

**NOTICE OF THE 47TH ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

Stock Code Number: 9766

June 11, 2019

Dear Shareholder,

You are cordially invited to attend the 47th Ordinary General Meeting of Shareholders of KONAMI HOLDINGS CORPORATION (the “Company”). The meeting will be held as described hereunder.

If you are unable to attend the meeting, you may exercise your voting right in writing or via the Internet, etc. Please review the reference materials for the General Meeting of Shareholders contained herein and exercise your voting right in the manner described hereafter by 6:00 p.m. on Tuesday, June 25, 2019.

Sincerely yours,
Kagemasa Kozuki
Representative Director
KONAMI HOLDINGS CORPORATION
7-2, Akasaka 9-chome, Minato-ku, Tokyo

MEETING AGENDA

1. Date and time: 10:00 a.m., Wednesday, June 26, 2019

2. Venue: “Arena,” Main Office of Konami Sports Club, 10-1, Higashi Shinagawa 4-chome, Shinagawa-ku, Tokyo

3. Agenda:

- Reports**
1. Business Report, Consolidated Financial Statements for the 47th fiscal year (from April 1, 2018 to March 31, 2019); and on the Reports of the accounting auditor and of the Audit & Supervisory Board regarding Consolidated Financial Statements for the 47th fiscal year
 2. Financial Statements for the 47th fiscal year (from April 1, 2018 to March 31, 2019)

Proposal

Proposal 1 Election of nine members to the Board of Directors

Proposal 2 Election of three members to the Audit & Supervisory Board

- In case any amendments or changes are made to the reference materials for the General Meeting of Shareholders, Business Report, consolidated financial statements and financial statements prior to the date of the meeting, the Company shall notify its shareholders via the Company’s website.
- Notification of Business Conducted at the 47th Ordinary General Meeting of Shareholders that provides the results of resolutions will be posted on the Company’s website instead of being distributed in writing.
- Institutional investors may use the electronic voting platform operated by ICJ, Inc., as a method of exercising their voting rights for the General Meeting of Shareholders of the Company.

Company’s website

(<https://www.konami.com/ir/en/stockbond/stockholderinfo/meeting.html>)

[Matters regarding the exercise of voting rights]

There are three ways to exercise your voting rights.

1) Attendance at the meeting in person

Please remember to bring the voting form enclosed and hand it to the receptionist.*1

Date and time of the 47th Ordinary General Meeting of Shareholders: 10:00 a.m., Wednesday, June 26, 2019

2) Voting by mail (in writing)

To vote by mail, please complete the voting form enclosed indicating “for” or “against” for the agenda items, and return the completed form to us. *2

Exercise deadline: No later than 6:00 p.m., Tuesday, June 25, 2019

3) Voting via the Internet

Please enter “for” or “against” for the agenda items following the instructions stated on the next page.

Exercise deadline: By 6:00 p.m. on Tuesday, June 25, 2019

*1 Please be informed that any persons other than a shareholder entitled to exercise the voting right such as any proxy or person accompanying a shareholder, who is not a shareholder of the Company is not permitted to attend the meeting.

*2 When there is no indication of “for” or “against” for an agenda item on the voting form, the Company shall treat it as an indication of “for.”

Handling of duplicate exercise of voting rights

- If you exercise your voting rights both by mail (in writing) and via the Internet, etc., we will consider only the vote via the Internet, etc. to be valid.
- Also, if you vote a number of times over the Internet, etc., we will consider the final vote to be the valid one.

[This is an English translation of the Report for the 47th Fiscal Year (the “Report”) of the Company provided for your reference and convenience. This translation includes a translation of the auditor’s report of PricewaterhouseCoopers Aarata LLC, the Company’s accounting auditor, of the financial statements included in the original Japanese language Report.]

Instructions for the Exercise of Voting Rights via the Internet

Scanning QR code “Smart voting”

You can login to the website for exercise of voting rights without having to enter your voting code and password.

1. Please scan the QR code located on the bottom right of the voting form.
* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow on-screen instructions to enter “for” or “against”.

Note that the exercise of voting rights by “Smart voting” is possible only at a time.

If you wish to change the contents of your vote after exercising your voting rights, please access the PC version of the website, enter your “voting code” and your “password” described in the voting form, log in, and exercise your voting rights again.

* If you rescan the QR code, you can access the Website for Exercising Voting Rights for a personal computer.

Entering voting code and password

Voting website URL:
<https://www.web54.net>

1. Please access the website for exercise of voting rights
2. Please enter your voting code provided on the voting form.
3. Please enter your password provided on the voting form.
4. Please follow on-screen instructions to enter “for” or “against”.

Inquiries regarding the exercise of voting rights via the internet

Dedicated phone line for Securities Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Phone: 0120—652—031

(9:00 a.m. to 9:00 p.m., available only in Japan)

Other inquiries

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Phone: 0120—782—031

(9:00 a.m. to 5:00 p.m. on weekdays, available only in Japan)

You may not be able to use the website for exercise of voting rights depending on the Internet environment, etc.

Any connection fees such as telephone charges, telecommunications charges, etc. incurred by shareholders in exercising votes online are to be borne by such shareholders.

Reference Materials for General Meeting of Shareholders

Proposal 1: Election of nine members to the Board of Directors

Because the terms of office of all nine Directors expire at the conclusion of this General Meeting of Shareholders, this proposal requests the election of nine Directors.

Candidates for the new Board are as follows:

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
1	Kagemasa Kozuki (Nov. 12, 1940)	Mar. 1969 Founded Konami Mar. 1973 Established Konami Industries Co., Ltd. Jun. 1987 Representative Director, Chairman (to present) Significant concurrent position: Chairman of the Board of Directors, Kozuki Foundation	166,253
2	Takuya Kozuki (May 19, 1971)	Nov. 1997 Director, Vice President, Konami Computer Entertainment America, Inc. Jun. 2009 Director of the Company Jun. 2011 Representative Director Jun. 2012 Director, Chairman, Konami Corporation of America (to present) Jun. 2012 Representative Director, President (to present)	25,142
3	Osamu Nakano (Jan. 11, 1959)	May 2015 Joined the Company Jun. 2015 Executive Director Nov. 2016 Representative Director, Chairman, Konami Digital Entertainment Co., Ltd. (to present) Jun. 2017 Director, Executive Vice President, Corporate Officer of Corporate Management (to present)	2,724
4	Kimihiko Higashio (Sep. 24, 1959)	Sep. 1997 Joined the Company Jun. 2005 Director Jan. 2018 Director, Executive Vice President, Corporate Officer of Administration (to present) Significant concurrent positions: Director, Kanto IT Software Health Insurance Association	28,927

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
5	Satoshi Sakamoto (Aug. 22, 1948)	Nov. 1996 Managing Director, Konami Australia Pty Ltd Jul. 2002 Chairman, Konami Gaming, Inc. (to present) Jun. 2014 Director of the Company May 2017 Chairman, Konami Australia Pty Ltd (to present) Jun. 2017 Director, Senior Executive Corporate Officer of Gaming & Systems Business (to present)	-
6	Yoshihiro Matsuura (Mar. 22, 1983)	Apr. 2005 Joined the Company Jun. 2009 General Manager, Nasu Office Jan. 2013 General Manager, President's Office (to present) Jun. 2017 Director (to present)	764
7	Akira Gemma (Aug. 1, 1934)	Jun. 1997 Representative Director, President, Shiseido Company, Limited Jun. 2001 Representative Director, Chairman, Shiseido Company, Limited Jun. 2004 Director of the Company (to present) Apr. 2013 Advisor, Shiseido Company, Limited (to present) Significant concurrent position: Outside Director (Audit and Supervisory Committee Member), TV Asahi Holdings Corporation	8,000
8	Kaori Yamaguchi (Dec. 28, 1964)	Apr. 2007 Professor, Faculty of Humanities, Musashi University Apr. 2008 Associate Professor, Graduate School of Comprehensive Human Sciences, University of Tsukuba Oct. 2011 Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba Jun. 2014 Director of the Company (to present) Jan. 2018 Professor, Faculty of Health and Sport Sciences, University of Tsukuba (to present) Significant concurrent positions: Committee Member, Tokyo Metropolitan Board of Education Executive Board Member, Japanese Olympic Committee Outside Director, Nippon BS Broadcasting Corporation	3,669

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
9	Kimito Kubo (Oct. 17, 1956)	<p>Apr. 1980 Joined Ministry of Education (currently, Ministry of Education, Culture, Sports, Science and Technology)</p> <p>July 2007 Deputy Director General, Higher Education Bureau, Ministry of Education, Culture, Sports, Science and Technology</p> <p>Jan. 2012 Director General, Sports and Youth Bureau, Ministry of Education, Culture, Sports, Science and Technology</p> <p>Apr. 2016 Chairman of the Board of Trustees, Educational Corporation Shobi Gakuen, and University President, Shobi University (to present)</p> <p>Jun. 2017 Director (to present)</p>	798

Notes: 1. No special conflicts of interest exist between the Company and the proposed candidates for director.

2. Shares of the Company's stock owned by each candidate include the candidate's holdings in the KONAMI officers' stock ownership plan.

3. Mr. Akira Gemma, Ms. Kaori Yamaguchi and Mr. Kimito Kubo are the candidates for Outside Directors. Each is currently included in Outside Directors of the Company, and the number of years since assuming the post of Outside Director of the Company as of the conclusion of this General Meeting of Shareholders are 15 years for Mr. Akira Gemma, five years for Ms. Kaori Yamaguchi, and two years for Mr. Kimito Kubo.

4. The Company registers Mr. Akira Gemma, Ms. Kaori Yamaguchi, and Mr. Kimito Kubo as Independent Officers with the Tokyo Stock Exchange, Inc. If the election of these three persons is approved, the Company plans to continue appointing them as Independent Officers.

5. Matters concerning the candidates for Outside Directors are as follows:

(1) Reasons for appointing them as the candidates for Outside Directors

We have decided to appoint Mr. Akira Gemma as a candidate for Outside Director based on our judgment that he would make a significant contribution to the management of the Company as Outside Director, given his considerable experience, achievements and insight as manager of business enterprise and given that he is in an objective position, independent of the executive management of the Company.

