

**Consolidated Financial Results**  
**for the Nine Months Ended December 31, 2017**  
**(Prepared in Accordance with IFRS)**

January 31, 2018

**KONAMI HOLDINGS CORPORATION**

Address: 7-2, Akasaka 9-chome, Minato-ku, Tokyo, Japan  
 Stock code number, TSE: 9766  
 Ticker symbol, LSE: KNM  
 URL: <https://www.konami.com/>  
 Shares listed: Tokyo Stock Exchange and London Stock Exchange  
 Representative: Takuya Kozuki, Representative Director, President  
 Contact: Junichi Motobayashi, Corporate Officer, General Manager, Finance and Accounting  
 (Phone: +81-3-5771-0222)  
 Beginning date of dividend payment: -

(Amounts are rounded to the nearest million, except percentages and per share amounts)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2017**

**(1) Consolidated Results of Operations**

(Millions of Yen, except percentages and per share amounts)

	Revenue	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent	Total comprehensive income for the period
Nine months ended December 31, 2017	178,668	38,532	38,133	26,043	26,034	26,814
% change from previous year	9.0%	30.2%	32.1%	26.0%	26.1%	24.9%
Nine months ended December 31, 2016	163,941	29,587	28,861	20,674	20,651	21,476
% change from previous year	(8.5)%	69.8%	68.4%	229.5%	229.8%	261.1%

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Nine months ended December 31, 2017	192.50	189.60
Nine months ended December 31, 2016	152.70	150.45

**(2) Consolidated Financial Position**

(Millions of Yen, except percentages and per share amounts)

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
December 31, 2017	352,108	252,390	251,630	71.5%
March 31, 2017	337,144	235,192	234,441	69.5%

## 2. Cash Dividends

Record Date	Cash dividends per share (yen)				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual
Year ended March 31, 2017	-	17.00	-	41.00	58.00
Year ending March 31, 2018	-	30.00	-		
Year ending March 31, 2018 - Forecast				35.00	65.00

Note: Recently announced change in dividend forecasts for the fiscal year ending March 31, 2018 during the three months ended December 31, 2017: Yes

## 3. Consolidated Earnings Forecast for the Year Ending March 31, 2018

(Millions of Yen, except percentages and per share data)

	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of the parent	Basic earnings per share (attributable to owners of the parent) (yen)
Year ending March 31, 2018	240,000	45,000	44,000	29,000	214.44
% change from previous year	4.4%	23.8%	23.9%	11.7%	

Note: Recently announced change in earnings forecasts for the fiscal year ending March 31, 2018 during the three months ended December 31, 2017: Yes

## Noted Items

**(1) Changes in significant consolidated subsidiaries during the period (status changes of subsidiaries due to changes in the scope of consolidation):** None

**(2) Changes in accounting policies and accounting estimate**

1. Changes in accounting policies required by IFRS: No
2. Other changes: No
3. Changes in accounting estimate: No

**(3) Number of shares issued (Share capital)**

1. Number of shares issued: (Treasury shares included)
 

As of December 31, 2017	143,500,000 shares
As of March 31, 2017	143,500,000 shares
2. Number of treasury shares:
 

As of December 31, 2017	8,265,874 shares
As of March 31, 2017	8,263,356 shares
3. Average number of shares outstanding:
 

Nine months ended December 31, 2017	135,235,259 shares
Nine months ended December 31, 2016	135,239,156 shares

***Earnings release (Kessan Tanshin) regarding these consolidated financial results is not subject to auditing procedures.***

***Cautionary statement with respect to forward-looking statements and other matters:***

Statements made in this document with respect to our current plans, estimates, strategies and beliefs, including the above forecasts, are forward-looking statements about our future performance. 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: (i) changes in economic conditions affecting our operations; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (iii) our 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; (iv) the timing of the release of new game titles and products, especially game titles and products that are part of historically popular series; (v) our ability to successfully expand internationally with a focus on our Digital Entertainment, Gaming & Systems, and Amusement businesses; (vi) our ability to successfully expand the scope of our business and broaden our customer base through our Health & Fitness business; (vii) regulatory developments and changes and our ability to respond and adapt to those changes; (viii) our expectations with regard to further acquisitions and the integration of any companies we may acquire; and (ix) the outcome of existing contingencies.

Please refer to page 9 to 13 for further information regarding our business forecasts.

