

CREATIVE REPORT

**Generating and
cultivating popular
IPs
Promoting an
enhanced digital
strategy**

Yoichi Egawa

Director and Executive Corporate
Officer in charge of Development
Divisions and Pachinko & Pachislo
Business Divisions of the Company

*Background: The Foley Stage is where the various sound effects for games are recorded and produced. The diverse floor surfaces and myriad recording tools make it possible to recreate any number of scenes. Using the same techniques that are used in recent Hollywood movies, we are able to produce high quality game sound offering an even more immersive experience.

① Overall development policy

As we usher in the age of cloud computing and 5G, the global trend of being able to play games anytime, anywhere is accelerating. Furthermore, with the spread of social media, anyone can be an influencer, and the formula for turning a game into a hit is also changing. In this environment, it is essential that we develop games while taking into consideration expanding online services and coordinating with marketing divisions. Meanwhile, it remains crucial that we continue to produce one-of-a-kind content that can be successful in the global market.

Capcom aims to be the world's best game content company. It goes without saying that we are putting great effort into producing games of world-class quality, but we are also striving to create fans via ongoing services that continuously stimulate user interest with strategic digital sales and the steady release of additional content to support that quality.

On top of the know-how we have amassed thus far, looking to the future, we are challenging ourselves to create games that will pioneer the next generation of Capcom quality with visual technology that produces impactful graphics and improved network technology that supports various devices and cross-platform play.

③ Cooperative technology approach

I believe that hit titles are not the product of chance, but that they are the result of the entire development organization's collaborative efforts.

Game development at Capcom takes place on a large scale. One team can consist of more than 300 people. That is why we need an organization that is optimized for sharing knowledge and technology. In that respect, the division of Capcom that performs technology research, which is the foundation for title development, is the key to our success. RE ENGINE, which was created by the R&D Foundational Technology Department, made its debut with *Resident Evil 7 biohazard*, and most recently it was utilized in *Monster Hunter Rise*. These two brands are different in terms of both game characteristics and user demographics. In order to fully express the respective characteristics of each title while adapting them for multiple platforms, those in charge of technical development transcend departmental boundaries in their engagement with title development teams to provide the optimal development environment for each title. One of the biggest advantages of using a proprietary engine is that it provides an environment that allows our development team to focus on high quality game creation.

Monster Hunter Rise, which was developed in this environment, exceeded expectations in sales and has been well received among users. Going forward, we will continue to create high-quality titles that win over players across the globe by maximizing and evolving the use of RE ENGINE in our world-class development environment.

② Development strategy

Based on our medium-term goals, as the head of development, I am striving to fulfill my revenue responsibilities by allocating 80% of the development investment budget to steadily developing popular IP series such as *Resident Evil* and *Monster Hunter* for various platforms. At the same time, we are also working on creating new IPs utilizing the talent pool we have expanded through our proactive hiring efforts. Most recently, we announced the action adventure title *PRAGMATA* for the new generation of consoles, and we are making steady progress on its development. Our proprietary game development engine, RE ENGINE, is an integral part of Capcom's content development. RE ENGINE is an outstanding game engine that not only makes it possible to develop high quality games while reducing development costs, it maximizes the performance of each piece of hardware. For example, in *Monster Hunter Rise* it enables seamless cooperative play without interruptions due to data loading. We will continue to evolve this proprietary engine while promoting Capcom's unique approach to game creation.

Further, we will drive our customer management to understand the playing trends and preferences of users while also building a business model for online operations, taking into account the situation of our free additional DLC for titles such as *Monster Hunter Rise* and *Resident Evil Village*.

④ Training developers

The starting point for creating an interesting game is people. At Capcom, we believe game development is the development of people, so we focus a lot of effort on hiring, training, and advancing our human resources. In terms of hiring, since 2013, we have strategically hired approximately 100 developers each year, and we soon plan to have 2,500 people in our ranks of developers. Newly hired young employees are given the chance to acquire know-how and skills through hands-on experience in the field as they are assigned to the development of popular IPs and major titles. *PRAGMATA* is just one such endeavor for our young employees. I feel that incorporating the youthful sensibilities of digital natives adds a new appeal to IP. In addition, the framework we have introduced ensures that that our highly capable younger employees are supported and trained by their teams so that for the next title they work on, they can take on the role of a core member leading its overall development. In this way, we are steadily training the next generation of leadership candidates.

Development amid the COVID-19 pandemic continues to be a series of trials and errors, as it was last year, but the pursuit of something through trial and error is also the very essence of craftsmanship.

We will never give up on our commitment to create entertaining games so that even more people around the world can experience Capcom's content.

■ Home video game software sales trends (units in ten thousands)

(Years ended March 31)

Total unit sales				
2,440	2,530	2,550	3,010	3,200
2018	2019	2020	2021 (Actual)	2022 (Plan)
<ul style="list-style-type: none"> ● <i>Monster Hunter: World</i> 790 ● <i>Resident Evil 7 biohazard</i> (catalog title) 160 ● <i>Marvel VS. Capcom: Infinite</i> 100 	<ul style="list-style-type: none"> ● <i>Monster Hunter: World</i> (catalog title) 450 ● <i>Resident Evil 2</i> 420 ● <i>Devil May Cry 5</i> 210 	<ul style="list-style-type: none"> ● <i>Monster Hunter: World: Iceborne</i> 520 ● <i>Monster Hunter: World</i> (catalog title) 320 ● <i>Resident Evil 2</i> (catalog title) 240 	<ul style="list-style-type: none"> ● <i>Monster Hunter Rise</i> 480 ● <i>Resident Evil 3</i> 390 ● <i>Monster Hunter World: Iceborne</i> (catalog title) 240 	<ul style="list-style-type: none"> ● <i>Resident Evil Village</i> ● <i>Monster Hunter Stories 2: Wings of Ruin</i> ● <i>Monster Hunter Rise</i> (catalog title)



Whether solo or with friends,
it's easy to pick up and play,
and will leave you wanting more.
Get ready to rise to a new
hunting ground.

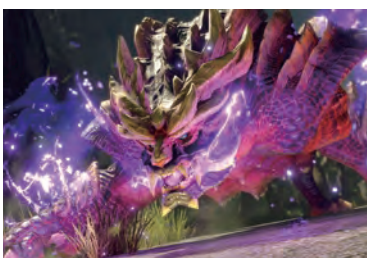
Managing Corporate Officer
Head of Consumer Games Development Division 2

Ryozo Tsujimoto

He has served as the series producer since the release of *Monster Hunter Freedom 2* in 2007. As producer for the latest title, *Monster Hunter Rise*, he oversees all aspects of production.

A new "Mon-Hun," perfect for playing anywhere

The concept of *Monster Hunter*, which has not changed since the first title in the series, is an action game that can be played cooperatively with others. When it was decided that we would develop a title for Nintendo Switch, which is highly portable, it inspired a strong desire in me to create a *Monster Hunter* game that was different from the record-breaking hit *Monster Hunter: World* (MH:W herein) that also took into account the portability of the platform. Game devices that can be taken on the go require a unique tempo and an "anytime, anywhere" playing style. I decided to create an entirely new title that allowed players to effortlessly invite friends to go hunting, providing a different feel from MH:W, which was created to sit back and enjoy playing on a stationary console. Mr. Kadowaki serving as producer and Mr. Ichinose serving as director took the lead as we began development on *Monster Hunter Rise* (MHRise herein).



Balance between graphics and action achieved with RE ENGINE

In order to give the hunting action in MHRise a new feel, we made use of our proprietary development engine RE ENGINE. Based on the concept of "anytime, anywhere, effortlessly," new additions were introduced to the game, such as the Wirebug hunting actions that allows players to freely traverse over terrain and Palamutes, which are dog-like hunting Buddies that players can ride to move between the seamlessly connected locales at high speed. We were also able to achieve both the highest standard of graphics for the Nintendo Switch and a short loading time. All of these innovations are the result of our efforts to provide stress-free play even without a TV or other large screen.



I feel that RE ENGINE played a large role in our ability to achieve this new hunting experience. The development team and engine are the two pillars expanding the possibilities for expression and action in MHRise.

■ Sales Strategy Summary

Pre-release strategy

**Title announcement
September 2020**
**Shared information on
social media,
free demo released**

Fully utilized online promotion

Sales expansion
strategy

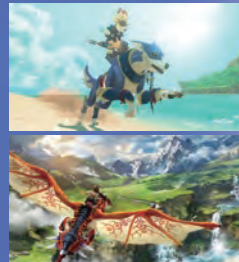
**Surpassed 5 million units
one week after release**

We stimulated purchase intention with offers such as pre-order bonuses, as well as special editions containing in-game items and two copies of the game to encourage users to invite their friends to play. There was ample downloadable content available from the day the game was released.

Strategy for
deep engagement

**Surpassed 7 million units
globally**
**Collaboration with new
RPG, *Monster Hunter
Stories 2: Wings of Ruin***

We released a challenge quest and item pack to celebrate reaching 7 million sales. Cross-over bonus content was also developed with *Monster Hunter Stories 2: Wings of Ruin*.



Future strategy

**PC version to be released
in early 2022!**
**Aiming to increase
fans worldwide**

In response to the needs of users who want to play on PC, we are currently developing the PC version utilizing the RE ENGINE.



Digital promotion

• Free demo release

1st demo January 8 / 2nd demo March 12
Released a free demo featuring both single and multi-player

• Social media promotion

We could not hold live events due to the COVID-19 pandemic, so we recorded one, localized it, and broadcast it around the world simultaneously. We communicated large volumes of information using social media.

• Special programs broadcast
directly prior to release

Special programs were broadcast live simultaneously around the world on YouTube. Domestically, Japanese celebrities appeared as guests in special live broadcasts.

• Capcom Collabs

○ Collab 1 June
*Monster Hunter Stories 2:
Wings of Ruin* collaboration
○ Collab 2 July
Okami collaboration
○ Collab 3 August
Street Fighter collaboration

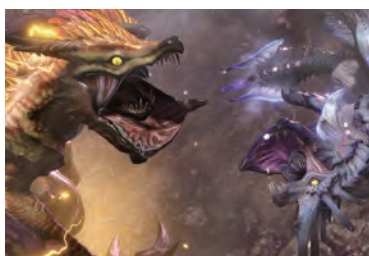
• Collaboration with
Izu Islands in July• Playable demos of the
PC version scheduled
to be at Tokyo Game Show
2021 Online

Monster Hunter R-Izu and
Monster Hunter Stor-Izu 2: Wings of Ruin
online stamp rally promotion

The joys of hunting—now and in the future

Development was a series of challenges made even more difficult by the COVID-19 pandemic, but our team members overcame these obstacles and took great pride in developing this title. The staff members who will be responsible for the next title are making steady strides in their training. I am also happy to see synergistic effects, like users who enjoyed *MHRise* now purchasing *MH:W*.

The series has now grown into a brand that has sold a total of 75 million units (as of June 30, 2021), but we are not yet satisfied. There are still people out in the world who are unfamiliar with “Mon-Hun,” and there is still plenty of room for further expansion in game development. New ways of playing games and new environments to play them in await. We will continue striving to create a *Monster Hunter* Craze throughout the world that will continue to rage 10 and 20 years down the line.



Akihito Kadowaki

Producer, Management Department
Consumer Games
Development Division 2



Oversaw production on *Marvel Vs. Capcom 3* and *Sengoku BASARA 4*. He became a member of the *Monster Hunter* development team on *Monster Hunter Generations* and now serves as a producer on this title.

The latest title in the series, *MHRise* was announced for Nintendo Switch in September 2020, along with the release date, price, and purchase bonuses, with preorders kicking off as well. Unlike traditional title announcements, our strategy was to announce all of the information relevant to players right from the start to grab the interest of as many people as possible. We then focused on increasing the frequency of user interactions with game information simultaneously worldwide by using social media to share game elements in videos and images spread over several posts. We continued to stir interest among users by releasing two free demos online that allowed cooperative play prior to launch. As we aim to acquire fans globally, we will continue honing our operational know-how with downloadable content, such as event quests, even after the game's release and transform *MHRise* into a new pillar for the series.

MHRise brings authentic hunting action

DIRECTOR

Yasunori Ichinose

Management Section 1, Management Department
Consumer Games Development Division 2

I want each and every user to have more fun playing "Mon-Hun" than they ever imagined

When I heard from the producer, Ryoza Tsujimoto, that he wanted to position the new title different from *MH:W*, I started to think about how to establish *MHRise* as a new brand. The answer we came up with was an action-oriented hunting game developed for the Nintendo Switch. Using our in-house game development engine, RE ENGINE, we took on the difficult challenge of strengthening the action aspects with seamless locales while maintaining the quality of the visuals. This hunting environment is the first Japanese-themed world since *Monster Hunter Portable 3rd*. We created the game to incorporate new characters featuring more in-depth characterizations and new elements, such as the Wirebug and Palamutes, while also developing carefully selected quests to satisfy even those players with a limited amount of time to play. We will continue to provide players with moments they can truly enjoy. I think you will love it.

PROGRAMMER

Kotaro Miyabe

Engine Development Section
R&D Foundational Technology Department
Technical Research Division

Wowing players with just how far we can push the portable game console experience!

The decision was made to develop *MHRise* using RE ENGINE, and I participated on the title's development team as an RE ENGINE engineer. I connected the creators with the technical department in charge of engine development, and our mission was to achieve both stable performance on the Nintendo Switch and the highest quality possible. I was mainly in charge of selecting and implementing graphics technology and optimizing the overall performance of the game. It was a real challenge to make online cooperative play among a maximum of four players, four Buddies, three large monsters, and numerous smaller monsters and environmental creatures all operate on a seamless locale. On top of that, we devised ways to leverage the hardware to its limits in order to provide a satisfying game experience with beautiful visuals and short loading times. It was my great honor as an engineer, to be able to focus on the seemingly unexciting aspects that underpin this game.

infused with Capcom's DNA to the world

SALES STRATEGY

Ayaka Segami

Consumer Games Sales Strategy Team 2
Sales Strategy Section, Marketing Strategy Department

Now a global brand, "Mon-Hun" has turned the digital shift into an opportunity to reach fans worldwide

With the pandemic limiting our ability to go out, I want as many people as possible to enjoy playing *MHRise*. With that desire in mind, we developed the strategic proposals and formulated a roadmap that would provide the framework for promotions and sales, in addition to coordinating with each country. As 80% of sales of the previous title, *MH:W*, came from overseas, the global market was key in our strategy. We did our best to ensure a promotion where everyone would win, not only in Japan, but globally. As all live events had to be cancelled, the entire promotion immediately shifted to digital. It was difficult to coordinate each measure while incorporating the demands from each country and region, such as release times and languages, but we worked in close cooperation with the leads in each area as we progressed. Globally we worked together as one, and we were overcome with joy when we succeeded in selling more than 5 million units in the first week after the game was released. Our team will continue working together to expand globally.

PUBLIC RELATIONS

Hana Yajima

Interactive PR Team
Marketing PR Department

Using Instagram to convey the development team's passion and allure of the game with the goal of acquiring new fans

The mission of the Interactive PR Team was to increase awareness of *MHRise* by conducting PR activities using publicity tools such as social media for communicating information and the internet to broadcast online programs. My job in particular was setting up and running an official Instagram account. Young people and women are the largest segments on Instagram, and our goal was to tap into new target demographics. I actively exchanged opinions with the development team and posted the most up-to-date information as it was happening. Every Friday, we posted cute illustrations of the Buddies and comments to arouse interest in users, striving to attract new *MHRise* fans. I'm grateful of the corporate culture that allowed me to be in charge of the game's social media in my first year of employment, and I hope to grow along with *MHRise* as it spreads its wings and soars around the world.

Human resources strategy and our propriety program training the people who will lead Capcom's future

Bolstering development
personnel

Top core members

Repeated achievements

Core members

Selected to direct rereleases or other titles

Mid-career and younger employees
(core member training)

Training programs

Support from more senior members

New graduates

The world's most
entertaining games

Bolstered
title lineup

Outfitting our development environment

Enhancing our development studios

Concentrate development divisions,
increase mobility and leadership

Proprietary development tools

RE ENGINE enhances quality
and development efficiency

Adoption of latest technologies

World-class, cutting-edge 3D scanning,
motion capture and VR

Capcom boasts the latest in creative development equipment



Keiko Ichikawa

Senior Manager of HR Development Section
Human Resources Department,
Administration Division

Aiming for stable growth with a staff of 2,500

The path Capcom has chosen to ensure stable growth into the future is consolidating game development technology and knowledge within the company and steadily passing Capcom's DNA to the next generation. There are some titles that are developed by smaller sized teams, but these days hundreds of people are needed during the peak development of a major title. We are actively hiring and training human resources ourselves. By doing so, we are able to improve quality and expand our lineup in addition to making games even more interesting by incorporating the sensibilities of the younger generation in each title. That is the aim of our human resources strategy to create a development team 2,500 people strong.

Three human resource development policies to strengthen employee capabilities

Our three human resource policies are early development of talent, putting the right person in the right place, and self-learning.

First, regarding early development of talent, when we hire new graduates, upon joining the company they attend a short-term concentrated program based on their job type, and we teach them specialized skills to develop talent early. Later, they are assigned to actual projects, and under the guidance of those in charge of training, they develop their skills and individuality by experiencing Capcom's craftsmanship firsthand.

Next, our policy to put the right person in the right place is an effort to strengthen the training of managers so that they can manage human resources appropriately while we make efforts to centralize and analyze personnel information to be used in human resource development and strive to ensure strategic talent management.

And finally, the most important policy is self-learning. We propose and implement human resources training measures based on an approach which holds that people cannot grow on the basis of coercion from others, but rather only through their own aspirations. This is embodied by our Virtual Muchaburi Dojo (roughly meaning, "virtual audacious training ground"), which is a program for training mid-level development personnel. This hands-on

educational program was developed jointly by the human resources and development departments that clearly defines the thinking and behavioral characteristics common to model employees and allows participants to experience simulated situations that mimic development situations. The goal is for participants to gain awareness autonomously through this program. It has been well-received among participants who have said that the level design is wonderful and that they were completely engrossed and enjoyed it immensely. Our unique program encourages autonomous learning while honing awareness.

Transforming employee insight into customer delight, all around the world!

"I want to devote my life to the pursuit of fun." Capcom is looking for people with such ambitions. I am happy to say that we are receiving an increasing number of applications from students who specialized in AI, networks, data analysis, and other areas essential to next-generation game development in their studies. We have high expectations that they will make Capcom's craftsmanship even more robust.

Capcom has the potential to be the best game company in the world. We can turn the insights of each of our employees into pure joy for players across the world! The human resources department will do everything we can to support our employees and provide a place where they can shine.



World-class 3D scanner and motion capture capable of reproducing realistic movement

Our 3D scanning studio is one of the world's largest equipped with approximately 130 cameras. Photographing objects from 360°, enables us to scan them as 3D objects. This significantly shortens the CG modeling process and allows to pursue an even higher level of precision and quality.

