Fiscal 2016 Konami Group Report

April 1, 2015 – March 31, 2016
To Our Shareholders

It is my sincere hope that this report finds you prospering and in good health.

In fiscal 2016, ended March 31, 2016, we were able to report financial results that exceeded our initial expectations thanks to the impressive performance of the Digital Entertainment segment. I would thus like to take this opportunity to extend my thanks for your constant support.

Looking at the global economy, an air of prudence began to spread among developed countries in reaction to the economic slowdown seen in emerging countries. Uncertainty was prevalent in the domestic economy as well, due to the residual effects of overseas economic conditions and the impacts of large-scale earthquakes and the strong yen. Accordingly, there is currently a need for financial measures to stimulate demand in Japan and prevent economic recession.

Business opportunities are increasing in the entertainment market, which serves as a main target for the Konami Group’s business operations. These opportunities arise from trends such as the continuing global spread of smartphones and tablets as well as progress in the development of virtual reality (VR), artificial intelligence (AI), and other new technologies.

In addition, as health awareness rises, particularly among senior citizens, stakeholder anticipations for the Group’s contributions in the health and fitness market are expected to grow even greater.

Through its transition to a pure holding company structure, the Konami Group is constantly endeavoring to build frameworks that enable all operating companies to respond accurately to market needs and changes among the users they serve, thereby facilitating flexible business development. These frameworks should also allow these companies to fulfill their social responsibilities.

The Konami Group remains committed to pursuing even higher levels of corporate value as a competitive conglomerate. On behalf of the Konami Group, I ask you for your continued support and encouragement.

Takuya Kozuki
President and Representative Director
In terms of the consolidated results for the year ended March 31, 2016, total revenue amounted to ¥249,902 million (a year-on-year increase of 14.6%), operating profit was ¥24,679 million (a year-on-year increase of 61.2%), profit before income taxes was ¥23,768 million (a year-on-year increase of 40.1%), and profit attributable to owners of the parent was ¥10,516 million (a year-on-year increase of 6.0%).

In the Digital Entertainment segment of the Konami Group, mobile games, including JIKKYOU PAWAFURU PUROYAKYU, the World Soccer Collection series and PROFESSIONAL BASEBALL SPIRITS A (Ace), continued to enjoy steady sales. Also, METAL GEAR SOLID V: THE PHANTOM PAIN, which is the latest title in the METAL GEAR series, and Winning Eleven 2016 (known overseas as PES 2016 - Pro Evolution Soccer) received favorable reviews from users, and these titles are available to provide long-term enjoyment through continuing operation.

In our Health & Fitness segment, we continued to develop our pricing and membership plans. These plans enable customers to select a pricing plan based on the number of times they use our facilities and to use more than one facility. We intend to promote and spread the Konami Sports Club’s services supporting the concept of “sustainable fitness.” In addition, Konami Sports Life Co., Ltd., established in October 2015, began to develop new products related to health and fitness with the aim of enhancing its degree of recognition and increasing its market share in the health and fitness equipment market. This market is expanding centered on household machines.

In our Gaming & Systems segment, we have promoted sales of the new cabinet Concerto of the video slot machine as well as the Podium cabinet series and the SYNKROS casino management system mainly in the U.S. and Australian markets.

In the Pachislot and Pachinko Machines segment, we released new pachislot machine MAGICAL HALLOWEEN 5 following GUN SWORD, SKYGIIRLS-Zero, Futatabi and SILENT HILL. As for pachinko machines, we released CR PACHINKO Castlevania (Japanese title: CR PACHINKO Akumajo Dracula), which was derived from our original content.

For more detailed financial data, please visit the KONAMI website and go to the Financial Information page.
https://www.konami.com/ir/en/
Konami Sports Club Golf Academy Proves Incredibly Popular

The Konami Sports Club Golf Academy, offered through Konami Sports Clubs, provides lessons designed to meet the needs of users of various skill levels, ranging from beginners attempting to learn how to play to experienced players looking to further improve upon their game.

The academy also offers classes for elementary school students and holds the annual Golfers Challenge Cup for Kids.

In addition, the Nasu Highland Golf Club Beginners’ Golf Course utilizes the know-how of Konami Sports Clubs to offer full support to beginners, even helping them to make their golf course debut.

With a diverse lineup of sports classes, we will strive to support customers in having more fulfilling sporting lives at Konami Sports Clubs.

