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Financial Results for the Q3 of the Fiscal Year Ending March 2025

KOEI TECMO HOLDINGS CO., LTD.

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1. Financial Results and Forecast

Agenda

1. Financial Results and Forecast

- Consolidated performance
- Expense
- Performance by segment
- Forecast

2. Business Highlight

3. FAQ

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Thank you very much for taking the time to join us today for our earnings presentation.

I would like to provide an overview of the financial results and forecast for the third quarter of the fiscal year ending March 2025.

Consolidated Performance- YoY

(Million Yen)

| | FY23 Q3 YTD | | FY24 Q3 YTD | | Vs Previous Year | |
|------------------|-------------|--------------|-------------|--------------|------------------|----------------|
| | Amount | Profit Ratio | Amount | Profit Ratio | Amount | Percent Change |
| Sales | 61,136 | - | 52,570 | - | (8,566) | -14.0% |
| Operating Profit | 20,316 | 33.2% | 15,075 | 28.7% | (5,241) | -25.8% |
| Ordinary Profit | 33,825 | 55.3% | 33,144 | 63.0% | (681) | -2.0% |
| Net Profit | 24,283 | 39.7% | 25,161 | 47.9% | 878 | 3.6% |

Sales (Console/PC):

Compared to three new titles in the previous fiscal year, there are two new titles this fiscal year.

Sales (Mobile):

The previous fiscal year saw significant contributions from new titles, while this fiscal year focuses on existing titles.

Expenses:

Decreased outsourcing processing costs and advertising expenses (positive impact on profit).

Increased personnel costs and reduced development cost burden from partners (negative impact on profit).

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The consolidated performance for the cumulative third quarter are as outlined.

During this period, we released two new titles in the console and PC sector. In the online mobile sector, our performance was primarily driven by existing titles.

Compared to the previous year, when we launched three new titles and benefited from three new mobile releases, this fiscal year focused more on existing titles, resulting in a decrease in both revenue and profit.

Expenses YoY

| | | FY23 | FY24 | Change | (million yen/person)
vs Initial forecast [1] |
|--------------------------|------|--------|--------|---------|---|
| | | Q3 YTD | Q3 YTD | | |
| Employment Costs | COGs | 14,020 | 14,500 | 480 | — |
| | SGA | 3,490 | 3,500 | 10 | — |
| | | 17,510 | 18,000 | 490 | Decreased |
| Outsourcing Costs | COGs | 6,080 | 4,660 | (1,420) | Decreased |
| Advertizing Costs | SGA | 3,490 | 2,060 | (1,430) | Decreased |
| Headcount ^[2] | | 2,545 | 2,713 | 168 | Generally as Expected |

- Development cost burden by partners (COGs) ^[3]: decreased YoY and QoQ
- Sales commissions and royalty expenses (SG&A) decreased both YoY and QoQ. ^[4]

[1] For the initial cost outlook, please refer to the supplementary materials (p.30).

[2] Number of employees: On a consolidated basis, excluding temporary workers.

[3] Development cost burden by partners is recorded as a reduction in the cost of sales. The recorded amount, titles, and contract terms with partners are not disclosed.

[4] Comparison of the total sales commissions and royalty expenses with the previous year and the previous quarter.

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I will explain the main expenses and headcount

