

(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 51<sup>st</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

Stock Code Number: 9766

June 6, 2023

Dear Shareholder,

You are notified that the 51<sup>st</sup> Ordinary General Meeting of Shareholders of KONAMI GROUP CORPORATION (the “Company”) will be held as described hereunder.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision of information contained in the reference materials for the General Meeting of Shareholders, etc. (Matters Subject to Measures for Electronic Provision), and has posted the information on each of the following websites.

Company’s website:

<https://www.konami.com/ir/ja/stockbond/stockholderinfo/meeting.html> (Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (Japanese)

(Enter “Konami Group” in “Issue name (company name)” or the Company’s stock code number “9766” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.”)

Shareholders are requested to exercise caution and make a careful judgment regarding your attendance at this General Meeting of Shareholders, taking into consideration the infection situation of COVID-19 and their own physical condition and exercise their voting rights in writing or via the internet, etc. in advance.

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 Tuesday, June 27, 2023.

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 “Acceptance of Questions prior to the Meeting.”

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

## MEETING AGENDA

**1. Date and time:** 10:00 a.m., Wednesday, June 28, 2023

**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 51<sup>st</sup> fiscal year (from April 1, 2022 to March 31, 2023); and on the Reports of the accounting auditor and of the Audit & Supervisory Committee regarding Consolidated Financial Statements for the 51<sup>st</sup> fiscal year
  2. Non-Consolidated Financial Statements for the 51<sup>st</sup> fiscal year (from April 1, 2022 to March 31, 2023)

**Proposal**

**Proposal 1** Election of five members to the Board of Directors (excluding Directors who are Audit & Supervisory Committee Members)

**Proposal 2** Election of three Directors who are Audit & Supervisory Committee Members

<Requests to shareholders>

- In the event of any major changes to the running of the General Meeting of Shareholders, shareholders will be informed via the Company's website on the internet (<https://www.konami.com/en/>).
- For this General Meeting of Shareholders, paper-based documents stating Matters Subject to Measures for Electronic Provision will be delivered to all shareholders regardless of whether they have made a request for delivery or not. Please note that the Company does not include the "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" in the paper-based notice of the meeting delivered to shareholders since it posts such information on the website of the Company and the website of the Tokyo Stock Exchange (TSE) as provided for by the provisions of laws and regulations and Article 16 of the Articles of Incorporation. Accordingly, the Consolidated Financial Statements and the Non-Consolidated Financial Statements included in the paper-based notice of the meeting delivered to shareholders are part of the documents included in the scope audited by the Audit & Supervisory Committee and the Accounting Auditor when they created their respective audit reports.
- In case amendments or changes are made to Matters Subject to Measures for Electronic Provision prior to the date of the meeting, the Company shall notify its shareholders via the Company's website and the TSE website.
- Notification of Business Conducted at the 51<sup>st</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.

### **[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., Tuesday June 27, 2023

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 Tuesday, June 27, 2023

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 51<sup>st</sup> Ordinary General Meeting of Shareholders: 10:00 a.m., Wednesday, June 28, 2023

\*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: 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:

No.	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 of the Company (to present)  Significant concurrent positions: Chairman of the Board of Directors, Kozuki Foundation	171,127
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 Association	30,182
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. Director, COMPUTER ENTERTAINMENT SUPPLIER'S ASSOCIATION (CESA) Director, Japan esports Union (JeSU)	1,482

No.	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	15,542
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)	2,589

- Notes: 1. No special 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.

## Proposal 2: Election of three Directors who are Audit & Supervisory Committee Members

Because the terms of office of all three Directors who are Audit & Supervisory Committee Members expire at the conclusion of this General Meeting of Shareholders, this proposal requests the election of three Directors who are Audit & Supervisory Committee Members.

The consent of the Audit & Supervisory Committee has been obtained for this proposal.

Candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	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	Kaori Yamaguchi (Dec. 28, 1964)	<p>Apr. 2007 Professor, Faculty of Humanities, Musashi University</p> <p>Apr. 2008 Associate Professor, Graduate School of Comprehensive Human Sciences, University of Tsukuba</p> <p>Oct. 2011 Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba</p> <p>Jun. 2014 Outside Director of the Company</p> <p>Jan. 2018 Professor, Faculty of Health and Sport Sciences, University of Tsukuba (to present)</p> <p>Jun. 2021 Outside Director, Audit &amp; Supervisory Committee Member of the Company (to present)</p> <p>Significant concurrent positions: Committee Member, Tokyo Metropolitan Board of Education Outside Director, Nippon BS Broadcasting Corporation</p>	5,639
2	Kimito Kubo (Oct. 17, 1956)	<p>Apr. 1980 Joined Ministry of Education (currently, Ministry of Education, Culture, Sports, Science and Technology)</p> <p>Jul. 2007 Deputy Director General, Higher Education Bureau, Ministry of Education, Culture, Sports, Science and Technology</p> <p>Jan. 2012 Director General, Sports and Youth Bureau, Ministry of Education, Culture, Sports, Science and Technology</p> <p>Apr. 2016 Chairman of the Board of Trustees, Educational Corporation Shobi Gakuen, and University President, Shobi University (to present)</p> <p>Jun. 2017 Outside Director of the Company</p> <p>Jun. 2021 Outside Director, Audit &amp; Supervisory Committee Member (to present)</p>	2,625
3 Newly appointed	Yasushi Higuchi (Feb. 14, 1952)	<p>Apr. 1976 Joined Kumagai Gumi Co., Ltd.</p> <p>Apr. 2008 Corporate Officer, Kumagai Gumi Co., Ltd.</p> <p>Jun. 2013 Director, Executive President, Corporate Officer, Kumagai Gumi Co., Ltd.</p> <p>Apr. 2018 Chairman, Kumagai Gumi Co., Ltd.</p> <p>Jun. 2021 Outside Director, TOKYO ROPE MFG. CO., LTD. (to present)</p>	-

