



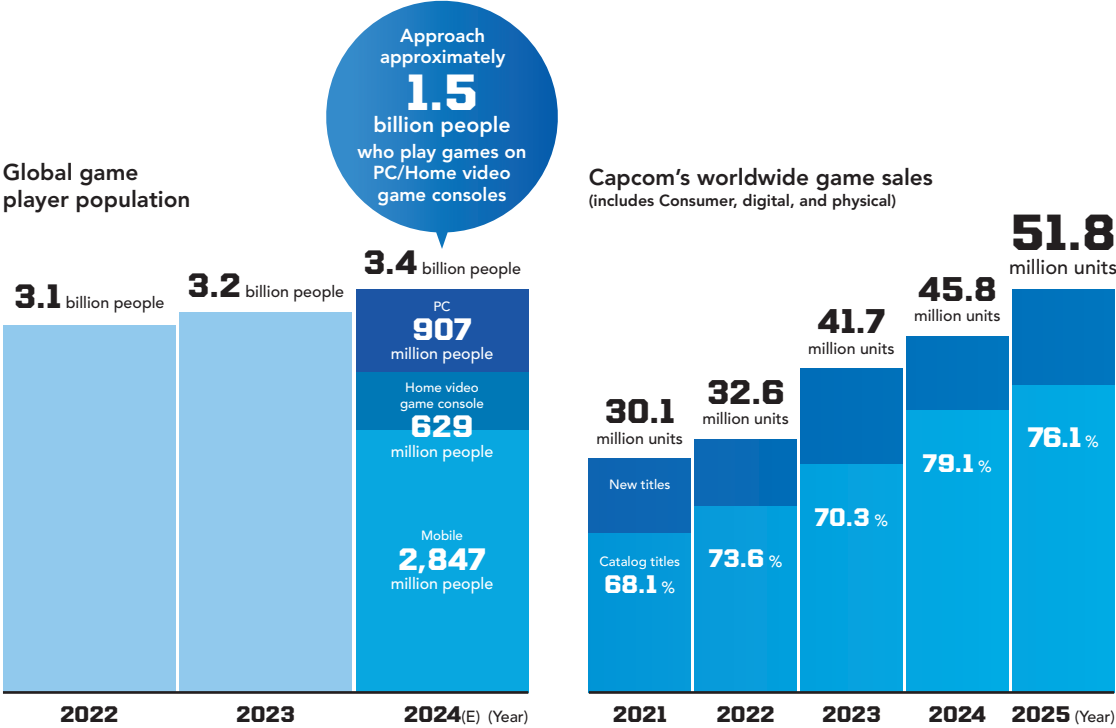
Haruhiro Tsujimoto
President and
Chief Operating Officer (COO)

Sustaining our digital strategy and aiming for annual software sales of 100 million units as we grow the Capcom fanbase

As of the fiscal year ended March 31, 2025, the Capcom Group achieved our 12th consecutive year of increased operating profit and 10th consecutive year of double-digit operating profit growth. Our sales volume also reached a record high of 51.8 million units. This has positioned us for a strong start heading into the next 10 years. I would like to express my sincere gratitude to all our stakeholders for their support.

Since the mid-2010s, Capcom has focused on our Digital Strategy with the aim of expanding globally and establishing stable revenue streams. In the past, traditional sales of physical discs presented numerous challenges, including limits to the amount of retail shelf-space we could secure, control over

pricing, and anti-piracy measures. However, the shift to digital sales has enabled us to expand into over 220 countries and regions, with a revenue structure that is not reliant on new releases but rather has been centered on catalog title sales. To achieve sustainable growth, it is essential that we strengthen not only our development capabilities but also our sales and marketing systems. By consistently producing world-class content and increasing brand recognition, we are now one step closer to achieving our long-term goal of annual software sales of 100 million units. This initiative is in line with our corporate philosophy, which is that we are “creator of entertainment culture that excite people and stimulates their senses.”



*Due to overlap between segments, the segment total exceeds the total market.
*E: Estimated
*Source: Newzoo Global Games Market Report, May 2025

*Each fiscal year ended March 31

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Our Measures Thus Far

– Grow markets globally with digitalization –

Changing market landscape

In the era when disc sales were the mainstream, the major developed countries in Europe and North America were the focal point of the game market, where game content was mainly enjoyed on dedicated home consoles. Afterwards, the evolution of game consoles and the spread of the Internet have made it possible to play online and cooperatively with others over long distances, as well as to sell game content digitally through downloads. As a result, game content can be sold over the long term even if it has been on the market for many years, without being affected by retail store operating hours or sales floor space. This has also made it possible for game publishers to take the initiative in developing flexible pricing policies.

Strengthening our multi-platform strategy and tapping into demand from PC platforms

Within our Digital Strategy, we have also focused on expanding our support for the PC platform. Since development for dedicated game consoles tends to be limited to major developed countries with well-established infrastructure, we have determined that in order to reach more users, we must actively release content on the PC platform, which allows us to also

appeal to developing and emerging markets. By focusing on the PC, we now sell our products in over 220 countries and regions, far exceeding the market for traditional consoles. Currently, the ratio of PC units in our software sales is growing, primarily in emerging countries, reaching a level of over 50% in the fiscal year ended March 31, 2025. Yet, we analyze that there is still room for further growth.

Recently, in appealing to different user demographics in each region, and the various platforms therein, including PC, we have seen that the level of quality being demanded is increasing as technology evolves, and have once again been reminded of the challenge of consistently providing a high-quality entertainment experience to a wide breadth of users.

Within such circumstances, we have strived to listen to the voices of our users and emphasized content creation that reflects their needs. Going forward, we will further strengthen our approach and continue working to provide a higher-quality and more consistent gaming experience for more users, while also strengthening our entire organization, including reviewing our development system.

Data-driven pricing strategy

The digitalization of game sales has made it possible for publishers to lead the way in pricing strategies. We transitioned to digital sales early on and have accumulated extensive data, including by country, price, and sales volume. We have aggregated this data and are now utilizing it in our marketing strategies. Our basic pricing strategy is to sell games for approximately 60 to 70 US dollars when new, and then gradually lower the price according to market value, ultimately down to 10 or even 5 US dollars. The goal is to maximize sales and profits over a five-year period, rather than a single fiscal year. We are typically able to recover development costs within a period of one to two years, contributing to the bottom line even after price reductions. Furthermore, by coordinating price reductions with new title announcements, we can attract new fans and create a virtuous cycle linked to the next title release. A good example is *Monster Hunter: World*. We lowered the price to 9.99 US dollars in conjunction with the announcement of *Monster Hunter Wilds* in the fiscal year ended March 31, 2024. To date, *Monster Hunter: World* has sold more than 28 million units.*

* Including *Monster Hunter World: Iceborne Master Edition*

By selling high-quality titles over a long period of time, catalog titles have come to account for more than 70% of our annual unit sales, making a significant contribution to earnings in our Digital Contents business. This was a major factor in Capcom’s ability to establish a stable profit structure over the last 10 years.

Comparing our sales territory now with 2020, 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 even more than 1 million units. Indicative of this, as income levels rise due to economic growth in each country and region, we are seeing greater growth of our markets.

Needless to say, there are two factors behind the growth that makes it possible to sell globally over the long term: (1) From the time the company was established with our main business being arcade game circuit boards, Capcom had already started expanding throughout the world, giving us a brand status, and (2) due to the efforts of our development team, Capcom has the technical and developmental abilities to regularly produce high-quality titles.

