

KONAMI HOLDINGS CORPORATION

Quarterly Condensed Consolidated Financial Statements
for the Nine Months Ended December 31, 2019

English translation and a part of summary of the Quarterly Securities Report (Shihanki Hokokusho) for the nine-month period ended December 31, 2019 pursuant to the Financial Instruments and Exchange Law of Japan

KONAMI HOLDINGS CORPORATION filed its Quarterly Securities Report for the nine-month period ended December 31, 2019 with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 13, 2020. The following is the outline of the Quarterly Securities Report.

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1. Quarterly Condensed Consolidated Financial Statements

(1) Quarterly Condensed Consolidated Statement of Financial Position

		Millions of Yen	
	Note	As of March 31, 2019	As of December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		¥159,242	¥112,139
Trade and other receivables		32,475	30,629
Inventories		8,315	11,150
Income tax receivables		339	714
Other current assets	10	7,350	14,172
Total current assets		<u>207,721</u>	<u>168,804</u>
Non-current assets			
Property, plant and equipment, net		82,241	111,001
Goodwill and intangible assets		38,080	36,929
Investment property		-	32,496
Investments accounted for using the equity method		3,233	3,261
Other investments	10	1,220	1,605
Other financial assets	10	22,038	17,519
Deferred tax assets		21,143	22,221
Other non-current assets		2,361	1,962
Total non-current assets		<u>170,316</u>	<u>226,994</u>
Total assets		<u>378,037</u>	<u>395,798</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	6,10	10,547	4,382
Other financial liabilities	10	4,323	13,390
Trade and other payables		31,530	28,880
Income tax payables		4,771	53
Other current liabilities	5	19,660	21,801
Total current liabilities		<u>70,831</u>	<u>68,506</u>
Non-current liabilities			
Bonds and borrowings	6,10	9,803	9,842
Other financial liabilities	10	9,922	36,736
Provisions		9,182	6,112
Other non-current liabilities		1,895	1,500
Total non-current liabilities		<u>30,802</u>	<u>54,190</u>
Total liabilities		<u>101,633</u>	<u>122,696</u>
Equity			
Share capital		47,399	47,399
Share premium		74,426	74,399
Treasury shares		(21,325)	(21,328)
Other components of equity	7	1,583	1,147
Retained earnings		173,544	170,685
Total equity attributable to owners of the parent		<u>275,627</u>	<u>272,302</u>
Non-controlling interests		777	800
Total equity		<u>276,404</u>	<u>273,102</u>
Total liabilities and equity		<u>¥378,037</u>	<u>¥395,798</u>

The accompanying notes are an integral part of these financial statements.

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

Quarterly Condensed Consolidated Statements of Profit or Loss Nine months ended December 31, 2018 and 2019

				Millions of Yen	
	Note	Nine months ended December 31, 2018	Nine months ended December 31, 2019		
Revenue					
Product sales revenue		¥52,434	¥50,766		
Service and other revenue		140,197	142,340		
Total revenue	4,9	192,631	193,106		
Cost of revenue					
Cost of product sales revenue		(25,288)	(26,626)		
Cost of service and other revenue		(88,516)	(91,675)		
Total cost of revenue		(113,804)	(118,301)		
Gross profit		78,827	74,805		
Selling, general and administrative expenses		(38,538)	(41,220)		
Other income and other expenses, net	11	(849)	(9,609)		
Operating profit		39,440	23,976		
Finance income		332	244		
Finance costs		(622)	(832)		
Profit from investments accounted for using the equity method		36	106		
Profit before income taxes		39,186	23,494		
Income taxes		(11,964)	(7,182)		
Profit for the period		27,222	16,312		
Profit attributable to:					
Owners of the parent		27,215	16,309		
Non-controlling interests		¥7	¥3		

				Yen	
	Note	Nine months ended December 31, 2018	Nine months ended December 31, 2019		
Earnings per share (attributable to owners of the parent)					
Basic	12	¥201.25	¥120.60		
Diluted	12	¥198.17	¥118.80		

