SEGA SAMMY HOLDINGS

SEGA SAMMY GROUP

FY Ending March 2017
1st Quarter Results Presentation

August 3rd, 2016

SEGA SAMMY HOLDINGS INC.

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【Contents】

1. FY Ending March 2017 1st Quarter Results

- Results Highlights 4
- Consolidated Income Statements (Summary) 5
- Major Business Measures 6
- Costs and Expenses 7
- Consolidated Balance Sheet (Summary) 8

2. Segment Results / Forecasts

- Pachislot and Pachinko Machines 10
- Entertainment Contents Business 15
- Resort Business 21

3. Supplementary Information on the Market

- Pachinko and Pachislot Machine Markets 25
- Pachislot Pachinko Sales Share 28
- Packaged and Digital Game Market Data 29
- Amusement Market Data 30

4. Past Operating Results

- Past Operating Results 32

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1.FY Ending March 2017 1st Quarter Results

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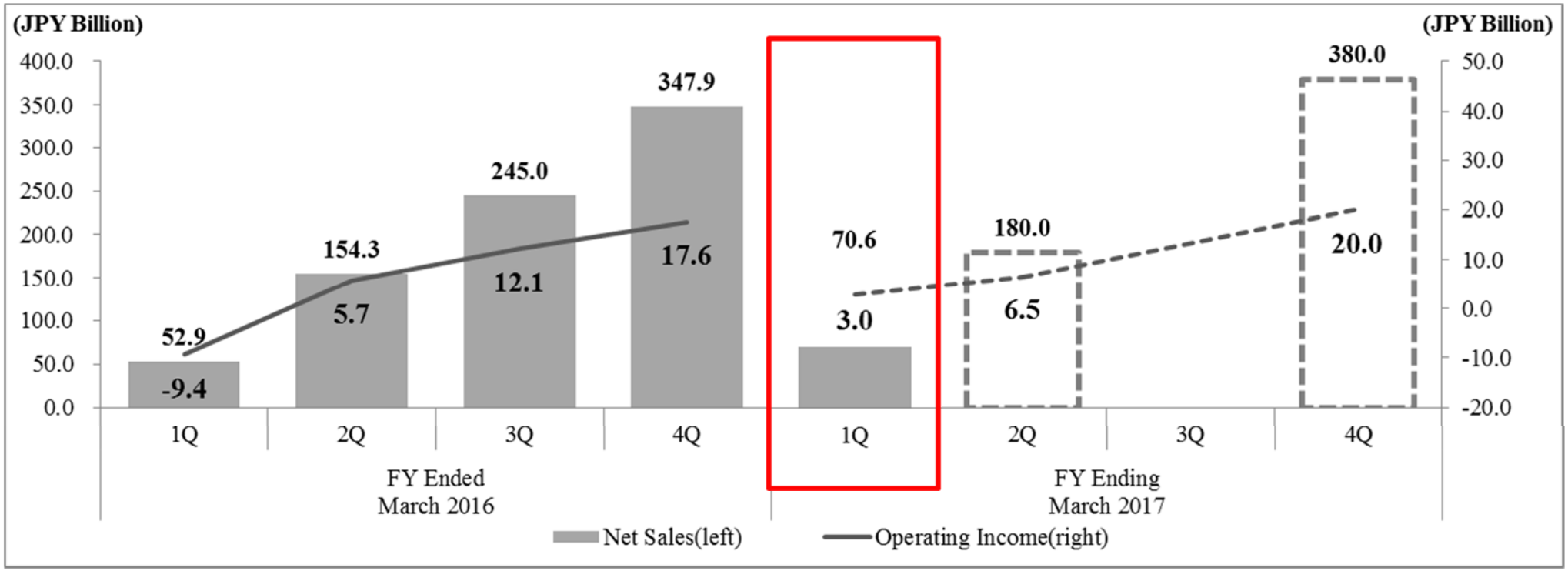
Results Highlights



Net Sales/Other Profits		Sales increased year-on-year and significantly turned to profit.	⇒P.5～
Segment Breakdown	**Pachislot and Pachinko Machines Business**	Sales increased year-on-year and turned to profit.	⇒P.10～
	Entertainment Contents Business	Sales increased year-on-year and significantly turned to profit.	⇒P.15～
	Resort Business	Sales decreased year-on-year and loss expanded.	⇒P.21～

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Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	**52.9**	**154.3**	**347.9**	**70.6**	**+33%**	**180.0**	**380.0**	**+9%**
Pachislot and Pachinko Machines	9.8	60.9	141.0	21.2	+116%	80.0	157.0	+11%
Entertainment Contents	39.6	85.9	190.5	46.7	+18%	93.0	207.0	+9%
Resort	3.4	7.4	16.3	2.6	-24%	7.0	16.0	-2%
Operating Income	**-9.4**	**5.7**	**17.6**	**3.0**	**-**	**6.5**	**20.0**	**+14%**
Pachislot and Pachinko Machines	-6.7	8.4	20.9	0.3	-	10.5	19.0	-9%
Entertainment Contents	-0.6	1.7	4.2	4.9	-	1.0	9.0	+114%
Resort	-0.5	-1.2	-1.8	-0.8	-	-1.5	-2.5	-
Other / Elimination	-1.6	-3.2	-5.7	-1.4	-	-3.5	-5.5	-
Operating Income Margin	-	3.7%	5.1%	4.2%	-	3.6%	5.3%	+0.2pt
Ordinary Income	**-8.7**	**5.8**	**16.4**	**2.9**	**-**	**6.5**	**20.0**	**+22%**
Extraordinary Gain	0.3	0.5	1.2	1.5	-	0.0	0.0	-
Extraordinary Loss	0.1	2.3	5.6	0.1	-	0.0	0.0	-
Income before income taxes	**-8.4**	**4.0**	**12.0**	**4.3**	**-**	**6.5**	**20.0**	**+67%**
Profit attributable to owners of parent	**-7.9**	**0.9**	**5.3**	**4.1**	**-**	**3.4**	**10.0**	**+89%**
Dividends per share (JPY)	**-**	**20**	**40**	**-**	**-**	**20**	**40**	**-**
Earnings per share (JPY)	**-33.79**	**4.11**	**22.90**	**17.54**	**-**	**14.51**	**42.66**	**-**
Net Assets per share (JPY)	**1,286.88**	**1,310.36**	**1,257.43**	**1,215.03**	**-**	**-**	**-**	**-**

*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.

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■ FY ending March 2020: Implementing business measures towards consolidated operating income margin of 15% and consolidated ROA of 5%

FY Ended March 2015

Phase of Cost Structure Reform

■ Reduce fixed expenses by 6 billion yen per annum

FY Ended March 2016

Phase of Business Structure Reform

■ Sort businesses (invest management resources effectively)

FY Ending March 2017

Phase of Implementation ～ toward Growth Path

＜Major Business Measures＞

1. Acquisition of shares of French game developer Amplitude Studios (announced on July 5, 2016)

⇒ Strengthen development capabilities in the PC game markets in the U.S., Europe and Asia.

⇒ IPs held by Amplitude Studios: the "**Endless**" series (total sales of the three titles: over 2.4 million copies)

⇒ IPs held by Sega Sammy: "**Total War,**" "**Football Manager,**" "**Company of Heroes,**" and "**Dawn of War.**"

2. Transfer of noncurrent assets (announced on July 13, 2016)

⇒ Decided on the transfer of noncurrent assets in order to further improve financial structure and capital turnover ratio.

⇒ Approximately 9.4 billion yen in gain on sales of noncurrent assets is scheduled to be recorded as extraordinary gain in the consolidated operating results for the second quarter of the fiscal year ending March 2017.

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Costs and Expenses

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	**12.8**	**24.7**	**58.0**	**13.9**	**+9%**	**33.7**	**67.1**	**+16%**
Pachislot and Pachinko Machines	5.3	10.5	20.0	4.5	-15%	11.4	22.3	+12%
Entertainment Contents	7.4	14.1	37.7	9.3	+26%	22.3	44.6	+18%
Resort	0.0	0.1	0.5	0.0	-	0.0	0.1	-80%
Other / Elimination	0.1	0.0	-0.2	0.1	-	0.0	0.1	-
Cap-ex	**6.8**	**12.5**	**28.0**	**6.1**	**-10%**	**13.8**	**27.7**	**-1%**
Pachislot and Pachinko Machines	1.9	3.2	6.7	1.4	-26%	2.9	5.5	-18%
Entertainment Contents	3.8	7.8	16.1	3.3	-13%	6.4	15.1	-6%
Resort	0.9	1.3	5.0	1.2	+33%	4.4	7.0	+40%
Other / Elimination	0.2	0.2	0.2	0.2	-	0.1	0.1	-
Depreciation	**4.1**	**8.2**	**16.6**	**3.9**	**-5%**	**7.7**	**15.6**	**-6%**
Pachislot and Pachinko Machines	1.6	3.2	6.5	1.5	-6%	2.9	5.7	-12%
Entertainment Contents	2.1	4.3	8.4	2.0	-5%	3.9	8.1	-4%
Resort	0.1	0.4	1.0	0.2	+100%	0.8	1.6	+60%
Other / Elimination	0.3	0.3	0.7	0.2	-	0.1	0.2	-
Advertising	**3.9**	**9.3**	**17.9**	**3.1**	**-21%**	**10.1**	**19.8**	**+11%**
Pachislot and Pachinko Machines	0.4	1.0	2.8	0.5	+25%	1.7	3.1	+11%
Entertainment Contents	3.3	6.9	13.1	2.3	-30%	7.0	14.8	+13%
Resort	0.0	0.3	0.6	0.1	-	0.3	0.4	-33%
Other / Elimination	0.2	1.1	1.4	0.2	-	1.1	1.5	-

*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.

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Consolidated Balance Sheet (Summary)

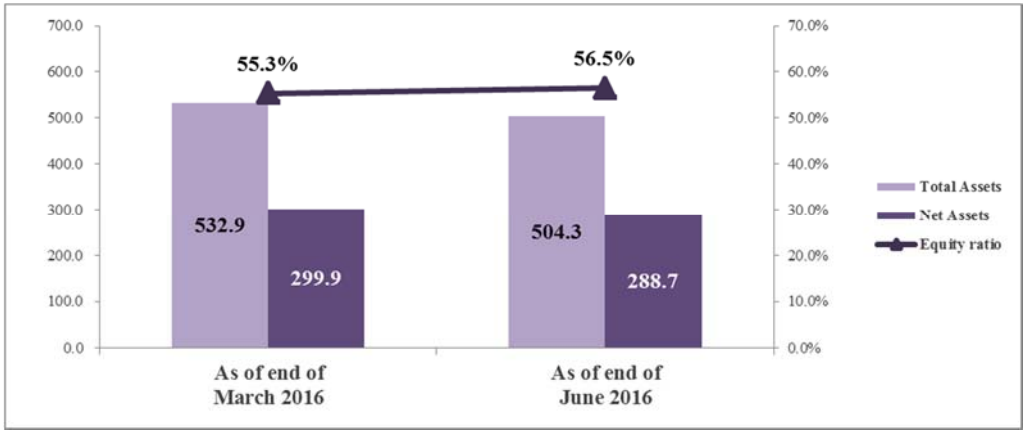
SEGA SAMMY GROUP

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2016	As of end of June 2016	Change	Account	As of end of March 2016	As of end of June 2016	Change
Cash and Deposits	141.3	128.4	-12.9	Accounts Payable	33.0	32.8	-0.2
Accounts Receivable	55.6	34.8	-20.8	Corporate Bonds	14.2	14.2	-
Securities	48.4	54.0	+5.6	Short-term loans payable	14.0	14.9	+0.9
Inventories	34.4	40.5	+6.1	Other	44.7	35.8	-8.9
Other	22.5	25.7	+3.2	**Total Current Liabilities**	105.9	97.7	-8.2
Total Current Assets	302.2	283.4	-18.8	Corporate Bonds	52.0	47.0	-5.0
Tangible Fixed Assets	101.0	98.0	-3.0	Long-term loans payable	48.8	46.9	-1.9
Intangible Fixed Assets	24.8	24.0	-0.8	Other	26.2	24.0	-2.2
Investment Securities	76.5	70.2	-6.3	**Total Noncurrent Liabilities**	127.0	117.9	-9.1
Other	28.3	28.7	+0.4	**Total Liabilities**	233.0	215.6	-17.4
				Shareholders Equity	288.1	287.5	-0.6
				Total accumulated other comprehensive income	6.6	-2.7	-9.3
				Warrants	0.8	0.7	-0.1
				Non-controlling intesrests	4.4	3.1	-1.3
Total Noncurrent Assets	230.6	220.9	-9.7	**Total Net Assets**	299.9	288.7	-11.2
Total Assets	532.9	504.3	-28.6	**Total Liabilities and Net Assets**	532.9	504.3	-28.6

