

Consolidated financial results
for the year ended March 31, 2024 (Japan GAAP - Unaudited)

Date of issue: May 9, 2024

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo

Code number: 9697

URL : <https://www.capcom.co.jp/>

Representative: Haruhiro Tsujimoto, President and COO

Tel: +81-6-6920-3605

Contact person: Keita Takami, General Manager of Finance & Accounting Department

Ordinary general shareholders' meeting : June 20, 2024

Dividend payment date: June 21, 2024

Filing date for financial report : June 21, 2024

Earnings supplementary explanatory materials : Yes

Earnings presentation : Yes (For institutional investors)

Note: Numbers are rounded down to the nearest 1 million yen.

1. Results for the year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Financial results

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2024	152,410	21.0	57,081	12.3	59,422	15.7	43,374	18.1
Year ended March 31, 2023	125,930	14.4	50,812	18.4	51,369	15.9	36,737	12.9

Note: Comprehensive income: Year ended March 31, 2024: 48,206 million yen (23.0%) Year ended March 31, 2023: 39,176 million yen (13.8%)

	Earnings per share	Diluted earnings per share	Return on equity	Return (ordinary income) on assets	Operating margin
	yen	yen	%	%	%
Year ended March 31, 2024	103.71	—	24.4	25.8	37.5
Year ended March 31, 2023	87.36	—	23.9	25.4	40.3

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2024: — million yen

Year ended March 31, 2023: — million yen

Note: With an effective date of April 1, 2024, Capcom (the "Company") performed a 2-for-1 split of its common stock.

The Company calculated "Earnings per share" assuming that the stock split was implemented with an effective date of April 1, 2022.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net asset value per share
	million yen	million yen	%	Yen
Year ended March 31, 2024	243,476	195,081	80.1	466.44
Year ended March 31, 2023	217,365	161,129	74.1	385.27

Reference: Shareholders' equity: Year ended March 31, 2024: 195,081 million yen Year ended March 31, 2023: 161,129 million yen

Note: With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.

The Company calculated "Net asset value per share" assuming that the stock split was implemented with an effective date of April 1, 2022.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 31, 2024	36,921	(5,962)	(15,969)	109,091
Year ended March 31, 2023	21,789	(7,679)	(22,485)	89,470

2. Dividends

Record date	Dividend per share					Dividend paid	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2023	—	23.00	—	40.00	63.00	13,426	36.1	8.7
Year ended March 31, 2024	—	27.00	—	43.00	70.00	14,917	33.7	8.2
Year ending March 31, 2025 (Forecast)	—	18.00	—	18.00	36.00		32.7	

Note: 1. Regarding the year-end dividend for the fiscal year ended March 31, 2024, please refer to the April 25, 2024 announcement "Revision of Full-Year

Consolidated Earnings Forecast, Variances between its Non-Consolidated Estimated Earnings and the Previous Fiscal Year's Actual Results, and a Dividend Forecast Revision (Upward)".

2. Breakdown of the year-end dividend for the fiscal year ended March 31, 2023: ordinary dividend: 30 yen, 40th anniversary commemorative dividend: 10 yen

3. The amount of "Dividend paid" includes dividends from the Company's shares held by the Master Trust Bank of Japan, Ltd.

(Stock Grant ESOP Trust Account 76744) (251 million yen for the previous fiscal year and 279 million yen for the fiscal year under review)

4. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.

For dividends for the years ended March 31, 2023 and 2024, the above dividends paid were the actual amounts before the respective stock split.

For dividends for the year ending March 31, 2025 (Forecast), the Company took the stock split into consideration.

3. Earnings forecast for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
Year ending March 31, 2025	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	165,000	8.3	64,000	12.1	63,000	6.0	46,000	6.1	109.98

Note: 1. The Company discloses a full year business forecast, as it manages its business performance on an annual basis.

2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.

The Company took the stock split into consideration for "Earnings per share" in the above earnings forecast.

(1) Changes in significant consolidated subsidiaries during the period: No
 (Changes in specified subsidiaries due to changes in the scope of consolidation)

(2) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

- ① Changes in accounting principles resulting from amendment of the accounting standard: No
- ② Changes in accounting principles other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(3) Number of shares outstanding (Common stock):

- ① Number of shares outstanding (including treasury stock)

Year ended March 31, 2024:	533,011,246	Year ended March 31, 2023:	533,011,246
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- ② Number of treasury stock

Year ended March 31, 2024:	114,772,206	Year ended March 31, 2023:	114,787,092
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- ③ Average number of shares outstanding

Year ended March 31, 2024:	418,232,447	Year ended March 31, 2023:	420,507,372
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Note: 1. The number of treasury stock at the end of the current fiscal year and the number of treasury stock deducted when calculating the average number of shares outstanding during the period under review include the Company's shares held by the Stock Grant ESOP trust.

2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock. The Company calculated "Number of shares outstanding,"

"Number of treasury stock" and "Average number of shares outstanding" assuming that the stock split was implemented with an effective date of April 1, 2022.

*Explanation about the appropriate usage of business prospects and other special notes

- The above-mentioned business forecasts were based on the information available as of the date of the release of this report.
- Future events may cause the actual results to be significantly different from the forecasts.
- Please refer to [1. Operating results overview (4) Outlook] on page 5 for more details.
- The Company is scheduled to hold an earnings presentation for institutional investors on May 13, 2024. Video and audio of the presentation will be posted along with the presentation materials on Company's web page shortly after the presentation.

