

11-Year Summary of Consolidated Business Performance Indicators

Financial Index

	2004	2005	2006	2007	2008
For the Year:					
	Millions of yen				
Net sales	¥ 52,668	¥ 65,895	¥ 70,253	¥ 74,542	¥ 83,097
Operating income	1,402	7,752	6,580	9,602	13,121
Net income (loss)	(9,158)	3,622	6,941	5,852	7,807
Depreciation & amortization	2,081	2,101	1,936	2,774	3,393
Capital expenditures	4,678	1,665	1,600	4,495	4,503
R&D expenses	1,124	1,323	1,864	1,828	2,972

	Millions of yen				
At Year-End:					
Total assets	¥ 93,096	¥ 106,361	¥ 98,457	¥ 91,478	¥ 93,606
Net assets	31,854	32,491	39,464	45,144	53,660
Net cash	(16,957)	(12,948)	(678)	9,200	13,061

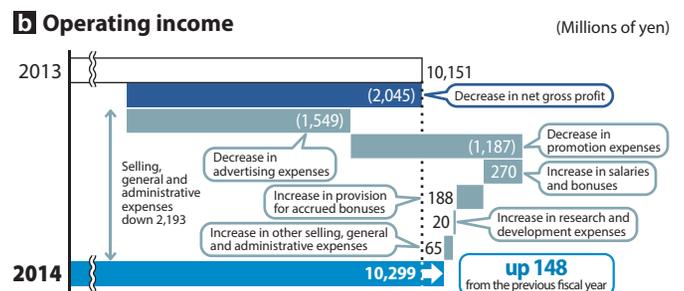
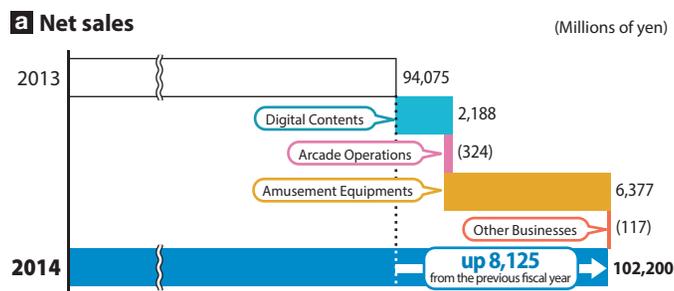
	Millions of yen				
Cash Flows:					
Cash flows from operating activities	¥ 5,577	¥ 7,977	¥ 13,921	¥ 16,063	¥ 7,452
Cash flows from investing activities	(5,011)	(1,099)	(1,779)	(6,715)	(3,374)
Cash flows from financing activities	(395)	6,251	(18,259)	(15,206)	(2,448)
Cash and cash equivalents at end of year	32,131	45,538	40,652	35,020	32,763

	Yen				
Per Share Data:					
Net income (loss) per share	¥ (160.91)	¥ 63.37	¥ 125.19	¥ 107.52	¥ 132.90
Cash dividends applicable to the year per share	20.00	20.00	20.00	30.00	30.00
Net assets per share	559.66	589.99	716.91	799.35	881.31

	%				
Financial Index:					
Operating margin	2.7	11.7	9.4	12.9	15.8
ROE	—	11.3	19.3	13.8	15.8
ROA	—	3.6	6.8	6.2	8.4
Net worth ratio	34.2	30.5	40.1	49.3	57.3
Debt-equity ratio	192.4	227.9	149.4	102.8	74.4
Foreign investors	16.59	14.79	23.35	32.60	27.72

	Billions of yen				
Digital Contents Business:					
Consumer business net sales	¥ 33.9	¥ 39.9	¥ 42.7	¥ 43.8	¥ 51.6
Online business net sales	—	—	1.5	2.7	4.1
Developer numbers	702	660	705	728	809

