

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Prepared in Accordance with IFRS)

February 2, 2023

KONAMI GROUP CORPORATION

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 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
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 Beginning date of dividend payment: -

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022

(1) Consolidated Results of Operations

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

	Revenue	Business profit	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent
Nine months ended December 31, 2022	226,878	41,062	37,523	38,374	27,571	27,571
% change from previous year	5.5%	(31.2)%	(37.8)%	(35.9)%	(34.9)%	(34.9)%
Nine months ended December 31, 2021	215,048	59,657	60,311	59,860	42,383	42,381
% change from previous year	12.0%	30.2%	48.8%	51.5%	56.9%	57.0%

Total comprehensive income for the period: Nine months ended December 31, 2022: ¥31,509 million; (28.1)%

Nine months ended December 31, 2021: ¥43,800 million; 66.6%

Note) Business profit is calculated by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue.”

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Nine months ended December 31, 2022	204.82	203.46
Nine months ended December 31, 2021	317.79	312.89

(2) Consolidated Financial Position

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

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
December 31, 2022	524,079	367,955	367,940	70.2%
March 31, 2022	528,613	348,076	348,061	65.8%

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, 2022	-	36.50	-	87.00	123.50
Year ending March 31, 2023	-	62.00	-		
Year ending March 31, 2023 (Forecast)				62.00	124.00

Note) Recently announced change in dividend forecasts for the fiscal year ending March 31, 2023 during the three months ended December 31, 2022: No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2023

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

	Revenue	Business profit	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, 2023	303,000	50,500	42,500	42,500	29,000	213.93
% change from previous year	1.2%	(37.1)%	(42.9)%	(43.5)%	(47.1)%	

Note) Recently announced change in earnings forecasts for the fiscal year ending March 31, 2023 during the three months ended December 31, 2022: Yes

Noted Items

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

(2) Changes in accounting policies and accounting estimate

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

(3) Number of shares issued (Share capital)

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

As of December 31, 2022	143,500,000 shares
As of March 31, 2022	143,500,000 shares
2. Number of treasury shares:

As of December 31, 2022	7,941,026 shares
As of March 31, 2022	9,919,591 shares
3. Average number of shares outstanding:

Nine months ended December 31, 2022	134,611,852 shares
Nine months ended December 31, 2021	133,360,057 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 8 to 10 for further information regarding our business forecasts.

KONAMI GROUP CORPORATION (the "Company") disclosed the supplemental data for the consolidated financial statements via the Company's website on February 2, 2023.

1. Business Performance

(1) Analysis of Business Performance

(1) Business Overview

For the nine months ended December 31, 2022, economic activity is showing signs of recovery due to relaxed behavioral restrictions although resurgence of COVID-19 persists. Meanwhile, the situation still remains uncertain due to issues such as prolonged Ukraine conflict, rapid fluctuations in exchange rate caused by tight monetary policies around the world and surge in resource prices.

Amidst these circumstances, in terms of the business results of Konami Group for the nine months ended December 31, 2022, revenues have increased due to successive launch of titles of core contents and the depreciation of Japanese yen. On the other hand, in addition to amortization of product costs upon those title releases and promotion costs incurred, rising energy costs have impacted on our profit performance.

In terms of the consolidated results for the nine months ended December 31, 2022, total revenue amounted to ¥226,878 million (a year-on-year increase of 5.5%), business profit was ¥41,062 million (a year-on-year decrease of 31.2%), operating profit was ¥37,523 million (a year-on-year decrease of 37.8%), profit before income taxes was ¥38,374 million (a year-on-year decrease of 35.9%), and profit attributable to owners of the parent was ¥27,571 million (a year-on-year decrease of 34.9%).

(2) Performance by Business Segment

Summary of total revenue by business segment:

Millions of Yen, except percentages

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	% change
Total revenue:			
Digital Entertainment	¥153,959	¥156,424	1.6
Amusement	13,709	10,558	(23.0)
Gaming & Systems	18,680	27,864	49.2
Sports	30,692	33,716	9.9
Intersegment eliminations	(1,992)	(1,684)	-
Total revenue	¥215,048	¥226,878	5.5

Digital Entertainment

In the entertainment market, future development of game content is expected through the functional enhancement of various devices, including mobile devices and video game consoles, and the spread of next generation communication systems. The ways in which content is enjoyed is becoming increasingly diversified, such as increased attention and growing fan bases for the eSports space, which treat video games as sports competitions, and gameplay videos. Furthermore, there is growing recognition for the metaverse, which is a virtual space on the internet. In particular, the high affinity between the metaverse and video games is attracting strong attention.

