

**Consolidated Financial Results  
for the Three Months Ended June 30, 2020  
(Prepared in Accordance with IFRS)**

August 6, 2020

**KONAMI HOLDINGS CORPORATION**

Address: 11-1, Ginza 1-chome, Chuo-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: Kimihiko Higashio, Representative Director, President  
 Contact: Junichi Motobayashi, Corporate Officer, General Manager, Finance Division  
 (Phone: +81-3-6636-0589)  
 Beginning date of dividend payment: -

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

**1. Consolidated Financial Results for the Three Months Ended June 30, 2020**
**(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 |
|----------------------------------|---------|------------------|----------------------------|-----------------------|---|---|
| Three months ended June 30, 2020 | 52,887  | 6,772            | 6,284                      | 4,194                 | 4,193                                       | 4,304                                     |
| % change from previous year      | (6.3)%  | (32.4)%          | (35.3)%                    | (42.4)%               | (42.4)%                                     | (27.9)%                                   |
| Three months ended June 30, 2019 | 56,459  | 10,015           | 9,708                      | 7,281                 | 7,280                                       | 5,967                                     |
| % change from previous year      | (3.4)%  | (15.2)%          | (18.0)%                    | (12.0)%               | (12.0)%                                     | (36.7)%                                   |

|                                  | Basic earnings per share (attributable to owners of the parent)<br>(yen) | Diluted earnings per share (attributable to owners of the parent)<br>(yen) |
|----------------------------------|--|--|
| Three months ended June 30, 2020 | 31.48  | 31.01  |
| Three months ended June 30, 2019 | 53.83  | 53.00  |

**(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 |
|----------------|--------------|--------------|---|--|
| June 30, 2020  | 422,405      | 272,314      | 271,511   | 64.3%  |
| March 31, 2020 | 419,134      | 268,943      | 268,141   | 64.0%  |

**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, 2020             | -                              | 38.00              | -                 | 7.00     | 45.00  |
| Year ending March 31, 2021            | -                              |                    |                   |          |        |
| Year ending March 31, 2021 (Forecast) |                                | -                  | -                 | -        | -      |

Note) Dividends forecasts for the fiscal year ending March 31, 2021 has not been determined at present.

### 3. Consolidated Earnings Forecast for the Year Ending March 31, 2021

It is difficult to reasonably calculate the impact of coronavirus outbreak on our projected consolidated results at present. Projected consolidated results for the fiscal year ending March 31, 2021 has consequently not been determined. We will carefully assess the projections and announce it promptly when we can disclose it.

#### 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: Yes
3. Changes in accounting estimate: No

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

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

|                      |                    |
|----------------------|--------------------|
| As of June 30, 2020  | 143,500,000 shares |
| As of March 31, 2020 | 143,500,000 shares |
2. Number of treasury shares:

|                      |                   |
|----------------------|-------------------|
| As of June 30, 2020  | 10,285,539 shares |
| As of March 31, 2020 | 10,285,500 shares |
3. Average number of shares outstanding:

|                                  |                    |
|----------------------------------|--------------------|
| Three months ended June 30, 2020 | 133,214,496 shares |
| Three months ended June 30, 2019 | 135,233,004 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 9 to 11 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 August 6, 2020.

# 1. Business Performance

## (1) Analysis of Business Performance

### (1) Business Overview

For the three months ended June 30, 2020, due to global restrictions of business activities triggered by coronavirus outbreak, corporate earnings and personal consumption remains slowdown and there are concerns about drastic, prolonged economic downturn.

Under such circumstances, in terms of the business results of Konami Group for the three months ended June 30, 2020, total segment profit increased due to strong performance in the Digital Entertainment business. Meanwhile, measures to avoid coronavirus outbreak, such as temporal closure of amusement facilities worldwide and casino facilities overseas, were taken. Furthermore, due to the temporal closure of sports clubs all over Japan for a certain period in line with state-of-emergency declaration from government and business suspension request from local governments, COVID-19 related loss, mainly fixed costs incurred during the closure period, was recognized and included in the line item "other income and other expenses, net." As a result, operating profit decreased.

