



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

1st Quarter Report

Fiscal year ending March 31, 2016

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 FY6/14 vs. FY6/15

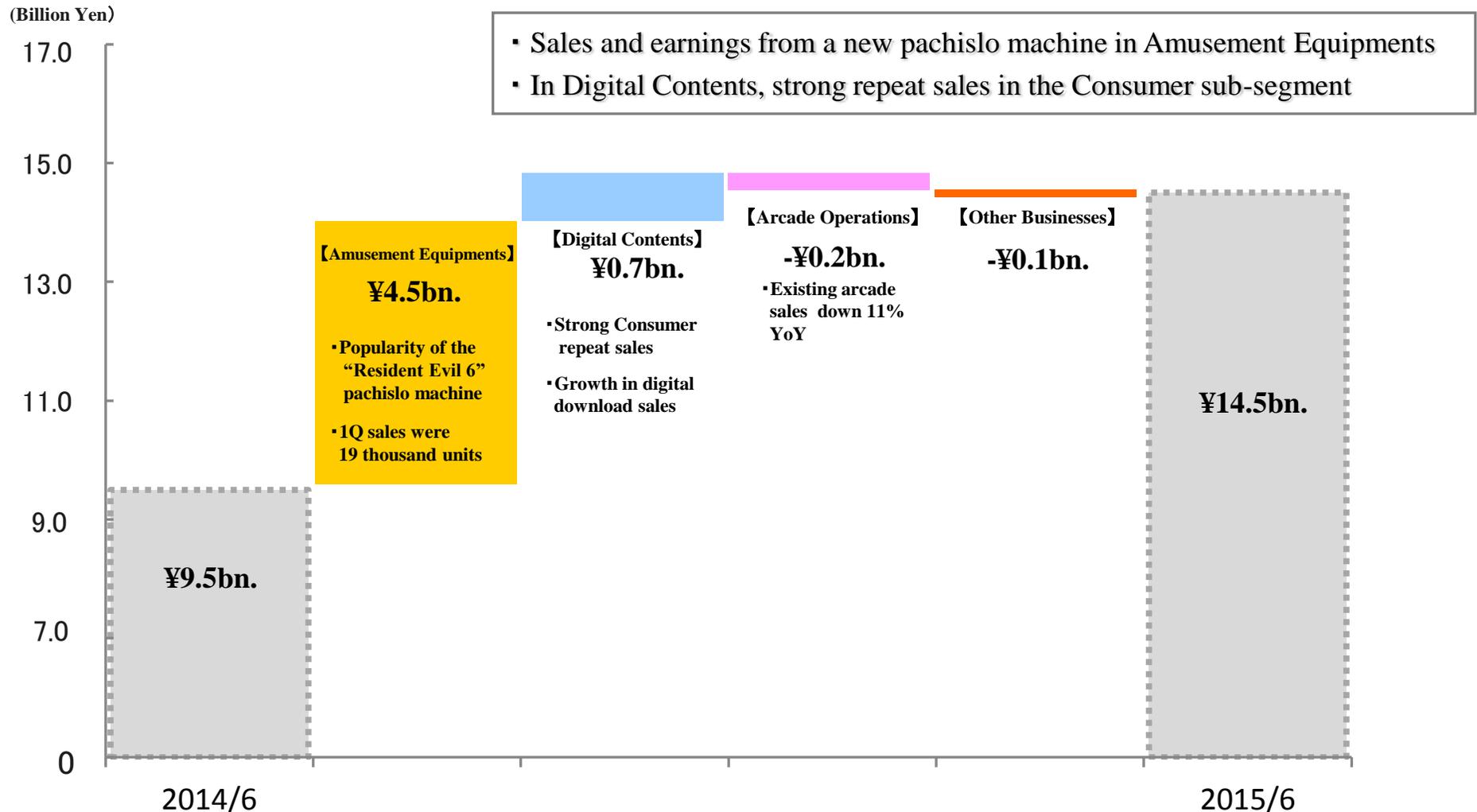
(Million yen)

	2014/6	2015/6	Difference
Net sales	9,575	14,541	4,966
Operating income	1,268	2,026	758
Ordinary income	1,223	2,135	912
Net income attributable to owners of he parent	765	1,569	804

- Sales and earnings were higher than one year earlier because of Consumer repeat sales and the new pachislo machine
- Ordinary income increased because of higher operating income and a foreign exchange gains
- A good start toward reaching the fiscal year forecast

