

KONAMI

FY2018 Financial Results

Fiscal Year ended March 31, 2018

KONAMI HOLDINGS CORPORATION

May 10, 2018

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, Gaming & Systems business and Amusement 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	4
➤ Revenue and Profit by Business Segment	5
➤ Guidance	6
➤ Historical Operating Profit	7
➤ Guidance by Business Segment	8
➤ Dividend declared	9
➤ Dividend forecast for FY2019	10
➤ Digital Entertainment	11
➤ Amusement	12
➤ Gaming & Systems	13
➤ Health & Fitness	14
➤ Titles Released in Jan - Mar 2018 / Pipeline	15,16
➤ Consolidated Business Performance	17
➤ Consolidated Financial Position	18
➤ Consolidated Cash Flows	19

Consolidated Financial Results

(Yen in Billions)

	FY2017 Actual	FY2018 Actual	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance Revised in Jan '18
	12 months ended March 2017	12 months ended March 2018			12 months ended March 2018
Revenue	229.9	239.5	9.6	+4.2%	240.0
Operating profit	36.4	45.2	8.8	+24.3%	45.0
Profit before income taxes	35.5	44.7	9.2	+25.9%	44.0
Profit for the period (attributable to owners of the parent)	26.0	30.5	4.6	+17.6%	29.0
Earnings per share (JPY)	191.89	225.59	33.70		214.44

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2017 Actual	FY2018 Actual	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance Revised in Jan '18
	12 months ended March 2017	12 months ended March 2018			12 months ended March 2018
Revenue					
Digital Entertainment	105.6	120.3	14.7	+13.9%	120.0
Amusement	25.3	25.2	△ 0.2	△0.6%	25.0
Gaming & Systems	31.3	29.6	△ 1.6	△5.2%	30.5
Health & Fitness	68.6	66.0	△ 2.6	△3.9%	66.0
Eliminations	△ 0.9	△ 1.6	△ 0.7	-	△ 1.5
Total	229.9	239.5	9.6	+4.2%	240.0
Segment profit (loss)					
Digital Entertainment	33.8	37.4	3.6	+10.8%	37.0
Amusement	5.2	7.5	2.3	+43.0%	7.5
Gaming & Systems	4.8	4.4	△ 0.5	△10.0%	4.5
Health & Fitness	4.2	3.3	△ 1.0	△23.0%	3.0
Corporate expenses and eliminations	△ 4.4	△ 4.3	0.2	-	△ 4.5
Segment profit (loss)	43.6	48.2	4.6	+10.6%	47.5
Other income and other expenses	△ 7.3	△ 3.1	4.2	-	△ 2.5
Total Operating Profit	36.4	45.2	8.8	+24.3%	45.0