Maximizing initial sales of new titles

To what extent we increase initial sales will be important in unlocking greater growth. Analysis of sales trends for catalog titles has revealed that the stronger the initial sales, the more robust long-term sales can be, contributing to increased cumulative sales overall. Going forward, we will clearly focus on strengthening initial sales and step up our efforts to improve brand recognition. This will include expanding pre-release promotions and offering past titles globally. Through these measures, we aim to further improve sales performance.

Unit sales of home video game software by country for the fiscal year ended March 2025

248 titles in

227 countries and regions

	2021	2025
1,000,000+	4 countries	9 countries
100,000+	16 countries	30 countries
1,000+	62 countries	69 countries
100+	44 countries	51 countries
Less than 100	88 countries	68 countries
Total	214 countries	227 countries

(Fiscal year ended March 31)

Sales by region

(thousand units)

	2023		2024		2025	
	Sales	Share	Sales	Share	Sales	Share
Total	41,700		45,893		51,876	
N. America	12,600	30.2%	13,900	30.3%	15,450	29.8%
Asia	7,700	18.5%	9,100	19.8%	11,200	21.6%
Europe	8,000	19.2%	9,500	20.7%	9,640	18.6%
Japan	8,200	19.7%	7,790	17.0%	8,389	16.2%
Cen./South America	4,200	10.1%	4,450	9.7%	5,030	9.7%
M. East	340	0.8%	400	0.9%	1,410	2.7%
Oceania	600	1.4%	650	1.4%	760	1.5%
Africa	60	0.1%	80	0.2%	80	0.2%

*Each fiscal year ended March 31

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Looking at the Next 10 Years
– Accelerate sustainable growth with better marketing –

I would like to explain specifically from my perspective as COO the key policies for the next decade as discussed by the CEO.

According to third-party market data, there are approximately 3.4 billion game users worldwide, most of whom are mobile device users. The number of PC and home console users, which are our primary target, is estimated to be around 1.5 billion.

Our software sales volume for the fiscal year ended March 31, 2025 was 51.87 million units. Thus, we believe there is still significant room for growth given the size of the market. To achieve annual sales of 100 million units, it is essential to further expand sales and strengthen our development system to enhance our pipeline of new titles. In addition, we will work to increase brand awareness through enhanced pre-release promotions and other measures to boost initial sales of new titles.

Improved marketing
by incorporating local characteristics

We have been using our aggregated sales data in our marketing strategy, but we need to improve the accuracy of this approach. By targeting users with information on our latest titles or updates on catalog title prices based on their purchase trends, it will be possible to conduct promotions that appeal to users

even more. However, it is not easy to accumulate detailed data linked to individuals. In addition, the laws and regulations of each country regarding the protection of personal information and the protection of minors must be carefully observed.

In this context, we will continue to accumulate and analyze data on user purchase and play trends by using the CAPCOM ID, which is an account that can be used across our games and services, as well as by using systems to acquire game play data from within games.

We are focusing particularly on the Global South, comprised of emerging countries, including India, as potential growth areas. As part of this focus, we dispatched an internal research team to India in the fall of 2023, and to Brazil, Indonesia, and Thailand in 2024. We also dispatched a team to the Middle East in 2025.

By visiting these countries and seeing firsthand how Capcom games are being received and played, we have been able to determine the measures we need to take now, and steadily advance our strategies for brand building and market formation over the next five years.

With this in mind, we will identify the traits of each country and region, work to expand brand awareness in conjunction with pricing measures, and strengthen our marketing system, including at our overseas subsidiaries. In fact, in emerging countries,

lower-priced catalog titles sell better than high-priced new releases, and by analyzing purchase timing, we will develop optimal measures for each region and use this to tap into new markets.

Increased penetration
of the Capcom brand using movies

Video content that conveys the world of a game in a short period of time is a powerful tool for increasing Capcom’s brand recognition among people who have never played video games or have never played Capcom’s titles. This is evident in the past Hollywood movie adaptations of *Resident Evil* and other titles.

In addition to utilizing existing movies based on our games, we are also moving forward with the production of a new live-action *Street Fighter* movie and TV series, as well as several other projects that are under consideration. As an upfront investment to expand game content worldwide, we will aggressively pursue our movie strategy, not only with theatrical releases, but also through video distribution services and other means.

In April 2025, the anime version of *Devil May Cry* began streaming as a Netflix original series. In conjunction with this, we priced *Devil May Cry 5* for 7.99 US dollars, leading to sales of over one million units in a month. While we have held discount sales to coincide with the release of movie content before, the response this time was so large that it really brought home the close affinity between video games and movies.

Capcom has been promoting the digital shift

since the mid-2010s. We possess data on the number of users and regional distribution of each title, which we believe will enable efficient promotion through collaboration with streaming and movie production companies, contributing to the business success of both. As such, we will continue actively exploring collaboration possibilities to further enhance synergies.

Increased penetration of
the Capcom brand through business deals
and sponsorships

In terms of mobile content, *Monster Hunter Now*, which we have licensed out, launched in September 2023. This title is developed and operated by an external partner with strengths in location information and AR technology. By allowing players to easily enjoy *Monster Hunter* as a mobile game, we are further increasing brand awareness globally. We will continue to expand our efforts to raise brand awareness by licensing IP to other companies. One such example is *Monster Hunter Outlanders*, which was announced in 2024.

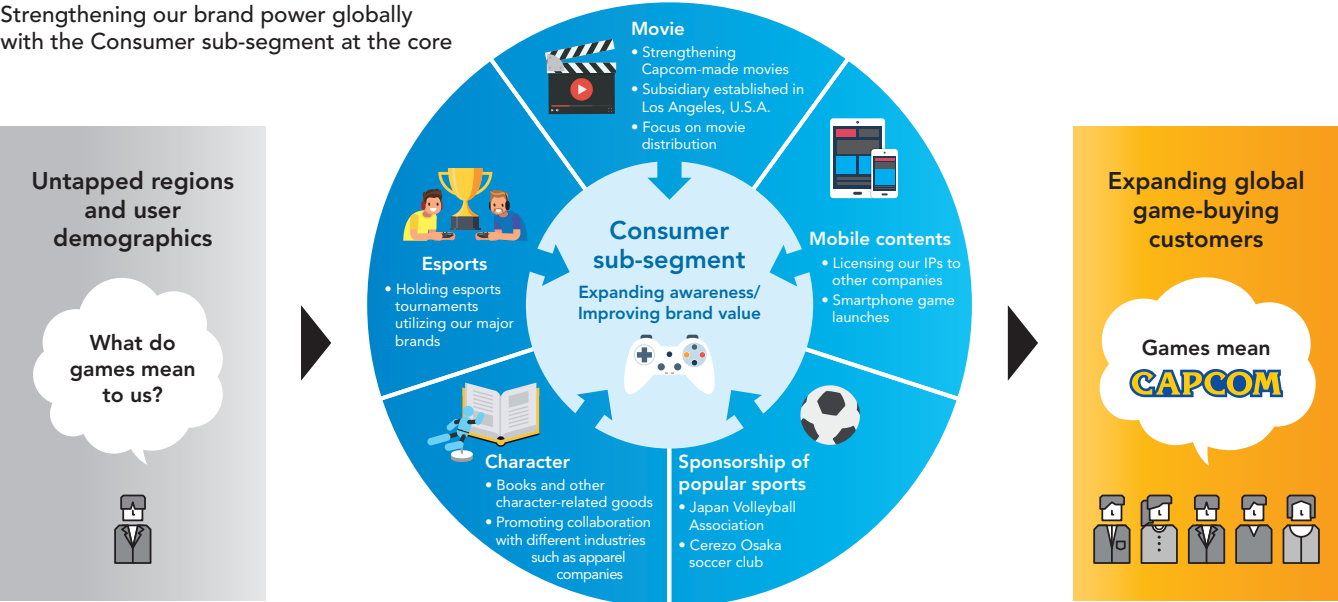
The Arcade Operations and Amusement Equipments businesses are each expanding their revenues and contributing to the expansion of our game brands in Japan. The Arcade Operations business is a valuable contact point between Capcom and users, including general consumers, and also provides synergies with the Consumer business sub-segment by acting as a physical venue for game demo events and other activities. The Amusement Equipments business is also expanding its user base

