

KONAMI

FY2017 3rd Quarter Financial Results

Nine months ended December 31, 2016

KONAMI HOLDINGS CORPORATION
January 31, 2017

Cautionary statement with respect to forward-looking statements

Statements made in this presentation with respect to KONAMI HOLDINGS' current plans, estimates, strategies and beliefs, including forecasts, are forward-looking statements about the future performance of the Company. These statements are based on management's assumptions and beliefs in light of information currently available to it and, therefore, you should not place undue reliance on them. A number of important factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to (1) Changes in economic conditions affecting our operations; (2) Fluctuations in foreign exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (3) the Company's ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (4) the Company's ability to successfully expand internationally with a focus on our Digital Entertainment business and Gaming & Systems business; (5) the Company's ability to successfully expand the scope of our business and broaden our customer base through our Health & Fitness business; (6) Regulatory developments and changes and our ability to respond and adapt to those changes; (7) the Company's expectations with regard to further acquisitions and the integration of any companies we may acquire; and (8) the outcome of contingencies.

- Financial information included herein is not audited by independent public accountants
- (1) Numbers included in this presentation material are;
 - a) in accordance with IFRS
 - b) rounded to the nearest one hundred million yen
- (2) Revenues of each segment include inter-segment sales

Consolidated Financial Results

(Yen in Billions)

	FY2016 Q1-3 9 months ended December 2015	FY2017 Q1-3 9 months ended December 2016	YoY Change (Amount)	YoY Change (%)	FY2017 Guidance 12 months ending March 2017
Revenue	179.3	163.9	-15.3	-8.5%	210.0
Operating profit	17.4	29.6	12.2	69.8%	25.0
Profit before income taxes	17.1	28.9	11.7	68.4%	24.0
Profit for the period (attributable to owners of the parent)	6.3	20.7	14.4	229.8%	15.0
Earnings per share (JPY)	45.28	152.70	107.42		110.91

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2016 Q1-3	FY2017 Q1-3	YoY Change (Amount)	FY2017 Guidance
	9 months ended December 2015	9 months ended December 2016		12 months ending March 2017
<u>Revenue</u>				
Digital Entertainment	80.9	73.7	-7.3	81.0
Health & Fitness	53.6	51.9	-1.7	70.0
Gaming & Systems	24.4	21.7	-2.6	33.0
Amusement	20.7	17.1	-3.6	26.0
Eliminations	-0.4	-0.5	-0.1	—
Total	179.3	163.9	-15.3	210.0
<u>Segment profit (loss)</u>				
Digital Entertainment	21.3	24.4	3.1	16.5
Health & Fitness	2.8	4.1	1.3	3.0
Gaming & Systems	3.6	2.9	-0.7	6.0
Amusement	3.5	3.9	0.4	3.5
Corporate expenses and eliminations	-2.8	-2.9	-0.1	-4.0
Other income and other expenses	-10.9	-2.8	8.1	—
Total Operating Profit	17.4	29.6	12.2	25.0

Guidance

(Yen in Billions)

	FY2016	FY2017 Initial Guidance	FY2017 Revised Guidance	Change vs. Initial Guidance	YoY Change
	12 months ended March 2016	12 months ending March 2017	12 months ending March 2017		
Revenue	249.9	210.0	225.0	15.0 7.1%	-24.9 -10.0%
Operating profit	24.7	25.0	36.0	11.0 44.0%	11.3 45.9%
Profit before income taxes	23.8	24.0	35.0	11.0 45.8%	11.2 47.3%
Profit for the period (attributable to owners of the parent)	10.5	15.0	24.0	9.0 60.0%	13.5 128.2%
Earnings per share (JPY)	76.44	110.91	177.46	66.55	101.02

Guidance by Business Segment

(Yen in Billions)

	FY2016	FY2017 Initial Guidance	FY2017 Revised Guidance	Change vs. Initial Guidance	YoY Change
	12 months ended March 2016	12 months ending March 2017	12 months ending March 2017		
Revenue					
Digital Entertainment	115.0	81.0	101.0	20.0	-14.0
Health & Fitness	71.3	70.0	69.0	-1.0	-2.3
Gaming & Systems	34.3	33.0	31.0	-2.0	-3.3
Amusement	29.8	26.0	24.5	-1.5	-5.3
Eliminations	-0.5	—	-0.5	-0.5	0.0
Total	249.9	210.0	225.0	15.0	-24.9
Segment profit (loss)					
Digital Entertainment	29.8	16.5	30.0	13.5	0.2
Health & Fitness	2.7	3.0	4.5	1.5	1.8
Gaming & Systems	5.6	6.0	5.0	-1.0	-0.6
Amusement	4.7	3.5	4.5	1.0	-0.2
Corporate expenses and elimination:	-4.6	-4.0	-4.0	0.0	0.6
Other income and other expenses	-13.5	—	-4.0	-4.0	9.5
Total Operating Profit	24.7	25.0	36.0	11.0	11.3