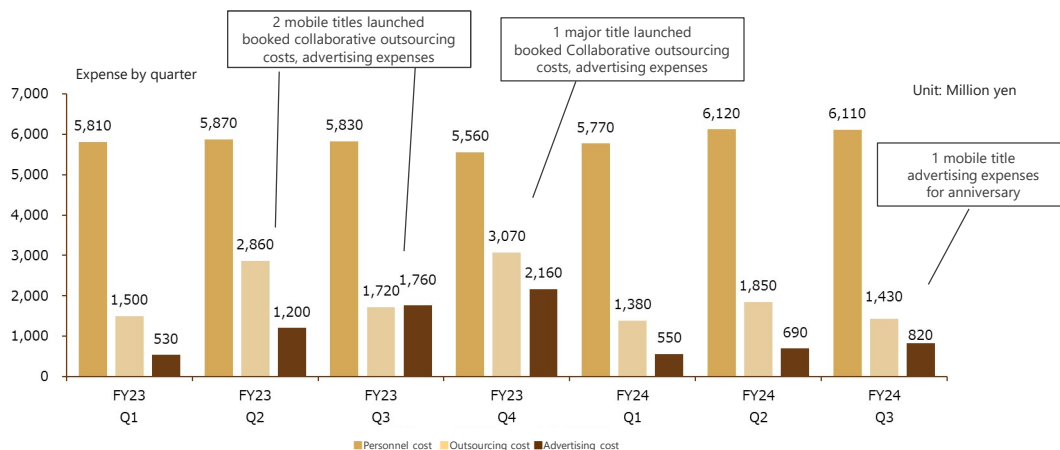
Personnel expenses increased compared to the previous year due to recruitment and salary raises.

Outsourcing costs decreased as a reaction to the one-time expenses related to collaboration recorded in the previous fiscal year.

Advertising expenses decreased compared to the previous year, which saw a concentration of advertising costs related to the distribution of mobile titles.

Transition of expense

- No change in trends
- In FY 24, expenses, particularly personnel costs, remain at a lower level than initial forecast



Personnel Expenses: Includes salaries and bonuses. Actively implementing base pay increases and raises, with variations based on the previous year's performance.
Outsourcing Costs: Includes development costs for future titles, collaboration-related expenses, server costs, and debugging costs.
Advertising and Promotion Expenses: For the console and PC sectors, these occur around the time of release. In the online and mobile sectors, they are recorded on an ongoing basis, with a focus during launch and anniversary periods.

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The trends in expenses are detailed on page 5.

Regarding investment in personnel, there has been no significant change in the trend, and we continue with proactive recruitment and base salary increases.

Personnel expenses are expected to increase at a rate of approximately 10% annually. However, this year's increase was moderated due to the previous year's performance.

Outsourcing processing costs include development expenses for future titles, server costs, and debugging expenses, and these are gradually increasing on an annual basis.

Advertising expenses primarily account for the costs associated with titles in the entertainment business. These expenses tend to concentrate around the launch of titles, with a particularly noticeable trend in mobile.

Performance By Segment

| | | (Million Yen) | | | |
|-------------------------|------------------|----------------|----------------|---------|---|
| | | FY23
Q3 YTD | FY24
Q3 YTD | Change | Factors for Change |
| Entertainment | Sales | 57,393 | 48,794 | (8,599) | Decrease in sales from Console/PC and Online/Mobile |
| | Operating Profit | 20,077 | 14,867 | (5,210) | |
| Amusement | Sales | 2,910 | 3,103 | 193 | For AM facility business, one new store contributed and existing stores performance good. |
| | Operating Profit | 485 | 377 | (108) | |
| Real Estate | Sales | 902 | 938 | 36 | Decrease in costs |
| | Operating Profit | 102 | 228 | 126 | |
| Others | Sales | 243 | 227 | (16) | - |
| | Operating Profit | (349) | (397) | (48) | |
| Corporate & Elimination | Sales | (312) | (494) | (182) | - |
| | Operating Profit | - | - | - | |
| Total | Sales | 61,136 | 52,570 | (8,566) | - |
| | Operating Profit | 20,316 | 15,075 | (5,241) | |

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The sales and operating profit by segment are as follows:

For the Entertainment segment, the details are as explained in the consolidated performance section.

In the Amusement segment, although there was a decrease in development contract sales in the SP business, the amusement facility business benefited from new store contributions and strong sales at existing stores.

The Real Estate segment saw an increase in profit due to a reduction in expenses for existing properties.

In the Other segment, the venture capital business recorded management fees for the invested funds.

