

KONAMI

FY2019 Financial Results

Fiscal year ended March 31, 2019

KONAMI HOLDINGS CORPORATION

May 9, 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

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Consolidated Financial Results

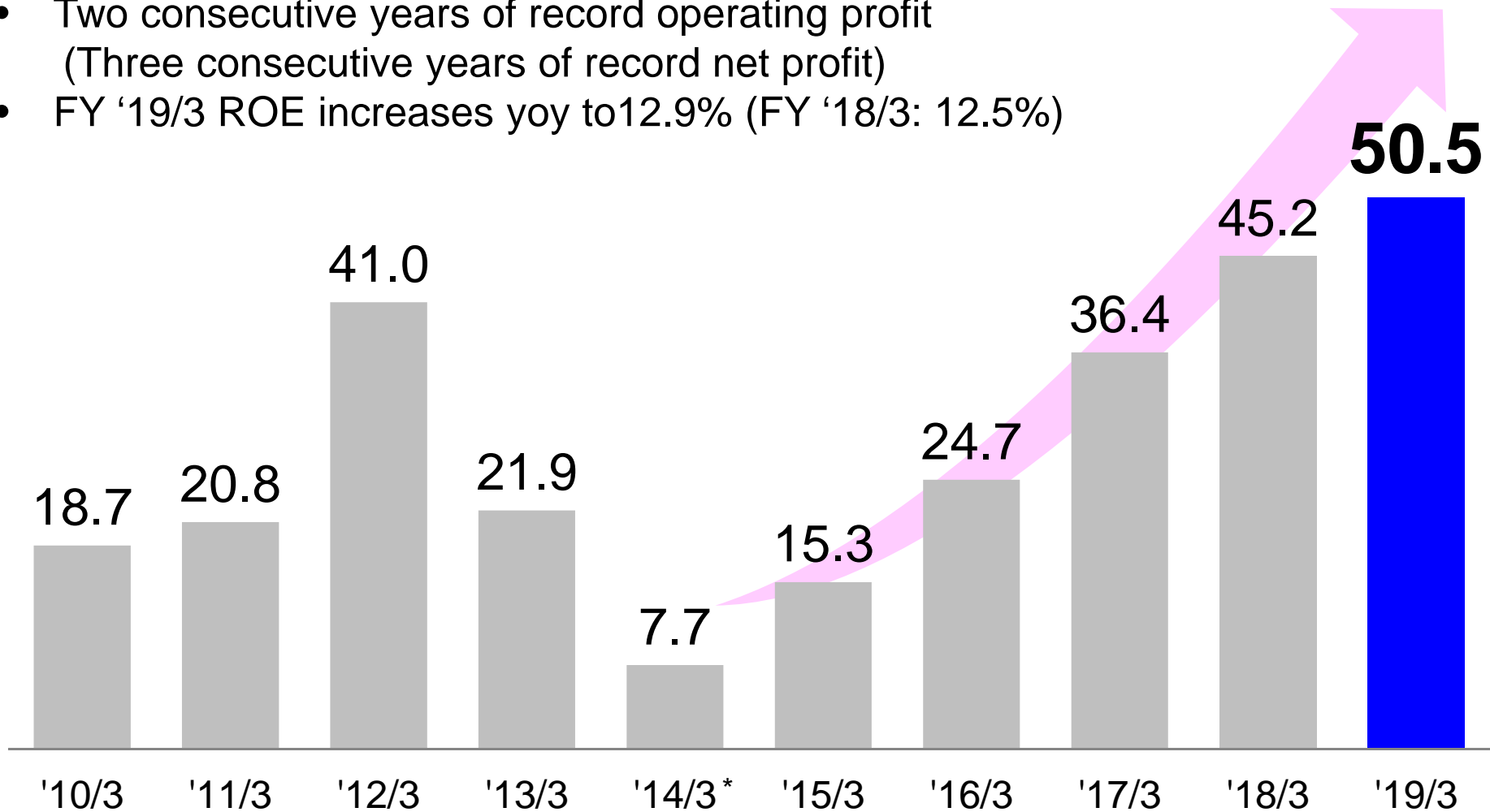
(Yen in Billions)

