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Financial Results for the First Half of the Fiscal Year Ending March 2025

October 28, 2024

KOEI TECMO HOLDINGS CO., LTD.

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Financial Summary

KOEI TECMO HOLDINGS CO, LTD
Director, Senior Executive Officer & CFO

Kenjiro Asano



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My name is Asano, and I am the Executive Managing Director and Chief Financial Officer of Koei Tecmo.

Thank you very much for taking the time to attend our financial results briefing today.

I will now provide an overview of the financial results for the second quarter of the fiscal year ending March 2025.



Financial Summary(Compared to Previous Year)

(Million Yen)

| | FY23 1st Half
Actual | | FY24 1st Half
Actual | | Vs Previous Year | |
|------------------|-------------------------|--------------|-------------------------|--------------|------------------|----------------|
| | Amount | Profit Ratio | Amount | Profit Ratio | Amount | Percent Change |
| Sales | 39,722 | - | 35,197 | - | (4,525) | -11.4% |
| Operating Profit | 13,855 | 34.9% | 10,651 | 30.3% | (3,204) | -23.1% |
| Ordinary Profit | 23,201 | 58.4% | 21,000 | 59.7% | (2,201) | -9.5% |
| Net Profit | 16,795 | 42.3% | 15,975 | 45.4% | (820) | -4.9% |

◆Point

[Sales Console/PC] Focused on back catalog. In the previous year, three new titles were released

[Sales Mobile] Existing titles performing steadily

[Expenses] Decrease in outsourcing costs, advertising expenses, and development cost covered by partners

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The consolidated financial results for the 1st half are as stated.

Key developments include a focus on existing titles in both the console/PC and online/mobile sectors.

Regarding non-operating income and expenses, we maintained a bond-centered portfolio, allowing for agile responses, which resulted in exceeding the previous year.



Financial Summary(Compared to Initial Forecast)

(Million Yen)

| | FY24 1st Half
Initial Forecast | | FY24 1st Half
Results | | Change | |
|-------------------------|-----------------------------------|--------------|--------------------------|--------------|---------|----------------|
| | Amount | Profit Ratio | Amount | Profit Ratio | Amount | Percent Change |
| Sales | 38,000 | - | 35,197 | - | △ 2,803 | -7.4% |
| Operating Profit | 8,000 | 21.1% | 10,651 | 30.3% | 2,651 | 33.1% |
| Ordinary Profit | 13,000 | 34.2% | 21,000 | 59.7% | 8,000 | 61.5% |
| Net Profit | 10,000 | 26.3% | 15,975 | 45.4% | 5,975 | 59.8% |

◆Point

- [Sales Console/PC] The back catalog has exceeded expectations
- [Sales Mobile] Sales on self-published titles (launched in 2023) are weaker than expected
- [Expenses] Decrease in personnel costs, outsourcing costs and advertising expenses

Note: For the assumptions regarding the initial performance forecast, please refer to the supplementary materials (p36)

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Here is the differences from the initial performance forecast.

In the mobile sector, while sales of our titles launched in FY2023 did not meet the initial plan, the revenue exceeded our expectations, contributing positively to operating profit.

Additionally, the performance of back catalog and repeat sales in the console sector surpassed our plans, and cost reductions in outsourcing and advertising expenses also contributed to operating profit exceeding the initial forecast.

Expenses and Personnel Count

| | | FY23 | FY24 | Change | (million yen/person) |
|-------------------|--------------------------------|--------|--------|---------|--|
| | | H1 | H1 | | vs Outlook Comparison [1]
/ Changes in Trends |
| Employment Costs | COGs | 9,360 | 9,550 | 190 | — |
| | SGA | 2,320 | 2,340 | 20 | — |
| | | 11,680 | 11,890 | 210 | Decrease / No Change |
| Outsourcing Costs | COGs | 4,360 | 3,210 | (1,150) | Decrease / No Change |
| Advertizing Costs | SGA | 1,730 | 1,240 | (490) | Decrease / No Change |
| Headcount* | *Excluding temporary employees | 2,562 | 2,736 | 174 | Generally as Expected / No Change |

◆ Other Expenses

- Development cost covered by partners ^[2]:
Decreased compared to the previous year, increased compared to the previous quarter
- Sales commissions and royalty expenses (selling and administrative expenses):
Decreased compared to the previous year and decreased compared to the previous quarter^[3]

[1] For the cost outlook as of the beginning of the fiscal year, please refer to the supplementary materials (p40)

[2] The development cost burden from partners is recorded as a reduction in cost of goods sold. The amount recorded, titles involved, and contract terms with partners are not disclosed.

