

**Consolidated Financial Results
for the Nine Months Ended December 31, 2019
(Prepared in Accordance with IFRS)**

January 30, 2020

KONAMI HOLDINGS CORPORATION

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 Stock code number, TSE: 9766
 Ticker symbol, LSE: KNM
 URL: <https://www.konami.com/>
 Shares listed: Tokyo Stock Exchange and London Stock Exchange
 Representative: Takuya Kozuki, Representative Director, President
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 Beginning date of dividend payment: -

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019

(1) Consolidated Results of Operations

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

	Revenue	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent	Total comprehensive income for the period
Nine months ended December 31, 2019	193,106	23,976	23,494	16,312	16,309	15,885
% change from previous year	0.2%	(39.2)%	(40.0)%	(40.1)%	(40.1)%	(43.5)%
Nine months ended December 31, 2018	192,631	39,440	39,186	27,222	27,215	28,136
% change from previous year	7.8%	2.4%	2.8%	4.5%	4.5%	4.9%

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Nine months ended December 31, 2019	120.60	118.80
Nine months ended December 31, 2018	201.25	198.17

(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
December 31, 2019	395,798	273,102	272,302	68.8%
March 31, 2019	378,037	276,404	275,627	72.9%

2. Cash Dividends

Record Date	Cash dividends per share (yen)				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual
Year ended March 31, 2019					
Regular dividends	-	35.50	-	40.50	76.00
Commemorative dividends	-	25.00	-	25.00	50.00
Total	-	60.50	-	65.50	126.00
Year ending March 31, 2020	-	38.00	-		
Year ending March 31, 2020 (Forecast)				38.00	76.00

Note) Recently announced change in dividend forecasts for the fiscal year ending March 31, 2020 during the three months ended December 31, 2019: No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2020

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

	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of the parent	Basic earnings per share (attributable to owners of the parent) (yen)
Year ending March 31, 2020	263,500	33,000	32,000	21,000	155.29
% change from previous year	0.4%	(34.7)%	(36.4)%	(38.6)%	

Note) Recently announced change in earnings forecasts for the fiscal year ending March 31, 2020 during the three months ended December 31, 2019: Yes

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: Yes
2. Other changes: No
3. Changes in accounting estimate: No

(3) Number of shares issued (Share capital)

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

As of December 31, 2019	143,500,000 shares
As of March 31, 2019	143,500,000 shares
2. Number of treasury shares:

As of December 31, 2019	8,267,546 shares
As of March 31, 2019	8,266,959 shares
3. Average number of shares outstanding:

Nine months ended December 31, 2019	135,232,809 shares
Nine months ended December 31, 2018	135,233,376 shares

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 January 30, 2020.

1. Business Performance

(1) Analysis of Business Performance

(i) Business Overview

For the nine months ended December 31, 2019, the Japanese economy has been gradually recovering with continuing improvements in corporate earnings, employment and income environment. On the other hand, the global economy continues to remain uncertain due to concerns about the declining global economy, including U.S.-China trade frictions, instability in the Middle East, and the Brexit impact.

Under such circumstances, in terms of the business results of Konami Group for the nine months ended December 31, 2019, operating profit decreased mainly due to recognition of impairment loss for property, plant and equipment in sports business and advance investments in new technologies. Furthermore, temporary expenses, related the building we formerly occupied, were incurred due to the relocation to our owned new building, “Konami Creative Center Ginza.” The temporary expenses mainly consists of rent expenses for the remaining contract period until the fiscal year ending March 31, 2021.

In terms of the consolidated results for the nine months ended December 31, 2019, total revenue amounted to ¥193,106 million (a year-on-year increase of 0.2%), operating profit was ¥23,976 million (a year-on-year decrease of 39.2%), profit before income taxes was ¥23,494 million (a year-on-year decrease of 40.0%), and profit attributable to owners of the parent was ¥16,309 million (a year-on-year decrease of 40.1%).

