

Financial Results for the Fiscal Year Ending March 2020



KOEI TECMO HOLDINGS CO., LTD.

April 27, 2020

Financial Summary



Record-high profits were achieved!

Full-Year Results for FY2019

(Million Yen)

	FY18 Results		FY19 Results		Vs Previous Year		FY19 Plan		Vs Plan	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change	Amount	Component Ratio	Amount	Percent Change
Sales	38,968	100.0%	42,645	100.0%	3,677	9.4%	43,000	100.0%	△ 355	-0.8%
Operating Profit	12,092	31.0%	14,102	33.1%	2,010	16.6%	12,000	27.9%	2,102	17.5%
Ordinary Profit	18,307	47.0%	18,869	44.2%	562	3.1%	16,000	37.2%	2,869	17.9%
Net Profit	13,694	35.1%	15,306	35.9%	1,612	11.8%	13,000	30.2%	2,306	17.7%

Vs Prev. Year:

- Sales had increased by 9.4% due to the growth in Online/Mobile, exceeding 40 billion yen for the first time.
- Although fixed costs had increased due to the expansion of our development capability, which had caused operating profit to decrease, increase in royalty incomes and others had made up for the loss, resulting in increase of operating profit by 16.6%. The operating profit rate is 33.1%, which is a record-high score.
- Amid the challenging financial environment, gain on securities sold had been realized. Extraordinary gain had been posted from the sale of a portion of our real estate for rent.

Vs Plan:

- Although the launch of some titles has been postponed to the next fiscal year, the IP licensing-out title *Romance of the Three Kingdoms Senryaku-ban* has greatly contributed, resulting in surplus of 2.1billion yen in operating income against the plan.
- Non-operating income had exceeded the plan, along with ordinary income and current net earnings.

Major Titles (Console)



October

November

December

January

February

March

*Launch dates in Japan



Dec 19 WARRIORS OROCHI 4 Ultimate



Feb 20 PERSONA5 SCRAMBLE The Phantom Strikers



Jan 16 Romance of the Three Kingdoms XIV



Mar 12 Nioh 2



Mar 12 Winning Post 9 2020

Back catalogue sales for Nioh



PlayStation®4
Nioh 2

Now on Sale/ Worldwide



PlayStation®4 /Nintendo Switch™
PERSONA5 SCRAMBLE The Phantom Strikers

Now on Sale/ in Japan



PlayStation®4 /Windows®(Steam®)
Romance of the Three Kingdoms XIV

260K Copies Worldwide



PlayStation®4/Nintendo Switch™
WARRIORS OROCHI 4 Ultimate

250K Copies Worldwide



PlayStation®4/Windows®(Steam®)
Nioh: Complete Edition

580K Copies in FY 2019
More than 3million Copies
Worldwide!

Major Titles(Online/Mobile & Events)



October

November

December

January

February

March

➡ Sangokushi: Heroes(*)

➡ DRAGON QUEST OF THE STARS

Romance of the Three Kingdoms Senryaku-ban(*)

New Romance of the Three Kingdoms



iOS/Android
Sangokushi: Heroes(*)

Now Available



iOS/Android
Romance of the Three Kingdoms Senryaku-ban(*)

Now Available



iOS/Android
New Romance of the Three Kingdoms

Now Available



iOS/Android
DRAGON QUEST OF THE STARS

Now Available



『15th Anniversary La Corda d'Oro FINAL』

Events: 40K participants

Results by Business Segment



Full-Year Results for FY2019

		(Million Yen)			(Million Yen)	
		FY18	FY19	Change	FY19 (Plan)	Change
Entertainment	Sales	35,120	39,106	3,986	39,040	66
	Operating Profit	11,078	13,366	2,288	11,130	2,236
Amusement	Sales	3,155	2,860	△ 295	3,300	△ 440
	Operating Profit	686	519	△ 167	700	△ 181
Real Estate	Sales	768	671	△ 97	650	21
	Operating Profit	273	199	△ 74	120	79
Others	Sales	184	153	△ 31	130	23
	Operating Profit	52	17	△ 35	50	△ 33
Corporate & Elimination	Sales	△ 260	△ 146	114	△ 120	△ 26
	Operating Profit	0	0	0	0	0
Total	Sales	38,968	42,645	3,677	43,000	△ 355
	Operating Profit	12,092	14,102	2,010	12,000	2,102

- Entertainment
 - Online/Mobile sales had greatly increased.
 - IP Licensing-out title *Romance of the Three Kingdoms Senryaku-ban* had greatly contributed to boost profitability.
- Amusement
 - SP had experienced decrease against the previous year as well as against the plan due to delay in commissioned development cases.
 - AM facility operation business had experienced increase in the sales for the existing facilities by 7.2%.
- Real Estates
 - Had experienced some decrease against the previous year due to the sale of a portion of our real estate for rent occurred in 1Q.

