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Business Divisions of the Company

Development

Strengthening R&D human resources to stably produce global IPs that support performance growth

Development strategy flow

Cultivate the next generation of R&D leaders
Train globally competitive developers through our new human resources investment strategy

➡ For details, please refer to "Hiring Activities" on p.49 and "People in Development" on p.50.

A world-class development environment
An unparalleled, cutting-edge creative environment

➡ For details, please refer to "Development Environment" on p.50.

Continuously evolving technical research
Honing the essence of our brands and providing unprecedented experiences with our creative and technical capabilities

➡ For details, please refer to "Technical Development" on p.51.

Creating and expanding our high-quality titles

Overall development policy

With the popularization of digital sales and diversification of gaming devices, the global trend of being able to play games anytime, anywhere is accelerating—and with the spread of social media, anyone can be an influencer. In this environment, in order to create hits it is essential that we develop games while coordinating with our operational divisions. This entails that we carry out game development with an awareness that we are delivering our games to as many people around the world as possible via both a sales strategy that utilizes digital events to communicate effectively, and our Single Content Multiple Usage strategy that utilizes movies and licensed products. Meanwhile, it remains crucial that we continue to produce one-of-a-kind content that can be successful in the global market.

Capcom aims to be the world's best game content company. It goes without saying that we are putting great effort into producing games of world-class quality; however, we are also making calculated appeals to players through ongoing services. These services continuously stimulate their interest with strategic digital sales and the steady release of additional content that underpins that quality in an effort to increase satisfaction.

On top of the know-how that we have amassed thus far, looking to the future, we are challenging ourselves to develop quality titles that will pioneer the next generation of games with visual technology that produces high-impact graphics as well as improved network technology.

Development strategy

Based on our medium-term goals, as the head of development, I am striving to fulfill my revenue responsibilities by allocating 90% of the development investment budget to the creation of popular series IP, such as *Resident Evil* and *Monster Hunter*. At the same time, we are also promoting the development of our online ongoing services business model. This allows more players to enjoy our hallmark Capcom craftsmanship over the long-term by providing additional DLC and other content. Our efforts to create new IPs also continue. Most recently, we announced *Pragmata* and *Exoprimal* for the latest generation of consoles, and we are making steady progress on their development.

Our proprietary game development engine, RE ENGINE, is an integral part of Capcom's content development. RE ENGINE is an outstanding game engine that not only makes it possible to develop high quality games while reducing development costs, but also maximizes the performance of each piece of hardware. We will continue to evolve this proprietary engine while remaining proactive in our approach to state-of-the-art research and technology, such as VR, while aiming to enhance our lineup.

Cooperative approach in Development Divisions

Hit titles are not the product of chance, but the result of each team's continued collaborative efforts.

Game development at Capcom takes place on a large scale and over a long period of time. Taking a project from concept to reality requires more than an individual's abilities; teamwork is also a vital element. In terms of technology we use RE ENGINE, and those responsible for technological research are integrated into the title development team to provide the optimal development environment and support for each title. In terms of quality, our Quality Control Division checks whether titles under development operate properly while also looking at the fun and playability of the games. They then share their opinions with the development team in an effort to improve quality.

Monster Hunter Rise and *Resident Evil Village*, which were developed within just such an environment, exceeded our sales expectations and received acclaim from players. Going forward, we will continue to strengthen our cooperative approach as we strive to create the world's best game content.

Training developers

People are at the core of creating high quality games. We are working to build a comfortable environment for our game development divisions so that our creators can focus on giving their best. Since 2013, we have hired more than 100 developers each year, and today our development workforce stands approximately 2,500 strong. However, it is essential that we continue to secure human resources and hone their skills even further to sustain growth in the medium-to-long-term. Currently, we give newly hired young employees the chance to acquire know-how and skills through hands-on experience in the field. We are making steady progress with their training via game development experience that is both rigorous and quality focused.

We have set goals and clarified milestones for training younger employees to expedite their development and grow the number of high performers. By promoting work assignments based on the right employee for the right job, creating opportunities for training, and improving employee competency, we seek to strengthen our development capabilities.

This past spring, we reorganized our human resources operations in the development divisions to further promote strategic investment in human resources. Through this, we support human capital with the aim of promoting business growth in our development divisions and are able to secure the people and capabilities required to grow title profits and productivity.

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

(Fiscal years ended March 31)

Total unit sales

	2019	2020	2021	2022	2023 (Plan)
Total	2,530	2,550	3,010	3,260	3,700

2019		2020		2021		2022		2023 (Plan)	
Monster Hunter: World (catalog title)	450	Monster Hunter World: Iceborne	520	Monster Hunter Rise	480	Resident Evil Village	610	Monster Hunter Rise: Sunbreak	
Resident Evil 2	420	Monster Hunter: World (catalog title)	320	Resident Evil 3	390	Monster Hunter Rise (catalog title)	410	Monster Hunter Rise (catalog title)	
Devil May Cry 5	210	Resident Evil 2 (catalog title)	240	Monster Hunter World: Iceborne (catalog title)	240	Monster Hunter Stories 2: Wings of Ruin	150	Resident Evil Village (catalog title)	