

(Translation)

This document has been translated for reference purposes only for the convenience of our non-Japanese shareholders.  
The Japanese original shall prevail in the event of any discrepancy between this translation and the Japanese original.

## **NOTICE OF THE 50<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Stock Code Number: 9766

June 6, 2022

Dear Shareholder,

You are notified that the 50<sup>th</sup> Ordinary General Meeting of Shareholders of KONAMI HOLDINGS CORPORATION (the “Company”) will be held as described hereunder.

Shareholders are requested to exercise their voting rights in writing or via the internet, etc. in advance and refrain from coming to the venue on the day of the meeting in order to prevent any spread of the novel coronavirus disease (COVID-19).

Shareholders are kindly requested to review the reference materials for the General Meeting of Shareholders, refer to “Matters regarding the exercise of voting rights” on page 3 contained herein, and exercise their voting rights by 5:00 p.m. on Monday, June 27, 2022.

The Company will accept questions from shareholders prior to the meeting, and will explain matters of high interest to shareholders at the meeting and post the contents on the Company’s website at a later date. For detailed instructions on submitting questions prior to the meeting, refer to the included “Measures for Preventing Infection of the Novel Coronavirus Disease (COVID-19) at the General Meeting of Shareholders.”

Sincerely yours,  
Kimihiro Higashio  
Representative Director, President  
KONAMI HOLDINGS CORPORATION  
1-11-1, Ginza, Chuo-ku, Tokyo

## MEETING AGENDA

**1. Date and time:** 10:00 a.m., Tuesday, June 28, 2022

**2. Venue:** Main Office of Konami Sports Club,  
4-10-1, Higashi-Shinagawa, Shinagawa-ku, Tokyo

**3. Agenda:**

- Reports**
1. Business Report, Consolidated Financial Statements for the 50<sup>th</sup> fiscal year (from April 1, 2021 to March 31, 2022); and on the Reports of the accounting auditor and of the Audit & Supervisory Committee regarding Consolidated Financial Statements for the 50<sup>th</sup> fiscal year
  2. Financial Statements for the 50<sup>th</sup> fiscal year (from April 1, 2021 to March 31, 2022)

**Proposal**

**Proposal 1** Partial Amendment to the Articles of Incorporation

**Proposal 2** Election of five members to the Board of Directors (excluding Directors who are Audit & Supervisory Committee Members)

<Requests to shareholders>

- The response listed above may be updated based on the situation of the spread of infection and details of announcements made by the government, etc. until the day of the General Meeting of Shareholders. Please also be advised to check information posted on the Company's website on the internet (<https://www.konami.com/en/>).
- Exercising voting rights using the voting form raises the risk of infection during the process of returning it to the Company and vote counting. Therefore, when exercising your voting rights in advance, please do so via the internet, etc. to the extent possible.
- In case any amendments or changes are made to the reference materials for the General Meeting of Shareholders, Business Report, consolidated financial statements and financial statements prior to the date of the meeting, the Company shall notify its shareholders via the Company's website.
- Notification of Business Conducted at the 50<sup>th</sup> Ordinary General Meeting of Shareholders that provides the results of resolutions will be posted on the Company's website instead of being distributed in writing.
- Institutional investors may use the electronic voting platform operated by ICJ, Inc., as a method of exercising their voting rights for the General Meeting of Shareholders of the Company.

Company's website ( <a href="https://www.konami.com/ir/en/stockbond/stockholderinfo/meeting.html">https://www.konami.com/ir/en/stockbond/stockholderinfo/meeting.html</a> )
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### **[Matters regarding the exercise of voting rights]**

There are three ways to exercise your voting rights.

1) Voting via mail (in writing)

Please complete the enclosed voting form by indicating “for” or “against” for the agenda items, and return the completed form to us. \*1

To arrive no later than 5:00 p.m., Monday, June 27, 2022

2) Voting via the internet

Please follow the instructions stated on the next page and enter “for” or “against” for the agenda items.

To be entered no later than 5:00 p.m. on Monday, June 27, 2022

3) Attendance at the meeting in person

Please remember to bring the voting form enclosed and hand it to the receptionist. \*2

Date and time of the 50<sup>th</sup> Ordinary General Meeting of Shareholders: 10:00 a.m., Tuesday, June 28, 2022

- \*1 When there is no indication of “for” or “against” for an agenda item on the voting form, the Company shall treat it as an indication of “for.”
- \*2 Please be informed that any person other than a shareholder entitled to exercise the voting right such as any proxy or person accompanying a shareholder, who is not a shareholder of the Company, is not permitted to attend the meeting.

#### **Handling of duplicate exercise of voting rights**

- If you exercise your voting rights both via mail (in writing) and the internet, etc., we will consider only the vote via the internet, etc. to be valid.
- Also, if you vote a number of times over the internet, etc., we will consider the final vote to be the valid one.

## Instructions for the Exercise of Voting Rights via the Internet

### Scanning QR code “Smart voting”

You can login to the website for exercise of voting rights without having to enter your voting code and password.

1. Please scan the QR code located on the bottom right of the voting form.  
\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow on-screen instructions to enter “for” or “against.”

### **Note that the exercise of voting rights by “Smart voting” is possible only one time.**

If you wish to change the contents of your vote after exercising your voting rights, please access the PC version of the website, enter your “voting code” and your “password” described in the voting form, log in, and exercise your voting rights again.

\* If you rescan the QR code, you can access the Website for Exercising Voting Rights for a personal computer.

### Entering voting code and password

**Voting website URL:**  
**<https://www.web54.net>**

1. Please access the website for exercise of voting rights.
2. Please enter your voting code provided on the voting form.
3. Please enter your password provided on the voting form.
4. Please follow on-screen instructions to enter “for” or “against.”

### **Inquiries regarding the exercise of voting rights via the internet**

Dedicated phone line for Securities Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Phone: 0120-652-031

(9:00 a.m. to 9:00 p.m., available only in Japan)

### **Other inquiries**

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Phone: 0120-782-031

(9:00 a.m. to 5:00 p.m. on weekdays, available only in Japan)

You may not be able to use the website for exercise of voting rights depending on the internet environment, etc.

Any connection fees, such as telephone charges and telecommunications charges incurred by shareholders in exercising votes online, are to be borne by such shareholders.

## Reference Materials for General Meeting of Shareholders

### Proposal 1: Partial Amendment to the Articles of Incorporation

#### 1. Reasons for Amendments

- (1) The current fiscal year marks the 50<sup>th</sup> anniversary since the Company's establishment in March 1973. (The Company was founded in March 1969.)

Since its establishment, the Company has expanded its business as a pioneer in the Japanese entertainment industry and now operates in four business segments: Digital Entertainment, Amusement, Gaming & Systems, and Sports.

In marking the Company's 50<sup>th</sup> anniversary since its establishment, we intend to change the trade name so that we, along with its group companies, will continue to take on new challenges and strive for further growth as a sustainable company. We therefore shall amend Article 1 of the Articles of Incorporation and its supplementary provisions concerning the effective date and other matters.

- (2) The "Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts" (Act No. 70 of 2021) was enforced on June 16, 2021, enabling listed companies to hold General Meeting of Shareholders without designating a location (so-called "Virtual-Only" General Meeting of Shareholders) if such is defined in its Articles of Incorporation.

The Company considers that General Meeting of Shareholders will increase its activeness, efficiency, and smoothness by making it easier for many shareholders to attend the meeting regardless of their place of residence. It will also mitigate the risks such as various infectious diseases and the occurrence of large-scale natural disasters and thus amend Article 13 of the Articles of Incorporation and its supplementary provisions concerning the effective date and other matters to permit the holding of General Meeting of Shareholders without designating a location.

- (3) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will come into force on September 1, 2022. To prepare for the implementation of an electronic provision system for documents for General Meeting of Shareholders, the following amendments to the Articles of Incorporation of the Company shall be made.

- (i) The proposed amendment to Article 16, Paragraph 1 stipulates that the Company takes electronic provision measure for information that constitutes the contents of reference materials and others for the General Meeting of Shareholders.

- (ii) The proposed amendment to Article 16, Paragraph 2 places limit to the scope of the contents to be included in the paper copy to be sent to shareholders who have requested it.

- (iii) The provisions related to Internet Disclosure of Reference Documents, etc. and Deemed Provision Thereof (current Article 16 of the Articles of Incorporation) is deleted as it

will become unnecessary.

- (iv) As a result of the foregoing establishment and deletion of the provisions, supplementary provisions concerning the effective date and other matters shall be established.

## 2. Details of Amendments

The detail of amendments of the Articles of Incorporation is as follows:

(The part to be amended is underlined.)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter I: GENERAL PROVISIONS</p> <p>Article 1 (Trade Name)</p> <p>The name of the Company is <u>Konami Holdings Kabushiki Kaisha</u>, being expressed as “<u>KONAMI HOLDINGS CORPORATION</u>” in English.</p> <p>Articles 2 – 12 &lt;Omitted&gt;</p> <p style="text-align: center;">Chapter III: GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 13 (Convocation)</p> <p>An ordinary general meeting of shareholders of the Company shall be convened in June of each year and an extraordinary general meeting of shareholders shall be convened from time to time whenever necessary.</p> <p><u>Such general meetings of shareholders shall be held within the wards in Tokyo.</u></p> <p>&lt;New&gt;</p> <p>Articles 14 – 15 &lt;Omitted&gt;</p> <p><u>Article 16 (Internet Disclosure of Reference Documents, etc. and Deemed Provision Thereof)</u></p> <p><u>In convening a general meeting of shareholders, the Company may, pursuant to the relevant regulation issued by the Ministry of Justice, deem that it has duly provided its shareholders with the information which must be mentioned or displayed in the reference document of a general meeting of shareholders, business report, financial statements and consolidated financial statements by disclosing such information using the Internet.</u></p> <p>&lt;New&gt;</p> <p>Articles 17 – 35 &lt;Omitted&gt;</p>	<p style="text-align: center;">Chapter I: GENERAL PROVISIONS</p> <p>Article 1 (Trade Name)</p> <p>The name of the Company is <u>Konami Group Kabushiki Kaisha</u>, being expressed as “<u>KONAMI GROUP CORPORATION</u>” in English.</p> <p>Articles 2 – 12 &lt;Unchanged&gt;</p> <p style="text-align: center;">Chapter III: GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 13 (Convocation)</p> <ol style="list-style-type: none"> <li>1. An ordinary general meeting of shareholders of the Company shall be convened in June of each year and an extraordinary general meeting of shareholders shall be convened from time to time whenever necessary.</li> <li>2. <u>The Company may hold a general meeting of shareholders without a designated location for the meeting.</u></li> </ol> <p>Articles 14 – 15 &lt;Unchanged&gt;</p> <p>&lt;Deleted&gt;</p> <p><u>Article 16 (Measures for Electronic Provision, etc.)</u></p> <ol style="list-style-type: none"> <li>1. <u>When the Company convenes a general meeting of shareholders, it shall take measures for electronic provision of information contained in the reference documents for the general meeting of shareholders, etc.</u></li> <li>2. <u>Among items that are provided electronically, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></li> </ol> <p>Articles 17 – 35 &lt;Unchanged&gt;</p>

Current Articles of Incorporation	Proposed amendments
<New>	<u>(Supplementary Provisions)</u>
<New>	<u>Article 1</u> <u>The amendments to Article 1 (Trade Name) shall come into effect as of July 1, 2022, and this Supplementary Provision shall be deleted on the day of the entry into force of the amendments.</u>
<New>	<u>Article 2</u> <u>The establishment of Article 13 (Convocation), Paragraph 2 shall come into effect as of June 28, 2022 or the date that the confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice is received pursuant to the “Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts” (Act No. 70 of 2021), whichever is later, and this Supplementary Provision shall be deleted on the day of the entry into force.</u>
<New>	<u>Article 3</u> <u>1. The deletion of Article 16 (Internet Disclosure of Reference Documents, etc. and Deemed Provision Thereof) in the pre-amended Articles of Incorporation and the establishment of the new Article 16 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u>  <u>2. Notwithstanding the provision of the preceding paragraph, Article 16 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u>  <u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>



**Proposal 2: Election of five members to the Board of Directors (excluding Directors who are Audit & Supervisory Committee Members)**

Because the terms of office of all five Directors (excluding Directors who are Audit & Supervisory Committee Members; applicable to the rest of this proposal) expire at the conclusion of this General Meeting of Shareholders, this proposal requests the election of five Directors.