Sales Amounts and Units Sold by Region



Sales: Full-Year Results for FY2019

(Million Yen)

	FY18		FY19		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	26,541	68.1%	26,855	63.0%	314	1.2%
Overseas	12,427	31.9%	15,790	37.0%	3,363	27.1%
N. America	3,926	10.1%	4,099	9.6%	173	4.4%
Europe	2,074	5.3%	1,920	4.5%	△ 154	-7.4%
Asia	6,427	16.5%	9,771	22.9%	3,344	52.0%
Total	38,968	100.0%	42,645	100.0%	3,677	9.4%

Units Sold: Full-Year Results for FY2019

(Thousand Units)

	FY18		FY19		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	2,440	42.2%	2,970	28.1%	530	21.7%
Overseas	3,340	57.8%	7,590	71.9%	4,250	127.2%
N. America	1,390	24.0%	3,410	32.3%	2,020	145.3%
Europe	995	17.2%	2,150	20.4%	1,155	116.1%
Asia	955	16.5%	2,030	19.2%	1,075	112.6%
Total	5,780	100.0%	10,560	100.0%	4,780	82.7%
DL Units	2,660		4,170		1,510	56.8%
DL Ratio	46.0%		39.5%			

- Sales by Region
 - Ratio of Overseas sales: 37.0%
- Units Sold by Region
 - Within the Entertainment business the number of copies sold for Consoles
 - Ratio of Units Sold in Overseas Market: 71.9%
- DL Ratio
 - Ratio of digital copies sold: 39.5%

Breakdown on the Sales for Entertainment Business



Full-Year Results for FY2019

		(Million Yen)			
		FY18	FY19	Change	% Change
Console	Package ^(*1)	15,590	13,516	△ 2,074	-13.3%
	DL ^(*2)	5,680	7,930	2,250	39.6%
	DLC ^(*3)	1,450	1,960	510	35.2%
		22,720	23,406	686	3.0%
Online/	PC Online ^(*4)	1,520	1,500	△ 20	-1.3%
Mobile	Smartphone/Social ^(*5)	8,990	12,800	3,810	42.4%
	Others	440	500	60	13.6%
		10,950	14,800	3,850	35.2%
Events & Goods		1,450	900	△ 550	-37.9%
Sales for Entertainment Business		35,120	39,106	3,986	11.3%
Units Sold for Console (Thousand Units)		5,780	10,560	4,780	82.7%

(*1) Including sales for packages, royalty, commission fees (incl. %-of-completion basis), and down payment

(*2) DL (download) sales: sales for digital copies via PSN/XboxLive/Switch DL/Steam

(*3) DLC (Download contents): Sales for additional items and scenario via download

(*4) Sales for MMORPG and some other titles(*Uncharted Waters V*, *Nobunaga's Ambition 201X*)

(*5) Including sales for smartphone games, social games, browser games, and royalty from IP licensing-out

Major Costs/ Number of Personnel



Full-Year Actuals for FY2019		(百万円、人)			
		FY18	FY19	Change	% Change
Employment Cost	COGS	10,960	11,650	690	6.3%
	SGA	2,720	3,060	340	12.5%
		13,680	14,710	1,030	7.5%
Subcontracting Cost	COGS	3,540	4,340	800	22.6%
					Increase in upfront investment
Advertizing/Promotional Cost	SGA	915	1,000	85	9.3%
Total Headcount (*)		1,757	1,835	78	4.4%
					Increase in grad hiring

(*)Excluding temporary employees



Capital Expenditure/Depreciation Cost



Full-Year Actuals		(Million Yen)			
		FY16	FY17	FY18	FY19
Investment	Real Estate	8,417	3,570	0	14,254
	Equipment	252	284	240	376
Depreciation Cost		715	701	738	765

- Capital Expenditure
 - Expenditure for Minato-Mirai Office and Music Hall is all done.



Management Policy

KOEI TECMO HOLDINGS CO., LTD.
President & CEO (Representative Director)