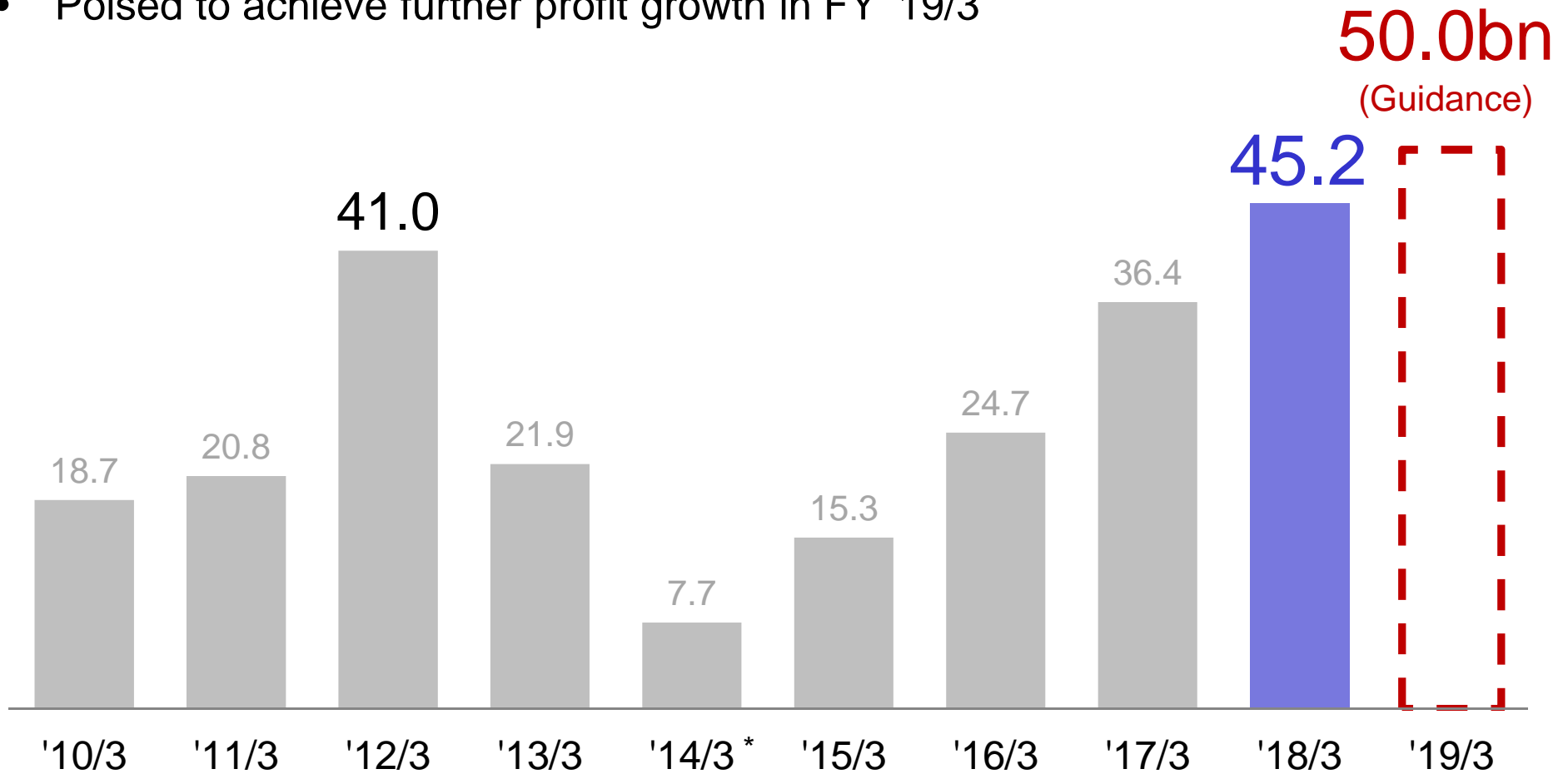
Guidance

(Yen in Billions)

	FY2018 Actual	FY2019 Guidance	YoY Change (Amount)	YoY Change (%)
	12 months ended March 2018	12 months ending March 2019		
Revenue	239.5	250.0	10.5	+4.4%
Operating profit	45.2	50.0	4.8	+10.7%
Profit before income taxes	44.7	49.0	4.3	+9.6%
Profit for the period (attributable to owners of the parent)	30.5	32.0	1.5	+4.9%
Earnings per share (JPY)	225.59	236.63	11.04	

Historical Operating Profit

- Four consecutive years of profit growth
- Delivered record operating profit in FY '18/3 (previous record: ¥41bn in FY '12/3)
- Poised to achieve further profit growth in FY '19/3



* FY '10/3-'14/3: US GAAP, FY '15/3-'19/3: IFRS

(JPY in billions) 7

Guidance by Business Segment

(Yen in Billions)

