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Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

January 29, 2024

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: February 9, 2024

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 Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	61,136	23.7	20,316	(11.7)	33,825	100.4	24,283	80.2
December 31, 2022	49,439	(10.6)	22,994	(15.2)	16,880	(56.5)	13,477	(52.4)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 30,129 million [-%]
 Nine months ended December 31, 2022: ¥ 59 million [(99.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	76.95	71.61
December 31, 2022	42.78	39.22

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	244,844	157,595	64.1	496.93
March 31, 2023	210,889	142,684	67.4	450.72

(Reference) Equity: As of December 31, 2023: ¥ 156,946 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

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 nine months ended December 31, 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):

December 31, 2023: 336,096,924 shares

March 31, 2023: 336,096,924 shares

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

December 31, 2023: 20,265,469 shares

March 31, 2023: 20,727,352 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 315,592,469 shares

Nine months ended December 31, 2022: 314,998,021 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	12,529	18,920
Accounts receivable - trade, and contract assets	21,650	12,474
Securities	8,076	53,648
Merchandise and finished goods	94	56
Work in process	29	41
Raw materials and supplies	67	120
Other	6,684	6,863
Allowance for doubtful accounts	(17)	(1)
Total current assets	49,113	92,123
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,432	20,610
Land	13,974	14,624
Construction in progress	68	194
Other, net	1,461	1,718
Total property, plant and equipment	36,936	37,147
Intangible assets		
Other	245	234
Total intangible assets	245	234
Investments and other assets		
Investment securities	112,766	104,888
Deferred tax assets	5,622	3,613
Retirement benefit asset	1,805	2,275
Other	4,535	5,036
Allowance for doubtful accounts	(135)	(474)
Total investments and other assets	124,594	115,338
Total non-current assets	161,775	152,721
Total assets	210,889	244,844

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,169	879
Short-term borrowings	-	15,000
Current portion of convertible-bond-type bonds with share acquisition rights	-	46,737
Accounts payable - other	4,573	12,482
Income taxes payable	4,112	4,386
Provision for bonuses	1,697	968
Provision for bonuses for directors (and other officers)	344	290
Other	8,121	5,283
Total current liabilities	20,019	86,028
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	47,341	-
Deferred tax liabilities	132	304
Other	711	916
Total non-current liabilities	48,185	1,221
Total liabilities	68,204	87,249
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	27,844	27,425
Retained earnings	145,046	153,561
Treasury shares	(38,639)	(37,778)
Total shareholders' equity	149,251	158,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6,870)	(1,983)
Revaluation reserve for land	(3,115)	(3,115)
Foreign currency translation adjustment	3,034	3,981
Remeasurements of defined benefit plans	(157)	(144)
Total accumulated other comprehensive income	(7,108)	(1,261)
Share acquisition rights	541	649
Total net assets	142,684	157,595
Total liabilities and net assets	210,889	244,844

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	49,439	61,136
Cost of sales	15,467	21,555
Gross profit	33,971	39,581
Selling, general and administrative expenses	10,976	19,265
Operating profit	22,994	20,316
Non-operating income		
Interest income	10,107	9,973
Dividend income	565	551
Gain on sale of investment securities	1,701	9,407
Foreign exchange gains	408	561
Gain on valuation of derivatives	4,216	8,127
Other	727	719
Total non-operating income	17,727	29,341
Non-operating expenses		
Loss on valuation of investment securities	934	87
Loss on sale of investment securities	2,759	8,962
Loss on redemption of securities	7,373	5,404
Loss on valuation of derivatives	12,626	658
Other	148	718
Total non-operating expenses	23,842	15,831
Ordinary profit	16,880	33,825
Extraordinary losses		
Impairment losses	-	407
Total extraordinary losses	-	407
Profit before income taxes	16,880	33,418
Income taxes - current	3,084	9,008
Income taxes - deferred	318	126
Total income taxes	3,403	9,135
Profit	13,477	24,283
Profit attributable to owners of parent	13,477	24,283

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

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	13,477	24,283
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,715)	4,887
Foreign currency translation adjustment	318	946
Remeasurements of defined benefit plans, net of tax	(20)	12
Total other comprehensive income	(13,417)	5,846
Comprehensive income	59	30,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	59	30,129