[3] Comparison of the total sales commission and royalty fees with the previous year and the previous quarter.

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The main expenses and personnel numbers are shown.

There has been no significant change in the trend of investment in human resources, and we continue to actively hire and increase base salaries. Personnel expenses remained at the same level as the previous year due to the impact of performance bonuses in previous year.

Outsourcing costs include development expenses for titles to be released in the future, as well as server costs and debugging expenses.

Additionally, while advertising expenses include costs for advertising our online and mobile operating titles.

There were no one-time costs related to collaborative titles or advertising expenses associated with new title releases compared to the previous year.

As a result, costs were reduced, positively contributing to our earnings.

Results by Segment

| | | (Million Yen) | | | |
|-------------------------|------------------|------------------|------------------|---------|--|
| | | FY23
1st Half | FY24
1st Half | Change | Factors for Change |
| Entertainment | Sales | 37,210 | 32,761 | (4,449) | Decrease in sales from Console/PC and Online/Mobile |
| | Operating Profit | 13,652 | 10,371 | (3,281) | |
| Amusement | Sales | 1,952 | 2,083 | 131 | For SP business, a decrease in commissioned sales;
For AM facility business, one new store opened and existing stores performance stable. |
| | Operating Profit | 353 | 252 | (101) | |
| Real Estate | Sales | 603 | 600 | (3) | Decrease in costs |
| | Operating Profit | 97 | 145 | 48 | |
| Others | Sales | 174 | 153 | (21) | - |
| | Operating Profit | (248) | (118) | 130 | |
| Corporate & Elimination | Sales | (217) | (402) | (185) | - |
| | Operating Profit | - | - | - | |
| Total | Sales | 39,722 | 35,197 | (4,525) | - |
| | Operating Profit | 13,855 | 10,651 | (3,204) | |

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The sales and operating profit by segment are as follows.

As explained in the consolidated results, the entertainment segment performed accordingly.

In the amusement segment, while the contracted development sales for the SP business decreased compared to the same period last year.

For the amusement facility business, the new store that opened in July contributed positively, and the sales from existing stores exceeded the previous year's figures, resulting in an increase in overall sales.

The real estate segment saw an increase in profit due to less maintenance and management costs for existing properties.

In the other segment, we recorded management fees for the funds we invested in within our venture capital business.

Sales by Region

(Million Yen)

| | FY23
1st Half | | FY24
1st Half | | Vs Previous Year | |
|-------------------|------------------|-----------------|------------------|-----------------|------------------|----------------|
| | Amount | Component Ratio | Amount | Component Ratio | Amount | Percent Change |
| Japan | 23,451 | 59.0% | 20,792 | 59.1% | (2,659) | -11.3% |
| Overseas | 16,271 | 41.0% | 14,405 | 40.9% | (1,866) | -11.5% |
| N. America | 3,715 | 9.4% | 4,255 | 12.1% | 540 | 14.5% |
| Europe | 1,324 | 3.3% | 1,403 | 4.0% | 79 | 5.9% |
| Asia | 11,232 | 28.3% | 8,747 | 24.9% | (2,485) | -22.1% |
| Total | 39,722 | 100.0% | 35,197 | 100.0% | (4,525) | -11.4% |

Note: On a consolidated basis including all business segments

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Sales by region are as follows.

The sales ratio between Japan and overseas remains similar compared to the same period last year.

