

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

April 25, 2022

Company name: KOEI TECMO HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 3635 URL <https://www.koeitecmo.co.jp/>
 Representative: President & CEO (Representative Director) Yoichi Erikawa
 Inquiries: Director, Senior Executive Officer & CFO Kenjiro Asano TEL 045-562-8111
 Scheduled date of ordinary general meeting of shareholders: June 16, 2022
 Scheduled date to file Securities Report: June 17, 2022
 Scheduled date to commence dividend payments: June 17, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	72,759	20.5	34,527	41.5	48,696	23.9	35,359	19.7
Year ended March 31, 2021	60,370	41.6	24,397	73.0	39,299	108.3	29,550	93.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	214.56	209.71	23.4	23.7	47.5
Year ended March 31, 2021	178.68	177.72	20.6	23.2	40.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	219,803	138,101	62.6	874.33
As of March 31, 2021	190,671	165,129	86.4	992.30

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	24,819	(13,168)	(4,561)	19,503
Year ended March 31, 2021	29,726	(12,291)	(19,396)	11,439

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	0.00	—	117.00	117.00	14,949	50.3	10.4
Year ended March 31, 2022	—	0.00	—	108.00	108.00	17,008	50.3	11.6
Year ending March 31, 2023 (Forecast)	—	0.00	—	96.00	96.00		50.2	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	32,000	(14.0)	13,000	(20.8)	17,000	(32.2)	12,000	(33.9)	72.82
Full year	77,000	5.8	32,500	(5.9)	42,500	(12.7)	31,500	(10.9)	191.14

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	168,048,462 shares	As of March 31, 2021	168,048,462 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	10,566,507 shares	As of March 31, 2021	1,943,728 shares
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Average number of shares during the period

Year ended March 31, 2022	164,799,198 shares	Year ended March 31, 2021	165,383,090 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	11,995	20,235
Notes and accounts receivable - trade	11,253	–
Notes and accounts receivable - trade, and contract assets	–	13,072
Securities	5,238	25,185
Merchandise and finished goods	161	38
Work in process	113	112
Raw materials and supplies	70	77
Other	4,916	13,365
Allowance for doubtful accounts	(9)	(11)
Total current assets	33,739	72,075
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,409	22,270
Land	14,930	14,093
Construction in progress	42	82
Other, net	1,399	1,399
Total property, plant and equipment	40,781	37,846
Intangible assets		
Other	240	275
Total intangible assets	240	275
Investments and other assets		
Investment securities	113,176	102,940
Deferred tax assets	212	881
Retirement benefit asset	1,228	1,824
Other	1,291	4,749
Allowance for doubtful accounts	–	(790)
Total investments and other assets	115,909	109,605
Total non-current assets	156,931	147,727
Total assets	190,671	219,803

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	300	520
Accounts payable - other	5,388	9,646
Income taxes payable	6,332	6,470
Provision for bonuses	1,633	1,928
Provision for bonuses for directors (and other officers)	318	389
Provision for sales returns	0	–
Allowance for sales discount	117	–
Provision for point card certificates	0	–
Provision for loss on orders received	35	–
Other	6,894	13,660
Total current liabilities	21,022	32,616
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	48,146
Deferred tax liabilities	3,808	156
Other	710	782
Total non-current liabilities	4,519	49,085
Total liabilities	25,541	81,701
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	27,833	28,006
Retained earnings	110,529	130,954
Treasury shares	(1,364)	(39,393)
Total shareholders' equity	151,999	134,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,596	3,548
Revaluation reserve for land	(3,115)	(3,115)
Foreign currency translation adjustment	1,174	2,418
Remeasurements of defined benefit plans	171	271
Total accumulated other comprehensive income	12,827	3,122
Share acquisition rights	303	411
Total net assets	165,129	138,101
Total liabilities and net assets	190,671	219,803

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	60,370	72,759
Cost of sales	21,298	22,156
Gross profit	39,071	50,602
Selling, general and administrative expenses	14,673	16,075
Operating profit	24,397	34,527
Non-operating income		
Interest income	4,955	5,606
Dividend income	1,166	981
Gain on sale of investment securities	10,649	23,471
Foreign exchange gains	236	393
Gain on redemption of securities	76	1,230
Gain on valuation of derivatives	1,792	1,869
Other	526	399
Total non-operating income	19,403	33,952
Non-operating expenses		
Loss on valuation of investment securities	48	469
Loss on sale of investment securities	2,453	6,378
Loss on redemption of securities	560	3,004
Loss on valuation of derivatives	1,297	8,920
Other	142	1,009
Total non-operating expenses	4,502	19,783
Ordinary profit	39,299	48,696
Extraordinary income		
Subsidy income	–	2,949
Total extraordinary income	–	2,949
Extraordinary losses		
Impairment losses	–	146
Loss on tax purpose reduction entry of non-current assets loss on COVID-19	–	2,860
	124	–
Total extraordinary losses	124	3,007
Profit before income taxes	39,174	48,638
Income taxes - current	9,865	12,723
Income taxes - deferred	(241)	555
Total income taxes	9,624	13,279
Profit	29,550	35,359
Profit attributable to owners of parent	29,550	35,359

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	29,550	35,359
Other comprehensive income		
Valuation difference on available-for-sale securities	17,655	(11,047)
Foreign currency translation adjustment	1,043	1,243
Remeasurements of defined benefit plans, net of tax	757	100
Total other comprehensive income	19,456	(9,704)
Comprehensive income	49,007	25,655
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,007	25,655

