

Summary of 3rd Quarter Results for FY Ending March 2017

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2016		FY Ending March 2017			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
Net Sales	245.0	347.9	285.7	+17%	373.0	+7%
Operating Income	12.1	17.6	35.0	+189%	28.0	+59%
Ordinary Income	12.6	16.4	35.3	+180%	27.0	+65%
Income before income taxes	11.2	12.0	43.0	+284%	36.5	+204%
Profit attributable to owners of parent	6.4	5.3	36.5	+470%	30.0	+466%
Dividends per share (JPY)	20.00	40.00	20.00	-	40.00	-
Earnings per share (JPY)	27.71	22.90	155.84	-	127.99	-
Net Assets per share (JPY)	1,294.99	1,257.43	1,356.30	-	-	-

<Summary of Results Through 3Q>

- Net Sales: **285.7 billion yen**, Operating Income: **35.0 billion yen**, Profit attributable to owners of parent: **36.5 billion yen**
- Both sales and profits increased year-on-year with the launch of several large titles by each business concentrated in this quarter.

Costs and Expenses

(JPY Billion)	FY Ended March 2016		FY Ending March 2017			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
R&D Expense / Content Production Expense	40.3	58.0	48.8	+21%	64.9	+12%
Cap-ex	21.0	28.0	20.8	-1%	28.4	+1%
Depreciation	12.5	16.6	12.0	-4%	15.1	-9%
Advertising	13.6	17.9	11.2	-18%	16.1	-10%

Consolidated Balance Sheet (Summary)

(JPY billion) [Assets]				[Liabilities and Net Assets]			
Account	As of end of March 2016	As of end of December 2016	Change	Account	As of end of March 2016	As of end of December 2016	Change
Total Current Assets	302.2	318.5	+16.3	Total Current Liabilities	105.9	101.9	-4.0
Total Noncurrent Assets	230.6	215.1	-15.5	Total Noncurrent Liabilities	127.0	110.1	-16.9
				Total Liabilities	233.0	212.1	-20.9
				Total Net Assets	299.9	321.4	+21.5
Total Assets	532.9	533.6	+0.7	Total Liabilities and Net Assets	532.9	533.6	+0.7

Account	As of end of March 2016	As of end of December 2016	Change
Equity ratio	55.3%	59.6%	+4.3pt
Current ratio	285.2%	312.3%	+27.1pt

- Total Assets : 533.6 billion yen (Up 0.7 billion yen)
- Current Assets: Up 16.3 billion yen as securities (short-term fund management).
- Noncurrent Assets: Down 15.5 billion yen due to a decrease in tangible fixed assets and investment securities
- Equity Ratio : 59.6% (+4.3pt)
- Current Ratio : 312.3% (+27.1pt)(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 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
Sales	96.7	141.0	119.7	+24%	153.5	+9%
Pachislot	52.7	61.1	70.0	+33%	92.0	+51%
Pachinko	34.0	66.8	39.6	+16%	46.0	-31%
Other / Elimination	10.0	13.1	10.1	-	15.5	-
Operating Income	15.0	20.9	25.8	+72%	27.0	+29%
Operating Income Margin	15.5%	14.8%	21.6%	+6.1pt	17.6%	+2.8pt
Unit Sales (Pachislot)	121,645	142,337	169,827	+40%	236,000	+66%
Unit Sales (Pachinko)	115,396	199,014	111,104	-4%	132,000	-34%

*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 3Q>
【Overall】

- Sales and profits increased year-on-year due to sales of several titles including mainstay titles for both Pachislot and Pachinko.
- Profits performed steadily against the revised full-year forecast due to improved profitability attributable to cost improvements through measures such as reuse of parts and a reduction of sales and general administrative expenses centered on development expenses.

【Pachislot】

- Unit sales increased year-on-year due to sales of several titles including “Pachislot Hokuto No Ken Syura no kuni hen,” the latest title of the major “Hokuto No Ken” series.

【Pachinko】

- Achieved unit sales on a par with the same quarter of previous fiscal year by selling 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 219 Ver.,” which modified the previous popular title to offer easier-to-play specifications.