	FY2018 Actual 12 months ended March 2018	FY2019 Actual 12 months ended March 2019	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ended March 2019
Revenue	239.5	262.5	23.1	+9.6%	250.0
Operating profit	45.2	50.5	5.3	+11.8%	50.0
Profit before income taxes	44.7	50.3	5.6	+12.5%	49.0
Profit for the period (attributable to owners of the parent)	30.5	34.2	3.7	+12.1%	32.0
Earnings per share (JPY)	225.59	252.86	27.27		236.63

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Historical Operating Profit (JPY in billions)

- Five consecutive years of profit growth
- Two consecutive years of record operating profit (Three consecutive years of record net profit)
- FY '19/3 ROE increases yoy to 12.9% (FY '18/3: 12.5%)



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

Revenue by Business Segment

(Yen in Billions)

<u>Revenue</u>	FY2018 Actual <small>12 months ended March 2018</small>	FY2019 Actual <small>12 months ended March 2019</small>	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance <small>12 months ended March 2019</small>
Digital Entertainment	120.3	141.7	21.4	+17.8%	125.0
Amusement	25.2	27.8	2.7	+10.6%	28.0
Gaming & Systems	29.6	31.2	1.5	+5.2%	31.5
Sports	66.0	63.5	△ 2.5	△3.8%	67.0
Eliminations	△ 1.6	△ 1.6	△ 0.1	-	△ 1.5
Total	239.5	262.5	23.1	+9.6%	250.0

