



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

Financial Highlights for the
Fiscal Year ended March 31, 2018

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 diverging user needs and other changes in market conditions.

Factors 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) consumer demand for 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

page

1. Consolidated Statements of Income	3
2. Consolidated Balance Sheets	8
3. Consolidated Cash Flows	10
4. Business Segments	12

1. Consolidated Statements of Income

1-1. Consolidated Statements of Income

■ Results: FY3/17 vs. FY3/18

(in millions of JPY)

	2017/3	2018/3	Difference
Net sales	87,170	94,515	7,345
Operating income	13,650	16,037	2,387
Ordinary income	12,589	15,254	2,665
Net income attributable to owners of the parent	8,879	10,937	2,058

- Revenue and profit increased YoY due primarily to contributions from a record-breaking major title
- Achieved highest levels of operating income, ordinary income and net income in Capcom's history
- Net income per share: ¥99.89
*We performed a 2-to-1 stock split of common stock, effective April 1, 2018. Net income per share has been calculated supposing that this stock split was carried out at the beginning of the previous consolidated fiscal year.
- Year-end dividend increased by ¥10 to ¥35, resulting in an annual dividend of ¥60 (Dividend payout ratio: 30.0%)
- ROE: 13.4%, growing sustainably

1-1. Consolidated Statements of Income

■ Plan vs. Actual for FY3/18

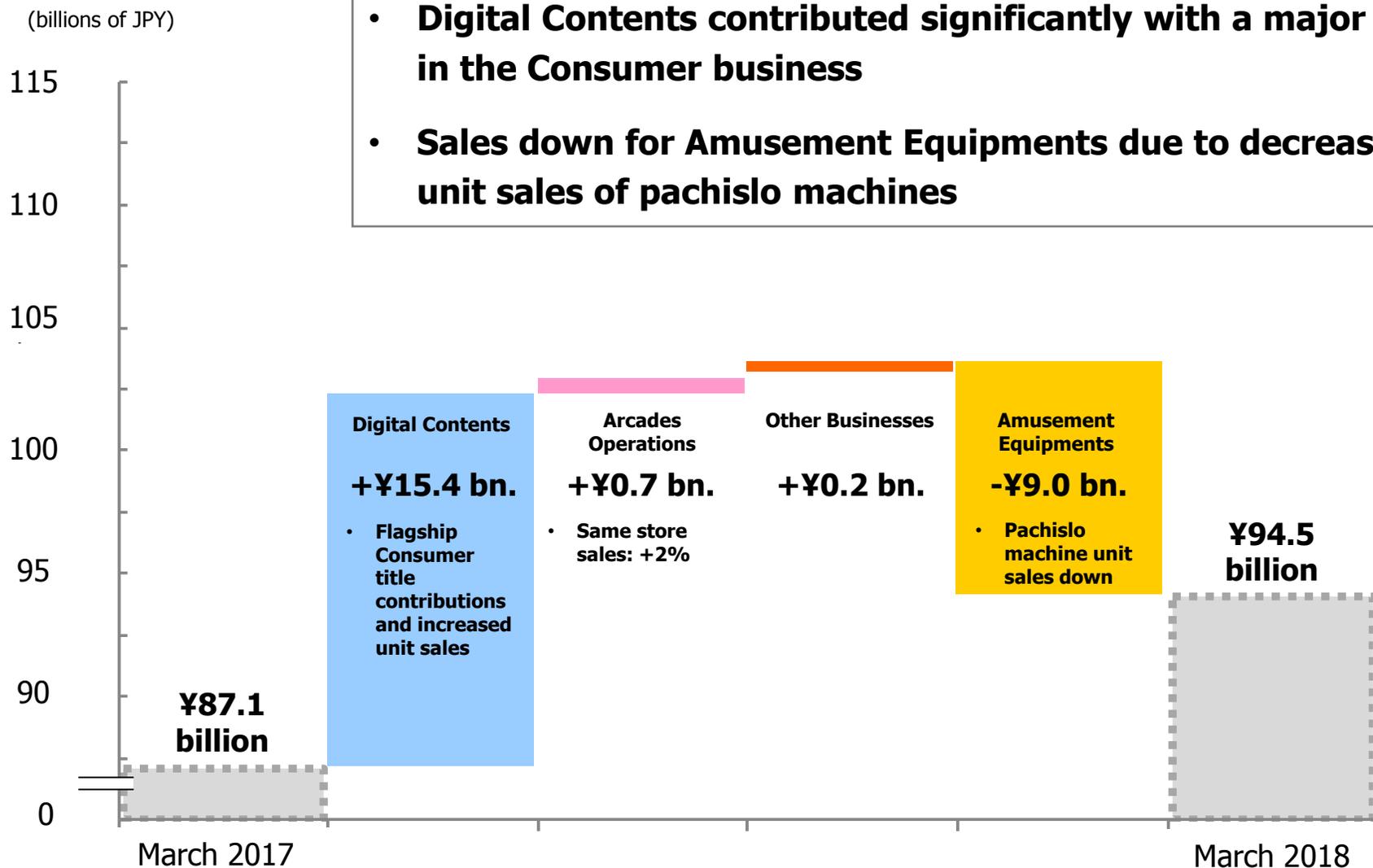
(in millions of JPY)

