

# KONAMI

## Fiscal 2020 Konami Group Interim Report

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April 1, 2019 – September 30, 2019

KONAMI HOLDINGS CORPORATION

# To Our Shareholders

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I sincerely hope that this interim report finds our shareholders in good health and happiness.

In the Japanese economy in which the Konami Group operates, corporate earnings and the employment and income environment continue to improve, while personal consumption is following a course of moderate recovery. Nonetheless, the future of the global economy remains uncertain, due in part to concerns about a worldwide economic slowdown resulting from trade friction between the United States and China, growing instability in the Middle East, and confusion caused by the Brexit impasse.

In the entertainment market, game content is expected to evolve as mobile devices and home video game consoles become increasingly advanced, and as next-generation communications systems become standardized. In addition, the field of esports, which brings the competitiveness of sports to games, is garnering more recognition and is one of the new ways through which customers are able to enjoy our content.

In the amusement arcade market, a variety of industry-wide efforts have led to a growing acknowledgment of amusement facilities as legitimate gathering places for a broad range of users, and the market is fundamentally trending toward growth. Moreover, the spread of esports has resulted in large numbers of esports tournaments being held, not only in Japan but also around the world, and players are enjoying games in a diversifying range of ways.

The gaming business saw ongoing market growth amid the global development and opening of casino facilities and integrated resorts that house casinos. Moreover, online gaming also continues to grow, particularly in Europe. We are also making efforts to revitalize the gaming business by attracting younger consumers.

In the sports market, the national government formulated Japan's second Sport Basic Plan and is promoting initiatives designed to increase the number of people who participate



in sports activities, while sports are attracting growing interest in society as a whole. Moreover, we expect further market revitalization and growth spurred by some of the world's largest sports events coming up on the horizon.

Under such circumstances, the Konami Group has responded to diversifying customer needs in an appropriate manner.

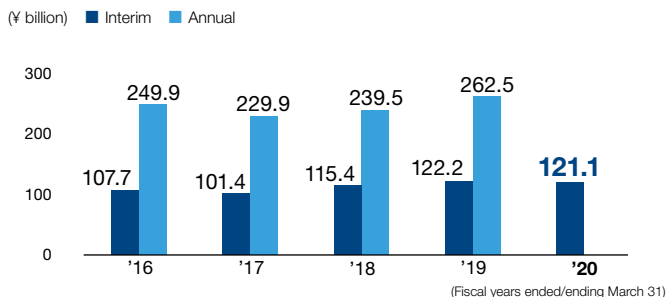
At Konami Creative Center Ginza, the Group's soon-to-be-completed business base, there will be a studio to broadcast esports tournaments, a school for cultivating esports-related human resources, and an interactive show-room. With Konami Creative Center Ginza as a base, we will strive to contribute to the development of the esports industry. As we work toward this goal, we would like to ask for the continued support of all our shareholders.

**Takuya Kozuki**  
President and Representative Director

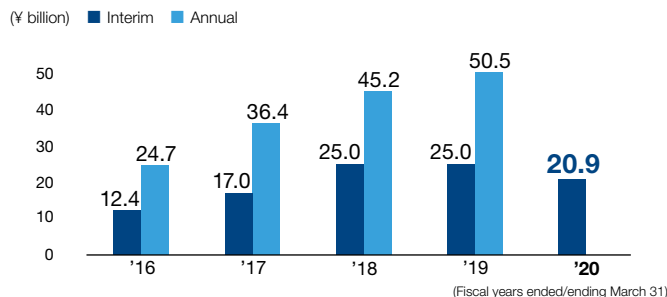
# Consolidated Financial Highlights

Note: Figures are in accordance with International Financial Reporting Standards (IFRS).