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1. Operating results overview

(1) Operating results for the fiscal year under review

In the fiscal year ended March 31, 2024, Capcom Co., Ltd. (the “Company,” together with its subsidiaries, the “Group”) actively pursued investments for growth focused on the ongoing enhancement of digital sales in order to further evolve and expand within the global market. Moreover, the Group was pleased to mark the 40th anniversary of its founding in June of last year, a milestone it was able to achieve thanks to the support of all stakeholders. With the aim of stable and sustainable growth, and as part of its human resources investment strategy, which is one of the Group’s top priorities, the Company made further improvements to the workplace environment. These included strengthening its human resources organization, establishing a new production support facility, called Creative Studio, introducing a progressive program with a more inclusive definition for spouses/partners, and enhancing its employee welfare and benefits programs. Furthermore, in order to continue strengthening its development and technological capabilities, the Company worked to improve corporate value by acquiring a company with strengths in 3D computer graphics production technology for consumer game development as a wholly-owned subsidiary.

With these kinds of management policies, the Company worked to increase global sales in its core Digital Contents business by launching major new titles in its flagship series and proactively promoting digital sales of catalog titles. These efforts brought sales volumes in the Digital Contents business in the fiscal year under review to 45.89 million units, exceeding the previous fiscal year’s figure of 41.70 million units, and improving the value of the Group’s content. The Company also worked to enhance the brand of its intellectual properties (IPs) through utilizing its major IPs in film and television productions, licensed merchandise, and esports. In addition, the Company worked to increase earnings through efficient operation of amusement arcades and the promotion of store openings in new store formats in Arcade Operations, as well as through the introduction of smart pachislo machines and catalog sales leveraging the Group’s popular IPs in Amusement Equipments.

As a result, net sales for the fiscal year under review increased by 21.0% year on year to 152,410 million yen. Operating income increased by 12.3% year on year to 57,081 million yen, ordinary income increased by 15.7% to 59,422 million yen, and net income attributable to owners of the parent increased by 18.1% to 43,374 million yen. This was the Company’s eleventh consecutive year of increased operating income.

Status of business by segment

① Digital Contents business

In Digital Contents, *Street Fighter 6* (for PlayStation 5, PlayStation 4, Xbox Series X|S, and PC), the latest title in the series leading the Group’s eSports activities, was released in June 2023 to global acclaim. As a result, the game achieved sales of 3.3 million units, which contributed to improved segment results.

In addition, *Dragon’s Dogma 2* (for PlayStation 5, Xbox Series X|S, and PC) was released in March 2024 as the first all-new game in the series in 12 years. *Dragon’s Dogma 2* is an open world action role playing game where players can enjoy adventure in a fantasy realm, and thanks to strong support from series fans and a surge in new users, the game performed well, selling over 2.62 million units while also contributing to sales growth of *Dragon’s Dogma: Dark Arisen*, a catalog title in the same series.

Regarding catalog titles, in conjunction with the announcement of *Monster Hunter Wilds*, an all-new addition to the *Monster Hunter* series, sales of the same series’ catalog title *Monster Hunter: World* were solid. The game achieved cumulative sales of 25.32 million units worldwide, while sales of *Monster Hunter World: Iceborne* and *Monster Hunter Rise: Sunbreak* also continued to grow.

Further, in addition to reaching a cumulative total of 7.02 million units sold for *Resident Evil 4*, which launched in March 2023, and contributing to catalog sales growth, the Company conducted proactive promotional campaigns to gain wider recognition for its IPs and acquire new fans, focusing primarily on series title sales, such as *Resident Evil 2*. As a result, catalog title sales reached 36.29 million units, exceeding 29.3 million units in the same period

of the previous fiscal year and boosting earnings.

In Mobile Contents, *Monster Hunter Now* (an out-licensed title for iOS and Android) was released in September, representing the latest mobile game in the *Monster Hunter* series. The number of worldwide downloads of the game exceeded 10 million, driving wider recognition of the IP.

As a result, the segment earned net sales of 119,841 million yen (up 22.1% year on year), and operating income of 59,831 million yen (up 11.8% year on year).

② Arcade Operations business

In Arcade Operations, economic activities recovered due to the reclassification of COVID-19 as a Category V infectious disease (a category that includes the seasonal flu). As such, the Company worked to increase earnings through measures such as the efficient operation of existing stores and store openings in new lines of business.

In April 2023, the Company opened a Kids Banet attraction in Shizuoka, a facility featuring playground equipment for kids, as well as a Crazy Banet interactive amusement facility at Aeon Mall in Niihama, Ehime Prefecture in June 2023. Moreover, the Company opened a capsule toy specialty store, Capsule Lab Harajuku Takeshita Street, in Tokyo in December 2023, as well as a photo sticker specialty store, Puri Mart/Capsule Lab Sannomiya, in Hyogo Prefecture in March 2024, bringing the total number of stores to 49.

The Company also promoted collaboration between its businesses, such as by securing spaces for visitors to enjoy *Monster Hunter Now* at its stores.

As a result, the segment earned net sales of 19,343 million yen (up 23.9% year on year), and operating income of 1,868 million yen (up 52.2% year on year).

