

**Consolidated Financial Results
for the Three Months Ended June 30, 2021
(Prepared in Accordance with IFRS)**

August 5, 2021

KONAMI HOLDINGS CORPORATION

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

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2021
(1) Consolidated Results of Operations

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

	Revenue	Business profit	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent
Three months ended June 30, 2021	68,326	20,278	19,437	19,115	13,658	13,659
% change from previous year	29.2%	64.2%	187.0%	204.2%	225.7%	225.7%
Three months ended June 30, 2020	52,887	12,351	6,772	6,284	4,194	4,193
% change from previous year	(6.3)%	26.5%	(32.4)%	(35.3)%	(42.4)%	(42.4)%

Total comprehensive income for the period: Three months ended June 30, 2021: ¥13,608 million; 216.2%

Three months ended June 30, 2020: ¥4,304 million; (27.9)%

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)
Three months ended June 30, 2021	102.54	100.86
Three months ended June 30, 2020	31.48	31.01

(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
June 30, 2021	484,930	306,421	305,607	63.0%
March 31, 2021	489,006	299,542	298,727	61.1%

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, 2021	-	22.50	-	50.50	73.00
Year ending March 31, 2022	-				
Year ending March 31, 2022 (Forecast)		36.50	-	36.50	73.00

Note) Recently announced change in dividend forecasts for the fiscal year ending March 31, 2022 during the three months ended June 30, 2021: No

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

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

Noted Items

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

(2) Changes in accounting policies and accounting estimate

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

(3) Number of shares issued (Share capital)

1. Number of shares issued: (Treasury shares included)
 - As of June 30, 2021 143,500,000 shares
 - As of March 31, 2021 143,500,000 shares
2. Number of treasury shares:
 - As of June 30, 2021 10,287,143 shares
 - As of March 31, 2021 10,286,773 shares
3. Average number of shares outstanding:
 - Three months ended June 30, 2021 133,213,056 shares
 - Three months ended June 30, 2020 133,214,496 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 HOLDINGS CORPORATION (the "Company") disclosed the supplemental data for the consolidated financial statements via the Company's website on August 5, 2021.

1. Business Performance

(1) Analysis of Business Performance

(1) Business Overview

For the three months ended June 30, 2021, there has been some progress to contain the outbreak of coronavirus through vaccine rollout. Meanwhile, future business environment remains uncertain given the spread of COVID-19 variants among other factors.

Under such circumstances, in terms of the business results of Konami Group for the three months ended June 30, 2021, in addition to continued strong performance in the Digital Entertainment business, there are signs of recovery in revenues of other business segments that were impacted from coronavirus outbreak for the fiscal year ended March 31, 2021 and business profit turned profitable in these segments. As a result, revenues have increased, and business profit, operating profit and profit attributable to owners of the parent for the three months ended June 30, 2021 have reached a record high on a quarterly basis.

In terms of the consolidated results for the three months ended June 30, 2021, total revenue amounted to ¥68,326 million (a year-on-year increase of 29.2%), business profit was ¥20,278 million (a year-on-year increase of 64.2%), operating profit was ¥19,437 million (a year-on-year increase of 187.0%), profit before income taxes was ¥19,115 million (a year-on-year increase of 204.2%), and profit attributable to owners of the parent was ¥13,659 million (a year-on-year increase of 225.7%).

(2) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Three months ended June 30, 2020	Three months ended June 30, 2021	% change
Total revenue:			
Digital Entertainment	¥42,840	¥49,859	16.4
Amusement	2,874	3,551	23.5
Gaming & Systems	2,977	6,296	111.5
Sports	4,739	9,341	97.1
Intersegment eliminations	(543)	(721)	-
Total revenue	¥52,887	¥68,326	29.2

Digital Entertainment

In the entertainment market, future development of game contents is expected through the functional enhancement of various devices, including mobile devices and video game consoles, and the rollout 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. Furthermore, new experiences through game content are being offered in various ways, including eSports, which is regarded as a form of sports competition and is becoming well-known to a wide range of users and attracting more and more fans.

