

11-Year Summary of Consolidated Financial Indicators

Financial Index

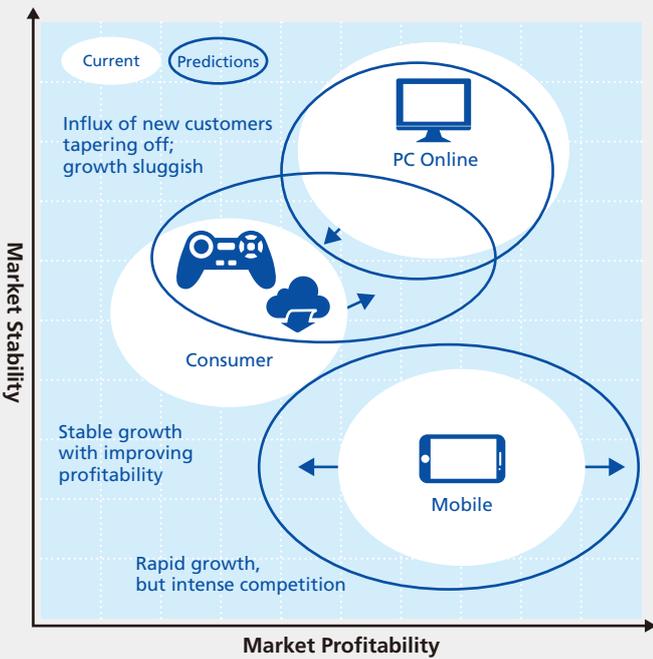
	2007	2008	2009	2010	2011
For the Year:					
	Millions of yen				
Net sales	¥ 74,542	¥ 83,097	¥ 91,878	¥ 66,837	¥ 97,716
Operating income	9,602	13,121	14,618	5,587	14,295
Net income (loss) before income taxes	9,986	11,962	12,448	1,124	10,807
Net income attributable to owners of the parent	5,852	7,807	8,063	2,167	7,750
Depreciation & amortization	2,774	3,393	4,143	3,368	3,315
Capital expenditures	4,495	4,503	2,906	2,205	2,758
R&D expenses	1,828	2,972	2,329	2,125	2,924
At Year-End:					
	Millions of yen				
Total assets	¥ 91,478	¥ 93,606	¥ 106,210	¥ 86,621	¥ 90,408
Net assets	45,144	53,660	59,349	53,956	58,007
Net cash	9,200	13,061	7,378	12,299	27,655
Developer numbers	728	809	1,047	1,132	1,339
Cash Flows:					
	Millions of yen				
Cash flows from operating activities	¥ 16,063	¥ 7,452	¥ (551)	¥ 14,320	¥ 22,392
Cash flows from investing activities	(6,715)	(3,374)	(2,715)	(1,618)	(2,046)
Cash flows from financing activities	(15,206)	(2,448)	(342)	(10,747)	(12,919)
Net increase (decrease) in cash and cash equivalents	(5,654)	(2,256)	(4,454)	1,203	5,196
Cash and cash equivalents at end of year	35,020	32,763	28,611	29,815	35,011
Per Share Data:					
	yen				
Net income (loss) per share	¥ 107.52	¥ 132.90	¥ 130.98	¥ 35.71	¥ 131.18
Dividend per share	30.00	30.00	35.00	35.00	40.00
Net assets per share	799.35	881.13	961.38	913.18	981.76
Financial Index:					
	%				
Operating margin	12.9	15.8	15.9	8.4	14.6
ROE	13.8	15.8	14.3	3.8	13.8
ROA	6.2	8.4	8.1	2.3	8.8
Net worth ratio	49.3	57.3	55.9	62.3	64.2
Interest coverage ratio (times)	237.3	103.7	–	86.9	155.8
Debt-equity ratio	102.6	74.4	79.0	60.5	55.9
Stock Information:					
Price earnings ratio (times)	15.7	25.6	13.3	49.5	12.1
Number of outstanding shares (thousands shares)	62,269	66,719	67,394	67,723	67,723
Foreign investors (%)	32.60	27.72	33.73	24.22	22.17
Digital Contents Business:					
	Billions of yen				
Consumer business net sales	¥ 43.8	¥ 51.6	¥ 60.0	¥ 38.7	¥ 63.6
Online business net sales	2.7	4.1	6.6	8.5	10.5
Consumer Game Sales (Package Software and Full-game Digital Content)					
	Thousands				
Total number of units	12,200	15,750	18,100	13,900	21,700
Sales of major titles	Lost Planet Extreme Condition 1,370 Dead Rising 1,220 Monster Hunter Freedom 2 1,220	Devil May Cry 4 2,320 Resident Evil 4 Wii edition 1,300 Resident Evil: The Umbrella Chronicles 1,060	Resident Evil 5 4,400 Street Fighter IV 2,500 Monster Hunter Freedom Unite (Best Price included) 2,200	Monster Hunter Freedom Unite (Best Price included) 1,350 Monster Hunter Tri 1,150 Resident Evil 5 950	Monster Hunter Freedom 3 4,600 Dead Rising 2 2,300 MARVEL VS. CAPCOM 3 Fate of Two Worlds 2,000

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. YEARS ENDED MARCH 31

	2012	2013	2014	2015	2016	2017	2017				
	Millions of yen						Thousands of U.S. dollars				
	¥ 82,065	¥ 94,075	¥ 102,200	¥ 64,277	¥ 77,021	¥ 87,170	\$ 778,306				
	12,318	10,151	10,299	10,582	12,029	13,650	121,882				
	11,425	3,719	5,315	10,701	11,150	12,489	111,513				
	6,723	2,973	3,444	6,616	7,745	8,879	79,279				
	3,123	3,406	4,638	3,535	5,712	5,980	53,396				
	4,153	8,724	8,064	10,177	8,274	3,767	33,642				
	2,236	1,982	2,002	823	1,073	695	6,212				
	Millions of yen						Thousands of U.S. dollars				
	¥ 98,247	¥ 104,365	¥ 96,611	¥ 100,773	¥ 113,057	¥ 118,897	\$ 1,061,586				
	59,352	62,828	63,875	71,331	75,168	77,774	694,417				
	11,348	14,327	22,670	21,212	15,821	8,426	75,237				
	1,455	1,623	1,808	1,902	2,052	1,994					
	Millions of yen						Thousands of U.S. dollars				
	¥ (7,672)	¥ 6,647	¥ 13,201	¥ 4,286	¥ 4,347	¥ 3,200	\$ 28,573				
	(4,794)	(1,375)	(6,155)	(5,496)	(1,639)	(3,628)	(32,392)				
	587	1,162	(15,099)	1,278	(1,115)	(3,130)	(27,950)				
	(12,724)	9,235	(5,404)	1,879	431	(4,091)	(36,533)				
	22,287	31,522	26,118	27,998	28,429	24,337	217,303				
	yen						U.S. dollars				
	¥ 116.10	¥ 51.64	¥ 61.11	¥ 117.67	¥ 137.75	¥ 160.35	\$ 1.43				
	40.00	40.00	40.00	40.00	40.00	50.00	0.45				
	1,030.70	1,091.08	1,135.91	1,268.56	1,336.86	1,420.64	12.68				
	%										
	15.0	10.8	10.1	16.5	15.6	15.7					
	11.5	4.9	5.4	9.8	10.6	11.6					
	7.1	2.9	3.4	6.7	7.2	7.7					
	60.4	60.2	66.1	70.8	66.5	65.4					
	–	62.4	136.8	50.2	36.5	22.8					
	65.5	66.1	51.2	41.3	50.4	52.9					
	16.3	28.6	32.0	20.3	19.9	13.5					
	67,723	67,723	67,723	67,723	67,723	67,723					
	27.05	32.37	37.29	36.87	39.35	31.19					
	Billions of yen										
	¥ 46.9	¥ 45.9	¥ 53.0	¥ 35.2	¥ 42.1	¥ 49.2					
	12.9	17.7	12.8	10.1	10.4	9.5					
	Thousands										
	17,000	16,700	17,500	13,000	15,000	19,400					
Resident Evil: Operation Raccoon City	1,700	Resident Evil 6	5,000	Monster Hunter 4	4,100	Monster Hunter 4 Ultimate	3,400	Monster Hunter X (Cross)	3,300	Resident Evil 7 biohazard	3,500
Monster Hunter 3 (Tri) G	1,600	Dragon's Dogma	1,300	Dead Rising 3	1,200	Resident Evil Revelations 2	1,100	Street Fighter V	1,400	Monster Hunter XX (Double Cross)	1,700
Street Fighter X Tekken	1,400	DmC Devil May Cry	1,200	Resident Evil Revelations	1,200	Resident Evil (HD Remastered)	900	Resident Evil Revelations 2	850	Monster Hunter X (Cross)	1,000

