

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



KOEI TECMO HOLDINGS CO., LTD.

October 26, 2020

Financial Summary



Record-high performance for First Half!

First Half Results

(Million Yen)

	FY19 Results		FY20 Results		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Sales	16,564	100.0%	23,141	100.0%	6,577	39.7%
Operating Profit	3,439	20.8%	8,447	36.5%	5,008	145.6%
Ordinary Profit	6,077	36.7%	15,289	66.1%	9,212	151.6%
Net Profit	5,931	35.8%	11,845	51.2%	5,914	99.7%

- 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.
- Profits on securities sold had contributed to non-operating income.
- Extraordinary loss of 124 million(*) yen had been posted in Q1 due to the COVID-19 impacts.

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

Major Titles



April

May

June

July

August

September

*Launch dates in Japan



Jun 18 *Haruka: Beyond the Stream of Time 7*



Sep 15 *Romance of the Three Kingdoms: Ha-do*(*)



Jul 30 *FAIRY TAIL*

Nioh2 Back catalogue sales

Romance of the Three Kingdoms Senryaku-ban(*)

(*)English Names are tentative



PlayStation®4/Nintendo Switch™/Windows® (Steam®)
FAIRY TAIL

310K Copies Worldwide



Nintendo Switch™
"Haruka naru Toki no Naka de 7"(*)

30K Copies
in Japan & Asia



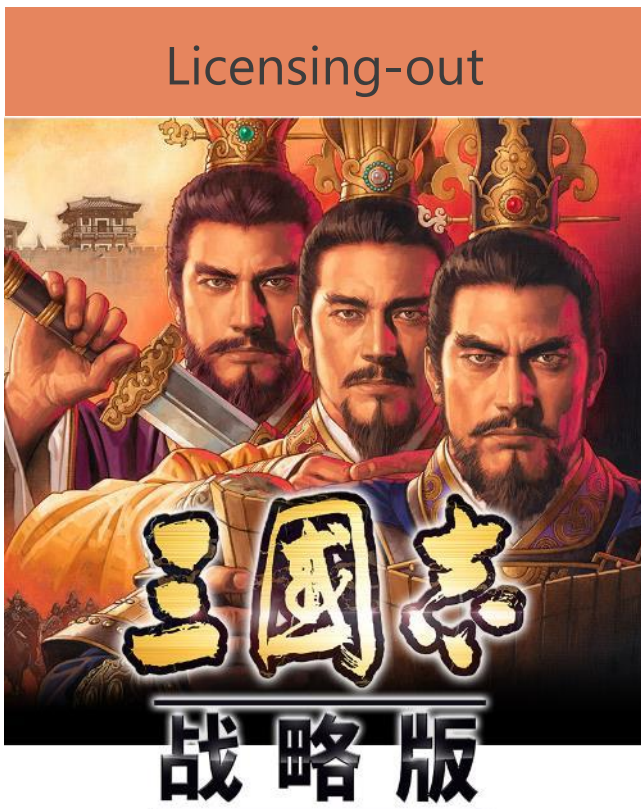
PlayStation®4
Nioh 2

More than 1M Copies!
DLC #1 *The Tengu's Disciple*
Released



iOS/Android
"Romance of the Three Kingdoms: Ha-do"(*)

Now Available
in Japan



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

Now Available
In China

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Results by Business Segment



First Half Results		(Million Yen)		
		FY19	FY20	Change
Entertainment	Sales	14,873	21,683	6,810
	Operating Profit	3,023	8,352	5,329
Amusement	Sales	1,374	1,185	△ 189
	Operating Profit	304	34	△ 270
Real Estate	Sales	309	361	52
	Operating Profit	98	65	△ 33
Others	Sales	86	90	4
	Operating Profit	13	△ 5	△ 18
Corporate & Elimination	Sales	△ 79	△ 179	△ 100
	Operating Profit	0	0	0
Total	Sales	16,564	23,141	6,577
	Operating Profit	3,439	8,447	5,008

- Entertainment
 - Royalty income had greatly increased and contributed to sales.
 - 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 65.7% 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: First Half Results

(Million Yen)

	FY19		FY20		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	10,750	64.9%	11,532	49.8%	782	7.3%
Overseas	5,814	35.1%	11,609	50.2%	5,795	99.7%
N. America	2,195	13.3%	2,937	12.7%	742	33.8%
Europe	1,126	6.8%	1,357	5.9%	231	20.6%
Asia	2,493	15.1%	7,315	31.6%	4,822	193.4%
Total	16,564	100.0%	23,141	100.0%	6,577	39.7%

Units Sold: First Half Results

(Thousand Units)