Dividend Forecast

(JPY)

	FY2016 12 months ended March 2016	FY2017 Initial Forecast 12 months ending March 2017	FY2017 Revised Forecast 12 months ending March 2017	Change vs. Initial Forecast	YoY Change
Interim dividend	10.50	17.00	17.00	0.00	6.50
Year-end dividend	12.50	17.00	37.00 (Forecast)	20.00	24.50
Annual dividend	23.00	34.00	54.00 (Forecast)	20.00	31.00

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2016 Q1-3 <small>9 months ended December 2015</small>	FY2017 Q1-3 <small>9 months ended December 2016</small>	YoY Change	FY2017 Initial Guidance <small>12 months ending March 2017</small>	FY2017 Revised Guidance <small>12 months ending March 2017</small>
Revenue	80.9	73.7	-9.0%	81.0	101.0
Segment profit	21.3	24.4	14.6%	16.5	30.0
Margin	26.3%	33.1%		20.4%	29.7%

Note: Other expenses of JPY 0.3 billion (FY2016) and JPY 0 billion (FY2017) are not included in segment profit

FY2017 Q3 summary

- Launched mobile games "Yu-Gi-Oh! Duel Links" and "JIKKYOU POWERFUL SOCCER", both recording the fastest pace of downloads among KONAMI games, while "JIKKYOU PAWAFURU PUROYAKYU" and "Professional Baseball Spirits A" continues to perform well (Number of downloads as of Jan '17 - Yu-Gi-Oh! Duel Links: 25 million, JIKKYOU POWERFUL SOCCER: 5 million, JIKKYOU PAWAFURU PUROYAKYU: 29 million, Professional Baseball Spirits A: 7 million)
- Continued global sales of Yu-Gi-Oh! trading card games
- Released "JIKKYOU PAWAFURU PUROYAKYU Heroes" for Nintendo 3DS, while "Winning Eleven 2017 (PES 2017 - Pro Evolution Soccer -)" continues to deliver solid performance

Revenue and segment profit

(Yen in Billions)

	FY2016 Q1-3 <small>9 months ended December 2015</small>	FY2017 Q1-3 <small>9 months ended December 2016</small>	YoY Change	FY2017 Initial Guidance <small>12 months ending March 2017</small>	FY2017 Revised Guidance <small>12 months ending March 2017</small>
Revenue	53.6	51.9	-3.1%	70.0	69.0
Segment profit	2.8	4.1	44.4%	3.0	4.5
Margin	5.3%	7.9%		4.3%	6.5%

Note: Other expenses of JPY 1.0 billion (FY2016) and JPY 0.5 billion (FY2017) are not included in segment profit

FY2017 Q3 summary

- Revenue decline due to closures of gyms; service quality improvement and cost reduction through optimization of operations
- Successful performance of athletes from Konami Sports Club resulting in increase of child membership
- Renovated and reopened three facilities - Iidabashi, Ebisu and Jiyugaoka Ekimae - with renewed training equipment and enhanced private training rooms
- Released the top-tier model "POWER MAX V3 Pro" from the "Aerobike" series with custom features

Revenue and segment profit

(Yen in Billions)

	FY2016 Q1-3 <small>9 months ended December 2015</small>	FY2017 Q1-3 <small>9 months ended December 2016</small>	YoY Change	FY2017 Initial Guidance <small>12 months ending March 2017</small>	FY2017 Revised Guidance <small>12 months ending March 2017</small>
Revenue	24.4	21.7	-10.8%	33.0	31.0
Segment profit	3.6	2.9	-18.8%	6.0	5.0
Margin	14.7%	13.4%		18.2%	16.1%

Note: YoY negative impact from the yen appreciation - revenue JPY 2.9 billion, segment profit JPY 0.4 billion

FY2017 Q3 summary

- Solid sales of the new “Concerto” series and the “Podium” series with an abundance of lineup, focusing on offering a wide variety of product lineup in the Latin American and European markets
- Installed casino management system “SYNKROS” throughout casinos in North American states and cruise ships
- Debuted the new “Concerto” cabinet and varied lineup of products including the “Frogger” series leveraging on our IP from Digital Entertainment business at the MGS Entertainment Show in Macau

Revenue and segment profit

(Yen in Billions)