We have built one of the largest motion capture studios in Japan, boasting a 7-meter-high ceiling, which is equipped with infrared cameras to detect and film humans performing and then converts the footage into computer data. This enables us to pursue action that incorporates different heights and other realistic movements of characters.



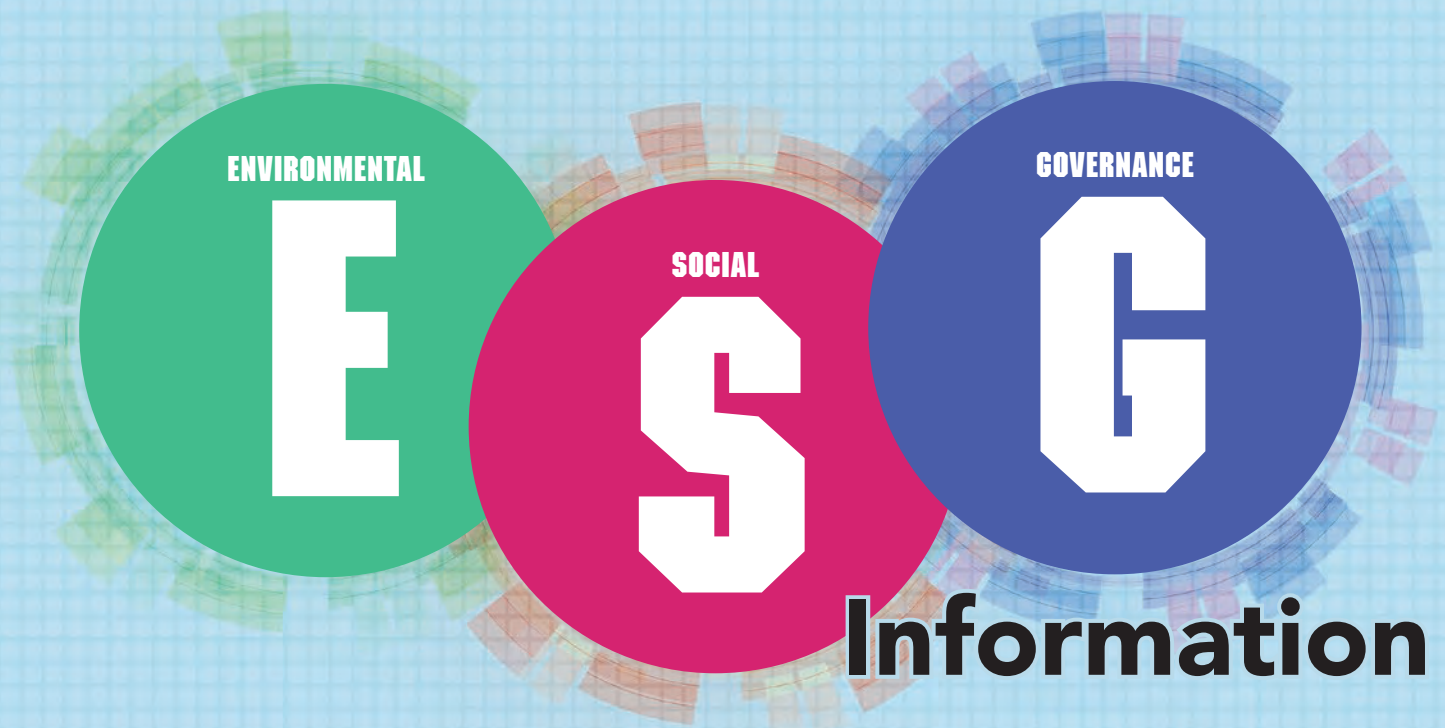
Dynamic Mixing Stage, a 3D sound booth recreating reality!

We use a cutting-edge Dolby Atmos system, which can also be found in movie theaters, and which uses binaural technology capable of reproducing sounds with such reality you feel as if you are right there. It also supports aural changes that are happening in real-time and can reproduce any sound or voice from the front or back, or left or right sides, enhancing visual experiences with more realistic acoustics.



Capcom's continuously evolving propriety development engine, RE ENGINE

It not only enables expressions that appear to be live action, but it is also compatible with the latest technologies, such as VR. In addition, it has dramatically reduced the time required for each process in game development. Another advantage of our proprietary development engine manufactured in-house is that we are able to constantly evolve its specifications with the cooperation of the game development team. It is an important element in the foundation of our ability to achieve world-class quality.



Capcom is building a better relationship with society by focusing on our stakeholders and making social contributions through our business

ESG Initiatives and Future Challenges

◆ Material Issues Green : Securing and Training Human Resources Pink : Promoting Diversity
Blue : Developing Healthy Relationships Purple Enhancing Corporate Governance

Initiatives	Contribution to Business/Management	Future Challenges
<div style="display: flex; align-items: center;"> <div style="background-color: #28a745; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">E</div> <div> <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> ● Reduced CO₂ emissions by switching to LED lighting ● Constructed new environmentally-friendly buildings ● Reduced exhaust gas and resources used via distribution network sharing with other companies in the industry ● Reduced paper resources used through the digitization of instruction manuals ● Reduced resources consumed through the promotion of digital sales </div> </div>	<ul style="list-style-type: none"> ● Reduced costs (used less electricity, cut distribution costs) 	<ul style="list-style-type: none"> ● Increasing energy conservation at existing buildings through renovation ● Further conserving energy in amusement facility operations
<div style="display: flex; align-items: center;"> <div style="background-color: #e91e63; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">S</div> <div> <p>SOCIAL</p> <p>Relationship with Employees</p> <ul style="list-style-type: none"> ● Actively employed non-Japanese citizens ● Improved the ratio of women in management positions ● Held Health and Safety Committee meetings ● Implemented staff training ● Implemented discretionary work system ● Implemented working from home <p>Relationship with Customers</p> <ul style="list-style-type: none"> ● Compliance with the CERO ratings system ● Formulated guidelines with industry groups ● Supported community building by promoting the spread of esports ● Monetized without high-pressure microtransactions <p>Relationship with the Regional Community</p> <ul style="list-style-type: none"> ● Welcomed children participating in Company Visits to our offices / held Guest Lectures at schools ● Developed online educational support activities ● Leveraged Capcom content in regional revitalization efforts ● Supported senior citizen community formation with video game arcade tours ● Donated to various support organizations </div> </div>	<ul style="list-style-type: none"> ● Expanded global reach through game development based on a diverse set of values ● Acquired competent creators ● Improved creator productivity ● Fostered a commitment to legal compliance 	<ul style="list-style-type: none"> ● Increasing the percentage of women in management positions ● Enhancing employment of a global workforce
<div style="display: flex; align-items: center;"> <div style="background-color: #007bff; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">G</div> <div> <p>GOVERNANCE</p> <ul style="list-style-type: none"> ● Increased dialogue with shareholders ● Transitioned to a company with an audit and supervisory committee ● Raised the ratio of external directors ● Established the Nomination and Remuneration Committee (voluntary) ● Established the Information Technology Security Oversight Committee for ongoing enhancement of information security </div> </div>	<ul style="list-style-type: none"> ● Evaluated proper corporate value on both financial and non-financial bases ● Avoided managerial decision-making risk through better management monitoring ● Ensured the appropriateness of growth strategies by having the Board of Directors consider a range of views ● Perpetuated the founder's business know-how 	<ul style="list-style-type: none"> ● Increasing the number of opportunities for persons in charge of development to converse with the market ● The effective operation of the audit and supervisory committee system ● Board of Directors effectiveness assessments and their utilization ● Review the composition of the Board of Directors ● Setting developer compensation in consideration of medium- to long-term sustainable growth

➔ Please refer to "ESG Highlights" on pages 13-14 for details on the KPI for material issues

Environmental Action as an Entertainment Company

Capcom's Digital Contents business accounts for approximately 80% of the Group's consolidated net sales and primarily entails the development and sale of software. This gives Capcom an environmental impact that is lower than the general manufacturing industry. Because our environmental impact comes largely from the power used at amusement facilities and for manufacturing pachislo machines, as well as from distributing our products, we are focused on saving energy.

Reducing Power Usage

Reducing CO₂ emissions by promoting energy saving measures companywide

Capcom has worked to cut power usage through efforts that include ongoing power saving at all of its places of business, saving energy at its amusement facilities, and implementing peak shifting for the power used by PCs and other electrical equipment. The fiscal year ended March 2017 saw our CO₂ emissions increase compared to the previous fiscal year due to the construction of the R&D Building #2 and Capcom Technical Center. However, in the fiscal year ended March 2021, we succeeded in reducing emissions by 9.5% compared to the previous year by introducing energy-saving equipment at those facilities and promoting the switch to LED lighting at each workplace.

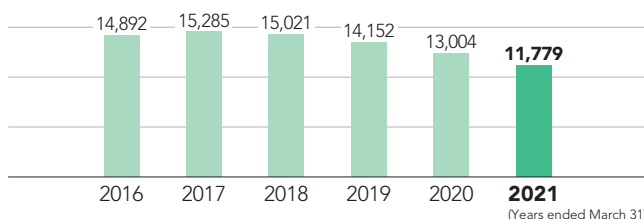


Promoted energy-saving initiatives, including switching to LED lighting at each workplace

* Assumes energy consumption of 100% without introduction of this equipment.

Capcom's CO₂ Emissions (Non-consolidated) ⁽¹⁾

11,779_t



Rated "S Class" six years in a row by the Business Operator Class-Based Assessment System

Every year Capcom has achieved year-on-year reductions to its energy intensity. For these efforts, Capcom has been awarded S Class (out of classes S, A, B, and C) status for six years running under the Business Operator Class-Based Assessment System that has been administered since 2016 by the Agency for Natural Resources and Energy in accordance with the Act on Rationalizing Energy Use (Measures Pertaining to Factories).

(Non-consolidated)

FY	Energy Intensity*	Vs. Previous FY
2015	0.06193	92.9%
2016	0.06018	97.2%
2017	0.05994	99.6%
2018	0.05869	97.9%
2019	0.05583	95.1%
2020	0.05186	92.9%

* Calculated using the method defined by the Agency for Natural Resources and Energy. The Agency for Natural Resources and Energy website: <https://www.enecho.meti.go.jp/en/>

Innovations in Product Distribution

Conserving resources through digital sales of game software

In the past, games included a printed instruction manual inside the package, but in recent years, these manuals are now included as data within the software as a way to save paper. This enables us to eliminate approximately 30.10 million game units' worth of paper manuals annually.

Moreover, the increasing popularity of digital sales, where games are downloaded after purchase, has made it possible to conserve resources used to produce discs, semiconductors, software packaging, and other components in addition to paper resources.

In the fiscal year ended March 2021, the resources used in the equivalent of around 23.15 million units of game software were conserved as a result of digital sales. We will continue promoting digital sales of game software with the aim of achieving effectively zero resource consumption in the future by selling solely via digital download.

Sharing distribution networks with other companies in the industry

Sharing distribution networks with other companies in the same industry when shipping products enables the efficient supply of products. As a result, we are able to realize reductions in packing materials, fuel and emissions. In the future, we aim to achieve further reductions by decreasing the volume of distribution through the promotion of digital sales.

Relationship with Customers

Development and Manufacturing Initiatives

Reducing the environmental impact of pachislo machines

In solidarity with the efforts of the Japan Pachislo Machine Industry Association (Nichidenkyo), Capcom manufactures and sells pachislo machines partially made from recycled parts and equipped with standardized “green devices” aimed at controlling power usage.

Status of disposal of used arcade game machines

Year	Amount recycled	Thermal recycling*1
2015	77.8%	22.2%
2016	77.9%	22.1%
2017	74.4%	25.6%
2018	83.7%	16.3%
2019*2	00.0%	00.0%
2020	99.77%	00.0%

*1 Volume used as heat source for hot water, heating, etc.

*2 Capcom switched to new cabinets in fiscal 2019, so there was no collection of used arcade game machines.

Promoting workplace proximity

At Capcom, we encourage employees to live within five kilometers of their place of work and to commute by bicycle. As such, we have arranged company housing near our offices and built bicycle parking close to our R&D facilities. The primary goal is to promote a proper work-life balance by shortening commuting distances, but at the same time, it also helps reduce greenhouse gas emissions associated with use of transportation.



Bicycle parking

Exploring renewable energy

In October 2020, the Japanese government pledged to be carbon neutral by 2050. The goal is to realize a carbon-free society by 2050 and effectively eliminate greenhouse gas emissions.

Realizing carbon neutrality will require the introduction of renewable energy that does not produce CO₂ emissions. At Capcom, we have begun looking into the introduction of renewable energy to do our part to bring about a sustainable society.

Considerations in Game Development

In-game purchases

In the Japanese game market, discussions have been taking place for several years on the problem of gacha, or high-priced lottery-style game mechanics, primarily in mobile games. Overseas, gacha-like “loot boxes” have been banned in some countries.

As a creator of entertainment culture, Capcom believes that games should be enjoyed for the entertainment value they provide with gameplay, not for thrills associated with winning a lottery. We do not want to see games that are supposed to make people happy having the opposite effect as a result of excessive charges. For that reason, we are working to ensure that all users can enjoy our games fairly and safely. In principle, we minimize gacha elements in the mobile games we develop; in our home video games, we provide any content required to enjoy the full game free of charge, while offering some additional content at low cost.

Localization and culturalization

Capcom games are enjoyed worldwide. In the fiscal year ended March 2021, the percentage of home video games sold overseas was 80.9%. Naturally, translation (localization) of video games developed in Japanese is required so that game players around the world can enjoy them. The volume and importance of localization is increasing year after year due to factors such as improvements in game machine performance, support for online gameplay, and an increase in the number of languages accompanying a more diversified, global audience. As such, Capcom’s localization team is involved in game development from the initial stages.

By carrying out localization concurrently with development, rather than following completion of the Japanese language version as had been done in the past, Capcom is able to launch games simultaneously around the globe. What is more, depending on the country, simply translating games developed under Japanese norms can end up hurting users unexpectedly due to historical, religious, or cultural differences.

As such, we focus on employing staff from around the world to culturize the games so that they can be enjoyed by all, regardless of locale.

Example of culturalization



Resident Evil is known as *Biohazard* in Japan.

Healthy Development of Entertainment

Compliance with the CERO rating system and endorsement of guidelines

The Computer Entertainment Rating Organization (CERO), a Specified Nonprofit Corporation, was created to provide age-appropriate ratings for video games. Capcom complies with the CERO rating system and rules.

The rating system is an initiative for the healthy development of young people that calls for voluntary restrictions on home video game content and sales methods to limit access by young people to sexual or violent content. In addition, recent game platforms include a parental control function that enables parents to limit the online purchase and use of certain games according to their ratings.

Guidelines issued by the Computer Entertainment Suppliers' Association (CESA)

Name of guideline	Implementation date
Guidelines on blockchain games	Enforced July 1, 2021
Guidelines for Real Money Trade Measures	April 26, 2017
Guidelines for the Protection of Minors	December 21, 2016 Revised March 27, 2019
Operating Guidelines for Random Item Distribution in Network Games	April 27, 2016
Guidelines for Advertisements, Etc. in Home Video Game Software Targeting Only Those 18 and Over	April 1, 2008 Revised June 20, 2012
Code of Ethics Concerning Computer Entertainment Software, 2nd Revision	October 1, 2002

Please refer to CESA's website for information on its activities.
https://www.cesa.or.jp/index_e.html

Addressing the WHO's recognition of gaming disorder

In May 2019, the World Health Organization (WHO) included gaming disorder as a new mental health condition characterized by excessive use of games to the point where it has a negative impact on health and social life. Cooperating with industry organizations such as the Computer Entertainment Supplier's Association, we are taking the appropriate steps to raise awareness of the issue in response to social demand. As an independent effort, we will continue to educate elementary and junior high school students on how to interact with games in a healthy manner through our educational support program.

➡ For details see p. 61

Addressing addiction to pachinko and pachislo

Pachinko and pachislo are a form of entertainment that has taken root in society. At the same time, however, there is concern over players becoming addicted. For that reason, the Recovery Support Network (RSN), a pachinko addiction consultation hotline, was established in 2006 with the support of industry organizations. In addition to the launch of this free phone-based consultation service, various measures were implemented in the industry to prevent addiction. These measures included putting up posters at all locations nationwide to raise awareness of RSN, establishing a system in which pachinko and pachislo advisors (specialist staff) are stationed at each location to provide customers with appropriate information on addiction, and preparing guidelines for addressing addiction at pachinko parlors. In 2017, the Pachinko and Pachislo Industry Association for the 21st Century, which consists of 13 organizations from the amusement industry, announced the "Declaration on Pachinko and Pachislo Addiction," strengthening measures to address pachinko and pachislo addiction and declaring it as a top priority. In May 2021, the association played a central role in holding online forums on the "Special Website for the Issue of Pachinko and Pachislo Addiction," which provides an overview of addiction and information on industry initiatives. The website has rolled out various educational activities.

In fiscal 2019, the "Basic Guidelines for Measures to Address Pachinko Addiction" and the "Pachinko and Pachislo Industry Guidelines for Measures to Address Addiction" were established based on the government's Basic Plan for Promoting Measures to Address Gambling and Other Addictions.

Capcom endorses and cooperates with these initiatives to contribute to healthy development of the industry.

Support for Community-building among Senior Citizens

Holding regular amusement arcade tours

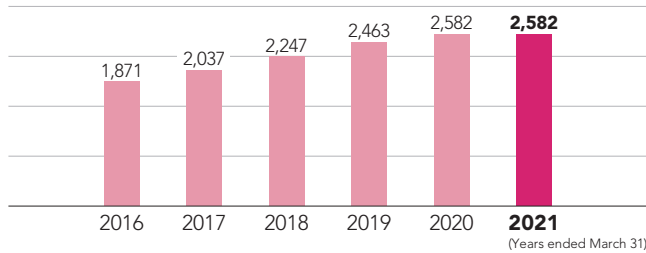
Today, amusement facilities are becoming increasingly popular among senior citizens as spaces for communication with friends and facility staff. Since 2012, Capcom has held amusement arcade tours free of charge on long public holidays and Respect-for-the-Aged Day for senior citizens where they can try out coin-operated games and crane games, enabling more people to make use of such facilities.

* The tours were suspended in fiscal 2020 to help prevent the spread of COVID-19.

In addition, as part of efforts to create arcades where senior citizens can comfortably enjoy themselves, since 2012 Capcom has encouraged arcade staff to get the Service Assistant certification. Currently, 24 staff members have received this certification.

Cumulative number of participants in senior tours

2,582



* The tours were suspended in fiscal 2020 to help prevent the spread of COVID-19.



Senior tours

Enhancing Customer Support

User support and utilizing feedback

At Capcom, we have dedicated support teams for each product to ensure that customers can fully enjoy the services they purchase.

We also strive to quickly respond to customer questions by providing online FAQ pages, while each person in charge regularly engages in information exchanges with other teams, working to improve customer satisfaction.

