

KONAMI

FY2019 2nd Quarter Financial Results

Six months ended September 30, 2018

KONAMI HOLDINGS CORPORATION
October 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, Amusement 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 Sports 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

Contents

➤ Consolidated Financial Results	4
➤ Change in Name of Business Segment	5
➤ Revenue and Profit by Business Segment	6
➤ Digital Entertainment	7
➤ Amusement	8
➤ Gaming & Systems	9
➤ Sports	10
➤ Titles Released in Jul - Sep 2018 / Pipeline	11
➤ Consolidated Business Performance	14
➤ Consolidated Financial Position	15
➤ Consolidated Cash Flows	16

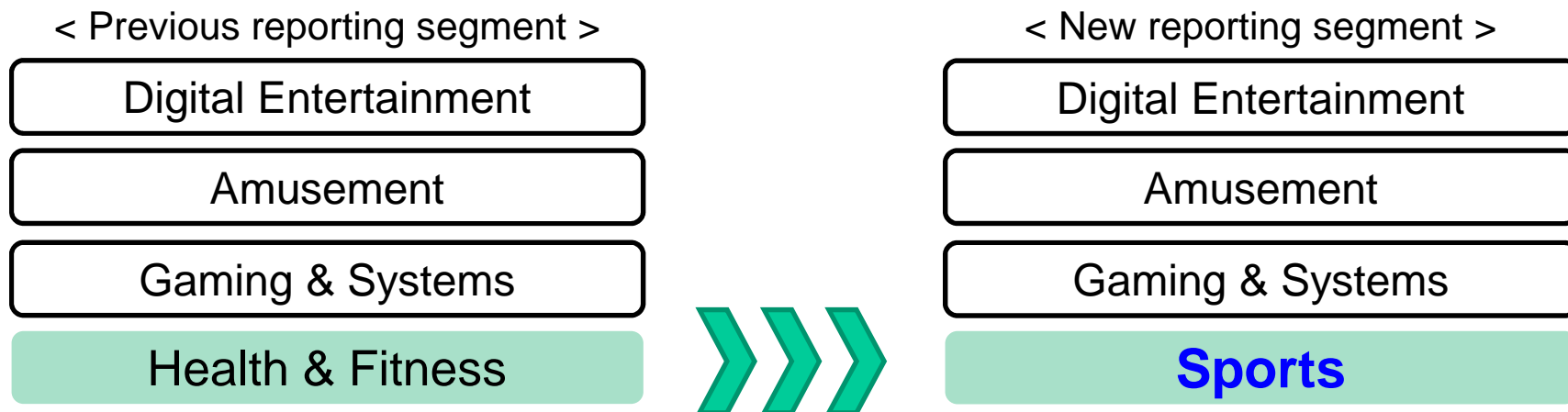
Consolidated Financial Results

(Yen in Billions)

	FY2018 H1 6 months ended September 2017	FY2019 H1 6 months ended September 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	115.4	122.2	6.8	+5.9%	250.0
Operating profit	25.0	25.0	0.1	+0.3%	50.0
Profit before income taxes	24.8	24.9	0.1	+0.5%	49.0
Profit for the period (attributable to owners of the parent)	17.2	17.2	0.0	+0.1%	32.0
Earnings per share (JPY)	127.04	127.16	0.12		236.63
Dividend per share (JPY)	30.00	60.50	35.50		121.00

Change in Name of Business Segment

Commencing the 2nd quarter, the reporting segment previously stated as Health & Fitness business has been changed to Sports business. This change is limited to the name only, hence there is no impact to its segment information.



- The new name will bring clarity to the content of its business:
 - Fitness
 - Operation of exercise lessons including swimming, gymnastics, dancing, soccer, tennis, golf, table tennis, climbing etc.
 - Production and sale of sports related goods

Revenue and Profit by Business Segment

(Yen in Billions)

