Annual Financial Report

KONAMI GROUP CORPORATION and its subsidiaries

Consolidated Financial Statements
For the fiscal year ended March 31, 2025

KONAMI GROUP CORPORATION

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As used in this annual report, references to "the Company" and "the parent" are to KONAMI GROUP CORPORATION and references to "Konami Group," "the Group," "we," "our" and "us" are to KONAMI GROUP CORPORATION and its subsidiaries, unless the context otherwise requires.

"U.S. dollar" or "$" means the lawful currency of the United States of America, "Euro" or "€" means the lawful currency of the member states of the European Union and "yen" or "¥" means the lawful currency of Japan.

"IFRS" means International Financial Reporting Standards and "Japanese GAAP" means accounting principles generally accepted in Japan.

1. Consolidated Financial Statements

Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

Millions of Yen

	Note	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	5,23	¥ 273,747	¥ 294,216
Trade and other receivables	6,23,24	43,887	47,220
Inventories	7	13,764	12,108
Income tax receivables		603	337
Other current assets	14,23	11,859	12,955
Total current assets		343,860	366,836
Non-current assets			
Property, plant and equipment, net	8,10	154,454	163,617
Goodwill and intangible assets	9	57,226	60,702
Investment property	11	-	17,588
Investments accounted for using the equity method	12	3,456	4,484
Other investments	13,23	1,768	1,671
Other financial assets	14,23	15,300	17,903
Deferred tax assets	19	28,275	31,130
Other non-current assets		1,511	1,109
Total non-current assets		261,990	298,204
Total assets		¥ 605,850	¥ 665,040

Millions of Yen

	Note	As of March 31, 2024	As of March 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	15,23,30	-	¥ 19,994
Other financial liabilities	10,18,23,30	¥ 9,263	8,713
Trade and other payables	16,23	44,257	45,406
Income tax payables		10,615	19,362
Other current liabilities	17,24	21,791	22,839
Total current liabilities		85,926	116,314
Non-current liabilities			
Bonds and borrowings	15,23,30	59,862	39,911
Other financial liabilities	10,18,23,30	20,262	15,622
Provisions	17	9,527	8,271
Deferred tax liabilities	19	1,192	1,213
Other non-current liabilities	20,24	1,703	1,841
Total non-current liabilities		92,546	66,858
Total liabilities		178,472	183,172
Equity			
Share capital	21	47,399	47,399
Share premium	21	78,144	78,144
Treasury shares	21	(21,603)	(21,617)
Other components of equity	28	20,625	18,737
Retained earnings	21	302,797	359,189
Total equity attributable to owners of the parent		427,362	481,852
Non-controlling interests		16	16
Total equity		427,378	481,868
Total liabilities and equity		¥ 605,850	¥ 665,040

The accompanying notes are an integral part of these financial statements.

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

Consolidated Statement of Profit or Loss

Millions of Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue			
Product sales revenue		¥ 116,807	¥ 129,886
Service and other revenue		243,507	291,716
Total revenue	4,24	360,314	421,602
Cost of revenue			
Cost of product sales revenue		(55,868)	(61,027)
Cost of service and other revenue		(144,409)	(161,654)
Total cost of revenue	25	(200,277)	(222,681)
Gross profit		160,037	198,921
Selling, general and administrative expenses	25	(71,825)	(89,804)
Other income and other expenses, net	26	(7,950)	(7,173)
Operating profit		80,262	101,944
Finance income	27	2,814	2,240
Finance costs	27	(665)	(497)
Profit from investments accounted for using the equity method		274	321
Profit before income taxes		82,685	104,008
Income taxes	19	(23,513)	(29,316)
Profit for the year		59,172	74,692
Profit attributable to:			
Owners of the parent		59,171	74,692
Non-controlling interests		¥ 1	¥ 0

Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share (attributable to owners of the parent)			
Basic	29	¥ 436.50	¥ 551.00
Diluted	29	¥ 436.50	¥ 551.00

Consolidated Statement of Comprehensive Income

Millions of Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit for the year		¥ 59,172	¥ 74,692
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	28	(167)	(102)
Total items that will not be reclassified to profit or loss		(167)	(102)
Items that may be reclassified to profit or loss:			
Exchange differences on foreign operations	28	8,912	(1,786)
Total items that may be reclassified to profit or loss		8,912	(1,786)
Total other comprehensive income		8,745	(1,888)
Total comprehensive income for the year		67,917	72,804
Comprehensive income attributable to:			
Owners of the parent		67,916	72,804
Non-controlling interests		¥ 1	¥ 0

The accompanying notes are an integral part of these financial statements.

(3) Consolidated Statement of Changes in Equity

Millions of Yen

	Note	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 year						59,171	59,171	1	59,172
Other comprehensive income					8,745		8,745		8,745
Total comprehensive income for the year		-	-	-	8,745	59,171	67,916	1	67,917
Purchase of treasury shares	21			(9)			(9)		(9)
Disposal of treasury shares	21		0	0			0		0
Dividends	22					(16,809)	(16,809)		(16,809)
Total transactions with the owners		-	0	(9)	-	(16,809)	(16,818)	-	(16,818)
Balance at March 31, 2024		47,399	78,144	(21,603)	20,625	302,797	427,362	16	427,378
Profit for the year						74,692	74,692	0	74,692
Other comprehensive income					(1,888)		(1,888)		(1,888)
Total comprehensive income for the year		-	-	-	(1,888)	74,692	72,804	0	72,804
Purchase of treasury shares	21			(14)			(14)		(14)
Dividends	22					(18,300)	(18,300)		(18,300)
Total transactions with the owners		-	-	(14)	-	(18,300)	(18,314)	-	(18,314)
Balance at March 31, 2025		¥ 47,399	¥ 78,144	¥ (21,617)	¥ 18,737	¥ 359,189	¥ 481,852	¥ 16	¥ 481,868

The accompanying notes are an integral part of these financial statements.

(4) Consolidated Statement of Cash Flows

Millions of Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating activities			
Profit for the year		¥ 59,172	¥ 74,692
Depreciation and amortization		23,267	28,488
Impairment losses		3,778	5,434
Interest and dividends income		(1,357)	(1,510)
Interest expense		639	469
Loss on sale or disposal of property, plant and equipment		4,053	288
Profit from investments accounted for using the equity method		(274)	(321)
Income taxes		23,513	29,316
Increase in trade and other receivables		(2,218)	(3,808)
Decrease in inventories		293	1,872
Increase in trade and other payables		3,288	3,395
Increase in prepaid expense		(1,125)	(210)
Increase (decrease) in contract liabilities		2,885	(469)
Other, net		(2,085)	(987)
Interest and dividends received		1,336	1,480
Interest paid		(596)	(425)
Income taxes paid		(11,508)	(23,084)
Net cash provided by operating activities		103,061	114,620
Investing activities			
Capital expenditures		(29,316)	(66,862)
Payments for lease deposits		(105)	(265)
Proceeds from refunds of lease deposits		397	530
Other, net		(192)	(1,288)
Net cash used in investing activities		(29,216)	(67,885)
Financing activities			
Principal payments of lease liabilities	30	(7,395)	(7,482)
Dividends paid	22	(16,796)	(18,288)
Other, net		(8)	(14)
Net cash used in financing activities		(24,199)	(25,784)
Effect of exchange rate changes on cash and cash equivalents		4,838	(482)
Net increase in cash and cash equivalents		54,484	20,469
Cash and cash equivalents at the beginning of the year	5	219,263	273,747
Cash and cash equivalents at the end of the year	5	¥ 273,747	¥ 294,216

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

KONAMI GROUP CORPORATION (the "Company") is a public company located in Japan.

The accompanying Consolidated Financial Statements consist of the Company and its consolidated subsidiaries (collectively, "Konami Group") as well as equity interests in its associates.

Konami Group engages in the following four business operations: Digital Entertainment, Amusement, Gaming & Systems, and Sports businesses. The operations of each business segment are presented in Note 4 "Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The Company prepares Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The Company meets the requirements set out under Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" under which the Company is qualified as a "specified company" and duly applied the provisions of Article 312 of the foregoing rules.

(2) Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The Consolidated Financial Statements are presented in Japanese yen, which is the Company's functional currency. All financial information presented in Japanese yen is rounded to the nearest million yen.

(3) Use of estimates and judgments

In preparing IFRS-compliant Consolidated Financial Statements, management uses estimates and judgments. Judgments made by management, assumptions about the future and uncertainty in estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of income and expenses as of the reporting date of the Consolidated Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. The impacts from revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods that are affected.

Information about estimates and judgments made by management that would have significant effects on the amounts recognized in the Consolidated Financial Statements is included in the following notes:

- Revenue recognition: Note 3 "Material Accounting Policies- (15) Revenue" and Note 24 "Revenue."

- Impairment losses for property, plant and equipment, goodwill and intangible assets: Note 3 “Material Accounting Policies- (10) Impairment (2) Impairment of non-financial assets,” Note 8 “Property, Plant and Equipment, net” and Note 9 “Goodwill and Intangible Assets.”

(4) Early adoption of new accounting standards

There were no new accounting standards applied earlier than required.

(5) New accounting standards and interpretations issued but not yet adopted

New or revised accounting standards and interpretations that were issued or amended by the date of approval of the consolidated financial statements, and which the Company has not early adopted as of March 31, 2025, are listed in the table below.

The effect of applying this standard is currently under consideration.

IFRS		**Reporting period beginning on or after which the application is required**	**The Company’s applicable reporting period**	**Summaries of new standards/amendments**
IFRS 18	Presentation and Disclosures in Financial Statements	January 1, 2027	March 31, 2028	New standard replacing IAS 1, the current accounting standard for presentation and disclosure in financial statements.

3. Material Accounting Policies

(1) Basis of consolidation

(1) Subsidiaries

“Subsidiaries” are entities that are controlled by Konami Group. Konami Group controls entities where it is exposed, or has rights, to variable returns from its involvement with those entities and has the ability to affect the amount of returns through its power over those entities.

A subsidiary’s financial statements are incorporated into the Company’s Consolidated Financial Statements from the date when the Company obtains control of the subsidiary until the date when the Company loses control of the subsidiary. Appropriate adjustments are made to the subsidiary’s accounting policies as necessary to ensure the conformity with Konami Group’s accounting policies.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the amount of the fair value of the consideration paid or received is recognized directly in equity as equity attributable to owners of the parent. If the Company loses control of a subsidiary, the Company recognizes the gain or loss associated with the loss of control in profit or loss.

All inter-group balances and transactions as well as unrealized gains or losses arising from intergroup transactions are eliminated.

(2) Associates

Associates are entities over which the Company does not have control or joint control but has significant influence over the financial and operating or business policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but which does not amount to control or joint control over those policies.

Investments in associates are accounted for using the equity method and initially recognized at acquisition cost as of the date of acquisition. These investments include goodwill recognized at the date of acquisition.

The Company's Consolidated Financial Statements include the Company's share of income, expense and other comprehensive income of the associate accounted for under the equity method from the date when the Company obtains significant influence over the associate until the date when such significant influence is lost. Appropriate adjustments are made to the associate's accounting policies as necessary to ensure conformity with the Company's accounting policies.

Unrealized gains arising from transactions with an entity accounted for under the equity method are deducted from to value of the investment in proportion to the Company's interest in the investee.

(2) Business combinations

A business combination is accounted for using the acquisition method.

Goodwill is measured as the excess of the total amount of the consideration transferred, the amount of any non-controlling interests in the acquiree and, if a business combination is achieved in stages, the amount of the fair value at the date of acquisition of the Company's previously held equity interest in the acquiree over the net amounts recognized in respect of the identifiable acquired assets and assumed liabilities (which are primarily measured at fair value). If the amount determined by this calculation is negative (consideration is less than net assets acquired - i.e. a bargain purchase) the associated difference is recognized immediately as a credit to profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the fair value or at the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets on an acquisition-by-acquisition basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, which may not exceed one year from the acquisition date, the Company retrospectively adjusts provisional amounts recognized as at the acquisition date.

Acquisition-related costs are recognized as expenses in the period in which they are incurred.

A business combination of entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such transactions are accounted for based on the carrying amounts.

(3) Foreign currency transactions

(1) Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of each of Konami Group companies using the appropriate exchange rate at the date of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currencies using the prevailing exchange rates at that date. Non-monetary assets and liabilities measured at fair value in foreign currencies are retranslated into the functional currencies using the exchange rates at the date the fair value was determined.

Exchange differences arising from the re-measurement and the settlement of such items are recognized in profit or loss in the period in which they arise. However, exchange differences arising from the financial assets measured through other comprehensive income are recognized in other comprehensive income.

(2) Foreign operations

Assets and liabilities of foreign operations, including goodwill arising from acquisitions and fair value adjustments, are translated into Japanese yen using the exchange rate at the reporting date. Income and expenses are translated into Japanese yen using the average exchange rate for the period, unless exchange rates fluctuate significantly.

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income, and included in “other components of equity” as exchange differences on translating foreign operations.

On the disposal of the entire or a partial interest in a foreign operation involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences relating to that foreign operation is reclassified to profit or loss, as a part of gain or loss on disposal.

(4) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call with banks, and other short-term highly liquid investments with maturities of three months or less from the date they are acquired, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(5) Inventories

Inventories consist of merchandise for resale, finished products, work-in-process, raw materials and supplies.

Inventories are measured at the lower of cost or net realizable value; the company uses the weighted average method to determine the cost of inventories.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Property, plant and equipment, net

(1) Recognition and measurement

Property, plant and equipment are recognized at cost less any accumulated depreciation and any accumulated impairment losses.

The cost includes any costs directly attributable to the acquisition of the assets, the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs eligible for capitalization. If components of an item of property, plant and equipment have different useful lives, each component is recognized as a separate item of property, plant and equipment.

(2) Subsequent expenditures

Subsequent expenditures on property, plant and equipment for the ordinary repairs and maintenance are recognized as expenses when incurred. Expenditures on major replacements or improvements are capitalized only if it is probable that future economic benefits associated with such expenditures will flow to Konami Group.

(3) Depreciation

Depreciation of property, plant and equipment is calculated based on the depreciable amount. Depreciable amount is calculated as the cost of an asset less its residual value.

Depreciation of an asset is principally computed under the straight-line method, spread over the estimated useful life of each component of the asset. The straight-line method is adopted because the method is considered to best approximate the expected pattern of consumption of the future economic benefits generated by the asset.

Right-of-use assets are depreciated over the shorter of the lease term or its estimated useful life, unless there is reasonable certainty that ownership will transfer to Konami Group at the end of the lease term.

The estimated useful lives range from 10 to 50 years for buildings and structures and from 2 to 20 years for tools, furniture and fixtures.

The depreciation method, estimated useful life and residual value are reviewed at each financial year end, and amended as necessary.

(7) Goodwill and intangible assets

(1) Goodwill

(i) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in “goodwill and intangible assets” in the accompanying Consolidated Statement of Financial Position. Measurement of goodwill at the time of initial recognition is described in “(2) Business combinations” as above.

(ii) Measurement after initial recognition

Goodwill is measured at its cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment annually at a consistent time in the year, and whenever indicators of impairment exist.