Under such circumstances, in the global market, as for mobile games in the Digital Entertainment segment, *eFootball Winning Eleven 2021* (Known overseas as *eFootball PES 2021*), with its cumulative number of downloads around the world having reached 400 million, and *Yu-Gi-Oh! DUEL LINKS* led our revenue. In the domestic market, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has continued to perform strongly and various titles, including *JIKKYOU PAWAFURU PUROYAKYU*, have received favorable reviews.

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

As for computer and video games, *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban*, its cumulative sales shipments since release exceeded three million units, introduced new features, such as the "MILEAGE SERVICE," an online mode that grants mileage to players, and continues to attract new users. In regard to new titles, we have started early access to *GetsuFumaDen: Undying Moon*, a traditional Japanese-style action game via Steam® and released *SUPER BOMBERMAN R ONLINE* via multi platforms. Furthermore, we made an announcement to release *PAWAPUROKUN POCKET R*, the first title in ten years for baseball variety game *PAWAPUROKUN POCKET* series, for Nintendo Switch™ this winter.

As part of our continued active efforts in eSports, with the selection of “*eBASEBALL PAWAFURU PUROYAKYU 2020*” for the “Olympic Virtual Series,” which is the first-ever online competition organized by the International Olympic Committee (IOC) and five international sports federations, an exciting competition was held and the final round was streamed to sports fans worldwide. In addition, the qualifying round of the “KC Grand Tournament 2021,” which is large scale online tournament of the *Yu-Gi-Oh! DUEL LINKS*, was held in the same format as last year. The qualifying round of the “MEIJI YASUDA eJ.LEAGUE Winning Eleven 2021 Season,” which is organized along with the Japan Professional Football League (J.LEAGUE), has begun. In the professional league, for the eFootball League 2020-21 season, “eFootball.Pro IQONIQ” was held, where the best teams were decided during the “Knockout stage,” a competition for the top clubs from the regular season.

In terms of financial performance, total revenue for the three months ended June 30, 2021 in this segment amounted to ¥49,859 million (a year-on-year increase of 16.4%) and business profit for the three months ended June 30, 2021 amounted to ¥19,161 million (a year-on-year increase of 25.2%).

Amusement

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

Under such circumstances, in regard to our video games for amusement facilities, the latest title for the *Quiz Magic Academy* series, *Quiz Magic Academy: Mugen no kyokai* and the latest title for the *SOUND VOLTEX* series, *SOUND VOLTEX EXCEED GEAR* were released in amusement facilities in Japan. Due to continued efforts to conduct promotions including major update, e-amusement participation revenue increased in year-on-year basis and the revenue is recovering to the level before the coronavirus outbreak. As for medal games, *DUEL DREAM*, a ball lottery game featuring a live party atmosphere with the fun of bingo, was released in the market. In regard to “KONAMI AMUSEMENT GAME STATION,” which delivers arcade games to PCs and smartphones, *Medal corner* was released via Android™ app “KONAMI AMUSEMENT GAME STATION.”

In terms of financial performance, total revenue for the three months ended June 30, 2021 in this segment amounted to ¥3,551 million (a year-on-year increase of 23.5%) and business profit for the three months ended June 30, 2021 amounted to ¥315 million (business loss for the three months ended June 30, 2020 amounted to ¥240 million).

Gaming & Systems

In the gaming market, as a result of the vaccine rollout in North America, some restrictions, including entrance restriction on casino facilities, were relaxed and the market is revitalizing, in particular, in Las Vegas, economic restrictions were completely lifted in June. Although some countries and areas remain uncertain due to coronavirus outbreak, the market is expected to recover gradually.

