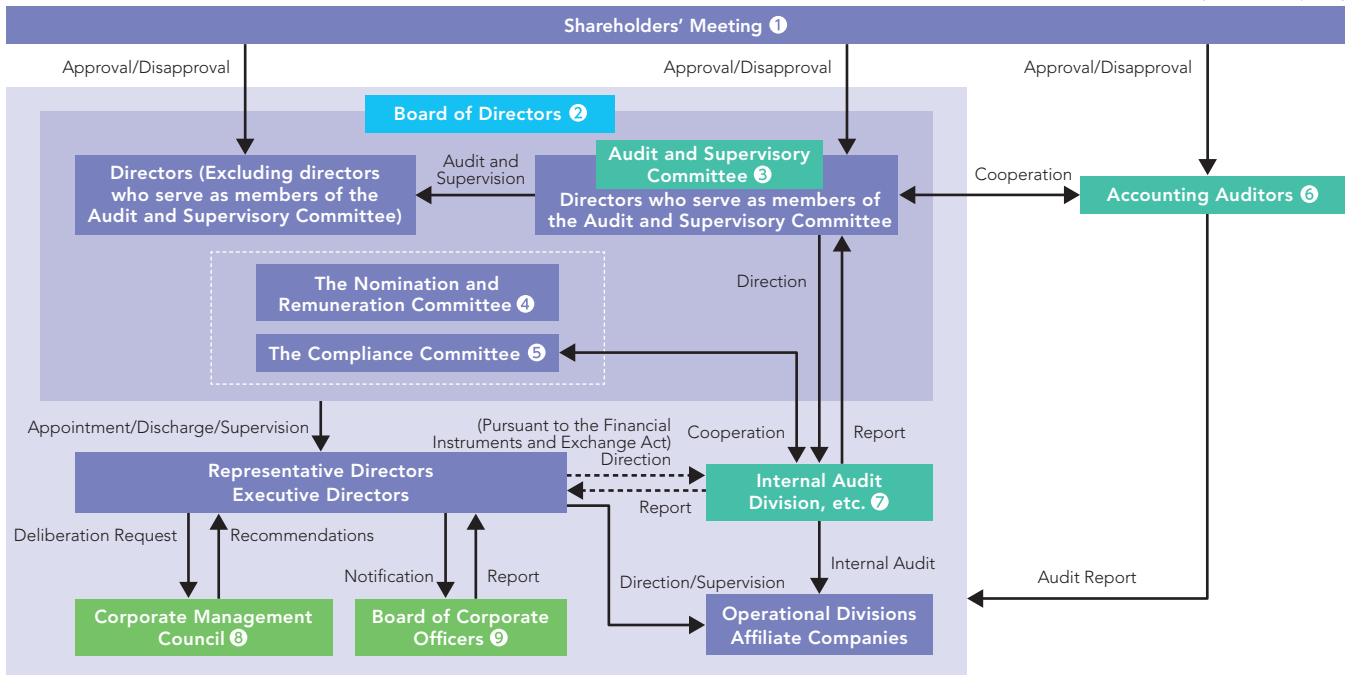


Corporate Governance Structure and Initiatives

Shareholders and investors have made the effective functioning of internal control into a key issue amidst an epidemic of corporate misconduct in Japan and overseas. In this section, Capcom will explain the corporate governance structure and systems that it has initiated so far based on the key concepts of "effectiveness and visibility" in terms of the results of third-party assessment. (Assessment areas are highlighted in yellow.)

(As of June 23, 2022)



Composition of Board of Directors and voluntary committees (In the year ended March 31, 2022)

Internal External

2 Board of Directors (11 members)

(Convened 10 times in the year ended March 31, 2022)

Chairman

 Kenzo Tsujimoto (Attendance: 100%)	 Haruhiro Tsujimoto (Attendance: 90%)	 Satoshi Miyazaki (Attendance: 100%)*	 Yoichi Egawa (Attendance: 100%)
 Kenkichi Nomura (Attendance: 100%)	 Toru Muranaka (Attendance: 90%)	 Yutaka Mizukoshi (Attendance: 100%)	 Wataru Kotani (Attendance: 100%)*

