



Annual Report 2020



PROFILE

KOEI TECMO HOLDINGS CO., LTD. is an entity that was born as a result of a merger between two companies, Koei and Tecmo. Both companies have roots in different fields of entertainment, with Koei starting out in PC software development and Tecmo in business related to amusement facilities. Even though both companies have been around for half a century in the same industry, they have cultivated different cultures and different expertises.

By unifying these differences, Koei Tecmo will vigorously continue its work in the ethos of “Creativity and Contribution” to deliver even newer and higher quality entertainment content that is able to enrich the hearts of users world-wide.

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TOP MESSAGE



Chairman
Keiko Erikawa

President & CEO
Yoichi Erikawa

Fiscal year 2019 was the second year of our current Mid-Term Management Plan and we continued working on the policies of “creating and expanding global IPs” and “advancement of global business”. We saw multiple successful attempts in our schemes and measures as follows;

- Nioh 2 (our title launched worldwide) received a favorable reception from overseas review sites
- *Romance of the Three Kingdoms Senryaku-ban* (our licensing-out title) was favorable in China and greatly contributed to our royalty income which resulted in improving our profitability

Accordingly, we achieved the highest sales, operating profit, ordinary profit and net profit since the merger of Koei and Tecmo. We have also achieved increase in net profit for ten fiscal years in a row.

Fiscal year 2020 is the final year of our current Mid-Term Management Plan and we continue with the policies of “creating and expanding global IPs” and “advancement of global business”. We take our strength of development, technology and project management in realizing growth and profitability through our multi-tiered revenue structure such as creation of new IP, expansion of our existing series, collaboration titles and IP licensing-out business. Along with that, we run our business paying keen attention to ESG (Environment, Society and Governance) as well as aiming to achieve the SDGs (Sustainable Development Goals) in a long term.

Since January 2020, the global economy including Japan is facing a very severe situation caused by the global coronavirus (COVID-19) pandemic. In a time like this, we, KOEI TECMO Group, commit to our ethos of “Creativity & Contribution” and overcome such difficulties by flexibly adapting to the environmental changes and creating new business model.

We thank you for your support and ask for your continued cooperation in our present and future endeavors.

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
ASSETS			
Current assets:			
Cash and deposits (Notes 3 and 5)	¥12,890	¥7,056	\$118,443
Notes and accounts receivable (Note 5)	11,955	8,359	109,855
Securities (Notes 5 and 8)	337	126	3,101
Merchandise and Finished goods	97	78	900
Work in process (Note 13)	4	59	42
Raw materials and supplies	50	46	461
Other current assets	4,636	4,051	42,605
Allowance for doubtful accounts (Note 5)	(9)	(5)	(83)
Total current assets	29,963	19,773	275,327
Property, plant and equipment:			
Buildings and structures, net (Notes 6 and 12)	24,545	10,156	225,541
Land (Notes 6 and 12)	14,615	14,615	134,296
Construction in progress	9	3,524	90
Other, net	1,572	467	14,446
Total property, plant and equipment (Note 4)	40,743	28,764	374,375
Intangible assets:			
Other	191	144	1,759
Total intangible assets	191	144	1,759
Investments and other assets:			
Investment securities (Notes 5 and 8)	71,350	76,355	655,614
Deferred tax assets (Notes 11)	4,346	2,220	39,942
Deferred tax assets for land revaluation (Notes 11)	-	948	-
Retirement benefit asset (Notes 10)	-	16	-
Other	1,196	969	11,000
Total investments and other assets	76,894	80,510	706,556
Total assets	¥147,793	¥129,192	\$1,358,019

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
LIABILITIES			
Current liabilities:			
Notes and accounts payable – trade	¥1,642	¥565	\$15,094
Short-term borrowings	13,000	-	119,452
Accounts payable – other	1,594	1,269	14,655
Income taxes payable	3,367	2,240	30,942
Provision for bonuses	1,190	1,089	10,938
Provision for bonuses for directors	226	176	2,080
Provision for sales returns	0	0	1
Provision for sales discount	144	269	1,324
Provision for point card certificates	7	11	66
Provision for loss on order received (Note 13)	-	118	-
Other current liabilities	2,916	3,216	26,801
Total current liabilities	24,090	8,957	221,356
Long-term liabilities:			
Retirement benefit liability (Note 10)	199	-	1,835
Deferred tax liabilities (Note 11)	193	157	1,778
Provision for loss on litigation	181	-	1,665
Other long-term liabilities	781	792	7,184
Total long-term liabilities	1,356	950	12,463
Total liabilities	25,446	9,908	233,820
NET ASSETS (Note 14)			
Shareholders' equity:			
Capital stock			
Authorized: 350,000,000 shares in 2020 and 2019			
Issued : 129,268,048 shares in 2020 and 2019	15,000	15,000	137,829
Capital surplus	26,881	26,389	247,001
Retained earnings	88,758	80,404	815,568
Treasury shares: 2,247,868 shares at March 31, 2020 and 2,864,167 shares at March 31, 2019	(2,036)	(2,588)	(18,713)
Total shareholders' equity	128,602	119,204	1,181,686
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	(3,058)	1,355	(28,108)
Revaluation reserve for land (Note 12)	(3,115)	(2,166)	(28,622)
Foreign currency translation adjustment	130	703	1,202
Remeasurements of defined benefit plans (Note 10)	(586)	(226)	(5,386)
Total accumulated other comprehensive income	(6,629)	(333)	(60,915)
Share subscription rights	373	413	3,427
Total net assets	122,346	119,284	1,124,198
Total liabilities and net assets	¥147,793	¥129,192	\$1,358,019

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net sales (Note 19)	¥42,645	¥38,968	\$391,853
Cost of sales (Note 13)	20,088	19,052	171,663
Gross profit	22,556	19,915	179,433
Selling, general and administrative expenses (Note 9)	8,454	7,823	70,486
Operating profit (Note 19)	14,102	12,092	108,947
Non-operating income (expenses):			
Interest income	1,688	1,748	15,517
Dividend income	1,451	2,243	13,338
Gain on sales of investment securities (Note 8)	6,980	3,936	64,142
Gain on redemption of securities	23	-	212
Gain on sales of property, plant and equipment	1,559	-	14,326
Loss on valuation of investment securities (Note 8)	(2,586)	(1,645)	(23,768)
Loss on sales of investment securities (Note 8)	(1,289)	(67)	(11,847)
Loss on redemption of securities	(145)	(432)	(1,332)
Loss on valuation of derivatives (Note 8)	(1,253)	-	(11,519)
Provision for loss on litigation	(181)	-	(1,665)
Foreign exchange gains (losses), net	(243)	145	(2,240)
Other, net	141	286	1,299
Profit before income taxes	20,247	18,307	186,047
Income taxes:			
Income taxes - current	5,033	5,006	46,250
Income taxes - deferred	(92)	(393)	(847)
Total income tax (Note 11)	4,941	4,613	45,403
Net profit	15,306	13,694	140,643
Profit attributable to owners of the parent:	15,306	13,694	140,643
Per share: (Note 1)	Yen		U.S. dollars
Net income – Basic	¥120.85	¥108.00	\$1.11
– Diluted	120.48	107.77	1.1
Cash dividends	61	55	0.56

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED MARCH 31

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net profit:	¥15,306	¥13,694	\$140,643
Other comprehensive income			
Valuation difference on available-for-sale securities	(4,414)	(3,529)	(40,565)
Revaluation reserve for Land	(948)	948	(8,715)
Foreign currency translation adjustment	(573)	(293)	(5,265)
Remeasurements of defined benefit plans	(359)	(178)	(3,305)
Total other comprehensive income (Note 18)	(6,296)	(3,052)	(57,852)
Comprehensive income :	9,010	10,642	82,791
Comprehensive income attributable to owners of the parent:	¥9,010	¥10,642	\$82,791

