

SEGA-SAMMY
H O L D I N G S

FY Ended March 2016 Full Year Results Presentation

May 16th, 2016

SEGA SAMMY HOLDINGS INC.

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The contents of this material and comments made during the questions and answers etc of this briefing session are the judgment and projections of the Company's management based on currently available information.

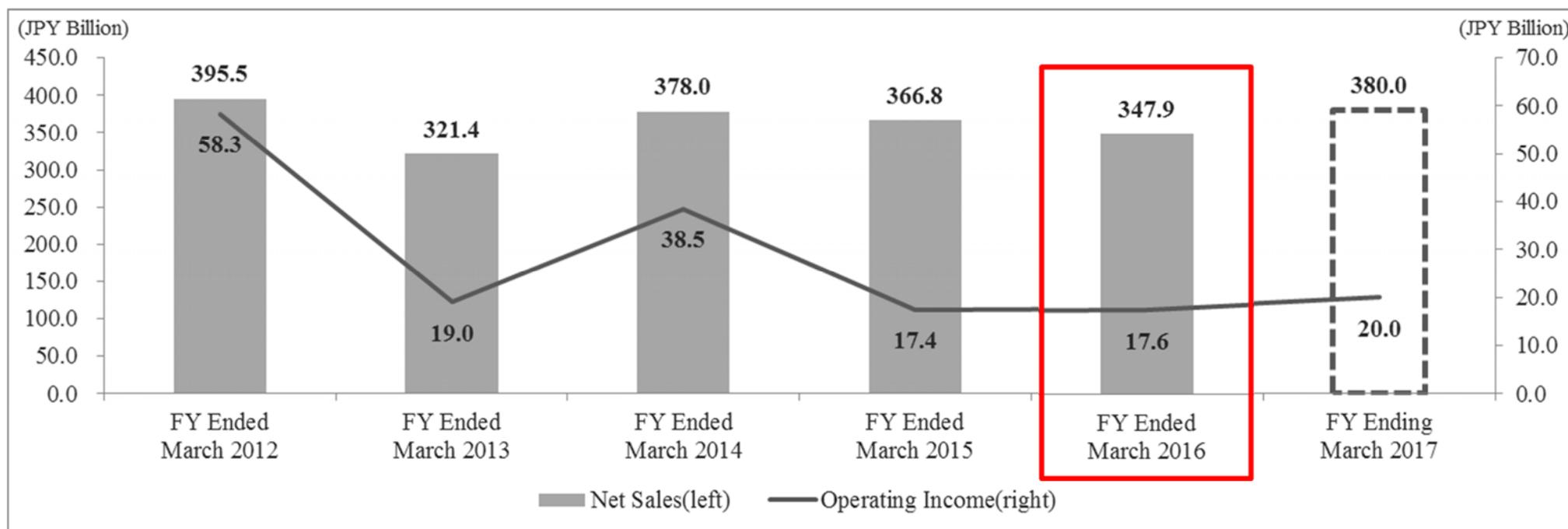
These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.

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FY Ended March 2016 Full Year Results

FY Ending March 2017 Full Year Forecasts



Net Sales/Profits		Sales decreased and profits increased year-on-year	⇒P.5~
Other		Revised full-year forecasts on April 28	
Segment Breakdown	Pachislot and Pachinko Machines	Sales and profits decreased year-on-year	⇒P.11~
	Entertainment Contents Business	Sales decreased and profits increased year-on-year	⇒P.17~
	Resort Business	Sales increased and loss decreased year-on-year	⇒P.23~