Three months ended December 31, 2018 and 2019

				Millions of Yen	
	Note	Three months ended December 31, 2018	Three months ended December 31, 2019		
Revenue					
Product sales revenue		¥21,363	¥19,927		
Service and other revenue		49,100	52,090		
Total revenue	4	70,463	72,017		
Cost of revenue					
Cost of product sales revenue		(10,109)	(10,226)		
Cost of service and other revenue		(31,267)	(34,459)		
Total cost of revenue		(41,376)	(44,685)		
Gross profit		29,087	27,332		
Selling, general and administrative expenses		(13,871)	(14,561)		
Other income and other expenses, net	11	(803)	(9,717)		
Operating profit		14,413	3,054		
Finance income		75	81		
Finance costs		(261)	(217)		
Profit from investments accounted for using the equity method		11	172		
Profit before income taxes		14,238	3,090		
Income taxes		(4,213)	(1,978)		
Profit for the period		10,025	1,112		
Profit attributable to:					
Owners of the parent		10,019	1,108		
Non-controlling interests		¥6	¥4		

				Yen	
	Note	Three months ended December 31, 2018	Three months ended December 31, 2019		
Earnings per share (attributable to owners of the parent)					
Basic	12	¥74.09	¥8.19		
Diluted	12	¥72.95	¥8.12		

The accompanying notes are an integral part of these financial statements.

Quarterly Condensed Consolidated Statements of Comprehensive Income
Nine months ended December 31, 2018 and 2019

		Millions of Yen	
	Note	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit for the period		¥27,222	¥16,312
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		(66)	6
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		(66)	6
Items that may be reclassified to profit or loss:			
Exchange differences on foreign operations		980	(433)
Total items that may be reclassified to profit or loss		980	(433)
Total other comprehensive income		914	(427)
Total comprehensive income for the period		28,136	15,885
Comprehensive income attributable to:			
Owners of the parent		28,129	15,882
Non-controlling interests		¥7	¥3

Three months ended December 31, 2018 and 2019

		Millions of Yen	
	Note	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit for the period		¥10,025	¥1,112
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		(52)	19
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		(52)	19
Items that may be reclassified to profit or loss:			
Exchange differences on foreign operations		(1,200)	1,083
Total items that may be reclassified to profit or loss		(1,200)	1,083
Total other comprehensive income		(1,252)	1,102
Total comprehensive income for the period		8,773	2,214
Comprehensive income attributable to:			
Owners of the parent		8,767	2,210
Non-controlling interests		¥6	¥4

(3) Quarterly Condensed Consolidated Statement of Changes in Equity

Millions of Yen									
	Note	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		
Balance at April 1, 2018		¥47,399	¥74,426	¥(21,321)	¥610	¥152,668	¥253,782	¥757	¥254,539
Profit for the period						27,215	27,215	7	27,222
Other comprehensive income					914		914	(0)	914
Total comprehensive income for the period		-	-	-	914	27,215	28,129	7	28,136
Purchase of treasury shares				(3)			(3)		(3)
Disposal of treasury shares			0	0			0		0
Dividends	8					(13,320)	(13,320)		(13,320)
Total transactions with the owners		-	0	(3)	-	(13,320)	(13,323)	-	(13,323)
Balance at December 31, 2018		¥47,399	¥74,426	¥(21,324)	¥1,524	¥166,563	¥268,588	¥764	¥269,352

Millions of Yen									
	Note	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		
Balance at April 1, 2019		¥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						16,309	16,309	3	16,312
Other comprehensive income					(427)		(427)	0	(427)
Total comprehensive income for the period		-	-	-	(427)	16,309	15,882	3	15,885
Purchase of treasury shares				(3)			(3)		(3)
Dividends	8					(13,997)	(13,997)		(13,997)
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)	(3)	(9)	(13,988)	(14,027)	20	(14,007)
Balance at December 31, 2019		¥47,399	¥74,399	¥(21,328)	¥1,147	¥170,685	¥272,302	¥800	¥273,102

The accompanying notes are an integral part of these financial statements.

