

**Consolidated Financial Results
for the Year Ended March 31, 2021
(Prepared in Accordance with IFRS)**

May 13, 2021

KONAMI HOLDINGS CORPORATION

Address: 11-1, Ginza 1-chome, Chuo-ku, Tokyo, Japan
 Stock code number, TSE: 9766
 Ticker symbol, LSE: KNM
 URL: <https://www.konami.com/>
 Shares listed: Tokyo Stock Exchange and London Stock Exchange
 Representative: Kimihiko Higashio, Representative Director, President
 Contact: Junichi Motobayashi, Corporate Officer, General Manager, Finance Division
 (Phone: +81-3-6636-0573)
 Date of General Shareholders Meeting: June 24, 2021
 Beginning date of dividend payment: June 8, 2021

(Amounts are rounded to the nearest million, except percentages and per share amounts)

1. Consolidated Financial Results for the Year Ended March 31, 2021
(1) Consolidated Results of Operations

(Millions of Yen, except percentages and per share amounts)

	Revenue	Business profit	Operating profit	Profit before income taxes	Profit for the year	Profit attributable to owners of the parent
Year ended March 31, 2021	272,656	64,164	36,550	35,581	32,274	32,261
% change from previous year	3.7%	44.8%	18.0%	17.1%	62.2%	62.2%
Year ended March 31, 2020	262,810	44,297	30,972	30,395	19,897	19,892
% change from previous year	0.1%	(18.8)%	(38.7)%	(39.6)%	(41.9)%	(41.8)%

Total comprehensive income for the year: Year ended March 31, 2021: ¥34,536 million; 89.4%

Year ended March 31, 2020: ¥18,234 million; (48.2)%

Note) Business profit is calculated by deducting "cost of revenue" and "selling, general and administrative expenses" from "revenue."

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)	Return on profit attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended March 31, 2021	242.17	238.33	11.4%	7.8%	13.4%
Year ended March 31, 2020	147.26	145.08	7.3%	7.6%	11.8%

Reference: Profit (loss) from investments accounted for using the equity method

Year ended March 31, 2021: ¥ 57 million

Year ended March 31, 2020: ¥(26) million

(2) Consolidated Financial Position

(Millions of Yen, except percentages and per share amounts)

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share (yen)
March 31, 2021	489,006	299,542	298,727	61.1%	2,242.47
March 31, 2020	419,134	268,943	268,141	64.0%	2,012.85

(3) Consolidated Cash Flows

(Millions of Yen)

	Net cash provided by (used in)			Cash and cash equivalents at the end of year
	Operating activities	Investing activities	Financing activities	
Year ended March 31, 2021	69,770	(22,412)	22,426	202,430
Year ended March 31, 2020	51,166	(62,147)	(15,869)	131,432

2. Cash Dividends

Record Date	Cash dividends per share (yen)					Total cash dividends (annual)	Payout ratio (consolidated)	Cash dividend rate for equity attributable to owners of the parent (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Annual			
Year ended March 31, 2020	-	38.00	-	7.00	45.00	¥6,071 million	30.6%	2.2%
Year ended March 31, 2021	-	22.50	-	50.50	73.00	¥9,725 million	30.1%	3.4%
Year ending March 31, 2022 (Forecast)	-	36.50	-	36.50	73.00		-	

3. Consolidated Earnings Forecast for the Year Ending March 31, 2022

It is difficult to reasonably calculate the impact of coronavirus outbreak on our projected consolidated results at present. Projected consolidated results for the fiscal year ending March 31, 2022 has consequently not been determined. We will carefully assess the projections and announce it promptly when we can disclose it.

Noted Items

(1) Changes in significant consolidated subsidiaries during the period (status changes of subsidiaries due to changes in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimate

1. Changes in accounting policies required by IFRS: No
2. Other changes: Yes
3. Changes in accounting estimate: No

(3) Number of shares issued (Share capital)

1. Number of shares issued: (Treasury shares included)

As of March 31, 2021	143,500,000 shares
As of March 31, 2020	143,500,000 shares
2. Number of treasury shares:

As of March 31, 2021	10,286,773 shares
As of March 31, 2020	10,285,500 shares
3. Average number of shares outstanding:

Year ended March 31, 2021	133,214,149 shares
Year ended March 31, 2020	135,077,487 shares

(Reference) Summary of Non-consolidated Financial Results

Results for the Year Ended March 31, 2021

(1) Non-consolidated Results of Operation (Millions of Yen, except percentages and per share amounts)

	Operating revenues	Operating income	Ordinary income	Net income
Year ended March 31, 2021	52,495	49,862	50,153	13,909
% change from previous year	35.5%	39.5%	39.4%	(60.6)%
Year ended March 31, 2020	38,747	35,740	35,983	35,286
% change from previous year	55.8%	63.5%	63.6%	61.4%

	Basic net income per share (yen)	Diluted net income per share (yen)
Year ended March 31, 2021	104.41	102.60
Year ended March 31, 2020	261.23	256.85

(2) Non-consolidated Financial Position (Millions of Yen, except percentages)

	Total assets	Total net assets	Equity ratio	Net assets per share (yen)
March 31, 2021	329,278	248,728	75.5%	1,867.14
March 31, 2020	278,767	238,758	85.6%	1,792.29

Reference: Total Stockholders' equity

Year ended March 31, 2021: ¥248,728 million

Year ended March 31, 2020: ¥238,758 million

Earnings release (Kessan Tanshin) regarding these consolidated financial results is not subject to auditing procedures.