The Audit & Supervisory Committee has judged that all of the proposed candidates for Director are qualified.

Candidates for Directors are as follows:

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
1	Kagemasa Kozuki (Nov. 12, 1940)	Mar. 1969    Founded Konami Mar. 1973    Established Konami Industries Co., Ltd. Jun. 1987    Representative Director, Chairman (to present)  Significant concurrent positions: Chairman of the Board of Directors, Kozuki Foundation	169,411
2	Kimihiko Higashio (Sep. 24, 1959)	Sep. 1997    Joined the Company Jun. 2005    Director Jan. 2018    Director, Executive Vice President, Corporate Officer of Administration Jun. 2019    Representative Director, Executive Vice President Apr. 2020    Representative Director, President (to present) Apr. 2020    Representative Director, Chairman, Konami Digital Entertainment Co., Ltd. (to present) Apr. 2020    Director, Chairman, Konami Corporation of America (to present) Jul. 2020    Director, Chairman, Konami Gaming, Inc. (to present)  Significant concurrent positions: Director, Kanto IT Software Health Insurance Society	29,858
3	Hideki Hayakawa (Jun. 17, 1970)	Sep. 1996    Joined the Company Apr. 2015    Representative Director, President, Konami Digital Entertainment Co., Ltd. (to present) Jun. 2017    Corporate Officer of the Company Jun. 2020    Director (to present)  Significant concurrent positions: Representative Director, President, Konami Digital Entertainment Co., Ltd. Chairman, COMPUTER ENTERTAINMENT SUPPLIER'S ASSOCIATION (CESA) Director, Japan esports Union (JeSU)	1,421

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
4	Katsunori Okita (Feb. 1, 1968)	Apr. 1990    Joined the Company Aug. 2016    Representative Director, President, Konami Amusement Co., Ltd. (to present) Jun. 2017    Corporate Officer of the Company Jun. 2020    Director (to present)  Significant concurrent positions: Representative Director, President, Konami Amusement Co., Ltd. Director, Japan Amusement Industry Association Director, NIPPON DENDOSHIKI YUGIKIKOGYO KYODOKUMIAI	15,335
5	Yoshihiro Matsuura (Mar. 22, 1983)	Apr. 2005    Joined the Company Jun. 2009    General Manager, Nasu Office Jan. 2013    General Manager, President's Office Jun. 2017    Director (to present) Aug. 2019    General Manager, Secretarial Office (to present)	2,184

- Notes: 1. No special conflicts of interest exist between the Company and the proposed candidates for director.
2. Shares of the Company's stock owned by each candidate include the candidate's holdings in the KONAMI officers' stock ownership plan.
3. The Konami Group has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph (1) of the Companies Act with an insurance company. The insurance policy covers indemnification for losses the insured assumes liability for in relation to their execution of duties, or for litigation expenses, etc., arising from the insured being pursued for such liabilities. However, losses and costs personally incurred by directors and officers through criminal acts and intentional illegal activities, such as bribery, shall be reason for exemption under the policy as a measure to ensure that the proper performance of duties of officers, etc., is not impaired.
- The insured of the insurance policy are important members that execute operations, such as Directors and Corporate Officers, of the Konami Group.
- The full amount of the insurance premiums for the insurance policy is borne by the Company.
- The term of the policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

**[Reference] Organizational Structure of the Board of Directors after Proposal 2 is Approved and Adopted**

Assuming Proposal 2 is approved and adopted as originally proposed, the composition of the Company's Board of Directors will be as follows.

The combined skills of the individual Directors create an appropriate Board of Directors without excesses or deficiencies, and the content of those skills are listed in the table below.

< Directors' Skill Matrix >

Title	Name	Management	Finance & Accounting	Legal Affairs Risk Management	Global Experience	Sustainability	PR IR Marketing	Development Technology	IT Systems	HR Labor Relations HR Development	Sports Education
Representative Director, Chairman	Kagemasa Kozuki	●	●	●	●	●	●	●	●	●	●
Representative Director, President	Kimihiko Higashio	●	●	●	●	●	●	●	●	●	●
Director	Hideki Hayakawa	●		●	●		●	●	●		
Director	Katsunori Okita	●		●	●			●	●		
Director	Yoshihiro Matsuura			●		●					●
Director, Audit & Supervisory Committee Member (Outside)	Akira Gemma	●	●		●	●	●				
Director, Audit & Supervisory Committee Member (Outside)	Kaori Yamaguchi				●	●				●	●
Director, Audit & Supervisory Committee Member (Outside)	Kimito Kubo	●		●		●				●	●

# **Business Report**

(April 1, 2021 – March 31, 2022)

## **1. Business Performance**

### **(1) Konami Group Business Conditions and Results**

For the fiscal year ended March 31, 2022, due to the increasingly tense situation in Ukraine and the spread of novel coronavirus (COVID-19) variants, the outlook remained uncertain. On the other hand, there seem to be some signs of a pickup, such as the progress in vaccinations and gradual reopening of socioeconomic activities.

Amidst circumstances under a rapidly changing market environment, in terms of the business results for the fiscal year ended March 31, 2022, in addition to solid performance in the Digital Entertainment business throughout the fiscal year, performance of Amusement business, Gaming & System business and Sports business has recovered, resulting in increase of revenue and profit among all business segments. This led to an increase in total revenue and all profit categories, i.e., business profit, operating profit, profit before income taxes and profit attributable to owners of the parent for the fiscal year ended March 31, 2022, have reached a record high.

In terms of the consolidated results for the fiscal year ended March 31, 2022, total revenue amounted to ¥299,522 million (a year-on-year increase of 9.9%), business profit was ¥80,315 million (a year-on-year increase of 25.2%), operating profit was ¥74,435 million (a year-on-year increase of 103.6%), profit before income taxes was ¥75,163 million (a year-on-year increase of 111.2%), and profit attributable to owners of the parent was ¥54,806 million (a year-on-year increase of 69.9%).

### **Performance by business segment**

#### **Digital Entertainment**

In the entertainment market, future development of game contents is expected through the functional enhancement of various devices, including mobile devices and video game consoles, and the rollout of next generation communication systems. In conjunction with the changing times, the preference for “enriching daily life through full and abundant experiences” in personal spending has been strengthened. Furthermore, new experiences through game content are being offered in various ways, including esports, which is regarded as a form of competition and is becoming well-known to a wide range of users and attracting more and more fans.

Amidst these circumstances, as a new initiative for our business, we began global distribution of *Yu-Gi-Oh! MASTER DUEL* which allows our customers to enjoy playing *Yu-Gi-Oh! TRADING CARD GAME* as digital content anytime, anywhere. The title has been downloaded over 20 million times, and a wide range of users is enjoying it. Furthermore, the downloads have reached over 30 million times as of April 2022. We began selling Non-Fungible Tokens (NFTs) in an effort to preserve content that has been loved by our customers as an art.

As ongoing initiatives, each of our mobile titles—*eFootball Winning Eleven 2021* (Known overseas as

*eFootball PES 2021*), *Yu-Gi-Oh! DUEL LINKS*, which celebrated the fifth anniversary of its global launch, and *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, which announced a collaboration with legend Ichiro Suzuki, who played in the major leagues in Japan and America—has continued to be well received by our customers around the world. In the card game space, we continued the global expansion of *Yu-Gi-Oh! TRADING CARD GAME*, and even amidst the COVID-19 pandemic, it received strong support, both in Japan and overseas. In addition, we have endeavored to revitalize our content through measures such as holding major Duel tournaments and selling commemorative packs to mark the 25th anniversary of the original work. Alongside these initiatives, for *Yu-Gi-Oh! RUSH DUEL*, as a first step to enjoy the *Yu-Gi-Oh!* contents, we have been increasing brand awareness primarily to younger customers. In the computer and video games space, many customers have been enjoying *Momotaro Dentetsu: Showa, Heisei, Reiwa mo teiban*, which has sold over 3.5 million units, as one of our classic titles.

In the esports space, we held the finals for the *eBASEBALL PROFESSIONAL BASEBALL SPIRITS 2021 Grand slam* tournament at “TOKYO eSPORTS FESTA 2022,” and delivered fierce competition. In addition, for the 2021 season of the “eBASEBALL Prospi A (Ace) League,” pro baseball esports league, we held the eNippon Series to crown the best player in Japan for the first time. Furthermore, for *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, we assembled a record number of participants for the 2021 season of “Prospi A (Ace) Championship” to determine the mightiest player, and the finals drew a massive amount of attention. Furthermore, to liven up the opening of the professional baseball season, the “Professional Baseball Virtual Opening Game 2022” was held using the latest title *eBASEBALL PAWAFURU PUROYAKYU 2022*. We will continue to work toward further developing and building the appeal of esports through these tournaments and various events.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2022 in this segment amounted to ¥215,010 million (a year-on-year increase of 5.3%) and business profit for the fiscal year ended March 31, 2022 came to ¥76,424 million (a year-on-year increase of 4.1%).

## **Amusement**

In the amusement industry market, the COVID-19 pandemic around the world continued to have an effect on sales of amusement machines and e-amusement participation (revenue share business).

Under such circumstances, in regard to our video games for amusement facilities, the latest dance game for the *BEMANI* series, *DANCE aROUND*, and the latest quiz game *QuizKnock STADIUM* were released. In the medal game space, we began operating *GRANDCROSS GOLD*, which is the latest title in a large medal pusher game, the *GRANDCROSS* series, and offers a realistic experience that can only be experienced at amusement facilities; and the latest title in the *ColorCoLotta* series, *ColorCoLotta: Frozen Island*, which has moved the stage of adventure from an everlasting-summer sea to an icy island and added new elements of fun to the game. “KONAMI AMUSEMENT GAME STATION,” which allows users to enjoy playing arcade games on PCs and smartphones at any time, continued its steady growth as well. Furthermore, we held “The 10th KONAMI Arcade Championship,” the official Konami esports competition, to determine the top arcade game players. This had been pushed back from July 2021 due to the spread of COVID-19, and we took all possible measures to prevent infection. The fierce battles across

13 titles were broadcast live, and the event was a great success. *PACHINKO SENGOKU COLLECTION BLACK*, the model with new specifications for *PACHINKO SENGOKU COLLECTION*, and *High School D x D2* also began operations.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2022 in this segment amounted to ¥19,510 million (a year-on-year increase of 10.6%) and business profit for the fiscal year ended March 31, 2022 was ¥3,492 million (a year-on-year increase of 44.7%).

### **Gaming & Systems**

In the gaming market, entrance restrictions on casino facilities were relaxed in North America and Australia, and the situation is revitalizing the markets and they are returning to the pre-COVID-19 level. The other markets are gradually recovering although certain restrictions remain.

Amidst these circumstances, we recognized revenue for the sale of slot machines including our core upright cabinet, *DIMENSION 27™* and *DIMENSION 49™*. In addition, *DIMENSION 49J™*, which is dedicated to participation (revenue share business), was selected for Best Slot Product, a prestigious award in the 20th Annual Global Gaming Business (GGB) Gaming & Technology Awards. In game content, *Fortune Mint*, a new piece of content on our core cabinets, continued to maintain strong performance in the North American market, resulting in increased sales of slot machines. As for titles that are dedicated to participation, the new *Lucky Envelope* series has received favorable reviews and the *All Aboard* series has continued to perform well. Moreover, the installation of historical horse racing machines based on historical live horse racing outcomes is proceeding. In the casino management system, installations of SYNKROS® in casino facilities continue to progress. *Money Klip™*, which was provided to Resorts World Las Vegas, a major IR facility that opened last year, received a great deal of attention as the first case of a cashless system being introduced in Las Vegas.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2022 in this segment amounted to ¥25,630 million (a year-on-year increase of 54.0%) and business profit for the fiscal year ended March 31, 2022 posted ¥3,495 million (loss of ¥2,077 million in the previous fiscal year).