Ms. Kaori Yamaguchi, as a pioneer of women's judo, has accomplished a multitude of achievements in past international competitions. She currently teaches at a national university and acts as an advisor in the field of sports and education. Given her considerable experience and extensive knowledge, the Company decided to appoint Ms. Yamaguchi as a candidate for an Outside Director based on our judgment that she would make a significant contribution to the management of the Company's Board of Directors that requires a variety of perspectives.

Having held important posts in the Ministry of Education, Culture, Sports, Science and Technology, Mr. Kimito Kubo has also been serving as a Chairman of an educational corporation. Given his considerable experience and extensive knowledge in the field of education, culture and sports, we have decided to appoint this person as a candidate for an Outside Director based on our judgment that he would make a significant contribution to the management of the Company's Board of Directors that requires a variety of perspectives.

Although Ms. Kaori Yamaguchi and Mr. Kimito Kubo have not been involved in company management other than as outside officer, the Board of Directors has concluded that they will be able to perform their duties properly as an Outside Director of the Company based on the reasons noted above.

(2) Overview of the Limited Liability Contract

The Company has entered into a limited liability contract with Outside Directors with respect to their liabilities provided for in Article 423, Paragraph 1 of the Corporate Law. Under this contract, the liabilities of the three persons shall be limited to the aggregate total of the amounts stipulated in Article 425, Paragraph 1 of the said law. If these three persons are elected, the Company will renew the contract with each of them.

Proposal 2: Election of three members to the Audit & Supervisory Board

The terms of office of Audit & Supervisory Board Members Messrs. Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai expire at the conclusion of this General Meeting of Shareholders. This proposal requests the election of three Audit & Supervisory Board Members.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

Candidates for the new Board are as follows:

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
1 Newly- appointed	Takayoshi Yashiro (Nov. 7, 1949)	Apr. 1973 Joined National Police Agency Aug. 2004 Director of Traffic Bureau, National Police Agency Aug. 2007 Superintendent General, Tokyo Metropolitan Police Department Sept. 2009 Chairperson, Japan Road Traffic Information Center Jun. 2012 Vice President (Representative Director), Japan Automobile Federation Jun. 2016 President (Representative Director), Japan Automobile Federation (to present)	-
2 Newly- appointed	Chikara Kawakita (Oct. 15, 1954)	Apr. 1977 Joined Ministry of Finance Jul. 2009 Director-General, Financial Bureau, Ministry of Finance Jul. 2010 Commissioner, National Tax Agency Oct. 2012 Professor, Graduate School of Law, Hitotsubashi University Jun. 2013 Outside Director, ITOCHU Corporation Oct. 2014 Vice Chairman, General Insurance Rating Organization of Japan (to present)	-

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
3 Newly- appointed	Hideo Shimada (Sep. 27, 1951)	<p>Apr. 1975 Joined Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation)</p> <p>Apr. 2007 Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2008 Directors and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2010 Directors, Deputy President and Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>Jun. 2011 Representative Director, President and CEO, Sumitomo Mitsui Card Company, Limited</p> <p>Jun. 2015 Director and Chairman, Sumitomo Mitsui Card Company, Limited</p> <p>Jun. 2016 Outside Statutory Auditor, SMBC Friend Securities Co., Ltd. (currently, SMBC Nikko Securities Inc.)</p> <p>Significant concurrent positions: Outside Director, YAMAZAKI BAKING Co., Ltd. Special Advisor, Sumitomo Mitsui Card Company, Limited</p>	-

Notes: 1. No special conflicts of interest exist between the Company and the proposed candidates for Audit & Supervisory Board Members.

2. Messrs. Takayoshi Yashiro, Chikara Kawakita and Hideo Shimada are the candidates for Outside Audit & Supervisory Board Member.

3. If the election of Messrs. Takayoshi Yashiro, Chikara Kawakita and Hideo Shimada is approved, the Company plans to register them as Independent Officers with Tokyo Stock Exchange.

4. Matters concerning the candidates for Outside Audit & Supervisory Board Members are as follows:

(1) Reasons for appointing the persons as the candidates for Outside Audit & Supervisory Board Member

Mr. Takayoshi Yashiro has served as a Superintendent General, etc. and has ample experience and exceptional insight required for the auditing work. The Company has appointed him as a candidate for Outside Audit & Supervisory Board Member because it has concluded that he can be expected to strengthen the Company's corporate governance through fair, equitable and accurate auditing.

Mr. Chikara Kawakita has a long track record having served consecutively in an important position in the Ministry of Finance and as a Commissioner of the National Tax Agency and has ample experience and exceptional insight required for the auditing work. The Company has appointed him as a candidate for Outside Audit & Supervisory Board Member because it has concluded that he can be expected to strengthen the Company's corporate governance through fair, equitable and accurate auditing.

The Company has appointed Mr. Hideo Shimada as a candidate for Outside Audit & Supervisory Board Member because it has concluded that his corporate management experience exceptional insight working over many years in a financial institution can both be utilized in the Company's auditing.

Although Messrs. Takayoshi Yashiro and Chikara Kawakita have not been involved in company management other than as outside officer, the Board of Directors has concluded that they will be able to perform their duties properly as an Outside Audit & Supervisory Board Member of the Company based on the reasons noted above.

(2) Overview of the Limited Liability Contract

If the election of Messrs. Takayoshi Yashiro, Chikara Kawakita and Hideo Shimada is approved, the Company plans to enter into a limited liability contract with each of them with respect to their liabilities provided for in Article 423, Paragraph 1 of the Corporate Law. Under this contract, the liabilities of the three persons shall be limited to the aggregate total of the amounts stipulated in Article 425, Paragraph 1 of the said law.

Business Report

(April 1, 2018 – March 31, 2019)

1. Business Performance

(1) Konami Group Business Conditions and Results

For the fiscal year ended March 31, 2019, the Japanese economy has been gradually recovering with continuing improvements in corporate earnings and employment environment, and consumer spending has been on a moderate recovery trend. On the other hand, the global economy continues to remain uncertain due to concerns about the declining global economy, including U.S.-China trade frictions, instability in the Middle East and the Brexit impasse.

Under such circumstances, in terms of the business results of Konami Group for the fiscal year ended March 31, 2019, both total revenue and operating profit exceeded those for the previous fiscal year because various series titles continued to perform strongly, mainly including our soccer and baseball series titles in the Digital Entertainment business.

In terms of the consolidated results for the fiscal year ended March 31, 2019, total revenue amounted to ¥262,549 million (a year-on-year increase of 9.6%), operating profit was ¥50,522 million (a year-on-year increase of 11.8%), profit before income taxes was ¥50,310 million (a year-on-year increase of 12.5%), and profit attributable to owners of the parent was ¥34,196 million (a year-on-year increase of 12.1%).

Starting from the fiscal year ended March 31, 2019, the name of a reporting segment previously stated as “Health & Fitness” business has been changed to “Sports” business. This change is limited to the name only, hence there is no impact to its segment information.

Performance by business segment

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 using video games and is becoming well-known to a wide range of users and attracting more and more fans.

Under such circumstances, as for mobile games in the Digital Entertainment segment, *Yu-Gi-Oh! DUEL LINKS*, which is now celebrating its second anniversary since its release and has surpassed 90 million downloads, has led our revenue in the global market. In addition, *Winning Eleven 2019* (known overseas

as *PRO EVOLUTION SOCCER 2019*) has increased its revenue through a variety of TV commercials. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform well, and various other titles such as *JIKKYOU PAWAFURU PUROYAKYU* also continued to perform strongly. Furthermore, as part of our efforts in eSports, we announced that we would be co-hosting the “eJ.LEAGUE Winning Eleven 2019 Season” in cooperation with the Japan Professional Football League (J.LEAGUE) with our mobile game *Winning Eleven 2019* as the competition title.

As for card games, February 2019 marks the 20th anniversary since *Yu-Gi-Oh! TRADING CARD GAME* first went on sale. It has received favorable reviews through various marketing efforts to celebrate this milestone, including the sale of a commemorative product, *Yu-Gi-Oh! OCG Duel Monsters 20th ANNIVERSARY LEGEND COLLECTION*. We continue to revitalize the contents further.

As for computer and video games, *myClub*, the online mode of *Winning Eleven 2019* (known overseas as *PRO EVOLUTION SOCCER 2019*), has performed well through running promotions along with its mobile version. As part of our continued active efforts in eSports, we hosted the qualifying rounds in various regions for the world championship “PES LEAGUE WORLD TOUR 2019” for *Winning Eleven 2019* (known overseas as *PRO EVOLUTION SOCCER 2019*). In regard to baseball contents, we hosted the “eBASEBALL PAWAPURO Pro League 2018-19 SMBC eNippon Series,” which decided who the first best players were at the “eBASEBALL PAWAPURO Pro League” in Japan, that we organized along with Nippon Professional Baseball (NPB).

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥141,699 million (a year-on-year increase of 17.8%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥43,833 million (a year-on-year increase of 17.2%).

Amusement

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

Under such circumstances, in regard to our video games, the latest title of the online versus mah-jong game *MAH-JONG FIGHT CLUB* series, *MAH-JONG FIGHT CLUB GRAND MASTER*, continued to perform strongly. *BOMBER GIRL*, which is based on the popular video game series *Bomberman*, has also continued to perform well. This title features fun online battles with added team-battle elements where teams try to occupy the home bases of their opponents. Furthermore, a full-scale professional baseball card game, *BASEBALL COLLECTION*, has been launched sequentially. We also launched *DanceDanceRevolution*

20th anniversary model in celebration of the 20th anniversary of *DanceDanceRevolution*. As for the medal games, *GRANDCROSS LEGEND*, a large pusher medal game upgraded for better performance and gameplay, and *Anima Lotta: Anima and the Big Tree of Clouds*, a lottery medal game, were released. In addition, the machines, which we launched in the second quarter, have continued to sell well. These titles include *BOMBERMAN THE MEDAL* and *ColorCoLotta: The Sun and the Secret Island*. We also launched *G1 Derby Club 2* following *SENGOKU COLLECTION! Ieyasu Tokugawa*, which was the latest title in the series and was made in accordance with the new regulations.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥27,837 million (a year-on-year increase of 10.6%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥8,434 million (a year-on-year increase of 12.6%).

