



Capcom Co., Ltd.
(Tokyo Exchange,
First Section, 9697)

1st Quarter Report

Fiscal year ending March 31, 2014

Forward-looking Statements

Strategies, plans, outlooks and other statements that are not historical facts are based on assumptions that use information currently available and reasonable judgments. Actual performance may be significantly different from these statements for a number of reasons.

In the entertainment industry, which includes Capcom, performance may be highly volatile because of diversifying user needs and other changes in market conditions. Items that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) the popularity of home video game consoles; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; and (7) changes in market conditions. Please note that this is not a complete list of factors that can influence Capcom's operating results.

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Financial Highlights

Financial Highlights -Consolidated Business Results (1)

■ 3 Months Results in FY6/12 vs. FY6/13

(Million yen)

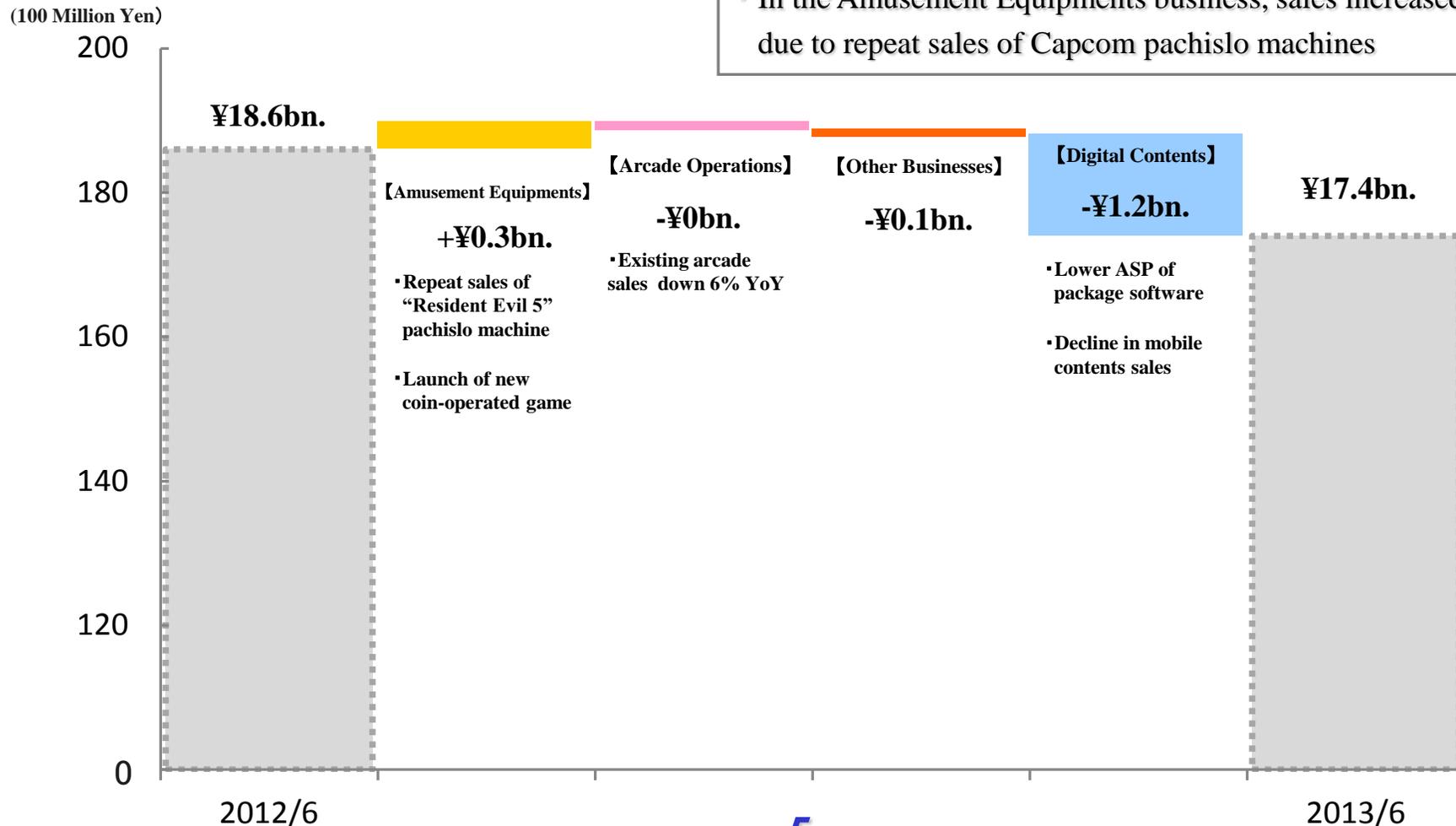
	2012/6	2013/6	Difference
Net sales	18,620	17,457	-1,163
Operating income	2,669	723	-1,946
Ordinary income	2,209	1,151	-1,058
Net income	1,320	828	-492

