

**Consolidated financial results for the 3 months  
of the fiscal year ending March 31, 2023 (Japan GAAP - Unaudited)**

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 Code number: 9697  
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 Stock listing: Tokyo  
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Dividend payment date: —

Note: Numbers are rounded down to the nearest 1 million yen.

1. Results for 3 months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(1) Financial results

Note: Percentage represents change from the same period of the previous fiscal year.

|                              | Net sales   |        | Operating income |        | Ordinary income |        | Net income attributable to owners of the parent |        |
|------------------------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
|                              | million yen | %      | million yen      | %      | million yen     | %      | million yen                                     | %      |
| 3 months ended June 30, 2022 | 25,232      | (47.9) | 12,061           | (48.9) | 12,803          | (46.4) | 9,007   | (48.1) |
| 3 months ended June 30, 2021 | 48,423      | 104.1  | 23,604           | 120.4  | 23,899          | 125.0  | 17,340  | 121.9  |

Note: Comprehensive income: 3 months ended June 30, 2022: 11,963 million yen (-31.3%) 3 months ended June 30, 2021: 17,421 million yen (122.2%)

|                              | Earnings per share | Diluted earnings per share |
|------------------------------|--------------------|----------------------------|
|                              | yen                | yen                        |
| 3 months ended June 30, 2022 | 42.19              | —                          |
| 3 months ended June 30, 2021 | 81.22              | —                          |

(2) Financial position

|                                 | Total assets | Net assets  | Shareholders' equity ratio |
|---------------------------------|--------------|-------------|----------------------------|
|                                 | million yen  | million yen | %                          |
| 1st quarter ended June 30, 2022 | 194,768      | 152,461     | 78.3                       |
| Year ended March 31, 2022       | 187,365      | 146,475     | 78.2                       |

Reference: Shareholders' equity: 1st quarter ended June 30, 2022: 152,461 million yen Year ended March 31, 2022: 146,475 million yen

2. Dividends

| Record date                           | Dividend per share |                 |                 |          |        |
|---------------------------------------|--------------------|-----------------|-----------------|----------|--------|
|                                       | 1st quarter-end    | 2nd quarter-end | 3rd quarter-end | Year-end | Annual |
| Year ended March 31, 2022             | —                  | 18.00           | —               | 28.00    | 46.00  |
| Year ending March 31, 2023            | —                  |                 |                 |          |        |
| Year ending March 31, 2023 (Forecast) |                    | 23.00           | —               | 23.00    | 46.00  |

Note: Changes in dividends forecast during the 3 months ended June 30, 2022 : No

3. Earnings forecast for the fiscal year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

Note: Percentage represents change from the same period of the previous fiscal year.

|                            | Net sales   |     | Operating income |      | Ordinary income |     | Net income attributable to owners of the parent |     | Earnings per share |
|----------------------------|-------------|-----|------------------|------|-----------------|-----|---|-----|--------------------|
|                            | million yen | %   | million yen      | %    | million yen     | %   | million yen                                     | %   | yen                |
| Year ending March 31, 2023 | 120,000     | 9.0 | 48,000           | 11.9 | 48,000          | 8.3 | 34,500  | 6.0 | 165.21             |

Note: Changes in earnings forecast during the 3 months ended June 30, 2022 : No

## Notes

- (1) Changes in significant consolidated subsidiaries during the period: No  
(2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes

Note: Please refer to "2. Summary of consolidated financial statements (4) Notes to consolidated financial statements

(Application of special accounting treatment for preparation of quarterly financial statements)" on page 9 for more details.

