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

July 29, 2024

KOEI TECMO HOLDINGS CO., LTD.

Highlight : Consolidated Results

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(Million Yen)

	FY23 Q1 Results		FY24 Q1 Results		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Sales	18,297	-	17,607	-	(690)	-3.8%
Operating Profit	7,506	41.0%	5,723	32.5%	(1,783)	-23.8%
Ordinary Profit	14,687	80.3%	18,703	106.2%	4,016	27.3%
Net Profit	10,552	57.7%	13,638	77.5%	3,086	29.2%

◆**Major developments**

[Sales Console] Back-catalog sales including "Ronin of Rise"
[Sales Online/Mobile] Mainly existing titles, no big events
[Expenses] Increase in variable costs
Decrease in development costs covered by partners

▶ **No Change on Guidance**

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・Consolidated Financial Results for the First Quarter are as shown above.

・In the console sector, there were no new titles, mainly back catalogs including “Rise of the Ronin”

・In the online and mobile sector, existing titles contributed.

・Costs increased overall due to an increase in variable costs resulting from an increase in the number of mobile titles published by the Company and a decrease in development costs covered by partners.

・Non-operating income and expenses increased due to the financial environment in the current quarter, resulting in the record-high ordinary profit and net profit for the 1st quarter.

・There is no change to the forecast at this time, taking into account both that operating profit is roughly within the range of expectations and uncertainties in the financial environment.

Highlight : Consolidated Results - QoQ/YoY Change

(million Yen)

	FY24 1Q Results		QoQ		YoY	
	Amount	ratio	Amount	ratio	Amount	ratio
Sales	**17,607**	-	(5,841)	-24.9%	(690)	-3.8%
Operating Profit	**5,723**	32.5%	(2,455)	-30.0%	(1,783)	-23.8%

◆Quarter on Quarter Changes
[Sales-Console]Decrease because 3 titles launched in the previous quarter
[Sales-Online /Mobile] Decrease in sales of titles launched in 2023
[Expenses] Decrease due to expenses booked for titles launched in the previous quarter.

◆Year on Year Changes
[Sales-Console] Decrease in repeat sales etc.
[Sales-Online/Mobile] Decrease in existing titles and titles launched in 2023
[Expenses] Increase in variable costs, decrease in development costs covered by partners, etc

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Compared to the previous quarter;
・Sales in the console sector declined in reaction to the launch of three new titles, including large titles, in the prior quarter.
・In the online and mobile sector, sales of the titles launched in 2023 declined.
・Expenses decreased because one-time expenses related to titles launched in the previous quarter.

Compared to the previous quarter;
・Sales in the console sector decreased due to a higher proportion of royalty sales in current fiscal year.
・Sales in the online and mobile sector fell in reaction to the contribution of new titles in the previous year.
・Expenses increased overall as explained on page 2.

Highlight : Expense

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(million yen/person)

		FY23 Q1	FY24 Q1	Change	% Change	Change in Trend
Employment Costs	COGs	4,640	4,580	(60)	-1.3%	-
	SGA	1,170	1,190	20	1.7%	-
		5,810	5,770	(40)	-0.7%	downward trend in short-term No change in mid-term
Outsourcing Costs	COGs	1,500	1,380	(120)	-8.0%	No change
Advertizing Costs	SGA	530	550	20	3.8%	No change
Headcount *Excluding temporary employees.		2,536	2,736	200	7.9%	No change

◆Other Expense

- Development costs covered by partners(COG): Decreased YoY, decreased QoQ
- Sales commissions and royalty expenses (SGA): increased YoY, decreased QoQ

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・This is the main expenses and the number of employees.

・Personnel expenses decreased year on year due to a reactionary decline in performance bonuses in the previous fiscal year. There has been no major change in trends, with active hiring and base pay increases continuing.

・For Outsourcing costs, development costs, server costs and debugging costs for future titles booked. In the previous fiscal year, we booked one-time expenses related to cooperative titles, which resulted in outsourcing cost for full year at a high level. We do not expect to record such one-time expenses in the current fiscal year.

・Advertising costs increased due to an increase in the number of mobile titles in operation. On the other hand, the rate of increase was smaller due to the absence of major events in this quarter.

Highlight : Performance by Segment

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(Million Yen)

		FY23 Q1	FY24 Q1	Change
Entertainment	Sales	17,117	16,581	(536)
	Operating Profit	7,329	5,701	(1,627)
Amusement	Sales	907	757	(150)
	Operating Profit	203	15	(188)
Real Estate	Sales	301	280	(21)
	Operating Profit	31	65	34
Others	Sales	80	78	(2)
	Operating Profit	(57)	(58)	(1)
Corporate & Elimination	Sales	(109)	(90)	19
	Operating Profit	-	-	-
Total	Sales	18,297	17,607	(690)
	Operating Profit	7,506	5,723	(1,783)

[Entertainment Seg.] Console and mobile business: Decrease in sales and increase in expenses
[Amusement Seg.] SP business: Decrease in consignment sales
[Real Estate Seg.] Decrease in sales due to sale of one property, decrease in repair expenses

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・The entertainment segment is as explained in the consolidated financial results.