Notes: 1. No special 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. Ms. Kaori Yamaguchi, Mr. Kimito Kubo and Mr. Yasushi Higuchi are the candidates for Outside Directors. Both Ms. Kaori Yamaguchi and Mr. Kimito Kubo are currently included in Outside Directors of the Company, and the number of years since assuming the post of Outside Director of the Company as of the conclusion of this General Meeting of Shareholders are 9 years for Ms. Kaori Yamaguchi and 6 years for Mr. Kimito Kubo.
4. The Company registers Ms. Kaori Yamaguchi, Mr. Kimito Kubo, and Mr. Yasushi Higuchi as Independent Officers with the Tokyo Stock Exchange, Inc. If the election of these three persons is approved, the Company plans to appoint them as Independent Officers.
5. 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 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.
6. Matters concerning the candidates for Outside Directors are as follows:
  - (1) Reasons for appointing them as the candidates for Outside Directors and outline of expected role

Ms. Kaori Yamaguchi, as a pioneer of women's judo, has accomplished a multitude of achievements in past international competitions. She currently teaches at a national university and acts as an advisor in the field of sports and education. Given her considerable experience and extensive knowledge, the Company decided to appoint Ms. Yamaguchi as a candidate for an Outside Director based on its judgment that she would make a significant contribution to the management of the Company's Board of Directors that requires a variety of perspectives.

Having held important posts in the Ministry of Education, Culture, Sports, Science and Technology, Mr. Kimito Kubo now serves as chairman of an educational corporation. Given his considerable experience and extensive knowledge in the field of education, culture and sports, we have decided to appoint this person as a candidate for an Outside Director based on our judgment that he would make a significant contribution to the management of the Company's Board of Directors that requires a variety of perspectives.

Mr. Yasushi Higuchi has considerable experience and accomplishments from his many years as a corporate manager of a listed company. Given his expertise in corporate management in general, the Company has decided to appoint him as a candidate based on our judgment that he would make a significant contribution to the management of the Company's Board of Directors, which aims to further improve its audit and supervisory function.

Although Ms. Kaori Yamaguchi has not been involved in company management other than as an outside director, the Board of Directors has concluded that she will be able to perform her duties properly as an Outside Director of the Company based on the reasons noted above.

Although Mr. Kimito Kubo has not been involved in company management other than as an outside director, the Board of Directors has concluded that he will be able to perform his duties properly as an Outside Director of the Company based on his involvement in the management of an educational institution as its president and the reasons noted above.
  - (2) Outline of liability limitation agreement

The Company has entered into a limited liability contract with both Outside Directors, Ms. Kaori Yamaguchi and Mr. Kimito Kubo with respect to their liabilities provided for in Article 423, Paragraph (1) of the Companies Act of Japan. Under this contract, the liabilities of the two persons shall be limited to the aggregate total of the amounts stipulated in Article 425, Paragraph (1) of the said law. If both persons are elected, the Company will renew the contract with both of them. If Mr. Yasushi Higuchi is elected, the Company will enter into the same contract with him.



**[Reference] Organizational Structure of the Board of Directors after Proposal 1 and Proposal 2 are Approved and Adopted**

Assuming Proposal 1 and Proposal 2 are 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)	Kaori Yamaguchi				●	●				●	●
Director, Audit & Supervisory Committee Member (Outside)	Kimito Kubo	●		●		●				●	●
Director, Audit & Supervisory Committee Member (Outside)	Yasushi Higuchi	●	●	●		●	●				

# **Business Report**

(April 1, 2022 – March 31, 2023)

## **1. Business Performance**

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

For the fiscal year ended March 31, 2023, the situation still remains uncertain due to issues such as prolonged Ukraine conflict, rapid fluctuations in exchange rate caused by tight monetary policies around the world and surge in resource prices. Meanwhile, the situation, in which COVID-19 has once and again spread and calmed, improved due to factors such as progress made with vaccinations, and socioeconomic activities are being normalized thanks to the relaxation of behavioral restrictions. Economic activity is expected to recover further once COVID-19 has been downgraded as Class 5 under the Infectious Disease Control Law in Japan.

Amidst these circumstances, in terms of the business results of Konami Group for the fiscal year ended March 31, 2023, revenues have increased and reached a record high due to recovery from COVID-19 pandemic, mainly in the Gaming & Systems business, and depreciation of Japanese yen. On the other hand, in addition to amortization of product costs upon title releases and promotion costs incurred, rising energy costs have impacted on our profit performance.

In terms of the consolidated results for the fiscal year ended March 31, 2023, total revenue amounted to ¥314,321 million (a year-on-year increase of 4.9%), business profit was ¥56,611 million (a year-on-year decrease of 29.5%), operating profit was ¥46,185 million (a year-on-year decrease of 38.0%), profit before income taxes was ¥47,120 million (a year-on-year decrease of 37.3%), and profit attributable to owners of the parent was ¥34,895 million (a year-on-year decrease of 36.3%).