Yoichi Erikawa



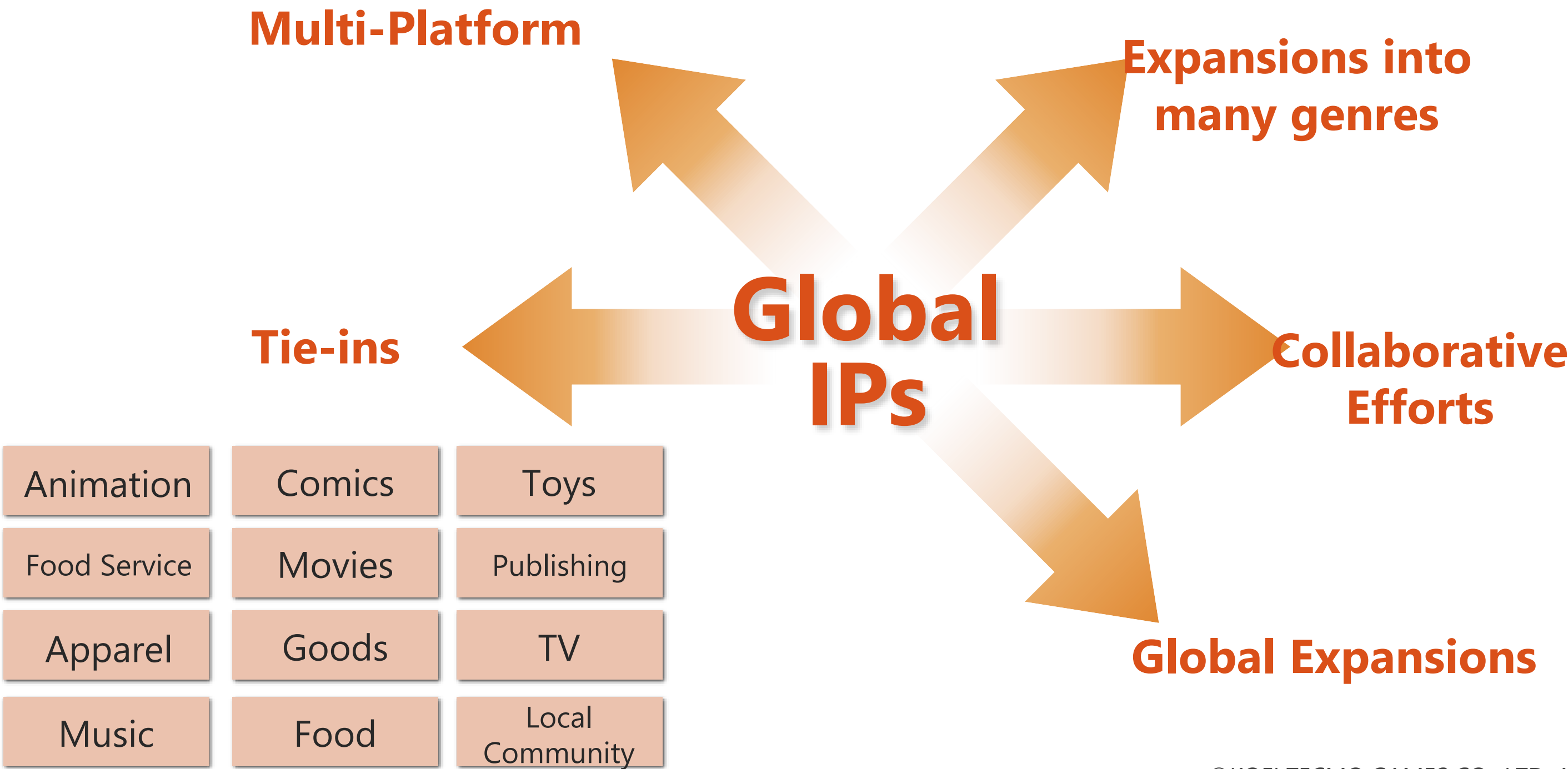
Management Plan FY2020

/Mid-Term Management Plan (FY2018-FY2020)



- We would like to decline announcement on our earnings estimate for FY2020.
- The situation of the COVID-19 pandemic is constantly changing, and is perceived to prolong. We are in need of careful speculation on its continual impact on our business, including our game development.
- We would like to disclose our earnings estimate for FY2020 on our quarterly earnings announcements occasions as soon as it becomes ready.

Create and develop global IPs



Our Approach to SDGs/ESG



- The ethos of Koei Tecmo Group is “Creativity & Contribution,” to contribute to the society through creation of new values. This is our raison d'etre.
- Placing our ethos “Creativity & Contribution” at the core, we shall engage in management with due care to ESG, and set SDGs as our long-term corporate goals.

FY2020 Goals (partial excerpt):

E (environment)

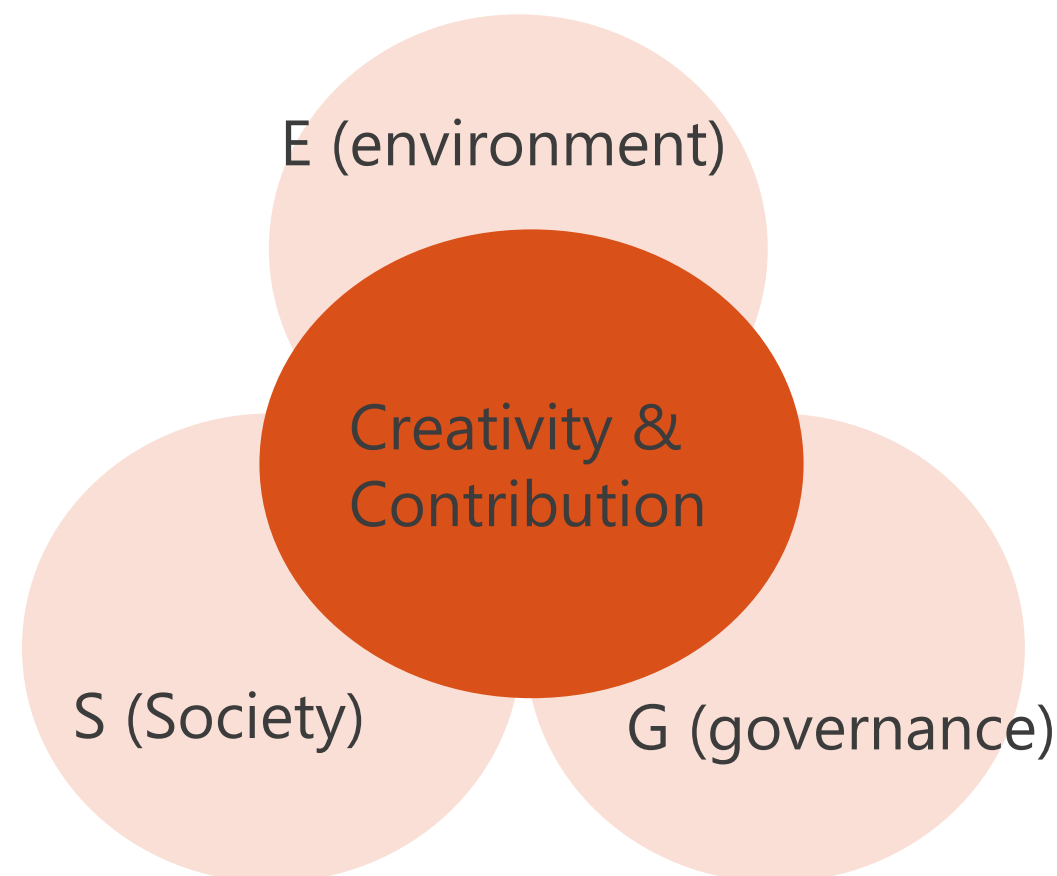
- Energy-saving through productivity improvement (remote working/realization of efficient working style based in multiple offices)
- Recycling (usage of environmentally-friendly materials, recycling of packing materials)

