

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Prepared in Accordance with IFRS)

February 1, 2024

KONAMI GROUP 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: Kimihiko Higashio, Representative Director, President
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 Beginning date of dividend payment: -

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023

(1) Consolidated Results of Operations (Millions of Yen, except percentages and per share amounts)

	Revenue	Business profit	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent
Nine months ended December 31, 2023	253,096	62,821	59,608	61,501	44,495	44,495
% change from previous year	11.6%	53.0%	58.9%	60.3%	61.4%	61.4%
Nine months ended December 31, 2022	226,878	41,062	37,523	38,374	27,571	27,571
% change from previous year	5.5%	(31.2)%	(37.8)%	(35.9)%	(34.9)%	(34.9)%

Total comprehensive income for the period: Nine months ended December 31, 2023: ¥48,104 million; 52.7%

Nine months ended December 31, 2022: ¥31,509 million; (28.1)%

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

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Nine months ended December 31, 2023	328.23	328.23
Nine months ended December 31, 2022	204.82	203.46

(2) Consolidated Financial Position

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

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
December 31, 2023	578,572	407,570	407,555	70.4%
March 31, 2023	547,223	376,279	376,264	68.8%

2. Cash Dividends

Record Date	Cash dividends per share (yen)				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual
Year ended March 31, 2023	-	62.00	-	62.00	124.00
Year ending March 31, 2024	-	62.00	-		
Year ending March 31, 2024 (Forecast)				62.00	124.00

Note) Recently announced change in dividend forecasts for the fiscal year ending March 31, 2024 during the three months ended December 31, 2023: No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2024

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

	Revenue	Business profit	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, 2024	343,000	78,500	72,000	72,000	51,000	376.22
% change from previous year	9.1%	38.7%	55.9%	52.8%	46.2%	

Note) Recently announced change in earnings forecasts for the fiscal year ending March 31, 2024 during the three months ended December 31, 2023: Yes

Noted Items

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

(2) Changes in accounting policies and accounting estimate

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

(3) Number of shares issued (Share capital)

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

As of December 31, 2023	143,500,000 shares
As of March 31, 2023	143,500,000 shares
2. Number of treasury shares:

As of December 31, 2023	7,941,747 shares
As of March 31, 2023	7,941,177 shares
3. Average number of shares outstanding:

Nine months ended December 31, 2023	135,558,479 shares
Nine months ended December 31, 2022	134,611,852 shares

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

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

Statements made in this document with respect to our current plans, estimates, strategies and beliefs, including the above forecasts, are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of information currently available to it and, therefore, you should not place undue reliance on them. A number of important factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to: (i) changes in economic conditions affecting our operations; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (iii) our ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (iv) the timing of the release of new game titles and products, especially game titles and products that are part of historically popular series; (v) our ability to successfully expand internationally with a focus on our Digital Entertainment, Amusement, and Gaming & Systems businesses; (vi) our ability to successfully expand the scope of our business and broaden our customer base through our Sports business; (vii) regulatory developments and changes and our ability to respond and adapt to those changes; (viii) our expectations with regard to further acquisitions and the integration of any companies we may acquire; and (ix) the outcome of existing contingencies.

Please refer to page from 9 to 11 for further information regarding our business forecasts.

KONAMI GROUP CORPORATION (the "Company") disclosed the supplemental data for the consolidated financial statements via the Company's website on February 1, 2024.

1. Business Performance

(1) Analysis of Business Performance

(1) Business Overview

For the nine months ended December 31, 2023, the domestic economy is expected to continue its moderate recovery, driven by improvements in the employment and income environment, however, the situation still remains uncertain due to issues including surge in energy costs and raw material costs, the impact on the economy of tightening monetary policies around the world, concerns about the future of the Chinese economy and rising geopolitical risks.

Amidst these circumstances, in terms of the business results of Konami Group for the nine months ended December 31, 2023, improved profit margin of core contents and the launch of new titles in the Digital Entertainment business mainly led to the solid performance, resulting in record high revenues and profit on a quarterly basis. In addition, both total revenue and profit for the period reached a record high as business performance for the nine months ended December 31, 2023 exceeded that of the same period of the previous fiscal year in the Amusement, the Gaming & Systems and the Sports businesses.