	FY19		FY20		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	1,145	21.7%	1,000	32.8%	△ 145	-12.7%
Overseas	4,130	78.3%	2,050	67.2%	△ 2,080	-50.4%
N. America	2,230	42.3%	780	25.6%	△ 1,450	-65.0%
Europe	1,230	23.3%	700	23.0%	△ 530	-43.1%
Asia	670	12.7%	570	18.7%	△ 100	-14.9%
Total	5,275	100.0%	3,050	100.0%	△ 2,225	-42.2%
DL Units	1,745		1,500		△ 245	-14.0%
DL Ratio	33.1%		49.2%			

- Sales by Region
 - Ratio of Overseas sales: 50.2%
- Units Sold by Region
 - The number of copies sold for Consoles
 - Ratio of Units Sold in Overseas Market: 67.2%
- DL Ratio
 - Ratio of digital copies sold: 49.2%

Breakdown on the Sales for Entertainment Business



First Half Results

		(Million Yen)			
		FY18	FY19	Change	% Change
Console	Package and others ^(*1)	5,553	6,183	630	11.3%
	DL ^(*2)	2,450	4,290	1,840	75.1%
	DLC ^(*3)	970	1,040	70	7.2%
		8,973	11,513	2,540	28.3%
Online/	PC Online ^(*4)	670	800	130	19.4%
Mobile	Smartphone/Social ^(*5)	4,610	8,800	4,190	90.9%
	Others	180	170	△ 10	-5.6%
		5,460	9,770	4,310	78.9%
Events & Goods		440	400	△ 40	-9.1%
Sales for Entertainment Business		14,873	21,683	6,810	45.8%
Units Sold for Console (Thousand Units)		5,275	3,050	△ 2,225	-42.2%

(*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 VI*, *Uncharted Waters V*, *Nobunaga's Ambition 20XX*)

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

Major Costs/ Number of Personnel



First Half Actuals		(Million Yen/Headcount)			
		FY19	FY20	Change	% Change
Employment Cost	COGS	5,685	6,270	585	10.3%
	SGA	1,540	1,690	150	9.7%
		7,225	7,960	735	10.2%
Subcontracting Cost	COGS	1,900	1,720	△ 180	-9.5%
Advertizing/Pro motional Cost	SGA	345	400	55	15.9%
Total Headcount (*)		1,844	2,018	174	9.4%

(*)Excluding temporary employees

Expansion in development structure

Increase in grad hiring



Consolidated Plan for the Fiscal Year Ending March 31, 2021 (FY2020)



Summary of the FY2020 Plan



Full-Year Plan			(Million Yen)				(Million Yen)			
	FY19 Results		FY20 Plan		Vs Previous Year		FY20 Plan (Mid-term Plan)		Vs Plan	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change	Amount	Component Ratio	Amount	Percent Change
Sales	42,645	100.0%	51,000	100.0%	8,355	19.6%	51,000	100.0%	0	0.0%
Operating Profit	14,102	33.1%	17,000	33.3%	2,898	20.5%	17,000	33.3%	0	0.0%
Ordinary Profit	18,869	44.2%	25,000	49.0%	6,131	32.5%	21,000	41.2%	4,000	19.0%
Net Profit	15,306	35.9%	18,000	35.3%	2,694	17.6%	-	-	-	-

- Aiming for 51 billion yen sales, 17 billion yen operating profit as per Mid-term Management Plan announced in April 2018.
- Aiming for 25 billion yen, additional 4 billion yen to the Mid-term Management Plan considering the progress in the first half.
- Record-setting performance. Aiming to achieve Mid-term Management Plan.

Plan by Business Segment



Full-Year Plan		(Million Yen)		
		FY19	FY20 (Plan)	Change
Entertainment	Sales	39,106	47,450	8,344
	Operating Profit	13,366	16,590	3,224
Amusement ^(*)	Sales	2,860	2,800	△ 60
	Operating Profit	519	400	△ 119
Real Estate	Sales	671	730	59
	Operating Profit	199	40	△ 159
Others	Sales	153	140	△ 13
	Operating Profit	17	△ 30	△ 47
Corporate & Elimination	Sales	△ 146	△ 120	26
	Operating Profit	0	0	0
Total	Sales	42,645	51,000	8,355
	Operating Profit	14,102	17,000	2,898

- **Entertainment**
 - Royalty income to greatly increase and contribute to sales.
 - Big console titles and new mobile game titles are to be released in the second half.
- **Amusement**
 - Both SP and AM facility operation business had and continue to experience decrease against the previous year.
- **Real Estates**
 - KT Zepp Yokohama had started operations in July and has been hosting live events and streaming lives with thorough control measures against Covid-19. Real estates for rent other than KT Zepp have kept up high operation rate.

