



Kenzo Tsujimoto

Chairman and
Chief Executive Officer (CEO)

**CEO
COMMITMENT**

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

Today, in 2022, the public and private sectors have been moving forward in assessing risks while working hard to resume and normalize socioeconomic activities, however COVID-19 continues to affect every aspect of our lives. The world also faces a myriad of issues that society must contend with, such as the invasion of Ukraine launched by Russia in February 2022. Unlike vaccines and other medicines,

or infrastructures, such as networks, entertainment is not essential to our daily lives. However, in times like these, 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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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"

Since Capcom's inception, our unwavering corporate philosophy has been to create a culture of entertainment through the medium of games by developing highly creative content that excites and stimulates your senses and brings a smile to your face. This corporate philosophy represents the company's social significance, inspiring our more than 3,500 people throughout the Capcom Group. "Games are luxury items, not essentials. That is why we need world-class brands that capture people's attention." I still believe this to be true even today, 50 years since I jumped into the world of entertainment. [→For details, please refer to p.3 "Corporate Philosophy"](#)

Based on this corporate philosophy, Capcom has produced more than 700 games to date, and our

games are played in over 220 countries and regions, outnumbering the membership of even the United Nations. In other words, our content is enjoyed throughout the world. Games are not essential items to our daily life; rather they are luxury items. Nevertheless, they are enjoyed the world over as items that enrich our lives and add excitement. Looking at market data, the global gaming population is estimated to be approximately 3 billion people.

Meanwhile, there are people in the world who cannot enjoy games due to disasters or conflict. It is my sincere hope that all of the people of the world will soon be able to enjoy games without worry, and at the same time, we would like to contribute in our own way to resolving the issues that people face.



Management Policy — Sustainable growth through creating and continuously leveraging our content

Game industry forecast

Technology will continue to progress unceasingly in the marketplace. Game development, promotions, infrastructure, and various other elements will also evolve along with it. In order to continue developing high-quality games, one of Capcom's greatest strengths, it is essential that we build a system that allows us to consistently stand at the forefront of the ever-evolving industry and nimbly respond to new technologies and services. In April 2022, we reorganized our human resources-related departments and revised our system of compensation as part of our human resources investment policy. We are making steady investments for the future of Capcom for continued growth alongside the market.

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, disc 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 disc sales were the mainstream, pirated versions of games prevailed in most developing countries, but I also spoke about how that "will promote further brand penetration if we look at it in the long term." As a result, now that digital sales have spread throughout the world, of the 700 titles we have created, we are selling over 300 in more than 220 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, but 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. [➔For details, please see p.33 "The COO Discusses Growth Strategy"](#)



Management strategy — Building a system to enable sustainable growth

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. We have strengthened hiring of newly graduated developers with an eye on the expanding game market and evolution of technology. In addition, we have access to world-leading development equipment both in-house and externally, and are vigorously investing in development equipment so that our creators can perform to their maximum potential. These efforts have been successful thus far and helped us achieve nine consecutive years of profit growth, but to overcome the hurdle of profit growth that rises every year and continue growing even

more, we must further promote our investment in human resources.

Therefore, as part of our enhanced human resources investment strategy, in April 2022, we revised our compensation system, created the position of CHO, and reorganized our human resources-related departments. Our CHO will provide a detailed explanation, but we will continue hiring more than 150 employees annually while further enhancing the work environment to build an organization that allows our employees to demonstrate their creativity more than ever.

[➔ For details, please refer to p.39 "The CHO Discusses Our Human Resources Strategy"](#)



Business model and medium-term management goal — Advancing strategies that leverage our strengths

The strongest IP assets in our history and the capabilities to continue creating high-quality content

As of the fiscal year ended March 2022, Capcom has achieved nine consecutive years of increased operating income, and record-high profits in each of the last five fiscal years.

We will continue to create greater corporate value as we pursue our management goal of increasing operating income by 10% each fiscal year going forward.

Given the highly volatile structure of our industry, in which a major hit title one year can cause a comparative performance dip in the next, Capcom has made achieving stable profit growth each year an important issue for us in meeting the expectations of our shareholders, investors, and other stakeholders involved in our business.

In order to stably increase profits, and among growing concerns about the environmental impact of corporate activities in recent years, we have shifted from a business model that focused on disc sales to one based primarily on download sales with an eye toward strengthening the reach of our content globally.

As a result, Capcom's sales territory has expanded to include almost all countries and regions with a few exceptions, and we sell over 300 different titles annually.

I believe two of our greatest strengths are (1) possessing numerous, popular IPs that have achieved global brand status, and (2) the developmental and technological capabilities to continue creating world-class, quality games.

Challenges to sustainable growth

According to reports from various external organizations, it is expected that the game market will continue to grow, and we can see that first-hand at Capcom through our business activities within that industry. As mentioned earlier, we sell our game software in more than 220 countries and regions, and from looking at our internal sales data, I believe the number of users is sure to increase going forward.

1. Human resources investment strategy

In recent years, our revenue foundation has been shifting from the new titles we release in a given fiscal year to our catalog of previously released titles.

Within our discussion of what is needed to

sustainably expand this cycle, we determined that above all else, we need to review and reconstruct our human resources investment strategy. This strategy is based on a discussion of what is necessary to secure and train quality personnel going forward beyond the revision of the compensation system.

In fiscal 2021, we began by working on revisions of our compensation system. Capcom traditionally had a compensation system based on performance, such as incentive bonuses in the development division, but under this old system issues such as a lack of growth in annual income per individual employee became apparent. We have revised our compensation system, resulting in an average 30% increase in annual compensation. Going forward, in addition to the development division, we also have to make progress in revising work styles in our operational, sales, and administrative divisions.

When we look to the future, in order to produce superior content and distribute it to even more people around the globe, the entire company has to transform into a truly global enterprise, and our human resources system must take into account all our employees from all over the world. I believe we must establish an organizational structure with various systems, including benefits, to meet the needs of employees of various nationalities. [➔For details, please refer to p.39 "The CHO Discusses Our Human Resources Strategy"](#)

2. Responding to changes in user preferences and technological innovation

As the market expands, game users will be offered a wider variety of ways to play, and game purchasing channels will diversify. What will become important here is what users prefer amid the various options offered. Therefore, in addition to macro data, such as past sales data, it will be important to learn about individual user trends.

In addition, the game industry is a treasure trove of cutting-edge technology, constantly providing the world with entertainment that uses the most advanced technology, including online battles, VR, AR, and 3D. This trend has only gained momentum with GAFA's entry into the market, and the game industry is undergoing an unprecedented transformation. Under such circumstances, we need to attract talent who possess the most advanced

skills and accurately predict and respond to cutting-edge technological development trends in order to create games that will become global hits.

3. Challenging ourselves to reach 100 million units in annual sales, expanding and strengthening our global brand

It is said that the population of the world will reach 8 billion in November 2022 and that there are already 3 billion game users.