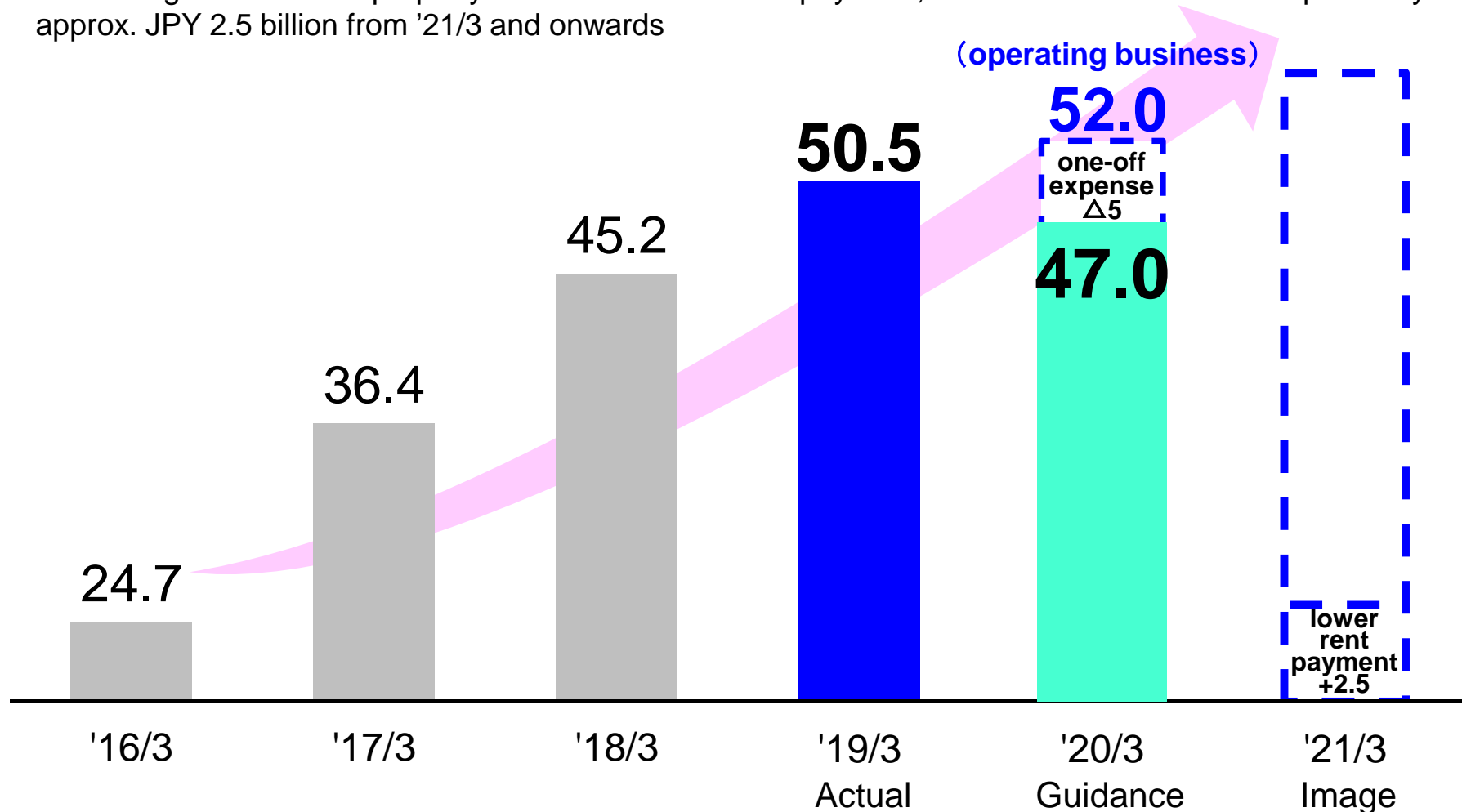
Profit by Business Segment

(Yen in Billions)

	FY2018 Actual 12 months ended March 2018	FY2019 Actual 12 months ended March 2019	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ended March 2019
<u>Segment profit (loss)</u>					
Digital Entertainment	37.4	43.8	6.4	+17.2%	37.5
Amusement	7.5	8.4	0.9	+12.6%	8.0
Gaming & Systems	4.4	4.7	0.4	+8.2%	5.5
Sports	3.3	2.2	△ 1.0	△31.1%	3.5
Corporate expenses and eliminations	△ 4.3	△ 4.7	△ 0.4	-	△ 4.5
Total Segment profit (loss)	48.2	54.6	6.3	+13.1%	50.0
Other income and other expenses	△ 3.1	△ 4.0	△ 1.0	-	0.0
Total Operating Profit	45.2	50.5	5.3	+11.8%	50.0

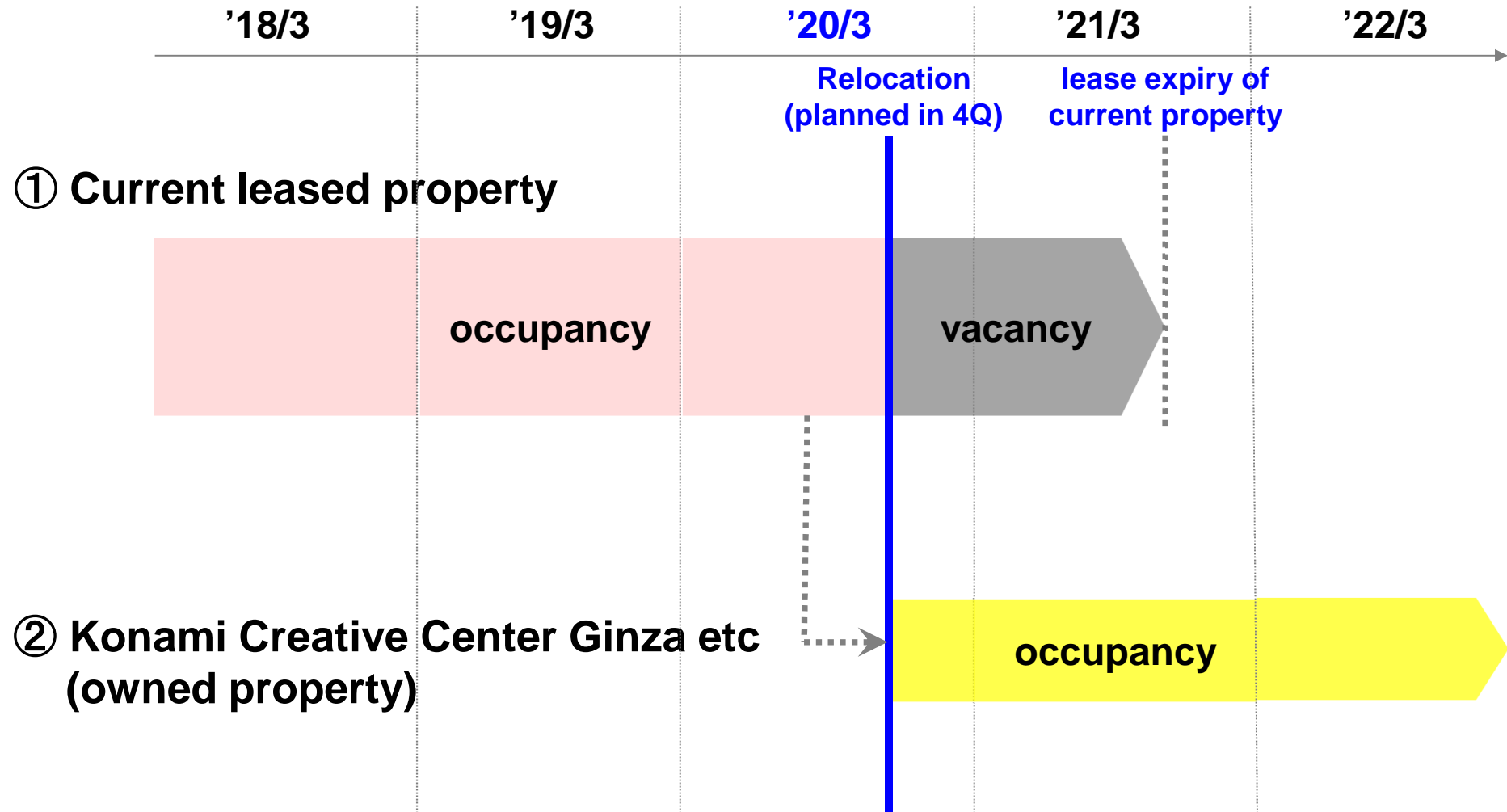
Guidance <Operating Profit (JPY in billions)>

