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# CAPCOM

## CAPCOM INTEGRATED REPORT 2024

IMMERSIVE ENTERTAINMENT



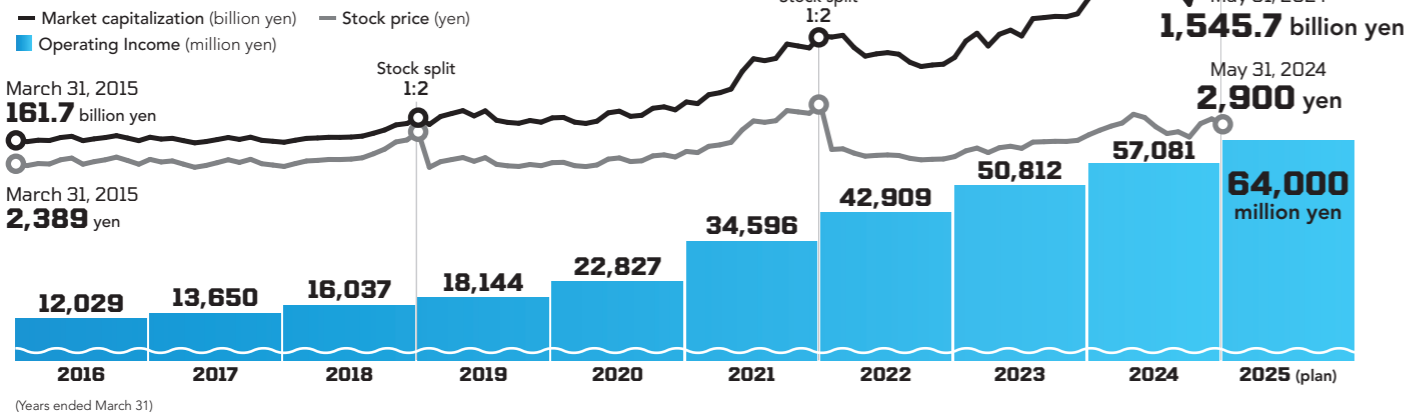


## Achieving 11 consecutive years of increased operating income

The game industry is continuously changing, in step with the evolution of AI, networks, and other advanced technologies. At Capcom, we see these changes as an opportunity, and as a result of our efforts to strengthen our development structure and promote digitalization, the fiscal year ended March 2024 marks 11 consecutive years of increased operating income. Though

we split our stock on April 1, 2018, April 1, 2021, and again on April 1, 2024 to improve its liquidity and expand our investor base, as our performance improves, our stock price also continues to rise steadily. We will continue to increase our corporate value (market capitalization) with sustainable business growth so that we can reward our stakeholders' loyalty.

### Increasing Corporate Value by Growing Income 10% Each Year for Nine Consecutive Years



# Capcom is steadily and non-financial value

## FINANCIAL VALUE

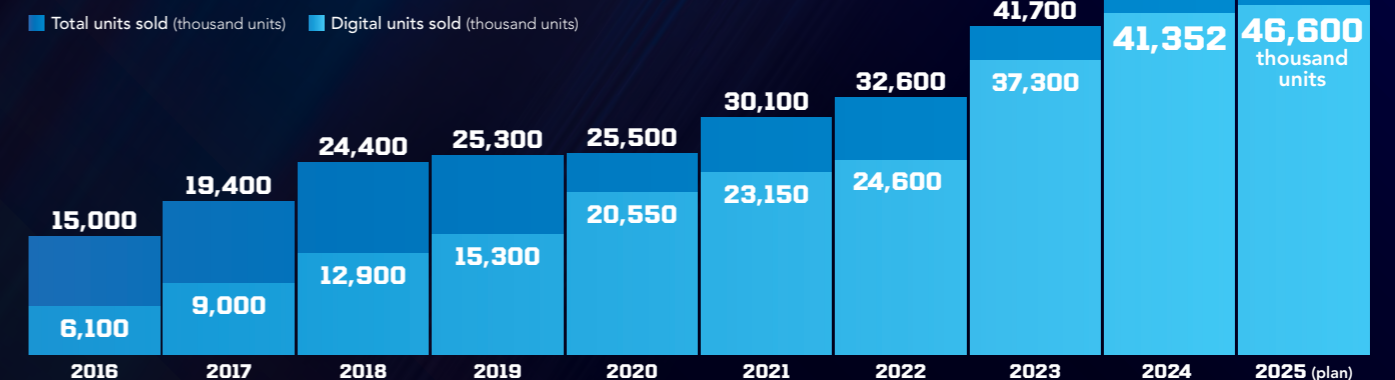
# improving financial over the long term

## Providing smiles and moving hearts all across the globe

Since Capcom's founding in 1983, we have continued to move hearts and deliver smiles through the entertainment of games. In recent years, the spread of the internet, PCs, and smartphones has made it possible to enjoy games while at home, or in all corners of the globe, even without a game console. Further, our game software sales volume has been

increasing, driven primarily by digital sales, and our titles can be enjoyed in over 230 different countries and regions worldwide. We will continue to strive in our business activities in an effort to contribute to the improvement of quality of life for people throughout the world by providing high quality entertainment.

### Providing Games in over 230 Countries and Regions Aiming for 100 Million Units in Sales Volume per Year



Corporate Philosophy

# Capcom: Creator of entertainment culture that stimulates your senses

Our purpose is to be a creator of entertainment culture. Through development of highly creative software contents that excite people, stimulate their senses, and bring smiles to their faces we aim to offer an entirely new level of game entertainment. Since Capcom's establishment in 1983, we have leveraged our strength in world-class development capabilities to create a plethora of products. Game content is an artistic product that fascinates people, consisting of highly creative, multi-faceted elements such as characters, stories, worlds and music. This content can be deployed in a variety of media while being used to support the creation of a richer society. Going forward, Capcom aims to become a company that brings happiness to people and society by offering the most entertaining content in the world.

Contribute to building a richer society, making smiles and moving hearts across the globe

→ Value Creation Model, p.05

Grow the player base worldwide

→ CEO Commitment, p.25  
→ The COO's Discussion of Growth Strategies, p.31  
→ Financial Strategy According to the CFO, p.41

Work to build equality and eliminate poverty, so games can be enjoyed wholeheartedly

→ Sustainability, p.51

Continue to make and provide superior content Create stable revenue

→ The Head of Development Discusses Development Strategy, p.45

Promote ESG initiatives based on SDGs

→ Sustainability, p.51

# CONTENTS

## Table of Contents and Editorial policy

### Value Creation Story

- 01 Creating Financial and Non-Financial Value
- 03 Corporate Philosophy and Vision
- 04 Table of Contents and Editorial Policy
- 05 Value Creation Model
- 07 History of Value Creation
- 09 Major Intellectual Properties (IP)
- 11 Effectively Leveraging IP
- 13 Sustainability Highlights
- 15 Financial Highlights
- 17 Business Segments Highlights
- 21 Global Sales Strategy
- 23 Medium- to Long-Term Vision

### Sustainability

- 51 Sustainability Information
- 53 Capcom and the Environment
- 55 Society and Capcom
  - 55 Relationship with Employees
  - 57 Capcom Voices
  - 59 Relationship with Customers
  - 61 Relationship with Regional Communities

### Corporate Governance

- 63 Directors
- 65 Corporate Governance Structure and Initiatives
- 73 Key commentary from our external directors

### Medium- to Long-Term Growth Strategy

- 25 CEO Commitment  
Management Philosophy and Vision / Management strategy / Brand penetration and user expansion to every corner of the world / Rebuilding and strengthening the business structure underpinning sustainable growth / Building healthy relationships with stakeholders
- 31 The COO's Discussion of Growth Strategies  
Our Measures Thus Far / Looking at the Next 10 Years
- 37 The CHO Discusses Our Human Resources Strategy
- 41 Financial Strategy According to the CFO

### Latest Creative Report

- 45 The Head of Development Discusses Strategy
- 47 20th anniversary of the Monster Hunter series
- 49 The Power of Quality Control

### Subject index for reference

- Growth strategy P.23-24, P.31-36, P.37-40, P.41-44
- Performance and financial condition P.17-22, P.41-44, P.75-83
- World-class development capabilities P.45-50
- Human resources strategy P.15-16, P.37-40, P.45-46
- Environmental initiatives P.15-16, P.53-54
- Relationship with stakeholders P.15-16, P.55-62
- Governance P.29, P.63-74

### Editorial policy

Capcom's Integrated Report conveys initiatives aimed at improving corporate value over the medium- to long-term to all stakeholders. This report is issued with the intent of creating opportunities for further dialogue. Furthermore, we aim to express ideas in a simple and easily understood manner and visually represent important items to aid understanding. Details are available online.

### Period and scope

This report reviews the fiscal year ended March 31, 2024 (April 1, 2023-March 31, 2024). When necessary, it also includes references to fiscal periods before and after this timeframe. Unless otherwise indicated, the scope of data presented in this report is on a consolidated basis.



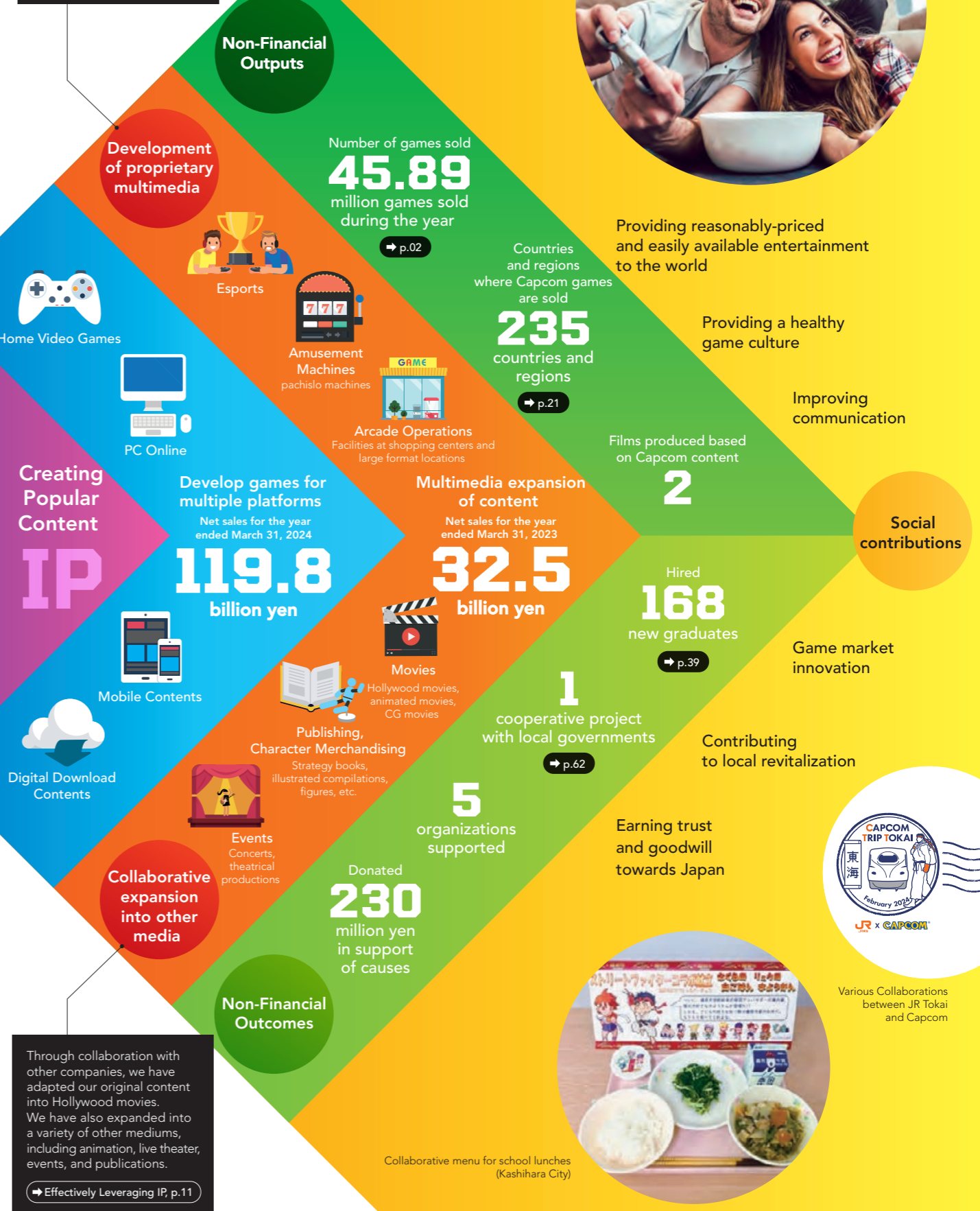
# Solving social issues while providing joy and excitement with our original content

Corporate Philosophy  
**Capcom: Creator of entertainment culture that stimulates your senses**



Utilizing the capital we have cultivated over the years and our foundation for sustainable growth, we create popular original IP through business activities while guided by our corporate philosophy. We are expanding our business by further extending that original content into a variety of areas. These activities provide both financial and non-financial value; to put it another way, by providing the happiness brought about by games, we are able to contribute to solving societal issues.

At Capcom, we operate our own Plaza Capcom amusement facilities, develop and sell amusement machines, and hold esports tournaments.  
 → Effectively Leveraging IP, p.11

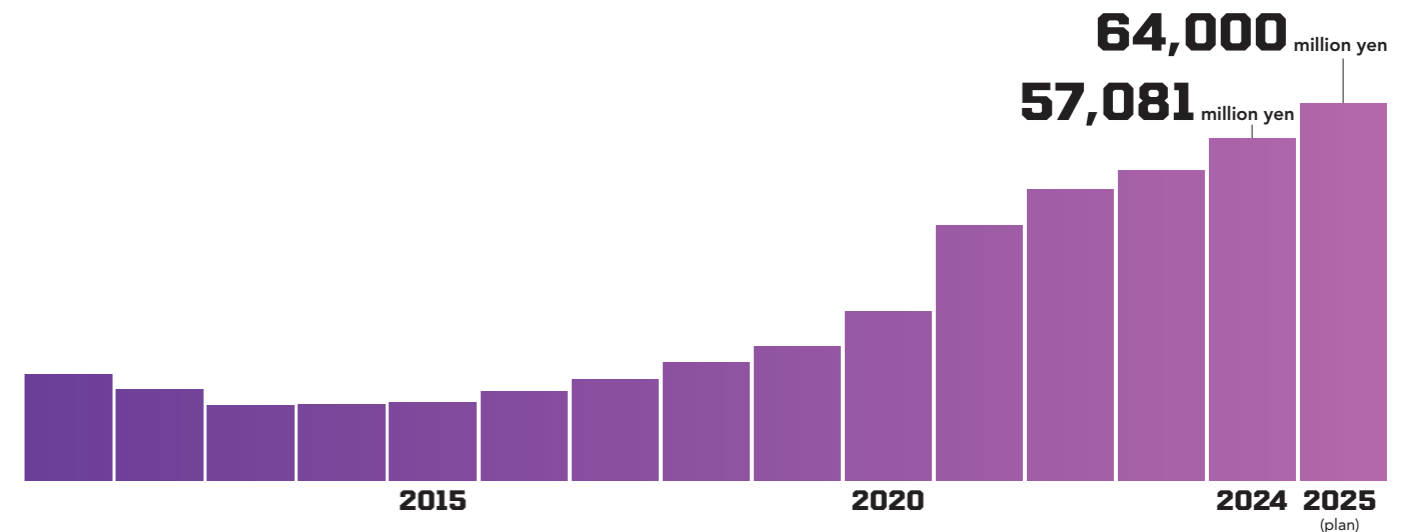


Through collaboration with other companies, we have adapted our original content into Hollywood movies. We have also expanded into a variety of other mediums, including animation, live theater, events, and publications.  
 → Effectively Leveraging IP, p.11

# Four decades of steady growth toward our goal of making the most entertaining games in the world

## Trend in operating income

Note: 1983-1988: Fiscal years ended December 31  
1989-2025: Fiscal years ended March 31



<h3>Genesis</h3> <p>Capcom Co., Ltd. was established in Osaka in 1983. Capcom focused its business development on the creation and sales of high-spec arcade games using the proprietary circuit board "CP System" while making its foray into the home video game arena.</p>	<h3>Business expansion</h3> <p>In the 1990s, the arrival of Super NES prompted Capcom to formally enter home video game development. Capcom created numerous hit titles drawing on its arcade game development expertise. The company established its Single Content Multiple Usage strategy in 1994 with the release of a Hollywood movie and animated movie based on <i>Street Fighter</i>.</p>	<h3>Increasing shares in Europe and North America</h3> <p>In 2000, Capcom listed its shares on the First Section of the Tokyo Stock Exchange. In the 2000s, Capcom created one hit title after another that gained popularity overseas. The Hollywood movie version of <i>Resident Evil</i> earned 102 million U.S. dollars globally, part of a six-title hit series that continues to spread the Capcom brand throughout the world.</p>
<h4>Title history</h4> <p><b>1983</b> Released our first originally developed coin-op <i>Little League</i>.</p> <p><b>1984</b> Released our first arcade video game <i>Vulgus</i>.</p> <p><b>1985</b> Released our first home video game <i>1942</i> for the Nintendo Entertainment System (NES).</p> <p><b>1987</b> Released <i>Mega Man</i> for the NES.</p>	<p><b>1992</b> Released <i>Street Fighter II</i> for the Super NES.</p> <p><b>1993</b> Released <i>Breath of Fire</i> for the Super NES.</p> <p><b>1996</b> Released <i>Resident Evil</i> for PlayStation, establishing the genre of survival horror with this record-breaking, long-time best-seller.</p>	<p><b>2001</b> Released <i>Onimusha</i> for PlayStation 2, the first game for PlayStation 2 to become a million-seller in Japan.</p> <p>Released <i>Devil May Cry</i> for PlayStation 2.</p> <p><b>2005</b> Released <i>Sengoku BASARA</i> for PlayStation 2.</p> <p><b>2006</b> Released <i>Dead Rising</i> for Xbox 360; it became a million-seller, unprecedented for a new title created for a new game console.</p>

## Globalization and the digital shift

<h3>-2016</h3> <p>Multiplayer (cooperative/battle) games became the norm with the popularization of internet-connected game consoles. In addition, the popularization of digital game software sales created a revenue opportunity in catalog titles.</p>	<h3>2017-2020</h3> <p>Established a system where titles contribute to profit over the long term through the synergistic effect of finely detailed, high-quality games and digital sales following the release of <i>Resident Evil 7 biohazard</i> in 2017.</p>	<h3>2021-</h3> <p>The game market expands from only a certain number of developed nations into countries all around the world due to the popularization of the PC platform. Using our abundant IP assets and product development capabilities, we are seeking even further growth as a global corporation.</p>
<p><b>2012</b> Released <i>Dragon's Dogma</i>.</p> <p><b>2015</b> Concluded a comprehensive partnership agreement regarding community revitalization with Kofu, Yamanashi Prefecture through <i>Sengoku BASARA</i>.</p> <p><b>2016</b> Completed construction of the new R&amp;D Building #2 in Osaka City. Strengthened the structure for title development.</p>	<p><b>2017</b> Released <i>Resident Evil 7 biohazard</i>, which has sold a cumulative total of 13.3 million copies to date.</p> <p><b>2018</b> Released <i>Monster Hunter: World</i>, which has now sold a cumulative total of more than 25.3 million units, the first title to do so in Capcom's history. <small>*Includes Monster Hunter World: Iceborne Master Edition</small></p> <p><b>2020</b> <i>Resident Evil</i> becomes first Capcom series to top 100 million units sold.</p>	<p><b>2023</b> Released <i>Street Fighter 6</i>. Currently working to grow sales worldwide through esports integration. Celebrated our 40th anniversary on June 11, 2023.</p> <p><b>2024</b> Released <i>Dragon's Dogma 2</i>. <i>Monster Hunter</i> series tops 100 million units sold.</p>

### Capcom and Entertainment Culture

**1988**  
CP System

Through leveraging our proprietary, high-performance circuit board we were able to captivate game players with exquisitely depicted, immersive game worlds of the highest quality, allowing us to produce one hit after another in both the arcade and home video game markets.

**1991**  
*Street Fighter II* becomes a major hit

The game became a sensation in arcades across the country, establishing the fighting game genre. In 1992, a national tournament was held at the Ryogoku Kokugikan in what might be called the first ever esports tournament.

**2002**  
Multi-media roll out of Capcom IP starts in earnest

The Hollywood film adaptation of *Resident Evil*, along with the animated TV show and movie adaptations of the youth-orientated *Mega Man Battle Network*, marked the beginning of Capcom's foray into branding game-based content.

**2007-**  
Cooperative gameplay becomes standard

In 2007, *Monster Hunter Freedom 2* became the first game in the series to top a million units sold. Since then, the title has become synonymous with hunting games.

**2018-**  
Capcom officially entered esports, a new form of entertainment

In 2018, Capcom established a dedicated department to promote the spread of esports with measures such as launching new competitions for pros and amateurs.

**2021-**  
Acceleration of digital game sales

Against the backdrop of the global expansion of the PC platform, digital sales of game software are accelerating. Our extensive library of games developed over the past 40 years is available in over 230 countries and regions around the world.

# Utilizing iconic content (IP) to produce countless hit titles

In the more than 40 years since our founding, our eagerness to take on new endeavors has given birth to countless popular brands. These brands have garnered massive followings both domestically and overseas.



## STREET FIGHTER™

Street Fighter series

Total number of units sold (Fiscal year ended March 31, 2024)

**54** million



CAPCOM Pro Tour 2023

→ Effectively Leveraging IP, p.11



## BIOHAZARD RE:4

Resident Evil series

Total number of units sold (Fiscal year ended March 31, 2024)

**157** million



CG Movie

Resident Evil: Death Island

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→ Effectively Leveraging IP, p.11



## ROCKMAN 11

Mega Man series

Total number of units sold (Fiscal year ended March 31, 2024)

**41** million



Leveraged brand in merchandise, apparel, etc.

→ Effectively Leveraging IP, p.11

## MONSTER HUNTER RISE SUNBREAK

Monster Hunter series

Total number of units sold (Fiscal year ended March 31, 2024)

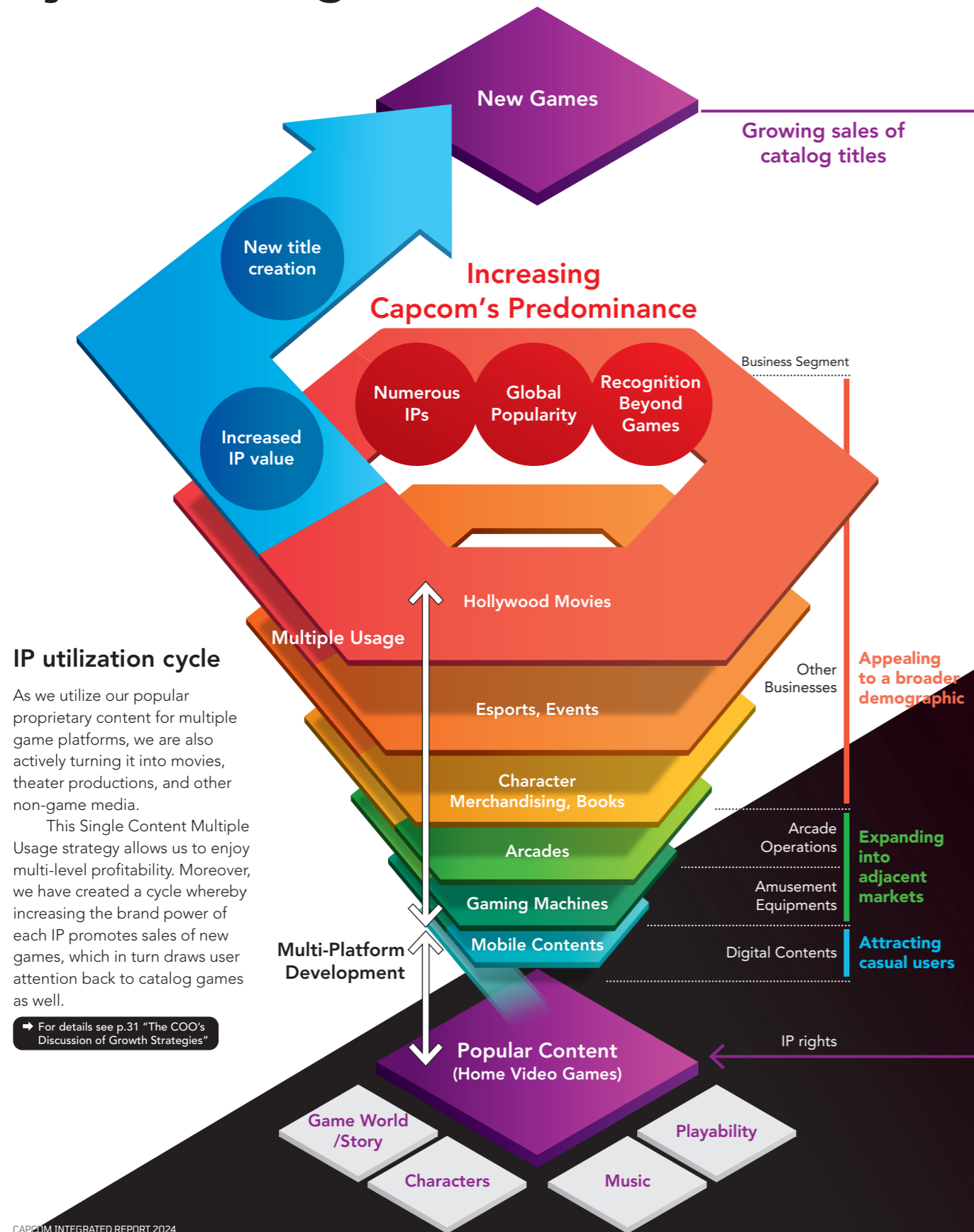
**100** million



Monster Hunter 20th Anniversary - Monster Hunter Grand Exhibition -

→ Effectively Leveraging IP, p.11

# The Single Content Multiple Usage strategy promotes game sales by maximizing the value of our IP



## Example of Single Content Multiple Usage

Released June 2022

Latest title  
**Monster Hunter Rise: Sunbreak**

Total **8.42** million units sold  
(As of June 30, 2024)



Released March 26, 2021

Existing title  
**Monster Hunter Rise**

Total **15.45** million units sold  
(As of June 30, 2024)

# Contributing to a sustainable society utilizing our traits as a game maker

With the rise in popularity of esports and the WHO's international recognition of gaming disorder, in recent years gaming has transcended the framework of simple entertainment and is now recognized as content with a profound social impact. At Capcom, we believe that sustainable growth is achieved by delivering social and economic value, while at the same time building healthy relationships with stakeholders from the perspective of a game publisher. This entails tackling social issues through our business activities, such as training a workforce capable of succeeding on the global stage, and the creation of new markets.

We believe that the principle of Sustainable Development Goals (SDGs), namely that "all cultures and civilizations can contribute to sustainable development," and our own management philosophy, which is that we are "creators of entertainment culture that stimulates your senses," are closely related. As such, in order to realize both sustainable economic growth and a sustainable society, we will address four priority initiatives based on our fundamental policy for sustainability and work to contribute to the development of social sustainability.

## Sustainable Development Goals (SDGs)

SDGs are 17 goals that were adopted by the over 150 member countries of the United Nations at the United Nations Sustainable Development Summit held in September of 2015 at the UN headquarters in New York. It was determined that in order to eliminate poverty and achieve a sustainable world, we must prioritize the realization of these 17 goals on a global scale.

➔ For details, please refer to the United Nations Information Centre "2030 Agenda" site.  
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



## Priority initiatives

### Securing and Training of Human Resources

We are working to secure and train outstanding developers based on our desire to captivate the world with our premier content.

To adapt to change and grow sustainably we have been strengthening human capital, starting with the revision to our remuneration system in 2022 and including the announcement of increased starting salaries for new graduate hires in 2023. We will continue to focus on recruiting diverse human resources, strengthening production capabilities, and improving engagement with employees. With these efforts, we are advancing our human resources investment strategy in preparation for further growth opportunities over the next 10 years.

Relevant SDGs



### Promoting Diversity

In response to changes in the business environment, we are making investments in securing and developing diverse human resources, including hiring and evaluating employees regardless of their gender, nationality, or age. With the globalization of the game player population, diversity in game developers is becoming even more important. For that reason, we have been promoting diversity and working on building a workplace where women and foreign nationals can excel.

Relevant SDGs



### Development of Solid Relationship with Society

Following our management philosophy, we are actively working to resolve common issues facing society as a good corporate citizen. Particularly, these efforts focus on prohibition of discrimination, respect for human rights, assistance for vulnerable children living in poverty, contributions to regional revitalization, and supporting the promotion of culture and technology. Additionally, we host company visits for children and provide outreach classes.

Relevant SDGs



### Enhancement of Corporate Governance

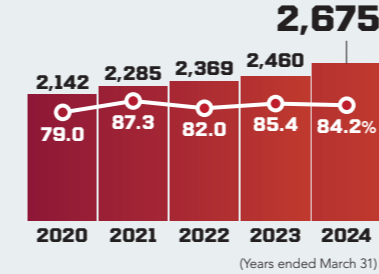
Recognizing its importance to management, we are working to strengthen corporate governance. In addition to ensuring the transparency, soundness, and legal compliance of management, we are also striving to ensure diversity of the Board of Directors and promoting opportunities for active participation by external directors to foster a management structure that is adaptive to environmental changes while improving the supervisory functions of the Board of Directors. Going forward, we will promote sharing and understanding of issues by adding and improving opportunities for discussions, such as meetings with external directors to exchange ideas, in an effort to further enhance governance.

Relevant SDGs



## Progress of initiatives

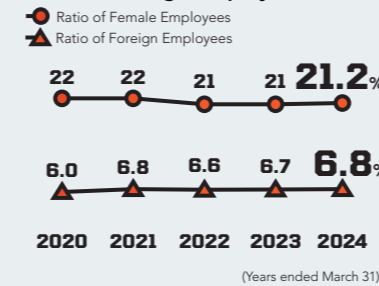
### Number of Developers (People) / Internal R&D Ratio (%)



We are working to secure and train outstanding developers to create amazing games that resonate globally. We are aware of how important bolstering our developer workforce is for expanding our pipeline and improving quality, and we therefore continue to hire approximately 150 new graduates each year.

➔ For details see p.45

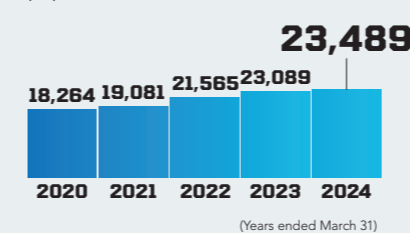
### Ratio of Female Employees / Ratio of Foreign Employees (%)



We focused on creating a comfortable work environment for employees from overseas by once again organizing discussions between foreign national employees and management last year, as well as by providing English-language internal announcements. As a result, the numbers for both women and foreign nationals continue to climb contributing to the creation of Capcom content.

➔ For details see p.56

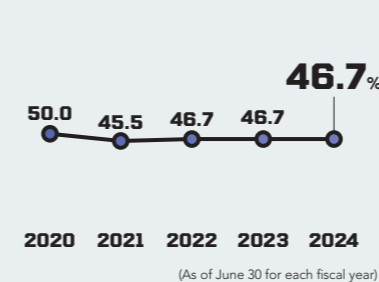
### Cumulative Number of Students Receiving Educational Support (people)



We began our educational support activities in 2005. After over 15 years, our efforts have gained a certain degree of recognition, and have provided many young people with learning opportunities, including gaming in a healthy manner. Since we adopted online outreach classes in the fiscal year ended March 31, 2022, we have been able to expand our activities to a broader region.

➔ For details see p.61

### Ratio of External Directors (%)



At Capcom, we strive to make management more transparent and visible, and have implemented various governance reforms to this end, such as the Nomination and Remuneration Committee. We proactively appoint external directors, and on March 31, 2024, external directors accounted for 46.7% of the entire board of directors. This ratio remained the same as of June 2024, as two retiring external directors were replaced by two newly appointed external directors.

➔ For details see p.65

## Results of initiatives in fiscal 2023

### Held various information sessions including state-of-the-company overviews for employees

In recent years, we have held various information sessions for employees, including business overviews of the company. These information sessions serve as channels for Q&A and discussions between employees and management concerning the drivers and challenges of the company's growth trajectory based on its management policy for the last decade. They are also platforms for open dialogue among all to better understand employees' needs and promote awareness of mental health management and harassment prevention, helping to create a comfortable work environment.

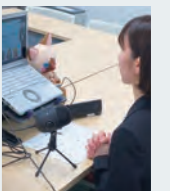
### Initiatives to build a more comfortable workplace

In 2023, we introduced a special leave program that foreign national employees can use to visit their home country, as well as a more inclusive "partnership system" that provides benefits fairly regardless of sexual orientation or gender identity. Further, we continued to hold open discussions between employees and management in order to better understand the needs of foreign national employees.



### Growing demand for online outreach classes

With the advent of online classes, we are expanding the reach of our activities, from schools on remote islands to those in other locations. The rate of online classes stood at 87.5% in the fiscal year ended March 31, 2024, 7.5 points higher than the previous fiscal year, indicating that even after the COVID-19 pandemic, online classes remain popular.



### Strengthening supervisory functions by external directors

In the fiscal year ended March 31, 2024, we worked to enhance the supervisory functions of the Board of Directors through meetings with external directors to exchange opinions and facilitate discussions among top management regarding medium- to long-term strategies, with the aim of enhanced mutual understanding and increased information sharing.



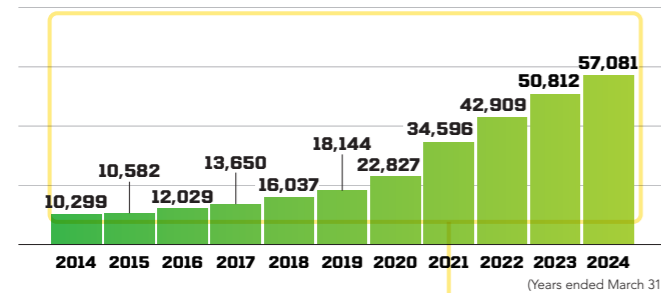


# Financial Highlights

## Operating Income / Operating Margins

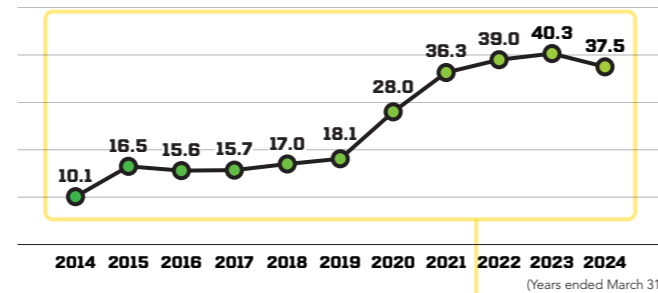
Operating Income (million yen)

**57,081** million yen  
UP 12.3% ↑



Operating Margins (%)

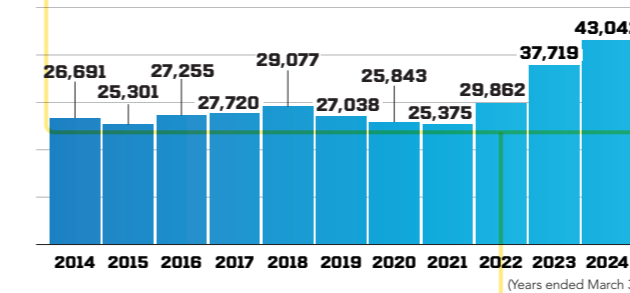
**37.5%**  
DOWN 2.8points ↓



In the fiscal year ended March 2011, we promoted profit structure reforms aimed at more efficient development investment. We promoted business restructuring by transitioning to in-house production and strengthened our digital sales strategy in response to rapid changes in the market beginning in the fiscal year ended March 2014. As a result, from the following year onward we have achieved 11 consecutive years of increased operating income with measures such as improving the highly profitable digital sales ratio in our Consumer sub-segment. In fiscal year ended March 2024, we increased profit 12.3% over the previous fiscal year, marking our seventh consecutive year of record operating income. This was due to new major hit titles, such as *Street Fighter 6* and *Dragon's Dogma 2*, and the growth of catalog titles centered on major game series, in addition to the fact that the highly profitable digital sales trend continues to grow.

## R&D Investment Costs (million yen)

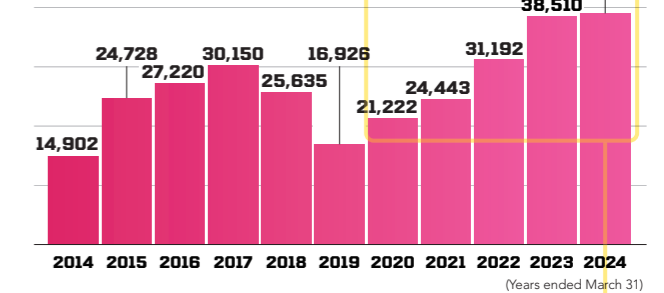
**43,042** million yen  
UP 14.1% ↑



We believe the generation of creative and original content is our source of growth, thus approximately 90% of our annual development investments are allocated to the Digital Contents business. At Capcom, we have been able to streamline development by building a cutting-edge development environment and through increased employee utilization rates, but we expect R&D investment costs to increase going forward as we proactively invest in human resources with an eye on sustainable medium-to-long-term growth.

