



Level up your happiness

# Financial Results for the Q3 of the Fiscal Year Ending March 2025

**KOEI TECMO HOLDINGS CO., LTD.**

# 1. Financial Results and Forecast

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Agenda

## 1. **Financial Results and Forecast**

- Consolidated performance
- Expense
- Performance by segment
- Forecast

2. Business Highlight

3. FAQ

## Consolidated Performance- YoY

(Million Yen)

	FY23 Q3 YTD		FY24 Q3 YTD		Vs Previous Year	
	Amount	Profit Ratio	Amount	Profit Ratio	Amount	Percent Change
Sales	61,136	-	52,570	-	(8,566)	-14.0%
Operating Profit	20,316	33.2%	15,075	28.7%	(5,241)	-25.8%
Ordinary Profit	33,825	55.3%	33,144	63.0%	(681)	-2.0%
Net Profit	24,283	39.7%	25,161	47.9%	878	3.6%

Sales (Console/PC):

Compared to three new titles in the previous fiscal year, there are two new titles this fiscal year.

Sales (Mobile):

The previous fiscal year saw significant contributions from new titles, while this fiscal year focuses on existing titles.

Expenses:

Decreased outsourcing processing costs and advertising expenses (positive impact on profit).

Increased personnel costs and reduced development cost burden from partners (negative impact on profit).

# Expenses YoY

		(million yen/person)			
		FY23	FY24	Change	vs Initial forecast [1]
		Q3 YTD	Q3 YTD		
Employment Costs	COGs	14,020	14,500	480	—
	SGA	3,490	3,500	10	—
		17,510	18,000	490	Decreased
Outsourcing Costs	COGs	6,080	4,660	(1,420)	Decreased
Advertizing Costs	SGA	3,490	2,060	(1,430)	Decreased
Headcount <sup>[2]</sup>		2,545	2,713	168	Generally as Expected

- Development cost burden by partners (COGs) <sup>[3]</sup>: decreased YoY and QoQ
- Sales commissions and royalty expenses (SG&A) decreased both YoY and QoQ. <sup>[4]</sup>

[1] For the initial cost outlook, please refer to the supplementary materials (p.30)..

[2] Number of employees: On a consolidated basis, excluding temporary workers.

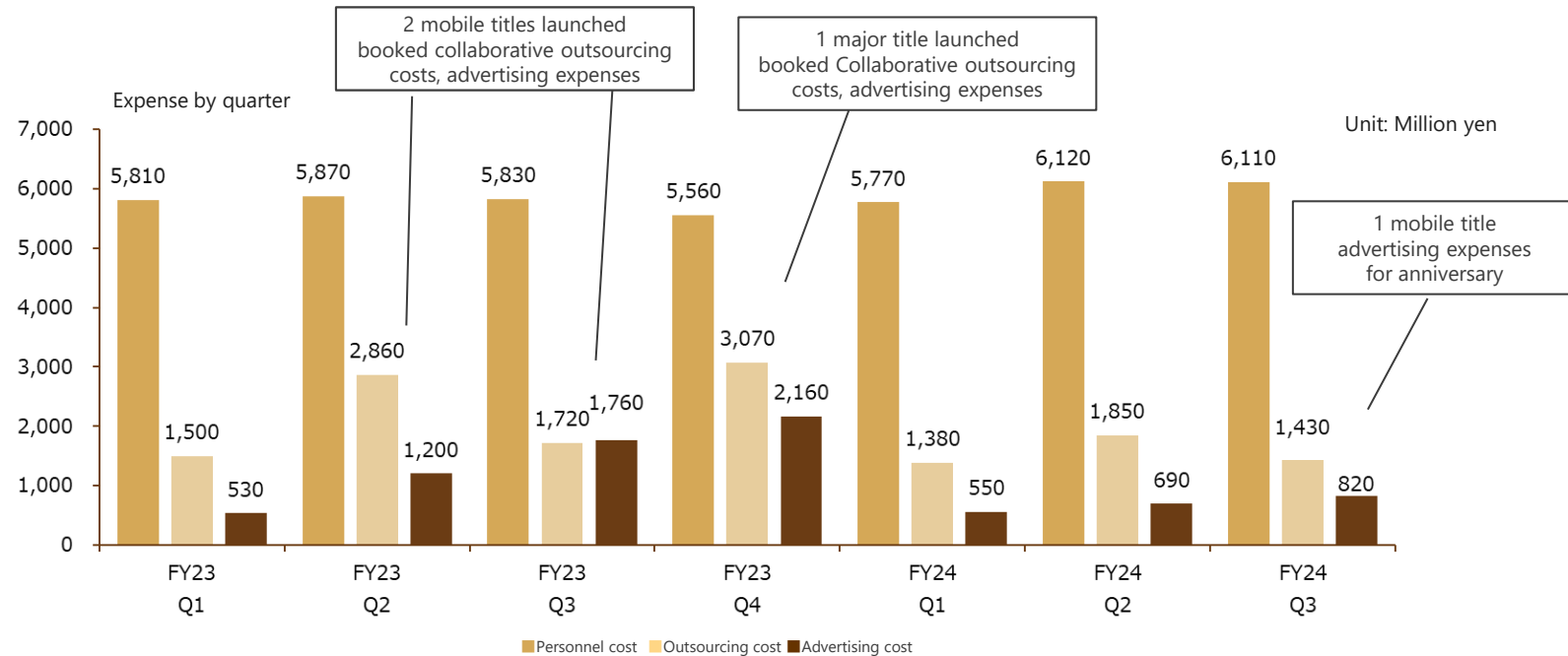
[3] Development cost burden by partners is recorded as a reduction in the cost of sales. The recorded amount, titles, and contract terms with partners are not disclosed.

[4] Comparison of the total sales commissions and royalty expenses with the previous year and the previous quarter.

# Transition of expense

-No change in trends

-In FY 24, expenses, particularly personnel costs, remain at a lower level than initial forecast



**Personnel Expenses:** Includes salaries and bonuses. Actively implementing base pay increases and raises, with variations based on the previous year's performance.

**Outsourcing Costs:** Includes development costs for future titles, collaboration-related expenses, server costs, and debugging costs.

**Advertising and Promotion Expenses:** For the console and PC sectors, these occur around the time of release. In the online and mobile sectors, they are recorded on an ongoing basis, with a focus during launch and anniversary periods.

## Performance By Segment

		(Million Yen)			
		FY23 Q3 YTD	FY24 Q3 YTD	Change	Factors for Change
Entertainment	Sales	57,393	48,794	(8,599)	Decrease in sales from Console/PC and Online/Mobile
	Operating Profit	20,077	14,867	(5,210)	
Amusement	Sales	2,910	3,103	193	For AM facility business, one new store contributed and existing stores performance good.
	Operating Profit	485	377	(108)	
Real Estate	Sales	902	938	36	Decrease in costs
	Operating Profit	102	228	126	
Others	Sales	243	227	(16)	-
	Operating Profit	(349)	(397)	(48)	
Corporate & Elimination	Sales	(312)	(494)	(182)	-
	Operating Profit	-	-	-	
Total	Sales	61,136	52,570	(8,566)	-
	Operating Profit	20,316	15,075	(5,241)	

## Initial forecast remains no change

(Million Yen)

	YTD Results		Full Year Forecast		Progress
	Amount	Ratio	Amount	Ratio	
<b>Sales</b>	52,570	-	90,000	-	58.4%
<b>Operating Profit</b>	15,075	28.7%	30,000	33.3%	50.3%
<b>Ordinary Profit</b>	33,144	63.0%	40,000	44.4%	82.9%
<b>Net Profit</b>	25,161	47.9%	30,000	33.3%	83.9%

Details of the initial performance forecast are reiterated in the supplementary materials on pages 26 to 30

### Premise

- The contribution from titles in fiscal years 2022 and 2023 is assessed conservatively.
- Licensing royalties are planned at a conservative level compared to the previous year.
- All upcoming titles, including those not yet announced, are accounted for.

### Variable Factors

- Sales volumes of new releases and revenue from mobile titles.