- Our operating business expects profit growth for '20/3; however we plan to incur one-off expense of five billion yen related to relocating to the “Konami Creative Center Ginza” building, which includes rent expenses for the period after leaving the current leased property (including rent expenses for FY '21/3)
- Relocating to our owned property will result in lower rent payment, which will reduce annual expense by approx. JPY 2.5 billion from '21/3 and onwards



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Relocation Schedule (Plan)



Relocating from leased property to owned property will result in lower rent payment by approx. JPY 2.5 billion annually

Guidance

(Yen in Billions)

	FY2019 Actual	FY2020 Guidance	YoY Change (Amount)	YoY Change (%)
	12 months ended March 2019	12 months ending March 2020		
Revenue	262.5	270.0	7.5	+2.8%
Operating profit (ex one-off relocation expense)	50.5	52.0	1.5	+2.9%
One-off relocation expense*	0.0	△ 5.0	△ 5.0	-
Operating profit	50.5	47.0	△ 3.5	△7.0%
Profit before income taxes	50.3	46.0	△ 4.3	△8.6%
Profit for the period (attributable to owners of the parent)	34.2	30.0	△ 4.2	△12.3%
Earnings per share (JPY)	252.86	221.84	△ 31.02	

* Expected to incur one-off expense of five billion yen related to relocating to the “Konami Creative Center Ginza” building, which includes rent expenses for the period after leaving the current leased property (including rent expenses for FY ‘21/3)

Guidance by Business Segment (Revenue)

(Yen in Billions)

<u>Revenue</u>	FY2019 Actual 12 months ended March 2019	FY2020 Guidance 12 months ending March 2020	YoY Change (Amount)	YoY Change (%)
Digital Entertainment	141.7	144.0	2.3	+1.6%
Amusement	27.8	29.0	1.2	+4.2%
Gaming & Systems	31.2	34.0	2.8	+9.1%
Sports	63.5	64.5	1.0	+1.6%
Eliminations	△ 1.6	△ 1.5	0.1	-
Total	262.5	270.0	7.5	+2.8%

Guidance by Business Segment (Segment Profit / Loss)

(Yen in Billions)

