

Summary of 1st Quarter Results for FY Ending March 2017

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Net Sales	52.9	154.3	347.9	70.6	+33%	180.0	380.0	+9%
Operating Income	-9.4	5.7	17.6	3.0	-	6.5	20.0	+14%
Ordinary Income	-8.7	5.8	16.4	2.9	-	6.5	20.0	+22%
Income before income taxes	-8.4	4.0	12.0	4.3	-	6.5	20.0	+67%
Profit attributable to owners of parent	-7.9	0.9	5.3	4.1	-	3.4	10.0	+89%
Dividends per share (JPY)	-	20.00	40.00	-	-	20.00	40.00	-
Earnings per share (JPY)	-33.79	4.11	22.90	17.54	-	14.51	42.66	-
Net Assets per share (JPY)	1,286.88	1,310.36	1,257.43	1,215.03	-	-	-	-

<Summary of Results Through 1Q>

- Net Sales:70.6 billion yen, Operating Income:3.0 billion yen, Profit attributable to owners of parent:4.1 billion yen
- Sales increased year-on-year and significantly turned to profit.

Costs and Expenses

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	12.8	24.7	58.0	13.9	+9%	33.7	67.1	+16%
Cap-ex	6.8	12.5	28.0	6.1	-10%	13.8	27.7	-1%
Depreciation	4.1	8.2	16.6	3.9	-5%	7.7	15.6	-6%
Advertising	3.9	9.3	17.9	3.1	-21%	10.1	19.8	+11%

Consolidated Balance Sheet (Summary)

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2016	As of end of June 2016	Change	Account	As of end of March 2016	As of end of June 2016	Change
Total Current Assets	302.2	283.4	-18.8	Total Current Liabilities	105.9	97.7	-8.2
Total Noncurrent Assets	230.6	220.9	-9.7	Total Noncurrent Liabilities	127.0	117.9	-9.1
				Total Liabilities	233.0	215.6	-17.4
				Total Net Assets	299.9	288.7	-11.2
Total Assets	532.9	504.3	-28.6	Total Liabilities and Net Assets	532.9	504.3	-28.6

Account	As of end of March 2016	As of end of June 2016	Change
Equity ratio	55.3%	56.5%	+1.2pt
Current ratio	285.2%	290.1%	+4.9pt

- Total Assets : 504.3 billion yen (decreased by 28.6 billion yen)
- Current Assets: Down 18.8 billion yen due to such as cash and deposits, and accounts receivable from sales decreased while securities (short-term operation) and inventories an increase
- Noncurrent Assets: Down 9.7 billion yen due to an decrease in tangible fixed assets and investment securities (a fall in prices of the capital holdings, etc.)
- Equity Ratio : 56.5% (+1.2pt)
- Current Ratio : 290.1% (+4.9pt) (Current Ratio as of the end of FY ended March 2016: 285.2%)

Pachislot and Pachinko Machines Business

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	9.8	60.9	141.0	21.2	+116%	80.0	157.0	+11%
Pachislot	0.0	31.0	61.1	11.4	-	52.1	83.9	+37%
Pachinko	6.3	23.1	66.8	6.3	-	21.0	57.2	-14%
Other / Elimination	3.5	6.8	13.1	3.5	-	6.9	15.9	-
Operating Income	-6.7	8.4	20.9	0.3	-	10.5	19.0	-9%
Operating Income Margin	-	13.8%	14.8%	1.4%	-	13.1%	12.1%	-
Unit Sales (Pachislot)	102	70,260	142,337	29,902	+29,216%	139,300	230,800	+62%
Unit Sales (Pachinko)	22,362	79,604	199,014	20,525	-8%	68,000	182,000	-9%

*Contents of retroactive processing have been reflected on new segments from FY ended March 2016 because part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business from FY ending March 2017.

<Summary of Results Through 1Q>

[Overall]

- Sales increased and turned year-on-year profits due to strong sales of mainstay titles, mainly of Pachislot.

[Pachislot]

- Unit sales increased due to strong sales of titles such as “**Pachislot CODE GEASS Lelouch of the Rebellion R2**,” which fully recreated the world of CODE GEASS with addition of new game elements while maintaining the charm of the previous work.

