

KONAMI

FY2018 2nd Quarter Financial Results

Six months ended September 30, 2017

KONAMI HOLDINGS CORPORATION
October 31, 2017

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)

	FY2017 H1	FY2018 H1	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance
	6 months ended September 2016	6 months ended September 2017			12 months ending March 2018
Revenue	101.4	115.4	14.0	+13.8%	245.0
Operating profit	17.0	25.0	7.9	+46.4%	40.0
Profit before income taxes	16.2	24.8	8.6	+52.9%	39.0
Profit for the period (attributable to owners of the parent)	12.2	17.2	5.0	+40.6%	27.0
Earnings per share (JPY)	90.33	127.04	36.70		199.65
Dividend per share (JPY)	17.00	30.00	13.00		60.00

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2017 H1	FY2018 H1	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance
	6 months ended September 2016	6 months ended September 2017			12 months ending March 2018
<u>Revenue</u>					
Digital Entertainment	44.9	57.8	12.9	+28.7%	118.0
Health & Fitness	35.0	33.0	△ 2.0	△5.7%	69.0
Gaming & Systems	13.8	12.6	△ 1.1	△8.3%	32.0
Amusement	7.9	12.6	4.6	+58.1%	27.0
Eliminations	△ 0.2	△ 0.6	△ 0.4	-	△ 1.0
Total	101.4	115.4	14.0	+13.8%	245.0
<u>Segment profit (loss)</u>					
Digital Entertainment	15.5	19.3	3.8	+24.5%	31.0
Health & Fitness	2.6	1.8	△ 0.8	△31.3%	4.5
Gaming & Systems	1.6	1.2	△ 0.4	△22.2%	5.5
Amusement	1.8	4.6	2.8	+156.3%	5.2
Corporate expenses and eliminations	△ 1.9	△ 1.5	0.3	△16.7%	△ 4.5
Other income and other expenses	△ 2.6	△ 0.4	2.2	-	△ 1.7
Total Operating Profit	17.0	25.0	7.9	+46.4%	40.0

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2017 H1 6 months ended September 2016	FY2018 H1 6 months ended September 2017	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance 12 months ending March 2018
Revenue	44.9	57.8	12.9	+28.7%	118.0
Segment profit	15.5	19.3	3.8	+24.5%	31.0
Margin	34.5%	33.3%			26.3%

FY2018 Q2 summary

- Continued strong performance of mobile games “JIKKYOU PAWAFURU PUROYAKYU” and “Professional Baseball Spirits A”. Announced upcoming new titles “Winning Eleven Card Collection (PES CARD COLLECTION)” (Oct. release), “LovePlus EVERY” and “Tokimeki Idol”
- Global sales of Yu-Gi-Oh! trading card games, released cards under the new rules from the new TV animation series in western markets
- Released video game “Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)”
- Began hosting eSports tournament PAWAPURO CHAMPIONSHIPS 2017, an officially recognized tournament by Nippon Professional Baseball (NPB) and hosted the Yu-Gi-Oh! trading card game world championship together with mobile game “Yu-Gi-Oh! Duel Links” in August in Japan

Revenue and segment profit

(Yen in Billions)

	FY2017 H1 6 months ended September 2016	FY2018 H1 6 months ended September 2017	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance 12 months ending March 2018
Revenue	35.0	33.0	Δ 2.0	Δ 5.7%	69.0
Segment profit	2.6	1.8	Δ 0.8	Δ 31.3%	4.5
Margin	7.5%	5.5%			6.5%

FY2018 Q2 summary

- Rebranded the “XAX” brand as a fitness club dedicated to workout machines / studios and opened XAX Nishikujo (Osaka) on July 7th and announced the October 5th opening of XAX Kanadenomori (Narashino)
- With increased interest in sports climbing after officially approved for Tokyo Olympic Games, sports climbing facility in Konami Sports Club Kawagoe opened with an entertainment system converging games and climbing through projection mapping

Revenue and segment profit

(Yen in Billions)

