



Financial Results for the First Half of the Fiscal Year Ending March 2020



KOEI TECMO HOLDINGS CO., LTD.

October 25, 2019

Financial Summary



First Half Results

(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	17,407	100.0%	16,564	100.0%	△ 843	-4.8%	18,000	100.0%	△ 1,436	-8.0%
Operating Profit	4,684	26.9%	3,439	20.8%	△ 1,245	-26.6%	4,000	22.2%	△ 561	-14.0%
Ordinary Profit	8,587	49.3%	6,077	36.7%	△ 2,510	-29.2%	5,500	30.6%	577	10.5%
Net Profit	6,290	36.1%	5,931	35.8%	△ 359	-5.7%	5,000	27.8%	931	18.6%

Vs Prev. Year:

- Whilst Online/Mobile sales had increased, sales for Console had decreased.
- Fixed costs had increased due to the expansion of our development capability, causing operating profit to decrease.
- Gain on securities sold ended up less than previous year. Extraordinary gain had been posted from the sale of a portion of our real estate for rent.

Vs Plan:

- Sales of some titles did not reach the plan.
- Non-operating income had surpassed the plan, causing ordinary profit and current net earnings to surpass the plan as well.
- No change is made to the full-year plan.

Major Titles (Console)



April

May

June

July

August

September

Jul 4 *Attack on Titan 2: Final Battle*

*Launch dates in Japan

Jul 19 *MARVEL ULTIMATE ALLIANCE 3: The Black Order*

Jul 26 *Fire Emblem: Three Houses*

Sept 26 *Atelier Ryza*

Continuous sale of *Nioh*



PlayStation(R)4/Nintendo Switch™
/Windows(R)(Steam(R))

Attack on Titan 2: Final Battle

220K Copies Worldwide



Nintendo Switch™
*MARVEL ULTIMATE ALLIANCE 3:
The Black Order*

Now on Sale



Nintendo Switch™
Fire Emblem: Three Houses

Now on Sale



PlayStation(R)4/Nintendo Switch™
Atelier Ryza:

Ever Darkness & the Secret Hideout

160K Copies in Japan & Asia



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

190K Copies in FY2019
More than 2,750K Copies
Worldwide!

Major Titles(Online/Mobile & Events)



April

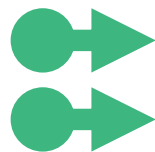
May

June

July

August

September



Uncharted Waters VI

『三国志・战略版』
(Romance of the
Three Kingdoms
Senryaku-ban(*))

New Romance of the Three Kingdoms

DISSIDIA FINAL FANTASY OPERA OMNIA

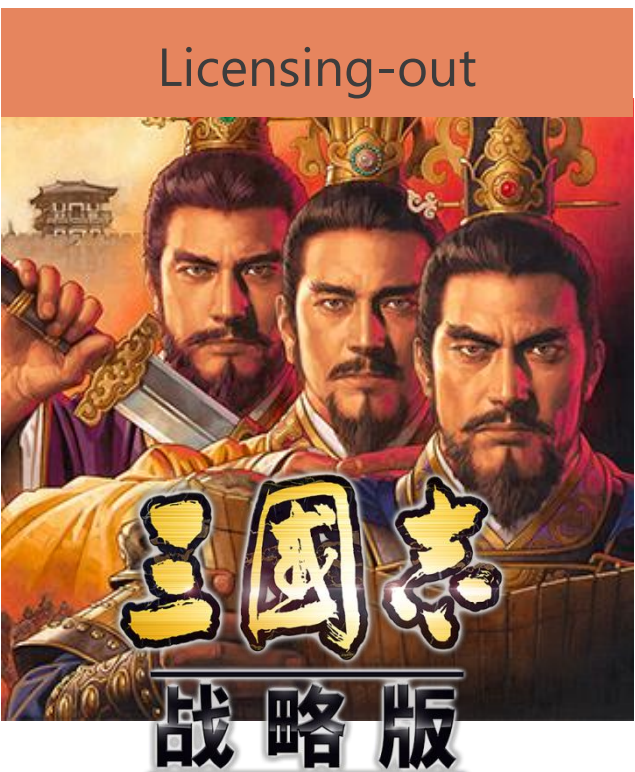
DEAD OR ALIVE Xtreme Venus Vacation



iOS/Android

Uncharted Waters VI

Now Available



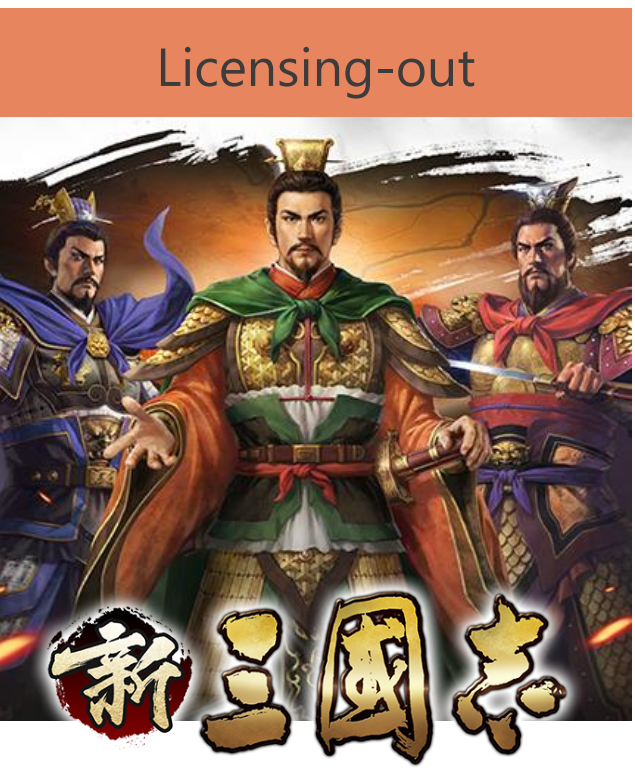
Licensing-out

iOS/Android

『三国志・战略版』

(Romance of the Three Kingdoms
Senryaku-ban(*))

More than 2 million
Registrants Now!