	Thousands				
Consumer Game Sales (Package Software and Full-game digital content)					
Total number of units	11,600	13,500	13,400	12,200	15,750
Sales of major titles	Mega Man Battle Network 4: 950	Resident Evil 4 (GC): 1,230	Resident Evil 4 (PS2): 1,810	Lost Planet Extreme Condition: 1,370	Devil May Cry 4: 2,320
	Onimusha 3: 630	Devil May Cry 3: 1,100	Onimusha DAWN of DREAMS: 640	Dead Rising: 1,220	Resident Evil 4 Wii edition: 1,300
	Resident Evil Outbreak: 430	Resident Evil Outbreak: 820	Monster Hunter Freedom: 610	Monster Hunter Freedom 2: 1,220	Resident Evil: The Umbrella Chronicles: 1,060



11-Year Summary of Consolidated Financial Indicators

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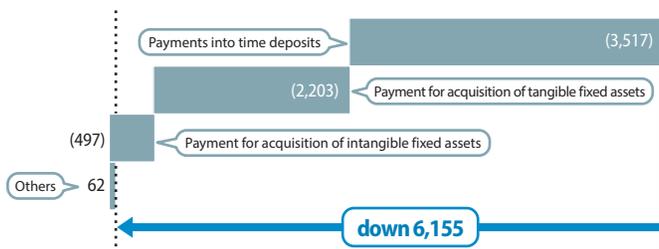
CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. YEARS ENDED MARCH 31

Highlights

2009	2010	2011	2012	2013	2014	2014
Millions of yen						Thousands of U.S. dollars
¥ 91,878	¥ 66,837	¥ 97,716	¥ 82,065	¥ 94,075	¥ 102,200	\$ 1,001,968
14,618	5,587	14,295	12,318	10,151	10,299	100,979
8,063	2,167	7,750	6,723	2,973	3,444	33,773
4,143	3,368	3,315	3,123	3,406	4,638	45,473
2,906	2,205	2,758	4,153	8,724	8,064	79,064
2,329	2,125	2,924	2,236	1,982	2,002	19,636
Millions of yen						Thousands of U.S. dollars
¥ 106,210	¥ 86,621	¥ 90,408	¥ 98,247	¥ 104,365	¥ 96,611	\$ 947,166
59,349	53,956	58,007	59,352	62,828	63,875	626,235
7,378	12,299	27,655	11,348	14,327	22,670	222,259
Millions of yen						Thousands of U.S. dollars
¥ (551)	¥ 14,320	¥ 22,392	¥ (7,672)	¥ 6,647	¥ 13,201	\$ 129,430
(2,715)	(1,618)	(2,046)	(4,794)	(1,375)	(6,155)	(60,349)
(342)	(10,747)	(12,919)	587	1,162	(15,099)	(148,029)
28,611	29,815	35,011	22,287	31,522	26,118	256,061
Yen						U.S. dollars
¥ 130.98	¥ 35.71	¥ 131.18	¥ 116.10	¥ 51.64	¥ 61.11	\$ 0.60
35.00	35.00	40.00	40.00	40.00	40.00	0.39
961.38	913.18	981.76	1,030.70	1,091.08	1,135.91	11.14
%						
15.9	8.4	14.6	15.0	10.8	10.1	
14.3	3.8	13.8	11.5	4.9	5.4	
8.1	2.3	8.8	7.1	2.9	3.4	
55.9	62.3	64.2	60.4	60.2	66.1	
79.0	60.5	55.9	65.5	66.1	51.2	
33.73	24.22	22.17	27.05	32.37	37.29	
Billions of yen						
¥ 60.0	¥ 38.7	¥ 63.6	¥ 46.9	¥ 45.9	¥ 53.0	
6.6	8.5	10.5	12.9	17.7	12.8	
1,047	1,132	1,339	1,455	1,623	1,808	
Thousands						
18,100	13,900	21,700	17,000	16,700	17,500	
Resident Evil 5 4,400	Monster Hunter Freedom Unite (Best Price included) 1,350	Monster Hunter Freedom 3 4,600	Resident Evil: Operation Raccoon City 1,700	Resident Evil 6 5,000	Monster Hunter 4 4,100	
Street Fighter IV 2,500	Monster Hunter Tri 1,150	Dead Rising 2 2,300	Monster Hunter 3 (Tri) G 1,600	Dragon's Dogma 1,300	Dead Rising 3 1,200	
Monster Hunter Freedom Unite (Best Price included) 2,200	Resident Evil 5 950	MARVEL VS. CAPCOM 3 Fate of Two Worlds 2,000	Street Fighter X Tekken 1,400	DmC Devil May Cry 1,200	Resident Evil Revelations 1,200	

