KONAMI

FY2017 2nd Quarter Financial Results

Six months ended September 30, 2016

KONAMI HOLDINGS CORPORATION

October 28, 2016

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Cautionary statement with respect to forward-looking statements

Statements made in this presentation with respect to KONAMI HOLDINGS' current plans, estimates, strategies and beliefs, including forecasts, are forward-looking statements about the future performance of the Company. These statements are based on management's assumptions and beliefs in light of information currently available to it and, therefore, you should not place undue reliance on them. A number of important factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to (1) Changes in economic conditions affecting our operations; (2) Fluctuations in foreign exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (3) the Company's ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (4) the Company's ability to successfully expand internationally with a focus on our Digital Entertainment business and Gaming & Systems business; (5) the Company's ability to successfully expand the scope of our business and broaden our customer base through our Health & Fitness business; (6) Regulatory developments and changes and our ability to respond and adapt to those changes; (7) the Company's expectations with regard to further acquisitions and the integration of any companies we may acquire; and (8) the outcome of contingencies.

- Financial information included herein is not audited by independent public accountants
  (1) Numbers included in this presentation material are;
    a) in accordance with IFRS
    b) rounded to the nearest one hundred million yen
  (2) Revenues of each segment include inter-segment sales

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Consolidated Financial Results

(Yen in Billions)

	FY2016 H1	FY2017 H1	YoY Change	FY2017 Guidance
	6 months ended September 2015	6 months ended September 2016		12 months ending March 2017
Revenue	107.7	101.4	△5.9%	210.0
Operating profit	12.4	17.0	36.9%	25.0
Profit before income taxes	12.2	16.2	33.3%	24.0
Profit for the period (attributable to owners of the parent)	7.8	12.2	55.7%	15.0
Earnings per share (JPY)	56.61	90.33		110.91
Dividends per share (JPY)	10.50	17.00		34.00

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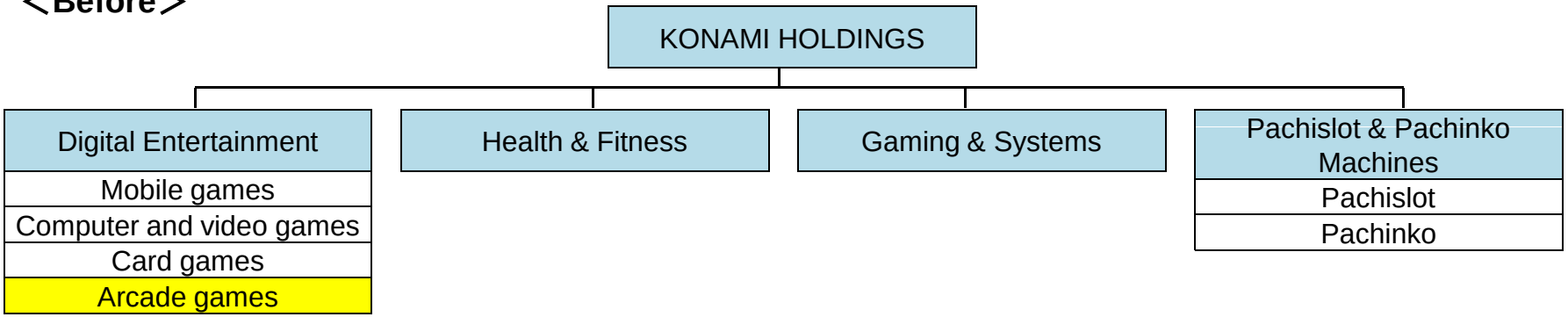
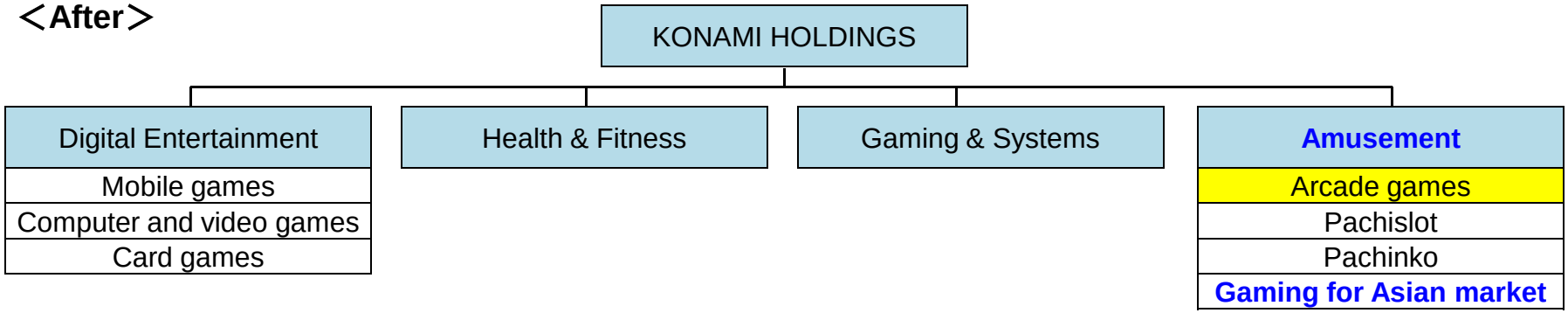
Change in Business Segment