	FY2019 Actual	FY2020 Guidance	YoY Change (Amount)	YoY Change (%)
<u>Segment profit (loss)</u>	12 months ended March 2019	12 months ending March 2020		
Digital Entertainment	43.8	44.0	0.2	+0.4%
Amusement	8.4	7.0	△ 1.4	△ 17.0%
Gaming & Systems	4.7	5.5	0.8	+16.5%
Sports	2.2	4.0	1.8	+78.3%
Corporate expenses and eliminations	△ 4.7	△ 5.0	△ 0.3	-
Total Segment profit (loss)	54.6	55.5	0.9	+1.7%
Other income and other expenses	△ 4.0	△ 8.5	△ 4.5	-
One-off relocation expense	0.0	△ 5.0	△ 5.0	-
Other	△ 4.0	△ 3.5	0.5	-
Total Operating Profit	50.5	47.0	△ 3.5	△ 7.0%

Guidance by Business Segment (Operating Profit)

(Yen in Billions)

	FY2019 Actual	FY2020 Guidance	YoY Change (Amount)	YoY Change (%)
	12 months ended March 2019	12 months ending March 2020		
<u>Operating profit</u>				
Digital Entertainment	40.3	40.5	0.2	+0.5%
Amusement	8.0	7.0	△ 1.0	△13.0%
Gaming & Systems	4.7	5.5	0.8	+16.6%
Sports	2.1	4.0	1.9	+88.2%
Corporate expenses and eliminations	△ 4.7	△ 5.0	△ 0.3	-
Operating profit (ex one-off relocation expense)	50.5	52.0	1.5	+2.9%
One-off relocation expense	0.0	△ 5.0	△ 5.0	-
Total Operating Profit	50.5	47.0	△ 3.5	△7.0%

* Operating profit by business segments include other income and other expenses

Dividend declared

	(JPY)					
	FY2018 actual	FY2019 forecast	FY2019 dividend declared			YoY Change (Amount)
			Regular	Commemorative	Total	
	12 months ended March 2018	12 months ended March 2019	12 months ended March 2019			
Interim dividend	30.00	60.50	35.50	25.00	60.50	30.50
Year-end dividend	38.00	60.50 (forecast)	40.50 (declared)	25.00 (declared)	65.50 (declared)	27.50
Annual dividend	68.00	121.00 (forecast)	76.00 (declared)	50.00 (declared)	126.00 (declared)	58.00

To celebrate the 50th anniversary of its founding on March 21, 2019, we will award commemorative dividends in addition to regular dividends for the year ended March 31, 2019.

Annual dividend for the year ended March 31, 2019 will be revised up by JPY 5 to JPY 126 compared to the initial forecast.

Dividend forecast for FY2020

				(JPY)
	Regular	Commemorative	FY2019 dividend declared	FY2020 dividend forecast
			12 months ended March 2019	12 months ending March 2020
Interim dividend	35.50	25.00	60.50	38.00 (forecast)
Year-end dividend	40.50 (declared)	25.00 (declared)	65.50 (declared)	38.00 (forecast)
Annual dividend	76.00 (declared)	50.00 (declared)	126.00 (declared)	76.00 (forecast)

The payment of dividends for the year ending March 2020 will maintain the same level of regular dividends for the year ended March 2019 which was based on the record profits achieved for the year.

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2018 Actual	FY2019 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance
	12 months ended March 2018	12 months ended March 2019			12 months ending March 2020
Revenue	120.3	141.7	21.4	+17.8%	144.0
Segment profit	37.4	43.8	6.4	+17.2%	44.0
Operating profit	35.6	40.3	4.7	+13.2%	40.5

Note: Operating profit includes other expenses of JPY 1.8 billion (FY2018) and JPY 3.5 billion (FY2019)

FY2019 Q4 summary

- “PROFESSIONAL BASEBALL SPIRITS A” continues to perform strong since Q3. Mobile games was also driven by “Yu-Gi-Oh! DUEL LINKS,” marking its second anniversary since launch, and “Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)” growing sales after its major update in Q3
- Yu-Gi-Oh! trading card games celebrate its 20th anniversary in February 2019; sales driven by products including “Yu-Gi-Oh! OCG Duel Monsters 20th ANNIVERSARY LEGEND COLLECTION”
- Continued favorable performance of online mode “myClub” from the video game “Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)”
- eSports initiatives: Qualifying rounds takes place worldwide for PES LEAGUE WORLD TOUR 2019, an eSports global tournament for “Winning Eleven 2019”. Hosted the championship finals for “eBASEBALL Pawapuro Pro League” in cooperation with the Nippon Professional Baseball Organization

