

**Consolidated Financial Results
for the Year Ended March 31, 2019
(Prepared in Accordance with IFRS)**

May 9, 2019

KONAMI HOLDINGS CORPORATION

Address: 7-2, Akasaka 9-chome, Minato-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: Takuya Kozuki, Representative Director, President
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Date of General Shareholders Meeting: June 26, 2019 Beginning date of dividend payment: June 12, 2019

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

1. Consolidated Financial Results for the Year Ended March 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 year	Profit attributable to owners of the parent	Total comprehensive income for the year
Year ended March 31, 2019	262,549	50,522	50,310	34,217	34,196	35,189
% change from previous year	9.6%	11.8%	12.5%	12.2%	12.1%	21.5%
Year ended March 31, 2018	239,497	45,181	44,709	30,506	30,507	28,959
% change from previous year	4.2%	24.3%	25.9%	17.4%	17.6%	12.6%

	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, 2019	252.86	249.02	12.9%	13.6%	19.2%
Year ended March 31, 2018	225.59	222.21	12.5%	12.8%	18.9%

Reference: Profit from investments accounted for using the equity method

Year ended March 31, 2019: ¥279 million

Year ended March 31, 2018: ¥292 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, 2019	378,037	276,404	275,627	72.9%	2,038.16
March 31, 2018	363,108	254,539	253,782	69.9%	1,876.62

(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, 2019	49,131	(22,527)	(22,416)	159,242
Year ended March 31, 2018	53,980	(18,484)	(14,798)	154,485

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, 2018	-	30.00	-	38.00	68.00	¥9,196 million	30.1%	3.8%
Year ended March 31, 2019								
Regular dividends	-	35.50	-	40.50	76.00	¥10,278 million	30.0%	3.9%
Commemorative dividends	-	25.00	-	25.00	50.00	¥6,761 million	19.8%	2.5%
Total	-	60.50	-	65.50	126.00	¥17,039 million	49.8%	6.4%
Year ending March 31, 2020 (Forecast)	-	38.00	-	38.00	76.00		34.3%	

Note) KONAMI HOLDINGS CORPORATION celebrated the 50th anniversary of its founding on March 21, 2019, we intend to award commemorative dividends in addition to regular dividends for the year ended March 31, 2019. Furthermore, the payment of dividends for the next fiscal year ending March 31, 2020 will maintain the same level of regular dividends for the year ended March 31, 2019 which was based on the record profits achieved.

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	270,000	47,000	46,000	30,000	221.84
% change from previous year	2.8%	(7.0)%	(8.6)%	(12.3)%	

Note) Although we expect profit growth from our operating business for the next fiscal year ending March 31, 2020, we expect to incur temporary expenses of approximately five billion yen related to the relocation to our owned building, "Konami Creative Center Ginza." The temporary expenses include rent expenses for the period after leaving the current rental building, until the fiscal year ending March 31, 2021. Please refer to "1. Business Performance (1) Overview of Business Performance (iii) Outlook for the Fiscal Year Ending March 31, 2020" for further details.

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 March 31, 2019	143,500,000 shares
As of March 31, 2018	143,500,000 shares
2. Number of treasury shares:	
As of March 31, 2019	8,266,959 shares
As of March 31, 2018	8,266,259 shares
3. Average number of shares outstanding:	
Year ended March 31, 2019	135,233,307 shares
Year ended March 31, 2018	135,234,933 shares

(Reference) Summary of Non-consolidated Financial Results

Results for the Year Ended March 31, 2019

(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, 2019	24,870	21,860	21,989	21,860
% change from previous year	51.3%	62.3%	61.8%	59.4%
Year ended March 31, 2018	16,443	13,469	13,590	13,710
% change from previous year	(3.3)%	(8.4)%	(8.3)%	38.2%

	Basic net income per share (yen)	Diluted net income per share (yen)
Year ended March 31, 2019	161.65	158.99
Year ended March 31, 2018	101.38	99.71

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

	Total assets	Total net assets	Equity ratio	Net assets per share (yen)
March 31, 2019	243,568	223,972	92.0%	1,656.20
March 31, 2018	241,444	215,475	89.2%	1,593.36

Reference: Total Stockholders' equity	
Year ended March 31, 2019:	¥223,972 million
Year ended March 31, 2018:	¥215,475 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 9, 10, 11, and 12 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 9, 2019.

