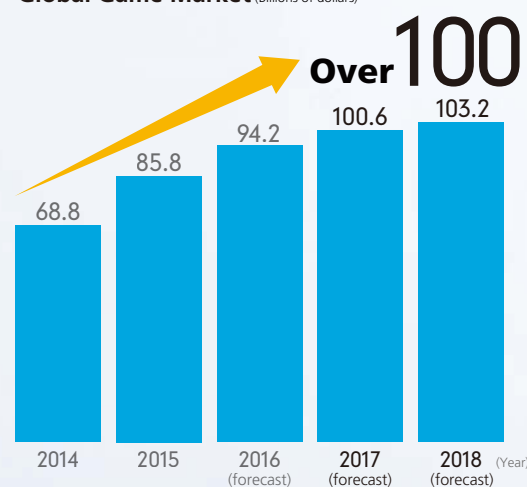


# \$100 billion

## Global Game Market to Exceed 100 Billion Dollars in 2017

Global Game Market (Billions of dollars)



Source: International Development Group

### Game Market Expanding More Rapidly than Anticipated

The global game market continues to grow beyond previous market forecasts and is expected to exceed 100 billion dollars in 2017. The market is becoming increasingly active, as each new generation of major home video game consoles drive unit sales higher amid the launch of virtual reality (VR) games in 2016. Mobile content markets mainly in Asia and developing countries are expanding beyond the scale of the game console market.

Going forward, the game market is expected to continue growing, expanding to nearly 200 countries worldwide through various devices used for gaming.

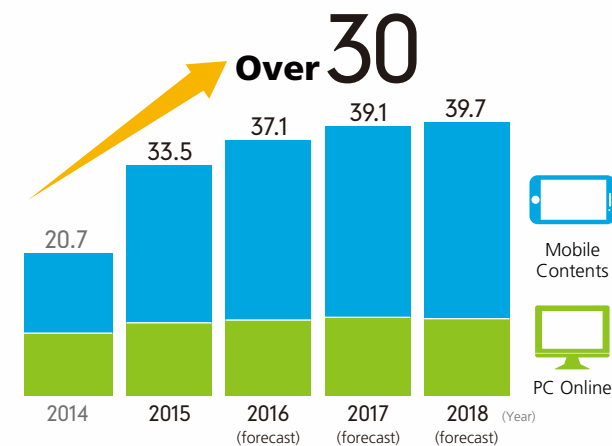




# \$30 billion

## Massive Asian Online Market Exceeds 30 Billion Dollars

Asian Online Market (Billions of dollars)



### Massive Online Growth Potential

The Asian region is a massive market valued at 30 billion dollars, and boasts a 54% global share of the online game market utilizing smartphones and PCs. In the past, a market could not be established in the Asian region as it was plagued by issues such as pirated games. The ability to authenticate online game purchases and the spread of smartphones coupled with a great number of potential users, including the world's largest population of 1.3 billion people in China, caused the region to grow rapidly into a major market.

Driven by PC online games for core users and mobile games for casual users, this market is forecast to continue growing significantly.



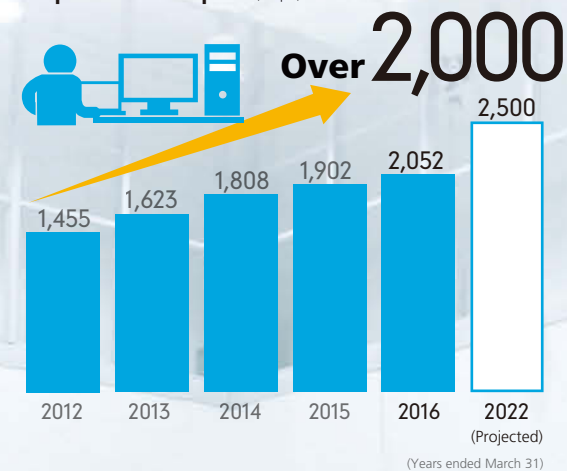
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# 2,000 people

**Capcom Developers Exceed 2,000 in 2016.  
On Track to Become One of the Largest Studios in Japan**

Capcom Developers (People)



Capcom's Global Development Studios



## Human Resource Capabilities Creating Content Popular Throughout the World

Personnel costs comprise approximately 80% of game software development costs, thus investment in people is indispensable to maintain a competitive edge. To increase quality and accumulate expertise, Capcom is engaged in strengthening internal development and plans to expand its development structure to 2,500 employees, one of the largest in Japan, in fiscal 2021. To this end, Capcom is hiring a wide range of people without regard for nationality or gender to secure human resources necessary for developing content popular throughout the world.

