

**Consolidated Financial Results
for the Year Ended March 31, 2018
(Prepared in Accordance with IFRS)**

May 10, 2018

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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Date of General Shareholders Meeting: June 27, 2018 Beginning date of dividend payment: June 6, 2018

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

1. Consolidated Financial Results for the Year Ended March 31, 2018

(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, 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%
Year ended March 31, 2017	229,922	36,359	35,521	25,977	25,951	25,727
% change from previous year	(8.0)%	47.3%	49.5%	146.7%	146.8%	224.6%

	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, 2018	225.59	222.21	12.5%	12.8%	18.9%
Year ended March 31, 2017	191.89	189.08	11.6%	10.7%	15.8%

Reference: Profit from investments accounted for using the equity method

Year ended March 31, 2018: ¥292 million

Year ended March 31, 2017: ¥268 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, 2018	363,108	254,539	253,782	69.9%	1,876.62
March 31, 2017	337,144	235,192	234,441	69.5%	1,733.57

(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, 2018	53,980	(18,484)	(14,798)	154,485
Year ended March 31, 2017	43,759	(13,615)	(9,420)	134,743

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, 2017	-	17.00	-	41.00	58.00	¥7,844 million	30.2%	3.5%
Year ended March 31, 2018	-	30.00	-	38.00	68.00	¥9,196 million	30.1%	3.8%
Year ending March 31, 2019 (Forecast)								
Regular dividends	-	35.50	-	35.50	71.00		30.0%	
Commemorative dividends (note)	-	25.00	-	25.00	50.00		21.1%	
Total	-	60.50	-	60.50	121.00		51.1%	

Note) To celebrate the 50th anniversary of its founding on March 21, 2019 (the 35th anniversary of its listing in the same year), KONAMI HOLDINGS CORPORATION intends to award commemorative dividends in addition to regular dividends for the year ending March 31, 2019. Please refer to "Notice on Commemorative Dividend for 50th Anniversary of Founding" announced on May 10, 2018, for further details.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2019

(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, 2019	250,000	50,000	49,000	32,000	236.63
% change from previous year	4.4%	10.7%	9.6%	4.9%	

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

- Changes in accounting policies required by IFRS: No
- Other changes: No
- Changes in accounting estimate: No

(3) Number of shares issued (Share capital)

- Number of shares issued: (Treasury shares included)
 - As of March 31, 2018 143,500,000 shares
 - As of March 31, 2017 143,500,000 shares
- Number of treasury shares:
 - As of March 31, 2018 8,266,259 shares
 - As of March 31, 2017 8,263,356 shares
- Average number of shares outstanding:
 - Year ended March 31, 2018 135,234,933 shares
 - Year ended March 31, 2017 135,238,663 shares

(Reference) Summary of Non-consolidated Financial Results

Results for the Year Ended March 31, 2018

(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, 2018	16,443	13,469	13,590	13,710
% change from previous year	(3.3)%	(8.4)%	(8.3)%	38.2%
Year ended March 31, 2017	17,010	14,700	14,813	9,921
% change from previous year	17.2%	26.2%	24.9%	(14.2)%

	Basic net income per share (yen)	Diluted net income per share (yen)
Year ended March 31, 2018	101.38	99.71
Year ended March 31, 2017	73.36	72.15

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

	Total assets	Total net assets	Equity ratio	Net assets per share (yen)
March 31, 2018	241,536	215,475	89.2%	1,593.36
March 31, 2017	239,500	211,362	88.3%	1,562.91

Reference: Total Stockholders' equity

Year ended March 31, 2018: ¥215,475 million

Year ended March 31, 2017: ¥211,362 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 business and Gaming & Systems business; (vi) our ability to successfully expand the scope of our business and broaden our customer base through our Health & Fitness 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 pages 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 10, 2018.

1. Business Performance

(1) Overview of Business Performance

(i) Business Performance

For the fiscal year ended March 31, 2018, the Japanese economy remained strong with improvement in corporate earnings and the labor environment and recovery in consumer spending. While overseas economies are also gradually recovering, the future remains uncertain because of concerns about political and policy movements and a heightening of geopolitical risks.