(2) Intangible assets acquired in business combinations

Intangible assets, such as trademarks, and patents, acquired in business combinations and recognized separately from goodwill are initially recognized at fair value as at the acquisition date.

Subsequently, such intangible assets are measured at their cost less any accumulated amortization and any accumulated impairment losses.

(3) Internally generated intangible assets arising from development

Expenditures on research activities to obtain new scientific or technical knowledge and understanding are recognized as an expense as incurred. Expenditures related to development activities are capitalized only if it is technically feasible to complete the assets, it is probable that future economic benefits will be generated, expenditures are reliably measurable, and the Company has the intention, ability and adequate resources to use or sell them after completion.

The costs of internally generated intangible assets arising from the development are initially recognized at the sum of expenditures incurred from the date when they first meet all of the aforementioned criteria until the day the asset is available for use. Subsequent to the initial recognition, internally generated intangible assets arising from development are measured at their costs less any accumulated amortization and any impairment losses.

(4) Other intangible assets

Other intangible assets with finite useful lives are measured at their costs less any accumulated amortization and any accumulated impairment losses.

(5) Amortization

Amortization charge is calculated based on the acquisition cost of an asset less its residual value.

Intangible assets with finite useful lives are amortized over their respective estimated useful lives using the straight-line method. They are tested for impairment when there are indicators that they may be impaired. The straight-line method is adopted because this method best reflects the expected pattern of consumption of the future economic benefits generated by the asset.

The estimated useful lives of the main intangible assets with finite useful lives are as follows:

- Internally generated intangible assets arising from development — Less than 5 years
- Patents — 3 to 20 years

The amortization method, the estimated useful life and the residual value are reviewed at each financial year end, and amended as necessary.

Intangible assets with indefinite useful lives, including trademarks, or intangible assets that are not yet available for use are not amortized. They are tested for impairment annually at a consistent time in the year, and whenever indicators of impairment exist.

(8) Leases

(1) Lessee

At inception of a contract, Konami Group assesses whether the contract is, or contains, a lease, based on the substance of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of a lease, the right-of-use asset is measured at cost which comprises the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is measured at the discounted present value of the lease payments that are not paid at that date. Based on the effective interest method, the lease liability is allocated between the finance cost and the lease liability to be repaid.

Konami Group recognizes the lease payments associated with short-term leases and leases for which the underlying asset is of low value as an expense on a straight-line basis over the lease term.

(2) Lessor

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

(9) Investment Property

Konami Group has adopted the following accounting policies in accordance with IAS 40 from the fiscal year ended March 31, 2025.

Investment property is presented at cost less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, investment property is measured using the cost model, and depreciation is calculated over its estimated useful life on the same basis as for property, plant and equipment.

(10) Impairment

(1) Impairment of non-derivative financial assets

Investment in entities accounted for using the equity method

Goodwill arising from an acquisition of interest in associates is included in the carrying amount of the investment, and the entire carrying amount of the investments accounted for using the equity method is tested for impairment. Konami Group assesses whether there is any objective evidence of indicators that an investment in an associate may be impaired at the end of each reporting period. If there is objective evidence that the investment is impaired, the investment is tested for impairment by comparing its recoverable amount (higher of value in use or fair value less costs of disposal) of the investment with its carrying amount. Previously recognized impairment losses are reversed only if there is a change in the estimates used to determine the recoverable amount of the investment after the impairment losses were recorded. In such a case, the reversal of the impairment loss is recognized to the extent that the recoverable amount of the net investment subsequently increases.

(2) Impairment of non-financial assets

The carrying amounts of Konami Group's non-financial assets, excluding inventories and deferred tax assets, are reviewed to determine whether indicators of impairment exist at the end of each reporting period. If indicators of impairment exist, the asset is tested for impairment based on its recoverable amount. Goodwill, intangible assets with indefinite useful lives or intangible assets that are not yet available for use are tested for impairment based on the recoverable amount annually at a consistent time in the year, and whenever indicators of impairment exist.

The recoverable amount of an asset or cash-generating unit ("CGU") is the higher of value in use or fair value less costs of disposal. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset which are not considered in estimating the future cash flows.

If it is not possible to estimate the recoverable amount of each asset individually for the impairment test, such assets are allocated into the smallest CGU that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination, and these CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and are not larger than an operating segment. Since corporate assets do not generate separate cash inflows, if there are indicators that corporate assets may be impaired, the corporate assets are tested for impairment based on the recoverable amount of the CGU to which the corporate assets belong.

If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized in profit or loss for the period. Impairment losses recognized in relation to a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

An impairment loss related to goodwill cannot be reversed in a subsequent period. Previously recognized impairment losses on other assets are assessed at the end of each reporting period as to whether there are indicators that the losses may no longer exist or may have decreased. Such impairment losses are reversed if there have been indicators of the reversal of the impairment and a change in estimates used to determine the recoverable amount of the asset. The carrying amount of the asset after the reversal cannot exceed the carrying amount less depreciation or amortization, which would have been recorded had no impairment loss been recognized for the asset in prior years.

(11) Employee benefits

The Company and certain subsidiaries offer the opportunity to participate in defined contribution plans to employees. Defined contribution plans are post-employment benefit plans in which the employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions. The contributions under the defined contribution plans are recognized as expenses during the period in which an employee rendered services.

For short-term employee benefits including salaries, bonuses and paid annual leave, the amounts expected to be paid in exchange for those services are recognized as expenses in the period when the employees render related services.

(12) Provisions

Provisions are recognized when Konami Group has a present legal or constructive obligation arising from past events where it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations.

Where the effect of the time value of money is material, a provision is calculated as the present value of the expenditures discounted at a rate that reflects the risks specific to the liability.

Asset retirement obligations are recognized as provisions for the costs of dismantling and removing the assets and restoring the site, and they are included in the acquisition costs of the assets. The estimated future costs and the discount rates applied are annually reviewed and accounted for as a change in accounting estimates, if an adjustment is determined to be necessary.

(13) Financial instruments

(1) Financial assets

(i) Initial recognition and measurement

Konami Group initially recognizes financial assets when it becomes a party to the contract, and classifies them into the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

At initial recognition, all financial assets are measured at fair value. However, in the case of a financial asset that is not classified as a financial asset measured at fair value through profit or loss, it is measured at the fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(a) Financial assets measured at amortized cost

Of the financial assets held by Konami Group, those that meet both of the following conditions are classified as financial assets measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows.

(b) Financial assets measured at fair value through other comprehensive income

Equity instruments such as shares held mainly for the purpose of maintaining or strengthening business relationships with investees are designated at initial recognition as financial assets measured at fair value through other comprehensive income. Subsequent to initial recognition, the financial assets are measured at fair value and changes in the fair value are recognized in other comprehensive income. Debt instruments, which are held to achieve an objective by both collecting contractual cash flows and selling and those contractual cash flows represent solely payments of principal and interest, are designated as financial assets measured at fair value through other comprehensive income.

(c) Financial assets measured at fair value through profit or loss

Financial assets other than (a) and (b) as above are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement after initial recognition

Based on the classifications, subsequent measurement of financial assets after initial recognition are as follows.

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method subsequent to the initial recognition.

(b) Financial assets measured at fair value through other comprehensive income

As for financial assets measured at fair value through other comprehensive income, changes in the fair value are recognized in other comprehensive income subsequent to the initial recognition. In the event of derecognition of equity instruments, the cumulative amount of gains or losses recognized through other comprehensive income is directly transferred from other component of equity to retained earnings. Dividends from the relevant financial asset are recognized in profit or loss for the reporting period. In the event of derecognition of debt instruments, the cumulative amount of gains or losses recognized through other comprehensive income is transferred to profit or loss.

(c) Financial assets measured at fair value through profit or loss

As for financial assets measured at fair value through profit or loss, changes in the fair value are recognized in profit or loss subsequent to the initial recognition. Dividends from the relevant financial asset are recognized in profit or loss for the reporting period.

(iii) Impairment of financial assets

For financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, Konami Group records allowance for expected credit losses. Konami Group evaluates at the end of each reporting period whether there is a significant increase in credit risk of financial assets since initial recognition. When there is a significant increase in credit risk since initial recognition, the amount equal to expected credit losses for the remaining life of the financial assets are measured as allowance for expected credit losses. When there is no significant increase in the credit risk since initial recognition, the amount equal to expected credit losses for 12 months are measured as allowance for expected credit losses. For trade and other receivables, allowance for expected credit losses are always measured at the amount equal to expected credit losses for the remaining life of the assets.

Expected credit losses are measured based on the present value of the difference between all contractual cash flows to be paid to Konami Group and all cash flows expected to be received by Konami Group, and are recognized in profit or loss. If the amount of impairment losses decreased due to any event that occurred after the initial recognition of the impairment losses, the previously recognized impairment losses are reversed and recognized in profit or loss.

If there is any objective evidence of credit impairment for financial assets such as significant financial difficulty of a debtor, and a contract violation, including a default or delinquency in payment, interest income is measured at the amount calculated by multiplying the carrying amount less the loss allowance by the effective interest rate. If the recovery of all or part of the contractual cash flows of a certain financial asset cannot be reasonably estimated, the carrying amount is directly reduced in the total amount of financial assets.

(iv) Derecognition of financial assets

Konami Group derecognizes a financial asset only if the contractual rights to the cash flows from the financial asset expire or if it transfers the contractual rights to receive the cash flows of the financial asset in a transaction where it transfers substantially all risks and rewards of ownership of the financial asset. If Konami Group continues to control the transferred assets, it recognizes retained interests in the financial assets and liabilities that might be payable in association therewith, to the extent of its continuing involvement in the financial assets.

(2) Financial liabilities

(i) Initial recognition and measurement

Konami Group initially classifies financial liabilities into either a financial liability measured at amortized cost or a financial liability measured at fair value through profit or loss. This classification is determined at initial recognition of the financial liabilities.

While financial liabilities measured at fair value through profit or loss are measured at fair value at initial recognition, financial liabilities measured at amortized cost are measured at the amount less directly attributable transaction costs.

(ii) Subsequent measurement after initial recognition

Based on the classifications, subsequent measurement of financial liabilities after initial recognition are as follows.

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method subsequent to the initial recognition.

Amortization by the effective interest method, as well as gains and losses associated with the derecognition shall be measured in profit or loss for the reporting period.

(b) Financial liabilities measured at fair value through profit or loss

As for financial liabilities measured at fair value through profit or loss, changes in the fair value are recognized in profit or loss for the reporting period subsequent to the initial recognition.

(iii) Derecognition of financial liabilities

Konami Group derecognizes financial liabilities when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

(3) Offsetting financial assets and liabilities

Financial assets and liabilities are offset, with the net amount presented in the Consolidated Statement of Financial Position, only if Konami Group holds a legal right to set off the balance, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Compound financial instruments

The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any attributable transaction costs are allocated to the equity and liability components of the compound financial instrument in proportion to their initial carrying values.

Subsequently, the liability component of the compound financial instrument is measured at amortized cost using the effective interest method; the equity component is not remeasured.

Interest related to the financial liability is recognized as financial expense in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(5) Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date when the derivative contracts are entered into, and are subsequently remeasured to their fair value at the end of each reporting period.

Konami Group uses derivatives such as forward exchange contracts to determine cash flows related to recognized financial asset and liabilities and the future transactions. Konami Group has interest rate swaps used as hedging instruments against foreign exchange risk and interest rate risk.

Hedge accounting is not applied to the above derivatives.

(14) Equity

(1) Ordinary shares

Issuance costs directly relating to equity instruments issued by Konami Group are recognized, net of tax, as a deduction from equity.

(2) Treasury shares

When the Company repurchases treasury shares, the consideration paid, including transaction costs, net of tax, directly arising from the repurchase, is recognized as a deduction from equity. No gain or loss is recognized in profit or loss on the purchase, disposal, issuance or cancellation of Konami Group’s own equity instruments. Any difference between the carrying amount and the consideration given is recognized in share premium.

(15) Revenue

Konami Group recognizes revenue from contracts with customers based on the following five step approach, (excluding interest, dividend and other such income from financial instruments recognized in accordance with IFRS 9, insurance revenues recognized in accordance with IFRS 17 and lease income recognized in accordance with IFRS 16)

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

Revenue is recognized at the amount of consideration promised in the contract with the customer after deduction of refund liabilities, including returned goods, trade discounts, and rebates.

(16) Finance income and finance costs

Finance income mainly consists of interest income, dividend income, foreign currency exchange gains and gains on sales of equity financial assets. Interest income is recognized using the effective interest method as incurred. Dividend income is recognized on the date when the right of Konami Group to receive the dividend is established.

Finance costs mainly consist of interest expenses, foreign currency exchange losses and losses on sales of equity financial assets. Interest expenses are recognized using the effective interest method as incurred.

(17) Income tax expense

Income tax expenses consist of current taxes and deferred taxes. These are recognized in profit or loss, except to the extent that the taxes arise from items which are recognized either in other comprehensive income or directly in equity, or from business combinations.

Current taxes are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are recognized for temporary differences between the tax base and the carrying amounts of assets and liabilities, the carryforward of unused tax losses and the unused tax credits, measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on tax rates and the tax laws that have been enacted or substantially enacted by the end of the reporting period. Deferred tax assets and liabilities are not recognized if:

- taxable temporary differences arise from the initial recognition of goodwill,

- temporary differences arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and does not give rise to an equal amount of taxable and deductible temporary differences, or

- Konami Group is able to control the timing of the reversal of the temporary differences which are associated with investments in subsidiaries and associates, and it is probable that such differences will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset if Konami Group has a legally enforceable right to offset current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

Deferred tax assets are recognized only for the deductible temporary differences, the carryforward of unused tax losses and the unused tax credits, to the extent that it is probable that future taxable profit will be available against which they can be utilized. The carrying amount of deferred tax assets are reviewed at the end of each reporting period, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of those deferred tax assets to be utilized.

(18) Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to owners of the parent, by the weighted average number of ordinary shares outstanding during the period that is adjusted for the number of treasury shares. Diluted earnings per share are calculated and adjusted for full effect of potentially dilutive ordinary shares.

4. Segment Information

Konami Group's reportable segments constitute units of Konami Group for which separate financial information is available. The Chief Operating Decision Maker regularly conducts deliberations to determine the allocation of management resources and to assess performance of each segment.

Operating segments are components of business activities from which Konami Group may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments.

The operating segments are managed separately as each segment represents a strategic business unit that offers different products and serves different markets.

Konami Group operates on a worldwide basis principally with the following four business segments:

1. Digital Entertainment:	Production, manufacture and sale of digital content and related products including mobile games, computer & video games, and card games.
2. Amusement:	Production, manufacture and sale of amusement machines.
3. Gaming & Systems:	Production, manufacture, sale and service of gaming machines and casino management systems.
4. Sports:	Operation of sports facilities and courses, including swimming, gymnastics, dance, soccer, tennis, and golf, and production and sale of sports related goods.

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.

Assets of each segment including investments in associates and deferred tax assets are measured in the same manner as those included in the accompanying Consolidated Statement of Financial Position. Segment assets are based on those directly associated with each segment. Assets not directly associated with specific segments, except those of corporate assets, are allocated in a consistent manner which management believes to be reasonable.