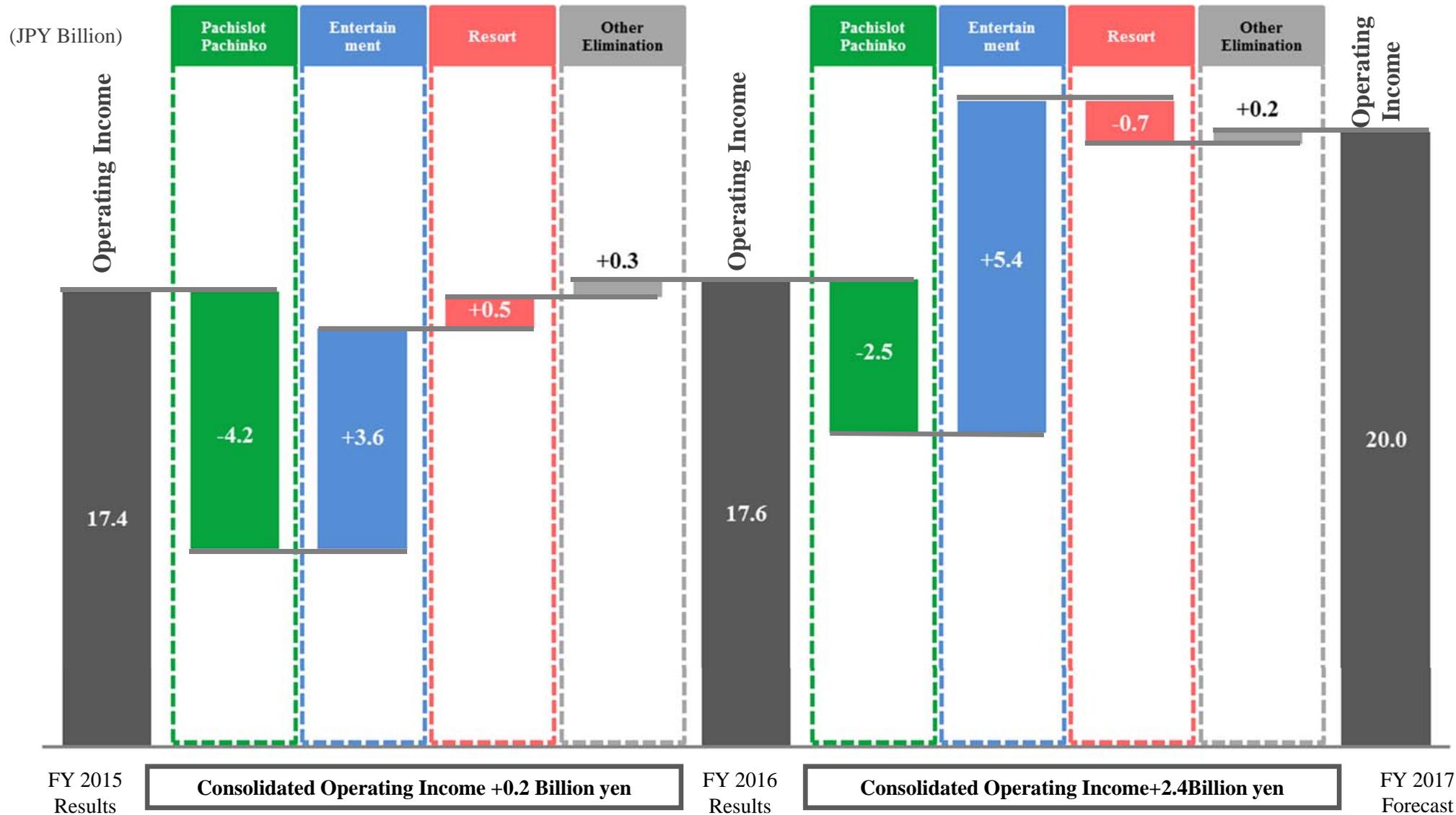
Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	158.1	366.8	154.3	347.9	-5%	180.0	380.0	+9%
Pachislot and Pachinko Machines	61.1	152.1	56.6[60.9]*	132.7[141.0]*	-	80.0	157.0	-
Entertainment Contents	90.3	199.6	90.2[85.9]*	198.8[190.5]*	-	93.0	207.0	-
Resort	6.6	14.9	7.4	16.3	+9%	7.0	16.0	-2%
Operating Income	2.7	17.4	5.7	17.6	+1%	6.5	20.0	+14%
Pachislot and Pachinko Machines	7.0	25.7	8.5[8.4]*	21.5[20.9]*	-	10.5	19.0	-
Entertainment Contents	0.6	0.0	1.5[1.7]*	3.6[4.2]*	-	1.0	9.0	-
Resort	-1.4	-2.3	-1.2	-1.8	-	-1.5	-2.5	-
Other / Elimination	-3.5	-6.0	-3.1[-3.2]*	-5.7	-	-3.5	-5.5	-
Operating Income Margin	1.7%	4.7%	3.7%	5.1%	+0.4pt	3.6%	5.3%	+0.2pt
Ordinary Income	2.6	16.8	5.8	16.4	-2%	6.5	20.0	+22%
Extraordinary Gain	0.3	1.0	0.5	1.2	-	0.0	0.0	-
Extraordinary Loss	3.5	15.9	2.3	5.6	-	0.0	0.0	-
Income before income taxes	-0.6	1.9	4.0	12.0	+532%	6.5	20.0	+67%
Profit attributable to owners of parent	-2.8	-11.3	0.9	5.3	-	3.4	10.0	+89%
Dividends per share (JPY)	20	40	20	40	-	20	40	-
Earnings per share (JPY)	-11.50	-46.70	4.11	22.90	-	14.51	42.66	-
Net Assets per share (JPY)	1,384.25	1,336.54	1,310.36	1,257.43	-	-	-	-