Under these circumstances, we expanded a slot machine, the *DIMENSION 49J™*, featuring a "J" curve display dedicated to participation (revenue share business). In addition, we recognized revenue for the sale of slot machines including our core upright cabinet, the *DIMENSION 27™* and the *DIMENSION 49™*. In addition, we rolled out our video slot game *All Aboard*, which is train-themed game and has been well received in the Australian market, and *Ocean Spin*, which seamlessly flows bubbles into multiple machines, in the North American market. Moreover, the installation of historical horse racing machines based on historical live horse racing outcomes is proceeding. In the casino management system, the strong performance of the previous fiscal year was maintained, and the introduction of *SYNKROS®* casino management system to casino facilities continues to progress.

In terms of financial performance, total revenue for the three months ended June 30, 2021 in this segment amounted to ¥6,296 million (a year-on-year increase of 111.5%) and business profit for the three months ended June 30, 2021 amounted to ¥916 million (business loss for the three months ended June 30, 2020 amounted to ¥925 million).

Sports

The recent changes in lifestyle, such as voluntary stay-at-home and encouraged work-from-home, have reminded many of us of the importance of health, and thus, the social demand for sports and exercise has been growing more and more. In connection with the sports industry, new services for longer, fitter lives are now required so that customers can exercise safely.

Under such circumstances, as for sports club operation, we have started offering a new service, "Keep-Your-Body-Warm Fitness," which is to improve the natural functions of the body and maintain health, first as the "Karada Ikiiki Project," to address the needs for a healthy lifestyle when facing COVID-19. We continue to expand our "Online Live Lesson," which enables customers to easily join studio

lessons from home, in addition, as a new business style facility, we opened “Pilates Mirror Futako Tamagawa,” (Setagaya-ku, Tokyo) which is a small group Pilates studio only for women with ceiling mirrors.

As for the operation of outsourced facilities, which is a business model expanding a network without capital assets, we are promoting the business using our know-how accumulated over many years of operating sports clubs. We started the operation of new outsourced facilities, such as sports facilities in Toyonaka City, Osaka and Chuo-ku, Tokyo.

In this segment, although our performance is impacted from coronavirus outbreak, we continue to make efforts to reform our cost structure, including strategic closure of unprofitable facilities. We have closed sixteen facilities for the three months ended June 30, 2021.

In terms of financial performance, total revenue for the three months ended June 30, 2021 in this segment amounted to ¥9,341 million (a year-on-year increase of 97.1%) and business profit for the three months ended June 30, 2021 amounted to ¥592 million (business loss for the three months ended June 30, 2020 amounted to ¥1,101 million).

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, 2022

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

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

Digital Entertainment

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

As part of our new efforts, we have decided to release the latest title for the *PROFESSIONAL BASEBALL SPIRITS* series, *eBASEBALL PROFESSIONAL BASEBALL SPIRITS 2021 Grand slam*, for Nintendo Switch™. In addition, a brand-new “*eFootball™*” title with new game engine is intended to be released, and we will continue to develop a new *Yu-Gi-Oh! MASTER DUEL* and *Yu-Gi-Oh! CROSS DUEL* as part of a new lineup of *Yu-Gi-Oh!* digital titles.

In regard to our continued efforts, in the *Yu-Gi-Oh! RUSH DUEL*, we conduct promotions to acquire new users, including the release of *Yu-Gi-Oh! RUSH DUEL: Saikyou Battle Royale!!* for Nintendo Switch™. As for computer and video games, we make efforts to vitalize the content more, in particular with *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban*.

As for eSports, the computer and video game *eFootball Winning Eleven 2021 SEASON UPDATE* and mobile game *PROFESSIONAL BASEBALL SPIRITS A (Ace)* have been selected for the culture program for the “National Prefectural Competition eSports Championship 2021 MIE” at the 76th National Sports Festival, “National Sports Festival MIE-TOKOWAKA,” and the 21st National Sports Festival for the Disabled, “Athletic Sports Tournament MIE-TOKOWAKA.” The qualifying rounds will be held in each prefecture to decide the best players in Japan. In regard to *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, an online qualifying round to decide the representatives of the teams for the “eBASEBALL Prospi A (Ace) League” will be held. This professional eSports league is organized along with Nippon Professional Baseball (NPB). Furthermore, the final round of “KC Grand Tournament 2021” for *Yu-Gi-Oh! DUEL LINKS* and the final round of the “MEIJI YASUDA eJ.LEAGUE Winning Eleven 2021 Season,” which is organized along with the Japan Professional Football League (J.LEAGUE), for the mobile game *eFootball Winning Eleven 2021* are scheduled to be held.

