

KOEI TECMO's Four Competitive Advantages

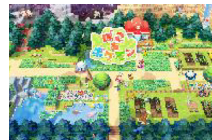
The unique expertise that the KOEI TECMO Group has cultivated over more than 40 years serves as the foundation for achieving sustainable growth and high profitability in the rapidly changing entertainment industry. The following four competitive advantages which underpin KOEI TECMO's value creation cycle work in tandem to ensure the Group's business

1

Multi-layered revenue structure and the IPs to support it [▶P.18](#)

● Multi-layered revenue structure that leverages IPs

We are expanding revenue opportunities across multiple levels, from the creation of new IP to the development of series, collaborations, and IP licensing.



● IPs that create business synergy

We create and enhance "character IP" and "game system IP", leading to various expansions such as series developments and collaborations.



● "The source of sustainable development capabilities that bring new value to the world."

[▶ Interview with ω -Force Brand Head Tomohiko Sho P.20](#)

2

Staff who embody Creativity & Business [▶P.21](#)

● A management team who are also experienced game creators.

Drawing on our experience in creating major series and collaborative titles, we apply this expertise to management decisions and business strategies, overseeing the Group's management from both a creative and business perspective.



● Next-generation leaders creating hit games

Drawing on the expertise we've cultivated as producers and directors, we lead each brand and drive the development of titles that reflect their unique identities and strengths.



Four Competitive Advantages

3

Policy for Quality, delivery timeliness, and budget that supports high profitability [▶P.22](#)

● Strict control of quality, delivery timeliness, and budget

We strictly manage quality, delivery timeliness, and budgets from the planning stage through post-release. Through repeated evaluations, we identify and address issues early on to consistently produce high-quality titles.

● Quality assurance by specialist organizations

Our group company, KOEI TECMO QUALITY ASSURANCE, evaluates games from a third-party perspective and analyzes scores and reviews. They work closely with the development team to identify potential issues and risks, leading to an improvement in quality.

Development Team

Collaboration
to improve
quality

Quality Assurance

4

KATANA ENGINE™ that Achieves Development Optimization [▶P.23](#)

● Improved development and cost efficiency through AI utilization

We leverage AI technology in game development to improve development efficiency, cost-effectiveness, and expressive capabilities.

● Speedy platform compatibility

We roll out titles across multiple platforms (consoles, mobile, PC, etc.) over a short period of time while achieving both high efficiency and high-quality game play.