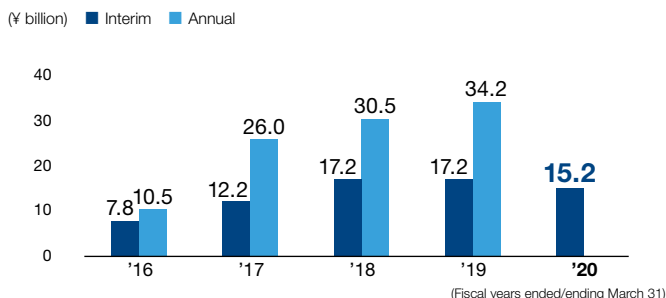
## Total Revenue



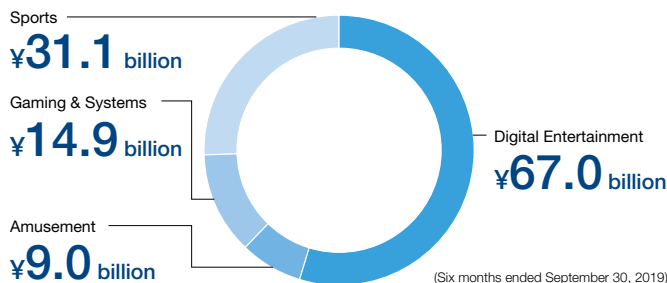
## Operating Profit



## Profit Attributable to Owners of the Parent



## Total Revenue by Business Segment



Looking at the Company's consolidated results in the six-month period ended September 30, 2019, total revenue amounted to ¥121,089 million (a year-on-year decrease of 0.9%), operating profit was ¥20,922 million (a year-on-year decrease of 16.4%), profit before income taxes was ¥20,404 million (a year-on-year decrease of 18.2%), and profit attributable to owners of the parent was ¥15,201 million (a year-on-year decrease of 11.6%).

In the Digital Entertainment Business, mobile games performed favorably in Japan and overseas, including *Yu-Gi-Oh! DUEL LINKS*, *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, and *JIKKYOU PAWAFURU PUROYAKYU*.

Meanwhile, in esports, considerable excitement was generated at the finals of the eJ.LEAGUE Winning Eleven 2019 Season, which we cohosted with the Japan Professional Football League (J.LEAGUE).

In the Amusement Business, *MAH-JONG FIGHT CLUB GRAND MASTER*, *BOMBERGIRL*, and other video games maintained steady operations. For prize

games, we began operation of *TREASURE ROAD*, a new game that uses conveyor belts.

In our Gaming & Systems Business, sales of *KX 43™*, the new upright cabinet, performed strongly, while we promoted sales of the *Concerto™* series focused on markets in North America, Asia, and Oceania. In addition, the *SYNKROS®* casino management system continued to be installed on large overseas cruise ships and at major casino operators on a steady basis.

In the Sports Business, we strengthened services designed to retain customers over the long term, including Membership Promotion Plan, which proposes optimal user methods. We also enhanced exercise schools through a variety of measures, such as the launch of a swim school offering small-group classes under the direct instruction of an employee who is a former member of the Japanese national swim team. For sports-related products, we took steps to expand and improve Konami Sports Club original products.

For more detailed financial data, please visit the KONAMI website and go to the Financial Information page.

<https://www.konami.com/ir/en/ir-data/>

## Digital Entertainment



### Introducing New Initiatives Start of 2019 Season of eBASEBALL Pro League

Nippon Professional Baseball Organization (NPB) and Konami Digital Entertainment opened the 2019 season of eBASEBALL Pro League on November 3, featuring KONAMI's baseball content *JIKKYOU PAWAFURU PUROYAKYU* series. The professional baseball esports competition title is generating considerable excitement.

The initiative, inaugurated last year, offers a new way to enjoy baseball through esports and aims to expand the sport's fan base.

The 2019 season, featuring *JIKKYOU PAWAFURU PUROYAKYU 2018*, shall decide its Japan Champion at the eNippon Series on January 25, 2020, following the ePennant Race and the eClimax Series.

eBASEBALL Pro League has increased its appeal as another form of baseball thanks to the expansion of each team's roster to four players, exhibition games between Central and Pacific League teams, and the availability of retired players for play.

Going forward, KONAMI will continue to expand and invigorate domestic esports scenes through these types of activities.

## Amusement



### Aim, Move, Drag—A Prize Machine with a New Twist Rave Reviews for *TREASURE ROAD*

KONAMI began operation of *TREASURE ROAD* in July, its first prize machine in 18 years since the release of *Hie Hie Penta: Ice Cream Catcher* in 2001. *TREASURE ROAD* has been favorably received by customers at amusement facilities across Japan.

