



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

1st Quarter Report
Fiscal year ending March 31, 2020

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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 FY3/20

Targeting seven consecutive years of OP growth and highest profit in company history, driven by Digital Contents business

(million yen)

	2019/3	2020/3 Plan	Difference
Net sales	100,031	85,000	-15,031
Operating income	18,144	20,000	1,856
Operating margin	18.1%	23.5%	-
Ordinary income	18,194	19,500	1,306
Net income attributable to owners of the parent	12,551	14,000	1,449

2-1. Q1 Financial Highlights – Consolidated Business Results (1)

■ 3 Months Results in FY6/18 vs. FY6/19

(million yen)

	2018/6	2019/6	Difference
Net sales	17,204	17,938	734
Operating income	5,106	7,703	2,597
Ordinary income	5,492	7,699	2,207
Net income attributable to owners of the parent	3,903	5,420	1,517

- Showing favorable progress to our full-year plan, with sales and profit up year-over-year due primarily to contributions from Consumer digital sales
- Foreign exchange loss of ¥97 million (¥371 million gain in the same period of the previous fiscal year)

2-1. Q1 Financial Highlights – Consolidated Business Results (2)

■ FY6/19 Net Sales/Operating Income (by segment)

(million yen)

	2018/6	2019/6	Difference
Net sales	17,204	17,938	734
Digital Contents	13,782	13,977	195
Arcade Operations	2,381	2,710	329
Amusement Equipments	376	225	-151
Other Businesses	664	1,025	361
Operating income	5,106	7,703	2,597
Digital Contents	5,735	7,733	1,998
Arcade Operations	143	299	156
Amusement Equipments	-154	133	287
Other Businesses	411	640	229
Adjustments*	-1,029	-1,103	-74

*Adjustments include unallocated corporate operating expenses.

2-2. Q1 Financial Highlights – Consolidated Balance Sheet

■ Balance Sheet (Summary)

(million yen)

Assets	2019/3	2019/6	Difference	Liabilities	2019/3	2019/6	Difference
Current Assets	90,817	85,798	-5,019	Current Liabilities	23,212	14,878	-8,334
Cash on hand and in banks	53,004	56,025	3,021	Notes and accounts payable - trade Electronically recorded monetary liabilities	5,141	2,308	-2,833
Notes and accounts receivable - trade	13,970	4,282	-9,688	Current portion of long-term borrowings	1,579	1,579	0
Work in progress for game software	16,926	20,337	3,411	Other	16,492	10,991	-5,501
Other	6,917	5,154	-1,763	Long-term liabilities	11,445	11,685	240
Fixed Assets	32,590	32,197	-393	Long-term borrowings	6,735	6,585	-150
Tangible fixed assets, net of accumulated depreciation	20,359	20,739	380	Other	4,710	5,100	390
Intangible assets	432	395	-37	Total liabilities	34,658	26,564	-8,094
Investments and other assets	11,798	11,061	-737	Shareholders' equity	89,708	92,993	3,285
Total assets	123,407	117,996	-5,411	Other	-958	-1,561	-603
				Total net assets	88,749	91,432	2,683
				Total liabilities and net assets	123,407	117,996	-5,411

- Notes and accounts receivable – trade decreased due to collecting accounts receivable for titles released in the previous fiscal year
- Work in progress for game software increased due to progression in Consumer development

3-1. Business Segments – Digital Contents (1)

Profit growth resulted from growth in sales of high-margin catalog Consumer titles

■ Digital Contents Performance

(100 million yen)

	2017/6	2018/6	2019/6	2020/3 Plan
Net sales	76	137	139	668
Breakdown				
Package	23	61	33	154
Digital download contents	23	60	101	473
Consumer total	46	121	134	627
Mobile Contents	17	6	5	41
PC Other	13	10		
Operating income	16	57	77	243
Operating margin	21.8%	41.6%	55.3%	36.4%

*The PC Others sub-segment has been merged with Consumer as of FY3/20

3-1. Business Segments – Digital Contents (2)

Catalog sales of major titles and digital sales drove results
Unit sales overall on par with same period of previous year

■ Unit Sales for the 3 Months (Consumer)

(thousands of units)

	2017/6	2018/6	2019/6	2020/3 Plan
New Titles (SKU)	7	14	7	30
Total unit sales	2,500	4,350	4,350	26,300
Overseas units ratio	82.0%	85.1%	87.4%	83.8%
Digital units ratio	56.0%	62.1%	73.6%	82.5%
Catalog units ratio	74.0%	74.7%	89.7%	54.8%
Major titles				
New	Ultra Street Fighter II	Street Fighter 30th Anniversary Collection	Dragon's Dogma: Dark Arisen (for Nintendo Switch)	Monster Hunter World: Iceborne
Catalog	Resident Evil 7 biohazard	Monster Hunter: World Resident Evil 7 biohazard	Monster Hunter: World Devil May Cry 5 Resident Evil 2	Monster Hunter: World Resident Evil 2 Devil May Cry 5

