MARVEL VS. CAPCOM INFINITE

MONSTER HUNTER WORLD

30th ANNIVERSARY STREET FIGHTER

UNIVERSAL EXCITEMENT

The Latest Development Report 2017

CAPCOM

MONSTER HUNTER: WORLD

⏵Taking the World by Storm: A New Challenge for *Monster Hunter*⏴

MONSTER HUNTER WORLD

Ryozo Tsujimoto

Corporate Officer
Head of Consumer Games Development
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Tsujimoto worked as a planner in arcade game development before being put in charge of console title development. He has served as producer of the *Monster Hunter* Series since the 2007 launch of *Monster Hunter Freedom 2*. As producer of *Monster Hunter: World*, he oversees all aspects of the title.

As "World" Would Suggest, We're Ready to Take on the Globe

"*Monster Hunter* is coming to consoles!"

"An early 2018 worldwide release! This is what we have been waiting for!"

This, along with an eruption of applause, is what we heard from our overseas fans at E3 2017 in Los Angeles (one of the world's largest video game conferences), after officially announcing *Monster Hunter: World*, the latest title in the *Monster Hunter* series. Being the producer in charge of the franchise however, I couldn't be complacent with this. We were only just beginning. However, it did renew my sense of determination to build an atmosphere of excitement with fans, all the while fine-tuning the game up until its release.

The *Monster Hunter* series features hunting action games in which players collaborate to hunt powerful monsters in majestic, natural settings. In 2007, *Monster Hunter Freedom 2* (developed for handhelds) ignited the popularity of the series. This gave rise to the *Monster Hunter* craze in Japan that firmly established the series' place among other nationally popular games. As for the overseas market, *Monster Hunter 4 Ultimate* was launched in Europe and North America in 2015, and became the first title in the series to sell a combined one million units in those regions. As the global fan base grows, there has been a rising demand for a console version localized for each region. *Monster Hunter: World* is our answer to that need: a console title built using world-class, state-of-the-art technology that beautifully showcases the world of *Monster Hunter*. This also plays into our

choice of incorporating "world" into the title, as we had the concept of expressing the world of *Monster Hunter* using cutting-edge technology while delivering *Monster Hunter* to fans around the world.

Moving the Series Forward with Cutting-Edge Technology While Preserving *Monster Hunter's* Core Concepts

The setting for this title is a new continent featuring a diverse set of ecosystems. Players arrive on the continent as members of a research team tasked with studying and hunting unknown monsters. As the Japanese tagline says, "A place of new life. Hunt with your instincts!"

While the game makes the most of the performance capabilities of the PlayStation®4, Xbox One[1] and PC[2] in order to push the series forward, the core concepts that have been in place since the inception of the series remain unchanged. One of these is making the game a living, breathing ecosystem. The concept of playing inside this big circle of life is unique to *Monster Hunter*. Tokuda, the game's director, explored how to use the ecosystem in the game, while Fujioka, the art director, expressed it visually. This was how we built the Ancient Forest, an area where a variety of ecosystems are

woven together around magnificent, ancient trees. Amid dappled sunlight, filtered through the canopy and expressed in fine, natural detail, monsters compete for survival, as you would find in any real-world food chain. This natural competition can also be utilized as part of your hunting strategy, and offers more ways to enjoy the game.

What's more, in previous titles, when moving from one area of the game to another there was a break between screens. Now, however, the game features seamless movement as well as action. This allows players to enjoy greater freedom in their hunting. The instinctive sense of excitement people feel is universal, whether in Japan or overseas. We've filled this game with that sense of excitement.

1. The Xbox One version will be available in North America and Europe only.
2. The release date of the PC version will be announced at a later date.