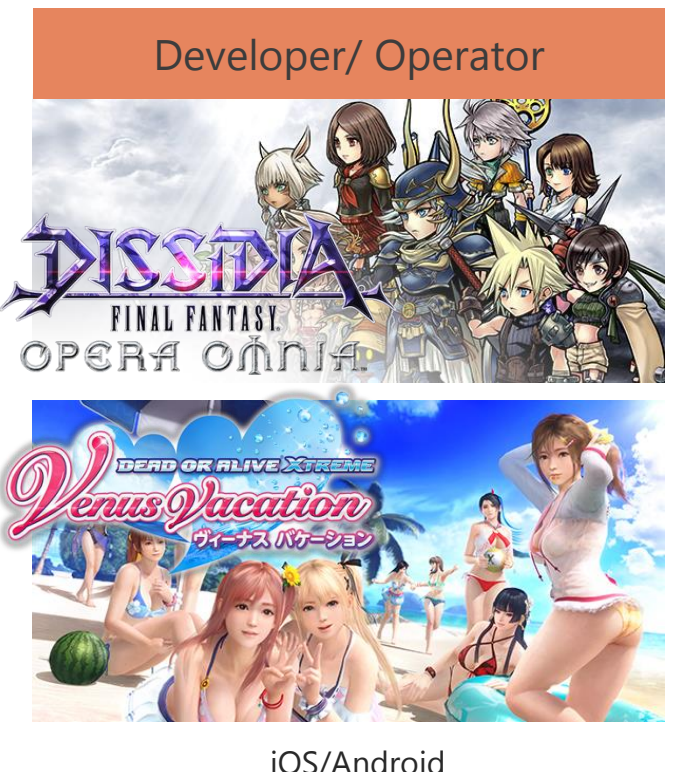


Licensing-out

iOS/Android

New Romance of the Three Kingdoms

Now Available



Developer/ Operator

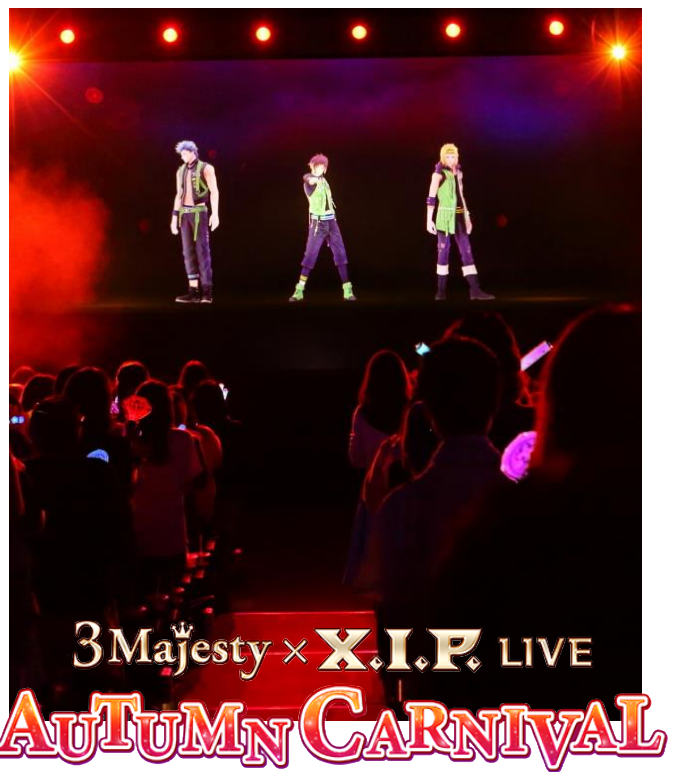
iOS/Android

『DISSIDIA FINAL FANTASY OPERA OMNIA』

Windows(R) (DMM GAME PLAYER)

『DEAD OR ALIVE Xtreme Venues Vacation』

Now Available



3 Majesty × X.I.P. LIVE
-AUTUMN CARNIVAL-』

Events: 20K participants

(*)English title is tentative

Results by Business Segment



First Half Results

(Million Yen)

		FY18	FY19	Change
Entertainment	Sales	15,654	14,873	△ 781
	Operating Profit	4,182	3,023	△ 1,159
Amusement	Sales	1,460	1,374	△ 86
	Operating Profit	329	304	△ 25
Real Estate	Sales	393	309	△ 84
	Operating Profit	147	98	△ 49
Others	Sales	77	86	9
	Operating Profit	25	13	△ 12
Corporate & Elimination	Sales	△ 178	△ 79	99
	Operating Profit	0	0	0
Total	Sales	17,407	16,564	△ 843
	Operating Profit	4,684	3,439	△ 1,245

• Entertainment

- In comparison with the previous year, whilst Online/Mobile sales had increased, sales for Console had decreased.
- Expecting revenues from bigger titles scheduled to launch in the second half.

• Amusement

- SP had experienced some decrease in comparison with the previous year in accordance with the plan.
- AM facility operation business had experienced increase in the sales for the existing facilities by 8.7%.