③ Amusement Equipments business

In Amusement Equipments, the pachislo market remained strong driven by smart pachislo machines. The Company's first smart pachislo machine, *Sengoku BASARA GIGA*, sold 15 thousand units, while its second smart pachislo machine, *Resident Evil Village*, sold 10 thousand units, both of which contributed to earnings.

The Company also achieved solid catalog sales due to ongoing demand for *Shin Onimusha 2*, launched in August 2022, and *Monster Hunter World: Iceborne*, launched in January 2023, driven by their strong performance in the market.

In total, sales of five models in the fiscal year under review, including three new models, was 31 thousand units.

As a result, the segment earned net sales of 9,020 million yen (up 15.6% year on year), and operating income of 4,117 million yen (up 19.9% year on year).

④ Other Businesses

In Other Businesses, the Company continued to focus on movie and television adaptations of its major IPs and developing character merchandise to increase the brand value of its titles, as exemplified by the worldwide release of the feature-length CG-animated movie *Resident Evil: Death Island* in July 2023 and the worldwide release of the animated *Onimusha* series on Netflix in November 2023.

Regarding its eSports business, the Company began featuring *Street Fighter 6*, the latest title in the series, in its activities. For the Capcom Pro Tour 2023, which is held worldwide, the Company offered its highest-ever prize pool, totaling over \$2 million USD. The final tournament of the tour, CAPCOM CUP X, was a huge success with more than 190,000 people simultaneously livestreaming the event. Further, the Company started a Japan-based team league, Street Fighter League: Pro-JP 2023, before going on to organize the final tournament for the same league held in North America and Europe, Street Fighter League: World Championship 2023, in which heated

competition took place. In addition, the Company took measures to expand its user base on a global scale, such as by promoting esports with events held in Singapore and other countries.

As a result, the segment earned net sales of 4,204 million yen (down 3.6% year on year), and operating income of 883 million yen (down 38.4% year on year).

(2) Financial position overview for the fiscal year under review

(Assets)

Total assets as of the end of the fiscal year ended March 31, 2024, increased by 26,111 million yen from the end of the previous fiscal year to 243,476 million yen. The primary increase was 23,074 million yen in cash on hand and in banks. The primary decrease was 1,955 million yen in deferred tax assets.

(Liabilities)

Total liabilities as of the end of the fiscal year ended March 31, 2024, decreased by 7,841 million yen from the end of the previous fiscal year to 48,394 million yen. The primary increases were 2,661 million yen in accrued bonuses, 2,373 million yen in long-term borrowings, and 1,055 million yen in provision for share awards. The primary decreases were 6,690 million yen in accrued income taxes, 4,772 million yen in deferred revenue, and 3,000 million yen in current portion of long-term borrowings.

(Net assets)

Net assets as of the end of the fiscal year ended March 31, 2023, increased by 33,952 million yen from the end of the previous fiscal year to 195,081 million yen. The primary increases were 43,374 million yen in net income attributable to owners of the parent, and 4,865 million yen in cumulative translation adjustments. The primary decrease was 14,278 million yen in dividends from retained earnings.

(3) Cash flow overview for the fiscal year under review

Cash and cash equivalents as of the end of the fiscal year ended March 31, 2024, increased by 19,620 million yen from the end of the previous fiscal year to 109,091 million yen.

Cash flow positions of each activity and their factors are described below.

(Cash flows from operating activities)

Net cash gained from operating activities was 36,921 million yen (21,789-million-yen net cash gain in the previous fiscal year).

This was primarily due to funds increasing from 59,282 million yen in net income before income taxes, etc., and funds decreasing from 20,094 million yen in income taxes paid etc., and a decrease of 4,892 million yen in deferred revenue.

(Cash flows from investing activities)

Net cash used in investing activities was 5,962 million yen (7,679 million yen in the previous fiscal year).

This was primarily due to funds increasing from 26,962 million yen in proceeds from withdrawal of time deposits, etc., and funds decreasing from 28,433 million yen in payments into time deposits, and 4,838 million yen in payments for acquisitions of tangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities was 15,969 million yen (22,485 million yen in the previous fiscal year).

This was primarily due to funds increasing from 3,000 million yen in proceeds from long-term loans borrowings, etc., and funds decreasing from 14,266 million yen in dividends paid by parent company, 3,685 million yen in repayments of long-term borrowings, and 1,017 million yen in repayments of lease obligations, etc.

(4) Outlook

Regarding the outlook going forward, the business environment is undergoing significant changes: the transition to high-speed, high-capacity mobile communication standards, an increased number of distribution channels for content, diversification of devices, and the expansion of the global gaming user base. In such an environment, the Group, which marked the 40th anniversary of Capcom's founding in 2023, recognizes the important management challenges of securing stable profits for the enhancement of corporate value over the medium- to long-term and further improving brand value globally in order to make even greater strides going forward.