● Horizontal expansion of development technologies and production functions

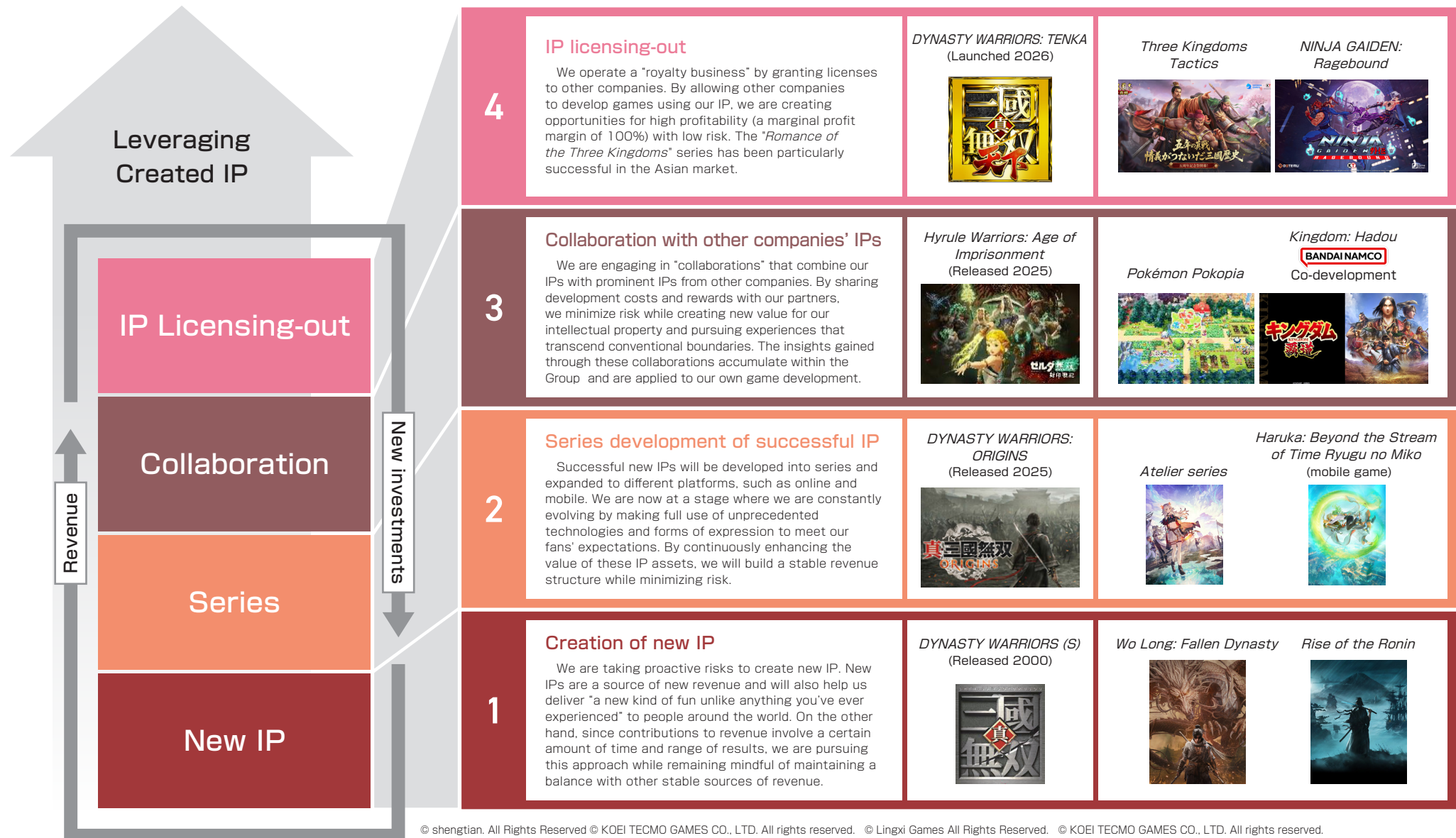
We streamline development by incorporating our game development know-how into our engines and applying it across the company.