- (3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

- ① Changes in accounting principles resulting from amendment of the accounting standard: Yes  
② Changes in accounting principles other than ①: No  
③ Changes in accounting estimates: No  
④ Retrospective restatement: No

- (4) Number of shares outstanding (Common stock):

- ① Number of shares outstanding (including treasury stock)

|                                  |             |                            |             |
|----------------------------------|-------------|----------------------------|-------------|
| 1st quarter ended June 30, 2022: | 270,892,976 | Year ended March 31, 2022: | 270,892,976 |
|----------------------------------|-------------|----------------------------|-------------|

- ② Number of treasury stock

|                                  |            |                            |            |
|----------------------------------|------------|----------------------------|------------|
| 1st quarter ended June 30, 2022: | 57,393,862 | Year ended March 31, 2022: | 57,393,792 |
|----------------------------------|------------|----------------------------|------------|

- ③ Average number of shares outstanding

|                                  |             |                                  |             |
|----------------------------------|-------------|----------------------------------|-------------|
| 1st quarter ended June 30, 2022: | 213,499,146 | 1st quarter ended June 30, 2021: | 213,499,484 |
|----------------------------------|-------------|----------------------------------|-------------|

Note: The number of treasury stock at the end of the first quarter and the number of treasury stock deducted when calculating the average number of shares outstanding during the first quarter include the Company's shares held by the Stock Grant ESOP trust.

(Explanation about the appropriate usage of business prospects and other special notes)

- The above-mentioned business forecasts were based on the information available as of the date of the release of this report.
- Future events may cause the actual results to be significantly different from the forecasts.
- Please refer to "1. Operating results overview (3) Qualitative information regarding the consolidated business forecasts" on page 3 for more details.

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## 1. Operating results overview

### (1) Operating results for the period under review

During the three months ended June 30, 2022, the Company actively pursued growth investments focused on enhancing digital sales to respond to the ever evolving and expanding global market. Moreover, with the aim of enhancing corporate value, the Company implemented specific policies for its Human Resources investment strategy, which is one of management's priorities, such as reorganizing its Human Resources operations, establishing the new post of Chief Human Resources Officer (CHO), and revising its compensation system in order to further the steady, sustainable growth of the Company.

Guided by this management policy, the Company increased its sales volume in the global market through the launch of a major new title in its flagship series and the continued pursuit of digital catalog titles sales, focusing on enhancing the value of its content in its core Digital Contents business. The Company also made efforts to steadily increase earnings by reinforcing the use of these major brands in films, licensed products and in eSports, as well as in its Arcade Operations and Amusement Equipments businesses.

As a result, although there was a year-over-year decline due to sales of multiple major titles in the Digital Contents business in the same period of the previous fiscal year, for the three months ended June 30, 2022, consolidated net sales were 25,232 million yen (down 47.9% year-over-year). In terms of profitability, operating income was 12,061 million yen (down 48.9% year-over-year), ordinary income was 12,803 million yen (down 46.4% year-over-year), and net income attributable to the owners of the parent was 9,007 million yen (down 48.1% year-over-year).

### Status of business by operating segment

#### ① Digital Contents business

In this business segment, *Monster Hunter Rise: Sunbreak* (for Nintendo Switch, PC), a massive premium expansion for *Monster Hunter Rise*, was released at the end of June. Its quicker action and unique new monsters and environments garnered positive reviews and steady, global popularity, leading the game to make a strong start with sales of 2 million units, which contributed significantly to earnings. Additionally, sales of *Monster Hunter Rise* (released in March 2021) have exceeded 10 million units worldwide, which was achieved through a variety of measures including ongoing free content updates, the launch of a PC version, as well as the release of a set that includes *Monster Hunter Rise: Sunbreak*.

Moreover, in June the Company held the "Capcom Showcase"—a global livestream digital event during which it introduced the latest information on its major titles for this fiscal year as well as upcoming new titles—to gain wider recognition for its brands and acquire new fans. This, in conjunction with the synergetic effects of discount selling, helped boost profits with expanded catalog title sales, mainly for past series titles.

As a result, although there was a year-over-year decline due to sales of multiple major titles in the same period of the previous fiscal year, net sales were 19,860 million yen (down 54.8% year-over-year) and operating income was 12,541 million yen (down 48.7% year-over-year).

#### ② Arcade Operations business

In this business segment, both sales and profits increased compared to the same quarter of the previous fiscal year. This was due to a recovery in the number of customers visiting stores following the complete lifting of the semi-state of emergency COVID-19 measures in March this year, as well as the effect of efficient operations at existing stores and the

opening of new stores in new business categories in an effort to expand earnings.

The Crazy Banet store opened at Aeon Mall in Tokoname (Aichi Prefecture) in April of the first quarter of this fiscal year, taking the number of stores to 43.