Game Industry Characteristics

Characteristics of Each Market



Source: Created by Capcom based on data from the International Development Group

Consumer Market Characteristics (Package + Digital Download Contents)

Package and digital download contents are a 21.2 billion dollar market, forecast to grow 30% over the next five years to 27.2 billion dollars by 2021. The customer base is composed mainly of core users who are highly loyal to game titles. They have relatively high willingness to purchase sequels and remakes along with low sensitivity to price and economic conditions. This market is the lowest among the three in terms of margin, yet occupies a high position in the Japanese industry overall. Hereafter, we expect the digital sales ratio to increase, shrinking the gap between the other two markets' margins. [Please refer to page 44](#)

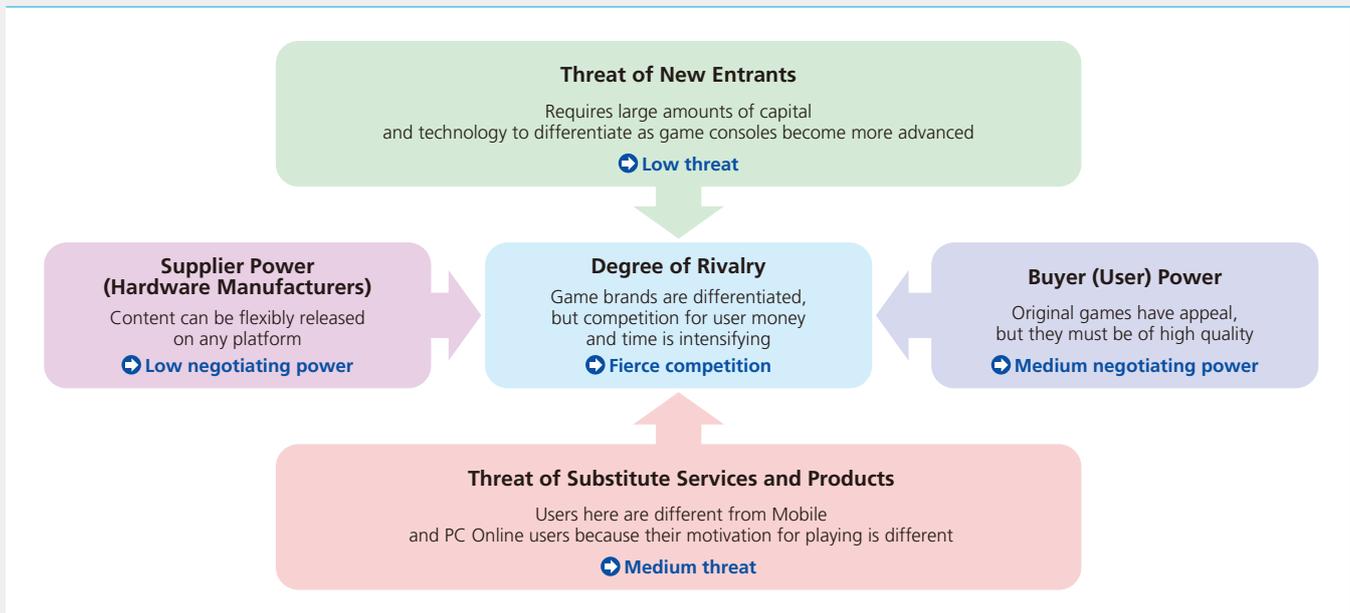
Mobile Market Characteristics

This is a 48.5 billion dollar market, forecast to grow to 81 billion dollars in 2021. The customer segment is primarily composed of casual users, many of whom play games just to pass the time, thus they demonstrate the lowest loyalty toward game titles. They have a limited willingness to purchase games and have the highest sensitivity to price and economic conditions. Although this is the most profitable among the three markets, only a limited number of titles are able to generate stable earnings over the long term. Going forward, we expect smartphones will continue to grow rapidly as the most pervasive game device. [Please refer to page 45](#)

PC Online Market Characteristics

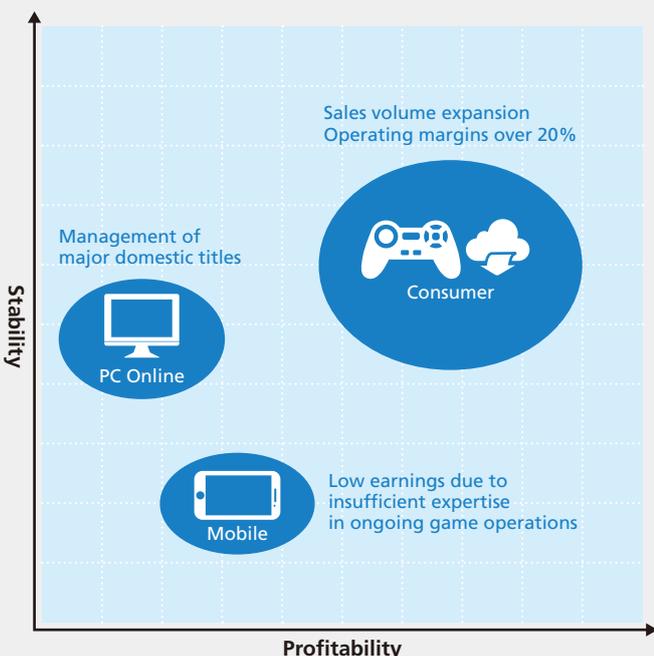
This is a 31 billion dollar market, forecast to peak at 32.8 billion dollars in 2021. The customer base is primarily composed of core users who demonstrate the highest loyalty toward game titles. They have a fairly strong willingness to engage in ongoing purchases, and are unique for having the lowest sensitivity to price and economic conditions. Among the three markets, profitability is comparatively high, and hit titles tend to generate stable earnings over the long term; however, the influx of new customers is expected to taper off, causing growth to be sluggish in the future. [Please refer to page 46](#)

Five Competitive Factors Related to the Consumer Market (Five Forces Analysis)



Capcom Business Characteristics

Digital Contents Business Portfolio



Consumer Business (Proportion of Net Sales: 56%)
Package + Digital Download Contents

Capcom’s core business is to create a multitude of original content for home video game consoles. The regular release of sequels to popular IPs and an increased download sales ratio have, in recent years, led to a greater volume of sales and operating margins over 20%.