Plan for Sales Amounts and Units Sold by Region



Sales: Full-Year Plan			(Million Yen)		
	FY19		FY20 (Plan)		Vs Previous Year
	Amount	Component Ratio	Amount	Component Ratio	Amount Percent Change
Japan	26,855	63.0%	27,300	53.5%	445 1.7%
Overseas	15,790	37.0%	23,700	46.5%	7,910 50.1%
N. America	4,099	9.6%	6,100	12.0%	2,001 48.8%
Europe	1,920	4.5%	4,600	9.0%	2,680 139.6%
Asia	9,771	22.9%	13,000	25.5%	3,229 33.0%
Total	42,645	100.0%	51,000	100.0%	8,355 19.6%

Units Sold: Full-Year Plan			(Thousand Units)		
	FY19		FY20 (Plan)		Vs Previous Year
	Amount	Component Ratio	Amount	Component Ratio	Amount Percent Change
Japan	2,970	28.1%	1,900	21.3%	△ 1,070 -36.0%
Overseas	7,590	71.9%	7,000	78.7%	△ 590 -7.8%
N. America	3,410	32.3%	2,900	32.6%	△ 510 -15.0%
Europe	2,150	20.4%	2,300	25.8%	150 7.0%
Asia	2,030	19.2%	1,800	20.2%	△ 230 -11.3%
Total	10,560	100.0%	8,900	100.0%	△ 1,660 -15.7%

- Sales by Region
 - Planned Ratio of Overseas sales: 46.5%
- Units Sold by Region
 - The number of copies sold for Consoles (physical/digital copies included; Online sales and DLC sales excluded)
 - Planned Ratio of Units Sold in Overseas Market: 78.7%

Capital Expenditure/Depreciation Cost Plan



Full-Year Plan		(Million Yen)			
		FY17	FY18	FY19	FY20 (Plan)
Capital	Real Estate	3,570	0	14,254	990
Expenditure	Equipment	284	240	376	500
Depreciation Cost		701	738	765	1,600

- Capital Expenditure
- Depreciation Cost
 - Has increased due to Minato-mirai office and KT Zepp Yokohama (Live House Hall)