Amidst these circumstances, as a new initiative in this business, we have distributed *Yu-Gi-Oh! RUSH DUEL: Dawn of the Battle Royale!! 2* for the Nintendo Switch™. In addition, in order to revive the *SILENT HILL* series, we have announced that we will remake the past title *SILENT HILL 2* and produce the completely new games *SILENT HILL: Townfall* and *SILENT HILL f*. Furthermore, we have publicized information about the streaming content *SILENT HILL: Ascension*, in which viewers influence the characters and create the story together.

As an ongoing initiative, significant excitement surrounded *eFootball™ 2023*, with an extremely high number of players playing the game due to the heightened passions for soccer around the world. *PROFESSIONAL BASEBALL SPIRITS A (Ace)* reached its seventh anniversary since distribution began and showed steady progress, with the implementation of in-game events and initiatives that were well-received by customers in the past. In card games, there has been an increase in the momentum of the overall content. *Yu-Gi-Oh! TRADING CARD GAME* has continued to perform well, showing synergistic effects with *Yu-Gi-Oh! MASTER DUEL*, which surpassed the milestone of 50 million total aggregated downloads.

In the eSports space, we jointly held the finals of the competitive eSports tournament “eJ.LEAGUE eFootball™ 2022 season” with the Japan Professional Football League (J.LEAGUE). All 40 teams of the J1 and J2 leagues participated, with heated battles for supremacy fought among the clubs that made it through the qualifying rounds. In addition, we jointly held the 2022 season of “eBASEBALL Prospi A (Ace) League” with the Nippon Professional Baseball Organization (NPB).

Due to increase in amortization of product costs and promotion costs by launching the titles of core contents successively from 2022 onwards, and increase in research and development expenses for new development titles, business profit in this segment for the nine months ended December 31, 2022 decreased.

In terms of financial performance, total revenue for the nine months ended December 31, 2022 in this segment amounted to ¥156,424 million (a year-on-year increase of 1.6%) and business profit for the nine months ended December 31, 2022 amounted to ¥37,414 million (a year-on-year decrease of 32.6%).

Amusement

In the amusement market, as the “new normal” era of life with COVID-19 becomes normalized, due to changes in people’s behavior and awareness resulting from the COVID-19 pandemic, the range of needs is expanding, such as demand for ways to play arcade games at home in addition to amusement facilities.

Amidst these circumstances, for video games targeted at amusement facilities, we began operations of *CHASE CHASE JOKERS*, a three-on-three team tag game in which players team up with their friends to aim for victory, as well as *GITADORA FUZZ-UP*, the latest title of the *GITADORA* music game series, which comes with the new time-based unlimited play mode “Premium Free Mode.” There continues to be strong performance by “KONAMI AMUSEMENT GAME STATION,” which allows users to enjoy arcade games on computers and smartphones at any time. In this third quarter, we began offering the medal game *FORTUNE TRINITY Seirei no Shihousai* as part of the service, along with *QuizKnock STADIUM*, which comes with friend matches. As part of the professional league “BEMANI PRO LEAGUE” that combines music and eSports, we held “BEMANI PRO LEAGUE - SEASON 2- beatmania IIDX.” The finals with spectators, which were streamed live online and live DJs, created a great deal of excitement. Furthermore, *SOUND VOLTEX* series were selected as the new competition title from this year, and the qualifying league matches were hotly contested.

For the nine months ended December 31, 2022, revenues and business profit in this segment decreased due to difference in timing of product launch.

In terms of financial performance, total revenue for the nine months ended December 31, 2022 in this segment amounted to ¥10,558 million (a year-on-year decrease of 23.0%) and business profit for the nine months ended December 31, 2022 amounted to ¥1,062 million (a year-on-year decrease of 54.1%).

Gaming & Systems

In the gaming market, the operation in casino facilities in North America and Australia returned to its pre-COVID-19 level and the situation brought back in the revitalized markets. Although other markets in some countries and regions are still affected by the COVID-19 pandemic, the market as a whole is on the road to recovery.

