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Corporate Governance Report

CORPORATE GOVERNANCE

CAPCOM CO., LTD.

Last Update: June 19, 2026

CAPCOM CO., LTD.

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The corporate governance of CAPCOM (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

Based on our “Management Philosophy” (hereinbelow defined), and with the aim of becoming the company envisaged in our “Vision,” the Capcom Group (hereinafter referred to as the “Company” (including its subsidiaries and affiliates)) endeavors to build a system that is able to respond to climate change and to continuously enhance its corporate governance, in addition to improving the transparency and soundness of management, in order to achieve stable medium- to long-term growth and raise corporate value through its business activities.

In addition, the Company strives to build relationships of mutual trust with our shareholders, customers, business partners, employees, regional communities, and other stakeholders for mutual prosperity, and have built on these principles to formulate the “Capcom Corporate Governance Guidelines” which encapsulate the Company’s basic view on corporate governance and its policy for initiatives.

<Management Philosophy>

To create an entertainment culture and be a creator that moves and excites people through the medium of games.

<Vision>

To be a company that captivates people around the world with our best-in-class immersive content.

[Availability of English disclosure]

This Corporate Governance Report, including the Disclosure Based on each Principle of the Corporate Governance Code below, is disclosed in English.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company complies with all principles of the Corporate Governance Code revised in June 2021 and discloses accordingly in the Capcom Corporate Governance Guidelines, among others.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4 Cross-Shareholdings]

The Company eliminates customary mutual cross-shareholding and personal relationship circumstances from strategic holdings of publicly listed shares. The Company takes a medium- to long-term view of strategic holdings and comprehensively considers the advantages and disadvantages of the same, including whether such holdings contribute to future business relationships and sustainable growth of corporate value.

As of the end of the fiscal year ended March 31, 2026, the Company has no strategic holdings of publicly listed shares, having completed the sale of all shares it previously held.

Our policy on strategic holdings of publicly listed shares is set out in the Capcom Corporate Governance Guidelines.

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion of Core Human Resources]

(1) Ensuring diversity of human resources

The Company regards the creation of an environment in which human resources of diverse backgrounds can maximize their capabilities as essential to further building up our development organization. Therefore, we take steps to secure and nurture diverse human resources, including employing and assessing them regardless of gender, nationality, age, and other characteristics.

The Company promotes the employment and participation of women, employees of other nationalities, and mid-career hires, and will continue to promote various initiatives and enhance its systems to create an environment in which human resources of diverse backgrounds may participate, as described below.

(i) Employment and participation of women

The Company’s goal is for at least 15.0% of its managers to be female. As of March 31, 2026, the ratio of female management

employees is 11.8%. This figure is 15.7% if female employees with specialized knowledge and skills who play central roles in development and other sites are considered. The Company continues to actively hire, develop, and retain female employees; in addition to introducing a partnership system with more inclusive definitions of spouses and conducting nursing care seminars, the Company aims to achieve the following targets by the end of the fiscal year ending March 31, 2029: for the percentage of male employees who take childcare leave to be no less than 85.0% (79.7% in the fiscal year ended March 31, 2026), and for the wage differential ratio (the ratio of the average wage of full-time female employees compared to that of male employees) to be no less than 88.0% (81.3% in the fiscal year ended March 31, 2026). The percentage of male employees who take childcare leave relates to all employees who took childcare leave, including temporary employees.

(ii) Employment and participation of employees of foreign nationality

As of March 31, 2026, 1.4% of the Company's managers are of a foreign nationality. The Company will continue to actively hire, promote, and retain foreign employees. Further, as of the same date, the Company employs foreign nationals hailing from a total of 37 different countries and regions. It has therefore strived to enhance its support system for foreign national employees, such as Japanese language learning and a special leave system for them to visit their home countries.

(iii) Employment and participation of mid-career hires

As of March 31, 2026, 53.7% of the Company's managers are mid-career hires. The Company will continue to promote the retention and active hiring of human resources with highly specialized skills.

(2) Information on specific activities for ensuring diversity, our policies for human resource development and for improving our internal working environment as well as the status of these initiatives is set out in the annual securities report and Integrated Report for the fiscal year ended March 31, 2026. The aforementioned annual securities report and Integrated Report are published on the Company's website (<https://www.capcom.co.jp/ir/english/>).

[Supplementary Principle 3-1-3 Sustainability and Other Initiatives]

(1) Basic views on sustainability

In accordance with its Management Philosophy, the Company is working to achieve stable growth and enhance corporate value over the medium to long term through its business activities, while also proactively addressing shared social and environmental issues in order to create a world where all people can enjoy games with peace of mind.

Through these initiatives, the Company will continue to build mutually trusting relationships with our shareholders, customers, business partners, employees, local communities, and other stakeholders while aiming to realize a better future.

Based on the above philosophy, in addition to formulating "The Company's basic sustainability policy" as described below, the Company will work on initiatives to meet the expectations of all our stakeholders in raising corporate value by strengthening corporate governance functions.

The Company's basic sustainability policy

<Social>

- The Company respects human rights and prohibits discrimination based on race, religion, gender, age, sexual orientation, disability, nationality, and other factors, and will eradicate inequality by protecting the vulnerable.
- The Company will continue to secure and develop its human resources and creates an environment in which employees feel comfortable.
- The Company will continue to call for and contribute to the healthy development of poor and impoverished children and implement other initiatives that support the creation of healthy relationships with our local communities and customers.

<Environment>

- The Company promotes the use of renewable energy so as to minimize the negative effects of the Company's business on climate change (such as CO₂ and greenhouse gas (GHG) emissions).
- The Company continues its initiatives to reduce its impact on the environment including reducing environmental pollution and resource consumption. These not only include digitalizing its software products to reduce the volume of CO₂ emissions and resource usage, but also promoting the recycling of certain amusement equipment parts and adopting low power consumption products.

(i) Governance relating to sustainability

In addition to setting the Company's basic sustainability policy, the Board of Directors, regarding important matters, receives reports from and supervises the representative directors and the Corporate Management Council (chaired by the CEO).

Furthermore, the Company has established a Risk and Compliance Committee chaired by an external director, which receives reports from the Risk and Compliance Council in departments conducting business concerning the status of risk management initiatives across the Group, including sustainability initiatives. Based on these reports, the Committee provides advice and recommendations to the Board of Directors.

(ii) Risk management relating to sustainability

The Company has established a Risk and Compliance Council chaired by the representative director in charge of the Company's corporate departments. The council identifies and assesses risks and formulates control policies related to risk management within the Group, including sustainability. Through regular reporting to the Risk and Compliance Committee, it works continuously to enhance risk management initiatives across the Group.

Based on the results of the Risk and Compliance Council's deliberations, the relevant departments implement the initiatives under direction of the representative directors and officers in charge and report on the same to the representative directors or the Risk and

Compliance Council.

(2) Human capital

(i) The Company considers initiatives relating to human capital, which is the source of corporate value creation, as one of its priority issues and has therefore established a Chief Human Resources Officer (CHO) to promote its human resources investment strategy.

(ii) In addition, the Company will enhance its corporate value by implementing the following initiatives.

a. Securing and developing human resources to support the future

In order to enhance its development system—the source of its core competitiveness—and achieve continuous growth aimed at achieving its medium-term management objective of 10% consolidated operating profit growth year-on-year and future annual sales of 100 million units, the Company recognizes the importance of bolstering its development workforce and enhancing productivity. Accordingly, in addition to pushing ahead with efforts to recruit an additional 100 or more developers every fiscal year, the Company implemented various measures to enhance its ability to recruit talented human resources and raise the motivation of employees, such as continuously increasing the average base salary of full-time employees (up 38.2% in the fiscal year ended March 31, 2026 as compared to the fiscal year ended March 31, 2022), operating a bonus system that is more performance-linked and a stock-based compensation system for employees, and raising the starting monthly salary for new graduates.

In addition, the Company held the Capcom Games Competition, a game development competition for students utilizing its proprietary game engine RE ENGINE as part of its industrial-academic collaboration efforts, thereby creating opportunities to attract top talent by discovering and nurturing the next generation of game developers.

Furthermore, the Company has established the development personnel policy, CAPCOM-SHIP, to further instill the values and standards it strives for in its development. This policy is being leveraged in personnel development, organizational management, and team building.

As a result, the Company has secured 3,976 consolidated employees, of whom 3,011 were in development, as of March 31, 2026. Going forward, the Company will strive to secure and develop the human resources that will underpin its future.

b. Developing and improving the working environment

In order to expand its development environment and facilities to accommodate the increasing scale of development and sophistication of technology, the Company is expanding its workforce and making growth investments, such as acquiring real estate as business assets. In addition, it is focusing on cultivating a corporate culture of respect for human rights and creating a comfortable working environment while raising the awareness of executives and employees through training and continuously leveraging opportunities for direct dialogue between the management team and employees. Going forward, the Company will continue to focus on creating a better working environment to prevent employee turnover and increase engagement. Furthermore, the Company is promoting measures to maintain the well-being of employees, such as introducing multilingual counseling services and formulating guidelines to respond to abusive behavior from customers.

c. Ensuring diversity in our human resources

The initiatives are described in [Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion of Core Human Resources].

(3) Intellectual property

The Company believes that it is essential to invest in the continuous creation of intellectual property, and to expand and deepen its global brand recognition to develop its business and achieve sustainable growth. Therefore, as it is crucial to maintain and improve its core strengths, consisting of its proprietary advanced technologies and development capabilities, the Company continues to aggressively pursue growth investments aimed at building its development environment. This includes research and development into cutting-edge technologies such as its proprietary game engine, other development investments, and the use of generative AI to enhance the efficiency and productivity of the game development processes. Through these efforts, the Company is working to further expand and deepen the penetration of its content and corporate brand worldwide by consistently releasing content to the market and increasing catalog sales, thereby enhancing its brand value.

Furthermore, the Company is working to enhance its corporate value by promoting continuous utilization, proper management and protection of its wealth of intellectual property.

(4) Initiatives for reinforcement of information security

The Company sells its content in more than 240 countries and regions and recognizes that information has a significant impact on its corporate activities. To further accelerate the global sales expansion and the digital shift of the businesses, it is essential to ensure information security, including the appropriate management of personal information and measures such as information management and cybersecurity countermeasures.

As such, the Company aggregates information security-related risk data and discusses response policies and other matters. In addition, the Information Technology Security Oversight Committee, an external advisory body, has been meeting regularly, and based on the oversight and advice from experts, the Company is continuously working to strengthen information security.

In addition to building capabilities for early response and recovery in the case of emergencies, such as when unexpected security risks materialize, the Company has been working to raise awareness on information security by providing education and training provided to its officers and employees as well as other measures.

Through these initiatives, the Company continues to maintain and strengthen its information security management system based on the PDCA cycle.

(5) Information about specific initiatives relating to human capital, IP and information security strategies and indicators as well as sustainability metrics and targets for advancing the Company's management strategy is set out in the Company's annual securities report and Integrated Report for the fiscal year ended March 31, 2026. The aforementioned annual securities report and Integrated Report are published on the Company's website (<https://www.capcom.co.jp/ir/english/>).

(6) Climate change initiatives

The Company's Digital Contents business accounts for approximately 70% of its total revenue and primarily entails the development and sale of software. This means that the Company's environmental impact and climate-related risks are lower than the general manufacturing industry. Therefore, the Company believes that the impact of climate change risks and profit opportunities on its business activities and operating results will be minimal.

However, recognizing that addressing climate change is a challenge that requires the cooperation of society as a whole, the Company is promoting environmental initiatives tailored to the specific characteristics of each business.

(i) Climate change governance and risk management

a. The Company has established a Risk and Compliance Council chaired by the representative director in charge of the Company's corporate departments. The council identifies and assesses risks and formulates control policies related to risk management within the Group, including risks and opportunities related to climate change. Through regular reporting to the Risk and Compliance Committee, it works to enhance risk management initiatives across the Group.

b. Based on the results of the Risk and Compliance Council's deliberations, the relevant departments will implement the initiatives under direction of the representative directors and officers in charge and report on the same to the representative directors or Corporate Management Council.

c. The Board of Directors supervises and receives the reports of the representative directors and the Corporate Management Council pertaining to the Group's key climate change issues.

In addition, the Company has established a Risk and Compliance Committee chaired by an external director, which receives reports from the Risk and Compliance Council in departments conducting business, including risks and opportunities related to climate change, and provides advice and recommendations to the Board of Directors.

(ii) Strategy

a. Risks and opportunities

(a) Risks

- Increased operating costs due to the introduction of carbon tax

- Rising raw material, production and procurement costs due to carbon regulations and plastic regulations

- Threats to business continuity from increasingly extreme weather conditions as a result of a rise in natural disasters and global warming, impacting the workstyles, health, and everyday lives of employees.

(b) Opportunities

- Reduced plastic use and transportation costs as a result of implementing digital content sales

- Reduced carbon tax as a result of using renewable energy

- Reduced procurement costs resulting from recycling of certain amusement equipment parts

- Accelerated digitalization due to changes in consumer preferences

b. Responding to risks and opportunities

In order to respond to the risks and opportunities mentioned above, the Company has moved quickly to promote digital sales of content to reduce the use of resources and CO₂ emissions accompanying the manufacture and transport of discs. In addition, the Company is implementing initiatives that take environmental impact into consideration, such as incorporating energy saving measures and recycling certain parts in the manufacture and sale of pachislo machines.

