

### Summary of 2nd Quarter Results for FY Ending March 2017

#### Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2016		FY Ending March 2017					
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 13)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 13)	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
Net Sales	154.3	347.9	180.0	169.5	+10%	380.0	373.0	+7%
Operating Income	5.7	17.6	6.5	15.3	+168%	20.0	28.0	+59%
Ordinary Income	5.8	16.4	6.5	15.4	+166%	20.0	27.0	+65%
Income before income taxes	4.0	12.0	6.5	27.1	+578%	20.0	36.5	+204%
Profit attributable to owners of parent	0.9	5.3	3.4	24.2	+2,589%	10.0	30.0	+466%
Dividends per share (JPY)	20.00	40.00	20.00	20.00	-	40.00	40.00	-
Earnings per share (JPY)	4.11	22.90	14.51	103.47	-	42.66	127.99	-
Net Assets per share (JPY)	1,310.36	1,257.43	-	1,292.06	-	-	-	-

#### <Summary of Results Through 2Q>

- Net Sales: **169.5 billion yen**, Operating Income: **15.3 billion yen**, Profit attributable to owners of parent: **24.2 billion yen**
- Sales increased and profits increased year-on-year.
- Both Pachislot and Pachinko Machines Business and Entertainment Contents Business performed strongly.

#### Costs and Expenses

(JPY Billion)	FY Ended March 2016		FY Ending March 2017					
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 13)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 13)	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
R&D Expense / Content Production Expense	24.7	58.0	33.7	31.7	+28%	67.1	64.9	+12%
Cap-ex	12.5	28.0	13.8	13.8	+10%	27.7	28.4	+1%
Depreciation	8.2	16.6	7.7	7.6	-7%	15.6	15.1	-9%
Advertising	9.3	17.9	10.1	7.6	-18%	19.8	16.1	-10%

#### Consolidated Balance Sheet (Summary)

【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2016	As of end of September 2016	Change	Account	As of end of March 2016	As of end of September 2016	Change
Total Current Assets	302.2	304.0	+1.8	Total Current Liabilities	105.9	105.2	-0.7
Total Noncurrent Assets	230.6	217.4	-13.2	Total Noncurrent Liabilities	127.0	110.1	-16.9
				Total Liabilities	233.0	215.3	-17.7
				Total Net Assets	299.9	306.1	+6.2
Total Assets	532.9	521.5	-11.4	Total Liabilities and Net Assets	532.9	521.5	-11.4

Account	As of end of March 2016	As of end of September 2016	Change
Equity ratio	55.3%	58.1%	+2.8pt
Current ratio	285.2%	288.9%	+3.7pt

- Total Assets : 521.5 billion yen (decreased by 11.4 billion yen )
- Current Assets: Up 1.8 billion yen due to an increase in securities (short-term operation) and inventories while cash and deposits, and accounts receivable from sales decreased.
- Noncurrent Assets: Down 13.2 billion yen due to a decrease in tangible fixed assets and investment securities ( a fall in prices of the capital holdings, etc.)
- Equity Ratio : 58.1% (+2.8pt)
- Current Ratio : 288.9% (+3.7pt)(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 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 13)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 13)	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
<b>Sales</b>	<b>60.9</b>	<b>141.0</b>	<b>80.0</b>	<b>64.9</b>	<b>+7%</b>	<b>157.0</b>	<b>153.5</b>	<b>+9%</b>
Pachislot	31.0	61.1	52.1	31.8	+3%	83.9	92.0	+51%
Pachinko	23.1	66.8	21.0	26.4	+14%	57.2	46.0	-31%
Other / Elimination	6.8	13.1	6.9	6.7	-	15.9	15.5	-
<b>Operating Income</b>	<b>8.4</b>	<b>20.9</b>	<b>10.5</b>	<b>10.6</b>	<b>+26%</b>	<b>19.0</b>	<b>27.0</b>	<b>+29%</b>
Operating Income Margin	13.8%	14.8%	13.1%	16.3%	+2.5pt	12.1%	17.6%	+2.8pt
<b>Unit Sales (Pachislot)</b>	<b>70,260</b>	<b>142,337</b>	<b>139,300</b>	<b>81,895</b>	<b>+17%</b>	<b>230,800</b>	<b>236,000</b>	<b>+66%</b>
<b>Unit Sales (Pachinko)</b>	<b>79,604</b>	<b>199,014</b>	<b>68,000</b>	<b>75,542</b>	<b>-5%</b>	<b>182,000</b>	<b>132,000</b>	<b>-34%</b>