Gaming & Systems

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

Under such circumstances, with respect to our slot machines, the sales of the latest cabinet, *Concerto Opus™*, which features a 4K Ultra HD 65-inch display in the *Concerto™* series, including *Concerto Crescent™* and *Concerto Stack™* continued to perform strongly. In addition, we enhanced the product range by introduction of the new upright cabinet, *KX 43™*. We also promoted market revitalization by providing new entertainments with the installation of *Fortune Cup™* mainly in the North America and Asia, which is a horserace betting station with a model track and leveraged our expertise and technology accumulated through Konami Group's amusement machines. In regard to participation agreements (in which profits are shared with casino operators), we expanded our lineup of game content, including a key product, the *Concerto Opus™*, *Treasure Ball™* and *Triple Sparkle* linked progressive machine with mystery trigger, which is compatible with any video game platform. The *SYNKROS®* casino management system continued to be introduced steadily into major casino operators, including casino facilities on large cruise ships in service overseas.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥31,170 million (a year-on-year increase of 5.2%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥4,723 million (a year-on-year increase of 8.2%).

Sports

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

sports market is also expected.

Under such circumstances, as for fitness programs, we increased the number of facilities to 57 that offer the personal program “*Beauty Hip*,” our new in-house development program, and made efforts to enhance our member support and fitness services that help members achieve longer, more sustainable fitness. For example, we launched a membership plan, the “U-39 Plan,” which allows members, from teenagers to those in their 30s to use the facilities at reasonable price. As for the operation of our school programs, we have moved forward with the further expansion of our classes by opening our *Table Tennis School* at 17 facilities and *Trampoline School* at 3 facilities.

As for products relating to sports, we continued to expand our specially selected lineup of “Konami Sports Club Selection” brand products as well as our “Konami Sports Club Original” Konami Sports Club brand products and redesigned our online shop to improve usability and service.

For the fiscal year ended March 31, 2019, total revenue and segment profit from this business decreased due to closing of the facilities operated directly, the effects of repeated natural disasters, and prior investments of renovations of existing facilities including fitness machine renewals and launch of the new school programs.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥63,487 million (a year-on-year decrease of 3.8%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥2,243 million (a year-on-year decrease of 31.1%).

(2) Capital Expenditures and Financing Activities

Capital expenditures in the consolidated fiscal year ended March 31, 2019 totaled ¥21,996 million. This primarily consists of the expenses relating to cost of game content creation, investments in sports club and other facilities, equipment purchases for creation and manufacturing activities and investments in the new business base “Konami Creative Center Ginza.”

With respect to financing, the Group provided the necessary funds during the fiscal year under review using its own funds and short-term borrowings from banks. The Company will continue to endeavor to secure adequate short-term liquidity and credit lines for fund raising to finance dynamic business development.

(3) Trend of Assets and Business Results

1. Financial and business results of the Konami Group (IFRS)

(Millions of yen, except per share data)

Fiscal year Years ended	The 44 th (March 31, 2016)	The 45 th (March 31, 2017)	The 46 th (March 31, 2018)	The 47 th (March 31, 2019)
Revenue	249,902	229,922	239,497	262,549
Operating profit	24,679	36,359	45,181	50,522
Profit attributable to owners of the parent	10,516	25,951	30,507	34,196
Basic earnings per share (yen)	76.44	191.89	225.59	252.86
Total assets	328,187	337,144	363,108	378,037
Total equity attributable to owners of the parent	212,750	234,441	253,782	275,627

2. Financial and business results of the Company (Japanese GAAP)

(Millions of yen, except per share data)

Fiscal year Years ended	The 44 th (March 31, 2016)	The 45 th (March 31, 2017)	The 46 th (March 31, 2018)	The 47 th (March 31, 2019)
Operating income	14,518	17,010	16,443	24,870
Ordinary income	11,859	14,813	13,590	21,989
Net income	11,569	9,921	13,710	21,860
Basic net income per share (yen)	84.10	73.36	101.38	161.65
Total assets	238,836	239,500	241,444	243,568
Total net assets	205,409	211,362	215,475	223,972

Note: Partial Amendments to the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 of February 16, 2018) have been adopted from the beginning of the fiscal year under review, and the amount of total assets for the previous fiscal year is the amount after the Accounting Standard was adopted retroactively.

(4) Issues for the Konami Group

Responding appropriately to rapid changes in the global economy

The global economy is on track for a moderate recovery. However, uncertainty about the future is expected to persist, due to factors such as the impacts of policy implementation in the United States and the political situation in Europe. The business environment surrounding our businesses - Digital Entertainment, Amusement, Gaming & Systems, and Sports - requires companies to respond to changes in consumer confidence and consumer behavior resulting from economic trends in individual countries and revision and abolishment, etc. of various regulations. On the other hand, progress has been made in developing a network environment in the business environment in which we operate. In the process, users have begun sharing a variety of information, and communities are starting to emerge, each with distinct tastes. In the future, trends are expected to change rapidly; for example, technological innovation will progress globally, progress in the social implementation of new technologies will significantly change people's lives and values, and active progress will be made in business model innovations. The market environment surrounding our businesses—Entertainment and Sports—requires companies to respond appropriately to these changes in economic and social structures. We will strive to achieve sustainable growth and enhance corporate value by constantly providing innovative products and services that capture the cutting edge for all ages worldwide.

Enhance profitability and channel managerial resources to growth areas

In the Digital Entertainment segment, with the rapid spread of online-based digital entertainment, we expect that users will have increasing opportunities to play games, and the needs of those users will become increasingly diverse. Given that we expect users to seek diversity, the Konami Group intends to provide game content and propose play modes that match the features of individual devices, and to invest appropriate managerial resources.

In the Amusement segment, the Konami Group will flexibly respond to the revision and abolishment, etc. of various regulations related to its business, and strive to increase its market share by providing products leveraging the Group's extensive entertainment expertise accumulated over many years in response to changes in how users play games and user preferences. The Konami Group will also seek continuous improvements in the efficiency and quality of production, and at the same time focus on expanding overseas business.

In the Gaming & Systems segment, while the number of countries and regions that have legalized casinos has been increasing yearly, and the online gaming market is continuing to see growth, in its market environment, competition among manufacturers is becoming fierce. In line with the development of global technological innovations, we will promote activities to boost our market presence and achieve sustainable growth, including applications in advanced products incorporating new technologies and the creation of new business models.

In the sports industry, we continue to see a growing awareness of sports throughout society, including activities to achieve a “sports society of all 100 million citizens,” which aims to increase the number of people participating in sports.

To achieve further growth, we are taking proactive steps to create greater added value for our sports club brands—*Konami Sports club*, *XAX*, and *Grancise*—in order to help people enjoy sports more easily and informally. To serve as a Total Health Partner to customers and become the most trusted partner of all customers, from children to seniors, helping them get healthy, not just providing places for doing sports, Konami will also expand business in various areas related to sports in general and strive to increase revenues as a leading corporate provider of new services.

The Konami Group plans to allocate appropriate managerial resources not only to the existing Digital Entertainment, Amusement, Gaming & Systems, and Sports but also to new business fields where growth is anticipated in the medium- to long-term.

(5) Principal Business (as of March 31, 2019)

The principal businesses of the Konami Group are as shown below:

- | | |
|--|--|
| <i>1. Digital Entertainment Business</i> | Production, manufacture and sale of digital content and related products including mobile games, card games and computer & video games, etc. |
| <i>2. Amusement Business</i> | Production, manufacture and sale of arcade games and amusement machines |
| <i>3. Gaming & Systems Business</i> | Production, manufacture, sale and service of gaming machines and casino management systems |
| <i>4. Sports Business</i> | Operation of fitness activities and sports classes, including swimming, gymnastics, dance, soccer, tennis, and golf, and production and sale of sports related goods |

(6) Main Konami Group Offices (as of March 31, 2019)

Holding company

KONAMI CORPORATION Minato-ku, Tokyo

Operating companies in Japan

Konami Digital Entertainment Co., Ltd.	Minato-ku, Tokyo
Konami Amusement Co., Ltd.	Ichinomiya-shi, Aichi
KPE, Inc.	Minato-ku, Tokyo
Konami Sports Co., Ltd.	Shinagawa-ku, Tokyo
Konami Sports Life Co., Ltd.	Zama-shi, Kanagawa
Internet Revolution, Inc.	Minato-ku, Tokyo

Operating companies overseas

Konami Digital Entertainment, Inc.	USA
Konami Cross Media NY, Inc.	USA
Konami Gaming, Inc.	USA
Konami Australia Pty Ltd	Australia
Konami Digital Entertainment B.V.	UK
Konami Digital Entertainment Limited	Hong Kong

(7) Employees (as of March 31, 2019)

1. Konami Group

Business segment	Number of employees	Change from end of previous fiscal year
Digital Entertainment Business	1,853	104
Amusement Business	831	38
Gaming & Systems Business	636	24
Sports Business	1,168	3
Entire Company (corporate staff)	393	6
Total	4,881	175

Notes: 1. Employees include all persons on the Konami Group payroll.

2. Employees classified as corporate staff for the entire Company are administrative staff not assigned to any particular business segment.

2. The Company

Number of employees	Change from end of previous fiscal year
60	—

Note: Employees include all persons within the Company.

(8) Major Subsidiaries (as of March 31, 2019)

Company	Capital	Equity ratio (%)	Major businesses
Konami Digital Entertainment Co., Ltd.	¥100 million	100.0	Planning, production, manufacture and sale of mobile games, card games, computer & video games, etc.
Konami Amusement Co., Ltd.	¥100 million	100.0	Production, manufacture and sale of amusement machines
KPE, Inc.	¥100 million	100.0	Production and manufacture of amusement machines
Konami Sports Co., Ltd.	¥100 million	100.0	Operation of fitness clubs and sports classes, including swimming, gymnastics, dance, soccer, tennis and golf
Konami Sports Life Co., Ltd.	¥20 million	100.0	Development, manufacture and sale of sports-related goods
Internet Revolution, Inc.	¥100 million	(70.0) 70.0	Building and operation of network infrastructure
Konami Corporation of America	US\$35,500 thousand	100.0	Holding company in U.S.A.
Konami Digital Entertainment, Inc.	US\$21,500 thousand	(100.0) 100.0	The digital entertainment business and amusement business in U.S.A.
Konami Cross Media NY, Inc.	US\$10	(100.0) 100.0	Planning, production, distribution and license management of entertainment content in U.S.A., etc.
Konami Gaming, Inc.	US\$25,000 thousand	(100.0) 100.0	Production, manufacture, sale and service of gaming machines in U.S.A., etc.
Konami Digital Entertainment B.V.	Eur 9,019 thousand	100.0	The digital entertainment business and amusement business in Europe
Konami Digital Entertainment Limited	HK\$19,500 thousand	100.0	The digital entertainment business and amusement business in Asia
Konami Australia Pty Ltd.	A\$30,000 thousand	100.0	Production, manufacture, sale and service of gaming machines in Australia, etc.