• Real Estates

- Had experienced some decrease in comparison with the previous year due to the sale of a portion of our real estate for rent in accordance with the plan

Sales Amounts and Units Sold by Region



Sales: First Half Results			(Million Yen)		
	FY18		FY19		Vs Previous Year
	Amount	Component Ratio	Amount	Component Ratio	
Japan	11,479	65.9%	10,750	64.9%	△ 729 -6.4%
Overseas	5,928	34.1%	5,814	35.1%	△ 114 -1.9%
N. America	1,714	9.8%	2,195	13.3%	481 28.1%
Europe	1,135	6.5%	1,126	6.8%	△ 9 -0.8%
Asia	3,080	17.7%	2,493	15.1%	△ 587 -19.1%
Total	17,407	100.0%	16,564	100.0%	△ 843 -4.8%

Units Sold: First Half Results			(Thousand Units)		
	FY18		FY19		Vs Previous Year
	Amount	Component Ratio	Amount	Component Ratio	
Japan	670	28.0%	1,145	21.7%	475 70.9%
Overseas	1,720	72.0%	4,130	78.3%	2,410 140.1%
N. America	840	35.1%	2,230	42.3%	1,390 165.5%
Europe	560	23.4%	1,230	23.3%	670 119.6%
Asia	320	13.4%	670	12.7%	350 109.4%
Total	2,390	100.0%	5,275	100.0%	2,885 120.7%
DL Units	1,220		1,745		525 43.0%
DL Ratio	51.0%		33.1%		

- Sales by Region
 - Ratio of Overseas sales: 35.1%
- Units Sold by Region
 - The number of copies sold for Consoles
 - Ratio of Units Sold in Overseas Market: 78.3%
- DL Ratio
 - Ratio of digital copies sold: 33.1%

Breakdown on the Sales for Entertainment Business



First Half Results		(Million Yen)				
		FY18	FY19	Change	% Change	
Console	Package ^(*1)	7,044	5,553	△ 1,491	-21.2%	Decrease in sales for packages, commission fees
	DL ^(*2)	2,330	2,450	120	5.2%	
	DLC ^(*3)	680	970	290	42.6%	DLC for <i>DEAD OR ALIVE 6</i>
		10,054	8,973	△ 1,081	-10.8%	
Online/	PC Online ^(*4)	730	670	△ 60	-8.2%	
Mobile	Smartphone/Social ^(*5)	4,040	4,610	570	14.1%	Royalty from IP Licensing-out, Increase in self-developed/operated titles
	Others	230	180	△ 50	-21.7%	
		5,000	5,460	460	9.2%	
Events & Goods		600	440	△ 160	-26.7%	
Sales for Entertainment Business		15,654	14,873	△ 781	-5.0%	
Units Sold for Console (Thousand Units)		2,390	5,275	2,885	120.7%	Increase in titles we took part as the developer

(*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



First Half Actuals

		(Million Yen/Headcount)			
		FY18	FY19	Change	% Change
Employment Cost	COGS	5,410	5,685	275	5.1%
	SGA	1,380	1,540	160	11.6%
		6,790	7,225	435	6.4%
Subcontracting Cost	COGS	1,480	1,900	420	28.4%
Advertizing/Promotional Cost	SGA	460	345	△ 115	-25.0%
Total Headcount (*)		1,788	1,844	56	3.1%

(*)Excluding temporary employees





Consolidated Plan for the Fiscal Year Ending March 31, 2020 (FY2019)



Summary of the FY2019 Plan



Full-Year Plan			(Million Yen)		
	FY18 Results		FY19 Plan		Vs Previous Year
	Amount	Component Ratio	Amount	Component Ratio	
Sales	38,968	100.0%	43,000	100.0%	4,032 10.3%
Operating Profit	12,092	31.0%	12,000	27.9%	△ 92 -0.8%
Ordinary Profit	18,307	47.0%	16,000	37.2%	△ 2,307 -12.6%
Net Profit	13,694	35.1%	13,000	30.2%	△ 694 -5.1%

- No change is made to the full-year plan.
- As the second year in the current mid-term plan, this year (FY2019) takes its position as the preparation year for FY2020.
- Aiming to achieve the same level of operating profit as the previous year by making up for the increased fixed costs due to upfront investments and the expansion of our development structure through sales increase.
- Keeping conservative plan for non-operating incomes due to the uncertainty in the market.
- Aiming for 17 billion operation profit in the year 2020, the final year of our current mid-term plan.

Plan by Business Segment



Full-Year Plan		(Million Yen)		
		FY18	FY19 (Plan)	Change
Entertainment	Sales	35,120	39,040	3,920
	Operating Profit	11,078	11,130	52
Amusement ^(*)	Sales	3,155	3,300	145
	Operating Profit	686	700	14
Real Estate	Sales	768	650	△ 118
	Operating Profit	273	120	△ 153
Others	Sales	184	130	△ 54
	Operating Profit	52	50	△ 2
Corporate & Elimination	Sales	△ 260	△ 120	140
	Operating Profit	0	0	0
Total	Sales	38,968	43,000	4,032
	Operating Profit	12,092	12,000	△ 92

(*) The FY18 results for Amusement Segment is the sum of former SP and AM facility operation business segments

- **Entertainment**
 - Big titles for Console are scheduled to launch in the second half.
 - A new title for Mobile is scheduled to be released in the second half.
- **Amusement**
 - Both SP and AM facility operation business are planned to experience increase in sales and profit.
- **Real Estate**
 - Decrease in comparison with the previous year due to the sale of a portion of our real estate for rent.

Plan for Sales Amounts and Units Sold by Region



Sales: Full-Year Plan

(Million Yen)

	FY18		FY19 (Plan)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	26,541	68.1%	26,900	62.6%	359	1.4%
Overseas	12,427	31.9%	16,100	37.4%	3,673	29.6%
N. America	3,926	10.1%	5,800	13.5%	1,874	47.7%
Europe	2,074	5.3%	5,100	11.9%	3,026	145.9%
Asia	6,427	16.5%	5,200	12.1%	△ 1,227	-19.1%
Total	38,968	100.0%	43,000	100.0%	4,032	10.3%

Units Sold: Full-Year Plan

(Thousand Units)

	FY18		FY19 (Plan)		Vs Previous Year	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Percent Change
Japan	2,440	42.2%	2,110	28.1%	△ 330	-13.5%
Overseas	3,340	57.8%	5,390	71.9%	2,050	61.4%
N. America	1,390	24.0%	2,440	32.5%	1,050	75.5%
Europe	995	17.2%	1,930	25.7%	935	94.0%
Asia	955	16.5%	1,020	13.6%	65	6.8%
Total	5,780	100.0%	7,500	100.0%	1,720	29.8%

- Sales by Region
 - Planned Ratio of Overseas sales: 37.4%
- Units Sold by Region
 - The number of copies sold for Consoles
 - Planned Ratio of Units Sold in Overseas Market: 71.9%

Investment/Depreciation Cost Plan



Full-Year Plan

(Million Yen)

	FY16	FY17	FY18	FY19 (Plan)
Investment Real Estate	8,417	3,570	0	13,866
Equipment	252	284	240	460
Depreciation Cost	715	701	738	830

- Investment
 - Expecting Expenditure for the remaining balance for Minato-Mirai Office/Music Hall.
- Depreciation Cost
 - Expecting increase due to the completion of Minato-Mirai Office.





