

KONAMI

FY2020 Financial Results

Fiscal year ended March 31, 2020

KONAMI HOLDINGS CORPORATION

May 14, 2020

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 Actual	FY2020 Actual	FY2020 Revised Guidance
	12 months ended March 2019	12 months ended March 2020	12 months ended March 2020
Revenue	262.5	262.8	263.5
Operating profit	50.5	31.0	33.0
Profit before income taxes	50.3	30.4	32.0
Profit for the period (attributable to owners of the parent)	34.2	19.9	21.0
Earnings per share (JPY)	252.86	147.26	155.29

Revenue by Business Segment

(Yen in Billions)

<u>Revenue</u>	FY2019 Actual <small>12 months ended March 2019</small>	FY2020 Actual <small>12 months ended March 2020</small>	YoY Change (Amount)	YoY Change (%)	FY2020 Revised Guidance <small>12 months ended March 2020</small>
Digital Entertainment	141.7	153.4	11.7	+8.3%	148.0
Amusement	27.8	23.7	△ 4.1	△14.8%	24.0
Gaming & Systems	31.2	28.4	△ 2.8	△8.9%	31.5
Sports	63.5	59.0	△ 4.5	△7.1%	61.5
Eliminations	△ 1.6	△ 1.7	△ 0.0	-	△ 1.5
Total	262.5	262.8	0.3	+0.1%	263.5

Profit by Business Segment

(Yen in Billions)

	FY2019 Actual	FY2020 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Revised Guidance
<u>Segment profit (loss)</u>	12 months ended March 2019	12 months ended March 2020			12 months ended March 2020
Digital Entertainment	43.8	43.2	△ 0.6	△1.4%	41.5
Amusement	8.4	5.3	△ 3.1	△36.7%	5.0
Gaming & Systems	4.7	1.8	△ 2.9	△62.3%	3.5
Sports	2.2	0.0	△ 2.2	△98.5%	2.2
Corporate expenses and eliminations	△ 4.7	△ 6.1	△ 1.4	-	△ 6.0
Total Segment profit (loss)	54.6	44.3	△ 10.3	△18.8%	46.2
Other income and other expenses	△ 4.0	△ 13.3	△ 9.3	-	△ 13.2
One-off relocation expense	0.0	△ 4.8	△ 4.8	-	△ 5.0
Sports business impairment charge	0.0	△ 6.4	△ 6.4	-	△ 6.2
Other	△ 4.0	△ 2.2	1.9	-	△ 2.0
Total Operating Profit	50.5	31.0	△ 19.5	△38.7%	33.0

Dividend declared

						(JPY)
	Regular	Commemorative	FY2019 dividend 12 months ended March 2019	FY2020 dividend forecast 12 months ended March 2020	FY2020 dividend declared 12 months ended March 2020	YoY Change
Interim dividend	35.50	25.00	60.50	38.00	38.00	△ 22.50
Year-end dividend	40.50	25.00	65.50	38.00 (forecast)	7.00 (declared)	△ 58.50
Annual dividend	76.00	50.00	126.00	76.00 (forecast)	45.00 (declared)	△ 81.00
Reference:						
Total cash dividends	10.3 billion	6.8 billion	17.0 billion	10.2 billion	6.1 billion	

Year-end dividend revised to JPY 7 with an annual dividend of JPY 45 while maintaining payout ratio of over 30%.

Along with share buyback of JPY 6.5 billion, total shareholder return amounts to JPY 12.6 billion resulting in total return ratio of 63.2%.

Earnings and dividend guidance for FY2021 (TBD)

With respect to the outlook, there are concerns over a global recession triggered by measures taken to avoid the spread of the coronavirus outbreak.

The governments of various nations have implemented policies that result in voluntary temporal closures of stores and lockdowns. The Konami Group expects that business stagnations and slowdown of future demands caused by temporal closure of amusement facilities, casino facilities and sports clubs will affect our earnings performance.

Under the current circumstances where visibility is low on when the outbreak will be under control and consumer spending will recover, it is difficult to reasonably calculate its impact on our guidance. Hence, consolidated earnings outlook and dividend forecasts for the fiscal year ending March 31, 2021 have not been determined.

We will disclose our guidance promptly when a reasonable projection becomes possible.