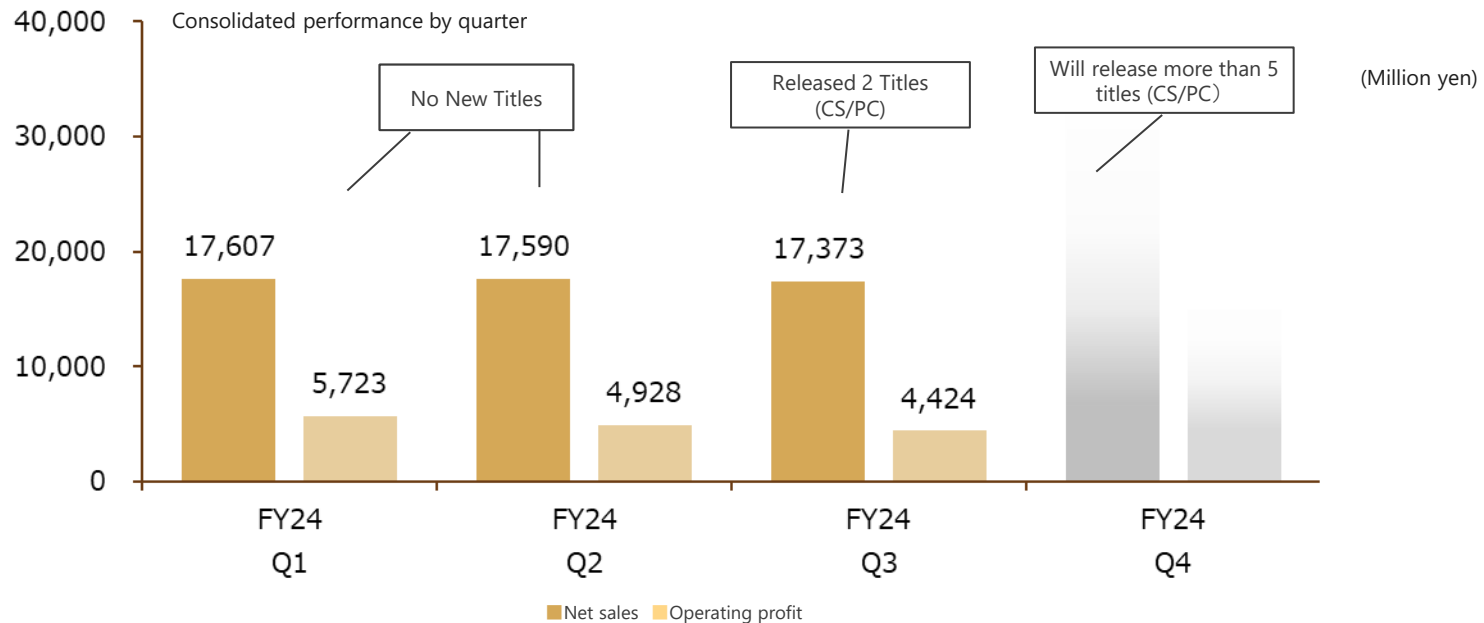
## Concentration of new titles' launches in Q4

Sales: More than five titles will be released on console and PC (including one major title).

There are no significant events planned for mobile.

Expenses: Fixed costs are not expected to have significant fluctuations. Advertising expenses related to new product launches are planned.

Currently, there are no major risks anticipated, such as unexpected expense recognition.



Q4 is purely illustrative and does not imply any figures differing from the performance forecast.



# 2. Business Highlight

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Agenda

1. Financial Results and Forecast

**2. Business Highlight**

-Breakdown of Entertainment Business Sales

-Console & PC

-Online & Mobile

-Pipeline

3. FAQ

## Entertainment Seg. Breakdown of Sales

(Million Yen)

		FY23 Q3 YTD	FY24 Q3 YTD	Change
Console/PC <sup>[1]</sup>	Package <sup>[2]</sup>	8,463	8,704	241
	DL <sup>[2]</sup>	10,060	9,800	(260)
	DLC <sup>[3]</sup>	1,990	1,420	(570)
		20,513	19,924	(589)
Online/Mobile	Online	430	300	(130)
	Mobile <sup>[3]</sup>	35,850	28,070	(7,780)
		36,280	28,370	(7,910)
Events & Goods		600	500	(100)
<b>Sales for Entertainment Segment</b>		<b>57,393</b>	<b>48,794</b>	<b>(8,599)</b>

[1] Includes in-house titles as well as collaboration and co-developed titles. Titles published by other companies, recorded as royalties, are also aggregated by product type.

[2] In addition to physical package sales, this includes royalties from distribution licenses, development fees, and contract payments. The breakdown and changes in amounts are not disclosed.

[3] Includes royalty revenue from licensed titles of ongoing IPs. The amount and ratio of IP licensing revenue are not disclosed.

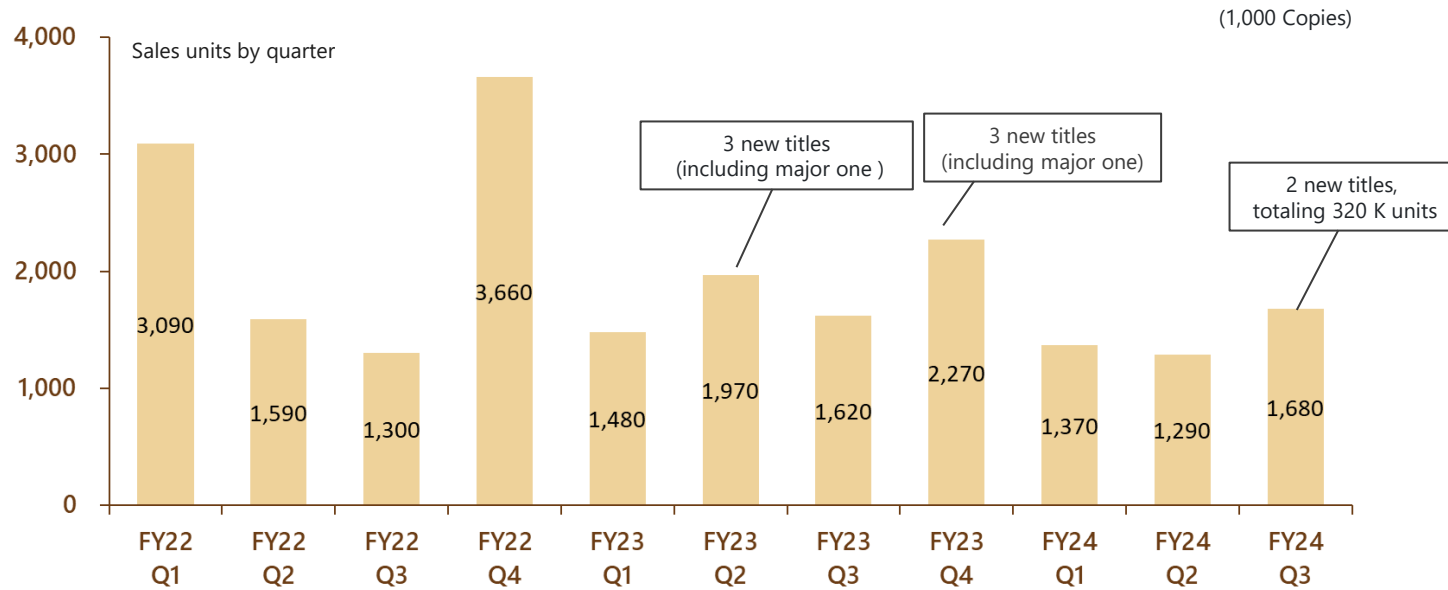
(Supplementary Information regarding accounting policy)

- Gross basis: Physical packages in the Console & PC sector, and in-house publishing titles in the Online & Mobile sector.

- Net basis: Downloads and DLC in the Console & PC sector, licensing royalties in the Online & Mobile sector, and royalties from titles published by other companies in both sectors

