

**Consolidated Financial Results  
for the Six Months Ended September 30, 2019  
(Prepared in Accordance with IFRS)**

October 31, 2019

**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: November 21, 2019

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

**1. Consolidated Financial Results for the Six Months Ended September 30, 2019**
**(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
Six months ended September 30, 2019	121,089	20,922	20,404	15,200	15,201	13,671
% change from previous year	(0.9)%	(16.4)%	(18.2)%	(11.6)%	(11.6)%	(29.4)%
Six months ended September 30, 2018	122,168	25,027	24,948	17,197	17,196	19,363
% change from previous year	5.9%	0.3%	0.5%	0.1%	0.1%	8.7%

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Six months ended September 30, 2019	112.41	110.67
Six months ended September 30, 2018	127.16	125.22

**(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
September 30, 2019	404,084	276,029	275,233	68.1%
March 31, 2019	378,037	276,404	275,627	72.9%

## 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, 2019					
Regular dividends	-	35.50	-	40.50	76.00
Commemorative dividends	-	25.00	-	25.00	50.00
Total	-	60.50	-	65.50	126.00
Year ending March 31, 2020	-	38.00			
Year ending March 31, 2020 (Forecast)			-	38.00	76.00

Note) Recently announced change in dividend forecasts for the fiscal year ending March 31, 2020 during the three months ended September 30, 2019: No

## 3. Consolidated Earnings Forecast for the Year Ending March 31, 2020

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

	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, 2020	270,000	47,000	46,000	30,000	221.84
% change from previous year	2.8%	(7.0)%	(8.6)%	(12.3)%	

Note) Recently announced change in earnings forecasts for the fiscal year ending March 31, 2020 during the three months ended September 30, 2019: No

### 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**

- Changes in accounting policies required by IFRS: Yes
- Other changes: No
- Changes in accounting estimate: No

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

- Number of shares issued: (Treasury shares included)
 

As of September 30, 2019	143,500,000 shares
As of March 31, 2019	143,500,000 shares
- Number of treasury shares:
 

As of September 30, 2019	8,267,284 shares
As of March 31, 2019	8,266,959 shares
- Average number of shares outstanding:
 

Six months ended September 30, 2019	135,232,923 shares
Six months ended September 30, 2018	135,233,431 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, Amusement, and Gaming & Systems businesses; (vi) our ability to successfully expand the scope of our business and broaden our customer base through our Sports 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 from 10 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 October 31, 2019.

# 1. Business Performance

## (1) Analysis of Business Performance

### (i) Business Overview

For the six months ended September 30, 2019, the Japanese economy has been gradually recovering with continuing improvements in corporate earnings, employment and income environment. On the other hand, the global economy continues to remain uncertain due to concerns about the declining global economy, including U.S.-China trade frictions, instability in the Middle East, and the Brexit impasse.

Under such circumstances, in terms of the business results of Konami Group for the six months ended September 30, 2019, both total revenue and operating profit decreased for the same period of the previous fiscal year mainly because there was the timing difference of product launches in the Amusement business.

In terms of the consolidated results for the six months ended September 30, 2019, total revenue amounted to ¥121,089 million (a year-on-year decrease of 0.9%), operating profit was ¥20,922 million (a year-on-year decrease of 16.4%), profit before income taxes was ¥20,404 million (a year-on-year decrease of 18.2%), and profit attributable to owners of the parent was ¥15,201 million (a year-on-year decrease of 11.6%).

## (ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Six months ended September 30, 2018	Six months ended September 30, 2019	% change
<b>Total revenue:</b>			
Digital Entertainment	¥66,816	¥66,982	0.2
Amusement	11,342	9,009	(20.6)
Gaming & Systems	12,798	14,865	16.2
Sports	32,024	31,061	(3.0)
Intersegment eliminations	(812)	(828)	-
Total revenue	¥122,168	¥121,089	(0.9)

### Digital Entertainment

In the entertainment market, future development of game contents is expected through the functional enhancement of various devices, including mobile devices and video game consoles, and the standardization of next generation communication systems. 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, new experiences through game content are being offered in various ways, including eSports, which is regarded as a form of sports competition and is becoming well-known to a wide range of users and attracting more and more fans.