### **Performance by business segment**

#### **Digital Entertainment**

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

Amidst these circumstances, as a new initiative in this business, we announced that we will remake the past title *SILENT HILL 2* to revive the *SILENT HILL* series, popular as psychological horror games. We also announced that the completely new games, *SILENT HILL: Townfall* and *SILENT HILL f*, are in production, and have received very favorable feedback. In addition, we launched the home computer and video game *Teenage Mutant Ninja Turtles: The Cowabunga Collection*, a compilation of the 13 works of this series which were well received in the past; this game performed strongly, especially in Europe and America. Furthermore, we started applications to introduce *Momotaro Dentetsu Kyoiku-ban Lite -Nihon-*

*tte Omoshiroi!*-, which will be provided free of charge to educational institutions such as schools as a teaching material that enables students to learn with enjoying geography, economics and other areas from the perspective of a game; this has attracted a lot of attention. As an initiative to promote baseball, we acted a global sponsor of “2023 World Baseball Classic™” and supported the Japanese national baseball team Samurai Japan as an official partner. Developing promotions and measures connected with this game, including having Samurai Japan players appear in-game, has meant that *PROFESSIONAL BASEBALL SPIRITS A (Ace)* has created much excitement.

As ongoing initiatives, the latest title *eFootball™ 2023* of the *eFootball™* series has surpassed the milestone of 600 million downloads thanks to a series of updates, measures and the heightened passion for soccer around the world, and is enjoyed by many customers. With regard to card games, we have launched a 25th anniversary commemorative project for *Yu-Gi-Oh! CARD GAME*. There has been a synergetic effect with *Yu-Gi-Oh! MASTER DUEL*, which began distribution a year ago, and an increase in the momentum of the overall content.

In the eSports space, we jointly held the 2022 season of “eBASEBALL Prospi A (Ace) League” with the Nippon Professional Baseball Organization (NPB). In February, we started “eFootball™ Championship Pro 2023,” in which professional eSports players contracted with professional European soccer clubs participated. In addition, *WBSC eBASEBALL™: POWER PROS* was selected as the competitive title for “Olympic Esports Series 2023,” organized by the International Olympic Committee (IOC), and qualifiers by category have begun.

For the fiscal year ended March 31, 2023, our performance in this segment was impacted due to increase in amortization of product costs and promotion costs by launching the titles of core contents successively, and increase in research and development expenses for newly developed titles.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2023 in this segment amounted to ¥213,432 million (a year-on-year decrease of 0.7%) and business profit for the fiscal year ended March 31, 2023 amounted to ¥53,009 million (a year-on-year decrease of 30.6%).

## **Amusement**

In the amusement market, due to changes in people’s behavior and awareness resulting from the COVID-19 pandemic, the “new normal” era of life becomes normalized. Therefore, the range of needs is expanding, such as demand for ways to play arcade games at home in addition to amusement facilities.

Amidst these circumstances, for videogames targeted at amusement facilities, we began operations of the mahjong game *Mahjong Fight Girl*, in which players can enjoy the reactions and performances of the characters as they play a match; it also has support functions for the peace of mind of players who want to learn mahjong. In medal games, we have launched the medal pusher game *Momotaro Dentetsu -Medal game mo teiban!*-, which is based on the home computer and video game *Momotaro Dentetsu -Showa, Heisei, Reiwa mo teiban!*- and offers the universally appealing enjoyment of a board game played with dice, and *Anima Lotta Anima to Hoshi no Monogatari*, the latest title in the *Anima Lotta* series which has reached its 10th anniversary, in turn. In terms of the pachinko slot machine 6.5, we have released

*BOMBERGIRL* and *SENGOKU COLLECTION 5* into the market. “KONAMI AMUSEMENT GAME STATION,” a service that allows users to enjoy arcade games on their computer or smartphone at any time, is performing well, especially “Medal Corner,” to which two titles from the *FEATURE Premium* series were added in the fourth quarter.

In the eSports space, in addition to last season’s competitive title *beatmania IIDX, SOUND VOLTEX* has become a new competitive title in the professional league “BEMANI PRO LEAGUE -SEASON 2-,” which combines music and eSports; the regular stages and final, hotly fought by professional players selected at a draft conference by amusement facility operating companies, created a great deal of excitement. “eMAH-JONG MAH-JONG FIGHT CLUB Pro Tournament,” which uses the mobile app MAH-JONG FIGHT CLUB Sp, saw the unfolding of close battles without handicaps between regular players chosen through selection tests and professional mahjong players associated with the Japan Professional Mahjong League.

For the fiscal year ended March 31, 2023, difference in timing of product launch has impacted on our performance in this segment.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2023 in this segment amounted to ¥19,533 million (a year-on-year increase of 0.1%) and business profit for the fiscal year ended March 31, 2023 amounted to ¥2,782 million (a year-on-year decrease of 20.3%).

## **Gaming & Systems**

In the gaming market, the North American market and Australian market have regained their pre-COVID-19 energy. In other regions, the markets as a whole are also moving toward recovery.

Amidst these circumstances, in our slot machine business, the *DIMENSION* series continues to attract the attention of customers in the North American and Australian markets, where the series have won multiple awards. In terms of slot machine sales, *DIMENSION 49*<sup>TM</sup> has maintained high operation in the market. In the area of participation (revenue share business), we are expanding the introduction of *DIMENSION 75C*<sup>TM</sup> featuring a 75-inch curved monitor, to casino facilities. In terms of gaming content, *All Aboard*<sup>TM</sup> has recorded industry-leading operation continuously. Moreover, titles such as *Fortune Mint*<sup>TM</sup> and *Ocean Spin*<sup>TM</sup> have been well received in the market and *SeleXion*<sup>TM</sup>, which enables users to choose their favorite contents from among several titles on one cabinet, is expanding in the market.

In the casino management system, we introduced a variety of functionality which will enhance and strengthen our product appeal including *Money Klip*<sup>TM</sup> which made cashless casinos possible, maintaining the strong performance.