## Console/PC –Transition of Sales Units

- 2 new titles launched in Q3
- The back catalog remains stable

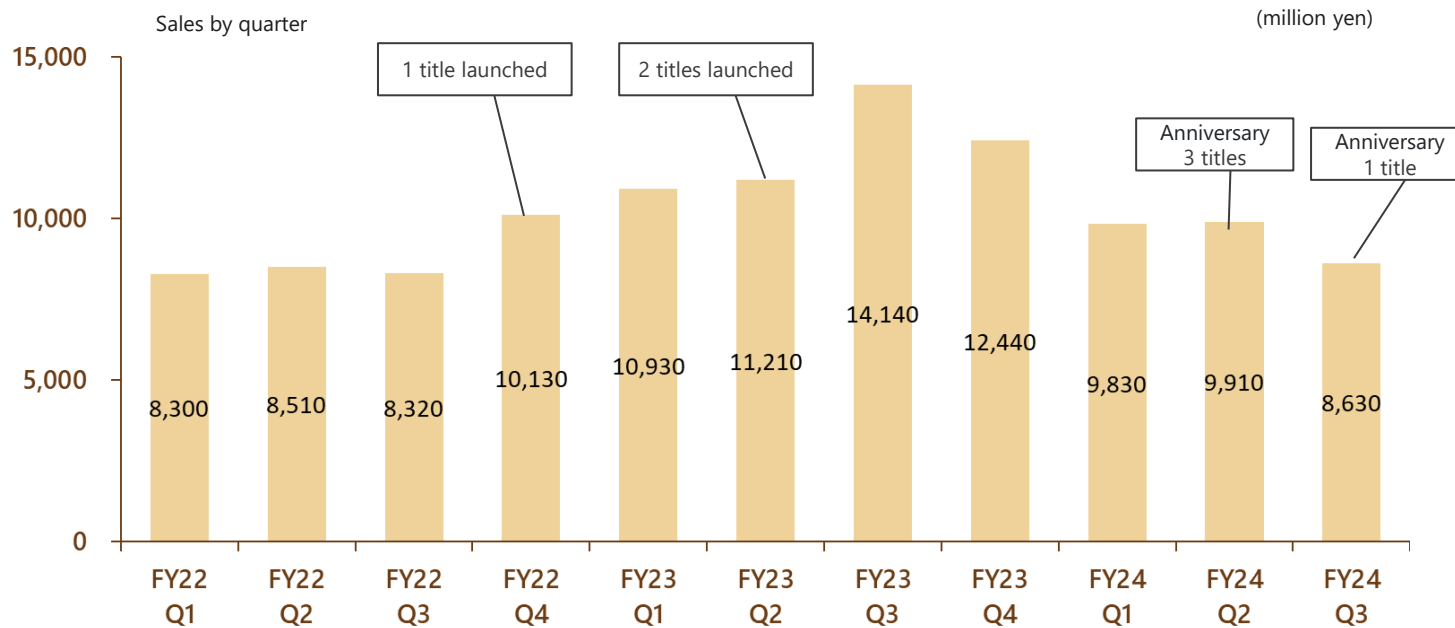


**About the download ratio and sales volume by region, see the data set disclosed separately**

Note: The unit sales of collaboration and co-developed titles is not disclosed.

## Online/Mobile –Transition of Sales

- Titles with anniversary in Q2 saw a decrease to Q3.
- Licensing royalties remained stable overall



# Pipeline

Segment	Title/Platform	Sales unit	Launch	Region	Publisher	Publisher
Console PC	ROMANCE OF THE THREE KINGDOMS 8 REMAKE PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	200 K Copies	Oct.2024	Global	KOEI TECMO GAMES	KOEI TECMO GAMES
	FAIRY TAIL 2 PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	120 K Copies	Dec.2024	Global	KOEI TECMO GAMES	KOEI TECMO GAMES
	DYNASTY WARRIORS: ORIGINS PlayStation®5/Xbox Series X S/Windows(Steam)	-	Jan.2025	Global	KOEI TECMO GAMES	KOEI TECMO GAMES (Mid. east Asia and north Africa: Manga Productions)
	NINJA GAIDEN 2 Black PlayStation®5/Xbox Series X S/Xbox Game Pass/Windows(MS Store, Steam)	-	Jan.2025	Global	KOEI TECMO GAMES	KOEI TECMO GAMES
	Venus Vacation PRISM - DEAD OR ALIVE Xtreme - PlayStation®5/PlayStation®4/Windows(DMM GAMES, Steam)	-	Early 2025	Japan/Asia	KOEI TECMO GAMES	KOEI TECMO GAMES
	Atelier Yumia: The Alchemist of Memories & the Envisioned Land PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	-	Mar.2025	Global	KOEI TECMO GAMES	KOEI TECMO GAMES
	Winning Post 10 2025 PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	-	Mar.2025	Japan	KOEI TECMO GAMES	KOEI TECMO GAMES
	Atelier Resleriana: The Red Alchemist & the White Guardian PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	-	2025	Japan	KOEI TECMO GAMES	KOEI TECMO GAMES
	NINJA GAIDEN: Ragebound (IP License) PlayStation®5/PlayStation®4/Nintendo Switch™/Xbox SeriesX S/Xbox one/Windows(Steam)	-	2025 summer	Global	The Game Kitchen	Dotemu
	NINJA GAIDEN 4 Xbox Series X S/Xbox Game Pass/Windows(MS Store, Steam)/PlayStation®5	-	2025 autumn	Global	PlatinumGames KOEI TECMO GAMES	Xbox Game Studios
Online mobile	Kingdom: Hadou iOS/Android	-	TBD (CBTest:Jan,2025)	Japan	Bandai Namco Entertainment KOEI TECMO GAMES (Co-development)	Bandai Namco Entertainment
	Unchrted Waters Densetsu (IP License) iOS/Android	-	Jan.2025	Asia	TERAFUN GAMES	Cayenne Entertainment Technology
Other	Three Kingdoms HEROES Apple Arcade	-	Jan.2025	Global	KOEI TECMO GAMES	KOEI TECMO GAMES

Note: Including title without an English name not decided

## “Dynasty Warriors ORIGINS”

Released on January 17, 2025, with Digital Deluxe early access

**Starting with Metacritic score of 80 (highest in the series), “Overwhelmingly Positive” on Steam.**

### Context

#### Return to Origins and Renewal

- Reconstructing the unique gameplay of the series with current-generation technology
- Game design focused on the global market and new users

### Language

#### EFIGS, Japanese, Chinese (Traditional and Simplified), Korean, Arabic

Arabic (planned for future release): Manga Productions will handle localization and publishing

### Development

#### OMEGA FORCE

- Producer: Sho (Head of the ω-Force brand, worked on the “Dynasty Warriors” series and various collaborations)
- Director: Sekiguchi (Responsible for story and RPG elements, worked on the “Dynasty Warriors” and “Toukiden” series, as well as collaborations)
- Director: Oshima (Responsible for battle and action elements, worked on the “Toukiden” series and collaborations; this is his first role as a director)

For your reference: “Dynasty Warriors 8” initial sales of 730,000 copies (released in March 2018), “Dynasty Warriors ORIGINS” demo surpassing 1.3 million downloads(As of end of Dec.24)

### Approach to the Challenges: Improvement of KATANA ENGINE graphic technology, optimization for the PC version, etc.

Note: Results and progress related to the ‘Challenges Identified’ disclosed in October for this title (reiterated in supplementary material p.46)

# 3.FAQ

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## Agenda

1. Financial Results and Forecast
2. Business Highlight
- 3. FAQ**
  - Awareness of challenges
  - Outlook for the next fiscal year and beyond
  - Policy for the entertainment business
  - Return policy and cash allocation
  - Efforts to maintain listing on the Prime Market

**Focus on improving the quality of titles. Establish system over the long term.**

**Intent  
of  
3<sup>rd</sup> MTP**

## **Aim to increase sales and expand operating profit by major titles**

- Expand investment based on successful cases and challenge higher sales (units and monthly revenue)
- Medium-term targets and performance forecasts assume a certain level of contribution from each title. For those with significant risks, implement risk hedging measures for each title

**Progress  
or  
Results**

## **Operating Profit: FY23 28.4 billion yen, FY24 30 billion yen as forecast**

Operating Profit {  
Sales: Fell short of expectations, primarily for major titles, impacting performance in the release year and beyond.  
Expenses: Company-wide fixed costs were generally as expected, but there was upward trend on costs at the title level

**Challenge  
Awareness**

## **Title Quality, Marketing, and Publishing**

(Ongoing) while controlling costs for each title, focus on improving quality to increase sales  
(Long-term) Advance the establishment of an in-house marketing and publishing framework.  
→ Expanding development capacity and improving production efficiency are foundational.

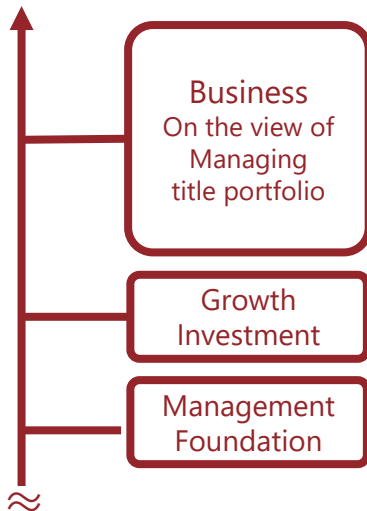
"Quality" means Level of detail and graphics, low number of bugs, and level of optimization etc.