In the entertainment market, game contents continue to diversify along with functional enhancement of various devices, including mobile devices and video game consoles, and development of information and telecommunications infrastructure. 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, efforts are accelerating to offer new experiences through game content in various ways, including eSports, which are regarded as a form of sports competition and are attracting more and more attention.

In spite of a continuously harsh market environment for the amusement industry, there are signs of recovery in the market, including an increase in users with families at arcade game areas in shopping malls due to an ease in restrictions on the hours minors can be admitted by prefectural enforcement ordinance revisions in accordance with partial revisions to the “Act on Control and Improvement of Amusement Businesses” (Entertainment Business Law) which began to be enforced from June 2016, as well as the addition of new users led by measures toward revitalizing the industry as a whole.

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, measures for more development have been implemented in the gaming business, including the legalization of slot machines with skill-based elements in some states in the U.S. This will enable the machines to reflect players’ skill levels, as a countermeasure against young people's lack of interest in gaming slot machines.

In connection with the health and fitness industry, there is a growing health consciousness throughout society, especially among senior citizens and women, who year after year have shown an increasing tendency to focus their leisure activities on improving health and physical strength. We continue to see growing a preference for sports, health-consciousness and an interest in preventing the need for nursing care in old age. In addition, we are seeing a steady increase in customers engaging in activities to improve their personal appearance and a diversification of related needs and products, including dieting, getting in shape, personal training

and studio programs. Markets for household training machines also continue to grow since a wide variety of machines were released.

Under such circumstances, in terms of the mobile games in the Digital Entertainment segment, we released two titles of *Tokimeki Idol* and *Quiz Magic Academy LOST FANTARIUM* in the domestic market during the three-month period ended March 31, 2018. Other mobile game titles also continued to enjoy strong performance, including *JIKKYOU PAWAFURU PUROYAKYU*, *Yu-Gi-Oh! DUEL LINKS* and *PROFESSIONAL BASEBALL SPIRITS A (Ace)*. As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. One year has passed since the introduction of the new rules in March 2017, which have become more known to customers. As for computer and video games, a spin-off title in the *METAL GEAR* series, *METAL GEAR SURVIVE*, was released during the three-month period ended March 31, 2018. *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*) also continued to enjoy stable performance.

In our Amusement segment, the video game *MAH-JONG FIGHT CLUB Gouka Kenran*, which was added to high-grade model cabinets, continued to operate steadily and the music genre games of *beatmania IIDX 25 CANNON BALLERS* and *DANCERUSH STARDOM* were launched. As for medal game machines, a new cabinet of *Anima Lotta: Otogi no Kuni no Anima*, *GI-WorldClassic*, and *MARBLE FEVER* were launched. In addition, *GI Derby Club*, which was launched in the previous fiscal year, has continued a long-term stable operation and has performed strongly with support from additional orders and favorable market reviews.

In our Gaming & Systems segment, we have promoted sales of *Concerto*™, a key product of the video slot machine series, the long-selling *Podium*® series, and the *SYNKROS*® casino management system mainly in the U.S, Asian and Oceanian markets.

In our Health & Fitness segment, we continued to develop our pricing and membership plans. These plans enable customers to select a pricing plan based on the number of times they use our facilities and to use more than one facility. We have intended to promote and spread the Konami Sports Club's services supporting the concept of sustainable fitness. As for products related to health and fitness, we began to develop new products with the aim of enhancing its degree of recognition and increasing its market share in the health and fitness equipment market. This market is expanding centered on household machines.

In terms of the consolidated results for the fiscal year ended March 31, 2018, total revenue amounted to ¥239,497 million (a year-on-year increase of 4.2%), operating profit was ¥45,181 million (a year-on-year increase of 24.3%), profit before income taxes was ¥44,709 million (a year-on-year increase of 25.9%), and profit attributable to owners of the parent was ¥30,507 million (a year-on-year increase of 17.6%).