Intersegment sales and revenues are generally recognized at values that represent arm's-length fair value.

Neither Konami Group nor any of its segments depended on any single customer for more than 10% of Konami Group's revenues for the years ended March 31, 2024 and 2025.

(1) Operating segment information

For the year ended March 31, 2024

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥ 248,462	¥ 24,916	¥ 39,636	¥ 47,300	¥ 360,314	-	¥ 360,314
Intersegment	659	1,511	93	331	2,594	¥ (2,594)	-
Total	249,121	26,427	39,729	47,631	362,908	(2,594)	360,314
Business profit	79,363	5,187	6,213	2,328	93,091	(4,879)	88,212
Other income and other expenses, net	-	-	-	-	-	-	(7,950)
Operating profit	-	-	-	-	-	-	80,262
Finance income and finance costs, net	-	-	-	-	-	-	2,149
Profit from investments accounted for using the equity method	-	-	-	-	-	-	274
Profit before income taxes	-	-	-	-	-	-	82,685
Other items							
Segment assets	289,034	59,180	50,300	54,270	452,784	153,066	605,850
Impairment losses	3,724	-	-	54	3,778	-	3,778
Depreciation and amortization expenses	8,963	4,229	2,342	5,408	20,942	2,325	23,267
Investments in non-current assets	¥ 24,151	¥ 3,367	¥ 1,026	¥ 946	¥ 29,490	¥ 1,105	¥ 30,595

1) Intersegment eliminations of business profit include corporate expenses not directly associated with specific segments and eliminations of intercompany sales. Corporate expenses primarily consist of personnel costs and advertising expenses, which substantially relate to our administrative department.
2) Intersegment eliminations of segment assets include corporate assets not directly associated with specific segments. Corporate assets primarily consist of cash and cash equivalents, financial assets, and property, plant and equipment.
3) Investments accounted for using the equity method in the Sports segment are discussed in Note 12 “Investments accounted for Using the Equity Method.”
4) Impairment losses for property, plant and equipment, goodwill and intangible assets are discussed in Note 8 “Property, Plant and Equipment, net” and Note 9 “Goodwill and Intangible Assets.”
5) Investments in non-current assets include expenditures for acquisitions of property, plant and equipment and intangible assets used in operations of each segment.

For the year ended March 31, 2025

Millions of Yen

	Reportable segments					Intersegment eliminations	Consolidated
	Digital Entertainment	Amusement	Gaming & Systems	Sports	Total		
Revenue							
External customers	¥ 304,646	¥ 26,093	¥ 42,654	¥ 48,209	¥ 421,602	-	¥ 421,602
Intersegment	541	1,541	15	334	2,431	¥ (2,431)	-
Total	305,187	27,634	42,669	48,543	424,033	(2,431)	421,602
Business profit	98,935	5,938	7,359	2,231	114,463	(5,346)	109,117
Other income and other expenses, net	-	-	-	-	-	-	(7,173)
Operating profit	-	-	-	-	-	-	101,944
Finance income and finance costs, net	-	-	-	-	-	-	1,743
Profit from investments accounted for using the equity method	-	-	-	-	-	-	321
Profit before income taxes	-	-	-	-	-	-	104,008
Other items							
Segment assets	329,682	58,142	49,133	49,200	486,157	178,883	665,040
Impairment losses	5,186	-	-	248	5,434	-	5,434
Depreciation and amortization expenses	14,858	3,763	2,111	5,542	26,274	2,214	28,488
Investments in non-current assets	¥ 22,620	¥ 4,901	¥ 1,668	¥ 1,451	¥ 30,640	¥ 33,634	¥ 64,274

1) Intersegment eliminations of business profit include corporate expenses not directly associated with specific segments and eliminations of intercompany sales. Corporate expenses primarily consist of personnel costs and advertising expenses, which substantially relate to our administrative department.
2) Intersegment eliminations of segment assets include corporate assets not directly associated with specific segments. Corporate assets primarily consist of cash and cash equivalents, financial assets, and property, plant and equipment.
3) Investments accounted for using the equity method in the Sports segment are discussed in Note 12 "Investments accounted for Using the Equity Method."
4) Impairment losses for property, plant and equipment, goodwill and intangible assets are discussed in Note 8 "Property, Plant and Equipment, net" and Note 9 "Goodwill and Intangible Assets."
5) Investments in non-current assets include expenditures for acquisitions of property, plant and equipment, intangible assets, and investment property used in the operations of each segment.

(2) Geographic Information

Revenue from external customers

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue:		
Japan	¥ 256,743	¥ 298,945
United States	65,151	76,047
Europe	20,353	27,871
Asia/Oceania	18,067	18,739
Consolidated	¥ 360,314	¥ 421,602

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Non-current assets:		
Japan	¥ 190,609	¥ 221,964
United States	18,899	17,919
Europe	1,195	1,348
Asia/Oceania	977	676
Consolidated	¥ 211,680	¥ 241,907

Non-current assets consist of property, plant and equipment, intangible assets including goodwill, and investment property.

For the purpose of presenting operations in the geographic areas above, revenue from external customers is categorized based on the geographical location of each Konami Group company, and assets are categorized based on where they are located.

(3) Information about sales by product and service category.

Since the reporting segment is determined to be by product and service, this information is not reproduced again here.

5. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Cash and cash equivalents:		
Cash and deposits	¥ 268,313	¥ 282,762
Short-term deposits with maturities of three months or less	5,434	11,454
Total cash and cash equivalents on the Consolidated Statement of Financial Position	¥ 273,747	¥ 294,216

The balances of cash and cash equivalents on the Consolidated Statement of Financial Position agreed with the respective balances in Consolidated Statement of Cash Flows as of March 31, 2024 and 2025.

6. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Notes receivables	¥ 549	¥ 275
Accounts receivables	42,616	45,598
Other receivables	790	1,439
Less: allowance for expected credit losses	(68)	(92)
Total	¥ 43,887	¥ 47,220

7. Inventories

The breakdown of inventories is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Finished products	¥ 5,361	¥ 4,903
Work in process	946	547
Raw materials and supplies	7,457	6,658
Total	¥ 13,764	¥ 12,108

Inventories recognized as the cost of revenue for the fiscal years ended March 31, 2024 and 2025 were ¥43,874 million and ¥41,201 million, respectively.

Loss on valuation recognized as an expense for the fiscal years ended March 31, 2024 and 2025 were ¥1,243 million and ¥497 million, respectively.

8. Property, Plant and Equipment, net

(1) Reconciliations

Changes in acquisition cost, accumulated depreciation, accumulated impairment loss and the carrying amount of property, plant and equipment are as follows:

Millions of Yen

	Land	Buildings and structures	Tools, furniture and fixtures	Construction in progress	Total
Acquisition cost					
Balance as of April 1, 2023	¥ 87,268	¥ 164,910	¥ 37,315	¥ 5,128	¥ 294,621
Acquisitions	3	5,930	2,218	545	8,696
Sales and disposal	(59)	(3,550)	(2,466)	-	(6,075)
Transfer from construction in progress	-	79	(486)	(313)	(720)
Effect of foreign currency	303	2,087	1,590	7	3,987
Others	-	(376)	(56)	(1)	(433)
Balance as of March 31, 2024	87,515	169,080	38,115	5,366	300,076
Acquisitions	53	3,008	3,170	16,320	22,551
Sales and disposal	-	(6,498)	(1,824)	-	(8,322)
Transfer from construction in progress	-	245	(1,676)	(509)	(1,940)
Effect of foreign currency	(32)	(275)	(148)	(3)	(458)
Others	72	(911)	(196)	(283)	(1,318)
Balance as of March 31, 2025	¥ 87,608	¥ 164,649	¥ 37,441	¥ 20,891	¥ 310,589

Millions of Yen

	Land	Buildings and structures	Tools, furniture and fixtures	Construction in progress	Total
Accumulated depreciation and impairment losses					
Balance as of April 1, 2023	¥ (3,169)	¥ (106,610)	¥ (29,054)	-	¥ (138,833)
Depreciation expenses	(250)	(7,530)	(3,433)	-	(11,213)
Sales and disposal	59	3,542	2,461	-	6,062
Impairment losses	-	(51)	(3)	-	(54)
Transfer from construction in progress	-	-	294	-	294
Effect of foreign currency	-	(658)	(1,166)	-	(1,824)
Others	-	(56)	2	-	(54)
Balance as of March 31, 2024	(3,360)	(111,363)	(30,899)	-	(145,622)
Depreciation expenses	(243)	(7,827)	(3,096)	-	(11,166)
Sales and disposal	-	6,435	1,796	-	8,231
Impairment losses	(5)	(235)	(8)	-	(248)
Transfer from construction in progress	-	-	1,324	-	1,324
Effect of foreign currency	-	137	119	-	256
Others	1	131	121	-	253
Balance as of March 31, 2025	¥ (3,607)	¥ (112,722)	¥ (30,643)	-	¥ (146,972)

Millions of Yen

	Land		Buildings and structures		Tools, furniture and fixtures		Construction in progress		Total	
Carrying amount										
Balance as of March 31, 2024	¥	84,155	¥	57,717	¥	7,216	¥	5,366	¥	154,454
Balance as of March 31, 2025	¥	84,001	¥	51,927	¥	6,798	¥	20,891	¥	163,617

1) Depreciation expenses on property, plant and equipment are included in "costs of revenue" and "selling, general and administrative expenses" in the accompanying Consolidated Statement of Profit or Loss.
2) The balance of right-of-use assets are included in above.
3) Expenditures on property, plant and equipment in the course of construction are included in "Construction in progress."
4) Assets subject to operating leases are included in "Tools, furniture and fixtures" in which the carrying amounts of the assets at March 31, 2024 and 2025 were ¥1,649 million and ¥1,290 million, respectively.

(2) Impairment losses

The breakdown of accumulated impairment losses by asset type is as follows:

Millions of Yen

	As of March 31, 2024		As of March 31, 2025	
Sports segment				
Land		-	¥	5
Buildings and structures	¥	51		235
Tools, furniture and fixtures		3		8
Total	¥	54	¥	248

Impairment losses are presented in the line item "other income and other expenses, net" in the Consolidated Statement of Profit or Loss.

Konami Group allocates its property, plant and equipment into groups which are considered to be the smallest cash-generating unit ("CGU") that generates largely independent cash inflows. Idle assets for which no future use is anticipated are considered individually as CGUs.

(Sports segment)
Konami Group determines its property, plant and equipment separated by geographical areas as the smallest CGU that generates largely independent cash inflows.

For the fiscal year ended March 31, 2024 and 2025, there were no CGUs for which indicators of impairment were identified, except for idle assets and others, and no impairment loss was recognized.

(3) Borrowing costs

During the fiscal year ended March 31, 2024, there were no borrowing costs capitalized as part of the acquisition cost of qualifying assets. During the fiscal year ended March 31, 2025, borrowing costs of ¥215 million were capitalized as part of the acquisition cost of qualifying assets. The capitalization rate applied was 0.44%.

9. Goodwill and Intangible Assets

(1) Reconciliations

Changes in the acquisition cost, accumulated amortization, accumulated impairment losses and the carrying amounts of goodwill and intangible assets are as follows:

Millions of Yen

	Goodwill	Internally generated intangible assets	Trademarks	Memberships	Others	Total
Acquisition cost						
Balance as of April 1, 2023	¥ 22,268	¥ 58,140	¥ 50,561	¥ 6,640	¥ 10,714	¥ 148,323
Acquisitions	-	599	-	-	410	1,009
Internally generated development costs	-	26,181	-	-	-	26,181
Sales and disposals	-	(12,947)	-	-	(3)	(12,950)
Effect of foreign currency	107	150	-	-	790	1,047
Others	-	(1)	-	-	(17)	(18)
Balance as of March 31, 2024	22,375	72,122	50,561	6,640	11,894	163,592
Acquisitions	-	593	-	-	418	1,011
Internally generated development costs	-	25,298	-	-	-	25,298
Sales and disposals	-	(16,621)	-	-	-	(16,621)
Effect of foreign currency	(12)	(26)	-	-	(102)	(140)
Others	-	(3)	-	-	(14)	(17)
Balance as of March 31, 2025	¥ 22,363	¥ 81,363	¥ 50,561	¥ 6,640	¥ 12,196	¥ 173,123

Millions of Yen

	Goodwill	Internally generated intangible assets	Trademarks	Memberships	Others	Total
Accumulated amortization and impairment losses						
Balance as of April 1, 2023	¥ (6,568)	¥ (32,709)	¥ (43,393)	¥ (6,640)	¥ (9,460)	¥ (98,770)
Amortization expenses	-	(11,480)	-	-	(574)	(12,054)
Sales and disposals	-	8,904	-	-	3	8,907
Impairment losses	-	(3,724)	-	-	-	(3,724)
Effect of foreign currency	-	(70)	-	-	(655)	(725)
Others	-	-	-	-	0	0
Balance as of March 31, 2024	(6,568)	(39,079)	(43,393)	(6,640)	(10,686)	(106,366)
Amortization expenses	-	(16,760)	-	-	(562)	(17,322)
Sales and disposals	-	16,366	-	-	-	16,366
Impairment losses	-	(5,186)	-	-	-	(5,186)
Effect of foreign currency	-	7	-	-	79	86
Others	-	-	-	-	1	1
Balance as of March 31, 2025	¥ (6,568)	¥ (44,652)	¥ (43,393)	¥ (6,640)	¥ (11,168)	¥ (112,421)

Millions of Yen

	Goodwill	Internally generated intangible assets	Trademarks	Memberships	Others	Total
Carrying amount						
Balance as of March 31, 2024	¥ 15,807	¥ 33,043	¥ 7,168	-	¥ 1,208	¥ 57,226
Balance as of March 31, 2025	¥ 15,795	¥ 36,711	¥ 7,168	-	¥ 1,028	¥ 60,702

The amortization expenses for intangible assets are included in "costs of revenue" or "selling, general and administrative expenses" in the accompanying Consolidated Statement of Profit or Loss.

(2) Intangible assets with indefinite useful lives

At March 31, 2024 and 2025, the carrying amounts of intangible assets with indefinite useful lives included in above were ¥7,523 million and ¥7,506 million, respectively. Since those identifiable intangible assets primarily consist of trademarks acquired in businesses combinations which will not expire for as long as the business continues, the Company determined that such assets have indefinite useful lives as of March 31, 2025.

(3) Impairment losses allocated to cash-generating units including goodwill

In an impairment-test, goodwill and intangible assets with an indefinite life are allocated to respective cash-generating units. The carrying amounts of goodwill and intangible assets with an indefinite life allocated to respective cash-generating units are as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Goodwill		
Digital Entertainment	¥ 15,526	¥ 15,516
Gaming & Systems	281	279
Total	¥ 15,807	¥ 15,795
Intangible assets with an indefinite life		
Gaming & Systems	¥ 355	¥ 338
Sports	7,168	7,168
Total	¥ 7,523	¥ 7,506

Intangible assets with an indefinite useful life mainly consist of trademarks attributable to the Sports segment.

