

**Consolidated financial results for the 6 months
of the fiscal year ending March 31, 2021 (Japan GAAP - Unaudited)**

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 Code number: 9697
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Note: Numbers are rounded down to the nearest 1 million yen.

1. Results for 6 months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

(1) Financial results

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
6 months ended September 30, 2020	42,059	12.8	17,863	27.7	17,571	25.5	12,993	32.0
6 months ended September 30, 2019	37,272	-14.0	13,992	33.2	14,002	36.0	9,846	43.7

Note: Comprehensive income: 6 months ended September 30, 2020: 12,921 million yen (41.7 %) 6 months ended September 30, 2019: 9,116 million yen (14.5 %)

	Earnings per share	Diluted earnings per share
	yen	yen
6 months ended September 30, 2020	121.72	—
6 months ended September 30, 2019	92.23	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
2nd quarter ended September 30, 2020	137,806	109,986	79.8
Year ended March 31, 2020	143,466	99,735	69.5

Reference: Shareholders' equity: 2nd quarter ended September 30, 2020: 109,986 million yen Year ended March 31, 2020: 99,735 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2020	—	20.00	—	25.00	45.00
Year ending March 31, 2021	—	25.00			
Year ending March 31, 2021 (Forecast)			—	25.00	50.00

Note: Changes in dividends forecast during the 6 months ended September 30, 2020 : Yes

Regarding the revision to the dividend forecasts, please see the announcement released today (October 29, 2020), titled "Notice Regarding Dividends from Retained Earnings (Upward Revision)."

3. Earnings forecast for the fiscal year ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year ending March 31, 2021	85,000	4.2	25,500	11.7	25,500	11.1	18,000	12.9	168.62

Note: Changes in earnings forecast during the 6 months ended September 30, 2020: No

Notes

- (1) Changes in significant consolidated subsidiaries during the period: No
(2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes

Note: Please refer to "2. Summary of consolidated financial statements (4) Notes to consolidated financial statements

(Application of special accounting treatment for preparation of quarterly financial statements)" on page 9 for more details.

- (3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

- ① Changes resulting from amendment of the accounting standard: No
② Changes other than ①: No
③ Changes in accounting estimates: No
④ Retrospective restatement: No

- (4) Number of shares outstanding (Common stock):

- ① Number of shares outstanding (including treasury stock)
2nd quarter ended September 30, 2020: 135,446,488 Year ended March 31, 2020: 135,446,488
② Number of treasury stock
2nd quarter ended September 30, 2020: 28,696,354 Year ended March 31, 2020: 28,695,874
③ Average number of shares outstanding
2nd quarter ended September 30, 2020: 106,750,423 2nd quarter ended September 30, 2019: 106,751,231

(Explanation about the appropriate usage of business prospects and other special notes)

- The above-mentioned business forecasts were based on the information available as of the date of the release of this report.
- Future events may cause the actual results to be significantly different from the forecasts.
- Please refer to "1. Operating results overview (3) Qualitative information regarding the consolidated business forecasts" on page 3 for more details.

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1. Operating results overview

(1) Operating results for the period under review

During the six months ended September 30, 2020, changes in the business environment further accelerated within the industry due to the COVID-19 pandemic.

In continuing to prevent the spread of COVID-19 among its employees and business partners after the state of emergency was lifted in Japan, the Company maintains previously implemented working arrangements. These consist of, combining telecommuting and staggered work schedules while also implementing infection prevention measures for those working at the office in an effort to minimize the impact of the pandemic on work performance. In such an environment, the Company's core Digital Contents business drove profitability with growth in sales of major new titles and catalog titles due to strengthened digital sales, which the Company has been actively pursuing in recent years.

Tokyo Game Show, Japan's largest game event, was held online in September for the first time in its history due to the ongoing COVID-19 pandemic, under the name Tokyo Game Show 2020 Online. In addition, announcements for the Company's upcoming new game releases generated strong feedback, including for *Resident Evil Village* for next generation platforms (PlayStation 5, Xbox Series X|S and PC), and for *Monster Hunter Rise* (for Nintendo Switch), which will be the latest release in the series.

As a result, for the six months ended September 30, 2020, consolidated net sales were 42,059 million yen (up 12.8% from the same term in the previous fiscal year). In terms of profitability, operating income was 17,863 million yen (up 27.7% from the same term in the previous fiscal year), ordinary income was 17,571 million yen (up 25.5% from the same term in the previous fiscal year), and net income attributable to the owners of the parent was 12,993 million yen (up 32.0% from the same term in the previous fiscal year).

Status of business by operating segment

① Digital Contents business

In this business segment, new title *Resident Evil 3* (for PlayStation 4, Xbox One and PC) was released in April 2020 and delivered solid sales. Meanwhile, high-margin catalog titles demonstrated their long product lives, including with the continued growth of *Monster Hunter World: Iceborne* (for PlayStation 4, Xbox One and PC), which was released in the previous fiscal year, all of which drove up profits.

In the Mobile Contents sub-segment, licensing revenue from the use of the Company's major IP also contributed to profit.