Amidst these circumstances, in our slot machine business, the *DIMENSION* series continues to attract the attention of customers in the North American and Australian markets, where the series have won multiple awards. In terms of slot machine sales, *DIMENSION 49™* has maintained high operation in the market. In the area of participation (revenue share business), we are expanding the introduction of *DIMENSION 75C™* featuring a 75-inch curved monitor, to casino facilities. In terms of gaming content, *All Aboard™* has recorded industry-leading operation for about two years, and titles such as *Fortune Mint™* and *Triple Sparkle™* have also been well received in the market.

In the casino management system, we introduced a variety of functionality which will enhance and strengthen our product appeal including *Money Klip™* for cashless casinos, maintaining the strong performance of the previous quarter.

Despite the impact of soaring component costs caused by global supply chain disruptions, profitability has improved due to various cost reduction initiatives.

In terms of financial performance, total revenue for the nine months ended December 31, 2022 in this segment amounted to ¥27,864 million (a year-on-year increase of 49.2%) and business profit for the nine months ended December 31, 2022 amounted to ¥3,882 million (a year-on-year increase of 53.8%).

Sports

In the sports market, rising energy prices continues to impact on business environment. Meanwhile, behavioral restrictions are being relaxed so that people can continue their daily lives and economic/social activities and thus demand for sports and health promotion is returning.

Amidst these circumstances, in our operation of sports clubs, we worked to provide safe and secure opportunities for exercise so that customers can participate according to their own lifestyle, including enhancement of online services in addition to providing services at facilities. In December 2022, we opened “Pilates Mirror Sakura-shinmachi” (Setagaya-ku, Tokyo) as our third Pilates studio with a ceiling mirror.

With regard to the operation of outsourced facilities, a form of business that expands our network without ownership of assets, we leveraged our previously developed operational and leadership expertise, as well as our accomplishments, to promote our businesses, and began contracted operations of sports facilities in new areas such as Yokohama City, Kanagawa, Hadano City, Kanagawa, Kyoto City, Kyoto, Fukuoka City, Fukuoka and Toyohashi City, Aichi.

In regard to growing school needs for outsourcing of school swimming classes, we are providing swimming instruction services at many elementary schools throughout Japan, which have been well received.

For the “Undo Juku” exercise circle aimed at children, we opened new swimming schools at four facilities: Isogo (Yokohama City, Kanagawa), Kawanishi (Kawanishi City, Hyogo), Jiyu-ga-Oka (Meguro-ku, Tokyo), and Izumi-Chuo (Izumi City, Osaka). We continue to provide “Undo Juku Digital Note,” a new digital service that improves the effect of practice through synergy between “Smart Swimming Lesson System,” which uses images and AI, and the coaching techniques of Konami Sports Club instructors.

For the nine months ended December 31, 2022, increased utilities expenses due to surge in energy prices have impacted on operation of facilities and thus business profit in this segment decreased.

In terms of financial performance, total revenue for the nine months ended December 31, 2022 in this segment amounted to ¥33,716 million (a year-on-year increase of 9.9%) and business profit for the nine months ended December 31, 2022 amounted to ¥820 million (a year-on-year decrease of 28.8%).

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, 2023

Digital Entertainment

With networked entertainment offerings rapidly becoming mainstream, now more than ever, many people have an increasing number of opportunities to enjoy playing games on any device. Amidst this situation, in addition to gameplay based on the features of the device, we are promoting cross-platform development so that users can enjoy content beyond the boundaries of various devices. Additionally, as the ways of enjoying content continue to diversify, we will promote global efforts so that users can enjoy a wide range of game genres in various situations such as fan events and eSports competitions.

As a new initiative for the future, we provided information on accepting applications for *Momotaro Dentetsu Kyoiku-ban Lite ~Nihon-tte Omoshiroi!~*, which comes with learning functions for schools and other educational settings. We aim to venture beyond the boundaries of games to gain the support of many around the educational space. In addition, we will be celebrating the 25th anniversary of *Yu-Gi-Oh! TRADING CARD GAME* in February 2024. As we head toward this milestone, we will launch a 25th anniversary commemorative project to raise excitement for all of the content through, among other things, the release of commemorative products. Regarding the promotion of baseball, we have been selected as an official partner of the Japanese national baseball team Samurai Japan and global sponsors of “2023 WORLD BASEBALL CLASSIC™.” In addition to supporting Samurai Japan in their mission to become world champions, we will make further efforts to promote baseball and the sustainable development of sports through our sponsorship of “2023 WORLD BASEBALL CLASSIC™,” which is attracting worldwide attention.