The resulting net sales were 3,286 million yen (up 37.5% year-over-year) and operating income was 186 million yen (operating loss in the same term of the previous fiscal year was 63 million yen).

### ③ Amusement Equipments business

In this business segment, a new model titled *Gekka Miyabi* was launched in April and performed well despite the challenging market environment. In addition, *Resident Evil 7 biohazard*, which was released in February 2021, continued to enjoy a long run in the market, contributing via catalog sales.

The resulting net sales were 649 million yen (down 49.3% year-over-year) and operating income was 270 million yen (up 11.1% year-over-year).

### ④ Other Businesses

In Other Businesses, the Company continued to focus on pursuing movie and television adaptations of its major IP and developing character merchandise to increase the brand value of its titles.

The Company has also been pursuing the expansion of the global esports fan base. Fierce competitions unfolded in 124 countries across 19 regions worldwide following the May launch of CAPCOM Pro Tour 2022, an online esports competition.

The resulting net sales were 1,435 million yen (up 72.5% year-over-year) and operating income was 818 million yen (up 69.7% year-over-year).

## (2) Overview of the consolidated financial position for the period under review

Total assets as of the end of the first quarter increased by 7,403 million yen from the end of the previous fiscal year to 194,768 million yen. The primary increases were 10,259 million yen in accounts receivable - trade and 4,697 million yen in work in progress for game software. The primary decrease was 9,163 million yen in cash on hand and in banks.

Total liabilities as of the end of the first quarter increased by 1,417 million yen from the end of the previous fiscal year to 42,307 million yen. The primary increase was 4,129 million yen in deferred revenue. The primary decrease was 2,603 million yen in accrued income taxes.

Net assets as of the end of the first quarter increased by 5,985 million yen from the end of the previous fiscal year to 152,461 million yen. The primary increases were 9,007 million yen in quarterly net income attributable to owners of the parent and 2,996 million yen in cumulative translation adjustments. The primary decrease was 5,977 million yen in dividends from retained earnings.

## (3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results for the current fiscal year ending March 31, 2023, remains the same as what was projected at the financial results announcement on May 11, 2022.

## 2. Summary of consolidated financial statements

### (1) Consolidated balance sheets

(million yen)

|  | Previous fiscal year<br>(March 31, 2022) | Current fiscal year<br>(June 30, 2022) |
|--|--|--|
| <b>Assets</b>  |  |  |
| Current assets   |  |  |
| Cash on hand and in banks                              | 107,262                                  | 98,099                                 |
| Notes receivable - trade                               | 528                                      | 449                                    |
| Accounts receivable - trade                            | 7,404                                    | 17,664                                 |
| Merchandise and finished goods                         | 1,378                                    | 1,205                                  |
| Work in progress                                       | 819                                      | 771                                    |
| Raw materials and supplies                             | 198                                      | 255                                    |
| Work in progress for game software                     | 31,192                                   | 35,890                                 |
| Other  | 2,536                                    | 3,681                                  |
| Allowance for doubtful accounts                        | (8)                                      | (2)                                    |
| Total current assets                                   | 151,312                                  | 158,014                                |
| Fixed assets   |  |  |
| Tangible fixed assets, net of accumulated depreciation |  |  |
| Buildings and structures, net                          | 10,485                                   | 10,402                                 |
| Other, net   | 10,720                                   | 12,363                                 |
| Total tangible fixed assets                            | 21,206                                   | 22,765                                 |
| Intangible assets                                      | 1,747                                    | 1,648                                  |
| Investments and other assets                           |  |  |
| Other  | 13,124                                   | 12,365                                 |
| Allowance for doubtful accounts                        | (25)                                     | (25)                                   |
| Total investments and other assets                     | 13,099                                   | 12,339                                 |
| Total fixed assets                                     | 36,053                                   | 36,754                                 |
| Total assets   | 187,365                                  | 194,768                                |