Breakdown on the Sales for Entertainment Segment

| | | (Million Yen) | | | |
|--|------------------------|------------------|------------------|----------------|--|
| | | FY23
1st Half | FY23
1st Half | Change | Contents |
| Console/PC ^[1] | Package ^[2] | 6,450 | 5,391 | (1,059) | |
| | DL ^[2] | 7,050 | 6,220 | (830) | FY23: Release of three new titles |
| | DLC ^[3] | 1,170 | 1,010 | (160) | FY24: Focus on back catalog |
| | | 14,670 | 12,621 | (2,049) | |
| Online/Mobile | Online | 300 | 210 | (90) | FY23: Three new titles |
| | Mobile ^[3] | 21,840 | 19,530 | (2,310) | FY24: Focus on existing titles, with two titles ending service |
| | | 22,140 | 19,740 | (2,400) | |
| Events & Goods | | 400 | 400 | 0 | — |
| Sales for Entertainment Segment | | 37,210 | 32,761 | (4,449) | |

[1]Includes in-house titles and collaboration/cooperative titles /Also aggregates other companies' publishing titles accounted as royalties, categorized by product type
 [2]Includes not only packaged product sales but also royalties related to distribution licenses, development compensation sales, and contract fees
 [3]Details of amounts and changes are not disclosed Includes royalty sales related to IP licensed titles currently in operation
 The amount and ratio of IP licensing sales are not disclosed

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The breakdown of sales in the entertainment segment is as follows:

In the previous year, there were new titles in both the console/PC and online/mobile sectors.

However, this year has seen a focus on existing titles, which has led to a struggle in sales compared to the previous year.

Despite this, contributions from last year's titles and established franchises, along with improved profitability of mobile titles, have resulted in performance exceeding initial expectations.

Console/PC Unit Sales

(1000 Copies)

| | FY23 1st Half | | FY24 1st Half | | Vs Previous Year | |
|--------------|---------------|-----------------|---------------|-----------------|------------------|----------------|
| | Units | Component Ratio | Units | Component Ratio | Units | Percent Change |
| Japan | 1,270 | 36.8% | 900 | 33.8% | (370) | -29.1% |
| Overseas | 2,180 | 63.2% | 1,760 | 66.2% | (420) | -19.3% |
| N. America | 960 | 27.8% | 710 | 26.7% | (250) | -26.0% |
| Europe | 540 | 15.7% | 440 | 16.5% | (100) | -18.5% |
| Asia | 680 | 19.7% | 610 | 22.9% | (70) | -10.3% |
| Total | 3,450 | 100.0% | 2,660 | 100.0% | (790) | -22.9% |
| DL Units | 2,430 | 0.0% | 2,085 | | (345) | |
| DL Ratio | 70.4% | 0.0% | 78.7% | | +8.3pt | |

◆ Main Content

- "Rise of the Ronin" Repeat
- Focuses on back catalog titles, primarily in-house and collaborative staple titles

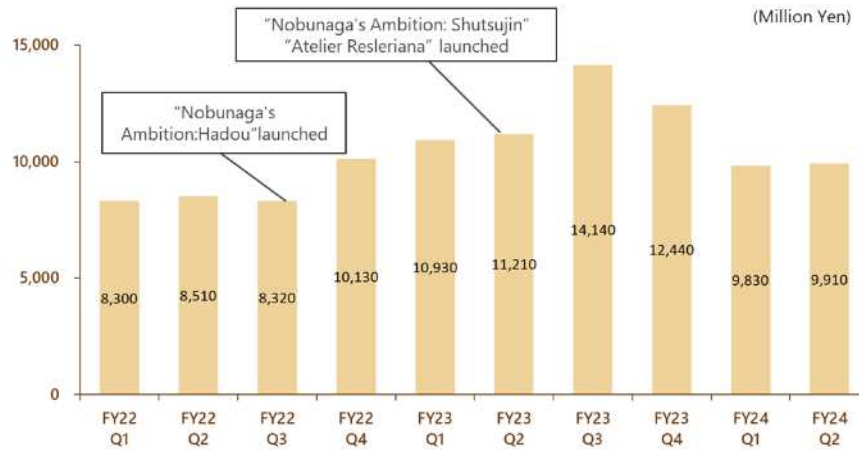
Note: The sales figures for other companies' publishing titles (collaborative and cooperative), including "Rise of the Ronin", are not disclosed

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The total number of units sold globally in the console sector reached 2.66 million.