In addition to its easy operability, which can be done with a single button, *TREASURE ROAD* is a new style of game in which players aim to get prizes placed on conveyor belts. This is done by moving the conveyor belts, rather than using a crane or arm as with conventional prize machines.

With its simple game where players only have to aim and stop the belts, and its decorative seven-colored LED illumination, *TREASURE ROAD* provides new value to the prize machine market, which is dominated by crane games. KONAMI endeavors to revitalize amusement facilities with the introduction of *TREASURE ROAD* by attracting a wide range of customers, regardless of age or gender.

Moving forward, KONAMI will continue to deliver fun and excitement to even more players by proposing new ways of playing games and developing appealing products.

## Gaming & Systems



### Introducing Innovative Gaming Technologies Featured in *Casino Journal* Exhibiting at Global Gaming Expo 2019

KONAMI introduced its latest lineup at Global Gaming Expo 2019, one of the gaming industry's largest expositions, held in Las Vegas in October of this year.

The video slot machine *KX 43*<sup>™</sup>, which features a 4K resolution monitor and slim design, and *SYNK Vision*<sup>™</sup>, the latest product for KONAMI's *SYNKROS*<sup>®</sup> casino management system with facial recognition functions, garnered considerable attention at the exposition, as did the premium product featuring *All Aboard*<sup>™</sup> and *Silent Hill* on the next-generation cabinet *Horizon 49J*<sup>™</sup>. These products were very well received by large numbers of industry figures who visited the show.

Furthermore, *KX 43*<sup>™</sup> and *SYNK Vision*<sup>™</sup> were included in the top 20 list of Most Innovative Gaming Technologies in *Casino Journal*, the well-known industry publication that has been providing information on the casino industry throughout the world for more than 30 years.

KONAMI will continue to aim to be the leading company in the industry by providing products and services tailored to diversified customer needs.

## Sports



### Guidance Provided by Instructors with Specialized Knowledge Improved Personal Programs

Starting in August, new versions of Biometrics, V-BODY, Pilates Beauty, and Beauty Hip—all personal programs in which one-on-one guidance and training are provided by instructors with specialized knowledge—have become available at Konami Sports Club, GRANCISE, and XAX facilities.\*

With its easy-to-understand, easy-to-use, and easy-to-start system, customers can select the program period and number of sessions at their own preference. Improved program content allows customers and non-monthly members to pursue their “ideal self” with the help of specialized instructors and has been well received.

This summer, we accepted the full-scale outsourcing of school swimming lessons as a method to further support the resolution of issues in individual local communities.

As an industry leader, KONAMI will continue to promote health and wellness among a wide range of people.

\* Programs vary by facility.

# Konami Creative Center Ginza: Soon to be Completed

## Overview of the On-site Multiuse esports Complex

The construction of Konami Creative Center Ginza (KCC GINZA), the new business base for the Konami Group for creating and spreading new entertainment beyond its current game production, is coming to completion.

The Konami Group's outstanding creators will be based at KCC GINZA to carry out research and development of leading-edge digital content. Moreover, centered around a studio for streaming esports tournaments, KCC GINZA will have a school for cultivating human resources in the field of esports and an interactive showroom, thereby establishing a multiuse facility that serves as a base for esports affiliates and information to come together.

The "esports GINZA studio" will be an online streaming studio equipped with devices best suited for esports. It will be used as a venue for holding tournaments and streaming to diverse video media outlets, while also being available for wide public use. By installing equipment with features that include simultaneous multilingual streaming and live footage synced with CG, the facility will not limit its use to esports but will be capable of hosting various entertainment such as music and theater.

The "esports GINZA school" will be a school for cultivating a wide range of human resources, such as players, live commentators, and tournament operation and production staff, that are necessary for the future development of esports. By leveraging the expertise it has cultivated through holding esports tournaments around the world and supporting esports players, the Konami Group will nurture professionals to be active in the business of esports.



Konami Creative Center Ginza, currently under construction

The "esports GINZA store" will be an interactive showroom specializing in esports. It will stock a broad array of related items, such as gaming PCs, peripherals, and equipment for streaming esports. Making good use of its location facing Ginza Boulevard, the store will be a space where anyone can drop in to experience the wonder of esports.



