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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 30, 2023

Company name: KOEI TECMO HOLDINGS CO., LTD.

Stock exchange listing: Tokyo

Code number: 3635

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

Representative: Yoichi Erikawa

President & CEO (Representative Director)

Contact: Kenjiro Asano

Director, Senior Executive Officer & CFO

Phone: +81-45-562-8111

Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	39,722	14.3	13,855	(24.4)	23,201	31.3	16,795	23.1
September 30, 2022	34,762	(6.6)	18,321	11.6	17,667	(29.5)	13,648	(24.8)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 23,317 million [415.7%]
Six months ended September 30, 2022: ¥ 4,521 million [(68.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	53.24	49.55
September 30, 2022	43.33	40.15

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	234,119	150,726	64.1	475.37
March 31, 2023	210,889	142,684	67.4	450.72

(Reference) Equity: As of September 30, 2023: ¥ 150,135 million
As of March 31, 2023: ¥ 142,143 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	50.00	50.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	50.00	50.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	95,000	21.1	37,500	(4.2)	40,500	1.5	31,000	0.2	98.40

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

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

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2023: 336,096,924 shares

March 31, 2023: 336,096,924 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 20,264,902 shares

March 31, 2023: 20,727,352 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 315,472,029 shares

Six months ended September 30, 2022: 314,977,627 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	12,529	11,526
Accounts receivable - trade, and contract assets	21,650	12,966
Securities	8,076	46,515
Merchandise and finished goods	94	163
Work in process	29	38
Raw materials and supplies	67	105
Other	6,684	7,797
Allowance for doubtful accounts	(17)	(3)
Total current assets	49,113	79,110
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,432	21,246
Land	13,974	14,624
Construction in progress	68	170
Other, net	1,461	1,746
Total property, plant and equipment	36,936	37,787
Intangible assets		
Other	245	241
Total intangible assets	245	241
Investments and other assets		
Investment securities	112,766	106,632
Deferred tax assets	5,622	3,679
Retirement benefit asset	1,805	2,131
Other	4,535	5,007
Allowance for doubtful accounts	(135)	(469)
Total investments and other assets	124,594	116,980
Total non-current assets	161,775	155,009
Total assets	210,889	234,119

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,169	1,521
Short-term borrowings	-	15,000
Accounts payable - other	4,573	6,867
Income taxes payable	4,112	5,531
Provision for bonuses	1,697	1,822
Provision for bonuses for directors (and other officers)	344	193
Other	8,121	4,440
Total current liabilities	20,019	35,377
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	47,341	46,939
Deferred tax liabilities	132	124
Other	711	952
Total non-current liabilities	48,185	48,016
Total liabilities	68,204	83,393
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	27,844	27,425
Retained earnings	145,046	146,073
Treasury shares	(38,639)	(37,777)
Total shareholders' equity	149,251	150,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6,870)	(1,633)
Revaluation reserve for land	(3,115)	(3,115)
Foreign currency translation adjustment	3,034	4,311
Remeasurements of defined benefit plans	(157)	(148)
Total accumulated other comprehensive income	(7,108)	(585)
Share acquisition rights	541	590
Total net assets	142,684	150,726
Total liabilities and net assets	210,889	234,119

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	34,762	39,722
Cost of sales	9,182	14,902
Gross profit	25,579	24,820
Selling, general and administrative expenses	7,258	10,964
Operating profit	18,321	13,855
Non-operating income		
Interest income	6,548	5,809
Dividend income	397	282
Gain on sale of investment securities	1,701	6,750
Gain on valuation of derivatives	2,366	7,334
Foreign exchange gains	1,248	546
Other	666	53
Total non-operating income	12,929	20,777
Non-operating expenses		
Loss on valuation of investment securities	-	436
Loss on sale of investment securities	2,759	8,625
Loss on redemption of securities	3,267	2,018
Loss on valuation of derivatives	7,462	40
Other	94	311
Total non-operating expenses	13,583	11,431
Ordinary profit	17,667	23,201
Profit before income taxes	17,667	23,201
Income taxes - current	3,916	6,591
Income taxes - deferred	102	(185)
Total income taxes	4,019	6,405
Profit	13,648	16,795
Profit attributable to owners of parent	13,648	16,795

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	13,648	16,795
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,004)	5,236
Foreign currency translation adjustment	891	1,277
Remeasurements of defined benefit plans, net of tax	(13)	8
Total other comprehensive income	(9,126)	6,522
Comprehensive income	4,521	23,317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,521	23,317