1. Business Performance

(1) Overview of Business Performance

(i) Business Performance

For the fiscal year ended March 31, 2019, the Japanese economy has been gradually recovering with continuing improvements in corporate earnings and employment 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 impasse.

Under such circumstances, in terms of the business results of Konami Group for the fiscal year ended March 31, 2019, both total revenue and operating profit exceeded those for the previous fiscal year because various series titles continued to perform strongly, mainly including our soccer and baseball series titles in the Digital Entertainment business.

In terms of the consolidated results for the fiscal year ended March 31, 2019, total revenue amounted to ¥262,549 million (a year-on-year increase of 9.6%), operating profit was ¥50,522 million (a year-on-year increase of 11.8%), profit before income taxes was ¥50,310 million (a year-on-year increase of 12.5%), and profit attributable to owners of the parent was ¥34,196 million (a year-on-year increase of 12.1%).

Starting from the three-month period ended September 30, 2018, the name of a reporting segment previously stated as “Health & Fitness” business has been changed to “Sports” business. This change is limited to the name only, hence there is no impact to its segment information.

(ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Year ended March 31, 2018	Year ended March 31, 2019	% change
Total revenue:			
Digital Entertainment	¥120,250	¥141,699	17.8
Amusement	25,178	27,837	10.6
Gaming & Systems	29,628	31,170	5.2
Sports	66,004	63,487	(3.8)
Intersegment eliminations	(1,563)	(1,644)	-
Total revenue	¥239,497	¥262,549	9.6

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*, which is now celebrating its second anniversary since its release and has surpassed 90 million downloads, has led our revenue in the global market. In addition, *Winning Eleven 2019* (known overseas as *PRO EVOLUTION SOCCER 2019*) has increased its revenue through a variety of TV commercials. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform well, as it did in the third quarter, and various other titles such as *JIKKYOU PAWAFURU PUROYAKYU* also continued to perform strongly. Furthermore, as part of our continued active efforts in eSports, we announced that we would be co-hosting the “eJ.LEAGUE Winning Eleven 2019 Season” in cooperation with the Japan Professional Football League (J.LEAGUE) with our mobile game *Winning Eleven 2019* as the competition title.

As for card games, February 2019 marks the 20th anniversary since *Yu-Gi-Oh! TRADING CARD GAME* first went on sale. It has received favorable reviews through various marketing efforts to celebrate this milestone, including the sale of a commemorative product, *Yu-Gi-Oh! OCG Duel Monsters 20th ANNIVERSARY LEGEND COLLECTION*. We continue to revitalize the contents further.

As for computer and video games, *myClub*, the online mode of *Winning Eleven 2019* (known overseas as *PRO EVOLUTION SOCCER 2019*), has performed well through

running promotions along with its mobile version. As part of our continued active efforts in eSports, we hosted the qualifying rounds in various regions for the world championship “PES LEAGUE WORLD TOUR 2019” for *Winning Eleven 2019* (known overseas as *PRO EVOLUTION SOCCER 2019*). In regard to baseball contents, we hosted the “eBASEBALL PAWAPURO Pro League 2018-19 SMBC eNippon Series,” which decided who the first best players were at the “eBASEBALL PAWAPURO Pro League” in Japan, that we organized along with Nippon Professional Baseball (NPB).

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥141,699 million (a year-on-year increase of 17.8%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥43,833 million (a year-on-year increase of 17.2%).

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. *BOMBER GIRL*, which is based on the popular video game series *Bomberman*, has also continued to perform well. This title features fun online battles with added team-battle elements where teams try to occupy the home bases of their opponents. Furthermore, a full-scale professional baseball card game, *BASEBALL COLLECTION*, has been launched sequentially. We also launched *DanceDanceRevolution 20th anniversary model* in celebration of the 20th anniversary of *DanceDanceRevolution*. As for the medal games, *GRANDCROSS LEGEND*, a large pusher medal game upgraded for better performance and gameplay, and *Anima Lotta: Anima and the Big Tree of Clouds*, a lottery medal game, were released. In addition, the machines, which we launched in the second quarter, have continued to sell well. These titles include *BOMBERMAN THE MEDAL* and *ColorCoLotta: The Sun and the Secret Island*. We also launched *G1 Derby Club 2* following *SENGOKU COLLECTION! Ieyasu Tokugawa*, which was the latest title in the series and was made in accordance with the new regulations.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥27,837 million (a year-on-year increase of 10.6%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥8,434 million (a year-on-year increase of 12.6%).

