

NOTICE OF THE 48TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Stock Code Number: 9766

June 9, 2020

Dear Shareholder,

You are notified that the 48th Ordinary General Meeting of Shareholders of KONAMI HOLDINGS CORPORATION (the “Company”) will be held as described hereunder.

The Company considers that Japan is currently in a critical phase for controlling the spread of the novel coronavirus disease (COVID-19). In the light of this situation, a decision has been made as a result of careful consideration to hold this year’s General Meeting of Shareholders upon implementing appropriate measures to prevent infection.

To reduce the risk of infection to shareholders and the Company’s officers and employees, shareholders are requested to exercise their voting rights in writing or via the Internet, etc. in advance and refrain from coming to the venue on the day of the meeting, regardless of their health condition.

As this year’s General Meeting of Shareholders will be held without the shareholders in attendance and with only the Company’s officers to prevent the spread of COVID-19, the Company asks for your understanding and cooperation.

Shareholders are kindly requested to review the reference materials for the General Meeting of Shareholders contained herein and exercise their voting right by 5:00 p.m. on Wednesday, June 24, 2020.

The Company will accept questions from shareholders prior to the meeting, and will explain matters of high interest to shareholders at the meeting and post the contents on the Company’s website at a later date. For detailed instructions on submitting questions prior to the meeting, refer to the included “Measures for Preventing Infection of the Novel Coronavirus Disease (COVID-19) at the General Meeting of Shareholders.”

Sincerely yours,
Kimihiro Higashio
Representative Director, President
KONAMI HOLDINGS CORPORATION
9-7-2, Akasaka, Minato-ku, Tokyo

MEETING AGENDA

1. Date and time: 10:00 a.m., Thursday, June 25, 2020

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

As previously noted, shareholders are requested to refrain from coming to the venue on the day of the General Meeting of Shareholders to reduce the risk of infection to shareholders and the Company's officers and employees. As this year's General Meeting of Shareholders will be held without the shareholders in attendance and with only the Company's officers, the Company asks for your understanding and cooperation.

3. Agenda:

- Reports**
1. Business Report, Consolidated Financial Statements for the 48th fiscal year (from April 1, 2019 to March 31, 2020); and on the Reports of the accounting auditor and of the Audit & Supervisory Board regarding Consolidated Financial Statements for the 48th fiscal year
 2. Financial Statements for the 48th fiscal year (from April 1, 2019 to March 31, 2020)

Proposal

Proposal 1 Partial Amendment to the Articles of Incorporation

Proposal 2 Election of eight members to the Board of Directors

<Requests to shareholders>

- The response listed above may be updated based on the situation of the spread of infection and details of announcements made by the government, etc. until the day of the General Meeting of Shareholders. Please also be advised to check information posted on the Company's website on the Internet (<https://www.konami.com/en/>).
- Exercising voting rights using the voting form raises the risk of infection during the process of returning it to the Company and vote counting. Therefore, when exercising your voting rights in advance, please do so via the Internet, etc. to the extent possible.
- 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 48th 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.

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| Company's website (https://www.konami.com/ir/en/stockbond/stockholderinfo/meeting.html) |
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[Matters regarding the exercise of voting rights]

There are two ways to exercise your voting rights.

1) 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. *

Exercise deadline: No later than 5:00 p.m., Wednesday, June 24, 2020

2) Voting via the Internet

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

Exercise deadline: By 5:00 p.m. on Wednesday, June 24, 2020

* 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 48th 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: Partial Amendment to the Articles of Incorporation

1. Reason for change

This proposal is to change the location of the Head Office stipulated in Article 3 of the current Articles of Incorporation from Minato-ku, Tokyo to Chuo-ku, Tokyo in line with the construction of the new business base of the Konami Group in Ginza, Chuo-ku, Tokyo.

2. Details of revision

The detail of revision of the Articles of Incorporation is as follows.

(The part to be amended is underlined.)

| Current Articles of Incorporation | Proposed amendments |
|---|---|
| (Location of Head Office) Article 3: The Company shall have its Head Office in <u>Minato-ku</u> , Tokyo. | (Location of Head Office) Article 3: The Company shall have its Head Office in <u>Chuo-ku</u> , Tokyo. |

Proposal 2: Election of eight 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 eight 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 | 167,880 |
| 2 | Kimihiko Higashio (Sep. 24, 1959) | Sep. 1997 Joined the Company Jun. 2005 Director Jan. 2018 Director, Executive Vice President, Corporate Officer of Administration Jun. 2019 Representative Director, Executive Vice President Apr. 2020 Representative Director, President (to present) Apr. 2020 Representative Director, Chairman, Konami Digital Entertainment Co., Ltd. (to present) Apr. 2020 Director, Chairman, Konami Corporation of America (to present) Significant concurrent positions: Director, Kanto IT Software Health Insurance Society | 29,304 |
| 3 Newly appointed | Hideki Hayakawa (Jun. 17, 1970) | Sep. 1996 Joined the Company Apr. 2015 Representative Director, President, Konami Digital Entertainment Co., Ltd. (to present) Jun. 2017 Corporate Officer Significant concurrent positions: Representative Director, President, Konami Digital Entertainment Co., Ltd. Chairman, COMPUTER ENTERTAINMENT SUPPLIER'S ASSOCIATION (CESA) Director, Japan esports Union (JeSU) | 1,296 |