Making a Game for the World to Enjoy, without Linguistic or Cultural Borders

This is the first time our team has developed a *Monster Hunter* title for simultaneous, global release. "Culturalizing" the game so that the hunt can be enjoyed in as many languages and countries as

E3 2017, in Los Angeles. The official announcement and promotional video made a big splash at this event.

possible was a must. Because the slightest gesture or nuance can dramatically change your enjoyment of a game, we have in-house localization staff working side-by-side with the development team, assisting with the finer details and helping us move our development process forward. Also, we incorporated audio guidance into the game for the first time, so new users can easily grasp how to play while concentrating on the game itself. While this work does take time, we balanced our schedule accordingly and kept recordings on track.

Monster Hunter can be enjoyed alone or in multiplayer, with up to three additional players online. Starting with this title, you will now be able to drop in to quests already underway. You will also be able to fire a rescue signal to ask other online players for help. Players from around the world can overcome the language barrier and enjoy the game together.

We prepared a playable demo version of the game for Gamescom in Germany in August and for the Tokyo Game Show in September, and plan to announce new information as we move closer to the release date. All of this is an exciting challenge for us involved in creating the game too, as we strike out into an unknown world.

Experience an extreme world of hunting as you explore this living, breathing ecosystem.

To ensure players don't get lost in this world (which is two to two-and-a-half times larger than before), scout flies guide hunters to the monsters they are tracking.

Yuya Tokuda
Director

Ryozo Tsujimoto
Producer

Kaname Fujioka
Executive Director, Art Director

Coupling Technological Capabilities with Teamwork to Maximize *Monster Hunter's* Appeal

The Ultimate Hunting Action Driven by Cutting-edge Technology

Tsujimoto: We began work on *Monster Hunter: World* about three and a half years ago. The industry environment was in a state of flux, but we started with the idea of creating the ultimate in hunting action supported by cutting-edge tech on current-generation consoles.

Tokuda: When I heard about this project from the producer, Tsujimoto, I immediately thought of the very first *Monster Hunter*; it had a fresh, unique concept where monsters weren't treated as mere enemies, but as part of an ecosystem. Actually,

the original *Monster Hunter* was why I decided to join Capcom. Now, working for the first time as a director, I want to express this original concept through the lens of new technology.

Fujioka: How can we express this ecosystem on current-generation game consoles? If we don't create an environment where the movement and actions are seamless, we will be unable to portray an ecosystem that lives and breathes. That's why a major point for us was how to leverage the capabilities of the hardware.

Tokuda: When we got started, a lot of games featured big, open areas. I asked our art director, Fujioka, about how to approach development of a game that was both seamless and very dense.

Fujioka: Three dimensional, highly dense landscapes best suited us in terms of game design and expression. I decided to go ahead and create a landscape packed with all sorts of different elements. The first area I designed using this approach was the "Ancient Forest."

Tsujimoto: The Ancient Forest is a place where these age-old trees are clustered together into a massive forest at the center of a meadow. A variety of plants and animals live in this densely packed area, and we started by firming up an outline for the game where you can utilize every aspect of that environment while hunting.

Bringing to Life High-Definition Graphics and Advanced Gameplay via Team Coordination

Fujioka: First, I tried to make a model of the Ancient Forest by placing all the elements in the area and testing them, but it was just too much.

Tokuda: The landscape was too complicated, and we got lost trying to find the monster. I debated as to whether I should incorporate a guide for players, and Fujioka came up with the idea of scout flies—glowing insects that help players find their way. I also incorporated territory maps and voice guidance to allow players to smoothly get acquainted with the game.

Fujioka: In addition to elements of gameplay, we also put a lot of thought into how to present the world. Up until now, the screen changed from area to area, so we could design

each area with a light source that suited our needs in making a more enjoyable play experience. However, this time around all areas are connected, so that wasn't possible.

Tsujimoto: On top of that, we also incorporated the passage of time into this game.

Fujioka: So, we did things like adjusting the landscape to allow light to shine into darker areas, or setting up objects that produce light. The ones who supported all of our visual and game design efforts were our development engineers. We were able to make dark areas slightly brighter using secondary light reflection, as well as show light permeating monster wings and plants. They provided stacks of technical proposals that allowed us to produce natural, realistic light using physics-based calculations.