S (Society)

- Personnel-related: utilization of human resources (setting a target percentage on our global staffs ratio/creating a support system for learning multiple languages)
- Society contribution: utilization of KT Zepp Yokohama

G (governance)

- IR: creation of integrated reports

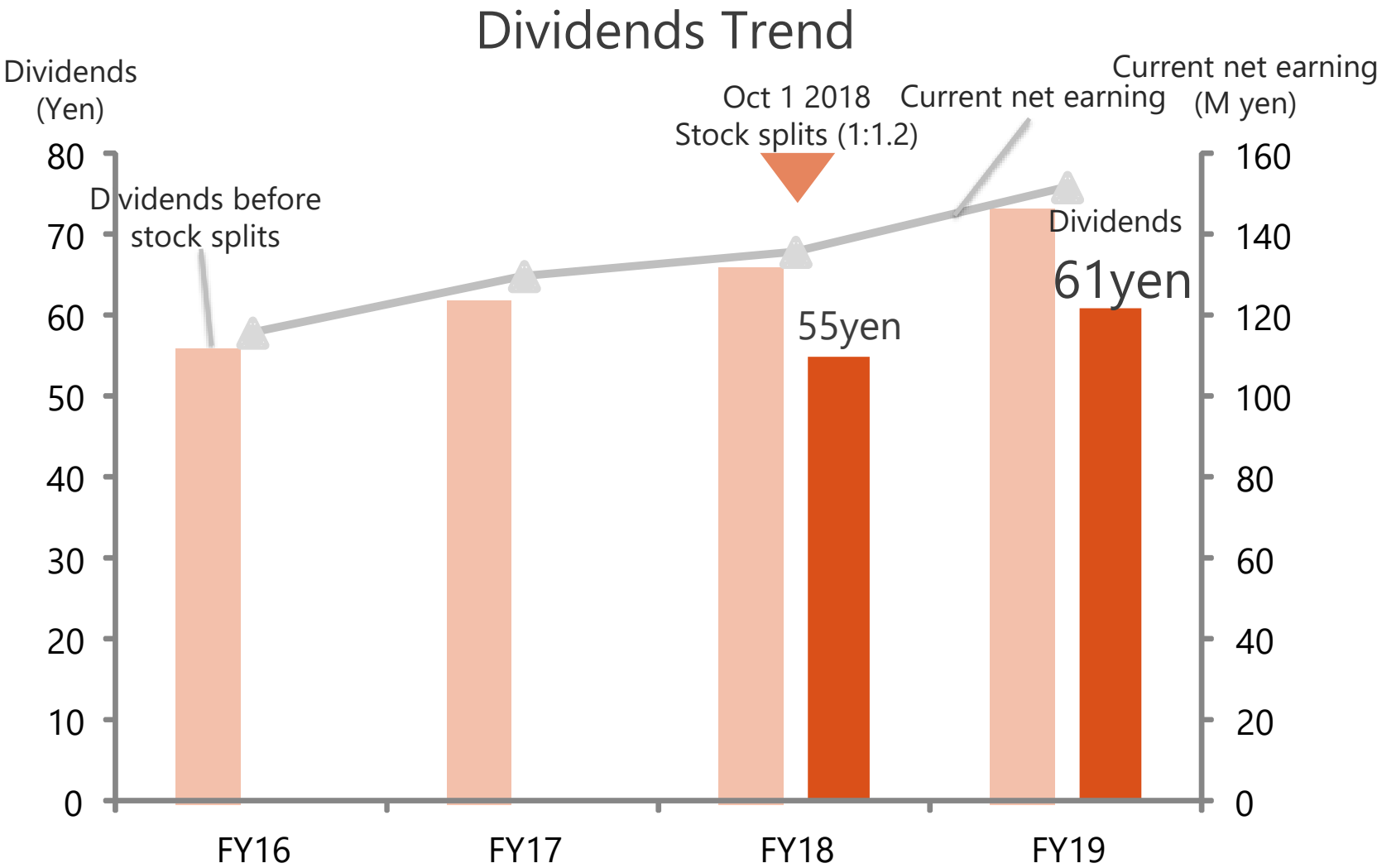


Shareholder Return



Basic Policy

Including acquisition of treasury stock, consolidated yearly overall payout 50% for dividends, or yearly dividend of 50 yen per stock.