* 100% attendance since being elected

3 Audit and Supervisory Committee (three members)

(Convened 11 times in the year ended March 31, 2022)

Chairman

 Makoto Matsuo (Attendance: 100%)*	 Kazushi Hirao (Attendance: 100%)*	 Yoshihiko Iwasaki (Attendance: 100%)*
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* Attendance at both Board of Directors and Audit and Supervisory Committee meetings

4 The Nomination and Remuneration Committee (five members)

(Convened 4 times in the year ended March 31, 2022)

Chairman

 Yoshihiko Iwasaki (Attendance: 100%)	 Kenkichi Nomura (Attendance: 100%)	 Yutaka Mizukoshi (Attendance: 100%)
 Kazushi Hirao (Attendance: 100%)	 Makoto Matsuo (Attendance: 100%)	

5 The Compliance Committee (10 members)

(Convened 4 times in the year ended March 31, 2022)

Chairman

 Toru Muranaka (Attendance: 100%)	 Haruhiro Tsujimoto (Attendance: 100%)	 Satoshi Miyazaki (Attendance: 100%)*	 Yoichi Egawa (Attendance: 100%)	 Kenkichi Nomura (Attendance: 100%)
 Yutaka Mizukoshi (Attendance: 100%)	 Wataru Kotani (Attendance: 100%)*	 Kazushi Hirao (Attendance: 100%)	 Yoshihiko Iwasaki (Attendance: 100%)	 Makoto Matsuo (Attendance: 100%)

* 100% attendance since being elected

Corporate Governance Structure

Enhancing management soundness and transparency while responding to changes in the environment

Capcom established the Corporate Governance Guidelines (see https://www.capcom.co.jp/ir/english/assets/pdf/governance/governance_01.pdf for details) as the basic policy on corporate governance to achieve stable growth and increase corporate value over the medium to long term. We work continually to enhance our corporate governance structure.

1 Shareholders' Meeting

(Convened on June 23, 2022)

Determines important matters as the highest decision-making body

The general shareholders' meeting serves as Capcom's highest decision-making body and determines important matters prescribed by laws, regulations, and the Company's Articles of Incorporation, as well as serves as a place for communicating the audit results of divisional reports and consolidated financial statements.

Invitations to the general shareholders' meeting are issued approximately three weeks before convening the session, and efforts are made to allow for greater attendance by having the session before the date on which most other companies hold their meetings. We have also made it possible for shareholders to exercise their voting rights over the internet using a computer, smartphone or tablet. In addition, we participate in an electronic voting rights exercise platform for institutional investors so that they will have sufficient time to review the proposals.

2 Board of Directors

Supervision

(Convened 10 times in the year ended March 31, 2022)

Management decisions that incorporate external directors' opinions

The Board of Directors is composed of 15 directors (chaired by the Representative Director and Chairman of the Board), with seven of the directors being external directors.

The Board deliberates on important matters stipulated by laws, regulations, and the Rules of the Board of Directors, and strives to strengthen supervisory functions through the guidance, suggestions, and active comments of external directors.

3 Audit and Supervisory Committee

Audit

(Convened 11 times in the year ended March 31, 2022)

Cooperating with accounting auditors and the internal audit department to audit and supervise

The Audit and Supervisory Committee (chaired by an external director) is composed of three directors (two of whom are full-time members), with two of the three directors being external directors.

In principle, the committee meets before a Board of Directors' meeting is convened. The committee deliberates on important matters stipulated by the Rules for the Audit and Supervisory Committee and strives to strengthen audits and supervision.

Audit and Supervisory Committee members selected by the same committee carry out on-site audits themselves and, in order to increase the efficacy of audits, carry out dynamic

organizational audits, including issuing instructions and other actions as necessary to, among others, the Internal Audit Division (directly under the control of the Audit and Supervisory Committee). The Internal Audit Division strives to ensure that audits function effectively by reporting the status of audits and improvements, and other issues to Audit and Supervisory Committee members.

4 The Nomination and Remuneration Committee

(Convened four times in the year ended March 31, 2022)

Selection of candidates for director and deliberating and recommending details of director compensation

The voluntary Nomination and Remuneration Committee (chaired by an external director) is composed of seven directors (three of whom are internal directors and four of whom are external directors), with a majority of members being external directors.