Despite the impact of soaring component costs caused by global supply chain disruptions, profitability has recovered due to various cost reduction initiatives.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2023 in this segment amounted to ¥38,573 million (a year-on-year increase of 50.5%) and business profit for the fiscal year ended March 31, 2023 amounted to ¥5,169 million (a year-on-year increase of 47.9%).

## **Sports**

In the sports market, rising energy prices continues to impact on business environment. Meanwhile, behavioral restrictions are being relaxed so that people can continue their daily lives and socioeconomic activities and thus demand for sports and health promotion is growing.

Amidst these circumstances, in our operation of sports clubs, we worked to provide safe and secure opportunities for exercise. We have also continued to enrich our online services so that our customers can participate in a way that suits their own lifestyle as an option for new exercise opportunities.

For “Pilates Mirror,” Pilates studios with mirrors on the ceiling, we opened “Pilates Mirror Kichijoji” (Musashino-shi, Tokyo) in August 2022, “Pilates Mirror Sakura-shinmachi” (Setagaya-ku, Tokyo) in December 2022, and “Pilates Mirror Kyodo” (Setagaya-ku, Tokyo) and “Pilates Mirror Jiyugaoka” (Meguro-ku, Tokyo) in March 2023, which have been well received by many customers.

With regard to the operation of outsourced facilities, a form of business that expands our network without ownership of assets, we leveraged our previously developed operational and leadership expertise, as well as our accomplishments, to promote our businesses, and began contracted operations of sports facilities in new areas such as Yokohama City, Kanagawa, Hadano City, Kanagawa, Kyoto City, Kyoto, Fukuoka City, Fukuoka and Toyohashi City, Aichi.

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

For the “Undo Juku” exercise circle aimed at children, we are developing a variety of options to suit children, including swimming, gymnastics and dance, to encourage physical growth through sport. We have set up new swimming schools in four facilities in Isogo (Yokohama City, Kanagawa), Kawanishi (Kawanishi City, Hyogo), Jiyugaoka (Meguro-ku, Tokyo) and Izumi-chuo (Izumi City, Osaka). Thanks to synergy between “Undo Juku Digital Note,” which increases the practice effect using video and AI, and the coaching techniques of Konami Sports Club instructors, we have promoted the development of swimming schools that enable children to continue learning in a more enjoyable way.

For the fiscal year ended March 31, 2023, increased utilities expenses due to surge in energy prices have impacted on our performance in this segment, however, the impact was partly offset by taking measures such as optimization of facility operation.

In terms of financial performance, total revenue for the fiscal year ended March 31, 2023 in this segment amounted to ¥45,473 million (a year-on-year increase of 8.4%) and business profit for the fiscal year ended March 31, 2023 amounted to ¥451 million (a year-on-year decrease of 41.1%).

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

Capital expenditures in the consolidated fiscal year ended March 31, 2023 totaled ¥45,874 million. This primarily consisted of expenditures relating to the construction of our new location “Konami Creative Front Tokyo Bay,” the cost of game content creation and related equipment purchases.

With respect to financing, the Group provided the necessary funds during the consolidated fiscal year ended March 31, 2023 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 48 <sup>th</sup> (March 31, 2020)	The 49 <sup>th</sup> (March 31, 2021)	The 50 <sup>th</sup> (March 31, 2022)	The 51 <sup>st</sup> (March 31, 2023)
Revenue	262,810	272,656	299,522	314,321
Operating profit	30,972	36,550	74,435	46,185
Profit attributable to owners of the parent	19,892	32,261	54,806	34,895
Basic earnings per share (yen)	147.26	242.17	410.80	258.81
Total assets	419,134	489,006	528,613	547,223
Total equity attributable to owners of the parent	268,141	298,727	348,061	376,264

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

(Millions of yen, except per share data)

Fiscal year Years ended	The 48 <sup>th</sup> (March 31, 2020)	The 49 <sup>th</sup> (March 31, 2021)	The 50 <sup>th</sup> (March 31, 2022)	The 51 <sup>st</sup> (March 31, 2023)
Operating revenues	38,747	52,495	19,686	48,576
Ordinary income	35,983	50,153	16,649	44,997
Net income	35,286	13,909	16,421	44,322
Basic net income per share (yen)	261.23	104.41	123.09	328.73
Total assets	278,767	329,278	336,617	351,413
Total net assets	238,758	248,728	255,098	287,842

#### **(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 us 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 Web3.0, 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 situation in Ukraine, price hikes of resources, 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 globally providing innovative and cutting-edge products and services that capture the era’s crest of the wave.

##### ***Channeling managerial resources to realize business growth***

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 the development of products applying new technologies and the creation of new business models.

In the Sports business, contributing to the promotion of health through exercise has a significant social impact, and we believe that the role and responsibility of this segment is becoming increasingly important. By proposing services that meet diversifying needs, we will be striving to increase opportunities for everyone to participate in sports in their daily lives. At the same time, we will also

endeavor to provide assistance regarding physical education at schools in various regions and health promotion support in municipalities, among other initiatives.

### ***Promotion of sustainability management***

The Konami Group has implemented various initiatives in its businesses to contribute to the achievement of SDGs.

#### **(1) Reinforcement of the organization**

In order to promote these activities throughout the Group, we are strengthening our organization. Specifically, the existing CSR Committee has been evolved to Sustainability Committee as of October 2021. Chaired by our Representative Director, President, the Sustainability Committee will handle various themes related to the sustainability of Konami Group and formulate effective measures. Decisions made by the Sustainability Committee are periodically reported to the Board of Director for review.

