



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

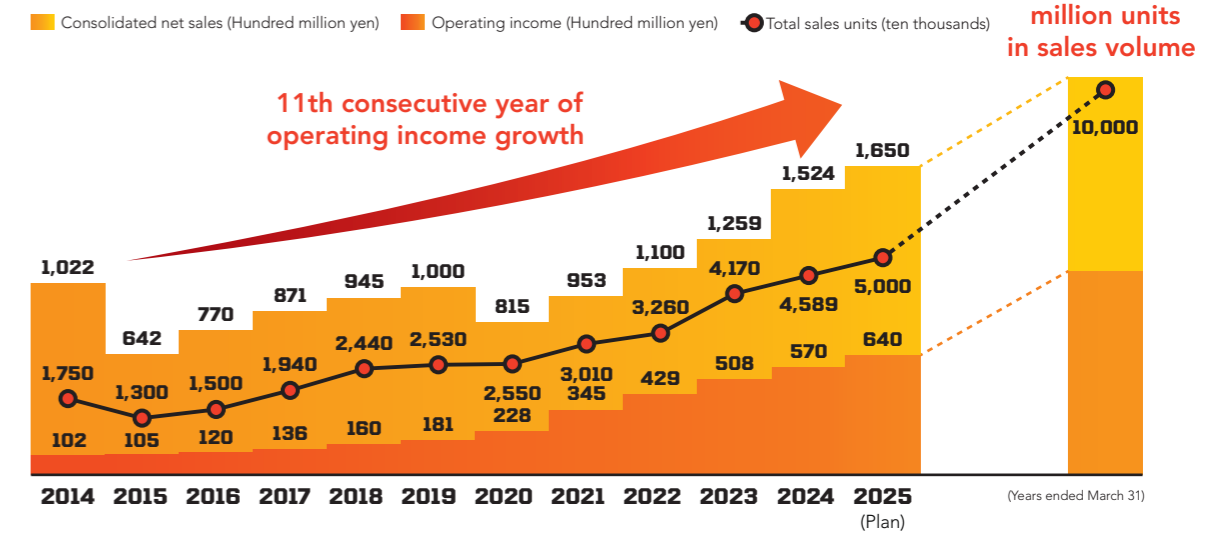
## Captivating the world with best-in-class entertainment

### 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.

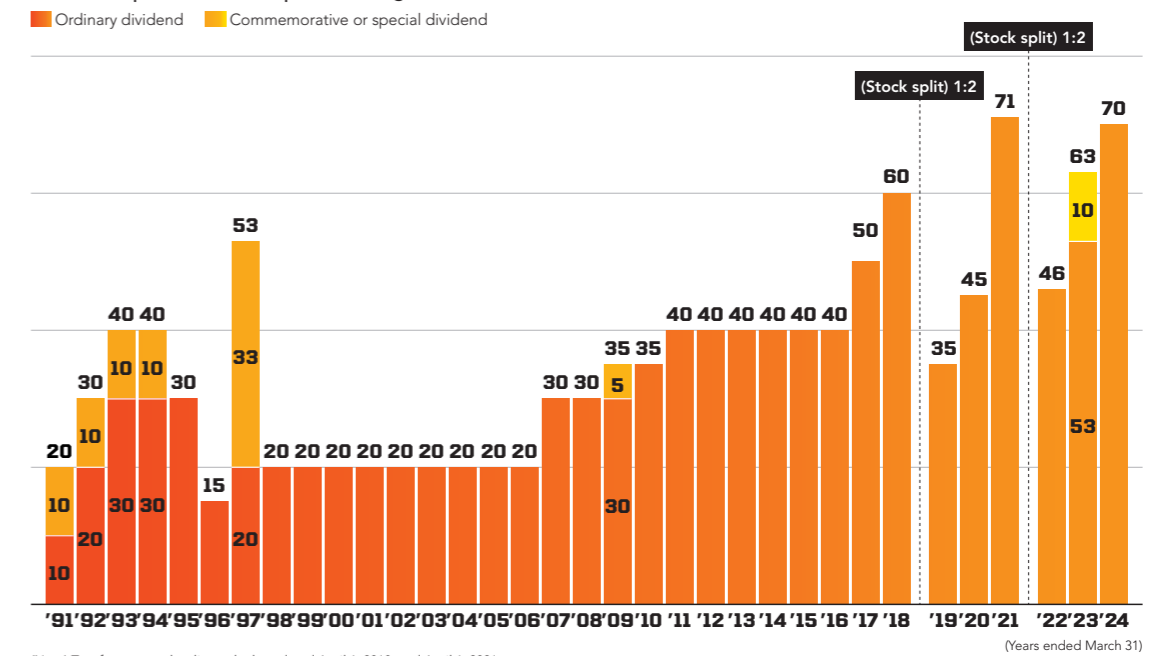
Although the business of selling digital content like ours has a lower environmental footprint than other industries, we will continue to promote initiatives that lead to environmental conservation.

**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.

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