

KOEI TECMO HOLDINGS CO., LTD.

Financial Highlights

for the 1st Quarter of the Fiscal Year Ending March 2018 (FY2017)

Summary of Consolidated Statements of Income

(millions of Yen)

| | FY2016 | | FY2017 | | | |
|---|---------------------|-------------------|---------------------|------------------|--------------------|------------------|
| | 1st Quarter Results | Full Year Results | 1st Quarter Results | YoY change ratio | Full Year Forecast | YoY change ratio |
| Net Sales | 7,695 | 37,034 | 6,516 | -15.3% | 42,000 | 13.4% |
| Gross Profit | 2,942 | 17,211 | 2,626 | -10.7% | - | - |
| Operating Income | 1,178 | 8,781 | 984 | -16.4% | 11,500 | 31.0% |
| Income before income taxes and minority interests | 1,231 | 15,211 | 4,183 | 239.8% | 16,000 | 5.2% |
| Net Income | 1,082 | 11,624 | 3,058 | 182.5% | 11,700 | 0.6% |

Net Sales by Segment

(millions of Yen)

| | FY2016 | | FY2017 | | | |
|-------------------------|---------------------|-------------------|---------------------|------------------|--------------------|------------------|
| | 1st Quarter Results | Full Year Results | 1st Quarter Results | YoY change ratio | Full Year Forecast | YoY change ratio |
| Entertainment | 6,767 | 33,025 | 5,767 | -14.8% | 37,200 | 12.6% |
| Pachislot & Pachinko | 445 | 1,992 | 264 | -40.7% | 2,000 | 0.4% |
| Amusement Facilities | 293 | 1,266 | 295 | 0.7% | 2,100 | 65.9% |
| Real Estate | 202 | 788 | 194 | -4.0% | 730 | -7.4% |
| Other | 32 | 336 | 50 | 56.3% | 120 | -64.3% |
| Corporate & Elimination | -46 | -376 | -55 | - | Δ150 | - |
| Total | 7,695 | 37,034 | 6,516 | -15.3% | 42,000 | 13.4% |

Operating Income by Segment

(millions of Yen)

| | FY2016 | | FY2017 | | | |
|-------------------------|---------------------|-------------------|---------------------|------------------|--------------------|------------------|
| | 1st Quarter Results | Full Year Results | 1st Quarter Results | YoY change ratio | Full Year Forecast | YoY change ratio |
| Entertainment | 979 | 7,815 | 814 | -16.9% | 10,200 | 30.5% |
| Pachislot & Pachinko | 176 | 736 | 90 | -48.9% | 750 | 1.9% |
| Amusement Facilities | 24 | 27 | -20 | - | 200 | 640.7% |
| Real Estate | 84 | 248 | 84 | 0% | 300 | 21.0% |
| Other | 10 | 243 | 16 | 60.0% | 50 | -79.4% |
| Corporate & Elimination | -96 | -290 | 0 | - | 0 | - |
| Total | 1,178 | 8,781 | 984 | -16.4% | 11,500 | 31.0% |

KOEI TECMO HOLDINGS CO., LTD.
Consolidated Balance Sheets

| | (millions of Yen) | |
|------------------------------------|---|--|
| | Prior Fiscal Year (as of March 31, 2017) | Current Fiscal Year (as of June 30, 2017) |
| Assets | | |
| Current Assets | | |
| Cash and time deposits | 11,868 | 7,714 |
| Notes and accounts receivable | 8,168 | 3,990 |
| Marketable securities | 1,871 | 5,314 |
| Merchandise and Finished goods | 96 | 78 |
| Work in process | 4 | 13 |
| Raw materials | 42 | 47 |
| Deferred tax assets | 939 | 546 |
| Other current assets | 3,721 | 2,701 |
| Allowance for bad debts | △ 23 | △ 20 |
| Total current assets | <u>26,689</u> | <u>20,387</u> |
| Fixed assets | | |
| Property and equipment | | |
| Buildings and structures, net | 10,993 | 10,914 |
| Land | 14,615 | 14,615 |
| Other, net | 517 | 506 |
| Total Property and equipment | <u>26,126</u> | <u>26,036</u> |
| Intangible assets | | |
| Other | 208 | 199 |
| Total Intangible assets | <u>208</u> | <u>199</u> |
| Investments and other assets | | |
| Investment securities | 65,484 | 65,883 |
| Deferred tax assets | 142 | 187 |
| Other | 809 | 836 |
| Total investments and other assets | <u>66,436</u> | <u>66,907</u> |
| Total fixed assets | <u>92,772</u> | <u>93,143</u> |
| Total assets | <u>119,461</u> | <u>113,530</u> |

| | (millions of Yen) | |
|--|---|--|
| | Prior Fiscal Year (as of March 31, 2017) | Current Fiscal Year (as of June 30, 2017) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 487 | 295 |
| Short-term loans payable | — | 2,500 |
| Accounts payable- other | 4,244 | 838 |
| Income taxes payable | 2,566 | 675 |
| Accrued bonuses to employees | 949 | 469 |
| Accrued bonuses to directors | 242 | 28 |
| Allowance for sales returns | 0 | 0 |
| Allowance for sales discount | 255 | 220 |
| Allowance for customer-discount points | 21 | 19 |
| Deferred tax liabilities | 0 | 0 |
| Other current liabilities | 2,691 | 2,307 |
| Total current liabilities | <u>11,460</u> | <u>7,354</u> |
| Long-term liabilities | | |
| Net defined benefit liability | 295 | 260 |
| Deferred tax liabilities | 326 | 597 |
| Other long-term liabilities | 861 | 864 |
| Total long-term liabilities | <u>1,484</u> | <u>1,722</u> |
| Total liabilities | <u>12,944</u> | <u>9,077</u> |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 15,000 | 15,000 |
| Capital surplus | 25,937 | 26,021 |
| Retained earnings | 66,159 | 63,309 |
| Treasury stock | △ 1,456 | △ 1,399 |
| Total shareholders' equity | <u>105,639</u> | <u>102,930</u> |
| Accumulated other comprehensive income | | |
| Unrealized gains or losses on securities | 3,130 | 3,686 |
| Unrealized losses on revaluation of the land | △ 3,115 | △ 3,115 |
| Foreign currency translation adjustments | 697 | 770 |
| Remeasurements of defined benefit plans | △ 90 | △ 92 |
| Total accumulated other comprehensive income | <u>622</u> | <u>1,249</u> |
| Share subscription rights | 254 | 272 |
| Total net assets | <u>106,516</u> | <u>104,452</u> |
| Total liabilities and net assets | <u>119,461</u> | <u>113,530</u> |