

(5) Notes to consolidated financial statements
(Going concern assumptions) Not applicable

(Segment information)

1. Outline of business reportable segment

(1) Classification of business reportable segment

The business segments Capcom reports are the business units for which Capcom is able to obtain individual financial information separately in order for the board of directors to conduct periodic investigation to determine distribution of operational resources and evaluate their business performance.

Capcom has several operational headquarters, which plan comprehensive business strategies in domestic and overseas markets for their products and services, and develop its business activities.

Therefore Capcom's reportable segments are based on the products and services its operational headquarters deal in and are composed of the following 3 units: "Digital Contents," "Arcade Operations" and "Amusement Equipments."

(2) Product and service line

"Digital Contents" develops and distributes home video games, online games and mobile games for consumers.

"Arcade Operations" operates amusement facilities which house amusement and arcade game machines.

"Amusement Equipments" develops, manufactures and distributes arcade game machines and amusement machines etc. to arcade and amusement facility operators.

2. Method of calculating sales and income (loss), identifiable assets and liabilities, and other items by reportable segment

The accounting procedure for the reportable segment is in principle the same with that for the consolidated financial statements.

Income by reportable segment is calculated based on operating income on the consolidated statements of income.

3. Information on net sales and operating income (loss), identifiable assets and liabilities, and other items by reportable segment
Previous fiscal year (from April 1, 2017 to March 31, 2018)

(Unit: Millions of 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	74,141	10,231	7,803	92,176	2,338	94,515	—	94,515
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	74,141	10,231	7,803	92,176	2,338	94,515	—	94,515
Operating income (loss)	19,103	879	(764)	19,218	1,126	20,345	(4,307)	16,037
Identifiable assets	61,641	7,471	10,002	79,115	3,600	82,716	42,112	124,829
Other items								
Depreciation and amortization	2,163	1,141	63	3,368	606	3,975	731	4,706
Increase in tangible and intangible fixed assets	384	1,192	224	1,801	17	1,818	1,222	3,041

(Note) 1. “Other” incorporates operations not included in business segments reported, including Character Contents business etc.

2. Adjustments are as follows.

- (1) Adjustments of operating income (loss) of -4,307 million yen include unallocated corporate operating expenses of -4,307 million yen. The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.
- (2) Adjustments of identifiable assets of 42,112 million yen include unallocated corporate identifiable assets of 42,112 million yen.
- (3) Adjustments of increase in tangible and intangible fixed assets of 1,222 million yen are capital investment by headquarters.

3. Operating income (losses) for segments are adjusted on operating income on the consolidated statements of income.

4. Effective from the beginning of the current fiscal year, Capcom has applied “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018). Identifiable assets for the previous fiscal year have undergone retrospective application.

Current fiscal year (from April 1, 2018 to March 31, 2019)

(Unit: Millions of 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	82,982	11,050	3,422	97,455	2,575	100,031	—	100,031
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	82,982	11,050	3,422	97,455	2,575	100,031	—	100,031
Operating income (loss)	23,315	1,096	(2,668)	21,743	811	22,554	(4,410)	18,144
Identifiable assets	54,109	7,730	6,420	68,261	617	68,878	54,528	123,407
Other items								
Depreciation and amortization	945	1,158	439	2,542	21	2,564	663	3,228
Increase in tangible and intangible fixed assets	108	1,215	294	1,618	18	1,636	931	2,568

(Note) 1. “Other” incorporates operations not included in business segments reported, including Character Contents business etc.

2. Adjustments are as follows.

- (1) Adjustments of operating income (loss) of -4,410 million yen include unallocated corporate operating expenses of -4,410 million yen. The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.
- (2) Adjustments of identifiable assets of 54,528 million yen include unallocated corporate identifiable assets of 54,528 million yen.
- (3) Adjustments of increase in tangible and intangible fixed assets of 931 million yen are capital investment by headquarters.

3. Operating income (losses) for segments are adjusted on operating income on the consolidated statements of income.

(Per share information)

	Previous fiscal year from April 1, 2017 To March 31, 2018	Current fiscal year from April 1, 2018 To March 31, 2019
	(Unit: yen)	(Unit: yen)
Net assets per share	780.18	831.37
Net income per share	99.89	115.45

- (Note)
1. The diluted net income per share for the current fiscal year is omitted as Capcom has no residual securities.
 2. With an effective date of April 1, 2018, Capcom performed a 2-for-1 stock split of its common stock. Capcom calculated “Net assets per share” and “Net income per share” assuming that the stock split was implemented with an effective date of April 1, 2017.
 3. The basis for computation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2018)	Current fiscal year (As of March 31, 2019)
	(Unit: Millions of yen)	(Unit: Millions of yen)
Total amount of net assets	85,421	88,749
Amounts to be deducted from total amount of net assets	—	—
Ending balance of net assets attributable to common stock	85,421	88,749
Number of shares of common stocks used for computation of net assets per share (thousand shares)	109,489	106,751

4. The basis for computation of net income per share is as follows:

	Previous fiscal year from April 1, 2017 To March 31, 2018	Current fiscal year from April 1, 2018 To March 31, 2019
	(Unit: Millions of yen)	(Unit: Millions of yen)
Net income attributable to owners of the parent	10,937	12,551
Amount not allocated to common stock	—	—
Net income attributable to owners of the parent allocated to common stock	10,937	12,551
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	109,491	108,716