

**KONAMI**

# FY2021 1<sup>st</sup> Quarter Financial Results

Three months ended June 30, 2020

**KONAMI HOLDINGS CORPORATION**

August 6, 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)

|   | FY2020 Q1                   | FY2021 Q1                   |   |
|---|-----------------------------|-----------------------------|---|
|   | 3 months ended<br>June 2019 | 3 months ended<br>June 2020 |   |
| Revenue   | 56.5                        | 52.9                        |   |
| Segment profit (loss)   | 9.8                         | 12.4                        |   |
| Other expenses  | 0.3                         | △ 5.6                       | ※ |
| Operating profit  | 10.0                        | 6.8                         |   |
| Profit before income taxes                                      | 9.7                         | 6.3                         |   |
| Profit for the period<br>(attributable to owners of the parent) | 7.3                         | 4.2                         |   |
| Earnings per share (JPY)  | 53.83                       | 31.48                       |   |

※ COVID-19 related loss etc. of ¥5.6 billion recognized in the line item “other expenses.”  
The loss, mainly booked under sports segment, contains fixed costs including personnel, depreciation and rent expenses for sports clubs, which were incurred during the temporal closure period throughout Japan in response to the state-of-emergency declaration from the government and business suspension request from local governments to prevent the outbreak of COVID-19.

## Revenue by Business Segment

(Yen in Billions)

| <u>Revenue</u>        | FY2020 Q1                   | FY2021 Q1                   | YoY<br>Change<br>(Amount) | YoY<br>Change<br>(%) |
|-----------------------|-----------------------------|-----------------------------|---------------------------|----------------------|
|                       | 3 months ended<br>June 2019 | 3 months ended<br>June 2020 |                           |                      |
| Digital Entertainment | 31.5                        | 42.8                        | 11.3                      | +36.0%               |
| Amusement             | 3.3                         | 2.9                         | △ 0.4                     | △11.8%               |
| Gaming & Systems      | 6.8                         | 3.0                         | △ 3.8                     | △56.4%               |
| Sports                | 15.2                        | 4.7                         | △ 10.5                    | △68.9%               |
| Eliminations          | △ 0.4                       | △ 0.5                       | △ 0.2                     | -                    |
| <b>Total</b>          | <b>56.5</b>                 | <b>52.9</b>                 | <b>△ 3.6</b>              | <b>△6.3%</b>         |

## Profit by Business Segment

(Yen in Billions)

|                                     | FY2020 Q1                   | FY2021 Q1                   | YoY<br>Change<br>(Amount) | YoY<br>Change<br>(%) |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------|----------------------|
|                                     | 3 months ended<br>June 2019 | 3 months ended<br>June 2020 |                           |                      |
| <u>Segment profit (loss)</u>        |                             |                             |                           |                      |
| Digital Entertainment               | 9.7                         | 15.3                        | 5.6                       | +57.9%               |
| Amusement                           | 0.5                         | △ 0.2                       | △ 0.8                     | -                    |
| Gaming & Systems                    | 0.2                         | △ 0.9                       | △ 1.1                     | -                    |
| Sports                              | 0.6                         | △ 1.1                       | △ 1.7                     | -                    |
| Corporate expenses and eliminations | △ 1.2                       | △ 0.7                       | 0.5                       | -                    |
| <b>Total Segment profit (loss)</b>  | <b>9.8</b>                  | <b>12.4</b>                 | <b>2.6</b>                | <b>+26.5%</b>        |
| Other income and other expenses     | 0.3                         | △ 5.6                       | △ 5.8                     | -                    |
| COVID-19 related loss               | 0.0                         | △ 5.7                       | △ 5.7                     | -                    |
| Other                               | 0.3                         | 0.1                         | △ 0.1                     | -                    |
| <b>Total Operating Profit</b>       | <b>10.0</b>                 | <b>6.8</b>                  | <b>△ 3.2</b>              | <b>△32.4%</b>        |

## Earnings and dividend guidance for FY2021 (TBD)

With respect to the outlook, under the current circumstances where visibility is low on when COVID-19 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 promptly disclose our guidance when a reasonable projection becomes possible.