- Dividend for FY2019 is planned to be 61 yen per share, increase of 6 yen against previous year's 55 yen.

Management Policy and Strategy

KOEI TECMO HOLDINGS CO., LTD.
Executive Vice President
KOEI TECMO GAMES CO., LTD
President

Hisashi Koinuma



Review on FY2019



Overview

- had exceeded the plan.

Console

- Strong sales for *Nioh 2*
- Titles of our own and we took part as the developer are both in good shape in global market.

Online/Mobile

- IP Licensing-out title *Romance of the Three Kingdoms Senryaku-ban* became a big hit in China, resulting in great growth in royalty income through licensing-out business
- Release for some titles were delayed/Some titles did not meet the target.

Major Titles (Console)



PlayStation®4/Nintendo Switch™/Windows® (Steam®)
FAIRY TAIL
Jun 25 2020 on sale



Nintendo Switch™/
Haruka: Beyond the Stream of Time 7
Jun 18 2020 on sale



PS4
Nioh 2
Back Catalogue



PlayStation®4 /Nintendo Switch™
PERSONA5 SCRAMBLE The Phantom Strikers
Back Catalogue in Japan/ overseas launch planned

New Titles

- *FAIRY TAIL*
 - An anime title with original manga series being sold for more than 60 million copies worldwide, is now made into a video game.
- *Haruka: Beyond the Stream of Time 7*

Back Catalogue/Overseas Version

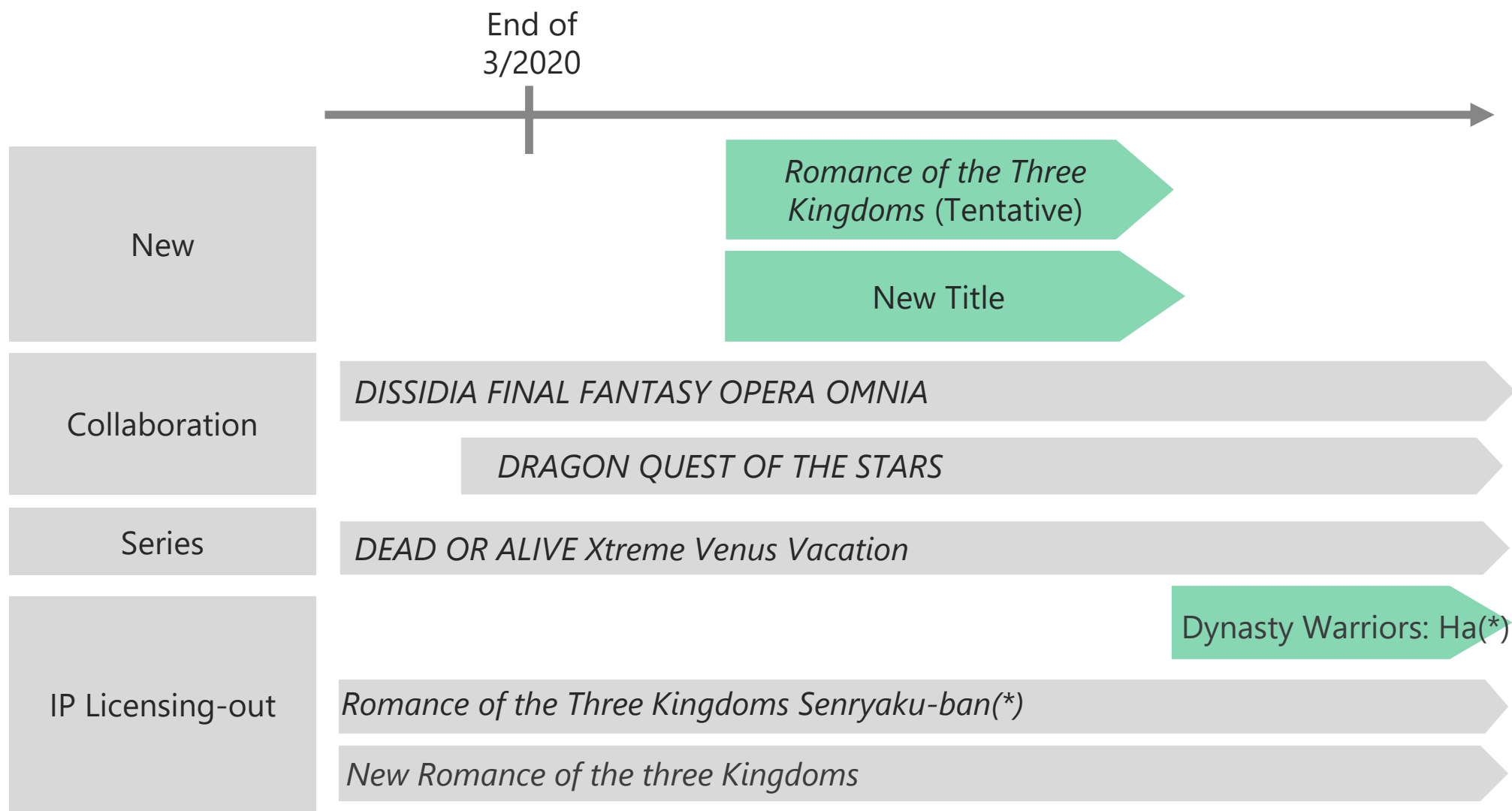
- *Nioh 2*
 - Launched in March, expecting back catalogue sales.
 - Planning on additional DLC
- *PERSONA5 SCRAMBLE The Phantom Strikers*
 - Launched in February in Japan, expecting back catalogue sales.
 - Planning to launch the overseas version