In terms of the consolidated results for the three months ended June 30, 2020, total revenue amounted to ¥52,887 million (a year-on-year decrease of 6.3%), operating profit was ¥6,772 million (a year-on-year decrease of 32.4%), profit before income taxes was ¥6,284 million (a year-on-year decrease of 35.3%), and profit attributable to owners of the parent was ¥4,193 million (a year-on-year decrease of 42.4%).

## (2) Performance by Business Segment

Summary of total revenue by business segment:

|                           | Millions of Yen, except percentages |                                     |          |
|---------------------------|-------------------------------------|-------------------------------------|----------|
|                           | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 | % change |
| <b>Total revenue:</b>     |                                     |                                     |          |
| Digital Entertainment     | ¥31,504                             | ¥42,840                             | 36.0     |
| Amusement                 | 3,261                               | 2,874                               | (11.8)   |
| Gaming & Systems          | 6,825                               | 2,977                               | (56.4)   |
| Sports                    | 15,228                              | 4,739                               | (68.9)   |
| Intersegment eliminations | (359)                               | (543)                               | -        |
| Total revenue             | ¥56,459                             | ¥52,887                             | (6.3)    |

### 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, in the global market, as for mobile games in the Digital Entertainment segment, *Yu-Gi-Oh! DUEL LINKS* has led our revenue and *eFootball Winning Eleven 2020* (Known overseas as *eFootball PES 2020*), which has surpassed 300 million downloads around the world, has received favorable reviews. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform strongly and various other titles, such as *JIKKYOU PAWAFURU PUROYAKYU*, also continued to receive favorable reviews.

As for card games, we continued to expand the *Yu-Gi-Oh! TRADING CARD GAME* in the global market as well as released *Yu-Gi-Oh! RUSH DUEL*, a new title in the *Yu-Gi-Oh!* series.

As for computer and video games, we hosted various events for the 25<sup>th</sup> anniversary celebration of *eFootball Winning Eleven 2020* (Known overseas as *eFootball PES 2020*), including mainly the Iconic Moment series' introduction. In addition, *Skelattack*, the download-only title, was introduced in European and American market. As part of our continued active efforts in eSports, taking its advantage, we provided various contents via online for fun of the customers under the circumstance that our activities are limited by coronavirus outbreak. For the second part of our promotion plan for professional baseball, a livestream was held for the "Nippon Life Insurance Virtual Interleague Games between the Central and Pacific Leagues." Here, representative players from the twelve teams who performed well

in the “eBASEBALL Pro League,” which was organized along with the Nippon Professional Baseball (NPB), played in the virtual interleague games. As for soccer content, a friendly tournament, which featured players belonging to the club who performed well in “eFootball.Pro,” was held in addition to the regional final round of the “eFootball.Open,” where all players can join through a new online mode, “*Matchday*.” Both of the events attracted much attention from fans. In addition, in the *Yu-Gi-Oh!* series, the qualifying round of the “KC Grand Tournament,” which is large scale online tournament of the *Yu-Gi-Oh! DUEL LINKS*, was held.

In terms of financial performance, total revenue for the three months ended June 30, 2020 in this segment amounted to ¥42,840 million (a year-on-year increase of 36.0%) and segment profit for the three months ended June 30, 2020 amounted to ¥15,309 million (a year-on-year increase of 57.9%).

### **Amusement**

In the amusement industry market, the coronavirus outbreak around the world had an effect on sales of amusement machines and e-amusement participation (revenue share business) due to temporal closure of amusement facilities. Although the facilities have resumed operations since state-of-emergency declaration from government and business suspension request from local governments were lifted, recovery in the number of visitors remains slow. As for the global market, recovery will take more time.