	FY2018 H1 6 months ended September 2017	FY2019 H1 6 months ended September 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ended March 2019
<u>Revenue</u>					
Digital Entertainment	57.8	66.8	9.1	+15.7%	125.0
Amusement	12.6	11.3	△ 1.2	△ 9.6%	28.0
Gaming & Systems	12.6	12.8	0.2	+1.2%	31.5
Sports	33.0	32.0	△ 1.0	△ 3.0%	67.0
Eliminations	△ 0.6	△ 0.8	△ 0.2	-	△ 1.5
Total	115.4	122.2	6.8	+5.9%	250.0
<u>Segment profit (loss)</u>					
Digital Entertainment	19.3	20.4	1.2	+6.1%	37.5
Amusement	4.6	3.1	△ 1.5	△ 33.3%	8.0
Gaming & Systems	1.2	1.6	0.4	+28.4%	5.5
Sports	1.8	1.9	0.1	+2.8%	3.5
Corporate expenses and eliminations	△ 1.5	△ 1.9	△ 0.3	-	△ 4.5
Segment profit (loss)	25.4	25.1	△ 0.3	△ 1.2%	50.0
Other income and other expenses	△ 0.4	△ 0.0	0.4	-	0.0
Total Operating Profit	25.0	25.0	0.1	+0.3%	50.0

Digital Entertainment

Revenue and segment profit

	FY2018 H1 6 months ended September 2017	FY2019 H1 6 months ended September 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	57.8	66.8	9.1	+15.7%	125.0
Segment profit	19.3	20.4	1.2	+6.1%	37.5
Margin	33.3%	30.6%			30.0%

(Yen in Billions)

FY2019 Q2 summary

- Global rise in soccer enthusiasm led to continued strong performance of mobile game “Winning Eleven 2018 (PRO EVOLUTION SOCCER 2018)”, while “JIKKYOU PAWAFURU PUROYAKYU” and “PROFESSIONAL BASEBALL SPIRITS A” etc. delivered solid results
- Hosted the Yu-Gi-Oh! World Championship 2018, an eSports tournament to determine the world's No.1 Duelist for the Yu-Gi-Oh! series in light of stimulating the card game series for the upcoming 20th anniversary in 2019
- Released video game “Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)” with increased worldwide attention on soccer leading to favorable performance including its online mode “myClub”
- eSports initiatives: “Winning Eleven 2018” featured at the 18th Asian Games (Indonesia). “Winning Eleven 2019” was chosen for the cultural program at the 74th National Sports Festival (Ibaraki), “JIKKYOU PAWAFURU PUROYAKYU” series was selected for the same program at the 73rd National Sports Festival (Fukui)

Revenue and segment profit

	FY2018 H1 6 months ended September 2017	FY2019 H1 6 months ended September 2018	YoY Change (Amount)	YoY Change (%)	(Yen in Billions) FY2019 Guidance 12 months ending March 2019
Revenue	12.6	11.3	△ 1.2	△ 9.6%	28.0
Segment profit	4.6	3.1	△ 1.5	△ 33.3%	8.0
Margin	36.7%	27.1%			28.6%

Note: Other expense of JPY 300 million (FY2018) is not included in segment profit

FY2019 Q2 summary

- Solid performance of “MAH-JONG FIGHT CLUB” and “BOMBERGIRL”, based on the Bomberman franchise with a team battle element. Launched “BASEBALL COLLECTION”, an authentic professional baseball card game, “BOMBERMAN THE MEDAL”, a medal-game suitable for all generations with up to 8 players, and “Color Colotta Taiyo to Himitsu no Shima”, a latest release from the “Color Colotta” medal-game series featuring colored-roulette jackpots
- Announced the drafted players to participate in the Professional Mahjong league “M League” launched in October 2018

Gaming & Systems

Revenue and segment profit

(Yen in Billions)

	FY2018 H1 6 months ended September 2017	FY2019 H1 6 months ended September 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	12.6	12.8	0.2	+1.2%	31.5
Segment profit	1.2	1.6	0.4	+28.4%	5.5
Margin	9.8%	12.4%			17.5%

* YoY impact from forex: revenue JPY Δ 100 million, operating profit JPY Δ 20 million

FY2019 Q2 summary

- Expanded sales of the Concerto series including “Concerto Crescent” and “Concerto Stack” in North America, Asia and Oceania
- Installment of “Fortune Cup”, a multi-station machine featuring a mechanical horse racing track based on Konami’s proven experience and technology from amusement machines, to vitalize the market with new forms of entertainment
- Continued installment of casino management system “SYNKROS” in cruise ships
- Announced new products for the October show Global Gaming Expo 2018 in Las Vegas including 65-inch cabinet “Concerto Opus” and the all-new upright cabinet “KX 43”