(ii) Performance by Business Segment

Summary of total revenue by business segment:

Millions of Yen, except percentages			
	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% change
Total revenue:			
Digital Entertainment	¥105,806	¥108,667	2.7
Amusement	18,179	16,487	(9.3)
Gaming & Systems	21,946	22,980	4.7
Sports	47,912	46,192	(3.6)
Intersegment eliminations	(1,212)	(1,220)	-
Total revenue	¥192,631	¥193,106	0.2

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, as for mobile games in the Digital Entertainment segment, *Yu-Gi-Oh! DUEL LINKS* has led our revenue in the global market and *eFootball Winning Eleven 2020* (Known overseas as *eFootball PES 2020*) that was implemented a large-scale update has received favorable reviews. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform well and multiple titles attracted much attention through activities such as anniversary events and sales promotions. As the new titles, *LOVEPLUS EVERY*, the latest title in the *LOVEPLUS* series, and *beatmania IIDX ULTIMATE MOBILE* were released and continues to perform strongly.

As for card games, we hosted major duel tournaments for “Yu-Gi-Oh! CHAMPIONSHIP SERIES JAPAN” and “Duelist Festival” in Tokyo at the same time for the *Yu-Gi-Oh! OFFICIAL CARD GAME*. Furthermore, *Yu-Gi-Oh! Rush Duel*, which will be adopted for the new *Yu-Gi-Oh!* animated series starting in April 2020, was announced.

As for computer and video games, we released *eFootball Winning Eleven 2020 LITE*, a simplified free version of last September’s addition to the *Winning Eleven* series. In addition to *myClub*, which received favorable reviews, new online mode, “*Matchday*,” was introduced and the title is attracting a lot of attention from players compared to the previous title. As part of our continued active efforts in eSports, the

“eBASEBALL Pro League,” which will be organized along with the Nippon Professional Baseball (NPB), 2019 season has begun. From this season, the game is getting much more attention over last year through new activities such as the introduction of “legend players,” in which users are able to use retired players from the professional baseball league, and eInterleague games between the Central and Pacific leagues. The *Winning Eleven* series were selected as a Culture Program at the 74th national Sports Festival, “Iki Iki Ibaraki Yume Kokutai”, and the final round was held. The computer and video game series, *JIKKYOU PAWAFURU PROYAKYU* and *Winning Eleven* were officially selected as titles for the Culture Program for the “National Prefectural Competition eSports Championship 2020 KAGOSHIMA” at the 75th National Sports Festival, “Burning Passion National Sports Festival KAGOSHIMA,” and the 20th National Sports Festival for the disabled, “Burning Passion Athletic Sports Tournament KAGOSHIMA.” In addition, the “*eFootball League 2019-20 Season*”, the new eSports official tournaments in the *Winning Eleven* series, has begun and is performing strongly with a wide range of players from beginners to experts.

The segment profit from this business decreased due to increase of production costs for new titles and research and development costs.

In terms of financial performance, total revenue for the nine months ended December 31, 2019 in this segment amounted to ¥108,667 million (a year-on-year increase of 2.7%) and segment profit for the nine months ended December 31, 2019 amounted to ¥29,051 million (a year-on-year decrease of 10.0%).

Amusement

There are signs of recovery in the amusement industry market owing to measures taken by the industry as a whole, including increases in users with families at arcade game areas in shopping malls and senior users who play medal games since amusement facilities are becoming more recognized from a wide range of users as a place where anyone can play. Furthermore, following the spread and development of eSports in recent years, various experiences through amusement games are being offered, such as numerous tournaments held not only in Japan but also all over the world.

Under such circumstances, in regard to our video games, the latest title of the online versus mah-jong game *MAH-JONG FIGHT CLUB* series, *MAH-JONG FIGHT CLUB GRAND MASTER*, continued to perform strongly. *BOMBERGIRL*, which is based on the video game series *Bomberman* and added team-battle elements, has also continued to perform well. Furthermore, *beatmania IIDX LIGHTNING MODEL*, which is a new cabinet and became the global standard in the *beatmania IIDX* series at eSports tournaments, and *CARDCONNECT*, a card vending cabinet which delivers new experiences through cards connecting various KONAMI titles, were released.

As for medal games, the latest title in the *FEATURE PREMIUM* series, *GI Derby Club*, and the latest title in the dungeon medal RPG in the world of swords and sorcery *ELDORA CROWN* series, *ELDORA CROWN: the victor of Guren*, were launched. For prize games, we launched *TREASURE ROAD*, which featured a new style of gameplay using belt conveyors. In addition, we released *Magical Halloween 7*, the latest title in the *Magical Halloween* series.

