



KOEI TECMO HOLDINGS

INTEGRATED REPORT 2024





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Editorial Policy

The KOEI TECMO Group (KOEI TECMO HOLDINGS CO., LTD. and consolidated subsidiaries) places importance on active dialogue with stakeholders in all of its business activities. The purpose of the Integrated Report is to (1) provide readers around the world with a comprehensive understanding of the Group's activities, sources of management strategy and value creation, and the social and economic value created by the Group and to (2) further upgrade the corporate value of the Group through the process.

During the editing process, we make use of reference sources including the International Integrated Reporting Framework endorsed by the IFRS Foundation, and the Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry, among other materials.

About KOEI TECMO HOLDINGS

Japanese <https://www.koeitecmo.co.jp>

English <https://www.koeitecmo.co.jp/e>

Period covered: Fiscal 2023 (April 1, 2023 to March 31, 2024)

*Some information from April 2024 onwards is also included.

Scope of coverage: KOEI TECMO HOLDINGS CO., LTD.
and consolidated subsidiaries

Issued February 2025

Regarding Forward-Looking Statements

This report contains forward-looking statements, including the Company's future plans, projections, and strategies, based on information available at the time this report was created. Actual performance may differ significantly from these projections due to a variety of factors.

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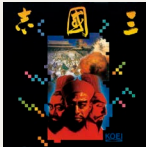


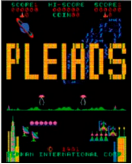


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KOEI TECMO Group's Basic Philosophy is to promote management that circulates the four Basic Management Policies that adhere to the KOEI TECMO Ethos and the Corporate Slogan, a message that conveys this Ethos to customers. Our Vision is "To Become the World's No.1 Digital Entertainment Company" in terms of operating profit, and in working toward this objective we pursue "Quality & Satisfaction". KOEI TECMO Group also aims to provide valuable entertainment with a spirit of "Creativity & Contribution".



The Group has achieved steady growth thanks to its products and multi-layered profit structure, which support its business base.

	1960s	1970s	1980s	1990s	2000s	2009	
	1967		1978		Pre-integration of management		2009
Main milestones	<p>■ 1967 Established Nippon Yacht Corporation. (Company name changed to TECMO, LTD. in 1986)</p> 		<p>■ 1978 Established KOEI Co., Ltd.</p> 		<p>■ 1983 Family Computer / Nintendo Entertainment System (NES) was released by Nintendo.</p>		<p>■ 1990 Super Nintendo Entertainment System (SNES) was released by Nintendo.</p>
			<p>■ 1983 KOEI Family Computer / Nintendo Entertainment System (NES) was released by Nintendo.</p>		<p>■ 1994 PlayStation was released by Sony. SEGA SATURN was released by SEGA.</p>		<p>■ 2000 PlayStation 2 was released by Sony.</p>
					<p>■ 2002 Xbox was released by Microsoft.</p>		<p>■ 2009 KOEI TECMO HOLDINGS CO., LTD. founded through business integration. (currently, KOEI TECMO HOLDINGS CO., LTD.)</p>
Game software			<p>■ 1981 KOEI The first entertainment software "Kawanakajima no Kassen" and "Investment Game" was released.</p> <p>First entertainment software</p> 		<p>■ 1986 TECMO "Mighty BombJack" was released.</p> <p>The first developed home video game software</p> 		<p>■ 1994 KOEI "Angelique" a love simulation game for women, was released.</p> 
			<p>■ 1983 KOEI Historical simulation game titles for PC "NOBUNAGA'S AMBITION" was released.</p> 		<p>■ 1985 KOEI Historical simulation game titles for PC "Romance of the Three Kingdoms" was released.</p> 		<p>■ 2000 KOEI Mighty warrior action game "DYNASTY WARRIORS" was released.</p> <p>New IP. Later, the "Warriors" series game system was born, embodying the Group's multi-layered profit structure (2-4 layers).</p> 
					<p>■ 1989 TECMO "TECMO BOWL" and "NINJA GAIDEN" were released in USA.</p> <p>Foundation for global expansion</p>		<p>■ 2000 KOEI "Kessen" a real-time simulation game, was released.</p> <p>First software title for PlayStation 2</p> 
Arcades / amusements	<p>■ 1970 TECMO The first self-managed amusement facility was opened in a bowling center in Anegasaki, Chiba Prefecture.</p> <p>Start of Amusement business</p>		<p>■ 1981 TECMO "PLEIADS" TECMO's first in-house developed amusement software, was released.</p> 		<p>■ 1996 TECMO The arcade version of "DEAD OR ALIVE" was released.</p> 		<p>■ 2000 TECMO "CR Sen-nin Paradise" was released by KYORAKU SANGYO.</p> <p>First software title for LCD-screen pachinko machines.</p> 

2010s

2020s

2009 Post-integration of management 2016-2019 Establishment of brand system

2020- Expansion of company performance

Main milestones

- **2011**
All of the shares of Gust Co. Ltd. were acquired, making the Company a wholly owned subsidiary. (Merged with KOEI TECMO GAMES CO., LTD. in 2014)
- **2016**
A brand system was established based on IP. "KOU SHIBUSAWA brand", "Omega Force brand", "Team NINJA brand", "Gust brand", and "Ruby Party brand"
- **2017**
Established a brand "midas" Transitioning to six brand system.
- **2020**
The new KT Building office and the music hall KT Zepp Yokohama opened in Yokohama.
- **2023**
A capital and business alliance was formed with Akatsuki Inc.
- **2024**
"AAA Games Studio" was established.

Game console/PC

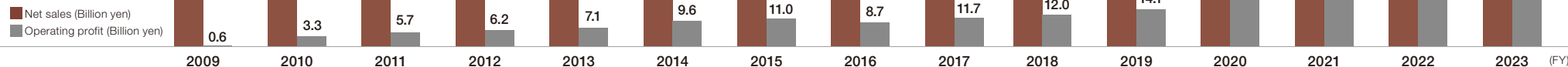
- **2014**
Developed "The Hyrule Warriors"
- **2015**
Developed "Dragon Quest Heroes: The World Tree's Woe and the Blight Below" for SQUARE ENIX CO., LTD.
- **2016**
Collaborative title "Attack on Titan" was launched.
Game conversion of hugely popular manga comic book and anime series
- **2016**
"Uncharted Waters V" exceeded 3 million users worldwide.
- **2016**
Developed "Yo-Kai Sangokushi Kunitori Wars."
- **2017**
Developed collaborative title "Fire Emblem Warriors".
- **2018**
Developed "DRAGON QUEST BUILDERS™ 2" for SQUARE ENIX CO., LTD.
- **2020**
"Atelier Ryza 2: Lost Legends & the Secret Fairy" of the "Atelier" series was released.
First software title for PlayStation 5
- **2022**
The "Nioh" series sold 7.5 million total copies.
Continuous rollout of new IP
- **2022**
"The Hyrule Warriors: Age of Calamity" exceeded 4 million copies shipped worldwide.
Example of a collaborative title continuously contributing to profits
- **2024**
Total worldwide players of new IP title "Wo Long: Fallen Dynasty" exceeded 5 million.

Multi-layered revenue cycle















Mobile/Social game

- **2010**
The social game "100Man-nin no Nobunaga no Yabou" exceeded 1 million registered users.
Expanded into social games
- **2012**
"Samurai Cats" and "100Man-nin no Sangokushi Special" social game services began in Taiwan, Hong Kong, and Macao.
Expansion of social games overseas
- **2013**
The social games began service in China. (The social games "Samurai Cats")
Expansion of social games into China
- **2018**
The IP licensing-out title "Shin-Sangoku-shi", which was a big hit in Asia, was released in Japan.
IP licensing-out title "reverse-imported" back to Japan, IP licensing spreads
- **2019**
The IP licensing-out title "Three Kingdoms Tactics" was a big hit in mainland China.
An example of IP licensing contributing to increased profits
- **2021**
A mobile game "Romance of the Three Kingdoms Hadou" exceeded monthly sales of 1 billion yen.
Shift to full-scale in-house development and in-house IP for mobile games
- **2022**
A mobile game "Nobunaga's Ambition Hadou" exceeded monthly sales of 1 billion yen.

Changes in net sales and operating profit



We have six different brands and one studio, and develop and deploy a wide variety of titles by leveraging the unique individuality of each.

 <p>KOU SHIBUSAWA</p>	 <p>OMEGA FORCE</p>	 <p>Team NINJA</p>	 <p>Gust</p>	 <p>Ruby Party</p>	 <p>midas</p>	 <p>AAA Games Studio</p>
<p>Main titles NOBUNAGA'S AMBITION Romance of the Three Kingdoms Winning Post Uncharted Waters</p>	<p>Main titles DYNASTY WARRIORS SAMURAI WARRIORS Toukiden</p>	<p>Main titles Nioh DEAD OR ALIVE Rise of the Ronin</p>	<p>Main titles Atelier series BLUE REFLECTION series</p>	<p>Main titles Angelique Haruka: Beyond the Stream of Time La Corda d'Oro</p>	<p>Main titles NOBUNAGA'S AMBITION: Shutsujin Shin Hokuto Musou</p>	<p>Main titles Under development</p>
						 <p>Level up your happiness</p>
<p>First in the world The historical simulation game genre established through such titles as "Nobunaga's Ambition" and "Romance of the Three Kingdoms"</p> <p>Over 40 years The first title "Kawanakajima no Kassen" released in 1981</p> <p>From Asia to the world The number of downloads of "Three Kingdoms Tactics" exceeded 100 million globally</p>	<p>Warriors "Warriors" became a game genre, having begun with "Dynasty Warriors" released in 1997</p> <p>Over 21 million copies Total sales of the appealingly exhilarating mighty warrior action game "Dynasty Warriors 2" series exceeded 21 million globally</p> <p>Collaboration with leading IPs "Fire Emblem Warriors: Three Hopes", "The Hyrule Warriors: Age of Calamity" and more</p>	<p>Global Ownership of the titles establishing global reputations such as "Nioh" and "Rise of the Ronin"</p> <p>Hard action Games feature speed and exhilaration</p> <p>Over 7.5 million copies Total shipped copies of the high-difficulty action RPG "Nioh" series exceeded 7.5 million globally</p>	<p>Character A unique fantastical world view featuring the allure of characters</p> <p>Media mix The popular title "Atelier Ryza" was made into an animated TV show in summer 2023</p> <p>RPG selling over 7.5 million copies Starting from its release in 1997, the cumulative total global shipments of the "Atelier" series depicting the growth of alchemists exceeded 7.5 million copies</p>	<p>Pioneer A romance simulation game for women. The new "Neo Romance" genre established</p> <p>30th anniversary Combined a game with an event as a pioneer in media mix</p> <p>More female employees recruited Continued the proactive recruitment of female employees engaging in development</p>	<p>Smartphone Specialized in the development of mobile games</p> <p>Enrich the everyday lives of players Create games that enrich people's everyday lives and society</p> <p>Challenge Taking on challenges such as location / positional information games and collaborations across Japan</p>	<p>AAA Quality AAA quality global titles</p> <p>Chemistry of Know-how Fusion of knowledge from multiple brands</p> <p>Creating New Value New interest and excitement from our new studio</p>

Becoming a Company that Continuously Grows and Contributes to Society around the World through the Power of People

KEIKO ERIKAWA

Chairperson and Representative Director

Utilizing my original ideas in businesses and creating new game genres for women

Starting with game development on a computer I gave as a birthday present to Yoichi Erikawa, who was involved in wholesaling dye industrial products, we launched a company as a couple and by 1981 this company had evolved into a game software development firm. Our company gradually expanded, and when a weekly magazine recommended one of our historical simulation games, sales increased and our presence grew.

After releasing a complex tactical game, I suddenly realized that players could more easily plan strategies by actually moving pieces on top of a paper map. Acting on this awareness, we created and began selling strategy maps, which spurred large sales as customers seemed to prefer moving pieces while thinking instead of just thinking in their heads. I also realized then that combining the virtual experience of a game with the reality of a map in this manner could create new business. Witnessing so many people enjoying my idea, which also generated profits for our company, was a truly precious experience.

As the game industry subsequently continued to gain momentum and games featuring diverse themes were released, I launched “Ruby Party,” the world’s first brand specifically tailored to women. I then created the first game in the “Neo Romance” series, establishing the new genre of romance games for women. I continued to take on new challenges and successfully created a media franchise that expanded beyond just games, such as by holding character concerts, which had not existed at the time. This approach also helped spawn new business opportunities.



Strengthening our financial base and establishing environments where creators can utilize their capabilities with peace of mind

The key to KOEI TECMO’s growth is our employees.

Numerous people join KOEI TECMO because they have enjoyed the games we create and are filled with a passionate desire to develop games that are even more fun. Employees grow by working hard together with their seniors, and each of us can grow together with the company starting from the day we join. KOEI TECMO strives to be a company in which creators can continuously experience this joy.

KOEI TECMO has numerous outstanding employees who possess creative abilities at their core and they are also being nurtured as new leaders. To make further leaps forward in the future, these creators can also raise the value of game software by continuously observing and learning from the best talent around them, not just in game software, and by thinking and acting on their own. By understanding what is the best, creators can identify things that are truly outstanding. This enables them to think about development and advancements starting from the highest standards. If they can create something new that surpasses existing standards, then making better things will become the driving force that changes society.

I have been focusing my efforts on establishing environments where creators can work with peace of mind to utilize their abilities to the fullest. As part of efforts to create such environments, we expanded and upgraded employee dormitories and company housing. Additionally, as head of financial operations, I constantly analyze international conditions and leverage my experience in investing to enhance profitability through the use of surplus funds. By fortifying our financial base, I will also contribute to providing environments where creators can leverage maximum creativity and immerse themselves in the development of games they love.

Becoming a company that creates new value and contributes to the enrichment of people’s lives around the world

Our fervent desire and ideas for creating the best content underpin the development of original and outstanding titles. These games bring joy and vitality to people around the world and contribute to enriching their lives and society. I am confident that this virtuous cycle will ultimately help KOEI TECMO realize its spirit of “creation and contribution” and its vision of becoming “The World’s No. 1 Digital Entertainment Company.”

Continuing to Create Exciting Entertainment for Game Fans around the World, Aiming to Become “The World’s No. 1 Digital Entertainment Company”

YOICHI ERIKAWA

President and CEO

Pursuing new entertainment through “Creativity & Contribution” and exciting game fans inspires future creations

What I value most in our corporate philosophy is KOEI TECMO’s spirit of “Creativity & Contribution.” This embodies the essence of our business and is what we expect most from our employees. By embracing this spirit together, we aim to create new entertainment for game fans, which in turn contributes to society. I believe that promoting this approach is essential to our identity as a company and the direction we should take. Realizing “Creativity & Contribution” is crucial for our employees, as it enhances their sense of purpose and fulfillment in their work, ultimately enriching their lives.

In this way, “Creativity & Contribution” represents not only my vision but also the vision of the Company as a whole.

Bold challenges taken in FY2023: Paving the future with “Rise of the Ronin”

Released in March 2024, “Rise of the Ronin” was a title that challenged us to achieve two key objectives: creating a title with sales of five million units as part of our Medium-Term Management Plan and focusing on open-world gaming as a priority for FY2023. This game

received an impressive User Score of 8.9 on Metacritic*¹, a site that compiles game evaluations from around the world. We are thrilled that the quality we aimed for with this action game has been so highly appreciated by gamers globally.

On the other hand, we received a harsher evaluation than expected for the Metascore*², which has made our areas for improvement clearer. Regarding CG quality, Western fans anticipated a photorealistic style rather than the real-anime style we aimed for with “Rise of the Ronin.” While the excitement of the battles and action gameplay was highly praised, there are still challenges in creating new entertainment within the open-world format.

Taking these factors into account, as we move toward developing our next title that achieves sales of five million units, we want to focus on three key areas. The first is a renewed challenge in open-world design. We will work to boldly incorporate new forms of entertainment into open-world gameplay as a standard feature for our upcoming AAA titles*³.

The second focus is to elevate the quality of our CG to meet the expectations of Western gamers. Our proprietary game engine, “Katana Engine™,” supports a wide range of CG production, from photorealism to anime-style non-photorealism. We are committed to actively enhancing the quality to exceed the expectations of Western fans.

Finally, we will concentrate on action games using swords. The combination of sword-based action and open-world design is a perfect match and is a distinctive strength for us. We aim to further refine this aspect to achieve overwhelming superiority compared to other games.





We will create an open-world experience that features stages depicted with realistic CG, complemented by stunning sword action, while incorporating the Japanese and Asian worldviews and cultures that KOEI TECMO excels in. This will enable us to establish a development framework that consistently produces titles that achieve sales of five million units.

*1. Metacritic is a review aggregation site for games, movies, and other media, providing two ratings: the User Score based on user reviews, and the Metascore, which quantifies reviews from game critics' websites.

*2. As of September 1, 2024.

*3. AAA titles refer to games that are massive hits and have been developed with substantial budgets and intricate detail.

KOEI TECMO continues to grow despite the gaming industry's plateau

According to data from various research and survey institutions, the global gaming industry is expected to achieve stable annual growth of 2% to 5%, with little likelihood of returning to past rapid growth. Consequently, as the industry stabilizes, we anticipate movements such as M&A and restructuring through a scrap-and-build approach.

Despite these trends, KOEI TECMO retains significant growth potential. As we continue to grow, we plan to actively pursue hiring, aiming to expand our development professionals from over 2,000 to 5,000. Our goal is to enhance our development scale to create games that earn high user ratings on Metacritic, aiming to create titles with sales of five million and 10 million units. This involves creating a development roadmap focused on talent cultivation and project organization.

A key aspect of our management strategy for this fiscal year is the evolution of our initiative to create and develop global IPs. We aim to consistently produce new titles that reach the sales milestone of five million units each year. Our strategy for developing global IPs encompasses five avenues: platform^{*4} expansion,

genre expansion, collaborative expansion, licensing expansion, and tie-in expansion. We intend to pursue collaboration and tie-in projects, utilizing our diverse IPs for adaptations such as animation, film, and TV dramas.

Looking five to ten years ahead, current platforms will undergo generational shifts. As new technologies emerge and integrate into the digital entertainment landscape, new entertainment will arise. We envision a future where CG assets seamlessly blend with real humans. Amidst these technological innovations, our role as a company aiming to become "The World's No. 1 Digital Entertainment Company" is to continually provide new entertainment.

*4. "Platform" refers to the environment or device used to play games.

The role of president to date, and passing the torch to the next generation

In my thirties, I believed that the role of the president was to create great games. However, through my experiences in management, I realized that what employees sought from the president was to share a vision of what the company aims to achieve and why we create games. As a result, I focused on creating management policies and roadmaps for management plans, as well as providing educational opportunities to foster good game development, sharing values with many employees.

As I continued to manage the Company, I came to identify three crucial aspects for KOEI TECMO's leadership.

First, it is essential to create hit games; developing new entertainment that delights many customers is the most critical role of a president. Without the ability to do this, a leader in a company centered around gaming will have difficulty gaining the support of their team.

Second, a leader should take joy in creating new entertainment while standing shoulder to shoulder with our employees as we walk this journey together. It is crucial to share in both their successes and frustrations, fostering a sense of empathy and connection within the team.

Lastly, to foster an enjoyable work environment, it is important to establish organizational rules that define job authorities and responsibilities, effectively systematizing the know-how required for creating successful games.

I have complete confidence in our next-generation leadership, as they have already developed games that bring joy to many, and I believe they will continue to produce such titles. They are my colleagues with whom I have collaborated to create hit games, and I place immense trust in them. If they step into leadership roles within the Company, I know that all employees will trust and follow them, inspiring our entire team to embrace the game-making process, which will ultimately contribute to the Company's enhanced growth.

Moving forward, I will continue to manage the Company alongside the next generation of leaders while also focusing on establishing a support system for the future. I recognize that creating an environment where growth can thrive, regardless of the structure in place, is another important role I must fulfill.

Next steps for achieving our vision and promoting Asian culture worldwide

We envision ourselves as "The World's No. 1 Digital Entertainment Company." Our research shows that among publicly listed digital entertainment companies, we have improved our operating profit rankings from 25th four years ago to 23rd three years ago, 20th two

years ago, 17th last year, and now 14th in FY2023. We use operating profit as a benchmark because we believe it reflects the high expectations of game fans. As we strive to become "The World's No. 1," our primary goal is to reach the top 10 globally. A key challenge in this endeavor is the development of titles with sales of five million units. We are fully committed to creating titles with sales of both five million and eventually 10 million units. The KOEI TECMO Group has the capability to achieve these results and has already established a solid track record.

Furthermore, with our development bases in Japan and Asia, we aim to create games and titles that highlight the history and culture of Asia for a global audience. We believe this initiative will enhance the appeal of Japan and Asia as a whole.

Going forward, we will continue to contribute to social value creation through the development of engaging games. We invite you to join us on our journey toward the future growth of the KOEI TECMO Group.



KOU SHIBUSAWA



Steering toward a New Stage by Leveraging the Unique Strengths of KOEI TECMO

HISASHI KOINUMA

Executive Vice President and Representative Director of KOEI TECMO HOLDINGS CO., LTD.,
President & COO of KOEI TECMO GAMES CO., LTD.



Achievements from new challenges in console, PC, and mobile markets

The year that ended in March 2024 (FY2023) marked a year of new challenges, though we did not achieve our expected financial results. While sales reached an all-time high, operating profit fell short of targets, which I believe is due to the results of new initiatives taking time to materialize. Reflecting on this past year, it is clear that we were able to create high-quality titles across console, PC, and mobile platforms, just as planned.

With the release of “Rise of the Ronin” for consoles, we were able to achieve success in two major challenges: delivering a AAA title and taking on an open-world project. While there are areas for improvement, particularly in CG and visuals, the game was well-received for being highly enjoyable, a quality expected of the Team NINJA brand. The insights gained from “Rise of the Ronin”—both its strengths and challenges—will serve as valuable assets for future growth.

In terms of the mobile market, we invested significant development resources in order to launch “Atelier Resleriana: Forgotten Alchemy & the Liberator of Polar Night.” This title was a collaboration between our in-house brands Gust and Team NINJA, combining expertise to deliver high-quality graphics. We are proud of the strong visual performance of the game, which has been well-received in the mobile game market. This achievement represents a key milestone that will contribute to future growth.

Fourth Medium-Term Management Plan: Building a future foundation and new IPs

The Fourth Medium-Term Management Plan (FY2025–2027) will not only involve a renewed focus on the performance targets set in the ongoing Third Medium-Term Management Plan (FY2022–2024), but also emphasize building a foundation for the future and creating new intellectual properties (IPs).

Developing IPs and titles takes time. Within the three-year period of a medium-term management plan, it is not feasible to fully develop console and PC titles, so strategies must span two plans, laying the groundwork for development. We have already started preparations for titles that will be part of the next and subsequent medium-term plans, and we aim to fully realize the potential of the titles currently under development.

