

Financial Results for the First Quarter of the Fiscal Year Ending March 2021



KOEI TECMO HOLDINGS CO., LTD.

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Highlights on FY2020 Q1



Record-high performance for Q1!

High Profit of 4.3 Billion yen has been achieved albeit no big new titles

Performance

- IP licensing-out title *Romance of the Three Kingdoms Senryaku-ban*(*) had continued to be going strong, greatly contributing to royalty income and achieving operating profit ratio of 38.6%
- Back catalogue sales for *Nioh2* and other titles kept going strong
- non-operating income has greatly increased from gain on securities sold

Topics

- Sales of *Nioh2* has surpassed one million copies in May
- New mobile title *Romance of the Three Kingdoms: Ha-do*(*) had its 2nd beta test in June
- New IP licensing out title (based on Dynasty Warriors IP) *Dynasty Warriors: Ha*(*) under development has been announced by its Chinese publisher Tencent

(*)English Names are tentative

About Earnings Estimate for FY2020



We would like to once again decline announcement on our earnings estimate for FY2020 at this moment due to the uncertainties in the current situation. We shall disclose it as soon as it becomes ready.

① The influence of COVID-19 on our game development environment	<ul style="list-style-type: none">• The shift in workstyle has been completed and the main workplace is now home rather than office• Minor delay in development due to the shift• Aiming for 100% productivity compared to that of pre-COVID 19
② Console title with sales of 5 million copies	<ul style="list-style-type: none">• Details undisclosed
③ Mobile title which generates monthly sales of 1 billion yens	<ul style="list-style-type: none">• <i>Romance of the Three Kingdoms: Ha-do</i>(*) had its 2nd beta test in June
④ Royalty income from IP Licensing-out business	<ul style="list-style-type: none">• <i>Romance of the Three Kingdoms Senryakuban</i> was going very strong during Q1

(*)English Names are tentative

Financial Summary



Q1 Results

	FY19 Results		FY20 Results		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Sales	7,228	100.0%	11,363	100.0%	4,135	57.2%
Operating Profit	956	13.2%	4,387	38.6%	3,431	358.6%
Ordinary Profit	1,247	17.3%	8,957	78.8%	7,710	617.8%
Net Profit	2,210	30.6%	6,628	58.3%	4,418	199.8%

- Royalty income had greatly increased and contributed to sales.
- Although fixed costs had increased due to the expansion of our development capability, increase in sales had made up for the loss, resulting in great increase in operating profit.
- Extraordinary loss of 124 million(*) yen had been posted due to the COVID-19 impacts.

(*) Fixed costs during the shutdown of amusement facilities and KT Zepp Yokohama

Major Titles



		Units Sold	
		Q1 (Apr. 2020-Jun. 2020)	LTD
Console	New! <i>Haruka: Beyond the Stream of Time 7</i> Nintendo Switch™	30,000 copies Japan/Asia	-
	<i>PERSONA5 SCRAMBLE The Phantom Strikers</i> (Developer) PlayStation®4/Nintendo Switch™	- Asia	-
	<i>Nioh 2</i> PlayStation®4	-	More than 1 million copies
	<i>Nioh: Complete Edition</i> PlayStation®4/Windows® (Steam®)	90,000 copies Back Catalogue	More than 3 million copies
Online/ Mobile	<i>Romance of the Three Kingdoms Senryaku-ban</i> ^(*) (Licensing-out)	Going strong in China	-

(*)English Names are tentative

Results by Business Segment



Q1 Results		(Million Yen)		
		FY19	FY20	Change
Entertainment	Sales	6,385	10,742	4,357
	Operating Profit	738	4,315	3,577
Amusement	Sales	674	523	△ 151
	Operating Profit	156	17	△ 139
Real Estate	Sales	155	164	9
	Operating Profit	49	66	17
Others	Sales	50	40	△ 10
	Operating Profit	12	△ 12	△ 24
Corporate & Eliminated	Sales	△ 37	△ 107	△ 70
	Operating Profit	0	0	0
Total	Sales	7,228	11,363	4,135
	Operating Profit	956	4,387	3,431

- Entertainment
 - Royalty income from IP licensing-out business had greatly increased
 - Back catalogue sales are going strong
- Amusement
 - Both SP and AM facility operation business had experienced decrease against the previous year
 - Sales for existing facilities in AM facility operation business had marked only 44.1% of the previous year. Operations had been shut down sometimes during April and May due to the COVID-19 situation. Since June the facilities had reopened and now sales are back on its feet.