*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.

Operating Income – Primary Factors Behind Fluctuations (Major Causes)



FY Ended March 2016 Results

- Pachislot Pachinko: Profits decreased due to decrease in unit sales impacted by the regulations on Pachislot and Pachinko machines
- Entertainment: Improved profitability of those other than digital game software field due to the effects of cost reduction
- Resort: Loss decreased through efforts to enhance facility operating capabilities

FY Ending March 2017 Forecasts

- Pachislot Pachinko: Profit ratio is expected to take a temporary downturn due to the introduction of new parts.
- Entertainment: Profitability is forecasted to improve through focusing on major titles in the digital game software field
- Resort: Amortization burden will temporarily increase due to large-scale repair

(JPY Billion)

FY Ended March 2015 Results

Extraordinary Gain	Gain on sales of investment securities	0.1
	Gain on sales of noncurrent assets	0.1
	Compensation income for expropriation	0.2
	Other	0.6
Subtotal		1.0

Extraordinary Loss	Impairment loss	7.8
	Provision for dismantling of fixed assets	2.7
	Early extra retirement payments	1.8
	Loss on the discontinuance of independent film production	1.8
	Other	1.8
Subtotal		15.9

FY Ended March 2016 Results

Extraordinary Gain	Gain on sales of investment securities	0.1
	Gain on liquidation of subsidiaries and affiliates	0.3
	Gain on reversal of provision for dismantling of fixed assets	0.5
	Other	0.3
Subtotal		1.2

Extraordinary Loss	Impairment loss	1.3
	Early extra retirement payments	1.9
	Restructuring loss	1.2
	Other	1.2
	Subtotal	

Costs and Expenses

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
R&D Expense / Content Production Expense	28.4	67.6	24.7	58.0	-14%	33.7	67.1	+16%
Pachislot and Pachinko Machines	10.5	22.3	9.8[10.5]*	18.5[20.0]*	-	11.4	22.3	-
Entertainment Contents	17.9	45.7	14.8[14.1]*	39.2[37.7]*	-	22.3	44.6	-
Resort	0.1	0.2	0.1	0.5	+150%	0.0	0.1	-80%
Other / Elimination	-0.1	-0.6	0.0	-0.2	-	0.0	0.1	-
Cap-ex	14.7	28.7	12.5	28.0	-2%	13.8	27.7	-1%
Pachislot and Pachinko Machines	4.1	6.9	2.3[3.2]*	5.0[6.7]*	-	2.9	5.5	-
Entertainment Contents	9.4	19.5	8.7[7.8]*	17.8[16.1]*	-	6.4	15.1	-
Resort	1.0	2.1	1.3	5.0	+138%	4.4	7.0	+40%
Other / Elimination	0.2	0.2	0.2	0.2	-	0.1	0.1	-
Depreciation	8.1	17.6	8.2	16.6	-6%	7.7	15.6	-6%
Pachislot and Pachinko Machines	2.9	6.4	3.1[3.2]*	6.3[6.5]*	-	2.9	5.7	-
Entertainment Contents	4.4	9.6	4.4[4.3]*	8.6[8.4]*	-	3.9	8.1	-
Resort	0.4	0.9	0.4	1.0	+11%	0.8	1.6	+60%
Other / Elimination	0.4	0.7	0.3	0.7	-	0.1	0.2	-
Advertising	10.0	19.1	9.3	17.9	-6%	10.1	19.8	+11%
Pachislot and Pachinko Machines	1.3	2.1	0.7[1.0]*	2.1[2.8]*	-	1.7	3.1	-
Entertainment Contents	7.0	14.5	7.2[6.9]*	13.8[13.1]*	-	7.0	14.8	-
Resort	0.5	0.8	0.3	0.6	-25%	0.3	0.4	-33%
Other / Elimination	1.2	1.7	1.1	1.4	-	1.1	1.5	-

*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since forecast for FY ending March 2017.