Management Policy

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

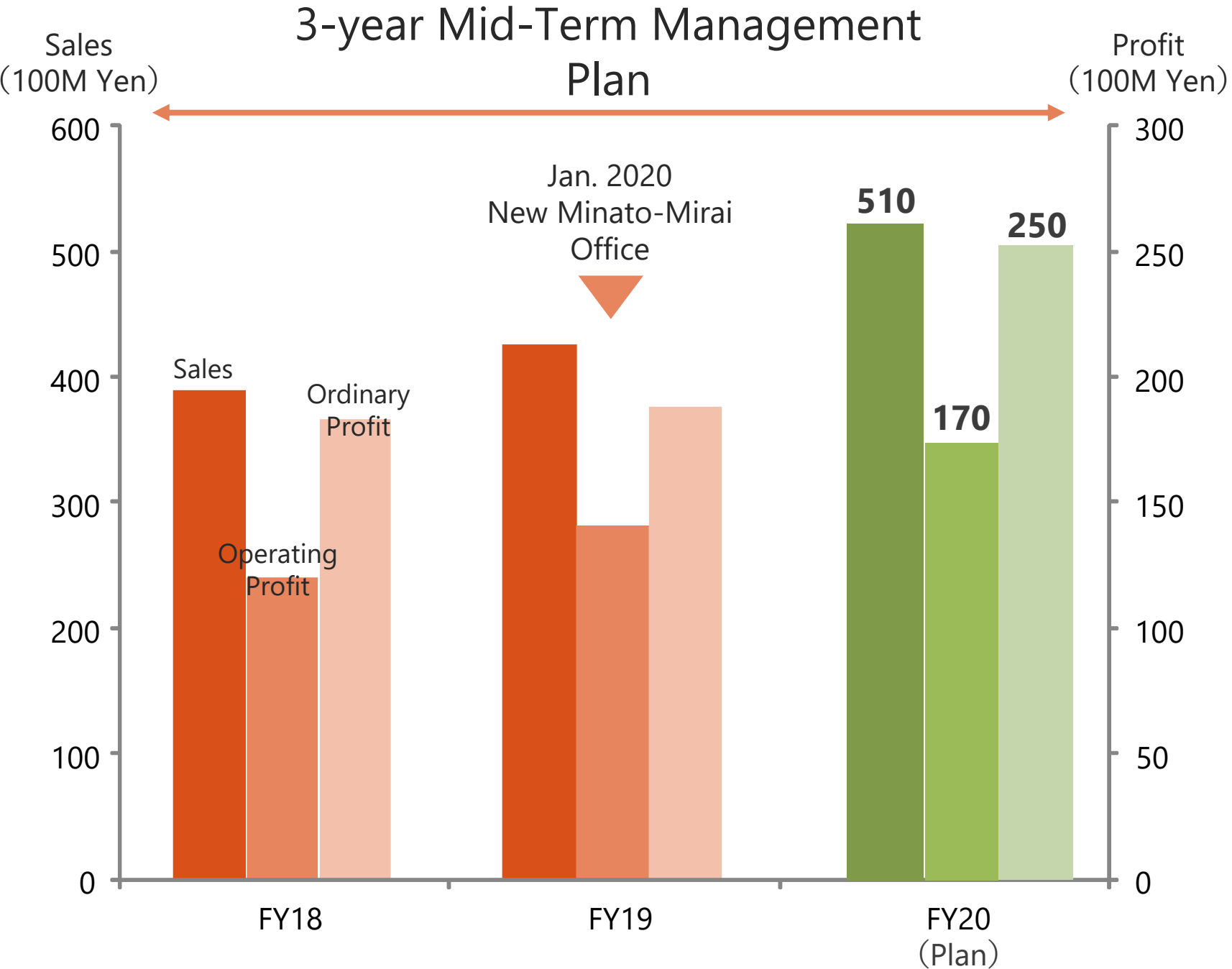
Yoichi Erikawa



Mid-Term Management Plan (FY2018-FY2020)



Plan 51 billion yen sales, 17 billion yen operating profit for FY2020 as per Mid-term Management Plan



- Upward adjustment made for ordinary profit from original 21 billion yen to 25 billion yen, additional 4 billion yen

The 5 Million Copies Class Console Title



Launch time for the 5 million copies class console title (new IP) is pushed back to FY2022

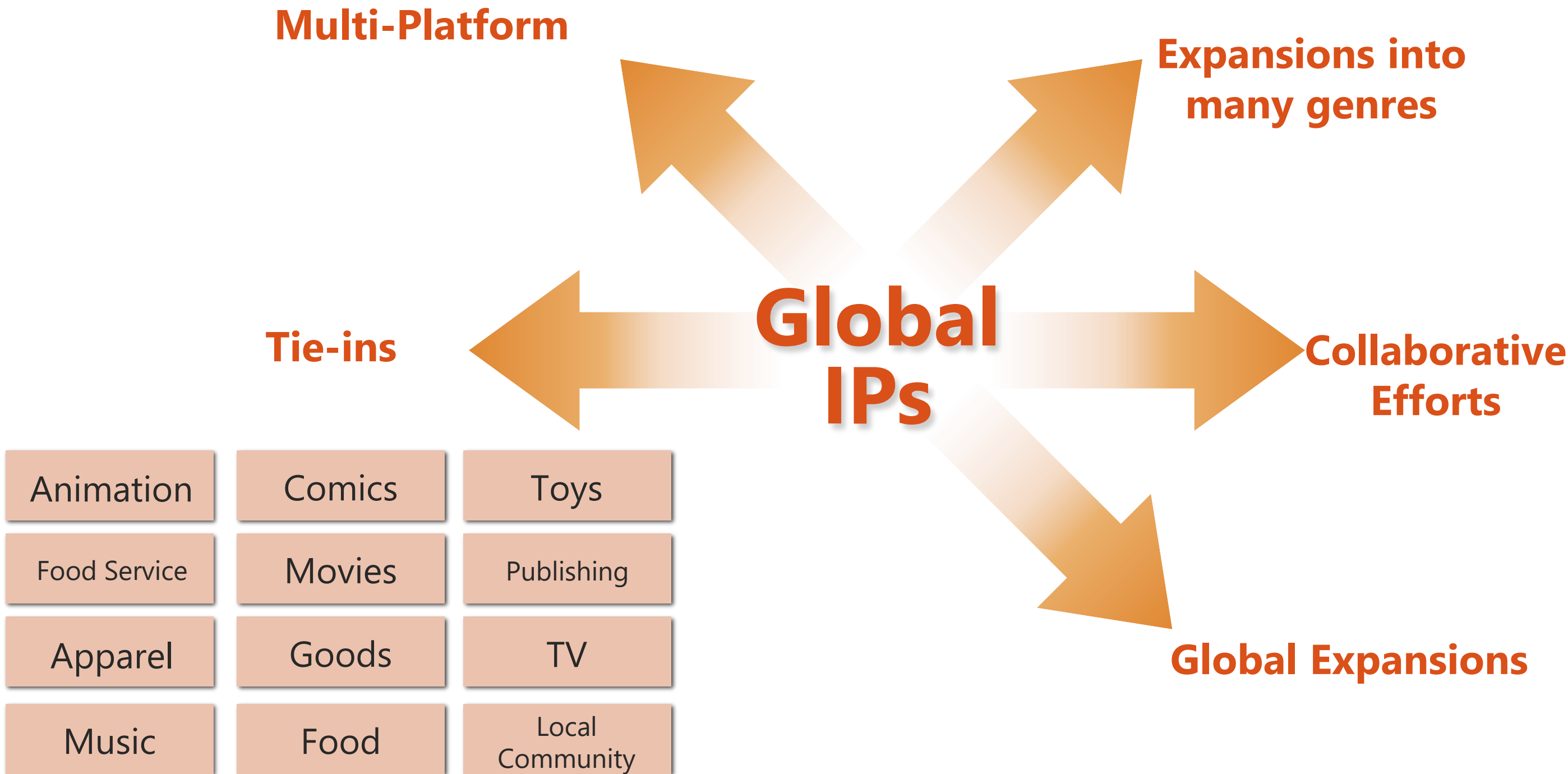
Reasons:

To leverage high performance of the new generation console and to pursue quality worthy of 5 million copies class title

Continue: Aim to create mobile title which generates 1 billion yen sales per month

New: Aim to create 2-5 million copies class console titles in every fiscal year

Create and develop global IPs

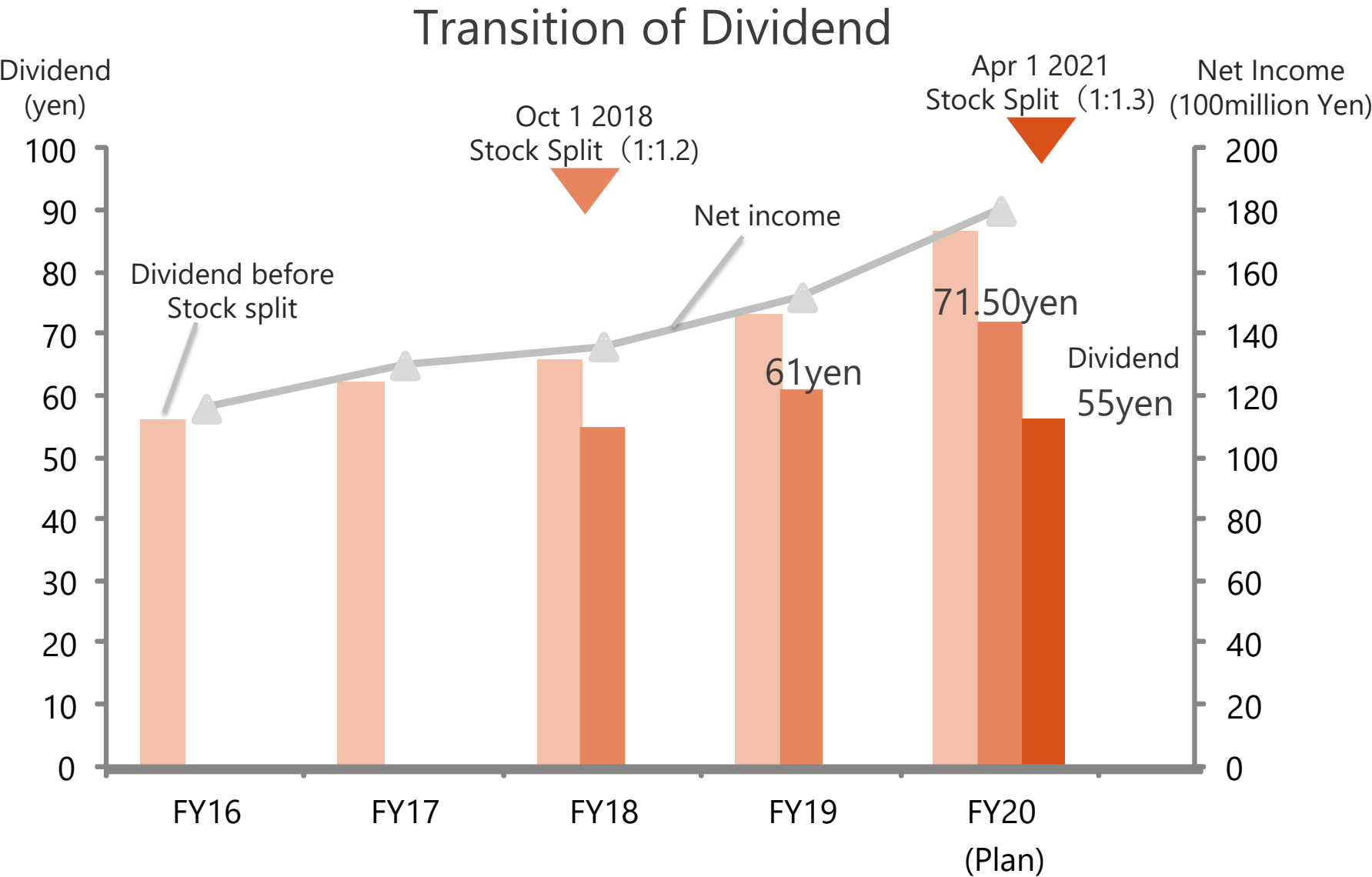


Shareholder Return



Basic policy

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



- Record-high forecast for net income
 - Forecast for FY2020 net income is 18 billion yen
 - Surpassing yearly overall payout 50%, the dividend forecast is 71.50 yen (10.50 yen increase from 61 yen in FY2019)
- Implementation of Stock Split
 - Effective as of April 1, 2021, stock split of 1:1.3 is to be implemented
- After the stock split, forecast for annual dividend is to be 55 yen per stock