Gaming & Systems

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

Under such circumstances, with respect to our slot machines, the sales of the latest cabinet in the *Concerto*[™] series, including *Concerto Crescent*[™] and *Concerto Stack*[™], as well as *Concerto Opus*[™], which features a 4K Ultra HD 65-inch display, continued to perform strongly. In addition, we enhanced the product range by introduction of the new upright cabinet, *KX 43*[™]. We also promoted market revitalization by providing new entertainments with the installation of *Fortune Cup*[™] mainly in the North America and Asia, which is a horserace betting station with a model track and leveraged our expertise and technology accumulated through Konami Group's amusement machines. In regard to participation agreements (in which profits are shared with casino operators), we expanded our lineup of game content, including a key product, the *Concerto Opus*[™], *Treasure Ball*[™] and *Triple Sparkle* linked progressive machine with mystery trigger, which is compatible with any video game platform. The *SYNKROS*[®] casino management system continued to be introduced steadily into major casino operators, including casinos at large cruise ships in service overseas.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥31,170 million (a year-on-year increase of 5.2%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥4,723 million (a year-on-year increase of 8.2%).

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 increased the number of facilities to 57 that offer the personal program, *BeautyHip*, our new in-house

development program, and made efforts to enhance our member support and fitness services that help members achieve longer, more sustainable fitness. For example, we launched a membership plan, the “U-39 Plan,” which allows members, from teenagers to those in their 30s to use the facilities at reasonable price. As for the operation of our school programs, we have moved forward with the further expansion of our classes by opening our *Table Tennis School* at 17 facilities and *Trampoline School* at 3 facilities.

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 and redesigned our online shop to improve usability and service.

For the year ended March 31, 2019, total revenue and segment profit from this business decreased due to closing of the directly-managed facilities, the effects of repeated natural disasters, and prior investments of renovations of existing facilities including fitness machine renewals and launch of the new school programs.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2019 in this segment amounted to ¥63,487 million (a year-on-year decrease of 3.8%) and segment profit for the fiscal year ended March 31, 2019 amounted to ¥2,243 million (a year-on-year decrease of 31.1%).

(iii) 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, we implemented closed testing to release *LOVEPLUS EVERY*, the latest title in the *LOVEPLUS* series. The new title, *DANKIRA!!! – Boys, be DANCING!*, started pre-registration and the number of applicants is increasing. In addition, we would be co-hosting the “eJ.LEAGUE Winning Eleven 2019 season,” whose competition title is the mobile game, *WINNING ELEVEN 2019*, that we organize in cooperation with the Japan Professional Football League (J.LEAGUE).

As for card games, we will continue to expand *Yu-Gi-Oh! TRADING CARD GAME* around the world. Furthermore, we will host the qualifying rounds in various regions for “Yu-Gi-Oh! World Championship 2019,” the eSports world championship which decides who the best players are in the *Yu-Gi-Oh!* series.

As for computer and video games, we will release an exclusive, download-only title for the Nintendo Switch, *Yu-Gi-Oh! Duel Monsters Legacy of the Duelist: Link Evolution*. As for the baseball titles, we are working on the latest title in the *PROFESSIONAL BASEBALL SPIRITS* series, *PROFESSIONAL BASEBALL SPIRITS 2019*, to respond to the high expectations of fans. Furthermore, *JIKKYOU PAWAFURU PUROYAKYU*, which allows up to four players, is intended to be released for the Nintendo Switch. As part of our continued active efforts in eSports, we will host the final round for the world championship “PES LEAGUE WORLD TOUR 2019” for *Winning Eleven 2019* (known overseas as *PRO EVOLUTION SOCCER 2019*). The *Winning Eleven* series were selected as a Culture Program at the 74th national Sports Festival held in 2019, “Iki Iki Ibaraki Yume Kokutai” and the qualifying rounds to decide the representatives in each prefecture has started. In addition, the “eBASEBALL PAWAPURO Pro League” season in 2019 was decided to be held and will be organized along with the Nippon Professional Baseball (NPB).

Amusement

Konami Group intends to work to revitalize the amusement arcade industry by providing new entertainment that can be enjoyed only at an amusement facility through person-to-person communication using the *e-amusement* system. With the goal of improving customer convenience, we also intend to make efforts to improve the infrastructure environment to contribute to the development of the industry, including the expansion of unification for IC card standards in arcade games and cashless payment systems.