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED MARCH 31

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury shares	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Share subscription rights	Net assets
Balance at April 1, 2018	¥15,000	¥26,175	¥73,269	(¥1,266)	¥4,885	(¥3,115)	¥997	(¥48)	¥345	¥116,242
Dividends of surplus			(6,559)							(6,559)
Profit attributable to owners of parent			13,694							13,694
Purchase of treasury shares				(1,555)						(1,555)
Disposal of treasury shares		213		233						446
Net changes of items other than shareholder's equity					(3,529)	948	(293)	(178)	68	(2,984)
Total changes during period	-	213	7,135	(1,322)	(3,529)	948	(293)	(178)	68	3,041
Balance at March 31, and April 1, 2019	¥15,000	¥26,389	¥80,404	(¥2,588)	¥1,355	(¥2,166)	¥703	(¥226)	¥413	¥119,284
Dividends of surplus			(6,952)							(6,952)
Profit attributable to owners of parent			15,306							15,306
Purchase of treasury shares				(8)						(8)
Disposal of treasury shares		491		561						1,052
Net changes of items other than shareholder's equity					(4,414)	(948)	(573)	(359)	(40)	(6,336)
Total changes during period	-	491	8,534	552	(4,414)	(948)	(573)	(359)	(40)	3,061
Balance at March 31, 2020	¥15,000	¥26,881	¥88,758	(¥2,036)	(¥3,058)	(¥3,115)	¥130	(¥586)	¥373	¥122,346

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Share subscription rights	Net assets
Balance at April 1, 2019	\$137,829	\$242,480	\$738,806	(\$23,787)	\$12,457	(\$19,906)	\$6,467	(\$2,080)	\$3,796	\$1,096,064
Dividends of surplus			(63,881)							(63,881)
Profit attributable to owners of parent			140,643							140,643
Purchase of treasury shares				(81)						(81)
Disposal of treasury shares		4,520		5,154						9,675
Net changes of items other than shareholder's equity					(40,565)	(8,715)	(5,265)	(3,305)	(368)	(58,221)
Total changes during period	-	4,520	76,762	5,073	(40,565)	(8,715)	(5,265)	(3,305)	(368)	28,134
Balance at March 31, 2020	\$137,829	\$247,001	\$815,568	(\$18,713)	(\$28,108)	(\$28,622)	\$1,202	(\$5,386)	\$3,427	\$1,124,198

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash flows from operating activities:			
Profit before income taxes	¥20,247	¥18,307	\$186,047
Depreciation	752	734	6,912
Increase (decrease) in provision for loss on order received	(118)	(476)	(1,092)
Increase (decrease) in allowance for doubtful accounts	(1)	(5)	(18)
Increase (decrease) in provision for bonuses for directors	50	7	461
Increase (decrease) in provision for bonuses	105	51	973
Increase (decrease) in provision for loss on litigation	181	-	1,665
Interest and dividend income	(3,140)	(3,992)	(28,856)
Loss(gain) on valuation of securities	2,586	1,645	23,768
Loss(gain) on sales of investment securities	(5,691)	(3,869)	(52,295)
Loss(gain) on redemption of securities	121	432	1,120
Loss(gain) on valuation of derivatives	1,253	-	11,519
Loss(gain) on sales of property, plant and equipment	(1,609)	(0)	(14,786)
Foreign exchange losses (gains)	292	(161)	2,689
Decrease(increase) in notes and accounts receivable	(3,644)	632	(33,483)
Decrease(increase) in inventories	31	7	288
Increase (decrease) in trade payables	1,099	(280)	10,099
Other, net	(1,167)	(341)	(10,727)
Sub total	11,349	12,691	104,284
Interest and dividends received	2,554	3,353	23,467
Interest paid	(1)	(0)	(14)
Income taxes refund	1,307	1,273	12,016
Income taxes paid	(5,460)	(7,719)	(50,174)
Net cash provided by operating activities	9,748	9,597	89,579
Cash flows from investing activities:			
Payments into time deposits	(86)	(89)	(796)
Proceeds from withdrawal of time deposits	86	84	793
Purchase of short-term and long-term investment securities	(49,432)	(16,158)	(454,217)
Proceeds from sales and redemption of short-term and long-term investment securities	50,278	14,996	461,991
Purchase of property, plant and equipment	(14,238)	(236)	(130,830)
Proceeds from sales of property, plant and equipment	2,993	1	27,504
Other, net	(97)	(94)	(892)
Net cash used in investing activities	(10,496)	(1,496)	(96,448)
Cash flows from financing activities:			
Proceeds from short-term borrowings	23,500	1,500	215,933
Repayments of short-term borrowings	(10,500)	(1,500)	(96,480)
Proceeds from disposal of treasury shares	882	377	8,113
Purchase of treasury shares	(8)	(1,556)	(82)
Dividends paid	(6,942)	(6,551)	(63,793)
Other, net	(25)	-	(233)
Net cash provided by (used in) financing activities	6,906	(7,730)	63,457
Effect of exchange rate changes on cash and cash equivalents			
	(323)	56	(2,974)
Net increase (decrease) in cash and cash equivalents	5,834	428	53,613
Cash and cash equivalents at beginning of year	6,968	6,540	64,033
Cash and cash equivalents at end of year (Note 3)	¥12,803	¥6,968	\$117,646

The accompanying notes are an integral part of these statements.

1. Summary of significant accounting policies:

(1) Basis of presentation of consolidated financial statements -

The accompanying consolidated financial statements of KOEI TECMO HOLDINGS CO., LTD. (“the Company”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries for the years ended March 31, 2020 and 2019 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified five items as applicable. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not considered necessary for fair presentation, is not presented in the accompanying consolidated financial statements.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts. Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2020, which was ¥108.83 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Some captures in prior year financial statements have changed to conform to the current year presentation.

(2) Basis of consolidation and investments in affiliated companies -

The consolidated financial statements include the accounts of the Company and its subsidiaries, including KOEI TECMO GAMES CO., LTD., KOEI TECMO NET CO., LTD., KOEI TECMO WAVE CO., LTD., CWS BRAINS, LTD., KOEI TECMO CAPITAL CO., LTD., KOEI TECMO AMERICA CORPORATION, KOEI TECMO EUROPE LIMITED, KOEI TECMO TAIWAN CO., LTD., KOEI TECMO TIANJIN SOFTWARE CO., LTD., KOEI TECMO BEIJING SOFTWARE CO., LTD., KOEI TECMO SINGAPORE PTE. LTD., and KOEI TECMO LIV CO., LTD. Some small-scale subsidiaries whose total assets, net sales, net income or loss, retained earnings or other items would have no material effect on the financial statements have not been consolidated. All significant intercompany transactions and accounts have been eliminated in consolidation.

The fiscal year end of KOEI TECMO TAIWAN CO., LTD. is December 31, which differs from that of the Company and as such, the subsidiary is consolidated based on its provisional closing balances as of the subsidiary’s fiscal year end. The fiscal year end of KOEI TECMO TIANJIN SOFTWARE CO., LTD. and KOEI TECMO BEIJING SOFTWARE CO., LTD. is also December 31 and the Company used their financial statements as of their own fiscal year end in the preparation of the consolidated financial statements, making adjustments, if necessary, for significant transactions that occurred during the period from their fiscal year end to the consolidated fiscal year end.

(3) Translation of foreign currency -

All the assets and liabilities of foreign subsidiaries are translated into Japanese yen at the appropriate year-end rate and all income and expense accounts are translated at the average rate of exchange for the year. The translation of net assets is made using historical rates. The resulting translation differences are presented as “Foreign currency translation adjustment” in the accompanying consolidated balance sheets. Foreign currency receivables and payables are translated at year-end rates and the resulting translation gains and losses are included in income currently.

(4) Cash and cash equivalents -

For the purpose of the consolidated statements of cash flows, the Company and its consolidated subsidiaries have classified time deposits and other highly liquid investments as cash equivalents if the original maturities of such investments are three months or less.

(5) Financial instruments -

(a) Derivatives

All derivatives are stated at fair value, with changes in fair value being included in the net income or loss for the period in which they arise.