Furthermore, as part of the Company's environmental initiatives, it is promoting the introduction of CO₂-free electricity sourced from renewable energy at its major sites. As a result, approximately 30% of the power consumed by the Company in Japan is now provided by renewable energy. In addition to expanding the use of such electricity at each of its sites, the Company is carrying out initiatives such as introducing green power at some locations and utilizing its own data centers with energy saving features and using major cloud and data center service companies that promote the use of renewable energy, in its efforts to lessen the environmental impact associated with its business activities.

(iii) Metrics and targets

The Company has selected CO₂ emissions as an assessment metric for climate change, and in addition to continuing to promote Group-wide efforts to reduce emissions for decarbonization, the Company aims to achieve net-zero CO₂ emissions at the buildings it owns by 2050 to contribute to the realization of a sustainable society.

• CO₂ emissions from the Company's energy use (non-consolidated) (t)

Fiscal year ended March 31, 2020	13,004
Fiscal year ended March 31, 2021	11,779
Fiscal year ended March 31, 2022	12,628
Fiscal year ended March 31, 2023	13,495
Fiscal year ended March 31, 2024	14,844
Fiscal year ended March 31, 2025	11,755

*1 Figures are based on adjusted greenhouse gas emissions reported in accordance with the Act on the Rational Use of Energy and Conversion to Non-fossil Energy (the Energy Conservation Act).

*2 From the fiscal year ending March 31, 2025, a zero-emission factor has been applied to electricity derived from renewable energy. The impact of this change in emission factors is a reduction of 4,455 t-CO₂.

(iv) In addition to the above, as part of its efforts to reduce CO₂ emissions, the Company has identified the main sources of emissions from among all 15 Scope 3 categories and calculated the emissions. The Company will continue to work for the enhancement of visibility and information disclosure related to overall emissions including Scope 3 in addition to Scopes 1 and 2.

Information on specific climate change initiatives, including the disclosure of some Scope 3 categories, is set out in the Company's Integrated Report, which is published on the Company's website (<https://www.capcom.co.jp/ir/english/>).

[Supplementary Principle 4-11-1 Conditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee]

(1) Each executive director, external director, and director who serves as a member of the Audit and Supervisory Committee aims to optimize the Board of Directors as a whole by fulfilling their individual roles and responsibilities. This includes stating their views as appropriate based on their rich experience, specialized expertise, insight, and international sensibility. in a wide range of fields, including corporate management, legal management and risk management, health management, information security, accounting and tax, and government administration.

(2) The skills matrix of the members of the Board of Directors is set out in the Notice of Convocation of the Ordinary General Meeting of Shareholders (<https://www.capcom.co.jp/ir/english/stock/meeting.html>).

[Supplementary Principle 4-11-2 Conditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee]

(1) The concurrent positions held by the Company's directors in its subsidiaries and other companies are within a reasonable range and the directors are executing their duties as directors of the Company in an appropriate manner.

(2) Information on directors' concurrent positions is disclosed every year in the Notice of Convocation of the Ordinary General Meeting of Shareholders (<https://www.capcom.co.jp/ir/english/stock/meeting.html>), the annual securities report and other documents.

[Supplementary Principle 4-11-3 Conditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee]

The Company utilizes individual questionnaires, interviews, and other methods conducive to eliciting feedback from each Director in order to analyze and evaluate the effectiveness of the Board of Directors.

For the fiscal year ended March 31, 2026, the Company received generally positive evaluations of the effectiveness of the Board of Directors and ascertained that the Board of Directors was functioning effectively through measures including those listed below.

- Expanding dialogues from a medium- to long-term perspective at the Board of Directors and delegating greater authority to executives
- Reviewing the risk management system, including compliance, and enhancing the supervisory function of the Board of Directors

In the fiscal year ending March 31, 2027, the Company will continue to focus its efforts on the following issues.

- Further enhancing dialogue within the Board of Directors and other forums and strengthening support systems to enhance corporate value over the medium to long term

- In light of the reorganization of the risk management system, secure effectiveness and deepen the supervisory function of the Board of Directors

The Company's Board of Directors will continue to work to raise its effectiveness based on these evaluation results.

[Principle 5-1 Policies Relating to Constructive Dialogue with Shareholders]

(1) The Company's policy on constructive dialogue with shareholders is set out in the Capcom Corporate Governance Guidelines and other documents.

(2) Implementing constructive dialogue with shareholders, etc.

(i) Dialogue with individual shareholders

a. Measures to promote active dialogue at Ordinary General Meetings of Shareholders include holding question-and-answer sessions at the general meeting, as well as by including the introduction of the virtual general meeting of shareholders in a hybrid participation format, in which questions submitted in advance and comments received at the meeting are answered on the Company's website.

b. The Company holds online briefings for individual investors once a year where we explain the Company's medium-term management policy and business strategy as well as business performance.

(ii) Dialogue with institutional investors

a. In the fiscal year ended March 31, 2026, the Company held a total of 15 interviews primarily with Japan-based proxy representatives of domestic and international investors.

b. The interviews were held with representative directors (CHO and CFO), directors in charge of management, and administrative staff dedicated to the Board of Directors to facilitate understanding of the Company's management strategy and create dialogue principally around the human resources investment strategy and the proposals in the agenda for the general meeting of shareholders. To ensure that the requests, opinions, questions, and other feedback gleaned from these interviews are taken into consideration by the management, they are reported to the CEO, COO, and relevant persons as appropriate, as well as to the Board of Directors where needed.

c. Further, to build positive, trusting relationships with investors and shareholders, the Company works to improve understanding and raise awareness through proactive IR (investor relations) dialogue with representative directors (CHO and CFO), corporate officers in charge of IR, and other employees in charge of IR. In the fiscal year ended March 31, 2026, in addition to holding a briefing for individual investors, the Company held approximately 440 individual and group interviews with domestic and foreign institutional investors and analysts at the Company's offices, conferences organized by securities companies, and during overseas road shows, among others, meeting an aggregate total of 1,204 institutional investors.

d. Information on other IR-related activities is set out under “2. Status of IR-related Activities” in part “III. Implementation of Measures for Shareholders and Other Stakeholders.”

[Principle 5-2 Establishing and Publicly Disclosing Management Strategy and Management Plans]

(1) Information on the Company's management strategy is set out in the documents of financial reports presentations, Integrated Report, Notice of Convocation of the Ordinary General Meeting of Shareholders and other documents.

(2) Measures to ensure management with conscious regard for cost of capital and share price

The initiatives are set out in [Measures to Ensure Management with Conscious Regard for Cost of Capital and Share Price].

The Company complies with all principles of the Corporate Governance Code revised in June 2021 and discloses accordingly in the Capcom Corporate Governance Guidelines, among others.

[Principle 1-7 Related Party Transactions]

[Principle 2-6 Roles as Asset Owner of Corporate Pension Plan]

[Principle 3-1 Enhancing Information Disclosure]

[Supplementary Principle 4-1-1 Roles and Responsibilities of the Board of Directors]

[Principle 4-9 Assessing Independence and Qualifications of Independent External Directors]

[Supplementary Principle 4-10-1 Nomination Committee and Remuneration Committee]

[Supplementary Principle 4-14-2 Training for Directors and Members of the Audit and Supervisory Committee]

Measures to Ensure Management with Conscious Regard for Cost of Capital and Share Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	June 19, 2026

Explanation of Actions

(1) The Company places importance on ROE due to its own high equity ratio and low level of borrowings. Therefore, the cost of capital is based on the cost of shareholder equity (CAPM), and we recognize that our cost of shareholder equity was 6.2% as of the end of March 31, 2026. Our ROE for the same period was 22.1% and we believe that we have secured stability with the equity spread. However, we will continue to strive to maintain and maximize the equity spread by working to achieve our management targets and enhance our corporate value, while staying informed of the standard for the cost of capital as perceived by shareholders and investors through regular dialogue.

*The figures used to calculate the cost of shareholder equity are as follows:

Risk-free rate: 2.345% (10-year government bond yield as of March 31, 2026)

Equity beta: 0.65 (based on weekly data for a period of 2 years)

Market risk premium: 6%

(2) In addition, in managing the profitability of each business segment, the Company monitors and evaluates ROIC trends at both the consolidated and major business levels. Over the last three years, consolidated ROIC has remained stable at roughly 50%, and ROIC for our three major reportable segments has also been steadily improving. Moreover, in the Digital Contents Business, in addition to ROIC, we manage the profitability of title development by ROI (operating income divided by development investment) for individual titles.

In addition, the Company manages cash by balancing business reinvestment, returns to shareholders, and employee compensation, thereby managing investments over the medium to long term.

(3) In order to further share value with shareholders, the Company has introduced stock remuneration systems for executive directors, external directors (excluding directors who are members of the Audit and Supervisory Committee), and corporate officers as part of their remuneration. Among these, the performance-based stock remuneration systems with three-year target evaluation periods for executive directors and corporate officers use TSR (Total Shareholder Return) as an evaluation indicator based on the growth rate of the stock price. In addition, the Company has set in place a Stock Grant ESOP Trust for all of its regular employees within Japan (excluding non-residents of Japan, such as those seconded overseas) other than corporate officers to encourage them to perform their duties with an awareness of the stock price and to further increase their motivation and morale to contribute to improving business performance.

(4) The Company will continue with our incessant efforts to meet the medium-term management goal of 10% profit growth year-on-year and to raise share prices by maintaining and improving these metrics.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	56,696,100	13.30
Crossroad Co., Ltd.	43,734,400	10.26
JP MORGAN CHASE BANK 380752	35,188,800	8.26
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO. 1	31,511,111	7.39
Custody Bank of Japan, Ltd. (Trust Account)	20,473,200	4.80
Yoshiyuki Tsujimoto	15,927,600	3.74
STATE STREET BANK AND TRUST COMPANY 505001	10,148,513	2.38
Haruhiro Tsujimoto	10,052,900	2.36
Ryozo Tsujimoto	9,937,800	2.33
STATE STREET BANK AND TRUST COMPANY 505103	8,369,991	1.96

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
Name of Parent Company, if applicable	None

Supplementary Explanation

The “Status of Major Shareholders” states the number of shares owned as of March 31, 2026.

The Company owns 106,789,656 shares of treasury stock, which has been excluded from “Status of Major Shareholders” above.

In a change report of a statement of large-volume holdings dated January 9, 2026 that was made available for public inspection, it was stated that as of December 26, 2025, Public Investment Fund held shares of the Company as set out below. The contents of the statement of large-volume holdings are set out below.

[Public Investment Fund]

Public Investment Fund

Total number of share certificates, etc.: - thousand shares

Ownership ratio of share certificates, etc.: -%

In a statement of large-volume holdings dated January 9, 2026, that was made available for public inspection, it was stated that as of December 26, 2025, Ayar First Investment Company held shares of the Company as set out below. However, the Company was not able to determine the actual number of shares held as of March 31, 2026, and accordingly, these holdings have been excluded from the table of major shareholders above. The contents of the statement of large-volume holdings are set out below.

[Ayar First Investment Company]

Ayar First Investment Company

Total number of share certificates, etc.: 35,188 thousand shares

Ownership ratio of share certificates, etc.: 6.60%

In a change report of a statement of large-volume holdings dated April 6, 2026, that was made available for public inspection, it was stated that as of April 2, 2026, Electronic Gaming Development Company held shares of the Company as set out below. However, the Company was not able to determine the actual number of shares held as of March 31, 2026, and accordingly, these holdings have been excluded from the table of major shareholders above. The contents of the change report of the statement of large-volume holdings are set out below.

[Electronic Gaming Development Company]

Electronic Gaming Development Company

Total number of share certificates, etc.: 32,186 thousand shares

Ownership ratio of share certificates, etc.: 6.04%

In a change report of a statement of large-volume holdings dated May 1, 2026, that was made available for public inspection, it was stated that as of May 1, 2026, Crossroad Co., Ltd. and one other joint holder held shares of the Company as set out below. The contents of the change report of the statement of large-volume holdings are set out below.

[Crossroad Co., Ltd. and 1 other]

Crossroad Co., Ltd.

Total number of share certificates, etc.: 43,734 thousand shares

Ownership ratio of share certificates, etc.: 8.21%

Yoshiyuki Tsujimoto
Total number of share certificates, etc.: 15,927 thousand shares
Ownership ratio of share certificates, etc.: 2.99%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	17
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	Chairman (excluding those concurrently serving as President)
Number of Directors	14
Election of External Directors	Elected
Number of External Directors	7
Number of Independent Directors	7

External Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yutaka Mizukoshi	From another company											
Toshiro Muto	Other											
Yumi Hirose	Tax accountant											
Main Kohda	Other											
Yasuko Metcalf	Certified Public Accountant								△			
Mutsuhiko Koro	Other											
Wataru Kotani	Other											

*Categories for "Relationship with the Company."