(million yen)

|   | Previous fiscal year<br>(March 31, 2022) | Current fiscal year<br>(June 30, 2022) |
|---|--|--|
| <b>Liabilities</b>                                    |  |  |
| <b>Current liabilities</b>                            |  |  |
| Notes and accounts payable - trade                    | 2,325                                    | 1,552                                  |
| Electronically recorded monetary liabilities          | 1,276                                    | 998                                    |
| Current portion of long-term borrowings               | 626                                      | 626                                    |
| Accrued income taxes                                  | 6,010                                    | 3,406                                  |
| Accrued bonuses                                       | 4,014                                    | 3,181                                  |
| Deferred income                                       | 8,932                                    | 13,062                                 |
| Other   | 7,557                                    | 7,993                                  |
| <b>Total current liabilities</b>                      | <b>30,742</b>                            | <b>30,821</b>                          |
| <b>Long-term liabilities</b>                          |  |  |
| Long-term borrowings                                  | 4,252                                    | 4,252                                  |
| Liabilities for retirement benefits for employees     | 3,802                                    | 3,913                                  |
| Reserve for stock benefits                            | —  | 261                                    |
| Other   | 2,092                                    | 3,059                                  |
| <b>Total long-term liabilities</b>                    | <b>10,147</b>                            | <b>11,486</b>                          |
| <b>Total liabilities</b>                              | <b>40,890</b>                            | <b>42,307</b>                          |
| <b>Net assets</b>                                     |  |  |
| <b>Shareholders' equity</b>                           |  |  |
| Common stock  | 33,239                                   | 33,239                                 |
| Capital surplus                                       | 21,329                                   | 33,235                                 |
| Retained earnings                                     | 117,661                                  | 120,691                                |
| Treasury stock  | (27,464)                                 | (39,370)                               |
| <b>Total shareholders' equity</b>                     | <b>144,765</b>                           | <b>147,795</b>                         |
| <b>Accumulated other comprehensive income</b>         |  |  |
| Net unrealized gain or loss on securities, net of tax | 100                                      | 89                                     |
| Cumulative translation adjustments                    | 1,889                                    | 4,886                                  |
| Accumulated adjustments for retirement benefits       | (279)                                    | (309)                                  |
| <b>Total accumulated other comprehensive income</b>   | <b>1,710</b>                             | <b>4,665</b>                           |
| <b>Total net assets</b>                               | <b>146,475</b>                           | <b>152,461</b>                         |
| <b>Total liabilities and net assets</b>               | <b>187,365</b>                           | <b>194,768</b>                         |

## (2) Consolidated statements of income and comprehensive income

## Consolidated statements of income

(million yen)

|   | Previous 3 months<br>April 1, 2021<br>to June 30, 2021 | Current 3 months<br>April 1, 2022<br>to June 30, 2022 |
|---|--|---|
| Net sales                                       | 48,423   | 25,232  |
| Cost of sales                                   | 19,938   | 8,793   |
| Gross profit                                    | 28,484   | 16,439  |
| Selling, general and administrative expenses    | 4,880  | 4,378   |
| Operating income                                | 23,604   | 12,061  |
| Non-operating income                            |  |   |
| Interest income                                 | 6  | 16  |
| Dividend income                                 | 10   | 11  |
| Exchange gain, net                              | 151  | 727   |
| Gain on liquidation of subsidiaries             | 103  | —   |
| Other   | 55   | 17  |
| Total non-operating income                      | 327  | 773   |
| Non-operating expenses                          |  |   |
| Interest expense                                | 14   | 10  |
| Other   | 18   | 21  |
| Total non-operating expenses                    | 32   | 31  |
| Ordinary income                                 | 23,899   | 12,803  |
| Special gains                                   |  |   |
| Gain on sales and /or disposal of fixed assets  | —  | 1   |
| Total special gains                             | —  | 1   |
| Special losses                                  |  |   |
| Loss on sales and /or disposal of fixed assets  | 0  | —   |
| Total special losses                            | 0  | —   |
| Net income before income taxes                  | 23,898   | 12,805  |
| Income taxes - current                          | 5,999  | 3,091   |
| Income taxes - deferred                         | 558  | 706   |
| Total income taxes                              | 6,557  | 3,797   |
| Net income                                      | 17,340   | 9,007   |
| Net income attributable to owners of the parent | 17,340   | 9,007   |