KONAMI HOLDINGS CORPORATION (the "Company") disclosed the supplemental data for the consolidated financial statements via the Company's website on January 31, 2018.

# 1. Business Performance

## (1) Analysis of Business Performance

### (i) Business Overview

For the nine months ended December 31, 2017, the Japanese economy remained strong with export-led economic expansion, improvement in corporate earnings, and recovery in consumer spending. While Western countries' economies are also gradually recovering, the future remains uncertain because of concerns about political and policy movements and a heightening of geopolitical risks.

In the entertainment market, game contents continue to diversify along with functional enhancement of various devices, including mobile devices and video game consoles, and development of information and telecommunications infrastructure. In conjunction with the changing times, the preference for enriching daily life through full and abundant experiences in personal spending has been strengthened. In the game industry, efforts are accelerating to offer new experiences through game content in various ways, including eSports, which are regarded as a form of sports competition and are attracting more and more attention.

In connection with the health and fitness industry, there is a growing health consciousness throughout society, especially among senior citizens and women, who year after year have shown an increasing tendency to focus their leisure activities on improving health and physical strength. We continue to see growing a preference for sports, health-consciousness and an interest in preventing the need for nursing care in old age. In addition, we are seeing a steady increase in customers engaging in activities to improve their personal appearance and a diversification of related needs and products, including dieting, getting in shape, personal training and studio programs. Markets for household training machines continue to grow since a wide variety of machines were released.

In the gaming industry, as the casino market worldwide continues to see its spread supported by the development and opening of new casino facilities and integrated resorts (IR) including casinos, the gaming market continues to grow further. Furthermore, opportunities for more development become apparent in the gaming business, including the legalization of skill factor loading to slot machines in some states in the U.S. This will enable the machines to reflect players' skill levels, as a countermeasure against young people's lack of interest in gaming slot machines.

In spite of a continuously harsh market environment for the arcade game industry, there are signs of recovery in the market, including an increase in users with families at arcade game areas in shopping malls due to an ease in restrictions on the hours minors can be admitted by prefectural enforcement ordinance revisions in accordance with partial revisions to the "Act on Control and Improvement of

Amusement Businesses” (Entertainment Business Law) which began to be enforced from June 2016, as well as the addition of new users led by measures toward revitalizing the industry as a whole. In the pachislot and pachinko machines’ industry, enforcement ordinance revisions to the Entertainment Business Law were issued in September 2017 and will be enforced starting on February 1, 2018. Nevertheless, it is demanded that we will adapt quickly to changes and supply new pachislot and pachinko machines in order to revitalize the market.

Under such circumstances, in terms of the mobile games in the Digital Entertainment segment, we released *Winning Eleven CARD COLLECTION* (known overseas as *PES CARD COLLECTION*) globally in approximately 150 countries and regions. This title has received favorable reviews from many customers. In addition, we substantially upgraded *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*). Other mobile game titles also continued to enjoy strong performance, including *JIKKYOU PAWAFURU PUROYAKYU*, *Yu-Gi-Oh! DUEL LINKS* and *PROFESSIONAL BASEBALL SPIRITSA (Ace)*. As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. We continued to work to revitalize the contents, including the release of new cards with additional rules which appeared in the new television animated series. As for computer and video games, *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*) and *SUPER BOMBERMAN R* (known overseas as *Super Bomberman R*) continued to enjoy stable performance.

In our Health & Fitness segment, we continued to develop our pricing and membership plans. These plans enable customers to select a pricing plan based on the number of times they use our facilities and to use more than one facility. We have intended to promote and spread the Konami Sports Club’s services supporting the concept of sustainable fitness. As for products related to health and fitness, we began to develop new products with the aim of enhancing its degree of recognition and increasing its market share in the health and fitness equipment market. This market is expanding centered on household machines.

In our Gaming & Systems segment, we have promoted sales of *Concerto™*, a key product of the video slot machine series, the long-selling *Podium®* series and the *SYNKROS®* casino management system mainly in the U.S, Asian and Oceanian markets.

In our Amusement segment, our arcade game titles, *MAH-JONG FIGHT CLUB High Grade model* continued to operate steadily and the music genre game *beatmania IIDX25 CANNON BALLERS* was launched. As for medal game machines, a new cabinet of *Anima Lotta: Otogi no Kuni no Anima*, *GI-WorldClassic*, *Tower de Patissietta*, and *PIRATESA GOGO!* were launched. As for pachislot and pachinko machines, *G1 Derby Club*, which was launched in the previous fiscal year, has continued a long-term stable operation and has performed strongly with support from additional orders and favorable market reviews. In addition, the latest machine *SENGOKU COLLECTION 3* was launched.

