

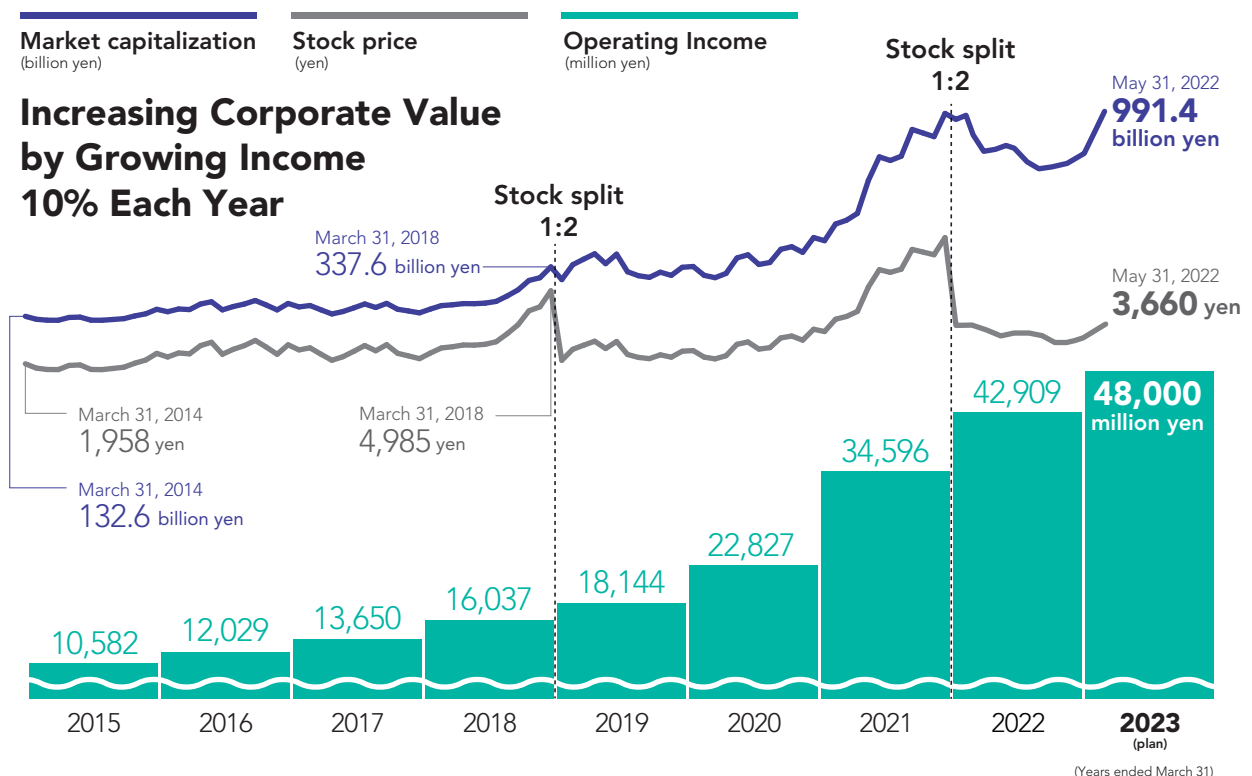
# Continuing to create both financial and non-financial value



## Achieving nine consecutive years of increased operating income

The game industry is continuously changing, in step with the evolution of AI, communications, 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 2022 marks nine consecutive years of increased operating income. Though we split our stock on April 1, 2018

and again on April 1, 2021 to improve its fluidity 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 stockholders' loyalty.





## Providing smiles and moving hearts all across the globe

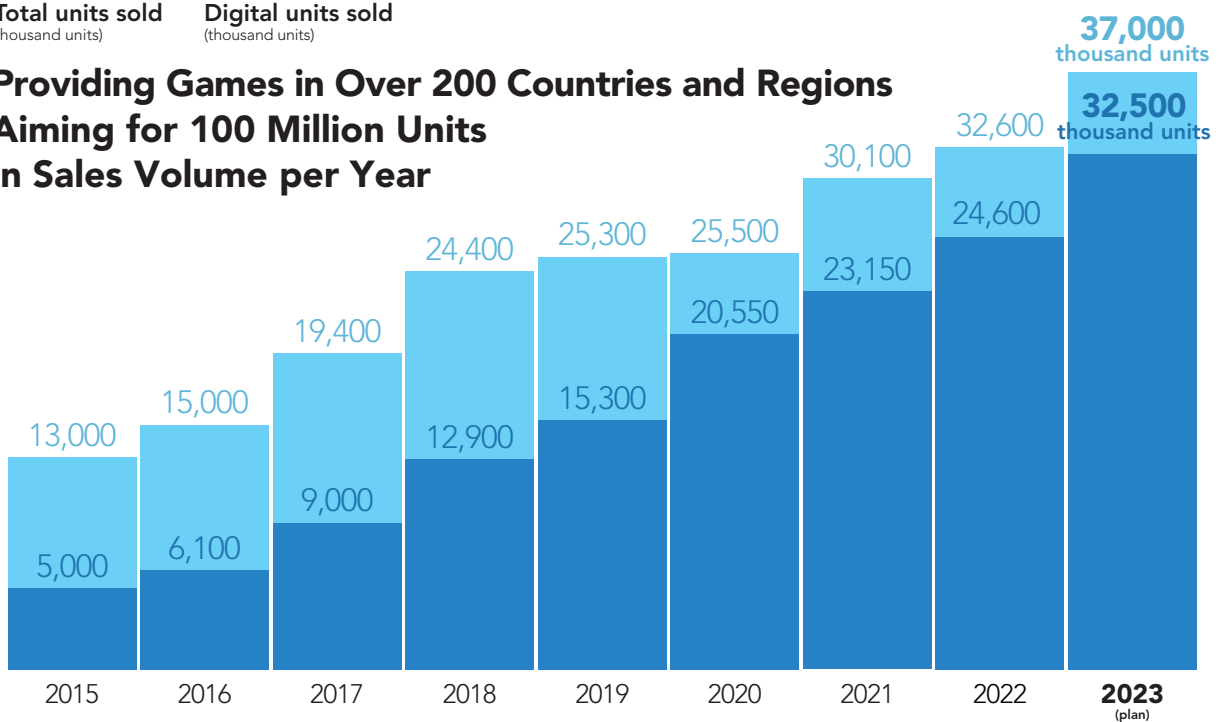
Since Capcom's founding in 1983, we have continued to move hearts and deliver smiles through the entertainment of games. In recent years, the spread of the internet, PCs, and smartphones has made it possible to enjoy games while at home, or in all corners of the globe, even without a game console. Further,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

volume has been increasing, driven primarily by digital sales, and our titles can be enjoyed in more than 200 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.

