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# Financial Results for the Third Quarter of the Fiscal Year Ending March 2024

January 29, 2024

**KOEI TECMO HOLDINGS CO., LTD.**

### Performance

- Focus on repeat sales in the video game sector.
- Further increase of sales in the online/mobile game sector brought by the new titles released during Q2.

### Topics

- Planned release of new titles and expansion of mobile titles to new platforms and regions during Q4.
- Announced that the major title, "Rise of the Ronin," will be released in March 2024.

These are the highlights of the 3rd quarter.

The console game sector focused on repeat sales of existing titles, and the number of units sold during Q3 met expectations.

Sales in the online and mobile game sector further increased compared to the previous quarter, achieving record-high sales thanks to the new titles released during Q2.

Other topics include the launch of new console titles and the release of the overseas versions of "Atelier Resleriana" on mobile platforms and Steam during Q4.

We also announced that "Rise of the Ronin," a title that has long been one of the goals in our medium-term management plan, will release in March.

(Million Yen)

	FY22 Q3 (YTD)		FY23 Q3 (YTD)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
<b>Sales</b>	49,439	-	<b>61,136</b>	-	11,697	23.7%
<b>Operating Profit</b>	22,994	46.5%	<b>20,316</b>	33.2%	(2,678)	(11.7%)
<b>Ordinary Profit</b>	16,880	34.1%	<b>33,825</b>	55.3%	16,945	100.4%
<b>Net Profit</b>	13,477	27.3%	<b>24,283</b>	39.7%	10,806	80.2%

The summary of the financial results for the first nine months of FY2023 is as shown.

Sales increased YoY thanks to the revenue from new smartphone games.

Operating profit decreased YoY due to an increase in platform, royalty and advertising fees incurred from the new multiple titles.

Because the number of new titles which are published by the Company increased by previous year when the royalty sales regarding the collaboration title was high.

For non-operating income and expenses, watching the financial environment carefully, we booked the gain on disposal of marketable securities and so on.

This led to an increase in ordinary profit and net income YoY.

## Major Titles



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		3rd Quarter (Oct. - Dec. '23)
Package	Fate/Samurai Remnant PlayStation®5/PlayStation®4/Nintendo Switch™/Steam® Co-develop with TYPE-MOON, production-corporation with ANIPLEX	<b>Now on sale</b> <b>Global</b>
	Wo Long: Fallen Dynasty DLC3 PlayStation®5/ PlayStation®4/Xbox Series X S/Xbox One/Steam ®/Windows	<b>Released in Nov.</b> <b>Global</b>
Online	NOBUNAGA'S AMBITION: Hadou <sup>[1]</sup>	<b>1st Anniv. in Dec.</b>
Mobile	iOS/Android	<b>Japan</b>
	NOBUNAGA'S AMBITION: Shutsujin <sup>[1]</sup> iOS/Android	<b>Now Available</b> <b>Japan</b>
	Atelier Resleriana: Forgotten Alchemy and the Polar Night Liberator iOS/Android Co-develop with Akatsuki Games	<b>Now Available</b> <b>Japan</b>
	IP Licence Dynasty Warriors M iOS/Android Developed and published by NEXON	<b>Released in Nov.</b> <b>Global</b>

[1] English Name is tentative

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These are the major titles of Q3.

In the console game sector, "Fate/Samurai Remnant" focused on repeat sales. We released a demo version of this title and held a collaboration event with the mobile game "Fate/Grand Order" in January. We will continue making efforts to further increase the number of units sold.

In the online and mobile game sector, "NOBUNAGA'S AMBITION: Hadou" celebrated the first anniversary of its release in December.

"NOBUNAGA'S AMBITION: Shutsujin," which released in August, showed stable sales.

"Atelier Resleriana: Forgotten Alchemy and the Polar Night Liberator," which is jointly managed with Akatsuki Games, had a high level of sales. Total downloads exceeded 3 million during October.

For titles where we have licensed out our IPs, "Dynasty Warriors M," published by Nexon Co, Ltd., released globally in November.

## Results by Business Segment



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		(Million Yen)		
		FY22 Q3(YTD)	FY23 Q3(YTD)	VS Previous year
Entertainment	Sales	46,298	<b>57,393</b>	11,095
	Operating Profit	22,456	<b>20,077</b>	(2,379)
Amusement	Sales	2,265	<b>2,910</b>	645
	Operating Profit	396	<b>485</b>	89
Real Estate	Sales	946	<b>902</b>	(44)
	Operating Profit	231	<b>102</b>	(129)
Others	Sales	276	<b>243</b>	(33)
	Operating Profit	(89)	<b>(349)</b>	(260)
Corporate & Elimination	Sales	(348)	<b>(312)</b>	36
	Operating Profit	-	-	-
Total	Sales	49,439	<b>61,136</b>	11,697
	Operating Profit	22,994	<b>20,316</b>	(2,678)

This is our sales and operating profit broken down by segment.

