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Press Release

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Operating Income Up 37.1%, Net Income Up 42.3% Year-over-year in Capcom's Consolidated Results for the Nine Months Ended December 31, 2019

- Digital shift brings growth in major title sales, driving highest profit levels in Capcom history -

Capcom Co., Ltd. today announced that in its consolidated business results for the nine months ended December 31, 2019, net sales were 52,908 million (down 13.6% year-over-year). Operating income was 18,448 million yen (up 37.1% year-over-year), and ordinary income was 18,702 million yen (up 38.1% year-over-year). Net income attributable to owners of the parent was 13,065 million yen (up 42.3% year-over-year).

This quarter, flagship title *Monster Hunter World: Iceborne* provided a solid performance, while elsewhere in the core Digital Contents business sales of major catalog releases from past years, such as *Monster Hunter: World*, *Resident Evil 2* and *Devil May Cry 5*, also showed healthy sales growth. As a result of high-margin digital sales growth improving profitability, Capcom achieved the highest profit at all levels for the end of a third quarter in company history.

As of February 4, 2020, the forecast for the consolidated business results for the current fiscal year ending March 31, 2020 have been revised. For details, see the February 4, 2020 announcement titled, "Capcom Announces Revision of Consolidated Full-Year Business Forecast."

1. Results for the 9 months ended December 31, 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
9 months ended December 31, 2019	52,908	18,448	18,702	13,065	122.39
9 months ended December 31, 2018	61,270	13,461	13,539	9,180	83.95

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	80,000	22,000	22,000	15,500	145.20

3. Status of Each Operational Department

(1) Digital Contents

(million yen)

	9 months ended December 31, 2018	9 months ended December 31, 2019	Difference (%)
Net sales	47,855	40,589	(15.2%)
Operating income	15,288	19,885	30.1%
Operating margin	31.9%	49.0%	-

- a. In this business segment, *Monster Hunter World: Iceborne* (for PlayStation 4 and Xbox One) delivered solid sales and served as the key driver of profitability growth owing to a focus on high-margin digital sales. Further, healthy sales of catalog titles also boosted profit. Specifically, *Resident Evil 2* (for PlayStation 4, Xbox One and PC) and *Devil May Cry 5* (for Xbox One, PlayStation 4 and PC), both released in the previous fiscal year and recipients of an Award for Excellence at the Japan Game Awards: 2019, saw continued growth in sales buoyed by a growing 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 40,589 million yen (down 15.2% from the same term in the previous fiscal year) due to an increase in the percentage of digital sales. Operating income was 19,885 million yen (up 30.1% from the same term in the previous fiscal year) due to successfully revising the earnings structure and contributions from *Monster Hunter World: Iceborne* and catalog titles.

(2) Arcade Operations

(million yen)

	9 months ended December 31, 2018	9 months ended December 31, 2019	Difference (%)
Net sales	8,082	9,201	13.8%
Operating income	868	1,187	36.6%
Operating margin	10.7%	12.9%	-

- a. In this business, the Company worked to secure a wide range of customers, including core users, repeat customers, and families through 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 stores reached 40 with the opening of Capcom Store Tokyo in Shibuya Parco (Tokyo), a dedicated retail shop that sells character merchandise and represents a new business endeavor for Capcom, as well as two new arcades: Plaza Capcom Ikebukuro (Tokyo) and Plaza Capcom Fujiidera (Osaka).
- c. The resulting net sales were 9,201 million yen (up 13.8% from the same term in the previous fiscal year) and operating income was 1,187 million yen (up 36.6% from the same term in the previous fiscal year).

(3) Amusement Equipments

(million yen)

	9 months ended December 31, 2018	9 months ended December 31, 2019	Difference (%)
Net sales	3,231	663	(79.5%)
Operating income	(639)	376	-
Operating margin	-	56.7%	-

- 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 instead focused on business from licensing.
- b. The resulting net sales were 663 million yen (down 79.5% from the same term in the previous fiscal year), although the Company secured an operating income, albeit small, of 376 million yen (an operating loss of 639 million yen for the same term in the previous fiscal year) supported by the licensing business.

(4) Other Businesses

(million yen)

	9 months ended December 31, 2018	9 months ended December 31, 2019	Difference (%)
Net sales	2,102	2,453	16.7%
Operating income	981	358	(63.5%)
Operating margin	46.7%	14.6%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 2,453 million yen (up 16.7% from the same term in the previous fiscal year) and operating income was 358 million yen (down 63.5% from the same term in the previous fiscal year).