



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

3rd 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.

Contents

- 1. Financial Highlights** . . . P 3
- 2. Business Segments** . . . P 9
- 3. Forecast for Year Ending March 2016** . . . P 24
- 4. Additional Information** . . . P 26
-Summary of Major Financial Information

Financial Highlights

Financial Highlights - Consolidated Business Results (1)

Sales and income both increased, thanks to the contribution of major titles in the Digital Contents

■ 9 Months Results in FY12/14 vs. FY12/15

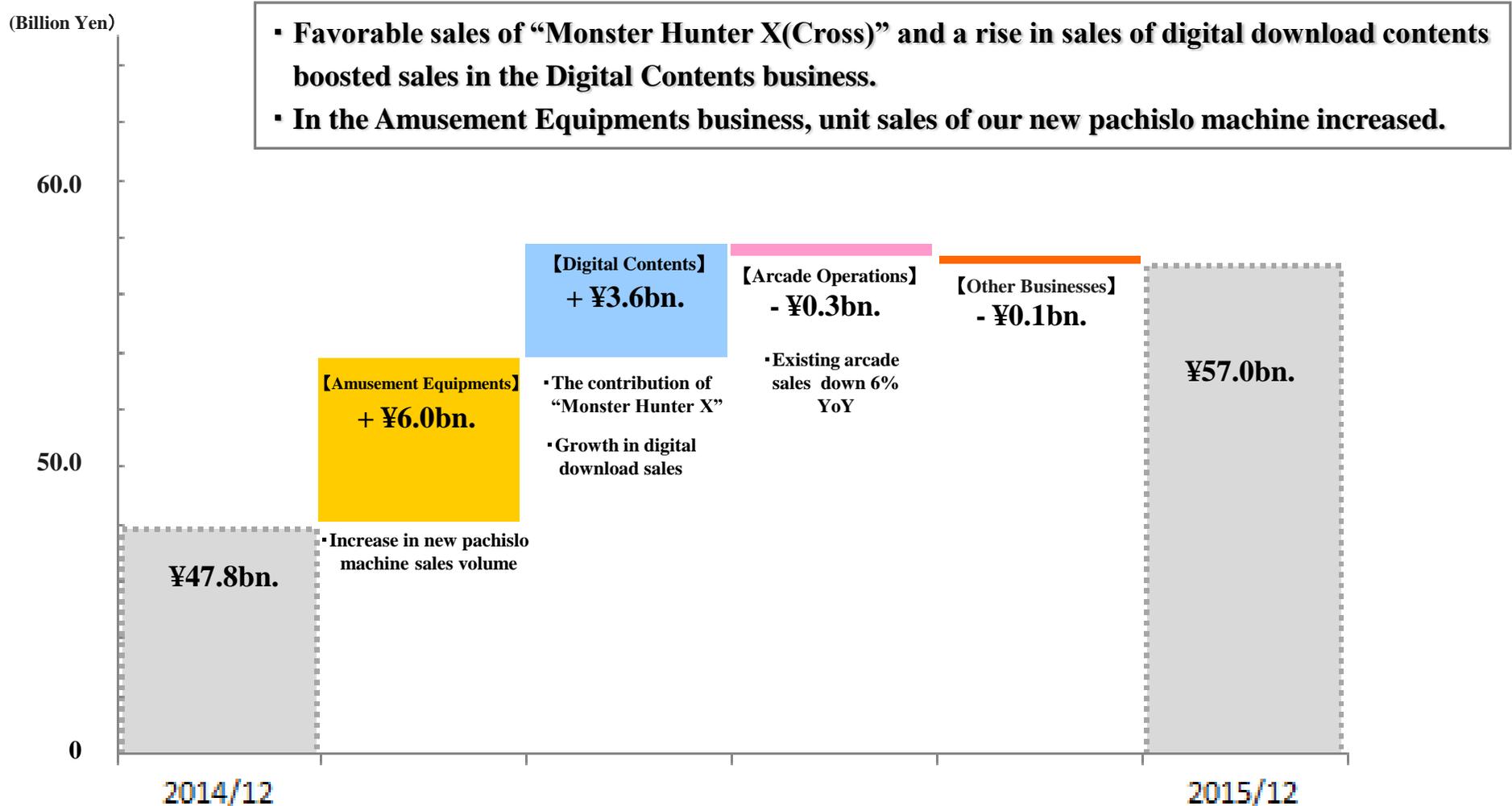
(Million yen)

