

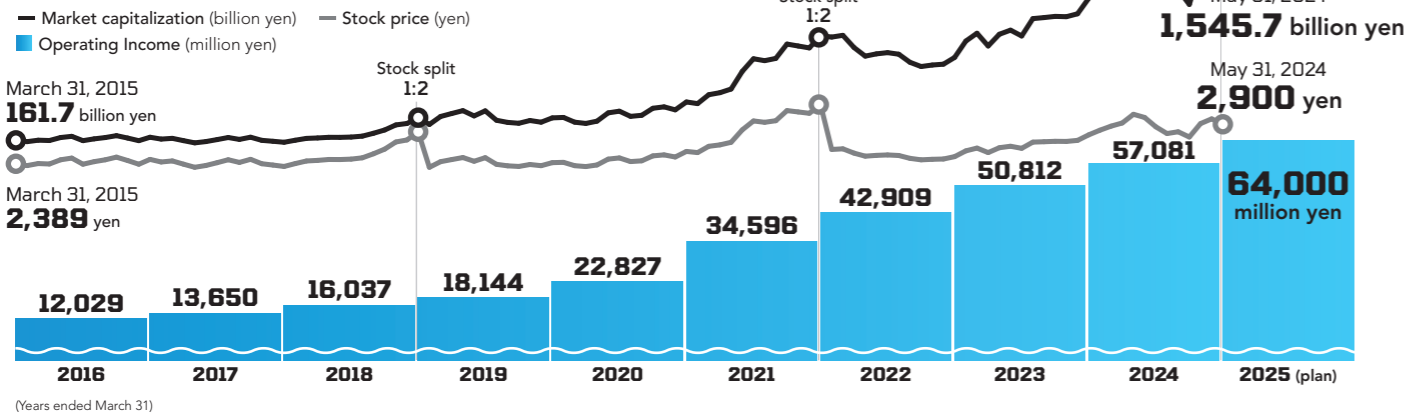


## Achieving 11 consecutive years of increased operating income

The game industry is continuously changing, in step with the evolution of AI, networks, and other advanced technologies. At Capcom, we see these changes as an opportunity, and as a result of our efforts to strengthen our development structure and promote digitalization, the fiscal year ended March 2024 marks 11 consecutive years of increased operating income. Though

we split our stock on April 1, 2018, April 1, 2021, and again on April 1, 2024 to improve its liquidity and expand our investor base, as our performance improves, our stock price also continues to rise steadily. We will continue to increase our corporate value (market capitalization) with sustainable business growth so that we can reward our stakeholders' loyalty.

### Increasing Corporate Value by Growing Income 10% Each Year for Nine Consecutive Years



# Capcom is steadily and non-financial value

*FINANCIAL VALUE*

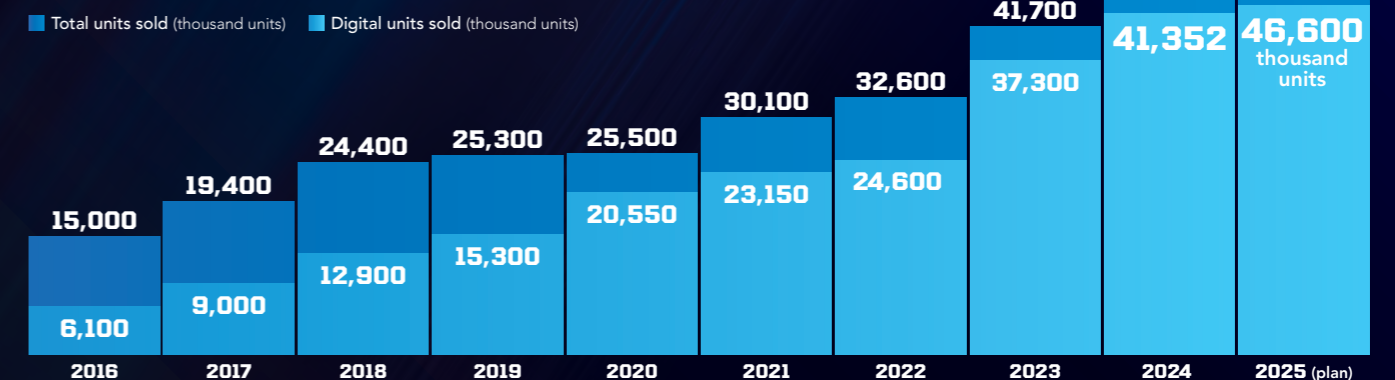
# improving financial over the long term

## Providing smiles and moving hearts all across the globe

Since Capcom's founding in 1983, we have continued to move hearts and deliver smiles through the entertainment of games. In recent years, the spread of the internet, PCs, and smartphones has made it possible to enjoy games while at home, or in all corners of the globe, even without a game console. Further, our game software sales volume has been

increasing, driven primarily by digital sales, and our titles can be enjoyed in over 230 different countries and regions worldwide. We will continue to strive in our business activities in an effort to contribute to the improvement of quality of life for people throughout the world by providing high quality entertainment.

### Providing Games in over 230 Countries and Regions Aiming for 100 Million Units in Sales Volume per Year



Corporate Philosophy

# Capcom: Creator of entertainment culture that stimulates your senses

Our purpose is to be a creator of entertainment culture. Through development of highly creative software contents that excite people, stimulate their senses, and bring smiles to their faces we aim to offer an entirely new level of game entertainment. Since Capcom's establishment in 1983, we have leveraged our strength in world-class development capabilities to create a plethora of products. Game content is an artistic product that fascinates people, consisting of highly creative, multi-faceted elements such as characters, stories, worlds and music. This content can be deployed in a variety of media while being used to support the creation of a richer society. Going forward, Capcom aims to become a company that brings happiness to people and society by offering the most entertaining content in the world.

Contribute to building a richer society, making smiles and moving hearts across the globe

→ Value Creation Model, p.05

Grow the player base worldwide

→ CEO Commitment, p.25  
→ The COO's Discussion of Growth Strategies, p.31  
→ Financial Strategy According to the CFO, p.41

Work to build equality and eliminate poverty, so games can be enjoyed wholeheartedly

→ Sustainability, p.51

Continue to make and provide superior content Create stable revenue

→ The Head of Development Discusses Development Strategy, p.45

Promote ESG initiatives based on SDGs

→ Sustainability, p.51

# CONTENTS

## Table of Contents and Editorial policy

### Value Creation Story

- 01 Creating Financial and Non-Financial Value
- 03 Corporate Philosophy and Vision
- 04 Table of Contents and Editorial Policy
- 05 Value Creation Model
- 07 History of Value Creation
- 09 Major Intellectual Properties (IP)
- 11 Effectively Leveraging IP
- 13 Sustainability Highlights
- 15 Financial Highlights
- 17 Business Segments Highlights
- 21 Global Sales Strategy
- 23 Medium- to Long-Term Vision

### Sustainability

- 51 Sustainability Information
- 53 Capcom and the Environment
- 55 Society and Capcom
  - 55 Relationship with Employees
  - 57 Capcom Voices
  - 59 Relationship with Customers
  - 61 Relationship with Regional Communities

### Corporate Governance

- 63 Directors
- 65 Corporate Governance Structure and Initiatives
- 73 Key commentary from our external directors

### Medium- to Long-Term Growth Strategy

- 25 CEO Commitment  
Management Philosophy and Vision / Management strategy / Brand penetration and user expansion to every corner of the world / Rebuilding and strengthening the business structure underpinning sustainable growth / Building healthy relationships with stakeholders
- 31 The COO's Discussion of Growth Strategies  
Our Measures Thus Far / Looking at the Next 10 Years
- 37 The CHO Discusses Our Human Resources Strategy
- 41 Financial Strategy According to the CFO

### Latest Creative Report

- 45 The Head of Development Discusses Strategy
- 47 20th anniversary of the Monster Hunter series
- 49 The Power of Quality Control

### Subject index for reference

- Growth strategy P.23-24, P.31-36, P.37-40, P.41-44
- Performance and financial condition P.17-22, P.41-44, P.75-83
- World-class development capabilities P.45-50
- Human resources strategy P.15-16, P.37-40, P.45-46
- Environmental initiatives P.15-16, P.53-54
- Relationship with stakeholders P.15-16, P.55-62
- Governance P.29, P.63-74

### Editorial policy

Capcom's Integrated Report conveys initiatives aimed at improving corporate value over the medium- to long-term to all stakeholders. This report is issued with the intent of creating opportunities for further dialogue. Furthermore, we aim to express ideas in a simple and easily understood manner and visually represent important items to aid understanding. Details are available online.