	FY2018 Actual	FY2019 Guidance	YoY Change (Amount)	YoY Change (%)
<u>Revenue</u>	12 months ended March 2018	12 months ending March 2019		
Digital Entertainment	120.3	125.0	4.8	+4.0%
Amusement	25.2	28.0	2.8	+11.2%
Gaming & Systems	29.6	31.5	1.9	+6.3%
Health & Fitness	66.0	67.0	1.0	+1.5%
Eliminations	△ 1.6	△ 1.5	0.1	-
Total	239.5	250.0	10.5	+4.4%
<u>Segment profit (loss)</u>				
Digital Entertainment	37.4	37.5	0.1	+0.3%
Amusement	7.5	8.0	0.5	+6.8%
Gaming & Systems	4.4	5.5	1.1	+26.0%
Health & Fitness	3.3	3.5	0.2	+7.6%
Corporate expenses and eliminations	△ 4.3	△ 4.5	△ 0.2	-
Segment profit (loss)	48.2	50.0	1.8	+3.6%
Other income and other expenses	△ 3.1	0.0	3.1	-
Total Operating Profit	45.2	50.0	4.8	+10.7%

Dividend declared

(JPY)

	FY2017 Actual	FY2018 Revised forecast	FY2018 Dividend declared	YoY Change (Amount)
	12 months ended March 2017	12 months ended March 2018	12 months ended March 2018	
Interim dividend	17.00	30.00	30.00	13.00
Year-end dividend	41.00	35.00 (forecast)	38.00 (declared)	Δ 3.00
Annual dividend	58.00	65.00 (forecast)	68.00 (declared)	10.00

Dividend forecast for FY2019

(JPY)

	FY2018 Dividend declared <small>12 months ended March 2018</small>	FY2019 Regular dividend <small>12 months ending March 2019</small>	FY2019 Commemorative dividend <small>12 months ending March 2019</small>	FY2019 Total <small>12 months ending March 2019</small>	YoY Change (Amount)
Interim dividend	30.00	35.50 (forecast)	25.00 (forecast)	60.50 (forecast)	30.50
Year-end dividend	38.00 (declared)	35.50 (forecast)	25.00 (forecast)	60.50 (forecast)	22.50
Annual dividend	68.00 (declared)	71.00 (forecast)	50.00 (forecast)	121.00 (forecast)	53.00

To celebrate the 50th anniversary of its founding on March 21, 2019 (the 35th anniversary of its listing in the same year), KONAMI HOLDINGS CORPORATION intends to award commemorative dividends in addition to regular dividends for the year ending March 31, 2019.

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2017 Actual 12 months ended March 2017	FY2018 Actual 12 months ended March 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	105.6	120.3	14.7	+13.9%	125.0
Segment profit	33.8	37.4	3.6	+10.8%	37.5
Margin	32.0%	31.1%			30.0%

Note: Other expenses of JPY 2.8 billion (FY2017) and JPY 1.8 billion (FY2018) are not included in segment profit

FY2018 Q4 summary

- Launched new mobile games “Tokimeki Idol” (March ‘18) and “QUIZ MAGIC ACADEMY LOST FANTARIUM” (February ‘18). Mobile games were driven by “JIKKYOU PAWAFURU PUROYAKYU” and “PROFESSIONAL BASEBALL SPIRITS A” in the domestic market and “Yu-Gi-Oh! Duel Links” and “Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)” in the global market
- Continues global sales of Yu-Gi-Oh! trading card games; launched a project to commemorate the 20th anniversary of the card game series to stimulate Yu-Gi-Oh! content
- Released video game “METAL GEAR SURVIVE” in February ‘18, a spin-off from the Metal Gear series
- Qualifier rounds held for the PES LEAGUE WORLD TOUR 2018, an eSports competition for “Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)”

Revenue and segment profit

(Yen in Billions)

	FY2017 Actual 12 months ended March 2017	FY2018 Actual 12 months ended March 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	25.3	25.2	Δ 0.2	Δ0.6%	28.0
Segment profit	5.2	7.5	2.3	+43.0%	8.0
Margin	20.7%	29.8%			28.6%

Note: Other expenses of JPY 4.0 billion (FY2017) and JPY 1.3 billion (FY2018) are not included in segment profit

FY2018 Q4 summary

- Continued solid performance of “MAH-JONG FIGHT CLUB”; March release of “DANCERUSH STARDOM”, an easy-to-master next-gen shuffle dance game, and “MARBLE FEVER”, an all-new pusher game featuring various jackpot roulettes with glass balls circling inside the glittering cabinet
- Established a local subsidiary in Thailand in January 2018 to expand sales and service operations of Konami Group products including amusement machines for the emerging Southeast Asian region

