

Message from the New President

Continuing to Create Innovative Entertainment and Pursuing our Goal to Become the World's No. 1 Digital Entertainment Company

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President & CEO (Representative Director)

Focused on our purpose and our long-term vision

Our Group's purpose is to enrich the lives of people around the world with innovative entertainment, by following our ethos of Creativity and Contribution and our corporate slogan, "Level up your happiness." This purpose is ever-present in my heart as I assume the role of President & CEO (Representative Director) in June 2025. I pledge to apply my experience and passion to tackle difficult challenges and promote further growth.

We want to become the World's No. 1 Digital Entertainment Company. To take the first step towards realizing that vision, we have set forth on a long-term journey to rank among the top 10 global digital entertainment companies in operating profit.*¹ Continuing to create products that delight our users is essential to achieving this goal. Currently, we are advancing initiatives for a development structure that will enable us to release at least one major title every fiscal year. When our titles are highly rated and well-loved by our players, we generate further operating profit. This is precisely why the Group has set goals based on operating profit: we consider it as tangible proof of our customers' support, and a method to measure what we are capable of as a company.

*¹ Based on the company's own research

KOEI TECMO's growth strategies and the development and expansion of IP

When I joined KOEI Co. Ltd. in 1994, the Company was mainly focused on historical simulation games. Considering that, I began to explore new possibilities in the action genre, and in 2004, we released *SAMURAI WARRIORS*, with myself at the helm as director. The core of the game system is the exhilarating feeling of mowing down hordes of enemies developed in the *DYNASTY WARRIORS* series. When combined with the unique drama of the Warring States period, we created a new gaming experience that went beyond conventional boundaries.

This successful experience taught us that combining game system IPs with creative setting IPs and other character IPs can create something completely new and unique. This led us to establish our collaborative business model, in which we combine our own unique game system IP with another company's IP while sharing development costs and outcomes. This model dramatically increases our potential to develop new products for a wider market by diversifying our development risks and fully utilizing the strengths of both companies involved. Now, this collaborative business model has become a strong pillar supporting the Group's multi-layered revenue structure.



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Of particular note are our titles collaborating with popular IPs, such as *Dynasty Warriors: Gundam*, *Hyrule Warriors*, and *One Piece: Pirate Warriors*. These games have delivered new, exciting experiences to fans of each franchise, and garnered their wide support. In *Dynasty Warriors: Gundam*, we created a new gameplay experience by merging the stylistic traits of Gundam, where robots fight with laser rifles, and KOEI TECMO'S close-combat action, where heroes slash at enemies with blades.

As this model expands and we strike new collaborations with other diverse IPs, I realized it was essential for us to reform our organizational structure as well. This led me to introduce the brand system in 2016, the year after I assumed the role of President of KOEI TECMO GAMES. I radically revised our organizational structure, moving away from the platform-based

system to instead focus on each IP. This does more than just reorganizing responsibilities: it also contributes to the vertical integration of development capabilities and knowledge in order to maximize the value of our IPs. Currently, the Group is comprised of six brands and one studio. Each specializes in their own genre: simulation, casual action, dark action, JRPGs, games for female audience, and GPS games. Each one of these brands can develop the unique skills and knowledge for their specific genre, strengthening them further. Through this deeper understanding, each brand becomes more adaptable, furthering their ability to propose new methods of development and creative expression that levels up each game's potential. The brand system both ensures the quality and completeness of each title and also builds more trust with our fans and

collaborators.

Our Group is also rolling out multifaceted growth strategies centered around our IPs. In addition to our collaborative business model, we are establishing a new revenue stream through operations that grant IP licenses to external companies in order to outsource development, operation, and sales. One prime example of this model is Three Kingdoms Tactics, which was a huge success in the Asian market. With this model, we are able to expand upon the value of our IPs in a global market without directly investing our Group's development resources.

Supporting these IP strategies are our proprietary game engine, KATANA ENGINE™, and our subsidiary company specializing in quality control, KOEI TECMO QUALITY ASSURANCE (KTQA). Our KATANA ENGINE™ dramatically increases development efficiency and facilitates multiplatform distribution, allowing our teams to develop high-quality games for a global market even faster than before. As a third party, KTQA can scrutinize the quality of our games more critically, further strengthening our brand value and profitability.

