

KONAMI

FY2020 1st Quarter Financial Results

Three months ended June 30, 2019

KONAMI HOLDINGS CORPORATION
August 1, 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)

	FY2019 Q1	FY2020 Q1	FY2020 Guidance
	3 months ended June 2018	3 months ended June 2019	12 months ending March 2020
Revenue	58.5	56.5	270.0
Operating profit	11.8	10.0	47.0
Profit before income taxes	11.8	9.7	46.0
Profit for the period (attributable to owners of the parent)	8.3	7.3	30.0
Earnings per share (JPY)	61.18	53.83	221.84

Revenue by Business Segment

(Yen in Billions)

<u>Revenue</u>	FY2019 Q1 3 months ended June 2018	FY2020 Q1 3 months ended June 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Digital Entertainment	30.1	31.5	1.4	+4.8%	144.0
Amusement	6.6	3.3	△ 3.3	△50.6%	29.0
Gaming & Systems	6.4	6.8	0.5	+7.3%	34.0
Sports	15.8	15.2	△ 0.6	△3.7%	64.5
Eliminations	△ 0.4	△ 0.4	0.0	-	△ 1.5
Total	58.5	56.5	△ 2.0	△3.4%	270.0

Profit by Business Segment

(Yen in Billions)

	FY2019 Q1 3 months ended June 2018	FY2020 Q1 3 months ended June 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
<u>Segment profit (loss)</u>					
Digital Entertainment	9.1	9.7	0.6	+6.6%	44.0
Amusement	1.9	0.5	△ 1.3	△71.1%	7.0
Gaming & Systems	0.9	0.2	△ 0.7	△81.7%	5.5
Sports	1.0	0.6	△ 0.4	△42.9%	4.0
Corporate expenses and eliminations	△ 1.0	△ 1.2	△ 0.2	-	△ 5.0
Total Segment profit (loss)	11.8	9.8	△ 2.1	△17.4%	55.5
Other income and other expenses	△ 0.0	0.3	0.3	-	△ 8.5
Total Operating Profit	11.8	10.0	△ 1.8	△15.2%	47.0

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2019 Q1 3 months ended June 2018	FY2020 Q1 3 months ended June 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	30.1	31.5	1.4	+4.8%	144.0
Segment profit	9.1	9.7	0.6	+6.6%	44.0
Operating profit	9.1	9.7	0.6	+6.6%	40.5
Margin	30%	31%			28%

FY2020 Q1 summary

- Mobile games “Yu-Gi-Oh! Duel Links” and “PROFESSIONAL BASEBALL SPIRITS A” continue to deliver strong performance. Launched new games “DANKIRA!!! - Boys, be DANCING! -” and “J.LEAGUE CLUB CHAMPIONSHIP”
- Hosted regional qualifying games around the world for the Yu-Gi-Oh! World Championship 2019, an eSports tournament to determine the world's No.1 duelist for the Yu-Gi-Oh! series in light of stimulating the franchise
- Released three video game titles from the "Anniversary Collection" series. "Yu-Gi-Oh! Legacy of the Duelist: Link Evolution" and "JIKKYOU PAWAFURU PUROYAKYU" launched for Nintendo Switch™ in Japan
- eSports initiatives: World finals takes place for PES LEAGUE 2019, an eSports global tournament for “Winning Eleven 2019”. Hosted group stages and club trials for “eJ.LEAGUE Winning Eleven 2019 Season” jointly held with Japan Football Association (J.LEAGUE)

Revenue and segment profit

(Yen in Billions)

	FY2019 Q1 3 months ended June 2018	FY2020 Q1 3 months ended June 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	6.6	3.3	△ 3.3	△50.6%	29.0
Segment profit	1.9	0.5	△ 1.3	△71.1%	7.0
Operating profit	1.9	0.5	△ 1.3	△71.1%	7.0
Margin	28%	17%			24%

