

Proposing Optimal Management and Supporting Sustainable Growth along with Societal Contribution

Building KOEI TECMO's unique governance as a global company

Tejima I believe KOEI TECMO's approach to governance is more rigorous than that of most companies. While the founding Erikawa family may have a strong public presence, this has actually heightened Chairperson Erikawa's and President Erikawa's dedication to governance. For instance, the Company strengthened its team of outside directors early on, fostering a highly open Board where independent voices contribute to meaningful discussions, enhancing Board effectiveness. President Erikawa has also expressed his intent to delegate operations to younger leaders while focusing on oversight, demonstrating a commitment to prevent the drawbacks of owner-led management and establish governance suitable for global expansion.

Sato The Company was formed through the 2009 merger of KOEI Co., Ltd. and TECMO, LTD.,



Masao Tejima
Outside Director

Hiroshi Kobayashi
Outside Director

Fumiko Hayashi
Outside Director

Tatsuo Sato
Outside Director

Michiaki Ogasawara
Outside Director

establishing a holding company structure, and further expanded with the addition of Gust Co., Ltd. in 2011. As part of the post-merger integration, KOEIC TECMO launched "brand-based management" in 2016, creating

individuality of developers, offers an ideal environment not only for current staff but also for welcoming new partners into the Group.

*1 The environment in which games can be played, including hardware and devices.

distinct organizational "brands" focused on developing unique IPs and generating new IPs, with each brand managed by its own leader. This approach has become standard practice, and it is highly commendable that the strong individuality of each brand is maintained within the holding company structure. This serves as a foundation for growth and can open up new M&A opportunities.

Looking ahead, on the global stage, we will likely see many small yet highly talented companies emerging as new technologies and platforms*1 develop. Some of these small but potent companies may prefer integration within a larger organization rather than going public. KOEI TECMO's management framework, which embraces the

Hayashi The fact that no compliance incidents have occurred for several years is, in my view, clear evidence of a high level of governance awareness. Chairperson Erikawa and President Erikawa have a strong sense of responsibility and a deep commitment to employees and societal contributions, which is reflected in their meeting discussions, where they carefully consider how to communicate and advance these values. It is precisely because they actively convey these values to other executives and employees that the Company's governance framework has naturally become stronger.

Ogasawara Being listed on the Tokyo Stock Exchange's Prime Market incurs costs, but management has made a conscious decision to pursue this path, demonstrating a strong commitment to ensuring compliance and protecting minority shareholders. In turn, the management division consistently operates with a high level of awareness. Regarding performance, while much of the success in owner-managed companies relies on the abilities of the founder, at KOEI TECMO, the performance of executives beyond the founder is also exceptional. This has allowed the Company to achieve significant growth over the past decade. In FY2023, while net profit increased, operating profit saw slight stagnation. Management views this as a form of "growing pains" and is focused on establishing a solid foundation for future growth.

Sato The Company has made sincere efforts to strengthen its governance. In doing so, rather than chasing governance trends or fads, it has built a governance structure based on its long-term vision and Medium-Term Management Plan. I find this approach commendable. As a result, while KOEI TECMO's governance framework may not necessarily be the most cutting-edge, it has, in practice, become a very solid structure. For example, although it is not a Company with committees, it has established a Nomination & Remuneration Committee to strengthen corporate governance, and it functions effectively. Moving forward, it will be important to continue enhancing governance in a way that aligns with the pace of the Company's growth.

Board of Directors: Leveraging presidential experience for diverse and insightful discussions

Kobayashi The Board engages in active discussions. There is a constant exchange of opinions in the Special Committee and Nomination & Remuneration Committee, and when there are doubts or requests regarding execution, feedback is given without delay.

Tejima Each of the five outside directors has a unique character, and their views on numbers differ as well. Everyone shares their opinions based on their areas of expertise, and while it can be challenging for the executive side to address these views, I believe it is the ideal approach for the Company that the chairman and many Board members embrace this diversity of opinions.

Hayashi I feel a certain tension when participating in Board meetings, as, despite being an outside director, I often delve deeply into internal matters and speak up. I believe one of the characteristics of KOEI TECMO's Board is the active communication and sharing of ideas during meetings, ensuring that nothing is left unsaid to avoid later regrets.