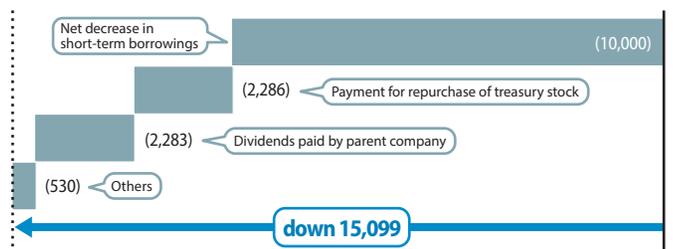
C Cash flows from investing activities

(Millions of yen)



D Cash flows from financing activities

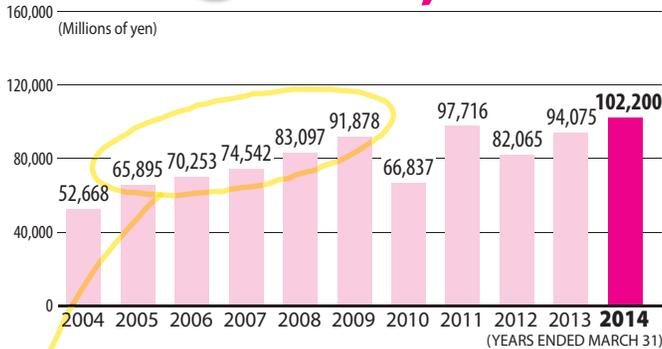
(Millions of yen)



Key Performance Indicators (KPI) and Commentary

1 Net sales

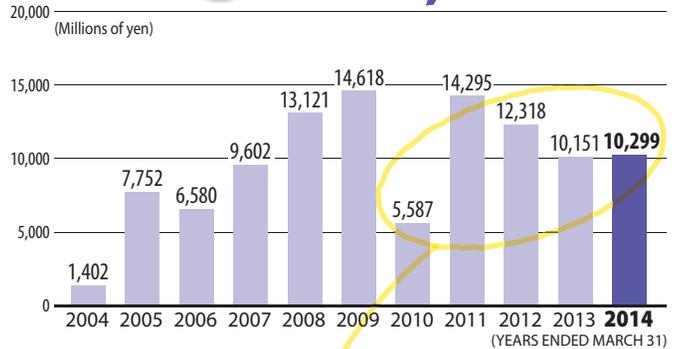
8.6% UP  **102,200** million yen



Structural reforms enacted in the fiscal years ended in March 2003 and 2004 set the stage for **stable growth in sales starting in the fiscal year ended March 2005**. This was mainly due to the creation of an efficient development structure able to launch popular, highly profitable home video games each year. Although revenues temporarily declined due to the postponed sales of major titles in the fiscal years ended March 2010 to March 2012, sales of core title "Monster Hunter 4" and proprietary Pachislo machines in the fiscal year ended March 2014 resulted in Capcom achieving net sales of 100 billion yen for the first time.

2 Operating income

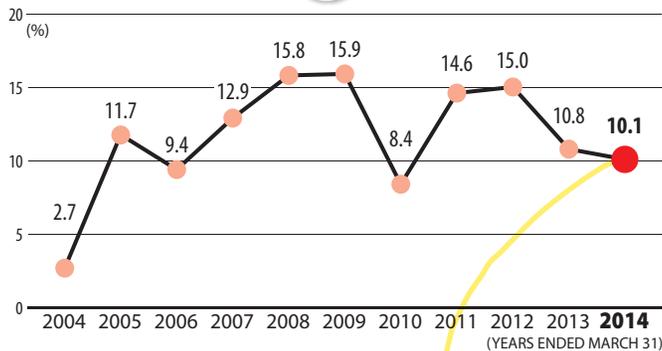
1.5% UP  **10,299** million yen



Structural reforms have enabled Capcom to sustain consistent growth in operating income. Moreover, the contribution to net sales occurred two years later in the fiscal year ended March 2007 because it took two years to put together a highly profitable lineup after restructuring. However, **the impact of precipitous market changes, such as the expansion of mobile contents and digital download contents (DLC), and the transitional period after next-generation consoles were released, have increased earnings volatility**. In the fiscal year ended March 2014, despite an 8.6% increase in sales, a lack of core titles mainly in Mobile Contents caused profitability to decline, resulting in only a 1.5% increase in profits compared to the previous fiscal year.

