

KONAMI

FY2018 3rd Quarter Financial Results

Nine months ended December 31, 2017

KONAMI HOLDINGS CORPORATION
January 31, 2018

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, Gaming & Systems business and Amusement 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 Q1-3	FY2018 Q1-3	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance
	9 months ended December 2016	9 months ended December 2017			12 months ending March 2018
Revenue	163.9	178.7	14.7	+9.0%	245.0
Operating profit	29.6	38.5	8.9	+30.2%	40.0
Profit before income taxes	28.9	38.1	9.3	+32.1%	39.0
Profit for the period <small>(attributable to owners of the parent)</small>	20.7	26.0	5.4	+26.1%	27.0
Earnings per share (JPY)	152.70	192.50	39.80		199.65

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2017 Q1-3 9 months ended December 2016	FY2018 Q1-3 9 months ended December 2017	YoY Change (Amount)	YoY Change (%)	FY2018 Guidance 12 months ending March 2018
Revenue					
Digital Entertainment	73.7	89.7	16.0	+21.7%	118.0
Health & Fitness	51.9	49.7	△ 2.2	△4.3%	69.0
Gaming & Systems	21.7	20.7	△ 1.1	△4.9%	32.0
Amusement	17.1	19.8	2.7	+15.6%	27.0
Eliminations	△ 0.5	△ 1.2	△ 0.7	-	△ 1.0
Total	163.9	178.7	14.7	+9.0%	245.0
Segment profit (loss)					
Digital Entertainment	24.4	29.7	5.3	+21.9%	31.0
Health & Fitness	4.1	3.0	△ 1.1	△26.0%	4.5
Gaming & Systems	2.9	2.7	△ 0.3	△8.6%	5.5
Amusement	3.9	6.5	2.6	+67.9%	5.2
Corporate expenses and eliminations	△ 2.9	△ 2.5	0.4	△12.4%	△ 4.5
Segment profit (loss)	32.4	39.4	7.0	+21.6%	41.7
Other income and other expenses	△ 2.8	△ 0.9	1.9	-	△ 1.7
Total Operating Profit	29.6	38.5	8.9	+30.2%	40.0

Guidance Revision

(Yen in Billions)

	FY2017	FY2018 Initial Guidance	FY2018 Revised Guidance	Change vs. Initial Guidance	YoY Change
	12 months ended March 2017	12 months ending March 2018	12 months ending March 2018		
Revenue	229.9	245.0	240.0	△ 5.0 △2.0%	10.1 +4.4%
Operating profit	36.4	40.0	45.0	5.0 +12.5%	8.6 +23.8%
Profit before income taxes	35.5	39.0	44.0	5.0 +12.8%	8.5 +23.9%
Profit for the period (attributable to owners of the parent)	26.0	27.0	29.0	2.0 +7.4%	3.0 +11.7%
Earnings per share (JPY)	191.89	199.65	214.44	14.79	22.55

Guidance Revision by Business Segment

(Yen in Billions)

	FY2017	FY2018 Initial Guidance	FY2018 Revised Guidance	Change vs. Initial Guidance	YoY Change
	12 months ended March 2017	12 months ending March 2018	12 months ending March 2018		
Revenue					
Digital Entertainment	105.6	118.0	120.0	2.0	14.4
Health & Fitness	68.6	69.0	66.0	△ 3.0	△ 2.6
Gaming & Systems	31.3	32.0	30.5	△ 1.5	△ 0.8
Amusement	25.3	27.0	25.0	△ 2.0	△ 0.3
Eliminations	△ 0.9	△ 1.0	△ 1.5	△ 0.5	△ 0.6
Total	229.9	245.0	240.0	△ 5.0	10.1
Segment profit (loss)					
Digital Entertainment	33.8	31.0	37.0	6.0	3.2
Health & Fitness	4.2	4.5	3.0	△ 1.5	△ 1.2
Gaming & Systems	4.8	5.5	4.5	△ 1.0	△ 0.3
Amusement	5.2	5.2	7.5	2.3	2.3
Corporate expenses and eliminations	△ 4.4	△ 4.5	△ 4.5	0.0	△ 0.1
Segment profit (loss)	43.6	41.7	47.5	5.8	3.9
Other income and other expenses	△ 7.3	△ 1.7	△ 2.5	△ 0.8	4.8
Total Operating Profit	36.4	40.0	45.0	5.0	8.6