Looking at the long-term horizon, further IP creation will be crucial for the next leap forward. By continuing our challenge to create new IP, we will drive future growth.

Building the future through unique, diverse game development

One of the key strengths driving the future growth of the Group is our brand system. Each brand has its own distinct characteristics as well as strengths in specific genres and fields, and we leverage these to develop

and release unique titles. Looking at the Company as a whole, our strength lies in our ability to deliver high-quality games across a diverse array of genres, much like a palette of vibrant and diverse colors. This versatility allows us to collaborate effortlessly with other companies' IPs, ultimately strengthening the Group's overall capabilities.

Creating successful large-scale titles requires both development scale and enhancement of development capabilities. Moving forward, we aim to establish a development framework that allows us to release one large-scale title each year by increasing the number of brands and expanding our capacity to develop across a wide range of genres. This fiscal year, we launched our AAA Games Studio. We will continue to evolve our brand strategy, expanding development capacity both vertically and horizontally while carefully considering the Company's overall portfolio.

Future development with diverse talent and AI

In game development, talent is paramount; it's the driving force behind the Group's growth. Our Group structure, with multiple brands and function-based divisions, allows for diverse challenges and innovations. In the gaming industry, it's common to have development teams alongside CG and sound departments all within a single studio. At KOEI TECMO, however, each brand team comprises only planners, programmers, directors, and producers, while CG, sound, and narrative functions operate as separate, specialized departments. This functional division allows CG and sound teams to join projects efficiently as needed. Development team members can focus solely on content creation and, upon completing a project, move on to new projects, where they can continue to take on fresh challenges.

This organizational structure enables our team members to stay motivated, pursue various challenges,



and strive for growth. In FY2023, we hired over 200 new employees, both fresh graduates and mid-career professionals, from both domestic and international backgrounds. With a high retention rate among employees, including those from abroad, we are committed to fostering an environment where team members from diverse nationalities can work together, inspiring one another and maintaining high motivation.

In terms of development, technologies such as generative AI have recently gained attention. As the

quality and scale of games continue to rise, so do development costs. By assigning tasks that require 24-hour operation to AI and focusing human resources on areas where only people can add value, we believe we can achieve higher-quality outcomes within the same budget. AI can play diverse roles, including debugging, translation, mid-development balancing, and handling CG resources. The division of labor between AI and human creators, allowing people to dedicate their efforts to enhancing game value and quality, represents a key innovation that we believe will drive our future competitiveness.

Next-gen management: Strengthening structure and enhancing transparency

The strength of the KOEI TECMO Group owes much to the talents and leadership of our founders, President Erikawa and Chairman Erikawa, who drove our evolution. However, to achieve further growth, we must carry forward their approaches and practices while evolving as a company.

I am currently focusing on strengthening our Group's structure to operate more cohesively as an organization. To ensure sustained growth, regardless of who is in charge, we need a system that allows us to preserve the founders' spirit and values. Having served as the president of KOEI TECMO GAMES for nearly a decade and worked alongside the founders, I have seen the company achieve consistently strong results, with no concerns about our future outlook. However, we have also relied on unspoken rules over the years, which may no longer be effective for a growing workforce with increasingly diverse values. This is why we are now working to formalize and systematize these unwritten guidelines, building an organizational structure that can support them across the Company.

Quality checks to reduce risk in an unpredictable gaming industry

The gaming industry is known for its unpredictability, with hits and misses making forecasting challenging. To reduce these risks, we have implemented targeted quality checks throughout the development process, as outlined on page 23, including regular version review meetings and quality checks to minimize potential impacts on operations. Progress is reviewed weekly in management meetings, complemented by enhanced version-specific reviews and both internal and external quality checks. Additionally, our Group company, KOEI TECMO QUALITY ASSURANCE, specializes in game quality management, providing a third-party perspective to analyze quality, hit potential, and sales projections. External partners further contribute evaluations, enabling a stringent, multi-layered approach to quality control and game assessment.

To ensure stable revenue even in years without a major hit, we are committed to our management strategy of creating new global IP, a key to stability in the high-risk gaming industry.

Achieving our vision: Aiming for a top 10 global position

The KOEI TECMO Group's vision is to become "The World's No. 1 Digital Entertainment Company." To achieve this, we aim to strengthen our core gaming business, setting our first milestone as ranking in the global top 10 in operating profit.

As the global gaming market continues to expand with a growing player base, we recognize the need to accelerate the development of high-quality titles that can compete internationally, such as "Rise of the Ronin." Alongside large AAA titles, we are also committed to exploring diverse genres with mid-tier and smaller titles, increasing the frequency of new IP with series potential.

Our goal is to consistently deliver appealing and diverse games, capturing the distinct "Japanese sensibility" that adds unique value to our creations.

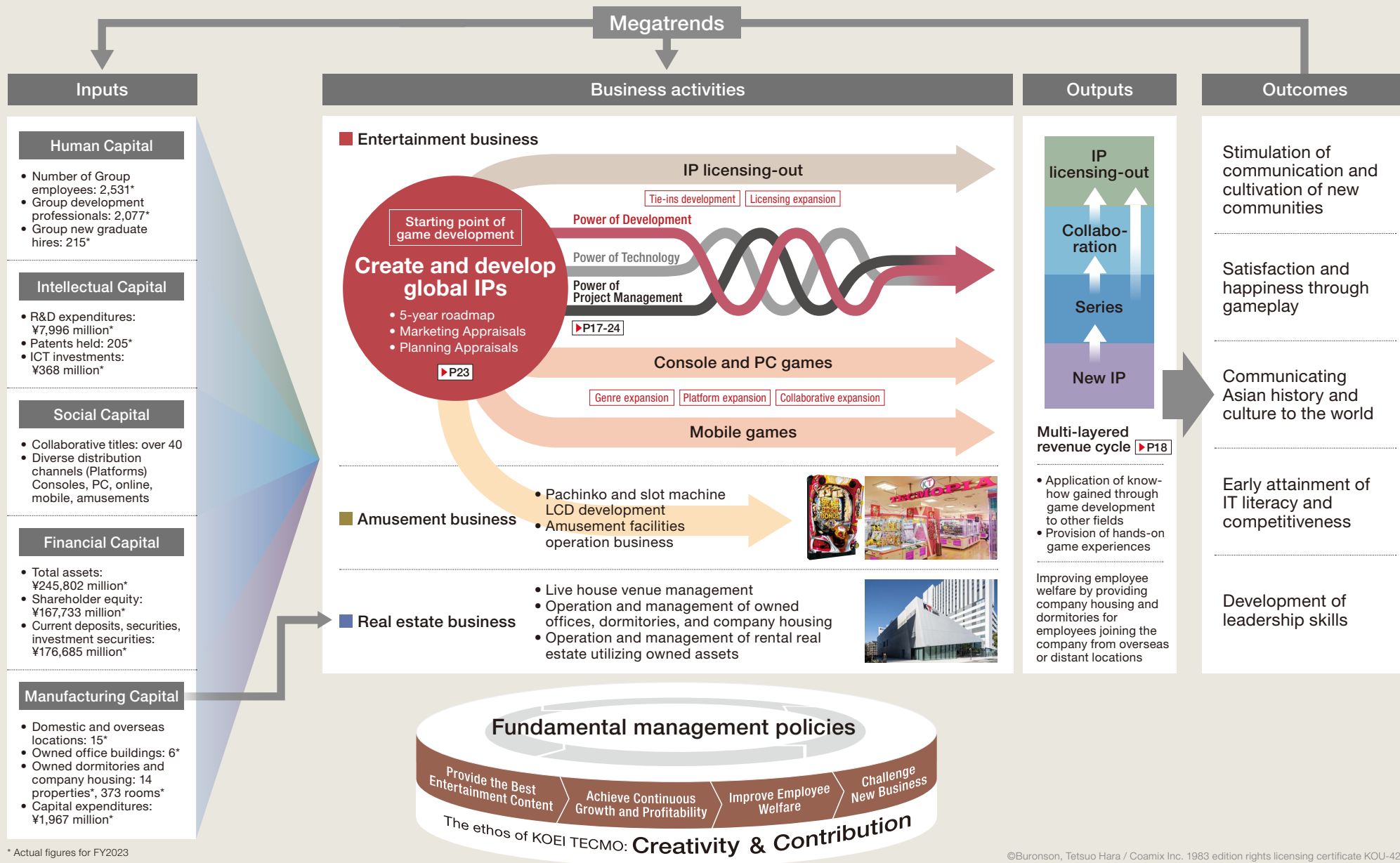
Continuing growth by delivering global-scale entertainment and embracing new challenges

As the Group strives to sustain long-term growth, we view our stock price as a reflection of investor evaluation. In this context, we believe the relatively undervalued state of our stock is largely due to the progress of our Third Medium-Term Management Plan. We take the challenges identified so far seriously and are in the process of formulating our Fourth Medium-Term Management Plan, which will be implemented from FY2025. We are committed to solidifying a strong foundation for its successful execution.

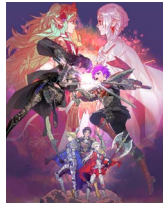

Reaching our vision of becoming "The World's No. 1 Digital Entertainment Company" is a responsibility entrusted to both the current management and the next generation of leaders. Moving forward, we will continue to provide high-quality entertainment that brings joy to people around the world and keep striving for growth in new stages. We are excited to pursue new heights in growth and innovation in the KOEI TECMO Group.



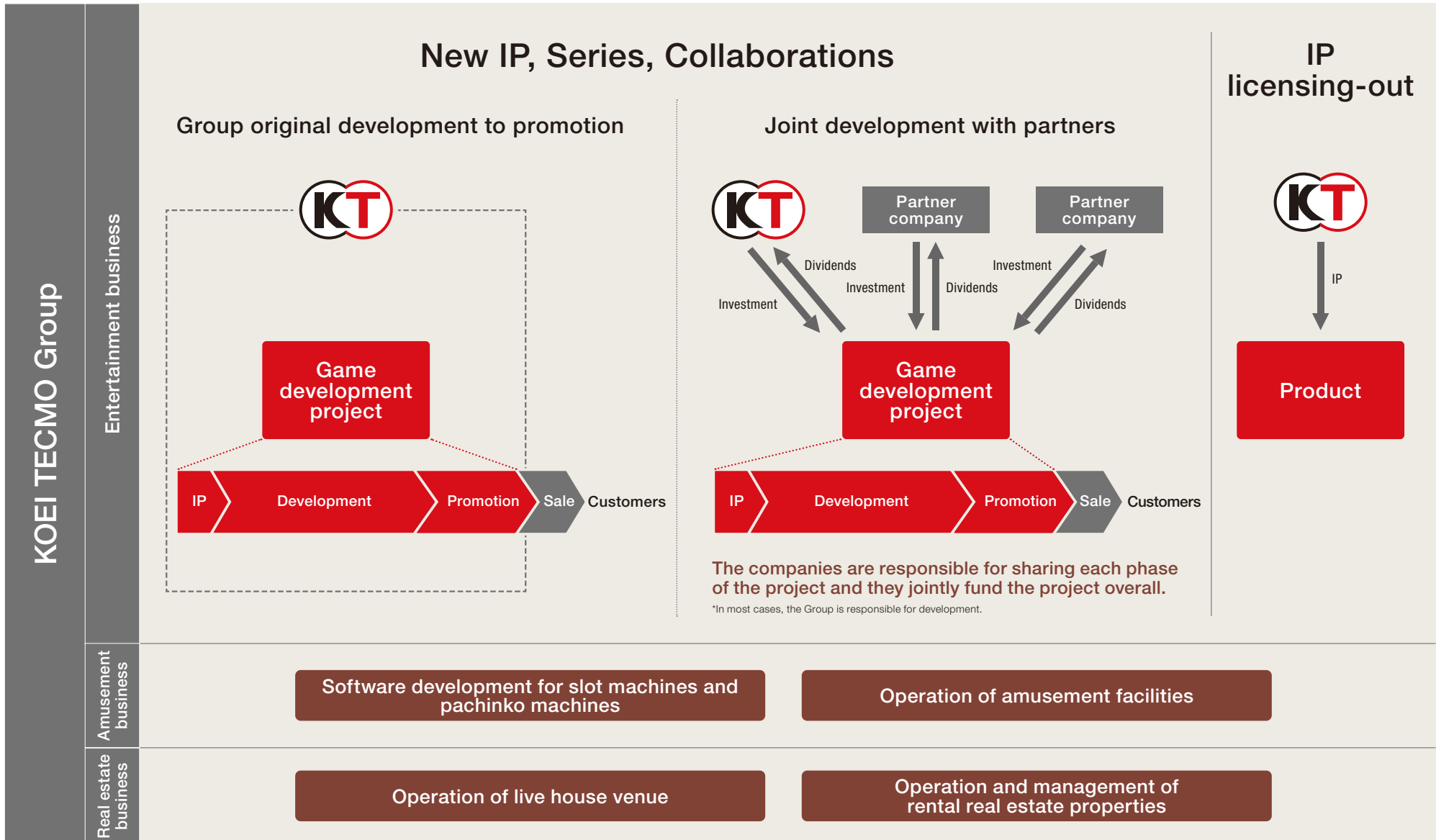
KOEI TECMO aims to maximize outcomes for its stakeholders and achieve sustainable growth through business activities ensuring thorough compliance with quality, delivery timelines, and budget by leveraging its superior development, technology, and management capabilities, with a particular focus on human capital.



* Actual figures for FY2023

Capital	Importance to the KOEI TECMO Group	Management capital results *FY2023 results	Initiatives for further strengthening
Human Capital	<ul style="list-style-type: none"> Hire and develop human capital toward realizing our Vision Assure profitability through a balance of creators and businesspeople 	<ul style="list-style-type: none"> Number of group employees 2,531* Number of group development staff 2,077* Number of group new graduates hired 215* Number of foreign employees 747* 	<ul style="list-style-type: none"> Ensure a diverse pool of talent, with a focus on new graduates A human resource development system driving growth Build an internal environment where employees can work with peace of mind Realize health management Improve engagement <p>▶ P35-39</p>
Intellectual Capital	<ul style="list-style-type: none"> Realize high growth potential and profitability through the creation and development of global IP Protect and strengthen the intellectual property rights of our global IPs that is essential for our business model of IP licensing-out within our multi-layered revenue cycle, which is our strength Ensure a degree of development freedom by expanding patent rights 	<ul style="list-style-type: none"> Number of titles released/in operation 22 titles* ▶ P32 R&D expenditures: ¥7.996 billion* Number of patents held: 205* ICT investment: ¥368 million* Abundant IP portfolio: over 200 ▶ P19 	<ul style="list-style-type: none"> Create global IP Encourage the acquisition of rights such as patents and trademarks Provide incentives based on compensation and reward systems for inventors Make resolute responses to third-party infringement cases Rapidly remove infringements on the Internet
Social Capital	<ul style="list-style-type: none"> Implement collaboration strategy for cooperative work with leading IPs of other companies Eliminate information asymmetry with shareholders and investors by providing appropriate information 	<ul style="list-style-type: none"> Number of collaboration titles: over 40 in total Wide range of distribution channels (platforms): consoles/PC, online/mobile, amusement Number of individual meetings with investors: 160* 	<ul style="list-style-type: none"> Collaborate with leading IPs of other companies Promote collaboration with other companies in the same industry Strengthen dialogue with each stakeholder <p>▶ P40</p> <p>"Fire Emblem Warriors: Three Hopes," a collaboration with Nintendo Co., Ltd. And INTELLIGENT SYSTEMS CO., LTD., was a hit*</p> 
Financial Capital	<ul style="list-style-type: none"> Secure capital for covering long-term development and large development costs Secure surplus funds to maintain an environment where employees can work with peace of mind in the entertainment business that is characterized by volatility 	<ul style="list-style-type: none"> Total assets: ¥245.802 billion * Shareholders' equity: ¥167.733 billion* Cash and deposits, marketable securities, and investment securities: ¥176.685 billion* ROE: 21.3% * 	<ul style="list-style-type: none"> Secure stable available funds: secure several years of employment costs Profit management for in-house development projects: ensure an operating profit ratio of 30% Pursue sound management: adopted an accounting policy that has recorded development costs as incurred for over 40 years <p>▶ P28-30</p>
Manufacturing Capital	<ul style="list-style-type: none"> Assure environments in which employees can work with peace of mind without worrying and uncertainty about having a place to live by using real estate such as company-owned dormitories and company housing for single employees. Contribute to the growth of human capital Optimize the development environment and strengthen information security 	<ul style="list-style-type: none"> Number of domestic and overseas bases: 15* Owned office buildings: 6* Owned dormitories and company housing for single employees: 14 properties* 373 rooms* Capital expenditures: ¥1.967 billion* 	<ul style="list-style-type: none"> Secure a sufficient number of rooms in single-employee dormitories and company housing near our offices to accommodate the number of new-graduate employees each year Realize an environment where employees can focus on their work by eliminating concerns about rental contracts and other related matters Adopt designs that optimize the development environment and security system in company-owned offices 

KOEI TECMO has three business segments: Entertainment, Amusement, and Real Estate. In particular, for game development projects in the Entertainment business segment, we operate a multifaceted business in cooperation with other companies.



KOEI TECMO is leveraging its three strengths to achieve sustainable growth.

KOEI TECMO Strengths

1

Multi-Layered Revenue Cycle

▶ P18

- Creating new global IP
- Developing hit IP into series
- Leveraging our development capabilities to create collaborative titles
- Licensing-out of IP



2

Excellent Power of Development, Technology, and Project Management

▶ P20

- Ability to create diverse genres
- In-house developed game engine (KATANA ENGINE™)
- New technology initiatives
- Developers each with the management abilities to observe quality, delivery timeline and budget



3

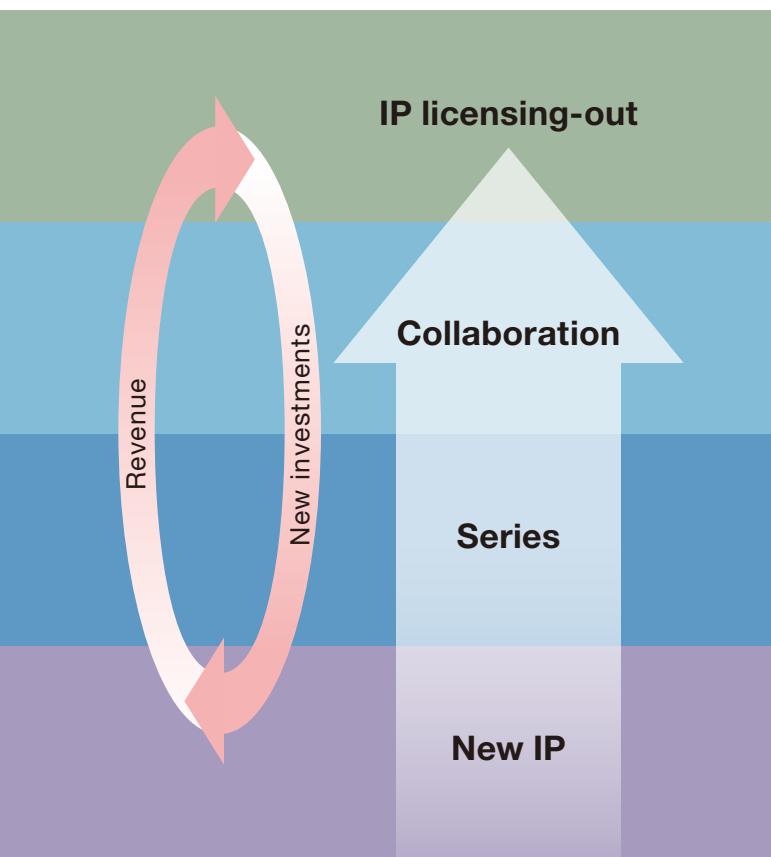
Transcendent Human Power

▶ P24

- All senior management are game creators
- Human resources who can find a balance between being creators and businesspeople



By building a multi-layered revenue cycle, the KOEI TECMO Group has achieved sustainable, stable, high growth and profitability even in the game industry, where making forecasts is difficult.



4 IP licensing-out

When licensing-out IP, revenue is royalty-based and we are only responsible for supervision. Therefore, the marginal profit rate is close to 100%, making this a highly profitable business. The IP of the “Warriors” series has been developed into Chinese mobile games and even into movies and stage productions, which has contributed to expanding the KOEI TECMO Group’s revenue sources.

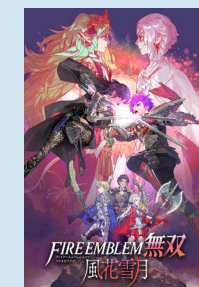


“Dynasty Warriors: Ha”

Mobile game developed by Mobile game developed by NTT and China Mobile Games & Entertainment Group Ltd. using our IP

3 Leveraging our development capabilities to create collaborative titles

We also engage in collaboration through cooperative work with other companies’ leading IPs and KOEI TECMO Group’s game systems. Collaborating with other companies’ leading IPs not only increases the certainty of a hit but also leads to improved profitability because we receive revenue in the form of royalties from our collaboration partner. In particular, the “Warriors” game system is highly regarded by other companies in the industry and we have created numerous collaborative titles, such as the “The Hyrule Warriors” series and the “Fire Emblem Warriors” series.



“Fire Emblem Warriors: Three Hopes”

“Fire Emblem Warriors: Three Hopes,” a collaboration with Nintendo Co., Ltd. And INTELLIGENT SYSTEMS CO., LTD., was a hit.

*The title is published overseas by Nintendo Co., Ltd.

2 Developing hit IP into series

We deploy new IP hits as a series while also proceeding with the deployment of platforms and genres to generate earnings. Recently, spin-off titles and remake versions have increased. Since its release in 2000, “Dynasty Warriors” has been developed into the “Warriors” series with over 70 titles, as we have pioneered the new “Warriors” game genre in this manner. “Dynasty Warriors,” “Samurai Warriors,” and “WARRIORS OROCHI” series are also representative series of the KOEI TECMO Group.



“DYNASTY WARRIORS: ORIGINS”

1 Creating new global IP

As reflected in KOEI TECMO’s ethos, “Creativity & Contribution,” we prioritize above all else creating new global intellectual property (IP). Our efforts in new IP development can serve as a long-term revenue source if successful; however, there is also a risk associated with cases where things may not go as planned. We aim for sustainable growth by carefully balancing between “series” and “collaboration” while taking measured risks in our pursuit of new IPs.










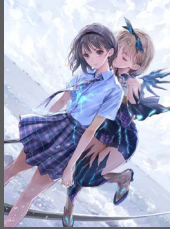















“Dynasty Warriors”

A new type of action game that enables players to experience the activities of military commanders who appear in the “Three Kingdoms”.