Revenue and segment profit

(Yen in Billions)

	FY2017 Actual 12 months ended March 2017	FY2018 Actual 12 months ended March 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	31.3	29.6	Δ 1.6	Δ5.2%	31.5
Segment profit	4.8	4.4	Δ 0.5	Δ10.0%	5.5
Margin	15.5%	14.7%			17.5%

* YoY impact from forex: revenue JPY +0.4 billion, operating profit JPY Δ40 million

FY2018 Q4 summary

- Enhanced lineup of the Concerto series in North America e.g. curved screen cabinet “Concerto Crescent” and the single tall screen cabinet “Concerto Stack”
- Initiated installment of “Fortune Cup” in January, a multi-station machine featuring a mechanical horse racing track based on Konami’s proven experience and technology from amusement machines
- Continued installment of casino management system “SYNKROS” in cruise ships and casinos in North America

Revenue and segment profit

(Yen in Billions)

	FY2017 Actual 12 months ended March 2017	FY2018 Actual 12 months ended March 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	68.6	66.0	Δ 2.6	Δ3.9%	67.0
Segment profit	4.2	3.3	Δ 1.0	Δ23.0%	3.5
Margin	6.2%	4.9%			5.2%

Note: Other expenses of JPY 0.5 billion (FY2017) and other income of JPY 0.1 billion (FY2018) are not included in segment profit

FY2018 Q4 summary

- Announced the opening of XAX branded fitness clubs dedicated to workout machines / studios; XAX Akabane opening on April 1st, XAX Shiki and XAX Nakamozu on May 6th, XAX Umeda X-STUDIO in July
- Franchise facility “Konami Sports Club Sasebohaiki” opened on March 4th in Sasebo, Nagasaki
- Launched a new exercise program “Pelvis Flex” that mainly stretches muscles around the pelvis and hip joint

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Titles Released in Jan - Mar 2018 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
METAL GEAR SURVIVE	PS4 XOne / PC	Global	Feb 2018	DE
QUIZ MAGIC ACADEMY LOST FANTARIUM	App Store Google Play	Japan	Feb 2018	DE
Tokimeki Idol	App Store Google Play	Japan	Mar 2018	DE
MARBLE FEVER	Amusement machine	Japan	Mar 2018	AM
DANCERUSH STARDOM	Amusement machine	Japan	Mar 2018	AM
JIKKYOU PAWAFURU PUROYAKYU 2018	PS4 / PS Vita	Japan	Apr 2018	DE
Super Bomberman R	PS4 XOne / PC	Global	Jun 2018	DE
Winning Eleven 2018 Chinese title: "实况足球"	App Store Google Play	China	2018	DE
Winning Eleven Card Collection Chinese title: "实况：王者集结"	App Store Google Play	China	2018	DE
LOVEPLUS EVERY	App Store Google Play	Japan	2018	DE
Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)	PS4 XOne / PC	Global	Aug 2018	DE
ANUBIS ZONE OF THE ENDERS : M∇RS	PS4 / PS VR PC / Steam VR	Global	Sep 2018	DE
Castlevania Grimoire of Souls	App Store Google Play	Global	TBD	DE

※1 DE: Digital Entertainment AM: Amusement



JIKKYOU PAWAFURU
PUROYAKYU 2018



LOVEPLUS EVERY



Tokimeki Idol



ANUBIS ZONE OF THE ENDERS : M∇RS



MARBLE FEVER



DANCERUSH STARDOM

KONAMI

Titles Released in Jan - Mar 2018 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Magical Halloween 6	Amusement machine	Japan	May 2018	AM
BOMBERGIRL	Amusement machine	Japan	FY Mar 2019 H1	AM
BASEBALL COLLECTION	Amusement machine	Japan	FY Mar 2019 H1	AM
Fortune Cup	Gaming Machine	North America	Jan 2018	GS
SYNKROS 3.24.6	Casino Management System (Software)	North America	FY Mar 2019 H1	GS
SYNKROS 3.24.7	Casino Management System (Software)	North America	FY Mar 2019 H1	GS
Beat Square	Gaming Machine	North America	FY Mar 2019 H2	GS
Concerto Opus	Gaming Machine	North America	FY Mar 2019 H2	GS
Crystal Cyclone	Gaming Machine	TBD	TBD	GS