## Digital Entertainment

### Revenue and segment profit

(Yen in Billions)

|                  | FY2020 Q1<br>3 months ended<br>June 2019 | FY2021 Q1<br>3 months ended<br>June 2020 | YoY<br>Change<br>(Amount) | YoY<br>Change<br>(%) |
|------------------|--|--|---------------------------|----------------------|
| Revenue          | 31.5                                     | 42.8                                     | 11.3                      | +36.0%               |
| Segment profit   | 9.7                                      | 15.3                                     | 5.6                       | +57.9%               |
| Operating profit | 9.7                                      | 15.2                                     | 5.5                       | +56.8%               |
| Margin           | 31%                                      | 35%                                      |                           |                      |

Note: Operating profit for FY2021 includes COVID-19 related loss (includes labor cost during furlough) of JPY 0.1 billion

### FY2021 Q1 summary

- Mobile games marks quarterly record revenues and profit driven by PROFESSIONAL BASEBALL SPIRITS A, eFootball Winning Eleven 2020 (eFootball PES 2020), surpassing 300 million downloads, and Yu-Gi-Oh! DUEL LINKS etc.
- Released Yu-Gi-Oh! RUSH DUEL, a new lineup from the Yu-Gi-Oh! card game series
- myClub mode from eFootball Winning Eleven 2020 (eFootball PES 2020) records strong sales driven by the Iconic Moment events celebrating the 25th anniversary of the franchise
- eSports initiatives: Hosted Virtual Interleague Games for the “eBASEBALL Pro League” in cooperation with the Nippon Professional Baseball Organization; Qualifying round of the online tournament KC Grand Tournament held for Yu-Gi-Oh! DUEL LINKS



## Amusement

### Revenue and segment profit

(Yen in Billions)

|                         | FY2020 Q1                   | FY2021 Q1                   | YoY<br>Change<br>(Amount) | YoY<br>Change<br>(%) |
|-------------------------|-----------------------------|-----------------------------|---------------------------|----------------------|
|                         | 3 months ended<br>June 2019 | 3 months ended<br>June 2020 |                           |                      |
| Revenue                 | 3.3                         | 2.9                         | △ 0.4                     | △11.8%               |
| Segment profit (loss)   | 0.5                         | △ 0.2                       | △ 0.8                     | -                    |
| Operating profit (loss) | 0.5                         | △ 0.3                       | △ 0.9                     | -                    |
| Margin                  | 17%                         | △12%                        |                           |                      |

Note: Operating profit (loss) for FY2021 includes COVID-19 related loss (includes labor cost during furlough) of JPY 0.1 billion

### FY2021 Q1 summary

- Released the latest title of the QUIZ MAGIC ACADEMY series, QUIZ MAGIC ACADEMY: Kibou no Toki, and shipped the pinball-themed coin-pusher game SMASH STADIUM
- Affected sales of machines and e-amusement participation (revenue share business) due to temporal closure of amusement facilities in response to the coronavirus outbreak. Although the facilities have resumed operations post the lifting of state-of-emergency declaration from the government and business suspension request from local governments, the recovery in number of visitors remains slow

## Gaming & Systems

### Revenue and segment profit

(Yen in Billions)

|                         | FY2020 Q1                   | FY2021 Q1                   | YoY<br>Change<br>(Amount) | YoY<br>Change<br>(%) |
|-------------------------|-----------------------------|-----------------------------|---------------------------|----------------------|
|                         | 3 months ended<br>June 2019 | 3 months ended<br>June 2020 |                           |                      |
| Revenue                 | 6.8                         | 3.0                         | △ 3.8                     | △56.4%               |
| Segment profit (loss)   | 0.2                         | △ 0.9                       | △ 1.1                     | -                    |
| Operating profit (loss) | 0.2                         | △ 1.2                       | △ 1.3                     | -                    |
| Margin                  | 2%                          | △39%                        |                           |                      |

Note: Operating profit (loss) for FY2021 includes COVID-19 related loss (includes impact from factory shut-down) of JPY 0.2 billion

### FY2021 Q1 summary

- Launched the latest cabinet DIMENSION 27 in addition to shipping the flagship KX 43 and Concerto cabinets
- Announced agreements to install the SYNKROS casino management system to Native American casinos
- Measures were taken by governments of various nations in response to the coronavirus outbreak; with closures of casino facilities worldwide (with exceptions in some areas) since mid-March, gaming business was forced to suspend most of its operations. Casinos have gradually resumed operations from late May