\*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 2Q>

##### [Overall]

- Sales and profits increased year-on-year due to strong sales of several titles including both Pachislot and Pachinko mainstay titles.
- Profits exceeded the initial forecast due to improved profitability attributed by cost improvements through reuse of parts and a reduction of sales and general administrative expenses centered on development expenses.

##### [Pachislot]

- Unit sales increased due to sales of several titles such as “Pachislot BLOOD+ futari no joou” added with many new features on its previous title, whose original gameplay was well supported.
- Unit sales fell below initial forecast as delivery of the mainstay title “Pachislot Hokuto No Ken Syura no kuni hen” was limited due to review of sales schedule.

##### [Pachinko]

- Unit sales surpassing that of the initial forecast was achieved due to strong sales of the series’ latest title “Pachinko CR SOUTEN-NO-KEN Tenki” and solid sales of “Pachinko CR GAOGAOKING 2” without a liquid crystal display(LCD).

#### <Forecasts>

##### [Overall]

- Revised full year forecasts on November 2, 2016  
**22 titles → 20 titles, unit sales: 412 → 368 thousands of units**
- Although the number of titles and unit sales is likely to decrease due to the strategic review of the sales lineup, sales of mainstay titles for both pachislot and pachinko machines will generally be strong.
- Expect improvement in profitability due to cost improvement through the reuse of components and reduction of development expenses, etc.

##### [Pachislot]

- Revised full year forecasts on November 2, 2016  
**12 titles → 11 titles, unit sales: 230 → 236 thousands of units**
- Sales of several titles including “Pachislot Hokuto No Ken Syura no kuni hen,” the latest title of the major “Hokuto No Ken” series are scheduled.
- Major titles to be launched:  
“Pachislot Hokuto No Ken Syura no kuni hen” “Pachislot INUYASHA,” etc.

##### [Pachinko]

- Revised full year forecasts on November 2, 2016  
**10 titles → 9 titles, unit sales: 182 → 132 thousands of units**
- Sales of several titles such as “Pachinko CR Monster Hunter 4,” which recreated the world of “Monster Hunter” as the previous title did and “Pachinko CR Shin Hokuto Muso 2 1 9 Ver.,” which modified the previous popular title to offer easier-to-play specifications.
- Major titles to be launched:  
“Pachinko CR Shin HokutoMuso 2 1 9 Ver.” “Pachinko CR Monster Hunter 4,” etc.