In terms of the consolidated results for the nine months ended December 31, 2017, total revenue amounted to ¥178,668 million (a year-on-year increase of 9.0%), operating profit was ¥38,532 million (a year-on-year increase of 30.2%), profit before income taxes was ¥38,133 million (a year-on-year increase of 32.1%), and profit attributable to owners of the parent was ¥26,034 million (a year-on-year increase of 26.1%).

## (ii) Performance by Business Segment

Summary of total revenue by business segment:

Millions of Yen, except percentages			
	Nine months ended December 31, 2016	Nine months ended December 31, 2017	% change
<b>Total revenue:</b>			
Digital Entertainment	¥73,666	¥89,655	21.7
Health & Fitness	51,917	49,708	(4.3)
Gaming & Systems	21,734	20,658	(4.9)
Amusement	17,123	19,800	15.6
Intersegment eliminations	(499)	(1,153)	-
Total revenue	¥163,941	¥178,668	9.0

### Digital Entertainment

As for mobile games, *Winning Eleven CARD COLLECTION* (known overseas as *PES CARD COLLECTION*), which was the latest title in the *Winning Eleven* series, and *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*), which was substantially upgraded, were begun distributing in approximately 150 countries and regions. Various titles also continued stable performance, including *JIKKYOU PAWAFURU PUROYAKYU* and *PROFESSIONAL BASEBALL SPIRITSA (Ace)* in the domestic market and *Yu-Gi-Oh! DUEL LINKS* and *Winning Eleven CLUB MANAGER* (known overseas as *PES CLUB MANAGER*) in global markets.

As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. We continued to work to revitalize the contents, including the release of new cards with additional rules which appeared in the new television animated series.

As for computer and video games, *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*) continued to receive favorable reviews. Also, *SUPER BOMBERMAN R* (known overseas as *Super Bomberman R*) and *JIKKYOU PAWAFURU PUROYAKYU 2016* continued to perform well. Starting in August 2017, we began hosting nationwide qualifying rounds for the booming “PAWAPURO CHAMPIONSHIPS 2017” eSports tournament, which is officially recognized by the Nippon Professional Baseball Organization (NPB).

In terms of financial performance, total revenue for the nine months ended December 31, 2017 in this segment amounted to ¥89,655 million (a year-on-year increase of 21.7%) and segment profit for the nine months ended December 31, 2017 amounted to ¥29,747 million (a year-on-year increase of 21.9%).

### **Health & Fitness**

With respect to the management of facilities that we operate directly, we continued to make efforts to develop the services to meet diversifying individual needs. In addition to pricing plans that customers can select based on their frequency of use, we have promoted a per-use plan for customers who are unable to visit facilities regularly. We have also made efforts to improve services that offer a comfortable and fit lifestyle for customers. These include improvements to facility settings by promoting renovations and more enhancements of studio programs, such as the introduction of in-house development programs *Cardio Cross*, and *Les Mills* programs *BODYATTACK* and *BODYJAM* in October 2017. In addition, we re-branded the sports club brand *XAX*, a former pioneer in the sports club industry that was always ahead of the times. Following the opening of *XAX* Nishikujo (Konohana-ku, Osaka Prefecture), a compact facility specializing in machines and studios, we opened our first *XAX* facility in the Kanto region, *XAX* Kanade no Mori (Narashino City, Chiba Prefecture), in October 2017.

As for products relating to health and fitness, we continued to expand our specially selected lineup of “Konami Sports Club Selection” brand products as well as our “Konami Sports Club Original” Konami Sports Club brand products. We also began distributing how-to-use videos featuring instructors from Konami Sports Club in order to help users use these new products more effectively.

For the nine months ended December 31, 2017, sales from this business decreased mainly due to closing of the facilities operated directly. Meanwhile, the segment profit decreased compared with those for the same period of the previous fiscal year because of an increase in fuel and light expenses by a surge in prices of crude oil, opening of new facilities and renovation of existing ones, and promotion to invite new members, despite some recovery in number of members.