In terms of the consolidated results for the nine months ended December 31, 2023, total revenue amounted to ¥253,096 million (a year-on-year increase of 11.6%), business profit was ¥62,821 million (a year-on-year increase of 53.0%), operating profit was ¥59,608 million (a year-on-year increase of 58.9%), profit before income taxes was ¥61,501 million (a year-on-year increase of 60.3%), and profit attributable to owners of the parent was ¥44,495 million (a year-on-year increase of 61.4%).

(2) Performance by Business Segment

Summary of total revenue by business segment:

Millions of Yen, except percentages

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	% change
Total revenue:			
Digital Entertainment	¥156,424	¥173,369	10.8
Amusement	10,558	16,320	54.6
Gaming & Systems	27,864	29,606	6.3
Sports	33,716	35,571	5.5
Intersegment eliminations	(1,684)	(1,770)	-
Total revenue	¥226,878	¥253,096	11.6

Digital Entertainment

In the entertainment market, future development of game content is expected through the functional enhancement of various devices, including mobile devices and video game consoles, and the spread of next generation communication systems. The ways in which content is enjoyed is becoming increasingly diversified, such as increased attention and growing fan bases for the eSports space, which treat video games as sports competitions, and gameplay videos.

Amidst these circumstances, as a new initiative for our business, in the computer and video game space, we launched *Momotaro Dentetsu World -Chikyu wa Kibou de Mawatteru!-*, the latest in the *Momotaro Dentetsu* series, which has shipped over a million units in total. This title, which allows players to travel around a world setting that was recreated on a spherical map—a first for the series—has been well received by our customers. We also released *METAL GEAR SOLID: MASTER COLLECTION Vol.1*, the first installment of a collection that will mark the trajectory of the *METAL GEAR* series, and *Super Crazy Rhythm Castle*, a new rhythm and puzzle action-adventure game. Furthermore, we have announced the release of the following three downloadable titles for February 2024. *Tokimeki Memorial Girl's Side 1st Love for Nintendo Switch*, *Tokimeki Memorial Girl's Side 2nd Season for Nintendo Switch*, and *Tokimeki Memorial Girl's Side 3rd Story for Nintendo Switch*, school romance simulation games for women for the Nintendo Switch™, have been upgraded to feature HD graphics and better sound, while retaining their original stories. In addition, for new browser games, we announced our plans to distribute *ORE'N* a digital trading card game in which players can enjoy creating cards that are the only one of their kind in the world, in 2024.

Ongoing efforts include updates to *eFootball™ 2024*, which is now available on home, PC, and mobile platforms, and has evolved to be a more enjoyable solo or multiplayer gaming experience. The *Co-op* for collaborative play has become easier to play, a new mode *My League* has been added, and the game continues to perform well. In October 2023, we collaborated with Yu Darvish for *PROFESSIONAL BASEBALL SPIRITS A (ACE)*, which celebrated its eighth anniversary since its launch, and collaborated with Ichiro for *PAWAFURU PUROYAKYU Eikan Nine Cross Road*, which has surpassed 11 million registered users. Furthermore, for *Yu-Gi-Oh! MASTER DUEL*, we held the Duelist Cup to decide the number one player in the world. We have developed measures for each title for our customers to enjoy, and they have been very well received. In card games, we continued to develop a project to commemorate the 25th anniversary of Yu-Gi-Oh! card game. Customer expectations have been further heightened by the initiatives such as sale of products only available at events prior to the special “Yu-Gi-Oh! Duel Monsters: The Legend of Duelist QUARTER CENTURY,” event, which will be held at the Tokyo Dome in February 2024.

In the eSports space, the champion of the *eFootball™* series category was determined at the “National Prefectural eSports Championship 2023 KAGOSHIMA” held in November 2023. In addition, the 2023 season of the “eBASEBALL Prospi A (Ace) League” began in November. The representatives from the Central League and Pacific League, who won and advanced from the e-Climax Series, engaged in a heated competition at the e-Japan Series to become the number one player in Japan.