## Balance of Work in Progress for Game Software (million yen)

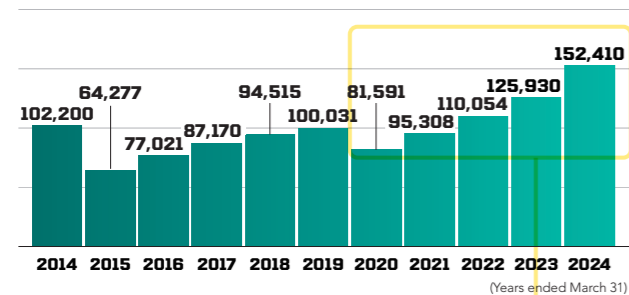
**39,035** million yen  
UP 1.36% ↑



There was a decrease in the fiscal year ended March 2014 due to the release of major titles, but since the fiscal year ended March 2015, it has been on the rise as a result of pipeline expansion. In addition to the release of major titles in the fiscal year ended March 2019, reassessment and closing of overseas studios resulted in a significant decrease. However, since the fiscal year ended March 2020, the amount is increasing due to work on major titles we will continue to release in upcoming fiscal years.

## Net Sales (million yen)

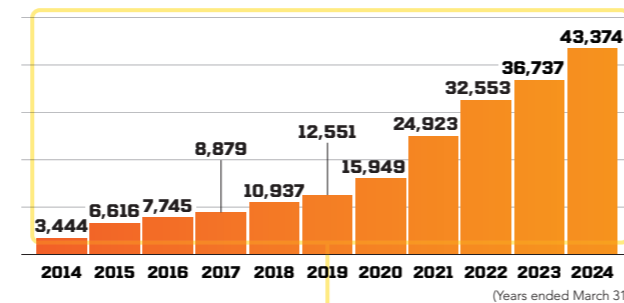
**152,410** million yen  
UP 21.0% ↑



After achieving net sales of 100 billion yen in the fiscal year ended March 2014 for the first time, sales declined in the fiscal year ended March 2015 with the sharper focus on highly profitable titles in the Consumer sub-segment. In addition, the decline in revenue in the fiscal year ended March 2020 over the previous year was due to lowered unit prices accompanying digitalization. However, in recent years, we have been experiencing stable growth as the Consumer sub-segment continues to release multiple major titles each year.

## Net Income Attributable to Owners of the Parent (million yen)

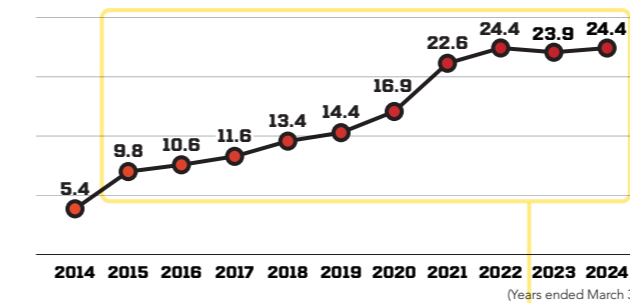
**43,374** million yen  
UP 18.1% ↑



In the fiscal years ended in March 2014 respectively, (1) structural reforms to the Amusement Equipments business, (2) development structure revisions in line with enhanced digital sales in the Consumer sub-segment and (3) strengthened Mobile sub-segment management capabilities in line with organization integration resulted in special losses on restructuring and business restructuring expenses. From the fiscal year ended March 2015, net income increased 11 years in a row in step with operating income, due to the benefits from structural reforms beginning to manifest.

## Return on Equity (ROE) (%)

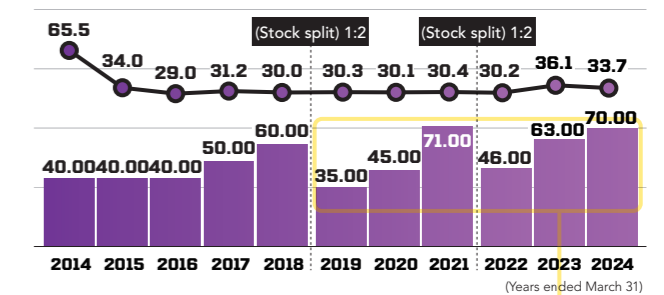
**24.4%**  
UP 0.5points ↑



In the fiscal years ended March 2014, ROE was lower due to decreases in net income from the recognition of special losses on restructuring and business restructuring expenses. However, from the fiscal year ended March 2015, we have maintained a high ROE level following the elimination of special losses and improved profitability mainly due to digitalization.

## Dividend per Share / Dividend Payout Ratio

Dividend per Share (yen) | Dividend Payout Ratio (%)  
**70.0** yen | **33.7%**  
UP 11.1% ↑ | DOWN 2.4points ↓



(Note) With effective dates of April 1, 2018 and April 1, 2021, Capcom performed a 2-for-1 stock split of its common stock. For the years ended March 31, 2018 and earlier and the years ended March 31, 2021 and earlier, dividends paid show the actual amounts prior to the stock split.

Since the fiscal year ended March 2017, the dividend policy has been changed from Capcom's long-standing policy of maintaining stable dividends to maintaining a consolidated payout ratio of 30% and to strive for stable dividends. The payout in the fiscal years ended March 2019 and March 2022 were reduced due to stock splits, but substantially dividends increased, and we were able to maintain our unbroken record of paying out dividends since listing publicly.

# Market Analysis

## Market Trends

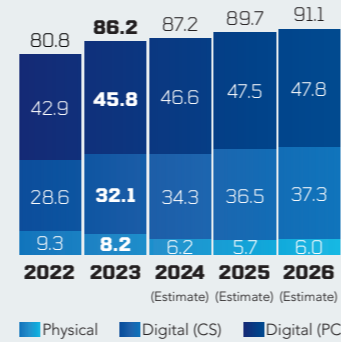
### Consumer Market (Physical + Digital)

The consumer market (physical + digital\* including PC) in 2023 increased year on year to 86.2 billion dollars (6.7% increase). Despite a decrease in physical sales, as digitalization continues to advance globally, digital sales, including on the PC platform, continue to grow, while the highly profitable digital market accounts for 90.4% of the consumer market.

In 2024, the consumer market is expected to increase to 87.2 billion dollars amid steady growth of digital sales, offsetting physical sales that continue to decline. In the medium term, we see the game market expanding in the developing regions of Southeast Asia, South America, and Eastern Europe and new game delivery methods such as streaming and subscriptions growing. As such, we expect the market to grow to 95.2 billion dollars by 2028. We also expect continued growth in the mobile market.



Consumer Market (billion U.S. dollars)



\* Source: International Development Group

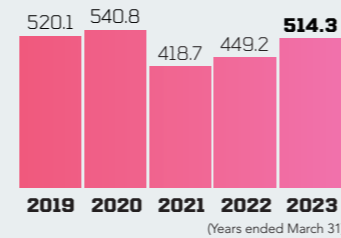
### Arcade Operations Market

The domestic arcade facilities market showed signs of a recovery from the downturn caused by the COVID-19 pandemic during the previous fiscal year (ended March 31, 2023) rising to 514.3 billion yen (up 14.5% from the previous year). The total number of facilities were 7,022 (down 30.2% from the previous year), and annual sales per store were 73.24 million yen (up 64.0% from the previous year).

In the fiscal year under review (ended March 31, 2024), with COVID-19 reclassified as a Class 5 infectious disease in Japan (the same category as the seasonal flu), economic activities have recovered to pre-pandemic levels. As for the outlook for the next fiscal year (ending March 31, 2025), the market is expected to remain at a high level given that families will resume their pre-pandemic lifestyles and demand from inbound tourism remains favorable.



Arcade Operations Market (billion yen)



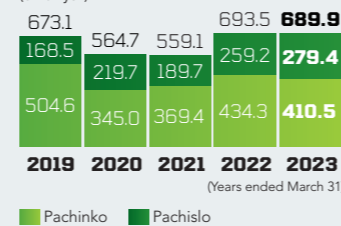
\* Source: JAMMA "Survey on the Amusement Industry"

### Gaming Machines Markets

In the previous fiscal year (ended March 31, 2023), the gaming machines market experienced a downturn, falling to 689.9 billion yen. This was attributed to diminishing demand for replacements with new regulation-compliant machines since fiscal 2021. On the other hand, business performance saw a recovery in the pachislo market with the launch of a new 6.5 version pachislo machine and Smart Pachislo in November. In the fiscal year under review (ended March 31, 2024), both the 6.5 version pachislo machine and Smart Pachislo have encouraged hall operators to invest in the pachislo field. However, the poor performance of smart pachinko machines has affected operators' desire to invest. Currently, pachislo machines outnumber pachinko machines, which may lead to an increase in the installation ratio. As for the outlook for the next fiscal year (ending March 31, 2025), Smart Pachislo is expected to continue as the center of investment interest by hall operators.



Gaming Machines Markets (billion yen)



\* Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2023); Yano Research Institute Ltd.

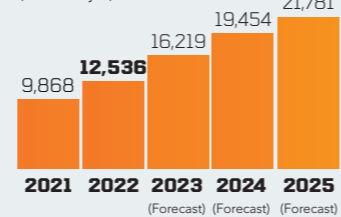
### Esports Market

The size of Japan's esports market in 2022 was 12,536 million yen (up 27.0% year on year), as the market grew significantly with the establishment of online events amid the COVID-19 pandemic. Moreover, the increase in online events contributed to the accelerated growth.

The market grew to 16,219 million yen (up 29.4%) in 2023, with event management, including B2B, a revenue source with strong expectations, and it is expected to reach 21,781 million yen by 2025.



Size of Japan's esports market (millions of yen)



\* Source: Japan esports Union (JeSU)  
\* Japan esports White Paper 2023\*

## Major opportunities and risks (Opportunity ● Risk ◇)

## Addressing major opportunities and risks

- Creation of highly competitive products using new technology
- More channels for product distribution with the appearance of new platforms
- Expanded product buyers through technological innovation
- Expanded number of sales regions using digital distribution
- Achievement of extended product life cycles through digital sales
- Reduction of the used market due to penetration of digital sales
- ◇ Rising development costs with the emergence of new technologies and improvements in hardware capabilities
- ◇ Development delays
- ◇ Dependence on popular series and scarcity of hit titles
- ◇ Platform adoption trends
- ◇ Changes in user purchasing trends with the next generation of platforms
- ◇ Risks due to a country's politics, culture, or religion
- ◇ In-game purchases becoming a social issue
- ◇ Information leakage

- Focusing on improving quality and efficiency while reducing development costs by building our own development engine and enhancing our development team
- New customer acquisition through a steady release of new major titles, creating new IPs, and the Single Content Multiple Usage strategy
- Diversifying profit risk through multi-platform development and strengthening PC platform development to hedge against dedicated console trends
- Lengthening product life of games with increased digital sales rates and increasing unit sales through pricing strategies
- Developing sales approaches to meet local needs and localization by an in-house team of experts
- Monetizing without incentivizing in-game purchases
- Establishing the Information Technology Security Oversight Committee, receiving instruction and advice, and implementing various preventative security measures

- Acquisition of new customers through multifaceted roll-out of stores including themed venues, merchandise specialty stores, VR experiences, etc.
- Increased awareness with new business formats and new technologies
- ◇ Popularity of machines
- ◇ Changes to the market environment due to the diversification of leisure activities and declining birthrate

- Acquisition of new fan demographic and increased awareness through multifaceted business developments, such as themed amusement venues, cafes, merchandise, and virtual reality (VR).
- Attracting customers using our home video game content and other assets

- Expanded sales volume by responding to regulations appropriately
- Development of machines using popular IPs created for home video games
- ◇ Non-compliance with model testing of pachislo machines

- Building a system to perceive regulatory trends that allows us to quickly respond to changes in regulations through membership in industry associations

- Expanded fan base from non-game players watching events
- Creation of new profit opportunities such as licensing rights to hold events and stream video
- Promotion of online tournaments that leverage game characteristics
- ◇ Reduced number of events due to COVID-19 pandemic
- ◇ Decreased enthusiasm for competition due to rampant cheating
- ◇ Competing with new titles from other companies

- Spread of online competitions
- Flexible adjustment of competition rules
- Continuous supply of new content with title updates

# Business activity achievements

## Business Overview

### Digital Contents

This business develops and sells digital game content for consumer home video game and PC platforms. It also develops and manages Mobile Contents. Using our world-class development environment, we deliver high-quality content digitally to more than 230 countries and regions, resulting in long-term and continuous sales that underpin our robust profitability.

➔ For details see p.79



## Operating Results for This Fiscal Year

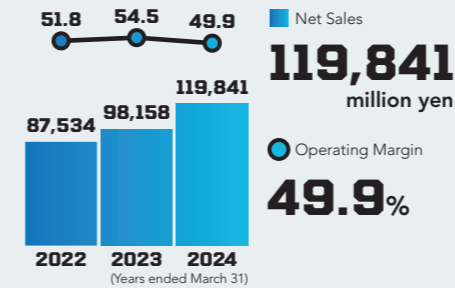
### Consumer (Physical + Digital)

- ◆ New titles *Street Fighter 6* and *Dragon's Dogma 2* were hits
- ◆ Growth in sequels including hit series such as *Resident Evil 4*, *Monster Hunter: World*, *Monster Hunter World: Iceborne*, and *Monster Hunter Rise: Sunbreak*

### Mobile Contents

- ◆ Focused on raising visibility of IP centered on *Monster Hunter Now* and other licensed titles

### Net Sales / Operating Margins



## Main Products for This Fiscal Year

### Street Fighter 6



Released in June 2023, *Street Fighter 6* marks the next installment in the hit series and first new release in seven years. The new Modern Control Type allows players to perform special moves without complicated button inputs and the game features innovative new approaches that appeal to a wide range of users. As a result, *Street Fighter 6* has won multiple awards around the world. With praise from the media and users both in Japan and abroad, we have seen a steady increase in the number of units sold, reaching 3.3 million worldwide.

### Dragon's Dogma 2



*Dragon's Dogma 2* represents the first completely new title in this open world action game series in 12 years, featuring exciting adventures set in a fantasy world of swords and magic. The game has sold 2.62 million units worldwide, having garnered praise for its vivid graphics created with Capcom's proprietary RE ENGINE, carefully constructed realistic fantasy world, and immersive action.

### Arcade Operations

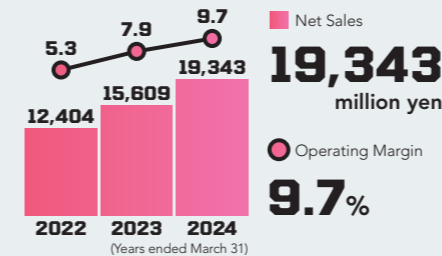
We operate amusement facilities, primarily Plaza Capcom arcades, in Japan. These arcades are predominantly in large commercial complexes. We have diligently followed a scrap-and-build policy to maximize our efficiency in arcade operations, and have been hosting various events designed to attract families and younger customers.

➔ For details see p.81



- ◆ Profits grew thanks to the recovery in economic activities following the designation of COVID-19 as a Class 5 infectious disease and to efficient business operations and the opening of stores in new business formats
- ◆ Customer traffic at stores has recovered to pre-pandemic levels, resulting in higher sales and profits. Same-store sales were up 14% year-over-year
- ◆ Opened Capsule Lab Harajuku Takeshita Street, a specialty capsule toy shop, in Tokyo's Harajuku area
- ◆ We opened four new stores, but closed no stores

### Net Sales / Operating Margins



### Capsule Lab Harajuku Takeshita Street Store



This store is a capsule toy shop that offers a wide variety of the latest toys. It is located on Takeshita Street in Harajuku, which is popular among young people and visitors to Japan.

### Amusement Equipments

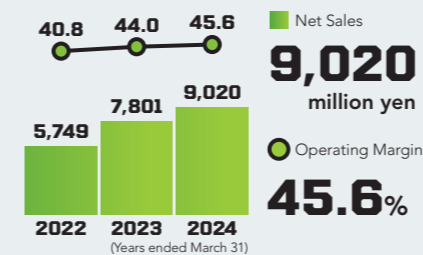
This business utilizes the content from our home video games. We focus primarily on the development, manufacture and sales of software, frames and LCD devices for gaming machines.

➔ For details see p.82

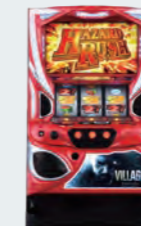


- ◆ Sold a total of 31,300 units of three models  
\*The number of units includes catalog sales.
- ◆ Expanded sales channels through e-commerce, resulting in increased sales and profits

### Net Sales / Operating Margins



### Smart Slot Resident Evil Village



This Smart Slot is based on the hit home video game *Resident Evil Village*, which has sold more than 9.8 million units. The machines started operations in January 2024 and have sold 10,400 units via e-commerce.  
\*As of March 31, 2024

### Other Businesses

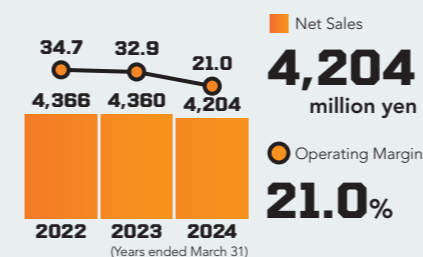
Based on our Single Content Multiple Usage strategy of leveraging game IP across different media, we pursue a variety of licensing business opportunities. In addition to adapting game content into movies, animated television programs, music CDs, character merchandise and other products as part of our licensing business, we are also devoting resources to our esports business.

➔ For details see p.83



- ◆ We diversified earnings by using IPs like *Monster Hunter* and *Resident Evil* in events and merchandise
- ◆ In licensing, we strengthened the link between visual media and merchandising with new game releases
- ◆ CG animated feature film *Resident Evil: Death Island* released worldwide in July 2023, enhancing brand value
- ◆ Capcom Pro Tour 2023, a series of esports tournaments that utilizes the hit *Street Fighter* series, offered total prize money of more than 2 million dollars, the highest in Capcom's history

### Net Sales / Operating Margins



### CG animated feature film Resident Evil: Death Island



A CG animated feature film based on one of Capcom's most popular games *Resident Evil* released worldwide in July 2023.  
©2023 CAPCOM / DEATH ISLAND FILM PARTNERS

# Aiming to increase Capcom's customers with individual strategies for regions and user groups

## Strategy by region

### Implementing measures to increase awareness of Capcom based on a global analysis of users

Capcom's games are sold in more than 230 countries and regions, and going forward, we will need to further cultivate our customers. Toward this end, we extensively research the game environment and needs of each country. For example, we are working to increase our fan base by increasing touch points through an approach tailored to the characteristics of each region. This includes increasing brand visibility through multifaceted initiatives such as setting appropriate prices and selecting sales channels in each region, as well as utilizing our IP in esports and movies, television shows, and other visual media.

Sales by region (thousand units) (fiscal year ended March 31, 2024)

	2020		2024	
	Sales	Share	Sales	Share
Total	25,500	100%	45,893	100%
N. America	9,000	35%	13,900	30%
Europe	6,000	24%	9,500	21%
Asia	4,000	16%	9,100	20%
Japan	4,050	16%	7,790	17%
Cen./South America	1,500	6%	4,450	10%
Oceania	350	1%	650	1%
M. East	150	1%	400	1%
Africa	40	0%	80	0%

\*Each fiscal year ended March 31st

### Unit sales of Capcom's home video game software by country

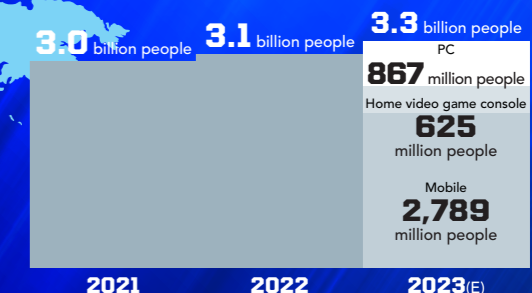
(fiscal year ended March 2024)

	2020	2024
More than 1 million	4 countries	8 countries
More than 100 thousand	15 countries	28 countries
More than 1,000	64 countries	71 countries
More than 100	46 countries	54 countries
Less than 100	86 countries	74 countries

\*Each fiscal year ended March 31st

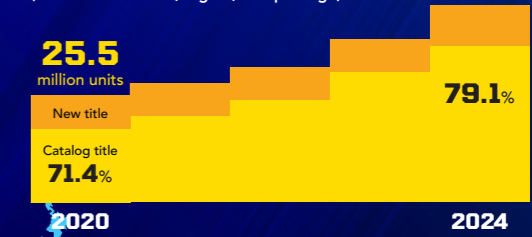
Can reach approximately **1.5** billion people who play games on PC/Home video game consoles

### Global game player population



\*Due to overlap between segments, the total exceeds the total market. \*E: Estimated  
\*Source: Newzoo Global Games Market Report, 2023. Free Version

### Capcom's worldwide game sales (includes Consumer, digital, and package)

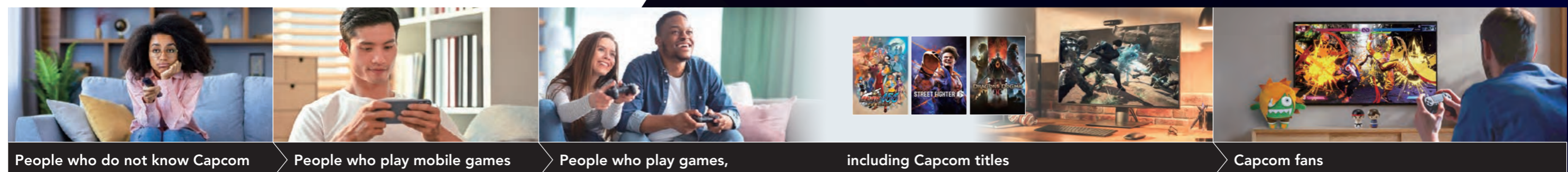


\*Each fiscal year ended March 31st

We sold **292** titles in **235** countries and regions, while extending our reach to **1.5** billion players

## Marketing strategy

### Nurturing Capcom fans through ongoing activities tailored to user groups

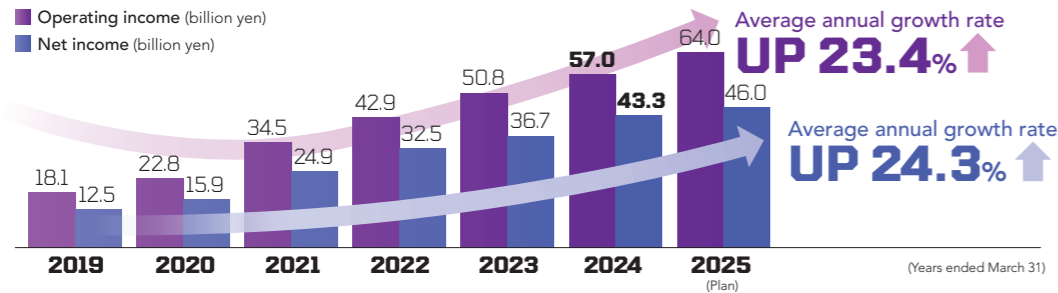


# Delivering entertainment to the world with the aim of 100 million units in annual game sales

We are significantly increasing sales of Consumer games by capitalizing on our medium- and long-term strategies, steadily paving the way for sustainable growth.



**Aim for annual operating income growth (10%), driven by enhanced sales digitally and globally**



Fiscal year ended March 31, 2024

**Medium-term**

**Focus on increasing sales of Consumer sub-segment catalog titles and strengthening sales globally**

Medium- to long-term growth



Annual sales **45.89** million units  
New titles **20.9%**  
Catalog titles **79.1%**

**Further improving unit sales and expanding our solid growth foundation**

Character, Mobile, Media + eSports  
**Increase awareness among a wide range of users**



**Long-term**  
**Bolster foundation for growth by generating synergies between the Consumer sub-segment and peripheral businesses**

Expanding game customer base through global selling and marketing strategies  
**Enhancing brand power**  
→ For details see p. 21

**Brand strategy**  
**Acquire new users**  
Appeal to a wide range of customers by increasing brand awareness

Character, Mobile, Media + eSports  
Pursuing synergy with Consumer + growth options

Consumer games  
**Focus on expanding in the PC and Consumer market of 1.5 billion people**

Promote digital strategy to reach annual sales of **100** million units  
→ For details see p. 26



**New Titles (Consumer)**  
Growth driver, source of long-term sales  
**Catalog Titles (Consumer)**  
Growth drivers and focus areas for growing sales

**Digital strategy**  
**Acquire and increase Capcom fans**  
Increase number of users in each country through long-term implementation of price policy

Stable earnings

Human resources investment and technological development

**Human resources strategy**  
**Increase pipeline of new titles**  
Promote expanding staff and technology growth  
→ For details see p. 45



**Kenzo Tsujimoto**  
Chairman and Chief Executive Officer (CEO)

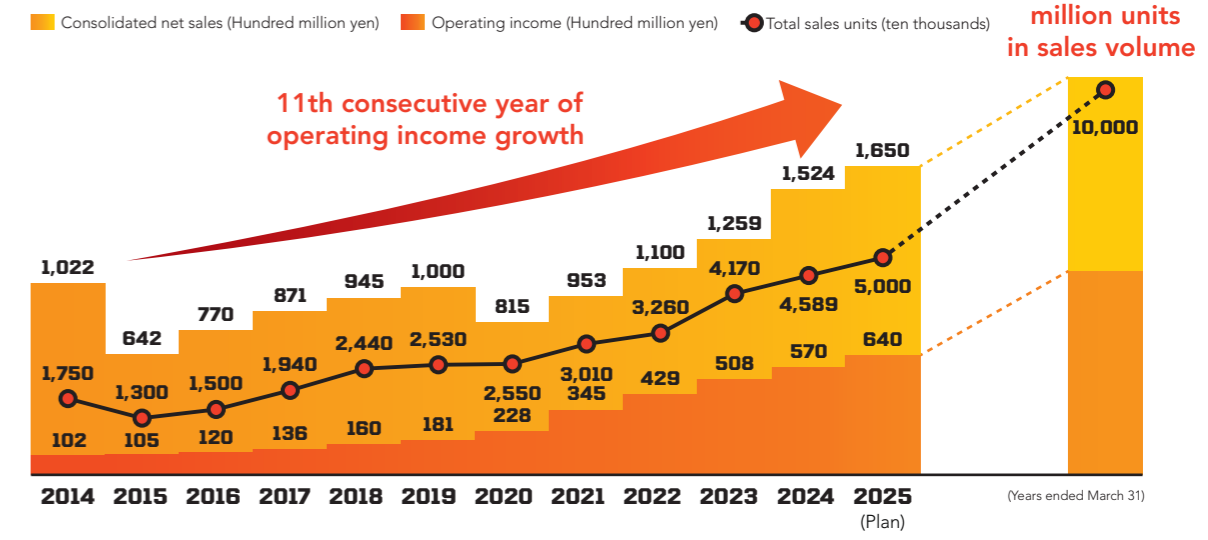
## Captivating the world with best-in-class entertainment

### Creating sustainable corporate value using our world-class development prowess and management foundation

Having celebrated our 40th anniversary in June 2023, Capcom capped off the fiscal year ended March 31, 2024 with our 11th consecutive year of increased operating income and record highs across all profit indicators for the seventh consecutive year. We are deeply grateful for the support of our stakeholders, including customers, shareholders, business partners, and especially, all our employees who remain committed to delivering the highest quality content to the world.

This year marks the beginning of a new decade for Capcom. Since the fiscal year ended March 31, 2020, the Capcom Group has set a management target of increasing operating income by 10% each fiscal year. We will continue to work toward achieving this target while sustainably enhancing corporate value based on our robust philosophy and strategy.

Capcom performance trend



# 1 Management Philosophy and Vision

The Capcom Group's management philosophy is "creating an entertainment culture through the medium of games by developing highly creative content that excites and stimulates your senses," which has remained unchanged since our founding. I believe that games are a luxury item, not a necessity—which is precisely why we must maintain world-class brands that captivate users. My thinking regarding this has not changed since I jumped into the entertainment industry more than five decades ago, and these values are now ingrained in Capcom's corporate culture; under the slogan "From Osaka, to the World," each and every Capcom employee takes pride in always striving for the top.

Driven by our philosophy and values, in the decade to come Capcom aims to continue captivating people around the world with our best-in-class content.

We possess numerous original IP, and what sets us apart is our ability to leverage these and deliver the best game content with our advanced development and technological capabilities. People around the world are enthralled by their time playing and experiencing our content. My vision is to create this kind of passion. These efforts will also contribute to the richness and excitement of people's lives.

To that end, we want as many people as possible around the world to play our games, and we have set a long-term goal of selling 100 million units per year. In the fiscal year ended March 31, 2024, we achieved our ninth consecutive year of year-on-year unit sales growth, reaching 45.9 million copies. As a first step, we plan to reach 50 million annual unit sales in the fiscal year ending March 31, 2025.

scope of penetration and further increasing the user base is what we will aim for as the next level and the next growth driver.

Second is to rebuild and strengthen the business structure underpinning our sustainable growth. As a foundation for promoting the next growth driver, it is essential to rebuild and strengthen this structure, including stepping up

investment in human resources and strengthening the development system and capital investment.

Lastly, we must continue to build healthy relationships with our stakeholders. As we move up as a company, we will focus even more on forging relationships rooted in our social responsibilities.

Below, I will go into detail on these three points again in order.

# 2 Management strategy

As I mentioned, we are unique because we have (1) numerous popular IP that are globally established brands, and (2) development and technical capabilities to continuously produce the world's highest quality games. These two points have been and will continue to form Capcom's foundation.

## Key policy over the trailing decade

Until the mid-2010s, we had to contend with a business structure where annual performance greatly fluctuated depending on if we released major new titles. This led us to position the establishment of a corporate structure that can secure stable profits as a top priority. Toward this end, we promoted a shift to a business model that focuses on digital sales rather than physical sales. This shift to digital sales has allowed us to sell our content globally for a longer period of time, as well as made it possible to pursue more flexible pricing. As a result, our games are now available to a wider audience around the world. Digital sales do not incur manufacturing costs, and since development costs are typically amortized for catalog titles after a certain period of time following their release, digital sales of catalog titles have increased profitability and become a stable source of profit.

At the same time, we have been focusing on (1) providing content to personal computer (PC) platforms in addition to home console (Consumer) platforms, and (2) analyzing sales data. PCs are globally ubiquitous, and we believe that they are a core platform for delivering digital content to gamers

worldwide. With improved support for PCs, our sales have expanded to more than 230 countries and regions. In addition, we have centralized management of worldwide sales data, analyzed trends, and used this data to plan marketing measures and simulate future sales volumes.

The success of these initiatives has led us to achieve 11 consecutive years of increased operating income, stabilize our management foundation by improving profitability, and achieve sustainable growth. As a company, we have been able to move up to the next level. The business model that we have built up over the past decade will continue to be our base guideline going forward.

Finally, the reason why we are able to grow sales worldwide over long periods of time is because of our top-tier games that enjoy global brand recognition, which is closely linked to our uniqueness. This is an advantage distinctive of the Capcom Group and a source of pride.

## Key policy for the next decade

What do we aim to achieve over the next decade? I would like to take the company to the next level.

First is the penetration of our brand to every corner of the world and the expansion of our user base. Although our games are sold in more than 230 countries and regions, there are still many regions where the number of units sold and the number of users is small. For this reason, we cannot say that our IP brands or corporate brand have penetrated there. We believe that expanding the

# 3 Brand penetration and user expansion to every corner of the world

## Strengthening localized approaches to marketing

In order to further penetrate our brand, it is necessary to take a detailed look at the global market and understand the characteristics of each country and region. In order to understand what sorts of potential users exist there, and how to make them fans of our brand, we need to identify what products, prices, sales channels, and promotional measures are effective.

To this end, it is important to further deepen the analysis of sales and market data points, link the knowledge gained to specific measures and actions, and to verify their effectiveness. By iterating this cycle, we will improve the accuracy of marketing.

## Investment in movies

Investing in and utilizing movies is another area that I would like to strengthen in order to further penetrate the brand. Movies and videos can convey the world and story of games more quickly and easily than games themselves. Even for those who have never played our games, movies adapted from our IP serve as a gateway to a wider audience.

Going forward, we will actively invest in the production of movies and videos from our IP and increase the number available worldwide.

# 4 Rebuilding and strengthening the business structure underpinning sustainable growth

## Investment in our people

The most important thing to support sustainable growth is to step up investments in our people. Based on this policy, we have been advancing a human resource investment strategy in recent years.

As a precursor to this, in April 2022, we revised our remuneration system, established the new position of CHO, reorganized our HR-related operations, and implemented various reforms, including boosting compensation. In order to further enhance morale and the motivation of our employees to contribute, we will maintain a focus on management while securing and fostering talent and further developing a comfortable working environment.

## Development system and capital investment for addressing the evolution of gameplay

The highest standards of technology are essential to create the world's most entertaining games. I have

been constantly aware of this fact over the course of my 50 years working in the industry, which itself is ceaselessly evolving. We are actively investing in development, and we are equipped with the world's most advanced development facilities and environment both inside and outside our offices.

In order to continue to develop games of the highest quality, it is essential to build systems that are always at the forefront and can adapt quickly to new technologies and services. It is also important to expand workspaces in development to provide a comfortable environment for creators. We will continue to invest in such development systems and facilities.

## Development of our medium-term lineup

While increased catalog title sales has been a growth driver for the Capcom Group, this has in turn been fueled by new title releases of superior quality. In

order to maintain sustainable growth, it is critical to have a stable and strategic supply of new titles.

We have been managing our lineup by operating the 60-month map, a medium-term title portfolio map, for some time. In turn, we are developing and strengthening the lineup while exchanging opinions on the pros and cons of the title portfolio in management, development, and our businesses. Additionally, we aim to strengthen the pipeline needed to realize the lineup in conjunction with the aforementioned investment in human resources and development.

### Strengthening the corporate governance system

A sound corporate governance system is also essential to achieve sustainable growth over the next decade. To this end, we will continue to strengthen the structure of the Board of Directors and improve its effectiveness. In addition to appointing one new female director at the General Meeting of Shareholders in June 2024, the Company is also striving to secure directors with skills in areas such as international business in order to expand our business globally and grow the company in the future. We will continue to strengthen our management base and incorporate diverse perspectives into our Board of Directors, aiming for a system that enables sustainable growth and appropriate supervisory functions.

In addition, securing external directors and expanding opportunities for their participation are essential for improving the effectiveness of the Board of Directors. At the General Meeting of Shareholders held in June 2024, we reviewed the remuneration

system for executive directors to enhance performance-linked remuneration and introduced a new stock-based remuneration system. This has been discussed through the Nomination and Remuneration Committee, which is comprised of a majority of external directors, and through meetings to exchange opinions between internal directors and external directors. Going forward, we will continue to strengthen the supervisory function of the Board of Directors by enhancing opportunities and securing appropriate external directors according to the stage of the company.

Furthermore, I require that materials (documents) used for decision-making are, in principle, quantitatively focused; in other words, we are employing management visualization to conduct integrated management. By presenting in numbers rather than words, arbitrariness and assumptions are eliminated, it is easier to find problems, and it is possible to have a dialogue with external directors and employees using a common language.

In this way, it is also the duty of founding managers to provide an understanding of the system that they have created, as well as the know-how and experience they've cultivated as a manager, to their successors and enable them to execute on it. Through training my successor and enmeshing our management philosophy with well-structured corporate governance, we will continue to achieve sustainable growth.

In addition, strengthening our risk management system is also an important issue in corporate governance, and we are making preparations to build an appropriate system.

## 5 Building healthy relationships with stakeholders

### Sustainability initiatives For details see pp.51 to 62

As the company grows, I feel that social expectations for us are also rising. I believe that meeting such expectations will lead to healthy relationships with stakeholders, which in turn will lead to an increase in corporate value and sustainable growth as a company.

Therefore, based on the targets for creating a sustainable society set forth in the SDGs, we will actively work to solve common environmental and social issues.

#### 1. Considerations for the environment

We have been working to reduce our environmental impact through our business activities. This includes focusing on digital sales earlier than other companies. We believe that addressing environmental issues such as climate change is a matter on which people worldwide should cooperate. With this in mind, we are striving to reduce CO<sub>2</sub> emissions by actively introducing renewable energy at our business sites.