Under such circumstances, as for mobile games in the Digital Entertainment segment, *Yu-Gi-Oh! DUEL LINKS* has led our revenue in the global market. In addition, *Frogger in Toy Town*, the latest title in the *Frogger* series, was released in Apple Arcade. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform well and various other titles such as *JIKKYOU PAWAFURU PUROYAKYU* also continued to perform strongly. As part of our continued active efforts in eSports, we hosted the final round for “eJ.LEAGUE Winning Eleven 2019 Season” in cooperation with the Japan Professional Football League (J.LEAGUE) with our mobile game *Winning Eleven 2019* as the competition title.

As for card games, we hosted the final round in Germany for “Yu-Gi-Oh! World Championship 2019,” the eSports world championship which decides who the best players are in the *Yu-Gi-Oh!* series. It was attracting a lot of attention and exciting championship.

As for computer and video games, we released the match-type card game, *Yu-Gi-Oh! Legacy of the Duelist: Link Evolution* for the regions in Europe, America and Asia. As for the baseball titles, we released the latest title in the *PROFESSIONAL BASEBALL SPIRITS* series, *PROFESSIONAL BASEBALL SPIRITS 2019*, which marks 15th anniversary. In regard to *eFootball Winning Eleven 2020* (Known overseas as *eFootball PES 2020*), the latest title in the *Winning Eleven* series, was released in

September and *myClub*, the online mode of the title, has received favorable reviews. In addition, we have been hosting a new online event of the title, "Matchday," every week. Players choose one of two sides and play the game at the event, where they can enjoy new experiences and have a fun time together. Furthermore, we have released the latest title in the *Contra* series, *CONTRA ROGUE CORPS*. As part of our continued active efforts in eSports, the players for each team on the "eBASEBALL Pro League" were decided through an e-draft conference with each team choosing players who passed a test to become professionals. These players are not only those who performed well last season, but also players who joined the league for the first time. This coming "eBASEBALL Pro League" season is attracting a lot of attention.

For the six months ended September 30, 2019, the segment profit from this business decreased due to the timing difference of product launches of computer and video games, however, they will bring a profit from the nine months ended December 31, 2019 onward.

In terms of financial performance, total revenue for the six months ended September 30, 2019 in this segment amounted to ¥66,982 million (a year-on-year increase of 0.2%) and segment profit for the six months ended September 30, 2019 amounted to ¥18,732 million (a year-on-year decrease of 8.3%).

## **Amusement**

There are signs of recovery in the amusement industry market owing to measures taken by the industry as a whole, including increases in users with families at arcade game areas in shopping malls and senior users who play medal games since amusement facilities are becoming more recognized from a wide range of users as a place where anyone can play. Furthermore, following the spread and development of eSports in recent years, various experiences through amusement games are being offered, such as numerous tournaments held not only in Japan but also all over the world.

Under such circumstances, in regard to our video games, the latest title of the online versus mah-jong game *MAH-JONG FIGHT CLUB* series, *MAH-JONG FIGHT CLUB GRAND MASTER*, continued to perform strongly. *BOMBERGIRL*, which is based on the video game series *Bomberman* and added team-battle elements, has also continued to perform well. Furthermore, *DanceDanceRevolution 20th anniversary model* in celebration of the 20th anniversary of *DanceDanceRevolution* has been launched sequentially. As for medal games, the latest title in the *FEATURE PREMIUM* series, *GI Derby Club*, and the latest title in the dungeon medal RPG in the world of swords and sorcery *ELDORA CROWN* series, *ELDORA CROWN: the victor of Guren*, were launched. For prize games, we launched *TREASURE ROAD*, which featured a new style of gameplay using belt conveyors. In addition, we released *MAH-JONG FIGHT CLUB 3*, the latest title in the *MAH-JONG FIGHT CLUB* series.

For the six months ended September 30, 2019, it has been on a recovery trend. However, total revenue and profit from this business decreased due to the timing difference of product launches.