・In the amusement segment, in the SP sector, sales for contract development decreased. Sales of amusement facilities sector increased due to new stores opened in the previous year.

・In the real estate segment, although sales decreased due to the sale of one properties, profit increased because of a decrease in repair expenses booked in the previous year.

・In the other segment, the venture capital business recognized costs of funds invested in.

Entertainment Segment : Breakdown of Sales

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(Million Yen)

		FY23 Q1	FY24 Q1	Change	% Change
Console	Physical package etc[1]	2,067	2,811	744	36.0%
	DL[2]	3,430	3,260	(170)	-5.0%
	DLC[3]	590	580	(10)	-1.7%
		6,087	6,651	564	9.3%
Online/ Mobile	Online[4]	160	110	(50)	-31.3%
	Mobile[5]	10,770	9,720	(1,050)	-9.7%
		10,930	9,830	(1,100)	-10.1%
Events & Goods		100	100	0	0.0%
Sales for Entertainment Segment		17,117	16,581	(536)	-3.1%

Note:
-The name of the classification has been changed, but there is no change in the way sales are divided or aggregated.
-The Plan on the breakdown of sales and the actual value and percentage of contracts and licensed royalties are not disclosed.

[1]Including sales for packages, royalty, commission fees (incl. %-of-completion basis), and down payment
[2]DL (download) sales: sales for digital copies via PSN/XboxLive/Switch DL/Steam
[3]DLC (Download contents): Sales for additional items and scenario via download
[4]Sales for MMORPG and some other titles(Uncharted Waters V, Uncharted Waters VI, Nobunaga's Ambition 20XX)
[5]Including sales for online/mobile games, social games, browser games, and royalty from IP licensing-out

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・The breakdown of sales in the Entertainment segment is shown.

・The name of each sector has been changed from this time, but the method of calculation remains the same as before.

Entertainment Segment: Console Sector – Sales Units

(1000 Copies)

	FY23 Q1		FY24 Q1		Change	
	Units	Ratio	Units	Ratio	Units	Ratio
Japan	560	37.8%	380	27.7%	(180)	-32.1%
Overseas	920	62.2%	990	72.3%	70	7.6%
N. America	410	27.7%	360	26.3%	(50)	-12.2%
Europe	250	16.9%	260	19.0%	10	4.0%
Asia	260	17.6%	370	27.0%	110	42.3%
Total	1,480	100.0%	1,370	100.0%	(110)	-7.4%
DL Units	1,200		1,030		(170)	
DL Ratio	81.1%		75.2%		(5.9pt)	

◆Main contents
-Repeat sales of “Rise of the Ronin” (on sale at the end of May) → Trial version available from July
-Back catalog: Mainly popular in-house and collaboration titles

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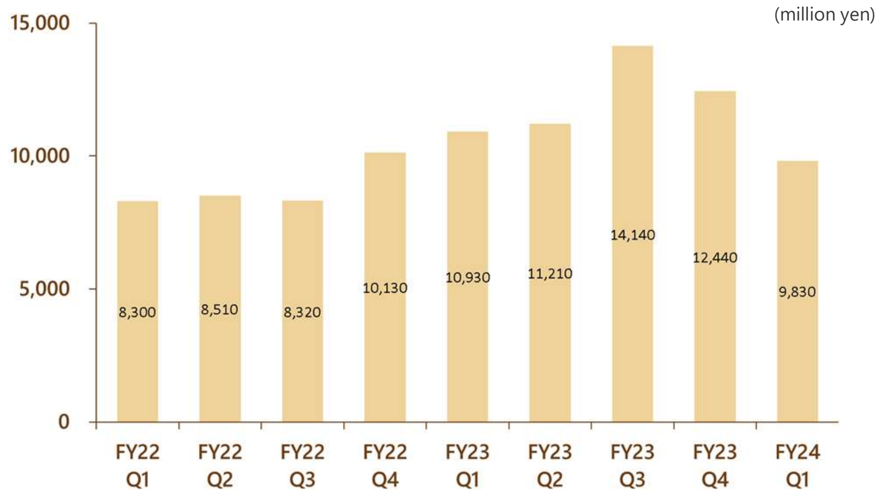
・The number of units sold in the console field is shown on this slide.

・“Rise of the Ronin” was on sale from the end of May, resulted in increase of sales units.

・For back-catalog, regular titles from our own series and collaborations continued to contribute.