Unlocking long-term sales of high-quality titles

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	Cumulative unit sales*	2026/3 (Plan)
<i>Resident Evil 7 biohazard</i>	350	160	120	100	150	180	120	130	130	1,470	
<i>Monster Hunter: World</i> *		790	450	450	230	170	140	280	310	2,850	
<i>Resident Evil 2</i>			420	240	160	140	220	200	140	1,540	
<i>Monster Hunter World: Iceborne</i>				520	240	140	100	230	260	1,520	
<i>Resident Evil 3</i>					390	110	190	170	110	990	
<i>Monster Hunter Rise</i>					480	410	370	190	240	1,710	
<i>Resident Evil Village</i>						610	180	180	150	1,130	
<i>Monster Hunter Rise: Sunbreak</i>							540	220	210	980	
<i>Resident Evil 4</i>							370	330	270	990	
<i>Street Fighter 6</i>								330	130	460	
<i>Dragon’s Dogma 2</i>								260	100	370	
<i>Monster Hunter Wilds</i>									1,010	1,010	

*Sales numbers rounded down to 10 thousand units. *As of March 31, 2025. *Includes sales of *Monster Hunter World: Iceborne Master Edition*.

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



and functions as a good match between game content and pachislo machines.

Operating profit has reached a new record high in our licensing business thanks to an increase in collaborative products that coincide with the release of new titles and collaborations where Capcom characters appear in other companies' games. 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.

In the eSports business, we have been holding the CAPCOM Pro Tour in up to 160 countries and regions since 2014. More recently, the CAPCOM Pro Tour 2024 featuring *Street Fighter 6* was held around the world starting in June 2024. In March 2025, Capcom Cup 11 and Street Fighter League: World Championship 2024 were held for the first time in Japan at the Ryogoku Kokugikan Arena. The event garnered a solid response with a total of 14,000 attendees and over 10 million online views. Further, in summer 2025, the eSports World Cup was held and by building cooperative relationships with each tournament, including the CAPCOM Pro Tour 2025, we will increase awareness of *Street Fighter 6* and accelerate its growth in the global market.

In order to encourage more people around the world to become Capcom fans and users, it is essential to further expand and increase penetration of our corporate and content brands. To this end, we are also engaging in social contribution activities for local communities, culture, and technologies. These include sponsorship of the Japan Volleyball

Association and the soccer club Cerezo Osaka, which were first announced in May 2022, as well as sponsorship of the Tokyo International Film Festival, an exhibition showcasing our game development process titled Capcom Creation – Moving Hearts Across the Globe, which has been well-received since its start in March 2025, and the exhibition of an interactive attraction titled *Monster Hunter Bridge* at Expo 2025 Osaka, Kansai, Japan.

Strengthening development capabilities to consistently produce world-class content

At Capcom, we aim to sustain our KPI of 10% or better annual operating profit growth along with our long-term goal of annual software sales of 100 million units. To improve our chance of success, we are working to resolve business challenges, issue by issue. Our efforts are focused on core IP such as the *Resident Evil*, *Monster Hunter*, and *Street Fighter* franchises, and mapping out mainline series entries and sequels, remakes, new IP, and ports of content to the latest hardware. We consistently release two to three major new titles each year, but recognize the need to grow our pipeline going forward.

Capcom owns a wealth of globally popular brands, such as *Mega Man*, *Devil May Cry*, and *Ace Attorney*. We aim to expand our user base and improve our performance through new releases, remakes, and ports of titles in these series to new hardware. By enhancing brand power and cultivating loyal fan bases, we will grow these into core IPs.

The people developing this content are our

world-class in-house creators. For the past three years, we have made strengthening our human capital a management priority, and to this end, have been training and recruiting personnel to expand our development structure. Previously, we consolidated our game development in Osaka to promote efficiency, however, to further strengthen its structure, we are currently constructing a new development facility next to our head office, slated for completion in 2027. We have also acquired nearby land, with future expansion in mind. In addition, RE ENGINE, which supports our development capabilities, was developed in-house and is continually updated to keep up with new technologies and improve work efficiency.

The game business is likely to change even further in the future with the emergence of new technologies such as AI. We were quick to provide support for VR and cross-play, and we continue to push forward with our multi-platform strategy, such as by releasing titles for the new Nintendo Switch 2 on the first day of its release in June 2025, and will continue to explore new fields while conducting technical verification. The key is to use new technologies to provide users with a new gaming experience. Even cutting-edge innovations are meaningless if the game is not interesting.

Finally, I would like to emphasize that even if the form of our business changes, our top priority will remain refining our world-class content. If our salespeople are properly communicating this, then consumers will always choose our products, even if the platforms or services change. Conversely, if our

content or services are 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.

Marketing strategy

Nurturing Capcom fans through ongoing activities tailored to user groups

Catalog titles

By executing of users to try

New titles

We maintain long-term fans of popular IP by releasing high-quality new titles consistently each fiscal year.

Licensing

By utilizing our IP in mobile game titles and other content, we


our ongoing, long-term pricing strategy, we provide catalog titles at appropriate prices and create opportunities for a wide range of our popular IP.

Branding


By expanding into esports and movies/TV, we raise the visibility of our IP and create opportunities for a wider range

introduce the world of our IP to potential users and nurture them into Consumer game users.


of people, including existing fans as well as those who do not yet know Capcom, to be exposed to our brands.



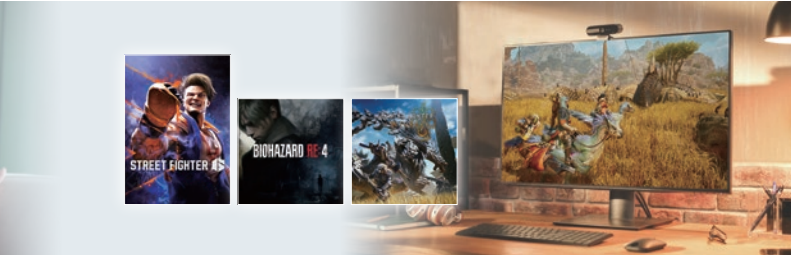
People who do not know Capcom




People who play mobile games



People who play games,



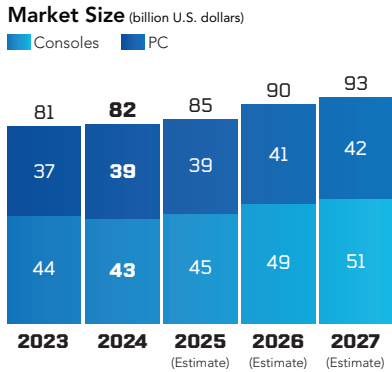
including Capcom titles



Capcom fans

Market Analysis

Consumer Market (Console + PC)



*Source: Newzoo Global Games Market Report, May 2025

Market Trends

The consumer (console + PC) market in 2024 increased year on year to 82.4 billion dollars (0.66% increase), remaining at the same level as 2023. While the console market is in a transitional period ahead of the release of new hardware, causing growth to slow overall, the PC market continues to grow and maintains stable demand. The PC platform accounts for 47% of the total market, making it a significant component.