## Consolidated statements of comprehensive income

(million yen)

|   | Previous 3 months<br>April 1, 2021<br>to June 30, 2021 | Current 3 months<br>April 1, 2022<br>to June 30, 2022 |
|---|--|---|
| Net income  | 17,340   | 9,007   |
| Other comprehensive income                            |  |   |
| Net unrealized gain or loss on securities, net of tax | (20)   | (11)  |
| Cumulative translation adjustments                    | 93   | 2,996   |
| Adjustments for retirement benefits                   | 7  | (30)  |
| Total other comprehensive income                      | 80   | 2,955   |
| Comprehensive income                                  | 17,421   | 11,963  |
| Comprehensive income attributable to:                 |  |   |
| Owners of the parent                                  | 17,421   | 11,963  |
| Non-controlling interests                             | —  | —   |

## (3) Consolidated statements of cash flows

(million yen)

|  | Previous fiscal year<br>April 1, 2021<br>to June 30, 2021 | Current fiscal year<br>April 1, 2022<br>to June 30, 2022 |
|--|---|--|
| Cash flows from operating activities                         |   |  |
| Net income before income taxes                               | 23,898  | 12,805   |
| Depreciation and amortization                                | 622   | 774  |
| Change in allowance for doubtful accounts                    | (14)  | (5)  |
| Change in accrued bonuses                                    | (1,051)   | (849)  |
| Change in provision for share-based remuneration             | —   | 261  |
| Interest and dividend income                                 | (16)  | (28)   |
| Interest expense   | 14  | 10   |
| Exchange (gain) loss, net                                    | (48)  | (721)  |
| Loss on sales and/or disposal of fixed assets                | 0   | (1)  |
| Change in notes and accounts receivable - trade              | 10,673  | (10,178)   |
| Change in inventories  | 848   | 171  |
| Change in work in progress for game software                 | 5,023   | (4,693)  |
| Change in notes and accounts payable - trade                 | (798)   | (1,110)  |
| Change in deferred revenue                                   | 1,492   | 3,840  |
| Other  | (8)   | (642)  |
| Subtotal   | 40,635  | (366)  |
| Interest and dividends received                              | 22  | 28   |
| Interest paid  | (9)   | (6)  |
| Income taxes paid  | (6,348)   | (5,177)  |
| Net cash provided by operating activities                    | 34,300  | (5,522)  |
| Cash flows from investing activities                         |   |  |
| Payments into time deposits                                  | (7,134)   | (8,333)  |
| Proceeds from withdrawal of time deposits                    | 7,134   | 8,333  |
| Payments for acquisitions of tangible fixed assets           | (1,518)   | (1,281)  |
| Proceeds from sales of tangible fixed assets                 | —   | 4  |
| Payments for acquisitions of intangible fixed assets         | (546)   | (88)   |
| Other  | (2)   | 1  |
| Net cash used in investing activities                        | (2,067)   | (1,363)  |
| Cash flows from financing activities                         |   |  |
| Payments for repurchase of treasury stock                    | (1)   | (0)  |
| Dividends paid by parent company                             | (4,910)   | (5,978)  |
| Other  | (114)   | (248)  |
| Net cash used in financing activities                        | (5,027)   | (6,226)  |
| Effect of exchange rate changes on cash and cash equivalents | 182   | 2,591  |
| Net change in cash and cash equivalents                      | 27,388  | (10,521)   |
| Cash and cash equivalents at beginning of year               | 64,043  | 95,635   |
| Cash and cash equivalents at end of quarter                  | 91,431  | 85,114   |

(4) Notes to consolidated financial statements

(Going concern assumptions)

Not applicable

(Material changes in shareholders' equity)

In accordance with a resolution of the Board of Directors on May 13, 2022, the Company disposed of 4,000,000 shares of treasury stock through a third-party allotment, following the introduction of an Employee Stock Ownership Plan (ESOP). The third-party, The Master Trust Bank of Japan, Ltd. (ESOP account no. 76744), acquired 4,000,000 shares of treasury stock on June 17, 2022. The Company's shares remaining in the trust have been booked as treasury stock. For the cumulative consolidated 3 months ended June 30, 2022, this has resulted in increases of 11,905 million yen in capital surplus and treasury stock, respectively. At the end of the first quarter of the fiscal year, capital surplus was 33,235 million yen and treasury stock was 39,370 million yen.