Dividend Forecast Revision

(JPY)

	FY2017 12 months ended March 2017	FY2018 Initial Forecast 12 months ending March 2018	FY2018 Revised Forecast 12 months ending March 2018	Change vs. Initial Forecast	YoY Change
Interim dividend	17.00	30.00	30.00	0.00	13.00
Year-end dividend	41.00	30.00	35.00 (Forecast)	5.00	△ 6.00
Annual dividend	58.00	60.00	65.00 (Forecast)	5.00	7.00

Digital Entertainment

Revenue and segment profit

(Yen in Billions)

	FY2017 Q1-3 <small>9 months ended December 2016</small>	FY2018 Q1-3 <small>9 months ended December 2017</small>	YoY Change	FY2018 Initial Guidance <small>12 months ending March 2018</small>	FY2018 Revised Guidance <small>12 months ending March 2018</small>
Revenue	73.7	89.7	+21.7%	118.0	120.0
Segment profit	24.4	29.7	+21.9%	31.0	37.0
Margin	33.1%	33.2%		26.3%	30.8%

FY2018 Q3 summary

- Mobile games including “JIKKYOU PAWAFURU PUROYAKYU” and “PROFESSIONAL BASEBALL SPIRITS A” continue to deliver solid performance. “Winning Eleven Card Collection (PES CARD COLLECTION)” launched in October; conducted major update of “Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)” with over 80 million downloads as of January. “Yu-Gi-Oh! Duel Links” records 60 million downloads as of December while the PC version launched globally
- Global sales of Yu-Gi-Oh! trading card games
- Video games “Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)” and “Super Bomberman R” continue to drive solid performance
- Hosted eSports regional tournaments for PAWAPURO CHAMPIONSHIPS 2017, an officially recognized tournament by Nippon Professional Baseball (NPB), with finals taking place in January

Revenue and segment profit

(Yen in Billions)

	FY2017 Q1-3 <small>9 months ended December 2016</small>	FY2018 Q1-3 <small>9 months ended December 2017</small>	YoY Change	FY2018 Initial Guidance <small>12 months ending March 2018</small>	FY2018 Revised Guidance <small>12 months ending March 2018</small>
Revenue	51.9	49.7	△4.3%	69.0	66.0
Segment profit	4.1	3.0	△26.0%	4.5	3.0
Margin	7.9%	6.1%		6.5%	4.5%

Note: Other expenses of JPY 0.5 billion (FY2017) and JPY 0.1 billion (FY2018) are not included in segment profit

FY2018 Q3 summary

- Rebranded the “XAX” brand as a fitness club dedicated to workout machines / studios; its second club XAX Kanadenomori (Narashino) opened on October 5th
- In-house developed studio exercise program "Cardio Cross" and Les Mills programs “Body Attack” and “Body Jam” introduced in October
- Announced a partnership with Nippon Sport Science University to cooperate on physical education, sports and health related activities to promote measures including career planning for athletes, hosting sport events with top athletes and developing studio exercise programs

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2017 Q1-3 <small>9 months ended December 2016</small>	FY2018 Q1-3 <small>9 months ended December 2017</small>	YoY Change	FY2018 Initial Guidance <small>12 months ending March 2018</small>	FY2018 Revised Guidance <small>12 months ending March 2018</small>
Revenue	21.7	20.7	△ 4.9%	32.0	30.5
Segment profit	2.9	2.7	△ 8.6%	5.5	4.5
Margin	13.4%	12.9%		17.2%	14.8%