In 2025, the overall consumer market is expected to grow to 85.8 billion dollars, driven by the launch of new hardware in the console market and a strong performance in the PC market. In the medium term, the spread of cloud gaming and subscription-based services, as well as an expansion of the user base in emerging regions, are expected to drive growth, leading to stable market expansion.

Major opportunities

- Creation of highly competitive products using new technology
- More channels for product distribution with the appearance of new platforms
- Diversification of supply channels through technological innovation
- Expanded number of sales regions and greater adoption using digital technology
- Market expansion driven by economic growth in emerging and developing countries
- Achievement of extended product life cycles through digital sales
- Reduction of the used market due to penetration of digital sales

Major risks

- ◆ Rising development costs with the emergence of new technologies and improvements in hardware capabilities
- ◆ Development schedule delays
- ◆ Dependence on popular series and shortage of hit titles
- ◆ Declining IP value due to brand saturation in long-running series
- ◆ Platform adoption trends
- ◆ Changes in user purchasing behavior with the next generation of platforms
- ◆ Risks in overseas markets due to a country's politics, culture, or religion
- ◆ Rising societal concerns about in-game purchasing systems
- ◆ Information leakage risk
- ◆ Concerns about copyright infringement and damage to brand value due to the spread of AI

Game Industry Characteristics

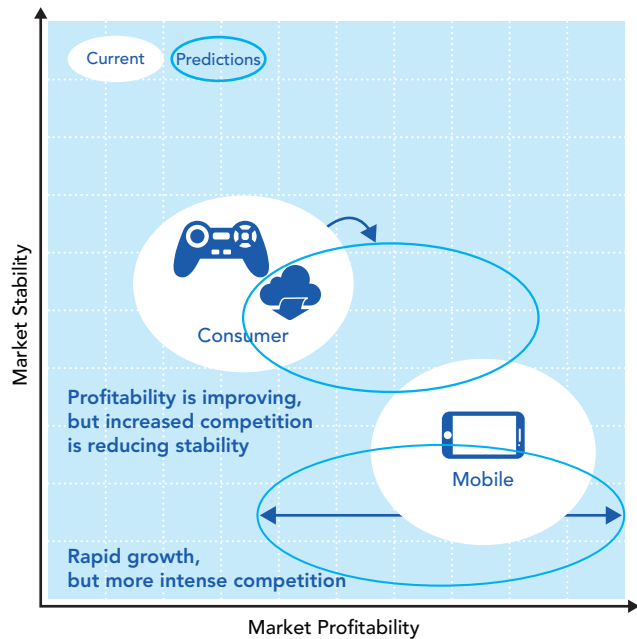
Consumer Market Characteristics (Console + PC)

Console and digital download contents are an 82.4-billion-dollar market, forecast to grow to 93.7 billion dollars by 2027. The customer base is primarily composed of core users who are loyal to game titles. They are seen as having relatively high willingness to purchase sequels and remakes along with low sensitivity to price and economic conditions. In recent years, with the spread of PCs as a game platform and the standardization of digital software sales over the Internet, market growth is expected in Asia and emerging regions. Hereafter, we expect the market to grow at a faster pace with the capture of the casual user segment, which has high sensitivity to price conditions, as well as new users. This will result from expansion of online gaming on consoles, primarily in North America, and diversification of console game distribution models. On the other hand, as barriers to entry fall, the stability of the industry as a whole may be shaken.

Mobile Market Characteristics

This is a 100.3-billion-dollar market, forecast to continue growing to 107.7 billion dollars by 2027. The customer base is primarily composed of casual users, many of whom play games in their spare time, thus they demonstrate the lowest loyalty toward game titles. In contrast to core users, they have a limited willingness to purchase games and have the highest sensitivity to price and economic conditions. Although this is the most profitable market, only a limited number of titles are able to generate stable earnings over the long term even if they become hits. This makes brand establishment a challenge. Furthermore, changes in the regulatory environment are contributing to market uncertainty. However, with advancements in communication technology and device performance driven by next-generation communication standards, we expect smartphones will continue to drive rapid growth as the most pervasive game device.

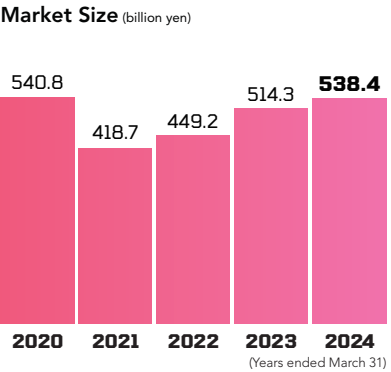
Characteristics of Each Market



Source: Created by Capcom based on data from the Newzoo Global Games Market Report, May 2025.



Arcade Operations Market



* Source: JAMMA Survey on the Amusement Industry

Market Trends

The domestic arcade facilities market in the previous fiscal year (ended March 31, 2024) was valued at 538.4 billion yen (a 4.7% increase from the previous fiscal year). With COVID-19 being reclassified as a Class 5 infectious disease (the same category as seasonal flu) by the Japanese government, economic activity has returned to normal, showing signs of recovery to pre-pandemic levels. In the fiscal year under review (ended March 31, 2025), the use of prize games has increased amid increased inbound tourism and the popularity of *oshikatsu* prizes, which allow players to support their favorite entertainers and characters with merchandise. Looking ahead to the next fiscal year (ending March 31, 2026), we expect demand in the market to remain high if crane games continue to grow and inbound tourism remains strong.

Major opportunities

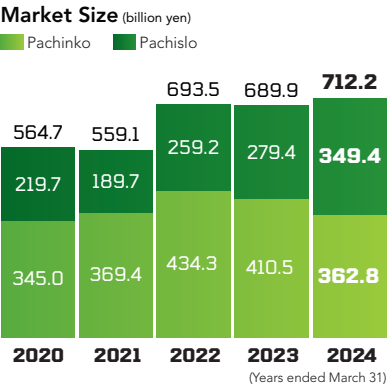
- Acquisition of new customers through multifaceted roll-out of stores including themed venues, merchandise specialty stores, VR experiences, etc.
- Increased awareness with new business formats and new technologies

Major risk

- ◆ Popularity of machines
- ◆ Changes to the market environment due to the diversification of leisure activities and declining birthrate



Gaming Machines Markets



* Source: Manufacturer sales base compiled by Capcom using Pachinko Maker Trends (2024); Yano Research Institute Ltd.

Market Trends

In the previous fiscal year (ended March 31, 2024), gaming machines markets experienced a turnaround, growing year on year to 712.2 billion yen. The pachinko machine market fell below the previous year's level for the second consecutive year, and while the situation remains severe due to increased demand for pachislo machines, improvements in ball output performance and gameplay brought about by smart pachinko are expected to be the starting point for market expansion.

The pachislo market is recovering rapidly with the introduction of Smart Pachislo (Smart Slot) in fiscal 2022. Supported by the arrival of the 6.5 version pachislo machines, there has been an exodus of customers from pachinko to pachislo. Operators are stepping up investment in pachislo, with the trend toward increased machine numbers becoming evident in fiscal 2023. Investment focused on Smart Slot machines is expected to continue, but Smart Pachinko may also become popular depending on new models, and the spread of smart gaming machines could accelerate this market trend.

Major opportunities

- Expanded sales volume by responding to regulations appropriately
- Development of machines using popular IPs created for home video games

Major risk

- ◆ Non-compliance with model testing of pachislo machines

Linking HR and financial strategies to maximize corporate value

Satoshi Miyazaki

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

Initiatives for sustainable growth incorporating an HR perspective

The Group was able to achieve steady growth in the fiscal year ended March 31, 2025, thanks to the understanding and support of users and other stakeholders. This achievement is also the result of the sincere efforts of our people working diligently every day to execute our business activities and the continued support of all of you. On behalf of Capcom, I would like to express our heartfelt gratitude.