#### **(2) Human capital**

We believe that the health of our employees is essential for the sustainable development of the Konami Group. With this, we are strengthening our “Health and Productivity Management” initiatives with the aim of creating an environment where each and every employee can achieve their full potential and grow alongside the company. As a result, we have been listed on the “White 500 List” jointly compiled by the Ministry of Economy, Trade and Industry and Nippon KenkoKaigi for seven consecutive years since 2017 for being a company that practices excellent health and productivity management in cooperation with insurers. Going forward, we will continue to improve the working environment and systems for our employees to work efficiently and encourage activities aimed at achieving even greater results.

#### **(3) Climate change**

Countermeasures for global warming has become a common and long-term global issue, with 120 countries and regions setting carbon neutrality as a goal for 2050. The Konami Group has responded to the increasing demand for corporations to disclose non-financial information on climate change by releasing information in line with TCFD’s recommendations. We will strengthen our efforts to realize a carbon neutral and decarbonized society to create a sustainable society in which future generations can live with peace of mind.

By working together with our stakeholders to achieve both business growth and a sustainable society, Konami Group aims to be an enterprise that is always expected and needed by the society.

We would appreciate your kind support and cooperation.



**(5) Principal Business** (as of March 31, 2023)

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, 2023)

Holding company

KONAMI GROUP 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, 2023)

1. Konami Group

Business segment	Number of employees	Change from end of previous fiscal year
Digital Entertainment Business	2,079	(78)
Amusement Business	837	(42)
Gaming & Systems Business	597	47
Sports Business	898	(103)
Corporate	470	163
Total	4,881	(13)

Notes: 1. Employees refer to Konami Group, including KONAMI GROUP 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
214	99

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

**(8) Major Subsidiaries** (as of March 31, 2023)

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.	Eur 9,019 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) 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 24 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, 2023)

1. Number of shares authorized: 450,000,000
2. Number of shares issued: 143,500,000
3. Number of shareholders: 24,860
4. The 10 largest shareholders:

	Number of shares (thousand)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,142	22.24
Custody Bank of Japan, Ltd. (Trust Account)	17,711	13.07
Kozuki Foundation	17,100	12.61
KOZUKI HOLDING B.V.	15,700	11.58
Kozuki Capital Corporation	7,048	5.20
JP MORGAN CHASE BANK 380815	6,530	4.82
KOREA SECURITIES DEPOSITORY-SAMSUNG	3,538	2.61
STATE STREET BANK WEST CLIENT – TREATY 505234	1,598	1.18
HSBC HONGKONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	1,472	1.09
JP MORGAN CHASE BANK 385781	1,263	0.93

Note: The above shareholding ratios are calculated after the deduction of treasury shares (7,941 thousand shares).

### 3. Officers of the Company

#### (1) Directors (as of March 31, 2023)

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 Director, 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 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 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**

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

The Company's policy regarding the determination of the amount of remuneration, etc. of officers or the method of calculation thereof is determined by the Board of Directors. The content of the policy depends on corporate performance trends and other factors and is determined by evaluating the contribution of each officer to achieving financial results and performing corporate management in light of whether or not the officer has the right to represent the company, a title, a role and a responsibility, and is full-time or part-time.

Remuneration amount of individual Directors, excluding Directors who are Audit & Supervisory Committee Members, are set within the maximum total approved by resolution at the General Meeting of Shareholders. The Compensation Advisory Committee, with the Board of Directors' delegation, decides the individual remuneration of 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.

Remuneration amount of individual Directors who are Audit & Supervisory Committee Members are set through discussions among Directors who are Audit & Supervisory Committee Members within the maximum total approved by resolution at the General Meeting of Shareholders.

The maximum amount of remuneration for Directors 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).

The contents of individual remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members) for the fiscal year under review were determined by the Compensation Advisory Committee, with the Board of Director's delegation, since the members of the Compensation Advisory Committee monitor the status of execution of duties by all Directors. The Compensation Advisory Committee consists of independent Outside Director Kimito Kubo (Committee Chair), independent Outside Director Akira Gemma, independent Outside Director Kaori Yamaguchi, Representative Director Kimihiko Higashio, and Director Yoshihiro Matsuura. The Compensation Advisory Committee held two meetings in 2022 in the process of determining the amount of remuneration for the fiscal year under review.

The Board of Directors entrusts the Compensation Advisory Committee, whose majority is Outside Directors, to determine the amount and contents of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) for the fiscal year under review by comprehensively evaluating each Director's duties, contribution to achieving financial results and performing corporate management. Therefore, the Company judges that the amount and contents of remuneration are in line with the policy determined by the Board of Directors.

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

As for the timing for granting remuneration, to Directors, the determined amount of remuneration, etc. shall be divided by 12, and paid monthly during their tenure.

## 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)	453 (-)	453 (-)	-	-	5 (-)
Directors (Audit & Supervisory Committee Members) (Of which, Outside Directors)	39 (39)	39 (39)	-	-	3 (3)

Note: The total amount of remuneration, etc. for Directors does not include employee salaries for those who are employees and Directors concurrently.

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.

4. Total amount of remuneration, etc. of officers received by Outside Directors from subsidiaries, etc. of the Company

During the fiscal year under review, Outside Directors did not receive any remuneration, etc. as officers from subsidiaries, etc. of the Company (excluding the Company).

**(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	Akira Gemma	Attended all the 9 meetings of the Board of Directors and all the 10 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 10 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 9 of the 10 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.



#### **4. 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                      | 95 million yen  |
| 2. Total of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor | 149 million yen |

- 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.