(b) Securities and investment securities

Trading securities, held for the purpose of generating profits on short-term differences in prices, are stated at fair value, with changes in fair value being included in the net income or loss for the period in which they arise.

Held-to-maturity securities are stated at amortized cost method (straight-line method).

Available-for-sale securities for which quoted market price is available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of net assets, net of applicable taxes.

Available-for-sale securities for which quoted market price is not available are stated at cost or at amortized cost, except as stated in the following paragraph:

In cases where the fair value of equity securities issued by non-consolidated subsidiaries, or available-for-sale securities has declined significantly and such impairment in value is not deemed temporary, those securities are reduced to fair value and the resulting losses are included in the net income or loss for the period.

The net amount of equity included in the Company's financial statements from investment partnerships and similar investments, is calculated based on the relevant financial statements for the partnership available as of the reporting date.

(6) Inventories -

Inventories of the Company and its consolidated subsidiaries are determined using (i) the moving-average method for merchandise, finished goods and raw materials, (ii) the last purchase price method for supplies and (iii) the specific identification method for work in process (unless market value of inventories declines significantly and is not expected to recover to cost, in such cases costs are reduced to net realizable values).

(7) Property, plant and equipment -

The declining balance method is used for calculating depreciation except for buildings (excluding facilities attached to buildings) which were acquired since April 1, 1998 and the straight-line method is used for facilities attached to buildings and structures which were acquired since April 1, 2016. The property, plant and equipment held by foreign consolidated subsidiaries is being depreciated by the straight-line basis, based on the estimated useful lives of the assets.

The range of useful lives for "Buildings and structures" is principally from 3 to 50 years.

(8) Intangible assets -

Software costs for internal use are capitalized and amortized over their estimated useful lives on a straight-line basis.

(9) Lease assets -

The lease period is regarded as the useful lives, and the straight-line method is used to reduce the residual value to zero.

Among finance lease transactions that do not transfer ownership, lease transactions with a lease transaction start date before December 31, 2008 are accounted for in accordance with the method for ordinary lease transactions.

(10) Provision for bonuses -

Provision for bonuses are stated at the estimated amount of the bonuses to be paid to employees based on their services provided during the fiscal year.

(11) Provision for bonuses for directors -

Provision for bonuses are stated at the estimated amount of the bonuses to be paid to directors based on their services for the current fiscal year.

(12) Allowance for doubtful accounts -

An allowance for doubtful accounts is established at an amount considered to be appropriate based primarily on the past credit loss experience of the Company and its consolidated subsidiaries, plus an additional amount deemed necessary to cover possible losses estimated on an individual account basis.

(13) Provision for sales returns -

A provision for sales returns is provided for future losses due to the return of products at an amount calculated based on historical experience.

(14) Provision for sales discount -

A provision for sales discount is provided for future losses incurred on sales discount of products.

(15) Provision for point card certificates -

A provision for point card certificates is provided for the accumulation of points granted to online shopping users. The amount of provision is determined based on the past usage of points.

(16) Provision for loss on order received -

A provision for loss on order received is provided for the estimated loss of the order. A provision for loss is recognized when it is probable that the expected revenue to be derived from an order is lower than the unavoidable cost of meeting the obligations.

(17) Provision for loss on litigation -

A provision for loss on litigation is provided for future losses deemed necessary against litigation.

(18) Revenue for software development contract -

When the outcome of the software development contract can be reliably estimated, contract revenue is recognized based on the stage of completion applying the percentage of completion method. The stage of completion is primarily determined using the cost-to-cost method.

If the outcome of the software development contract cannot be reliably estimated, the completed contract method is applied.

(19) Income taxes -

Provision is currently made for the income taxes applicable to all revenue and expense items reported in income tax returns on the basis of when such items are taxable or deductible. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

(20) Retirement benefits -**(a) Method for attributing projected benefits to periods**

The retirement benefit obligation is calculated by attributing projected benefits to periods until the end of the current fiscal year on a benefit formula basis.

(b) Amortization of prior service cost and actuarial gain or loss

Prior service cost is amortized on a straight-line basis over certain periods (from 9 to 12 years), which are shorter than the average remaining years of service of the eligible employees. Net actuarial gain or loss is amortized from the following year on a straight-line basis over certain periods (from 9 to 12 years), which are shorter than the average remaining years of service of the eligible employees.

(21) Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements -

The Company has applied “Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements” (ASBJ Practical Issues Task Force No. 18, June 28, 2019), and necessary modifications have been made for consolidation.

(22) Net income per share -

Net income per share of capital stock (“Basic EPS”) is computed based on the weighted average number of shares of capital stock outstanding during each year. Diluted net income per share of capital stock (“Diluted EPS”) further assumes the dilutive effect of warrants.

The basic information for net income per share computations for the years ended March 31, 2020 and 2019 were as follows:

For the year ended March 31, 2020	Millions of yen	Thousands of U.S. dollars	Thousands of shares	Yen	U.S. dollars
	Net income		Weighted average number of shares	EPS	
Basic EPS					
Net income	¥15,306	\$140,643			
Other	-	-			
Profit attributable to owners of parent	¥15,306	\$140,643	126,658	¥120.85	\$1.11
Effect of Diluted stock shareholders					
Warrants	-	-	387		
Diluted EPS					
Profit attributable to owners of parent	¥15,306	\$140,643	127,046	¥120.48	\$1.10
For the year ended March 31, 2019	Millions of yen		Thousands of shares	Yen	
	Net income		Weighted average number of shares	EPS	
Basic EPS					
Net income	¥13,694				
Other	-				
Profit attributable to owners of parent	¥13,694		126,796	¥108.00	
Effect of Diluted stock shareholders					
Warrants	-		279		
Diluted EPS					
Profit attributable to owners of parent	¥13,694		127,075	¥107.77	

2. Unapplied Accounting Standards, etc.

The Company and its consolidated subsidiaries have not applied the following revised and newly-established accounting standards published by March 31, 2020.

“Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, March 31, 2020)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020)

(1) Outline

IASB and FASB jointly developed comprehensive accounting standards for revenue recognition. “Revenue from contracts with customers” was issued in May 2014 (IFRS 15 by the IASB and Topic 606 by the FASB). IFRS 15 is effective for fiscal years beginning after January 1, 2018, and Topic 606 is effective for fiscal years beginning after December 15, 2017. The comprehensive accounting standard for revenue recognition was developed and issued together with the implementation guideline by ASBJ.

From the viewpoint of comparability between financial statements, which is one of the benefits of consistency with IFRS 15, ASBJ decided to establish its accounting standard with the incorporation of the basic principles of IFRS 15 and added alternative treatment for items that have been subjected to accounting practices in Japan to the extent that comparability is not impaired.

(2) Effective date

The Company and its consolidated subsidiaries plan to apply the standard and the implementation guidances from the beginning of the fiscal year ending March 31, 2022.

(3) The impact of the application

The company is in the process of assessing the impact of adopting the accounting standards.

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9, July 4, 2019)

“Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020)

(1) Outline

Under the circumstances that IASB and FASB have similar detailed guidance about fair value measurement IFRS 13 “Fair Value Measurement” in IFRS and Topic 820 in the Accounting Standards Codification “Fair Value Measurement” in U.S.GAAP), ASBJ has made efforts to make the Japanese standards consistent with international accounting standards, mainly regarding the guidance and disclosure of the fair value of financial statements between domestic and overseas companies by using a uniform calculation method as a basic policy for the development of accounting standards for fair value measurement, ASBJ has basically adopted all the provisions of IFRS 13 and has stipulated other treatments for individual items to the extent that comparability between financial statements is not significantly impaired considering the practices that have been conducted in Japan up to now.

(2) Effective date

The Company and its domestic consolidated subsidiaries plan to apply the standard and the implementation guidances from the beginning of the fiscal year ending March 31, 2022.

(3) The impact of the application

The impact of the application of the accounting standards on the consolidated financial statements has not yet been determined.