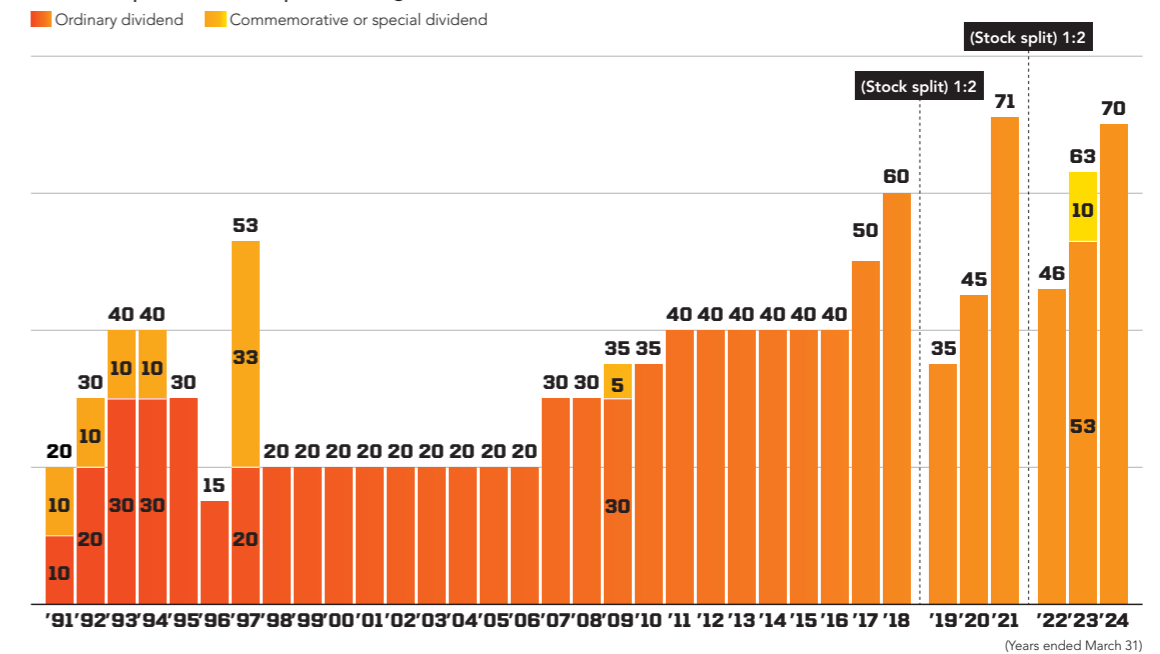
Although the business of selling digital content like ours has a lower environmental footprint than other industries, we will continue to promote initiatives that lead to environmental conservation.

#### 2. Information security

As a company that handles data, it is also important to protect the value and rights related to it. As part of our global branding promotion, we continue to take measures such as detecting and deleting pirated and illegal videos on the Internet on an ongoing basis. In recent years, with the spread of digital network technology, it has become essential to take measures against various cyber risks in Japan and overseas. Capcom has established the Technology Security Oversight Committee, an external advisory organization, to maintain and strengthen our information security system based on the PDCA cycle.

## Rewarding long-term shareholders with 34 consecutive years of returns since Capcom's listing and record-high dividends

Dividends per share since public listing (yen)



(Note) Two-for-one stock splits took place dated April 1, 2018, and April 1, 2021. The dividends prior to each reference date are listed as the dividends on the stocks prior to the split.

### 3. Social contribution activities

In addition to our business activities, we aim to realize a better future by fulfilling our corporate social responsibilities through various initiatives. For this reason, we use a certain percentage of our consolidated operating income as a source of funds to actively engage in social contribution activities.

We provide various donations to aid social welfare, and in support for local, cultural, technological, and athletic promotion, plan to exhibit *Monster Hunter Bridge* at Expo 2025 Osaka, Kansai, Japan, united under the slogan, "From Osaka, to the World." Through sustainability initiatives such as this, we aim to create a world where all people can enjoy games with peace of mind.

### Returning profits to shareholders

I have been managing Capcom since its founding 41 years ago with the conviction that we should reward our long-term shareholders with consistent dividend increases while steadily growing the company. For this reason, we consider the return of profits to shareholders to be one of the most important management issues, and determine dividends after

giving consideration to future business development and changes in the operating environment.

Our policy for shareholder returns is: (1) enhance corporate value (market capitalization) through investment in growth, (2) strive to provide regular dividends with a basic policy of a 30% consolidated payout ratio

In addition, we will take a flexible approach in determining share buybacks.

Regarding the dividend for the fiscal year ending March 31, 2025, we executed a two-for-one stock split at the beginning of the fiscal year and plan to pay a full-year dividend of 36 yen per share. Going forward, we will continue to strive to return profits in a stable manner in line with the growth of the company.

This concludes my discussion of the key points for sustainably enhancing Capcom's corporate value over the next decade. As a senior executive with many long years of experience in the game industry, my goal is to increase market capitalization and achieve greater corporate growth in order to continue meeting the expectations of Capcom shareholders, investors, and all other stakeholders.

Kenzo Tsujimoto  
Chairman and  
Chief Executive Officer (CEO)







COMMITMENT

## Sustaining our digital strategy and aiming for annual software sales of 100 million copies as we grow the Capcom fanbase.

Last year, Capcom celebrated its 40th anniversary. This fiscal year marks a new start for the decade ahead. I would like to once more extend our appreciation to our stakeholders for your support.

As stated by our CEO, we began our digital strategy in earnest during the mid-2010s with the aim of expanding global sales of our content and establishing a stable revenue base.

Until that point, game publishers had primarily provided physical disc-based content to game users via retail stores. However, the following restrictions hindered the global expansion of this disc sales model: the limited number of products that can be placed on the shelves, the inability to sell games over the long term because products are replaced within a few months, and the fact that in some countries, retailers take control of the sales price, making it difficult to conduct price promotions. There were also costs associated with anti-copying and anti-piracy measures. To overcome these challenges, we have shifted our focus to digital sales, with our content now reaching more than 230 countries and regions. In addition, our profit structure has shifted away from a hit-driven business model dependent on sales of new titles toward a stable foundation based on sales of catalog titles, leading us to achieve our 11th consecutive year of operating income growth in the fiscal year ended March 31, 2024.

To sustain this growth in the game market over the next decade, we need to further strengthen not only our development system, but also our sales and marketing systems. I am convinced that by consistently producing world-class content, raising brand awareness, and increasing the number of Capcom fans, we will be able to achieve our long-term goal of annual software sales of 100 million copies.

Increasing the number of people who enjoy our content is also in line with our corporate philosophy, which is that we are "creators of entertainment culture that brings you smiles and stimulates your senses."

### Growth strategy

## Digital strategy acceleration

- 1 Our Measures Thus Far**  
– Grow markets globally with digitalization –
- 2 Looking at the Next 10 Years**  
– Accelerate sustainable growth with better marketing –

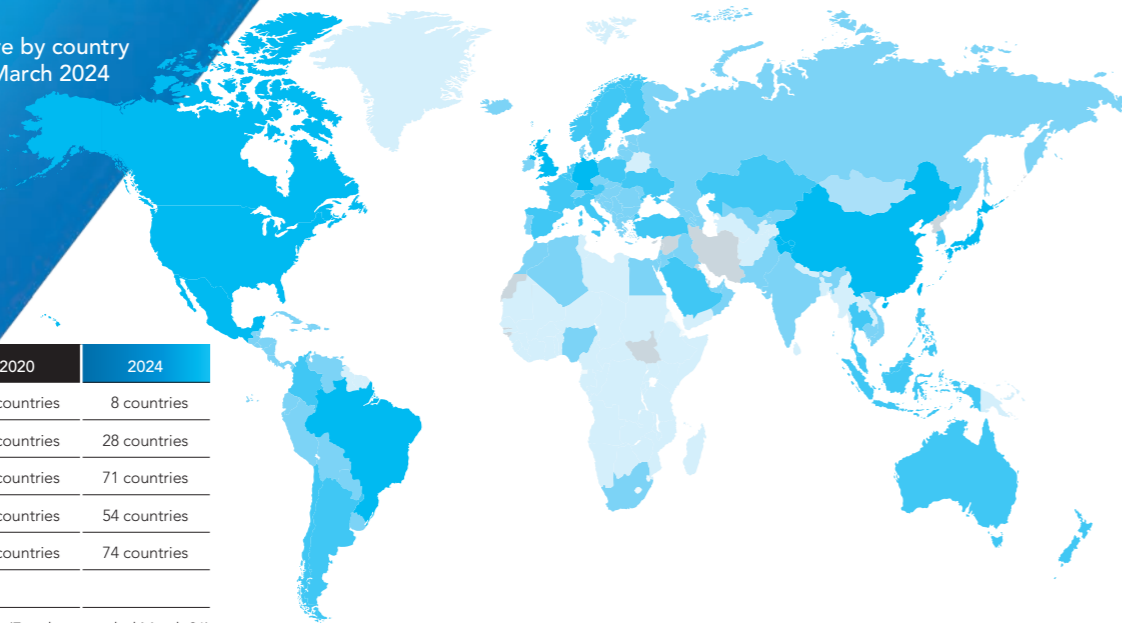


Unit sales of home video game software by country for the fiscal year ended March 2024

292 titles in 235 countries and regions

	2020	2024
More than 1 million	4 countries	8 countries
More than 100 thousand	15 countries	28 countries
More than 1,000	64 countries	71 countries
More than 100	46 countries	54 countries
Less than 100	86 countries	74 countries
No data		

(Fiscal year ended March 31)



# 1 Our Measures Thus Far

## – Grow markets globally with digitalization –

### Changing market landscape

In the era when disc sales were the mainstream, the primary markets were the major developed countries in Europe and North America, with established gaming cultures, where game content was mainly played on dedicated game consoles.

The evolution of game consoles and the spread of the Internet have made it possible to play online and cooperatively with others over long distances, as well as to sell game content digitally through downloads. As a result, game content can be sold over the long term even if it has been on the market for many years, without being affected by retail store operating hours or sales floor space, enabling game publishers to take the initiative in developing pricing policies.

### Stepping up our support of the PC platform

Within our Digital Strategy, we have also focused on expanding our support for the PC platform. Since the distribution of dedicated game consoles is inevitably limited to major developed countries with advanced infrastructures, we decided to proactively offer our content on the PC platform in order to acquire more users, as this platform allows us to appeal to customers in emerging countries as well. As a result, we now sell our game content in more than 230 countries and regions, far exceeding the market for conventional game consoles.

Currently, the PC version accounts for nearly

50% of our software sales, but our analysis shows that there is still room for growth, especially in emerging countries.

### Data-driven pricing strategy

As I mentioned, the digitalization of game sales has made it possible for game publishers to take the initiative in pricing policies. Thanks to our early shift to digital sales, Capcom has accumulated a vast amount of sales data on which titles sold, at what price, and in what countries in our database. We have spent several years reorganizing this sales data and are now in a position to use it in our future marketing strategy.

Our basic pricing policy, which is only a general rule of thumb, is to sell titles at approximately 60 to 70 dollars at their release, and then gradually lower the price according to market value, eventually dropping to the 5 or 10 dollar level. We are not just looking for results in a single year, but rather are first aiming to maximize the number of copies sold and profits earned over a period of about five years. Since development costs are typically recovered in about one to two years, even reduced price points are sufficient to contribute to profits.

One good example of this is the long-term sales of *Monster Hunter: World*. More than six years have passed since its release in January 2018, but last fiscal year, with the announcement of the new *Monster Hunter Wilds* and the reduction to the attractive price of 9.99 dollars, sales have increased significantly,

bringing the total number of copies sold to more than 25 million\* cumulatively.

By selling such high-quality titles over a long period of time, catalog titles now account for more than 70% of our annual unit sales, making a significant contribution to our digital content business earnings. This was a major factor in establishing a stable profit structure over the last 10 years.

Comparing our sales territory now with 2020, there are countries and regions where annual sales are gradually shifting from less than 100 units annually to more than 100, more than 1,000 more than 100,000, and more than 1 million units. Indicative of this, as

income levels rise due to economic growth in each country and region, we are seeing greater growth of our markets.

Needless to say, there are two factors behind the growth that makes it possible to sell globally over the long term: (1) From the time the company was established with our main business being arcade game circuit boards, Capcom had already started expanding throughout the world, giving us a brand status and (2) Due to the efforts of our development team, Capcom has the technical and developmental abilities to regularly produce high-quality titles.

\* Including *Monster Hunter World: Iceborne Master Edition*

# 2 Looking at the Next 10 Years

## – Accelerate sustainable growth with better marketing –

I would like to explain specifically from my perspective as COO the key policies for the next decade as described by the CEO.

According to data from research firms, the global game user population is estimated to be approximately 3.3 billion. While most of them are mobile game users, we estimate that the number of PC and home video game users, our main target, is about 1.5 billion. Considering that we sold 45.9 million units of our video game software in fiscal 2023, we believe that there is still ample room for further growth in this market of approximately 1.5 billion people.

In order to achieve annual software sales of 100 million units, we need to expand sales within this market of approximately 1.5 billion people, and at the same time, strengthen our pipeline of new products by expanding our development system.

### Improved marketing by incorporating local characteristics

We have been using our aggregated sales data in our marketing strategy, but we need to improve the accuracy of this approach. By targeting users with information on our latest titles or updates on catalog title prices based on their purchase trends, it will be possible to conduct promotions that appeal to users even more. However, it is not easy to accumulate detailed data linked to individuals. In addition, the laws and regulations of each country regarding the protection of personal information and the protection of minors must be carefully observed. In this context, we will continue to accumulate and analyze data on user purchase and play trends by using the CAPCOM ID, which is an account that can be used across our games and services, as well as by using systems to acquire game play data from within games.

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	Cummulative unit sales	2025/3 (Plan)
<i>Resident Evil 7 biohazard</i>	3.5	1.6	1.2	1.0	1.5	1.8	1.2	1.3	13.3	Continue to contribute as catalog titles
<i>Monster Hunter: World*</i>		7.9	4.5	4.5	2.3	1.7	1.4	2.8	25.3	
<i>Resident Evil 2</i>			4.2	2.4	1.6	1.4	2.2	2.0	13.9	
<i>Monster Hunter World: Iceborne</i>				5.2	2.4	1.4	1.0	2.3	12.6	
<i>Resident Evil 3</i>					3.9	1.1	1.9	1.7	8.7	
<i>Monster Hunter Rise</i>					4.8	4.1	3.7	1.9	14.7	
<i>Resident Evil Village</i>						6.1	1.8	1.8	9.8	
<i>Monster Hunter Rise: Sunbreak</i>							5.4	2.2	7.7	
<i>Resident Evil 4</i>							3.7	3.3	7.0	
<i>Street Fighter 6</i>								3.3	3.3	
<i>Dragon's Dogma 2</i>								2.6	2.6	

\*Includes sales of *Monster Hunter World: Iceborne Master Edition*. Sales numbers rounded down to 10 thousand units. As of March 31, 2024.

Looking ahead, room for future growth is going to be found in the Global South: in developing and emerging countries that include India. While India has overtaken China in population and is experiencing a high level of economic development, our game sales were not growing at the same rate in India as in China. In autumn 2023, we sent a team to India to conduct research with the help of local businesses and the university community. At this point in time, our analysis indicates that the emphasis in India's economic development process is on education, and that the country is not yet in a position to actively encourage people to play video games. Based on this research, we have decided not to chase the most recent actual sales, but rather to look five years into the future and work hard to expand the brand awareness of our IP titles and Capcom as a company. If the disposable income and leisure time of people who are interested in games increases, game sales should grow at an accelerating pace in turn.

Regarding such strategic areas of focus, we believe that Southeast Asia, Latin America, and the Middle East will become attractive markets over the next decade. This is because they have large populations and are expected to experience further economic growth. As with India, we need to investigate the actual game culture in these countries and determine the challenges of game sales and the time frame for sales expansion based on real-world information.

With this in mind, we will strive to expand brand awareness by understanding the characteristics of each country and area and implementing price measures in parallel. As part of this effort, we also need to further increase our marketing personnel and strengthen the organization, including those at our overseas subsidiaries. In fact, in emerging countries, catalog titles with significantly lower prices are selling better than new titles with higher prices. With this channel increasing our visibility, by analyzing the timing of purchases and other factors, we will be able to implement effective marketing measures tailored to each country and region, and these measures will lead to market development.

**Increased penetration of the Capcom brand using movies**

Video content that conveys the world of a game in a short period of time is a powerful tool for increasing Capcom's brand recognition among people who are unfamiliar with games in general or with Capcom's titles. This is evident in the past Hollywood movie adaptations of *Resident Evil* and other titles. In addition to utilizing existing movies based on our games, we are also moving forward with the production of a new live-action *Street Fighter* movie and TV series, as well as several other projects that are under consideration. As an upfront investment to expand game content worldwide, we will aggressively pursue our movie strategy, not only with theatrical releases, but also through video distribution services and other means.

**Increased penetration of the Capcom brand through business and sponsorships**

*Monster Hunter Now* was launched in September 2023, which is a game that was developed and is run by Niantic, a company with strengths in cutting-edge location-based information technology and AR technology in mobile content. We expect this title to increase brand recognition globally by making it easier to play *Monster Hunter* on mobile and will continue to consider expanding our brand recognition by licensing out our IP to other companies.

In addition, we brought the *Resident Evil* series to the iPhone15 Pro and other devices last fiscal year. Conventionally, mobile devices have posed some issues in terms of performance capabilities, which made it difficult to port the sort of high-end home video games that are our specialty. On the other hand, as the functionality of mobile devices has gradually improved in recent years, we are now able to offer these games on mobile devices. Currently, the number of people that own mobile devices capable of handling these games is limited, but we believe that in the future, as devices become more sophisticated, this will be a great tool for expanding sales of our content.

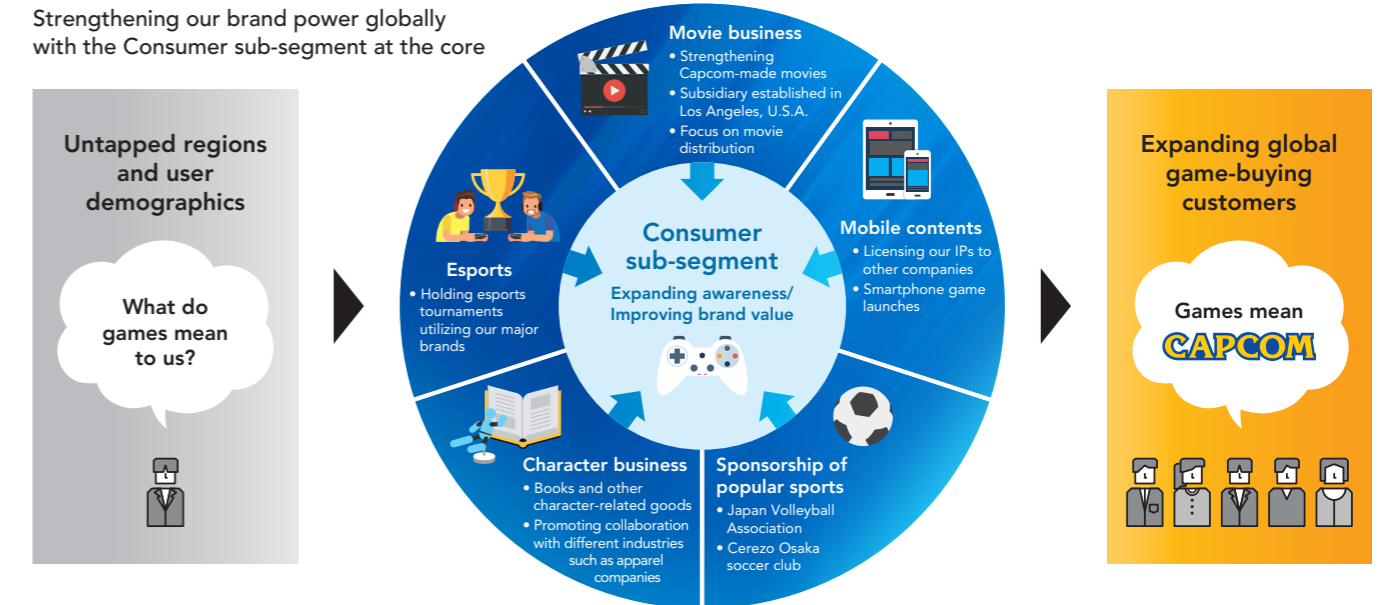
The Arcade Operations and Amusement Equipments businesses are each expanding their revenues and contributing to the expansion of our game brands in Japan. The Arcade Operations business is a valuable contact point between Capcom and users, including general consumers, and also provides synergies with the Consumer business sub-segment by acting as a physical venue for game demo events and other activities. The Amusement Equipments business is also expanding its user base and functions as a good match between game content and pachislo machines.

Revenues are at an all-time high in our licensing business thanks to an increase in collaborative products that coincide with the release of new titles and collaborations where Capcom characters appear in other companies' games. Currently our licensing business is conducted mainly in Japan and the Asian region, but we are moving forward with measures to strengthen the business with global expansion in mind.

Since 2014, in the eSports business we have been holding the CAPCOM Pro Tour throughout the year in up to 160 countries and regions. The final tournament, known as Capcom Cup, is garnering attention as an eSports tournament that will further enliven the global fighting game scene, with the first prize set at one million dollars last season. Capcom Cup 11, to be held in the 2024 season, will take place at Ryogoku Kokugikan arena and again features a prize of one million dollars, following on from last season. In addition to energizing the global eSports market, we will work to further popularize it in Japan.

In order to encourage more people around the world to become Capcom fans and users, it is essential to further expand and increase penetration of our corporate and content brands. To this end,

Strengthening our brand power globally with the Consumer sub-segment at the core



we have also engaged in social contribution activities for local communities, culture, and technologies. These include sponsorship of the Japan Volleyball Association and the soccer club Cerezo Osaka, which were announced in May and August 2024, as well as sponsorship of the Tokyo International Film Festival and exhibiting an interactive attraction titled *Monster Hunter Bridge* at Expo 2025 Osaka, Kansai, Japan.

**Strengthening development capabilities to consistently produce world-class content**

To sustain double-digit operating profit growth and to reach annual software sales of 100 million units—both KPIs—we are addressing each of the relevant issues that may arise, one by one. This includes determining what kind of title lineup is necessary, and where to incorporate different titles into our roadmap, including mainline entries in major series such as *Resident Evil* and *Monster Hunter*, sequels to existing IPs, reboots, remakes, ports to the latest hardware, and all-new IPs.

We have been able to reliably release two to three new games from our major title pipeline each fiscal year, but we need to increase this number in the future.

Since it is the world's top-class creators at Capcom who will enable the consistent creation of content, we have been strengthening human capital as a priority management issue for the past two years, and we are bolstering our development system by increasing and training creators.

In the future, the game business may continue to undergo rapid changes, such as the emergence of new technologies including AI-based content development. In addition to maintaining a multi-platform strategy, we have a track record of quickly adapting to new technologies such as VR.

Naturally, we are interested in these new fields and are conducting technical verification. In particular, it is necessary to actively take on the challenge of implementing cross-play, which allows players to play against and cooperate across different hardware, a feature that is in high demand from users. The key is to use new technologies to provide users with a new gaming experience. Even cutting-edge innovations are meaningless if the game is not interesting. By implementing these initiatives and more, Capcom expects to sustain its growth trajectory in the years to come.

Finally, I want to properly convey that although our business format may change, Capcom's top priority will not. That is to consistently produce world-class, meticulously refined content as we have always done. If our salespeople are properly communicating our appeal, then consumers will always choose our products, even if the platforms or services change. Conversely, if our content or services are deficient, even if we are able to ride the transient wave of a trend, growth will not be sustainable. We are convinced of this based on our experience standing at the forefront of the industry.

# Our human resources investment strategy: Enhancing employee productivity and organizational strength



**Satoshi Miyazaki**

Representative Director and Executive Vice President, Chief Human Resources Officer (CHO)

## The importance of investing in our people

As the CEO correctly points out, investing in human resources is critical for further evolving and developing Capcom's businesses. To continue to develop high quality games toward our management target of a 10% increase in operating income each fiscal year and our medium- to long-term management goal of software sales of 100 million units, we need to secure excellent development personnel. As of the end of fiscal 2023, we employed 2,675 development personnel, which marks an increase of approximately 25% from the 2,142 personnel at the end of fiscal 2019.

## Capcom's operating environment

Although the number of development personnel is steadily increasing, we recognize that there are challenges both internally and externally in securing the talent we require. First, if we look at the company, game development is getting larger and longer every year as platforms evolve. We strive to create the best games in the world, which makes the highest level of technology indispensable. As game development advances, we must further expand the number of development personnel and improve the level of technical expertise of our employees.

A relatively large number of employees joined the company through regular recruitment channels from fiscal 1993 to 1995, and many have demonstrated their abilities at the forefront of game development. As they approach their mid-50s, the challenge is how to pass on their valuable experience and know-how to the next generation.

A challenge in the external environment is the shrinking labor market due to the declining birthrate in Japan. There are many people in the younger generation who have been familiar with games since childhood, and we plan to actively recruit them in the future. Yet, the hurdles to attracting talented students who meet the standards required for our game development are getting higher every year.

## Previous initiatives and outcomes

As an initiative to address these issues, we are focusing on two points: namely, securing and developing human resources to support the future as well as revamping the work environment so that employees can maximize their abilities.

First, as described in last year's integrated report, we made three changes to our remuneration system:

## Trend in remuneration amount of full-time employees

Indicators	2020/3	2021/3	2022/3	2023/3	2024/3		Goal	
					Compared to 2023/3	Compared to 2020/3		
Average annual salary (non-consolidated) (thousand yen)	5,998	6,034	7,127	7,660	8,328	108.7%	138.8%	Continue to grow
Of which, development personnel	5,948	5,991	7,137	7,657	8,403	109.7%	141.3%	Continue to grow
Stock compensation points per employee	—	—	—	97	98	101.0%	—	Approx.100 points
Market price converted as of March 31 (thousand yen)	—	—	—	457	548	119.9%	—	—
Average salary by age group(thousand yen)								
20s	4,132	4,079	5,015	5,624	5,873	104.4%	142.1%	—
30s	5,763	5,903	7,011	7,604	8,142	107.1%	141.3%	—
40s	7,442	7,540	8,740	9,054	9,918	109.5%	133.3%	—
50s	8,031	8,213	9,606	9,705	10,583	109.0%	131.8%	—

(1) an average increase in remuneration for full-time employees of the Company of 30%, (2) the introduction of a bonus system linked to profits, and (3) the introduction of a stock-based compensation system for employees. With the introduction of this bonus system and stock-based compensation system, we have built a virtuous cycle in which the growth of business performance and the rise in stock price attributed to the hard work of employees are reflected in their own compensation. As a result, the average annual salary of employees was 8,328 thousand yen in fiscal 2023, an increase of 38.8% from 5,998 thousand yen in fiscal 2019. In terms of the stock-based compensation, the exchange value of shares granted has increased as stock prices rise, which has motivated employees to grow the company. In addition to strengthening our recruitment competitiveness in terms of compensation, we are also promoting recruitment branding and diversifying our recruitment channels, including accepting interns from prestigious overseas universities. As a result, we are achieving steady results in mid-career hiring.

In terms of new graduate recruitment, we intend to raise the starting salary of new graduates to 300 thousand yen per month from fiscal 2025, which is one of the highest in the industry, with the aim of acquiring even more talent. We have been hiring more than 100 new graduates annually since 2013, but training this large number of new graduates who join the company every year has been a major challenge. In response to this issue, we introduced mentor training for the early development of young employees, with a total of 900 development employees participating. In addition, management is also working to create an environment where

employees can think independently and grow, such as promoting self-led online learning. We will continue to focus on training new graduates so that they can take advantage of their youthful sensibilities while absorbing the valuable know-how of creators currently working on the frontline. In the process, we hope that they can become the next pillars of our game development. In order to further expand the number of development personnel in the future, it is necessary to create an environment in which human resources with diverse backgrounds, i.e., foreign nationals and employees who need to work shorter hours due to childcare or nursing care obligations, can maximize their abilities.

To this end, we have introduced measures for foreign national employees such as a special leave system so they can visit their home countries and Japanese language learning. We have also opened an in-house daycare center in the Osaka area, conducted nursing care seminars, introduced a partnership system that more inclusively recognizes partners/spouses, and rolled out paid menstrual leave. In addition, management holds briefings with employees to better understand the needs of employees. In fiscal 2023, a total of 14 meetings were held, with more than 870 employees participating in aggregate.

As a result of these initiatives, the number of mid-career hires on a non-consolidated basis has increased to approximately 100 since fiscal 2022. Employee engagement also remained at a higher level than in fiscal 2022, with a turnover rate of less than 3%. From a competitive hiring perspective, as well as from an employee productivity and retention perspective, we are seeing tangible results.

Trend in company performance and number of employees/age distribution

Indicators	2020/3	2021/3	2022/3	2023/3	2024/3		2025/3 Plan	
					Compared to 2023/3	Compared to 2020/3		
Net sales (consolidated) (million yen)	81,591	95,308	110,054	125,930	152,410	121.0%	186.8%	165,000
Operating income (consolidated) (million yen)	22,827	34,596	42,909	50,812	57,081	112.3%	250.1%	64,000
Operating margin (consolidated) (%)	28.0	36.3	39.0	40.3	37.5	-2.8pt	+9.5pt	38.8

Indicators	2020/3	2021/3	2022/3	2023/3	2024/3		Goal	
					Compared to 2023/3	Compared to 2020/3		
Number of employees (consolidated) (persons)	2,988	3,152	3,206	3,332	3,531	106.0%	118.2%	-
Of which, development personnel	2,142	2,285	2,369	2,460	2,675	108.7%	124.9%	Increase by 100 every year
Number of employees (non-consolidated) (persons)	2,688	2,841	2,904	3,027	3,186	105.3%	118.5%	-
Of which, development personnel	2,024	2,150	2,224	2,321	2,515	108.4%	124.3%	Increase by 100 every year
Average age (non-consolidated) (age)	37.1	37.1	37.3	37.6	37.8	+0.2	+0.7	-
Of which, development personnel	36.0	36.0	36.3	36.6	37.1	+0.5	+1.1	-
Age distribution of development personnel (non-consolidated)								
29 years or younger	30.5%	31.2%	31.9%	31.8%	28.8%	-3.0pt	-1.7pt	-
30s	35.4%	35.0%	33.2%	32.6%	33.8%	+1.2pt	-1.6pt	-
40s	30.2%	27.8%	26.2%	25.2%	25.6%	+0.4pt	-4.6pt	-
50s	4.0%	6.0%	8.7%	10.4%	11.8%	+1.4pt	+7.8pt	-
Number of new graduate hires (non-consolidated) (persons)	138	198	163	163	154	94.5%	111.6%	-
Of which, development personnel	109	160	139	133	107	80.5%	98.2%	More than 100 each year

Trend in diversity related indicators

Indicators	2020/3	2021/3	2022/3	2023/3	2024/3	Goal
Ratio of female employees (non-consolidated) (%)	21.6%	21.5%	21.0%	21.3%	21.2%	Continue to grow
Ratio of female managers (non-consolidated) (%)	9.2%	10.6%	10.7%	11.6%	12.0%	15.0%
Ratio women in core roles (non-consolidated) (%)	7.0%	8.2%	7.9%	11.9%	13.6%	15.0%
Average annual salary (Capcom Co., Ltd.)						
Male employees	6,316	6,329	7,393	7,904	8,626	Continue to grow
Female employees	4,848	5,028	6,130	6,751	7,226	Continue to grow
Gender wage gap (%)	76.8%	79.4%	82.9%	85.4%	83.8%	88.0%
Ratio of foreign national employees (non-consolidated) (%)	6.0%	6.8%	6.6%	6.7%	6.8%	Continue to grow
Number of countries represented	28	31	33	34	35	Continue to grow
Ratio of foreign national managers (non-consolidated) (%)	1.6%	1.3%	1.7%	1.2%	1.4%	Continue to grow
Ratio of managers hired mid-career (non-consolidated) (%)	56.6%	53.3%	53.3%	56.0%	54.3%	-
Use rate of childcare leave	24.7%	35.1%	48.7%	52.5%	76.9%	-
Male employees	12.5%	21.5%	34.5%	45.5%	66.7%	85.0%
Female employees	100.0%	94.4%	90.0%	85.7%	114.3%	100.0%

Future challenges and initiatives

In order for us to continue to grow sustainably, Capcom needs to promote an expanded human resources investment strategy. In recruiting new graduates, we would like to promote industry-academia collaboration with universities and vocational schools. As a pioneer, we have collaborated with Kindai University to provide hands-on classes using our proprietary game development engine, RE ENGINE. By expanding these initiatives, we hope to discover human resources who will support our game development.

In addition, I feel that there is still a lot of room for improvement in creating an environment in which human resources with diverse backgrounds can maximize their abilities. We currently have more than 200 foreign national employees from 35 countries, but there are still gaps in work styles and language barriers. Although the wage gap between men and women and the rate of male employees taking childcare leave are improving year by year, this is an area where further initiatives should be promoted with an eye on the future. We have set a goal of

raising the gender wage gap to at least 88%, which is the OECD average, and to raise the percentage of male employees taking childcare leave to at least 85%, which is the government's target for fiscal 2030, by fiscal 2028. It is also necessary to take measures to ensure that the increasing number of rehired employees who recently retired can play an active role as a valuable asset.

In closing

Currently, by promoting the human resources investment strategy described above, we are creating a virtuous cycle for greater diversity within the company and increased employee engagement. As CHO, I will accelerate this cycle by discussing the HR issues identified by each personnel organization at the management level and presenting policies. We believe that it is people who support the game business, and that human capital is the driving force behind our growth. Through this cycle, we hope to contribute to the sustainable enhancement of corporate value over the next decade.

Work engagement survey results

Indicators	2020/3	2021/3	2022/3	2023/3	2024/3	Goal
Work engagement (non-consolidated) (deviation value)	51.5	52.6	51.8	54.4	54.1	55.0
Ref. Survey responses (*ratio of responses for: applies and somewhat applies)						
I'm able to use my own creative ingenuity at work				88.7%	88.3%	
I work beyond my assigned role if required for work				76.0%	76.4%	
I feel enjoyment in my current role at work				70.9%	69.6%	
Employee engagement	-	-	-	51.8	52.1	55.0
Ref. Survey responses (*ratio of responses for: applies and somewhat applies)						
I feel a sense of familiarity and attachment to the company				77.5%	78.1%	
I feel fortunate to be able to work for the company				85.6%	86.2%	
Working for the company is a positive in my life				86.2%	85.4%	
Turnover rate (non-consolidated) (deviation value) (%)	4.3	3.9	5.4	3.5	2.9	-
Of which, for personal reasons (%)	4.0	3.6	4.7	3.2	2.5	Around 3.0
Operating income per employee (consolidated) (thousand yen)	7,639	10,975	13,384	15,249	16,165	Continue to grow

# Continuing to invest in user expansion and sustainable growth



**Kenkichi Nomura**

Director, Executive Vice President and Chief Financial Officer (CFO)

## Transformation of business model and net cash position

### Improving financial condition over the past decade

Thanks to the understanding and support of our users and stakeholders, we were able to achieve operating income growth for the 11th consecutive year in fiscal 2023.

As shown in the table on the following page, over the past 10 years, Capcom's operating income has increased 5.5 times and net cash 5.2 times. In terms of profitability, the operating margin increased by 27 percentage points to 37.5%, and ROE for the most recent period was 24.4%, exceeding 20% for the fourth consecutive year.

Factors behind this strong performance include Capcom's expanded sales reach into new countries and regions driven by our shift to bolster digital sales, our ability to tap into long-term sales of previously released catalog titles, and optimally-timed price reductions that factor in the age of our titles, which contributed to increased sales volume.

Additionally, manufacturing and sales costs for physical products also declined significantly, and efforts to rein in increases in expense items (cost of sales plus SG&A expenses) were even more successful than sales growth, resulting in a lower cost of sales ratio and a significant increase in operating margin.

Meanwhile, the Arcade Operations and Amusement Equipments businesses have overcome their respective challenges and entered a phase of stable growth, leading to continued profitability and cash growth.

### Net cash position

Over the past three years, Capcom has changed its employee compensation system and was able to increase net cash by 23.7 billion yen year over year at the end of fiscal 2023 despite also increasing total personnel costs.

Cash is steadily increasing due to the sustained 10% or better growth in annual operating income in each of the last nine fiscal years. We monitor ROIC trends at both the consolidated level and for each major business, and over the last three years, consolidated ROIC exceeded 50%, and ROIC for our three major business segments has also been steadily improving. At the same time, we manage the profitability of title development by checking the ROI (operating income divided by development investment) of individual titles. Our findings show that the ROI of each title has steadily increased due to the growth of catalog title sales, which is one of the factors increasing cash.

## Investment for continued sustainable growth

With net cash increasing, there are more options for reinvesting in our businesses for future sustainable growth, making investment decisions more important than ever.

Given that the amount of risk has increased due to changes in the business environment in our industry, I believe it is important to balance three elements in cash management: namely, 1) business reinvestment, 2) returns to shareholders, and 3) employee compensation.

Please see the CHO's section of this report for information on employee compensation.

### Cash utilization: current situation of reinvesting in our businesses

In addition to direct investment for business expansion, business reinvestment also includes spending money to improve the working environment for employees and benefit programs that contribute to higher productivity.

## Addressing increased investment in development

In recent years, our investment in development has increased with each passing year, growing 1.6 times over the past decade. These investments are expected to exceed 50.0 billion yen in our fiscal 2024 plan. Although our development team is working tirelessly to improve the efficiency and productivity of title development, we still believe that higher investment inputs for development of titles is inevitable.

One of the reasons for the uptick in development investment is the need to improve user satisfaction in response to the greater sophistication of game device capabilities. Traditionally, we have used the 60-month map to oversee our title development process. Recently, however, there have been cases in which we exceed the typical 60-month time frame due to factors including additional content for titles. This is why we approach medium- to long-term investment management by creating a medium- to long-term lineup while tracking progress.