Summary of Results Through 1Q

- Total Assets：504.3 billion yen (decreased by 28.6 billion yen)
- Current Assets: Down 18.8 billion yen due to such as cash and deposits, and accounts receivable from sales decreased while securities (short-term operation) and inventories an increase
- Noncurrent Assets: Down 9.7 billion yen due to an decrease in tangible fixed assets and investment securities (a fall in prices of the capital holdings, etc.)
- Equity Ratio： 56.5% (+1.2pt)
- Current Ratio： 290.1% (+4.9pt)

(Current Ratio as of the end of FY ended March 2016: 285.2%)



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2. Segment Results / Forecasts

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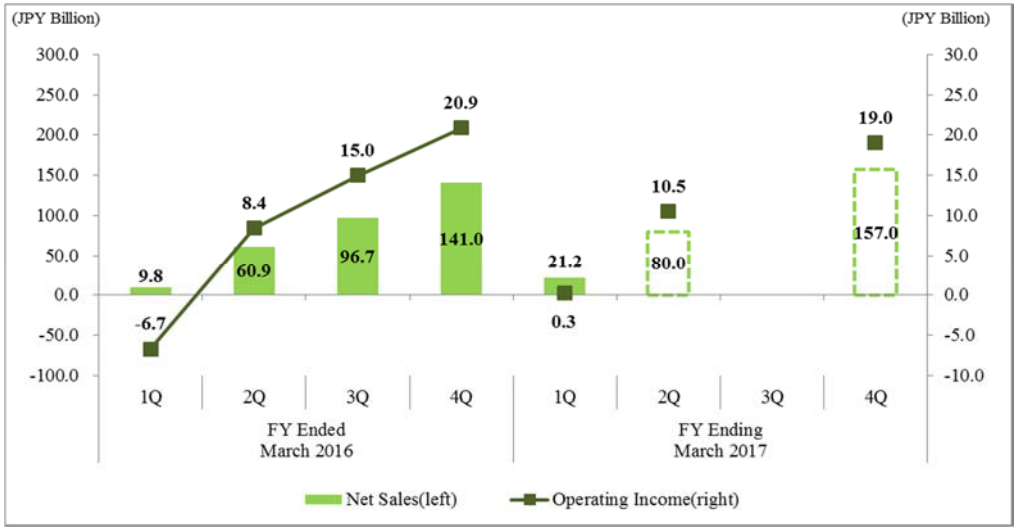
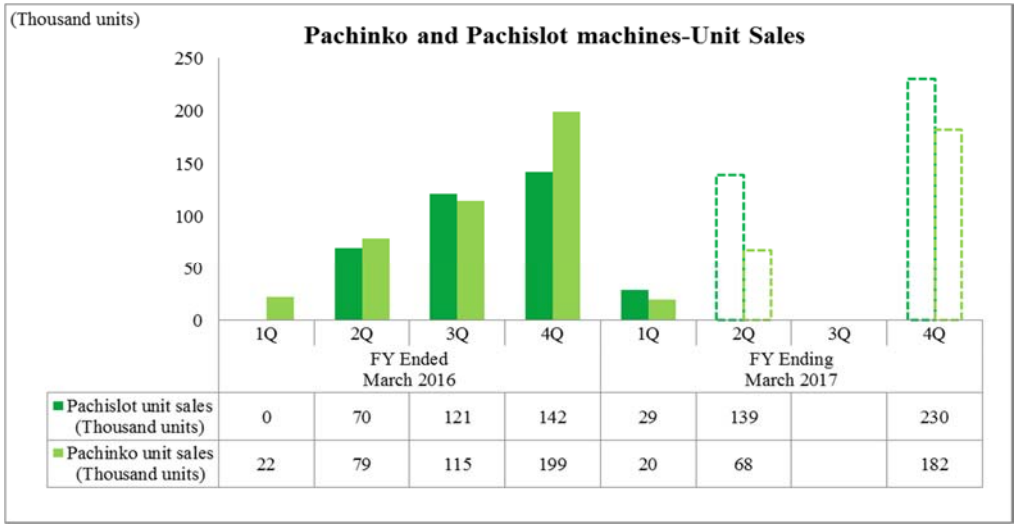
Segment Results: Pachislot and Pachinko Machines Business

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	**9.8**	**60.9**	**141.0**	**21.2**	**+116%**	**80.0**	**157.0**	**+11%**
Pachislot	0.0	31.0	61.1	11.4	-	52.1	83.9	+37%
Pachinko	6.3	23.1	66.8	6.3	-	21.0	57.2	-14%
Other / Elimination	3.5	6.8	13.1	3.5	-	6.9	15.9	-
Operating Income	**-6.7**	**8.4**	**20.9**	**0.3**	**-**	**10.5**	**19.0**	**-9%**
Operating Income Margin	-	13.8%	14.8%	1.4%	-	13.1%	12.1%	-2.7pt
Unit Sales (Pachislot)	**102**	**70,260**	**142,337**	**29,902**	**+29,216%**	**139,300**	**230,800**	**+62%**
Unit Sales (Pachinko)	**22,362**	**79,604**	**199,014**	**20,525**	**-8%**	**68,000**	**182,000**	**-9%**





Summary of Results Through 1Q

■ Sales increased and turned year-on-year profits due to strong sales of mainstay titles, mainly of Pachislot.

Forecasts

■ Sold several titles centering on mainstay titles.

■ Both Pachislot and Pachinko titles already on the market generally performed well.

*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. (3Q : approximate figure)

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Pachislot

Delivery Data: Pachislot

Pachislot	FY Ended March 2016			FY Ending March 2017		
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	Forecasts Through 2Q	Full Year Forecasts
Sammy	-	2 titles	5 titles	1 title	3 titles	7 titles
	102 units	70,260 units	136,997 units	27,533 units	120,000 units	195,000 units
TAIYO ELEC	-	-	2 titles	1 title	2 titles	4 titles
	-	-	5,340 units	2,369 units	4,300 units	20,800 units
GINZA RODEO	-	-	-	-	1 title	1 title
	-	-	-	-	15,000 units	15,000 units
Total	-	2 titles	7 titles	2 titles	6 titles	12 titles
	102 units	70,260 units	142,337 units	29,902 units	139,300 units	230,800 units

* New series of titles is counted as one title (machines launched in the previous fiscal year/change of specification, etc. are not included).

Major Titles : Pachislot

Brand	Title	Total sales	Installed From
Sammy	Pachislot CODE GEASS Lelouch of the Rebellion R2	25,239 units	May

* Main Pachislot titles and number of units of which delivery started in FY ending March 2017.





Pachislot CODE GEASS Lelouch of the Rebellion R2

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Character Design ©2006 CLAMP・ST
©SUNRISE／PROJECT GEASS
Character Design ©2006-2008 CLAMP・ST
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Summary of Results Through 1Q

Pachislot

■ Unit sales increased due to strong sales of titles such as "**Pachislot CODE GEASS Lelouch of the Rebellion R2**," which fully recreated the world of CODE GEASS with addition of new game elements while maintaining the charm of the previous work.

Forecasts

■ Sales of titles with track records such as the "**Hokuto No Ken**" series and other titles taken from popular series machines and changed to titles with more playful game elements are scheduled.

■ Major titles to be launched:
"**Pachislot Hokuto No Ken Syura no kuni hen**"
"**A－SLOT Hokuto No Ken Shou**," "**A－SLOT Nisemonogatari**"
"**Pachislot BLOOD+ futari no joou**," etc.

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Pachinko

Delivery Data: Pachinko

Pachinko	FY Ended March 2016			FY Ending March 2017		
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	Forecasts Through 2Q	Full Year Forecasts
Sammy	1 title	3 titles	5 titles	1 title	4 titles	6 titles
	15,630 units	66,130 units	181,117 units	9,276 units	45,000 units	145,000 units
TAIYO ELEC	1 title	3 titles	3 titles	-	2 titles	4 titles
	6,732 units	13,474 units	17,897 units	11,249 units	23,000 units	37,000 units
Total	2 titles	6 titles	8 titles	1 title	6 titles	10 titles
	22,362 units	79,604 units	199,014 units	20,525 units	68,000 units	182,000 units
Board + Frame	6,586 units	14,617 units	93,863 units	13,327 units	54,900 units	120,400 units
Board	15,776 units	64,987 units	105,151 units	7,198 units	13,100 units	61,600 units

* New series of titles is counted as one title (machines launched in the previous fiscal year/change of specification, etc. are not included).

Major Titles: Pachinko

Brand	Title	Total sales	Installed From
TAIYO ELEC	CR BIG DREAM ～SHINGEKI 99Ver.	11,249 units	June
Sammy	Dejihane CR TOMORROW'S JOE	5,483 units	May

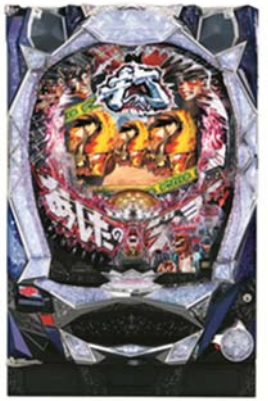
* Main Pachinko titles and number of units of which delivery started in FY ending March 2017

.



CR BIG DREAM ～SHINGEKI 99Ver.

©TAIYO ELEC



Dejihane CR TOMORROW'S JOE

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Summary of Results Through 1Q

Pachinko

■ Machines with titles that were sold in the previous fiscal year and have different specifications, such as "**CR BIG DREAM ～SHINGEKI 99Ver.**" and "**Dejihane CR TOMORROW'S JOE**," performed strong, and secured unit sales similar that of the previous fiscal year amid few new titles being releasing.

Forecasts

■ Several titles are scheduled to be sold centering on "**Pachinko CR SOUTEN-NO-KEN Tenki**," which has fused together a liquid-crystal rendering completely changed from past series machines and newly mounted gimmicks.

■ Major titles to be launched:
"**Pachinko CR SOUTEN-NO-KEN Tenki**"
"**Pachinko CR GAOGAOKING 2** " series, etc.

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■ Major Titles in 1Q and newly titles to be launched in and after 2Q

	1Q	2Q~
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion R2 Sammy	A－SLOT Hokuto No Ken Shou Sammy Pachislot Hokuto No Ken Syura no kuni hen Sammy A－SLOT Nisemonogatari Sammy Pachislot BLOOD+ futari no joou TAIYO ELEC
Pachinko	Dejihane CR TOMORROW'S JOE Sammy CR BIG DREAM ～SHINGEKI 99Ver. TAIYO ELEC	Pachinko CR SOUTEN-NO-KEN Tenki Sammy Pachinko CR GAOGAOKING 2 Sammy



Pachislot CODE GEASS Lelouch of the Rebellion R2

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Character Design ©2006-2008 CLAMP・ST
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A－SLOT Hokuto No Ken Shou

©Buronson&TetsuoHara/NSP1983,
©NSP2007Approved No.YFC-127
©Sammy



A－SLOT Nisemonogatari

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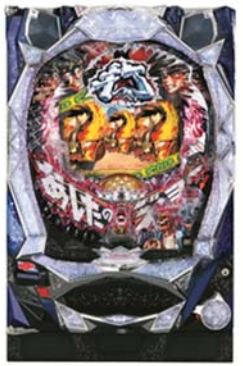
CR BIG DREAM ～SHINGEKI 99Ver.