Introducing Our Main IPs

KOEI TECMO Group has created numerous IPs for over 40 years. These contribute to each layer of our multi-layered profit cycle.

<p>"NOBUNAGA'S AMBITION" series</p> <p>Historical simulation game 1983-</p> <p><i>KOU SHI'BUSAWA</i></p> 	<p>"Angelique" series</p> <p>Romantic simulation game 1994-</p> <p><i>Ruby Party</i></p> 	<p>"DYNASTY WARRIORS" series</p> <p>Tactical action game 2000-</p> <p><i>OMEGA FORCE</i></p> 	<p>"SAMURAI WARRIORS" series</p> <p>Tactical action game 2004-</p> <p><i>OMEGA FORCE</i></p> 	<p>"Nioh" series</p> <p>Dark feudal-Japan action RPG 2017-</p> <p><i>Team NINJA</i></p> 
<p>"Romance of the Three Kingdoms" series</p> <p>Historical simulation game 1985-</p> <p><i>KOU SHI'BUSAWA</i></p> 	<p>"DEAD OR ALIVE" series</p> <p>Competitive fighting game 1996-</p> <p><i>Team NINJA</i></p> 	<p>"Haruka: Beyond the Stream of Time" series</p> <p>Romantic simulation game 2000-</p> <p><i>Ruby Party</i></p> 	<p>"NINJA GAIDEN" series</p> <p>Ninja action game 2004-</p> <p><i>Team NINJA</i></p> 	<p>"BLUE REFLECTION" series</p> <p>Heroic RPG 2017-</p> <p><i>GUST</i></p> 
<p>"Uncharted Waters" series</p> <p>Ocean adventure simulation game 1990-</p> <p><i>KOU SHI'BUSAWA</i></p> 	<p>"Atelier" series</p> <p>Alchemist RPG 1997-</p> <p><i>GUST</i></p> 	<p>"FATAL FRAME" series</p> <p>Horror adventure game 2001-</p> <p>Other</p> 	<p>"Surge Concerto" series</p> <p>Adventure game 2012-</p> <p><i>GUST</i></p> 	<p>"WILD HEARTS™"</p> <p>Hunting action game 2023-</p> <p><i>OMEGA FORCE</i></p> 
<p>"Winning Post" series</p> <p>Horse racing simulation game 1993-</p> <p><i>KOU SHI'BUSAWA</i></p> 	<p>"Atelier" series</p> <p>Alchemist RPG 1997-</p> <p><i>GUST</i></p> 	<p>"La Corda d'Oro" series</p> <p>Romantic simulation game 2003-</p> <p><i>Ruby Party</i></p> 	<p>"Toukiden" series</p> <p>Hunting action game 2013-</p> <p><i>OMEGA FORCE</i></p> 	<p>"Wo Long: Fallen Dynasty"</p> <p>Dark Three Kingdoms action RPG 2023-</p> <p><i>Team NINJA</i></p> 
	<p>"Monster Rancher" series</p> <p>Life simulation game 1997-</p> <p>Other</p> 	<p>"Geten no Hana" series</p> <p>Romantic simulation game 2013-</p> <p><i>Ruby Party</i></p> 	<p>"Rise of the Ronin"</p> <p>Open world action RPG 2024-</p> <p><i>Team NINJA</i></p> 	

Excellent Power of Development

Each of the KOEI TECMO Group brands specializes in different game genres. As a result, we have excellent development capabilities to create a wide range of game genres, an attribute that is rare in the industry. Besides developing console and PC games for over 40 years, we also develop and operate mobile and online games. This development capability is also the source of our creation of collaborative titles with other companies.

The power to create a wide range of diverse genres

Action

Typical IP

Action RPG

- “Rise of the Ronin” (Open world action RPG)
- “Nioh” series
- “Wo Long: Fallen Dynasty” (Dark Three Kingdoms action RPG)

High difficulty level action

- “NINJA GAIDEN” series

Tactical action

- “DYNASTY WARRIORS 2” series
- “SAMURAI WARRIORS” series
- “WARRIORS OROCHI” series
- “Warriors” title collaborated with external IP
“Fire Emblem Warriors”
“The Hyrule Warriors”
“Hokuto Musou”
“Attack on Titan,” etc.

Competitive fighting action

- “DEAD OR ALIVE” series

Hunting action

- “WILD HEARTS™”
- “Toukiden” series



Simulation

Typical IP

Historical simulation

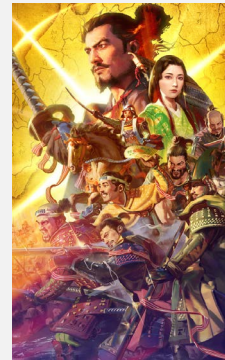
- “NOBUNAGA’S AMBITION” series
- “Romance of the Three Kingdoms” series
- “Uncharted Waters” series

Horse racing simulation

- “Winning Post” series

Life simulation

- “Monster Rancher” series



Romantic simulation

Typical IP

Neo Romance

- “Angelique” series
- “Haruka: Beyond the Stream of Time” series
- “La Corda d’Oro” series



RPG

Typical IP

Alchemist RPG

- “Atelier” series
- “Atelier Resleriana: Forgotten Alchemy and the Liberator of Polar Night”



MMO

Typical IP

Strategy simulation

- “Romance of the Three Kingdoms Hadou” (Hadou series)
- “Nobunaga’s Ambition Hadou” (Hadou series)



Feudal-Japan online RPG

- “NOBUNAGA’S AMBITION Online”

MMORPG

- “Uncharted Waters Online”

Location-based game

Typical IP

Feudal-Japan walk game

- “Nobunaga’s Ambition Shutsujin”



Adventure

Typical IP

Japanese horror

- “FATAL FRAME” series

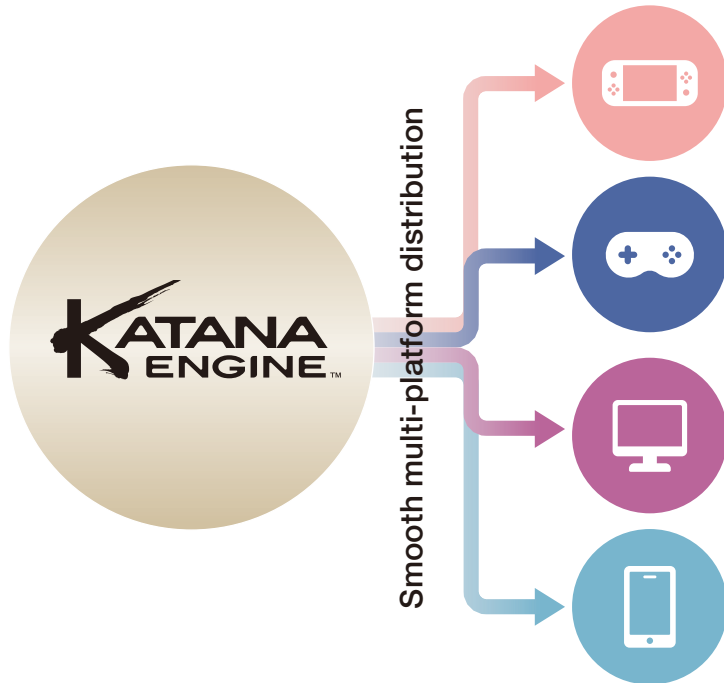


In-house Developed Proprietary Game Engine KATANA ENGINE™: The Key to Lowering Development Costs and Improving Quality

What is a game engine? A game engine is a development environment that contains all of the elements necessary for game development; a framework that allows us to build games from scratch, without programming. It is a piece of software that allows us to efficiently create high-quality content using a collection of libraries, materials, functions, etc.

Enables multi-platform distribution in a short time

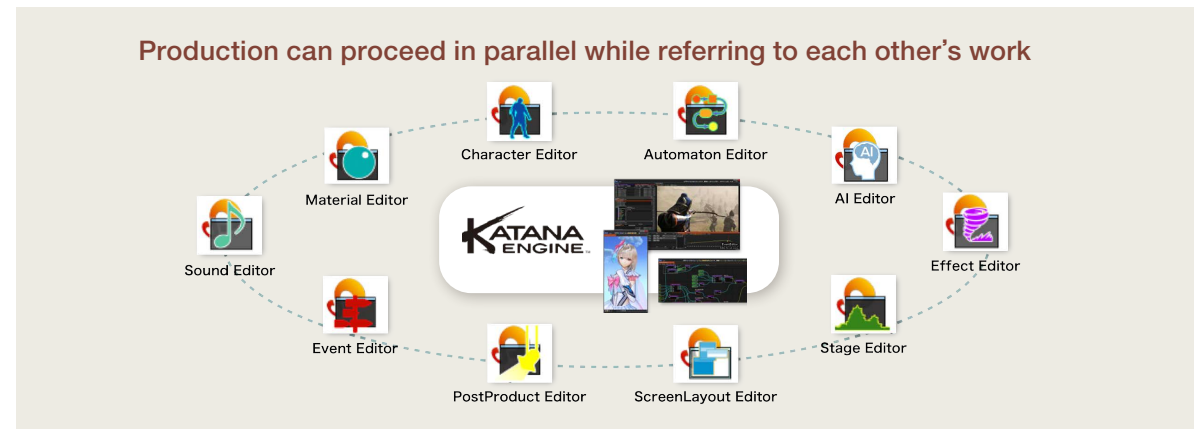
Typically, it is said that developing and distributing titles for multiple platforms takes a long time. With KATANA ENGINE™, we can deliver titles for multiple platforms (consoles, mobile, PC, etc.) simultaneously, or in a short period of time. Flexible platform distribution leads to more efficiency during development environment creation and development periods, as well as more efficient costs and time needed for promotion.



Providing integrated development environments

We create an integrated development environment in-house, encompassing everything from an integrated production environment—including artwork, AI, and other production functions necessary for game creation—to a QA support environment for quality assurance through shared group-wide data management (which includes global locations) and debugging.

Sharing the production know-how accumulated by each brand enables highly efficient development.



Sharing technologies evolved and refined through various projects within the Group

One of the advantages of having an in-house game engine is that game developers and game engine developers can share goals and cooperate internally to advance game development.

KATANA ENGINE™ is used in many projects within the Group, and new technologies and tools developed for earlier projects are shared so that they can be used in later projects. The game engine will continue to evolve and be refined according to the needs of each project, enabling our game developers to achieve what they want to do.

Developing KATANA ENGINE™ is the task of our department, FUTURE TECH BASE, at KOEI TECMO GAMES. This department also has primary responsibility for other R&D efforts such as AI and CG technologies, as well as development support infrastructure.

Hirosato Mishima
Head of FUTURE TECH BASE
KOEI TECMO GAMES CO., LTD.



Efforts in New Technology

The Group is working actively to develop new technologies to create even more interesting games in a more efficient manner.

AI-based debugging automation and balance adjustment

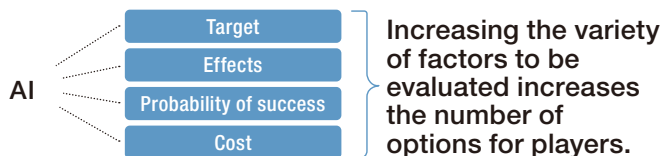
We are working to increase the efficiency of debugging*1 work through a function for setting auto-play content using a GUI. We are also developing service functions to support game balance adjustment using reinforced learning.

Improving gaming experiences through AI

In “NOBUNAGA’S AMBITION: Awakening,” which was released in 2022, we developed a game AI to express the individuality of officers within the game. During the game, officers under the control of the player offer submissions (opinions) to the player, and the player must evaluate them. Since some of these opinions do not necessarily lead to an optimal solution, the game story has expanded and evolved to allow players to experience a wide variety of gameplay. AI is utilized to determine the effects, probability of success, cost, and other factors that players must assess. By providing numerous options, the game offers players the enjoyment of agonizing over which opinions to follow.



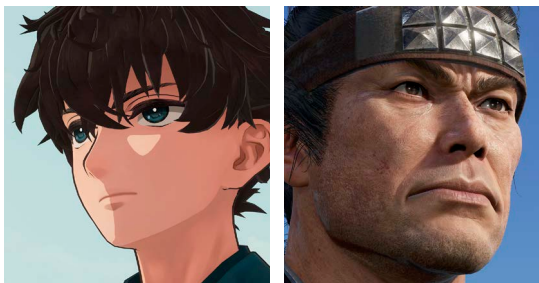
Use of AI in “NOBUNAGA’S AMBITION: Awakening”



Photorealistic and non-photorealistic rendering

The Group has advanced technological capabilities that can handle not only photorealistic rendering, but also anime-like depictions and other unique styles of artistic expression. We are developing cutting-edge technologies, and driving the evolution of our KATANA ENGINE™.

We are also focused on refining our technologies to maximize the appeal of characters, developing new technologies to render vast, detailed backgrounds with high-quality graphics, and improving our production environment.

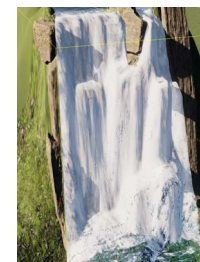


Photorealistic rendering through state-of-the-art technologies that combine detailed shapes with wide-area lighting technologies

Innovation with new technologies in the production process

Automatic creation of water flow based on the environment

Changes to level design—one form of game content adjustments—also require modification of background artwork. As one procedural production function for achieving high-speed production iterations*2, we are also developing an automated environment-based water flow creation function.



Waterfalls that match terrain can be automatically created with simulation technologies

Development of procedural technologies*3 for video production techniques

To enhance player immersion in all manner of situations, we are developing various procedural technologies*3, including shot techniques that also take factors such as imaginary lines into account, and visual guidance animations with natural postures.



*1. Debugging: The process of checking a game program for defects and flaws (commonly known as “bugs”) prior to release. *2. Production iteration: Repetition of a series of production processes. *3. Procedural technologies: Technologies that automatically generate data and content based on algorithms and rules (through procedures).

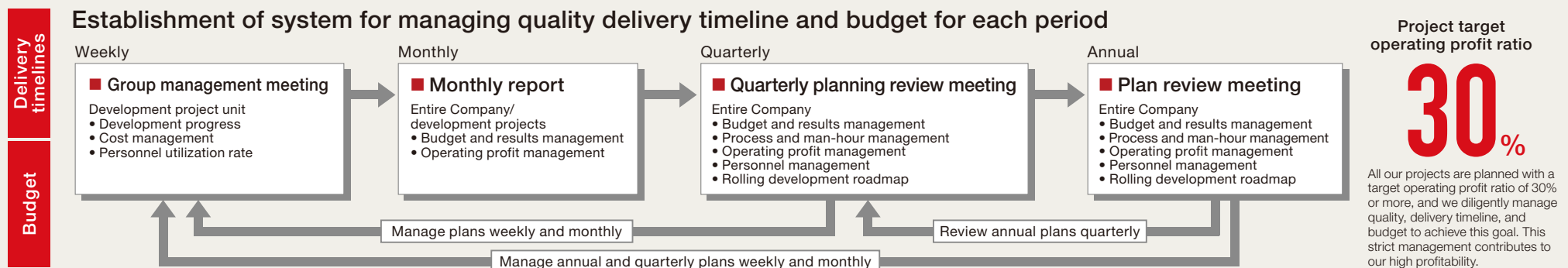
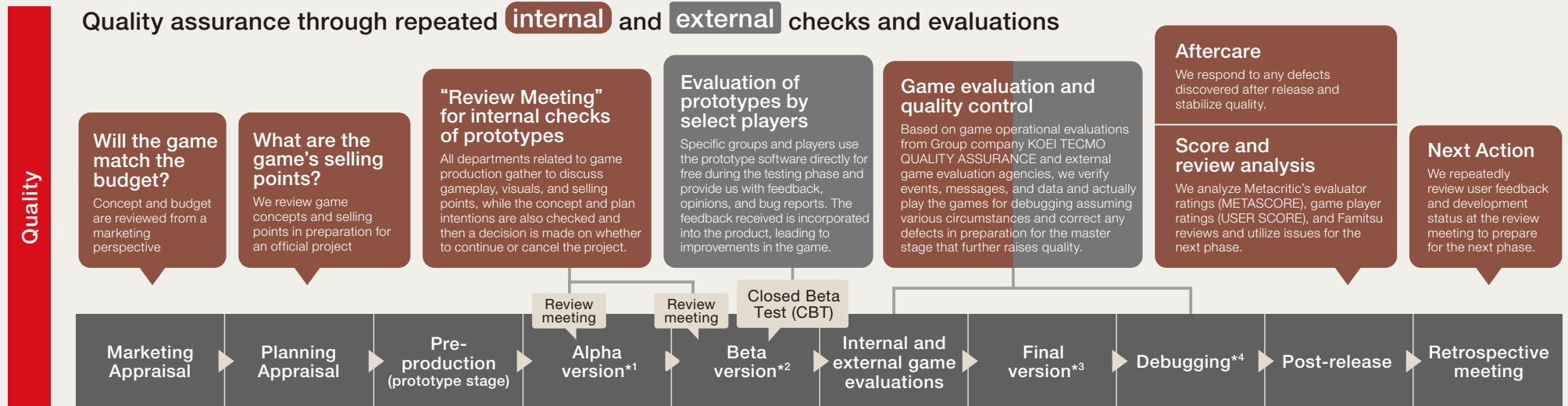
Management Framework

Adherence to Quality, Delivery Timeline, and Budget

Under the KOEI TECMO Group development process, we thoroughly manage “quality, delivery timeline, and budget.” Specifically, to raise quality, we have established a system with milestones at each stage of the planning, development, and final stages of the process. Additionally, we carry out progress management for projects on a weekly, monthly, quarterly, and annual basis and confirm delivery timelines and budgets. Through this system, we have established capabilities for developing high-quality titles while adhering to delivery timelines and budgets.

Key focus areas for quality management

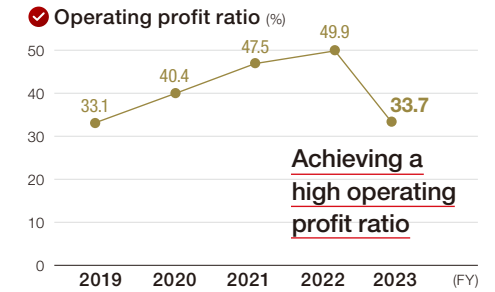
- Rigorous in-house game evaluation (where well-versed internal monitors score the game, and release is approved if the score surpasses the target)
- Implementing loot box verification in accordance with the guidelines of the Computer Entertainment Supplier's Association (CESA)
- Formation of an expert team for usability
- Conducting checks that consider regional culture and societal issues



*1 Alpha version: The stage in early development where the basic elements of the game are completed. *2 Beta version: The stage where the major components of the game have been implemented. *3 Final version: The stage where all elements are implemented, and the game is generally completed. *4 Debugging: The process of checking for defects or bugs in game programs before release.

Creators × Businesspeople

Our culture and values that emphasize both the qualities of creators as well as the qualities of businesspeople serve as the basis of the human resources that support our profitability. In the game business, creativity is of course important. However, generating solid profits and bringing games to the next step and establishing these as viable businesses are also important. This is the mindset we seek in all KOEI TECMO employees.



Managers as well as game creators



Yoichi Erikawa

President & CEO and Representative Director



Keiko Erikawa

Chairperson and Representative Director



Hisashi Koinuma

Executive Vice President and Representative Director



Yosuke Hayashi

Director

Signature work
 “NOBUNAGA’S AMBITION” series,
 “Romance of the Three Kingdoms” series
 The cumulative total global sales volume:
Over 19 million copies

Signature work
 “Neo Romance” series
 The cumulative total global sales volume:
Over 2.5 million copies

Signature work
 “SAMURAI WARRIORS” series
 The cumulative total global sales volume:
Over 8 million copies

Signature work
 “Nioh” series
 The cumulative total global sales volume:
Over 7.5 million copies

The brand head who supports KOEI TECMO is a creator who has worked on hit games



Brand Head of KOU SHIBUSAWA
Yukinori Ito

Signature work
 “Romance of the Three Kingdoms Hadou”



Brand Head of Omega Force
Tomohiko Sho

Signature work
 “DYNASTY WARRIORS” series



Brand Head of Team NINJA
Fumihiko Yasuda

Signature work
 “Rise of the Ronin”



Brand Head of Gust
Junzo Hosoi

Signature work
 “Atelier Ryza: Ever Darkness and the Secret Hideout”



Brand Head of Ruby Party
Mei Erikawa

Signature work
 “La Corda d’Oro Starlight Orchestra”



Brand Head of midas
Keisuke Kikuchi

Signature work
 “Nobunaga’s Ambition Shutsujin”

Creating Major Titles Built on the Strong Brand Established by “Rise of the Ronin”

YOSUKE HAYASHI

Representative of AAA Games Studio in the Entertainment Division
Producer of “Rise of the Ronin”



FUMIHIKO YASUDA

Brand Head of Team NINJA
Development Producer and Director of “Rise of the Ronin”

Released globally in March 2024, “Rise of the Ronin” is a major title that served as a challenge for KOEI TECMO. Two individuals who worked on the game as producer and development producer shared insights gained from its development and discussed how they plan to apply these lessons to create future AAA titles*1.

*1 AAA title (Triple-A title): A game that is a major hit, has a huge budget, and is meticulously crafted.



“Rise of the Ronin”: KOEI TECMO’s endeavor to create a major open-world title

Hayashi “Rise of the Ronin” is an open-world action RPG set in late 19th-century Japan, during the Bakumatsu period (the last days of the Tokugawa Shogunate). It was gratifying to see positive reactions from international players unfamiliar with Japanese history, as they expressed excitement for the game. The project also involved the scale and development timeline of a AAA title aimed at achieving global success, while venturing into the now-mainstream open-world genre*2.

Yasuda Our successful dive into the new open-world genre, along with completing a large-scale project with

a longer development timeline and three times the usual staff, is a significant achievement. Looking at customer reactions, it’s clear that “Rise of the Ronin” is resonating with a new audience, different from our traditional KOEI TECMO fans, highlighting the success of the game.

Hayashi The open-world genre was an essential challenge for us in delivering our games more globally. Achieving this with such a large-scale project is a valuable asset. We have always believed that we should be at the forefront of the gaming industry, and through this challenge, I feel we have made significant technological strides and have come closer to competing on the same stage as our global rivals.

*2 Open-world: A game where the background and world are vast, allowing for relatively free movement and exploration.

Team unity as the key to the project, with smooth communication supporting large-scale development

Yasuda “Rise of the Ronin” was a project involving an unprecedented number of stakeholders. In addition to coordinating within the Company, there were negotiations with external parties, including those overseas, which led to many challenges. I found team management to be the most difficult aspect.