Ogasawara One of the strengths of the Board's composition is that four out of five outside directors have experience as company presidents. The perspectives of these individuals, who have made critical decisions that impact the fate of a company, carry great weight. In countries like the United States, outside directors often have management experience, but in Japan, this is not always the case. The high ratio of outside directors with presidential backgrounds, as in KOEI TECMO's case, is quite rare. Additionally, the input of those who have led companies in the same or adjacent industries is also invaluable. At Board meetings, directors, including these experienced leaders, consistently engage in frank discussions and exchange opinions on various challenges.

Attracting and empowering top talent —the key to sustainability

Hayashi In 2023, the Company established a dedicated department for sustainability and ESG, with an executive appointed to oversee these efforts. This move appears to be based on the solid foundation of achievements built over many years. While there remain numerous challenges to address, there is a clear intention to establish a proper structure and advance these initiatives swiftly.

Ogasawara KOEI TECMO is making efforts to address environmental issues, which have become increasingly important in recent years. However, compared to manufacturing industries that produce physical products, the environmental impact of the Company is relatively small. In contrast, in the "Social" aspect of ESG, efforts are being made on initiatives that prioritize employees, who are key stakeholders.

Masao Tejima

Masao Tejima, who previously worked at Hakuodo Inc., currently holds the position of President and CEO at T&T Corporation. He joined KOEI TECMO as an outside director in June 2014. He currently serves as a member of the Nomination & Remuneration Committee and Chairperson of the Special Committee.



Despite the competitive landscape for IT talent, the Company has continued to hire many exceptional developers. Furthermore, the founders—the Chairperson and President—have long supported research in simulation and gaming through the foundation for the Fusion Of Science and Technology (FOST)*2. They have also been dedicated to supporting interdisciplinary research beyond technology. These efforts are expected to positively impact the Company’s future growth. Going forward, it will be important to continue utilizing and expanding the founders’ network of relationships.

*2 A public interest foundation that supports research collaboration promoting the fusion of science and technology, including research in simulation.

Sato One thing I strongly feel through the Board of Directors’ discussions is that there is always active dialogue regarding talent. KOEI TECMO is fundamentally built on people, and it is constantly considering how to attract exceptional talent both domestically and internationally, as well as how to



Fumiko Hayashi

Fumiko Hayashi, who has held various positions including Chairperson and CEO of The Daiei, Inc. and Mayor of Yokohama City, joined KOEI TECMO as an outside director in June 2022. She currently serves as a member of the Nomination & Remuneration Committee and the Special Committee.

address the treatment and compensation of employees worldwide. As outside directors, we also offer various opinions, particularly on talent, and I am impressed by how we continue to build on these discussions to attract even better talent.

Tejima I believe that a great company naturally attracts talented individuals. However, when too many exceptional people gather, there is a tendency to become overly fearful of making mistakes. That’s why I think it’s crucial to create a company culture where it’s okay to fail. The goal isn’t to hit a home run every time you step up to bat; it’s about achieving overall success, and that means it’s okay to fail along the way. I want people to feel they can step up to the plate without fear. In other words, what might seem like a failure should be viewed as an “experience,” and the lessons learned from it will ultimately contribute to future value. I hope the Company fosters a culture where this mindset thrives.

Sato When attending the General Meeting of Shareholders, it’s evident that many shareholders are fans of KOEI TECMO. Similarly, many of the new graduates joining the Company are naturally fans of the Company, its games, and Kou Shibusawa. While this is a positive aspect that helps develop areas of expertise, there is a potential downside: it can make it challenging to find individuals with different perspectives or talents. In recruitment, I hope this consideration is taken into account. While the concept of “dual-driven management”—which balances stability and adaptability to change—is important, realizing this may require creating an environment that fosters internal ventures or exploring strategies like mergers and acquisitions.

Hayashi I truly hope that more women can play an active role within the Company. I would like to see the scope of women’s involvement expand further, with more female employees stepping into executive positions. Currently, there are three women on the 12-member Board of Directors at the holding company, including myself, which is higher than the average in Japan. However, I believe the proportion of female executives can and should increase even further.

Tatsuo Sato

Tatsuo Sato, formerly a Director at Kadokawa Media Office K.K. and Representative Director and President of KADOKAWA DWANGO CORPORATION (currently known as KADOKAWA CORPORATION), as well as its Chairman, joined KOEI TECMO as an outside director in June 2018.



