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Press Release

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Sales and Profit Up in Consolidated Results for the Six Months Ended September 30, 2018

Net Sales Up 28.5%, Operating Income Up 110.1% Year-over-year

- All profit items achieve highest levels in Capcom history, driven by core Consumer business -

Capcom Co., Ltd. today announced that net sales increased to 43,327 million yen in its consolidated business results for the six months ended September 30, 2018 (up 28.5% year-over-year). Operating income was 10,508 million yen (up 110.1% year-over-year), and ordinary income was 10,297 million yen (up 105.3% year-over-year). Net income attributable to owners of the parent was 6,849 million yen (up 96.8% year-over-year).

This quarter, *Monster Hunter: World*, which has caused a sensation in the market since its January release, drove results after surpassing 10 million units shipped—a first for any single title in Capcom’s history. Also in the core Digital Contents business, titles such as the new *Street Fighter 30th Anniversary Collection*, released outside of Japan, and the *Mega Man X Legacy Collection* performed well. Additionally, as a result of healthy sales growth of high-margin catalog titles, the Digital Contents business drove earnings, resulting in the highest operating income at the end of a second 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 6 months ended September 30, 2018

	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, 2018	43,327	10,508	10,297	6,849
6 months ended September 30, 2017	33,729	5,001	5,016	3,481

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
	Million Yen	Million Yen	Million Yen	Million 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

	(Million Yen)		
	6 months ended September 30, 2017	6 months ended September 30, 2018	Difference (%)
Net sales	20,138	34,195	69.8%
Operating income	3,830	11,751	206.8%
Operating margin	19.0%	34.4%	-

- a. In this business, the *Monster Hunter* series served as the driving force in improving the Company's business performance, with feature title *Monster Hunter: World* (for PlayStation 4 and Xbox One), which contributed to growth of the Company in the previous fiscal year, not only gaining further popularity through the expansion of its user base but also boosting profits through the strong performance of the Steam version for PC that was released in August. In addition, *Monster Hunter Generations Ultimate* (for Nintendo Switch) was released in markets outside of Japan and enjoyed robust sales owing to its consistent popularity.
- b. Furthermore, *Street Fighter 30th Anniversary Collection* (for PlayStation 4, Nintendo Switch, Xbox One and PC), a new title released in overseas markets, performed strongly, while *Mega Man X Legacy Collection*, *Mega Man X Legacy Collection 2* and *Mega Man X Legacy Collection 1+2* (for PlayStation 4, Nintendo Switch, Xbox One and PC in all three cases) performed well thanks to a dedicated fan base and strong brand capabilities. In addition, high-margin catalog titles steadily increased sales and contributed to improving profitability.
- c. The resulting net sales were 34,195 million yen (up 69.8% from the same term in the previous fiscal year) and operating income was 11,751 million yen (up 206.8% from the same term in the previous fiscal year).

(2) Arcade Operations

(Million Yen)

	6 months ended September 30, 2017	6 months ended September 30, 2018	Difference (%)
Net sales	5,179	5,504	6.3%
Operating income	634	734	15.7%
Operating margin	12.2%	13.3%	-

- a. In this business, in spite of the effects of temporary factors such as the inclination to stay home due to the record heat wave, the Company promoted arcades as a familiar entertainment option to secure a wide range of customers, including repeat customers, the middle-aged and seniors, as well as women and families with children. These promotions included installing game machines that meet diverse customer demands, conducting service day campaigns, and holding various events.
- b. During the period under review, the Company opened one store in Hiroshima prefecture and closed one in Ibaraki prefecture, bringing the total number of stores to 36.
- c. The resulting net sales were 5,504 million yen (up 6.3% from the same term in the previous fiscal year) and operating income was 734 million yen (up 15.7% from the same term in the previous fiscal year).

(3) Amusement Equipments

(Million Yen)

	6 months ended September 30, 2017	6 months ended September 30, 2018	Difference (%)
Net sales	7,330	2,224	(69.7%)
Operating income	1,925	(625)	-
Operating margin	26.3%	-	-

- a. In the Pachinko & Pachislo sub-segment, the Company launched *Street Fighter V*, *Rockman Ability* and other products in a weak market environment 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 2,224 million yen (down 69.7% from the same term in the previous fiscal year) and an operating loss of 625 million yen (compared to an operating income of 1,925 million yen in the same term of the previous fiscal year).

(4) Other Businesses

(Million Yen)

	6 months ended September 30, 2017	6 months ended September 30, 2018	Difference (%)
Net sales	1,080	1,403	29.9%
Operating income	571	685	20.0%
Operating margin	52.9%	48.8%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 1,403 million yen (up 29.9 % from the same term, in the previous fiscal year) and operating income was 685 million yen (up 20.0 % from the same term in the previous fiscal year).