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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

April 24, 2023

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 Annual General Meeting of Shareholders: June 15, 2023

Scheduled date of commencing dividend payments: June 16, 2023

Scheduled date of filing annual securities report: June 16, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 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	%
Fiscal year ended March 31, 2023	78,417	7.8	39,133	13.3	39,899	(18.1)	30,935	(12.5)
March 31, 2022	72,759	20.5	34,527	41.5	48,696	23.9	35,359	19.7

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 20,703 million [(19.3) %]
Fiscal year ended March 31, 2022: ¥ 25,655 million [(47.7) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	98.20	91.22	22.1	18.5	49.9
March 31, 2022	107.28	104.85	23.4	23.7	47.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	210,889	142,684	67.4	450.72
March 31, 2022	219,803	138,101	62.6	437.16

(Reference) Equity: As of March 31, 2023: ¥ 142,143 million
As of March 31, 2022: ¥ 137,690 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	29,692	(21,394)	(16,588)	11,733
March 31, 2022	24,819	(13,168)	(4,561)	19,503

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	0.00	-	108.00	108.00	17,008	50.3	11.6
March 31, 2023	-	0.00	-	50.00	50.00	15,768	50.9	11.3
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	50.00	50.00		50.8	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

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
Six months ending September 30, 2023	41,000	17.9	15,200	(17.0)	16,200	(8.3)	12,500	(8.4)	39.68
Full year	95,000	21.1	37,500	(4.2)	40,500	1.5	31,000	0.2	98.40

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023:	336,096,924 shares
March 31, 2022:	336,096,924 shares

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

March 31, 2023:	20,727,352 shares
March 31, 2022:	21,133,014 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	315,035,577 shares
Fiscal Year ended March 31, 2022:	329,598,396 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	20,530	(61.0)	17,750	(64.5)	18,950	(62.5)	18,302	(63.5)
March 31, 2022	52,611	178.1	50,022	196.2	50,550	197.7	50,179	200.4

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	58.10	53.28
March 31, 2022	152.24	149.03

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	149,227	100,976	67.3	318.47
March 31, 2022	147,949	98,959	66.6	312.89

(Reference) Equity: As of March 31, 2023: ¥ 100,434 million
As of March 31, 2022: ¥ 98,548 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,235	12,529
Accounts receivable - trade, and contract assets	13,072	21,650
Securities	25,185	8,076
Merchandise and finished goods	38	94
Work in process	112	29
Raw materials and supplies	77	67
Other	13,365	6,684
Allowance for doubtful accounts	(11)	(17)
Total current assets	72,075	49,113
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,270	21,432
Land	14,093	13,974
Construction in progress	82	68
Other, net	1,399	1,461
Total property, plant and equipment	37,846	36,936
Intangible assets		
Other	275	245
Total intangible assets	275	245
Investments and other assets		
Investment securities	102,940	112,766
Deferred tax assets	881	5,622
Retirement benefit asset	1,824	1,805
Other	4,749	4,535
Allowance for doubtful accounts	(790)	(135)
Total investments and other assets	109,605	124,594
Total non-current assets	147,727	161,775
Total assets	219,803	210,889

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	520	1,169
Accounts payable - other	9,646	4,573
Income taxes payable	6,470	4,112
Provision for bonuses	1,928	1,697
Provision for bonuses for directors (and other officers)	389	344
Other	13,660	8,121
Total current liabilities	32,616	20,019
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	48,146	47,341
Deferred tax liabilities	156	132
Other	782	711
Total non-current liabilities	49,085	48,185
Total liabilities	81,701	68,204
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	28,006	27,844
Retained earnings	130,954	145,046
Treasury shares	(39,393)	(38,639)
Total shareholders' equity	134,567	149,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,548	(6,870)
Revaluation reserve for land	(3,115)	(3,115)
Foreign currency translation adjustment	2,418	3,034
Remeasurements of defined benefit plans	271	(157)
Total accumulated other comprehensive income	3,122	(7,108)
Share acquisition rights	411	541
Total net assets	138,101	142,684
Total liabilities and net assets	219,803	210,889

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	72,759	78,417
Cost of sales	22,156	21,317
Gross profit	50,602	57,099
Selling, general and administrative expenses	16,075	17,966
Operating profit	34,527	39,133
Non-operating income		
Interest income	5,606	13,951
Dividend income	981	734
Gain on sale of investment securities	23,471	1,732
Foreign exchange gains	393	139
Gain on redemption of securities	1,230	514
Gain on valuation of derivatives	1,869	4,298
Other	399	942
Total non-operating income	33,952	22,313
Non-operating expenses		
Loss on valuation of investment securities	469	-
Loss on sale of investment securities	6,378	2,759
Loss on redemption of securities	3,004	13,976
Loss on valuation of derivatives	8,920	4,643
Other	1,009	167
Total non-operating expenses	19,783	21,547
Ordinary profit	48,696	39,899
Extraordinary income		
Gain on sale of shares of subsidiaries	-	63
Subsidy income	2,949	-
Total extraordinary income	2,949	63
Extraordinary losses		
Impairment losses	146	-
Loss on tax purpose reduction entry of non-current assets	2,860	-
Total extraordinary losses	3,007	-
Profit before income taxes	48,638	39,963
Income taxes - current	12,723	8,979
Income taxes - deferred	555	48
Total income taxes	13,279	9,028
Profit	35,359	30,935
Profit attributable to owners of parent	35,359	30,935