FY2024 Initial Forecast

Initial forecast remains no change

| | YTD Results | | Full Year Forecast | | (Million Yen) |
|-------------------------|-------------|-------|--------------------|-------|---------------|
| | Amount | Ratio | Amount | Ratio | Progress |
| Sales | 52,570 | - | 90,000 | - | 58.4% |
| Operating Profit | 15,075 | 28.7% | 30,000 | 33.3% | 50.3% |
| Ordinary Profit | 33,144 | 63.0% | 40,000 | 44.4% | 82.9% |
| Net Profit | 25,161 | 47.9% | 30,000 | 33.3% | 83.9% |

Details of the initial performance forecast are reiterated in the supplementary materials on pages 26 to 30

Premise

- The contribution from titles in fiscal years 2022 and 2023 is assessed conservatively.
- Licensing royalties are planned at a conservative level compared to the previous year.
- All upcoming titles, including those not yet announced, are accounted for.

Variable Factors

- Sales volumes of new releases and revenue from mobile titles.

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Let me explain our performance forecast.

There are no changes to the full-year performance forecast and its assumptions.

The performance drivers for fiscal year 2024 are the sales volume of new releases in the console and PC sectors, as well as the revenue from our own mobile titles.

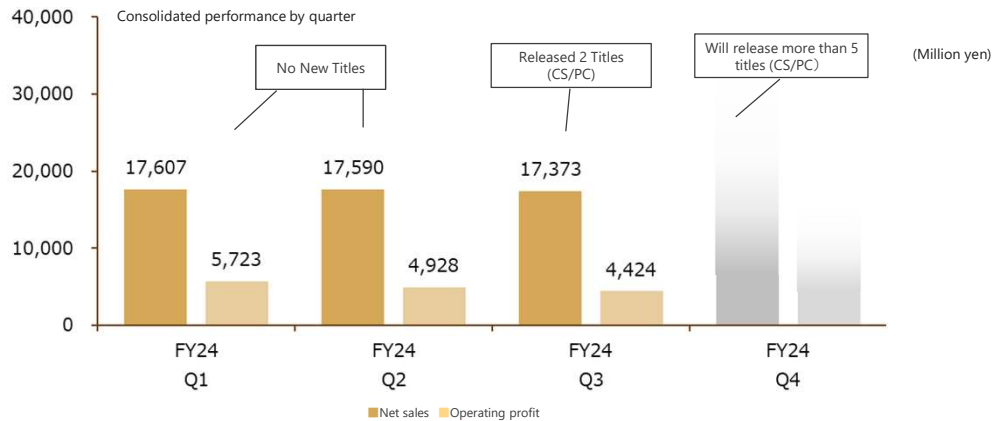
We have adopted a conservative approach to our expense planning. Although expenses have decreased compared to the plan in the cumulative third quarter, achieving the performance forecast depends on the success of the new releases.

Trend in Q4

Concentration of new titles' launches in Q4

Sales: More than five titles will be released on console and PC (including one major title).
 There are no significant events planned for mobile.

Expenses: Fixed costs are not expected to have significant fluctuations. Advertising expenses related to new product launches are planned.
 Currently, there are no major risks anticipated, such as unexpected expense recognition.



Q4 is purely illustrative and does not imply any figures differing from the performance forecast.

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In the fourth quarter, we are concentrating on the release of more than five new titles. Among these, one is a major title aiming to sell over one million copies within the fiscal year.

We anticipate an increase in advertising expenses related to the planned new product launches. However, we do not foresee any significant fluctuations in fixed costs or unexpected expenses.

We will continue to work as a unified company to achieve results that exceed our initial forecasts.

This concludes our overview of the financial results.

2. Business Highlight

Agenda

1. Financial Results and Forecast
- 2. Business Highlight**
 - Breakdown of Entertainment Business Sales
 - Console & PC
 - Online & Mobile
 - Pipeline
3. FAQ

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I will provide an overview of the business highlights.