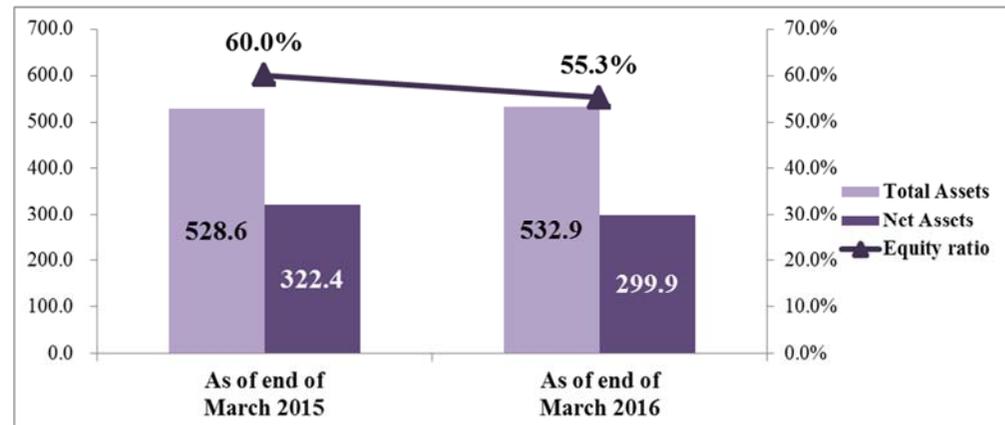
*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.

Consolidated Balance Sheet (Summary)

(JPY Billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2015	As of end of March 2016	Change	Account	As of end of March 2015	As of end of March 2016	Change
Cash and Deposits	102.2	141.3	+39.1	Accounts Payable	26.9	33.0	+6.1
Accounts Receivable	38.5	55.6	+17.1	Corporate Bonds	1.6	14.2	+12.6
Securities	97.2	48.4	-48.8	Short Term Borrowings	13.8	14.0	+0.2
Inventories	29.2	34.4	+5.2	Other	44.4	44.7	+0.3
Other	30.9	22.5	-8.4	Total Current Liabilities	86.7	105.9	+19.2
Total Current Assets	298.0	302.2	+4.2	Corporate Bonds	56.2	52.0	-4.2
Tangible Fixed Assets	100.2	101.0	+0.8	Long Term Debt	32.9	48.8	+15.9
Intangible Fixed Assets	29.0	24.8	-4.2	Other	30.3	26.2	-4.1
Investment Securities	70.0	76.5	+6.5	Total Noncurrent Liabilities	119.4	127.0	+7.6
Other	31.4	28.3	-3.1	Total Liabilities	206.2	233.0	+26.8
				Shareholders Equity	298.6	288.1	-10.5
				Total accumulated other comprehensive income	18.7	6.6	-12.1
				Warrants	0.8	0.8	-
				Non-controlling interests	4.2	4.4	+0.2
Total Noncurrent Assets	230.6	230.6	-	Total Net Assets	322.4	299.9	-22.5
Total Assets	528.6	532.9	+4.3	Total Liabilities and Net Assets	528.6	532.9	+4.3