Faced with dramatic changes in the business environment, Capcom has promoted strategies centered on securing and developing human resources, thereby elevating our organizational capabilities. At the same time, we have evolved our financial strategy to achieve sustainable growth and generate cash while continuing work to enhance the stability and flexibility of our business. With the accumulation of net cash, our options for future business reinvestment are expanding, making resource allocation that improves corporate value more important than ever.

We seek to unleash our potential from both a human resources and financial perspective, and will endeavor even more toward the creation of sustainable corporate value by reflecting in our management decisions the commitment to maximize the strengths of our organization. In the future, we will continue to be a company that meets and exceeds expectations by taking a positive approach to change and maintaining a flexible and ambitious approach to business development.



Human Resources Strategy

Our human resources investment strategy: Enhancing employee productivity and organizational strength

The importance of investing in our people

Continuously investing in talented human resources is critical in furthering Capcom's sustainable growth. As the CEO correctly points out, to continue to develop high quality games toward our management target of a 10% or better increase in operating profit each fiscal year, as well as our medium- to long-term management goal of software sales of 100 million units, we need to secure excellent development personnel.

As of the fiscal year ended March 31, 2025, we employed 2,846 development personnel, which marks an increase of approximately 24.6% from the 2,285 personnel at the end of the fiscal year ended March 31, 2021.

Capcom's operating environment

While our development headcount has been steadily increasing, we recognize that securing the necessary talent remains an issue both inside and outside the company. Internally, as platforms evolve, game development is expanding in scale with each passing year, and development lead times are growing longer. Creating world-class games requires cutting-edge technological capabilities, thus we must strengthen our organization to stay ahead of technological

advances. As a result, we believe that further expanding our development headcount and improving the skills of our employees will be all the more important in the future.

Many of our employees hired between 1993 and 1995 are now in their mid-50s and are working at the forefront of game development. Thus, another important issue for the future is smoothly passing on the knowledge and skills that they have accumulated to the next generation.

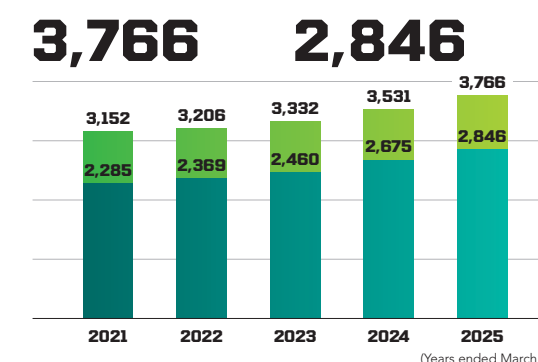
On the other hand, looking at the external environment, Japan's labor force is shrinking due to its declining birthrate, and competition in the recruitment market is heating up. There are many people in the younger generation who have been familiar with games since childhood, and we plan to actively recruit them in the future. Yet, the hurdles to attracting talented students who meet the standards required for our game development are getting higher every year.

Previous initiatives and outcomes

To address these issues, we have been implementing a human resources investment strategy that focuses on two points: namely, securing and developing human resources to support the future as well as revamping the work environment so that employees can maximize their abilities.

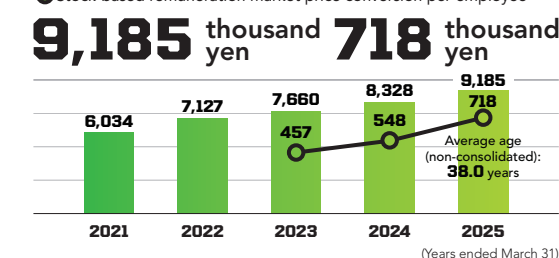
Employees and development personnel (consolidated) (persons)

■ Number of employees (consolidated) (persons)
■ Of which, development personnel



Average annual salary and stock-based remuneration market value equivalent per employee (thousand yen)

■ Average annual salary (non-consolidated)
● Stock-based remuneration market price conversion per employee



* The special lump-sum payment paid in the fiscal year ended March 31, 2025 is included in the average annual salary. The market price conversion is the monetary conversion of the number of stock-based remuneration points granted per employee based on the Company's closing stock price at the end of the fiscal year. Points are delivered as shares and are not included in the average annual salary until they are paid to the employee.

Securing and developing human resources to support the future

As touched upon in last year's integrated report, we reviewed and made three changes to our remuneration system: (1) an average increase in remuneration for full-time employees of the Company of 30%, (2) the introduction of a bonus system linked to profits, and (3) the introduction of a stock-based compensation system for employees. These systems have created a virtuous cycle in which employees' efforts are directly linked to improved business performance and stock price, which are then reflected in their own compensation.

As a result, the average annual salary of employees (non-consolidated) was 9,185 thousand yen in the fiscal year ended March 31, 2025, an increase of 52.2% from 6,034 thousand yen in the fiscal year ended March 31, 2021. In terms of the stock-based compensation, too, the exchange value of shares granted has increased as the stock price rises, which has boosted employee motivation to grow the company.

In addition to strengthening our competitiveness in terms of compensation, we are also promoting recruitment branding and diversifying our recruitment channels, including accepting interns from prestigious overseas universities. We have made steady progress in mid-career recruitment, and the number of mid-career hires at Capcom has grown to approximately 120 people. In terms of new graduate recruitment, in order to acquire even more talent, we intend to raise the starting salary of new graduates to 300 thousand yen per month from 2025, which is one of the highest in the domestic industry.

In terms of human resource development, we have been hiring more than 100 new graduates every year since 2013, and training them has been a major challenge. In response to this, our frontline operations are taking the lead in training and development, with initiatives such as mentor training for the early development of young employees, which saw an aggregate total of 1,000 development employees participating. In addition, management is also working to create an environment where employees can think independently and grow, such as promoting self-led online learning. We will continue to focus on training young employees so that they can take advantage of their youthful sensibilities while absorbing the valuable know-how of creators currently working on the frontline. In the process, we hope that they can become the next pillars of our game development.

Furthermore, in addition to assessments that encourage early selection of young employees for generalist career-track positions, we are also working on training to improve the management skills of newly appointed managers, with the aim of strengthening the core management layer of talent.

As we pursued these various measures in parallel, it became important to implement measures for development personnel, such as recruitment and

training in a unified manner rather than separately. To this end, in 2024 we established and announced CAPCOM-SHIP, a development personnel policy that clearly states the values and standards of behavior that development employees should share.



CAPCOM-SHIP development personnel policy

CAPCOM-SHIP was created through repeated discussions with employees from different generations and organizations. It sets out this common goal for all development staff: "Deliver Capcom-quality experiences to every corner of the world with unparalleled passion, originality, and teamwork." To achieve this goal, we have established three standards of behavior: "Creatorship (Creating Fun)", "Ownership (Engaging Others)", and "Fellowship (Striving Together)."

We are currently in the early stages of introducing CAPCOM-SHIP as a guideline for organizational management and team building. While created primarily by members directly involved in game development, management also believes this is an important set of values. We will continue to carefully work to spread it throughout the company so that it will become firmly established as part of our culture.

Revamping the work environment so that employees can maximize their abilities

In further expanding the number of development personnel in the future, it is important to create an environment in which human resources with diverse backgrounds, i.e., foreign nationals and employees who need to work shorter hours due to childcare or nursing care obligations, can fully maximize their abilities. To this end, we are developing a number of systems tailored to individual circumstances. For example, we have introduced measures for foreign national employees such as a special leave system so they can visit their home countries, as well as Japanese language learning. We have also opened an in-house daycare center in the Osaka area, conducted nursing care seminars, introduced a partnership system that more inclusively recognizes partners/spouses, and rolled out paid menstrual leave.