In terms of financial performance, total revenue for the nine months ended December 31, 2023 in this segment amounted to ¥173,369 million (a year-on-year increase of 10.8%) and business profit for the nine months ended December 31, 2023 amounted to ¥55,902 million (a year-on-year increase of 49.4%).

Amusement

Both domestic and international amusement markets are gradually recovering. In addition, deregulation in the sector is creating new opportunities for growth.

Amidst these circumstances, for video games targeted at amusement facilities in this business, we started operating *beatmania IIDX 31 EPOLIS*, the latest game in the *beatmania IIDX* DJ simulation game series, which features a worldview set in a near-future city and distinctive yellow lights on a new cabinet. In our medal game business, we launched *FORTUNE TRINITY Jiku no Diamond*, the latest in the *FORTUNE TRINITY* series, whose cabinet is united around a theme of diamonds, and the on-board LEDs provide a sparkling, glittering effect that enlivens the play experience. *ELDORA CROWN Yukyu no Labyrinth*, the latest title in the *ELDORA CROWN* series, was also launched. This new title has expanded the scope of play by adding a mode that allows players to create their own original dungeon and show it to other players, as well as a mode that makes the gameplay easier to understand for beginners. These titles are now being enjoyed by many customers.

In the pachinko and pachislot machine space, we released *Magical Halloween 8*, a complete reproduction in a smart slot machine format of the long-running and popular *Magical Halloween 5* in the *Magical Halloween* series. Among the titles launched in the market this fiscal year, this title has maintained high utilization and been well-received.

In the eSports space, the final round of the “KONAMI Arcade Championship (2023)” was held in front of an audience for the first time in three years at the “Amusement Expo in Tokyo Big Sight,” the largest amusement and entertainment industry exhibition in Japan. Players who advanced from the preliminary rounds engaged in competition across 14 titles, and the spectacle was broadcast live, thrilling a nationwide audience. In addition, the finals of the competitive title *beatmania IIDX* were held in the professional league “BEMANI PRO LEAGUE -SEASON 3-”, which combines music and eSports, and a winning team was crowned. A live DJ performance, exclusive to this event, was also held at the final venue, which added to the excitement of the heated competition.

In terms of financial performance, total revenue for the nine months ended December 31, 2023 in this segment amounted to ¥16,320 million (a year-on-year increase of 54.6%) and business profit for the nine months ended December 31, 2023 amounted to ¥2,222 million (a year-on-year increase of 109.3%).

Gaming & Systems

In the gaming market, the North American and Australian markets are growing steadily. The market is becoming active due to the constant introduction of new products and services by casino machine suppliers.

Amidst these circumstances, in our slot machine business, the *DIMENSION* series is expanding its presence in the North American and Australian markets, where the series have won multiple awards. In terms of slot machine sales, we primarily sold *DIMENSION 27™* and *DIMENSION 49™*. In the area of participation (revenue share business), we are expanding the introduction of *DIMENSION 75C™* featuring a 75-inch curved monitor. We also released *DIMENSION 43x3™*, with the combination of three 43-inch monitors, well received by the market. In terms of gaming content, *All Aboard™* has recorded industry-leading operation continuously. Other titles have also been very well-received in the

market such as *Dragon's Law*TM, which allows players to enjoy effects featuring colorful dragons, and *Stuffed Coins*TM, which animation effects flow seamlessly across connected cabinets. In the Australian market, *Bull Rush*TM series is maintained high performance.

In the casino management system, *SYNKROS*[®] went into operation at the Fontainebleau Las Vegas, the large-scale IR facility opened in Las Vegas in December 2023. The number of casino operators installing the system continues to grow. We have also added a number of features to *SYNKROS*[®], including *Money Klip*TM, which enables cashless casinos and has been well received by our customers.

In terms of financial performance, total revenue for the nine months ended December 31, 2023 in this segment amounted to ¥29,606 million (a year-on-year increase of 6.3%) and business profit for the nine months ended December 31, 2023 amounted to ¥4,878 million (a year-on-year increase of 25.7%).