* YoY impact from the yen depreciation: revenue JPY +0.9 billion, operating profit JPY +0.1 billion

FY2018 Q3 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 at 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 Q1-3 <small>9 months ended December 2016</small>	FY2018 Q1-3 <small>9 months ended December 2017</small>	YoY Change	FY2018 Initial Guidance <small>12 months ending March 2018</small>	FY2018 Revised Guidance <small>12 months ending March 2018</small>
Revenue	17.1	19.8	+15.6%	27.0	25.0
Segment profit	3.9	6.5	+67.9%	5.2	7.5
Margin	22.6%	32.9%		19.3%	30.0%

Note: Other expenses of JPY 2.3 billion (FY2017) and JPY 0.8 billion (FY2018) are not included in segment profit

FY2018 Q3 summary

- Continued solid performance of “MAH-JONG FIGHT CLUB High Grade Model”; launched music game “beatmania IIDX 25 CANNON BALLERS”, medal games “AnimaLotta Otogino Kunino Anima”, “GI-WorldClassic” and from the FEATURE PREMIUM series “Tower de Patissietta” and “PIRATES A GOGO!”
- Launched “Sengoku Collection 3” with a strong track record of performance from its preceding title

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Titles Released in Oct - Dec 2017 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※1)
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	Dec 2017	AM
Tokimeki Idol	App Store Google Play	Japan	This winter	DE
LOVEPLUS EVERY	App Store Google Play	Japan	This winter	DE
METAL GEAR SURVIVE	PS4 XOne / PC	Global	Feb 2018	DE
DANCERUSH STARDOM	Arcade (Video game)	Japan	Mar 2018	AM
JIKKYOU PAWAFURU PUROYAKYU 2018	PS4 / PS Vita	Japan	Apr 2018	DE
ANUBIS ZONE OF THE ENDERS : M∇RS	PS4 / PS VR PC / Steam VR	Global	Spring 2018	DE
QUIZ MAGIC ACADEMY LOST FANTARIUM	App Store Google Play	Japan	Spring 2018	DE

※1 DE: Digital Entertainment AM: Amusement



JIKKYOU PAWAFURU
PUROYAKYU 2018



METAL GEAR SURVIVE



ANUBIS ZONE OF THE ENDERS : M∇RS



LOVEPLUS EVERY



QUIZ MAGIC ACADEMY
LOST FANTARIUM



DANCERUSH STARDOM

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Titles Released in Oct - Dec 2017 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
Sengoku Collection 3	Pachislot	Japan	Nov 2017	AM
MARBLE FEVER	Arcade (Medal game)	Japan	Mar 2018	AM
Fortune Cup	Gaming Machine	North America	FY Mar 2018 H2	GS
Beat Square	Gaming Machine	North America	FY Mar 2019 H1	GS
Concerto Opus	Gaming Machine	North America	FY Mar 2019 H2	GS
Crystal Cyclone	Gaming Machine	TBD	TBD	GS

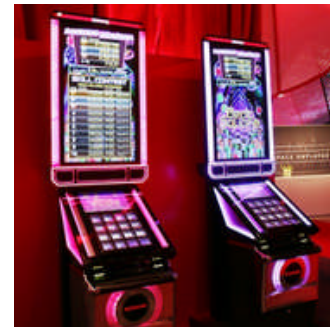
※ AM: Amusement GS: Gaming & Systems



Sengoku Collection 3



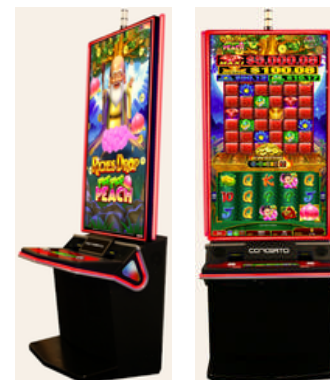
MARBLE FEVER



Beat Square



Fortune Cup



Concerto Opus



Crystal Cyclone

Consolidated Business Performance

(Yen in Billions)