- Notes: 1. Percentage of Equity ratio shown in parentheses is indirect ownership percentages, and is included in the percentage indicated in the second line.
2. The Company consolidates 22 companies, including the major subsidiaries listed above, and applies the equity method to one affiliated company.
3. Effective March 31, 2019, Konami Sports Club Co., Ltd. changed its trade name to Konami Sports Co., Ltd.
4. Effective March 31, 2019, 4K Media Inc. changed its trade name to Konami Cross Media NY, Inc.
5. Shown below are details of the specified wholly-owned subsidiary at the end of the fiscal year under review.

Name of specified wholly-owned subsidiary	Konami Sports Co., Ltd.
Address of specified wholly-owned subsidiary	10-1, Higashi Shinagawa 4-chome, Shinagawa-ku, Tokyo, Japan
Book value of shares in specified wholly-owned subsidiary that are held by KONAMI HOLDINGS CORPORATION or any of its wholly-owned subsidiaries	¥55,491 million
Total assets of KONAMI HOLDINGS CORPORATION	¥243,568 million

(9) Major Lenders (as of March 31, 2019)

(Millions of yen)

Lender	Amount of loans
Sumitomo Mitsui Banking Corporation	3,330
MUFG Bank, Ltd.	2,220

2. Status of shares of the Company

Status of Shares (as of March 31, 2019)

1. Number of shares authorized: 450,000,000
2. Number of shares issued: 143,500,000
3. Number of shareholders: 30,195
4. The 10 largest shareholders:

	Number of shares (Thousand)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,471	18.83
Kozuki Foundation	17,100	12.64
KOZUKI HOLDING B.V.	15,700	11.61
Japan Trustee Services Bank, Ltd. (Trust Account)	11,860	8.77
Kozuki Capital Corporation	7,048	5.21
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,610	2.67
Sumitomo Mitsui Banking Corporation	2,017	1.49
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,573	1.16
Goldman Sachs Japan Co. Ltd. BNYM	1,493	1.10
JP MORGAN CHASE BANK 385151	1,463	1.08

Note: The above shareholding ratios are calculated after the deduction of treasury shares (8,266 thousand shares).

3. Matters concerning share acquisition rights

Outline of share acquisition rights of euro-yen convertible bond-type bonds with share acquisition rights due 2022 (total face value of ¥10,000 million) issued in accordance with a resolution of a Board of Directors meeting held on December 3, 2015

Date of issue	December 22, 2015
Number of share subscription rights	1,000
Class of stock to which share subscription rights apply	Common stock (board lot of 100 shares)
Number of shares of stock to which share subscription rights apply	A number determined by dividing by conversion price the total face value of bonds pertaining to share subscription rights exercised; provided, however, that any shares less than 1 share shall be rounded down and no cash-based adjustment shall be made.
Amount of cash payment for share subscription rights	No cash payment is required in exchange for share subscription rights.
Conversion price	¥4,476.7 (subject to adjustment according to certain terms and conditions) (Note)
Exercise period for share subscription rights	From January 5, 2016 to December 8, 2022 (exercise application receipt place and local time)

Note: At the meeting of the Board of Directors held on May 28, 2019, accompanying the decision to set the payment of the annual dividend for the fiscal year under review to ¥126 per share, the conversion price of euro-yen convertible bond-type bonds with subscription rights to shares due 2022 was adjusted to ¥4,375.1 pursuant to the terms and conditions on conversion price of the said bonds.

4. Officers of the Company

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Position	Name	Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company
Representative Director, Chairman	Kagemasa Kozuki	Chairman of the Board of Directors, Kozuki Foundation
Representative Director, President	Takuya Kozuki	Director, Chairman, Konami Corporation of America
Director	Osamu Nakano	Executive Vice President, Corporate Officer (Corporate Management) Representative Director, Chairman, Konami Digital Entertainment Co., Ltd.
Director	Kimihiko Higashio	Executive Vice President, Corporate Officer (Administration) Director, Kanto IT Software Health Insurance Association
Director	Satoshi Sakamoto	Senior Executive Corporate Officer (Gaming & Systems Business) Chairman, Konami Gaming, Inc. Chairman, Konami Australia Pty Ltd.
Director	Yoshihiro Matsuura	General Manager, President's Office
Director	Akira Gemma	Advisor, Shiseido Company, Limited Outside Director (Audit and Supervisory Committee Member), TV Asahi Holdings Corporation
Director	Kaori Yamaguchi	Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba Representative Member, Tokyo Metropolitan Board of Education Executive Board Member, Japanese Olympic Committee Outside Director, Nippon BS Broadcasting Corporation
Director	Kimito Kubo	Chairman of the Board of Trustees, Educational Corporation Shobi Gakuen, and University President, Shobi University
Audit & Supervisory Board Member (Full-time)	Shinichi Furukawa	Corporate Auditor, Konami Digital Entertainment Co., Ltd. Corporate Auditor, Konami Amusement Co., Ltd. Corporate Auditor, Konami Business Expert Co., Ltd.
Audit & Supervisory Board Member (Full-time)	Minoru Maruoka	Corporate Auditor, Konami Sports Co., Ltd.
Audit & Supervisory Board Member	Nobuaki Usui	Outside Director, ORIX Corporation Outside Auditor, Miroku Jyoho Service Co., Ltd.
Audit & Supervisory Board Member	Setsuo Tanaka	Representative Director, Chairman, Japan Federation of Authorized Drivers School Associations Outside Audit & Supervisory Board Member, NGK INSULATORS, LTD.

Position	Name	Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company
Audit & Supervisory Board Member	Hisamitsu Arai	Outside Director, Soken Chemical & Engineering Co., Ltd. Director (Outside), MIMAKI ENGINEERING CO., LTD.

- Notes: 1. Mr. Akira Gemma, Ms. Kaori Yamaguchi, and Mr. Kimito Kubo, Director, are the Outside Directors provided in Item 15 of Article 2 of the Corporate Law.
2. Messrs. Minoru Maruoka, Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai, Audit & Supervisory Board Member, are the Outside Audit & Supervisory Board Members provided in Item 16 of Article 2 of the Corporate Law.
3. Audit & Supervisory Board Member (Full-time) Mr. Minoru Maruoka has experience of managing finance & accounting division of a global company and possesses a keen insight in the areas of financial and accounting.
4. Audit & Supervisory Board Member Mr. Nobuaki Usui served as Administrative Vice Minister of the Ministry of Finance and Commissioner of the National Tax Agency and possesses a keen insight in the areas of finance and accounting.
5. The Company has appointed seven individuals, Directors Akira Gemma, Kaori Yamaguchi and Kimito Kubo and Audit & Supervisory Board Members Minoru Maruoka, Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai as Independent Officers as provided for in the regulations of the Tokyo Stock Exchange, Inc. and notified them to the Exchange.
6. There are no special relationships between the Company and the companies in which the Outside Directors and Outside Audit & Supervisory Board Members of the Company hold significant concurrent positions.

(2) Outline of liability limitation agreement

The Company and Outside Directors and Outside Audit & Supervisory Board Members have entered into an agreement stipulating that liability set forth in Article 423, Paragraph 1 of the Corporate law shall not exceed the total amount set forth in the items of Article 425, Paragraph 1 of the Corporate law.

(3) Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

Category	Number of paid officers	Amount of payment
Director	9	¥357 million
Audit & Supervisory Board Member	5	¥66 million
Total	14	¥423 million

(4) Outside Officers

1. Major activities in the fiscal year under review

Category	Name	Major activities
Director	Akira Gemma	Attended all the 10 meetings of the Board of Directors held during the fiscal year under review and, based on his abundant experience and achievements as a corporate executive, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Kaori Yamaguchi	Attended 9 of the 10 meetings of the Board of Directors held during the fiscal year under review and based on her abundant achievements and knowledge in the field of education and sports, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Kimito Kubo	Attended all the 10 meetings of the Board of Directors held during the fiscal year under review and based on his abundant achievements and knowledge in the field of education, culture and sports, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
Audit & Supervisory Board Member	Minoru Maruoka	Attended all the 10 meetings of the Board of Directors and all the 10 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant experience and achievements at a global company, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Nobuaki Usui	Attended 9 of the 10 meetings of the Board of Directors and 9 of the 10 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant achievements and knowledge in finance and tax affairs, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Setsuo Tanaka	Attended 9 of the 10 meetings of the Board of Directors and 9 of the 10 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant achievements and knowledge at government agencies, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Hisamitsu Arai	Attended 9 of the 10 meetings of the Board of Directors and 9 of the 10 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant achievements and knowledge in the field of intellectual property and others, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.

2. Total amount of remuneration, etc. paid to Outside Officers

Category	Number of paid officers	Amount of payment
Total amount of remuneration, etc. paid to Outside Officers	7	¥87 million

Note: The above total amount of remuneration, etc. paid to Outside Officers is included in “4. (3) Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members.”

5. Status of Accounting Auditor

(1) Name of Accounting Auditor: PricewaterhouseCoopers Aarata LLC

(2) Amount of Remuneration, etc.

- | | |
|---|--------------|
| 1. Amount of remuneration, etc. paid to the accounting auditor during the fiscal year under review | ¥104 million |
| 2. Total of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor | ¥139 million |

Notes: 1. The amounts of remuneration, etc. for the audit based on the Corporate Law and the audit based on the Financial Instruments and Exchange Law are not clearly divided, and cannot be divided substantially, based on the auditing agreement between the Company and the accounting auditor. Therefore, the total of these amounts is shown in the amount of remuneration, etc. shown in 1.

2. In consideration of “Practical Guidelines on Collaboration with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board verified and considered the audit plan of the accounting auditors, as well as their accounting audit procedures and platform. As a result, the Audit & Supervisory Board consented to the accounting auditors’ remuneration, etc. pursuant to Article 399, Paragraph 1 of the Corporate law.