	2014/12	2015/12	Difference
Net sales	47,830	57,060	9,230
Operating income	9,727	10,604	877
Ordinary income	10,114	10,640	526
Net income attribute to owners of the parent	6,540	7,006	466

- Sales of “Monster Hunter X(Cross)” were favorable, exceeding our forecasts.
- New titles also contributed to earnings in the PC Online and Mobile Contents.

Financial Highlights - Consolidated Business Results (2)

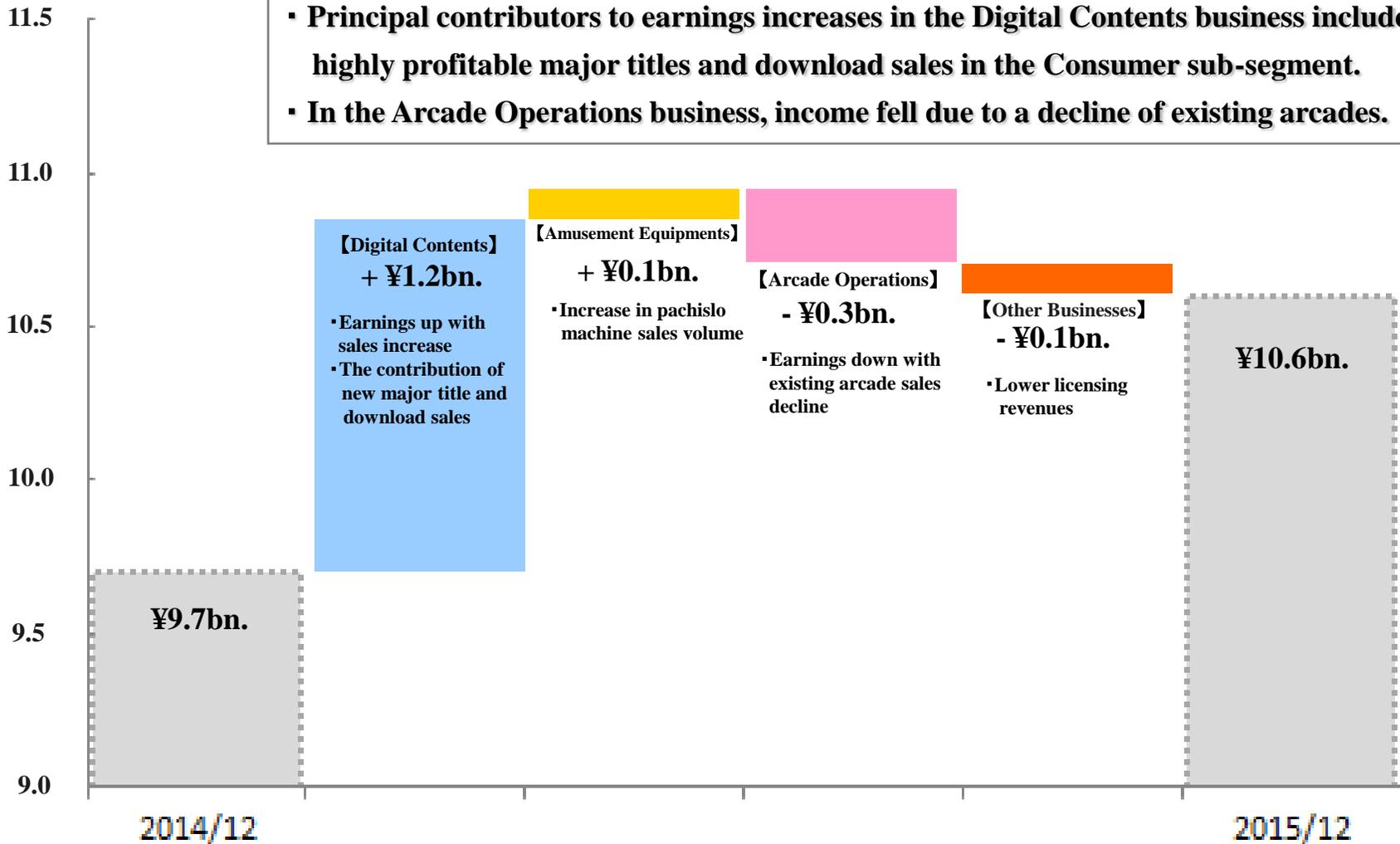
■ FY12/15 Net Sales (Fact of Increase and Decrease)