In terms of financial performance, total revenue for the nine months ended December 31, 2017 in this segment amounted to ¥49,708 million (a year-on-year decrease of 4.3%) and segment profit for the nine months ended December 31, 2017 amounted to ¥3,019 million (a year-on-year decrease of 26.0%).

## **Gaming & Systems**

With respect to our slot machines, we expanded our *Concerto*<sup>™</sup> series in the North American market, including new cabinets of *Concerto Crescent*<sup>™</sup>, which utilizes KONAMI's first curved screen, and *Concerto Stack*<sup>™</sup>, which utilizes a large-scale vertical screen, in order to meet the various demands from players and casino operators. We also focused on sales of the long-selling *Podium*<sup>®</sup> series, which has a richly diverse product lineup and continues to receive favorable reviews in the Central and South American, African and Asian markets. In addition, we expanded our lineup of premium products and game contents which are subject to a participation agreement (in which profits are shared with casino operators), including the *Concerto*<sup>™</sup> series. These premium products raised higher expectations and willingness from players. The *SYNKROS*<sup>®</sup> casino management system performed well, which included the steady introduction into casino facilities in the various states of the U.S, as well as the introduction into large cruise ships in service overseas.

For the nine months ended December 31, 2017, total revenue from this segment decreased because number of installation of new slot machines decreased so that opening of new casino facilities were limited and a part of installations of casino management system were postponed in and after the fourth quarter of this fiscal year.

In terms of financial performance, total revenue for the nine months ended December 31, 2017 in this segment amounted to ¥20,658 million (a year-on-year decrease of 4.9%) and segment profit for the nine months ended December 31, 2017 amounted to ¥2,663 million (a year-on-year decrease of 8.6%).

## **Amusement**

In regards to arcade games, the new cabinet *MAH-JONG FIGHT CLUB High Grade model* continued to perform strongly. The launch of this cabinet celebrates the 15th anniversary of the operation in the online versus mahjong game *MAH-JONG FIGHT CLUB*. In terms of music genre games, we launched *beatmania IIDX25 CANNON BALLERS*, which features a new screen function that shows live video of the player's hands and face, as well as improved music and video quality. In terms of medal games, the latest title in the *G1* horse racing medal game series, *G1-WorldClassic*, was launched. As this new title integrates the *G1* series of titles and offers a play assist feature, it has received favorable reviews from a wide range of users, not only from *G1* series fans, but also from new players as well. In addition, we introduced a diverse lineup of medal games to the market, including new compact cabinets, which integrate all the functions of medal games, for *Anima Lotta: Otogi no Kuni no Anima*, a popular lottery-type medal game, and new titles in the popular *FEATURE PREMIUM* single medal machine series, *Tower de Patissietta* and *PIRATESA GOGO!*

Furthermore, we started the sequential introduction of the *Thincaterminal* multi-electronic money payment system services for amusement facilities. Through this service, we continue to promote building environments where amusement-facility users can enjoy arcade games more easily to use electronic money that they already have.

As for pachislot and pachinko machines, *G1 Derby Club*, which was launched in the previous fiscal year, has continued to have a long-term and stable operation. It has performed strongly with support from additional orders and favorable market reviews due to its rich gameplay which has earned it a large following. In addition, *SENGOKU COLLECTION 3* was launched. This is the latest title in the *SENGOKU COLLECTION* series, the previous of which performed exceedingly well.

In terms of financial performance, total revenue for the nine months ended December 31, 2017 in this segment amounted to ¥19,800 million (a year-on-year increase of 15.6%) and segment profit for the nine months ended December 31, 2017 amounted to ¥6,507 million (a year-on-year increase of 67.9%).

Please refer to “(1) Quarterly Condensed Consolidated Statement of Financial Position” and “(4) Quarterly Condensed Consolidated Statement of Cash Flows” in “2. Quarterly Condensed Consolidated Financial Statements and Notes” regarding the financial position and cash flows.

## **(2) Outlook for the Fiscal Year Ending March 31, 2018**

### **Digital Entertainment**

With the spread of entertainment offered through networks, the available means of providing games continue to diversify. Opportunities to reach an even greater audience for games are increasing. Against this background, we intend to develop ways of playing games that match the characteristics of each device.