3. Details of non-audit services commissioned by the Company to the Accounting Auditor include advisory services regarding International Financial Reporting Standards (IFRS).

4. Of the important subsidiaries of the Company, overseas subsidiaries underwent an audit by a certified public accountant or an audit firm other than the accounting auditor of the Company.

(3) Policy on Decision about the Dismissal or Non-reappointment of an Accounting Auditor

When it is acknowledged that an accounting auditor is subject to one of the Items of Article 340, Paragraph 1 of the Corporate Law, the Audit & Supervisory Board will dismiss the accounting auditor with the approval of all Audit & Supervisory Board Members.

Besides the foregoing, when it is deemed appropriate to dismiss or not reappoint the accounting auditor due to such reasons as difficulties for the accounting auditor to perform its duties, the Audit & Supervisory Board decides details of a proposal on the dismissal or non-reappointment of the accounting auditor to be presented to the General Meeting of Shareholders.

6. Outline of system to secure operational adequacy and its operating state

(1) Systems to Ensure Appropriate Operations

An outline of matters resolved at a meeting of the Board of Directors as a system for the Company to ensure appropriate business operations is shown below:

1. A system to ensure that the duties of officers and employees of the corporate group comprising Konami Holdings Corporation and its subsidiaries (the “Konami Group”) are executed in conformance with laws and ordinances, as well as the Articles of Incorporation
 - (i) To ensure that corporate activities are pursued in conformance with high ethical standards, we establish the KONAMI GROUP CORPORATE CONDUCT CHARTER. Moreover, as specific guidelines for the code, we establish the KONAMI GROUP CODE OF BUSINESS CONDUCT AND ETHICS, by developing the “Konami Group Compliance Policy” thereby demonstrating the importance of complying with laws and ordinances. In addition, the management ensures that it rigorously communicates the provisions of the guidelines to officers and employees of the Konami Group.
 - (ii) The Company has in place the Konami Group Compliance Committee as a body to enhance the effectiveness of compliance by officers and employees of the Konami Group.
 - (iii) The Company has in place an internal notification system as a function to curb illegal acts, and strives to prevent improper incidents from occurring.
 - (iv) The Company strives to ensure that officers and employees of the Konami Group do not have any involvement with anti-social forces and organizations, and that any unfair demand by such is handled resolutely in cooperation with the police and/or other authorities.
2. System concerning the retention and control of information on the execution of duties within the Konami Group
 - (i) Information on the execution of duties by the Company’s Directors is retained and controlled appropriately by developing rules and regulations on information management, while specifying significant documents and defining the form of their retention.
 - (ii) Regarding information on the execution of duties by the Company’s subsidiaries, the Company has “Related Companies Control Regulations” in place, which provide that individual subsidiaries shall report significant business management information and other necessary information to the Company.
3. Regulations and other systems for managing risk of losses for the Konami Group
 - (i) The Company develops the “Konami Group Risk Management Rules” to avoid risks and minimize losses for the entire Group.
 - (ii) The Company and its key subsidiaries have a Risk Management Committee in place as a body to centrally identify and appropriately address risks.

4. System to ensure the efficient execution of duties by Directors of the Konami Group

To define the duties and authority of Directors in different divisions, the Company has in place regulations on the segregation of duties and authority, and a system conforming to the regulations is also established at individual subsidiaries.

5. System to secure the appropriateness of the Konami Group's operations

(i) To ensure that individual group companies' business operations are performed in an appropriate and harmonious manner, in its capacity as a holding company, the Company administers the entire Group's business operations by adequately exercising voting rights.

(ii) All Konami Group companies implement internal control system development, risk control, and compliance in a consistent manner, seeking to build a unified group management structure.

(iii) The Company's Audit & Supervisory Board Members seek to build a group audit platform by periodically holding a "Group Audit & Supervisory Board Meeting" with Audit & Supervisory Board Members of individual subsidiaries to appropriately support necessary collaboration.

6. Matters related to an employee who is requested by an Audit & Supervisory Board Member to serve as an employee charged with assisting his/her duties ("Assistant Employee")

If an Audit & Supervisory Board Member requests an employee to be assigned as an assistant, the management assigns an employee equipped with sufficient specialized skills to provide assistance such as a member of the Internal Control Office.

7. Matters related to securing the independence of an employee assigned as an assistant from the Company's Directors and the effectiveness of the Audit & Supervisory Board Member's instructions to an employee assigned as an assistant

(i) An Audit & Supervisory Board Member may express an opinion on the selection and staff evaluation of an employee to be assigned as an assistant.

(ii) An employee assigned as an assistant shall perform assistance duties under the instructions and orders of the Audit & Supervisory Board Members without receiving directions from any Director.

8. System for reporting to Audit & Supervisory Board Members

(i) Officers and employees the Konami Group shall establish standards for determining matters required to be reported to the Company's Audit & Supervisory Board Members, and the internal notification system, among others, shall be used to report to the Audit & Supervisory Board Members any significant matter that may affect the Group's business operations and financial performance.

(ii) Pursuant to laws and ordinances and its internal regulations, the Konami Group preserves the confidentiality of any information provided by any of its officers and employees to Audit & Supervisory Board Members through the internal notification system, and forbids the informer from being subjected to detrimental treatment.

9. Matters concerning the policy on advance payment and reimbursement procedures for expenses arising from the execution of duties by the Audit & Supervisory Board Member, as well as the processing of other expenses or obligations that arise in the execution of duties

(i) A budget is set for Audit & Supervisory Board Members to execute their duties on an annual basis.

(ii) If, in relation to the execution of duties, an Audit & Supervisory Board Member requests advance payment of expenses pursuant to Article 388 of the Corporate law, the expenses or obligation are processed promptly with the exception of cases where it is not deemed necessary for the execution of duties.

10. Other systems to ensure that audits of Audit & Supervisory Board Members are conducted effectively

An Audit & Supervisory Board Member, if deeming it necessary for the execution of duties, may request experts such as lawyer and Certified Public Account to provide opinions and advice.

(2) Outline of operation of the system

1. Compliance initiatives

(i) The Konami Group's internal network pages contain significant codes and guidelines for its officers and employees, such as its corporate philosophy, the KONAMI GROUP CORPORATE CONDUCT CHARTER, and the KONAMI GROUP CODE OF BUSINESS CONDUCT AND ETHICS, thereby allowing them to be viewed by all officers and employees at all times.

(ii) To ensure and increase the effectiveness of compliance with laws and regulations by the Konami Group's officers and employees, Konami Group periodically holds Konami Group Compliance Committee meetings. In addition, the Group established the Konami Group Compliance Policy and provided compliance training program through e-learning.

(iii) The Konami Group has in place the internal notification system, including an external notification desk, as a system that is independent from the management and regularly informs officers and employees of the Group of the said system. In the fiscal year under review, we did not experience any instance of an internal notification concerning a significant breach of laws or ordinances.

2. Risk control initiatives

(i) During the fiscal year under review, the Risk Management Committee in place at the Company performed risk control over the entire Konami Group. A crisis management committee has been in place at key Group companies and facilities, and has been kept ready to handle any crisis promptly for every risk incident.

(ii) It is stipulated that, in the event of a major accident or disaster, that the Konami Group may set up an emergency management headquarters at the decision of the Representative Director, President of the Company. No such event occurred during the fiscal year under review.

3. Internal control initiatives at the Konami Group

(i) Significant decision-making at the Konami Group is, pursuant to regulations regarding duties and authority, done through an electronic approval procedure, in principle, and prompt and efficient internal control is implemented.

(ii) In its capacity as the holding company, the Company exercises voting rights appropriately for determining matters required to be deliberated at the General Meeting of Shareholders for resolution, including structure of directors and significant matters of group companies, thereby ensuring that the entire Group's business operations are performed smoothly.

(iii) The Company's Internal Control Office assesses the effectiveness of the entire Group's internal controls in major operating processes, while exchanging opinions with accounting auditors and Audit & Supervisory Board Members on a regular basis.

4. Matters relating to the execution of duties by Audit & Supervisory Board Members

(i) Each Audit & Supervisory Board Member receives a report from Directors and employees appropriately before questioning as necessary. Each Audit & Supervisory Board Member inquires to accounting auditors about the status of audits as well as the results of audits.

(ii) Full-time Audit & Supervisory Board Members collaborate with Audit & Supervisory Board Members of individual subsidiaries by holding a "Group Audit & Supervisory Board Meeting" on a quarterly basis. During the fiscal year under review, Full-time Audit & Supervisory Board Members conduct onsite audits of subsidiaries inside and outside Japan, including those based in North America and Europe.

7. Policy on decisions about dividends from retained earnings, etc.

The Company believes that the provision of dividends and the enhancement of corporate value are important ways to return profits to our shareholders. It is our policy to emphasize payment of dividends as a target of a consolidated payout ratio of 30% or more and to use retained earnings for investments focused on business fields with good future prospects in order to continually reinforce the Company's growth potential and competitiveness.

We paid an interim dividend of ¥60.5 per share on November 20, 2018. Combined with a final dividend of ¥65.5 per share, we shall distribute an annual dividend of ¥126 per share for the fiscal year under review. The annual dividend includes commemorative dividends of ¥50 per share (an interim dividend of ¥25 and a final dividend of ¥25) for the 50th anniversary of its founding.