### **Sports**

In the sports market, due to more people staying at home and working from home as a result of COVID-19, the importance of being healthy was reaffirmed for many people and the need for sports and exercise is growing.

Amidst these circumstances, with regard to our operation of sports clubs, we began offering “Keep-Your-Body-Warm Fitness” and “Gut Health Fitness” for “Karada Ikiiki Project” as a new proposal for healthy habits, with the aim of improving the original functions of people’s bodies, and maintaining and promoting their health. In addition to promoting the expansion of services for “Konami Sports Online Fitness” which allows people to participate from anywhere, including their homes, we opened a facility as a new type of business called “Pilates Mirror Futako Tamagawa,” (Setagaya-ku, Tokyo) women-only Pilates studios for small groups with ceiling-mounted mirrors.

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. In this way, we are promoting our businesses, and began contracted operations of sports facilities in new areas such as Toyonaka City in Osaka Prefecture, Chuo-ku in Tokyo and Yoshinogari Town in Saga Prefecture.

As part of a demonstration project for the “Future Classroom” program, which is run by the Ministry of Economy, Trade and Industry, we began providing club coaching support for Osaka Minoh-Higashi High School—and for Rikkyo Niiza Junior High School and Rikkyo Ikebukuro Junior High School, in collaboration with the Rikkyo Educational Corporation—with the theme of verifying a social system based on integration between a community while focusing on school facilities and the sports club industry.

In the sports and health-related products market, in addition to selling the latest model of *POWER MAX V3 CONNECT*, an aerobic bike targeted at athletes that has proved popular with a large number of athletes in the 35 years since its launch in 1986, we have been developing products that can assist many of our customers in their efforts to become healthy, such as the release of “RENER” energy drink, which has 3,000 mg of citric acid in its formula and the new release of protein supplement “asu-body”, which contains 10 billion Lac -Shield®.

While this business has been affected by the spread of COVID-19, we have continued to work on reforming our cost structure by strategically withdrawing from unprofitable locations and other measures, and we closed 17 locations in the fiscal year ended March 31, 2022.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2022 in this segment amounted to ¥41,957 million (a year-on-year increase of 15.2%) and business profit for the fiscal year ended March 31, 2022 came to ¥767 million (loss of ¥5,873 million in the previous fiscal year).

## **(2) Capital Expenditures and Financing Activities**

Capital expenditures in the consolidated fiscal year ended March 31, 2022 totaled ¥26,251 million. This primarily consisted of expenses relating to the cost of game content creation and equipment purchases for creation and manufacturing activities.

With respect to financing, the Group provided the necessary funds during the consolidated fiscal year ended March 31, 2022 using its own funds. The Company will continue to endeavor to secure adequate short-term liquidity and credit lines for fund-raising to finance dynamic business development.

### (3) Trend of Assets and Business Results

#### 1. Financial and business results of Konami Group (IFRS)

(Millions of yen, except per share data)

Fiscal year Years ended	The 47 <sup>th</sup> (March 31, 2019)	The 48 <sup>th</sup> (March 31, 2020)	The 49 <sup>th</sup> (March 31, 2021)	The 50 <sup>th</sup> (March 31, 2022)
Revenue	262,549	262,810	272,656	299,522
Operating profit	50,522	30,972	36,550	74,435
Profit attributable to owners of the parent	34,196	19,892	32,261	54,806
Basic earnings per share (yen)	252.86	147.26	242.17	410.80
Total assets	378,037	419,134	489,006	528,613
Total equity attributable to owners of the parent	275,627	268,141	298,727	348,061

#### 2. Financial and business results of the Company (Japanese GAAP)

(Millions of yen, except per share data)

Fiscal year Years ended	The 47 <sup>th</sup> (March 31, 2019)	The 48 <sup>th</sup> (March 31, 2020)	The 49 <sup>th</sup> (March 31, 2021)	The 50 <sup>th</sup> (March 31, 2022)
Operating revenues	24,870	38,747	52,495	19,686
Ordinary income	21,989	35,983	50,153	16,649
Net income	21,860	35,286	13,909	16,421
Basic net income per share (yen)	161.65	261.23	104.41	123.09
Total assets	243,568	278,767	329,278	336,617
Total net assets	223,972	238,758	248,728	255,098

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.



#### **(4) Issues for the Konami Group**

##### ***Responding appropriately to rapid changes in the business environment***

The environment surrounding our businesses—Digital Entertainment, Amusement, Gaming & Systems, and Sports—requires companies to respond to the evolution of technology and changes in social conditions. The evolution of technology has brought about various changes in people’s lives. New technologies in the digital field such as the metaverse, NFT, AI, VR/AR, 5G/6G, and cloud computing will also have a significant impact on the business environment in the future. These technologies will further enhance the value of our intangible assets such as content and development capabilities, enable us to take on the challenge of creating new user experiences, and provide many opportunities for growth.

Also, in order to cope with rapid changes in social conditions, such as the tense situation in Ukraine, the spread of infectious diseases, and the aging of society, we must continue to transform ourselves with a sense of speed and respond to the new-normal environment.

We will strive to achieve sustainable growth and enhance corporate value by responding to these changes and constantly providing around the world innovative and cutting-edge products and services that capture the times.

##### ***Enhance profitability and channel managerial resources to growth areas***

In the Digital Entertainment business, with the rapid spread of online-based digital entertainment, we expect that users will have increasing opportunities to play games, and the needs of those users will become increasingly diverse. Given that we expect users to seek diversity, the Konami Group intends to provide game content and propose play modes that match the features of individual devices, and to create new user experiences through content development using the latest technology and through esports as a form of sports competition.

In the Amusement business, the Konami Group will respond to various regulations related to its business, and strive to increase its market share by providing products leveraging the Group’s extensive entertainment expertise accumulated over many years in response to changes in how users play games and user preferences. The Konami Group will also seek continuous improvements in production efficiency and quality, and at the same time make efforts to reform its business model and enter new businesses.

In the Gaming & Systems business, while the number of countries and regions that have legalized casinos has been increasing yearly, and the iGaming market is continuing to see growth, in its market environment, competition among manufacturers is becoming fierce. In line with the development of global technological innovations, we will promote activities to boost our market presence and achieve sustainable growth, including applications in advanced products incorporating new technologies and the creation of new business models.

In the Sports business, we are required to provide safe and secure services that respond to the new-normal environment. Also, the social significance of maintaining good health through exercise is noteworthy, and we believe that the role and responsibility of this segment is becoming increasingly important. We will strive to increase opportunities for everyone to participate in sports in daily lives, while endeavoring to provide assistance with physical education at schools in various regions and health promotion support in municipalities, among other initiatives.

For Konami Group that offers various products and services in the two areas of “Entertainment” and “Sports,” the size of the market is expanding significantly and our growth opportunities are also increasing. In addition, in order to achieve long-term growth and develop together with society, it is necessary to be more aware than ever of management from the perspective of SDGs and ESGs. As such, we at Konami Group aim to realize the two goals of achieving business growth and building a sustainable society, and to that end we will allocate our management resources in an optimal way to become a group that society always has high expectations for and needs.

We would appreciate your kind support and cooperation.

### **(5) Principal Business** (as of March 31, 2022)

The principal businesses of the Konami Group are as shown below:

- |  |  |
|--|--|
| <i>1. Digital Entertainment Business</i> | Production, manufacture and sale of digital content and related products including mobile games, card games and computer & video games, etc.                         |
| <i>2. Amusement Business</i>             | Production, manufacture and sale of amusement machines   |
| <i>3. Gaming &amp; Systems Business</i>  | Production, manufacture, sale and service of gaming machines and casino management systems   |
| <i>4. Sports Business</i>                | Operation of fitness activities and sports classes, including swimming, gymnastics, dance, soccer, tennis, and golf, and production and sale of sports-related goods |

### **(6) Main Konami Group Offices** (as of March 31, 2022)

Holding company

KONAMI HOLDINGS CORPORATION	Chuo-ku, Tokyo
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Operating companies in Japan

Konami Digital Entertainment Co., Ltd.	Chuo-ku, Tokyo
Konami Amusement Co., Ltd.	Ichinomiya-shi, Aichi
Konami Sports Co., Ltd.	Shinagawa-ku, Tokyo

Operating companies overseas

Konami Digital Entertainment, Inc.	USA
Konami Cross Media NY, Inc.	USA
Konami Gaming, Inc.	USA
Konami Australia Pty Ltd	Australia
Konami Digital Entertainment B.V.	UK
Konami Digital Entertainment Limited	Hong Kong

**(7) Employees** (as of March 31, 2022)

1. Konami Group

Business segment	Number of employees	Change from end of previous fiscal year
Digital Entertainment Business	2,157	90
Amusement Business	879	(30)
Gaming & Systems Business	550	(13)
Sports Business	1,001	(93)
Corporate	307	(42)
Total	4,894	(88)

Notes: 1. Employees refer to Konami Group, including KONAMI HOLDINGS CORPORATION, full-time personnel.

2. Employees classified as Corporate are administrative staff not assigned to any particular business segment.

2. The Company

Number of employees	Change from end of previous fiscal year
115	-

Note: Employees refer to KONAMI HOLDINGS CORPORATION full-time personnel.

**(8) Major Subsidiaries** (as of March 31, 2022)

Company	Capital	Equity ratio (%)	Major businesses
Konami Digital Entertainment Co., Ltd.	¥200 million	100.0	Planning, production, manufacture and sale of mobile games, card games, computer & video games, etc.
Konami Amusement Co., Ltd.	¥100 million	100.0	Production, manufacture and sale of amusement machines
Konami Sports Co., Ltd.	¥100 million	100.0	Operation of fitness clubs and sports classes, including swimming, gymnastics, dance, soccer, tennis and golf, and development, manufacture and sale of sports-related goods
Konami Corporation of America	US\$35,500 thousand	100.0	Holding company in USA
Konami Digital Entertainment, Inc.	US\$21,500 thousand	(100.0) 100.0	The digital entertainment business and amusement business in USA
Konami Cross Media NY, Inc.	US\$10	(100.0) 100.0	Planning, production, distribution and license management of entertainment content in USA, etc.
Konami Gaming, Inc.	US\$25,000 thousand	(100.0) 100.0	Production, manufacture, sale and service of gaming machines in USA, etc.
Konami Digital Entertainment B.V.	Eur9,019 thousand	100.0	The digital entertainment business and amusement business in Europe
Konami Digital Entertainment Limited	HK\$19,500 thousand	100.0	The digital entertainment business in Asia
Konami Australia Pty Ltd	A\$30,000 thousand	100.0	Production, manufacture, sale and service of gaming machines in Australia, etc.

Notes: 1. Percentage of Equity ratio shown in parentheses is indirect ownership percentage, and is included in the percentage indicated in the second line.

2. The Company consolidates 25 companies, including the major subsidiaries listed above, and applies the equity method to one affiliated company.

## 2. Status of shares of the Company

Status of Shares (as of March 31, 2022)

1. Number of shares authorized: 450,000,000
2. Number of shares issued: 143,500,000
3. Number of shareholders: 23,993
4. The 10 largest shareholders:

	Number of shares (thousand)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,583	22.15
Kozuki Foundation	17,100	12.80
KOZUKI HOLDING B.V.	15,700	11.75
Custody Bank of Japan, Ltd. (Trust Account)	11,645	8.72
Kozuki Capital Corporation	7,048	5.28
JP MORGAN CHASE BANK 380815	6,530	4.89
KOREA SECURITIES DEPOSITORY-SAMSUNG	3,541	2.65
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	2,516	1.88
STATE STREET BANK AND TRUST COMPANY 505001	2,159	1.62
STATE STREET BANK WEST CLIENT – TREATY 505234	1,534	1.15

Note: The above shareholding ratios are calculated after the deduction of treasury shares (9,919 thousand shares).

