

CEO COMMITMENT



Kenzo Tsujimoto

Chairman and
Chief Executive Officer (CEO)

Rooted in our unwavering philosophy, we are generating sustainable corporate value with our world-class development capabilities and management foundation.

To everyone battling this global challenge

In 2021, the COVID-19 pandemic continues to grip the world in fear. Cybercrimes taking advantage of this situation are now a frequent occurrence. In November 2020, Capcom was also a victim of one such incident.

Despite putting our best efforts into our information systems, ultimately personal information was compromised. I would like to offer my sincere apologies once again to all of our stakeholders for any complications or concerns caused by the incident.

COVID-19 is one of the many difficulties society is forced to contend with. Unlike vaccines and other medicines, or infrastructures, such as networks, entertainment is not essential to our daily lives.

However, in times like this, I believe that entertainment can bring people some joy and hope.

It is my hope that our business activities bring the people of the world the energy to fight through whatever difficulties they are facing.

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1

Corporate philosophy and culture — Our unwavering philosophy since the company's inception

Aiming to be #1: delivering the world's best content "From Osaka to the world"

I jumped into the world of entertainment more than 50 years ago with the idea that "games are luxury items, not essentials. This is why the brand must be of world-class quality." I still believe this to be true even today.

Accordingly, Capcom's basic philosophy is to create an entertainment culture through the medium of games by developing highly creative content that excites and stimulates your senses and brings a smile to your face.

In other words, we help make people happy and in turn build an emotionally rich society by creating the world's most entertaining games. [➔For details, please refer to "Corporate Philosophy" on p.03](#)

In 1983, I founded Capcom under the motto of "originality and ingenuity," with the vision of developing games offering world-class quality.

Underpinning this was my belief that increasingly

sophisticated graphics and more immersive worlds would eventually make games as moving and impressive for the world as a Disney film.

38 years later under the banner of Capcom, I have amassed more than 3,000 colleagues who share this vision. Under the slogan "From Osaka to the World," these values have become our corporate culture, with (1) a spirit that is always eager to take on new challenges and (2) a sense of pride to constantly strive to be world-class deeply ingrained in every Capcom employee.

Our games are enjoyed across the entire world in more than 200 countries and regions, outnumbering the membership of the United Nations, because of the fertile soil of a corporate culture cultivated over many years.

2

Business model — Creativity and formidable IP assets

Maximizing utilization of high-quality content in a wide range of markets

Capcom's strengths are (1) the development and technological capabilities to create the world's finest, high-quality games and (2) numerous popular branded IP known the world over.

In addition, since fiscal 2013, we have strategically hired over 100 new graduate developers every year in anticipation of focusing on in-house development, increasing our development staff to over 2,450 people (as of May 31, 2021) and further enhancing our strengths.

From game market characteristics and competitive factor analysis, the Consumer sub-segment has high entry barriers; combining the aforementioned strengths with our capital and the relationships of trust we have with hardware manufacturers creates significant competitive advantages (profitability).

In addition, with the spread of PC as a game platform and the standardization of selling software digitally over the Internet, the home video game market that was once limited to only some developed nations has now expanded across the globe.

[➔For details, please refer to "An Analysis of the Market and Capcom" on p.75](#)

At Capcom, we see this market expansion as an opportunity. Since the latter half of the 2010s we have achieved sustainable performance growth by releasing PC versions of new titles and promoting the rerelease of major titles that were originally created for older game consoles for current-generation game consoles and PC.

Furthermore, in businesses and sub-segments other than Consumer, our rollout of popular IP across multiple mediums contributes as a stable source of earnings. This is because, in addition to the fact that our IP consists of products developed 100% in-house, possessing numerous global IPs amplifies the effect of our multiple usage strategy. Additionally, expansion into other areas leads to increased brand value and subsequently an influx of new users to the game. In particular, marketing activities utilizing Hollywood adaptations of content further enhances the global competitiveness (brand power) of our IPs and maximizes synergistic effects. In recent years, as a result of these sustained branding measures, we are increasingly seeing multiple generations of fans at event venues as IPs enjoying long-term popularity

have firmly taken hold.

Disney, which I once aspired to emulate, began as a producer of cartoons and expanded all the way into the theme park business, growing into a giant in the world of entertainment. With our original

content acclaimed throughout the world and the growth potential of our esports, mobile and licensing businesses, I am certain Capcom will be leading the charge into the coming digital age.