(ii) Performance by Business Segment

Summary of total revenue by business segment:

Millions of Yen, except percentages			
	Year ended March 31, 2017	Year ended March 31, 2018	% change
Total revenue:			
Digital Entertainment	¥105,573	¥120,250	13.9
Amusement	25,342	25,178	(0.6)
Gaming & Systems	31,251	29,628	(5.2)
Health & Fitness	68,648	66,004	(3.9)
Intersegment eliminations	(892)	(1,563)	-
Total revenue	¥229,922	¥239,497	4.2

Digital Entertainment

As for mobile games, we released two titles of *Tokimeki Idol* and *Quiz Magic Academy LOST FANTARIUM* in the domestic market during the three-month period ended March 31, 2018. Various titles also continued stable performance, including *JIKKYU PAWAFURU PUROYAKYU* and *PROFESSIONAL BASEBALL SPIRITS A (Ace)* with driving in the domestic market and *Yu-Gi-Oh! DUEL LINKS*, *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*), and *Winning Eleven CLUB MANAGER* (known overseas as *PES CLUB MANAGER*) in the global markets.

As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. One year has passed since the introduction of the new rules in March 2017, which have become more known to customers. We also started the 20th anniversary-year project for *Yu-Gi-Oh! TRADING CARD GAME* to celebrate its 20th anniversary once it goes on sale in February 2019 and continued to work to revitalize the content.

As for computer and video games, a spin-off title in the *METAL GEAR* series, *METAL GEAR SURVIVE*, was released during the three-month period ended March 31, 2018. In addition, *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*) continued to receive favorable reviews so we have continued measures, including introducing popular players from the past who played for national teams and club teams. We also held qualifying rounds for the “PES LEAGUE WORLD TOUR 2018” world championships to get involved with eSports, and fans are showing a lot of enthusiasm for it.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2018 in this segment amounted to ¥120,250 million (a year-on-year increase of 13.9%) and segment profit for the fiscal year ended March 31, 2018 amounted to ¥37,405 million (a year-on-year increase of 10.8%).

Amusement

In regards to video games, the new cabinet *MAH-JONG FIGHT CLUB Gouka Kenran* continued to perform strongly. The addition of this high-grade model cabinet was to celebrate the 15th anniversary of the online versus mahjong game *MAH-JONG FIGHT CLUB*. In addition, we launched a music genre game, *beatmania IIDX 25 CANNON BALLERS*, which features a new screen function that shows live video of the player's hands and face, as well as improved music and video quality. In celebration of the 20th anniversary of the release of *DanceDanceRevolution*, we released *DANCERUSH STARDOM*, a new generation of dance games where everyone can easily enjoy "Shuffle Dance". In terms of medal games, we launched new compact cabinets for *Anima Lotta: Otogi no Kuni no Anima*, which integrate all the functions of the popular product, the latest title in the *G1* series, *GI-WorldClassic*, and a newly pusher game, *MARBLE FEVER*, which offers unconventional fun consisting of a wide variety of physical roulettes with a glass ball that runs around in a glittering cabinet. These games have received favorable reviews from a wide range of users, not only from original fans, but also from new players as well. Furthermore, *GI Derby Club*, which was launched in the previous fiscal year, has continued to experience excellent long-term and stable operation with new 2017 machines due to its rich gameplay which has earned it a large following and has often been featured in general newspapers as well as industry journals.

Towards Creating environments where amusement-facility users can easily enjoy games to use electronic money, we started the sequential introduction of the *Thincaterminal* multi-electronic money payment system services for there. In addition, the seventh KONAMI Arcade Championship was held. This championship, which has been held annually since 2011, is an official eSports tournament to decide the best arcade game players and has created a lot of excitement at amusement centers nationwide as well as in Asia and North America.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2018 in this segment amounted to ¥25,178 million (a year-on-year decrease of 0.6%) and segment profit for the fiscal year ended March 31, 2018 amounted to ¥7,493 million (a year-on-year increase of 43.0%).