As an ongoing initiative, we are working assiduously to produce the *SILENT HILL* series, which has been hotly anticipated ever since we announced the decision to produce both a remake and entirely new titles. Furthermore, we are moving forward with the production of *SUPER BOMBERMAN R 2*, the latest title of the *BOMBERMAN* series; *Suikoden I&II HD Remaster Gate Rune & Duan Unification Wars*, an HD remastered version of the *Suikoden* series, and the new vertically scrolling shooting game *CYONI: All Guns Blazing*, which are scheduled for release in 2023.

In the eSports space, we are holding the official eSports tournament “eFootball™ Championship Pro 2023” for *eFootball™ 2023*. Going forward, we will work on activities to disseminate the appeal of eSports with the aim of expanding the eSports fan base even more. Going forward, we will work on activities to disseminate the appeal of eSports with the aim of expanding the eSports fan base even more.

Amusement

We will offer new ways to play, created through interpersonal communication via services such as the e-amusement service, which connects amusement facilities around the country by networking them together. In addition, as a service which allows players to enjoy arcade games at any time, we are working to enhance content for “KONAMI AMUSEMENT GAME STATION,” which makes it possible to play high-quality games on PC and smartphone.

For new amusement machine, we plan to release a variety of new titles, including the mahjong game *Mahjong Fight Girl*, in which players can enjoy the reactions and performances of the characters as they play a match; the medal pusher game *Momotaro Dentetsu: Medal game mo teiban*, which is based on the home computer and video game *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban* and offers the universally appealing enjoyment of a board game played with dice; and *SENGOKU COLLECTION 5*, which is the latest model of the pachinko slot machine 6.5. Furthermore, in the eSports space, we will organize eSports competitions across a variety of genres, such as “eMAH-JONG MAH-JONG FIGHT CLUB Pro Tournament,” which uses the mobile app *MAH-JONG FIGHT CLUB Sp* and is held jointly with the Japan Professional Mahjong League. Through providing new user experiences, we will deliver the amusement and fun of KONAMI titles, which are enjoyable for participants and spectators alike, to an even greater number of customers, and we continue to have them lead to the revitalization of the amusement market.

Gaming & Systems

In our slot machine business, we will build out the lineup of the slot machine *DIMENSION* series, which has been well received in the market. Furthermore, in terms of gaming content, we will strive to improve the value of the *DIMENSION* series by developing new content in addition to the popular *All Aboard*TM, *Fortune Mint*TM and *Triple Sparkle*TM.

For the casino management system *SYNKROS*[®], we aim to expand our market share by proceeding with the development of various functions that utilize cutting-edge technologies to meet the needs of our customers.

Sports

For the operation of sports clubs, while continuing daily life and economic/social activities, in addition to making efforts in accordance with the guidelines set by industry groups, we will strive for operation which allows customers to use our facilities with peace of mind by taking measures to prevent the spread of infection according to our own standards.

In March 2023, we will open “Pilates Mirror Kyodo” (Setagaya-ku, Tokyo) and “Pilates Mirror Jiyugaoka” (Meguro-ku, Tokyo) as our fourth and fifth Pilates studios with ceiling mirrors. “Pilates Mirror” has been well received by many women. We plan to increase the number of studios so that more women can experience the “Pilates Mirror.”

In the outsourced school swimming classes, we will expand the number of target schools in order to solve various problems faced by schools, improve children's swimming ability and physical strength, and enhance the class environment.

For the “Undo Juku” exercise circle aimed at children, we will support the new challenges of children by expanding facilities providing the swimming school and facilities providing the new digital service “Undo Juku Digital Note.”

We will continue to provide products and services that support a sustainable society.

Consolidated earnings forecast for the fiscal year ending March 31, 2023 was revised as follows, mainly due to factors including revision of the profit plan for some titles in the Digital Entertainment business. Please refer to “Notice Regarding Revision of the Consolidated Forecast for the Fiscal Year Ending March 31, 2023” for further details, released on February 2, 2023.