Mobile Contents Business (Proportion of Net Sales: 4%)

This business distributes games featuring popular Capcom content on smartphones, cultivating new markets such as the casual user segment to create new earnings opportunities. However, insufficient know-how in ongoing game operations, which differs from Consumer, has resulted in sales underperforming market growth.

PC Online Business (Proportion of Net Sales: 7%)

We are working to distribute PC Online games utilizing our popular content and ensure stable management of our existing content in Japan and Asia.

Note: Calculations based on earnings in the fiscal year ended March 31, 2017

Capcom Management Resource VRIO Analysis and Evaluation/Measures

V: Value R: Rarity I: Inimitability O: Organization
○: High △: Medium ×: Low

Area	Management Resource	V	R	I	O	Evaluation
Management	Top management with strong leadership dedicated to high-quality production and trusted by employees	○	○	○	○	Ongoing competitive advantage
Development/technology	Development capabilities to produce original titles of world class quality	○	○	○	○	Ongoing competitive advantage
	RE ENGINE for streamlined development and the technological prowess to create games with full-VR support	○	○	○	○	
Governance	Corporate culture of training younger employees	○	× _{*1}	△	○	Other companies possess this strength as well
	Promotion of governance reforms (independent director ratio/company with an audit and supervisory committee)	○	△	×	○	Some companies are even more progressive
	Swift decision-making system	○	△	×	○	Strength seen at many founder-run companies
Brand	Many popular, global IPs	○	○	○	○	Ongoing competitive advantage
	Corporate brand known worldwide for action games	○	×	○	○	There are more widely recognized companies
Finances	Paid dividends for 26 consecutive years since listing	○	△	×	○	There are about 40 companies that have provided dividends for 10 consecutive years or more
Sales	Consumer digital sales ratio of more than 30%	○	△	× _{*2}	○	Major overseas companies are ahead
Marketing	Bolstering of lineup through revival of dormant IP and catalog titles	○	△	△	○	Companies with popular IP can roll them out in other media
	Single Content Multiple Usage strategy of rolling out popular IP to multiple media	○	×	△	△ _{*3}	
External partners	Trusted by hardware manufacturers	○	△	○	○	High rank compared to competitors

Note: Prepared in-house based on interviews of analysts.

Measures to address evaluation

*1 With respect to the low evaluation of the originality of our system for training younger employees, we are working on system development that includes (1) providing an environment conducive to taking on new challenges through visualization of management, and (2) developing an environment of friendly rivalry through the promotion of younger employees and consolidation of offices. (Please refer to pages 26 and 37)

*2 With respect to the low evaluation globally despite being ahead of other companies in

Japan, we are promoting measures such as (1) taking advantage of our many popular IPs by re-releasing past million-sellers (79 titles) in digital format and (2) extending the sales period with brand strategies for each IP. (Please refer to page 32)

*3 With respect to the low evaluation of not successfully rolling out IPs to mobile platforms despite their relative strength, we are promoting measures such as (1) assigning capable creators to internal production and (2) forming alliances with mobile game companies possessing abundant game operations know-how. (Please refer to page 33)

Financial Review

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. YEARS ENDED MARCH 31

1. Operating Results

During the fiscal year ended March 31, 2017, signs of major changes to our industry became evident, such as the successive releases of VR (virtual reality) devices that are highly compatible with games. With an eye to creating a new market we entered a new era many are calling “VR year one.”

Under such circumstances, the Company has carried out reorganization and strengthened its management structure aiming to reform its development divisions, which are the core of its business operations. At the same time, the Company promoted speedy decision-making and agile business development by clarifying reporting lines and responsibilities.

Moreover, the Company strove to enhance its presence and increase its brand value by generating synergy with its flagship titles through a mixed media strategy leveraging its rich content assets. This included an animated TV program based on *Monster Hunter Stories* that began airing in October 2016 (Fuji Television Network); the musical theater performance of *Resident Evil: Voice of Gaia* in Tokyo and Osaka, which is the first ever musical theater performance based on a survival horror game; and the Hollywood film, *Resident Evil: The Final Chapter*, which is based on the Company's popular game series and was first released in Japan in December 2016, followed by a worldwide run.

Under the Corporate Governance Code of Japan, the Company has been engaged in measures to make its corporate governance effective, which include the proactive promotion of constructive dialogues with domestic and foreign institutional investors and the adoption of some of their suggestions in company management.

2. Revenue and Profits

(1) Net sales

In this fiscal year, net sales were 87,170 million yen (up 13.2% from the previous fiscal year). This increase was driven primarily by our core business, Digital Contents business as well as by the Amusement Equipments business. Digital Contents title *Resident*

Evil 7 biohazard sold 3.5 million units, while *Monster Hunter XX (Double Cross)* sold 1.7 million units. In addition, current-generation console re-releases, such as *Resident Evil 4, 5* and *6* performed well, as did sales of catalog titles, primarily in digital downloads. In the Amusement Equipments business, our *Monster Hunter Kyoryu Sensen* pachislo machine sold 37,000 units, surpassing unit sales in the previous fiscal year.

(2) Operating income

Cost of sales increased to 56,438 million yen (up 19.6% from the previous fiscal year) and the cost of sales ratio was 64.7%, up 3.5 percentage points from the previous fiscal year. This increase was mainly due to (1) increased development costs associated with the expansion of our title lineup in Consumer Games and (2) an increased development cost amortization burden associated with titles released in the previous fiscal year for PC Others within the Digital Contents business.

Selling, general and administrative (SG&A) expenses were 17,080 million yen (down 4.1% from the previous fiscal year) and SG&A as a percentage of sales was 19.6%, down 3.5 percentage points compared with the previous fiscal year. As increased sales caused the fixed overhead rate to decline, the SG&A expenses ratio on a consolidated basis fell adequately within Capcom's assumed 25% range.

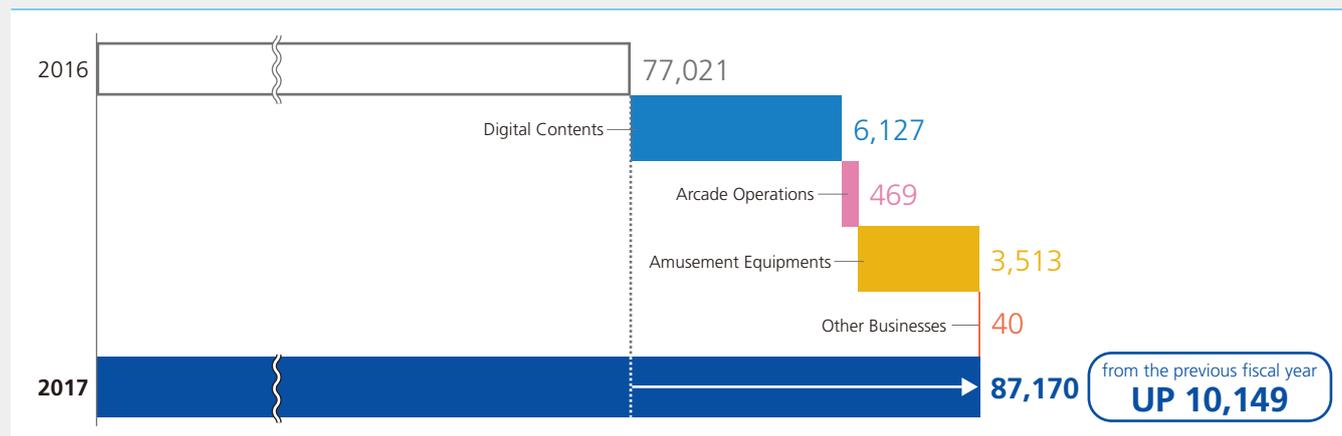
As a result, operating income was 13,650 million yen (up 13.5% from the previous fiscal year), the fourth consecutive year of income growth. Despite a minor decline in Digital Contents business profitability, the operating margin increased slightly to 15.7% (up 0.1% from the previous fiscal year).

