



# PRESS RELEASE

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## Notice of Revision of Earnings Forecast for the First Half of Fiscal 2016

Please be informed that AXELL CORPORATION (the “Company”) has decided at the Board of Directors Meeting held on September 15, 2016, that in consideration of recent trends in its business performance and other factors, revisions of its earnings forecast for the first half of fiscal 2016, disclosed on April 25, 2016, will be made as follows.

- **Revision of the Earnings Forecast**

**Revision of the Earnings Forecast Figures for the First Half of Fiscal 2016 (April 1, 2016 to September 30, 2016)**

	Net sales	Operating income	Ordinary income	Profit	Basic earnings per share
	millions of yen	millions of yen	millions of yen	millions of yen	yen
Previous forecast (A)	3,400	(450)	(450)	(450)	(40.22)
Revised forecast (B)	3,890	20	20	14	1.25
Amount of change (B-A)	490	470	470	464	–
Rate of change (%)	14.4	–	–	–	–
(Reference) Results for the first half of FY2015 (actual)	6,175	771	750	519	43.56

### Reasons for the Revision

The Company has revised its forecast for net sales for the first half of fiscal 2016 to 3,890 million yen, an increase of 490 million yen (up 14.4% from the initial plan). The market environment was challenging in the first quarter of fiscal 2016, due to the effect of the self-imposed restraint on new machine installation posed by industry organizations in tandem with the “Ise-Shima Summit.” However, sales of mainstay Graphics LSI products for pachinko and pachislot machine market are expected to be higher than initially planned, due to the strong desire to procure components stimulated by proactive sales strategies of pachinko machine manufacturers from the second quarter whose machines

are to be retired or replaced within the fiscal year as “pachinko machines whose performance may differ from the models submitted for inspection.” Sales of said products initially forecast to be 380,000 units are now projected to reach 480,000 units, an increase of 100,000 units. On the other hand, other products targeted at the same market remained employed by only a handful of companies, making them especially susceptible to the demand trends of specific customers. Therefore, sales of these products for the first half are projected to be lower than initially planned. Meanwhile, the forecast of gross profit has been revised to 1,820 million yen, an increase of 320 million yen (up 21.3%) from the initial plan, in line with the increase in net sales. The forecast of selling, general and administrative expenses has been revised to 1,800 million yen, a decrease of 150 million yen (down 7.7%) from the initial plan, due to a portion of R&D expenditures scheduled to be recorded during the first half being delayed until the second half. As a result, the Company has revised its forecasts of operating income to 20 million yen (an increase of 470 million yen compared to the initial plan), ordinary income to 20 million yen (an increase of 470 million yen compared to the initial plan), and profit to 14 million yen (an increase of 464 million yen compared to the initial plan). Additionally, the earnings forecast for the full year has not been revised as of now, due to factors such as the uncertainty of market trends from the second half onwards, as well as the lack of significant changes in the annual plan of selling, general and administrative expenses.

(Note) The above forecasts are based on information available to the Company at the time of announcement of this document. Actual results may vary from the forecasts due to a wide range of factors.