



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

**First Half Report**  
**Fiscal year ending March 31, 2019**

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## 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.

## 1. Forecasts for FY3/19

**Aiming for six consecutive years of operating income growth and highest profit in company history, driven by Digital Contents business**

(JPY in millions)

	2018/3	2019/3 Plan	Difference
<b>Net sales</b>	<b>94,515</b>	<b>96,000</b>	<b>1,485</b>
<b>Operating income</b>	<b>16,037</b>	<b>17,000</b>	<b>963</b>
<b>Operating margin</b>	<b>17.0%</b>	<b>17.7%</b>	<b>-</b>
<b>Ordinary income</b>	<b>15,254</b>	<b>16,500</b>	<b>1,246</b>
<b>Net income attributable to owners of the parent</b>	<b>10,937</b>	<b>12,000</b>	<b>1,063</b>

## 2-1. Financial Highlights – Consolidated Business Results (1)

### ■ 6 Months Results in FY9/17 vs. FY9/18

(JPY in millions)

	2017/9	2018/9	Difference
<b>Net sales</b>	<b>33,729</b>	<b>43,327</b>	<b>9,598</b>
<b>Operating income</b>	<b>5,001</b>	<b>10,508</b>	<b>5,507</b>
<b>Ordinary income</b>	<b>5,016</b>	<b>10,297</b>	<b>5,281</b>
<b>Net income attributable to owners of the parent</b>	<b>3,481</b>	<b>6,849</b>	<b>3,368</b>

- Profit achieved highest levels in Capcom history due to growth of Digital Contents (for the six months)
- *Monster Hunter: World* surpassed cumulative 10 million unit milestone, becoming best-selling title in Capcom history
- Titles updated for current-generation hardware, including *Mega Man X Legacy Collection*, contributed to results

## 2-1. Financial Highlights – Consolidated Business Results (2)

### ■ FY9/18 Net Sales/Operating Income (Reasons for Increases/Decreases)

(JPY in millions)

	2017/9	2018/9	Difference
<b>Net sales</b>	33,729	43,327	9,598
Digital Contents	20,138	34,195	14,057
Arcade Operations	5,179	5,504	325
Amusement Equipments	7,330	2,224	-5,106
Other Businesses	1,080	1,403	323
<b>Operating income</b>	5,001	10,508	5,507
Digital Contents	3,830	11,751	7,921
Arcade Operations	634	734	100
Amusement Equipments	1,925	-625	-2,550
Other Businesses	571	685	114
Adjustments*	-1,960	-2,037	-77

\*Adjustments include unallocated corporate operating expenses. The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

- Revenue and profit grew primarily due to contributions from Consumer in the Digital Contents business

## 2-2. Financial Highlights – Consolidated Balance Sheet

### ■ Balance Sheet (Summary)

(JPY in millions)

Assets	2018/3	2018/9	Difference	Liabilities	2018/3	2018/9	Difference
<b>Current Assets</b>	92,511	93,899	1,388	<b>Current Liabilities</b>	26,271	20,005	-6,266
Cash on hand and in banks	46,539	49,963	3,424	Notes and accounts payable - trade	3,464	3,331	-133
Notes and accounts receivable - trade	12,930	9,176	-3,754	Electronically recorded monetary obligations			
Work in progress for game software	25,635	26,265	630	Short-term borrowings	1,473	1,601	128
Other	7,407	8,495	1,088	Other	21,334	15,073	-6,261
<b>Fixed Assets</b>	32,318	29,615	-2,703	<b>Long-term liabilities</b>	13,137	12,043	-1,094
Tangible fixed assets, net of accumulated depreciation	20,797	19,854	-943	Long-term borrowings	8,315	7,450	-865
Intangible assets	725	639	-86	Other	4,822	4,593	-229
Investments and other assets	10,795	9,120	-1,675	<b>Total liabilities</b>	39,408	32,049	-7,359
<b>Total assets</b>	124,829	123,515	-1,314	<b>Shareholders' equity</b>	86,716	91,648	4,932
				<b>Other</b>	-1,295	-182	1,113
				<b>Total net assets</b>	85,421	91,465	6,044
				<b>Total liabilities and net assets</b>	124,829	123,515	-1,314

\*The Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) have been applied from the beginning of the first quarter of the consolidated fiscal year under review, and figures listed from the fiscal year ended March 31, 2018 have had the relevant accounting standards retroactively applied.