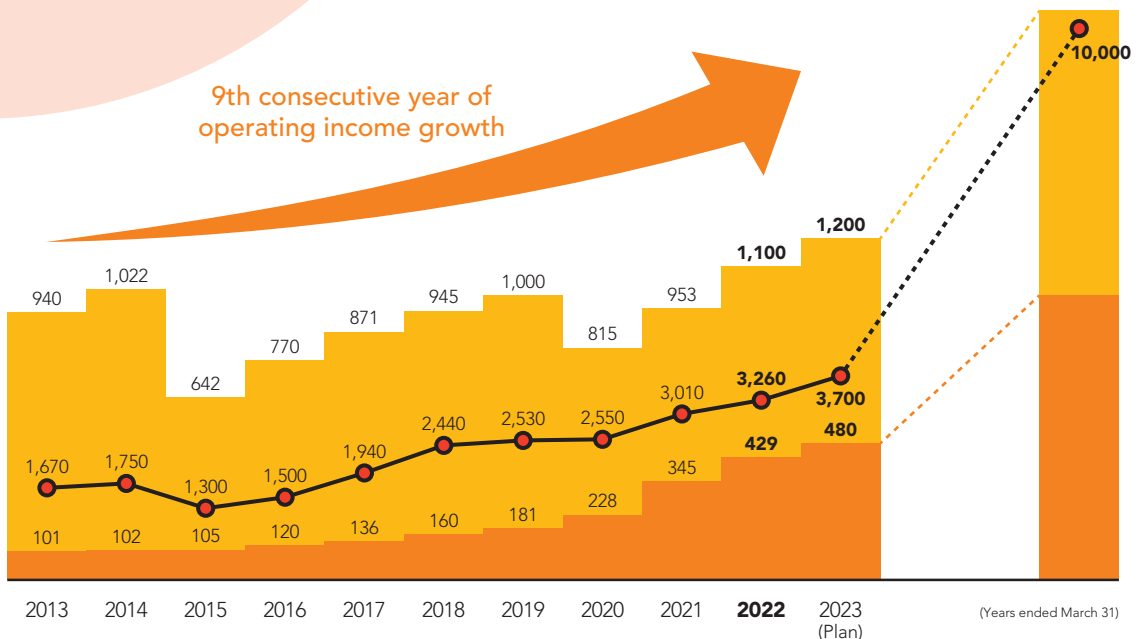
In fiscal 2021, our annual sales totaled 32.6 million units. That is a mere 1.1% of the worldwide market share. Although Capcom’s game content is sold in almost every country and region around the world, depending on the country and region, we cannot say that Capcom has penetrated the market as a game brand. In order to reach 100 million units in annual sales, it is important that both our game brands and

our corporate brand are strengthened and achieve penetration in the market in these countries. Three years ago, we restructured the departments related to marketing strategy and separated them from the sales division, instead positioning them as planning and strategy departments. We established a data analysis section in this department and had them start organizing past sales data and using it to simulate future sales volume, which has generally produced the desired results. This is one example of the initiatives Capcom is implementing in our digital transformation (DX). As we make progress with this initiative, we will be able to grasp sales trends in each country and region and use them in our measures to expand.

In addition, to strengthen our brand across the world, we will reinforce coordination between our game content and our peripheral businesses, such as eSports, movies, and licensing.

Capcom performance trend

■ Consolidated net sales (Billion yen) ■ Operating income (Billion yen) ● Total sales units (ten thousands)



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Sustainability — Initiatives geared toward sustainable growth

Increasing corporate value by building healthy relationships and a sturdy framework

1. Sustainable growth achieved by a game company

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.

In addition, we have started to shift our awareness to the next stage of our company in light of our business performance growth in recent years. 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.15

2. Game company environmental measures

Capcom’s efforts to digitalize game sales not only improve profitability, but also reduce our environmental footprint by removing package manufacturing from the equation. Meanwhile, 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. In June 2022, we introduced CO₂-free electricity generated by renewable energy sources in the buildings that we own in the Kansai region. Our work in selling digital content itself has a relatively low environmental impact compared to other businesses, but we should do whatever we can to reduce our environmental footprint as much as possible. Mitigating climate change is an issue that requires the cooperation of everyone who inhabits the planet, and we will continue to promote environmental 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.58

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.60

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.

In addition, as a further contribution to society, we will actively provide support for the promotion of social welfare, sports, technology, and culture. ➔ For details, please refer to “Relationship with Regional Communities” on p.60

5. Commitment to employees

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. We continue to make efforts to improve the workplace environment, and in 2017, we implemented an on-site daycare called “Capcom Juku” to provide employees with children an environment in which they can work with greater peace of mind. ➔ For details please refer to p.55 “Relationship with Employees.” In addition, in terms of compensation, we made various revisions in April 2022, raising the average base salaries 30% and introducing an ESOP trust that grants company stock to employees in an effort to increase motivation.

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. We continue to constantly detect and delete pirated versions of games and illegal video content from the internet. In recent years, the risk of cyber-attacks is

also growing as digital network technology becomes more widespread. In light of the unauthorized access to our network in 2020, we have established the Information Technology Security Oversight Committee, and continue to promote ever-stronger countermeasures.



Governance — Creating a sustainable system prioritizing objectivity

Strengthening our corporate governance structure

Sound governance is essential for achieving the sustainability I discussed in the previous section. 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

In order to conduct integrated management, I require that materials (documents) used for decision-making are, in principle, quantitatively focused, in other words, we are employing management visualization. These materials provide comparisons by net sales, year-on-year performance and against earnings forecasts, which make it easier to identify problems by enabling us to confirm the details in multiple ways.

Mechanism 2

Continued governance reforms

For the past 23 years, Capcom has executed a variety of governance reforms.

Since introducing the external director system in the fiscal year ended March 31, 2002, external directors have increased to account for 46.7% 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.

In June 2022, we increased the number of external directors by two in order to further enhance the human resource capabilities of management and the supervisory function of the Board of Directors.

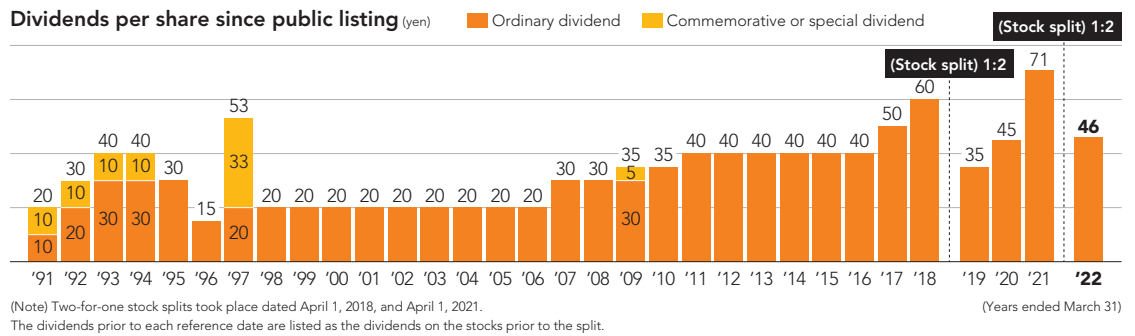
➔ For more details, please refer to "Key commentary on our human resources strategy from our external directors" on p.73

Mechanism 3

Creating a business management system and grooming successors

For the last 39 years, I have built the Capcom framework based on my own management philosophy, and it is also my responsibility as the founding executive to ensure my successors have a proper understanding of its mechanisms and are able to execute them. 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 32 consecutive years of returns since Capcom's listing and record-high dividends



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 39 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. However, as the business environment is undergoing significant changes, it is also necessary to consider investment geared toward sustainable growth.