## **5. 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:

1. A system to ensure that the duties of officers and employees of the corporate group comprising KONAMI GROUP 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 control regulations for subsidiaries and affiliate company in place, which provide that individual subsidiaries shall report significant corporate 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.

(iii) The Company has an Information Security Committee in place for the purpose of promoting the protection of personal information and the enhancement of data security of the Konami Group.

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

To define the duties and authority of Directors, 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.

### 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.

## **6. 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.

The year-end dividend for the fiscal year ended March 31, 2023 will be ¥62 per share. As a result, the dividends on an annual basis will be ¥124 per share including the distributed interim dividend (¥62 per share). We will maintain the same level of dividends based on the initial profit forecast as of the beginning of the fiscal year. (payout ratio of 47.9%)

# Consolidated Statement of Financial Position

(As of March 31, 2023)

(Millions of yen)

ASSETS:		LIABILITIES AND EQUITY:	
<b>Current assets</b>	<b>¥290,041</b>	<b>Current liabilities</b>	<b>¥75,094</b>
Cash and cash equivalents	219,263	Other financial liabilities	8,751
Trade and other receivables	39,276	Trade and other payables	37,558
Inventories	12,705	Income tax payables	9,760
Income tax receivables	9,486	Other current liabilities	19,025
Other current assets	9,311	<b>Non-current liabilities</b>	<b>¥95,850</b>
<b>Non-current assets</b>	<b>¥257,182</b>	Bonds and borrowings	59,819
Property, plant and equipment, net	155,788	Other financial liabilities	23,050
Goodwill and intangible assets	49,553	Provisions	10,031
Investments accounted for using the equity method	3,239	Deferred tax liabilities	1,141
Other investments	1,890	Other non-current liabilities	1,809
Other financial assets	15,001	<b>Total liabilities</b>	<b>¥170,944</b>
Deferred tax assets	30,220	<b>EQUITY:</b>	
Other non-current assets	1,491	<b>Total equity attributable to owners of the parent</b>	<b>376,264</b>
		<b>Share capital</b>	<b>47,399</b>
		<b>Share premium</b>	<b>78,144</b>
		<b>Treasury shares</b>	<b>(21,594)</b>
		<b>Other components of equity</b>	<b>11,880</b>
		<b>Retained earnings</b>	<b>260,435</b>
		<b>Non-controlling interests</b>	<b>¥15</b>
		<b>Total equity</b>	<b>¥376,279</b>
<b>Total assets</b>	<b>¥547,223</b>	<b>Total liabilities and equity</b>	<b>¥547,223</b>

## Consolidated Statement of Profit or Loss

(Year ended March 31, 2023)

(Millions of yen)

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Revenue	¥314,321
Cost of revenue	(191,930)
<b>Gross profit</b>	<b>122,391</b>
Selling, general and administrative expenses	(65,780)
Other income and other expenses, net	(10,426)
<b>Operating profit</b>	<b>46,185</b>
Finance income	1,550
Finance costs	(752)
Profit from investments accounted for using the equity method	137
<b>Profit before income taxes</b>	<b>47,120</b>
Income taxes	(12,225)
<b>Profit for the year</b>	<b>34,895</b>
Profit attributable to:	
Owners of the parent	34,895
Non-controlling interests	0

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## Consolidated Statement of Changes in Equity

(Year ended March 31, 2023)

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
<b>Balance at April 1, 2022</b>	¥47,399	¥75,027	¥(26,868)	¥6,701	¥245,802	¥348,061	¥15	¥348,076
Profit for the year					34,895	34,895	0	34,895
Other comprehensive income				4,939		4,939		4,939
Total comprehensive income for the year	-	-	-	4,939	34,895	39,834	0	39,834
Purchase of treasury shares			(9)			(9)		(9)
Dividends					(20,022)	(20,022)		(20,022)
Conversion of convertible bond-type bonds with subscription rights to shares		3,117	5,283			8,400		8,400
Transfer from other components of equity to retained earnings				240	(240)	-		-
Total transactions with the owners	-	3,117	5,274	240	(20,262)	(11,631)	-	(11,631)
<b>Balance at March 31, 2023</b>	¥47,399	¥78,144	¥(21,594)	¥11,880	¥260,435	¥376,264	¥15	¥376,279

## Notes to Consolidated Financial Statements

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

#### Scope of Consolidation

1. Number of consolidated subsidiaries: 24
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 of an asset is principally computed under the straight-line method, spread over the estimated useful life of each component of the asset. The straight-line method is adopted because the method is considered to best approximate the expected pattern of consumption of the future economic benefits generated by the asset.

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

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

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

## 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. Internally generated intangible assets arising from development

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.

Internally generated intangible assets arising from development 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, internally generated intangible assets arising from development 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

Intangible assets with finite useful lives, including internally generated intangible assets arising from development and patents, are amortized over their respective estimated useful lives using the straight-line method. They are tested for impairment when there are indicators that they may be impaired. The straight-line method is adopted because this method best reflects the expected pattern of consumption of the future economic benefits generated by the asset. The estimated useful lives of the main intangible assets with finite useful lives are as follows:

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

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

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

### 5. Leases

#### (1) Lessee

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.

#### (2) Lessor

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

### 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 Konami Group has a present legal or constructive obligation arising from past events where it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the effect of the time value of money is material, a provision is calculated as the present value of the expenditures discounted at a rate that reflects the risks specific to the liability.

### 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 revenue recognized in accordance with IFRS 4, and lease income, etc. 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, 2023, was ¥205,341 million.