[Pachinko]

- Machines with titles that were sold in the previous fiscal year and have different specifications, such as “**CR BIG DREAM ~SHINGEKI 99Ver.**” and “**Dejihane CR TOMORROW'S JOE**,” performed strong, and secured unit sales similar that of the previous fiscal year amid few new titles being releasing.

<Forecasts>

[Overall]

- Sold several titles centering on mainstay titles.
- Both Pachislot and Pachinko titles already on the market generally performed well.

[Pachislot]

- Sales of titles with track records such as the “**Hokuto No Ken**” series and other titles taken from popular series machines and changed to titles with more playful game elements are scheduled.
- Major titles to be launched:
 - “**Pachislot Hokuto No Ken Syura no kuni hen**”
 - “**A – SLOT Hokuto No Ken Shou**,” “**A – SLOT Nisemonogatari**”
 - “**Pachislot BLOOD+ futari no joou**,” etc.

[Pachinko]

- Several titles are scheduled to be sold centering on “**Pachinko CR SOUTEN-NO-KEN Tenki**,” which has fused together a liquid-crystal rendering completely changed from past series machines and newly mounted gimmicks.
- Major titles to be launched:
 - “**Pachinko CR SOUTEN-NO-KEN Tenki**”
 - “**Pachinko CR GAOGAOKING 2**” series, etc.

Entertainment Contents Business

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	39.6	85.9	190.5	46.7	+18%	93.0	207.0	+9%
Digital Games	10.4	21.5	45.6	12.0	+15%	24.0	56.5	+24%
Packaged Games	7.7	14.6	42.3	10.7	+39%	21.0	46.5	+10%
Amusement Machine Sales	8.7	20.6	41.9	10.3	+18%	20.0	44.5	+6%
Amusement Center Operations	8.7	18.9	38.0	8.8	+1%	17.5	35.5	-7%
Animation / Toy	3.6	9.5	21.2	4.2	+17%	9.5	22.5	+6%
Other / Elimination	0.5	0.8	1.5	0.7	-	1.0	1.5	-
Operating Income	-0.6	1.7	4.2	4.9	-	1.0	9.0	+114%
Digital Games	0.2	0.9	-0.4	2.4	+1,100%	1.9	8.0	-
Packaged Games	-0.2	-0.9	2.4	2.4	-	0.4	1.6	-33%
Amusement Machine Sales	-0.4	0.2	-0.1	-0.1	-	-1.5	-1.1	-
Amusement Center Operations	0.1	1.3	1.8	0.6	+500%	1.2	1.4	-22%
Animation / Toy	-0.3	0.0	0.6	-0.1	-	-0.1	1.0	+67%
Other / Elimination	0.0	0.2	-0.1	-0.3	-	-0.9	-1.9	-
Operating Income Margin	-	2.0%	2.2%	10.5%	-	1.1%	4.3%	+2.1pt
Sales in Units (Thousands)	1,830	3,280	9,220	2,410	+32%	5,740	12,280	+33%
Same Store Sales Comparisons	101.4%	102.2%	103.1%	111.2%	+9.8pt	101.1%	101.0%	-2.1pt
Domestic Facilities	198	198	194	193	-	193	194	-

*Contents of retroactive processing have been reflected on new segments from FY ended March 2016 because part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business from FY ending March 2017.

<Summary of Results Through 1Q>

【Overall】

- The packaged game software field, amusement machine field and amusement center operations field performed well in addition to strong performance of existing mainstay titles in the digital game software field.
- Profits improved significantly year-on-year.

【Digital Games】

- “PHANTASY STAR ONLINE 2” performed strong by recording an all time high of 130,000 people connecting simultaneously, etc. from the launch of service of the PlayStation®4 version.
- Existing mainstay titles such as “CHAIN CHRONICLE – Kizuna no Shintairiku,” “Puyopuyo!! Quest” and “Hortensia SAGA” remained solid.
- New title “Liberasion of azure” launched.

【Packaged Games】

- Major titles such as “Total War: WARHAMMER,” the latest title of the “Total War” series which has been enjoying massive popularity overseas, performed solid.
- Unit sales were 2.41 million, surpassing the unit sales for the same period in the previous year.