| | 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 |
|-------------------------|--|---|---|
| 4 Newly appointed | Katsunori Okita (Feb. 1, 1968) | Apr. 1990 Joined the Company Aug. 2016 Representative Director, President, Konami Amusement Co., Ltd. (to present) Jun. 2017 Corporate Officer Significant concurrent positions: Representative Director, President, Konami Amusement Co., Ltd. Director, Japan Amusement Industry Association Director, NIPPON DENDOSHIKI YUGIKIKOGYO KYODOKUMIAI | 14,913 |
| 5 | Yoshihiro Matsuura (Mar. 22, 1983) | Apr. 2005 Joined the Company Jun. 2009 General Manager, Nasu Office Jan. 2013 General Manager, President's Office Jun. 2017 Director (to present) Aug. 2019 General Manager, Secretarial Office (to present) | 1,289 |
| 6 | Akira Gemma (Aug. 1, 1934) | Jun. 1997 Representative Director, President, Shiseido Company, Limited Jun. 2001 Representative Director, Chairman, Shiseido Company, Limited Jun. 2004 Director (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 |

| | 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 |
|---|---------------------------------------|---|---|
| 7 | Kaori Yamaguchi (Dec. 28, 1964) | <p>Apr. 2007 Professor, Faculty of Humanities, Musashi University</p> <p>Apr. 2008 Associate Professor, Graduate School of Comprehensive Human Sciences, University of Tsukuba</p> <p>Oct. 2011 Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba</p> <p>Jun. 2014 Director (to present)</p> <p>Jan. 2018 Professor, Faculty of Health and Sport Sciences, University of Tsukuba (to present)</p> <p>Significant concurrent positions: Committee Member, Tokyo Metropolitan Board of Education Executive Board Member, Japanese Olympic Committee Outside Director, Nippon BS Broadcasting Corporation</p> | 4,242 |
| 8 | Kimito Kubo (Oct. 17, 1956) | <p>Apr. 1980 Joined Ministry of Education (currently, Ministry of Education, Culture, Sports, Science and Technology)</p> <p>Jul. 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> | 1,324 |

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 16 years for Mr. Akira Gemma, six years for Ms. Kaori Yamaguchi, and three 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. Mr. Hideki Hayakawa, who is a candidate for a new Director, has held a series of important positions in the Company's Digital Entertainment business and has made a tremendous contribution to the development of the Company and the industry mainly by serving as the current chairman of the industry association. We have decided to appoint him as a candidate based on our judgment that such experience and achievements would contribute to sustainably enhancing the Company's corporate value.

Mr. Katsunori Okita, who is also a candidate for a new Director, has held a series of important positions in the Company's Amusement and Digital Entertainment businesses and has made a tremendous contribution to the development of the Company and the industry mainly by currently serving as a director of the industry association. We have decided to appoint him as a candidate based on our judgment that such experience and achievements would contribute to sustainably enhancing the Company's corporate value.

6. 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 now serves as 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 three Outside Directors, Mr. Akira Gemma, Ms. Kaori Yamaguchi and Mr. Kimito Kubo with respect to their liabilities provided for in Article 423, Paragraph 1 of the Companies Act of Japan. 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.

Business Report

(April 1, 2019 – March 31, 2020)

1. Business Performance

(1) Konami Group Business Conditions and Results

During the fiscal year ended March 31, 2020, Japan's economy turned round from a gradual recovery trend in corporate earnings and consumer spending to a recessionary phase. There are concerns about a declining global economy due to the novel coronavirus, in addition to protracted U.S.-China trade friction, instability in the Middle East, and the impacts of Brexit.

Under these circumstances, regarding the business results of Konami Group for the fiscal year ended March 31, 2020, operating profit decreased as a result of temporary expenses recorded in relation to a building we formerly occupied following relocation to our new owned building, Konami Creative Center Ginza. Temporary expenses mainly consist of rent for the remaining contract period until the fiscal year ending March 31, 2021. Other factors include recognition of an impairment loss for property, plant and equipment in the sports business and advance investments in new technologies. Furthermore, the global spread of the novel coronavirus infection affected supplies of the Group's products and services as of March 31, 2020.

In terms of the consolidated results for the fiscal year ended March 31, 2020, total revenue amounted to ¥262,810 million (a year-on-year increase of 0.1%), operating profit was ¥30,972 million (a year-on-year decrease of 38.7%), profit before income taxes was ¥30,395 million (a year-on-year decrease of 39.6%), and profit attributable to owners of the parent was ¥19,892 million (a year-on-year decrease of 41.8%).

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 these circumstances, as for mobile games in the Digital Entertainment segment, *Yu-Gi-Oh! DUEL LINKS*, which marked the third anniversary since its release, and *eFootball Winning Eleven 2020* (known overseas as *eFootball PES 2020*) continued to receive favorable reviews. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* performed well and underwent an update for the 2020 season version in the new fiscal year. Moreover, as part of our continued activities in esports, we hosted

the final tournament of the 2019 series of the *PAWAPURO APP CHAMPIONSHIPS*, an esports tournament that will decide *JIKKYOU PAWAFURU PUROYAKYU*'s top player.

As for card games, we continued to promote *Yu-Gi-Oh! OFFICIAL CARD GAME* and implemented various measures to increase customer recognition toward the sale of *Yu-Gi-Oh! Rush Duel*, which is a new lineup in the *Yu-Gi-Oh!* Series.

