

**KONAMI**

# FY2020 2<sup>nd</sup> Quarter Financial Results

Six months ended September 30, 2019

**KONAMI HOLDINGS CORPORATION**  
October 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

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## Consolidated Financial Results

(Yen in Billions)

	FY2019 H1	FY2020 H1	FY2020 Guidance
	6 months ended September 2018	6 months ended September 2019	12 months ending March 2020
Revenue	122.2	121.1	270.0
Operating profit	25.0	20.9	47.0
Profit before income taxes	24.9	20.4	46.0
Profit for the period (attributable to owners of the parent)	17.2	15.2	30.0
Earnings per share (JPY)	127.16	112.41	221.84
Dividend per share (JPY)	60.50	38.00	76.00

## Revenue by Business Segment

(Yen in Billions)

	FY2019 H1 6 months ended September 2018	FY2020 H1 6 months ended September 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
<u>Revenue</u>					
Digital Entertainment	66.8	67.0	0.2	+0.2%	144.0
Amusement	11.3	9.0	△ 2.3	△20.6%	29.0
Gaming & Systems	12.8	14.9	2.1	+16.2%	34.0
Sports	32.0	31.1	△ 1.0	△3.0%	64.5
Eliminations	△ 0.8	△ 0.8	△ 0.0	-	△ 1.5
<b>Total</b>	<b>122.2</b>	<b>121.1</b>	<b>△ 1.1</b>	<b>△0.9%</b>	<b>270.0</b>

## Profit by Business Segment

(Yen in Billions)

	FY2019 H1 6 months ended September 2018	FY2020 H1 6 months ended September 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
<u>Segment profit (loss)</u>					
Digital Entertainment	20.4	18.7	△ 1.7	△8.3%	44.0
Amusement	3.1	1.6	△ 1.5	△49.3%	7.0
Gaming & Systems	1.6	1.7	0.1	+4.1%	5.5
Sports	1.9	1.5	△ 0.4	△21.0%	4.0
Corporate expenses and eliminations	△ 1.9	△ 2.6	△ 0.7	-	△ 5.0
Total Segment profit (loss)	25.1	20.8	△ 4.3	△17.0%	55.5
Other income and other expenses	△ 0.0	0.1	0.2	-	△ 8.5
Total Operating Profit	25.0	20.9	△ 4.1	△16.4%	47.0

## Digital Entertainment

### Revenue and segment profit

(Yen in Billions)

	FY2019 H1 6 months ended September 2018	FY2020 H1 6 months ended September 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	66.8	67.0	0.2	+0.2%	144.0
Segment profit	20.4	18.7	△ 1.7	△ 8.3%	44.0
Operating profit	20.4	18.7	△ 1.7	△ 8.3%	40.5
Margin	31%	28%			28%

### FY2020 Q2 summary

- Mobile games driven by existing titles including “PROFESSIONAL BASEBALL SPIRITS A”, “Yu-Gi-Oh! Duel Links” and “JIKKYOU PAWAFURU PUROYAKYU.” Launched new title “Frogger in Toy Town” for Apple Arcade
- Hosted the Yu-Gi-Oh! World Championship 2019 in Germany, an eSports tournament to determine the world's No.1 duelist for the Yu-Gi-Oh! series
- Released video game titles “eFootball Winning Eleven 2020 (eFootball PES 2020)”, “PROFESSIONAL BASEBALL SPIRITS 2019” and “Yu-Gi-Oh! Legacy of the Duelist: Link Evolution” for American, European and Asian markets
- eSports initiatives: Hosted the eDraft for “eBASEBALL Pro League” in cooperation with the Nippon Professional Baseball Organization. New eSports competition “eFootball,” a joint initiative with top club teams and leagues announced for the Winning Eleven franchise

### Revenue and segment profit

(Yen in Billions)

	FY2019 H1	FY2020 H1	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance
	6 months ended September 2018	6 months ended September 2019			12 months ending March 2020
Revenue	11.3	9.0	△ 2.3	△20.6%	29.0
Segment profit	3.1	1.6	△ 1.5	△49.3%	7.0
Operating profit	3.1	1.4	△ 1.6	△53.5%	7.0
Margin	27%	16%			24%