Each committee member is selected based on the Board of Directors' appraisal of his or her knowledge, insight, experience, and other qualities. The Nomination and Remuneration Committee deliberates on the nomination and remuneration of directors and submits reports in response to inquiries from the Board of Directors.

The main matters reviewed upon receiving an inquiry are as follows:

- a. Matters related to nominations
 - (i) Policy for selecting candidates for director to be submitted to the General Meeting of Shareholders
 - (ii) Selection of candidates for director to be submitted to the General Meeting of Shareholders
 - (iii) Selection of corporate officers
 - (iv) Selection of corporate officers with titles
 - (v) Successor plan
 - (vi) Other matters related to the above
- b. Matters related to remuneration
 - (i) Policy on director remuneration
 - (ii) Fixed remuneration and performance linked remuneration
 - (iii) Performance evaluations related to individual remuneration
 - (iv) Performance evaluations related to bonuses
 - (v) Other matters related to the above

5 The Compliance Committee

(Convened four times in the year ended March 31, 2022)

Focusing on Compliance as an Important Management Issue

The Compliance Committee is composed of 14 directors (seven of whom are external directors, and the committee chairman is an attorney and external director).

In principle, the committee convenes once per quarter. Its primary activities are to analyze and assess risks to Capcom Group compliance and consider what action to take. In addition, the committee strives for early detection and prevention of legal violations or inappropriate conduct by finding internal risks and reporting their probability of materializing to the Board of Directors.

6 Accounting Auditors

Audit

Ensuring and Verifying Accounting Transparency

Capcom has concluded an auditing contract with KPMG AZSA LLC for financial audits as prescribed by the Companies Act

Corporate Governance

and financial audits as prescribed by the Financial Instruments and Exchange Law. There is no special relationship involving financial or other interests between Capcom and this audit corporation or the engagement partners at this firm who perform audits at Capcom.

Auditor Remuneration (Year ended March 31, 2022)

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	58 million yen	—
Consolidated subsidiary	—	—
Total	58 million yen	—

Auditing Company	Names of Certified Public Accountants	
KPMG AZSA LLC, a limited liability audit corporation	Designated Limited Liability Partners	Yasuhito Kondo
		Tomohiro Yamanaka

Note: The financial audit team was composed of: certified public accountants (10 members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (10 members).

7 Internal Audit Division

Audit

Verifying legal compliance and operating efficiencies

In order for effective audits to be carried out, Capcom has established an Internal Audit Division and determines auditing policies, schedules, methods, and the allocation of duties after the end of the shareholders' meeting.

The main activities of the Internal Audit Division are verifying and evaluating the status of employees' execution of duties and the efficacy (and status of operation) of internal control systems, and reporting to the Audit and Supervisory Committee. When needed, division members also accompany selected Audit and Supervisory Committee members and carry out on-site audits of offices and subsidiaries inside and outside Japan.

8 Corporate Management Council

Implementation

(Convened 13 times in the year ended March 31, 2022)

Supporting the Board of Directors' decisions

The Corporate Management Council (chaired by the Representative Director and Chairman of the Board) is composed of eight internal directors and, in principle, is convened several days before a meeting of the Board of Directors, or whenever necessary.

In addition to meeting to carry out preliminary deliberations of Board of Directors agenda items, it also deliberates other important items.

9 Board of Corporate Officers

Implementation

(Convened 12 times in the year ended March 31, 2022)

Executing operations based on management policy

Capcom utilizes a Corporate Officer System. In addition to clarifying the roles and responsibilities of directors focused on management and corporate officers focused on business execution, the system boosts management efficiency by allowing officers to swiftly execute business following instructions from executive directors regarding important matters determined at the Board of Directors.

The Board of Corporate Officers is composed of 14

corporate officers (six of whom serve concurrently as directors), and in principle, convenes once a month. Each corporate officer reports on the status of business execution and works to ensure that information is shared, while also exchanging opinions on business items and issues that require resolution.