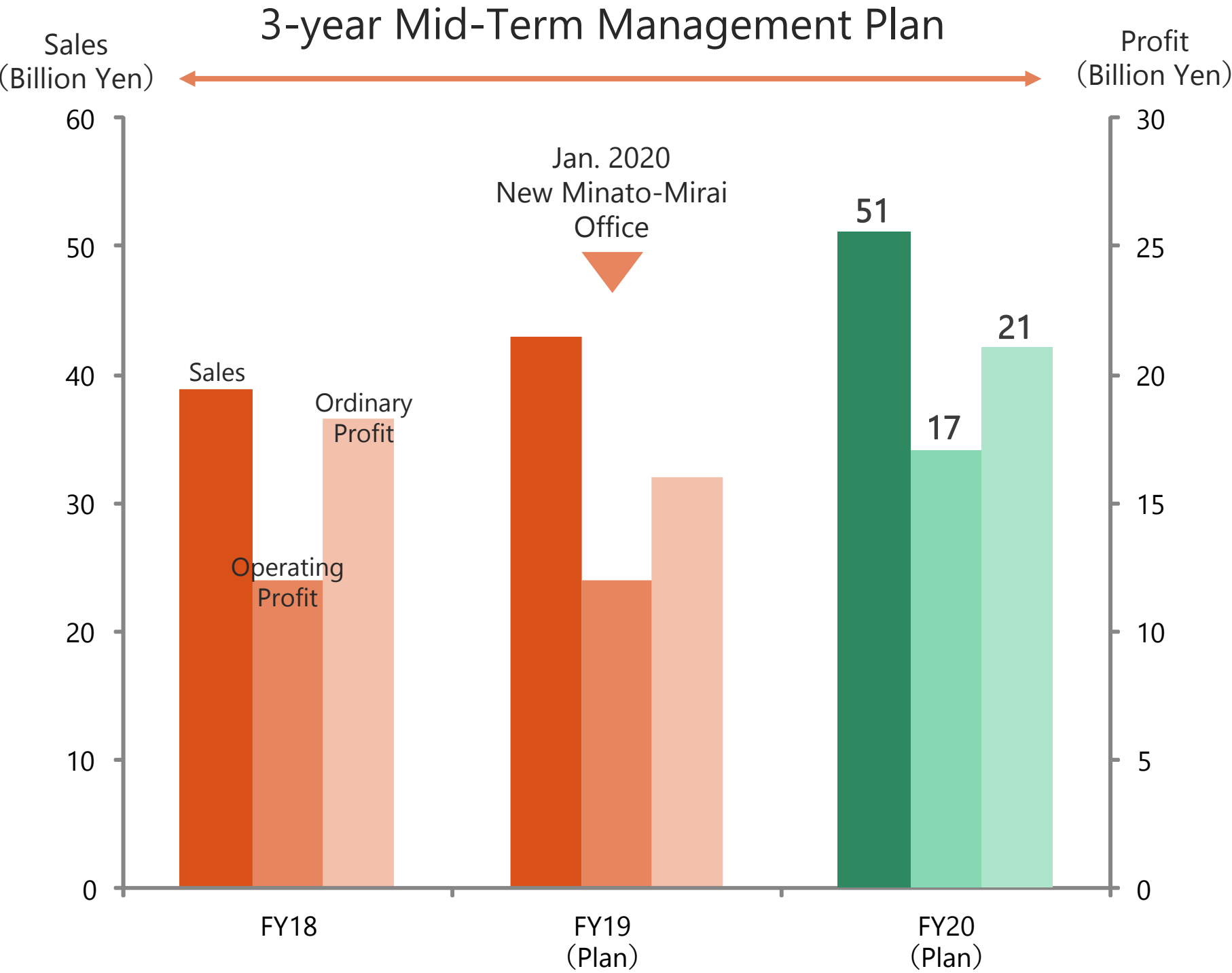
Management Policy and Strategy

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

Yoichi Erikawa



Mid-Term Management Plan (FY2018-FY2020)



- Aim to achieve sales of 51 billion yens, operating profit of 17 billion yens, and ordinary profit of 21 billion yens in FY2020 through:
 - a Console title with sales of 5 million copies
 - a Mobile title which generates monthly sales of 1 billion yens
- Aim to grow at annual growth rate of 10% on average in 3 years.