As for music games, we continue to make efforts to develop the global market through the expansion of eSports tournaments, including the “KONAMI Arcade Championship,” which is celebrating its eighth year as of January 2019, and by improving the *BEMANI* brand. As for mah-jong content, we further developed the *MAH-JONG FIGHT CLUB* brand, 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 professional mah-jong league (M League) that opened from October 2018. As for medal games, with our strengths in technology that we have accumulated through Konami Group’s amusement machines since the establishment of our group, we continue to provide products and services enjoyed by a wide range of users by providing new gameplay experiences.

In addition, the local subsidiary in the Kingdom of Thailand started its full operation toward the Southeast Asian region where the economy is growing rapidly. Moving forward, we will strive to strengthen its business development in the global market, by expanding sales and service operations of Konami Group products, including amusement machines.

Gaming & Systems

As for slot machines, we continue to make efforts to enhance our sales focusing on the *Concerto*[™] series, a key product in our video slot machine series, as well as intend to focus on full expansion of the new cabinet, *KX 43*[™]. In addition, we continue to develop new products, including the introduction of multi-station machines, such as *Fortune Cup*[™], which is a horserace betting station with a model track that delivers new entertainment factors. We continue to focus on developing new products and services by leveraging our expertise and technology accumulated through Konami Group's amusement machines to boost our market presence. In regard to participation agreements, we continue to expand our lineup of game content, including a key product, the *Concerto*[™] series, *Treasure Ball*[™], which is linked progressive machines, and *Golden Blocks*[™].

As for the *SYNKROS*[®] casino management system, we provide a variety of functions, including the business intelligence function *SYNKROS Dashboards*[™], which enables casino operators to analyze necessary information for management, and *SYNKROS Offers Management*, which offers privileges and customer-friendly information to customers. In addition, *SynkConnect*[™], which can display and manage personal accounts on mobile devices, was also introduced. We continue to make efforts to enhance product appeal, including the development of new functions.

Sports

We also continue to enhance our fitness services and programs to support as many customers as possible to have longer, more comfortable fitness by satisfying their various needs. 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 *Table Tennis School* and *Trampoline School*, we will continue to expand the capacities of our existing facilities. Furthermore, we intend to contribute to 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 taking full advantage of our strengths as one of the largest leading companies in Japan by leveraging our expertise in operations and guidance for not only our directly operated sports facilities, but also franchise facilities and those outsourced to us.

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.

In light of the growing interest in sports among the public looking toward 2020, Konami Sports Club Co., Ltd. changed its company name to Konami Sports Co., Ltd. on March 31, 2019, with the aim of expanding the business in an even more diverse

array of sports-related fields in addition to the operation and management of fitness facilities.

Projected consolidated results for the fiscal year ending March 31, 2020 are as follows: total revenue of ¥270,000 million; operating profit of ¥47,000 million; profit before income tax of ¥46,000 million; and profit attributable to owners of the parent of ¥30,000 million.

	Millions of Yen		
	Year ended March 31, 2019	Year ending March 31, 2020	Change
Total revenue	¥262,549	¥270,000	¥7,451
Operating profit (excluded relocation-related temporary expenses)	50,522	52,000	1,478
Relocation-related temporary expenses	-	(5,000)	(5,000)
Operating profit	¥50,522	¥47,000	¥(3,522)

As our new business base, Konami Creative Center Ginza (hereinafter called “KCC Ginza”) is scheduled to be completed in the end of November 2019. We also plan to establish the “esports GINZA studio,” which will be equipped with the devices best suited for eSports, within the new facility.

Although we expect profit growth from our operating business for the next fiscal year ending March 31,2020, we expect to incur temporary expenses of approximately five billion yen related to the relocation to our owned building, KCC Ginza. The temporary expenses include rent expenses for the period after leaving the current rental building, until the fiscal year ending March 31,2021.

Furthermore, due to a decrease in rent expenses as a result of the relocation to our owned building, we intend to increase the profit further after the fiscal year ending March 31,2021.

We, Konami Group, will strive to contribute to the expansion and stimulation of eSports with our new base KCC Ginza, by delivering entertainment across the world. We hope you look forward to our efforts for eSports.

(2) Consolidated Financial Position

(i) Total Assets, Total Liabilities and Total Equity

Total Assets:

Total assets amounted to ¥378,037 million as of March 31, 2019, increasing by ¥14,929 million compared with March 31, 2018. This mainly resulted from increases in cash and cash equivalents, trade and other receivables and property, plant and equipment, net.