In addition to providing harassment and line care training for managers, we have also begun addressing

customer harassment, which has become a growing social concern in recent years. In this manner, we are promoting the creation of a workplace environment where employees can work with peace of mind. Furthermore, we are also working to reflect the voices of those at the forefront of our operations in our policies by conducting needs surveys for all employees and holding information sessions for employees led by management.

As a result of these measures, employee engagement has remained at a higher level, with a turnover rate that is less than the target of 3%.

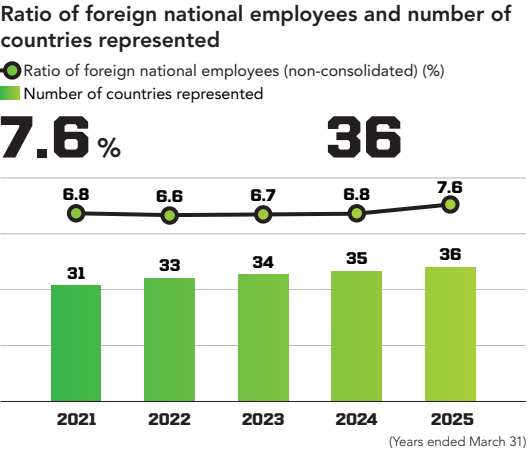
Future challenges and initiatives

Securing further human resources is more important than ever for the Group's sustainable growth. In recruiting new graduates, we intend to strengthen our ties with universities and vocational schools and promote human resource development through collaboration with educational institutions. One example is our collaboration with Kindai University, where we offer hands-on classes utilizing our proprietary game development engine, RE ENGINE. As part of our academic-industrial initiatives, we are hosting the Capcom Games Competition. This is a competition using RE ENGINE with the aim of quickly discovering and nurturing young creators capable of competing globally.

This competition not only allows participants to compete against each other, but also provides an opportunity for them to interact with our professional



Hands-on class for students using RE ENGINE

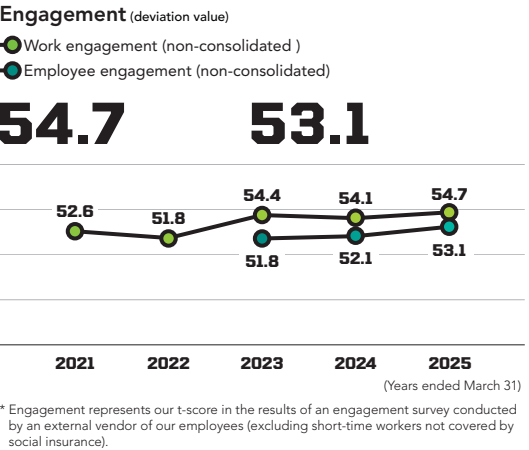


creators, thereby helping to improve their technical skills and creativity. Through these efforts, we hope to discover and develop the talent that will support our next generation of game development and further create opportunities for Capcom to meet talented people.

We also recognize that further improvement is needed in creating an environment where people with diverse backgrounds can demonstrate their abilities, as mentioned above. We currently have more than 200 foreign national employees from 36 countries and regions, but there are still the issues of gaps in work styles and language barriers.

Although we have achieved results to some extent in terms of eliminating the wage gap between men and women and increasing the rate of male employees taking childcare leave, these areas require further initiatives with an eye on the future. We have set a goal of improving the gender wage gap to at least 88%, which is the OECD average, and to raise the percentage of male employees taking childcare leave to at least 85% by fiscal 2028, which is the government's target for fiscal 2030. ➔ For details see p.75-84 Furthermore, for older employees nearing retirement, whose numbers are expected to increase in the future, we will support them in taking stock of their careers and planning their life before and after retirement through training and other means. In the process, we will encourage them to pass on their knowledge and skills to younger employees. I believe that it is necessary to establish a support system to enable these senior employees to play an active role as valuable assets even when they are rehired after retirement.

Currently, by producing results through the human resources investment strategy described above, we are creating a virtuous cycle for greater diversity within the company and increased employee engagement. As CHO, I will accelerate this cycle by discussing the issues identified by each personnel organization at the management level and presenting policies.



Financial Strategy

Further investing in user expansion and sustainable growth

Expanding each business segment while evolving profits and capital

Improving financial condition over the past decade

In the fiscal year ended March 31, 2025, operating profit for the Capcom Group increased for the 12th consecutive year, and we achieved record highs in all profit indicators for the eighth consecutive year. As shown in the following table (see p.36), over the past decade, operating profit has increased 6.2 times, net cash has increased 7.6 times, the operating margin has risen 22 points to 38.8%, and ROE for the most recent fiscal year was 23.0%, maintaining a level above 20% for the fifth consecutive year.

Factors behind this strong performance include Capcom's expanded sales reach into new countries and regions driven by our shift to bolster digital sales, our ability to tap into long-term sales of previously released catalog titles, and optimally-timed pricing strategies that factor in the age of our titles, which contributed to increased sales volume.

Additionally, manufacturing and sales costs for physical products also declined significantly, and efforts to rein in increases in expense items (cost of sales plus SG&A expenses) were even more successful than sales growth, resulting in a lower cost of sales ratio and a significant improvement in the operating margin.

Furthermore, the Arcade Operations and Amusement Equipments businesses have overcome their respective challenges and transitioned to a phase of stable growth, contributing to continued profitability and cash generation.

Net cash position

In recent years, Capcom has reviewed its employee compensation system and was able to increase net cash by 42.2 billion yen year over year at the end of fiscal 2024 despite also increasing total personnel costs. Cash is steadily accumulating due to the sustained 10% or better growth in annual operating profit in each of the last ten fiscal years.

In terms of business investment, we monitor and assess ROIC trends at both the consolidated level and for each major business, and over the last three years, consolidated ROIC remained over 50%, and ROIC for our three major business segments has also been improving. At the same time, we manage profitability by checking the ROI (operating profit divided by development investment) of individual titles. Our findings show that the ROI of each title is improving due to the growth of catalog title sales, contributing to our increasing cash position.

Furthermore, given our high equity ratio and low debt, we place importance on ROE. As of the fiscal year ended March 31, 2025, our ROE stood at 23.0%, compared to a CAPM cost of shareholders' equity of 7.3%, ensuring a stable equity spread.

Bolstering investment for sustainable growth

As net cash increases, the Group's options for business reinvestment to achieve sustainable growth are expanding. Going forward, deciding where and how to invest will become an even more important management decision than ever before.

As risks increase due to changes in the business environment, we are focusing on balancing the following three elements when utilizing cash: 1) business reinvestment, 2) returns to shareholders, and 3) employee compensation. Please refer to my earlier discussion of our human resources strategy for our efforts regarding (3) employee compensation.

Cash utilization: current situation of reinvesting in our businesses

In addition to direct investment for business expansion, business reinvestment also includes spending money to improve the working environment for employees and benefit programs that contribute to higher productivity as well as sales expansion measures utilizing sales promotion expenses. These are important means of utilizing cash to support sustainable growth, and we view each as an important part of the Group's medium- to long-term growth strategy.

Addressing increased investment in development

In recent years, our investment in development has increased with each passing year, growing 1.9 times over the past decade. These investments are expected to exceed 50.0 billion yen in our fiscal 2025 plan. Although our development team is working tirelessly to improve the efficiency and productivity of title development, we still believe that higher investment inputs for development of titles is inevitable given the need to increase user satisfaction and respond to the increasing technical capabilities of gaming devices.