In terms of financial performance, total revenue for the six months ended September 30, 2019 in this segment amounted to ¥9,009 million (a year-on-year decrease of 20.6%) and segment profit for the six months ended September 30, 2019 amounted to ¥1,560 million (a year-on-year decrease of 49.3%).

### **Gaming & Systems**

The gaming market is continuing to see growth with the worldwide development mainly in Europe and opening of new casino facilities and integrated resorts (IR) which include casinos. Furthermore, measures to revitalize the industry were implemented mainly targeting young people.

Under such circumstances, with respect to our slot machines, the sales of the new upright cabinet, *KX 43™* continued to perform strongly. In addition, the sales of *Concerto™* series, including *Concerto Crescent™*, *Concerto Stack™* and *Concerto Opus™*, were mainly enhanced in North American market as well as Oceanian, South American and European market. Especially in Oceanian market, *All Aboard*, which was introduced in the last fiscal year, and *Money Trails* continued to perform well and strongly.

In regard to participation agreements (in which profits are shared with casino operators), we expanded our lineup of game content, including, the *Concerto Opus™*, *Treasure Ball™* and *Triple Sparkle* linked progressive machine with mystery trigger, which are compatible with any video game platform. As a result, the revenue from the participation steadily increased. The *SYNKROS®* casino management system continued to be introduced steadily into major casino operators, including casinos at large cruise ships in service around the world.

In terms of financial performance, total revenue for the six months ended September 30, 2019 in this segment amounted to ¥14,865 million (a year-on-year increase of 16.2%) and segment profit for the six months ended September 30, 2019 amounted to ¥1,652 million (a year-on-year increase of 4.1%).

## Sports

In connection with the sports industry, we continue to see a growing awareness of sports throughout society, including the government's efforts to achieve a "sports society of all 100 million citizens," which aims to increase the number of people that participate in sports, by formulating the second phase of their "Basic Sports Plan." With the holding of the world's largest sports event, further activation and growth of the sports market is also expected.

Under such circumstances, as for fitness programs, we enhanced our various supports and improved our services for sustainable fitness including "Membership Promotion Plan," a plan to propose the best ways to use our fitness services to new customers by supporting, counseling, and measuring their training. In addition, we made efforts to improve our services that offer a more comfortable and fit lifestyle for customers through activities to renew personal programs, which provide one-on-one support and training by instructors.

As for the operation of school programs, we opened a "*Small Group Swimming School*" at two facilities in Tokyo. At the school, swimming coaches, who are former members of Japan's national swimming team, provide individual instruction to children based on their needs to help them improve their swimming skills. The "*Konami Sports Club: My Best Challenge Support Program*" was certified as a "beyond2020 My Best Support Program," a certification system promoted by the Cabinet Secretariat Headquarters of Japan for the Promotion of the Tokyo Olympic and Paralympic Games. In addition, a collaboration project with our partner program, "*Konami Sports Club and FiNC My Best Resolution Support Project*," was also certified. Therefore, we intend to support each other's goals to achieve personal bests using our know-how accumulated through sports club operation over many years and guidance provided by instructors who have plenty of knowledge.

As for the operation of outsourced facilities, we started the operation of new outsourced facilities such as the Machida City Gymnasium (Machida City, Tokyo), Oita Prefectural Budo Sports Center (Oita City, Oita Prefecture), and Kusatsu City Arena (Kusatsu City, Shiga).

As for products relating to sports, 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.

For the six months ended September 30, 2019, total revenue and profit from this business decreased due to mainly closing of the directly-managed facilities and the effects of natural disasters.



In terms of financial performance, total revenue for the six months ended September 30, 2019 in this segment amounted to ¥31,061 million (a year-on-year decrease of 3.0%) and segment profit for the six months ended September 30, 2019 amounted to ¥1,474 million (a year-on-year decrease of 21.0%).

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, 2020

### 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, *LOVEPLUS EVERY*, the latest title in the *LOVEPLUS* series, has been released since the end of October, 2019. We continue to make efforts to meet customer's expectations on the operation. Furthermore, we continue to make efforts to perform strongly with multiple titles through activities including anniversary events and sales promotions.