For this reason, the Group has set a medium-term management goal of achieving 10% annual growth in operating income and is working to establish a stable profit structure through the creation of high-quality content and long-term sales through digitalization. Moreover, the Group will grow its core Digital Contents business with the long-term aim of selling 100 million units annually. It looks to accomplish this by expanding its user base and maximizing profit opportunities via enhanced country/regional marketing while working to understand user needs. In addition to continuing to develop the Arcade Operations and Amusement Equipments businesses by using popular IPs and major content, the Group will also aim for sustainable growth and strive to enhance brand value for its IPs by leveraging them in film and television productions, licensed merchandise, and esports. Enabling this is the Group's human resources investment strategy, which it will continue to promote going forward. Moreover, by actively investing in strengthening and enhancing its development system, the Group will work to expand its product pipeline through the creation of new IPs and utilization of major IPs.

① Strategies by operating segment for the fiscal year ending March 2025

Based on the strategy laid out above, the Company will focus on the following areas in the next fiscal year:

A. Digital Contents business

In the Digital Contents business, the Company will continue to pursue brand enhancement and user growth. This will include the launch of the all-new IP *Kunitsu-Gami: Path of the Goddess* (for Xbox Series X|S, PlayStation 5, and PC), the release of past titles *Monster Hunter Stories* and *Monster Hunter Stories 2: Wings of Ruin* on additional platforms, as well as strengthening efforts in esports with *Street Fighter 6*, which was released during the fiscal year under review. Additionally, the Company will strive to maximize profits and continuously increase its total unit sales volume by strengthening digital sales and promoting sales measures for catalog titles such as *Dragon's Dogma 2*.

B. Arcade Operations business

In the Arcade Operations business, the Company will continue to expand into new store formats while pursuing efficient openings and operation of stores.

The Company plans to open 7 new stores in the fiscal year ending March 31, 2025.

C. Amusement Equipments business

In the Amusement Equipment business, the Company will steadily release new models centered on popular IPs, including smart pachislo machines that are in step with market trends.

In the fiscal year ending March 31, 2025, the Company plans to sell 41 thousand units with the launch of 4 new models, including the release of *Street Fighter V Chosensha no Michi* in June.

D. Other Businesses

In the Other Businesses segment, the Company will implement a variety of measures in the eSports business that began in 2023 with the release of *Street Fighter 6*, the latest game in the series, to encourage participation by even more people worldwide. This includes offering a grand prize of \$1 million USD at Capcom Cup 11, the final tournament of the CAPCOM Pro Tour 2024.

In addition, the Company will pursue strategies that take maximum advantage of its Single Content Multiple

Usage strategy on a global scale, working to expand penetration of the Company's IPs globally via activities such as promoting movie and television adaptations of content and cross-industry collaborations.

Through this, the Company will continue in its efforts to maximize corporate brand value while expanding the branding of its content.

② Sustainability initiatives

A. Human resources investment strategy

The Group has positioned initiatives regarding human capital, which is the source of corporate value creation, as one of its priority issues.

In order to enhance its development system—the source of its core competitiveness—and achieve its medium-term management objective, the Group recognizes the importance of bolstering its development workforce and enhancing productivity through investment in human capital.

As such, the Company recruits more than 100 developers every year. As of March 31, 2024, the Company has secured 2,675 developers in its workforce.

In order to directly understand the needs of employees and create a comfortable working environment, the Company takes advantage of opportunities for direct dialogue between management and employees through the exchange of opinions in various briefing sessions. The Company is also working to prevent employee turnover and improve engagement.

In addition, to respond to changes in the business environment, the Company is investing in securing and developing diverse human resources through recruitment and evaluation, regardless of gender, nationality, age, and other attributes. Toward this, by the end of March 2029 the Company aims to achieve a ratio of 85% or better for male employees taking childcare leave (66.7% at the end of March 2024) and a ratio of 88%* or better for female to male wage differences among permanent employees (83.8% at the end of March 2024). (*Ratio calculated by dividing the average salary for permanent female employees by the average salary for permanent male employees.)

In order to achieve the above objectives and further promote its human resources investment strategy going forward, the Group will enhance its corporate value by implementing the following measures:

- a. Securing and developing human resources to support the future
 - Strengthening recruitment competitiveness by reviewing entry-level salaries for new graduates and expanding mid-career recruitment channels, etc.
 - Retaining excellent human resources and improving morale through further revisions to the personnel system and the provision of special lump-sum payments, etc.
 - Career development support based on research and analysis of employees' career ambitions
- b. Organizing and improving the working environment
 - Promoting a corporate culture of respect for human rights
 - Actively promoting the use of childcare leave and strengthening efforts to disseminate information on related systems
 - Expanding the development environment and equipment to support the development system
- c. Ensuring human resource diversity
 - Continuously holding individual briefing sessions for employees of foreign nationality
 - Ensuring diversity in the Board of Directors to enhance the human resource capabilities of management

B. Initiatives for reinforcement of information security

Given the gravity of the impact of information on corporate activities, the Group is aware of the need to take measures against diverse cyber risks both in Japan and overseas and believes that ensuring information security is indispensable. The Group is working to strengthen its information security system to comply with laws and regulations related to information security, in addition to responding to personal information protection legislation and legislation for the protection of minors that are being advanced in various countries.

To this end, the Security Oversight Committee, an external advisory body, convened 7 times in the fiscal year ended March 31, 2024. Based on the committee's advice, the Group is building capabilities for ongoing system operations and monitoring as well as early response and recovery in the case of emergencies, such as when unexpected security risks materialize. Going forward, the Group will continue to maintain and strengthen its information security structure based on the PDCA cycle.