In consideration of these factors, 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 32 years

Total shareholder return (TSR)

Fiscal year ended March 2022	
CAPCOM	572.0%
KONAMI HOLDINGS	173.2%
SQUARE ENIX HOLDINGS	184.2%
SEGA SAMMY HOLDINGS	154.4%
BANDAI NAMCO HOLDINGS	300.8%
TOPIX Return Index	144.3%

Source: Financial statements from each company

since we went public in 1990. If we consider the split at the fiscal year ended March 2022, we have seen five consecutive years of increased dividends.

As a result, the total shareholder return (TSR), including the rise in stock price over the last five years, was +572.0%, exceeding TOPIX (+144.3%) and positioning Capcom ahead of any of our industry competitors.

2. Dividends for this fiscal year and the next

For the next fiscal year (ending March 2023), we plan to pay an annual dividend of 46 yen per share, which represents a payout ratio of 28.5%. As the payout ratio is less than 30%, we will review the dividend amount when the consolidated earnings forecast for the next fiscal year becomes clearer.

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 39 years in order to continue meeting the expectations of Capcom shareholders, investors, and all other stakeholders.

Kenzo Tsujimoto
Chairman and
Chief Executive Officer (CEO)



Haruhiro Tsujimoto

President and
Chief Operating Officer (COO)

COO GROWTH STRATEGY

Accelerating our digital strategy and aiming for 100 million units in annual sales

We began the roll out of our full-scale digital strategy in the mid-2010s. Our major aim was to expand Capcom's content throughout the world and establish a stable revenue base, and a major part of that tactical shift is the move to digital download sales. Until that time, game publishers had primarily provided disc-based content to game users via retail stores. However, retail store sales are (1) dependent on the location of the store, and (2) subject to price protection in some countries, which means when the prices of games are reduced at a retail store, the publisher bears the loss from the amount lowered, which removed our ability to make policy-based decisions on price promotions. It was these two main points that were becoming constraints on our global expansion. In addition, disc sales required strong focus on countermeasures to combat unauthorized and pirated

copies. We began shifting to digital download sales as a means of overcoming these issues and bringing game content to users throughout the world.

As a result, compared to the fiscal year ended March 2013, when our sales territory consisted of 167 countries and regions, we have now expanded to 219 countries and regions, and our revenue base is shifting from new releases to catalog title sales.

In the last 10 years, our business model has transitioned from B2B to B2C, and in recent years, it is transitioning to D2C (Direct to Consumer). Capcom's tactical transformation these 10 years has also followed this trend. I am adding another reading of D2C: Digital to Consumer. We will further accelerate our digital strategy, and to do that we are rebuilding our human resources investment strategy. [➔ For details, please refer to p.39 "The CHO Discusses Our Human Resources Strategy"](#)

Growth strategy
Digital strategy
acceleration

1

Accelerating global market expansion

2

Continue producing the world's best content

3

Long-term sales and improved profitability in the global market

4

Diversification and streamlining of sales measures with a shift to digital business

5

Brand expansion (1) -Strengthening coordination with peripheral businesses

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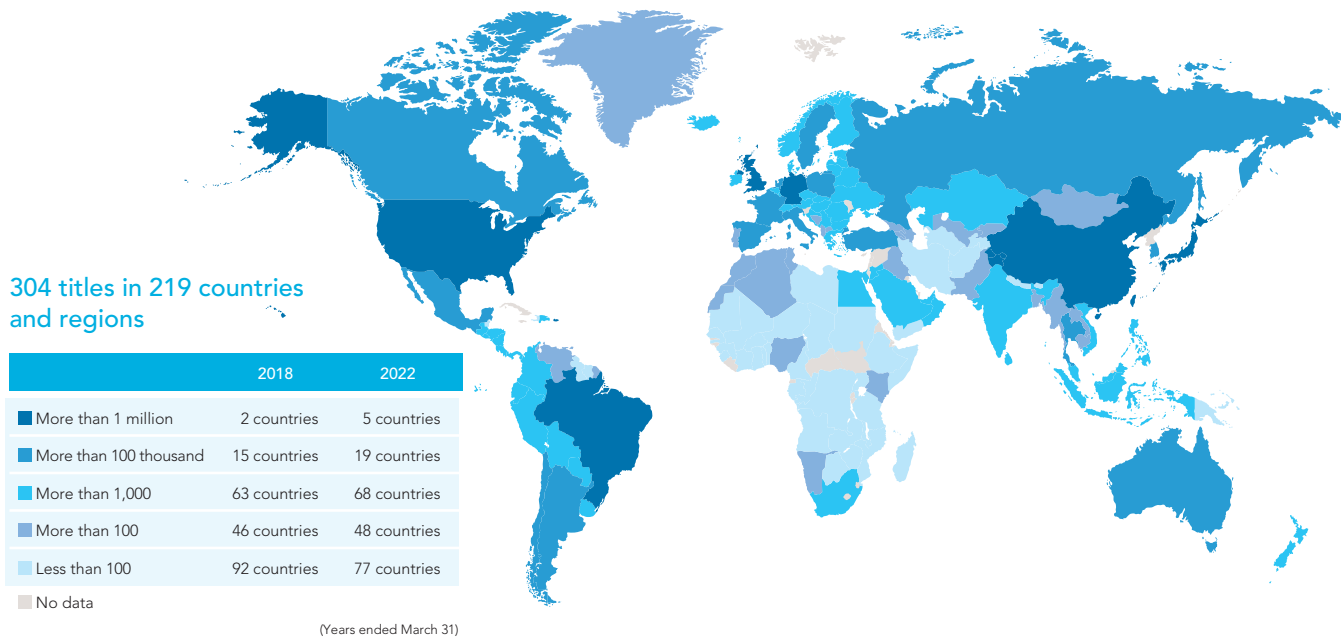
Brand expansion (2) -Strengthening our licencing, eSports, movie businesses

7

Support for new areas, such as cloud gaming and the metaverse

The COO's discussion of growth strategies

Unit sales of home video game software by country for the fiscal year ended March 2022



Measure 1

Accelerating global market expansion

In the era of disc sales, the main markets for game content were in Europe and North America, which were the leading regions in the game industry. From there, it became the norm for gaming devices to be always online.

Digital sales have naturally worked to strengthen anti-piracy measures, enabling long-term sales. Over the past 10 years, we have expanded the number of countries and regions in our sales territory, and at the same time, the number of titles we are selling has grown to over 300.

We believe that there are two main factors that have enabled for this expansion.

- (1) From the time the company was established with our main business being arcade game circuit boards, Capcom had started expanding throughout the world, giving us a certain brand status.
- (2) Due to the efforts of our development team, Capcom has the technical and developmental abilities to regularly produce high-quality titles.

Game content declines in value over time and prices decrease. However, the decrease in price means that game content will be more accessible to people in countries and regions with different income standards.

Comparing our sales territory now with 2013, there are countries and regions where annual sales are gradually shifting from less than 100 units annually to more than 100, more than 1,000, more than 100,000, and more than 1 million units. As income levels rise due to economic growth in each country and region, we will develop strategies to further expand our market.

Measure 2

Continue producing the world's best content

Our new releases since fiscal 2016 have outperformed our sales expectations and are on the way to even greater growth.

It goes without saying that this is underpinned by our world-class developmental and technical capabilities. We do not aimlessly start working on creating games. The process involves detailed advance preparation, understanding of user trends, repeated prototyping, and quality checks before we begin production.