As for card games, the variety of cards in the *Yu-Gi-Oh! OFFICIAL CARD GAME: Duel Monsters* series has now reached over ten thousand. We will continue to revitalize content for the series, including a promotion to celebrate this milestone.

As for computer and video games, the *PC Engine mini*, a compact version of the classic home console released in 1987 as the *PC Engine*, is scheduled to be released. The console will contain a range of game titles previously released for the original system. As part of our continued active efforts in eSports, the *Winning Eleven* series were selected as a Culture Program at the 74th national Sports Festival, "Iki Iki Ibaraki Yume Kokutai", and the final round was held. Furthermore, "eFootball.Pro," a tournament based on the new eSports plan, "eFootball," in the *Winning Eleven* series, will be held. In the tournament, players who belong to professional soccer clubs from each country will compete in league matches for the highest honor. In addition, as for the "eBASEBALL Pro League," which will be organized along with the Nippon Professional Baseball (NPB), 2019 season is coming soon. We will also continue to attract more and more baseball fans by providing new experiences through eSports.

### Amusement

Konami Group intends to provide new entertainment that can be enjoyed only at an amusement facility through person-to-person communication using the e-amusement system. As for music games, we continue to make efforts to develop the global market through the expansion of eSports tournaments, including the "KONAMI Arcade Championship," and by improving the *BEMANI* brand. We are releasing a new arcade cabinet, *beatmania IIDX LIGHTNING MODEL*, which became the global standard in the *beatmania IIDX* series at eSports tournaments. As a new terminal cabinet, *CARDCONNECT*, which allows players to collect high quality valuable cards tied to popular contents, is scheduled for release. By trading cards with other players, fans will have more and more fun playing the game. As for the *MAH-JONG FIGHT CLUB* brand, the professional mah-jong league (M League) opened

2019 season in October. We further developed the *MAH-JONG FIGHT CLUB* brand, where we strive to deliver new and fun entertainment for game and mah-jong fans through exciting battles between club teams and our “KONAMI MAH-JONG FIGHT CLUB” as part of the league. As for medal games, *SMASH STADIUM*, a pusher medal game whose concept involves the dynamic movement of pin-balls, is scheduled for release. In addition, *Magical Halloween 7*, the latest title in the *Magical Halloween* series, is also scheduled for release. In the global market, we will strive to strengthen its business development by expanding sales and service operations of Konami Group products, including amusement machines, in the Southeast Asian region where the economy is growing rapidly.

### **Gaming & Systems**

As for slot machines, we continue to make efforts to enhance our sales focusing on the *Concerto*<sup>™</sup> series, a key cabinet, and *KX 43*<sup>™</sup> as well as enhance the product range. In addition, we continue to develop new products, including the introduction such as *Fortune Cup*<sup>™</sup>, which is a horserace betting station with a model track that delivers new entertainment factors. We also continue to focus on developing new products by leveraging our new technology to boost our market presence. In regard to participation agreements, we continue to expand our lineup of game content, including a key product, the *Concerto*<sup>™</sup> series, *Treasure Ball*<sup>™</sup>, which continues to perform strongly, and *Golden Blocks*<sup>™</sup>.

As for the *SYNKROS*<sup>®</sup> casino management system, we provide a variety of functions, including the business intelligence function *SYNKROS Dashboards*<sup>™</sup>, which enables casino operators to analyze necessary information for management, and *SYNKROS Offers Management*, which offers privileges and customer-friendly information to customers. In addition, *SynkConnect*<sup>™</sup>, which can display and manage personal accounts on mobile devices, was also introduced. We continue to make efforts to enhance product appeal, including the development of new functions.

## Sports

We also continue to enhance our fitness services and provide personal programs matching their purposes to support as many customers as possible to have longer fitness by satisfying their various needs, including collaboration with partners.

As for the operation of school programs, we offer various kinds of sports classes for infants to seniors by utilizing our expertise in providing guidance, such as for visualizing the actions needed to make progress, which we have accumulated over many years. In addition to increasing the number of *Small Group Swimming School*, *Table Tennis School* and *Trampoline School*, we will continue to expand the number of classes of our existing facilities. In order to contribute to local governments and schools to resolve various issues including facility maintenance and changes in work environments, we will make a full-scale expansion into the operation of outsourced swimming classes for preschools, elementary schools and junior high schools.