Revenue and segment profit

(Yen in Billions)

	FY2018 H1 6 months ended September 2017	FY2019 H1 6 months ended September 2018	YoY Change (Amount)	YoY Change (%)	FY2019 Guidance 12 months ending March 2019
Revenue	33.0	32.0	△ 1.0	△ 3.0%	67.0
Segment profit	1.8	1.9	0.1	+2.8%	3.5
Margin	5.5%	5.8%			5.2%

Note: Other expense of JPY 100 million (FY2018) is not included in segment profit

FY2019 Q2 summary

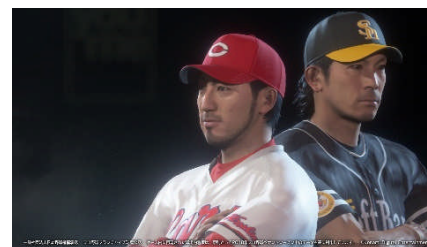
- July opening of XAX Umeda X-STUDIO with fitness space for studio programs with an all-new feel
- The first full-service sports club in Japan to launch table tennis and trampoline lessons with plans to further expand the program offerings across more facilities. Continued focus on enhancing exercise lessons e.g. hosting running lessons for children based on running methods produced by former Olympic athlete Dai Tamesue

KONAMI

Titles Released in Jul - Sep 2018 / Pipeline(1)

Title	Platform	Geography	Release Date	Business Segment (※)
Winning Eleven 2019 (PRO EVOLUTION SOCCER 2019)	PS4 XOne / PC	Global	Aug 2018	DE
Weekly Shonen Jump Jikkyou Jan Jan Stadium	App Store Google Play	Japan	Aug 2018	DE
ANUBIS ZONE OF THE ENDERS : M V R S	PS4 / PS VR Steam / Steam VR	Global	Sep 2018	DE
Yu-Gi-Oh! DUEL LINKS Chinese title: "游戏王: 决斗链接"	App Store Android	China	TBD	DE
LOVEPLUS EVERY	App Store Google Play	Japan	TBD	DE
DANKIRA!!! - Boys, be DANCING! -	App Store Google Play	Japan	TBD	DE
Castlevania Grimoire of Souls	App Store Google Play	Global	TBD	DE
Hyper Sports R	Nintendo Switch™	Global	TBD	DE
Professional Baseball Spirits (working title)	PS4 / PS Vita	Japan	TBD	DE

※ DE: Digital Entertainment



Professional Baseball Spirits
(working title)



Winning Eleven 2019
PRO EVOLUTION SOCCER 2019



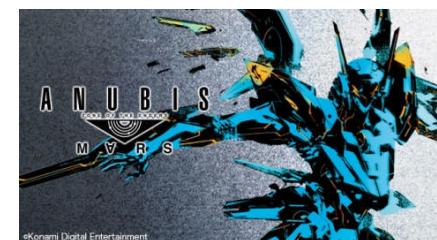
LOVEPLUS EVERY



DANKIRA!!! - Boys, be DANCING! -



Hyper Sports R



ANUBIS ZONE OF THE ENDERS : M V R S

KONAMI

Titles Released in Jul - Sep 2018 / Pipeline(2)

Title	Platform	Geography	Release Date	Business Segment (※)
BOMBERMAN THE MEDAL	Amusement machine	Japan	2018年7月	AM
Color Colotta Taiyo to Himitsu no Shima	Amusement machine	Japan	Jul 2018	AM
BOMBERGIRL	Amusement machine	Japan	Aug 2018	AM
BASEBALL COLLECTION	Amusement machine	Japan	Sep 2018	AM
EL INCA Ougonbunmei	Amusement machine	Japan	Jul 2018	AM
ROULETTE QUEEN Megami no Rashinban	Amusement machine	Japan	Aug 2018	AM
Sencolle! Taiheijokun Tokugawa Iyasu	Amusement machine	Japan	Nov 2018	AM
SYNKROS 3.24.6	Casino Management System (Software)	North America	FY Mar 2019 H2	GS
SYNKROS 3.24.7	Casino Management System (Software)	North America	FY Mar 2019 H2	GS
Beat Square	Gaming Machine	North America	FY Mar 2019 H2	GS
Concerto Opus	Gaming Machine	North America	FY Mar 2019 H2	GS
KX 43	Gaming Machine	North America	FY Mar 2019 H2	GS
Crystal Cyclone	Gaming Machine	TBD	TBD	GS