- Sales and earnings decreased mainly because of a decline in sales volume of software in Japan, which has a high profit margin.
- Foreign exchange gain of ¥436 million
- Performance was generally in line with the fiscal year targets

Financial Highlights -Consolidated Business Results (2)

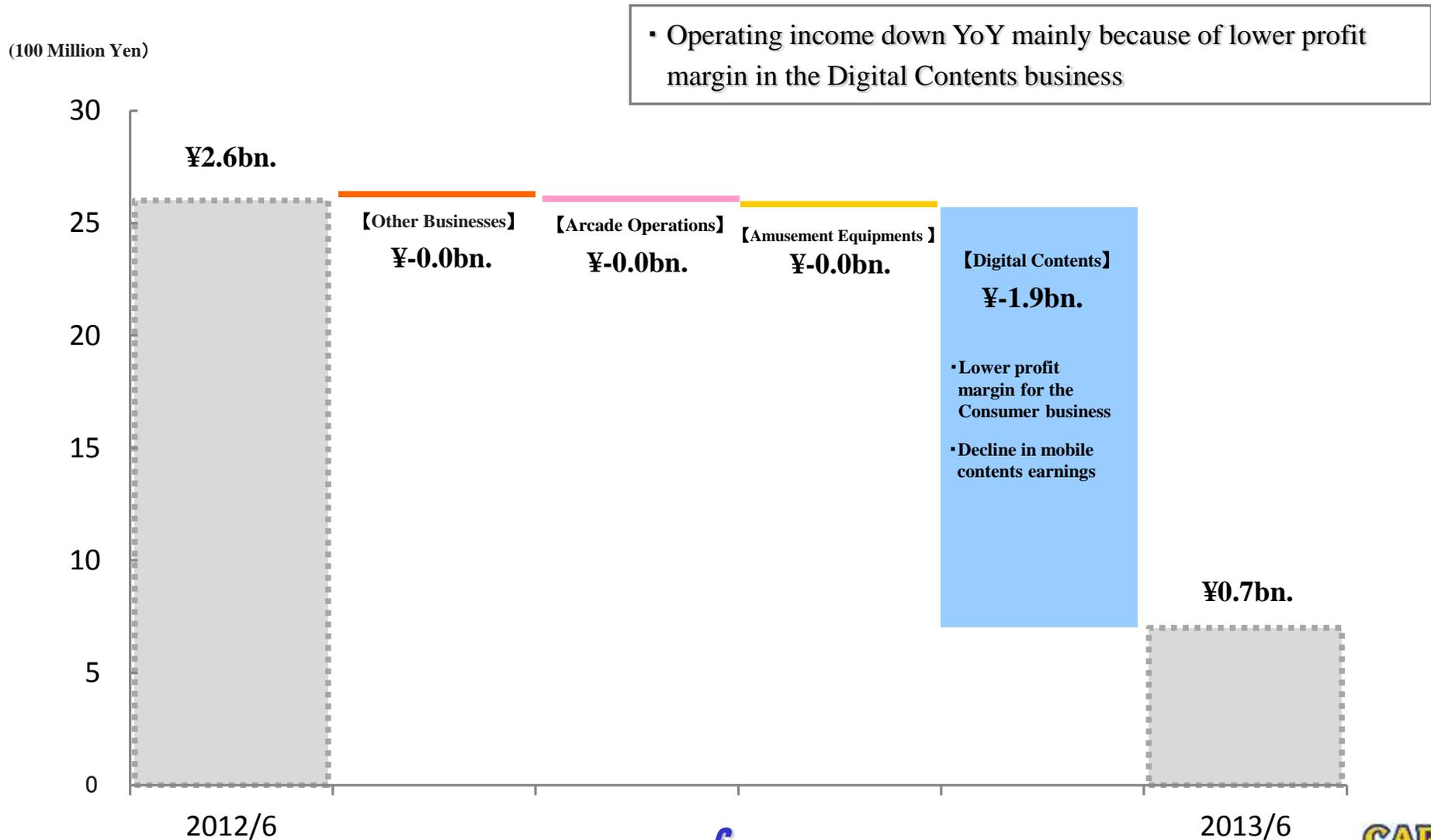
■ FY13/6 Net Sales (Fact of Increase and Decrease)