Total Liabilities:

Total liabilities amounted to ¥101,633 million as of March 31, 2019, decreasing by ¥6,936 million compared with March 31, 2018. This primarily resulted from decrease in bonds and borrowings and income tax payables despite an increase in other current liabilities.

Total Equity:

Total equity amounted to ¥276,404 million as of March 31, 2019, increasing by ¥21,865 million compared with March 31, 2018. This mainly resulted from an increase in retained earnings due to recognition of profit attributable to owners of the parent for the year.

Total equity attributable to owners of the parent was 72.9%, increasing by 3.0 points compared with March 31, 2018.

(ii) Cash Flows

	Millions of Yen		
	Year ended March 31, 2018	Year ended March 31, 2019	Change
Cash flow summary:			
Net cash provided by operating activities	¥53,980	¥49,131	¥(4,849)
Net cash used in investing activities	(18,484)	(22,527)	(4,043)
Net cash used in financing activities	(14,798)	(22,416)	(7,618)
Effect of exchange rate changes on cash and cash equivalents	(956)	569	1,525
Net increase in cash and cash equivalents	19,742	4,757	(14,985)
Cash and cash equivalents at the end of the year	¥154,485	¥159,242	¥4,757

Cash and cash equivalents (hereafter, referred to as “Net cash”), as of March 31, 2019, amounted to ¥159,242 million, an increase of ¥4,757 million compared to the year ended March 31, 2018.

Cash flow summary for each activity for the year ended March 31, 2019 is as follows:

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥49,131 million for the year ended March 31, 2019, a year-on-year decrease of 9.0%. This primarily resulted from an increase in income taxes paid despite an increase in contract liabilities.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥22,527 million for the year ended March 31, 2019, a year-on-year increase of 21.9%. This mainly resulted from an increase in capital expenditures for property, plant and equipment despite a decrease in payment into term deposits.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥22,416 million for the year ended March 31, 2019, a year-on-year increase of 51.5%. This primarily resulted from an increase in dividends paid and repayment of short-term borrowings for the year ended March 31, 2019.

(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 term-end dividend for the consolidated year ended March 31, 2019 will be 65.5 yen per share. As a result, the dividends on an annual basis will be 126 yen per share, including a distributed interim dividend of 60.5 yen per share.

As a result of relocating to our new base “Konami Creative Center Ginza”, we expect to incur relocation-related temporary expenses for the next fiscal year ending March 31, 2020. However, the payment of dividends for the next fiscal year ending March 31, 2020 will maintain the same level of regular dividends for the year ended March 31, 2019 which was based on the record profits achieved.

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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	¥154,485	¥159,242
Trade and other receivables	26,092	32,475
Inventories	6,840	8,315
Income tax receivables	714	339
Other current assets	7,541	7,350
Total current assets	195,672	207,721
Non-current assets		
Property, plant and equipment, net	79,077	82,241
Goodwill and intangible assets	36,870	38,080
Investments accounted for using the equity method	3,034	3,233
Other investments	1,313	1,220
Other financial assets	22,578	22,038
Deferred tax assets	21,951	21,143
Other non-current assets	2,613	2,361
Total non-current assets	167,436	170,316
Total assets	363,108	378,037
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	11,903	10,547
Other financial liabilities	3,876	4,323
Trade and other payables	31,252	31,530
Income tax payables	7,599	4,771
Other current liabilities	14,660	19,660
Total current liabilities	69,290	70,831
Non-current liabilities		
Bonds and borrowings	14,744	9,803
Other financial liabilities	13,105	9,922
Provisions	9,109	9,182
Other non-current liabilities	2,321	1,895
Total non-current liabilities	39,279	30,802
Total liabilities	108,569	101,633
Equity		
Share capital	47,399	47,399
Share premium	74,426	74,426
Treasury shares	(21,321)	(21,325)
Other components of equity	610	1,583
Retained earnings	152,668	173,544
Total equity attributable to owners of the parent	253,782	275,627
Non-controlling interests	757	777
Total equity	254,539	276,404
Total liabilities and equity	¥363,108	¥378,037