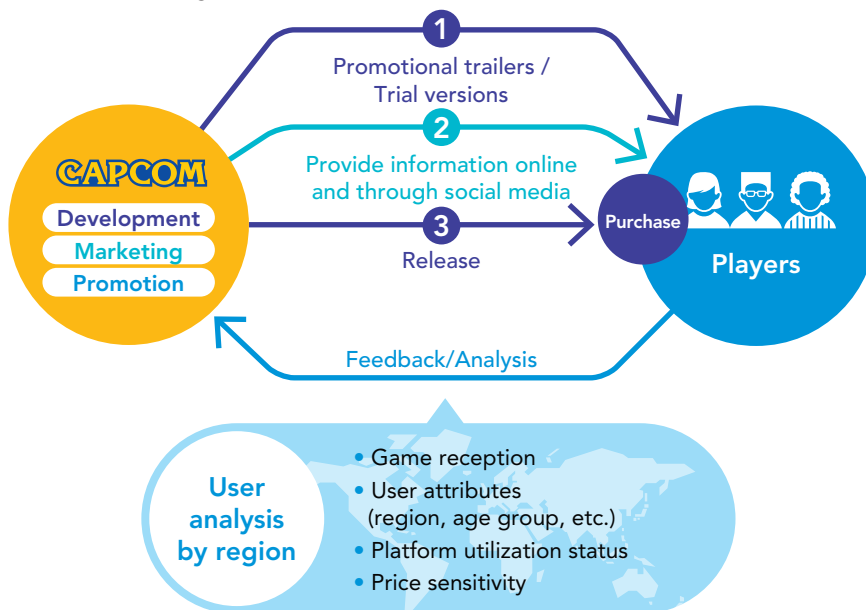
In particular, we perform repeated quality checks until just before a title is released. Additionally, we are making efforts to improve productivity with measures such as our in-house game development engine, RE ENGINE and the automation of content production. This is within a framework where the technical research division, which is responsible for fundamental technology research, development management division, and development human resources department support production.

Since the release of *Resident Evil 7*, which was launched in January 2017, our titles have been exceeding our expectations in Metacritic scores and user evaluations, while also achieving sales results.

It can be said that it is our world-class content that is enabling the long-term sales of content explained below.

In addition to strengthening the brands of existing IP that complement the larger *Resident Evil*, *Monster Hunter*, and *Street Fighter* brands, which already have fans worldwide, we are taking on the challenge of creating new IPs. In order to achieve that, we have to steadily increase personnel in the

Global marketing



Capcom Showcase

A digital event to present the latest information on major titles in this fiscal year and beyond.

Effects

Expanded awareness of IPs

Acquisition of new fan demographics

Expanded sales of catalog titles



development division, and we are responding to that need by continuously and proactively hiring new graduates and mid-career talent.

Measure 3

Long-term sales and improved profitability in the global market

At Capcom, one of our criteria we look at when creating games is the maximization of sales in a five-year period. Behind this is the efforts we have made over the last two years reorganizing our past sales data—data which is now available for future sales projections.

In recent years, PC platform versions have also increased their contribution to digital sales. We are now able to sell in more than 200 countries and regions, a number that far exceeds the conventional console market, and we have analyzed that there is strength in expanding sales in emerging regions, such as Asia, South America, Eastern Europe, and the Middle East. Currently, unit sales of games for PCs account for roughly 40% of unit sales, but analysis shows that there is still great potential for future growth in this area and we have designated PCs a priority platform.

We will continue promoting these digital sales in fiscal 2022 and project achieving record high net digital sales of 73.4 billion yen. Looking to the future, there is still room for growth in pipeline expansion, long-term sales, and in global markets, and we expect the digital sales ratio to rise to a level of roughly 90% in the long-term, both in terms of revenue and volume, and we believe that the profitability of the Digital Contents Business will continue to increase sustainably.

One positive example is the long-term sales of

Monster Hunter: World (MH:W). Initially it was released for game consoles, and then a PC platform version was released, and that finally led to the release of the massive premium expansion *Monster Hunter World: Iceborne*. More than four years have passed since its initial release in January 2018, but as a result of maintaining the freshness of its content while gradually lowering the price and striving to expand sales, its cumulative sales volume has exceeded 20 million units*; more than half of the initial *MH:W* units were sold in the second year or later. The lowest price it has sold for thus far on sale is approximately five dollars, but its development costs have already been recouped, so it is contributing to income sufficiently. Similarly, the cost of other high-quality catalog titles has also been recouped at an early stage after their releases. Today, sales of catalog titles account for more than 70% of annual unit sales and more than half of the profits from our digital content business.

This was a major factor in establishing a stable profit structure over the last 10 years.

* Including *Monster Hunter World: Iceborne Master Edition*

Measure 4

Diversification and streamlining of sales measures with a shift to digital business

Most companies are already making use of internet information and working to expand sales of proprietary products. At Capcom, we are also evolving our traditional advertising and promotion methods with the expansion of digital download sales. It goes without saying that the key is in how to deliver the most up-to-date information regarding content to users as quickly and efficiently as possible.

The COO's discussion of growth strategies

Strengthening our brand power globally with the Consumer sub-segment at the core



This is why we have reorganized our internal structures and have started to reform our business infrastructure.

First, until now our overseas offices (subsidiaries) had been positioned as sales companies, but in the future, their role as information bases will become more important. I believe it will be essential to know how game users in each country and region are enjoying our game content by linking our overseas bases with the business and sales divisions at the head office in order to not only produce games, but also to develop sales strategies in the future.

Also, as one of our measures for strengthening information communication, in addition to our official Twitter and other social media, we have started providing the digital event, "Capcom Showcase." We will continue to strengthen our digital promotions with this event at the core, and advance the diversification and streamlining of our sales measures.

Game users have a strong interest in not only new game information, but also in information for those games they have already purchased. We believe that delivering useful information that meets the expectations of users is also an essential aspect of expanding the user base of our content.

Measure 5

Brand expansion (1) –Strengthening coordination with peripheral businesses

Looking around the globe, it is essential that we further expand the penetration of our corporate brand and content brands for sustainable growth.

With a strengthened financial base, we will now work harder than ever before on brand expansion and

penetration measures. We have started taking steps to help strengthen our global brand, including the decision to sponsor the Japan Volleyball Association, the Cerezo Osaka soccer club, and the Tokyo International Film Festival, and to participate in the Osaka World Exposition, all of which were announced from May 2022 onward. These measures will strengthen our message of "from Osaka, to the world."

In addition, our Arcade Operations and Amusement Equipments businesses will work independently to expand their earnings while we work to expand our business base by linking these with our domestic game content brand expansion.

Among Capcom's businesses, Arcade Operations has an important position as our direct customer touchpoint. Specifically, we have demonstrated the significance of its role with the useful information it provides. That information contributes to measures in stores and the expansion of our content and brands, and is also linked to various customer analyses. The business is a valuable face-to-face touchpoint with consumers, including users, and at the same time, it is also a place where we can seek synergy with our Consumer sub-segment by holding hands-on game demos and other events. As we accelerate our digital strategy, we will strengthen this even further.

In the Amusement Equipments business, game content and pachislo machines go well together, and we have seen growth due to a shift from licensing to in-house production.