**Total units sold**  
(thousand units)

**Digital units sold**  
(thousand units)

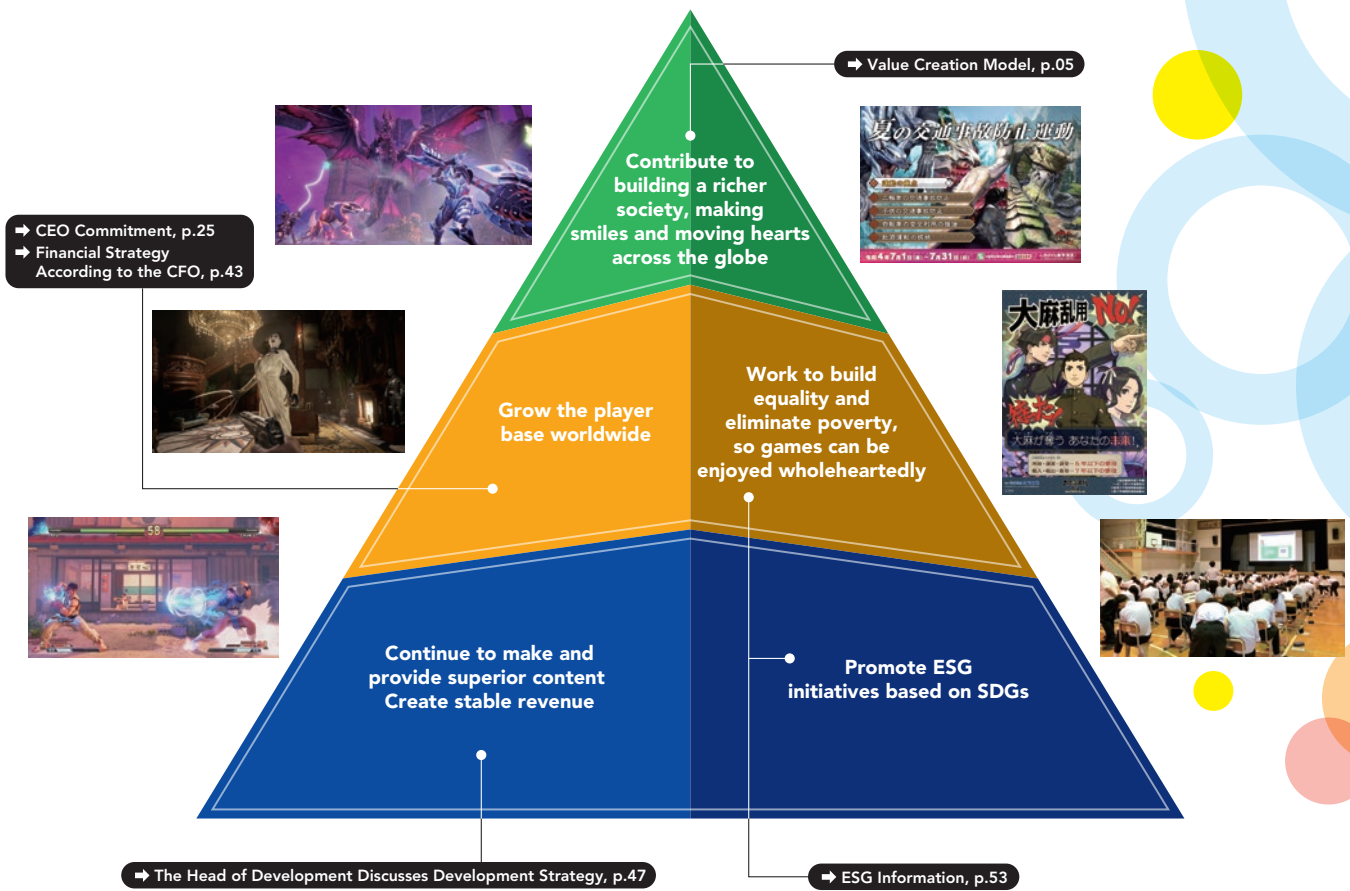
### Providing Games in Over 200 Countries and Regions Aiming for 100 Million Units in Sales Volume per Year



(Years ended March 31)

# 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.



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### 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, 2022 (April 1, 2021–March 31, 2022). 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.

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# Making smiles, moving hearts and building a better society with our original content

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.



Amount invested in development **29.8** billion yen

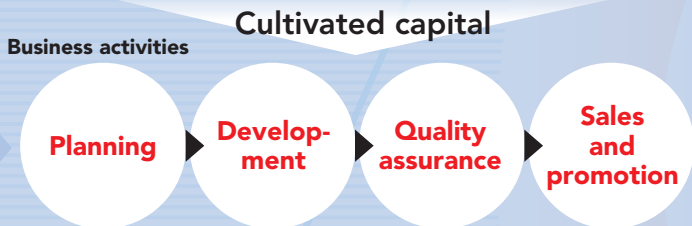
→ Financial Strategy According to the CFO, p.43

Number of developers **2,369** people

→ The Head of Development ... p.47

Intellectual Properties (IP) **19** Million-seller series

→ Major Intellectual Properties (IP), p.09



## Foundation for Sustainable Growth

Material Issue① .....  
Securing and Training of Human Resources

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Material Issue③ .....  
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Material Issue④ .....  
Enhancement of Corporate Governance

→ Corporate Governance, p.63



At Capcom, we operate our own Plaza Capcom amusement facilities, develop and sell amusement machines, and hold esports tournaments.

➔ Effectively Leveraging IP, p.11



### Development of proprietary multimedia



Esports



Amusement Machines  
Medal games, pachinko and pachislo



Home Video Games



PC Online



Arcade Operations  
Facilities at shopping centers, large format locations



Movies  
Hollywood movies, animated movies, CG movies



Mobile Contents



Digital Download Contents

### Collaborative expansion into other media



Events  
Concerts, theatrical productions



Publishing, Character Merchandising  
Strategy books, illustrated compilations, figures, etc.

3 films produced based on Capcom IP

By collaborating with other companies, we have turned 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

32.6 million games sold during the year  
➔ p.02

32 educational support activities  
➔ p.16

2,582 senior tour participants (cumulative)  
➔ p.59

OUTPUT (Non-financial results)

Hired 163 new graduates  
➔ p.39

2 cooperative projects with local governments  
➔ p.62

Providing reasonably-priced and easily available entertainment to the world

Providing a healthy game culture

Stimulating communication

Social contributions

Game market innovation

Contributing to local revitalization

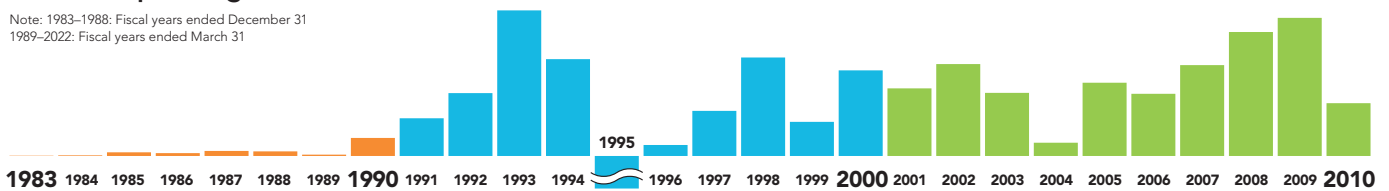
Earning trust and building a positive image for Japan



# Superior development capabilities taking us from Osaka to the world

## Trend in operating income

Note: 1983–1988: Fiscal years ended December 31  
1989–2022: Fiscal years ended March 31



### Genesis

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.

### Business expansion

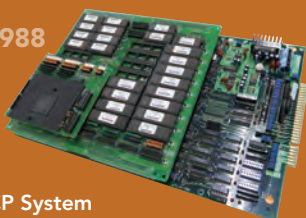
In the 1990s, the arrival of Super NES prompted Capcom to formally enter home video game development. Capcom created numerous hit titles drawing on its arcade game development expertise. The company established its Single Content Multiple Usage strategy in 1994 with the release of a Hollywood movie and animated movie based on *Street Fighter*.

### Increasing shares in Europe and North America

In 2000, Capcom listed its shares on the First Section of the Tokyo Stock Exchange. In the 2000s, Capcom created one hit after another that gained popularity overseas. The Hollywood movie version of *Resident Evil* earned 102 million U.S. dollars globally, part of a six-title hit series that continues to spread the Capcom brand throughout the world.