Entertainment Seg. Breakdown of Sales

| | | (Million Yen) | | |
|--|------------------------|---------------|---------------|----------------|
| | | FY23 | FY24 | |
| | | Q3 YTD | Q3 YTD | Change |
| Console/PC ^[1] | Package ^[2] | 8,463 | 8,704 | 241 |
| | DL ^[2] | 10,060 | 9,800 | (260) |
| | DLC ^[3] | 1,990 | 1,420 | (570) |
| | | 20,513 | 19,924 | (589) |
| Online/Mobile | Online | 430 | 300 | (130) |
| | Mobile ^[3] | 35,850 | 28,070 | (7,780) |
| | | 36,280 | 28,370 | (7,910) |
| Events & Goods | | 600 | 500 | (100) |
| Sales for Entertainment Segment | | 57,393 | 48,794 | (8,599) |

[1] Includes in-house titles as well as collaboration and co-developed titles. Titles published by other companies, recorded as royalties, are also aggregated by product type.
 [2] In addition to physical package sales, this includes royalties from distribution licenses, development fees, and contract payments. The breakdown and changes in amounts are not disclosed.
 [3] Includes royalty revenue from licensed titles of ongoing IPs. The amount and ratio of IP licensing revenue are not disclosed.

(Supplementary Information regarding accounting policy)

- Gross basis: Physical packages in the Console & PC sector, and in-house publishing titles in the Online & Mobile sector.

- Net basis: Downloads and DLC in the Console & PC sector, licensing royalties in the Online & Mobile sector, and royalties from titles published by other companies in both sectors

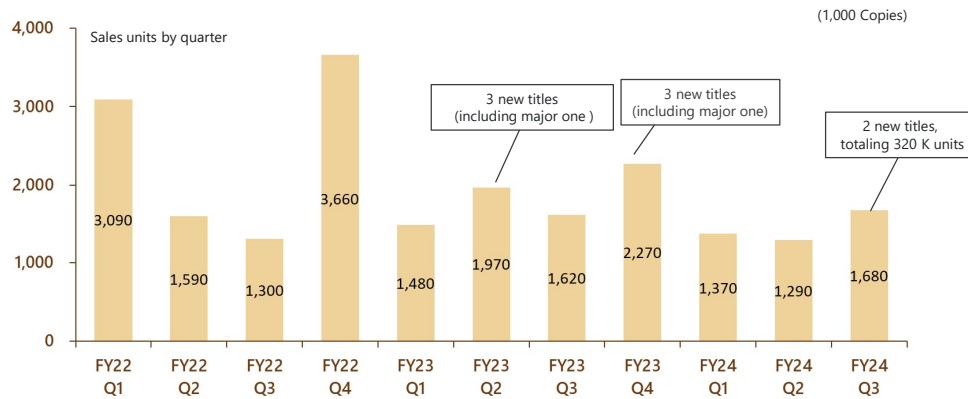
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The breakdown of sales in the Entertainment segment is as follows.

Both the console/PC sector and the online mobile sector experienced a decline compared to the previous year due to the impact of new releases.

Console/PC –Transition of Sales Units

- 2 new titles launched in Q3
- The back catalog remains stable



About the download ratio and sales volume by region, see the data set disclosed separately

Note: The unit sales of collaboration and co-developed titles is not disclosed.

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Let me explain the sales volume in the console/PC sector.

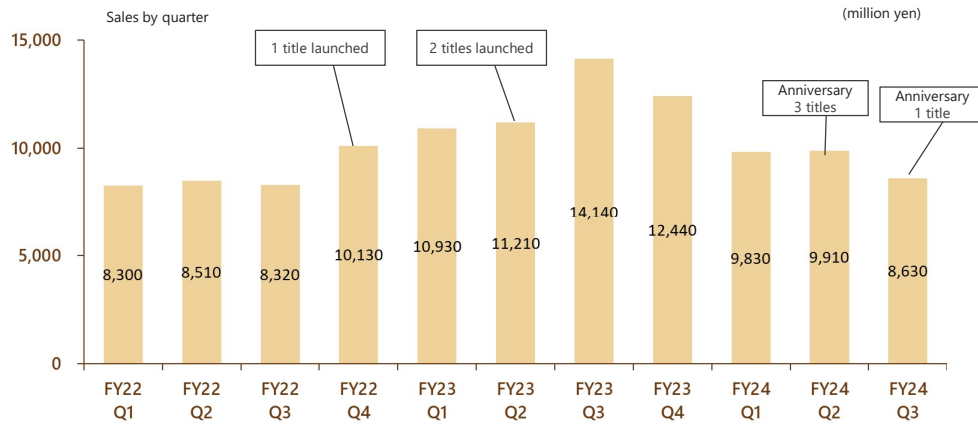
In the third quarter, we sold 1.68 million units, bringing the cumulative total to 4.34 million units.