※ AM: Amusement GS: Gaming & Systems



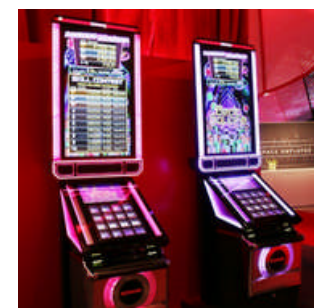
BOMBERMAN THE MEDAL



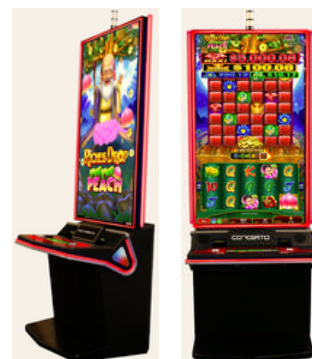
Color Colotta Taiyo to Himitsu no Shima



BOMBERGIRL



Beat Square



Concerto Opus



KX 43

Featured Topics for Q3 & onwards



Consolidated Business Performance

(Yen in Billions)

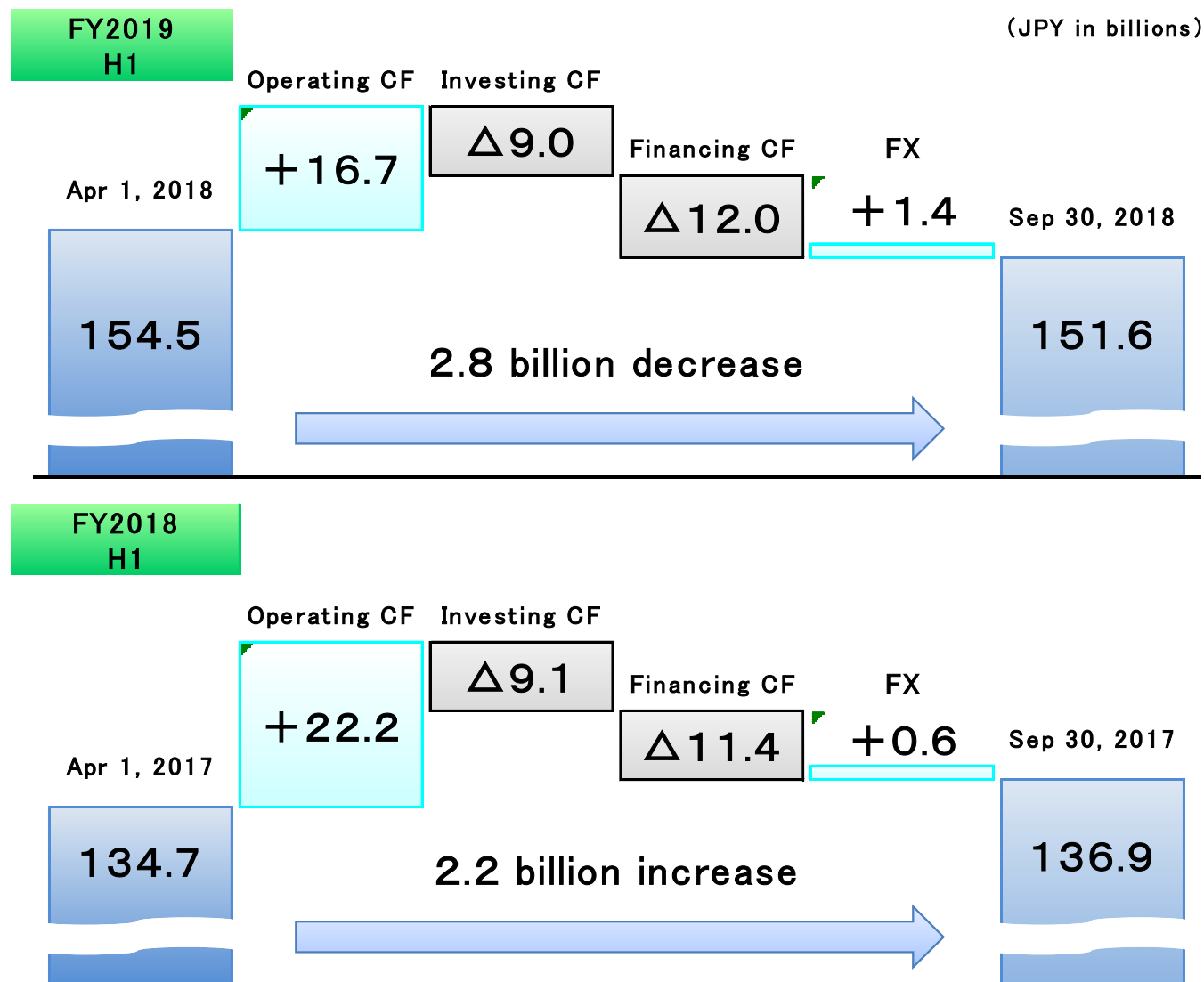
	FY2018 H1	percentile	FY2019 H1	percentile	YoY Change (Amount)	YoY Change (%)
Revenue	115.4	100.0%	122.2	100.0%	6.8	5.9%
Total cost of revenue	△ 66.7	57.8%	△ 72.4	59.3%	△ 5.7	
SG&A	△ 23.3	20.2%	△ 24.7	20.2%	△ 1.4	
Other income and other expenses	△ 0.4	0.4%	△ 0.0	0.0%	0.4	
Operating profit	25.0	21.6%	25.0	20.5%	0.1	0.3%
Finance income	0.2		0.3		0.1	
Finance costs	△ 0.4		△ 0.4		0.0	
Profit from investments accounted for using the equity method	0.1		0.0		△ 0.1	
Profit before income taxes	24.8	21.5%	24.9	20.4%	0.1	0.5%
Income taxes	△ 7.7	6.6%	△ 7.8	6.3%	△ 0.1	
Profit for the period	17.2	14.9%	17.2	14.1%	0.0	0.1%
Profit attributable to:						
Owners of the parent	17.2	14.9%	17.2	14.1%	0.0	0.1%
Non-controlling interests	0.0	0.0%	0.0	0.0%	△ 0.0	