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	35,359	30,935
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,047)	(10,418)
Foreign currency translation adjustment	1,243	616
Remeasurements of defined benefit plans, net of tax	100	(428)
Total other comprehensive income	(9,704)	(10,231)
Comprehensive income	25,655	20,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,655	20,703

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	27,833	110,529	(1,364)	151,999
Cumulative effects of changes in accounting policies			15		15
Restated balance	15,000	27,833	110,544	(1,364)	152,014
Changes during period					
Dividends of surplus			(14,949)		(14,949)
Profit attributable to owners of parent			35,359		35,359
Purchase of treasury shares				(38,529)	(38,529)
Disposal of treasury shares		172		499	672
Net changes in items other than shareholders' equity					
Total changes during period	-	172	20,409	(38,029)	(17,446)
Balance at end of period	15,000	28,006	130,954	(39,393)	134,567

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,596	(3,115)	1,174	171	12,827	303	165,129
Cumulative effects of changes in accounting policies							15
Restated balance	14,596	(3,115)	1,174	171	12,827	303	165,145
Changes during period							
Dividends of surplus							(14,949)
Profit attributable to owners of parent							35,359
Purchase of treasury shares							(38,529)
Disposal of treasury shares							672
Net changes in items other than shareholders' equity	(11,047)		1,243	100	(9,704)	107	(9,596)
Total changes during period	(11,047)	-	1,243	100	(9,704)	107	(27,043)
Balance at end of period	3,548	(3,115)	2,418	271	3,122	411	138,101

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,000	28,006	130,954	(39,393)	134,567
Changes during period					
Dividends of surplus			(17,008)		(17,008)
Profit attributable to owners of parent			30,935		30,935
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		(162)		765	603
Change in scope of consolidation			165		165
Net changes in items other than shareholders' equity					
Total changes during period	-	(162)	14,092	754	14,684
Balance at end of period	15,000	27,844	145,046	(38,639)	149,251

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,548	(3,115)	2,418	271	3,122	411	138,101
Changes during period							
Dividends of surplus							(17,008)
Profit attributable to owners of parent							30,935
Purchase of treasury shares							(11)
Disposal of treasury shares							603
Change in scope of consolidation							165
Net changes in items other than shareholders' equity	(10,418)		616	(428)	(10,231)	130	(10,101)
Total changes during period	(10,418)	-	616	(428)	(10,231)	130	4,583
Balance at end of period	(6,870)	(3,115)	3,034	(157)	(7,108)	541	142,684

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	48,638	39,963
Depreciation	1,555	1,643
Impairment losses	146	-
Increase (decrease) in provision for loss on orders received	(35)	-
Increase (decrease) in allowance for doubtful accounts	(1)	6
Increase (decrease) in provision for bonuses for directors (and other officers)	71	(44)
Increase (decrease) in provision for bonuses	284	(235)
Interest and dividend income	(6,588)	(14,685)
Subsidy income	(2,949)	-
Loss on tax purpose reduction entry of non-current assets	2,860	-
Loss (gain) on valuation of investment securities	469	-
Loss (gain) on sale of investment securities	(17,092)	1,026
Loss (gain) on redemption of securities	1,774	13,462
Loss (gain) on valuation of derivatives	7,051	345
Loss (gain) on sale of property, plant and equipment	(4)	16
Foreign exchange losses (gains)	(64)	480
Decrease (increase) in trade receivables	(1,690)	(8,479)
Decrease (increase) in inventories	118	38
Increase (decrease) in trade payables	155	599
Increase (decrease) in accounts payable - other	(1,641)	2,403
Increase (decrease) in accrued consumption taxes	(1,224)	(77)
Increase (decrease) in deposits received	-	16
Other, net	745	(914)
Subtotal	32,579	35,562
Interest and dividends received	5,246	5,210
Interest paid	(0)	(8)
Income taxes refund	3,044	9,829
Income taxes paid	(16,050)	(20,902)
Net cash provided by (used in) operating activities	24,819	29,692
Cash flows from investing activities		
Payments into time deposits	(1,169)	(940)
Proceeds from withdrawal of time deposits	1,081	881
Purchase of short-term and long-term investment securities	(146,630)	(81,749)
Proceeds from sale and redemption of short-term and long-term investment securities	134,709	60,750
Purchase of property, plant and equipment	(1,300)	(837)
Purchase of intangible assets	(51)	(53)
Proceeds from sale of property, plant and equipment	5	238
Subsidies received	294	294
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	77
Other, net	(108)	(56)
Net cash provided by (used in) investing activities	(13,168)	(21,394)
Cash flows from financing activities		
Proceeds from short-term borrowings	13,500	28,000
Repayments of short-term borrowings	(13,500)	(28,000)
Proceeds from disposal of treasury shares	543	520
Purchase of treasury shares	(38,535)	(11)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	48,415	-
Dividends paid	(14,929)	(16,987)
Other, net	(54)	(110)
Net cash provided by (used in) financing activities	(4,561)	(16,588)
Effect of exchange rate change on cash and cash equivalents	974	330
Net increase (decrease) in cash and cash equivalents	8,063	(7,959)
Cash and cash equivalents at beginning of period	11,439	19,503
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	190
Cash and cash equivalents at end of period	19,503	11,733