

May 13, 2022

Press Release

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Notice Regarding Disposal of Treasury Stock through a Third-Party Allotment and a Change in Principal Shareholder

The Board of Directors of Capcom Co., Ltd. (the Company, below) today approved the disposal of treasury stock through a third-party allotment (the Disposal, below). Further, due to the Disposal the Company anticipates a change in a principal shareholder. Details are as follows.

I. Regarding the disposal of treasury stock through a third-party allotment

1. Outline of the Disposal

(1) Date of the Disposal	June 17, 2022
(2) Class and number of shares to be disposed	4,000,000 shares of the Company's common stock
(3) Disposal price	3,455 yen per share
(4) Total disposal value	13,820,000,000 yen
(5) Allottee	The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account 76744)
(6) Other	The Disposal of Treasury Stock is subject to the effectiveness of notification in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for the Disposal

The Board of Directors of the Company today approved the establishment of an ESOP trust as an employee incentive plan for its permanent employees (excludes employees not living in Japan; eligible employees, below). (For an overview, please see the separate announcement made today, "Notice Regarding Establishment of Stock Grant ESOP Trust.")

Following the establishment of the ESOP Trust, the Disposal will be carried out through a third-party allotment of shares to The Master Trust Bank of Japan, Ltd., a joint-trustee of the Trust Agreement concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation. (For the scheduled allottee, see item 1. (5) above.)

In accordance with stock transfer rules, the number of shares to be disposed will correspond to the estimated number of shares to be awarded to beneficiaries during the trust period, and the scale of dilution will be 1.48% of the 270,892,976 total outstanding shares (rounded to the second decimal place; 1.87% ratio to 2,134,119 voting rights as of March 31, 2022).

The Company shares to be allotted for Disposal shall be provided to eligible employees in accordance with the stock transfer rules, and it is not expected that the shares resulting from the Disposal will flow into the stock market all at once. Therefore, the Company believes that the impact on the stock market will be insignificant and the number of shares to be disposed and the scale of dilution will be reasonable.

Details of the Trust Agreement

Type of trust:	Monetary trust other than a specified solely administered monetary trust (Third Party Beneficiary Trust)
Purpose of trust:	Provide incentive to eligible employees
Trustor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Joint-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Eligible employees who satisfy beneficiary requirements
Trust administrator:	A third party with no interest in the Company
Trust agreement date:	June 14, 2022 (planned)
Trust period:	June 14, 2022 – June 30, 2032 (planned)
Commencement of the Plan:	June 14, 2022 (planned)
Exercise of voting rights:	The trustee uses the voting rights of the Company's stocks under the supervision of the trust administrator who reflects the voting rights exercised by the candidate beneficiaries.

3. The basis for calculation of disposal price and details

In view of recent stock price performance and in order to eliminate arbitrariness, the disposal price shall be 3,455 yen, the closing price for the Company's shares on the Tokyo Stock Exchange (TSE) on May 12, 2022, which is the business day immediately prior to the date of the resolution by the Board of Directors on the Disposal, which conforms to the Japan Securities Dealers Association's Guidelines for the Handling of the Allocation of New Shares to a Third-Party. As this was the market price immediately prior to the date of the resolution, the Company considers the price to be a highly objective and reasonable basis for calculation.

With respect to the aforementioned disposal price, three Directors who are members of the Audit and Supervisory Committee (two of whom are External Directors) expressed their opinion that the disposal price is legitimate and reasonable as the basis for calculation and did not offer a particular advantage.

4. Procedures in accordance with the Corporate Code of Conduct

The dilution resulting from the Disposal is below 25% and the Disposal does not involve any changes in controlling shareholders. Consequently, the Company is not required to execute procedures to obtain an independent third-party opinion and confirm the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations of the TSE.

II. Change in Principal Shareholder

1. Background

Following the Disposal outlined above in "I. Regarding the disposal of treasury stock through a third-party allotment," the Company anticipates that the principal shareholder Crossroad Co., Ltd. will no longer be a principal shareholder.

2. Summary of Change in Shareholder

① Name	Crossroad Co., Ltd.
② Address	5-2-15, Eganosho, Habikino City, Osaka
③ Representative name and title	Yoshiyuki Tsujimoto, President
④ Principle business	Asset management company
⑤ Paid-in capital	10 million yen

3. Number of voting rights (shares) held by the shareholder and its percentage of total voting rights outstanding

	Number of voting rights (Number of shares held)	Percentage of total voting rights outstanding	Shareholder ranking
Before change (March 31, 2022)	213,652 rights (21,365,200 shares)	10.01%	2nd
After change	213,652 rights (21,365,200 shares)	9.83%	2nd

Notes:

1. The percentage of total voting rights outstanding before the change was calculated based on the total number of voting rights (2,134,119 rights) as of March 31, 2022.
2. The percentage of total voting rights outstanding after the change was calculated based on the total number of voting rights (2,174,119 rights) after adding the voting rights associated with the shares for the Disposal (40,000 rights) to the total number of voting rights (2,134,119 rights) as of March 31, 2022.

4. Scheduled Date of Change

June 17, 2022

5. Outlook

There are no special matters of note.