

Summary of Full Year Results for FY Ended March 2016

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Net Sales	158.1	366.8	154.3	347.9	-5%	180.0	380.0	+9%
Operating Income	2.7	17.4	5.7	17.6	+1%	6.5	20.0	+14%
Ordinary Income	2.6	16.8	5.8	16.4	-2%	6.5	20.0	+22%
Income before income taxes	-0.6	1.9	4.0	12.0	+532%	6.5	20.0	+67%
Profit attributable to owners of parent	-2.8	-11.3	0.9	5.3	-	3.4	10.0	+89%
Dividends per share (JPY)	20.00	40.00	20.00	40.00	-	20.00	40.00	-
Earnings per share (JPY)	-11.50	-46.70	4.11	22.90	-	14.51	42.66	-
Net Assets per share (JPY)	1,384.25	1,336.54	1,310.36	1,257.43	-	-	-	-

<Full Year Results >

- Net Sales:347.9 billion yen, Operating Income:17.6 billion yen, Profit attributable to owners of parent:5.3 billion yen
- Sales decreased and profits increased year-on-year
- Revised full-year forecasts on April 28

<FY Ending March 2017 Forecasts>

- Net Sales:380.0 billion yen, Operating Income:20.0 billion yen, Profit attributable to owners of parent:10.0 billion yen
- Sales increased and profits increased year-on-year

Costs and Expenses

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	28.4	67.6	24.7	58.0	-14%	33.7	67.1	+16%
Cap-ex	14.7	28.7	12.5	28.0	-2%	13.8	27.7	-1%
Depreciation	8.1	17.6	8.2	16.6	-6%	7.7	15.6	-6%
Advertising	10.0	19.1	9.3	17.9	-6%	10.1	19.8	+11%

Consolidated Balance Sheet (Summary)

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2015	As of end of March 2016	Change	Account	As of end of March 2015	As of end of March 2016	Change
Total Current Assets	298.0	302.2	+4.2	Total Current Liabilities	86.7	105.9	+19.2
Total Noncurrent Assets	230.6	230.6	-	Total Noncurrent Liabilities	119.4	127.0	+7.6
				Total Liabilities	206.2	233.0	+26.8
				Total Net Assets	322.4	299.9	-22.5
Total Assets	528.6	532.9	+4.3	Total Liabilities and Net Assets	528.6	532.9	+4.3
				Account	As of end of March 2015	As of end of March 2016	Change
				Equity ratio	60.0%	55.3%	-4.7pt
				Current ratio	343.7%	285.2%	-58.5pt

- Total Assets : 532.9 billion yen (increased by 4.3 billion yen)
- Current Assets: Up 4.2 billion yen due to such as cash and deposits, and accounts receivable from sales in March 2016 increased
- Noncurrent Assets: No remarkable up or down overall although there was an increase in investment securities
- Equity Ratio : 55.3% (-4.7pt)
- Current Ratio : 285.2% (-58.5pt) (Current Ratio as of the end of FY ended March 2015: 343.7%)

Pachislot and Pachinko Machines

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	61.1	152.1	56.6[60.9]*	132.7[141.0]*	-	80.0	157.0	-
Pachislot	34.5	73.8	31.0	61.1	-17%	52.1	83.9	+37%
Pachinko	23.8	73.2	23.1	66.8	-9%	21.0	57.2	-14%
Other / Elimination	2.8	5.1	2.5[6.8]*	4.8[13.1]*	-	6.9	15.9	-
Operating Income	7.0	25.7	8.5[8.4]*	21.5[20.9]*	-	10.5	19.0	-
Operating Income Margin	11.5%	16.9%	15.0%[13.8%]*	16.2%[14.8%]*	-	13.1%	12.1%	-
Unit Sales (Pachislot)	93,045	207,830	70,260	142,337	-32%	139,300	230,800	+62%
Unit Sales (Pachinko)	82,955	241,425	79,604	199,014	-18%	68,000	182,000	-9%

*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since forecast for FY ending March 2017.

*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.

<Full Year Results >

【Overall】

- Sales and profits decreased year-on-year
- While series with good track records performed well, they were weak as sales of Pachislot except mainstay titles fell below the initial forecast impacted by the regulations

【Pachislot】

- Sales of machines for series with track records such as “**Pachislot Hokuto No Ken Tomo**” and “**Pachislot Onimusha3 Jikuu Tenshou**” performed well
- A new title of new-format machines (mother board control) “**Pachislot Nisemonogatari**” performed strong
- Unit sales decreased year-on-year as sales of other titles remained poor

【Pachinko】

- Sales remained solid centering on mainstay titles such as “**Pachinko CR Shin Hokuto Muso**” and “**Pachinko CR Shin-Juoh 2**”
- Unit sales decreased due to temporary impact of structure reform and reactionary drop in series “**Pachinko CR Hokuto No Ken 6**” launched in FY ended March 2015.