With the business restructuring of group companies effective November 1, 2016, the arcade games division, formerly under the Digital Entertainment Business, has integrated with the former Pachislot & Pachinko Machines Business to change its business domain to the Amusement Business commencing the 2nd quarter. This business restructuring was also planned to implement in anticipation of handling the research and development of gaming machines for the Asian market.

＜Before＞



＜After＞



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Revenue and Profit by Former Business Segment

(Yen in Billions)

	FY2016 H1 6 months ended September 2015	FY2017 H1 6 months ended September 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
Revenue				
Digital Entertainment	51.7	52.0	0.6%	95.0
Health & Fitness	35.9	35.0	△2.4%	70.0
Gaming & Systems	15.0	13.8	△7.9%	33.0
Pachislot & Pachinko Machines	5.3	0.8	△84.8%	12.0
Eliminations	-0.2	-0.2	6.0%	-
Total	107.7	101.4	△5.9%	210.0
Segment profit (loss)				
Digital Entertainment	12.7	17.7	39.3%	20.0
Health & Fitness	1.5	2.6	75.4%	3.0
Gaming & Systems	1.7	1.6	△8.3%	6.0
Pachislot & Pachinko Machines	0.2	-0.4	-	0.0
Corporate expenses and eliminations	-1.9	-1.9	△0.3%	-4.0
Other income and other expenses	-1.9	-2.6	38.3%	-
Total Operating Profit	12.4	17.0	36.9%	25.0

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Revenue and Profit by New Business Segment

(Yen in Billions)

	FY2016 H1 6 months ended September 2015	FY2017 H1 6 months ended September 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
Revenue				
Digital Entertainment	43.7	44.9	2.7%	81.0
Health & Fitness	35.9	35.0	△2.4%	70.0
Gaming & Systems	15.0	13.8	△7.9%	33.0
Amusement	13.4	7.9	△40.6%	26.0
Eliminations	-0.2	-0.2	6.0%	-
Total	107.7	101.4	△5.9%	210.0
Segment profit (loss)				
Digital Entertainment	10.2	15.5	52.1%	16.5
Health & Fitness	1.5	2.6	75.4%	3.0
Gaming & Systems	1.7	1.6	△8.3%	6.0
Amusement	2.8	1.8	△35.1%	3.5
Corporate expenses and eliminations	-1.9	-1.9	△0.3%	-4.0
Other income and other expenses	-1.9	-2.6	38.3%	-
Total Operating Profit	12.4	17.0	36.9%	25.0

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Revenue and Profit – Former / New Segment Comparison

(Yen in Billions)

	FY2017 H1		FY2017 Guidance	
	6 months ended September 2016		12 months ending March 2017	
Revenue	Former	New	Former	New
Digital Entertainment	52.0	44.9	95.0	81.0
Health & Fitness	35.0	35.0	70.0	70.0
Gaming & Systems	13.8	13.8	33.0	33.0
Pachislot & Pachinko Machines	0.8	-	12.0	-
Amusement	-	7.9	-	26.0
Eliminations	-0.2	-0.2	-	-
Total	101.4	101.4	210.0	210.0
Segment profit (loss)				
Digital Entertainment	17.7	15.5	20.0	16.5
Health & Fitness	2.6	2.6	3.0	3.0
Gaming & Systems	1.6	1.6	6.0	6.0
Pachislot & Pachinko Machines	-0.4	-	0.0	-
Amusement	-	1.8	-	3.5
Corporate expenses and eliminations	-1.9	-1.9	-4.0	-4.0
Other income and other expenses	-2.6	-2.6	-	-
Total Operating Profit	17.0	17.0	25.0	25.0