### 3. Matters concerning share subscription rights

Outline of share subscription rights of euro-yen convertible bond-type bonds with share subscription rights due 2022 (total face value of ¥10,000 million) issued in accordance with a resolution of a Board of Directors meeting held on December 3, 2015

Date of issue	December 22, 2015
Number of share subscription rights as of the date of issue	1,000
Class of stock to which share subscription rights apply	Common stock (board lot of 100 shares)
Number of shares of stock to which share subscription rights apply	A number determined by dividing by conversion price the total face value of bonds pertaining to share subscription rights exercised; provided, however, that any shares less than 1 share shall be rounded down and no cash-based adjustment shall be made.
Amount of cash payment for share subscription rights	No cash payment is required in exchange for share subscription rights.
Conversion price	¥4,316.7 (subject to adjustment according to certain terms and conditions) (Note)
Exercise period for share subscription rights	From January 5, 2016 to December 8, 2022 (exercise application receipt place and local time)
Number of share subscription rights at the end of the fiscal year	841

(Note) At the meeting of the Board of Directors held on May 19, 2022, accompanying the decision to set the payment of the annual dividend for the fiscal year under review to ¥123.50 per share, the conversion price of euro-yen convertible bond-type bonds with subscription rights to shares due 2022 was adjusted to ¥4,248.5 pursuant to the terms and conditions on the conversion price of the said bonds.

## 4. Officers of the Company

### (1) Directors (as of March 31, 2022)

Position	Name	Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company
Representative Director, Chairman	Kagemasa Kozuki	Chairman of the Board of Directors, Kozuki Foundation
Representative Director, President	Kimihiko Higashio	Representative Director, Chairman, Konami Digital Entertainment Co., Ltd. Director, Chairman, Konami Corporation of America Chairman, Konami Gaming, Inc. Director, Kanto IT Software Health Insurance Association
Director	Hideki Hayakawa	Representative Director, President, Konami Digital Entertainment Co., Ltd.
Director	Katsunori Okita	Representative Director, President, Konami Amusement Co., Ltd.
Director	Yoshihiro Matsuura	General Manager, Secretarial Office
Director (Audit & Supervisory Committee Member)	Akira Gemma	Advisor, Shiseido Company, Limited Outside Director (Audit and Supervisory Committee Member), TV Asahi Holdings Corporation
Director (Audit & Supervisory Committee Member)	Kaori Yamaguchi	Professor, Faculty of Health and Sport Sciences, University of Tsukuba Committee Member, Tokyo Metropolitan Board of Education Outside Director, Nippon BS Broadcasting Corporation
Director (Audit & Supervisory Committee Member)	Kimito Kubo	Chairman of the Board of Trustees, Educational Corporation Shobi Gakuen, and University President, Shobi University

- Notes: 1. Three Directors, Mr. Akira Gemma, Ms. Kaori Yamaguchi and Mr. Kimito Kubo, are the Outside Directors provided in Item 15 of Article 2 of the Companies Act of Japan.
2. The Company has appointed three Directors, Mr. Akira Gemma, Ms. Kaori Yamaguchi and Mr. Kimito Kubo, as Independent Officers as provided for in the regulations of the Tokyo Stock Exchange, Inc. and notified them to the Exchange.
3. There are no special relationships between the Company and any of the companies in which the Outside Directors of the Company hold significant concurrent positions.
4. The Audit & Supervisory Committee leads a systematic audit through an internal control system as a Company with an Audit & Supervisory Committee, and therefore does not necessarily require the appointing of a full-time member. Hence, a full-time Audit & Supervisory Committee member has not been selected.

### (2) Outline of liability limitation agreement

The Company and Outside Directors have entered into an agreement stipulating that liability set forth in Article 423, Paragraph (1) of the Companies Act of Japan shall not exceed the total amount set forth in the items of Article 425, Paragraph (1) of the Companies Act of Japan.

### **(3) Outline of the contents of directors and officers liability insurance**

The Konami Group entered into a directors and officers liability insurance contract with an insurance company, pursuant to Article 430-3, Paragraph (1) of the Companies Act of Japan, which will cover indemnification for losses the insured assumes liability for in relation to their execution of duties or for litigation expenses, etc. arising from the insured being pursued for such liabilities. However, losses and costs personally incurred by directors and officers through criminal acts and intentional illegal activities, such as bribery, shall be reason for exemption under the policy as a measure to ensure that the proper performance of duties of officers, etc., is not impaired.

The insured of the insurance policy are Officers and important members that execute operations, such as Corporate Officers, of the Konami Group.

The full amount of the insurance premiums for the insurance policy is borne by the Company.

The term of the policy is one year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

### **(4) Remuneration, etc. of Directors and Audit & Supervisory Board Members**

#### 1. Policy, etc. on decision about the contents of the remuneration, etc. of officers

The Company transitioned to a company with an Audit & Supervisory Committee by resolution of the 49th Ordinary General Meeting of Shareholders held on June 24, 2021.

The Company has established a policy regarding the determination of the amount of remuneration, etc. for officers and the method of calculation thereof. The Compensation Advisory Committee, with the Board of Directors' delegation, decides the individual remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) by comparing their amount with average levels in society and examining the compensation structure and other factors. The Compensation Advisory Committee consists of independent Outside Director Akira Gemma, independent Outside Director Kaori Yamaguchi, independent Outside Director Kimito Kubo, Representative Director Kimihiko Higashio, and Director Yoshihiro Matsuura.

The maximum amount of total remuneration of Directors who are Audit & Supervisory Committee Members is first approved by a resolution at a General Meeting of Shareholders, then the amount of individual remuneration is decided on through discussions among Audit & Supervisory Committee Members within the approved amount.

The maximum amount of remuneration for Directors (including Directors who are Audit & Supervisory Committee Members) was determined by resolution of the 49th Ordinary General Meeting of Shareholders held on June 24, 2021. The resolution set the maximum amount of annual remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) at ¥875 million and the maximum amount of annual remuneration for Directors who are Audit & Supervisory Committee Members at ¥98.5 million. At the close of the said General Meeting of Shareholders, there were five Directors (excluding Directors who are Audit & Supervisory Committee Members) and three Directors



who are Audit & Supervisory Committee Members (of which, three were Outside Directors).

Prior to the transition to a company with an Audit & Supervisory Committee, the maximum amount of remuneration for Directors and Audit & Supervisory Board Members was resolved at the 27th Ordinary General Meeting of Shareholders held on June 25, 1999. The resolution set the maximum amount of annual remuneration for Directors at ¥875 million and the maximum amount of annual remuneration for Audit & Supervisory Board Members at ¥98.5 million. At the close of the said General Meeting of Shareholders, there were 14 Directors (of which, three were Outside Directors) and four Audit & Supervisory Board Members (of which, four were Outside Audit & Supervisory Board Members).

With the Board of Directors' delegation, the contents of individual remuneration, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) for the fiscal year under review were determined by the Compensation Advisory Committee (which consists of independent Outside Director Akira Gemma, independent Outside Director Kaori Yamaguchi, independent Outside Director Kimito Kubo, Representative Director Kimihiko Higashio, and Director Yoshihiro Matsuura), because the members of the Compensation Advisory Committee monitor the status of execution of duties by all Directors. The Compensation Advisory Committee held two meetings in 2021 in the process of determining the amount of remuneration for the fiscal year under review, and all members of the Committee attended each meeting, with a 100% attendance rate.

With the Board of Directors' delegation, the contents of individual remuneration, etc. for Directors (excluding Outside Directors) for the period prior to the transition to a company with an Audit & Supervisory Committee in the fiscal year under review were determined by the Compensation Advisory Committee (which consists of Representative Director Kagemasa Kozuki, Representative Director Kimihiko Higashio, and Director Yoshihiro Matsuura), because the members of the Compensation Advisory Committee monitor the status of execution of duties by all Directors. The Compensation Advisory Committee held three meetings in 2020 in the process of determining the amount of remuneration for the period prior to the transition to a company with an Audit & Supervisory Committee in the fiscal year under review, and all members of the Committee attended each meeting, with a 100% attendance rate.

The following are the contents of the policy on decisions about the contents of individual remuneration, etc. for Directors.

a. Policy on base compensation

The maximum amount of remuneration, etc. of Directors of the Company is first approved by a resolution at a General Meeting of Shareholders, then the amount of individual remuneration, etc. is decided on within the approved amount.

The amount of individual remuneration, etc. depends on corporate performance trends and other factors and is determined by evaluating the contribution of each Director to achieving financial results and performing corporate management in light of whether or not the Director has the right to represent the company, a title, a role and a responsibility, and is full-time or part-time. Remuneration, etc. that Directors of the Company receive during the fiscal year under review is

only fixed-amount compensation.

b. Policy on performance-based remuneration, etc.

The Company does not adopt performance-based remuneration.

c. Policy on non-monetary remuneration, etc.

The Company does not adopt non-monetary remuneration.

d. Policy on percentage of remuneration, etc.

Remuneration, etc. that Directors of the Company receive during the fiscal year under review is only fixed-amount compensation.

e. Policy on payment timing and conditions of remuneration, etc.

The determined amount of remuneration, etc. shall be divided by 12, and paid monthly during their tenure.

f. Matters on delegation of decisions on remuneration, etc.

The Board of Directors delegates decisions on remuneration, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) to the Compensation Advisory Committee.

g. Matters on decisions on remuneration, etc. other than the above

Nothing in particular.

2. Total amount, etc. of remuneration, etc. for the fiscal year under review

Classification	Total remuneration, etc. (Millions of yen)	Total remuneration, etc. by category (Millions of yen)			Number of paid officers (people)
		Fixed remuneration, etc.	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding Audit & Supervisory Committee Members) (Of which, Outside Directors)	380 (9)	380 (9)	—	—	8 (3)
Directors (Audit & Supervisory Committee Members) (Of which, Outside Directors)	29 (29)	29 (29)	—	—	3 (3)
Audit & Supervisory Board Members (Of which, Outside Audit & Supervisory Board Members)	18 (14)	18 (14)	—	—	5 (4)

- Notes: 1. The above table includes five Audit & Supervisory Board Members (of which, four were Outside Audit & Supervisory Board Members) who retired due to expiration of their terms of office at the close of the 49th Ordinary General Meeting of Shareholders held on June 24, 2021.
2. The total amount of remuneration, etc. for Directors does not include employee salaries for those who are employees and Directors concurrently.
3. The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee by resolution of the 49th Ordinary General Meeting of Shareholders held on June 24, 2021. The amounts paid to Audit & Supervisory Board Members are for the period prior to the transition to a company with an Audit & Supervisory Committee, and the amounts paid to Directors who are Audit & Supervisory Committee Members are for the period after the transition to a company with an Audit & Supervisory Committee.

3. Retirement benefits for Directors (and other Officers) paid during the fiscal year under review

Retirement benefits for Directors were abolished at the close of the 28th Ordinary General Meeting of Shareholders held on June 23, 2000, and for Audit & Supervisory Board Members were abolished at the close of the 31st Ordinary General Meeting of Shareholders held on June 19, 2003.

**(5) Outside Officers**

Major activities in the fiscal year under review

Category	Name	Status of attendance, status of remarks, and the outline of duties performed relating to the roles expected of Outside Directors
Director (Audit & Supervisory Committee Member)	Akira Gemma	Attended all the 9 meetings of the Board of Directors and all the 7 meetings of the Audit & Supervisory Committee held during the fiscal year under review and, based on his abundant experience and achievements as a corporate executive, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Kaori Yamaguchi	Attended all the 9 meetings of the Board of Directors and all the 7 meetings of the Audit & Supervisory Committee held during the fiscal year under review and, based on her abundant achievements and knowledge in the field of education and sports, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Kimito Kubo	Attended all the 9 meetings of the Board of Directors and all the 7 meetings of the Audit & Supervisory Committee held during the fiscal year under review and, based on his abundant experience and knowledge in the field of education/culture and sports, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.