3

Medium-term management goal — Commitment to stable growth in a hit-driven industry

We have set a goal of 10% profit growth for each fiscal year as our medium-term management goal

1. Analysis of management performance in the fiscal year ended March 2021 (summary)

Our performance this fiscal year (the period ended March 31, 2021) exhibited an increase in operating income for the 8th consecutive year and all of the profit items from operating income down reached record highs.

This fiscal year, social activities were generally restricted due to the spread of COVID-19, but thanks to the strong performance of the major titles *Monster Hunter Rise* and *Resident Evil 3*, in addition to a solid performance from highly profitable digital versions of catalog titles, we were able to achieve over 50% in profit growth compared to the previous year.

In response to these results, those in the stock market have asked if the lockdowns had a significant positive influence on demand. It is true that the lockdowns due to COVID-19 became a great opportunity for those who do not normally play games, to try them. It seems everyone is concerned that this demand is something temporary and once we have resolved the COVID-19 issue, we will see the pendulum swing. However, I am not concerned about this at all, as evidenced by the 20% increase in profits we have guided for in the fiscal year ending March 2022. Most of our major titles target core gamers, and I believe that compared to our competitors, the benefits we received from any influx of light users was relatively small. Still, I see this as an opportunity for these first-time game players to become repeat customers who will now continue to play games.

I am starting to see a future where Capcom continues to expand the game market and new users with annual sales someday exceeding 100 million units.

2. Medium-term management goal assumptions and indicators

(1) Management direction—Handling the global trend toward digital

In corporate management, it is important to always think about things in terms of the future. For example,

nearly 10 years ago I gave an interview to a business magazine where I said, “if we are able to sell world-class quality products at a low price digitally, we will see even greater improvement in our performance.” At the time, packaged sales were the mainstream and there were very few customers who purchased digital versions, so that idea may have been inconceivable to most people. Also, because packaged sales were the mainstream, pirated versions of games prevailed in most developing countries, but I also spoke about how that “will become a sort of promotion if we look at in the long term.” As a result, now that digital sales have spread throughout the world, we are selling the more than 300 different titles we have created in more than 200 countries and regions, a number that exceeds that of the United Nations’ membership.

Creating top-class content not only produced this fiscal year’s performance, it will be the tool that paves the way for our future. That is precisely why our management policy is to (1) create exciting, world-class content (IPs), and (2) maximize earnings by leveraging our rich library of IPs across multiple platforms and media, while (3) maintaining these policies to become a company of continuous, sustainable growth.

(2) Medium-term management goal

Since the fiscal year ended March 2018, our sustainable medium-term management goal has been to increase operating income each fiscal year. Rather than struggling to coordinate major title launch periods for this, we intend to take a natural approach of establishing a model of stable growth through build-up by expanding our title lineup, among other efforts, in order to enable institutional investors managing pensions and individual investors on fixed incomes to maintain long-term holdings with confidence.

Historically, we had not set forth a specific profit margin growth goal, but from the fiscal year ended March 2021, when we were able to see the distinct results of the shift to digital, we have set a goal of 10% profit growth for each fiscal year.

(3) Key performance indicators (KPI) and shareholder value creation achievements

In terms of management, in addition to operating income (growth indicator), which is the basis of corporate earning power, and operating margins (efficiency indicator), which are the basis of profitability, I also place importance on current net income and cash flows, but our CFO offers a fully detailed account from a financial perspective. [➔For details, please refer to “Financial Strategy According to the CFO” on p.43](#)

Here, I will explain sales volume for game software, which I consider an important indicator for achieving our long-term goal. With the shift to digital, Capcom’s operating margin has increased for five consecutive years since the fiscal year ended March 2017, [\(➔for details, please refer to “Financial Highlights” on p.17\)](#) but we are gradually approaching a ceiling

to that growth. In order to continue achieving increased profits for the future, we need to increase unit sales and increase our actual net sales.

Before we began the roll out of our full-scale digital strategy in the fiscal year ended March 2016, sales volume varied greatly depending on whether or not we released a new major title. However, in recent years, units sold displayed steady growth due to (1) enhanced digital sales, (2) longer product lives of major titles, and (3) the promotion of digital marketing and other measures. [\[Diagram 1\]](#) If digital sales continue to grow along with markets such as those in developing nations, the number of units sold will continue on to trend upward. I believe that by promoting these efforts, our realistic vision of 50 million units in annual sales volume will be our goal in the near future.