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Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2016 H1	FY2017 H1	YoY Change	FY2017 Guidance
	6 months ended September 2015	6 months ended September 2016		12 months ending March 2017
Revenue	43.7	44.9	2.7%	81.0
Segment profit	10.2	15.5	52.1%	16.5
Margin	23.3%	34.5%		20.4%

Note: Other expenses of JPY 0.1 billion (FY2016) and JPY 0billion (FY2017) are not included in segment profit

FY2017 Q2 summary

- "JIKKYOU PAWAFURU PUROYAKYU" achieves 26 million downloads, while other mobile games including "Professional Baseball Spirits A" and "Winning Eleven CLUB MANAGER (PES CLUB MANAGER)" delivers solid results
- Hosted the world championship of Yu-Gi-Oh! trading card games in the US in August – the game continues to be well received by users across the globe
- Released the latest iteration of video game "Winning Eleven 2017 (PES 2017 - Pro Evolution Soccer -)" in September and further enhanced its strength of player vs. player experience based on the concept of "control reality"

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Health & Fitness

Revenue and segment profit

(Yen in Billions)

	FY2016 H1	FY2017 H1	YoY Change	FY2017 Guidance
	6 months ended September 2015	6 months ended September 2016		12 months ending March 2017
Revenue	35.9	35.0	△2.4%	70.0
Segment profit	1.5	2.6	75.4%	3.0
Margin	4.2%	7.5%		4.3%

Note: Other expenses of JPY 0.4 billion (FY2016) and JPY 0.4 billion (FY2017) are not included in segment profit

FY2017 Q2 summary

- Six athletes from Konami Sports Club's gymnastics and swimming teams participated in the Rio Olympic Games in August and won multiple medals – their achievements led to improved recognition of the KONAMI brand and Konami Sports Club with increased membership in gymnastics, swimming and tennis lessons for children
- Complete revamp of studio exercise programs in September to cater to the diversified needs – new programs include in-house developed body trunk exercise for beginners and relaxation / shape-up exercise programs
- Revenue decline due to closures of gyms in FY 2016; recovery of profitability through cost reduction measures and optimization of operations

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Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2016 H1 6 months ended September 2015	FY2017 H1 6 months ended September 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
Revenue	15.0	13.8	△7.9%	33.0
Segment profit	1.7	1.6	△8.3%	6.0
Margin	11.6%	11.5%		18.2%

Note: YoY negative impact from the yen appreciation - revenue JPY 2.2 billion, segment profit JPY 0.3 billion

FY2017 Q2 summary

- Solid sales of “Concerto” and “Podium” cabinets and focused on offering a wide variety of product lineup in the Latin American and European markets
- Installed casino management system “SYNKROS” at the Barona Resort & Casino, a leading tribal casino located near San Diego, as well as continued installations in cruise ships
- Introduced new casino gaming products including multi-station horse racing game Fortune Cup, roulette-style center mechanical bonus game Crystal Cyclone, and skill-based machine Beat Square, a music-infused machine based on the "jubeat" game from the BEMANI series, to the 2016 Global Gaming Expo (G2E) in Las Vegas. The unprecedented lineup of new genres and concepts based on KONAMI’s experience and engineering expertise from arcade machines drew big attention from guests

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Amusement

Revenue and segment profit

(Yen in Billions)

	FY2016 H1 6 months ended September 2015	FY2017 H1 6 months ended September 2016	YoY Change	FY2017 Guidance 12 months ending March 2017
Revenue	13.4	7.9	△40.6%	26.0
Segment profit	2.8	1.8	△35.1%	3.5
Margin	20.7%	22.7%		13.5%

Note: Other expenses of JPY 1.3 billion (FY2016) and JPY 2.2 billion (FY2017) are not included in segment profit

