

KONAMI

FY2019 3rd Quarter Financial Results

Nine months ended December 31, 2018

KONAMI HOLDINGS CORPORATION
January 31, 2019

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, Amusement 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 Sports 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
➤ Digital Entertainment	6
➤ Amusement	7
➤ Gaming & Systems	8
➤ Sports	9
➤ Titles Released in Oct - Dec 2018 / Pipeline	10
➤ Consolidated Business Performance	12
➤ Consolidated Financial Position	13
➤ Consolidated Cash Flows	14

Consolidated Financial Results

(Yen in Billions)

	FY2018 Q1-3 <small>9 months ended December 2017</small>	FY2019 Q1-3 <small>9 months ended December 2018</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ending March 2019</small>
Revenue	178.7	192.6	14.0	+7.8%	250.0
Operating profit	38.5	39.4	0.9	+2.4%	50.0
Profit before income taxes	38.1	39.2	1.1	+2.8%	49.0
Profit for the period <small>(attributable to owners of the parent)</small>	26.0	27.2	1.2	+4.5%	32.0
Earnings per share (JPY)	192.50	201.25	8.75		236.63

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2018 Q1-3 <small>9 months ended December 2017</small>	FY2019 Q1-3 <small>9 months ended December 2018</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ending March 2019</small>
Revenue					
Digital Entertainment	89.7	105.8	16.2	+18.0%	125.0
Amusement	19.8	18.2	△ 1.6	△ 8.2%	28.0
Gaming & Systems	20.7	21.9	1.3	+6.2%	31.5
Sports	49.7	47.9	△ 1.8	△ 3.6%	67.0
Eliminations	△ 1.2	△ 1.2	△ 0.1	-	△ 1.5
Total	178.7	192.6	14.0	+7.8%	250.0
Segment profit (loss)					
Digital Entertainment	29.7	32.3	2.5	+8.5%	37.5
Amusement	6.5	5.2	△ 1.3	△ 20.3%	8.0
Gaming & Systems	2.7	3.1	0.4	+14.6%	5.5
Sports	3.0	2.5	△ 0.5	△ 15.8%	3.5
Corporate expenses and eliminations	△ 2.5	△ 2.8	△ 0.3	-	△ 4.5
Segment profit (loss)	39.4	40.3	0.9	+2.2%	50.0
Other income and other expenses	△ 0.9	△ 0.8	0.0	-	0.0
Total Operating Profit	38.5	39.4	0.9	+2.4%	50.0

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2018 Q1-3 <small>9 months ended December 2017</small>	FY2019 Q1-3 <small>9 months ended December 2018</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ending March 2019</small>
Revenue	89.7	105.8	16.2	+18.0%	125.0
Segment profit	29.7	32.3	2.5	+8.5%	37.5
Margin	33.2%	30.5%			30.0%

Note: Other expense of JPY 800 million (FY2019) is not included in segment profit

FY2019 Q3 summary

- Conducted a major update for the well-received mobile game “Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)”; Recorded sales growth of “PROFESSIONAL BASEBALL SPIRITS A” marking its third anniversary since launch; Solid sales of “Yu-Gi-Oh! DUEL LINKS”, “JIKKYOU PAWAFURU PUROYAKYU” and “JIKKYOU PAWAFURU SOCCER” as a result of various measures implemented
- New product launch from the Yu-Gi-Oh! trading card games 20th anniversary project, in light of stimulating the card game series for the upcoming anniversary in February 2019
- Continued favorable performance of online mode “myClub” from the video game “Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)” since its launch
- eSports initiatives: Online qualifying round starts for PES LEAGUE WORLD TOUR 2019, an eSports global tournament for “Winning Eleven 2019”. Hosted the professional baseball eSports league “eBASEBALL Pawapuro Pro League” based on “JIKKYOU PAWAFURU PUROYAKYU 2018” in cooperation with the Nippon Professional Baseball Organization

Revenue and segment profit

(Yen in Billions)

	FY2018 Q1-3 <small>9 months ended December 2017</small>	FY2019 Q1-3 <small>9 months ended December 2018</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ending March 2019</small>
Revenue	19.8	18.2	△ 1.6	△8.2%	28.0
Segment profit	6.5	5.2	△ 1.3	△20.3%	8.0
Margin	32.9%	28.5%			28.6%

Note: Other expense of JPY 800 million (FY2018) is not included in segment profit

