

KONAMI

FY2021 2nd Quarter Financial Results

Six months ended November 5, 2020

KONAMI HOLDINGS CORPORATION
November 5, 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 H1	FY2021 H1
	6 months ended September 2019	6 months ended September 2020
Revenue	121.1	116.1
Segment profit (loss)	20.8	25.7
Other expenses	0.1	△ 4.4 ※
Operating profit	20.9	21.4
Profit before income taxes	20.4	20.2
Profit for the period (attributable to owners of the parent)	15.2	13.8
Earnings per share (JPY)	112.41	103.52

※ COVID-19 related loss etc. of ¥4.4 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 H1	FY2021 H1	YoY Change (Amount)	YoY Change (%)
	6 months ended September 2019	6 months ended September 2020		
Digital Entertainment	67.0	88.3	21.3	+31.8%
Amusement	9.0	6.6	△ 2.4	△26.9%
Gaming & Systems	14.9	7.1	△ 7.7	△51.9%
Sports	31.1	15.1	△ 15.9	△51.3%
Eliminations	△ 0.8	△ 1.1	△ 0.2	-
Total	121.1	116.1	△ 5.0	△4.1%

Profit by Business Segment

(Yen in Billions)

	FY2020 H1	FY2021 H1	YoY Change (Amount)	YoY Change (%)
	6 months ended September 2019	6 months ended September 2020		
<u>Segment profit (loss)</u>				
Digital Entertainment	18.7	31.0	12.3	+65.8%
Amusement	1.6	0.3	△ 1.3	△81.0%
Gaming & Systems	1.7	△ 1.2	△ 2.9	-
Sports	1.5	△ 3.0	△ 4.5	-
Corporate expenses and eliminations	△ 2.6	△ 1.4	1.2	-
Total Segment profit (loss)	20.8	25.7	4.9	+23.6%
Other income and other expenses	0.1	△ 4.4	△ 4.5	-
COVID-19 related loss	0.0	△ 4.6	△ 4.6	-
Other	0.1	0.3	0.2	-
Total Operating Profit	20.9	21.4	0.4	+2.1%

Earnings 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 for the fiscal year ending March 31, 2021 has not been determined. We will promptly disclose our guidance when a reasonable projection becomes possible.

Dividend forecast for FY2021

(JPY)

	FY2020 dividend	FY2021 dividend forecast	YoY Change (Amount)
	12 months ended March 2020	12 months ending March 2021	
Interim dividend	38.00	22.50 (declared)	△ 15.50
Year-end dividend	7.00	22.50 (forecast)	15.50
Annual dividend	45.00	45.00 (forecast)	0.00

No change to the forecast announced on September 23 – Although the earnings guidance for the year ending March 2021 has not been determined, the payment of dividends is forecasted to maintain the same level of dividends for the year ended March 2020.

We will recalculate the annual dividend to be at least 45.00 yen per share to achieve a payout ratio of more than 30% as our basic policy, when the earnings guidance is determined for the year ending March 2021.

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2020 H1	FY2021 H1	YoY Change (Amount)	YoY Change (%)
	6 months ended September 2019	6 months ended September 2020		
Revenue	67.0	88.3	21.3	+31.8%
Segment profit	18.7	31.0	12.3	+65.8%
Operating profit	18.7	30.9	12.2	+65.2%
Margin	28%	35%		

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

FY2021 Q2 summary

- Mobile games marks quarterly record revenues driven by PROFESSIONAL BASEBALL SPIRITS A through collaboration events with a professional baseball player, etc.
- Continued global sales of Yu-Gi-Oh! trading card games and promotion of Yu-Gi-Oh! RUSH DUEL, a new lineup targeting younger generation
- Released video game titles eBASEBALL PAWAFURU PUROYAKYU 2020 and eFootball Winning Eleven 2021 SEASON UPDATE (eFootball PES 2021 SEASON UPDATE), a latest iteration from the Winning Eleven series
- eSports initiatives: Hosted online events amid COVID-19 restrictions – eBASEBALL Pro League eAllstar 2020, official eSports tournaments for the Winning Eleven series and a large-scale online competition for Yu-Gi-Oh! DUEL LINKS

Amusement

Revenue and segment profit

(Yen in Billions)

	FY2020 H1	FY2021 H1	YoY Change (Amount)	YoY Change (%)
	6 months ended September 2019	6 months ended September 2020		
Revenue	9.0	6.6	△ 2.4	△26.9%
Segment profit	1.6	0.3	△ 1.3	△81.0%
Operating profit	1.4	0.3	△ 1.2	△81.3%
Margin	16%	4%		

