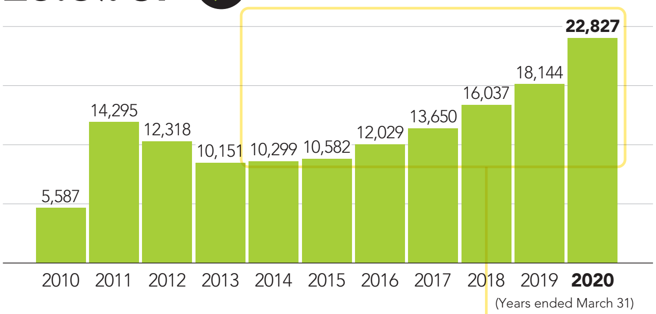
Financial highlights

Operating Income/Operating Margins

Operating Income (million yen)

22,827million yen

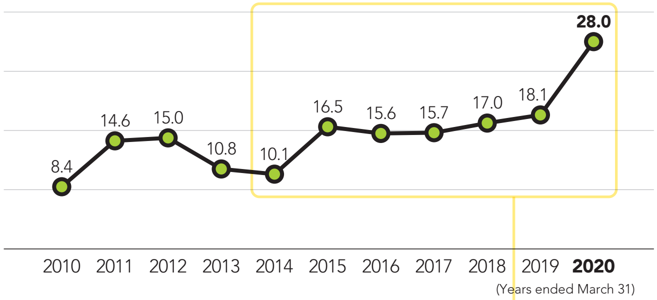
25.8% UP



Operating Margins (%)

28.0%

9.9 points UP

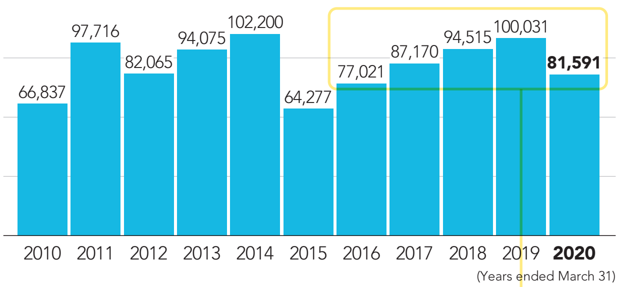


In the fiscal year ended March 2011, we promoted profit structure reforms aimed at more efficient development investment. We promoted business restructuring by transitioning to in-house production and strengthened our digital sales strategy in response to rapid changes in the market beginning in the fiscal year ended March 2013. Financials were therefore sluggish that year while these reforms were implemented. From the following year onward we have achieved seven 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 2020 was the third year in a row we succeeded in breaking our operating profit record, despite a decrease in net sales. This was due to a new major hit title and the accumulation of catalog sales, in addition to the fact that the highly profitable digital sales trend continues to grow.

Net Sales (million yen)

81,591million yen

18.4% DOWN

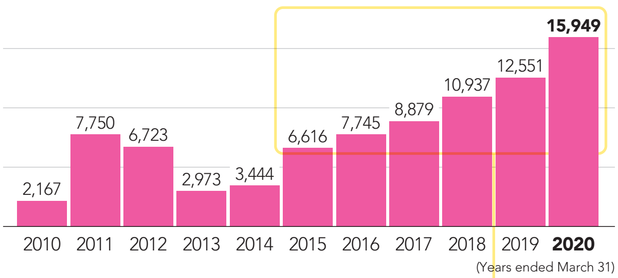


In the fiscal year ended March 2012, net sales declined due to the postponed release of titles. However, the promotion of structural reforms in the Consumer sub-segment resulted in Capcom achieving net sales of 100 billion yen in the fiscal year ended March 2014 for the first time. The steady release of major titles from the Consumer sub-segment since the fiscal year ended March 2016 resulted in a continuous increase in net sales, but in the fiscal year ended March 2020, the net sales figure declined due to the decrease in retail unit prices accompanying the shift to digital sales for game software.