As for mobile games, the latest title in the *Winning Eleven* series, *Winning Eleven CARD COLLECTION* (known overseas as *PES CARD COLLECTION*), was released. As for the existing mobile titles, the total number of registered users of all contents we developed continues to increase steadily. Those game titles include *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*), which surpassed 80 million downloads worldwide, and *Yu-Gi-Oh DUEL LINKS*, which surpassed 60 million downloads worldwide. The PC version of *Yu-Gi-Oh DUEL LINKS* was also begun to develop worldwide and has received favorable reviews. As for new titles to be released, we are now focusing on producing titles to meet customer demands, including *Quiz Magic Academy LOST FANTARIUM*, *LOVEPLUS EVERY*, and *Tokimeki*

*Idol*. With a focus on these titles, we will strive to provide content that enables us to deliver pleasure to customers in various ages and regions.

As for card games, *Yu-Gi-Oh! TRADING CARD GAME* will celebrate its 20th anniversary once it goes on sale in February 2019. To celebrate this milestone, we will designate the year starting from February 2018 as the 20th anniversary year and we will work hard to revitalize the contents by developing various measures.

As for computer and video games, we will release *METAL GEAR SURVIVE* in February 2018. As an approach to eSports, we also held the National Finals for the all-Japan eSports tournament “PAWAPURO CHAMPIONSHIPS 2017,” a tournament officially recognized by the Nippon Professional Baseball Organization (NPB), and the “PES LEAGUE WORLD TOUR” qualifying rounds in Asia which were held in January 2018. We will strive to enable customers to have continue having fun. In addition, we are eagerly working on *JIKKYOU PAWAFURU PUROYAKYU 2018*, which is to receive new features including VR compatibility, and *ANUBIS ZONE OF THE ENDERS: M∀R S*, which was exhibited at Tokyo Game Show 2017. These are expected to be released in spring 2018.

As the preference for enriching daily life through full and abundant experiences has strengthened in the entertainment market, we continue to make efforts to create and provide “Valuable Time” to customers through game contents.

## **Health & Fitness**

In our Health and Fitness business, we will continue striving to accurately grasp the needs of our increasingly diverse customer base and to increase the value of Konami Sports Clubs by offering a new lifestyle. In recent years, the fitness market has diversified with smaller facilities and facilities limited to machines and studios. With the goal of creating a fitness club for a new era, the Konami Sports Club re-branded the sports club brand *XAX*, a former pioneer in the sports club industry that was always ahead of the times. Following the opening of *XAX Nishikujo* (Konohana-ku, Osaka Prefecture), our first facility redesigned for the modern age, we opened our first *XAX* facility in the Kanto region, *XAX Kanade no Mori* (Narashino City, Chiba Prefecture), in October 2017. With our sports club brands, *Konami Sports club*, *Grancise* and *XAX*, we will continue to provide services that support customers’ sustainable fitness.

As for health and fitness related products, we will continue to sell a variety of new products, including an expansion to our “Konami Sports Club Original” Konami Sports Club brand products, as well as to our specially selected lineup of “Konami Sports Club Selection” brand products. We intend to enhance their appeal to customers through e-commerce site and Konami sports clubs, as well as improve brand value and expand our market share. We also intend to distinguish ourselves through coordinated product development with facilities.

Due to Japan's aging population and measures that combat lifestyle diseases, there is now a growing health consciousness throughout society. We intend to continue to promote fitness club operation and intend to develop health and fitness equipment. The aim of these efforts is to enhance customer satisfaction for a variety of users with diverse lifestyles and age ranges as the leading company in the health and fitness industry.

### **Gaming & Systems**

As for slot machines, we continue to make efforts to develop and enhance our sales centered on *Concerto*<sup>™</sup>, a key product of the video slot machine series. In addition, we will develop products leveraged our expertise through KONAMI arcade games, including *Fortune Cup*<sup>™</sup>, a horserace betting station with a model track, and *Beat Square*, a slot machine based on *jubeat* from the *BEMANI* series which is one of our music genre game series for arcades. *Beat Square* includes features that reflect player skill levels. We continue to focus on developing new products and services by leveraging our expertise and technology accumulated through the Konami Group.

As for the *SYNKROS*<sup>®</sup> casino management system, we provide a variety of functions which have received positive reviews, including the business intelligence function *SYNKROS Dashboards*<sup>™</sup> and *SYNKROS Offers Management*, which offers privileges and customer-friendly information to customers. We continue to make efforts to enhance product appeal, including actively expansion of the sales and the development of new functions.