Sports

In the sports market, rising energy prices continue to impact on business environment. Meanwhile, demands for sport and health promotion is growing due to the normalization of social and economic activities in Japan.

Amidst these circumstances, in our operation of sports clubs, we continue to enhance services offered inside the facilities as well as we promoted efforts to provide more customers with opportunities for exercise outside the facilities, such as special programs for Konami Sports Online Fitness in conjunction with Sports Day. Following the success of “REVIVAL,” “UNITED FEEL,” large-scale studio program events, have been held sequentially at Konami Sports Clubs nationwide since November 2023. The word “UNITED,” which of course means “combined” or “cooperative,” is used for the event name. The studio program, designed to be enjoyed by many people, is based on the concept that “at a time when communication is decreasing, we want to keep people across generations feeling music, moving their bodies, and enhancing their sense of unity.” We will continue promoting initiatives to provide better support for the physical fitness of our members.

For the “Undo Juku” exercise circle aimed at children, we are developing a variety of options to suit children, including swimming, gymnastics and dance, to encourage physical growth through sport. We opened the swimming school at 11 new facilities. In addition, we introduced a basketball school, which has been gaining momentum in Japan in recent years, on a trial basis. In addition, we held competitions and events for children who attend “Undo Juku” as spaces for them to demonstrate the results of their daily practice in various events. In those events, we made efforts to support children’s motivation and improvement of their skills, including quick lessons on a single point by representatives of Japanese national teams and by professional athletes. We also launched “Digital Note swimming school for adults,” a customized version of “Undo Juku Digital Note” which utilizes video and AI to improve the effectiveness of training, as a program for adults at 38 Konami Sports Clubs nationwide.

For “Pilates Mirror,” Pilates studios with mirrors on the ceiling, we opened seven new studios, at Asagaya, Sasazuka, Omori, and Musashi-Sakai in Tokyo and Center Minami, Aobadai, and Saginuma in Kanagawa, during the three months ended December 31 2023, bringing the total to 21. “Pilates Mirror” has been well received by many customers, with some of the studios having waiting lists for membership.

With regard to the operation of outsourced facilities, a form of business that expands our network without ownership of assets, we leveraged our previously developed operational and leadership expertise, as well as our accomplishments, to promote our businesses, and began contracted operations of sports facilities in new areas such as Tsugaru City, Aomori, Saitama City, Saitama, Asahi City, Chiba, Toshima-ku, Tokyo, Chuo-ku, Tokyo, and Gifu City, Gifu.

In regard to growing school needs for outsourcing of swimming classes, we are providing swimming instruction services at many elementary and junior high schools throughout Japan, which have been well received.

In terms of financial performance, total revenue for the nine months ended December 31, 2023 in this segment amounted to ¥35,571 million (a year-on-year increase of 5.5%) and business profit for the nine months ended December 31, 2023 amounted to ¥2,079 million (a year-on-year increase of 153.5%).

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

(2) Outlook for the Fiscal Year Ending March 31, 2024

Digital Entertainment

With networked entertainment offerings rapidly becoming mainstream, now more than ever, many people have an increasing number of opportunities to enjoy playing games on any device. Amidst this situation, in addition to gameplay based on the features of the device, we are promoting cross-platform development so that users can enjoy content beyond the boundaries of various devices. Additionally, as the ways of enjoying content continue to diversify, we will promote global efforts so that users can enjoy a wide range of game genres in various situations such as fan events and eSports competitions.