	2018/3 Plan	2018/3	Difference
Net sales	93,000	94,515	1,515
Operating income	14,500	16,037	1,537
Ordinary income	14,000	15,254	1,254
Net income attributable to owners of the parent	9,500	10,937	1,437

- Net sales, as well as all profit line items, exceeded the earnings forecast announced on April 27, 2017

1-2. Consolidated Statements of Income Summary (1)

■ Net Sales for FY3/18

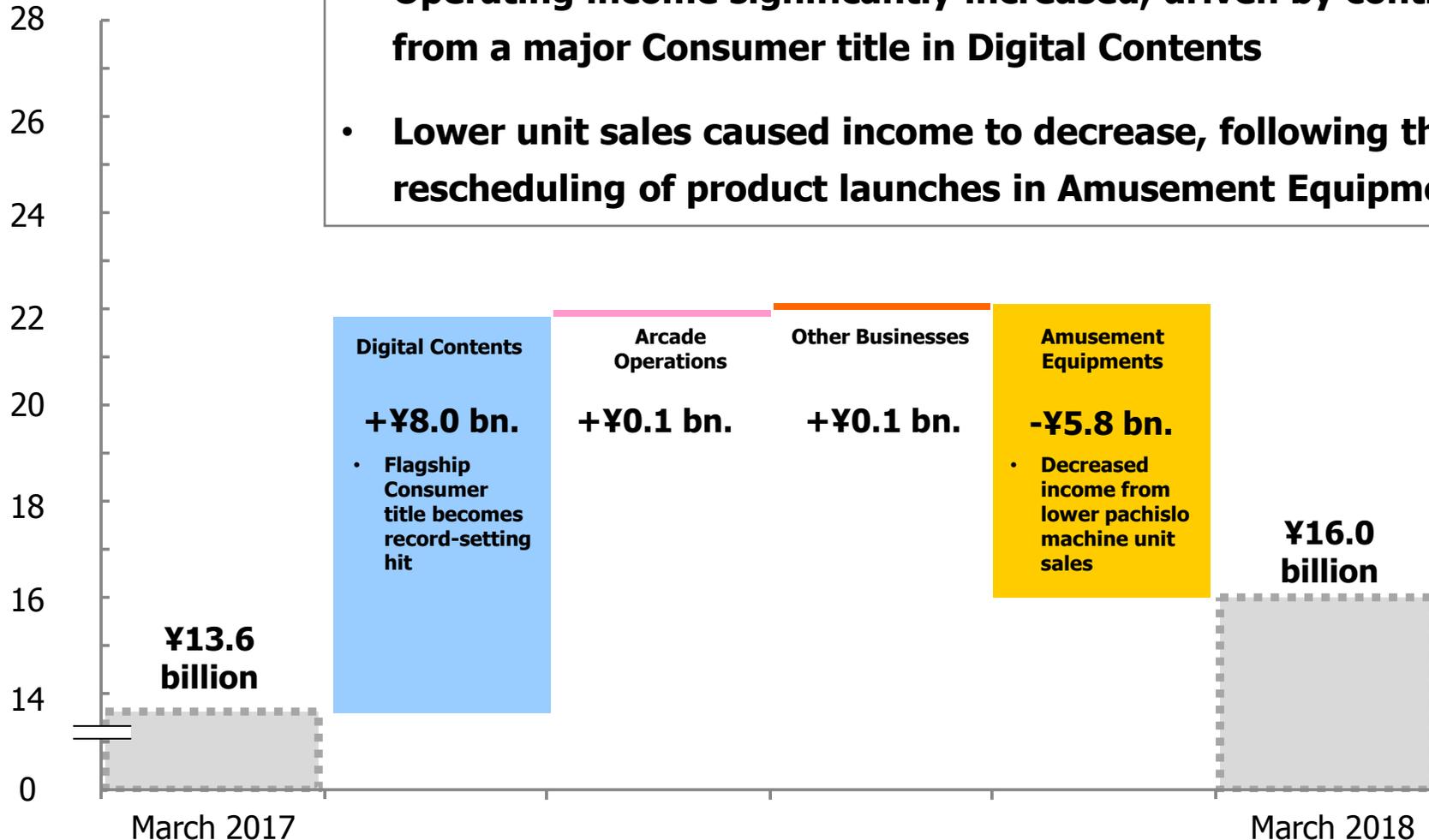


- **Digital Contents contributed significantly with a major title in the Consumer business**
- **Sales down for Amusement Equipments due to decreased unit sales of pachislo machines**

1-2. Consolidated Statements of Income Summary (2)

■ Operating Income for FY3/18

(billions of JPY)



- **Operating income significantly increased, driven by contributions from a major Consumer title in Digital Contents**
- **Lower unit sales caused income to decrease, following the rescheduling of product launches in Amusement Equipments**

2. Consolidated Balance Sheets

2. Consolidated Balance Sheets Summary

■ Major Changes in Balance Sheet Items

(millions of JPY)

Assets	2017/3	2018/3	Difference
Cash on hand and in banks	24,537	46,539	22,002
Work in progress for game software	30,150	25,635	-4,515

1. Cash on hand and in banks

- Increase from revenue contributions of major title launched in Q4

2. Work in progress for game software

- Decrease from release of major titles and reevaluations in the Consumer and Amusement Equipments businesses

(millions of JPY)

Liabilities	2017/3	2018/3	Difference
Long & Short-term borrowings	16,111	9,788	-6,323