Under such circumstances, in regard to our video games, the latest title of the *QUIZ MAGIC ACADEMY* series, *QUIZ MAGIC ACADEMY: Kibo no Toki*, was released on a new, high-grade model cabinet. As for medal games, *SMASH STADIUM*, a pusher medal game whose concept involves the dynamic movement of pin-balls, was released.

In terms of financial performance, total revenue for the three months ended June 30, 2020 in this segment amounted to ¥2,874 million (a year-on-year decrease of 11.8%) and segment loss for the three months ended June 30, 2020 amounted to ¥240 million (segment profit for the three months ended June 30, 2019 amounted to ¥539 million).

### **Gaming & Systems**

In the gaming market, the measures were taken by governments of various nations to avoid coronavirus outbreak from the beginning of this year. As a result, casino facilities had to be closed temporarily from the middle of March except in some areas and gaming business was forced to almost suspend its operations. Although casino facilities have gradually resumed operations from the end of May in the trend of reopening the economy in phase, market recovery will take more time.

Under such circumstances, for the three months ended June 30, 2020, *Dimension 27™*, the latest cabinet, was introduced. The sales of slot machines, including the main, upright cabinet, *KX 43™*, and *Concerto™* series, and revenue from the participation agreements (in which profits are shared with casino operators) were recognized. The *SYNKROS®* casino management system was introduced into major casino operators in North American and Oceanian market, in addition, new contracts were acquired.

In terms of financial performance, total revenue for the three months ended June 30, 2020 in this segment amounted to ¥2,977 million (a year-on-year decrease of 56.4%) and segment loss for the three months ended June 30, 2020 amounted to ¥925 million (segment profit for the three months ended June 30, 2019 amounted to ¥159 million).

## **Sports**

Through the change of life style, such as voluntary stay-at-home to avoid coronavirus outbreak and encouraged work-from-home, concerns about health are growing due to lack of exercise. In connection with the sports industry, improved hygiene managements and new services for health have been widely provided so that customers can feel safe exercising.

Under such circumstances, state-of-emergency declaration from government and business suspension request from local governments forced us to take measures to avoid coronavirus outbreak, such as temporal closure of both directly-managed and outsourced facilities and shortening business hours, from April to May. As a result, total revenue from this business decreased. Since the declaration and the request have been lifted, with the highest priority of ensuring safety and security of customers and employees, the facilities resumed operations in phase and made efforts providing improved services for health promotion as well as improving hygiene managements.

As for the operation of outsourced facilities, the facilities are forced to be closed temporarily due to requests mainly from local governments and corporate companies entering into contracts. Meanwhile, we started the operation of new outsourced facilities such as the Kawasaki Shimin Plaza (Kawasaki City, Kanagawa Prefecture), Sakai City Ebara Oike Gymnasium (Sakai City, Osaka Prefecture), and Oita City Comprehensive Gymnasium (Oita City, Oita Prefecture) using our know-how accumulated through sports club operation over many years.

We continue to enhance our products and services, including delivering original Konami Sports Club exercise videos, which introduce easy exercises that can be done at home and lessons for improving skills, such as for soccer, dancing and golf. We are also focusing on the need to deal with the lack of exercise arising from the voluntary stay-at-home requests and on increasing opportunities to exercise at

home. Furthermore, we provided a variety of home fitness equipment via official online shop.

In terms of financial performance, total revenue for the three months ended June 30, 2020 in this segment amounted to ¥4,739 million (a year-on-year decrease of 68.9%) and segment loss for the three months ended June 30, 2020 amounted to ¥1,101 million (segment profit for the three months ended June 30, 2019 amounted to ¥552 million).

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, 2021**

We are not able to reasonably calculate the impact on our projected consolidated results under the circumstances that we could not predict when the outbreak settles down and consumption trend recovers. Projected consolidated results and dividend forecasts for the fiscal year ending March 31, 2021 have not been determined consequently. We will carefully assess the projections and announce it promptly when we can disclose it.