Impairment tests for major goodwill and intangible assets with an indefinite life are performed as follows:

(1) Digital Entertainment segment

In the Digital Entertainment segment, the recoverable amount is measured on the basis of fair value less costs of disposal based on the medium-term management plans approved by management. For subsequent periods, fair value less costs of disposal is estimated in reference to the long-term anticipated growth rate of the market or the country the CGU belongs to, based on management's historical experiences and other available relevant external information. Even if the key assumptions used in the impairment test changed within a reasonably predictable range, Konami Group management concluded it was unlikely to result in a significant impairment because the fair value less costs of disposal calculated showed sufficient headroom over the carrying amount.

(2) Sports segment

The recoverable amounts of trademarks allocated to the Sports segment as CGU is calculated as fair value less costs of disposal using the relief-from-royalty method and the fair value is categorized as Level 3. The key assumption for the calculation of fair value less costs of disposal is sales growth rate based on membership trends.

The discount rate is calculated based on the cost of shareholders' equity of the relevant CGU. For the fiscal year ended March 31, 2024 and 2025, the discount rates were 8.9% and 8.7%, respectively.

For the fiscal year ended March 31, 2025, the total recoverable amount exceeded its carrying amount. If either total revenue would decrease by 32.3% or the discount rate would increase by 3.8%, the recoverable amount and the carrying amount are equal.

(4) Impairment of internally generated intangible assets

Internally generated intangible assets are grouped at the individual title level to determine the CGU, and the assets that are not yet available for use are tested for impairment regardless of whether there are indicators of impairment or not. The assets that are available for use are tested for impairment in case there are indicators of impairment. If estimated earnings fall below zero, or if the market value of the title's assets decline significantly below their carrying amounts, those internally generated intangible assets are determined that there are indicators of impairment. Impairment losses were recognized on certain titles' internally generated intangible assets where the recoverable amounts fell below their carrying amounts through the test for impairment. The recoverable amount of internally generated intangible assets is determined based on their value in use, which is calculated by estimating future cash flows using assumptions, including sales projections and estimated costs of each title.

Impairment losses recognized and included in the line item "other income and other expenses, net" in the Consolidated Statement of Profit or Loss for the fiscal years ended March 31, 2024 and 2025 are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Digital Entertainment	¥ 3,724	¥ 5,186
Total	¥ 3,724	¥ 5,186

(5) Research and development costs

Expenditure on research that does not meet the criteria for capitalization is recognized as an expense in the period in which the expenditure is incurred. For the fiscal years ended March 31, 2024 and 2025, research and development costs recognized as expense incurred were ¥6,120 million and ¥7,487 million, respectively.

10. Leases

(1) Lessee

Konami Group occupies, among other things, land and buildings attributable to certain offices and facilities in the Sports segment under lease arrangements. Right-of-use assets are included in "property, plant and equipment, net" and lease liabilities are included in "other financial liabilities," respectively, in the Consolidated Statement of Financial Position.

The breakdown of profit or loss under leases is as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation expenses for right-of-use assets		
Land	¥ 250	¥ 243
Buildings and structures	4,762	4,967
Tools, furniture and fixtures	7	28
Total	¥ 5,019	¥ 5,238
Interest expense on lease liabilities	380	313
Expense associated with short-term leases	¥ 5,376	¥ 5,314

The breakdown of carrying amount of right-of-use assets is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Right-of-use assets		
Land	¥ 1,215	¥ 962
Buildings and structures	17,760	14,666
Tools, furniture and fixtures	28	107
Total	¥ 19,003	¥ 15,735

Increases in right-of-use assets for the fiscal years ended March 31, 2024 and 2025 were ¥5,099 million and ¥2,088 million, respectively.
The total cash outflow for leases for the fiscal years ended March 31, 2024 and 2025 were ¥13,151 million and ¥13,108 million, respectively.

Maturity analysis of lease liabilities are further discussed in Note 23 "Financial Instruments (5) Liquidity risk management".

(2) Lessor

Konami Group rents gaming machines and other equipment, which are classified as finance leases and operating leases. It manages the risk associated with the underlying assets subject to leases by insurance.
In addition, the Group owns an investment property, and income from the property consists of rental income received from external tenants. Such rental income is accounted for as lease transactions.

(1) Finance leases

Disclosures related to finance leases are omitted since it is not material.

(2) Operating leases

Lease income under operating leases is as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Lease income (except for variable lease payments)	¥ 5,071	¥ 4,108
Lease income (variable lease payments)	¥ 2,098	¥ 2,410

Maturity analysis of lease payments under operating leases is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Less than 1 year	¥ 7,113	¥ 7,902
More than 1 year and less than 2 years	-	526
More than 2 year and less than 3 years	-	351
More than 3 year and less than 4 years	-	-
More than 4 year and less than 5 years	-	-
More than 5 years	-	-
Total	¥ 7,113	¥ 8,779

11. Investment Property

(1) Overview of investment property

Konami Group owns a portion of a rental office building.

Such property is transferred from investment property to property, plant and equipment upon commencement of own use.

(2) Reconciliations

The reconciliation of the acquisition cost, accumulated depreciation and accumulated impairment losses, and carrying amount of investment property are as follows:

Millions of Yen

		Investment property
Acquisition cost		
Balance as of April 1, 2023		-
Balance as of March 31, 2024		-
Acquisition	¥	17,588
Balance as of March 31, 2025	¥	17,588

Millions of Yen

		Investment property
Accumulated depreciation and impairment losses		
Balance as of April 1, 2023		-
Balance as of March 31, 2024		-
Balance as of March 31, 2025		-

Millions of Yen

		Investment property
Carrying amount		
Balance as of April 1, 2023		-
Balance as of March 31, 2024		-
Balance as of March 31, 2025	¥	17,588

(3) Fair value

Fair value of investment property is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Fair value	-	¥ 17,600

The fair value of investment property is determined mainly on the basis of a valuation conducted by an independent real estate appraiser. The valuation is based on, among other things, discounted cash flow or observable market prices for similar assets. The entire fair value is categorized within Level 3 of fair value hierarchy. The level of fair value hierarchy is further discussed in Note 23 “Financial Instruments (7) Fair value of financial instruments (2)Fair value hierarchy.”

(4) Income or expense from investment property

The amounts of rental income from investment property and the direct operating expenses incurred in generating such income are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Rental income	-	-
Direct operating expenses	-	¥ 1

12. Investments Accounted for Using the Equity Method

(1) Material associates

At March 31, 2024 and 2025, Konami Group holds the following material associates accounted for using the equity method:

Name	Location	Description of business	Relationship	Acquisition Date	Ownership %
RESOL HOLDINGS Co., Ltd.	Japan	Management of resort facilities	Investment at the Sports segment Certain directors or officers of the Company concurrently serve as directors or officers	March 2006	20.4%

At March 31, 2024 and 2025, the carrying amount and fair value of investments accounted for using the equity method with quoted prices published in active markets, are as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Carrying amount	¥ 3,456	¥ 3,750
Fair value	¥ 6,163	¥ 5,665

Summarized financial information is omitted since it is not material to the Consolidated Financial Statements.

(2) Individually immaterial associates

Carrying amount of Konami Group's investments in individually immaterial associates is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Carrying amount	-	¥ 734

Summarized financial information is omitted since it is not material to the Consolidated Financial Statements.

13 Other Investments

The breakdown of other investments is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Equity financial assets measured at fair value through other comprehensive income		
Securities	¥ 1,616	¥ 1,519
Non-securities	72	72
Financial assets measured at fair value through profit or loss		
Non-securities	80	80
Total	¥ 1,768	¥ 1,671

14. Other Financial Assets

The breakdown of other financial assets is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Financial assets measured at amortized cost		
Loans receivable	¥ 14	¥ 6
Lease deposits	16,790	20,118
Other financial assets	1,073	949
Less: allowance for expected credit losses	(1)	(1)
Total	¥ 17,876	¥ 21,072
Current	2,576	3,169
Non-current	¥ 15,300	¥ 17,903

Other financial assets (current) are included in "other current assets" in the accompanying Consolidated Statement of Financial Position.

15. Bonds and Borrowings

At March 31, 2024 and 2025, the breakdown of bonds is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Unsecured 0.22% per-annum bonds due in July 2025	¥ 19,975	¥ 19,994
Unsecured 0.38% per-annum bonds due in July 2027	19,955	19,968
Unsecured 0.48% per-annum bonds due in July 2030	19,932	19,943
Total	59,862	59,905
Less: current portion	-	(19,994)
Long-term debt, non-current portion	¥ 59,862	¥ 39,911

At March 31, 2024 and 2025, Konami Group did not have any assets pledged as collateral for any of the debt obligations.

16. Trade and Other Payables

The breakdown of trade and other payables is as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Notes payables	¥ 178	¥ 249
Accounts payables	16,531	14,321
Accrued expenses	23,494	27,614
Refund liabilities	1,584	2,222
Other payables	2,470	1,000
Total	¥ 44,257	¥ 45,406

Konami Group has entered into supplier finance arrangements with third-party financial institutions. Under these arrangements, the Group makes payments to the third-party financial institutions in accordance with the terms agreed with each supplier. The suppliers are able, at their own discretion, to receive early payment at a discounted amount from the third-party financial institutions. The Group does not provide collateral or any other form of third-party guarantees for these arrangements.

The carrying amounts of financial liabilities that are part of the supplier finance arrangements are as follows:

Millions of Yen

	As of April 1, 2024	As of March 31, 2025
Carrying amounts of the financial liabilities that are part of supplier finance arrangements		
Trade and other payables	¥ 7,216	¥ 4,901
Amounts presented above for which suppliers have already received payment	(Note)	¥ 240

The range of payment due dates related to the supplier finance arrangements are as follows:

	As of April 1, 2024	As of March 31, 2025
Liabilities that are part of the supplier finance arrangements	(Note)	120-180 days after invoice date
Comparable trade payables that are not part of the supplier finance arrangements	(Note)	25-150 days after invoice date

Note) Konami Group has applied the transition relief provided by the amendments to IAS 7 and IFRS 7 regarding supplier finance arrangements, and accordingly, has not disclosed information as at the beginning of the first annual reporting period in which the amendments are applied.

The supplier finance arrangements entered into by Konami Group do not result in a concentration or significant extension of payment terms compared to the normal payment terms agreed with other suppliers not participating in these arrangements. Accordingly, the Group does not have any significant liquidity risk arising from the supplier finance arrangements.

There were no significant non-cash changes in the carrying amounts of financial liabilities subject to supplier finance arrangements during the fiscal year ended March 31, 2025.

17. Provisions

The changes in provisions during the year ended March 31, 2025 were as follows:

Millions of Yen

	Asset retirement obligations	Others	Total
Balance as of April 1, 2024	¥ 9,586	¥ 373	¥ 9,959
Additional provisions	236	861	1,097
Amounts utilized	(220)	(110)	(330)
Unused amounts reversed	(638)	(75)	(713)
Discounted interest costs and effect of change in discount rate.	(511)	-	(511)
Effect of foreign currency	0	(2)	(2)
Balance as of March 31, 2025	¥ 8,453	¥ 1,047	¥ 9,500
Current	182	¥ 1,047	1,229
Non-current	¥ 8,271	-	¥ 8,271

Konami Group recognizes asset retirement obligations arising from the contractual requirements to perform certain asset retirement activities in case it disposes certain right-of-use assets primarily relating to the office and the Sports facilities. The liability is measured using the best estimate of expenditures for the future asset retirements. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related non-current asset and depreciated over the asset’s estimated useful life. While these costs are expected to be paid after a period of more than one year has passed, this may be changed due to future changes in management plans.

Those provisions (current) are included in “other current liabilities” in the accompanying Consolidated Statement of Financial Position.

18. Other Financial Liabilities

The breakdown of other financial liabilities are as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Financial liabilities measured at amortized cost		
Lease liabilities	¥ 27,423	¥ 21,840
Other financial liabilities	2,102	2,495
Total	¥ 29,525	¥ 24,335
Current	9,263	8,713
Non-current	¥ 20,262	¥ 15,622

19. Deferred Taxes and Income Tax Expense

Main components of deferred tax assets and liabilities are as follows:

Millions of Yen

	As of April 1, 2023	Recognized through profit or loss (Note)	Recognized in other comprehensive income	As of March 31, 2024
Deferred tax assets:				
Accrued expenses	¥ 5,681	¥ (1,167)	-	¥ 4,514
Inventories	2,467	199	-	2,666
Net operating loss carryforwards	1,037	(356)	-	681
Property, plant and equipment basis differences	3,176	(575)	-	2,601
Asset retirement obligations	793	(27)	-	766
Intangible assets	12,891	(1,613)	-	11,278
Deferred revenue	635	(210)	-	425
Investments in associates	1,203	-	-	1,203
Others	6,309	1,345	¥ 138	7,792
Total	¥ 34,192	¥ (2,404)	¥ 138	¥ 31,926
Deferred tax liabilities:				
Intangible assets	¥ (2,830)	¥ 272	-	¥ (2,558)
Investments in subsidiaries	(1,411)	108	-	(1,303)
Others	(872)	(10)	¥ (100)	(982)
Total	¥ (5,113)	¥ 370	¥ (100)	¥ (4,843)
Deferred tax assets, net	¥ 29,079	¥ (2,034)	¥ 38	¥ 27,083

Note) The difference between the total amount of "recognized through profit or loss" in the above and the total amount of deferred tax expenses is due to foreign exchange fluctuations.

Millions of Yen

	As of April 1, 2024	Recognized through profit or loss (Note)	Recognized in other comprehensive income	As of March 31, 2025
Deferred tax assets:				
Accrued expenses	¥ 4,514	¥ 594	-	¥ 5,108
Inventories	2,666	(115)	-	2,551
Net operating loss carryforwards	681	(315)	-	366
Property, plant and equipment basis differences	2,601	(386)	-	2,215
Asset retirement obligations	766	157	-	923
Intangible assets	11,278	1,251	-	12,529
Deferred revenue	425	50	-	475
Investments in associates	1,203	35	-	1,238
Others	7,792	1,840	¥ (20)	9,612
Total	¥ 31,926	¥ 3,111	¥ (20)	¥ 35,017
Deferred tax liabilities:				
Intangible assets	¥ (2,558)	¥ (40)	-	¥ (2,598)
Investments in subsidiaries	(1,303)	(131)	-	(1,434)
Others	(982)	(84)	¥ (2)	(1,068)
Total	¥ (4,843)	¥ (255)	¥ (2)	¥ (5,100)
Deferred tax assets, net	¥ 27,083	¥ 2,856	¥ (22)	¥ 29,917

Note) The difference between the total amount of “recognized through profit or loss” in the above and the total amount of deferred tax expenses is due to foreign exchange fluctuations.

Deferred tax assets and deferred tax liabilities included in the accompanying Consolidated Financial Statements are as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	¥ 28,275	¥ 31,130
Deferred tax liabilities	¥ 1,192	¥ 1,213

When recognizing deferred tax assets, Konami Group considers whether it is probable that future taxable profit will be available against which a portion or all of the deductible temporary differences or the carryforward of unused tax losses can be utilized. Konami Group considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in the reassessment of recoverability of deferred tax assets. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets can be recognized, Konami Group determines it is probable that deferred tax assets recognized relating to tax benefits will be realized. However, the amount of deferred tax assets recognized will be decreased if future taxable income decreases during the periods in which those tax benefits can be utilized.