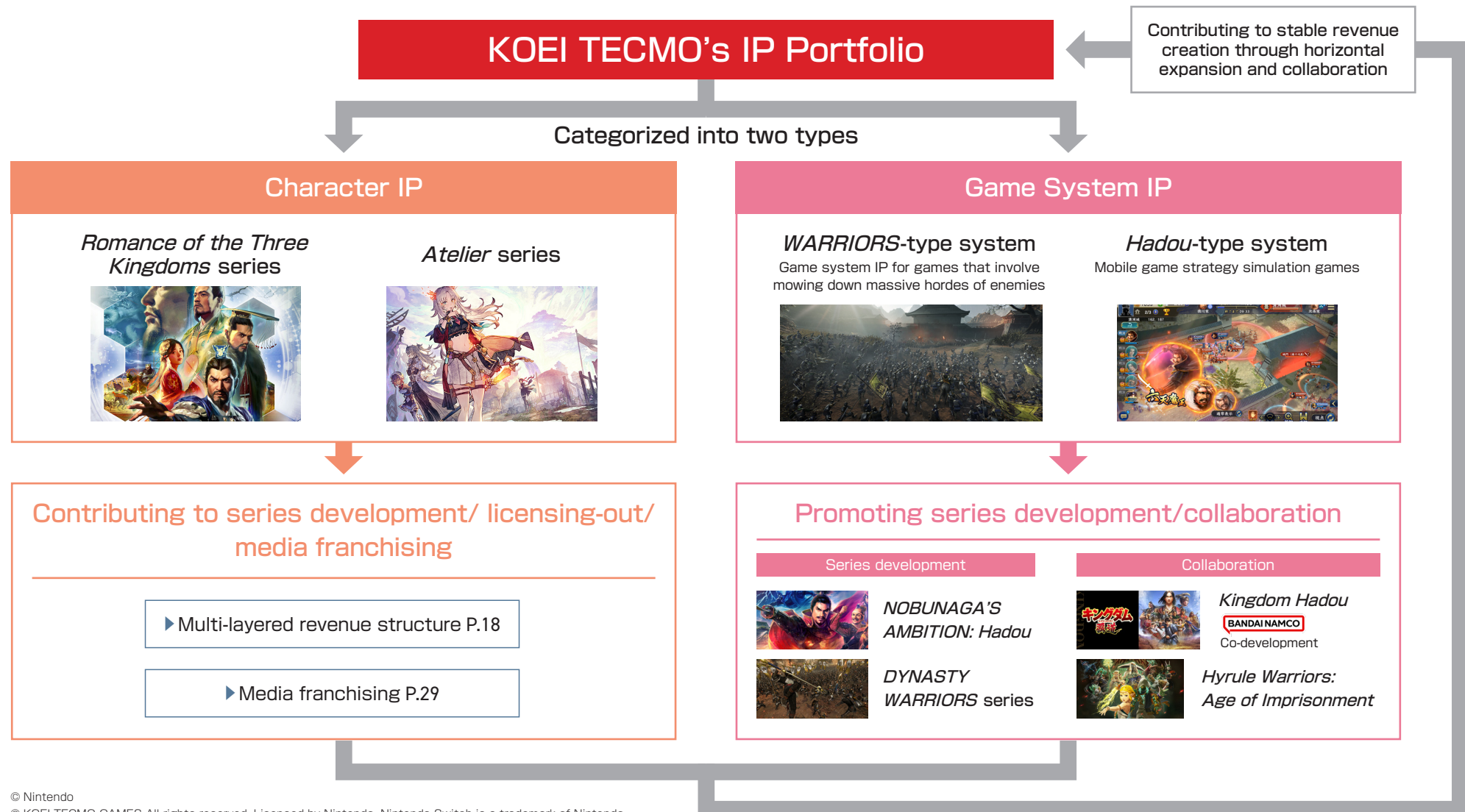
Starting with the creation of new IPs, the Group is building a multi-layered revenue structure that will lead to series expansions, collaborations, and IP licensing. We ensure the stability of our revenue through risk diversification and increase our sustainability by investing the revenue we generate into the creation of new intellectual property.

Multi-layered revenue
structure seen in the
WARRIORS series

Recent notable
examples



IPs in KOEI TECMO Group's abundant IP portfolio can be categorized into two types in line with their characteristics: "character IP" and "game system IP." The "character IP," such as the Romance of the Three Kingdoms and Atelier series, has compelling characters and worldviews at its core. These character IPs are not only being used in games, but also gaining new fan bases through their expansion across different projects (media franchising), including animations, stage productions, and merchandise, thereby expanding revenue opportunities. Meanwhile, the "game system IP," represented by the WARRIORS and Hadou series, refers to the unique gaming experience itself. Our game system IPs are being actively utilized in collaborations with partners and generating new value for other companies' IPs.



Delivering New Value to the World Through Our Ability to Create Lasting Value

TOMOHIKO SHO

Managing Executive Officer and Head of the OMEGA FORCE brand, KOEI TECMO GAMES CO., LTD.