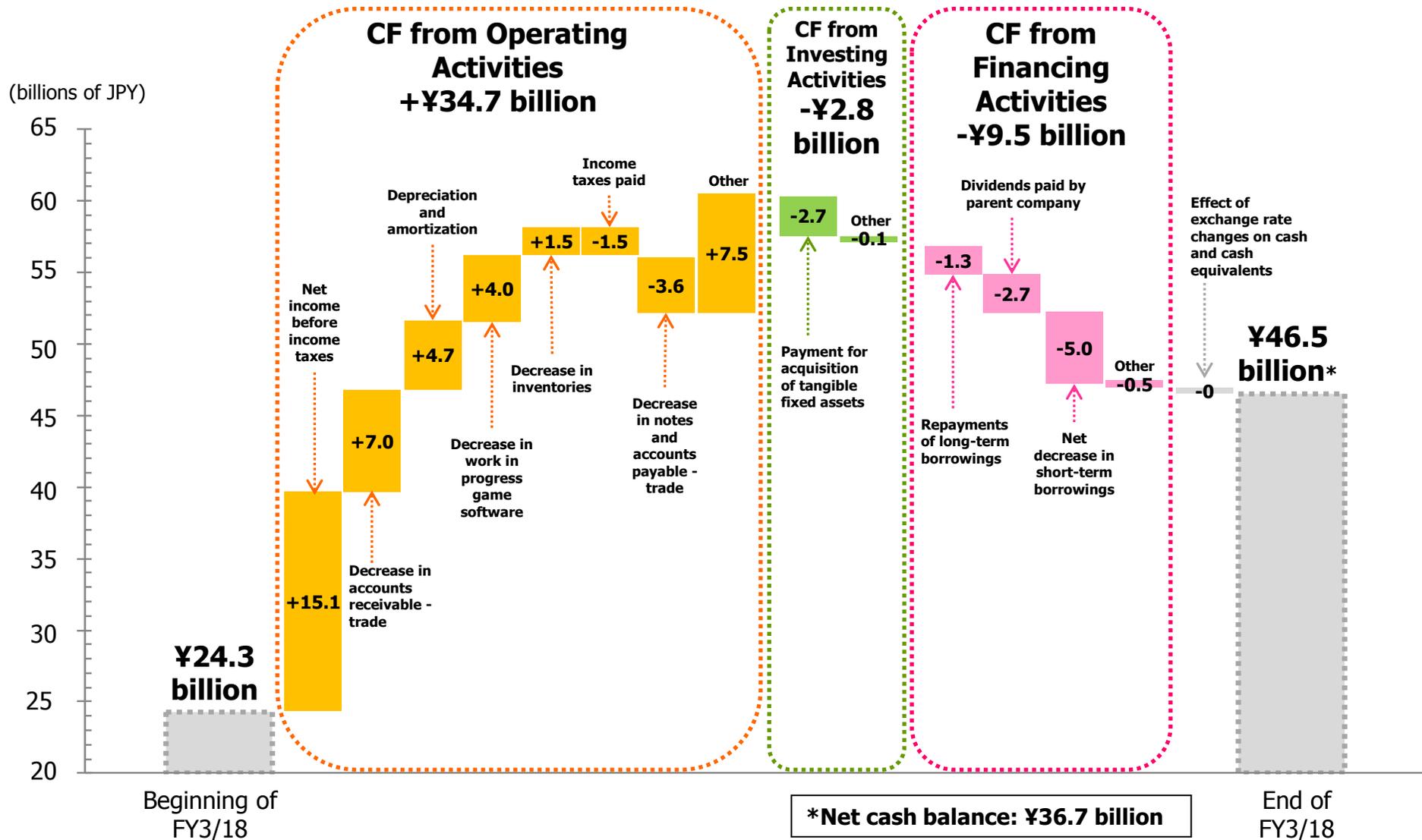
3. Long & Short-term borrowings

- Decrease due to repayment of short-term borrowings

3. Consolidated Cash Flows

3. Consolidated Cash Flows Summary

Consolidated Cash Flows for FY3/18



4. Business Segments

4-1. Digital Contents

4-1. Digital Contents (1)

**Major title set record for best-selling game in Capcom's history
Captured revenue on new, catalog titles by leveraging major brands**

■ Consumer Highlights

- ***Monster Hunter: World* propelled series to global brand status**

- Shipped 7.9 million units worldwide, setting company record
- Series first global-simultaneous launch; supports 12 languages
- Actively promoted in Japan, Europe, the Americas and Asia through beta test and by utilizing social networks

- **Catalog titles and digital sales grew**

- *Resident Evil 7 biohazard* broke cumulative 5.1 million units
- Net sales digital ratio: 41.2%; up 9.6 points YoY



Monster Hunter: World

4-1. Digital Contents (2)

**Flagship title *Monster Hunter: World* gave strong performance
Drove sales in each region**

■ Sales of Major Consumer Titles for FY3/18

(Thousand units)

Platform	Title	Region	Date	Result
PS4 Xbox One	Monster Hunter: World	Japan	Jan 26, 2018	7,900
		North America	Jan 26, 2018	
		Europe	Jan 26, 2018	
PS4 Xbox One PC	Resident Evil 7 biohazard (Catalog)	Japan	Jan 26, 2017	1,600
		North America	Jan 24, 2017	
		Europe	Jan 24, 2017	
PS4 Xbox One PC	Marvel vs. Capcom: Infinite	Japan	Sep 21, 2017	1,000
		North America	Sep 19, 2017	
		Europe	Sep 19, 2017	

- Result includes full-game digital download sales
- Figures for Japan include the Asian region