### **Amusement**

As for arcade games, Konami Group intends to work to revitalize the amusement arcade industry by providing new entertainment that can be enjoyed only at an amusement facility through person-to-person communication using the *e-AMUSEMENT* system and developing eSports tournament. In regard to music games, we will launch a new generation of dance games including *DANCERUSH STARDOM*, in celebration of the 20th anniversary of the release of *DanceDanceRevolution*. We will also launch the latest pusher game machine in the Konami *FEVER* series, *MARBLE FEVER*, which offers unconventional fun consisting of a wide variety of physical roulettes with a glass ball that runs around in a glittering cabinet. We intend to launch both games in March 2018.

As for pachislot and pachinko machines, although it is expected that the market will change due to efforts toward strengthening the game industry, including countermeasures against gambling addiction and legislative changes, we intend to stabilize the business profitability mainly by series that received favorable reviews in the market to boost our market presence by working integrally with production, manufacture and sales.

In January 2018, we established its local subsidiary in the Kingdom of Thailand, with the aim to develop a sales structure for the Southeast Asian region where the economy is growing rapidly. Moving forward, we will strive to strengthen its business development in global markets, by expanding sales and service operations of the Konami Group products, including arcade games.

With considering achievement rate of results for the nine months ended December 31, 2017, the company predicted its consolidated financial results of operating profit, profit before income tax and profit attributable to owners of the parent would exceed those previous consolidated forecasts for the fiscal year ending March 31, 2018.

In the Digital Entertainment segment, mobile games, including JIKKYOU PAWAFURU PUROYAKYU and PROFESSIONAL BASEBALL SPIRITSA (Ace), continued to be solid.

In the Amusement segment, a title launched in the previous fiscal year has performed strongly with support from additional orders and favorable market reviews.

In light of these business performances, the Company revised its consolidated earnings forecast for the fiscal year ending March 31, 2018 as set forth below.

Please refer to “Notice on Revision of the Consolidated Earnings Forecast and the Dividend Forecast for the Fiscal Year Ending March 31, 2018” announced today, on January 31, 2018, for further details.

< Consolidated Earnings Forecast for the Year Ending March 31, 2018 >

(Millions of yen, except percentages)

	Year ending March 31, 2018		Results for the year ended March 31, 2017	% change from previous year
	Previous forecast	Revised forecast		
Revenue	¥245,000	¥240,000	¥229,922	4.4%
Operating profit	40,000	45,000	36,359	23.8%
Profit before income tax	39,000	44,000	35,521	23.9%
Profit attributable to owners of the parent	27,000	29,000	25,951	11.7%

Special Note:

This document contains “forward-looking statements,” or statements related to future events that are based on management’s assumptions and beliefs in light of information currently available. These statements are subject to various risks and uncertainties.

When relying on forward-looking statements to make investments, you should not place undue reliance on such forward-looking statements. Actual results may be affected by a number of important factors and may be materially different from those discussed in forward-looking statements. Such factors include, but are not limited to, changes in economic conditions affecting our operations, market trends and fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro.

## 2. Quarterly Condensed Consolidated Financial Statements and Notes

### (1) Quarterly Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	¥134,743	¥143,633
Trade and other receivables	25,951	27,525
Inventories	7,430	8,065
Income tax receivables	846	1,074
Other current assets	5,978	7,608
<b>Total current assets</b>	<b>174,948</b>	<b>187,905</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	75,598	76,768
Goodwill and intangible assets	34,774	37,997
Investments accounted for using the equity method	2,798	2,801
Other investments	1,266	1,286
Other financial assets	22,362	22,435
Deferred tax assets	22,335	20,165
Other non-current assets	3,063	2,751
<b>Total non-current assets</b>	<b>162,196</b>	<b>164,203</b>
<b>Total assets</b>	<b>337,144</b>	<b>352,108</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bonds and borrowings	10,607	10,646
Other financial liabilities	4,007	3,881
Trade and other payables	25,852	26,782
Income tax payables	2,745	4,327
Other current liabilities	13,635	15,354
<b>Total current liabilities</b>	<b>56,846</b>	<b>60,990</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	19,678	14,729
Other financial liabilities	14,633	13,266
Provisions	8,106	8,107
Deferred tax liabilities	0	0
Other non-current liabilities	2,689	2,626
<b>Total non-current liabilities</b>	<b>45,106</b>	<b>38,728</b>
<b>Total liabilities</b>	<b>101,952</b>	<b>99,718</b>
<b>Equity</b>		
Share capital	47,399	47,399
Share premium	74,426	74,426
Treasury shares	(21,304)	(21,318)
Other components of equity	2,157	2,928
Retained earnings	131,763	148,195
Total equity attributable to owners of the parent	234,441	251,630
Non-controlling interests	751	760
<b>Total equity</b>	<b>235,192</b>	<b>252,390</b>
<b>Total liabilities and equity</b>	<b>¥337,144</b>	<b>¥352,108</b>