<FY Ending March 2017 Forecasts>

【Overall】

- Sales will improve in line with increase in unit sales of Pachislot due to releasing several titles including mainstay titles
- Profit ratio is expected to take a temporary downturn as it falls under the period when new frames and new parts are to be diffused

【Pachislot】

- Plan to increase unit sales through releasing several titles including mainstay titles
- Major titles to be launched
⇒ Sammy “**Pachislot CODE GEASS Lelouch of the Rebellion R2**,” (in 1Q) , etc.

【Pachinko】

- Unit sales are planned to decrease due to the impact of new “agreement” concerning addiction countermeasures, etc.
- Major titles to be launched
⇒ TAIYO ELEC “**CR BIG DREAM ~SHINGEKI 99Ver.**” (in 1Q)
⇒ Sammy “**Dejihane CR TOMORROW'S JOE**” (in 1Q), etc.

Entertainment Contents Business

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	90.3	199.6	90.2[85.9]*	198.8[190.5]*	-	93.0	207.0	-
Digital Games	27.3	55.1	25.8[21.5]*	53.9[45.6]*	-	24.0	56.5	-
Packaged Games	16.4	47.4	14.6	42.3	-11%	21.0	46.5	+10%
Amusement Machine Sales	18.6	39.3	20.6	41.9	+7%	20.0	44.5	+6%
Amusement Center Operations	17.9	36.0	18.9	38.0	+6%	17.5	35.5	-7%
Animation / Toy	9.1	19.9	9.5	21.2	+7%	9.5	22.5	+6%
Other / Elimination	1.0	1.9	0.8	1.5	-	1.0	1.5	-
Operating Income	0.6	0.0	1.5[1.7]*	3.6[4.2]*	-	1.0	9.0	-
Digital Games	3.8	8.0	0.7[0.9]*	-0.9[-0.4]*	-	1.9	8.0	-
Packaged Games	-3.0	-2.7	-0.9	2.4	-	0.4	1.6	-33%
Amusement Machine Sales	-0.0	-3.9	0.2	-0.1	-	-1.5	-1.1	-
Amusement Center Operations	0.6	0.9	1.3	1.8	+100%	1.2	1.4	-22%
Animation / Toy	-0.5	-1.7	0.0	0.6	-	-0.1	1.0	+67%
Other / Elimination	-0.3	-0.6	0.2	-0.2[-0.1]*	-	-0.9	-1.9	-
Operating Income Margin	0.7%	-	1.7%[2.0%]*	1.8%[2.2%]*	-	1.1%	4.3%	-
Sales in Units (Thousands)	4,100	12,280	3,280	9,220	-25%	5,740	12,280	+33%
Same Store Sales Comparisons	98.7%	100.1%	102.2%	103.1%	+3.0pt	101.1%	101.0%	-2.1pt
Domestic Facilities	198	198	198	194	-	193	194	-

*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since forecast for FY ending March 2017.

*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.

<Full Year Results >

【Overall】

- Performed weakly; impacted by the asset value of some titles being reviewed and advertising costs being increased in the digital game software field
- Profits increased as profitability of the overall segment has improved through efforts on cost reduction

【Digital Games】

- Mainstay titles including “PHANTASY STAR ONLINE 2,” “CHAIN CHRONICLE – Kizuna no Shintairiku,” “Puyopuyo!! Quest” and “Hortensia SAGA” remained solid
- Asset value of some titles that were unable to gain market reception have been reviewed
- Advertising costs have increased due to launching of new titles
- Number of titles under service in Japan (Free-to-play only): 49 at the end of the FY ended 2016

(Include 14 titles of Sammy Networks)

【Packaged Games】

- Although unit sales of packaged games fell below previous year, sales of mainstay titles remained solid such as “Ryu ga Gotoku KIWAMI” and “SHIN MEGAMITENSEI IV FINAL” in domestic market and “Football Manager 2016” in overseas markets.
- Improved profitability by narrowing down titles while focusing on sales of major titles

【Amusement Machine Sales】

- Sales of CVT kits for “StarHorse3 Season III CHASE THE WIND” performed strong
- Sales of a new music game “CHUNITHM” and a new medal pusher game “THE MEDAL TOWER OF BABEL” were favorable
- Preliminary expenses such as casino machines development continued to be incurred