FY2019 Q3 summary

- Solid performance of video arcade game “MAH-JONG FIGHT CLUB GRAND MASTER”, a latest release from the “MAH-JONG FIGHT CLUB” series, and “BOMBERGIRL”, based on the Bomberman franchise with a team battle element
- Launched video single medal machine games “OLYMPOS GATE” and “TwinkleDrop DINNER” from the “FEATURE PREMIUM” series
- Released “Sencolle! Taiheijokun Tokugawa Ieyasu” from the “Sengoku Collection” series

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2018 Q1-3 <small>9 months ended December 2017</small>	FY2019 Q1-3 <small>9 months ended December 2018</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ending March 2019</small>
Revenue	20.7	21.9	1.3	+6.2%	31.5
Segment profit	2.7	3.1	0.4	+14.6%	5.5
Margin	12.9%	13.9%			17.5%

* YoY impact from forex: revenue JPY Δ200 million, operating profit JPY Δ40 million

FY2019 Q3 summary

- The new “Concerto Opus” cabinet arrives to market featuring a 65-inch 4K Ultra HD display
- Continued installment of casino management system “SYNKROS” in cruise ships
- Announced new products including the all-new upright cabinet “KX 43” at the October show Global Gaming Expo 2018 in Las Vegas. SynkConnect player tracking solution from the “SYNKROS” system highly acclaimed at the show

Revenue and segment profit

(Yen in Billions)

	FY2018 Q1-3 <small>9 months ended December 2017</small>	FY2019 Q1-3 <small>9 months ended December 2018</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ending March 2019</small>
Revenue	49.7	47.9	△ 1.8	△ 3.6%	67.0
Segment profit	3.0	2.5	△ 0.5	△ 15.8%	3.5
Margin	6.1%	5.3%			5.2%

Note: Other expense of JPY 100 million (FY2018) and JPY 100 million (FY2019) are not included in segment profit

FY2019 Q3 summary

- Introduced new membership plans; “Membership Promotion Plan” for new customers to propose best ways to use fitness services and “U-39 Plan” for customers under 39 years old with free access after 5:00pm on weekdays and all day on weekends and holidays
- Started offering a special course to celebrate the 50th anniversary of founding
- Added 13 more gyms in Q3 that offer table tennis lessons (launched in July ‘18), under an initiative to expand program offerings across more facilities

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Titles Released in Oct - Dec 2018 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※)
Castlevania Requiem Symphony of the Night & Rondo of Blood	PS4	Global	Oct '18	DE
Professional Baseball Spirits 2019	PS4 / PS Vita	Japan	Apr '19	DE
Yu-Gi-Oh! DUEL LINKS Chinese title: "游戏王: 决斗链接"	App Store Android	China	TBD	DE
Castlevania Grimoire of Souls	App Store Google Play	Global	TBD	DE
DANKIRA!!! - Boys, be DANCING! -	App Store Google Play	Japan	TBD	DE
LOVEPLUS EVERY	App Store Google Play	Japan	TBD	DE
Hyper Sports R	Nintendo Switch™	Global	TBD	DE
FEATURE PREMIUM 7th title: OLYMPOS GATE 8th title: TwinkleDrop DINNER	Amusement machine	Japan	Dec '18	AM
DanceDanceRevolution 20th anniversary model	Amusement machine	Japan	TBD	AM

※ DE: Digital Entertainment AM: Amusement



Professional Baseball Spirits 2019



LOVEPLUS EVERY



DANKIRA!!! - Boys, be DANCING! -



Castlevania Requiem Symphony of the Night & Rondo of Blood



FEATURE PREMIUM
7th title: OLYMPOS GATE
8th title: TwinkleDrop DINNER



DanceDanceRevolution
20th anniversary model

Titles Released in Oct - Dec 2018 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Anima Lotta Anima to Kumono Taiju	Amusement machine	Japan	TBD	AM
GRANDCROSS LEGEND	Amusement machine	Japan	TBD	AM
Gokkan Hie Hie Penta	Amusement machine	Japan	TBD	AM
Treasure Road	Amusement machine	Japan	TBD	AM
Sencolle! Taiheijokun Tokugawa Ieyasu	Amusement machine	Japan	Nov '18	AM
GI Derby Club 2	Amusement machine	Japan	Feb '19	AM
Million Roulette	Amusement machine	Japan	Feb '19	AM
SYNKROS 3.24.6	Casino Management System (Software)	North America	FY Mar 2019 H2	GS
SYNKROS 3.24.7	Casino Management System (Software)	North America	FY Mar 2019 H2	GS
Concerto Opus	Gaming Machine	North America	FY Mar 2019 H2	GS
KX 43	Gaming Machine	North America	FY Mar 2019 H2	GS
Beat Square	Gaming Machine	North America	TBD	GS
Crystal Cyclone	Gaming Machine	TBD	TBD	GS