At March 31, 2024 and 2025, the amount of deferred tax assets attributable to tax entities which had recognized losses for the fiscal year ended March 31, 2023 and 2024 were ¥713 million and ¥126 million, respectively. Konami Group recognized these deferred tax assets after considering their recoverability including whether it is probable that future taxable profit will be available based on the nature of the tax entity's businesses and the expiry date of unused tax losses carryforwards in the country where the entity is located.

The amounts of deductible temporary differences, unused tax losses and unused tax credits for which deferred tax assets have not been recognized are as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	¥ 46,152	¥ 45,326
Unused tax losses carryforwards	95,538	88,609
Total	¥ 141,690	¥ 133,935
Unused tax credits carryforwards	¥ 145	¥ 139

Note) The amounts of deductible temporary differences and unused tax losses for which deferred tax assets have not been recognized are primarily related to local taxes (Inhabitant tax and enterprise tax).

The expiry dates of unused tax losses for which deferred tax assets have not been recognized are as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
First year	¥ 3,387	¥ 797
Second year	640	5
Third year	160	5
Fourth year	-	173
Fifth year and thereafter	91,351	87,629
Total	¥ 95,538	¥ 88,609

Konami Group recognized assets or liabilities for the effect of uncertainty in income taxes based on a reasonable estimate. The amounts of unrecognized tax benefits at March 31, 2024 and 2025, which would affect the effective tax rate, are not material. It is not able to predict whether the total amount of unrecognized tax benefits will significantly increase or decrease during the next twelve months.

The breakdown of current and deferred tax expenses are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Income taxes:		
Current tax expense		
Current tax on profits for the year	¥ 21,212	¥ 32,171
Total current tax expense	21,212	32,171
Deferred tax expense		
Origination and reversal of temporary difference	3,272	(2,160)
Changes in tax rates	2,509	(230)
Reassessment of recoverability of deferred tax assets	(3,480)	(465)
Total deferred tax expense	2,301	(2,855)
Total income tax expense	¥ 23,513	¥ 29,316

Current tax expense includes tax losses used to reduce tax expense for which tax effects were not recognized previously, or benefits arising from temporary differences in past years. The resulting decreases in current tax expense were ¥2,135 million and ¥1,505 million in the fiscal years ended March 31, 2024 and 2025, respectively.

The Company and its domestic subsidiaries were subject to various taxes on their income, and its foreign subsidiaries are subject to income taxes in the countries in which they operate.

During the fiscal years ended March 31, 2024, the Act on Partial Revision of the Local Tax Act, etc. (Act No. 4 of 2024) was promulgated on March 30, 2024, and entities subject to the size-based taxation have been reviewed. As a result, the statutory effective tax rate used to calculate the deferred tax assets and deferred tax liabilities of some consolidated subsidiaries is changed from 34.59% to 31.45% for temporary differences and loss and credit carryforwards expected to be reversed in or after the fiscal year beginning on or after April 1, 2026.

During the fiscal year ended March 31, 2025, the Act on Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) was promulgated on March 31, 2025, and the imposition of the Special Corporate Tax for Defense will commence for fiscal years beginning on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate the deferred tax assets and deferred tax liabilities of the Company and some consolidated subsidiaries is changed from 31.45% to 32.35% for temporary differences and loss and credit carryforwards expected to be reversed in or after the fiscal year beginning on or after April 1, 2026.

Konami Group recognized deferred tax assets and liabilities based on the enacted tax rates that will be applied when temporary differences and loss and credit carryforwards are expected to reverse.

Reconciliations between the statutory income tax rates and the effective tax rates are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Statutory income tax rate	31.5%	31.5%
Increase (reduction) in taxes resulting from:		
Non-deductible expenses	0.2	0.1
Non-taxable income	(0.1)	0.0
Changes of unrecognized deferred tax assets in previous years	(4.2)	(0.4)
Adjustment of estimated income tax accruals	0.3	0.0
Tax credit, principally research	(2.1)	(2.7)
Effect of changes in tax rate	3.0	(0.2)
Non-deductible local taxes	0.2	0.2
Other, net	(0.4)	(0.3)
Effective income tax rate	28.4%	28.2%

Konami Group conducts business in jurisdictions that have enacted a global minimum taxation system.

Konami Group applies the exception provided for in IAS 12 “Income Taxes” and does not recognize or disclose deferred tax assets or deferred tax liabilities related to income taxes arising from the global minimum taxation rules. Konami Group has assessed the potential impact of applying the global minimum taxation system, but does not anticipate any significant exposure to income taxes arising from the global minimum taxation rules.

20. Employee Benefits

(1) Defined contribution plans

The Company and its domestic subsidiaries have adopted defined contribution plans.

Certain domestic subsidiaries began to offer participation in defined contribution plans to employees from the fiscal year ended March 31, 2012 and the Company and other domestic subsidiaries offered participation in defined contribution plans from the fiscal year ended March 31, 2014.

The Company and certain domestic subsidiaries' contributions to the defined contribution plans amounted to ¥3,698 million and ¥3,954 million for the fiscal years ended March 31, 2024 and 2025, respectively. The expenses were reported as "cost of revenue" and "selling, general and administrative expenses" in the accompanying Consolidated Statement of Profit or Loss. These expenses include the amount recognized as expenses for the public pension plan.

(2) Accrued pension and severance costs

The Company has accrued a liability for retirement benefits for directors in the amount of ¥1,050 million and ¥1,050 million at March 31, 2024 and 2025, respectively, which are included in "other non-current liabilities" in the accompanying Consolidated Statement of Financial Position.

21. Shareholders' Equity

(1) Share capital

The total number of ordinary shares authorized to be issued and issued shares was as follows:

Number of shares

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Ordinary shares authorized to be issued:		
Ordinary share, no-par-value	450,000,000	450,000,000
Issued shares:		
Balance at beginning of year	143,500,000	143,500,000
Change during the year	-	-
Balance at end of year	143,500,000	143,500,000

Note) Shares issued by the Company are ordinary shares without par value.

(2) Treasury shares

The following table summarizes treasury shares activities for the fiscal years ended March 31, 2024 and 2025:

	Number of shares	Millions of Yen
Balance as of April 1, 2023	7,941,177	¥ 21,594
Acquisition through purchase of odd-lot shares	1,056	9
Sell upon request for purchase of odd-lot shares	(67)	(0)
Balance as of March 31, 2024	7,942,166	21,603
Acquisition through purchase of odd-lot shares	1,020	14
Sell upon request for purchase of odd-lot shares	-	-
Balance as of March 31, 2025	7,943,186	¥ 21,617

(3) Share premium and retained earnings

(1) Share premium

The Companies Act of Japan (the “Companies Act”) requires in principle that the amount of payment for shares and assets delivered shall be the amount of share capital. However, the Companies Act permits, as an exception, that an amount not exceeding 50% of such payments and assets to be incorporated into share premium.

(2) Retained earnings

The Companies Act requires that an amount equal to 10% of dividends to be paid from retained earnings shall be appropriated and set aside as legal reserve until the total of share premium and legal reserve amounts to 25% of the share capital amount.

The Companies Act imposes certain limitations on the calculation of distributable amounts. The Company’s distributable amount under the Companies Act is calculated based on the amount of retained earnings recorded in the Company’s accounting books prepared in accordance with accounting standards generally accepted in Japan.

At March 31, 2024 and 2025, the distributable amounts of retained earnings recorded on the Company’s books were ¥218,437 million and ¥248,148 million, respectively.

22. Dividends

(1) Dividends paid

Resolution	Class of shares	Amount of dividend (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors’ meeting held on May 18, 2023	Ordinary shares	8,405	62.00	March 31, 2023	June 7, 2023
Board of Directors’ meeting held on November 2, 2023	Ordinary shares	8,405	62.00	September 30, 2023	November 24, 2023
Board of Directors’ meeting held on May 16, 2024	Ordinary shares	9,353	69.00	March 31, 2024	June 5, 2024
Board of Directors’ meeting held on October 31, 2024	Ordinary shares	8,947	66.00	September 30, 2024	November 21, 2024

(2) Dividends whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Source of dividend	Amount of dividend (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors’ meeting held on May 15, 2025	Ordinary shares	Retained earnings	13,488	99.50	March 31, 2025	June 5, 2025

23. Financial Instruments

(1) Categories of financial instruments

(1) Financial assets

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Financial assets measured at amortized cost		
Cash and cash equivalents	¥ 273,747	¥ 294,216
Trade and other receivables	43,887	47,220
Other financial assets	17,876	21,072
Equity financial assets measured at fair value through other comprehensive income		
Other investments	1,688	1,591
Financial assets measured at fair value through profit or loss		
Other investments	80	80
Total	¥ 337,278	¥ 364,179

(2) Equity financial assets measured at fair value through other comprehensive income

In light of the purpose of holding, equity instruments such as shares held mainly for the purpose of maintaining or strengthening business relationships with investees are designated at initial recognition as equity financial assets measured at fair value through other comprehensive income.

The securities' names and fair values of equity financial assets measured at fair value through other comprehensive income mainly are as follows.

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
TV TOKYO Holdings Corporation	¥ 355	¥ 423
Gamecard-Joyco Holdings, Inc	¥ 536	¥ 471

(3) Financial liabilities

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Financial liabilities measured at amortized cost		
Trade and other payables	¥ 44,257	¥ 45,406
Bonds and borrowings	59,862	59,905
Other financial liabilities	29,525	24,335
Total	¥ 133,644	¥ 129,646

(2) Capital management

Konami Group's basic policy of capital management is to establish and maintain financial strength in order to sustain growth and maximize corporate value and shareholder return. Capital earned by carrying out this policy is used for investments in businesses and returned to shareholders through dividends.

The key metrics Konami Group uses for its capital management are as follows:

Millions of Yen except percentage

	As of March 31, 2024	As of March 31, 2025
Cash and cash equivalents	¥ 273,747	¥ 294,216
Interest-bearing borrowings	87,285	81,745
Capital	427,362	481,852
Net debt-to-equity ratio (%)	70.5%	72.5%

Interest-bearing borrowings: Total of bonds, borrowings and lease liabilities

Capital: Total equity attributable to owners of the parent.

Capital ratio: Capital / Total liabilities and equity

Konami Group is not subject to any externally imposed capital requirement, excluding general regulations including the Companies Act.

(3) Financial risk management

Konami Group conducts its business on a global scale, and is therefore exposed to credit risk, liquidity risk, foreign currency risk and interest rate risk. In order to avoid and reduce these financial risks, Konami Group conducts risk management according to certain policies.

(4) Credit risk management

Financial assets included in trade and other receivables are exposed to the credit risks of customers. Lease deposits included in other financial assets are exposed to the credit risks of depositors.

With respect to these risks, the due dates and outstanding balances are managed for each business partner. Past due receivables are periodically reported and individually monitored according to internal rules corresponding to internal ratings and the amount of credit. Konami Group intends to mitigate credit risks by conducting regular monitoring of the companies with which it does business for early detection of any worsening of their financial health. It also requires collateral or a guarantee depending on the credit profile of the counterparty.

Konami Group's standard policy is to enter into derivative transactions only with high rated financial institutions pursuant to the Company's risk management policies to hedge specific risks.

The maximum exposure to credit risks of financial assets is the carrying value of financial assets after impairment presented in the Consolidated Statement of Financial Position.

The changes in allowance for expected credit losses are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at beginning of year	¥ 157	¥ 69
Allowance for expected credit losses	16	56
Utilization of allowance	(27)	-
Reversal	(88)	(32)
Effect of foreign currency	11	(0)
Balance at end of year	¥ 69	¥ 93

The balances of trade and other receivables and the corresponding allowance for expected credit losses for the fiscal years ended March 31, 2024 and 2025 are as follows.

Millions of Yen, except percentages

Balance at March 31, 2024

	Trade and other receivables						Doubtful accounts receivable	Total
	Not past due	Within 30 days	Over 30 days through 180 days	Over 180 days through 1 year	Over 1 year	Total		
Expected credit loss rates	0.02%	-	-	-	7.14%	0.04%	100.00%	0.16%
Trade and other receivables	¥ 41,750	¥ 1,583	¥ 432	¥ 29	¥ 112	¥ 43,906	¥ 51	¥ 43,957
Allowance for expected credit losses	¥ 10	-	-	-	¥ 8	¥ 18	¥ 51	¥ 69

Millions of Yen, except percentages

Balance at March 31, 2025

	Trade and other receivables						Doubtful accounts receivable	Total
	Not past due	Within 30 days	Over 30 days through 180 days	Over 180 days through 1 year	Over 1 year	Total		
Expected credit loss rates	0.03%	-	-	-	5.04%	0.04%	100.00%	0.20%
Trade and other receivables	¥ 45,403	¥ 978	¥ 716	¥ 24	¥ 119	¥ 47,240	¥ 73	¥ 47,313
Allowance for expected credit losses	¥ 14	-	-	-	¥ 6	¥ 20	¥ 73	¥ 93

(5) Liquidity risk management

Since Konami Group's sources of funds for operating transactions and capital expenditures include borrowings from banks and issuance of bonds, it is exposed to liquidity risks (the failure to make payments on due dates) due to deterioration in the financial environment.

In order to mitigate liquidity risks, Konami Group has entered into commitment line contracts with large, reputable banks, and prepares and updates monthly cash planning analyses.

The breakdown of financial liabilities by due date is as follows:

Millions of Yen

	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year and less than 2 years	More than 2 years and less than 3 years	More than 3 years and less than 4 years	More than 4 years and less than 5 years	More than 5 years
Balance at March 31, 2024								
Bonds	¥ 59,862	¥ 60,956	¥ 216	¥ 20,194	¥ 172	¥ 20,134	¥ 96	¥ 20,144
Lease liabilities	27,423	28,400	7,487	6,499	4,692	3,459	1,894	4,369
Trade and other payables	44,257	44,257	44,257	-	-	-	-	-
Other financial liabilities	2,102	2,102	2,102	-	-	-	-	-
Total	¥ 133,644	¥ 135,715	¥ 54,062	¥ 26,693	¥ 4,864	¥ 23,593	¥ 1,990	¥ 24,513

Millions of Yen

	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year and less than 2 years	More than 2 years and less than 3 years	More than 3 years and less than 4 years	More than 4 years and less than 5 years	More than 5 years
Balance at March 31, 2025								
Bonds	¥ 59,905	¥ 60,740	¥ 20,194	¥ 172	¥ 20,134	¥ 96	¥ 96	¥ 20,048
Lease liabilities	21,840	22,580	6,985	5,073	3,727	2,140	1,226	3,429
Trade and other payables	45,406	45,406	45,406	-	-	-	-	-
Other financial liabilities	2,495	2,495	2,495	-	-	-	-	-
Total	¥ 129,646	¥ 131,221	¥ 75,080	¥ 5,245	¥ 23,861	¥ 2,236	¥ 1,322	¥ 23,477

While Konami Group has committed lines of credit with large, reputable banks available for immediate borrowing in the amount of ¥25,000 million, no amount had been drawn down under any of these agreements as of March 31, 2024 and 2025.