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2019 Actual	FY2020 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Revised Guidance
	12 months ended March 2019	12 months ended March 2020			12 months ended March 2020
Revenue	141.7	153.4	11.7	+8.3%	148.0
Segment profit	43.8	43.2	△ 0.6	△ 1.4%	41.5
Operating profit	40.3	40.7	0.4	+1.1%	40.5
Margin	28%	27%			27%

Note: Operating profit includes other expenses of JPY 3.5 billion (FY2019) and JPY 2.5 billion (FY2020)

FY2020 Q4 summary

- Mobile games driven by continued strong performance from “PROFESSIONAL BASEBALL SPIRITS A,” “eFootball Winning Eleven 2020 (eFootball PES 2020),” “Yu-Gi-Oh! DUEL LINKS” etc.
- Conducted marketing activities for the release of “Yu-Gi-Oh! RUSH DUEL,” a new lineup from the Yu-Gi-Oh! card game series
- Released “PC Engine mini” console and “Yu-Gi-Oh! Legacy of the Duelist: Link Evolution” for PS4, Xbox One and PC
- eSports initiatives: Hosted the eClimax Series and eNippon Series for the “eBASEBALL Pro League” in cooperation with the Nippon Professional Baseball Organization. Pro athletes from various European club teams participated in the Winning Eleven franchise official eSports championship “eFootball League 2019-20 season”

Amusement

Revenue and segment profit

(Yen in Billions)

	FY2019 Actual	FY2020 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Revised Guidance
	12 months ended March 2019	12 months ended March 2020			12 months ended March 2020
Revenue	27.8	23.7	△ 4.1	△ 14.8%	24.0
Segment profit	8.4	5.3	△ 3.1	△ 36.7%	5.0
Operating profit	8.0	5.0	△ 3.1	△ 38.4%	5.0
Margin	29%	21%			21%

Note: Operating profit includes other expenses of JPY 0.4 billion (FY2019) and JPY 0.4 billion (FY2020)

FY2020 Q4 summary

- Released a multi-ball colored-roulette medal game “Color CoLotta Mezase! Yumeno Takarajima,” and a pinball-themed coin-pusher game “SMASH STADIUM”
- Launched “SKYGIRLS -Zero no Tsubasa-,” a latest iteration from the SKYGIRLS series
- Coronavirus impact slowing down supply chains

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2019 Actual <small>12 months ended March 2019</small>	FY2020 Actual <small>12 months ended March 2020</small>	YoY Change (Amount)	YoY Change (%)	FY2020 Revised Guidance <small>12 months ended March 2020</small>
Revenue	31.2	28.4	△ 2.8	△8.9%	31.5
Segment profit	4.7	1.8	△ 2.9	△62.3%	3.5
Operating profit	4.7	1.8	△ 2.9	△62.2%	3.5
Margin	15%	6%			11%

* YoY impact from forex: revenue JPY △1.0 billion, operating profit JPY △0.2 billion

FY2020 Q4 summary

- “KX 43” and “Concerto” cabinets sold across North America, Oceania, Latin America and European markets
- “SYNKROS” awarded gold medal in the casino management system Data Quadrant Awards
- Coronavirus outbreak resulting in supply chain slowdown and product delivery delays as well as closures of casinos on a global scale impacting the business

Revenue and segment profit

(Yen in Billions)

	FY2019 Actual	FY2020 Actual	YoY Change (Amount)	YoY Change (%)	FY2020 Revised Guidance
	12 months ended March 2019	12 months ended March 2020			12 months ended March 2020
Revenue	63.5	59.0	△ 4.5	△7.1%	61.5
Segment profit	2.2	0.0	△ 2.2	△98.5%	2.2
Operating profit	2.1	△ 6.0	△ 8.2	-	△ 4.0
Margin	3%	△10%			△7%

Note: Operating profit includes other expenses of JPY 0.1 billion (FY2019) and JPY 6.1 billion (FY2020)

FY2020 Q4 summary

- Began daily updates of Konami Sports Club's original exercise video streaming "TODAY's Video" starting in April to resolve lack of exercise from avoiding nonessential outings, in addition to our existing at-home exercise video streaming service
- Temporary suspension of exercise school lessons and closures of gyms in some regions as measures to prevent the spreading of the coronavirus