### Revenue and segment profit

(Yen in Billions)

|                         | FY2020 Q1                   | FY2021 Q1                   | YoY<br>Change<br>(Amount) | YoY<br>Change<br>(%) |
|-------------------------|-----------------------------|-----------------------------|---------------------------|----------------------|
|                         | 3 months ended<br>June 2019 | 3 months ended<br>June 2020 |                           |                      |
| Revenue                 | 15.2                        | 4.7                         | △ 10.5                    | △68.9%               |
| Segment profit (loss)   | 0.6                         | △ 1.1                       | △ 1.7                     | -                    |
| Operating profit (loss) | 0.8                         | △ 6.4                       | △ 7.2                     | -                    |
| Margin                  | 5%                          | △ 135%                      |                           |                      |

Note: Operating profit (loss) for FY2021 includes COVID-19 related loss (includes fixed cost during temporary closure) of JPY 5.3 billion

### FY2021 Q1 summary

- State-of-emergency declared by the national government and business suspension requested by local governments as measures against the outbreak of coronavirus; decrease in revenues from temporary closure and reduced business hours of both directly-managed and outsourced facilities from April to May. Fixed costs during its closure recognized as one-off loss under the line item “other expenses”
- Since the declaration and the request have been lifted, with the highest priority of ensuring safety and security of customers and employees, the facilities resumed operations in phase and made efforts to provide improved services for health promotion and hygiene management

# KONAMI

## Titles Released in Apr - Jun 2020 / Pipeline(1)

| Title   | Platform                                 | Geography                  | Release Date | Business Segment (※1) |
|---|--|----------------------------|--------------|-----------------------|
| Yu-Gi-Oh! RUSH DUEL   | Card Game                                | Japan                      | Apr '20      | DE                    |
| Skelattack  | PS4 / Xbox One<br>Nintendo Switch™<br>PC | Americas<br>Europe         | Jun '20      | DE                    |
| eBASEBALL<br>PAWAFURU PUROYAKYU 2020  | PS4<br>Nintendo Switch™                  | Japan<br>Korea<br>Taiwan   | Jul '20      | DE                    |
| eFootball Winning Eleven 2021 SEASON UPDATE<br>eFootball PES 2021 SEASON UPDATE | PS4/Xbox One/PC<br>(※2)                  | Global                     | Sep '20      | DE                    |
| Momotaro Dentetsu<br>- Showa Heisei Reiwa mo teiban! -                          | Nintendo Switch™                         | Japan                      | Nov '20      | DE                    |
| SUPER BOMBERMAN R ONLINE  | Stadia™                                  | Americas<br>Europe<br>(※3) | Fall '20     | DE                    |
| Yu-Gi-Oh! DUEL LINKS<br>Chinese title: "游戏王:决斗链接"                               | App Store<br>Android                     | China                      | TBD          | DE                    |

※1 DE: Digital Entertainment  
 ※2 PS4 only in Japan  
 ※3 Available in designated countries

© 2020 Studio Dice/SHUEISHA, TV TOKYO, KONAMI (Yu-Gi-Oh! RUSH DUEL)  
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 (eFootball Winning Eleven 2021 SEASON UPDATE / eFootball PES 2021 SEASON UPDATE)



eFootball Winning Eleven 2021 SEASON UPDATE  
eFootball PES 2021 SEASON UPDATE



SUPER BOMBERMAN R ONLINE



Yu-Gi-Oh! RUSH DUEL



Skelattack



Momotaro Dentetsu  
- Showa Heisei Reiwa mo teiban! -



eBASEBALL  
PAWAFURU PUROYAKYU 2020

# KONAMI

## Titles Released in Apr - Jun 2020 / Pipeline(2)

| Title  | Platform          | Geography     | Release Date | Business Segment (※) |
|--|-------------------|---------------|--------------|----------------------|
| QUIZ MAGIC ACADEMY Kibou no Toki               | Amusement machine | Japan         | Jun '20      | AM                   |
| Sengoku Collection 4                           | Amusement machine | Japan         | Aug '20      | AM                   |
| FEATURE PREMIUM MAH-JONG FIGHT CLUB 3          | Amusement machine | Japan         | TBD          | AM                   |
| FEATURE PREMIUM Magical Halloween 7            | Amusement machine | Japan         | TBD          | AM                   |
| DUEL DREAM                                     | Amusement machine | Japan         | TBD          | AM                   |
| BUSOU SHINKI ARMORED PRINCESS BATTLE CONDUCTOR | Amusement machine | Japan         | TBD          | AM                   |
| FORTUNE TRINITY Seirei no Shihousai            | Amusement machine | Japan         | TBD          | AM                   |
| DIMENSION 27                                   | Gaming machine    | North America | Jun '20      | GS                   |
| DIMENSION 49J                                  | Gaming machine    | North America | H2 FY21      | GS                   |
| SYNK Vision                                    | Gaming system     | North America | TBD          | GS                   |