3 Operating margins

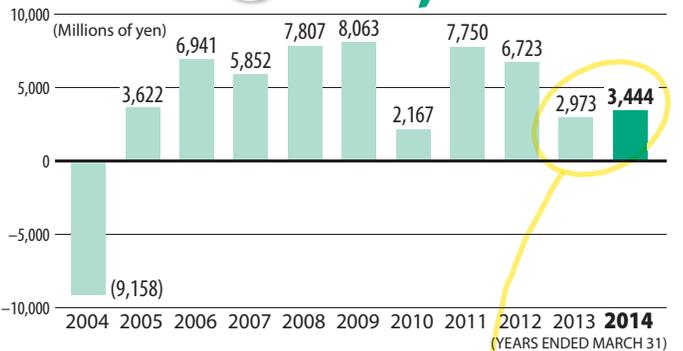
0.7 point DOWN  **10.1%**



Operating margins depend primarily on the profitability of the Digital Contents business, which accounts for about 65% of net sales. There was a steady increase in operating margins as well as operating income from the fiscal year ended March 2007 thanks to the establishment of a more efficient developmental organization. However, **despite higher sales in the fiscal year ended March 2014, some existing and new titles in the Digital Contents business Mobile Contents and PC online sub-segments performed poorly, causing profitability to decline and resulting in a slight decrease in consolidated operating margins to 10.1%**.

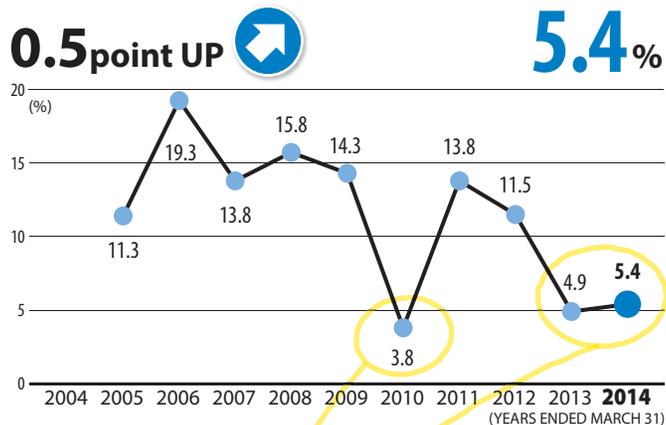
4 Net income (loss)

15.8% UP  **3,444** million yen



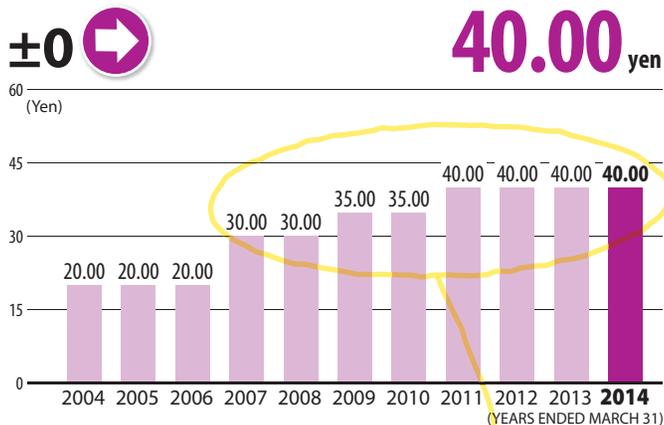
As a result of structural reforms conducted in the fiscal year ended March 2004, Capcom recognized special losses due to disposition of inventory and provisions for loan loss reserves, resulting in significant losses. In the fiscal year ended March 2010, we recorded a loss on restructuring in accordance with a drastic review of poorly performing businesses as a secondary structural reform to adequately respond to market volatility, resulting in a significant decrease in net income. **Furthermore, in the fiscal year ended March 2013 and March 2014, development structure revisions in the Digital Contents business (consumer and mobile contents) led to the recognition of business restructuring expenses resulting in a low level of income for two straight years.**