(4) Quarterly Condensed Consolidated Statement of Cash Flows

Millions of Yen			
	Note	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating activities			
Profit for the period		¥27,222	¥16,312
Depreciation and amortization		10,693	20,017
Impairment losses	11	384	9,396
Interest and dividends income		(209)	(231)
Interest expense		606	675
Loss on sale or disposal of property, plant and equipment		413	79
Profit from investments accounted for using the equity method		(36)	(106)
Income taxes		11,964	7,182
(Increase) decrease in trade and other receivables		(3,259)	1,898
Increase in inventories		(1,594)	(2,693)
Decrease in trade and other payables		(1,741)	(1,868)
Increase in prepaid expense		(878)	(1,200)
Increase (decrease) in contract liabilities		4,417	(795)
Other, net		(1,113)	(1,627)
Interest and dividends received		210	246
Interest paid		(545)	(640)
Income taxes paid		(17,317)	(12,189)
Net cash provided by operating activities		29,217	34,456
Investing activities			
Capital expenditures		(15,794)	(50,378)
Payments for lease deposits		(35)	(649)
Proceeds from refunds of lease deposits		523	1,338
Payments into time deposits		(1)	(1,034)
Proceeds from withdrawal of time deposits		1,282	-
Other, net		(7)	(399)
Net cash used in investing activities		(14,032)	(51,122)
Financing activities			
Proceeds from short-term (more than 3 months) borrowings		7,814	5,429
Repayments of short-term (more than 3 months) borrowings		(8,372)	(6,516)
Redemption of bonds	6	(5,000)	(5,000)
Principal payments of lease liabilities		(2,025)	(9,951)
Dividends paid	8	(13,293)	(13,976)
Other, net		(3)	(11)
Net cash used in financing activities		(20,879)	(30,025)
Effect of exchange rate changes on cash and cash equivalents		660	(412)
Net decrease in cash and cash equivalents		(5,034)	(47,103)
Cash and cash equivalents at the beginning of the period		154,485	159,242
Cash and cash equivalents at the end of the period		¥149,451	¥112,139

The accompanying notes are an integral part of these financial statements.

Notes to Quarterly Condensed Consolidated Financial Statements

1. Reporting Entity

KONAMI HOLDINGS CORPORATION (the “Company”) is a public company located in Japan.

The accompanying quarterly condensed consolidated financial statements consist of the Company and its consolidated subsidiaries (collectively, “Konami Group”) as well as equity interests in its associates.

Konami Group engages in the following four business operations: Digital Entertainment, Amusement, Gaming & Systems, and Sports businesses. The operations of each business segment are presented in Note 4 “Segment Information”.

2. Basis of Preparation

(1) Compliance with IFRS

The quarterly condensed consolidated financial statements meet the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements under which the Company is qualified as a “specified company applied Designated International Accounting Standards” and duly adopted the provisions of Article 93 of the foregoing rules.

Therefore, the Company prepares such quarterly condensed consolidated financial statements in accordance with IAS 34 “Interim Financial Reporting”. Since the quarterly condensed consolidated financial statements do not contain all the information required in the consolidated financial statements for the fiscal year ended March 31, 2019, it should be read in combination with the annual consolidated financial statements.

(2) Use of estimates and judgments

In preparing quarterly condensed consolidated financial statements, management uses estimates and judgments. Judgments made by management, assumptions about the future and uncertainty in estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of income and expenses as of the reporting date of the quarterly condensed consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. The impacts from revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods that are affected.

Information about estimates and judgments made by management that would have significant effects on the amounts recognized in the quarterly condensed consolidated financial statements is in the same manner of the consolidated financial statements for the fiscal year ended March 31, 2019.

3. Significant 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.

(1) Changes in Accounting Policies

Konami Group has adopted the following standard from the three-month-period ended June 30, 2019.

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

(Lessee)

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, net" 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.

(Lessor)

Konami Group has classified leases as operating leases if they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets. In operating leases, the leases' underlying assets are carried on the Consolidated Statement of Financial Position and lease payments are recognized as income on a straight-line basis over the lease term.

(2) Additions to Accounting Policies

Konami Group has adopted the following standard from the three-month-period ended December 31, 2019.

- IAS 40 “Investment Property”

Investment property is presented at cost less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, investment property is measured by the cost model using estimated useful life and depreciation method on the same basis as property, plant and equipment.

4. Segment Information

Konami Group’s reportable segments constitute units of the Konami Group for which separate financial information is available. The Chief Operating Decision Maker regularly conducts deliberations to determine the allocation of management resources and to assess performance of each segment.