## 5. Status of Accounting Auditor

(1) Name of Accounting Auditor: PricewaterhouseCoopers Aarata LLC

### (2) Amount of Remuneration, etc.

- |   |              |
|---|--------------|
| 1. Amount of remuneration, etc. paid to the accounting auditor during the fiscal year under review                      | ¥94 million  |
| 2. Total of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor | ¥150 million |

- Notes: 1. The amounts of remuneration, etc. for the audit based on the Companies Act of Japan and the audit based on the Financial Instruments and Exchange Act are not clearly divided, and cannot be divided substantially, based on the auditing agreement between the Company and the accounting auditor. Therefore, the total of these amounts is shown in the amount of remuneration, etc. shown in 1.
2. In consideration of “Practical Guidelines on Collaboration with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Committee verified and considered the audit plan of the accounting auditors, as well as their accounting audit procedures and platform. As a result, the Audit & Supervisory Committee consented to the accounting auditors’ remuneration, etc. pursuant to Article 399, Paragraph (1) of the Companies Act of Japan.
3. Of the important subsidiaries of the Company, overseas subsidiaries underwent an audit by a certified public accountant or an audit firm other than the accounting auditor of the Company.

### (3) Policy on Decision about the Dismissal or Non-reappointment of an Accounting Auditor

When it is acknowledged that an accounting auditor is subject to one of the Items of Article 340, Paragraph (1) of the Companies Act of Japan, the Audit & Supervisory Committee will dismiss the accounting auditor with the approval of all Audit & Supervisory Committee Members.

Besides the foregoing, when it is deemed appropriate to dismiss or not reappoint the accounting auditor due to such reasons as difficulties for the accounting auditor to perform its duties, the Audit & Supervisory Committee decides details of a proposal on the dismissal or non-reappointment of the accounting auditor to be presented to the General Meeting of Shareholders.

## **6. Outline of system to secure operational adequacy and its operating state**

### **(1) Systems to Ensure Appropriate Operations**

An outline of matters resolved at a meeting of the Board of Directors as a system for the Company to ensure appropriate business operations is shown below:

Please note that the Company transitioned to a company with an Audit & Supervisory Committee by resolution of the 49th Ordinary General Meeting of Shareholders held on June 24, 2021.

1. A system to ensure that the duties of officers and employees of the corporate group comprising KONAMI HOLDINGS CORPORATION and its subsidiaries (the “Konami Group”) are executed in conformance with laws and ordinances, as well as the Articles of Incorporation
  - (i) To ensure that corporate activities are pursued in conformance with high ethical standards, we establish the KONAMI GROUP CORPORATE CONDUCT CHARTER. Moreover, as specific guidelines for the code, we establish the KONAMI GROUP CODE OF BUSINESS CONDUCT AND ETHICS, by developing the “Konami Group Compliance Policy” thereby demonstrating the importance of complying with laws and ordinances. In addition, the management ensures that it rigorously communicates the provisions of the guidelines to officers and employees of the Konami Group.
  - (ii) The Company has in place the Compliance Committee as a body to enhance the effectiveness of compliance by officers and employees of the Konami Group.
  - (iii) The Company has in place a whistleblowing system as a function to curb illegal acts, and strives to prevent improper incidents from occurring.
  - (iv) The Company strives to ensure that officers and employees of the Konami Group do not have any involvement with anti-social forces and organizations, and that any unfair demand by such is handled resolutely in cooperation with the police and/or other authorities.
2. System concerning the retention and control of information on the execution of duties within the Konami Group
  - (i) Information on the execution of duties by the Company’s Directors is retained and controlled appropriately by developing rules and regulations on information management, while specifying significant documents and defining the form of their retention.
  - (ii) Regarding information on the execution of duties by the Company’s subsidiaries, the Company has “Related Companies Control Regulations” in place, which provide that individual subsidiaries shall report significant business management information and other necessary information to the Company.
3. Regulations and other systems for managing risk of losses for the Konami Group
  - (i) The Company develops the “Konami Group Risk Management Rules” to avoid risks and minimize losses for the entire Group.
  - (ii) The Company and its key subsidiaries have a Risk Management Committee etc., in place as a body to centrally identify and appropriately address risks.

4. System to ensure the efficient execution of duties by Directors of the Konami Group

To define the duties and authority of Directors in different divisions, the Company has in place regulations on the segregation of duties and authority, and a system conforming to the regulations is also established at individual subsidiaries.

5. System to secure the appropriateness of the Konami Group's operations

(i) To ensure that individual group companies' business operations are performed in an appropriate and harmonious manner, in its capacity as a holding company, the Company administers the entire Group's business operations by adequately exercising voting rights.

(ii) All Konami Group companies implement internal control system development, risk control, and compliance in a consistent manner, seeking to build a unified group management structure.

(iii) The Company's Audit & Supervisory Committee seeks to build a group audit platform by working in cooperation with Corporate Auditors of individual subsidiaries to appropriately support necessary collaboration.

6. Matters related to employee(s) who is requested by an Audit & Supervisory Committee to serve as an employee charged with assisting its duties ("Assistant Employee")

If an Audit & Supervisory Committee requests the assignment of Assistant Employee, the management assigns an employee equipped with sufficient specialized skills to provide assistance such as a member of the General Affairs Division.

7. Matters related to securing the independence of the Assistant Employee from the Company's Directors and the effectiveness of the Audit & Supervisory Committee's instructions to the Assistant Employee

(i) An Audit & Supervisory Committee may express an opinion on the selection and staff evaluation of the Assistant Employee to be assigned.

(ii) The Assistant Employee assigned shall perform assistance duties under the instructions and orders of the Audit & Supervisory Committee without receiving directions from any Director (excluding Audit & Supervisory Committee Members).

8. System for reporting to Audit & Supervisory Committee

The Konami Group shall establish standards for determining matters required to be reported to the Company's Audit & Supervisory Committee by its officers and employees.

9. Matters concerning the policy on advance payment and reimbursement procedures for expenses arising from the execution of duties by the Audit & Supervisory Committee, as well as the processing of other expenses or obligations that arise in the execution of duties

(i) A budget is set for Audit & Supervisory Committee to execute their duties on an annual basis.

(ii) If, in relation to the execution of duties, an Audit & Supervisory Committee Member requests advance

payment of expenses pursuant to Article 399-2 Paragraph (4) of the Companies Act of Japan, the expenses or obligation are processed promptly with the exception of cases where it is not deemed necessary for the execution of duties.

10. Other systems to ensure that audits of Audit & Supervisory Committee are conducted effectively

Audit & Supervisory Committee, if deeming it necessary for the execution of duties, may request experts such as a lawyer and certified public accountant to provide opinions and advice.

## **(2) Outline of operation of the system**

### 1. Compliance initiatives

(i) The Konami Group's internal network pages contain significant codes and guidelines for its officers and employees, such as its corporate philosophy, the KONAMI GROUP CORPORATE CONDUCT CHARTER, and the KONAMI GROUP CODE OF BUSINESS CONDUCT AND ETHICS, thereby allowing them to be viewed by all officers and employees at all times.

(ii) To ensure and increase the effectiveness of compliance with laws and regulations by the Konami Group's officers and employees, the Konami Group periodically holds Compliance Committee meetings. In addition, the Group established Konami Group Compliance Policy and provided compliance training program through e-learning.

(iii) The Konami Group has in place a whistleblowing system, including an external notification desk, as a system that is independent from the management and regularly informs officers and employees of the Group of the said system. In the fiscal year under review, we did not experience any instance of an internal notification concerning a significant breach of laws or ordinances.

### 2. Risk control initiatives

(i) During the fiscal year under review, the Risk Management Committee in place at the Company performed risk control over the entire Konami Group. A Risk Management Committee has been in place at key Group companies and offices and has been kept ready to handle any crisis promptly for every risk incident.

(ii) It is stipulated that, in the event of a major accident or disaster, the Konami Group may set up an emergency management headquarters following a decision of the Representative Director, President of the Company. Accordingly, in response to the novel coronavirus infection, the Konami Group set up the "COVID-19 Task Force" continuing from the previous fiscal year.

### 3. Internal control initiatives at the Konami Group

(i) Significant decision-making at the Konami Group is, pursuant to regulations regarding duties and authority, done through an electronic approval procedure, in principle, and prompt and efficient internal control is implemented.

(ii) In its capacity as the holding company, the Company exercises voting rights appropriately for determining matters required to be deliberated at the General Meeting of Shareholders for resolution, including structure of officers and significant matters of group companies, thereby ensuring that the entire Group's business operations

are performed smoothly.

(iii) The Company's Internal Control Office assesses the effectiveness of the entire Group's internal controls in major operating processes, while exchanging opinions with accounting auditors and Audit & Supervisory Committee on a regular basis.



## **7. Policy on decisions about dividends from retained earnings, etc.**

The Company believes that the provision of dividends and the enhancement of corporate value are important ways to return profits to our shareholders. It is our policy to emphasize payment of dividends with a target consolidated payout ratio of 30% or more and to use retained earnings for investments focused on business fields with good future prospects in order to continually reinforce the Company's growth potential and competitiveness.

We shall distribute a year-end dividend of ¥87 per share for the fiscal year ended March 31, 2022. Dividends on an annual basis will be ¥123.50 per share, including the distributed interim dividend (¥36.50 per share).

# Consolidated Statement of Financial Position

(As of March 31, 2022)

(Millions of yen)

ASSETS:		LIABILITIES AND EQUITY:	
<b>Current assets</b>	<b>¥299,626</b>	<b>Current liabilities</b>	<b>¥82,587</b>
Cash and cash equivalents	250,711	Bonds and borrowings	8,377
Trade and other receivables	29,054	Other financial liabilities	9,106
Inventories	8,957	Trade and other payables	33,486
Income tax receivables	1,443	Income tax payables	12,418
Other current assets	9,461	Other current liabilities	19,200
<b>Non-current assets</b>	<b>¥228,987</b>	<b>Non-current liabilities</b>	<b>¥97,950</b>
Property, plant and equipment, net	138,869	Bonds and borrowings	59,775
Goodwill and intangible assets	45,392	Other financial liabilities	25,263
Investments accounted for using the equity method	3,159	Provisions	10,450
Other investments	1,231	Deferred tax liabilities	770
Other financial assets	15,302	Other non-current liabilities	1,692
Deferred tax assets	23,671	<b>Total liabilities</b>	<b>¥180,537</b>
Other non-current assets	1,363	<b>EQUITY:</b>	
		<b>Total equity attributable to owners of the parent</b>	<b>348,061</b>
		Share capital	47,399
		Share premium	75,027
		Treasury shares	(26,868)
		Other components of equity	6,701
		Retained earnings	245,802
		<b>Non-controlling interests</b>	<b>¥15</b>
		<b>Total equity</b>	<b>¥348,076</b>
<b>Total assets</b>	<b>¥528,613</b>	<b>Total liabilities and equity</b>	<b>¥528,613</b>

## Consolidated Statement of Profit or Loss

(Year ended March 31, 2022)

(Millions of yen)

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Revenue	¥299,522
Cost of revenue	(164,683)
<b>Gross profit</b>	<b>134,839</b>
Selling, general and administrative expenses	(54,524)
Other income and other expenses, net	(5,880)
<b>Operating profit</b>	<b>74,435</b>
Finance income	1,472
Finance costs	(831)
Profit from investments accounted for using the equity method	87
<b>Profit before income taxes</b>	<b>75,163</b>
Income taxes	(20,351)
<b>Profit for the year</b>	<b>54,812</b>
Profit attributable to:	
Owners of the parent	54,806
Non-controlling interests	6

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## Consolidated Statement of Changes in Equity

### (Year ended March 31, 2022)

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings			
<b>Balance at April 1, 2021</b>	¥47,399	¥74,399	¥(27,843)	¥2,173	¥202,599	¥298,727	¥815	¥299,542
Profit for the year					54,806	54,806	6	54,812
Other comprehensive income				4,528		4,528		4,528
Total comprehensive income for the year	-	-	-	4,528	54,806	59,334	6	59,340
Purchase of treasury shares			(8)			(8)		(8)
Disposal of treasury shares		1	0			1		1
Dividends					(11,603)	(11,603)		(11,603)
Conversion of convertible bond-type bonds with subscription rights to shares		601	983			1,584		1,584
Changes in ownership interests in subsidiaries		26				26	(806)	(780)
Total transactions with the owners	-	628	975	-	(11,603)	(10,000)	(806)	(10,806)
<b>Balance at March 31, 2022</b>	¥47,399	¥75,027	¥(26,868)	¥6,701	¥245,802	¥348,061	¥15	¥348,076

## Notes to Consolidated Financial Statements

### Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

#### Scope of Consolidation

1. Number of consolidated subsidiaries: 25
2. Name of principal consolidated subsidiaries
  - Konami Digital Entertainment Co., Ltd.
  - Konami Amusement Co., Ltd.
  - Konami Sports Co., Ltd.
  - Konami Corporation of America
  - Konami Digital Entertainment, Inc.
  - Konami Cross Media NY, Inc.
  - Konami Gaming, Inc.
  - Konami Digital Entertainment B.V.
  - Konami Digital Entertainment Limited
  - Konami Australia Pty Ltd

#### Application of the Equity Method

1. Number of equity-method affiliate: 1
2. Name of the equity-method affiliate: RESOL HOLDINGS Co., Ltd.

#### Summary of Significant Accounting Policies

1. Basis of presentation for consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with Article 120, Paragraph (1), of the Regulation on Corporate Accounting of Japan. However, in compliance with the second sentence of the paragraph, certain disclosures required on the basis of IFRS are omitted.

2. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by averaging. Net realizable value is estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling cost.

3. Property, plant and equipment, net

##### (1) Recognition and measurement

Property, plant and equipment, net are stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes costs directly related to the acquisition of assets, costs to dismantle and remove assets, initially estimated restoration costs, and borrowing costs to meet the requirements for capitalization. When the useful lives of components of property, plant and equipment, net differ according to each component, assets are recorded as separate property plant and equipment, net items.

## (2) Payment after acquisition

Costs generated after the acquisition of property, plant and equipment related to ordinary repairs and maintenance are treated as an expense as incurred. Costs related to major replacements and improvements are capitalized only when they are expected to bring economic benefits to the Group in the future.

## (3) Depreciation

Depreciation is calculated primarily using the straight-line method over the estimated useful life of each component of property, plant and equipment, net.

Right-of-use assets are depreciated over the shorter of lease period or estimated useful life except for cases when acquisition by the Group by the end of the lease contract is reasonably certain.

Depreciation method, useful life, and residual value are reviewed at the end of the reporting period and revised as needed.

## 4. Goodwill and intangible assets

### (1) Goodwill

Goodwill is valued as the total of the consideration transferred at the acquisition date, the amount of non-controlling interests in acquired companies, and if the business combination is achieved in stages, the fair value at the acquisition date of equity in acquired companies held prior to the acquisition date, less the net recognized amount (generally fair value) of identifiable assets at the acquisition date and liabilities assumed. Goodwill is stated at cost, less accumulated impairment losses. Goodwill is not depreciated, but is tested for impairment annually at about the same time and every time there is a sign of impairment.

### (2) Intangible assets

#### 1. Intangible assets acquired in business combination

Intangible assets such as trademarks and patent acquired through a business combination and recognized separately from goodwill are stated at fair value at the acquisition date. Subsequently, they are valued at cost, less accumulated depreciation and accumulated impairment losses.

#### 2. Development assets

Costs incurred for research activities for the purpose of gaining new scientific or technical knowledge are recognized as expenses as incurred. Costs incurred for development activities are capitalized only if all of the following criteria are demonstrated: the technical feasibility of completing the assets, the ability to generate economic benefits in the future, the ability to measure reliably, and the intention, ability, and resources to use or sell after completion.

Development assets are initially recognized as the total of costs incurred from the date when all criteria for capitalization are met to the time when the assets become available for use. After initial recognition, development assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

#### 3. Other intangible assets

Intangible assets acquired by the Group with fixed useful lives are stated at cost, less accumulated depreciation and accumulated impairment losses.

#### 4. Amortization

Development assets and intangible assets with fixed useful lives such as patent are amortized using the straight-line method over their estimated useful lives and tested for impairment when there is a sign of impairment. Amortization method, useful life, and residual value are reviewed at the end of the reporting period and revised as needed.

Intangible assets with indefinite useful lives such as trademarks, or those not yet available for use, are not amortized but are tested for impairment annually at about the same time and every time there is a sign of impairment.

#### 5. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease based on the substance of the contract. The Group judges that 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.

A right-of-use asset is recognized at the discounted present value of the lease payments after adjusting for initial direct costs, etc. on the commencement date of the lease, and is depreciated using the straight-line method over the shorter of the asset's useful life or the lease term.

#### 6. Financial instruments

##### (i) Initial recognition and measurement of financial assets

The Group recognizes financial assets when it becomes a party to the contract on the financial instruments concerned, and classifies the financial assets as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

While all financial assets were measured at fair value at initial recognition, in case any asset is not classified into financial assets measured at fair value through profit or loss, it is measured at an amount of the fair value plus transaction costs directly attributable to acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss is recognized in profit or loss.

##### 1. Financial assets measured at amortized cost

Financial assets are classified into financial assets measured at amortized cost, on the condition that they meet both of the following criteria:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### 2. 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, and such designation is continuously applied. Debts instruments whose contractual cash flow consists of payments of principal and interests on the outstanding principal only and held based on a business model for the purpose of both collecting contractual cash flows and sale are classified as financial assets measured at fair value through other comprehensive income.

### 3. Financial assets measured at fair value through profit or loss

Financial assets other than above 1. and 2. are classified as financial assets measured at fair value through profit or loss.

#### (ii) Subsequent measurement of financial assets

After initial recognition, financial assets are measured based on the classification as follows:

##### 1. Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

##### 2. Financial assets measured at fair value through other comprehensive income

Subsequent changes of fair values of the financial assets are recognized in other comprehensive income. In case equity instruments are disposed of, accumulated gain or loss recognized through other comprehensive income is transferred from other components of equity to retained earnings. Dividend income from such financial assets is recognized in profit or loss for the year. Where debt instruments are derecognized, accumulated gain or loss recognized through other comprehensive income is transferred to profit or loss.

##### 3. Financial assets measured at fair value through profit or loss

Subsequent changes of fair values of the financial assets are recognized in profit or loss. Dividend income from such financial assets is recognized in profit or loss for the year.

#### (iii) Impairment of financial assets

The Company sets aside loss allowance for expected credit losses of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The loss allowance is measured based on evaluation on whether or not credit risks pertinent to financial assets measured at the end of each reporting period significantly increases after the initial recognition. If the Company determines credit risks of financial assets have been significantly increased since initially recognized, loss allowance is measured at the amount equal to expected credit losses for the entire expected remaining period of the applicable financial assets. If the Company determines credit risks of financial assets are not significantly increased after initially recognized, the loss allowance is measured at the amount equal to expected credit loss that arises within 12 months following the end of reporting period. Provided, however, loss allowance of trade receivables is always measured at the amount equal to the expected credit loss for the entire period.

Expected credit losses are measured at present value of a difference between the total present value of cash flow contractually payable to the Group and the estimated future cash flow receivable by the Group, which are then recognized as profit or loss. In case of any event that will reduce loss allowance in a subsequent period, a reversal of loss allowance is recognized in profit or loss.

In case where there is objective evidence of credit impairment of financial assets, such as substantial deterioration of financial conditions of a debtor, default in payment or delinquent payment or other breach of contract by a debtor, interest income on net carrying amount less loss allowance is measured using the effective interest method. In the absence of reasonable expectation of collecting the entire or a part of the financial assets, such amount is directly deducted from the carrying amount of the financial assets.



#### (iv) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when it substantially transfers all the risks and rewards of ownership of the assets to another party. If the Group continues to control the transferred assets, the Group continues to recognize the asset and related liabilities to the extent of its continuing involvement.

#### 7. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the time value of money is material, provisions are estimated at present value using a discount rate adjusted for risks specific to the liabilities.

#### 8. Revenue recognition

The 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 4, 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 measured at the amount of consideration promised in the contract with the customer after deduction of returned goods, trade discounts, and rebates.

#### 9. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

## Notes to Accounting Estimates

In preparing the IFRS-compliant consolidated financial statements, the management of the Group uses estimates and judgments. Uncertainty associated with judgments, assumptions about the future, and estimates by management affects the amount of assets, liabilities, the disclosure of contingent assets and contingent liabilities, as well as the reported amounts of revenues and expenses as of the reporting date of the consolidated financial statements.

Estimates, and the assumptions on which they are based, are continuously reviewed. The impact of revisions to accounting estimates is recognized in the accounting period for which the estimates are revised, and in any future accounting periods that are affected.

Estimates and judgments by management that have a significant effect on the amounts in the consolidated financial statements are as follows:

### 1. Evaluation on property, plant and equipment, goodwill and intangible assets

The carrying amount of property, plant and equipment, and goodwill and intangible assets in the consolidated statement of financial position as of March 31, 2022, was ¥184,261 million.

For property, plant and equipment in the Sports business, recoverable amount has been calculated after the impact of COVID-19 was reviewed conservatively in light of the situation in the fiscal year ended March 31, 2022. The Group has recognized impairment losses for cash-generating units where the recoverable amount is lower than the carrying amount.

For development assets in the Digital Entertainment business and the Amusement business, considering titles as cash-generating units, the Group performs an impairment test regardless of signs of impairment for assets that are not yet available for use, or when it is judged that there is any sign of impairment for those which have become available for use. The Group judges that there are signs of impairment in cases where the earnings projection for a title is negative, or where the market value of the asset is significantly lower than the carrying amount, or other cases. Impairment losses were recognized for development assets of some titles where an impairment test was performed and the recoverable amount was lower than the carrying amount. The recoverable amount of development assets is determined based on their value in use derived from future cash flow estimates, which are based on earnings projections for each title.

### 2. Revenue recognition

Revenue in the consolidated statement of profit or loss for the year ended March 31, 2022 was ¥299,522 million.

For details, please refer to “Notes on Revenue Recognition.”

## Notes to Consolidated Statement of Financial Position

- |   |                  |
|---|------------------|
| 1. Loss allowance deducted directly from assets   |                  |
| Trade and other receivables   | ¥335 million     |
| Other financial assets (non-current)  | ¥22 million      |
| 2. Accumulated depreciation and accumulated impairment losses of property, plant and equipment, net | ¥136,247 million |

## Notes to Consolidated Statement of Changes in Equity

### 1. Type and number of shares issued at the end of the year under review

Common stock: 143,500,000 shares

### 2. Dividends

#### (1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 20, 2021	Common stock	6,727	50.50	March 31, 2021	June 8, 2021
Board of Directors meeting held on November 4, 2021	Common stock	4,876	36.50	September 30, 2021	November 25, 2021
Total		11,603			

#### (2) Of dividends whose record date belongs to the year under review, those dividends whose effective date is in the subsequent fiscal year

Resolution	Type of shares	Fund of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 19, 2022	Common stock	Retained earnings	11,621	87.00	March 31, 2022	June 7, 2022
Total			11,621			

### 3. Matters concerning subscription rights to shares

Class and number of shares to be issued upon exercise of subscription rights to shares (excluding those for which the initial date of exercise period has not arrived) as of March 31, 2022

Common stock: 1,948,247 shares

## Notes on Financial Instruments

### 1. Matters concerning financial instruments

The Group's basic policy for capital management emphasizes building and maintaining healthy financial structure with the aim of ensuring continuous and stable growth and expansion of the business and continuously and sustainably securing and improving corporate value and shareholder value. The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk and interest risk) in the course of business activities, and manages risks in accordance with certain policies in order to avoid or reduce such risks. Although operating payables and debt obligations are exposed to liquidity risk, that risk is managed by monthly preparing and updating the funding plan of each Group company, reporting to the managers regularly, and implementing other controls.