For property, plant and equipment, net in the sports business, the recoverable amount of the asset group of facilities for which indicators of impairment were identified was calculated and reviewed based on the most recent business performance, reflecting the expected number of future members and the latest cost trends, as a result of which, no impairment losses were recognized in the fiscal year ended March 31, 2023.

For internally generated intangible assets arising from development 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 internally generated intangible assets arising from development of some titles where an impairment test was performed and the recoverable amount was lower than the carrying amount. The recoverable amount of internally generated intangible assets arising from development 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, 2023 was ¥314,321 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	¥135 million
Other financial assets (non-current)	¥22 million

### 2. Accumulated depreciation and accumulated impairment losses of property, plant and equipment, net

¥138,833 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 19, 2022	Common stock	11,621	87.00	March 31, 2022	June 7, 2022
Board of Directors meeting held on November 2, 2022	Common stock	8,401	62.00	September 30, 2022	November 25, 2022
Total		20,022			

#### (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 18, 2023	Common stock	Retained earnings	8,405	62.00	March 31, 2023	June 7, 2023
Total			8,405			



## 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	15,953	16,766
Total	15,953	16,766
Financial liabilities:		
Financial liabilities measured at amortized cost		
Bonds and borrowings	(59,819)	(57,273)
Total	(59,819)	(57,273)

(\*) 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	1,166	–	572	1,738
Financial assets other than shares	–	–	72	72
Financial assets measured at fair value through profit or loss				
Other investments				
Financial assets other than shares	–	–	80	80
Total	1,166	–	724	1,890

Other investments, which are categorized as Level 3, have no significant changes for the fiscal year ended March 31, 2023.

## 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	153,578	33,742	16,236	9,194	212,750
Amusement Business	16,970	–	–	994	17,964
Gaming & Systems Business	–	32,443	–	6,010	38,453
Sports Business	45,154	–	–	–	45,154
Revenue from external customers	215,702	66,185	16,236	16,198	314,321
Revenue recognized from contracts with customers	215,702	59,546	16,236	16,198	307,682
Revenue recognized from other sources	–	6,639	–	–	6,639

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

#### (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.

(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, 2022	As of March 31, 2023
Receivables from contracts with customers	29,136	38,996
Contract liabilities	11,272	9,532

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, 2022 included the revenue of ¥11,168 million for the fiscal year ended March 31, 2023. 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:	¥2,775.65
Basic profit for the year per share:	¥258.81

**Notes on Significant Subsequent Events**

There is no applicable item.

**Balance Sheet**  
**(As of March 31, 2023)**

(Millions of yen)

<b>ASSETS:</b>		<b>LIABILITIES:</b>	
<b>Current assets</b>	<b>¥168,992</b>	<b>Current liabilities</b>	<b>¥2,521</b>
Cash and deposits	142,906	Other accounts payable	1,586
Trade accounts receivable	6,431	Accrued expenses	221
Prepaid expenses	80	Income taxes payable	339
Short-term loans	10,602	Deposits received	30
Income taxes receivable	8,031	Provision for bonuses	190
Other	940	Other	153
		<b>Long-term liabilities</b>	<b>¥61,049</b>
		Bonds payable	60,000
		Other	1,049
<b>Fixed assets</b>	<b>¥182,421</b>	<b>Total liabilities</b>	<b>¥63,570</b>
<b>Property, plant and equipment, net</b>	<b>16</b>		
Tools and fixtures	16	<b>NET ASSETS:</b>	
<b>Intangible fixed assets</b>	<b>51</b>	<b>Stockholders' equity</b>	<b>¥287,714</b>
In-house software	38	<b>Common stock</b>	<b>47,398</b>
Trademark	0	<b>Capital surplus</b>	<b>43,857</b>
Other	12	Additional paid-in capital	36,893
<b>Investments and other assets</b>	<b>182,354</b>	Other capital surplus	6,964
Investment securities	594	<b>Retained earnings</b>	<b>217,652</b>
Shares of subsidiaries and associates	96,811	Legal reserve	283
Long-term loans	84,718	Other retained earnings	217,368
Long-term prepaid expenses	0	Special reserves	80,000
Deferred tax assets	107	Retained earnings brought forward	137,368
Other	121	<b>Treasury stock</b>	<b>(21,194)</b>
		<b>Valuation and translation adjustments</b>	<b>¥127</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>127</b>
		<b>Total net assets</b>	<b>¥287,842</b>
<b>Total</b>	<b>¥351,413</b>	<b>Total liabilities and net assets</b>	<b>¥351,413</b>

**Statement of Income**  
**(Year ended March 31, 2023)**

(Millions of yen)

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<b>I</b>	<b>Operating revenues</b>	<b>¥48,576</b>
	Management fee revenue	5,907
	Dividend income	42,668
<b>II</b>	<b>Costs and expenses</b>	<b>4,899</b>
	Selling, general and administrative expenses	4,899
	<b>Operating income</b>	<b>43,677</b>
<b>III</b>	<b>Non-operating income</b>	<b>1,602</b>
	Interest income	1,205
	Gain on sale of investment securities	35
	Foreign exchange gains	343
	Other	18
<b>IV</b>	<b>Non-operating expense</b>	<b>283</b>
	Bond interest expenses	216
	Commitment fee	18
	Other	48
	<b>Ordinary income</b>	<b>44,997</b>

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	<b>Net income before income taxes</b>	<b>44,997</b>
	<b>Income taxes</b>	<b>674</b>
	Current	686
	Deferred	(11)
	<b>Net income</b>	<b>44,322</b>

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**Statement of Changes in Net Assets**  
**(Year ended March 31, 2023)**