- Cash on hand and in banks increased due to collecting accounts receivable
- While we are strengthening our title lineup, the small increase in work in progress for game software is due to cancelling certain development projects

## 3-1. Business Segment Results – Digital Contents (1)

**Revenue and profit up from growth of digital sales including catalog sales of a major Consumer title released in the previous years**

### ■ Digital Contents Performance

(JPY in 100 millions)

	2016/9	2017/9	2018/9	2019/3 Plan*
<b>Net sales</b>	<b>163</b>	<b>201</b>	<b>341</b>	<b>790</b>
<b>Breakdown</b>				
<b>Package</b>	<b>67</b>	<b>97</b>	<b>114</b>	<b>365</b>
<b>Digital download contents</b>	<b>50</b>	<b>53</b>	<b>195</b>	<b>355</b>
<b>Consumer total</b>	<b>117</b>	<b>150</b>	<b>309</b>	<b>720</b>
<b>Mobile Contents</b>	<b>19</b>	<b>25</b>	<b>12</b>	<b>35</b>
<b>PC Other</b>	<b>27</b>	<b>26</b>	<b>20</b>	<b>35</b>
<b>Operating income</b>	<b>10</b>	<b>38</b>	<b>117</b>	<b>205</b>
<b>Operating margin</b>	<b>6.7%</b>	<b>19.0%</b>	<b>34.4%</b>	<b>25.9%</b>

\*Segment plan changed as of first half results announcement

## 3-1. Business Segment Results – Digital Contents (2)

**PC version of *Monster Hunter: World* major driver of results**  
**Overseas unit sales grew further**

### ■ Unit Sales for the 6 Months (Consumer)

(thousands of units)

	2016/9	2017/9	2018/9	2019/3 Plan
<b>New Titles (SKU)</b>	22	20	32	53
<b>Total unit sales</b>	6,500	8,400	10,900	25,000
Overseas ratio	84.6%	85.7%	85.8%	86.4%
Digital ratio	58.5%	57.7%	67.4%	54.8%
Catalog ratio	73.8%	69.0%	77.5%	70.4%
<b>Major titles</b>				
New	Phoenix Wright: Ace Attorney – Spirit of Justice Resident Evil 5 (rerelease)	Marvel vs. Capcom: Infinite Ultra Street Fighter II	Street Fighter 30th Anniversary Collection Mega Man X Legacy Collection	Resident Evil 2 Devil May Cry 5
Catalog	Monster Hunter Generations	Resident Evil 7 biohazard	Monster Hunter: World Resident Evil 7 biohazard	Monster Hunter: World



## 3-1. Business Segment Results – Digital Contents (3)

**PC version of title released in previous fiscal year and rereleases of classic titles contributed to results**

### ■ 6 Months Highlights (Consumer)

- *Monster Hunter: World* exceeded cumulative 10 million units sold (as of Aug. 20, 2018); continued to grow thereafter
- *Mega Man X Legacy Collection* performed well



*Monster Hunter: World*

### ■ 6 Months Highlights (Mobile Contents)

- Launched *Black Command* on iOS/Android in Sept.
- Performance of existing titles slightly declined



*Black Command*

## 3-2. Business Segment Results – Arcade Operations

**Revenue and profit increased due to contributions of new stores  
adding to stable performance of existing stores**

### ■ 6 Months Business Results

(JPY in 100 millions)

	2016/9	2017/9	2018/9	2019/3 Plan
Net sales	48	51	55	110
Operating income	4	6	7	10
Operating margin	9.9%	12.2%	13.3%	9.1%
Same store sales	4%	3%	±0%	2%

### ■ Number of Stores

(stores)

	2017/3	2018/3	2018/9	2019/3 Plan
New stores	3	2	1	4
Closed stores	1	2	1	1
Total	36	36	36	39

### ■ 6 Months Highlights

- Same store sales: ±0%
- Closed one store in August (Plaza Capcom Tsuchiura)

## 3-3. Business Segment Results – Amusement Equipments

**Decrease in revenue and profit due to lower unit sales in PS  
and to recording an impairment loss**

### ■ 6 Months Business Results

(JPY in 100 millions)

	2016/9	2017/9	2018/9	2019/3 Plan*
Net sales	65	73	22	35
Operating income	16	19	-6	-5
Operating margin	25.3%	26.3%	-	-

\*Ratio of PS to Arcade Games Sales for net sales: 9:1 \*Segment plan changed as of first half results announcement

### ■ 6 Months Highlights

- 3 pachislo models sold 5.8 thousand units  
*Street Fighter V* pachislo machine sold 3.3 thousand units  
*Rockman Ability* pachislo machines sold 1.5 thousand units  
 (In the same period of the previous year,  
 2 models sold 22 thousand units)



*Street Fighter V*  
pachislo machine

## 3-4. Business Segment Results – Other Businesses

**Steadily building results in esports market through activities like the first domestic Capcom Pro Tour event with ¥10 million total in prizes**

### ■ 6 Months Business Results

(JPY in 100 millions)