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Mobile Game JIKKYOU PAWAFURU PUROYAKYU Downloads Surpass 22 Million

Since its release in December 2014, the mobile game JIKKYOU PAWAFURU PUROYAKYU has surpassed 22 million downloads (as of March 31, 2016).

This installment of our popular baseball game portrays a story about high school baseball teams that can be enjoyed while raising one’s own original baseball player. On the path toward their ultimate goal of victory at the prestigious Koshien Stadium, the player can take part in various aspects of high school life, including baseball practice and games as well as fun with friends and romance.

With controls and game design created especially for mobile platforms, this game has won the hearts of players. The secret to its growing popularity lies in how easy it is to enjoy for long-time series fans and first-time players alike.

In 2016, the JIKKYOU PAWAFURU PUROYAKYU mobile game has been garnering even-higher levels of attention through special collaborative scenarios with popular baseball comics and TV commercials featuring a trendy actor.

Konami will continue to develop and supply games in the JIKKYOU PAWAFURU PUROYAKYU series with the aim of introducing an even wider range of customers to the joys of baseball.
SYNKROS Installed on Cruise Ships

Konami Gaming, Inc., is advancing the phased implementation of its award-winning SYNKROS* casino management system into 18 cruise ships operated by Norwegian Cruise Line Holdings (NCLH), of the United States.

Leading global cruise company NCLH chose to introduce Konami Gaming’s system throughout its entire fleet out of consideration for SYNKROS’ stable architecture and the ability for flexible integration with existing infrastructure.

Konami will pursue further growth by supplying products and services that address customers’ various business needs.

* A casino management system that manages slot machine and customer information as well as cash transactions in real-time and also enables casino operators to manage transactions and conduct management analyses based on the data collected by the system

Pachislot MAGICAL HALLOWEEN 5 Starts Spinning

The MAGICAL HALLOWEEN 5 pachislot machine, the newest entry into the immensely popular original MAGICAL HALLOWEEN series of KPE, Inc., was launched throughout Japan on February 22, 2016.

This new title operates at the top of the market among new standard pachislot machines and has received favorable reviews from users and pachinko parlor operators alike.

The new machine was designed based on the exceptionally popular MAGICAL HALLOWEEN 2, which was released in 2010, and builds upon the joy of hitting the jackpot—the most fundamental pleasure of pachislot and pachinko machines—with high bonus odds supporting ease of play. With these characteristics and a seven-episode story featuring the series’ popular characters, MAGICAL HALLOWEEN 5 delivers a sense of anticipation and satisfaction that is sure to make players want to keep coming back.

KPE will continue to supply appealing and highly enjoyable pachislot machines to an increasingly large base of customers going forward.
Produced through collaboration with Konami Sports Clubs, the Let’s Gotochi Taiso Plus TV program broadcast on the BS JAPAN channel has proved extremely popular.

This program continues to create what it calls “Gotochi Taiso,” a unique type of exercise routine based on local culture and specialties in regions across Japan, with the aim of promoting health and invigorating local communities.

These Gotochi Taiso have been designed to be easy for everyone, from children to senior citizens, and contain important fitness elements for enhancing the lower body strength that is essential to our daily lives. Moreover, on the Let’s Gotochi Taiso Plus TV program, Konami Sports Club instructors offer easy-to-understand explanations on the key points of each routine in order to ensure that the maximum benefits are realized. Viewers are also encouraged to make morning exercise routines part of their everyday life.

We hope you will watch Let’s Gotochi Taiso Plus, a fun TV program that lets you exercise while watching and helps promote regular morning exercise.

Let’s Gotochi Taiso Plus
Monday through Friday from 7:50 to 7:55 am on BS JAPAN (BS digital channel 7 in Japan)
Preregistration Numbers for Mobile Game Yu-Gi-Oh! Duel Links Exceed 550,000

The number of preregistered users for the soon-to-be-released Yu-Gi-Oh! Duel Links mobile game exceeded 550,000 over the short period of three months since preregistration started in March 2016 (as of May 29, 2016).

The 2016 20th anniversary of the start of publication of the original Yu-Gi-Oh! comic and the domestic release of Yu-Gi-Oh! THE DARK SIDE OF DIMENSIONS, a movie commemorating this anniversary, have reinvigorated the series in the public eye, and enthusiasm for the Yu-Gi-Oh! Duel Links game is swelling among series fans.

Yu-Gi-Oh! Duel Links is the first mobile game to bring the thrill of the Yu-Gi-Oh! Trading Card Game to smartphones for a simple yet authentic dueling experience.