The overseas sales ratio accounted for 66.2% of the total units sold.

Sales Trend in Online/Mobile



◆ Point

In the fiscal year 2024, sales has been on stable trend,
 existing titles having shown recovery from Q1 to Q2

Note: The breakdown of sales in this area, as well as the sales, ratios, and trends of individual titles in IP licensing, are not disclosed

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Here is the sales trend in the online and mobile sector.

In the first and second quarters, sales remained relatively flat.

Due to the stable performance of existing titles, the sales recovered compared to the previous quarter.

Earnings Forecast

| | FY23 | | FY24 | | Progress |
|-------------------------|-------------------|-------|--------------------|-------|----------|
| | Half-year Results | | Full Year Forecast | | |
| | Amount | Ratio | Amount | Ratio | |
| Sales | 35,197 | - | 90,000 | - | 39.1% |
| Operating Profit | 10,651 | 30.3% | 30,000 | 33.3% | 35.5% |
| Ordinary Profit | 21,000 | 59.7% | 40,000 | 44.4% | 52.5% |
| Net Profit | 15,975 | 45.4% | 30,000 | 33.3% | 53.3% |

(Million Yen)

◆ The full-year forecast remains unchanged

- There are no changes to the assumptions underlying the performance forecast
- Variable factors and risks: Sales figures for new titles (concentrated in Q3 and beyond) and sales of mobile titles
- Except business performance, no risks, such as unexpected costs, are anticipated

Note: Quarterly internal plans, planned values for each expense, and sales by sector in the entertainment business are not disclosed
 Details regarding the assumptions of the initial performance forecast are provided in the supplementary materials (p 36)

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I will explain the performance forecast.

The full-year performance forecast remains unchanged.

As of the end of the second quarter, results have exceeded the initial expectations.

However, considering that new titles in the console sector are concentrated in the third quarter and beyond, as well as the trends in the global economy and financial markets, no revisions have been made.

Additionally, there are no changes to other assumptions on initial forecast, and we do not anticipate risks, which is not regarding business performance, such as one-time expenses.

This concludes my explanation of the financial results for the second quarter of fiscal year 2024.

Mid to Long-Term Management Policy

KOEI TECMO HOLDINGS CO, LTD
President & CEO (Representative Director) **Yoichi Erikawa**



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My name is Erikawa, and I am the President and CEO of Koei Tecmo.

Thank you very much for taking the time to attend our financial results briefing today. I will explain the mid-to long-term management policy of the Koei Tecmo Group.

The 3rd Mid-Term Management Plan: Progress

◆ **Operating income target of 40 billion yen**

Progress: The plan for FY2024 is 30 billion yen
→ Re-challenge under the 4th Medium-Term Management Plan

◆ **Console titles with sales of 5 million copies (new IP)**

Progress: 2 titles during the period

◆ **Console titles of 2 million copies level each period**

Progress: 4 titles during the period

◆ **Smartphone game with monthly sales of 2 billion yen**

Continue to aim for achievement

◆ **Multiple smartphone games with monthly sales of 1 billion yen**

Progress: A total of 2 titles during the period

The 4th Mid-Term Management Plan would be announced at the beginning of FY2025



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This fiscal year marks the final year of our third mid-term management plan, and the progress of our current key objectives is as shown.

We anticipate that all the titles we aimed to release during this period will be launched. There were both achieved and unmet targets regarding sales volume and monthly revenue.

We will continue to challenge ourselves to meet our goals, including achieving an operating profit of 40 billion yen and creating AAA-class titles.

Mid to Long-Term Direction

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

3rd Mid-Term Plan (Current)

- 14th in the world as of FY2023 ^[1]
- 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^[1]
- 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

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I will explain the mid- to long-term direction.

As a long-term milestone toward our vision, we aim to be among the top 10 in the world in terms of operating profit in the digital entertainment business of game companies.

As of the end of fiscal year 2023, we are ranked 14th globally. We recognize that our development and publishing systems are still in a growth phase, and we plan to actively expand our structure.