For the nine months ended December 31, 2019, due to changes of the business environment, the timing revision of product launches such as timing transition of several products' release to the next period affected our performance in this business.

In terms of financial performance, total revenue for the nine months ended December 31, 2019 in this segment amounted to ¥16,487 million (a year-on-year decrease of 9.3%) and segment profit for the nine months ended December 31, 2019 amounted to ¥3,766 million (a year-on-year decrease of 27.4%).

Gaming & Systems

The gaming market is continuing to see growth with the worldwide development and opening of new casino facilities and integrated resorts (IR) which include casinos. Furthermore, the online gaming business continues growing mainly in Europe and measures to revitalize the industry were implemented targeting young people.

Under such circumstances, with respect to our slot machines, the sales of the new upright cabinet, *KX 43™* continued to perform strongly. In addition, the sales of *Concerto™* series, including *Concerto Crescent™*, *Concerto Stack™* and *Concerto Opus™*, were mainly enhanced in North American market as well as Oceanian, South American and European market. Especially in Oceanian market, *All Aboard*, which was introduced in the last fiscal year, and *Money Trails* continued to perform well and strongly.

In regard to participation agreements (in which profits are shared with casino operators), we expanded our lineup of game content, including the *Concerto Opus™*, *Treasure Ball™* and *Triple Sparkle* linked progressive machine with mystery trigger, which are compatible with any video game platform. As a result, the revenue from the participation steadily increased. The *SYNKROS®* casino management system continued to be introduced steadily into major casino operators in North American and Oceanian market, including casinos at large cruise ships in service around the world.

For the nine months ended December 31, 2019, total revenue increased because the sales of the casino management system continued to perform well. On the other

hand, operating expenses increased due to advance investments for the expansion of our lineup.

In terms of financial performance, total revenue for the nine months ended December 31, 2019 in this segment amounted to ¥22,980 million (a year-on-year increase of 4.7%) and segment profit for the nine months ended December 31, 2019 amounted to ¥2,423 million (a year-on-year decrease of 20.6%).

Sports

In connection with the sports industry, we continue to see a growing awareness of sports throughout society, including the government's efforts to achieve a "sports society of all 100 million citizens," which aims to increase the number of people that participate in sports, by formulating the second phase of their "Basic Sports Plan." With the holding of the world's largest sports event, further activation and growth of the sports market is also expected.

Under such circumstances, as for fitness programs, we made efforts to improve multiple services that offer a more comfortable and fit lifestyle for customers through activities such as personal improvement programs, which provide one-on-one support and training by instructors, and a new studio program, "*Club Style*," which delivers our popular programs in darkly lit studios.

As for the operation of school programs, we opened a "*Small Group Swimming School*" at two facilities in Tokyo. At the school, swimming coaches, who are former members of Japan's national swimming team, provide individual instruction to children based on their needs to help them improve their swimming skills. The "*Konami Sports Club: My Best Challenge Support Program*" was certified as a "beyond2020 My Best Support Program," a certification system promoted by the Cabinet Secretariat Headquarters of Japan for the Promotion of the Tokyo Olympic and Paralympic Games. In addition, a collaboration project with our partner program, "*Konami Sports Club and FiNC My Best Resolution Support Project*," was also certified. These were regarded and certified as a "Sports Yell Company in the first year of the Reiwa era," and a participating organization in the "Sport in Life Project," promoted by the Japan Sports Agency.

As for the operation of outsourced facilities, we started the operation of new outsourced facilities such as the Machida City Gymnasium (Machida City, Tokyo), Oita Prefectural Budo Sports Center (Oita City, Oita Prefecture), and Kusatsu City Arena (Kusatsu City, Shiga).

As for products relating to sports, we continued to expand our specially selected lineup of "Konami Sports Club Selection" brand products as well as our "Konami Sports Club Original" Konami Sports Club brand products.

For the nine months ended December 31, 2019, total revenue and profit from this business decreased due to mainly closing of the directly-managed facilities, the effects of natural disasters and diversification of market needs.

In terms of financial performance, total revenue for the nine months ended December 31, 2019 in this segment amounted to ¥46,192 million (a year-on-year decrease of 3.6%) and segment profit for the nine months ended December 31, 2019 amounted to ¥2,203 million (a year-on-year decrease of 13.4%).