*Launch dates in Japan

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Major Titles (Online/Mobile)



新作(仮)

Romance of the Three Kingdoms (Tentative)
iOS/Android
Scheduled to be released in 2020

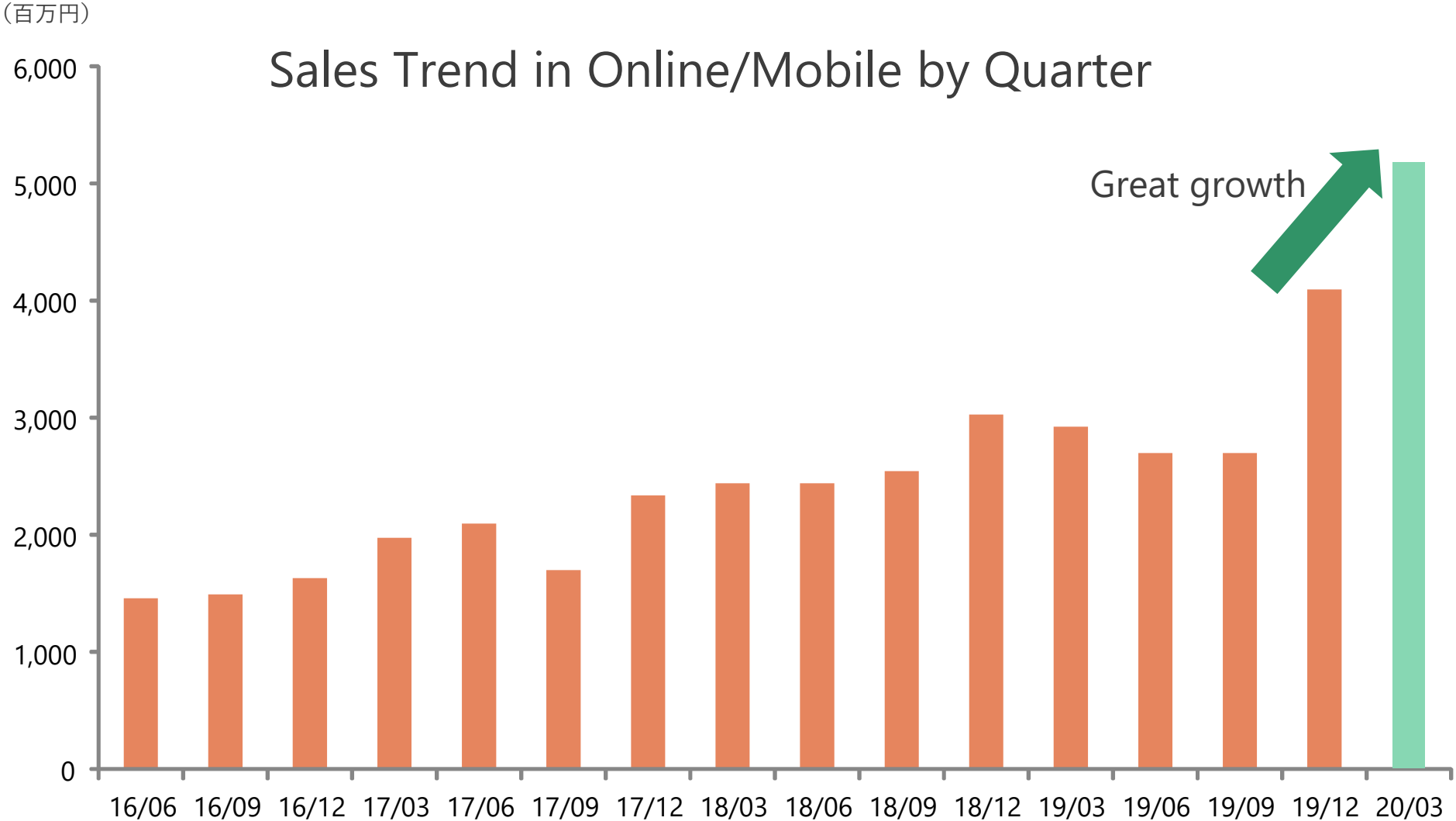
- Our first candidate for the Mobile title which generates monthly sales of 1 billion yen