### **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 part of our new efforts, *SUPER BOMBERMAN R ONLINE*, the first title on the gaming platform of Stadia™, is intended to be released. As for new titles of computer and video games, *eBASEBALL PAWAFURU PUROYAKYU 2020*, the latest title in the *JIKKYOU PAWAFURU PUROYAKYU* series, and *eFootball Winning Eleven 2021 SEASON UPDATE* (Known overseas as *eFootball PES 2021 SEASON UPDATE*), the latest title in the *Winning Eleven* series, are intended to be released. In addition, *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban* is also intended to be released.

Furthermore, in regard to our continued efforts, we continue to vitalize *PROFESSIONAL BASEBALL SPIRITS A (Ace)* more as professional baseball gets much more attention. The 25<sup>th</sup> anniversary promotions of *eFootball Winning Eleven 2020* (Known overseas as *eFootball PES 2020*) is intended to be introduced for computer and video game as well as for mobile game. In regard to *Yu-Gi-Oh! TRADING CARD GAME*, we continue to expand it globally and make efforts to attract more users for the new line up of *Yu-Gi-Oh! RUSH DUEL*. In regard to eSports, “eBASEBALL Pro League,” which is organized along with the Nippon Professional Baseball (NPB), the tryout of 2020 season is scheduled to be held and we continue to attract much more attention for the opening. In addition, the final round of “eFootball.Open,” the eSports official tournaments in the *Winning Eleven* series, is scheduled to be held as well as “KC Grand Tournament,” the online tournament of the *Yu-Gi-Oh! DUEL LINKS*. We will continue to attract fans by providing new experiences through eSports.

## **Amusement**

Konami Group intends to provide new entertainment that can be delivered through person-to-person communication, including the e-amusement service which connects each amusement facility through network all over Japan. We continue to make efforts to expand the game content of our “KONAMI AMUSEMENT GAME STATION,” which delivers high-quality arcade games to devices, such as PCs and smartphones, through streaming and enables users to play the games anytime using cloud gaming. Furthermore, we intend to create the new platform, where eSports will be enjoyed as a new entertainment, including our hosting of “KONAMI Arcade Championship” on a regular basis and launch of “BEMANI PRO LEAGUE,” the Pro League for music games.

The impact of coronavirus outbreak on future business activities is uncertain at present, thus it is expected to continue affecting our performance from the second period onwards for the fiscal year ending March 31, 2021.

## **Gaming & Systems**

As for slot machines, we continue to enhance the product range by adding the latest cabinet of *Dimension*<sup>™</sup> series into the lineup as well as we focus on developing new products by leveraging our new technology to boost our market presence.

As for the casino management system, we will promote new installments of *SYNKROS*<sup>®</sup> and continue to make efforts to enhance product appeal, including the development of new functions with the cutting-edge technology.

The impact of coronavirus outbreak on future business activities is uncertain regarding when the outbreak settles down, when restrictions on overseas travel and operation of casino facilities are lifted and when business conditions of companies and the number of visitors recover, thus it is expected to continue affecting our performance from the second period onwards for the fiscal year ending March 31, 2021.

## **Sports**

We continue to enhance our fitness services to promote physical and mental health for as many customers as possible so that they can use facilities safely. We intend to improve our operations, especially of our sports clubs, to avoid coronavirus outbreak, by focusing on hygiene management for employees, adequate cleaning, proper ventilation and health checks of customers when they come to use the facilities, so that everyone can feel safe. Furthermore, we continue to make efforts to provide products and services that are tailored to changing values that come with the establishment of a new-normal lifestyle.

The impact of coronavirus outbreak on future business activities is uncertain regarding changes in the number of memberships onwards and concerns about the second wave, thus it is expected to continue affecting our performance from the second period onwards for the fiscal year ending March 31, 2021.