The sales volume of newly released titles reached a total of 320,000 units, which was below our expectations.

However, the back catalog titles performed steadily.

Online/Mobile –Transition of Sales

- Titles with anniversary in Q2 saw a decrease to Q3.
- Licensing royalties remained stable overall



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Here is the sales trend for the online mobile sector.

In the third quarter, sales decreased compared to the second quarter.

While "Nobunaga's Ambition: Hadou" saw an increase in sales due to its second-anniversary initiatives, other titles experienced a decline following the initiatives in the second quarter.

Licensed titles did not show significant overall fluctuations.

Pipeline

| Segment | Title/Platform | Sales unit | Launch | Region | Publisher | Publisher |
|---------------|---|--------------|--------------------------|------------|--|--|
| Console | ROMANCE OF THE THREE KINGDOMS 8 REMAKE | 200 K Copies | Oct.2024 | Global | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | | | |
| PC | FAIRY TAIL 2 | 120 K Copies | Dec.2024 | Global | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | | | |
| | DYNASTY WARRIORS: ORIGINS | - | Jan.2025 | Global | KOEI TECMO GAMES | KOEI TECMO GAMES
(Mid. east Asia and north Africa: Manga Productions) |
| | PlayStation®5/Xbox Series X S/Windows(Steam) | | | | | |
| | NINJA GAIDEN 2 Black | - | Jan.2025 | Global | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/Xbox Series X S/Xbox Game Pass/Windows(MS Store, Steam) | | | | | |
| | Venus Vacation PRISM - DEAD OR ALIVE Xtreme - | - | Early 2025 | Japan/Asia | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Windows(DMM GAMES, Steam) | | | | | |
| | Atelier Yumia: The Alchemist of Memories & the Envisioned Land | - | Mar.2025 | Global | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | | | |
| | Winning Post 10 2025 | - | Mar.2025 | Japan | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | | | |
| | Atelier Resleriana: The Red Alchemist & the White Guardian | - | 2025 | Japan | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Windows(Steam) | | | | | |
| | NINJA GAIDEN: Ragebound (IP License) | - | 2025 summer | Global | The Game Kitchen | Dotemu |
| | PlayStation®5/PlayStation®4/Nintendo Switch™/Xbox SeriesX S/Xbox one/Windows(Steam) | | | | | |
| | NINJA GAIDEN 4 | - | 2025 autumn | Global | PlatinumGames
KOEI TECMO GAMES | Xbox Game Studios |
| | Xbox Series X S/Xbox Game Pass/Windows(MS Store, Steam)/PlayStation®5 | | | | | |
| Online mobile | Kingdom: Hadou | - | TBD
(CBTest:Jan,2025) | Japan | Bandai Namco Entertainment
KOEI TECMO GAMES
(Co-development) | Bandai Namco Entertainment |
| | iOS/Android | | | | | |
| | Unchrted Waters Densetsu (IP License) | - | Jan.2025 | Asia | TERAFUN GAMES | Cayenne Entertainment
Technology |
| | iOS/Android | | | | | |
| Other | Three Kingdoms HEROES | - | Jan.2025 | Global | KOEI TECMO GAMES | KOEI TECMO GAMES |
| | Apple Arcade | | | | | |

Note: Including title without an English name not decided

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The pipeline is as outlined.

In fiscal year 2024, we plan to release over five titles in the fourth quarter, with the major title "Dynasty Warriors: ORIGINS" at the forefront. In addition to the listed titles, we also plan to release unannounced titles within the fiscal year.

Pipeline – FY2024 Flagship title

“Dynasty Warriors ORIGINS”

Released on January 17, 2025, with Digital Deluxe early access

Starting with Metacritic score of 80 (highest in the series), “Overwhelmingly Positive” on Steam.