(6) Market risk management

(1) Foreign currency risk

(i) Foreign currency risk management

Konami Group conducts its business on a global scale, and is exposed to foreign currency risk mainly arising from trade receivables and payables denominated in currencies other than Japanese yen. For the purpose of migrating the risks of foreign currency fluctuations on trade receivables and payables denominated in foreign currencies, Konami Group in principle hedges risk by using foreign currency forward contracts and other instruments. Konami Group manages derivative transactions in accordance with transaction authorization limits contained in internal finance policies.

The balance of financial assets and liabilities denominated in foreign currencies, including inter-group-company transactions, at March 31, 2024 and 2025 were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Financial assets denominated in foreign currencies	¥ 27,035	¥ 34,446
Financial liabilities denominated in foreign currencies	¥ 12,071	¥ 13,840

(ii) Foreign currency sensitivity analysis

Below is an analysis of the impact a 1% increase in the value of the yen against the United States dollar and the Euro would have on Konami Group's income before income taxes for the fiscal years ended March 31, 2024 and 2025. In calculating these effects of amount, the corresponding financial assets and financial liabilities in foreign currency and the respective currency's fluctuation range are used. These calculations assume no changes in the value of other foreign currencies not included herein.

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
United States dollar	¥ 85	¥ 69
Euro	¥ 50	¥ 106

(2) Interest rate risk

Interest rate risk management

Konami Group's interest-bearing borrowings are mainly bonds, borrowings and lease liabilities with fixed interest rates, but the balance of cash and cash equivalents held exceeds the outstanding balance of its interest-bearing borrowings. Accordingly, its current level of interest rate risk is not material, and Konami Group has not performed any interest rate sensitivity analysis.

There were no interest-bearing borrowings with variable rates at March 31, 2024 and 2025.

(7) Fair value of financial instruments

(1) Measuring fair value of financial instruments

Methods for measuring the fair value of financial assets and liabilities are as follows:

(i) Financial assets and liabilities measured at amortized cost

The fair values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts because they have short term maturities.

The fair values of lease deposits and other financial assets are calculated as the present value of the total principal and interest discounted at interest rates reflecting the credit risks estimated by Konami Group, and categorized as Level 2.

The fair values of bonds and borrowings, and other financial liabilities are calculated as the present value of the total principal and interest, discounted at interest rates that would be applied to new borrowings of Konami Group with similar terms and the same remaining maturity, and categorized as Level 2.

(ii) Equity financial assets measured at fair value through other comprehensive income

With regards to equity instruments included in other investments, the fair values of marketable securities are measured based on quoted market prices on equity markets of identical assets, and categorized as Level 1. The fair values of unlisted securities are determined based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and categorized as Level 3.

(iii) Financial assets and liabilities measured at fair value through profit or loss

The fair values of foreign exchange contracts are measured using valuation provided by financial institutions based on observable market data at the end of each reporting period, and categorized as Level 2. The fair values of debt instruments included in other investments are determined based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and categorized as Level 3.

(2) Fair value hierarchy

Fair values are categorized within the fair value hierarchy as follows:

Level 1: Fair values measured at a price quoted in an active market.

Level 2: Fair values calculated directly or indirectly using an observable price except for level 1.

Level 3: Fair values calculated through valuation techniques, including inputs that are not based on observable market data.

(3) Fair value of financial instruments

The breakdown of financial instruments showing carrying amounts and fair values is as follows:

Millions of Yen

	As of March 31, 2024		As of March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets measured at amortized cost				
Loans receivable	¥ 14	¥ 14	¥ 6	¥ 6
Lease deposits	16,790	17,447	20,118	20,553
Other financial assets	1,072	1,004	948	893
Equity financial assets measured at fair value through other comprehensive income				
Other investments (Securities)	1,616	1,616	1,519	1,519
Other investments (Non-securities)	72	72	72	72
Financial assets measured at fair value through profit or loss				
Other investments (Non-securities)	80	80	80	80
Financial liabilities:				
Financial liabilities measured at amortized cost				
Bonds and borrowings	¥ 59,862	¥ 57,586	¥ 59,905	¥ 57,210
Other financial liabilities	2,102	2,102	2,495	2,495

Other financial assets, bonds and borrowings and other financial liabilities are categorized as Level 2.
Other investments are categorized as Level 1 and Level 3.

(4) Fair values measured and disclosed on the Consolidated Statement of Financial Position

The following is a breakdown of financial assets that are measured at fair value on a recurring basis at March 31, 2024 and 2025.

Millions of Yen

Balance at March 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity financial assets measured at fair value through other comprehensive income				
Other investments (Securities)	¥ 892	-	¥ 724	¥ 1,616
Other investments (Non-securities)	-	-	72	72
Financial assets measured at fair value through profit or loss				
Other investments (Non-securities)	-	-	80	80
Total	¥ 892	-	¥ 876	¥ 1,768

Millions of Yen

Balance at March 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity financial assets measured at fair value through other comprehensive income				
Other investments (Securities)	¥ 895	-	¥ 624	¥ 1,519
Other investments (Non-securities)	-	-	72	72
Financial assets measured at fair value through profit or loss				
Other investments (Non-securities)	-	-	80	80
Total	¥ 895	-	¥ 776	¥ 1,671

Other investments, which are classified as Level 3, have no significant changes for the fiscal year ended March 31, 2024 and 2025.

24. Revenue

(1) Disaggregated revenue information

The following is a breakdown of reportable segment revenue from external customers, which is categorized based on the geographical location of each Konami Group company.

For the fiscal year ended March 31, 2024

Millions of Yen

	Japan	United States	Europe	Asia/Oceania	Total revenue
Digital Entertainment	¥ 184,527	¥ 33,051	¥ 20,353	¥ 10,531	¥ 248,462
Amusement	24,916	-	-	-	24,916
Gaming & Systems	-	32,100	-	7,536	39,636
Sports	47,300	-	-	-	47,300
Revenue from external customers	¥ 256,743	¥ 65,151	¥ 20,353	¥ 18,067	¥ 360,314
Revenue recognized from contracts with customers	256,355	58,370	¥ 20,353	¥ 18,067	353,145
Revenue recognized from other sources	¥ 388	¥ 6,781	-	-	¥ 7,169

Note) Revenue recognized from other sources consists of revenue in accordance with IFRS 16, “Leases.”

For the fiscal year ended March 31, 2025

Millions of Yen

	Japan	United States	Europe	Asia/Oceania	Total revenue
Digital Entertainment	¥ 224,643	¥ 40,953	¥ 27,871	¥ 11,179	¥ 304,646
Amusement	26,093	-	-	-	26,093
Gaming & Systems	-	35,094	-	7,560	42,654
Sports	48,209	-	-	-	48,209
Revenue from external customers	¥ 298,945	¥ 76,047	¥ 27,871	¥ 18,739	¥ 421,602
Revenue recognized from contracts with customers	298,646	69,828	¥ 27,871	¥ 18,739	415,084
Revenue recognized from other sources	¥ 299	¥ 6,219	-	-	¥ 6,518

Note) Revenue recognized from other sources consists of revenue in accordance with IFRS 16, “Leases.”

(1) Digital Entertainment segment

In the Digital Entertainment segment, Konami Group mainly distributes mobile games and sells computer & video games and card games.

With respect to products that we determine the performance obligations are satisfied at the time when they are delivered to customers, we recognize the revenue at the time.

In terms of games with online functionality, they contain two performance obligations for online and offline play functions, and we determine that online play functions are highly important due to obligations of availability to play through providing the functions continuously after sales. Therefore, all of the amount of transaction price are allocated to the online functions and the revenue is recognized at a predetermined amount over the estimated usage period based on customers' historical usage records since customers can enjoy the benefit from games any time after purchase.

Revenue from the sale of virtual items within games is recognized depending on the nature of the items. Revenue from the items consumed at the time when customers used within games is recognized at the time. Revenue from the items available any time for use after purchase is recognized at a predetermined amount over the estimated usage period of the items based on customers' historical usage records.

Customers pay for the products or services at the time or within one year at the time when the performance obligations are satisfied, and the amount of consideration does not contain any significant financing components.

(2) Amusement segment

With respect to amusement machines, we determine that the performance obligations are satisfied at the time when the products are delivered to customers, and we recognize the revenue at the time.

In addition, Konami Group renders services where we interface with amusement machines and multiple amusement arcades online and share user playing fees with customers (amusement facility operators). As these performance obligations are satisfied at the time when the user plays the game, the revenue is recognized at the time.

Customers pay for the products or services within one year at the time when the performance obligations are satisfied, and the amount of consideration does not contain any significant financing components.

(3) Gaming & Systems segment

With respect to the sale of gaming machines, we determine that the performance obligations are satisfied at the time when the products are delivered to customers, and we recognize the revenue at the time.

In addition, Konami Group renders services where we share user playing fees with customers (casino facility operators). As this performance obligation is satisfied at the time when the user plays the game, the revenue is recognized at the time.

Customers pay for the products and services within one year at the time when the performance obligations are satisfied, and the amount of consideration does not contain any significant financing components.

(4) Sports segment

In the Sports segment, Konami Group operates mainly sports facilities and sports schools and sells sports related goods.

Revenue from sports facilities and sports schools consists primarily of membership fees received from members, and is recognized over contract periods when the services are rendered due to the obligations of providing a service of standing ready to members.

In terms of sports related goods, we determine that the performance obligations are satisfied at the time when they are delivered to customers, and we recognize the revenue at the time.

Membership fees for the operation of sports facilities and sports schools are received in advance. In addition, consideration for sports related goods is received within one year from the satisfaction of the performance obligations, and no significant financing component is included in the amount of consideration.

Konami Group recognizes revenues whose performance obligations are satisfied at a point in time are mainly recorded as “product sales revenue” in revenue and revenues whose performance obligations are satisfied over time are mainly recorded as “service and other revenue” in revenue.

(2) Contract balances

Details of receivables-contracts from customers and contract liabilities are as follows:

For the fiscal year ended March 31, 2024

Millions of Yen

	As of April 1, 2023	As of March 31, 2024
Receivables-contracts from customers	¥ 38,996	¥ 43,165
Contract liabilities	¥ 9,532	¥ 12,511

For the fiscal year ended March 31, 2025

Millions of Yen

	As of April 1, 2024	As of March 31, 2025
Receivables-contracts from customers	¥ 43,165	¥ 45,873
Contract liabilities	¥ 12,511	¥ 12,023

Receivables-contracts from customers are included in “trade and other receivables” and contract liabilities are included in “other current liabilities” and “other non-current liabilities” in the accompanying Consolidated Statement of Financial Position.

The balance of contract liabilities as of April 1, 2023 and 2024 included the revenue of ¥9,383 million and ¥12,360 million for the fiscal year ended March 31, 2024 and 2025, respectively. There was no revenue recognized from the satisfied performance obligations in the past for the fiscal year ended March 31, 2024 and 2025.

Contract liabilities mainly arise from contracts with customers in the Digital Entertainment segment and Sports segment. In the Digital Entertainment segment, contract liabilities primarily consist of the amount of consideration that customers paid for games with online play functions, for purchase of virtual items within games and advance received for pre order sales. In the Sports segment, contract liabilities primarily consist of advance received from customers for operations of sports facilities and sports schools. Revenue recognition is further discussed in (1) Disaggregated revenue information.

(3) Transaction price allocated to the remaining performance obligations

Since there is no significant transaction of which individual contracts exceed one year, information about remaining performance obligations is omitted by optionally applying practical expedients. There is no significant amount of considerations from the contract with the customers which are not included in the transaction price.

(4) Assets recognized in respect of the costs to obtain or fulfil a contract with customers

For the fiscal year ended March 31, 2024 and 2025, there is no significant amount of assets recognized in respect of the costs to obtain or fulfil a contract with customers. In some cases, when the depreciation period of an asset to be recognized is within one year, the incremental cost of obtaining the contract is recognized as an expense at the time it incurs by optionally applying practical expedients to each contract.

25. Cost of Revenue and Selling, General and Administrative Expenses

Details of cost of revenue, selling and general and administrative expenses by nature are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	¥ 61,335	¥ 67,166
Commission paid	¥ 51,084	¥ 63,887
Royalties	¥ 35,448	¥ 38,813
Depreciation and amortization expenses	¥ 23,267	¥ 28,488
Advertising expenses	¥ 13,906	¥ 25,007
Outsourcing expenses	¥ 19,884	¥ 21,178

(Changes in presentation)

For the fiscal year ended March 31, 2025, advertising expenses are separately presented as a major component in the above breakdown due to increased materiality.

26. Other Income and Other Expenses

The breakdown of other income and other expenses is as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Other income		
Gain on sale of fixed assets	¥ 1	¥ 1
Others	105	1,068
Total	¥ 106	¥ 1,069
Other expenses		
Impairment losses	¥ 3,778	¥ 5,434
Loss on sale and retirement of fixed assets	4,054	289
Others	224	2,519
Total	¥ 8,056	¥ 8,242

Impairment losses are further discussed in Note 8 "Property, Plant and Equipment, net" and Note 9 "Goodwill and Intangible Assets."

The loss on sale and retirement of fixed assets are mainly comprised of losses on retirement of internally generated intangible assets in development that were discontinued.

27. Finance Income and Finance Cost

The breakdowns of finance income and finance costs are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Finance income		
Dividend income		
Equity financial assets measured at fair value through other comprehensive income	¥ 33	¥ 52
Interest income		
Financial assets measured at amortized cost	1,324	1,458
Foreign exchange gains	1,420	727
Others	37	3
Total	¥ 2,814	¥ 2,240
Finance costs		
Interest expenses		
Financial liabilities measured at amortized cost	¥ 639	¥ 469
Others	26	28
Total	¥ 665	¥ 497

28. Other Components of Equity and Other Comprehensive Income

(1) Other components of equity

Changes in other components of equity consist of the following:

	Exchange differences on translation of foreign operations	Net change in fair value of equity financial assets measured at fair value through other comprehensive income	Total
Balance as of April 1, 2023	¥ 11,367	¥ 513	¥ 11,880
Net change during the year	8,912	(167)	8,745
Transfer to retained earnings	-	-	-
Balance as of March 31, 2024	20,279	346	20,625
Net change during the year	(1,786)	(102)	(1,888)
Transfer to retained earnings	-	-	-
Balance as of March 31, 2025	¥ 18,493	¥ 244	¥ 18,737

(2) Other comprehensive income

Each component of other comprehensive income and allocated tax effects are shown below:

Millions of Yen

	Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2025		
	Pretax amount	Tax effect	Net of tax amount	Pretax amount	Tax effect	Net of tax amount
Exchange differences on translation of foreign operations						
Net unrealized gains (losses) during the year	¥ 9,050	¥ (138)	¥ 8,912	¥ (1,806)	¥ 20	¥ (1,786)
Reclassification adjustments to profit for the year	-	-	-	-	-	-
Net change during the year	9,050	(138)	8,912	(1,806)	20	(1,786)
Fair value of equity financial assets measured at fair value through other comprehensive income						
Net unrealized gains (losses) during the year	(267)	100	(167)	(104)	2	(102)
Net change during the year	(267)	100	(167)	(104)	2	(102)
Total other comprehensive income	¥ 8,783	¥ (38)	¥ 8,745	¥ (1,910)	¥ 22	¥ (1,888)

29. Earnings per Share

The breakdown of the basic and diluted earnings per share attributable to owners of the parent for the fiscal years ended March 31, 2024 and 2025 is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of the parent	59,171 million yen	74,692 million yen
Adjustments for profit used in the calculation of diluted earnings per share	- million yen	- million yen
Profit used in the calculation of diluted earnings per share	59,171 million yen	74,692 million yen
Basic weighted average ordinary shares outstanding	135,558,384 shares	135,557,371 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	- shares	- shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	135,558,384 shares	135,557,371 shares
Earnings per share attributable to owners of the parent for the period		
Basic	436.50 yen	551.00 yen
Diluted	436.50 yen	551.00 yen

Note) Diluted earnings per share attributable to owners of the parent is presented as same amount as basic earnings per share attributable to owners of the parent for the period, since there are no potentially dilutive ordinary shares for the relevant period.