Consolidated Statement of Financial Position

(As of March 31, 2019)

(Millions of yen)

ASSETS:		LIABILITIES AND EQUITY:	
Current assets	¥207,721	Current liabilities	¥70,831
Cash and cash equivalents	159,242	Bonds and borrowings	10,547
Trade and other receivables	32,475	Other financial liabilities	4,323
Inventories	8,315	Trade and other payables	31,530
Income tax receivables	339	Income tax payables	4,771
Other current assets	7,350	Other current liabilities	19,660
Non-current assets	¥170,316	Non-current liabilities	¥30,802
Property, plant and equipment, net	82,241	Bonds and borrowings	9,803
Goodwill and intangible assets	38,080	Other financial liabilities	9,922
Investments accounted for using the equity method	3,233	Provisions	9,182
Other investments	1,220	Other non-current liabilities	1,895
Other financial assets	22,038	Total liabilities	¥101,633
Deferred tax assets	21,143	EQUITY:	
Other non-current assets	2,361	Total equity attributable to owners of the parent	275,627
		Share capital	47,399
		Share premium	74,426
		Treasury shares	(21,325)
		Other components of equity	1,583
		Retained earnings	173,544
		Non-controlling interests	¥777
		Total equity	¥276,404
Total assets	¥378,037	Total liabilities and equity	¥378,037

Consolidated Statements of Profit or Loss
(Year ended March 31, 2019)

(Millions of yen)

Revenue	¥262,549
Cost of revenue	(155,358)
Gross profit	107,191
Selling, general and administrative expenses	(52,631)
Other income and other expenses, net	(4,038)
Operating profit	50,522
Finance income	326
Finance costs	(817)
Profit from investments accounted for using the equity method	279
Profit before income taxes	50,310
Income taxes	(16,093)
Profit for the year	34,217
Profit attributable to:	
Owners of the parent	34,196
Non-controlling interests	21

Consolidated Statement of Changes in Equity (Year ended March 31, 2019)

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings			
Balance at April 1, 2018	¥47,399	¥74,426	¥(21,321)	¥610	¥152,668	¥253,782	¥757	¥254,539
Profit for the year					34,196	34,196	21	34,217
Other comprehensive income				973		973	(1)	972
Total comprehensive income for the year	-	-	-	973	34,196	35,169	20	35,189
Purchase of treasury shares			(4)			(4)		(4)
Disposal of treasury shares		0	0			0		0
Dividends					(13,320)	(13,320)		(13,320)
Total transactions with the owners	-	0	(4)	-	(13,320)	(13,324)	-	(13,324)
Balance at March 31, 2019	¥47,399	¥74,426	¥(21,325)	¥1,583	¥173,544	¥275,627	¥777	¥276,404

Assumptions underlying preparation of consolidated financial statements

Scope of Consolidation

1. Number of consolidated subsidiaries: 22
2. Name of principal consolidated subsidiaries
 - Konami Digital Entertainment Co., Ltd.
 - Konami Amusement Co., Ltd.
 - KPE, Inc.
 - Konami Sports Co., Ltd.
 - Konami Sports Life Co., Ltd.
 - Internet Revolution, Inc.
 - Konami Corporation of America
 - Konami Digital Entertainment, Inc.
 - Konami Cross Media NY, Inc.
 - Konami Gaming, Inc.
 - Konami Digital Entertainment B.V.
 - Konami Digital Entertainment Limited
 - Konami Australia Pty Ltd

Application of the Equity Method

1. Number of equity-method affiliate: 1
2. Name of the equity-method affiliate: RESOL HOLDINGS Co., Ltd.

Summary of Significant Accounting Policies

1. Basis of presentation for consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with Article 120, Paragraph 1, of the Corporate Accounting Rules of Japan. However, in compliance with the second sentence of the paragraph, certain disclosures required on the basis of IFRS are omitted.

2. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by averaging. Net realizable value is estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling cost.

3. Property, plant and equipment, net

- (1) Recognition and measurement

Property, plant and equipment, net are stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes costs directly related to the acquisition of assets, costs to dismantle and remove assets, initially estimated restoration costs, and borrowing costs to meet the requirements for capitalization. When the useful lives of components of property, plant and equipment, net differ according to each component, assets are recorded as separate property plant and equipment, net items.

(2) Payment after acquisition

Costs generated after the acquisition of property, plant and equipment related to ordinary repairs and maintenance are treated as an expense as incurred. Costs related to major replacements and improvements are capitalized only when they are expected to bring economic benefits to the Group in the future.

(3) Depreciation

Depreciation is calculated primarily using the straight-line method over the estimated useful life of each component of property, plant and equipment, net.

Lease assets are depreciated over the shorter of lease period or estimated useful life except for cases when acquisition by the Group by the end of the lease contract is reasonably certain.

Depreciation method, useful life, and residual value are reviewed at the end of the reporting period and revised as needed.

4. Goodwill and intangible assets

(1) Goodwill

Goodwill is valued as the total of the consideration transferred at the acquisition date, the amount of non-controlling interests in acquired companies, and if the business combination is achieved in stages, the fair value at the acquisition date of equity in acquired companies held prior to the acquisition date, less the net recognized amount (generally fair value) of identifiable assets at the acquisition date and liabilities assumed. Goodwill is stated at cost, less accumulated impairment losses. Goodwill is not depreciated, but is tested for impairment annually at about the same time and every time there is a sign of impairment.

(2) Intangible assets

1. Intangible assets acquired in business combination

Intangible assets such as trademarks, membership, patent, and merchandising contracts acquired through a business combination and recognized separately from goodwill are stated at fair value at the acquisition date. Subsequently, they are valued at cost, less accumulated depreciation and accumulated impairment losses.

2. Development assets

Costs incurred for research activities for the purpose of gaining new scientific or technical knowledge are recognized as expenses as incurred. Costs incurred for development activities are capitalized only if all of the following criteria are demonstrated: the technical feasibility of completing the assets, the ability to generate economic benefits in the future, the ability to measure reliably, and the intention, ability, and resources to use or sell after completion.

Development assets are initially recognized as the total of costs incurred from the date when all criteria for capitalization are met to completion of development. After initial recognition, development assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

3. Other intangible assets

Intangible assets acquired by the Group with fixed useful lives are stated at cost, less accumulated depreciation and accumulated impairment losses.

4. Depreciation

Development assets and intangible assets with fixed useful lives such as patent and merchandising contracts are depreciated using the straight-line method over their estimated useful lives and tested for impairment when there is a sign of impairment. Depreciation method, useful life, and residual value are reviewed at the end of the reporting period and revised as needed.

Intangible assets with indefinite useful lives such as trademarks and memberships, or those not yet available for use, are not depreciated but are tested for impairment annually at about the same time and every time there is a sign of impairment.

5. Financial instruments

(1) Financial assets

(i) Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contract on the financial instruments concerned, and classifies the financial assets as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

While all financial assets were measured at fair value at initial recognition, in case any asset is not classified into financial assets measured at fair value through profit or loss, it is measured at an amount of the fair value plus transaction costs directly attributable to acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss is recognized in profit or loss.

1. Financial assets measured at amortized cost

Financial assets are classified into financial assets measured at amortized cost, on the condition that they meet both of the following criteria:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Financial assets measured at fair value through other comprehensive income

Equity instruments such as shares held mainly for the purpose of maintaining or strengthening business relationships with investees are designated at initial recognition as financial assets measured at fair value through other comprehensive income, and such designation is continuously applied. Debts instruments whose contractual cash flow consists of payments of principal and interests on the outstanding principal only and held based on a business model for the purpose of both collecting contractual cash flows and sale are classified as financial assets measured at fair value through other comprehensive income.

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

Financial assets other than above 1. and 2. are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

1. Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

2. Financial assets measured at amortized cost

Subsequent changes of fair values of the financial assets are recognized in other comprehensive income. In case equity instruments are disposed of, accumulated gain or loss recognized through other comprehensive income is transferred from other components of equity to retained earnings. Dividend income from such financial assets is recognized in profit or loss for the year. Where debt instruments are derecognized, accumulated gain or loss recognized through other comprehensive income is transferred to profit or loss.

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

Subsequent changes of fair values of the financial assets are recognized in profit or loss. Dividend income from such financial assets is recognized in profit or loss for the year.

(iii) Impairment of financial assets

The Company sets aside loss allowance for expected credit losses of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The loss allowance is measured based on evaluation on whether or not credit risks pertinent to financial assets measured at the end of each reporting period significantly increases after the initial recognition. If the Company determines credit risks of financial assets have been significantly increased since initially recognized, loss allowance is measured at the amount equal to expected credit losses for the entire expected remaining period of the applicable financial assets. If the Company determines credit risks of financial assets are not significantly increased after initially recognized, the loss allowance is measured at the amount equal to expected credit loss that arises within 12 months following the end of reporting period. Provided, however, loss allowance of trade receivables is always measured at the amount equal to the expected credit loss for the entire period.

Expected credit losses are measured at present value of a difference between the total present value of cash flow contractually payable to the Group and the estimated future cash flow receivable by the Group, which are then recognized as profit or loss. In case of any event that will reduce loss allowance in a subsequent period, a reversal of loss allowance is recognized in profit or loss.

In case where there is objective evidence of credit impairment of financial assets, such as substantial deterioration of financial conditions of a debtor, default in payment or delinquent payment or other breach of contract by a debtor, interest income on net book value less loss allowance is measured using the effective interest method. In the absence of reasonable expectation of collecting the entire or a part of the financial assets, such amount is directly deducted from the book value of the financial assets.

(iv) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when it substantially transfers all the risks and rewards of ownership of the assets to another party. If the Group continues to control the transferred assets, the Group continues to recognize the asset and related liabilities to the extent of its continuing involvement.

(2) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified into either those subsequently measured at fair value through profit

or loss (FVTPL) or those measured at amortized cost. The classifications are determined at the time of initial recognition.

Financial liabilities measured at fair value through profit or loss are initially measured at fair value and any directly attribute transaction costs are further deducted from the fair value of financial liabilities measured at amortized cost.

(ii) Subsequent measurement

After the initial recognition, financial liabilities are measured according to their classification as follow;

1. Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

Amortization using the effective interest method and gains or losses arising in the case of derecognition are recognized in profit or loss for the current period as part of finance costs.

2. Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, with changes recognized in profit or loss for the reporting period.

(iii) Derecognition of financial liabilities

When a financial liability is extinguished, that is, the obligations specified in a contract are discharged or cancelled, or expire, the Group derecognizes the financial liability.

(3) Presentation of financial assets and liabilities

Financial assets and liabilities are offset, with the net amount presented in the consolidated statements of financial position, only if the Group holds a legal right to set off the balance, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Compound financial instrument

The fair value of the liability component of a compound financial instrument, on initial recognition, is measured at the fair value of a similar liability with no option to convert into equity. The fair value of the equity component is determined as the fair value of the compound financial instrument as a whole less the fair value of the liability component. Direct transaction costs are allocated to the liability component and the equity component according to the ratio of their respective initial carrying amount.

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. The fair value of the equity component of a compound financial instrument is not remeasured after initial recognition.

Interest on the liability component is recognized in net income or loss as financial expenses. In the event of conversion, the liability component is transferred to equity, and the resulting gain or loss is not recognized.