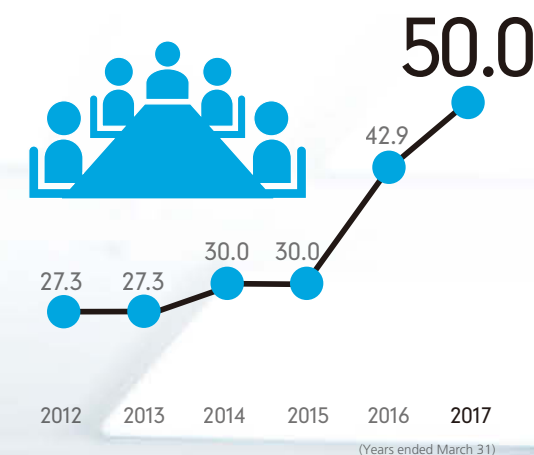
Furthermore, in 2016 Capcom commenced operations at its new R&D facility incorporating world-class development equipment and technologies.



# 50.0%

## No Growth Without Governance Reforms: Half of Board of Directors Are External Directors

External Director Ratio (%)



### Four Features of Capcom Corporate Governance

1. Transitioned to a company with an audit and supervisory committee to strengthen governance.
2. Proactive appointment of external directors.
3. Full disclosure of 73 Corporate Governance Code items.
4. Mechanism for reflecting investor and analyst opinions in management.

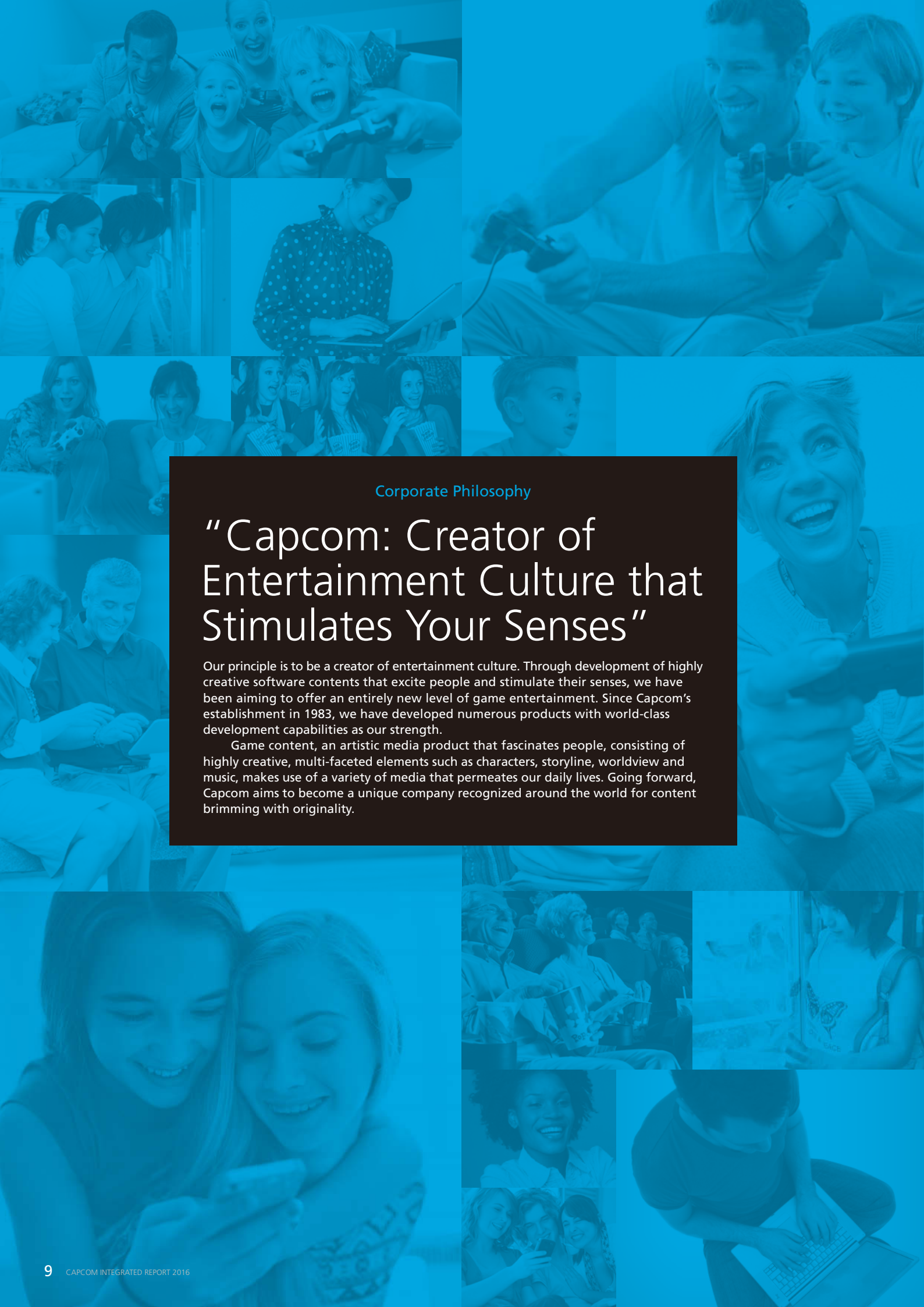
➔ Please refer to "Governance Reforms for Further Growth" on page 67.