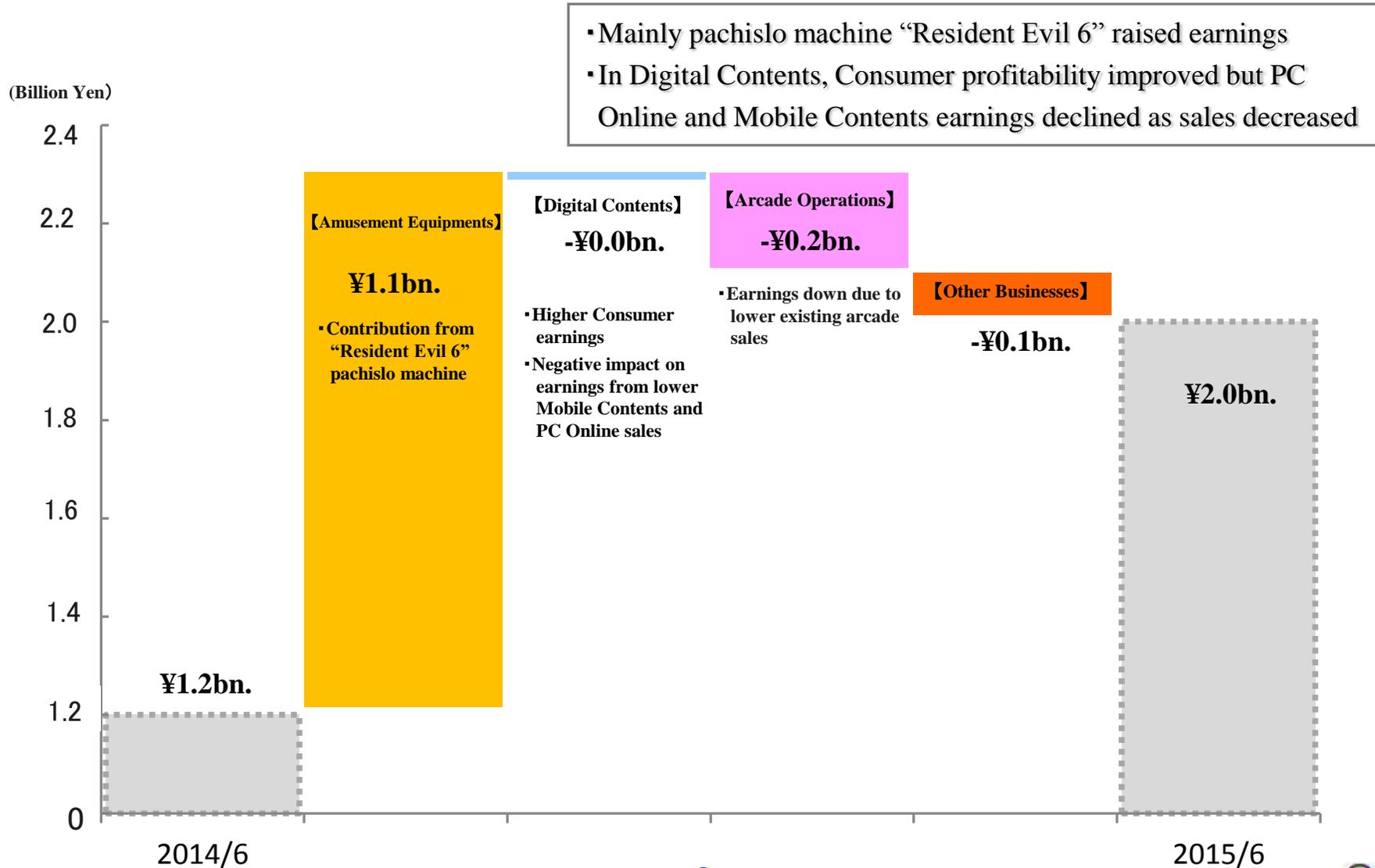
Financial Highlights -Consolidated Business Results (2)

■ FY6/15 Net Sales (Fact of Increase and Decrease)



Financial Highlights -Consolidated Business Results (3)

■ FY6/15 Operating Income (Fact of Increase and Decrease)



Financial Position – Balance Sheet

■ Major Changes in Balance Sheet Items

(Million yen)

Assets	2015/3	2015/6	Difference
Work-in-progress for game software	16,833	19,993	3,160
Merchandise and finished goods	1,225	2,878	1,653
Work-in-progress	1,672	3,124	1,452

(1) Work-in-progress for game software

- Increased due to larger lineup of Consumer products and progress with the development of new titles

(2) Merchandise and finished goods / Work-in-progress

- Increased due to pachislo machines under development and progress with manufacturing