The resulting net sales were 35,378 million yen (up 21.3% from the same term in the previous fiscal year) and operating income was 19,849 million yen (up 36.9% from the same term in the previous fiscal year).

② Arcade Operations business

In this business, the Company was forced to temporarily close stores due to the impact of COVID-19. However, after the state of emergency was lifted in Japan, it has gradually reopened them in due order and has worked toward recovery.

Plaza Capcom Kochi was remodeled during the period under review. However, the total number of stores remains unchanged from the end of the previous fiscal year at 40 stores, as there were no new openings or closures of stores

during this period.

The resulting net sales were 4,031 million yen (down 35.3% from the same term in the previous fiscal year) with an operating loss of 262 million yen (operating profit was 915 million yen in the same term in the previous fiscal year).

③ Amusement Equipments business

In this business, demand was weak amid the spread of COVID-19 due to the suspension of operations of amusement halls and the extension of deadlines for the removal of game machines manufactured before recent rule revisions. In such an environment, the Company launched the new machine *Ring-ni-Kakerol -World champion carnival version-* while expanding its licensing business.

The resulting net sales were 1,325 million yen (up 448.7% from the same term in the previous fiscal year) and operating income was 18 million yen (down 72.2% from the same term in the previous fiscal year).

④ Other Businesses

In Other Businesses, the Company focused on promoting film adaptations and the sales of character merchandise using our flagship intellectual property to enhance the brand value of our titles worldwide. In addition, in eSports, the Company steadily continued to expand the user base and create business opportunities toward the medium term. As part of this strategy, the opening match of the team-based league Street Fighter League: Pro-JP 2020 was aired on the official Tokyo Game Show 2020 Online channel.

As a result, net sales were 1,323 million yen (down 19.0% from the same term in the previous fiscal year) and operating income was 552 million yen (down 24.6% from the same term in the previous fiscal year).

(2) Overview of the consolidated financial position for the period under review

Total assets as of the end of the second quarter decreased by 5,659 million yen from the end of the previous fiscal year to 137,806 million yen. The primary increase was 3,402 million yen in cash on hand and in banks and 2,607 million yen in work in progress for game software. The primary decrease was 10,175 million yen in notes and accounts receivable - trade.

Total liabilities as of the end of the second quarter decreased by 15,910 million yen from the end of the previous fiscal year to 27,820 million yen. The primary decreases were as follows: 6,790 million yen in deferred income, 2,364 million yen in notes and accounts payable - trade, 1,738 million yen in accrued income taxes and 1,524 million yen in accrued bonuses.

Net assets as of the end of the second quarter increased by 10,250 million yen from the end of the previous fiscal year to 109,986 million yen. The primary increase was 12,993 million yen in quarterly net income attributable to owners of the parent. The primary decrease was 2,668 million yen in dividends from retained earnings.

(3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results for the current fiscal year ending March 31, 2021 remains the same as what was projected at the financial results announcement on May 8, 2020.

2. Summary of consolidated financial statements

(1) Consolidated balance sheets

(million yen)

	Previous fiscal year (March 31, 2020)	Current fiscal year (September 30, 2020)
Assets		
Current assets		
Cash on hand and in banks	65,657	69,060
Notes and accounts receivable - trade	15,959	5,783
Merchandise and finished goods	1,557	1,076
Work in progress	883	1,260
Raw materials and supplies	258	999
Work in progress for game software	21,222	23,829
Other	3,320	2,767
Allowance for doubtful accounts	(31)	(26)
Total current assets	108,829	104,751
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	10,644	10,565
Other, net	10,202	9,939
Total tangible fixed assets	20,847	20,505
Intangible assets	351	537
Investments and other assets		
Other	13,471	12,044
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	13,438	12,012
Total fixed assets	34,636	33,054
Total assets	143,466	137,806

(million yen)

	Previous fiscal year (March 31, 2020)	Current fiscal year (September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,461	1,097
Electronically recorded monetary liabilities	2,383	1,449
Current portion of long-term borrowings	4,129	3,829
Accrued income taxes	5,612	3,873
Accrued bonuses	3,130	1,605
Deferred income	7,642	851
Other	9,503	7,670
Total current liabilities	35,863	20,377
Long-term liabilities		
Long-term borrowings	2,606	2,191
Liabilities for retirement benefits for employees	3,212	3,337
Other	2,048	1,913
Total long-term liabilities	7,868	7,443
Total liabilities	43,731	27,820
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,329	21,329
Retained earnings	74,275	84,599
Treasury stock	(27,458)	(27,460)
Total shareholders' equity	101,385	111,707
Accumulated other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(106)	(85)
Cumulative translation adjustments	(1,306)	(1,414)
Accumulated adjustments for retirement benefits	(237)	(222)
Total accumulated other comprehensive income	(1,650)	(1,721)
Total net assets	99,735	109,986
Total liabilities and net assets	143,466	137,806

(2) Consolidated statements of income and comprehensive income
 Consolidated statements of income

(million yen)

