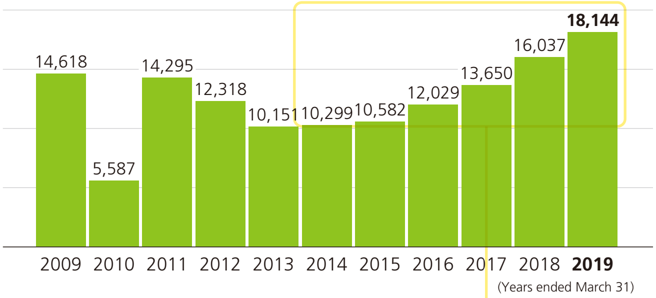
Financial Highlights

Operating Income/Operating Margins

Operating Income (million yen)

18,144 million yen

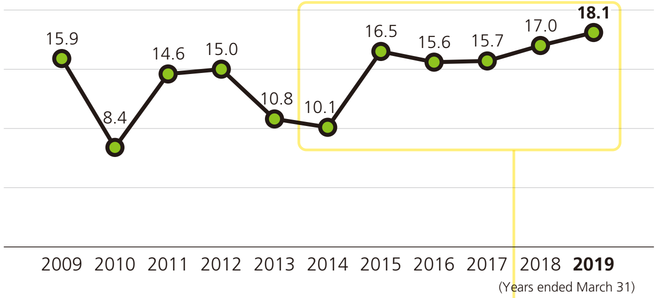
13.1% UP



Operating Margins (%)

18.1%

1.1point UP

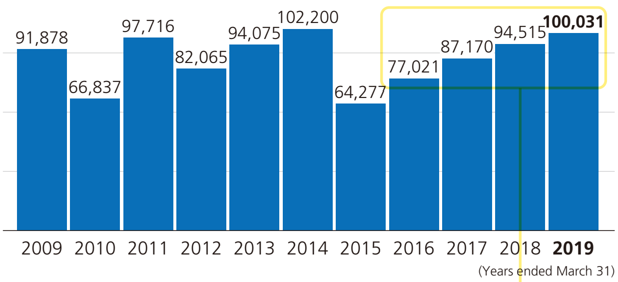


In the fiscal year ended March 2010, the postponed release of major titles and the failure of some titles to meet sales targets overseas resulted in a temporary decline in income. In the fiscal year ended March 2011, we promoted profit structure reforms aimed at more efficient development investment. 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 until the fiscal year ended March 2014 while these reforms were implemented. Since that time, we have achieved six consecutive years of increased operating income with measures such as improving the highly profitable digital sales ratio in our Consumer sub-segment. The fiscal year ended March 2019 was the second year in a row we succeeded in breaking our top operating profit record due to new major hits and the accumulation of catalog sales.

Net Sales (million yen)

100,031 million yen

5.8% UP



In the fiscal years ended March 2010 and March 2012, net sales declined due to the postponed release of titles. However, the promotion of structural reforms in the Consumer sub-segment resulted in Capcom achieving net sales of 100 billion yen in the fiscal year ended March 2014 for the first time.

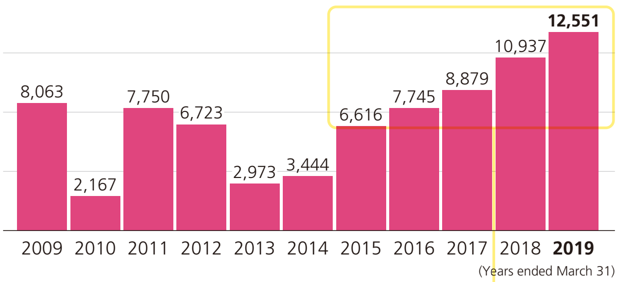
Although net sales decreased significantly in the fiscal year ended March 2015 due to a delay in pachislo machine installation, the steady release of major titles from the Consumer sub-segment since the fiscal year ended March 2016 has resulted in an increase in net sales for four consecutive fiscal years.

Net Income Attributable to Owners of the Parent

(million yen)

12,551 million yen

14.8% UP



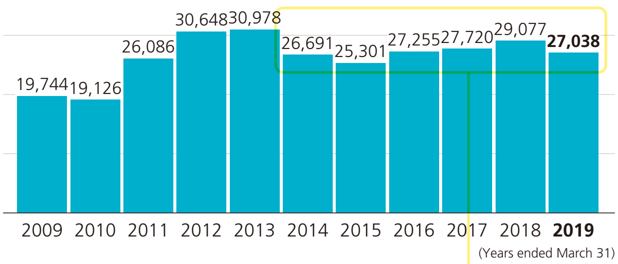
Performance was sluggish in the fiscal years ended in March 2010, 2013 and 2014, as (1) structural reforms to the Amusement Equipments business, (2) development structure revisions in line with enhanced digital sales in the Consumer sub-segment and (3) strengthened Mobile sub-segment management capabilities in line with organization integration resulted in the recognition of special losses on restructuring and business restructuring expenses. From the fiscal year ended March 2015, income increased six years in a row due to the benefits from structural reforms beginning to manifest.