Future Business Deployment

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

Hisashi Koinuma



Highlights on FY2020 Q2



Record-high performance for First Half! High Profit of 8.4 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. Royalty income has greatly contributed and achieved operating profit ratio of 36.5%
- Back catalogue sales for *Nioh2* and *Atelier Ryza* kept going strong

Topics

- Launch of *Hyrule Warriors: Age of Calamity* has been announced, scheduled to launch on November 20
- New mobile title *Romance of the three kingdoms: Ha-do*(*) has been released since September 15
→Has seen a good start
- Many in-house-developed mobile titles have been announced
- New Pipeline for IP licensing-out: *Dynasty Warriors: Ha* (*)
(Developed by TCI and CMGE, Operated by Tencent Games)
→Pre-registration available in China

(*)English Names are tentative

Major Titles (Console)



Nintendo Switch™
Hyrule Warriors: Age of Calamity
Launch on November 20, 2020(*)

- ***Hyrule Warriors: Age of Calamity***
 - Latest Musou-style title which shares the same worldview with Nintendo's *Legend of Zelda: Breath Of The Wild* released in 2017

(*) Launch date in Japan
20

Major Titles (Console)



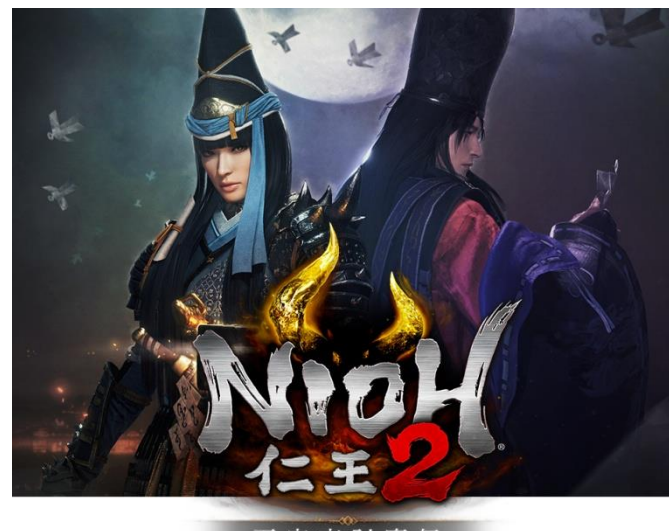
PlayStation®4/Nintendo Switch™/Windows® (Steam®)
ROMANCE OF THE THREE KINGDOMS XIV: Diplomacy and Strategy Expansion Pack Bundle
Launch on December 10, 2020



PlayStation®5/PlayStation®4
Nintendo Switch™
Atelier Ryza 2: Lost Legends & the Secret Fairy
Launch on December 3, 2020
(January 2021 for Windows® (Steam®))



PlayStation®5/PlayStation®4
Nintendo Switch™/Xbox Series X
Windows® (Steam®)
DYNASTY WARRIORS 9 Empires
Launch in 2021



PlayStation®4
Nioh 2
DLC #2 *Darkness in the Capital*
Now Available

- *ROMANCE OF THE THREE KINGDOMS XIV: Diplomacy and Strategy Expansion Pack Bundle*
 - Romance of the Three Kingdoms XIV has sold more than 300K copies!
- *Atelier Ryza 2: Lost Legends & the Secret Fairy*
 - *Atelier Ryza 1* has been shipped more than 500K copies worldwide!
- *DYNASTY WARRIORS 9 Empires*
 - Launch for PlayStation®5/Xbox Series X as well!
- *Nioh 2 DLC #2 Darkness in the Capital*

(*) Launch date in Japan

Major Titles(Online/Mobile)



iOS/Android
("Romance of the Three Kingdoms:
Ha-do"(*))
Now Available in Japan



iOS/Android
("Dynasty Warriors"(*))
クローズドβテスト/国内



iOS/Android
("Fist of the North Star Warriors"(*))
Release in 2020
Pre-registration in Japan



iOS/Android
("Dynasty Warriors: Ha"(*))
Pre-registration in China

- *Romance of the Three Kingdoms: Ha-do*(*)
 - Released on September 15. Ranked within top 20 on Google Play and App Store(**)
- *Dynasty Warriors*
 - Implemented Closed Beta Test
- *Fist of the North Star Warriors*
 - New title from midas!
 - More than 800K pre-registerers!
- *Dynasty Warriors: Ha*(*)(Licensing-out)
 - Developed by TCI and CMGE, Operated by Tencent Games
 - More than 3 million pre-registerers in China!