### Consolidated statements of income items

	2014/3	2019/3	2024/3	Compared to 2014/3	Compared to 2019/3
Net Sales	102,200	100,031	152,410	149.1%	152.4%
Operating income	10,299	18,144	57,081	554.2%	314.6%
Operating margin	10.1%	18.1%	37.5%	+27.4pts	+19.4pts
Net income	3,444	12,551	43,374	1259.4%	345.6%
ROE (return on equity)	5.4%	14.4%	24.4%	+19.0pts	+10.0pts

### Consolidated balance sheet items

	2014/3	2019/3	2024/3	Compared to 2014/3	Compared to 2019/3
Cash and deposits	29,720	53,004	125,191	421.2%	236.2%
Interest-bearing debt	7,050	8,315	7,217	102.4%	86.8%
Net cash	22,670	44,689	117,974	520.4%	264.0%

### Trends in sales territories and number of units sold

	2014/3	2019/3	2024/3	Compared to 2014/3	Compared to 2019/3
Countries & regions	184	222	235	127.7%	105.9%
Unit sales	17,500	25,300	45,893	262.2%	181.4%
Of which, new titles	11,800	11,100	9,596	81.3%	86.5%
Of which, catalog titles	5,700	14,200	36,297	636.8%	255.6%

When starting production of a title, we consider the scale of development by referencing past sales data, and the process involves application and then approval. Within this, we use the medium- to long-term lineup and title-specific ROI and ROIC management as primary benchmarks. In turn, we formulate sales plans in conjunction with the scale of investment.

However, we need to take into account changes in the way users play and their preferences, among other matters, and our response to these changes still represents a risk factor.

The need to enhance cash reserves to address these risks has not changed, and increased investment in response to change will certainly be necessary.

**■ Addressing the need for more office space for development teams**

Based on our human resources investment strategy, the pace at which the Group's headcount is rising has continued to increase by about 150 every year, reaching a level 1.4 times that of 10 years ago, and 1.3 times that of 5 years ago. Of particular note, we have increased the number of our developers by more than 250 people (approximately 12%) over the past three years, causing our current office space to reach capacity. This is something we must address with some urgency. We have already acquired land adjacent to our head office and are building new office space. Looking at the medium to long term, we have positioned real estate investment as a business asset for securing space to be one of the major points of future cash utilization.

**■ M&A opportunities**

We are also investing in M&A to ensure our ability to consistently provide new title content, expecting that these deals will strengthen our development capabilities. We have acquired two development-related companies since fiscal 2023 (making them subsidiaries) in an effort to expand our development system. Since it takes time to train creators, we are stepping up mid-career recruitment and actively considering M&A deals that will provide personnel who can produce immediate results.

In addition, it will be critical to introduce new technologies in many more areas as users' ways of playing games become more diverse, and looking ahead we must keep in mind the use of things such as network technologies in game development.

**■ Investment in the Arcade Operations business**

In the Arcade Operations business, we have achieved results by bolstering our domestic network and will

continue to expand this using a scrap-and-build approach.

In the Amusement Equipments business, we are also putting systems in place to achieve our goal of releasing four cabinets per year. These businesses are positioned to be more important than ever for expanding recognition of our game content and enhancing brand value.

**■ Initiatives for market expansion: stepping up efforts to capture users in developing and emerging countries**

In order to continue sustainable growth, we need to penetrate our brand throughout the world and expand our user base. Toward this end, we are promoting investments in the licensing business and movie and video productions that utilize our IP. Through these easily accessible user gateways, we aim to create opportunities for people who have never played our games to experience our IP. We believe that by increasing the recognition of our content worldwide, we will strengthen the brands of our IP further.

In addition, brand penetration requires understanding the characteristics of each country and region and conducting appropriate marketing. Therefore, we will also invest in human resources, organizations, and systems/networks to correctly understand user trends.

**Shareholder returns**

Finally, Capcom's basic policy is to provide shareholders with (1) increased corporate value through higher profits and (2) stable dividends with a consolidated dividend payout ratio of 30%. We will also pay close attention to stock price trends and understanding of our management strategies in the market, and flexibly buyback shares according to the situation.

From the viewpoint of returning profits to shareholders, the annual dividend for fiscal 2023 was 70 yen (payout ratio 33.7%), a further increase from the previous year's dividend of 63 yen, which included a commemorative dividend of 10 yen for our 40th anniversary.

As shown in the following table, our stock price has grown in proportion to the increase in net income over the period, demonstrating that we have made steady progress in the enhancement of corporate value. We will continue to strive to meet and exceed the expectations of our shareholders and investors through dialogue.

**Changes in cost structure**

	2014/3	2019/3	2024/3	Compared to 2014/3	Compared to 2019/3
Cost of sales	72,251	62,809	67,755	93.8%	107.9%
Selling, general, and administrative expenses	19,749	19,078	27,572	139.6%	144.5%
Cost + SG&A expenses	92,001	81,887	95,328	103.7%	116.4%
Cost + SG&A expense ratio (compared to sales)	90.0%	81.9%	62.5%	-27.4pts	-19.4pts

**Trend in cash flows**

	2014/3	2019/3	2024/3
Operating cash flow	13,201	19,847	36,921
Accounts receivable factors	6,351	858	71
Notes and accounts payable factors	-4,806	-1,665	1,438
Real operating cash flow	14,747	19,039	38,431
Investing cash flow	-6,155	-2,261	-5,962
Financing cash flow	-15,099	-11,443	-15,969

**R&D investment and productivity**

	2014/3	2019/3	2024/3	Compared to 2014/3	Compared to 2019/3
Number of employees (consolidated)	2,601	2,832	3,531	135.8%	124.7%
Annual R&D investment	26,691	27,038	43,042	161.3%	159.2%
ROI (operating income / R&D investment)	38.6%	67.1%	132.6%	+94.0pts	+65.5pts

**Shareholder returns**

	2014/3	2019/3	2024/3	Compared to 2014/3	Compared to 2019/3
Net income	3,444	12,551	43,374	1259.4%	345.6%
Fiscal year end stock price (adjusted closing price)	489.5	1,240	5,590	1,142.0%	450.8%
Dividend per share (adjusted)	10	17.5	70	700.0%	400.0%
Dividend payout ratio (%)	65.5	30.3	33.7	-	-

\*The stock was split on a basis of two shares for every share of common stock on April 1, 2018 and April 1, 2021. The figures listed for fiscal year end stock price (adjusted closing price) and dividend per share (adjusted) are presented on the basis of the number of shares as of the fiscal year ended March 31, 2024.





MONSTER HUNTER  
20<sup>th</sup>  
ANNIVERSARY

20th anniversary of the *Monster Hunter* series  
Making the game truly

global. Happy hunting for all!



**Ryozo Tsujimoto**

Director, Executive Corporate Officer, Deputy in charge of Development Divisions

Ryozo Tsujimoto has served as series producer for *Monster Hunter* since *Monster Hunter Freedom 2* in 2007. In the latest installment, *Monster Hunter Wilds*, he is again overseeing the entire title as producer.

**Driving force behind growth—the enjoyment of hunting together**

Since its release two decades ago, the *Monster Hunter* series has now sold more than 100 million copies worldwide. To be honest, we never imagined that it would become such a beloved title. At a time when things like Wi-Fi and social media were not widespread, we released the game with the concept of hunting action for all, anticipating that the day would come when players could connect with friends online and enjoy cooperative play. The game was rough around the edges, but the fun of cooperative hunting along with game play that

gives a distinct feeling of growth, mixed with surprisingly humorous elements, all hit home, and the number of players grew as word-of-mouth spread from fans to their friends. That game has grown into an iconic franchise thanks to the passion of both developers and fans.

**Meeting the needs of individuals and the world with technology and fun**

The turning point was *Monster Hunter: World*, released in 2018. This was our attempt to compete on the global stage. During preparations, we conducted a focus test overseas, and we were confronted with differences in the way games are played and how they feel depending on the audience. The question on our minds was: how can we make a game that resonates globally? So, while keeping the fun of cooperative hunting, we changed the way things unfold by seamlessly connecting actions and easy-to-understand displays. Given the drastic changes in how games are

made, we faced some technical challenges. Nevertheless, the title became a huge hit, paving the way for international markets where it joined the ranks of AAA games.

**Delivering an immersive hunting experience, from Osaka to the world**

We've been so focused on this series that the past 20 years have gone by in a flash. We have continued to take on new challenges while valuing communication with players, releasing new titles in the series with the goal to increase the fan base beyond national borders and to steadily expand the circle of fun. If we divide it into home consoles and portable devices, both segments are growing steadily. Of course, we are also working diligently on our new title, *Monster Hunter Wilds*, which will launch simultaneously on all supported platforms and feature cross-play, allowing players to enjoy the immersive action together to provide hunting beyond expectations.



**The draw of *Monster Hunter Wilds***

Players can enjoy the ultimate hunting experience where concepts like time and climate are exquisitely woven into the ecosystem. The game features advanced hunting action and uninterrupted immersion.

Capcom will also showcase an attraction using the *Monster Hunter* IP at the Osaka Healthcare Pavilion at Expo 2025 Osaka, Kansai, Japan. In step with our motto of "from Osaka to the world," we want to provide new forms of fun for people from all over the globe.



**Kaname Fujioka**

Game Director, Deputy General Manager, Management Department, Consumer Games Development Division 2

Kaname Fujioka has worked as director since the first *Monster Hunter* game. For the latest title, *Monster Hunter Wilds*, he serves as art director and executive director.

# The Power of Quality Control

## Creating greater value through both proactive and defensive approaches as the guardians of Capcom quality



### Shutaro Kobayashi

Head of Quality Control Division and Deputy Head of R&D Management Division

Shutaro Kobayashi has been involved in quality control work since joining Capcom. After serving as a manager and senior manager, he was promoted to General Manager of the Quality Control Division in 2010. He has been in his current role since 2022, where he is laying the foundation for Capcom's quality control and building a strategic organization.

### Ensuring consistent quality across all processes

My mission as the Head of Quality Control is to ensure the quality of our games from planning to release so that players truly enjoy their gaming experience. We assess Capcom's wholly unique game creation process from the player's perspective, coordinating

with the development teams—who create our titles from scratch—as well as with the Technical Research Division, which is responsible for development of our proprietary game development engine, the RE ENGINE. We see our role as that of a litmus test, seeking to discover risks or inconsistencies within development, and while we are close with our game development teams, at times we must also be harsh.

### Delivering an enjoyable gaming experience

Specifically, my division is responsible for four tasks: bug checking, tuning, submission work, and customer support.

Bug checks involve playing a game that is under development to find flaws and glitches in the program and verify that it works as intended. Since we are developing multilingual games, we also work with the localization and intellectual property departments to check text displays or to ensure there is no intellectual property infringement.

In the last few years, we have been strengthening the automation of our work. In order to enable the system to automatically play and bug check on behalf of people, which is critical



work, the Technical Research Division built an automated system adaptable for each title. One of Capcom's strengths is the ease with which teams can work cross-functionally, driven by our in-house RE ENGINE, which has helped to significantly lower costs.

As a result, we can concentrate our efforts on tuning, which cannot be automated and is akin to pruning a tree. Are game elements or progression abrupt or too difficult? To answer questions like this, we dig deep into the elements of fun and comprehensibility, and as representatives of our fans and the first people to come into contact with a game, we respectfully provide our opinions to the game creators. This may bring to mind an adversarial relationship; we are quite close however, and the development team is broad-minded and understands the importance of tuning. We sometimes even sit together and provide them with tuning spot checks on request, working as members of the development team. I feel that this kind of close working relationship is one of Capcom's strengths.

### The final guardian of the development process

This marks the end of typical quality control work. Yet, Capcom doesn't stop here. In submission work, we connect the development team with multiple sales partners so that we can smoothly release the game. This includes



providing the completed master data to each hardware manufacturer, applying for ratings\*, and setting up distribution to digital stores. After release, the customer support center collects user feedback, and the Quality Control Division gathers reactions to the title in real time and reports it to management through regular meetings.

Game development projects are becoming larger and more sophisticated, but we aim to reduce costs while improving the accuracy of quality control. As the first players of the title and the final guardians of quality, we will continue striving to deliver the highest-quality games to as many customers as possible.

\*Rating systems are initiatives for the healthy development of young people that call for voluntary restrictions on home video game content and sales methods to limit access by young people to sexual or violent content.



# We are building positive relationships with society for sustainable growth

The Capcom Group supports the creation of a richer society, driven by our principle of being a creator of entertainment culture to deliver joy and excitement to people through the creation of game entertainment.

To this end, we are actively working to solve common environmental and social issues by promoting sustainability initiatives based on the goal of creating a sustainable society as set forth in the SDGs and founded in corporate governance. Our aim is to realize a world in which everyone can enjoy games with peace of mind.

Through these initiatives, we will also aim to create a better future by building trust with our stakeholders, including shareholders, customers, business partners, employees, and regional communities, as we strive to achieve sustainable growth and carry out our responsibility as a good corporate citizen.

➔Please refer to “Sustainability Highlights” on pages 13-14 for details on initiatives

## Initiatives and Future Challenges

	Basic Policy	Main Initiatives and Results	Business Impact (Risks and Opportunities)	Future Challenges	
Sustainability	<b>Environment</b>	<p>The Capcom Group has been minimizing the negative impact of its businesses on climate change (e.g., CO<sub>2</sub> and other greenhouse gas (GHG) emissions) by promoting the use of renewable energy, reducing resource consumption and CO<sub>2</sub> emissions through digital content sales, and continuing efforts to lower the environmental impact related to pollution and resource use. The Capcom Group will continue to advance these initiatives.</p>	<ul style="list-style-type: none"> <li>● Reduced CO<sub>2</sub> emissions by switching to LED lighting</li> <li>● Constructed new environmentally-friendly buildings</li> <li>● Reduced paper resources used through the digitization of instruction manuals</li> <li>● Reduced resources consumed through the promotion of digital sales</li> <li>● Introduced electricity sourced from renewable energy at our buildings in the Kansai area</li> <li>● Introduced green power at the Tokyo Branch and expanded CO<sub>2</sub>-free power at other business locations</li> <li>● Reduced resource usage and CO<sub>2</sub> emissions associated with disc manufacturing and distribution</li> <li>● Implemented energy-saving measures and partial recycling of parts in the production and sale of pachislo machines</li> </ul> <p>➔For details, please refer to “Environment” on pp.53-54</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Reduced plastic usage and distribution costs through the promotion of digital content sales</li> <li>● Reduced carbon taxes by utilizing renewable energy</li> <li>● Reduced costs by recycling certain parts of amusement equipment</li> <li>● Promoted further digitalization in response to changing consumer preferences</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Increased business costs with the introduction of a carbon tax</li> <li>● Rising costs of raw materials, production, and procurement due to carbon regulations and plastic use restrictions</li> <li>● Disruption of business continuity caused by intensification of abnormal weather events arising from natural disasters and the progression of global warming, and the associated impact on employees’ work styles, health, and livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing energy conservation at existing buildings through renovation</li> <li>● Further conserving energy in amusement facility operations</li> <li>● Strengthening initiatives through our supply chain</li> </ul>
	<b>Social</b>	<p>The Capcom Group will respect human rights, prohibit discrimination based on race, religion, gender, age, sexual orientation, disability, nationality, etc., thoroughly eliminate inequality by protecting the vulnerable, create a pleasant working environment for employees, and promote the securing and developing of human resources. In addition, we will promote initiatives to build a healthy relationship with local communities and customers, such as engaging in activities to assist children suffering from poverty in the hope of their healthy growth and development.</p>	<p><b>Relationship with Employees</b></p> <ul style="list-style-type: none"> <li>● Revised compensation system</li> <li>● Actively employed foreign nationals and enhanced support programs for them (special leave program for visiting home and Japanese language education program)</li> <li>● Operating an in-house childcare center</li> <li>● Introduced a partnership system with inclusive definition of spouses/partners</li> <li>● Held company-wide briefing sessions</li> <li>● Improved the paternity leave utilization rate among male employees</li> <li>● Reduced the gender wage gap among full-time employees (the ratio of the average wage of female employees to that of male employees)</li> <li>● Conducted caregiving seminars</li> <li>● Made menstrual leave paid</li> </ul> <p>➔For details, please refer to “Relationship with Employees” on pp.55-56</p> <p><b>Relationship with Customers</b></p> <ul style="list-style-type: none"> <li>● Compliance with the CERO ratings system</li> <li>● Formulated guidelines with industry groups</li> <li>● Supported community building via the spread of esports</li> <li>● Monetized without high-pressure microtransactions</li> <li>● Appropriate localization/culturalization</li> </ul> <p>➔For details, please refer to “Relationships with Customers” on pp. 59-60</p> <p><b>Relationship with Regional Communities</b></p> <ul style="list-style-type: none"> <li>● Welcomed children participating in Company Visits to our offices / held Guest Lectures at schools</li> <li>● Developed online educational support activities</li> <li>● Leveraged Capcom content in regional revitalization efforts</li> <li>● Operated facilities with playground equipment that families, including those with children, could enjoy</li> <li>● Supported senior citizen community formation with video game arcade tours</li> <li>● Donated to various support organizations</li> </ul> <p>➔For details, please refer to “Relationship with Regional Communities” on pp. 61-62</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Expanded global reach through game development based on a diverse set of values</li> <li>● Strengthened recruitment competitiveness by increasing average base salaries and promoting industry-academia collaboration</li> <li>● Enhanced the retention of talented personnel and improved employee engagement by creating a more accommodating work environment for individuals from diverse backgrounds</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Increasing number of required personnel and advanced technical requirements due to the evolution of game development</li> <li>● Increasing number of older employees (knowledge transfer)</li> <li>● Intensified competition for talent acquisition due to declining birth rates and other factors</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Improved customer satisfaction by creating stress-free environments for play</li> <li>● Reduced social risks posed by games</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Various country risks including culture, religion, and customs</li> <li>● Monetization systems becoming a social issue</li> <li>● Changes in user purchasing behavior</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Expanded profit opportunities by improving company and IP name recognition</li> <li>● Promoted understanding of the Capcom approach to business</li> <li>● Expanded revenue opportunities in step with larger percentage of populations gaining access to entertainment options following the stabilization of social environments</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Deterioration of corporate image</li> <li>● Declining interest in game content</li> </ul>	<ul style="list-style-type: none"> <li>● Acquiring talented personnel through enhanced industry-academia collaboration</li> <li>● Continuing to create an environment that maximizes the capabilities of individuals from diverse backgrounds</li> <li>● Strengthening the recruitment of foreign nationals and improving work conditions</li> <li>● Further increasing the paternity leave utilization rate among male employees</li> <li>● Further reducing the gender wage gap among full-time employees</li> <li>● Education of users, consumer groups, government entities, etc.</li> <li>● Further enhanced the protection of customers’ personal information</li> <li>● Further promotion of regional revitalization using Capcom content</li> </ul>
			<b>Corporate Governance</b>	➔For details, please refer to “Corporate Governance” on pp.63-74	
	<p>➔For details, please refer to “Corporate Governance” on pp.63-74</p>				

# ENVIRONMENT

## Environmental Action as an Entertainment Company

Capcom's Digital Contents business accounts for approximately 80% of the Group's consolidated net sales and primarily entails the development and sale of software. This means that Capcom's environmental impact and environmental risks are lower than the general manufacturing industry. However, we view addressing climate change as a challenge that requires the cooperation of everyone living on this planet. At our Group, we have worked to reduce our environmental impact by promoting digital sales of content as well as by replacing equipment. This is in-line with our management philosophy of creating an entertainment culture through the medium of games by developing highly creative content that excites and stimulates your senses.

We will continue actively working to solve issues common to society such as climate change, which is a growing problem, while referring to indicators and frameworks such as the TCFD recommendations.

## Governance and risk management in relation to climate change

- (1) The Corporate Management Council (chaired by the Chairman and Chief Executive Officer) deliberates on policies and measures to address risks and opportunities related to climate change.
- (2) Based on the results of these deliberations, the relevant departments promote initiatives under the direction of the Representative Director or Director in charge and report the results to the Representative Director or the Corporate Management Council.
- (3) The Board of Directors receives reports from and oversees the Representative Director or the Corporate Management Council on important matters related to climate change.

## Reducing CO2 emissions

### Promoting energy saving measures companywide

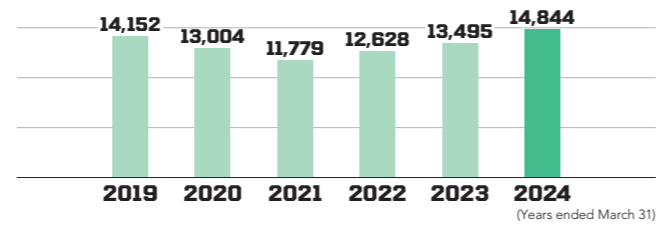
In response to risks such as increased business costs due to the introduction of a carbon tax, as well as increased raw material, production, and procurement costs due to carbon and plastic use regulations, Capcom has been a pioneer in the promotion of digital sales of content and has worked to cut power usage through efforts that include reducing resources and CO2 emissions associated with disc manufacturing and distribution. At the same time, we are working to reduce our environmental impact by implementing energy saving measures in the manufacture and sale of pachislo machines and recycling some of the parts.



Promoted energy-saving initiatives, including switching to LED lighting at each workplace

## Capcom's CO2 Emissions (Non-consolidated) (t)

# 14,844 t



## Towards continuous reduction in energy intensity

Despite the current increase in energy use due to the opening of new places of business and amusement facilities, our energy intensity has remained stable. Going forward, we will continue to reduce our overall consumption by introducing energy-efficient game machines in our amusement facilities, improving air conditioning efficiency through repairs, and actively using renewable energy to increase our use of non-fossil energy sources.

(Non-consolidated)

FY	Energy Intensity*	Vs. Previous FY
2019	0.05869	97.9%
2020	0.05583	95.1%
2021	0.05186	92.9%
2022	0.05497	106.0%
2023	0.05803	105.6%
2024	0.05259	103.7%

(Years ended March 31)

\* Calculated using the method defined by the Agency for Natural Resources and Energy. The Agency for Natural Resources and Energy website: <https://www.enecho.meti.go.jp/en/>  
 \* The 2024 figures are calculated using a new formula due to revisions in relevant laws and regulations, while the year-on-year comparison is based on the figures prior to these revisions.

## Utilizing electricity sourced from renewable energy

In October 2020, the Japanese government pledged to be carbon neutral by 2050. The goal is to realize a carbon-free society by 2050 and effectively eliminate greenhouse gas emissions.

Capcom aims to achieve net-zero CO2 emissions at the buildings we own by 2050. Realizing carbon neutrality will require the introduction of renewable energy that does not produce CO2 emissions.

At Capcom, we began using CO2-free electricity sourced from renewable energy at the buildings we own in the Kansai area in June 2022. As a result, around 27% of the power we consume in Japan is now provided by renewable energy. In addition, we introduced green power at our Tokyo Branch in April 2023. We are also working to further reduce our environmental impact by using our own data centers that have

implemented power-saving measures and by using major cloud service providers and major data center service providers that promote the use of renewable energy.

## Development and Manufacturing Initiatives

### Reducing the environmental impact of pachislo machines

In solidarity with the efforts of the Japan Pachislo Machine Industry Association (Nichidenkyo), Capcom manufactures and sells pachislo machines partially made from recycled parts and equipped with standardized "green devices" aimed at controlling power usage.

### Status of disposal of used arcade game machines

Year	Amount recycled	Thermal recycling*1
2019	83.7%	16.3%
2020*2	00.0%	00.0%
2021	99.77%	00.0%
2022	91.6%	8.2%
2023	75.8%	24.0%
2024	75.8%	24.0%

(Years ended March 31)

\*1 Volume used as heat source for hot water, heating, etc.  
 \*2 Capcom switched to new cabinets in fiscal year ended March 2020, so there was no collection of used arcade game machines.

## Innovations in Product Distribution

### Conserving resources through digital sales of game software

In the past, games included a printed instruction manual inside the package, but in recent years, these manuals are now included as data within the software as a way to save paper. This enables us to eliminate approximately 45.89 million game units' worth of paper manuals annually.

In addition, the increasing popularity of digital sales, where games are downloaded after purchase, has made it possible to conserve resources used to produce discs, semiconductors, software packaging, and other components in addition to paper resources.

In the fiscal year ended March 2024, the resources used in the equivalent of around 41.35 million units of game software were conserved as a result of digital sales.

Moreover, digital sales eliminate the need to transport physical products from factories to stores or warehouses, allowing us to simultaneously reduce both costs and greenhouse gas emissions.

We will continue promoting digital sales of game software, striving to reduce resource usage and CO2 emissions associated with disc manufacturing and distribution.

## Promoting workplace proximity

At Capcom, we encourage employees to live within five kilometers of their place of work and to commute by bicycle. As such, we have arranged company housing near our offices and built bicycle parking close to our R&D facilities. The primary goal is to promote a proper work-life balance by shortening commuting distances, but at the same time, it also helps reduce greenhouse gas emissions associated with use of transportation.



Bicycle parking

## Contributing to the Promotion of Zero Carbon Cities

As part of our efforts to reduce CO2 emissions in our supply chain, we are collaborating with leasing companies to donate a portion of the lease amount to local governments and organizations that contribute to the promotion of Zero Carbon Cities (local governments that have announced their commitment to virtually zero greenhouse gas and CO2 emissions by 2050). We will continue to work with our supply chain to help realize a decarbonized society.

# SOCIAL

## Relationship with Employees

The Capcom Group believes that in order to achieve sustainable growth and realize our principle of being a creator of entertainment culture that stimulates your senses, it is essential that we invest in human resources to create the world's highest quality content and expand our user base around the world. For that reason, we have positioned human capital initiatives as our most important sustainability issue and are promoting human resource investment strategies accordingly.

### Providing a Pleasant Workplace

#### Promoting work-life balance

Creating entertainment culture requires that creators themselves make time for play.

At Capcom, we have established Paid Leave Promotion Days and encourage employees to take extended leave to refresh and look for new sources of inspiration during the year-end/New Year's holidays as well as during the series of holidays in May. As part of our efforts to support childcare and nursing care, we encourage employees to take childcare and nursing care leave, opened Capcom Juku as an on-site daycare facility, and enhanced our childcare and nursing care support system with teleworking options to help our employees achieve a work-life balance, establishing a stable work environment for creators. Capcom Juku, which primarily provides care for infants and young children, is conveniently located near our offices, helping employees balance work and childcare.

▶Please refer to the section to the right for more details.

#### Supporting employees' health management

The employee cafeteria serves healthy meals for breakfast, lunch, and supper, and sells bento boxes at the building next to the head office. There is also a massage room staffed by nationally-certified massage therapists at both the Tokyo and Osaka locations to support our employees in managing their health.

#### Understanding employees' needs

In order for management to gain an understanding of the needs of employees directly from the source, we are enhancing engagement by creating more opportunities for direct dialogue between management and employees through information sessions and other channels for exchanging ideas. A total of 14 management briefings and other events for employees were held in the fiscal year ended March 31, 2024, with more than 870 employees participating.

#### Fulfilling employee potential in a cutting-edge Environment

One of the most important parts of motivating developers working in a creative field such as games is providing access to an environment that allows them to bring their ideas to life. Capcom maintains a cutting-edge development environment that includes 3D scanners, a motion capture studio, a dynamic sound mixing stage, and a Foley stage. In this way, we support our creators in fulfilling their vision. In March 2023, we established and launched

operations at our new Creative Studio in Osaka City, equipped with one of the largest motion capture studios in Japan.

### Capcom Juku

#### Providing an environment for vibrant childcare combining day care and education

Given the desire to quickly improve the issue of long day care waiting lists accompanying a lack of preschools, Capcom's top management set its sights on the future, desiring to provide an environment in which employees can raise their children with peace of mind while remaining employed over the long term. We operate Capcom Juku aiming to add individual education and growth to standard day care for children.

In addition to providing childcare for 1- to 2-year-olds before they start school, Capcom Juku hosts various events for employees' elementary and junior high school-aged children during long holidays like summer vacation. These events include programming classes, game development workshops, and parent-child lunches. The facility goes beyond caring for infants and preschool children and accept a wide range of youth, including after-school kindergarten and elementary school students. This helps employees avoid the stress of not being able to find open facilities for their children. Furthermore, by offering personal educational support in the form of a place for learning English, eurhythmics, art and design, and other subjects, Capcom Juku joins its efforts with employees and fosters the growth of children. Currently, as of March 31, 2024, the school takes care of 23 children a month and has provided temporary services for 338 people in aggregate.

In the future, we will create a learning atmosphere at Capcom Juku that stimulates and broadens children's curiosity, while also striving for an environment where parents can work with peace of mind so that both they and their families can lead fulfilling lives.

### Promotion of Diversity

#### Initiatives aimed at promoting the improvement of the work environment for women and proactively utilizing foreign nationals

Capcom is currently engaged in initiatives aimed at improving the work environment for women and proactively hiring foreign nationals.

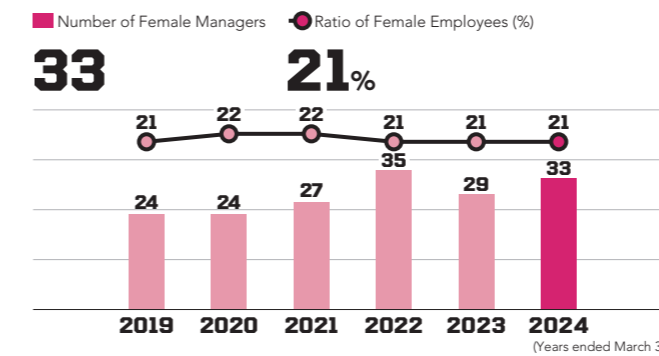
In terms of providing an environment that facilitates women, we introduced systems enabling women to take a leave of absence before and after giving birth, childcare leave and shortened working hours, and promote their use throughout the Company. In fiscal 2023, 76.9% of eligible employees took childcare leave. The ratio was 66.7% among men and 114.3%\* among women (fiscal 2022: 52.5%, consisting of 45.5% among men and 85.7%\* among women). The ratio of those returning to work afterwards is also high: 100% returned in fiscal 2023 (100% also returned in fiscal 2022). As a result, despite it being said that Japan's gaming industry is generally dominated by men, women account for roughly 21.2% of Capcom's workforce, and 33 (12%) of Capcom's managers are women. In accordance with the execution of the Act

on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace, in April 2024 we formulated the General Employer Action Plan with two key goals to achieve by the end of the fiscal 2028: (1) raising the paternity leave rate to 85% or higher (up from 66.7% as of March 31, 2024) and (2) reducing the gender pay gap among full-time employees, aiming for a ratio of at least 88% (83.8% as of March 31, 2024, calculated by dividing the average salary of female employees by that of male employees).

Further, regarding the proactive utilization of its foreign national employees, we are focusing on active recruitment, career advancement support, promoting foreign nationals to management positions, and offering Japanese language education programs. To create a more comfortable working environment for foreign employees, we provide support in securing housing when relocating to Japan, offer special leave for temporary visits to their home countries, and hold opinion exchange meetings between foreign employees and management to better understand their needs. We currently employ 216 foreign nationals (representing 6.8% of our employees). Going forward, we will continue to develop systems that enhance motivation and promote diversity.

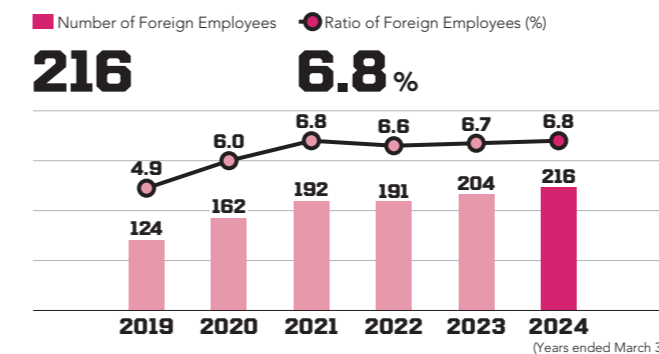
\* These figures include the number of employees who took childcare leave across fiscal years.

#### Number of Female Managers and Ratio of Female Employees (Capcom Co., Ltd.)



\* Effective from fiscal 2023, Capcom has changed its method of aggregating management positions in accordance with relevant laws and regulations.

#### Number and Ratio of Foreign Employees (Capcom Co., Ltd.)



### Improving employee engagement

As of March 31, 2024

Fiscal year (ending in March)	2020	2021	2022	2023	2024	Target
Engagement (Non-consolidated) (t-score) (Note 1)						
Work engagement	51.5	52.6	51.8	54.4	54.1	55.0
Employee engagement	—	—	—	51.8	52.1	55.0
Turnover (Non-consolidated) (Note 2)						
Of which was for personal reasons	4.3%	3.9%	5.4%	3.5%	2.9%	—
	4.0%	3.6%	4.7%	3.2%	2.5%	about 3.0%

\*1 Engagement represents our t-score in the results of an engagement survey conducted by an external vendor of our employees (excluding short-time workers not covered by social insurance). For details see the Securities Report.

\*2 Turnover is the ratio of the number of employees who left during the period (excluding employees who joined and left during the same period) to the total number of employees at the beginning of the period. Only full-time employees are included in the calculation.

The Capcom Group is committed to preventing employee turnover and improving employee engagement by creating a comfortable work environment. Specific measures for this include ongoing improvement and expansion of the working environment and facilities, an internal commendation system to recognize contributions to the company, enhancement of anti-harassment training and establishment of a globally accessible hotline, provision of recreational facilities for employees, and continuous expansion of other benefit programs.

As a result of these efforts, the scores for work engagement, a measure of initiative and positive feelings toward work, and employee engagement, which is an indicator of loyalty to the company, were as provided below.

I come up with original ideas on the job.	88.3% (down 0.4 pts from the previous year)
When necessary for work, I go above and beyond my role.	76.4% (up 0.4 pts from the previous year)
I experience joy in my current work.	69.6% (down 1.3 pts from the previous year)
I feel a sense of familiarity and loyalty to my current company.	78.1% (up 0.6 pts from the previous year)
I am very glad that I am able to work for my current company.	86.2% (up 0.6 pts from the previous year)
Working for my current company has been a positive experience.	85.4% (down 0.8 pts from the previous year)

Turnover has declined compared to the previous year, with the percentage of employees resigning for personal reasons now at 2.5%, achieving our target of approximately 3.0%. We attribute this improvement to the revised compensation system and our efforts to foster a comfortable working environment. Going forward, we will continue enhancing the workplace to retain top talent.

# SOCIAL

## Capcom Voices



### Creating Natural Phenomena in Games with CG: Enhancing Quality through Creativity and Ideas

I've been familiar with Capcom games since I was old enough to understand them, and I've always been fascinated by the ability to move the characters exactly as I want. After joining the company, I realized that these highly polished gaming experiences come from a spirit of inquiry and ingenuity combined with meticulous work and enthusiasm focused on improving quality through wisdom and resourcefulness in the face of limitations—not from half-hearted efforts that just somehow end up producing something good. This has given me a renewed appreciation for the strength of our solid creative foundation.

In the VFX Section, I am responsible for visual effects that use CG to create natural phenomena in games. After working on various effects designs and productions for our major game series, I now supervise all effects designs as the team leader. I focus on enhancing the game's feel, as the level of polish can be improved through creativity and ideas.

At home, I am a father of two, and during the one-month parental leave I took for each of their births, I was able to provide childcare support. I'm still actively involved in school events using the hourly leave system. I also utilize the childcare service at Capcom Juku, where I can watch my children grow up close and in turn be energized by them. Moving forward, I want to continue striving to create enjoyable experiences through games.



### Facial Animations Enhance Appeal with More Natural Expressions

After joining the company, I was impressed by Capcom's high level of development capabilities, particularly the smooth multi-platform development enabled by Capcom's proprietary game engine. The appeal of Capcom's game development lies in the opportunity to work alongside talented individuals in an environment where we can transcend our roles and take initiative while respecting one another, resulting in creations that surpass our imaginations. The experience of solving and completing challenges that seem impossible alongside my colleagues is irreplaceable.

I oversee facial animation production, focusing on making characters more engaging with natural expressions by leveraging advanced development environments and technology. When I see the photo-realistic characters we've meticulously crafted resonating with players and being shared on social media, it brings me immense satisfaction.

In recent years, team morale has improved due to the increase in annual salaries. As a developer, it brings me great joy to see that the digital sales of our past works continue to be appreciated by people of all ages and from all over the world.

When I transitioned to shorter working hours after my parental leave, I worried that I wouldn't be able to advance my career. However, thanks to our efficient workflow, I've been able to achieve results even within my limited time. To stay connected when I'm not in the office, I check daily on any issues regarding my team members' progress, and we come up with solutions together. By managing operations efficiently, I've also been able to experience personal growth.



### Bridging Programming and Art to Create a Vivid World

Growing up playing their games, I always believed that the developers at Capcom put a special focus on creating truly entertaining experiences and that remains true today. Now that I work here, I'm proud to be one of them.