(Application of special accounting treatment for preparation of quarterly financial statements)

(Calculation of income taxes)

Income taxes for subsidiaries are calculated by multiplying the net income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Change in accounting standard)

(Adoption of ASU2016-02 Leases)

Overseas subsidiaries adopting U.S. GAAP have adopted ASU2016-02 Leases (February 25, 2016) from the beginning of the first quarter of the consolidated fiscal year.

Due to the adoption, the Company principally recognizes assets and liabilities of leases as a lessee. In applying this accounting principle, the Company has adopted a method, which is permitted as a transitional measure, where the cumulative effect of adopting the principle is recognized at the date of application.

As a result, the Company has recognized Tangible fixed assets (Other, net) of 1,278 million yen, Current liabilities (Other) of 394 million yen and Long-term liabilities (Other) of 869 million yen on the Consolidated balance sheet for the first quarter of the fiscal year.

The impact on the Consolidated statements of income for the first quarter of the fiscal year is minor.

(Segment Information)

1 Previous 3 months (From April 1, 2021 to June 30, 2021)

Information on net sales and operating income (loss)

|                         |               | Reportable segment  |                      |                         |        | Other<br>(Note 1) | Total  | Adjustment<br>(Note 2) | Consolidated<br>total (Note 3) |
|-------------------------|---------------|---------------------|----------------------|-------------------------|--------|-------------------|--------|------------------------|--------------------------------|
|                         |               | Digital<br>Contents | Arcade<br>Operations | Amusement<br>Equipments | Total  |                   |        |                        |                                |
| Net sales               |               |                     |                      |                         |        |                   |        |                        |                                |
| (1)                     | Customers     | 43,918              | 2,389                | 1,282                   | 47,591 | 832               | 48,423 | —                      | 48,423                         |
| (2)                     | Inter-segment | —                   | —                    | —                       | —      | —                 | —      | —                      | —                              |
| Total                   |               | 43,918              | 2,389                | 1,282                   | 47,591 | 832               | 48,423 | —                      | 48,423                         |
| Operating income (loss) |               | 24,455              | (63)                 | 243                     | 24,635 | 482               | 25,117 | (1,512)                | 23,604                         |

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. Adjustments of operating income (loss) of -1,512 million yen include unallocated corporate operating expenses of -1,512 million yen.

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Operating income (loss) for segments are adjusted on operating income of the consolidated statements of income.

II Current 3 months (From April 1, 2022 to June 30, 2022)

Information on net sales and operating income (loss)

(million yen)

|                         | Reportable segment  |                      |                         |        | Other<br>(Note 1) | Total  | Adjustment<br>(Note 2) | Consolidated<br>total (Note 3) |
|-------------------------|---------------------|----------------------|-------------------------|--------|-------------------|--------|------------------------|--------------------------------|
|                         | Digital<br>Contents | Arcade<br>Operations | Amusement<br>Equipments | Total  |                   |        |                        |                                |
| Net sales               |                     |                      |                         |        |                   |        |                        |                                |
| (1) Customers           | 19,860              | 3,286                | 649                     | 23,797 | 1,435             | 25,232 | —                      | 25,232                         |
| (2) Inter-segment       | —                   | —                    | —                       | —      | —                 | —      | —                      | —                              |
| Total                   | 19,860              | 3,286                | 649                     | 23,797 | 1,435             | 25,232 | —                      | 25,232                         |
| Operating income (loss) | 12,541              | 186                  | 270                     | 12,998 | 818               | 13,817 | (1,755)                | 12,061                         |

(Note) 1. "Other" incorporates operations not included in reportable segments, including the Character Contents business etc.

2. Adjustments of operating income (loss) of -1,755 million yen include unallocated corporate operating expenses of -1,755 million yen.

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Operating income (loss) for segments are adjusted on operating income of the consolidated statements of income.

(Additional Information)

(Accounting estimate for the impact of the COVID-19 pandemic)

There is no significant change in the assumption of the time required to bring COVID-19 under control from what was stated in "Additional information" in the annual securities report for the previous fiscal year.