### 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.

### Title history

1983

Released our first originally developed coin-op *Little League*.

1984

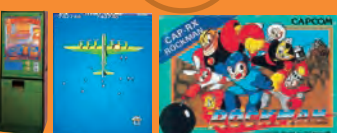
Released our first arcade video game *Vulgus*.

1985

Released our first home video game 1942 for the Nintendo Entertainment System (NES).

1987

Released *Mega Man* for the NES.



1992

Released *Street Fighter II* for the Super NES.

1993

Released *Breath of Fire* for the Super NES.

1996

Released *Resident Evil* for PlayStation, establishing the genre of survival horror with this record-breaking, long-time best-seller.



2001

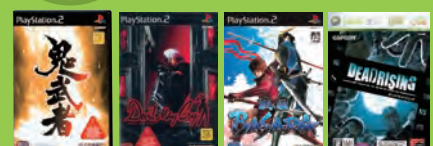
Released *Onimusha* for PlayStation 2, the first game for PlayStation 2 to become a million-seller in Japan. Released *Devil May Cry* for PlayStation 2.

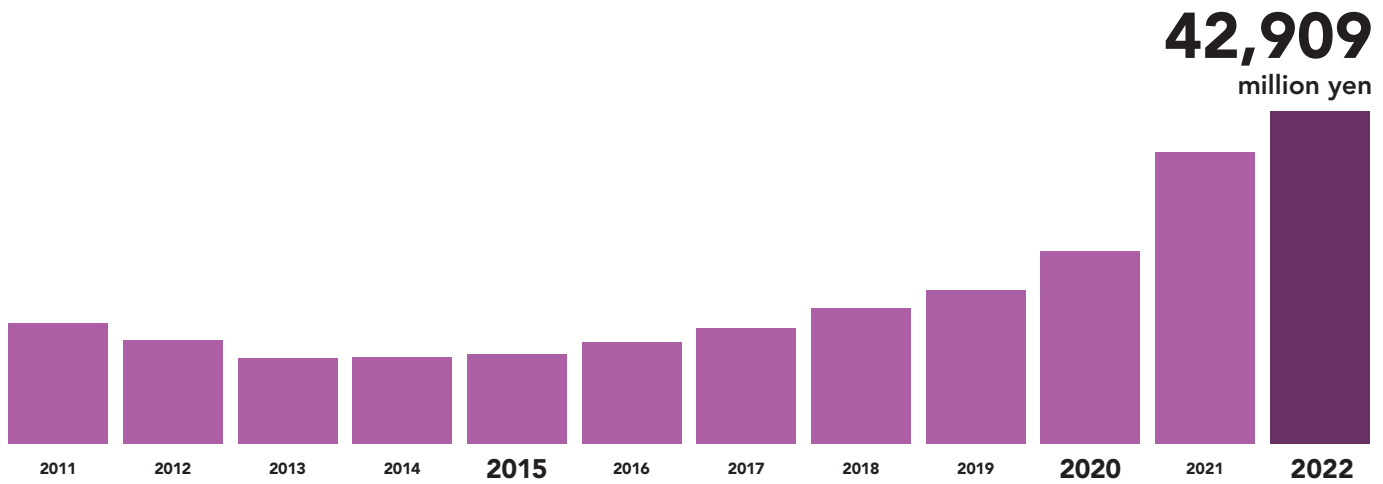
2005

Released *Sengoku BASARA* for PlayStation 2.

2006

Released *Dead Rising* for Xbox 360; it became a million-seller, unprecedented for a new title created for a new game console.





## Globalization and the digital shift

### –2016

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.

### 2017–2020

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 *Resident Evil 7 biohazard* in 2017.

### 2021–

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.

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 is accelerating. Our rich lineup of games cultivated over the 39 years we have been in business appeals to everyone, regardless of age or gender.

2012

Released *Dragon's Dogma*.

2015

Concluded a comprehensive partnership agreement regarding community revitalization with Kofu, Yamanashi Prefecture through *Sengoku BASARA*.

2016

Completed construction of the new R&D Building #2 in Osaka City  
Strengthened the structure for title development.



2017

Released *Resident Evil 7 biohazard* selling a cumulative total of 11 million copies to date.

2018

Released *Monster Hunter: World*, which has gone on to sell a cumulative total of more than 18 million units, the first title to do so in Capcom's history.

2020

Announced all-new IP, *Pragmata*.

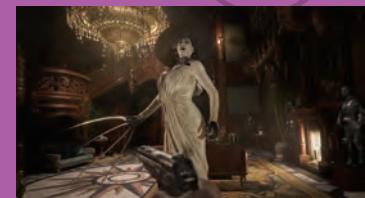


2021

Released *Resident Evil Village*.  
The title won a total of four awards at the Golden Joystick Awards 2021, including the "Ultimate Game of the Year" award.

2022

Released *Monster Hunter Rise: Sunbreak*.  
We are expanding our brand value globally with the high-quality game experiences we provide.





# Steady output of million-seller titles born from a foundation of popular brands

In the 39 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.



**ROCKMAN 11**  
運命の陶車!!

## Mega Man series

Total number of units sold  
**37 million**

(As of March 31, 2022)

Cumulative million-seller titles  
**6 titles**

**35<sup>th</sup>**  
anniversary

The first Mega Man title was released as an action game for Nintendo Entertainment System (NES) in 1987, and has since earned popularity among people of all ages. In addition to games, the brand has been utilized across a variety of media, including character merchandise, comics, animated TV series, and movies.



**VILLAGE**  
BIOHAZARD

## Resident Evil series

Total number of units sold  
**125 million**

(As of March 31, 2022)

Cumulative million-seller titles  
**32 titles**

Placed in a desperate situation, players must use weapons and items to stay alive in this survival horror game first released in 1996. As one of Capcom's flagship series, it continues to have a highly loyal global following more than 25 years after its debut.

# ORIGINAL



### Monster Hunter series

Total number of units sold  
**80 million**

(As of March 31, 2022)

Cumulative million-seller titles  
**14 titles**

Cooperative online play where players team up with friends to hunt giant monsters established a new style of communication, creating a social phenomenon known as the "Monster Hunter Craze." Since the first title was released in 2004, it has grown into a major hit series.



### Street Fighter series

Total number of units sold  
**47 million**

(As of March 31, 2022)