	Previous 6 months From April 1, 2019 to September 30, 2019	Current 6 months From April 1, 2020 to September 30, 2020
Net sales	37,272	42,059
Cost of sales	14,752	16,865
Gross profit	22,520	25,193
Selling, general and administrative expenses	8,527	7,330
Operating income	13,992	17,863
Non-operating income		
Interest income	129	50
Dividend income	8	9
Subsidy income	—	51
Other	59	34
Total non-operating income	198	146
Non-operating expenses		
Interest expense	36	37
Commission fees	34	34
Exchange loss, net	63	259
Other	53	105
Total non-operating expenses	188	437
Ordinary income	14,002	17,571
Special losses		
Loss on sales and /or disposal of fixed assets	10	7
Total special losses	10	7
Net income before income taxes	13,991	17,564
Income taxes - current	4,361	3,367
Income taxes - deferred	(215)	1,203
Total income taxes	4,145	4,571
Net income	9,846	12,993
Net income attributable to owners of the parent	9,846	12,993

Consolidated statements of comprehensive income

(million yen)

	Previous 6 months From April 1, 2019 to September 30, 2019	Current 6 months From April 1, 2020 to September 30, 2020
Net income	9,846	12,993
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(13)	20
Cumulative translation adjustments	(731)	(107)
Adjustments for retirement benefits	15	15
Total other comprehensive income	(729)	(71)
Comprehensive income	9,116	12,921
Comprehensive income attributable to:		
Owners of the parent	9,116	12,921
Non-controlling interests	—	—

(3) Consolidated statements of cash flows

(million yen)

	Previous 6 months From April 1, 2019 to September 30, 2019	Current 6 months From April 1, 2020 to September 30, 2020
Cash flows from operating activities		
Net income before income taxes	13,991	17,564
Depreciation and amortization	1,248	1,349
Change in allowance for doubtful accounts	(1)	(5)
Change in accrued bonuses	93	84
Interest and dividend income	(138)	(60)
Interest expenses	36	37
Exchange loss, net	158	135
Loss on sales and/or disposal of fixed assets	10	7
Change in notes and accounts receivable - trade	866	10,156
Change in inventories	(454)	(633)
Change in work in progress for game software	(5,263)	(2,604)
Change in notes and accounts payable - trade	(2,374)	(3,279)
Change in deferred income	2,801	(6,753)
Other	2,546	(2,447)
Subtotal	13,520	13,553
Interest and dividends received	115	71
Interest paid	(38)	(38)
Income taxes paid	(3,458)	(4,783)
Net cash provided by operating activities	10,138	8,802
Cash flows from investing activities		
Payments into time deposits	—	(6,989)
Proceeds from withdrawal of time deposits	—	5,907
Payments for acquisitions of tangible fixed assets	(1,287)	(1,200)
Proceeds from sales of tangible fixed assets	0	1
Payments for acquisitions of intangible fixed assets	(37)	(177)
Other	(26)	8
Net cash used in investing activities	(1,350)	(2,451)
Cash flows from financing activities		
Repayments of long-term borrowings	(864)	(714)
Payments for repurchase of treasury stock	(0)	(2)
Dividends paid by parent company	(2,134)	(2,665)
Other	(18)	(261)
Net cash used in financing activities	(3,017)	(3,643)
Effect of exchange rate changes on cash and cash equivalents	(1,023)	(196)
Net change in cash and cash equivalents	4,746	2,511
Cash and cash equivalents at beginning of year	53,004	59,672
Cash and cash equivalents at end of quarter	57,751	62,183

(4) Notes to consolidated financial statements

(Going concern assumptions) Not applicable

(Material changes in shareholders' equity) Not applicable

(Application of special accounting treatment for preparation of quarterly financial statements)

(Calculation of income taxes)

Income taxes for subsidiaries are calculated by multiplying the net income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Segment Information)

I Previous 6 months (From April 1, 2019 to September 30, 2019)

Information on net sales and operating income (loss) by reportable segment

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	29,163	6,233	241	35,638	1,633	37,272	—	37,272
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	29,163	6,233	241	35,638	1,633	37,272	—	37,272
Segment income	14,503	915	67	15,486	733	16,220	(2,227)	13,992

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. The adjustment for segment income (-2,227 million yen) include unallocated corporate operating expenses (-2,227 million yen).

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Segment income is adjusted on operating income of the consolidated statements of income.

II Current 6 months (From April 1, 2020 to September 30, 2020)

Information on net sales and operating income (loss) by reportable segment

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	35,378	4,031	1,325	40,736	1,323	42,059	—	42,059
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	35,378	4,031	1,325	40,736	1,323	42,059	—	42,059
Segment income	19,849	(262)	18	19,605	552	20,158	(2,294)	17,863

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. The adjustment for segment income (-2,294 million yen) include unallocated corporate operating expenses (-2,294 million yen).

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Segment income is adjusted on operating income of the consolidated statements of income.

(Additional Information)

Regarding the accounting estimate for the impact of the COVID-19 pandemic, there is no significant change in the assumption of the time required to bring COVID-19 under control from what was stated in "Additional information" in the annual securities report for the previous fiscal year.