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Press Release

Company Name: Capcom Co., Ltd.
Representative: Haruhiro Tsujimoto, President and COO
(Code No. 9697 First Section of Tokyo Stock Exchange)
Contact: Public Relations and Investor Relations Section
Phone Number: +81-6-6920-3623

**Operating Income Up 33.2%, Net Income Up 43.7% Year-over-year in Capcom's
Consolidated Results for the Six Months Ended September 30, 2019**

- Driven by digital shift in Consumer business, all profit items achieve
highest levels in Capcom history despite dip in sales -

Capcom Co., Ltd. today announced that in its consolidated business results for the six months ended September 30, 2019 net sales were 37,272 million yen (down 14.0% year-over-year), operating income was 13,992 million yen (up 33.2% year-over-year), and ordinary income was 14,002 million yen (up 36.0% year-over-year). Net income attributable to owners of the parent was 9,846 million yen (up 43.7% year-over-year).

This quarter, despite a dip in net sales year-over-year, in the core Digital Contents business *Monster Hunter World: Iceborne* shipped 2.8 million units supported by consistent popularity, driving profitability improvements, while sales growth of high-margin digital downloads, including major catalog titles such as *Resident Evil 2* and *Devil May Cry 5*, also contributed, resulting in the highest profit at all levels 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, 2020 remains the same as what was projected at the financial results announcement on May 7, 2019.

1. Results for the 6 months ended September 30, 2019

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
6 months ended September 30, 2019	37,272	13,992	14,002	9,846	92.23
6 months ended September 30, 2018	43,327	10,508	10,297	6,849	62.56

2. Earnings forecast for the fiscal year ending March 31, 2020

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Year ending March 31, 2020	85,000	20,000	19,500	14,000	131.15

Note: Recent changes in earnings forecast for the fiscal year ending March 31, 2020: None

3. Status of Each Operational Department

(1) Digital Contents

	6 months ended September 30, 2018	6 months ended September 30, 2019	Difference (%)
Net sales	34,195	29,163	(14.7%)
Operating income	11,751	14,503	23.4%
Operating margin	34.4%	49.7%	-

- a. In this business, *Monster Hunter World: Iceborne* (for PlayStation 4 and Xbox One) experienced solid sales and led profit growth. In addition, healthy sales of high-margin catalog titles also boosted profit. Specifically, sales of *Resident Evil 2* (for PlayStation 4, Xbox One and PC) and *Devil May Cry 5* (for Xbox One, PlayStation 4, and PC), both hits in the previous fiscal year, continued to grow due to an expanded user base. *Monster Hunter: World* (for PlayStation 4, Xbox One and PC), which was launched in January 2018, also continued to display its long sales life.
- b. The resulting net sales were 29,163 million yen (down 14.7% from the same term in the previous fiscal year) due to an increase in the percentage of digital sales. Operating income was 14,503 million yen (up 23.4% from the same term in the previous fiscal year) mainly due to contributions from *Monster Hunter World: Iceborne* and catalog titles.

(2) Arcade Operations

	6 months ended September 30, 2018	6 months ended September 30, 2019	Difference (%)
Net sales	5,504	6,233	13.3%
Operating income	734	915	24.6%
Operating margin	13.3%	14.7%	-

- a. In this business, the Company worked to secure a wide range of customers, including core users, repeat customers, and families through elaborately planned, community-based promotion activities, such as holding various events and conducting service day campaigns, under the banner of “the No. 1 arcade in the community.”
- b. During the period under review, the total number of arcades increased to 39 with the opening of two new arcades: Plaza Capcom Ikebukuro (Tokyo) and Plaza Capcom Fujiidera (Osaka).

- c. The resulting net sales were 6,233 million yen (up 13.3% from the same term in the previous fiscal year) and operating income was 915 million yen (up 24.6% from the same term in the previous fiscal year).

(3) Amusement Equipments

(Million Yen)

	6 months ended September 30, 2018	6 months ended September 30, 2019	Difference (%)
Net sales	2,224	241	(89.1%)
Operating income	(625)	67	-
Operating margin	-	27.8%	-

- a. In an environment in which the shrinkage of the game machine market shows no signs of stopping, mainly due to the revision in pachislo model certification methods, the Company did not launch any new models and focused on business from licensing during the quarter.
- b. The resulting net sales were 241 million yen (down 89.1% from the same term in the previous fiscal year), although the Company secured an operating income, albeit small, of 67 million yen (an operating loss of 625 million yen for the same term in the previous fiscal year).

(4) Other Businesses

(Million Yen)

	6 months ended September 30, 2018	6 months ended September 30, 2019	Difference (%)
Net sales	1,403	1,633	16.4%
Operating income	685	733	7.0%
Operating margin	48.8%	44.9%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 1,633 million yen (up 16.4% from the same term in the previous fiscal year) and operating income was 733 million yen (up 7.0% from the same term in the previous fiscal year).