(Million yen)

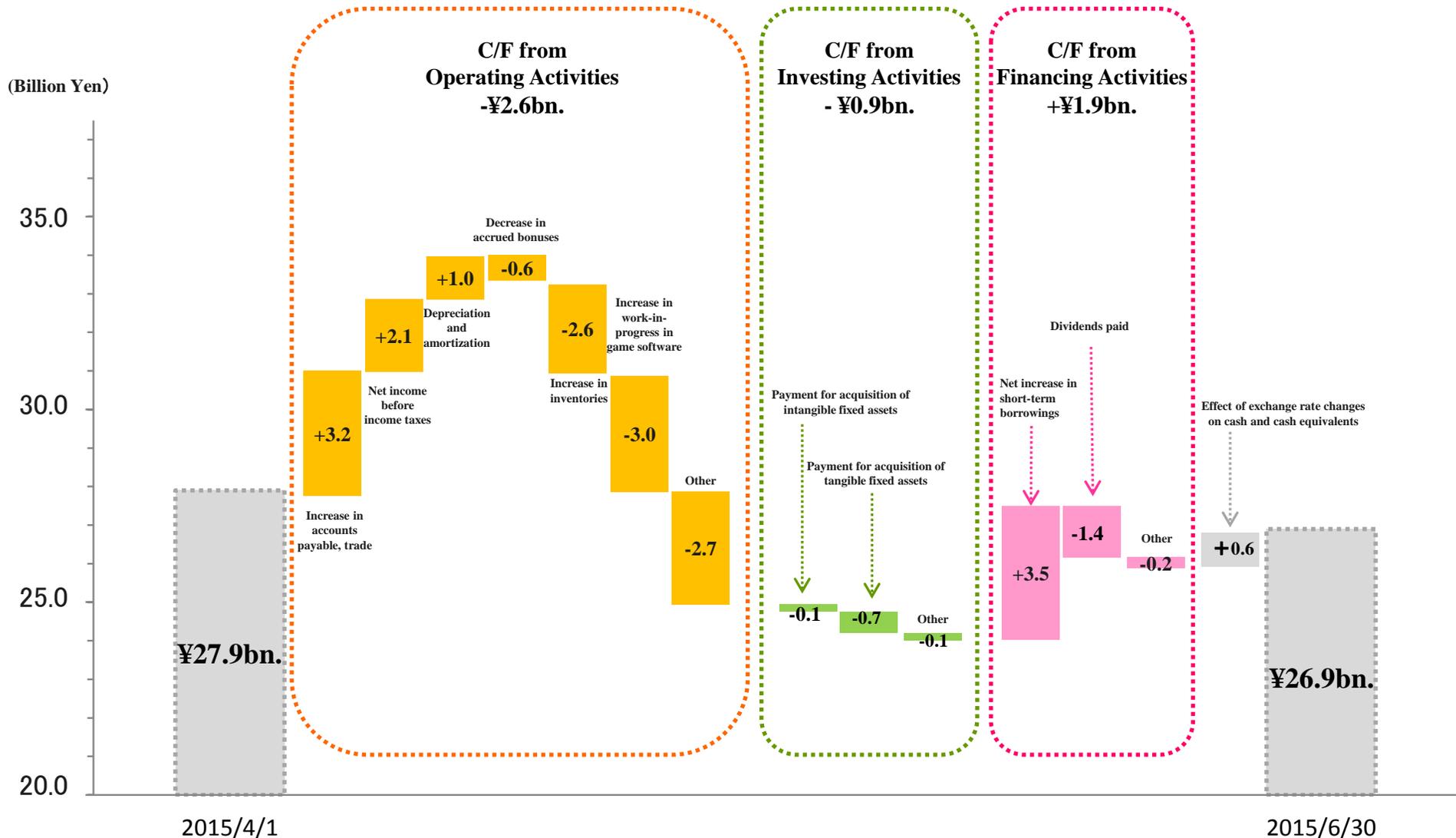
Liabilities	2015/3	2015/6	Difference
Notes and accounts payable, trade	3,089	5,300	2,211
Electronically recorded monetary liabilities	988	2,033	1,045

(3) Notes and accounts payable, trade / Electronically recorded monetary liabilities

- Increased mostly because of payments associated with pachislo machines

Financial Position - Consolidated Cash Flows

■ FY15/6 Consolidated Cash Flows (Fact of Increase and Decrease)



Point of Financial Highlights

Strategies for Growth

■ Strengthen the Consumer business

- Growth in overseas repeat sales of “Monster Hunter 4 Ultimate” with cumulative sales now more than 3.9 million units
- Announced November 28 release date for “Monster Hunter X (Cross)”