The questions and feedback our game support teams receive are condensed and analyzed to be incorporated in development of new products.

➔Inquiries

https://www.capcom.co.jp/support/index_game.html (Japanese only)

Protecting the personal information of our customers

Capcom has more than 10 million records containing personal information on customers, accumulated from site memberships, prize deliveries, product purchases, and other sources. In 2015, the Japanese Act on the Protection of Personal Information was revised, and the revisions went into full effect on May 30, 2017.

Meanwhile, overseas, the EU General Data Protection Regulation (GDPR) went into effect in May 2018. The data of game players falls under the category of personal information in these laws, and the scope is expanding each year.

Under these circumstances, we established our new Information Management Department in April 2019 to enhance

our information management structure and address the requirements of the Japanese Act on the Protection of Personal Information and the GDPR. This department is leading our efforts to address the risk of personal information leaks by developing a system of conduct guidelines, operational controls, and audits in accordance with the law.

In response to the unauthorized access of Capcom's network in 2020, improvements were made to the security system to prevent recurrence. Additionally, the Information Technology Security Oversight Committee, which includes multiple outside experts, was established in January 2021. It holds regular meetings with the aim of further improving information security.

Expanding opportunities for customers to play games

In recent years, we have been focusing on promoting esports as part of our efforts as a creator of entertainment culture.

We have the role of planning and organizing events as a game manufacturer—a role that had been largely shouldered by the player community in the past—in order to provide an environment that better allows competitors and fans to enjoy the excitement of competitions.

Since 2013, we have held Capcom Cup to determine the top players in the world. We are also working to provide amateur players with opportunities to shine, such as with the new Street Fighter League: College-JP 2019 for students, in June 2019.

Through these activities, we aim to increase points of contact with our customers and improve customer satisfaction. In fiscal 2021, we will hold Capcom Pro Tour Online 2021, a series of 32 1-on-1 tournaments carried out in 19 regions across the globe. We are also introducing a team ownership system in the Japanese esports league Street Fighter League: Pro-JP 2021, in which eight companies form original teams that participate. In these and other ways, we are expanding the scope of our activities.



Street Fighter League: Pro-JP 2020

Relationship with Regional Communities

Contributions to Regional Revitalization

Utilizing the appeal and brand recognition of popular games to contribute to society

The appeal of video game content was demonstrated to the world during the opening ceremonies of the preeminent international sporting event of summer 2021 held in Tokyo when video game music was played to accompany the entrance of the athletic teams. In the same vein, Capcom is following a Single Content Multiple Usage strategy for our content, which we deploy in a wide range of fields beyond video games. As such, we are proud to have a high level of recognition and popularity among men and women, young and old alike.

Based on our corporate philosophy of making people happy through games, Capcom has been engaged in the following four regional revitalization activities not only in Osaka, where we have our head office, but across Japan, since the mid-2000s: 1) economic promotion that supports the local tourism industries; 2) cultural awareness raising that supports education concerning local history and culture; 3) crime prevention education through coordination with the police; and 4) raising awareness about voting in elections in coordination with the Committee for Election Administration.

Further, going forward we will provide support for esports activities regionally throughout Japan while looking into activities to promote regional revitalization through playing games.

Comments from a city official

Yukihiro Ohuchi

General Affairs Division,
Miharu Municipal Government



Miharu is an historic castle town known as the birthplace of Megohime, the daughter of Tamura Kiyoaki (who was the lord of the Miharu Castle), and wife of Date Masumune, who was nicknamed *Dokuganryu*, or the One-Eyed Dragon.

We collaborated with Capcom to utilize the Felyne characters from *Monster Hunter* in a traffic safety PR campaign. The main target of the campaign was elementary and junior high school students, and the Felyne were a big hit with children and students.

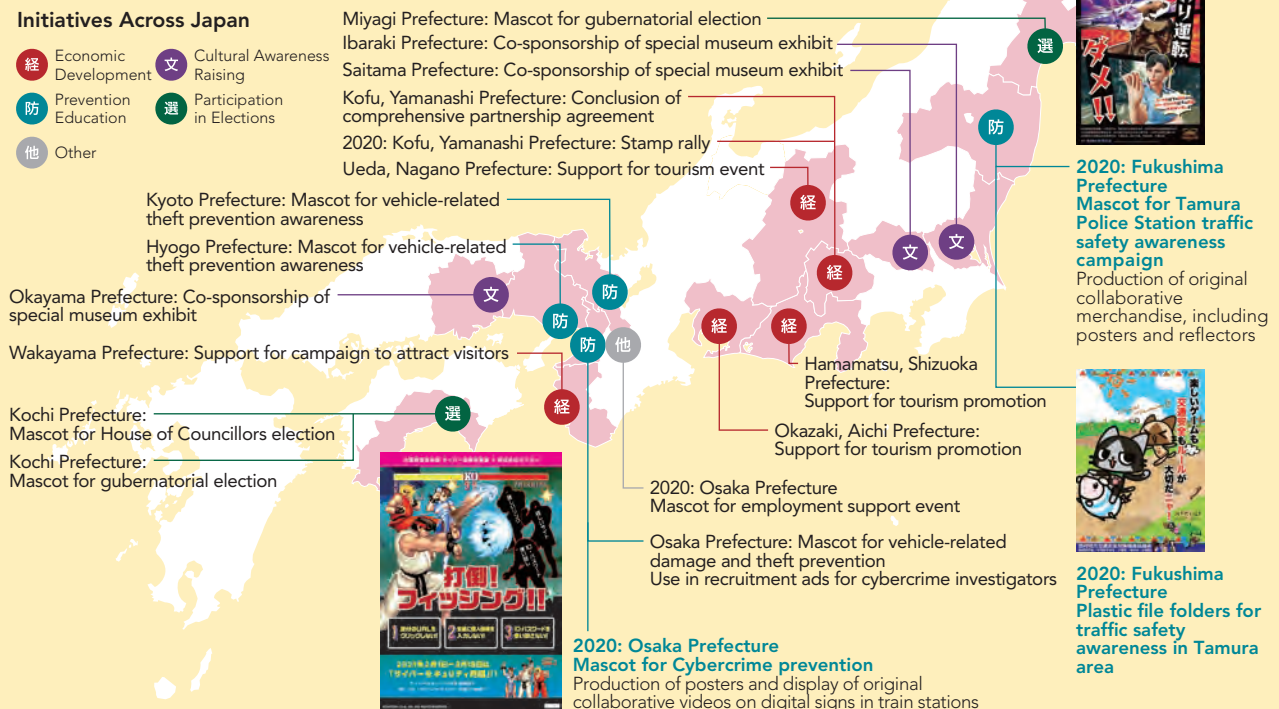
Going forward, we hope to continue collaborating with Capcom, a company that values community engagement, utilizing anime and game content that appeals to young people in regional revitalization efforts.

Regional Revitalization Activities

Initiatives Across Japan

- 経 Economic Development
- 文 Cultural Awareness Raising
- 防 Prevention Education
- 選 Participation in Elections
- 他 Other

Supporting regional revitalization using the appeal of Capcom video game content



Relationship with Employees

Promoting Healthy Relationships with Games

More than a decade of on-site classes for children in school

Games are a relatively new cultural phenomenon with little academic research, and discussions tend to focus on the detrimental effects rather than the educational aspects. Recently, recognition by WHO of gaming disorder made headlines as did the establishment of the Kagawa Prefectural Ordinance on Countermeasures for Addiction to Internet and Computer Games. However, video game creator is a popular future career choice among children, and programming and other such lessons will be made compulsory in Japanese elementary schools starting in 2020. Many private sector efforts are also underway, including opening programming academies for youth. Considering these developments, it is reasonable to expect that the number of children hoping to become game creators will increase. Additionally, smartphone use rates among young people—53.1% of elementary school students and 79.3% of junior high school students—are rising each year. Smartphone games are also gaining popularity and children are growing more familiar with games.

Given this, with a desire to promote social understanding of games, we accept visits to our offices from primarily elementary and junior high school students and conduct on-site classes at schools to promote sustainable economic growth and social development. Class programs have three sessions: Career Education introduces the work done in a game company and its challenges and rewards; Game Literacy Education helps students use their judgement to build a healthy relationship with games; and CAPCOM: Work × Mathematics shows students how mathematics—typically not a favorite subject—is used in work. These programs have been well-received with schools, and Capcom is incorporating educators' feedback to improve them. In addition, based on prior feedback expressed by educators we launched an online program starting in fiscal 2021, which also allows us to hold classes smoothly even during the COVID-19 pandemic. We will continue to launch new initiatives to enable us to respond flexibly over a wider geographical area than before.

Altogether, Capcom has welcomed 3,355 children as part of 403 different field trips to its offices (as of March 31, 2021). Capcom has also held 174 on-site classes for 15,726 students (as of March 31, 2021) at schools such as the one held at Miharu Junior High School in Fukushima Prefecture in November 2020.

Impressions of the on-site classes (An excerpt of this fiscal year's comments)

- Listening to the stories of people who do the work, such as programmers and sound creators, and observing their enthusiasm made me want to be like them when I start working in the future. (Elementary school student)
- Because it came from a game creator rather than a teacher, the lesson of how to make and interact with games really resonated with the children. (Elementary school teacher)
- (The students) seemed to recognize that they themselves were consumers and realize that on the other side of the games there are efforts being made by the game creators. (Junior high school teacher)

Promotion of Diversity

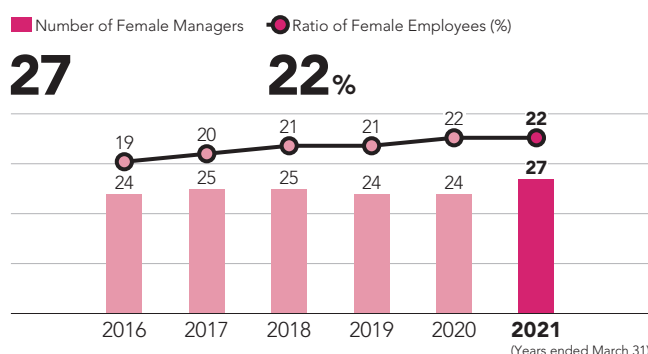
Initiatives aimed at promoting the improvement of the work environment for women and proactively hiring non-Japanese

Capcom is currently engaged in initiatives aimed at improving the work environment for women and proactively hiring non-Japanese.

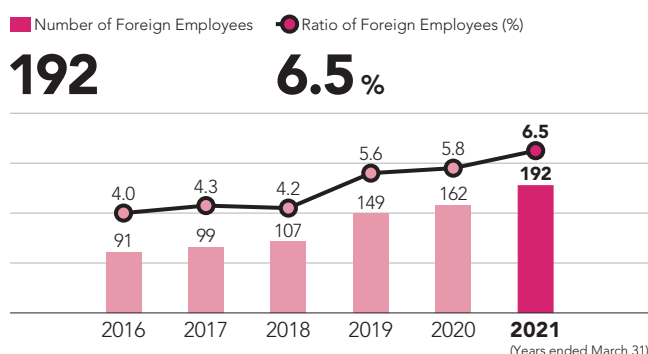
In terms of providing an environment that facilitates women, we introduced systems enabling women to take a leave of absence before and after giving birth, childcare leave and shortened working hours, and promote their use throughout the Company. In fiscal 2020, 34 employees took childcare leave, 17 of whom were men, and 100% of eligible women took childcare leave (fiscal 2019: 23 employees, 10 of whom were men and 100% of eligible women took leave). A high percentage of women returned to work afterwards: 31 (96.9%) returned in fiscal 2020 (fiscal 2019: 27 (100%) returned). As a result, despite it being said that Japan's gaming industry is generally dominated by men, women account for roughly 22% of Capcom's workforce, and 27 (10.3%) of Capcom's managers are women. In accordance with the execution of the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace, in 2019 we formulated the General Employer Action Plan, which seeks to achieve two things: (1) developing a personnel system that contributes to diversity in work styles, and (2) having women comprise at least 15% of managers by the end of fiscal 2024. In recognition of Capcom's efforts toward improving the workplace environment for women, since 2014 we have earned the "Kurumin" mark, the symbol of a "company supporting childcare," from the Ministry of Health, Labour and Welfare.

In terms of the proactive employment of non-Japanese individuals, Capcom is making efforts to strengthen overseas expansion capabilities including creating an English hiring website. We currently employ 192 non-Japanese workers (representing 6.5% of our employees). Going forward, we will create a system for improving motivation in an attempt to increase the ratio of foreign employees, including support for career advancement and the promotion of non-Japanese individuals to management positions.

Number of Female Managers and Ratio of Female Employees (Capcom Co., Ltd.)



Number and Ratio of Foreign Employees (Capcom Co., Ltd.)

Comments from
a female employee

Alicia Kim

Senior Director
Communications
Capcom U.S.A., Inc.



I oversee the North/South American PR, social/community, and customer service teams, which are responsible for communications including those with media, fans and customers. I myself am a big fan of Capcom's games which makes it even more rewarding to see the recognition and reputation of our brands grow through our hard work. During the COVID-19 pandemic, there were restrictions in place preventing us from having regular face-to-face interactions with others including colleagues, media partners and player communities. However, by adapting our approach to use digital tools and strategies, we were able to find new ways to achieve our goals in an effective manner. As a manager, I endeavor to lead in such a way that allows team members to demonstrate their full potential by fostering a supportive atmosphere and collaborative culture.

Providing a Pleasant Workplace

Promoting work-life balance

Creating entertainment culture requires that creators themselves make time for play.

At Capcom, we have established Paid Leave Promotion Days and encourage employees to take extended leave to refresh and look for new sources of inspiration during the year-end/New Year's holidays as well as during the series of holidays in May. Additionally, we have built a four-story bicycle parking facility near our development studio and encourage our employees to live within a five-kilometer radius to shorten commuting times. This saves time and living costs while giving creators the free time necessary to cultivate their creative powers and imaginations, which is essential for creative work. Moreover, we opened Capcom Juku as an on-site daycare

facility in April 2017 to provide a stable workplace environment for creators. As it is located close to work, it provides peace of mind for employees who are married or have children and has been well-received by those who have utilized it.

➡ Please refer to the information below or page 54 of the 2018 Integrated Report.

Supporting employees' health management

The employee cafeteria was renovated in 2015 when the new development studio was completed. Healthy meals are served for breakfast, lunch, and supper. There is also a massage room staffed by nationally-certified massage therapists at both the Tokyo and Osaka locations to support our employees in managing their health.

Fulfilling employee potential in a cutting-edge environment

The biggest thing when it comes to motivating developers working in a creative field such as games is access to an environment that allows them to bring their ideas to life. Capcom maintains a cutting-edge development environment that includes 3D scanners, a motion capture studio, a dynamic sound mixing stage, and a Foley stage. In this way, we support our creators in fulfilling their vision.

Capcom Juku

Providing an environment for vibrant childcare combining day care and education

Given the desire to quickly improve the issue of long day care waiting lists accompanying a lack of preschools, Capcom's top management set its sights on the future, desiring to provide an environment in which employees can raise their children with peace of mind while remaining employed over the long term. We operate Capcom Juku aiming to add individual education and growth to standard day care for children.

Capcom Juku goes beyond caring for infants and preschool children and accepts a wide range of youth, including after-school kindergarten and elementary school students. This helps employees avoid the stress of not being able to find open facilities for their children. Furthermore, by offering educational support in the form of a place for learning English, eurhythmics, math, science, and other subjects, Capcom Juku joins its efforts with employees and fosters the growth of children. Currently, as of March 31, 2021, the school takes care of 19 children a month and accepts as many as 18 temporary pupils a month.

In the future, we will create a learning atmosphere at Capcom Juku that stimulates and broadens children's curiosity, while also striving for an environment where parents can work with peace of mind so that both they and their families can lead fulfilling lives.

Directors

(As of June 23, 2021)

- Internal
- External

Kenzo Tsujimoto



Haruhiro Tsujimoto



Toru Muranaka



Yutaka Mizukoshi



Wataru Kotani



Kenzo Tsujimoto

Chairman and Chief Executive Officer (CEO)

Jun. 1983 President and Representative Director of the Company
Apr. 2001 Chief Executive Officer (CEO) of the Company (to present)
Jul. 2007 Chairman and Representative Director of the Company (to present)

Haruhiro Tsujimoto

President and Chief Operating Officer (COO)

Apr. 1987 Entered into the Company
Jun. 1997 Director of the Company
Feb. 1999 Managing Director of the Company
Apr. 2001 Senior Managing Director of the Company
Jul. 2004 Director and Executive Corporate Officer of the Company
Apr. 2006 Director and Executive Vice President of the Company
Jul. 2007 President and Representative Director, Chief Operating Officer (COO) of the Company (to present)
Aug. 2016 President and Representative Director, and Director in charge of Global Marketing Business and Arcade Operations Business of the Company
Jun. 2018 President and Representative Director, and Director in charge of Arcade Operations Business of the Company
Apr. 2020 President and Representative Director, and Director in charge of Sales Operations Business and Arcade Operations Business of the Company (to present)

Satoshi Miyazaki

Director
Executive Vice President

Apr. 1983 Entered the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2011 Executive Officer, General Manager of Corporate Banking Division No.6 of the Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2013 Managing Executive Officer in charge of Sales of Mizuho Corporate Bank, Ltd. and Mizuho Bank, Ltd.
Apr. 2016 Executive Officer and Deputy President in charge of Western Japan of Mizuho Financial Group, Inc.
Apr. 2020 Representative Director and Deputy President of Mizuho Bank, Ltd.
Apr. 2021 Resigned from the post above
May. 2021 Executive Vice President of the Company (to present)
Jun. 2021 Director of the Company (to present)

Yoichi Egawa

Director
Executive Corporate Officer

Apr. 1985 Entered into the Company
Apr. 1999 General Manager of Creative Division 5 of the Company
Aug. 1999 Corporate Officer, General Manager of Creative Division 5 of the Company
Apr. 2011 Managing Corporate Officer of the Company
Apr. 2013 Executive Corporate Officer of the Company (to present)
Jun. 2013 Director, in charge of Arcade Business and Pachinko & Pachislo Business of the Company
Jul. 2016 Director, in charge of Amusement Equipments Business, Arcade Operations Business and Consumer Games Development of the Company
Apr. 2019 Director, in charge of Consumer Games Development and Pachinko & Pachislo Business Divisions of the Company
Apr. 2020 Director, in charge of Development Divisions and Pachinko & Pachislo Business Divisions of the Company (to present)

Kenkichi Nomura

Director
Executive Corporate Officer,
Chief Financial Officer (CFO)

Apr. 2009 Corporate Officer in charge of Internal Control of the Company
Jul. 2010 Managing Corporate Officer in charge of Financial and Accounting Division of the Company
Jun. 2015 Managing Corporate Officer in charge of Financial and Accounting Division and Secretarial Affairs, PR and IR Division of the Company
Apr. 2016 Executive Corporate Officer (to present)
Head of Finance, Accounting and Public Relations Divisions
Jun. 2016 Director, Chief Financial Officer (CFO) (to present) and in charge of Corporate Management of the Company
Apr. 2020 Director, in charge of Corporate Management, Planning and Strategy Divisions of the Company (to present)

