

Message from the New Chairman



Moving Forward with the Next Generation Towards Our Goal to Be No. 1

YOICHI ERIKAWA

Chairman (Representative Director) & Chairman of the Board of Directors

Becoming The World's No. 1 Digital Entertainment Company

My vision is for us to become the world's number one digital entertainment company. In 1988, I exhibited at the West Coast Computer Faire in San Francisco, where I watched countless game companies from around the world unveiling their sophisticated, cutting-edge games. From that moment, I had a new goal: to become the number one game developer in the industry, and create games that are loved and supported by fans all over the world. We can measure that love and support by analyzing our operating profits, which are the quantitative expression of both the value of our products and the amount of enthusiasm our fans have for them. In order to maintain that love and enthusiasm, we must continue to produce high-quality creative products without compromise.

In 1981, I began teaching myself how to program to develop the historical sim *Kawanakajima no Kassen*. I wanted to make a game that I myself would want to play, and there wasn't anything like it on the market at the time. When it was released, its players shared a similar reaction: "We've all been waiting for a game like this!" In that moment, I realized that the game I had created was meeting the needs of our community and bringing happiness to its players. Through that experience, I learned that games can move hearts and make a difference. This is directly reflected in our corporate ethos: Creativity and Contribution.

I still love to play games in my free time. Even now, I find myself getting emotional as I play: surprise, excitement, joy and fear.

This enjoyment is truly universal, and I want all of our players to experience the same emotions with the games our Group produces. To do this, we should challenge ourselves to create games that give players new and unique experiences, and bring existing IPs into fresh, innovative projects to wow our audience.

The global game industry is currently in a state of rapid expansion, growing from 20 trillion yen in 2020 to 29 trillion yen in 2023.* Fueling this growth is the widespread use of smartphones as a platform for gaming. Anyone can easily download, access, and play games on their mobile device every day. New technologies such as virtual reality (VR) and artificial intelligence (AI) are also evolving the modern gaming experience. Our Group sees this expansion and innovation as an opportunity for further growth, and we are devoted to creating new projects that meet the expectations of our diversifying player base. We will need to take on this challenge in order to achieve our vision of becoming the world's number one digital entertainment company.

* From the CESA Video Game Industry Report 2024

Overhauling and Fortifying our Management Structure for New Challenges

In June 2025, the Group transitioned to a new management structure. I have now assumed my new role as Chairman (Representative Director) and Chairman of the Board of Directors of KOEI TECMO HOLDINGS CO., LTD. President and CEO (Representative Director) Hisashi Koinuma will focus on management. While the personnel changes have been discussed

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and deliberated upon by the Nomination and Remuneration Committee since 2019, the decision has now been officially made by the Board of Directors. This structural overhaul is the culmination of the passing of the torch to the next generation, a process I have continuously dedicated myself to since my tenure as President. At the time, I held three important roles concurrently: President of KOEI TECMO HOLDINGS, President of KOEI TECMO GAMES, and General Manager of the Software Division.* I began to transfer roles and responsibilities to Hisashi Koinuma in stages. First, he became the General Manager of the Software Division, followed by President of KOEI TECMO GAMES, then Executive Vice President of KOEI TECMO HOLDINGS. Now, he leads the entire Group.

The Group's mission is to create big hits to maximize revenue. To succeed in this mission, our senior management needs a number of exceptional skills. They must be able to manage multiple projects simultaneously at a high level while delivering on time, under budget, and at our standard of quality.

Koinuma is a rare managerial talent who has both the creative ability of a developer and the business acumen of a manager. He is also noteworthy for his level of experience with 3D technologies, and for his successful launch of the popular *Warriors* series IP. The *Warriors* series has also launched a number of hits made in collaboration with other companies' IPs. One of Koinuma's great achievements is his creation of the multi-layered revenue structure of the Group. He also expanded the potential of our IPs by incorporating a brand system into our production structure. I can say with the utmost confidence that he is well-suited to take responsibility for managing and growing the next generation of the Company.

As Chairman of the Board of Directors, my position will be to supervise the management of the Company. I will provide support to all management decisions by conducting multifaceted reviews of processes such as capital allocation, management plans, investments in development and staffing, dividend policies, and M&As. As our projects continue to grow in size, the skill to execute plans and manage our progress becomes increasingly important. I will also transfer the management of surplus funds to the next generation. I will systematize the knowledge of Chairperson Emeritus Keiko Erikawa to build a structure that can support our core business—developing great games—even after Chairperson Emeritus Erikawa retires. I believe that the

role of a director is not just to manage risks, but also to support the members of our team as they take on incredible challenges. Training good decision-makers leads to sustainable growth, and as they say, a good offense is as important as good defense. With this in mind, I hope to strengthen our management structure and take our corporate value to new heights.

*Currently the Entertainment Division

Reviewing Material Issues ▶ P.18

Our material issues are the core that directly connects our newly-established long-term goal to be ranked within the Top 10 globally with our medium- to long-term management strategies. These newly-revised material issues are linked to the 4th Medium-Term Management Plan, starting this current fiscal year, where they will act as a guiding force for continuous growth. To review these issues, we began with a discussion on the value we want to create for society in order to ensure growth in the medium- to long-term. We identified the issues that external parties expect us to address and the value we will create in the next ten years. Afterwards, we held numerous discussions with the Sustainability committee, while taking into account the opinions of our outside directors and feedback from external parties. Finally, we consolidated these topics into nine separate categories and formally named them as our material issues. Materiality is not simply an indicator of our company management; it is a commitment, and critical to formalizing the Group's goals, purpose, and growth strategy. Our material issues will continue to guide our management plans as we pursue both social and economic value.