	FY2017 H1 6 months ended September 2016	FY2018 H1 6 months ended September 2017	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance 12 months ending March 2018
Revenue	13.8	12.6	Δ 1.1	Δ 8.3%	32.0
Segment profit	1.6	1.2	Δ 0.4	Δ 22.2%	5.5
Margin	11.5%	9.8%			17.2%

* YoY impact from the yen depreciation: revenue JPY +0.7 billion, operating profit JPY +0.1 billion

FY2018 Q2 summary

- Enhanced lineup of the Concerto series in North America e.g. curved screen cabinet “Concerto Crescent” and the single tall screen cabinet “Concerto Stack”
- Installed casino management system “SYNKROS” in cruise ships and casinos in North America
- Announced new products for the October show Global Gaming Expo 2017 in Las Vegas including skill-based slot machine “Beat Square”, Multi-station “Crystal Cyclone” and large format slot machine “Concerto Opus”

Revenue and segment profit

(Yen in Billions)

	FY2017 H1 6 months ended September 2016	FY2018 H1 6 months ended September 2017	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance 12 months ending March 2018
Revenue	7.9	12.6	4.6	+58.1%	27.0
Segment profit	1.8	4.6	2.8	+156.3%	5.2
Margin	22.7%	36.7%			19.3%

FY2018 Q2 summary

- Launched an online mah-jong arcade machine “MAH-JONG FIGHT CLUB High Grade Model” celebrating its 15th anniversary of the series, while “Animalotta - Otogino Kunino Anima” continues to perform well
- In addition to the launch of pachislot title “Castlevania Lords of Shadow”, a horse racing pachislot machine “GI Derby Club” released last FY is showing sustained top-class performance among the new regulation No. 5.5 machines, winning high acclaim with strong repeat orders

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Titles Released in Jul - Sep 2017 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
100% Pasukaru Sensei Perfect Paint Bombers	Nintendo 3DS™	Japan	Jul 2017	DE
Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)	PS4 / PS3 XOne / X360 PC	Global	Sep 2017	DE
Winning Eleven Card Collection (PES CARD COLLECTION)	App Store Google Play	Global	Oct 2017	DE
PriPri Chi-chan!! PriPri Deco Room!	Nintendo 3DS™	Japan	Nov 2017	DE
FEATURE PREMIUM 5th title: Tower de Patissietta 6th title: PIRATES A GOGO!	Arcade (Medal game)	Japan	2017	AM
Tokimeki Idol	App Store Google Play	Japan	This winter	DE
LovePlus EVERY	App Store Google Play	Japan	This winter	DE
MARBLE FEVER	Arcade (Medal game)	Japan	2018	AM
METAL GEAR SURVIVE	PS4 XOne / PC	Global	Feb 2018	DE
ANUBIS ZONE OF THE ENDERS : M∇RS	PS4 / PS VR PC / Steam VR	Global	Spring 2018	DE

※1 DE: Digital Entertainment AM: Amusement

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**Winning Eleven
CARD COLLECTION**

Winning Eleven Card Collection
(PES CARD COLLECTION)



METAL GEAR SURVIVE



ANUBIS ZONE OF THE ENDERS : M∇RS



LovePlus EVERY



FEATURE PREMIUM
5th title: Tower de Patissietta
6th title: PIRATES A GOGO!



MARBLE FEVER

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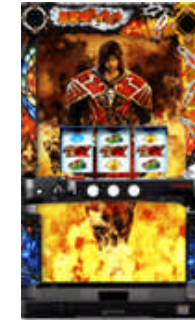
Titles Released in Jul - Sep 2017 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Castlevania Lords of Shadow	Pachislot	Japan	Jul 2017	AM
Sengoku Collection 3	Pachislot	Japan	Nov 2017	AM
Beat Square	Gaming Machine	North America	FY2017 H2	GS
Fortune Cup	Gaming Machine	North America	FY2017 H2	GS
Concerto Opus	Gaming Machine	North America	FY2018 H1	GS
Crystal Cyclone	Gaming Machine	North America	TBD	GS