FY2021 Q2 summary

- Initiative to drive market recovery - hosted BEMANI PRO LEAGUE ZERO, a promotional event for the music game pro league BEMANI PRO LEAGUE taking place in 2021
- Launched Sengoku Collection 4, a latest iteration from the Sengoku Collection series
- Following 1st quarter loss from impact of COVID-19, 1st half earnings turn profitable

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2020 H1	FY2021 H1	YoY Change (Amount)	YoY Change (%)
	6 months ended September 2019	6 months ended September 2020		
Revenue	14.9	7.1	△ 7.7	△51.9%
Segment profit (loss)	1.7	△ 1.2	△ 2.9	-
Operating profit (loss)	1.7	△ 1.5	△ 3.1	-
Margin	11%	△21%		

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

FY2021 Q2 summary

- DIMENSION 49J demonstrates exceptional performance at initial test-launch locations
- Announced agreements to install SYNKROS casino management systems at numerous sites
- DIMENSION 49J and SYNK31 Anti-Money Laundering system awarded most innovative gaming technology of 2020 in Casino Journal's Top 20
- 2nd quarter loss shrinks QonQ despite continued capacity restraints on casinos and travel restrictions under COVID-19 outbreak

Revenue and segment profit

(Yen in Billions)

	FY2020 H1	FY2021 H1	YoY Change (Amount)	YoY Change (%)
	6 months ended September 2019	6 months ended September 2020		
Revenue	31.1	15.1	△ 15.9	△51.3%
Segment profit (loss)	1.5	△ 3.0	△ 4.5	-
Operating profit (loss)	1.7	△ 7.3	△ 9.0	-
Margin	6%	△48%		

Note: Operating profit (loss) for FY2021 includes COVID-19 related loss (fixed cost during temporary closure etc.) of JPY 4.3 billion

FY2021 Q2 summary

- Further strengthened safety measures on hygiene management of employees, sufficient cleaning and ventilation of facilities and health checks of customers
- Announced a partnership with Hulic Co., Ltd. and Riso Kyoiku Co., Ltd. to develop and offer one-stop service for children and utilize idle floor space to provide services that are tailored to a new-normal lifestyle
- Recognized employment adjustment subsidies from the government during the 2nd quarter

Titles Released in Jul - Sep 2020 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
eBASEBALL PAWAFURU PUROYAKYU 2020	PS4 Nintendo Switch™	Japan Korea Taiwan	Jul '20	DE
SUPER BOMBERMAN R ONLINE	Stadia™	Americas Europe (※2)	Sep '20	DE
eFootball Winning Eleven 2021 SEASON UPDATE eFootball PES 2021 SEASON UPDATE	PS4/Xbox One/PC (※3)	Global	Sep '20	DE
Contra Anniversary Collection	Luna	North America	Oct '20	DE
Castlevania Anniversary Collection	Luna	North America	Oct '20	DE
Momotaro Dentetsu - Showa Heisei Reiwa mo teiban! -	Nintendo Switch™	Japan	Nov '20	DE
EDENS ZERO (3D action RPG console game)	TBD	TBD	TBD	DE
EDENS ZERO (top-down view action RPG mobile game)	TBD	TBD	TBD	DE
Yu-Gi-Oh! DUEL LINKS Chinese title: "游戏王: 决斗链接"	App Store Android	China	TBD	DE



eFootball Winning Eleven 2021 SEASON UPDATE
eFootball PES 2021 SEASON UPDATE

EDENS ZERO



Momotaro Dentetsu
- Showa Heisei Reiwa mo teiban! -



SUPER BOMBERMAN R ONLINE



eBASEBALL
PAWAFURU PUROYAKYU 2020

※1 DE: Digital Entertainment
 ※2 Available in designated countries
 ※3 PS4 only in Japan, PC release date TBD