### To achieve stable and sustainable growth, we will comprehensively strengthen our structure with a focus on our core business

**Performance  
Growth**

- Achieving a steady increase in operating profits while making forward-looking investments
- A renewed challenge to reach an operating profit of 40 billion yen



#### **Towards a more reliable portfolio**

- The number of titles and scale are equivalent to the third medium-term plan.
- Balancing the four revenue tiers to control the degree of risk-taking.
- Prepare numerous titles, including several large-scale ones.
- Sustainable growth in both the console/PC sector and the online mobile sector.

Into Human resources, technology, facilities, etc.

With strengthening governance, proceeding succession planning, etc.

## Overall Policy

- **Expansion of development capacity**
- **Efforts to address challenges, such as improving the quality of titles**

※For detailed information on issue recognition, please refer to the materials from the FY2024 Q2 financial results briefing (see supplementary materials on page 45)

### Console PC sector

※2

- ◆ **Consistently supply new releases every year**
- ◆ **Build a multi-layered and stable portfolio**

Developing numerous new titles for release beyond fiscal year 2025.  
ex. Series expansion of "NINJA GAIDEN" etc.

Platform policy: Multi-platform support as a standard.

titles by collaboration and partnerships are determined on a case-by-case basis.

### Online Mobile sector

※2

- ◆ **Develop new projects by leveraging successful cases and expertise**

→ "Kingdom: Hado"<sup>(※1)</sup>

- ◆ **Extend the lifespan and revitalize existing titles**

→ "Nobunaga's Ambition Hado", "Nobunaga's Ambition Shutsujin", "Romance of the Three Kingdoms: Hado"

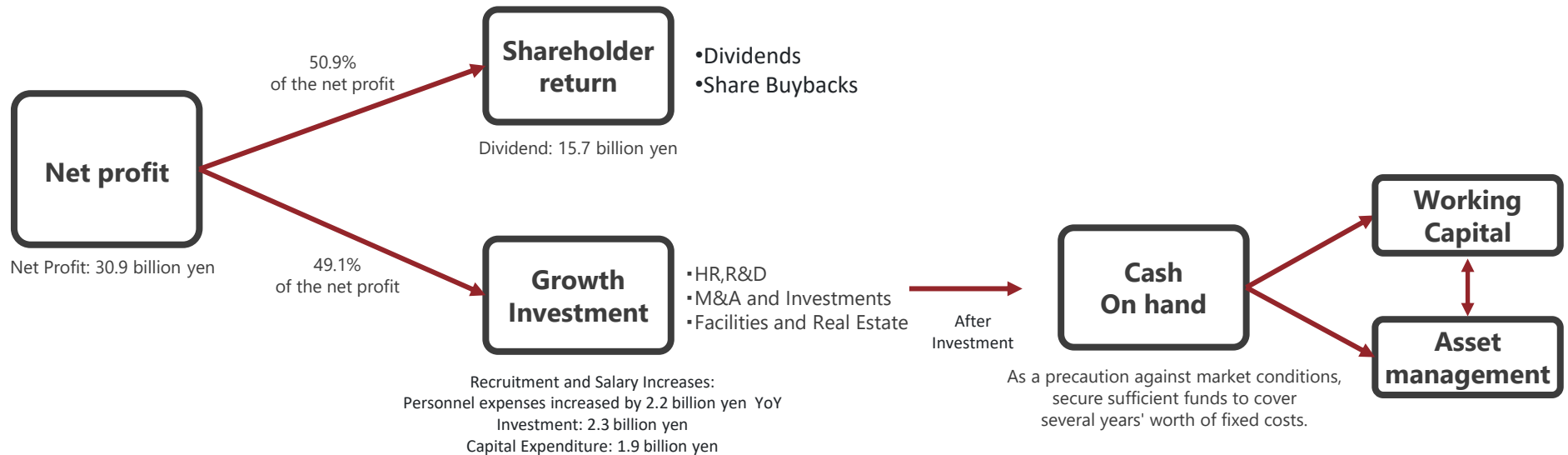
※1 Jointly developed with Bandai Namco Entertainment Inc.

※2 For strategies in each area, please refer to the FY2024 Q2 financial results briefing materials (see supplementary materials on pages 43-44).

# Policy for Shareholder Return and Cash Allocation

## Basic Policy

**A consolidated annual total payout ratio of 50%, including dividends and share buybacks, or an annual dividend of 50 yen per share.**



Note:

-The amounts shown in the diagram are based on the net profit for the fiscal year 2022 and represent the actual figures for the fiscal year 2023 (disclosed figures).  
-For information on the management policy, please refer to the materials from the fiscal year 2024 financial results briefing (reposted on supplementary material p.47).

## Implement measures to comply with the listing standards of the Prime Market.



The convertible bond scheme will end in December 2024.

- Since the conversion price was not met, the bonds was fully redeemed in cash (using available funds).



Implement measures to comply with Prime Market listing standards by March 2026.

- Measures are needed within the improvement period to achieve a 35% ratio of shares in circulation.
- The method and timing are under consideration (not disclosed at this time).

For details, please refer to the timely disclosure on December 20, titled 'Progress and Changes in the Plan Period for Compliance with Listing Maintenance Standards.'  
[https://www.koeitecmo.co.jp/ir/docs/ir6\\_20241209.pdf](https://www.koeitecmo.co.jp/ir/docs/ir6_20241209.pdf)

For reference:  
Tokyo Stock Exchange Listing Maintenance Standards Transitional Measures - Improvement period until March 2026  
<https://www.jpx.co.jp/english/listing/market-alerts/improvement-period/index.html>



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#### Disclaimer

This document may contain forward-looking statements  
Please be aware that actual performance may differ significantly from these projections due to various factors

The content of IR communications during earnings briefings and individual interviews is recorded and reported to the Board of Directors.

# **Supplemental Materials**

The background features several overlapping, semi-transparent ribbons that flow across the frame. The primary colors are shades of orange and grey, with some ribbons appearing more saturated than others. The ribbons have a soft, ethereal quality, suggesting movement and depth. The overall composition is clean and modern, typical of a professional presentation slide.

## For reference: Console and PC sector Series (excerpt)

Series, Titles	Life-time sales*	Bland	Major titles
Nobunaga's Ambition	over 10 million copies	Kou Shibusawa	"NOBUNAGA'S AMBITION: Awakening"
Romance of the Three Kingdoms	over 8 million copies	Kou Shibusawa	"ROMANCE OF THE THREE KINGDOMS XIV "
Dynasty Warriors	over 21 million copies	OMEGA FORCE	"DYNASTY WARRIORS 9" "DYNASTY WARRIORS 8: Xtreme Legends"
Samurai Warriors	over 8 million copies	OMEGA FORCE	"SAMURAI WARRIORS 5"
NINJA GAIDEN	over 7.5 million copies	Team NINJA	"NINJA GAIDEN: Master Collection"
Nioh	over 7.5 million copies	Team NINJA	"Nioh", "Nioh2"
Wo Long: Fallen Dynasty	over 5 million users	Team NINJA	"Wo Long: Fallen Dynasty"
Atelier	over 7.5 million copies	Gust	"Atelier Mysterious Trilogy Deluxe Pack"
- "Secret" series (Atelier Ryza)	over 2 million copies		"Atelier Ryza: Ever Darkness & the Secret Hideout"
Cf. Number of collaborative titles	over 40 titles	—	—

Note: The cumulative number of copies for each series is based on the figures available at the time of announcement. The announcement dates may vary by series.