Hayashi When many people are involved in development, if the vision and gameplay aren’t clearly shared and understood, the direction can become inconsistent, potentially diminishing the game’s appeal. Although there was some trial and error along the way, I believe

we were able to guide the project to success by staying true to the final vision. This will be valuable know-how for future large-scale projects.

Yasuda The development process involved numerous directors and sub-leaders. We broke down the stages, organized teams, and brought together staff from various roles to create modules*³ for each stage. While each team had its own leader, I believe the key to the project's completion was maintaining effective communication and alignment across all teams throughout.

Hayashi Even with the long development period, it was crucial to maintain the same vision and avoid losing direction.

*3 Module: In programming, a module refers to a component with a specific function. Development is divided into separate tasks, with each module developed individually, and the modules are then combined to complete the program.

Tackling large-scale titles, leveraging past experiences for new value, and driving growth to achieving our vision

Hayashi When considering the significance and importance of creating AAA titles for KOEI TECMO, it becomes clear that reaching our vision of becoming "The World's No. 1 Digital Entertainment Company" requires us to engage a broader audience. To achieve this, AAA titles are essential. I believe that creating such titles unique to KOEI TECMO is a necessary challenge on the path to realizing our vision.

Yasuda In recent years, the scale of development has been gradually increasing, and with it, development costs have also risen. However, the retail price of games has remained relatively unchanged. As a result, it will be essential to consistently release AAA titles with high sales potential to sustain the business. Also, as creators, the most rewarding thing is for more people to enjoy our games, so I want to focus on producing large-scale titles that can be played not only in Japan but worldwide.

Hayashi Going forward, we want to expand KOEI TECMO's lineup of AAA titles. However, with longer development periods, we need to establish a system that allows us to develop and release multiple titles concurrently. In April 2024, I took on the role of leader as we established a new AAA Games Studio. We will be progressing alongside Mr. Yasuda's Team NINJA, where he oversees the brand, through healthy competition and collaboration.

Yasuda A large-scale title is not just about size; it requires various creative efforts to make games that can be enjoyed by many and leave a lasting impact on players.

Hayashi For large-scale titles, it's not just about technical skill but also ideas, innovation, and understanding customer expectations. It's essential to strike a balance between offering something players have never encountered before and delivering what they are eager to play. In essence, it's crucial to focus on surpassing customer expectations and discovering new forms of entertainment that players have yet to experience.

Yasuda The landscape of game development is constantly shifting, with both innovation and customer expectations evolving. To stay ahead, we need to share internal knowledge and insights, monitor global game trends, and build an organization that can adapt and respond quickly to these changes.

Hayashi In game development, the experience we have gained can be likened to individual points that, when connected, form a continuous line. By accumulating and linking this knowledge, we are able to create even better titles. KOEI TECMO's strength lies in the ability to apply insights from one project or team to the development of others.

Continuous delivery of titles with KOEI TECMO's unique style is crucial to the development of AAA titles

Hayashi It's not enough to simply gather 100 talented developers to create a hit title. While individual abilities are important, what matters most is whether the team is united, with shared values and a common vision. As a company that has been making games for so long, KOEI TECMO's ability to harness this strength is one of our greatest advantages.

Yasuda KOEI TECMO has multiple brands, yet there remains a distinct "KOEI TECMO feel" in our games, which is an irreplaceable strength. On the other hand, as the number of developers grows and production periods lengthen, individual involvement can become diluted. Personally, I strive to ensure that each team member remains focused on how they approach the fun and innovation in the game, and how we manage that process. Even as collaborations and partnerships with other companies increase, it's important to maintain balance and focus on the core elements while embracing new challenges.

Hayashi Simply selling a game based on scale in terms of its playtime or the size of its world will become increasingly difficult. Future AAA titles will need to offer





unique appeal and value. It will be essential to embrace a flexible mindset and focus on what makes each game stand out.

Creating unique works that blend Japan's history and tradition is the key to global success

Yasuda Taking on AAA titles means competing with powerful global rivals. To succeed, it's important that the company's and the studio's unique strengths and identity are clearly articulated to and understood by all employees. Without this awareness, our distinctive advantages and characteristics could diminish. Additionally, we need to accelerate development and progressively build titles. Our focus on historical themes, Asian influences, and traditional Japanese elements is a unique advantage, and adapting these to current trends is vital. Embracing our Japanese roots will positively contribute to the appeal of our games.

Hayashi The history and culture of Japan and Asia have

become widely accepted themes globally. Their appeal is not niche, but I feel we have yet to reach every corner of the world. To achieve our goal of becoming "The World's No. 1 Digital Entertainment Company," targeting large markets like North America and Europe is essential. However, we must carefully consider how to leverage our strengths to deliver to these markets effectively. Around 15 years ago, we made the mistake of overly focusing on the Western market, which led to results that did not align with customer expectations. We want to avoid repeating that experience and be more mindful of our unique strengths moving forward.

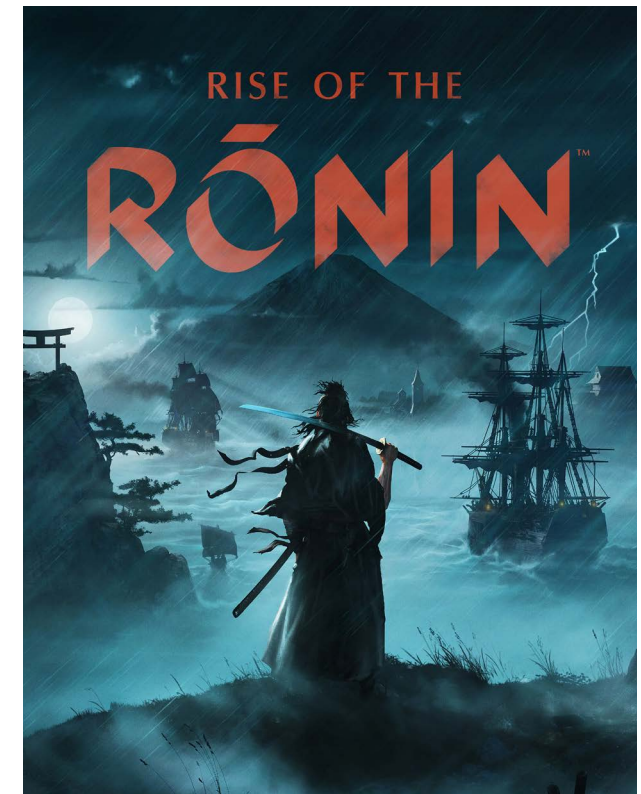
Aiming to create widely accepted titles as a globally recognized gaming company

Yasuda I have never been instructed by KOEI TECMO to create an AAA title, nor have I explicitly aimed to develop one. However, given our growth, taking on large-scale AAA titles is inevitable. At the same time, the games I want to create naturally evolve into AAA titles. Moving forward, I will continue applying the knowledge gained from "Rise of the Ronin" to develop titles that deeply engage a broader global audience. Ultimately, I strive to produce results that align with our vision of becoming "The World's No. 1 Digital Entertainment Company," achieving social recognition and attaining number one status globally.

Hayashi Games cannot progress past the title screen without the input of players. That's why our value lies in getting as many people as possible to play our games. We want to continue creating works that are widely accepted, as this will drive the Company's growth. What defines a AAA title? It's something that excites, sparks curiosity, and has the potential to be a hit.

Titles that meet the latent needs of customers have a certain aura or atmosphere about them. These are the kinds of titles that define AAA games, and

continuing to create such titles is essential for our sustained growth. I am confident that this will lead us to our vision of becoming "The World's No. 1 Digital Entertainment Company."



Actively Tackling Challenges and Aiming for Sustainable Growth Utilizing KOEI TECMO's Sound Financial Structure as a Foundation

KENJIRO ASANO

Director, Senior Executive Officer & CFO



Achieving record-high net sales and non-operating income and expenses in FY2023 despite results falling short of targets

For the fiscal year that ended in March 2024 (FY2023), the second year of our Third Medium-Term Management Plan, KOEI TECMO recorded consolidated net sales of 84.5 billion yen, an increase of 7.9% from the previous year, and operating profit of 28.4 billion yen, a decrease of 27.2%. Net sales reached an all-time high thanks to repeat sales of existing titles and the launch of multiple new mobile titles. In contrast, sales of new console/PC and mobile titles were below targets. Operating profit fell short of our initial target for a few reasons: our inability to reach sales targets for new titles, an increase in variable costs like sales commissions resulting from the concentrated release of new in-house-developed mobile titles, and a rise in employment and outsourcing costs.

On the other hand, non-operating income and expenses reached an all-time high due to the recording of interest income and gain on the sale of investment securities as we carried out fund management while monitoring financial markets. As a result, profit attributable to parent company shareholders increased 9.2% from the previous year to 33.7 billion yen.

Returning to profit growth trajectory and preparing for our next growth phase

KOEI TECMO's management policy in the current year is to create and develop global IPs. In implementing this

policy, we have commenced a variety of measures to strengthen our growth potential and profitability after reflecting upon why we fell short of our targets in FY2023.

First, as a growth strategy, we will strive to meet challenges in genres with growing markets like open world games and will expand our global business. To build a development system capable of consistently releasing new major titles, we have established a new AAA Games Studio, have launched a large-scale project that transcends the boundaries of brands, and are developing new titles. We will also invest in human resources through active recruiting and training focused mainly on new graduates and will also promote innovation in production processes by utilizing new technologies such as generative AI. At the same time, we are reviewing our in-house quality control and review systems to raise our AAA-level quality. We are also directing efforts toward cost management and reduction by enhancing the efficiency of CG production management and checking systems, and utilizing AI in some processes.

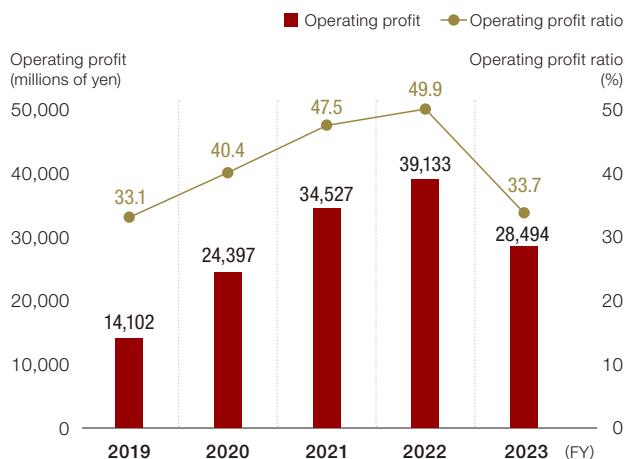
I am confident that these measures will enable profits to return to an upward trajectory from FY2024. That said, recent years have witnessed increasingly longer development times for each title. This means that more time could be needed for growth potential to rebound. Mindful of this, we have revised our FY2024 sales target downward from 100 billion yen to 90 billion yen. We are currently starting preparations for the next Medium-Term Management Plan and beyond. I hope that everyone will anticipate further growth in our business results over a slightly longer time span.

KOEI TECMO's basic financial management policy: Using a multi-layered profit cycle to generate stable profits in a volatile industry

The game industry is characterized by wide fluctuations in sales that make forecasting difficult. Generally speaking, developing a new game requires an investment of at least 2 to 3 billion yen. A major title can cost more than 10 billion yen, with development spanning several years. During this time, development costs are incurred upfront, resulting in significant negative cash flows. For this reason, it is crucial to establish a system capable of generating stable profits in gaming businesses with such volatility in sales.

The KOEI TECMO Group has six brands that can develop games in a diverse range of genres. At the same time, we have established a multi-layered revenue cycle in which we (1) create new IP, (2) develop hit titles into series, (3) develop collaborative titles, and (4) license out IP. This cycle serves as the foundation that allows us to continuously take on challenges for the future by steadily securing balanced profits as a company.

✔ Operating profit and operating profit ratio



Three key points of financial management

Against this background, KOEI TECMO thoroughly executes a conservative and safety-oriented financial management policy. Specifically, we focus on 1) implementing thorough profit management for individual titles, 2) recording game development costs upfront as they are incurred, and 3) securing stable available funds.

1) Thorough profit management for individual titles: Ensuring an operating profit ratio of 30%

In undertaking profit management for individual titles, we strictly adhere to the standard of attaining a 30% operating profit ratio for in-house projects. We make assessments at each milestone, from the planning stage to release, and discontinue the development of any titles with little prospect of attaining an operating profit ratio of 30%. Therefore, we rarely extend development periods or suddenly cancel titles immediately before release. Managing the profit of individual titles allows us to develop titles while skillfully devising ways to deliver high-quality titles to customers within a fixed budget.

2) Recording game development costs upfront as they are incurred: A profit structure that incorporates future costs

In general, development costs of games and other software products under development are frequently recorded as work in progress assets and then amortized as expenses after release. In that case, if a game does not sell as expected or is discontinued midway through development, it can end up remaining on the balance sheet as a non-performing asset.

However, in KOEI TECMO's case, development costs incurred during the current fiscal year are recognized as expenses for that year. This prevents the risk of asset impairment losses even if sales hypothetically fall short of our plan or development is canceled. Even though incurring increasing development costs upfront reduces our current profitability, we have adhered to this policy since our founding to maintain a profit structure that continually generates profits and to be fully prepared for any future volatility.

KOEI TECMO's M&A and PMI

M&A: Emphasis on 1) valuable IP and outstanding human resources, 2) creating synergy, and 3) specific PMI plans
PMI: Our successful PMI was the result of continuously communicating shared values to employees

When considering M&A, we emphasize three points: whether the other company has valuable IP and outstanding human resources, whether we can expect synergy commensurate with the premium we will pay, and to what extent we can concretely draw a vision for PMI (Post Merger Integration). We focus on these points because M&A requires exhaustive verification and analysis of post-acquisition management and the creation of synergy.

Following the business integration of Koei Co., Ltd. and TECMO, LTD. in 2009, we were able to proceed with PMI in one fell swoop by completely unifying the personnel system, including salary levels, and project management methods. Similarly, Gust Co., Ltd., which became a wholly owned subsidiary in 2011, was absorbed and branded.

The basis of this PMI was management's belief that it would be unnatural to not collaborate in the same businesses given that the two companies integrated their management and that it is far easier to create synergy within a single company. Both companies had independently achieved solid results and cultivated their own distinct corporate culture, and there was a sense that they resisted changing their cultures. For these reasons, top management explained the background of the M&A and the direction of the PMI, continuously transmitted messages to employees encouraging them to do their best, and focused on conveying our cherished values to earn the empathy of employees. Thanks to these efforts, brands with different origins are now collaborating to create game titles (such as "Atelier Resleriana: Forgotten Alchemy and the Polar Night Liberator" by Team NINJA and Gust, and the "Nioh" series by KOU SHIBUSAWA and Team NINJA).

3) Securing stable available funds: A solid financial foundation for creating major titles

KOEI TECMO is taking on the challenge of creating major titles for global markets, and securing ample available funds is essential for achieving this objective.

We maintain a policy of securing funds to continue paying our employees' salaries so that they can continually take on new challenges even if we are unable to produce a hit title for several years.

Focusing on content industries other than games: Considering M&A that create synergy through IP and outstanding human resources

We proactively consider M&A as one of our future growth strategies. In FY2023, KOEI TECMO entered into a capital and business alliance with Akatsuki Inc. We will increase the effectiveness of our business alliance with the launch of "Atelier Resleriana: Forgotten Alchemy and the Polar Night Liberator," jointly developed by Akatsuki Games of the Akatsuki Group and KOEI TECMO GAMES. We regard the formation of this alliance with a smartphone game company to be a major achievement.

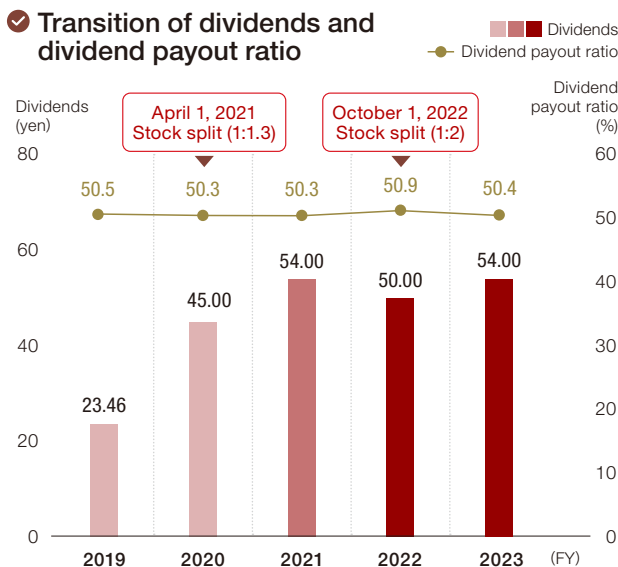
The chief points that serve as a basis when considering M&A are whether the partner company has intellectual property (IP) and reliable human resources. It is extremely important to consider the post-M&A structure from the perspective of whether we can increase and utilize the appeal of the IP and raise the skills and morale of outstanding human resources to ensure we can create synergy. For example, even if a company uses its original IP only for mobile games, there is a possibility that the same IP can also be utilized in multifaceted ways. In addition to the game industry, we continuously focus on other content industries such as anime, manga, and movies that are compatible with games.

Undertaking management with an awareness of cost of capital and stock price, and aiming to further increase our stock value

We will continue working toward ensuring that management is aware of the cost of capital and stock

price. Our ROE for FY2023 was 21.3%, exceeding 20% for the fourth consecutive year. In this way, we maintain our ROE at a level significantly higher than the cost of capital as calculated by the Company. Furthermore, we position the return of profits to our shareholders as one of our most important management policies. Our basic policy for returning profits to shareholders is to realize "a consolidated annual total payout ratio of 50%, including dividends and share buybacks, or an annual dividend of 50 yen per share" (the actual results at the end of FY2023 were an annual dividend of 54 yen per share and a total payout ratio of 50.4%).

Under our Group vision of becoming "The World's No. 1 Digital Entertainment Company," KOEI TECMO aims to realize growth potential and profitability and has overcome numerous hurdles to achieve its targets. In the future, we will continue to work in unison to take on the challenge of attaining high targets and aim to further increase our stock value along with the advance of the Group to meet even greater expectations of our stakeholders.



(Note) The Company implemented a 1.3-for-1 common stock split on April 1, 2021, and a 2-for-1 common stock split on October 1, 2022. Dividends per share (after stock split adjustment) are calculated on the assumption that the said stock split was implemented at the beginning of fiscal 2019.

Continuity, flexibility, and soundness as the keys to successful non-operating investments: Undertaking fund management without losses after a merger

The game industry is a business in which making forecasts is difficult. Accordingly, we maintain ample available funds that allow us to proactively pursue future development and business regardless of short-term shifts in business results. Rather than holding idle funds, we manage our funds efficiently while balancing risk and return. Surplus fund management is positioned solely as a means of supporting our core businesses. Accordingly, we adhere to the following basic principles.

1) Continuity

We aim to achieve continuity by managing surplus funds after investing in our core businesses from each fiscal year's profits and by being able to record stable profits from a medium- to long-term perspective.

2) Flexibility

We maintain the flexibility to review our portfolio in response to changes in the financial environment.

3) Soundness of our asset portfolio

We ensure a healthy balance sheet, which includes ascertaining the unrealized gains and losses of our managed assets.

The state of fund management is reported to the Board of Directors monthly and undergoes detailed checks to ensure proper governance. Additionally, in FY2023 we shifted to a bond-centered portfolio, which significantly improved non-operating income and expenditures, along with the unrealized gains and losses of managed assets.

The balance of fund management has been consistently positive since our business integration. Profits earned through fund management support the growth of KOEI TECMO as future funds.

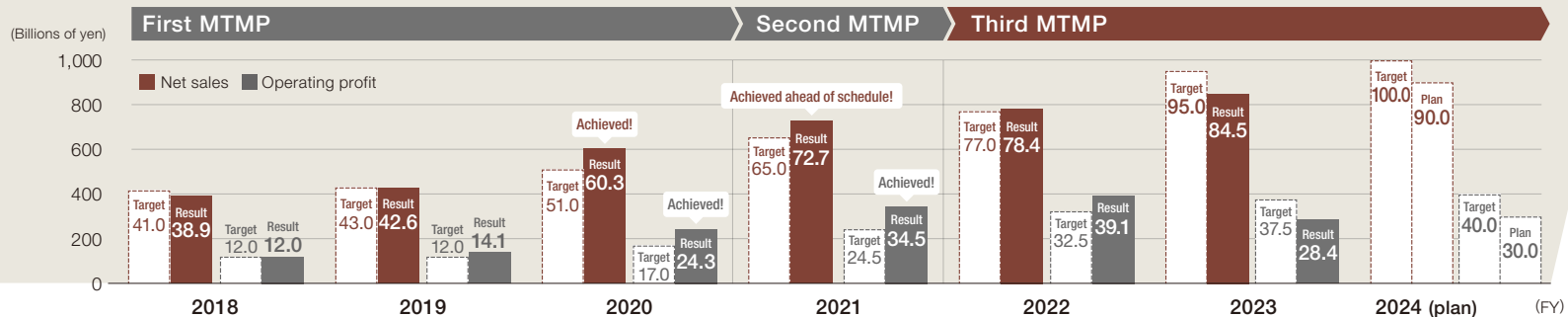
Medium-Term Management Plan | Review and Present Status of Medium-Term Management Plan

Since starting our first Medium-Term Management Plan in FY2018, we have made noteworthy achievements that include attaining our final-year operating profit target of 30 billion yen ahead of schedule during our second Medium-Term Management Plan. We then re-evaluated the second Medium-Term Management Plan and embarked on our third Medium-Term Management Plan in FY2022. Following on from the second management plan, we aim to realize AAA titles*1 and expand mobile titles. To achieve our Vision, we are solidifying our foundation

	First MTMP (FY2018 to FY2020)	Second MTMP (FY2021)	Third MTMP (FY2022 to FY2024)
Basic policy	Pursuit of top-tier titles and aiming for major advancement	Realization of AAA titles and expansion of smartphone games to the next stage of growth	Realization of AAA titles and expansion of smartphone games to leap forward to the next stage
Priority goals	<ul style="list-style-type: none"> Aim for at least 10% annual growth over three years relative to FY2020 results of net sales of ¥51 billion, operating profit of ¥17 billion, and ordinary profit of ¥21 billion Realize 5-million unit level titles and a mobile game with monthly sales exceeding ¥1 billion 	<ul style="list-style-type: none"> Operating profit target for FY2023: ¥30 billion 5-million unit level console/PC game (new IP) 2-million unit level console/PC game each quarter Mobile title with monthly sales of ¥2 billion Multiple mobile titles with monthly sales of ¥1 billion 	<ul style="list-style-type: none"> Operating profit target for FY2024: ¥40 billion 5-million unit level console/PC game (new IP) 2-million unit level console/PC game each quarter Mobile title with monthly sales of ¥2 billion Multiple mobile titles with monthly sales of ¥1 billion
Initiatives	Console/PC	<ul style="list-style-type: none"> "The Hyrule Warriors: Age of Calamity"*2 surpassed a total of 3 million copies worldwide (FY2020) "Nioh" series surpassed a total of 6 million copies (FY2021) 	<ul style="list-style-type: none"> 5 million-unit level console/PC games: 2 titles released in FY2022 and FY2023 2 million-unit level console/PC games: 3 titles released in FY2022 and FY 2023 (ongoing)
	Mobile	<ul style="list-style-type: none"> IP licensing-out title "Three Kingdoms Tactics"*3 a big hit in mainland China (FY2019) "Romance of the Three Kingdoms Hadou" surpassed monthly sales of ¥1 billion (FY2021) 	<ul style="list-style-type: none"> Multiple mobile games with monthly sales of 1 billion yen: 2 titles attained monthly sales of 1 billion yen

The World's No. 1 Digital Entertainment Company

*1 AAA title (Triple-A title): A game that is a major hit, has a huge budget, and is meticulously crafted. *2 A collaborative title with Nintendo Co., Ltd., which is the distributor for overseas
 *3 Developed by Lingxi Games and operated by Lingxi Games and Shanghai TCI Network Technology



Medium-Term Management Plan | List of Titles from the Past Three Years

Each KOEI TECMO Group brand continuously develops multiple titles simultaneously. Flexible personnel deployment enables us to utilize human resources without waste and promote highly efficient development.