Management Policy FY2020

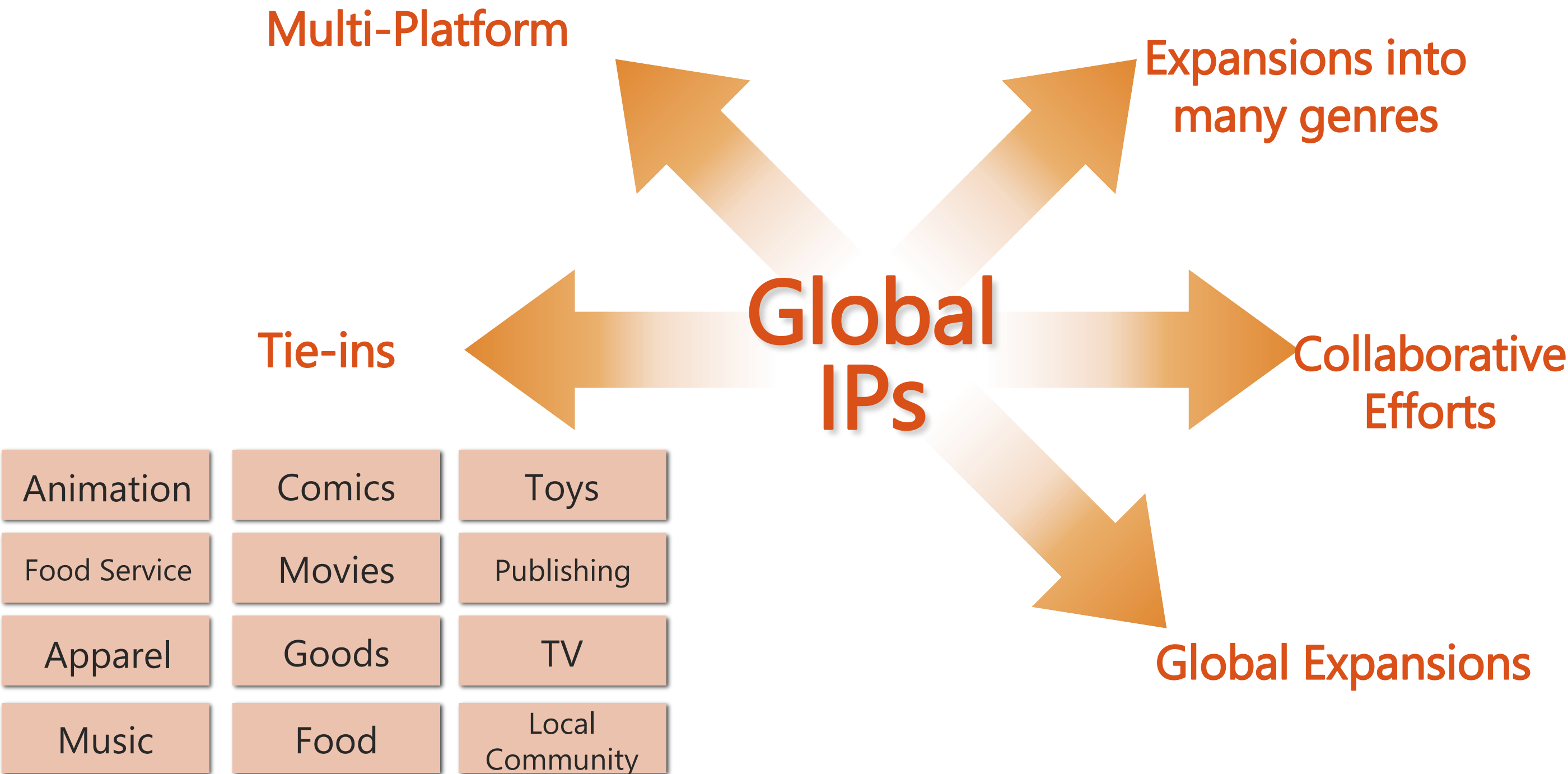


1. Create and develop global IPs
2. Effectively expand global business

Minato-mirai Office
(scheduled to be
completed in Jan. 2020)



Create and develop global IPs



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
- effective and efficient multi-platform strategy

Power of Project Management

- Thorough control of quality, delivery dates, and costs as a corporate culture ("Producers are managers")
- Collaboration strategy: strong alliance with business partners