Please refer to “(1) Quarterly Condensed Consolidated Statement of Financial Position” and “(4) Quarterly Condensed Consolidated Statement of Cash Flows” in “2. Quarterly Condensed Consolidated Financial Statements and Notes” regarding the financial position and cash flows.

(2) Outlook for the Fiscal Year Ending March 31, 2020

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 for mobile games, *Yu-Gi-Oh! DUEL LINKS* will mark third anniversary soon since its release. As for multiple other titles, we continue to make efforts to perform strongly through activities including in-game promotions and sales promotions.

As for card games, we will host a match event in the *Yu-Gi-Oh! OFFICIAL CARD GAME* series, where users can play the game based on a revised rule that will be effective after April 2020. In addition, we will continue revitalizing the content for the series with players. We are also preparing for the release of *Yu-Gi-Oh! Rush Duel*, a new lineup of card games, and will make efforts to share more fun content with new players.

As for computer and video games, the *PC Engine mini*, a compact version of the classic home console released in 1987 as the *PC Engine*, is scheduled to be released. The console will contain a range of game titles previously released for the original system. As part of our continued active efforts in eSports, we continue to host the “eFootball League 2019-20 Season”, the new eSports official tournaments in the *Winning Eleven* series. In regard to “eFootball.Pro,” where players who belong to professional soccer clubs from European countries can compete for their clubs through exciting matches, we will continue to make efforts to attract more fans for the “knock out” stage. As for the “eBASEBALL Pro League,” which will be organized along with the Nippon Professional Baseball (NPB), 2019 season, eClimax Series and eNippon Series were held. We will also continue to attract baseball fans by providing new experiences through eSports.

Amusement

Konami Group intends to provide new entertainment that can be enjoyed only at an amusement facility through person-to-person communication using the e-amusement system. As for arcade games, we continue to make efforts to develop the global market through the expansion of eSports tournaments including the “KONAMI Arcade Championship,” creating the entertainment where we can share the impression and experience. “BEMANI PRO LEAGUE,” the first eSports Pro League for music games in Japan, was launched. The league is intended to begin in May and will deliver new entertainment mixing music and eSports. As for the *MAH-JONG FIGHT CLUB* brand, we further develop the professional mah-jong league (M League), where we strive to deliver new and fun entertainment for game and mah-jong fans through exciting battles between club teams and our “KONAMI MAH-JONG

FIGHT CLUB” as part of the league. As for medal games, *ColorCoLotta: Aim for the win! Dream Treasure Island*, the latest title in the *ColorCoLotta* series of lottery medal games with color roulette wheels and balls, and *SMASH STADIUM*, a pusher medal game whose concept involves the dynamic movement of pin-balls, are intended to be released. In addition, *SKYGIRLS: Wings of Zero*, is also intended to be released. In the global market, we will strive to strengthen its business development by expanding sales and service operations of Konami Group products, including amusement machines, in the Southeast Asian region where the economy is growing rapidly.

Gaming & Systems

As for slot machines, we continue to make efforts to enhance our sales focusing on *KX 43™*, a key cabinet, and the *Concerto™* series. We also continue to enhance the product range by adding *Dimension 49J™*, a new cabinet featuring J-curve display, into the lineup. In addition, we focus on developing new products by leveraging our new technology to boost our market presence through adding *Concerto Dual™*, featuring 43-inch dual display, into the *Concerto™* series. In regard to participation agreements, we continue to expand our lineup of game content, including a key product, the *Concerto™* series, *Treasure Ball™*, which continues to perform strongly, and *Golden Blocks™*. As for the casino management system, we will promote new installments of *SYNKROS®* for large casinos in North America and Oceania, increasing the number of system connection. In addition to *SynkConnect™*, which can display and manage personal accounts on mobile devices, *SynkVision*, a function of delivering the players optimized information by cutting-edge biometric technology, and *SYNK31™*, money laundering prevention system, were also introduced. We continue to make efforts to enhance product appeal, including the development of new functions.

Sports

We continue to enhance our fitness services and provide personal programs matching their purposes to support as many customers as possible to have longer fitness by satisfying their various needs, including collaboration with partners. Our fifth personal program, *BEST CORE* focuses on core training and will be introduced in January 2020.