Toru Muranaka

Director External Independent Director

Apr. 1995 Registered Lawyer (Osaka Bar Association)
Entered into Daiichi Law Office (Currently Daiichi Law Office, P.C.)
Dec. 2007 Partner of Daiichi Law Office, P.C. (to present)
May 2014 External Corporate Auditor of Furuno Electric Co., Ltd. (to present)
Jun. 2015 External Corporate Auditor of Suzuken Co., Ltd. (to present)
Jun. 2016 External Director of the Company (to present)

Yutaka Mizukoshi

Director External Independent Director

Apr. 1980 Entered into Nippon Steel Corporation
May 2004 Senior Vice President of The Boston Consulting Group
Jan. 2005 Japan Co-chair of The Boston Consulting Group
Jan. 2016 Senior Partner and Managing Director of The Boston Consulting Group
Jun. 2016 External Director of Lifenet Insurance Company (to present)
External Director of Asagami Corporation (to present)
Jan. 2018 Senior Advisor of The Boston Consulting Group, Tokyo (to present)
Jun. 2018 External Director of the Company (to present)
Jun. 2019 Director, Japan Rugby Football Union (to present)

Wataru Kotani

Director External Independent Director

Apr. 1980 Entered the National Police Agency
Aug. 2002 Chief of Ehime Prefectural Police Headquarters
Apr. 2004 Chief of the Cybercrime Division, Community Safety Bureau, National Police Agency
July 2008 Chief of Nagano Prefectural Police Headquarters
Aug. 2010 Chief of the Organized Crime Department, Criminal Affairs Bureau, National Police Agency
Jan. 2013 Deputy Superintendent General and acting Chief of the Crime Prevention Task Force, Tokyo Metropolitan Police Department
Jan. 2014 President, National Police Academy
Nov. 2014 Special Advisor, Japan Post Bank Co., Ltd. (to present)
Jun. 2021 External Director of the Company (to present)

Kazushi Hirao

Director
<Full-time member of the Audit and Supervisory Committee>

Jun. 1988 Entered into the Company
Apr. 1997 General Manager of Overseas Business Dept. of the Company
Jul. 1999 Corporate Officer, General Manager of Overseas Business Dept. of the Company
Oct. 2002 General Manager of General Affairs Dept. of the Company
Apr. 2004 Senior Manager of Investor Relations Section of the Company
Jun. 2004 Corporate Auditor of the Company (full-time)
Jun. 2016 Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Satoshi
MiyazakiYoichi
EgawaKenkichi
NomuraKazushi
HiraoYoshihiko
IwasakiMakoto
Matsuo

Yoshihiko Iwasaki

Director **External** **Independent Director**
<Full-time member of the Audit and Supervisory Committee>

Apr. 1979 Entered into National Tax Agency
Jul. 1986 District Director of Ijuin Tax Office
Jul. 1999 Deputy Commissioner (Large Enterprise Examination and Criminal Investigation) of Hiroshima Regional Taxation Bureau
Jul. 2007 Assistant Regional Commissioner (Management and Co-ordination) of Nagoya Regional Taxation Bureau
Jul. 2009 Director-General of Kanazawa Regional Tax Tribunal
Jul. 2010 Director-General of Sapporo Regional Tax Tribunal
Jul. 2011 Vice President of National Tax College
Jun. 2012 External Corporate Auditor of the Company (full-time)
Jun. 2016 External Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Makoto Matsuo

Director **External** **Independent Director**
<Member of the Audit and Supervisory Committee>

Apr. 1975 Admitted to Japanese Bar (The Dai-ichi Tokyo Bar Association) Ozaki & Momo-o
Aug. 1978 Weil, Gotshal & Manges in New York
Mar. 1979 Admitted to New York Bar
Apr. 1989 Partner of Momo-o, Matsuo & Namba (to present)
Apr. 1997 Lecturer of Nihon University, Faculty of Law: International Transaction Law
Apr. 2005 Lecturer of Hitotsubashi University Faculty and Graduate School of Law: World Business Law
Jun. 2007 External Director of the Company
Mar. 2014 External Corporate Auditor of Solasia Pharma K.K. (to present)
Jun. 2016 External Director (Member of the Audit and Supervisory Committee) of the Company (to present)
Jun. 2018 Outside Statutory Auditor of Sumitomo Forestry Co., Ltd. (to present)
Jun. 2020 Outside Audit & Supervisory Board Member of Taisho Pharmaceutical Holdings Co., Ltd. (to present)

Directors' Skill Matrix

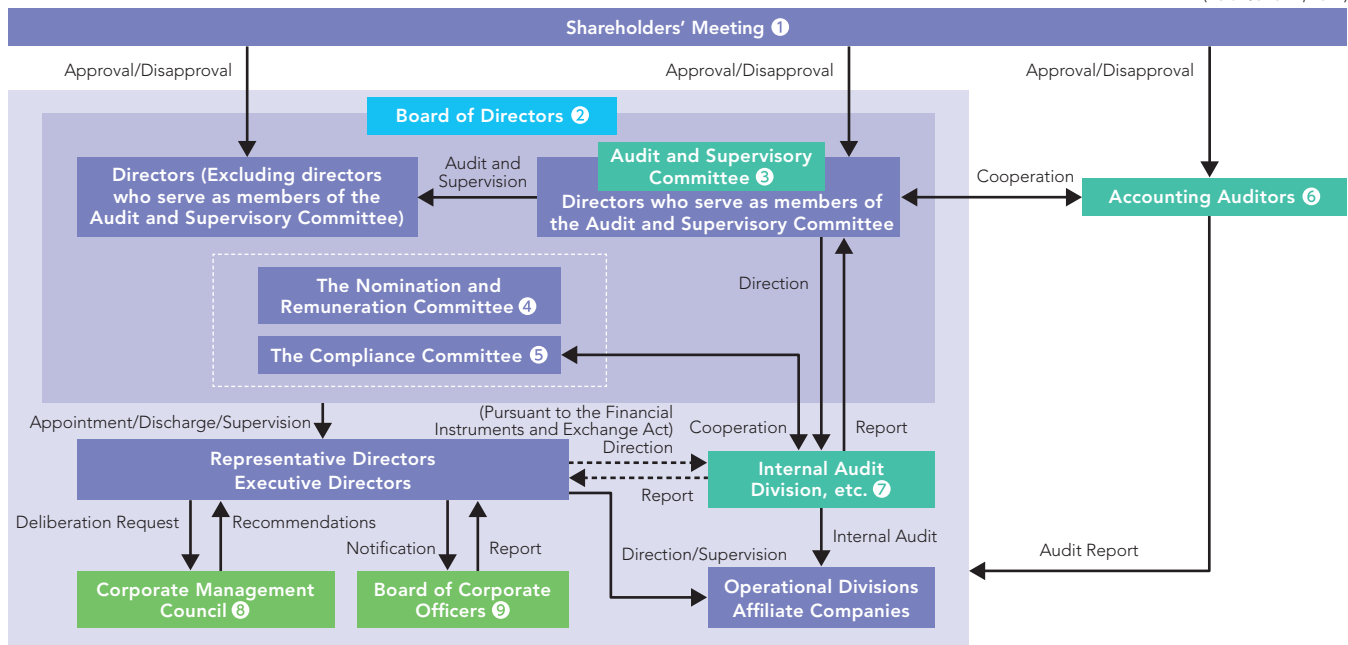
Fields Each Director is Expected to Contribute in Particular Toward Achievement of Medium-Term Growth Strategy								
	Company Management	Management Strategy	Gaming Industry	Digital Transformation/ IT/ Technology	R&D	Finance/ Accounting/ Tax	Law	Global Sensibility
Kenzo Tsujimoto	●	●	●	●				●
Haruhiro Tsujimoto	●	●	●	●	●			●
Satoshi Miyazaki	●	●				●		
Yoichi Egawa			●	●	●			●
Kenkichi Nomura		●	●	●		●	●	●
Toru Muranaka	●						●	●
Yutaka Mizukoshi	●							●
Wataru Kotani				●			●	
Kazushi Hirao		●	●			●		●
Yoshihiko Iwasaki						●		
Makoto Matsuo	●						●	●

* The table above does not necessarily show all knowledge possessed by the candidates.

Corporate Governance Structure and Initiatives

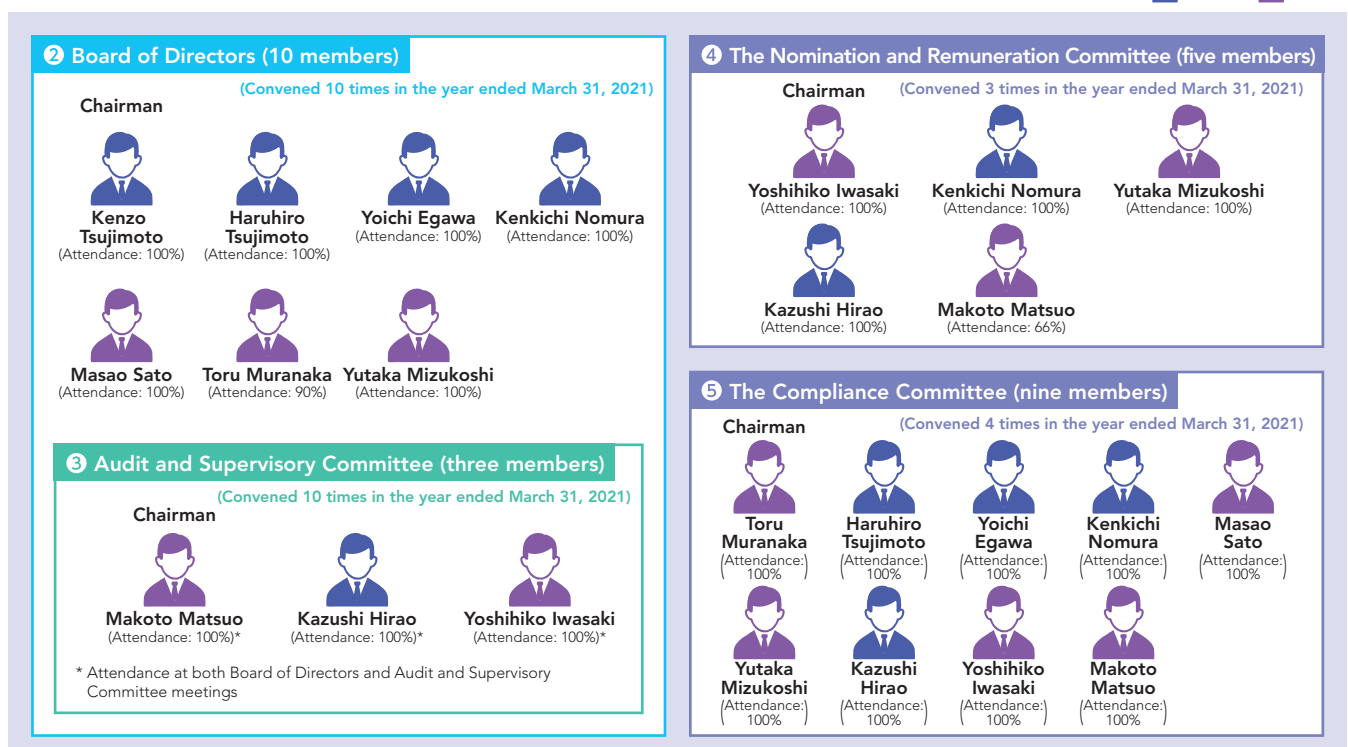
Shareholders and investors have made the effective functioning of internal control into a key issue amidst an epidemic of corporate misconduct in Japan and overseas. In this section, Capcom will explain the corporate governance structure and systems that it has initiated so far based on the key concepts of “effectiveness and visibility” in terms of the results of third-party assessment. (Assessment areas are highlighted in yellow.)

(As of June 22, 2021)



Composition of Board of Directors and voluntary committees (In the year ended March 31, 2021)

Internal External



Corporate Governance Structure

Enhancing management soundness and transparency while responding to changes in the environment

Capcom is aware that comprehensive corporate governance ranks among management's most important priorities. Because of this, in addition to enhancing management soundness and transparency, we are increasing corporate value by building a trusting relationship with our stakeholders. These stakeholders include shareholders, business partners, employees and regional societies.

1 Shareholders' Meeting

(Convened on June 22, 2021)

Determines important matters as the highest decision-making body

The general shareholders' meeting serves as Capcom's highest decision-making body and determines important matters prescribed by laws, regulations, and the Company's Articles of Incorporation, as well as serves as a place for communicating the audit results of divisional reports and consolidated financial statements.

Invitations to the general shareholders' meeting are issued approximately three weeks before convening the session, and efforts are made to allow for greater attendance by having the session about 10 days before the date on which most other companies hold their meetings. We have also made it possible for shareholders to exercise their voting rights over the internet using a computer, smartphone or mobile phone. In addition, we participate in an electronic voting rights exercise platform for institutional investors so that they will have sufficient time to review the proposals.

2 Board of Directors

Supervision

(Convened 10 times in the year ended March 31, 2021)

Management decisions that incorporate external directors' opinions

The Board of Directors is composed of 11 directors (chaired by the Representative Director and Chairman of the Board), with five of the directors being external directors.

The Board deliberates on important matters stipulated by laws, regulations, and the Rules of the Board of Directors, and strives to strengthen supervisory functions through the guidance, suggestions, and active comments of external directors.

In order to enrich deliberations, a portion of decision-making authority for the execution of important business is entrusted to the representative directors and others, while matters brought before the Board are narrowed to those of high importance, and the number of times the Board of Directors is convened is reduced. As a result, the efficiency of business execution has increased due to quick decision making and dynamic management practices.

3 Audit and Supervisory Committee

Audit

(Convened 10 times in the year ended March 31, 2021)

Cooperating with accounting auditors and the internal audit department to audit and supervise

The Audit and Supervisory Committee (chaired by an external director) is composed of three directors (two of whom are full-time members), with two of the three directors being external directors.

In principle, the committee meets before a Board of Directors' meeting is convened. The committee deliberates on important matters stipulated by the Rules for the Audit and Supervisory Committee and strives to strengthen audits and supervision.

Audit and Supervisory Committee members selected by the same committee carry out on-site audits themselves and, in order to increase the efficacy of audits, carry out dynamic organizational audits, including issuing instructions and other actions as necessary to, among others, the Internal Audit Division (directly under the control of the Audit and Supervisory Committee). The Internal Audit Division strives to ensure that audits function effectively by reporting the status of audits and improvements, and other issues to Audit and Supervisory Committee members.

4 The Nomination and Remuneration Committee

(Convened three times in the year ended March 31, 2021)

Selection of candidates for director and deliberating and recommending details of director compensation

The voluntary Nomination and Remuneration Committee (chaired by an external director) is composed of five directors (two of whom are internal directors and three of whom are external directors), with a majority of members being external directors.

Each committee member is selected based on the Board of Directors' appraisal of his or her knowledge, insight, experience, and other qualities.

When selecting candidates to be nominated for director (excluding directors who are members of the Audit and Supervisory Committee) and candidates to be nominated for director who are members of the Audit and Supervisory Committee, the Board of Directors makes its decisions after consulting with the Nomination and Remuneration Committee and takes their recommendations into account in order to increase transparency and objectivity. The consent of the Audit and Supervisory Committee is obtained when selecting candidates to be nominated for director who are members of the Audit and Supervisory Committee.

In addition, when determining individual compensation of top management and directors, the Board of Directors makes its decisions after consulting with the Nomination and Remuneration Committee, which deliberates and makes recommendations based on the policy for determining compensation, and takes their recommendations into account in order to ensure fairness and transparency. Individual compensation of directors who are members of the Audit and

Supervisory Committee is determined through discussion with each director who is a member of the Audit and Supervisory Committee, taking into account such factors as whether they are full time or part time. In order to ensure their independence, the compensation is fixed and not linked to performance of the Company.

5 The Compliance Committee

(Convened four times in the year ended March 31, 2021)

Focusing on Compliance as an Important Management Issue

The Compliance Committee is composed of 10 directors (five of whom are external directors, and the committee chairman is an attorney and external director).

In principle, the committee convenes once per quarter. Its primary activities are to analyze and assess risks to Capcom Group compliance and consider what action to take. In addition, the committee strives for early detection and prevention of legal violations or inappropriate conduct by finding internal risks and reporting their probability of materializing to the Board of Directors.

6 Accounting Auditors

Audit

Ensuring and Verifying Accounting Transparency

Capcom has concluded an auditing contract with KPMG AZSA LLC for financial audits as prescribed by the Companies Act and financial audits as prescribed by the Financial Instruments and Exchange Law. There is no special relationship involving financial or other interests between Capcom and this audit corporation or the engagement partners at this firm who perform audits at Capcom.

Auditor Remuneration (Year ended March 31, 2021)

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	50 million yen	—
Consolidated subsidiary	—	—
Total	50 million yen	—

Auditing Company	Names of Certified Public Accountants	
KPMG AZSA LLC, a limited liability audit corporation	Designated Limited Liability Partners	Yasuhiro Kondo Tomohiro Yamanaka

Note: The financial audit team was composed of: certified public accountants (14 members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (eight members).

7 Internal Audit Division

Audit

Ensuring and verifying legal compliance and operating efficiencies

In order for effective audits to be carried out, Capcom has established an Internal Audit Division and determines auditing policies, schedules, methods, and the allocation of duties after the end of the shareholders' meeting.

The main activities of the Internal Audit Division are verifying and evaluating the status of employees' execution of duties and the efficacy (and status of operation) of internal control systems, and reporting to the Audit and Supervisory Committee. When needed, division members also accompany selected Audit and Supervisory Committee members and carry out on-site audits of offices and subsidiaries inside and outside Japan.

8 Corporate Management Council

Implementation

(Convened 15 times in the year ended March 31, 2021)

Supporting the Board of Directors' decisions

The Corporate Management Council (chaired by the Representative Director and Chairman of the Board) is composed of six internal directors and, in principle, is convened several days before a meeting of the Board of Directors, or whenever necessary.

In addition to meeting to carry out preliminary deliberations of Board of Directors agenda items, it also deliberates other important items.

9 Board of Corporate Officers

Implementation

(Convened 12 times in the year ended March 31, 2021)

Executing operations based on management policy

Capcom utilizes a Corporate Officer System. In addition to clarifying the roles and responsibilities of directors focused on management and corporate officers focused on business execution, the system boosts management efficiency by allowing officers to swiftly execute business following instructions from executive directors regarding important matters determined at the Board of Directors.

The Board of Corporate Officers is composed of 15 corporate officers (four of whom serve concurrently as directors), and in principle, convenes once a month. Each corporate officer reports on the status of business execution and works to ensure that information is shared, while also exchanging opinions on business items and issues that require resolution.