Cautionary statement with respect to forward-looking statements and other matters:

Statements made in this document with respect to our current plans, estimates, strategies and beliefs, including the above forecasts, are forward-looking statements about our future performance. 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: (i) changes in economic conditions affecting our operations; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (iii) our 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; (iv) the timing of the release of new game titles and products, especially game titles and products that are part of historically popular series; (v) our ability to successfully expand internationally with a focus on our Digital Entertainment, Amusement, and Gaming & Systems businesses; (vi) our ability to successfully expand the scope of our business and broaden our customer base through our Sports business; (vii) regulatory developments and changes and our ability to respond and adapt to those changes; (viii) our expectations with regard to further acquisitions and the integration of any companies we may acquire; and (ix) the outcome of existing contingencies.

Please refer to page from 10 to 13 for further information regarding our business forecasts.

KONAMI HOLDINGS CORPORATION (the “Company”) disclosed the supplemental data for the consolidated financial statements via the Company's website on May 13, 2021.

1. Business Performance

(1) Overview of Business Performance

(i) Business Performance

For the fiscal year ended March 31, 2021, the economy remains stagnant with global restrictions on social and economic activities, due to the coronavirus outbreak. Prolonged coronavirus outbreak continues to impact on the economy and the future business environment remains significantly uncertain, thus it is expected that world-wide economic recovery requires more time.

Under such circumstances, revenues of some business segments were impacted from temporal closures to prevent the coronavirus outbreak as well as world-wide economic slowdown. However, strong performance of products and services in the Digital Entertainment business including mobile games, computer and video games and card games led to an increase in revenues and business profit has reached a record high. Moreover, operating profit, profit before income tax and profit attributable to owners of the parent for the fiscal year ended March 31, 2021 have all increased.

Starting from the fiscal year ended March 31, 2021, the name of the profit, which is calculated by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue,” has been defined as “Business profit.”

In terms of the consolidated results for the fiscal year ended March 31, 2021, total revenue amounted to ¥272,656 million (a year-on-year increase of 3.7%), business profit was ¥64,164 million (a year-on-year increase of 44.8%), operating profit was ¥36,550 million (a year-on-year increase of 18.0%), profit before income taxes was ¥35,581 million (a year-on-year increase of 17.1%), and profit attributable to owners of the parent was ¥32,261 million (a year-on-year increase of 62.2%).

(ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Year ended March 31, 2020	Year ended March 31, 2021	% change
Total revenue:			
Digital Entertainment	¥153,395	¥204,185	33.1
Amusement	23,718	17,636	(25.6)
Gaming & Systems	28,401	16,643	(41.4)
Sports	58,984	36,409	(38.3)
Intersegment eliminations	(1,688)	(2,217)	-
Total revenue	¥262,810	¥272,656	3.7

Digital Entertainment

In the entertainment market, future development of game contents is expected through the functional enhancement of various devices, including mobile devices and video game consoles, and the standardization of next generation communication systems. In conjunction with the changing times, the preference for enriching daily life through full and abundant experiences in personal spending has been strengthened. In the game industry, new experiences through game content are being offered in various ways, including eSports, which is regarded as a form of sports competition and is becoming well-known to a wide range of users and attracting more and more fans.

Under such circumstances, in the global market, as for mobile games in the Digital Entertainment segment, *eFootball Winning Eleven 2021* (Known overseas as *eFootball PES 2021*) and *Yu-Gi-Oh! DUEL LINKS* led our revenue. Furthermore, we have introduced a major update to *Frogger in Toy Town*, which has been released via Apple Arcade.

In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform strongly and various titles, including *JIKKYOU PAWAFURU PUROYAKYU*, have received favorable reviews. In particular for *JIKKYOU PAWAFURU PUROYAKYU*, we started providing online animated videos to make the story in the “SUCCESS MODE,” one of the most attractive modes, more fun for more users.

As for card games, we continued to expand *Yu-Gi-Oh! TRADING CARD GAME* globally and received favorable reviews in the global and domestic market even in the coronavirus crisis. Through sales promotions in conjunction with the latest TV commercial, we continue to generate interest for *Yu-Gi-Oh! RUSH DUEL* among younger users, mainly elementary school students.

As for computer and video games, *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban* became a hot title for online content and various media, and its cumulative sales shipments since release are on track to exceed three million units.

Furthermore, the shipments have reached over three million units as of May 2021.

VR band performance game *BEAT ARENA* was released as the first title for the *Oculus Quest* series, which is a VR game system offered by Facebook and a digital version of *Solomon Program* for Nintendo Switch™ was released for free with basic gameplay. Furthermore, we made an announcement that the latest title for the *PROFESSIONAL BASEBALL SPIRITS* series, *eBASEBALL PROFESSIONAL BASEBALL SPIRITS 2021 Grand slam*, and *Yu-Gi-Oh! RUSH DUEL: Saikyou Battle Royale!!* are intended to be released in summer 2021. In addition, the latest title for the *Bomberman* series, a digital version of *SUPER BOMBERMAN R ONLINE*, is intended to be released for multiple platforms.

