



# PRESS RELEASE

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AXELL CORPORATION

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## Notice of Differences between Earnings Forecast and Actual Results for the First Half of Fiscal 2016

Please be informed that differences have arisen between the earnings forecast of AXELL CORPORATION (the “Company”) for the first half of fiscal 2016 announced on September 15, 2016 and the actual results for the same period announced today.

### Differences between the Earnings Forecast for the First Half of Fiscal 2016 (April 1, 2016 to September 30, 2016) and Actual Results

	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)	3,890	20	20	14	1.25
Actual results (B)	4,010	64	63	45	4.02
Amount of change (B-A)	120	44	43	31	—
Rate of change (%)	3.1	220.9	219.7	221.8	—
(Reference) Results for the first half of FY2015 (actual)	6,175	771	750	519	43.56

### Reasons for the Differences

Net sales for the first half of fiscal 2016 stood at 4,010 million yen, up 3.1% from the plan. Although sales of Graphics LSI products for pachinko and pachislot machines were slightly lower than the plan, sales of memory-module products were higher than the plan, resulting in net sales exceeding the plan by 120 million yen. Gross profit amounted to 1,827 million yen, an increase of 7 million yen from the plan. The amount of increase in gross profit was relatively low against the increase in net sales, owing to the effect of product mix.

Meanwhile, selling, general and administrative expenses were 1,763 million yen, a decrease of 36 million yen compared to the plan, mainly due to unspent R&D expenditures. As a result of the foregoing, all income items below operating income resulted in increases in the range of 31 million yen to 44 million yen compared to the plan.