Diagram 1
Home video game software sales trends (units in ten thousands)

2018	2019	2020	2021	2022 (plan)
Total unit sales 2,440	2,530	2,550	3,010	3,200
New title sales volume 1,340	1,110	730	960	810
Catalog title sales volume 1,100	1,420	1,820	2,050	2,390
Main title sales				
<ul style="list-style-type: none"> ● <i>Monster Hunter: World</i> 790 ● <i>Resident Evil 7 biohazard</i> (catalog title) 160 ● <i>Marvel VS. Capcom: Infinite</i> 100 	<ul style="list-style-type: none"> ● <i>Monster Hunter: World</i> (catalog title) 450 ● <i>Resident Evil 2</i> 420 ● <i>Devil May Cry 5</i> 210 	<ul style="list-style-type: none"> ● <i>Monster Hunter World: Iceborne</i> 520 ● <i>Monster Hunter: World</i> (catalog title) 320 ● <i>Resident Evil 2</i> (catalog title) 240 	<ul style="list-style-type: none"> ● <i>Monster Hunter Rise</i> 480 ● <i>Resident Evil 3</i> 390 ● <i>Monster Hunter World: Iceborne</i> (catalog title) 240 	<ul style="list-style-type: none"> ● <i>Resident Evil Village</i> ● <i>Monster Hunter Stories 2: Wings of Ruin</i> ● <i>Monster Hunter Rise</i> (catalog title) ● <i>Monster Hunter World: Iceborne</i> (catalog title)

(Years ending March 31)

4 Management strategy — Development and marketing strategy geared toward achieving stable growth

Using our long years of experience to help us achieve our medium-term goal

1. Investing in human resources and development equipment to create world-class games

With 50 years of management experience in this industry, I have a keen awareness of the vital importance of technology that meets the highest standards in order to create the world’s most exciting games. The game industry is a treasure chest of cutting-edge technology constantly providing the world with entertainment that utilizes the most advanced techniques, such as online battles, VR, and

AR. I believe we will see this trend intensify even further with GAF A entering the market. Therefore, in order to create games that become worldwide hits, we have to assemble a staff of employees who possess the most advanced skills possible. I have strengthened employment of newly graduated developers with an eye on the expanding game market and evolution of technology. Recently, our younger personnel are digital natives who grew up being familiar with games and IT. As such, even from a young age, particularly talented and motivated staff members may be

assigned to development teams for major titles or to our game development engine team, which comprises the core of our R&D. In addition, we have a world-leading development studio in-house and are vigorously investing in development equipment so that our creators can perform to their maximum potential. [➔For details, please refer to p.53](#)

2. Marketing strategy for becoming a global brand

Another important aspect is increasing recognition of hit titles and branding them.

One issue we needed to address was the fact that it takes approximately three years to develop a game, but after its release, there was a progressive decline in recognition. I thought a Hollywood film adaptation would be an effective means of ensuring the continued media exposure of a game title on a global scale, and in 1994, we decided to invest 4 billion yen into making *Street Fighter* into a Hollywood movie. At that time, some thought I had taken up movies merely as a hobby, but this investment generated a return of approximately 15 billion yen and successfully established *Street Fighter* as a global brand. Before and after a game is released, it receives media exposure for two weeks at most. However, by turning the game into a Hollywood movie, it will continue to be shown around the world for decades to come through its (1) theatrical release, (2) package sales, and (3) VOD services and other subscription-based video distribution services, maintaining and increasing awareness of the title.

The high level of awareness we earned here is now leading to growing sales of game software in newly expanding emerging markets. However, what makes this marketing possible is the fact that the games

themselves are world-class content. We have already achieved this success with *Resident Evil*, and in 2020, *Monster Hunter* was also turned into a Hollywood film. We will leverage these successful experiences to focus on continuing to create new brands on a global scale.