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No.31, March 31, 2020)

(1) Outline

The purpose of this accounting standard is to disclose information that will facilitate the understanding of the users of financial statements regarding accounting estimates serving as the basis of amounts recorded in the financial statements for the current fiscal year that have the risk of significantly impacting the financial statements for the following fiscal year.

(2) Effective date

The Company and its consolidated subsidiaries plan to apply those accounting standards from the end of the fiscal year ending March 31, 2021.

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections”(ASBJ Statement No.24, March 31, 2020)

(1) Outline

The purpose of this accounting standard is to present an overview of the accounting principles and procedures adopted in cases where the provisions of relevant accounting standards, etc. are not clear.

(2) Effective date

The Company and its consolidated subsidiaries plan to apply those accounting standards from the end of the fiscal year ending March 31, 2021.

3. Cash flow information:

Reconciliation of cash and cash equivalents

Cash and deposits at March 31, 2020 and 2019 reconciled to cash and cash equivalents were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and deposits	¥12,890	¥7,056	\$118,443
Time deposits with maturity over three months	(86)	(88)	(796)
Total cash and cash equivalents	¥12,803	¥6,968	\$117,646

4. Accumulated depreciation of property, plant and equipment:

Accumulated depreciation of property, plant and equipment as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Accumulated depreciation of property, plant and equipment	¥11,683	¥11,947	\$107,355

5. Financial instruments:

(1) Qualitative information on financial instruments

(a) Policies for using financial instruments

The Company and its consolidated subsidiaries procure funds that are required for the planning of capital investment, and short-term operating funds through bank loans. The surplus funds are invested in the compound financial instruments that invested in the stocks, the debenture, and derivatives achieve a high yield.

Derivatives that the Company uses are only the compound financial instruments that invested in derivatives.

(b) Details of financial instruments used and the exposures to risk and how they arise

Notes and accounts receivable are exposed to the credit risks in relation to customers. Some of them are denominated in foreign currencies, which consequently expose the Company and its subsidiaries to the risks of exchange rate fluctuations.

Securities and investment securities, which consist of principally equity securities and debt securities, are exposed to the risk of market price fluctuations.

The investments in the compound financial instruments that invested in derivatives have the risk of the bond market price and the exchange rate fluctuations.

These investments are executed with credit worthy financial institutions. Given their creditworthiness, management does not expect any counterparty to fail to meet its obligations.

(c) Policies and processes for managing the risk

① Credit risk management (counterparty risk)

The Company and its consolidated subsidiaries have established internal procedures for receivables under which the related divisions are primarily responsible for periodically monitoring counterparty status. The division manages amounts and settlement dates by counterparty and works to quickly identify and mitigate payment risk that may result from situations including deterioration of the financial condition of counterparties.

② Market risk management (risk of exchange rate and interest rate fluctuations)

Any investments to compound financial instruments that include stocks, bonds, and derivatives as their components are managed strictly according to the established policies with upper monetary limits of the investments. In addition, the Company clearly separates its transaction division and management division in their functions with the view to securely managing its assets. The Company's management division confirms transactions, manages its current position, and ensures that all derivative transactions are executed with the established policies so that its internal control functions properly. The Company periodically provides administrative reports on the status of its position, including market value, to the financial director and treasurer.

Regarding Securities and investment securities, the Company periodically examines the financial condition of the issuing entities. The Company also regularly reviews the status of its holdings of bonds, not including those held to maturity, taking into consideration its relationships with corporate business holders.

③ Management of liquidity risk associated with funds procurement (payment default risk)

The Company and its consolidated subsidiaries manage liquidity risk by creating and updating a capital deployment plan based on reports from each division.

(d) Fair values of financial instruments

Fair values of financial instruments include the values based on market prices, and the reasonably estimated values when market prices, and the reasonably estimated values when market prices are not available. Since certain assumptions and others are adopted for estimating such values, they may differ when adopting different assumptions and others.

(2) Fair values of financial information

Fair values of financial instruments as of March 31, 2020 and 2019 were summarized as follows:

The financial instruments whose fair values were not available were not included below and were summarized in (b).

(a) Fair values of financial instruments

	Millions of yen		
	March 31, 2020		
	Acquisition Amount	Estimated fair value	Difference
Cash and deposits	¥12,890	¥12,890	-
Notes and accounts receivable	11,955		
Allowance for doubtful accounts*	(8)		
	11,946	11,946	-
Marketable and investment securities			
Available-for-sale securities	65,063	65,063	-
Assets Total	¥89,900	¥89,900	-

	Millions of yen		
	March 31, 2019		
	Book value	Estimated fair value	Difference
Cash and deposits	¥7,056	¥7,056	-
Notes and accounts receivable	8,359		
Allowance for doubtful accounts*	(5)		
	8,354	8,354	-
Marketable and investment securities			
Other securities	70,263	70,263	-
Assets Total	¥85,674	¥85,674	-

	Thousands of U.S.dollars		
	March 31, 2020		
	Book value	Estimated fair value	Difference
Cash and deposits	\$118,443	\$118,443	-
Notes and accounts receivable	109,855		
Allowance for doubtful accounts*	(79)		
	109,775	109,775	-
Marketable and investment securities			
Available-for-sale securities	597,841	597,841	-
Assets Total	\$826,060	\$826,060	-

* The allowance is calculated by applying a percentage based on collection experience to the remaining accounts are included.

Note: Fair values of financial instruments, and matters pertaining to securities and derivative transactions

Assets

Cash and deposits, and notes and accounts receivable:

The book values approximate the fair values because of short-term maturities of these instruments.

Marketable and investment securities:

The fair value is based on the market prices or the prices quoted by financial institutions.

These securities are described in the Note on "8. Securities and investment securities".

(b) Financial instruments whose fair values were not available

The financial instruments for which the fair values were not available as of March 31, 2020 and 2019 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Shares of subsidiaries and associates	¥20	¥20	\$183
Investments in capital of subsidiaries and associates	98	98	902
Non-listed equity securities	232	302	2,138
Investments in associations	6,372	5,895	58,551
Total	¥6,723	¥6,316	\$61,776

It was not practicable to estimate the fair value of the unlisted shares because the market price is not available and the fair value cannot be estimated reliably. Therefore, these financial instruments were not included in the marketable and investment securities described in (a).

(c) Maturities of financial instruments

The maturities of the financial instruments at March 31, 2020 and 2019 were as follows:

	Millions of yen			
	At March 31, 2020			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥509	-	-	-
Notes and accounts receivable	11,955	-	-	-
Marketable and investment securities				
Available-for-sale securities				
(1) Government bonds and local government bonds	152	2,042	3,514	4,378
(2) Corporate bonds	181	6,290	2,025	4,375
Total	¥12,798	¥8,332	¥5,540	¥8,754

	Millions of yen			
	At March 31, 2019			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	¥965	-	-	-
Notes and accounts receivable	8,359	-	-	-
Marketable and investment securities				
Available-for-sale securities				
(1) Government bonds and local government bonds	130	2,759	4,456	5,037
(2) Corporate bonds	-	1,515	3,484	4,949
Total	¥9,456	¥4,274	¥7,940	¥9,987

	Thousands of U.S. dollars			
	At March 31, 2020			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	\$4,677	-	-	-
Notes and accounts receivable	109,855	-	-	-
Marketable and investment securities				
Available-for-sale securities				
(1) Government bonds and local government bonds	1,396	18,766	32,296	40,236
(2) Corporate bonds	1,667	57,797	18,614	40,205
Total	\$117,596	\$76,564	\$50,911	\$80,441

6. Rental property:

The Company and its consolidated subsidiaries own buildings (including land) for leasing in Kanagawa prefecture, other domestic areas, and foreign countries. The rental income included in net sales was ¥222 million (\$2,043 thousand) and ¥321 million for the years ended March 31, 2020 and 2019, respectively.