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

Consolidated Statement of Profit or Loss

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Revenue		
Product sales revenue	¥89,606	¥74,724
Service and other revenue	149,891	187,825
Total revenue	239,497	262,549
Cost of revenue		
Cost of product sales revenue	(42,415)	(36,166)
Cost of service and other revenue	(99,810)	(119,192)
Total cost of revenue	(142,225)	(155,358)
Gross profit	97,272	107,191
Selling, general and administrative expenses	(49,025)	(52,631)
Other income and other expenses, net	(3,066)	(4,038)
Operating profit	45,181	50,522
Finance income	153	326
Finance costs	(917)	(817)
Profit from investments accounted for using the equity method	292	279
Profit before income taxes	44,709	50,310
Income taxes	(14,203)	(16,093)
Profit for the year	30,506	34,217
Profit attributable to:		
Owners of the parent	30,507	34,196
Non-controlling interests	¥(1)	¥21

	Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Earnings per share (attributable to owners of the parent)		
Basic	¥225.59	¥252.86
Diluted	¥222.21	¥249.02

Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Profit for the year	¥30,506	¥34,217
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	-	(68)
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	-	(68)
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	(1,612)	1,040
Net change in fair values of available-for-sale financial assets	66	-
Share of other comprehensive income of entity accounted for using the equity method	(1)	-
Total items that may be reclassified to profit or loss	(1,547)	1,040
Total other comprehensive income	(1,547)	972
Total comprehensive income for the year	28,959	35,189
Comprehensive income attributable to:		
Owners of the parent	28,960	35,169
Non-controlling interests	¥(1)	¥20

(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, 2017	¥47,399	¥74,426	¥(21,304)	¥ 2,157	¥ 131,763	¥234,441	¥751	¥235,192
Profit for the year					30,507	30,507	(1)	30,506
Other comprehensive income				(1,547)		(1,547)	(0)	(1,547)
Total comprehensive income for the year	-	-	-	(1,547)	30,507	28,960	(1)	28,959
Purchase of treasury shares			(17)			(17)		(17)
Disposal of treasury shares		0	0			0		0
Dividends					(9,602)	(9,602)		(9,602)
Increase of a subsidiary						-	7	7
Total transactions with the owners	-	0	(17)	-	(9,602)	(9,619)	7	(9,612)
Balance at March 31, 2018	¥47,399	¥74,426	¥(21,321)	¥610	¥152,668	¥253,782	¥757	¥254,539

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 year					34,196	34,196	21	34,217
Other comprehensive income				973		973	(1)	972
Total comprehensive income for the year	-	-	-	973	34,196	35,169	20	35,189
Purchase of treasury shares			(4)			(4)		(4)
Disposal of treasury shares		0	0			0		0
Dividends					(13,320)	(13,320)		(13,320)
Total transactions with the owners	-	0	(4)	-	(13,320)	(13,324)	-	(13,324)
Balance at March 31, 2019	¥47,399	¥74,426	¥(21,325)	¥1,583	¥173,544	¥275,627	¥777	¥276,404

(4) Consolidated Statement of Cash Flows

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
<i>Operating activities</i>		
Profit for the year	¥30,506	¥34,217
Depreciation and amortization	12,490	14,093
Impairment losses	3,132	3,290
Interest and dividends income	(149)	(306)
Interest expense	824	797
Loss on sale or disposal of property, plant and equipment	62	428
Profit from investments accounted for using the equity method	(292)	(279)
Income taxes	14,203	16,093
Increase in trade and other receivables	(731)	(5,816)
Decrease (increase) in inventories	610	(964)
Increase in trade and other payables	2,542	1,329
Increase in prepaid expense	(379)	(413)
Increase in deferred revenue	1,449	-
Increase in contract liabilities	-	5,152
Other, net	(783)	(254)
Interest and dividends received	151	282
Interest paid	(811)	(774)
Income taxes paid	(8,844)	(17,744)
<i>Net cash provided by operating activities</i>	53,980	49,131
<i>Investing activities</i>		
Capital expenditures	(17,631)	(23,809)
Payment for lease deposits	(419)	(614)
Proceeds from refunds of lease deposits	812	621
Payment into term deposits	(2,500)	(1)
Proceeds from withdrawal of term deposits	1,205	1,282
Other, net	49	(6)
<i>Net cash used in investing activities</i>	(18,484)	(22,527)
<i>Financing activities</i>		
Decrease in short-term (within 3 months) borrowings, net	(1,121)	-
Proceeds from short-term (more than 3 months) borrowings	12,894	12,177
Repayments of short-term (more than 3 months) borrowings	(10,098)	(13,826)
Redemption of bonds	(5,000)	(5,000)
Principal payments under capital lease and financing obligations	(1,866)	(2,460)
Dividends paid	(9,590)	(13,303)
Other, net	(17)	(4)
<i>Net cash used in financing activities</i>	(14,798)	(22,416)
Effect of exchange rate changes on cash and cash equivalents	(956)	569
Net increase in cash and cash equivalents	19,742	4,757
Cash and cash equivalents at the beginning of the year	134,743	154,485
<i>Cash and cash equivalents at the end of the year</i>	¥154,485	¥159,242