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Titles Released in Jul - Sep 2020 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Sengoku Collection 4	Amusement machine	Japan	Aug '20	AM
~GIRL'S KEIRIN~ GI Fairy Grand Prix	Amusement machine	Japan	Nov '20	AM
FEATURE PREMIUM MAH-JONG FIGHT CLUB 3	Amusement machine	Japan	Nov '20	AM
FEATURE PREMIUM Magical Halloween 7	Amusement machine	Japan	Nov '20	AM
BUSOU SHINKI ARMORED PRINCESS BATTLE CONDUCTOR	Amusement machine	Japan	Dec '20	AM
SOUND VOLTEX -Valkyrie model-	Amusement machine	Japan	Jan '21	AM
MAH-JONG FIGHT CLUB Shin	Amusement machine	Japan	Jan '21	AM
FORTUNE TRINITY Seirei no Shihousai	Amusement machine	Japan	Feb '21	AM
Anima Lotta Anima to Hoshi no Monogatari	Amusement machine	Japan	Mar '21	AM
DUEL DREAM	Amusement machine	Japan	TBD	AM
DIMENSION 49J	Gaming machine	North America	H2 FY21	GS
SYNK31	Gaming system	North America	Feb '21	GS



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BUSOU SHINKI ARMORED PRINCESS BATTLE CONDUCTOR



©Konami Amusement

SOUND VOLTEX -Valkyrie model-



©Konami Amusement

DUEL DREAM



©Konami Amusement

FORTUNE TRINITY Seirei no Shihousai



DIMENSION 49J

※ AM: Amusement GS: Gaming & Systems

Consolidated Business Performance

(Yen in Billions)

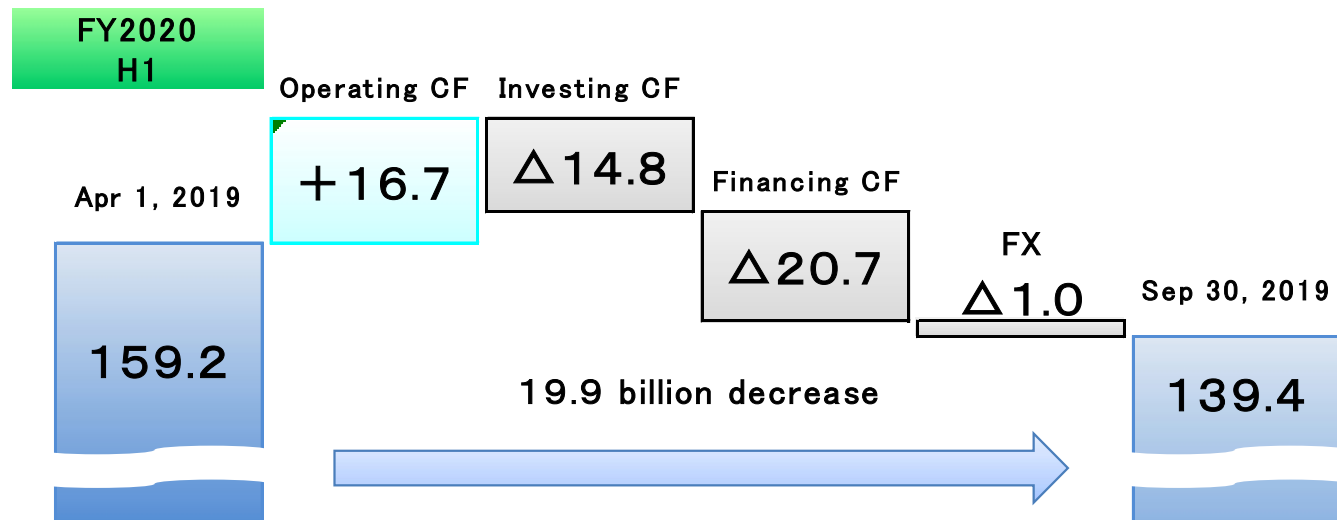
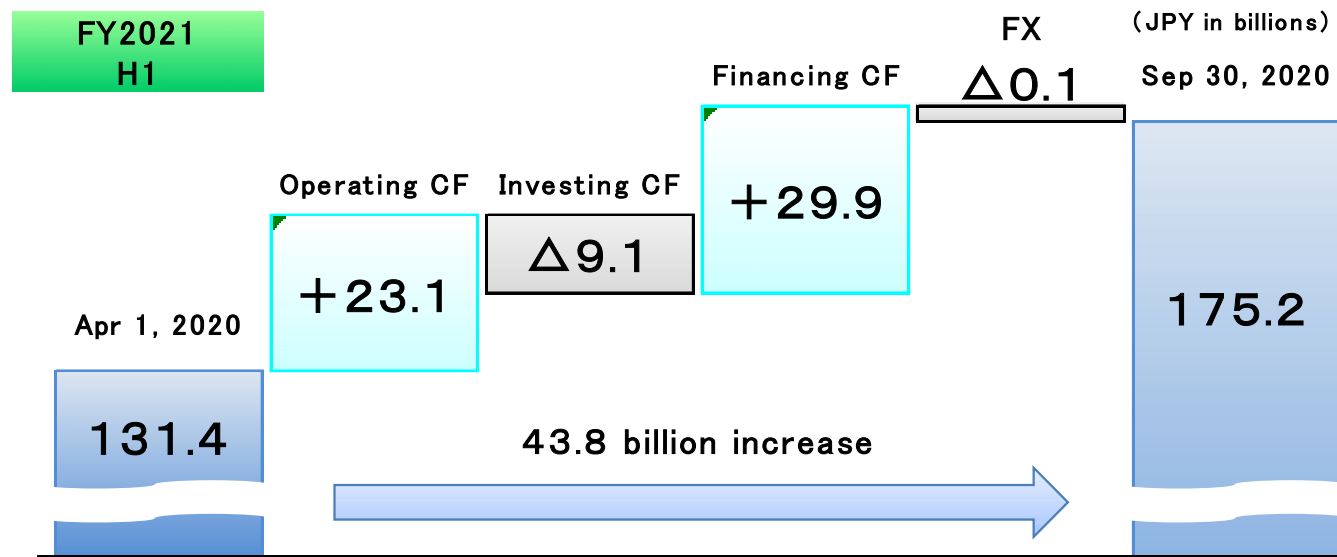
	FY2020 H1	percentile	FY2021 H1	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	121.1	100.0%	116.1	100.0%	△ 5.0	△4.1%
Total cost of revenue	△ 73.6	60.8%	△ 68.7	59.2%	4.9	
SG&A	△ 26.7	22.0%	△ 21.7	18.7%	5.0	
Other income and other expenses	0.1	△0.1%	△ 4.4	3.8%	△ 4.5	
Operating profit	20.9	17.3%	21.4	18.4%	0.4	+2.1%
Finance income	0.2		0.1		△ 0.1	
Finance costs	△ 0.6		△ 0.8		△ 0.2	
Profit from investments accounted for using the equity method	△ 0.1		△ 0.4		△ 0.3	
Profit before income taxes	20.4	16.9%	20.2	17.4%	△ 0.2	△0.9%
Income taxes	△ 5.2	4.3%	△ 6.4	5.5%	△ 1.2	
Profit for the period	15.2	12.6%	13.8	11.9%	△ 1.4	△9.3%
Profit attributable to:						
Owners of the parent	15.2	12.6%	13.8	11.9%	△ 1.4	△9.3%
Non-controlling interests	△ 0.0	△0.0%	△0.0	0.0%	△0.0	

