from the same term in the previous year).

(3) Amusement Equipments

(Unit: Million Yen)

	6 months ended September 30, 2016	6 months ended September 30, 2017	Difference (%)
Net sales	6,530	7,330	12.3%
Operating income	1,651	1,925	16.6%
Operating margin	25.3%	26.3%	-

- a. In the Pachinko & Pachislo sub-segment, recent changes in the model-testing methods have had a significant impact, and the newly-launched *Resident Evil: Revelations* performed weakly as a result. Nevertheless, the Company was able to secure a certain amount of profit by lowering the cost of sales ratio.
- b. In the Arcade Games Sales sub-segment, sales of *Monster Hunter Medal Hunting G*, a consistently popular medal game, were in line with plans.
- c. The resulting net sales were 7,330 million yen (up 12.3% from the same term in the previous year) and operating income was 1,925 million yen (up 16.6% from the same term in the previous year).

(4) Other Businesses

(Unit: Million Yen)

	6 months ended September 30, 2016	6 months ended September 30, 2017	Difference (%)
Net sales	962	1,080	12.3%
Operating income	395	571	44.5%
Operating margin	41.1%	52.9%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 1,080 million yen (up 12.3% from the same term in the previous year) and operating income was 571 million yen (up 44.5% from the same term in the previous year).