In recent years, game content sales performance in the Japan market has fallen behind when compared to the growth in the rest of the world. The history of the modern game industry originally began in Japan

and then spread to the rest of the world. We will look to promote and use both businesses in expanding the Japanese market.

Additionally, our licensing, eSports, and movie businesses are all essential in growing and penetrating our brand further.

Measure 6

Brand expansion (2) -Strengthening our licencing, eSports, movie businesses

Revenues are at an all-time high in our licensing business due to an increase in collaborative products and in-game collaborations that coincide with the release of new titles. Currently our licensing business is conducted mainly in Japan and the Asian region, but we are moving forward with measures to strengthen the business with global expansion in mind.

Our eSports business has been significantly impacted by the spread of Covid-19 these past two years, and for the safety of the players and spectators we were forced to change the way in which most live events we had planned were held. However, one major advantage of eSports is the fact that we can hold alternate events online and stream them. In order to maintain our efforts to popularize eSports under the pandemic restrictions, we have implemented two main initiatives. (1) For individual competitions, the year-long world tour, CAPCOM Pro Tour was held online in 2021 in the same format as the previous year. (2) For team competitions, the domestic Street Fighter League: Pro-JP 2021 was held, increasing the number of participating teams to eight and adopting a corporate ownership system for the first time. We are laying the groundwork for future regional franchising and the establishment of training institutions. In the U.S., Street Fighter League: Pro-US 2021 is being held online.

In 2022, the CAPCOM Pro Tour Online 2022 will be expanded in scale with the addition of a new "World Warrior" category, while holding some events in person. We will also incorporate measures to diversify the regions and participants for tournaments. In the team competition, Street Fighter League, "Street Fighter League Pro Europe 2022" will be held from October following the "JP" and "US" tournaments, and a final battle will be held to determine the champion from among Japan, the U.S. and Europe, aiming to invigorate the scene through further expansion of regions where events are held. From a medium- to long-term perspective, we will continue to promote and expand eSports to establish a new genre of entertainment and work to ensure eSports are more widely known and understood by society.

Regarding the movie business, in the early 90s, *Street Fighter II* provided the opportunity for Capcom to proactively create products and Hollywood movies based on content, and in the 2000s, we adopted the Single Content Multiple Usage strategy leading the industry in development across multiple forms of

media. Under these circumstances, it was Hollywood films, such as *Resident Evil*, that played a major role in the branding of our content.

In order to be even more proactive in promoting the global branding of Capcom content going forward, we established a subsidiary film production company in Los Angeles, California in the U.S. in 2022. Using our own capital, we will strengthen the connection between games and the movie business as well as our expansion into movies and video streaming services while adhering to the same standard of quality as our games.

Measure 7

Support for new areas, such as cloud gaming and the metaverse

We expect the growth Capcom has achieved from executing our digital strategy, as detailed above, will continue into the foreseeable future. Meanwhile, the appearance of new services and technologies, such as cloud gaming and the metaverse, have the potential to bring dramatic changes to the game industry over the next 10 years. In addition to adopting a multi-platform strategy, Capcom has a track record of being quick off the mark in adapting to new technologies, such as VR. It goes without saying that we will continue to maintain a keen awareness of new fields and conduct technical testing.

What is important is that we use new technologies to provide users with new game experiences. Even if the technology is ahead of its time, it is meaningless if a game is not interesting. If we look at it from a historical perspective as well, we can see that it has been new services and technologies that have expanded upon the fun provided by games. I have great expectations for the further evolution of the world of games, and further am also very interested to see both when and what kind of benefits there will be for game players. I am currently watching this trend with great interest while directing our development and business divisions to analyze and respond to developments.

Finally, I want to properly convey that although our business format may change, Capcom's top priority will not. That is to consistently produce world-class, meticulously refined content as we have always done. If our salespeople are properly communicating our appeal, then consumers will always choose our products, even if the platforms or services change. Conversely, if the content is deficient, even if we are able to ride the transient wave of a trend, growth will not be sustainable. We are convinced of this based on our experience standing at the forefront of the industry.

Restructuring our human resources investment strategy means investing in people to achieve sustainable growth



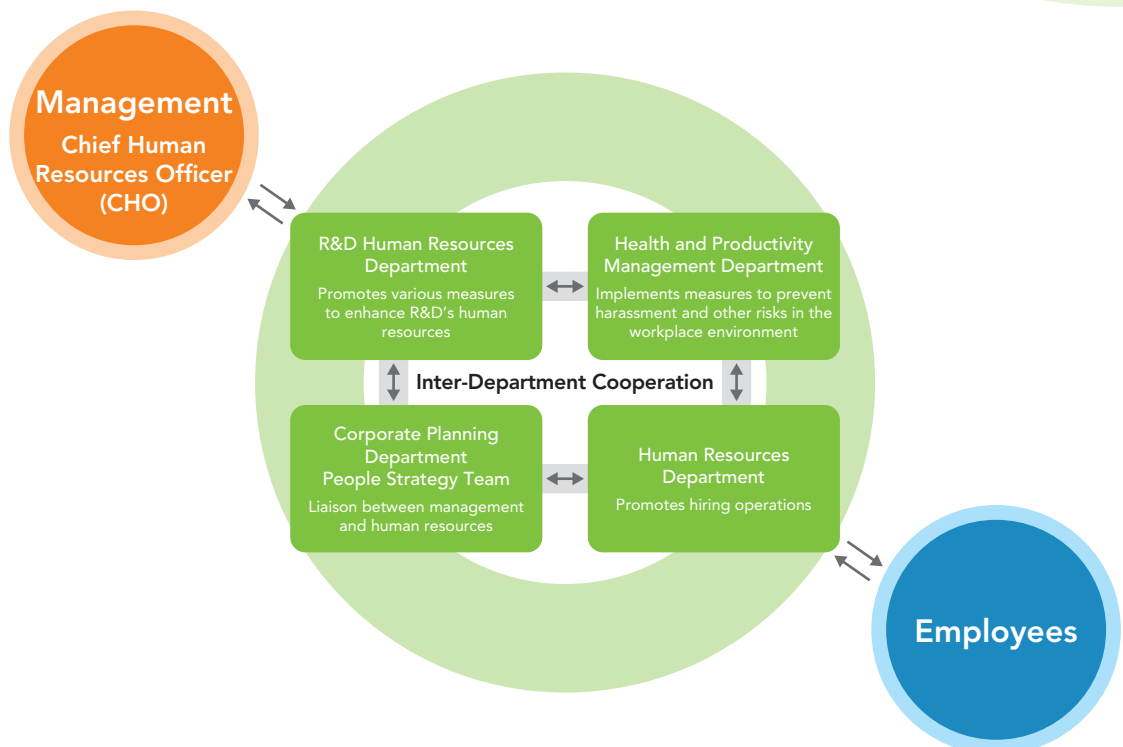
Satoshi Miyazaki

Director and Executive Vice President,
Chief Human Resources Officer (CHO)

CHO

COMMITMENT

Overview of Human Resources' New Functions



Capcom exerting its presence in a continuously growing game market

In my previous career in the world of banking, I had the opportunity to see a variety of corporations. When looking at the companies in the game industry, I had the impression that the industry's global market was expanding as it shifted to digital. Within that market, I was aware that Capcom had extremely high potential for growth due to its strong IPs and superior R&D capabilities.

I then joined Capcom myself in 2021, and my understanding of the company remained much the same; from an insider perspective, I could see firsthand that the level of management and the company were definitely rising.