As for computer and video games, we added a new specification, the Iconic Moment Series, to *eFootball Winning Eleven 2020* (known overseas as *eFootball PES 2020*), as the first phase of 25th anniversary celebrations. In addition, we released *PC Engine mini*, a compact version of the classic home console launched in 1987 as *PC Engine* containing multiple titles released at the time for *PC Engine*, and the trading card game *Yu-Gi-Oh! Legacy of the Duelist: Link Evolution* for PlayStation®4, Xbox One and Steam®(PC). As part of our continuing esports activities, we held the eClimax Series and eNippon Series in the 2019 season of the eBASEBALL Pro League, which is organized in cooperation with Nippon Professional Baseball (NPB). The games received much more attention over the previous year. Taking advantage of the postponement of the opening of the professional baseball season, professional players representing 12 baseball clubs, who had excelled in the eBASEBALL Pro League, participated in the “Professional Baseball Virtual Opening Game 2020” and a large number of customers viewed the online distribution. Furthermore, we hosted the *eFootball League 2019-20 Season*, the new esports official tournament in the *Winning Eleven* series. In eFootball.Pro, players who used to be members of professional soccer clubs in Europe compete for their respective former clubs in exciting matches.

Segment profit from this business decreased due to an increase in production costs for new titles and research and development costs.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2020 in this segment amounted to ¥153,395 million (a year-on-year increase of 8.3%) and segment profit for the fiscal year ended March 31, 2020 amounted to ¥43,198 million (a year-on-year decrease of 1.4%).

Amusement

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

Under such circumstances, in regard to our video games, the latest title of the online versus mah-jong game *MAH-JONG FIGHT CLUB* series, *MAH-JONG FIGHT CLUB GRAND MASTER*, continued to perform

strongly. *BOMBERGIRL*, which is based on the video game series *Bombberman* and added team-battle elements, has also continued to perform well. Furthermore, *beatmania IIDX LIGHTNING MODEL*, which is a new cabinet and became the global standard in the *beatmania IIDX* series at esports tournaments, and *CARDCONNECT*, a card vending cabinet which delivers new experiences through cards connecting various KONAMI titles, were released. Regarding medal games, in addition to *GI Derby Club* and *ELDORA CROWN: the victor of Guren*, in the fourth quarter we released *ColorCoLotta: Aim for the win! Dream Treasure Island*, the latest title in the *ColorCoLotta* series of lottery medal games featuring color roulette wheels and balls, and *SMASH STADIUM*, a pusher medal game whose concept draws on the kinetic excitement and energy of pin-ball machines. For prize games, we launched *TREASURE ROAD*, which featured a new style of gameplay using belt conveyors. In addition, we released *Magical Halloween 7*, the latest title in the *Magical Halloween* series, and *SKYGIRLS-Zero no Tsubasa-*, the latest title in the *SKYGIRLS* series.

Due to changes in the business environment, the revised timing of product launches, such as the postponed releases of several products until the next period, and a slowdown in supply chains caused by the novel coronavirus affected our performance in this business segment.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2020 in this segment amounted to ¥23,718 million (a year-on-year decrease of 14.8%) and segment profit for the fiscal year ended March 31, 2020 amounted to ¥5,339 million (a year-on-year decrease of 36.7%).

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

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

During the year ended March 31, 2020, in addition to an increase in operating expenses due to advance investments to expand our product lineup, delayed deliveries in supply chains and the closing of global casino facilities due to the spread of novel coronavirus infections affected business as of March 31, 2020.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2020 in this segment amounted to ¥28,401 million (a year-on-year decrease of 8.9%) and segment profit for the fiscal year ended March 31, 2020 amounted to ¥1,782 million (a year-on-year decrease of 62.3%).

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."

Under such circumstances, as for fitness programs, we made efforts to improve multiple services that offer a more comfortable and fit lifestyle for customers through activities such as personal improvement programs, which provide one-on-one support and training by instructors, and a new studio program, "*Club Style*," which delivers our popular programs in darkly lit studios.

As for the operation of school programs, we opened a "*Small Group Swimming School*" at two facilities in Tokyo. At the school, swimming coaches, who are former members of Japan's national swimming team, provide individual instruction to children based on their needs to help them improve their swimming skills.

The "*Konami Sports Club: My Best Challenge Support Program*" was certified as a "beyond2020 My Best Support Program," a certification system promoted by the Cabinet Secretariat Headquarters of Japan for the Promotion of the Tokyo Olympic and Paralympic Games. In addition, a collaboration project with our partner program, "*Konami Sports Club and FiNC My Best Resolution Support Project*," was also certified. These were regarded and certified as a "Sports Yell Company in the first year of the Reiwa era," and a participating organization in the "Sport in Life Project," promoted by the Japan Sports Agency.

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

As for products relating to sports, we continued to expand various line-up products as well as our "Konami Sports Club Original" Konami Sports Club brand products.

Total revenue and profit from this business segment decreased due to temporary suspensions of school programs and temporary closures of facilities in some regions as measures to prevent the spread of novel coronavirus infections, in addition to the closure of directly managed facilities, natural disasters, and

recognition of an impairment loss for property, plant and equipment.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2020 in this segment amounted to ¥58,984 million (a year-on-year decrease of 7.1%) and segment profit for the fiscal year ended March 31, 2020 amounted to ¥33 million (a year-on-year decrease of 98.5%).