	2016/9	2017/9	2018/9	2019/3 Plan*
Net sales	9	10	14	25
Operating income	3	5	6	6
Operating margin	41.1%	52.9%	48.8%	-

\*Segment plan changed as of first half results announcement



Capcom Pro Tour Japan Premiere

### ■ 6 Months Highlights

- Held the Rookie's Caravan in 6 cities across Japan during July 2018 to discover new athletes with potential and expand both player and spectator segments
- Held the Japan Premiere in Sept. 2018 at the Tokyo Game Show as part of the Capcom Pro Tour, an esports tournament Capcom has run for 4 years overseas. The event highlighted Capcom's overwhelming presence, attracting the largest crowd of any esports event at the show with over 3,700 spectators

## 4-1. Business Segment Plans & Strategies – Digital Contents (1)

Following the favorable performance of Consumer in the first half of the fiscal year, we have revised our full-year plan

### ■ Digital Contents: Full-year plan

(JPY in 100 millions)

	2017/3	2018/3	2019/3 Initial Plan	2019/3 Revised Plan	Difference
<b>Net sales</b>	<b>587</b>	<b>741</b>	<b>755</b>	<b>790</b>	<b>35</b>
<b>Breakdown</b>					
<b>Package</b>	<b>337</b>	<b>383</b>	<b>360</b>	<b>365</b>	<b>5</b>
<b>Digital download contents</b>	<b>155</b>	<b>269</b>	<b>310</b>	<b>355</b>	<b>45</b>
<b>Consumer total</b>	<b>492</b>	<b>652</b>	<b>670</b>	<b>720</b>	<b>50</b>
<b>Mobile Contents</b>	<b>38</b>	<b>41</b>	<b>55</b>	<b>35</b>	<b>-20</b>
<b>PC Other</b>	<b>57</b>	<b>48</b>	<b>30</b>	<b>35</b>	<b>5</b>
<b>Operating income</b>	<b>110</b>	<b>191</b>	<b>200</b>	<b>205</b>	<b>5</b>
<b>Operating margin</b>	<b>18.9%</b>	<b>25.8%</b>	<b>26.5%</b>	<b>25.9%</b>	<b>-</b>

## 4-1. Business Segment Plans & Strategies – Digital Contents (2)

**Promote catalog sales of *Monster Hunter: World***  
**Expect an increase in the ratio of catalog sales**

### ■ Consumer: FY3/19 Unit Sales Plan

(thousands of units)

	2016/3	2017/3	2018/3	2019/3 Plan
<b>New Titles (SKU)</b>	<b>45</b>	<b>42</b>	<b>50</b>	<b>53</b>
<b>Total unit sales</b>	<b>15,000</b>	<b>19,400</b>	<b>24,400</b>	<b>25,000</b>
Overseas ratio	<b>63.3%</b>	<b>77.8%</b>	<b>79.5%</b>	<b>86.4%</b>
Digital ratio	<b>40.7%</b>	<b>46.4%</b>	<b>52.9%</b>	<b>54.8%</b>
Catalog ratio	<b>46.7%</b>	<b>45.4%</b>	<b>45.1%</b>	<b>70.4%</b>
<b>Major titles</b>				
New	Monster Hunter Generations Street Fighter V	Resident Evil 7 biohazard Monster Hunter Generations Ultimate	Monster Hunter: World Marvel vs. Capcom: Infinite	Resident Evil 2 Devil May Cry 5
Catalog	Resident Evil: Revelations 2 Monster Hunter 4 Ultimate	Monster Hunter Generations Resident Evil 6 (rerelease)	Resident Evil 7 biohazard Monster Hunter Generations Ultimate	Monster Hunter: World

**Major, global releases planned**  
**Look to expand digital sales of both new and catalog titles**

### ■ Consumer: Second Half Strategy

- *Resident Evil 2* scheduled release date: Jan. 25, 2019
- *Devil May Cry 5* scheduled release date: March 8, 2019
- Aim to promote catalog sales of *Monster Hunter: World*



*Resident Evil 2*

### ■ Mobile Contents: Second Half Strategy

- Promote alliances in Japan and overseas, attempt new expansion through both internal and cooperative development
- Revise lineup due to changes in market environment

## 4-2. Business Segment Plans & Strategies – Arcade Operations

**Promote new business expansion and continue efficient operations**

**Maintain full-year plan**

### ■ Second Half Strategy

- Aim to increase revenue and profit through stabilizing operations at existing stores as well as with new businesses opportunities
- Plan to launch Capcom's first online crane game, *Capcom Net Catcher Cap-Tore*
- Plan to open 4 new stores, close 1 store for the full-year (resulting in a total 39 stores)
- Full year same store sales: 2%

### ■ FY3/19 Arcade Operations Plan

(JPY in 100 millions)