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<br>March 31, 2020 | As of<br>June 30, 2020 |
| <b>Assets</b>  |                         |                        |
| <b>Current assets</b>                                    |                         |                        |
| Cash and cash equivalents                                | ¥131,432                | ¥132,801               |
| Trade and other receivables                              | 29,894                  | 29,099                 |
| Inventories  | 10,000                  | 9,602                  |
| Income tax receivables                                   | 1,924                   | 3,929                  |
| Other current assets                                     | 14,493                  | 15,440                 |
| <b>Total current assets</b>                              | <b>187,743</b>          | <b>190,871</b>         |
| <b>Non-current assets</b>                                |                         |                        |
| Property, plant and equipment, net                       | 116,631                 | 115,783                |
| Goodwill and intangible assets                           | 34,423                  | 36,016                 |
| Investment property                                      | 32,484                  | 32,471                 |
| Investments accounted for using the equity method        | 3,128                   | 2,877                  |
| Other investments  | 1,554                   | 1,565                  |
| Other financial assets                                   | 17,229                  | 16,869                 |
| Deferred tax assets                                      | 23,735                  | 23,832                 |
| Other non-current assets                                 | 2,207                   | 2,121                  |
| <b>Total non-current assets</b>                          | <b>231,391</b>          | <b>231,534</b>         |
| <b>Total assets</b>                                      | <b>419,134</b>          | <b>422,405</b>         |
| <b>Liabilities and equity</b>                            |                         |                        |
| <b>Liabilities</b>                                       |                         |                        |
| <b>Current liabilities</b>                               |                         |                        |
| Bonds and borrowings                                     | 28,265                  | 30,387                 |
| Other financial liabilities                              | 12,187                  | 11,149                 |
| Trade and other payables                                 | 31,264                  | 25,690                 |
| Income tax payables                                      | 2,997                   | 4,602                  |
| Other current liabilities                                | 22,053                  | 25,295                 |
| <b>Total current liabilities</b>                         | <b>96,766</b>           | <b>97,123</b>          |
| <b>Non-current liabilities</b>                           |                         |                        |
| Bonds and borrowings                                     | 9,855                   | 9,869                  |
| Other financial liabilities                              | 34,553                  | 33,931                 |
| Provisions   | 6,674                   | 6,673                  |
| Deferred tax liabilities                                 | 886                     | 1,016                  |
| Other non-current liabilities                            | 1,457                   | 1,479                  |
| <b>Total non-current liabilities</b>                     | <b>53,425</b>           | <b>52,968</b>          |
| <b>Total liabilities</b>                                 | <b>150,191</b>          | <b>150,091</b>         |
| <b>Equity</b>  |                         |                        |
| Share capital  | 47,399                  | 47,399                 |
| Share premium  | 74,399                  | 74,399                 |
| Treasury shares  | (27,836)                | (27,836)               |
| Other components of equity                               | (89)                    | 21                     |
| Retained earnings  | 174,268                 | 177,528                |
| <b>Total equity attributable to owners of the parent</b> | <b>268,141</b>          | <b>271,511</b>         |
| Non-controlling interests                                | 802                     | 803                    |
| <b>Total equity</b>                                      | <b>268,943</b>          | <b>272,314</b>         |
| <b>Total liabilities and equity</b>                      | <b>¥419,134</b>         | <b>¥422,405</b>        |

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

### Quarterly Condensed Consolidated Statement of Profit or Loss

|   | Millions of Yen                     |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| Revenue   |                                     |                                     |
| Product sales revenue                                       | ¥12,455                             | ¥12,481                             |
| Service and other revenue                                   | 44,004                              | 40,406                              |
| Total revenue   | 56,459                              | 52,887                              |
| Cost of revenue   |                                     |                                     |
| Cost of product sales revenue                               | (6,329)                             | (6,403)                             |
| Cost of service and other revenue                           | (27,365)                            | (23,650)                            |
| Total cost of revenue                                       | (33,694)                            | (30,053)                            |
| Gross profit  | 22,765                              | 22,834                              |
| Selling, general and administrative expenses                | (13,001)                            | (10,483)                            |
| Other income and other expenses, net                        | 251                                 | (5,579)                             |
| Operating profit  | 10,015                              | 6,772                               |
| Finance income  | 84                                  | 46                                  |
| Finance costs   | (365)                               | (340)                               |
| Loss from investments accounted for using the equity method | (26)                                | (194)                               |
| Profit before income taxes                                  | 9,708                               | 6,284                               |
| Income taxes  | (2,427)                             | (2,090)                             |
| Profit for the period                                       | 7,281                               | 4,194                               |
| Profit attributable to:                                     |                                     |                                     |
| Owners of the parent  | 7,280                               | 4,193                               |
| Non-controlling interests                                   | ¥1                                  | ¥1                                  |