Consolidated Financial Position

(Yen in Billions)

	Mar 31, 2020	Sep 30, 2020	change		Mar 31, 2020	Sep 30, 2020	change
Current assets				Current liabilities			
Cash and cash equivalents	131.4	175.2	43.8	Bonds and borrowings	28.3	5.3	△ 23.0
Trade and other receivables	29.9	28.3	△ 1.6	Trade and other payables	31.3	27.6	△ 3.7
Inventories	10.0	10.6	0.6	Other current liabilities	37.2	38.2	1.0
Other current assets	16.4	17.5	1.1	Total current liabilities	96.8	71.1	△ 25.7
Total current assets	187.7	231.6	43.8	Non-current liabilities			
	(44.8%)	(49.8%)		Bonds and borrowings	9.9	69.6	59.7
Non-current assets				Other non-current liabilities	43.6	42.7	△ 0.8
Property, plant and equipment, net	116.6	115.3	△ 1.3	Total non-current liabilities	53.4	112.3	58.9
Goodwill and intangible assets	34.4	38.2	3.8	Total liabilities	150.2	183.4	33.2
Investment Property	32.5	32.5	△ 0.0	Total equity attributable to owners of the parent	268.1	280.7	12.5
Deferred tax assets	23.7	24.5	0.7		(64.0%)	(60.4%)	
Other non-current assets	24.1	22.9	△ 1.2	(per share: JPY)	(2012.85)	(2106.84)	(93.99)
Total non-current assets	231.4	233.3	1.9	Non-controlling interests	0.8	0.8	△ 0.0
	(55.2%)	(50.2%)		Total equity	268.9	281.5	12.5
Total assets	419.1	464.9	45.8	Total liabilities and equity	419.1	464.9	45.8

Consolidated Cash Flows



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THANK YOU

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