Revenue and segment profit

(Yen in Billions)

	FY2018 Actual	FY2019 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance
	12 months ended March 2018	12 months ended March 2019			12 months ending March 2020
Revenue	25.2	27.8	2.7	+10.6%	29.0
Segment profit	7.5	8.4	0.9	+12.6%	7.0
Operating profit	6.1	8.0	1.9	+31.0%	7.0

Note: Operating profit includes other expenses of JPY 1.3 billion (FY2018) and JPY 0.4 billion (FY2019)

FY2019 Q4 summary

- Video arcade game category sees solid performance from online mah-jong game “MAH-JONG FIGHT CLUB”; launched “DanceDanceRevolution” 20th anniversary model
- Medal machine sales driven by lottery-oriented “Anima Lotta Anima to Kumono Taiju” and the colossal coin-pusher “GRANDCROSS LEGEND” with an all-new rendering
- Released “GI Derby Club 2” under the new regulation from the “GI Derby Club” series

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2018 Actual	FY2019 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance
	12 months ended March 2018	12 months ended March 2019			12 months ending March 2020
Revenue	29.6	31.2	1.5	+5.2%	34.0
Segment profit	4.4	4.7	0.4	+8.2%	5.5
Operating profit	4.4	4.7	0.4	+8.1%	5.5

Note: YoY impact from forex - revenue JPY Δ 0.1 billion, operating profit JPY 20 million

FY2019 Q4 summary

- The “Concerto” series of products continue to drive sales while the new “KX 43” cabinet arrives to market
- Launched “Fortune Cup” in Asia following its installment in North America; a differentiated multi-station machine featuring a mechanical horse racing track based on Konami’s proven experience and technology from amusement machines
- “SYNKROS” system updated by SynkConnect player tracking solution

Revenue and segment profit

(Yen in Billions)

	FY2018 Actual	FY2019 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance
	12 months ended March 2018	12 months ended March 2019			12 months ending March 2020
Revenue	66.0	63.5	△ 2.5	△3.8%	64.5
Segment profit	3.3	2.2	△ 1.0	△31.1%	4.0
Operating profit	3.3	2.1	△ 1.2	△36.2%	4.0

Note: Operating profit includes other income of JPY 0.1 billion (FY2018) and other expenses of JPY 0.1 billion (FY2019)

FY2019 Q4 summary

- Implemented measures to further expand the growing exercise programs business in light of increasing interest in sports heading into 2020; eg. increased number of gyms that offer table tennis and trampoline lessons, and launched small-group swimming lessons coached by trainers from former national team members
- Focused on service improvement by renewing fitness machines and refurbishing facilities

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Titles Released in Jan - Mar 2019 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※)
Arcade Classics Anniversary Collection	Nintendo Switch™ /PS4/Xbox One/PC	Global	Apr '19	DE
Yu-Gi-Oh! Legacy of the Duelist: Link Evolution	Nintendo Switch™	Japan	Apr '19	DE
Castlevania Anniversary Collection	Nintendo Switch™ /PS4/Xbox One/PC	Global	May '19	DE
JIKKYOU PAWAFURU PUROYAKYU	Nintendo Switch™	Japan	Jun '19	DE
PROFESSIONAL BASEBALL SPIRITS 2019	PS4 / PS Vita	Japan	Jul '19	DE
Contra Anniversary Collection	Nintendo Switch™ /PS4/Xbox One/PC	Global	2019	DE
Yu-Gi-Oh! Legacy of the Duelist: Link Evolution	Nintendo Switch™	Americas Europe Asia	2019	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

※ DE: Digital Entertainment

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PROFESSIONAL BASEBALL SPIRITS 2019