|   | Yen                                 |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| Earnings per share (attributable to owners of the parent) |                                     |                                     |
| Basic   | ¥53.83                              | ¥31.48                              |
| Diluted   | ¥53.00                              | ¥31.01                              |

## Quarterly Condensed Consolidated Statement of Comprehensive Income

|   | Millions of Yen                     |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| Profit for the period   | ¥7,281                              | ¥4,194                              |
| 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 | (11)                                | 7                                   |
| Share of other comprehensive income of entity accounted for using the equity method                           | (0)                                 | -                                   |
| Total items that will not be reclassified to profit or loss   | (11)                                | 7                                   |
| Items that may be reclassified to profit or loss:   |                                     |                                     |
| Exchange differences on foreign operations  | (1,303)                             | 103                                 |
| Total items that may be reclassified to profit or loss  | (1,303)                             | 103                                 |
| Total other comprehensive income  | (1,314)                             | 110                                 |
| <b>Total comprehensive income for the period</b>  | <b>5,967</b>                        | <b>4,304</b>                        |
| Comprehensive income attributable to:   |                                     |                                     |
| Owners of the parent  | 5,966                               | 4,303                               |
| 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, 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                     |   |               |                 |                            | 7,280             | 7,280    | 1                         | 7,281        |
| Other comprehensive income                |   |               |                 | (1,314)                    |                   | (1,314)  | (0)                       | (1,314)      |
| Total comprehensive income for the period | -   | -             | -               | (1,314)                    | 7,280             | 5,966    | 1                         | 5,967        |
| Purchase of treasury shares               |   |               | (0)             |                            |                   | (0)      |                           | (0)          |
| Dividends                                 |   |               |                 |                            | (8,858)           | (8,858)  |                           | (8,858)      |
| Total transactions with the owners        | -   | -             | (0)             | -                          | (8,858)           | (8,858)  | -                         | (8,858)      |
| <b>Balance at June 30, 2019</b>           | ¥47,399                                     | ¥74,426       | ¥(21,325)       | ¥269                       | ¥166,786          | ¥267,555 | ¥778                      | ¥268,333     |

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, 2020</b>           | ¥47,399                                     | ¥74,399       | ¥(27,836)       | ¥(89)                      | ¥174,268          | ¥268,141 | ¥802                      | ¥268,943     |
| Profit for the period                     |   |               |                 |                            | 4,193             | 4,193    | 1                         | 4,194        |
| Other comprehensive income                |   |               |                 | 110                        |                   | 110      |                           | 110          |
| Total comprehensive income for the period | -   | -             | -               | 110                        | 4,193             | 4,303    | 1                         | 4,304        |
| Purchase of treasury shares               |   |               | (0)             |                            |                   | (0)      |                           | (0)          |
| Disposal of treasury shares               |   | 0             | 0               |                            |                   | 0        |                           | 0            |
| Dividends                                 |   |               |                 |                            | (933)             | (933)    |                           | (933)        |
| Total transactions with the owners        | -   | 0             | (0)             | -                          | (933)             | (933)    | -                         | (933)        |
| <b>Balance at June 30, 2020</b>           | ¥47,399                                     | ¥74,399       | ¥(27,836)       | ¥21                        | ¥177,528          | ¥271,511 | ¥803                      | ¥272,314     |

