

A dialogue was held with analysts and institutional investors to explore the current business environment and KOEI TECMO's growth strategy going forward. A wide range of topics were discussed, including the impact of generative AI on game development and profitability, the role of people in creating engaging experiences, talent development, overseas market expansion, user base growth, and the company's approach to medium- to long-term growth.

Participants

- Kido, Asset Management One Co., Ltd.
- Komuro, Invesco Asset Management (Japan) Limited
- Namekawa, Schroder Investment Management (Japan) Limited
- Otani, Tokio Marine Asset Management Co., Ltd.
- Satake, Nissay Asset Management Corporation
- Oba, Nomura Asset Management Co., Ltd.
- Yamazaki, Sumitomo Mitsui Trust Asset Management Co., Ltd.
- One other person
- KOEI TECMO: Hisashi Koinuma, Representative Director, President and CEO

Generative AI

Q. Analyst A

Since 2026, some in the stock market have raised concerns that if generative AI makes game development easier, more companies may enter the market, making it harder for the industry to remain profitable. Given this, should generative AI be viewed as a threat to game companies?



A. Koinuma

At our Group, we intend to actively use generative AI by clearly distinguishing between areas of the development process that require human involvement and those that can be handled by generative AI. For processes such as debugging that can function without human intervention, we've been using generative AI to streamline efficiency, which has already led to efficiency improvements.

Q. Analyst A

What are some examples of areas where human judgment is indispensable?

A. Koinuma

One example of something that requires human judgment is determining the hit detection of an attack in a game. The human eye does not always perceive situations exactly as the underlying numerical values suggest. As a result, even when an attack technically connects according to the parameters, we may deliberately adjust the game so that it is not registered as a hit. In other words, this means deliberately overriding the system's judgment. Technical accuracy is not what makes games fun. Games are crafted by exploring what makes them strategically engaging, and that is why I believe judging and adjusting the line where a game feels enjoyable is a task only humans can perform.

Talent Development

Q. Analyst B

At some companies, the benefits of generative AI may be reflected in lower costs. At KOEI TECMO, do you plan to use those efficiency gains to increase the number of game concepts handled per person or the number of games in development? And over what kind of time frame would you expect these benefits to emerge?

A. Koinuma

We expect the productivity gains from generative AI to eventually allow us to increase the number of development lines. To achieve this, it is essential to develop producers who can launch projects. A producer's role is not only to oversee development, but also to consider how the game will generate revenue. We believe it takes approximately 10 to 15 years to develop producers. Experience with hit titles is also important for developing a feel for how to sell a game, so producing successful games is itself an important part of developing talent.

Q. Analyst C

As games have grown larger in scale, development processes and roles have become increasingly specialized. How has this change affected the development of producers?

A. Koinuma

It is certainly more difficult than before for one person to gain experience across a wide range of development processes. However, because our Group develops not only major titles but also smaller titles, remakes, and ports, we are well positioned to create opportunities for producers to understand the full development cycle and see a project through from start to finish. This is also valuable from the perspective of nurturing producer talent.

Overseas Expansion

Q. Analyst D

Could you tell us about your future plans regarding global publishing?

A. Koinuma

We sometimes have other companies publish titles we have developed, but in such cases, there is limited awareness that the titles were developed by KOEI TECMO. To raise awareness of the KOEI TECMO brand overseas, we are not only increasing the number of global titles we publish ourselves, but also using our overseas marketing offices to promote our games to local media and build fan communities through social media. From here forward, we plan to take an even more proactive approach to promotion and marketing.

Q. Analyst E

Over what kind of time frame do you envision developing this strategy?

A. Koinuma

Drawing on examples from overseas, we plan to develop this strategy over the next two to three years. We also believe it is important to build a track record. We aim to create a brand that inspires confidence and to raise the value of individual titles, the corporate brand, and each of our sub-brands.

Content

Q. Analyst F

I imagine content is valued differently from region to region, but is there something universal about what makes content entertaining?

A. Koinuma

Yes. We believe there are universal elements to what makes a game enjoyable. However, appropriate localization is necessary to ensure that our games can be understood and enjoyed by people from different cultural backgrounds. Localization can place a significant burden on the development process, but within the Group, KOEI TECMO Quality Assurance handles localization to ensure it is done properly. We plan to continue to strengthen our localization and culturalization efforts while expanding into emerging markets.

Q. Analyst C

As short-form content continues to spread, how do you see the role of games changing within the broader entertainment landscape?

A. Koinuma

Now that people spend much of their free time on smartphones, we are competing with other content, such as short-form videos, for the time users are willing to devote to games. I believe the key will be whether we can create games that fit users' lifestyles.

Q. Analyst C

When developing new installments in existing series, do you also take steps to attract new users?

A. Koinuma

We strive to make games easy to get into when players first experience them, although the approach differs by genre. Even within action games, some titles are highly challenging while others are relatively accessible, so we make sure there is an approachable entry point suited to each target audience.

Future Outlook

Q. Analyst B

What information do you use internally to forecast future growth and formulate plans?

A. Koinuma

We currently formulate plans based on a title lineup that covers roughly the next five years, and we set profitability and growth-rate targets for each brand. Their growth trajectories vary, but we have significantly increased both our development workforce and the number of titles in development.

Going forward, we plan to steadily expand the number of IPs we own, although our plans will naturally change if a major hit emerges or a new IP takes off. We will also coordinate our efforts across the Group toward entering the world's top ten by creating new IPs that can place us on a distinct growth trajectory.