New title by Midas Brand
iOS/Android

(*)English titles are tentative

Sales Trend in Online/Mobile



- In Online/Mobile, IP licensing-out title *Romance of the Three Kingdoms Senryaku-ban* became a big hit in China.
- Has shown great growth: 2.7 billion yen in 2Q → 4.1 billion yen in 3Q → 5.2 billion yen in 4Q



Our Strengths



Leading Powers for Development, Technology, and Project Management

Power of Development

- Creation of new IPs
- Strength in creation of playability (Action/Simulation/RPG)
- Oriental Worldview

Power of Technology

- Self-developed game engines
- Dedicated Research & Development Department ("Future Tech Base")
- effective and efficient multi-platform strategy

Power of Project Management

- Strong control over "Delivery Time, Quality and Budget" as a corporate culture ("Producers are managers")
- Collaboration strategy: strong alliance with business partners

Recent Examples

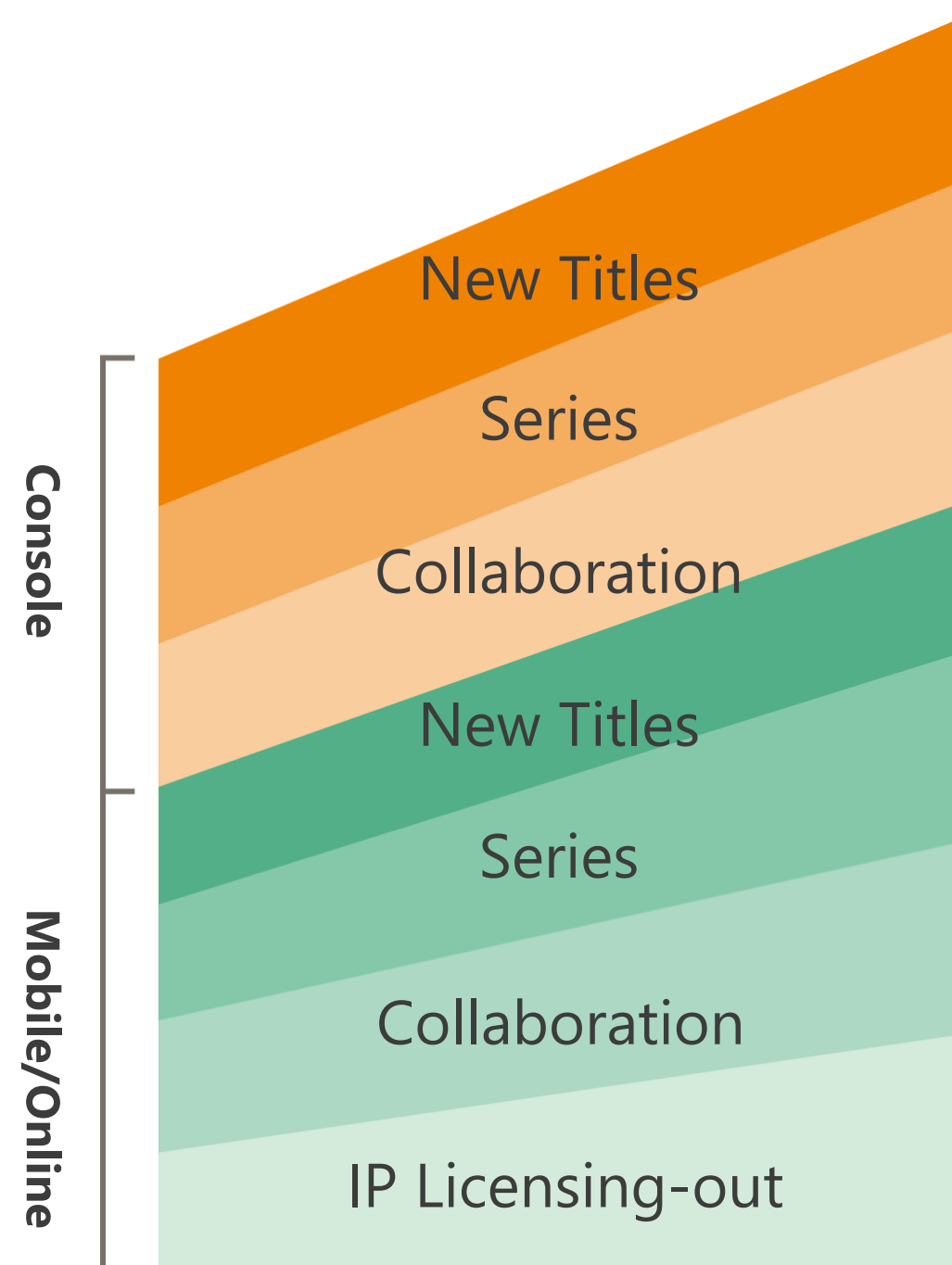
- Success of **Nioh**
- High scores on *Metacritic*(*)
- Success of **Romance of the Three Kingdoms** IP in China (Licensing-out)
- Globally promoting multi-platform access to our games including Steam(R)
- Entry into new platforms such as Stadia
- Winning the market's trust for our "Delivery Time, Quality and Budget" → further expansion of our collaboration strategy
- Successfully managing 3-year development plan → Enabling development of big titles

(*)A website which aggregates reviews for films, video games, TV shows, and music.