C. Initiatives for SDGs

The Group is engaged in a range of initiatives to resolve shared environmental and social issues, based on its management philosophy of being a company that stimulates the senses by creating a culture of play and bringing excitement to people through the entertainment medium of games, as well as on the goal of creating a sustainable society as set forth in the SDGs. Through these initiatives, the Group will continue to build trusting relationships with all stakeholders, including shareholders, customers, business partners, employees, and local communities, while aiming to realize a better future by striving for sustainable growth and fulfilling its social responsibility.

a. Social contribution activities

The Group is engaged in social contribution activities with a focus on supporting children who will create the future.

In the fiscal year ended March 31, 2024, the Group continued to donate to organizations that work for the healthy development of children and youth, including the Fund to Support Children's Future. The Group also provided monetary aid to victims and areas affected by the 2024 Noto Peninsula Earthquake, which caused severe damage in January of this year. In addition, the Group pledged continued financial aid to the Office of the United Nations High Commissioner for Refugees to support Ukrainian refugees.

[Support for Children in Need]

Donations to	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 corporation)	10 million yen

[Aid for victims and areas affected by the 2024 Noto Peninsula Earthquake]

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

[Aid for Refugees from Ukraine]

Donations to	Amount
UNHCR, the UN refugee agency *Supported via Japan for UNHCR, a national partner of UNHCR in Japan for accepting aid	20 million yen

Additionally, the Group donated 10 million yen in relief money toward the earthquake in Eastern Taiwan that occurred in April of 2024.

b. Environmental initiatives

The Group is ahead of its competitors in the promotion of digital sales of its content, which is part of its efforts to conserve resources and curb CO₂ emissions in manufacturing and transporting disks. The Group is also working to reduce its environmental impact by implementing power-saving measures and recycling certain parts in the manufacturing and sale of pachislo machines.

As part of the Group's environmental response, CO₂-free electricity sourced from renewable energy has been introduced in Company-owned buildings and other facilities in the Kansai area. As a result, approximately 21% of the power consumed by the Group in Japan is now provided by renewable energy. Furthermore, the Company is working to reduce its CO₂ output by introducing green power at the Company's Tokyo branch and expanding the adoption of CO₂-free electricity at the Company's other business locations. Additionally, the Group is making efforts to further reduce its environmental impact with initiatives such as using its own data centers, where power-saving measures are in place, while also using major cloud and data center service providers that promote the use of renewable energy.

③ Initiatives on corporate governance

In accordance with its management principles, the Group strives to build an appropriate relationship with stakeholders while continuously working to enhance corporate value.

In addition, in order to enhance the transparency and soundness of management and build a system that can respond to changes in the business environment, the Company is working to strengthen the supervisory function of the Board of Directors by ensuring the diversity of the Board of Directors and expanding opportunities for the active participation of external directors. Based on an evaluation of the effectiveness of the Board of Directors, and in order to further strengthen its functioning, the following efforts were made in the fiscal year ended March 31, 2024 to expand the provision of information and deepen mutual understanding at the Board of Directors meetings.

- Strengthened the reporting of opinions gathered from stakeholders through discussion to the Board of Directors
- Utilized roundtable discussions with external directors to encourage debate with top management on topics not limited to Board of Directors meeting agenda items, such as the Group's current condition and long-term strategy

In the fiscal year ending March 31, 2025, the Group will address the following issues to enhance the effectiveness of management's supervisory function.

Main issues

- Achieving synergies by holding roundtable discussions with external directors and strengthening collaboration within the Board of Directors
- Deepening discussions regarding the nomination and remuneration of directors and other senior management members to improve corporate value over the medium-to-long term
- Furthering the risk management system and expanding opportunities to discuss items for the long term

The Company will continue to promote the sharing and understanding of various issues at its Board of Directors meetings and strive for the further improvement of its functions.

④ Basic policy for strategic holdings of publicly listed shares

Regarding strategic holdings of publicly listed shares, the Company has eliminated such practices as conventional cross holdings and holdings based on personal favoritism. When it comes to strategic holdings, the Company comprehensively considers their relative advantages and disadvantages from medium- to long-term perspectives, including whether or not they would benefit future business relationships and help build sustainable corporate value.

As the Company completed the sale of all strategic holdings of publicly listed shares held in FY2023, it does not hold any such shares as of the end of the fiscal year ended March 31, 2024.

2. Basic policy regarding selection of accounting standards

With consideration for providing consolidated financial documents that can be compared over time and between companies, for the foreseeable future the Capcom Group will prepare consolidated financial documents according to Japanese standards.

We are currently considering the appropriate time to adopt International Financial Reporting Standards (IFRS), and in preparation of their introduction, we have begun acquiring knowledge of these standards, and are carrying out impact studies on their adoption and a gap analysis between these and Japanese standards.