30. Cash Flow Information

(1) Liabilities for financing activities

For the fiscal year ended March 31, 2024, changes in liabilities for financing activities are as follows:

Millions of Yen

	Balance as of April 1, 2023	Cash flows	Exchange differences on foreign operations	Others	Balance as of March 31, 2024
Bonds	¥ 59,819	-	-	¥ 43	¥ 59,862
Lease liabilities	29,641	¥ (7,395)	¥ 170	5,007	27,423
Total	¥ 89,460	¥ (7,395)	¥ 170	¥ 5,050	¥ 87,285

For the fiscal year ended March 31, 2025, changes in liabilities for financing activities are as follows:

Millions of Yen

	Balance as of April 1, 2024	Cash flows	Exchange differences on foreign operations	Others	Balance as of March 31, 2025
Bonds	¥ 59,862	-	-	¥ 43	¥ 59,905
Lease liabilities	27,423	¥ (7,482)	¥ (14)	1,913	21,840
Total	¥ 87,285	¥ (7,482)	¥ (14)	¥ 1,956	¥ 81,745

Note) Changes in “Others” in “Lease liabilities” primarily consist of renewal of lease contracts.

(2) Non-cash Transactions

The components of the principal non-cash transactions are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Increase in property, plant and equipment related to recognition of asset retirement obligations	¥ 63	¥ 236
Increase in right-of-use assets related to lease transactions	¥ 5,099	¥ 2,088

31. Related Party Disclosures

(1) Related party transactions

Not applicable.

(2) Remuneration of key management personnel

The amounts of directors’ remuneration for the fiscal years ended March 31, 2024 and 2025 were ¥509 million and ¥616 million, respectively. There was not any payment of remuneration other than fixed remuneration to directors.

32. Major Subsidiaries

Major subsidiaries and associates of Konami Group are as follows:

Subsidiaries

Name	Location	Principal business	Ownership interest Voting rights (%)
Konami Digital Entertainment Co., Ltd.	Chuo-ku, Tokyo, JAPAN	Digital Entertainment Business	100
Konami Amusement Co., Ltd.	Ichinomiya, Aichi, JAPAN	Amusement Business	100
Konami Sports Co., Ltd.	Shinagawa-ku, Tokyo, JAPAN	Sports Business	100
Konami Real Estate, Inc.	Chuo-ku, Tokyo, JAPAN	Intersegment	100
Konami Corporation of America	California, U.S.A	Intersegment	100
Konami Digital Entertainment, Inc.	California, U.S.A	Digital Entertainment Business and Amusement Business	100
Konami Cross Media NY, Inc.	New York, U.S.A	Digital Entertainment Business	100
Konami Gaming, Inc.	Nevada, U.S.A	Gaming & Systems Business	100
Konami Digital Entertainment B.V.	Berkshire, U.K.	Digital Entertainment Business and Amusement Business	100
Konami Digital Entertainment Limited	Hong Kong, PRC	Digital Entertainment Business	100
Konami Australia Pty Ltd	New South Wales, Australia	Gaming & Systems Business	100

Associates

Name	Location	Principal business	Ownership interest Voting rights (%)
RESOL HOLDINGS Co., Ltd.	Shinjuku-ku, Tokyo, JAPAN	Sports Business	20

33. Commitments

(Commitment for purchases of property, plant and equipment)
Konami Group has placed firm orders for purchases of property, plant and equipment and other assets amounting to approximately ¥31,423 million and ¥21,653 million as of March 31, 2024 and 2025, respectively.

34. Contingencies

Konami Group is subject to pending claims and litigation. After review and consultation with counsel, management considered that any liability that may result from the disposition of such lawsuits would not be material.

35. Subsequent Events

There have been no events after March 31, 2025 that would require adjustments to the Consolidated Financial Statements or disclosures in the notes to the Consolidated Financial Statements.

36. Approval of Consolidated Financial Statements

The Consolidated Financial Statements were approved by Representative Director, President, Kimihiko Higashio, on June 26, 2025.

Independent Auditor's Report

To the Board of Directors of KONAMI GROUP CORPORATION

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, give a true and fair view of the consolidated financial position of KONAMI GROUP CORPORATION and its subsidiaries (together the "Group") as at March 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards**.**

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Japan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of Japan.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Japan LLC
Otemachi Park Building,
1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Tel: +81 (3) 6212 6800 Fax: +81 (3) 6212 6801

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Revenue recognition in the Digital Entertainment segment
The Group recognized revenues of ¥304,646 million (72.3% of Konami Group’s revenues) within the Digital Entertainment segment as described in Note 24 “Revenue” to the consolidated financial statements.
In the Digital Entertainment segment, the Group mainly distributes mobile games, and sells computer & video games, and card games.
For products that the Group determines the performance obligations are satisfied at the time when they are delivered to customers, revenue is recognized at a point in time. For games with online functionality, there are two performance obligations for online and offline play functions. Considering the importance of online play functionality due to the continuous obligation of availability to play after the sale, the full amount of the transaction price is allocated to the online play functionality. Revenue is recognized at a predetermined rate over the estimated usage period based on customers’ historical usage records, as customers can enjoy the benefit from games any time after purchase.
Revenue from the sale of virtual items within computer and video games is recognized depending on the nature of the items. Revenue from items consumed when used by customers is recognized at the point in time when the customers use the items. Revenue from the items available for use at any time after purchase is recognized at a predetermined rate over the estimated usage period based on the customers’ historical usage records.
For games with online functionality, management's judgment based on the terms and conditions of each contract is required to estimate stand-alone selling prices underlying the performance obligations, to allocate the transaction price to each performance obligation and to determine the timing of satisfaction of performance obligations. Assumptions for the estimated usage period of online functionality and the estimated usage period of virtual items require management's judgment. Accordingly, we determined that this was a key audit matter.
</td><td>
Our audit procedures for revenue recognition in the Digital Entertainment segment primarily included the following:

To assess the appropriateness of revenue recognition in the Digital Entertainment segment, we obtained an understanding of and evaluated the design and operating effectiveness of internal controls related to sales of items sold within games and sales of games with online play functionality, including trend analysis of deferred amounts, established by management.
We inquired of management in order to obtain an understanding of the business strategies and market environment of the Digital Entertainment segment.
For games with online functionality, we obtained an understanding of the processes to estimate stand-alone selling prices underlying the performance obligations, to allocate the transaction price to each performance obligation and to determine the timing of satisfaction of performance obligations. We conducted the following procedures for assumptions approved by management, and evaluated significant management judgments and estimates:
We inquired of management from the responsible department to understand the game content and market environment, and evaluated the reasonableness of the estimation of stand-alone selling prices, the allocation of the transaction price to each performance obligation and the judgment as to whether performance obligation is satisfied at a point in time or over time.
We obtained an understanding of the processes to determine the estimated usage period of online functionality and virtual items based on historical usage records of each game. We conducted following procedures over the assumptions approved by management, and evaluated the significant management judgments and estimates:
We inquired of management from the responsible department over the game content and market environment underlying estimated usage period of online functionality, and evaluated the

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	reasonableness of the basis of the measurement method used by the Group by comparing it to the customers' actual usage period in prior years as well as the amortization period used by comparable companies. • We inquired of management from the responsible department over the game content and market environment underlying the estimated usage period of virtual items, and evaluated the reasonableness of the basis of the measurement method used by the Group by comparing the amount of revenue to be deferred and the deferral rate with those of historical experience in prior years.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Securities Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit & Supervisory Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Auditor’s Fee Information

In connection with our audit of the consolidated financial statements for the year ended March 31, 2025, the amounts of fees for the audit and the other services charged to name of entity and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are disclosed in “2. Business Review (4) Amount of Remuneration to Audit Firms”.

The engagement partners on the audit resulting in this independent auditor’s report are Soichiro Hayashi, Yoshihisa Chiyoda and Satoshi Shimbo.

PricewaterhouseCoopers Japan LLC

July 25, 2025

2. Business Review

(1) Business Overview

For the fiscal year ended March 31, 2025, the domestic economy has continued to recover moderately, supported by improvements in employment and income conditions, despite concerns that ongoing inflation may dampen personal consumption. On the other hand, the outlook for the global economy remains uncertain, mainly due to the impact of the U.S. trade policy, concerns over the prospects for the Chinese economy, heightened volatility in financial and capital markets, and rising geopolitical risks.

Amidst these circumstances, Konami Group's business results for the fiscal year ended March 31, 2025 showed that total revenue, business profit, operating profit, profit before income taxes, and profit attributable to owners of the parent all reached record highs for the second consecutive year. This was primarily driven by the continued strong performance of the Digital Entertainment business, as well as the steady performance of the Amusement, Gaming & Systems, and Sports businesses.

In terms of the consolidated results for the fiscal year ended March 31, 2025, total revenue amounted to ¥421,602 million (a year-on-year increase of 17.0%), business profit was ¥109,117 million (a year-on-year increase of 23.7%), operating profit was ¥101,944 million (a year-on-year increase of 27.0%), profit before income taxes was ¥104,008 million (a year-on-year increase of 25.8%), and profit attributable to owners of the parent was ¥74,692 million (a year-on-year increase of 26.2%).

(2) Performance by Business Segment

Summary of total revenue by business segment:

Millions of Yen

	Year ended March 31, 2024	Year ended March 31, 2025	% change
Total revenue:			
Digital Entertainment	¥ 249,121	¥ 305,187	22.5
Amusement	26,427	27,634	4.6
Gaming & Systems	39,729	42,669	7.4
Sports	47,631	48,543	1.9
Intersegment eliminations	(2,594)	(2,431)	-
Total revenue	¥ 360,314	¥ 421,602	17.0

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 are becoming more diverse, such as the 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 KONAMI's baseball game titles featuring player Shohei Ohtani as ambassador, we released *PAWAFURU PUROYAKYU 2024-2025* to commemorate the 30th anniversary of the *PAWAFURU PUROYAKYU* series and *Professional Baseball Spirits 2024-2025* to commemorate the 20th anniversary of the *Professional Baseball Spirits* series. In addition, we launched the distribution of *eBaseball*™: *MLB PRO SPIRIT*, which is the brand-new mobile game allows players to experience the world of MLB, the highest level of professional baseball in the world, anytime, anywhere, in 10 countries and regions, including Japan and the United States. For the March 2025 season update, we updated in-game players, managers, uniforms, and other elements to correspond to the 2025 season, and completely retooled the key visuals in the image of 'nitoryu' (two-way) player Shohei Ohtani. We have also signed a global partnership agreement with MLB, and will strive to attract even more fans of both the game and baseball, and to promote the sport of baseball. In the *SILENT HILL* series, we released a remake of *SILENT HILL 2*, the psychological horror game which has enjoyed global popularity. This title has sold a total of over two million copies worldwide, thanks to the strong support of many customers. In addition, we released *Suikoden I&II HD Remaster Gate Rune and Dunan Unification Wars*. To coincide with the launch, we publicly broadcast "Suikoden Live" and announced the development of *Suikoden STAR LEAP*, an entirely new mobile game in the series, as well as the production of a TV anime adaptation of *Suikoden II*. For the Yu-Gi-Oh! card game, to commemorate the 25th anniversary, we have released *Yu-Gi-Oh! EARLY DAYS COLLECTION*, featuring 14 nostalgic classic digital titles, for Nintendo Switch™ and Steam®.

As a continuation of an existing initiative, *eFootball*™, which is currently available on consoles, PC, and mobile platforms, achieved over 800 million cumulative downloads across the series, and continues to perform strongly. We implemented a major update at the start of the new season, and deployed various measures such as holding a special collaboration with a popular football manga and a campaign to celebrate the appointment of new and old FC Barcelona star players as ambassadors. In the mobile game space, *PROFESSIONAL BASEBALL SPIRITS A (ACE)* and *JIKKYOU PAWAFURU PUROYAKYU* celebrated their 9th and 10th anniversaries, respectively, with commemorative events and campaigns being held. *Yu-Gi-Oh! MASTER DUEL*, which has been downloaded a total of more than 80 million times, and the Yu-Gi-Oh! card game, for which special commemorative 25th anniversary packs were released, also continue to be enjoyed by many customers. Besides, the browser-based version of *Momotaro Dentetsu: Education Edition Lite*—which is provided free of charge to school educational institutions—has now been adopted by more than 12,300 schools.

In the eSports space, we held the "eFootball™ Championship 2024 World Finals," the largest official esports tournament for *eFootball*™ and the "FIFAe World Cup 2024™," an international esports tournament organized by the Fédération Internationale de Football Association (FIFA®) , featuring a series of thrilling and highly competitive matches. Additionally, the "WBSC ePremier12 2024" was held, with *WBSC eBASEBALL™: POWER PROS*—the official baseball game of the World Baseball Softball Confederation (WBSC)—serving as the competition title. Moreover, we hosted the e Nippon Series, the final event of the 2024 "Prospi A Pro League" season, featuring the mobile game *PROFESSIONAL BASEBALL SPIRITS A (ACE)* as the competition title. In the Yu-Gi-Oh! card game, the final competition of the "Yu-Gi-Oh! World Championship 2024" esports tournament was held in Seattle, the USA, to determine the world's top Yu-Gi-Oh! duelists in all four categories, and was met with great enthusiasm.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2025 in this segment amounted to ¥305,187 million (a year-on-year increase of 22.5%) and business profit for the fiscal year ended March 31, 2025 amounted to ¥98,935 million (a year-on-year increase of 24.7%).

Amusement

In the amusement market, the overall market has been performing steadily, reflecting the moderate recovery of the domestic economy.

