

**Consolidated financial results
for the year ended March 31, 2021 (Japan GAAP - Unaudited)**

Date of issue: May 10, 2021

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo

Code number: 9697

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Ordinary general shareholders' meeting : June 22, 2021 Dividend payment date: June 23, 2021

Filing date for financial report : June 23, 2021

Earnings supplementary explanatory materials : Yes

Earnings presentation : Yes (For institutional investors)

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

1. Results for the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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	%
Year ended March 31, 2021	95,308	16.8	34,596	51.6	34,845	51.8	24,923	56.3
Year ended March 31, 2020	81,591	(18.4)	22,827	25.8	22,957	26.2	15,949	27.1

Note: Comprehensive income: Year ended March 31, 2021: 26,400 million yen (73.0 %) Year ended March 31, 2020: 15,257 million yen (18.4 %)

	Earnings per share	Diluted earnings per share	Return on equity	Return (ordinary income) on assets	Operating margin
	yen	yen	%	%	%
Year ended March 31, 2021	116.74	—	22.6	22.7	36.3
Year ended March 31, 2020	74.70	—	16.9	17.2	28.0

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2021: — million yen Year ended March 31, 2020: — million yen

Note: With an effective date of April 1, 2021, Capcom performed a 2-for-1 split of its common stock.

Capcom calculated "Earnings per share" assuming that the stock split was implemented with an effective date of April 1, 2019.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net asset value per share
	million yen	million yen	%	yen
Year ended March 31, 2021	163,712	120,794	73.8	565.78
Year ended March 31, 2020	143,466	99,735	69.5	467.14

Reference: Shareholders' equity: Year ended March 31, 2021: 120,794 million yen Year ended March 31, 2020: 99,735 million yen

Note: With an effective date of April 1, 2021, Capcom performed a 2-for-1 split of its common stock.

Capcom calculated "Net asset value per share" assuming that the stock split was implemented with an effective date of April 1, 2019.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 31, 2021	14,625	(4,233)	(6,965)	64,043
Year ended March 31, 2020	22,279	(8,437)	(6,351)	59,672

2. Dividends

Record date	Dividend per share					Dividend paid	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Annual			
Year ended March 31, 2020	—	20.00	—	25.00	45.00	4,803	30.1	5.1
Year ended March 31, 2021	—	25.00	—	46.00	71.00	7,579	30.4	6.9
Year ending March 31, 2022 (Forecast)	—	18.00	—	18.00	36.00		25.6	

Note: 1. For dividends for the year ended March 31, 2021, please see "Notice Regarding Dividends from Retained Earnings," which was published today (May 10, 2021).

2. With an effective date of April 1, 2021, Capcom performed a 2-for-1 split of its common stock. For dividends for the years ended March 31, 2020 and 2021, respectively, the above dividends paid were the actual amounts before the stock split. For dividends for the year ending March 31, 2022 (Forecast), Capcom took the stock split into consideration.

3. Earnings forecast for the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

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, 2022	100,000	4.9	42,000	21.4	42,000	20.5	30,000	20.4	140.52

Note: 1. Capcom discloses a full year business forecast, as it manages its business performance on an annual basis.

2. With an effective date of April 1, 2021, Capcom performed a 2-for-1 split of its common stock. For "Earnings per share" for the year ending March 31, 2022 (Forecast), Capcom took the stock split into consideration.

Notes

- (1) Changes in significant consolidated subsidiaries during the period: No
 (Changes in specified subsidiaries due to changes in the scope of consolidation)
- (2) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements
- ① Changes resulting from amendment of the accounting standard: No
 - ② Changes other than ①: No
 - ③ Changes in accounting estimates: No
 - ④ Retrospective restatement: No
- (3) Number of shares outstanding (Common stock):
- ① Number of shares outstanding (including treasury stock)

Year ended March 31, 2021:	270,892,976	Year ended March 31, 2020:	270,892,976
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 - ② Number of treasury stock

Year ended March 31, 2021:	57,393,176	Year ended March 31, 2020:	57,391,748
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 - ③ Average number of shares outstanding

Year ended March 31, 2021:	213,500,467	Year ended March 31, 2020:	213,502,175
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Note: With an effective date of April 1, 2021, Capcom performed a 2-for-1 split of its common stock. Capcom calculated "Number of shares outstanding,"

"Number of treasury stock" and "Average number of shares outstanding" assuming that the stock split was implemented with an effective date of April 1, 2019.

(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 (4) Outlook] on page 5 for more details.
- Capcom is scheduled to hold an earnings presentation for institutional investors on May 13, 2021. Video and audio of the presentation will be posted along with the presentation materials on Capcom's web page shortly after the presentation.