※ AM: Amusement GS: Gaming & Systems

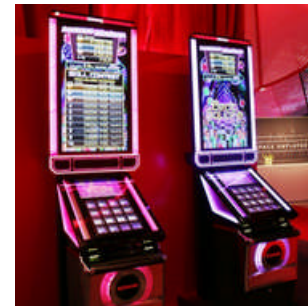


BOMBERGIRL



BASEBALL COLLECTION

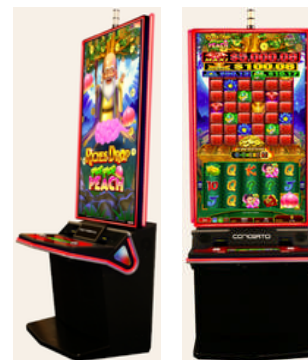
※Cabinet design under development



Beat Square



Fortune Cup



Concerto Opus



Crystal Cyclone

Consolidated Business Performance

(Yen in Billions)

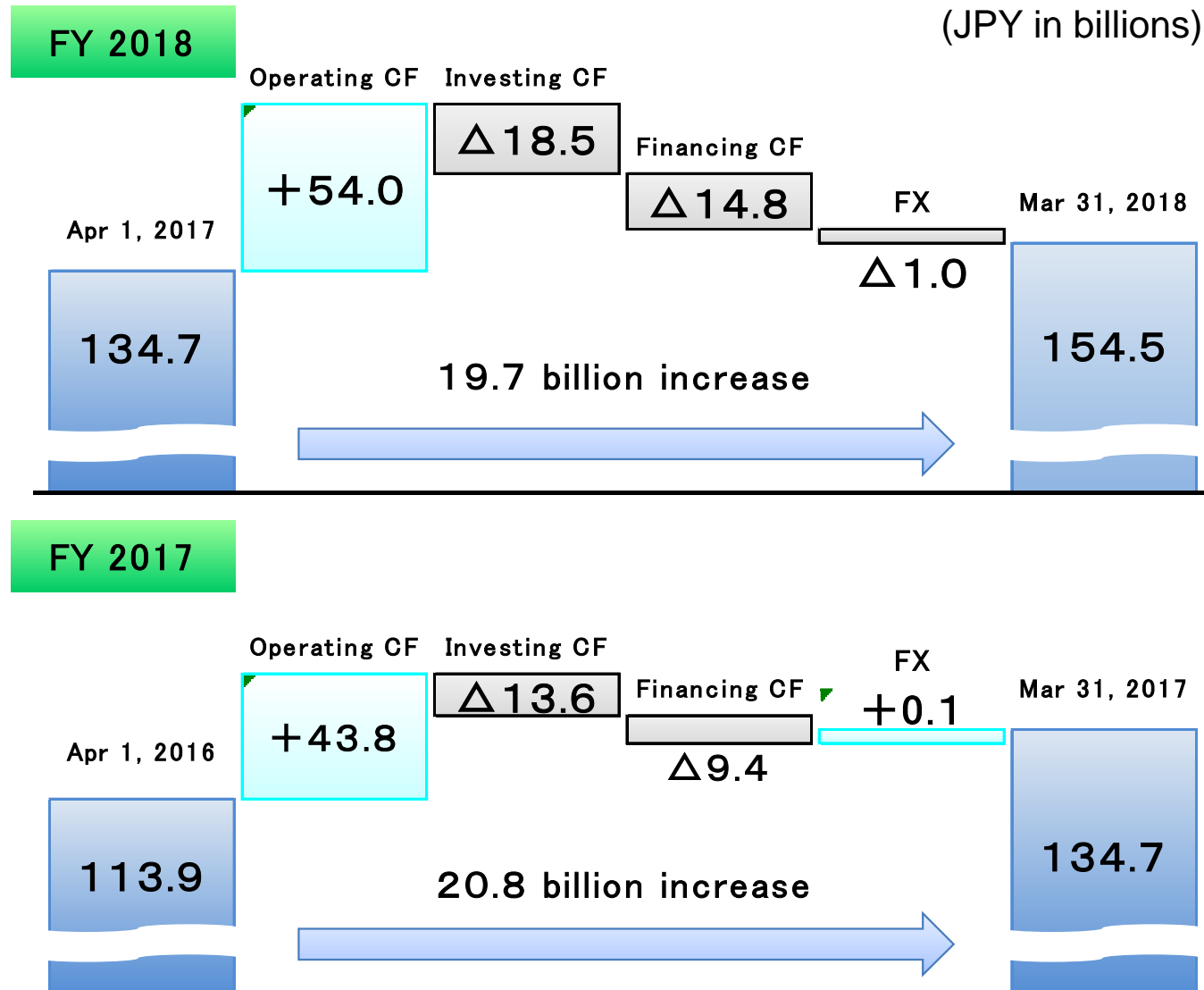
	FY2017	percentile	FY2018	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	229.9	100.0%	239.5	100.0%	9.6	+4.2%
Total cost of revenue	△ 141.2	61.4%	△ 142.2	59.4%	△ 1.0	
SG&A	△ 45.1	19.6%	△ 49.0	20.5%	△ 3.9	
Other income and other expenses	△ 7.3	3.2%	△ 3.1	1.3%	4.2	
Operating profit	36.4	15.8%	45.2	18.9%	8.8	+24.3%
Finance income	0.2		0.2		0.0	
Finance costs	△ 1.3		△ 0.9		0.4	
Profit from investments accounted for using the equity method	0.3		0.3		0.0	
Profit before income taxes	35.5	15.4%	44.7	18.7%	9.2	+25.9%
Income taxes	△ 9.5	4.2%	△ 14.2	5.9%	△ 4.7	
Profit for the year	26.0	11.3%	30.5	12.7%	4.5	+17.4%
Profit attributable to:						
Owners of the parent	26.0	11.3%	30.5	12.7%	4.6	+17.6%
Non-controlling interests	0.0	0.0%	0.0	0.0%	0.0	