Note: Operating profit includes other expense of JPY 0.1 billion (FY2020)

### FY2020 Q2 summary

- Released “TREASURE ROAD,” a prize game with a new concept of using a conveyer belt, and medal game “GI Derby Club” for the “FEATURE PREMIUM” series and a dungeon medal RPG title “ELDORA CROWN Gurenno Hasha”
- Launched “MAH-JONG FIGHT CLUB 3,” a latest iteration from the MAH-JONG FIGHT CLUB franchise



## Gaming & Systems

### Revenue and segment profit

(Yen in Billions)

	FY2019 H1 6 months ended September 2018	FY2020 H1 6 months ended September 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	12.8	14.9	2.1	+16.2%	34.0
Segment profit	1.6	1.7	0.1	+4.1%	5.5
Operating profit	1.6	1.7	0.1	+4.2%	5.5
Margin	12%	11%			16%

\* YoY impact from forex: revenue JPY  $\Delta$ 0.5 billion, operating profit JPY  $\Delta$ 0.1 billion

### FY2020 Q2 summary

- The “KX 43” continues to drive sales while the Concerto series of cabinets including the “Concerto Opus” were sold across North America, Oceania, Latin America and European markets. Popular title “All Aboard” delivers strong performance in Oceania
- Solid installations of casino management system “SYNKROS”
- Announced new products for the October show Global Gaming Expo 2019 in Las Vegas including a new cabinet featuring a J-curve display and a biometric player tracking solution for “SYNKROS”

### Revenue and segment profit

(Yen in Billions)

	FY2019 H1 6 months ended September 2018	FY2020 H1 6 months ended September 2019	YoY Change (Amount)	YoY Change (%)	FY2020 Guidance 12 months ending March 2020
Revenue	32.0	31.1	△ 1.0	△3.0%	64.5
Segment profit	1.9	1.5	△ 0.4	△21.0%	4.0
Operating profit	1.8	1.7	△ 0.1	△5.7%	4.0
Margin	6%	6%			6%

Note: Operating profit includes other expense of JPY 0.1 billion (FY2019) and other income of JPY 0.2 billion (FY2020)

### FY2020 Q2 summary

- Focused on improvement for service through renewal of private training programs to cater to diversifying needs
- Leveraging on the strength of operating full-service gyms nation-wide – Announced launching swimming lesson programs for kindergarten, elementary and junior high schools in light of offering solutions for local governments and schools with facility maintenance and work style reform issues

## Titles Released in Jul - Sep 2019 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
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
Frogger in Toy Town	Apple Arcade	Global	Sep '19	DE
Castlevania Grimoire of Souls	App Store Google Play	Canada	Sep '19	DE
LOVEPLUS EVERY	App Store Google Play	Japan	Oct '19	DE
PC Engine mini N. America: TurboGrafx-16 mini Europe: PC Engine Core Grafx mini	-	Japan N. America Europe	Mar '20	DE
Momotaro Dentetsu - Showa Heisei Reiwa mo teiban! -	Nintendo Switch™	Japan	2020	DE
Yu-Gi-Oh! DUEL LINKS Chinese title: "游戏王: 决斗链接"	App Store Android	China	TBD	DE
beatmania II DX ULTIMATE MOBILE	App Store Google Play	Japan	TBD	DE
SOUND VOLTEX ULTIMATE MOBILE	App Store Google Play	Japan	TBD	DE
DanceDanceRevolution ULTIMATE MOBILE	App Store Google Play	Japan	TBD	DE