In the entertainment segment, sales increased with the growth of the online and mobile game sector, but operating profit declined YoY due to an increase in costs.

In the amusement facility management business, the revenue from existing stores exceeded that of the previous year, and a new store which opened in October contributed as well.

In the slot and pachinko business, sales from contracted development increased.

In the real estate segment, the operating profit fell from the previous year due to such as repair costs incurred by some properties.

In the venture capital business portion of the "other" segment, the cost of fund management was included in the calculations.

(Million Yen)

	FY22 Q3(YTD)		FY23 Q3(YTD)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
<b>Japan</b>	25,511	51.6%	<b>37,357</b>	61.1%	11,846	46.4%
<b>Overseas</b>	23,928	48.4%	<b>23,779</b>	<b>38.9%</b>	(149)	(0.6%)
<b>N. America</b>	5,317	10.8%	<b>5,172</b>	8.5%	(145)	(2.7%)
<b>Europe</b>	1,683	3.4%	<b>1,935</b>	3.2%	252	15.0%
<b>Asia</b>	16,928	34.2%	<b>16,672</b>	27.3%	(256)	(1.5%)
<b>Total</b>	49,439	100.0%	<b>61,136</b>	100.0%	11,697	23.7%

This slide shows our sales by region.

The ratio of overseas sales to total sales was 38.9%.

This is why sales in Japan increased to 61.1% with new mobile titles.

## Units Sold by Region/ Number of DL

(1000 Copies)

	FY22 Q3(YTD)		FY23 Q3(YTD)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
<b>Japan</b>	1,890	31.6%	<b>1,770</b>	34.9%	(120)	(6.3%)
<b>Overseas</b>	4,090	68.4%	<b>3,300</b>	<b>65.1%</b>	(790)	(19.3%)
<b>N. America</b>	1,860	31.1%	<b>1,490</b>	29.4%	(370)	(19.9%)
<b>Europe</b>	980	16.4%	<b>790</b>	15.6%	(190)	(19.4%)
<b>Asia</b>	1,250	20.9%	<b>1,020</b>	20.1%	(230)	(18.4%)
<b>Total</b>	5,980	100.0%	<b>5,070</b>	100.0%	(910)	(15.2%)
<b>DL Units</b>	4,020		<b>3,760</b>		(260)	
<b>DL Ratio</b>	67.2%		<b>74.2%</b>		+7.0pt	

Total unit sales for nine months was 5,070,000 units, with overseas sales accounting for 65.1% of total units sold.

Digital sales totaled 3,760,000 units, accounting for 74.2% of total sales.

## Breakdown on the Sales for Entertainment Segment

		(Million Yen)			
		FY22 Q3(YTD)	FY23 Q3(YTD)	VS Previous year	% Change
Console	Package <sup>[1]</sup>	9,438	8,463	(975)	(10.3%)
	DL <sup>[2]</sup>	9,930	10,060	130	1.3%
	DLC <sup>[3]</sup>	1,400	1,990	590	42.1%
		20,768	20,513	(255)	(1.2%)
Online/ Mobile	PC Online <sup>[4]</sup>	640	430	(210)	(32.8%)
	Smartphone/Social <sup>[5]</sup>	24,370	35,850	11,480	47.1%
	Others	120	0	(120)	(100.0%)
		25,130	36,280	11,150	44.4%
Events & Goods		400	600	200	50.0%
Sales for Entertainment Segment		46,298	57,393	11,095	24.0%
Digital Sales <sup>[6]</sup>		36,460	48,330	11,870	32.6%
Digital Sales Ratio		78.8%	84.2%	+5.4pt	

[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.  
 [5] Including sales for smartphone games, social games, browser games, and royalty from IP licensing-out  
 [6] Sum total for DL and DLC, online, and mobile sales.

This slide shows the breakdown of sales in the entertainment segment.