Entertainment Segment: Online/Mobile Sector – Sales Transition



◆Trends in the current quarter
- Existing titles: Although there were no major events, overall sales remained steady
- Weaknesses in titles launched in 2023, including service termination of one title

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・The sales in online mobile sector decreased from the previous quarter.

・Existing titles remained stable despite no major measures such as anniversaries. On the other hand, titles that launched in 2023 were weak.

Pipeline

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◆**Titles already announced till June 2024**

Segment	Title/Platform	Launch	Region	Publisher
Console	ROMANCE OF THE THREE KINGDOMS 8 REMAKE PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	Oct.2024	Global	KOEI TECMO GAMES
	FAIRY TAIL 2 PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam)	This Winter	Global	KOEI TECMO GAMES
	DYNASTY WARRIORS: ORIGINS Large title PlayStation®5/Xbox Series X|S/Windows(Steam)	2025	Global	KOEI TECMO GAMES

◆**Titles under development**

- Several titles (to medium-scale class) scheduled to be released in the second half of FY2024
  → Information will be released gradually
- Many new titles, including several large titles, under development

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・As of now, the three titles listed have been announced to be launched in current year. We are planning several other titles in the second half of this fiscal year. We will announce the title one by one, so please wait for the information.

・For mid-term, we are also in the process of developing many new titles, including several large-scale titles, for the next fiscal year and beyond.

Compliance with TSE Prime Market Listing Standard

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Compliance status and changes of the Company

	Number of shareholders (person)	Number of tradable shares (unit)	Total amount of tradable shares (0.1 B Yen)	Tradable share ratio
As of June, 2021	11,132	418,283	2,733	32.3%
As of March, 2023	14,073	1,075,321	2,537	31.9%
As of March, 2024	24,123	1,077,825	1,920	32.0%
Listing criteria for Prime Market	800	20,000	100	35.0%

- At the end of March 2024, the ratio of tradable shares was 32.0%; the prime market listing requirement is 35.0%.
- Convert 18 million shares of treasury stock into tradable shares in order to comply with the listing requirements
  ▶ aim to convert convertible bonds to shares by the maturity date of December 2024

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・The Company assumes that it will maintain its listing on the Prime Market of the Tokyo Stock Exchange.

・We are implementing a scheme using convertible bonds as an improvement plan to meet the criteria of tradable share ratio.

・At the end of March, the tradable share ratio was 32.0%. Through the scheme, the Company will continue to strive to improve its business performance and corporate value, thereby achieving the fulfillment of the listing criteria.

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Supplementary Materials

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Supplementary info: Frequently Asked Questions by Investors (1)

Questions	Answers
Pipelines Q: Currently, there are few planned titles disclosed. It seems that, in response to the results of the previous year, development of several titles has been suspended or reviewed so new titles cannot be announced.	・There were no such events as you pointed out, and there was no significant increase or decrease in the number of pipelines. Many titles are already in development for the next few years. ・The pipeline will be disclosed as usual in this year. It was also disclosed on IR after the title announcement. In fiscal 2024, titles were concentrated in the second half of the year.
Collaboration Titles Q. In the last two years or so, it seems that the number of collaborative titles has been decreasing. Has there been a change in policy or is it becoming more difficult to land deals? And, can we look forward to the release of the sequel of the collaboration title released in the past?	・Our policies and resources remain the same and we will continue collaboration. There have been no particular changes in the business environment, including the acquisition of new projects. ・We do not make any comments or disclosures regarding the collaboration with specific partners or the existence of specific collaboration titles under development.

*Please refer to the presentation materials for the fiscal year ended March 2024 for the title development policy.
https://www.koeitecmo.co.jp/e/ir/docs/ir3_20240430-2.pdf

Supplementary info: Frequently Asked Questions by Investors (2)

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Questions	Answers
Development of Large-Scale Titles	
Q.The company put it in goals to aggressively challenge big titles.The pipeline and resource is focusing on big titles?	・Large-scale titles are only part of the portfolio. There have been no major changes to the whole portfolio in the recent past. We will also continue to develop low-risk titles such as medium-sized titles. ・The number of large titles is expected to increase slowly. The company plans to expand its development system over the medium to long term to ensure that large-scale titles are released consistently.
Medium-Term Plan Goals "Challenging Growth Fields"	
Q. The company put it in goal to continue to challenge the "open world" genre. Will major titles in the future focus on this genre?	・One of our strengths is that we can develop a wide variety of game genres. Taking advantage of this, we will work on developing large-scale titles in various genres. We believe that the challenge of an open world is important for medium- to long-term growth. All of large-scale titles, including the AAA Class, are not just going to be open world titles. We aim for a balanced growth.