Context

Return to Origins and Renewal

- Reconstructing the unique gameplay of the series with current-generation technology
- Game design focused on the global market and new users

Language

EFIGS, Japanese, Chinese (Traditional and Simplified), Korean, Arabic

Arabic (planned for future release): Manga Productions will handle localization and publishing

Development

OMEGA FORCE

- Producer: Sho (Head of the ω-Force brand, worked on the “Dynasty Warriors” series and various collaborations)
- Director: Sekiguchi (Responsible for story and RPG elements, worked on the “Dynasty Warriors” and “Toukiden” series, as well as collaborations)
- Director: Oshima (Responsible for battle and action elements, worked on the “Toukiden” series and collaborations; this is his first role as a director)

For your reference: “Dynasty Warriors 8” initial sales of 730,000 copies (released in March 2018), “Dynasty Warriors ORIGINS” demo surpassing 1.3 million downloads(As of end of Dec.24)

Approach to the Challenges: Improvement of KATANA ENGINE graphic technology, optimization for the PC version, etc.

Note: Results and progress related to the ‘Challenges Identified’ disclosed in October for this title (reiterated in supplementary material p.46)

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We released our flagship title for fiscal year 2024, “Dynasty Warriors: ORIGINS,” in January. We aim to achieve one million sales within the fiscal year.

While the sales figures will be disclosed in the full-year financial results, the game has started with the highest Metascore in the series and “Overwhelmingly Positive” reviews on Steam. Additionally, the demo version has surpassed 2 million downloads as of today.

This title was developed with a focus on returning to the roots and revitalizing tactical action. We aimed for a global hit by designing content that is easy to understand for new users unfamiliar with “Romance of the Three Kingdoms.”

The development was handled by the Omega Force brand. The project was led by producers and directors who have worked on a wide range of titles, including the “Dynasty Warriors” series and collaboration projects.

In addressing challenges, we have successfully improved evaluations of graphic technology using the Katana Engine and the comfort of the PC version with this title.

We will continue to focus on achieving sales numbers that exceed expectations.

3.FAQ

Agenda

1. Financial Results and Forecast
2. Business Highlight

3. FAQ

- Awareness of challenges
- Outlook for the next fiscal year and beyond
- Policy for the entertainment business
- Return policy and cash allocation
- Efforts to maintain listing on the Prime Market

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From this point forward, I will address some of the frequently asked questions from our investors by organizing and reiterating the information we have disclosed so far.

Recognition of Challenges

Focus on improving the quality of titles. Establish system over the long term.

**Intent
of
3rd MTP**

Aim to increase sales and expand operating profit by major titles

- Expand investment based on successful cases and challenge higher sales (units and monthly revenue)
- Medium-term targets and performance forecasts assume a certain level of contribution from each title.
For those with significant risks, implement risk hedging measures for each title

**Progress
or
Results**

Operating Profit: FY23 28.4 billion yen, FY24 30 billion yen as forecast

Operating Profit { Sales: Fell short of expectations, primarily for major titles, impacting performance in the release year and beyond.
Expenses: Company-wide fixed costs were generally as expected, but there was upward trend on costs at the title level

**Challenge
Awareness**

Title Quality, Marketing, and Publishing

- (Ongoing) while controlling costs for each title, focus on improving quality to increase sales
- (Long-term) Advance the establishment of an in-house marketing and publishing framework.
→ Expanding development capacity and improving production efficiency are foundational.

"Quality" means Level of detail and graphics, low number of bugs, and level of optimization etc.

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Let me explain our recognition of challenges based on the results from fiscal years 2022 and 2023.

In our third mid-term plan, we aimed for growth by actively taking on large-scale titles in both the console and mobile sectors. While taking on these challenges, we also implemented risk hedging through the use of successful know-how and collaborations.