(2) Capital Expenditures and Financing Activities

Capital expenditures in the consolidated fiscal year ended March 31, 2020 totaled ¥62,937 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 45 th (March 31, 2017) | The 46 th (March 31, 2018) | The 47 th (March 31, 2019) | The 48 th (March 31, 2020) |
|---|--|--|--|--|
| Revenue | 229,922 | 239,497 | 262,549 | 262,810 |
| Operating profit | 36,359 | 45,181 | 50,522 | 30,972 |
| Profit attributable to owners of the parent | 25,951 | 30,507 | 34,196 | 19,892 |
| Basic earnings per share (yen) | 191.89 | 225.59 | 252.86 | 147.26 |
| Total assets | 337,144 | 363,108 | 378,037 | 419,134 |
| Total equity attributable to owners of the parent | 234,441 | 253,782 | 275,627 | 268,141 |

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

(Millions of yen, except per share data)

| Fiscal year Years ended | The 45 th (March 31, 2017) | The 46 th (March 31, 2018) | The 47 th (March 31, 2019) | The 48 th (March 31, 2020) |
|----------------------------------|--|--|--|--|
| Operating income | 17,010 | 16,443 | 24,870 | 38,747 |
| Ordinary income | 14,813 | 13,590 | 21,989 | 35,983 |
| Net income | 9,921 | 13,710 | 21,860 | 35,286 |
| Basic net income per share (yen) | 73.36 | 101.38 | 161.65 | 261.23 |
| Total assets | 239,500 | 241,444 | 243,568 | 278,767 |
| Total net assets | 211,362 | 215,475 | 223,972 | 238,758 |

(4) Issues for the Konami Group

Responding appropriately to rapid changes in the business environment

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. Also, in the process of developing a network environment, 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, 2020)

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, 2020)

Holding company

KONAMI HOLDINGS CORPORATION Chuo-ku, Tokyo

Operating companies in Japan

| | |
|--|-----------------------|
| Konami Digital Entertainment Co., Ltd. | Minato-ku, Tokyo |
| Konami Amusement Co., Ltd. | Ichinomiya-shi, Aichi |
| Konami Sports Co., Ltd. | Shinagawa-ku, Tokyo |
| Internet Revolution, Inc. | Chuo-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, 2020)

1. Konami Group

| Business segment | Number of employees | Change from end of previous fiscal year |
|----------------------------------|---------------------|---|
| Digital Entertainment Business | 1,946 | 93 |
| Amusement Business | 866 | 35 |
| Gaming & Systems Business | 692 | 56 |
| Sports Business | 1,137 | (31) |
| Entire Company (corporate staff) | 416 | 23 |
| Total | 5,057 | 176 |

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 |
|---------------------|---|
| 56 | (4) |

Note: Employees include all persons within the Company.

(8) Major Subsidiaries (as of March 31, 2020)

| 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 |
| Konami Sports Co., Ltd. | ¥100 million | 100.0 | Operation of fitness clubs and sports classes, including swimming, gymnastics, dance, soccer, tennis and golf, and 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 25 companies, including the major subsidiaries listed above, and applies the equity method to one affiliated company.
3. Konami Sports Co., Ltd. merged with Konami Sports Life Co., Ltd., in March 2020.
4. 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 | 4-10-1, Higashi-Shinagawa, 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 | ¥55,814 million |
| Total assets of KONAMI HOLDINGS CORPORATION | ¥278,767 million |

(9) Major Lenders (as of March 31, 2020)

(Millions of yen)

| Lender | Amount of loans |
|-------------------------------------|-----------------|
| Sumitomo Mitsui Banking Corporation | 11,177 |
| MUFG Bank, Ltd. | 7,088 |
| Sumitomo Mitsui Trust Bank, Limited | 6,000 |
| Mizuho Bank, Ltd. | 4,000 |

2. Status of shares of the Company

Status of Shares (as of March 31, 2020)

1. Number of shares authorized: 450,000,000
2. Number of shares issued: 143,500,000
3. Number of shareholders: 30,520
4. The 10 largest shareholders:

| | Number of shares (Thousand) | Shareholding Ratio (%) |
|--|--------------------------------|---------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 24,800 | 18.62 |
| Kozuki Foundation | 17,100 | 12.84 |
| KOZUKI HOLDING B.V. | 15,700 | 11.79 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 13,572 | 10.19 |
| Kozuki Capital Corporation | 7,048 | 5.29 |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 2,845 | 2.14 |
| Japan Trustee Services Bank, Ltd. (Trust Account 7) | 1,744 | 1.31 |
| JP MORGAN CHASE BANK 385151 | 1,638 | 1.23 |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 1,454 | 1.09 |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 1,358 | 1.02 |

Note: The above shareholding ratios are calculated after the deduction of treasury shares (10,285 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 | ¥4,375.1 (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 21, 2020, accompanying the decision to set the payment of the annual dividend for the fiscal year under review to ¥45 per share, the conversion price of euro-yen convertible bond-type bonds with subscription rights to shares due 2022 was adjusted to ¥4,349.5 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, 2020)

| 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 |
| Representative Director, Executive Vice President | Kimihiko Higashio | Director, Kanto IT Software Health Insurance Association |
| Director | Osamu Nakano | Executive Vice President, Corporate Officer (Corporate Management) Representative Director, Chairman, Konami Digital Entertainment Co., Ltd. |
| Director | Satoshi Sakamoto | Corporate Officer (Gaming & Systems Business) Chairman, Konami Gaming, Inc. Chairman, Konami Australia Pty Ltd. |
| Director | Yoshihiro Matsuura | General Manager, Secretarial 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 | Takayoshi Yashiro | |
| Audit & Supervisory Board Member | Chikara Kawakita | |

| Position | Name | Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company |
|----------------------------------|---------------|---|
| Audit & Supervisory Board Member | Hideo Shimada | Outside Director, YAMAZAKI BAKING Co., Ltd. Special Adviser, Sumitomo Mitsui Card Company, Limited |