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Executive of the Company or its subsidiary
- Executive or non-executive director of the Company's parent company
- Executive of a fellow subsidiary
- Person/entity for which the Company is a major client or an executive of said person/entity
- Major client of the Company or an executive of said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, an executive of the corporation)
- Executive of a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Executive of another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Executive of an entity receiving donations from the Company (applies to director him/herself only)
- Other

External Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yutaka Mizukoshi		○	—	The Company has appointed Mr. Mizukoshi as an external director 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. Mr. Mizukoshi does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Toshiro Muto		○	—	Although Mr. Muto has not participated in corporate management otherwise than as an external director or external auditor, the Company has appointed him as an external director due to expectations for his ability to contribute to the auditing and supervision capabilities of the Board of Directors by providing objective opinions and advice on general management from an independent standpoint with a broad perspective based on his extensive knowledge and experience as he possesses a high level of insight related to fiscal and monetary affairs, general economics, and corporate governance cultivated at the Ministry of Finance, the Bank of Japan, and operating companies. Mr. Muto does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Yumi Hirose		○	—	Although Ms. Hirose has not participated in corporate management otherwise than as an external director, the Company has appointed her as an external director due to expectations for her ability to contribute to the auditing and supervision of the Board of Directors and improvement of the human resources strategy by actively providing opinions and advice from an outside perspective based on her knowledge and experience, which include specialized knowledge and extensive experience from

				her many years as a tax administrator of tax agency offices, her considerable knowledge of finance and accounting, and her high level of knowledge related to health management. Ms. Hirose does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that she is unlikely to be in conflict of interest with the general shareholders and has designated her as an independent officer.
Main Kohda		○	—	Ms. Kohda possesses excellent knowledge of international finance, experience serving on government and other councils, and is familiar with business affairs from her deep experience as director of listed companies. Although Ms. Kohda has not participated in corporate management otherwise than as an external director, she proactively gives opinions and recommendations from a fair and independent standpoint, and the Company has therefore appointed her as an external director due to expectations for her ability to contribute to the auditing and supervision of the Board of Directors with deep insight and objectivity due to her wealth of knowledge and experience from her abovementioned roles and expertise. Ms. Kohda does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that she is unlikely to be in conflict of interest with the general shareholders and has designated her as an independent officer.
Yasuko Metcalf		○	Until her retirement in September 2024, Ms. Metcalf served as a partner at KPMG LLP, which belongs to the same network as the Company's Accounting Auditor, KPMG AZSA LLC. The Group has a transactional relationship with KPMG LLP with respect to audits, etc., of the Company's subsidiaries, but this relationship is minimal, accounting for less than 1% of consolidated sales or transactions for both parties. In addition, Ms. Metcalf was not involved in any auditing or other work for the Company or its subsidiaries during her tenure at KPMG LLP and meets the Company's criteria for independence. The Company therefore judges that her independence as an External Director is not affected.	Although Ms. Yasuko Metcalf has not participated in management of companies other than as an external director, she has considerable knowledge of finance and accounting as a U.S. certified public accountant (U.S. CPA), in addition to a high level of insight in the areas of international corporate management and corporate governance from her many years of auditing, taxation, and consulting experience at a U.S. audit firm, and offers objective opinions and recommendations based on this professional expertise. As she can be expected to contribute to stronger audit and supervision of the Board of Directors based on her extensive knowledge, experience, and global perspective, the Company appoints her as an External Director. Ms. Metcalf does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that she is unlikely to be in conflict of interest with the general shareholders and has designated her as an independent officer.

Mutsuhiko Koro	○	○	—	Although Mr. Koro has not participated in corporate management otherwise than as an external director, the Company has appointed him as an external director who serves as a member of the Audit and Supervisory Committee due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors from the perspective of independence and objectivity based on his high level of insight from his specialized knowledge and rich experience in tax administration as well as considerable expertise in financial and accounting affairs, and because he uses this expertise to offer advice and feedback from an external perspective. Mr. Koro does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Wataru Kotani	○	○	—	Although Mr. Kotani has not participated in corporate management otherwise than as an external director, the Company has appointed him as an external director who serves as a member of the Audit and Supervisory Committee due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on the perspective of risk management and legal compliance, as he is not only familiar with cybersecurity and information security but also possesses broad expertise and extensive experience in legal affairs from his many years of involvement in police administration, and provides opinions and advice from a neutral and objective standpoint. Mr. Kotani does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson					
	All Committee Members	Full-time Members	Inside Directors	External Directors	Committee Chair
Audit and Supervisory Committee	3	2	1	2	External Director
Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed				

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Audit and Supervisory Committee works to ensure effective internal control by auditing directors' and employees' execution of duties in accordance with auditing policies and submitting audit findings along with advice and corrective recommendations, among others. For this purpose, the Internal Audit Department (an organization directly under the control of the Audit and Supervisory Committee) has been established to support the Audit and Supervisory Committee in carrying out its duties smoothly and appropriately. Within this structure, full-time employees assist with the committee's duties under instructions of the members of the Audit and Supervisory Committee, and these employees cannot be transferred without the agreement of the Audit and Supervisory Committee.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Division

The Audit and Supervisory Committee serves primarily to oversee the Company's management from an operational perspective. The Accounting Auditors perform audits from an accounting standpoint.

Whenever necessary, the Audit and Supervisory Committee and Accounting Auditors consult each other to exchange opinions and information regarding audits. With regard to KAM (key audit matters) in particular, both groups' audits are enhanced and improved through cooperation and coordination, such as by receiving the Accounting Auditors' explanations for understanding, and the reasons for their decisions and mutually exchanging opinions.

The Company has established an Internal Audit Department as a department to carry out internal audits that supports the Audit and Supervisory Committee. Apart from regular monitoring of all departments, the division gathers information on the legality, appropriateness, efficiency, and other aspects of the Company as well as its subsidiaries and affiliates, analyzes the information, and reports to the members of Audit and Supervisory Committee on the outcome of the audits, which the Audit and Supervisory Committee then reports to the Board of Directors when needed. In addition, in the event of unforeseen circumstances, harm to the Company is minimized by the swift investigation and reporting to the Audit and Supervisory Committee of the causes affecting the event and the advice and recommendations provided to the Board of Directors by the Audit and Supervisory Committee to support appropriate decision-making by management.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	External Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	7	0	3	4	0	0	External Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	7	0	3	4	0	0	External Director

Supplementary Explanation

(i) The voluntary Nomination and Remuneration Committee is composed of the following seven directors (the majority of whom (four) are external directors). Each committee member is selected based on the Board of Directors' appraisal of his or her knowledge, insight, experience, and other qualities. An external director serves as its chairman and no secretariat has been established for it.

Yutaka Mizukoshi (Committee Chairman, External Director)

Satoshi Miyazaki (Internal Director)

Yoshinobu Sasahara (Internal Director)

Main Kohda (External Director)

Toyoshige Hanaoka (Full-time Member of the Audit and Supervisory Committee, Internal Director)

Mutsuhiko Koro (Full-time Member of the Audit and Supervisory Committee, External Director)
Wataru Kotani (Member of the Audit and Supervisory Committee, External Director)

(ii) The attendance record of each committee member for meetings of the Nomination and Remuneration Committee in the fiscal year ended March 31, 2026 is as listed below.

Yutaka Mizukoshi attended four of the four meetings
Satoshi Miyazaki attended four of the four meetings
Yoshinobu Sasahara attended three of the three meetings
Main Kohda attended four of the four meetings
Kazushi Hirao attended four of the four meetings
Mutsuhiko Koro attended four of the four meetings
Wataru Kotani attended four of the four meetings

*1 The number of meetings refers to the number of meetings the Nomination and Remuneration Committee member attended during his/her term.

*2 Mr. Kazushi Hirao (Full-time Member of the Audit and Supervisory Committee, Internal Director) retired as director in June 2026.

(iii) The Nomination and Remuneration Committee deliberates on the nomination and remuneration of directors and submits reports in response to inquiries from the Board of Directors. Matters deliberated at meetings of the Nomination and Remuneration Committee in the fiscal year ended March 31, 2026 include candidates for director, composition of the Board of Directors, the remuneration system for directors and individual remuneration (including the introduction and revision of the monetary bonus system and stock compensation system), among others.

(iv) The main matters reviewed upon receiving an inquiry are as follows.

a. Matters related to nominations

(a) Policy for selecting candidates for director to be submitted to the General Meeting of Shareholders

(b) Selection of candidates for director to be submitted to the General Meeting of Shareholders

(c) Selection of corporate officers and corporate officers with titles

(d) Successor plan

(e) Other matters related to the above

b. Matters related to remuneration

(a) Decision-making policy on director remuneration

(b) Fixed remuneration and performance linked remuneration

(c) Evaluations related to individual remuneration

(d) Other matters related to the above

Matters Concerning Independent Directors

Number of Independent Directors	7
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Other Matters Concerning Independent Directors

Since all seven of the external directors meet the criteria of independent directors, they have been designated as independent directors. The Company has established certain criteria for assessing the independence of directors, which are set out in “Chapter 4 Organizational Structure, Item 4(3) (Directors and directors who serve as members of the Audit and Supervisory Committee - Independent external directors)” of the “Capcom Corporate Governance Guidelines.”

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

Please refer to the section on Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

(1) The remuneration, etc. of the Company's directors for the fiscal year ended March 31, 2026 is as follows.

(i) Remuneration, etc. paid to directors (excluding directors who are members of the Audit and Supervisory Committee): 14 directors; 1,743 million yen in total (734 million yen as basic remuneration, 598 million yen as monetary bonuses, and 410 million yen as performance-linked stock remuneration), of which 61 million yen in total was paid as remuneration, etc. to 6 external directors (61 million yen as basic remuneration)

*1 The monetary bonuses are the amount scheduled to be paid in the fiscal year ending March 31, 2027.

*2 The performance-linked stock remuneration is recorded as the sum of an expense related to the performance-linked stock remuneration system with a three-year target evaluation period for the fiscal year ended March 31, 2026 and the amount paid under the same system to two directors (excluding external directors and directors who are members of the Audit and Supervisory Committee) who retired during the same fiscal year (however, the amount paid excludes the amount recorded as expenses in the form of provisions up to the fiscal year ended March 31, 2025).

The amount recorded as expenses in the fiscal year ended March 31, 2026 is the sum of the amount of performance-linked stock remuneration for the evaluation period from April 1, 2024 to March 31, 2027 and the amount of performance-linked stock remuneration for the evaluation period from April 1, 2025 to March 31, 2028 as calculated by making certain estimates or assumptions regarding the rate of achievement of each indicator, with the achievement rate of the performance and other growth targets set to 1.25, and the amount thereby calculated then being divided across the three years, being the evaluation period.

(ii) Remuneration, etc. paid to directors who serve as members of the Audit and Supervisory Committee: 3 directors; 60 million yen in total (60 million yen as basic remuneration), of which 36 million yen in total was paid as remuneration, etc. to 2 external directors (36 million yen as basic remuneration)

(2) Details of each indicator used in the calculation of Directors' remuneration, the reasons for their selection, and the method of calculating the remuneration are indicated in the annual securities report for the fiscal year ended March 31, 2026. The securities report is available on the Company's website (<https://www.capcom.co.jp/ir/> (Japanese only)).

(3) The Company revised its remuneration system for directors (excluding directors who are members of the Audit and Supervisory Committee) at the Ordinary General Meeting of Shareholders held on June 18, 2026. An overview is provided in the Notice of Convocation of the 47th Ordinary General Meeting of Shareholders, which is posted on the Company's website (<https://www.capcom.co.jp/ir/english/stock/meeting.html>).

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The following is a summary of the details of the policy for determining the individual remuneration of directors.

(1) Policy on determining remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)
To ensure the objectivity 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 chaired by an external director, which deliberates and makes recommendations based on the policy below, keeping within the remuneration limits approved by resolution at the General Meeting of Shareholders, and makes its decision accordingly.

(i) The remuneration, etc., for directors (excluding external directors and directors who are members of the Audit and Supervisory Committee) shall consist of basic (fixed) remuneration aimed at encouraging the diligent performance of duties commensurate with their position and responsibilities, supplemented by performance-linked (variable) remuneration, thereby establishing a remuneration system and composition that emphasizes the enhancement of corporate value and shareholder value over the medium to long term. Performance-linked (variable) remuneration consists of monetary bonuses and stock remuneration with a one-year target evaluation period as short-term incentives, as well as stock remuneration with a three-year target evaluation period as a medium- to long-term incentive.

(ii) In consideration of external directors' role of objectively and independently supervising the Company's management, remuneration, etc. for external directors (excluding directors who are members of the Audit & Supervisory Committee) is not linked to performance, and is instead composed of basic (fixed) remuneration, together with non-performance-linked stock remuneration (variable remuneration) as an incentive to improve medium- to long-term corporate value from the perspective of sharing value with shareholders.

(2) Policy for determining individual remuneration of the directors who serve as members of the Audit and Supervisory Committee
Remuneration for individual members of the Audit and Supervisory Committee is not linked to performance and comprises basic remuneration (fixed remuneration) only, in order to maintain their independence. The amount of remuneration is determined through discussions by the members of the Audit and Supervisory Committee taking the difference between full-time and part-time service and other factors into account, and is within the total amount approved by resolution at the General Meeting of Shareholders.

Support System for External Directors

The secretariat staff helps with the work of the external directors (excluding directors who are members of the Audit and Supervisory Committee), while the full-time staff of the Internal Audit Department help external directors who are members of the Audit and Supervisory Committee with their work.