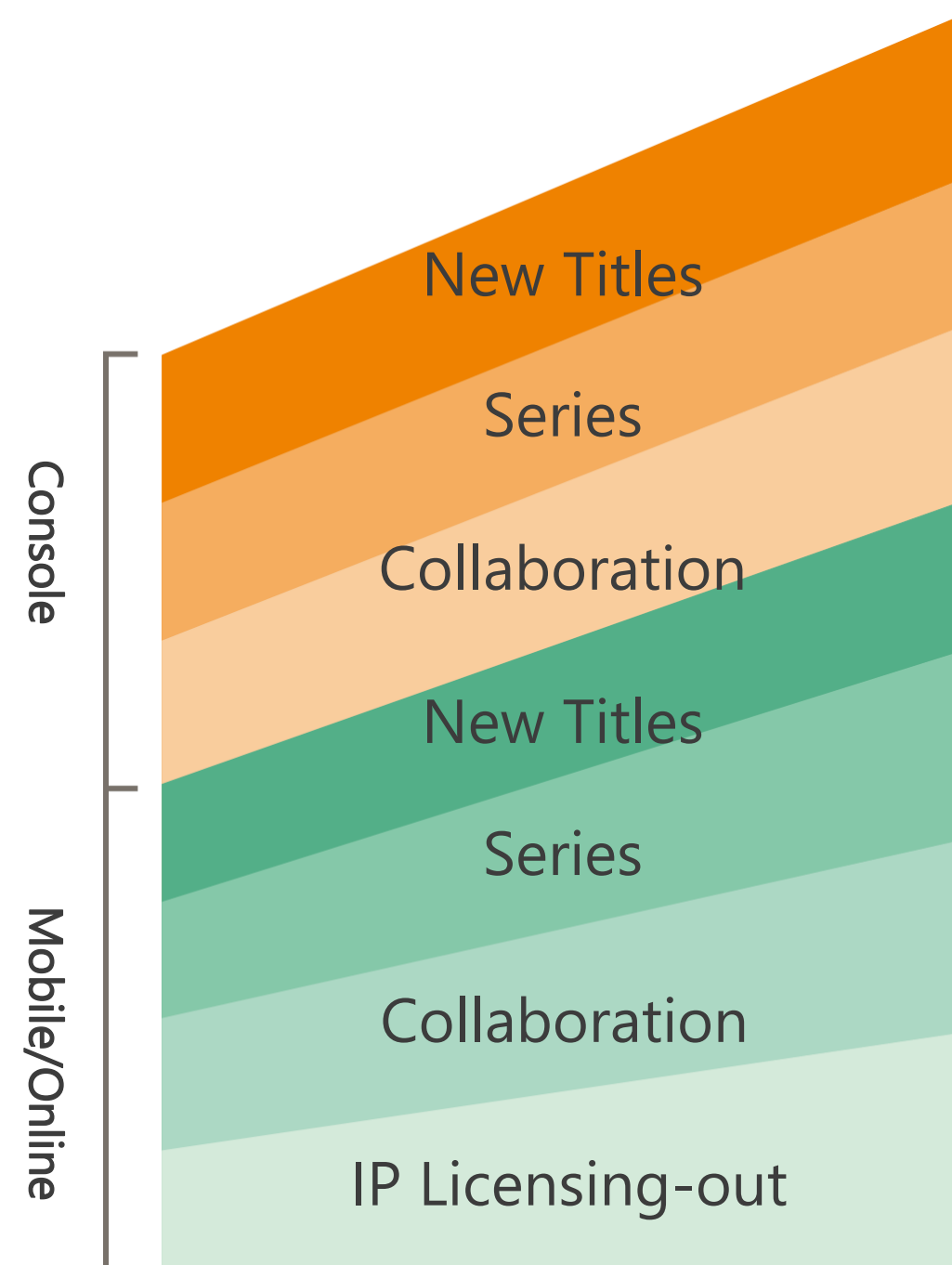
Recent Examples

- 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 control of quality, delivery dates, and costs → further expansion of our collaboration strategy
- Successfully managing 3-year development plan → Enabling development of big titles

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
 - *New Romance of the Three kingdoms*, *Three Kingdoms: Senryaku-ban*



Future Business Deployment

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



Hisashi Koinuma

Review on the First Half of 2019



Overview

- Steadily progressing toward the achievement of the targets for the Mid-term Management Plan
- Although some titles in the first half did not meet the target, no influence to the full-year plan

Console

- Strong sales for *Atelier Ryza: Ever Darkness & the Secret Hideout*
- Titles we took part as the developer are receiving high scores on *Metacritic*

Fire Emblem: Three Houses. 89/100

Dragon Quest Builders 2. PlayStation(R)4 version 86/100, Nintendo Switch™ version 85/100

- Some titles in the first half did not meet the target

Online/Mobile

- IP Licensing-out: *New Romance of the Three Kingdoms* continues to be going strong
The Three Kingdoms: Senryaku-ban saw a good start
- Release for some titles were delayed

Others

- eSports: *Dead or Alive 6* World Championship

Title Lineup (Console)



PlayStation(R)4/Nintendo Switch™
Warriors Orochi 4 Ultimate
Dec 19 2020 on sale (in Japan)



PlayStation(R)4/Windows(R)(Steam(R))
Romance of the Three Kingdoms XIV
Jan 16 2020 on Sale (in Japan)



PS4
Nioh 2
Early 2020



PlayStation(R)4/Nintendo
Switch™/Windows(R)(Steam(R))
FAIRY TAIL
2020

- **Warriors Orochi 4 Ultimate**
 - Upgraded version of *Warriors Orochi 4* launched and sold more than 700K copies last year
- **Romance of the Three Kingdoms XIV**
 - The latest addition to the series of our simulation game which reenacts the Romance of the Three Kingdoms as a compilation of human dramas
- **Nioh 2**
 - A sequel to *Nioh* the “Sengoku Masocore” game which sold more than 2,750K copies
- **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.

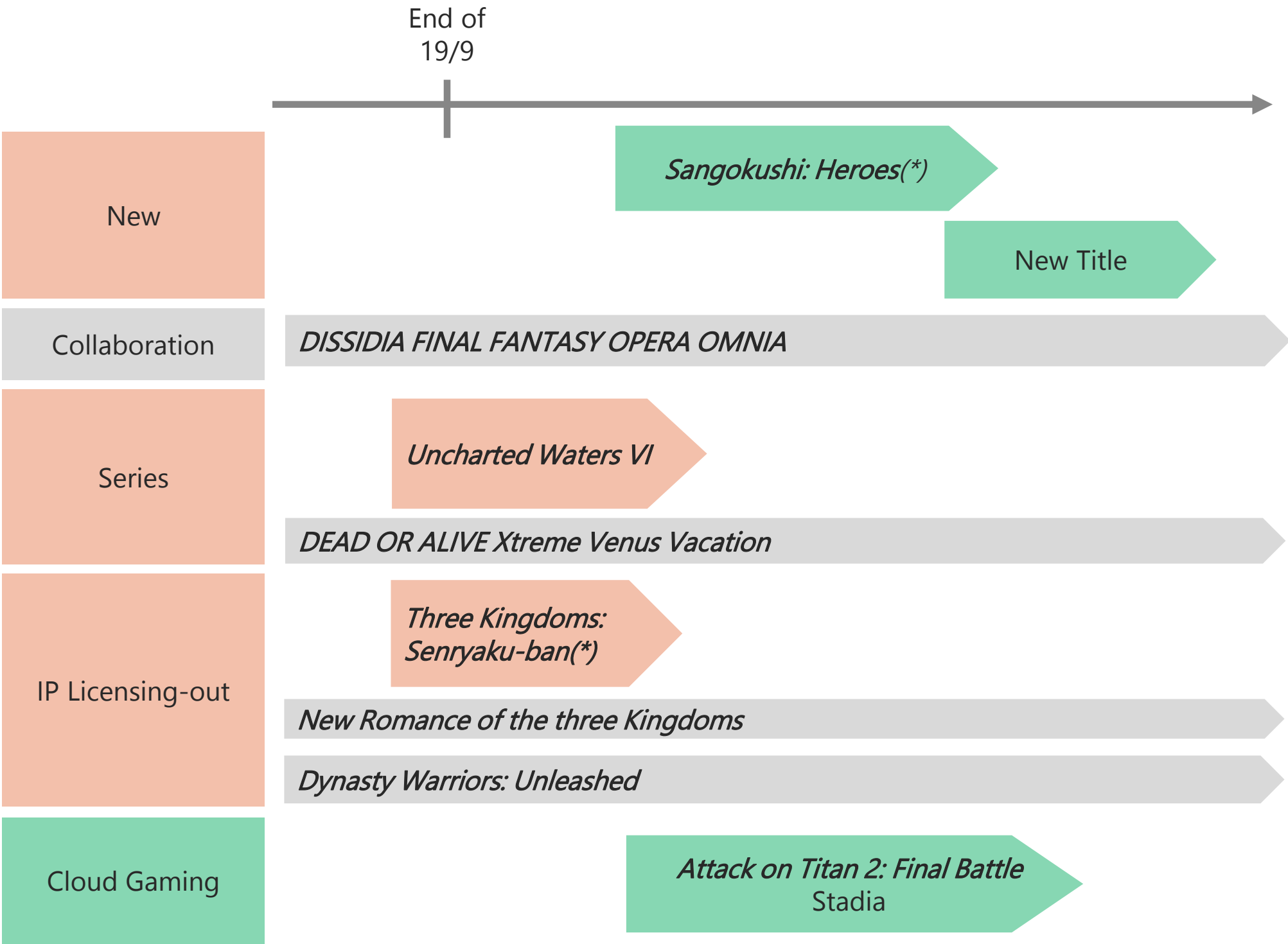
Title Lineup (Console)