Consolidated Financial Position

(Yen in Billions)

	March 31, 2017	March 31, 2018	YoY change		March 31, 2017	March 31, 2018	YoY change
Current assets				Current liabilities			
Cash and cash equivalents	134.7	154.5	19.7	Bonds and borrowings	10.6	11.9	1.3
Trade and other receivables	26.0	26.1	0.1	Trade and other payables	25.9	31.3	5.4
Inventories	7.4	6.8	Δ 0.6	Other current liabilities	20.4	26.1	5.7
Other current assets	6.8	8.3	1.4	Total current liabilities	56.8	69.3	12.4
Total current assets	174.9	195.7	20.7	Non-current liabilities			
	51.9%	53.9%		Bonds and borrowings	19.7	14.7	Δ 4.9
Non-current assets				Other non-current liabilities	25.4	24.5	Δ 0.9
Property, plant and equipment, net	75.6	79.1	3.5	Total non-current liabilities	45.1	39.3	Δ 5.8
Goodwill and intangible assets	34.8	36.9	2.1	Total liabilities	102.0	108.6	6.6
Investments accounted for using the equity method	2.8	3.0	0.2	Total equity attributable to owners of the parent	234.4	253.8	19.3
Deferred tax assets	22.3	22.0	Δ 0.4		69.5%	69.9%	
Other non-current assets	26.7	26.5	Δ 0.2	(per share: JPY)	(1,733.57)	(1,876.62)	(143.05)
Total non-current assets	162.2	167.4	5.2	Non-controlling interests	0.8	0.8	0.0
	48.1%	46.1%		Total equity	235.2	254.5	19.3
Total assets	337.1	363.1	26.0	Total liabilities and equity	337.1	363.1	26.0

Consolidated Cash Flows



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THANK YOU

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