Amidst these circumstances, in the medal game business, many customers have been enjoying the *PAWAFURU PUROYAKYU KAIMAKU MEDAL SERIES!* which was released in July 2024. While being a pusher game, the title offers a real baseball experience. In March 2025, we introduced the latest *PAWAFURU PUROYAKYU KAIMAKU MEDAL SERIES! NITOURYU!* to the market, featuring the KONAMI baseball game ambassador Shohei Ohtani. This series is drawing even more attention. In addition, *Momotaro Dentetsu -Medal game mo teiban!* has continued to be well received, leading to an increase in sales volume during this fiscal year. For video games targeted at amusement facilities, the number of installations of *Monster Retsuden Oreca Battle 2* has been steadily increasing. In this game, players can collect and train unique monsters by creating and using their own original *Oreca* cards within the game. In the *beatmania IIDX* series, the latest title, *beatmania IIDX 32 Pinky Crush*, which is themed around the "vibrant brightness" of music, has begun operation. Additionally, we released *GITADORA -ARENA MODEL-*, which is the latest of the *GITADORA* series. The three-sided display with a large main monitor and two sub-monitors on the left and right creates a sense of realism and immersion as if standing on a live stage. For prize games, we launched the new *PUKURE* crane game cabinet, which is equipped with a "searchlight" that makes it easy even for new players to aim for amusement prizes by shining a light on their target. The *KONAMI premium kuji ONLINE*, an online lottery, which features merchandise of KONAMI's popular characters, has been very well received.

In the pachinko and pachislot machine space, we launched the popular battle fantasy *Nanatsu no Maken ga Shihaisuru* into the market as a smart slot machine. In response to the strong market performance of this title, we have received additional orders. Furthermore, we have introduced new titles based on a variety of intellectual properties, including *Kyokara Orewa!! Pachislot Hen* and *Momotaro Dentetsu -Pachislot mo teiban!-*.

In the the esports space, we held the "BEMANI PRO LEAGUE -SEASON 4-," featuring exciting matches in two titles: *beatmania IIDX* and *DanceDanceRevolution*. Following each tournament, we hosted live DJ performances by renowned artists from the *BEMANI* series, offering fans an exciting new form of entertainment that fuses "esports and music."

In terms of financial performance, total revenue for the fiscal year ended March 31, 2025 in this segment amounted to ¥27,634 million (a year-on-year increase of 4.6%) and business profit for the fiscal year ended March 31, 2025 amounted to ¥5,938 million (a year-on-year increase of 14.5%).

Gaming & Systems

In the gaming market, the North American and the Australian markets remained stable. The markets continue to experience the constant introduction of new products by competing slot machine manufacturers providing for new placement opportunities.

Amidst these circumstances, the *DIMENSION 49*™ with a 49-inch ultra-high definition portrait display and the *DIMENSION 27*™ with the combination of three 27-inch monitors drove the sales of the slot machine segment. The *DIMENSION 43x3*™ also steadily increased its unit sales.

In the terms of gaming content, in the North American market, the popular titles from the *Lucky Honeycomb*™ series maintain significant momentum with the *Fortune Bags*™ and *Fortune Pots*™ features that provide a variety of engaging bonus events for players to enjoy. Likewise, the *Charms Full Link*™ series continues to be a top performer. In the Australian market, the new *Fortune Hearts*™ series gained popularity among the market.

SYNKROS®, our casino management system, was installed at multiple large-scale casino facilities, including Ocean Casino Resort in New Jersey, JACK Cleveland Casino and JACK Thistledown Racino in Ohio, the U.S. The number of facilities introducing the system is increasing even more. The high reliability of the system of 99.9% availability is well received by casino operators. Moreover, we introduced *SYNKROS*® *Drink System* which enables players to order drinks from slot machine.

As the effort to expand our business area, we have distributed our VLT (Video Lottery Terminal) to the major operator located in Illinois. In iGaming, we have launched our gaming contents to the Portugal's largest iGaming platform, aiming to expand KONAMI's presence in Europe.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2025 in this segment amounted to ¥42,669 million (a year-on-year increase of 7.4%) and business profit for the fiscal year ended March 31, 2025 amounted to ¥7,359 million (a year-on-year increase of 18.4%).

Sports

Although the business environment in the sports market continues to be affected by increases in prices of various goods and soaring energy costs, the market is expanding due to people's growing consciousness of health, as well as the diversification of business categories and services.

Amidst these circumstances, in our operation of sports clubs, we held large-scale "UNITED FEEL" events featuring our popular studio programs, which have been loved by many customers for many years, at Konami Sports Club locations throughout Japan. In particular, at the Konami Sports Club headquarters, we held a special event to commemorate the release of the 100th "BODYCOMBAT" class, one of the most popular studio programs. We invited the guest performer from New Zealand, the program's country of origin, and the event was met with an enthusiastic response from participants.

For the "Undo Juku" exercise circle aimed at children, we are developing a variety of options for children, including swimming, gymnastics, dance, soccer, tennis, and golf, to support the mental and physical growth of children. In addition to regular lessons, we organize competitions and events as a place for children who attend "Undo Juku" to showcase the results of their daily practice, and these have been well received. For the golf lesson, we held the final tournament for "the 11th Konami Sports Club Kids Golfer Challenge Cup" at the Nasu Highland Golf Club, Tochigi.

For "Pilates Mirror," machine Pilates studios with mirrors on the ceiling, we opened "Pilates Mirror Takatsuki," the first location to open in Kansai, and our business has expanded into new areas. During this fiscal year, we opened 30 new studios, bringing the total number of studios to 53. "Pilates Mirror" has been well received by customers, with some of the studios having waiting lists for membership. We also opened the first "Personal 30," a personal gym at Kyodo in Tokyo, offering efficient 30-minute focused training sessions.

The Sports business, as the exclusive master distributor in Japan, has been promoting *JAZZERCISE*—one of the world’s largest dance fitness programs—nationwide. To commemorate the 40th anniversary of *JAZZERCISE*’s presence in Japan, we hosted a large-scale event, the “40th Celebration Dance Party,” which was met with great excitement from participants.

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. During the fiscal year ended March 31, 2025, we began new contracted operations of sports facilities, including Machida City, Tokyo, Sagamihara City, Kanagawa, Kahoku City, Ishikawa, and Osaka City, Osaka.

In response to the growing need for schools to outsource swimming instruction, we are expanding swimming instruction services at many elementary and junior high schools throughout Japan.

Due to the recent increase in prices of various goods and soaring energy costs, Konami Sports Club's membership fees have been revised effective August 2024.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2025 in this segment amounted to ¥48,543 million (a year-on-year increase of 1.9%) and business profit for the fiscal year ended March 31, 2025 amounted to ¥2,231 million (a year-on-year decrease of 4.2%).

(3) Cash Flows

Millions of Yen

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Change
Cash flow summary:						
Net cash provided by operating activities	¥	103,061	¥	114,620	¥	11,559
Net cash used in investing activities		(29,216)		(67,885)		(38,669)
Net cash used in financing activities		(24,199)		(25,784)		(1,585)
Effect of exchange rate changes on cash and cash equivalents		4,838		(482)		(5,320)
Net increase in cash and cash equivalents		54,484		20,469		(34,015)
Cash and cash equivalents at the end of the year	¥	273,747	¥	294,216	¥	20,469

Comparison of fiscal year ended March 31, 2025 with fiscal year ended March 31, 2024

Cash and cash equivalents (hereafter, referred to as “Net cash”), as of March 31, 2025, amounted to ¥294,216 million, an increase of ¥20,469 million compared to the year ended March 31, 2024.

Net cash provided by operating activities amounted to ¥114,620 million for the year ended March 31, 2025, a year-on-year increase of 11.2%. This primarily resulted from an increase in profit for the year, despite an increase in income taxes paid.

Net cash used in investing activities amounted to ¥67,885 million for the year ended March 31, 2025, a year-on-year increase of 132.4%. This primarily resulted from an increase in capital expenditures for the construction of our new site.

Net cash used in financing activities amounted to ¥25,784 million for the year ended March 31, 2025, a year-on-year increase of 6.6%. This primarily resulted from an increase in dividends paid.

(4) Amount of Remuneration to Audit Firms

(1) Amount of remuneration paid to the audit firm (PricewaterhouseCoopers Japan LLC)

Millions of Yen

Services	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Audit certification	Non-audit certification	Audit certification	Non-audit certification
The Company	¥ 98	-	¥ 96	-
Consolidated subsidiaries	52	¥ 0	54	¥ 0
Total	¥ 150	¥ 0	¥ 150	¥ 0

The non-audit certification services provided to the consolidated subsidiaries were information services related to IFRS.

(2) Amount of remuneration paid to audit firms in the same network (PricewaterhouseCoopers) as the audit firm, with the exception of (1)

Millions of Yen

Services	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Audit certification	Non-audit certification	Audit certification	Non-audit certification
The Company	-	¥ 19	-	¥ 23
Consolidated subsidiaries	¥ 233	2	¥ 250	2
Total	¥ 233	¥ 21	¥ 250	¥ 25

The non-audit certification services provided to the Company and its consolidated subsidiaries were tax advisory services, etc.

3. Risk Factors

Special Note Regarding Forward-looking Statements.

This annual report contains forward-looking statements about our industry, our business, our plans and objectives, our financial condition and our results of operations that are based on our current expectations, assumptions, estimates and projections. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “estimate”, “plan” or similar words. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual results to adversely differ, materially, from those contained in or suggested by any forward-looking statement. We cannot promise that our expectations, projections, anticipated estimates or other information expressed in or underlying these forward-looking statements will be realized. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Important risk factors that could cause our actual results to be materially different from those described in the forward-looking statements are set forth in this Item 3. or elsewhere in this annual report, without limitation.

(1) Risks relating to timely introduction of new products and services.

The timely introduction of new products and services is affected by various factors, including not only production resources and production capacity, but also the introduction of new technologies and platforms. If we are unable to timely provide our products and services that address all of these factors and satisfy customers in terms of quality, our revenue and profit plans may be adversely affected.

(2) Risks relating to competition.

The markets for entertainment and sports-oriented products and services in which we operate are highly competitive, and new products and services are regularly introduced by competitors. Also, new types of entertainment and leisure activities are constantly being introduced that may become our competitors. This may result in new competition, and our competitive advantages in the market may not be maintained.

(3) Risks relating to adverse economic conditions.

Any significant downturn in economic conditions resulting in a decline in consumer confidence could significantly reduce demand for the entertainment and sports-oriented products and services in which we operate.

(4) Risks relating to aging populations and declining birth rates.

The rapidly growing aging population and declining birth rate worldwide could significantly change the markets for entertainment and sports-oriented products and services in which we operate.

(5) Risks relating to changing consumer preferences.

The markets for entertainment and sports-oriented products and services are characterized by trends and fads that are driven by various factors, including technological advances and rapidly changing consumer preferences. Adapting to rapidly changing consumer preferences requires rapid innovation and improvement of products and services. Our results of operations may be harmed if we are unable to successfully adapt and deliver our products and services to changing consumer preferences.

(6) Risks relating to governmental restrictions and legal systems.

If governmental restrictions and legal systems change in each country in which we operate, we may have to change not only our products and services, but also our business models and strategies to comply with new regulations. As a result, our business in such countries could be adversely affected.

(7) Risks relating to intellectual property rights.

Our products and services use and incorporate intellectual property owned by third parties, including certain copyrights. If we are unable to license such third-party intellectual property, our ability to provide such products and services could be adversely affected.

In addition, while we take reasonable care to avoid infringing the intellectual property rights of others, it is not impossible that third parties may assert infringement claims due to disagreements. In such a case, we insist that the intellectual property rights be legitimately licensed, however, settlement payments may be required in order to resolve the dispute or the relevant intellectual property may become unlicensable, which could adversely affect our business results.

(8) Risks relating to our products and services containing defects.

Although our products and services undergo rigorous quality reviews prior to release, our business may be adversely affected in the unlikely event that a serious defect is discovered after release.

(9) Risks relating to acquisition opportunities and investments.

We seek opportunities to make acquisitions and other investments that will not only expand our current businesses, but are also expected to create new businesses in the medium and long term, as we continue to strive for sustainable growth and increased corporate value. Acquisitions and other transactions involve various risks, including the risk of post-acquisition integration failure and impairment due to deviations from the original plan. In executing acquisitions, we will proceed with careful consideration after conducting careful due diligence.

(10) Risks relating to personnel resources.

Our continued growth and success depend to a significant extent on the retention of our management and employees and the recruitment of qualified new employees. Particularly in the midst of the aggressive global competition for digital talent, the retention of these human resources is extremely difficult. In addition, the hiring of internationally skilled employees is urgently needed to further expand our overseas operations. If we are unable to attract and retain skilled personnel, our business results could be adversely affected.

(11) Risks relating to overseas operations.

Operations in foreign countries are required to take into consideration risks such as social unrest due to terrorism or conflict, unexpected political factors, the particular business practices of each country, and risks due to tariffs and exchange rate fluctuations. If we are unable to take appropriate measures to deal with all of these and other factors specific to overseas operations, our business results could be adversely affected.

(12) Risks relating to natural disasters and other incidents.

Incidents such as natural disasters, including earthquakes, floods and typhoons, and pandemics can have a negative impact on society and the economy. In addition, the supply chain of our products is expected to be affected when these events occur. Although we have taken appropriate measures such as earthquake-proofing our buildings, conducting emergency drills, implementing hygiene measures in our offices, establishing a safety confirmation system, and considering alternative suppliers for our key parts, if these events occur in any of the countries and regions in which we operate, our business results may be adversely affected.

(13) Risks relating to unexpected network disruptions or security breaches.

When conducting our business activities, we utilize a range of information systems, including the internet and cloud services, and have implemented various measures to enhance their availability and security.

Nevertheless, despite these measures, cyber-attacks, unexpected natural disasters or accidents, and power or communications infrastructure failures could cause disruptions to our information systems. If such disruptions prevent us from providing our services to our customers, our business results may be adversely affected.

(14) Risks relating to protection of personal information.

In the unlikely event that customers' personal information is compromised due to inappropriate handling by our officers and employees, security breaches including hacking and unauthorized access, and others, our brand image and business results may be negatively affected. In order to prevent these leaks of personal information, we strive to maintain safeguards, including not only the establishment of a strict information management policy and adequate training for officers and employees, but also the implementation of robust security measures for our information system. In addition, we are taking all possible measures to establish the system to comply with personal data protection policies in countries around the world, including the GDPR.

(15) Risks relating to future lawsuits.

If claims, lawsuits or other legal proceedings were to arise in connection with our business, and if the outcome were to be unfavorable to us, our results of operations could be adversely affected.

(16) Risks relating to fraudulent activities.

To prevent fraudulent activities using our products and services, we not only take preventive measures at the system level, but also prohibit such activities in our Terms of Use and actively educate our customers. In addition, we impose severe penalties for violations of this policy. However, if such dishonest actions were to occur on a significant scale, our business results may be adversely affected as trust in Konami Group and its brand image may be damaged.

July 25, 2025

Responsibility Statement

The following responsibility statement is made solely to comply with the requirements of DTR 4.1.12 of the United Kingdom Financial Conduct Authority's Disclosure Rules and Transparency Rules, in relation to KONAMI GROUP CORPORATION as an issuer whose financial instruments are admitted to trading on the London Stock Exchange.

Kimihiko Higashio, Representative Director, President, confirms that:

- to the best of his knowledge, the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of KONAMI GROUP CORPORATION and the undertakings included in the consolidation taken as a whole; and

- to the best of his knowledge, this annual financial information includes a fair review of the development and performance of the business and the position of KONAMI GROUP CORPORATION and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.