5 Return on equity (ROE)



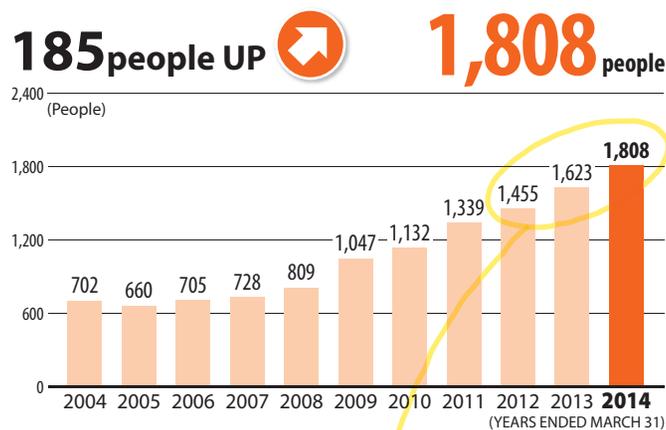
A net loss was recognized in the fiscal year ended March 2004 due to the implementation of structural reforms. ROE has been stable around 14% since the fiscal year ended March 2005 (except in 2010), even though net assets increased due to increases in retained earnings and common stock through the exercise of conversion rights of convertible bonds. Moreover, in the fiscal years ended March 2010, 2013 and 2014, net income decreased due to recognition of special losses, including losses on restructuring and business structure improvement expenses, causing a temporary downturn in numerical values.

6 Cash dividends applicable to the year per share



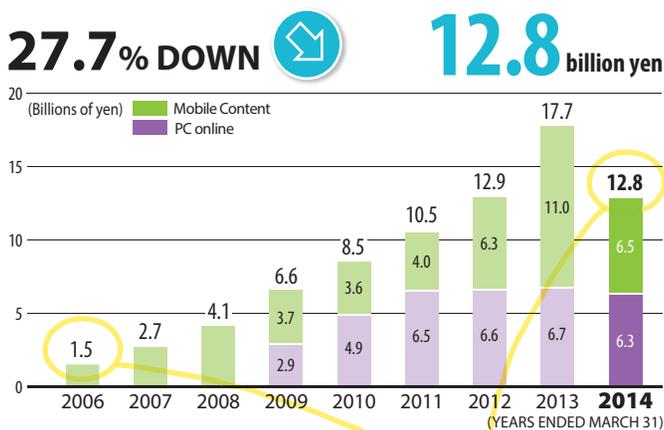
Capcom has its fundamental dividend policy of providing a continued and stable dividend to the shareholders. In accordance with its policy, an annual dividend of 20 yen per share was paid from the fiscal year ended March 1998 to that ended March 2006. Cash dividend per share for the fiscal year ended March 2007 to 2008 was raised to 30 yen thanks to its stable revenue base brought by its structural reform. Moreover, we continued to incrementally increase dividend payments in line with earnings based on our policy of providing stable dividends; from the fiscal year ended March 2009, the annual dividend was increased to 35 yen and again up to 40 yen in the fiscal year ended March 2011.

7 Developer numbers



Developers engaged in the creation of content are the source of a game software company's competitive advantage. At Capcom, developers account for 70% of all employees. To promote the development of Capcom's Single Content, Multiple Usage core strategy, we strive to ensure our developers are of the highest caliber through efforts including proactive hiring and training. At the end of March 2004, we employed 702 developers; over the next ten years we, increased this number 2.5 times to employ 1,808 developers as of March 31, 2014. In particular, since the fiscal year ended March 2012, to strengthen the Online and Consumer businesses and make development more efficient, we switched to a development structure focused on internal production and are hiring more than 150 developers each year.