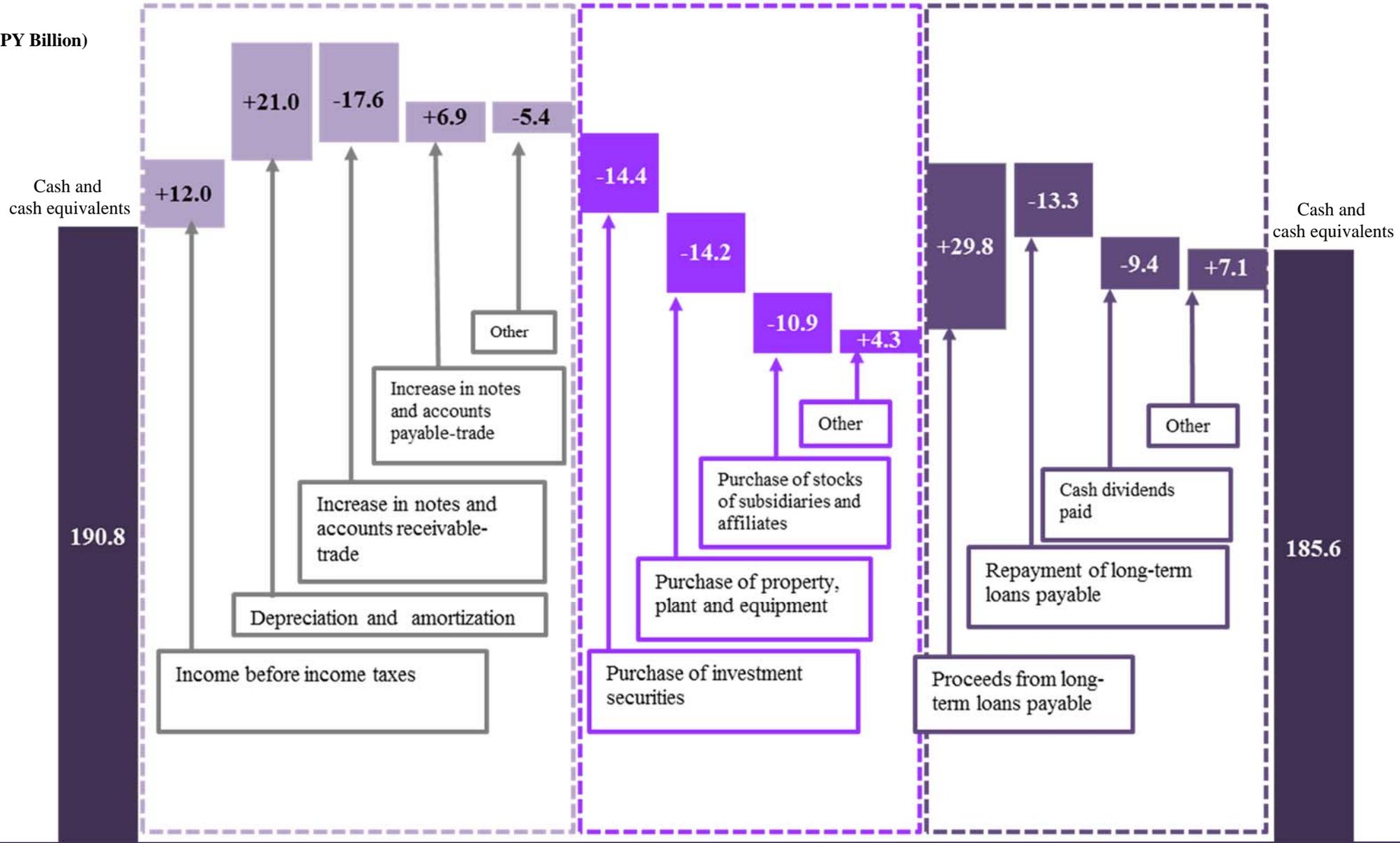
FY Ended March 2016 Results

- Total Assets : 532.9 billion yen (increased by 4.3 billion yen)
 - Current Assets: Up 4.2 billion yen due to such as cash and deposits, and accounts receivable from sales in March 2016 increased
 - Noncurrent Assets: No remarkable up or down overall although there was an increase in investment securities
 - Equity Ratio : 55.3% (-4.7pt)
 - Current Ratio : 285.2% (-58.5pt)
- (Current Ratio as of the end of FY ended March 2015: 343.7%)



Consolidated Cash Flows

(JPY Billion)