Amusement

Konami Group intends to provide new entertainment that can be delivered through person-to-person communication, including the e-amusement service which connects each amusement facility through network all over Japan. We continue to make efforts to expand the game content of our “KONAMI AMUSEMENT GAME STATION,” which delivers high-quality arcade games to devices, such as PCs and smartphones, through streaming and enables users to play the games anytime using cloud gaming. Furthermore, “BEMANI PRO LEAGUE 2021,” the pro league mixing music and eSports, has begun since June 2021. By delivering new user experiences through the competitions, we continue to provide new and fun entertainment with our KONAMI game titles to vitalize the market, which are sure to attract both players and spectators.

The outlook remains uncertain since state-of-emergency was declared again due to coronavirus outbreak, thus it could continue to affect the financial performance of second quarter onwards for the fiscal year ending March 31, 2022.

Gaming & Systems

In our slot machine business, we are adding content to *DIMENSION*[™] series cabinets in our lineup. In addition, we plan to start entering the market of Class II machines which are permitted to be used in casino facilities operated by Native American tribes. In game content, we will also focus on expanding our lineup, including introducing new titles such as *Bull Rush* in the Australian market. Through these measures, we will enhance KONAMI's presence in the market.

In our casino management system business, in addition to new installations of *SYNKROS*[®] to casino facilities in North America and Australia, we will introduce a variety of functionality which will endeavor to enhance and strengthen our product appeal including *Synk Vision*, which provides optimal information to players using the latest biometric authentication technology, *SYNK31*[™], which is a money laundering prevention system, and *Quick Play*, which allows cashless enjoyment of casino facilities.

Although the market is recovering gradually due to vaccine rollout, the coronavirus outbreak could impact on our future business activities and the financial performance of second quarter onwards for the fiscal year ending March 31, 2022, depending on when the restrictions on overseas travel and operation of casino facilities are lifted, how many the number of visitors recover, and when business conditions of casino operators recover. We are working hard to improve the earnings through various measures including cost reduction.

Sports

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

As for the operation of outsourced facilities, we were recently assigned to start operating the “Yoshinogari Town Cultural Gymnasium,” which begins operation this fall, from Yoshinogari Town in Saga Prefecture as the operation manager.

In regard to “Undo Juku,” our fitness program for children, in order to help children grow a sound mind, body and heart, as well as provide more user-friendly services for children and their parents, we are making efforts to expand “Undo Juku.”

The coronavirus outbreak could affect changes in the number of memberships in the future and therefore could continue to affect the financial performance of second quarter onwards for the fiscal year ending March 31, 2022. We continue to reform our cost structure. Furthermore, we endeavor to provide products and services that are tailored to changing values that come with the establishment of a new-normal lifestyle, including the expansion of services at outsourced facilities to address the needs of local governments and corporate customers and improvement of product sales by leveraging our membership base. Through these efforts, we make sure to improve profit structure.