Attachment contents

1. Operating results overview 2

 (1) Operating results for the fiscal year under review.....2

 (2) Financial position overview for the fiscal year under review 4

 (3) Cash flow overview for the fiscal year under review 4

 (4) Outlook5

2. Basic policy regarding selection of accounting standards 8

3. Summary of consolidated financial statements9

 (1) Consolidated balance sheets9

 (2) Consolidated statements of income and comprehensive income 11

 (3) Consolidated statements of changes in net assets 13

 (4) Consolidated statements of cash flows 15

 (5) Notes to consolidated financial statements 16

 (Going concern assumptions) 16

 (Segment information) 16

 (Per share information) 19

 (Significant subsequent events)20

1. Operating results overview

(1) Operating results for the fiscal year under review

During the fiscal year ended March 31, 2021, amid broad social restrictions stemming from the widening global spread of COVID-19, the business environment in the industry continued to be one that required adaptation to change, such as the utilization of new technology and modifying activities during the pandemic.

In such an environment, the Company worked to minimize the impact of the pandemic on the Capcom Group. Specifically, the Company revised its work systems while also improving its office environment with the aim of business continuity.

Further, the Company's core Digital Contents business drove profitability with growth in sales of major new titles and catalog titles in addition to greater digital distribution, which the Company has been actively pursuing in recent years. Elsewhere, while Arcade Operations and Other Businesses were subject to the effects of the COVID-19 pandemic, the Company endeavored to secure profits by reviewing its selling, general and administrative expenses.

As a result, under a business strategy focused primarily on digital sales, overseas revenue grew in conjunction with expansion of geographical sales areas and products with long lifecycles. For the year ended March 31, 2021, consolidated net sales were 95,308 million yen (up 16.8% from the previous fiscal year), operating income was 34,596 million yen (up 51.6% from the previous fiscal year), ordinary income was 34,845 million yen (up 51.8% from the previous fiscal year), and net income attributable to the owners of the parent was 24,923 million yen (up 56.3% from the previous fiscal year). Operating income grew for the eighth consecutive year.

Status of business by operating segment

① Digital Contents business

In this business segment, new series title *Monster Hunter Rise* (for Nintendo Switch) delivered strong sales of over 4 million units shipped worldwide following its release in March 2021 while *Resident Evil 3* (for PlayStation 4, Xbox One and PC) also saw favorable growth, reaching 3.9 million units shipped. Meanwhile, high-margin catalog titles demonstrated their long product lives and drove up profits, including the continued growth of *Monster Hunter World: Iceborne* (for PlayStation 4, Xbox One and PC), which was released in the previous fiscal year, and *Resident Evil 2* (for PlayStation 4, Xbox One and PC), released prior to the previous fiscal year. Further, *Devil May Cry 5 Special Edition* (for PlayStation 5, Xbox Series X|S) also performed well on next-generation platforms.

In Mobile Contents, in addition to the launch of *Rockman X Dive* (for Android, iOS) in Japan, licensing revenue from the alliance title *Street Fighter: Duel* (for Android, iOS) in China contributed to profits.

The resulting net sales were 75,300 million yen (up 25.6% from the previous fiscal year) and operating income was 37,002 million yen (up 53.1% from the previous fiscal year).

② Arcade Operations business

In this business, after the state of emergency was lifted in Japan in May 2020, the Company began to reopen its stores in due order and worked toward the resumption of normal operations. During the fiscal year, the Company pursued the expansion and operation of regionally established stores. This began with opening the Capcom Store Osaka (Osaka Prefecture), a showroom featuring merchandise for popular characters, and included carrying out major renovations of its existing Plaza Capcom Kochi location as well.

As a result, the total number of stores was 41, while net sales were 9,871 million yen (down 18.4% from the previous fiscal year) and operating income was 149 million yen (down 87.7% from the previous fiscal year).

③ Amusement Equipments business

In this business, demand was generally weak amid the spread of COVID-19 due to the suspension of operations of amusement halls and the extension of deadlines for the removal of game machines manufactured before the rule revisions of 2017. In such an environment, *Monster Hunter: World* performed well while the release of titles *Ring-ni-Kakero I -World champion carnival version-* and *Resident Evil 7 biohazard* worked to support revenue.

The resulting net sales were 7,090 million yen (up 8.5% from the previous fiscal year) and operating income was 2,407 million yen (up 15.4% from the previous fiscal year).