- 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 Companies Act of Japan.
2. Messrs. Minoru Maruoka, Takayoshi Yashiro, Chikara Kawakita and Hideo Shimada, Audit & Supervisory Board Member, are the Outside Audit & Supervisory Board Members provided in Item 16 of Article 2 of the Companies Act of Japan.
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. Chikara Kawakita served as critical roles in Ministry 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, Takayoshi Yashiro, Chikara Kawakita and Hideo Shimada 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 Companies Act of Japan shall not exceed the total amount set forth in the items of Article 425, Paragraph 1 of the Companies Act of Japan.

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

| Category | Number of paid officers | Amount of payment |
|----------------------------------|-------------------------|-------------------|
| Director | 8 | ¥349 million |
| Audit & Supervisory Board Member | 8 | ¥67 million |
| Total | 16 | ¥416 million |

Note: The above includes Audit & Supervisory Board Members who retired during the fiscal year under review.

(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 9 of 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. |
| | Takayoshi Yashiro | Attended 7 of the 8 meetings of the Board of Directors and all the 8 meetings of the Audit & Supervisory Board held since June 26, 2019 when he was appointed 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. |
| | Chikara Kawakita | Attended all the 8 meetings of the Board of Directors and all the 8 meetings of the Audit & Supervisory Board held since June 26, 2019 when he was appointed 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. |
| | Hideo Shimada | Attended 7 of the 8 meetings of the Board of Directors and all the 8 meetings of the Audit & Supervisory Board held since June 26, 2019 when he was appointed and based on his abundant achievements and knowledge as a corporate executive, 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 | 10 | ¥88 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 | ¥135 million |

Notes: 1. The amounts of remuneration, etc. for the audit based on the Companies Act of Japan 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 Companies Act of Japan.

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 Companies Act of Japan, 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 Companies Act of Japan, 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 at the Konami Group

(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 at the Konami Group

(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, the Konami Group may set up an emergency management headquarters following a decision of the Representative Director, President of the Company. Accordingly, in response to the novel coronavirus infection, the Konami Group set up the "Konami Group COVID-19 Task Force" 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.

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.

Because payment of the year-end dividend for the consolidated year ended March 31, 2020 was intended to maintain the same level of regular dividends for the year ended March 31, 2019, based on the record profits achieved, we previously announced that the year-end dividend forecast for the consolidated year ended March 31, 2020 would be ¥38.00 per share. However, it is a shared value with all shareholders to maintain the foundations for sustainable growth and prepare for stable management and employment even under the severe business environment likely to be experienced from the next fiscal year onward due to the impacts of the coronavirus outbreak. Consequently, we will revise the year-end dividend to ¥7.00 per share for the fiscal year ended March 31, 2020. Because dividends on an annual basis will be ¥45.00 per share, including the distributed second-quarter-end dividend (¥38.00 per share), we will maintain a consolidated payout ratio of more than 30% as our basic policy on the distribution on profits.

As a result, total annual returns will be ¥12.6 billion (approximately ¥93.00 per share), which include ¥6.1 billion (¥45.00 per share) of total dividends for the consolidated year ended March 31, 2020, when adding ¥6.5 billion of treasury shares acquired on March 27, 2020. Thus, the total return ratio will be 63.2%.

Consolidated Statement of Financial Position

(As of March 31, 2020)

(Millions of yen)

| ASSETS: | | LIABILITIES AND EQUITY: | |
|--|-----------------|--|-----------------|
| Current assets | ¥187,743 | Current liabilities | ¥96,766 |
| Cash and cash equivalents | 131,432 | Bonds and borrowings | 28,265 |
| Trade and other receivables | 29,894 | Other financial liabilities | 12,187 |
| Inventories | 10,000 | Trade and other payables | 31,264 |
| Income tax receivables | 1,924 | Income tax payables | 2,997 |
| Other current assets | 14,493 | Other current liabilities | 22,053 |
| Non-current assets | ¥231,391 | Non-current liabilities | ¥53,425 |
| Property, plant and equipment, net | 116,631 | Bonds and borrowings | 9,855 |
| Goodwill and intangible assets | 34,423 | Other financial liabilities | 34,553 |
| Investment property | 32,484 | Provisions | 6,674 |
| Investments accounted for using the equity method | 3,128 | Deferred tax liabilities | 886 |
| Other investments | 1,554 | Other non-current liabilities | 1,457 |
| Other financial assets | 17,229 | Total liabilities | ¥150,191 |
| Deferred tax assets | 23,735 | EQUITY: | |
| Other non-current assets | 2,207 | Total equity attributable to owners of the parent | 268,141 |
| | | Share capital | 47,399 |
| | | Share premium | 74,399 |
| | | Treasury shares | (27,836) |
| | | Other components of equity | (89) |
| | | Retained earnings | 174,268 |
| | | Non-controlling interests | ¥802 |
| | | Total equity | ¥268,943 |
| Total assets | ¥419,134 | Total liabilities and equity | ¥419,134 |

Consolidated Statement of Profit or Loss

(Year ended March 31, 2020)