©TAIYO ELEC



Dejihane CR TOMORROW'S JOE

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Pachinko CR GAOGAOKING 2

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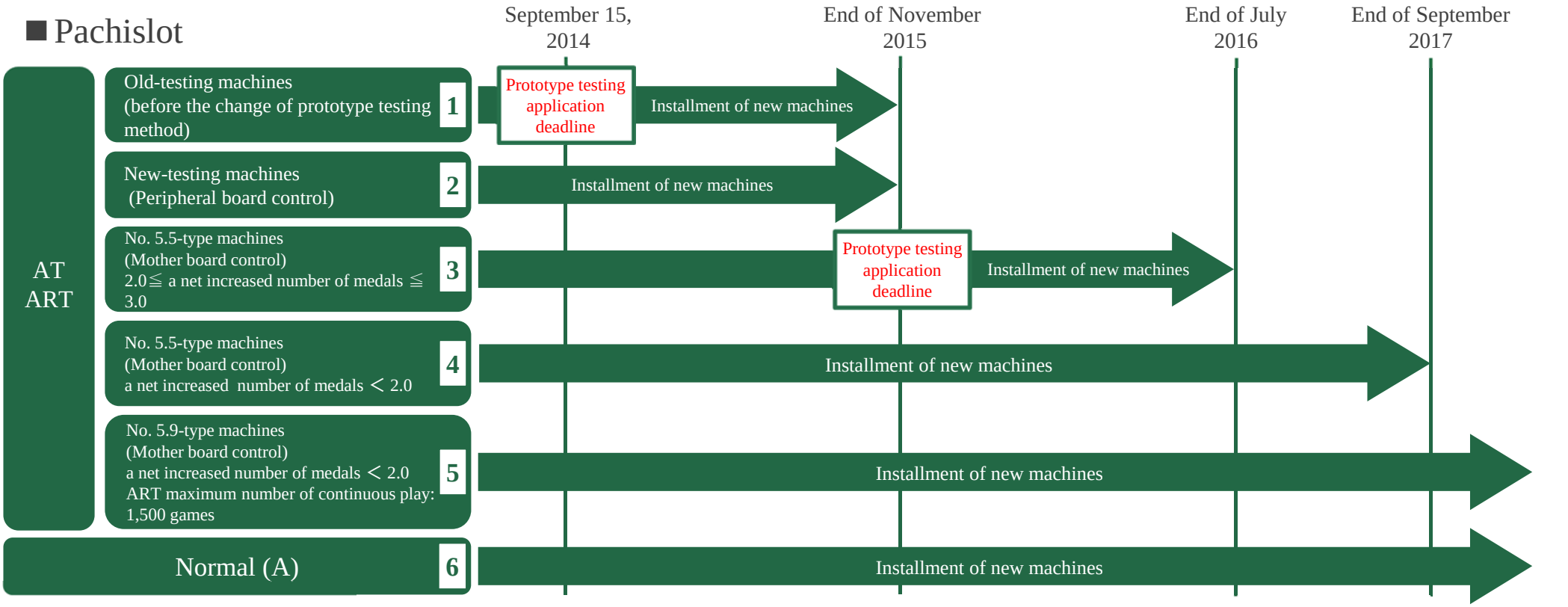
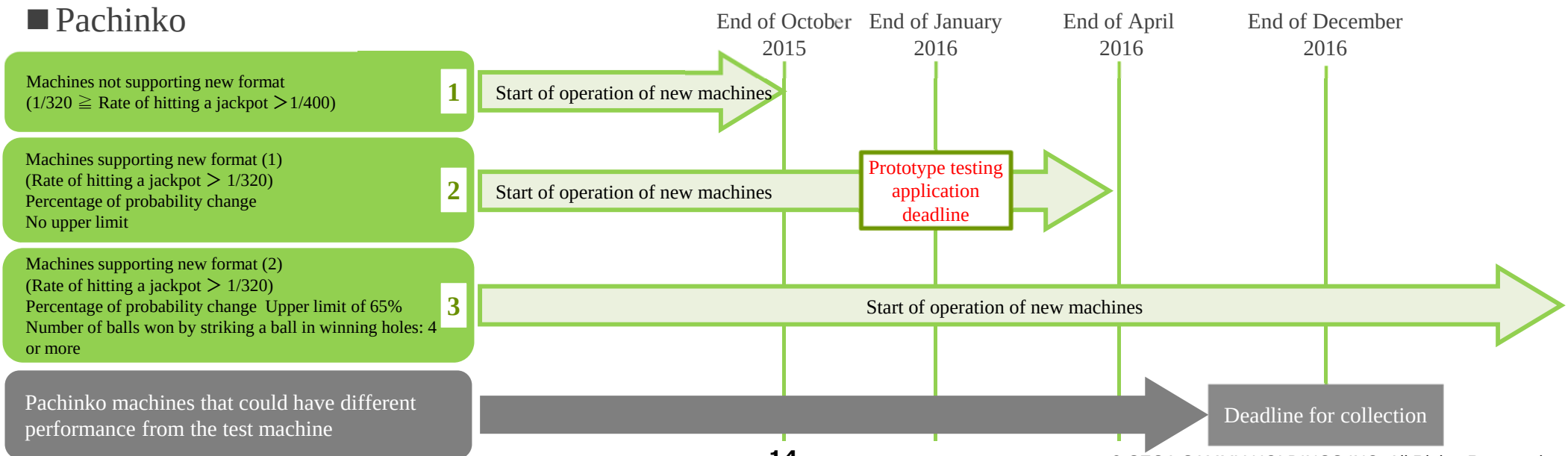
Supplement (Deadline for pachislot and pachinko machines' prototype testing application /deadline for installment of new machines)





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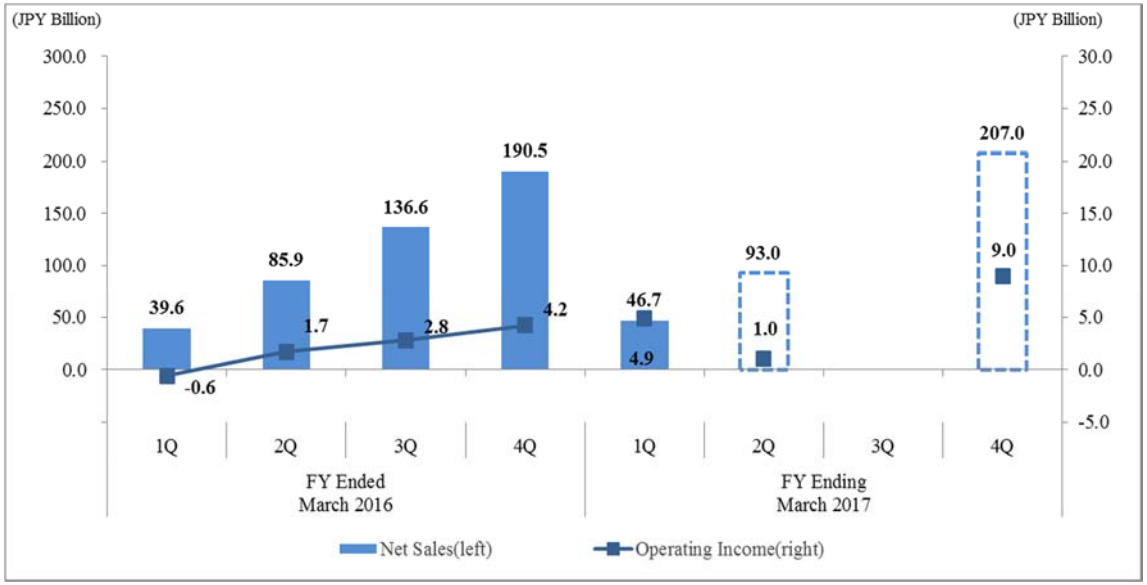
Segment Results: Entertainment Contents Business

(JPY Billion)	FY Ended March 2016			FY Ending March 2017				
	Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	**39.6**	**85.9**	**190.5**	**46.7**	**+18%**	**93.0**	**207.0**	**+9%**
Digital Games	10.4	21.5	45.6	12.0	+15%	24.0	56.5	+24%
Packaged Games	7.7	14.6	42.3	10.7	+39%	21.0	46.5	+10%
Amusement Machine Sales	8.7	20.6	41.9	10.3	+18%	20.0	44.5	+6%
Amusement Center Operations	8.7	18.9	38.0	8.8	+1%	17.5	35.5	-7%
Animation / Toy	3.6	9.5	21.2	4.2	+17%	9.5	22.5	+6%
Other / Elimination	0.5	0.8	1.5	0.7	-	1.0	1.5	-
Operating Income	**-0.6**	**1.7**	**4.2**	**4.9**	**-**	**1.0**	**9.0**	**+114%**
Digital Games	0.2	0.9	-0.4	2.4	+1,100%	1.9	8.0	-
Packaged Games	-0.2	-0.9	2.4	2.4	-	0.4	1.6	-33%
Amusement Machine Sales	-0.4	0.2	-0.1	-0.1	-	-1.5	-1.1	-
Amusement Center Operations	0.1	1.3	1.8	0.6	+500%	1.2	1.4	-22%
Animation / Toy	-0.3	0.0	0.6	-0.1	-	-0.1	1.0	+67%
Other / Elimination	0.0	0.2	-0.1	-0.3	-	-0.9	-1.9	-
Operating Income Margin	-	2.0%	2.2%	10.5%	-	1.1%	4.3%	+2.1pt
Sales in Units (Thousands)	**1,830**	**3,280**	**9,220**	**2,410**	**+32%**	**5,740**	**12,280**	**+33%**
Same Store Sales Comparisons	**101.4%**	**102.2%**	**103.1%**	**111.2%**	**+9.8pt**	**101.1%**	**101.0%**	**-2.1pt**
Domestic Facilities	**198**	**198**	**194**	**193**	**-**	**193**	**194**	**-**



Summary of Results Through 1Q

- The packaged game software field, amusement machine field and amusement center operations field performed well in addition to strong performance of existing mainstay titles in the digital game software field.
- Profits improved significantly year-on-year.

Forecasts

- Profit contribution mainly from existing mainstay titles is expected in the digital game software field.
- Continue to pursue improvement in profitability in the packaged game software field, amusement machine field and amusement center operations field.

*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. (3Q : approximate figure)

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Digital

■ Major Index / Digital Games (Digital Overall)

		FY Ended March 2016				FY Ending March 2017
		1Q Results	2Q Results	3Q Results	4Q Results	1Q Results
Domestic	Average MAU(Thousands, 3 months average)*1	4,430	6,400	5,130	6,610	4,650
	ARPMAU (JPY) *2	1,841	1,605	1,739	1,631	2,183
	Share of sales for top 3 titles *3	52.5%	48.6%	52.2%	58.4%	68.4%
Ratio of advertising expense to net sales *4		17.9%	18.6%	15.1%	11.3%	6.5%
Noah Pass*5 KPI	Average MAU(Thousands, 3 months average)*6	11,020	11,400	12,940	12,330	12,360
Composition ratio of overseas sales		14.3%	10.1%	17.6%	12.9%	19.5%
Accumulated Downloads (Thousands)	Domestic *7	58,890	62,750	67,520	69,850	72,710
	Overseas *7	179,670	200,890	240,190	265,290	284,760
	Total	238,560	263,630	307,710	335,140	357,470

*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. (3Q : approximate figure)
*Only free to play titles are covered for the calculation of average MAU, ARP MAU, Number of downloads. (Pay-to-play models are not included.)

*1. Average of MAU (Monthly Active Users) within each quarter
*2. Calculated from dividing quarter digital sales by average MAU (Monthly Active Users)
*3. Sales percentage for top 3 titles in the domestic sales of each quarter
*4. Advertising expense percentage for total digital sales of each quarter
*5. Noah pass is a marketing support tool for smart device.
*6. The counting method has been changed since FY 2016 2Q.
*7. As of the last day of each quarter

TOP 3 Titles (Digital Game)



“PHANTASY STAR ONLINE 2”
©SEGA



“Puyopuyo!! Quest”
©SEGA



“Hortensia Saga”
©SEGA

*Sales top three titles in the period of April-June 2016

Summary of Results Through 1Q

■ “**PHANTASY STAR ONLINE 2**” performed strong by recording an all time high of 130,000 people connecting simultaneously, etc. from the launch of service of the PlayStation®4 version.

■ Existing mainstay titles such as “**CHAIN CHRONICLE – Kizuna no Shintairiku**,” “**Puyopuyo!! Quest** " and “**Hortensia SAGA**" remained solid.

■ New title “**Liberasion of azure**” launched.

Forecasts

■ Aim for profit contribution through large-scale updates and holding of events mainly for existing mainstay titles.

“**PHANTASY STAR ONLINE 2**” Hold various events.

“**CHAIN CHRONICLE – Kizuna no Shintairiku**” Hold third anniversary event and add new stories.

“**Puyopuyo!! Quest**” Implement large-scale updates and hold various events.

“**Hortensia SAGA**" Conduct collaboration.