④ Other Businesses

In Other Businesses, the Company focused on promoting film adaptations and the sales of character merchandise using our flagship intellectual property to enhance the brand value of our titles worldwide. This included the first live-action film adaptation in the *Monster Hunter* series, which was released in December 2020 beginning with markets outside of Japan, while in Japan its release was timed for the same day as the launch of the game *Monster Hunter Rise* in March 2021.

In eSports, the Company brought events online due to the spread of COVID-19. Many players participated in heated battles in the 1-on-1 format Capcom Pro Tour Online 2020, which began in June 2020, as well as in the team-based leagues Street Fighter League: Pro-JP 2020 and Street Fighter League: Pro-US 2020, which began in autumn, further expanding the user base.

As a result, net sales were 3,045 million yen (up 0.9% from the previous fiscal year) and operating income was 987 million yen (up 81.2% from the previous fiscal year).

(2) Financial position overview for the fiscal year under review

(Assets)

Total assets as of the end of the fiscal year ended March 31, 2021 increased by 20,246 million yen from the end of the previous fiscal year to 163,712 million yen. The primary increases were 9,137 million yen in notes and accounts receivable - trade, 5,582 million yen in cash on hand and in banks and 3,220 million yen in work in progress for game software.

(Liabilities)

Total liabilities as of the end of the fiscal year ended March 31, 2021 decreased by 812 million yen from the end of the previous fiscal year to 42,918 million yen. The primary increase was 2,272 million yen in long-term borrowings, while the primary decrease was 3,401 million yen in current portion of long-term borrowings.

(Net assets)

Net assets as of the end of the fiscal year ended March 31, 2021 increased by 21,058 million yen from the end of the previous fiscal year to 120,794 million yen. The primary increase was 24,923 million yen in net income attributable to owners of the parent. The primary decrease was 5,337 million yen in dividends from retained earnings.

(3) Cash flow overview for the fiscal year under review

Cash and cash equivalents as of the end of the fiscal year ended March 31, 2021 increased by 4,371 million yen from the end of the previous fiscal year to 64,043 million yen.

Cash flow positions of each activity and their factors are described below.

(Cash flows from operating activities)

Net cash gained from operating activities was 14,625 million yen (22,279 million yen in the previous fiscal year). A breakdown of cash flows is as follows: 34,828 million yen in net income before income taxes (22,890 million yen in the previous fiscal year), a 9,028 million-yen decrease in accounts receivable - trade (2,117 million yen in the previous fiscal year), a 1,077 million-yen decrease in deferred revenue (a 6,107 million-yen increase in the previous fiscal year), a 3,213 million-yen increase in work in progress for game software (4,293 million yen in the previous fiscal year), and 8,162 million yen in income taxes paid (6,515 million yen in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was 4,233 million yen (8,437 million yen in the previous fiscal year). A breakdown of the primary items used is as follows: the primary increases were 13,742 million yen in payments into time deposits (6,019 million yen in the previous fiscal year) and 2,305 million yen in payments for acquisitions of tangible fixed assets (2,273 million yen in the previous fiscal year). The primary decrease was 12,660 million yen in proceeds from withdrawal of time deposits (not recorded in the previous fiscal year).

(Cash flows from financing activities)

Net cash used in financing activities was 6,965 million yen (6,351 million yen in the previous fiscal year). A

breakdown of the primary uses are as follows: 5,331 million yen in dividends paid by parent company (4,265 million yen in the previous fiscal year).

(4) Outlook

Regarding the outlook going forward, the business environment is undergoing great change: the transition to high-speed, high-capacity new mobile communication-standards, an increased number of distribution channels for game content, diversification of devices and the expansion of the global gaming user base. In such an environment, the Company is working to achieve its medium-term management goal of 10% operating income growth per annum by increasing the value of its brand globally, expanding its number of customers through the proactive use of its intellectual property and growing its core Digital Contents business.

Specifically, the Company is working to bolster its development personnel, strengthen its development capabilities and expand its pipeline of games by both utilizing its major intellectual properties and creating new intellectual properties. In addition, it will focus on growing the total number of units shipped by steadily launching new titles and strengthening the digital sales of its catalog titles.

Business strategies for each Segment in the next fiscal year

While there are a number of difficulties in making forecasts for the next fiscal year stemming from the effects of the ongoing pandemic, the Company will focus on the following points in accordance with the Outlook detailed above.

① Digital Contents business

In this business, the Company will work to maximize revenue with the launch of new titles, including the latest title in its flagship series *Resident Evil Village* (for PlayStation 5, PlayStation 4, Xbox Series X|S, Xbox One, PC) as well as *Monster Hunter Stories 2: Wings of Ruin* (for Nintendo Switch, PC). In addition, the Company will continue to promote sales of catalog titles, such as *Monster Hunter Rise* and *Resident Evil 3*, which were released this fiscal year.