Consolidated earnings forecast for the fiscal year ending March 31, 2023

Millions of yen

	Performance forecast for the year ending March 31, 2023		Year ended March 31, 2022 (actual)	% change from previous year
	Previous forecast	Revised forecast		
Total revenue	¥320,000	¥303,000	¥299,522	1.2%
Business profit	81,000	50,500	80,315	(37.1)%
Operating profit	76,500	42,500	74,435	(42.9)%
Profit before income taxes	76,500	42,500	75,163	(43.5)%
Profit attributable to owners of the parent	¥55,000	¥29,000	¥54,806	(47.1)%

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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	¥250,711	¥209,016
Trade and other receivables	29,054	29,818
Inventories	8,957	13,618
Income tax receivables	1,443	7,180
Other current assets	9,461	10,504
Total current assets	299,626	270,136
Non-current assets		
Property, plant and equipment, net	138,869	155,871
Goodwill and intangible assets	45,392	52,583
Investments accounted for using the equity method	3,159	3,201
Other investments	1,231	1,414
Other financial assets	15,302	15,264
Deferred tax assets	23,671	24,088
Other non-current assets	1,363	1,522
Total non-current assets	228,987	253,943
Total assets	528,613	524,079
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	8,377	-
Other financial liabilities	9,106	8,688
Trade and other payables	33,486	32,420
Income tax payables	12,418	973
Other current liabilities	19,200	17,075
Total current liabilities	82,587	59,156
Non-current liabilities		
Bonds and borrowings	59,775	59,808
Other financial liabilities	25,263	23,962
Provisions	10,450	10,436
Deferred tax liabilities	770	1,008
Other non-current liabilities	1,692	1,754
Total non-current liabilities	97,950	96,968
Total liabilities	180,537	156,124
Equity		
Share capital	47,399	47,399
Share premium	75,027	78,144
Treasury shares	(26,868)	(21,593)
Other components of equity	6,701	10,879
Retained earnings	245,802	253,111
Total equity attributable to owners of the parent	348,061	367,940
Non-controlling interests	15	15
Total equity	348,076	367,955
Total liabilities and equity	¥528,613	¥524,079

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

Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenue		
Product sales revenue	¥63,722	¥77,401
Service and other revenue	151,326	149,477
Total revenue	215,048	226,878
Cost of revenue		
Cost of product sales revenue	(29,736)	(38,773)
Cost of service and other revenue	(87,490)	(100,578)
Total cost of revenue	(117,226)	(139,351)
Gross profit	97,822	87,527
Selling, general and administrative expenses	(38,165)	(46,465)
Other income and other expenses, net	654	(3,539)
Operating profit	60,311	37,523
Finance income	391	1,324
Finance costs	(631)	(572)
(Loss) profit from investments accounted for using the equity method	(211)	99
Profit before income taxes	59,860	38,374
Income taxes	(17,477)	(10,803)
Profit for the period	42,383	27,571
Profit attributable to:		
Owners of the parent	42,381	27,571
Non-controlling interests	¥2	¥0
		Yen
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Earnings per share (attributable to owners of the parent)		
Basic	¥317.79	¥204.82
Diluted	¥312.89	¥203.46

Quarterly Condensed Consolidated Statement of Comprehensive Income

Millions of Yen

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit for the period	¥42,383	¥27,571
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	(56)	196
Total items that will not be reclassified to profit or loss	(56)	196
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	1,473	3,742
Total items that may be reclassified to profit or loss	1,473	3,742
Total other comprehensive income	1,417	3,938
Total comprehensive income for the period	43,800	31,509
Comprehensive income attributable to:		
Owners of the parent	43,798	31,509
Non-controlling interests	¥2	¥0

(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		
Balance at April 1, 2021	¥47,399	¥74,399	¥(27,843)	¥2,173	¥202,599	¥298,727	¥815	¥299,542
Profit for the period					42,381	42,381	2	42,383
Other comprehensive income				1,417		1,417		1,417
Total comprehensive income for the period	-	-	-	1,417	42,381	43,798	2	43,800
Purchase of treasury shares			(6)			(6)		(6)
Disposal of treasury shares		1	0			1		1
Dividends					(11,603)	(11,603)		(11,603)
Conversion of convertible bond-type bonds with subscription rights to shares		601	983			1,584		1,584
Total transactions with the owners	-	602	977	-	(11,603)	(10,024)	-	(10,024)
Balance at December 31, 2021	¥47,399	¥75,001	¥(26,866)	¥3,590	¥233,377	¥332,501	¥817	¥333,318

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		
Balance at April 1, 2022	¥47,399	¥75,027	¥(26,868)	¥6,701	¥245,802	¥348,061	¥15	¥348,076
Profit for the period					27,571	27,571	0	27,571
Other comprehensive income				3,938		3,938		3,938
Total comprehensive income for the period	-	-	-	3,938	27,571	31,509	0	31,509
Purchase of treasury shares			(8)			(8)		(8)
Dividends					(20,022)	(20,022)		(20,022)
Conversion of convertible bond-type bonds with subscription rights to shares		3,117	5,283			8,400		8,400
Transfer from other components of equity to retained earnings				240	(240)	-		-
Total transactions with the owners	-	3,117	5,275	240	(20,262)	(11,630)	-	(11,630)
Balance at December 31, 2022	¥47,399	¥78,144	¥(21,593)	¥10,879	¥253,111	¥367,940	¥15	¥367,955