※ AM: Amusement GS: Gaming & Systems



QUIZ MAGIC ACADEMY  
Kibou no Toki



FEATURE Premium  
MAH-JONG FIGHT CLUB 3



DUEL DREAM



BUSOU SHINKI ARMORED  
PRINCESS BATTLE CONDUCTOR



DIMENSION 49J



DIMENSION 27

## Consolidated Business Performance

(Yen in Billions)

|   | FY2020 Q1 | percentile | FY2021 Q1 | percentile | YoY Change (Amount) | YoY Change (%) |
|---|-----------|------------|-----------|------------|---------------------|----------------|
| Revenue   | 56.5      | 100.0%     | 52.9      | 100.0%     | △ 3.6               | △6.3%          |
| Total cost of revenue   | △ 33.7    | 59.7%      | △ 30.1    | 56.8%      | 3.6                 |                |
| SG&A  | △ 13.0    | 23.0%      | △ 10.5    | 19.8%      | 2.5                 |                |
| Other income and other expenses                               | 0.3       | △0.4%      | △ 5.6     | 10.5%      | △ 5.8               |                |
| Operating profit  | 10.0      | 17.7%      | 6.8       | 12.8%      | △ 3.2               | △32.4%         |
| Finance income  | 0.1       |            | 0.0       |            | △ 0.0               |                |
| Finance costs   | △ 0.4     |            | △ 0.3     |            | 0.0                 |                |
| Profit from investments accounted for using the equity method | △ 0.0     |            | △ 0.2     |            | △ 0.2               |                |
| Profit before income taxes                                    | 9.7       | 17.2%      | 6.3       | 11.9%      | △ 3.4               | △35.3%         |
| Income taxes  | △ 2.4     | 4.3%       | △ 2.1     | 4.0%       | 0.3                 |                |
| Profit for the period   | 7.3       | 12.9%      | 4.2       | 7.9%       | △ 3.1               | △42.4%         |
| Profit attributable to:                                       |           |            |           |            |                     |                |
| Owners of the parent  | 7.3       | 12.9%      | 4.2       | 7.9%       | △ 3.1               | △42.4%         |
| Non-controlling interests                                     | 0.0       | 0.0%       | 0.0       | 0.0%       | 0.0                 |                |