FY2020 Q1 summary

- Continued solid performance from online mah-jong game "MAH-JONG FIGHT CLUB" and "BOMBERGIRL" based on gameplay from the popular video game franchise Bomberman
- Released "Quiz Magic Academy Kisekino Kousa -Xross Voyage-", the latest title from the "Quiz Magic Academy" series

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2019 Q1 3 months ended June 2018	FY2020 Q1 3 months ended June 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	6.4	6.8	0.5	+7.3%	34.0
Segment profit	0.9	0.2	△ 0.7	△81.7%	5.5
Operating profit	0.9	0.2	△ 0.7	△81.7%	5.5
Margin	14%	2%			16%

* YoY impact from forex: revenue JPY △80 million, operating profit JPY △40 million

FY2020 Q1 summary

- The “Concerto” video slot machines continue to drive sales in North America while its series product launches in Europe and Latin America
- Growing participation install-base driven by expanding game portfolio for the “Concerto Opus” cabinet
- “Fortune Cup” and casino management system “SYNKROS” achieve high acclaim at G2E Asia 2019 held in Macau

Revenue and segment profit

(Yen in Billions)

	FY2019 Q1 3 months ended June 2018	FY2020 Q1 3 months ended June 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	15.8	15.2	△ 0.6	△3.7%	64.5
Segment profit	1.0	0.6	△ 0.4	△42.9%	4.0
Operating profit	1.0	0.8	△ 0.2	△16.0%	4.0
Margin	6%	5%			6%

Note: Operating profit includes other income of JPY 0.3 billion (FY2020)

FY2020 Q1 summary

- Membership promotion plan that offer support, counseling and measurement of training effectiveness for new members wins positive reception. Launched small-group swimming lessons coached by trainers from former national team members
- Athletes of Konami Sports gymnastics team and swimming team deliver strong performance in international matches in light of increasing interest in sports heading into 2020

Titles Released in Apr - Jun 2019 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
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
DANKIRAI!!! - Boys, be DANCING! -	App Store Google Play	Japan	May '19	DE
Contra Anniversary Collection	Nintendo Switch™ /PS4/Xbox One/PC	Global	Jun '19	DE
JIKKYOU PAWAFURU PUROYAKYU	Nintendo Switch™	Japan	Jun '19	DE
J.LEAGUE CLUB CHAMPIONSHIP	App Store Google Play	Japan	Jun '19	DE
PROFESSIONAL BASEBALL SPIRITS 2019	PS4 / PS Vita	Japan	Jul '19	DE
Yu-Gi-Oh! Legacy of the Duelist: Link Evolution	Nintendo Switch™	Americas Europe Asia	Aug '19	DE
eFootball Winning Eleven 2020 eFootball PES 2020	PS4 / Xbox One PC (※2)	Global	Sep '19	DE
CONTRA ROGUE CORPS	Nintendo Switch™ /PS4/Xbox One/PC	Global	Sep '19	DE



PROFESSIONAL BASEBALL SPIRITS 2019



eFootball Winning Eleven 2020
eFootball PES 2020



CONTRA ROGUE CORPS



KONAMI 50th Anniversary
Collection series



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



JIKKYOU PAWAFURU PUROYAKYU

※1 DE: Digital Entertainment
 ※2 Japan: PS4 only
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 ©2016 Konami Digital Entertainment

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Titles Released in Apr - Jun 2019 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
PC Engine mini TurboGrafx-16 mini	-	Japan N. America Europe	Mar '20	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
LOVEPLUS EVERY	App Store Google Play	Japan	TBD	DE
Quiz Magic Academy Kisekino Kousa -Xross Voyage-	Amusement machine	Japan	Apr '19	AM
Jikkyou Bingo Club	Amusement machine	Japan	Jun '19	AM
TREASURE ROAD	Amusement machine	Japan	Jul '19	AM
MAH-JONG FIGHT CLUB 3	Amusement machine	Japan	Aug '19	AM
GOLDMAX Genkai Toppa!!!!	Amusement machine	Japan	Sep '19	AM
ELDORA CROWN Gurenno Hasha	Amusement machine	Japan	Sep '19	AM
Gokkan Hie Hie Penta	Amusement machine	Japan	TBD	AM
Magical Halloween 7	Amusement machine	Japan	TBD	AM
Concerto Opus	Gaming machine	Europe	Jun '19	GS