LOVEPLUS EVERY



DANKIRA!!! - Boys, be DANCING! -



JIKKYOU PAWAFURU PUROYAKYU



KONAMI 50th Anniversary Collection series



Yu-Gi-Oh! Legacy of the Duelist: Link Evolution

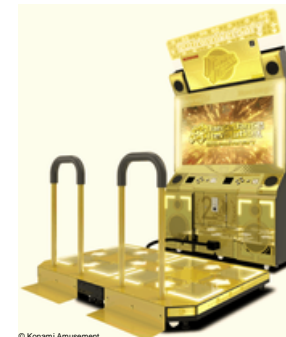
Titles Released in Jan - Mar 2019 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Anima Lotta Anima to Kumono Taiju	Amusement machine	Japan	Mar '19	AM
DanceDanceRevolution 20th anniversary model	Amusement machine	Japan	Mar '19	AM
GRANDCROSS LEGEND	Amusement machine	Japan	Mar '19	AM
Gokkan Hie Hie Penta	Amusement machine	Japan	TBD	AM
TREASURE ROAD	Amusement machine	Japan	TBD	AM
GI Derby Club 2	Amusement machine	Japan	Feb '19	AM
Million Roulette	Amusement machine	Japan	Feb '19	AM
Million Venus	Amusement machine	Japan	TBD	AM
Jikkyo Bingo Club	Amusement machine	Japan	TBD	AM
Fortune Cup	Gaming Machine	Asia	Jan '19	GS
KX 43	Gaming Machine	North America	Feb '19	GS
SYNKROS 3.24.6	Casino Management System (Software)	North America	Mar '19	GS
SYNKROS 3.24.7	Casino Management System (Software)	North America	Mar '19	GS

※ AM: Amusement GS: Gaming & Systems



© Konami Amusement
Anima Lotta
Anima to Kumono Taiju



© Konami Amusement
DanceDanceRevolution
20th anniversary model



© Konami Amusement
GRANDCROSS LEGEND



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TREASURE ROAD



Fortune Cup



KX 43

Consolidated Business Performance

(Yen in Billions)

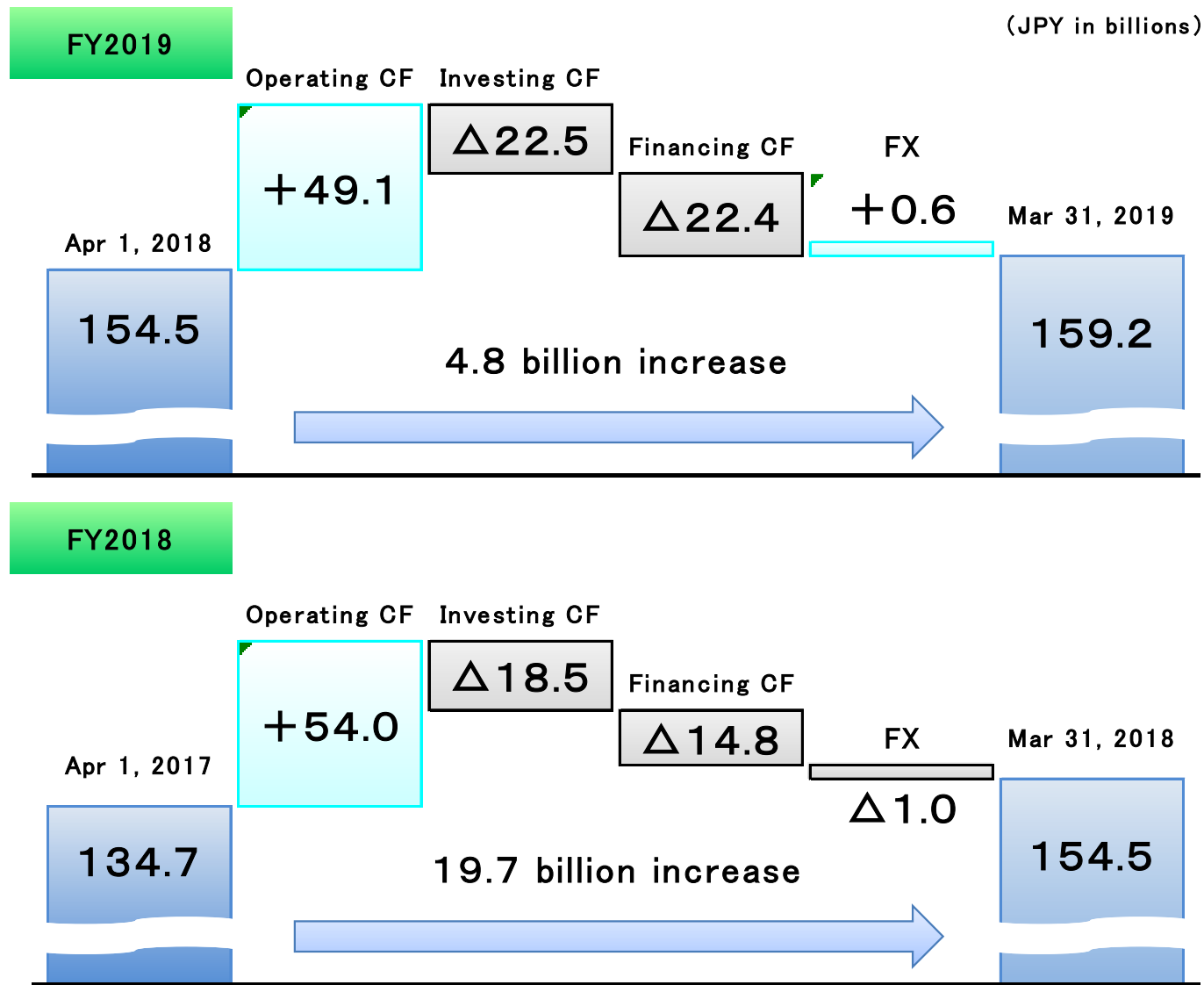
	FY2018	percentile	FY2019	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	239.5	100.0%	262.5	100.0%	23.1	+9.6%
Total cost of revenue	△ 142.2	59.4%	△ 155.4	59.2%	△ 13.1	
SG&A	△ 49.0	20.5%	△ 52.6	20.0%	△ 3.6	
Other income and other expenses	△ 3.1	1.3%	△ 4.0	1.5%	△ 1.0	
Operating profit	45.2	18.9%	50.5	19.2%	5.3	+11.8%
Finance income	0.2		0.3		0.2	
Finance costs	△ 0.9		△ 0.8		0.1	
Profit from investments accounted for using the equity method	0.3		0.3		0.0	
Profit before income taxes	44.7	18.7%	50.3	19.2%	5.6	+12.5%
Income taxes	△ 14.2	5.9%	△ 16.1	6.1%	△ 1.9	
Profit for the year	30.5	12.7%	34.2	13.0%	3.7	+12.2%
Profit attributable to:						
Owners of the parent	30.5	12.7%	34.2	13.0%	3.7	+12.1%
Non-controlling interests	△ 0.0	△0.0%	0.0	0.0%	0.0	