(3) Net income attributable to owners of the parent

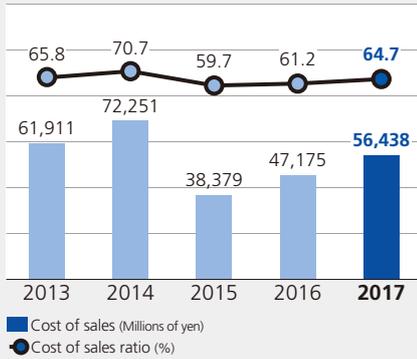
Despite exchange losses of 746 million yen due to the appreciating yen mainly in the first half of the fiscal year, ordinary income increased to 12,589 million yen (up 10.9% from the previous fiscal year), following the increase in operating income.

As a result of these increases in income, although we recorded an extraordinary loss of 99 million yen, net income attributable to

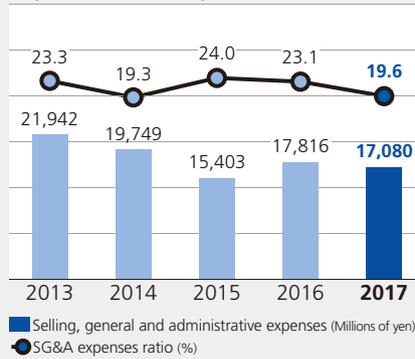
Net Sales (Millions of yen)



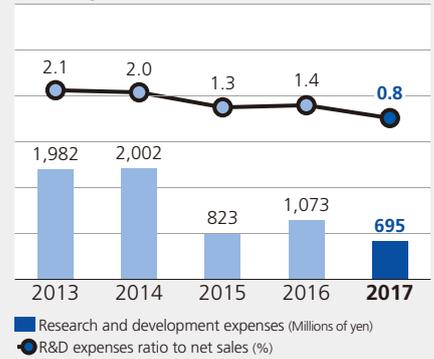
Cost of sales/Cost of sales ratio



Selling, general and administrative expenses/SG&A expenses ratio



Research and development expenses/R&D expenses ratio to net sales



owners of the parent amounted to 8,879 million yen (up 14.6% from the previous fiscal year) and the net margin was 10.2% (up 0.1 percentage points from the previous fiscal year).

3. Status of Each Operational Department

(1) Digital Contents business

Resident Evil 7 biohazard (for PlayStation 4, Xbox One, Windows PC), which features the ability to play the full game in the included optional PSVR Mode for PS4, gave an overall solid performance, while *Monster Hunter XX (Double Cross)* (for the Nintendo 3DS family of systems), is off to a promising start following its March 2017 release.

Re-releases of the *Resident Evil* series for current-generation console re-releases performed steadily thanks to a stable fanbase for the brand. Further, *Monster Hunter Generations*, known as *Monster Hunter X (Cross)* in Japan and Asia (for the Nintendo 3DS family of systems), achieved solid sales overseas thanks to Capcom's established brand capabilities. On the other hand, *Dead Rising 4* (for Xbox One and Windows PC) and *Monster Hunter Stories* (a game targeting younger audiences, for the Nintendo 3DS family of systems) underperformed.

In online games and mobile contents, the Company broke

new ground amidst ongoing efforts to achieve progress in this static sub-segment by reviewing its development framework and operation methods. This led *Toraware no Paruma* (an enterprising romance game for Android devices and iOS that was developed primarily by female staff) to reach the top of the App Store paid application rankings on its release date.

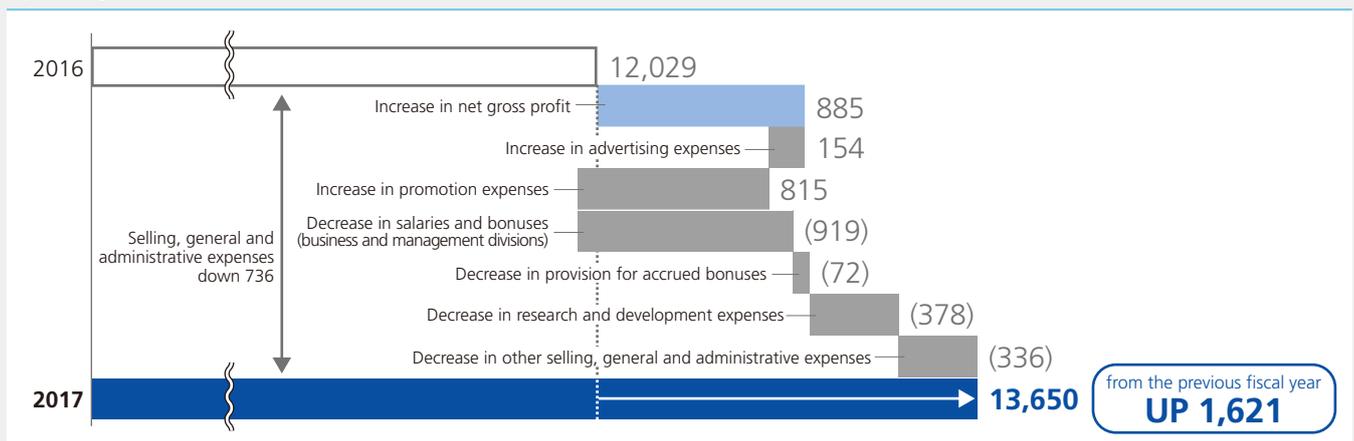
The resulting net sales were 58,704 million yen (up 11.7% from the previous fiscal year), and operating income was 11,096 million yen (down 8.8% from the previous fiscal year).

(2) Arcade Operations business

In the Arcade Operations business, signs of recovery to our industry are becoming evident, partly because regulations on the entry into stores at night were relaxed by the amendments to the Act on Control and Improvement of Amusement Business, etc. effective June 2016. Under such circumstances, efforts were made to capture a broad customer base by securing repeat customers and attracting persons of middle or advanced age and children accompanied by a parent. This was done through community-based arcade marketing to win the support of local residents by holding various events and operating stores that offer comfortable experiences to customers under the banner of "No. 1 arcade in the community."

To develop new business opportunities, the Company also

Operating Income (Millions of yen)



Financial Review

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. YEARS ENDED MARCH 31

pushed forward innovative new business formulas, such as opening “Chara Cap” shops, which primarily sell character merchandise inside stores. During the period under review, three new stores were opened while one store was closed bringing the total number of stores to 36.

The resulting net sales were 9,525 million yen (up 5.2% from the previous fiscal year) and operating income was 752 million yen (up 7.5% from the previous fiscal year).

(3) Amusement Equipments business

In the Pachinko & Pachislo sub-segment, *Monster Hunter Kyoryu Sensei*, this fiscal year’s major release, was a mega hit thanks to synergy with home video games, and drove sales expansion. In the Arcade Games Sales sub-segment, the Company launched *Mario Party Fushigi no Challenge World* and focused on repeat sales of existing products.