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



PC Engine mini
TurboGrafx-16 mini



TREASURE ROAD



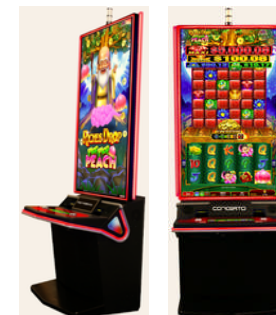
ELDORA CROWN Gurenno Hasha



Quiz Magic Academy
Kisekino Kousa -Xross Voyage-



Gokkan Hie Hie Penta



Concerto Opus

Consolidated Business Performance

(Yen in Billions)

	FY2019 Q1	percentile	FY2020 Q1	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	58.5	100.0%	56.5	100.0%	△ 2.0	△3.4%
Total cost of revenue	△ 34.4	58.8%	△ 33.7	59.7%	0.7	
SG&A	△ 12.3	21.0%	△ 13.0	23.0%	△ 0.7	
Other income and other expenses	△ 0.0	0.0%	0.3	△0.4%	0.3	
Operating profit	11.8	20.2%	10.0	17.7%	△ 1.8	△15.2%
Finance income	0.2		0.1		△ 0.1	
Finance costs	△ 0.2		△ 0.4		△ 0.2	
Profit from investments accounted for using the equity method	0.1		△ 0.0		△ 0.1	
Profit before income taxes	11.8	20.3%	9.7	17.2%	△ 2.1	△18.0%
Income taxes	△ 3.6	6.1%	△ 2.4	4.3%	1.1	
Profit for the period	8.3	14.2%	7.3	12.9%	△ 1.0	△12.0%
Profit attributable to:						
Owners of the parent	8.3	14.2%	7.3	12.9%	△ 1.0	△12.0%
Non-controlling interests	0.0	0.0%	0.0	0.0%	0.0	