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	26,881	88,758	(2,036)	128,602
Cumulative effects of changes in accounting policies					
Restated balance	15,000	26,881	88,758	(2,036)	128,602
Changes during period					
Dividends of surplus			(7,748)		(7,748)
Profit attributable to owners of parent			29,550		29,550
Purchase of treasury shares				(16)	(16)
Disposal of treasury shares		952		688	1,641
Effect of change in closing dates of consolidated subsidiaries			(31)		(31)
Net changes in items other than shareholders' equity					
Total changes during period	–	952	21,770	672	23,396
Balance at end of period	15,000	27,833	110,529	(1,364)	151,999

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(3,058)	(3,115)	130	(586)	(6,629)	373	122,346
Cumulative effects of changes in accounting policies							–
Restated balance	(3,058)	(3,115)	130	(586)	(6,629)	373	122,346
Changes during period							
Dividends of surplus							(7,748)
Profit attributable to owners of parent							29,550
Purchase of treasury shares							(16)
Disposal of treasury shares							1,641
Effect of change in closing dates of consolidated subsidiaries							(31)
Net changes in items other than shareholders' equity	17,655		1,043	757	19,456	(69)	19,386
Total changes during period	17,655	–	1,043	757	19,456	(69)	42,783
Balance at end of period	14,596	(3,115)	1,174	171	12,827	303	165,129

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	27,833	110,529	(1,364)	151,999
Cumulative effects of changes in accounting policies			15		15
Restated balance	15,000	27,833	110,544	(1,364)	152,014
Changes during period					
Dividends of surplus			(14,949)		(14,949)
Profit attributable to owners of parent			35,359		35,359
Purchase of treasury shares				(38,529)	(38,529)
Disposal of treasury shares		172		499	672
Effect of change in closing dates of consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	–	172	20,409	(38,029)	(17,446)
Balance at end of period	15,000	28,006	130,954	(39,393)	134,567

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,596	(3,115)	1,174	171	12,827	303	165,129
Cumulative effects of changes in accounting policies							15
Restated balance	14,596	(3,115)	1,174	171	12,827	303	165,145
Changes during period							
Dividends of surplus							(14,949)
Profit attributable to owners of parent							35,359
Purchase of treasury shares							(38,529)
Disposal of treasury shares							672
Effect of change in closing dates of consolidated subsidiaries							–
Net changes in items other than shareholders' equity	(11,047)		1,243	100	(9,704)	107	(9,596)
Total changes during period	(11,047)	–	1,243	100	(9,704)	107	(27,043)
Balance at end of period	3,548	(3,115)	2,418	271	3,122	411	138,101

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	39,174	48,638
Depreciation	1,547	1,555
Impairment losses	–	146
Increase (decrease) in provision for loss on orders received	35	(35)
Increase (decrease) in allowance for doubtful accounts	4	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	91	71
Increase (decrease) in provision for bonuses	438	284
Increase (decrease) in provision for loss on litigation	(181)	–
Interest and dividend income	(6,122)	(6,588)
Subsidy income	–	(2,949)
Loss on tax purpose reduction entry of non-current assets	–	2,860
Loss (gain) on valuation of investment securities	48	469
Loss (gain) on sale of investment securities	(8,195)	(17,092)
Loss (gain) on redemption of securities	483	1,774
Loss (gain) on valuation of derivatives	(495)	7,051
Loss (gain) on sale of property, plant and equipment	(50)	(4)
Foreign exchange losses (gains)	(31)	(64)
loss on COVID-19	124	–
Decrease (increase) in trade receivables	792	(1,690)
Decrease (increase) in inventories	(187)	118
Increase (decrease) in trade payables	(1,398)	155
Increase (decrease) in accounts payable - other	2,463	(1,641)
Decrease (increase) in consumption taxes refund receivable	681	–
Increase (decrease) in accrued consumption taxes	2,024	(1,224)
Other, net	1,773	745
Subtotal	33,021	32,579
Interest and dividends received	5,420	5,246
Interest paid	(3)	(0)
Payments for loss on COVID-19	(56)	–
Income taxes refund	1,424	3,044
Income taxes paid	(10,080)	(16,050)
Net cash provided by (used in) operating activities	29,726	24,819
Cash flows from investing activities		
Payments into time deposits	(956)	(1,169)
Proceeds from withdrawal of time deposits	531	1,081
Purchase of short-term and long-term investment securities	(84,175)	(146,630)
Proceeds from sale and redemption of short-term and long-term investment securities	73,883	134,709
Purchase of property, plant and equipment	(1,520)	(1,300)
Purchase of intangible assets	(71)	(51)
Proceeds from sale of property, plant and equipment	97	5
Subsidies received	–	294
Other, net	(79)	(108)
Net cash provided by (used in) investing activities	(12,291)	(13,168)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	–	13,500
Repayments of short-term borrowings	(13,000)	(13,500)
Proceeds from disposal of treasury shares	1,406	543
Purchase of treasury shares	(16)	(38,535)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	–	48,415
Dividends paid	(7,738)	(14,929)
Other, net	(48)	(54)
Net cash provided by (used in) financing activities	(19,396)	(4,561)
Effect of exchange rate change on cash and cash equivalents	634	974
Net increase (decrease) in cash and cash equivalents	(1,327)	8,063
Cash and cash equivalents at beginning of period	12,803	11,439
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	(36)	–
Cash and cash equivalents at end of period	11,439	19,503