The growth of our Group is not dependent on a single model of success; it has only been achieved through our complex, multi-layered strategies, such as our IP-centered brand system and external collaboration and licensing, and supporting those strategies with advanced technology and quality assurance management. We are confident that these synergized strategies will be the driving force that enables us to break into new markets and create new corporate value.

Lessons learned from the 3rd Medium-Term Management Plan

For the 3rd Medium-Term Management Plan (FY2022-2024), we set out towards multiple goals, one being a new large-scale IP. Although some of our initiatives did not proceed as planned, we gained valuable experience and reflections that will contribute to the Group's decisions as we move into our next growth stage.

Rise of the Ronin, released in March 2024 to high user reviews, was the Group's first ever full-scale attempt at an open-world*2 action RPG. With *NOBUNAGA'S AMBITION: Shutsujin*, we challenged ourselves to develop a GPS mobile



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game, which broadened the horizons of the genre and helped us to gain further experience. We believe that the learnings from each of these challenges will help future development titles, improving our competitiveness in the market.

In particular, developing a AAA-title*³ has highlighted issues in our technological capabilities and management structure, such as our development process, decision-making modalities, and collaboration between departments. Though these gains may not be reflected in the numbers, I believe the knowledge gained from these challenges and the strengthening of our organizational structure will form a solid foundation for creating future successes.

This experience will help us continue taking new challenges when developing major flagship titles, while concurrently building a stable and flexible pipeline through a balanced mix of small- and medium-sized titles. We aim to maximize profitability and creativity while diversifying development risks, leading to sustainable growth.

^{*2} Open world: A genre of game where the player can freely travel across vast virtual spaces as they progress through the story.

^{*3} AAA (Triple-A) title: A major game featuring high-end graphics, detailed storytelling, and large-scale production, which is in turn highly anticipated by users and the market.

The 4th Medium-Term Management Plan and further growth initiatives

The 4th Medium-Term Management Plan (FY2025-2027) will focus on laying a strong foundation for future growth to realize the Company's long-term vision of a top 10 global position.

Specifically, our goal is to achieve a cumulative operating profit of at least 100 billion yen over three years, with the challenge of reaching a single-year operating profit of 40 billion yen. To achieve this goal, we will pursue four growth objectives: growth in the number of pipelines, growth in the quality of pipelines, growth in our sales force, and growth in our cost efficiency. We will focus on three initiatives: strengthening our management foundation, building business strategies, and refining cash allocation.

Reinforcing the skills of our human resources and governance will build the strength of our management foundation. We will secure essential development sources and level up the skills

of each of our teams so we can continuously release major titles every fiscal year. To increase the effectiveness of our governance, we will transition to a new management structure.

The goal of our business strategies is to expand our pipelines and improve the quality of our titles. Building upon the knowledge and reflections obtained from the 3rd Medium-Term Management Plan, we aim to increase the odds of creating a hit product and diversify risk by optimizing the balance of our entire portfolio and improving the quality of each individual project. To further stabilize our revenue base, we will expand our product lineup by utilizing diverse IPs in the mobile game space. We will continue to bolster our sales system and help it evolve. Additionally, we will accelerate our expansion into emerging markets, such as India and Southeast Asia. We will

develop our overseas teams, who have previously focused only on distribution, into full-fledged bases equipped to market, promote, and localize our products, and we will develop flexible strategies tailored to the market and users of each country and region. We hope to deepen our global strategy and improve our competitiveness in growing markets by strengthening collaboration with local partners, expanding our multilingual support, and creating a sales system optimized for each region.

For cash allocation, we place emphasis on balancing growth investments with shareholder returns. We will maintain our basic dividend policy and provide stable and continuous returns to our shareholders, all while continuing to invest in human resources, development environments and facilities, and sales capabilities.