External Directors

Using external perspectives to ensure effective governance

External directors ensure the effectiveness of the corporate governance function by playing key roles in the Compliance Committee and the voluntary Nomination and Remuneration Committee. They also focus efforts on compliance and the prevention of corrupt or illegal activities, and openly exchange opinions and provide counsel at Board of Directors meetings in an effort to strengthen the management audit function. The Secretariat staff helps with the work of the external directors who are not members of the Audit and Supervisory Committee. For external directors who are members of the Audit and Supervisory Committee, the full-time staff of the Internal Audit Division helps with their work.

Since all seven of the external directors meet the criteria of Tokyo Stock Exchange, Inc. for independent directors, they have been registered with the exchange as independent directors.

Reasons for Selection of External Directors

External Directors

Name	Reasons for selection
Toru Muranaka	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through proposals and advice on legal compliance and propriety from a professional standpoint along with his high level of expertise and broad insight and knowledge as an attorney specializing in corporate and financial instruments and exchange law
Yutaka Mizukoshi	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on an external perspective, including his enthusiastic provision of opinions and advice from an independent standpoint based on his familiarity with management analysis and establishment of management strategies as well as his deep insight into economic trends and international sensibilities that comes from his experience and knowledge from his many years in the consulting industry
Wataru Kotani	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors by providing opinions and advice from a neutral and objective standpoint based on the perspective of risk management and legal compliance as he possesses broad expertise and extensive experience in IT security and legal affairs from his many years of involvement in police administration
Toshiro Muto	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on his extensive knowledge and experience as he possesses a high level of insight related to fiscal and monetary affairs, general economics, and corporate governance cultivated at the Ministry of Finance, the Bank of Japan, and operating companies.
Yumi Hirose	Due to expectations for her ability to contribute to the auditing and supervision of the Board of Directors and improvement of the human resources strategy based on her specialized knowledge and extensive experience from her many years as a tax administrator of tax agency offices, her considerable knowledge of finance and accounting, and her high level of knowledge related to health management.

External Directors (Audit and Supervisory Committee)

Name	Reasons for selection
Yoshihiko Iwasaki	Due to his expertise and rich experience with tax administration along with his considerable knowledge of finance and accounting, he is expected to contribute to the auditing and supervision of the Board of Directors from the standpoint of tax administration, finance, and accounting with proposals and advice from an external perspective
Makoto Matsuo	Due to his success in the legal world based on his high level of expertise and broad insight and knowledge as an attorney and his familiarity with the business world that comes from his extensive experience as an external officer of listed companies, he is expected to contribute to the auditing and supervision of the Board of Directors with guidance and advice from a legal standpoint at meetings of the Board of Directors and other important meetings

Officer Remuneration**The Nomination and Remuneration Committee is consulted to ensure fairness and transparency****Policy for setting the calculation method and amount of directors' remuneration****1 Policy on determining remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)**

To ensure the fairness and transparency of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which deliberates and makes recommendations based on the policy below, and makes its decision accordingly.

- Basic remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)
 - Monthly remuneration is fixed.
 - The amount is determined after considering each board member's position, duties, tenure, and status as either an executive director or non-executive director, and an evaluation of individual job performance.
- Performance linked remuneration of directors (excluding external directors and directors who are members of the

Officer Remuneration (Year ended March 31, 2022)**Total remuneration, total amount by type of remuneration, and number of directors the remuneration was paid to, by type of director of delivery company**

Type of director	Total remuneration (million yen)	Total of remuneration by type (million yen)				Number of directors paid
		Basic remuneration	Performance linked remuneration	Severance	Of those items to the left, non-monetary remuneration	
Director (excluding Audit and Supervisory Committee and external directors)	457	300	156	—	—	5
Member of Audit and Supervisory Committee (excluding external directors)	21	21	—	—	—	1
External directors	36	36	—	—	—	4
Member of Audit and Supervisory Committee (external directors)	32	32	—	—	—	2

Total amount of consolidated remuneration by director of delivery company

Name	Total of consolidated remuneration (million yen)	Type of director	Type of company	Total of consolidated remuneration by type (million yen)			
				Basic remuneration	Performance linked remuneration	Severance	Of those items to the left, non-monetary remuneration
Kenzo Tsujimoto	150	Director	Delivery company	100	50	—	—
Haruhiro Tsujimoto	120	Director	Delivery company	80	40	—	—

Note: Total consolidated remuneration, etc. is listed only for those with remuneration of 100 million yen or more.