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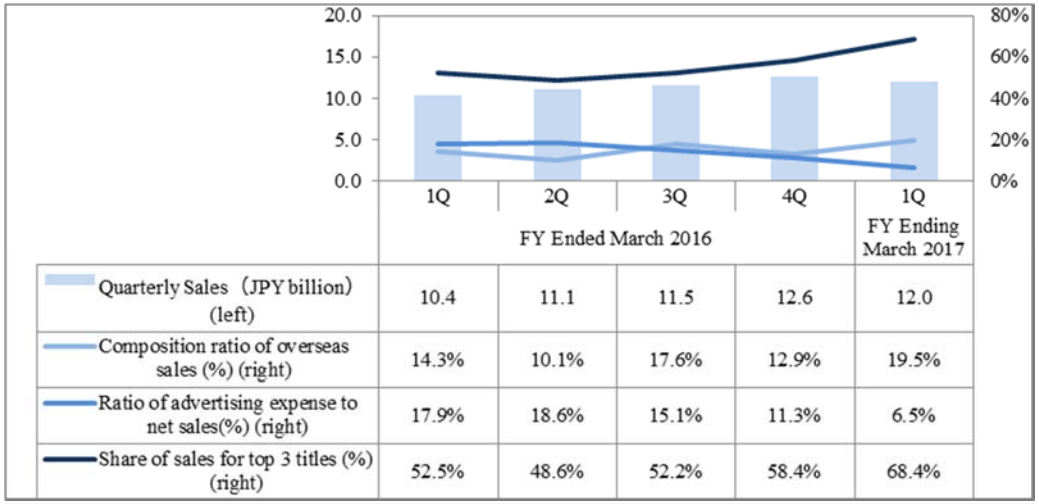
Segment Results: Entertainment Contents Business

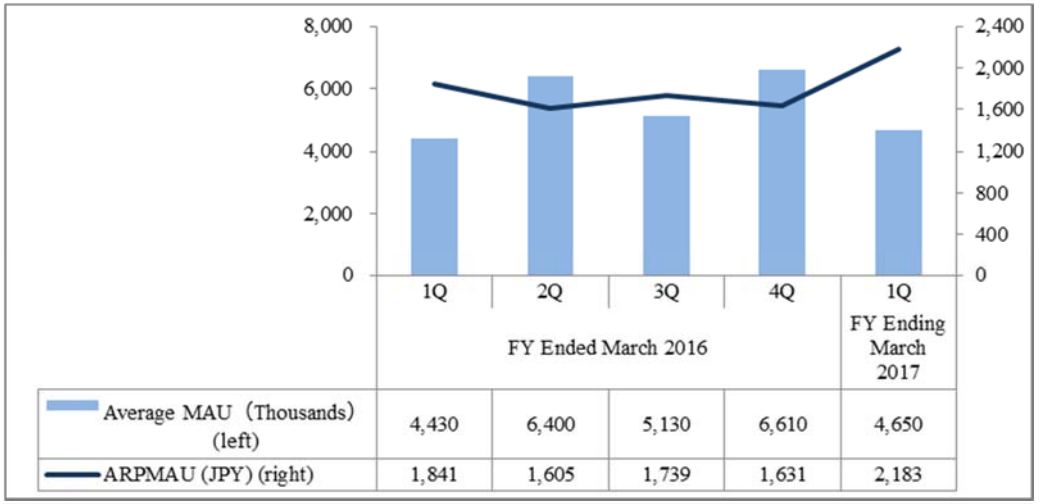
Major Index / Digital Games (Digital Overall)



	1Q	2Q	3Q	4Q	1Q
Quarterly Sales (JPY billion) (left)	10.4	11.1	11.5	12.6	12.0
Composition ratio of overseas sales (%) (right)	14.3%	10.1%	17.6%	12.9%	19.5%
Ratio of advertising expense to net sales(%) (right)	17.9%	18.6%	15.1%	11.3%	6.5%
Share of sales for top 3 titles (%) (right)	52.5%	48.6%	52.2%	58.4%	68.4%

- Share of sales for top 3 titles increased due to implementing the various measures of mainstay titles
- The ratio of advertising expense to net sales decreased due to operating mainly for existing mainstay titles.

Major Index / Domestic titles

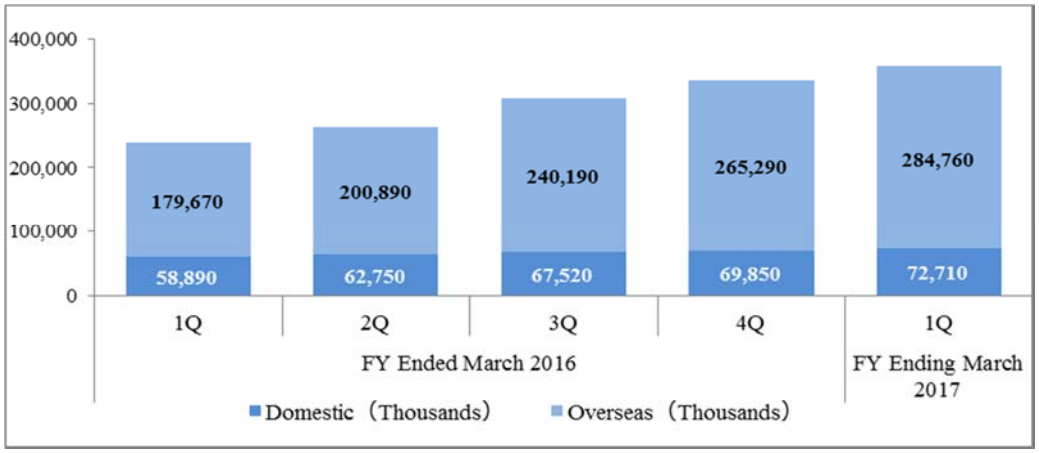


	1Q	2Q	3Q	4Q	1Q
Average MAU (Thousands) (left)	4,430	6,400	5,130	6,610	4,650
ARPMAU (JPY) (right)	1,841	1,605	1,739	1,631	2,183

- MAU decreased due to operating mainly for existing mainstay titles while ARPMAU increased.

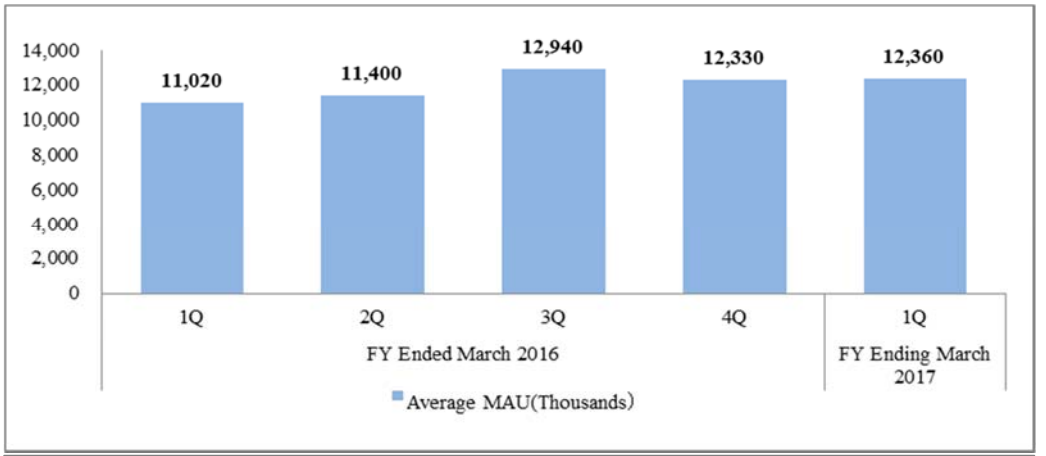
*Contents of retroactive processing have been reflected on new segments from FY ended March 2016 because part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business from FY ending March 2017. (3Q : approximate figure)

Accumulated download numbers



- Number of downloads continue to be on a growing trend mainly in overseas due to the "**Sonic**" series titles such as "**Sonic Dash**."

Major Index / Noah Pass



- The average MAU of Noah Pass keeps 12 million
- Promote efforts to improve monetization through an advertisement profit business model

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Packaged Games

Delivery Data / Packaged Games (Game Contents)

Breakdown by Region		FY Ended March 2016			FY Ending March 2017		
		Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	Forecasts Through 2Q	Full Year Forecasts
Domestic	# of titles	4	4	14	-	3	9
	# of titles(SKU)	5	5	20	-	4	12
	Unit Sales(Thousands)	330	430	1,740	90	850	2,280
Overseas	# of titles	1	8	15	5	15	27
	# of titles(sku)	1	9	18	9	21	35
	Unit Sales(Thousands)	1,490	2,850	7,480	2,310	4,890	10,000
Total	# of titles	5	12	29	5	18	36
	# of titles(sku)	6	14	38	9	25	47
	Unit Sales(Thousands)	1,830	3,280	9,220	2,410	5,740	12,280

*Number of titles reflects (new) products by region which began sales in the period

Summary of Results Through 1Q

■ Major titles such as "**Total War: WARHAMMER**," the latest title of the "**Total War**" series which has been enjoying massive popularity overseas, performed solid.
■ Unit sales were 2.41 million, surpassing the unit sales for the same period in the previous year.

1st Half Forecasts

■ Planning to release new titles of popular series centering on mainstay IP titles
"**SEKAIJU NO MEIQ V**" (August), "**Hatsune Miku: Project DIVA X HD**" (August), "**Persona5**" (September).

Major Sales Titles (Packaged Games)



"**Total War: WARHAMMER**"

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Segment Results: Entertainment Contents Business

Amusement Machine Sales

Summary of Results Through 1Q

- Introduced a new title "**KanColle Arcade**," which made a good start by causing queues at game centers nationwide, etc.
- Expenses such as development expenses depreciation arose in line with the release of the new title.
- Preliminary expenses for casino machines development and sales were incurred.

Forecasts

- Expect continuous profit contribution from revenue share titles centering on "**KanColle Arcade**," etc.
- Launch "**StarHorse3 SeasonⅣ Dream on the turf**," a CVT kit of the "**StarHorse3**" series.
- Preliminary expenses for casino machines development and sales to be incurred.

Amusement Center Operations

Summary of Results Through 1Q

- Performed strongly at 111.2% against last fiscal year's same store sales.
- Strong performance due to reinforced facility operation, including improvement of line-up and staff quality in the prize category.
- Strong performance backed by a new video game title "**KanColle Arcade**" and others.

Forecasts

- Continue to reinforce facility operation focusing on the prize category.
- Aim to improve profitability by introducing Sega Sammy's new titles, etc. in addition to profit contribution from video games such as "**KanColle Arcade**."

Animation / Toys

Summary of Results Through 1Q

- Box office revenue was strong with a movie "**Detective Conan The Darkest Nightmare**" exceeding the previous movie, which recorded the highest box office revenue for the series.

- Focused development on products or services for regular/mainstay such as the "**Anpanman**" series.

Forecasts

- Expect distribution earnings from a movie "**Detective Conan The Darkest Nightmare**."
- Release a movie "**ANPANMAN: Toy planet Nanda and Lunda***"
  *Not Official English Title

- Focus on products or services for regular/mainstay towards summer campaign .

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■ Major Titles in 1Q and newly titles to be launched in and after 2Q

		1Q	2Q~
Digital Games	Existing Titles	PHANTASY STAR ONLINE 2 (Jul 2012~) CHAIN CHRONICLE – Kizuna no Shintairiku (Jul 2013~) Puyopuyo!! Quest (Apr 2013~) Hortensia Saga (Apr 2015~)	
		Liberasion of azure (May 2016)	
Packaged Games		Total War: WARHAMMER	SEKAIJU NO MEIQ V Hatsune Miku: Project DIVA X HD Persona5
Amusement Machines		KanColle Arcade	Rakugaki card battle GEKITSUIOH StarHorse3 SeasonⅣ Dream on the turf
Animation /Toys		Detective Conan The Darkest Nightmare Rilu Rilu Fairilu FairiluCamera	ANPANMAN: Toy planet Nanda and Lunda* *Not Official English Title Artaquarium Prisrium F18



Liberasion of azure

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Total War: WARHAMMER

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KanColle Arcade

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Detective Conan The Darkest Nightmare

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Rilu Rilu Fairilu FairiluCamera

©2015,2016 SANRIO/SEGA TOYS
TX・Rilu Rilu Fairilu Production Committee

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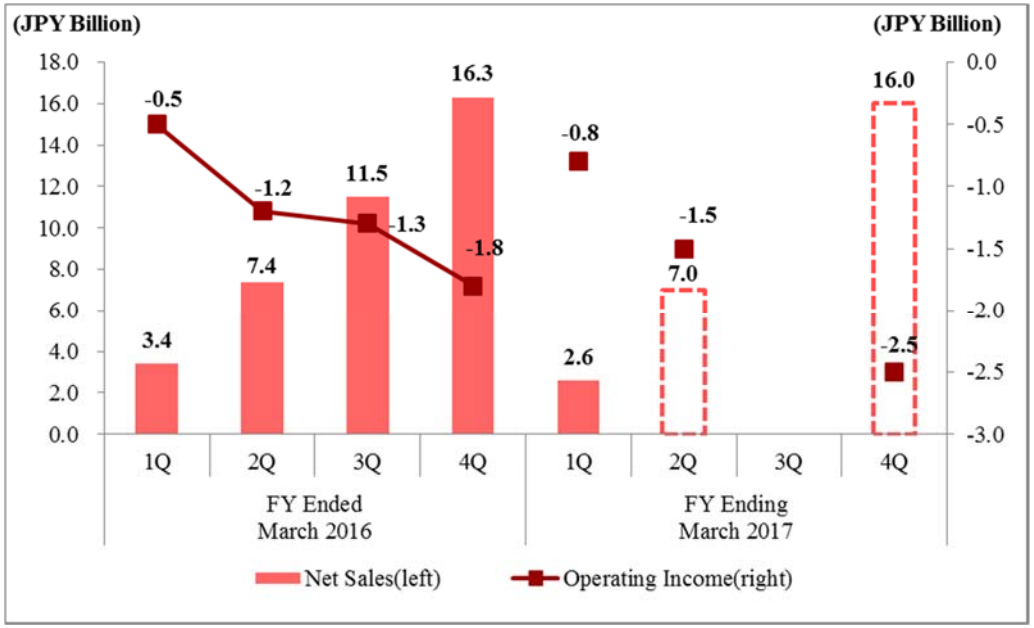
Segment Results: Resort Business

(JPY Billion)		FY Ended March 2015			FY Ending March 2017				
		Results Through 1Q	Results Through 2Q	Full Year Results	Results Through 1Q	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales		**3.4**	**7.4**	**16.3**	**2.6**	**-24%**	**7.0**	**16.0**	**-2%**
Operating Income		**-0.5**	**-1.2**	**-1.8**	**-0.8**	-	**-1.5**	**-2.5**	-
Operating Income Margin		-	-	-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	131	287	571	**92**	-30%	272	570	-
	Average sales per customer (JPY)*1	15,883	14,912	15,845	**16,127**	+2%	15,415	16,902	+7%
Tokyo Joypolis	Number of visitors (Thousands)	148	395	687	**151**	+2%	372	650	-5%
	Average sales per customer (JPY)	3,489	3,466	3,545	**3,538**	+1%	3,578	3,723	+5%
Orbi Yokohama	Number of visitors (Thousands)	73	194	323	**64**	-12%	232	371	+15%
	Average sales per customer (JPY)	2,444	2,421	2,282	**2,632**	+8%	2,079	2,050	-10%
Paradise Casino Incheon *	Casino sales (Billion KRW)	26	51	95	**21**	-19%	-	-	-
	Number of visitors (Thousands)	13	24	48	**11**	-15%	-	-	-

* 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 1Q

- The number of visitors to "**Tokyo Joypolis**" increased with holding of 20th anniversary event, etc.
- Some cancellations of lodging, golfing, banquets, etc. were seen at "**Phoenix Seagaia Resort**" due to the Kumamoto Earthquake.