### Period and scope

This report reviews the fiscal year ended March 31, 2024 (April 1, 2023-March 31, 2024). When necessary, it also includes references to fiscal periods before and after this timeframe. Unless otherwise indicated, the scope of data presented in this report is on a consolidated basis.



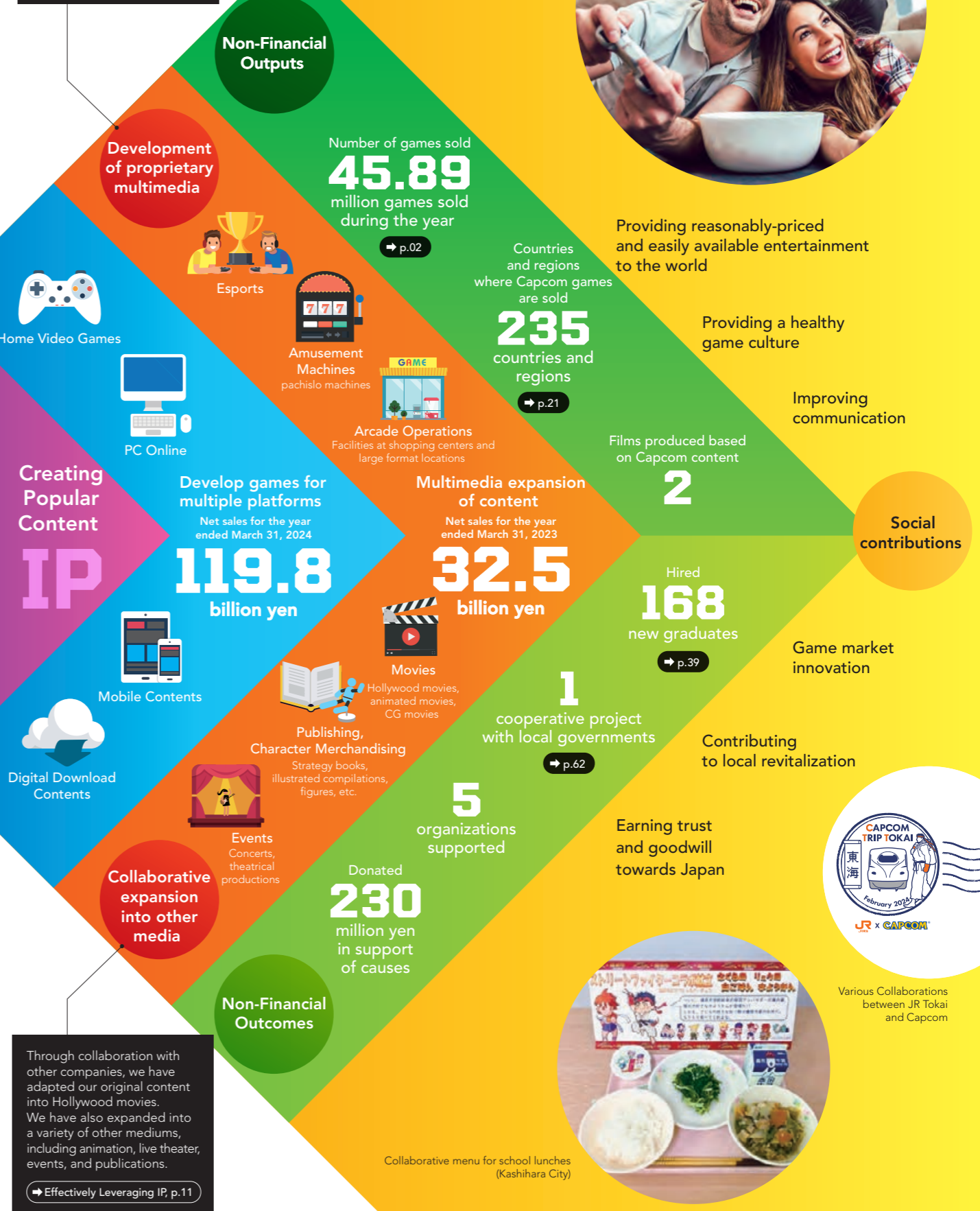
# Solving social issues while providing joy and excitement with our original content

Corporate Philosophy  
**Capcom: Creator of entertainment culture that stimulates your senses**



Utilizing the capital we have cultivated over the years and our foundation for sustainable growth, we create popular original IP through business activities while guided by our corporate philosophy. We are expanding our business by further extending that original content into a variety of areas. These activities provide both financial and non-financial value; to put it another way, by providing the happiness brought about by games, we are able to contribute to solving societal issues.

At Capcom, we operate our own Plaza Capcom amusement facilities, develop and sell amusement machines, and hold esports tournaments.  
 → Effectively Leveraging IP, p.11

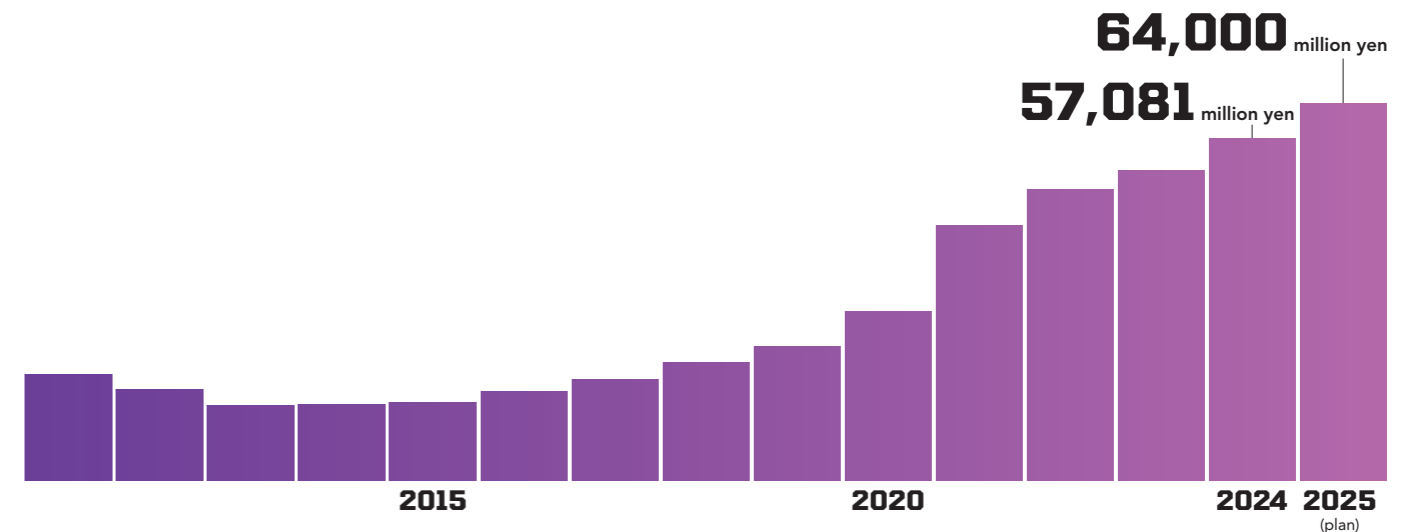


Through collaboration with other companies, we have adapted our original content into Hollywood movies. We have also expanded into a variety of other mediums, including animation, live theater, events, and publications.  
 → Effectively Leveraging IP, p.11