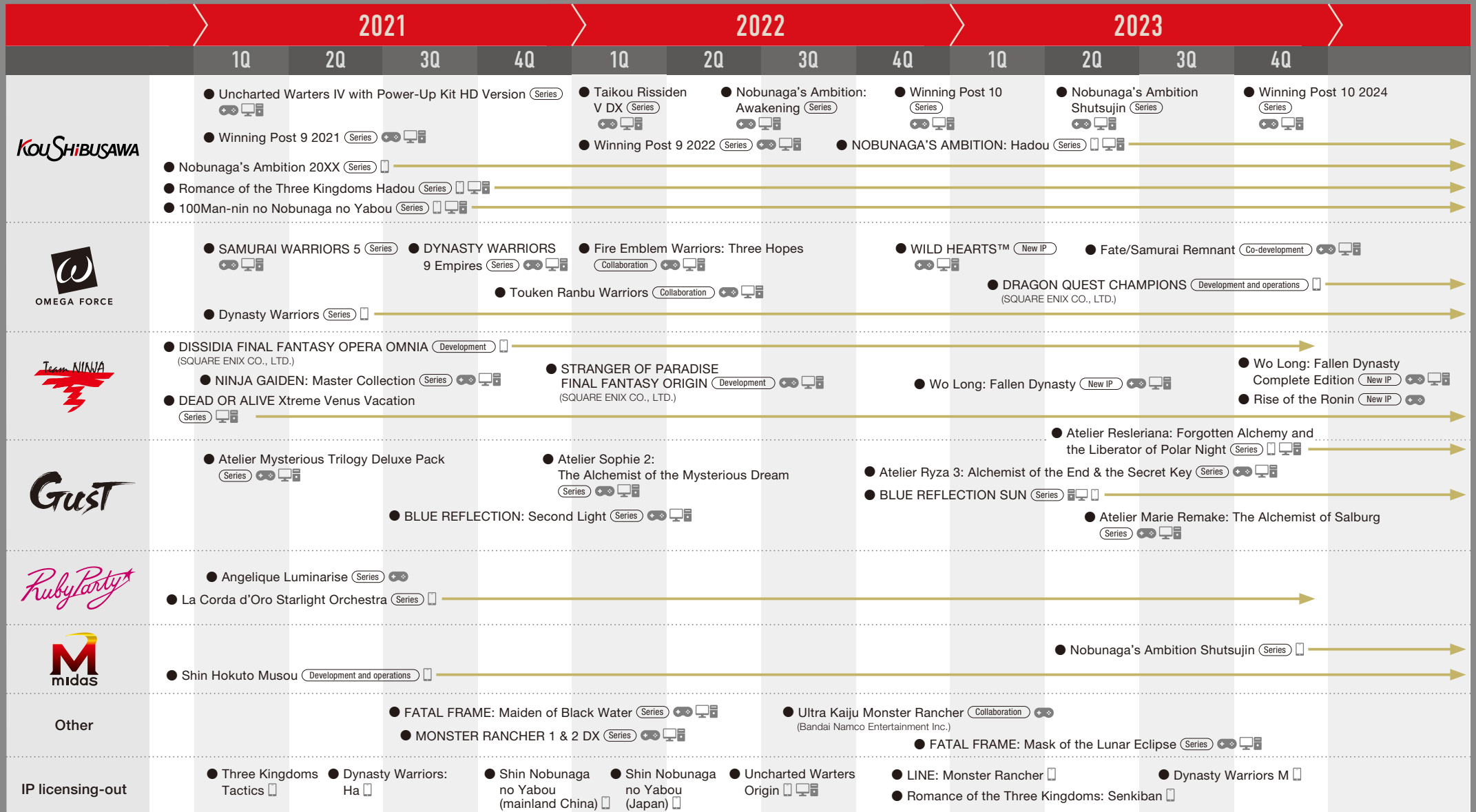
**FY2024
new title
pipeline**

Console 🎮/PC 🖥️

Mobile 📱

- Constantly supply new titles every fiscal year. By expanding development capacity, we will maintain and improve the number, scale, and pace of titles.
- Build a multi-layered and stable portfolio. We will combine numerous IPs, title scales, and business models (in-house and collaboration) in a well-balanced manner.

- Carefully select new titles. We will utilize successful cases and know-how to undertake high-accuracy title development.
- Extend the lifespan of and revitalize existing titles. Improve profitability by carefully examining operating costs.



Under KOEI TECMO's Ethos of Creativity & Contribution and its Corporate Slogan of "Level Up Your Happiness," we aim to contribute to people's spiritual richness and happiness. To achieve our Vision of becoming The World's No. 1 Digital Entertainment Company, we believe it is crucial for our human resources to grow sustainably and create exciting games. By promoting sustainability centered on people, KOEI TECMO aims to improve its corporate value and create a sustainable society.

Sustainability Promotion System

To strengthen our sustainability initiatives, in October 2023 we established the Sustainability Committee under the President & CEO and set up the Sustainability Promotion Office within the Corporate Planning Department to promote sustainability activities.

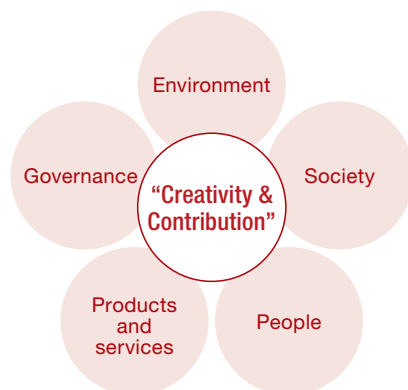


Sustainability Committee

Launched in October 2023, the Sustainability Committee convened three times during FY2023.

Chairperson	Yoichi Erikawa President & CEO
Committee Members	CSuO, General Manager, Deputy General Manager, Executive Officer, General Manager of Human Resources KOEI TECMO GAMES CO., LTD.: Executive Vice President, General Manager of Marketing, General Manager of IP Business, General Manager of Entertainment Production / KOEI TECMO WAVE CO., LTD.: President / KOEI TECMO NET CO., LTD.: Managing Director / KOEI TECMO QUALITY ASSURANCE CO., LTD.: President
Secretariat	Sustainability Promotion Office, Corporate Planning Department

Meetings held	Main Discussions at Sustainability Committee Meetings
1st meeting (November 27, 2023)	<ul style="list-style-type: none"> • Purpose and role of the Sustainability Committee • Report on materiality
2nd meeting (January 22, 2024)	<ul style="list-style-type: none"> • Discuss and exchange opinions on human capital-related indicators and targets • Exchange opinions on the compilation of Scope 3 greenhouse gas emissions
3rd meeting (March 18, 2024)	<ul style="list-style-type: none"> • Discuss and exchange opinions on the medium- to long-term roadmap • Exchange opinions on human capital-related policies, governance, etc. • Discuss and exchange opinions on materiality • Report on TCFD disclosure • Report on the compilation of Scope 3 greenhouse gas emissions



Setting Materiality (Key Issues)

We have established five key issues that we will promote to contribute to the realization of a sustainable society and enhance our corporate values.

Review of materiality (FY2024)

Amid the increasing importance of materiality, KOEI TECMO is currently reviewing materiality, taking into consideration the dual perspectives of its stakeholders and impacts on the Company.

For a detailed explanation of our current materiality, please visit the following. → <https://www.koeitecmo.co.jp/e/sustainability/materiality/>

People as the Core of Sustainability: Striving to Establish an Organized Promotion System and Sustainably Raise KT's Corporate Value

MEI ERIKAWA

Director, Managing Executive Officer, & CSuO

FY2023 was the “first year of sustainability”

In FY2023, KOEI TECMO established the Sustainability Committee and Sustainability Promotion Office, and I was appointed CSuO (Chief Sustainability Officer). Chaired by President Yoichi Erikawa, the Sustainability Committee consists of the heads of the Group's business and management divisions. The committee discusses and decides on KOEI TECMO's direction and strategies. Additionally, the Sustainability Promotion Office collaborates with business divisions as an execution team for the horizontal promotion of sustainability across the entire company and implements measures based on the policies formulated by the committee.

I have always felt the need to promote sustainability but it was unclear who would actually lead these efforts and how this would be done. The start of a full-scale sustainability promotion system has enabled us to take a big step forward by clarifying responsibilities and roles. I believe that by working together to promote initiatives, members of business divisions are beginning to undertake sustainability as their own personal goal.

Maximizing the abilities of employees drives sustainable growth

As highlighted by the saying, “A company is nothing more than its people,” KOEI TECMO Group's most important asset is its human resources. People play a crucial role at every stage of our business, from game planning to development and sales. Further strengthening our human capital is essential for achieving our vision of becoming “The World's No. 1 Digital Entertainment Company.” To

this end, we will continue to focus on improving the quality and quantity of our human resources as we aim for sustainable growth.

Improving human resource development and engagement

Our human resource development focuses not just on improving the skills required to “create exciting games.” We also work to ensure that human resources can acquire business skills that help realize the growth potential and profitability of the company, or in other words “the ways we can generate profits.” By doing so, we aim to enable each and every employee to achieve personal growth and contribute to the further advancement of our company.

On a different front, from FY2023 we began implementing engagement surveys and initiatives to improve engagement with the aim of shaping our company into an even better organization. To make KOEI TECMO a satisfying place to work, we are improving our facilities through methods like enhancing office environments. At the same time, we must also create environments that will spur internal changes within employees themselves to allow them to better understand the significance of their work and feel their own personal growth. This is precisely why we strive to create ways of working that enable employees to truly enjoy their work instead of performing their daily jobs without any feeling. Rather than approaching their jobs every day with a feeling of “I don't want to go to work,” I believe that having people perform their jobs with a positive attitude of “I'll do my very best today” will

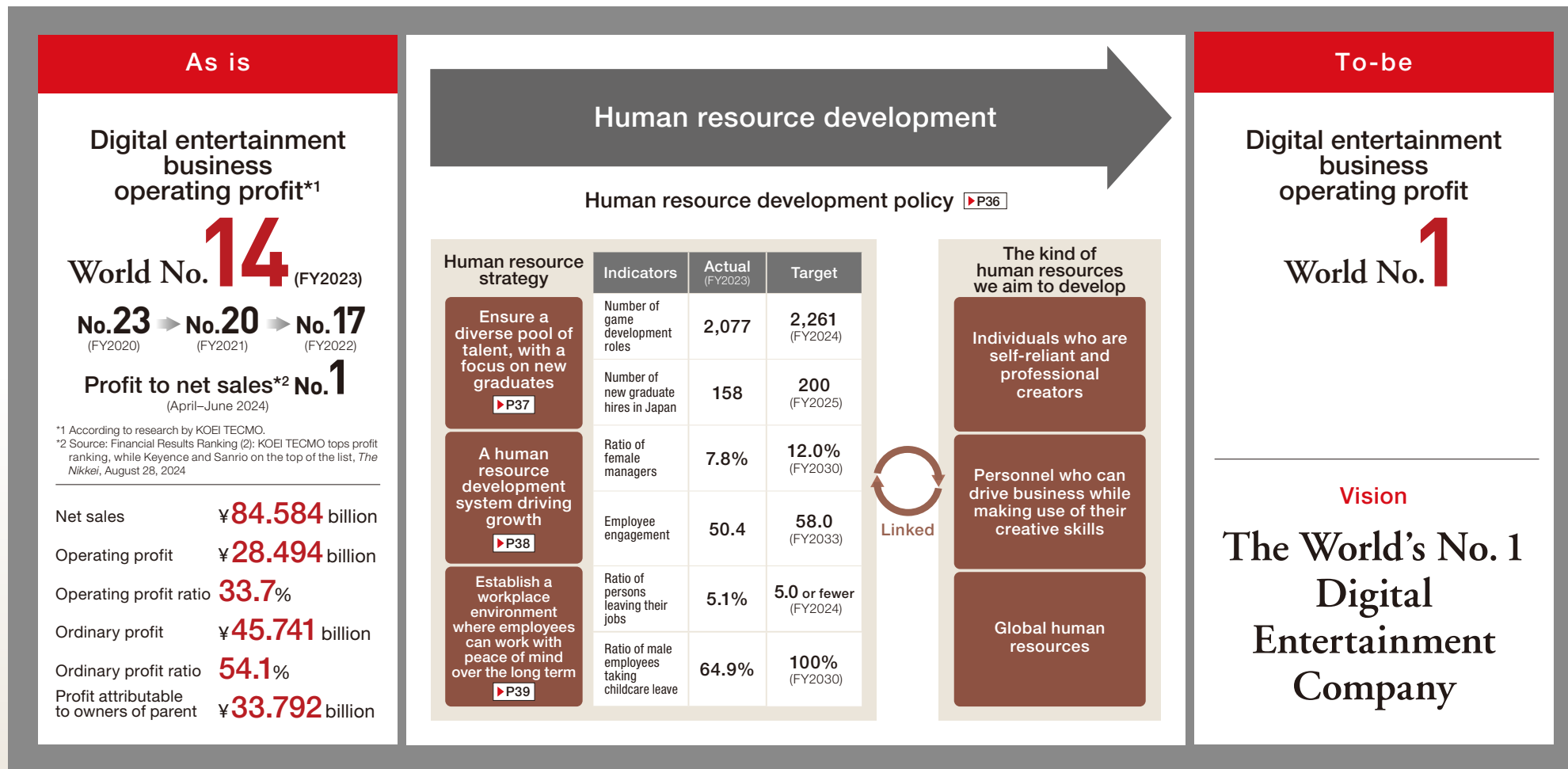


increase engagement and enable the creation of even more exciting games.

Reviewing materiality identification and promoting diversity

In FY2024, we will begin reviewing materiality identification to increase our corporate value. We will align the KOEI TECMO Group's business strategies with issues and risk management and decide on initiatives to increase corporate value in the medium to long term. Additionally, we will formulate and promote a medium- to long-term roadmap to create an environment in which employees can work with peace of mind. This includes initiatives for diversity such as promoting the active roles of women.

Looking ahead, the KOEI TECMO Group will continue to work on sustainability activities and stride forward alongside society and people with the aim of realizing sustainable growth.



KOEI TECMO Ethos

Creativity & Contribution

Contribute to society through the creation of new value instilled within our products and services

Corporate Slogan

Level up your happiness

Based on its Human Resources Development Policy, the KOEI TECMO Group has prescribed three ideal images of the human resources it seeks to develop and is implementing a human resources strategy to realize these. From FY2023, we will begin measuring engagement to gauge whether our human resources strategy and specific measures are being effectively implemented. At the same time, we will strive to become a strong organization where the Company’s human resources can play active roles by continually making improvements based on the results of these measurements.

Human Resources Development Policy

Based on the idea that “a great creator should also be a great businessperson,” KOEI TECMO’s human resources development policy is to cultivate people who possess the following two attributes.

Creators who bring about new entertainment  **Businesspeople who bring about growth and profitability**

Ideal image of people we seek to develop

Individuals who are self-reliant and professional creators

- People with outstanding knowledge and skills in their own work as well as knowledge in peripheral work
- People who can complete high-quality products that improve brand power within the delivery timeline while executing meticulous checks without compromise

Nurture individuals who can unleash creativity and drive business forward

- People capable of cultivating new fields, creating and developing new global IPs, independently starting projects, and commercializing these toward deployment
- People capable of setting appropriate time, cost, and profit targets; formulating project plans; and managing projects while realizing the required quality, delivery timeline, and budget

Global Human Resources

- People who can understand and respect different cultures and diversity
- People with the communication skills to take the lead in promoting business in collaboration with members from diverse cultural backgrounds, including overseas partner companies and employees at overseas Group bases

Ensure a Diverse Pool of Talent, with a Focus on New Graduates

Initiatives for recruiting new graduates

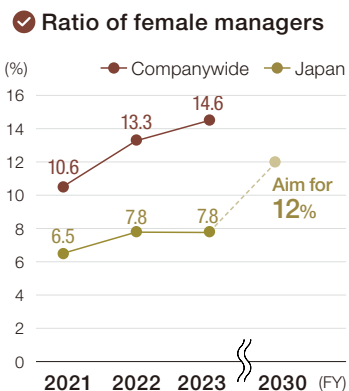
For many years, the KOEI TECMO Group has placed top priority on recruiting new graduates. To ensure that the Group continuously grows in the dramatically evolving game industry, it must secure new employees with fresh sensibilities and new abilities and values. Based on the concept that passion is a driving force, since its founding KOEI TECMO has consistently implemented a policy of "recruiting game fans" while also focusing on recruiting diverse human resources.

✔ **Number of new graduates recruited**

FY	Japan	Companywide*1
FY2021	127	172
FY2022	150	200
FY2023	158	215
FY2024	199	241**2
FY2025	200 (Target)	—

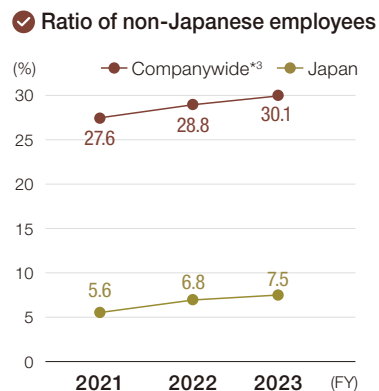
Promoting active roles for women

The KOEI TECMO Group strives for fair evaluations and treatment of employees and assures equal opportunities for promotions and advancement based on merit. Besides creating comfortable workplace environments, we make efforts to establish environments in which women can easily play active roles by promoting their careers. Starting in FY2024, we are implementing training aimed at reforming the awareness of management-level employees and improving their skills in cultivating female subordinates.



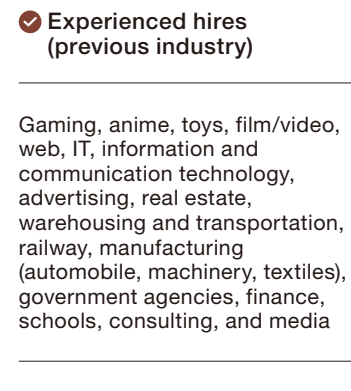
An open environment where foreign employees can play active roles

To promote diversity and secure excellent human resources who can play active roles globally, in Japan KOEI TECMO actively hires foreign employees, mainly new graduates. We provide environments where employees can work with peace of mind starting from when they join KOEI TECMO through Company welfare systems such as employee dormitories. As also evidenced by the recent increase in foreign employees playing active roles in managerial and leadership positions, we are becoming an organization where diverse human resources can play key roles and believe this has helped strengthen the competitiveness of the KOEI TECMO Group.



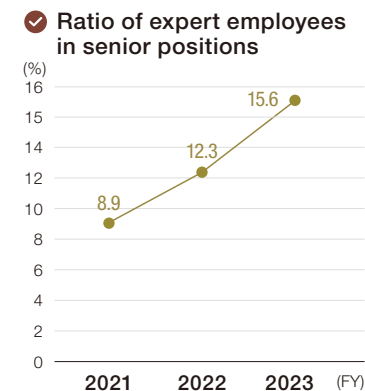
Hiring experienced individuals with diverse strengths

KOEI TECMO also focuses on hiring experienced individuals to acquire human resources with abilities and values not yet possessed by the Company. By maintaining high salary levels, we are strengthening our competitiveness in recruiting and by clarifying the types of human resources we seek, we undertake recruitment activities to acquire human resources with valuable skills. KOEI TECMO aims to improve the creativity of its employees through the interaction of human resources possessing diverse abilities and values.



Diverse human resources combined with diverse career paths

At KOEI TECMO, there are multifaceted career paths tailored to each employee's aptitude. In senior positions, in addition to management roles, we also have expert positions that focus on more specialized technical skills and knowledge. In addition, we have job rotation and internal job posting system to enable motivated employees to build new careers. We will promote the ongoing growth and diversification of our employees through systems designed to enhance various skills and abilities, ensuring they thrive in the ever-evolving gaming industry.



*1 Companywide: includes overseas Group companies *2 Progress as of September 26, 2024 *3 Companywide: includes local employees of overseas Group companies

A Human Resource Development System Driving Growth

In accordance with our Human Resources Development Policy of balancing “creativity that generates new excitement” with “business skills to achieve growth and profitability,” KOEI TECMO established a human resources development system to unleash Transcendent Human Power, one of our strengths. We support each and every employee in taking on challenges through a career path whereby game fans join KOEI TECMO as new employees and then after serving as game creators they eventually advance to management-level positions. Employees achieve large personal growth in fields where they can realize their dreams, which in turn helps further raise the corporate value of the Group.

Creators combined with businesspersons

KOEI TECMO provides various opportunities to cultivate human resources who have the qualities of both a “creator” and a “businessperson.” We implement Producer Training to reinforce the basic knowledge needed by producers and directors and share knowledge internally through case studies. We also provide opportunities for acquiring new knowledge and for learning about the latest trends through lectures and external training by top creators and leading experts in various fields. In rank-specific training, employees learn about leadership, problem-solving methods, legal-related matters, management strategies, and financial concepts and acquire “business skills to achieve growth and profitability.”