■ Step up the Online Games business

- Started CBT for the “Monster Hunter Explorer” app on July 10
 - *Plan to start offering services in Autumn 2015
- The first CBT “Dragon’s Dogma Online”(PS3/PS4/PC) started on July 7
 - *Planning the second CBT from Aug. 7 , offering services will start from Aug.27

Business Segments

Digital Contents business

Concentrating on highly profitable overseas repeat sales
Steady growth in digital download sales

■ 3 Months Highlights (Consumer)

- Repeat sales of “Monster Hunter 4 Ultimate” and “Resident Evil Revelations 2” contributed to 1Q performance
- Cumulative sales of “Monster Hunter 4 Ultimate” surpassed 3.9 million units
- Firm sales of the new title “Devil May Cry 4 Special Edition” (mainly downloads)

Business Segments -Digital Contents (2)

**Sales volume higher than one year earlier because of repeat sales growth
Full-game download exceeded package sales units**

■ Unit Sales for the 3 Months (Consumer)

(Unit: Thousand)

	2013/6	2014/6	2015/6	2016/3Plan
Titles	9	2	8	29
Package				
Japan	600	200	250	4,300
North America	900	400	550	1,200
Europe	900	100	250	300
Asia	100	0	50	200
Package total	2,500	700	1,100	6,000
Digital download contents				
Full-game	600	700	1,400	7,000
Total	3,100	1,400	2,500	13,000

Business Segments -Digital Contents (3)

**Current titles were the primary component of Mobile Contents
Sales of major titles were slightly downed in the PC online category**

■ 3 Months Highlights (Mobile Contents)

- **The slow decline in Capcom brand current title sales continued due to the absence of major new titles**
- **For the Beeline brand, “Smurfs’ Village and the Magical Meadow” was launched**
- **Plan to launch “Ghostbusters Puzzle Fighters” in summer 2015**

■ 3 Months Highlights (PC Other)

- **Post-update performance of “Monster Hunter Frontier G7” was under expectation**
- **Aiming to revitalize this game with the July 22 introduction of a major update (G8)**
- **“Monster Hunter Online” closed beta tests under way with Chinese alliance partner Tencent Holdings Limited**

Business Segments -Digital Contents (4)

**Sales up due to higher Consumer sales volume
but lower Mobile Contents and PC Online sales reduced profitability**

■ Digital Contents Performance

(100 million yen)

	2014/6	2015/6	2016/3 Plan
Net sales	55	62	485
Operating income	11	11	110
Operating margin	20.5%	17.6%	22.7%
(Composition)			
Package	14	28	260
Digital download contents	13	18	90
Consumer total	27	46	350
Mobile Contents	14	6	55
PC Other	14	10	80

Arcade Operations business

Business Segments -Arcade Operations

Sales and earnings down because of declining existing arcade sales and lack of popular content that can attract customers

■ 3 Months Highlights

- Existing-arcade sales down 11% YoY
- Low customer volume at large shopping centers is impacting arcade performance

■ 3 Months Business Results

(100 million yen)

	2013/6	2014/6	2015/6	2016/3 Plan
Net sales	24	22	19	100
Operating income	3	2	0	11
Operating margin	14.7%	9.7%	1.8%	11.0%
Year-to-Year Ratio of existing arcades	94%	93%	89%	101%

■ Number of Arcades

(Facilities)

	2014/3	2015/3	2015/6	2016/3 Plan
New arcades	1	1	0	4
Closing arcades	2	1	1	2
Total	33	33	32	35

Amusement Equipments business

Business Segments - Amusement Equipments

Large increases in sales and earnings backed by the success of the “Resident Evil 6” pachislo machine

■ 3 Months Highlights (P&S)

- “Resident Evil 6” pachislo machine sales volume of 19 thousand units contributed to earnings (cumulative sales plan is 30 thousand units)
- Have received compliance certification for a new pachislo machine

■ 3 Months Highlights (Arcade Games Sales)

- Selling a new arcade game called “Luigi Mansion Arcade”

■ 3 Months Business Results

(100 million yen)

	2013/6	2014/6	2015/6	2016/3 Plan
Net sales	20	14	60	150
Operating income	6	6	17	30
Operating margin	32.3%	41.9%	29.3%	20.0%

*Pachinko & Pachislo is about 90% of net sales, and Arcade Games Sales about 10%



**Forecast for fiscal year ending
March 31, 2016**

Fiscal 2015 Forecasts

First quarter performance was in line with the forecast for the fiscal year

(million yen)