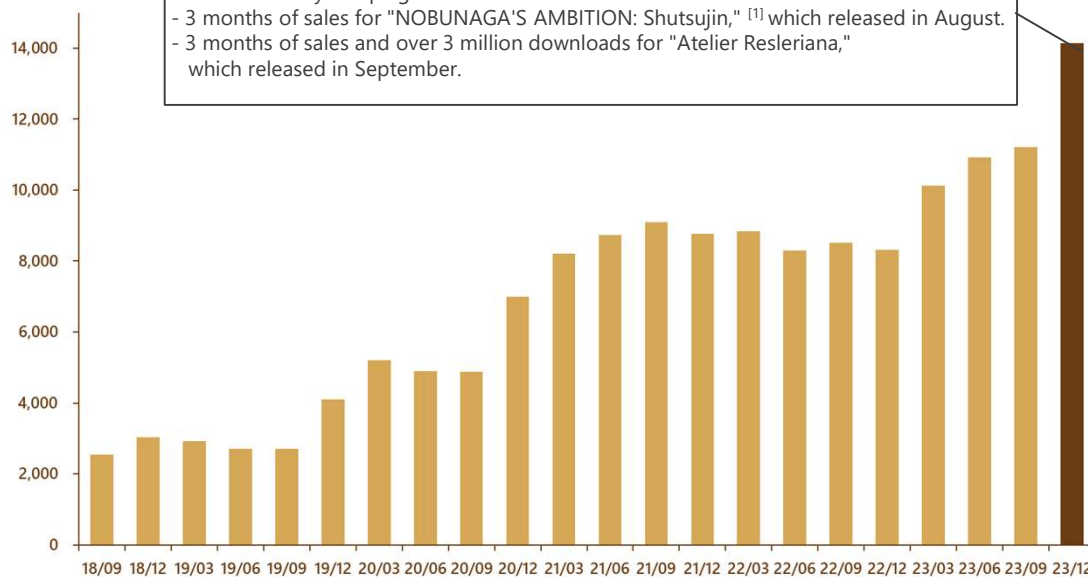
In the console sector, unit sales of new titles fell from the previous year, leading to a decline. Sales are expected to increase due to the release of new titles in the fourth quarter.

In the online and mobile game sector, sales increased from the previous year due to the contributions of new titles.

The digital sales ratio for the video game sector and the online and mobile game sector combined was 84.2%.



(Million Yen)



## Major Activities during Q3:

- 1st anniversary campaign of "NOBUNAGA'S AMBITION: Hadou"<sup>[1]</sup> in December.
- 3 months of sales for "NOBUNAGA'S AMBITION: Shutsujin," <sup>[1]</sup> which released in August.
- 3 months of sales and over 3 million downloads for "Atelier Resleriana," which released in September.

[1] English Name is tentative

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'This graph shows quarterly sales trends in the online and mobile game sector.

Thanks to the increased sales of "NOBUNAGA'S AMBITION: Hadou" due to its anniversary event and the contributions of "Atelier Resleriana" and "NOBUNAGA'S AMBITION: Shutsujin" which released during Q2, we achieved an even higher level of quarterly sales, surpassing our previous quarterly sales record.

		(million yen/headcounts)			
		FY22 Q3(YTD)	FY23 Q3(YTD)	VS Previous year	% Change
Employment Cost	COGS	12,420	14,020	1,600	12.9%
	SGA	3,190	3,490	300	9.4%
		15,610	17,510	1,900	12.2%
Outsourcing Cost	COGS	3,400	6,080	2,680	78.8%
Advertising/ Promotional Cost	SGA	1,810	3,490	1,680	92.8%
Total Headcount <sup>[1]</sup>		2,400	2,545	145	6.0%

[1]Excluding temporary employees.

## Other Expenses during three months of Q3 compared to Q2:

- Platform and royalty fees of mobile titles has increased.
- Reduction of development costs incurred from business partners was on the same level as the previous quarter.

This is a breakdown of major costs and personnel count within the KOEI TECMO Group.

Total personnel costs increased by 1.9 billion Yen YoY.

Outsourcing costs increased due to several reasons, including development costs for future titles and server costs for our smartphone game titles.

Temporary costs associated with the release of new title during Q2 are also included.

Advertising fees increased YoY due to the release of new mobile game titles and the launch of promotions aimed at attracting users.

As for changes QoQ in other expenses, platform fees, royalties, and other expenses for mobile games increased due to the increase in the number of titles published by the Company.

The amount of development costs covered by our business partners was at the same level as during Q2.

(Million Yen)

	FY22 Results		FY23 Plan		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
<b>Sales</b>	78,417	-	<b>95,000</b>	-	16,583	21.1%
<b>Operating Profit</b>	39,133	49.9%	<b>37,500</b>	39.5%	(1,633)	(4.2%)
<b>Ordinary Profit</b>	39,899	50.9%	<b>40,500</b>	42.6%	601	1.5%
<b>Net Profit</b>	30,935	39.4%	<b>31,000</b>	32.6%	65	0.2%

In view of sales trends of new titles from the fourth quarter onward and non-operating income due to shifts in the world economy and financial environment, no revisions have been made the yearly earnings forecast.

Our initial plan for the current fiscal year remains unchanged.

Taking into account the release of a major title during Q4 as well as other factors, we will leave the plan of operating profit unchanged.

Non-operating income far exceeds our initial plan at the moment, but taking into account the uncertainty of the financial market, we will make no change to our plans at this time. This does not mean that we anticipate large risks during Q4.

Considering all of this, our initial plan for the current fiscal year remains unchanged.