※1 DE: Digital Entertainment

※2 Japan: PS4 only

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PROFESSIONAL BASEBALL SPIRITS 2019



eFootball Winning Eleven 2020  
eFootball PES 2020



PC Engine mini



LOVEPLUS EVERY



Momotaro Dentetsu  
- Showa Heisei Reiwa mo teiban! -



beatmania II DX  
ULTIMATE MOBILE

# KONAMI

## Titles Released in Jul - Sep 2019 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
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
FEATURE PREMIUM GI Derby Club	Amusement machine	Japan	Sep '19	AM
DRAGONWHEEL	Amusement machine	Japan	Oct '19	AM
Magical Halloween 7	Amusement machine	Japan	Dec '19	AM
beatmania IIDX 27 LIGHTNING MODEL	Amusement machine	Japan	Dec '19	AM
SMASH STADIUM	Amusement machine	Japan	Feb '20	AM
Color CoLotta Mezase! Yumeno Takarajima	Amusement machine	Japan	Feb '20	AM
SILENT HILL	Gaming machine	North America	TBD	GS
SYNK Vision	Gaming system	North America	TBD	GS

※ AM: Amusement GS: Gaming & Systems



TREASURE ROAD



ELDORA CROWN Gurenno Hasha



beatmania IIDX 27 LIGHTNING MODEL



SMASH STADIUM



Color CoLotta  
Mezase! Yumeno Takarajima



SILENT HILL

## Consolidated Business Performance

(Yen in Billions)

	FY2019 H1	percentile	FY2020 H1	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	122.2	100.0%	121.1	100.0%	△ 11	△0.9%
Total cost of revenue	△ 72.4	59.3%	△ 73.6	60.8%	△ 12	
SG&A	△ 24.7	20.2%	△ 26.7	22.0%	△ 20	
Other income and other expenses	△ 0.0	0.0%	0.1	△0.1%	2.0	
Operating profit	25.0	20.5%	20.9	17.3%	△ 41	△16.4%
Finance income	0.3		0.2		△ 1	
Finance costs	△ 0.4		△ 0.6		△ 2	
Profit from investments accounted for using the equity method	0.0		△ 0.1		△ 1	
Profit before income taxes	24.9	20.4%	20.4	16.9%	△ 45	△18.2%
Income taxes	△ 7.8	6.3%	△ 5.2	4.3%	25.0	
Profit for the period	17.2	14.1%	15.2	12.6%	△ 20	△11.6%
Profit attributable to:						
Owners of the parent	17.2	14.1%	15.2	12.6%	△ 20	△11.6%
Non-controlling interests	0.0	0.0%	△ 0.0	△0.0%	△ 0	