Featuring an expanding roster of classic characters from the Yu-Gi-Oh! series together with a versus mode allowing for real-time, head-on matches with friends or rival duelists around the world, this game is sure to bring joy to long-time series fans as well as to newcomers.

In distributing Yu-Gi-Oh! contents going forward, Konami aims to provide customers worldwide with high-quality products and services.

Six Konami Employees to Represent Japan in Rio 2016 Olympics

At the 70th All-Japan Artistic Gymnastics Championship and the qualifying competition for selecting Japan’s representatives for the 2016 Summer Olympics, to be held in August in Rio de Janeiro, Brazil, conducted on June 4 and 5, 2016, Koji Yamamura and Yusuke Tanaka from the KONAMI Gymnastics Team were chosen to represent Japan in the upcoming Olympic Games. In addition, teammates Kohei Uchimura and Ryohei Kato as well as Yumi Kida and Takuro Fujii from the KONAMI Swimming Team have also been selected to represent Japan in the games based on their competitive record to date.

It has been more than a decade since Company sports clubs were established at Konami Sports Clubs. Over the years, Konami has continued to push forward with the development of an environment that is conducive to athletes’ efforts to balance their work and competitive lives. Going forward, we will continue to operate these sports clubs and help athletes further hone their skills with the aim of fostering world-leading athletes and aiding the development of their sports.
**Corporate Data** (As of March 31, 2016)

- **Company Name**: KONAMI HOLDINGS CORPORATION
- **Headquarters**: 9-7-2, Akasaka, Minato-ku,
  Tokyo 107-8323, Japan
  Tel: 81-3-5770-0573
  Fax: 81-3-5412-3300
- **Founded**: March 21, 1969
- **Incorporated**: March 19, 1973
- **Paid-in Capital**: ¥47,398 million
- **Home Page URL**: https://www.konami.com/en/

**Stock Information** (As of March 31, 2016)

- **Common Stock**
  - Authorized: 450,000,000 shares
  - Outstanding: 143,500,000 shares
    (including 8,258,617 treasury shares)
- **Number of Shareholders**: 37,315

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<tr>
<th>The 10 Largest Shareholders</th>
<th>Shares (Thousands)</th>
<th>% of Total</th>
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<tr>
<td>Kozuki Foundation</td>
<td>16,600</td>
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<td>Kozuki Holding</td>
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<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
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<td>Kozuki Capital Corporation</td>
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<td>Sumitomo Mitsui Banking Corporation</td>
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Note: The above shareholding ratios are calculated after the deduction of treasury shares.

**Shareholder Information**

- **Fiscal Year-end**: March 31
- **Ordinary General Meeting of Shareholders**: June
- **Record Date for Annual shareholders’ meeting**: March 31
- **Shareholders Year-end dividend**: March 31
- **Interim dividend**: September 30
- **Other (when necessary)**: As announced in advance

- **Transfer Agent**: Sumitomo Mitsui Trust Bank, Limited
  1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

- **Location of Transfer Agent**
  Handling Office: Sumitomo Mitsui Trust Bank, Limited
  Stock Transfer Agency Department
  1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

- **Mailing Address**: Sumitomo Mitsui Trust Bank, Limited
  Stock Transfer Agency Department
  2-8-4, Izumi, Suginami-ku,
  Tokyo 168-0063, Japan

- **Internet URL**: http://smtb.jp/tools/english
- **Public Notices**: Shown on the Company’s website
  https://www.konami.com/ir/en/
- **Stock Exchange Listings**: Tokyo and London

**For ADR Holders**

- **Depositary and Transfer Agent for American Depositary Receipts**: JPMorgan Chase Bank, N.A.
  4 New York Plaza, Floor 12, New York, NY 10004, U.S.A.

- **ADR Holder Contact**
  Telephone Inquiries: Toll-free U.S.A. & Canada: 1-800-990-1135
  Outside U.S.A.: 1-651-453-2128
  An automated IVR system is available 24 hours / 7 days a week.
  Representatives are available 8:00 am to 8:00 pm EST on weekdays.

- **Internet URL**: Visit http://www.adr.com and go to the Shareholder Services page by clicking “Access My Account”

- **Mail for Regular Correspondence**: P.O. Box 64504, St. Paul, MN 55164-0504, U.S.A.

**Guide to Investor Relations Site**

Our website includes an investor relations section that provides easy access to our latest financial information, news releases, and other relevant IR information.

**URL**: https://www.konami.com/ir/en/