Tejima In terms of promoting the involvement of women, the Company is putting considerable effort into hiring female developers. Compared to the ratio of female IT engineers in Japan (16.9%*3), the proportion of female developers at KOEI TECMO (20.5% as of March 31, 2024) is relatively high, and they are often seen in the workplace. Going forward, I hope we can become the number one company that women in STEM (Science, Technology, Engineering, and Mathematics) fields aspire to join.

*3 Source: Global IT Engineer Report Vol.12, March 8, 2024, Human Resocia

Ogasawara When it comes to strengthening technology, discussions often revolve around how to integrate advanced technologies such as AI.

Kobayashi As an entertainment company, what we provide to our customers is not advanced technologies like AI itself. While strengthening advanced technological capabilities, including AI, is important, I believe it should primarily be utilized within the development and production processes.



Hiroshi Kobayashi

Hiroshi Kobayashi, who previously worked at Nomura Securities Co., Ltd., and held positions such as Director at SQUARE CO., LTD. (currently known as SQUARE ENIX Co., Ltd.) and President and Representative Director of DWANGO Co., Ltd., joined KOEI TECMO as an Outside Director in June 2015.

Steady progress in succession planning

Ogasawara Generational change is an unavoidable topic for owner-managed companies when considering future growth, and we are addressing it with a long-term perspective.

Kobayashi In the entertainment industry, when the founder and president is an exceptional creator who consistently produces great content, the question of succession inevitably arises. KOEI TECMO's creators are trained not only to create engaging content but also to develop projects that generate profit according to plan. The Company has already produced many top developers with strong management skills, so I believe the succession of management will not be difficult.

Representing shareholders to drive sustainable growth

Tejima As an outside director, I believe my role is always to represent the shareholders. I am particularly mindful of how individual shareholders view KOEI TECMO. At the General Meeting of Shareholders, there are many long-time fans and shareholders who have supported the Company over the years. It's important to ensure that these individuals feel proud to be shareholders of KOEI TECMO. While stock prices are determined by the market, decisions like increasing dividends are within the Company's control, and I hope to see this continue. Regarding talent, I want to establish an image of KOEI TECMO as one that not only hires exceptional individuals but also people with strength, as it is through these strong individuals that sustainable, long-term growth can be achieved.

Kobayashi While the presence of the owner is certainly strong, it is important to further communicate that the Company can continue to grow sustainably even without the Chairperson and President. With many talented developers and a well-established revenue structure, I aim to make these strengths more evident both internally and externally.

Hayashi I am currently involved in the management of various companies and have opportunities to engage with many people. In addition to the experience and knowledge I have gained so far, I am committed to further learning and incorporating new information to actively offer recommendations to the Company.

Sato I believe that the entertainment industry has unique growth drivers and risks that differ from those in other manufacturing industries, and I hope to offer recommendations from that perspective. In publishing, gaming, and film, entertainment companies are often judged based on whether they have a hit product that year—whether it's a hit game, a successful anime, or a best-selling work. It's often perceived that this industry is influenced by factors like the genius of top executives and creators, or the one-off success of a product, which lacks reproducibility. That's why, in IR, I believe it's crucial to skillfully demonstrate both internally and externally that the Company has a sustainable environment for reproducing wealth (hit

products)—an ecosystem where talent and content can continuously emerge. Additionally, I would like to emphasize the strength of management. The Company is well-coordinated and moves according to plan, which is what stabilizes the management. Personally, I am committed to supporting governance enhancement and ensuring strong business execution.

Ogasawara The vision of aiming for No.1 in the world in the global market is truly excellent, and I hope it will be realized. Currently, half of the sales come from overseas, with East Asia being the main region. Moving forward, it will be important to consider how to enhance the Company's global reputation, ensuring that KOEI TECMO is recognized as a leading entity not only in East Asia, but also throughout all of Asia and in Europe and Africa, for instance. The Company possesses considerable potential in this regard, and I look forward to contributing further to these discussions at the Board level.



Michiaki Ogasawara

Michiaki Ogasawara, who previously served as Vice-Minister of the Ministry of Internal Affairs and Communications, joined KOEI TECMO as an outside director in June 2021. He currently serves as a member of the Nomination & Remuneration Committee and the Special Committee.