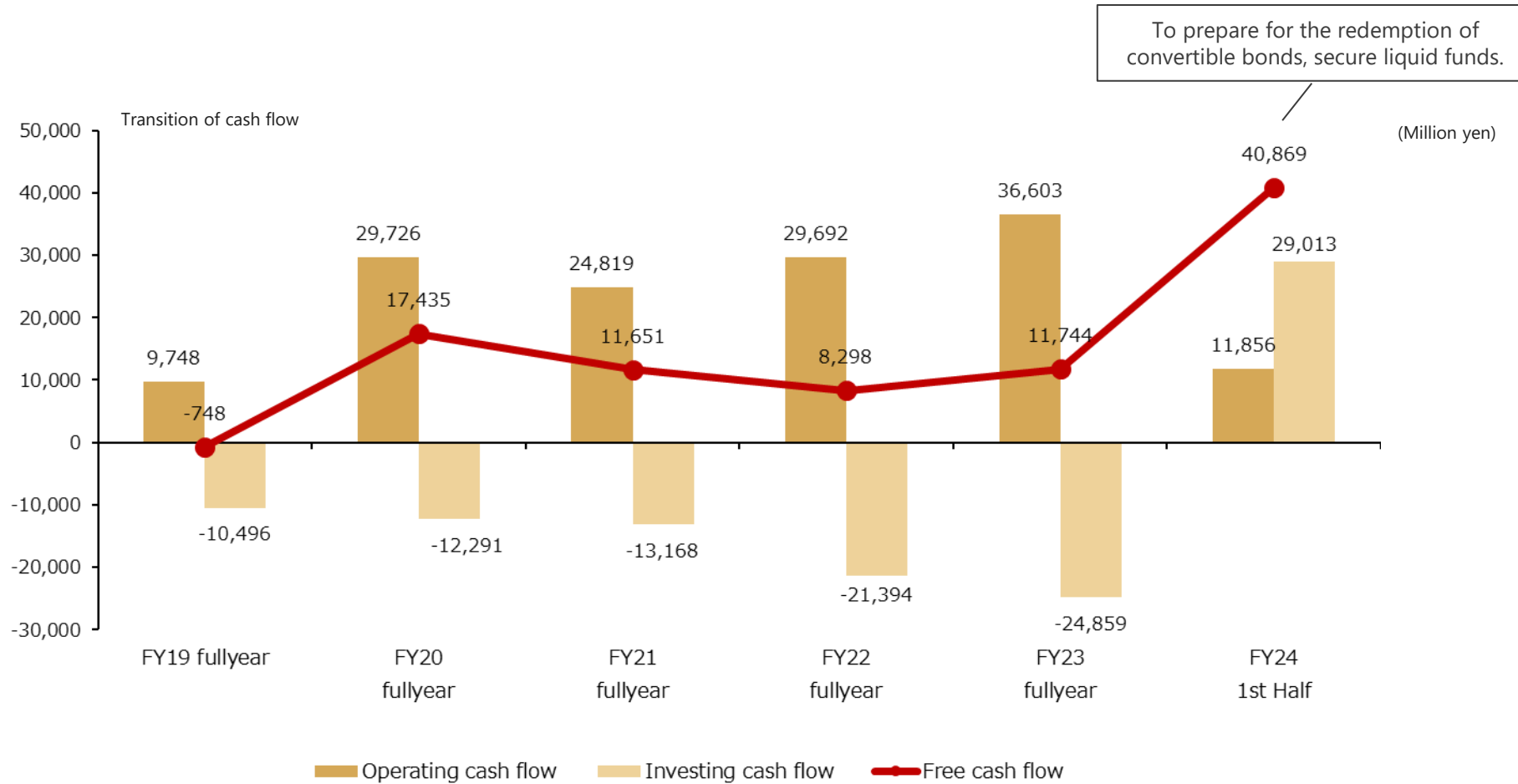
## For reference: Online/mobile sector Titles (excerpt)

Category	Title	Span of service*	Bland
Internal	DEAD OR ALIVE Xtreme Venus Vacation	7years 1month	Team NINJA
	Romance of the Three Kingdoms: Hadou	4years 3months	Kou Shibusawa
	Nobunaga's Ambition:Hadou	2years	Kou Shibusawa
	Nobunaga's Ambition:Shutujin	1year 4months	midas
	Atelier Resleriana	1year 3months	Team NINJA,Gust
License	Sangokushi 2017	7years 4months	-
	Three Kingdoms Tactics	5years 3months	-
	Shin Nobunaga no Yabou	2years 6months	-
	Unchrtd Waters Origin	2years 4months	-
	LINE : Monster Farm	1year 10months	-
	Sangokushi Senkiban	1year 9months	-

Note: The number of months elapsed from the start of the service until the end of December 2024



# Cash flow



Disclosed before

(Million Yen)

	FY23 Results		FY24 Plan		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
<b>Sales</b>	84,584	-	<b>90,000</b>	-	5,416	6.4%
<b>Operating Profit</b>	28,494	33.7%	<b>30,000</b>	33.3%	1,506	5.3%
<b>Ordinary Profit</b>	45,741	54.1%	<b>40,000</b>	44.4%	(5,741)	(12.6%)
<b>Net Profit</b>	33,792	40.0%	<b>30,000</b>	33.3%	(3,792)	(11.2%)

◆ Based on the results of FY2023, the following has been formulated as a conservative plan

- Unit Sales of Console: Repeats of titles launched in FY2022 and FY2023
- Online/Mobile : monthly sales of titles launched in FY2023
- Royalties form IP-licensing out

◆ Planned exchange rate: 145 yen/USD

\* Note: exchange rate sensitivity is not disclosed

(Million Yen)

		FY23 Full Year	<b>FY24 Full Year (Plan)</b>	Change
<b>Entertainment</b>	Sales	79,486	<b>84,400</b>	4,914
	Operating Profit	28,304	<b>29,600</b>	1,296
<b>Amusement</b>	Sales	3,918	<b>4,400</b>	482
	Operating Profit	673	<b>600</b>	△ 73
<b>Real Estate</b>	Sales	1,205	<b>1,100</b>	△ 105
	Operating Profit	151	<b>200</b>	49
<b>Others</b>	Sales	389	<b>200</b>	△ 189
	Operating Profit	△ 635	<b>△ 400</b>	235
<b>Corporate &amp; Elimination</b>	Sales	△ 415	<b>△ 100</b>	315
	Operating Profit	-	-	-
<b>Total</b>	Sales	84,584	<b>90,000</b>	5,416
	Operating Profit	28,494	<b>30,000</b>	1,506

# Sales by Region(FY2024 Plan)

Disclosed before

(Million Yen)

	FY23		FY24 (Plan)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	50,826	60.1%	49,200	54.7%	△ 1,626	-3.2%
Overseas	33,758	39.9%	40,800	45.3%	7,042	20.9%
N. America	7,781	9.2%	12,000	13.3%	4,219	54.2%
Europe	3,545	4.2%	7,300	8.1%	3,755	105.9%
Asia	22,432	26.5%	21,500	23.9%	△ 932	-4.2%
<b>Total</b>	<b>84,584</b>	<b>100.0%</b>	<b>90,000</b>	<b>100.0%</b>	<b>5,416</b>	<b>6.4%</b>

# Sales Units by Region (FY2024 Plan)

Disclosed before

(1000 Copies)

	FY23 Full Year		FY24 Full Year (Plan)		Vs Previous Year	
	Units	Component Ratio	Units	Component Ratio	Units	Percent Change
Japan	2,420	33.0%	1,700	22.4%	△ 720	-29.8%
Overseas	4,920	67.0%	5,900	77.6%	980	19.9%
N. America	2,180	29.7%	2,100	27.6%	△ 80	-3.7%
Europe	1,360	18.5%	1,700	22.4%	340	25.0%
Asia	1,380	18.8%	2,100	27.6%	720	52.2%
<b>Total</b>	<b>7,340</b>	<b>100.0%</b>	<b>7,600</b>	<b>100.0%</b>	<b>260</b>	<b>3.5%</b>
DL units	5,110		4,400			
DL ratio	69.6%		57.9%			

- ◆ FY24 Plan includes:
  - multiple new titles, repeat sales of the titles launched in 2023 and back catalogs

# Major Costs/Headcounts (FY2024 Plan)

Disclosed before

(Million yen, Headcount)

	FY23 Results	FY24 Plan YoY Change	Trend
<b>Employment Costs</b> COG · SGA	23,070	<b>Increase</b>	Overall trend of over 10% annual increase continues
<b>Outsourcing Costs</b> COGS	9,150	<b>Decrease</b>	Gradual increase on an annual basis
<b>Advertising Costs</b> SGA	5,650	<b>Decrease</b>	Fluctuates in line with sales. Cost for mobile are concentrated before and after lanunch
<b>Total Headcount</b> <sup>[1]</sup>	2,531	<b>about +200</b>	

Development costs covered by collaborative partners<sup>(\*)</sup>: Decrease year-on-year

- Employment Costs : Maintained previous trend
- Continue to actively recruit and improve benefits as a growth investment
- Outsourcing costs : In FY 2023, amount is high due to one-time costs incurred by new titles
- Advertising Costs : Advertising costs for online/mobile games were concentrated in FY2023

\*1 The number of employees excludes temporary employees

\*2 Booked as reversal of COG

# Capital Expenditure, Depreciation and Amortization

Disclosed before

(Million Yen)

	FY20	FY21	FY22	FY23	FY24 (Plan)
Investment					
Real Estate	965	909	526	1,631	540
Equipment	577	467	263	336	380
Depreciation Cost	1,542	1,571	1,612	1,776	1,880

- ◆ FY2023 Acquisition of New housings for employees, repair of existing real estate
- ◆ FY2024 Acquisition of new real estate, company office, is under consideration\*

\*New real estate is not included in the capital investment plan described above

**Basic  
Policy**

**Consolidated yearly overall payout 50% for dividends or yearly dividend of 50 yen per stock including acquisition of treasury stock**

	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Plan
Dividend per share (yen)	54.0	50.0	54.0	48.0
Total return ratio	50.3%	50.9%	50.4%	50.5%

**Note:**

As of April 1, 2021, we have conducted a stock split of 13 shares per common stock, and on October 1, 2022, we have conducted a stock split of 2 shares per common stock. The figures after the stock split adjustment are described.