As the Group policy, we limit derivatives trading to those for the purpose of mitigating risks of transactions truly required and do not enter into derivative financial transactions for trading or speculative purpose.

### 2. Matters concerning the market value of financial instruments

Fair values of financial instruments are categorized into the following three levels based on observability and significance of inputs for fair value measurement.

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 level 1

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

#### (1) Methods of fair value measurement

Methods for measuring the fair value of financial instruments are as follows:

(Fair value of financial assets and financial liabilities measured at amortized cost)

Because cash and cash equivalents, trade and other receivables, and trade and other payables have short settlement periods and estimated fair values approximate the carrying amount, the carrying amount has been used as fair value.

Fair value of lease deposits and other financial assets are calculated by present value by discounting the total of principal using a discount rate that reflects credit risks estimated by the Group.

Fair value of bonds and borrowings and other financial liabilities is calculated by present value by discounting the total of principal using the rate for loans with the same residual period under similar conditions.

(Fair value of financial assets measured at fair value through other comprehensive income)

Of other investments that are equity instruments, fair value of marketable shares is calculated using a market price of the same assets in the share market on the end of the reporting period. The fair value of unlisted shares is calculated using a valuation technique that uses observable indicators, such as market values of comparable companies and unobservable indicators.

(Fair value of financial assets measured at fair value through profit or loss)

The fair value of foreign exchange contracts is determined based on the prices presented by financial institutions that are our business counterparties. For other investments that are debt instruments, the fair value is calculated by a valuation technique that uses observable indicators, such as market values of comparable companies and unobservable indicators.

(2) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost are as follows. Financial instruments of which the fair value approximates its carrying amount in the consolidated statement of financial position are not included in the following table.

(Millions of yen)

	Carrying amount (*)	Fair value (*)
Financial assets:		
Financial assets measured at amortized cost		
Lease deposits	16,787	17,736
Total	16,787	17,736
Financial liabilities:		
Financial liabilities measured at amortized cost		
Bonds and borrowings	(68,152)	(66,103)
Total	(68,152)	(66,103)

(\*) Items posted under liabilities are presented in a bracket of “().”

Note: Fair values of lease deposits, and bonds and borrowings are categorized as Level 2

(3) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is as follows:

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity financial assets measured at fair value through other comprehensive income				
Other investments				
Shares	442	–	697	1,139
Financial assets other than shares	–	–	72	72
Financial assets measured at fair value through profit or loss				
Other investments				
Financial assets other than shares	–	–	20	20
Total	442	–	789	1,231

Other investments, which are categorized as Level 3, have no significant changes for the fiscal year ended March 31, 2022.

## Notes on Revenue Recognition

### 1. Disaggregated revenue information

The breakdown of reportable segment revenue from external customers to the areas where the Group sells products and/or renders services is as follows:

(Millions of yen)

	Japan	United States	Europe	Asia/Oceania	Total
Digital Entertainment Business	170,301	22,628	12,988	8,446	214,363
Amusement Business	17,653	–	–	224	17,877
Gaming & Systems Business	–	21,567	–	4,063	25,630
Sports Business	41,652	–	–	–	41,652
Revenue from external customers	229,606	44,195	12,988	12,733	299,522

Note: Revenue from contracts with customers shows revenue from external customers, which is calculated by deducting intersegment revenue from total revenue.

#### (1) Digital Entertainment business

The Digital Entertainment business consists mainly of the distribution of mobile games, the sale of card games, and the sale of computer and video games.

With respect to products that the Group determines the performance obligations are satisfied at the time when they are delivered to customers, revenue is recognized at that point in time.

Games incorporating a function for connecting and playing online contain two performance obligations, which are a function for playing offline and a function for connecting and playing online. Because the Group assumes the obligation to continue to provide the function for playing online after the sale, and keep the game available for use, it has judged that the function for connecting and playing online is of high significance. Accordingly, the full amount of the transaction price is allocated to the function for connecting and playing online. Since users can receive benefits from the games at any time after the purchase, revenue is recognized at a predetermined amount over the estimated usage period based on past usage results of users.

For items sold within games, revenue is recognized according to the nature of items. For items that are consumed when users use them, revenue is recognized at the time when a user uses the item. For items that are available for use at any time after users purchase them within games, revenue is recognized at a predetermined amount over the estimated usage period based on past usage results of users.

Consideration for transactions is paid within one year from the time when a performance obligation is satisfied or the time when a performance obligation begins to be satisfied, and the consideration amount does not contain any significant financial component.

#### (2) Amusement business

With respect to the sale of amusement machines, the Group determines that the performance obligations are satisfied at the time when the products are delivered to customers, and revenue is recognized at that point in time. In addition, the 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.

Consideration for transactions is paid within one year from the time when a performance obligation is satisfied, and the consideration amount does not contain any significant financial component.

### (3) Gaming & Systems business

With respect to the sale of gaming machines, the Group determines that the performance obligations are satisfied at the time when the products are delivered to customers, and revenue is recognized at that point in time. In addition, the 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.

Consideration for transactions is paid within one year from the time when a performance obligation is satisfied, and the consideration amount does not contain any significant financial component. However, because consideration is collected over a long period of time in certain contracts, the effect of a significant financial component is adjusted.

### (4) Sports business

The Sports business consists mainly of the operation of fitness activities and sports classes, and the sale of sports-related goods.

Since revenue from fitness activities and sports classes consists primarily of membership fees received from members and the Group assumes the obligation to provide waiting service to members, revenue is recognized over the contract period during which the service is provided.

In terms of sports-related goods, the Group determines that the performance obligations are satisfied at the time when they are delivered to customers, and revenue is recognized at that point in time.

Membership fees for fitness activities and sports classes are paid in advance. In addition, consideration for sports-related goods is paid within one year from the time when a performance obligation is satisfied, and the consideration amount does not contain any significant financial component.

## 2. Contract balances

The breakdown of receivables from contracts with customers and contract liabilities is as follows:

(Millions of yen)

	As of April 1, 2021	As of March 31, 2022
Receivables from contracts with customers	32,061	29,136
Contract liabilities	14,157	11,272

Receivables from contracts with customers are included in “trade and other receivables” and contract liabilities are included in “other current liabilities” and “other non-current liabilities” in the consolidated statement of financial position.

The balance of contract liabilities as of April 1, 2021 included the revenue of ¥14,067 million for the fiscal year ended March 31, 2022. There is no amount of revenue recognized from performance obligations that were satisfied in past periods.

Contract liabilities mainly arise from contracts for the Digital Entertainment business and the Sports business. In the Digital Entertainment business, contract liabilities include consideration paid by users for games incorporating a function for connecting and playing online, consideration paid by users to purchase in-game items, and advances received accompanying pre-order sale. In the Sports business, contract liabilities are advances received from customers for operation of fitness activities and sports classes. For methods of revenue recognition, please refer to “1. Disaggregated revenue information.”

3. Transaction price allocated to the remaining performance obligations

Since the Group has no significant transactions for which the duration of individual contracts is more than one year, it has optionally applied the practical expedient and omitted information on remaining performance obligations. There is no significant amount of consideration from contracts with customers which is not included in the transaction price.

**Notes on Per Share Data**

Equity attributable to owners of the parent per share:	¥2,605.63
Basic profit for the year per share:	¥410.80

**Notes on Significant Subsequent Events**

There is no applicable item.



**Balance Sheet**  
**(As of March 31, 2022)**

(Millions of yen)

<b>ASSETS:</b>		<b>LIABILITIES:</b>	
<b>Current assets</b>	<b>¥169,798</b>	<b>Current liabilities</b>	<b>¥20,469</b>
Cash and deposits	154,398	Current portion of bonds with subscription rights to shares	8,414
Trade accounts receivable	992	Other accounts payable	2,815
Prepaid expenses	93	Accrued expenses	192
Short-term loans	11,671	Income taxes payable	8,787
Other	2,642	Deposits received	24
		Provision for bonuses	116
		Other	119
		<b>Long-term liabilities</b>	<b>¥61,049</b>
		Bonds payable	60,000
		Other	1,049
<b>Fixed assets</b>	<b>¥166,818</b>	<b>Total liabilities</b>	<b>¥81,518</b>
<b>Property and equipment, net</b>	<b>22</b>		
Tools and fixtures	22	<b>NET ASSETS:</b>	
<b>Intangible fixed assets</b>	<b>25</b>	<b>Stockholders' equity</b>	<b>¥255,010</b>
In-house software	24	<b>Common stock</b>	<b>47,398</b>
Trademark	0	<b>Capital surplus</b>	<b>40,727</b>
Other	1	Additional paid-in capital	36,893
<b>Investments and other assets</b>	<b>166,770</b>	Other capital surplus	3,834
Investment securities	661	<b>Retained earnings</b>	<b>193,351</b>
Shares of subsidiaries and associates	96,811	Legal reserve	283
Long-term loans	69,119	Other retained earnings	193,067
Long-term prepaid expenses	2	Special reserves	80,000
Deferred tax assets	113	Retained earnings brought forward	113,067
Other	61	<b>Treasury stock</b>	<b>(26,468)</b>
		<b>Difference of appreciation and conversion</b>	<b>¥87</b>
		<b>Net unrealized gains on available for-sale securities</b>	<b>87</b>
		<b>Total net assets</b>	<b>¥255,098</b>
<b>Total assets</b>	<b>¥336,617</b>	<b>Total liabilities and net assets</b>	<b>¥336,617</b>

**Statement of Income**  
**(Year ended March 31, 2022)**

(Millions of yen)

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<b>I</b>	<b>Operating revenues</b>	<b>¥19,686</b>
	Management fee revenue	4,018
	Dividend income	15,668
<b>II</b>	<b>Costs and expenses</b>	<b>3,619</b>
	Selling, general and administrative expenses	3,619
	<b>Operating income</b>	<b>16,066</b>
<b>III</b>	<b>Non-operating income</b>	<b>1,137</b>
	Interest income	769
	Foreign exchange gains	357
	Other	10
<b>IV</b>	<b>Non-operating expense</b>	<b>554</b>
	Bond interest expenses	216
	Loss on valuation of investment securities	275
	Commitment fee	18
	Other	44
	<b>Ordinary income</b>	<b>16,649</b>
<hr/>		
	<b>Net income before income taxes</b>	<b>16,649</b>
	<b>Income taxes</b>	<b>228</b>
	Current	160
	Deferred	68
	<b>Net income</b>	<b>16,421</b>

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**Statement of Changes in Net Assets**  
**(Year ended March 31, 2022)**

(Millions of yen)

	Stockholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total stockholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						Special reserves	Retained earnings brought forward			
Balance at April 1, 2021	¥47,398	¥36,893	¥3,225	¥40,118	¥283	¥80,000	¥108,249	¥188,533	¥(27,442)	¥248,607
Changes during the year										
Cash dividends							(11,602)	(11,602)		(11,602)
Net income							16,421	16,421		16,421
Purchase of treasury stock									(8)	(8)
Disposal of treasury stock			0	0					0	0
Conversion of convertible bond-type bonds with subscription rights to shares			608	608					982	1,591
Net change of items other than stockholders' equity										
Total changes during the year	-	-	609	609	-	-	4,818	4,818	974	6,402
Balance at March 31, 2022	¥47,398	¥36,893	¥3,834	¥40,727	¥283	¥80,000	¥113,067	¥193,351	¥(26,468)	¥255,010

	Difference of appreciation and conversion		Total net assets
	Net unrealized gains on available-for-sale securities	Total difference of appreciation and conversion	
Balance at April 1, 2021	¥120	¥120	¥248,728
Changes during the year			
Cash dividends			(11,602)
Net income			16,421
Purchase of treasury stock			(8)
Disposal of treasury stock			0
Conversion of convertible bond-type bonds with subscription rights to shares			1,591
Net change of items other than stockholders' equity	(32)	(32)	(32)
Total changes during the year	(32)	(32)	6,369
Balance at March 31, 2022	¥87	¥87	¥255,098

## Notes to the Financial Statements

### Summary of Significant Accounting Policies

#### 1. Methods and standards for the valuation of assets

##### Securities

Shares in subsidiaries and affiliates: Stated at cost based on the moving average method.