Forecasts

- "**Sheraton Grande Ocean Resort**" at "**Phoenix Seagaia Resort**" completed renovation of the guest rooms and the front desk area and is scheduled to reopen.
- Aim to improve the number of reservations with the effect of "**Kyushu Fukko Wari.**"
- Implement measures to improve the number of visitors to "**Tokyo Joypolis**" and "**Orbi Yokohama**."

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Segment Results: Resort Business

SEGA SAMMY GROUP

Summary of Results Through 1Q

Forecasts

“Phoenix Seagaia Resort”





- Premium category “**Club floor**” to open in advance
- Special website “**Hello, #100 of PHOENIX SEAGAIA RESORT**” to be launched





- “**Sheraton Grande Ocean Resort**” to conduct renewal opening on August 1st with renovated guest rooms (roughly 96%), **KAZE-MACHI TERRACE** and new restaurants.

“TOKYO JOYPOLIS”





- Held 20th anniversary event and various collaboration events:
⇒“**Detective Conan**”
⇒“**T.M.R. PARK REVOLUTION in JOYPOLIS 2020**”





- Several new VR attractions to open, including “**ZERO LATENCY VR**,” which is the first in the world to allow 6 people to play simultaneously with free-roam.
- World’s first music game coaster “**GEKION LIVE COASTER**” to open.

“Orbi Yokohama”



- Co-sponsored an event themed on “**Shaun the Sheep**” which traveled through the local community during the Golden-Week holidays.





- Make significant change in fee system.
- Hold an event commemorating the release of “**Finding Dory**.”
- “**Animal Studio**” where visitors can touch real animals to open.

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©DIESEL Corporation ©2016 Disney/Pixar © and TM Aardman Animations Ltd 2016.

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■ Construction progress of PARADISE CITY, South Korea's first full-fledged integrated resort

<Construction progress>
(as of June 29, 2016)



<Image after completion >
(scheduled to open in the April 2017)



<Image of location>



<Overview>

Facility name	PARADISE CITY
Operating company	PARADISE SEGASAMMY Co.,Ltd.
Facility address	IBC-1 2nd Phase District, Woonseo-dong, Jung-gu, Incheon, Republic of Korea
Site area	330,000㎡
Investment amount	Approx. 1,300 billion KRW (amount invested by Sega Sammy: 232.9 billion KRW; shareholding ratio: 45%)
Facility composition	• Casino (table games: 160 units, electronic table games: 388 units, slot machines: 350 units) • Hotel (711 rooms; additional facilities: restaurant, banquet hall, indoor and outdoor pools, etc.) • Commercial facility, cultural center • Upscale spa (hot bath facility) • Boutique hotel (103 rooms; additional facilities: fitness center)
Opening	Scheduled for April 2017

<Overview of Incheon International Airport
■ Number of users: 49.28 million (2015)
■ Terminal 2, which will be able to accommodate 18 million passengers, is scheduled for completion in 2017

<Access to PARADISE CITY>
■ 5-minute drive from Incheon International Airport
⇒ Free shuttle bus service to be arranged
⇒ Directly connected to a Maglev train station
■ Also a 5-minute drive from Incheon IC on the expressway

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3.Supplementary Information on the Market

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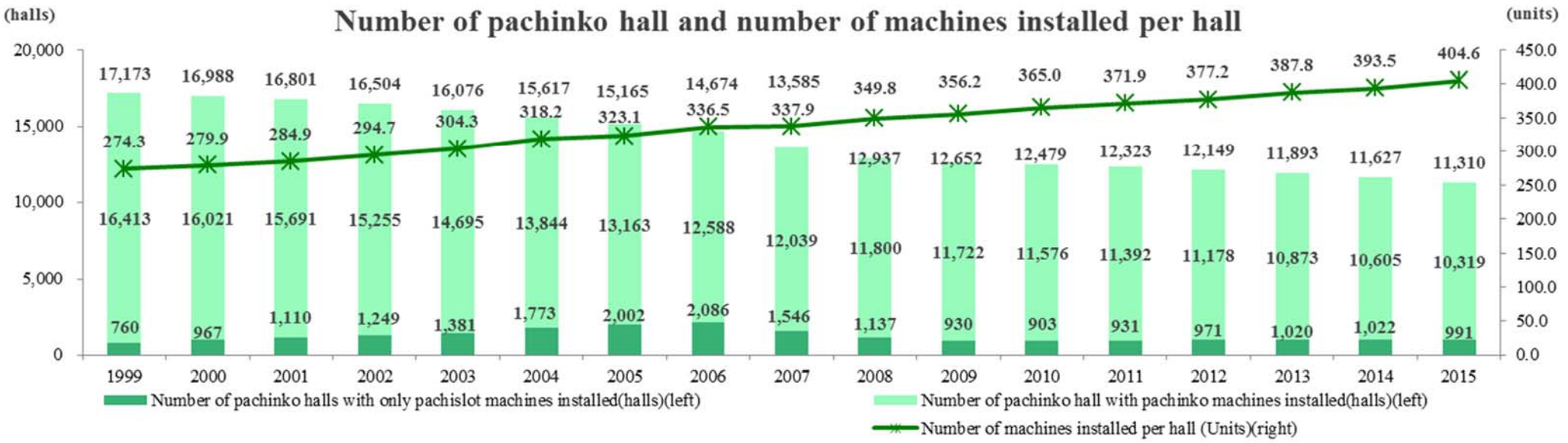
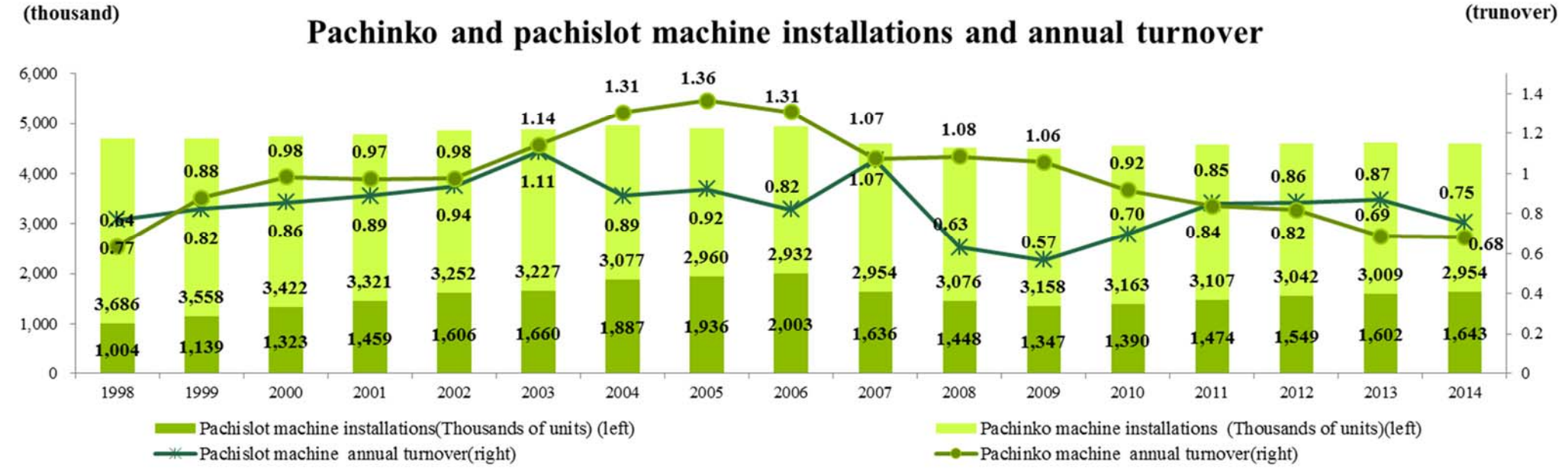


Sources : National Police Agency



Sources:National Police Agency and Yano research Institute Ltd.

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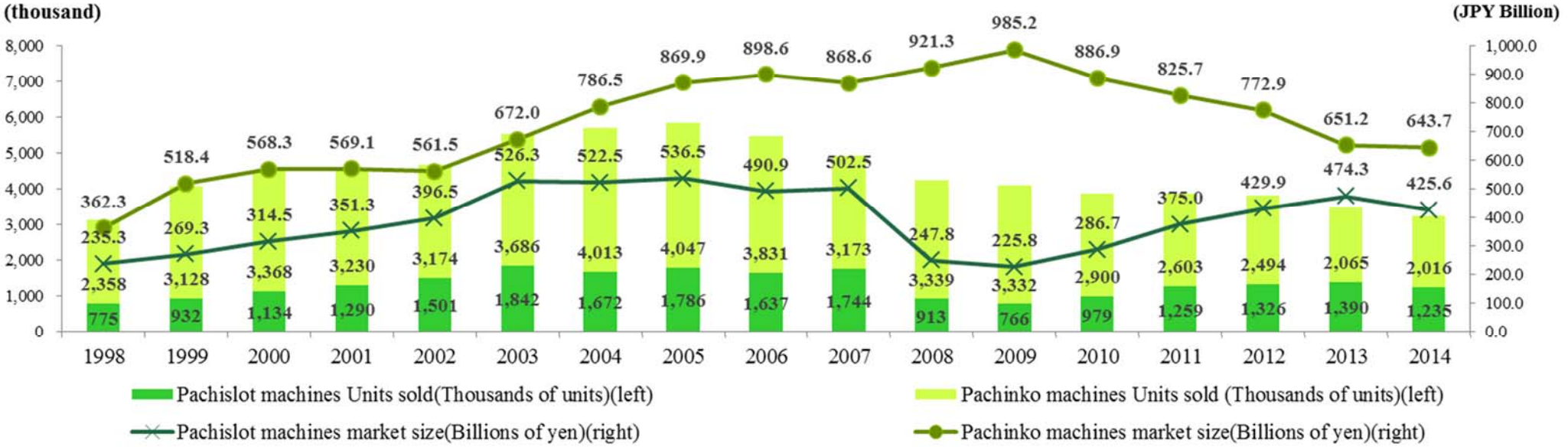
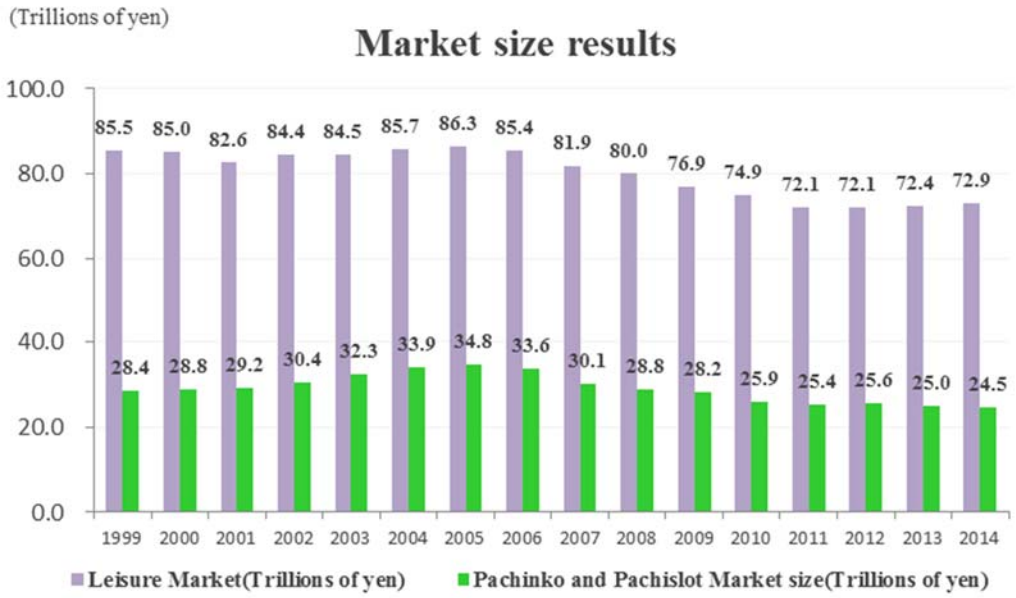
Pachinko and Pachislot Machine Markets