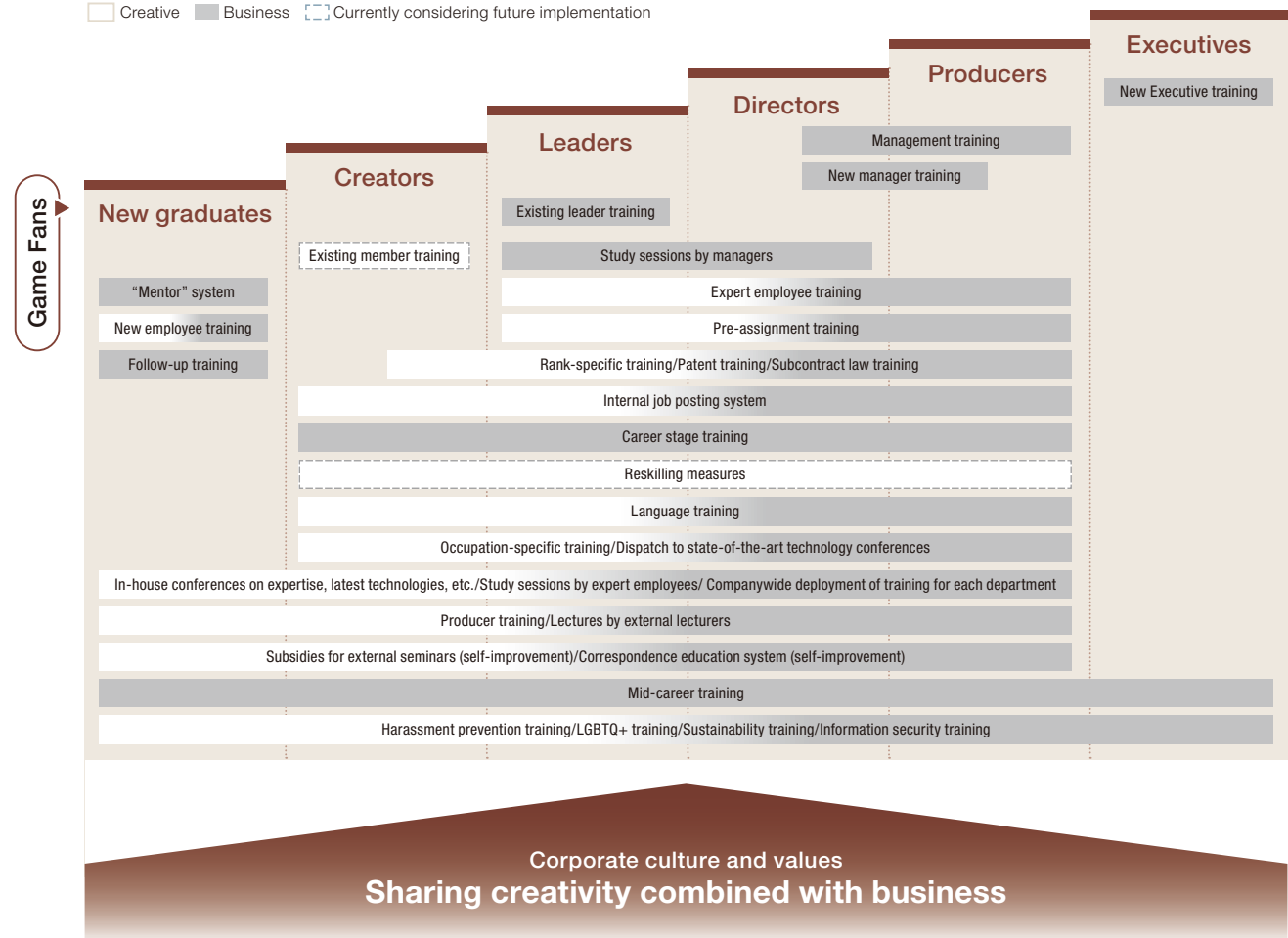
As one strategy to realize its Vision, KOEI TECMO supports employees both as “creators” and “businesspeople” by systematizing these multi-layered initiatives, thereby maximizing the Group’s most important asset, namely its human capital.

Extensive support for new graduates

After joining the Company, a training program spanning approximately 1.5 months is provided to new graduate employees. This unique program, conducted annually and continuously improved, is designed to expedite the development of new employees into effective contributors. Our approach of assigning one senior employee as a mentor to each new employee is designed to provide personal support in both professional and private matters for the first year after their placement. Besides enabling new graduate employees to quickly learn their jobs, these mentors also acquire leadership skills by accumulating experience in guiding junior employees.

✓ Framework for Generating Transcendent Human Power

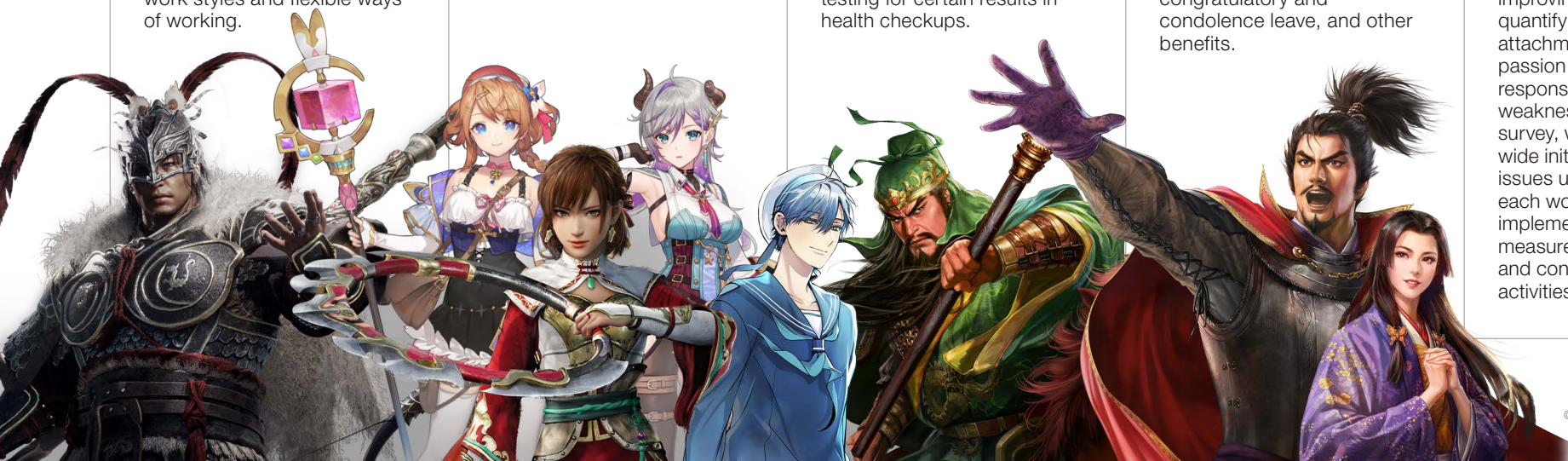
□ Creative ■ Business ▭ Currently considering future implementation



Establishing a Workplace Environment where Employees Can Work with Peace of Mind over the Long Term

The Group is working to create an environment where employees can demonstrate their abilities and make active contributions in the long term.

<p>1</p> <h3>Creating a working environment where abilities are easily demonstrated</h3> <p>As part of our efforts to create a work environment in which employees can play active roles while balancing work with childcare commitments, we have introduced a flextime system, shorter working hours (for employees whose children are in the third grade or younger), and staggered working hours (sliding attendance). Core hours under the flextime system have been shortened since FY2024. We encourage our employees to maximize their abilities through a variety of work styles and flexible ways of working.</p>	<p>2</p> <h3>Career development support to encourage growth</h3> <p>We support employees' career development through career interviews, career stage training, an in-house recruitment system, a self-assessment system, and other systems, enabling employees to realize their career aspirations and exercise their abilities in roles that suit them. In addition, as of FY2024, we are supporting employees' self-improvement efforts and encouraging their growth by raising the upper limit on subsidies offered for correspondence courses.</p>	<p>3</p> <h3>Health management efforts</h3> <p>To help employees stay healthy and continue working in the long term, we provide services such as training on how to take care of mental health, 24-hour e-mail consultations, and online consultations with occupational health physicians, to create an environment in which employees can monitor their own condition and receive counseling. We will continue to further promote health management by appointing personnel responsible for health management and subsidizing the cost of repeat testing for certain results in health checkups.</p>	<p>4</p> <h3>Fostering a culture which celebrates diversity</h3> <p>We conduct training at Group companies in Japan to raise awareness of diversity, LGBTQ+, and harassment prevention, with the aim of creating an organization in which diverse personnel can respect each other and play active roles. In April 2024, we also introduced a partnership system at Group companies in Japan under which same-sex partners are treated in the same way as spouses under internal regulations, and are eligible for congratulatory and condolence payments, congratulatory and condolence leave, and other benefits.</p>	<p>5</p> <h3>Enhancing motivation and engagement</h3> <p>In addition to measures to support stable living conditions, such as base salary increases for nine successive years and the construction of additional company housing and dormitories for single employees, we are also working continuously to improve motivation by implementing measures to reward employees for their efforts, such as incentive programs and performance award programs, in order to increase motivation. In FY2023, we began measuring engagement with the aim of improving job satisfaction by quantifying employees' attachment to the company and passion for their work. In response to the strengths and weaknesses identified in the survey, we will implement group-wide initiatives, set priority issues under the initiative of each workplace, consider and implement individual response measures on an individual basis, and continue our improvement activities in the future.</p>
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The Group aims to build good relationships with stakeholders and work to solve social issues through the co-creation of value, while at the same time achieving sustainable growth and enhancing corporate value.

Activity	Results (FY2023)
Individual meetings for domestic and overseas institutional investors	160 times
Conferences	5 times
Financial results briefings	4 times

Connecting with local communities



Regional contribution through vocational education activities

We conduct *Machi no Sensei* vocational education activities at local elementary and junior high schools to educate students about the work of game creators.



Lectures by top-level management and engineers at universities

We deliver lectures at universities on topics such as the latest technologies in game software development, AI, and game engines. We also fund courses on game studies through donations.



Energy saving through regional heating and cooling systems

- Energy saving through regional heating and cooling systems
- Adoption of LED lighting in offices
- Water-saving toilet and washbasin facilities



Regional contribution through partnerships and local revitalization projects

We participate in local development projects through tie-ups with our IP and local governments and schools, etc.

Discussion Between an Analyst and the President & CEO (Representative Director)

Analyst The recent situation in the video game industry has been difficult, with restructuring and titles being canceled or undergoing revision around the world. What challenges does the industry face, and what is KOEI TECMO's approach to addressing them?

Erikawa It is a fact that the market grew from 2020 to 2021 due to the requirement to stay at home during the pandemic. We view this as having been caused by external factors to the gaming industry. The market leveled off from 2022 to 2023, and we think that it will return to its original pace of growth from 2024 onward. Therefore, this is no longer an era of benefiting from the external environment, but an era in which the efforts of each company will be tested. Each company needs to address challenges and produce results, and I believe that we are now back in the "warring states" period of gaming.

Against this backdrop, we continue to take on the challenges of creating AAA titles on our own. In the European and North American markets, there are certain genres of games that sell well, and we have come to see that we will not be able to achieve results if we do not compete in those areas. Through the challenges we have taken on so far, we can clearly see the major obstacles we must surmount in the future. I think all that remains is for us to overcome those obstacles. I hope that everyone will look forward to our future efforts and achievements.

Analyst It must be quite difficult to balance creativity and business. In the entertainment industry, it is often the case that creativity takes precedence over profit, and profits decline as a result. How do you keep a good balance?

Erikawa I believe that since game production is a business, it is only natural that we should make a profit. We view profit as the voice of our customers' expectations, and our mission is to create titles that exceed those expectations. In light of this, we are committed to maintaining the balance between creativity and profit in every situation, and in every position within the company—from new employees to executives. To achieve this, we have firmly enrooted a culture of adhering to quality standards, delivery timelines, and budgets as a matter of course.

Analyst It may be a result of increased risk due to rising development costs and the search for solid hit titles, but the industry as a whole seems to be converging on particular game genres and similar-looking graphics. Don't you think that the industry is losing diversity in its output as a result of pursuing growth?

Erikawa I think that it will turn into competition over "play," which is the very essence of gaming. If it is an action game, then "play" is the fighting part. Game systems are important in terms of what kind of new "play" they will bring to the table. If the graphics themselves are a prerequisite for players to purchase a game, then I believe the important thing is whether or not the game can exceed customers' expectations after satisfying that prerequisite, and what kind of interest or enjoyment the new kind of "play" offered by the game can deliver.

The Group considers addressing climate change to be one of its priority sustainability issues, and has disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to Scope 1 and 2 emissions, from FY2023 we have also begun to calculate Scope 3 emissions, and will continue making further efforts to address climate change in the future.

■ Governance

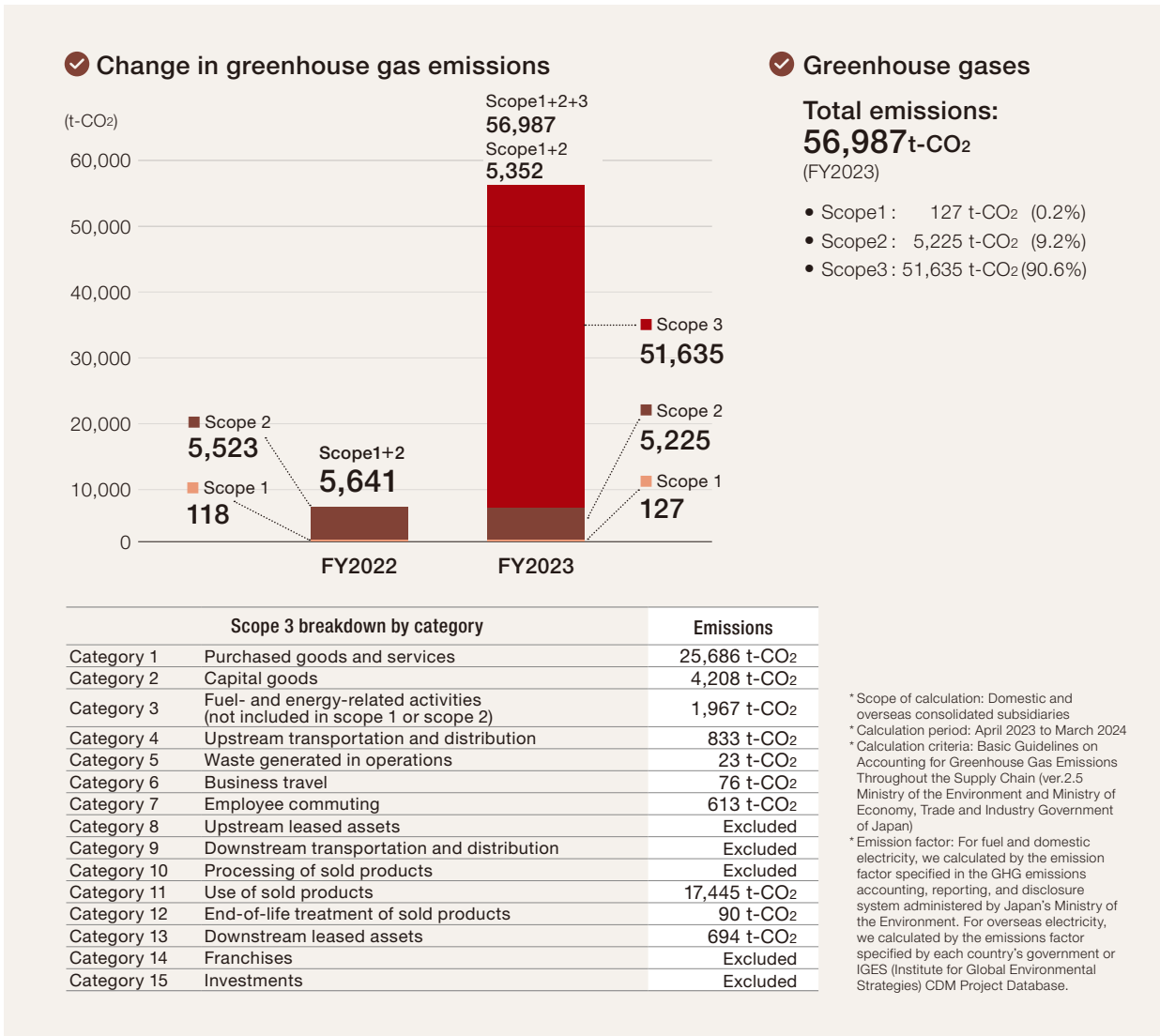
The Corporate Planning Department and the Sustainability Promotion Office take the lead in compiling information regarding the state of the Group’s climate change responses and initiatives. When risks and opportunities are identified as being important to the Group, they are reported to the Sustainability Committee for discussion. A report is then submitted to the Board of Directors.

■ Strategy / Risk Management

The Group currently calculates Scope 1, 2, and 3 greenhouse gas emissions and identifies risks and opportunities to understand the impact of existing climate change on its operations.

■ Metrics & Targets

To manage climate-related risks and opportunities, the Group has been calculating Scope 1 and 2 emissions since FY2022. From FY2023, we also calculate Scope 3 emissions, and will consider reduction targets to reduce greenhouse gas emissions.



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.

Basic stance on corporate governance

With the vision of becoming “The World’s No.1 Digital Entertainment Company”, we aim to contribute to the enrichment of the lives of people around the world by establishing a structure that maximizes the creation of new value through effective utilization of the Group’s management resources and know-how, the integration of planning and development capabilities, and other efforts. To this end, we recognize that the important management issue of strengthening corporate governance is essential to sustainably maximizing corporate value over the long term.

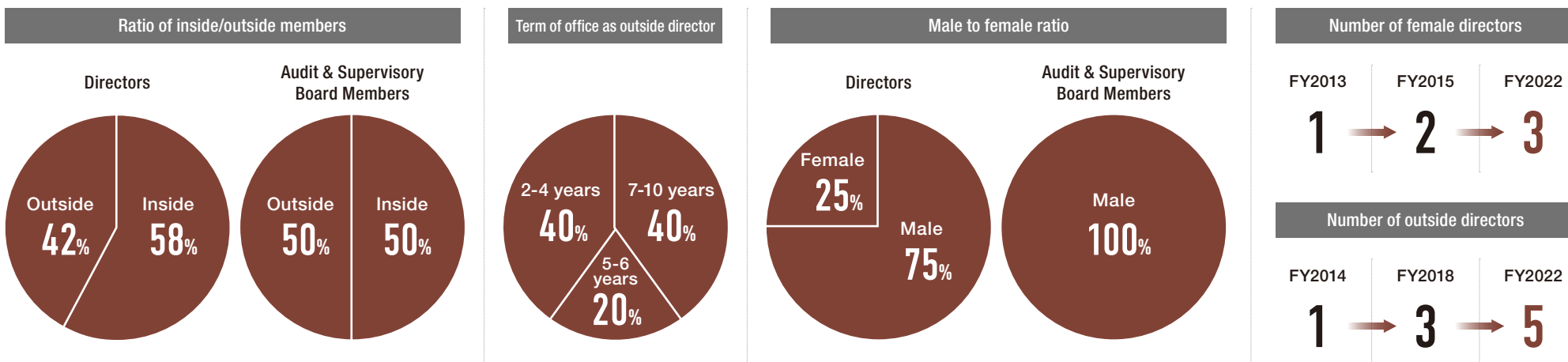
The Group is organized with a holding company structure, under which its operating companies conduct business. The Company is at the center of the Group’s unified governance. We are committed to maximizing corporate value for all stakeholders by planning, operating, and managing the entire Group to optimize it in its entirety, as well as by overseeing the management of the Group as a whole.

Transition in corporate governance reform

✔ Changes to strengthen the governance structure



✔ Composition of directors and Audit & Supervisory Board members (As of September 30, 2024)



Corporate governance structure

As a holding company, we are responsible for formulating management policies and monitoring each business and support function, while each operating subsidiary is responsible for formulating business policies and executing these policies. In order to maintain this system and optimize the entire Group, we have adopted the following structure.

A Board of Directors

Taking into account the scale of the Company, important emphasis is placed on maneuverability. The Board of Directors consists of 12 directors (including five outside directors) and makes decisions on management policies and important business strategies, and supervises the execution of the directors' duties.

Chairman: Yoichi Erikawa
Members: 12 directors
(including 5 outside directors)

B Audit & Supervisory Board

The Audit & Supervisory Board consists of four members, including two full-time auditors (one outside) and two auditors (one outside), that hold regular meetings.

Chairman: Seinosuke Fukui
Members: 4 auditors

C Audit Department

The Audit Department has been established as the internal audit division to check the business activities of the entire Group, and to exercise an internal check and balance function.

D Accounting auditor

The Company has engaged KPMG AZSA LLC, an accounting auditor, to conduct accounting audits which are fair and appropriate. The Company also strives to maintain an environment in which audits are conducted from a fair and unbiased standpoint by providing management information accurately and promptly.

The Audit & Supervisory Board and the accounting auditor mutually exchange information and opinions as necessary to enhance and improve the audit system.

In addition, equivalent management systems have been established at the operating companies under close guidance from the Company to further strengthen the management system of the entire Group.

E Legal advisor

The Company receives advice on legal issues from time to time based on a legal advisory contract with its legal advisor.

F Nomination & Remuneration Committee

A majority of members of the Nomination & Remuneration Committee are independent outside directors. The Nomination & Remuneration Committee deliberates on matters submitted by the Board of Directors regarding the nomination and compensation of the Group's directors and executive officers; and also submits reports and proposals to the Board of Directors.