【Amusement Machine Sales】

- Introduced a new title “KanColle Arcade,” which made a good start by causing queues at game centers nationwide, etc.
- Expenses such as development expenses depreciation arose in line with the release of the new title.
- Preliminary expenses for casino machines development and sales were incurred.

【Amusement Center Operations】

- Performed strongly at 111.2% against last fiscal year’s same store sales.
- Strong performance due to reinforced facility operation, including improvement of line-up and staff quality in the prize category.
- Strong performance backed by a new video game title “KanColle Arcade” and others.

【Animation / Toy】

- Box office revenue was strong with a movie “Detective Conan The Darkest Nightmare” exceeding the previous movie, which recorded the highest box office revenue for the series.
- Focused development on products or services for regular/mainstay such as the “Anpanman” series.

Entertainment Contents Business

<Forecasts>

【Overall】

- Profit contribution mainly from existing mainstay titles is expected in the digital game software field.
- Continue to pursue improvement in profitability in the packaged game software field, amusement machine field and amusement center operations field.

【Digital Games】

- Aim for profit contribution through large-scale updates and holding of events mainly for existing mainstay titles.
 - “PHANTASY STAR ONLINE 2” Hold various events.
 - “CHAIN CHRONICLE – Kizuna no Shintairiku” Hold third anniversary event and add new stories.
 - “Puyopuyo!! Quest” Implement large-scale updates and hold various events.
 - “Hortensia SAGA” Conduct collaboration.

【Packaged Games】

- Planning to release new titles of popular series centering on mainstay IP titles
“SEKAIJU NO MEIQ V” (August), “Hatsune Miku: Project DIVA X HD” (August), “Persona5” (September).

【Amusement Machine Sales】

- Expect continuous profit contribution from revenue share titles centering on “KanColle Arcade,” etc.
- Launch “StarHorse3 SeasonIV Dream on the turf,” a CVT kit of the “StarHorse3” series.
- Preliminary expenses for casino machines development and sales to be incurred.

【Amusement Center Operations】

- Continue to reinforce facility operation focusing on the prize category.
- Aim to improve profitability by introducing Sega Sammy’s new titles, etc. in addition to profit contribution from video games such as “KanColle Arcade.”

【Animation / Toy】

- Expect distribution earnings from a movie “Detective Conan The Darkest Nightmare.”
- Release a movie “ANPANMAN: Toy planet Nanda and Lunda*”
 - *Not Official English Title
- Focus on products or services for regular/mainstay towards summer campaign.

Resort Business

(JPY Billion)		FY Ended March 2016			FY Ending March 2017				
		Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales		3.4	7.4	16.3	2.6	-24%	7.0	16.0	-2%
Operating Income		-0.5	-1.2	-1.8	-0.8	-	-1.5	-2.5	-
Operating Income Margin		-	-	-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	131	287	571	92	-30%	272	570	-
	Average sales per customer (JPY)	15,883	14,912	15,845	16,127	+2%	15,415	16,902	+7%
Tokyo Joypolis	Number of visitors (Thousands)	148	395	687	151	+2%	372	650	-5%
	Average sales per customer (JPY)	3,489	3,466	3,545	3,538	+1%	3,578	3,723	+5%
Orbi Yokohama	Number of visitors (Thousands)	73	194	323	64	-12%	232	371	+15%
	Average sales per customer (JPY)	2,444	2,421	2,282	2,632	+8%	2,079	2,050	-10%
Paradise Casino Incheon *	Casino sales (Billion KRW)	26	51	95	21	-19%	-	-	-
	Number of visitors (Thousands)	13	24	48	11	-15%	-	-	-

* 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

<Summary of Results Through 1Q>

- The number of visitors to “**TOKYO JOYPOLIS**” increased with holding of 20th anniversary event, etc.
- Some cancellations of lodging, golfing, banquets, etc. were seen at “**Phoenix Seagaia Resort**” due to the Kumamoto Earthquake.

<Forecasts>

- “**Sheraton Grande Ocean Resort**” at “**Phoenix Seagaia Resort**” completed renovation of the guest rooms and the front desk area and is scheduled to reopen.

Aim to improve the number of reservations with the effect of “**Kyushu Fukko Wari.**”

- Implement measures to improve the number of visitors to “**TOKYO JOYPOLIS**” and “**Orbi Yokohama.**”

※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.