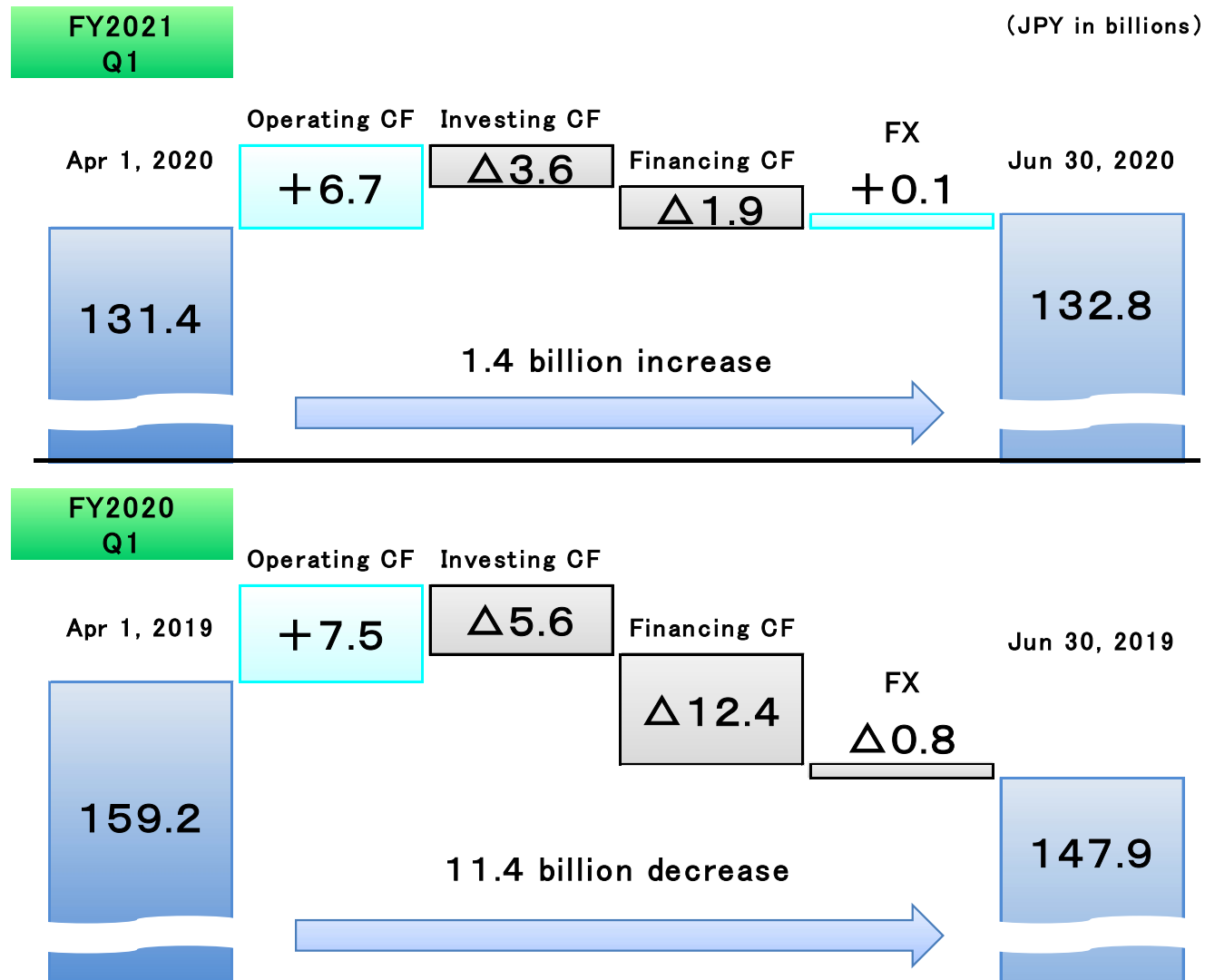
## Consolidated Financial Position

(Yen in Billions)

|                                    | Mar 31,<br>2020 | Jun 30,<br>2020 | change |  | Mar 31,<br>2019 | Jun 30,<br>2020 | change  |
|------------------------------------|-----------------|-----------------|--------|--|-----------------|-----------------|---------|
| Current assets                     |                 |                 |        | Current liabilities                                  |                 |                 |         |
| Cash and cash equivalents          | 131.4           | 132.8           | 1.4    | Bonds and borrowings                                 | 28.3            | 30.4            | 2.1     |
| Trade and other receivables        | 29.9            | 29.1            | △ 0.8  | Trade and other payables                             | 31.3            | 25.7            | △ 5.6   |
| Inventories                        | 10.0            | 9.6             | △ 0.4  | Other current liabilities                            | 37.2            | 41.0            | 3.8     |
| Other current assets               | 16.4            | 19.4            | 3.0    | Total current liabilities                            | 96.8            | 97.1            | 0.4     |
| Total current assets               | 187.7           | 190.9           | 3.1    | Non-current liabilities                              |                 |                 |         |
|                                    | (44.8%)         | (45.2%)         |        | Bonds and borrowings                                 | 9.9             | 9.9             | 0.0     |
| Non-current assets                 |                 |                 |        | Other non-current liabilities                        | 43.6            | 43.1            | △ 0.5   |
| Property, plant and equipment, net | 116.6           | 115.8           | △ 0.8  | Total non-current liabilities                        | 53.4            | 53.0            | △ 0.5   |
| Goodwill and intangible assets     | 34.4            | 36.0            | 1.6    | Total liabilities                                    | 150.2           | 150.1           | △ 0.1   |
| Investment Property                | 32.5            | 32.5            | △ 0.0  | Total equity attributable to<br>owners of the parent | 268.1           | 271.5           | 3.4     |
| Deferred tax assets                | 23.7            | 23.8            | 0.1    |  | (64.0%)         | (64.3%)         |         |
| Other non-current assets           | 24.1            | 23.4            | △ 0.7  | (per share: JPY)                                     | (2012.85)       | (2038.15)       | (25.30) |
| Total non-current assets           | 231.4           | 231.5           | 0.1    | Non-controlling interests                            | 0.8             | 0.8             | 0.0     |
|                                    | (55.2%)         | (54.8%)         |        | Total equity   | 268.9           | 272.3           | 3.4     |
| Total assets                       | 419.1           | 422.4           | 3.3    | Total liabilities and equity                         | 419.1           | 422.4           | 3.3     |

※Issued JPY60B unsecured bonds on July 16, 2020

## Consolidated Cash Flows





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THANK YOU

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