Pachinko and Pachislot machines-Unit Sales and Market Size

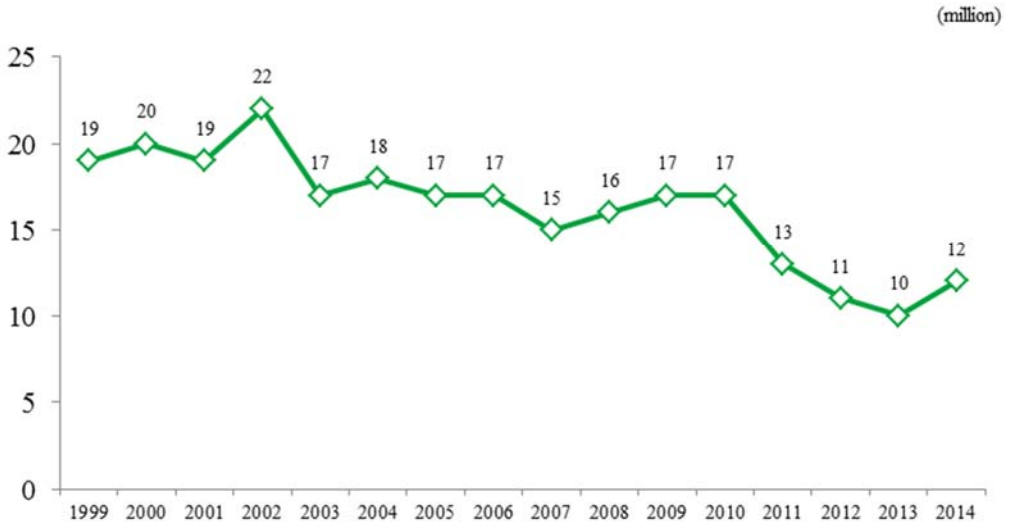


Sources:Yano research Institute Ltd.

Market size results



Number of players (million)



Sources : White Paper on Leisure Industry 2015, Japan Productivity Center

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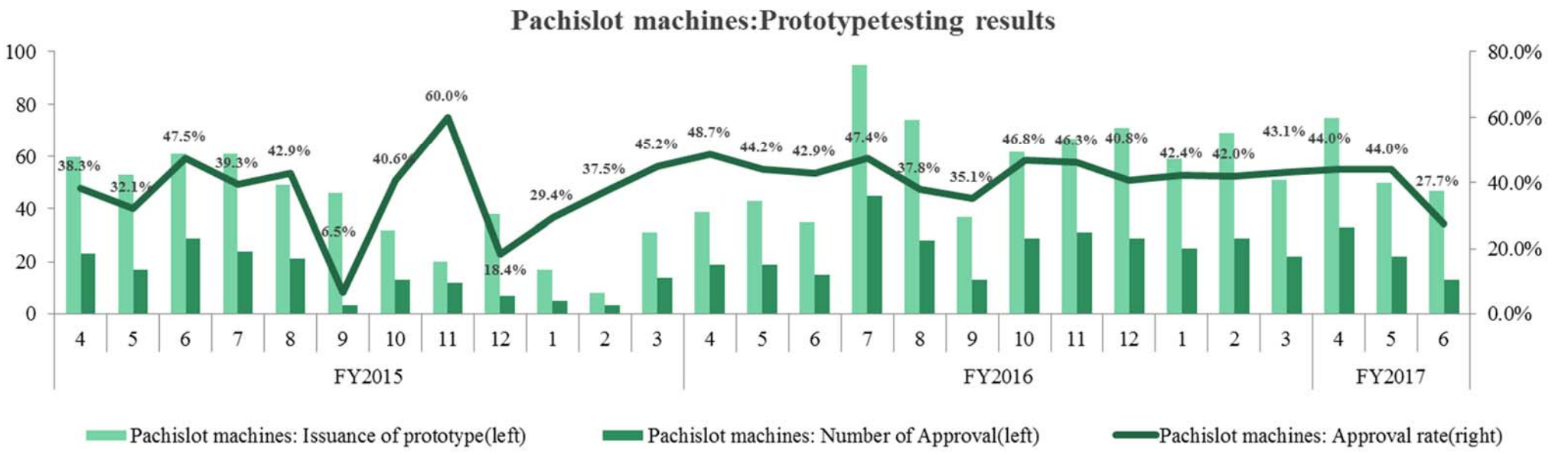
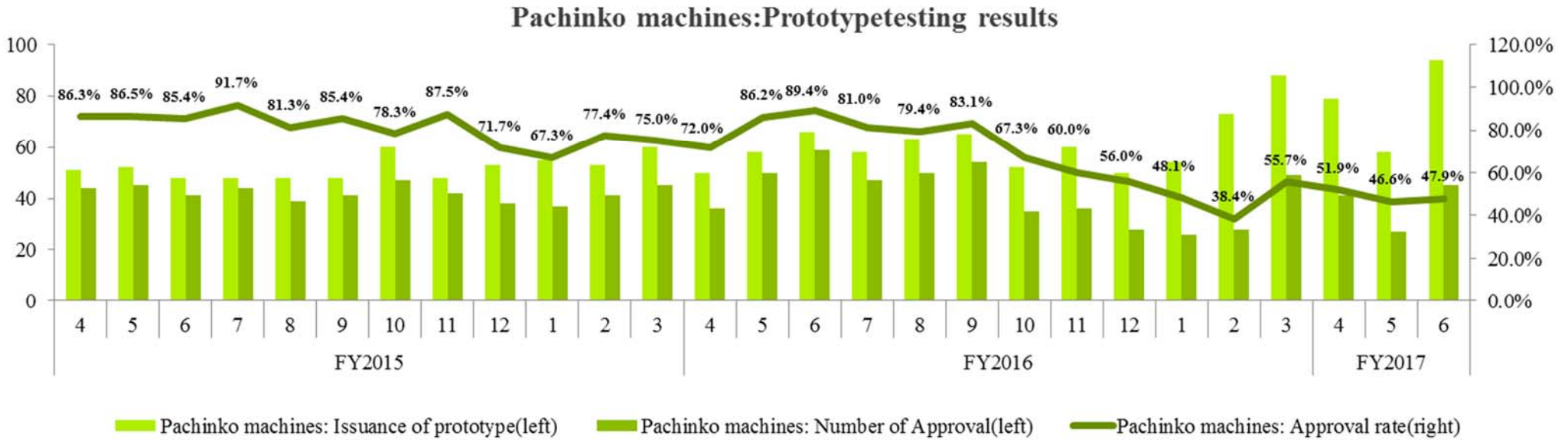
Pachinko and Pachislot Machine Markets





Sources:Security Communications Association

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Share of Annual Pachislot Machine Sales

	2010			2011			2012			2013			2014		
Rank	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	**Sammy**	**302,270**	**30.9%**	**Sammy**	**300,866**	**23.9%**	U Company	236,000	17.8%	**Sammy**	**301,575**	**21.7%**	**Sammy**	**207,828**	**16.8%**
2	D Company	117,000	11.9%	D Company	200,000	15.9%	**Sammy**	**202,221**	**15.3%**	U Company	215,000	15.5%	U Company	205,000	16.6%
3	S Company	116,424	11.9%	Y Company	196,000	15.6%	Y Company	193,000	14.6%	H Company	120,000	8.6%	D Company	128,000	10.4%
4	H Company	111,000	11.3%	U Company	172,000	13.7%	D Company	186,000	14.0%	S Company	116,291	8.4%	Y Company	108,000	8.7%
5	U Company	103,000	10.5%	S Company	96,158	7.6%	K Company	110,000	8.3%	D Company	102,000	7.3%	H Company	92,763	7.5%

Share of Annual Pachinko Machine Sales

	2010			2011			2012			2013			2014		
Rank	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	S Company	653,000	22.5%	K Company	485,000	18.6%	S Company	544,000	21.8%	K Company	349,000	17.0%	S Company	330,000	16.4%
2	S Company	424,533	14.6%	S Company	360,805	13.9%	K Company	507,000	20.3%	S Company	315,000	15.4%	S Company	329,892	16.4%
3	**Sammy**	**343,188**	**11.8%**	**Sammy**	**332,288**	**12.8%**	H Company	252,000	10.1%	S Company	291,967	14.3%	K Company	308,000	15.3%
4	K Company	322,000	11.1%	S Company	332,000	12.8%	N Company	250,000	10.0%	**Sammy**	**200,225**	**9.8%**	H Company	252,103	12.5%
5	N Company	296,000	10.2%	N Company	255,000	9.8%	**Sammy**	**216,860**	**8.7%**	H Company	197,000	9.6%	**Sammy**	**242,847**	**12.0%**

Source: Yano Research Institute Ltd.
*Estimated by Yano Research Institute Ltd. with fiscal years from July of each year through June the following year as criteria

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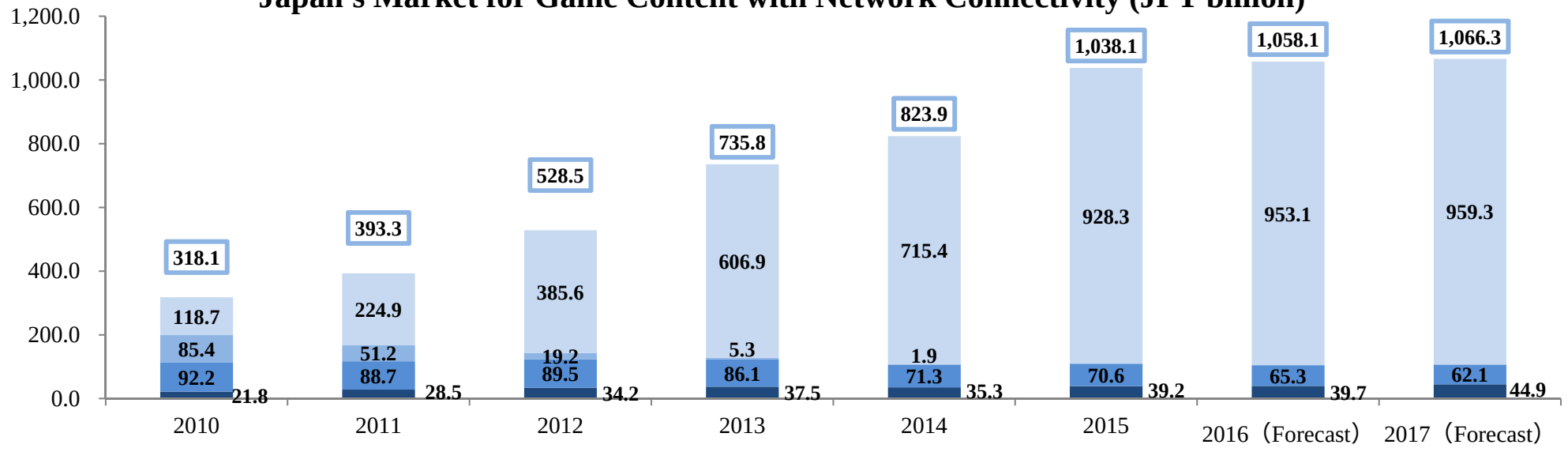
Home Video Game and Online Game Markets Scale

Japan's Market for Game Content with Network Connectivity (JPY billion)