However, no matter how good a company's trajectory, it will still have issues.

Since 2013, we have been hiring more than 100 new graduates each year, while also aggressively carrying out mid-career hiring to acquire personnel who can hit the ground running. As a result, as of the end of June 2022, the company has 3,350 employees on a consolidated basis and 3,052 employees at Capcom alone, of which 2,494 work in the development division. In recent years, attitudes toward work among younger employees has diversified, and it is essential that we have an accurate understanding of these employees' values and respond to their needs. In addition, we have gathered talent from 33 different countries here in Japan, so not only do we have to respond to the diversifying values of Japanese employees, but it is also critical for sustainable growth that we meet the needs of our foreign national employees.

In the last five years, we have sold our content to a maximum of 234 countries and regions, which means that on a business basis, we can consider ourselves to have already joined the ranks of global corporations; however, in order for us to expand our business to all the corners of the world, we need to transform ourselves into a truly global corporation.

Restructuring our human resources investment strategy for sustainable growth

Today, the success of Capcom's digital strategy has led to achieving nine consecutive years of increased operating income. In addition to the strong IPs and development capabilities Capcom possesses, we have been working on expanding sales through the utilization of past sales data in recent years. The results of running various forecasts with this data have shown that there is still sufficient potential for further sustainable growth

It is our development division that underpins our strong IPs and our development capabilities, and

the labor costs that appear in our financial statements are in one sense an expense, but in another they are also an investment in our growth. We also need to digitalize operations in our operational, sales, and administrative divisions in order to identify issues and devise solutions that are in line with the changing business environment.

Recognizing the need to review and restructure our human resources investment in order to maintain sustainable growth, we have recently revised our human resources investment strategy. Allow me to explain the main elements of the strategy that is currently underway.

1. Revision of compensation policy and introduction of stock-based compensation system

Capcom has long had a system of compensation based on contribution to business performance. However, while we achieved significant year-on-year increases in operating income of 51.6% in fiscal 2020 and 24.0% in fiscal 2021, the compensation granted based on the conventional system was not sufficient. We therefore looked beyond the constraints of the scheme, and subsequently revised the compensation system itself, resulting in an average 30% annual increase in base compensation for fiscal 2022. In addition, we introduced a stock-based compensation system with the objective of helping our employees understand that it is their efforts that lead to an improved market reputation for the company, and that this will be reflected in their compensation.

To sustainably achieve our objective of a 10% increase in operating income each fiscal year, we designed a system where the improvements in the company's business performance will lead to an increase in personal compensation, so each individual employee will be rewarded according to their contribution. We will continue to refine the new compensation system in line with changes in the management environment and employee sentiment.

2. Reorganization of human resources-related operations

(1) R&D Human Resources Department

In terms of organization, the Human Resources Department had been responsible for all human resources operations at the company, including that of the development divisions. In particular, work in the development divisions, which accounts for more than 70% of the company's employees, is different from that of the operational, sales, and administrative divisions, and the development divisions have a unique organizational structure that has been cultivated over many long years. In terms of the organizational

chart, the structure is organized by operations, such as programming and graphics, but in actual content production, it resembles a kind of project team, where the team produces content in a dynamic manner.

To manage these operations, we believe there is a need for a specialized human resources organization in the development divisions that can respond to their various needs. We therefore established the R&D Human Resources Department under the supervision of the director in charge of the development divisions.

(2) Health and Productivity Management Department

Next, we established the Health and Productivity Management Department to identify the diversified work attitudes and needs of employees and solve issues. We are aiming to not only address employees' wellbeing, but to also respond to their various concerns and issues, such as overtime management and harassment. Therefore, we have established two consultation desks within the Health and Productivity Management Department; one for support in Japanese and one for other languages. The department was placed under the supervision of the director in charge of corporate management so that awareness of problems and issues in the field can be directly communicated to management.

(3) Corporate Planning Department Human Resources Strategy Team

Next, we established the Human Resources Strategy Team within the Corporate Planning Department to take on a human resources planning role with respect to items such as hiring and compensation. The team promptly identifies issues related to securing human resources in the medium- to long term, including systemic problems, and formulates countermeasure policies. Thus, we have created a system to identify and respond to issues within the Corporate Planning Department, which is directly linked to management.

(4) Human Resources Department

The Human Resources Department is primarily responsible for improving human resources operations and employee services. The Human Resources Department compiles human resources-related data in cooperation with other departments, and works in a steadfast manner to carry out training, hirings, resignations, and job rotation practices while working with other human resources-related departments to identify and address issues related to personnel operations.

3. Improving the work environment

We must proactively respond to the changes and diversification of employees' work attitudes and values. At Capcom, we conduct the stress check stipulated by the Ministry of Health, Labour and Welfare, and utilize the results to identify the issues in each department and work site.

In addition, we held a harassment prevention training session for executives and managers in fiscal 2022, where we shared the changes in attitudes among younger employees in recent years, our awareness of issues with how to engage them. Although this may be dismissed as an issue with corporate culture, we are committed to proactively working to better our corporate culture to enable it to respond to changes in employees' attitudes toward work, even if the endeavor takes time.

In the last several years, the employee turnover rate had been hovering around 4%, but last fiscal year, it rose to the 5% level. We believe that this is due to a convergence of various factors, including recent changes in work attitudes, headhunting, and dissatisfaction with company policies. At Capcom, when an employee leaves, the responsible human resources department conducts an exit interview. Within those interviews, we have been able to identify company issues and reflect them in our policies, one of which was compensation. In addition, there have been many cases where foreign national employees have made us aware of issues with our benefits programs and lifestyle support for living in Japan. We will work to provide quicker responses and make improvements to these issues.

4. Personnel diversity

As our content spreads throughout the world, it is essential that our employee composition is diversified in terms of nationality, and we need to promote further diversification in our workforce to support Capcom overall. For our game content to reach throughout the far corners of the globe, the company itself must proactively gain an understanding of the situation in the many countries of the world. In this respect, the issue of diversifying the nationality of our employees has become clear. When we look at game user data, personal attributes such as gender and age composition are all changing significantly.

The number of female employees as of March 2022 was 637 (composition ratio of 21%), which is a 42% increase compared to five years prior. Meanwhile, there are 191 foreign national employees (composition ratio of 6.3%), which is a 93% increase over the same period. Female managers account for 5.5% of female employees and foreign national managers account for 3.7% of foreign national employees. We have been

proactively pursuing diversification of our personnel these last five years, but when we think about the issues we are currently facing, I believe these numbers are not yet satisfactory, and we will work to further promote diversity.

Number and ratio of female and foreign national employees

	2017	2022
Number (ratio) of female employees	448 (20.0%)	637 (21.0%)
Number (ratio) of female managers	25 (11.4%)	35 (12.5%)
Number (ratio) of foreign national employees	99 (4.3%)	191 (6.3%)
Number (ratio) of foreign national managers	2 (0.9%)	7 (2.5%)

(For each fiscal year ended March 31)

5. Establishing the Chief Human Resources Officer (CHO) position

As the issues mentioned thus far must be handled at the management level, and because the four human resources-related departments fall under the supervision of different directors and executives, the company established the position of Chief Human Resources Officer (CHO) to coordinate all of the various human resources issues within the company. Our intent is to steadily implement reforms to respond to the issues that need to be addressed in order for Capcom to achieve sustainable growth.