## Consolidated Financial Position

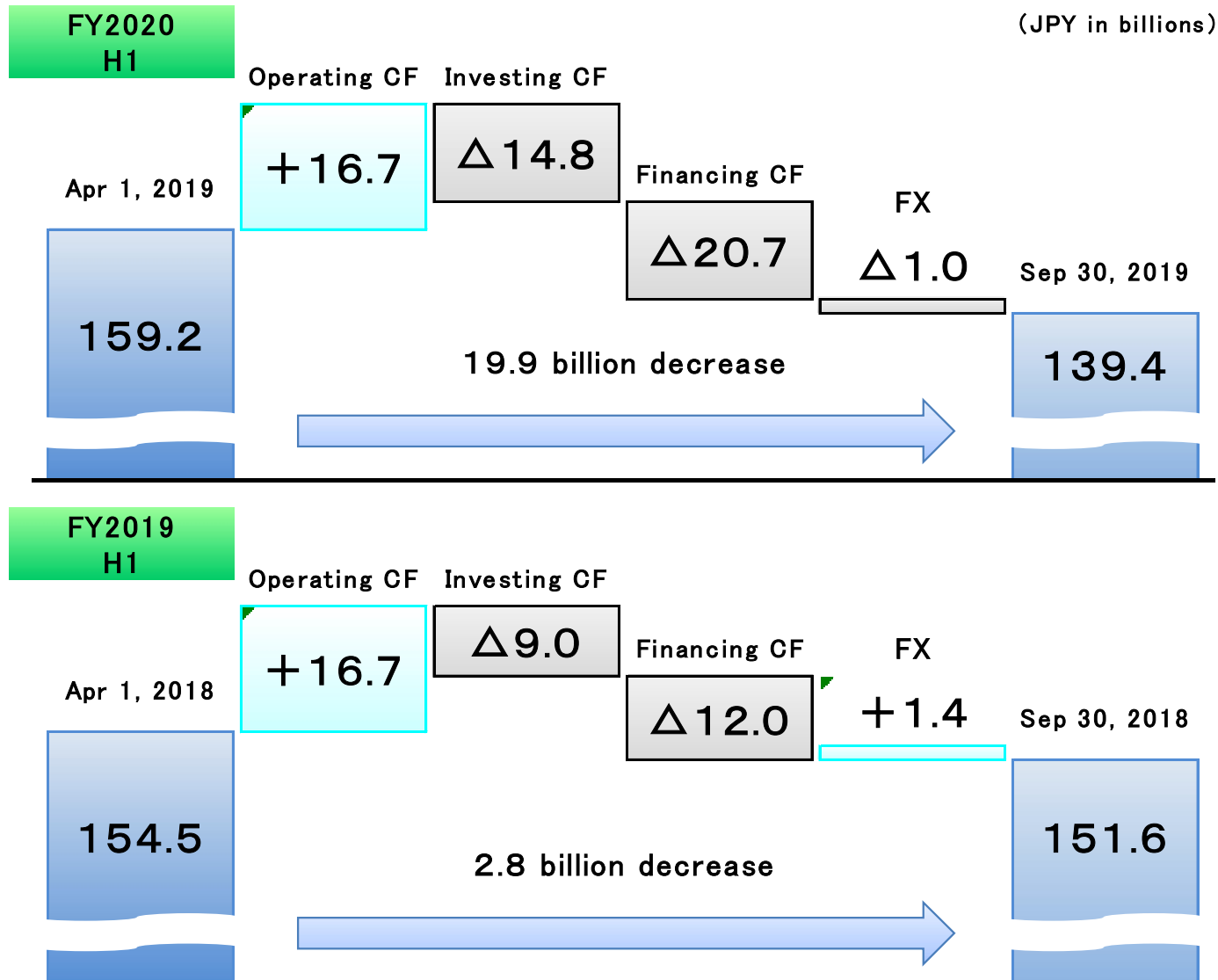
(Yen in Billions)

	Mar 31, 2019	Sep 30, 2019	change		Mar 31, 2019	Sep 30, 2019	change
Current assets				Current liabilities			
Cash and cash equivalents	159.2	139.4	△ 19.9	Bonds and borrowings	10.5	5.4	△ 5.2
Trade and other receivables	32.5	31.6	△ 0.9	Trade and other payables	31.5	22.7	△ 8.8
Inventories	8.3	12.5	4.2	Other current liabilities	28.8	41.4	12.7
Other current assets	7.7	9.9	2.2	Total current liabilities	70.8	69.5	△ 1.3
Total current assets	207.7	193.3	△ 14.4	Non-current liabilities			
	54.9%	47.8%		Bonds and borrowings	9.8	9.8	0.0
Non-current assets				Other non-current liabilities	21.0	48.7	27.7
Property, plant and equipment, net	82.2	119.5	37.2	Total non-current liabilities	30.8	58.5	27.7
Goodwill and intangible assets	38.1	40.1	2.0	Total liabilities	101.6	128.1	26.4
Investments accounted for using the equity method	3.2	3.1	△ 0.1	Total equity attributable to owners of the parent	275.6	275.2	△ 0.4
Deferred tax assets	21.1	21.9	0.8		72.9%	68.1%	
Other non-current assets	25.6	26.1	0.5	(per share: JPY)	(2,038.16)	(2,035.25)	(△2.91)
Total non-current assets	170.3	210.7	40.4	Non-controlling interests	0.8	0.8	0.0
	45.1%	52.2%		Total equity	276.4	276.0	△ 0.4
Total assets	378.0	404.1	26.0	Total liabilities and equity	378.0	404.1	26.0

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

Property, plant and equipment, net	+34.4	Other current liabilities	+10.5
		Other non-current liabilities	+28.7
		Total equity attributable to owners of the parent	△5.2

## Consolidated Cash Flows



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THANK YOU

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