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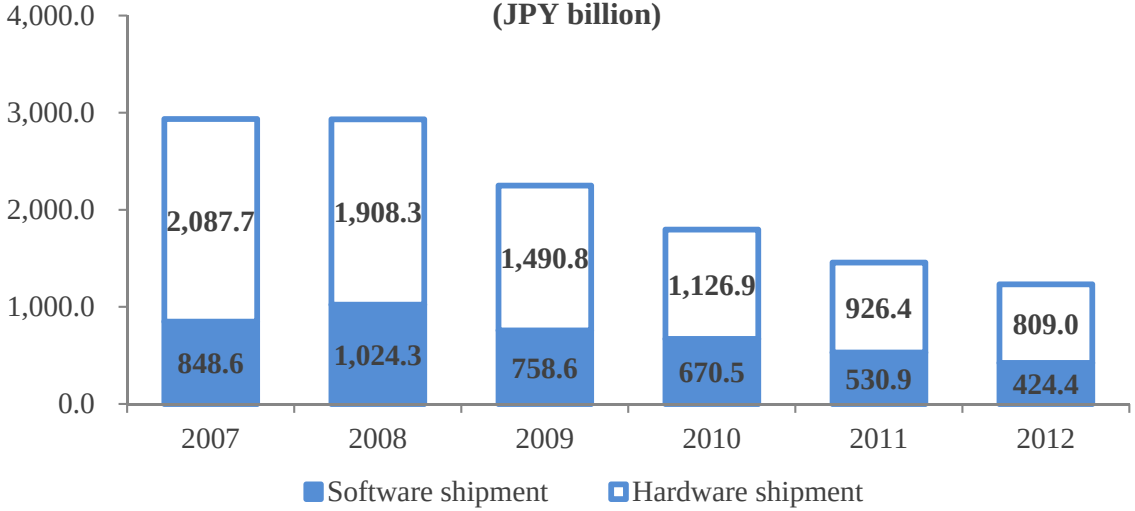
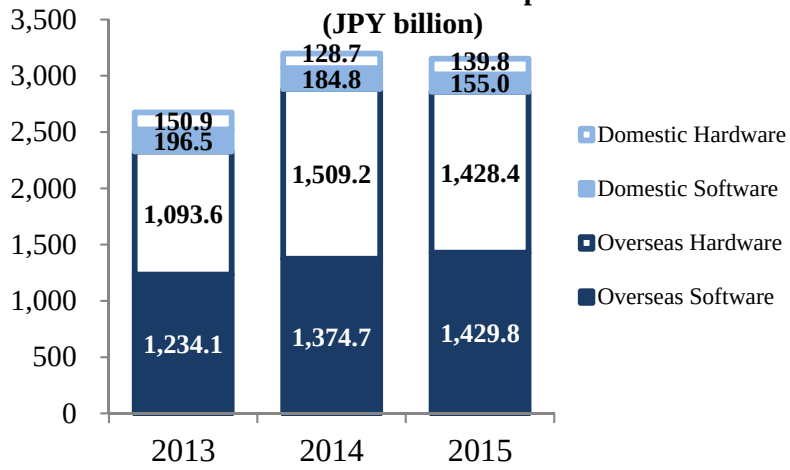
Gross amount at household games shipped by Japanese Companies (JPY billion)



Home Video Games:Overall Shipment Scale (JPY billion)



Source: CESA Games White Paper *Chart is separated from 2013 due to the change of collection method of the data.

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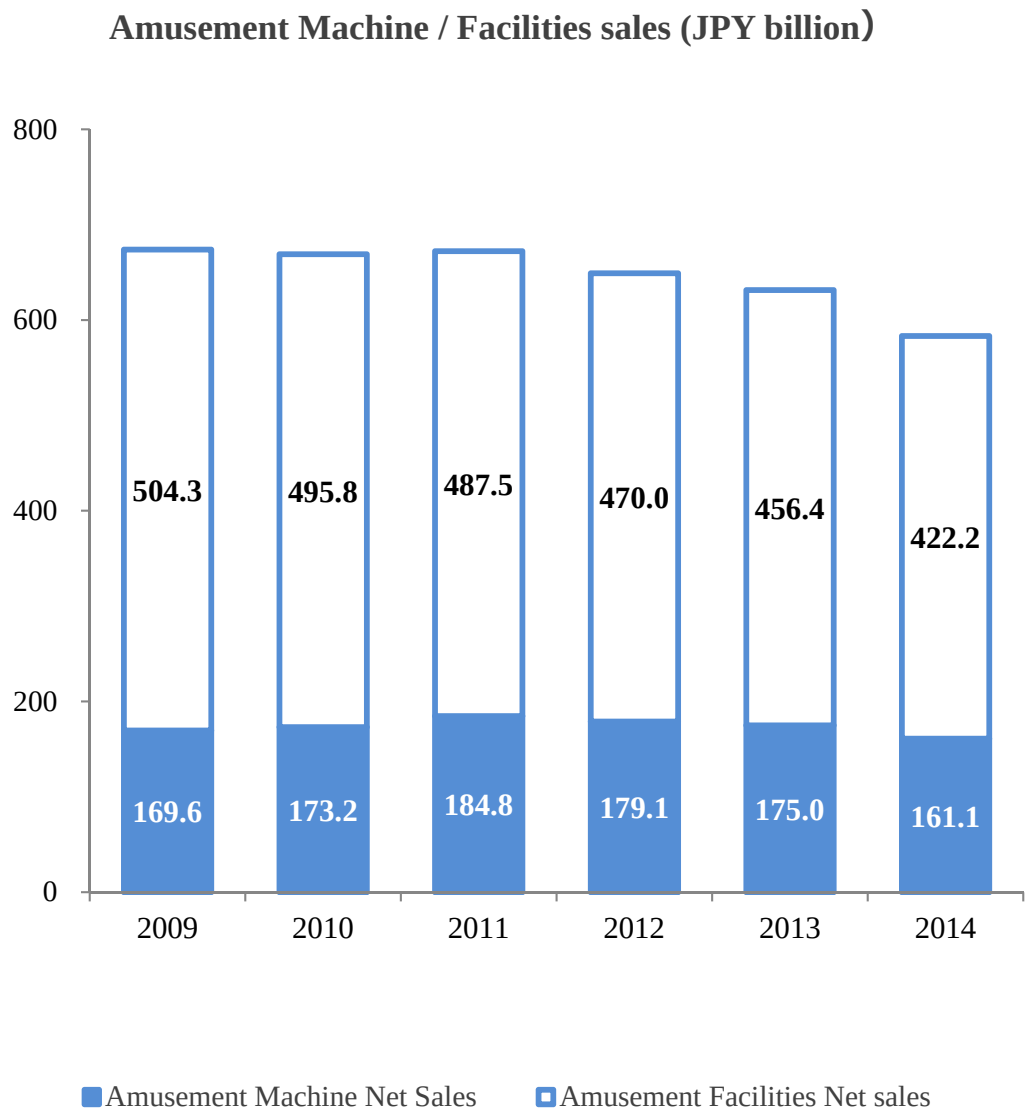
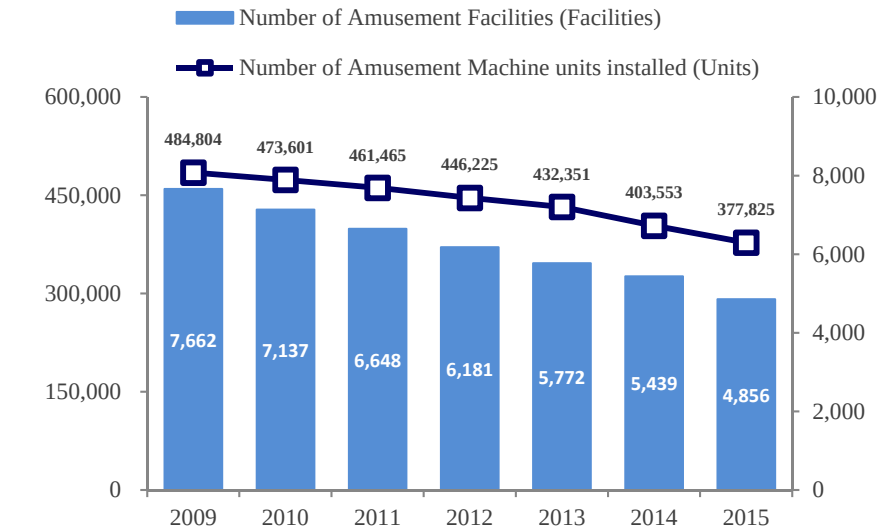
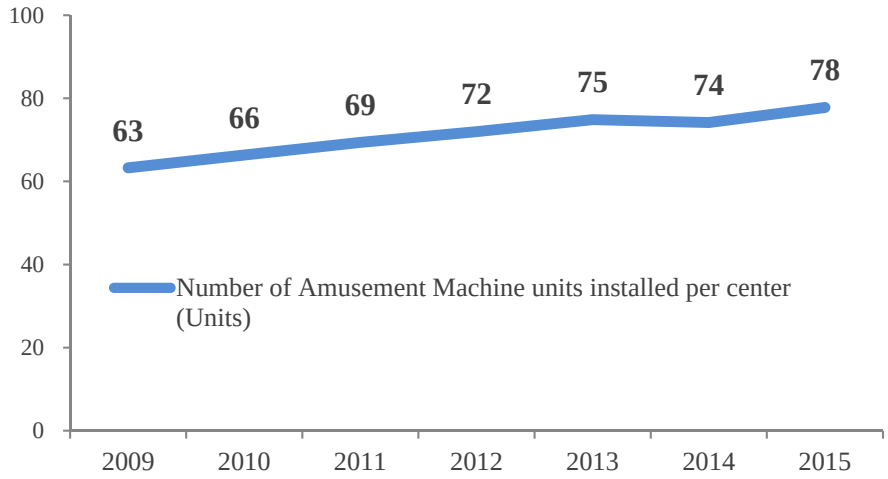
Amusement Machine and Amusement Center Operations Markets Scale







Source: JAIA, National Police Agency

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4. Past Operating Results

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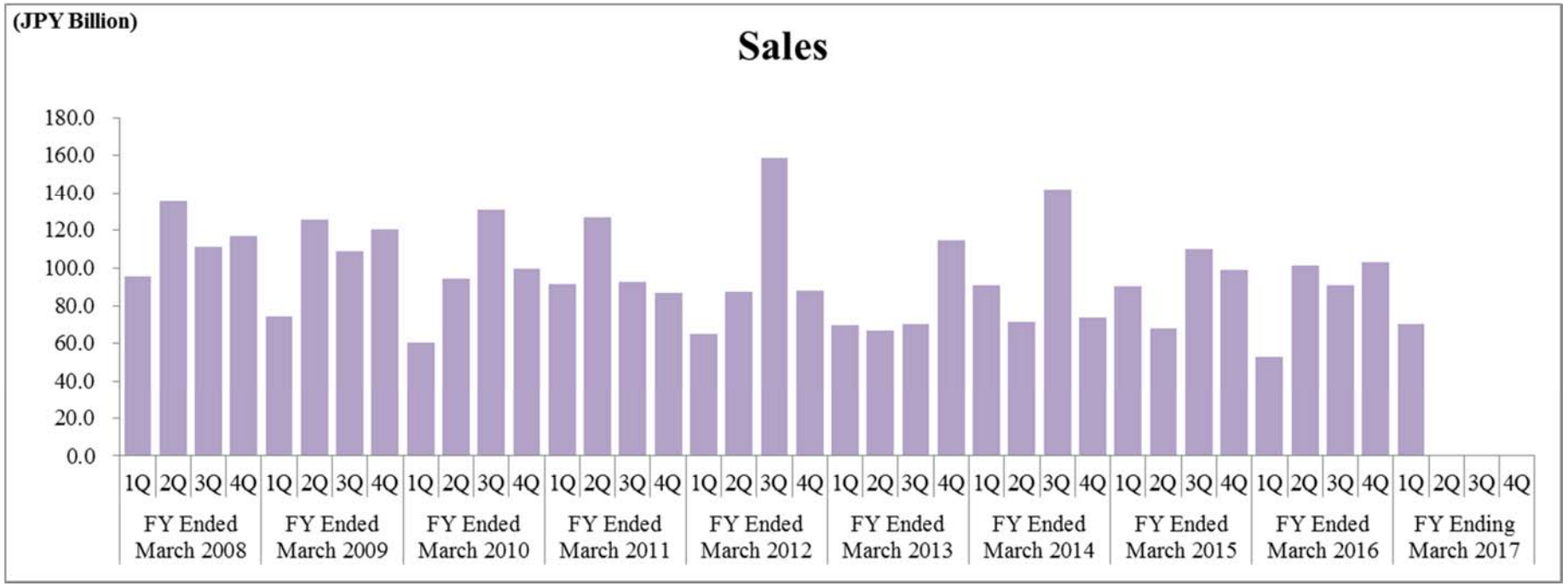
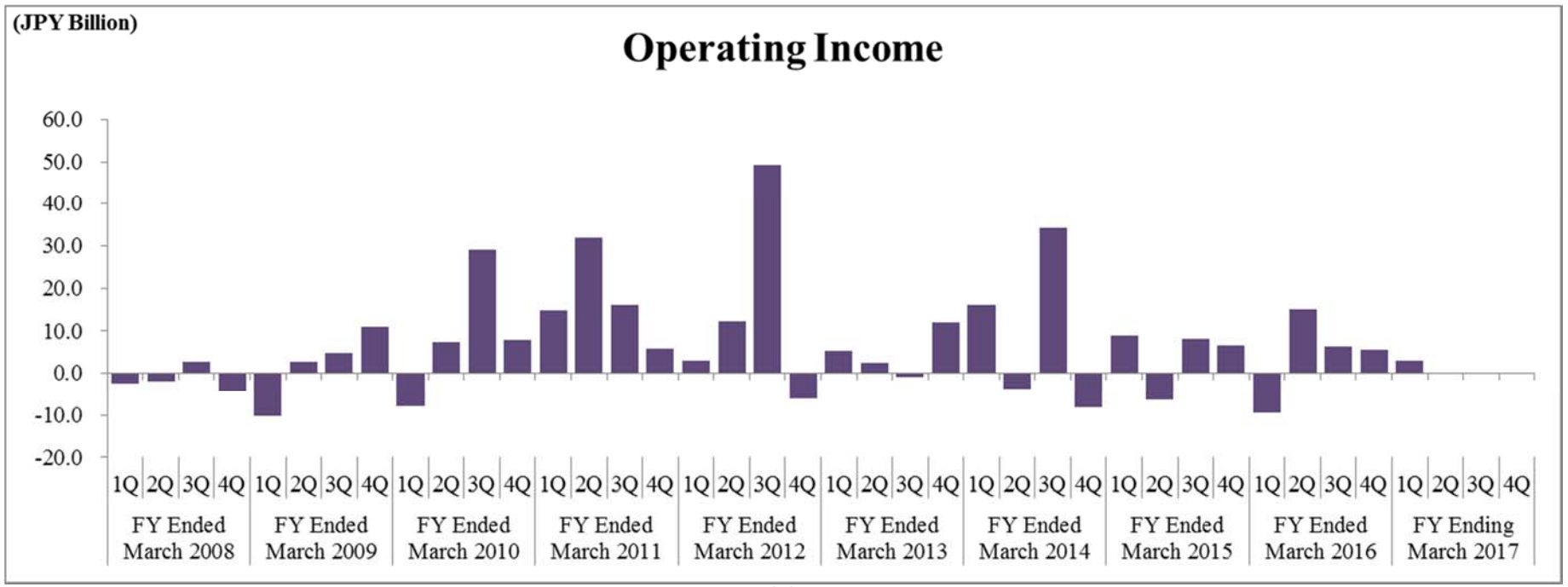
Past Operating Results