# Four decades of steady growth toward our goal of making the most entertaining games in the world

## Trend in operating income

Note: 1983-1988: Fiscal years ended December 31  
1989-2025: Fiscal years ended March 31



<h3 style="text-align: center;">Genesis</h3> <p>Capcom Co., Ltd. was established in Osaka in 1983. Capcom focused its business development on the creation and sales of high-spec arcade games using the proprietary circuit board "CP System" while making its foray into the home video game arena.</p>	<h3 style="text-align: center;">Business expansion</h3> <p>In the 1990s, the arrival of Super NES prompted Capcom to formally enter home video game development. Capcom created numerous hit titles drawing on its arcade game development expertise. The company established its Single Content Multiple Usage strategy in 1994 with the release of a Hollywood movie and animated movie based on <i>Street Fighter</i>.</p>	<h3 style="text-align: center;">Increasing shares in Europe and North America</h3> <p>In 2000, Capcom listed its shares on the First Section of the Tokyo Stock Exchange. In the 2000s, Capcom created one hit title after another that gained popularity overseas. The Hollywood movie version of <i>Resident Evil</i> earned 102 million U.S. dollars globally, part of a six-title hit series that continues to spread the Capcom brand throughout the world.</p>
<h4 style="text-align: center;">Title history</h4> <p><b>1983</b> Released our first originally developed coin-op <i>Little League</i>.</p> <p><b>1984</b> Released our first arcade video game <i>Vulgus</i>.</p> <p><b>1985</b> Released our first home video game <i>1942</i> for the Nintendo Entertainment System (NES).</p> <p><b>1987</b> Released <i>Mega Man</i> for the NES.</p> 	<p><b>1992</b> Released <i>Street Fighter II</i> for the Super NES.</p> <p><b>1993</b> Released <i>Breath of Fire</i> for the Super NES.</p> <p><b>1996</b> Released <i>Resident Evil</i> for PlayStation, establishing the genre of survival horror with this record-breaking, long-time best-seller.</p> 	<p><b>2001</b> Released <i>Onimusha</i> for PlayStation 2, the first game for PlayStation 2 to become a million-seller in Japan.</p> <p>Released <i>Devil May Cry</i> for PlayStation 2.</p> <p><b>2005</b> Released <i>Sengoku BASARA</i> for PlayStation 2.</p> <p><b>2006</b> Released <i>Dead Rising</i> for Xbox 360; it became a million-seller, unprecedented for a new title created for a new game console.</p> 

<h3 style="text-align: center;">-2016</h3> <p>Multiplayer (cooperative/battle) games became the norm with the popularization of internet-connected game consoles. In addition, the popularization of digital game software sales created a revenue opportunity in catalog titles.</p> <p><b>2012</b> Released <i>Dragon's Dogma</i>.</p> <p><b>2015</b> Concluded a comprehensive partnership agreement regarding community revitalization with Kofu, Yamanashi Prefecture through <i>Sengoku BASARA</i>.</p> <p><b>2016</b> Completed construction of the new R&amp;D Building #2 in Osaka City. Strengthened the structure for title development.</p> 	<h3 style="text-align: center;">2017-2020</h3> <p>Established a system where titles contribute to profit over the long term through the synergistic effect of finely detailed, high-quality games and digital sales following the release of <i>Resident Evil 7 biohazard</i> in 2017.</p> <p><b>2017</b> Released <i>Resident Evil 7 biohazard</i>, which has sold a cumulative total of 13.3 million copies to date.</p> <p><b>2018</b> Released <i>Monster Hunter: World</i>, which has now sold a cumulative total of more than 25.3 million units, the first title to do so in Capcom's history. <small>*Includes <i>Monster Hunter World: Iceborne Master Edition</i></small></p> <p><b>2020</b> <i>Resident Evil</i> becomes first Capcom series to top 100 million units sold.</p> 	<h3 style="text-align: center;">2021-</h3> <p>The game market expands from only a certain number of developed nations into countries all around the world due to the popularization of the PC platform. Using our abundant IP assets and product development capabilities, we are seeking even further growth as a global corporation.</p> <p><b>2023</b> Released <i>Street Fighter 6</i>. Currently working to grow sales worldwide through esports integration. Celebrated our 40th anniversary on June 11, 2023.</p> <p><b>2024</b> Released <i>Dragon's Dogma 2</i>. <i>Monster Hunter</i> series tops 100 million units sold.</p> 
---	--	---

## Capcom and Entertainment Culture



**1988**  
CP System

Through leveraging our proprietary, high-performance circuit board we were able to captivate game players with exquisitely depicted, immersive game worlds of the highest quality, allowing us to produce one hit after another in both the arcade and home video game markets.



**1991**  
*Street Fighter II* becomes a major hit

The game became a sensation in arcades across the country, establishing the fighting game genre. In 1992, a national tournament was held at the Ryogoku Kokugikan in what might be called the first ever esports tournament.



**2002**  
Multi-media roll out of Capcom IP starts in earnest

The Hollywood film adaptation of *Resident Evil*, along with the animated TV show and movie adaptations of the youth-orientated *Mega Man Battle Network*, marked the beginning of Capcom's foray into branding game-based content.



**2007-**  
Cooperative gameplay becomes standard

In 2007, *Monster Hunter Freedom 2* became the first game in the series to top a million units sold. Since then, the title has become synonymous with hunting games.



**2018-**  
Capcom officially entered esports, a new form of entertainment

In 2018, Capcom established a dedicated department to promote the spread of esports with measures such as launching new competitions for pros and amateurs.



**2021-**  
Acceleration of digital game sales

Against the backdrop of the global expansion of the PC platform, digital sales of game software are accelerating. Our extensive library of games developed over the past 40 years is available in over 230 countries and regions around the world.

# Utilizing iconic content (IP) to produce countless hit titles

In the more than 40 years since our founding, our eagerness to take on new endeavors has given birth to countless popular brands. These brands have garnered massive followings both domestically and overseas.



## STREET FIGHTER™

Street Fighter series

Total number of units sold (Fiscal year ended March 31, 2024)

**54** million



CAPCOM Pro Tour 2023

→ Effectively Leveraging IP, p.11



## BIOHAZARD RE:4

Resident Evil series

Total number of units sold (Fiscal year ended March 31, 2024)

**157** million



CG Movie

Resident Evil: Death Island

©2023 CAPCOM / DEATH ISLAND FILM PARTNERS

→ Effectively Leveraging IP, p.11



## ROCKMAN 11

Mega Man series

Total number of units sold (Fiscal year ended March 31, 2024)

**41** million



Leveraged brand in merchandise, apparel, etc.