- Sales were lower YoY mainly because of decline in the ASP of package software in the Digital Contents business
- In the Amusement Equipments business, sales increased primarily due to repeat sales of Capcom pachislo machines



Financial Highlights - Consolidated Business Results (3)

■ FY13/6 Operating Income (Fact of Increase and Decrease)



Financial Highlights – Balance Sheet

■ Major Changes in Balance Sheet Items

(Million yen)

Assets	2013/3	2013/6	Difference
Notes and accounts receivable, trade	11,687	7,063	-4,624
Work-in-progress for game software	18,888	18,171	-717

(1) Notes and accounts receivable, trade

- Decreased because of the collection of receivables for a Capcom pachislo machine launched in the prior fiscal year

(2) Work-in-progress for game software

- Lower due to measures to cut outsourcing expenses

(Million yen)

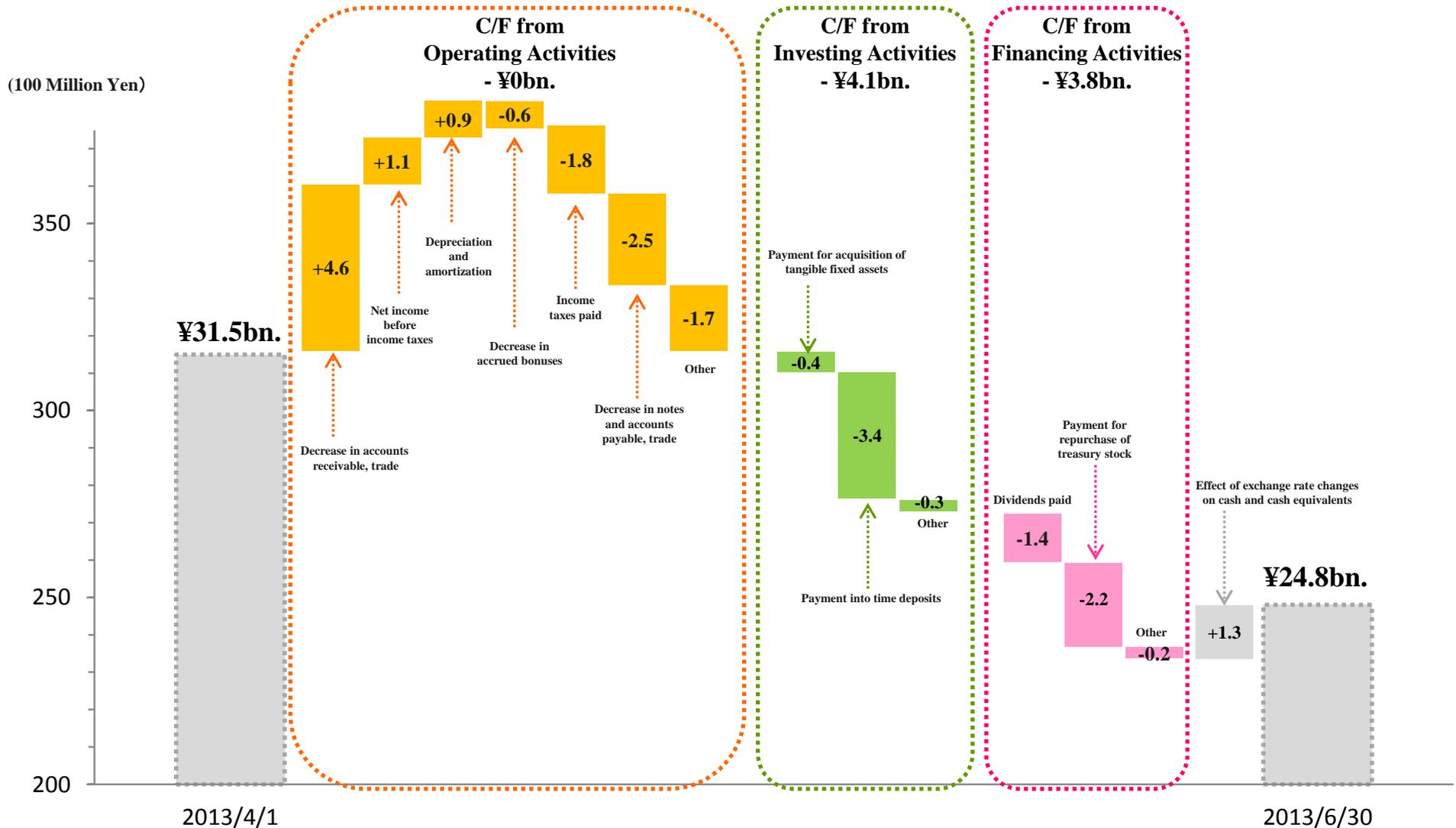
Liabilities	2013/3	2013/6	Difference
Notes and accounts payable, trade	6,304	2,614	-3,690

(3) Notes and accounts payable, trade

- Lower mainly because of payments for parts and materials used to make Capcom pachislo machines

Financial Highlights - Consolidated Cash Flows

■ FY13/6 Consolidated Cash Flows (Fact of Increase and Decrease)



Point of Financial Highlights

Growth Strategy Initiatives