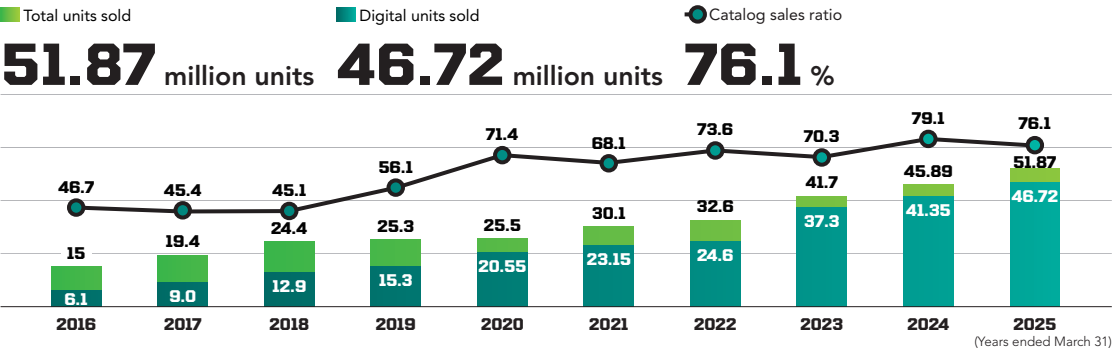
In addition to managing development based on the conventional 60-month map, we are strengthening our investment management by creating a medium- to long-term lineup that includes additional content and checking its progress. When starting production of a title, we consider the scale of development by referencing past sales data, and the process involves application and then approval. Within this, we use the medium- to long-term lineup and title-specific ROI and ROIC management as primary benchmarks. In turn, we formulate sales plans in conjunction with the scale of investment.

We recognize that this investment management is not just about control, but is also an essential initiative for expanding our lineup to support sustainable growth. Even as we increase our investment in development, operating profit per employee has steadily risen, and we view our continued growth as a company as one of our achievements.

Consolidated statements of income items

	2015/3	2020/3	2025/3	Compared to 2015/3	Compared to 2020/3
Net Sales (million yen)	64,277	81,591	169,604	263.9%	207.9%
Operating profit (million yen)	10,582	22,827	65,777	621.6%	288.2%
Operating margin (%)	16.5%	28.0%	38.8%	+22.3pts	+10.8pts
Net profit (million yen)	6,616	15,949	48,453	732.4%	303.8%
ROE (return on equity) (%)	9.8%	16.9%	23.0%	+13.2pts	+6.1pts

Total game software sales and catalog sales ratio (Million, %)



■ Addressing the need for more office space for development teams

Based on our human resources investment strategy, the pace at which the Group’s headcount is rising has continued to increase by about 150 every year, reaching a level 1.4 times that of 10 years ago, and 1.2 times that of 5 years ago. Of particular note, we have increased the number of our developers from 2,460 people in the fiscal year ended March 2023, to 2,846 people in the fiscal year ended March 2025,



New building adjacent to headquarters under construction (scheduled for completion in 2027)

an increase of 386 people (approximately 15%) over the past three years. We are thus faced with the issue of our current office space nearing capacity and are quickly working to address this.

We are currently constructing a new building north of our Head Office, which is an example of how we are steadily improving our work environment in anticipation of a medium- to long-term increase in personnel. We aim to secure space that can accommodate the expansion of our development team over the next 10 years and investment in business assets will continue to be one of our most important line items.

■ M&A opportunities

We are also investing in M&A to ensure that we consistently provide new title content, expecting that these deals will strengthen our development capabilities.

We have acquired two development-related companies since fiscal 2023 (making them subsidiaries) in an effort to expand our development system. Since time is required to train creators, we are stepping up mid-career recruitment and at the same time, actively considering M&A deals that will provide personnel who can produce immediate results.

Furthermore, in order to respond to the diversification of user play styles and technological advances, we believe that the introduction of new technologies, including AI, is essential to strengthening our development capabilities going forward. We will continue to investigate this as an initiative that may help to improve development efficiency as well as the expressiveness of our content.

■ Initiatives for market expansion: utilizing movies and other content

In order to continue sustainable growth, we need to penetrate our brand throughout the world and expand our user base. As part of this, we are actively promoting investment in licensing and film productions that utilize our IP. In the area of film, especially, we expect that the scale of investment will expand in the future. By actively participating in the movie planning and production stages, Capcom’s development team aims to further enhance our brand value.

We are already seeing results from the synergies between anime productions and game sales, creating a virtuous cycle that both increases awareness of IP and promotes sales. As a result, the scale of our marketing activities is growing, and we are making progress in creating opportunities for users to come into contact with our IP through a variety of channels.

Furthermore, appropriate marketing that takes into account the characteristics of each country and region is essential to brand penetration. Therefore, we continue to invest in strengthening our human resources and organizational structure, as well as in building systems and networks to better understand user trends.

Regarding dividends for the fiscal year ending March 31, 2026, we plan to pay an annual dividend of 40 yen (dividend payout ratio of 32.8%) to return profits to shareholders.

Our stock price has grown steadily in proportion to the increase in net profit over time, resulting in steady progress in the enhancement of corporate value.

Looking ahead, we will continue to strive to meet and exceed the expectations of our shareholders and investors while maintaining a dialogue with them.

In closing

As I have stated, we believe that it is “people” who support the game business, and that human capital is the driving force behind our growth. By advancing this human resources strategy in conjunction with our financial strategy, we will be able to directly maximize our corporate value. In this way, by continuing to invest in human capital and strengthening the financial base that supports it, the Group will seek out the sustainable enhancement of corporate value over the next decade.

Returning profits to shareholders

Based on our basic policy on shareholder returns, we strive to provide regular dividend payouts. We will also maintain watch over our stock price trends and how the market understands our management strategies, and flexibly buyback shares according to the situation.

Consolidated balance sheet items

	2015/3	2020/3	2025/3	Compared to 2015/3	Compared to 2020/3
Cash and deposits (million yen)	32,204	65,657	166,783	517.9%	254.0%
Interest-bearing debt (million yen)	10,992	6,735	6,591	60.0%	97.9%
Net cash (million yen)	21,212	58,921	160,192	755.2%	271.9%

R&D investment and productivity

	2015/3	2020/3	2025/3	Compared to 2015/3	Compared to 2020/3
Number of employees (consolidated)	2,681	2,988	3,766	140.5%	126.0%
Annual R&D investment (million yen)	25,301	25,843	49,496	195.6%	191.5%
ROI (operating profit / R&D investment) (%)	41.8%	88.3%	132.9%	+91.1pts	+44.6pts
Operating profit per employee (consolidated) (thousand yen)	3,947	7,639	17,466	442.5%	228.6%

Shareholder returns

	2015/3	2020/3	2025/3	Compared to 2015/3	Compared to 2020/3
Net profit (million yen)	6,616	15,949	48,453	732.4%	303.8%
Fiscal year end stock price (adjusted closing price) (yen)	298.63	847.50	3,664.00	1226.9%	432.3%
Dividend per share (adjusted) (yen)	10.0	22.5	40.0	400.0%	177.8%
Dividend payout ratio (%)	34.0	30.1	34.5	+0.5pts	+4.4pts

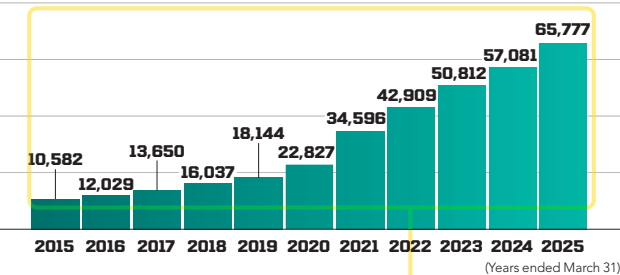
* The stock was split on a basis of two shares for every share of common stock on April 1, 2018, April 1, 2021, and April 1, 2024.