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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	¥202,430	¥199,516
Trade and other receivables	31,874	26,417
Inventories	10,391	8,525
Income tax receivables	12,470	12,104
Other current assets	9,516	14,667
Total current assets	266,681	261,229
Non-current assets		
Property, plant and equipment, net	106,025	105,962
Goodwill and intangible assets	36,813	40,024
Investment property	32,433	32,421
Investments accounted for using the equity method	3,128	2,927
Other investments	1,590	1,568
Other financial assets	15,491	15,474
Deferred tax assets	25,051	23,477
Other non-current assets	1,794	1,848
Total non-current assets	222,325	223,701
Total assets	489,006	484,930
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	5,535	5,529
Other financial liabilities	12,570	12,404
Trade and other payables	32,827	25,941
Income tax payables	3,027	1,689
Other current liabilities	25,901	24,066
Total current liabilities	79,860	69,629
Non-current liabilities		
Bonds and borrowings	69,640	69,664
Other financial liabilities	26,227	25,326
Provisions	10,694	10,704
Deferred tax liabilities	1,332	1,503
Other non-current liabilities	1,711	1,683
Total non-current liabilities	109,604	108,880
Total liabilities	189,464	178,509
Equity		
Share capital	47,399	47,399
Share premium	74,399	74,400
Treasury shares	(27,843)	(27,846)
Other components of equity	2,173	2,123
Retained earnings	202,599	209,531
Total equity attributable to owners of the parent	298,727	305,607
Non-controlling interests	815	814
Total equity	299,542	306,421
Total liabilities and equity	¥489,006	¥484,930

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

Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue		
Product sales revenue	¥12,481	¥19,004
Service and other revenue	40,406	49,322
Total revenue	52,887	68,326
Cost of revenue		
Cost of product sales revenue	(6,403)	(8,386)
Cost of service and other revenue	(23,650)	(27,589)
Total cost of revenue	(30,053)	(35,975)
Gross profit	22,834	32,351
Selling, general and administrative expenses	(10,483)	(12,073)
Other income and other expenses, net	(5,579)	(841)
Operating profit	6,772	19,437
Finance income	46	34
Finance costs	(340)	(211)
Loss from investments accounted for using the equity method	(194)	(145)
Profit before income taxes	6,284	19,115
Income taxes	(2,090)	(5,457)
Profit for the period	4,194	13,658
Profit attributable to:		
Owners of the parent	4,193	13,659
Non-controlling interests	¥1	¥(1)

	Yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Earnings per share (attributable to owners of the parent)		
Basic	¥31.48	¥102.54
Diluted	¥31.01	¥100.86

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit for the period	¥4,194	¥13,658
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	7	(19)
Total items that will not be reclassified to profit or loss	7	(19)
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	103	(31)
Total items that may be reclassified to profit or loss	103	(31)
Total other comprehensive income	110	(50)
Total comprehensive income for the period	4,304	13,608
Comprehensive income attributable to:		
Owners of the parent	4,303	13,609
Non-controlling interests	¥1	¥(1)

(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, 2020	¥47,399	¥74,399	¥(27,836)	¥(89)	¥174,268	¥268,141	¥802	¥268,943
Profit for the period					4,193	4,193	1	4,194
Other comprehensive income				110		110		110
Total comprehensive income for the period	-	-	-	110	4,193	4,303	1	4,304
Purchase of treasury shares			(0)			(0)		(0)
Disposal of treasury shares		0	0			0		0
Dividends					(933)	(933)		(933)
Total transactions with the owners	-	0	(0)	-	(933)	(933)	-	(933)
Balance at June 30, 2020	¥47,399	¥74,399	¥(27,836)	¥21	¥177,528	¥271,511	¥803	¥272,314

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, 2021	¥47,399	¥74,399	¥(27,843)	¥2,173	¥202,599	¥298,727	¥815	¥299,542
Profit for the period					13,659	13,659	(1)	13,658
Other comprehensive income				(50)		(50)		(50)
Total comprehensive income for the period	-	-	-	(50)	13,659	13,609	(1)	13,608
Purchase of treasury shares			(3)			(3)		(3)
Disposal of treasury shares		1	0			1		1
Dividends					(6,727)	(6,727)		(6,727)
Total transactions with the owners	-	1	(3)	-	(6,727)	(6,729)	-	(6,729)
Balance at June 30, 2021	¥47,399	¥74,400	¥(27,846)	¥2,123	¥209,531	¥305,607	¥814	¥306,421