3. Summary of consolidated financial statements

(1) Consolidated balance sheets

(million yen)

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Assets		
Current assets		
Cash on hand and in banks	102,116	125,191
Notes receivable - trade	116	—
Accounts receivable - trade	24,981	25,383
Merchandise and finished goods	1,440	1,692
Work in progress	1,006	1,222
Raw materials and supplies	454	847
Work in progress for game software	38,510	39,035
Other	2,776	4,456
Allowance for doubtful accounts	(1)	(2)
Total current assets	171,402	197,826
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	10,423	10,938
Machinery and vehicles, net	21	14
Tools, fixtures and furniture, net	1,715	2,198
Equipment for amusement facilities, net	2,973	3,375
Land	8,953	8,996
Leased assets, net	1,399	2,142
Construction in progress	475	647
Other, net	1,982	2,154
Total tangible fixed assets	27,945	30,468
Intangible assets	1,630	1,444
Investments and other assets		
Investment securities	735	26
Claim in bankruptcy and reorganization	12	12
Lease deposits	4,593	4,750
Deferred tax assets	9,849	7,893
Other	1,219	1,077
Allowance for doubtful accounts	(22)	(23)
Total investments and other assets	16,387	13,737
Total fixed assets	45,963	45,650
Total assets	217,365	243,476

(million yen)

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,357	2,603
Electronically recorded monetary liabilities	2,172	1,730
Short-term borrowings	3,591	3,591
Current portion of long-term borrowings	3,626	626
Lease obligations	919	1,265
Accrued income taxes	12,145	5,454
Accrued bonuses	5,727	8,388
Deferred revenue	5,455	683
Other	9,048	8,870
Total current liabilities	46,043	33,213
Long-term liabilities		
Long-term borrowings	626	3,000
Lease obligations	2,992	3,676
Deferred tax liabilities	0	22
Liabilities for retirement benefits for employees	4,139	4,379
Provision for share awards	1,018	2,074
Asset retirement obligations	885	1,095
Other	529	932
Total long-term liabilities	10,193	15,181
Total liabilities	56,236	48,394
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	30,259	30,259
Retained earnings	143,519	172,615
Treasury stock	(50,037)	(50,012)
Total shareholders' equity	156,979	186,100
Accumulated other comprehensive income		
Net unrealized gains or losses on securities, net of tax	102	—
Cumulative translation adjustments	4,332	9,197
Accumulated adjustments for retirement benefits, net of tax	(285)	(216)
Total accumulated other comprehensive income	4,149	8,980
Total net assets	161,129	195,081
Total liabilities and net assets	217,365	243,476

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(million yen)

	Previous fiscal year From April 1, 2022 to March 31, 2023	Current fiscal year From April 1, 2023 to March 31, 2024
Net sales	125,930	152,410
Cost of sales	52,110	67,755
Gross profit	73,819	84,654
Selling, general and administrative expenses	23,006	27,572
Operating income	50,812	57,081
Non-operating income		
Interest income	396	1,159
Dividend income	24	27
Exchange gain, net	314	2,303
Other	128	116
Total non-operating income	864	3,606
Non-operating expenses		
Interest expense	44	60
Litigation expenses	71	—
Commissions for purchase of treasury shares	25	—
Social contribution activity-related expenses (*)	—	1,029
Other	165	176
Total non-operating expenses	307	1,265
Ordinary income	51,369	59,422
Special gains		
Gain on sales of fixed assets	—	1
Gain on sales of investment securities	—	408
Total special gains	—	410
Special losses		
Loss on sales and /or disposal of fixed assets	35	35
Impairment losses	190	—
Loss on sales of Investments securities	—	13
Business restructuring expenses	—	500
Total special losses	225	549
Net income before income taxes	51,143	59,282
Income taxes - current	16,895	13,851
Income taxes - deferred	(2,488)	2,056
Total income taxes	14,406	15,908
Net income	36,737	43,374
Net income attributable to owners of the parent	36,737	43,374

Consolidated statements of comprehensive income

(million yen)

	Previous fiscal year From April 1, 2022 to March 31, 2023	Current fiscal year From April 1, 2023 to March 31, 2024
Net income	36,737	43,374
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	1	(102)
Cumulative translation adjustments	2,442	4,865
Adjustments for retirement benefits, net of tax	(5)	68
Total other comprehensive income	2,439	4,831
Comprehensive income	39,176	48,206
Comprehensive income attributable to:		
Owners of the parent	39,176	48,206
Non-controlling interests	—	—

(3) Consolidated statement of changes in assets
Previous fiscal year from April 1, 2022 to March 31, 2023

(million yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2022	33,239	21,329	117,661	(27,464)	144,765
Changes of items during the current 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
Retirement of treasury stock		(2,976)		2,976	—
Net changes of items other than shareholders' equity					
Total changes of items during the current fiscal year	—	8,929	25,858	(22,573)	12,214
Balance as of March 31, 2023	33,239	30,259	143,519	(50,037)	156,979

	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	
Balance as of April 1, 2022	100	1,889	(279)	1,710	146,475
Changes of items during the previous 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
Retirement 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 current fiscal year	1	2,442	(5)	2,439	14,653
Balance as of March 31, 2023	102	4,332	(285)	4,149	161,129

Current fiscal year from April 1, 2023 to March 31, 2024

(million yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2023	33,239	30,259	143,519	(50,037)	156,979
Changes of items during the current 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 current fiscal year	—	—	29,095	25	29,121
Balance as of March 31, 2024	33,239	30,259	172,615	(50,012)	186,100

	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	
Balance as of April 1, 2023	102	4,332	(285)	4,149	161,129
Changes of items during the previous 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 current fiscal year	(102)	4,865	68	4,831	33,952
Balance as of March 31, 2024	—	9,197	(216)	8,980	195,081