Tsujimoto: Our engineers had our backs with the tech, helping deliver an experience that is true to the *Monster Hunter* world. They really know their *Monster Hunter*, and I'm grateful!

Fujioka: It's the same with asset based development—with images and 3D models. Creating grass and trees with assets makes it easier to rearrange the landscape, so it's easier to engage in trial and error compared to conventional development.

Tokuda: One example of this is an area called the "Wildspire Waste," where we have all of these anthills of varying sizes. Creating the anthills on an asset basis made it easy to place and add variations of them.

Tsujimoto: Thanks to close communication with development engineers, we were able to make the game we wanted to make.

Motivated Individuals and a Flexible Organization Made a More Interesting *Monster Hunter*

Tsujimoto: How's being director for the first time?

Tokuda: Compared to my experience as a planner, the biggest difference is that as director I must oversee the entire production process. In particular, it has been a challenge to keep everyone on the same page in terms of goals.

Tsujimoto: It was a fairly large team, so schedule management must be challenging, right?

Tokuda: I've really stayed focused on the schedule, directly communicating what needs to be done on a weekly and daily basis. I've gotten through by maintaining tight back-and-forth with our team, checking finished products and communicating which issues to tackle next.

Fujioka: To create a title able to compete not only in Japan, but also around the world, we could not compromise on quality. Thus, we adopted a flexible unit structure without barriers between sections. Once a unit's mission was complete, that unit would disband and people would flow into their next unit. This way, we could speed up development and maintain quality goals.

Tsujimoto: More than anything, the absolute motivation of everyone on the development team is heartening. It's great to see people constantly voicing ideas for improvements while striving to achieve some rather big goals.

Maintaining *Monster Hunter's* Core while Delivering the Cutting-edge to Fans World-wide

Fujioka: Since this is our first simultaneous global launch for the series, we localized the game for each region while developing it. We want to deliver an experience fitted to the culture and customs of each country.

Tokuda: One major goal was to provide an enjoyable play experience for people around the world. We worked closely with our in-house localization team to localize the game into English as well as multiple other languages.

Fujioka: This title represents a significant crossroads for this series. While adding many series-first features, we also made it so you can enjoy every inch of the screen. You can have fun hunting, or just sit back and observe the ecosystem. The game can be played in so many ways, I hope players give them all a try!

Tokuda: We have the core of *Monster Hunter*, where you hunt in a living, breathing ecosystem, made all the more impressive on the big screen. We hope players enjoy!

Tsujimoto: It has all the excitement of the series, with even more freedom to hunt! As the name implies, we want to bring the "world" of *Monster Hunter* to everyone around the world. We hope everyone is looking forward to it!

Expressing the movement, filtering and reflection of light brought the Ancient Forest to life.

Music, visuals and sounds were woven together and meticulously scrutinized to create the very best *Monster Hunter* experience.

The team focused on localization for players around the world.

Expanding Fighting Games' Infinite Potential

MARVEL VS. CAPCOM: INFINITE

Yoshinori Ono
Corporate Officer

General Manager of Department 2
Consumer Games Development Division 3
Has worked on numerous fighting games,
including the Street Fighter series.
Currently the Executive Producer for all
fighting game titles.

The Latest Entry in the *MARVEL VS. CAPCOM* Series, Born from a Partnership that Spans More than 20 Years

We once again teamed up with Marvel, whose characters such as *Spider-Man* and the *Avengers* have garnered a passionate following around the world, to create *MARVEL VS. CAPCOM: INFINITE*. We released this latest installment in the series in September 2017, marking our first collaboration with Marvel in six years.