In addition, other initiatives to strengthen the support system include the establishment of a department dedicated to the Board of Directors and regular roundtable discussions with external directors to exchange opinions.

For information about other support systems, please refer to Chapter 4 Organizational Structure, Item 7 (Support system) of the Capcom Corporate Governance Guidelines.

Status of Persons who have Retired as President and Representative Director, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as President and Representative Director, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)
After Retiring as President and Representative Director, etc.

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Other Related Matters

The Company does not have persons in advisory positions (*sodanyaku, komon*, etc.) after retiring as representative director or President. However, the Company has an advisory (*sodanyaku, komon*) system in place.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Measures to enhance the execution of duties and auditing function

(i) As the Company is a company with an audit and supervisory committee, the members of its auditing organization, that is to say, the members of the Audit and Supervisory Committee, have the right to vote on resolutions of the Board of Directors.

(ii) Audits performed by the Audit and Supervisory Committee include audits for legality as well as for appropriateness, which allows for broad supervision of management as a whole, adding a further layer of strength to the supervision function.

(iii) By partially delegating the authority to make important decisions relating to business execution to representative directors, the matters to be discussed at Board of Directors' meetings is limited to critical agenda items, thus enhancing the quality of deliberations and reducing the number of Board of Directors' meetings held.

(iv) As a result, business execution is made more efficient through swift decision-making and flexible business expansion.

(2) Activities pertaining to business execution and the audit/supervision process

(i) By introducing the corporate officer system, not only are the roles and responsibilities of directors (focused on management) and corporate officers (focused on execution of business) clarified; management efficiency is also enhanced since officers can swiftly act on decisions of the Board of Directors on important items based on instructions from executive directors.

(ii) The principal relevant activities are as follows.

a. Board of Directors

(a) The Board of Directors is composed of fourteen directors (half of whom (seven) are external directors). The Chairman and Representative Director serves as its chairman and the Corporate Planning Department serves as its secretariat.

(b) The attendance record of each director for meetings of the Board of Directors in the fiscal year ended March 31, 2026 is as listed below.

Kenzo Tsujimoto attended eight of the nine meetings

Haruhiro Tsujimoto attended nine of the nine meetings

Satoshi Miyazaki attended nine of the nine meetings

Yoshinori Ishida attended nine of the nine meetings

Ryozo Tsujimoto attended nine of the nine meetings

Yoshinobu Sasahara attended eight of the eight meetings

Yutaka Mizukoshi attended nine of the nine meetings

Toshiro Muto attended nine of the nine meetings

Yumi Hirose attended eight of the nine meetings

Main Kohda attended nine of the nine meetings

Yasuko Metcalf attended eight of the eight meetings

Kazushi Hirao attended nine of the nine meetings

Mutsuhiko Koro attended nine of the nine meetings

Wataru Kotani attended nine of the nine meetings

Kenkichi Nomura attended one of the one meeting

Yoichi Egawa attended one of the one meeting

Toru Muranaka attended one of the one meeting

*1 The number of meetings refers to the number of meetings the director attended during his/her term.

*2 Mr. Kazushi Hirao retired as a director who serves as a member of the Audit and Supervisory Committee in June 2026.

*3 Messrs. Kenkichi Nomura, Yoichi Egawa, and Toru Muranaka retired as directors in June 2025.

(c) The Board of Directors deliberates on important matters stipulated by laws and regulations, the Articles of Incorporation and the Rules of the Board of Directors, as well as on growth strategies with reference to the Company's Management Philosophy. It also works to strengthen the Company's supervision function through the guidance, suggestions, and lively comments from external directors. Matters deliberated at meetings of the Board of Directors in the fiscal year ended March 31, 2026 include the Company's management plans, organizational structure, important personnel matters, the remuneration system for directors and individual remuneration, matters related to the General Meeting of Shareholders, matters related to financial statements, the Group's risk management system (including compliance), business investment cases, and more.

b. Audit and Supervisory Committee

(a) The Audit and Supervisory Committee is composed of three directors who are members of the Audit and Supervisory Committee (the majority of whom (two) are external directors). An external director serves as its chairman and two members are full-time members.

(b) In principle, the Committee meets before each Board of Directors' meeting. The attendance record of each director who served as a member of the Audit and Supervisory Committee for meetings of the said Committee in the fiscal year ended March 31, 2026 is as listed below.

Wataru Kotani attended ten of the ten meetings

Kazushi Hirao attended ten of the ten meetings

Mutsuhiko Koro attended ten of the ten meetings

*1 The number of meetings refers to the number of Audit and Supervisory Committee meetings the director serving as a member of the Audit and Supervisory Committee attended during his/her term.

*2 Mr. Kazushi Hirao retired as a director who serves as a member of the Audit and Supervisory Committee in June 2026.

(c) The Audit and Supervisory Committee deliberates on important matters stipulated in the Rules for the Audit and Supervisory Committee and works to strengthen the Company's audit and supervisory functions.

c. Risk and Compliance Committee

(a) The Risk and Compliance Committee is composed of thirteen directors (the majority of whom (seven) are external directors). An external director serves as its chairman and the Legal Department serves as its secretariat.

(b) In principle, the Committee meets twice every year. With regard to the status of risk management in the Company, including compliance, the Committee receives reports from the Risk and Compliance Council (chaired by the representative director) in departments conducting business concerning the status of risk management initiatives in the Company, and based on the status of the initiatives, provides advice and recommendations to the Board of Directors.

d. Risk and Compliance Council

(a) The Risk and Compliance Council is composed of two directors in charge of the Company's corporate departments, two corporate officers of the responsible departments, and the general manager of the department in charge. The representative director serves as its chairman and the Legal Department serves as its secretariat.

(b) In principle, the Council meets four times every year. With regard to the Company's risk management, including compliance, the Council conducts activities on an ongoing basis aimed at enhancing risk management initiatives in the Company through the identification and assessment of risks, the formulation of risk control policies, and the promotion of compliance, as well as through regular reporting to the Risk and Compliance Committee (chaired by an external director).

e. Information Technology Security Oversight Committee

(a) The Information Technology Security Oversight Committee is composed of four external experts, one of whom is selected as the chairman. The Committee strives to share various information on internal security on a timely basis, facilitated through the attendance of directors in charge of the Company's corporate departments at meetings of the Committee to support its activities and participate in the deliberation process regarding the Committee's proposals.

(b) The Committee meets at least four times every year, as necessary. It aims to maintain and strengthen the Company's information security and cyber security management systems by sharing various information on technology and trends related to information security and cyber security with the Company's corporate and other departments and providing oversight and advice about response policies.

f. Corporate Management Council

(a) The Corporate Management Council is composed of seven internal directors. The Chairman and Representative Director serves as its chairman and the Corporate Planning Department serves as its secretariat.

(b) In principle, the Council meets once a month to carry out preliminary deliberations of Board of Directors agenda items and deliberations of other important items.

g. Human Resources Committee

(a) The Human Resources Committee is composed of seven internal directors and the corporate officer in charge of the HR Divisions. The Chairman and Representative Director serves as its chairman and the Corporate Planning Department serves as its secretariat.

(b) In principle, the Committee meets once a month to carry out preliminary deliberations of Board of Directors agenda items related to human resources and deliberations of matters such as the human resources investment strategy.

h. Board of Corporate Officers

(a) The Board of Corporate Officers is composed of thirteen corporate officers (five of whom serve concurrently as directors). The President and Representative Director serves as its chairman and the Corporate Planning Department serves as its secretariat.

(b) In principle, the Board meets 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.

i. Internal Audit Division

In order for effective audits to be carried out, the Company has established an Internal Audit Department as a department to carry out internal audits. The Department is composed of twelve employees.

(3) Overview of limitation of liability agreements

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a limitation of liability agreement with five external directors (excluding directors who are members of the Audit and Supervisory Committee) and three directors who are members of the Audit and Supervisory Committee, limiting their liability for damages as prescribed in Article 423, Paragraph 1 of said Act.

The amount of liability under the agreement is limited to the minimum liability amount prescribed by laws and regulations.

(4) Overview of indemnity agreements

Pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act, the Company has entered into an indemnity agreement with all 14 of its directors to indemnify them for costs and losses within the scope of Items 1 and 2 of said Paragraph of the Act, respectively.

Provided always that if it is established that a director has executed their duties for the purpose of wrongfully enriching themselves or a third party or for causing harm to the Company, the director shall return the Company the costs and other amounts received from the Company by way of indemnity.

(5) Overview of directors and officers liability insurance agreement

Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance agreement with an insurance company to cover legal costs and damages that arise in the event that a claim for damages is made against an insured party during the term of insurance in connection with the insured party's execution of duties in connection with the insured party's execution of duties.

Provided always that damage caused by intentional violations of laws and regulations or criminal acts of the insured party is excluded from coverage.

The insured parties covered by the insurance agreement are the directors, auditors, and corporate officers of the Company and its subsidiaries, and all insurance premiums and fees of the insured parties are borne by the Company.

(6) Status of audits by the Audit and Supervisory Committee and internal audits

(i) The Audit and Supervisory Committee is composed of three directors who are members of the Audit and Supervisory Committee (the majority of whom (two) are external directors). An external director serves as its chairman, and there are two full-time Audit and Supervisory Committee members. Mr. Toyoshige Hanaoka, a director who serves as a member of the Audit and Supervisory Committee, possesses a wealth of experience in accounting and in corporate planning departments. Mr. Mutsuhiko Koro, also a director who serves as a member of the Audit and Supervisory Committee, possesses specialized knowledge and rich experience in tax administration. Both directors bring considerable knowledge of financial and accounting matters gained through their respective experience.

(ii) In principle, the Audit and Supervisory Committee meets before each Board of Directors' meeting, and met ten times in the fiscal year ended March 31, 2026. The attendance record of each director who served as a member of the Audit and Supervisory Committee for meetings of the said Committee in the fiscal year ended March 31, 2026 is as listed below.

Wataru Kotani attended ten of the ten meetings

Kazushi Hirao attended ten of the ten meetings

Mutsuhiko Koro attended ten of the ten meetings

*1 The number of meetings refers to the number of Audit and Supervisory Committee meetings the director serving as a member of the Audit and Supervisory Committee attended during his/her term.

*2 Mr. Kazushi Hirao retired as a director who serves as a member of the Audit and Supervisory Committee in June 2026.

(iii) The Audit and Supervisory Committee audits the directors' status of execution of duties and the appropriateness of internal control systems.

(iv) In addition to appointing its own chairman, full-time members and selected members, the Audit and Supervisory Committee also determines audit policies, schedules and division of responsibilities of its members. In the fiscal year ended March 31, 2026, selected Audit and Supervisory Committee members conducted on-site audits of business divisions, business sites, and subsidiaries in accordance with their respective division of responsibilities. They also attended key meetings of the Corporate Management Council

and other groups to gather and exchange information with each Audit and Supervisory Committee member, for example by viewing important documents and conducting surveys. They received explanations from the Accounting Auditor regarding audit plans and other matters, as well as reports on audit results and other findings, and have reviewed the appropriateness of the Accounting Auditor's audit methodology and findings. Furthermore, for the purpose of conducting organizational audits by the Audit and Supervisory Committee, they also instructed the Internal Audit Department (constituted under the direct control of the Committee) on the investigation and reporting of the efficacy and status of operation of internal control systems. The Audit and Supervisory Committee discussed risk management and other issues based on audit results reported by selected Audit and Supervisory Committee members and the Internal Audit Department to examine ways to enhance governance from the perspective of legal compliance and appropriateness.

(v) The Internal Audit Department is composed of twelve employees. Its main activities are determining auditing policies, schedules, methods, and the allocation of duties, as well as 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.

(7) The names of the Certified Public Accountants (CPA) and composition of the financial audit team involved in the audit of the Company by KPMG AZSA LLC for the fiscal year ended March 31, 2026 are as follows.