Other investment securities:

Securities other than shares with no market price, etc.:

The market value method is applied, based on the market value as of the fiscal year-end. The entire positive or negative valuation difference with the acquisition price is booked directly as net assets, and the cost of securities sold is calculated using the moving average method.

Shares with no market price, etc.:

Valued at cost using the moving average method.

#### 2. Depreciation and amortization methods of fixed assets

Tangible fixed assets: Depreciated mainly using the straight-line method.

Intangible fixed assets: Amortized mainly using the straight-line method. For in-house software, amortization is computed using the straight-line method based on the estimated useful life of within 5 years.

#### 3. Accounting standards for reserves

##### (1) Allowance for doubtful accounts

Generally, allowance for doubtful accounts is calculated based on the actual ratio of bad debt losses incurred. For specific accounts with higher possibility of bad debt loss, the allowance is determined by respective judgment.

##### (2) Provision for bonuses

To provide for payments of bonuses to employees, the Company sets aside an estimate of bonuses payable in the next fiscal year that is applicable to the current fiscal year.

#### 4. Accounting standards for revenue and expenses

##### Accounting standards for revenue

The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30), and recognizes revenue from contracts with customers based on the following five steps.

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

The Company’s revenue is business management fees from its subsidiaries, and the provision of business management services such as managerial advice and administration, and brand licensing by the Company to the subsidiaries is identified as performance obligation. Because the performance obligation is satisfied over time, revenue is recognized equally over the contract period.

## **5. Adoption of the consolidated taxation system**

The Company adopts the consolidated taxation system.

## **6. Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system**

From the fiscal year ending March 31, 2023, the Company will make a transition from the consolidated taxation system to the group tax sharing system. However, as for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company has not applied the provisions of paragraph 44 of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), as allowed by the provisions of paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

From the beginning of the fiscal year ending March 31, 2023, the Company will apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021), which provides for accounting treatment and disclosure of corporate income tax and local corporate income tax, and tax effect accounting in the case where the group tax sharing system is adopted.

## **7. Rounding policy**

Amounts of less than one million yen are rounded down to the nearest unit.

## Notes to Changes in Accounting Policies

Application of the “Accounting Standard for Revenue Recognition” and relevant ASBJ regulations

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the fiscal year ended March 31, 2022.

There is no effect of this change on the financial statements.

Application of the “Accounting Standard for Fair Value Measurement” and relevant ASBJ regulations

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022. In addition, the Company has employed the transitional treatments set forth in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

There is no effect of this change on the financial statements.

## Notes to Accounting Estimates

In preparing the financial statements, the management of the Company uses estimates and judgments. Uncertainty associated with judgments, assumptions about the future, and estimates by management affects the amount of assets and liabilities, as well as the reported amounts of income and expenses as of the reporting date of the financial statements.

Estimates, and the assumptions on which they are based, are continuously reviewed. The impact of revisions to accounting estimates is recognized in the accounting period for which the estimates are revised, and in any future accounting periods that are affected.

Estimates and judgments by management that have a significant effect on the amounts in the financial statements are as follows:

- Evaluation of shares of subsidiaries and associates

The carrying amount of shares of subsidiaries and associates in the balance sheet as of March 31, 2022, was ¥96,811 million.

Shares of subsidiaries and affiliates are stated at cost, but when the shares suffer a significant decline in effective value, except in cases where there is sufficient evidence to support the possibility of a recovery the shares must be written down.

## Notes to Balance Sheet

### 1. Monetary assets and liabilities in relation to subsidiaries and affiliates

	(Millions of yen)
Short-term assets	15,305
Short-term liabilities	2,687
Long-term assets	69,119
2. Accumulated depreciation of property and equipment	133

## Notes to Statement of Income

### Transactions with subsidiaries and affiliates

	(Millions of yen)
Operating revenues	19,673
Selling, general and administrative expenses	557
Non-operating transactions	766

## Notes to Statement of Changes in Net Assets

### Type and number of treasury stock

(Thousand shares)

	Number of shares as of April 1, 2021	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2022
Common stock	10,286	1	368	9,919
Total	10,286	1	368	9,919

Notes: 1. The increase of 1 thousand shares of common stock as treasury stock is due to the purchases of shares constituting less than one unit.

2. The decrease of 368 thousand shares of common stock as treasury stock represents a decrease of 368 thousand shares due to the conversion of convertible bond-type bonds with subscription rights to shares and a decrease of 0 thousand shares due to the sale of shares constituting less than one unit.

## Notes on Tax Effect Accounting

Breakdown by major cause for the occurrence of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets	
Investments and other	1,613
Long-term other accounts payable	321
Accrued expenses, etc.	47
Revision to the carrying amount of investments in relation to the consolidated taxation system	2,984
Loss brought forward for tax purposes	3,016
Others	<u>436</u>
Deferred tax assets subtotal	<u>8,419</u>
Valuation allowance related to loss brought forward for tax purposes	(2,973)
Valuation allowance related to total of deductible temporary difference	<u>(5,190)</u>
Valuation allowance	<u>(8,163)</u>
Total deferred tax assets	256
Deferred tax liabilities	
Investments and other	<u>(142)</u>
Total deferred tax liabilities	<u>(142)</u>
Net deferred tax assets	<u>113</u>



## Notes on Transactions with Related Parties

### Subsidiaries and affiliates, etc.

Attributes	Company name	Percentage of voting rights	Relationship with the related party	Transactions	Amount of transactions (Millions of yen)	Account title	Ending balance (Millions of yen)
Subsidiary	Konami Digital Entertainment Co., Ltd.	Direct 100%	Interlocking of directors	Receipt of business management fees	3,068	–	–
	Konami Sports Co., Ltd.	Direct 100%	Lending and borrowing of funds, etc.	Payment of advertising expenses	300	–	–
				Lending of funds Interest income	2,900 17	Short-term loans	6,400
	Konami Real Estate, Inc.	Direct 100%	Lending and borrowing of funds, etc. Interlocking of directors	Lending of funds	630	Short-term loans	2,771
				Recovery of funds Interest income	2,095 733	Long-term loans	69,119

Notes: Transaction terms and the policy, etc. of deciding transaction terms

1. The receipt of business management fees is determined through negotiations, considering the running costs, etc. of the Company as a pure holding company.
2. Advertising expenses are for advertising generated by all sports club activities.
3. The rate for lending and borrowing of funds are determined based on the market interest rates and others.

## Notes on Revenue Recognition

Information forming the basis for understanding revenue from contracts with customers

The information is as provided in “4. Accounting standards for revenue and expenses” of “Summary of Significant Accounting Policies.”

## Notes on Per Share Data

Net assets per share:	¥1,909.70
Basic net income per share:	¥123.09

## Notes on Significant Subsequent Events

There is no applicable item.

## Independent Auditor's Report (English Translation)

May 19, 2022

To the Board of Directors of  
KONAMI HOLDINGS CORPORATION

PricewaterhouseCoopers Aarata LLC  
Tokyo office  
Shigeru Takahama, CPA  
Designated limited liability Partner  
Engagement Partner  
Takeshi Tadokoro, CPA  
Designated limited liability Partner  
Engagement Partner  
Soichiro Hayashi, CPA  
Designated limited liability Partner  
Engagement Partner

### *Opinion*

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements of KONAMI HOLDINGS CORPORATION and its consolidated subsidiaries (hereinafter referred to as the "Group") for the fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and its financial performance of the Group for the period covered by the financial statements in accordance with the accounting standards which have omitted some disclosure items required under the designated International Financial Reporting Standards (hereinafter "IFRS"), as set forth by the provision of second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. 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 are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.

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 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 the Audit & Supervisory Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting standards which have omitted some disclosure items required under IFRS, as set forth by the provision of second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement 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 in accordance with the accounting standards which have omitted some disclosure items required under IFRS, as set forth by the provision of second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operation, or has no realistic alternative but to do so.

The Audit & Supervisory Committee is 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. 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 auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express 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 whether the presentation and disclosures of the consolidated financial statements are in accordance with the accounting standards which have omitted some disclosure items required under IFRS, as set forth by the provision of second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*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.

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\* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

## Independent Auditor's Report (English Translation)

May 19, 2022

To the Board of Directors of  
KONAMI HOLDINGS CORPORATION

PricewaterhouseCoopers Aarata LLC  
Tokyo office  
Shigeru Takahama, CPA  
Designated limited liability Partner  
Engagement Partner  
Takeshi Tadokoro, CPA  
Designated limited liability Partner  
Engagement Partner  
Soichiro Hayashi, CPA  
Designated limited liability Partner  
Engagement Partner

### *Opinion*

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to the financial statements, and the supplementary schedules of KONAMI HOLDINGS CORPORATION (hereinafter referred to as the "Company") for the 50<sup>th</sup> fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the Audit & Supervisory Committee for the Financial Statements and the Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules*

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules 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. 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 financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company'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 Company'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 financial statements and the supplementary schedules 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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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 to communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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\* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

## AUDIT REPORT

Regarding the performance of duties by the Directors for the 50<sup>th</sup> fiscal year from April 1, 2021 to March 31, 2022, the Audit & Supervisory Committee conducted an audit. The Audit & Supervisory Committee hereby reports the methods and results of the audit.

### 1. Auditing Methods and Details of Such Methods

With regard to the content of resolutions of the meeting of the Board of Directors on matters set forth in Article 399-13, Paragraph (1), Item (i), (b) and (c) of the Companies Act, and system improved based on the resolutions (internal control system), the Audit & Supervisory Committee regularly received reports from the Directors, employees, and other relevant personnel, sought explanations as necessary, expressed its opinions, and conducted an audit by the following methods.

- (1) Pursuant to the Standards for Audit by the Audit & Supervisory Committee, which established by the Audit & Supervisory Committee, we participated in important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal place of business, in accordance with auditing policies, allocation of duties and others. With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
- (2) We received audit reports from accounting auditors, monitored and verified whether the accounting auditors maintained their independence and implemented appropriate audits, and we received reports from the accounting auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the accounting auditors that “the system for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Regulation on Corporate Accounting of Japan) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supporting schedules, non-consolidated financial statements (Balance Sheet, Statement of Income, Statement of Changes in Net Assets and Notes to the Financial Statements) and their supporting schedules, as well as consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements, all prepared with the omission of certain disclosures required by the IFRS pursuant to the provision of the second sentence of Article 120, Paragraph (1) of the Regulation on Corporate Accounting of Japan) related to the fiscal year under review.



## 2. Results of Audit

### (1) Results of audit of Business Report

- (a) In our opinion, the Business Report and its supporting schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.
- (b) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- (c) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the content of the Business Report and the performance of duties of the Directors regarding the internal control system.

### (2) Results of audit of non-consolidated financial statements and their supporting schedules

In our opinion, the methods and results of audit employed and rendered by PricewaterhouseCoopers Aarata LLC, accounting auditors, are fair and reasonable.

### (3) Results of audit of consolidated financial statements

In our opinion, the methods and results of audit employed and rendered by PricewaterhouseCoopers Aarata LLC, accounting auditors, are fair and reasonable.

May 19, 2022

Audit & Supervisory Committee

KONAMI HOLDINGS CORPORATION

Audit & Supervisory Committee Member	Akira Gemma
Audit & Supervisory Committee Member	Kaori Yamaguchi
Audit & Supervisory Committee Member	Kimito Kubo

Note: Audit & Supervisory Committee Members Mr. Akira Gemma, Ms. Kaori Yamaguchi and Mr. Kimito Kubo are Outside Directors as provided for in Article 2, Item (xv) and Article 331, Paragraph (6) of the Companies Act of Japan.