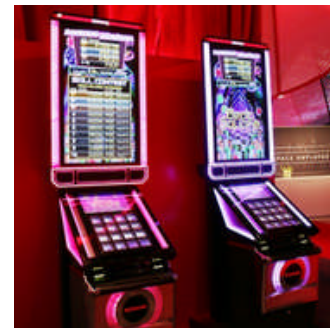
※ AM: Amusement GS: Gaming & Systems



Sengoku Collection 3



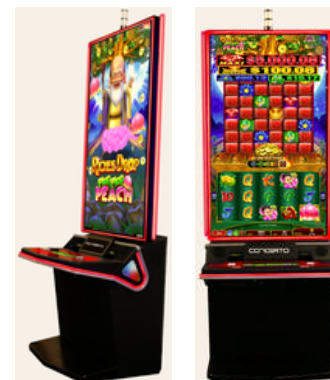
Castlevania Lords of Shadow



Beat Square



Fortune Cup



Concerto Opus



Crystal Cyclone

Consolidated Business Performance

(Yen in Billions)

	FY2017 H1	percentile	FY2018 H1	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	101.4	100.0%	115.4	100.0%	14.0	13.8%
Total cost of revenue	△ 61.0	60.1%	△ 66.7	57.8%	△ 5.7	
SG&A	△ 20.8	20.5%	△ 23.3	20.2%	△ 2.5	
Other income and other expenses	△ 2.6	2.6%	△ 0.4	0.4%	2.2	
Operating profit	17.0	16.8%	25.0	21.6%	7.9	46.4%
Finance income	0.1		0.2		0.1	
Finance costs	△ 1.0		△ 0.4		0.6	
Profit from investments accounted for using the equity method	0.1		0.1		△ 0.0	
Profit before income taxes	16.2	16.0%	24.8	21.5%	8.6	52.9%
Income taxes	△ 4.0	4.0%	△ 7.7	6.6%	△ 3.6	
Profit for the period	12.2	12.1%	17.2	14.9%	5.0	40.5%
Profit attributable to:						
Owners of the parent	12.2	12.0%	17.2	14.9%	5.0	40.6%
Non-controlling interests	0.0	0.0%	0.0	0.0%	△ 0.0	