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

|  | Millions of Yen                     |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| <b><i>Operating activities</i></b>                               |                                     |                                     |
| Profit for the period  | ¥7,281                              | ¥4,194                              |
| Depreciation and amortization                                    | 5,139                               | 4,738                               |
| Impairment losses  | 2                                   | 25                                  |
| Interest and dividends income                                    | (83)                                | (36)                                |
| Interest expense   | 237                                 | 201                                 |
| Loss on sale or disposal of property, plant and equipment        | 2                                   | 5                                   |
| Loss from investments accounted for using the equity method      | 26                                  | 194                                 |
| Income taxes   | 2,427                               | 2,090                               |
| Decrease in trade and other receivables                          | 5,464                               | 787                                 |
| (Increase) decrease in inventories                               | (1,189)                             | 525                                 |
| Decrease in trade and other payables                             | (5,569)                             | (2,892)                             |
| Increase in prepaid expense                                      | (2,878)                             | (2,626)                             |
| Decrease in contract liabilities                                 | (853)                               | (369)                               |
| Other, net   | 2,451                               | 2,358                               |
| Interest and dividends received                                  | 102                                 | 51                                  |
| Interest paid  | (196)                               | (167)                               |
| Income taxes paid  | (4,900)                             | (2,334)                             |
| <b><i>Net cash provided by operating activities</i></b>          | <b>7,463</b>                        | <b>6,744</b>                        |
| <b><i>Investing activities</i></b>                               |                                     |                                     |
| Capital expenditures   | (5,311)                             | (4,512)                             |
| Payments for lease deposits                                      | (449)                               | (21)                                |
| Proceeds from refunds of lease deposits                          | 557                                 | 372                                 |
| Proceeds from withdrawal of time deposits                        | -                                   | 586                                 |
| Other, net   | (391)                               | 1                                   |
| <b><i>Net cash used in investing activities</i></b>              | <b>(5,594)</b>                      | <b>(3,574)</b>                      |
| <b><i>Financing activities</i></b>                               |                                     |                                     |
| Proceeds from short-term (more than 3 months) borrowings         | 1,105                               | 2,148                               |
| Repayments of short-term (more than 3 months) borrowings         | (1,105)                             | -                                   |
| Principal payments of lease liabilities                          | (3,650)                             | (3,103)                             |
| Dividends paid   | (8,787)                             | (926)                               |
| Other, net   | (1)                                 | (0)                                 |
| <b><i>Net cash used in financing activities</i></b>              | <b>(12,438)</b>                     | <b>(1,881)</b>                      |
| Effect of exchange rate changes on cash and cash equivalents     | (812)                               | 80                                  |
| Net (decrease) increase in cash and cash equivalents             | (11,381)                            | 1,369                               |
| Cash and cash equivalents at the beginning of the period         | 159,242                             | 131,432                             |
| <b><i>Cash and cash equivalents at the end of the period</i></b> | <b>¥147,861</b>                     | <b>¥132,801</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, 2020 with the exception of the item described hereunder.

| Standards | Title  | Overview of new/revised Standards           |
|-----------|--------|---|
| IFRS 16   | Leases | Covid-19-Related Rent Concessions Amendment |

Konami Group has applied “Covid-19-Related Rent Concessions Amendment to IFRS 16” (issued in May 2020) early from the first quarter of the fiscal year ending March 31, 2021. This amendment allows a lessee of a lease subject to a rent concession occurring as a direct consequence of the COVID-19 pandemic to elect to apply the practical expedient that the lessee may not assess whether a rent concession that meets certain prescribed conditions is a lease modification as stipulated in IFRS 16.

Konami Group has elected to apply this practical expedient for rent concessions that meet certain prescribed conditions, however, the impact on profit before income taxes for the three months ended June 30, 2020 was immaterial.