Audit and Supervisory Committee)

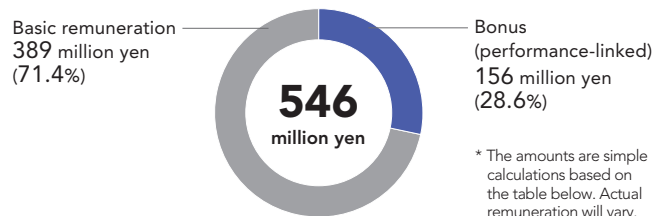
In regard to performance linked remuneration of directors (excluding external directors and directors who are members of the Audit and Supervisory Committee), short-term performance linked remuneration is based on a bonus for the fiscal year. The Board of Directors consults the Nomination and Remuneration Committee, which performs an evaluation and calculation using the items below based on the Group's management objective of steady growth of profits, and makes its decision based on their recommendations.

- Single-year net income attributable to owners of parent
- Increase in consolidated operating profit over the previous year
- Multiple consecutive increases in consolidated operating profit over previous years

iv. Evaluation of operations that the board member oversees
The ratio of remuneration for directors (excluding external directors and directors who are members of the Audit and Supervisory Committee) is set based on the above items and includes annual basic remuneration, comprised of monthly remuneration, and a single year bonus, which does not exceed 50% of annual basic remuneration.

2 Policy for determining remuneration of the directors who serve as members of the Audit and Supervisory Committee

From the standpoint of securing their independence, the remuneration of the directors who serve as members of the Audit and Supervisory Committee is not linked to performance; it is a fixed amount determined through discussions, taking the difference of full-time or part-time service and other factors into account, by the directors who serve as members of the Audit and Supervisory Committee.

Total director remuneration breakdown

Evaluation of the Effectiveness of the Board of Directors

The Company performs evaluations of the effectiveness of the Board of Directors to further improve its function. With respect to issues in the fiscal year ended March 31, 2021, we found that the Board of Directors continues to function effectively due to the enhancement of opportunities for external directors to share information and exchange opinions and the further review of the criteria for submitting agenda items in the fiscal year ended March 31, 2022.

Moreover, to further improve the effectiveness for strengthening the supervision function, we will work on the issues below in the fiscal year ending March 31, 2023.

- Strengthening operational support structure for Board of Directors and voluntary committees
- Enhancing opportunities to provide information to external directors
- Securing diversity within Board of Directors and strengthening management human resource capabilities to contribute to sustainable and steady growth

Initiatives for the Shareholders' Meeting

Making shareholders' meetings lively and facilitating the exercise of voting rights

To help ensure our shareholders' meetings are lively, we hold our meeting before the period when most Japanese companies typically hold their meetings in an attempt to encourage the attendance of as many shareholders as possible.

Also, voting rights can be exercised online via PC, smartphone or tablet. In addition, we have participated from an early stage in a platform for the online exercise of voting rights, so institutional investors are ensured a sufficient amount of time to consider

proposals starting on the day the convocation notices are distributed. Furthermore, we also post convocation notices and other information in English on our corporate website and the website of Tokyo Stock Exchange, Inc. to promote the exercise of voting rights by shareholders worldwide.

Additionally, to further enhance dialogue with shareholders, as of the Ordinary General Meeting of Shareholders held in June 2020, we have used a hybrid virtual shareholder meeting format allowing shareholders to watch the meeting live online and send their comments on a shareholders-only website.

Shareholders' Meeting Resolutions

The following presents the results of voting at the fiscal 2021 shareholders' meetings

