

Press Release

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Sales and Profit Up in Consolidated Results for the Three Months Ended June 30, 2019

Net Sales Up 4.3%, Operating Income Up 50.8% Year-over-year

- All profit items hit record levels for a first quarter, driven by contributions from catalog titles -

Capcom Co., Ltd. today announced that in its consolidated business results for the three months ended June 30, 2019, net sales were 17,938 million yen (up 4.3% year-over-year), operating income was 7,703 million yen (up 50.8% year-over-year), ordinary income was 7,699 million yen (up 40.2% year-over-year), and net income attributable to owners of the parent was 5,420 million yen (up 38.9% year-over-year).

This quarter, the Digital Contents business continued to grow steadily, with sales of last year's hits *Resident Evil 2* and *Devil May Cry 5* rising further, driven by an expanding base of fans. Meanwhile, fiscal year 2017 release *Monster Hunter: World* continued to perform well over the long term, buoyed by enduring popularity. Altogether, led by catalog titles, high-margin digital download sales grew, increasing profit significantly. As a result, Capcom achieved its highest levels of operating profit, and all subsequent profit items, since it began disclosing quarterly results.

The forecast for the consolidated business results for the current fiscal year ending March 31, 2020 remains the same as what was projected at the financial results announcement on May 7, 2019.

1. Results for the 3 months ended June 30, 2019

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share of common stock
	million yen	million yen	million yen	million yen	Yen
3 months ended June 30, 2019	17,938	7,703	7,699	5,420	50.78
3 months ended June 30, 2018	17,204	5,106	5,492	3,903	35.65

2. Earnings forecast for the fiscal year ending March 31, 2020

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share of common stock
	million yen	million yen	million yen	million yen	Yen
Year ending March 31, 2020	85,000	20,000	19,500	14,000	131.15

Note: Recent changes in earnings forecast for the fiscal year ending March 31, 2020: None

3. Status of Each Operational Department

(1) Digital Contents

	(million yen)		
	3 months ended June 30, 2018	3 months ended June 30, 2019	Difference (%)
Net sales	13,782	13,977	1.4%
Operating income	5,735	7,733	34.8%
Operating margin	41.6%	55.3%	-

- a. In this business, as the first quarter corresponded with a transition period between major titles in the overall release cycle, new game launches were limited to a small number of rerelease titles. However, sales continued to grow for hit titles from the previous quarter *Resident Evil 2* (for PlayStation 4, Xbox One and PC) and *Devil May Cry 5* (for Xbox One, PlayStation 4, and PC), driven by an expanded user base. Flagship title *Monster Hunter: World* (for PlayStation 4, Xbox One and PC) has also continued to sell well over an extended period, supported by enduring popularity. These catalog titles boosted profit significantly by driving high-margin digital download sales.
- b. The resulting net sales were 13,977 million yen (up 1.4% from the same term in the previous fiscal year) and operating income was 7,733 million yen (up 34.8% from the same term in the previous fiscal year) primarily due to contributions from catalog titles.

(2) Arcade Operations

	(million yen)		
	3 months ended June 30, 2018	3 months ended June 30, 2019	Difference (%)
Net sales	2,381	2,710	13.8%
Operating income	143	299	108.2%
Operating margin	6.0%	11.0%	-

- a. In this business, the Company worked to secure a wide range of customers, including core users, repeat customers, and families through elaborately planned, community-based promotion activities, such as holding various events and conducting service day campaigns, under the banner of “the No. 1 arcade in the community.”

- b. As there were no new openings or closures of stores during the period under review, the total number of stores remained unchanged from the end of the previous fiscal year at 37.
- c. The resulting net sales were 2,710 million yen (up 13.8% from the same term in the previous fiscal year) and operating income was 299 million yen (up 108.2% from the same term in the previous fiscal year).

(3) Amusement Equipments

(million yen)

	3 months ended June 30, 2018	3 months ended June 30, 2019	Difference (%)
Net sales	376	225	(40.1%)
Operating income	(154)	133	-
Operating margin	-	59.1%	-

- a. In an environment of slow recovery in the gaming machine market, the Company did not launch any new model from its Pachinko and Pachislo sub-segment, focusing on its out-licensing business during the current quarter.
- b. The resulting net sales were 225 million yen (down 40.1% from the same term in the previous fiscal year), however the Company did secure a slight return to profit, with operating income of 133 million yen (an operating loss of 154 million yen for the same term in the previous fiscal year).

(4) Other Businesses

(million yen)

	3 months ended June 30, 2018	3 months ended June 30, 2019	Difference (%)
Net sales	664	1,025	54.4%
Operating income	411	640	55.6%
Operating margin	61.9%	62.4%	-

The net sales from Other Businesses, mainly consisting of royalty income from the licensing and sale of character merchandise, were 1,025 million yen (up 54.4 % from the same term in the previous fiscal year) and operating income was 640 million yen (up 55.6 % from the same term in the previous fiscal year).