Financial Highlights - Consolidated Business Results (3)

■ FY12/15 Operating Income (Fact of Increase and Decrease)

(Billion yen)



- Principal contributors to earnings increases in the Digital Contents business included highly profitable major titles and download sales in the Consumer sub-segment.
- In the Arcade Operations business, income fell due to a decline of existing arcades.

Financial Highlights – Balance Sheet

■ Major Changes in Balance Sheet Items

(Million yen)

Assets	2015/3	2015/12	Difference
Notes and accounts receivable, trade	8,005	13,384	5,379
Work-in-progress for game software	16,833	23,734	6,901
Online contents in progress	7,895	5,214	-2,681

(1) Work-in-progress for game software

- Increased in association with progress with the development in the Consumer business

(2) Online contents in progress

- Decreased because of the launch of online games and mobile contents

(Million yen)

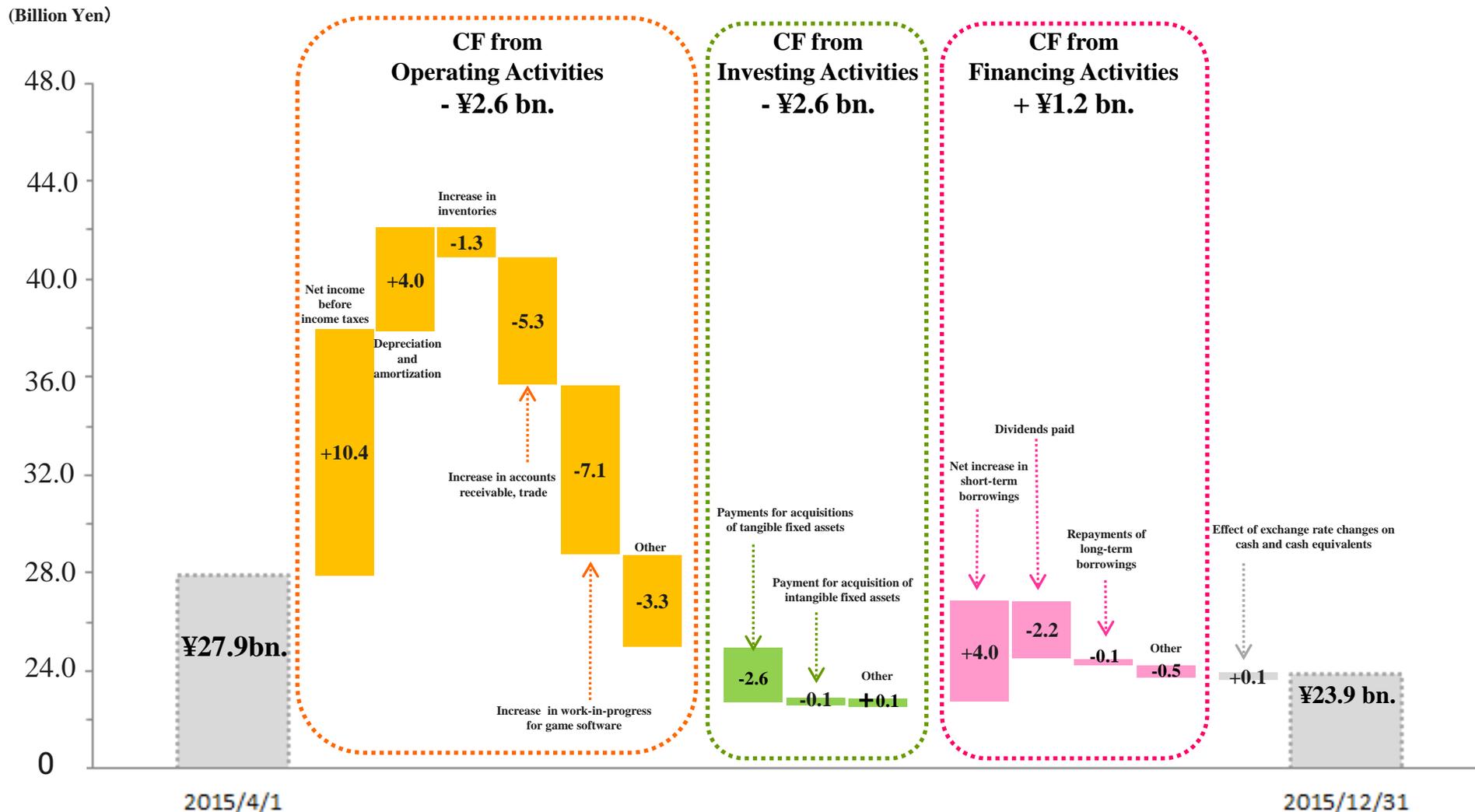
Liabilities	2015/3	2015/12	Difference
Notes and accounts payable, trade	3,089	2,325	-764
Electronically recorded monetary liabilities	988	2,475	1,487

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

- Higher accounts payable - trade for purchases involving pachislo machines

Financial Highlights - Consolidated Cash Flows

■ FY12/15 Consolidated Cash Flows (Fact of Increase and Decrease)



Business Segments

Digital Contents business

Business Segments -Digital Contents (1)

The major title “Monster Hunter X(Cross)” performed favorably, and repeat sales overseas rose steadily

■ 9 Months Highlights (Consumer)