As part of our continued active efforts in eSports, with the selection of “*eBASEBALL PAWAFURU PUROYAKYU 2020*” for “TOKYO eSPORTS FESTA 2021,” an exciting online competition was held. In the “eBASEBALL Pro League” 2020 season, which is organized along with Nippon Professional Baseball (NPB), the “eClimax Series” and “eNippon Series” were held to decide the best baseball clubs in Japan. A game competition, “Momotetsu Grand Prix,” which featured *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban* in a celebrity-only exhibition match, was held and attracted many fans. In the “eFootball League 2020-21 Season,” the official eSports tournament for the *Winning Eleven* series, the tournament was divided into two categories: “eFootball.Pro,” a professional tournament and “eFootball.Open,” a tournament open to all players. The qualifying rounds for both tournaments are still being held.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2021 in this segment amounted to ¥204,185 million (a year-on-year increase of 33.1%) and business profit for the fiscal year ended March 31, 2021 amounted to ¥73,446 million (a year-on-year increase of 70.0%).

Amusement

In the amusement industry market, the coronavirus outbreak around the world had an effect on sales of amusement machines and e-amusement participation (revenue share business) due to temporal closure of amusement facilities. The facilities in Japan have resumed operations since state-of-emergency declaration from government and business suspension request from local governments were lifted last year and the number of visitors has been recovering in phases, however, the domestic market is uncertain at present. As for the global market, recovery will take more time.

Under such circumstances, in regard to our video games for amusement facilities, *BUSOU SHINKI: Armored Princess Battle Conductor* was released and the latest title for the *SOUND VOLTEX* series, *SOUND VOLTEX -Valkyrie model-*, was also released. In addition, the latest title for the *FORTUNE TRINITY* series, *FORTUNE TRINITY: Treasure Festival of Spirits*, and the latest title for the *Anima Lotta* series, *Anima Lotta: A Tale of Anima and Stars*, were released. In regard to “KONAMI AMUSEMENT

GAME STATION," which delivers arcade games to PCs and smartphones, various titles were released, such as the music games *pop'n music Lively*, *GITADORA*, *NOSTALGIA* and medal game *Medal corner*.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2021 in this segment amounted to ¥17,636 million (a year-on-year decrease of 25.6%) and business profit for the fiscal year ended March 31, 2021 amounted to ¥2,413 million (a year-on-year decrease of 54.8%).

Gaming & Systems

In the gaming market, various measures were taken by governments of each nation to mitigate the coronavirus outbreak. As a result, casino facilities were closed temporarily from March 2020, except in some areas. Although certain restrictions remain, most casino facilities in the U.S. have resumed operations in phases and the market is recovering. It will take time for the market to fully recover under this severe business environment due to continued travel restrictions, however, the market is expected to recover gradually.

Under these circumstances, we launched a new slot machine, the *DIMENSION 49*TM, featuring a "J" curve display dedicated to participation (revenue share business). In addition, we recognized revenue for the sale of slot machines including our core *KX 43*TM upright cabinet, the *DIMENSION 27*TM and the *DIMENSION 49*TM as well as revenue from participation agreements (in which profits are shared with casino operators). The *SYNKROS*[®] casino management system was introduced into major casino operators in the North American and Australian markets, and new contracts are being entered into.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2021 in this segment amounted to ¥16,643 million (a year-on-year decrease of 41.4%) and business loss for the fiscal year ended March 31, 2021 amounted to ¥2,077 million (business profit for the fiscal year ended March 31, 2020 amounted to ¥1,782 million).

Sports

Through the change of lifestyle, such as voluntary stay-at-home to avoid the coronavirus outbreak and encouraged work-from-home, concerns about health effects which are caused by lack of exercise and feeling stressed are socially growing. In connection with the sports industry, improved hygiene managements and new services for health have been required so that customers can exercise safely.

Under such circumstances, state-of-emergency declaration from government and business suspension request from local governments forced us to take measures to

avoid the coronavirus outbreak, such as temporal closure of both directly managed and outsourced facilities and shortened business hours. As a result, total revenue from this business decreased. In addition to complying with the guidelines determined by general incorporated association FIA (Fitness Industry Association of Japan), we are taking measures to prevent the coronavirus outbreak in line with our company standards, such as ozone sanitization, which has been proven to inactivate COVID-19, the introduction of an online fitness reservation system, and online announcements regarding crowding situations at our facilities to avoid outbreaks and the “Three Cs” with the highest priority of ensuring safety and security of customers and employees.

As for the operation of outsourced facilities, the facilities are forced to be closed temporarily and shortened its business hours due to requests mainly from local governments and corporate companies entering into contracts. Meanwhile, we started the operation of new outsourced facilities such as the Kawasaki Shimin Plaza (Kawasaki City, Kanagawa Prefecture), Sakai City Ebara Oike Gymnasium (Sakai City, Osaka Prefecture), Oita City Comprehensive Gymnasium (Oita City, Oita Prefecture), Funabashi City Sports Park and Hoten Park (Funabashi City, Chiba Prefecture) using our know-how accumulated through sports club operation over many years.

We continue to enhance our products and services, including offering original Konami Sports Club exercise videos for free; releasing “AEROBIKE EXS,” a new fitness bike for use at home that links to an app; starting the sale of original protein supplement “asu-body”; and providing a variety of home fitness equipment via our official online shop. We are also focusing on the need to address concerns about exercising at our facilities under the current situation and increasing opportunities to exercise at home.