Gaming & Systems

With respect to our slot machines, we expanded our *Concerto*[™] series in the North American market, including new cabinets of *Concerto Crescent*[™], which utilizes KONAMI's first curved screen, and *Concerto Stack*[™], which utilizes a large-scale vertical screen, in order to meet the various demands from players and casino operators. We also focused on sales of the long-selling *Podium*[®] series, which has a richly diverse product lineup and continues to receive favorable reviews in the Central and South American, African and Asian markets. In addition, we started to

install a horserace betting station with a model track, *Fortune Cup*TM, which was leveraged our expertise and technology accumulated through Konami Group's amusement machines. As for the development of the participation agreement (in which profits are shared with casino operators), we expanded our lineup of premium products and game contents, including the *Concerto*TM series. These premium products raised higher expectations and willingness from players. The *SYNKROS*[®] casino management system performed well, which included the steady introduction into casino facilities in the various states of the U.S, as well as the introduction into large cruise ships in service overseas.

For the year ended March 31, 2018, total revenue from this segment decreased because number of installation of new slot machines decreased so that opening of new casino facilities were limited and a part of installations of casino management system were postponed in the fiscal year ending March 31, 2019.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2018 in this segment amounted to ¥29,628 million (a year-on-year decrease of 5.2%) and segment profit for the fiscal year ended March 31, 2018 amounted to ¥4,366 million (a year-on-year decrease of 10.0%).

Health & Fitness

With respect to the management of facilities that we operate directly, we continued to make efforts to meet recent diversifying individual needs in fitness markets. In addition to pricing plans that customers can select based on their frequency of use, we have promoted a per-use plan for customers who are unable to visit facilities regularly. We have also intended to improve facility settings by promoting renovations. As for studio programs, we have also made efforts to improve services that offer a comfortable and fit lifestyle for customers, including more enhancements of in-house development programs *Cardio Cross* and *Pelvic flexibility* and *Les Mills* programs *BODYATTACK* and *BODYJAM*. As for new facilities, we commenced a Konami Sports Club as a new franchise facility in Sasebo City, Nagasaki prefecture. We also re-branded the sports club brand *XAX*, a former pioneer in the sports club industry that was always ahead of the times. Following the opening of *XAX* Nishikujo (Konohana-ku, Osaka Prefecture), a compact facility specializing in machines and studios, we opened *XAX* Kanade no Mori (Narashino City, Chiba Prefecture). These measures are our efforts to increase the members.

As for products relating to health and fitness, 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. We also began distributing how-to-use videos featuring instructors from Konami Sports Club in order to help users use these new products more effectively.

For the year ended March 31, 2018, total revenue from this business decreased mainly due to closing of the facilities operated directly. Meanwhile, the segment profit decreased compared with those for the same period of the previous fiscal year because of an increase in fuel and light expenses by a surge in prices of crude oil, opening of new facilities and renovation of existing ones, and promotion to invite new members, despite some recovery in number of members.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2018 in this segment amounted to ¥66,004 million (a year-on-year decrease of 3.9%) and segment profit for the fiscal year ended March 31, 2018 amounted to ¥3,253 million (a year-on-year decrease of 23.0%).

(iii) Outlook for the Fiscal Year Ending March 31, 2019

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 intend to release the latest title in the *LOVEPLUS* series, *LOVEPLUS EVERY*. With titles including *Tokimeki Idol* and *Quiz Magic Academy LOST FANTARIUM*, which were released during the three-month period ended March 31, 2018, we will strive to provide enjoyable content for many customers. In the Chinese market, *Winning Eleven CARD COLLECTION* (known in China as 美況：王者集結) as well as *Winning Eleven 2018* (known in China as 美況足球), which surpassed 100 million downloads worldwide, are intended to be released through collaboration with local companies. In addition to them, we will strive to provide contents that enables us to deliver pleasure to customers in various ages and regions, including *Yu-Gi-Oh! DUEL LINKS* which surpassed 65 million downloads worldwide.

As for card games, *Yu-Gi-Oh! TRADING CARD GAME* will celebrate its 20th anniversary once it goes on sale in February 2019. To celebrate this milestone, we designated the year starting from February 2018 as the 20th anniversary year and we continue to work hard to revitalize the contents by developing various measures. As part of our continued active efforts in eSports, we intend to hold the “Yu-Gi-Oh! World Championship 2018” in August.