4-1. Digital Contents (3)

Contribution of *Monster Hunter: World* main driver for year-over-year increase in physical and digital unit sales

■ Consumer Unit Sales for FY3/18

(Thousand units)

	2016/3	2017/3	2018/3	Difference
Titles (SKU)	45	42	50	8
Package				
Japan	4,700	3,500	3,400	-100
North America	2,600	4,300	4,300	0
Europe	1,200	2,200	2,900	700
Asia	400	400	900	500
Package Total	8,900	10,400	11,500	1,100
Digital download contents				
Full-game download	6,100	9,000	12,900	3,900
Total	15,000	19,400	24,400	5,000

4-1. Digital Contents (4)

Focused on revitalizing existing titles in Mobile and PC Other

■ Mobile Contents Highlights

- *Monster Hunter Explore* and *Snoopy Drops* performed steadily in the Japanese market
- Moved ahead with alliances with aim of producing hit title in Japanese and overseas markets

■ PC Other Highlights

- Focused on stability in running *Monster Hunter Frontier Z* and *Dragon's Dogma Online*

4-1. Digital Contents (5)

Sales and profit significantly increased due to contributions from new and catalog Consumer titles

■ Breakdown of Sales and Results for FY3/18

(hundreds of millions of JPY)

	2016/3	2017/3	2018/3	Difference
Net sales	525	587	741	154
Operating income	121	110	191	81
Operating margin	23.1%	18.9%	25.8%	-
Breakdown of net sales				
Package	312	337	383	46
Digital Download Contents	109	155	269	114
Consumer total	421	492	652	160
Mobile Contents	33	38	41	3
PC Other	71	57	48	-9

4-2. Arcade Operations

4-2. Arcade Operations

Profitability up due to improved market and efficient operations
Same store sales up year-over-year

■ Arcade Operations Highlights

- Due to streamlined operations of existing arcades, same store sales +2% (cum. 12 mt.)
- 2 new stores opened (Apr. 2017: Tokushige; Aug. 2017: Tsudanuma); 2 stores closed

■ Number of Stores

(Facilities)

	2016/3	2017/3	2018/3
New stores	4	3	2
Closed stores	3	1	2
Total	34	36	36

■ Arcade Operations Performance

(hundreds of millions of JPY)

	2016/3	2017/3	2018/3	Difference
Net sales	90	95	102	7
Operating income	7	7	8	1
Operating margin	7.7%	7.9%	8.6%	-
Same store sales	-4%	2%	2%	-

4-3. Amusement Equipments

4-3. Amusement Equipments

Lower sales and profit primarily due to reevaluating sales plan in response to changes in the market environment

■ Pachinko & Pachislo Highlights

- Two pachislo models sold combined 22 thousand units
- Delayed launch of 2 models due to market change accompanying rule revision

■ Arcade Games Sales Highlights

- Continued to focus on sale of existing products
- Development cost for some titles recognized as expense

■ Amusement Equipments Performance

(hundreds of millions of JPY)

	2016/3	2017/3	2018/3	Difference
Net sales	133	168	78	-90
Operating income	28	51	-7	-58
Operating margin	21.1%	30.3%	-	-

*Ratio of Pachinko & Pachislo to Arcade Games Sales approx. 9:1



*Resident Evil:
Revelations*

4-4. Other Businesses

4-4. Other Businesses

Promoted Single Content Multiple Usage strategy via diverse licensing deals

■ Character Contents Highlights

- Sold books and merchandise in conjunction with home video game releases
- Increased awareness of brands among non-game players through movies, TV programs, stage shows and other activities
 - Broadcast of animated TV show *Monster Hunter Stories: RIDE ON*
 - Attraction at USJ's Universal Cool Japan 2018
- Promoted esports, with an eye toward future monetization
 - Held Capcom Cup in Dec. 2017, the world championship final of the Capcom Pro Tour

■ Other Businesses Performance

(hundreds of millions of JPY)

	2016/3	2017/3	2018/3	Difference
Net sales	20	20	23	3
Operating income	5	9	11	2
Operating margin	25.0%	46.5%	48.2%	-



CAPCOM