■ Improve the Consumer business

- “Monster Hunter 4” will be released on September 14, 2013
- Digitally distributed contents (DLC) sales are up 60% to ¥1.6 billion
- Reorganization (development, overseas subsidiaries) is now under way in association with the prior year's business structural improvements

Business Segments

Consumer business sales down only slightly because of the contribution in DLC sales

■ 3 Months Highlights (Package)

- Launched “Resident Evil Revelations” (PS3, Xbox 360, Wii U, PC)
- Announced November 2013 launch in Europe and US for “Dead Rising 3” for Xbox One

■ 3 Months Highlights (DLC)

- Started selling “DmC Devil May Cry”, “Dragon’s Dogma: Dark Arisen”, “Resident Evil 6” and other additional content
- Higher full title download sales for both new and old titles

Business Segments -Digital Contents (2)

“Resident Evil Revelations” and other series title continue to post solid sales

■ Sales of Major Titles for the 3 Months (Package Software)

(Unit: Thousand)

Platform	Title	Region	Releasing Date	Result
PS3 Xbox 360 Wii U PC	Resident Evil Revelations	Japan	5/23	900
		North America	5/21	
		Europe	5/24	
PS3 Xbox 360	Dragon's Dogma: Dark Arisen	Japan	4/25	550
		North America	4/23	
		Europe	4/26	

*Sales for Japan include the entire Asian region.