After joining, I gained experience on several major titles as a rendering programmer. Now I belong to a team specializing in graphics and rendering technology to ensure the best visual quality for our games. Every day I interface with core systems to draw out stunning graphics in our games to bring them to life. Our creators come from diverse multicultural backgrounds and have a wide variety of skillsets, meaning effective communication can be a challenge that requires using a variety of methods to maintain the same shared vision; but I believe it is this diversity that allows us to keep a wide range of perspectives and constantly generate new ideas that make our games the best they can be.

In my off time, I enjoy watching livestreams of the games I worked on. Seeing people's excited reactions to portions of the game I put effort into gives me a great sense of accomplishment in providing a special gaming experience. We're giving our all to game development every day, so I hope that all of you look forward to what Capcom has in store next!



### Transformative Era in Game Sales Models: Staying Attuned to the Future

After working in the General Affairs and Corporate Planning departments, I am now the manager of a team in the Finance & Accounting Department responsible for cash management and client management. Cash management plays a crucial role in managing the company's assets, which can be nerve-wracking. However, I always keep in mind the steady and careful approach I've developed through my work experience. I also strive to stay alert and responsive to future developments amid globalization and digital transformation, embracing a process of trial and error. Additionally, in my managerial role, I focus on delegating responsibilities and strive to support my team members so they can leverage their individual strengths. I also try to communicate in a way that allows me to identify small issues and concerns during our daily conversations.

The company briefings held in recent years provide a valuable opportunity to hear directly from management about the company's performance and medium- to long-term strategies, as well as to ask questions. I believe this sense of unity between management and employees as they aim to grow together boosts motivation among the younger generation of workers.

After taking parental leave, I faced challenges finding an opening for my child in a nursery school when I returned to work. However, I made a smooth transition back by using Capcom Juku for a while. I use the bicycle parking lot for my commute, and on holidays, I enjoy the company's recreational facilities with my family. I truly appreciate being able to work with peace of mind under a benefits system that meets the needs of employees.

# SOCIAL

## Relationship with Customers

### Considerations in Game Development

#### In-game purchases

In the Japanese game market, discussions have been taking place for some time on the problem of gacha, or high-priced lottery-style game mechanics, primarily in mobile games. Overseas, gacha-like "loot boxes" have been banned in some countries.

As a creator of entertainment culture, Capcom believes that games should be enjoyed for the entertainment value they provide with gameplay, not for thrills associated with winning a lottery. We do not want to see games that are supposed to make people happy having the opposite effect as a result of excessive charges. For that reason, we are working to ensure that all users can enjoy our games fairly and safely. In principle, we minimize gacha elements in the mobile games we develop; in our home video games, we provide any content required to enjoy the full game free of charge, while offering some additional content at low cost.

#### Localization and culturalization

Capcom games are enjoyed worldwide. In the fiscal year ended March 2024, the percentage of home video games sold overseas was 83.0%. Naturally, translation (localization) of video games developed in Japanese is required so that game players around the world can enjoy them. The volume and importance of localization is increasing year after year due to factors such as improvements in game machine performance, support for online gameplay, and an increase in the number of languages accompanying a more diversified, global audience. As such, Capcom's localization team is involved in game development from the initial stages.

By carrying out localization concurrently with development, rather than following completion of the Japanese language version as had been done in the past, Capcom is able to launch games simultaneously around the globe. What is more, depending on the country, simply translating games developed under Japanese norms can end up hurting users unexpectedly due to historical, religious, or cultural differences.

As such, we focus on employing staff from around the world to culturize the games so that they can be enjoyed by all, regardless of locale.

### Healthy Development of Entertainment

#### Compliance with the CERO rating system and endorsement of guidelines

The Computer Entertainment Rating Organization (CERO), a Specified Nonprofit Corporation, was created to provide age-appropriate ratings for video games. Capcom complies with the CERO rating system and rules.

The rating system is an initiative for the healthy development of young people that calls for voluntary restrictions on home video game content and sales methods to limit access by young people to sexual or violent content. In addition, recent game platforms include a parental control function that enables

parents to limit the online purchase and use of certain games according to their ratings.

#### Guidelines issued by the Computer Entertainment Suppliers' Association (CESA)

Name of guideline	Implementation date
Guidelines on blockchain games	July 1, 2021 Revised July 10, 2024
Guidelines for Real Money Trade Measures	April 26, 2017
Guidelines for the Protection of Minors	December 21, 2016 Revised March 27, 2019 Revised April 1, 2022
Operating Guidelines for Random Item Distribution in Network Games	April 27, 2016
Guidelines for Advertisements, Etc. in Home Video Game Software Targeting Only Those 18 and Over	April 1, 2008 Revised June 20, 2012
Code of Ethics Concerning Computer Entertainment Software, 2nd Revision	October 1, 2002

Please refer to CESA's website for information on its activities.  
[https://www.cesa.or.jp/index\\_e.html](https://www.cesa.or.jp/index_e.html)

#### Addressing the WHO's recognition of gaming disorder

In 2019, the World Health Organization (WHO) included gaming disorder as a new mental health condition characterized by excessive use of games to the point where it has a negative impact on health and social life. In March 2023, the Gaming Disorder Research Study Group released the results of a study commissioned by industry organizations in response to social demand. We are taking the appropriate steps to raise awareness of the issue and are cooperating with industry organizations that promote further detailed analysis and discussions based on published papers. Additionally, as an independent effort, we will continue to educate elementary and junior high school students on how to interact with games in a healthy manner through our educational support program based on the results of the study.

➔For details see p. 61

#### Addressing addiction to pachinko and pachislo

Pachinko and pachislo are a form of entertainment that has taken root in society. At the same time, however, there is concern over players becoming addicted. The Recovery Support Network (RSN), a pachinko addiction consultation hotline supported by industry organizations, provides free telephone consultations and displays posters at all pachinko hall locations nationwide to raise awareness of addiction among players and employees, establishing a system in which pachinko and pachislo advisors (specialist staff) are stationed at each location to provide customers with appropriate information on addiction, and preparing guidelines for addressing addiction at pachinko parlors. Additionally, we include warnings about overindulgence in posters and brochures used in our product promotion activities.

In 2017, the Pachinko and Pachislo Industry Association for the 21st Century, which consists of 13 organizations from the

amusement industry, announced the "Declaration on Pachinko and Pachislo Addiction," strengthening measures such as the regular disclosure of the "Pachinko/Pachislo Addiction Countermeasures Implementation Status Report."

Capcom endorses and cooperates with these initiatives to contribute to healthy development of the industry.

### Providing an entertaining experience for all ages

#### Opening an interactive amusement facility for families

Recently, amusement facilities have gained popularity as spaces where senior citizens can interact with their peers and store staff, as well as places for families to enjoy entertainment together. Capcom has been offering free game center experience tours for seniors since 2012, and 22 of our staff members have now become certified Service Assistants as we strive to create stores where people can spend time with peace of mind. Additionally, to provide a space for family interaction through shared experiences, we opened the children's play facility Kids Banet Shizuoka in April 2023 and the interactive amusement facility Crazy Banet Aeon Mall Niihama in June.



Crazy Banet Aeon Mall Niihama (Ehime Prefecture)



Kids Banet Shizuoka

### Enhancing Customer Support

#### User support and utilizing feedback

At Capcom, we have dedicated support teams for each product to ensure that customers can fully enjoy the services they purchase. We also strive to quickly respond to customer questions by providing online FAQ pages, while each person in charge regularly engages in information exchanges with other teams, working to improve customer satisfaction. The questions and feedback our game support teams receive are condensed and analyzed to be incorporated in development of new products.

➔Inquiries  
[https://www.capcom.co.jp/support/index\\_game.html](https://www.capcom.co.jp/support/index_game.html) (Japanese only)

#### Protecting the personal information of our customers

Capcom has records containing personal information on customers, accumulated from site memberships, prize deliveries, product purchases, and other sources.

Overseas, the EU General Data Protection Regulation (GDPR) went into effect in May 2018, while the Japanese Act on the Protection of Personal Information was revised in 2020, going into full effect in April 2022. The scope of these laws is expanding each year.

As such, the Capcom Group recognizes the importance of information security and believes it is crucial to implement measures against various cyber risks both in Japan and overseas, given the significant impact that information has on corporate activities. In addition to adhering to personal information protection laws, we are also enhancing our information security systems by complying with information security regulations and emerging legislation in each country aimed at protecting minors.

To this end, we are developing a system capable of continuous operation and monitoring, ensuring a swift response and recovery in the event of a security risk. This effort is guided by advice from the Security Oversight Committee, an external advisory body, which convened seven times in fiscal 2023. We will continue to maintain and strengthen our information security system based on the PDCA cycle.

#### Expanding opportunities for customers to play games

In recent years, we have been focusing on promoting esports as part of our efforts as a creator of entertainment culture.

We have the role of planning and organizing events as a game manufacturer—a role that had been largely shouldered by the player community in the past—in order to provide an environment that better allows competitors and fans to enjoy the excitement of competitions.

Since 2013, we have held Capcom Cup to determine the top players in the world. We have also been working to provide amateur players with opportunities to shine, such as with a new league for students launched in 2019. Through these activities, we aim to increase points of contact with our customers and improve customer satisfaction.

Capcom Pro Tour 2023 featured an annual prize pool exceeding 2 million dollars, the largest in the company's history, as a special celebration of the release of the latest title in the *Street Fighter* series. In fiscal 2024, Capcom Cup 11 will take place at Ryogoku Kokugikan arena, marking nearly 30 years since the last time a *Street Fighter 2* national tournament was held at the venue. We will continue to contribute to the growth of the global eSports market while further promoting the spread of eSports in Japan.

# SOCIAL

## Relationship with Regional Communities

### Promoting Healthy Relationships with Games

#### More than 15 years of on-site classes for children in school

Games are a relatively new cultural phenomenon with little academic research, and discussions tend to focus on the detrimental effects rather than the educational aspects. However, the job of “video game creator” has been a popular future career choice among children for many years.

Given this, with a desire to promote social understanding of games, we accept visits to our offices from primarily elementary and junior high school students and conduct on-site classes at schools to help promote sustainable economic growth and social development. Class programs have three sessions: Career Education, Game Literacy Education, and Capcom: Work x Mathematics. These programs have been well-received with schools. In addition, starting in fiscal 2021, we introduced online classes in response to requests from educators, allowing us to respond flexibly over a wider geographical area than before.

Altogether, Capcom has welcomed 3,539 children as part of 413 different field trips to its offices (as of March 31, 2024). Capcom has also held 247 on-site classes for 19,950 students (as of March 31, 2024).

#### Impressions of the on-site classes (An excerpt of this fiscal year's comments)

- Reflecting on my time spent playing games, I discovered what makes them fun and what I need to do to take a break from them. (Elementary school student)
- I still have some negative views about games and anime, but through the lessons, I was able to explore their appeal and how to enjoy them responsibly, which taught me a lot. (Elementary school teacher)
- Hosting the event at multiple schools provided a great opportunity for students from different schools to interact with one another. I would love to see more time dedicated to inter-school discussions. Additionally, since students often become passive in online formats, I suggest making more effective use of videos and other media. (Elementary school teacher)

### Supporting the Advancement of Culture, Science and Technology, and Sports

#### Contribution to the development and promotion of Osaka as a premier entertainment hub

Under the slogan “From Osaka to the World,” the Group is dedicated to promoting community, culture, technology, and sports. At the 2025 Japan International Exposition (Osaka/Kansai Expo), the Osaka Health Care Pavilion Promotion Committee will showcase the interactive content “MONSTER HUNTER BRIDGE.” This experience will be featured in the “XD HALL,” a facility designed for visitors to engage with the entertainment of the future at the Osaka Health Care Pavilion. We have also have an official sponsorship agreement with the Japan Volleyball Association and a top partner agreement with Cerezo Osaka Co., Ltd.

### Supporting Social Welfare

#### Support for youth development and disaster areas

We are engaged in social contribution activities with a focus on supporting children, as they are the ones who will create the future. In the fiscal year ended March 2024, we again donated to organizations that are working on the healthy development of children, including the Fund to Support Children’s Future. We also provided financial support to the victims and affected areas of the Noto Peninsula Earthquake, which caused significant damage in January 2024, and sent another donation to the Office of the United Nations High Commissioner for Refugees to support refugees from Ukraine.

#### Support for Children in Need

Recipient	Amount
Fund to Support Children’s Future, Welfare and Medical Service Agency	50 million yen
Save the Children Japan (public interest incorporated association)	30 million yen
Child Center Nukku (specified nonprofit organization)	10 million yen

#### Support for the Victims and Affected Areas of the 2024 Noto Peninsula Earthquake

Recipient	Amount
Donation counters for local governments of affected areas	120 million yen

#### Support for Refugees from Ukraine

Recipient	Amount
UNHCR, the UN refugee agency	20 million yen

\* Supported via Japan for UNHCR, a national partner of UNHCR in Japan for accepting aid

In addition, we donated 10 million yen in response to the earthquake that struck off the coast of eastern Taiwan in April 2024.



MONSTER HUNTER BRIDGE key art

### Contributions to Regional Revitalization

#### Support for municipalities utilizing the appeal and brand recognition of popular games

The appeal of video game content was demonstrated to the world during the opening ceremonies of the preeminent international sporting event of summer 2021 held in Tokyo when video game music was played to accompany the entrance of the athletic teams. In the same vein, Capcom is following a Single Content Multiple Usage strategy for our content, which we deploy in a wide range of fields beyond video games. As such, we are proud to have a high level of recognition and popularity among men and women, young and old alike.

Based on our corporate philosophy of making people happy through games, since the mid-2000s Capcom has been engaged in the following four regional revitalization activities not only in Osaka, where we have our head office, but across Japan:

- 1) economic promotion that supports the local tourism industries;
- 2) cultural awareness raising that supports education concerning local history and culture;
- 3) crime prevention education through coordination with the police;
- and 4) raising awareness about voting in elections in coordination with the Committee for Election Administration.



Logo of the Comprehensive Collaborative Agreement with Kashiwara City

### Comments from a city official



**Mutsushi Wakamori**  
Deputy General Manager  
Planning and Strategy Department  
Kashiwara City Hall

Kashiwara City in Nara Prefecture is the birthplace of Capcom’s Chairman and CEO, Kenzo Tsujimoto, and given the past screening of the collaborative anime *Street Fighter II Yomigaeru Fujiwara-kyo Toki wo Kaketa Fighter-tachi* at the Romantopia Fujiwara-kyo ‘95 event, which commemorated the 1300th anniversary of the founding of Fujiwara-kyō, in August 2022 we were able to establish a comprehensive cooperation agreement. Since then, we have collaborated with the *Street Fighter* series on various projects including collaborative flags, the installation of bronze statues and designer manhole covers through donations, the creation of original moped license plates, and the provision of collaborative menus for school lunches. These initiatives have been covered in the media, and the overwhelming response has reminded me just how remarkable *Street Fighter* truly is. I am grateful for the experience of participating in regular meetings with Capcom, which grow so passionate that we lose track of time, leaving me feeling pleasantly exhausted. With the support of Capcom, whose *Street Fighter* series is renowned worldwide, we will continue our efforts to make Kashiwara, the birthplace of Japan, a destination that brings joy to people around the globe.

### Supporting regional revitalization using the appeal of Capcom video game content

#### Regional Revitalization Activities

- 経 Economic Development
- 防 Prevention Education
- 他 Other
- 文 Cultural Awareness Raising
- 選 Participation in Elections

**Initiatives Across Japan**

- Miyagi Prefecture: Mascot for gubernatorial election
- Ibaraki Prefecture: Co-sponsorship of special museum exhibit
- Saitama Prefecture: Co-sponsorship of special museum exhibit
- Kofu, Yamanashi Prefecture: Conclusion of comprehensive partnership agreement
- Ueda, Nagano Prefecture: Support for tourism event
- Kyoto Prefecture: Mascot for vehicle-related theft prevention awareness
- Hyogo Prefecture: Police mascot for car theft prevention awareness
- Okayama Prefecture: Co-sponsorship of special museum exhibit
- Wakayama Prefecture: Support for campaign to attract visitors
- Kochi Prefecture: Mascot for House of Councillors election
- Kochi Prefecture: Mascot for gubernatorial election
- Osaka Prefecture: Mascot for vehicle-related damage and theft prevention; Use in recruitment ads for cybercrime investigations; Mascot for youth crime prevention awareness; Mascot for traffic safety awareness
- Fukushima Prefecture: Koriyama regional disaster prevention campaign
- Hamamatsu, Shizuoka Prefecture: Support for tourism promotion
- Okazaki, Aichi Prefecture: Support for tourism promotion
- Kashiwara, Nara Prefecture: Comprehensive agreement**

Moped license plates

Collaborative menu for school lunches

Manhole covers

Bronze statues



# GOVERNANCE

## Directors (As of June 21, 2024) ■ Internal ■ External



**Kenzo Tsujimoto**  
Chairman and Chief Executive Officer (CEO)

Jun. 1983 President and Representative Director of the Company  
Apr. 1997 Chairman of the Association of Copyright for Computer Software  
Apr. 2001 Chief Executive Officer (CEO) of the Company (to present)  
Jul. 2007 Chairman and Representative Director of the Company (to present)  
Dec. 2007 CEO of Kenzo Estate, Inc. (to present)  
Feb. 2010 Representative Director of Kenzo Estate Winery Japan Co., Ltd. (to present)



**Haruhiro Tsujimoto**  
President and Chief Operating Officer (COO)

Apr. 1987 Entered the Company  
Jun. 1997 Director of the Company  
Feb. 1999 Managing Director of the Company  
Apr. 2001 Senior Managing Director of the Company  
Jul. 2004 Director and Executive Corporate Officer of the Company  
Apr. 2006 Director and Executive Vice President of the Company  
Jul. 2007 President and Representative Director, Chief Operating Officer (COO) of the Company (to present)  
Aug. 2016 President and Representative Director, and Director in charge of Global Marketing Business and Arcade Operations Business of the Company  
Jun. 2022 President and Representative Director, and Director in charge of Arcade Operations Business of the Company (to present)  
May 2023 Chairman of the Computer Entertainment Supplier's Association (to present)



**Satoshi Miyazaki**  
Representative Director Executive Vice President and Chief Human Resources Officer (CHO)

Apr. 1983 Entered The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.)  
Apr. 2011 Executive Officer, General Manager of Corporate Banking Division No.6 of the Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)  
Apr. 2013 Managing Executive Officer in charge of Sales of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)  
Apr. 2016 Executive Officer and Deputy President in charge of Western Japan of Mizuho Financial Group, Inc. Representative Director and Deputy President & Executive Officer in charge of Western Japan of Mizuho Bank, Ltd.  
Apr. 2020 Representative Director and Deputy President of Mizuho Bank, Ltd.  
Apr. 2021 Resigned from the post above  
May 2021 Executive Vice President of the Company (to present)  
Jun. 2021 Director of the Company  
Apr. 2022 Director, Chief Human Resources Officer (CHO) and in charge of Corporate Management of the Company (to present)  
Apr. 2024 Representative Director of the Company (to present)



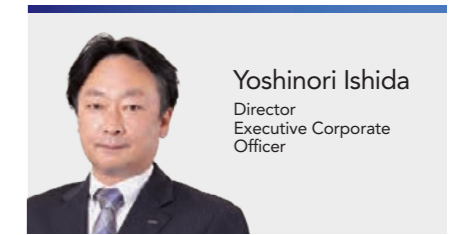
**Kenkichi Nomura**  
Director Executive Vice President and Chief Financial Officer (CFO)

Apr. 2009 Corporate Officer in charge of Internal Control of the Company  
Jul. 2010 Managing Corporate Officer in charge of Financial and Accounting Division of the Company  
Jun. 2015 Managing Corporate Officer in charge of Financial and Accounting Division and Secretarial Affairs, PR and IR Division of the Company  
Apr. 2016 Executive Corporate Officer Head of Finance, Accounting and Public Relations Divisions  
Jun. 2016 Director, Chief Financial Officer (CFO) (to present) and in charge of Corporate Management of the Company  
Apr. 2020 Director, in charge of Corporate Management, Planning and Strategy Divisions of the Company  
Apr. 2022 Director, Deputy in charge of Corporate Management of the Company (to present)  
Jul. 2023 Director, Head of Legal and Asset Management Divisions of the Company (to present)  
Apr. 2024 Director, Executive Vice President of the Company (to present)



**Yoichi Egawa**  
Director Executive Corporate Officer and Chief Product Officer (CPO)

Apr. 1985 Entered the Company  
Apr. 1999 General Manager of Creative Division 5 of the Company  
Aug. 1999 Corporate Officer, General Manager of Creative Division 5 of the Company  
Apr. 2011 Managing Corporate Officer of the Company  
Apr. 2013 Executive Corporate Officer of the Company (to present)  
Jun. 2013 Director, in charge of Arcade Business and Pachinko & Pachislo Business of the Company  
Jul. 2016 Director, in charge of Amusement Equipment Business, Arcade Operations Business and Consumer Games Development of the Company  
Apr. 2019 Director, in charge of Consumer Games Development and Pachinko & Pachislo Business Divisions of the Company  
Apr. 2020 Director, in charge of Development Divisions and Pachinko & Pachislo Business Divisions of the Company (to present)  
Apr. 2024 Director, Chief Product Officer (CPO) of the Company (to present)



**Yoshinori Ishida**  
Director Executive Corporate Officer

Apr. 1992 Entered the Company  
Apr. 2005 General Manager of Sales Promotion Business Division of the Company  
Mar. 2011 Deputy Head of Consumer Games Business Division of the Company  
Apr. 2013 Corporate Officer, Head of Consumer Games Business Division of the Company  
Apr. 2016 Corporate Officer, Head of Japan & Asia Business Division of the Company  
Jun. 2017 Corporate Officer, Head of Japan & Asia Business and Deputy Head of Mobile Online Development Division of the Company  
Apr. 2019 Managing Corporate Officer, Head of Japan & Asia Business Division and Deputy Head of Mobile Online Development Division of the Company  
Sep. 2021 Managing Corporate Officer, Head of Global Business Division of the Company  
Apr. 2022 Executive Corporate Officer of the Company (to present)  
Jun. 2022 Director, in charge of Global Business Division of the Company (to present)  
Apr. 2024 Director, Head of Global Business Division and E-Character License Business Division of the Company (to present)



**Ryoza Tsujimoto**  
Director Executive Corporate Officer

Apr. 1996 Entered the Company  
Sep. 2013 General Manager of Development Division 3 of the Company  
Apr. 2014 Corporate Officer, Head of Consumer Games Development Division 3 of the Company  
Jun. 2017 Corporate Officer, Head of Consumer Games Development Division 3 and Mobile Online Development Division of the Company  
Apr. 2018 Managing Corporate Officer, Head of Consumer Games Development Division 2 and Mobile Online Development Division of the Company  
Oct. 2020 Managing Corporate Officer, Head of Consumer Games Development Division 2 (to present)  
Apr. 2022 Executive Corporate Officer (to present)  
Jun. 2022 Director, Deputy in charge of Development Divisions of the Company (to present)



**Toru Muranaka**  
Director External Independent Director

Apr. 1995 Registered Lawyer (Osaka Bar Association)  
Dec. 2007 Entered Daiichi Law Office (now Daiichi Law Office, P.C.)  
May 2014 Partner of Daiichi Law Office, P.C. (to present)  
External Corporate Auditor of Furuno Electric Co., Ltd. (to present)  
Jun. 2015 External Corporate Auditor of Suzuken Co., Ltd.  
Jun. 2016 External Director of the Company (to present)



**Yutaka Mizukoshi**  
Director External Independent Director

Sep. 1990 Entered The Boston Consulting Group  
Jun. 1997 Vice President of The Boston Consulting Group  
Jan. 2005 Japan Co-chair of The Boston Consulting Group  
Jan. 2016 Senior Partner and Managing Director of The Boston Consulting Group  
Jun. 2016 External Director of Lifenet Insurance Company  
External Director of Asagami Corporation (to present)  
Jan. 2018 Senior Advisor of The Boston Consulting Group, Tokyo  
Jun. 2018 External Director of the Company (to present)  
Jun. 2019 Director of Japan Rugby Football Union  
Jun. 2022 Vice Chairman of Japan Rugby Football Union (to present)  
Jan. 2023 Senior Partner Emeritus of The Boston Consulting Group (to present)



**Toshiro Muto**  
Director External Independent Director

Apr. 1966 Entered the Ministry of Finance  
Jul. 1999 Director-General of the Budget Bureau of the Ministry of Finance  
Jun. 2000 Vice Minister of the Ministry of Finance  
Jan. 2003 Adviser to the Minister of Finance  
Mar. 2003 Deputy Governor of the Bank of Japan  
Jul. 2008 Chairman of Daiwa Institute of Research Ltd.  
Jun. 2009 External Corporate Auditor of Sumitomo Metal Corporation (now Nippon Steel Corporation)  
Jun. 2010 External Director of Mitsu & Co., Ltd.  
Jan. 2014 CEO of the General Incorporated Foundation Tokyo Organizing Committee of Olympic and Paralympic Games (later Public Interest Incorporated Foundation Tokyo Organizing Committee of Olympic and Paralympic Games, being dissolved in June 2022)  
Jul. 2018 Honorary Chairman of Daiwa Institute of Research Ltd. (to present)  
Jun. 2022 External Director of the Company (to present)



**Yumi Hirose**  
Director External Independent Director

Apr. 1979 Entered the Tokyo Regional Taxation Bureau  
Jul. 2012 National Tax Agency Commissioner's Secretariat Internal Inspector  
Jul. 2015 District Director of Yukiya Tax Office  
Jul. 2016 Director of Personnel Division 2, General Affairs Department of Tokyo Regional Taxation Bureau  
Jul. 2017 Director of General Affairs Division of National Tax College  
Jul. 2018 Research Coordination Director of Tokyo Regional Taxation Bureau Research Division 3  
Jul. 2019 Deputy Director of Regional Taxation Bureau Research Division 2  
Jul. 2020 District Director of Shiba Tax Office  
Aug. 2021 Tax Accountant of Hirose Tax Accountant Office (to present)  
Dec. 2021 Spokesperson for the village of Mikura-island (to present)  
Jun. 2022 External Director of the Company (to present)  
External Director (Audit and Supervisory Committee Member) TOREX SEMICONDUCTOR LTD. (to present)



**Main Kohda**  
Director External Independent Director

Sep. 1995 Started as an independent Novelist, to the present  
Jan. 2003 Member of Fiscal System Council, Ministry of Finance  
Apr. 2004 Visiting Professor, Faculty of Economics of Shiga University  
Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism  
Nov. 2006 Member of Government Tax Commission  
Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation  
Jun. 2012 Outside Director of Japan Tobacco Inc.  
Jun. 2013 Outside Director of LIXIL Group Corporation  
Jun. 2016 Outside Director of Japan Exchange Group  
Jun. 2018 Outside Director of MITSUBISHI MOTORS CORPORATION (to present)  
Jun. 2024 External Director of the Company (to present)



**Kazushi Hirao**  
Director <Full-time member of the Audit and Supervisory Committee>

Jun. 1988 Entered the Company  
Apr. 1997 General Manager of Overseas Business Dept. of the Company  
Jul. 1999 Corporate Officer, General Manager of Overseas Business Dept. of the Company  
Oct. 2002 General Manager of General Affairs Dept. of the Company  
Apr. 2004 Senior Manager of Investor Relations Section of the Company  
Jun. 2004 Corporate Auditor of the Company (full-time)  
Jun. 2016 Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)



**Mutsuhiko Koro**  
Director <Full-time member of the Audit and Supervisory Committee> External Independent Director

Apr. 1989 Entered National Tax Agency  
Jul. 1996 District Director of Niitsu Tax Office  
Jul. 2013 Assistant Regional Commissioner, Criminal Investigation Department of Osaka Regional Taxation Bureau  
Jul. 2015 Assistant Regional Commissioner, Second Taxation Department of Tokyo/Osaka Regional Taxation Bureau  
Jul. 2016 Director, Office of Information Technology, Planning Division, Commissioner's Secretariat of National Tax Agency  
Jul. 2017 Assistant Regional Commissioner (Management and Co-ordination) of Fukuoka Regional Taxation Bureau  
Jul. 2018 Director, Commissioner's Secretariat of National Tax Agency  
Jul. 2019 Assistant Regional Commissioner (Management and Co-ordination) of Osaka Regional Taxation Bureau  
Jul. 2020 Director, Collection Division, Collection Department of National Tax Agency  
Oct. 2020 Director, Individual Taxation Division, Taxation Department of National Tax Agency  
Jul. 2021 Director, Taxation Management Division, Taxation Department of National Tax Agency  
Jul. 2022 Regional Commissioner of Sapporo Regional Taxation Bureau  
Jul. 2023 Deputy Commissioner of National Tax Agency  
Jun. 2024 External Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)



**Wataru Kotani**  
Director <Member of the Audit and Supervisory Committee> External Independent Director

Apr. 1980 Entered the National Police Agency  
Aug. 2002 Chief of Ehime Prefectural Police Headquarters  
Apr. 2004 Chief of the Cybercrime Division, Community Safety Bureau, National Police Agency  
Jul. 2008 Chief of Nagano Prefectural Police Headquarters  
Aug. 2010 Chief of the Organized Crime Department, Criminal Affairs Bureau, National Police Agency  
Jan. 2013 Deputy Superintendent General and acting Chief of the Crime Prevention Task Force, Tokyo Metropolitan Police Department  
Jan. 2014 President, National Police Academy  
Nov. 2014 Special Advisor, Japan Post Bank Co., Ltd.  
Jun. 2021 Director of Japan Center for Examination Research (to present)  
Jun. 2024 External Director of the Company (Member of the Audit and Supervisory Committee) of the Company (to present)

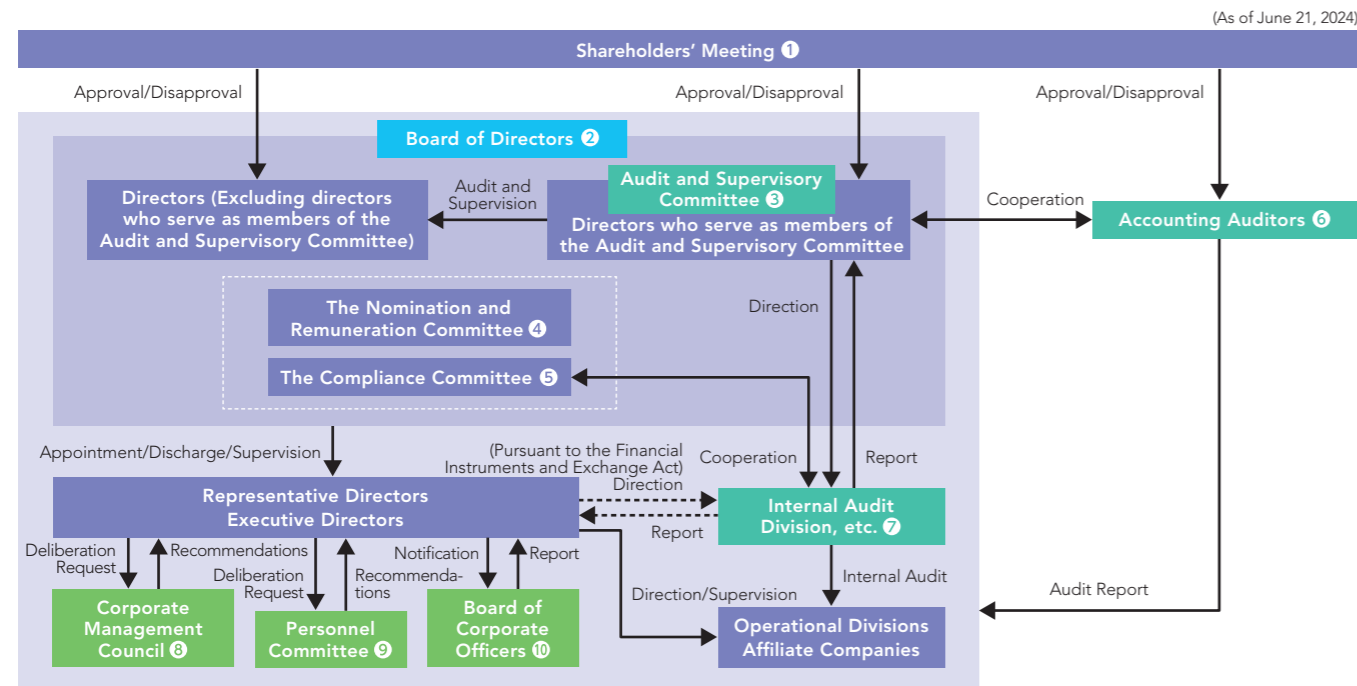
### Directors' Skill Matrix

	Fields Each Director is Expected to Contribute in Particular Toward Achievement of Medium-Term Growth Strategy							
	Company Management	Management Strategy	Gaming Industry	Digital Transformation/ IT/Technology	R&D	Finance/ Accounting/Tax	Legal	Global sensibility/ International awareness
Kenzo Tsujimoto	●	●	●	●				●
Haruhiro Tsujimoto	●	●	●	●	●			●
Satoshi Miyazaki	●	●	●	●		●		●
Kenkichi Nomura		●	●	●		●	●	●
Yoichi Egawa			●	●	●			●
Yoshinori Ishida		●	●	●				●
Ryoza Tsujimoto			●	●	●			●
Toru Muranaka	●						●	●
Yutaka Mizukoshi	●	●						●
Toshiro Muto	●					●		●
Yumi Hirose	●					●		●
Main Kohda	●					●		●
Kazushi Hirao		●	●			●		●
Mutsuhiko Koro						●		●
Wataru Kotani				●			●	●

\* The table above does not necessarily show all knowledge possessed by the candidates.

# Corporate Governance Structure and Initiatives

The Capcom Group is committed to leveraging its strengths per our Management Philosophy to achieve stable medium- to long-term growth and enhance corporate value through our business activities. To accomplish this, we are focused on increasing management transparency and soundness, building a system that can adapt to environmental changes, and continuously improving our corporate governance. 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.



Composition of Board of Directors and voluntary committees (In the year ended March 31, 2024)

Internal External

### 2 Board of Directors (15 members)

(Convened 10 times in the year ended March 31, 2024)

<b>Chairman</b>	Kenzo Tsujimoto (Attendance: 90%)	Haruhiro Tsujimoto (Attendance: 100%)	Satoshi Miyazaki (Attendance: 100%)	Yoichi Egawa (Attendance: 100%)
	Kenkichi Nomura (Attendance: 100%)	Yoshinori Ishida (Attendance: 100%)	Ryozo Tsujimoto (Attendance: 100%)	Toru Muranaka (Attendance: 100%)
	Yutaka Mizukoshi (Attendance: 90%)	Wataru Kotani (Attendance: 100%)	Toshiro Muto (Attendance: 100%)	Yumi Hirose (Attendance: 100%)

### 3 Audit and Supervisory Committee (three members)

(Convened 10 times in the year ended March 31, 2024)

<b>Chairman</b>	Makoto Matsuo (Attendance: 100%)*	Kazushi Hirao (Attendance: 100%)*	Yoshihiko Iwasaki (Attendance: 100%)*
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\* Second line indicates attendance at meetings of the Board of Directors.

### 4 The Nomination and Remuneration Committee (seven members)

(Convened 4 times in the year ended March 31, 2024)

<b>Chairman</b>	Yoshihiko Iwasaki (Attendance: 100%)	Satoshi Miyazaki (Attendance: 100%)	Kenkichi Nomura (Attendance: 100%)	Yutaka Mizukoshi (Attendance: 100%)	Wataru Kotani (Attendance: 100%)
	Kazushi Hirao (Attendance: 100%)	Makoto Matsuo (Attendance: 100%)			

### 5 The Compliance Committee (14 members)

(Convened 4 times in the year ended March 31, 2024)

<b>Chairman</b>	Toru Muranaka (Attendance: 100%)	Haruhiro Tsujimoto (Attendance: 100%)	Satoshi Miyazaki (Attendance: 100%)	Yoichi Egawa (Attendance: 100%)	Kenkichi Nomura (Attendance: 100%)
	Yoshinori Ishida (Attendance: 100%)	Ryozo Tsujimoto (Attendance: 100%)	Yutaka Mizukoshi (Attendance: 75%)	Wataru Kotani (Attendance: 100%)	Toshiro Muto (Attendance: 100%)
	Yumi Hirose (Attendance: 100%)	Kazushi Hirao (Attendance: 100%)	Yoshihiko Iwasaki (Attendance: 75%)	Makoto Matsuo (Attendance: 100%)	

## Corporate Governance Structure

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

Capcom established the Corporate Governance Guidelines 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.

See the "Capcom Corporate Governance Guidelines" available on Capcom's IR website for details. [https://www.capcom.co.jp/ir/english/assets/pdf/governance/governance\\_01.pdf](https://www.capcom.co.jp/ir/english/assets/pdf/governance/governance_01.pdf)

### 1 Shareholders' Meeting

(Convened on June 20, 2024)

### 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.

Additionally, to further enhance dialogue with shareholders, we have been implementing a "Hybrid Participatory Virtual General Meeting of Shareholders" since the Annual General Meeting held in June 2020. This allows shareholders to view the meeting and submit comments online on the day of the event through a dedicated shareholder-only website.