Financial Highlights

Operating Profit / Operating Margins

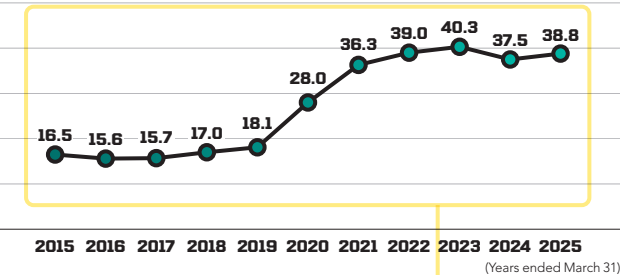
Operating Profit (million yen)

65,777 million yen
15.2% UP↑



Operating Margins (%)

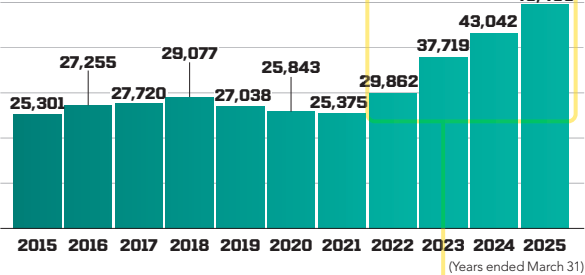
38.8%
1.3points UP↑



In the fiscal year ended March 2011, we promoted profit structure reforms aimed at more efficient development investment. We promoted business restructuring by transitioning to in-house production and strengthened our digital sales strategy in response to rapid changes in the market beginning in the fiscal year ended March 2013. As a result, since the fiscal year ended March 31, 2014, we have promoted digital and global strategies in the Consumer sub-segment and focused on expanding profitable catalog sales, leading to 12 consecutive years of increased operating profit. In the fiscal year ended March 31, 2025, catalog sales of the *Monster Hunter* series continued to grow thanks to coordinating promotions with *Monster Hunter Wilds*. The game became a huge hit, selling over 10 million units in the first month alone after its release. We increased profit 15.2% over the previous fiscal year, marking our eighth consecutive year of record operating profit.

R&D Investment Costs (million yen)

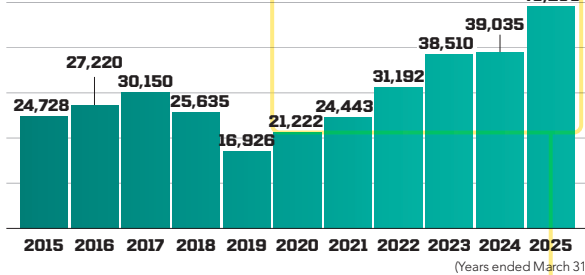
49,496 million yen
15.0% UP↑



Approximately 90% of our investments in R&D are allocated to the Digital Contents business, which is our source of growth. Aiming for sustainable growth, we have actively been investing in our people and growing our title pipeline since 2022. While R&D investment costs per title is trending upwards as hardware becomes more advanced, we will increase efficiency by building a cutting-edge development environment and improving personnel utilization rates, while also thoroughly managing costs.

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

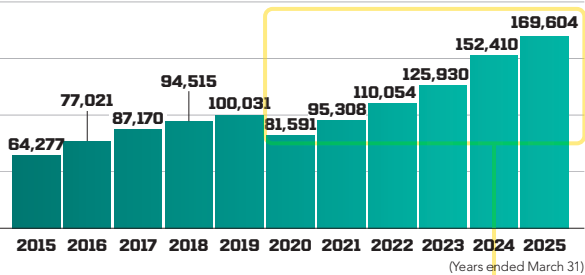
49,209 million yen
26.0% UP↑



Work-in-progress for game software trended upward for a time beginning in the fiscal year ended March 2015, buoyed by the expansion of our pipeline; however, in the fiscal year ended March 2019, it fell significantly due to the release of major titles, as well as the closure of overseas offices and revaluation of assets. From the fiscal year ended March 2020, it has continued to increase gradually as we aim to increase the release of high-quality, major titles that will support sustainable growth in the future based on our long-term sales plan.

Net Sales (million yen)

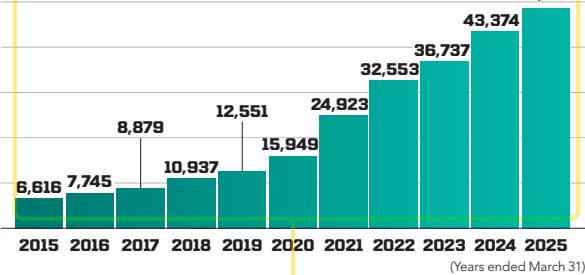
169,604 million yen
11.3% UP↑



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 Profit Attributable to Owners of the Parent (million yen)

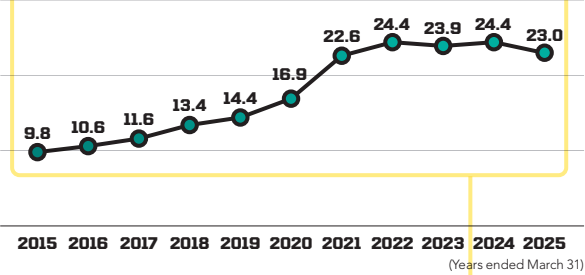
48,453 million yen
11.7% UP↑



Beginning in the fiscal year ended March 2015, the benefits of the structural reforms implemented prior to that point materialized, with net profit going on to increase for 12 consecutive years, in step with operating profit. This demonstrated the establishment of our business model for creating a sustainable profit base even within a hit-driven market environment.

Return on Equity (ROE) (%)

23.0%
1.4points DOWN↓

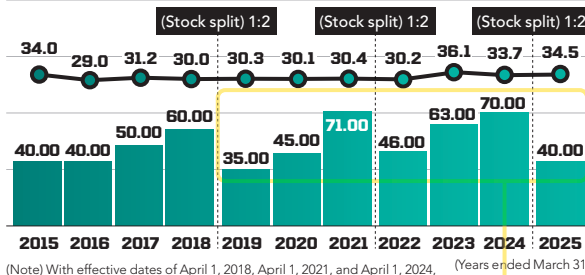


In the fiscal year ended March 2014, ROE was lower due to decreases in net profit from the recognition of special losses on restructuring and business restructuring expenses. However, from the fiscal year ended March 2015, we have maintained a high ROE level following the elimination of special losses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

Dividend per Share / Dividend Payout Ratio

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

40.0 yen **34.5%**
14.3% UP↑ **0.8points UP↑**



(Note) With effective dates of April 1, 2018, April 1, 2021, and April 1, 2024, Capcom performed 2-for-1 stock splits of its common stock. For the years ended March 2018 and earlier, the years ended March 2021 and earlier, and the years ended March 2024 and earlier, dividends paid show the actual amounts prior to the stock splits.

Since the fiscal year ended March 2017, the dividend policy was changed from Capcom's long-standing policy of maintaining stable dividends to striving for a consolidated payout ratio of 30% and stable dividends. As stock splits were carried out in the fiscal years ended March 2019, March 2022, and March 2024, dividend amounts have been adjusted according to the split ratios, but actual dividends paid increased, and we have maintained our unbroken record of paying out dividends since listing publicly.