(Millions of yen)

| | |
|---|---------------|
| Revenue | ¥262,810 |
| Cost of revenue | (163,043) |
| Gross profit | 99,767 |
| Selling, general and administrative expenses | (55,470) |
| Other income and other expenses, net | (13,325) |
| Operating profit | 30,972 |
| Finance income | 352 |
| Finance costs | (903) |
| Profit from investments accounted for using the equity method | (26) |
| Profit before income taxes | 30,395 |
| Income taxes | (10,498) |
| Profit for the year | 19,897 |
| Profit attributable to: | |
| Owners of the parent | 19,892 |
| Non-controlling interests | 5 |

Consolidated Statement of Changes in Equity

(Year ended March 31, 2020)

(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, 2019 | ¥47,399 | ¥74,426 | ¥(21,325) | ¥1,583 | ¥173,544 | ¥275,627 | ¥777 | ¥276,404 |
| Changes in accounting policies | | | | | (5,180) | (5,180) | | (5,180) |
| Beginning balance after adjusting | 47,399 | 74,426 | (21,325) | 1,583 | 168,364 | 270,447 | 777 | 271,224 |
| Profit for the year | | | | | 19,892 | 19,892 | 5 | 19,897 |
| Other comprehensive income | | | | (1,663) | | (1,663) | 0 | (1,663) |
| Total comprehensive income for the year | – | – | – | (1,663) | 19,892 | 18,229 | 5 | 18,234 |
| Purchase of treasury shares | | | (6,511) | | | (6,511) | | (6,511) |
| Disposal of treasury shares | | 0 | 0 | | | 0 | | 0 |
| Dividends | | | | | (13,997) | (13,997) | | (13,997) |
| Changes in ownership interests in subsidiaries | | (27) | | | | (27) | 20 | (7) |
| Transfer from other components of equity to retained earnings | | | | (9) | 9 | – | | – |
| Total transactions with the owners | – | (27) | (6,511) | (9) | (13,988) | (20,535) | 20 | (20,515) |
| Balance at March 31, 2020 | ¥47,399 | ¥74,399 | ¥(27,836) | ¥(89) | ¥174,268 | ¥268,141 | ¥802 | ¥268,943 |

Notes to Consolidated Financial Statements

Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

Scope of Consolidation

1. Number of consolidated subsidiaries: 25
2. Name of principal consolidated subsidiaries
 - Konami Digital Entertainment Co., Ltd.
 - Konami Amusement Co., Ltd.
 - Konami Sports 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 Regulation on Corporate Accounting 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.

Right-of-use 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 and patent 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 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, 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. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease based on the substance of the contract. The Group judges that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset is recognized at the discounted present value of the lease payments after adjusting for initial direct costs, etc. on the commencement date of the lease, and is depreciated using the straight-line method over the shorter of the asset's useful life or the lease term.

6. Investment property

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

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

7. Financial instruments

(1) Financial assets

(i) Initial recognition and measurement of financial assets

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 of financial assets

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.

8. 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.

9. Revenue recognition

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.

10. Consumption tax

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

11. 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, 2019 with the exception of the changes in accounting policies described hereunder.

1. Changes in Accounting Policies

Konami Group has adopted the following standard from the fiscal year ended March 31, 2020.

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

(Lessee)

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

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

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

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

At the beginning of the first quarter of fiscal year ending March 31, 2020, the application of IFRS 16 mainly affected that right-of-use assets increased by ¥40,067 million and lease liabilities increased by ¥45,751 million, respectively, compared with the case that the previous standard was applied. Right-of-use assets are presented in property, plant and equipment and lease liabilities are presented in other financial liabilities, respectively, in the consolidated statement of financial position.

In applying IFRS 16 for the first time, Konami Group has used the following practical expedients:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for leases with a remaining lease term of less than 12 months as at the date of initial application as short-term leases;

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(Lessor)

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

2. Additions to accounting policies

Konami Group has adopted the following standard from the fiscal year ended March 31, 2020.

- IAS 40 "Investment Property"

For details on accounting policies, please refer to "Summary of Significant Accounting Policies, 6. Investment property."

Notes to Consolidated Statement of Financial Position

- Loss allowance deducted directly from assets
Trade and other receivables ¥99 million
Other financial assets (non-current) ¥22 million
- Accumulated depreciation and accumulated impairment losses of property, plant and equipment, net ¥120,043 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 28, 2019 | Common stock | 8,858 | 65.50 | March 31, 2019 | June 12, 2019 |
| Board of Directors meeting held on October 31, 2019 | Common stock | 5,139 | 38.00 | September 30, 2019 | November 21, 2019 |
| Total | | 13,997 | | | |

Note: The dividend per share based on the resolution at the Board of Directors meeting on May 28, 2019 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 21, 2020 | Common stock | Retained earnings | 933 | 7.00 | March 31, 2020 | June 10, 2020 |
| Total | | | 933 | | | |

- 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, 2020

Common stock: 2,285,662 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, 2020 (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 | 22,581 | 22,845 | 264 |
| Bonds and borrowings | (38,120) | (38,008) | (112) |

(*) 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 and borrowings 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 is 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 Investment Property

1. Matters concerning investment property

The Group owns a rental office building.

As for the building recognized as investment property, commencement of owner-occupation is scheduled from February 1, 2022 due to expiration of current fixed-term building lease agreement on January 31, 2022. Property is transferred from investment property to property, plant and equipment, net as of commencement of owner-occupation.