End of
FY 2015

**Cash Flows from
Operating Activities
+ 16.9 billion yen**

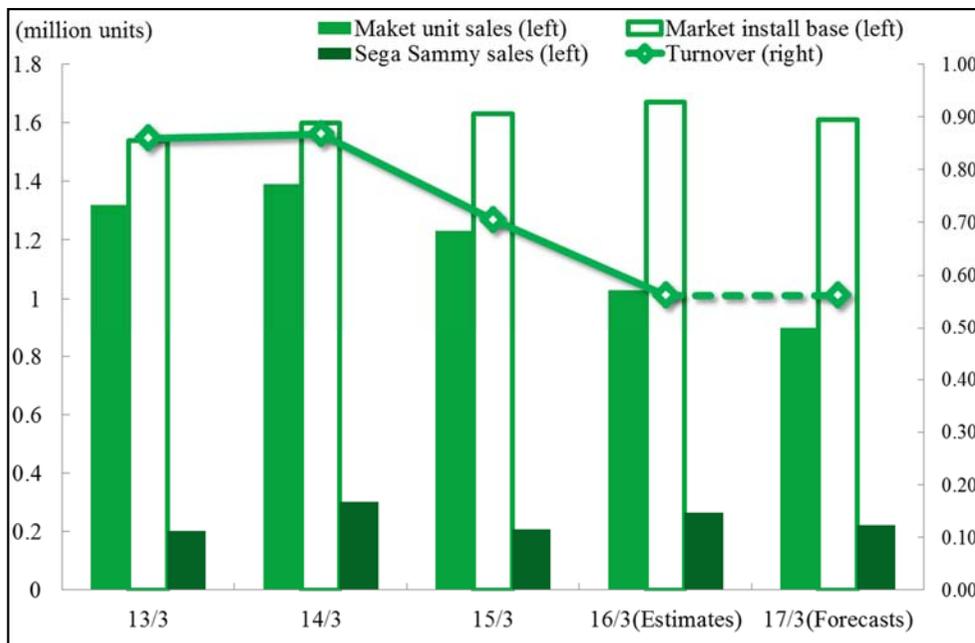
**Cash Flows from
Investing Activities
- 35.2 billion yen**

**Cash Flows from
Financing Activities
+ 14.2 billion yen**

End of
FY 2016

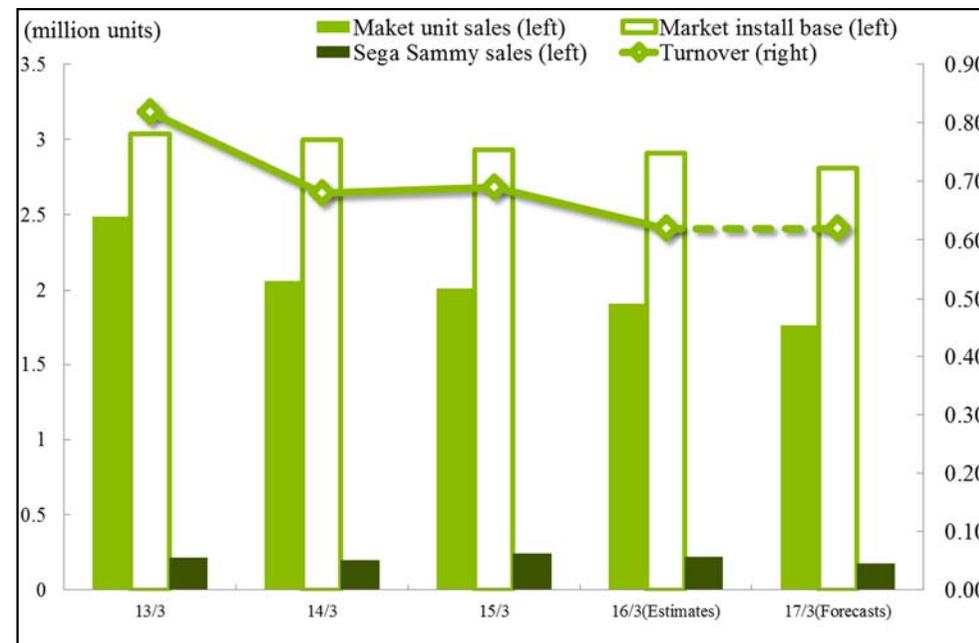
Market Forecasts

Pachislot Machine



Pachislot	13/03 Results	14/03 Results	15/03 Results	16/03 Estimate	17/03 Forecasts
Market Unit Sales (million)	1.32	1.39	1.23	1.03	0.90
Market Installed Base (million)	1.54	1.60	1.63	1.67	1.61
Turnover (Sales/Installation)	0.86	0.87	0.75	0.62	0.56
Sega Sammy's Unit Sales (Thousands)	202	301	207	142	230