Information about fair value of rental property included in the consolidated financial statements at March 31, 2020 and 2019 were as follows:

	At March 31, 2020			
	Book value (net of depreciation)			Fair value
	March 31, 2019	Increase	March 31, 2020	March 31, 2020
Millions of yen	¥15,240	¥1,615	¥16,855	¥17,925
Thousands of U.S dollars	\$140,037	\$14,842	\$154,879	\$164,714

	At March 31, 2019			
	Book value (net of depreciation)			Fair value
	March 31, 2018	Decrease	March 31, 2019	March 31, 2019
Millions of yen	¥15,595	¥354	¥15,240	¥17,474

Note1: Book values recorded in the consolidated balance sheets present acquisition cost, net of accumulated depreciation and impairment loss.

Note2: The increase was mainly due to acquisitions of real estates in the amount of ¥3,254 million (\$29,899 thousand) and the decrease was mainly due to sales of real estates in the amount of ¥1,404 million (\$12,900 thousand) occurred in the fiscal year ended March 31, 2020.

Note3: The fair value for domestic rental properties was calculated by the Company and its consolidated subsidiaries based on the Real Estate Appraisal Standard. Locally appraised value was used for the fair value of overseas rental properties.

7. Lease:

The future minimum lease receipts for only non-cancelable operating lease contracts as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Due within one year	¥50	¥211	\$460
Due after one year	34	606	317
Total	¥84	¥817	\$777

8. Securities and investment securities:

Comparisons of the acquisition costs and fair values of other securities for which market quotations are available at March 31, 2020 and 2019 were as follows:

	Millions of yen			
	At March 31, 2020			Fair value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Available-for-sale securities for which market prices are available -				
(1) Equity securities	¥47,250	¥2,519	¥3,946	¥45,823
(2) Debt securities	21,276	710	4,115	17,872
(3) Other	1,293	164	91	1,367
Total	¥69,819	¥3,395	¥8,152	¥65,063

	Millions of yen			
	At March 31, 2019			Fair value
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	
Available-for-sale securities for which market prices are available -				
(1) Equity securities	¥47,933	¥5,680	¥2,470	¥51,142
(2) Debt securities	18,799	725	2,876	16,648
(3) Other	1,963	527	19	2,471
Total	¥68,696	¥6,933	¥5,366	¥70,263

	Thousands of U.S. dollars			
	At March 31, 2020			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale securities for which market prices are available -				
(1) Equity securities	\$434,165	\$23,155	\$36,261	\$421,059
(2) Debt securities	195,498	6,532	37,811	164,219
(3) Other	11,883	1,515	836	12,562
Total	\$641,547	\$31,204	\$43,705	\$597,841

Note1: Impairment loss of ¥2,586 million (\$23,768 thousand) and ¥1,645 million was recognized for the years ended March 31, 2020 and 2019, respectively.

Note2: Debt securities include compound financial instruments with contract amount of \$40 million. A loss on valuation of derivatives in the amount of ¥1,253 million (\$11,519 thousand) is recorded under non-operating expenses in the consolidated statement of income.

Available-for-sale securities sold for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Sales amount	¥46,459	¥14,288	\$426,900
Gross realized gains	6,980	3,936	64,142
Gross realized losses	1,289	67	11,847

9. Research and development expenses:

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2020 and 2019 were ¥1,026 million (\$9,430 thousand) and ¥780 million, respectively.

10. Retirement benefit plan:

(1) Outline

The Company and its domestic consolidated subsidiaries have a defined benefit corporate pension plan. One of the foreign consolidated subsidiaries has adopted a defined contribution plan.

(2) Defined benefit plan

(a) The reconciliation of defined benefit plans was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligation at the beginning of the period	¥5,694	¥5,313	\$52,326
Service cost	458	435	4,216
Interest cost	28	26	259
Actuarial loss	(10)	85	(93)
Benefits paid	(105)	(160)	(964)
Other	-	(5)	-
Retirement benefit obligation at the end of the period	¥6,066	¥5,694	\$55,745

(b) The reconciliation of plan assets at fair value was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Plan assets at fair value at the beginning of the period	¥5,711	¥5,255	\$52,479
Expected return on plan assets	256	235	2,354
Actuarial gain(loss)	(557)	(161)	(5,125)
Contributions by the employer	562	540	5,167
Benefits paid	(105)	(160)	(964)
Other	-	1	-
Plan assets at fair value at the end of the period	¥5,866	¥5,711	\$53,909

(c) The reconciliation related to retirement benefit obligation and plan assets at fair value at the end of the period and defined benefit liability and defined asset recorded on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligations of the funding plan	¥6,066	¥5,694	\$55,745
Plan assets at fair value	(5,866)	(5,711)	(53,909)
	199	(16)	1,835
Retirement benefit obligations of the non-funding plan	-	-	-
Net amount of liabilities and assets recognized in the consolidated balance sheets	199	(16)	1,835
Retirement benefit liability	199	-	1,835
Retirement benefit asset	-	16	-
Net amount of liabilities and assets recognized in the consolidated balance sheets	¥199	¥16	\$1,835

(d) Retirement benefit expenses and their breakdown:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥458	¥435	\$4,216
Interest cost	28	26	259
Expected return on plan assets	(256)	(235)	(2,354)
Amortization of actuarial differences	17	(20)	162
Amortization of prior service costs	10	10	95
Retirement benefit expenses	¥259	¥215	\$2,380

(e) The breakdown of prior service cost and actuarial gain (loss) recognized in other comprehensive income before deduction of tax benefit were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service costs	¥10	¥10	\$95
Actuarial gain(loss)	(529)	(267)	(4,867)
Total	¥(519)	¥(257)	\$(4,772)

(f) The breakdown of prior service cost and actuarial gain (loss) recognized in accumulated other comprehensive income before deduction of tax benefit were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service cost	¥111	¥122	\$1,027
Unrecognized actuarial gain (loss)	735	205	6,758
Total	¥847	¥327	\$7,785

(g) The breakdown of plan assets by major category was as follows:

	2020	2019
Bonds	53.0%	47.0%
Equities	43.8%	50.0%
Other	3.2%	3.0%
Total	100.0%	100.0%

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and long-term rate expected to earn the profit from multiple plan assets at present and in the future.

(h) The assumptions used in accounting for the above plans were as follows:

	2020	2019
Discount rate	0.5%	0.5%
Expected rate of return on plan assets	4.5%	4.5%

(3) Defined contribution plan

The required contributions to the defined contribution plans of one of the foreign consolidated subsidiaries are ¥1 million (\$12 thousand) and ¥1 million for the years ended March 31, 2020 and 2019, respectively.

11. Income taxes:

The reconciliation of differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2020 and 2019 were as follows:

	2020	2019
Statutory tax rate	30.6%	30.6%
Increase (decrease) in taxes resulting from:		
Permanent difference of exclusion from expenses	0.8	0.9
Permanent difference of exclusion from gross revenue	(0.2)	(0.2)
Special tax credit for research and development expenses and other	(4.9)	(3.2)
Tax rate difference in certain subsidiaries	(2.0)	(0.7)
Valuation allowance	(0.1)	(0.2)
Revaluation of collectibility	1.2	(0.8)
Reserved profit of foreign subsidiaries	(0.1)	(0.1)
Other, net	(0.9)	(1.1)
Effective tax rate	24.4%	25.2%

The significant components of deferred tax assets and liabilities included in the balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax assets:			
Tax loss carryforwards	¥172	¥167	\$1,583
Provision for bonuses	332	297	3,057
Provision for loss on order received	-	36	-
Unrealized loss on inventory reserve	40	67	376
Provision for enterprise tax	224	172	2,058
Valuation difference on available-for-sale securities	1,057	-	9,718
Provision for sales discount	28	62	259
Loss on investment securities	1,773	1,181	16,300
Software development expense amortization	349	229	3,215
Impairment loss on fixed assets	4	22	39
Net defined benefit liability	263	106	2,418
Revaluation reserve for land	948	948	8,715
Other	345	469	3,178
Subtotal	5,541	3,761	50,922
Valuation allowance	(1,194)	(198)	(10,980)
Total deferred tax assets	¥4,346	¥3,563	\$39,942

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥(29)	¥(293)	\$(273)
Reserved profit of foreign subsidiaries	(145)	(147)	(1,335)
Other	(18)	(110)	(169)
Total deferred tax liabilities	¥(193)	¥(551)	\$(1,778)
Net deferred tax assets	¥4,153	¥3,011	\$38,163

12. Assets pledged and revaluation of the land:

(1) Assets pledged	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Buildings and structures	¥235	¥241	\$2,162
Land	306	306	2,812
Total	¥541	¥547	\$4,974

(2) Revaluation of the land

The subsidiary, KOEI TECMO LIV CO., LTD., revalued land for its business in accordance with the Land Revaluation Law. The Company recorded the entire difference between the carrying amount and revalued amount as revaluation reserve for land as a separate component of net assets.