The first time Capcom and Marvel came together to pit our characters against each other in a fighting game was twenty-one years ago. This was a matter of strategic alignment, as Marvel wanted to introduce their characters to more Japanese fans and Capcom sought greater expansion in the global market, particularly North America. First, we launched an arcade game together, which would become the series archetype. From there we continued the partnership, learning from each other and being mindful to respect each other's IP, eventually growing *MARVEL VS. CAPCOM* into a cumulative 7.5 million unit-selling series (as of June 30 , 2017).

Gameplay that Satisfies Core Players Matched with a Story to Delight Marvel Fans

Our objective with this title goes beyond hitting our 2 million unit sales target; we want to cultivate a new fighting game fan base, primarily in the North American market where the Marvel brand absolutely dominates.

Actually, compared to the amount of buzz it generates, the size of the fighting game market is relatively small, leading some to call it a "closed market." This is because it demands training: you have to take time to study moves and master special techniques in order to defeat your opponents. Thus, since core users who practice every day are overwhelmingly strong, new users get crushed and end up quitting. This is why fighting games don't see the same explosive user growth of other genres.

However, watching other people play games on YouTube and attending eSports game competitions have become popular, which has in turn begun to influence trends. Even if a player cannot compete on the battlefield, they can now watch someone else play and still enjoy the game. This is the key to future growth.

With this in mind, we developed this new title with an emphasis on capturing the hearts of two different user segments. For the first, we focused on game play that satisfies core users who love Capcom fighting games. For the second, we created a story that will feel familiar to Marvel fans who find the game to be challenging yet enjoyable. We have designed a game where you can both hone your skills for an exhilarating fighting experience, while also enjoying a cinematic story mode that links together your favorite characters. As a result, newcomers to the series can be entertained with the story while getting a chance to learn the fun and mechanics of fighting games.

Generating Synergies by Leveraging the Strengths of Marvel and Capcom

As a strategy, IP collaboration can have numerous merits, including greater media exposure and an increased fan base for both parties. However, it can fail if there is poor communication or a lack of knowledge sharing. On this point, we have built a solid partnership with Marvel. During development, we held video conferences nearly every other day with Marvel to exchange ideas. These discussions focused on not only core story and game elements, but also involved tailoring the game to each market through meticulously fine-tuning the game's art, animations and other elements to better reflect North American trends that differ from those in Japan.

In *MARVEL VS. CAPCOM: INFINITE*, the word "infinite" in the title has a specific meaning. Not only is this in reference to Marvel's all-important "Infinity Stones," it is also meant to make the game more approachable for Marvel fans by consciously not attaching a number to the title. This allows us to invite Marvel fans to the Capcom world, effectively leveraging this series to energize the market.

Gorgeous CG graphics support the Cinematic Story Mode, a series first that provides players with an engaging story experience.

Creators on the project endeavoring to deliver the high quality expected of a collaboration between Marvel and Capcom.

As a global title, focus was put on optimal localization and understanding the needs of each region.

Loved the World Over, the Gold Standard of Fighting Games
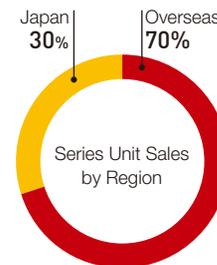# The *Street Fighter* Series 30th Anniversary

In 2017, the *Street Fighter* Series celebrates its 30th anniversary.
It's the series that defined the fighting game genre while giving rise to numerous social trends.
After 30 years, *Street Fighter* continues to provide users with fun, competitive fighting and is one of Capcom's flagship IPs.

With Cumulative Sales of 39 Million Units, *Street Fighter* Is One of Capcom's Legendary Series

Street Fighter was launched as an arcade game in 1987, but it was the *Street Fighter II* arcade game, released in 1991, that established this series' popularity in Japan with the catchphrase "I'm looking for someone stronger than me." *Street Fighter II* defined the fighting game genre, allowing players to square off against each other by controlling characters that deliver punches, kicks and special moves. The game ignited a fighting game craze, and went on to record sales of 6.3 million units worldwide. Known affectionately as "SF II," this title sparked a major movement in gaming.

