

Press Release

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Sales and Profit Up in Consolidated Results for the Three Months Ended June 30, 2018
Net Sales Up 46.5%, Operating Income Up 550.8% Year-over-year

-After closing its most profitable first quarter since the company began disclosing quarterly results, Capcom aims to achieve six consecutive years of operating income growth and most profitable full-year ever-

Capcom Co., Ltd. today announced that net sales increased to 17,204 million yen in its consolidated business results for the three months ended June 30, 2018 (up 46.5% year-over-year). Operating income was 5,106 million yen (up 550.8% year-over-year), and ordinary income was 5,492 million yen (up 610.6% year-over-year). Net income attributable to owners of the parent was 3,903 million yen (up 648.6% year-over-year).

This quarter, *Monster Hunter: World* (released in the previous fiscal year) maintained its popularity, backed by an expanding base of fans, and achieved cumulative sales of 8.3 million units total; also in the Digital Contents business, which has continued to growth steadily in recent years, the new *Street Fighter 30th Anniversary Collection* gave a solid performance, outperforming expectations. Further, in addition to healthy sales growth of high-margin catalog titles, the Digital Contents business drove earnings, resulting in the highest operating income for a first quarter in company history.

The forecast for the consolidated business results for the current fiscal year ending March 31, 2019 remains the same as what was projected at the financial results announcement on May 8, 2018.

1. Results for the 3 months ended June 30, 2018

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
3 months ended June 30, 2018	17,204	5,106	5,492	3,903
3 months ended June 30, 2017	11,746	784	772	521

2. Earnings forecast for the fiscal year ending March 31, 2019

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share of common stock
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Year ending March 31, 2019	96,000	17,000	16,500	12,000	109.60

3. Status of Each Operational Department

(1) Digital Contents

(Millions of Yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	Difference (%)
Net sales	7,688	13,782	79.3%
Operating income	1,676	5,735	242.2%
Operating margin	21.8%	41.6%	-

- a. In this business, the phenomenal success of *Monster Hunter: World* (for PlayStation 4 and Xbox One) from the previous fiscal year continued, with the title gaining further popularity through the expansion of its user base. In scoring a worldwide smash hit, the series solidified its position as an international brand and strengthened our base of IP (intellectual property). Furthermore, *Street Fighter 30th Anniversary Collection* (for PlayStation 4, Nintendo Switch, Xbox One and PC), a new title released in markets outside of Japan, performed strongly, while *Mega Man Legacy Collection*, *Mega Man Legacy Collection 2* and *Mega Man Legacy Collection 1+2* for Nintendo Switch also maintained robust sales thanks to a loyal fan base and strong brand capabilities.
- b. In addition, high-margin catalog titles steadily increased sales and contributed to improving profitability. Furthermore, looking ahead to the spread of diverse, digital content in the future, the Company released *Resident Evil 7: biohazard Cloud Version* (for Nintendo Switch) in Japan, a streaming title.
- c. The resulting net sales were 13,782 million yen (up 79.3% year-over-year) and operating income was 5,735 million yen (up 242.2% year-over-year).

(2) Arcade Operations

(Millions of Yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	Difference (%)
Net sales	2,245	2,381	6.0%
Operating income	128	143	12.1%
Operating margin	5.7%	6.0%	-

- a. In this business, while the market recovered with arcades functioning as a familiar entertainment option that were “inexpensive, close and quick,” the Company made efforts to secure customers and create demand by community-oriented marketing. Examples include installing game machines that meet diverse customer needs, holding various events and offering a pleasant atmosphere.

- b. During the period under review, the Company opened one store in the Hiroshima prefecture, bringing the total number of stores to 37.
- c. The resulting net sales were 2,381 million yen (up 6.0% year-over-year) and operating income was 143 million yen (up 12.1% year-over-year).

(3) Amusement Equipments

(Millions of Yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	Difference (%)
Net sales	1,396	376	(73.1%)
Operating income	(229)	(154)	-
Operating margin	-	-	-

- a. In the Pachinko & Pachislo sub-segment, while the Company launched *Okami -Kaidouhen-* in a weak market environment, demand declined and sales struggled due to the downturn in consumer confidence and dampening investments by the Pachinko/Pachislo hall operators.
- b. The Arcade Games Sales sub-segment also struggled and business was generally weak, due to a lack of new products.
- c. The resulting net sales were 376 million yen (down 73.1% year-over-year) and an operating loss of 154 million yen (compared to an operating loss of 229 million yen in the same term of the previous fiscal year).

(4) Other Businesses

(Millions of Yen)

	3 months ended June 30, 2017	3 months ended June 30, 2018	Difference (%)
Net sales	415	664	59.9%
Operating income	184	411	122.6%
Operating margin	44.3%	61.9%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 664 million yen (up 59.9% year-over-year) and operating income was 411 million yen (up 122.6% year-over-year).