Operating segments are components of business activities from which Konami Group may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

The operating segments are managed separately as each segment represents a strategic business unit that offers different products and serves different markets.

Konami Group operates on a worldwide basis principally with the following four operating 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.

Segment profit 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. Corporate expenses primarily consist of

administrative expenses not directly associated with specific segments.
Intersegment eliminations primarily consist of eliminations of intercompany sales.

Intersegment sales and revenues are generally recognized at values that represent arm's-length fair value.

Neither Konami Group nor any of its segments depended on any single customer for more than 10% of Konami Group's revenues for the nine months ended December 31, 2019.

(1) Operating segment information

Revenue for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue:		
Digital Entertainment -		
External customers	¥105,274	¥108,200
Intersegment	532	467
Total	¥105,806	¥108,667
Amusement -		
External customers	¥17,731	¥15,968
Intersegment	448	519
Total	¥18,179	¥16,487
Gaming & Systems -		
External customers	¥21,946	¥22,980
Intersegment	-	-
Total	¥21,946	¥22,980
Sports -		
External customers	¥47,680	¥45,958
Intersegment	232	234
Total	¥47,912	¥46,192
Intersegment eliminations	¥(1,212)	¥(1,220)
Consolidated	¥192,631	¥193,106

Revenue for the three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Revenue:		
Digital Entertainment –		
External customers	¥38,816	¥41,520
Intersegment	174	165
Total	¥38,990	¥41,685
Amusement –		
External customers	¥6,689	¥7,329
Intersegment	148	149
Total	¥6,837	¥7,478
Gaming & Systems –		
External customers	¥9,148	¥8,115
Intersegment	-	-
Total	¥9,148	¥8,115
Sports –		
External customers	¥15,810	¥15,053
Intersegment	78	78
Total	¥15,888	¥15,131
Intersegment eliminations	¥(400)	¥(392)
Consolidated	¥70,463	¥72,017

Segment profit for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Segment profit:		
Digital Entertainment	¥32,286	¥29,051
Amusement	5,186	3,766
Gaming & Systems	3,051	2,423
Sports	2,543	2,203
Total segment profit	43,066	37,443
Corporate expenses and eliminations	(2,777)	(3,858)
Other income and other expenses, net	(849)	(9,609)
Finance income and finance costs, net	(290)	(588)
Profit from investments accounted for using the equity method	36	106
Profit before income taxes	¥39,186	¥23,494

Segment profit for the three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Segment profit:		
Digital Entertainment	¥11,863	¥10,319
Amusement	2,111	2,206
Gaming & Systems	1,464	771
Sports	678	729
Total segment profit	16,116	14,025
Corporate expenses and eliminations	(900)	(1,254)
Other income and other expenses, net	(803)	(9,717)
Finance income and finance costs, net	(186)	(136)
Profit from investments accounted for using the equity method	11	172
Profit before income taxes	¥14,238	¥3,090

Corporate expenses primarily consist of personnel costs, advertising expenses and rental expenses, which substantially relate to our administrative department.

(2) Geographic information

Revenue from external customers for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue:		
Japan	¥147,760	¥149,253
United States	29,440	28,270
Europe	10,072	8,803
Asia/Oceania	5,359	6,780
Consolidated	¥192,631	¥193,106

Revenue from external customers for the three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Revenue:		
Japan	¥52,149	¥55,024
United States	11,770	10,230
Europe	4,161	3,937
Asia/Oceania	2,383	2,826
Consolidated	¥70,463	¥72,017

For the purpose of presenting its 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.

5. Other Current Liabilities

The following is a breakdown of other current liabilities as of March 31, 2019 and December 31, 2019.

	Millions of Yen	
	As of March 31, 2019	As of December 31, 2019
Contract liabilities	¥12,904	¥12,106
Others	6,756	9,695
Total	¥19,660	¥21,801

6. Bonds

For the nine months ended December 31, 2018, there was a redemption of unsecured bonds of ¥5,000 million (interest 0.53%, due September 2018). There was no issuance of bonds.

For the nine months ended December 31, 2019, there was a redemption of unsecured bonds of ¥5,000 million (interest 0.66%, due September 2019). There was no issuance of bonds.