External Directors

Using external perspectives to ensure effective governance

External directors ensure the effectiveness of the corporate governance function by playing key roles in the Compliance Committee and the voluntary Nomination and Remuneration Committee. They also focus efforts on compliance and the prevention of corrupt or illegal activities, and openly exchange opinions and provide counsel at Board of Directors meetings in an effort to strengthen the management audit function. The Secretariat staff helps with the work of the external directors who are not members of the Audit and Supervisory Committee. For external directors who are members of the Audit and Supervisory Committee, the full-time staff of the Internal Audit Division helps with their work.

Since all five of the external directors meet the criteria for independent directors, these five individuals have been registered with Tokyo Stock Exchange, Inc. as independent directors.

Reasons for Selection of External Directors

External Directors

Name	Reasons for selection
Toru Muranaka	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through proposals and advice on legal compliance and propriety from a professional standpoint along with his high level of expertise and broad insight and knowledge as an attorney specializing in corporate and financial instruments and exchange law
Yutaka Mizukoshi	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on an external perspective, including his enthusiastic provision of opinions and advice from an independent standpoint based on his familiarity with management analysis and establishment of management strategies as well as his deep insight into economic trends and international sensibilities that comes from his experience and knowledge from his many years in the consulting industry
Wataru Kotani	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors by providing opinions and advice from a neutral and objective standpoint based on the perspective of risk management and legal compliance as he possesses broad expertise and extensive experience in IT security and legal affairs from his many years of involvement in police administration

External Directors (Audit and Supervisory Committee)

Name	Reasons for selection
Yoshihiko Iwasaki	Due to his expertise and rich experience with tax administration along with his considerable knowledge of finance and accounting, he is expected to contribute to the auditing and supervision of the Board of Directors from the standpoint of tax administration, finance, and accounting with proposals and advice from an external perspective
Makoto Matsuo	Due to his success in the legal world based on his high level of expertise and broad insight and knowledge as an attorney and his familiarity with the business world that comes from his extensive experience as an external officer of listed companies, he is expected to contribute to the auditing and supervision of the Board of Directors with guidance and advice from a legal standpoint at meetings of the Board of Directors and other important meetings

Officer Remuneration

The Nomination and Remuneration Committee is consulted to ensure fairness and transparency

Policy for setting the calculation method and amount of directors' remuneration

1 Regarding remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)

To ensure the fairness and transparency of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which deliberates and makes recommendations based on the policy below, and makes its decision accordingly.

- a. Basic remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)

-Monthly remuneration is fixed.

-The amount is determined after considering each board member's position, duties, tenure, and status as either an executive director or non-executive director, and an evaluation of individual job performance.

- b. Performance linked remuneration of directors (excluding external directors and directors who are members of the Audit and Supervisory Committee)

In regard to performance linked remuneration of directors (excluding external directors and directors who are members of the Audit and Supervisory Committee), short-term performance linked remuneration is based on a bonus for the fiscal year. The Board of Directors consults the Nomination and Remuneration Committee, which performs an evaluation and calculation using the items below based on the Company's management objective of steady growth of profits, and makes its decision based on their recommendations.

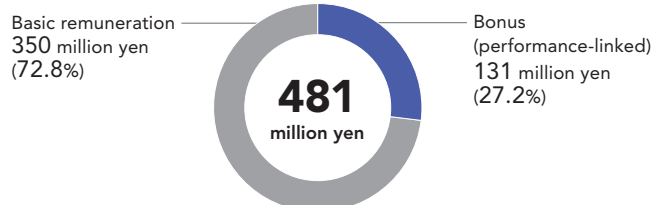
- Single-year net income attributable to owners of parent
- Increase in consolidated operating profit over the previous year
- Multiple consecutive increases in consolidated operating profit over previous years
- Evaluation of operations that the board member oversees

The ratio of remuneration for directors (excluding external directors and directors who are members of the Audit and Supervisory Committee) is set based on the above items and includes annual basic remuneration, comprised of monthly remuneration, and a single year bonus, which does not exceed 50% of annual basic remuneration.

2 The remuneration of the directors who serve as members of the Audit and Supervisory Committee

In order to secure their independence, the remuneration of the directors who serve as members of the Audit and Supervisory Committee is not linked to performance; it is a fixed amount determined through discussions, taking the difference of full-time or part-time service and other factors into account, by the directors who serve as members of the Audit and Supervisory Committee.

Total director remuneration breakdown



Officer Remuneration (Year ended March 31, 2021)

Total remuneration, total amount by type of remuneration, and number of directors the remuneration was paid to, by type of director of delivery company

Type of director	Total remuneration (million yen)	Total of remuneration by type (million yen)				Number of directors paid
		Basic remuneration	Performance linked remuneration	Severance	Of those items to the left, non-monetary remuneration	
Director (excluding Audit and Supervisory Committee and external directors)	393	261	131	—	—	4
Member of Audit and Supervisory Committee (excluding external directors)	21	21	—	—	—	1
External directors	34	34	—	—	—	3
Member of Audit and Supervisory Committee (external directors)	32	32	—	—	—	2

Total amount of consolidated remuneration by director of delivery company

Name	Total of consolidated remuneration (million yen)	Type of director	Type of company	Total of consolidated remuneration by type (million yen)			
				Basic remuneration	Performance linked remuneration	Severance	Of those items to the left, non-monetary remuneration
Kenzo Tsujimoto	150	Director	Delivery company	100	50	—	—
Haruhiro Tsujimoto	120	Director	Delivery company	80	40	—	—

Note: Total consolidated remuneration, etc. is listed only for those with remuneration of 100 million yen or more.

Evaluation of the Effectiveness of the Board of Directors

The Company performed an evaluation of the effectiveness of the Board of Directors in fiscal 2020 to further improve its function.

In order to solicit individual opinions, each board member was given a questionnaire or interviewed. We then exchanged opinions based on an analysis of those results.

In this evaluation, we found that the Board of Directors is functioning effectively and, as shown on the right, confirmed new areas to enhance the supervisory function of management. We will continue to leverage the strengths of the Board of Directors and deepen our understanding of the challenges faced as we work to further improve its function.

Main concerns	Improvement measures and policy for the immediate future
Enhancement of corporate governance function	Further expansion of governance-themed discussions and opportunities for exchanging opinions
Maintenance and improvement of communication in terms of quality and quantity	Careful review and revision of standards and rules for submitting proposals to Board of Directors Efficient provision of materials for active discussions at meetings of Board of Directors

Initiatives for the Shareholders' Meeting

Making shareholders' meetings lively and facilitating the exercise of voting rights

To ensure our shareholders' meetings are lively, we hold our meeting about 10 days before the period when most Japanese companies typically hold their meetings in an attempt to encourage the attendance of as many shareholders as possible.

Also, voting rights can be exercised online via PC, smartphone or mobile phone. In addition, we have participated from an early stage in a platform for the online exercise of voting rights, so institutional investors are ensured a sufficient amount of time to

consider proposals starting on the day the convocation notices are distributed. Furthermore, we also post convocation notices and other information in English on our corporate website to promote the exercise of voting rights by shareholders worldwide.

Additionally, to further enhance dialogue with shareholders, we held the Ordinary General Meeting of Shareholders on June 22, 2021 in a hybrid virtual shareholder meeting format allowing shareholders to watch the meeting live online on a shareholders-only website and send their comments.

Shareholders' Meeting Resolutions

The following presents the results of voting at the fiscal 2020 shareholders' meetings

Resolutions	Approval Votes	Opposed Votes	Abstained Votes	Approval Rate (%)	Voting Results
First proposal: Proposed Appropriation of Retained Earnings	866,449	29,908	9	96.61	Approved
Second proposal: Election of Eight Directors (excluding Directors who are members of the Audit and Supervisory Committee)					
Kenzo Tsujimoto	786,879	108,033	1,477	87.74	Approved
Haruhiro Tsujimoto	817,168	79,213	9	91.12	Approved
Satoshi Miyazaki	869,888	26,502	9	97.00	Approved
Yoichi Egawa	862,792	33,597	9	96.21	Approved
Kenkichi Nomura	871,562	24,828	9	97.19	Approved
Toru Muranaka	879,001	17,390	9	98.01	Approved
Yutaka Mizukoshi	879,733	16,658	9	98.10	Approved
Wataru Kotani	885,632	10,759	9	98.75	Approved

➔ Please refer to the "Resolutions of the 41st Ordinary General Meeting of Shareholders" section of our IR web page for information about the conditions for each proposal to be passed <https://www.capcom.co.jp/ir/english/stock/meeting.html>

External Assessment of Corporate Governance

Promoting more "visible" governance

An analysis of an assessment performed by a third-party organization into the validity and effectiveness of Capcom's corporate governance shows that the company ranked 45th among 3,701 listed companies in Japan in the "NEEDS-Cges" assessment developed by Nikkei Inc.

NEEDS-Cges has an established reputation as a system that quantitatively assesses corporate governance using scores on a scale of 1 to 10 for eight categories, including capital efficiency, external regulations, and information disclosure, among others, based on some 150 indicators calculated from data of publicly released company documents, such as financial reports.

As of the end of June 2021, Capcom's total score was 7.60 points, placing us in the top 1.46% of Japan's listed companies (excluding some in the financial and other sectors), exceeding the 4.75-point average for all listed companies and the 6.66-point average for the industry. We also received the maximum score of 10 for "equity market's assessment."

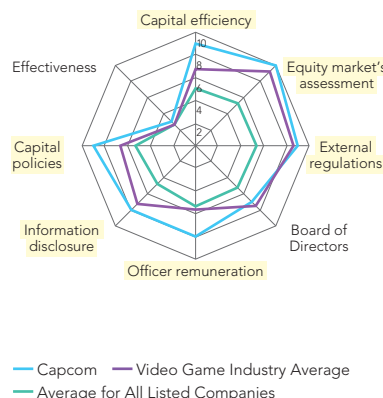
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and other data on our IR web page.

Third-Party Assessment Results of Capcom's Corporate Governance

Details of Capcom's Corporate Governance

Total Score	7.60
Rank	45
Categories	Score
Capital efficiency	9
Equity market's assessment	10
External regulations	9
Board of Directors	7
Officer remuneration	8
Information disclosure	8
Capital policies	9
Effectiveness	3

Comparison of the Industry Average and the Average for All Listed Companies



Details of Highest Rated Categories

Highest Rated Categories	Score	Areas that Received Particular Notice
Capital efficiency	9	ROA, ROE and Statistics related to free cash flow
Equity market's assessment	10	Tobin's q
External regulations	9	Presence (or absence) of takeover defense measures
Capital policies	9	Related to DOE, shareholder return ratio

Source: NEEDS-Cges from Nikkei Inc.

Policies Regarding IR Activities

1. Disclosure policies

Capcom is aware that comprehensive corporate governance ranks among management's most important priorities. As such, in addition to increasing corporate value by enhancing management soundness and transparency, we are building a relationship of trust with our stakeholders, such as shareholders, business partners, employees and regional societies.

2. Disclosure criteria

Capcom provides timely disclosure in accordance with the Securities and Exchange Law and other regulations including the "Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security" (hereinafter Timely Disclosure Rules) stipulated by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange.

It is our policy to disclose as much information as possible, including the disclosure of information not required by the

Timely Disclosure Rules and other regulations, to accommodate our investors' needs. We also disclose information through our corporate website in an attempt to provide quick and fair disclosure. Shareholders are informed of operating results and business conditions through shareholder letters and the convocation notice for the shareholders' meetings.

3. Quiet period

To prevent the unauthorized disclosure of quarterly earnings information prior to official announcements, Capcom has established a quiet period starting the day following the end of a fiscal period and ending on the day that financial information for that period is announced. During this period, we refuse all inquiries relating to our business performance. However, if significant changes to our earnings outlook are anticipated during the quiet period, we will disclose information pursuant to the Timely Disclosure Rules and other regulations.

Third-Party Assessment of IR Activities

High praise for proactive IR initiatives

In recognition of our ongoing pursuit of timely and appropriate information disclosure, our IR activities and various IR tools have received a number of awards from third-party organizations. With an awareness of the importance of accountability, we will continue our efforts to earn the trust of investors and improve timely disclosure.

Fiscal 2020 Third Party Evaluations

Integrated Reports	Nikkei Inc.'s 23rd NIKKEI Annual Report Awards, Excellence Prize
IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), "Internet IR Award 2020," Grand Prize
	Nikko Investor Relations Co., Ltd., "Fiscal 2020 Listed Company Website Quality Ranking," Overall Ranking: Grade AAA
	Morningstar Japan K.K., Gomez Consulting Dept.'s "Investor Relations Site Ranking 2020," Second Place

Making Use of Shareholder and Investor Opinions

Reflecting results of dialogues with investors and analysts in management

Through meetings with investors and analysts, Capcom's IR Department attempts to promote an understanding of management policies, strategies and future outlook. Furthermore, their opinions are gathered and provided to management, and are utilized for corporate management going forward. While we are headquartered in Osaka, these proactive IR meetings enable us to minimize asymmetric information as we strive to achieve appropriate corporate value.

In fiscal 2020, the top management meetings between the chairman and CEO, the president and COO, and investors where medium- to long-term strategies and the direction of marketing strategies were explained had to be cancelled due to COVID-19 along with overseas IR visits. However, we held the presentation of financial results online and offered video conferences in an effort to communicate with our many investors and analysts.

In addition, Capcom conducts a regular perception gap study targeting institutional investors and analysts in Japan and overseas. Being aware of investor perception gaps gives us feedback on corporate management and IR activities. Questionnaires are also given to attendees at our Presentation of Financial Results and individual investor briefing sessions, allowing us to make proactive use of market opinions and demands as one criterion in management decisions.

Fiscal 2020 IR Measures

By category	Frequency
Interviews accepted	593
Visited domestic investors	5
Visited overseas investors	0
Total	598

IR Events

Event	Details
Online Presentation of Financial Results	Explanation of management strategies and performance overview by top management and response to questions from investors and analysts
Supplementary earnings call	Earnings call after results announcement to explain earnings

Results of Dialogue with Investors (Excerpt)

Q. I would like for you to be more proactive in disclosing ESG information.

A. We are working to strengthen this.

Up to now, we have disclosed information such as the reduction of our environmental footprint through digitalization and the ratio of female and non-Japanese employees in conjunction with our promotion of diversity. As of the fiscal year ending March 31, 2022, we also disclose our policy on ESG initiatives. In addition, we are working on disclosing new information in this report, including evaluation of the effectiveness of the Board of Directors.

Q. Because you are an owner-run company, I would like to ask specifically about the effectiveness of the Board of Directors.

A. We performed an evaluation.

We have communicated the issues, improvement measures, and policy for the immediate future based on the results of a questionnaire conducted among all board members concerning evaluation of the effectiveness of the Board of Directors.

IR Activities on Our Website

Providing a website easily accessible to everyone

Since 2001, Capcom has made proactive use of its corporate website as a tool for disseminating information pertaining to IR activities. The main reasons for this are to ensure fairness for a wide range of stakeholders, and because it ensures information is easily available for inspection immediately in approximately 200 countries and regions worldwide. Capcom's corporate website is also positioned as our most cost-effective tool and we strive to use it in various ways, including video content for communicating information and social networking sites for timely information updates.

IR Team

Full-time staff engaged in a wide variety of activities

Capcom IR activities are conducted by two full-time staff members in addition to the chairman, the president, and the director overseeing IR for shareholders and investors in Japan and overseas. For IR-related inquiries, please use the contact information below.

Public Relations & Investor Relations Section

Phone: +81-6-6920-3623 E-mail: ir@capcom.co.jp

Business Hours: 9:00-12:00, 13:00-17:30 (JST)

(excluding weekends and public holidays)

Information Security Initiatives

As our main business is planning and developing software and we operate in an environment in which the latest information technology is always used, we believe that our information security risks are greater than companies in general. For that reason, we have implemented perimeter*¹ security measures for some time; further, we had begun working on introducing defensive measures like SOC*² services and EDR*³, however in 2020 a third party was able to gain unauthorized access to our systems. Because of this incident, we have implemented various security reinforcement measures to prevent recurrence in addition to our perimeter security measures. These include the establishment of the Information Technology Security Oversight Committee, which includes several external experts, and the introduction of SOC services for around-the-clock monitoring of external connections and EDR for early detection of unusual activity taking place on devices.

Main Measures (Table 1)

Technical Measures

1. Leading software company carried out cleaning of all compromised devices
2. Reverified the safety of all VPN devices and that security measures are in place
3. Introduced SOC (Security Operation Center) service in order to monitor external connections around the clock
4. Introduced the latest EDR (Endpoint Detection and Response) to provide early detection of unusual activity and computer virus infection on devices
5. Business accounts have been reviewed
6. Further improvements to administrative methods have been made such as long-term retention of logs for swiftly addressing incidents involving VPN devices and other equipment

Organizational Measures

1. Launched the Information Technology Security Oversight Committee in late January 2021 in order to receive recommendations on a continuous basis from external experts based on the latest trends, with an aim to procure external checks and the swift accumulation of knowhow regarding strengthening cyber security (including data protection for securing personal information, etc.). Externally, there are four Committee members who consist of two university professors who are cyber security experts, one lawyer who is an expert on both cyber security and the Act on the Protection of Personal Information, and one certified public accountant that is an IT system audit specialist; internally, one director as well as three technicians who oversee security and networks participate. The Committee plans to continue to regularly hold meetings to strengthen protection standards.
2. Established the Information Technology Surveillance Section in December 2020, a new section directly under the Information Technology Security Oversight Committee, which gathers information regarding cyber security and builds knowledge of preventative measures to make recommendations.
3. Strengthened the system for regular verification, including for the adoption of tools, in the management of business accounts.
4. Constructed a system to further raise awareness of security and the management of personal information at the Group overall.

*1 Security measures that include placing a firewall at the perimeter between external networks and internal networks.

*2 Acronym for Security Operation Center. A SOC service is a system that monitors systems and networks around-the-clock, and supports the detection, analysis and handling of attacks.

*3 Acronym for Endpoint Detection and Response. A system that introduces software to detect unusual activity on devices such as the PCs and servers utilized by end-users and supports quick responses to issues.

Message from an External Director

Pursuing governance that takes sustainable growth into account, including ensuring effectiveness of the Board of Directors and the diversity of key human resources.

Yoshihiko Iwasaki

External Director (Independent Director)
<Full-time member of the Audit and Supervisory Committee>



Q How do you evaluate the Company's management structure as a member of the Audit and Supervisory Committee?

A I was appointed external director in 2012. The first thing I noticed was the corporate culture of diligently addressing issues while stressing the basics. One of the characteristics of the game industry is that changes—both in technology and user preferences—are sudden. Under such circumstances, the Company has maintained a focus on providing users with entertainment of first-rate quality while promoting global and digital strategies to achieve steady growth. I believe that the prescient, timely, and accurate judgment of management and this well-developed corporate culture have both contributed significantly.

Q How do you evaluate the Company's audit structure?