8 Online business (Mobile Contents and PC online) net sales



Online game (Mobile Content and PC online) sales represent one of Capcom's core businesses. Rapid expansion of the online market and a successful focus as a growth business resulted in net sales of 1.5 billion yen in the fiscal year ended March 2006 to 12.8 billion yen in the fiscal year ended March 2014, an eightfold increase over eight years. Specifically, the PC online game "Monster Hunter Frontier" and mobile game "Smurfs' Village" are making stable contributions. However, in the fiscal year ended March 2014, net sales temporarily declined as a result of the rise of native app games and insufficient management expertise.

Business Segments Highlights

Business Overview



Digital Contents

This business engages in the development and sales of package games for consumer consoles and digital download contents (DLC), as well as the development and operation of mobile contents and PC online games. As this is our core business representing approximately 65% of company sales, we concentrate management resources on these activities to meet diverse user needs.

Capcom creates many million-seller titles for consumer consoles that are overflowing with creativity, mainly in the action and adventure game genres. These include proprietary content and licensed titles utilized flexibly for smartphones and tablet devices, which continue to expand globally, as well as PC online games. We aim to expand earnings through worldwide distribution.



- Consumer (Package and DLC)
- Mobile Contents
- PC Online



Arcade Operations

We operate "Plaza Capcom" amusement facilities in Japan. These arcades are predominantly in large commercial complexes and host various events designed to attract families, women and senior customers. We have diligently followed a scrap-and-build policy to maximize our efficiency in arcade operations.



Amusement Equipments

We are engaged in two other businesses based on the content used for our home video games. The Pachinko & Pachislo (P&S) business is involved in the development, manufacture and sales of frames and LCD devices for gaming machines as well as software. The Arcade Games Sales business develops, produces and distributes arcade games for amusement facilities, creating synergy between businesses.



Other Businesses

Based on a Single Content Multiple Usage strategy of developing game content for various media, we will pursue a variety of copyright-related business opportunities including publishing (walkthrough and strategy guides as well as game settings collections) and licensing (music CDs and licensed merchandise). Furthermore, we are concentrating on developing game content into movie and TV animation programs.



Market Trends

Consumer (Package and DLC)

- The consumer market has contracted two years in a row due to declining average retail prices and delayed purchases ahead of next-generation consoles replacing existing consoles.
- Sales of DLC through online networks is expanding.

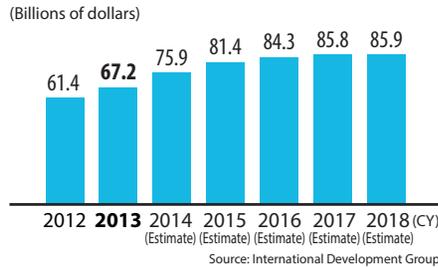
Mobile Contents

- The market is expanding quickly due to the global adoption of smartphones and tablet devices.
- The advent of app stores and other global distribution systems are enabling the cultivation of game users in new regions such as the Middle East and Asia.
- New casual user segment is growing due to popularity of native apps.

PC Online

- Growth mainly in Asia region on track with potential to grow larger than the consumer market in the future.

Consumer (Package and DLC), Mobile Contents and PC Online Markets



Capcom's Strength and Strategy

Consumer (Package and DLC)

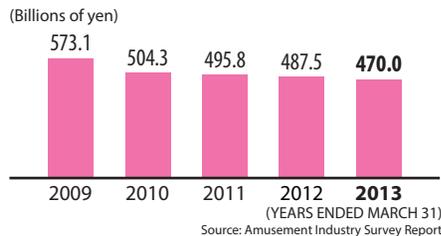
- We own numerous "intellectual properties with universal market appeal".
- We maintain an advanced ability to develop original game content. We also possess a high level of technology, assisted by an integrated development environment built to provide common software development tools for a variety of devices.

Mobile Contents PC Online

- Mobile Contents/PC Online sub-segment makes efficient use of original content created for consumer games.
- The Beeline brand distributes native apps around the world in an attempt to capture the light user segment (women, families, etc.) rather than the traditional Capcom user.
- Continue to develop popular series for mobile phones by making effective use of the content and expertise accumulated over years in the consumer segment with the Capcom brand.