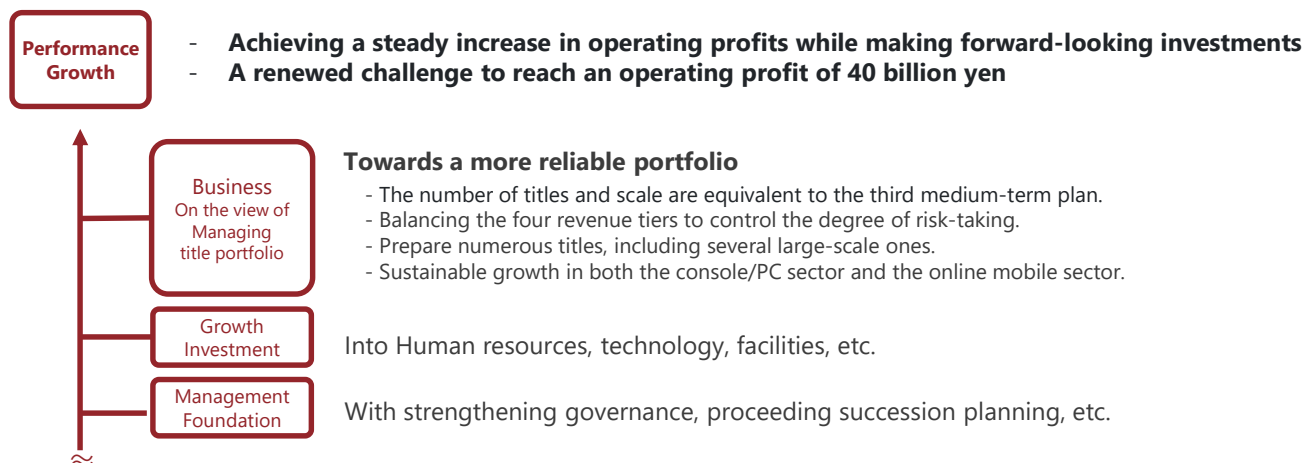
Although we aimed to achieve our performance targets by building up these titles, factors such as not meeting quality expectations impacted sales, resulting in operating profit falling short of our goals.

Through these challenges, we have clarified our issues. We need to focus on improving the quality of our titles while controlling costs to ensure sufficient sales. Additionally, we must advance the development of our marketing and publishing systems. Strengthening our development framework and improving production efficiency are essential as the foundation for these efforts.

By overcoming these challenges, we are committed to enhancing the quality of our titles and achieving further growth.

Outlook for the Next year to Medium Term

**To achieve stable and sustainable growth,
we will comprehensively strengthen our structure with a focus on our core business**



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Let me explain our outlook for Next year to Medium term.

Regarding performance, we aim to increase operating profit each year while making upfront investments. We also plan to reattempt achieving the 40 billion yen operating profit target set in our third mid-term plan.

To achieve this, we are developing a title portfolio with a higher degree of certainty. Our strategy is to release a variety of titles of different scales and types to maintain overall balance while positioning titles that aim for major hits.

By improving the quality of individual titles, we aim to achieve our sales targets. Through these efforts, we seek growth in both the console/PC and online mobile sectors.

Beyond business performance, we are committed to achieving sustainable growth through growth investments focused on human resources and strengthening our organizational structure.

Entertainment Business Policy



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In the Entertainment business, our basic policy is to address challenges such as expanding our development framework and improving title quality, as outlined.

In the console/PC sector, we are working on developing many new titles. Recently, we announced the expansion of the "NINJA GAIDEN" series.

"NINJA GAIDEN 2 Black," released in January, is a remastered title utilizing the Unreal Engine.