<Forecasts>
【Overall】

- Sales of several titles, centering on new titles for Pachislot are scheduled.
- While there are no plans to launch any large titles for Pachinko, sales of specification changed titles are scheduled.

【Pachislot】

- Sales of several titles such as “Pachislot GARO-Mamorishimono-,” collaborated work of SANSEI R&D CORPORATION and Sammy Corporation, and “Pachislot Eureka Seven AO,” the sequel to “Pachislot Eureka Seven” series which was a huge hit, are scheduled.
- Titles to be launched:
“Pachislot Eureka Seven AO”
“Pachislot GARO-Mamorishimono-,” etc.

【Pachinko】

- Sales of several titles such as “Pachinko CR Shin Hokuto Muso Mugentouran,” which completely renewed the gaming feature of the previous title, and “Dejihane CR SUPER ROBOT WARS OG,” which modified the previous popular title to offer easier-to-play specifications, are scheduled.
- Titles to be launched:
“Pachinko CR Shin Hokuto Muso Mugentouran”
“Dejihane CR SUPER ROBOT WARS OG”

Entertainment Contents Business

(JPY Billion)	FY Ended March 2016		FY Ending March 2017			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
Sales	136.6	190.5	155.4	+14%	205.0	+8%
Digital Games	33.0	45.6	35.0	+6%	47.0	+3%
Packaged Games	28.9	42.3	37.3	+29%	47.0	+11%
Amusement Machine Sales	29.8	41.9	37.4	+26%	49.5	+18%
Amusement Center Operations	28.2	38.0	27.9	-1%	37.0	-3%
Animation / Toy	15.7	21.2	16.5	+5%	23.5	+11%
Other / Elimination	1.0	1.5	1.3	-	1.0	-
Operating Income	2.8	4.2	15.3	+446%	9.5	+126%
Digital Games	-0.1	-0.4	5.3	-	4.8	-
Packaged Games	0.5	2.4	4.2	+740%	2.7	+13%
Amusement Machine Sales	-0.1	-0.1	3.3	-	0.3	-
Amusement Center Operations	1.9	1.8	2.3	+21%	2.0	+11%
Animation / Toy	0.7	0.6	1.0	+43%	1.0	+67%
Other / Elimination	-0.1	-0.1	-0.8	-	-1.3	-
Operating Income Margin	2.0%	2.2%	9.8%	+7.8pt	4.6%	+2.4pt
Sales in Units (Thousands)	6,120	9,220	8,130	+33%	10,300	+12%
Same Store Sales Comparisons	101.7%	103.1%	110.3%	+8.6pt	108.6%	+5.5pt
Domestic Facilities	198	194	190	-	190	-

*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 3Q>
【Overall】

- Performed well with the launch of large titles concentrated in 3Q for the packaged game field and amusement machine sales field, in addition to strong performance of existing mainstay titles in the digital game field.
- Profits improved significantly year-on-year.

【Digital Games】

- Performed solidly centered on existing mainstay titles such as “PHANTASY STAR ONLINE 2” and “Hortensia Saga.”
- Released “SOUL REVERSE ZERO,” the first of the “SOUL REVERSE” series, for smart devices as part of the “Multi-device × One Service” effort which aims for maximization of contact with customers by providing amusement machine IPs on various devices.

【Packaged Games】

- Launches of large titles such as “Football Manager 2017” (November), a new title of the “Football Manager” series, and “Ryu ga Gotoku 6: Inochi no Uta” (December), a new title of the “Ryu ga Gotoku” series, concentrated in 3Q.
- Unit sales were 8,130 thousand, surpassing the unit sales for the same period in the previous year.

【Amusement Machine Sales】

- Sales of the latest title of the popular trading card game “SANGOKUSHI TAISEN” were solid.
- Performed solidly due to continuous profit contribution from “KanColle Arcade” and sales of “UFO CATCHER 9.”
- Preliminary expenses for casino machines development and sales were incurred.
- New casino machine “Exciting Baccarat” started operation in the Macau market.