As for computer and video games, we released *JIKKYOU PAWAFURU PUROYAKYU 2018* in April 2018, which is to receive favorable reviews with its new features including VR compatibility. In June 2018, we intend to release *SUPER BOMBERMAN R* for PlayStation®4, Xbox One, and Steam (PC) in order to enable more customers to

have fun. In addition, we are eagerly working on *ANUBIS ZONE OF THE ENDERS: MARS*, which was exhibited at Tokyo Game Show 2017, with intended to be released in September 2018. Furthermore, we will also strive to provide opportunities for our customers to continue having fun with *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*), including hosting the final match at the eSports Global Championship “PES LEAGUE WORLD TOUR 2018” this summer.

As the preference for enriching daily life through full and abundant experiences has strengthened in the entertainment market, we continue to make efforts to create and provide “Valuable Time” to customers through game contents.

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 and developing eSports tournament. With the goal of improving customer convenience, we intend to make efforts to improve the infrastructure environment to contribute to the development of the industry, including the promotion of the unification of IC card specifications for arcade games.

As for the product development, we intend to devote ourselves to providing products and services that entertain a wide range of customers both in and out of Japan with new entertainment which has never been seen before by using our knowhow about amusement games which we have accumulated since the founding of the Konami Group. As for manufacturing, we continue to promote increasing profitability by cost reduction as well as develop a production system that can increase production volume and quality enhancement. As for sales, we intend to maximize sales and pursue efficiency by accurately recognizing changes in market demands and the timely introduction of products to the market.

In addition, the local subsidiary in the Kingdom of Thailand started its fully operation in April 2018, which was established In January 2018, with the aim to develop a sales structure for the Southeast Asian region where the economy is growing rapidly. Moving forward, we will strive to strengthen its business development in global markets, by expanding sales and service operations of the Konami Group products, including amusement machines.

We also intend to devote ourselves to providing more fun and more exciting products and services that entertain customers on various occasions in towns over the world.

Gaming & Systems

As for slot machines, we continue to make efforts to expand our product range to introduce *Concerto Opus*[™], the latest cabinet which features a 65-inch video screen, as well as to develop and enhance our sales centered on *Concerto*[™], a key product of the video slot machine series. In addition, we intend to focus on products, including introduction of multi-station machines, such as *Fortune Cup*[™], a horserace betting station with a model track, and *Crystal Cyclone*[™], a ball-drawing game, and installation of features that reflect player skill levels, such as *Beat Square*[™], a slot machine based on *jubeat* from the *BEMANI* series which is one of our music genre game series. We continue to focus on developing new products and services by leveraging our expertise and technology accumulated through Konami Group's amusement machines.

As for the *SYNKROS*[®] casino management system, we provide a variety of functions with received positive reviews, including the business intelligence function *SYNKROS Dashboards*[™] and *SYNKROS Offers Management*, which offers privileges and customer-friendly information to customers. We continue to make efforts to enhance product appeal, including actively expansion of the sales and the development of new functions.

Health & Fitness

In our Health and Fitness business, we will continue striving to accurately grasp the needs of our increasingly diverse customer base and to increase the value of Konami Sports Clubs by offering a new lifestyle. We continue to offer services that not only have revised pricing plans based on usage frequency, but that also support customers' "sustainable fitness." These include programs to meet individual needs.

As Japan's population continues to age, the government continues to take measures to combat lifestyle diseases and also develop new plans for boosting sports clubs and other aspects of the healthy prolonged life industry as part of the governmental growth strategy. As part of an integrated approach from national and private organizations, we intend to continue to promote fitness club operation, and intend to develop and market health and fitness equipment. The aim of these efforts is to enhance customer satisfaction for a variety of users with diverse lifestyles and age ranges as the leading company in the health and fitness industry.