**Entertainment Contents Business**

(JPY Billion)	FY Ended March 2016		FY Ending March 2017					
	Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 13)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 13)	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
<b>Sales</b>	<b>85.9</b>	<b>190.5</b>	<b>93.0</b>	<b>97.8</b>	<b>+14%</b>	<b>207.0</b>	<b>205.0</b>	<b>+8%</b>
Digital Games	21.5	45.6	24.0	23.0	+7%	56.5	47.0	+3%
Packaged Games	14.6	42.3	21.0	23.0	+58%	46.5	47.0	+11%
Amusement Machine Sales	20.6	41.9	20.0	22.5	+9%	44.5	49.5	+18%
Amusement Center Operations	18.9	38.0	17.5	19.0	+1%	35.5	37.0	-3%
Animation / Toy	9.5	21.2	9.5	9.4	-1%	22.5	23.5	+11%
Other / Elimination	0.8	1.5	1.0	0.9	-	1.5	1.0	-
<b>Operating Income</b>	<b>1.7</b>	<b>4.2</b>	<b>1.0</b>	<b>9.1</b>	<b>+435%</b>	<b>9.0</b>	<b>9.5</b>	<b>+126%</b>
Digital Games	0.9	-0.4	1.9	3.8	+322%	8.0	4.8	-
Packaged Games	-0.9	2.4	0.4	2.7	-	1.6	2.7	+13%
Amusement Machine Sales	0.2	-0.1	-1.5	0.8	+300%	-1.1	0.3	-
Amusement Center Operations	1.3	1.8	1.2	2.0	+54%	1.4	2.0	+11%
Animation / Toy	0.0	0.6	-0.1	0.1	-	1.0	1.0	+67%
Other / Elimination	0.2	-0.1	-0.9	-0.3	-	-1.9	-1.3	-
Operating Income Margin	2.0%	2.2%	1.1%	9.3%	+7.3pt	4.3%	4.6%	+2.4pt
<b>Sales in Units (Thousands)</b>	<b>3,280</b>	<b>9,220</b>	<b>5,740</b>	<b>4,650</b>	<b>+42%</b>	<b>12,280</b>	<b>10,300</b>	<b>+12%</b>
<b>Same Store Sales Comparisons</b>	<b>102.2%</b>	<b>103.1%</b>	<b>101.1%</b>	<b>110.8%</b>	<b>+8.6pt</b>	<b>101.0%</b>	<b>108.6%</b>	<b>+5.5pt</b>
<b>Domestic Facilities</b>	<b>198</b>	<b>194</b>	<b>193</b>	<b>189</b>	<b>-</b>	<b>194</b>	<b>190</b>	<b>-</b>

\*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 2Q>**
**【Overall】**

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

**【Digital Games】**

- Earnings structure improved centering on existing mainstay titles
- Registered IDs of “**PHANTASY STAR ONLINE 2**” surpassed 4.5 million in Japan with strong performance
- Existing mainstay titles such as “**Puyopuyo!! Quest**,” which was officially launched in September and whose real time battle mong users are well received, performed solidly.
- New title “**WORLD CHAIN**” launched.

**【Packaged Games】**

- Sales of “**Persona5**,” the latest title of the “**Persona**” series launched in September, was strong.
- “**Total War: WARHAMMER**,” the latest title of the “**Total War**” series which has been enjoying massive popularity overseas, has performed strong.
- Unit sales were **4,650 thousand**, surpassing the unit sales for the same period in the previous year.

**【Amusement Machine Sales】**

- Performed strongly due to conducting additional pickup from “**KanColle Arcade**” and continuous profit contribution from revenue share titles.
- Sales of “**UFO CATCHER9**” were solid.
- “**StarHorse3 Season V EXCEED THE LIMIT**,” a CVT kit of the horse racing medal game “**StarHorse**” series which has evolved for the 16th year performed solid.
- Preliminary expenses for casino machines development and sales were incurred.

**【Amusement Center Operations】**

- Performed strongly at **110.8%** 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.
- “**KanColle Arcade**” and others performed well among video game titles.
- Facilities operation improved due to execution of the Revised Act on Control and Improvement of Amusement Business.

**【Animation / Toy】**

- Strong trends owing to distribution earnings from “**Detective Conan The Darkest Nightmare**,” which set a new standard for box office revenue for the series.
- Sales of regular/mainstay products such as “**Disney characters Magical Pad girls lesson**.”

**Entertainment Contents Business****<Forecasts>****【Overall】**

- In the digital game field, although domestic existing titles will perform strong, establishment of overseas game platform business, etc. is delayed.
- Expect operating expenses, etc., in line with launches of new titles in the packaged game, amusement machine sales, and amusement center operations fields.