See the "Resolutions of the Ordinary General Meeting of Shareholders" available on Capcom's IR website for the voting results of the FY2023 General Meeting of Shareholders and the requirements for passage of each resolution. [https://www.capcom.co.jp/ir/english/assets/pdf/stock/2024capcom\\_c.pdf](https://www.capcom.co.jp/ir/english/assets/pdf/stock/2024capcom_c.pdf)

### 2 Board of Directors

(Convened 10 times in the year ended March 31, 2024)

### Sustainable growth and increasing long-term corporate value

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. A dedicated department for the Board of Directors has been established with the Corporate Planning Department serving as the secretariat.

The Board deliberates on important matters stipulated by laws, regulations, and the Rules of the Board of Directors as well as on growth strategies based on the Group's corporate philosophy, and strives to strengthen supervisory functions through the guidance, suggestions, and active comments of external directors.

### 3 Audit and Supervisory Committee

(Convened 10 times in the year ended March 31, 2024)

### 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 (an organization 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.

The Audit and Supervisory Committee discusses management risks and other issues based on audit results reported by selected Audit and Supervisory Committee members and the Internal Audit Division to examine ways to enhance governance from the perspective of legal compliance and appropriateness.

### 4 The Nomination and Remuneration Committee

(Convened four times in the year ended March 31, 2024)

### 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:

- Matters related to nominations
  - Policy for selecting candidates for director to be submitted to the General Meeting of Shareholders
  - Selection of candidates for director to be submitted to the General Meeting of Shareholders
  - Selection of corporate officers
  - Selection of corporate officers with titles
  - Successor plan
  - Other matters related to the above
- Matters related to remuneration
  - Policy on director remuneration
  - Fixed remuneration and performance linked remuneration
  - Performance evaluations related to individual remuneration
  - Performance evaluations related to bonuses
  - Other matters related to the above

**5 The Compliance Committee**

(Convened four times in the year ended March 31, 2024)

**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 the Capcom Group. In addition, the committee provides recommendations and advice for the 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 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, 2024)**

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	59 million yen	—
Consolidated subsidiary	—	—
Total	59 million yen	—

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

Note: The financial audit team was composed of: certified public accountants (7 members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (25 members).

**7 Internal Audit Division**

Audit

**Auditing and reporting under the direction of the Audit and Supervisory Committee**

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. In addition, we have established an internal audit department to support the Audit and Supervisory Committee. This department conducts regular monitoring across all divisions and gathers and analyzes information related to legality, appropriateness, and efficiency, including for our group companies. The audit

results are reported to the Audit and Supervisory Committee, which then shares the findings with the Board of Directors. Furthermore, in the event of an unforeseen situation, the Audit Committee quickly investigates and analyzes the causes and effects to assist in making informed management decisions. The committee then reports its findings and provides advice and recommendations to the Board of Directors to help minimize losses.

**8 Corporate Management Council**

Implementation

(Convened 14 times in the year ended March 31, 2024)

**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 Human Resources Committee**

Implementation

(Convened 13 times in the year ended March 31, 2024)

**Supporting decision-making by the Board of Directors on investment in human capital**

The Human Resources Committee (chaired by the Representative Director and Chairman of the Board) is composed of eight internal directors, the corporate officer in charge of the HR Divisions, and the corporate officer in charge of the Planning and Strategy Divisions.

In principle, it is convened several days before a meeting of the Board of Directors, or whenever necessary.

It meets to carry out preliminary deliberations of Board of Directors agenda items related to human resources and discussions on matters such as the human resources investment strategy.

**10 Board of Corporate Officers**

Implementation

(Convened 12 times in the year ended March 31, 2024)

**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 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. In addition, in the fiscal year ended March 31, 2024, Capcom took steps to enhance the reporting of stakeholder opinions and other information to the Board of Directors and utilized round-table discussions with external directors to discuss the Group's current status and medium- to long-term strategies with top management.

Since all seven of the external directors meet the criteria of independent directors, they have been designated as independent directors.

➔For the "Criteria for Independence of External Directors," please refer to the "Notice of Convocation of the 2024 Annual General Meeting of Shareholders" available on the "General Meeting of Shareholders" page of Capcom's Investor Relations website.

**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.
Toshiro Muto	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors by providing objective opinions and advice on general management from an independent standpoint with a broad perspective 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 by actively providing opinions and advice from an outside perspective based on her knowledge and experience, which include 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.
Main Kohda	In addition to possessing extensive insights into international finance, her experience serving as a member of various governmental advisory councils and her rich background as an external director for publicly listed companies have given her a deep understanding of the business world. Given her wealth of knowledge, experience, and the profound insights and objective perspective demonstrated through her writing activities, she is expected to contribute to enhancing the Board of Directors' auditing and supervision.

• External Directors (Audit and Supervisory Committee)

Name	Reasons for selection
Mutsuhiko Koro	In addition to his specialized knowledge and extensive experience in tax administration, he possesses considerable expertise in finance and accounting. Based on this high level of insight, he is expected to contribute to enhancing the Board of Directors' auditing and supervision from an independent and objective standpoint.
Wataru Kotani	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors 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 and provides opinions and advice from a neutral and objective standpoint.

**Evaluation of the Effectiveness of the Board of Directors**

The Company evaluates the effectiveness of the Board of Directors by means of individual questionnaires, interviews, and other methods that facilitate getting individual opinions from all directors. In addition, to further enhance the function of the Board of Directors, in the fiscal year ending March 2024, we focused on enhancing the reporting of opinions gathered through dialogue with stakeholders to the Board of Directors. We also utilized round-table discussions with external directors to discuss not only agenda items for the Board of Directors but also the Group's current status and medium- to long-term strategies with top management. The evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 31, 2024, was generally positive.

To further improve the effectiveness for strengthening the supervision function, we will work on the issues below in the fiscal year ending March 31, 2025.

[Main issues]

- Achieving synergy by engaging in round-table discussions with external directors and enhancing coordination with the Board of Directors
- Enhancing discussions on nomination and remuneration of directors and senior management for the improvement of corporate value over the medium to long term
- Strengthening the risk management system and expanding opportunities to discuss long-term issues

We will continue to promote sharing and understanding of various issues at our Board of Directors meetings to further enhance its function.

**Basic Policy on Strategic Shareholdings**

Capcom does not engage in strategic shareholdings based on customary reciprocal holdings or personal relationships. When holding shares, Capcom comprehensively considers the potential gains and losses from a medium- to long-term perspective, including whether these shares will contribute to future business relationships and the sustainable enhancement of corporate value. As of the end of the fiscal year ended March 31, 2024, we did not hold any such shares, having completed the sale of all such shareholdings during the year.

Officer Remuneration

Revised Remuneration System Aimed at Enhancing Corporate Value and Alignment with Shareholders

The Company reviewed the remuneration system for Directors (excluding External Directors and Members of the Audit and Supervisory Committee. Hereinafter "Eligible Directors") at the General Meeting of Shareholders held in June 2024 with the aim of further strengthening efforts to increase the Company's corporate value over the medium- to long-term, granting incentives to help the Group achieve stable profit growth, and sharing value with shareholders.

- (1) Revision of Monetary Compensation Framework  
Establishment of a performance-based bonus separate from base compensation, which varies in accordance with the Group's business performance growth and other factors
- (2) Introduction of Stock Compensation System  
Introduction of a new performance-linked stock compensation system that uses the achievement level of growth targets of business performance among other factors as a benchmark

Guidelines for Determining the Remuneration, etc. of Individual Directors

1. Determination Guidelines for Remuneration, etc. of Directors (excluding members of the Audit and Supervisory Committee)  
In order to ensure objectivity and transparency regarding remuneration for Directors (excluding members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which is chaired by an External Director (with External Directors comprising the majority of its members), and determines remuneration within the remuneration limit resolved at the General Meeting of Shareholders based on the deliberation and recommendations of the Committee regarding the following guidelines.

(1) Remuneration, etc. for Directors (excluding External Directors and members of the Audit and Supervisory Committee) is composed of basic remuneration (fixed remuneration) to encourage steady performance of duties commensurate with positions, responsibilities, etc., as well as performance-linked remuneration (variable remuneration) which consists of short-term incentives such as bonuses and medium- to long-term incentives such as stock remuneration, as a remuneration system and composition that is highly linked to business performance and focuses on increasing corporate value and shareholder value over the medium- to long-term.

(2) In view of their role of supervising the management of the Company from an objective and independent standpoint, remuneration for External Directors (excluding members of the Audit and Supervisory Committee) is not linked to business performance, and consists only of basic remuneration (fixed remuneration).

2. Determination Guidelines for Remuneration, etc. of Directors who are members of the Audit and Supervisory Committee  
In order to ensure independence, individual remuneration, etc. for Directors who are members of the Audit and Supervisory Committee is not linked to business performance, and consists only of basic remuneration (fixed remuneration). The amount is determined within the total amount approved at the General Meeting of Shareholders through consultation among Directors who are members of the Audit and Supervisory Committee, taking into account full-time and part-time positions.

See the Annual Securities Report available on Capcom's IR website for details on the Director Remuneration System. (Japanese language only)  
[https://www.capcom.co.jp/ir/data/pdf/yuuka/2024/yuuka\\_2024\\_full\\_01.pdf](https://www.capcom.co.jp/ir/data/pdf/yuuka/2024/yuuka_2024_full_01.pdf)

Remuneration system for Eligible Directors

Type of remuneration			Overview
Fixed remuneration	Monetary	Basic remuneration	<ul style="list-style-type: none"> <li>A fixed amount of remuneration based on positions, responsibilities, etc. is paid proportionately each month</li> </ul>
Performance-linked remuneration (variable remuneration)	Short-term	Monetary	<ul style="list-style-type: none"> <li>Short-term incentives to raise awareness of improving company performance by steadily achieving the Group's management goal of 10% increased operating income per fiscal year</li> <li>The amount calculated by linking the rate of change in consolidated operating income from the previous fiscal year to the rate of change in the total monetary remuneration (basic remuneration and bonuses) of Eligible Directors, minus the basic remuneration amount, is paid</li> <li>In principle, paid at a fixed time every year</li> </ul>
	Medium- to long-term	Stock	<ul style="list-style-type: none"> <li>Medium- to long-term incentives to sustainably improve company performance and corporate value, and share an awareness of profit with shareholders</li> <li>Evaluation indicators are (i) the degree of achievement of the Company's net income attributable to owners of the parent growth target and (ii) the Company's stock price growth rate [total shareholder return (TSR) + Tokyo Stock Price Index (TOPIX) growth rate] during the Target Evaluation Period (3 years)</li> <li>After the Target Evaluation Period has passed, depending on the degree of achievement of the above evaluation indicators, common shares of the Company with a transfer restriction period until retirement from the position of Director or other position determined by the Company's Board of Directors (hereinafter "restricted stock") are allocated</li> </ul>

(Notes) 1. TSR: Abbreviation for Total Shareholder Return. Total investment return for shareholders, including capital gains and dividends. Hereinafter referred to as "TSR."  
2. Performance-linked remuneration (variable remuneration) will not be paid or will be returned in the following cases.  
(a) The right to receive remuneration will be lost if the relevant parties engage in specific misconduct as determined by the Company's Board of Directors, or resign from office due to specific reasons determined by the Company's Board of Directors.  
(b) As determined by the Company's Board of Directors based on the results of deliberation and recommendations by the Nomination and Remuneration Committee, relevant parties may be asked to return all, or part of the remuneration received if financial statements were adjusted due to serious misconduct, fraud, or a serious accounting error

Calculation Method for Performance-linked Remuneration

(1) Bonuses

[Calculation formula]

$$\text{Total amount of bonuses} = \text{Total monetary remuneration for the previous fiscal year} \times \left( 1 + \frac{\text{Rate of change in consolidated operating income for Evaluation Period compared to the previous fiscal year}}{\text{Total amount of basic remuneration for the Evaluation Period}} \right)$$

(Note) The Evaluation Period is one fiscal year, running from April 1 of each year to March 31 of the following year.

(2) Performance-linked stock remuneration

[Calculation formula]

$$\text{Number of restricted shares (RS) to be delivered to each Director} = \text{Standard number of shares (1)} \times \text{Degree of achievement of growth targets such as business performance (2)}$$

1) "Standard number of shares" is the number of shares calculated using the following formula.

$$\text{Standard number of shares (1)} = \frac{\text{Standard amount (a)} \times \text{Coefficient based on the positions, responsibilities, etc. of the Eligible Directors (b)}}{\text{Base stock price (c)}}$$

- (a) "Standard amount" is 50% of the total basic remuneration of Eligible Directors.
- (b) "Coefficient based on the positions, responsibilities, etc. of the Eligible Directors" is determined by the Company's Board of Directors according to the positions, responsibilities, etc. of the Eligible Directors.
- (c) "Base stock price" is the average closing price of Company shares on the Tokyo Stock Exchange for the month preceding the start of the Target Evaluation Period (Note).

(Note) The Target Evaluation Period will be three consecutive fiscal years from April 1 of each year to March 31 three years later.

2) "Degree of achievement of growth targets such as business performance" is an evaluation coefficient that varies from 0% to 150%, and is calculated according to (i) the degree of achievement of the growth target for net income attributable to owners of the parent and (ii) Company stock growth rate results of a relative comparison of the Company's TSR with the Tokyo Stock Price Index (TOPIX)'s TSR during the Target Evaluation Period.

Evaluation indicator	Evaluation percentage (weight)	Evaluation coefficient fluctuation range	Evaluation method
(i) Net income attributable to owners of the parent	50%	0% - 150%	Compare to the cumulative amount if 10% growth is achieved each fiscal year during the Target Evaluation Period, and if the degree of achievement is 41% or more, the evaluation coefficient will be in the range of 50% to 150%.
(ii) TSR (TOPIX comparison)	50%	0% - 150%	Compare the Company's TSR during the Target Evaluation Period with the TOPIX growth rate for the same period, and if the growth rate is 50% or more, the evaluation coefficient will be in the range of 50% to 150%.
Total	100%	0% - 150%	—

Remuneration Composition

The ratio of base remuneration, bonuses, and performance-linked stock remuneration for eligible directors is not set because the composition ratio changes depending on business performance and other factors. However, it is the Company's policy that an appropriate remuneration system and structure should be in place to continuously improve business performance and corporate value over the medium- to long-term and to align profit interests with shareholders.

Reference: Image of Remuneration Composition for Eligible Directors

Amount of payment for bonuses and standard amount for the performance-linked stock compensation system when the management objective of 10% growth in consolidated operating income is achieved.  
(percentage in the case that basic remuneration is 100)

Fixed remuneration	Variable remuneration	
Basic remuneration (Monetary) 100	Bonuses (Monetary) 45	Performance-linked stock remuneration (stock) 50

(Note) The above diagram is an illustration of the remuneration of Eligible Directors for the fiscal year ending March 31, 2025, calculated based on certain company performances and the unit price of Company shares. The above percentages will vary depending on the Company's performance and changes in the stock price of Company shares.

Officer Remuneration (Year ended March 31, 2023)

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)	968	587	381	—	—	7
Member of Audit and Supervisory Committee (excluding external directors)	21	21	—	—	—	1
External directors	61	61	—	—	—	5
Member of Audit and Supervisory Committee (external directors)	33	33	—	—	—	2

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 261th among 3,853 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 2024, Capcom's total score was 6.96 points, placing us in the top 7.76% of Japan's listed companies (excluding some in the financial and other sectors), exceeding the 4.86-point average for all listed companies and the 6.91-point average for the industry. We also received the maximum score of 10 for "capital efficiency" and "equity market's assessment."

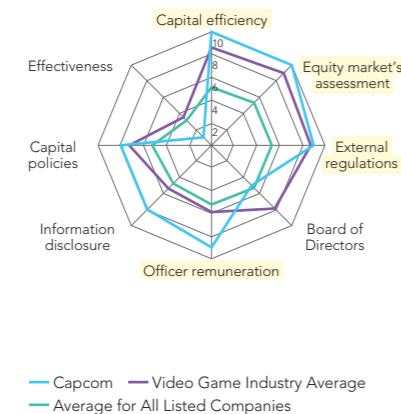
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and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

Third-Party Assessment Results of Capcom's Corporate Governance

Details of Capcom's Corporate Governance

Total Score	6.96	
Rank	261	
Categories	Score	
	Capcom	Competitor average
Capital efficiency	10	8.6
Equity market's assessment	10	9.0
External regulations	9	8.7
Board of Directors	5	7.8
Officer remuneration	9	5.8
Information disclosure	8	5.3
Capital policies	8	7.2
Effectiveness	1	3.5

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, free cash flow
Equity market's assessment	10	Tobin's q
External discipline	9	Existence of anti-takeover measures
Officer remuneration	9	Shareholding of Capcom shares by officers

Source: NEEDS-Cges from Nikkei Inc.

\* Capcom's effectiveness score is based on the presence or absence of an audit opinion in the Annual Securities Report over the past three years, which indicates whether the information provided is appropriate.

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.

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.

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

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.

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.

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 2023 Third Party Evaluations

Company	Japan Investor Relations Association, "IR Excellent Company Award 2023," premium IR improvement company and premium ongoing IR company
IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), "Internet IR Award 2023," Excellence Award
	Nikko Investor Relations Co., Ltd., "Fiscal 2023 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 2023, we conducted two overseas IR visits, where the Chief Human Resources Officer (CHO), Chief Financial Officer (CFO), and the head of the IR department engaged with institutional investors in North America and Europe. In addition, we held our Presentation of Financial Results in a hybrid online/in-person format, and provided video conferences in an effort to communicate with our many investors and analysts.

Focus on Discussions of Management Strategies and Proposals for the General Meeting of Shareholders

Capcom also conducts meetings with the individuals responsible for exercising voting rights, primarily in Japan. These meetings are attended by the Representative Director and Chief Human Resources Officer (CHO), the Director and Chief Financial Officer (CFO), and a representative from the department dedicated to the Board of Directors. The purpose is to provide an understanding of the Group's management strategy and engage in dialogue with a focus on human resource investment strategies and proposals for the General Meeting of Shareholders. Requests, opinions, questions, and other feedback obtained through this dialogue are reported to the Chairman of the Board (CEO), the President (COO), and relevant parties as appropriate, and are presented at meetings of the Board of Directors and other gatherings as necessary to ensure they are reflected in management decisions.

Fiscal 2023 IR Measures

By category	Number
Interviews accepted	653
Visited domestic investors	37
Visited overseas investors	25
Total	715

Number of Shareholder Relations (SR) Interactions in Fiscal 2023	19
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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 announcements to explain earnings

Content of Dialogue with Shareholders and Investors (Excerpt)

- Q. I see that cash is increasing, but could you provide specific uses?
- A. In addition to investing in human resources, we continue to strengthen our cash position for the purpose of acquiring technological capabilities, engaging in M&A to adapt to industry changes, and to secure the amount of investment needed for game development for the next two to three years.
- Q. What is your opinion on the use of AI and increasing efficiency?
- A. We anticipate that AI will enhance the efficiency of our business processes, and we are already using it for tasks like automatically converting content to multiple platforms. However, in terms of improving efficiency in content creation with AI, we need to implement measures to address concerns about copyright infringement and information leakage. As such, we will continue to evaluate this matter.



# GOVERNANCE

Key commentary by our external directors

## Bolstering the human resources investment strategy and strengthening corporate governance for enhancing corporate value

The seven external directors (as of March 31, 2024) on Capcom's Board of Directors take the lead in proactively exchanging opinions and advice on our management policies, ensuring transparency and soundness. Capcom is striving to enhance medium- and long-term corporate value by strengthening its corporate governance functions. As part of this effort, we established the Nomination and Remuneration Committee at an early stage and expanded opportunities for external directors to participate in Board of Directors meetings by holding round table meetings where internal directors and external directors can exchange opinions in order to share information and deepen mutual understanding. This page introduces some of the comments shared by external directors at these meetings to foster understanding of our corporate governance initiatives.

# COMMENTS



### 1 Regarding strategy for investment in human resources

In order to create the world's highest quality content and expand our user base around the world, we believe it is essential to invest in human capital. With this in mind, we are promoting a human resources investment strategy with people placed as a top priority of management. Since the fiscal year ended March 31, 2023, we have increased the average base salary of full-time employees by 30%, established a bonus system that is more performance-linked, introduced a stock-based compensation system, and announced a raise in the starting salary for new graduates. The following are major comments made at opinion-exchange meetings.

#### (1) Regarding the development of human resources

- Capcom has promoted the retention of highly talented human resources by increasing average annual salaries and taking other actions, which is a healthy direction. In light of recent trends, Capcom will need to continue fostering and strengthening core human resources as well as reviewing the compensation and benefits of young employees.
- Career development support is also important to prevent young employees from leaving the company.

We will continue to discuss ways to improve the environment so that employees can play an active role. This includes reviewing organizational forms and evaluation systems. The development of core human resources, including the promotion of younger employees, is also an issue. We will use opportunities for direct dialogue with employees as a motivator to create a system that will enable them to envision their future careers and expand support for their work styles (internal director).

- Although the human resource investment strategy requires time in order to bear fruit, there needs to be a sense of urgency because if measures are not taken early, the situation will become unmanageable.

With a shared understanding that maximizing human capital is necessary to enhance corporate value and achieve sustainable growth, business, development, and management are working in unison to rotate human resources and assign the right people to the right positions (internal director).

#### (2) Formulation of General Employer Action Plan

➔ For details see p.56

- Although there should be no distinction between men and women in terms of job categories, the reality is that the ratio of men and women varies from applicant pool to applicant pool, as seen in the general trend.
- Although Capcom increased the number of female directors at the General Meeting of Shareholders in 2024, investors and others will expect even greater diversity in the company's senior management ranks in the future. This requires the company to step up the training of female managers.

To further narrow the wage gap and to promote women to executive positions, we will clarify issues and examine measures to support career development. In addition, we will foster an environment in which our diverse workforce, including women, can play active roles with vigor and advance relevant initiatives (internal director).

- The rate of male employees taking childcare leave is also a focus of attention among applicants for employment. While Capcom's rate of male employees taking childcare leave is higher than the average, I would like to see the company continue to actively pursue this initiative from the viewpoint of securing talent.

In addition to promoting the use of childcare leave and making the existing system known to all employees, we will conduct awareness surveys through interviews and other means to strengthen outreach efforts (internal director).

### 2 Election of directors and revision of the remuneration system at the 2024 General Meeting of Shareholders

Based on the deliberations and reports of the Nomination and Remuneration Committee, at the 2024 General Meeting of Shareholders we obtained approval for our revised director compensation system and introduced a performance-linked stock compensation system, in addition to the election of 15 directors, including two female directors. Below are the main comments made at meetings of the Nomination and Remuneration Committee.

- Regarding the candidate for new director, amid growing expectations for securing female directors, the candidate can contribute to improving corporate value, as she has been active as an external director at other companies. She can also be expected to contribute to strengthening the functions of the Board of Directors through abundant experience in government organizations.

We will continue to discuss the composition of directors for sustainable growth (internal director).

- The remuneration system for directors is being revised to be better aligned with the perspective of shareholders, and the appropriateness of the system is important.
- Capcom should consider introducing a malus clawback provision, such as requiring the return of executive compensation in the event of financial results corrections or misconduct.

In reviewing the remuneration system, we actively held dialogue sessions with institutional investors and sought their opinions. Bonuses were designed to be more performance-linked and consistent with the Group's management goal of annual operating income growth of 10%, while stock-based compensation was designed to be aligned with the shareholder perspective, with consolidated net income and TSR\* used as indicators. The introduction of a malus clawback provision will be positively considered (internal director). (The same provision has already been introduced in the subsequent revision of the compensation system.)

\* Total Shareholder Return (TSR). The total investment return for shareholders, including capital gains and dividends.

- In addition to executive directors, it would be appropriate to review the remuneration of external directors and Audit Committee members from the viewpoint of compensation for their roles and responsibilities in monitoring and supervising management.
- These systems should be continuously verified even after revisions.

We will examine the details of the remuneration system annually. We will continue to examine the design of remuneration suitable for enhancing corporate value and strengthening corporate governance (internal director).

Game Industry Characteristics

Consumer Market Characteristics (Package + Digital)

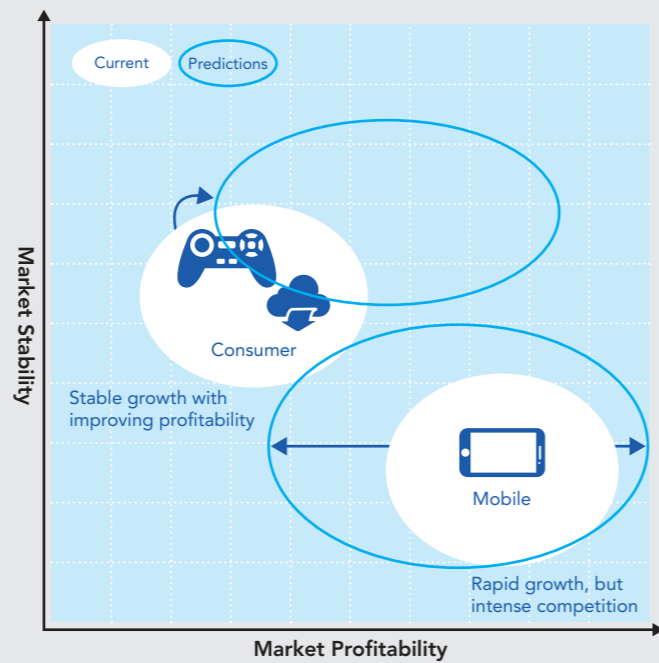
Package and digital download contents are an 86.1-billion-dollar market, forecast to grow to 95.0 billion dollars by 2028. The customer base is primarily composed of core users who are loyal to game titles. They have relatively high willingness to purchase sequels and remakes along with low sensitivity to price and economic conditions. In addition, with the spread of PC as a game platform and the standardization of digital game sales over the Internet, growth is expected in Asia and emerging regions. Hereafter, we expect the market to grow at a faster pace as we capture the casual user segment, which has high sensitivity to price conditions, as well as new users. This will come about in conjunction with a higher digital sales ratio, resulting from expansion of online gaming on consoles, primarily in North America, and diversification of game distribution models, shrinking the gap between the margin in this market and those in mobile markets.

Mobile Market Characteristics

This is a 136.2-billion-dollar market, forecast to continue growing to 163.8 billion dollars by 2028. The customer base is primarily composed of casual users, many of whom play games in their spare time, thus they demonstrate the lowest loyalty toward game titles. In contrast to core users, they have a limited willingness to purchase games and have the highest sensitivity to price and economic conditions.

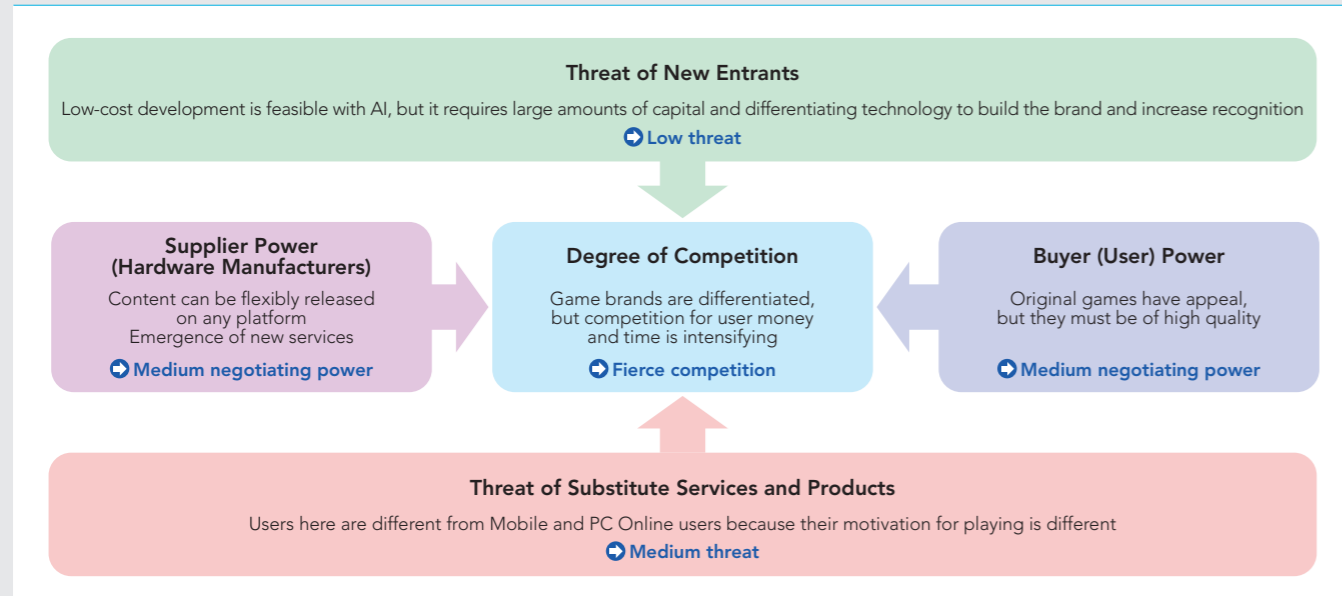
Although this is the most profitable market, only a limited number of titles are able to generate stable earnings over the long term even if they become hits. This makes brand establishment a challenge. Furthermore, changes in the regulatory environment are contributing to market uncertainty. However, with advancements in communication technology and device performance driven by next-generation communication standards, we expect smartphones will continue to drive rapid growth as the most pervasive game device.

Characteristics of Each Market



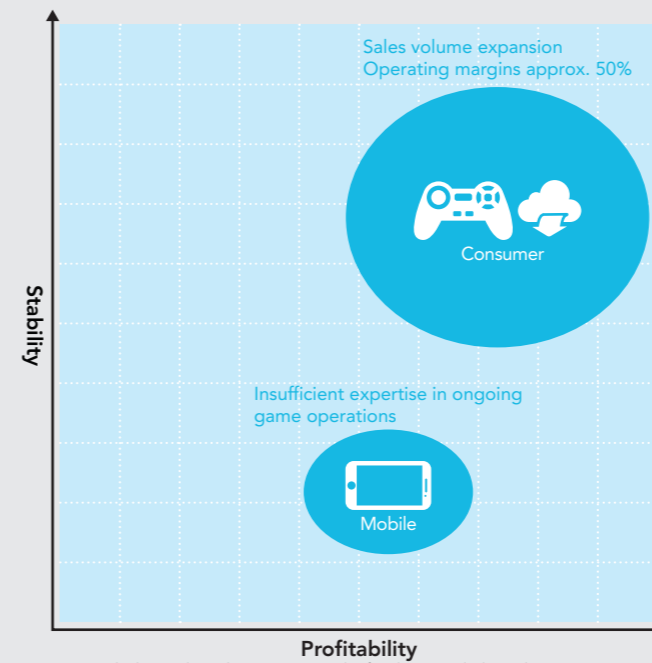
Source: Created by Capcom based on data from the International Development Group

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



Capcom Business Characteristics

Digital Contents Business Portfolio



Note: Calculations based on earnings in the fiscal year ended March 31, 2024

Consumer (Proportion of Net Sales: 76%) Package + Digital

Capcom's core business is to create a multitude of original content on home video game consoles. The regular release of sequels to popular IPs and focus on digital sales have, in recent years, led to an increased digital sales ratio, keeping operating margins at the 50% level.

Mobile Contents (Proportion of Net Sales: 2%)

To increase awareness of our content among new users, we are primarily creating and distributing smartphone games through licensing, which has resulted in sales trends falling below overall market growth. However, in the long term, as mobile device performance continues to improve, we anticipate more opportunities to bring our Consumer titles to this market.

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 fully leverage the latest technology	○	○	○	○	Ongoing competitive advantage
Governance	Corporate culture of training younger employees	○	○	△	○	Other companies possess this strength as well
	Promotion of governance reforms (external director ratio / company with an audit and supervisory committee)	○	△	△	○	Some companies are even farther ahead
Brand	Swift decision-making system	○	△	△	○	Strength seen at many founder-run companies
	Many popular, global IPs	○	○	○	○	Ongoing competitive advantage
Finances	Corporate brand known worldwide for action games	○	×	○	○	There are more widely recognized companies
	Paid dividends for 34 consecutive years since listing	○	△	△	○	Taking the split into consideration, increased dividends have been provided for eight consecutive years.
Sales	Consumer digital sales ratio of 83%	○	△	○	○	Major overseas companies are ahead
	Consumer business expansion into 230 countries and regions	○	○	○	○	Ahead of competitors
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	○	×	△	△	
External partners	Trusted by hardware manufacturers	○	△	○	○	High rank compared to competitors

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

\*1 With respect to the low evaluation of the originality of our system for training younger employees, we have hired more than 100 developers each year since fiscal 2013 and established a world-class R&D center and development facilities. In addition to establishing an environment that allows us to take up new challenges, we are working on developing a system that allows us to train employees through title development. (For details see p.45)

\*2 We are promoting measures such as (1) taking advantage of our many popular IPs by leveraging our back catalog of titles in digital sales, (2) extending the sales period, with brand strategies for each IP and enhanced digital sales and pricing measures, and (3) expanding the value of our IPs by strengthening our licensing business as we develop titles that will be popular not just in Japan but globally, as well as increase the fan bases of our IP series. (For details see p.31)

Financial Index

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>For the Year:</b>	Million yen						Million yen					
Net sales	¥ 102,200	¥ 64,277	¥ 77,021	¥ 87,170	¥ 94,515	¥ 100,031	¥ 81,591	¥ 95,308	¥ 110,054	¥ 125,930	¥ 152,410	
Operating income	10,299	10,582	12,029	13,650	16,037	18,144	22,827	34,596	42,909	50,812	57,081	
Net income (loss) before income taxes	5,315	10,701	11,150	12,489	15,149	17,770	22,890	34,828	44,322	51,143	59,282	
Net income attributable to owners of the parent	3,444	6,616	7,745	8,879	10,937	12,551	15,949	24,923	32,553	36,737	43,374	
Depreciation & amortization	4,638	3,535	5,712	5,980	4,706	3,228	2,795	2,791	3,385	3,438	4,221	
Capital expenditures	8,064	10,177	8,274	3,767	3,041	2,568	2,576	3,597	3,788	9,624	6,654	
R&D investment costs	26,691	25,301	27,255	27,720	28,990	27,038	25,843	25,375	29,862	37,719	43,042	
<b>At Year-End:</b>	Million yen						Million yen					
Total assets	¥ 96,611	¥ 100,773	¥ 113,057	¥ 118,897	¥ 124,829	¥ 123,407	¥ 143,466	¥ 163,712	¥ 187,365	¥ 217,365	¥ 243,476	
Net assets	63,875	71,331	75,168	77,774	85,421	88,749	99,735	120,794	146,475	161,129	195,081	
Net cash	22,670	21,212	15,821	8,426	36,750	44,689	58,921	65,633	102,384	94,273	117,974	
Developer numbers (people)	1,808	1,902	2,052	1,994	2,141	2,032	2,142	2,285	2,369	2,460	2,675	
<b>Cash Flows:</b>	Million yen						Million yen					
Cash flows from operating activities	¥ 13,201	¥ 4,286	¥ 4,347	¥ 3,200	¥ 34,721	¥ 19,847	¥ 22,279	¥ 14,625	¥ 46,947	¥ 21,789	¥ 36,921	
Cash flows from investing activities	(6,155)	(5,496)	(1,639)	(3,628)	(2,847)	(2,261)	(8,437)	(4,233)	(7,426)	(7,679)	(5,962)	
Cash flows from financing activities	(15,099)	1,278	(1,115)	(3,130)	(9,577)	(11,443)	(6,351)	(6,965)	(9,980)	(22,485)	(15,969)	
Net increase (decrease) in cash and cash equivalents	(5,404)	1,879	431	(4,091)	22,201	6,464	6,667	4,371	31,592	(6,165)	19,620	
Cash and cash equivalents at end of year	26,118	27,998	28,429	24,337	46,539	53,004	59,672	64,043	95,635	89,470	109,091	
<b>Per Share Data:</b>	yen						yen					
Net income (loss) per share	¥ 7.64	¥ 14.71	¥ 17.22	¥ 20.04	¥ 24.97	¥ 28.86	¥ 37.35	¥ 58.37	¥ 76.24	¥ 87.36	¥ 103.71	
Dividend per share	40.00	40.00	40.00	50.00	60.00	35.00	45.00	71.0	46.0	63.0	70.0	
Net assets per share	141.99	158.57	167.11	177.58	195.04	207.84	233.57	282.39	343.04	385.27	466.44	
<b>Financial Index:</b>	%						%					
Operating margin	10.1	16.5	15.6	15.7	17.0	18.1	28.0	36.3	39.0	40.3	37.5	
ROE	5.4	9.8	10.6	11.6	13.4	14.4	16.9	22.6	24.4	23.9	24.4	
ROA	3.4	6.7	7.2	7.7	8.9	10.1	12.0	16.2	18.5	18.2	18.8	
Net worth ratio	66.1	70.8	66.5	65.4	68.4	71.9	69.5	73.8	78.2	74.1	80.1	
Interest coverage ratio (times)	136.8	50.2	36.5	22.8	337.2	249.3	302.5	201.6	955.9	489.8	613.4	
Debt-equity ratio	51.2	41.3	50.4	52.9	47.0	39.1	43.8	35.5	27.9	34.9	24.8	
<b>Stock Information:</b>												
Price earnings ratio (times)	32.0	20.3	19.9	13.5	23.0	21.5	22.7	30.8	19.5	27.1	27.0	
Number of Issued shares (thousands shares)	67,723	67,723	67,723	67,723	67,723	135,446	135,446	135,446	270,892	266,505	266,505	
Foreign investors (%)	37.29	36.87	39.35	31.19	35.01	36.83	35.14	38.24	35.09	33.98	37.04	
<b>Digital Contents Business:</b>	Billion yen						Billion yen					
Consumer sub-segment net sales (packaged + digital)	¥ 53.0	¥ 35.2	¥ 42.1	¥ 49.2	¥ 65.2	¥ 76.9	¥ 55.5	¥ 68.8	¥ 83.3	¥ 95.3	¥ 1,162	
Online sub-segment net sales (Mobile Contents + PC Other) <sup>*1</sup>	12.8	10.1	10.4	9.5	8.9	6.0	4.4	6.5	4.2	2.8	35	
<b>Consumer Game Sales (Package Software and Full-game Digital Content)</b>	Thousands						Thousands					
Total number of units	17,500	13,000	15,000	19,400	24,400	25,300	25,500	30,100	32,600	41,700	45,893	
Sales of major titles	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: World 7,900	Monster Hunter: World (catalog) 4,500	Monster Hunter World: Iceborne 5,200	Monster Hunter Rise 4,800	Resident Evil Village 6,100	Monster Hunter Rise: Sunbreak 5,450	Resident Evil 4 (catalog) 3,392	
	Dead Rising 3 1,200	Resident Evil Revelations 2 1,100	Street Fighter V 1,400	Monster Hunter Generations Ultimate 1,700	Resident Evil 7 biohazard (catalog) 1,600	Resident Evil 2 4,200	Monster Hunter: World (catalog) 3,200	Resident Evil 3 3,900	Monster Hunter Rise (catalog) 4,100	Resident Evil 4 3,750	Street Fighter 6 3,305	
	Resident Evil Revelations 1,200	Resident Evil (HD Remastered) 900	Resident Evil Revelations 2 850	Monster Hunter X (Cross) 1,000	Marvel VS. Capcom: Infinite 1,000	Devil May Cry 5 2,100	Resident Evil 2 (catalog) 2,400	Monster Hunter World: Iceborne (catalog) 2,400	Monster Hunter Stories 2: Wings of Ruin 1,500	Monster Hunter Rise (catalog) 3,700	Monster Hunter: World *2 (catalog) 2,810	

\* Effective from the beginning of FY2018, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Certain financial information for the FY2018 has undergone retrospective application.  
 \* Effective from the beginning of FY2021, the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) has been applied. Certain financial information for FY2021 reflects the application of the standard.  
 \* The stock was split on a basis of two shares for every share of common stock on April 1, 2018, April 1, 2021, and April 1, 2024. For convenience, the figures presented for earnings per share and net assets per share assume the relevant were performed on April 1, 2013.