In regard to the management of sports club facilities, though we intended to ensure stable earnings to integrate and reorganize the facilities, we continue to develop new programs and school programs to expand our services in order to meet customer needs. These measures include accelerating promotion of the opening of directly managed facilities centering on the development of the *XAX* brand, such as *XAX Akabane* (Kita-ku, Tokyo), *XAX Shiki* (Shiki City, Saitama Prefecture), and *XAX Nakamozu* (Sakai City, Osaka Prefecture). In addition, we intend to continue taking full advantage of our strengths as one of the largest operators of a large number of sports facilities in Japan by leveraging our expertise in operations and guidance for

not only our directly operated facilities, but also franchise facilities and those outsourced to us.

As for health and fitness related products, we will continue to develop a variety of products for the Konami Sports Club brand as well as our existing *AEROBIKE* and *POWERFUL GEAR* products. We also intend to enhance their appeal to customers through e-commerce site and Konami Sports Clubs to expand our market share.

Projected consolidated results for the fiscal year ending March 31, 2019 are as follows: total revenue of ¥250,000 million; operating profit of ¥50,000 million; profit before income tax of ¥49,000 million; and profit attributable to owners of the parent of ¥32,000 million.

(2) Consolidated Financial Position

(i) Total Assets, Total Liabilities and Total Equity

Total Assets:

Total assets amounted to ¥363,108 million as of March 31, 2018, increasing by ¥25,964 million compared with March 31, 2017. This mainly resulted from increases in cash and cash equivalents, property, plant and equipment, net, and goodwill and intangible assets.

Total Liabilities:

Total liabilities amounted to ¥108,569 million as of March 31, 2018, increasing by ¥6,617 million compared with March 31, 2017. This primarily resulted from increases in trade and other payables and income tax payables despite a decrease in bonds and borrowings.

Total Equity:

Total equity amounted to ¥254,539 million as of March 31, 2018, increasing by ¥19,347 million compared with March 31, 2017. This mainly resulted from an increase in retained earnings due to recognition of profit for the year.

Total equity attributable to owners of the parent was 69.9%, increasing by 0.4 points compared with March 31, 2017.

(ii) Cash Flows

Millions of Yen			
	Year ended March 31, 2017	Year ended March 31, 2018	Change
Cash flow summary:			
Net cash provided by operating activities	¥43,759	¥53,980	¥10,221
Net cash used in investing activities	(13,615)	(18,484)	(4,869)
Net cash used in financing activities	(9,420)	(14,798)	(5,378)
Effect of exchange rate changes on cash and cash equivalents	112	(956)	(1,068)
Net increase in cash and cash equivalents	20,836	19,742	(1,094)
Cash and cash equivalents at the end of the year	¥134,743	¥154,485	¥19,742

Cash and cash equivalents (hereafter, referred to as “Net cash”), as of March 31, 2018, amounted to ¥154,485 million, an increase of ¥19,742 million compared to the year ended March 31, 2017.

Cash flow summary for each activity for the year ended March 31, 2018 is as follows:

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥53,980 million for the year ended March 31, 2018, a year-on-year increase of 23.4%. This primarily resulted from an increase in profit for the year and a decrease in income taxes paid.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥18,484 million for the year ended March 31, 2018, a year-on-year increase of 35.8%. This mainly resulted from increases in capital expenditures for property, plant and equipment and term deposits, net.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥14,798 million for the year ended March 31, 2018, a year-on-year increase of 57.1%. This primarily resulted from redemption of bonds in this fiscal year and an increase in dividends paid.

(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, 2018 will be 38 yen per share as we have announced. As a result, the dividends on an annual basis will be 68 yen per share, including a distributed interim dividend of 30 yen per share.

The Company intends to award commemorative dividends of 50 yen per share for the 50th anniversary of its founding in addition to regular dividends of 71 yen per share for the fiscal year ending March 31, 2019. Please refer to "Notice on Commemorative Dividend for 50th Anniversary of Founding" announced on May 10, 2018, for further details.