In this segment, we are working hard to reform our cost structure through reductions in fixed costs, including strategic closure of unprofitable facilities. As part of these measures, we decided to close nine directly managed facilities in February 2021 and sixteen facilities in May 2021. We continue to make sure to improve profitability.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2021 in this segment amounted to ¥36,409 million (a year-on-year decrease of 38.3%) and business loss for the fiscal year ended March 31, 2021 amounted to ¥5,873 million (business profit for the fiscal year ended March 31, 2020 amounted to ¥33 million).

(iii) Outlook for the Fiscal Year Ending March 31, 2022

The impact of coronavirus outbreak on our projected consolidated results for the fiscal year ending March 31, 2022 depends on factors such as the declaration of state-of-emergency and vaccine rollout, thus the outlook remains uncertain.

It is difficult to reasonably calculate the impact under the circumstances at present, therefore our projected consolidated results for the fiscal year ending March 31, 2022 have not been determined. We will carefully assess the projections and announce it promptly when we can disclose it.

Digital Entertainment

With the spread of entertainment offered through networks, the available means of providing games continue to diversify. Opportunities to reach an even greater audience for games are increasing. Against this background, we intend to develop ways of playing games that match the characteristics of each device.

As part of our new efforts, *SUPER BOMBERMAN R ONLINE* is intended to be released via online for free with basic gameplay for multi platforms. We continue to develop the latest title for the *PROFESSIONAL BASEBALL SPIRITS* series, *eBASEBALL PROFESSIONAL BASEBALL SPIRITS 2021 Grand slam*, for Nintendo Switch™.

Furthermore, we have decided to release a traditional Japanese-style action game, *GetsuFumaDen: Undying Moon*, for Nintendo Switch™ and Steam® in 2022, and will start early access to the game via Steam® in May 2021.

In regard to our continued efforts, for *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, we are making efforts to conduct promotions for professional baseball's central and pacific leagues, which started in March 2021, in response to the excitement they are generating. We continue to improve operations to attract many users by conducting events and promotions to meet user needs in various titles for mobile game. In addition, we continue to expand *Yu-Gi-Oh! TRADING CARD GAME* globally and it's been second year since *Yu-Gi-Oh! RUSH DUEL* has released. With release of *Yu-Gi-Oh! RUSH DUEL: Saikyou Battle Royale!!* for Nintendo Switch™, we vitalize the content more for fun of many users. As for computer and video games, we continue to make efforts to acquire new users through effective sales promotions and expansions of game content, in particular with *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban*.

As for eSports, *eBASEBALL PAWAFURU PUROYAKYU 2020* has been selected as an official title in baseball competition for "Olympic Virtual Series," which is organized by the International Olympic Committee (IOC). The qualifying round begins in May and the final round will be held on the Olympic Day in June, which will be streamed to worldwide sports-fans.

In regard to the "eFootball League 2020-21 Season," the official eSports tournaments for the *Winning Eleven* series, we will hold final round each soon in the

two tournaments: “eFootball.Pro,” a professional tournament and “eFootball.Open,” a tournament open to all players. We will make sure to attract more eSports fans by promoting this brand-new sport.

The mobile game “*eFootball Winning Eleven 2021*” has been selected for “eJ.LEAGUE Winning Eleven 2021 season,” which is organized to be held along with Japan Professional Football League (J.LEAGUE). Furthermore, the *eFootball Winning Eleven* series and *PROFESSIONAL BASEBALL SPIRITS A (Ace)* have been selected for the Culture Program for the “National Prefectural Competition eSports Championship 2021 MIE” at the 76th National Sports Festival, “National Sports Festival MIE-TOKOWAKA” and the 21th National Sports Festival for the disabled, “Athletic Sports Tournament MIE-TOKOWAKA.” We will make sure to attract more eSports fans by promoting this brand-new sport.

Amusement

Konami Group intends to provide new entertainment that can be delivered through person-to-person communication, including the e-amusement service which connects each amusement facility through network all over Japan. We continue to make efforts to expand the game content of our “KONAMI AMUSEMENT GAME STATION,” which delivers high-quality arcade games to devices, such as PCs and smartphones, through streaming and enables users to play the games anytime using cloud gaming. Furthermore, we will hold “The KONAMI Arcade Championship” and “BEMANI PRO LEAGUE,” which are official eSports tournaments that decide the best arcade game players. By delivering new user experiences through the competitions, we intend to provide new and fun entertainment with our KONAMI game titles to vitalize the market, which are sure to attract both players and spectators. For next fiscal year, we made an announcement that “BEMANI PRO LEAGUE 2021” will be held and its draft conference has begun.

The impact of the coronavirus outbreak on its future business activities is uncertain at present, thus it is expected to continue to affect the financial performance of the fiscal year ending March 31, 2022 onwards.

Gaming & Systems

In our slot machine segment, we will add content to our latest *DIMENSION™* series cabinets in our lineup in addition to our *KX 43™* cabinet. We will also continue to expand our video slot game *All Aboard*, which has been well received in the Australian market, to the North American market. In addition, new titles such as *Ocean Spin* in the North American market and *Bull Rush* in the Australian market will be introduced. further promoting the expansion of new game content.

Moreover, in the North American market, we will enter new historical horse racing products based on historical live horse racing outcomes. Through these measures, we will enhance KONAMI's presence in the market.

In our casino management system segment, in addition to new installations of *SYNKROS*[®] to large casino facilities in North America and Australia, we will introduce new functionality which will endeavor to enhance and strengthen our product appeal including *SynkConnect*[™], which allows the user to display and manage their own account on their mobile device, *Synk Vision*, which provides optimal information to players using the latest biometric authentication technology, and a money laundering prevention system, *SYNK31*[™].