A The Company made the transition into a company with an audit and supervisory committee in 2016. At the same time, in addition to the staff that had previously supported the corporate auditors, the Internal Audit Division was brought under the direct control of the Audit and Supervisory Committee. This facilitated collaboration, making it possible to implement efficient and effective organizational audits, including timely and accurate understanding of the internal situation from each perspective and internal dissemination of the necessary information. The Audit and Supervisory Committee itself has a balanced composition. The three members have different specialties and come from inside and outside the Company.

Q What do you see as necessary for further enhancing the function of the Board of Directors in the future?

A I think stakeholders from all quarters would agree that the growth of the Company has been driven by the strong leadership of the founder.

At the same time, this demonstrates that the Board of Directors has sufficiently carried out its responsibilities.

On the other hand, the Corporate Governance Code was revised this past June seeking that companies provide more aggressive governance while taking sustainable growth into account. This requires further action from the Board of Directors and securing diversity for its key human resources. The Company has carried out efforts in line with the thinking of the Corporate Governance Code, including establishment of a Nomination and Remuneration Committee. However, I believe further improvement is necessary when it comes to the issue of diversity among core members of the management team.

Sustainable growth is of great concern to all stakeholders, including investors and employees. I hope to personally contribute as much as possible to strengthening the role of the Board of Directors to steadily achieve this as we move into the future.

Capcom will quickly ascertain management risks and make ongoing improvements to a governance structure that features a balance of offensive and defensive approaches.

Makoto Matsuo

External Director (Independent Director)
<Member of the Audit and Supervisory Committee>



Q What future initiatives will the Audit and Supervisory Committee implement to enhance the functions of the Board of Directors?

A Since Capcom transitioned to a company with an Audit and Supervisory Committee in 2016, the Audit and Supervisory Committee has been providing support for the risk management function of the Board of Directors and building a structure for systematic audits in collaboration with the Internal Audit Division and other internal organizations.

Capcom continues to innovate as a true leader in the global content industry, which is undergoing rapid and advanced digitalization. As such, it must adequately communicate its activities to shareholders and other stakeholders. It also must continue to make ongoing improvements to a governance structure that features a balance of offensive and defensive approaches to properly address the risks that arise in its continued pursuit of new challenges. As Chairman of the Audit and Supervisory Committee, I will work to ensure that the committee can fulfill its expected role, contributing to enhancement of corporate governance from the standpoint of cross-organizational compliance and appropriateness. This will be accomplished by providing timely and appropriate suggestions and advice to the Board of Directors to quickly ascertain and address the management risks faced by the Company based on a recognition of these circumstances.

Q What kind of a role will you play as an external director in light of the circumstances surrounding the Company?

A Since becoming an external director in 2007, it has not been easy to judge the ever-progressing game industry or the measures that the Company should take under those circumstances. I think it is very rare to have an industry that requires—to this extent—such a quick and flexible response to change in order not to be left behind.

Owing to the strong leadership and unifying work of the founder, the Company has been able to anticipate long-term developments and make quick and bold decisions. At the same time, the support that has been provided by external directors with different specialist knowledge in relation to risk management has enabled the Company to establish a unique management structure and corporate governance system corresponding to its circumstances. Together with the Audit and Supervisory Committee, the Audit Committee, which conducts operational audits that are closer to the work site, forms a hands-on system unique to the Company.

I believe my role is to leverage my knowledge as an attorney and as an external officer of other companies to identify management risks and issues related to company measures based on my practical experience in the industry and management of the Company during my tenure, while listening to the thoughts of management, and providing my opinions and suggestions. In addition, by keeping watch to ensure that future leadership succession, which seems to be making steady progress, leads to the development of a corporate system more consistent with the next generation, I will offer support to facilitate discussion on both ensuring sustainable growth of the main businesses while accelerating growth by expanding the Company's intellectual capital into adjacent markets such as visual media and AI in the future.

Game Industry Characteristics



Consumer Market Characteristics (Package + Digital)

Package and digital download contents are a 42.9 billion dollar market, forecast to grow 1.6 times that size over the next five years to 70.6 billion dollars by 2025. The customer base is primarily composed of core users who are loyal to game titles. They have relatively high willingness to purchase sequels and remakes along with low sensitivity to price and economic conditions. Hereafter, we expect the market to grow at a faster pace as we capture the casual user segment, which has high sensitivity to price conditions, as well as new users. This will come about in conjunction with a higher digital sales ratio, resulting from growth in Asia and emerging countries and expansion of online gaming on consoles, primarily in North America, shrinking the gap between the margin in this market and those in the other two markets. ➔ [For details see p.19](#)



Mobile Market Characteristics

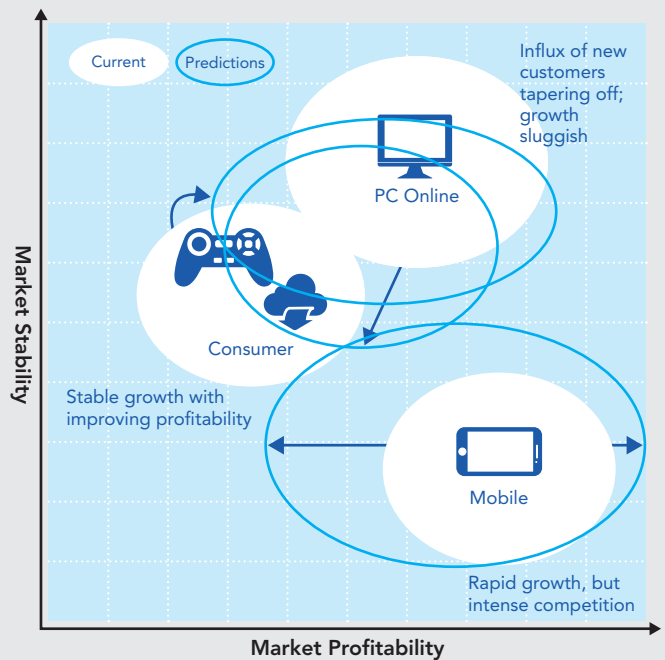
This is a 121.1 billion dollar market, forecast to continue growing to 169.7 billion dollars by 2025. The customer base is primarily composed of casual users, many of whom play games in their spare time, thus they demonstrate the lowest loyalty toward game titles. In contrast to core users, they have a limited willingness to purchase games and have the highest sensitivity to price and economic conditions. Although this is the most profitable among the three markets, 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. Going forward, as 5G becomes more widespread and further next generation mobile communication standards are developed, we expect smartphones will continue to drive rapid growth as the most pervasive game device.



PC Online Market Characteristics

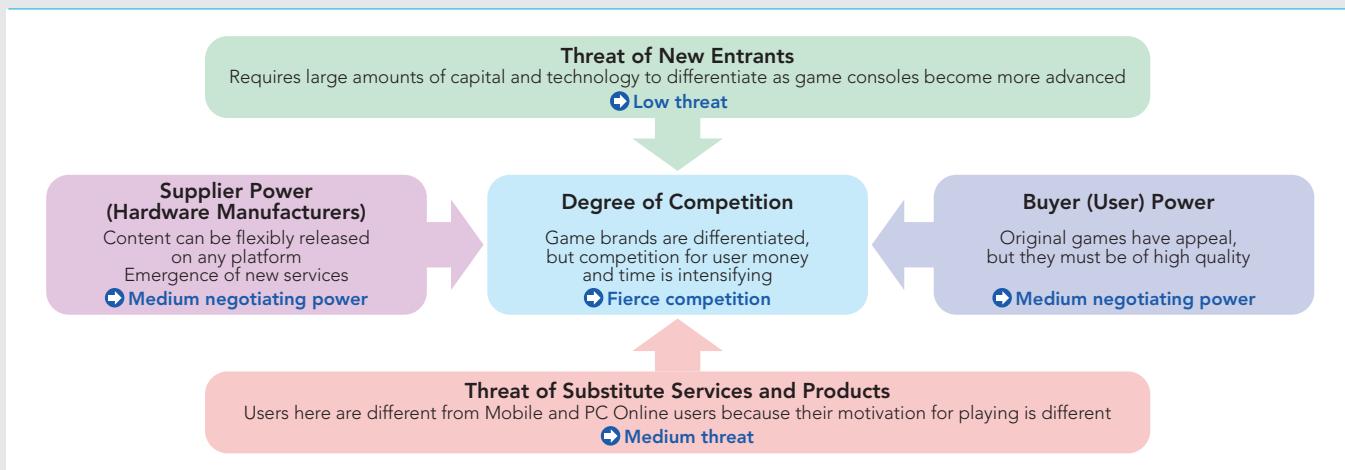
This is a 42.2 billion dollar market, forecast to grow about 10% over the next five years to 46.7 billion dollars by 2025. The customer base is primarily composed of core users who demonstrate the highest loyalty toward game titles. They have a fairly strong willingness to engage in ongoing purchases, and are unique for having the lowest sensitivity to price and economic conditions. Integration with the consumer market will likely progress as the online capabilities of consoles are enhanced, so growth of this market is expected to become sluggish in the future.

Characteristics of Each Market



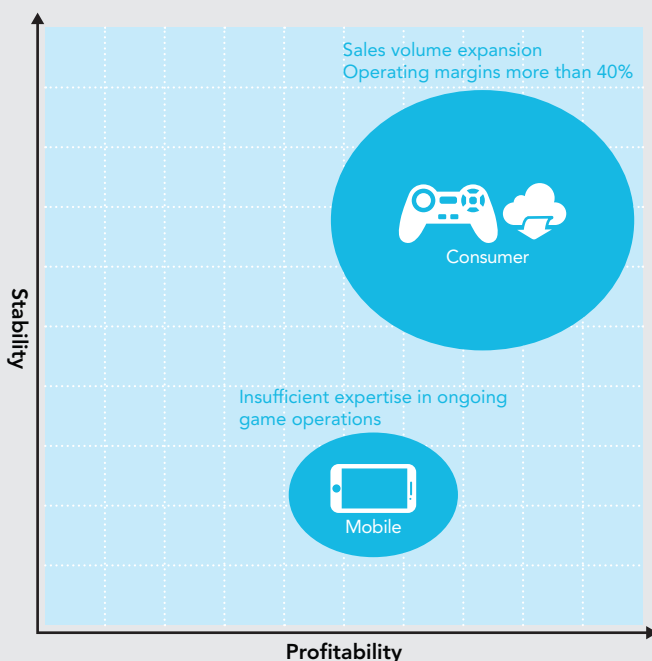
Source: Created by Capcom based on data from the International Development Group

Five Competitive Factors Related to the Consumer Market (Five Forces Analysis)



Capcom Business Characteristics

Digital Contents Business Portfolio



Note: Calculations based on earnings in the fiscal year ended March 31, 2021



Consumer

(Proportion of Net Sales: **72%**)
Package + Digital

Capcom's core business is to create a multitude of original content on home video game consoles. The regular release of sequels to popular IPs and focus on digital sales have, in recent years, led to an increased digital sales ratio and operating margins in the 50% level.



Mobile Contents

(Proportion of Net Sales: **7%**)

This business distributes games featuring popular Capcom content on smartphones, but insufficient know-how in ongoing game operations has resulted in sales trends underperforming market growth. We are working on research and development in anticipation of future technological innovations, such as next generation mobile communication standards.

Capcom Management Resource VRIO Analysis and Evaluation/Measures

V: Value R: Rarity I: Inimitability O: Organization
○: High △: Medium ×: Low

Area	Management Resource	V	R	I	O	Evaluation
Management	Top management with strong leadership dedicated to high-quality production and trusted by employees	○	○	○	○	Ongoing competitive advantage
Development/ technology	Development capabilities to produce original titles of world-class quality	○	○	○	○	Ongoing competitive advantage
	RE ENGINE for streamlined development and the technological prowess to fully leverage the latest technology	○	○	○	○	
	Corporate culture of training younger employees	○	△ _{*1}	○ _{*1}	○	Other companies possess this strength as well
Governance	Promotion of governance reforms (external director ratio / company with an audit and supervisory committee)	○	△	×	○	Some companies are even farther ahead
	Swift decision-making system	○	△	△	○	Strength seen at many founder-run companies
Brand	Many popular, global IPs	○	○	○	○	Ongoing competitive advantage
	Corporate brand known worldwide for action games	○	×	○	○	There are more widely recognized companies
Finances	Paid dividends for 31 consecutive years since listing	○	△	△	○	There are about 40 companies that have provided dividends for 10 consecutive years or more
Sales	Consumer digital sales ratio of about 70%	○	△	○ _{*2}	○	Major overseas companies are ahead
Marketing	Bolstering of lineup through revival of dormant IP and catalog titles	○	△	△	△	Companies with popular IP can roll them out in other media
	Single Content Multiple Usage strategy of rolling out popular IP to multiple media	○	×	△	× _{*3}	
External partners	Trusted by hardware manufacturers	○	△	○	○	High rank compared to competitors

Note: Prepared in-house based on interviews of analysts.

*1 With respect to the low evaluation of the originality of our system for training younger employees, we have hired more than 100 developers each year since fiscal 2013 and established a world-class R&D center and development facilities. In addition to establishing an environment that allows us to take up new challenges, we are working on developing a system that allows us to train employees through title development. (For details see p.43)

*2 With respect to the low evaluation globally despite being ahead of other companies in Japan, we are promoting measures such as (1) taking advantage of our many popular IPs by re-releasing past million-sellers (104 titles) in digital format, (2) extending the sales period, with brand strategies for each IP and enhanced digital sales and pricing

measures, and (3) expanding the value of our IPs by strengthening our licensing business as we develop titles that will be popular not just in Japan but globally, as well as increase the fan bases of our IP series. (For details see p.33)

*3 With respect to the low evaluation of not successfully rolling out IPs to mobile platforms despite their relative strength, we are continuing to promote measures such as (1) assigning capable creators to internal production and (2) forming alliances with mobile game companies possessing abundant game operations know-how. At the same time, we are engaging in research and development in anticipation of implementation of the 5G next generation mobile communication standard.

11-Year Summary of Consolidated Financial Indicators

Financial Index

	2011	2012	2013	2014
For the Year:				
	Million yen			
Net sales	¥ 97,716	¥ 82,065	¥ 94,075	¥ 102,200
Operating income	14,295	12,318	10,151	10,299
Net income (loss) before income taxes	10,807	11,425	3,719	5,315
Net income attributable to owners of the parent	7,750	6,723	2,973	3,444
Depreciation & amortization	3,315	3,123	3,406	4,638
Capital expenditures	2,758	4,153	8,724	8,064
R&D expenses	2,924	2,236	1,982	2,002
At Year-End:				
	Million yen			
Total assets*1	¥ 90,408	¥ 98,247	¥ 104,365	¥ 96,611
Net assets	58,007	59,352	62,828	63,875
Net cash	27,655	11,348	14,327	22,670
Developer numbers (people)	1,339	1,455	1,623	1,808
Cash Flows:				
	Million yen			
Cash flows from operating activities	¥ 22,392	¥ (7,672)	¥ 6,647	¥ 13,201
Cash flows from investing activities	(2,046)	(4,794)	(1,375)	(6,155)
Cash flows from financing activities	(12,919)	587	1,162	(15,099)
Net increase (decrease) in cash and cash equivalents	5,196	(12,724)	9,235	(5,404)
Cash and cash equivalents at end of year	35,011	22,287	31,522	26,118
Per Share Data:				
	yen			
Net income (loss) per share	¥ 65.59	¥ 58.05	¥ 25.82	¥ 30.56
Dividend per share	40.00	40.00	40.00	40.00
Net assets per share	490.88	515.35	545.54	567.96
Financial Index:				
	%			
Operating margin*2*3	14.6	15.0	10.8	10.1
ROE	13.8	11.5	4.9	5.4
ROA*4*5	8.8	7.1	2.9	3.4
Net worth ratio	64.2	60.4	60.2	66.1
Interest coverage ratio (times)	155.8	—	62.4	136.8
Debt-equity ratio	55.9	65.5	66.1	51.2
Stock Information:				
Price earnings ratio (times)	12.1	16.3	28.6	32.0
Number of shares Issued (thousands shares)*6*7	67,723	67,723	67,723	67,723
Foreign investors (%)	22.17	27.05	32.37	37.29
Digital Contents Business:				
	Billion yen			
Consumer sub-segment net sales (packaged + digital)	¥ 637	¥ 469	¥ 459	¥ 530
Online sub-segment net sales (Mobile Contents + PC Online)	105	129	177	128
Consumer Game Sales (Package Software and Full-game Digital Content)				
	Thousands			
Total number of units	21,700	17,000	16,700	17,500
Sales of major titles	Monster Hunter Freedom 3 4,600 Dead Rising 2 2,300 MARVEL VS. CAPCOM 3 Fate of Two Worlds 2,000	Resident Evil: Operation Raccoon City 1,700 Monster Hunter 3 (Tri) G 1,600 Street Fighter X Tekken 1,400	Resident Evil 6 5,000 Dragon's Dogma 1,300 DmC Devil May Cry 1,200	Monster Hunter 4 4,100 Dead Rising 3 1,200 Resident Evil Revelations 1,200

*1. Effective from the beginning of FY2018, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Certain financial information for the FY2018 has undergone retrospective application.

*2. On April 1, 2018, the stock was split on a basis of two shares for every share of common stock held. Accordingly, net income per share has been calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2021.

*3. On April 1, 2018, the stock was split on a basis of two shares for every share of common stock held. Accordingly, net assets per share has been calculated assuming that the stock split took place at the beginning of the fiscal year ended March 31, 2021.