The multiuse esports complex is slated to open in early 2020. With KCC GINZA as its base, the Konami Group will continue to

deliver innovative products and services that can be enjoyed by people around the world.



esports GINZA studio



esports GINZA school



esports GINZA store

## Corporate Social Responsibility (CSR) Activities

### Konami Digital Entertainment Supporting the Festival for Social Inclusion, Organized by the Barça Foundation

Konami Digital Entertainment supported the Festival for Social Inclusion, organized by the Barça Foundation, established by the professional soccer club FC Barcelona.

KONAMI has collaborated with the Barça Foundation to establish a sports inclusion program in Japan for children with disabilities and is providing continuous support for disabled soccer.

“Social Inclusion” refers to a society in which people support each other as members of society so that everyone can lead healthy and cultured lives on equal terms and where nobody is excluded. Approximately 200 children took part in the festival, participating in various activities such as performing tasks that fostered teamwork and practice sessions using balls. The participants experienced the joy of moving their bodies, regardless of whether they are disabled or not.

Going forward, KONAMI will continue to hold these types of activities to deliver the joy of soccer to the children who will lead the next generation.



## Corporate Data (As of September 30, 2019)

Company Name	KONAMI HOLDINGS CORPORATION
Headquarters	9-7-2, Akasaka, Minato-ku, Tokyo 107-8323, Japan Tel: 81-3-5770-0573 Fax: 81-3-5412-3300
Founded	March 21, 1969
Incorporated	March 19, 1973
Paid-in Capital	¥47,398 million
Consolidated Employees	10,454 (Including temporary employees, converted at 160 hours per month)
Website	<a href="https://www.konami.com">https://www.konami.com</a>

## Stock Information (As of September 30, 2019)

Common Stock	
Authorized	450,000,000 shares
Outstanding	143,500,000 shares (Including 8,267,284 treasury shares)
Number of Shareholders	29,173

### The 10 Largest Shareholders

Shareholder	Shares (Thousands)	% of Total
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,709	18.27
Kozuki Foundation	17,100	12.64
KOZUKI HOLDING B.V.	15,700	11.61
Japan Trustee Services Bank, Ltd. (Trust Account)	12,222	9.04
Kozuki Capital Corporation	7,048	5.21
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,216	2.38
Sumitomo Mitsui Banking Corporation	2,017	1.49
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1,549	1.15
JP MORGAN CHASE BANK 385151	1,529	1.13
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,490	1.10

Note: The above shareholding ratios are calculated after the deduction of treasury shares.

### Guide to Investor Relations (IR) Site

Our website includes an IR section that provides easy access to our latest financial information, news releases, and other relevant IR information.

<https://www.konami.com/ir/en/>

## Shareholder Information

Fiscal Year-End	March 31
Ordinary General Meeting of Shareholders	June
Record Dates for Shareholders	Annual shareholders' meeting: March 31 Year-end dividend: March 31 Interim dividend: September 30 Other (when necessary): As announced in advance
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Location of Transfer Agent	
Handling Office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Mailing Address	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan
Website	<a href="https://www.smtb.jp/tools/english">https://www.smtb.jp/tools/english</a>
Public Notices	Shown on the Company's website: <a href="https://www.konami.com/ir/en/">https://www.konami.com/ir/en/</a>
Stock Exchange Listings	Tokyo and London

## For ADR Holders

Depository and Transfer Agent for American Depositary Receipts	JPMorgan Chase Bank, N.A. 383 Madison Avenue, Floor 11, New York, NY 10179, U.S.A.
ADR Holder Contact	JPMorgan Service Center
Telephone Inquiries	Toll-free U.S.A. & Canada: 1-800-990-1135 Outside U.S.A.: 1-651-453-2128 An automated IVR system is available 24 hours a day/7 days a week. Representatives are available from 8:00 am to 8:00 pm EST on weekdays.
Website	Visit <a href="https://www.adr.com">https://www.adr.com</a> and go to the "CONTACT" section, and then refer to the "REGISTERED ADR HOLDERS" section.
Mail for Regular Correspondence	P.O. Box 64504, St. Paul, MN 55164-0504, U.S.A.