2. Matters concerning the fair value of investment property

| Amount on consolidated statement of financial position (millions of yen) | Fair value (millions of yen) |
|---|---------------------------------|
| 32,484 | 32,200 |

Notes: 1. The amount on the consolidated statement of financial position is the acquisition cost less accumulated depreciation.

2. The fair value of investment property is based mainly on evaluations by independent real estate appraisers, and is based on the appraisal value using the discount cash flow method or the market prices, etc. of observable similar assets.

Notes on Per Share Data

| | |
|--|-----------|
| Equity attributable to owners of the parent per share: | ¥2,012.85 |
| Basic profit for the year per share: | ¥147.26 |

Notes on Significant Subsequent Events

There is no applicable item.

Balance Sheet
(As of March 31, 2020)

(Millions of yen)

| | | | |
|--|-----------------|--|-----------------|
| ASSETS: | | LIABILITIES: | |
| Current assets | ¥65,514 | Current liabilities | ¥28,939 |
| Cash and deposits | 51,107 | Short-term borrowings | 25,000 |
| Trade accounts receivable | 1,114 | Other accounts payable | 3,260 |
| Prepaid expenses | 54 | Accrued expenses | 130 |
| Short-term loans | 11,153 | Income taxes payable | 97 |
| Other | 2,085 | Deposits received | 16 |
| | | Provision for bonuses | 59 |
| | | Asset retirement obligations | 175 |
| | | Other | 199 |
| | | Long-term liabilities | ¥11,069 |
| | | Bonds with subscription rights to shares | 10,019 |
| | | Other | 1,049 |
| Fixed assets | ¥213,253 | Total liabilities | ¥40,009 |
| Property and equipment, net | 27 | | |
| Tools and fixtures | 27 | | |
| Intangible fixed assets | 49 | NET ASSETS: | |
| In-house software | 46 | Stockholders' equity | ¥238,636 |
| Trademark | 0 | Common stock | 47,398 |
| Other | 2 | Capital surplus | 40,118 |
| Investments and other assets | 213,175 | Additional paid-in capital | 36,893 |
| Investment securities | 985 | Other capital surplus | 3,225 |
| Investments in subsidiaries and affiliates | 145,035 | Retained earnings | 178,553 |
| Long-term loans | 67,040 | Legal reserve | 283 |
| Deferred income taxes, net | 52 | Other retained earnings | 178,269 |
| Other | 61 | Special reserves | 80,000 |
| | | Retained earnings brought forward | 98,269 |
| | | Treasury Stock | (27,435) |
| | | Difference of appreciation and conversion | ¥122 |
| | | Net unrealized gains on available for-sale securities | 122 |
| | | Total net assets | ¥238,758 |
| Total assets | ¥278,767 | Total liabilities and net assets | ¥278,767 |

Statement of Income
(Year ended March 31, 2020)

(Millions of yen)

| | | |
|------------|--|----------------|
| I | Operating revenues | ¥38,747 |
| | Management fee revenue | 3,479 |
| | Dividend income | 35,268 |
| II | Costs and expenses | 3,007 |
| | Selling, general and administrative expenses | 3,007 |
| | Operating income | 35,740 |
| III | Non-operating income | 314 |
| | Interest income | 228 |
| | Commission received | 74 |
| | Other | 11 |
| IV | Non-operating expense | 71 |
| | Interest expenses | 0 |
| | Bond interest expenses | 14 |
| | Commitment fee | 18 |
| | Foreign exchange losses | 17 |
| | Other | 20 |
| | Ordinary income | 35,983 |
| V | Extraordinary losses | 516 |
| | Loss on forgiveness of debt | 300 |
| | Relocation related expenses | 216 |

| | | |
|--|---------------------------------------|---------------|
| | Net income before income taxes | 35,466 |
| | Income taxes | 179 |
| | Current | 176 |
| | Deferred | 3 |
| | Net income | 35,286 |

Statement of Changes in Net Assets
(Year ended March 31, 2020)

(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, 2019 | ¥47,398 | ¥36,893 | ¥3,225 | ¥40,118 | ¥283 | ¥80,000 | ¥76,979 | ¥157,263 | ¥(20,924) | ¥223,857 |
| Changes during the year | | | | | | | | | | |
| Cash dividends | | | | | | | (13,996) | (13,996) | | (13,996) |
| Net income | | | | | | | 35,286 | 35,286 | | 35,286 |
| Purchase of treasury stock | | | | | | | | | (6,511) | (6,511) |
| Reissuance of treasury stock | | | 0 | 0 | | | | | 0 | 0 |
| Net change of items other than stockholders' equity | | | | | | | | | | |
| Total changes during the year | - | - | 0 | 0 | - | - | 21,290 | 21,290 | (6,511) | 14,779 |
| Balance at March 31, 2020 | ¥47,398 | ¥36,893 | ¥3,225 | ¥40,118 | ¥283 | ¥80,000 | ¥98,269 | ¥178,553 | ¥(27,435) | ¥238,636 |

| | 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, 2019 | ¥115 | ¥115 | ¥223,972 |
| Changes during the year | | | |
| Cash dividends | | | (13,996) |
| Net income | | | 35,286 |
| Purchase of treasury stock | | | (6,511) |
| Reissuance of treasury stock | | | 0 |
| Net change of items other than stockholders' equity | 6 | 6 | 6 |
| Total changes during the year | 6 | 6 | 14,785 |
| Balance at March 31, 2020 | ¥122 | ¥122 | ¥238,758 |

Notes to the Financial Statements

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. Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