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

15,949million yen

27.1% UP



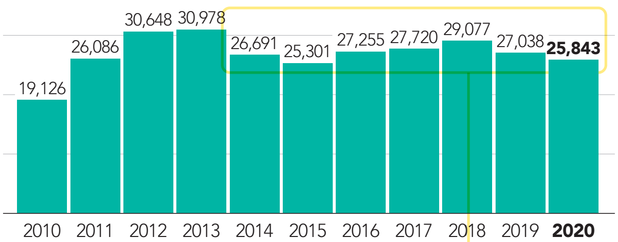
In the fiscal years ended in March 2010, 2013 and 2014, (1) structural reforms to the Amusement Equipments business, (2) development structure revisions in line with enhanced digital sales in the Consumer sub-segment and (3) strengthened Mobile sub-segment management capabilities in line with organization integration resulted in special losses on restructuring and business restructuring expenses. From the fiscal year ended March 2015, net income increased seven 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.39–42, and "11-Year Summary of Consolidated Financial Indicators" on p.71-72

R&D Investment Costs (million yen)

25,843 million yen

4.4% DOWN



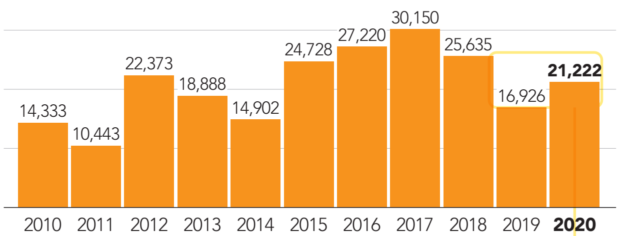
(Years ended March 31)

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, we expect costs to be approximately 30 billion yen going forward.

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

21,222 million yen

25.4% UP



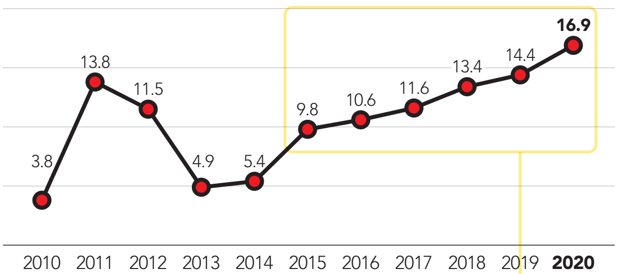
(Years ended March 31)

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. 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, in the fiscal year ended March 2020, there was an increase due to work on major titles to be released in upcoming fiscal years.

Return on Equity (ROE) (%)

16.9%

2.5 points UP



(Years ended March 31)

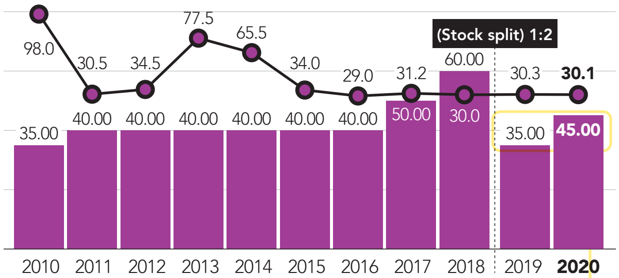
In the fiscal years ended March 2010, 2013 and 2014, ROE was lower due to decreases in net income from the recognition of special losses on restructuring and business restructuring expenses. However, from the fiscal year ended March 2015, ROE has been on the rise following the elimination of special losses and improved profitability.

Dividend per Share/Dividend Payout Ratio

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

45.0 yen **30.1%**

28.6% UP **0.2 points DOWN**



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

(Years ended March 31)

Based on Capcom's basic policy of maintaining stable dividends, in the fiscal year ended March 2011, the annual dividend was raised 5 yen. 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 were able to maintain our unbroken record of paying out dividends since listing publicly. In the fiscal year ended March 2020, we once again continued to increase dividends paid.