The coronavirus outbreak is expected to continue to impact on our future business activities and the financial performance of the fiscal year ending March 31, 2022 onwards, depending on when the outbreak settles down, when the restrictions on overseas travel and operation of casino facilities are lifted, and when business conditions of companies and the number of visitors recover. Meanwhile, we are working hard to improve the earnings through various measures including cost reduction.

Sports

We continue to strive to provide our fitness services that enable as many customers as possible to engage in sports and exercise safely and that contribute to the improvement of physical and mental health. In the operation of our sports clubs, we strive to prevent the coronavirus outbreak by further measures including hygiene management for employees, fully cleaning and ventilation of the facilities and health checks of customers when they come to use the facilities in addition to complying with the guidelines determined by general incorporated association FIA (Fitness Industry Association of Japan), so that our customers can exercise safely.

In order to address the various needs of customers who don't get enough exercise, who are concerned about their health, and who want to make a habit of regular exercise but feel uncomfortable doing difficult exercise during the coronavirus crisis, we have started offering a new service, "Keep-Your-Body-Warm fitness," first as the "Karada Ikiiki Project," from April. Furthermore, we will provide new services gradually from April, including partitioned "Private Training Spaces" and "Studio Programs for Small Groups" with a maximum of ten participants, based on customer needs for self-training and small group training. We will also expand our "Online Live Lesson," which enables customers to easily join studio lessons from home, and support them to have longer fitness lives during the coronavirus crisis.

As for the operation of outsourced facilities, which is a business model expanding a network without capital assets, outsourcing contracts for sports facility operations were entered into with several local governments. We will start the operations in Toyonaka City, Osaka Prefecture, Chuo-ku, Tokyo, Kawasaki City and Kanagawa Prefecture from April 2021. In addition, we will start the operation of outsourced facilities for Funabashi City General Gymnasium, which is home arena of CHIBA JETS, a top team in Japan Professional Basketball League B.LEAGUE B1, and Funabashi Budo Center from April 2021.

In regard to “Undo Juku,” our fitness program for children, we formed a business alliance with Hulic Co.,Ltd., a company that handles real estate leasing, and Riso Kyoiku Co.,Ltd., a company that is engaged in educational business for children, such as one-on-one private tuition schools and childcare education. We continue to make efforts to provide one-stop services for children. In addition, we expand “Konami Sports Shinga’s Academy,” which enables children to attend the “Shinga’s Club Gakudo” program, operated by Shingakai Co., Ltd., a consolidated subsidiary of Riso Kyoiku Co., Ltd., at the same location where “Undo Juku” is held. By providing more user-friendly services for children and their parents, we are making efforts to expand “Undo Juku.”

The coronavirus outbreak is expected to continue to affect the financial performance onwards due to changes in the number of memberships and other factors. We will make sure to reform our cost structure through reductions in fixed costs, including strategic closures of nine facilities in February 2021 and sixteen facilities in May 2021 and other measures. We continue to make sure to improve profitability to overcome this challenging environment surrounding the sports business. Furthermore, we endeavor to provide products and services that are tailored to changing values that come with the establishment of a new-normal lifestyle, including the expansion of services at outsourced facilities to address the needs of local governments and corporate customers and improvement of product development and sales by leveraging our membership base. Through these efforts, we make sure to improve profit structure.

(2) Consolidated Financial Position

(i) Total Assets, Total Liabilities and Total Equity

Total Assets:

Total assets amounted to ¥489,006 million as of March 31, 2021, increasing by ¥69,872 million compared with March 31, 2020. This mainly resulted from an increase in cash and cash equivalents due to strong performance in the Digital Entertainment business, despite the impact from coronavirus outbreak in some business segments, and issuance of bonds.

Total Liabilities:

Total liabilities amounted to ¥189,464 million as of March 31, 2021, increasing by ¥39,273 million compared with March 31, 2020. This primarily resulted from an increase in bonds and borrowings due to issuance of bonds, despite repayment of short-term borrowings.

Total Equity:

Total equity amounted to ¥299,542 million as of March 31, 2021, increasing by ¥30,599 million compared with March 31, 2020. This mainly resulted from an increase in retained earnings due to recognition of profit attributable to owners of the parent for the year.

Ratio of equity attributable to owners of the parent was 61.1%, decreasing by 2.9 points compared with March 31, 2020 due to the significant increase in assets including issuance of bonds more than an increase in equity including recognition of profit for the year.

(ii) Cash Flows

	Millions of Yen		
	Year ended March 31, 2020	Year ended March 31, 2021	Change
Cash flow summary:			
Net cash provided by operating activities	¥51,166	¥69,770	¥18,604
Net cash used in investing activities	(62,147)	(22,412)	39,735
Net cash (used in) provided by financing activities	(15,869)	22,426	38,295
Effect of exchange rate changes on cash and cash equivalents	(960)	1,214	2,174
Net (decrease) increase in cash and cash equivalents	(27,810)	70,998	98,808
Cash and cash equivalents at the end of the year	¥131,432	¥202,430	¥70,998

Cash and cash equivalents (hereafter, referred to as “Net cash”), as of March 31, 2021, amounted to ¥202,430 million, an increase of ¥70,998 million compared to the year ended March 31, 2020.