→ Effectively Leveraging IP, p.11

## MONSTER HUNTER RISE SUNBREAK

Monster Hunter series

Total number of units sold (Fiscal year ended March 31, 2024)

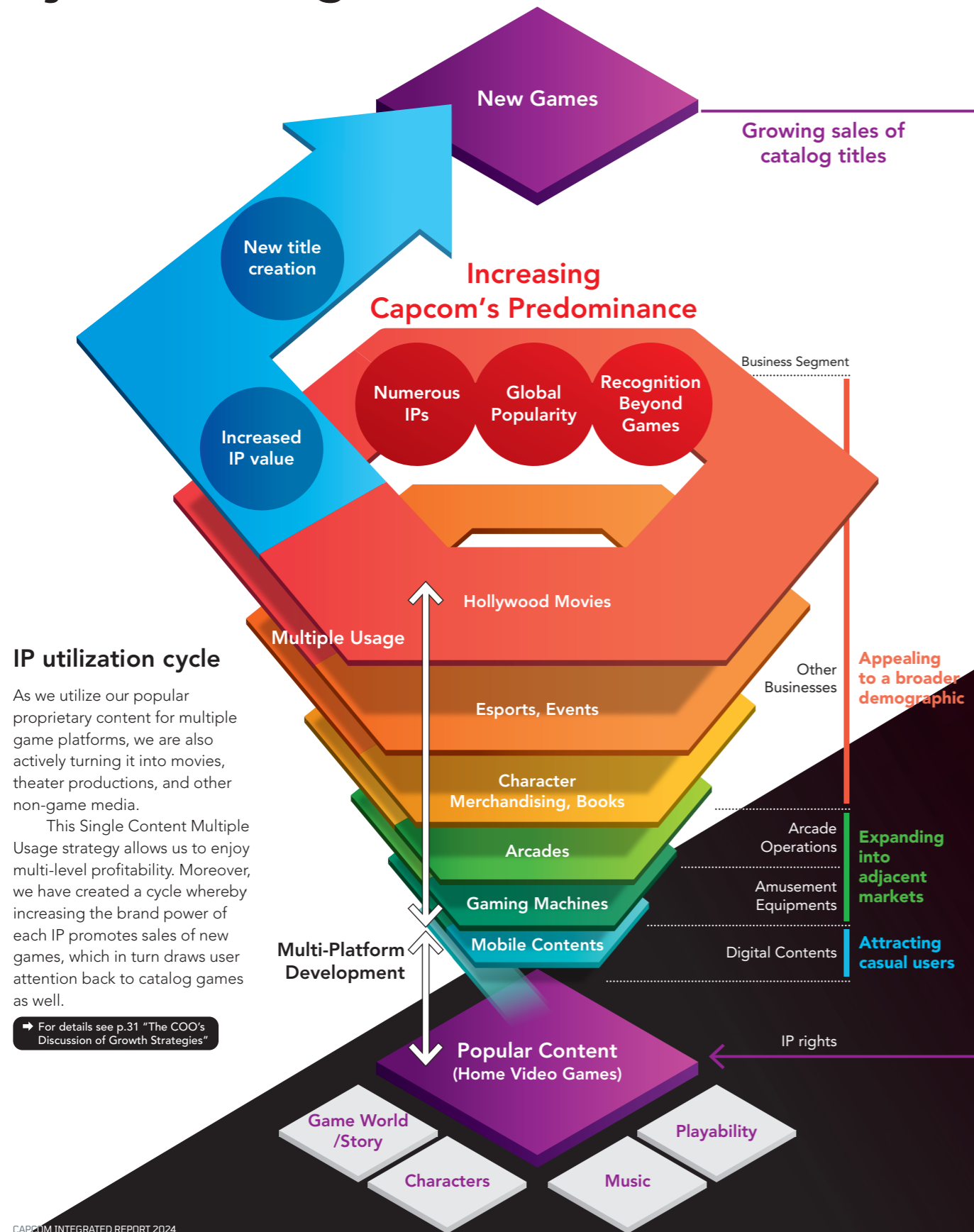
**100** million



Monster Hunter 20th Anniversary - Monster Hunter Grand Exhibition -

→ Effectively Leveraging IP, p.11

# The Single Content Multiple Usage strategy promotes game sales by maximizing the value of our IP



## Example of Single Content Multiple Usage

Released June 2022

Latest title  
**Monster Hunter Rise: Sunbreak**

Total **8.42** million units sold  
(As of June 30, 2024)



Released March 26, 2021

Existing title  
**Monster Hunter Rise**

Total **15.45** million units sold  
(As of June 30, 2024)

# Contributing to a sustainable society utilizing our traits as a game maker

With the rise in popularity of esports and the WHO's international recognition of gaming disorder, in recent years gaming has transcended the framework of simple entertainment and is now recognized as content with a profound social impact. At Capcom, we believe that sustainable growth is achieved by delivering social and economic value, while at the same time building healthy relationships with stakeholders from the perspective of a game publisher. This entails tackling social issues through our business activities, such as training a workforce capable of succeeding on the global stage, and the creation of new markets.

We believe that the principle of Sustainable Development Goals (SDGs), namely that "all cultures and civilizations can contribute to sustainable development," and our own management philosophy, which is that we are "creators of entertainment culture that stimulates your senses," are closely related. As such, in order to realize both sustainable economic growth and a sustainable society, we will address four priority initiatives based on our fundamental policy for sustainability and work to contribute to the development of social sustainability.

## Sustainable Development Goals (SDGs)

SDGs are 17 goals that were adopted by the over 150 member countries of the United Nations at the United Nations Sustainable Development Summit held in September of 2015 at the UN headquarters in New York. It was determined that in order to eliminate poverty and achieve a sustainable world, we must prioritize the realization of these 17 goals on a global scale.

➔ For details, please refer to the United Nations Information Centre "2030 Agenda" site.  
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



## Priority initiatives

### Securing and Training of Human Resources

We are working to secure and train outstanding developers based on our desire to captivate the world with our premier content.

To adapt to change and grow sustainably we have been strengthening human capital, starting with the revision to our remuneration system in 2022 and including the announcement of increased starting salaries for new graduate hires in 2023. We will continue to focus on recruiting diverse human resources, strengthening production capabilities, and improving engagement with employees. With these efforts, we are advancing our human resources investment strategy in preparation for further growth opportunities over the next 10 years.

Relevant SDGs



### Promoting Diversity

In response to changes in the business environment, we are making investments in securing and developing diverse human resources, including hiring and evaluating employees regardless of their gender, nationality, or age. With the globalization of the game player population, diversity in game developers is becoming even more important. For that reason, we have been promoting diversity and working on building a workplace where women and foreign nationals can excel.

Relevant SDGs



### Development of Solid Relationship with Society

Following our management philosophy, we are actively working to resolve common issues facing society as a good corporate citizen. Particularly, these efforts focus on prohibition of discrimination, respect for human rights, assistance for vulnerable children living in poverty, contributions to regional revitalization, and supporting the promotion of culture and technology. Additionally, we host company visits for children and provide outreach classes.

Relevant SDGs



### Enhancement of Corporate Governance

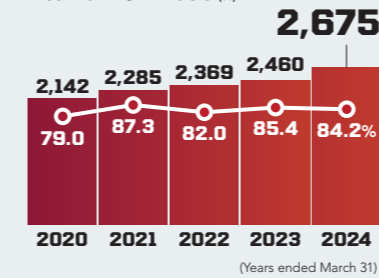
Recognizing its importance to management, we are working to strengthen corporate governance. In addition to ensuring the transparency, soundness, and legal compliance of management, we are also striving to ensure diversity of the Board of Directors and promoting opportunities for active participation by external directors to foster a management structure that is adaptive to environmental changes while improving the supervisory functions of the Board of Directors. Going forward, we will promote sharing and understanding of issues by adding and improving opportunities for discussions, such as meetings with external directors to exchange ideas, in an effort to further enhance governance.

Relevant SDGs



## Progress of initiatives

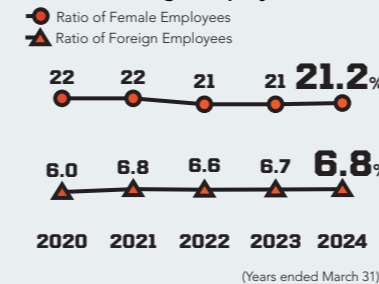
Number of Developers (People) / Internal R&D Ratio (%)



We are working to secure and train outstanding developers to create amazing games that resonate globally. We are aware of how important bolstering our developer workforce is for expanding our pipeline and improving quality, and we therefore continue to hire approximately 150 new graduates each year.