As for new initiatives going forward, we announced the appointment of Shohei Ohtani as an ambassador for Konami baseball games to commemorate the 30th anniversary of the *PAWAFURU PUROYAKYU* series and the 20th anniversary of the *Professional Baseball Spirits* series. In addition, as part of our efforts to promote baseball, we expanded our partnership with the World Baseball Softball Confederation (WBSC) and acquired the naming rights to WBSC World Ranking as a new initiative. From now on, it will be referred to globally as the WBSC/KONAMI World Rankings. Furthermore, we will contribute to the development of baseball and softball by holding “WBSC eBASEBALL™ Series,” where *WBSC eBASEBALL™: POWER PROS* is used as the official video game, and by cooperating with the *WBSC ePremier12™*, an international eSports tournament to be held in November 2024 in conjunction with an international baseball tournament. In the computer and video game space, we will release three downloadable titles, *Tokimeki Memorial Girl’s Side 1st Love for Nintendo Switch*, *Tokimeki Memorial Girl’s Side 2nd Season for Nintendo Switch*, and *Tokimeki Memorial Girl’s Side 3rd Story for Nintendo Switch*. In addition, we began NFT trading of the web3 project “PROJECT ZIRCON” on Resella, an NFT marketplace for providing blockchain technology-based services to all types of customers.

As for ongoing efforts, we are working diligently on *METAL GEAR SOLID Δ: SNAKE EATER*, which faithfully recreates the story, characters, and game design of *METAL GEAR SOLID 3 SNAKE EATER*, one of the most beloved entries in the *METAL GEAR* series, and updates its graphical style to modern graphics for the current generation, as well as remakes and completely new entries in the *SILENT HILL* series, which gained popularity as a psychological horror game. Furthermore, we are diligently working toward the launch of *CYGNI: All Guns Blazing*, a new vertically scrolling shooter, *Contra: Operation Galuga*, the latest title in the *Contra* series, and *ORE’N*, a new browser game. In the card game space, to commemorate the 25th anniversary of the Yu-Gi-Oh! card game, we announced that we would host a special stage by magnificent performers for only two days at the “Yu-Gi-Oh! Duel Monsters The Legend of Duelist QUARTER CENTURY” special event to be held at the Tokyo Dome on February 3 and 4.

In the eSports space, the video and computer game *eFootball™* series was formally chosen as the competition title for the “AFC e-Asia Cup 2023,” the official eSports event of the Asia Football Confederation (AFC), which will be held in February 2024 in Qatar. Going forward, we will work on activities to disseminate the appeal of eSports with the aim of expanding the eSports fan base even more.

Amusement

We will offer new ways to play, created through interpersonal communication via services such as the e-amusement service, which connects amusement facilities around the country by networking them together.

In the medal game space, we will begin the operation of *ColorCoLotta Maboroshi no Togenkyo*, the latest entry in the *ColorCoLotta* series of ball lottery games—in which players use colorful roulette wheels and balls to match colors with the “anima” of characters based on animal motifs—with a plethora of new elements. For video games targeted at amusement facilities, we plan to operate *Polaris Chord*, a music game with simple controls which is easy for beginners to play, including a full lineup of

popular songs with SNS buzz and songs by popular artists. In the prize game space, we will leverage Konami's IP assets for the booming prize game market and roll out very popular content as amusement prizes to amusement facilities nationwide. In addition, we are moving forward with the production of *PUKURE*, a new type of crane game equipped with a searchlight, that provides players with a new sensation.

In the eSports tournament "BEMANI PRO LEAGUE -SEASON 3-," following the *beatmania IIDX* event which ended with great success, a competition using *SOUND VOLTEX* has begun. 21 players selected by seven teams at the draft meeting are battling it out in heated competition. We are committed to adding to the excitement of the *BEMANI* series.

In the pachinko and pachislot machine space, we will begin operating a new smart slot machine, *GI Derby Club Gold*, and a new pachinko machine, *PACHINKO GI Derby Club 2 Lucky Trigger ver*, which will allow players to enjoy training and nurturing real horses in preparation for races, just as trainers do for actual horse races. The game presentation for both titles will feature jockeys and many horses with their real-world names, providing rich content that will meet the expectations of horse racing fans.

Through providing new user experiences, we will deliver the amusement and fun of KONAMI titles, which are enjoyable for participants and spectators alike, to an even greater number of customers, and we continue to have them lead to the revitalization of the amusement market.

Gaming & Systems

In the gaming market, following Global Gaming Expo held in Las Vegas in October 2023, the International Casino Exhibition London (hereinafter, ICE), one of the largest exhibitions in the industry, will be held in February 2024.