- “Monster Hunter X(Cross)” sold over 3.2 million copies, exceeding our forecast of 2.5 million copies.
- Performance increased mainly due to overseas repeat sales and higher download sales.

■ Sales of Major Titles for the 9 Months (Consumer)

(Unit: Thousand)

Platform	Title	Region	Date	Result
3DS	Monster Hunter X (Cross)	Japan	2015/11/28	3,200
3DS	Monster Hunter 4 Ultimate (Repeat)	Japan	2014/10/11	600
		North America	2015/2/13	
		Europe	2015/2/13	
PS3 Xbox 360 Wii U PC XboxOne	Resident Evil Revelations2 (Repeat)	Japan	2015/2/25	500
		North America	2015/2/24	
		Europe	2015/2/25	

* Result includes the units of full- game downloads

* Japan includes other Asian countries

Business Segments -Digital Contents (2)

**The introduction of “Monster Hunter X(Cross)”
and other major titles
led to year-on-year increases in both package and download sales**

■ Unit Sales for the 9 Months (Consumer)

(Unit: Thousand)

	2013/12	2014/12	2015/12	Difference
Titles	33	20	28	8
Package				
Japan	5,800	3,500	4,000	500
North America	3,100	1,600	1,100	-500
Europe	1,700	500	500	-
Asia	200	100	200	100
Package Total	10,800	5,700	5,800	100
Digital download contents				
Full-game download	3,600	3,000	4,000	1,000
Total	14,400	8,700	9,800	1,100

Business Segments -Digital Contents (3)

The introduction of new titles in both the Mobile Contents and PC Online business helped expand the profit base

■ 9 Months Highlights (Mobile Contents)

- Under the “Capcom” brand, distribution of “Monster Hunter Explore”
⇒Cumulative downloads exceeded 3.5 million, contributing to earnings in line with expectations.