Consolidated Financial Position

(Yen in Billions)

	March 31, 2018	Sept. 30, 2018	change		March 31, 2018	Sept. 30, 2018	change
Current assets				Current liabilities			
Cash and cash equivalents	154.5	151.6	Δ 2.8	Bonds and borrowings	11.9	11.8	Δ 0.1
Trade and other receivables	26.1	30.1	4.0	Trade and other payables	31.3	27.6	Δ 3.7
Inventories	6.8	10.5	3.6	Other current liabilities	26.1	27.0	0.9
Other current assets	8.3	8.2	Δ 0.1	Total current liabilities	69.3	66.4	Δ 2.9
Total current assets	195.7	200.4	4.7	Non-current liabilities			
(53.9%)		(54.4%)		Bonds and borrowings	14.7	9.8	Δ 5.0
Non-current assets				Other non-current liabilities	24.5	23.6	Δ 1.0
Property, plant and equipment, net	79.1	78.8	Δ 0.3	Total non-current liabilities	39.3	33.4	Δ 5.9
Goodwill and intangible assets	36.9	39.4	2.5	Total liabilities	108.6	99.7	Δ 8.8
Investments accounted for using the equity method	3.0	3.0	Δ 0.1	Total equity attributable to owners of the parent	253.8	268.0	14.2
Deferred tax assets	22.0	21.2	Δ 0.8	(69.9%)		(72.7%)	
Other non-current assets	26.5	25.8	Δ 0.7	(per share: JPY)	(1,876.62)	(1,981.78)	(105.16)
Total non-current assets	167.4	168.1	0.7	Non-controlling interests	0.8	0.8	0.0
(46.1%)		(45.6%)		Total equity	254.5	268.8	14.2
Total assets	363.1	368.5	5.4	Total liabilities and equity	363.1	368.5	5.4

Consolidated Cash Flows



KONAMI



THANK YOU

©KONAMI