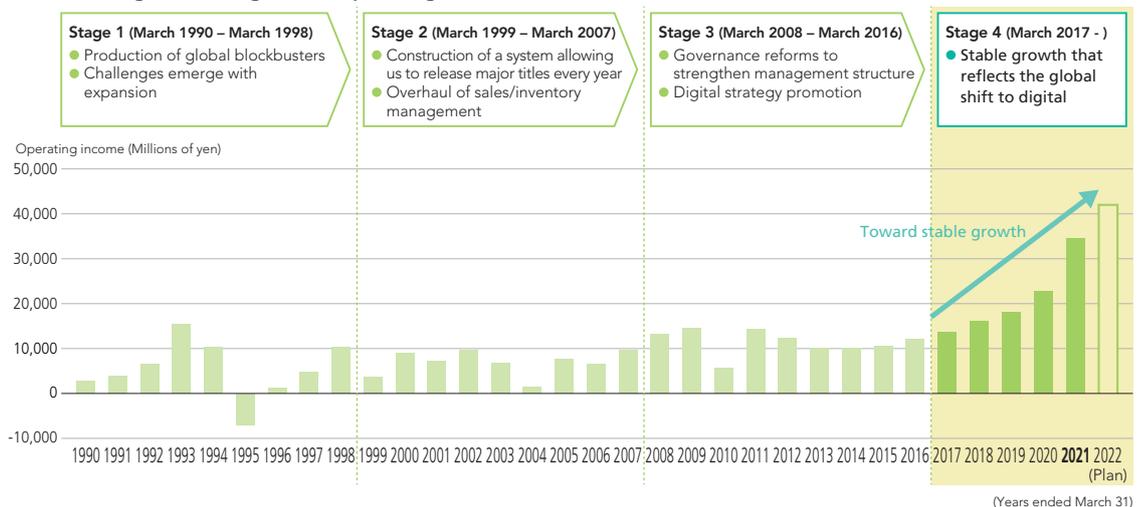
3. Medium term growth phases

I have always said that in order to continue achieving an increase in operating income each year, we have to (1) revamp our business model in the Consumer sub-segment from one-time purchases to continuous purchases, and (2) build a new profit pillar to flow into the Consumer sub-segment with our comprehensive Single Content Multiple Usage approach. Now, I would like to look back and explain the results we have seen from (1) together with the growth stages we have experienced.

In Stage 1 (March 1990 – March 1998), *Street Fighter II* became a global sensation and the world learned about Capcom’s development capabilities. However, the absence of any subsequent hit titles, inventory disposal issues and other challenges resulted in a nine-year period of significant fluctuations in income.

In Stage 2 (March 1999 – March 2007) we addressed the aforementioned issues of dependence on specific titles and inventory management overseas. We serialized multiple major titles, including *Resident Evil*, *Devil May Cry*, and *Monster Hunter*, establishing a system that allowed us to release a new major title every year. In addition, we conducted a thorough analysis of overseas consumer habits that differ from those in Japan and introduced a system of direct sales while devising a mechanism that keeps inventory below 10% of sales volume. As a result, we were able to build a foundation for stable earnings. However,

Diagram 2
The 4 Management Stages and Operating Profit Trends



with the globalization of the game market, the limits of a development division-led title strategy emerged, and we began implementing structural reforms to switch to a management-led approach that included the establishment of a two-phase approval system for prototypes and full-scale development.

Stage 3 (March 2008 – March 2016) is the period in which we engaged in governance reforms to strengthen our management structure and a digital strategy in the Consumer sub-segment. I will discuss our governance structure later, however in the Consumer sub-segment, in order to ensure the steady release of major titles, we began the comprehensive use of our 60-month map, which is a medium-term strategic map indicating the titles to be released over the next five years, and our 52-week map, which optimizes development personnel assignments over the course of a year, in addition to hiring 100 new graduates each year. Also, to prepare for the game industry's upcoming shift to digital, we focused on releasing major titles also on the PC platform and rereleasing catalog titles for current-generation game consoles and PC. This had a synergistic effect with the structural reforms from Stage 2, and as a result, not only did our profit level display significant growth compared to the previous stage, but we also laid the groundwork for the next stage with achievements that include increasing our digital ratio.