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, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and cash equivalents	¥ 134,743	¥154,485
Trade and other receivables	25,951	26,092
Inventories	7,430	6,840
Income tax receivables	846	714
Other current assets	5,978	7,541
Total current assets	174,948	195,672
Non-current assets		
Property, plant and equipment, net	75,598	79,077
Goodwill and intangible assets	34,774	36,870
Investments accounted for using the equity method	2,798	3,034
Other investments	1,266	1,313
Other financial assets	22,362	22,578
Deferred tax assets	22,335	21,951
Other non-current assets	3,063	2,613
Total non-current assets	162,196	167,436
Total assets	337,144	363,108
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	10,607	11,903
Other financial liabilities	4,007	3,876
Trade and other payables	25,852	31,252
Income tax payables	2,745	7,599
Other current liabilities	13,635	14,660
Total current liabilities	56,846	69,290
Non-current liabilities		
Bonds and borrowings	19,678	14,744
Other financial liabilities	14,633	13,105
Provisions	8,106	9,109
Deferred tax liabilities	0	-
Other non-current liabilities	2,689	2,321
Total non-current liabilities	45,106	39,279
Total liabilities	101,952	108,569
Equity		
Share capital	47,399	47,399
Share premium	74,426	74,426
Treasury shares	(21,304)	(21,321)
Other components of equity	2,157	610
Retained earnings	131,763	152,668
Total equity attributable to owners of the parent	234,441	253,782
Non-controlling interests	751	757
Total equity	235,192	254,539
Total liabilities and equity	¥337,144	¥363,108

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

Consolidated Statement of Profit or Loss

	Millions of Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Revenue		
Product sales revenue	¥90,787	¥89,606
Service and other revenue	139,135	149,891
Total revenue	229,922	239,497
Cost of revenue		
Cost of product sales revenue	(46,813)	(42,415)
Cost of service and other revenue	(94,378)	(99,810)
Total cost of revenue	(141,191)	(142,225)
Gross profit	88,731	97,272
Selling, general and administrative expenses	(45,107)	(49,025)
Other income and other expenses, net	(7,265)	(3,066)
Operating profit	36,359	45,181
Finance income	199	153
Finance costs	(1,305)	(917)
Profit from investments accounted for using the equity method	268	292
Profit before income taxes	35,521	44,709
Income taxes	(9,544)	(14,203)
Profit for the year	25,977	30,506
Profit attributable to:		
Owners of the parent	25,951	30,507
Non-controlling interests	¥26	¥(1)

	Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Earnings per share (attributable to owners of the parent)		
Basic	¥191.89	¥225.59
Diluted	¥189.08	¥222.21

Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Profit for the year	¥25,977	¥30,506
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	(253)	(1,612)
Net change in fair values of available-for-sale financial assets	2	66
Share of other comprehensive income of entities accounted for using equity method	1	(1)
Total items that may be reclassified to profit or loss	(250)	(1,547)
Total other comprehensive income	(250)	(1,547)
Total comprehensive income for the year	25,727	28,959
Comprehensive income attributable to:		
Owners of the parent	25,701	28,960
Non-controlling interests	¥26	¥(1)

(3) Consolidated Statement of Changes in Equity

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2016	¥47,399	¥74,426	¥(21,284)	¥2,407	¥109,802	¥212,750	¥725	¥213,475
Profit for the year					25,951	25,951	26	25,977
Other comprehensive income				(250)		(250)		(250)
Total comprehensive income for the year	-	-	-	(250)	25,951	25,701	26	25,727
Purchase of treasury shares			(20)			(20)		(20)
Disposal of treasury shares		0	0			0		0
Dividends					(3,990)	(3,990)		(3,990)
Total transactions with the owners	-	0	(20)	-	(3,990)	(4,010)	-	(4,010)
Balance at March 31, 2017	¥47,399	¥74,426	¥(21,304)	¥ 2,157	¥ 131,763	¥234,441	¥751	¥235,192

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interest	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