PlayStation(R)4/Nintendo Switch™
Persona 5 Scramble: the Phantom Strikers
Feb 20 2020 on sale (in Japan)

- Persona 5 Scramble: The Phantom Strikers
 - Atlus and Koei Tecmo Games are teaming up to bring the first action RPG game ever in the Persona series
 - Schedule to launch on Feb 20 2020! (in Japan)

Title Lineup (Online/Mobile/Cloud)



iOS/Android
Sangokushi: Heroes(*)
 Scheduled to be released in Fall 2019

- Forming a capital & business alliance with HEROZ (known for AI development) to develop the title



STADIA
Attack on Titan 2: Final Battle
 Scheduled to be released on Nov 19 2019 (in Europe/North America)

- One of the launch titles for Google™ Stadia in Europe/North America.

New title

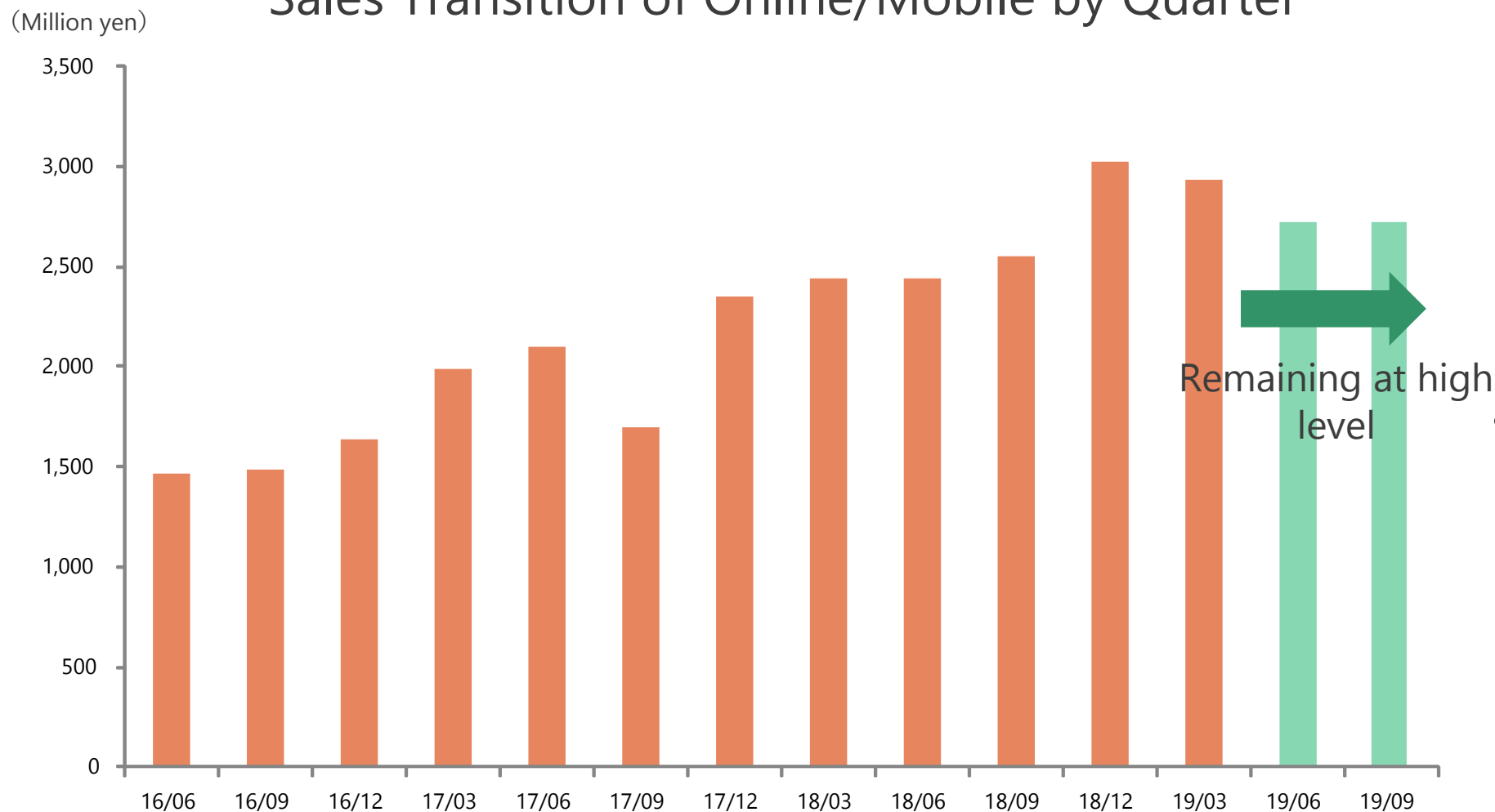
iOS/Android

(*)English titles are tentative

Title Lineup (Online/Mobile/Cloud)