Chairman: Hiroshi Kobayashi
Members: 8 directors
(including 5 outside directors)

G Special Committee

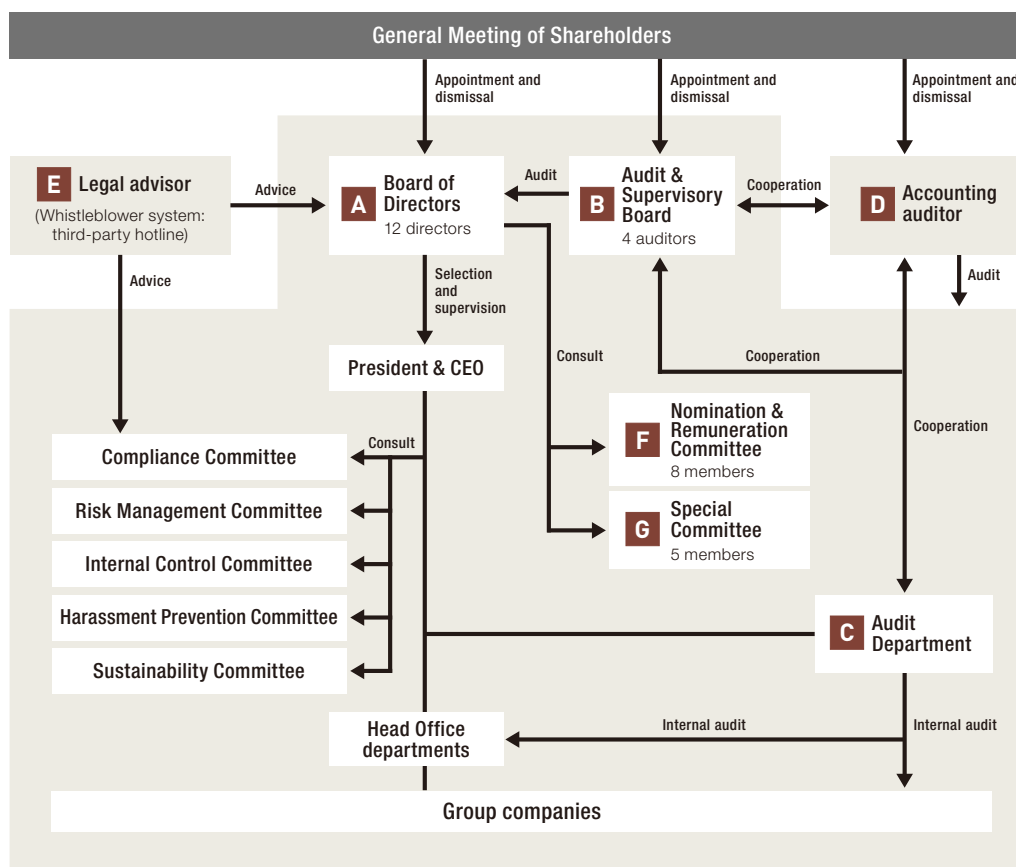
All members of the Special Committee are independent outside directors. The Special Committee deliberates on matters related to important transactions with controlling shareholders or their subsidiaries, as well as other important governance matters that the Board of Directors deems necessary for consultation; and also submits reports and proposals to the Board of Directors.

Chairman: Masao Tejima
Members: 5 outside directors

Executive Officer System

The Company has introduced an Executive Officer system and is working to ensure that it enables prompt management decisions and appropriate execution of duties.

Corporate governance structure (As of October 1, 2024)



Skill matrix of director

Name	Position	Gender	Key experience and expertise							
			Corporate management	Governance/ risk management	Finance/ accounting	SDGs/ sustainability/ diversity	Entertainment business		Amusement business/ Pachinko & Pachislot	Real estate business/ Real estate management/ operation
							Creation of IP	Expansion of IP		
Keiko Erikawa	Chairman (Representative Director)	Female	●	●	●	●	●	●	●	●
Yoichi Erikawa	President & CEO (Representative Director)	Male	●	●	●	●	●	●	●	●
Hisashi Koinuma	Executive Vice President (Representative Director)	Male	●	●	●	●	●	●	●	●
Yosuke Hayashi	Director	Male	●	●	●	●	●	●	●	●
Kenjiro Asano	Director Senior Executive Officer and CFO	Male	●	●	●	●	●	●	●	●
Mei Erikawa	Director Managing Executive Officer and CSuO	Female	●	●	●	●	●	●	●	●
Yasuharu Kakihara	Director & Advisor	Male	●	●	●	●	●	●	●	●
Masao Tejima	Outside Director (independent)	Male	●	●	●	●	●	●	●	●
Hiroshi Kobayashi	Outside Director (independent)	Male	●	●	●	●	●	●	●	●
Tatsuo Sato	Outside Director (independent)	Male	●	●	●	●	●	●	●	●
Michiaki Ogasawara	Outside Director (independent)	Male	●	●	●	●	●	●	●	●
Fumiko Hayashi	Outside Director (independent)	Female	●	●	●	●	●	●	●	●

Status of holding meetings of the Board of Directors

To secure sufficient opportunity and time for deliberations on important management matters at meetings of the Board of Directors, the Company formulates annual schedules that ensure appropriate frequency of meetings.

Through these meetings, sufficient information exchange and a sharing of views are implemented between directors and Audit & Supervisory Board members.

✓ Status of holding meetings of the Board of Directors (FY2023)

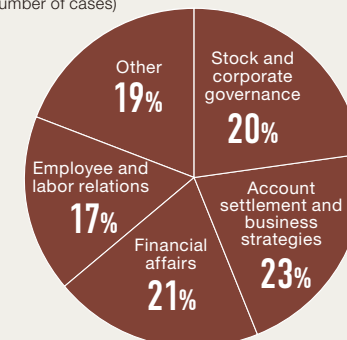
Number of meetings held	Number of agenda per annum	Average duration of meeting (minutes)	Average number of agenda	Average deliberation time per agenda (minutes)
19	144	76	7.6	11

Issues discussed by the Board of Directors

Actual content of issues discussed by the Board of Directors are mainly as follows:

- Formulation, revision and implementation of medium-term management plans and annual management plans and reporting of status of progress
- Reporting of status of execution of business by each division
- Reporting of status of audits by Audit & Supervisory Board members and internal audits
- Decision-making regarding trading of securities, etc. and reporting of status of investment management
- Report of internal control evaluation findings
- Decision-making regarding evaluation and amounts of remuneration of the Group's directors and executive officers
- Decision-making regarding appointment, change of job title, etc. of the Group's directors and executive officers
- Decision-making regarding transfer of important employees
- Establishment, revision or abolition of important rules
- Evaluation of effectiveness of the Board of Directors
- Decision-making regarding acquisition and sale of real estate
- Reporting of status of intellectual property rights
- Reporting of new plans for game development and revision of budgets

✓ Composition by type of content of agenda for meetings of the Board of Directors (by number of cases)



Evaluation of effectiveness of the Board of Directors

For the purpose of continuing to improve its roles and functions, the Board of Directors of the Company implemented an evaluation of the effectiveness of the Board for FY2023. An outline is provided below.

■ Evaluation method

An evaluation questionnaire containing eight items and 38 questions shown in Table 1 was conducted for all directors and Audit & Supervisory Board members. For each question, close-end, three-choice answers based on a quantitative evaluation and open-ended response were collected.

Questionnaire results were tallied and analyzed by the secretariat of the Board of Directors and reported to the Board. The Board discussed on evaluation results at a meeting held in June 2024.

■ Summary of evaluation results

The Board of Directors of the Company evaluated that the effectiveness of the Board was secured in FY2023. This is because 95.5% of respondents chose the answer “1. Yes” to each question asking if the Board is effective.

Moreover, among five items recognized as items requiring improvement in the previous fiscal year, for the three items in Table 2, the number of respondents who chose the answer “1. Yes” was more than 14 (higher than 80%), showing an improvement.

However, with respect to the two items in Table 3, the number of respondents who chose the answer “1. Yes” was less than 13 (less than 80%), indicating that these items needed improvement. Based on the evaluation results, the Board of Directors of the Company aims to further improve the effectiveness of the Board.



✓ **Table 1: List of evaluation items**
(Number of questions in parentheses)

Matters regarding the Board of Directors	Composition of the Board of Directors (9 questions)
	Operation of the Board of Directors (7 questions)
	Role 1: Indication of overall direction (2 questions)
	Role 2: Framework for supporting management (2 questions)
	Role 3: Management oversight (8 questions)
Self-evaluation, etc.	Framework for supporting directors and Audit & Supervisory Board members (1 question)
	Self-evaluation (8 questions)
	Self-evaluation of the Board of Directors (1 question)

✓ **Table 2: Items evaluated as showing improvement**

Item	FY2023 Initiatives
● Cooperation among independent outside directors	To create opportunities for exchanges of information among outside directors, we established a policy of having outside auditors participate as observers at Special Committee meetings.
● Training opportunities for directors and Audit & Supervisory board members	We conducted officer training on material issues.
● Advice from outside professionals	There were two cases in which the Company consulted with legal professionals, based on the opinions of outside directors.

✓ **Table 3: Items evaluated as those requiring improvement**

Item	Future initiatives
● Advance preparation, materials and presentations for Board of Directors meetings	Until now, only a portion of materials for Board of Directors meetings requiring confirmation of details have been distributed at an early stage. Going forward, all materials will be distributed early on.
● Cooperation between Audit & Supervisory Board members and outside directors	Since dialogues are currently conducted mainly through online conferencing, going forward we will consider further measures to strengthen cooperation, such as increasing opportunities for face-to-face meetings.

Director remuneration

The Company has a policy regarding the determination of the amount of remuneration, etc. for directors and corporate auditors and the method of calculation thereof, which is as follows.

Basic policy

The Company's basic policy is to link the remuneration, etc. of the Company's Directors to the interests of shareholders so that it will function as an incentive for the Company to continuously increase its corporate value, and to set the remuneration, etc. of individual Directors at an appropriate level based on the responsibilities of their respective positions. Specifically, the Company's basic policy is to structure the remuneration as follows: basic compensation (monthly remuneration); performance-linked remuneration, etc. (bonuses); and stock-based remuneration.

Policy for determining the amount of individual base (monthly) remuneration (including policy for determining the timing or conditions of granting remuneration, etc.)

The basic monthly remuneration for full-time directors of the Company shall be a monthly fixed remuneration, which shall be determined by the Board of Directors according to the base monthly amount it sets for the director's position and responsibilities, and the evaluation of each full-time director by the President & CEO within the range determined by the Board of Directors.

The basic monthly remuneration of non-executive directors of the Company shall be a fixed monthly remuneration, which shall be determined by the Board of Directors in a manner that is balanced with the remuneration of full-time directors.

Policy for determining the details and calculation method of the amount of performance-linked and non-monetary compensation, etc. (including policy for determining the timing or conditions of granting remuneration, etc.)

Performance-linked remuneration, etc. (such as bonuses) for full-time directors of the Company shall be monetary remuneration reflecting the key performance indicators (KPI) of the Group in order to raise awareness of the need to improve the performance of the Company for each fiscal year. The total amount calculated in accordance with the degree of achievement of consolidated operating profit, consolidated ordinary profit, or consolidated net income targets for each fiscal year, and an incentive amount determined in accordance with the incentive payment standards and based on operating profit of games and other products, shall be paid at a certain time each year, based on a resolution of the Board of Directors. Performance-linked remuneration, etc. (bonuses) for the Company's non-executive directors shall be monetary remuneration. Whether or not that remuneration will be granted shall be determined at a meeting of the Board of Directors to be held at a certain time each year in view of the status of the Company's profits. Amounts determined using base (monthly) remuneration as a reference shall be provided to the non-executive directors.

Non-monetary compensation for directors of the Company shall consist of subscription rights to

shares as stock options, and shall be paid approximately once every two years by decision of the Board of Directors. Non-monetary remuneration, etc. for full-time directors shall be determined in consideration of their positions and performance. Non-monetary remuneration, etc. for part-time directors shall be determined based on their positions.

Policy on determining the ratio of the amount of base remuneration, performance-linked remuneration, or non-monetary remuneration, etc. for individual directors

The percentage of remuneration for each type of director shall be determined based on the base remuneration, using the remuneration levels of companies of a similar business size and in a related industry or business category to the Company as a reference. In addition, full-time directors will be paid performance-linked compensation (bonuses) to reinforce the relationship between corporate value and compensation, and the ratio of compensation other than base remuneration will increase for higher positions.

Determination of the details of remuneration, etc. for individual directors

The details and amount of individual remuneration shall be determined by a resolution of the Board of Directors. The Nomination & Remuneration Committee, of which at least half of the members are independent outside directors, shall deliberate on the matters submitted by the Board of Directors, and make reports and submit proposals to the Board of Directors. Finally, based on the reports and proposals of the Nomination & Remuneration Committee, the Board of Directors shall determine the individual remuneration of each director in accordance with their duties and responsibilities.

✔ **Table 1: Total amount of remunerations by type, and number of directors applicable for each category of directors (FY2023)**

Category	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type (millions of yen)					Number of eligible Directors and Audit & Supervisory Board members
		Basic remuneration	Stock options	Bonuses	Other	Non-monetary compensation, etc.	
Directors (excluding outside directors)	718	474	18	222	2	18	8
Audit & Supervisory Board members (excluding Outside Audit & Supervisory Board members)	15	13	—	1	0	—	2
Outside officers	64	52	7	4	0	7	7

Successor plan for chief executive officer

In CEO successor planning, we aim to build a system to secure and train management personnel, in a timely and appropriate manner, as needed to lead the Group's business operations globally and actualize growth strategies amid the accelerating pace of changes in the business environment; and are engaged in initiatives to delegate management authority and develop future management candidates at an early stage.

1. Delegation of authority

May and September 2024: Delegated authority for personnel transfers, authorizing expenditures, and signing contracts, through revisions to the executive authority regulations for Group companies in Japan and overseas.

May 2024: Advanced delegation of authority through reviews of participating members at various meetings


2. Training of next-generation management personnel

March 2023: Increased the number of officers who could become next generation managers, by increasing the number of executive officers and promoting them

Directors

Chairperson
(Representative Director)

Keiko Erikawa



July 1978 Senior Executive Director, KOEI Co., Ltd. (currently known as KOEI TECMO GAMES CO., LTD.)

April 2009 Director, the Company

June 2013 Chairperson (Representative Director), the Company (current position)

June 2014 Board Director, TECMO KOEI EUROPE LIMITED (currently known as KOEI TECMO EUROPE LIMITED) (current position)

April 2015 Chairperson Emeritus (Director), KOEI TECMO GAMES CO., LTD. (current position)

April 2020 Chairperson (Representative Director), KOYU HOLDINGS CO., LTD. (current position)

January 2021 Chairperson Emeritus (Director), KOEI TECMO WAVE CO., LTD. (current position)

June 2021 Chairperson Emeritus (Director), KOEI TECMO NET CO., LTD. (current position)

Outside Director, SoftBank Group Corp. (current position)

President & CEO
(Representative Director)

Yoichi Erikawa



July 1978 President (Representative Director), Established KOEI Co., Ltd. (currently known as KOEI TECMO GAMES CO., LTD.)

April 2009 Director, the Company

November 2010 President & CEO (Representative Director), the Company (current position)

November 2015 President (Representative Director), KOYU HOLDINGS CO., LTD. (current position)

April 2018 Chairman Emeritus (Director), KOEI TECMO WAVE CO., LTD. (current position)

April 2018 Chairman (Representative Director), KOEI TECMO NET CO., LTD. (current position)

April 2020 Board Director Chairman and CEO, KOEI TECMO AMERICA CORPORATION (current position)

April 2020 Board Director Chairman and CEO, KOEI TECMO EUROPE LIMITED (current position)

April 2021 Chairman (Representative Director) (CEO), KOEI TECMO GAMES CO., LTD. (current position)

Executive Vice President
(Representative Director)

Hisashi Koinuma



April 1994 Joined KOEI Co., Ltd. (currently known as KOEI TECMO GAMES CO., LTD.)

June 2009 Executive Officer, the Company

April 2018 Chairman (Representative Director), KOEI TECMO WAVE CO., LTD. (current position)

April 2018 President (Representative Director), KOEI TECMO NET CO., LTD. (current position)

April 2020 Board Director President and COO, KOEI TECMO AMERICA CORPORATION (current position)


April 2021 Board Director President and COO, KOEI TECMO EUROPE LIMITED (current position)

April 2021 Executive Vice President (Representative Director), the Company (current position)

April 2021 President (Representative Director) (COO), KOEI TECMO GAMES CO., LTD. (current position)

Director

Yosuke Hayashi



April 2001 Joined TECMO, LTD.


April 2010 Executive Officer, KOEI TECMO GAMES CO., LTD.

June 2018 Director, the Company (current position)

April 2021 Executive Vice President (Director), KOEI TECMO GAMES CO., LTD. (current position)

Director, Senior Executive Officer
and CFO

Kenjiro Asano



May 2002 Joined KOEI Co., Ltd. (currently known as KOEI TECMO GAMES CO., LTD.)

January 2008 Executive Officer, KOEI Co., Ltd.

January 2008 Board Director, KOEI Corporation (currently known as KOEI TECMO AMERICA CORPORATION) (current position)


April 2009 Executive Officer and CFO, the Company

April 2017 Director, KOEI TECMO GAMES CO., LTD. (current position)

June 2018 Director, Senior Executive Officer and CFO, General Manager of Business Administration Division, the Company (current position)

Director & Managing Executive
Officer CSuO

Mei Erikawa



June 2010 Audit & Supervisory Board Member, KOEI TECMO GAMES CO., LTD.

July 2013 Director, KOEI TECMO GAMES CO., LTD. (current position)

June 2015 Director, the Company (current position)

April 2020 Senior Director, KOYU HOLDINGS CO., LTD. (current position)

October 2022 Deputy-president (Representative Director), KOYU HOLDINGS CO., LTD. (current position)


April 2023 Director, Managing Executive Officer, Deputy General Manager of Business Administration Division, the Company

April 2023 Director, Managing Executive Officer, KOEI TECMO GAMES CO., LTD. (current position)

October 2023 Director, Managing Executive Officer, Deputy General Manager of Business Administration Division, and CSuO, the Company (current position)

Director & Advisor

Yasuharu Kakihara



June 2001 Audit & Supervisory Board Member, TECMO, LTD.

March 2007 Chairperson (Representative Director), TECMO, LTD.

April 2009 Chairperson (Representative Director), the Company

June 2013 Director & Advisor, KOEI TECMO GAMES CO., LTD. (current position)

June 2013 Director & Advisor, the Company (current position)

Outside Directors

Director

Masao Tejima



April 1982 Joined Hakuho Inc.

February 2001 President (Representative Director) CEO, T&T Corporation (current position)

June 2014 Outside Director, the Company (current position)

May 2015 Outside Director, zetton Inc.

July 2017 Outside Director, LIVNEX CO., LTD. (current position)

May 2022 Director, zetton Inc. (current position)

Director

Hiroshi Kobayashi



April 1980 Joined Nomura Securities Co., Ltd.

April 1991 Director, SQUARE CO., LTD. (currently known as SQUARE ENIX, Co., Ltd.)

September 2000 President (Representative Director), DWANGO Co., Ltd.

June 2015 Outside Director, the Company (current position)

Director

Tatsuo Sato



May 1986 Director, Kadokawa Media Office K.K.

October 2014 Representative Director and President, KADOKAWA DWANGO CORPORATION (currently known as KADOKAWA CORPORATION)

June 2015 Representative Director and Chairperson, KADOKAWA DWANGO CORPORATION

April 2016 President, KADOKAWA DWANGO Educational Institute

June 2018 Outside Director, the Company (current position)

Director

Michiaki Ogasawara



April 1976 Joined Ministry of Posts and Telecommunications (currently known as Ministry of Internal Affairs and Communications)

September 2012 Vice-Minister for Internal Affairs and Communications

June 2015 Outside Director, Daiwa Securities Group Inc.

June 2021 Outside Director, the Company (current position)

June 2022 Chairperson of the Board, The Yu-cho Foundation (current position)

Director

Fumiko Hayashi



February 1999 President (Representative Director), Fahren Tokyo K.K. (currently Volkswagen Japan Sales K.K.)

August 2003 President, BMW Tokyo Corp.

May 2005 Chairperson and CEO, The Daiiei, Inc.

June 2008 President (Representative Director), Tokyo Nissan Auto Sales Co., Ltd. (currently Nissan Tokyo Sales Co., Ltd.)

August 2009 Mayor of the City of Yokohama

April 2014 President, Mayors Association of Designated Cities

June 2022 Outside Director, the Company (current position)

September 2022 Outside Director, Nijima Corporation (current position)

September 2022 Outside Director, TAIYO CONSTRUCTION CO.,LTD. (current position)

Audit & Supervisory Board Member

Audit & Supervisory Board Member (Full-time)
Seinosuke Fukui



June 1988 Joined KOEI Co., Ltd. (currently known as KOEI TECMO GAMES CO., LTD.)
June 2009 Executive Officer, the Company
June 2017 Full-Time Audit & Supervisory Board Member, the Company (current position)
Audit & Supervisory Board Member, KOEI TECMO GAMES CO., LTD. (current position)
Audit & Supervisory Board Member, KOEI TECMO NET CO., LTD. (current position)
Audit & Supervisory Board Member, KOEI TECMO WAVE CO., LTD. (current position)

Audit & Supervisory Board Member (Full-time) (Outside)
Masaki Kimura




February 1988 Joined The Bank of Yokohama, Ltd.
June 2014 Audit & Supervisory Board Member (Full-time), the Company (current position)
January 2023 Audit & Supervisory Board Member, KOEI TECMO GAMES CO., LTD. (current position)
Audit & Supervisory Board Member, KOEI TECMO GAMES CO., LTD. (current position)
Audit & Supervisory Board Member, KOEI TECMO NET CO., LTD. (current position)
Audit & Supervisory Board Member, KOEI TECMO WAVE CO., LTD. (current position)

Audit & Supervisory Board Member
Satoru Morishima



December 2000 Joined KOEI Co., Ltd. (currently known as KOEI TECMO GAMES CO., LTD.)
April 2009 Audit & Supervisory Board Member (Full-time), the Company
June 2017 Audit & Supervisory Board Member, the Company (current position)

Audit & Supervisory Board Member
Kengo Takano



April 1980 Joined The Bank of Yokohama, Ltd.
June 2019 Outside Audit & Supervisory Board Member, YOKOHAMA GYORUI CO., LTD. (current position)
Outside Audit & Supervisory Board Member, ATSUGI CO., LTD.
June 2021 Audit & Supervisory Board Member, the Company (current position)

KOEI TECMO GAMES CO., LTD.

Planning, development and sale of software for personal computers/home video game consoles/Planning, development and sale of online games and mobile contents/Event planning and operation
Planning, production, and sale of CDs/goods/Planning, printing, and sale of printed materials

President & COO
General Manager of Entertainment Division
Hisashi Koinuma



Director & Executive Vice President
Representative of AAA Games Studio in the Entertainment Division
Yosuke Hayashi



Managing Executive Officer
General Manager of IP Division and Deputy General Manager of Marketing Division
Hidekiyo Kobayashi



Managing Executive Officer
General Manager of Entertainment Production Division
Kenichi Ogasawara




Managing Executive Officer
General Manager of Marketing Division and Global Business Promotion Division
Toru Akutsu



Managing Executive Officer
Deputy General Manager of Entertainment Division and Brand Head of KOU SHIBUSAWA
Yukinori Ito



Executive Officer
Brand Head of ω -Force in the Entertainment Division
Tomohiko Sho



Managing Executive Officer
Deputy General Manager of Entertainment Division and Brand Head of Team NINJA
Fumihiko Yasuda



Managing Executive Officer
Deputy General Manager of Entertainment Division and Brand Head of Gust
Junzo Hosoi



Director & Managing Executive Officer
Brand Head of Ruby Party in the Entertainment Division and Deputy General Manager of Marketing Division
Mei Erikawa



Executive Officer
Brand Head of midas in the Entertainment Division
Keisuke Kikuchi



KOEI TECMO WAVE CO., LTD.

Planning, operation and management of Arcade facilities/LCD development for slot and pachinko machines

President
Kazunori Hatsumi



KOEI TECMO NET CO., LTD.