Names of the CPAs who performed the audit:

Designated Limited Liability Partners Tomoya Kurokawa, Tomohiro Yamanaka

Composition of financial audit team:

Certified public accountants (11), and candidates for CPA who passed the CPA exam plus associates in charge of system audits (35)

Continuous audit period: 14 years

3. Reasons for Adoption of Current Corporate Governance System

In order to further strengthen the audit and supervision functions of the Board of Directors and achieve a swift decision-making process and dynamic execution of duties, we the Company has adopted the structure of a company with an audit and supervisory committee. Please refer to Chapter 4 Organizational Structure for information on the Company's current organizational structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation of the Ordinary General Meeting of Shareholders is posted early, approximately three weeks before the day of the meeting. In 2026, the general meeting was convened on June 18 and the Notice of Convocation of the General Meeting of Shareholders was posted on May 27.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	In order to vitalize the General Meeting of Shareholders, the Company has traditionally convened its meeting early to avoid peak days (on which many companies hold their shareholders' meetings) so that as many shareholders as possible can attend.
Electronic Exercise of Voting Rights	Shareholders can exercise their voting rights over the internet using personal computers, smartphones, and tablets.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in an electronic voting rights platform. This facilitates the exercise of voting rights by allowing institutional investors sufficient time from the date of posting of the Notice of Convocation of the meeting to review its proposals.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	In order to facilitate the exercise of voting rights by shareholders inside and outside Japan, the Company publishes the Notice of Convocation of the General Meeting of Shareholders on its website and the website of the Tokyo Stock Exchange, Inc. in Japanese and English.
Other	In the interests of early provision of information, the Company publishes the Notice of Convocation of the General Meeting in Japanese and English ahead of the posting date and electronic provision measures commencement date, on its website and the website of the Tokyo Stock Exchange, Inc. For the fiscal year ended March 31, 2026, the Japanese and English versions of the Notice of Convocation were made publicly available on May 20. In addition, in order to enhance shareholder dialogue, the Company has adopted a virtual general meeting of shareholders in a hybrid participation format in which shareholders may view and listen to an internet livestream of the meeting proceedings on a website created specifically for this purpose. Viewers may submit comments while watching the stream.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company regards the timely and appropriate disclosure of information and being accountable to shareholders and investors as its duty as a listed company and essential from a corporate governance perspective. Accordingly, the Company upholds a high level of transparency in management by (1) establishing a responsible IR system, (2) thorough implementation of full information disclosure, and (3) establishing a timely disclosure system.	
Regular Investor Briefings held for Individual Investors	The Company holds an online annual company briefing for individual investors so that they may participate regardless of their place of residence.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The COO, the Representative Directors (CHO and CFO), and others hold financial reports presentations every year where they explain the Company's management strategy and business performance and work to provide stable corporate communications.	Held
Regular Investor Briefings held for Overseas Investors	The Company holds financial reports presentations with simultaneous English interpretation for overseas investors. Further, every year, the Company holds overseas road shows as appropriate, in addition to carrying out individual meetings. Briefings are mainly presented by the Representative Director (CHO and CFO) and a corporate officer in charge of IR.	Held
Online Disclosure of IR Information	The Company's annual and semi-annual securities reports, financial reports, quarterly financial reports, integrated reports, financial reports presentation videos and documents, quarterly conference call documents, corporate governance reports, individual investors presentation documents, game series sales, platinum titles, corporate information, stock and debt information, and press releases are available on the Company's website (https://www.capcom.co.jp/ir/english/).	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established a Public Relations and Investor Relations Section staffed by one corporate officer in charge of IR and two employees.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company strives to build trusting relationships and coexist in mutual prosperity with shareholders, customers, business partners, local communities and stakeholders. Based on our Management Philosophy, we have established the Capcom Code of Conduct which governs the conduct of officers and employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Based on our Management Philosophy, the Company proactively implements initiatives for solving shared social and environmental issues in order to achieve stable medium- to long-term growth and raise corporate value through its business activities and bring about a world where all people can enjoy games with peace of mind. Through these activities, the Company will fulfil its corporate social responsibility and aims to bring about a better future, and build mutually trusting relationships with our shareholders, customers, business partners, employees, local communities, and other stakeholders. (1) Activities that contribute to society In order to contribute to a better future, the Company fulfills its social responsibility and sets aside a fixed percentage of its consolidated ordinary profit for funding, and actively engages in the following activities that contribute to society. (i) Supporting social welfare The Company donates to and supports causes that contribute to society, primarily to support children, who will create the future. Accordingly, in the fiscal year ended March 31, 2026, we contributed to organizations engaged in supporting the healthy development of young people. We also made donations in support of refugees around the world to organizations concerned with this cause. (ii) Supporting the promotion of region, culture, technology, and sports Outside of business activities, the Company is also engaged in initiatives to promote region, culture, technology, and sports under the auspices of its “from Osaka, to the world” slogan. As such, the Company has entered into an official sponsorship agreement with the Japan Volleyball Association as well as a top partnership agreement with Cerezo Osaka CO., LTD., among other initiatives. (2) Environment-related initiatives Please refer to the disclosure at [Supplementary Principle 3-1-3 Sustainability and Other Initiatives] for information on the Company’s environmental protection activities. For information on other specific initiatives, please also refer to the “Sustainability” section of the Company’s website (https://www.capcom.co.jp/ir/english/sustainability.html).
Formulation of Policies, etc. on Provision of Information to Stakeholders	To achieve effective corporate governance, the Company aims to exercise transparent management and has stipulated its timely, appropriate, and proactive information disclosure in the Capcom Corporate Governance Guidelines.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The status of the internal control systems developed by the Company based on the Companies Act and its enforcement regulations, for the purpose of ensuring the suitable and efficient operation of the Company as part of the duty of due care of a prudent manager, is as follows.

(1) Systems for ensuring that directors' and employees' execution of duties comply with laws and regulations:

The Company has established the Risk and Compliance Committee, chaired by an external director, in order to strengthen the compliance system for adherence to laws and regulations, the Articles of Incorporation, corporate ethics, and social norms, and to enhance the supervision function of the Board of Directors through guidance, proposals, and recommendations of the external directors. The Risk and Compliance Committee promotes compliance-oriented management by auditing and supervising the Company's compliance activities and by providing recommendations and guidance to the Board of Directors.

In addition, the Company strives to raise awareness of compliance among officers and employees through initiatives including internal training, and has established the Capcom Code of Conduct, which governs the conduct for compliance.

Furthermore, the Company takes measures to enhance the compliance system, including establishing the Risk and Compliance Council chaired by the representative director, establishing a system for cross-organizational control over measures taken under the compliance system in the Company, and regularly reporting to the Risk and Compliance Committee concerning the status of those activities. The Company has also established a point of contact for consultation as part of the internal reporting system within the Company office as well as offsite at a law office.

The Company has established the Internal Audit Department, which is an organization directly under the control of the Audit and Supervisory Committee that conducts internal audits independently of the departments conducting business.

(2) Systems for storing and managing information relating to directors' execution of duties:

The Company practices appropriate storage and management of the minutes of Board of Directors' meetings and other documents and data pertaining to the directors' execution of duties in accordance with its Document Management Rules and other documents.

(3) Rules and other systems for managing the risk of loss

The Company has established the Risk Management Rules and the Risk and Compliance Council chaired by a representative director, so as to prevent crises.

The Risk and Compliance Council is working to clarify and enhance the risk management system in the Company. In addition, it strives to strengthen the risk management system through such measures as regularly reporting to the Risk and Compliance Committee, composed of directors, concerning those activities.

Furthermore, the Company strives to respond promptly and appropriately in collaboration with related departments in the event of unforeseen circumstances, based on the Risk Management Rules.

(4) Systems for ensuring that directors execute their duties efficiently

The Company enhances management efficiency through the introduction of the corporate officer system which clearly distinguishes between the Board of Directors (which determines management policies) and corporate officers (who execute business operations) and by promoting swift decision-making, resulting in smooth and flexible business operations.

(5) Systems for ensuring the appropriateness of the Company's business operations

The Company's subsidiaries hold Board of Directors meetings approximately once a month, which are attended by the Company's directors. The subsidiaries and the Company communicate and coordinate closely, and the subsidiaries are required to report on sales updates, business forecasts, and other important matters, in accordance with the Management Regulations for Subsidiaries. The Risk Management Rules and other measures advance the Company's overall risk management system including compliance and ensure that its operations incorporate functional corporate governance.

(6) Systems for employees assisting the Audit and Supervisory Committee, ensuring the independence of said employees, and ensuring the effectiveness of instructions given to said employees

The Audit and Supervisory Committee works to ensure effective internal control by auditing directors' and employees' execution of duties in accordance with auditing policies and submitting audit findings along with advice and corrective recommendations, among others. For this purpose, the Internal Audit Department (an organization directly under the control of the Audit and Supervisory Committee) has been established to support the Audit and Supervisory Committee in carrying out its duties smoothly and appropriately. We have established a system in which full-time employees assist with the committee's duties under instructions of the members of the Audit and Supervisory Committee, and these employees cannot be transferred without the agreement of the Audit and Supervisory Committee.

(7) Systems for the subsidiaries' and affiliates' officers and employees to report to the Audit and supervisory Committee, for other reports to the Audit and Supervisory Committee, and for preventing unfavorable treatment as a result of making such reports

The subsidiaries' and affiliates' officers and employees from whom the Audit and Supervisory Committee has requested information regarding the execution of duties must promptly respond to such requests and report appropriately on required matters.

The subsidiaries' and affiliates' officers and employees will not be treated unfavorably for making such reports to the Audit and Supervisory Committee.

(8) Other systems for ensuring the effectiveness of audits by the Audit and Supervisory Committee

The Company sets aside a budget to cover costs incidental to the execution by directors who serve as a member of the Audit and Supervisory Committee of their duties. Where requested, a cash advance covering such costs is provided by the Company.

(9) Overview of the status of operation of the system to ensure appropriate business operations

The overview of the status of operation of the system for the fiscal year ended March 31, 2026 is as follows.

(i) In addition to the systems mentioned above, important meetings (of the Board of Directors, as well as the Corporate Management Council, Human Resources Committee, and Board of Corporate Officers) were convened at which deliberations and resolutions took place concerning matters stipulated by law and items to be discussed based on various rules. In addition, the Audit and Supervisory

Committee determined auditing policies and schedules, and conducted audits of the Board of Directors pertaining to execution of duties and observance of laws and regulations.

(ii) The Company operates a system capable of swift decision making in a business environment that is undergoing rapid change by delegating authority based on internal rules, including delegation by the Board of Directors of certain important business execution decisions to the Representative Directors.

(iii) Half (i.e., 7) of the Company's 14 directors are independent external directors, and the Company works to strengthen the supervisory function of the Board of Directors through active exchanges of opinions and other means by organizing various voluntary committees, roundtable discussions, facility tours, and other events. In addition, the Company has established a Risk and Compliance Committee chaired by an external director.

(iv) The Company has established a Risk and Compliance Council chaired by the representative director to centrally manage the understanding of inherent risks and identify the probabilities involved. The Risk and Compliance Council reports on the results of risk assessments and response policies to the Risk and Compliance Committee. Based on the contents of these reports, the Committee works to quickly detect and prevent illegal activities and fraud by counseling and advising on the same to the Board of Directors.

(v) To deepen officers' and employees' understanding of compliance issues, the Company works to promote thorough awareness of legal compliance through various e-learning measures and other initiatives. In addition, the Company strives to instill a strong sense of compliance among officers and employees through both internal and external training programs, including compliance training sessions led by external instructors.

(vi) With regard to information protection and management, the Company manages personal information, business secrets, and other confidential information appropriately based on the Information Management General Rules and other regulations and guidelines.

In addition, the Company believes that ensuring information security through measures such as information management and cyber security is essential. For this reason, we continuously maintain and enhance the information security management system taking on board the advice of the Information Technology Security Oversight Committee (an external advisory group).

(vii) With regard to the Company's subsidiary companies, apart from communicating the Company's corporate philosophy, management policies, and other matters to the management of Company subsidiaries, the Company has initiatives in place to ensure the effectiveness of the internal control systems of the Company as a whole by continuous monitoring of subsidiaries' operations. These measures include gathering information from officers holding concurrent positions in the Company and subsidiaries as well as from temporary employees.

(viii) In addition to receiving periodic reports from the Internal Audit Department, where required, the Audit and Supervisory Committee conducts stringent checks to determine the effectiveness of internal control systems using organizational audits, by issuing directions, and other measures.

(ix) The Company established a point of contact system through which the Company's officers and employees may make reports or seek advice for the purpose of further improving the workplace environment as well as to facilitate early detection and prevention of illegal activities. The points of contact, which provide a system for officers and employees to submit reports and seek consultations, are located within the Company office as well as offsite at a law office. The points of contact operate based on rules that maintain their independence from management, ensure that people who submit internal reports are not subject to unfavorable treatment as a result of such reports, and protect the confidentiality of information that might identify the persons seeking advice.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company takes a firm stand against antisocial forces that threaten social order and the safety of civil society, and has no connection of any kind with groups or individuals of such nature.

Where the Company comes into contact with such groups or individuals, prompt organizational action is taken in response and any unjustified or illegal demands are firmly denied, while also coordinating with the police and other relevant organizations.

In addition, care is taken to acquire relevant information on anti-social forces and related trends, and if a connection exists with entities that the Company was not aware were anti-social forces, swift action is taken to terminate such connection in coordination with the police and other relevant organizations.

V. Other

1. Adoption of Policies in Response to Takeover

Adoption of Policies in Response to Takeover	Not Adopted
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Supplementary Explanation for Applicable Items

Basic policy regarding persons who control the Company's finance and business policies

(1) The source of the Company's corporate value

In addition to its core business of developing and selling home video game software, the Company's business includes the development and delivery of mobile content, the management of arcade operations, the development, manufacture, and sale of amusement equipment, and other film and television production, licensed merchandise, and esports business.

The Company's vision is to be "a company that captivates people around the world with our best-in-class immersive content," based on its Management Philosophy in which it aims to create an entertainment culture and be a creator that moves and excites people through the medium of games. Thus, the Company is pushing ahead with its human resources investments strategy, enhancing the development system, and strengthening our marketing and sales system, these being the source of our corporate value. In addition, we are working to sustainably raise corporate value by promoting system reinforcement across all aspects of management including enhancing our range of content, raising brand awareness, and speeding up decision making by separating the roles of management and business execution.

(2) Initiatives for raising the Company's corporate value

The industry's competitive environment is becoming increasingly challenging, as market conditions transform due to rapid technological innovation and diversification of business areas.