➔ For details see p.45

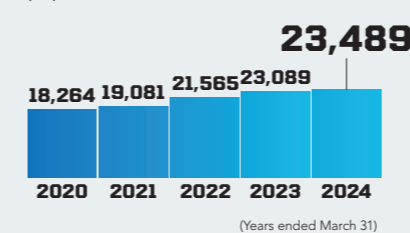
Ratio of Female Employees / Ratio of Foreign Employees (%)



We focused on creating a comfortable work environment for employees from overseas by once again organizing discussions between foreign national employees and management last year, as well as by providing English-language internal announcements. As a result, the numbers for both women and foreign nationals continue to climb contributing to the creation of Capcom content.

➔ For details see p.56

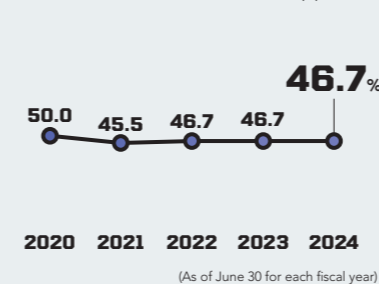
Cumulative Number of Students Receiving Educational Support (people)



We began our educational support activities in 2005. After over 15 years, our efforts have gained a certain degree of recognition, and have provided many young people with learning opportunities, including gaming in a healthy manner. Since we adopted online outreach classes in the fiscal year ended March 31, 2022, we have been able to expand our activities to a broader region.

➔ For details see p.61

Ratio of External Directors (%)



At Capcom, we strive to make management more transparent and visible, and have implemented various governance reforms to this end, such as the Nomination and Remuneration Committee. We proactively appoint external directors, and on March 31, 2024, external directors accounted for 46.7% of the entire board of directors. This ratio remained the same as of June 2024, as two retiring external directors were replaced by two newly appointed external directors.

➔ For details see p.65

## Results of initiatives in fiscal 2023

### Held various information sessions including state-of-the-company overviews for employees

In recent years, we have held various information sessions for employees, including business overviews of the company. These information sessions serve as channels for Q&A and discussions between employees and management concerning the drivers and challenges of the company's growth trajectory based on its management policy for the last decade. They are also platforms for open dialogue among all to better understand employees' needs and promote awareness of mental health management and harassment prevention, helping to create a comfortable work environment.

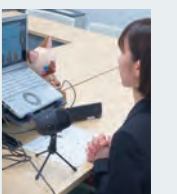
### Initiatives to build a more comfortable workplace

In 2023, we introduced a special leave program that foreign national employees can use to visit their home country, as well as a more inclusive "partnership system" that provides benefits fairly regardless of sexual orientation or gender identity. Further, we continued to hold open discussions between employees and management in order to better understand the needs of foreign national employees.



### Growing demand for online outreach classes

With the advent of online classes, we are expanding the reach of our activities, from schools on remote islands to those in other locations. The rate of online classes stood at 87.5% in the fiscal year ended March 31, 2024, 7.5 points higher than the previous fiscal year, indicating that even after the COVID-19 pandemic, online classes remain popular.



### Strengthening supervisory functions by external directors

In the fiscal year ended March 31, 2024, we worked to enhance the supervisory functions of the Board of Directors through meetings with external directors to exchange opinions and facilitate discussions among top management regarding medium- to long-term strategies, with the aim of enhanced mutual understanding and increased information sharing.

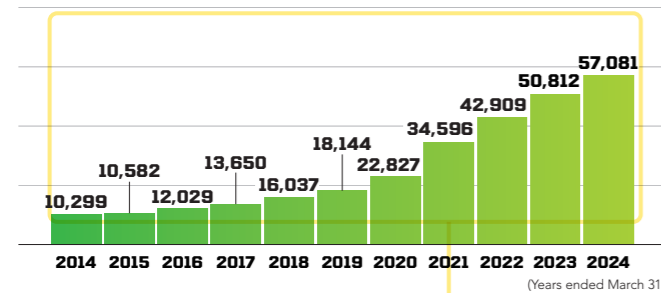


# Financial Highlights

## Operating Income / Operating Margins

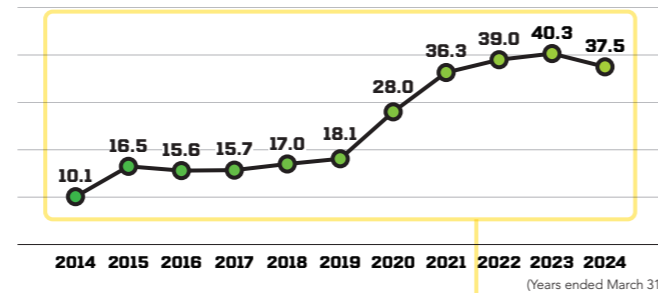
Operating Income (million yen)

**57,081** million yen  
UP 12.3% ↑



Operating Margins (%)

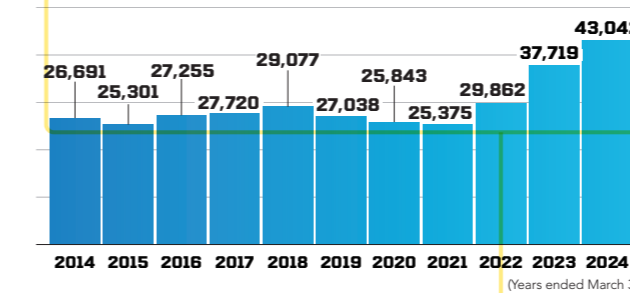
**37.5%**  
DOWN 2.8points ↓



In the fiscal year ended March 2011, we promoted profit structure reforms aimed at more efficient development investment. We promoted business restructuring by transitioning to in-house production and strengthened our digital sales strategy in response to rapid changes in the market beginning in the fiscal year ended March 2014. As a result, from the following year onward we have achieved 11 consecutive years of increased operating income with measures such as improving the highly profitable digital sales ratio in our Consumer sub-segment. In fiscal year ended March 2024, we increased profit 12.3% over the previous fiscal year, marking our seventh consecutive year of record operating income. This was due to new major hit titles, such as *Street Fighter 6* and *Dragon's Dogma 2*, and the growth of catalog titles centered on major game series, in addition to the fact that the highly profitable digital sales trend continues to grow.

## R&D Investment Costs (million yen)

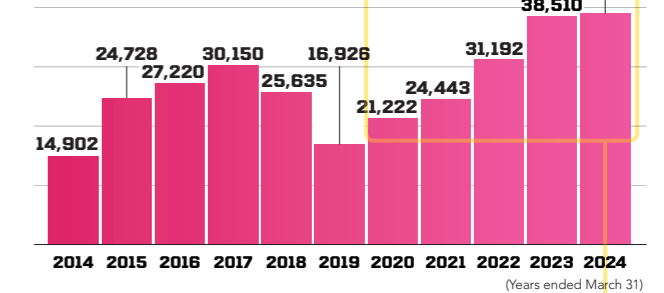
**43,042** million yen  
UP 14.1% ↑



We believe the generation of creative and original content is our source of growth, thus approximately 90% of our annual development investments are allocated to the Digital Contents business. At Capcom, we have been able to streamline development by building a cutting-edge development environment and through increased employee utilization rates, but we expect R&D investment costs to increase going forward as we proactively invest in human resources with an eye on sustainable medium-to-long-term growth.

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

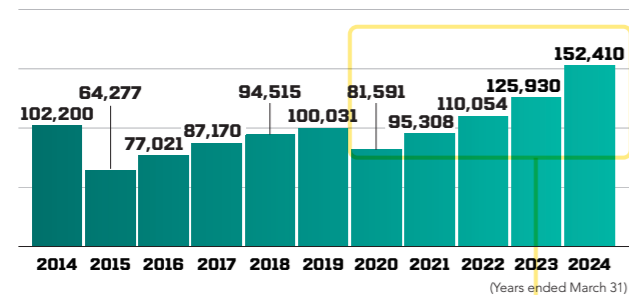
**39,035** million yen  
UP 1.36% ↑



There was a decrease in the fiscal year ended March 2014 due to the release of major titles, but since the fiscal year ended March 2015, it has been on the rise as a result of pipeline expansion. In addition to the release of major titles in the fiscal year ended March 2019, reassessment and closing of overseas studios resulted in a significant decrease. However, since the fiscal year ended March 2020, the amount is increasing due to work on major titles we will continue to release in upcoming fiscal years.