- Ongoing downward trend in terms of market scale and number of arcades.
- Despite popularity of some prize merchandise, the market remains soft due to lack of hit products and ongoing closure of unprofitable arcades.
- Market will continue to decline due to fewer customers and lower sales stemming from the consumption tax increase and narrowing investment.

Amusement Arcade Market



- We specialize in opening facilities in large shopping centers to secure a long-term, stable number of customers.
- We focus efforts on cultivating new customers through free game experience tours for senior citizens and kids' corners with an hourly fee.
- We develop business with a high level of profitability compared to other companies in our industry through strict scrap and build focused on investment efficiency.

- In the major gaming machines market, despite lower sales of Pachinko machines, growth in the Pachislo machine market is providing overall stability.
- The arcade game market has shrunk slightly due to gradual declines in the amusement arcade market and being in between new product sales cycles.
- In light of the consumer tax increase, to ensure profitability facilities, operators are narrowing their investment focus, which is expected to cause further decline in the market.

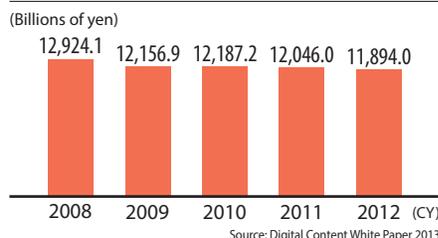
Major Gaming Machines Market (Pachinko and Pachislo machines)



- We establish new revenue streams using our rich in-house content.
- In the P&S business, we can develop machines that make use of development resources such as high definition visuals created for consumer titles.
- Using content developed in the Consumer business, the Arcade Games Sales business released coin-operated game machines with popular content, which are in high demand.

- The global contents market was worth 130,000 billion yen. The Japanese contents market was worth 12,000 billion yen, second to only to the United States.
- Stable domestic contents industry despite lower birth rates.
- The key to future growth is multifaceted development overseas.

Japanese Content Market Trends



- We create a strong synergy with our Digital Contents business by making multidimensional use of our wealth of intellectual properties Single Content Multiple Usage.
- Particularly in the movie-related business, the brand value has been elevated by the high exposure provided by the media. This leads to greater sales expansion in video game software, completing an ideal sales cycle.

Operating Results for This Fiscal Year



Digital Contents

Consumer (Package and DLC)

- "Monster Hunter 4" for Nintendo 3DS was extremely popular, selling over 4.1 million units in Japan.
- "Dead Rising 3" and "Resident Evil Revelations" targeting the European and U.S. markets performed solidly, achieving million-seller status.
- Contribution from the "Monster Hunter 4" download version drove significant growth in digital download sales.

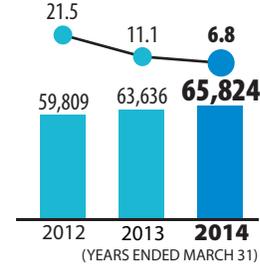
Mobile Contents

- Both Capcom and Beeline brands were sluggish.
- Although the Capcom brand's "Monster Hunter Hunting Quest" did well, the lack of powerful titles made an already bitter competitive environment even harsher.
- While the Beeline brand's "Smurfs' Village" continued stably, there were no new hit titles.

PC Online

- Online game "Monster Hunter Frontier G" maintained its strong popularity.
- Profitability slumped due to intensifying competition and struggling new titles.

Net Sales/ Operating Margin



Net Sales
¥65,824 million
 (Up 3.4% from the previous year)

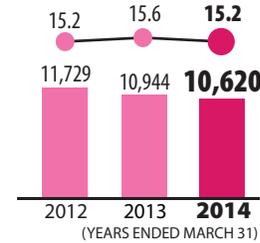
Operating Margin
6.8%



Arcade Operations

- Focused efforts on attracting new customers by conducting free game experience tours for senior citizens and creating themed areas for kids.
- Opened one new arcade, closed two unprofitable arcades.
- Existing arcade sales declined by 5% compared to the previous year.