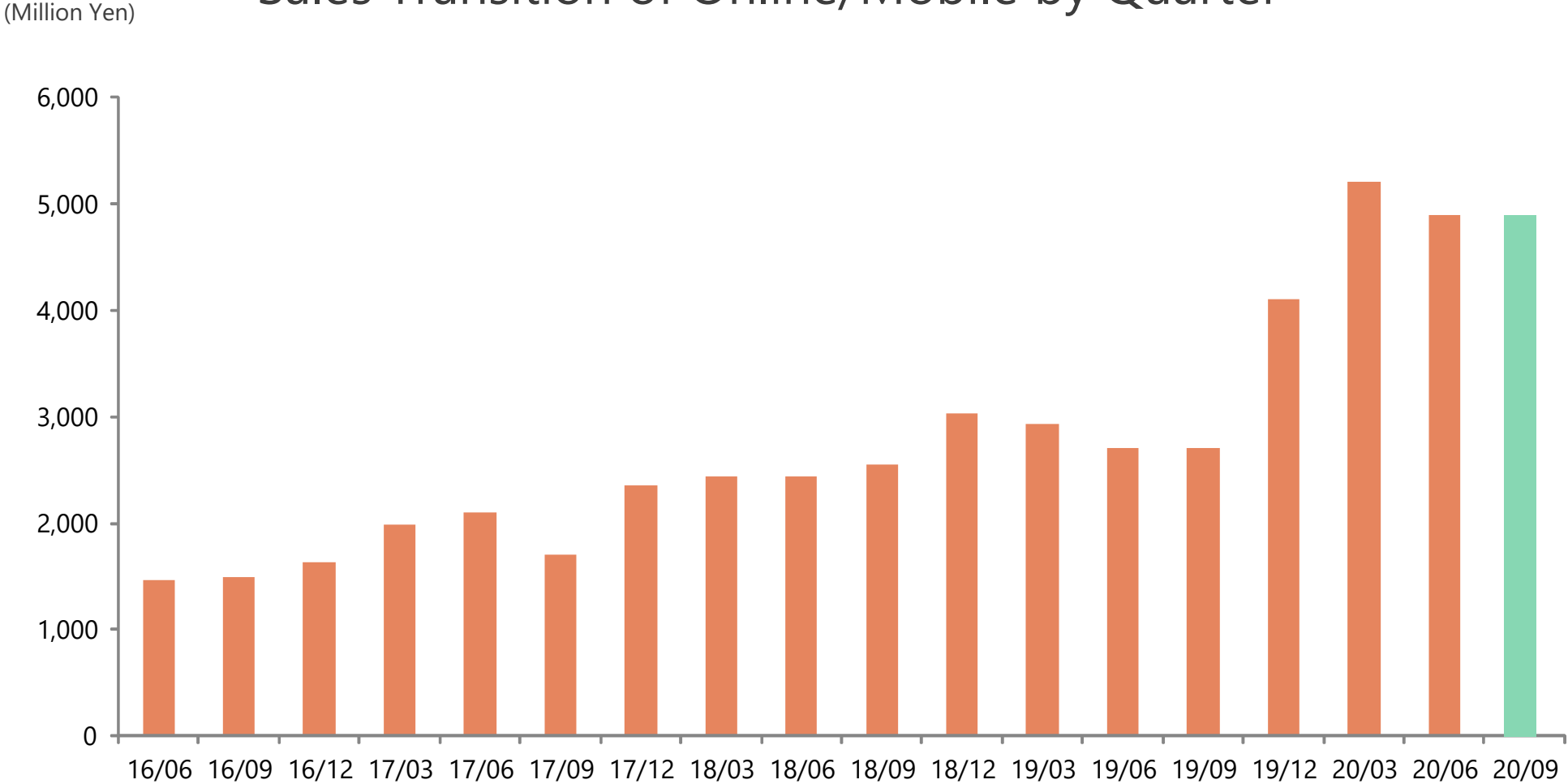
(*)English Names are tentative

(**) Source: App Annie

Major Titles(Online/Mobile)



Sales Transition of Online/Mobile by Quarter



- Licensing-out title *Romance of the Three Kingdoms Senryaku-ban*(*) had ranked at 3rd place for 7 months in row in App Store monthly sales ranking in China(**)
- New in-house-developed mobile title *Romance of the Three Kingdoms: Ha-do*(*) released in September!