The resulting net sales were 16,856 million yen (up 26.3% from the previous fiscal year) and operating income was 5,106 million yen (up 81.6% from the previous fiscal year).

(4) Other Businesses

The net sales from Other Businesses, mainly consisting of royalty income from licensing and sale of character merchandise, were 2,083 million yen (up 2.0% from the previous fiscal year) and operating income was 969 million yen (up 89.8% from the previous fiscal year).

4. Analysis of Assets, Liabilities and Net Assets

(1) Assets

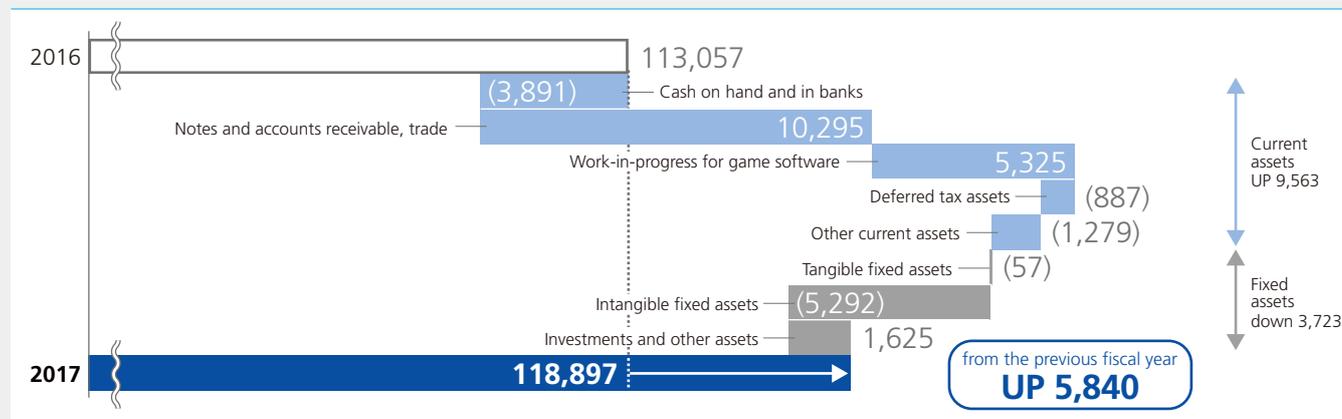
Total assets as of the end of the fiscal year ended March 31, 2017 increased by 5,840 million yen from the end of the previous fiscal year to 118,897 million yen.

The primary increase was 10,295 million yen in notes and accounts receivable, trade. The primary decrease was 3,891 million yen in cash on hand and in banks.

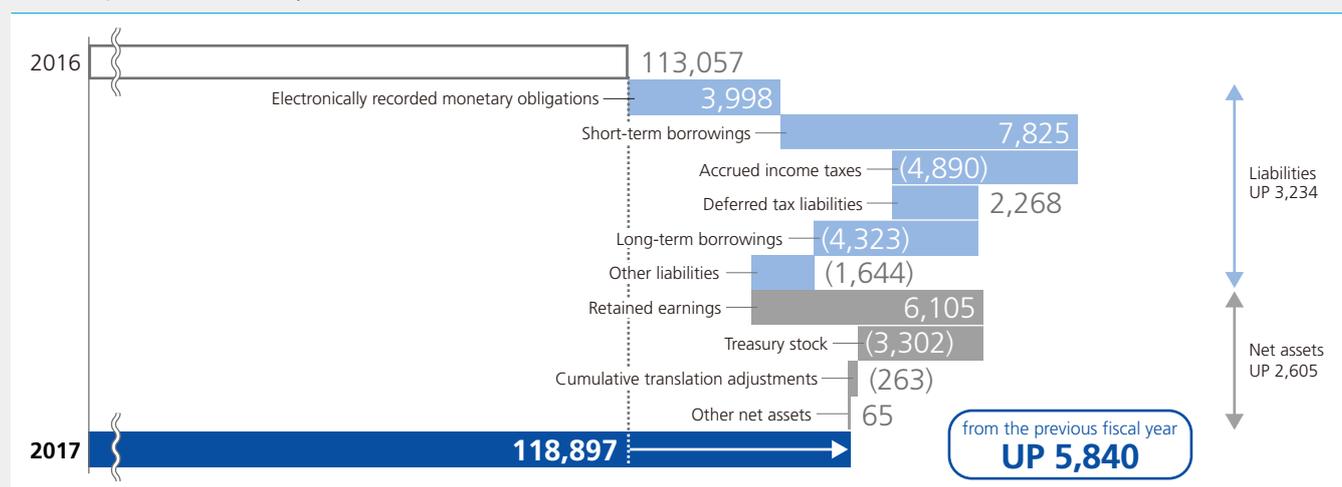
(2) Liabilities

Total liabilities as of the end of the fiscal year ended March 31, 2017

Assets (Millions of yen)



Liabilities, Net Assets (Millions of yen)



increased by 3,234 million yen from the end of the previous fiscal year to 41,122 million yen.

The primary increase was 7,825 million yen in short-term borrowings. The primary decrease was 4,323 million yen in long-term borrowings.

(3) Net assets

Net assets as of the end of the fiscal year ended March 31, 2017 increased by 2,605 million yen from the end of the previous fiscal year to 77,774 million yen.

The primary increase was 8,879 million yen in net income attributable to owners of the parent. The primary decreases were an increase of 3,302 million yen in treasury stock and 2,774 million yen in cash dividends.

5. Analysis of Cash Flow

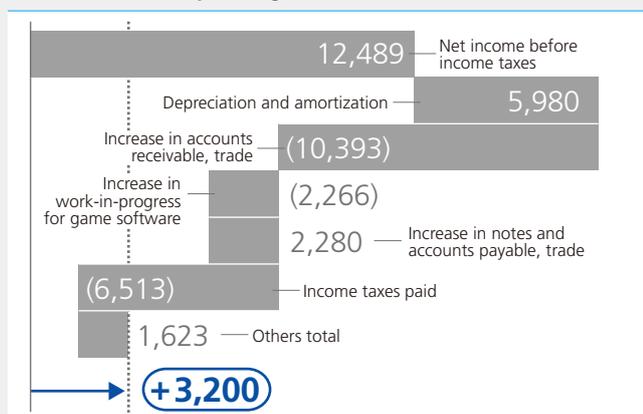
Cash and cash equivalents as of the end of the fiscal year ended March 31, 2017 decreased by 4,091 million yen from the end of the previous fiscal year to 24,337 million yen. Cash flow positions of each activity and their factors are described below.

(1) Cash flows from operating activities

Net cash gained from operating activities was 3,200 million yen (4,347 million yen in the previous fiscal year).

The primary items increasing cash flows were 12,489 million yen in net income before income taxes (11,150 million yen in the previous fiscal year), 5,980 million yen increase in depreciation and amortization (5,712 million yen in the previous fiscal year), and 2,280 million yen increase in notes and accounts payable, trade (935 million yen in the previous fiscal year). The primary items decreasing cash flows were 10,393 million yen increase in accounts receivable, trade (2,208 million yen in the previous fiscal year) and 6,513 million yen increase in income taxes paid (972 million yen paid in the previous fiscal year).

