

Actual Results for the First Quarter of the Year Ending March 2016

■ **General Matters**

Q: What factors led to a significant decrease in sales compared to the same quarter of the previous fiscal year (fiscal year ended March 2015) and posting of loss?

A: The decrease and loss are mainly due to the year-on-year decrease in unit sales brought by lack of new pachislot titles released.

Q: Will the forecast of operating results be revised since income as of the first quarter has significantly fallen below the first half forecasts for the fiscal year ending March 2016?

A: While there were no sales of new pachislot titles in the Pachislot and Pachinko Machines Business in the first quarter, several new titles including the mainstay title “Pachislot Hokuto No Ken Tomo” are planned for release in the second quarter. In addition, the Entertainment Contents Business continues to expect income from the digital games field from existing titles such as “PHANTASY STAR ONLINE 2,” “CHAIN CHRONICLE – Kizuna no Shintairiku,” and “Puyopuyo!! Quest” as well as from “Hortensia SAGA” and “MONSTER GEAR” which were released in the first quarter. Furthermore, income contribution is expected from several new titles including “XUCCESS HEAVEN” and “CHAOS DRAGON” in the second quarter. Therefore, there is no revision to the initial forecast of operating results for the first half or full-year of the fiscal year ending March 2016. Operating forecast revisions will be promptly announced when revisions are deemed necessary.

■ **Pachislot and Pachinko Machines Business**

Q: What factors led to a decrease in sales compared to the same quarter of the previous fiscal year and posting of loss?

A: The year-on-year decrease in sales and posting of loss are due to lack of new pachislot titles released despite release of several new pachinko titles including “Pachinko CR Aura Battler Dunbine” and “Dejihane CR Bakemonogatari series.”

Q: What is the possibility of achieving the pachislot sales forecast for the first half of the fiscal year ending March 2016 (165 thousand units)? Will the forecast of operating results be revised?

A: Sales of several titles including the mainstay title “Pachislot Hokuto No Ken Tomo” are scheduled in the second quarter. There is no revision to the initial forecast as of present.

Q: Will there be last-minute sales of pachinko or pachislot titles in October and onward? What degree of impact would that have on sales?

A: Last-minute applications or concentration of sales schedule may be observed in the entire market, including other companies. However, our several pachinko and pachislot titles have already passed tests and there is no change in the sales schedule from the initial forecast at the moment.

■ **Entertainment Contents Business**

Q: What factors led to an increase in sales and a decrease in loss compared to the same quarter of the previous fiscal year?

A: The increase in sales and the decrease in loss are mainly due to sales increase in the amusement machine sales field and solid performance of amusement center operations with same-store sales

standing at 101.4%.

<Matters related to the digital games field>

Q: What factors led to an increase in sales and a decrease in income compared to the same quarter of the previous fiscal year?

A: The year-on-year sales increase is mainly due to strong performance of several new titles in addition to existing titles, while the decrease in income is mainly due to the occurrence of preliminary expenses such as advertising expenses mainly for new titles.

Q: Is it possible to achieve the forecast for the first half of the fiscal year ending March 2016 (operating income of 2 billion yen)?

A: There is no change to the initial forecast at this point as income contribution is expected from new titles released in the first quarter as well as income from existing titles.

Q: What factors led to the twofold increase in the ratio of advertising expense (8.8% → 16.0%) from the previous quarter?

A: The increase is mainly due to the strategic advertising implemented centering on new titles.

■ Resort Business

Q: What is the status of TOKYO JOYPOLIS?

A: As a result of efforts to improve the number of facility users centering on collaboration with popular contents such as “Hozuki no Reitetsu,” the number of users solidly grew to show 12% year-on-year increase. We will continue to work to strengthen contents production capability by collaborating with well-known contents including “attack on titan” going forward.

Q: What is the status of Orbi Yokohama?

A: The museum offering supercharged nature experience, Orbi Yokohama, showed weak performance with 21% year-on-year decrease in the number of visitors despite holding “Moudokuten in Minatomirai.” We will continue to work to replace contents and to increase the number of visitors.

Q: What is the status of PHOENIX RESORT?

A: The number of visitors increased year-on-year due to the reinforcement of sales base centering on the newly established “sales strategy office” and other efforts. In addition, average sale per customer increased as the number of visitors to Sheraton Grande Ocean Resort increased due to the closure of Sun Hotel Phoenix.

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