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Titles Released in Jan - Mar 2020 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
PC Engine mini N. America: TurboGrafx-16 mini Europe: PC Engine Core Grafx mini	-	Japan N. America Europe	Mar '20	DE
Yu-Gi-Oh! Legacy of the Duelist: Link Evolution	PS4 / Xbox One PC	Global	Mar '20	DE
Yu-Gi-Oh! RUSH DUEL	Card Game	Japan	Apr '20	DE
eBASEBALL PAWAFURU PUROYAKYU 2020	PS4/Nintendo Switch™	Japan Korea Taiwan	Jul '20	DE
Momotaro Dentetsu - Showa Heisei Reiwa mo teiban! -	Nintendo Switch™	Japan	Winter 2020	DE
Yu-Gi-Oh! DUEL LINKS Chinese title: "游戏王: 决斗链接"	App Store Android	China	TBD	DE

※1 DE: Digital Entertainment

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Yu-Gi-Oh! RUSH DUEL



eBASEBALL
PAWAFURU PUROYAKYU 2020



PC Engine mini



Momotaro Dentetsu
- Showa Heisei Reiwa mo teiban! -



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

Titles Released in Jan - Mar 2020 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
SKYGIRLS -Zero no Tsubasa-	Amusement machine	Japan	Jan '20	AM
Color CoLotta Mezase! Yumeno Takarajima	Amusement machine	Japan	Feb '20	AM
SMASH STADIUM	Amusement machine	Japan	Mar '20	AM
Pachinko GI Derby Club	Amusement machine	Japan	Mar '20	AM
FEATURE PREMIUM MAH-JONG FIGHT CLUB 3	Amusement machine	Japan	TBD	AM
DUEL DREAM	Amusement machine	Japan	TBD	AM
BUSOU SHINKI ARMORED PRINCESS BATTLE CONDUCTOR	Amusement machine	Japan	TBD	AM
Sengoku Collection 4	Amusement machine	Japan	TBD	AM
DIMENSION 49J	Gaming machine	North America	H1 FY21	GS
SYNK Vision	Gaming system	North America	TBD	GS

※ AM: Amusement GS: Gaming & Systems



SMASH STADIUM



Color CoLotta
Mezase! Yumeno Takarajima



DUEL DREAM



BUSOU SHINKI ARMORED
PRINCESS BATTLE CONDUCTOR



FEATURE Premium
MAH-JONG FIGHT CLUB 3



DIMENSION 49J

Consolidated Business Performance

(Yen in Billions)