Furthermore, we intend to contribute to the spread and development in the sports field, including cooperation with local governments to take part in health promotion plans for local residents and to revitalize the region and support for corporate companies working on health and productivity management.

As for sports related products, we intend to enhance their appeal to customers through e-commerce site and sports facilities to expand our market share.

Projected consolidated results for the fiscal year ending March 31, 2020 are as follows: total revenue of ¥270,000 million; operating profit of ¥47,000 million; profit before income tax of ¥46,000 million; and profit attributable to owners of the parent of ¥30,000 million. Thus, there is no change from the forecast figures released in the “Consolidated Financial Results for the Year Ended March 31, 2019” dated May 9, 2019.

### 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, 2019	As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	¥159,242	¥139,385
Trade and other receivables	32,475	31,600
Inventories	8,315	12,482
Income tax receivables	339	2,022
Other current assets	7,350	7,858
<b>Total current assets</b>	<b>207,721</b>	<b>193,347</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	82,241	119,487
Goodwill and intangible assets	38,080	40,097
Investments accounted for using the equity method	3,233	3,089
Other investments	1,220	1,578
Other financial assets	22,038	22,504
Deferred tax assets	21,143	21,937
Other non-current assets	2,361	2,045
<b>Total non-current assets</b>	<b>170,316</b>	<b>210,737</b>
<b>Total assets</b>	<b>378,037</b>	<b>404,084</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bonds and borrowings	10,547	5,396
Other financial liabilities	4,323	14,151
Trade and other payables	31,530	22,700
Income tax payables	4,771	1,501
Other current liabilities	19,660	25,763
<b>Total current liabilities</b>	<b>70,831</b>	<b>69,511</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	9,803	9,829
Other financial liabilities	9,922	37,977
Provisions	9,182	9,222
Other non-current liabilities	1,895	1,516
<b>Total non-current liabilities</b>	<b>30,802</b>	<b>58,544</b>
<b>Total liabilities</b>	<b>101,633</b>	<b>128,055</b>
<b>Equity</b>		
Share capital	47,399	47,399
Share premium	74,426	74,399
Treasury shares	(21,325)	(21,326)
Other components of equity	1,583	45
Retained earnings	173,544	174,716
Total equity attributable to owners of the parent	275,627	275,233
Non-controlling interests	777	796
<b>Total equity</b>	<b>276,404</b>	<b>276,029</b>
<b>Total liabilities and equity</b>	<b>¥378,037</b>	<b>¥404,084</b>

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

### Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Revenue		
Product sales revenue	¥31,071	¥30,839
Service and other revenue	91,097	90,250
Total revenue	122,168	121,089
Cost of revenue		
Cost of product sales revenue	(15,179)	(16,400)
Cost of service and other revenue	(57,249)	(57,216)
Total cost of revenue	(72,428)	(73,616)
Gross profit	49,740	47,473
Selling, general and administrative expenses	(24,667)	(26,659)
Other income and other expenses, net	(46)	108
Operating profit	25,027	20,922
Finance income	313	176
Finance costs	(417)	(628)
Profit (loss) from investments accounted for using the equity method	25	(66)
Profit before income taxes	24,948	20,404
Income taxes	(7,751)	(5,204)
Profit for the period	17,197	15,200
Profit attributable to:		
Owners of the parent	17,196	15,201
Non-controlling interests	¥1	¥(1)

	Yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Earnings per share (attributable to owners of the parent)		
Basic	¥127.16	¥112.41
Diluted	¥125.22	¥110.67

## Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit for the period	¥17,197	¥15,200
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity financial assets measured at fair value through other comprehensive income	(14)	(13)
Share of other comprehensive income of entity accounted for using the equity method	0	(0)
Total items that will not be reclassified to profit or loss	(14)	(13)
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	2,180	(1,516)
Total items that may be reclassified to profit or loss	2,180	(1,516)
Total other comprehensive income	2,166	(1,529)
<b>Total comprehensive income for the period</b>	<b>19,363</b>	<b>13,671</b>
Comprehensive income attributable to:		
Owners of the parent	19,362	13,672
Non-controlling interests	¥1	¥(1)