## (2) Quarterly Condensed Consolidated Statements of Profit or Loss and Comprehensive Income

### Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Revenue		
Product sales revenue	¥64,232	¥65,450
Service and other revenue	99,709	113,218
Total revenue	163,941	178,668
Cost of revenue		
Cost of product sales revenue	(32,241)	(30,258)
Cost of service and other revenue	(67,634)	(74,306)
Total cost of revenue	(99,875)	(104,564)
Gross profit	64,066	74,104
Selling, general and administrative expenses	(31,667)	(34,691)
Other income and other expenses, net	(2,812)	(881)
Operating profit	29,587	38,532
Finance income	125	177
Finance costs	(963)	(635)
Profit from investments accounted for using the equity method	112	59
Profit before income taxes	28,861	38,133
Income taxes	(8,187)	(12,090)
Profit for the period	20,674	26,043
Profit attributable to:		
Owners of the parent	20,651	26,034
Non-controlling interests	¥23	¥9

	Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Earnings per share (attributable to owners of the parent)		
Basic	¥152.70	¥192.50
Diluted	¥150.45	¥189.60

## Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit for the period	¥20,674	¥26,043
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	825	759
Net change in fair values of available-for-sale financial assets	(24)	12
Share of other comprehensive income of entity accounted for using the equity method	1	(0)
Total items that may be reclassified to profit or loss	802	771
Total other comprehensive income	802	771
<b><i>Total comprehensive income for the period</i></b>	<b><i>21,476</i></b>	<b><i>26,814</i></b>
Comprehensive income attributable to:		
Owners of the parent	21,453	26,805
Non-controlling interests	¥23	¥9

### (3) Quarterly Condensed Consolidated Statement of Changes in Equity

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
<b>Balance at April 1, 2016</b>	¥47,399	¥74,426	¥(21,284)	¥2,407	¥109,802	¥212,750	¥725	¥213,475
Profit for the period					20,651	20,651	23	20,674
Other comprehensive income				802		802		802
Total comprehensive income for the period	-	-	-	802	20,651	21,453	23	21,476
Purchase of treasury shares			(14)			(14)		(14)
Disposal of treasury shares		0	0			0		0
Dividends					(3,990)	(3,990)		(3,990)
Total transactions with the owners	-	0	(14)	-	(3,990)	(4,004)	-	(4,004)
<b>Balance at December 31, 2016</b>	¥47,399	¥74,426	¥(21,298)	¥3,209	¥126,463	¥230,199	¥748	¥230,947

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
<b>Balance at April 1, 2017</b>	¥47,399	¥74,426	¥(21,304)	¥2,157	¥131,763	¥234,441	¥751	¥235,192
Profit for the period					26,034	26,034	9	26,043
Other comprehensive income				771		771		771
Total comprehensive income for the period	-	-	-	771	26,034	26,805	9	26,814
Purchase of treasury shares			(15)			(15)		(15)
Disposal of treasury shares		0	1			1		1
Dividends					(9,602)	(9,602)		(9,602)
Total transactions with the owners	-	0	(14)	-	(9,602)	(9,616)	-	(9,616)
<b>Balance at December 31, 2017</b>	¥47,399	¥74,426	¥(21,318)	¥2,928	¥148,195	¥251,630	¥760	¥252,390