*Includes distribution titles

3-1. Business Segments – Digital Contents (3)

**Focused on past titles released for current-generation platforms
and catalog sales of titles from previous fiscal years**

■ 3 Months Highlights (Consumer)

- *Monster Hunter: World* ships 600 thousand units, pushing cumulative sales over 13 million units sold
- *Resident Evil 2* and *Devil May Cry 5* continue to perform well



Monster Hunter: World

■ 3 Months Highlights (Mobile Contents)

- Launched *Sengoku BASARA Battle Party* for iOS/Android on June 24



Sengoku BASARA Battle Party

3-2. Business Segments – Arcade Operations

**Sales and profit up following
solid performance of existing stores**

■ 3 Months Business Results

(100 million yen)

	2017/6	2018/6	2019/6	2020/3 Plan
Net sales	22	23	27	112
Operating income	1	1	2	7
Operating margin	5.7%	6.0%	11.0%	6.3%
Same store sales	-1%	-2%	13%	-4%

■ Number of Stores

(stores)

	2018/3	2019/3	2019/6	2020/3 Plan
New stores	2	1	0	5
Closed stores	2	0	0	0
Total	36	37	37	42

■ 3 Months Highlights

- Same store sales: +13%
- Opened Plaza Capcom Ikebukuro on July 19; plan to open Plaza Capcom Fujiidera in September

3-3. Business Segments – Amusement Equipments

**Business progressing stably
due to booking licensing revenue**

■ 3 Months Business Results

(100 million yen)

	2017/6	2018/6	2019/6	2020/3 Plan
Net sales	13	3	2	40
Operating income	-2	-1	1	1
Operating margin	-	-	59.1%	2.5%

■ 3 Months Highlights

- Continuing development in line with current standards (in the same period of the previous year, 1 thousand units of one model were sold)

3-4. Business Segments – Other Businesses

Sales and profit up due to increase in licensing revenue
Working to broaden esports market and player segments

■ 3 Months Business Results

(100 million yen)

	2017/6	2018/6	2019/6	2020/3 Plan
Net sales	4	6	10	30
Operating income	1	4	6	-4
Operating margin	44.3%	61.9%	62.4%	-

■ 3 Months Highlights

- Street Fighter League (team battles): the Arcade League began in May and the College League began in June
- Continued to run the Capcom Pro Tour globally (1-on-1 battles), plan to hold the Capcom Pro Tour Asia Premier in September 2019



Street Fighter League:
Arcade 2019 powered by Taito



Street Fighter League:
College-JP 2019

4-1. Supplement: Summary of Major Financial Information

● Profit and Loss Sheet

(million yen)

	2018/3	2019/3	2020/3 Plan	%	2019/6
Net Sales	94,515	100,031	85,000	85.0%	17,938
Gross Profit	34,619	37,222	38,000	102.1%	11,528
Margin (%)	36.6%	37.2%	44.7%	-	64.3%
Sales and G&A Expenses	18,582	19,078	18,000	94.3%	3,825
Operating Income	16,037	18,144	20,000	110.2%	7,703
Margin (%)	17.0%	18.1%	23.5%	-	42.9%
Ordinary Income	15,254	18,194	19,500	107.2%	7,699
Margin (%)	16.1%	18.2%	22.9%	-	42.9%
Net income attributable to owners of the parent	10,937	12,551	14,000	111.5%	5,420
Margin (%)	11.6%	12.5%	16.5%	-	30.2%

● Sales and Profit by Business Segments

(million yen)

		2018/3	2019/3	2020/3 Plan	%	2019/6
Digital Contents	Net Sales	74,141	82,982	66,800	80.5%	13,977
	Operating Income	19,103	23,315	24,300	104.2%	7,733
	Margin (%)	25.8%	28.1%	36.4%	-	55.3%
Arcade Operations	Net Sales	10,231	11,050	11,200	101.4%	2,710
	Operating Income	879	1,096	700	63.9%	299
	Margin (%)	8.6%	9.9%	6.3%	-	11.0%
Amusement Equipments	Net Sales	7,803	3,422	4,000	116.9%	225
	Operating Income	-764	-2,668	100	-	133
	Margin (%)	-	-	2.5%	-	59.1%
Others	Net Sales	2,338	2,575	3,000	116.5%	1,025
	Operating Income	1,126	811	-400	-	640
	Margin (%)	48.2%	31.5%	-	-	62.4%

● Sales by Geographic Area

(million yen)

	2018/3	2019/3	2020/3 Plan	%	2019/6
Japan	52,253	39,387	37,500	95.2%	7,084
North America	24,154	30,134	24,000	79.6%	6,493
Europe	12,035	19,387	12,000	61.9%	2,897
Others	6,072	11,121	11,500	103.4%	1,462