② Arcade Operations business

In this business, the Company will remain flexible in its policy of “scrap and build,” pursuing efficiency in store openings and operations, while also continuing to expand into new store formats. The Company plans to open 3 stores and close 1 store during the next fiscal year.

③ Amusement Equipments business

In this business, the Company will leverage its brands in the models it releases while adhering to changes in the voluntary regulations of the industry. During the next fiscal year the Company plans to release 4 models and ship 28 thousand units.

④ Other businesses

The Company will work to maximize brand value in Other Businesses through collaborations with businesses in

other industries such as creating film adaptations of its content. Additionally, in eSports it will pursue greater use of online tournaments and work to further grow the global scale of the business in order to expand the overall number of participants.

Corporate governance initiatives

The Company recognizes that it is important to ensure diversity in its Board of Directors for the purpose of sustained growth. Having selected candidates based on their respective personal qualities and acumen regardless of gender, nationality, age, etc., its Board of Directors consists of members with diverse viewpoints, extensive experience and a high level of diversified and specialized skills.

In addition, the Company’s strength lies in its robust management foundation under the leadership of its founder, as well as its unique development structure and business model. Furthermore, the Company endeavors to enhance its corporate governance through endeavors such as reinforcing the oversight function of its Board of Directors by proactively utilizing external directors, including in its voluntary committees.

Based on such efforts, the Company evaluated the effectiveness of its Board of Directors during the fiscal year under review, with the aim of further enhancing its function. The evaluation was performed using methods making it easier to seek the individual opinions of all the Directors, such as individual questionnaire surveys and interviews, and opinions were exchanged based on the findings of the analysis.

Moreover, the results of the latest evaluation showed the effectiveness of the Company's Board of Directors but also indicated new issues for the enhancement of the management oversight function as described below. Going forward, the Company will continue to leverage the strengths of its Board of Directors and make efforts to further enhance its function by deepening its understanding of the issues.

Main Issues	Improvement Measures and Policies Going Forward
Further refinement toward enhancement of corporate governance function	Further expand opportunities for governance-themed discussions and exchange of opinions
Maintaining and improving communication qualitatively and quantitatively	Check and review of the criteria and rules for agenda items to be brought up for discussion at meetings of the Board of Directors Efficient provision of materials to help invigorate deliberations at meetings of the Board of Directors

Initiatives for reinforcement of information security

Measures against various cyber risks both in Japan and overseas, including the prevention of information leaks and compliance with the E.U.’s General Data Protection Regulation (GDPR), have become crucial in light of the importance of personal information management systems, etc., in recent years. As a part of these measures, the Company is striving to reinforce its information security system by such means as securing and developing human resources with expert knowledge, conducting thorough in-house training and performing regular checks, in order to prevent malfunction and disruption of information systems caused by cyberattacks from outside the

organization, such as from computer viruses and unauthorized access.

However, despite these efforts, a cyber-attack against the Company involving unauthorized access was detected in November 2020 and it was revealed that personal and corporate information had been compromised. In response to this situation, the Company has conducted an investigation on the unauthorized access and information leak with the cooperation of external specialist companies, established an advisory body consisting of outside experts, the Information Technology Security Oversight Committee, and with its guidance and advice has taken various measures to enhance security aimed at preventing the recurrence of any such incident.

Going forward, the Company will continue to make efforts to further enhance its operation and oversight functions and information security on an ongoing basis with the cooperation of the Committee.

HR strategy initiatives

The Company is carrying out the hiring, evaluation, etc., of personnel regardless of gender, nationality, age, etc., to leverage diverse human resources in response to changes in its business environment, with its efforts being focused on scouting forward-thinking, creative personnel. The Company will continue to improve rank-based training programs aimed at developing and securing competent human resources while implementing personnel systems that address changes in the environment and put the right person in the right position.

Basic policy for strategic holdings of publicly listed shares

Regarding strategic holdings of publicly listed shares, the Company eliminates habitual cross-holding, personal favoritism, etc., and by comprehensively taking into consideration the relevant advantages and disadvantages from medium- to long-term perspectives, including whether the shareholdings contribute to future business relationships and sustainable enhancement of corporate value, the Company keeps its strategic holdings to a minimum and holds only three securities. As of the end of the fiscal year under review, the amount of its strategic holdings of such publicly listed shares accounted for less than 0.5% of its net assets.

As a benchmark for these holdings, if it is deemed that there is little economic rationality in continuing to hold such shares, such as when their book value has fallen by 50% or more, or the corporate value of the issuer has been significantly impaired, the Company takes into account factors including the economic situation and, after holding talks with the issuer, reduces or sells such shares at an appropriate time.