Capcom's digital transformation (DX)

The cornerstone of our digital strategy is data analysis. Three years ago, the Data Analysis Section was established within the Marketing Strategy Department, and we have begun organizing data from the late 2000s onwards, which can be tracked in the current system. Now, we are able to grasp the status of game sales in more than 200 countries and regions around the world by country/region or title. We could have hired expert data analysts or system administrators from outside the company to do this work, but we found it necessary to organize and analyze the data with an understanding of the transaction practices, product traits, and service content that are unique to the game industry, and we therefore appointed employees from within the company who were judged to be suitable for these positions. We will continue to amass data going forward, and we expect to further improve the level of data analysis and utilization while enhancing the accuracy of business forecasting. We must also review our workflows in line with changes to our business model in the operational, sales, and administrative divisions.

We will promote systemization and procedural reforms to eradicate outdated processes and build efficient workflows that can swiftly respond to issues.

Strengthening information sharing with employees

I can see clearly from the various data over the last decade that Capcom has moved up a stage.

At Capcom, based on the management policy of our CEO, we are building a framework to quantify management information, identify issues, and develop measures to address them. This quantified data is shared with our employees, depending on their position. However, in today's rapidly changing environment, inevitably there will be differences among employees in their ability to read the numbers.

Based on our awareness of this issue, from the fiscal year ending March 2023, we have been holding briefings for employees on the status of our business. At these briefings, we shared our growth trajectory based on the management policy for the last decade and its contributing factors and issues. Furthermore, the briefings provided the opportunity to not only send a message from management, but also to hold a Q&A and opinion exchange session. Three briefing sessions have been held thus far, with a total of 385 employees participating, and at the management level, we feel there has been a good response to sharing our awareness of issues. In response to requests from employees, we plan to continue holding these briefings regularly.

The aim of our human resources investment strategy

In following our proactive hiring policy, we have been striving to strengthen our development team, and we will continue to do so in order to achieve sustainable growth. On the other hand, we believe that the human resources we will require will change due to changes in the game industry and market, and we must address this. We must diversify the human resources we secure while strengthening our content production capabilities and improving productivity. There is also a need to evolve our system of data-driven management. Even greater changes are waiting for us in the next 10 years than those that have taken place in all the history of the game industry. We will promote our human resources investment strategy to create a foundation that can nimbly respond to those changes.



Kenkichi Nomura

Director, Executive Corporate Officer
and Chief Financial Officer (CFO)

CFO
COMMITMENT

Financial and investment strategies for sustainable growth — Aiming to strengthen our financial base while increasing investment in our growth strategy

Financial Strategy Overview



Medium-term management plan progress

Capcom has put forth increasing operating income by 10% each fiscal year as our management goal, and we are working to expand users across the globe,

aiming to eventually achieve 100 million units in annual sales of our games. In the fiscal year ended March 2022, annual sales units of games stood at 32.6 million in the Digital Contents business, which was an 8.3% increase from the previous year. Of those units sold, catalog titles released March 2021 and earlier totaled 24 million units sold, accounting for 73.6%. Unit sales of catalog titles increased 17.1% over the previous year, which significantly contributed to the overall increase in sales.

Similarly, the increase in sales of catalog titles was a major factor in the 22.4% year-on-year increase in operating income in the Digital Contents business. The operating income margin surpassed 50% in the business, and was the driving force in our overall consolidated results.

Sales of high-profit margin catalog titles have steadily increased, and our profit structure, which is the bedrock for consolidated profits, has stabilized.

We estimate ourselves as having made steady progress toward our goal of steadily expanding operating income independent of the sales performance of new titles.

● The status of our financial base – particularly cash flow

In last year's Integrated Report, we reported that changes to our revenue structure in recent years had resulted in a strengthened financial base. A comparison of the results from five years ago to the fiscal year ending March 2022 is shown in the table.

	2017	2022	Change
Net sales (million yen)	87,170	110,054	126%
Operating income (million yen)	13,650	42,909	314%
Operating margins (%)	15.7	39.0	23.3 points
Net income (million yen)	8,879	32,553	367%
Work in progress for game software (million yen)	30,150	31,192	103%
Operating cash flow excluding working capital (billion yen)	127	352	277%
Cash on hand and in banks	24,537	107,262	437%
Net cash (billion yen)	84	1,023	1,218%
ROI (%)*	56	173	117 points

(Years ended March 31)

* Ratio of operating income for the fiscal year to the cost of investment incurred during the year.

This time, we have added the statuses of operating cash flow (excluding working capital), cash, and ROI of the development divisions.

The first point to take note of with regard to our financial position for the year ended March 2022 is that our cash on hand and net cash have surpassed 100 billion yen. One of the most important responsibilities of my work is ensuring a stable cash balance and securing resources for growth investments. My thoughts regarding our capability to generate cash are outlined below.

● Monitoring our capability to generate cash

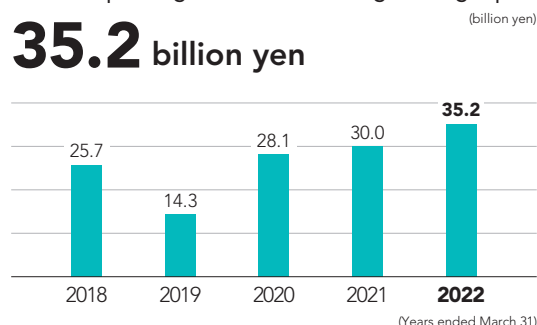
Unlike accounting profits, operating cash flow in financial statements are impacted by variable working capital cycles relating to accounts receivable and payable, and work-in-progress for game software, and other items, which were incurred based on accounting principles. Among the items comprising working capital, accounts receivable in the last month of the fiscal year fluctuates significantly depending on the sales in the same month. For example, if a new title is released in March, there will be a large increase in both accounts receivable and profit, but that will not be reflected in cash on hand and in banks in the same fiscal year. However, our accounts receivable is mainly

in digital sales and the number of customer accounts are limited, so there are no issues with managing receivables and almost all collections take place in the following month or two. In the fiscal year ended March 31, 2022, the balance of cash on hand and in banks on the balance sheet increased to 36 billion yen. Seeing this as a change in the operating cash flow, the increase on the cash flow statement is 46.9 billion yen, of which there is a positive impact of approximately 11.7 billion yen from a decrease in working capital attributable to the collection of accounts receivable. Excluding this, I consider our cash generating capability to be 35.2 billion yen in the fiscal year ended March 2022. From this, taxes and dividends are paid and what remains are the investment resources generated by our business results for the fiscal year.

On the other hand, operating cash flow reported a decrease of 5.5 billion yen in the three-month period ended June 2022 (FY2023 Q1 results), but similarly, taking into account the working capital cycle, there is a negative impact of 15.8 billion yen mainly due to increased accounts receivable, and excluding this, we can see that our actual capability of generating cash was 10.3 billion yen. From this amount, we paid 11.2 billion yen in first quarter taxes and dividends.

It is in this way that I am constantly observing the cash flow trend excluding the impact of the working capital cycle.