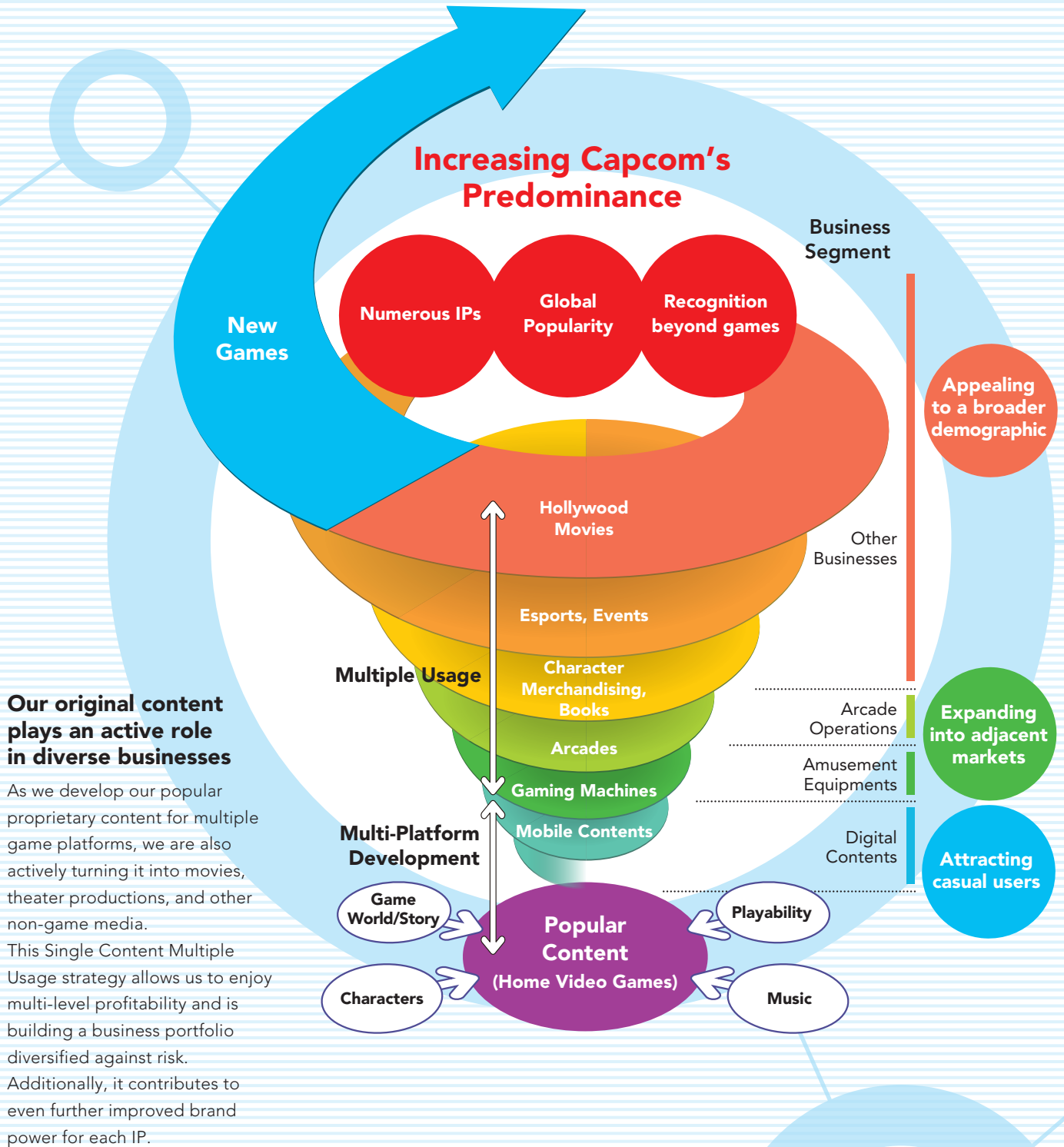
**35th anniversary**  
Cumulative million-seller titles  
**13 titles**

This landmark fighting game first appeared as an arcade game in 1987. In 1992, Street Fighter II was released for the Super NES and sold 6.3 million copies, becoming a megahit.

# CONTENTS

# Increasing profits and brand value through our Single Content Multiple Usage strategy

Our Single Content Multiple Usage strategy maximizes the use of our most popular content. This allows us to build a business portfolio that achieves both greater profitability and risk diversification.

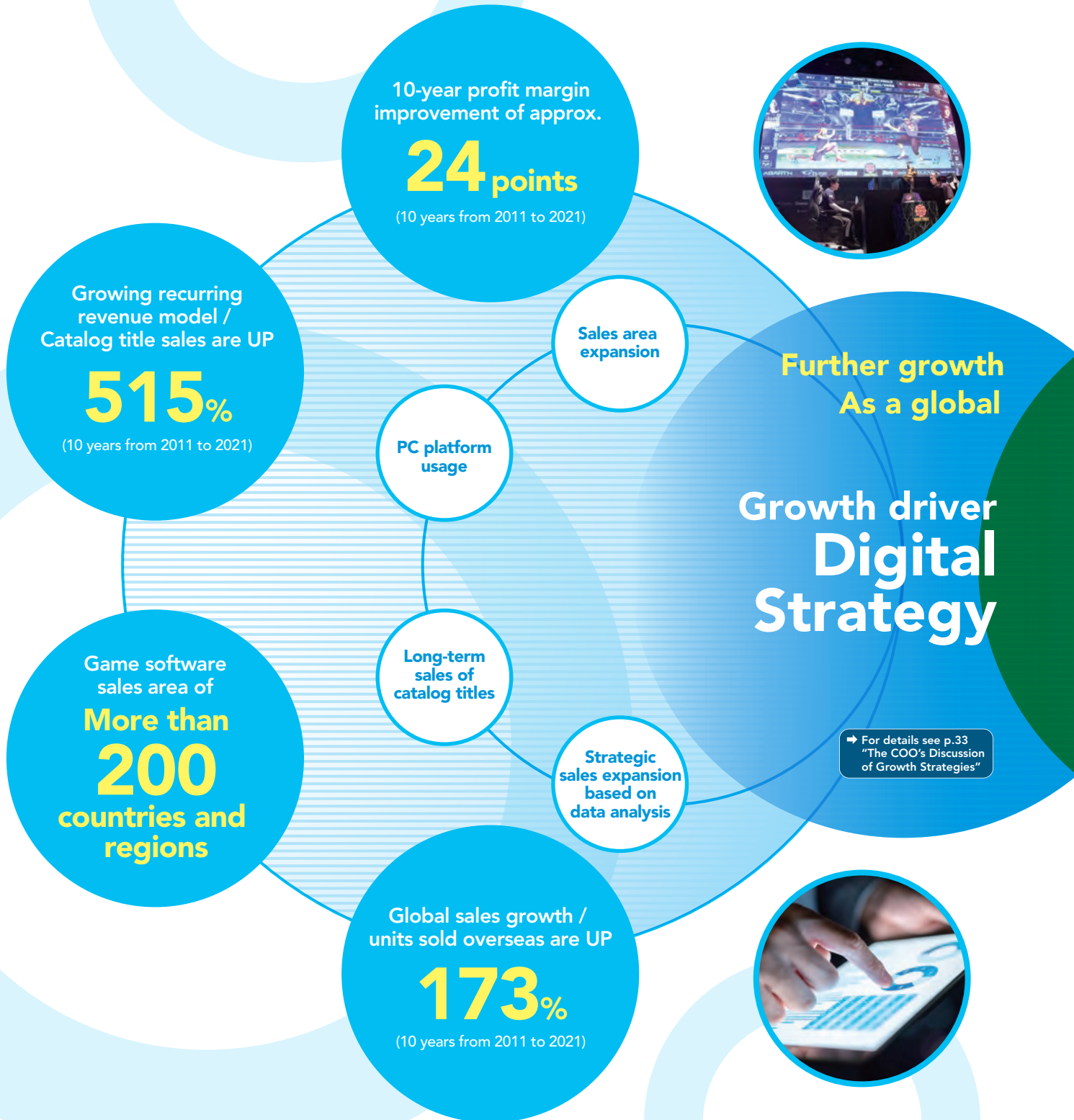


# Monster Hunter series Example of "Single Content Multiple Usage"



# Global promotion of digital game sales

We are maximizing usage of digital infrastructure and the internet and strengthening global long-term sales of game software.



# Investment in human resources to achieve medium- to long-term growth

For even further growth, we are solidifying our personnel base by securing, training, and creating a comfortable work environment.