In our slot machine business, we will further expand our lineup of the highly acclaimed *DIMENSION* series of slot machines in the market. In our gaming contents, we will exhibit and promote sales of our high performing titles such as popular *All Aboard™* and *Stuffed Coins™* at ICE. Furthermore, we will release *Lucky Honeycomb™ Fortune Pots and Bags* from *Lucky Honeycomb™* series which follows the feature of popular title from *Dragon's Law™* series. We will strive to improve the value of the *DIMENSION* series by developing new content.

For the casino management system *SYNKROS®*, following the Fontainebleau Las Vegas opened in December 2023, the system will be implemented at another large-scale IR facility the Ocean Casino Resort, located in Atlantic City, New Jersey. In addition, we will introduce various new features to *SYNKROS®*, including *Progressive Management™*, the system-delivered solution for jackpot progressives. We aim to expand our market share by proceeding with the development of various functions that utilize cutting-edge technologies to meet the needs of our customers.

Sports

For the operation of sports clubs, we will continue striving to improve our services in order to be able to provide more people with exercise opportunities through initiatives such as holding various events utilizing our popular studio programs. "UNITED FEEL" large-scale studio program events, will be held sequentially at Konami Sports Clubs nationwide.

For the "Undo Juku" exercise circle aimed at children, we will support the new challenges of children by expanding facilities providing the swimming school and providing "Undo Juku Digital Note." In addition, we will also continue our efforts to provide an environment for exercises which support children's health and growth by hosting targeted competitions and events in various disciplines, including swimming, gymnastics, and dance.

For "Pilates Mirror," Pilates studios with mirrors on the ceiling, we will open new studios at Seijogakuen-mae and Eifukucho in Tokyo during the three months ending March 31, 2024. We plan to expand the number of locations in the future so that even more people can experience "Pilates Mirror,"

which will improve them mentally and physically.

As a new initiative, we will develop “Personal 30 by Konami Sports,” 30-minute intensive personal gym sessions based on the concept of “30 minutes to build a body you love.” We will provide efficient training in a short period of time, which we have been able to implement based on 50 years of experience in exercise instruction. We plan to open the first location, “Personal 30 by Konami Sports,” at Kyodo in Tokyo, in April 2024.

In the outsourced school swimming classes, we will continue to increase the number of schools we work with in order to solve various problems they face, improve children's swimming skills and physical fitness, and enhance the swimming environment.

We will continue to provide products and services that support a sustainable society.

Consolidated earnings forecast for the fiscal year ending March 31, 2024 was revised as follows, mainly due to earnings from core titles in the Digital Entertainment business exceeding their plan. Please refer to “Notice Regarding Revision of the Consolidated Forecast for the Fiscal Year Ending March 31, 2024” for further details, released on February 1, 2024.

Consolidated earnings forecast for the fiscal year ending March 31, 2024

Millions of yen

	Performance forecast for the year ending March 31,2024		Year ended March 31,2023 (actual)	% change from previous year
	Previous forecast	Revised forecast		
Total revenue	¥328,000	¥343,000	¥314,321	9.1%
Business profit	63,000	78,500	56,611	38.7%
Operating profit	60,000	72,000	46,185	55.9%
Profit before income taxes	59,000	72,000	47,120	52.8%
Profit attributable to owners of the parent	¥41,000	¥51,000	¥34,895	46.2%

Special Note:

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

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

2. Quarterly Condensed Consolidated Financial Statements and Notes

(1) Quarterly Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	¥219,263	¥238,283
Trade and other receivables	39,276	43,730
Inventories	12,705	16,073
Income tax receivables	9,486	866
Other current assets	9,311	11,645
Total current assets	290,041	310,597
Non-current assets		
Property, plant and equipment, net	155,788	153,819
Goodwill and intangible assets	49,553	60,037
Investments accounted for using the equity method	3,239	3,552
Other investments	1,890	1,579
Other financial assets	15,001	15,360
Deferred tax assets	30,220	32,100
Other non-current assets	1,491	1,528
Total non-current assets	257,182	267,975
Total assets	547,223	578,572
Liabilities and equity		
Liabilities		
Current liabilities		
Other financial liabilities	8,751	8,772
Trade and other payables	37,558	37,825
Income tax payables	9,760	8,047
Other current liabilities	19,025	22,857
Total current liabilities	75,094	77,501
Non-current liabilities		
Bonds and borrowings	59,819	59,851
Other financial liabilities	23,050	20,625
Provisions	10,031	9,905
Deferred tax liabilities	1,141	1,312
Other non-current liabilities	1,809	1,808
Total non-current liabilities	95,850	93,501
Total liabilities	170,944	171,002
Equity		
Share capital	47,399	47,399
Share premium	78,144	78,144
Treasury shares	(21,594)	(21,598)
Other components of equity	11,880	15,489
Retained earnings	260,435	288,121
Total equity attributable to owners of the parent	376,264	407,555
Non-controlling interests	15	15
Total equity	376,279	407,570
Total liabilities and equity	¥547,223	¥578,572

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

Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue		
Product sales revenue	¥77,401	¥80,800
Service and other revenue	149,477	172,296
Total revenue	226,878	253,096
Cost of revenue		
Cost of product sales revenue	(38,773)	(37,861)
Cost of service and other revenue	(100,578)	(102,871)
Total cost of revenue	(139,351)	(140,732)
Gross profit	87,527	112,364
Selling, general and administrative expenses	(46,465)	(49,543)
Other income and other expenses, net	(3,539)	(3,213)
Operating profit	37,523	59,608
Finance income	1,324	2,012
Finance costs	(572)	(489)
Profit from investments accounted for using the equity method	99	370
Profit before income taxes	38,374	61,501
Income taxes	(10,803)	(17,006)
Profit for the period	27,571	44,495
Profit attributable to:		
Owners of the parent	27,571	44,495
Non-controlling interests	¥0	¥0
		Yen
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Earnings per share (attributable to owners of the parent)		
Basic	¥204.82	¥328.23
Diluted	¥203.46	¥328.23

Quarterly Condensed Consolidated Statement of Comprehensive Income

Millions of Yen

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit for the period	¥27,571	¥44,495
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity financial assets measured at fair value through other comprehensive income	196	(234)
Total items that will not be reclassified to profit or loss	196	(234)
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	3,742	3,843
Total items that may be reclassified to profit or loss	3,742	3,843
Total other comprehensive income	3,938	3,609
<i>Total comprehensive income for the period</i>	31,509	48,104
Comprehensive income attributable to:		
Owners of the parent	31,509	48,104
Non-controlling interests	¥0	¥0

(3) Quarterly Condensed Consolidated Statement of Changes in Equity

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2022	¥47,399	¥75,027	¥(26,868)	¥6,701	¥245,802	¥348,061	¥15	¥348,076
Profit for the period					27,571	27,571	0	27,571
Other comprehensive income				3,938		3,938		3,938
Total comprehensive income for the period	-	-	-	3,938	27,571	31,509	0	31,509
Purchase of treasury shares			(8)			(8)		(8)
Dividends					(20,022)	(20,022)		(20,022)
Conversion of convertible bond-type bonds with subscription rights to shares		3,117	5,283			8,400		8,400
Transfer from other components of equity to retained earnings				240	(240)	-		-
Total transactions with the owners	-	3,117	5,275	240	(20,262)	(11,630)	-	(11,630)
Balance at December 31, 2022	¥47,399	¥78,144	¥(21,593)	¥10,879	¥253,111	¥367,940	¥15	¥367,955

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, 2023	¥47,399	¥78,144	¥(21,594)	¥11,880	¥260,435	¥376,264	¥15	¥376,279
Profit for the period					44,495	44,495	0	44,495
Other comprehensive income				3,609		3,609		3,609
Total comprehensive income for the period	-	-	-	3,609	44,495	48,104	0	48,104
Purchase of treasury shares			(4)			(4)		(4)
Disposal of treasury shares		0	0			0		0
Dividends					(16,809)	(16,809)		(16,809)
Total transactions with the owners	-	0	(4)	-	(16,809)	(16,813)	-	(16,813)
Balance at December 31, 2023	¥47,399	¥78,144	¥(21,598)	¥15,489	¥288,121	¥407,555	¥15	¥407,570