## Net Sales (million yen)

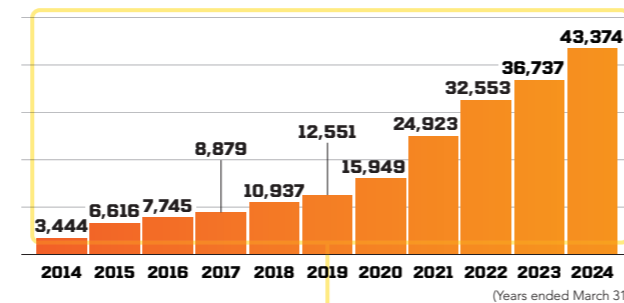
**152,410** million yen  
UP 21.0% ↑



After achieving net sales of 100 billion yen in the fiscal year ended March 2014 for the first time, sales declined in the fiscal year ended March 2015 with the sharper focus on highly profitable titles in the Consumer sub-segment. In addition, the decline in revenue in the fiscal year ended March 2020 over the previous year was due to lowered unit prices accompanying digitalization. However, in recent years, we have been experiencing stable growth as the Consumer sub-segment continues to release multiple major titles each year.

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

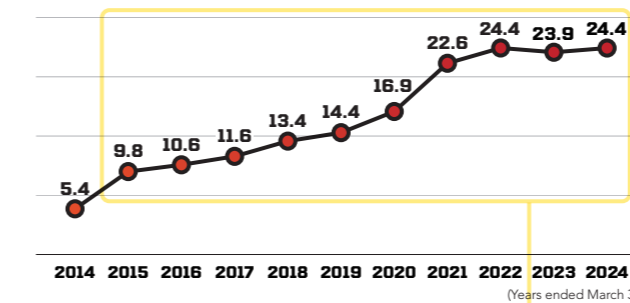
**43,374** million yen  
UP 18.1% ↑



In the fiscal years ended in March 2014 respectively, (1) structural reforms to the Amusement Equipments business, (2) development structure revisions in line with enhanced digital sales in the Consumer sub-segment and (3) strengthened Mobile sub-segment management capabilities in line with organization integration resulted in special losses on restructuring and business restructuring expenses. From the fiscal year ended March 2015, net income increased 11 years in a row in step with operating income, due to the benefits from structural reforms beginning to manifest.

## Return on Equity (ROE) (%)

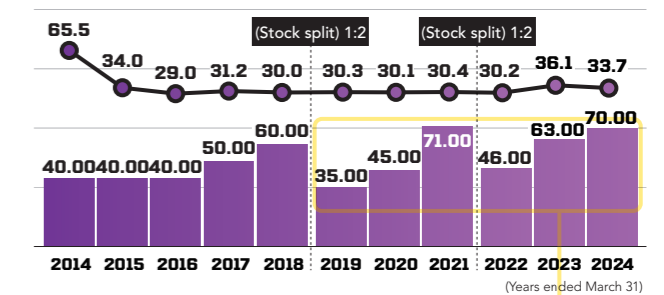
**24.4%**  
UP 0.5points ↑



In the fiscal years ended March 2014, ROE was lower due to decreases in net income from the recognition of special losses on restructuring and business restructuring expenses. However, from the fiscal year ended March 2015, we have maintained a high ROE level following the elimination of special losses and improved profitability mainly due to digitalization.

## Dividend per Share / Dividend Payout Ratio

Dividend per Share (yen) | Dividend Payout Ratio (%)  
**70.0** yen | **33.7%**  
UP 11.1% ↑ | DOWN 2.4points ↓



(Note) With effective dates of April 1, 2018 and April 1, 2021, Capcom performed a 2-for-1 stock split of its common stock. For the years ended March 31, 2018 and earlier and the years ended March 31, 2021 and earlier, dividends paid show the actual amounts prior to the stock split.

Since the fiscal year ended March 2017, the dividend policy has been changed from Capcom's long-standing policy of maintaining stable dividends to maintaining a consolidated payout ratio of 30% and to strive for stable dividends. The payout in the fiscal years ended March 2019 and March 2022 were reduced due to stock splits, but substantially dividends increased, and we were able to maintain our unbroken record of paying out dividends since listing publicly.



# Market Analysis

## Market Trends

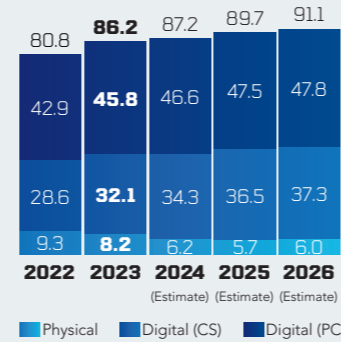
### Consumer Market (Physical + Digital)

The consumer market (physical + digital\* including PC) in 2023 increased year on year to 86.2 billion dollars (6.7% increase). Despite a decrease in physical sales, as digitalization continues to advance globally, digital sales, including on the PC platform, continue to grow, while the highly profitable digital market accounts for 90.4% of the consumer market.

In 2024, the consumer market is expected to increase to 87.2 billion dollars amid steady growth of digital sales, offsetting physical sales that continue to decline. In the medium term, we see the game market expanding in the developing regions of Southeast Asia, South America, and Eastern Europe and new game delivery methods such as streaming and subscriptions growing. As such, we expect the market to grow to 95.2 billion dollars by 2028. We also expect continued growth in the mobile market.



Consumer Market (billion U.S. dollars)



\* Source: International Development Group

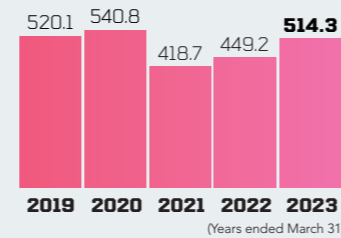
### Arcade Operations Market

The domestic arcade facilities market showed signs of a recovery from the downturn caused by the COVID-19 pandemic during the previous fiscal year (ended March 31, 2023) rising to 514.3 billion yen (up 14.5% from the previous year). The total number of facilities were 7,022 (down 30.2% from the previous year), and annual sales per store were 73.24 million yen (up 64.0% from the previous year).

In the fiscal year under review (ended March 31, 2024), with COVID-19 reclassified as a Class 5 infectious disease in Japan (the same category as the seasonal flu), economic activities have recovered to pre-pandemic levels. As for the outlook for the next fiscal year (ending March 31, 2025), the market is expected to remain at a high level given that families will resume their pre-pandemic lifestyles and demand from inbound tourism remains favorable.



Arcade Operations Market (billion yen)



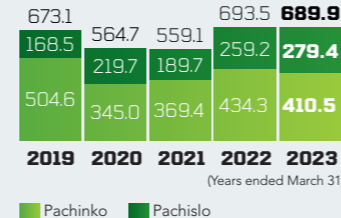
\* Source: JAMMA "Survey on the Amusement Industry"

### Gaming Machines Markets

In the previous fiscal year (ended March 31, 2023), the gaming machines market experienced a downturn, falling to 689.9 billion yen. This was attributed to diminishing demand for replacements with new regulation-compliant machines since fiscal 2021. On the other hand, business performance saw a recovery in the pachislo market with the launch of a new 6.5 version pachislo machine and Smart Pachislo in November. In the fiscal year under review (ended March 31, 2024), both the 6.5 version pachislo machine and Smart Pachislo have encouraged hall operators to invest in the pachislo field. However, the poor performance of smart pachinko machines has affected operators' desire to invest. Currently, pachislo machines outnumber pachinko machines, which may lead to an increase in the installation ratio. As for the outlook for the next fiscal year (ending March 31, 2025), Smart Pachislo is expected to continue as the center of investment interest by hall operators.