※ AM: Amusement GS: Gaming & Systems



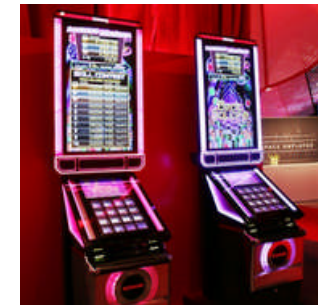
Anima Lotta
Anima to Kumono Taiju



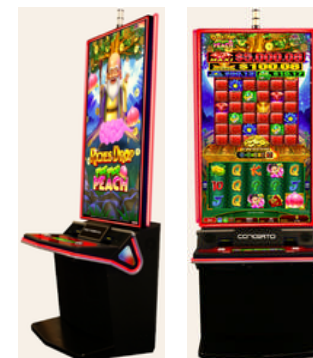
GRANDCROSS LEGEND



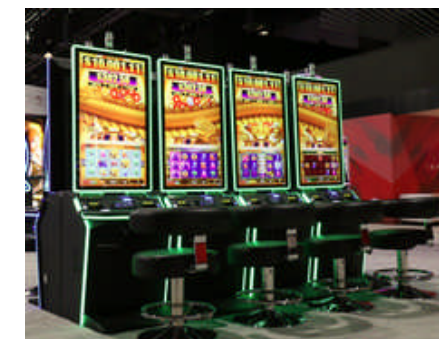
Gokkan Hie Hie Penta



Beat Square



Concerto Opus



KX 43

Consolidated Business Performance

(Yen in Billions)