As the structure of the industry changes, we recognize that creating a system that is responsive to the business environment is a key element in the Company's efforts to survive the competitive environment.

To achieve further growth going forward, we will continue to pursue management strategies centered on building relationships of trust and mutual prosperity with our stakeholders, including shareholders, customers, business partners, employees, and local communities.

We are committed to raising corporate value by advancing and achieving our strategic targets. At the same time, we are working to improve the transparency and soundness of our management and to continuously strengthen our corporate governance.

(3) Initiatives for preventing inappropriate large-scale purchase of shares

If a party effecting a large-scale purchase of shares appears, the Company will request such information that is necessary and sufficient for our shareholders to appropriately assess the advantages and disadvantages of said purchase to the fullest extent permitted by laws and regulations. In addition, the Company will disclose the opinions of the Board of Directors, endeavor to secure sufficient time for our shareholders to consider the matter, and take other appropriate actions to further protect and enhance its corporate value and the shared interests of shareholders.

2. Other Matters Concerning the Corporate Governance System

(1) The Company is fully cognizant of its social responsibility as a listed company and strives to build an information management system that ensures legal and fair management and enhances management transparency.

(2) As such, we make efforts to enhance prompt and appropriate information disclosure in accordance with laws and regulations and the timely disclosure rules of the Stock Exchange. In addition, we aim to make timely disclosures that take into consideration the perspective of shareholders and other stakeholders as a result of improvements to our internal control systems that ensure corporate governance functions properly.

(3) In the event of material facts or corporate information that require timely disclosure, the managers in charge of the relevant departments (directors, corporate officers, general managers, etc.) report and raise these to the Board of Directors. In addition, the matter is reported to the director in charge of insider trading regulation-related information management.

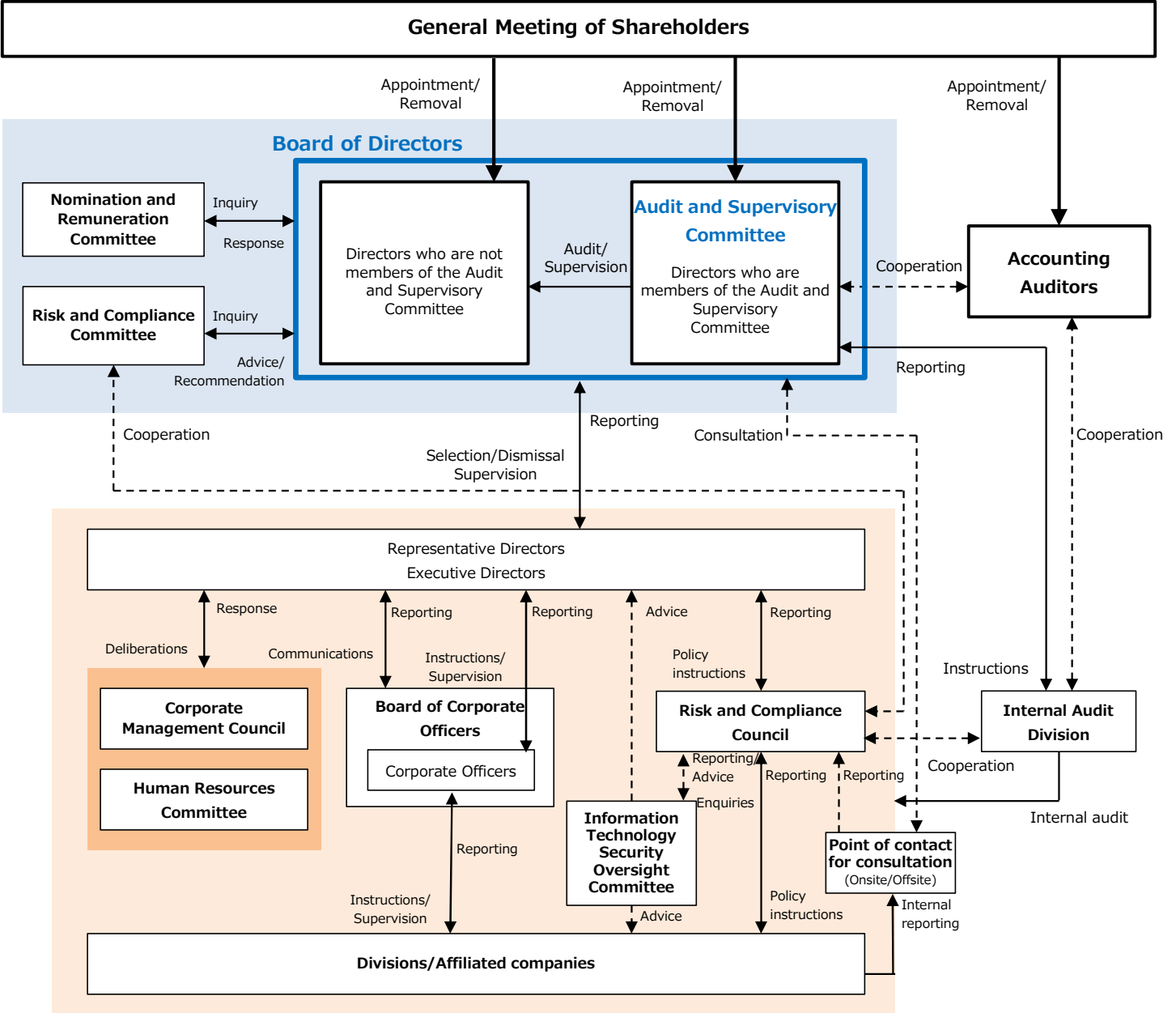
(4) In the event that the director in charge of information management judges that said material fact or corporate information may amount to insider trading under insider trading regulations, the director will instruct the General Affairs Department which manages the sale and purchase of the Company's shares to restrict trading of the Company's shares from the time Board of Directors determines or receives report of the event until the matter is made public.

(5) In the event that a regulated person submits a "Notice of Intention to Trade the Company's Shares application form for trading the Company's and other shares" within the restricted period, the General Affairs Department will request that the person refrain from doing so for said period.

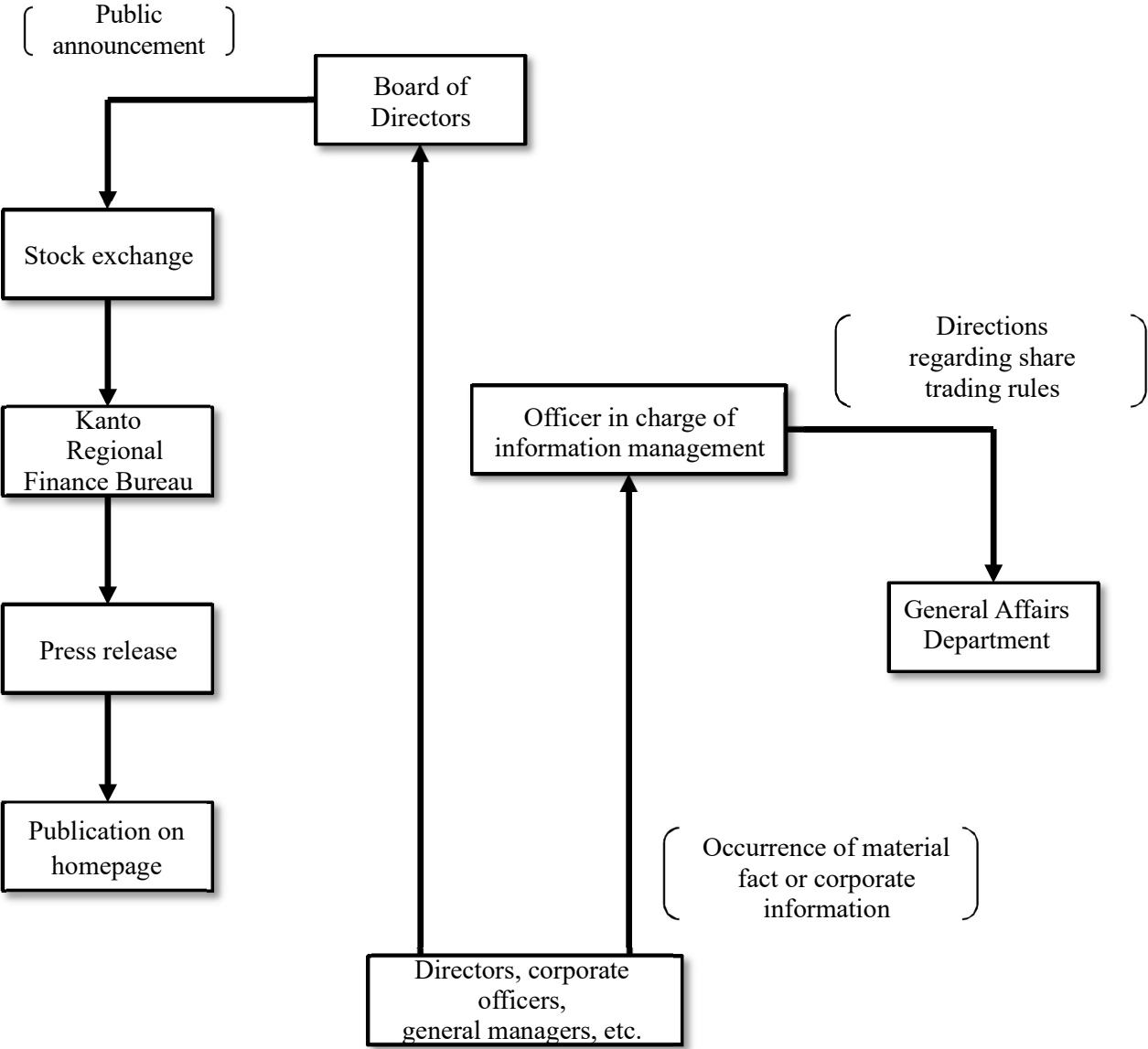
(6) In the event that the Board of Directors determines the occurrence of or receives report of a material fact or corporate information, immediate steps will be taken to notify the stock exchange and the Kanto Regional Finance Bureau and make the matter public by way of press releases and other methods.

(7) We will make proactive disclosure including by publishing the news releases on the Company website.

[Corporate Governance System Diagram]



[Schematic diagram] The Company’s internal system for timely disclosure of corporate information



NOTE: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Capcom Corporate Governance Guidelines

Chapter 1 General Provisions

1. Basic views on corporate governance

Based on our “Management Philosophy” (hereinbelow defined), and with the aim of becoming the company envisaged in our “Vision,” the Capcom Group (hereinafter referred to as the “Company” (including its subsidiaries and affiliates)) endeavors to continuously enhance its corporate governance, by improving the transparency and soundness of management and building a system that is able to respond to climate change, in order to achieve stable medium- to long-term growth and raise corporate value through its business activities. In addition, the company strives to build relationships of mutual trust with our shareholders, customers, business partners, employees, regional communities, and other stakeholders for mutual prosperity, and have built on these principles to formulate the “Capcom Corporate Governance Guidelines” which encapsulate the Company’s basic view on corporate governance and its policy for initiatives.

< Management Philosophy >

To create an entertainment culture and be a creator that moves and excites people through the medium of games.

< Vision >

To be a company that captivates people around the world with our best-in-class immersive content.

2. Amendment and annulment

The Guidelines shall be amended or annulled by resolution of the Board of Directors.

Chapter 2 Appropriate Cooperation with Stakeholders

1. Relationships with shareholders

(1) General Meeting of Shareholders

The Company ensures that shareholders have sufficient time to consider proposals to be raised at the general meetings of shareholders, which is the highest decision-making body of the Company, and will improve the environment in which shareholders may exercise their voting rights appropriately.

- We convene the Ordinary General Meeting of Shareholders early, and to avoid so-called peak days.
- We post the Notice of Convocation of the Ordinary General Meeting of Shareholders approximately three weeks before the day of the general meeting.
- We publish the Notice of Convocation on the website of the Tokyo Stock Exchange and the Company’s website, in Japanese and English, prior to posting and the start of legal electronic provision measures.
- We ensure that shareholders inside and outside Japan may conveniently exercise their voting rights by introducing the exercise of voting rights over the internet and a platform for the electronic exercise of voting rights, among others.
- We endeavor to provide simple explanations in the Notice of Convocation using diagrams, charts, and other methods, so as to contribute assistance to shareholders in making appropriate judgments. We also publish latest updates and past data on the Company’s website for users’ reference.
- Generally, we permit shareholders who are wheelchair users or otherwise disabled to enter the meeting venue with their caregiver or other accompanying person, if they so request.
- Where an institutional investor or other entity whose shares are held in the name of a trust bank submits a request not later than the day before the general meeting of shareholders, and where we are able to verify the identity of the actual shareholder pursuant to discussions with the trust bank, submitted materials, or other means, the institutional investor concerned will be permitted to enter the meeting venue as an observer.
- At the general meeting of shareholders, in order to facilitate constructive dialogue with shareholders, we will adopt a ‘consolidated deliberations’ format in which we summarize the questions and opinions pertaining to the agendas received all at once.
- The Board of Directors sincerely accepts the outcomes of shareholders’ exercise of voting rights at the general meeting of shareholders. Where 10% or more oppose a proposal, they promptly analyze the reasons for the same and engage in shareholder dialogue and other necessary investigative measures.