Creating New Value: Lessons from Our Highly Acclaimed Titles

Released at the end of fiscal 2024, *DYNASTY WARRIORS: ORIGINS*, the latest installment in the *DYNASTY WARRIORS* series, exceeded our initial targets. In addition to strong sales, it earned high praise both in Japan and overseas. We believe this success came from creating new value by building on the unique gameplay that defines the *WARRIORS* series. We delivered an action experience and story that appeals not only to longtime fans but also to players in North America, Europe and other regions who may have been unfamiliar with the Three Kingdoms. We kept the core appeal of the *WARRIORS* series—the thrill of battling massive armies and the exhilarating one-versus-thousands action—and brought it to life by fully leveraging current-generation hardware. At the same time, we added depth with more tense and demanding combat. We also narrowed the focus to a specific historical period and cast of characters, so that players can enjoy the characters and story even without prior knowledge of the Three Kingdoms. These elements have been embraced with even greater breadth and depth in East Asia and have drawn in new audiences elsewhere, allowing players around the world to enjoy the title.

In addition, *Pokémon Pokopia*, a title co-developed by our company, which has already sold more than five million copies worldwide in its first four months, brings together the IP's inherent appeal with a fusion of slow-life and sandbox elements. While the Pokémon series is built around battles between Pokémon, this title was highly praised for offering a new kind of enjoyment in an unprecedented way. By eliminating combat entirely, it brings out the unique personality and charm of each character to the fullest.

I believe both titles became hits because they embody the "creation of new value" that we value so highly.

Our Development Approach: Delivering New Value to Our Customers

Since President and CEO Koinuma launched our collaborative projects with other companies, we have created many titles that combine our game system IPs, like the *WARRIORS* series, with other companies' character IPs. Through years of collaboration, we have built a structure that can create synergies with IPs from around the world by leveraging each brand's expertise in specific genres and game systems. We believe this is a unique strength of the KOEI TECMO Group. I have personally been involved in the development of several such collaborative titles.

The fundamentals of our development approach are the same whether we are working with our own IP or with another company's IP. First, we consider how to leverage KOEI TECMO's strengths to bring out the full appeal of the IP. In doing so, it is important to balance two perspectives: genuine passion for the IP and a level-headed, objective approach to product analysis. It is precisely because we respect the IP that we can create something that resonates with its fans. However, the more popular an IP is, the more varied fan expectations become. Focusing only on the fans' point of view can easily result in a self-indulgent approach. We carefully analyze the essence of the IP and the elements that resonate most with the majority of its fans. Based on that, we decide at the very start of planning what to include and what not to include in order to create a compelling game as a single piece of entertainment, and we keep those decisions in mind throughout the development process.

When making a game, the first question we ask is, "What will make customers happy?" I believe many of our titles are born from thinking carefully and logically about how to leverage our strengths to answer that question.

We can never be certain a title will be a hit until it launches, but going through this process helps improve our odds and



ensures we finish the game confident that, as its creators, we are delivering something that offers new value. Producers especially need to have a business mindset, so they must first consider whether there is a market for the game. The entire development team must also understand who will be playing the game and design it with those players in mind. I believe the key to increasing the chances of a hit is to bring together people who are passionate about delivering new and surprising experiences and who continuously hone their skills, and to have them complete the game together.

Striving to Create New Value That Captivates the World

To create hit titles, we need to make games with a unique appeal that only we can create, and keep taking on that challenge. Just as the success of *DYNASTY WARRIORS: ORIGINS* has opened up new possibilities for the future, our Group's strengths in character IPs and game system IPs can serve as a launchpad for other new series and collaborations. I believe that continuing to take on the challenge of creating and strengthening these IPs is our mission for future growth.

New IPs do not just pop into existence. They emerge from sustained, ongoing effort. Going forward, whether it is our own IP or another company's, we will continue to challenge ourselves to create and strengthen character IPs and game-system IPs. By delivering new value, we will continue our journey to become the World's No.1 Digital Entertainment Company.

A Highly Experienced Management Team and Brand Heads

Our incredible teams have both the creativity to build new worlds and the business acumen to drive projects towards success. They form the bedrock of the KOEI TECMO Group's high profitability and sustained growth. Our highly-experienced management team and brand heads have built a culture where all employees consider every part of a project, from the planning stage to the profit review stage, all while delivering high-quality projects on time and under budget.