As with sports such as baseball and football, *Street Fighter* demands that you sharpen your skills with practice and grow stronger; that you change tactics depending on the actions of your opponent. This game has captured the hearts of fans with its amazing special moves performed by a cast of unique characters, and its element of head-to-head combat where you try to defeat warriors stronger than yourself. As a result, the series has sold a cumulative total of 39 million units across 84 titles over its life. In commemoration of the 30th anniversary of *Street Fighter* in 2017, we released *Ultra Street Fighter II: The Final Challengers* and have a number of events planned.

Japan **30**% | Overseas **70**%

Series Unit Sales by Region

Street Fighter becomes a social phenomenon

1987 — 1990 — 2000

1987

1992

1995

Street Fighter
The first title and cornerstone of the *Street Fighter* Series.

Street Fighter II (Super NES)
Boasting cumulative global sales of 6.3 million units, it set the record for the best-selling fighting game at the time. A megahit that launched the fighting game craze as a social phenomenon.

Street Fighter ZERO
Switched to graphics based on animated cells rather than dot patterns, enabling more animation patterns.

Providing New Enjoyment by Continuing to Advance Fighting Games

It is not easy to maintain popularity over a 30-year period. Capcom has carried out a variety of strategies in response to the changing gaming environment and market needs. For example, strategically releasing titles to continuously capture new users; now that kids who enjoyed the game growing up have become adults with children of their own, we release titles that parents and children can play together, and engage in collaborations with popular titles from other companies as well. We

foresaw the coming era of internet-connected games early on, and advanced production of games with network features while building online communities. Further, in line with our Single Content Multiple Usage strategy, we delighted fans with comics, animation, live-action movies, books and merchandise.

Even with these strategies, it goes without saying that our unique and interesting characters are the basis for the popularity of the series. The *hadouken* thrown by Ryu is

well known even among people unfamiliar with the game, due to the popularity of the "hadoukening" photo fad from 2013, where people posted pictures of themselves being blown back by this fireball on social media.

At present, *Street Fighter* is gaining popularity as a key title at eSports game competitions, especially overseas. While keeping pace with the times, we will aim to be at the pinnacle of fighting games.

Movies and Animation

A number of animated and Hollywood movies have been made featuring *Street Fighter's* distinctive characters. The Japanese song *Itoshisa to Setsunasa to Kokorozuyosa to* was featured in the 1994 *Street Fighter II* animated movie, and will be used as the Japanese theme song for the 30th anniversary.

The Hollywood *Street Fighter* movie
© CAPCOM U.S.A., INC.

The *Street Fighter II* feature-length animated movie
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Now on the New Nintendo Switch™

Our latest title in the series, *Ultra Street Fighter II: The Final Challengers*, includes new elements added to the legendary SF II and is available for the Nintendo Switch™. The design enables users to switch between classic and contemporary graphics, providing fun with a sense of nostalgia, as well as fresh surprises.

Nintendo Switch is a registered trademark of Nintendo.

Cumulative sales of 39 million units

2017

2010

2016

1997

2009

Street Fighter III
The next numbered title in the series following *Street Fighter II*. In addition to a major revamp to the roster, Alex inherited the role of main character from Ryu.

Street Fighter IV
The third best-selling title in the series gained popularity thanks in part to its advanced 3D graphics.

Street Fighter V
Featured gameplay that enabled both experienced players and newcomers alike to play together; based around a development concept of "reboot."

8

Street Fighter: As Much Fun to Watch as It Is to Play. The

Fans around the world share the excitement of the venue through online video streaming.

ESports is just as exciting for the fans as it is for the competitors.

Photos by: Robert Paul

Exploring the Potential for Domestic eSports Businesses with the *Street Fighter* Model

The contestants face each other on a lit stage as fighters appear on a giant video screen, eliciting a surge of cheers from the crowd. Here and now, the battle to decide the Street Fighter V champion begins.