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
<i>Operating activities</i>		
Profit for the period	¥27,571	¥44,495
Depreciation and amortization	18,268	15,955
Impairment losses	188	810
Interest and dividends income	(241)	(922)
Interest expense	547	468
Loss on sale or disposal of property, plant and equipment	32	2,478
Profit from investments accounted for using the equity method	(99)	(370)
Income taxes	10,803	17,006
Decrease (increase) in trade and other receivables	541	(3,404)
Increase in inventories	(4,341)	(2,642)
(Decrease) increase in trade and other payables	(3,821)	1,142
Increase in prepaid expense	(927)	(946)
(Decrease) increase in contract liabilities	(1,911)	5,440
Other, net	(1,523)	(3,735)
Interest and dividends received	219	890
Interest paid	(444)	(382)
Income taxes paid	(28,146)	(11,789)
<i>Net cash provided by operating activities</i>	16,716	64,494
<i>Investing activities</i>		
Capital expenditures	(36,097)	(25,498)
Payments for lease deposits	(419)	(78)
Proceeds from refunds of lease deposits	1,329	261
Other, net	91	(57)
<i>Net cash used in investing activities</i>	(35,096)	(25,372)
<i>Financing activities</i>		
Principal payments of lease liabilities	(5,691)	(5,565)
Dividends paid	(19,993)	(16,789)
Other, net	(7)	(5)
<i>Net cash used in financing activities</i>	(25,691)	(22,359)
Effect of exchange rate changes on cash and cash equivalents	2,376	2,257
Net (decrease) increase in cash and cash equivalents	(41,695)	19,020
Cash and cash equivalents at the beginning of the period	250,711	219,263
<i>Cash and cash equivalents at the end of the period</i>	¥209,016	¥238,283

(5) Going Concern Assumption

None

(6) Segment Information

(i) Operating Segment Information

For the nine months ended December 31, 2022

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥155,944	¥9,450	¥27,782	¥33,702	¥226,878	-	¥226,878
Intersegment	480	1,108	82	14	1,684	¥(1,684)	-
Total	156,424	10,558	27,864	33,716	228,562	(1,684)	226,878
Business profit	¥37,414	¥1,062	¥3,882	¥820	¥43,178	¥(2,116)	41,062
Other income and other expenses, net	-	-	-	-	-	-	(3,539)
Operating profit	-	-	-	-	-	-	37,523
Finance income and finance costs, net	-	-	-	-	-	-	752
Profit from investments accounted for using the equity method	-	-	-	-	-	-	99
Profit before income taxes	-	-	-	-	-	-	¥38,374

For the nine months ended December 31, 2023

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥172,840	¥15,193	¥29,517	¥35,546	¥253,096	-	¥253,096
Intersegment	529	1,127	89	25	1,770	¥(1,770)	-
Total	173,369	16,320	29,606	35,571	254,866	(1,770)	253,096
Business profit	¥55,902	¥2,222	¥4,878	¥2,079	¥65,081	¥(2,260)	62,821
Other income and other expenses, net	-	-	-	-	-	-	(3,213)
Operating profit	-	-	-	-	-	-	59,608
Finance income and finance costs, net	-	-	-	-	-	-	1,523
Profit from investments accounted for using the equity method	-	-	-	-	-	-	370
Profit before income taxes	-	-	-	-	-	-	¥61,501

(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. Konami Group defines business profit associated with each segment as segment profit. Segment profit 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. Intersegment eliminations primarily consist of administrative expenses not directly associated with specific segments and eliminations of intercompany sales.

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

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue:		
Japan	¥151,176	¥175,393
United States	50,709	48,740
Europe	13,056	16,008
Asia/Oceania	11,937	12,955
Consolidated	¥226,878	¥253,096

(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.