### (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, 2018</b>	¥47,399	¥74,426	¥(21,321)	¥610	¥152,668	¥253,782	¥757	¥254,539
Profit for the period					17,196	17,196	1	17,197
Other comprehensive income				2,166		2,166	0	2,166
Total comprehensive income for the period	-	-	-	2,166	17,196	19,362	1	19,363
Purchase of treasury shares			(2)			(2)		(2)
Disposal of treasury shares		0	0			0		0
Dividends					(5,139)	(5,139)		(5,139)
Total transactions with the owners	-	0	(2)	-	(5,139)	(5,141)	-	(5,141)
<b>Balance at September 30, 2018</b>	¥47,399	¥74,426	¥(21,323)	¥2,776	¥164,725	¥268,003	¥758	¥268,761

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, 2019</b>	¥47,399	¥74,426	¥(21,325)	¥1,583	¥173,544	¥275,627	¥777	¥276,404
Changes in accounting policies					(5,180)	(5,180)		(5,180)
Beginning balance after adjusting	47,399	74,426	(21,325)	1,583	168,364	270,447	777	271,224
Profit for the period					15,201	15,201	(1)	15,200
Other comprehensive income				(1,529)		(1,529)	0	(1,529)
Total comprehensive income for the period	-	-	-	(1,529)	15,201	13,672	(1)	13,671
Purchase of treasury shares			(1)			(1)		(1)
Dividends					(8,858)	(8,858)		(8,858)
Changes in ownership interests in subsidiaries		(27)				(27)	20	(7)
Transfer from other components of equity to retained earnings				(9)	9	-		-
Total transactions with the owners	-	(27)	(1)	(9)	(8,849)	(8,886)	20	(8,866)
<b>Balance at September 30, 2019</b>	¥47,399	¥74,399	¥(21,326)	¥45	¥174,716	¥275,233	¥796	¥276,029

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

	Millions of Yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
<b><i>Operating activities</i></b>		
Profit for the period	¥17,197	¥15,200
Depreciation and amortization	6,905	12,593
Impairment losses	-	134
Interest and dividends income	(134)	(170)
Interest expense	407	463
Loss on sale or disposal of property, plant and equipment	22	12
(Profit) loss from investments accounted for using the equity method	(25)	66
Income taxes	7,751	5,204
(Increase) decrease in trade and other receivables	(2,909)	415
Increase in inventories	(3,215)	(4,259)
Decrease in trade and other payables	(2,343)	(6,442)
Increase in prepaid expense	(823)	(2,017)
Increase in contract liabilities	4,011	3,828
Other, net	2,792	(552)
Interest and dividends received	136	187
Interest paid	(393)	(457)
Income taxes paid	(12,662)	(7,540)
<b><i>Net cash provided by operating activities</i></b>	<b>16,717</b>	<b>16,665</b>
<b><i>Investing activities</i></b>		
Capital expenditures	(10,724)	(14,621)
Payments for lease deposits	(34)	(643)
Proceeds from refunds of lease deposits	461	799
Payments into time deposits	(1)	-
Proceeds from withdrawal of time deposits	1,281	-
Other, net	(7)	(375)
<b><i>Net cash used in investing activities</i></b>	<b>(9,024)</b>	<b>(14,840)</b>
<b><i>Financing activities</i></b>		
Proceeds from short-term (more than 3 months) borrowings	6,680	5,429
Repayments of short-term (more than 3 months) borrowings	(7,239)	(5,429)
Redemption of bonds	(5,000)	(5,000)
Principal payments of lease liabilities	(1,264)	(6,797)
Dividends paid	(5,133)	(8,848)
Other, net	(2)	(8)
<b><i>Net cash used in financing activities</i></b>	<b>(11,958)</b>	<b>(20,653)</b>
Effect of exchange rate changes on cash and cash equivalents	1,426	(1,029)
Net decrease in cash and cash equivalents	(2,839)	(19,857)
Cash and cash equivalents at the beginning of the period	154,485	159,242
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b>¥151,646</b>	<b>¥139,385</b>

## (5) Going Concern Assumption

None

## (6) Changes in Accounting Policies

The significant accounting policies adopted for these quarterly condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019 with the exception of the changes in accounting policies described hereunder.