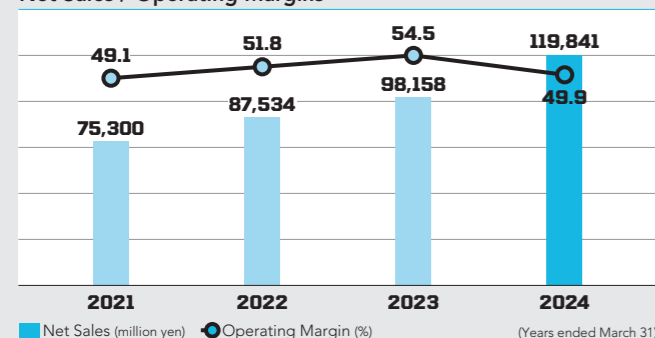
\*1 The PC Other sub-segment has been merged with Consumer as of FY3/20  
 \*2 Includes sales of Monster Hunter World: Iceborne Master Edition



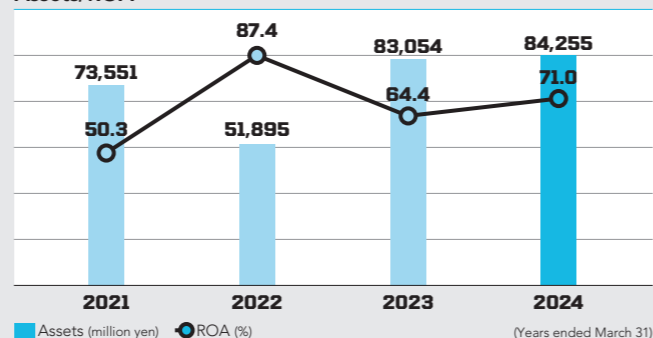
# Digital Contents

This business develops and sells packaged and digital game content for consumer home video game platforms. It also develops and manages games for Mobile Contents and PC Online Games. Consumer games produces creative, original content that provides recurring revenue by utilizing digital distribution on multiple platforms including PC. Many of these million-seller titles are also launched on smartphone and tablet devices, and are distributed worldwide in order to maximize earnings.

Net Sales / Operating Margins



Assets/ROA



SWOT Analysis S: Strengths W: Weaknesses O: Opportunities T: Threats

<ul style="list-style-type: none"> <li>World-class development and technological capabilities</li> <li>Own many original popular titles (intellectual capital)</li> <li>Expanding markets via increased global reach</li> </ul>	<ul style="list-style-type: none"> <li>Concentration in specific genres</li> <li>Insufficient hit mobile titles and management expertise</li> </ul>
<ul style="list-style-type: none"> <li>Decreased competition in Consumer business</li> <li>Longer product lives and greater global reach due to digital transformation, including growth of digital content sales</li> <li>Arrival of subscription-based and other new platforms</li> <li>Spread of high-performance smartphones capable of handling high-end content</li> </ul>	<ul style="list-style-type: none"> <li>Low barriers for entry into mobile contents market, large number of competitor firms</li> <li>Competition from new forms of entertainment spurred by technological innovations</li> <li>Emergence of new competitors in low-cost development using AI</li> </ul>

Utilization of Non-Financial Capital

<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>Workforce of about 2,600 in-house developers, one of the largest in the country</li> <li>Utilization of in-house department specializing in marketing and data analysis</li> </ul>	<p><b>Production Capital</b></p> <ul style="list-style-type: none"> <li>Global penetration of digital storefronts on game consoles, smartphones, and PCs</li> <li>Highly efficient proprietary game development engines</li> <li>World-class development equipment</li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>Own many original popular titles (intellectual capital)</li> <li>User trust in the Capcom brand</li> </ul>	<p><b>Social Capital</b></p> <ul style="list-style-type: none"> <li>Partnerships with developers in Japan and other countries</li> <li>Partnerships with mobile online game companies, primarily in Asia</li> </ul>

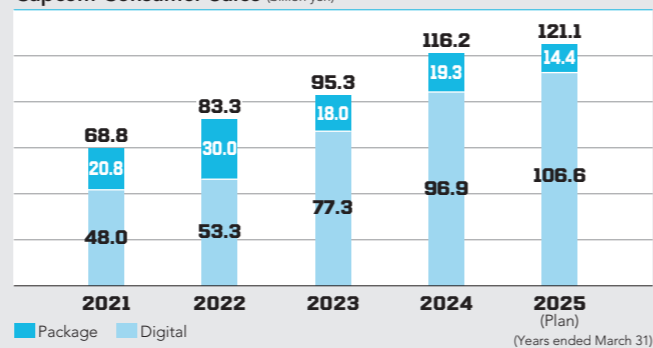
Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

Consumer (Package + Digital) sub-segment

This fiscal year (ended March 31, 2024), *Street Fighter 6* (PlayStation 5, PlayStation 4, Xbox Series X|S, and PC), released in June 2023, introduced the new Modern Control Type input mode that allows players to perform special moves without complex commands. Efforts were also made to appeal to a broader audience. As a result, it sold 3.3 million units, significantly contributing to earnings. *Dragon's Dogma 2* (PlayStation 5, Xbox Series X|S, and PC), released in March 2024, was also well-received as an open-world action game that lets players freely explore a classic fantasy world. As a result, it sold 2.62 million units and contributed significantly to improved profitability.

Among catalog titles, sales of the core catalog titles in the *Monster Hunter* series continued to grow steadily, driven by the announcement of a completely new title in the series, *Monster Hunter Wilds*. Furthermore, measures were implemented to expand brand recognition through proactive promotion, focusing

Capcom Consumer Sales (billion yen)



on the sale of catalog titles like *Resident Evil 4*. As a result, sales of catalog titles exceeded the 29.3 million units from the previous year, reaching 36.29 million units and boosting profits.

The resulting net sales came to 119.841 billion yen (up 22.1% from the previous year), and operating income to 59.831 billion yen (up 11.8% from the previous year).

For Capcom, we consider Consumer business growth as one of the keys to achieving our medium-term business goals. Our initiatives are to (1) strengthen digital sales, (2) bolster our title lineup through the continued execution of our 60-month and 52-week maps, and (3) utilize both new and dormant brands.

Under (1), the prevalence of digital selling has made it possible to implement measures such as limited-time sales, increasing flexibility in pricing and expanding the impact of marketing. We utilize our existing intellectual properties (IP) in addition to major titles and additional content, and remake or rerelease past titles on current-generation hardware, in order to create sales opportunities and increase the digital sales ratio. In terms of (2), since March 2015 we have been carrying out operations according to both our medium-term title portfolio map, called the "60-month map," and our yearly developer assignment plan, called the "52-week map." We will work toward establishing an efficient development structure, enabling us to release major titles on a regular basis. Finally, for (3) we seek to revive dormant brands for which we have not recently released new titles by increasing the number of our developers.

Next fiscal year, we expect a contribution from completely new IP *Kunitsu-Gami: Path of the Goddess* (Xbox Series X|S, PlayStation 5, and PC) as well as catalog titles *Street Fighter 6* and *Dragon's Dogma 2*. We will also work to further expand sales globally based on our digital strategy for other major titles. As a result of these efforts, we expect to increase unit sales to 50.0 million units (up 8.9% from the year under review), net sales to 125.1 billion yen (up 4.3% from the year under

review), and for the digital sales ratio to increase to around 88% for increased sales and profit.

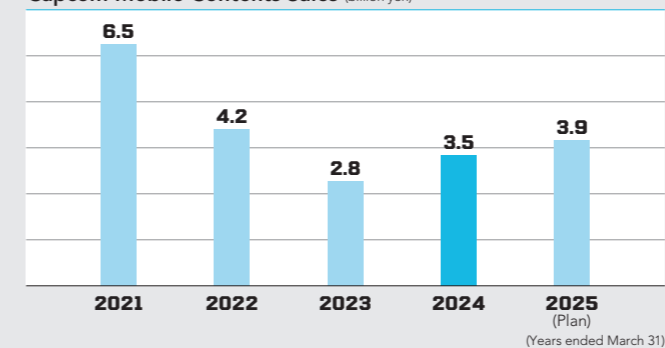
Mobile Contents Sub-segment

This fiscal year (ended March 31, 2024), net sales came to 3.5 billion yen (up 25.0% from the previous year), driven mainly by licensed titles.

In the future, we will continue to work on expanding brand recognition and accumulating operational know-how by licensing out our IPs to mobile development companies in Japan and overseas. We will also work on research and development in anticipation of future technological innovation, including the new generation of mobile communication standards.

In the next fiscal year, thanks to the launch of *Monster Hunter Now* in September 2023 and other titles that were licensed out, we expect net sales to come to 3.9 billion yen (up 11.4% from the year under review). (Years ended March 31)

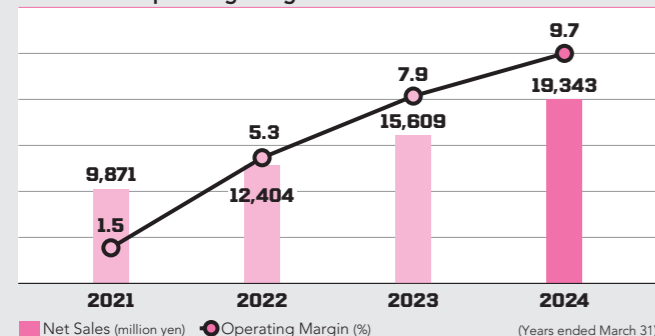
Capcom Mobile Contents Sales (billion yen)



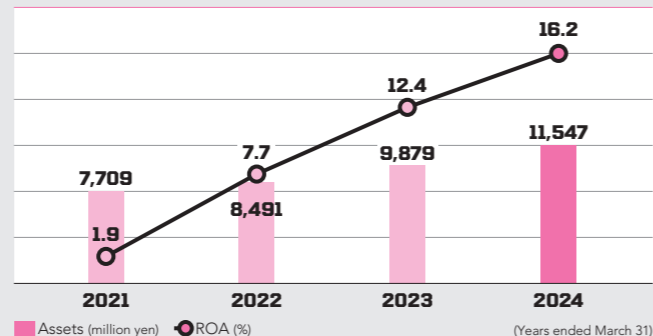
# Arcade Operations

We operate amusement facilities, primarily Plaza Capcom arcades, in Japan. These arcades are predominantly in large commercial complexes. We have diligently followed a scrap-and-build policy to maximize our efficiency in arcade operations, and have been hosting various events designed to attract families and younger customers.

Net Sales / Operating Margins



Assets/ROA



SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats

<ul style="list-style-type: none"> <li>Specialize in opening stores in large shopping centers to secure a stable customer base</li> <li>Thorough scrap-and-build strategy focused on investment efficiency to ensure sustainable earnings</li> </ul>	<ul style="list-style-type: none"> <li>Low sales growth rate due to small number of carefully selected facilities</li> <li>Limited synergy with proprietary contents</li> </ul>
<ul style="list-style-type: none"> <li>Cultivate market, including merchandise sales and restaurants utilizing our intellectual properties</li> <li>Increase new customers through esports collaboration</li> <li>Introduce new machines and services</li> </ul>	<ul style="list-style-type: none"> <li>Entertainment diversification due to rapid growth of digital games</li> <li>Change in business climate accompanying diminished customer appeal</li> <li>Diminished customer appeal due to COVID-19</li> </ul>

Utilization of Non-Financial Capital

<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>Internal store management staff</li> <li>Part-time workers hired locally</li> </ul>	<p><b>Production Capital</b></p> <ul style="list-style-type: none"> <li>High foot traffic of large shopping centers</li> <li>Developers that design and construct facilities</li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>Store management know-how cultivated over 40 years</li> <li>Intellectual properties (characters and worlds) that can be rolled out in food, drinks and prizes</li> <li>Services utilizing virtual reality (VR) Technology</li> </ul>	<p><b>Social Capital</b></p> <ul style="list-style-type: none"> <li>Our relationships with local residents</li> <li>Arcade game makers around the world</li> </ul>

Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2024), with economic activity recovering due to the reclassification of COVID-19 as a Category 5 infectious disease (the same category as the seasonal flu), the number of customers visiting our stores exceeded pre-COVID-19 levels. We also achieved an increase in both sales and profit from the previous year thanks to the efficient operation of existing stores and the effect of new stores in new business formats.

New store openings included a Kids Banet in Shizuoka in April, a Crazy Banet interactive amusement facility at Aeon Mall in Niihama (Ehime Prefecture) in June, a capsule toy specialty store called Capsule Lab Harajuku Takeshita Street (Tokyo) in December, and the Puri Mart/Capsule Lab in Sannomiya (Hyogo Prefecture), which also features a sticker printing specialty shop, in March of this year. We opened a total of four stores, bringing the total number of stores to 49.

As a result, net sales came to 19.343 billion yen (up 23.9% from the previous year), and operating income came to 1.868 billion yen (up 52.2% from the previous year).

In the next fiscal year, we will continue to make efforts toward efficient operations and open new stores to attract customers.

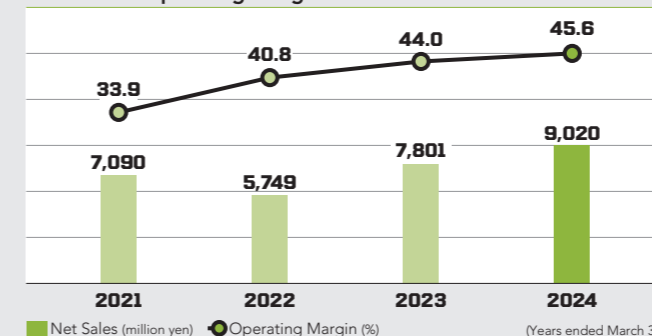
We forecast an increase in both sales and profit with same store sales up 2% from the previous year, bringing net sales to 22.0 billion yen (up 14.0% from the year under review) and operating income to 2.1 billion yen (up 12.0% from the year under review).

As for the number of stores, we will continue to promote opening stores in new formats based on our fundamental scrap-and-build strategy. We plan to open seven stores and close none, bringing the total number to 56.

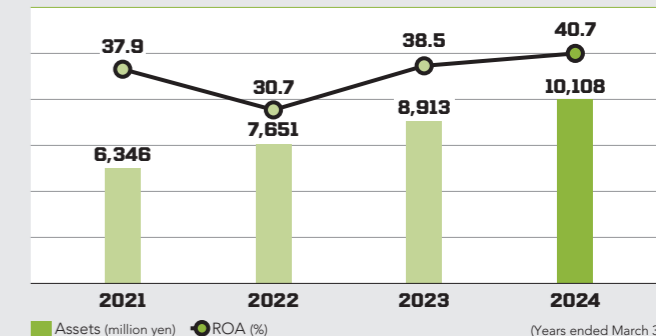
# Amusement Equipments

Here, we leverage the contents from our home video games. The Pachinko & Pachislo (PS) sub-segment is involved in the development, manufacture and sales of frames and LCD devices for gaming machines as well as software, creating synergy between businesses.

Net Sales / Operating Margins



Assets/ROA



SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats

<ul style="list-style-type: none"> <li>High caliber development capabilities cultivated through home video games</li> <li>Leveraging of rich in-house contents</li> <li>Diversified sales channels</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate sales capabilities</li> <li>Agility in responding to regulatory changes</li> </ul>
<ul style="list-style-type: none"> <li>Market recovery via introduction of popular machines</li> <li>Demand generated by installing new cabinets compliant with rule changes</li> </ul>	<ul style="list-style-type: none"> <li>Declining operator and hall investment appetite</li> <li>Long-term market stagnation</li> <li>Market fluctuations resulting from changes to the Entertainment and Amusement Trades Act and certification rules</li> </ul>

Utilization of Non-Financial Capital

<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>Internal developers in charge of planning and development</li> </ul>	<p><b>Production Capital</b></p> <ul style="list-style-type: none"> <li>Manufacturing plant for machines</li> <li>Pachinko/pachislo parlors and video game arcades throughout Japan</li> </ul>
<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>Own many original popular titles (intellectual capital)</li> <li>Development technology supporting pachislo certification rules</li> </ul>	<p><b>Social Capital</b></p> <ul style="list-style-type: none"> <li>Cooperation with major specialist companies</li> <li>Administrative organ related to pachislo machine permits and licenses</li> </ul>

Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2024), sales in the Pachinko & Pachislo (PS) sub-segment reached 31,300 units from five models this year, three of which were new models, such as our first smart pachislot, *Sengoku BASARA GIGA*, and our second, *Resident Evil Village*.

In this business, with the pachislot market performing well thanks to the popularity of smart pachislot machines, the smart pachislot *Sengoku BASARA GIGA* sold 15,000 units. Additionally, *Resident Evil Village*, the first smart pachislot machine we released on an e-commerce platform in December, sold 10,000 units. Repeat sales of *Shin Onimusha 2: Samurai's Destiny* (released in August 2022) and *Monster Hunter World: Iceborne* (released in January 2023) were also strong due to high end-user utilization.

As a result, net sales came to 9.020 billion yen (up 15.6% from the previous year), and operating income came to 4.117 billion yen (up 19.9% from the previous year), thanks in part to diversifying business models.

We will work to release models that impress hall operators and end-users, continuing to (1) develop machines not dependent on speculation and that feature a variety of playing styles and entertaining video elements that utilize content from our popular Consumer content, while (2) working on securing a strong sales network and improving machine quality through cooperating with a major specialist company.

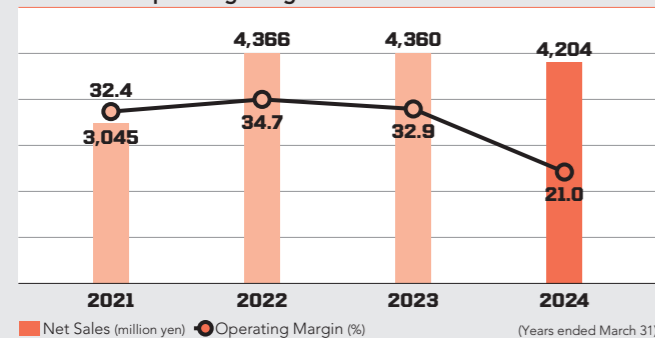
In the next fiscal year, we plan to introduce four models while continuing to monitor market trends and sell 41,500 units (10,200 units more than the year under review).

We expect that both sales and income will be up, with net sales at 12.7 billion yen (up 41.0% from the year under review) and operating income at 4.8 billion yen (up 17.0% from the year under review).

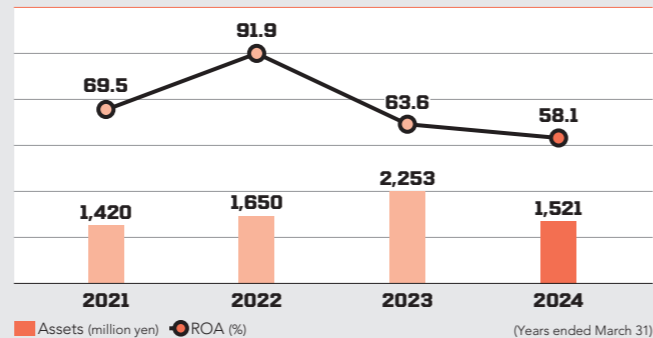
# Other Businesses

Based on our Single Content Multiple Usage strategy of developing game content for various media, we pursue a variety of copyright-related business opportunities including publishing (walkthrough and strategy guides as well as game art books) and licensing (movies, animated television programs, music CDs, and merchandise). Furthermore, we are concentrating on the esports business as well.

### Net Sales / Operating Margins

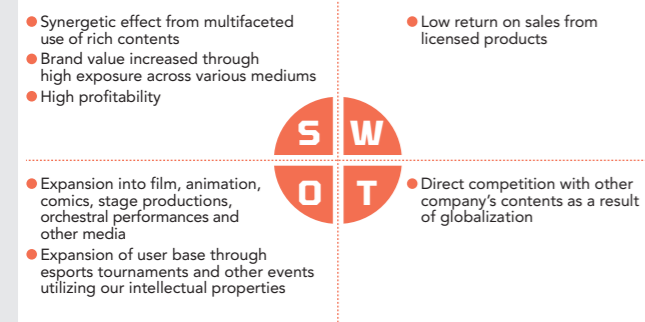


### Assets/ROA



### SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats



### Utilization of Non-Financial Capital



### Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2024), we prioritized expanding the use of our major IPs in film and television and developing character merchandise. This included the worldwide release of the CG feature film *Resident Evil: Death Island* and the global launch of the anime series *Onimusha* on Netflix, both aimed at elevating the brand value of our titles in the Media business.

In eSports, we utilized *Street Fighter 6*, the latest title in the series, and held CAPCOM CUP X, the championship tournament of the CAPCOM Pro Tour 2023, which was held in various countries worldwide with a total prize pool exceeding 2 million dollars—our largest ever. The live streaming of the event was a huge success, attracting over 190,000 simultaneous viewers. Additionally, we held the team league Street Fighter League: Pro-JP 2023 in Japan, before going on to organize the Street Fighter League: World Championship 2023 tournament for the same league in North America and Europe, showcasing intense competition. We also expanded our global user base by promoting eSports through events in Singapore and other regions.

As a result, net sales were 4.204 billion yen (down 3.6% from the previous year), and operating income was 883 million yen (down 38.4% from the previous year), due mainly to up-front investments in eSports.

In the next fiscal year, we plan to implement various initiatives to grow our global user base, including offering 1 million dollars in prize money at the final tournament of the Capcom Pro Tour 2024, Capcom Cup 11. Additionally, to enhance the global reach of our IPs, we will continue to promote the adaptation of our content into movies and television shows, and collaborate with other industries. Our efforts will be aligned with a global strategy that leverages the strengths of our Single Content Multiple Usage strategy to maximize the impact of our IPs across various mediums.

We expect that both sales and income will be up, with net sales at 5.3 billion yen (up 26.0% from the year under review) and operating income at 1.6 billion yen (up 81.0% from the year under review).

## Stock Data (As of March 31, 2024)

### Stock Data

Number of Shares Authorized ..... 600,000,000 shares  
 Number of Shares Issued ..... 266,505,623 shares  
 Number of Shareholders ..... 24,427

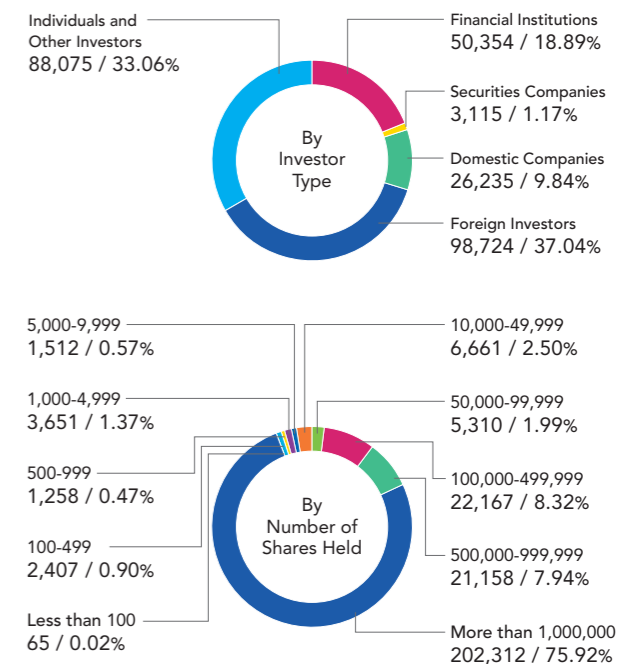
### Major Shareholders (Top 10)

Major Shareholders	Number of Shares Held (in thousands)	Percentage of Shareholding (%)
The Master Trust Bank of Japan, Ltd.(Trust Account)	28,454	13.35
Crossroad Co., Ltd.	21,867	10.26
JP Morgan Chase Bank 380815	17,594	8.26
Custody Bank of Japan, Ltd., Trust Account	12,247	5.75
Yoshiyuki Tsujimoto	7,963	3.74
Haruhiro Tsujimoto	6,026	2.83
Ryozo Tsujimoto	5,968	2.80
State Street Bank and Trust Company 505025	4,249	1.99
Kenzo Tsujimoto	4,039	1.90
The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account 76744)	3,991	1.87

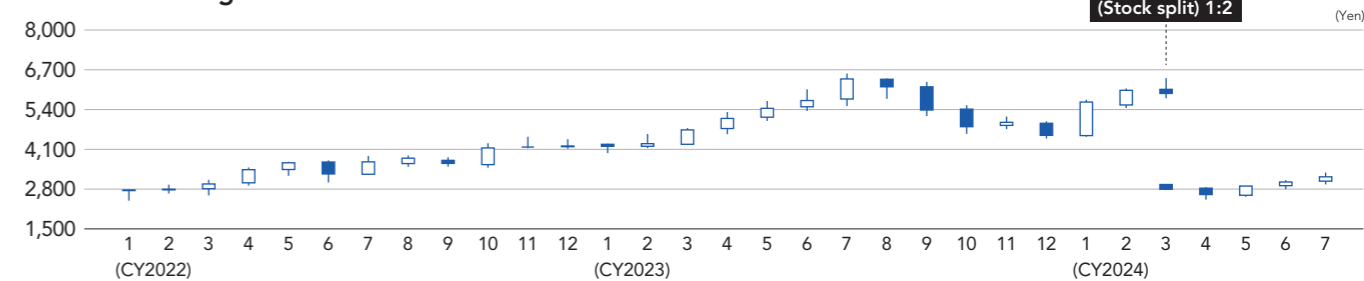
Note: 1. Capcom owns 53,394 thousand shares as treasury stocks. The stocks owned by the company are excluded from the above list.  
 2. The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account 76,744) is a trust established in conjunction with the introduction of the Stock Grant ESOP Trust. Note that such shares are not included in the number of treasury stock above.

### Shareholders Breakdown

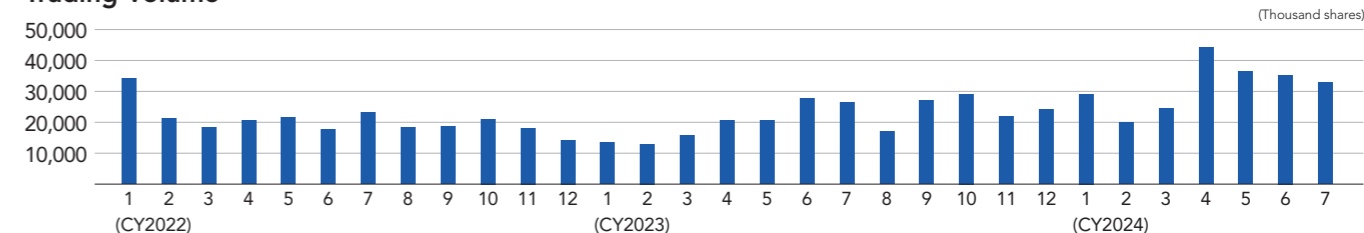
Number of shares held (in thousands) / (%)



### Stock Price Range\*1



### Trading Volume



### 11-Year Trend of Stock Price and Trading Volume\*2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Stock Price	244.75	298.63	343.13	271.38	574.75	620.00	847.50	1,797.50	1,484.00	2,367.50	<b>2,795.00</b>
High	291.25	301.63	384.38	359.63	646.25	761.25	891.25	1,892.50	1,900.00	2,397.50	<b>2,959.00</b>
Low	174.50	192.63	243.00	240.88	263.38	475.75	508.00	802.50	1,210.50	1,456.50	<b>2,766.00</b>
Trading Volume	150,408,300	143,234,700	162,642,100	183,455,500	171,969,350	258,438,800	183,399,500	180,877,400	275,620,400	215,342,700	<b>288,160,900</b>

\*1 With an effective date of April 1, 2024, Capcom performed a 2-for-1 split of its common stock.  
 \*2 The stock was split on a basis of two shares for every share of common stock on April 1, 2018, 2021 and 2024. Consequently, for convenience the figures presented here assume that the relevant stock splits were performed on April 1, 2013.

**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, mobile games and arcade games etc., as well as management of amusement arcades.  
 Paid-in Capital ..... ¥ 33,239 million  
 End of Term ..... March 31  
 Number of Employees ... 3,531 (consolidated)  
 3,186 (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 ...3-1-10 Uchihirano-machi, Chuo-ku, #2 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

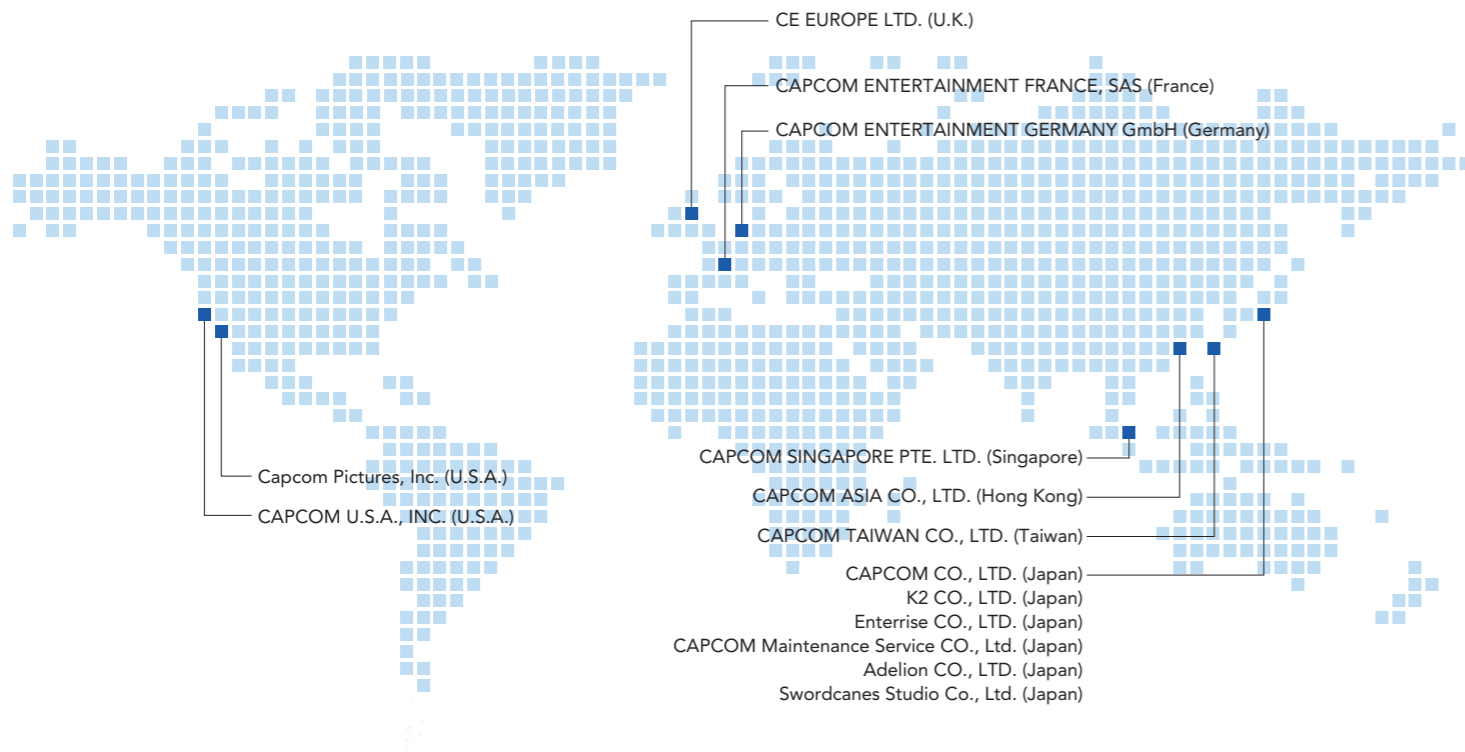


R&D Building #2

**Capcom's Subsidiaries** (As of March 31, 2024)

K2 CO., LTD. / Enterrise CO., LTD. / CAPCOM Maintenance Service CO., Ltd./ Adelson CO., LTD. / Swordcanes Studio Co., Ltd. / CAPCOM U.S.A., INC. / CAPCOM ASIA CO., LTD. / CE EUROPE LTD. / CAPCOM ENTERTAINMENT GERMANY GmbH / CAPCOM ENTERTAINMENT FRANCE, SAS / CAPCOM TAIWAN CO., LTD. / CAPCOM SINGAPORE PTE. LTD. / Capcom Pictures, Inc.

\* Adelson CO., LTD. is a wholly owned subsidiary of Enterrise CO., LTD.  
 \* CAPCOM ASIA CO., LTD. is a wholly owned subsidiary of CAPCOM SINGAPORE PTE. LTD.  
 \* CAPCOM ENTERTAINMENT GERMANY GmbH and CAPCOM ENTERTAINMENT FRANCE, SAS are both wholly owned subsidiaries of CE EUROPE LTD.