	FY2017 Q1-3	percentile	FY2018 Q1-3	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	163.9	100.0%	178.7	100.0%	14.7	+9.0%
Total cost of revenue	△ 99.9	60.9%	△ 104.6	58.5%	△ 4.7	
SG&A	△ 31.7	19.3%	△ 34.7	19.4%	△ 3.0	
Other income and other expenses	△ 2.8	1.7%	△ 0.9	0.5%	1.9	
Operating profit	29.6	18.0%	38.5	21.6%	8.9	+30.2%
Finance income	0.1		0.2		0.1	
Finance costs	△ 1.0		△ 0.6		0.3	
Profit from investments accounted for using the equity method	0.1		0.1		△ 0.1	
Profit before income taxes	28.9	17.6%	38.1	21.3%	9.3	+32.1%
Income taxes	△ 8.2	5.0%	△ 12.1	6.8%	△ 3.9	
Profit for the period	20.7	12.6%	26.0	14.6%	5.4	+26.0%
Profit attributable to:						
Owners of the parent	20.7	12.6%	26.0	14.6%	5.4	+26.1%
Non-controlling interests	0.0	0.0%	0.0	0.0%	△ 0	

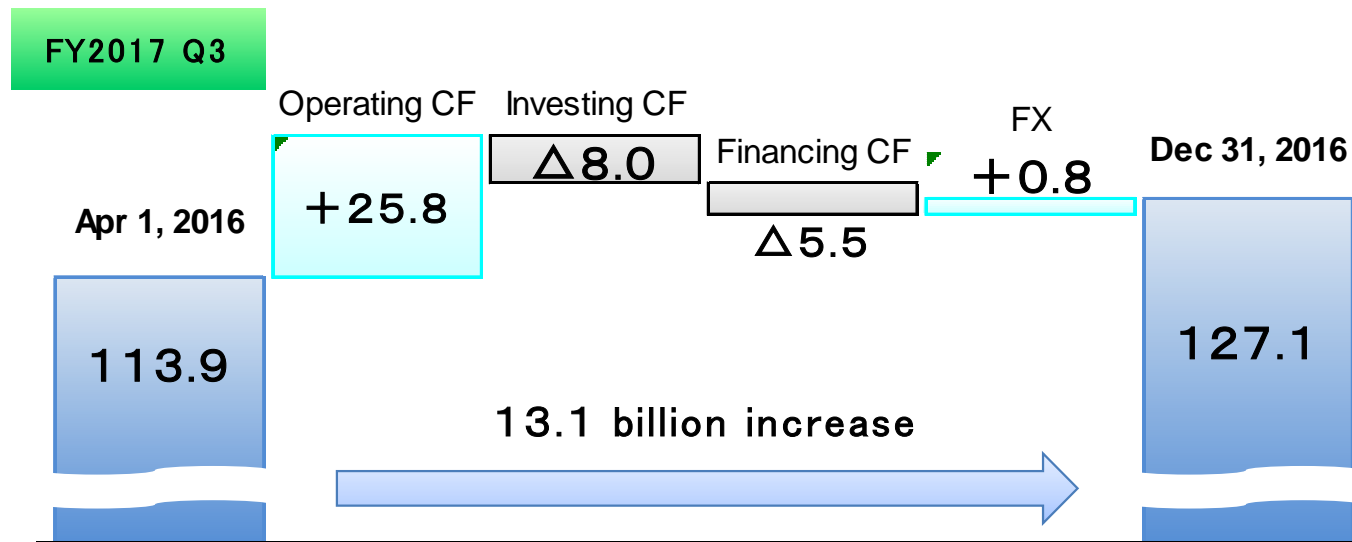
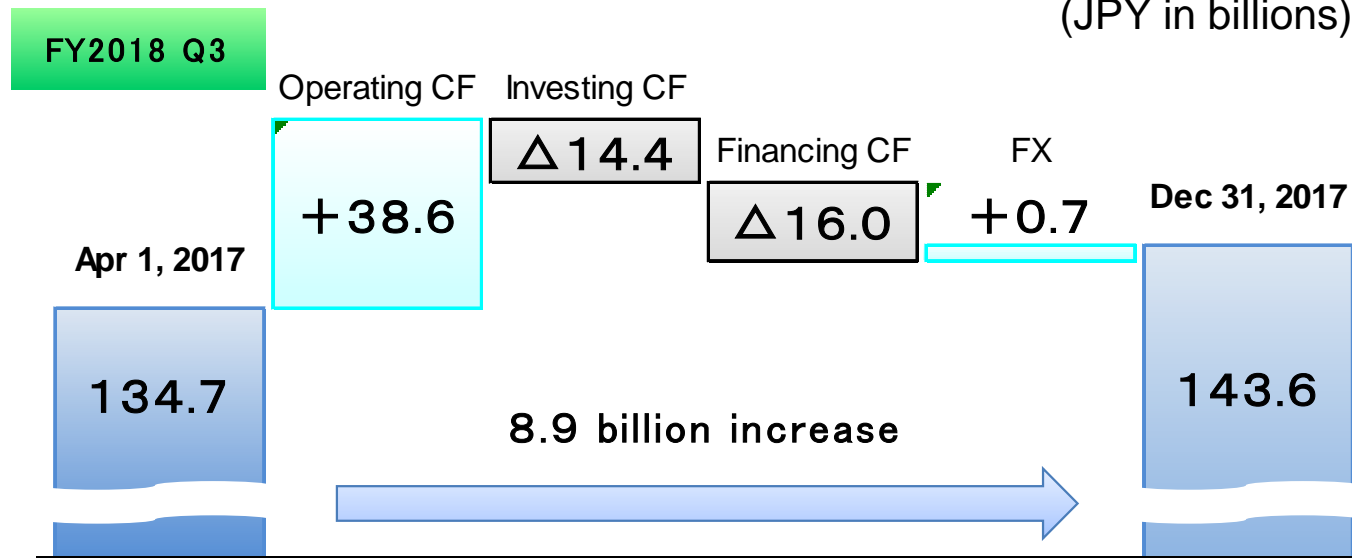
Consolidated Financial Position