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In the 4th Medium-Term Management Plan, we will improve our business performance and organizational structure over the next three years. In the 5th and 6th Medium-Term Management Plans, our goal will be to achieve further growth and realize our long-term vision. Our motivating philosophy—to bring more happiness to people all over the world through innovative entertainment—will drive us to realize steady, sustainable growth and further increase our corporate value.

An employee development strategy that fearlessly evolves our company culture

As we embark with our new structure, our top priority is to inherit the values and culture built up by our Group, then to implement the changes required for our next stage of growth without fear or worry. This inheritance and transformation will be realized by the power of our human resources—our most valuable asset. Our products are a product of the creative abilities and efforts of each and every one of our employees. The scale of an organization is the depth of its human resources, and it is the broadening of this depth that will be the source of our future competitiveness. Currently, our structure consists of approximately 2,600 employees, but we plan to hire over 200 additional employees each year, primarily new graduates, with the aim of eventually reaching a total headcount of 5,000 employees.

To strengthen our human resources, we are not only focusing on recruitment, but also training and development of our existing resources and the workplace environment in the long-term. We offer our youngest employees diverse opportunities to build up their practical experience in the early stages of their careers. We also have an in-house recruitment system that increases the mobility of our human resources across brands, allowing employees to broaden their skills and perspectives in areas that suit their own aspirations. We also aim to improve our employee retention rates by expanding upon systems that support the basic needs of our employees, such as company dormitories, company housing, and student loan repayment support programs, as well as working to achieve a balance between employee job satisfaction and a comfortable work environment.

We will strive to build a team of innovative creators and

growth-minded business people who will pave the way to the future of our Group.

The key to successful inheritance and transformation will be to understand the ethos and essence of KOEI TECMO and adapt it to our current environment. We will preserve the vitality of our organization through modernization, and turn change into growth. This is the resolve that will guide my leadership.

Governance and Decision-Making Structure

When we transitioned to our new management structure in 2025, we wanted to strengthen the supervisory function of our Board of Directors, so we increased the number of external directors to constitute a majority of the board, and modified our structure to clearly separate supervisory duties from management duties. These changes will help us make timely and accurate management decisions while increasing the transparency and soundness of these decisions. Governance does not only call for the management of our internal systems; it also requires those systems to operate efficiently. Our Board of Directors oversees our growth progress from a medium- to long-term perspective, and constantly evaluates the appropriateness of each decision and how we respond to risks. When we make bold investment decisions that are essential for our Company growth, we incorporate multifaceted oversight from multiple perspectives to ensure we take the best possible action.

We must also update our governance-strengthening initiatives to keep up with current standards. We will continue to verify the effectiveness of our strategies under this new management structure and revise them as necessary to continue improving the quality of our management.

Hand in hand with our supporters

With technology continuing to evolve, the diversification of values, and structural changes in the global market, the world of entertainment is changing at an unprecedented rate. Despite these dramatic changes, the KOEI TECMO Group continues to value the ethos of Creativity & Contribution inherited from Chairman Erikawa and our dedication to creating innovative entertainment. With these philosophies in mind,

the Group now embarks towards our next stage. We will not merely be satisfied with our past successes; we will continue to question ourselves, accept change without fear, and constantly be on the lookout for our next move. It is precisely this attitude that will give our company the strength to forge a path into a future where there are no right answers.

Moving forward, we will boldly step foot into new, broader areas of entertainment, beyond just gaming. Utilizing our myriad IPs, we will explore new, innovative experiences by networking with our communities and collaborators, and look to combine them with new technologies such as generative AI, all with the goal of creating future projects that exceed all expectations. To meet these challenges head-on, we must place the highest amount of value on our people. People create content, deliver content, and experience our content. The extraordinary power of entertainment comes from the ability for people to imagine, love, and understand. This is the belief that will propel us forward. People are at the center of our world -- not just our employees and users, but our shareholders and investors. We will continue to build trust with our stakeholders while tackling new challenges to achieve sustainable growth and a brighter future.

The KOEI TECMO Group will strengthen our cycle of value creation: where the titles we create are enjoyed by people of all ages and cultures, generating profits that help us produce our next innovative creation. This cycle allows us to achieve our ethos of Creativity and Contribution, and will lead to further growth of our corporate value.