Gaming Machines Markets (billion yen)



\* Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2023); Yano Research Institute Ltd.

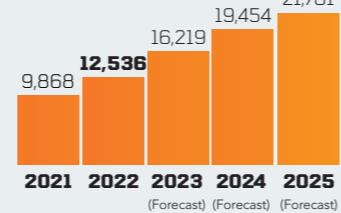
### Esports Market

The size of Japan's esports market in 2022 was 12,536 million yen (up 27.0% year on year), as the market grew significantly with the establishment of online events amid the COVID-19 pandemic. Moreover, the increase in online events contributed to the accelerated growth.

The market grew to 16,219 million yen (up 29.4%) in 2023, with event management, including B2B, a revenue source with strong expectations, and it is expected to reach 21,781 million yen by 2025.



Size of Japan's esports market (millions of yen)



\* Source: Japan esports Union (JeSU) "Japan esports White Paper 2023"

## Major opportunities and risks (Opportunity ● Risk ◇)

- Creation of highly competitive products using new technology
- More channels for product distribution with the appearance of new platforms
- Expanded product buyers through technological innovation
- Expanded number of sales regions using digital distribution
- Achievement of extended product life cycles through digital sales
- Reduction of the used market due to penetration of digital sales
- ◇ Rising development costs with the emergence of new technologies and improvements in hardware capabilities
- ◇ Development delays
- ◇ Dependence on popular series and scarcity of hit titles
- ◇ Platform adoption trends
- ◇ Changes in user purchasing trends with the next generation of platforms
- ◇ Risks due to a country's politics, culture, or religion
- ◇ In-game purchases becoming a social issue
- ◇ Information leakage

## Addressing major opportunities and risks

- Focusing on improving quality and efficiency while reducing development costs by building our own development engine and enhancing our development team
- New customer acquisition through a steady release of new major titles, creating new IPs, and the Single Content Multiple Usage strategy
- Diversifying profit risk through multi-platform development and strengthening PC platform development to hedge against dedicated console trends
- Lengthening product life of games with increased digital sales rates and increasing unit sales through pricing strategies
- Developing sales approaches to meet local needs and localization by an in-house team of experts
- Monetizing without incentivizing in-game purchases
- Establishing the Information Technology Security Oversight Committee, receiving instruction and advice, and implementing various preventative security measures

- Acquisition of new customers through multifaceted roll-out of stores including themed venues, merchandise specialty stores, VR experiences, etc.
- Increased awareness with new business formats and new technologies
- ◇ Popularity of machines
- ◇ Changes to the market environment due to the diversification of leisure activities and declining birthrate

- Acquisition of new fan demographic and increased awareness through multifaceted business developments, such as themed amusement venues, cafes, merchandise, and virtual reality (VR).
- Attracting customers using our home video game content and other assets

- Expanded sales volume by responding to regulations appropriately
- Development of machines using popular IPs created for home video games
- ◇ Non-compliance with model testing of pachislo machines

- Building a system to perceive regulatory trends that allows us to quickly respond to changes in regulations through membership in industry associations

- Expanded fan base from non-game players watching events
- Creation of new profit opportunities such as licensing rights to hold events and stream video
- Promotion of online tournaments that leverage game characteristics
- ◇ Reduced number of events due to COVID-19 pandemic
- ◇ Decreased enthusiasm for competition due to rampant cheating
- ◇ Competing with new titles from other companies

- Spread of online competitions
- Flexible adjustment of competition rules
- Continuous supply of new content with title updates

# Business activity achievements

## Business Overview

### Digital Contents

This business develops and sells digital game content for consumer home video game and PC platforms. It also develops and manages Mobile Contents. Using our world-class development environment, we deliver high-quality content digitally to more than 230 countries and regions, resulting in long-term and continuous sales that underpin our robust profitability.

➔ For details see p.79



## Operating Results for This Fiscal Year

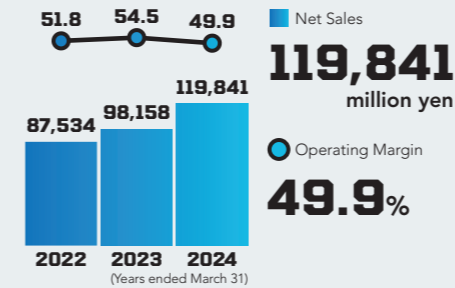
### Consumer (Physical + Digital)

- ◆ New titles *Street Fighter 6* and *Dragon's Dogma 2* were hits
- ◆ Growth in sequels including hit series such as *Resident Evil 4*, *Monster Hunter: World*, *Monster Hunter World: Iceborne*, and *Monster Hunter Rise: Sunbreak*

### Mobile Contents

- ◆ Focused on raising visibility of IP centered on *Monster Hunter Now* and other licensed titles

### Net Sales / Operating Margins



## Main Products for This Fiscal Year

### Street Fighter 6



Released in June 2023, *Street Fighter 6* marks the next installment in the hit series and first new release in seven years. The new Modern Control Type allows players to perform special moves without complicated button inputs and the game features innovative new approaches that appeal to a wide range of users. As a result, *Street Fighter 6* has won multiple awards around the world. With praise from the media and users both in Japan and abroad, we have seen a steady increase in the number of units sold, reaching 3.3 million worldwide.

### Dragon's Dogma 2



*Dragon's Dogma 2* represents the first completely new title in this open world action game series in 12 years, featuring exciting adventures set in a fantasy world of swords and magic. The game has sold 2.62 million units worldwide, having garnered praise for its vivid graphics created with Capcom's proprietary RE ENGINE, carefully constructed realistic fantasy world, and immersive action.

### Arcade Operations

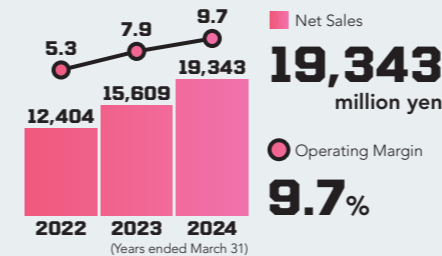
We operate amusement facilities, primarily Plaza Capcom arcades, in Japan. These arcades are predominantly in large commercial complexes. We have diligently followed a scrap-and-build policy to maximize our efficiency in arcade operations, and have been hosting various events designed to attract families and younger customers.

➔ For details see p.81



- ◆ Profits grew thanks to the recovery in economic activities following the designation of COVID-19 as a Class 5 infectious disease and to efficient business operations and the opening of stores in new business formats
- ◆ Customer traffic at stores has recovered to pre-pandemic levels, resulting in higher sales and profits. Same-store sales were up 14% year-over-year
- ◆ Opened Capsule Lab Harajuku Takeshita Street, a specialty capsule toy shop, in Tokyo's Harajuku area
- ◆ We opened four new stores, but closed no stores

### Net Sales / Operating Margins



### Capsule Lab Harajuku Takeshita Street Store



This store is a capsule toy shop that offers a wide variety of the latest toys. It is located on Takeshita Street in Harajuku, which is popular among young people and visitors to Japan.

### Amusement Equipments

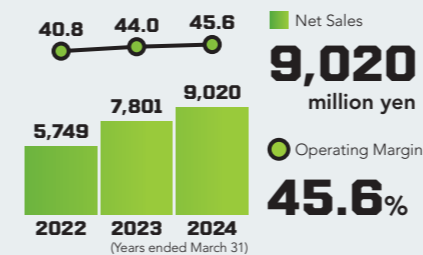
This business utilizes the content from our home video games. We focus primarily on the development, manufacture and sales of software, frames and LCD devices for gaming machines.