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

	2015	2016	2017	2018	2019	2020	2021						
Million yen													
	¥ 64,277	¥ 77,021	¥ 87,170	¥ 94,515	¥ 100,031	¥ 81,591	¥ 95,308						
	10,582	12,029	13,650	16,037	18,144	22,827	34,596						
	10,701	11,150	12,489	15,149	17,770	22,890	34,828						
	6,616	7,745	8,879	10,937	12,551	15,949	24,923						
	3,535	5,712	5,980	4,706	3,228	2,795	2,791						
	10,177	8,274	3,767	3,041	2,568	2,576	3,597						
	823	1,073	695	1,102	1,147	1,253	1,461						
Million yen													
	¥ 100,773	¥ 113,057	¥ 118,897	¥ 124,829	¥ 123,407	¥ 143,466	¥ 163,712						
	71,331	75,168	77,774	85,421	88,749	99,735	120,794						
	21,212	15,821	8,426	36,750	44,689	58,921	65,633						
	1,902	2,052	1,994	2,141	2,032	2,142	2,285						
Million yen													
	¥ 4,286	¥ 4,347	¥ 3,200	¥ 34,721	¥ 19,847	¥ 22,279	¥ 14,625						
	(5,496)	(1,639)	(3,628)	(2,847)	(2,261)	(8,437)	(4,233)						
	1,278	(1,115)	(3,130)	(9,577)	(11,443)	(6,351)	(6,965)						
	1,879	431	(4,091)	22,201	6,464	6,667	4,371						
	27,998	28,429	24,337	46,539	53,004	59,672	64,043						
yen													
	¥ 58.84	¥ 68.87	¥ 80.18	¥ 99.89	¥ 115.45	¥ 149.41	¥ 116.74						
	40.00	40.00	50.00	60.00	35.00	45.00	71.0						
	634.28	688.43	710.32	780.18	831.37	934.28	565.78						
%													
	16.5	15.6	15.7	17.0	18.1	28.0	36.3						
	9.8	10.6	11.6	13.4	14.4	16.9	22.6						
	6.7	7.2	7.7	8.9	10.1	12.0	16.2						
	70.8	66.5	65.4	68.4	71.9	69.5	73.8						
	50.2	36.5	22.8	337.2	249.3	302.5	261.6						
	41.3	50.4	52.9	47.0	39.1	43.8	35.5						
	20.3	19.9	13.5	23.0	21.5	22.7	30.8						
	67,723	67,723	67,723	67,723	135,446	135,446	135,446						
	36.87	39.35	31.19	35.01	36.83	35.14	38.24						
Billion yen													
	¥ 352	¥ 421	¥ 492	¥ 652	¥ 769	¥ 555	¥ 688						
	101	104	95	89	60	44	65						
Thousands													
	13,000	15,000	19,400	24,400	25,300	25,500	30,100						
Monster Hunter 4 Ultimate	3,400	Monster Hunter X (Cross)	3,300	Resident Evil 7 biohazard	3,500	Monster Hunter: World (catalog)	7,900	Monster Hunter: World (catalog)	4,500	Monster Hunter World: Iceborne	5,200	Monster Hunter Rise	4,800
Resident Evil Revelations 2	1,100	Street Fighter V	1,400	Monster Hunter Generations Ultimate	1,700	Resident Evil 7 biohazard (catalog)	1,600	Resident Evil 2	4,200	Monster Hunter: World (catalog)	3,200	Resident Evil 3	3,900
Resident Evil (HD Remastered)	900	Resident Evil Revelations 2	850	Monster Hunter X (Cross)	1,000	Marvel VS. Capcom: Infinite	1,000	Devil May Cry 5	2,100	Resident Evil 2 (catalog)	2,400	Monster Hunter World: Iceborne (catalog)	2,400

*4. With an effective date of April 1, 2021, Capcom split its common stock at a ratio of 1:2. Accordingly, net income per share has been calculated assuming that the stock split took place on April 1, 2020.

*5. With an effective date of April 1, 2021, Capcom split its common stock at a ratio of 1:2. Accordingly, net assets per share has been calculated assuming that the stock split took place on April 1, 2020.

*6. On April 1, 2018, the stock was split on a basis of two shares for every share of common stock held by resolution of the Board of Directors at the meeting held on March 6, 2018. This increased the number of shares issued by 67,723,244 to 135,446,488 shares.

*7. The Articles of Incorporation have partially been amended following a stock split (effective date: April 1, 2021). Due to this stock split, the total number of issued shares has been increased to 270,892,976 shares.

*8. The PC Others sub-segment has been merged with Consumer as of FY3/20

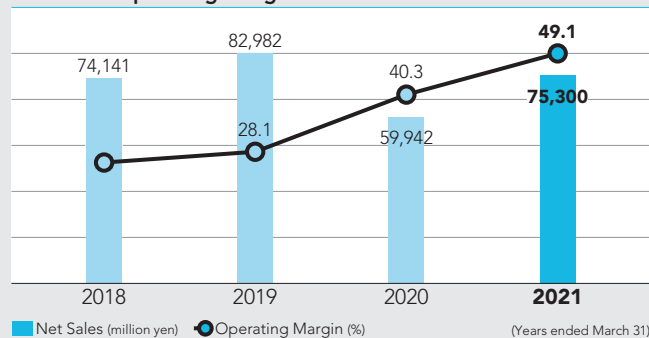
Segment Information

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

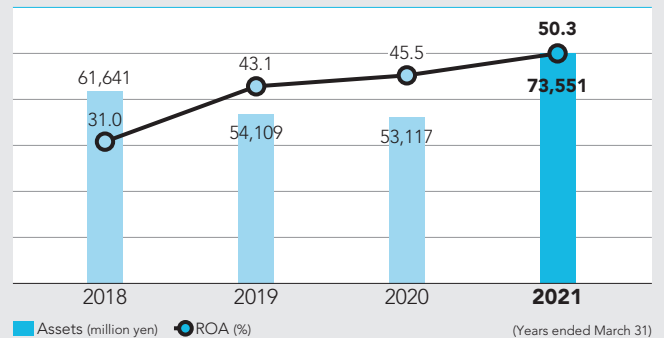
Digital Contents

This business develops and sells packaged and digital game content for consumer home video game platforms. It also develops and manages games for Mobile Contents and PC Online Games. Consumer games produces creative, original content that provides recurring revenue by utilizing digital distribution on platforms including PC. Many of these million-seller titles are also launched on smartphone and tablet devices, and are distributed worldwide in order to maximize earnings.

Net Sales/Operating Margins



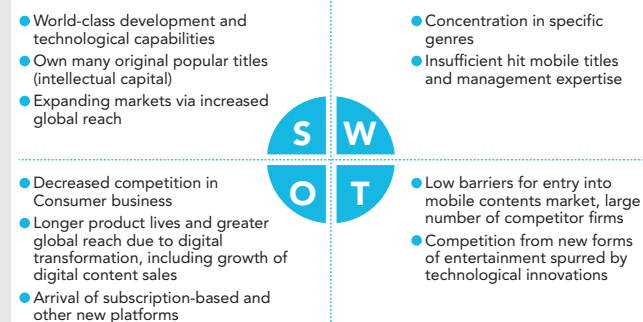
Assets/ROA



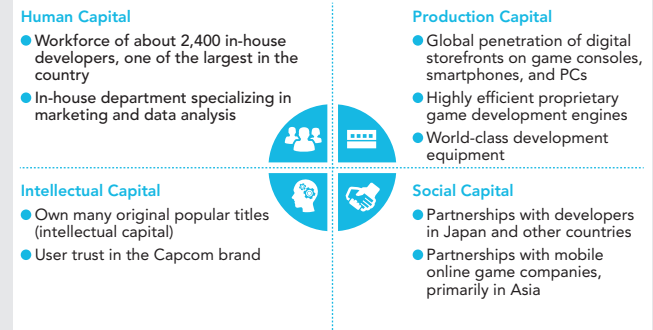
Note: Effective from the beginning of the fiscal year ended March 31, 2019, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Figures for the previous fiscal year have undergone retrospective application.

SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats



Utilization of Non-Financial Capital



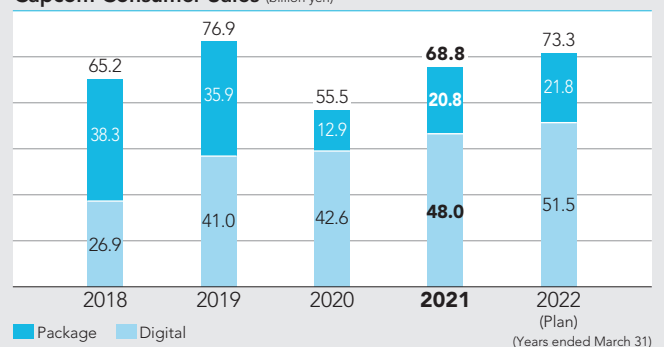
Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

Consumer (Package + Digital) sub-segment

This fiscal year (ended March 31, 2021), new titles performed well, including *Resident Evil 3*, which was launched in April, selling 3.9 million units and *Monster Hunter Rise*, which was launched in March 2021, selling 4.8 million units. Together with focusing business development on high-margin digital sales, this drove improvements in business results.

Additionally, catalog title *Monster Hunter: World* continued to sell well, bringing the cumulative total for the title to 17.1 million units shipped. This performance, along with healthy sales of other catalog titles, gave a boost to revenue. Titles such as *Monster Hunter World: Iceborne*, *Resident Evil 2*, and *Resident Evil 7: Biohazard* also demonstrated staying power and gave a boost to revenue. We further made efforts to expand our lineup of titles, including *Devil May Cry 5 Special Edition*, a title for the new generation of game consoles (PlayStation 5

Capcom Consumer Sales (billion yen)



and Xbox Series X|S), and *Ghosts'n Goblins Resurrection*, the long-awaited latest entry in the *Ghosts'n Goblins* series.

As a result, package sales were 20.8 billion yen, and digital sales were 48.0 billion yen. Together, they resulted in Consumer sales of 68.8 billion yen (up 24.0% from the previous year) for a continued increase. The operating margin has also improved to just under 50%.

Moreover, the growth in our library of titles due to a steady new release pipeline in recent years along with successful holiday season discount measures pushed up digital sales to 23.15 million units (up 12.7% from the previous year). As a result, this year's package and full-game download sales totaled 30.10 million units (up 18.0% from the previous year), making this the sixth consecutive year of growth.

For Capcom, we consider Consumer business growth as one of the keys to achieving our medium-term business goals. Our initiatives are to (1) strengthen digital sales, (2) bolster our title lineup through the continued execution of our 60-month and 52-week maps, and (3) utilize both new and dormant intellectual properties.

Under (1), the prevalence of digital selling has made it possible to implement measures such as limited-time sales, increasing flexibility in pricing and expanding the impact of marketing. We utilize our existing intellectual properties (IP) in addition to major titles and additional content, and remake or rerelease past titles on current-generation hardware, in order to create sales opportunities and increase the digital sales ratio. In terms of (2), since March 2015 we have been carrying out operations according to both our medium-term title portfolio map, called the "60-month map," and our yearly developer assignment plan, called the "52-week map." We will work toward establishing an efficient development structure, enabling us to release major titles on a regular basis. Finally, for (3) we seek to revive dormant intellectual properties for which we have not recently released new titles by increasing the

number of our developers.

Next fiscal year, we expect a continued contribution from catalog title *Monster Hunter Rise* on top of new titles *Resident Evil Village* and *Monster Hunter Stories 2: Wings of Ruin*. We will also work to further expand sales globally based on our digital strategy for other major titles, including *Resident Evil 3* and *Monster Hunter World: Iceborne*. As a result of these efforts, we expect to increase unit sales to 32.0 million units (up 6.3% from the year under review), net sales to 73.3 billion yen (up 6.5% from the year under review), and for the digital sales ratio to remain in the 70% range.

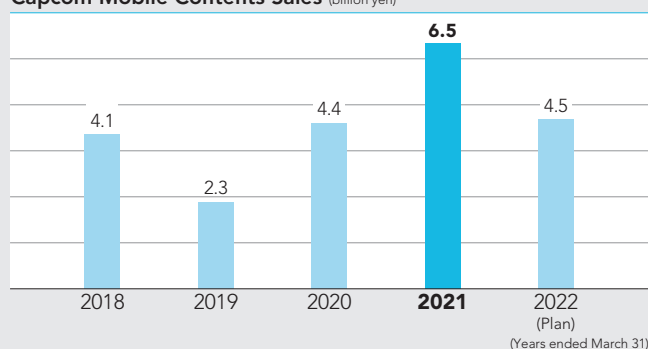
Mobile Contents Sub-segment

This fiscal year (ended March 31, 2021), we launched *ROCKMAN X DiVE* in Japan, and licensing income associated with the launch of collaborative title *Street Fighter: Duel* in China contributed as well to bring net sales up to 6.5 billion yen (up 47.7% from the previous year).

In the future, we will continue to explore a wide range of possibilities, including cultivating existing titles, developing new titles using our intellectual properties, and forming alliances with companies in Japan and elsewhere. We will work on development in the mobile field and accumulating operational know-how. We will also work on research and development in anticipation of future technological innovation, including the new generation of mobile communication standards.

In the next fiscal year, we expect net sales to decrease to 4.5 billion yen (down 30.8% from the year under review) due to the lack of licensing income recorded in the year under review and aging existing titles. However, we expect a slight improvement to the profit margin, owing to such factors as lower costs.

Capcom Mobile Contents Sales (billion yen)



Segment Information

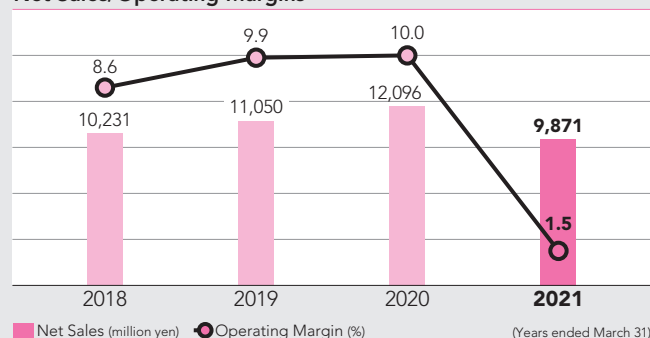
CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

Arcade Operations

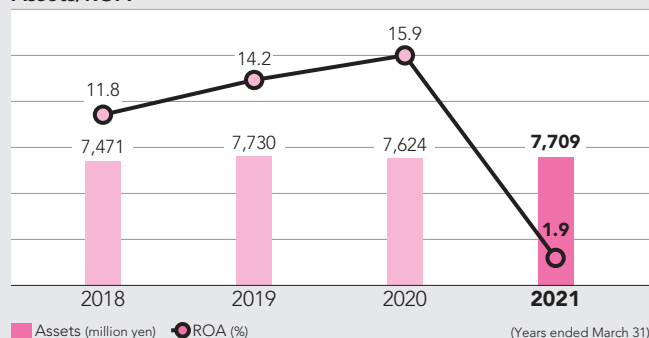
We operate amusement facilities, primarily Plaza Capcom arcades, in Japan.

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

Net Sales/Operating Margins



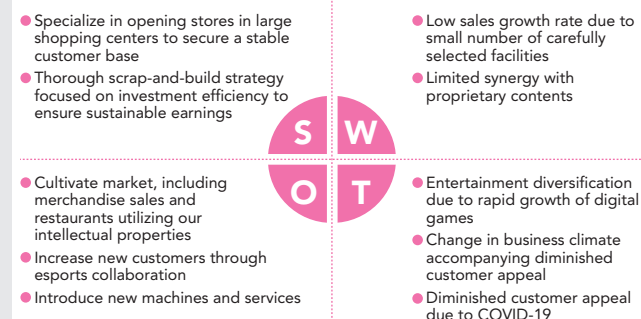
Assets/ROA



Note: Effective from the beginning of the fiscal year ended March 31, 2019, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Figures for the previous fiscal year have undergone retrospective application.

SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats



Utilization of Non-Financial Capital



Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2021), operations were suspended at all stores (excluding Capcom Net Catcher Cap Tore, the online crane game) due to the COVID-19 pandemic. Even after operations were resumed, minimizing the risk of infection was our top priority.

As for the number of stores, we opened our second showroom, Capcom Store Osaka, bringing the total number of stores to 41. We also focused on steady openings and operations, including major renovations at Plaza Capcom Kochi.

In October and November, we benefitted from customer foot traffic, primarily at stores in shopping malls with movie theaters in conjunction with hit movies based on manga, and recorded healthy net sales at existing stores that exceeded those of the previous year.

For the full year, we worked aggressively on reducing costs and increasing efficiency. Although net sales at existing stores were down 22% compared to the previous year, bringing segment net sales down to 9.871 billion yen (down 18.4% from the

previous year) and operating income to 149 million yen (down 87.7% from the previous year), we were able to turn a profit.

In the next fiscal year, we will work to recover from the impact we experienced from the COVID-19 pandemic this year and continue to make efforts toward efficient operations while continuing measures to prevent infection. We forecast an increase in both sales and profit with net sales at existing stores up 23% from the previous year, bringing net sales to 13.0 billion yen (up 31.7% from the year under review) and operating income to 700 million yen (up 369.8% from the year under review).

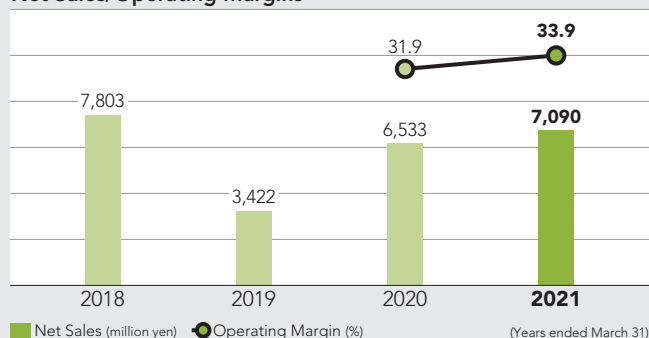
As for the number of stores, we will continue to promote store openings in prime locations with strong customer appeal based on our basic strategy of scrap-and-build. We plan to open three stores and close one, bringing the total number to 43.

Amusement Equipments

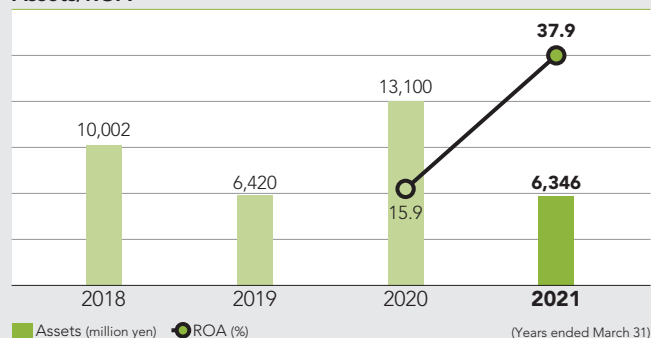
Here, we leverage the contents from our home video games.

The Pachinko & Pachislo (PS) sub-segment is involved in the development, manufacture and sales of frames and LCD devices for gaming machines as well as software, creating synergy between businesses.

Net Sales/Operating Margins



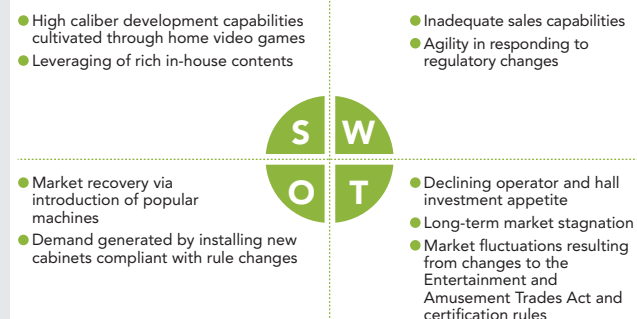
Assets/ROA



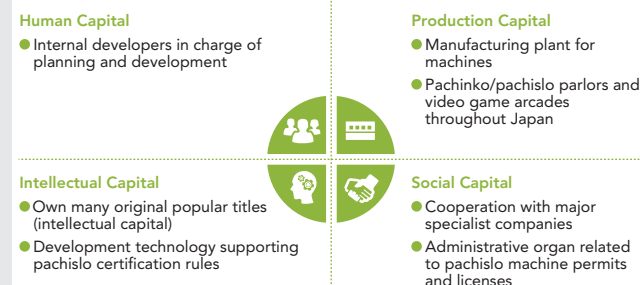
Note: Effective from the beginning of the fiscal year ended March 31, 2019, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Figures for the previous fiscal year have undergone retrospective application.

SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats



Utilization of Non-Financial Capital



Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2021), three machines designed to current regulations, including *Monster Hunter: World* were launched by the Pachinko & Pachislo (PS) sub-segment, selling 27,000 units.

Shifts in the market environment resulting from such things as changes to methods of pachislo machine model certification and suspension of hall operations due to COVID-19 continued to have an impact. In the midst of these circumstances, *Monster Hunter: World* performed well, and other new models gave a boost to profits. As a result, both sales and profit were up with net sales coming in at 7.09 billion yen (up 8.5% from the previous year) and operating income at 2.407 billion yen (up 15.4% from the previous year).

In the next fiscal year, we expect some demand for cabinets in conjunction with replacement of machines designed to old standards, which was delayed due to COVID-19. However, increased investment costs at halls and operational suspensions due to COVID-19 mean that we must continue monitoring market

trends. Under these circumstances, we will work to release models that impress hall operators and end-users, continuing to (1) develop machines not dependent on speculation and that feature a variety of playing styles and entertaining video elements that utilize content from our popular Consumer content, while (2) working on securing a strong sales network and improving machine quality through cooperating with a major specialist company.

In the next fiscal year, we plan to introduce four models while continuing to monitor progress on model certification tests and sell 28,000 units (1,000 units more than the year under review).

Both sales and income will be down, with net sales at 5.5 billion yen (down 22.4% from the year under review) and operating income at 2.0 billion yen (down 16.9% from the year under review), but we expect profitability to improve owing to effective utilization of cabinet parts and the adoption of diverse business models.

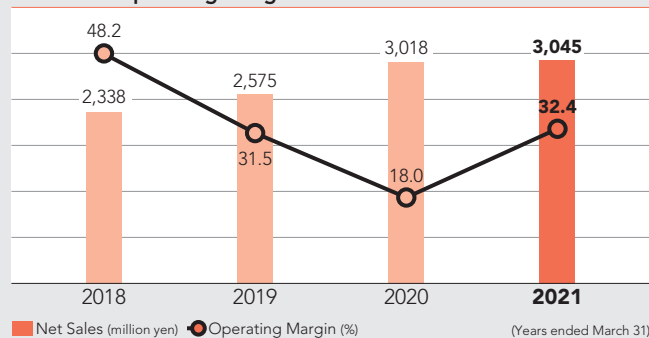
Segment Information

CAPCOM CO., LTD. and its consolidated subsidiaries. Years ended March 31

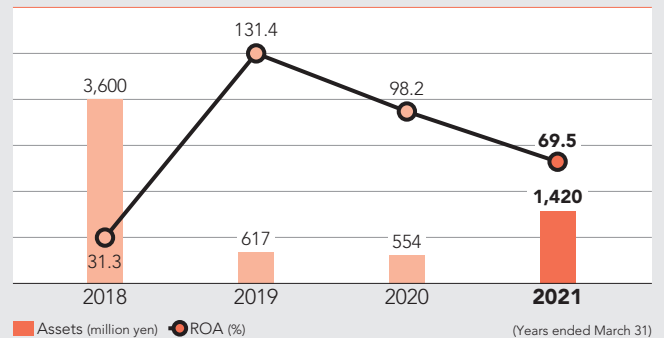
Other Businesses

Based on our Single Content Multiple Usage strategy of developing game content for various media, we pursue a variety of copyright-related business opportunities including publishing (walkthrough and strategy guides as well as game art books) and licensing (movies, animated television programs, music CDs, and merchandise). Furthermore, we are concentrating on the esports business as well.

Net Sales/Operating Margins



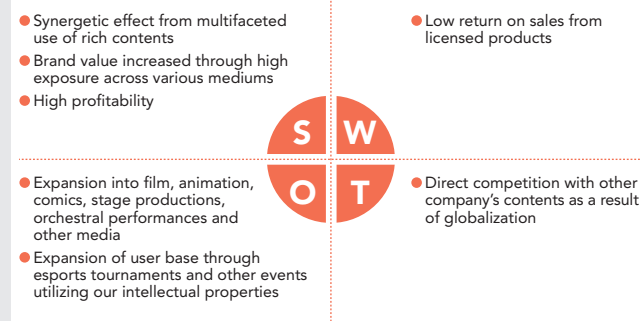
Assets/ROA



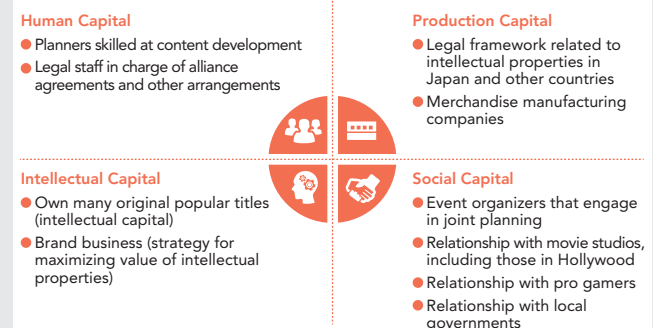
Note: Effective from the beginning of the fiscal year ended March 31, 2019, Capcom has applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018). Figures for the previous fiscal year have undergone retrospective application.

SWOT Analysis

S: Strengths W: Weaknesses O: Opportunities T: Threats



Utilization of Non-Financial Capital



Operating Results for This Fiscal Year and Outlook for the Next Fiscal Year

This fiscal year (ended March 31, 2021), we worked to improve brand value with merchandise using popular IPs, such as apparel and figurines, and the release of Hollywood film *Monster Hunter*, rolled out globally starting in December 2020.

In eSports we held online tournaments, seeing the ability for online spectating and play as a strength during the COVID-19 pandemic. Capcom Pro Tour Online 2020 was held completely online for the first time and streamed live in multiple languages with players and commentators participating from home. Street Fighter League: Pro-JP 2020 also made progress this year, gaining more than ten new companies as league sponsors.

As a result, both sales and profit rose with growth of the licensing business pushing net sales to 3.045 billion yen (up 0.9% from the previous year) and operating income to 987 million yen (up 81.2% from the previous year).

In the next fiscal year, we will leverage the substantial synergies with the Consumer Games businesses by diversifying the use of our rich library of IPs and rolling them out across various

mediums, including movies, animated television programs, theatrical productions, and events. In eSports, we plan to roughly double the scale of Capcom Pro Tour compared to the year under review. In addition, with NTT Docomo cosponsoring Street Fighter League: Pro-JP, we will receive advanced technical support, including 5G, as we aim to build a new viewing environment.

We will also continue to leverage our IPs based on our Single Content Multiple Usage strategy, with the first CG drama in the *Resident Evil* series launching globally in July 2021 exclusively on Netflix and the new Hollywood live action movie *Resident Evil* opening in North America in November, as we work to increase the value of our core brands through adaptations and collaborations.

We expect net sales to increase to 3.7 billion yen (up 21.5% from the previous year) and operating income to be 1.0 billion yen (up 1.3% from the previous year), for an increase in both sales and profit.

Stock Data (As of March 31, 2021)

Stock Data

Number of Shares Authorized 300,000,000 shares

Number of Shares Issued 135,446,488 shares

Number of Shareholders 16,631

* We have partially amended the Articles of Incorporation following a stock split (effective date: April 1, 2021). Due to this stock split, the total number of authorized shares has been increased to 600,000,000 shares, and the total number of issued shares has been increased to 270,892,976 shares.

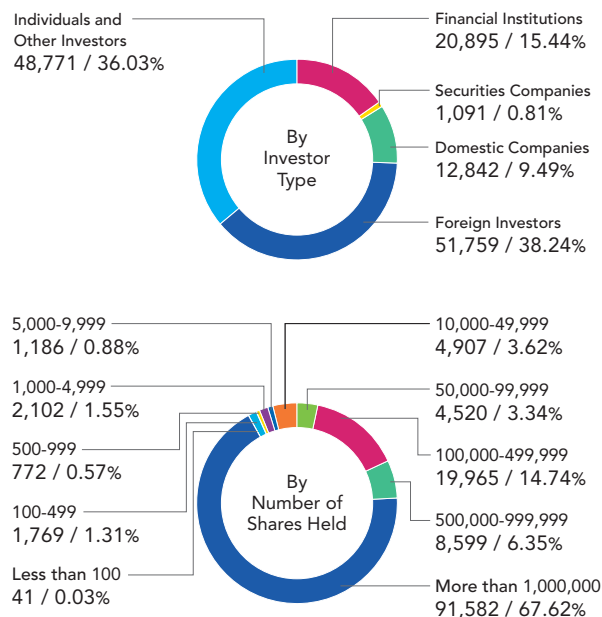
Major Shareholders (Top 10)

Major Shareholders	Number of Shares Held (in thousands)	Percentage of Shareholding (%)
Crossroad Co., Ltd.	10,682	10.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,673	6.25
SSBTC CLIENT OMNIBUS ACCOUNT	4,568	4.28
Yoshiyuki Tsujimoto	4,038	3.78
Kenzo Tsujimoto	4,019	3.77
JP Morgan Chase Bank 380815	3,862	3.62
Custody Bank of Japan, Ltd. Trust Account	3,736	3.50
Haruhiro Tsujimoto	3,099	2.90
Ryozo Tsujimoto	3,091	2.90
The Bank of New York Mellon 140044	1,760	1.65

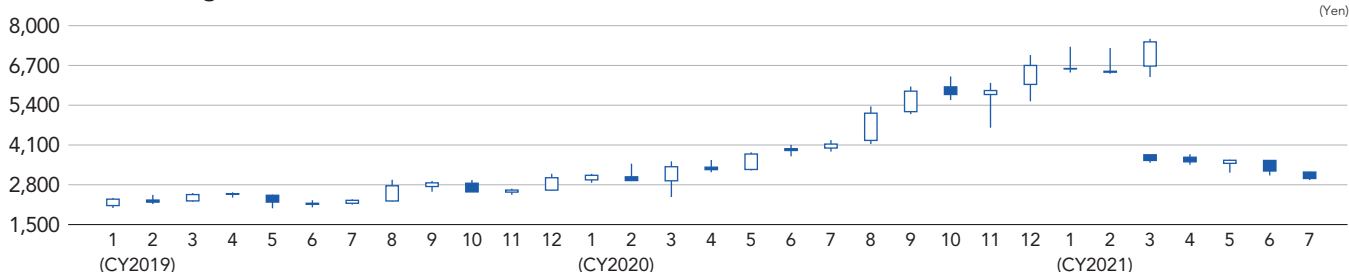
Note: Capcom owns 28,696 thousand shares as treasury stocks.
The stocks owned by the company are excluded from the above list.

Shareholders' Breakdown

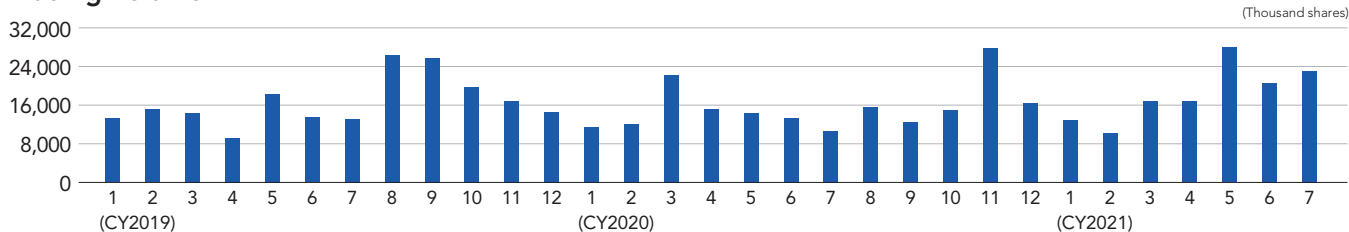
Number of shares held (in thousands) / (%)



Stock Price Range*1



Trading Volume



11-Year Trend of Stock Price and Trading Volume*2*3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Stock Price	795.0	945.5	738.0	979.0	1,194.5	1,372.5	1,085.5	2,299.0	2,480.0	3,390.0	7,190.0
High	953.5	1,155.5	979.5	1,165.0	1,206.5	1,537.5	1,438.5	2,585.0	3,045.0	3,565.0	7,570.0
Low	572.5	736.5	625.0	698.0	770.5	972.0	963.5	1,053.0	1,903.0	2,032.0	3,210.0
Trading Volume	149,613,900	227,386,800	178,008,200	150,408,300	143,234,700	162,642,100	183,455,500	171,969,350	258,438,800	183,399,500	180,877,400

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

*2 Effective April 1, 2018, Capcom implemented a stock split of two shares for every share. Stock prices prior to this date have been calculated assuming the stock split.

*3 The stock price listed for the March 2021 fiscal year (year-end) has been adjusted taking *1 into consideration.

(Yen) (Years Ended March 31)

Corporate Profile

Name of Company CAPCOM CO., LTD.

Date of Establishment ... May 30, 1979

Date of Initiation June 11, 1983

Business Segments Planning, development, manufacture, sale and distribution of home video games, online games, mobile games and arcade games as well as management of amusement arcades.

Paid-in Capital ¥ 33,239 million

End of Term March 31

Number of Employees ... 3,152 (consolidated)
2,841 (CAPCOM CO., LTD.)

Major Offices

Head Office 3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-3600

R&D Building ... 3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-7600

R&D Building #2 ... 3-1-10 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-7750

Tokyo Branch ... Shinjuku Mitsui Building 2-1-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-0448, Japan
PHONE: 81-3-3340-0710

Ueno Facility ... 3902 Hatta, Iga, Mie, 518-1155, Japan
PHONE: 81-595-20-2030



Head Office



R&D Building



R&D Building #2

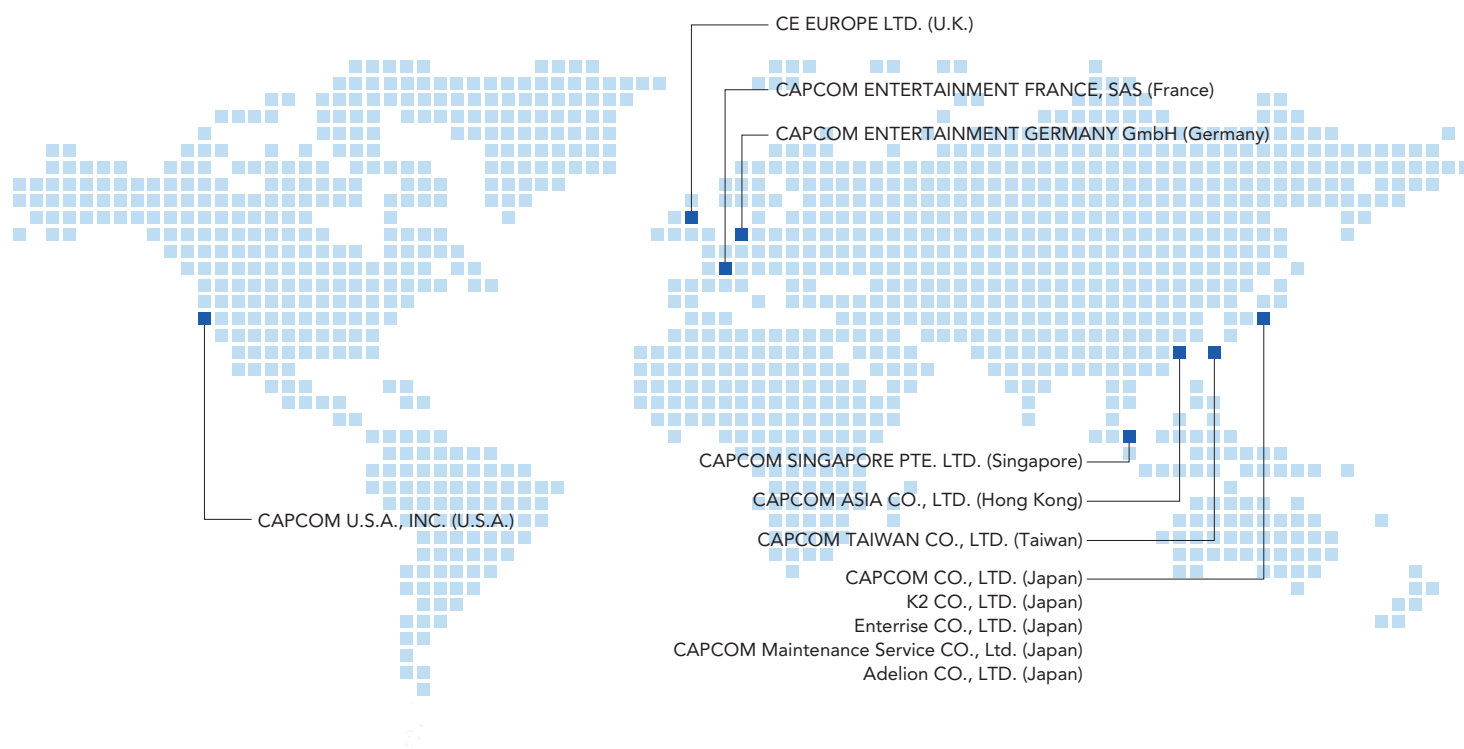
Capcom's Subsidiaries (As of March 31, 2021)

K2 CO., LTD. / Enterise CO., LTD. / CAPCOM Maintenance Service CO., Ltd./ Adelson CO., LTD. / CAPCOM U.S.A., INC. / CAPCOM ASIA CO., LTD. / CE EUROPE LTD. / CAPCOM ENTERTAINMENT GERMANY GmbH / CAPCOM ENTERTAINMENT FRANCE, SAS / CAPCOM TAIWAN CO., LTD. / CAPCOM SINGAPORE PTE. LTD.

* Adelson CO., LTD. is a wholly owned subsidiary of Enterise CO., LTD.

* CAPCOM ASIA CO., LTD. is a wholly owned subsidiary of CAPCOM SINGAPORE PTE. LTD.

* CAPCOM ENTERTAINMENT GERMANY GmbH and CAPCOM ENTERTAINMENT FRANCE, SAS are both wholly owned subsidiaries of CE EUROPE LTD.



FACT BOOK 2021

I N D E X

01	Financial Index
03	Segment Information
04	Market Information
05	Software Shipments
06	Game Series Sales
07	ESG Data
08	Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
09	Consolidated Balance Sheets
11	Consolidated Statements of Cash Flows
13	Consolidated Statements of Changes in Net Assets

CAPCOM CO., LTD.

3-1-3 Uchihirano-machi, Chuo-ku,
Osaka, 540-0037, Japan
PHONE: 81-6-6920-3600

<https://www.capcom.co.jp/>

Capcom Investor Relations Website

<https://www.capcom.co.jp/ir/english/>

We have been focusing on IR activities by providing our shareholders and investors with timely and updated information through our website.



Smartphone Access

If you have a smartphone that reads QR codes (two-dimensional bar codes), scan the image on the right for easy access to the site.



The print of this catalog uses
environment-friendly vegetable oil ink.