(5) Derivatives and hedge accounting

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and

are subsequently remeasured at their fair value at the end of each reporting period.

The Group uses forward exchange contracts to manage the foreign exchange exposure of recognized financial assets or liabilities, or cash flows for future firm transactions. The Group also uses interest rate swaps to reduce interest rate risk arising from variable rate of interest-bearing debt.

Hedge accounting does not apply to these derivative transactions.

6. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the time value of money is material, provisions are estimated at present value using a discount rate adjusted for risks specific to the liabilities.

7. Consumption tax

Consumption tax is excluded from the stated amount of revenue and expenses.

8. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

Notes to Changes in Accounting Policies

The significant accounting policies adopted for these consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2018 with the exception of the changes in accounting policies described hereunder.

IFRS		Overview of new/revised Standards
IFRS 9	Financial instruments	Revisions relating to classification and measurement of financial instruments, impairment and hedge accounting
IFRS 15	Revenue from Contracts with Customers	Revisions of accounting procedures relating to recognition of revenue

(1) Adoption of IFRS 9 “Financial Instruments”

Konami Group has adopted IFRS 9 “Financial Instruments” from the fiscal year ended March 31, 2019. The new standard replaces IAS 39 “Financial Instruments: Recognition and Measurement.” The standard deals with the classification, recognition and measurement (including impairment) of financial instruments. Konami Group takes advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement changes.

There is no material impact on Konami Group’s consolidated financial statements from the application of IFRS 9.

(2) Adoption of IFRS 15 “Revenue from Contracts with Customers”

Konami Group has adopted IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) (collectively, “IFRS 15”) from the fiscal year ended March 31, 2019. Konami Group recognizes the cumulative effect of applying the new standard at the date of initial application, with no restatement of the comparative periods presented.

Konami Group recognizes revenue from contracts with customers based on the following five step approach, (excluding interest, dividend and other such income from financial instruments recognized in accordance with IFRS 9 and insurance revenues recognized in accordance with IFRS 4).

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is measured at the amount of consideration after deduction of returned goods, trade discounts, and rebates.

As a result of a review made based on this newly stipulated standard in line with the adoption of IFRS 15 to ascertain in cases where another party is involved in the provision of goods or services to the customer whether or not the nature of the entity’s promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or a performance obligation to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent), the Konami Group decided to change the recognition of revenue on some transactions from the net amount to the total amount. As a result, compared with under the application of the former accounting standard, “revenue” and “cost of revenue” each increased by ¥5,738 million in the Consolidated Statement of Income for the fiscal year under review.

Notes to Consolidated Statement of Financial Position

- Loss allowance deducted directly from assets
Trade and other receivables ¥164 million
Other financial assets (non-current) ¥161 million
- Accumulated depreciation and accumulated impairment losses of property, plant and equipment, net ¥104,140 million

Notes to Consolidated Statement of Changes in Equity

- Type and number of shares issued at the end of the year under review

Common stock: 143,500,000 shares

- Dividends

(1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 17, 2018	Common stock	5,139	38.00	March 31, 2018	June 6, 2018
Board of Directors meeting held on October 31, 2018	Common stock	8,181	60.50	September 30, 2018	November 20, 2018
Total		13,320			

Note: The dividend per share based on the resolution at the Board of Directors meeting on October 31, 2018 includes commemorative dividend for 50th anniversary of founding of ¥25.

- Of dividends whose record date belongs to the year under review, those dividends whose effective date is in the subsequent fiscal year

Resolution	Type of shares	Fund of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 28, 2019	Common stock	Retained earnings	8,858	65.50	March 31, 2019	June 12, 2019
Total			8,858			

Note: The dividend per share includes commemorative dividend for 50th anniversary of founding of ¥25.

- Matters concerning subscription rights to shares

Class and number of shares to be issued upon exercise of subscription rights to shares (excluding those for which the initial date of exercise period has not arrived) as of March 31, 2019

Common stock: 2,233,788 shares

Notes on Financial Instruments

1. Matters concerning financial instruments

The Group's basic policy for capital management emphasizes building and maintaining healthy financial structure with the aim of ensuring continuous and stable growth and expansion of the business and continuously and sustainably securing and improving corporate value and shareholder value. The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk and interest risk) in the course of business activities, and manages risks in accordance with certain policies in order to avoid or reduce such risks. Although operating payables and debt obligations are exposed to liquidity risk, that risk is managed by monthly preparing and updating the funding plan of each Group company, reporting to the managers regularly, and implementing other controls.

As the Group policy, we limit derivatives trading to those for the purpose of mitigating risks of transactions truly required and do not enter into derivative financial transactions for trading or speculative purpose.

2. Matters concerning the market value of financial instruments

Amount on the consolidated statement of financial position, fair value and the variance as of March 31, 2019 (the financial closing date of the year under review) are as follows. Financial instruments measured at fair value in the consolidated statements of financial position and financial instruments, whose fair value and book value are approximately equal, are not included in the following table.

	Amount on consolidated statement of financial position (*) (millions of yen)	Fair value (*) (millions of yen)	Variance (millions of yen)
Lease deposits	22,467	22,750	283
Bonds and borrowings	(20,350)	(20,151)	(199)
Lease obligations	(12,060)	(13,857)	1,797

(*) Items posted under liabilities are presented in a bracket of“().”

Note: Calculation method for the market value of financial instruments

(Fair value of financial assets and financial liabilities measured at amortized cost)

Because cash and cash equivalents, trade and other receivables, and trade and other payables have short settlement periods and estimated fair values approximate the carrying value, the carrying amount has been used as fair value.

Fair value of lease deposits and other financial assets are calculated by present value by discounting the total of principal using a discount rate that reflects credit risks estimated by the Group.

Bonds, borrowings, lease obligations and other financial liabilities are calculated by fair value discounting the total of principal using the rate for loans with the same residual period under similar conditions.

(Fair value of financial assets measured at fair value through other comprehensive income)

Of other investments that are equity instruments, fair value of marketable shares is calculated using a market price of the same assets in the share market on the end of the reporting period. The fair value of unlisted shares is calculated using a valuation technique that uses observable indicators, such as market

values of comparable companies and unobservable indicators.

(Fair value of financial assets measured at fair value through profit or loss)

The fair value of foreign exchange contracts are determined based on the prices presented by financial institutions that are our business counterparties. For other investments that are debt instruments, the fair value is calculated by a valuation technique that uses observable indicators, such as market values of comparable companies and unobservable indicators.

Notes on Per Share Data

Equity attributable to owners of the parent per share:	¥2,038.16
Basic profit for the year per share:	¥252.86

Notes on Significant Subsequent Events

There is no applicable item.

Balance Sheet
(As of March 31, 2019)

(Millions of yen)

ASSETS:		LIABILITIES:	
Current assets	¥64,956	Current liabilities	¥8,313
Cash and deposits	60,760	Current portion of bonds	5,000
Trade accounts receivable	931	Other accounts payable	1,453
Prepaid expenses	31	Accrued expenses	155
Short-term loans	2,517	Income taxes payable	1,523
Other	715	Deposits received	17
		Provision for bonuses	68
		Other	94
		Long-term liabilities	¥11,282
Fixed assets	¥178,612	Bonds with subscription rights to shares	10,026
Property and equipment, net	55	Asset retirement obligations	206
Buildings improvement	42	Other	1,049
Tools and fixtures	12	Total liabilities	¥19,595
Intangible fixed assets	57	NET ASSETS:	
In-house software	40	Stockholders' equity	¥223,857
Trademark	0	Common stock	47,398
Other	16	Capital surplus	40,118
Investments and other assets	178,499	Additional paid-in capital	36,893
Investment securities	576	Other capital surplus	3,225
Investments in subsidiaries and affiliates	144,511	Retained earnings	157,263
Long-term loans	33,289	Legal reserve	283
Long-term prepaid expenses	2	Other retained earnings	156,979
Deferred income taxes, net	58	Special reserves	80,000
Other	61	Retained earnings brought forward	76,979
		Treasury Stock	(20,924)
		Difference of appreciation and conversion	¥115
		Net unrealized gains on available-for-sale securities	115
		Total net assets	¥223,972
Total assets	¥243,568	Total liabilities and net assets	¥243,568

Statement of Income
(Year ended March 31, 2019)

(Millions of yen)

I	Operating revenues	¥24,870
	Management fee revenue	3,468
	Dividend income	21,401
II	Costs and expenses	3,009
	Selling, general and administrative expenses	3,009
	Operating income	21,860
III	Non-operating income	210
	Interest income	134
	Commission received	62
	Other	13
IV	Non-operating expense	81
	Bond interest expenses	44
	Commitment fee	18
	Foreign exchange gains	1
	Other	16
	Ordinary income	21,989

	Net income before income taxes	21,989
	Income taxes	129
	Current	149
	Deferred	(19)
	Net income	21,860

Statement of Changes in Stockholders' Equity
(Year ended March 31, 2019)

(Millions of yen)

	Stockholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total stockholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						Special reserves	Retained earnings brought forward			
Balance at April 1, 2018	¥47,398	¥36,893	¥3,225	¥40,118	¥283	¥80,000	¥68,440	¥148,723	¥(20,920)	¥215,321
Changes during the year										
Cash dividends							(13,320)	(13,320)		(13,320)
Net income							21,860	21,860		21,860
Purchase of treasury stock									(3)	(3)
Reissuance of treasury stock			0	0					0	0
Net change of items other than Stockholders' equity										
Total changes during the year	-	-	0	0	-	-	8,539	8,539	(3)	8,536
Balance at March 31, 2019	¥47,398	¥36,893	¥3,225	¥40,118	¥283	¥80,000	¥76,979	¥157,263	¥(20,924)	¥223,857

	Difference of appreciation and conversion		Total net assets
	Net unrealized gains on available-for-sale securities	Total difference of appreciation and conversion	
Balance at April 1, 2018	¥154	¥154	¥215,475
Changes during the year			
Cash dividends			(13,320)
Net income			21,860
Purchase of treasury stock			(3)
Reissuance of treasury stock			0
Net change of items other than Stockholders' equity	(38)	(38)	(38)
Total changes during the year	(38)	(38)	8,497
Balance at March 31, 2019	¥115	¥115	¥223,972

Summary of Significant Accounting Policies

1. Methods and standards for the valuation of assets

Securities

Shares in subsidiaries and affiliates: Stated at cost based on the moving average method.