Resolutions	Approval Votes	Opposed Votes	Abstained Votes	Approval Rate (%)	Voting Results
First proposal: Proposed Appropriation of Retained Earnings	1,733,347	31,892	0	98.14	Approved
Second proposal: Partial Amendments to the Articles of Incorporation	1,687,017	78,227	0	95.51	Approved
Third proposal: Election of 12 directors (Excluding Directors who are members of the Audit and Supervisory Committee)					
Kenzo Tsujimoto	1,530,920	234,323	0	86.68	Approved
Haruhiro Tsujimoto	1,651,679	113,563	0	93.51	Approved
Satoshi Miyazaki	1,728,069	37,179	0	97.84	Approved
Yoichi Egawa	1,728,169	37,079	0	97.84	Approved
Kenkichi Nomura	1,720,858	44,389	0	97.43	Approved
Yoshinori Ishida	1,727,106	38,142	0	97.78	Approved
Ryozo Tsujimoto	1,727,058	38,190	0	97.78	Approved
Toru Muranaka	1,736,647	28,601	0	98.32	Approved
Yutaka Mizukoshi	1,737,685	27,563	0	98.38	Approved
Wataru Kotani	1,737,599	27,649	0	98.38	Approved
Toshiro Muto	1,723,325	41,924	0	97.57	Approved
Yumi Hirose	1,728,424	36,825	0	97.86	Approved
Fourth proposal: Election of three Directors who are members of the Audit and Supervisory Committee					
Kazushi Hirao	1,672,996	92,243	0	94.72	Approved
Yoshihiko Iwasaki	1,672,997	92,244	0	94.72	Approved
Makoto Matsuo	1,461,110	304,128	0	82.72	Approved
Fifth proposal: Election of one substitute Director who is a member of the Audit and Supervisory Committee	1,756,581	8,668	0	99.45	Approved
Sixth proposal: Revision of Limit on Remuneration of Directors (Excluding Directors who are members of the Audit and Supervisory Committee)	1,746,666	9,631	8,951	98.89	Approved

➔Please refer to the "Resolutions of the 43rd Ordinary General Meeting of Shareholders" available on our IR web page for information about the conditions for each proposal. <https://www.capcom.co.jp/ir/english/stock/meeting.html>

External Assessment of Corporate Governance

Promoting more “visible” governance

An analysis of an assessment performed by a third-party organization into the validity and effectiveness of Capcom’s corporate governance shows that the company ranked 189th among 3,750 listed companies in Japan in the “NEEDS-Cges” assessment developed by Nikkei Inc.

NEEDS-Cges has an established reputation as a system that quantitatively assesses corporate governance using scores on a scale of 1 to 10 for eight categories, including capital efficiency, external regulations, and information disclosure, among others, based on some 150 indicators calculated from data of publicly released company documents, such as financial reports.

As of the end of June 2022, Capcom’s total score was 7.12 points, placing us in the top 5.60% of Japan’s listed companies (excluding some in the financial and other sectors), exceeding the 4.79-point average for all listed companies and the 6.97-point average for the industry. We also received the maximum score of 10 for “capital efficiency” and “equity market’s assessment.”

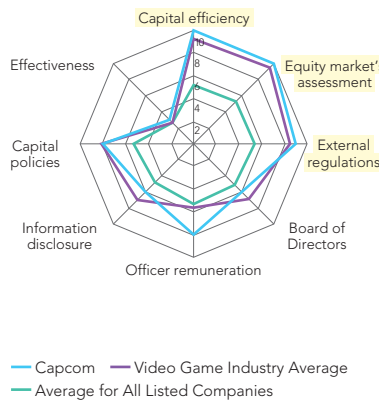
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and other data on our IR web page.

Third-Party Assessment Results of Capcom’s Corporate Governance

Details of Capcom’s Corporate Governance

Total Score	7.12
Rank	189
Categories	Score
Capital efficiency	10
Equity market’s assessment	10
External regulations	9
Board of Directors	6
Officer remuneration	8
Information disclosure	6
Capital policies	8
Effectiveness	3

Comparison of the Industry Average and the Average for All Listed Companies



Details of Highest Rated Categories

Highest Rated Categories	Score	Areas that Received Particular Notice
Capital efficiency	10	ROA, ROE and Statistics related to free cash flow
Equity market’s assessment	10	Tobin’s q
External regulations	9	Presence (or absence) of takeover defense measures

Source: NEEDS-Cges from Nikkei Inc.

Policies Regarding IR Activities

1. Disclosure policies

Capcom is aware that comprehensive corporate governance ranks among management’s most important priorities. As such, in addition to increasing corporate value by enhancing management soundness and transparency, we are building a relationship of trust with our stakeholders, such as shareholders, business partners, employees and regional societies.