Even as we work on building this framework, we aim to increase operating profit at a rate of 10% per year, balancing growth potential and profitability.

To enter the top 10, we believe it is essential to create diverse titles and release major titles annually.

We are currently working on formulating our fourth mid-term management plan.

Vision



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⁽¹⁾ 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



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Our vision is to be the "World's Number One Digital Entertainment Company."

Achieving the number one position in operating profit in the digital entertainment sector is a very high goal, but we aim to grow step by step while honing our skills.

In the third mid-term management plan, we moved up from 17th to 14th in the global rankings. With the long-term goal of entering the top 10 as our banner, all employees will work together toward this objective.

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

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I will discuss our fundamental philosophy.

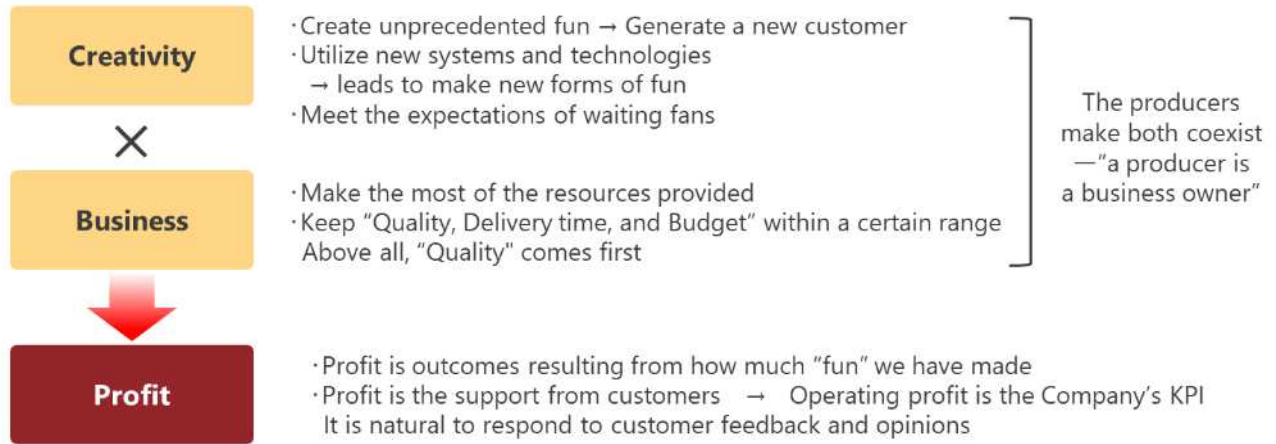
At Koei Tecmo, we uphold the spirit of "Creation and Contribution." We aspire to be a company that contributes to society by creating new value.

"Creation" means generating new forms of enjoyment. We believe it is essential to produce unprecedented entertainment, including unique and innovative content, and to enhance existing enjoyment by adding new value.

"Contribution" refers to the idea that by creating new enjoyment, we can provide our customers with the greatest emotional experiences, which in turn generates joy and vitality for society. Additionally, customer satisfaction is a source of joy for creators, and we see it as a driving force that contributes to their sense of purpose and fulfillment in their work and lives.

KOEI TECMO Ethos ~Creativity & Contribution~

Profit is a reflection of Customer's Expectations and Support



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To create the best content, it is essential to balance creativity and business.

In our company, it is the producer who realizes this balance. Producers develop projects that generate new forms of enjoyment and manage them to ensure that "quality, deadlines, and budgets" remain within certain parameters.

The level at which this can be achieved translates into profit. Additionally, profit reflects the supportive voices from our customers, such as "I enjoyed it" and "I look forward to the sequel." These encouraging words motivate producers and creators, driving the growth of the Koei Tecmo Group.

By sharing this spirit with all employees, we will strive to create the best content and aim for the number one position in the world.

We appreciate your continued support.

Business Highlights

KOEI TECMO HOLDINGS CO, LTD
Executive Vice President (Representative Director)
KOEI TECMO GAMES CO, LTD
President & COO (Representative Director)

Hisashi Koinuma



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My name is Koinuma, and I am the Vice President and Representative Director of Koei Tecmo.