A management team of highly experienced game creators



President & CEO (Representative Director)

Hisashi Koinuma

Signature work

SAMURAI WARRIORS series
Attack on Titan series
Dynasty Warriors: Gundam series
Multiple collaborations



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

Yoichi Erikawa

Signature work

NOBUNAGA'S AMBITION series
Romance of the Three Kingdoms series
Winning Post series
Nioh series



Director and Chairman Emeritus

Keiko Erikawa

Signature work

Neo Romance series
Chief Visual Director

Next-generation leaders creating hit games



KOEI TECMO GAMES CO., LTD.
Director & Executive Vice President
Representative of AAA Games Studio
Yosuke Hayashi

Signature work

Director, *Nioh*
Producer, *Hyrule Warriors: Age of Imprisonment*
2021: KOEI TECMO GAMES CO., LTD.
Director & Executive Vice President.
2024: Representative of AAA Games Studio



KOEI TECMO GAMES CO., LTD.
Senior Executive Officer
General Manager of Entertainment Division
Yukinori Ito

Signature work

Director, *Yo-kai Sangokushi*
General Producer, *Romance of the Three Kingdoms Hadou*
2021: Brand Head of KOU SHIBUSAWA
2025: General Manager of Entertainment Division



KOEI TECMO GAMES CO., LTD.
Executive Officer
Brand Head of KOU SHIBUSAWA
Keisuke Sawada

Signature work

Director, *Romance of the Three Kingdoms Hadou*
Producer, *Romance of the Three Kingdoms Hadou*
2025: Brand Head of KOU SHIBUSAWA



KOEI TECMO GAMES CO., LTD.
Managing Executive Officer
Brand Head of Omega Force
Tomohiko Sho

Signature work

Director, *DYNASTY WARRIORS 6*
Producer, *DYNASTY WARRIORS: ORIGINS*
Development Producer, *Pokémon Pokopia*
2021: Brand Head of Omega Force



KOEI TECMO GAMES CO., LTD.
Managing Executive Officer
Brand Head of Team NINJA
Fumihiko Yasuda

Signature work

Development Producer/Director, *Rise of the Ronin*
Producer, *NINJA GAIDEN 4*
General Producer, *Nioh 3*
2020: Brand Head of Team NINJA



KOEI TECMO GAMES CO., LTD.
Managing Executive Officer
Brand Head of Gust
Junzo Hosoi

Signature work

Producer, *Atelier Ryza: Ever Darkness and the Secret Hideout*
Producer, *BLUE REFLECTION*
Producer, *Atelier Yumia: The Alchemist of Memories & the Envisioned Land*
2020: Brand Head of Gust



Managing Director & CSuO
Brand Head of Ruby Party
Mei Erikawa

Signature work

Producer, *Buddy Mission BOND**1
General Producer, *Haruka: Beyond the Stream of Time*
Ryugu no Miko
2016: Brand Head of Ruby Party
2025: Managing Director & CSuO