Today we are in Stage 4, where we are achieving stable growth. The support for the PC platform and rereleases of catalog titles we implemented in Stage 3

were successful. Major titles have been contributing to profit earnings over the course of several years, and catalog titles that did not receive a sufficient chance to be sold physically are growing in both sales volume and earnings with digital sales. All of this has translated to achieving eight consecutive years of earnings growth. The game industry is looking toward a stage of further growth with GAFA's entry into the market and the dissemination of new-generation hardware. In addition to maximizing the use of the organizational structure and know-how we have amassed, we will continue to increase operating income each year by, I. strengthening digital marketing with a clear view of the needs of each region, II. selling catalog titles that have already amortized their development costs at lower prices, and III. continuing to act while looking toward the future, such as by supporting new platforms like cloud gaming. [\[Diagram 2\]](#)

Regarding (2) a new profit pillar, we have been struggling with our mobile content due to issues such as compatibility between our major IP and mobile devices. However, with the evolution of communication standards, we believe we will have an opportunity to make significant progress here in the future. In order to do so, we are currently working on research and development in anticipation of the next generation of such technologies. We are also promoting investment in esports in preparation for future market expansion.

➔For details, please refer to "The COO's Discussion of Growth Strategies" on p.35

5

ESG — Initiatives geared toward sustainable growth

Increasing corporate value by building healthy relationships and a sturdy framework

1. Game company ESG initiatives

According to a public opinion survey conducted by the Cabinet Office in 2019, more than 62% of the Japanese people who responded said "Now that I have attained a certain level of material wealth, I would like to focus on living a more relaxed, fulfilling life" indicating that in recent years the number of people seeking emotional wellness over material wealth is increasing.

Games have made people smile, stimulated their senses, and created a new culture. They have also contributed to running a healthy society, receiving an endorsement from the WHO as for their value as entertainment while we have been asked to stay at home during the COVID-19 pandemic.

I believe that building a healthy relationship with stakeholders through business activities leads to

improved corporate value. Therefore, focusing particularly on "S" (social) and "G" (corporate governance) of ESG, I recognize our critical issues as (1) developer numbers, (2) diversity, (3) support for education, and (4) the ratio of external directors. We will continue to promote ESG initiatives based on the SDG goals of creating a sustainable society and strive for sustainable growth while building a relationship of trust with our stakeholders. ➔For details, please refer to "ESG Highlights" on p.13

2. Game company environmental measures

Capcom has been promoting the digitalization of game sales for some time. This initiative not only improves profitability from a financial standpoint, but it also reduces our environmental footprint by

removing the manufacturing, packaging, and shipping packaged products require from the equation. In order to promote better work-life balance among our employees, we also encourage employees to live closer to their workplaces by arranging company housing and bicycle parking areas. We can expect this to reduce the emission of greenhouse gases incurred by long commutes. Our work in selling digital content itself has a low impact on the environment but mitigating climate change is an issue that requires the cooperation of everyone who inhabits the planet, and we will continue to promote environment preservation initiatives.

3. Building a healthy relationship between games and society

Although there is a need for games in society, there are also some challenges, such as expensive in-game purchases made by minors and game addiction.

Our purpose is to make people happy through games. Making people unhappy because of games is certainly not our intention. We are aware that these are major issues for our industry as a whole, and each company is cooperating as part of an industry organization to make efforts to (1) establish guidelines and educate people about them, (2) share problems and actual examples among member companies, and (3) exchange information on a regular basis with parents, educators, consumer groups, and government administrators. [➔For details, please refer to "Relationship with Customers" on p.57](#)

In addition, since 2004, we have independently continued to be involved in game-related educational support activities as an initiative to alleviate social concerns surrounding games. [➔For details, please refer to "Promoting Healthy Relationships with Games" on p.61](#)

We also do our best to ensure a broad range of customers are able to play safely and fairly through measures such as refraining from adding "gacha" elements as a general rule when we develop mobile games.

Furthermore, for the pachislo market, we provide sponsorship and cooperation through industry organizations for the activities of pachinko addiction consultation agencies, such as Recovery Support Network (RSN).

4. Commitment to regional communities

The promotion of our Single Content Multiple Usage strategy provides society with a wide range of benefits. Specifically, these include the use of popular Capcom IP in local revitalization activities to support (1) economic development, (2) cultural development, (3) awareness for crime prevention and (4) awareness of elections.

We are achieving quantitative social outcomes through solving the common problem of attracting and

appealing to the youth demographic. [➔For details, please refer to "Relationship with Regional Communities" on p.60](#)

The above four activities are benefiting Capcom as well by I. increasing satisfaction among existing users through event participation, and II. creating a more favorable impression of games among those with less interest.

We will continue these sustainable activities that are a win for both parties as our popular content contributes to society while garnering interest in that content.