This is just one scene from the final rounds of the CAPCOM CUP, a global tournament operated by CAPCOM U.S.A. and held in the United States.

As we enter the era of eSports we see that games are not only fun to play, they are fun to watch. However, many people may not know exactly what eSports entail. ESports (short for "electronic sports") are sporting events for competitive games, and have been rapidly gaining popularity in countries throughout the world, especially the United States, China and South Korea. Some world championships for popular titles offer prize money totaling up to $10 million. Fans purchase tickets to enjoy competitions live at a venue, or watch them online or on television. Professional gamers and gaming teams are sponsored, and in the United States this has already become a sports business on par with professional soccer and baseball.

At the same time, in Japan, where there is a strong association between sports and exercise (and video games are not considered sports), the eSports culture has yet to gain a foothold. However, the Olympic Council of Asia decided to recognize eSports as an official event at the 2022 Asian Games, thus Japan—a video gaming world power—can ill afford to ignore these developments. As game-related companies step up their activities to invigorate the market, Capcom will also explore the

Spread of eSports and a New Horizon of Possibilities.

potential for eSports businesses, including the domestic eSports RAGE League for *Street Fighter V*, operated by CyberZ Inc., and launched in 2016.

RAGE League for *Street Fighter V* is the first Japanese eSports league to feature a Capcom title.

Image provided by: RAGE

Social Media, Video Streams, Broadcasting and Other Forms of Media Amplify the Appeal of Head-to-Head Competition in eSports

The number of eSports competitors has risen rapidly since 2000, growing into a massive market of nearly 100 million people. Compared to soccer, which has a market of approximately 250 million people, it is easy to imagine the growing fan base of eSports. Amid a number of genres, including shooting games and simulators, Capcom's *Street Fighter* stands tall within the fighting game genre. At the Evolution Championship Series (EVO), the world's largest fighting game competition held annually in the United States, *Street Fighter* has been

selected for competition numerous times, with the catch-phrase "I'm looking for someone stronger than me," drawing fighters from around the world to engage in fierce battle. In 2016, a U.S. sports network broadcasted the final round live on television to an audience of 1.9 million viewers.

Since 2013, the CAPCOM CUP, the official world-championship tournament, has been held as an exclusive CAPCOM U.S.A. event. CAPCOM CUP entrants are chosen via qualifiers on the CAPCOM Pro Tour, held in cooperation with sponsors in various countries around the world. The tournament is shown live on video streaming sites, primarily the game streaming platform Twitch, which spreads the appeal of fighting games, and is very positive for our titles. As *Street Fighter* is considered to be the gold standard of competitive fighting games, this enables fans throughout the world to continue enjoying the game.

ESPORTS MARKET GROWTH
GLOBAL 2015, 2016, 2017, 2020
TOTAL REVENUES
(MEDIA RIGHTS, ADVERTISING, SPONSORSHIP, MERCHANDISE & TICKETS, GAME PUBLISHER FEES)

2015	2016	2017	2020
$325	$493	$696	$1,488

(Unit : millions of USD)

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The CAPCOM CUP official world championship tournament determines who is the strongest

The CAPCOM CUP, organized by CAPCOM U.S.A., is the official world championship tournament for the *Street Fighter* series. Only select players who win regional competitions in North America, Europe, Latin America and Asia, and who are qualified in the CAPCOM Pro Tour can compete in this tournament that decides the world's best. Since the first tournament held in December 2013, the participants' skills have improved each year.

The fun of watching eSports lies in not only the brilliant player techniques or the wins and losses. The secret to its popularity is the drama of the fight leading up to victory, such as when a player who had been on the defensive, battles back to K.O. an opponent with all the excitement of a bottom-of-the-ninth grand slam. This brings the player-athletes to life, on the stage and live on the air. Seeing these white-hot bouts coupled with the smile of the victor helps inspire the next generation of competitors.