In-house production ratio  
**More than 80%**  
Ensuring development efficiency and quality

Million-selling IPs  
**19 series**  
Numerous brands that are well-known around the globe

Number of developers  
**More than 2,500 people**  
One of the largest game R&D workforces in Japan

Annual new graduate hires  
**More than 150 people**  
Promoting the development of young talent, a source of competitiveness

**& development corporation**  
Priority issues  
**Human resources investment strategy**

→ For details see p.39 "The CHO discusses our human resources strategy"



Reorganization Newly established CHO

Revision of compensation system

Creating a comfortable workplace environment

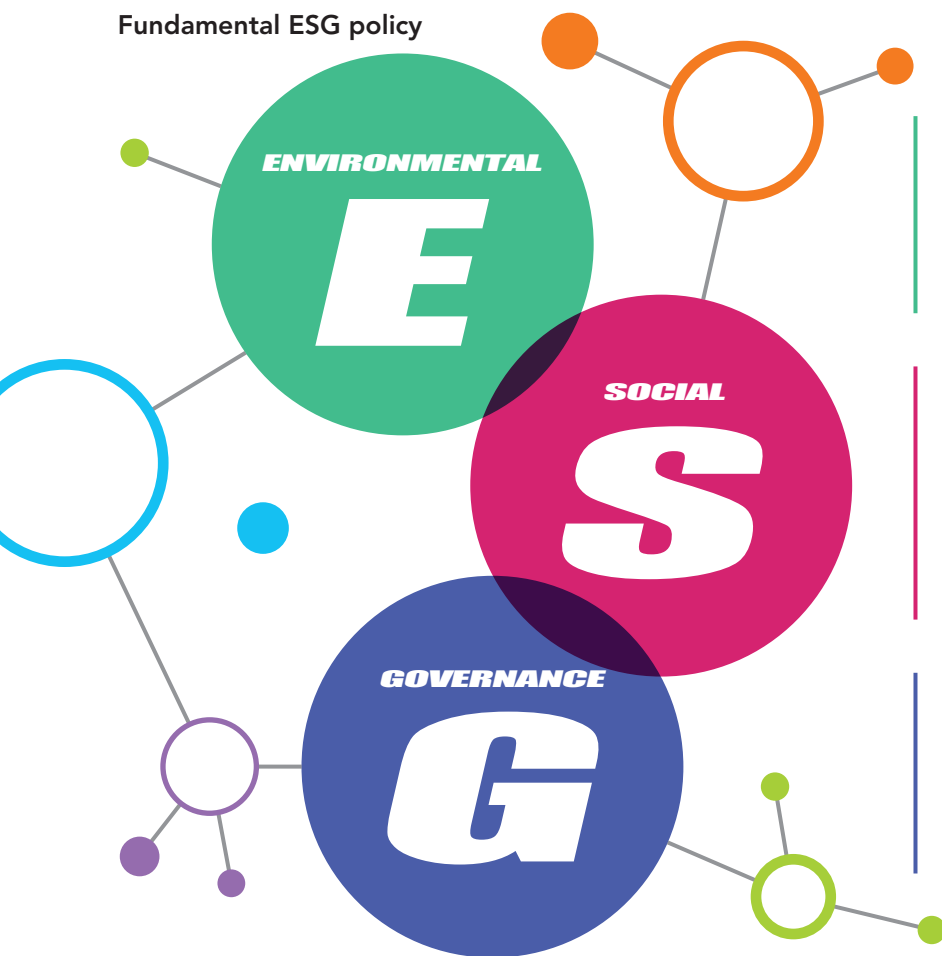
Training policy tailored to career stage

# Creating social value as a game publisher

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 corporate philosophy, which is that we are “creators of entertainment culture that brings you smiles and stimulates your senses,” are closely related. As such, in order to balance our own sustainable economic growth with a sustainable society, we intend to contribute to the development of social sustainability by selecting and addressing four priority issues within the ESG framework based on our fundamental ESG policy outlined below.

## Fundamental ESG policy



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), and with respect to pollution, use of resources, etc., we have been striving to reduce our consumption of resources by adopting LEDs in lighting and promoting the digitization of software made available for sale. The Capcom Group will continue to promote these initiatives.

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.

The Capcom Group has been enhancing management transparency and soundness, endeavoring to build a structure that is capable of adapting to changes in the environment and striving to boost its corporate value by enhancing its corporate governance function, including utilizing voluntary committees. Going forward, we will continue to further initiatives to meet the expectations of our stakeholders, including shareholders, customers and employees.

## Sustainable Development Goals (SDGs)

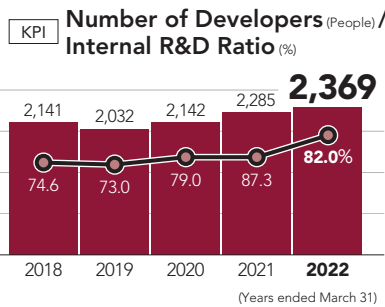
SDGs are 17 goals that were adopted by the over 150 member countries of the United Nations at the United Nations Sustainable Development Summit held in September of 2015 at the UN headquarters in New York. It was determined that in order to eliminate poverty and achieve a sustainable world, we must prioritize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



## Material Issues

### Material Issue 1 Securing and Training of Human Resources



We are working to secure and train outstanding developers based on our desire to make the most entertaining games in the world. We are aware of the particular importance of increasing and strengthening our team of developers to expand our pipeline and improve quality, and we therefore continue to hire more than 100 new graduates each year. Over the last 10 years we have increased our developer numbers by approximately 1,000 people.

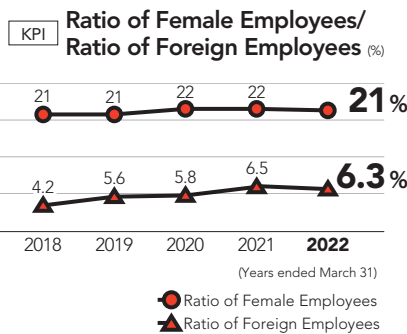
➔ For details see p.47

### Major reorganization of human resources-related departments

Under the leadership of the CHO, human resources-related departments underwent reorganization in April 2022. We have created a new framework to enable direct communication between management and employees, and we are working to further establish a comfortable work environment, promote securing and developing of human resources, and improve productivity.



### Material Issue 2 Promoting Diversity



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. As a result, the numbers of both women and foreign nationals continue to climb contributing to the creation of Capcom content.

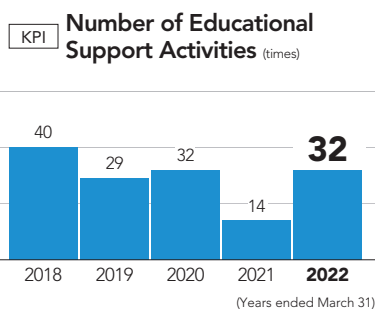
➔ For details see p.56

### The appointment of Capcom's first female director

We select candidates based on the broad insights they offer to ensure that diverse values are reflected in the management of Capcom. At the 43rd General Shareholders' Meeting Yumi Hirose was appointed Capcom's first female director.



### Material Issue 3 Development of Solid Relationship with Society

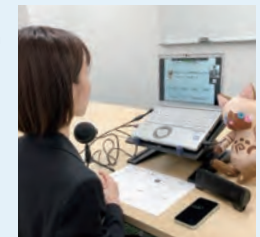


The education support activities that we began in 2005 achieved a certain level of recognition for the results they produced for more than 15 years, and from the fiscal year ended March 2018, we have carried out roughly 30 activities each year on a steady basis. For the fiscal year ended March 2022, activities have returned to normal levels with the introduction of online classes despite the continuing effects of the COVID-19 pandemic.