Timely Disclosure Rules and other regulations, to accommodate our investors’ needs. We also disclose information through our corporate website in an attempt to provide quick and fair disclosure. Shareholders are informed of operating results and business conditions through shareholder letters and the convocation notice for the shareholders’ meetings.

2. Disclosure criteria

Capcom provides timely disclosure in accordance with the Securities and Exchange Law and other regulations including the “Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security” (hereinafter Timely Disclosure Rules) stipulated by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange.

3. Quiet period

To prevent the unauthorized disclosure of quarterly earnings information prior to official announcements, Capcom has established a quiet period starting the day following the end of a fiscal period and ending on the day that financial information for that period is announced. During this period, we refuse all inquiries relating to our business performance. However, if significant changes to our earnings outlook are anticipated during the quiet period, we will disclose information pursuant to the Timely Disclosure Rules and other regulations.

It is our policy to disclose as much information as possible, including the disclosure of information not required by the

Third-Party Assessment of IR Activities

High praise for proactive IR initiatives

In recognition of our ongoing pursuit of timely and appropriate information disclosure, our IR activities and various IR tools have received a number of awards from third-party organizations. With an awareness of the importance of accountability, we will continue our efforts to earn the trust of investors and improve timely disclosure.

Fiscal 2021 Third Party Evaluations

IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), "Internet IR Award 2021," Excellence Award
	Nikko Investor Relations Co., Ltd., "Fiscal 2021 Listed Company Website Quality Ranking," Overall Ranking: Grade AAA

Making Use of Shareholder and Investor Opinions

Reflecting results of dialogues with investors and analysts in management

Through meetings with investors and analysts, Capcom's IR Department attempts to promote an understanding of management policies, strategies and future outlook. Furthermore, their opinions are gathered and provided to management, and are utilized for corporate management going forward. While we are headquartered in Osaka, these proactive IR meetings enable us to minimize asymmetric information as we strive to achieve appropriate corporate value.

In fiscal 2021, the top management meetings between the chairman and CEO, the president and COO, and investors where medium- to long-term strategies and the direction of marketing strategies were explained had to be cancelled due to COVID-19 along with overseas IR visits. However, we held the presentation of financial results and individual investor briefing in a hybrid online and in-person format and offered video conferences in an effort to communicate with our many investors and analysts.

In addition, Capcom conducts a regular perception gap study targeting institutional investors and analysts in Japan and overseas. Being aware of investor perception gaps gives us feedback on corporate management and IR activities. Questionnaires are also given to attendees at our Presentation of Financial Results and individual investor briefing sessions, allowing us to make proactive use of market opinions and demands as one criterion in management decisions.

Fiscal 2021 IR Measures

By category	Frequency
Interviews accepted	546
Visited domestic investors	7
Visited overseas investors	0
Total	553

IR Events

Event	Details
Hybrid Presentation of Financial Results	Explanation of management strategies and performance overview by top management and response to questions from investors and analysts
Supplementary earnings call	Earnings call after results announcement to explain earnings
Online individual investor briefing	Briefing for individual investors held online

Results of Dialogue with Investors (Excerpt)

Q. I would like for you to consider diversity in the makeup of the Board of Directors.

A. We have addressed this request. We select candidates based on the broad scope of their insight so that we can reflect diverse values in corporate management. At the 43rd Ordinary General Meeting of Shareholders, we elected Yumi Hirose, our first female external director. However, we are not seeking a female point of view exclusively from her. We expect each director to engage in discussions based on wide ranging insight, including male directors taking a female perspective into account.

We are working to disclose new information such as evaluations of the effectiveness of the Board of Directors.

Q. I would like for you to provide the specific uses of cash, such as for investing and M&A.

A. As a part of our investments for sustainable growth, we will actively invest in human resources.

Specifically, we have partially revised the compensation system starting in the fiscal year ending March 31, 2022, which increased the average base salary of full-time employees by 30% (includes the portion for pay raises), and have introduced a bonus system more closely linked to the company's business performance.

We will continue working on improving our employee evaluation and training systems.

Q. Your treasury stock ratio is high. Are you going to cancel a portion of it?

A. We did.

We cancelled all 4,387,353 shares of treasury stock acquired via tender offer in May 2022.