I will first explain the business highlights for the first half of the fiscal year.

Major Titles on FY2024 1st Half

| Segment | Title/Platform | Launch | Region | Publisher |
|---------|--|-----------|--------------|--------------------------------|
| Console | Rise of the Ronin | Mar.2024 | Global | Sony Interactive Entertainment |
| PC | PlayStation®5 → Plan to support PlayStation®5 Pro | | | |
| | Romance of the Three Kingdoms:Hadou
iOS/Android/PC(Steam) | Sep.2020 | Japan/Asia | KOEI TECMO GAMES |
| | Nobunaga's Ambition: Hadou
iOS/Android/PC(Steam) | Dec.2023 | Japan | KOEI TECMO GAMES |
| | Nobunaga's Ambition: Shutsujin
iOS/Android | Aug..2023 | Japan/Asia | KOEI TECMO GAMES |
| | Atelier Resleriana: Forgotten Alchemy and the Polar Night Liberator
iOS/Android/PC(Steam) | Sep.2023 | Japan/Global | KOEI TECMO GAMES |

◆Other Factors

- [Business Environment] No significant changes in the short term
- [Console/PC] The common titles in back-catalogue contributed (in-house and collaborations)
- [Online & Mobile] The "Hadou" series continues shows stable revenue over the long term

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The main titles for the first half of the fiscal year are as follows.

In the console sector, the repeat sales of "Rise of the Ronin," which was released at the end of the previous fiscal year, and back catalog contributed positively.

In the online and mobile sector, the "Hadou" series continues to provide steady contributions. Although the titles released in 2023 have not yet met expectations, sales have stabilized since the beginning of this fiscal year, aiming for long-term revenue contributions.

Pipeline

| Segment | Title/Platform | Launch | Region | Publisher |
|---------|--|------------|------------|------------------|
| Console | ROMANCE OF THE THREE KINGDOMS 8 REMAKE | Oct.2024 | Global | KOEI TECMO GAMES |
| PC | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | |
| | FAIRY TAIL 2 | Dec.2024 | Global | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | |
| | DYNASTY WARRIORS: ORIGINS Major Title | Jan.2025 | Global | KOEI TECMO GAMES |
| | PlayStation®5/Xbox Series X S/Windows(Steam) | | | |
| | Atelier Yumia: The Alchemist of Memories & the Envisioned Land | Mar.2025 | Global | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | |
| | Venus Vacation PRISM - DEAD OR ALIVE Xtreme - | Early 2025 | Japan/Asia | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Windows(DMM GAMES, Steam) | | | |
| | Atelier Resleriana: The Red Alchemist & the White Guardian | 2025 | Japan | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | |

► In addition, several unannounced titles (up to mid-tier) are scheduled for release within the fiscal year

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The pipeline is as follows.

We will release our flagship title for fiscal year 2024, "DYNASTY WARRIORS ORIGINS," in January. We are working on development aiming for a million-unit hit upon launch.

Additionally, we plan to release several unannounced titles within the fiscal year.

Furthermore, "ROMANCE OF THE THREE KINGDOM 8 REMAKE," released on October 24, had a good start, achieving the number one spot on the Steam sales rankings in Japan, Taiwan, South Korea, and other regions on its launch day.

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^[1]
 - 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 ^[2] | Total |
|------------------|-------------------------------|-----------|------|------|---------------------|-------|
| Console
PC | Major | AAA Class | 1 | 1 | - | 6 |
| | | Others | 2 | 1 | 1 | |
| | up to Mid Tier ^[3] | | 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

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I will explain the policy regarding the mid-term pipeline.

In preparation for the fourth mid-term management plan, development is already underway for many titles.

The number and scale of the titles in development are expected to be roughly equivalent to those in the third mid-term plan, but we aim for a well-balanced content across four revenue streams.

Taking lessons from the third mid-term plan into account, we are rethinking our lineup to ensure that our performance does not rely solely on challenge titles, thereby reassessing the risk balance.