7. Equity

Changes in other components of equity consisted of the following:

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
<i>Exchange differences on translation of foreign operations</i>		
Balance at the beginning of the period	¥432	¥1,473
Net change during the period	980	(433)
Transfer to retained earnings	-	-
Balance at the end of the period	¥1,412	¥1,040
<i>Net change in fair Values of available-for-sale financial assets</i>		
Balance at the beginning of the period	¥178	-
Effect of changes in accounting standards	(178)	-
Balance at the end of the period	-	-
<i>Net Change in fair value of equity financial assets measured at fair value through other comprehensive income</i>		
Balance at the beginning of the period	-	¥110
Effect of changes in accounting standards	¥178	-
Net change during the period	(66)	6
Transfer to retained earnings	-	(9)
Balance at the end of the period	¥112	¥107
<i>Share of other comprehensive income of entity accounted for using the equity method</i>		
Balance at the beginning of the period	¥(0)	¥(0)
Net change during the period	(0)	(0)
Transfer to retained earnings	-	-
Balance at the end of the period	¥(0)	¥(0)

8. Dividends

The Company paid dividends 98.50 yen per share and the total amount of ¥13,320 million for the nine months ended December 31, 2018.

The Company paid dividends 103.50 yen per share and the total amount of ¥13,997 million for the nine months ended December 31, 2019. The cash dividend per share includes a commemorative dividend for the 50th anniversary of the Company's founding of 25.00 yen.

9. Revenue

The following is a breakdown of the reportable segments revenues from external customers to the areas where Konami Group sells products and/or renders services.

For the nine months ended December 31, 2018

Millions of Yen					
	Japan	United States	Europe	Asia/Oceania	Total revenue
Digital Entertainment	¥82,611	¥10,080	¥10,072	¥2,511	¥105,274
Amusement	17,469	-	-	262	17,731
Gaming & Systems	-	19,360	-	2,586	21,946
Sports	47,680	-	-	-	47,680
Total revenue	¥147,760	¥29,440	¥10,072	¥5,359	¥192,631

For the nine months ended December 31, 2019

Millions of Yen					
	Japan	United States	Europe	Asia/Oceania	Total revenue
Digital Entertainment	¥87,614	¥9,312	¥8,803	¥2,471	¥108,200
Amusement	15,681	-	-	287	15,968
Gaming & Systems	-	18,958	-	4,022	22,980
Sports	45,958	-	-	-	45,958
Total revenue	¥149,253	¥28,270	¥8,803	¥6,780	¥193,106

10. Fair Value of Financial Instruments

(1) Measuring fair value of financial instruments

Methods for measuring the fair value of financial assets and liabilities are as follows:

1. Financial assets and liabilities measured at amortized cost

The fair values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts because they have short term maturities.

The fair values of lease deposits and other financial assets are calculated as the present value of the total principal and interest discounted at interest rates reflecting the credit risks estimated by Konami Group, and categorized as Level 2.

The fair values of bonds and borrowings, capital lease and financing obligations, and other financial liabilities are calculated as the present value of the total principal and interest, discounted at interest rates that would be applied to new borrowings of Konami Group with similar terms and the same remaining maturity, and categorized as Level 2. As applying IFRS 16, Konami Group has not disclosed a carrying amount

and a fair value of its capital lease and financing obligations from the first quarter of fiscal year ending March 31, 2020.

2. Equity financial assets measured at fair value through other comprehensive income

With regards to equity instruments included in other investments, the fair values of marketable securities are measured based on quoted market prices on equity markets of identical assets, and categorized as Level 1. The fair values of unlisted securities are determined based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and categorized as Level 3.

3. Financial assets and liabilities measured at fair value through profit or loss

The fair values of foreign exchange contracts are measured using valuation provided by financial institutions based on observable market data at the end of each reporting period, and categorized as Level 2. The fair values of debt instruments included in other investments are determined based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and categorized as Level 3.

(2) Fair value hierarchy

Fair values are categorized within the fair value hierarchy as follows:

- Level 1: Fair values measured at a price quoted in an active market.
- Level 2: Fair values calculated directly or indirectly using an observable price except for level 1.
- Level 3: Fair values calculated through valuation techniques, including inputs that are not based on observable market data.

(3) Fair value of financial instruments

The table is a breakdown of financial instruments showing carrying amounts and fair values as of March 31, 2019 and December 31, 2019.

