

(4) Notes to consolidated financial statements

(Going concern assumptions)

Not applicable

(Material changes in shareholders' equity)

Capcom repurchased 2,737,100 shares of its own stock based on the resolution of the Board of Directors Meeting held on October 29, 2018.

As a result, for the 9 months ended December 31, 2018, its treasury stock increased by 6,001 million yen, which included the acquisition of shares that were less than one lot, to 27,456 million yen as of the 3rd quarter ended December 31, 2018.

(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 9 months (From April 1, 2017 to December 31, 2017)

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	30,844	7,632	7,711	46,188	1,552	47,740	—	47,740
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	30,844	7,632	7,711	46,188	1,552	47,740	—	47,740
Segment income	6,257	815	2,128	9,202	758	9,960	(2,950)	7,009

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

2. The adjustment for segment income (-2,950 million yen) include unallocated corporate operating expenses (-2,950 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 9 months (From April 1, 2018 to December 31, 2018)

1. 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	47,855	8,082	3,231	59,168	2,102	61,270	—	61,270
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	47,855	8,082	3,231	59,168	2,102	61,270	—	61,270
Segment income (loss)	15,288	868	(639)	15,517	981	16,498	(3,037)	13,461

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

2. The adjustment for segment income (-3,037 million yen) include unallocated corporate operating expenses (-3,037 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.

2. Information on impairment loss on fixed assets or goodwill by reportable segment

(Significant impairment loss on fixed assets)

In the "Digital Contents" business segment the carrying value of assets to be disposed of was written down to the recoverable value, which led to an impairment loss of 393 million yen recorded as a special loss.