Distribution, wholesale, and online sales of personal computer software, home video games and peripheral devices.

President
Hisashi Koinuma



KOEI TECMO QUALITY ASSURANCE CO., LTD.

Inspection of entertainment contents/Quality assurance and service functions/ Entertainment content translation services and overseas screening service/ Audio recording business for entertainment content overseas/ Support for Service Operations/User support for all Services

President
Kazumi Fujita



Status of internal control systems

The Group has established and documented a comprehensive set of rules and regulations covering all aspects of its business operations, under which each director, officer, and employee performs his or her duties with authority and responsibility.

In addition, the Board of Directors has resolved the basic policy, as shown below, for the “systems to ensure that the execution of duties by directors complies with laws and

regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations of the stock company”, as stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act, and is working to improve the internal control system.

Basic policy on internal control systems

1. System to ensure that the execution of duties by officers and employees of the Group is in compliance with laws and regulations and the Articles of Incorporation
2. System for the storage and management of information related to the execution of duties by the Company’s directors
3. Regulations and other systems for managing the risk of loss of the Group
4. System to ensure the efficient execution of duties by directors and other officers of each Group company
5. System for reporting to the Company concerning the execution of duties by directors, etc. of the Company’s subsidiaries
6. System to ensure the appropriateness of Group business operations
7. Matters concerning employees who are requested by the Company’s Audit & Supervisory Board to assist them in their duties, matters concerning the independence of such employees from directors of the Company, and matters concerning the effectiveness of instructions given to such employees
8. System for Group officers and employees to report to the Audit & Supervisory Board members and other systems for such reporting
9. System to ensure that a person who makes a report to the members of the Audit & Supervisory Board of the Company will not be treated disadvantageously as a result of such report
10. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the performance of duties by the members of the Audit & Supervisory Board of the Company and other matters concerning policies for the treatment of expenses or liabilities incurred in the performance of such duties
11. Other systems to ensure that the Company’s Audit & Supervisory Board audits are conducted effectively
12. Basic policy on elimination of antisocial forces and improvement status

Status of risk management system

The Company has appointed the director in charge of compliance as the person in overall charge of risk management, and has also established a Risk Management Committee to centrally manage risks throughout the Company, thereby ensuring information exchange, mutual cooperation, accurate judgments, and prompt responses among related departments. Specifically, matters and information related to business execution risks are reported at regular meetings, and upon determining whether the reported matters and

information may have a significant impact on the Company’s survival, a task force is established as necessary to investigate, respond to, and consider and implement necessary measures to prevent recurrence. These matters are reported to and approved by the Board of Directors, and a system is in place to instruct internal and external parties to take necessary actions, report to relevant organizations, and promptly disclose information.

Business risks

Matters that may have a significant effect on investors' decisions include the following below. Forward-looking statements in the text are based on the judgment of the Company as of the end of the consolidated fiscal year under review.

The Company's policy is to recognize the possibility that these risks may occur and to

endeavor to avoid their occurrence and to respond to them if they do occur. However, investment decisions concerning the Company should be made after careful consideration of this section and other items mentioned herein. Please note that the following description is not an exhaustive list of all the risks associated with an investment in the Company.

① Changes in the market environment

In the game industry, the platforms that provide content are becoming more diverse and sophisticated, while technological innovation and user preferences are rapidly changing, and new products and services are being introduced in response to these changes. In recent years, competition with other entertainment businesses, including those based around the Internet, has intensified. The Company's policy is to differentiate itself from its competitors and ensure stable profitability by flexibly responding to rapid technological innovation and developing and selling highly original, high-quality content in a timely manner. However, inadequate response to changes in the market environment could affect the Company's operating results and business development.

② Short-term fluctuations in operating results due to timing of product launches

The Company strives to achieve its annual performance targets by reducing its dependence on specific titles through the creation of new titles and by thoroughly managing its development schedule with an eye for optimal product launch timing. However, natural disasters, market trends, or unavoidable changes in development schedules could affect the Company's business performance and financial position due to fluctuations in the timing of product launches.

③ Overseas business expansion

The Company is actively pursuing business development overseas, and thus the occurrence of risks due to laws and regulations, political and social conditions, and exchange rate fluctuations in each country may affect the Company's business performance and financial position.

④ Management of personal information

The Company acquires users' personal information and pays careful attention to managing that information. However, risks such as leakage of personal information may affect the Company's business performance and financial position.

⑤ Intellectual property rights

The Company endeavors to protect the intellectual property rights it holds from infringement by others. And the Company takes sufficient care to ensure that its products and services do not infringe on the intellectual property rights of others. However, if any doubt or dispute arises with a third party regarding the possibility of infringement, the Company's business performance and financial position may be affected.

⑥ Legal regulations

The Amusement Segment is regulated by the Act on Control and Improvement of Amusement Business and related government ordinances and regulations. In the future, if these laws and regulations are significantly revised or abolished, or if new laws and regulations are enacted or enforced, the Company's business performance may be affected.

⑦ Holding of marketable securities

The Company holds cash and cash equivalents and marketable securities with high liquidity in order to invest in the Entertainment Segment and other development and business investments. These assets are invested in domestic and foreign stocks and bonds, etc. to ensure safe and efficient fund management. Investment decisions and portfolio settings are made in accordance with internal rules based on internal controls to manage risk. In the event of sudden fluctuations in the stock and bond markets, foreign exchange rates, or economic conditions, impairment or valuation losses on marketable securities held by the Company may occur, which may affect the Company's business performance and financial position.

⑧ Information systems

The Company is committed to the proper management and efficient operation of the information systems necessary for its business operations. The inability of information systems to function due to unexpected computer viruses, cyberattacks, software or hardware failures, or disasters could affect the Company's business performance.

Approach to information security

The Group believes that it is essential to earn the trust of stakeholders to create new value and contribute to the development of society. For this reason, we regard information security as one of our key management issues, and are working to strengthen security throughout

the global Group, preventing information security incidents such as unauthorized access, information leaks, and internal misconduct, and taking measures to protect personal information.

1. Information security measures

The Group is working to strengthen risk control against increasing and diversifying information security incidents and cyberattacks, and other security incidents such as unauthorized accesses and information leaks.

(1) Unauthorized access and malware countermeasures

We are implementing integrated and effective security measures by introducing EDR (Endpoint Detection and Response) and MDM (Mobile Device Management) on terminal devices used by Group employees. In addition, by using SIEM (Security Information and Event Management) to consolidate and manage logs, we have established a system that enables us to promptly investigate and recover from any abnormal behavior or security incident that we detect.

Through these systems, we are taking measures to detect suspicious behavior, and promptly investigate the causes as well as ascertain the extent of damage in the event of an incident.

We are also preparing for external attacks based on the guidance for the introduction of Attack Surface Management (ASM) issued by Japan's Ministry of Economy, Trade and Industry (METI) in May 2023. We constantly collect information on new standards and trends and update our information security management to ensure that we can implement optimal countermeasures, while assessing the need for them.

(2) Information leak risk countermeasures

To reduce the risk of information leaks, the Group encrypts files containing personal or confidential information using information protection tools. We have also taken measures to protect contents so that, even in the event of a data leak, nobody but relevant personnel can access the contents. We also limit information leaks from inside the Group by restricting the use of USB devices and obtaining simple operation logs for all PCs.

2. Natural disaster risk countermeasures

To increase business continuity, the Group utilizes cloud platform environments in compliance with international standards to prevent the shutdown of mission-critical systems due to natural disasters such as major earthquakes. To ensure swift recovery in the event of a large-scale failure, we conduct annual restoration drills simulating recovery from backups. Some systems that operate on premises are also backed up to remote locations to prepare for any data loss.

3. Information security education

The Group is focusing efforts on raising security awareness so that every employee can help to create a safer and more secure work environment through their actions. Specifically, we provide information security education through e-learning to firmly instill knowledge and awareness in employees.

We also conduct practical targeted attack e-mail drills to improve employees' ability to respond to e-mails—which are particularly vulnerable and a frequent point of origin for cyber-attacks—and prevent the occurrence of security incidents.

4. Employing security personnel

In recent years, the Group has been actively introducing services and systems relating to the security field and implementing advanced security measures. We also place a high priority on security experience in recruitment, and actively hire experienced personnel. By focusing on the two axes of systems and human resources, we are seeking to strengthen and increase the effectiveness of our security measures and further improve risk management.

5. Escalation process

The Group has established an escalation process for when it receives information regarding risks, and has regulations in place stipulating the swift formation of an organizational body headed by the president to make prompt decisions and take action in the event of an incident.

Financial and Non-Financial Data | 11-Year Financial Summary

(Millions of yen)

Fiscal year	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	37,576	37,799	38,332	37,034	38,926	38,968	42,645	60,370	72,759	78,417	84,584
Operating profit	7,140	9,652	11,069	8,781	11,711	12,092	14,102	24,397	34,527	39,133	28,494
Ordinary profit	10,728	13,568	15,755	15,211	18,293	18,307	18,869	39,299	48,696	39,899	45,741
Profit before income taxes	10,691	13,715	15,573	15,211	18,293	18,307	20,247	39,174	48,638	39,963	45,330
Profit attributable to owners of parent	6,936	9,434	10,855	11,624	13,017	13,694	15,306	29,550	35,359	30,935	33,792
Capital investment	1,862	4,858	432	8,669	3,853	240	14,630	1,542	1,375	802	1,967
Depreciation and amortization expenses	894	921	846	714	701	734	752	1,615	1,571	1,643	1,813
R&D expenses*	4,978	4,882	5,891	6,081	4,705	4,813	5,492	7,628	4,839	7,421	7,996

* R&D expenses: Starting from the FY2023 1st quarter, we review the scope of R&D expenses included in general and administrative expenses and manufacturing expenses for the current period. R&D expenses are calculated on assuming that the scope was revised in fiscal 2013.

End of fiscal year

Total assets	100,622	115,216	110,925	119,461	128,594	129,192	147,793	190,671	219,803	210,889	245,802
Net assets	88,788	100,672	98,706	106,516	116,242	119,284	122,346	165,129	138,101	142,684	175,552

Cash flows

Cash flows from operating activities	7,265	10,357	10,935	9,890	10,389	9,597	9,748	29,726	24,819	29,692	36,603
Cash flows from investing activities	(8,585)	(7,579)	(6,138)	(3,935)	(9,984)	(1,496)	(10,496)	(12,291)	(13,168)	(21,394)	(24,859)
Cash flows from financing activities	(2,787)	(3,045)	(4,746)	(5,082)	(5,533)	(7,730)	6,906	(19,396)	(4,561)	(16,588)	(15,475)
Free cash flows	(1,320)	2,777	4,797	5,955	405	8,101	(747)	17,434	11,650	8,298	11,743
Cash and cash equivalents at end of period	11,764	11,874	11,270	11,745	6,540	6,968	12,803	11,439	19,503	11,733	10,452

Per share information

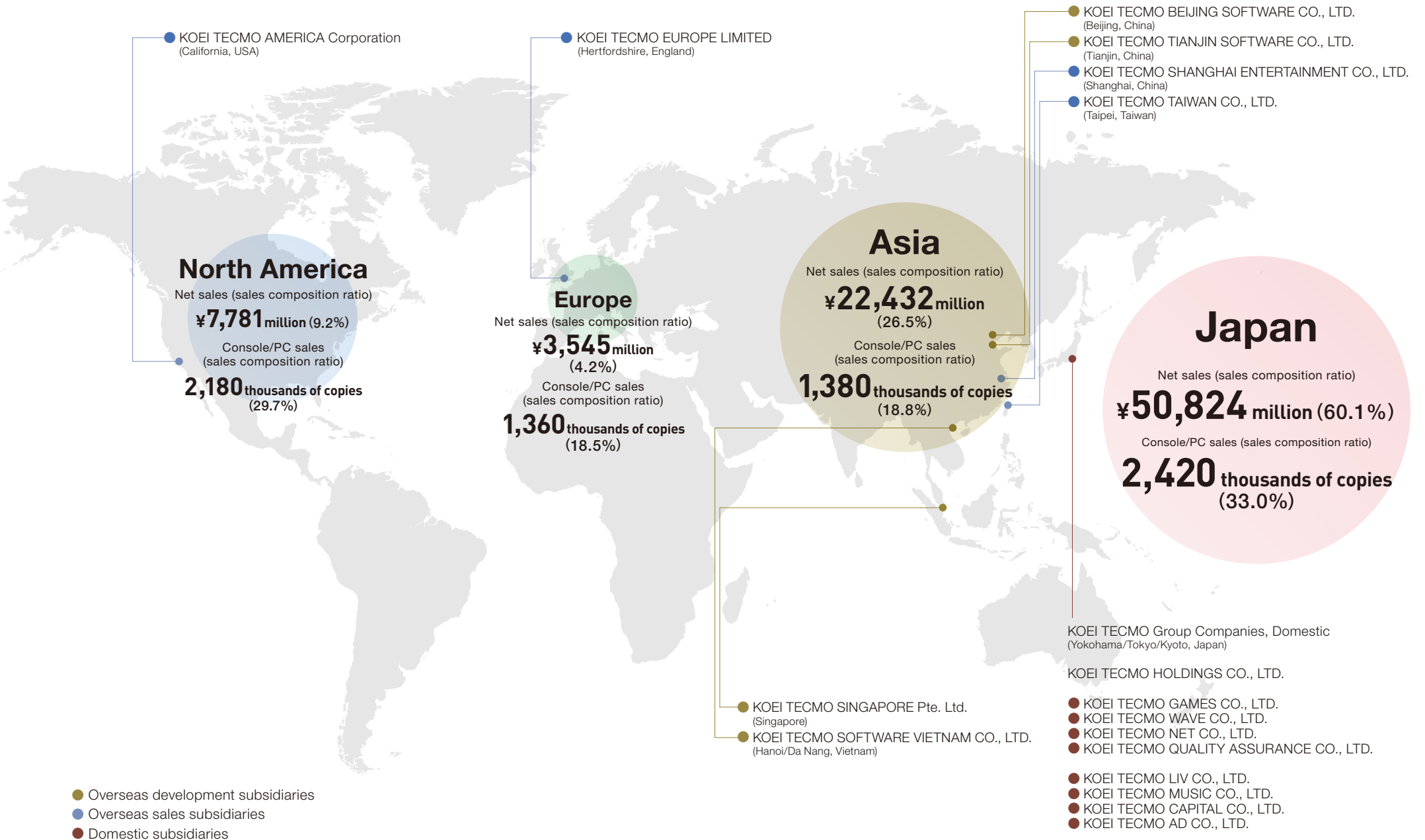
Basic earnings per share (yen)	21.33	28.94	33.10	35.41	39.50	41.54	46.48	89.34	107.28	98.20	107.06
Net assets per share (yen)	272.62	306.92	300.22	322.85	351.13	361.70	369.33	496.15	437.16	450.72	553.59
Dividends per share (yen)	40.00	55.00	52.00	56.00	62.00	55.00	61.00	117.00	108.00	50.00	54.00
Dividends per share (after stock split adjustment) (yen)	10.68	14.69	16.67	17.95	19.87	21.15	23.46	45.00	54.00	50.00	54.00
Dividend payout ratio (%)	50.1	50.8	50.4	50.7	50.3	50.9	50.5	50.3	50.3	50.9	50.4

Note: The Company implemented a 1.2-for-1 common stock split on October 1, 2015, a 1.2-for-1 common stock split on October 1, 2018, a 1.3-for-1 common stock split on April 1, 2021, and a 2-for-1 common stock split on October 1, 2022. Net profit per share, net assets per share, and dividends per share (after stock split adjustment) are calculated on the assumption that the said stock split was implemented at the beginning of fiscal 2013.

Other indicators

Operating profit to net sales ratio (%)	19.0	25.5	28.9	23.7	30.1	31.0	33.1	40.4	47.5	49.9	33.7
ROE (Return on Equity) (%)	8.1	10.0	10.9	11.4	11.7	11.7	12.7	20.6	23.4	22.1	21.3
ROA (Return on Asset) (%)	11.0	12.6	13.9	13.2	14.8	14.2	13.6	23.2	23.7	18.5	20.0
Capital adequacy ratio (%)	88.2	87.3	88.8	89.0	90.1	92.0	82.5	86.4	62.6	67.4	71.1
Number of employees excluding temporary staff (average number of temporary staff)	1,455 (285)	1,497 (308)	1,570 (305)	1,654 (309)	1,737 (310)	1,757 (330)	1,835 (369)	1,983 (458)	2,063 (446)	2,381 (493)	2,531 (537)

Please refer to the URL for the graph. <https://www.koeitecmo.co.jp/e/ir/finance/chart/>



Number of employees at consolidated companies

FY2019	FY2020	FY2021	FY2022	FY2023
1,835	1,983	2,063	2,381	2,531

Average age (years)

FY2019	FY2020	FY2021	FY2022	FY2023
36.4	35.8	35.9	35.8	35.8

Ratio of persons leaving their jobs (%)

FY2019	FY2020	FY2021	FY2022	FY2023
4.9	3.1	4.2	4.6	5.1

Ratio of new employees 3 years later leaving their jobs (%)

FY2019	FY2020	FY2021	FY2022	FY2023
12.1	8.8	3.1	5.4	4.8

Ratio of mid-career recruitment (%)

FY2019	FY2020	FY2021	FY2022	FY2023
26.7	13.9	23.0	21.9	21.0

Ratio of foreign national employees through regular recruitment (%)

FY2019	FY2020	FY2021	FY2022	FY2023
11.4	15.9	14.1	17.2	14.2

Percentage of female employees taking childcare leave (%)

FY2019	FY2020	FY2021	FY2022	FY2023
100.0	85.7	88.9	100.0	100.0

Percentage of male employees taking childcare leave (%)

FY2019	FY2020	FY2021	FY2022	FY2023
50.0	41.9	80.8	66.7	64.9

Percentage of female employees (%)

FY2019	FY2020	FY2021	FY2022	FY2023
21.8	21.5	21.4	21.7	22.8

Ratio of days taken as paid annual leave (%)

FY2019	FY2020	FY2021	FY2022	FY2023
81.4	56.9	73.2	85.4	84.9

Number of days taken as paid annual leave per person (days)

FY2019	FY2020	FY2021	FY2022	FY2023
13.7	13.5	18.1	21.2	20.7

Average statutory overtime work (hours)

FY2019	FY2020	FY2021	FY2022	FY2023
11.2	12.7	13.8	12.9	9.6

Number of patents held

FY2019	FY2020	FY2021	FY2022	FY2023
39	67	87	141	205

Engagement score

FY2019	FY2020	FY2021	FY2022	FY2023
-	-	-	-	50.4

* Calculation scope: Executive Officers and full-time and contract employees of five domestic companies (KOEI TECMO HOLDINGS CO., LTD., KOEI TECMO GAMES CO., LTD., KOEI TECMO WAVE CO., LTD., KOEI TECMO NET CO., LTD., and KOEI TECMO QUALITY ASSURANCE CO., LTD.)
 * The number of consolidated employees includes overseas bases

Company profile

Trade name	KOEI TECMO HOLDINGS CO., LTD.	Date of establishment	April 1, 2009
Capital	¥15 billion	Number of employees*	2,531 Consolidated
Address	Hiyoshi Offices: 1-18-12 Minowa-cho, Kouhoku-ku, Yokohama, Kanagawa, 223-8503, Japan	Business overview	Group Management

* This is the number of full-time employees (excluding employees transferred outside the Group, and including employees transferred to the Group)

Investor information

Total number of authorized shares

Common stock: 700,000,000

Total number of shares issued

Common stock: 336,096,924 shares
(including treasury stock)

Fiscal year April 1 to March 31 of the following year

Number of shareholders 29,226

Securities code 3635 (Tokyo Stock Exchange, Prime Market)

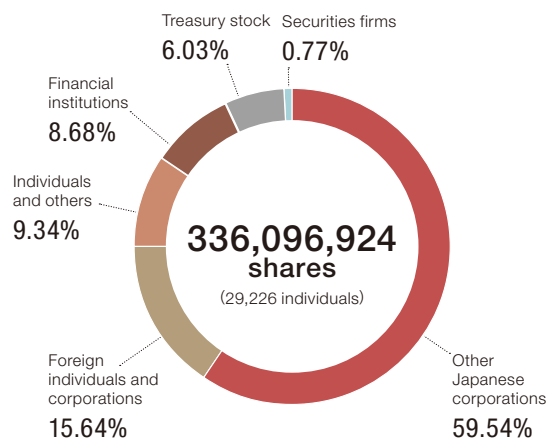
Administrator of shareholder registry

Sumitomo Mitsui Trust Bank, Limited
4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Basic policy for shareholder returns

The Company regards the return of profit to shareholders as one of its most important management policies, and its basic policy for returning profit to shareholders is a consolidated annual total distribution ratio of 50%, which includes share buybacks, or an annual dividend of 50 yen per share.

Distribution of shares by type of shareholder



Principal shareholders

Name or designation	Number of shares held	Ratio of shares held to total number of shares issued and outstanding (excluding treasury stock) (%)
KOYU HOLDINGS CO., LTD.	172,040,386	54.47
JP MORGAN CHASE BANK 380815 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)	31,267,360	9.90
Kankyo Kagaku Co., Ltd.	22,596,570	7.15
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,051,000	6.67
Custody Bank of Japan, Ltd. (Trust Account)	5,975,800	1.89
JP MORGAN CHASE BANK 380634 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)	2,344,184	0.74
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)	2,092,316	0.66
Mei Erikawa	2,004,420	0.63
Ai Erikawa	2,000,000	0.63
Kakihara Kagaku Gijutsu Kenkyu Zaidan, Public Interest Incorporated Foundation	1,684,800	0.53
Total	263,056,836	83.29

* The Company holds 20,258,636 shares of treasury stock that is excluded from the above list of major shareholders.

Message regarding the issuing of KOEI TECMO HOLDINGS Integrated Report 2024

We have been issuing Integrated Reports since FY2022 to deepen the understanding of the Group's medium- to long-term value. In producing this report, we refer to the International Integrated Reporting Framework issued by the International Financial Reporting Standards (IFRS) Foundation, and the Value Creation Guidance issued by the Ministry of Economy, Trade and Industry (METI).

To communicate the Group's value creation in a more easily understandable manner and improve the reliability of the report, many related departments cooperate and collaborate to prepare the report with sincerity and integrity.

As the CFO and officer in charge of the department responsible for preparing this Integrated Report, I declare that the process used to prepare this report is sound, and that the information contained in it is accurate.

We hope that this report will help stakeholders gain a better understanding of the Group's medium- to long-term growth and enhancement of our corporate value, and will continue making efforts to further improve information disclosure and deepen the level of our dialogues with stakeholders.

We ask for your continued support going forward.

Kenjiro Asano

Director, Senior Executive Officer and CFO
General Manager of Business Administration Division