

**Actual Results for the First Quarter of the Year Ending March 2017**

■ **General Matters**

Q: What are the main factors in the increases in sales and turnaround from the same period during the previous fiscal year?

A: Increase in sales and profit turnaround were realized by conducting sales of new titles in the Pachislot and Pachinko Machines Business which had seen no sales of new pachislot titles in the same period of the previous year, as well as through strong overall year-on-year sales of mainstay titles in the Entertainment Contents Business.

■ **Pachislot and Pachinko Machines Business**

Q: What factors led to the increase in sales and turnaround from the same period of the previous fiscal year?

A: Sales increase and turnaround to profit were realized through a significant increase year-on-year in unit sales of pachislot machines centering on “**Pachislot CODE GEASS Lelouch of the Rebellion R2**,” as well as strong sales of “**CR BIG DREAM ~SHINGEKI 99Ver.**” without on-board liquid-crystal and others for pachinko machines.

■ **Entertainment Contents Business**

Q: What factors led to the increase in sales and turnaround from the same period of the previous fiscal year?

A: Sales increase and turnaround to profit were realized through robust sales of the PlayStation®4 version of “**PHANTASY STAR ONLINE 2**” and others in the digital game software field and sales in the packaged game software field with new title “**TotalWar:WARHAMMER**” performing strongly, as well as due to strong sales/operations of new titles such as “**KanColle Arcade**” in the amusement machine field and amusement center operations field.

■ **Resort Business**

Q: What factors led an increase in losses compared to the same period of the previous fiscal year?

A: Losses increased due to some cancellations of lodging, golfing, banquets, etc. temporarily seen at “**Phoenix Seagaia Resort**” affected by the 2016 Kumamoto Earthquake.

## Outlook for Second Quarter of Year Ending March 2017 and Onward

### ■ General Matters

Q: Will the forecast of operating results be revised since the first quarter is off to a good start?

A: In addition to the good start for the first quarter, gain on sales of noncurrent assets from transfer of noncurrent assets is scheduled to be recorded as extraordinary gains (as announced on July 13). On the other hand, however, there still remain matters to be assessed in each business, such as sales trends of large titles and delivery schedule in the Pachislot and Pachinko Machines Business. Since the business outlook factoring in the above matters is currently being examined, it will be announced as soon as it is finalized.

### ■ Pachislot and Pachinko Machines Business

Q: What is the outlook for the second quarter and onward?

A: Sales of a new title “**Pachislot BLOOD+ futari no joou**,” the latest title of the mainstay title “**Hokuto No Ken**” series “**Pachislot Hokuto No Ken Syura no kuni hen**” and others are scheduled for pachislot machines. In addition, there will be sales of several titles including the mainstay title “**Pachinko CR SOUTEN-NO-KEN Tenki**” for pachinko machines.

Q: What is the schedule of collection/removal of machines subject to the nail issue?

A: We will cooperate in collecting/removing such machines in accordance with the statement issued by the Pachislot and Pachinko Industry 21st Century Club, which declared a policy to collect and remove “all pachinko machines whose performance may differ from the models that were submitted for format inspection” by the end of December 2016.

### ■ Entertainment Contents Business

Q: What is the outlook for the second quarter and onward?

A: In the digital game software field, income contribution is expected mainly from the update to be conducted in line with the 4th anniversary event of “**PHANTASY STAR ONLINE 2**” as well as from existing mainstay titles such as “**CHAIN CHRONICLE – Kizuna no Shintairiku**,” “**Puyopuyo!! Quest**” and “**Hortensia SAGA**” We are aiming to improve profitability through continuation of income contribution from “**KanColle Arcade**” and introduction of new titles created in-house in the amusement machine field and amusement center operations field, in addition to the scheduled launch of mainstay titles such as “**Persona 5**” in the packaged game software field. Furthermore, distribution earnings and sales of toys of mainstay titles are expected in the animation film and toy fields.

### ■ Resort Business

Q: Where is the domestic IR legislative bill headed?

A: We are not in the position to provide an answer, but we have been making prior investments such as initiatives for opening “**PARADISE CITY**,” South Korea’s first full-fledged integrated resort, in Incheon, South Korea, since we position the IR business as growth areas.

■ **Other Business**

Q: What efforts have been made for VR?

A: An exclusive software “**Hatsune Miku VR Future Live**” will be released concurrently with the launch of PlayStation®VR on October 13 in the packaged game software field. Other efforts include opening of several new VR attractions at “**TOKYO JOYPOLIS**,” such as “**ZERO LATENCY VR**,” which is the first in the world to allow 6 people to play simultaneously with free-roam.

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