<Quarterly Performance Q on Q>





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Past Operating Results (Former Segment basis)

SEGA SAMMY GROUP

From FY Ended March 2005 to FY Ended March 2015

*The data in this page can be downloaded from following URL.
(http://www.segasammy.co.jp/english/ir/library/pdf/settlement/2016/e_201603_4q_transition.xls)

(JPY billion)		FY Ended March 2005	FY Ended March 2006	FY Ended March 2007	FY Ended March 2008	FY Ended March 2009	FY Ended March 2010	FY Ended March 2011	FY Ended March 2012	FY Ended March 2013	FY Ended March 2014		FY Ended March 2015	
		Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Full Year Results	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results
	Net Sales	515.6	553.2	528.2	458.9	429.1	384.6	396.7	395.5	321.4	162.2	378.0	154.2	354.9
Breakdown	Pachislot and Pachinko Machines	280.1	265.6	211.5	145.5	161.6	160.3	212.0	212.1	142.2	71.2	181.8	60.6	149.1
Breakdown	Amusement Machines Sales	63.3	71.5	75.4	71.0	61.9	45.1	47.2	49.9	39.1	18.0	38.6	18.0	39.6
Breakdown	Amusement Center Operations	83.1	106.2	103.8	91.2	71.3	54.7	45.6	44.6	42.7	21.9	43.2	20.8	41.4
Breakdown	Consumer Business	65.3	90.3	119.5	141.7	131.3	121.5	88.8	85.6	83.8	43.8	99.8	48.2	111.0
Breakdown	Other	23.7	19.4	17.8	9.3	2.9	2.8	2.8	3.0	13.4	7.1	14.5	6.4	13.6
	Operating Income	105.0	119.1	76.5	-5.8	8.3	36.7[31.0]	68.7	58.3	19.0	12.3	38.5	3.4	17.6
Breakdown	Pachislot and Pachinko Machines	103.9	99.8	71.1	8.4	14.5	29.5	64.2	71.0	23.5	15.1	45.2	7.3	25.7
Breakdown	Amusement Machines Sales	7.4	12.1	11.6	7.1	6.8	7.0[5.4]	7.3	7.4	1.9	-0.0	-1.2	0.1	-2.5
Breakdown	Amusement Center Operations	5.4	9.2	0.1	-9.8	-7.5	-1.3[-1.4]	0.3	0.3	1.1	0.2	0.0	-0.2	-0.9
Breakdown	Consumer Business	-8.8	1.9	1.7	-5.9	-0.9	6.3[2.4]	1.9	-15.1	-0.7	1.1	2.0	0.9	4.0
Breakdown	Other	-0.5	-1.7	-1.3	-0.0	-0.3	0.3	0.0	0.2	-0.4	-0.4	-1.2	-1.0	-2.0
Breakdown	Eliminations	-2.3	-2.3	-6.7	-5.5	-4.9	-5.2	-5.1	-5.4	-6.3	-3.6	-6.4	-3.7	-6.5
	Operating Margin	20.4%	21.5%	14.5%	-	1.9%	9.5%[8.1%]	17.3%	14.7%	5.9%	7.6%	10.2%	2.2%	5.0%
	Ordinary Income	104.4	119.5	81.2	-8.2	6.6	35.9[30.2]	68.1	58.1	20.9	14.2	40.5	3.3	16.9
	Ordinary Income Margin	20.2%	21.6%	15.4%	-	1.5%	9.3%[7.9%]	17.2%	14.7%	6.5%	8.8%	10.7%	2.1%	4.8%
	Net Income	50.5	66.2	43.4	-52.4	-22.8	20.2[14.5]	41.5	21.8	33.4	11.3	30.7	-2.0	-11.2
	Net Income Margin	9.8%	12.0%	8.2%	-	-	5.3%[3.8%]	10.5%	5.5%	10.4%	7.0%	8.1%	—	—
R&D expense / content production expense *3		41.5	36.3	52.1	65.3	59.6	41.5[47.2]	41.1	53.3	45.2	25.1	59.2	28.4	67.6
Cap-ex		32.4	38.5	36.6	50.4(*1)	26.6	16.1	19.6	36.1	32.8	22.6	38.1	14.7	28.7
Depreciation *4		17.7	21.8	28.0	45.6(*2)	26.6	17.1	15.9	16.1	18.1	7.5	16.1	8.1	17.6
Advertising *5		11.8	18.9	22.2	22.8	20.7	20.7	15.1	17.2	13.1	7.6	16.0	10.0	19.1

# of pachislot titles	9 titles	14 titles	17 titles	22 titles	19 titles	12 titles	10 titles	11 titles	8 titles	3 titles	9 titles	4 titles	6 titles
Unit sales	676,933 units	607,106 units	523,422 units	380,688 units	123,286 units	162,932 units	302,270 units	300,866 units	202,221 units	143,171 units	301,575 units	92,998 units	207,828 units

# of pachinko titles	8 titles	8 titles	14 titles	9 titles	12 titles	13 titles	12 titles	14 titles	14 titles	4 titles	10 titles	9 titles	14 titles
Unit sales	233,049 units	288,895 units	132,981 units	108,184 units	391,831 units	360,171 units	343,188 units	332,288 units	216,860 units	54,955 units	200,225 units	86,453 units	242,847 units

Same Store Sales Comparisons	98.5%	103.3%	95.8%	89.0%	92.4%	91.7%	99.3%	100.5%	93.8%	95.0%	96.1%	98.7%	100.1%
Domestic Facilities	477 facilities	462 facilities	449 facilities	363 facilities	322 facilities	260 facilities	249 facilities	241 facilities	236 facilities	202 facilities	198 facilities	198 facilities	198 facilities

# of game software titles	- (84)	- (122)	- (140)	80 (138)	78 (122)	66 (105)	51 (71)	45 (86)	25 (49)	8 (8)	21 (32)	6(14)	30 (50)
Sales (Thousand units)	11,790	16,400	21,270	26,990	29,470	26,750	18,710	17,240	10,780	3,230	8,730	4,100	12,300

* Numbers shown in parentheses are based on previous accounting policy (For reference, unaudited)
* Number of titles reflects products which begin sales in the period (Numbers shown in parentheses are based on SKU)

(* 1): Includes rental assets of 17.1 billion Yen (full year) (* 2): Includes rental assets of 17.3 billion Yen (full year)

*3 In the fiscal year ended March 2014 and after, amortization cost of digital titles is included in R&D expense. (Up to the fiscal year ended March 2013, it was included in depreciation.)
*4 In the fiscal year ended March 2014 and after, amortization cost of digital titles is not included in depreciation. (In the fiscal year ended March 2014 and after, it is included in R&D expense/content production expense.)
*5 In the fiscal year ended March 2014 and after, advertising expenses are included in cost. (Up to the fiscal year ended March 2013, only selling, general and administrative (SG&A) expenses were included in cost.)

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Past Operating Results (New Segment basis)

SEGA SAMMY GROUP

From FY Ended March 2015～

*The data in this page can be downloaded from following URL.
(http://www.segasammy.co.jp/english/ir/library/pdf/settlement/2017/e_201703_1q_transition.xls)

(JPY Billion)		FY Ended March 2015				FY Ended March 2016				FY Ending March 2017
		Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q
Breakdown	Net Sales	90.0	158.1	267.7	366.8	52.9	154.3	245.0	347.9	70.6
	Pachislot and Pachinko Machines	47.2	61.1	108.9	152.1	7.6[9.8]*	56.6[60.9]*	90.4[96.7]*	132.7[141.0]*	21.2
	Entertainment Contents	39.9	90.3	147.9	199.6	41.8[39.6]*	90.2[85.9]*	143.0[136.6]*	198.8[190.5]*	46.7
	Resort	2.8	6.6	10.8	14.9	3.4	7.4	11.5	16.3	2.6
Breakdown	Operating Income	8.9	2.7	10.8	17.4	-9.4	5.7	12.1	17.6	3.0
	Pachislot and Pachinko Machines	12.5	7.0	15.3	25.7	-6.7[-6.7]*	8.5[8.4]*	15.4[15.0]*	21.5[20.9]*	0.3
	Entertainment Contents	-1.3	0.6	2.0	0.0	-0.7[-0.6]*	1.5[1.7]*	2.4[2.8]*	3.6[4.2]*	4.9
	Resort	-0.7	-1.4	-1.7	-2.3	-0.5	-1.2	-1.3	-1.8	-0.8
	Other / Elimination	-1.4	-3.5	-4.8	-6.0	-1.3	-3.1[-3.2]*	-4.4	-5.7	-1.4
	Operating Margin	9.9%	1.7%	4.0%	4.7%	-	3.7%	4.9%	5.1%	4.2%
	Ordinary Income	9.6	2.6	10.7	16.8	-8.7	5.8	12.6	16.4	2.9
	Ordinary Income Margin	10.7%	1.6%	4.0%	4.6%	-	3.8%	5.1%	4.7%	4.1%
	Profit attributable to owners of parent	5.1	-2.8	-2.7	-11.3	-7.9	0.9	6.4	5.3	4.1
	Net Income Margin	5.7%	-	-	-	-	0.6%	2.6%	1.5%	5.8%
R&D expense / content production expense		12.4	28.4	48.8	67.6	12.8	24.7	40.3	58.0	13.9
Cap-ex		6.9	14.7	20.5	28.7	6.8	12.5	21.0	28.0	6.1
Depreciation		4.0	8.1	12.8	17.6	4.1	8.2	12.5	16.6	3.9
Advertising		4.1	10.0	14.5	19.1	3.9	9.3	13.6	17.9	3.1
# of pachislot titles		3 titles	4 titles	5 titles	6 titles	-	2 titles	6 titles	7 titles	2 titles
Unit sales		82,791 units	93,045 units	96,111 units	207,830 units	102 units	70,260 units	121,645 units	142,337 units	29,902 units
# of pachinko titles		5 titles	5 titles	8 titles	10 titles	2 titles	6 titles	7 titles	8 titles	1 titles
Unit sales		47,711 units	82,955 units	224,519 units	241,425 units	22,362 units	79,604 units	115,396 units	199,014 units	20,525 units
Same Store Sales Comparisons		99.4%	98.7%	100.1%	100.1%	101.4%	102.2%	101.7%	103.1%	111.2%
Domestic Facilities		201 facilities	198 facilities	198 facilities	198 facilities	198 facilities	198 facilities	198 facilities	194 facilities	193 facilities
# of game software titles		3	6	25	30	5	12	24	29	5
# of game software titles (sku)		5	14	44	50	6	14	31	38	9
Sales (Thousand units)		1,700	4,100	8,910	12,280	1,830	3,280	6,120	9,220	2,410

*Sales of new segment is changed to gross basis.
*Basis for recording net sales was changed from shipment to delivery starting in FY ended March 2016.
*In line with the change of accounting policy, contents of retroactive processing have been reflected on new segments since FY ended March 2015.
*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since forecast for FY ending March 2017.
*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown. (3Q : approximate figure)

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