Other investment securities:

Quoted securities: The market value method is applied, based on the market value as of the fiscal year-end. The entire positive or negative valuation difference with the acquisition price is booked directly as net assets, and the cost of securities sold is calculated using the moving average method.

Unquoted securities: Valued at cost using the moving average method.

2. Depreciation and amortization methods of fixed assets

Tangible fixed assets: Depreciated mainly using the straight-line method.

Intangible fixed assets: Amortized mainly using the straight-line method. For in-house software, amortization is computed using the straight-line method based on the estimated useful life of within 5 years.

3. Accounting standards for reserves

(1) Allowance for doubtful accounts

Generally, allowance for doubtful accounts is calculated based on the actual ratio of bad debt losses incurred. For specific accounts with higher possibility of bad debt loss, the allowance is determined by respective judgment.

(2) Provision for bonuses

To provide for payments of bonuses to employees, the Company sets aside an estimate of bonuses payable in the next fiscal year that is applicable to the current fiscal year.

4. Consumption tax

Consumption tax is excluded from the stated amount of revenue and expenses.

5. Adoption of the consolidated tax payment system

The Company adopts the consolidated tax payment system.

6. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

Notes to Changes in Presentation

Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets were presented under “Investments and other assets” and deferred tax liabilities were presented under “Non-current liabilities.”

Notes to Balance Sheet

1. Monetary assets and liabilities in relation to subsidiaries and affiliates

	(Millions of yen)
Short-term assets	4,164
Short-term liabilities	1,361
Long-term assets	33,289

2. Accumulated depreciation of property and equipment 400

3. Guarantee obligation

The Company extends guarantees to the following consolidated subsidiaries for bank loans.

	(Millions of yen)
Konami Gaming, Inc.	5,549

Notes to Statement of Income

Transactions with subsidiaries and affiliates

	(Millions of yen)
Operating revenues	24,852
Selling, general and administrative expenses	1,055
Non-operating transactions	196

Notes to Statement of Changes in Stockholders' Equity

Type and number of treasury shares

(Thousand shares)

	Number of shares as of April 1, 2018	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2019
Common stock	8,266	0	0	8,266
Total	8,266	0	0	8,266

Notes: 1. The increase of 0 thousand shares of treasury shares of common stock is due to the purchases of shares constituting less than one unit.
2. The decrease of 0 thousand shares of treasury shares of common stock is due to the sale of shares constituting less than one unit.

Notes on Tax Effect Accounting

Breakdown by major cause for the occurrence of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets

Investments and other	1,614
Long-term other accounts payable	321
Accrued expenses, etc.	48
Loss brought forward for tax purposes	249
Others	<u>387</u>
Deferred tax assets subtotal	<u>2,622</u>
Valuation allowance related to loss brought forward for tax purposes	(189)
Valuation allowance related to total of deductible temporary difference	(2,206)
Valuation allowance	<u>(2,396)</u>
Total deferred tax assets	<u>225</u>

Deferred tax liabilities

Investments and other	(155)
Others	<u>(12)</u>
Total deferred tax liabilities	<u>(167)</u>
Net deferred tax assets	<u>58</u>

Notes on Transactions with Related Parties

Subsidiaries and affiliates, etc.

Attributes	Company name	Percentage of voting rights	Relationship with the related party	Transactions	Amount of transactions (Millions of yen)	Account title	Ending balance (Millions of yen)
Subsidiary	Konami Digital Entertainment Co., Ltd.	Direct 100%	Interlocking of directors	Receipt of business management fees	2,563	–	–
	Konami Sports Co., Ltd.	Direct 100%	Interlocking of directors	Payment of advertising expenses	300	Other accounts payable	81
	Konami Sports Life Co., Ltd.	Direct 100%	–	Payment of business consignment expenses	310	–	–
	Konami Real Estate, Inc.	Direct 100%	Lending and borrowing of funds, etc. Interlocking of directors	Lending of funds	6,210	Short-term loans	1,712
				Recovery of funds Interest income	704 105	Long-term loans	28,710
	Konami Business Expert Co., Ltd.	Direct 100%	Real estate leasing, etc. Lending and borrowing of funds, etc. Interlocking of directors	Payment of office rent	263	Prepaid expenses	24
				Lending of funds Interest income	470 2	Short-term loans Long-term loans	620 4,579
Konami Gaming, Inc.	Indirect 100%	Interlocking of directors	Guarantee of obligation	5,549	–	–	

Notes: Transaction terms and the policy, etc. of deciding transaction terms

1. The receipt of business management fees is determined through negotiations, considering the running costs, etc. of the Company as a pure holding company.
2. Advertising expenses are for advertising generated by all sports club activities.
3. Payment of business consignment expenses are negotiated and decided in consideration of total costs.
4. The rate for lending and borrowing of funds are determined based on the market interest rates and others.
5. Office rent, etc. are based on actual prices in neighboring areas.
6. Guarantee of obligation applies to loans by its subsidiary.
7. Consumption taxes are not included in the amount of transactions but are included in the ending balance.

Notes on Per Share Data

Net assets per share:	¥1,656.20
Basic net income per share:	¥161.65

Notes on Significant Subsequent Events

There is no applicable item.

Independent Auditors' Report

May 28, 2019

The Board of Directors
KONAMI HOLDINGS CORPORATION:

PricewaterhouseCoopers Aarata LLC

Yasuhiro Nakajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takeshi Tadokoro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihisa Chiyoda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the Consolidated Statement of Financial Position, Consolidated Statements of Profit or Loss, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements of KONAMI HOLDINGS CORPORATION and its consolidated subsidiaries for the fiscal year from April 1, 2018 to March 31, 2019, in accordance with Article 444, Paragraph 4 of the Corporate Law.

Management's responsibility for the consolidated financial statements, etc.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Corporate Accounting Regulations of Japan, which permits the omission of some disclosure items required under the designated International Financial Reporting Standards (hereinafter "IFRS"); this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the consolidated financial statements referred to above, which omit some disclosure items required under IFRS in accordance with the provision of second sentence of Article 120, Paragraph 1 of the Corporate Accounting Regulations of Japan, presents fairly, in all material respects, the financial position and the results of operations of KONAMI HOLDINGS CORPORATION and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared.

Interest Relationships

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

Independent Auditors' Report

May 28, 2019

The Board of Directors
KONAMI HOLDINGS CORPORATION:

PricewaterhouseCoopers Aarata LLC

Yasuhiro Nakajima
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takeshi Tadokoro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihisa Chiyoda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated Balance Sheet, Statement of Income, Statement of Changes in Stockholders' Equity, Notes to Non-consolidated Financial Statements, and detailed statements of KONAMI HOLDINGS CORPORATION for the 47th business year from April 1, 2018 to March 31, 2019, in accordance with Article 436, Paragraph 2, Item 1 of the Corporate Law.

Management's responsibility for the non-consolidated financial statements, etc.

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and detailed statements in accordance with business accounting standards generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and detailed statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and detailed statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and detailed statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and detailed statements. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and detailed statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and detailed statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and detailed statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the non-consolidated financial statements and detailed statements referred to above present fairly, in all material respects, the financial position and the results of operations of KONAMI HOLDINGS CORPORATION for the period for which the non-consolidated financial statements and detailed statements were prepared in accordance with business accounting standards generally accepted in Japan.

Interest Relationships

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

AUDIT REPORT

Regarding the performance of duties by the Directors for the 47th fiscal year from April 1, 2018 to March 31, 2019, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

1. Auditing Methods and Details of Such Methods

- (1) The Audit & Supervisory Board established auditing policies, allocation of duties and other relevant matters and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the accounting auditors regarding performance of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members, followed auditing policies, allocation of duties, and other relevant matters established by the Audit & Supervisory Board, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and conducted an audit by following the methods described below.
 - (a) We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal place of business. With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
 - (b) As for the details of the resolution of the Board of Directors related to the establishment of the systems as indicated in the Business Report to ensure that the execution of the duties of Directors conform to laws and regulations and the Articles of Incorporation and the systems necessary to ensure appropriate operations of corporations and their subsidiaries as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance of Enforcement of the Corporate Law, and the condition of the systems put in place in accordance with the aforesaid resolution (internal control system), we received periodical reporting from Directors and employees, sought explanations as necessary, and provided our recommendations.

- (c) We received audit reports from accounting auditors, monitored and verified whether the accounting auditors maintained their independence and implemented appropriate audits, and we received reports from the accounting auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the accounting auditors that “the system for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Corporate Accounting Rules) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supporting schedules, non-consolidated financial statements (Balance Sheet, Statement of Income, Statement of Changes in Stockholders’ Equity and Summary of Significant Accounting Policies and the related notes) and their supporting schedules, as well as consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statements of Profit or Loss, Consolidated Statement of Changes in Equity, and Notes to Consolidated Statement of Financial Position, all prepared with the omission of certain disclosures required by the IFRS pursuant to the second sentence of Article 120, Paragraph 1 of the Corporate Accounting Regulations of Japan) related to the fiscal year under review.

2. Results of Audit

(1) Results of audit of Business Report

- (a) In our opinion, the Business Report and its supporting schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company’s condition.
- (b) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- (c) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the content of the Business Report and the performance of duties of the Directors regarding the internal control system.

(2) Results of audit of non-consolidated financial statements and their supporting schedules

In our opinion, the methods and results of audit employed and rendered by PricewaterhouseCoopers Aarata LLC, accounting auditors, are fair and reasonable.

(3) Results of audit of consolidated financial statements

In our opinion, the methods and results of audit employed and rendered by PricewaterhouseCoopers Aarata LLC, accounting auditors, are fair and reasonable.

May 28, 2019

Audit & Supervisory Board
KONAMI HOLDINGS CORPORATION

Audit & Supervisory Board Member (Full-time)	Shinichi Furukawa
Audit & Supervisory Board Member (Full-time)	Minoru Maruoka
Audit & Supervisory Board Member	Nobuaki Usui
Audit & Supervisory Board Member	Setsuo Tanaka
Audit & Supervisory Board Member	Hisamitsu Arai

Note: Audit & Supervisory Board Members (Full-time) Mr. Minoru Maruoka; Audit & Supervisory Board Members Messrs. Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai are Outside Audit & Supervisory Board Members as provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporate Law.