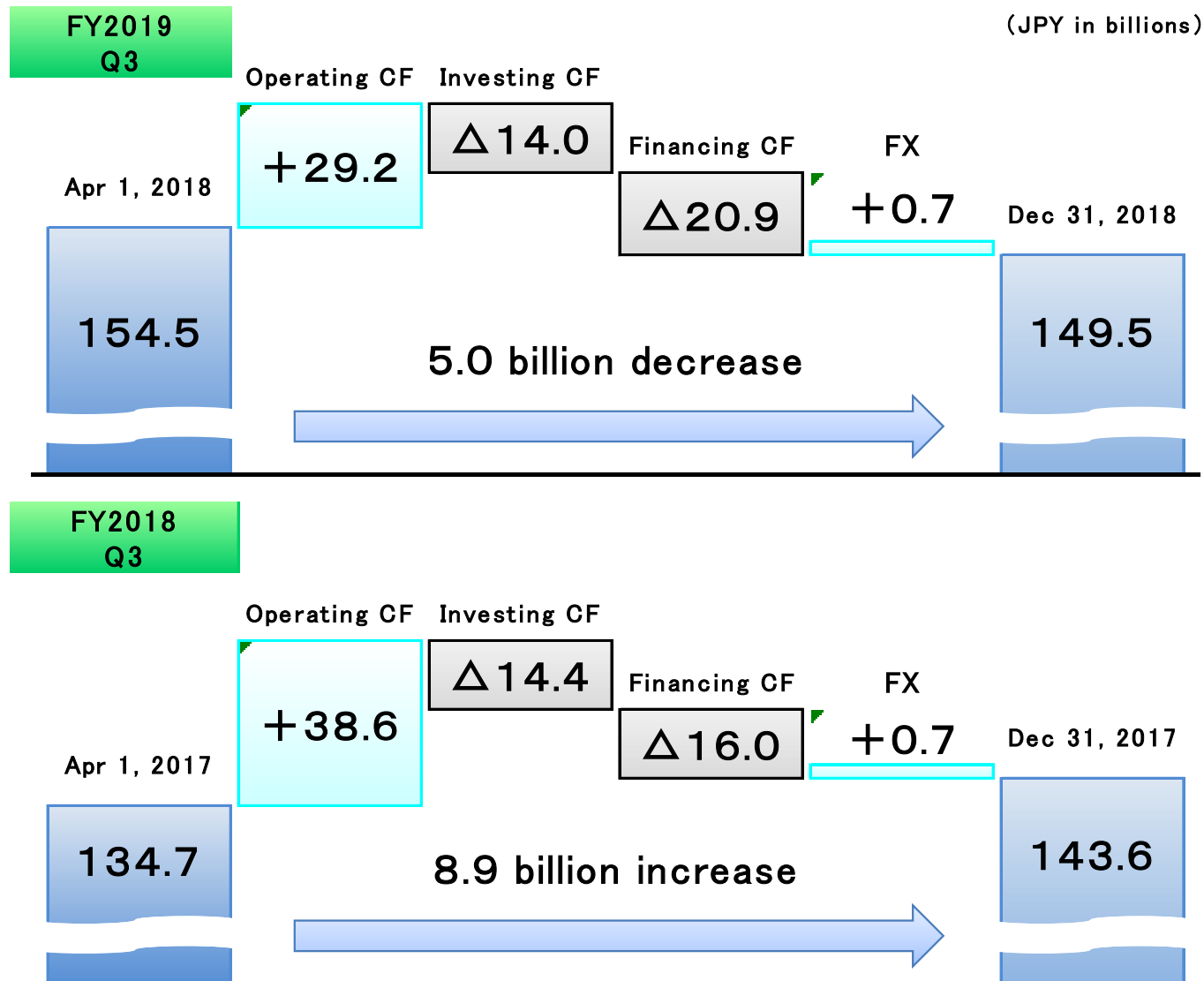
	FY2018 Q1-3	percentile	FY2019 Q1-3	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	178.7	100.0%	192.6	100.0%	14.0	7.8%
Total cost of revenue	△ 104.6	58.5%	△ 113.8	59.1%	△ 9.2	
SG&A	△ 34.7	19.4%	△ 38.5	20.0%	△ 3.8	
Other income and other expenses	△ 0.9	0.5%	△ 0.8	0.4%	0.0	
Operating profit	38.5	21.6%	39.4	20.5%	0.9	2.4%
Finance income	0.2		0.3		0.2	
Finance costs	△ 0.6		△ 0.6		0.0	
Profit from investments accounted for using the equity method	0.1		0.0		△ 0.0	
Profit before income taxes	38.1	21.3%	39.2	20.3%	1.1	2.8%
Income taxes	△ 12.1	6.8%	△ 12.0	6.2%	0.1	
Profit for the period	26.0	14.6%	27.2	14.1%	1.2	4.5%
Profit attributable to:						
Owners of the parent	26.0	14.6%	27.2	14.1%	1.2	4.5%
Non-controlling interests	0.0	0.0%	0.0	0.0%	△ 0.0	

Consolidated Financial Position

(Yen in Billions)

	Mar 31, 2018	Dec 31, 2018	change		Mar 31, 2018	Dec. 31, 2018	change
Current assets				Current liabilities			
Cash and cash equivalents	154.5	149.5	△ 5.0	Bonds and borrowings	11.9	11.7	△ 0.2
Trade and other receivables	26.1	29.9	3.8	Trade and other payables	31.3	27.5	△ 3.7
Inventories	6.8	8.8	2.0	Other current liabilities	26.1	22.3	△ 3.8
Other current assets	8.3	7.9	△ 0.4	Total current liabilities	69.3	61.5	△ 7.8
Total current assets	195.7 (53.9%)	196.1 (54.0%)	0.4	Non-current liabilities			
Non-current assets				Bonds and borrowings	14.7	9.8	△ 5.0
Property, plant and equipment, net	79.1	78.7	△ 0.4	Other non-current liabilities	24.5	22.7	△ 1.9
Goodwill and intangible assets	36.9	39.3	2.4	Total non-current liabilities	39.3	32.5	△ 6.8
Investments accounted for using the equity method	3.0	3.0	△ 0.0	Total liabilities	108.6	94.0	△ 14.6
Deferred tax assets	22.0	20.5	△ 1.4	Total equity attributable to owners of the parent	253.8 (69.9%)	268.6 (73.9%)	14.8
Other non-current assets	26.5	25.8	△ 0.7	(per share: JPY)	(1,876.62)	(1,986.11)	(109.49)
Total non-current assets	167.4 (46.1%)	167.2 (46.0%)	△ 0.2	Non-controlling interests	0.8	0.8	0.0
Total assets	363.1	363.3	0.2	Total equity	254.5	269.4	14.8
				Total liabilities and equity	363.1	363.3	0.2

Consolidated Cash Flows



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THANK YOU

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