Business Segments -Digital Contents (3)

Sales volume slightly higher YoY mainly due to the popularity of “Resident Evil Revelations”

■ Package Software Unit Sales for the 3 Months

(Unit: Thousand)

	2011/6	2012/6	2013/6	Difference
Titles	19	9	9	0
Japan	800	1,100	600	-500
North America	600	600	900	300
Europe	450	600	900	300
Asia	50	100	100	0
Total	1,900	2,400	2,500	100

(Composition)

(Unit: Thousand)

	2011/6	2012/6	2013/6	Difference
Distribution titles	150	70	50	-20
Old titles	1,000	1,000	700	-300

Sales and income were lower than the year before in the Mobile Contents as it reached a plateau in both the domestic and overseas markets

■ 3 Months Highlights (Mobile Contents)

- **Sales of social games in Japan under the Capcom brand**
 - ⇒ “Minna to Biohazard Clan Master” and other existing titles generated sales and earnings
 - ⇒ Plan to start launching new titles both app and browser type in the second quarter
- **Global sales of social games using the Beeline brand**
 - ⇒ Core title “Smurfs’ Village” (iOS, Android, Kindle) were stable but there were no new hit titles

**Reinforcing the profit structure
by using major updates of core titles**

■ 3 Months Highlights (PC Other)

- **“Monster Hunter Frontier G”, the latest version of this core title, performed steadily
Aiming to further enlarge the fan base with the July release of a major update**
- **In Taiwan, “Onimusha Soul” is off to a strong start, including a first place ranking for PC
browser games on a major game website**
- **Started beta testing of “Monster Hunter Online” at Tencent, Inc. in China**

Business Segments -Digital Contents (6)

Sales and earnings down YoY but DLC and PC and other sales were higher

■ Digital Contents Performance

(100 million yen)

	2012/6	2013/6	2014/3 Plan
Net sales	137	124	645
Operating income	24	4	91
Operating margin	17.5%	3.4%	14.1%
(Composition)			
Package	84	72	365
Online Contents			
DLC	10	16	60
Mobile Contents	29	19	125
PC Other	14	17	95
Online Contents Total	53	52	280

Business Segments -Arcade Operations

Earnings level thanks to an exhaustive review for arcade openings and closings and rigorous cost management

■ 3 Months Highlights

- Existing-arcade sales down 6% YoY
- Held profitability steady by closing unprofitable locations by the end of the previous fiscal year
- Opened a new arcade in April 2013 in Shizuoka that is already performing well

■ 3 Months Business Results

(100 million yen)

	2011/6	2012/6	2013/6	Difference
Net sales	28	25	24	-1
Operating income	5	3	3	0
Operating margin	18.4%	15.0%	14.7%	-
Year-to-Year Ratio of existing arcades	108%	92%	94%	-

■ Number of Arcades

(Facilities)

	2012/3	2013/3	2014/3 Plan	2013/6
New arcades	0	0	3	1
Closing arcades	0	3	5	0
Total	37	34	32	35

Business Segments - Amusement Equipments

Sales increased because of repeat sales in the Pachinko & Pachislo and the launch of new models in the Arcade Games Sales

3 Months Highlights (P&S)

- Sales supported by repeat sales of Capcom's "Resident Evil 5" and by machines made for other companies
- Plan to launch the Capcom "Devil May Cry 4" machine in September 2013

3 Months Highlights (Arcade Games Sales)

- Started selling the "Mario Party Fushigi no Korokoro Catcher 2" coin-operated game

3 Months Business Results

(100 million yen)

	2011/6	2012/6	2013/6	Difference
Net sales	8	17	20	3
Operating income	0	6	6	0
Operating margin	0.7%	40.4%	32.3%	-

*Pachinko & Pachislo is about 60% of net sales, and Arcade Games Sales about 40%



**Forecast for fiscal year ending
March 31, 2014**

Fiscal 2013 Forecasts

First quarter performance was as planned in relation to the fiscal year forecast

(million yen)

	3 months ended Jun. 30, 2013	March 31, 2014 (Forecast)
Net sales	17,457	97,000
Operating income	723	12,000
Ordinary income	1,151	11,700
Net income	828	6,800