Security Name	Purpose of Holding	Capcom Shareholder
Mitsubishi UFJ Financial Group, Inc.	Maintaining favorable business relationship with issuer	Yes
Mizuho Financial Group, Inc.	Maintaining favorable business relationship with issuer	Yes
AEONMALL Corporation	Maintaining favorable business relationship with issuer	No

ESG and SDGs initiatives

Guided by the corporate philosophy of being a “creator of entertainment that stimulates your senses,” the Company has aimed to reduce its environmental footprint with decreased disc production in the course of pursuing sales of its content digitally. Going forward, the Company will proactively work to address the issues facing society, such as that of climate change, which is currently a topic of much scrutiny. With this perspective in mind, the Company will pursue the following Environmental, Social and Corporate Governance (ESG) initiatives in consideration of the goal of developing a sustainable society advocated by the Sustainable Development Goals (SDGs) and pursue long-term sustained growth while building a relationship based on trust with its stakeholders.

E (Environmental)	The Capcom Group has been minimizing the negative impact of its businesses on climate change (e.g., CO ₂ and other greenhouse gas (GHG) emissions), and with respect to pollution, use of resources, etc., it has been striving to reduce the consumption of resources by adopting LEDs in lighting and promoting the digitization of software made available for sale. The Capcom Group will continue to promote these initiatives.
S (Social)	The Capcom Group will respect human rights, prohibit discrimination based on race, religion, gender, age, sexual orientation, disability, nationality, etc., thoroughly eliminate inequality by protecting the vulnerable, create a pleasant working environment for employees, and promote the securing and developing of human resources. In addition, the Capcom Group will promote initiatives to build a healthy relationship with local communities and customers, such as engaging in activities to assist children suffering from poverty in the hope of their healthy growth and development.
G (Governance)	The Capcom Group has been enhancing management transparency and soundness, endeavoring to build a structure that is capable of adapting to changes in the environment and striving to boost its corporate value by enhancing its corporate governance function, including utilizing voluntary committees. Going forward, the Capcom Group will continue to further initiatives to meet the expectations of its stakeholders, including shareholders, customers and employees.

2. Basic policy regarding selection of accounting standards

With consideration for providing consolidated financial documents that can be compared over time and between companies, for the foreseeable future the Group will prepare consolidated financial documents according to Japanese standards.

We are currently considering the appropriate time to adopt International Financial Reporting Standards (IFRS), and in preparation of their introduction we have begun acquiring knowledge of these standards, as well as started to carry out impact studies on their adoption and a gap analysis between these and Japanese standards.

3. Summary of consolidated financial statements

(1) Consolidated balance sheets

(million yen)

	Previous fiscal year (March 31, 2020)	Current fiscal year (March 31, 2021)
Assets		
Current assets		
Cash on hand and in banks	65,657	71,239
Notes and accounts receivable - trade	15,959	25,096
Merchandise and finished goods	1,557	2,005
Work in progress	883	897
Raw materials and supplies	258	850
Work in progress for game software	21,222	24,443
Other	3,320	2,896
Allowance for doubtful accounts	(31)	(37)
Total current assets	108,829	127,391
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	10,644	10,666
Machinery and vehicles, net	14	11
Tools, fixtures and furniture, net	1,445	1,401
Equipment for amusement facilities, net	1,879	1,628
Land	5,235	5,235
Leased assets, net	1,118	1,141
Construction in progress	509	1,230
Total tangible fixed assets	20,847	21,316
Intangible assets	351	1,229
Investments and other assets		
Investments in securities	415	589
Claim in bankruptcy and reorganization	19	19
Lease deposits	4,134	4,140
Deferred tax assets	7,906	8,089
Other	996	969
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	13,438	13,775
Total fixed assets	34,636	36,321
Total assets	143,466	163,712

(million yen)

	Previous fiscal year (March 31, 2020)	Current fiscal year (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,461	2,820
Electronically recorded monetary liabilities	2,383	882
Current portion of long-term borrowings	4,129	727
Lease obligations	502	594
Accrued income taxes	5,612	6,957
Accrued bonuses	3,130	4,056
Deferred revenue	7,642	6,673
Other	9,000	9,878
Total current liabilities	35,863	32,590
Long-term liabilities		
Long-term borrowings	2,606	4,878
Lease obligations	690	630
Deferred tax liabilities	4	1
Liabilities for retirement benefits for employees	3,212	3,468
Asset retirement obligations	656	671
Other	697	676
Total long-term liabilities	7,868	10,327
Total liabilities	43,731	42,918
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,329	21,329
Retained earnings	74,275	93,861
Treasury stock	(27,458)	(27,461)
Total shareholders' equity	101,385	120,967
Accumulated other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(106)	56
Cumulative translation adjustments	(1,306)	(10)
Accumulated adjustments for retirement benefits	(237)	(219)
Total accumulated other comprehensive income	(1,650)	(173)
Total net assets	99,735	120,794
Total liabilities and net assets	143,466	163,712