Consolidated Financial Position

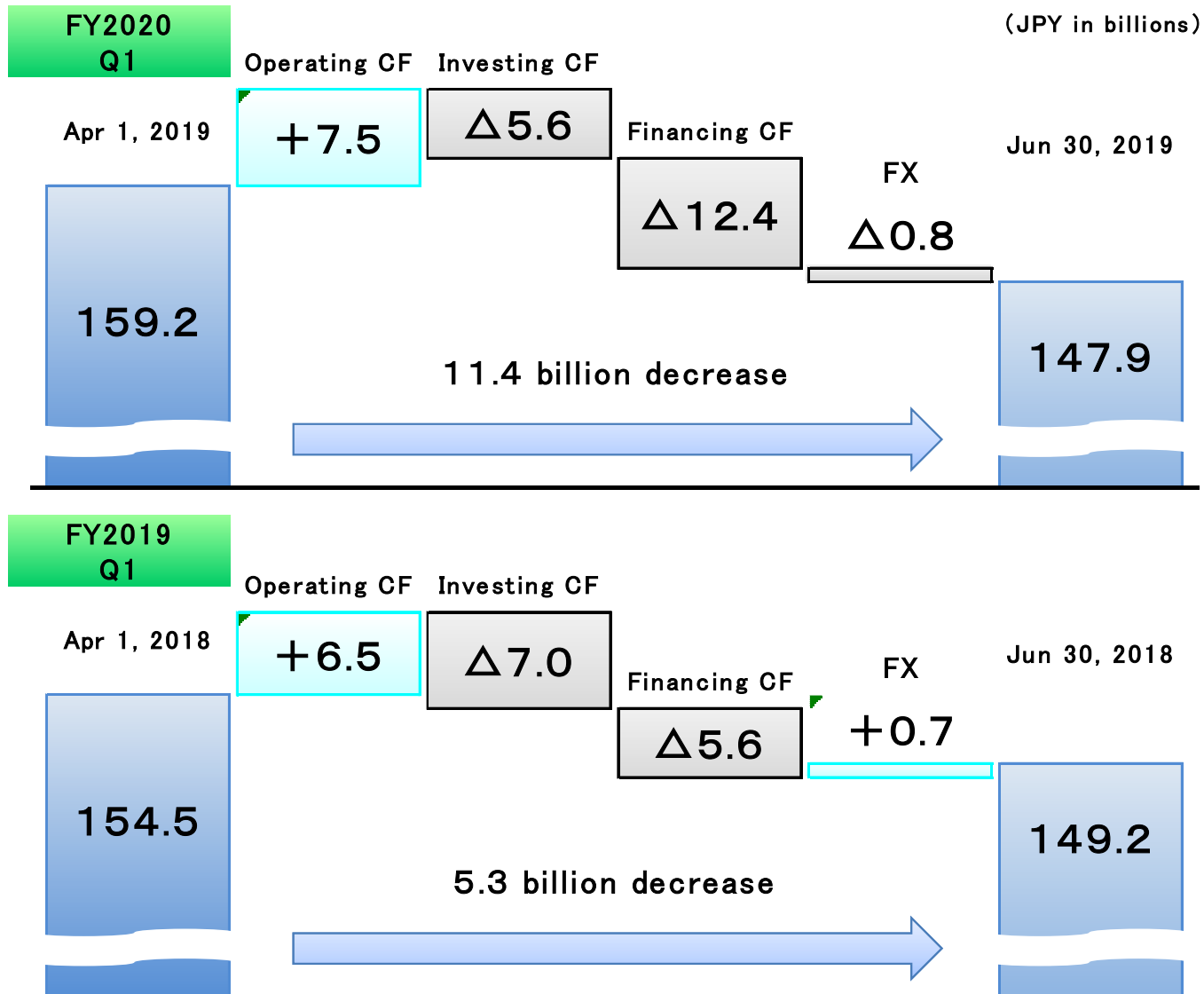
(Yen in Billions)

	March 31, 2019	June 30, 2019	change		March 31, 2019	June 30, 2019	change
Current assets				Current liabilities			
Cash and cash equivalents	159.2	147.9	△ 11.4	Bonds and borrowings	10.5	10.4	△ 0.2
Trade and other receivables	32.5	26.5	△ 6.0	Trade and other payables	31.5	25.1	△ 6.4
Inventories	8.3	9.4	1.1	Other current liabilities	28.8	38.7	10.0
Other current assets	7.7	9.7	2.0	Total current liabilities	70.8	74.3	3.4
Total current assets	207.7	193.4	△ 14.3	Non-current liabilities			
	54.9%	48.1%		Bonds and borrowings	9.8	9.8	0.0
Non-current assets				Other non-current liabilities	21.0	50.1	29.1
Property, plant and equipment, net	82.2	117.7	35.5	Total non-current liabilities	30.8	59.9	29.1
Goodwill and intangible assets	38.1	40.4	2.3	Total liabilities	101.6	134.1	32.5
Investments accounted for using the equity method	3.2	3.1	△ 0.1	Total equity attributable to owners of the parent	275.6	267.6	△ 8.1
Deferred tax assets	21.1	22.0	0.8		72.9%	-66.5%	
Other non-current assets	25.6	25.9	0.3	(per share: JPY)	(2,038.16)	(1,978.47)	(△59.69)
Total non-current assets	170.3	209.1	38.7	Non-controlling interests	0.8	0.8	0.0
	45.1%	51.9%		Total equity	276.4	268.3	△ 8.1
Total assets	378.0	402.5	24.4	Total liabilities and equity	378.0	402.5	24.4

Impact from adoption of IFRS16 lease accounting (as of June 30, 2019)

Property, plant and equipment, net	+35.5	Other current liabilities	+10.9
		Other non-current liabilities	+29.7
		Total equity attributable to owners of the parent	△5.2

Consolidated Cash Flows



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THANK YOU

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