(2) Protecting shareholders' rights and equality

The Company takes care not to hinder the exercise of voting rights by shareholders, and strives to effectively protect the rights and equal status of all shareholders, including minority and foreign shareholders.

The Company takes appropriate measures to allow the smooth and impartial exercise of diverse voting rights by shareholders without distinction, regardless of the nature and number of shares held.

(3) Policies in response to takeover

(i) In the event of the occurrence of a large-scale purchase of shares that may damage the Company's corporate value or the common interests of shareholders, the Company's Board of Directors will take the following measures.

- Endeavor to gather the information and secure the time that are necessary for shareholders to appropriately assess the advantages and disadvantages of the large-scale purchase of shares.
- Request that the prospective purchaser explain how the purchase would raise the Company's corporate value.
- Take suitable measures including demonstrating to shareholders how the purchase would raise the Company's corporate value and disclosing the Company's opinion on whether the purchase is beneficial and the reasons for such opinion.

(ii) In the event that the Company's shares are the subject of a tender offer, the Company's Board of Directors will take the following measures.

- Request that the tender offeror explain how the purchase would raise the Company's corporate value, including by submitting a position statement; and
- Take suitable measures including demonstrating to shareholders how the purchase would raise the Company's corporate value and disclosing the Company's opinion on whether the purchase is beneficial and the reasons for such opinion in order to facilitate swift and accurate decisions by shareholders on whether to continue holding the shares or accept the tender offer.

(4) Related party transactions

The Company puts the following structures in place so that related party transactions will not harm the interests of the Company or the common interests of shareholders.

- The Company obtains advance approval of transactions involving major shareholders that are effectively controlled by directors and/or their next of kin and other transactions involving conflicts of interests, by way of resolution of the Board of Directors. In addition, the Company reports on such transactions after the fact.
- The Company undergoes rigorous audits for reasonableness and appropriateness by the Audit and Supervisory Committee and Accounting Auditors, among others.
- The Company discloses related party transactions in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations as well as the rules stipulated by the Tokyo Stock Exchange.

2. Relationships with customers

The Company's Vision is "to be a company that captivates people around the world with our best-in-class immersive content," and based on our Management Philosophy, we strive to heighten customer satisfaction by bringing smiles and excitement through the entertainment medium of games.

- We work to expand game development and environment such that all users can enjoy our games fairly and safely.
- The Company as a whole engages in initiatives to facilitate the healthy development of entertainment.

3. Relationships with business partners

Based on our Management Philosophy, we build fair, reasonable business relationships based on mutual trust that comply with laws and regulations. We engage in high-quality manufacturing in co-operation with our business partners.

4. Relationships with employees

Based on our Management Philosophy, we aim to create a company that respects humanity and cares about each employee's individuality, and that is impartial, positive, and comfortable to work at, in accordance with our human resources investment strategy.

- Based on the view that “people are the essence of a company,” we push forward with creating an environment that is comfortable to work in, promotes productivity, and retains and develops our human resources.
- The Company seeks out diverse human resources in line with the changing business environment, and places and evaluates them without regard to factors such as gender, nationality, and age.
- The Company has formulated the Capcom Code of Conduct which governs the conduct of the Company's officers and employee, works to make specific behavioral guidelines known, and conducts periodic verification in view of legal compliance.
- In addition to maintaining a working environment where employees can work safely and healthily, we have a point of contact in place through which employees may make reports or seek advice, to facilitate early detection and prevention of illegal activities.
- The points of contact are located within the Company office as well as offsite at a law office, and are operated based on rules that maintain their independence from management, ensure that people who submit internal reports are not subject to unfavorable treatment as a result of such reports, and protect the confidentiality of information that might identify the persons seeking advice.

5. Relationship with society

Based on our Management Philosophy, we strive to be a responsible member of society, and actively work to resolve common issues relating to society and the environment.

- In order to minimize the negative effects of the Company's business on climate change (such as CO₂ and GHG (greenhouse gas) emissions), not only do we use renewable energy, but we are also involved in initiatives to reduce environmental pollution and resource consumption.
- We work to respect human rights and stop discrimination based on factors including race, religion, gender, age, sexual orientation, disability, nationality, and to eradicate inequality by protecting the vulnerable.
- We engage in activities that support the healthy development of poor and impoverished children.
- We promote initiatives for spreading a healthy gaming culture among children through activities such as hosting company visits and on-site classes.

Chapter 3 Ensuring Appropriate Information Disclosure and Transparency

To achieve effective corporate governance, the Company aims to exercise transparent management and makes timely, appropriate, and proactive information disclosures.

- We comply with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations as well as the rules stipulated by the Tokyo Stock Exchange.
- We aim for timely and impartial information disclosure by publishing disclosures on the Company website and other means.
- We strive to provide specific and simple descriptions while also including non-financial and other information that adds significant value.
- In addition to swift, fair, and accurate disclosures, we also take efforts to provide necessary information in English.
- The Board of Directors exercises its supervisory functions to ensure timely and accurate information disclosure.

Chapter 4 Organizational Structure

1. Organizational design

- The Company adopts the structure of a company with an audit and supervisory committee so as to achieve swift decision making and dynamic execution of duties. This structure also enhances the audit and supervisory functions of the Board of Directors.
- We have further strengthened the functionality of our corporate governance by establishing the Nomination and Remuneration Committee and the Risk and Compliance Committee, advisory organs of the Board of Directors.
- We introduced the corporate officer system to distinguish between supervision and execution of management duties, clarifying the delegation of responsibility for execution and increasing efficiency of decision-making.

2. The Board of Directors

(1) Roles and responsibilities of the Board of Directors

The Board of Directors appropriately fulfills the following roles and responsibilities so as to achieve sustainable growth and medium- to long-term increases in corporate value based on their fiduciary responsibility to shareholders.

- The Board of Directors makes decisions on such matters as are stipulated under the laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors.
- They discuss growth strategies based on the Management Philosophy and set basic management policies and management strategy.
- The Board of Directors makes reasonable decisions after sufficient deliberations, having duly taken into consideration factors such as future forecasts, objectivity, transparency, and fairness.
- Executive directors and corporate officers execute such duties that have been determined in advance and the Board of Directors supervises such execution in an appropriate manner.
- The Board of Directors maintains and applies the systems relating to internal control, including the Company-wide risk management system, in order to achieve swift execution of duties based on appropriate controls.
- The Board of Directors supervises the operational status of the internal control system with the advice and recommendations of the Audit and Supervisory Committee.
- The Board of Directors delegates decision-making on certain key operational duties, such as personnel transfers and organizational reforms, to a representative director, so as to enable swift, dynamic, and efficient business expansion.
- The Board of Directors exercises overall supervision of management and ensures fairness and transparency in management by its decisions relating to the appointment and removal of directors, the remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee), and the execution of important business.

(2) The Chairman of the Board

- The Board of Directors determines the Chairman of the Board based on the Articles of Incorporation.
- The Chairman of the Board strives to vitalize the deliberations of the Board of Directors by facilitating free, open discussions and exchanges of opinions.

(3) Structure of the Board of Directors

- We strive to maintain diversity on the Board of Directors and achieve a composition that takes into account management strategy and balances attributes such as expertise, experience, ability. We also present and disclose this information in a visual format.
- In order to adopt an external perspective to improve management transparency, we make full use of our several independent external directors to strengthen the supervisory functions of the Board of Directors.
- We work to vitalize the Board of Directors and raise corporate value by ensuring that at least one in three directors are independent external directors.
- The Nomination and Remuneration Committee is established as an advisory organ of the Board of Directors relating to the nomination and remuneration of directors. The Risk and Compliance Committee is established as an advisory organ of the Board of Directors relating to the supervision of overall risk management activities in the Company, including compliance.

3. The Audit and Supervisory Committee

(1) Roles and responsibilities of the Audit and Supervisory Committee

The Audit and Supervisory Committee appropriately fulfills the following roles and responsibilities so as to ensure exercise of the audit function over management from an independent and objective perspective based on their fiduciary responsibility to shareholders.

- The Audit and Supervisory Committee audits the execution of duties by directors and employees based on auditing policies.
- The Audit and Supervisory Committee audits directors' job performance and the appropriateness of internal control systems.
- The Audit and Supervisory Committee determines audit policies and schedules, assigns responsibilities to members of the Audit and Supervisory Committee, and appoints full-time members of the Audit and Supervisory Committee, selected members of the Audit and Supervisory Committee, and Chairman.
- The Audit and Supervisory Committee gives instructions to the Internal Audit Department (an organization directly under the Committee's control) in relation to investigations and reporting on the operations and effectiveness of internal control systems.
- The Audit and Supervisory Committee appropriately exercises authority over the appointment of directors who are members of the Audit and Supervisory Committee and the Accounting Auditors as well as their audit fees.

(2) The Chairman of the Audit and Supervisory Committee

- The Audit and Supervisory Committee determines its Chairman from among the members of the Audit and Supervisory Committee by way of resolution, and the member so appointed serves as Chairman.
- The Chairman of the Audit and Supervisory Committee shall be an external director.

(3) Relationship with the Internal Audit Division

- The Internal Audit Department, being established as a department to carry out internal audits as a body to support the Audit and Supervisory Committee, receives from audited departments reports on the outcome of their audits, and reports on such outcomes to the Board of Directors as appropriate.
- The Internal Audit Department verifies and evaluates employees' execution of duties and the effectiveness and operational status of internal control systems and reports on the same to the Audit and Supervisory Committee. In addition, its members accompany selected Audit and Supervisory Committee members on on-site audits of business sites and subsidiaries inside and outside Japan.

(4) Relationship with Accounting Auditors

- The Audit and Supervisory Committee and Accounting Auditors consult each other to exchange opinions and information regarding audits whenever it is necessary to do so, enhancing and improving each other's audit performance through cooperation and coordination.
- In collaboration with the Internal Audit Department and relevant parties, the Audit and Supervisory Committee formulates the evaluation standards for selecting the Accounting Auditors, requests proposals from several Accounting Auditors, and evaluates them according to said standards.
- The Audit and Supervisory Committee and members of the Audit and Supervisory Committee assess the appropriateness of the audit methods adopted by the Accounting Auditors and the outcomes of their audit. In addition, they assess fitness by interviewing and exchanging opinions with the Accounting Auditors among other methods.
- The Audit and Supervisory Committee and members of the Audit and Supervisory Committee conduct interviews as appropriate to evaluate the existence of any interests vis-a-vis the Accounting Auditors under the Certified Public Accountants Act, their independence and expertise.

4. Directors and members of the Audit and Supervisory Committee

(1) Directors

The directors execute their duties as directors to achieve sustainable growth in corporate value bearing in mind their fiduciary responsibility to shareholders.

- The directors act to advance the common interests of the Company and shareholders.
- The directors contribute their opinions based on their respective expertise, experience, and abilities.
- The directors gather sufficient information for executing their duties.
- The directors request information and documents from the relevant departments as needed in order to

make appropriate decisions.

- The directors endeavor to learn and study to gain the expertise required for them to fulfill their roles and responsibilities appropriately.

(2) Members of the Audit and Supervisory Committee

- The Company endeavors to ensure that the members of the Audit and Supervisory Committee include persons who possess a sufficient degree of expertise in finance and accounting matters.
- The members of the Audit and Supervisory Committee supervise and audit from diverse perspectives based on their respective excellent insight, specialized expertise, and rich experience.
- The members of the Audit and Supervisory Committee audit the directors' job performance and exercise authority over the appointment and dismissal of the Accounting Auditors and audit fees.
- The members of the Audit and Supervisory Committee audit the legality and appropriateness of the execution of duties by directors through objective and fair statements of opinion, among others.
- Selected members of the Audit and Supervisory Committee conduct on-site audits of business divisions, business sites, and subsidiaries inside and outside Japan. They also attend key meetings of the Corporate Management Council and other groups and share information.

(3) Independent external directors

- In addition to the requirements of the Companies Act, we have formulated the Standards for Independence of External Directors, based on which independent external directors are elected.
- The independent external directors provide opinions and advice as appropriate to the Board of Directors and Audit and Supervisory Committee, etc. with the aim of increasing corporate value.
- The non-executive directors, including independent external directors, supervise the directors' execution of duties.
- The independent external directors supervise transactions involving conflicts of interest from an independent point of view.
- The independent external directors strive to reflect the opinions of stakeholders to the Board of Directors.
- The independent external directors work to exchange information and spread awareness through voluntary established committees and other activities.
- In addition to creating opportunities for information exchange and spreading awareness among non-executive directors, including independent external directors, the Company has systems in place to facilitate effective functioning of audit and supervision functions, including by holding meetings between these directors and the top management as needed.
- In order to perform their duties in a suitable manner and from an independent standpoint, the independent external directors gather information from and exchange opinions with executive directors and corporate officers, employees, and others who execute business.

<Standards for Independence of External Directors>

The Company regards persons not described by any of the following items as external directors who are independent.