**FACT BOOK 2024**

**INDEX**

- 01 Financial Index
- 03 Segment Information
- 04 Market Information
- 05 Software Shipments
- 06 Game Series Sales
- 07 Sustainability Data
- 08 Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
- 09 Consolidated Balance Sheets
- 11 Consolidated Statements of Cash Flows
- 13 Consolidated Statements of Changes in Net Assets

**CAPCOM CO., LTD.**

3-1-3 Uchihirano-machi, Chuo-ku,  
Osaka, 540-0037, Japan  
PHONE: 81-6-6920-3600

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**CAPCOM**



# FACT BOOK 2024

Code Number 9697

## INDEX

- |                               |  |
|-------------------------------|--|
| <b>01</b> Financial Index     | <b>08</b> Consolidated Statements of Income /<br>Consolidated Statements of Comprehensive Income |
| <b>03</b> Segment Information | <b>09</b> Consolidated Balance Sheets  |
| <b>04</b> Market Information  | <b>11</b> Consolidated Statements of Cash Flows  |
| <b>05</b> Software Shipments  | <b>13</b> Consolidated Statements of Changes in Net Assets                                       |
| <b>06</b> Game Series Sales   |  |
| <b>07</b> Sustainability Data |  |



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# Financial Index

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2017	2018	2019	2020	2021	2022	2023	2024
<b>For the Year</b> (million yen)								
Net sales	87,170	94,515	100,031	81,591	95,308	110,054	125,930	<b>152,410</b>
Operating income	13,650	16,037	18,144	22,827	34,596	42,909	50,812	<b>57,081</b>
Net income before income taxes	12,489	15,149	17,770	22,890	34,828	44,322	51,143	<b>59,282</b>
Net income attributable to owners of the parent	8,879	10,937	12,551	15,949	24,923	32,553	36,737	<b>43,374</b>
Capital investment (Tangible fixed assets, net of accumulated depreciation)	2,622	2,918	2,439	2,504	2,570	2,965	9,192	<b>6,440</b>
Depreciation and amortization	5,980	4,706	3,228	2,795	2,791	3,385	3,438	<b>4,221</b>
Capital expenditure	3,767	3,041	2,568	2,576	3,597	3,788	9,624	<b>6,654</b>
R&D investment costs	27,720	28,990	27,038	25,843	25,375	29,862	37,719	<b>43,042</b>
Promotional expenses	4,764	5,579	5,490	4,253	3,178	3,540	5,293	<b>7,393</b>
<b>At Year-End</b> (million yen)								
Total assets	118,897	124,829	123,407	143,466	163,712	187,365	217,365	<b>243,476</b>
Net assets	77,774	85,421	88,749	99,735	120,794	146,475	161,129	<b>195,081</b>
Work in progress for game software, Online contents in progress	30,150	25,635	16,926	21,222	24,443	31,192	38,510	<b>39,035</b>
Net increase (decrease) in cash and cash equivalents	(4,091)	22,201	6,464	6,667	4,371	31,592	(6,165)	<b>19,620</b>
Cash and cash equivalents at end of year	24,337	46,539	53,004	59,672	64,043	95,635	89,470	<b>109,091</b>
Interest-bearing debt	16,111	9,788	8,315	6,735	5,606	4,878	7,843	<b>7,217</b>
Net cash (100 million yen)	84	367	446	589	656	1,023	942	<b>1,179</b>
<b>Profitability Indicators</b> (%)								
Cost-of-sales ratio	64.7	63.4	62.8	49.8	44.7	44.3	41.4	<b>44.5</b>
Operating margin	15.7	17.0	18.1	28.0	36.3	39.0	40.3	<b>37.5</b>
Ordinary margin	14.4	16.1	18.2	28.1	36.6	40.3	40.8	<b>39.0</b>
Return on sales	10.2	11.6	12.5	19.5	26.1	29.6	29.2	<b>28.5</b>
SG&A expenses ratio	19.6	19.7	19.1	22.2	19.0	16.7	18.3	<b>18.1</b>
Return on equity (ROE)	11.6	13.4	14.4	16.9	22.6	24.4	23.9	<b>24.4</b>
Return on total assets (ROA)	7.7	8.9	10.1	12.0	16.2	18.5	18.2	<b>18.8</b>

\* Effective from the beginning of FY2018, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Certain financial information for the FY2017 has undergone retrospective application.

\* Effective from the beginning of FY2021, the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) has been applied. Certain financial information for FY2021 reflects the application of the standard.

\* The stock was split on a basis of two shares for every share of common stock on April 1, 2018, April 1, 2021, and April 1 2024. For convenience, the figures presented for earnings per share and net assets per share assume the relevant were performed on April 1, 2016.

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Efficiency Indicators</b> (times)								
Total assets turnover	0.7	0.8	0.8	0.6	0.6	0.6	0.6	<b>0.6</b>
Sales-equity ratio	1.1	1.1	1.1	0.8	0.8	0.8	0.8	<b>0.8</b>
Receivables turnover	4.3	7.3	7.2	5.1	3.8	13.9	5.0	<b>6.0</b>
Accounts payable turnover	7.9	17.3	12.2	7.0	11.5	13.1	9.4	<b>15.6</b>
Inventory turnover	2.4	3.2	5.2	3.4	3.4	3.3	3.0	<b>3.6</b>
Fixed asset turnover ratio	2.6	3.2	3.1	2.4	2.6	3.1	2.7	<b>3.3</b>
<b>Safety Indicators</b> (%)								
Net worth ratio	65.4	68.4	71.9	69.5	73.8	78.2	74.1	<b>80.1</b>
Current ratio	285.0	354.0	391.2	303.5	390.9	492.2	372.3	<b>595.6</b>
Quick ratio (Acid-test ratio)	149.1	220.0	288.5	227.6	295.6	374.7	276.3	<b>453.4</b>
Cash equivalent ratio	81.8	172.1	228.3	183.1	218.6	348.9	221.8	<b>376.9</b>
Fixed ratio	43.0	35.0	36.7	34.7	30.1	24.6	28.5	<b>23.4</b>
Debt-equity ratio	52.9	47.0	39.1	43.8	35.5	27.9	34.9	<b>24.8</b>
Interest coverage ratio (times)	22.8	337.2	249.3	302.5	201.6	955.9	489.8	<b>613.4</b>
<b>Per Share Data</b> (yen)								
Net income (loss) per share	20.04	24.97	28.86	37.35	58.37	76.24	87.36	<b>103.71</b>
Net assets per share	177.58	195.04	207.84	233.57	282.89	343.04	385.27	<b>466.44</b>
<b>Dividend Data</b>								
Dividend per share (yen)	50.0	60.0	35.0	45.0	71.0	46.0	63.0	<b>70.0</b>
Dividend payout ratio (%)	31.2	30.0	30.3	30.1	30.4	30.2	36.1	<b>33.7</b>
Dividend yield (%)	2.3	2.6	1.4	1.3	1.0	1.5	1.3	<b>1.3</b>
<b>Stock Information</b>								
Number of issued shares (shares)	67,723,244	67,723,244	135,446,488	135,446,488	135,446,488	270,892,976	266,505,623	<b>266,505,623</b>
Price-earnings ratio (times)	13.5	23.0	21.5	22.7	30.8	19.5	27.1	<b>27.0</b>
Shareholdings held by foreign investors (%)	31.19	35.01	36.83	35.14	38.24	35.09	33.98	<b>37.04</b>

## Segment Information

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Digital Contents</b>								
Net sales (million yen)	58,704	74,141	82,982	59,942	75,300	87,534	98,158	<b>119,841</b>
Consumer (100 million yen)	492	652	769	555	688	833	953	<b>1,162</b>
Package (100 million yen)	337	383	359	129	208	300	180	<b>193</b>
Digital (100 million yen)	155	269	410	426	480	533	773	<b>969</b>
Mobile Contents (100 million yen)	38	41	23	44	65	42	28	<b>35</b>
PC Other (100 million yen)*1	57	48	37	—	—	—	—	<b>—</b>
Operating income (million yen)	11,096	19,103	23,315	24,161	37,002	45,359	53,504	<b>59,831</b>
Operating margins (%)	18.9	25.8	28.1	40.3	49.1	51.8	54.5	<b>49.9</b>
Assets (million yen)	66,691	61,641	54,109	53,117	73,551	51,895	83,054	<b>84,255</b>
Return on total assets (ROA) (%)	16.6	31.0	43.1	45.5	50.3	87.4	64.4	<b>71.0</b>
<b>Arcade Operations</b>								
Net sales (million yen)	9,525	10,231	11,050	12,096	9,871	12,404	15,609	<b>19,343</b>
Operating income (million yen)	752	879	1,096	1,211	149	652	1,227	<b>1,868</b>
Operating margins (%)	7.9	8.6	9.9	10.0	1.5	5.3	7.9	<b>9.7</b>
Assets (million yen)	6,988	7,471	7,730	7,624	7,709	8,491	9,879	<b>11,547</b>
Return on total assets (ROA) (%)	10.8	11.8	14.2	15.9	1.9	7.7	12.4	<b>16.2</b>
<b>Amusement Equipments</b>								
Net sales (million yen)	16,856	7,803	3,422	6,533	7,090	5,749	7,801	<b>9,020</b>
Operating income (million yen)	5,106	(764)	(2,668)	2,085	2,407	2,348	3,433	<b>4,117</b>
Operating margins (%)	30.3	—	—	31.9	33.9	40.8	44.0	<b>45.6</b>
Assets (million yen)	16,169	10,002	6,420	13,100	6,346	7,651	8,913	<b>10,108</b>
Return on total assets (ROA) (%)	31.6	—	—	15.9	37.9	30.7	38.5	<b>40.7</b>
<b>Other Businesses</b>								
Net sales (million yen)	2,083	2,338	2,575	3,018	3,045	4,366	4,360	<b>4,204</b>
Operating income (million yen)	969	1,126	811	544	987	1,517	1,433	<b>883</b>
Operating margins (%)	46.5	48.2	31.5	18.0	32.4	34.7	32.9	<b>21.0</b>
Assets (million yen)	4,718	3,600	617	554	1,420	1,650	2,253	<b>1,521</b>
Return on total assets (ROA) (%)	20.5	31.3	131.4	98.2	69.5	91.9	63.6	<b>58.1</b>

\*1. The PC Other sub-segment has been merged with Consumer as of FY3/20

## Market Information

	2017	2018	2019	2020	2021	2022	2023 (Estimate)	2024 (Estimate)
<b>Consumer Market (100 million USD)*2</b>								
Package	112	109	134	126	110	93	82	<b>62</b>
Digital	132	190	217	303	320	286	321	<b>343</b>
Total	244	299	351	429	430	379	403	<b>405</b>
<b>PC Market (100 million USD)*2</b>								
North America	77	90	68	93	102	87	103	<b>103</b>
Europe	77	90	84	86	99	86	109	<b>113</b>
Asia	186	195	189	184	188	207	192	<b>192</b>
Other	43	39	42	56	55	48	53	<b>56</b>
Total	384	416	384	422	446	429	458	<b>466</b>
<b>Mobile Contents Market (100 million USD)*2</b>								
North America	113	175	219	302	358	319	320	<b>324</b>
Europe	60	87	107	144	162	139	151	<b>164</b>
Asia	354	421	510	647	652	616	732	<b>730</b>
Other	66	69	83	116	139	150	157	<b>173</b>
Total	594	753	920	1,211	1,312	1,226	1,362	<b>1,392</b>

(Years ended March 31)

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Arcade Operations Market (100 million yen)*3</b>								
Market size	4,620	4,859	5,201	5,408	4,187	4,492	5,143	<b>—</b>
Number of Amusement Arcades (by number of machines) (stores)	14,154	13,103	12,167	12,212	9,998	10,061	7,022	<b>—</b>
Over 101 machines	5,263	4,879	3,640	5,354	3,893	3,536	2,003	<b>—</b>
51-100 machines	1,817	1,670	795	1,172	847	761	796	<b>—</b>
Below 50 machines	7,074	6,554	7,732	5,687	5,259	5,765	4,223	<b>—</b>
<b>Gaming Machines Market (100 million yen)*4</b>								
Pachinko	5,258	5,157	5,046	3,450	3,694	4,343	4,105	<b>—</b>
Pachislo	3,576	2,434	1,685	2,197	1,897	2,592	2,794	<b>—</b>
Total	8,834	7,591	6,731	5,647	5,591	6,935	6,899	<b>—</b>

\*2. Source: International Development Group

\*3. Source: JAMMA "Survey on the Amusement Industry"

\*4. Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2021, 2022, 2023); Yano Research Institute Ltd.

# Software Shipments

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Units Shipped by Platform</b> (thousand units)								
PlayStation 3 PlayStation 4 PlayStation 5	4,700	8,250	6,500	3,300	2,750	3,750	2,350	<b>3,078</b>
PSP PS Vita	150	0	50	—	—	—	—	—
Wii, Wii U Nintendo Switch	0	1,100	1,950	1,150	3,650	3,600	1,750	<b>1,210</b>
Nintendo DS Nintendo 3DS	3,200	450	—	—	—	—	—	—
Xbox 360 Xbox One Xbox Series X S	2,100	1,350	1,200	300	400	500	250	<b>206</b>
PC Other	250	350	300	200	150	150	50	<b>44</b>
Package total	10,400	11,500	10,000	4,950	6,950	8,000	4,400	<b>4,541</b>
Full-game download	9,000	12,900	15,300	20,550	23,150	24,600	37,300	<b>41,352</b>
Total	19,400	24,400	25,300	25,500	30,100	32,600	41,700	<b>45,893</b>

\* In FY2023, the number of units is counted in thousands, while for FY2022 and prior, it is counted in 100,000 units.

# Game Series Sales

With a focus on delivering quality products to a wider audience base, Capcom has strived diligently to create innovative and exciting sequels to existing popular franchises to increase its user base and to strengthen its revenues. As always, we at Capcom will continue to strive to provide our customers with the best possible forms of innovative entertainment to increase customer satisfaction.

<b>Dragon's Dogma</b> Unit Sales: <b>11.0</b> 	<b>Lost Planet</b> Unit Sales: <b>6.7</b> 	<b>Dead Rising</b> Unit Sales: <b>16.0</b> 	<b>Okami</b> Unit Sales: <b>4.1</b> 	<b>Sengoku BASARA</b> Unit Sales: <b>4.1</b> 
<b>Monster Hunter</b> Unit Sales: <b>100.0</b> 	<b>Ace Attorney</b> Unit Sales: <b>11.0</b> 	<b>Devil May Cry</b> Unit Sales: <b>31.0</b> 	<b>Onimusha</b> Unit Sales: <b>8.6</b> 	<b>Dino Crisis</b> Unit Sales: <b>4.4</b> 
<b>Marvel vs. Capcom</b> Unit Sales: <b>11.0</b> 	<b>Resident Evil</b> Unit Sales: <b>157.0</b> 	<b>Breath of Fire</b> Unit Sales: <b>3.3</b> 	<b>Final Fight</b> Unit Sales: <b>3.2</b> 	<b>Street Fighter</b> Unit Sales: <b>54.0</b> 
<b>Mega Man</b> Unit Sales: <b>41.0</b> 	<b>Ghosts'n Goblins</b> Unit Sales: <b>4.6</b> 	<b>Commando</b> Unit Sales: <b>1.2</b> 	<b>1942</b> Unit Sales: <b>1.4</b> 	

Unit Sales: million units  
As of March 31, 2024



## Sustainability Data

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Environmental (Non-consolidated)</b>								
Emissions (Non-consolidated) (t)	15,285	15,021	14,152	13,004	11,779	12,628	13,495	<b>14,844</b>
Energy consumption per basic unit (Non-consolidated)*1	0.06018	0.05994	0.05869	0.05583	0.05186	0.05497	0.05803	<b>0.05259</b>
Year on year rate of change (%)	98.6	98.1	97.9	95.1	92.9	106.0	105.6	<b>103.7</b>
<b>Social</b>								
Number of employees	2,811	2,952	2,832	2,988	3,152	3,206	3,332	<b>3,531</b>
Number of employees (Non-consolidated)	2,194	2,426	2,530	2,688	2,841	2,904	3,027	<b>3,186</b>
Content developers	1,994	2,141	2,032	2,142	2,285	2,369	2,460	<b>2,675</b>
Number of female managers (Non-consolidated)*2	25	25	24	24	27	35	29	<b>33</b>
Ratio of female employees (%)*2	20	21	21	22	22	21	21	<b>21</b>
Number of non-Japanese employees (Non-consolidated)	99	107	124	162	192	191	204	<b>216</b>
Ratio of non-Japanese employees (%)	4.3	4.2	4.9	6.0	6.8	6.6	6.7	<b>6.8</b>
Number of onsite nursery school users	—	13	25	25	19	23	24	<b>23</b>
Number of employees who took childcare leave	26	25	33	23	34	41	72	<b>50</b>
Male	3	6	12	10	17	20	30	<b>34</b>
Female	23	19	21	13	17	21	42	<b>16</b>
Cumulative number of participants in senior tours	2,037	2,247	2,463	2,582	2,582	2,582	2,754	<b>2,754</b>
Cumulative number of regional vitalization projects	15	19	22	26	32	35	39	<b>40</b>
Number of educational support activities	58	40	29	32	14	32	35	<b>16</b>
Number of guest lectures held	28	17	15	10	13	32	26	<b>15</b>
Number of guestlecture participants	1,853	1,767	1,392	820	799	2,484	1,347	<b>393</b>
<b>Governance</b>								
Number of directors	12	11	11	11	10	11	15	<b>15</b>
Internal directors	6	6	6	6	5	6	8	<b>8</b>
External directors	6	5	5	5	5	5	7	<b>7</b>
Ratio of external directors (%)	50.0	45.5	45.5	45.5	50.0	45.5	46.7	<b>46.7</b>
Number of board of directors meetings held	15	15	10	10	10	10	10	<b>10</b>
Number of board of corporate audit and supervisory committee*3 meetings held	14	16	10	10	10	11	10	<b>10</b>

\*1. Calculated using the method defined by the Agency for Natural Resources and Energy. The figures for FY2023 are based on the new calculation formula in accordance with the revision of related laws and regulations, and the year-on-year comparisons are comparative figures before the revision.

\*2. The Calculation of the number of managers has been changed as to the relevant laws and regulations since the FY2022.

\*3. Capcom transitioned from a company with a corporate auditor system to a company with an audit and supervisory committee on June 18, 2016.

## Consolidated Statements of Income

	2017	2018	2019	2020	2021	2022	2023	(million yen) 2024
<b>Net sales</b>	87,170	94,515	100,031	81,591	95,308	110,054	125,930	<b>152,410</b>
<b>Cost of sales</b>	56,438	59,895	62,809	40,643	42,567	48,736	52,110	<b>67,755</b>
<b>Gross profit</b>	30,731	34,619	37,222	40,947	52,741	61,317	73,819	<b>84,654</b>
<b>Selling, general and administrative expenses</b>	17,080	18,582	19,078	18,119	18,145	18,408	23,006	<b>27,572</b>
<b>Operating income</b>	13,650	16,037	18,144	22,827	34,596	42,909	50,812	<b>57,081</b>
<b>Non-operating income</b>								
Interest income	47	58	171	271	65	40	396	<b>1,159</b>
Dividend income	13	14	16	18	19	20	24	<b>27</b>
Exchange gain, net	—	—	362	—	611	716	314	<b>2,303</b>
Subsidy income	—	—	—	86	52	—	—	<b>—</b>
Compensation for damage	—	—	—	—	130	—	—	<b>—</b>
Gain on liquidation of subsidiaries	—	—	—	—	—	761	—	<b>—</b>
Other	130	145	422	104	155	320	128	<b>116</b>
Total	192	219	974	480	1,035	1,859	864	<b>3,606</b>
<b>Non-operating expenses</b>								
Interest expense	141	103	80	74	72	49	44	<b>60</b>
Commission fees	44	64	69	69	46	—	—	<b>—</b>
Additionally paid retirement benefits	117	112	601	—	—	197	—	<b>—</b>
Litigation expenses	—	—	—	—	—	92	71	<b>—</b>
Commission for purchase of treasury stock	—	—	—	—	—	—	25	<b>—</b>
Social contribution activity-related expenses	—	—	—	—	—	—	—	<b>1,029*</b>
Office transfer expenses	63	254	—	—	—	—	—	<b>—</b>
Exchange losses, net	746	407	—	93	—	—	—	<b>—</b>
Loss on liquidation of subsidiaries	—	—	—	—	452	—	—	<b>—</b>
Other	141	59	173	113	214	101	165	<b>176</b>
Total	1,253	1,002	924	350	786	439	307	<b>1,265</b>
<b>Ordinary income</b>	12,589	15,254	18,194	22,957	34,845	44,330	51,369	<b>59,422</b>
<b>Special income</b>	—	—	—	—	—	—	—	<b>410</b>
<b>Special losses</b>	99	104	423	67	16	8	225	<b>549</b>
Net income before income taxes	12,489	15,149	17,770	22,890	34,828	44,322	51,143	<b>59,282</b>
Income taxes-current	1,832	4,617	6,603	8,472	10,084	10,987	16,895	<b>13,851</b>
Income taxes-deferred	1,777	(405)	(1,385)	(1,531)	(179)	780	(2,488)	<b>2,056</b>
Total	3,610	4,212	5,218	6,941	9,905	11,768	14,406	<b>15,908</b>
Net income	8,879	10,937	12,551	15,949	24,923	32,553	36,737	<b>43,374</b>
<b>Net income attributable to owners of the parent</b>	8,879	10,937	12,551	15,949	24,923	32,553	36,737	<b>43,374</b>

\* The breakdown of "Social contribution activity-related expenses" is 783 million yen in 2025 Osaka Expo-related expenses and 246 million yen in Donations.

## Consolidated Statements of Comprehensive Income

	2017	2018	2019	2020	2021	2022	2023	(million yen) 2024
<b>Net income</b>	8,879	10,937	12,551	15,949	24,923	32,553	36,737	<b>43,374</b>
<b>Other comprehensive income</b>								
Net unrealized gain or loss on securities, net of tax	105	31	(112)	(133)	163	43	1	<b>(102)</b>
Cumulative translation adjustments	(262)	(601)	428	(592)	1,295	1,900	2,442	<b>4,865</b>
Adjustments for retirement benefits, net of tax	(38)	21	20	34	17	(60)	(5)	<b>68</b>
Total other comprehensive income	(196)	(548)	336	(691)	1,476	1,883	2,439	<b>4,831</b>
<b>Comprehensive income</b>	8,683	10,389	12,888	15,257	26,400	34,437	39,176	<b>48,206</b>
<b>Comprehensive income attributable to</b>								
Owners of the parent	8,683	10,389	12,888	15,257	26,400	34,437	39,176	<b>48,206</b>
Non-controlling interests	—	—	—	—	—	—	—	<b>—</b>

# Consolidated Balance Sheets

## Assets

	2017	2018	2019	2020	2021	2022	2023	(million yen) 2024
<b>Assets</b>								
<b>Current assets</b>								
Cash on hand and in banks	24,537	46,539	53,004	65,657	71,239	107,262	102,116	<b>125,191</b>
Notes and accounts receivable-trade	20,175	12,930	13,970	15,959	25,096	—	—	<b>—</b>
Notes - trade	—	—	—	—	—	528	116	<b>—</b>
Accounts receivable - trade	—	—	—	—	—	7,404	24,981	<b>25,383</b>
Merchandise and finished goods	1,583	1,102	1,182	1,557	2,005	1,378	1,440	<b>1,692</b>
Work in progress	2,040	1,349	734	883	897	819	1,006	<b>1,222</b>
Raw materials and supplies	2,040	1,616	538	258	850	198	454	<b>847</b>
Work in progress for game software	30,150	25,635	16,926	21,222	24,443	31,192	38,510	<b>39,035</b>
Deferred tax assets	2,495	3,201	—	—	—	—	—	<b>—</b>
Other	2,478	3,371	4,518	3,320	2,896	2,536	2,776	<b>4,456</b>
Allowance for doubtful accounts	(21)	(34)	(58)	(31)	(37)	(8)	(1)	<b>(2)</b>
Total current assets	85,480	95,712	90,817	108,829	127,391	151,312	171,402	<b>197,826</b>
<b>Fixed assets</b>								
Tangible fixed assets, net of accumulated depreciation								
Buildings and structures, net	11,004	11,106	10,845	10,644	10,666	10,485	10,423	<b>10,938</b>
Machinery and vehicles, net	16	10	24	14	11	24	21	<b>14</b>
Tools, fixtures and furniture, net	1,932	1,840	1,377	1,445	1,401	1,977	1,715	<b>2,198</b>
Equipment for amusement facilities, net	1,616	1,565	1,821	1,879	1,628	2,213	2,973	<b>3,375</b>
Land	5,234	5,234	5,235	5,235	5,235	5,235	8,953	<b>8,996</b>
Leased assets, net	835	668	718	1,118	1,141	1,112	1,399	<b>2,142</b>
Construction in progress	128	371	336	509	1,230	157	475	<b>647</b>
Other, net	—	—	—	—	—	—	1,982	<b>2,154</b>
Total tangible fixed assets	20,768	20,797	20,359	20,847	21,316	21,206	27,945	<b>30,468</b>
Intangible assets	2,843	725	432	351	1,229	1,747	1,630	<b>1,444</b>
Investments and other assets								
Investments in securities	574	625	576	415	589	637	735	<b>26</b>
Claims in bankruptcy and reorganization	67	19	19	19	19	12	12	<b>12</b>
Lease deposits	3,920	4,034	3,979	4,134	4,140	4,266	4,593	<b>4,750</b>
Deferred tax assets	4,311	2,782	6,420	7,906	8,089	7,389	9,849	<b>7,893</b>
Other	1,003	900	834	996	969	819	1,219	<b>1,077</b>
Allowance for doubtful accounts	(72)	(24)	(32)	(32)	(32)	(25)	(22)	<b>(23)</b>
Total investments and other assets	9,804	8,338	11,798	13,438	13,775	13,099	16,387	<b>13,737</b>
Total fixed assets	33,417	29,861	32,590	34,636	36,321	36,053	45,963	<b>45,650</b>
<b>Total assets</b>	<b>118,897</b>	<b>125,573</b>	<b>123,407</b>	<b>143,466</b>	<b>163,712</b>	<b>187,365</b>	<b>217,365</b>	<b>243,476</b>

## Liabilities and Net Assets

	2017	2018	2019	2020	2021	2022	2023	(million yen) 2024
<b>Liabilities</b>								
<b>Current liabilities</b>								
Notes and accounts payable-trade	2,288	2,625	3,988	3,461	2,820	2,325	3,357	<b>2,603</b>
Electronically recorded monetary obligations	4,886	839	1,153	2,383	882	1,276	2,172	<b>1,730</b>
Short-term borrowings	9,323	1,473	—	—	—	—	3,591	<b>3,591</b>
Current portion of long-term borrowings	—	—	1,579	4,129	727	626	3,626	<b>626</b>
Lease obligations	502	392	406	502	594	501	919	<b>1,265</b>
Accrued income taxes	1,580	4,453	4,251	5,612	6,957	6,010	12,145	<b>5,454</b>
Deferred tax liabilities	2,308	766	—	—	—	—	—	<b>—</b>
Accrued bonuses	2,263	2,866	3,089	3,130	4,056	4,014	5,727	<b>8,388</b>
Deferred revenue	—	—	1,583	7,642	6,673	8,932	5,455	<b>683</b>
Other	6,840	13,618	7,159	9,000	9,878	7,055	9,048	<b>8,870</b>
Total current liabilities	29,994	27,037	23,212	35,863	32,590	30,742	46,043	<b>33,213</b>
<b>Long-term liabilities</b>								
Long-term borrowings	6,788	8,315	6,735	2,606	4,878	4,252	626	<b>3,000</b>
Lease obligations	399	329	369	690	630	718	2,992	<b>3,676</b>
Deferred tax liabilities	29	23	6	4	1	20	0	<b>22</b>
Liabilities for retirement benefits for employees	2,596	2,819	3,004	3,212	3,468	3,802	4,139	<b>4,379</b>
Provision for share awards	—	—	—	—	—	—	1,018	<b>2,074</b>
Asset retirement obligations	509	501	571	656	671	718	885	<b>1,095</b>
Other	805	1,127	758	697	676	634	529	<b>932</b>
Total long-term liabilities	11,128	13,115	11,445	7,868	10,327	10,147	10,193	<b>15,181</b>
<b>Total liabilities</b>	<b>41,122</b>	<b>40,152</b>	<b>34,658</b>	<b>43,731</b>	<b>42,918</b>	<b>40,890</b>	<b>56,236</b>	<b>48,394</b>
<b>Net assets</b>								
<b>Shareholders' equity</b>								
Common stock	33,239	33,239	33,239	33,239	33,239	33,239	33,239	<b>33,239</b>
Capital surplus	21,328	21,328	21,328	21,329	21,329	21,329	30,259	<b>30,259</b>
Retained earnings	45,402	53,602	62,595	74,275	93,861	117,661	143,519	<b>172,615</b>
Treasury stock	(21,448)	(21,454)	(27,456)	(27,458)	(27,461)	(27,464)	(50,037)	<b>(50,012)</b>
Total shareholders' equity	78,521	86,716	89,708	101,385	120,967	144,765	156,979	<b>186,100</b>
<b>Accumulated other comprehensive income</b>								
Net unrealized gain or loss on securities, net of tax	107	139	26	(106)	56	100	102	<b>—</b>
Cumulative translation adjustments	(541)	(1,142)	(713)	(1,306)	(10)	1,889	4,332	<b>9,197</b>
Accumulated adjustments for retirement benefits	(313)	(292)	(271)	(237)	(219)	(279)	(285)	<b>(216)</b>
Total accumulated other comprehensive income	(747)	(1,295)	(958)	(1,650)	(173)	1,710	4,149	<b>8,980</b>
<b>Total net assets</b>	<b>77,774</b>	<b>85,421</b>	<b>88,749</b>	<b>99,735</b>	<b>120,794</b>	<b>146,475</b>	<b>161,129</b>	<b>195,081</b>
<b>Total liabilities and net assets</b>	<b>118,897</b>	<b>125,573</b>	<b>123,407</b>	<b>143,466</b>	<b>163,712</b>	<b>187,365</b>	<b>217,365</b>	<b>243,476</b>

# Consolidated Statements of Cash Flows

	2017	2018	2019	2020	2021	2022	2023	(million yen) 2024
<b>Cash flows from operating activities</b>								
Net income before income taxes	12,489	15,149	17,770	22,890	34,828	44,322	51,143	<b>59,282</b>
Depreciation and amortization	5,980	4,706	3,228	2,795	2,791	3,385	3,438	<b>4,221</b>
Impairment loss	—	—	393	—	—	—	190	<b>—</b>
Increase (decrease) in allowance for doubtful accounts	(1)	(36)	32	(25)	5	(36)	(9)	<b>1</b>
Increase (decrease) in accrued bonuses	186	604	223	49	912	(68)	1,690	<b>2,610</b>
Increase (decrease) in liabilities for retirement benefits for employees	204	253	214	258	281	247	328	<b>339</b>
Increase (decrease) in provision for share awards	—	—	—	—	—	—	1,020	<b>1,055</b>
Interest and dividend income	(61)	(71)	(189)	(289)	(85)	(61)	(420)	<b>(1,186)</b>
Interest expenses	141	103	80	74	72	49	44	<b>60</b>
Exchange (gain) loss, net	18	134	(127)	180	(37)	(265)	(477)	<b>(1,134)</b>
Loss on sales and/or disposal of fixed assets	99	104	30	62	16	8	35	<b>34</b>
Loss (gain) on sales of investments securities	—	—	—	—	—	—	—	<b>(395)</b>
Business restructuring expenses	—	—	—	—	—	—	—	<b>500</b>
Decrease (increase) in accounts receivable - trade	(10,393)	7,059	(858)	(2,117)	(9,028)	17,208	(17,155)	<b>(71)</b>
Decrease (increase) in inventories	158	1,588	1,621	(256)	(997)	1,383	(500)	<b>(825)</b>
Decrease (increase) in online contents in progress	(704)	—	—	—	—	—	—	<b>—</b>
Decrease (increase) in work in progress for game software	(2,266)	4,069	8,876	(4,293)	(3,213)	(6,744)	(7,320)	<b>(788)</b>
Increase (decrease) in notes and accounts payable - trade	2,280	(3,690)	1,665	749	(2,233)	(180)	1,869	<b>(1,438)</b>
Increase (decrease) in deferred revenue	—	—	—	6,107	(1,077)	2,008	(3,729)	<b>(4,892)</b>
Other	1,659	6,320	(7,286)	2,418	527	(3,160)	2,104	<b>(1,427)</b>
Subtotal	9,792	36,296	25,675	28,605	22,761	58,094	32,252	<b>55,944</b>
Interests and dividends received	62	73	191	265	99	58	277	<b>1,130</b>
Interests paid	(140)	(101)	(81)	(75)	(72)	(49)	(41)	<b>(59)</b>
Income taxes paid	(6,513)	(1,546)	(5,938)	(6,515)	(8,162)	(11,155)	(10,698)	<b>(20,094)</b>
Net cash provided by operating activities	3,200	34,721	19,847	22,279	14,625	46,947	21,789	<b>36,921</b>

	2017	2018	2019	2020	2021	2022	2023	(million yen) 2024
<b>Cash flows from investing activities</b>								
Payments into time deposits	(200)	—	—	(6,019)	(13,742)	(21,297)	(25,302)	<b>(28,433)</b>
Proceeds from withdrawal of time deposits	—	—	—	—	12,660	17,980	25,441	<b>26,962</b>
Payment for acquisition of tangible fixed assets	(3,074)	(2,767)	(2,093)	(2,273)	(2,305)	(2,950)	(7,103)	<b>(4,838)</b>
Proceeds from sales of tangible fixed assets	5	0	4	0	1	2	4	<b>1</b>
Payment for acquisition of intangible assets	(253)	(150)	(112)	(65)	(817)	(1,117)	(312)	<b>(297)</b>
Payment for purchase of investments in securities	(13)	(13)	(14)	(10)	(15)	(16)	(17)	<b>(10)</b>
Proceeds from sales of investments in securities	—	—	—	3	—	—	—	<b>936</b>
Payments for acquisitions of investments in subsidiaries	—	—	—	—	—	—	—	<b>(122)</b>
Payment for other investing activities	(222)	(259)	(182)	(213)	(51)	(240)	(427)	<b>(164)</b>
Proceeds from other investing activities	131	343	138	140	37	213	37	<b>4</b>
Net cash used in investing activities	(3,628)	(2,847)	(2,261)	(8,437)	(4,233)	(7,426)	(7,679)	<b>(5,962)</b>
<b>Cash flows from financing activities</b>								
Net (decrease) increase in short-term borrowings	5,000	(5,000)	—	—	—	—	3,591	<b>—</b>
Proceeds from long-term borrowings	—	—	—	—	3,000	—	—	<b>3,000</b>
Repayments of long-term borrowings	(1,497)	(1,323)	(1,473)	(1,579)	(4,129)	(727)	(626)	<b>(3,685)</b>
Repayments of lease obligations	(535)	(509)	(414)	(505)	(500)	(504)	(935)	<b>(1,017)</b>
Payment for repurchase of treasury stock	(3,302)	(5)	(6,001)	(1)	(3)	(2)	(13,645)	<b>(1)</b>
Dividends paid by parent company	(2,794)	(2,738)	(3,554)	(4,265)	(5,331)	(8,745)	(10,868)	<b>(14,266)</b>
Net cash used in financing activities	(3,130)	(9,577)	(11,443)	(6,351)	(6,965)	(9,980)	(22,485)	<b>(15,969)</b>
Effect of exchange rate change on cash and cash equivalents	(533)	(96)	323	(823)	944	2,050	2,209	<b>4,631</b>
Net change in cash and cash equivalents	(4,091)	22,201	6,464	6,667	4,371	31,592	(6,165)	<b>19,620</b>
Cash and cash equivalents at beginning of year	28,429	24,337	46,539	53,004	59,672	64,043	95,635	<b>89,470</b>
Cash and cash equivalents at end of year	24,337	46,539	53,004	59,672	64,043	95,635	89,470	<b>109,091</b>

# Consolidated Statements of Changes in Net Assets

Previous fiscal year (April 1, 2022 to March 31, 2023) (million yen)	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2022</b>	33,239	21,329	117,661	(27,464)	144,765
Changes of items during the fiscal year					
Cash dividends			(10,879)		(10,879)
Net income attributable to owners of the parent			36,737		36,737
Repurchase of treasury stock				(27,465)	(27,465)
Disposal of treasury stock		11,905		1,915	13,821
Cancellation of treasury stock		(2,976)		2,976	—
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	8,929	25,858	(22,573)	12,214
<b>Balance as of March 31, 2023</b>	33,239	30,259	143,519	(50,037)	156,979

Previous fiscal year (April 1, 2022 to March 31, 2023) (million 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	
<b>Balance as of April 1, 2022</b>	100	1,889	(279)	1,710	146,475
Changes of items during the fiscal year					
Cash dividends					(10,879)
Net income attributable to owners of the parent					36,737
Repurchase of treasury stock					(27,465)
Disposal of treasury stock					13,821
Cancellation of treasury stock					—
Net changes of items other than shareholders' equity	1	2,442	(5)	2,439	2,439
Total changes of items during the fiscal year	1	2,442	(5)	2,439	14,653
<b>Balance as of March 31, 2023</b>	102	4,332	(285)	4,149	161,129

Current fiscal year (April 1, 2023 to March 31, 2024) (million yen)	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2023</b>	<b>33,239</b>	<b>30,259</b>	<b>143,519</b>	<b>(50,037)</b>	<b>156,979</b>
Changes of items during the fiscal year					
Cash dividends			(14,278)		(14,278)
Net income attributable to owners of the parent			43,374		43,374
Repurchase of treasury stock				(1)	(1)
Disposal of treasury stock				26	26
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	—	29,095	25	29,121
<b>Balance as of March 31, 2024</b>	<b>33,239</b>	<b>30,259</b>	<b>172,615</b>	<b>(50,012)</b>	<b>186,100</b>

Current fiscal year (April 1, 2023 to March 31, 2024) (million 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	
<b>Balance as of April 1, 2023</b>	<b>102</b>	<b>4,332</b>	<b>(285)</b>	<b>4,149</b>	<b>161,129</b>
Changes of items during the fiscal year					
Cash dividends					(14,278)
Net income attributable to owners of the parent					43,374
Repurchase of treasury stock					(1)
Disposal of treasury stock					26
Net changes of items other than shareholders' equity	(102)	4,865	68	4,831	4,831
Total changes of items during the fiscal year	(102)	4,865	68	4,831	33,952
<b>Balance as of March 31, 2024</b>	<b>—</b>	<b>9,197</b>	<b>(216)</b>	<b>8,980</b>	<b>195,081</b>