**【Digital Games】**

- Expect profit contribution from domestic existing mainstay titles.
- “CHAIN CHRONICLE 3” Episode 3, a large-scale update of “CHAIN CHRONICLE – Kizuna no Shintairiku,” is scheduled for launch.
- Hold events mostly for existing mainstay titles such as “PHANTASY STAR ONLINE 2,” “Puyopuyo!! Quest” and “Hortensia Saga.”
- Establishment of overseas game platform business, etc. is delayed.
- Release titles linking machines for game centers and smart devices.

**【Packaged Games】**

- Planning to release new titles of popular series centering on mainstay IP titles.
- “Hatsune Miku: VR Future Live” (October), “Football Manager 2017” (November), “Ryu ga Gotoku 6: Inochi no Uta” (December), etc.

**【Amusement Machine Sales】**

- Expect profit contributions from favorable performance of revenue share titles such as “KanColle Arcade.”
- The latest titles of the largely popular trading card game “SANGOKUSHI TAISEN” and others are scheduled for launch.
- 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 new titles, etc. of Sega Sammy, in addition to profit contribution from video games such as “KanColle Arcade.”
- Hold “SEGA COLLABO CAFE Love Live! Sunshine!!” in collaboration with “Love Live” at Club Sega in Akihabara as an initiative for a new style Store.

**【Animation / Toy】**

- Earnings from production of new TV animations “Yowamushi Pedal NEW GENERATION,” “Onihei,” etc. and earnings from movie production are expected.
- Implement animation broadcasts for titles such as “Rilu Rilu Fairilu~Fairy Doors~” and “Chi’s Sweet Adventure.”
- Ahead of the Christmas shopping season, focus on sales of regular and mainstay products and services, such as “Disney” and “ANPANMAN” series.

## Resort Business

(JPY Billion)		FY Ended March 2016		FY Ending March 2017					
		Results Through 2Q	Full Year Results	Initial Forecasts Through 2Q (announced on May 13)	Results Through 2Q	YoY Change	Initial Full Year Forecasts (announced on May 13)	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
Sales		7.4	16.3	7.0	6.7	-9%	16.0	14.5	-11%
Operating Income		-1.2	-1.8	-1.5	-1.3	-	-2.5	-2.5	-
Operating Income Margin		-	-	-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	287	571	272	248	-14%	570	541	-5%
	Average sales per customer (JPY)	14,912	15,845	15,415	14,288	-4%	16,902	16,353	+3%
Tokyo Joypolis	Number of visitors (Thousands)	395	687	372	373	-6%	650	-	-
	Average sales per customer (JPY)	3,466	3,545	3,578	3,725	+7%	3,723	-	-
Orbi Yokohama	Number of visitors (Thousands)	194	323	232	218	+12%	371	356	+10%
	Average sales per customer (JPY)	2,421	2,282	2,079	1,855	-23%	2,050	1,911	-16%
Paradise Casino Incheon *	Casino sales (Billion KRW)	51	95	-	46	-10%	-	-	-
	Number of visitors (Thousands)	24	48	-	24	-	-	-	-

\* 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 2Q>

- Loss expanded due to some cancellations of lodging, golfing, banquets, etc. at “Phoenix Seagaia Resort” affected by the Kumamoto Earthquake.
- New attraction “ZERO LATENCY VR” and others at “Tokyo Joypolis” were well-received
- The number of visitors to “Orbi Yokohama” increased due to revision of fees.

### <Forecasts>

- At “Phoenix Seagaia Resort,”
- Two “Bridal reception banquet rooms” are scheduled to open on the 42nd floor, the high-rise floor of the hotel.
- Renewal of a MICE\* facility “Seagaia Convention Center” is scheduled.
- Implement measures to improve the number of visitors to “Orbi Yokohama.”

(\* MICE : Meeting, Incentive Travel, Convention, Exhibition/Event)

※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.