Cash flow summary for each activity for the year ended March 31, 2021 is as follows:

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥69,770 million for the year ended March 31, 2021, a year-on-year increase of 36.4%. This primarily resulted from a net change in contract liabilities and increase in profit for the year despite a decrease in depreciation and amortization.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥22,412 million for the year ended March 31, 2021, a year-on-year decrease of 63.9%. This mainly resulted from a decrease in capital expenditures.

Cash flows from financing activities:

Net cash provided by financing activities amounted to ¥22,426 million for the year ended March 31, 2021 (Net cash used in financing activities amounted to ¥15,869 million for the year ended March 31, 2020). This primarily resulted from proceeds from issuance of bonds despite an increase in expenditure in repayment of short-term borrowings.

(iii) Basic Policy on the Distribution of Profits

Konami Group believes that the provision of dividends and the enhancement of corporate value are important ways to return profits to our shareholders. It is our policy to emphasize payment of dividends as a target of a consolidated payout ratio of more than 30% and to use retained earnings for investments focused on business fields with good future prospects in order to continually reinforce Konami Group's growth potential and competitiveness.

The year-end dividend for the consolidated year ended March 31, 2021 will be 50.50 yen per share. As a result, the dividends on an annual basis will be 73.00 yen per share including the distributed interim dividend (22.50 yen per share).

Consolidated earnings forecast for the fiscal year ending March 31, 2022 have not determined at present, however, the dividend forecast on an annual basis for the fiscal year ending March 31, 2022 will be the same amount as the fiscal year ended March 31, 2021. The interim and year-end dividend forecasts will be 36.50 yen per share, respectively, as a result, the dividend forecast on an annual basis will be 73.00 yen per share.

We will calculate again the dividend on an annual basis to be at least 73.00 yen per share to achieve a consolidated payout ratio of more than 30 % as our basic policy, at the time when the consolidated earnings forecast for the fiscal year ending March 31, 2022 is able to become reasonably determined.

Special Note:

This document contains "forward-looking statements," or statements related to future events that are based on management's assumptions and beliefs in light of information currently available. These statements are subject to various risks and uncertainties.

When relying on forward-looking statements to make investments, you should not place undue reliance on such forward-looking statements. Actual results may be affected by a number of important factors and may be materially different from those discussed in forward-looking statements. Such factors include, but are not limited to, changes in economic conditions affecting our operations, market trends and fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro.

2. Basic Policy on the Selection of Accounting Standards

The Company has voluntarily adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015, for the purpose of enhancing comparability with the financial information of overseas companies in the same industry.

3. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	¥131,432	¥202,430
Trade and other receivables	29,894	31,874
Inventories	10,000	10,391
Income tax receivables	1,924	12,470
Other current assets	14,493	9,516
Total current assets	187,743	266,681
Non-current assets		
Property, plant and equipment, net	116,631	106,025
Goodwill and intangible assets	34,423	36,813
Investment property	32,484	32,433
Investments accounted for using the equity method	3,128	3,128
Other investments	1,554	1,590
Other financial assets	17,229	15,491
Deferred tax assets	23,735	25,051
Other non-current assets	2,207	1,794
Total non-current assets	231,391	222,325
Total assets	419,134	489,006
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	28,265	5,535
Other financial liabilities	12,187	12,570
Trade and other payables	31,264	32,827
Income tax payables	2,997	3,027
Other current liabilities	22,053	25,901
Total current liabilities	96,766	79,860
Non-current liabilities		
Bonds and borrowings	9,855	69,640
Other financial liabilities	34,553	26,227
Provisions	6,674	10,694
Deferred tax liabilities	886	1,332
Other non-current liabilities	1,457	1,711
Total non-current liabilities	53,425	109,604
Total liabilities	150,191	189,464
Equity		
Share capital	47,399	47,399
Share premium	74,399	74,399
Treasury shares	(27,836)	(27,843)
Other components of equity	(89)	2,173
Retained earnings	174,268	202,599
Total equity attributable to owners of the parent	268,141	298,727
Non-controlling interests	802	815
Total equity	268,943	299,542
Total liabilities and equity	¥419,134	¥489,006

(2) Consolidated Statements of Profit or Loss and Comprehensive Income

Consolidated Statement of Profit or Loss

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Revenue		
Product sales revenue	¥69,298	¥61,177
Service and other revenue	193,512	211,479
Total revenue	262,810	272,656
Cost of revenue		
Cost of product sales revenue	(36,431)	(31,237)
Cost of service and other revenue	(126,612)	(127,978)
Total cost of revenue	(163,043)	(159,215)
Gross profit	99,767	113,441
Selling, general and administrative expenses	(55,470)	(49,277)
Other income and other expenses, net	(13,325)	(27,614)
Operating profit	30,972	36,550
Finance income	352	78
Finance costs	(903)	(1,104)
(Loss) profit from investments accounted for using the equity method	(26)	57
Profit before income taxes	30,395	35,581
Income taxes	(10,498)	(3,307)
Profit for the year	19,897	32,274
Profit attributable to:		
Owners of the parent	19,892	32,261
Non-controlling interests	¥5	¥13

	Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Earnings per share (attributable to owners of the parent)		
Basic	¥147.26	¥242.17
Diluted	¥145.08	¥238.33

Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Profit for the year	¥19,897	¥32,274
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity financial assets measured at fair value through other comprehensive income	(28)	23
Share of other comprehensive income of entity accounted for using the equity method	0	-
Total items that will not be reclassified to profit or loss	(28)	23
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	(1,635)	2,239
Total items that may be reclassified to profit or loss	(1,635)	2,239
Total other comprehensive income	(1,663)	2,262
Total comprehensive income for the year	18,234	34,536
Comprehensive income attributable to:		
Owners of the parent	18,229	34,523
Non-controlling interests	¥5	¥13

(3) Consolidated Statement of Changes in Equity

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2019	¥47,399	¥74,426	¥(21,325)	¥1,583	¥173,544	¥275,627	¥777	¥276,404
Changes in accounting policies					(5,180)	(5,180)		(5,180)
Beginning balance after adjusting	47,399	74,426	(21,325)	1,583	168,364	270,447	777	271,224
Profit for the year					19,892	19,892	5	19,897
Other comprehensive income				(1,663)		(1,663)	0	(1,663)
Total comprehensive income for the year	-	-	-	(1,663)	19,892	18,229	5	18,234
Purchase of treasury shares			(6,511)			(6,511)		(6,511)
Disposal of treasury shares		0	0			0		0
Dividends					(13,997)	(13,997)		(13,997)
Changes in ownership interests in subsidiaries		(27)				(27)	20	(7)
Transfer from other components of equity to retained earnings				(9)	9	-		-
Total transactions with the owners	-	(27)	(6,511)	(9)	(13,988)	(20,535)	20	(20,515)
Balance at March 31, 2020	¥47,399	¥74,399	¥(27,836)	¥(89)	¥174,268	¥268,141	¥802	¥268,943

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2020	¥47,399	¥74,399	¥(27,836)	¥(89)	¥174,268	¥268,141	¥802	¥268,943
Profit for the year					32,261	32,261	13	32,274
Other comprehensive income				2,262		2,262		2,262
Total comprehensive income for the year	-	-	-	2,262	32,261	34,523	13	34,536
Purchase of treasury shares			(7)			(7)		(7)
Disposal of treasury shares		0	0			0		0
Dividends					(3,930)	(3,930)		(3,930)
Total transactions with the owners	-	0	(7)	-	(3,930)	(3,937)	-	(3,937)
Balance at March 31, 2021	¥47,399	¥74,399	¥(27,843)	¥2,173	¥202,599	¥298,727	¥815	¥299,542

(4) Consolidated Statement of Cash Flows

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
<i>Operating activities</i>		
Profit for the year	¥19,897	¥32,274
Depreciation and amortization	26,585	19,172
Impairment losses	10,985	22,232
Interest and dividends income	(312)	(76)
Interest expense	882	899
Loss on sale or disposal of property, plant and equipment	1,353	415
Loss (profit) from investments accounted for using the equity method	26	(57)
Income taxes	10,498	3,307
Decrease (increase) in trade and other receivables	2,250	(1,352)
(Increase) decrease in inventories	(1,703)	62
(Decrease) increase in trade and other payables	(448)	3,686
Increase in prepaid expense	(444)	(560)
(Decrease) increase in contract liabilities	(2,289)	3,506
Other, net	(1,204)	3,689
Interest and dividends received	309	90
Interest paid	(873)	(773)
Income taxes paid	(14,346)	(16,744)
<i>Net cash provided by operating activities</i>	51,166	69,770
<i>Investing activities</i>		
Capital expenditures	(62,565)	(23,561)
Payments for lease deposits	(739)	(827)
Proceeds from refunds of lease deposits	1,627	5,538
Payments for asset retirement obligations	(77)	(3,377)
Payments into time deposits	(1,034)	(423)
Proceeds from withdrawal of time deposits	357	586
Other, net	284	(348)
<i>Net cash used in investing activities</i>	(62,147)	(22,412)
<i>Financing activities</i>		
Proceeds from short-term (more than 3 months) borrowings	33,721	10,561
Repayments of short-term (more than 3 months) borrowings	(10,906)	(33,413)
Proceeds from issuance of bonds	-	60,000
Redemption of bonds	(5,000)	-
Principal payments of lease liabilities	(13,182)	(10,485)
Dividends paid	(13,984)	(3,929)
Purchase of treasury shares	(6,511)	(7)
Other, net	(7)	(301)
<i>Net cash (used in) provided by financing activities</i>	(15,869)	22,426
Effect of exchange rate changes on cash and cash equivalents	(960)	1,214
Net (decrease) increase in cash and cash equivalents	(27,810)	70,998
Cash and cash equivalents at the beginning of the year	159,242	131,432
<i>Cash and cash equivalents at the end of the year</i>	¥131,432	¥202,430

(5) Going Concern Assumption

None

(6) Changes in Accounting Policies

The significant accounting policies adopted for these consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2020 with the exception of the item described hereunder.

Standards	Title	Overview of new/revised Standards
IFRS 16	Leases	Covid-19-Related Rent Concessions Amendment

Konami Group has applied “Covid-19-Related Rent Concessions Amendment to IFRS 16” (issued in May 2020) early from the fiscal year ended March 31, 2021. This amendment allows a lessee of a lease subject to a rent concession occurring as a direct consequence of the COVID-19 pandemic to elect to apply the practical expedient that the lessee may not assess whether a rent concession that meets certain prescribed conditions is a lease modification as stipulated in IFRS 16.

Konami Group has elected to apply this practical expedient for rent concessions that meet certain prescribed conditions, however, the impact on profit before income taxes for the fiscal year ended March 31, 2021 was immaterial.