■ 9 Months Highlights (PC Other)

- Our new online game title, “Dragon’s Dogma Online”, got off to a solid start.
⇒Downloads exceeded 1.5 million,
becoming our next core title following “Monster Hunter Frontier”.
- For the mainstay “Monster Hunter Frontier G”, the “G9” update prompted steady performance.
- December 17 marked the official launch of services
for “Monster Hunter Online” at China’s Tencent Holdings Limited.
⇒Some royalties were booked in the third quarter.

Business Segments -Digital Contents (4)

The introduction of new titles in sub-segments,
centered on “Monster Hunter X(Cross)”,
led to higher sales and income

■ 9 Months Digital Contents Performance

(100 million yen)

	2013/12	2014/12	2015/12	Difference
Net sales	560	324	360	36
Operating income	69	84	97	13
Operating margin	12.3%	26.1%	26.9%	—
(Composition)				
Package	385	190	217	27
Digital download contents	77	53	63	10
Consumer total	462	243	280	37
Mobile Contents	52	33	24	-9
PC Other	46	48	56	8

Business Segments -Digital Contents (5)

Concentrate on sales of new titles, including “Street Fighter V”

■ FY2015 Sales Forecast for Major Titles (Consumer)

(Unit: Thousand)

Platform	Title	Region	Date	Plan
PS4 PC	Street Fighter V	Japan	2016/2/18	2,000
		North America	2016/2/16	
		Europe	2016/2/16	

* Result includes the units of full- game downloads

* Japan includes other Asian countries

Business Segments -Digital Contents (6)

Revised our full-year forecasts, due to favorable sales of major titles and contributions from overseas download sales

■ FY2015 Software Units Sales Plan (Consumer)

(Unit: Thousand)

	2014/3	2015/3	2016/3 Plan	Difference
Titles	42	33	38	5
Package				
Japan	6,700	4,000	4,400	400
North America	3,800	2,400	2,200	-200
Europe	1,900	1,300	1,100	-200
Asia	300	300	300	-
Package Total	12,700	8,000	8,000	-
Digital download contents				
Full-game download	4,800	5,000	7,000	2,000
Total	17,500	13,000	15,000	2,000

Business Segments -Digital Contents (7)

**Revised upward our forecast for Digital Contents,
due to the contribution of the Consumer sub-segment**

■ FY2015 Digital Contents Plan

(100 million yen)

	2014/3	2015/3	2016/3 Plan	Difference
Net sales	658	453	520	67
Operating income	44	102	125	23
Operating margin	6.8%	22.5%	24.0%	—
(Composition)				
Package	433	262	310	48
Digital download contents	97	90	100	10
Consumer total	530	352	410	58
Mobile Contents	65	41	35	-6
PC Other	63	60	75	15

Arcade Operations

Business Segments -Arcade Operations (1)

**Existing arcade sales softened,
due to a lack of large-scale machines and popular prizes**

■ 9 Months Highlights

- Existing arcade sales down 6% year on year (down 8% in 1H and 1% in 3Q)
- Opened three arcades
(November: LakeTown Koshigaya (Capcom Cafe), December: Aeon Mall Tokoname)

■ 9 Months Business Results

(100 million yen)

	2013/12	2014/12	2015/12	Difference
Net sales	79	69	65	-4
Operating income	12	7	4	-3
Operating margin	15.6%	11.0%	7.0%	-
Year-to-Year Ratio of Existing arcades	-5%	-10%	-6%	-