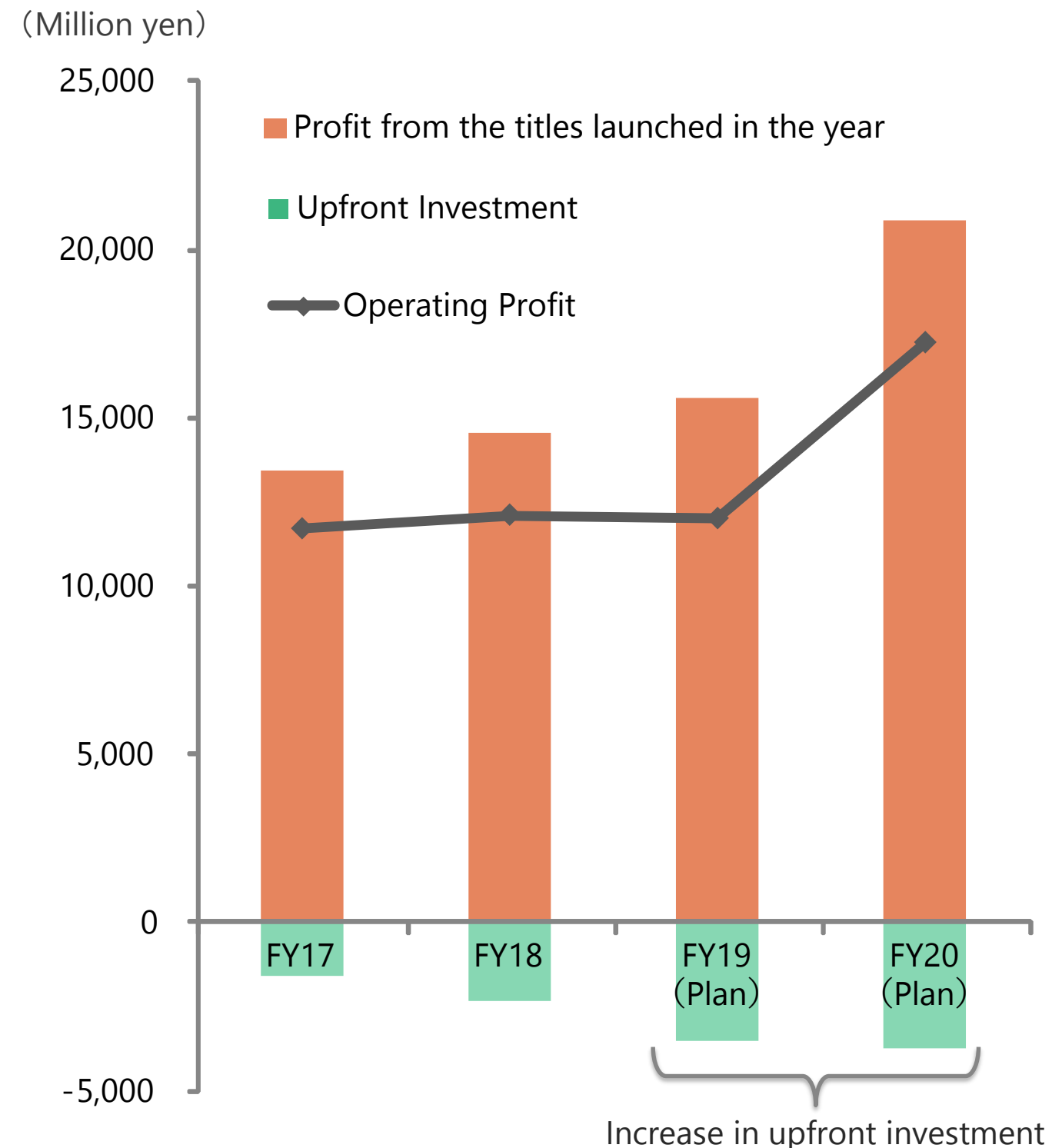
Sales Transition of Online/Mobile by Quarter



- Sales for Online/Mobile for the first half of this year had remained steady on QoQ basis, though have increased comparing to last year. Royalty income from *New Romance of the Three Kingdoms* has continued to be going strong.
- For the second half of this year we are expecting additional sales from *Uncharted Waters VI* (Our own IP), IP Licensing-out *Three Kingdoms: Senryaku-ban* and a new title planned to be released.

大航海時代VI

The Effect of Upfront Investment



- First of all: we record our costs on accrual basis
 - No recording as WIP on BS
- Increase in upfront investment
 - Upfront investment* has increased as our titles are getting bigger
- FY2019 takes its position as the preparation year for FY2020.
 - Upfront investments for a Console title with sales of 5 million copies and a Mobile title which generates monthly sales of 1 billion yens
 - Plan to launch/release in FY2020 and record profits
- Aim to grow at annual growth rate of 10% on average in 3 years.
 - Control over product portfolio with good balance → allocation of titles in variety of size
 - Realizing periodic profit and long-term growth

*Development costs for those projects incurring costs in this year but scheduled to launch in next or later year.

Progress of Mid-Term Plan



Console title with sales of 5 million

- Development is in good progress
 - AAA title targeting the global market
 - Oriental worldview as Koei Tecmo is well- known for
 - Games full of originality making the best use of each brand's unique characteristics
-

Mobile title which generates monthly sales of 1 billion yens

- A new title is scheduled to be released in the second half of this year
 - Learn from our successful experiences in IP licensing-out and titles developed/operated by ourselves
 - Midas Brand → aim to release titles within this fiscal year
-

Reevaluation on the roles of our global offices

- Increasing the number of globally operating titles by our overseas development subsidiaries
(Have released *DEAD OR ALIVE Xtreme Venus Vacation* in Asia)
 - Developing new markets in Asia
-

Full-scale entry into Chinese market

- Continuing to discussions with our business partners
- Expanding IP Licensing-out



KOEI TECMO HOLDINGS CO., LTD.

This document contains statements regarding future objectives, beliefs and current expectations of KOEI TECMO HOLDINGS CO., LTD. with respect to its financial results. Such statements imply risks and uncertainties and no guarantee of future performance.

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