Disclosed before

# Policy and Strategy

## Koei Tecmo is a company that practices "Creation and Contribution"

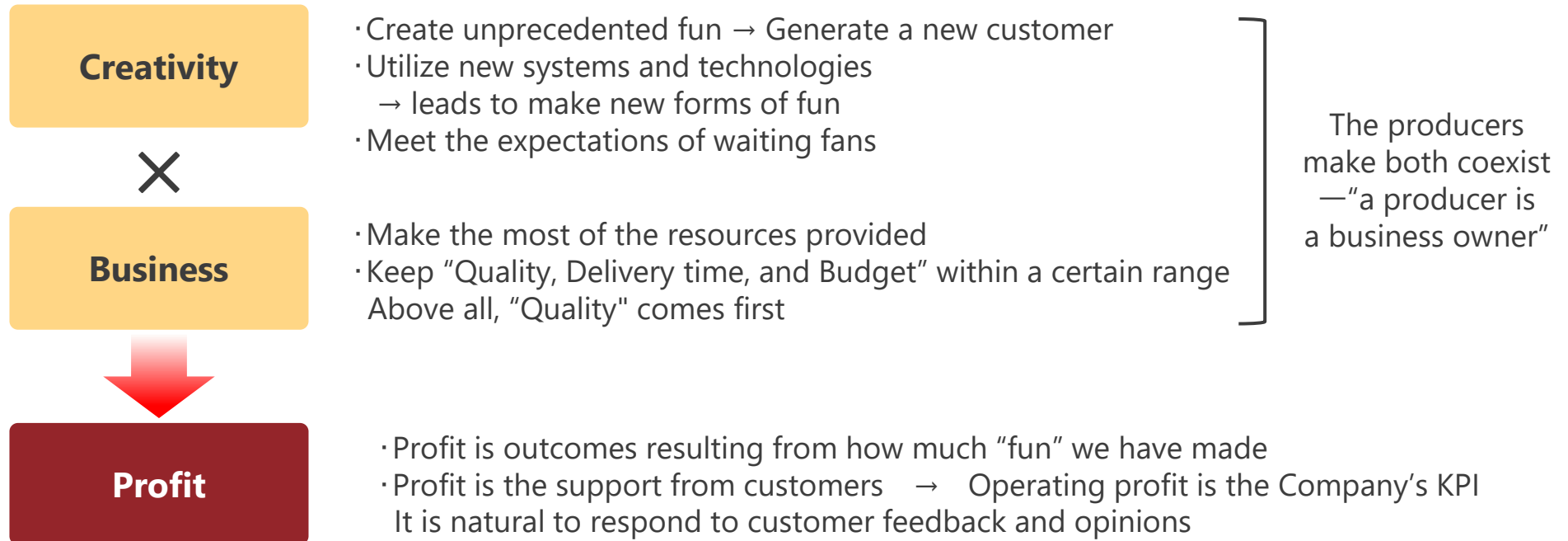
### Creation

- Create new and unprecedented fun (from 0 to 1)
- Add new value to stable fun (from 1 to 2, 3...)

### Contribution

- Provide enjoyment to customers, generating joy and vitality
- Customer satisfaction leads to sense of purpose for creators

## Profit is a reflection of Customer's Expectations and Support



# To Become the World's No 1 Digital Entertainment Company



## ◆ Steps toward vision

- Managing both growth potential and profitability
- Key factor for mid to long-term growth: Success in AAA titles, new genres and new IPs
- Build structure that allows us to consistently create large-scale hit titles in-house

◆ Ranking<sup>(1)</sup> 17th in FY2022 → 14th in FY2023 → Aim for the top 10

[1] Operating profit for digital entertainment businesses of game companies worldwide; Based on our research

# The next milestone is to enter the top 10 in the world

### 3rd Mid-Term Plan (Current)

- 14th in the world as of FY2023 <sup>[1]</sup>
- Over the next three years, two AAA-class titles and multiple large-scale titles
- Incorporating collaborations and publishing with other companies even for our own titles

While making upfront investments, aim to maintain both growth potential and profitability

Target: 10% annual growth in operating profit (on a three-year average basis) with an operating profit margin of 30%

### Milestone (Long-term)

- Within the top 10 in the world<sup>[1]</sup>
- Sufficient development structure:  
Consistently launching large-scale titles every year and creating titles across diverse genres
- Self-publishing for our own titles even though large one

[1] Operating profit for digital entertainment businesses of game companies worldwide; Based on our research

## Pipeline – Policy for Mid-term

- **Many titles are already in development for the fourth medium-term plan period**
- **The overall of the new title portfolio is expected to be on par with the third medium-term plan**
  - Aiming for a good balance across four revenue layers<sup>[1]</sup>
  - In light of reflections from the third medium-term plan, the risk balance is being reassessed

Number of Launched Titles on Third Medium-Term Management Plan (FY2022–2024) -

Sector	Category		FY22	FY23	FY24 <sup>(※2)</sup>	Total
Console PC	Major	AAA Class	1	1	-	6
		Others	2	1	1	
	up to Mid Tier <sup>[3]</sup>		8	3	4~	15~
Online Mobile	In-house		1	3	-	4
	IP Licensing-out		3	1	-	4

[1] Four revenue layers: New IP, Series, Collaboration, IP Licensing (Supplementary Material p 46)

[2] For FY2024, titles disclosed as of September 30, 2024

[3] Mid-tier: Titles with initial sales figures in the hundreds of thousands

## **"Creation of IP" and "Enhancement of Development Capabilities" as Sources of Long-Term Growth**

### ◆ "Creation of Global IP" as an Important Challenge

- New IP is essential for the group's medium- to long-term growth
- Continue to take on challenges, not only for large titles

### ◆ Active Investment in Strengthening Development Structure Leads to Future Growth

- Expand development capacity both vertically and horizontally
- Develop content meticulously and ensure it is completed to the highest standard

## Title Development Leveraging the Strengths of Each Studios

- Our Advantage Lies in Developing a Diverse Genre of Titles with High Quality
- By strengthening our development structure, we can further enhance the strengths of each brand

Koei Tecmo Games Development Structure							
Overview of the System	Brand leaders are responsible for the P&L and the growth of their departments. •Development Department Structure: There are seven development departments (six brands plus one studio system). Each department has divisions with heads •Operational Execution: Each brand is responsible for formulating development roadmaps and business plans, managing budget performance and rolling forecasts, and allocating human resources.						
Features							
Name	KouShibusawa	ω-Force	Team NINJA	GUST	RubyParty	midas	AAA Studio
Console (Large)	-	○	○	-	-	-	○
Console (to Mid-sized)	○	○	○	○	-	-	-
Online/Mobile	○	○	○	○	○	○	-
Studio Scale	Large	Large	Large	Middle	Small	Small	-
Key Genres	Simulation	Action (Casual)	Action (Core)	JRPG	Female-oriented	Mobile	-