## (4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b><i>Operating activities</i></b>		
Profit for the period	¥20,674	¥26,043
Depreciation and amortization	10,704	9,216
Impairment losses	2,322	758
Interest and dividends income	(122)	(92)
Interest expense	711	618
Loss on sale or disposal of property, plant and equipment	122	40
Profit from investments accounted for using the equity method	(112)	(59)
Income taxes	8,187	12,090
Increase in trade and other receivables	(1,566)	(1,200)
Increase in inventories	(219)	(370)
Increase (decrease) in trade and other payables	66	(277)
Increase in prepaid expense	(155)	(575)
Increase in deferred revenue	2,238	2,873
Other, net	(1,856)	(1,335)
Interest and dividends received	91	97
Interest paid	(700)	(587)
Income taxes paid	(14,614)	(8,624)
<b><i>Net cash provided by operating activities</i></b>	<b>25,771</b>	<b>38,616</b>
<b><i>Investing activities</i></b>		
Capital expenditures	(9,268)	(13,871)
Decrease in lease deposits, net	1,147	414
Decrease (increase) in term deposits, net	143	(981)
Other, net	10	15
<b><i>Net cash used in investing activities</i></b>	<b>(7,968)</b>	<b>(14,423)</b>
<b><i>Financing activities</i></b>		
Decrease in short-term (within 3 months) borrowings, net	-	(1,121)
Proceeds from short-term (more than 3 months) borrowings	8,229	6,755
Repayments of short-term (more than 3 months) borrowings	(8,229)	(5,634)
Redemption of bonds	-	(5,000)
Principal payments under capital lease and financing obligations	(1,501)	(1,399)
Dividends paid	(3,980)	(9,583)
Other, net	(14)	(15)
<b><i>Net cash used in financing activities</i></b>	<b>(5,495)</b>	<b>(15,997)</b>
Effect of exchange rate changes on cash and cash equivalents	838	694
Net increase in cash and cash equivalents	13,146	8,890
Cash and cash equivalents at the beginning of the period	113,907	134,743
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b>¥127,053</b>	<b>¥143,633</b>

## (5) Going Concern Assumption

None

## (6) Segment Information

### (i) Operating segment information

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Revenue:</b>		
Digital Entertainment -		
External customers	¥73,507	¥89,136
Intersegment	159	519
<b>Total</b>	<b>¥73,666</b>	<b>¥89,655</b>
Health & Fitness -		
External customers	¥51,676	¥49,473
Intersegment	241	235
<b>Total</b>	<b>¥51,917</b>	<b>¥49,708</b>
Gaming & Systems -		
External customers	¥21,734	¥20,658
Intersegment	-	-
<b>Total</b>	<b>¥21,734</b>	<b>¥20,658</b>
Amusement -		
External customers	¥17,024	¥19,401
Intersegment	99	399
<b>Total</b>	<b>¥17,123</b>	<b>¥19,800</b>
Intersegment eliminations	¥(499)	¥(1,153)
<b>Consolidated</b>	<b>¥163,941</b>	<b>¥178,668</b>

Millions of Yen

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Segment profit (loss):</b>		
Digital Entertainment	¥24,409	¥29,747
Health & Fitness	4,079	3,019
Gaming & Systems	2,913	2,663
Amusement	3,876	6,507
Total segment profit and loss, net	35,277	41,936
Corporate expenses and eliminations	(2,878)	(2,523)
Other income and other expenses, net	(2,812)	(881)
Finance income and finance costs, net	(838)	(458)
Profit from investments accounted for using the equity method	112	59
Profit before income taxes	¥28,861	¥38,133

(Notes)

1. Konami Group operates on a worldwide basis principally with the following four business segments:

a) Digital Entertainment:	Production, manufacture and sale of digital content and related products including mobile games, card games and computer and video games.
b) Health & Fitness:	Operation of health and fitness clubs, and production, manufacture and sale of health and fitness related goods.
c) Gaming & Systems:	Production, manufacture, sale and service of gaming machines and casino management systems for overseas markets.
d) Amusement:	Production, manufacture and sale of arcade games and pachislot and pachinko machines.

2. Segment profit (loss) is determined by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue.” This does not include corporate expenses, finance income and finance costs, and certain non-regular expenses associated with each segment such as impairment losses on property, plant and equipment, goodwill and intangible assets.
3. Corporate expenses primarily consist of administrative expenses not directly associated with specific segments.
4. Intersegment eliminations primarily consist of eliminations of intercompany sales.

5. Other income and other expenses, net include impairment losses on property, plant and equipment and goodwill and intangible assets and profit or loss of sales and disposal on property, plant and equipment.

**(ii) Geographic Information**

Revenue from external customers

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Revenue:</b>		
Japan	¥123,844	¥138,829
United States	27,233	26,708
Europe	7,474	7,682
Asia/Oceania	5,390	5,449
Consolidated	¥163,941	¥178,668

(Note)

For the purpose of presenting operations in the geographic areas above, Konami Group attributes revenues from external customers to individual countries in each area based on where Konami Group sold products or rendered services.