Revaluation of land was performed by making a reasonable adjustment to the land based on the market value estimated in accordance with relevant provisions of the Land Revaluation Law.

Date of revaluation: March 31, 2000.

Fair value of the revalued land as of March 31, 2020 and 2019 were ¥173 million (\$1,597 thousand) and ¥69 million more than the book value, respectively.

13. Provision for loss on order received:

Inventories and provision for loss on order received related to the project which is probable to incur losses are presented as is and are not offset.

Provision for loss on order received included in inventories related to projects which are likely to incur losses as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Work in process	-	¥59	-
Total	-	¥59	-

Provision for loss on order received included in the cost of sales for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cost of sales	-	¥118	-
Total	-	¥118	-

14. Net assets:

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law ("the Law"), in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earning reserve and additional paid-in capital could be used to eliminate or reduce a deficit or could be capitalized by resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

At the annual shareholders' meeting held on June 18, 2020, the shareholders resolved cash dividends amounting to ¥7,748 million (\$71,195 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2020. Such appropriations will be recognized in the period when they are resolved.

Note: The Company implemented a one point two-for-one stock split on October 1, 2018. Number of increase in shares by stock split is as follows:

Issued share:

(1) Total number of issued shares before stock split	107,723,374 shares
(2) Number of increase in shares by stock split	21,544,674 shares
(3) Total number of issued shares after stock split	129,268,048 shares

Treasury shares:

(1) Total number of treasury shares before stock split	1,930,912 shares
(2) Number of increase in shares by stock split	382,850 shares
(3) Total number of treasury shares after stock split	2,313,762 shares

15. Stock options:

The summarized contents of stock options as of March 31, 2020 were as follows:

	Share subscription rights #7	Share subscription rights #8	Share subscription rights #9
Date of the annual shareholders' meeting	June 25, 2014	June 22, 2016	June 20, 2018
Position and number of grantee	7 directors and 21 employees of the Company and 380 executive officer or employees of the subsidiaries	9 directors and 17 employees of the Company and 394 executive officer or employees of the subsidiaries	11 directors and 18 employees of the Company and 405 executive officer or employees of the subsidiaries
Date of grant	September 22, 2014	September 26, 2016	September 25, 2018
Class and number of stock	Capital stock 1,153,008	Capital stock 999,840	Capital stock 911,400
Exercised period	From September 23, 2016 to September 20, 2019	From September 27, 2018 to September 24, 2021	From September 11, 2020 to September 8, 2023

The Company implemented a 1.2-for-1 stock split on October 1, 2018 and the number of stock is adjusted after the stock split.

The following table summarizes scale and movement of share subscription rights for the year ended March 31, 2020

	Share subscription rights #7	Share subscription rights #8	Share subscription rights #9
Non-exercisable (number of shares)			
Outstanding at April 1, 2019	-	-	897,000
Granted	-	-	-
Forfeited	-	-	25,560
Vested	-	-	-
Outstanding at March 31, 2020	-	-	871,440
Exercisable (number of shares)			
Outstanding at April 1, 2019	353,088	846,120	-
Vested	-	-	-
Exercised	319,392	300,360	-
Forfeited	33,696	8,520	-
Outstanding at March 31, 2020	-	537,240	-
Exercise price	¥1,224 \$11.24	¥1,668 \$15.32	¥2,033 \$18.68
Average stock price at exercise	¥2,162 \$19.86	¥2,644 \$24.29	-
Fair value price at grant date	¥290 \$2.66	¥384 \$3.52	¥364 \$3.34

The Company implemented a 1.2-for-1 stock split on October 1, 2018 and the exercise price is adjusted amount after the stock split. Average stock price at exercise has been calculated by assuming this stock split was executed at the beginning of the fiscal year ended March 31, 2020.

16. Asset retirement obligations:

(1) Summary of applicable asset retirement obligations include the duty of restoration arising from contractual requirements set forth in real estate leases for amusement facility arcades.

(2) Instead of posting liabilities for asset retirement obligations, the Company and its consolidated subsidiaries use the method of estimating the reasonable amount that cannot be finally recovered from the deposit related to a real estate lease contract and posting the part of that amount belonging to the current fiscal year under costs.

(3) Changes to aggregate asset retirement obligations applicable to the fiscal years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Beginning balance	¥59	¥53	\$549
Expenses belonging to the consolidated fiscal year	1	5	13
Decrease due to settlement of asset retirement obligations	(9)	-	(86)
Ending balance	¥51	¥59	\$477

17. Related party transactions:

(1) Related party transactions between the Company and its related parties.

Principal transactions between the Company's consolidated subsidiaries and its related parties were as follows:

For the year ended March 31, 2020										
Type	Name	Location	Capital or investments	Business or profession	Voting rights held (%)	Relationship with the related parties	Transactions (Note2)	Amount	Account name	Balance
Executive	Keiko Erikawa	-	-	Executive Chairman	2.1 [4.64] (Note1)	-	The exercise of stock option (Note3)	¥11 million (\$108 thousand)	-	-
Executive	Yoichi Erikawa	-	-	Executive President	2.17 [4.58] (Note1)	-	The exercise of stock option (Note3)	¥11 million (\$108 thousand)	-	-
Executive	Hisashi Koinuma	-	-	Executive Vice President (Note2)	0.03 [0] (Note1)	-	The exercise of stock option (Note3)	¥11 million (\$108 thousand)	-	-
Executive	Masao Tejima	-	-	Outside Director	0.01 [-] (Note1)	-	The exercise of stock option (Note3)	¥11 million (\$106 thousand)	-	-

Note 1: The figures contained in parentheses represent the ownership ratio of the voting right which close persons or assentors have.

Note 2: Hisashi Koinuma, Representative Director and Vice President, was appointed as Vice President from the Executive Vice President of the Company on April 13, 2020.

Note 3: The exercise of stock options granted by resolution at the Board of Director's meeting held on September 5, 2016.

Note 4: The amount is calculated by multiplying the number of shares issued as a result of exercise of the stock option by the amount paid.

For the year ended March 31, 2019										
Type	Name	Location	Capital or investments	Business or profession	Voting rights held (%)	Relationship with the related parties	Transactions (Note2)	Amount	Account name	Balance
Executive	Keiko Erikawa	-	-	Executive Chairman	2.1 [4.66] (Note1)	-	The exercise of stock option (Note2)	¥11 million (\$106 thousand)	-	-
Executive	Yoichi Erikawa	-	-	Executive President	2.17 [4.59] (Note1)	-	The exercise of stock option (Note2)	¥11 million (\$106 thousand)	-	-
Executive	Yasuharu Kakiyama	-	-	Director	0.36 [0.27] (Note1)	-	The exercise of stock option (Note3)	¥11 million (\$110 thousand)	-	-

Note 1: The figures contained in parentheses represent the ownership ratio of the voting right which close persons or assentors have.

Note 2: The exercise of stock options granted by resolution at the Board of Director's meeting held on September 5, 2016.

Note 3: The exercise of stock options granted by resolution at the Board of Director's meeting held on September 1, 2014.