(4) Consolidated Statement of Cash Flows

	Millions of Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
<i>Operating activities</i>		
Profit for the year	¥25,977	¥30,506
Depreciation and amortization	16,286	12,490
Impairment losses	6,401	3,132
Interest and dividends income	(195)	(149)
Interest expense	940	824
Loss on sale or disposal of property, plant and equipment	538	62
Profit from investments accounted for using the equity method	(268)	(292)
Income taxes	9,544	14,203
Increase in trade and other receivables	(2,355)	(731)
Decrease in inventories	1,954	610
Increase in trade and other payables	1,521	2,542
Decrease (increase) in prepaid expense	84	(379)
Increase in deferred revenue	388	1,449
Other, net	(1,475)	(783)
Interest and dividends received	166	151
Interest paid	(953)	(811)
Income taxes paid	(14,794)	(8,844)
<i>Net cash provided by operating activities</i>	43,759	53,980
<i>Investing activities</i>		
Capital expenditures	(14,969)	(17,631)
Decrease in lease deposits, net	1,192	393
Decrease (increase) in term deposits, net	143	(1,295)
Other, net	19	49
<i>Net cash used in investing activities</i>	(13,615)	(18,484)
<i>Financing activities</i>		
Increase (decrease) in short-term (within 3 months) borrowings, net	1,134	(1,121)
Proceeds from short-term (more than 3 months) borrowings	12,846	12,894
Repayments of short-term (more than 3 months) borrowings	(17,386)	(10,098)
Redemption of bonds	-	(5,000)
Principal payments under capital lease and financing obligations	(2,011)	(1,866)
Dividends paid	(3,984)	(9,590)
Other, net	(19)	(17)
<i>Net cash used in financing activities</i>	(9,420)	(14,798)
Effect of exchange rate changes on cash and cash equivalents	112	(956)
Net increase in cash and cash equivalents	20,836	19,742
Cash and cash equivalents at the beginning of the year	113,907	134,743
<i>Cash and cash equivalents at the end of the year</i>	¥134,743	¥154,485

(5) Going Concern Assumption

None

(6) Segment Information

(i) Operating Segment Information

	Millions of Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Revenue:		
Digital Entertainment –		
External customers	¥105,151	¥119,548
Intersegment	422	702
Total	¥105,573	¥120,250
Amusement –		
External customers	¥25,193	¥24,629
Intersegment	149	549
Total	¥25,342	¥25,178
Gaming & Systems –		
External customers	¥31,251	¥29,628
Intersegment	-	-
Total	¥31,251	¥29,628
Health & Fitness –		
External customers	¥68,327	¥65,692
Intersegment	321	312
Total	¥68,648	¥66,004
Intersegment eliminations	¥(892)	¥(1,563)
Consolidated	¥229,922	¥239,497

	Millions of Yen	
	Year ended March 31, 2017	Year ended March 31, 2018
Segment profit:		
Digital Entertainment	¥33,759	¥37,405
Amusement	5,239	7,493
Gaming & Systems	4,849	4,366
Health & Fitness	4,224	3,253
Total segment profit	48,071	52,517
Corporate expenses and eliminations	(4,447)	(4,270)
Other income and other expenses, net	(7,265)	(3,066)
Finance income and finance costs, net	(1,106)	(764)
Profit from investments accounted for using the equity method	268	292
Profit before income taxes	¥35,521	¥44,709

(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) Health & Fitness:	Operation of health and fitness clubs, and production, manufacture and sale of health and fitness 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, 2017	Year ended March 31, 2018
Revenue:		
Japan	¥172,448	¥183,222
United States	40,445	38,168
Europe	10,257	11,067
Asia/Oceania	6,772	7,040
Consolidated	¥229,922	¥239,497

(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.

(7) Earnings per Share

	Year ended March 31, 2017	Year ended March 31, 2018
Profit attributable to owners of the parent	25,951 million yen	30,507 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	25,987 million yen	30,543 million yen
Basic weighted average ordinary shares outstanding	135,238,663 shares	135,234,933 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	2,197,947 shares	2,215,379 shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	137,436,610 shares	137,450,312 shares
Earnings per share attributable to owners of the parent for the year		
Basic	191.89 yen	225.59 yen
Diluted	189.08 yen	222.21 yen

(8) Subsequent Events

None