*Please refer to the presentation materials for the fiscal year ended March 2024 for the title development policy.
https://www.koeitecmo.co.jp/e/ir/docs/ir3_20240430-2.pdf

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Highlight: Performance by Region

(Million Yen)

	FY23 Q1		FY24 Q1		YoY	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	10,636	58.1%	**9,904**	56.3%	△ 732	-6.9%
Overseas	7,661	41.9%	**7,703**	**43.7%**	42	0.5%
N. America	1,803	9.9%	**1,899**	10.8%	96	5.3%
Europe	539	2.9%	**1,087**	6.2%	548	101.7%
Asia	5,319	29.1%	**4,717**	26.8%	△ 602	-11.3%
Total	18,297	100.0%	**17,607**	100.0%	△ 690	-3.8%

Plan : FY2024 (Half-year / Full year) *No change

(Million Yen)

	FY24 1st Half Plan		FY24 Full Year Plan	
	Amount	Ratio	Amount	Ratio
Sales	38,000	-	90,000	-
Operating Profit	8,000	21.1%	30,000	33.3%
Ordinary Profit	13,000	34.2%	40,000	44.4%
Net Profit	10,000	26.3%	30,000	33.3%

◆ Based on the results of FY2023, the following has been formulated as a conservative plan.

- Unit Sales of Console: Repeats of titles launched in FY2022 and FY2023
- Online/Mobile : monthly sales of titles launched in FY2023
- Royalties form IP-licensing out

◆ Planned exchange rate: 145 yen/USD

Plan: Business Segment *No Change

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(Million Yen)

		FY23 Full Year	FY24 Full Year (Plan)	Change
Entertainment	Sales	79,486	**84,400**	4,914
	Operating Profit	28,304	**29,600**	1,296
Amusement	Sales	3,918	**4,400**	482
	Operating Profit	673	**600**	△ 73
Real Estate	Sales	1,205	**1,100**	△ 105
	Operating Profit	151	**200**	49
Others	Sales	389	**200**	△ 189
	Operating Profit	△ 635	**△ 400**	235
Corporate & Elimination	Sales	△ 415	**△ 100**	315
	Operating Profit	-	**-**	-
Total	Sales	84,584	**90,000**	5,416
	Operating Profit	28,494	**30,000**	1,506

Plan : Sales by Region *No Change

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(Million Yen)

	FY23		FY24 (Plan)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	50,826	60.1%	49,200	54.7%	△ 1,626	-3.2%
Overseas	33,758	39.9%	40,800	45.3%	7,042	20.9%
N. America	7,781	9.2%	12,000	13.3%	4,219	54.2%
Europe	3,545	4.2%	7,300	8.1%	3,755	105.9%
Asia	22,432	26.5%	21,500	23.9%	△ 932	-4.2%
Total	84,584	100.0%	90,000	100.0%	5,416	6.4%

Plan: Sales Units by Region *No Change

(1000 Copies)

	FY23 Full Year		FY24 Full Year (Plan)		Vs Previous Year	
	Units	Component Ratio	Units	Component Ratio	Units	Percent Change
Japan	2,420	33.0%	1,700	22.4%	△ 720	-29.8%
Overseas	4,920	67.0%	5,900	77.6%	980	19.9%
N. America	2,180	29.7%	2,100	27.6%	△ 80	-3.7%
Europe	1,360	18.5%	1,700	22.4%	340	25.0%
Asia	1,380	18.8%	2,100	27.6%	720	52.2%
Total	7,340	100.0%	7,600	100.0%	260	3.5%
DL units	5,110		4,400			
DL ratio	69.6%		57.9%			

Plan : Major Costs/Headcounts *No Change

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（Million yen, Headcount）

	FY23 Results	FY24 Plan YoY Change	Trend in mid-term
Employment Costs COG · SGA	23,070	**Increase**	Overall trend of over 10% annual increase continues
Outsourcing Costs COGS	9,150	**Decease**	Gradual increase on an annual basis
Advertising Costs SGA	5,650	**Decease**	Fluctuates in line with sales. Cost for mobile are concentrated before and after lanunch
Total Headcount[excludes temporary employees]	2,531	**about +200**	

Development costs covered by collaborative partners(*)：Decrease year-on-year

- Employment Costs : Maintained previous trend
- Continue to actively recruit and improve benefits as a growth investment
- Outsourcing costs : In FY 2023, amount is high due to one-time costs incurred by new titles
- Advertising Costs : Advertising costs for online/mobile games were concentrated in FY2023

* Booked as reversal of COG

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Plan:Capital Expenditure, Depreciation and Amortization *No Change

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(Million Yen)

		FY20	FY21	FY22	FY23	FY24 (Plan)
Investment	Real Estate	965	909	526	1,631	540
	Equipment	577	467	263	336	380
Depreciation Cost		1,542	1,571	1,612	1,776	1,880

◆ FY2023　Acquisition of New housings for employees, repair of existing real estate

◆ FY2024　Acquisition of new real estate is under consideration*

*New real estate is not included in the capital investment plan described above


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