(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, 2022	¥47,398	¥36,893	¥3,834	¥40,727	¥283	¥80,000	¥113,067	¥193,351	¥(26,468)	¥255,010
Changes during the year										
Cash dividends							(20,022)	(20,022)		(20,022)
Net income							44,322	44,322		44,322
Purchase of treasury stock									(8)	(8)
Conversion of convertible bond-type bonds with subscription rights to shares			3,129	3,129					5,282	8,412
Net change of items other than stockholders' equity										
Total changes during the year	-	-	3,129	3,129	-	-	24,300	24,300	5,274	32,704
Balance at March 31, 2023	¥47,398	¥36,893	¥6,964	¥43,857	¥283	¥80,000	¥137,368	¥217,652	¥(21,194)	¥287,714

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2022	¥87	¥87	¥255,098
Changes during the year			
Cash dividends			(20,022)
Net income			44,322
Purchase of treasury stock			(8)
Conversion of convertible bond-type bonds with subscription rights to shares			8,412
Net change of items other than stockholders' equity	39	39	39
Total changes during the year	39	39	32,744
Balance at March 31, 2023	¥127	¥127	¥287,842



## Notes to Non-Consolidated Financial Statements

### Notes on Matters Concerning 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

Property, plant and equipment: 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 group tax sharing system**

The group tax sharing system was implemented from the fiscal year ended March 31, 2023.

## **6. Rounding policy**

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

## **Notes to Accounting Estimates**

In preparing the Non-Consolidated 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 Non-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 Non-Consolidated 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, 2023, 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	17,947
Short-term liabilities	1,395
Long-term assets	84,718
2. Accumulated depreciation of property, plant and equipment	144

## Notes to Statement of Income

### Transactions with subsidiaries and affiliates

	(Millions of yen)
Operating revenues	48,554
Selling, general and administrative expenses	840
Non-operating transactions	1,152

## Notes to Statement of Changes in Net Assets

### Type and number of treasury stock

(Thousand shares)

	Number of shares as of April 1, 2022	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2023
Common stock	9,919	1	1,979	7,941
Total	9,919	1	1,979	7,941

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 1,979 thousand shares of common stock as treasury stock represents a decrease due to the conversion of convertible bond-type bonds with subscription rights to shares.

## Notes on Tax Effect Accounting

### 1. 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.	56
Revision to the carrying amount of investments	2,984
Loss brought forward for tax purposes	2,914
Others	<u>434</u>
Deferred tax assets subtotal	<u>8,324</u>
Valuation allowance related to loss brought forward for tax purposes	(2,865)
Valuation allowance related to total of deductible temporary difference	<u>(5,190)</u>
Valuation allowance	<u>(8,056)</u>
Total deferred tax assets	268
Deferred tax liabilities	
Investments and other	<u>(160)</u>
Total deferred tax liabilities	<u>(160)</u>
Net deferred tax assets	<u>107</u>

### 2. Accounting procedures for corporate taxes and local corporate taxes, or tax effect accounting related to these taxes

From the fiscal year ended March 31, 2023, the Company has made a transition from the consolidated taxation system to the group tax sharing system. As a result, the accounting treatment and disclosure of corporate taxes and local corporate taxes as well as tax effect accounting are subject to the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

In addition, in accordance with Paragraph 32 (1) of PITF No. 42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No. 42.

## 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	4,514	Trade accounts receivable	4,966
	Konami Sports Co., Ltd.	Direct 100%	Lending and borrowing of funds, etc.	Lending of funds	600	Short-term loans	6,800
				Recovery of funds	200		
				Interest income	24		
Konami Real Estate, Inc.	Direct 100%	Lending and borrowing of funds, etc. Interlocking of directors	Lending of funds	17,030	Short-term loans	1,802	
			Recovery of funds	2,399	Long-term loans	84,718	
			Interest income	1,119			
Konami Corporation of America	Direct 100%	Interlocking of directors	In-kind investment	4,231	—	—	

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. The rate for lending and borrowing of funds are determined based on the market interest rates and others.
3. In-kind investment comprises in-kind investment in Konami Corporation of America of the shares of Konami Australia Pty Ltd. held by the Company.

## Notes on Revenue Recognition

Information forming the basis for understanding revenue recognized 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:	¥2,123.38
Basic net income per share:	¥328.73

## Notes on Significant Subsequent Events

There is no applicable item.

## Independent Auditor's Report (English Translation)

May 18, 2023

To the Board of Directors of  
KONAMI GROUP CORPORATION

PricewaterhouseCoopers Aarata LLC  
Tokyo office  
Shigeru Takahama, CPA  
Designated limited liability Partner  
Engagement Partner  
Soichiro Hayashi, CPA  
Designated limited liability Partner  
Engagement Partner  
Satoshi Shimbo, 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 GROUP CORPORATION and its consolidated subsidiaries (hereinafter referred to as the "Group") for the fiscal year from April 1, 2022 to March 31, 2023.

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 18, 2023

To the Board of Directors of  
KONAMI GROUP CORPORATION

PricewaterhouseCoopers Aarata LLC  
Tokyo office  
Shigeru Takahama, CPA  
Designated limited liability Partner  
Engagement Partner  
Soichiro Hayashi, CPA  
Designated limited liability Partner  
Engagement Partner  
Satoshi Shimbo, 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 GROUP CORPORATION (hereinafter referred to as the "Company") for the 51<sup>st</sup> fiscal year from April 1, 2022 to March 31, 2023.

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 51<sup>st</sup> fiscal year from April 1, 2022 to March 31, 2023, 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 18, 2023

Audit & Supervisory Committee

KONAMI GROUP 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.