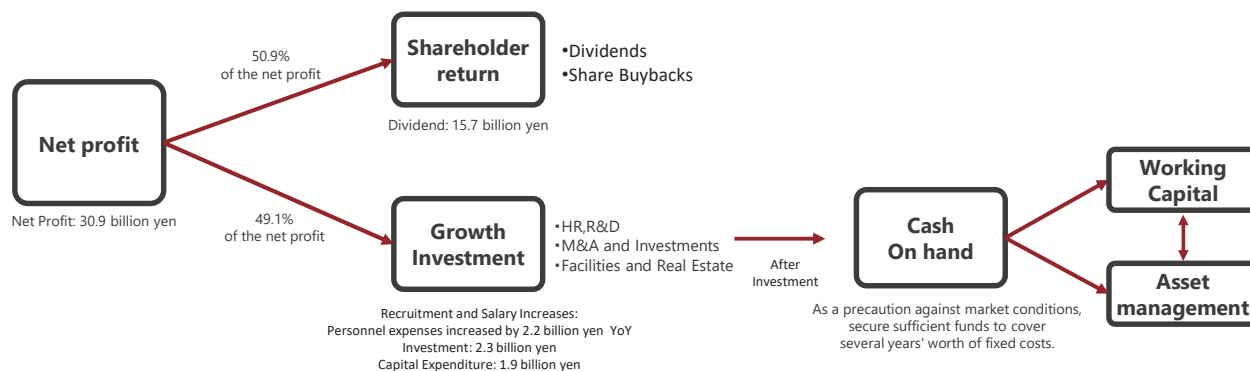
In the online mobile sector, we are developing a new title, "Kingdom: Hadou," leveraging the know-how from the "Hadou" series.

We are also working on extending the lifespan of existing titles.

Policy for Shareholder Return and Cash Allocation

Basic Policy

A consolidated annual total payout ratio of 50%, including dividends and share buybacks, or an annual dividend of 50 yen per share.



Note:
 -The amounts shown in the diagram are based on the net profit for the fiscal year 2022 and represent the actual figures for the fiscal year 2023 (disclosed figures).
 -For information on the management policy, please refer to the materials from the fiscal year 2024 financial results briefing (reposted on supplementary material p.47).

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I will explain our return policy and cash allocation.

Our return policy is to maintain a consolidated annual total payout ratio of 50%, which includes dividends and share buybacks, or an annual dividend of 50 yen per share.

In terms of cash flow, we allocate approximately half of our net profit to returns and the other half to growth investments in our core business. After making growth investments, the remaining funds are kept as cash on hand.

We recognize that holding ample cash is increasingly important each year to prepare for changes in the environment, such as the uncertainty of the gaming market and the lengthening of development periods. We aim to secure several years' worth of fixed costs as cash on hand.

Any surplus funds after covering working capital are managed through investments in securities and other assets. We conduct agile asset management with a focus on sustainability and soundness.

The income generated from these investments is redistributed to shareholders and allocated to growth investments.

We will continue to strive to enhance corporate value and ensure stable dividends for our shareholders.

Efforts to Maintain Listing on the Tokyo Stock Exchange Prime Market

Implement measures to comply with the listing standards of the Prime Market.



The convertible bond scheme will end in December 2024.
- Since the conversion price was not met, the bonds were fully redeemed in cash (using available funds).



Implement measures to comply with Prime Market listing standards by March 2026.
- Measures are needed within the improvement period to achieve a 35% ratio of shares in circulation.
- The method and timing are under consideration (not disclosed at this time).

For details, please refer to the timely disclosure on December 20, titled "Progress and Changes in the Plan Period for Compliance with Listing Maintenance Standards."
https://www.koeitecmo.co.jp/ir/docs/ir6_20241209.pdf

For reference:
Tokyo Stock Exchange Listing Maintenance Standards Transitional Measures - Improvement period until March 2026
<https://www.jpx.co.jp/english/listing/market-alerts/improvement-period/index.html>

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Let me explain our compliance with the listing standards of the Tokyo Stock Exchange Prime Market.

In December 2024, our convertible bonds reached maturity. As the stock price did not reach the conversion price, we opted for cash redemption, which was completed using our available funds.

Regarding compliance with the standards, as stated in the timely disclosure on December 20, we are considering measures to meet the 35% free float ratio requirement, with the planning period extending until March 2026. We will disclose the timing and details of these measures once they are decided.

We have received many inquiries from investors, and we would like to reiterate that our company is committed to taking necessary actions to maintain our listing on the Prime Market.



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Disclaimer

This document may contain forward-looking statements
Please be aware that actual performance may differ significantly from these projections due to various factors

The content of IR communications during earnings briefings and individual interviews is recorded and reported to the Board of Directors.

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This concludes our explanation of the third-quarter financial results.

Thank you very much for your attention.