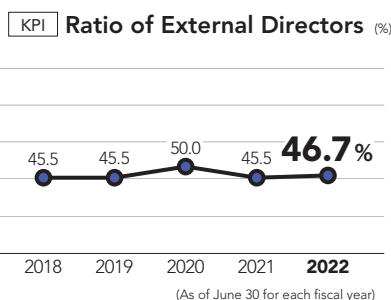
➔ For details see p.60

### Promoting online classes

Up to this point, on-site classes tended to be concentrated in urban areas due to the nature of sending a lecturer to the site of the lessons. However, the introduction of online classes has allowed us to expand the program to schools in other areas, including remote islands.



### Material Issue 4 Enhancement of Corporate Governance



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, 2022, external directors accounted for 45.5% of the entire board of directors. The ratio is at 46.7% as of June 2022.

➔ For details see p.63

### Increased number of external directors

With an eye on sustainable medium-to long-term growth, two new external directors were appointed at the 43rd Ordinary General Meeting of Shareholders to address the rapidly changing business environment and to further enhance the supervisory function of the Board of Directors.





# Market Analysis

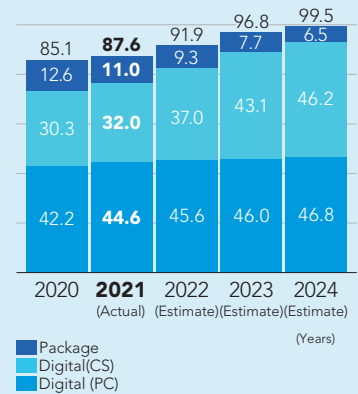
## Market Trends

### Consumer Market (Package + Digital)

In 2021, the consumer (package + digital \*including PCs) market was 87.6 billion dollars (up 2.9% from the previous year), increasing year-over-year. Packaged sales dropped slightly against the backdrop of the global shift to digital, but digital sales, including PC platforms, continue to grow with the highly profitable digital contents market now accounting for roughly 87.4% of the consumer market.

The forecast for the 2022 consumer market is to reach 91.9 billion dollars (up 4.9% from the previous year) owing to continued growth of digital sales. 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 103.6 billion dollars by 2026 (up 18.3% compared to 2021). We also expect continued growth in the mobile market.

Consumer Market (billion U.S. dollars)

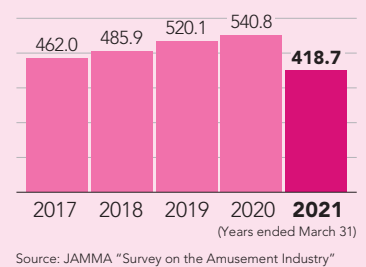


### Arcade Operations Market

The domestic arcade facilities market dropped for the first time in six years due to the spread of the COVID-19 pandemic during the previous fiscal year (ended March 31, 2021) to 418.7 billion yen (down 22.6% from the previous year). The total number of facilities were 9,998 (down 18.1% from the previous year), and annual sales per store were 41.87 million yen (down 5.4% from the previous year).

Although we have seen some recovery due to the operational know-how we have acquired amid the pandemic, this fiscal year (ended March 2022), the market continued to be severely impacted by COVID-19 as stores were forced to suspend operations or shorten operating hours during states of emergency while foot traffic decreased due to efforts to avoid crowds. The market situation next fiscal year (ending March 2023) is expected to make greater progress toward recovery of the market environment due to increasing vaccination rates and the relaxation of restrictions.

Arcade Operations Market (billion yen)

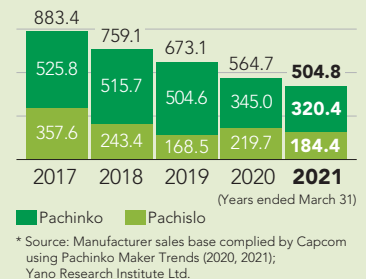


### Gaming Machines Markets

In the previous fiscal year (ended March 31, 2021), the gaming machine market shrank for the eighth consecutive year to 504.8 billion yen (down 10.6% from the previous year).

This was due to the sluggish performance of stores against the backdrop of the COVID-19 pandemic, and in addition, the pachislo market is seeing slackening growth in the performance of machines with new gambling restraints, which has failed to stimulate stores' appetite for investment. This fiscal year (ended March 2022), although the effects of the COVID-19 pandemic continued to create an extremely challenging environment, the market showed signs of recovery with the replacement demand for new regulation-compliant machines. Next fiscal year (ending March 2023), despite some positive factors, such as new regulation machines with relaxed voluntary restrictions and the launch of smart pachislo machines, we believe the situation will remain harsh due to continued measures to address infectious diseases and increased investment burdens on halls.

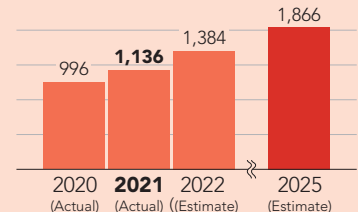
Gaming Machines Markets (billion yen)



### Esports Market

The Esports Market in 2021 was 1.13 billion U.S. dollars (an increase of 14.1% over the previous year). This increase was due to increased sponsorship and expanded media rights fees. In 2022, we expect the market to grow to 1.38 billion U.S. dollars (up 21.8% from the previous year), primarily in China, which accounts for the largest share. The future remains unclear due to the prolonged COVID-19 pandemic, but due to medium-term growth in Asia and Central and Southern American regions, it is expected to reach 1.86 billion U.S. dollars by 2025.

Esports (million U.S. dollars)



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

- Creation of highly competitive products using new technology
- More channels for product distribution with the appearance of new platforms
- 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 appearance of new technology and improved device performance
- ◆ 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

## Addressing major opportunities and risks

- 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
- ◆ Reduced ability to attract customers due to the COVID-19 pandemic
- ◆ 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 cafes and merchandise.
- 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

## Operating Results for This Fiscal Year

### 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. Consumer games produces creative, original content that provides recurring revenue by utilizing digital distribution. Many of these million-seller titles are used for smartphone, tablet device and PC games, and are distributed worldwide in order to maximize earnings.  
 ➔ For details see p.79

#### Consumer (Package + Digital)

- ◆ New titles *Resident Evil Village* and *Monster Hunter Stories 2: Wings of Ruin* were hits
- ◆ Major catalog title hits *Monster Hunter Rise*, *Resident Evil 7 biohazard*, *Resident Evil 2*, and *Monster Hunter World: Iceborne* performed well
- ◆ Packaged sales and highly profitable digital sales grew further

#### Mobile Contents

- ◆ Launched *Devil May Cry: Peak of Combat*

### 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

- ◆ We are focusing on steadily opening and operating stores while working to minimize the impact of COVID-19
- ◆ Sales at existing stores increased by 19% over the previous fiscal year due to recovering customer numbers with the lifting of the state of emergency in addition to efficient operation of existing stores and the effect of new stores in new business formats.
- ◆ We opened one of the region's largest amusement complexes in Ishikawa Prefecture, the Miraino Aeon Mall Hakusan store, which features "Crazy Banet."
- ◆ We opened two new stores and closed one store

### 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 26,000 units of three models
- ◆ Despite lower sales and profits, diversification of the business model improved profitability over the previous fiscal year.