(7) Segment Information

(i) Operating Segment Information

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Revenue:		
Digital Entertainment -		
External customers	¥152,725	¥203,527
Intersegment	670	658
Total	¥153,395	¥204,185
Amusement -		
External customers	¥23,022	¥16,384
Intersegment	696	1,252
Total	¥23,718	¥17,636
Gaming & Systems -		
External customers	¥28,401	¥16,643
Intersegment	-	-
Total	¥28,401	¥16,643
Sports -		
External customers	¥58,662	¥36,102
Intersegment	322	307
Total	¥58,984	¥36,409
Intersegment eliminations	¥(1,688)	¥(2,217)
Consolidated	¥262,810	¥272,656

Konami Group defines business profit associated with each segment as segment profit. Business profit is calculated by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue.”

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Business profit (loss):		
Digital Entertainment	¥43,198	¥73,446
Amusement	5,339	2,413
Gaming & Systems	1,782	(2,077)
Sports	33	(5,873)
Total segment profit and loss, net	50,352	67,909
Corporate expenses and eliminations	(6,055)	(3,745)
Total business profit and loss, net	44,297	64,164
Other income and other expenses, net	(13,325)	(27,614)
Finance income and finance costs, net	(551)	(1,026)
(Loss) profit from investments accounted for using the equity method	(26)	57
Profit before income taxes	¥30,395	¥35,581

(Notes)

1. Konami Group operates on a worldwide basis principally with the following four business segments:

a) Digital Entertainment:	Production, manufacture and sale of digital content and related products including mobile games, card games and computer and video games.
b) Amusement:	Production, manufacture and sale of amusement machines.
c) Gaming & Systems:	Production, manufacture, sale and service of gaming machines and casino management systems for overseas markets.
d) Sports:	Operation of fitness activities and sports classes, including swimming, gymnastics, dance, soccer, tennis, and golf, and production and sale of sports related goods.

2. Segment profit (loss) is determined by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue.” This does not include corporate expenses, finance income and finance costs, and certain non-regular expenses associated with each segment such as impairment losses on property, plant and equipment, goodwill and intangible assets.
3. Corporate expenses primarily consist of administrative expenses not directly associated with specific segments.
4. Intersegment eliminations primarily consist of eliminations of intercompany sales.

5. Other income and other expenses, net include impairment losses on property, plant and equipment and goodwill and intangible assets and profit or loss of sales and disposal on property, plant and equipment.

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Year ended March 31, 2020	Year ended March 31, 2021
Revenue:		
Japan	¥204,518	¥221,512
United States	36,746	28,551
Europe	12,551	13,478
Asia/Oceania	8,995	9,115
Consolidated	¥262,810	¥272,656

(Note)

For the purpose of presenting operations in the geographic areas above, Konami Group attributes revenues from external customers to individual countries in each area based on where Konami Group sold products or rendered services.

(8) Note to consolidated statement of profit or loss

For the fiscal year ended March 31, 2020, impairment loss of ¥10,985 million was incurred in other income and other expenses, net in the consolidated statements of profit or loss. This was mainly due to impairment loss of ¥3,057 million for right-of-use assets. The asset, which had been a rental building, was identified as an idle asset by relocation to our owned new building, “Konami Creative Center Ginza.” In addition, amidst the increasingly competitive environment surrounding the sports business, impairment loss of ¥6,445 million for property, plant and equipment and goodwill were also recognized, looking to improve and strengthen our profit structure.

For the fiscal year ended March 31, 2021, COVID-19 related loss of ¥5,723 million was recognized and included in the line item “other income and other expenses, net” during the three months ended June 30, 2020. The loss, mainly in sports segment, contains fixed costs of sports clubs including personnel expenses, depreciation expenses and rent expenses, which were incurred during the temporal closure period of sports clubs all over Japan in line with state-of-emergency declaration from government and business suspension request from local governments to avoid the coronavirus outbreak.

During the three months ended September 30, 2020, we received employment adjustment subsidies from the government, which is a leave allowance related to COVID-19. In accordance with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance,” the subsidies of ¥1,075 million was deducted

from COVID-19 related loss included in the line item “other income and other expenses, net,” which was related to fixed costs incurred during the temporal closure period in line with state-of-emergency declaration from government and business suspension request from local governments during the three months ended June 30, 2020.

During the three months ended March 31, 2021, impairment loss of ¥18,717 million related to the sports segment was recognized and included in the line item “other income and other expenses, net.” This was mainly impairment loss for property, plant and equipment and trademarks, which was resulted from decrease in revenues due to the temporal closure of both directly managed sports clubs and outsourced facilities and shortened business hours in line with state-of-emergency declaration from government and business suspension request from local governments, moreover, from prolonged coronavirus outbreak.

(9) Earnings per Share

	Year ended March 31, 2020	Year ended March 31, 2021
Profit attributable to owners of the parent	19,892 million yen	32,261 million yen
Adjustments for profit used in the calculation of diluted earnings per share	36 million yen	36 million yen
Profit used in the calculation of diluted earnings per share	19,928 million yen	32,297 million yen
Basic weighted average ordinary shares outstanding	135,077,487 shares	133,214,149 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	2,285,662 shares	2,299,114 shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	137,363,149 shares	135,513,263 shares
Earnings per share attributable to owners of the parent for the year		
Basic	147.26 yen	242.17 yen
Diluted	145.08 yen	238.33 yen

(10) Subsequent Events

None