■ Number of Arcades

(Facilities)

	2014/3	2015/3	2015/12	2016/3 Plan
New arcades	1	1	3	4
Closing arcades	2	1	2	3
Total	33	33	34	34

Business Segments -Arcade Operations (2)

Revised downward our forecast for the fiscal year,
as the operating environment remains hard,
despite of contributions from
new arcades and increased management efficiency

■ FY2015 Outlook for remainder

- Attract new customers through multifaceted developments, such as the “Capcom Cafe”, with links to Capcom characters
- In the fourth quarter, arcade openings and closings both will be one facility (total of 34 arcades)
- Full-year sales at existing arcades: Down 3% year on year

■ FY2015 Business Plan

(100 million yen)

	2014/3	2015/3	2016/3 Plan	Difference
Net sales	106	92	90	-2
Operating income	16	9	7	-2
Operating margin	15.2%	10.2%	7.8%	-
Year-to-Year Ratio of Existing Stores	-5%	-10%	-3%	-

Amusement Equipments

Business Segments -Amusement Equipments (1)

**Sales and income both increased, due to steady sales of the
“Resident Evil 6” pachislo machine
Performance in the Arcade Games Sales was soft**

■ 9 Months Highlights (PS)

- No new title introductions this third quarter
- Unit sales (nine months, cumulative): two models, 42 thousand units

■ 9 Months Highlights (Arcade Games Sales)

- Genre facing increasingly tough competition, with some other music games

■ 9 Months Business Results

(100 million yen)

	2013/12	2014/12	2015/12	Difference
Net sales	92	70	130	60
Operating income	24	27	28	1
Operating margin	26.6%	39.8%	22.1%	-

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

Business Segments -Amusement Equipments (2)

Revised our forecasts and are focusing on
the subcontracting business and thorough cost management

■ FY2015 Outlook for remainder (PS)

- No new pachislo machine introductions
- Concentrate on the development of new models compliant with new standards

■ FY2015 Outlook for remainder (Arcade Games Sales)

- No introduction of new titles

■ FY2015 Business Plan

(100 million yen)

	2014/3	2015/3	2016/3 Plan	Difference
Net sales	231	75	130	55
Operating income	71	27	25	-2
Operating margin	30.8%	36.3%	19.2%	-

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



**Forecast for Year Ending
March 31, 2016**

Forecast for Year Ending March 31, 2016

No change in initial plan – Priorities are sales of major titles and energizing the online contents

(Million yen)

	2015/3	2016/3Plan	Difference
Net sales	64,277	76,000	11,723
Operating income	10,582	12,000	1,418
Ordinary income	10,851	11,700	849
Net income attribute to owners of the parent	6,616	7,700	1,084

- No change from full-year operating performance forecast announced on May 7, 2015
- Net income per share forecast is ¥136.94
- Forecast a ¥15 interim dividend and ¥25 year-end dividend, resulting in a ¥40 dividend for the fiscal year



Additional Information

Summary of Major Financial Information

Summary of Major Financial Information(1)

● Profit and Loss Sheet

(Million yen)

	2014/3	2015/3	2016/3 E	%	2015/12
Net Sales	102,200	64,277	76,000	118.2%	57,060
Gross Profit	29,949	25,898	29,500	113.9%	22,845
% of Gross Profit	29.3%	40.3%	38.8%	-	40.0%
Sales and G&A Expenses	19,749	15,403	17,500	113.6%	12,240
Operating Income	10,299	10,582	12,000	113.4%	10,604
% of Operating Income	10.1%	16.5%	15.8%	-	18.6%
Ordinary Income	10,946	10,851	11,700	107.8%	10,640
% of Ordinary Income	10.7%	16.9%	15.4%	-	18.6%
Net Income	3,444	6,616	7,700	116.4%	7,006
% of Net Income	3.4%	10.3%	10.1%	-	12.3%