(Yen in Billions)

	March 31, 2017	Dec. 31, 2017	change		March 31, 2017	Dec. 31, 2017	change
Current assets				Current liabilities			
Cash and cash equivalents	134.7	143.6	8.9	Bonds and borrowings	10.6	10.6	0.0
Trade and other receivables	26.0	27.5	1.6	Trade and other payables	25.9	26.8	0.9
Inventories	7.4	8.1	0.6	Other current liabilities	20.4	23.6	3.2
Other current assets	6.8	8.7	1.9	Total current liabilities	56.8	61.0	4.1
Total current assets	174.9	187.9	13.0	Non-current liabilities			
	(51.9%)	(53.4%)		Bonds and borrowings	19.7	14.7	△ 4.9
Non-current assets				Other non-current liabilities	25.4	24.0	△ 1.4
Property, plant and equipment, net	75.6	76.8	1.2	Total non-current liabilities	45.1	38.7	△ 6.4
Goodwill and intangible assets	34.8	38.0	3.2	Total liabilities	102.0	99.7	△ 2.2
Investments accounted for using the equity method	2.8	2.8	0.0	Total equity attributable to owners of the parent	234.4	251.6	17.2
Deferred tax assets	22.3	20.2	△ 2.2		(69.5%)	(71.5%)	
Other non-current assets	26.7	26.5	△ 0.2	(per share: JPY)	1,733.57	1,860.70	127.13
Total non-current assets	162.2	164.2	2.0	Non-controlling interests	0.8	0.8	0.0
	(48.1%)	(46.6%)		Total equity	235.2	252.4	17.2
Total assets	337.1	352.1	15.0	Total liabilities and equity	337.1	352.1	15.0

Consolidated Cash Flows

(JPY in billions)



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THANK YOU

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