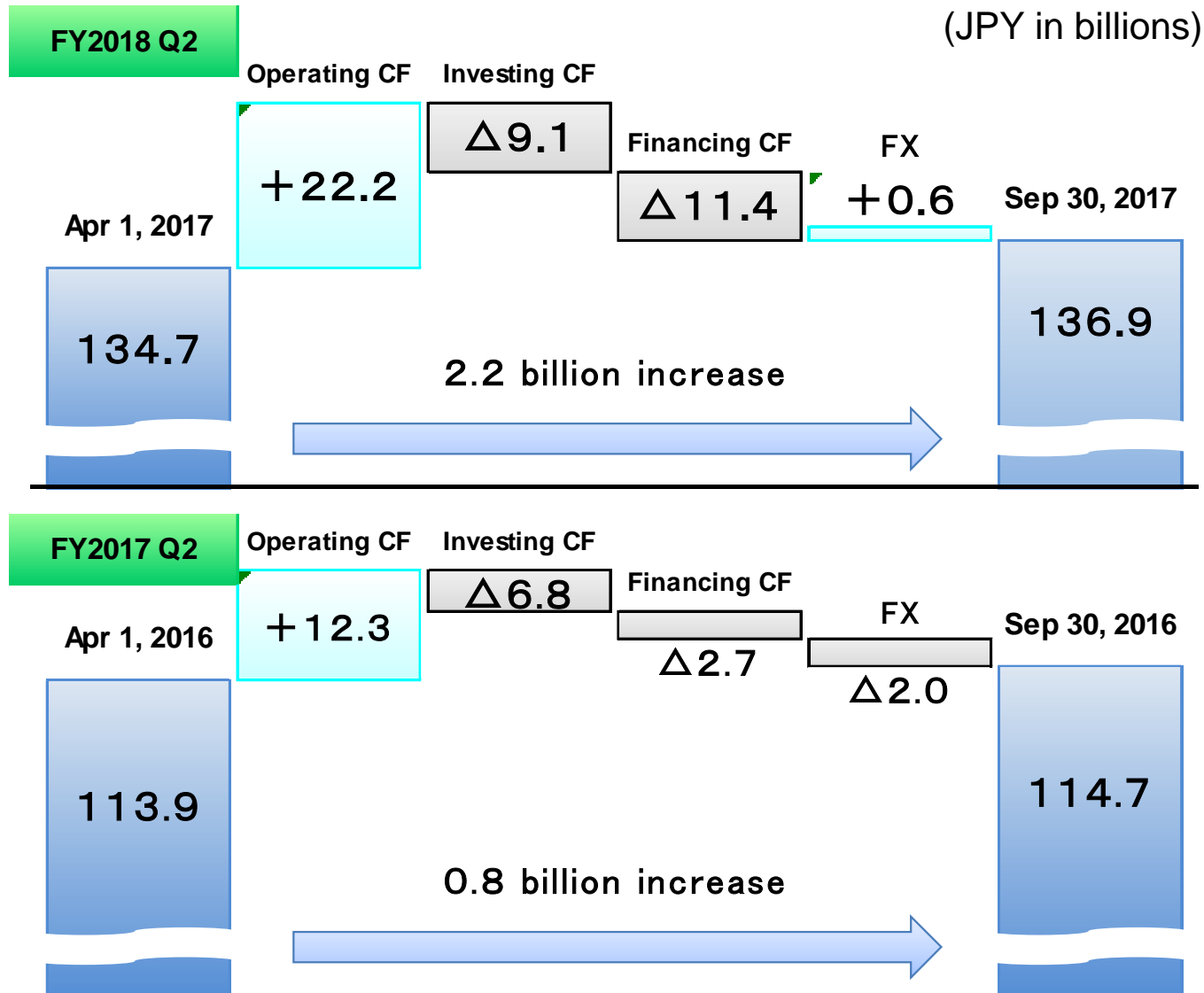
Consolidated Financial Position

(Yen in Billions)

	March 31, 2017	Sept. 30, 2017	change		March 31, 2017	Sept. 30, 2017	change
Current assets				Current liabilities			
Cash and cash equivalents	134.7	136.9	2.2	Bonds and borrowings	10.6	10.6	0.0
Trade and other receivables	26.0	29.7	3.7	Trade and other payables	25.9	26.2	0.4
Inventories	7.4	9.8	2.4	Other current liabilities	20.4	26.1	5.7
Other current assets	6.8	8.7	1.8	Total current liabilities	56.8	62.9	6.1
Total current assets	174.9	185.1	10.2	Non-current liabilities			
	51.9%	52.9%		Bonds and borrowings	19.7	14.7	△ 5.0
Non-current assets				Other non-current liabilities	25.4	24.5	△ 0.9
Property, plant and equipment, net	75.6	76.2	0.6	Total non-current liabilities	45.1	39.2	△ 5.9
Goodwill and intangible assets	34.8	37.9	3.1	Total liabilities	102.0	102.1	0.2
Investments accounted for using the equity method	2.8	2.9	0.1	Total equity attributable to owners of the parent	234.4	246.7	12.3
Deferred tax assets	22.3	21.5	△ 0.9		69.5%	70.6%	
Other non-current assets	26.7	26.0	△ 0.7	(per share: yen)	1,624.66	1,824.21	199.5
Total non-current assets	162.2	164.5	2.3	Non-controlling interests	0.8	0.8	0.0
	48.1%	47.1%		Total equity	235.2	247.5	12.3
Total assets	337.1	349.6	12.4	Total liabilities and equity	337.1	349.6	12.4

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Consolidated Cash Flows



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THANK YOU

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