● Sales by Business Segments

(Million yen)

		2014/3	2015/3	2016/3 E	%	2015/12
Digital Contents	Net Sales	65,824	45,351	52,000	114.7%	36,080
	Operating Income	4,489	10,208	12,500	122.5%	9,706
	Operating Margin	6.8%	22.5%	24.0%	-	26.9%
Arcade Operations	Net Sales	10,620	9,241	9,000	97.4%	6,578
	Operating Income	1,617	940	700	74.5%	459
	Operating Margin	15.2%	10.2%	7.8%	-	7.0%
Amusement Equipments	Net Sales	23,160	7,540	13,000	172.4%	13,091
	Operating Income	7,131	2,736	2,500	91.4%	2,895
	Operating Margin	30.8%	36.3%	19.2%	-	22.1%
Others	Net Sales	2,594	2,144	2,000	93.3%	1,310
	Operating Income	1,001	661	600	90.8%	354
	Operating Margin	38.6%	30.8%	30.0%	-	27.0%

● Sales by Geographic Area

(Million yen)

	2014/3	2015/3	2016/3 E	%	2015/12
Japan	86,532	50,877	59,000	116.0%	48,660
North America	10,179	8,678	12,500	144.0%	5,044
Europe	4,320	3,413	3,500	102.5%	2,108
Other territories	1,167	1,308	1,000	76.5%	1,246

Summary of Major Financial Information(2)

● Sales Units Shipped <platform>

(Thousand Units)

		2014/3	2015/3	2016/3 E	Difference	2015/12
Playstation 2	Titles	-	-	-	-	-
	Total Units	-	-	-	-	-
Playstation 3	Titles	17	13	-	-	12
	Total Units	4,200	2,450	-	-	1,250
PlayStation4	Titles	-	5	-	-	6
	Total Units	200	250	-	-	250
PSP	Titles	2	-	-	-	-
	Total Units	350	150	-	-	50
PS Vita	Titles	4	5	-	-	6
	Total Units	4,700	3,750	-	-	3,850
Wii	Titles	11	7	-	-	2
	Total Units	2,950	1,200	-	-	300
Wii U	Titles	5	3	-	-	1
	Total Units	300	200	-	-	100
NintendoDS	Titles	39	33	37	4	27
	Total Units	12,700	8,000	8,000	100.0%	5,800
Nintendo3DS	Titles	3	-	1	1	1
	Total Units	4,800	5,000	7,000	140.0%	4,000
Xbox 360	Titles	42	33	38	5	28
	Total Units	17,500	13,000	15,000	115.4%	9,800
Xbox One	Titles	5	3	-	-	1
	Total Units	300	200	-	-	100
PC & Others	Titles	39	33	37	4	27
	Total Units	12,700	8,000	8,000	100.0%	5,800
Package total	Titles	3	-	1	1	1
	Total Units	4,800	5,000	7,000	140.0%	4,000
Full-game download	Titles	3	-	1	1	1
	Total Units	4,800	5,000	7,000	140.0%	4,000
Total	Titles	42	33	38	5	28
	Total Units	17,500	13,000	15,000	115.4%	9,800

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

● Sales Units Shipped <distribution / catalogue repeat sales>

(Thousand Units)

	2014/3	2015/3	2016/3 E	Difference	2015/12
Distribution titles	550	1,400	500	35.7%	400
Old titles	3,900	5,700	7,200	126.3%	5,100

● Sales Units Shipped <geographic>

(Thousand Units)

	2014/3	2015/3	2016/3 E	Difference	2015/12
Japan	4,500	6,700	4,400	65.7%	4,000
North America	5,400	3,800	2,200	57.9%	1,100
Europe	3,600	1,900	1,100	57.9%	500
Asia	500	300	300	100.0%	200
Full-game download (global)	2,700	4,800	7,000	145.8%	4,000
Total	16,700	17,500	15,000	85.7%	9,800