Strategy & Challenges

KOEI TECMO HOLDINGS CO, LTD
Executive Vice President (Representative Director)
KOEI TECMO GAMES CO, LTD
President & COO (Representative Director)

Hisashi Koinuma



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I will explain our strategies and challenges.

Towards Further Growth

"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



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To achieve long-term growth, it is essential to focus on the creation of IP and the enhancement of our development capabilities.

As management policy, we have emphasized "the creation and expansion of global IP," and we consider "IP creation" is a critical challenge. The emergence of new IPs can generate revenue opportunities through series and collaborations. We aim to continue challenging ourselves across various fields, not just with large titles.

Additionally, we will actively invest in strengthening our development structure.

This includes vertical expansion in terms of increasing development resources and horizontal expansion in terms of broadening the number and variety of titles.

Especially for large titles, we believe that carefully crafting content and thoroughly refining the details are key requirements for success.

We are working to improve our foundational development capabilities to achieve this.

Towards Further Growth

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. | | | | | | |
| | <ul style="list-style-type: none"> •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

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We believe that our company's strength lies in our ability to develop a diverse genre of titles with high quality.

This is made possible by our seven uniquely talented development divisions. At Koei Tecmo Games, we have a development structure consisting of six brands and one studio, with each division responsible for its own profit and loss as well as growth, aiming for autonomous development.

By enhancing our development structure and further leveraging the strengths of each brand, we aim for mid-to long-term growth.

Strategy – Console & PC



Positioning:

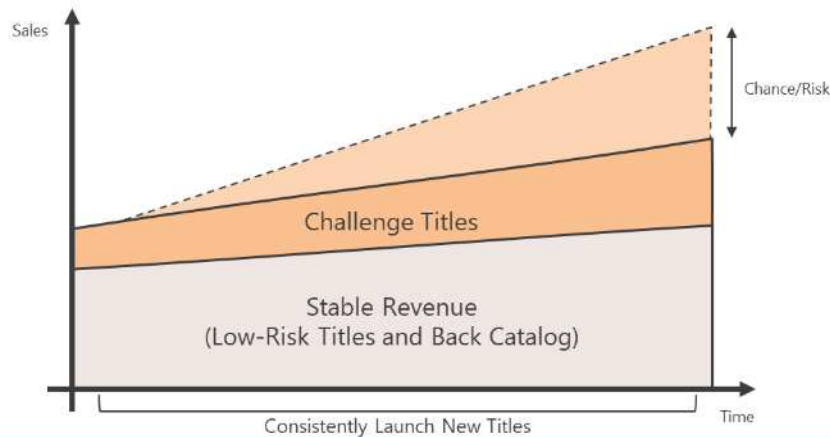
Increase growth rate through two axes:

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



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*The diagrams are for illustrative purposes only and do not represent planned values

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I will explain our strategy.

We aim to achieve growth in both the console/PC and online/mobile sectors.

Within this framework, we position the console sector as a key driver of high growth.

By enhancing our development capabilities, we will focus on increasing both the number of titles we can release and the sales unit volume, pursuing growth along two axes:

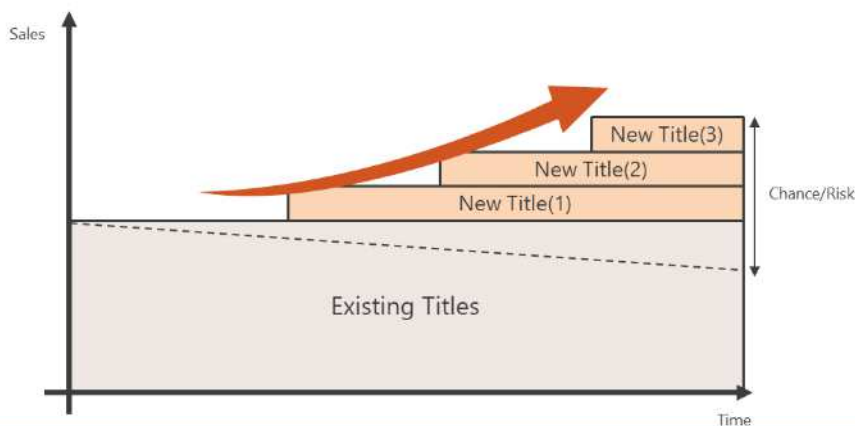
First, stable revenue. By releasing profitable titles, such as series, every fiscal period, we aim for steady growth.