- **Forecast fiscal year earnings per share of ¥120.61**
- **Plan to pay dividend per share of ¥40 for the current fiscal year, the sum of a ¥15 first half dividend and ¥25 year-end dividend**



Additional Information

-Summary of Major Financial Information

Summary of Major Financial Information(1)

● Profit and Loss Sheet

(Unit: Million Yen)

	2012/3	2013/3	2014/3 Plan	%	2013/6
Net Sales	82,065	94,075	97,000	103.1%	17,457
Gross Profit	32,456	32,163	32,000	99.5%	5,517
% of Gross Profit	39.5%	34.2%	33.0%	-	31.6%
Sales and G&A Expenses	20,150	21,942	20,000	91.1%	4,867
Operating Income	12,318	10,151	12,000	118.2%	723
% of Operating Income	15.0%	10.8%	12.4%	-	4.1%
Ordinary Income	11,819	10,944	11,700	106.9%	1,151
% of Ordinary Income	14.4%	11.6%	12.1%	-	6.6%
Net Income	6,723	2,973	6,800	228.7%	828
% of Net Income	8.2%	3.2%	7.0%	-	4.7%

● Sales by Business Segments

(Unit: Million Yen)

	2012/3	2013/3	2014/3 Plan	%	2013/6	
Digital Contents	Net Sales	59,809	63,636	101.4%	12,454	
	Operating Income	12,887	7,062	128.9%	423	
	Operating Margin	21.5%	11.1%	14.1%	-	3.4%
Arcade Operations	Net Sales	11,729	10,944	100.5%	2,484	
	Operating Income	1,787	1,709	99.5%	366	
	Operating Margin	15.2%	15.6%	15.5%	-	14.7%
Amusement Equipments	Net Sales	7,663	16,783	110.2%	2,042	
	Operating Income	890	4,892	4,300	87.9%	659
	Operating Margin	11.6%	29.1%	23.2%	-	32.3%
Others	Net Sales	2,862	2,711	3,000	110.7%	476
	Operating Income	877	740	1,200	162.2%	224
	Operating Margin	30.6%	27.3%	40.0%	-	47.1%

*Results of Digital Contents business consists of past "Consumer Online Games business" and "Mobile Contents business".

● Sales by Geographic Area

(Unit: Million Yen)

	2012/3	2013/3	2014/3 Plan	%	2013/6
Japan	57,899	65,873	81,000	123.0%	10,721
North America	15,867	17,377	11,000	63.3%	4,237
Europe	6,930	9,406	4,000	42.5%	2,193
Others	1,368	1,417	1,000	70.6%	306

Summary of Major Financial Information(2)

●Sales Units Shipped <platform>

(Unit: '000 copies)

		2012/3	2013/3	2014/3 Plan	Difference	2013/6
Playstation 2	Total Titles	0	0	-	-	-
	Sub Total	200	100	-	-	-
Playstation 3	Total Titles	25	21	-	-	3
	Sub Total	6,200	7,100	-	-	1,300
PSP PS Vita	Total Titles	9	4	-	-	-
	Sub Total	1,900	600	-	-	50
Wii Wii U	Total Titles	4	2	-	-	1
	Sub Total	650	700	-	-	160
NintendoDS Nintendo 3DS	Total Titles	12	7	-	-	-
	Sub Total	3,300	1,300	-	-	200
Xbox 360	Total Titles	16	8	-	-	3
	Sub Total	3,200	3,700	-	-	650
PC & Others	Total Titles	2	4	-	-	2
	Sub Total	250	500	-	-	140
Total	Total Titles	68	46	30	-16	9
	Sub Total	15,700	14,000	13,000	92.9%	2,500

●Sales Units Shipped <geographic>

(Unit: '000 copies)

	2012/3	2013/3	2014/3 Plan	Difference	2013/6
Japan	6,800	4,500	6,300	140.0%	600
North America	5,100	5,400	4,000	74.1%	900
Europe	3,300	3,600	2,400	66.7%	900
Asia	500	500	300	60.0%	100
Total	15,700	14,000	13,000	92.9%	2,500