Note 4: The amount is calculated by multiplying the number of shares issued as a result of exercise of the stock option by the amount paid.

(2) Related party transactions between the Company's consolidated subsidiaries and its related parties.

Principal transactions between the Company's consolidated subsidiaries and its related parties are as follows:

For the year ended March 31, 2020										
Type	Name	Location	Capital or investments	Business or profession	Voting rights held (%)	Relationship with the related parties	Transactions	Amount	Account name	Balance
Company with a majority of the voting rights held by an executive or close relative	KANKYO KAGAKU CO., LTD. (Note 1)	Chiyoda-ku, Tokyo	¥40 million (\$367 thousand)	Real estate leasing	7.64	Real estate leasing	Real estate leasing (Note 2)	¥151 million (\$1,392 thousand)	Deposit	¥146 million (\$1,346 thousand)
									Prepaid expense	¥12 million (\$116 thousand)
							Pledge of collateral (Note 3)	¥541 million (\$4,974 thousand)	-	-
							Election of officer	-	-	-
Company with a majority of the voting rights held by an executive or close relative	MY PROPERTY CO., LTD. (Note 4)	Yokohama-shi, Kanagawa	¥14 million (\$128 thousand)	Real estate leasing	-	Joint acquisition of fixed assets	Joint acquisition of fixed assets (Note 5)	-	-	-
							Election of officer	-	-	-
Company with a majority of the voting rights held by an executive or close relative	AK FORTUNE CO., LTD. (Note 4)	Yokohama-shi, Kanagawa	¥14 million (\$128 thousand)	Real estate leasing	-	Joint acquisition of fixed assets	Joint acquisition of fixed assets (Note 5)	-	-	-
							Election of officer	-	-	-

Note 1: Yasuharu Kakihara, who is a director & advisor of the Company, and his close relatives own 100 percent of the voting rights.

Note 2: The subsidiary, KOEI TECMO GAMES CO., LTD., leases a joint ownership building of the related party, KANKYOKAGAKU CO., LTD., and the subsidiary, KOEI TECMO LIV CO., LTD.

The lease fee and other transaction terms are determined by price negotiations based on the current status of transactions in the neighborhood.

Note 3: A Land and building which the subsidiary, KOEI TECMO LIV CO., LTD., owns are pledged as collateral for the borrowing the related party, KANKYOKAGAKU CO., LTD., required for a construction expense.

The amount is equal to book value of the land and building which our subsidiary, KOEI TECMO LIV CO., LTD., owns.

Note 4: Yoichi Erikawa, who is a President & CEO of the Company, and his close relatives own 100 percent of the voting rights.

Note 5: KOEI TECMO GAMES CO., LTD. (hereinafter, "KTG"), a consolidated subsidiary of the Company, and MY PROPERTY CO., LTD. and AK FORTUNE CO., LTD. (hereinafter, "these two companies") jointly acquired the composite facilities composed of an office, a live house type hall, a hotel and stores.

The composite facilities are owned jointly and separately by KTG and these two companies. KTG owns the office that has become the new headquarters and the live house type hall. The acquisition cost of the composite facilities owned by KTG is ¥15,786 million (\$ 145,056 thousand).

KTG and these two companies agreed the acquisition cost and the proportion based on the calculation formulated by an outside expert asked by KTG.

In addition, KTG asked another outside expert to obtain an opinion about the appropriateness of the calculation method. There are no credits or debts arisen from the acquisition of the composite facilities between the Company or KTG and these two companies and they have no plans to increase the amount of them in the future.

Notes for the parent company and important affiliated companies

(1) Information on the parent company

KOYU HOLDINGS CO., LTD. (as an unlisted company)

(2) Condensed financial statements for the important affiliated companies

Not applicable

For the year ended March 31, 2019

Type	Name	Location	Capital or investments	Business or profession	Voting rights held (%)	Relationship with the related parties	Transactions	Amount	Account name	Balance
Company with a majority of the voting rights held by an executive or close relative	KANKYO KAGAKU CO., LTD. (Note 1)	Chiyoda-ku, Tokyo	¥40 million	Real estate leasing	7.68	Real estate leasing	Real estate leasing (Note 2)	¥151 million	Deposit	¥146 million
						Pledge of collateral	Pledge of collateral (Note 3)	¥547 million	Prepaid expense	¥12 million
						Election of officer	-	-	-	-
Company with a majority of the voting rights held by an executive or close relative	MY PROPERTY CO., LTD. (Note 4)	Yokohama-shi, Kanagawa	¥14 million	Real estate leasing	-	Joint acquisition of fixed assets	Joint acquisition of fixed assets (Note 5)	-	-	-
						Election of officer	-	-	-	-
Company with a majority of the voting rights held by an executive or close relative	AK FORTUNE CO., LTD. (Note 4)	Yokohama-shi, Kanagawa	¥14 million	Real estate leasing	-	Joint acquisition of fixed assets	Joint acquisition of fixed assets (Note 5)	-	-	-
						Election of officer	-	-	-	-

Note 1: Yasuharu Kakihara, who is a director & advisor of the Company, and his close relatives own 100 percent of the voting rights.

Note 2: The subsidiary, KOEI TECMO GAMES CO., LTD., leases a joint ownership building of the related party, KANKYOKAGAKU CO., LTD., and the subsidiary, KOEI TECMO LIV CO., LTD.

The lease fee and other transaction terms are determined by price negotiations based on the current status of transactions in the neighborhood.

Note 3: A Land and building which the subsidiary, KOEI TECMO LIV CO., LTD., owns are pledged as collateral for the borrowing the related party, KANKYOKAGAKU CO., LTD., required for a construction expense.

The amount is equal to book value of the land and building which our subsidiary, KOEI TECMO LIV CO., LTD., owns.

Note 4: Yoichi Erikawa, who is a President & CEO of the Company, and his close relatives own 100 percent of the voting rights.

Note 5: The subsidiary, KOEI TECMO GAMES CO., LTD. (hereinafter, "KTG") and MY PROPERTY CO., LTD. and AK FORTUNE CO., LTD. (hereinafter, "these two companies") are jointly planning to acquire composite facilities.

KTG and these two companies entered into building sale and purchase agreement on the composite facilities on December 1, 2017, and are planning to acquire after completion in January 2020.

The acquisition cost of the composite facilities by KTG and these two companies is ¥21,933 million (\$201,534 thousand).

KTG is planning to acquire office and a live house type hall among the composite facilities, and the value is ¥16,306 million (\$149,830 thousand).

KTG paid ¥3,522 million (\$32,364 thousand) as an interim payment at December 27, 2017 it is recorded as construction in progress.

KTG has obtained an opinion by outside experts that allocation method of the acquisition cost in composite facilities is appropriate.

Note that there are no credits or debts as a result of the acquisition of the land and the composite facilities between KTG and these two companies and they have no plans to increase amount of them.

Notes for the parent company and important affiliated companies

(1) Information on the parent company

KOYU HOLDINGS CO., LTD. (as an unlisted company)

(2) Condensed financial statements for the important affiliated companies

Not applicable

18. Comprehensive income:

The components of other comprehensive income including reclassification adjustments and income tax effect were as follows.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Valuation difference on available-for-sale securities:			
Increase during the year	¥(2,994)	¥(2,831)	\$(27,519)
Reclassification adjustments	(3,030)	(2,232)	(27,842)
Amount before income tax effect	(6,024)	(5,064)	(55,361)
Income tax effect	1,610	1,535	14,795
Total unrealized gains on securities	(4,414)	(3,529)	(40,565)
Revaluation reserve for land:			
Tax effect	(948)	948	(8,715)
Total revaluation reserve for land	(948)	948	(8,715)
Foreign currency translation adjustment:			
Increase during the year	(573)	(293)	(5,265)
Recycling	-	-	-
Tax effect	-	-	-
Total foreign currency translation adjustment	(573)	(293)	(5,265)
Remeasurements of defined benefit plans:			
Increase during the year	(547)	(246)	(5,030)
Reclassification adjustments	28	(10)	257
Amount before income tax effect	(519)	(257)	(4,772)
Income tax effect	159	79	1,464
Total changes in remeasurements of defined benefit plans	(359)	(178)	(3,305)
Total other comprehensive income	¥(6,296)	¥(3,052)	\$(57,852)

19. Segment information:

(1) Outline of reportable segment

Reportable segments the Company reports are the business unit for which the Company is able to obtain individual financial information separately in order for the board of directors to conduct periodic investigation to determine the distribution of management resource and evaluate their business performance.