➔ For details see p.82



- ◆ Sold a total of 31,300 units of three models  
\*The number of units includes catalog sales.
- ◆ Expanded sales channels through e-commerce, resulting in increased sales and profits

### Net Sales / Operating Margins



### Smart Slot Resident Evil Village



This Smart Slot is based on the hit home video game *Resident Evil Village*, which has sold more than 9.8 million units. The machines started operations in January 2024 and have sold 10,400 units via e-commerce.  
\*As of March 31, 2024

### Other Businesses

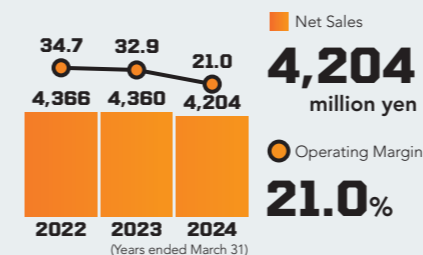
Based on our Single Content Multiple Usage strategy of leveraging game IP across different media, we pursue a variety of licensing business opportunities. In addition to adapting game content into movies, animated television programs, music CDs, character merchandise and other products as part of our licensing business, we are also devoting resources to our esports business.

➔ For details see p.83



- ◆ We diversified earnings by using IPs like *Monster Hunter* and *Resident Evil* in events and merchandise
- ◆ In licensing, we strengthened the link between visual media and merchandising with new game releases
- ◆ CG animated feature film *Resident Evil: Death Island* released worldwide in July 2023, enhancing brand value
- ◆ Capcom Pro Tour 2023, a series of esports tournaments that utilizes the hit *Street Fighter* series, offered total prize money of more than 2 million dollars, the highest in Capcom's history

### Net Sales / Operating Margins



### CG animated feature film Resident Evil: Death Island



A CG animated feature film based on one of Capcom's most popular games *Resident Evil* released worldwide in July 2023.  
©2023 CAPCOM / DEATH ISLAND FILM PARTNERS

# Aiming to increase Capcom's customers with individual strategies for regions and user groups

## Strategy by region

### Implementing measures to increase awareness of Capcom based on a global analysis of users

Capcom's games are sold in more than 230 countries and regions, and going forward, we will need to further cultivate our customers. Toward this end, we extensively research the game environment and needs of each country. For example, we are working to increase our fan base by increasing touch points through an approach tailored to the characteristics of each region. This includes increasing brand visibility through multifaceted initiatives such as setting appropriate prices and selecting sales channels in each region, as well as utilizing our IP in esports and movies, television shows, and other visual media.

Sales by region (thousand units) (fiscal year ended March 31, 2024)

	2020		2024	
	Sales	Share	Sales	Share
Total	25,500	100%	45,893	100%
N. America	9,000	35%	13,900	30%
Europe	6,000	24%	9,500	21%
Asia	4,000	16%	9,100	20%
Japan	4,050	16%	7,790	17%
Cen./South America	1,500	6%	4,450	10%
Oceania	350	1%	650	1%
M. East	150	1%	400	1%
Africa	40	0%	80	0%

\*Each fiscal year ended March 31st

### Unit sales of Capcom's home video game software by country

(fiscal year ended March 2024)

	2020	2024
More than 1 million	4 countries	8 countries
More than 100 thousand	15 countries	28 countries
More than 1,000	64 countries	71 countries
More than 100	46 countries	54 countries
Less than 100	86 countries	74 countries

\*Each fiscal year ended March 31st

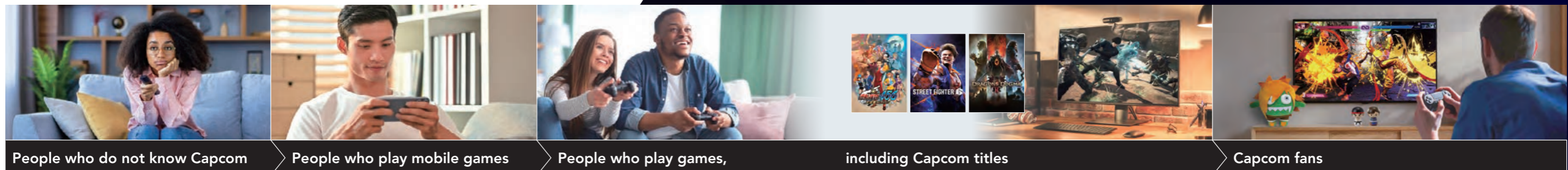
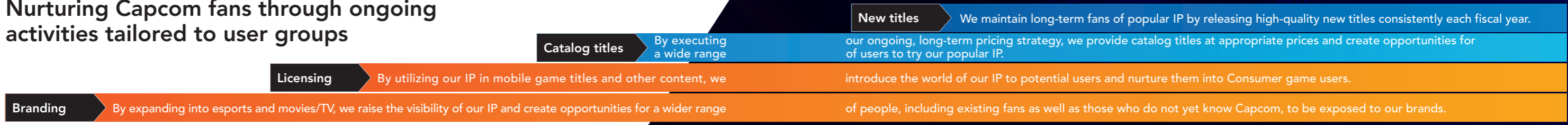


Can reach approximately **1.5** billion people who play games on PC/Home video game consoles

We sold **292** titles in **235** countries and regions, while extending our reach to **1.5** billion players

## Marketing strategy

### Nurturing Capcom fans through ongoing activities tailored to user groups

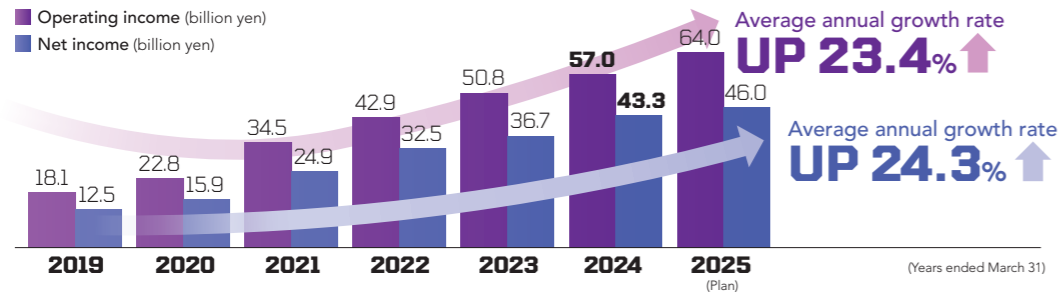


# Delivering entertainment to the world with the aim of 100 million units in annual game sales

We are significantly increasing sales of Consumer games by capitalizing on our medium- and long-term strategies, steadily paving the way for sustainable growth.



**Aim for annual operating income growth (10%), driven by enhanced sales digitally and globally**



Fiscal year ended March 31, 2024

**Medium-term**

**Focus on increasing sales of Consumer sub-segment catalog titles and strengthening sales globally**

Medium- to long-term growth



Annual sales **45.89** million units  
New titles **20.9%**  
Catalog titles **79.1%**

**Further improving unit sales and expanding our solid growth foundation**

Character, Mobile, Media + eSports  
**Increase awareness among a wide range of users**



**Long-term**  
**Bolster foundation for growth by generating synergies between the Consumer sub-segment and peripheral businesses**

Expanding game customer base through global selling and marketing strategies  
**Enhancing brand power**  
→ For details see p. 21

**Brand strategy**  
**Acquire new users**  
Appeal to a wide range of customers by increasing brand awareness

Character, Mobile, Media + eSports  
Pursuing synergy with Consumer + growth options

Consumer games  
**Focus on expanding in the PC and Consumer market of 1.5 billion people**

Promote digital strategy to reach annual sales of **100 million units**  
→ For details see p. 26



**New Titles (Consumer)**  
Growth driver, source of long-term sales

**Catalog Titles (Consumer)**  
Growth drivers and focus areas for growing sales

**Digital strategy**  
**Acquire and increase Capcom fans**  
Increase number of users in each country through long-term implementation of price policy

Stable earnings

Human resources investment and technological development

**Human resources strategy**  
**Increase pipeline of new titles**  
Promote expanding staff and technology growth  
→ For details see p. 45