Our Strengths



Multi-tiered Revenue Structure



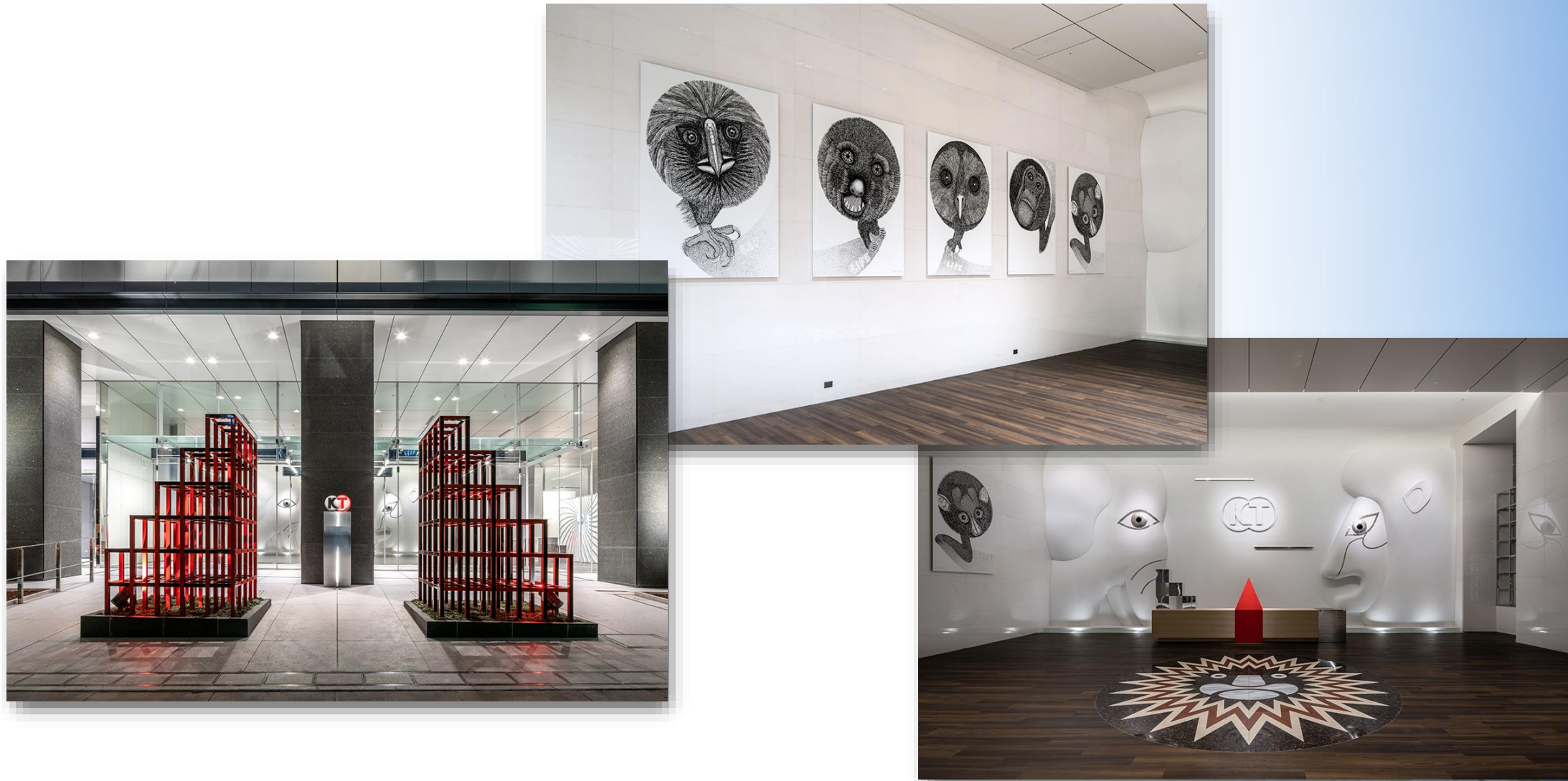
- Multi-tiered Revenue Structure
 - Positive growth cycle: Creation of New IPs → Grow into Series → Collaboration
 - Licensing-out of IPs as a new source of revenue
- Creation of New IPs
 - Success of **Nioh**
 - Creation of a title with sales of 5 million copies
- Series
 - History-Simulation Games: **Nobunaga's Ambition, Three Kingdoms**
 - Action Games: **Dynasty Warriors, Nioh**
 - Group of series supported by longtime hard-core fans
- Collaboration
 - Collaborate with other companies by combining their leading IPs and our development capacity
 - **Fire Emblem: Three Houses, Hyrule Warriors**
 - Successful collaboration with an overseas leading IP
- IP Licensing-out
 - **"Romance of the Three kingdoms 2017", "Romance of the Three Kingdoms Senryaku-ban"**

From Yokohama Minato-Mirai to the World



Finally our Minao-Mirai Office is now open!

We are delivering our entertainment to you around the globe from our new base!





KOEI TECMO HOLDINGS CO., LTD.

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