Cash Flows from Operating Activities (Millions of yen)

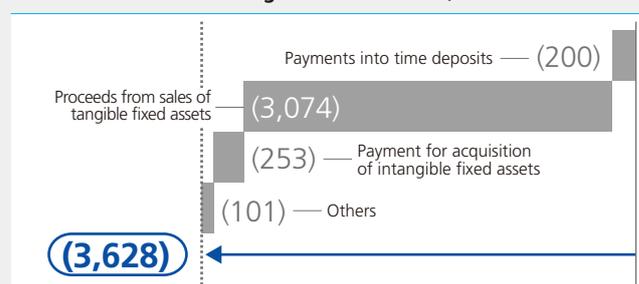


(2) Cash flows from investing activities

Net cash used in investing activities was 3,628 million yen (1,639 million yen in the previous fiscal year).

Primary item used was 3,074 million yen in payment for acquisitions of tangible fixed assets (5,813 million yen in the previous fiscal year).

Cash Flows from Investing Activities (Millions of yen)

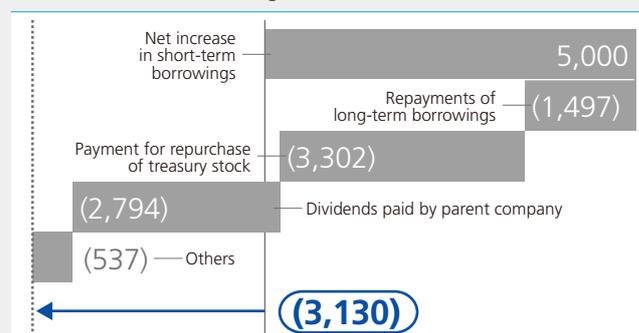


(3) Cash flows from financing activities

Net cash used in investing activities was 3,130 million yen (1,115 million yen invested in the previous fiscal year).

Primary increases used were as follows: 3,302 million yen in payment for repurchase of treasury stock (5 million yen in the previous fiscal year), 2,794 million yen in dividends paid by parent company (2,228 million yen in the previous fiscal year), and 1,497 million yen in repayments of long-term borrowings (883 million yen in the previous fiscal year). The primary decrease was 5,000 million yen increase in short-term borrowings (none in the previous fiscal year).

Cash Flows from Financing Activities (Millions of yen)



Consolidated Financial Statement

Consolidated Balance Sheets

	Previous fiscal year	Current fiscal year	Current fiscal year
	March 31, 2016	March 31, 2017	March 31, 2017
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets			
Current assets:			
Cash on hand and in banks	¥ 28,429	¥ 24,537	\$ 219,088
Notes and accounts receivable - trade	9,879	20,175	180,135
Merchandise and finished goods	1,704	1,583	14,138
Work in progress	2,085	2,040	18,223
Raw materials and supplies	1,954	2,040	18,218
Work in progress for game software	24,825	30,150	269,199
Deferred tax assets	3,382	2,495	22,277
Other	3,673	2,478	22,126
Allowance for doubtful accounts	(18)	(21)	(190)
Total current assets	75,917	85,480	763,217
Fixed assets:			
Tangible fixed assets, net of accumulated depreciation			
Buildings and structures, net	11,297	11,004	98,255
Machinery and vehicles, net	23	16	146
Tools, fixtures and furniture, net	1,875	1,932	17,258
Equipment for amusement facilities, net	1,342	1,616	14,431
Land	5,234	5,234	46,738
Leased assets, net	1,042	835	7,458
Construction in progress	8	128	1,144
Total tangible fixed assets	20,825	20,768	185,434
Intangible assets			
Online contents in progress	2,395	—	—
Other	5,740	2,843	25,391
Total intangible assets	8,135	2,843	25,391
Investments and other assets			
Investments in securities	454	574	5,131
Claims in bankruptcy and reorganization	65	67	600
Lease deposits	3,867	3,920	35,003
Deferred tax assets	2,952	4,311	38,494
Other	916	1,003	8,962
Allowance for doubtful accounts	(78)	(72)	(648)
Total investments and other assets	8,179	9,804	87,543
Total fixed assets	37,140	33,417	298,368
Total assets	¥ 113,057	¥ 118,897	\$ 1,061,586

Please refer to Notes to Consolidated Financial Statements on our website at:
http://www.capcom.co.jp/ir/english/data/pdf/annual/2017/annual_2017_06.pdf

	Previous fiscal year March 31, 2016 Millions of yen	Current fiscal year March 31, 2017 Millions of yen	Current fiscal year March 31, 2017 Thousands of U.S. dollars
Liabilities			
Current liabilities:			
Notes and accounts payable - trade	¥ 4,053	¥ 2,288	\$ 20,434
Electronically recorded monetary obligations	888	4,886	43,633
Short-term borrowings	1,497	9,323	83,242
Lease obligations	525	502	4,489
Accrued income taxes	6,470	1,580	14,111
Deferred tax liabilities	40	2,308	20,607
Accrued bonuses	2,080	2,263	20,211
Other	6,799	6,840	61,076
Total current liabilities	22,355	29,994	267,806
Long-term liabilities:			
Long-term borrowings	11,111	6,788	60,609
Lease obligations	601	399	3,566
Deferred tax liabilities	18	29	261
Liabilities for retirement benefits for employees	2,323	2,596	23,182
Asset retirement obligations	502	509	4,550
Other	975	805	7,191
Total long-term liabilities	15,532	11,128	99,361
Total liabilities	37,888	41,122	367,168
Net assets			
Shareholders' equity:			
Common stock	33,239	33,239	296,779
Capital surplus	21,328	21,328	190,436
Retained earnings	39,297	45,402	405,378
Treasury stock	(18,145)	(21,448)	(191,506)
Total shareholders' equity	75,719	78,521	701,088
Accumulated other comprehensive income:			
Net unrealized gain or loss on securities, net of tax	2	107	963
Cumulative translation adjustments	(278)	(541)	(4,833)
Accumulated adjustments for retirement benefits	(274)	(313)	(2,800)
Total accumulated other comprehensive income	(550)	(747)	(6,670)
Total net assets	75,168	77,774	694,417
Total liabilities and net assets	¥ 113,057	¥ 118,897	\$ 1,061,586

Please refer to Notes to Consolidated Financial Statements on our website at:
http://www.capcom.co.jp/ir/english/data/pdf/annual/2017/annual_2017_06.pdf

Consolidated Financial Statement

Consolidated Statements of Income

	Previous fiscal year	Current fiscal year	Current fiscal year
	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 77,021	¥ 87,170	\$ 778,306
Cost of sales	47,175	56,438	503,917
Gross profit	29,846	30,731	274,389
Selling, general and administrative expenses	17,816	17,080	152,506
Operating income	12,029	13,650	121,882
Non-operating income:			
Interest income	95	47	426
Dividend income	13	13	123
Other	195	130	1,165
Total	304	192	1,715
Non-operating expenses:			
Interest expense	119	141	1,259
Commission fees	59	44	393
Exchange losses, net	752	746	6,665
Other	55	322	2,875
Total	985	1,253	11,193
Ordinary income	11,348	12,589	112,404
Special losses:			
Loss on sales and/or disposal of fixed assets	92	99	891
Impairment loss	105	–	–
Total	197	99	891
Net income before income taxes	11,150	12,489	111,513
Income taxes - current	6,377	1,832	16,360
Income taxes - deferred	(2,972)	1,777	15,873
Total	3,405	3,610	32,234
Net income	7,745	8,879	79,279
Net income attributable to owners of the parent	¥ 7,745	¥ 8,879	\$ 79,279