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
<i>Operating activities</i>		
Profit for the period	¥4,194	¥13,658
Depreciation and amortization	4,738	3,666
Impairment losses	25	128
Interest and dividends income	(36)	(29)
Interest expense	201	205
Loss on sale or disposal of property, plant and equipment	5	7
Loss from investments accounted for using the equity method	194	145
Income taxes	2,090	5,457
Decrease in trade and other receivables	787	5,443
Decrease in inventories	525	1,863
Decrease in trade and other payables	(2,892)	(7,114)
Increase in prepaid expense	(2,626)	(4,089)
Decrease in contract liabilities	(369)	(4,473)
Other, net	2,358	460
Interest and dividends received	51	29
Interest paid	(167)	(125)
Income taxes paid	(2,334)	(3,094)
<i>Net cash provided by operating activities</i>	6,744	12,137
<i>Investing activities</i>		
Capital expenditures	(4,512)	(5,535)
Payments for lease deposits	(21)	(537)
Proceeds from refunds of lease deposits	372	460
Payments for asset retirement obligations	(126)	(159)
Payments into time deposits	-	(574)
Proceeds from withdrawal of time deposits	586	-
Other, net	127	103
<i>Net cash used in investing activities</i>	(3,574)	(6,242)
<i>Financing activities</i>		
Proceeds from short-term (more than 3 months) borrowings	2,148	2,185
Repayments of short-term (more than 3 months) borrowings	-	(2,185)
Principal payments of lease liabilities	(3,103)	(2,159)
Dividends paid	(926)	(6,689)
Other, net	(0)	(3)
<i>Net cash used in financing activities</i>	(1,881)	(8,851)
Effect of exchange rate changes on cash and cash equivalents	80	42
Net increase (decrease) in cash and cash equivalents	1,369	(2,914)
Cash and cash equivalents at the beginning of the period	131,432	202,430
<i>Cash and cash equivalents at the end of the period</i>	¥132,801	¥199,516

(5) Going Concern Assumption

None

(6) Segment Information

(i) Operating Segment Information

For the three months ended June 30, 2020

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥42,688	¥2,561	¥2,977	¥4,661	¥52,887	-	¥52,887
Intersegment	152	313	-	78	543	¥(543)	-
Total	42,840	2,874	2,977	4,739	53,430	(543)	52,887
Business profit	¥15,309	¥(240)	¥(925)	¥(1,101)	¥13,043	¥(692)	12,351
Other income and other expenses, net	-	-	-	-	-	-	(5,579)
Operating profit	-	-	-	-	-	-	6,772
Finance income and finance costs, net	-	-	-	-	-	-	(294)
Loss from investments accounted for using the equity method	-	-	-	-	-	-	(194)
Profit before income taxes	-	-	-	-	-	-	¥6,284

For the three months ended June 30, 2021

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥49,681	¥3,086	¥6,296	¥9,263	¥68,326	-	¥68,326
Intersegment	178	465	-	78	721	¥(721)	-
Total	49,859	3,551	6,296	9,341	69,047	(721)	68,326
Business profit	¥19,161	¥315	¥916	¥592	¥20,984	¥(706)	20,278
Other income and other expenses, net	-	-	-	-	-	-	(841)
Operating profit	-	-	-	-	-	-	19,437
Finance income and finance costs, net	-	-	-	-	-	-	(177)
Loss from investments accounted for using the equity method	-	-	-	-	-	-	(145)
Profit before income taxes	-	-	-	-	-	-	¥19,115

(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 (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. 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	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue:		
Japan	¥42,646	¥52,534
United States	5,469	9,456
Europe	3,224	3,370
Asia/Oceania	1,548	2,966
Consolidated	¥52,887	¥68,326

(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) Note to consolidated statement of profit or loss

During the three months ended June 30, 2020 and 2021, COVID-19-related loss of ¥5,723 million and ¥862 million were recognized and included in the line item “other income and other expenses, net,” respectively. The loss, mainly in sports segment, contains fixed costs of sports clubs including personnel expenses, depreciation expenses and rent expenses, which were incurred during the temporal closure period of sports clubs all over Japan in line with state-of-emergency declaration from government and business suspension request from local governments to avoid the coronavirus outbreak.