### Reforms Aimed at Transparent Decision-Making and Heightened Reliability

Capcom believes strong governance is indispensable for enhancing corporate value. Thus, we invite experts with the highest level of acumen in their respective areas of specialization to serve as external directors who provide Capcom with opinions, advice and checks that increase Board of Director transparency and reliability. They also enhance dialogues with analysts and investors in an attempt to strengthen management monitoring functions. Currently, external directors comprise 50% of the Board of Directors.

Also, in June 2016, Capcom made significant changes to its corporate governance organizational design to increase corporate value and control risks in accordance with the promotion of growth strategies, establishing a structure to strengthen a wide range of monitoring functions in overall management.





## Corporate Philosophy

# “Capcom: Creator of Entertainment Culture that Stimulates Your Senses”

Our principle is to be a creator of entertainment culture. Through development of highly creative software contents that excite people and stimulate their senses, we have been aiming to offer an entirely new level of game entertainment. Since Capcom's establishment in 1983, we have developed numerous products with world-class development capabilities as our strength.

Game content, an artistic media product that fascinates people, consisting of highly creative, multi-faceted elements such as characters, storyline, worldview and music, makes use of a variety of media that permeates our daily lives. Going forward, Capcom aims to become a unique company recognized around the world for content brimming with originality.

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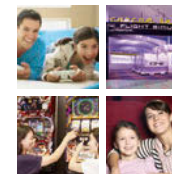
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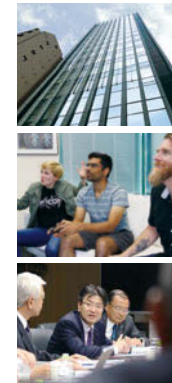
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Separate Volume The Latest Development Report 2016

# SECOND TO NONE



## Editorial Policy

Capcom's Integrated Report conveys annual performance and initiatives aimed at improving corporate value over the medium- to long-term to shareholders, investors and all other stakeholders. This report is issued with the intent of creating opportunities for further dialogue.

This report was created according to the "International Integrated Reporting Framework" announced by the International Integrated Reporting Council (IIRC).

Furthermore, we aim to express ideas in a simple and easily understood manner and visually represent important items to aid understanding.

In addition to a printed version, this report is also available online.

## Period and Scope

This report reviews the fiscal year ended March 31, 2016 (April 1, 2015–March 31, 2016).

When necessary, it also includes references to fiscal periods before and after this timeframe.

Unless otherwise indicated, the scope of data presented in this report is on a consolidated basis.

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