	FY2016 Q1-3 <small>9 months ended December 2015</small>	FY2017 Q1-3 <small>9 months ended December 2016</small>	YoY Change	FY2017 Initial Guidance <small>12 months ending March 2017</small>	FY2017 Revised Guidance <small>12 months ending March 2017</small>
Revenue	20.7	17.1	-17.3%	26.0	24.5
Segment profit	3.5	3.9	11.2%	3.5	4.5
Margin	16.8%	22.7%		13.5%	18.4%

Note: Other expenses of JPY 9.6 billion (FY2016) and JPY 2.3 billion (FY2017) are not included in segment profit

FY2017 Q3 summary

- Stable recurring revenues from “e-AMUSEMENT Participation” arcade games including “MAH-JONG FIGHT CLUB ZERO” and music games, and released “TwinkleDrop JUKE!” and “FROZEN TOWER” from the single medal arcade game FEATURE PREMIUM series
- Launched pachislot machine “Metal Gear Solid Snake Eater” from the video game series “Metal Gear” and the latest sequel to the popular “MAH-JONG FIGHT CLUB” pachislot series, “MAH-JONG FIGHT CLUB 2”

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Titles Released in Oct - Dec 2016 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
Metal Gear Solid Snake Eater	Pachislot	Japan	Oct 2016	AM
Yu-Gi-Oh! Duel Links	App Store Google Play	Global	Japan: Nov '16 Global: Jan '17	DE
TRACK & FIELD 100M	Instant Games	Global	Nov 2016	DE
JIKKYOU POWERFUL SOCCER	App Store Google Play	Japan	Dec 2016	DE
PES 2017 -PRO EVOLUTION SOCCER-	App Store Google Play	Four countries (※2)	Dec 2016	DE
JIKKYOU PAWAFURU PUROYAKYU Heroes	Nintendo 3DS™	Japan	Dec 2016	DE
MAHJONG FIGHT CLUB 2	Pachislot	Japan	Dec 2016	AM
100% Pasukaru Sensei Perfect Quiz Battle	Google Play	Japan	Dec 2016	DE
FORTUNE TRINITY3	Arcade (Medal game)	Japan	Jan 2017	AM
ELDORA CROWN	Arcade (Medal game)	Japan	Jan 2017	AM
GI Derby Club	Pachislot	Japan	Feb 2017	AM
SUPER BOMBERMAN R	Nintendo Switch™	Global	Mar 2017	DE

※1 DE: Digital Entertainment AM: Amusement
 ※2 Australia, Poland, Malaysia, Romania

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Yu-Gi-Oh! Duel Links



JIKKYOU POWERFUL SOCCER



SUPER BOMBERMAN R



PES 2017
- PRO EVOLUTION SOCCER-



FORTUNE TRINITY3



NOSTALGIA

KONAMI

Titles Released in Oct - Dec 2016 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Bouku Shojo Love Kyure	Pachislot	Japan	Mar 2017	AM
NOSTALGIA	Arcade (Video game)	Japan	Mar 2017	AM
MAGICAL SHOOTER	Arcade (Medal game)	Japan	Mar 2017	AM
Treasure Shoot	Arcade (Medal game)	Japan	Mar 2017	AM
METAL GEAR SURVIVE	PS4 XboxOne / PC	Global	2017	DE
100% Pasukaru Sensei Perfect Paint Bombers	Nintendo 3DS™	Japan	2017	DE
Concerto SeleXion	Gaming Machine	North America	Oct 2016	GS
Concerto Slant	Gaming Machine	North America	Dec 2016	GS
Concerto Crescent	Gaming Machine	TBD	2017	GS
Concerto Stack	Gaming Machine	TBD	2017	GS
Beat Square	Gaming Machine	TBD	2017	GS
Frogger: Get Hoppin'	Gaming Machine	TBD	2017	GS
Fortune Cup	Gaming Machine	TBD	TBD	GS

※ DE: Digital Entertainment AM: Amusement GS: Gaming & Systems

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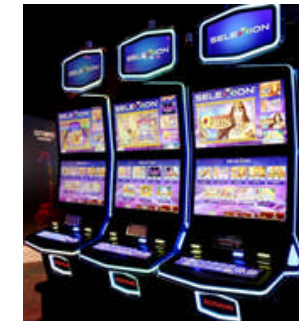
MAHJONG FIGHT CLUB 2



GI Derby Club



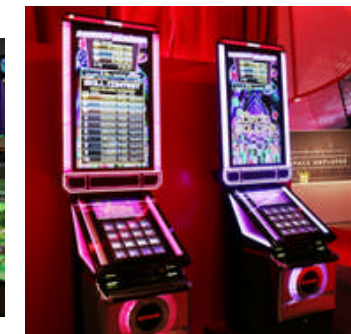
Concerto Crescent



Concerto SeleXion



Fortune Cup



Beat Square

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THANK YOU

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