## Title Lineup

		Release date Region
Package	Wo Long: Fallen Dynasty Complete Edition PlayStation®5/ PlayStation®4/Xbox Series X S/Xbox One/Steam®/Windows Digital Only	<b>February 7, 2024</b> Global
	Fate/Samurai Remnant DLC1 PlayStation®5/PlayStation®4/Nintendo Switch™/Steam® Co-develop with TYPE-MOON, production-corporation with ANIPLEX	<b>Feb, 2024</b> Global
	New title Rise of the Ronin PlayStation®5 Published by Sony Interactive Entertainment	<b>March 22, 2024</b> Global
	New title Winning Post 10 2024 PlayStation®5/PlayStation®4/Nintendo Switch™/Windows®/Steam®	<b>March 28, 2024</b> Japan
	New title Romance of the Three Kingdoms 8 Remake PlayStation®5/PlayStation®4/Nintendo Switch™/Steam®	<b>Year 2024</b> Global
Online Mobile	PF and Region Expansion Atelier Resleriana: Forgotten Alchemy and the Polar Night Liberator iOS/Android/Steam® Co-develop with Akatsuki Games	<b>Steam®: Jan.10,2024</b> <b>Oversea: Jan.25,2024</b> Global

These are the titles we currently plan to release in the future.

In the console game sector, we plan to release "Wo Long: Fallen Dynasty Complete Edition" and the first additional downloadable content for "Fate/Samurai Remnant" in February.

"Rise of the Ronin" and "Winning Post 10 2024" will be released in March.

In order to improve its quality, the release date of "Romance of the Three Kingdoms 8 Remake" has been reexamined. We are now working to release it within 2024.

In the online and mobile game sector, the overseas versions of "Atelier Resleriana" were released on Steam and mobile platforms in January.

For FY 2024, we are developing new titles in accordance with the priority goals of our third medium-term management plan.

For more details, please refer to the Integrated Report disclosed in October 2023.

For your reference:

Integrated Report 2023

Page 32 "Review and Present Status of Medium-Term Management Plan"

[https://www.koeitecmo.co.jp/e/ir/docs/ir3\\_20240126e.pdf](https://www.koeitecmo.co.jp/e/ir/docs/ir3_20240126e.pdf)



PlayStation®5

## 『Rise of the Ronin』

Scheduled released: March 22, 2024

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'We will release "Rise of the Ronin" on March 22.

This title is an open-world action RPG with an emphasis on combat.  
Development was handled by Team NINJA.

Utilizing our action game know-how cultivated through developing the international hits "Nioh" and "Wo Long: Fallen Dynasty," we have created "Rise of the Ronin" as a AAA-class title which can compete with other titles in the global market.

This title takes place in 19th-century Japan, at the end of the age of samurai, characterized by the fall of the Tokugawa Shogunate.

The story and gameplay change depending on the choices the player makes in relation to characters such as innovators like Ryoma Sakamoto and Shoin Yoshida who sought to modernize the country.

"Rise of the Ronin" provides players with an open gameplay experience set against a historical backdrop, as is characteristic of KOEI TECMO titles.

Sony Interactive Entertainment has been involved in development, and has provided support in sales and marketing.

We will do our utmost prior to the release of the game so that customers around the world can enjoy it.

for your reference:

"Rise of the Ronin" Trailers

<https://youtu.be/zS8EvITGCIe>

<https://youtu.be/JydfazusHfl>

### Entered into a capital and business alliance with Akatsuki Inc.

KOEI TECMO underwrote a third-party allotment of Akatsuki Inc. shares through a disposition of treasury stock and began building a relationship toward a business partnership. In addition to strengthening collaboration on our mobile title currently under joint management, KOEI TECMO and Akatsuki Inc. will work to create more business opportunities in the future.

<Summary of underwriting of Akatsuki Inc. Shares>

- Number of shares acquired: 1,130,000 shares  
(7.97% of Akatsuki Inc.'s total number of shares issued and outstanding as of September 30, 2023)
- Total acquisition cost: ¥2,387,000,000

We would like to explain our decision to subscribe for shares of Akatsuki Inc.

We have decided to underwrite a third-party allotment of shares through the disposal of treasury stock by Akatsuki Inc.

In connection with this, we have also decided to proceed with the establishment of a relationship toward a business alliance.

With this arrangement, Akatsuki Inc. and KOEI TECMO will work to improve the effectiveness of our business alliance, centering on our jointly managed title, "Atelier Resleriana."

Additionally, Akatsuki Inc. and KOEI TECMO intend to further build up our relationship in order to create new business opportunities in the future.

For details, please refer to the timely disclosure released by Akatsuki Inc. on December 20.



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This document contains statements regarding future objectives, beliefs and current expectations of KOEI TECMO HOLDINGS CO., LTD. with respect to its financial results.  
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**Note:**  
Some of the explanatory expressions in the manuscripts of this material have been changed from the financial results briefing in disclosing as text.