5. Commitment to employees

As can be seen from the fact that personnel expenses account for approximately 80% of development expenses, the game industry is not a labor-intensive industry but a knowledge-intensive industry, thus human resources are an extremely important management resource.

I recognize the importance of diversity for creating content that will resonate globally, thus Capcom promotes the retention and training of talented human resources without regard for gender or race. As I mentioned earlier, we have world-leading, cutting-edge development equipment enabling our talented workforce to fully demonstrate their abilities.

In terms of remuneration, in addition to a well-balanced salary system based on ability, we have also introduced incentives for each title and an assignment allowance system to increase motivation.

In addition, in the fiscal year ended March 2017, we established Capcom Juku for on-site childcare, to provide an environment for employees with children that allows them to work with peace of mind. [➔For details, please refer to "Relationship with Employees" on p.61](#)

In my view, the most critical aspect of human resource development is providing an environment that enables employees to take on new challenges. The manager's role is to push employees to take on one new challenge after another and to focus more on devising measures for the things that are not working rather than those that are. This enables employees to take on challenges without fear of failure, develop the world's most entertaining games and create new businesses leading to a virtuous cycle of business opportunity creation.

6. Continued anti-fraud measures for stable growth

As a company that handles data, it is important that we protect its value and associated rights. As the Chairman of the Association for Copyright for Computer Software, I have worked toward resolving piracy and various other issues for more than a quarter of a century.

Today, with the popularization of digital sales, we have stopped seeing the roadside sales of pirated

versions of games that were once a common sight in areas with many electronics stores. Meanwhile, the risk of cyber-attacks is growing as digital network technology becomes more widespread.

In light of the unauthorized access we experienced in 2020, we have established the Information Technology Security Oversight Committee, in addition to various other measures. [➔ For details please refer to "Information Security Initiatives" on p.72](#)

It goes without saying that even once security measures are in place, it does not mean they are perfect. We will continuously enhance measures as we move forward.

7. Strengthening the governance structure

Risks increase in proportion to the strength with which you step on the accelerator for growth, but governance is useful in avoiding or mitigating these risks. Specifically, with myself, Capcom's founder, as CEO and my oldest son as COO, we can avoid management decision risks by sufficiently leveraging the supervisory function of the external directors, and with unique mechanisms for highly transparent and rational decision making built by the Board of Directors.

Mechanism 1

Management visualization based on numbers

Despite changes in corporate scale or business environment, to conduct flexible and integrated management, I require that materials (documents) used for decision-making are, in principle, quantitatively focused. These materials compare and contrast net sales, year-on-year performance and earnings forecasts, which make it easier to identify problems by enabling us to confirm the details in multiple ways.

Furthermore, these materials are used for supervision by external directors and as IR materials for investors. We call this series of mechanisms "management visualization." Management decisions based on visualizing operations enable us to evaluate the Company with two sets of eyes using a system that seeks management transparency.

In addition, when I speak with developers, I use quantitative data as our common language. The bias of the person speaking can be infused into words, while numbers never lie. I want to pass on the management know-how I have cultivated as founder of the company to the next generation in a practical manner as we work to strengthen risk control in order to create a framework for management that will ensure the performance of the company into the future.

Mechanism 2

Continued governance reforms

For the past 22 years, Capcom has executed a variety of governance reforms.

Since introducing the external director system

in the fiscal year ended March 31, 2022, external directors have increased to account for 45.5% of the Board of Directors.

External director appointment criteria have not changed since the system was introduced, but in short, we appoint directors with insight who are highly proficient specialists in their respective areas outside the gaming industry, capable of objectively making decisions regarding Capcom's management and business activities. With the avoidance of business investment risk as a priority issue, Capcom appoints individuals who are able to provide sound opinions, especially when earnings are subpar, who are not intimidated by the company founder and are able to determine validity from the general public's point of view. [➔ For more details, please refer to "Message from an external director" on p.73](#)

In addition, in 2016, in order to further strengthen governance and achieve a swifter decision-making process, we transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee. The audit and supervisory committee is responsible for strengthening internal control by auditing how business is carried out by executives and employees and making recommendations for modifications.