### Other Businesses



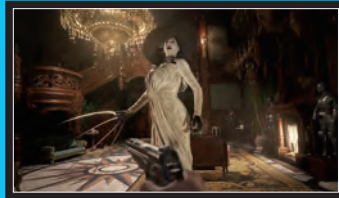
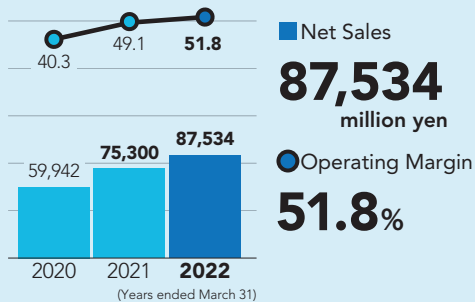
Photos: Red Bull Content Pool

Based on our Single Content Multiple Usage strategy of leveraging game IP across different media, we pursue a variety of copyright-related 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

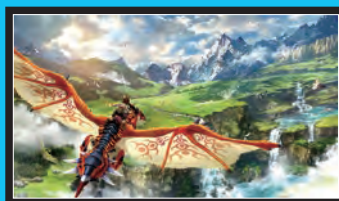
- ◆ We held events and sold merchandise leveraging IPs like *Monster Hunter* and *Resident Evil*, creating multifaceted opportunities for earnings
- ◆ In our licensing business, we strengthened our expansion into visual media and merchandising to coincide with the release of new home video game titles
- ◆ We expanded revenue opportunities by providing characters for collaborations in titles from other companies in the industry.
- ◆ We made efforts in eSports to expand the player and fan demographics by holding online tournaments in light of the COVID-19 pandemic

## Main Products for This Fiscal Year (Output)

## Net Sales/Operating Margins

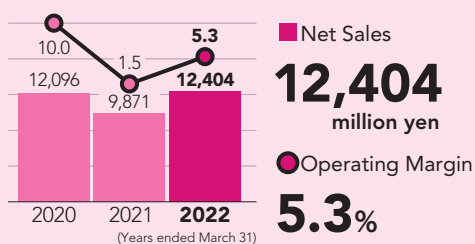
**Resident Evil Village**

This title was released as a sequel to *Resident Evil 7 biohazard*, which was released in January 2017. In addition to photorealistic visuals and 3D audio made possible by the RE ENGINE, the game was well received for its immersive play experience that combines horror and action, leading to 6.1 million units sold worldwide.

**Monster Hunter Stories 2: Wings of Ruin**

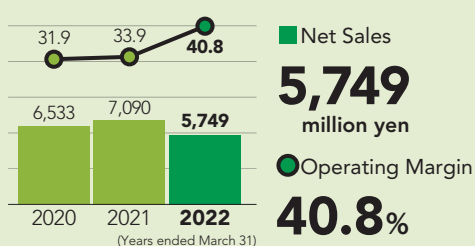
The second RPG set in the *Monster Hunter* universe. The game was well received for the many popular monsters from previous installments of the series that appeared, its engaging battle system, and for expanding the game world with a new focus on Monster Riders. It has sold 1.5 million units worldwide.

## Net Sales/Operating Margins

**Miraino Aeon Mall Hakusan Store**

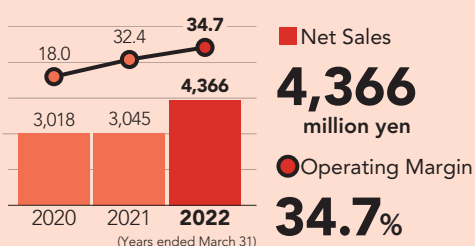
This facility features numerous attractions, including "Crazy Banet," one of the biggest large-scale physical activity zones in the Hokuriku region, Capcom's official esports facility, "Capcom eSports Club," and an original VR facility that utilizes Capcom IP, "VR-X."

## Net Sales/Operating Margins

**Pachislo****Monster Hunter: World Gold Hunting**

This pachislo machine is based on *Monster Hunter: World*, our all-time best-selling home video game with more than 18 million units sold cumulatively. Released in December 2021, 12,000 units were sold.

## Net Sales/Operating Margins

**Hollywood movie****Resident Evil: Welcome to Raccoon City**


*Resident Evil*, one of our most popular brands, was adapted into a Hollywood movie again following a five-year break. After opening in North America in November 2021, it was rolled out to theaters around the world.

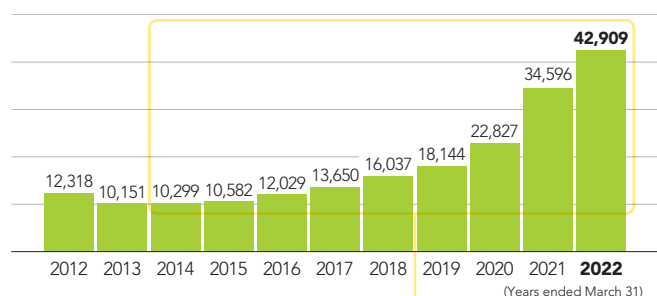
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# Financial Highlights

## Operating Income/Operating Margins


Operating Income (million yen)

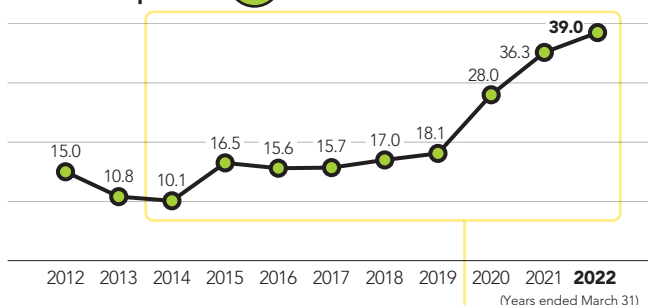
**42,909** million yen  
UP 24.0% 




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 2013. Financials were therefore sluggish that year while these reforms were implemented. From the following year onward we have achieved nine 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 2022, we achieved a 24% increase in profit over the previous fiscal year, marking our fifth consecutive year of record operating income. This was due to new major hit titles, such as *Resident Evil Village* and *Monster Hunter Stories 2: Wings of Ruin*, and the accumulation of catalog sales, in addition to the fact that the highly profitable digital sales trend continues to grow.

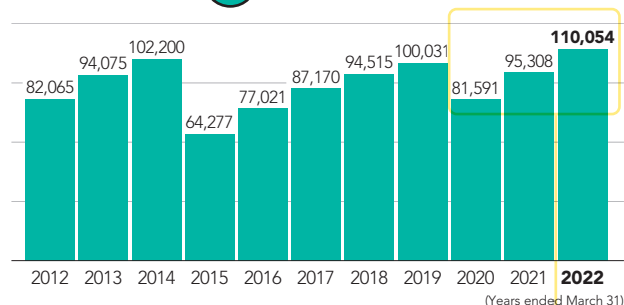
Operating Margins (%)

**39.0** %  
UP 2.7 points 




## Net Sales (million yen)

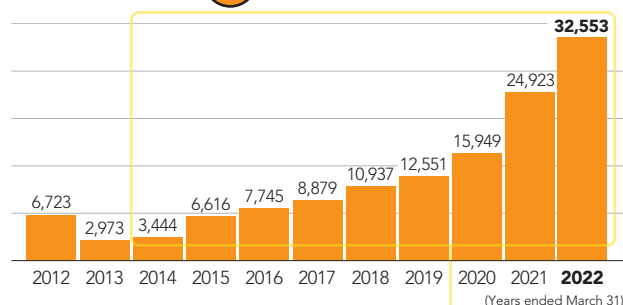
**110,054** million yen  
UP 15.5% 



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)


**32,553** million yen  
UP 30.6% 

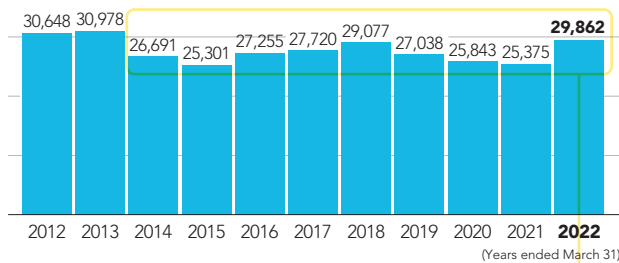


In the fiscal years ended in March 2013 and 2014 respectively, (1) structural reforms to the Amusement Equipments business, (2) development structure revisions in line with enhanced digital sales in the Consumer sub-segment and (3) strengthened Mobile sub-segment management capabilities in line with organization integration resulted in special losses on restructuring and business restructuring expenses. From the fiscal year ended March 2015, net income increased nine years in a row in step with operating income, due to the benefits from structural reforms beginning to manifest.