Sales Amounts and Units Sold by Region



Sales: Q1 Results

(Million Yen)

	FY19		FY20		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	4,374	60.5%	4,348	38.3%	△ 26	-0.6%
Overseas	2,854	39.5%	7,015	61.7%	4,161	145.8%
N. America	901	12.5%	1,551	13.6%	650	72.1%
Europe	454	6.3%	855	7.5%	401	88.3%
Asia	1,499	20.7%	4,609	40.6%	3,110	207.5%
Total	7,228	100.0%	11,363	100.0%	4,135	57.2%

Units Sold: Q1 Results

(Thousand Units)

	FY19		FY20		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	300	38.0%	470	27.8%	170	56.7%
Overseas	490	62.0%	1,220	72.2%	730	149.0%
N. America	205	25.9%	380	22.5%	175	85.4%
Europe	140	17.7%	380	22.5%	240	171.4%
Asia	145	18.4%	460	27.2%	315	217.2%
Total	790	100.0%	1,690	100.0%	900	113.9%
DL Units	400		830		430	107.5%
DL Ratio	50.6%		49.1%			

- Sales by Region
 - Ratio of Overseas sales: 61.7%
- Units Sold by Region
 - The number of copies sold for Consoles
 - Ratio of Units Sold in Overseas Market: 72.2%
- DL Ratio
 - Ratio of digital copies sold: 49.1%

Breakdown on the Sales for Entertainment Business



Q1 Results		(Million Yen)				
		FY19	FY20	Change	% Change	
Console	Package ^(*1)	2,065	3,312	1,247	60.4%	Increase in back catalogue sales such as <i>Nioh 2</i>
	DL ^(*2)	1,030	2,070	1,040	101.0%	Increase in back catalogue sales such as <i>Nioh 2</i>
	DLC ^(*3)	440	360	△ 80	-18.2%	
		3,535	5,742	2,207	62.4%	
Online/	PC Online ^(*4)	340	400	60	17.6%	
Mobile	Smartphone/Social ^(*5)	2,340	4,400	2,060	88.0%	Increase in royalty income from IP Licensing-out
	Others	50	100	50	100.0%	
		2,730	4,900	2,170	79.5%	
Events & Goods		120	100	△ 20	-16.7%	
Sales for Entertainment Business		6,385	10,742	4,357	68.2%	
Units Sold for Console (Thousand Units)		790	1,690	900	113.9%	