Encouraging Our Team to Take Challenges

Our Group believes that taking challenges, without the fear of the consequences of failure, is critical to our culture; as such, we strive to support all of our employees in the challenges they take. The courage to venture into unknown territory, and having a network that supports that venture, is essential to create entertaining and innovative games. I myself have experienced more failures than anyone else at this company, and take pride in each and every one. All of those failures served as springboards

that led us to our next successes. I believe that even when faced with failure after failure, we must continue to be bold and take on even more challenges. This has always been my attitude towards game development, and it is an attitude that has taken root throughout the entire KOEI TECMO Group. Similarly, harsh evaluations and criticism also provide us with opportunities to grow. In March 2025, we launched our first-ever open-world action RPG *Rise of the Ronin*, and while it received a lot of praise, it also received some critical feedback immediately after launch. We took these comments seriously, and doing so helped us to clarify the problems we needed to address. These experiences all boost our efforts to take on further challenges with even more impetus and courage.

I also believe that close collaboration between our teams is pivotal for creative game development. Our team members all have different specialties and skills—planners, programmers, CG designers, and scenario writers, to name a few—and through daily discussion of their thoughts and ideas, they work together to shape the design of a game.

At every stage of development, we hold a number of review meetings, and use that feedback to make repeated improvements to create innovative entertainment. During these meetings, members from all types of backgrounds bring their diverse knowledge to the table to answer key questions: Is this game fun? Will this game meet the expectations of our players? This discussion process not only enhances the quality of the game itself, but also deepens every team member's expertise and broadens their creative horizons.

However, game development is not just about making something fun. If we want to achieve results on time and within budget, it is essential to approach development from both a creative and business perspective. This is why our Group is focused on developing our human resources as both creators who make innovative entertainment and business leaders who create growth and profitability. This is one of our corporate values: Creativity & Business. Not only will they have the passion and creativity to develop new ideas that our users love, they will also be able to manage business-related items such as delivery schedules, quality management, and budgeting. Our Group believes that this skill balance is essential to ensuring the success of our projects, building trust in our products, and realizing growth as a company. This careful attention to the quantitative side of development is

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not just a business decision, but a lesson I learned early in life, when my family's business failed and went bankrupt: a company will not survive unless its numbers are carefully managed.

This lesson is one I have ingrained in our corporate culture, even now. In the early 1980s, the game industry began to take off as many amateur developers started their own small game companies. Not many of those companies have survived until now, however. Many of them focused on emphasizing creativity and free thinking, and neglected the numbers side of the business. That ignorance leads to loss and collapse. This is why we've built a culture of quantitative management, where we set business goals and strive to achieve them.

Game developers must remember to create quality games, on schedule, and within budget. That is how we create value from



artistic vision. It's a doctrine I adhere to myself, and one I have always asked my employees to keep in mind. Our investors have begun to recognize that this is one point that sets us apart from our competition, but I also feel that our long history of careful management and organizational operations have also led to increased employee trust and job satisfaction.

Even in this tough economic environment, our employee retention rate remains extremely high. Staff turnover remains in the 4% to 5% range, one of the lowest levels in the industry, and our three-year retention rate for new graduates exceeds 90%. These exceptional numbers are due to our industry-leading compensation and benefits package, as well as our thorough efforts to create a calm and stable work environment, such as development culture, office facilities, and building security. We also place a high amount of importance on the development of our human resources, and have a system that focuses on promoting internally to develop the future leaders of our company. These day-to-day operations are helping to develop the process that will allow us to hand down our unique values and knowledge to the next generation of the company.

Most important of all, our greatest strength is that each and every member of our team is passionate about games. They all share the desire to surprise our fans from around the world, and strive to tackle new challenges that will help them achieve that goal. When all of their individual experiences and ideas collide, blend, and take shape, we can truly create innovative entertainment and huge hits. I firmly believe it is my responsibility to protect and nurture this culture at our company.

Hand in Hand with the Next Generation

To date, our Group has pursued both stable growth and the raising of our corporate value. Our company has repeatedly performed stock splits, and since 2006 (when we were still KOEI Co. Ltd.), we have consistently reached a consolidated annual total dividend payout ratio of 50% or annual dividend of 50 yen per share, even after our merger in 2009. This has resulted in total dividends increasing up to 17 times their 2009 value, and up to more than 5 times over the past decade, steadily building the assets of our shareholders. This position will remain unchanged moving forward. As Chairman of the Board of Directors, I will guide management decisions while carefully

assessing our situation and maintaining a balance between dividends and growth.

While I will no longer be directly involved in the development of the KOU SHIBUSAWA brand where I got my start, I know it will continue to be one of the core representative brands of our Group. I look forward to watching the next generation inherit our legacy of innovative ideas, attention to quality, and specialized know-how that will further enhance the value of our brands.

My mission now is to ensure my experience and knowledge is passed down to this next generation. I hope to establish development forums where I can share my game development experience and managerial perspectives with these staff members. I also want to encourage discussion to better support the development of the human resources who will bring KOEI TECMO into the future.

As we move forward into that future, we will adhere to our tenets of Creativity and Contribution, while enabling sustainable growth for our company and the assets of our shareholders.

KOEI TECMO will soon take its first leap into a new world. We know our fans have great expectations for us. Together, with the next generation of management, we will aim for even higher heights. Thank you for your continued support. We look forward to sharing this future with you.

Executive Producer
KOU SHIBUSAWA