Trend in operating cash flows excluding working capital



● Aiming both to increase cash and strengthen growth investment

The underlying nature of Capcom's business is hit-driven. In recent years, due to the efforts of our development team, new titles have exceeded the expectations of the market and game players, greatly contributing to our performance. We can see this in the improvement in ROI compared to five years ago (here, ROI refers to the ratio of operating income to funds invested in content production). However, I believe that especially since the business environment is undergoing significant, market-wide changes, the

CFO must adopt a “we cannot know until we release it” stance. The planned annual development investment budget for fiscal 2022 is 42 billion yen. Adding the necessary investment for growth, which I will discuss later, I believe there is a need to secure an even higher cash balance.

	2020/3	2021/3	2022/3	2023/3 (plan)
ROE (%)	16.9	22.6	24.4	24.0
Net margin (%)	19.5	26.1	29.6	28.8
ROA (%)	12.0	16.2	18.5	–
Financial leverage (times)	1.44	1.36	1.28	–

● Cash balance outlook

In the earnings forecast we announced for the fiscal year ending March 2023, we expect 120 billion yen in net sales, operating income of 48 billion yen, and net income for the year of 34.5 billion yen. Without taking into account the detailed tax calculations, after dividends are paid out from net income, our estimates show a cash increase of 24 billion yen. In reality, the actual cash increase will not be exactly as listed above due to investments and unplanned expenses during the fiscal year, but we use this figure as a reference to grasp the midterm cash flow trend.

Looking at the financial position in this way, our management goal of a 10% increase in operating income every fiscal year should lead to an increase in net income and steady cash growth, and we will manage investments and expenditures with that in mind. In other words, we will invest for growth from a medium-term perspective while monitoring our annual cash generating capability and ensuring a trend of increased cash.

Investing in sustainable growth

● Human resources investment strategy

As one aspect of restructuring our human resources investment strategy, Capcom raised annual base compensation by 30%. This translates directly into increased costs and expenses. Taking into account factors such as the timing of bonus payments, we expect the impact on the results for the fiscal year ending March 2023 to be approximately 5 billion yen. Although this has already been factored into the forecast for the same fiscal year, we do not view this as a simple cost increase. Considering that this measure will further drive our employees’ motivation to address various issues, this raise in compensation is an investment in human resources, and our aim is that this investment will lead to a cycle of generating

further profits and cash.

With regard to hiring, we will continue our policy of securing more than 150 new employees annually, and as we promote work style reforms, we are also considering investing in expanding development space.

● Investing to respond to business environment changes

At Capcom, we are promoting the global expansion of our sales territory and user base, but game devices and sales channels are diversifying and there are an increasing number of options for game players. Earning favorable reviews from game players enables long-term sales of content, and in order to do that, our development team works on producing game content while keeping in mind the concept of delivering a new game experience to users. Our development team already has world-class technological capabilities, and we are constantly gathering information on the latest technology, including peripheral areas that can likely be used in games. We will continue to flexibly and swiftly invest in these areas.

Similarly, we are focusing on user trends in our sales activities, as we must grasp user trends and implement responsive measures quicker than ever before. We have already started research into AI and other methods to speed up data collection and analysis, and we will actively invest in order to expand the data collected and capture more detailed and wide-ranging user trends. We are taking proactive steps to acquire the skills and know-how that we lack, including securing external resources. In that sense, we are continuing to enhance our security levels, remembering the harm caused by the unauthorized access of our network in November 2020. We will continue to steadily strengthen our security measures going forward.

● Investing in brand expansion and penetration

Capcom’s game sales have already expanded to more than 200 countries and regions as of the start of the fiscal year ending March 2023, and the annual number of different titles sold has exceeded 300. In order to achieve sustainable growth, the core of our tactics is to expand sales across the entire world. Going forward, it will be important to increase sales volume in the various countries and regions in which we sell. For example, in areas where the current annual sales volume is less than 100 units, we want to grow sales to more than 1,000 or 10,000 units; likewise, in countries and regions where annual sales are less than 1,000 units, we want to grow volume to more than 10,000 or 100,000 units.

One of Capcom’s strengths are the numerous,

strong IP that we possess, but if we look across all of the individual countries and regions in the world, we still have to work to penetrate and expand our game brands as well as Capcom’s corporate brand. As one measure toward brand expansion, we have entered into sponsorship agreements with the Japan Volleyball Association, which supports the Japanese national team as they travel around the world in competition, and Cerezo Osaka, which is developing an Asian strategy in the operation of its soccer club.

In addition, we also believe it is important that we establish an environment in which we can demonstrate the synergistic effect of our game sales business and its peripheral businesses.

For example, in April Capcom announced the establishment of Capcom Pictures Inc. to strengthen our media business. The main aim here is to further expand our brand by adding in-house production to our media business model, which had primarily been a license-out model until now. Specifics will be provided along with the progress we make moving forward, but similarly, we will also link our eSports and licensing businesses.

Addressing ESG & SDGs

At Capcom, we would like as many people as possible around the world to enjoy our game content, and it is from that perspective as well that we will continue to be proactive in addressing ESG and SDGs. When we first launched our policy to expand and strengthen digital sales five years ago, we were also thinking about how digitalization would reduce the use of plastic resources. In recent years, the issues surrounding climate change are being taken very seriously. From June 2022, in our buildings in the Kansai region that house mainly development divisions, with the support of Kansai Electric Power Company, we have implemented CO₂-free electricity derived from renewable energy sources.

We will continue to actively examine what

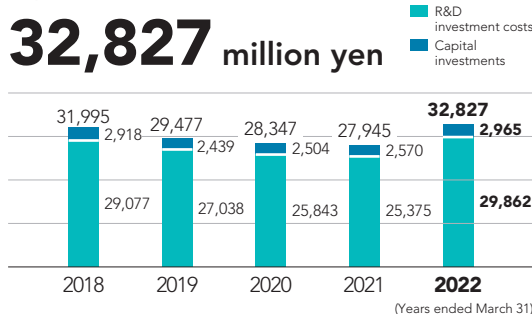
Capcom can do as a company regarding these issues from the perspective of corporate citizenship.

Regarding shareholder returns accompanying corporate growth

Our approach to shareholder returns remains the same. We will continue to strive for stable dividends with a basic policy of maintaining a consolidated dividend payout ratio of 30%. As of the fiscal year ended March 2022, we have achieved six consecutive years of increased dividends, if you take stock splits into consideration, and we hope to continue to achieve steadily increasing dividends by continuing to demonstrate stable growth performance. I recognize that acquiring treasury stock is one of the most important policies that contributes to return of profits to shareholders, so we will take the appropriate action as opportunities arise when we can determine that it will contribute to an increase in stock value, as we have done in the past. Meanwhile, we have been reviewing the specific ways and appropriate timing of treasury stock use, and from the fiscal year ending March 2023, we have introduced a stock grant ESOP trust that issues company stock to employees when they have reached a certain number of consecutive years with the company, or reached a certain position, or at the time of their retirement. In addition, all 4,387,353 shares of the Company’s stock we acquired in June 2022 have been cancelled.

According to our estimates, as of the fiscal year ended March 2022, the cost of capital (WACC) was 4.69%. We focus on ROE rather than ROIC because of Capcom’s high capital adequacy ratio and small amount of debt, and our ROE for the same period (24.4%) far surpasses this number. We will continue to achieve our medium-term goal of a stable increase in operating profits each year, which will help us maintain our high standards and meet the expectations of our shareholders.

Capital investments / R&D investment costs (million yen)



Total return ratios (%)