KOEI TECMO GAMES CO., LTD.
Executive Officer
Brand Head of midas
Keisuke Kikuchi

Signature work

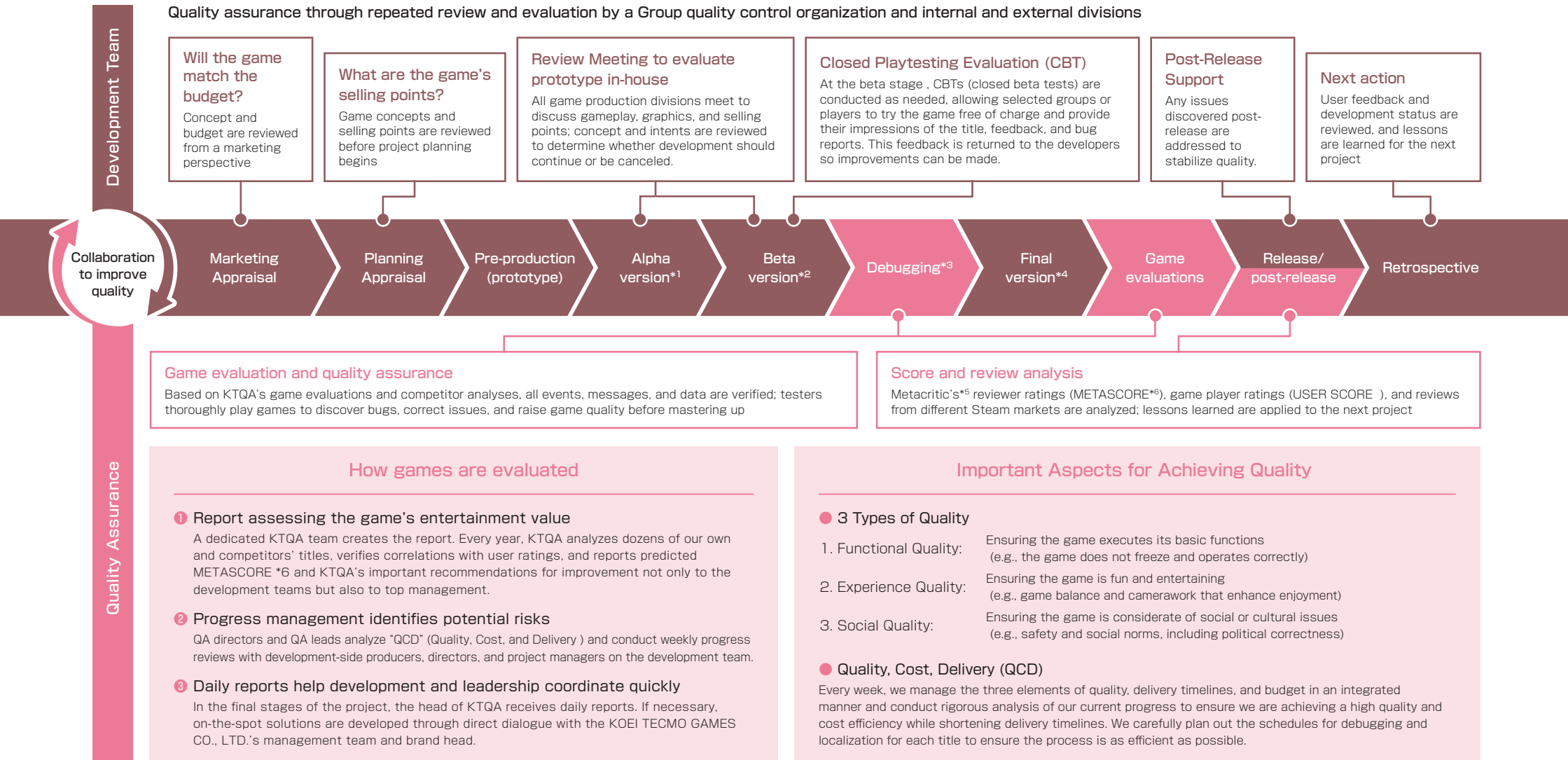
Development Producer, *NOBUNAGA'S AMBITION: Shutsujin*
Producer, *FATAL FRAME*
Development Producer, *Nights of Azure*
2021: Brand Head of midas

Management Framework and Quality Control System

To achieve project operating profit ratios of 30% or higher, the Group thoroughly maintains rigorous control over quality, delivery timeliness, and budget in each phase. KOEI TECMO QUALITY ASSURANCE (KTQA), a specialized subsidiary for quality control, takes a third-party perspective in managing the quality of our content. Building this multi-layered, multifaceted evaluation system allows us to continue to create titles of high quality, supporting high profitability.

A Management Framework that Strictly Adheres to Quality, Delivery Timeliness, and Budget

Quality assurance through repeated review and evaluation by a Group quality control organization and internal and external divisions



*¹ Alpha version: Early in development, basic elements of the game are completed. *² Beta version: Most major components of the game have been implemented. *³ Debugging: Checking for defects or bugs in the game programming before release.