Standards	Title	Overview of new/revised Standards
IFRS 16	Leases	Revisions of lease accounting

In accordance with the transition provisions in IFRS 16 “Leases” (hereafter, “IFRS 16”), Konami Group has adopted this standard retrospectively with the cumulative effect of initially applying this standard recognized on the date of initial application.

On adoption of IFRS 16, Konami Group has elected the practical expedient detailed in IFRS 16 paragraph C3 and continued its assessments of whether contracts contain leases under IAS 17 “Leases” (hereafter, “IAS 17”) and IFRIC 4 “Determining whether an Arrangement contains a Lease.” On the date of initial application, right-of-use assets and lease liabilities were recognized for leases which had previously been classified as operating leases under IAS 17. Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of the date of initial application.

The reconciliation between the operating lease contracts disclosed at the end of the fiscal year ended March 31, 2019 applying IAS 17 and the lease liabilities recognized in the consolidated statement of financial position at the date of initial application is as follows,

	Millions of Yen
	Amounts
Operating lease contracts disclosed as at March 31, 2019	¥49,451
Discounted using Konami Group’s incremental borrowing rate of 0.34%	(1,068)
Add: finance lease liabilities recognized as at March 31, 2019	12,060
Less: short-term leases recognized on a straight-line basis as expense	(2,632)
Lease liabilities recognized as at April 1, 2019	¥57,811

At the beginning of the first quarter of fiscal year ending March 31, 2020, the application of IFRS 16 mainly affected that right-of-use assets increased by ¥40,067 million and lease liabilities increased by ¥45,751 million, respectively, compared

with the case that the previous standard was applied. Right-of-use assets are presented in property, plant and equipment and lease liabilities are presented in other financial liabilities, respectively, in the quarterly consolidated statement of financial position.

In applying IFRS16 for the first time, Konami Group has used the following practical expedients:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for leases with a remaining lease term of less than 12 months as at the date of initial application as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## (7) Segment Information

### (i) Operating Segment Information

	Millions of Yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Revenue:</b>		
Digital Entertainment –		
External customers	¥66,458	¥66,680
Intersegment	358	302
Total	¥66,816	¥66,982
Amusement –		
External customers	¥11,042	¥8,639
Intersegment	300	370
Total	¥11,342	¥9,009
Gaming & Systems –		
External customers	¥12,798	¥14,865
Intersegment	-	-
Total	¥12,798	¥14,865
Sports –		
External customers	¥31,870	¥30,905
Intersegment	154	156
Total	¥32,024	¥31,061
Intersegment eliminations	¥(812)	¥(828)
Consolidated	¥122,168	¥121,089

	Millions of Yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Segment profit (loss):</b>		
Digital Entertainment	¥20,423	¥18,732
Amusement	3,075	1,560
Gaming & Systems	1,587	1,652
Sports	1,865	1,474
Total segment profit and loss, net	26,950	23,418
Corporate expenses and eliminations	(1,877)	(2,604)
Other income and other expenses, net	(46)	108
Finance income and finance costs, net	(104)	(452)
Profit (loss) from investments accounted for using the equity method	25	(66)
Profit before income taxes	¥24,948	¥20,404

(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) Amusement:	Production, manufacture and sale of amusement machines.
c) Gaming & Systems:	Production, manufacture, sale and service of gaming machines and casino management systems for overseas markets.
d) Sports:	Operation of fitness activities and sports classes, including swimming, gymnastics, dance, soccer, tennis, and golf, and production and sale of sports related goods.

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	
	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Revenue:</b>		
Japan	¥95,611	¥94,229
United States	17,670	18,040
Europe	5,911	4,866
Asia/Oceania	2,976	3,954
Consolidated	¥122,168	¥121,089

(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.