FY2017 Q2 summary

- Stable recurring revenues from “e-AMUSEMENT Participation” arcade games including “MAH-JONG FIGHT CLUB ZERO” and music games
- Launched pachislot machine “Seven’s Beat” in collaboration with KONAMI’s music game “beatmania”
- Consolidated the production, manufacture and sales activities of arcade games and pachinko / pachislot machines into Konami Amusement Co., Ltd. with the aim of expanding revenues and improving profitability

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(Reference) Amusement Earnings Breakdown

(Yen in Billions)

	FY2016 H1 6 months ended September 2015	FY2017 H1 6 months ended September 2016	YoY Change
Revenue			
Arcade games	8.0	7.1	△11.2%
Pachislot & Pachinko Machines	5.3	0.8	△84.8%
Total Revenue	13.4	7.9	△40.6%
Segment profit (loss)			
Arcade games	2.5	2.2	△12.4%
Pachislot & Pachinko Machines	0.2	-0.4	-
Total Segment profit (loss)	2.8	1.8	△35.1%

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Titles Released in Jul - Sep 2016 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
Yu-Gi-Oh! Duel Monsters Saikyo Card Battle	3DS	Japan	Jul 2016	DE
Winning Eleven 2017 / PES 2017 - Pro Evolution Soccer	PS4 / PS3 XboxOne / Xbox360 PC (※2)	Global	Sep 2016	DE
Metal Gear Solid Snake Eater	Pachislot	Japan	Oct 2016	AM
JIKKYOU PAWAFURU PUROYAKYU Heroes	3DS	Japan	Dec 2016	DE
ELDORA CROWN	Arcade (Medal game)	Japan	Dec 2016	AM
MAHJONG FIGHT CLUB 2	Pachislot	Japan	Dec 2016	AM
Yu-Gi-Oh! Duel Links	App Store Google Play	Global	2016	DE
FORTUNE TRINITY3	Arcade (Medal game)	Japan	Jan 2017	AM
Pixel Fantasy	Arcade (Medal game)	Japan	2017	AM
Tobidase! Kobitto Kaizokudan	Arcade (Medal game)	Japan	2017	AM

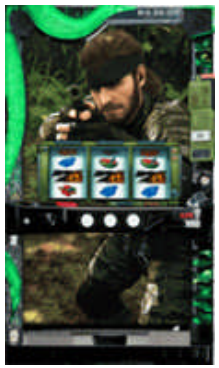
※1 DE: Digital Entertainment　AM: Amusement
※2 Available platform differs depending on the region

Yu-Gi-Oh! Duel Links

Winning Eleven 2017 /
PES 2017 - Pro Evolution Soccer

JIKKYOU PAWAFURU
PUROYAKYU Heroes

Tobidase!
Kobitto Kaizokudan


Metal Gear Solid Snake Eater

MAHJONG
FIGHT CLUB 2

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Titles Released in Jul - Sep 2016 / Pipeline(2)

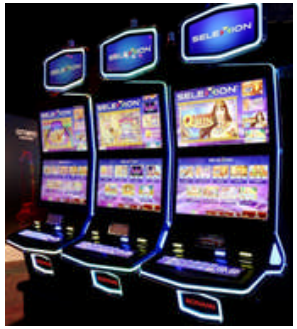
Title	Platform	Geography	Release Date	Business Segment (※1)
NOSTALGIA	Arcade (Video game)	Japan	2017	AM
METAL GEAR SURVIVE	PS4 XboxOne / PC	Global	2017	DE
JIKKYOU POWERFUL SOCCER	App Store Google Play	Japan	TBD	DE
Winning Eleven 2017	App Store Google Play	TBD	TBD	DE
Concerto Crescent	Gaming Machine	TBD	TBD	GS
Concerto SeleXion	Gaming Machine	TBD	TBD	GS
Concerto Stack	Gaming Machine	TBD	TBD	GS
Concerto Slant	Gaming Machine	TBD	TBD	GS
Fortune Cup	Gaming Machine	TBD	TBD	GS
Beat Square	Gaming Machine	TBD	TBD	GS
Frogger: Get Hoppin'	Gaming Machine	TBD	TBD	GS

※1 DE: Digital Entertainment AM: Amusement GS: Gaming & Systems

JIKKYOU POWERFUL SOCCER

NOSTALGIA

Concerto Crescent


Concerto SeleXion

Fortune Cup

Beat Square

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THANK YOU

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