➡Please refer to "Financial Strategy According to the CFO" on pages 39–40, and "11-Year Summary of Consolidated Financial Indicators" on pages 73–74

R&D Investment Costs (million yen)

27,038 million yen

7.0% DOWN



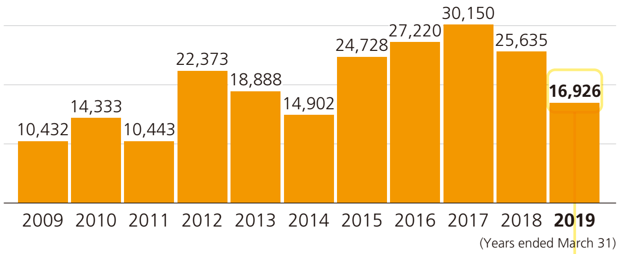
We believe the generation of creative and original content is our source of growth, thus approximately 90% of our annual development investments are allocated to the Digital Contents business. Recently in the Home Video Game market, development costs have been trending higher in line with increasingly high-performance devices, but we have been able to streamline development through increased employee utilization rates. Due to expanding our pipeline in recent years, costs have been on the rise; however, we expect them to remain around 30 billion yen going forward.

Balance of Work in Progress for Game Software

(million yen)

16,926 million yen

34.0% DOWN



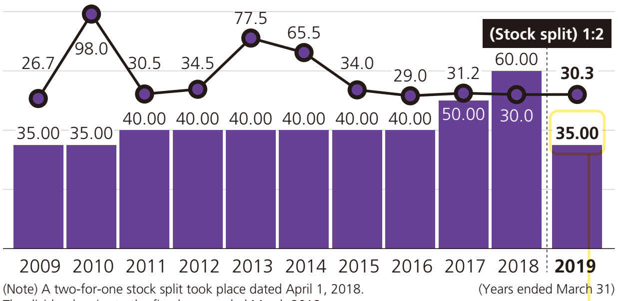
There was a decrease in the fiscal years ended March 2011 and 2014 due to the release of major titles, but since the fiscal year ended March 2015 it has been on the rise as a result of pipeline expansion and the release of new generation high-performance devices. In addition to the release of major titles *Resident Evil 2* and *Devil May Cry 5*, reassessment and closing of overseas studios resulted in a significant decrease.

Dividend per Share/Dividend Payout Ratio

Dividend per Share (yen) | Dividend Payout Ratio (%)

35.0 yen **16.7% UP**

30.3% **0.3point UP**



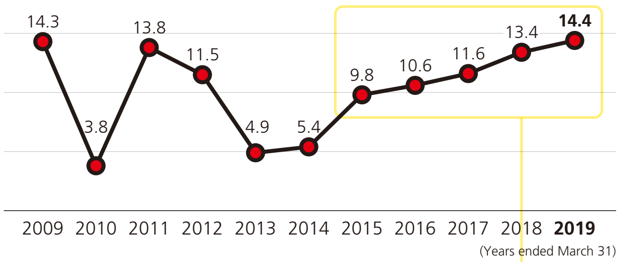
(Note) A two-for-one stock split took place dated April 1, 2018. The dividends prior to the fiscal year ended March 2018 are listed as the dividends on stocks prior to the split.

Capcom had a basic policy of maintaining stable dividends, and in the fiscal years ended March 2009 and 2011, the annual dividend was raised 5 yen in conjunction with improved business results. Since the fiscal year ended March 2017, the dividend policy has been to maintain a consolidated payout ratio of 30% and to strive for stable dividends. As a result, the payout in the fiscal year ended March 2019 was reduced due to the stock split, but effectively dividends increased, and we achieved our 29th consecutive year of paying dividends since listing publicly.

Return on Equity (ROE) (%)

14.4%

1.0point UP



Although net assets increased between the fiscal years ended March 2007 and March 2009, stable net income resulted in ROE of around 14%. In the fiscal years ended in March 2010, 2013 and 2014, this figure declined due to decreases in net income from the recognition of special losses on restructuring and business restructuring expenses. From the fiscal year ended March 2015, ROE has been on the rise on the elimination of special losses and improved profitability.