As for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company has not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

7. Rounding policy

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

Notes to Balance Sheet

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

| | (Millions of yen) |
|------------------------|-------------------|
| Short-term assets | 13,061 |
| Short-term liabilities | 3,201 |
| Long-term assets | 67,040 |

2. Accumulated depreciation of property and equipment 286

3. Guarantee obligation

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

| | (Millions of yen) |
|---------------------|-------------------|
| Konami Gaming, Inc. | 3,264 |

Notes to Statement of Income

Transactions with subsidiaries and affiliates

| | (Millions of yen) |
|--|-------------------|
| Operating revenues | 38,731 |
| Selling, general and administrative expenses | 1,092 |
| Non-operating transactions | 600 |

Notes to Statement of Changes in Net Assets

Type and number of treasury shares

(Thousand shares)

| | Number of shares as of April 1, 2019 | Number of shares increased during the period | Number of shares decreased during the period | Number of shares as of March 31, 2020 |
|--------------|---|--|--|---|
| Common stock | 8,266 | 2,019 | 0 | 10,285 |
| Total | 8,266 | 2,019 | 0 | 10,285 |

Notes: 1. The increase of 2,019 thousand shares of treasury shares of common stock represents an increase of 2,018 thousand shares obtained through the acquisition of treasury shares based on a resolution of the Board of Directors and an increase of 1,000 shares through 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. | 41 |
| Loss brought forward for tax purposes | 209 |
| Others | <u>416</u> |
| Deferred tax assets subtotal | <u>2,603</u> |
| Valuation allowance related to loss brought forward for tax purposes | (182) |
| Valuation allowance related to total of deductible temporary difference | <u>(2,210)</u> |
| Valuation allowance | <u>(2,393)</u> |
| Total deferred tax assets | 210 |

Deferred tax liabilities

| | |
|--------------------------------|--------------|
| Investments and other | <u>(157)</u> |
| Total deferred tax liabilities | <u>(157)</u> |
| Net deferred tax assets | <u>52</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 | 2,416 | – | – |
| | Konami Sports Co., Ltd. | Direct 100% | Interlocking of directors | Payment of advertising expenses | 324 | Other accounts payable | 109 |
| | Konami Sports Life Co., Ltd. | Direct 100% | – | Forgiveness of debt | 300 | – | – |
| | Konami Real Estate, Inc. | Direct 100% | Lending and borrowing of funds, etc. Interlocking of directors | Lending of funds | 41,810 | Short-term loans | 3,524 |
| | | | | Recovery of funds | 1,669 | Long-term loans | 67,040 |
| | | | | Interest income | 197 | | |
| | Konami Business Expert Co., Ltd. | Direct 100% | Real estate leasing, etc. Lending and borrowing of funds, etc. Interlocking of directors | Payment of office rent | 283 | Prepaid expenses | 36 |
| Lending of funds | | | | 2,430 | Short-term loans | 7,629 | |
| Interest income | | | | 21 | | | |
| Konami Gaming, Inc. | Indirect 100% | Interlocking of directors | Guarantee of obligation | 3,264 | – | – | |

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. Forgiveness of debt was provided to loans given to subsidiaries.
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: | ¥1,792.29 |
| Basic net income per share: | ¥261.23 |

Notes on Significant Subsequent Events

There is no applicable item.

Independent Auditor's Report (English Translation)

May 21, 2020

To the Board of Directors of
KONAMI HOLDINGS CORPORATION

PricewaterhouseCoopers Aarata LLC
Tokyo office

Yasuhiro Nakajima, CPA
Designated limited liability Partner
Engagement Partner

Takeshi Tadokoro, CPA
Designated limited liability Partner
Engagement Partner

Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements of KONAMI HOLDINGS CORPORATION and its consolidated subsidiaries (hereinafter referred to as the "Group") for the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the provision of second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan which prescribes some omissions of disclosure items required under the designated International Financial Reporting Standards (hereinafter "IFRS"), present fairly, in all material respects, the financial position and its financial performance of the Group for the period covered by the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provision of the second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, which permits the omission of some disclosure items required under IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the provision of the second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, which permits the omission of some disclosure items required under IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with the provision of the second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, which permits the omission of some disclosure items required under IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report (English Translation)

May 21, 2020

To the Board of Directors of
KONAMI HOLDINGS CORPORATION

PricewaterhouseCoopers Aarata LLC
Tokyo office

Yasuhiro Nakajima, CPA
Designated limited liability Partner
Engagement Partner

Takeshi Tadokoro, CPA
Designated limited liability Partner
Engagement Partner

Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to the financial statements, and the supplementary schedules of KONAMI HOLDINGS CORPORATION (hereinafter referred to as the "Company") for the 48th fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

AUDIT REPORT

Regarding the performance of duties by the Directors for the 48th fiscal year from April 1, 2019 to March 31, 2020, 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 Companies Act of Japan, 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 Regulation on Corporate Accounting of Japan) 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 Net Assets 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 Statement 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 Regulation on Corporate Accounting 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 21, 2020

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 | Takayoshi Yashiro |
| Audit & Supervisory Board Member | Chikara Kawakita |
| Audit & Supervisory Board Member | Hideo Shimada |

Note: Audit & Supervisory Board Members (Full-time) Mr. Minoru Maruoka; Audit & Supervisory Board Members Messrs. Takayoshi Yashiro, Chikara Kawakita and Hideo Shimada are Outside Audit & Supervisory Board Members as provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act of Japan.