(*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

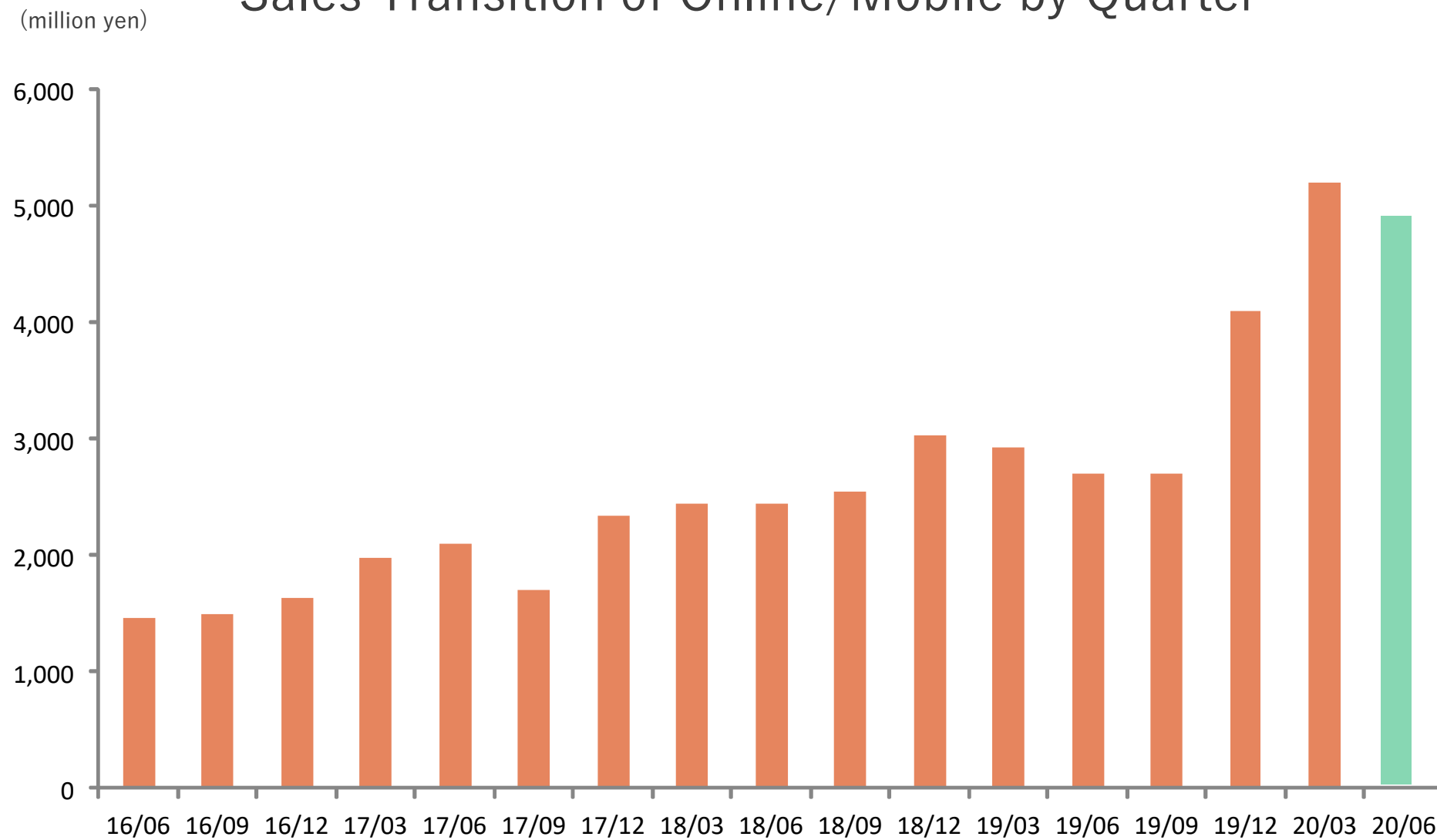
(*4) Sales for MMORPG and some other titles (*Uncharted Waters V*, *Uncharted Waters VI*, *Nobunaga's Ambition 20XX*)

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

Breakdown on the Sales for Entertainment Business



Sales Transition of Online/Mobile by Quarter



- In Online/Mobile the licensing-out title *Romance of the Three Kingdoms Senryaku-ban*(*) continues to be going strong

(*)English Names are tentative

Major Costs/ Number of Personnel



Q1 Actuals		(million yen/headcounts)				
		FY19	FY20	Change	% Change	
Employment Cost	COGS	2,800	3,050	250	8.9%	
	SGA	790	870	80	10.1%	
		3,590	3,920	330	9.2%	Expansion in development structure
Subcontracting Cost	COGS	830	820	△ 10	-1.2%	
Advertizing/Promotional Cost	SGA	130	150	20	15.4%	
Total Headcount (*)		1,851	2,038	187	10.1%	Increase in grad hiring

(*)Excluding temporary employees

Title Lineup



		Launch date/ countries
Console	New! <i>FAIRY TAIL</i> PlayStation®4/Nintendo Switch™/Windows® (Steam®)	Jul. 30 Worldwide
	New! <i>Atelier Ryza 2: Lost Legends and the Secret Fairy</i> PlayStation®4/Nintendo Switch™/Windows® (Steam®)	This Winter Worldwide
	New! <i>Angelique Luminarise</i> (*) Nintendo Switch™	2021 Japan/Asia
	DLC <i>Nioh 2</i> DLC (No. 1~No. 3) PlayStation®4	No. 1 : Jul. 30 Worldwide
Online/ Mobile	New! <i>Romance of the Three Kingdoms: Ha-do</i> (*)	Beta Test Japan
	New! midas' title for smartphones	-
	New! <i>Monster Rancher 2</i>	Autumn 2020 Japan
	New! <i>Dynasty Warriors: Ha</i> (Licensing-out) (*) (Publisher: Tencent)	Open for Pre-registration China

(*)English Names are tentative



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