	2017/3	2018/3	2019/3 Initial Plan	2019/3 Revised Plan	Difference
Net sales	95	102	110	110	-
Operating income	7	8	10	10	-
Operating margin	7.9%	8.6%	9.1%	9.1%	-
Same store sales	2%	2%	2%	2%	-



## 4-3. Business Segment Plans & Strategies – Amusement Equipments

**Revising unit sales plan in light of market environment**  
**Full-year plan calls for decrease in revenue and profit**

### ■ Pachinko & Pachislo: Second Half Strategies

- Plan to release 2 models in 2H
- Full-year plan: altogether 5 models, total 8.5 thousand units

### ■ Arcade Game Sales: Second Half Strategies

- Continue to sell existing products

### ■ FY3/19 Amusement Equipments Plan

(JPY in 100 millions)

	2017/3	2018/3	2019/3 Initial Plan	2019/3 Revised Plan	Difference
<b>Net sales</b>	<b>168</b>	<b>78</b>	<b>70</b>	<b>35</b>	<b>-35</b>
<b>Operating income</b>	<b>51</b>	<b>-7</b>	<b>10</b>	<b>-5</b>	<b>-15</b>
<b>Operating margin</b>	<b>30.3%</b>	<b>-</b>	<b>14.3%</b>	<b>-</b>	<b>-</b>

\*Net Sales Ratio of Pachinko & Pachislo to Arcade Games Sales: 9:1

## 4-4. Business Segment Plans & Strategies – Other Businesses

**Continue to explore potential of eSports business**  
**Maximize brand value through film adaptations**

### ■ Character Contents: Second Half Strategies

- **Promote eSports activities with aim of future monetization**

- Plan to hold the Capcom Cup (Capcom Pro Tour world finals) in Dec. in the USA
- Preparing for the Spring 2019 launch of the official Street Fighter League in Japan

- **Build brands via Hollywood film adaptations**

- *Monster Hunter* and *Mega Man* films announced

### ■ Other Businesses Plan

(JPY in 100 millions)

	2017/3	2018/3	2019/3 Initial Plan	2019/3 Revised Plan	Difference
<b>Net sales</b>	<b>20</b>	<b>23</b>	<b>25</b>	<b>25</b>	<b>0</b>
<b>Operating income</b>	<b>9</b>	<b>11</b>	<b>-4</b>	<b>6</b>	<b>10</b>
<b>Operating margin</b>	<b>46.5%</b>	<b>48.2%</b>	<b>-</b>	<b>24.0%</b>	<b>-</b>

# 5-1. Summary of Major Financial Information (1)

## ● Profit and Loss Sheet

(JPY in millions)

	2017/3	2018/3	2019/3 Plan	%	2018/9
Net Sales	87,170	94,515	96,000	101.6%	43,327
Gross Profit	30,731	34,619	38,000	109.8%	18,669
Margin (%)	35.3%	36.6%	39.6%	-	43.1%
Sales and G&A Expenses	17,080	18,582	21,000	113.0%	8,161
Operating Income	13,650	16,037	17,000	106.0%	10,508
Margin (%)	15.7%	17.0%	17.7%	-	24.3%
Ordinary Income	12,589	15,254	16,500	108.2%	10,297
Margin (%)	14.4%	16.1%	17.2%	-	23.8%
Net income attributable to owners of the parent	8,879	10,937	12,000	109.7%	6,849
Margin (%)	10.2%	11.6%	12.5%	-	15.8%

## ● Sales and Profit by Business Segments

(JPY in millions)

		2017/3	2018/3	2019/3 Plan	%	2018/9
Digital Contents	Net Sales	58,704	74,141	79,000	106.6%	34,195
	Operating Income	11,096	19,103	20,500	107.3%	11,751
	Margin (%)	18.9%	25.8%	25.9%	-	34.4%
Arcade Operations	Net Sales	9,525	10,231	11,000	107.5%	5,504
	Operating Income	752	879	1,000	113.8%	734
	Margin (%)	7.9%	8.6%	9.1%	-	13.3%
Amusement Equipments	Net Sales	16,856	7,803	3,500	44.9%	2,224
	Operating Income	5,106	-764	-500	-	-625
	Margin (%)	30.3%	-	-	-	-
Others	Net Sales	2,083	2,338	2,500	106.9%	1,403
	Operating Income	969	1,126	600	53.3%	685
	Margin (%)	46.5%	48.2%	24.0%	-	48.8%

## ● Sales by Geographic Area

(JPY in millions)

	2017/3	2018/3	2019/3 Plan	%	2018/9
Japan	55,804	52,253	50,000	95.7%	19,764
North America	20,018	24,154	27,500	113.9%	11,903
Europe	9,007	12,035	14,000	116.3%	6,686
Others	2,340	6,072	4,500	74.1%	4,973