Furthermore, since the fiscal year ended March 2021, we conduct an evaluation of the Board of Director's effectiveness. The results showed that the effectiveness of the system has been ensured, and we received new issues to work on. We will continue to deepen our understanding of those issues and strive to improve functionality. [➔ For more details, please refer to "Evaluation of the Effectiveness of the Board of Directors" on p.69](#)

Mechanism 3

Developing management human resource capabilities and grooming successors

I have grown Capcom for the last 38 years, and as the founding executive, it is also my responsibility to ensure my successors have a proper understanding of its mechanisms and are able to execute them. I actively engage in information exchange and advise our next generation of key personnel, namely (President) Haruhiro Tsujimoto, who leads the business side of our organization, and (Executive Corporate Officer) Yoichi Egawa, who leads development. Plans for my successor are being made through discussions with the Nomination and Remuneration Committee; if we can prepare my successor and enmesh that with our corporate philosophy and well-structured governance, we can achieve stable growth.

Rewarding long-term shareholders with 31 consecutive years of returns since Capcom’s listing and record-high dividends

Diagram 3

Dividends per share since public listing (yen)

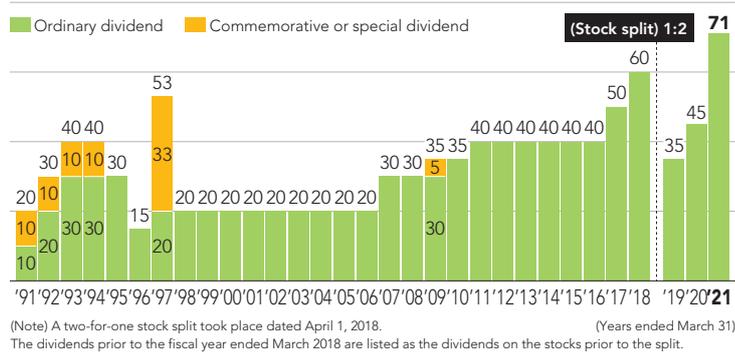


Diagram 4

Total shareholder return (TSR)

Fiscal year ended March 2021	
CAPCOM	538.9%
KONAMI HOLDINGS	209.0%
SQUARE ENIX HOLDINGS	212.0%
SEGA SAMMY HOLDINGS	156.2%
BANDAI NAMCO HOLDINGS	345.8%
TOPIX Return Index	162.3%

Source: Financial statements from each company

In closing I would like to share my ideas regarding our capital policy, which is an important element of the relationship I have with our shareholders.

1. Basic policy regarding dividends

During my 38 years of management since founding Capcom, my philosophy has been to pursue stable corporate growth and reward long-term shareholders with steady increases in dividend payments despite the constantly changing nature of the game industry.

I have already mentioned the factors critical for sustainably enhancing corporate value; as shareholder returns are also an important management issue, dividends are determined with consideration for future business development and changes in the management environment.

Capcom’s basic shareholder return policy aims to (1) enhance corporate value (market capitalization) through investment in growth, (2) continue paying dividends (30% payout ratio) while striving for stable dividends and (3) flexibly acquire treasury stock to increase the value of earnings per share.

The reason I think both the payout ratio and stable dividends are important is, for example, because a sudden decrease or cessation of dividends can be risky for pensioners who depend on dividends to cover part of their lifestyle expenses. Regular revenue leads to the establishment of a stable lifestyle plan for the

future. We also receive requests for stability from the long-term investors who manage those pensions.

Capcom shareholders represent all types of people, and I assume some of them may be facing these kinds of issues, which is why we have never once failed to provide dividends during the 31 years since we went public in 1990. The fiscal year ended March 2021 marks five consecutive years of increased dividends. [\[Diagram 3\]](#)

As a result, the total shareholder return (TSR), including the rise in stock price over the last five years, was +538.9%, exceeding TOPIX (+162.3%) and positioning Capcom ahead of any of our industry competitors. [\[Diagram 4\]](#)

2. Dividends for this fiscal year and the next

Dividends for the fiscal year ended March 2021 were 71 yen for the year.

For the next fiscal year, we plan to pay a dividend of 36 yen, which would be the sixth consecutive year of dividend increases if the stock split is taken into account.

As a senior executive with many long years of experience in the game industry, my goal is to increase market capitalization and achieve corporate growth exceeding that of the past 38 years in order to continue meeting the expectations of all Capcom shareholders.

Kenzo Tsujimoto
Chairman and
Chief Executive Officer (CEO)