As for the operation of school programs, we offer various kinds of sports classes for infants to seniors by utilizing our expertise in providing guidance, such as for visualizing the actions needed to make progress, which we have accumulated over many years. In addition to increasing the number of *Small Group Swimming School*, *Table Tennis School* and *Trampoline School*, we will continue to expand the number of classes of our existing facilities. In order to contribute to local governments and schools to resolve various issues including facility maintenance and changes in

work environments, we will make a full-scale expansion into the operation of outsourced swimming classes for preschools, elementary schools and junior high schools.

Furthermore, we intend to contribute to the spread and development in the sports field, including cooperation with local governments to take part in health promotion plans for local residents and to revitalize the region and support for corporate companies working on health and productivity management.

As for sports related products, we intend to enhance their appeal to customers through e-commerce site and sports facilities to expand our market share.

Consolidated earnings forecast for the fiscal year ending March 31, 2020 were revised as follows mainly due to recognition of impairment loss for property, plant and equipment and goodwill amidst the increasingly competitive environment surrounding the sports business, looking to improve and strengthen our profit structure, and timing revision of product launches. Please refer to “Notice Regarding Revision of the Consolidated Forecast for the Fiscal Year Ending March 31, 2020” for further details, released on January 30, 2020.

Consolidated earnings forecast for the fiscal year ending March 31, 2020

	Performance forecast for the year ending March 31, 2020		Year ended March 31, 2019 (actual)	% change from previous year
	Previous forecast	Revised forecast		
Total revenue	¥270,000	¥263,500	¥262,549	0.4%
Operating profit	47,000	33,000	50,522	(34.7)%
Profit before income taxes	46,000	32,000	50,310	(36.4)%
Profit attributable to owners of the parent	¥30,000	¥21,000	¥34,217	(38.6)%

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. Quarterly Condensed Consolidated Financial Statements and Notes

(1) Quarterly Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	¥159,242	¥112,139
Trade and other receivables	32,475	30,629
Inventories	8,315	11,150
Income tax receivables	339	714
Other current assets	7,350	14,172
Total current assets	207,721	168,804
Non-current assets		
Property, plant and equipment, net	82,241	111,001
Goodwill and intangible assets	38,080	36,929
Investment property	-	32,496
Investments accounted for using the equity method	3,233	3,261
Other investments	1,220	1,605
Other financial assets	22,038	17,519
Deferred tax assets	21,143	22,221
Other non-current assets	2,361	1,962
Total non-current assets	170,316	226,994
Total assets	378,037	395,798
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	10,547	4,382
Other financial liabilities	4,323	13,390
Trade and other payables	31,530	28,880
Income tax payables	4,771	53
Other current liabilities	19,660	21,801
Total current liabilities	70,831	68,506
Non-current liabilities		
Bonds and borrowings	9,803	9,842
Other financial liabilities	9,922	36,736
Provisions	9,182	6,112
Other non-current liabilities	1,895	1,500
Total non-current liabilities	30,802	54,190
Total liabilities	101,633	122,696
Equity		
Share capital	47,399	47,399
Share premium	74,426	74,399
Treasury shares	(21,325)	(21,328)
Other components of equity	1,583	1,147
Retained earnings	173,544	170,685
Total equity attributable to owners of the parent	275,627	272,302
Non-controlling interests	777	800
Total equity	276,404	273,102
Total liabilities and equity	¥378,037	¥395,798

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

Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue		
Product sales revenue	¥53,432	¥50,766
Service and other revenue	140,197	142,340
Total revenue	192,631	193,106
Cost of revenue		
Cost of product sales revenue	(25,288)	(26,626)
Cost of service and other revenue	(88,516)	(91,675)
Total cost of revenue	(113,804)	(118,301)
Gross profit	78,827	74,805
Selling, general and administrative expenses	(38,538)	(41,220)
Other income and other expenses, net	(849)	(9,609)
Operating profit	39,440	23,976
Finance income	332	244
Finance costs	(622)	(832)
Profit from investments accounted for using the equity method	36	106
Profit before income taxes	39,186	23,494
Income taxes	(11,964)	(7,182)
Profit for the period	27,222	16,312
Profit attributable to:		
Owners of the parent	27,215	16,309
Non-controlling interests	¥7	¥3

	Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Earnings per share (attributable to owners of the parent)		
Basic	¥201.25	¥120.60
Diluted	¥198.17	¥118.80

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit for the period	¥27,222	¥16,312
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	(66)	6
Share of other comprehensive income of entity accounted for using the equity method	(0)	(0)
Total items that will not be reclassified to profit or loss	(66)	6
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	980	(433)
Total items that may be reclassified to profit or loss	980	(433)
Total other comprehensive income	914	(427)
Total comprehensive income for the period	28,136	15,885
Comprehensive income attributable to:		
Owners of the parent	28,129	15,882
Non-controlling interests	¥7	¥3

(3) Quarterly Condensed 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, 2018	¥47,399	¥74,426	¥(21,321)	¥610	¥152,668	¥253,782	¥757	¥254,539
Profit for the period					27,215	27,215	7	27,222
Other comprehensive income				914		914	(0)	914
Total comprehensive income for the period	-	-	-	914	27,215	28,129	7	28,136
Purchase of treasury shares			(3)			(3)		(3)
Disposal of treasury shares		0	0			0		0
Dividends					(13,320)	(13,320)		(13,320)
Total transactions with the owners	-	0	(3)	-	(13,320)	(13,323)	-	(13,323)
Balance at December 31, 2018	¥47,399	¥74,426	¥(21,324)	¥1,524	¥166,563	¥268,588	¥764	¥269,352

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 period					16,309	16,309	3	16,312
Other comprehensive income				(427)		(427)	0	(427)
Total comprehensive income for the period	-	-	-	(427)	16,309	15,882	3	15,885
Purchase of treasury shares			(3)			(3)		(3)
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)	(3)	(9)	(13,988)	(14,027)	20	(14,007)
Balance at December 31, 2019	¥47,399	¥74,399	¥(21,328)	¥1,147	¥170,685	¥272,302	¥800	¥273,102

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
<i>Operating activities</i>		
Profit for the period	¥27,222	¥16,312
Depreciation and amortization	10,693	20,017
Impairment losses	384	9,396
Interest and dividends income	(209)	(231)
Interest expense	606	675
Loss on sale or disposal of property, plant and equipment	413	79
Profit from investments accounted for using the equity method	(36)	(106)
Income taxes	11,964	7,182
(Increase) decrease in trade and other receivables	(3,259)	1,898
Increase in inventories	(1,594)	(2,693)
Decrease in trade and other payables	(1,741)	(1,868)
Increase in prepaid expense	(878)	(1,200)
Increase (decrease) in contract liabilities	4,417	(795)
Other, net	(1,113)	(1,627)
Interest and dividends received	210	246
Interest paid	(545)	(640)
Income taxes paid	(17,317)	(12,189)
<i>Net cash provided by operating activities</i>	29,217	34,456
<i>Investing activities</i>		
Capital expenditures	(15,794)	(50,378)
Payments for lease deposits	(35)	(649)
Proceeds from refunds of lease deposits	523	1,338
Payments into time deposits	(1)	(1,034)
Proceeds from withdrawal of time deposits	1,282	-
Other, net	(7)	(399)
<i>Net cash used in investing activities</i>	(14,032)	(51,122)
<i>Financing activities</i>		
Proceeds from short-term (more than 3 months) borrowings	7,814	5,429
Repayments of short-term (more than 3 months) borrowings	(8,372)	(6,516)
Redemption of bonds	(5,000)	(5,000)
Principal payments of lease liabilities	(2,025)	(9,951)
Dividends paid	(13,293)	(13,976)
Other, net	(3)	(11)
<i>Net cash used in financing activities</i>	(20,879)	(30,025)
Effect of exchange rate changes on cash and cash equivalents	660	(412)
Net decrease in cash and cash equivalents	(5,034)	(47,103)
Cash and cash equivalents at the beginning of the period	154,485	159,242
<i>Cash and cash equivalents at the end of the period</i>	¥149,451	¥112,139

(5) Going Concern Assumption

None

(6) Changes in Accounting Policies

The significant accounting policies adopted for these quarterly condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended March 31, 2019 with the exception of the changes in accounting policies described hereunder.

1. Changes in Accounting Policies

Konami Group has adopted the following standard from the three-month-period ended June 30, 2019.