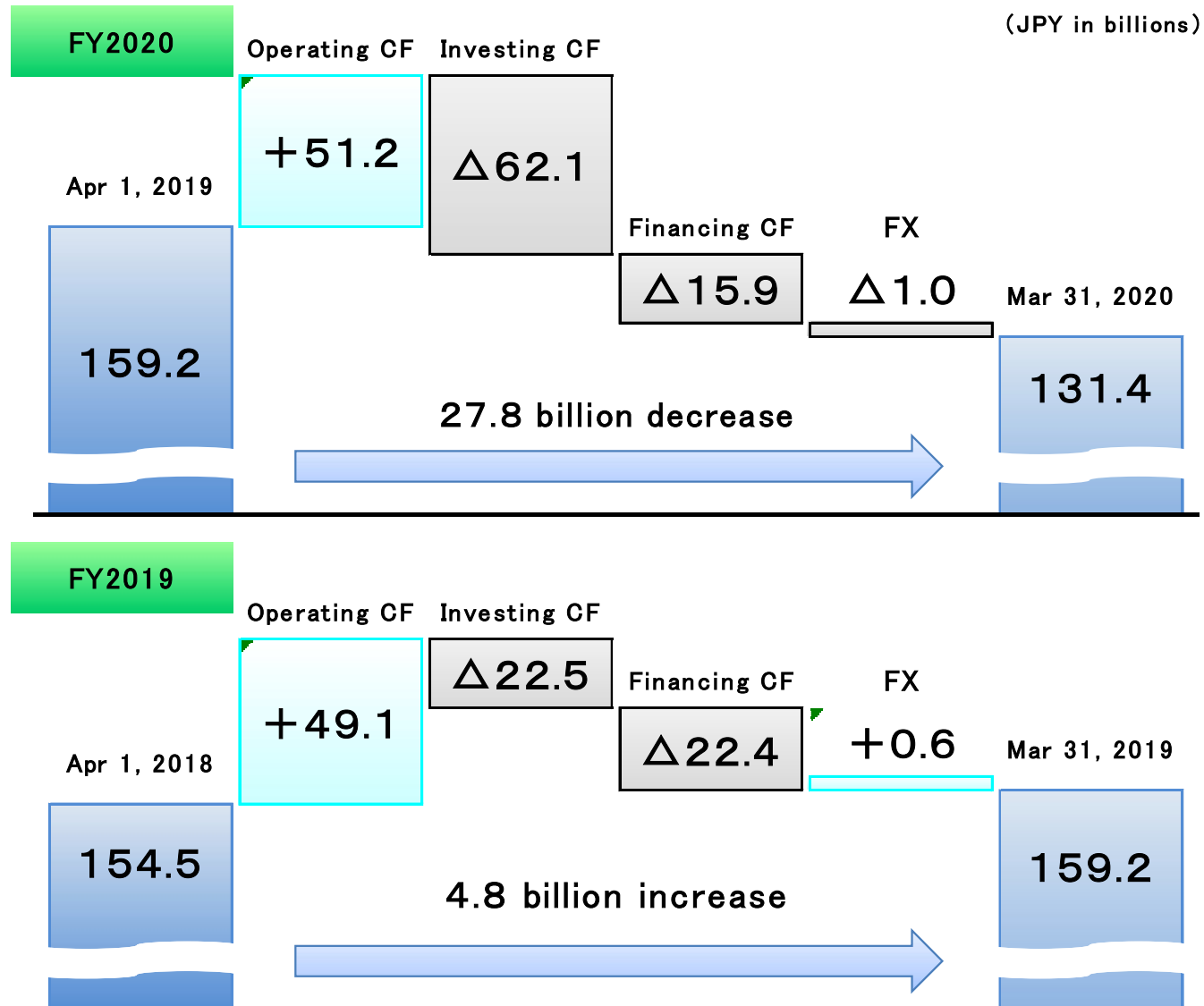
	FY2019	percentile	FY2020	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	262.5	100.0%	262.8	100.0%	0.3	0.1%
Total cost of revenue	△ 155.4	59.2%	△ 163.0	62.0%	△ 7.7	
SG&A	△ 52.6	20.0%	△ 55.5	21.1%	△ 2.8	
Other income and other expenses	△ 4.0	1.5%	△ 13.3	5.1%	△ 9.3	
Operating profit	50.5	19.2%	31.0	11.8%	△ 19.6	△38.7%
Finance income	0.3		0.4		0.0	
Finance costs	△ 0.8		△ 0.9		△ 0.1	
Profit from investments accounted for using the equity method	0.3		△ 0.0		△ 0.3	
Profit before income taxes	50.3	19.2%	30.4	11.6%	△ 19.9	△39.6%
Income taxes	△ 16.1	6.1%	△ 10.5	4.0%	5.6	
Profit for the period	34.2	13.0%	19.9	7.6%	△ 14.3	△41.9%
Profit attributable to:						
Owners of the parent	34.2	13.0%	19.9	7.6%	△ 14.3	△41.8%
Non-controlling interests	0.0	0.0%	0.0	0.0%	△ 0	

Consolidated Financial Position

(Yen in Billions)

	Mar 31, 2019	Mar 31, 2020	change		Mar 31, 2019	Mar 31, 2020	change
Current assets				Current liabilities			
Cash and cash equivalents	159.2	131.4	△ 27.8	Bonds and borrowings	10.5	28.3	17.7
Trade and other receivables	32.5	29.9	△ 2.6	Trade and other payables	31.5	31.3	△ 0.3
Inventories	8.3	10.0	1.7	Other current liabilities	28.8	37.2	8.5
Other current assets	7.7	16.4	8.7	Total current liabilities	70.8	96.8	25.9
Total current assets	207.7	187.7	△ 20.0	Non-current liabilities			
	54.9%	-44.8%		Bonds and borrowings	9.8	9.9	0.1
Non-current assets				Other non-current liabilities	21.0	43.6	22.6
Property, plant and equipment, net	82.2	116.6	34.4	Total non-current liabilities	30.8	53.4	22.6
Goodwill and intangible assets	38.1	34.4	△ 3.7	Total liabilities	101.6	150.2	48.6
Investment Property	0.0	32.5	32.5	Total equity attributable to owners of the parent	275.6	268.1	△ 7.5
Deferred tax assets	21.1	23.7	2.6		72.9%	-64.0%	
Other non-current assets	25.6	24.1	△ 4.7	(per share: JPY)	2,038.16	2,012.85	△25.31
Total non-current assets	170.3	231.4	61.1	Non-controlling interests	0.8	0.8	0.0
	45.1%	-55.2%		Total equity	276.4	268.9	△ 7.5
Total assets	378.0	419.1	41.1	Total liabilities and equity	378.0	419.1	41.1

Consolidated Cash Flows



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THANK YOU

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