## (7) Segment Information

### (i) Operating Segment Information

|                           | Millions of Yen                     |                                     |
|---------------------------|-------------------------------------|-------------------------------------|
|                           | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| <b>Revenue:</b>           |                                     |                                     |
| Digital Entertainment -   |                                     |                                     |
| External customers        | ¥31,357                             | ¥42,688                             |
| Intersegment              | 147                                 | 152                                 |
| Total                     | ¥31,504                             | ¥42,840                             |
| Amusement -               |                                     |                                     |
| External customers        | ¥3,128                              | ¥2,561                              |
| Intersegment              | 133                                 | 313                                 |
| Total                     | ¥3,261                              | ¥2,874                              |
| Gaming & Systems -        |                                     |                                     |
| External customers        | ¥6,825                              | ¥2,977                              |
| Intersegment              | -                                   | -                                   |
| Total                     | ¥6,825                              | ¥2,977                              |
| Sports -                  |                                     |                                     |
| External customers        | ¥15,149                             | ¥4,661                              |
| Intersegment              | 79                                  | 78                                  |
| Total                     | ¥15,228                             | ¥4,739                              |
| Intersegment eliminations | ¥(359)                              | ¥(543)                              |
| Consolidated              | ¥56,459                             | ¥52,887                             |

|  | Millions of Yen                     |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| <b>Segment profit (loss):</b>                                  |                                     |                                     |
| Digital Entertainment  | ¥9,696                              | ¥15,309                             |
| Amusement  | 539                                 | (240)                               |
| Gaming & Systems   | 159                                 | (925)                               |
| Sports   | 552                                 | (1,101)                             |
| Total segment profit and loss, net                             | 10,946                              | 13,043                              |
| Corporate expenses and eliminations                            | (1,182)                             | (692)                               |
| Other income and other expenses, net                           | 251                                 | (5,579)                             |
| Finance income and finance costs, net                          | (281)                               | (294)                               |
| Loss from investments accounted for<br>using the equity method | (26)                                | (194)                               |
| Profit before income taxes                                     | ¥9,708                              | ¥6,284                              |

(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                     |                                     |
|-----------------|-------------------------------------|-------------------------------------|
|                 | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
| <b>Revenue:</b> |                                     |                                     |
| Japan           | ¥44,938                             | ¥42,646                             |
| United States   | 7,666                               | 5,469                               |
| Europe          | 2,062                               | 3,224                               |
| Asia/Oceania    | 1,793                               | 1,548                               |
| Consolidated    | ¥56,459                             | ¥52,887                             |

(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.

## (8) Note to consolidated statement of profit or loss

For the three months ended June 30, 2020, COVID-19 related loss of ¥5,723 million was recognized and included in the line item “other income and other expenses, net.” The loss, mainly in sports segment, contains fixed costs of sports clubs including personnel expenses, depreciation expenses and rent expenses, which were incurred during the temporal closure period of sports clubs all over Japan in line with state-of-emergency declaration from government and business suspension request from local governments to avoid coronavirus outbreak.

## (9) Subsequent Events

Konami Group issued unsecured bonds and the summary is as follows:

| Name of bond      | 12 <sup>th</sup> Unsecured bond   | 13 <sup>th</sup> Unsecured bond  | 14 <sup>th</sup> Unsecured bond  |
|-------------------|---|----------------------------------|----------------------------------|
| Issuance amount   | ¥20,000 million   | ¥20,000 million                  | ¥20,000 million                  |
| Issue price       | ¥100 per value of<br>¥100   | ¥100 per value of<br>¥100        | ¥100 per value of<br>¥100        |
| Interest rate     | 0.220% per year   | 0.380% per year                  | 0.480% per year                  |
| Date of maturity  | July 16, 2025   | July 16, 2027                    | July 16, 2030                    |
| Redemption method | Bullet redemption<br>at maturity  | Bullet redemption<br>at maturity | Bullet redemption<br>at maturity |
| Payment date      | July 16, 2020   | July 16, 2020                    | July 16, 2020                    |
| Use of funds      | The purpose of funding is for investment and lending, capital expenditures and repayment of borrowings. |                                  |                                  |