Second, challenge titles. We will invest the funds generated from stable revenue into challenge titles. By venturing into new IPs and genres, we aim to create long-term revenue opportunities.

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



*The diagrams are for illustrative purposes only and do not represent planned values

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Here is our strategy for the online and mobile sector.

We expect the online and mobile sector to serve as a stable source of revenue, supporting our performance by covering the upfront investments in development titles.

Our approach is to create titles that contribute over several years, and by accumulating new releases, we aim to expand sales across the entire sector.

The domestic mobile market is particularly competitive, but we recognize that establishing a unique positioning, as seen with the "Hadou" series, is a winning strategy.

Based on this approach, we will strive to balance growth and profitability in both the console and online/mobile sectors.

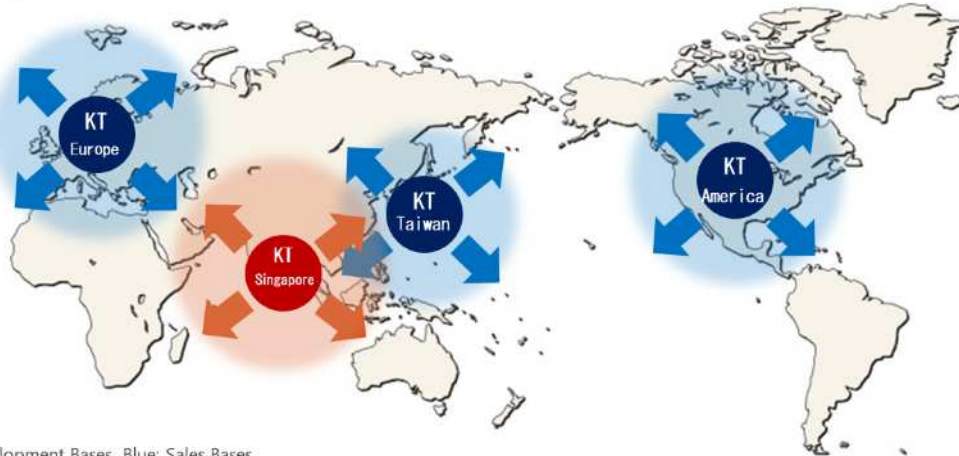
Strategy – Region

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.

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Here is our regional strategy.

In the console and PC sectors, we recognize that there is growth potential in North America, Europe, and China/Asia. It is particularly important to achieve significant global sales with large titles, and to that end, we will strengthen our marketing structure.

In the online and mobile sector, we will challenge both our own titles and licensed IP titles in key regions such as Japan and neighboring Asian countries, including China, as well as in global markets like North America.

Looking to the future, we aim to develop markets centered around Koei Tecmo Singapore, including India and Southeast Asia.

Development Challenges and Initiatives

| Challenges | Initiatives | Detail/Plan |
|---|---|--|
| 1
Expansion of development system | Hiring Over 200 People for FY2024 (Mainly New Graduates) ^[1] | 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 ^[2] | Progressing Automation Features for Asset Production ^[3] 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

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I would like to introduce our current efforts regarding the four development challenges explained at the beginning of the fiscal year.

For the expansion of our development structure, we are continuing our proactive hiring, primarily focusing on new graduates.

To improve title quality, we are advancing the graphic technology of the KATANA ENGINE. We are also working on title development using a general-purpose engine, aiming for further improvements in quality and cost.

Regarding cost reduction, we are developing automated production technologies and implementing AI to automate certain processes.

We are also strengthening our budget management structure.

In terms of marketing, we have begun discussions aimed at building a long-term framework. Additionally, we are accumulating research and know-how to gain high recognition.

For all these challenges, we are committed to not just short-term solutions but to a process that will enable us to acquire the competitiveness needed to compete globally in the long term.

That concludes my explanation.

We're truly grateful for your kind attention today.



Level up your happiness

Disclaimer

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

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