【Amusement Center Operations】

- Performed strongly as same-store sales increased from the previous period due to bolstering operation of the prize category, etc.
- Looking ahead, started a location test for an e-money system
- Grand openings of new style store “KidsBee” at Kohoku-Minamo and LaLaport Tachikawa Tachihi

【Animation / Toy】

- The movie “Detective Conan Sunflowers of Inferno” recorded the highest box office revenue for the series
- Sold products under “Anpanman” series, “Disney Character Magical Pod”, etc.
- Turn positive on a single-year basis through narrowing down product lineups in toy field

Entertainment Contents Business**<FY Ending March 2017 Forecasts>****【Overall】**

- In the digital game software field, sales are planned to increase through launching new games for PCs and developing game platform business targeting Southeast Asia
- Improve profitability through focused efforts and large-scale updates, etc. for existing mainstay titles

【Digital Games】

- Aim for improvement in profitability through events and large-scale updates, etc. for existing mainstay titles
 - ⇒ Large-scale update of mainstay titles:
 - “CHAIN CHRONICLE – Kizuna no Shintairiku” – Third chapter –
 - “Hortensia SAGA”
- Advance expansion of advertisement business in “Noah Pass” and launching of “goPlay” business, a platform targeting overseas centering on Southeast Asia

【Packaged Games】

- Domestic: Planning to release new titles centering on mainstay IP titles such as “Persona5” and “Ryu ga Gotoku6”
- Overseas: Release “Total War : WARHAMMER”
- Advertising costs and R&D cost burden to increase due to release of mainstay titles

【Amusement Machine Sales】

- Planning to release new titles for a wide variety of users and markets including a new title under “SANGOKUSHI WAR” in addition to “Kancolle Arcade”
- Preliminary expenses such as casino machines development continues to be incurred

【Amusement Center Operations】

- Proceed with the introduction of e-money as part of bolstering the full operation
- Continue to work on bolstering operation of the prize category, etc.
- Aim to improve profitability by introducing major titles of ours such as “Kancolle Arcade” and new title under “SANGOKUSHI WAR,” and increasing the number of prize machines
- Improvement in the number of visitors from June 2016 is expected due to the enforcement of the revised Act on Control and Improvement of Amusement Business, etc.

【Animation / Toy】

- Release a movie “Detective Conan The Darkest Nightmare”
 - ⇒ Initial audience exceeds the previous movie which recorded the highest box office revenue for the series
- Develop toys for “Rilu Rilu Fairilu” series, which will be the second co-developed character with Sanrio Corporation
- Focus development on products or services for regular/mainstay

Resort Business

(JPY Billion)		FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
		Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales		6.6	14.9	7.4	16.3	+9%	7.0	16.0	-2%
Operating Income		-1.4	-2.3	-1.2	-1.8	-	-1.5	-2.5	-
Operating Income Margin		-	-	-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	322	643	287	571	-11%	272	570	-
	Average sales per customer (JPY)	12,982	14,468	14,912	15,845	+10%	15,415	16,902	+7%
Tokyo Joypolis	Number of visitors (Thousands)	333	614	395	687	+12%	372	650	-5%
	Average sales per customer (JPY)	3,342	3,426	3,466	3,545	+3%	3,578	3,723	+5%
Orbi Yokohama	Number of visitors (Thousands)	240	400	194	323	-19%	232	371	+15%
	Average sales per customer (JPY)	2,264	2,283	2,421	2,282	-	2,079	2,050	-10%
Paradise Casino Incheon *	Casino sales (Billion KRW)	55	109	51	94	-14%	-	-	-
	Number of visitors (Thousands)	29	58	24	48	-17%	-	-	-

* We've made a correction to the full year results for the FY Ended March 2015.

* Paradise Casino Incheon is operated by PARADISE SEGASAMMY Co., Ltd., an equity method affiliate of our company. Figures for Paradise Casino Incheon are recorded with three months delay

<Full Year Results >

- Sales improved due to the increase in the number of visitors to “TOKYO JOYPOLIS” and new opening of “QINGDAO JOYPOLIS”
- With the closure of Sun Hotel Phoenix in the "Phoenix Seagaia Resort," while the number of visitors was reduced, attracting visitors of high average remained steady in the busy season, decrease losses.

<FY Ending March 2017 Forecasts>

- Although large-scale renovation work on hotel guest rooms in “Phoenix Seagaia Resort” will be completed this summer and the grand opening is scheduled, burden of amortization expenses will increase
- Expenses such as prior investment in IR (integrated resort) business will be incurred

※The contents in this material and comments made during the questions and answers etc. of this briefing session are the judgment and forecasts of the Company's management based on the currently available information.

These contents involve risk and uncertainty, and the actual results may differ materially from these contents/comments.