	3 months ended June 30, 2015	Year ending March 31, 2016 (Forecast)
Net sales	14,541	76,000
Operating income	2,026	12,000
Ordinary income	2,135	11,700
Net income attributable to owners of the parent	1,569	7,700

- Forecast fiscal year earnings per share of ¥136.94
- 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)

	2014/3	2015/3	2016/3 Plan	%	2015/6
Net Sales	102,200	64,277	76,000	118.2%	14,541
Gross Profit	29,949	25,898	29,500	113.9%	5,989
% of Gross Profit	29.3%	40.3%	38.8%	-	41.2%
Sales and G&A Expenses	19,749	15,403	17,500	113.6%	3,962
Operating Income	10,299	10,582	12,000	113.4%	2,026
% of Operating Income	10.1%	16.5%	15.8%	-	13.9%
Ordinary Income	10,946	10,851	11,700	107.8%	2,135
% of Ordinary Income	10.7%	16.9%	15.4%	-	14.7%
Net income attributable to owners of the parent	3,444	6,616	7,700	116.4%	1,569
% of Net Income	3.4%	10.3%	10.1%	-	10.8%

● Sales by Business Segments

(Unit: Million Yen)

		2014/3	2015/3	2016/3 Plan	%	2015/6
Digital Contents	Net Sales	65,824	45,351	48,500	106.9%	6,294
	Operating Income	4,489	10,208	11,000	107.8%	1,107
	Operating Margin	6.8%	22.5%	22.7%	-	17.6%
Arcade Operations	Net Sales	10,620	9,241	10,000	108.2%	1,932
	Operating Income	1,617	940	1,100	117.0%	35
	Operating Margin	15.2%	10.2%	11.0%	-	1.8%
Amusement Equipments	Net Sales	23,160	7,540	15,000	198.9%	6,042
	Operating Income	7,131	2,736	3,000	109.6%	1,772
	Operating Margin	30.8%	36.3%	20.0%	-	29.3%
Others	Net Sales	2,594	2,144	2,500	116.6%	272
	Operating Income	1,001	661	1,000	151.3%	50
	Operating Margin	38.6%	30.8%	40.0%	-	18.4%

● Sales by Geographic Area

(Unit: Million Yen)

	2014/3	2015/3	2016/3 Plan	%	2015/6
Japan	86,532	50,877	59,000	116.0%	11,248
North America	10,179	8,678	12,500	144.0%	1,966
Europe	4,320	3,413	3,500	102.5%	948
Others	1,167	1,308	1,000	76.5%	324

Summary of Major Financial Information(2)

●Sales Units Shipped <platform>

		2014/3	2015/3	2016/3 Plan	Difference	2015/6
Playstation 2	Total Titles	-	-	-	-	-
	Units	-	-	-	-	-
PlayStation 3	Total Titles	17	13	-	-	4
	Units	4,200	2,450	-	-	470
PSP	Total Titles	-	5	-	-	-
PS Vita	Units	200	250	-	-	20
Wii	Total Titles	2	-	-	-	-
	Units	350	150	-	-	20
NintendoDS	Total Titles	4	5	-	-	2
	Units	4,700	3,750	-	-	420
Xbox 360	Total Titles	11	7	-	-	2
	Units	2,950	1,200	-	-	150
PC & Others	Total Titles	5	3	-	-	-
	Units	300	200	-	-	20
Package total	Total Titles	39	33	27	-6	8
	Units	12,700	8,000	6,000	75.0%	1,100
Full-game download	Total Titles	3	0	2	2	-
	Units	4,800	5,000	7,000	140.0%	1,400
Total	Total Titles	42	33	29	-4	8
	Sub Total	17,500	13,000	13,000	100.0%	2,500

*Full-game download includes the titles distributed only by digital download

●Sales Units Shipped <Distribution/Old titles>

	2014/3	2015/3	2016/3 Plan	Difference	2015/6
Distribution titles	1,400	750	500	66.7%	100
Old titles	5,700	6,000	5,500	91.7%	2,300

●Sales Units Shipped <geographic>

	2014/3	2015/3	2016/3 Plan	Difference	2015/6
Japan	6,700	4,000	4,300	107.5%	250
North America	3,800	2,400	1,200	50.0%	550
Europe	1,900	1,300	300	23.1%	250
Asia	300	300	200	66.7%	50
Full-game download (Global)	4,800	5,000	7,000	140.0%	1,400
Total	17,500	13,000	13,000	100.0%	2,500