Consolidated Financial Position

(Yen in Billions)

	March 31, 2018	March 31, 2019	YoY change		March 31, 2018	March 31, 2019	YoY change
Current assets				Current liabilities			
Cash and cash equivalents	154.5	159.2	4.8	Bonds and borrowings	11.9	10.5	△ 1.4
Trade and other receivables	26.1	32.5	6.4	Trade and other payables	31.3	31.5	0.3
Inventories	6.8	8.3	1.5	Other current liabilities	26.1	28.8	2.6
Other current assets	8.3	7.7	△ 0.6	Total current liabilities	69.3	70.8	1.5
Total current assets	195.7	207.7	12.0	Non-current liabilities			
	53.9%	54.9%		Bonds and borrowings	14.7	9.8	△ 4.9
Non-current assets				Other non-current liabilities	24.5	21.0	△ 3.5
Property, plant and equipment, net	79.1	82.2	3.2	Total non-current liabilities	39.3	30.8	△ 8.5
Goodwill and intangible assets	36.9	38.1	1.2	Total liabilities	108.6	101.6	△ 6.9
Investments accounted for using the equity method	3.0	3.2	0.2	Total equity attributable to owners of the parent	253.8	275.6	21.8
Deferred tax assets	22.0	21.1	△ 0.8		69.9%	72.9%	
Other non-current assets	26.5	25.6	△ 0.9	(per share: JPY)	(1,876.62)	(2,038.16)	(161.54)
Total non-current assets	167.4	170.3	2.9	Non-controlling interests	0.8	0.8	0.0
	46.1%	45.1%		Total equity	254.5	276.4	21.9
Total assets	363.1	378.0	14.9	Total liabilities and equity	363.1	378.0	14.9

Consolidated Cash Flows



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THANK YOU

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