【Amusement Center Operations】

- Performed strongly at 110.3 % against last fiscal year’s same store sales.
- Prize category performed strongly due to improvement of line-up and reinforced facility operation.
- Video game titles centered on “KanColle Arcade” performed well.
- Facilities operation improved due to execution of the Revised Act on Control and Improvement of Amusement Business.

【Animation / Toy】

- Launch “Detective Conan The Darkest Nightmare” in China
- Implemented animation broadcasts for titles such as “Rilu Rilu Fairilu~Fairy Doors~” and “Chi’s Sweet Adventure.”
- Launched new products such as “Puni♥Gel YumePuniAccessories DX.”

Entertainment Contents Business

<Forecasts>

【Overall】

- In the digital game field, although the business will center on domestic existing titles, assessment of operating status of new titles launched in this FY will be required.
- No launch of large titles in the packaged game field and amusement machine sales field.

【Digital Games】

- Expect profit contribution from domestic existing mainstay titles.
Episode 3 of “**Hortensia Saga**,” a latest update, is scheduled for launch.
Hold events mostly for existing mainstay titles such as “**PHANTASY STAR ONLINE 2**,” “**Puyopuyo!! Quest**” and “**CHAIN CHRONICLE 3**.”
- Plan to launch new titles such as “**CODE OF JOKER Pocket**” and “**StarHorse Pocket**” as part of “**Multi-device × One Service**.”
- Assessment of operating status of new titles launched in this FY will be required.

【Packaged Games】

- No launch of large titles.
- Launch “**Valkyria: Azure Revolution**” (January), the new title of the “**Valkyria Chronicles**” series
- Launch “**Puyo Puyo Tetris**” (March), a software for Nintendo Switch™

【Amusement Machine Sales】

- No launch of large titles.
- Expect profit contributions from revenue share titles such as “**KanColle Arcade**.”
- Plan to launch “**INITIAL D ARCADE STAGE Zero**,” a new title of “**INITIAL D ARCADE STAGE**.”
- 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 profit contribution from video games such as “**KanColle Arcade**” and “**SANGOKUSHI TAISEN**.”
- Continue to reinforce measures for new style stores such as those targeting families and collaboration café.

【Animation / Toy】

- Record earnings from production of new TV animations “**Yowamushi Pedal NEW GENERATION**,” “**Onihei**,” etc.
- Focus on sales of regular and mainstay products, such as “**ANPANMAN**” series and “**Puni♡Gel**” series.

Resort Business

(JPY Billion)		FY Ended March 2016		FY Ending March 2017			
		Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 2)	YoY Change
Sales		11.5	16.3	10.5	-9%	14.5	-11%
Operating Income		-1.3	-1.8	-1.8	-	-2.5	-
Operating Income Margin		-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	424	571	393	-7%	541	-5%
	Average sales per customer (JPY)	15,753	15,845	15,479	-2%	16,353	+3%
TOKYO JOYPOLIS	Number of visitors (Thousands)	528	687	512	-3%	-	-
	Average sales per customer (JPY)	3,510	3,545	3,772	+7%	-	-
Orbi Yokohama	Number of visitors (Thousands)	260	323	302	+16%	356	+10%
	Average sales per customer (JPY)	2,345	2,282	1,802	-23%	1,911	-16%
Paradise Casino Incheon *	Casino sales (Billion KRW)	65	95	69	+6%	-	-
	Number of visitors (Thousands)	36	48	39	+8%	-	-

* 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 3Q>

■ Implemented various renewals at “Phoenix Seagaia Resort.”

⇒ Depreciation increased as a result of the various renewals

■ Sales of “Paradise Casino Incheon,” a casino facility in Incheon, South Korea, increased due to the influence of MERS settled down.

<Forecasts>

■ At “Phoenix Seagaia Resort,”

⇒ Schedule to continuously implement various renewals (to open “Ristorante ARCO” on the 42nd floor.)

⇒ Implement measures to attract visitors simultaneously with camps of various sports being implemented, etc.

■ Make effort to open the Integrated Resort (IR) “PARADISE CITY” in April 2017.

※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.