(4) Consolidated statements of cash flows

(million yen)

	Previous fiscal year From April 1, 2022 to March 31, 2023	Current fiscal year From April 1, 2023 to March 31, 2024
Cash flows from operating activities		
Net income before income taxes	51,143	59,282
Depreciation and amortization	3,438	4,221
Impairment losses	190	—
Increase (decrease) in allowance for doubtful accounts	(9)	1
Increase (decrease) in accrued bonuses	1,690	2,610
Increase (decrease) in liabilities for retirement benefits for employees	328	339
Increase (decrease) in provision for share awards	1,020	1,055
Interest and dividend income	(420)	(1,186)
Interest expense	44	60
Exchange (gain) loss, net	(477)	(1,134)
Loss (gain) on sales and/or disposal of fixed assets	35	34
Loss (gain) on sales of Investments securities	—	(395)
Business restructuring expenses	—	500
Decrease (increase) in notes and accounts receivable - trade	(17,155)	(71)
Decrease (increase) in inventories	(500)	(825)
Decrease (increase) in work in progress for game software	(7,320)	(788)
Increase (decrease) in notes and accounts payable - trade	1,869	(1,438)
Increase (decrease) in deferred revenue	(3,729)	(4,892)
Other	2,104	(1,427)
Subtotal	32,252	55,944
Interest and dividends received	277	1,130
Interest paid	(41)	(59)
Income taxes paid	(10,698)	(20,094)
Net cash provided by operating activities	21,789	36,921
Cash flows from investing activities		
Payments into time deposits	(25,302)	(28,433)
Proceeds from withdrawal of time deposits	25,441	26,962
Payments for acquisitions of tangible fixed assets	(7,103)	(4,838)
Proceeds from sales of tangible fixed assets	4	1
Payments for acquisitions of intangible fixed assets	(312)	(297)
Payments for purchase of investments in securities	(17)	(10)
Proceeds from sales of investment in securities	—	936
Payments for acquisitions of investments in subsidiaries	—	(122)
Payments for other investing activities	(427)	(164)
Proceeds from other investing activities	37	4
Net cash used in investing activities	(7,679)	(5,962)
Cash flows from financing activities		
Proceeds from short-term loans borrowings	3,591	—
Proceeds from long-term loans borrowings	—	3,000
Repayments of long-term borrowings	(626)	(3,685)
Repayments of lease obligations	(935)	(1,017)
Payments for repurchase of treasury stock	(13,645)	(1)
Dividends paid by parent company	(10,868)	(14,266)
Net cash used in financing activities	(22,485)	(15,969)
Effect of exchange rate changes on cash and cash equivalents	2,209	4,631
Net increase (decrease) in cash and cash equivalents	(6,165)	19,620
Cash and cash equivalents at beginning of year	95,635	89,470
Cash and cash equivalents at end of year	89,470	109,091

(5) Notes to consolidated financial statements

(Going concern assumptions) Not applicable

(Consolidated statements of income)

* Social contribution activity-related expenses

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

(Segment Information)

1. Outline of business reportable segment

(1) Classification of business reportable segment

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

The Company has several business offices, which plan comprehensive business strategies in domestic and overseas markets for their products and services, and develops its business activities.

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

(2) Product and service line

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

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

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

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

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

Income by reportable segment is calculated based on operating income.

3. Information on net sales and operating income (loss), identifiable assets and liabilities, and other items by reportable segment

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	98,158	15,609	7,801	121,569	4,360	125,930	—	125,930
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	98,158	15,609	7,801	121,569	4,360	125,930	—	125,930
Operating income (loss)	53,504	1,227	3,433	58,166	1,433	59,599	(8,787)	50,812
Identifiable assets	83,054	9,879	8,913	101,847	2,253	104,100	113,264	217,365
Other items								
Depreciation and amortization	1,114	1,258	66	2,438	71	2,510	928	3,438
Increase in tangible and intangible fixed assets	2,170	2,287	48	4,506	30	4,537	5,086	9,624

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

2. Adjustments are as follows.

- (1) Adjustments of operating income (loss) of -8,787 million yen include unallocated corporate operating expenses of -8,787 million yen. The corporate operating expenses, which do not belong to any reportable segments mainly consist of administrative expenses.
- (2) Adjustments of identifiable assets of 113,264 million yen include unallocated corporate identifiable assets of 113,264 million yen.
- (3) Adjustments of increase in tangible and intangible fixed assets of 5,086 million yen are capital investment by headquarters.

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

Current fiscal year (from April 1, 2023 to March 31, 2024)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	119,841	19,343	9,020	148,205	4,204	152,410	—	152,410
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	119,841	19,343	9,020	148,205	4,204	152,410	—	152,410
Operating income (loss)	59,831	1,868	4,117	65,817	883	66,700	(9,619)	57,081
Identifiable assets	84,255	11,547	10,108	105,912	1,521	107,433	136,043	243,476
Other items								
Depreciation and amortization	1,313	1,542	78	2,934	55	2,989	1,231	4,221
Increase in tangible and intangible fixed assets	1,884	1,971	166	4,022	51	4,073	2,580	6,654

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

2. Adjustments are as follows.

- (1) Adjustments of operating income (loss) of -9,619 million yen include unallocated corporate operating expenses of -9,619 million yen. The corporate operating expenses, which do not belong to any reportable segments mainly consist of administrative expenses.
- (2) Adjustments of identifiable assets of 136,043 million yen include unallocated corporate identifiable assets of 136,043 million yen.
- (3) Adjustments of increase in tangible and intangible fixed assets of 2,580 million yen are capital investment by headquarters.