The Company operates principally in the following reportable segments:

- (a) Entertainment: Development and sale of entertainment contents
- (b) Amusement: Entrusted development of commercial amusement and management of amusement arcade.
- (c) Real estate: Operation and management of real estate for leasing.
- (d) Real estate: Operation and management of real estate for leasing.

(2) Method of calculating sales and income (loss), and other items by reportable segment

Income (loss) of the reportable segment is operating profit. Transfers among segments are based on market prices.

(3) Information on sales and income (loss), and other items by reportable segment

	Millions of yen					
	For the year ended March 31, 2020					
	Reportable segment				Other	Total
Entertainment	Amusement	Real estate	Sub Total			
I. Net sales and segment income:						
Net sales						
(1) Net sales to outside customers	¥39,062	¥2,859	¥671	¥42,593	¥52	¥42,645
(2) Inter-segment net sales	44	0	-	44	101	146
Total	39,106	2,860	671	42,637	153	42,791
Segment income	¥13,366	¥519	¥199	¥14,085	¥17	¥14,102
II. Other items:						
Depreciation	¥374	¥155	¥189	¥719	¥32	¥752

	Millions of yen					
	For the year ended March 31, 2019					
	Reportable segment				Other	Total
Entertainment	Amusement	Real estate	Sub Total			
I. Net sales and segment income:						
Net sales						
(1) Net sales to outside customers	¥34,979	¥3,155	¥768	¥38,903	¥64	¥38,968
(2) Inter-segment net sales	140	0	-	141	119	260
Total	35,120	3,155	768	39,044	184	39,228
Segment income	¥11,078	¥686	¥273	¥12,039	¥52	¥12,092
II. Other items:						
Depreciation	¥320	¥151	¥231	¥702	¥31	¥734

	Thousands of U.S. dollars					
	For the year ended March 31, 2020					
	Reportable segment					Other
Entertainment	Amusement	Real estate	Sub Total			
I. Net sales and segment income:						
Net sales						
(1) Net sales to outside customers	\$358,928	\$26,274	\$6,170	\$391,373	\$479	\$391,853
(2) Inter-segment net sales	405	5	-	411	934	1,345
Total	359,334	26,280	6,170	391,785	1,413	393,199
Segment income	\$122,822	\$4,769	\$1,831	\$129,423	\$158	\$129,582
II. Other items:						
Depreciation	\$3,438	\$1,433	\$1,740	\$6,612	\$300	\$6,912

Note 1: "Other" is an operating segment not included in reportable segment, which is venture capital, etc.

Note 2: The Company's administrative expenses for the Company's indirect departments which do not belong to the reportable segment are allocated to each reportable segment in accordance with reasonable allocation standards.

Note 3: Previously, the Company used to report "Entertainment", "SP", "Amusement facility", and "Real estate" as reportable segments at the fiscal years ended March 31, 2019. But at the first quarter of the fiscal years end March 31, 2020, "SP", and "Amusement facility" was changed to "Amusement". The new three reportable segments are "Entertainment", "Amusement", and "Real estate". The segment information for the previous consolidated fiscal year is the one created by the changed classification method.

(4) Reconciliation between the reportable segments above and the corresponding amount reported in the consolidated financial statements was as follows:

(a) Reconciliation of net sales	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Reportable segment Total	¥42,637	¥39,044	\$391,785
Sales of Other segment	153	184	1,413
Elimination of intersegment transactions	(146)	(260)	(1,345)
Total	¥42,645	¥38,968	\$391,853
(b) Reconciliation of segment income	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Reportable segment Total	¥14,085	¥12,039	\$129,423
Profit of Other segment	17	52	158
Total	¥14,102	¥12,092	\$129,582

Note: For management reporting purposes, goodwill and assets are not allocated to the segments.

(Segment related information)

Information by country or region

The following tables present sales and assets information by geographic area for the years ended March 31, 2020 and 2019.

(1) Sales

	Millions of yen				
	For the year ended March 31, 2020				
	Japan	North America	Europe	Asia, etc.	Consolidated Total
Net sales to outside customers:	¥26,854	¥4,099	¥1,920	¥9,771	¥42,645

	Millions of yen				
	For the year ended March 31, 2019				
	Japan	North America	Europe	Asia, etc.	Consolidated Total
Net sales to outside customers:	¥26,540	¥3,926	¥2,074	¥6,427	¥38,968

	Thousands of U.S. dollars				
	For the year ended March 31, 2020				
	Japan	North America	Europe	Asia, etc.	Consolidated Total
Net sales to outside customers:	\$246,751	\$37,668	\$17,644	\$89,789	\$391,853

Note: The sales amounts are classified by country or region where customers are located.

(2) Tangible fixed assets

	Millions of yen				
	For the year ended March 31, 2020				
	Japan	Asia	UK	Other	Consolidated Total
	¥38,445	¥1,351	¥946	¥0	¥40,743

	Millions of yen				
	For the year ended March 31, 2019				
	Japan	Asia	UK	Other	Consolidated Total
	¥24,911	¥1,347	¥2,504	¥0	¥28,764

	Thousands of U.S. dollars				
	For the year ended March 31, 2020				
	Japan	Asia	UK	Other	Consolidated Total
	\$353,257	\$12,417	\$8,697	\$1	\$374,375

20. Subsequent events:

Not applicable.



Independent auditor's report

To the Board of Directors of KOEI TECMO HOLDINGS CO., LTD.:

Opinion

We have audited the accompanying consolidated financial statements of KOEI TECMO HOLDINGS CO., LTD. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2020 and 2019, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ayumu Nakajima

Designated Engagement Partner

Certified Public Accountant

Kazunari Ochi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Yokohama Office, Japan

September 29, 2020

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

**BOARD OF DIRECTORS AND
AUDIT & SUPERVISORY
BOARD MEMBERS**

Chairman

Keiko Erikawa*

President & CEO

Yoichi Erikawa*

Executive Vice-president

Hisashi Koinuma

Director, Senior Executive Officer & CFO

Kenjiro Asano

Director

Yosuke Hayashi

Director

Kazuyoshi Sakaguchi

Director

Mei Erikawa

Director & Advisor

Yasuharu Kakihara

Director(Outside)

Masao Tejima

Director(Outside)

Hiroshi Kobayashi

Director(Outside)

Tatsuo Sato

Audit & Supervisory Board Member (Full-time)

Seinosuke Fukui

Audit & Supervisory Board Member (Full-time, Outside)

Masaki Kimura

Audit & Supervisory Board Member

Satoru Morishima

Audit & Supervisory Board Member (Outside)

Toshikazu Kitamura

Executive Officer

Tomotoshi Nishimura

*Representative Director

(As of July 18, 2020)

CORPORATE DATA

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Head Office

1-18-12 Minowa-cho, Kouhoku-ku,
Yokohama, Kanagawa 223-8503 Japan
Tel : +81-45-562-8111
<http://www.koeitecmo.co.jp/>

Date Established :

April 1, 2009

Paid-in Capital :

¥15 Billion (As of March 31, 2020)

Number of Employees :

1,835 (As of March 31, 2020: Consolidated Basis)

Account Settlement :

March 31

Transfer Agent of Common Stock :

Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo
100-8233 Japan

Independent Auditor :

KPMG AZSA LLC

MAJOR SUBSIDIARIES

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Tel : +84-4-3232-1284





KOEI TECMO HOLDINGS CO., LTD.

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