Standards	Title	Overview of new/revised Standards
IFRS 16	Leases	Revisions of lease accounting

(Lessee)

In accordance with the transition provisions in IFRS 16 “Leases” (hereafter, “IFRS 16”), Konami Group has adopted this standard retrospectively with the cumulative effect of initially applying this standard recognized on the date of initial application.

On adoption of IFRS 16, Konami Group has elected the practical expedient detailed in IFRS 16 paragraph C3 and continued its assessments of whether contracts contain leases under IAS 17 “Leases” (hereafter, “IAS 17”) and IFRIC 4 “Determining whether an Arrangement contains a Lease.” On the date of initial application, right-of-use assets and lease liabilities were recognized for leases which had previously been classified as operating leases under IAS 17. Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of the date of initial application.

The reconciliation between the operating lease contracts disclosed at the end of the fiscal year ended March 31, 2019 applying IAS 17 and the lease liabilities recognized in the consolidated statement of financial position at the date of initial application is as follows,

Millions of Yen	
	Amounts
Operating lease contracts disclosed as at March 31, 2019	¥49,451
Discounted using Konami Group's incremental borrowing rate of 0.34%	(1,068)
Add: finance lease liabilities recognized as at March 31, 2019	12,060
Less: short-term leases recognized on a straight-line basis as expense	(2,632)
Lease liabilities recognized as at April 1, 2019	¥57,811

At the beginning of the first quarter of fiscal year ending March 31, 2020, the application of IFRS 16 mainly affected that right-of-use assets increased by ¥40,067 million and lease liabilities increased by ¥45,751 million, respectively, compared with the case that the previous standard was applied. Right-of-use assets are presented in property, plant and equipment and lease liabilities are presented in other financial liabilities, respectively, in the quarterly consolidated statement of financial position.

In applying IFRS16 for the first time, Konami Group has used the following practical expedients:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for leases with a remaining lease term of less than 12 months as at the date of initial application as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(Lessor)

Konami Group has classified leases as operating leases if they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets. In operating leases, the leases' underlying assets are carried on the Consolidated Statement of Financial Position and lease payments are recognized as income on a straight-line basis over the lease term.

2. Additions to Accounting Policies

Konami Group has adopted the following standard from the three-month-period ended December 31, 2019.

- IAS 40 “Investment Property”

Investment Property is presented at cost less any accumulated depreciation and any accumulated impairment losses. After initial recognition, investment property is measured by the cost model using estimated useful life and depreciation method on the same basis as property, plant and equipment.

(7) Segment Information

(i) Operating Segment Information

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue:		
Digital Entertainment –		
External customers	¥105,274	¥108,200
Intersegment	532	467
Total	¥105,806	¥108,667
Amusement –		
External customers	¥17,731	¥15,968
Intersegment	448	519
Total	¥18,179	¥16,487
Gaming & Systems –		
External customers	¥21,946	¥22,980
Intersegment	-	-
Total	¥21,946	¥22,980
Sports –		
External customers	¥47,680	¥45,958
Intersegment	232	234
Total	¥47,912	¥46,192
Intersegment eliminations	¥(1,212)	¥(1,220)
Consolidated	¥192,631	¥193,106

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Segment profit (loss):		
Digital Entertainment	¥32,286	¥29,051
Amusement	5,186	3,766
Gaming & Systems	3,051	2,423
Sports	2,543	2,203
Total segment profit and loss, net	43,066	37,443
Corporate expenses and eliminations	(2,777)	(3,858)
Other income and other expenses, net	(849)	(9,609)
Finance income and finance costs, net	(290)	(588)
Profit from investments accounted for using the equity method	36	106
Profit before income taxes	¥39,186	¥23,494

(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	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue:		
Japan	¥147,760	¥149,253
United States	29,440	28,270
Europe	10,072	8,803
Asia/Oceania	5,359	6,780
Consolidated	¥192,631	¥193,106

(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) Impairment loss

For the nine months ended December 31, 2019, impairment loss of ¥9,396 million was incurred in other income and other expenses, net in the quarterly condensed consolidated statements of profit or loss.

This is 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 ¥6,205 million for property, plant and equipment and goodwill were also recognized, looking to improve and strengthen our profit structure.