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(million yen)

	Previous fiscal year From April 1, 2019 to March 31, 2020	Current fiscal year From April 1, 2020 to March 31, 2021
Net sales	81,591	95,308
Cost of sales	40,643	42,567
Gross profit	40,947	52,741
Selling, general and administrative expenses	18,119	18,145
Operating income	22,827	34,596
Non-operating income		
Interest income	271	65
Dividend income	18	19
Exchange gain, net	—	611
Subsidy income	86	52
Compensation for damage	—	130
Other	104	155
Total non-operating income	480	1,035
Non-operating expenses		
Interest expense	74	72
Commission fees	69	46
Exchange loss, net	93	—
Loss on liquidation of subsidiaries	—	452
Other	113	214
Total non-operating expenses	350	786
Ordinary income	22,957	34,845
Special losses		
Loss on sales and /or disposal of fixed assets	62	16
Loss on sales of investments in securities	4	—
Total special losses	67	16
Net income before income taxes	22,890	34,828
Income taxes - current	8,472	10,084
Income taxes - deferred	(1,531)	(179)
Total income taxes	6,941	9,905
Net income	15,949	24,923
Net income attributable to owners of the parent	15,949	24,923

Consolidated statements of comprehensive income

(million yen)

	Previous fiscal year From April 1, 2019 to March 31, 2020	Current fiscal year From April 1, 2020 to March 31, 2021
Net income	15,949	24,923
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(133)	163
Cumulative translation adjustments	(592)	1,295
Adjustments for retirement benefits	34	17
Total other comprehensive income	(691)	1,476
Comprehensive income	15,257	26,400
Comprehensive income attributable to:		
Owners of the parent	15,257	26,400
Non-controlling interests	—	—

(3) Consolidated statements of changes in net assets
 Previous fiscal year from April 1, 2019 to March 31, 2020

(million yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2019	33,239	21,328	62,595	(27,456)	89,708
Changes of items during the current fiscal year					
Cash dividends			(4,270)		(4,270)
Net income attributable to owners of the parent			15,949		15,949
Repurchase of treasury stock				(2)	(2)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the current fiscal year	—	0	11,679	(2)	11,677
Balance as of March 31, 2020	33,239	21,329	74,275	(27,458)	101,385

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2019	26	(713)	(271)	(958)	88,749
Changes of items during the previous fiscal year					
Cash dividends					(4,270)
Net income attributable to owners of the parent					15,949
Repurchase of treasury stock					(2)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	(133)	(592)	34	(691)	(691)
Total changes of items during the current fiscal year	(133)	(592)	34	(691)	10,985
Balance as of March 31, 2020	(106)	(1,306)	(237)	(1,650)	99,735

Current fiscal year from April 1, 2020 to March 31, 2021

(million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2020	33,239	21,329	74,275	(27,458)	101,385
Changes of items during the current fiscal year					
Cash dividends			(5,337)		(5,337)
Net income attributable to owners of the parent			24,923		24,923
Repurchase of treasury stock				(3)	(3)
Disposal of treasury stock		—		—	—
Net changes of items other than shareholders' equity					
Total changes of items during the current fiscal year	—	—	19,586	(3)	19,582
Balance as of March 31, 2021	33,239	21,329	93,861	(27,461)	120,967

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2020	(106)	(1,306)	(237)	(1,650)	99,735
Changes of items during the previous fiscal year					
Cash dividends					(5,337)
Net income attributable to owners of the parent					24,923
Repurchase of treasury stock					(3)
Disposal of treasury stock					—
Net changes of items other than shareholders' equity	163	1,295	17	1,476	1,476
Total changes of items during the current fiscal year	163	1,295	17	1,476	21,058
Balance as of March 31, 2021	56	(10)	(219)	(173)	120,794

(4) Consolidated statements of cash flows

(million yen)