Consolidated Statements of Comprehensive Income

	Previous fiscal year	Current fiscal year	Current fiscal year
	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2016 to March 31, 2017
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net income	¥ 7,745	¥ 8,879	\$ 79,279
Other comprehensive income			
Net unrealized gain or loss on securities, net of tax	(168)	105	943
Cumulative translation adjustments	(1,494)	(262)	(2,348)
Adjustments for retirement benefits	9	(38)	(346)
Total other comprehensive income	(1,653)	(196)	(1,751)
Comprehensive income	6,092	8,683	77,527
Comprehensive income attributable to:			
Owners of the parent	¥ 6,092	¥ 8,683	\$ 77,527
Non-controlling interests	–	–	–

Please refer to Notes to Consolidated Financial Statements on our website at:
http://www.capcom.co.jp/ir/english/data/pdf/annual/2017/annual_2017_06.pdf

Consolidated Statements of Changes in Net Assets

Previous fiscal year (April 1, 2015 to March 31, 2016) Millions of yen	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2015	¥ 33,239	¥ 21,328	¥ 33,801	¥ (18,140)	¥ 70,228
Changes of items during the fiscal year					
Cash dividends			(2,249)		(2,249)
Net income attributable to owners of the parent			7,745		7,745
Repurchase of treasury stock				(5)	(5)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	–	–	5,496	(5)	5,491
Balance as of March 31, 2016	¥ 33,239	¥ 21,328	¥ 39,297	¥ (18,145)	¥ 75,719
Previous fiscal year (April 1, 2015 to March 31, 2016) Millions of yen	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2015	¥ 170	¥ 1,215	¥ (283)	¥ 1,102	¥ 71,331
Changes of items during the fiscal year					
Cash dividends					(2,249)
Net income attributable to owners of the parent					7,745
Repurchase of treasury stock					(5)
Net changes of items other than shareholders' equity	(168)	(1,494)	9	(1,653)	(1,653)
Total changes of items during the fiscal year	(168)	(1,494)	9	(1,653)	3,837
Balance as of March 31, 2016	¥ 2	¥ (278)	¥ (274)	¥ (550)	¥ 75,168
Current fiscal year (April 1, 2016 to March 31, 2017) Millions of yen	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2016	¥ 33,239	¥ 21,328	¥ 39,297	¥ (18,145)	¥ 75,719
Changes of items during the fiscal year					
Cash dividends			(2,774)		(2,774)
Net income attributable to owners of the parent			8,879		8,879
Repurchase of treasury stock				(3,302)	(3,302)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	–	–	6,104	(3,302)	2,802
Balance as of March 31, 2017	¥ 33,239	¥ 21,328	¥ 45,402	¥ (21,448)	¥ 78,521
Current fiscal year (April 1, 2016 to March 31, 2017) Millions of yen	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2016	¥ 2	¥ (278)	¥ (274)	¥ (550)	¥ 75,168
Changes of items during the fiscal year					
Cash dividends					(2,774)
Net income attributable to owners of the parent					8,879
Repurchase of treasury stock					(3,302)
Net changes of items other than shareholders' equity	105	(262)	(38)	(196)	(196)
Total changes of items during the fiscal year	105	(262)	(38)	(196)	2,605
Balance as of March 31, 2017	¥ 107	¥ (541)	¥ (313)	¥ (747)	¥ 77,774
Current fiscal year (April 1, 2016 to March 31, 2017) Thousands of U.S. dollars	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2016	\$ 296,779	\$ 190,436	\$ 350,870	\$ (162,016)	\$ 676,069
Changes of items during the fiscal year					
Cash dividends			(24,771)		(24,771)
Net income attributable to owners of the parent			79,279		79,279
Repurchase of treasury stock				(29,489)	(29,489)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	–	–	54,508	(29,489)	25,018
Balance as of March 31, 2017	\$ 296,779	\$ 190,436	\$ 405,378	\$ (191,506)	\$ 701,088
Current fiscal year (April 1, 2016 to March 31, 2017) Thousands of U.S. dollars	Accumulated other comprehensive income				Total net assets
	Net unrealized gain or loss on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2016	\$ 20	\$ (2,485)	\$ (2,453)	\$ (4,918)	\$ 671,150
Changes of items during the fiscal year					
Cash dividends					(24,771)
Net income attributable to owners of the parent					79,279
Repurchase of treasury stock					(29,489)
Net changes of items other than shareholders' equity	943	(2,348)	(346)	(1,751)	(1,751)
Total changes of items during the fiscal year	943	(2,348)	(346)	(1,751)	23,267
Balance as of March 31, 2017	\$ 963	\$ (4,833)	\$ (2,800)	\$ (6,670)	\$ 694,417

Please refer to Notes to Consolidated Financial Statements on our website at:
http://www.capcom.co.jp/ir/english/data/pdf/annual/2017/annual_2017_06.pdf

Consolidated Statements of Cash Flows

	Previous fiscal year April 1, 2015 to March 31, 2016	Current fiscal year April 1, 2016 to March 31, 2017	Current fiscal year April 1, 2016 to March 31, 2017
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities:			
Net income before income taxes	¥ 11,150	¥ 12,489	\$ 111,513
Depreciation and amortization	5,712	5,980	53,396
Impairment loss	105	-	-
Decrease in allowance for doubtful accounts	(38)	(1)	(15)
Increase in accrued bonuses	263	186	1,665
Increase in liabilities for retirement benefits for employees	264	204	1,829
Interest and dividend income	(109)	(61)	(549)
Interest expense	119	141	1,259
Exchange losses, net	60	18	163
Loss on sales and/or disposal of fixed assets	92	99	891
Increase in accounts receivable - trade	(2,208)	(10,393)	(92,802)
Decrease (increase) in inventories	(1,651)	158	1,410
Increase in work in progress for game software	(8,778)	(2,266)	(20,236)
(Increase) decrease in online contents in progress	1,479	(704)	(6,294)
Increase in notes and accounts payable - trade	935	2,280	20,365
Decrease (increase) in other current assets	(1,260)	875	7,817
Increase in other current liabilities	1,718	545	4,873
Other	(2,545)	239	2,141
Subtotal	5,309	9,792	87,429
Interest and dividends received	130	62	557
Interest paid	(120)	(140)	(1,257)
Income taxes paid	(972)	(6,513)	(58,156)
Net cash provided by operating activities	4,347	3,200	28,573
Cash flows from investing activities:			
Payments into time deposits	-	(200)	(1,785)
Proceeds from time deposits	4,205	-	-
Payments for acquisition of tangible fixed assets	(5,813)	(3,074)	(27,454)
Proceeds from sales of tangible fixed assets	4	5	46
Payments for acquisition of intangible assets	(290)	(253)	(2,261)
Payments for purchase of investments in securities	(13)	(13)	(119)
Payments for other investing activities	(113)	(222)	(1,987)
Proceeds from other investing activities	380	131	1,169
Net cash used in investing activities	(1,639)	(3,628)	(32,392)
Cash flows from financing activities:			
Net increase in short-term borrowings	-	5,000	44,642
Proceeds from long-term borrowings	2,500	-	-
Repayments of long-term borrowings	(883)	(1,497)	(13,367)
Repayments of lease obligations	(496)	(535)	(4,783)
Payments for repurchase of treasury stock	(5)	(3,302)	(29,489)
Dividends paid by parent company	(2,228)	(2,794)	(24,952)
Net cash used in financing activities	(1,115)	(3,130)	(27,950)
Effect of exchange rate changes on cash and cash equivalents	(1,160)	(533)	(4,762)
Net (decrease) increase in cash and cash equivalents	431	(4,091)	(36,533)
Cash and cash equivalents at beginning of year	27,998	28,429	253,836
Cash and cash equivalents at end of year	¥ 28,429	¥ 24,337	\$ 217,303