Millions of Yen

	As of March 31, 2019		As of December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets measured at amortized cost				
Loans receivable	¥288	¥330	¥255	¥293
Lease deposit	22,467	22,750	22,701	22,992
Other financial assets	978	844	1,420	1,419
Equity financial assets measured at fair value through other comprehensive income				
Securities	1,128	1,128	1,513	1,513
Other investments	72	72	72	72
Financial assets measured at fair value through profit or loss				
Other investments	20	20	20	20
Financial liabilities:				
Financial liabilities measured at amortized cost				
Bonds and borrowings	¥20,350	¥20,151	¥14,224	¥14,103
Capital lease and financing obligations	12,060	13,857	-	-
Other financial liabilities	2,185	2,185	3,021	3,021
Financial liabilities measured at fair value through profit or loss				
Other financial liabilities	0	0	1	1

(4) Fair values measured and disclosed on the quarterly condensed consolidated statements of financial position

The following is a breakdown of financial assets that are measured at fair value on a recurring basis as of March 31, 2019 and December 31, 2019.

Millions of Yen				
Balance at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity financial assets measured at fair value through other comprehensive income				
Securities	¥551	-	¥577	¥1,128
Other investments	-	-	72	72
Financial assets measured at fair value through profit or loss				
Other investments	-	-	20	20
Total	¥551	-	¥669	¥1,220

Millions of Yen				
Balance at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity financial assets measured at fair value through other comprehensive income				
Securities	¥545	-	¥968	¥1,513
Other investments	-	-	72	72
Financial assets measured at fair value through profit or loss				
Other investments	-	-	20	20
Total	¥545	-	¥1,060	¥1,605

Securities and other investments, which are classified as Level 3, have no significant changes for the nine months ended December 31, 2019.

11. Impairment loss

For the nine months ended December 31, 2019, impairment loss of ¥9,396 million was incurred in “Other income and other expenses, net” in the quarterly condensed consolidated statements of profit or loss.

This is mainly due to impairment loss of ¥3,057 million for right-of-use assets. The asset, which had been a rental building, was identified as an idle asset by relocation to our owned new building, “Konami Creative Center Ginza.” In addition, amidst the increasingly competitive environment surrounding the sports business, impairment loss of ¥6,205 million for property, plant and equipment and goodwill were also recognized, looking to improve and strengthen our profit structure.

12. Earnings per Share

The breakdown of the basic and diluted earnings per share attributable to owners of the parent for the nine months ended December 31, 2018 and 2019 is as follows:

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit attributable to owners of the parent	27,215 million yen	16,309 million yen
Adjustments for profit used in the calculation of diluted earnings per share	27 million yen	27 million yen
Profit used in the calculation of diluted earnings per share	27,242 million yen	16,336 million yen
Basic weighted average ordinary shares outstanding	135,233,376 shares	135,232,809 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	2,233,788 shares	2,285,662 shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	137,467,164 shares	137,518,471 shares
Earnings per share attributable to owners of the parent for the period		
Basic	201.25 yen	120.60 yen
Diluted	198.17 yen	118.80 yen

The breakdown of the basic and diluted earnings per share attributable to owners of the parent for the three months ended December 31, 2018 and 2019 is as follows:

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit attributable to owners of the parent	10,019 million yen	1,108 million yen
Adjustments for profit used in the calculation of diluted earnings per share	9 million yen	9 million yen
Profit used in the calculation of diluted earnings per share	10,028 million yen	1,117 million yen
Basic weighted average ordinary shares outstanding	135,233,257 shares	135,232,587 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	2,233,788 shares	2,285,662 shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	137,467,045 shares	137,518,249 shares
Earnings per share attributable to owners of the parent for the period		
Basic	74.09 yen	8.19 yen
Diluted	72.95 yen	8.12 yen

13. Subsequent Events

There have been no events after December 31, 2019 that would require adjustments to the quarterly condensed consolidated financial statements or disclosures in the notes to the quarterly condensed consolidated financial statements.

14. Approval of Quarterly Condensed Consolidated Financial Statements

The quarterly condensed consolidated financial statements were approved by Representative Director, President, Takuya Kozuki, on February 10, 2020.