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

(Per share information)

	Previous fiscal year 〔 from April 1, 2022 to March 31, 2023 〕	Current fiscal year 〔 from April 1, 2023 to March 31, 2024 〕
	(yen)	(yen)
Net assets per share	385.27	466.44
Earnings per share	87.36	103.71

- (Note) 1. The diluted earnings per share for the current fiscal year is omitted as the Company has no residual securities.
2. With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.
The Company calculated "net assets per share" and "earnings per share",
assuming that the stock split was implemented with an effective date of April 1, 2022.
3. The basis for computation of net assets per share is as follows:

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
	(million yen)	(million yen)
Total amount of net assets	161,129	195,081
Amounts to be deducted from total amount of net assets	—	—
Ending balance of net assets attributable to common stock	161,129	195,081
Number of shares of common stocks used for computation of net assets per share (thousand shares)	418,224	418,239

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

	Previous fiscal year 〔 from April 1, 2022 to March 31, 2023 〕	Current fiscal year 〔 from April 1, 2023 to March 31, 2024 〕
	(million yen)	(million yen)
Net income attributable to owners of the parent	36,737	43,374
Amount not allocated to common stock	—	—
Net income attributable to owners of the parent allocated to common stock	36,737	43,374
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	420,507	418,232

5. The Company's stock that remains in the Stock Grant ESOP Trust and is recorded as Treasury stock in net assets is included in the number of treasury shares deducted from the number of shares outstanding at the end of the period for calculating earnings per share, and is included in the treasury shares deducted from the average number of shares outstanding used for calculating net assets per share.
The numbers of the deducted treasury shares used to calculate the earnings per share as of the end of the previous fiscal year and the current fiscal year are 7,998,920 and 7,983,640, respectively, and the average number of the deducted treasury shares used to calculate the earnings per share for the previous fiscal year and the current fiscal year are 6,312,134 and 7,990,497, respectively.

(Additional Information)

(Employee Stock Ownership Plan)

In June 2022, the Company established a Stock Grant ESOP trust as an employee incentive plan (the Plan, below) for its permanent employees (excludes employees not living in Japan; eligible employees, below).

1. Overview

The Company established the Plan with the aim of increasing employee motivation and interest in contributing to the enhancement of earnings. Under the Plan, the Company established a Stock Grant ESOP (Employee Stock Ownership Plan) trust (the "ESOP trust", below). The ESOP trust is an employee incentive plan similar to ESOP plans in the U.S. and will grant the Company's stock that has been acquired by the ESOP trust to eligible employees who have satisfied certain requirements, based on predetermined stock transfer rules. Further, the Company will provide all funds for acquisition of the aforementioned stock by the ESOP trust, so none of the cost falls upon the eligible employees.

The Company anticipates that by establishing the ESOP trust eligible employees will be able to reap the economic benefits of increases in the value of the Company's stock, resulting in increasing workplace motivation while at the same time enhancing work performance.

Further, voting rights for the Company's stock held in the ESOP trust will be exercised within a structure that reflects the will of eligible employees who are candidate beneficiaries, and is an effective way to improve corporate value by promoting participation in management planning.

2. The Company's Stock that Remains in the Trust

The Company's stock that remains in the trust is recorded as treasury stock in net assets based on the book value in the trust (excluding associated expenses). Total book value and the number of shares at the end of the previous fiscal year and at the end of the current fiscal year are 13,818 million yen and 3,999,460 shares, and 13,791 million yen and 3,991,820 shares, respectively.

With an effective date of April 1, 2024, the Company performed a 2-for-1 split of its common stock.

The above numbers of shares are for those before the stock split.

(Significant subsequent events)

(Stock split)

With an effective date of April 1, 2024, the Company split its stock following a resolution at the board of directors meeting held on March 6, 2024.

1. Purpose

By reducing the investment unit price, the Company expects improved liquidity of its stock and an expansion of its investor base.

2. Outline of stock split

(1) Method of stock split

With March 31, 2024 as the record date, each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date were split into two shares.

As the record date of March 31, 2024 falls on a holiday for the Company's shareholder registry administrator, the effective record date is March 29, 2024.

(2) Number of increase in shares by stock split

1) Total number of issued shares before stock split	266,505,623 shares
2) Number of increase in issued shares by stock split	266,505,623 shares
3) Total number of issued shares after stock split	533,011,246 shares
4) Total number of authorized shares after stock split	1,200,000,000 shares

3. Schedule of stock split

(1) Public notice date of the record date	Tuesday, March 12, 2024
(2) Record date	Sunday, March 31, 2024
(3) Effective date	Monday, April 1, 2024

4. Other

(1) Following the above stock split, the total number of the authorized shares provided for in the article 6 of the articles of incorporation were amended from 600,000,000 to 1,200,000,000 on April 1, 2024 in accordance with the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Change of capital

The amount of stated capital did not change as a result of this stock split.

(3) Impact on per share information

The impact of the stock split is described in "Per share information".