	Previous fiscal year From April 1, 2019 to March 31, 2020	Current fiscal year From April 1, 2020 to March 31, 2021
Cash flows from operating activities		
Net income before income taxes	22,890	34,828
Depreciation and amortization	2,795	2,791
Change in allowance for doubtful accounts	(25)	5
Change in accrued bonuses	49	912
Change in liabilities for retirement benefits for employees	258	281
Interest and dividend income	(289)	(85)
Interest expense	74	72
Exchange (gain) loss, net	180	(37)
Loss on sales and/or disposal of fixed assets	62	16
Change in notes and accounts receivable - trade	(2,117)	(9,028)
Change in inventories	(256)	(997)
Change in work in progress for game software	(4,293)	(3,213)
Change in notes and accounts payable - trade	749	(2,233)
Change in deferred revenue	6,107	(1,077)
Other	2,418	527
Subtotal	28,605	22,761
Interest and dividends received	265	99
Interest paid	(75)	(72)
Income taxes paid	(6,515)	(8,162)
Net cash provided by operating activities	22,279	14,625
Cash flows from investing activities		
Payments into time deposits	(6,019)	(13,742)
Proceeds from withdrawal of time deposits	—	12,660
Payments for acquisitions of tangible fixed assets	(2,273)	(2,305)
Proceeds from sales of tangible fixed assets	0	1
Payments for acquisitions of intangible fixed assets	(65)	(817)
Payments for purchase of investments in securities	(10)	(15)
Proceeds from sales of investments in securities	3	—
Payments for other investing activities	(213)	(51)
Proceeds from other investing activities	140	37
Net cash used in investing activities	(8,437)	(4,233)
Cash flows from financing activities		
Proceeds from long-term loans borrowings	—	3,000
Repayments of long-term borrowings	(1,579)	(4,129)
Repayments of lease obligations	(505)	(500)
Payments for repurchase of treasury stock	(1)	(3)
Dividends paid by parent company	(4,265)	(5,331)
Net cash used in financing activities	(6,351)	(6,965)
Effect of exchange rate changes on cash and cash equivalents	(823)	944
Net change in cash and cash equivalents	6,667	4,371
Cash and cash equivalents at beginning of year	53,004	59,672
Cash and cash equivalents at end of year	59,672	64,043

(5) Notes to consolidated financial statements

(Going concern assumptions) Not applicable

(Segment Information)

1. Outline of business reportable segment

(1) Classification of business reportable segment

The business segments Capcom reports are the business units for which Capcom is able to obtain individual financial information separately in order for the board of directors to conduct periodic investigation to determine distribution of operational resources and evaluate their business performance.

Capcom has several operational headquarters, which plan comprehensive business strategies in domestic and overseas markets for their products and services, and develops its business activities.

Therefore Capcom's reportable segments are based on the products and services its operational headquarters deal in and are composed of the following 3 units: "Digital Contents," "Arcade Operations" and "Amusement Equipments."

(2) Product and service line

"Digital Contents" develops and distributes home video games, online games and mobile games for consumers.

"Arcade Operations" operates amusement facilities which house amusement and arcade game machines.

"Amusement Equipments" develops, manufactures and distributes arcade game machines and amusement machines etc. to arcade and amusement facility operators.

2. Method of calculating sales and income (loss), identifiable assets and liabilities, and other items by reportable segment

The accounting procedure for the reportable segment is in principle the same with that for the consolidated financial statements.

Income by reportable segment is calculated based on operating income on the consolidated statements of income.

3. Information on net sales and operating income (loss), identifiable assets and liabilities, and other items by reportable segment
Previous fiscal year (from April 1, 2019 to March 31, 2020)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	59,942	12,096	6,533	78,572	3,018	81,591	—	81,591
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	59,942	12,096	6,533	78,572	3,018	81,591	—	81,591
Operating income (loss)	24,161	1,211	2,085	27,458	544	28,003	(5,176)	22,827
Identifiable assets	53,117	7,624	13,100	73,842	554	74,396	69,070	143,466
Other items								
Depreciation and amortization	840	1,163	152	2,157	16	2,173	621	2,795
Increase in tangible and intangible fixed assets	177	979	69	1,226	468	1,694	881	2,576

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

2. Adjustments are as follows.

(1) Adjustments of operating income (loss) of -5,176 million yen include unallocated corporate operating expenses of -5,176 million yen.

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

(2) Adjustments of identifiable assets of 69,070 million yen include unallocated corporate identifiable assets of 69,070 million yen.

(3) Adjustments of increase in tangible and intangible fixed assets of 881 million yen are capital investment by headquarters.