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<i>Operating activities</i>		
Profit for the period	¥42,383	¥27,571
Depreciation and amortization	12,642	18,268
Impairment losses	244	188
Interest and dividends income	(53)	(241)
Interest expense	612	547
Loss on sale or disposal of property, plant and equipment	16	32
Loss (profit) from investments accounted for using the equity method	211	(99)
Income taxes	17,477	10,803
Decrease in trade and other receivables	3,062	541
Decrease (increase) in inventories	1,811	(4,341)
Decrease in trade and other payables	(3,085)	(3,821)
Increase in prepaid expense	(2,552)	(927)
Decrease in contract liabilities	(5,738)	(1,911)
Other, net	(1,362)	(1,523)
Interest and dividends received	54	219
Interest paid	(490)	(444)
Income taxes refund (paid)	993	(28,146)
<i>Net cash provided by operating activities</i>	66,225	16,716
<i>Investing activities</i>		
Capital expenditures	(16,900)	(36,097)
Payments for lease deposits	(572)	(419)
Proceeds from refunds of lease deposits	1,809	1,329
Payments for asset retirement obligations	(1,458)	(71)
Payments into time deposits	(574)	-
Proceeds from withdrawal of time deposits	971	-
Other, net	104	162
<i>Net cash used in investing activities</i>	(16,620)	(35,096)
<i>Financing activities</i>		
Proceeds from short-term (more than 3 months) borrowings	5,496	-
Repayments of short-term (more than 3 months) borrowings	(7,776)	-
Principal payments of lease liabilities	(7,687)	(5,691)
Dividends paid	(11,587)	(19,993)
Other, net	(5)	(7)
<i>Net cash used in financing activities</i>	(21,559)	(25,691)
Effect of exchange rate changes on cash and cash equivalents	861	2,376
Net increase (decrease) in cash and cash equivalents	28,907	(41,695)
Cash and cash equivalents at the beginning of the period	202,430	250,711
<i>Cash and cash equivalents at the end of the period</i>	¥231,337	¥209,016

(5) Going Concern Assumption

None

(6) Segment Information

(i) Operating Segment Information

For the nine months ended December 31, 2021

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥153,460	¥12,446	¥18,680	¥30,462	¥215,048	-	¥215,048
Intersegment	499	1,263	-	230	1,992	¥(1,992)	-
Total	153,959	13,709	18,680	30,692	217,040	(1,992)	215,048
Business profit	¥55,534	¥2,314	¥2,524	¥1,151	¥61,523	¥(1,866)	59,657
Other income and other expenses, net	-	-	-	-	-	-	654
Operating profit	-	-	-	-	-	-	60,311
Finance income and finance costs, net	-	-	-	-	-	-	(240)
Loss from investments accounted for using the equity method	-	-	-	-	-	-	(211)
Profit before income taxes	-	-	-	-	-	-	¥59,860

For the nine months ended December 31, 2022

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥155,944	¥9,450	¥27,782	¥33,702	¥226,878	-	¥226,878
Intersegment	480	1,108	82	14	1,684	¥(1,684)	-
Total	156,424	10,558	27,864	33,716	228,562	(1,684)	226,878
Business profit	¥37,414	¥1,062	¥3,882	¥820	¥43,178	¥(2,116)	41,062
Other income and other expenses, net	-	-	-	-	-	-	(3,539)
Operating profit	-	-	-	-	-	-	37,523
Finance income and finance costs, net	-	-	-	-	-	-	752
Profit from investments accounted for using the equity method	-	-	-	-	-	-	99
Profit before income taxes	-	-	-	-	-	-	¥38,374

(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. Konami Group defines business profit associated with each segment as segment profit. 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.
3. Intersegment eliminations primarily consist of administrative expenses not directly associated with specific segments and eliminations of intercompany sales.

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

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenue:		
Japan	¥166,141	¥151,176
United States	30,818	50,709
Europe	9,827	13,056
Asia/Oceania	8,262	11,937
Consolidated	¥215,048	¥226,878

(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.