- (i) A person who is, or was within the last ten years, an executive of the Company.
- (ii) A person who is a significant customer of the Company (that is to say, a customer whose dealings with the Company account for 1% or more of the Company's or the customer's consolidated net sales or transaction value), or an executive of such person.
- (iii) A person who has a significant business relationship with the Company (that is to say, a person whose dealings with the Company account for 1% or more of the Company's or the person's consolidated net sales or transaction value), or an executive of such person.
- (iv) A major shareholder (that is to say, a shareholder who holds 10% or more of voting rights) of the Company or an executive of such major shareholder, or an executive of an entity of which the Company is a major shareholder.
- (v) An executive of an organization or corporate body that receives large amounts of donations, loans, or guarantees provided by the Company.
- (vi) An executive of a company which sends its directors to the Company in mutual exchange with the Company's directors.
- (vii) Lawyers, CPAs, consultants, and similar persons who receive 10 million yen or more in money or other assets from the Company (in addition to their remuneration for serving as an officer) (where the receiver belongs to a corporate body, association, or other company, an amount that accounts for 1% or more of the Company's or the Company's consolidated net sales or transaction value).

- (viii) A person who was a person described by the above items (ii) to (vii) at any time within the last ten fiscal years.
- (ix) A spouse or person within two degrees of kinship of a person described by any of the above items (i) to (viii).

5. Accounting Auditors

The Accounting Auditors perform the important role of maintaining the trustworthiness of disclosed information, and bear a responsibility to shareholders and investors. The Accounting Auditors observe independence and maintain specialized expertise, and appropriately conduct the accounting audit.

- In order to achieve a high-quality audit, the Board of Directors and Audit and Supervisory Committee endeavor to secure sufficient time for the Accounting Auditors to perform the audit by promptly providing them the requested information.
- The Board of Directors and Audit and Supervisory Committee endeavor to secure opportunities for information gathering and exchanges of opinions, such as by holding dialogues between the Accounting Auditors and the CEO, COO, and CFO and other directors in charge of Corporate Management.
- The Accounting Auditors cooperate and coordinate with the Audit and Supervisory Committee and the Internal Audit Department to maintain a system that facilitates an adequate audit, enhancing and improving the audits.
- The Board of Directors and Audit and Supervisory Committee have a system for responding when members of the Audit and Supervisory Committee or the Accounting Auditors request an appropriate response to irregularities they have detected, or when deficiencies or problems are brought to attention.

6. Voluntary Established Committees

(1) The Nomination and Remuneration Committee

- The Board of Directors has established the Nomination and Remuneration Committee as an advisory organ to strengthen the supervisory functions.
 - The Committee is chaired by an independent external director, and a majority of the Committee's members are independent external directors.
 - The CEO and COO do not sit on the Nomination and Remuneration Committee.
- <Policies relating to nominations>
- The Board of Directors and the Nomination and Remuneration Committee maintain transparency and objectivity in the nomination of candidates for director.
 - When nominating directors, the Board and the Nomination and Remuneration Committee endeavor to optimize the Board of Directors as a whole in light of management strategy and maintaining diversity of the Board, to achieve a balance of rich experience and specialized expertise and insight in a wide range of fields.
 - With regard to the selection, appointment, and dismissal of directors and senior management, the Board of Directors seeks the advice of the Nomination and Remuneration Committee and makes a decision as a Board based on the deliberations and response of said Committee, upholding a higher standard of rigor, transparency, and fairness in its process and candidates.
 - The Board of Directors conducts a global assessment of working experience, insight, specialized expertise, contribution to corporate performance, and seeks the advice of the Nomination and Remuneration Committee on the selection, appointment, or dismissal of senior management.
 - The Board of Directors obtains the consent of the Audit and Supervisory Committee in relation to the selection of directors who are members of the Audit and Supervisory Committee.
 - Information about each director including their career history, reasons for election, and major concurrent positions held is disclosed in various publications, including the Notice of Convocation of the Ordinary General Meeting of Shareholders and the annual securities report.
 - With regard to the selection and dismissal of the CEO, the Board of Directors conducts a global assessment of qualifications, business execution skills, past performance, management ability, and other factors, seeks the advice of the Nomination and Remuneration Committee, and makes a decision as a Board based on the deliberations and response of said Committee.
 - The Board of Directors seeks advice from the Nomination and Remuneration Committee in relation to the suitability of successors.

<Policies relating to remuneration>

- The Board of Directors and the Nomination and Remuneration Committee ensures objectivity and transparency for resolutions of the General Meeting of Shareholders relating to matters such as the directors' remuneration.
- The Nomination and Remuneration Committee receives the Board of Directors' requests for advice regarding the "Guidelines for Determining the Remuneration, etc. of Individual Directors" and deliberates and makes recommendations on the same. The Board of Directors determines the Policy based on these recommendations.
- The policy for determining the individual remuneration of directors based on the above is as follows.
 - (i) Remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)
 - a. Remuneration, etc. for directors (excluding external directors and directors who are members of the Audit and Supervisory Committee) comprises basic remuneration (fixed remuneration), which rewards solid performance of duties and corresponds to each director's position, duties, and other considerations, as well as performance-linked remuneration (variable remuneration), a remuneration system and structure that prioritizes raising medium- to long-term corporate and shareholder value. The performance-linked remuneration (variable remuneration) shall be composed of monetary bonuses and stock remuneration with a one-year target evaluation period as a short term incentive in addition to stock remuneration with a three-year target evaluation period as a medium- to long-term incentive.
 - b. Remuneration for external directors (excluding directors who are members of the Audit and Supervisory Committee) is not linked to performance and comprises basic remuneration (fixed remuneration), together with non-performance-linked stock remuneration (variable remuneration) as an incentive to improve medium- to long-term corporate value from the perspective of sharing value with shareholders in view of their role of supervising the Company's management from an objective and independent standpoint.
 - (ii) Remuneration of directors who are members of the Audit and Supervisory Committee
 - Remuneration for individual members of the Audit and Supervisory Committee is not linked to performance and comprises basic remuneration (fixed remuneration) only, in order to maintain their independence. The amount of remuneration is determined through discussions by the members of the Audit and Supervisory Committee taking the difference between full-time and part-time service and other factors into account.
- The Board of Directors determines the amount of each director's individual remuneration based on the response of the Nomination and Remuneration Committee, within the limits on the amount of remuneration for the directors (excluding directors who are members of the Audit and Supervisory Committee) as approved by resolution at the General Meeting of Shareholders. The amount of remuneration for individual directors who are members of the Audit and Supervisory Committee is determined within the limits on the amount of remuneration for directors who are members of the Audit and Supervisory Committee as approved by resolution at the General Meeting of Shareholders.

(2) The Risk and Compliance Committee

- The Board of Directors has established the voluntary Risk and Compliance Committee as an advisory organ to enhance the Company's risk management and promote compliance-oriented management.
- The Committee is chaired by an independent external director.
- The Risk and Compliance Committee receives reports from departments conducting business concerning the status of risk management in the Company, including compliance, and it provides advice and recommendations to the Board of Directors and takes other necessary measures as needed.

7. Support system

- (i) In order to vitalize the deliberations of the Board of Directors, a secretariat to the Board of Directors has been established to handle the following operations.
 - Establish an annual schedule of Board of Directors' meetings and hold extraordinary meetings as necessary.
 - Prepare materials that will help participants get an overview of the agenda items, and distribute them in advance.
 - Endeavor to enhance the deliberations of the Board of Directors by delegating some important business execution matters, such as personnel transfers and organizational reforms, to the Representative Directors to confirm the appropriateness of the matters to be discussed.
- (ii) To facilitate thorough discussions during the Board of Directors meetings, the director in charge of Corporate Management will provide explanations to external directors regarding agenda items and supplementary matters approximately one week in advance of the scheduled board meeting date.
- (iii) To establish a system that allows external directors to make timely and appropriate judgments on proposals, the corporate officers in charge will attend Board of Directors meetings as necessary to assist the director in charge in explaining proposals and answering questions.
- (iv) The directors, officers and employees of the Company will respond promptly and appropriately when asked to provide information necessary for the directors to perform their duties.
- (v) To facilitate the smooth and appropriate execution of duties by the Audit and Supervisory Committee, an Internal Audit Department independent of the departments conducting business has been established to assist the same committee as an organization directly under the Internal Audit Division and serves as the Secretariat of the committee.
 - The Internal Audit Department will strive to maintain independence from business executors, carrying out its duties under the direction of the Audit and Supervisory Committee. It will also provide timely reports to the Audit and Supervisory Committee, as necessary.
- (vi) The Executive Support Section and the Internal Audit Department provide support to ensure that non-executive directors, including external directors, can smoothly execute their duties. In addition, we will build a support system by establishing a department dedicated to the Board of Directors.
- (vii) To facilitate smooth and appropriate execution of their duties, directors may engage external experts such as consultants as necessary, with the associated costs borne by the Company.

8. Director training and development

The Company provides directors with necessary training opportunities and information, as appropriate.

- When directors assume their position, they are briefed on the Company's business, finances, and organization, given a tour of the workplaces as well as information on industry trends and such.
- Support is provided for expenses and other costs related to the acquisition of knowledge and exchange of information by directors.
- The directors who are members of the Audit and Supervisory Committee are provided with opportunities to study through participation in external training programs as part of our efforts to ensure proper audits.
- The Board of Directors is provided opportunities to hear explanations on business strategies and other measures for each fiscal year and necessary information related to the Company's business challenges and other issues is provided to external directors on a continuous basis.

Chapter 5 Dialogue with Shareholders

1. Constructive dialogue with shareholders and investors

We strive to contribute to sustainably growing corporate value through dialogue with investors, including shareholders.

We have a system in place for promoting constructive dialogue with shareholders as well as a basic policy regarding such initiatives.

<Basic policy relating to constructive dialogue with shareholders>

- With a view to building positive, trusting relationships with shareholders, we actively engage in dialogue from both IR and SR perspectives to promote understanding and raise awareness.
- The Representative Director and Director in charge of Corporate Management (CHO* and CFO) oversee shareholder dialogue, for which the General Affairs Department and Corporate Planning Department are responsible. The CEO, COO, and other directors (including external directors) as well as corporate officers attend dialogue sessions as appropriate.
 - * Chief Human Resources Officer
- The General Affairs Department, Corporate Planning Department, and Public Relations and Investor Relations Section coordinate closely with each other while other relevant departments share information across the organization to enhance shareholder and investor dialogue.
- The Company holds financial reports presentations, small group meetings as well as regular briefings for individual investors to explain its medium-term management vision, business strategy, and business performance.
- To ensure that the requests, opinions, questions, and other feedback gleaned from these interviews are taken into consideration by the management, they are reported to the Representative Directors and relevant persons as appropriate, as well as to the Board of Directors where needed.
- The Company ensures fair disclosure in promoting dialogue, and responds appropriately to matters regarding management of insider information.
- In principle, the Company ascertains the registered holders of shares in the shareholder register twice a year. We conduct investigations on beneficial shareholders and make an effort to ascertain the identities of persons who are substantive shareholders of the Company's shares.

2. Establishing and publicly disclosing management targets

In establishing and publicly disclosing management strategy and management plans, the Company presents an outline of specific targets and the corresponding business strategies for achieving them, taking into account an accurate assessment of the Company's cost of capital.

Chapter 6 Other

1. Basic guidelines for capital policy

- The Company prioritizes operating income (growth indicator), operating margins (efficiency indicator), and cash flows in managing its business to improve corporate value.
- Where necessary, we carry out fundraising for activities that contribute to sustainable growth, such as capital investment and corporate acquisitions.
- We endeavor to facilitate dynamic implementation of capital policy and improve capital efficiency in response to changes in our operating environment.
- When implementing capital procurement that would result in large-scale dilution of stock, the Board of Directors deliberates the matter thoroughly before resolving the same, having holistically considered the Company's growth strategy and financial structure. In addition, the Company makes suitable and timely disclosures to explain the matter.
- The external directors contribute their opinions and advice from an independent and neutral perspective on an as-needed basis in the event of a risk of conflict of interest between the management and ordinary shareholders.

<Shareholder return policy>

The Company endeavors to achieve a payout ratio of 30% and stable dividends.

2. Policy regarding strategic holdings of publicly listed shares

- The Company holds shares only where doing so serves to achieve sustainable growth in corporate value.
- The Board of Directors regularly scrutinizes and verifies whether returns and risks of such strategic holdings remain in line with capital costs, based on a holistic assessment of the purpose and reasonableness of the holdings from a medium- to long-term perspective.
- Where, as a result of verification, it is judged that there is little economic basis for such holdings (for example, where the book value of the stock drops by 50% or more, or where the corporate value of the target corporation suffers significant damage), the Company engages in dialogue with the target corporation and reduces or disposes of such holdings at a suitable time, taking into consideration the impact on business and the market.
- With regard to exercise of voting rights, voting on the respective proposals takes place pursuant to internal company procedures and includes consideration of the following matters: (i) changes in performance; (ii) capital policy; (iii) status of corporate governance; (iv) major scandals; (v) aptitude of officers; (vi) any improvements to corporate value.
- Where an owner of strategic holdings of the Company's shares requests to sell those shares of the Company, the Company does not suggest a reduction in transaction quantity, respond reluctantly, or otherwise engage in attempts to prevent the sale.

3. Corporate pension plan

- The Company has entrusted the management of the corporate pension investment fund to a manager with specialized expertise and ample experience.
- The exercise of voting rights is entrusted to the manager so as to avoid conflicts of interest between the Company and the beneficiaries of the corporate pension plan.

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