Net Sales/ Operating Margin



Net Sales
¥10,620 million
 (Down 3.0% from the previous year)

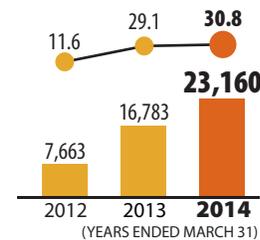
Operating Margin
15.2%



Amusement Equipments

- Significant growth compared to last year on P&S sales of Pachislo machine "Monster Hunter Gekka Raimei" made in-house, which sold about 46 thousand units and "DEVIL MAY CRY 4", which sold 25 thousand units.
- In terms of Arcade Games Sales, new coin-operated game "Monster Hunter Medal Hunting Compact" performed well.

Net Sales/ Operating Margin



Net Sales
¥23,160 million
 (Up 38.0% from the previous year)

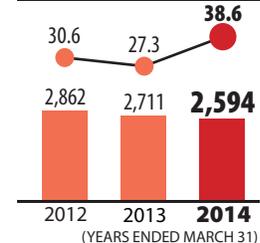
Operating Margin
30.8%



Other Businesses

- Maximize earnings and strengthen brand power of proprietary content through execution of lateral development of integrated sales of games based on the Single Content Multiple Usage strategy.
- Conduct events users can participate in to maximize sales of major titles "Monster Hunter 4" and "Phoenix Wright: Ace Attorney -Dual Destinies".

Net Sales/ Operating Margin



Net Sales
¥2,594 million
 (Down 4.3% from the previous year)

Operating Margin
38.6%

Products Introduced This Year



“Monster Hunter 4”
 This title significantly exceeded projections to sell over 4.1 million units due to new elements including 3D action and multiplayer functionality using the Internet, as well as a variety of promotional events that created a buzz and were popular with users. The download version of this game also performed well.



“Dead Rising 3”
 With an overwhelming number of zombies and an expansive open world only a title created for next-generation consoles can provide, this game delivers full body gaming fun on the advanced Xbox Kinect™ system. Sold one million titles in the first month, while ongoing DLC keeps users captivated.

Outlook for the Next Fiscal Year

- Improved earnings will come from a narrowed focus on highly profitable games such as “Monster Hunter 4 Ultimate” and other major titles.
- Revise title lineup by reconfiguring the 60-month map.
- Release native app games through the Capcom and Beeline brands in Japan and overseas.
- Strengthen development of PC online games for Japan and the Asia region.



**Plaza Capcom Shitoko
 “Asobi Oukoku peekaboo”**
 We introduced “Asobi Oukoku peekaboo”, a themed area for kids, in collaboration with Gakken Holdings Co., Ltd., and Dai Nippon Printing Co., Ltd. This entertainment space fosters creativity through both play and learning.

- Promote management efficiency at existing arcades and cultivate new users.
- Respond to concerns over drop in profitability due to consumption tax increase.
- Attract customers through a variety of events, including events that appeal to the middle-aged segment, the development of timed rate structured play areas for kids and the establishment of themed food shops making use of Capcom characters.



**Pachislo Machine
 “Monster Hunter Gekka Raimei”**
 The power of the “Monster Hunter” brand, its visual technologies and other production elements that appeal strongly to users drove solid sales of this product, which represents the culmination of expertise accumulated since Capcom launched its cabinet business.

- In P&S, we expect to see a reverse impact from hit products last year.
- We anticipate stable need for Pachislo machines resulting from expanding demand for high-quality visuals and popular content.
- Arcade Game Sales to focus on stable supply of new coin-operated game machines.



“Monster Hunter Festa ‘13”
 User events aim to create a sense of community and raise awareness. This festival featured the “Karioh Ketteisen” to determine Japan’s fastest hunter and the “Actual Gathering for Players” where players gather to enjoy collaborative game play. Five events were held across Japan attracting 48,500 people.

- We will engage in proactive development of various events and collaborations in conjunction with launch of major title “Monster Hunter 4 Ultimate” and the 10th anniversary of the series.
- We will increase brand value through stage productions and films based on other series.