(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, 2018 with the exception of the changes in accounting policies described hereunder.

Standards	Title	Overview of new/revised Standards
IFRS 9	Financial Instruments	Revisions relating to classification and measurement of financial instruments, impairment and hedge accounting
IFRS 15	Revenue from Contracts with Customers	Revisions of accounting procedures relating to recognition of revenue

(i) Adoption of IFRS 9 “Financial Instruments”

Konami Group has adopted IFRS 9 “Financial Instruments” from the three-month-period ended June 30, 2018. The new standard replaces IAS 39 “Financial Instruments: Recognition and Measurement.” The standard deals with the classification, recognition and measurement (including impairment) of financial instruments. Konami Group takes advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement changes.

There is no material impact on Konami Group’s consolidated financial statements from the application of IFRS 9.

(ii) Adoption of IFRS 15 “Revenue from Contracts with Customers”

Konami Group has adopted IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) (collectively, “IFRS 15”) from the three-month-period ended June 30, 2018. Konami Group recognizes the cumulative effect of applying the new standard at the date of initial application, with no restatement of the comparative periods presented.

Konami Group recognizes revenue from contracts with customers based on the following five step approach, (excluding interest, dividend and other such income from financial instruments recognized in accordance with IFRS 9 and insurance revenues recognized in accordance with IFRS 4).

- Step 1: Identify the contract (s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at the amount of consideration after deduction of returned goods, trade discounts, and rebates.

There is no material impact on Konami Group's consolidated financial statements from the application of IFRS 15.

(7) Segment Information

(i) Operating Segment Information

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Revenue:		
Digital Entertainment –		
External customers	¥119,548	¥140,955
Intersegment	702	744
Total	¥120,250	¥141,699
Amusement –		
External customers	¥24,629	¥27,249
Intersegment	549	588
Total	¥25,178	¥27,837
Gaming & Systems –		
External customers	¥29,628	¥31,170
Intersegment	-	-
Total	¥29,628	¥31,170
Sports –		
External customers	¥65,692	¥63,175
Intersegment	312	312
Total	¥66,004	¥63,487
Intersegment eliminations	¥(1,563)	¥(1,644)
Consolidated	¥239,497	¥262,549

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Segment profit (loss):		
Digital Entertainment	¥37,405	¥43,833
Amusement	7,493	8,434
Gaming & Systems	4,366	4,723
Sports	3,253	2,243
Total segment profit and loss, net	52,517	59,233
Corporate expenses and eliminations	(4,270)	(4,673)
Other income and other expenses, net	(3,066)	(4,038)
Finance income and finance costs, net	(764)	(491)
Profit from investments accounted for using the equity method	292	279
Profit before income taxes	¥44,709	¥50,310

(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.
6. Starting from the three-month period ended September 30, 2018, the name of a reporting segment previously stated as “Health & Fitness” business has been changed to “Sports” business. This change is limited to the name only, hence there is no impact to its segment information.

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Year ended March 31, 2018	Year ended March 31, 2019
Revenue:		
Japan	¥183,222	¥201,775
United States	38,168	40,347
Europe	11,067	12,890
Asia/Oceania	7,040	7,537
Consolidated	¥239,497	¥262,549

(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) Earnings per Share

	Year ended March 31, 2018	Year ended March 31, 2019
Profit attributable to owners of the parent	30,507 million yen	34,196 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	30,543 million yen	34,232 million yen
Basic weighted average ordinary shares outstanding	135,234,933 shares	135,233,307 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	2,215,379 shares	2,233,788 shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	137,450,312 shares	137,467,095 shares
Earnings per share attributable to owners of the parent for the year		
Basic	225.59 yen	252.86 yen
Diluted	222.21 yen	249.02 yen

(9) Subsequent Events

None