(*)English Names are tentative

(**)Source : Social Game Info <https://gamebiz.jp/?p=278840>

Our Strengths



Leading Powers for Development, Technology, and Project Management

Recent Examples

Power of Development

- Creation of new IPs
- knowhow accumulated through 40+ years of game development (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 Cost” as a corporate culture (“Producers are managers”)
- Collaboration strategy: strong alliance with business partners

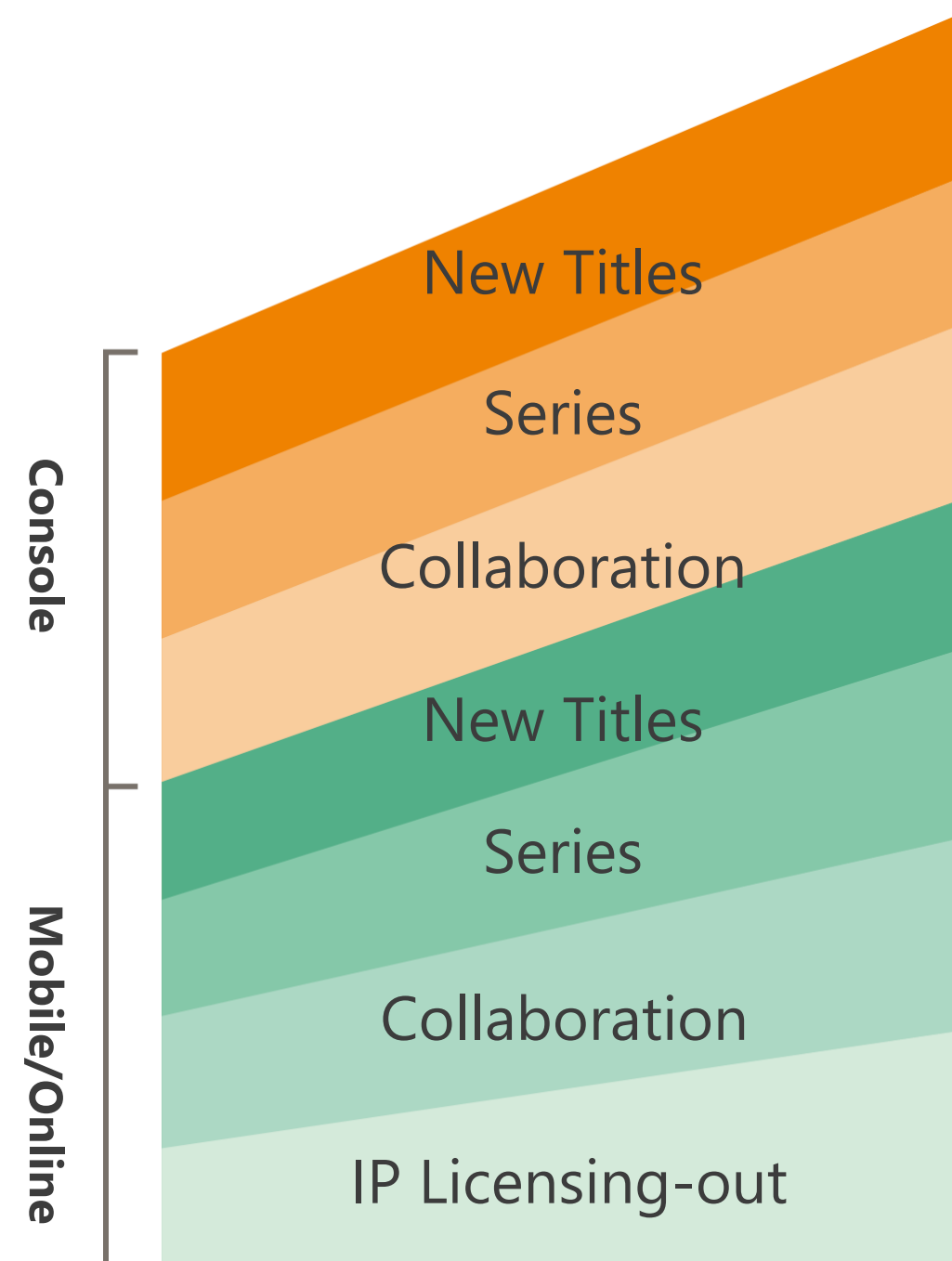
- Success of **Nioh**
- High scores on *Metacritic*(*)
- Success of **Romance of the Three Kingdoms** IP in China (Licensing-out)
- Globally promoting multi-platform access to our games including Steam(R)
- Entry into new platforms
- Winning the market’s trust for our “Delivery Time, Quality, and Cost” → 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
 - Successful collaboration with an overseas leading IP
- IP Licensing-out
 - Leverage of IP assets fostered for long time
 - The value of "Romance of the Three Kingdom" IP becomes actualized in Asia



KOEI TECMO HOLDINGS CO., LTD.

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