Please refer to Notes to Consolidated Financial Statements on our website at:
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Stock Data

Number of Shares Authorized150,000,000 shares
 Number of Shares Issued 67,723,244 shares
 Number of Shareholders 15,211

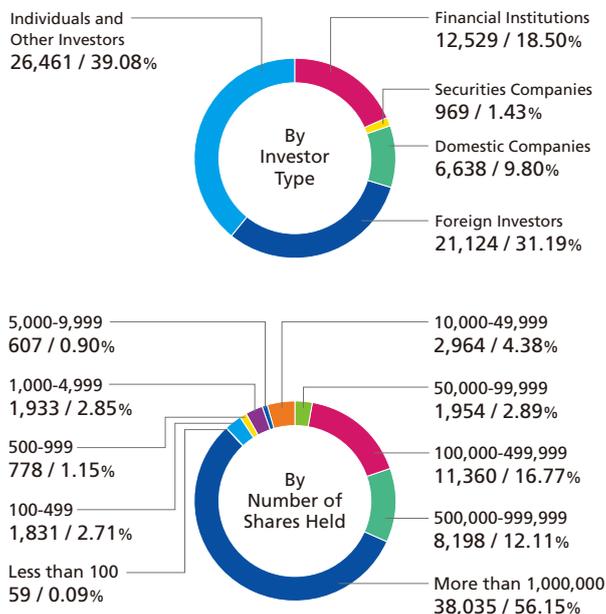
Major Shareholders (Top 10)

Major Shareholders	Number of Shares Held (in thousands)	Percentage of Shareholding (%)
Crossroad Co., Ltd.	6,374	11.64
Japan Trustee Services Bank, Ltd.(Trust Account)	4,200	7.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,336	4.27
Ryozo Tsujimoto	2,019	3.69
Yoshiyuki Tsujimoto	2,019	3.69
Haruhiro Tsujimoto	2,018	3.69
Kenzo Tsujimoto	2,009	3.67
CREDIT SUISSE AG, DUBLIN BRANCH PRIME CLIENT ASSET EQUITY ACCOUNT	1,535	2.80
J.P. Morgan Chase Bank 380055	1,482	2.71
J.P. Morgan Chase Bank 385632	1,061	1.94

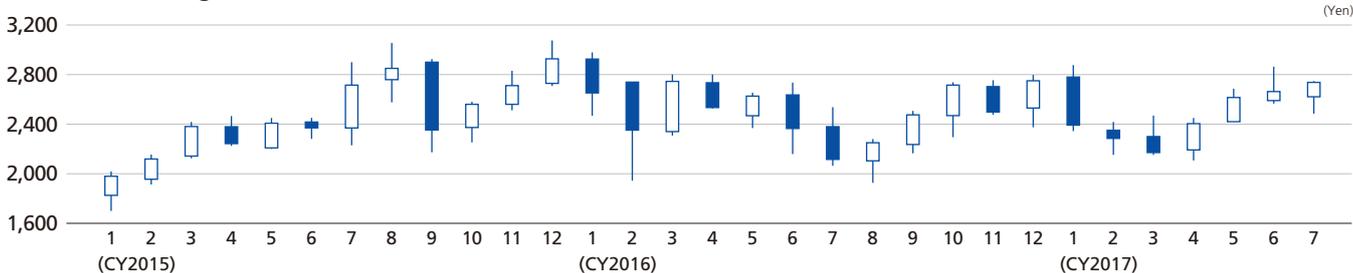
Note: Note: Capcom owns 12,977 thousand shares as treasury stocks.
 The stocks owned by the company are excluded from the above list.

Shareholders' Breakdown

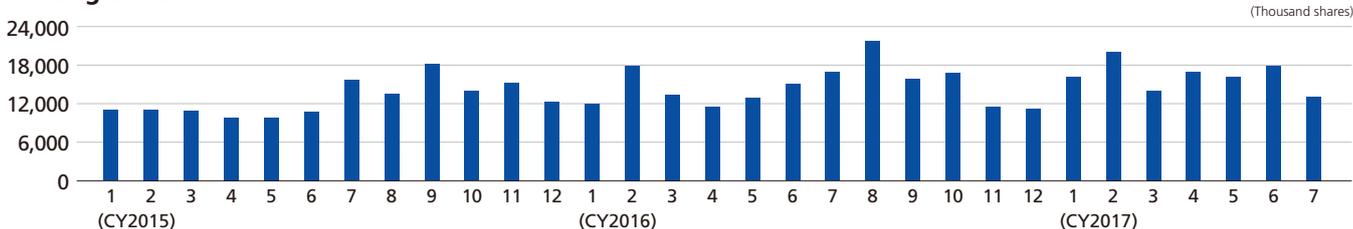
Number of shares held (in thousands) / (%)



Stock Price Range



Trading Volume



11 Year Trend of Stock Price and Trading Volume

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Stock Price	1,692	3,400	1,746	1,766	1,590	1,891	1,476	1,958	2,389	2,745	2,171
High	2,445	3,490	3,640	2,010	1,907	2,311	1,959	2,330	2,413	3,075	2,877
Low	1,102	1,660	1,475	1,297	1,145	1,473	1,250	1,396	1,541	1,944	1,927
Trading Volume	137,965,900	191,795,000	179,636,900	181,065,800	149,613,900	227,386,800	178,008,200	150,408,300	143,234,700	162,642,100	183,455,500

(Years Ended March 31)

Corporate Profile

Name of Company CAPCOM CO., LTD.
Date of Establishment ... May 30, 1979
Date of Initiation June 11, 1983
Business Segments Planning, development, manufacture, sale and distribution of home video games, online games, mobile games and arcade games as well as management of amusement arcades.
Paid-in Capital ¥ 33,239 million
End of Term March 31
Number of Employees ... 2,811 (Including consolidated subsidiaries)
 2,194 (Capcom CO., LTD.)

Major Offices

Head Office 3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
 PHONE: 81-6-6920-3600
R&D Building ... 3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
 PHONE: 81-6-6920-7600
R&D Building #2 ... 3-1-10 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
 PHONE: 81-6-6920-7750
Tokyo Branch ... Shinjuku Mitsui Building 2-1-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-0448, Japan
 PHONE: 81-3-3340-0710
Ueno Facility ... 3902 Hatta, Iga, Mie, 518-1155, Japan
 PHONE: 81-595-20-2030



Head Office



R&D Building



R&D Building #2

Capcom's Subsidiaries (As of Sep. 1, 2017)

CAPTRON CO., LTD. / K2 CO., LTD. / Enterrise CO., LTD. / CAPCOM U.S.A., INC. / CAPCOM ASIA CO., LTD. / CE EUROPE LTD. / CAPCOM ENTERTAINMENT GERMANY GmbH / BEELINE INTERACTIVE, INC. / BEELINE INTERACTIVE CANADA, INC. / CAPCOM ENTERTAINMENT KOREA CO., LTD. / CAPCOM ENTERTAINMENT FRANCE, SAS / CAPCOM GAME STUDIO VANCOUVER, INC. / BEELINE INTERACTIVE EUROPE LTD. / CAPCOM TAIWAN CO., LTD.