*⁴ Final version: All game elements are implemented, and the game is mostly completed. *⁵ Metacritic: A review aggregation website for games, movies, etc. that provides two types of quantified evaluation, i.e., the USER SCORE based on user reviews, and the METAScore based on game critics' reviews. *⁶ METAScore: An assessment score given by game critics on Metacritic, a review aggregation website for games, movies, etc.

At KOEI TECMO, we use our proprietary game engine, KATANA ENGINE™, which enables high-quality game production, to provide a development environment where creators can quickly and freely bring their ideas to life.

What is the KATANA ENGINE™?

KATANA ENGINE™ is KOEI TECMO's one-of-a-kind game engine that enables high-quality game production. The engine integrates the tools, libraries, and data management functions our developers need to create our games. We develop a wide range of functions in-house, including AI, graphics, simulations for secondary-motion elements such as cloth and strings, physics simulations, sound, and networking, allowing us to respond flexibly to changing times, customer needs, and advances in technology. This engine, which undergoes continual updates, optimizes our development processes and addresses a diverse range of needs.

With the KATANA ENGINE™, our developers can quickly and freely bring their ideas to life, all while achieving both greater efficiency and higher quality, as well as curbing production costs and project risks.

What is Game Engine?

An integrated development environment that brings together the functions required for game development. It combines a wide range of elements, from graphics and sound to specialized features tailored to the development of individual games. This eliminates the need to build everything from scratch, speeding up development and enabling higher-quality games to be created in a shorter period.

Benefits of Using Our Proprietary Game Engine

● Title-specific optimization

While generic engines have functional constraints and must cater to the needs of other companies, the KATANA ENGINE™ is highly scalable and customizable, allowing further optimization on each of our game titles.

● Support for engine users

We hold ongoing internal workshops and provide other support to help developers take full advantage of the engine's capabilities, aiming to improve the quality of titles using KATANA ENGINE™ and make development more efficient.

*1 An editor for creating a wide range of character-related data, including textures, secondary-motion elements, and actions.

*2 An editor with tools based on video-production techniques and procedural animation, making it possible to produce high-quality dialogue scenes with natural animation and camerawork at extremely low cost.

Three Competitive Advantages produced by KATANA ENGINE™

① AI-Powered Boosts to Efficiency

The KATANA ENGINE™ is equipped with AI technology, with the aim of further optimize development processes and enable a broad range of creative expression. We are also developing an environment that helps game developers focus on creative work including proprietary reinforcement-learning tools for game-balance adjustment, CG-production support features such as converting video into animation, and as well as building a development environment that enables developers to use AI agents.

② Faster Multi-Platform Development

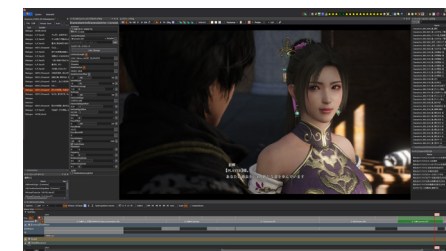
Developing for multiple platforms can be a time-consuming process, but with the KATANA ENGINE™, we can simultaneously address the platform-specific requirements of consoles, PCs, and mobile devices. And because this is all done in-house, we can optimize our development timelines and reduce marketing costs, avoiding missed opportunities caused by staggered schedules, while also achieving a high standard of creative expression.

③ Cross-Functional Deployment

We continually incorporate new functions and AI tools developed for a specific game into the engine so they can also be used in other titles in development across the Group. Thanks to that expansion, every new game we develop feeds a virtuous cycle that boosts both productivity and quality. This ongoing optimization supports a strong foundation for game development that balances creativity and efficiency.



Character editor*1



Timeline-based sequence editor*2

Item	KATANA ENGINE™	Generic engines
① AI-Powered Boosts to Efficiency	○	△
② Faster Multi-Platform Development	○	△
③ Cross-Functional Deployment	○	—