(Establishment of Stock Grant ESOP Trust)

In June 2022, the Company established a Stock Grant ESOP trust as an employee incentive plan (the Plan, below) for its permanent employees (excludes employees not living in Japan; eligible employees, below).

1. Overview

The Company established the Plan with the aim of increasing employee motivation and interest in contributing to the enhancement of earnings.

Under the Plan, the Company established a Stock Grant ESOP (Employee Stock Ownership Plan) trust (the ESOP Trust, below).

The ESOP Trust is an employee incentive plan similar to ESOP plans in the U.S. and will grant the Company's stock that has been acquired by the ESOP Trust to eligible employees who have satisfied certain requirements, based on predetermined stock transfer rules.

Further, the Company will provide all funds for acquisition of the aforementioned stock by the ESOP Trust, so none of the cost falls upon the eligible employees.

The Company anticipates that by establishing the ESOP Trust eligible employees will be able to reap the economic benefits of increases in the value of the Company's stock, resulting in increased workplace motivation while at the same time enhancing work performance for those employees who will take an interest in the Company's share price.

Further, voting rights for the Company's stock held in the ESOP Trust will be exercised within a structure that reflects the will of eligible employees who are candidate beneficiaries, and is an effective way to improve corporate value by promoting participation in management planning.

2. The Company's Stock that Remains in the Trust

The Company's stock that remains in the Trust is recorded as Treasury stock in net assets linked to the book value of the Trustee (excluding transaction costs). Total book value and class and number of shares at the end of the current 3 months are 13,820 million yen and 4,000,000 shares of the Company's common stock, respectively.

(Changes in the presentation method)

Previously, variable profit-linked bonuses for R&D, which are distributed based on the contributions to consolidated profit by each development division, had been recognized as "Selling, general and administrative expenses." However, from the beginning of the first quarter of the current fiscal year they have been recognized as "Cost of sales."

The Company made this change in order to more appropriately reflect the actual circumstance of the business, after it reviewed profit management classifications following a revision to the Company's compensation system in this consolidated fiscal year.

As a result, "Cost of sales" in the first quarter of the previous fiscal year increased by 848 million yen. "Gross profit" and "Selling, general and administrative expenses" decreased by the same amount respectively, but there is no impact on "Operating income."

(Significant subsequent events)

(Repurchase of treasury stock)

The Company resolved on May 13, 2022, that it would repurchase its own shares and implement a tender offer (the Tender Offer, below) utilizing the acquisition method specified under Article 156, Paragraph 1 of the Companies Act (Act No. 86 of 2005 and including subsequent amendments; hereinafter referred to as the Companies Act), as applied pursuant to the provisions of Article 165, Paragraph 3 of the same Act, and the provisions of the Company's Articles of Incorporation, following a written resolution in lieu of a Board of Directors meeting pursuant to Article 370 of the Companies Act and the provisions of the Company's Articles of Incorporation.

It also passed a resolution on the policy for cancellation of the repurchased shares. The repurchase of treasury stock was carried out as below.

1. Resolution adopted at the Board of Directors meeting relating to the repurchase by the Company of its own shares
  - a. Class of shares to be repurchased: Common shares
  - b. Aggregate number of shares to be repurchased: Up to 5,000,100 shares
  - c. Aggregate repurchase price: Up to 15,550 million yen
  - d. Purchase period: May 16, 2022 through July 5, 2022

2. Date of repurchase  
July 5, 2022

3. Others

The Company repurchased 4,387,353 of Common shares (repurchase price of 13,644 million yen), through the Tender Offer.

(Notice Regarding Cancellation of Treasury Shares)

Capcom Co., Ltd. resolved at the Board of Directors meeting held on July 26, 2022 to cancel the treasury shares it acquired through the Tender Offer, pursuant to the provisions of Article 178 of the Companies Act.

1. Class of shares to be cancelled: Common shares
2. Number of shares to be cancelled: 4,387,353 shares (1.62% of the total number of issued shares before the cancellation)
3. Scheduled date of the cancellation: July 29, 2022
4. Total number of issued shares after the cancellation: 266,505,623 shares