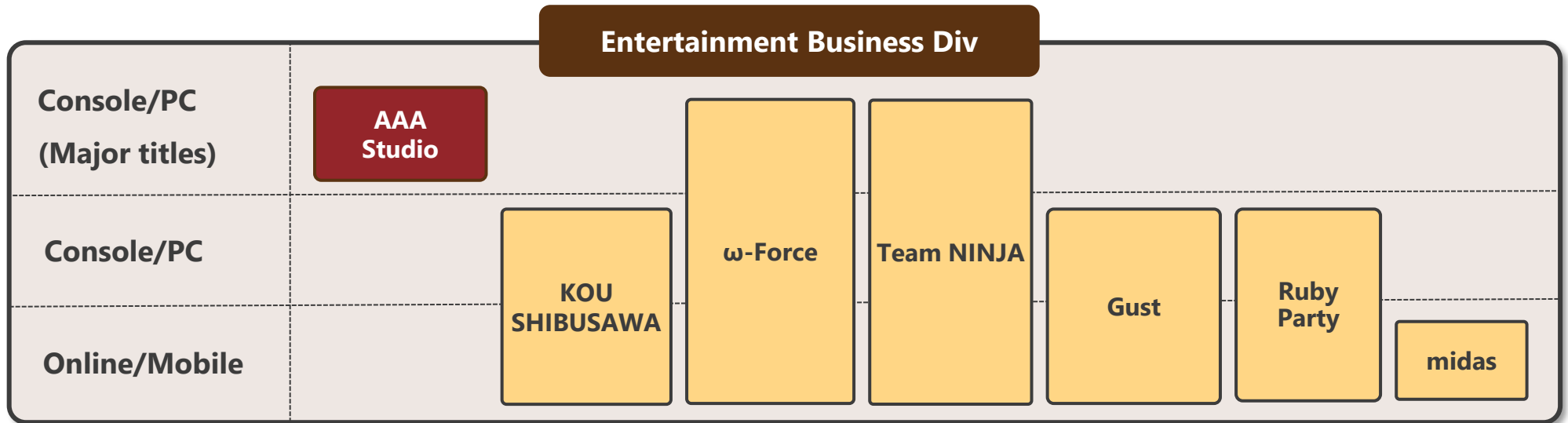
\*As of end of Sep, 2024

\*AAA Studio: Development titles and release dates are not disclosed



## Launch of "AAA Studio"

- ◆ Established a new organization, "AAA Studio," to consistently launch major titles in the future
- ◆ "AAA Studio" has already started a project, transcends the framework of the brand system



Note: for now we are unable to disclose what titles this studio develop and when the title would be launched

# Strategy – Console & PC

**Console  
PC**

Positioning:

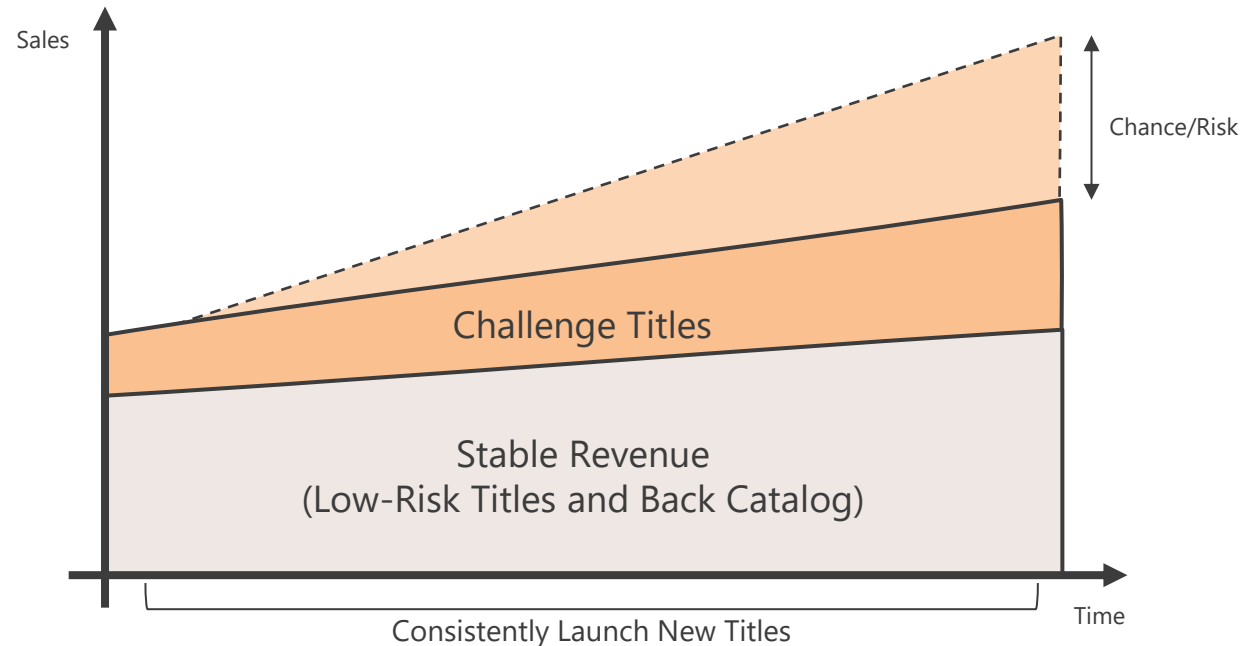
Increase growth rate through two axes:

Challenge titles (investments) and stable revenue growth

Growth strategy:

Expand development structure to increase the number of new titles and sales units

- While challenges come with risks, successful hits can lead to upside potential and create additional revenue opportunities for long-term



# Strategy – Online & Mobile

**Online  
Mobile**

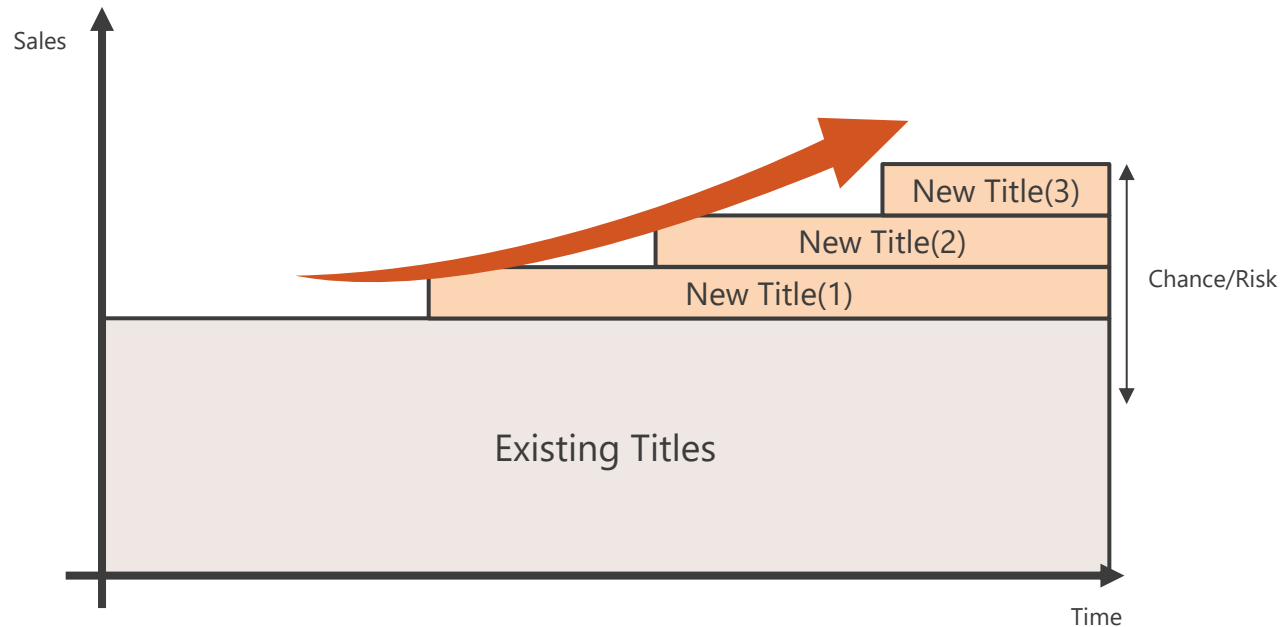
Positioning:

Generate Stable Revenue (Cash Flow)

Growth Strategy:

Build up gradually for steady growth Create new titles that contribute over multiple years

-In response to the decline of existing titles, add new releases to increase sales in the sector