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

Current fiscal year (from April 1, 2020 to March 31, 2021)

(million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	75,300	9,871	7,090	92,263	3,045	95,308	—	95,308
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	75,300	9,871	7,090	92,263	3,045	95,308	—	95,308
Operating income (loss)	37,002	149	2,407	39,559	987	40,547	(5,951)	34,596
Identifiable assets	73,551	7,709	6,346	87,606	1,420	89,026	74,685	163,712
Other items								
Depreciation and amortization	925	1,005	255	2,185	23	2,209	581	2,791
Increase in tangible and intangible fixed assets	277	655	133	1,066	250	1,317	2,280	3,597

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

2. Adjustments are as follows.

(1) Adjustments of operating income (loss) of -5,951million yen include unallocated corporate operating expenses of -5,951 million yen.

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

(2) Adjustments of identifiable assets of 74,685 million yen include unallocated corporate identifiable assets of 74,685 million yen.

(3) Adjustments of increase in tangible and intangible fixed assets of 2,280 million yen are capital investment by headquarters.

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

(Per share information)

	Previous fiscal year 〔 from April 1, 2019 to March 31, 2020 〕	Current fiscal year 〔 from April 1, 2020 to March 31, 2021 〕
	(yen)	(yen)
Net asset value per share	467.14	565.78
Earnings per share	74.70	116.74

(Note) 1. The diluted net income per share for the current fiscal year is omitted as Capcom has no residual securities.

2. With an effective date of April 1, 2021, Capcom performed a 2-for-1 split of its common stock.

Capcom calculated "net asset value per share" and "earnings per share"

assuming that the stock split was implemented with an effective date of April 1, 2019.

3 The basis for computation of net asset value per share is as follows:

	Previous fiscal year (March 31, 2020)	Current fiscal year (March 31, 2021)
	(million yen)	(million yen)
Total amount of net assets	99,735	120,794
Amounts to be deducted from total amount of net assets	—	—
Ending balance of net assets attributable to common stock	99,735	120,794
Number of shares of common stocks used for computation of net assets per share (thousand shares)	213,501	213,499

4. The basis for computation of earnings per share is as follows:

	Previous fiscal year 〔 from April 1, 2019 to March 31, 2020 〕	Current fiscal year 〔 from April 1, 2020 to March 31, 2021 〕
	(million yen)	(million yen)
Net income attributable to owners of the parent	15,949	24,923
Amount not allocated to common stock	—	—
Net income attributable to owners of the parent allocated to common stock	15,949	24,923
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	213,502	213,500

(Significant subsequent events)

(Stock split)

With an effective date of April 1, 2021, Capcom split its stock based on the resolution of the board of the directors' meeting held on March 10, 2021.

1. Purpose

The purpose of the stock split is to improve the liquidity of the Company's stock and expand its investor base by reducing the stock price per investment unit.

2. Summary of stock split

(1) Method of stock split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of March 31, 2021 were split into two shares.

(2) Number of shares increased by the stock split

1) Total number of issued shares prior to the stock split:	135,446,488 shares
2) Number of shares to be increased by the stock split:	135,446,488 shares
3) Total number of issued shares following the stock split:	270,892,976 shares
4) Total number of authorized shares following the stock split:	600,000,000 shares

3. Schedule of stock split

(1) Public notice date of the record date	Friday, March 12, 2021
(2) Record date	Wednesday, March 31, 2021
(3) Effective date	Thursday, April 1, 2021

4. Other

- (1) Following the above stock split, and in accordance with the provisions of Article 184, Paragraph 2 of the Companies Act, the total number of the authorized shares provided for in Article 6 of the Company's Articles of Incorporation were amended from 300,000,000 to 600,000,000, effective April 1, 2021.
- (2) Change in the amount of common stock
No change
- (3) Impact on per share information
The impact of the stock split is described in "Per share information."

(Transactions under common control)

At the meeting of the Board of Directors held on March 31, 2021, Capcom resolved to accept the transfer of a portion of the business operated by CAPCOM U.S.A. INC. (CUSA), our consolidated subsidiary, and took over the business on April 1, 2021 based on the business transfer agreement. The details are as follows.

1. Name of company and description of business to be transferred, Legal form of business transfer, Outline and purpose of the transaction

- (1) Name of company and description of business to be transferred
Name: CAPCOM U.S.A. INC.
Contents of the business to be transferred: CUSA's Game contents business and Merchandising business
- (2) Legal form of business transfer
Acquisition in exchange for monetary consideration with the Company as the business acquisition company and the transfer source company as the business transfer company
- (3) Outline and purpose of the transaction
The purpose of this transaction is to build a unified content management structure for the business acquisition company through integrating the Game Contents business and Merchandising business from the business transfer company. Thus, we aim to increase profits and brand value through further development of our Single Content Multiple Usage strategy.

2. Overview of accounting treatment

These transactions will be treated as transactions under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).