→ Please refer to "Financial Strategy According to the CFO" on p.43-46, and "11-Year Summary of Consolidated Financial Indicators" on p.77-78


R&D Investment Costs (million yen)

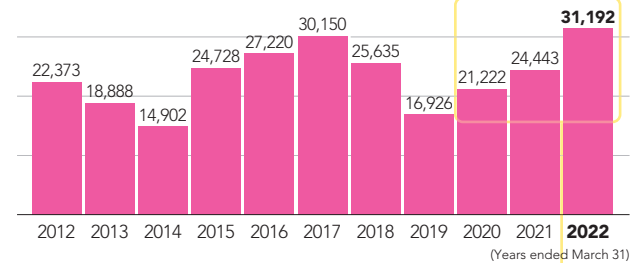
**29,862** million yen  
UP 17.7% 



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)

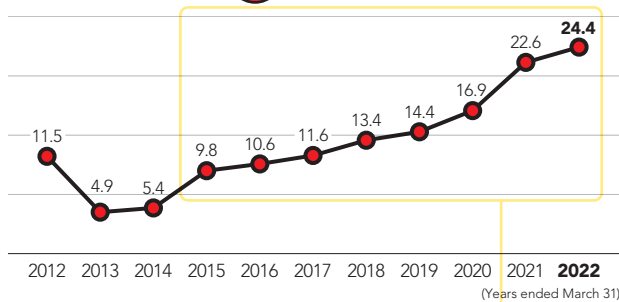
**31,192** million yen  
UP 27.6% 



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.



Return on Equity (ROE) (%)

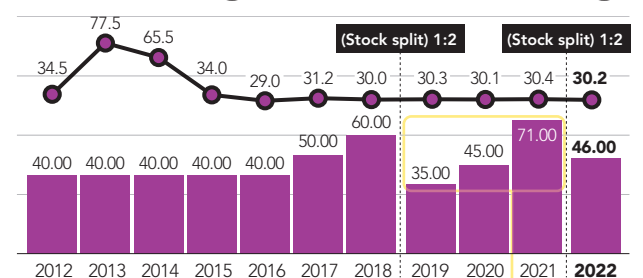
**22.4** %  
UP 1.8 points 



In the fiscal years ended March 2013 and 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

**46.0** yen **30.2** %  
UP 29.6%  DOWN 0.2 points 



(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.

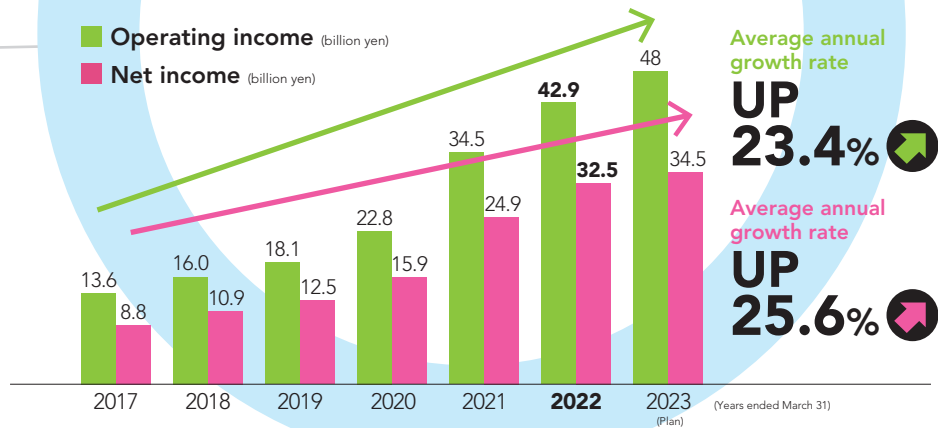
Since the fiscal year ended March 2017, the dividend policy has been changed from Capcom's long-standing policy of maintaining stable dividends to maintaining a consolidated payout ratio of 30% and to strive for stable dividends. The payout in the fiscal years ended March 2019 and March 2022 were reduced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

# Seeking increased operating income annually with a stable growth business portfolio

We are seeking sustainable growth in the medium and long term based on expanded sales in the Consumer sub-segment by enhancing our title lineup and shifting to digital.

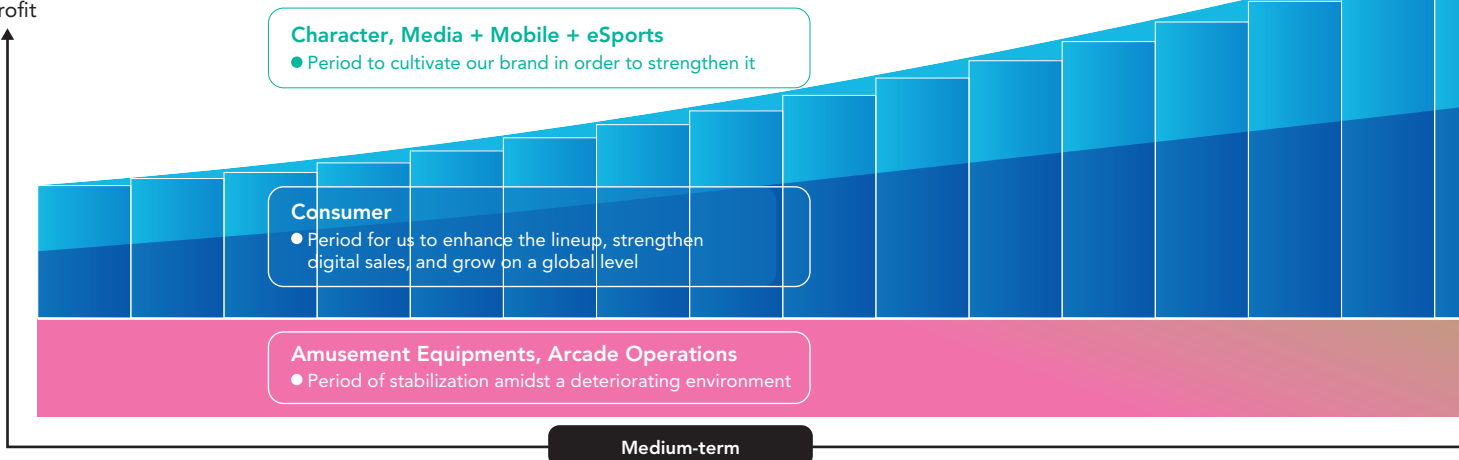
Expanding sales in the Consumer sub-segment

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



## Medium- to long-term growth

Profit



Sustainable growth source



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

Global expansion of game purchasing demographic  
**Enhancing brand power**

New Titles (Consumer)  
**Growth driver, source of long-term sales**

Catalog Titles (Consumer)  
**Base profits from recurring revenue model**

Expanding Consumer sub-segment sales  
**with stronger digital and global sales**

Amusement Equipments, Arcade Operations **Stable earnings**

Long-term

Period

**Human resources investment**