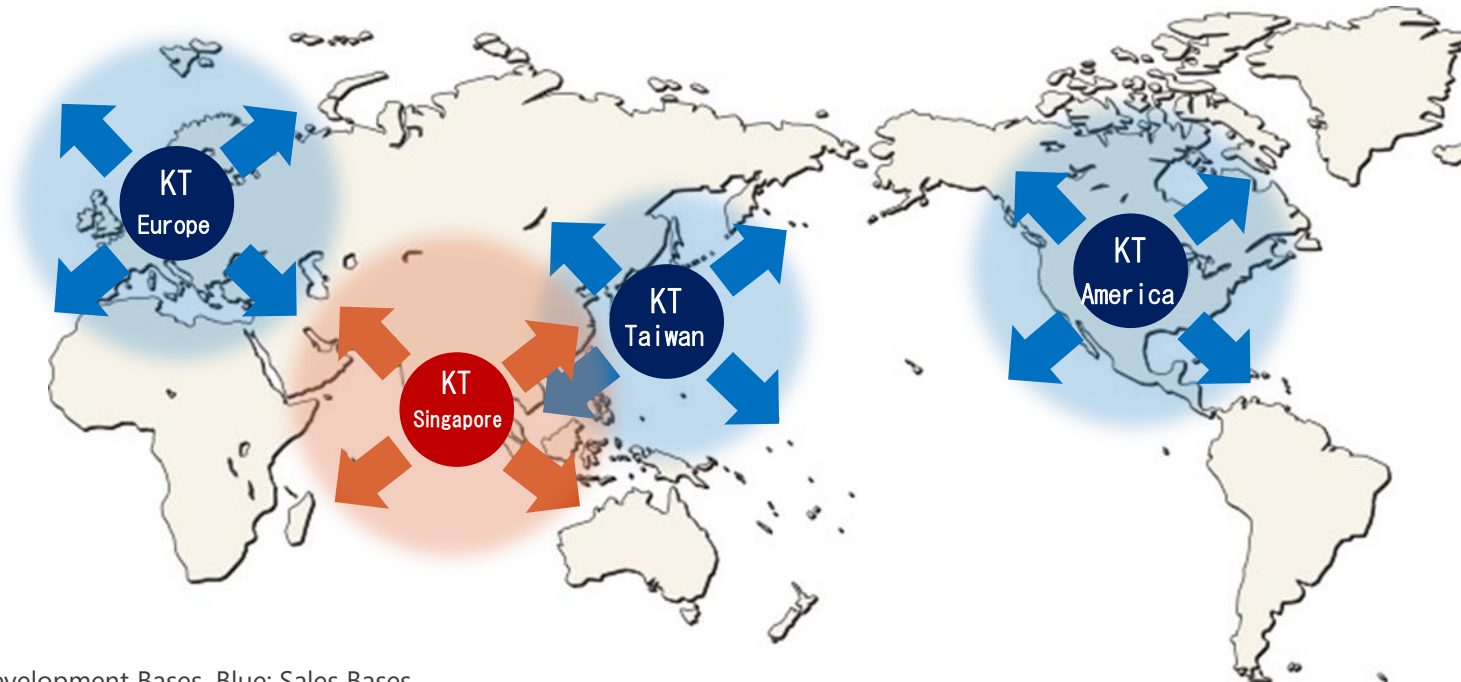


## Key Regions by Sector

Console/PC: Strengthening the structure for North America, Europe, and China/Asia regions

Online/Mobile: Focus on Japan and neighboring regions for while, with plans for global expansion

▶ Looking ahead, develop markets such as in India and Southeast Asia, centered around Singapore\*



Red: Development Bases, Blue: Sales Bases

Note: Koei Tecmo Singapore (KTS) is a development base of the Koei Tecmo Group It is involved in title development, operations, and CG production

# Development Challenges and Initiatives

Challenges	Initiatives	Detail/Plan
1 Expansion of development system	Hiring Over 200 People for FY2024 (Mainly New Graduates) <sup>[1]</sup>	Plan to Maintain Equivalent Pace in the Medium Term: → Assignments will focus on various development departments and CG.
	Establishment of AAA Studio	-
2 Improve Quality to AAA level	Improvement Graphic Technology of KATANA ENGINE	High-Speed Processing Technology and Lighting Technology :Currently being developed for FY25. → Function development will continue in the medium term.
	Utilization of other General-Purpose Engine	Used in the Development of Titles would be Released This Fiscal Year → Continuation planned for the following fiscal year and beyond (to be used in conjunction with the Katana Engine, with decisions made on a title-by-title basis).
	New operation verification process for PC	Newly Established This Fiscal Year and Integrated into the Development Process →Already been implemented for FY24 titles.
3 Costs Reduction and management	KATANA ENGINE Automation Technology <sup>[2]</sup>	Progressing Automation Features for Asset Production <sup>[3]</sup> and Library Expansion →Ongoing over a medium-term span.
	Utilization of AI	Introduction of AI Functions for Debugging and Balance Adjustment →Currently researching applications in improving efficiency
	Budget Management	Subdivision of Development Milestones for Major Titles →Increasing the number of milestone review meetings.
4 Marketing directly leads to purchase	Expansion of Global Publishing Structure	Building a Structure Over the Long Term
	Raising Title Evaluation	Engaging in Review Research and Knowledge Building

Note 1: 199 new graduates were hired in Japan Additionally, mid-career hiring in Japan and new graduate hiring overseas were conducted

Note 2: Refers to procedural production technology Procedural: A method of automatically generating data or content based on algorithms or rules (procedures)

Note 3: Graphics materials such as CG models used in games

### **Focus on soundness and continuity while responding flexibly to market trends** **Support core business by solidifying financial foundation**

#### **Policy**

- Stabilize the financial base and support the core business \*The company's KPI is operating profit
- Invest surplus funds after investing in the business for each fiscal year
- Aim for continuity that enables stable earnings from a medium- to long-term perspective
- Be agile and responsive to financial market trends
- Ensuring the soundness of the balance sheet

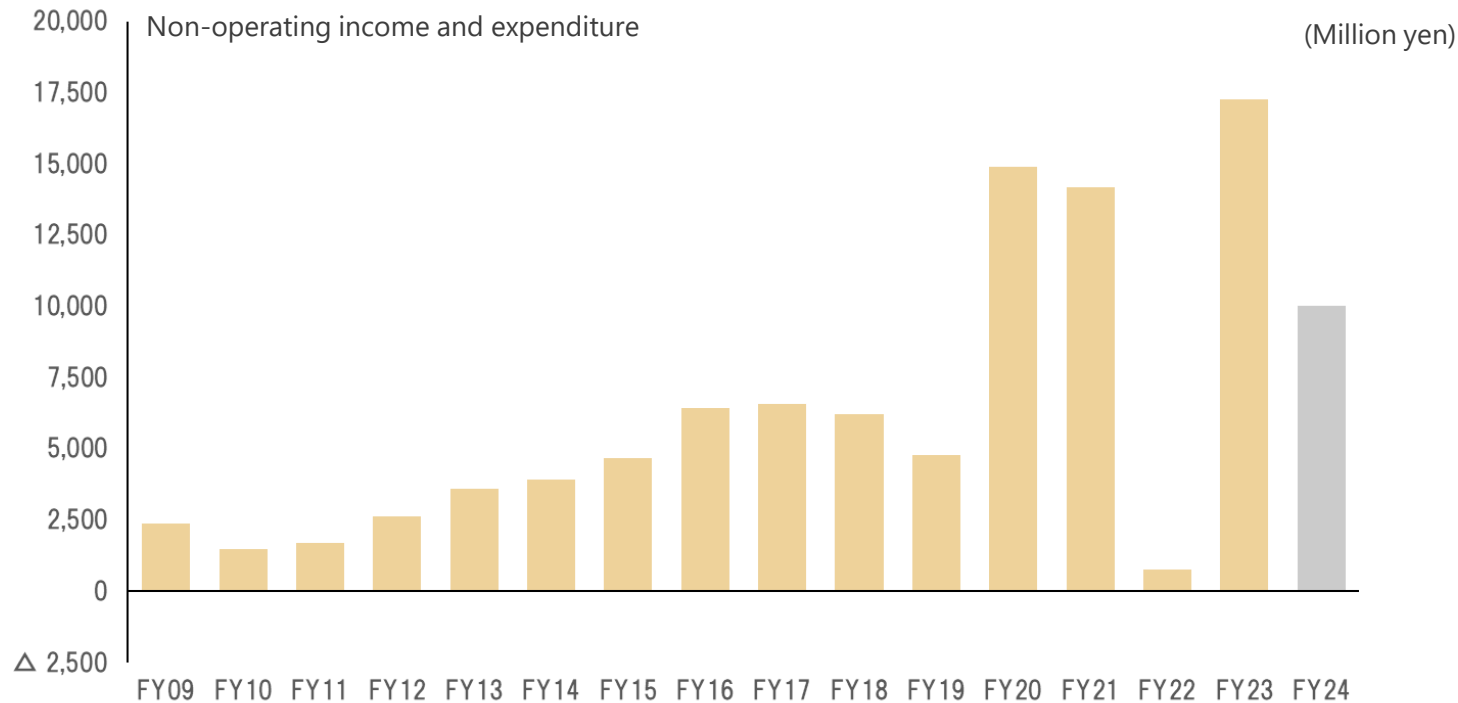


#### **Recent Actions**

- Shift to bond-centric portfolio
- Against the backdrop of good financial conditions,  
we have promoted the improvement of balance sheet, unrealized profit and loss

## Non-Operating Income and Expenditure - Results

- ◆ As a result of flexible responses to trends, non-operating income and expenditure have been consistently positive
- ◆ Return profit including non-operating income to shareholders through dividends





Level up your happiness