Pachinko Machine

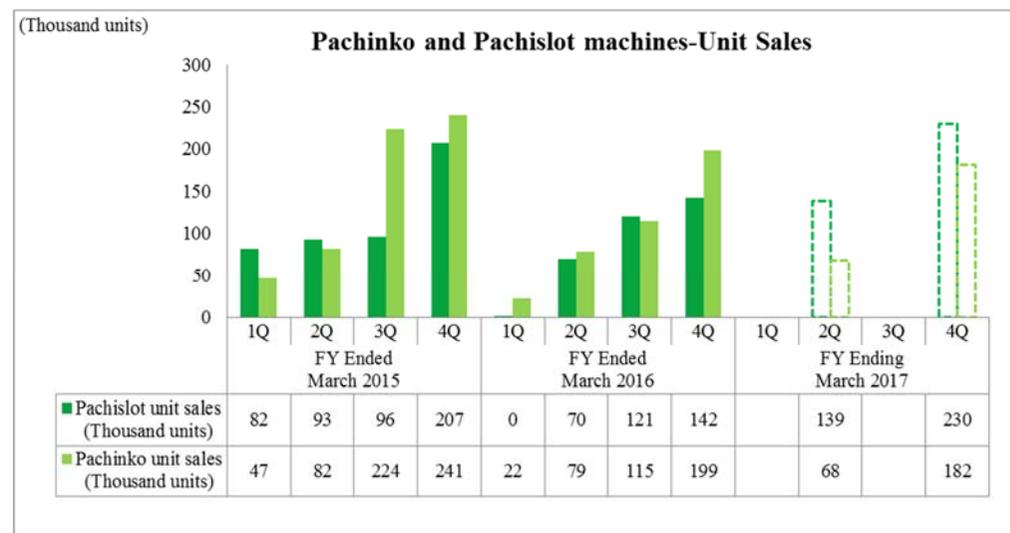
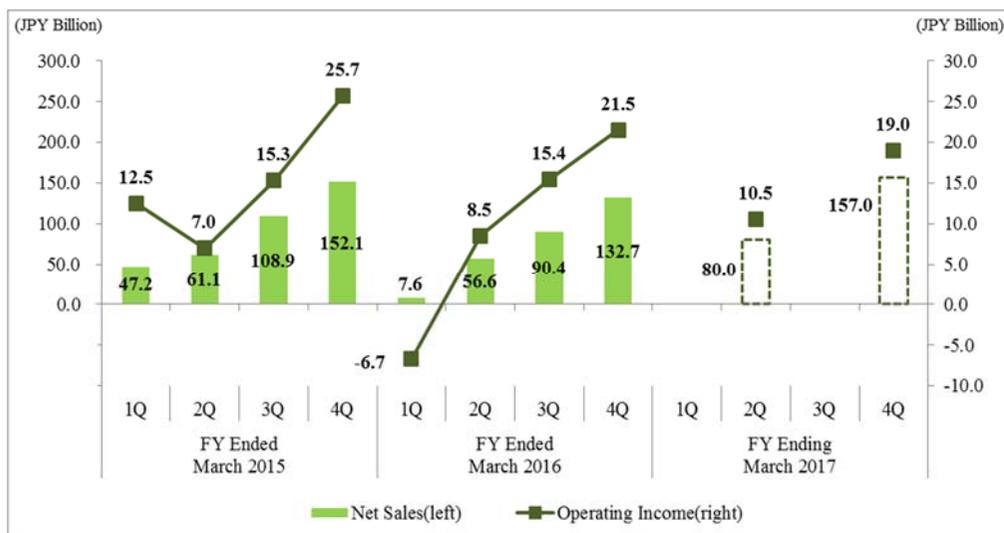


Pachinko	13/03 Results	14/03 Results	15/03 Results	16/03 Estimate	17/03 Forecasts
Market Unit Sales (million)	2.49	2.06	2.01	1.91	1.77
Market Installed Base (million)	3.04	3.00	2.93	2.91	2.81
Turnover (Sales/Installation)	0.82	0.69	0.69	0.66	0.63
Sega Sammy's Unit Sales (Thousands)	216	200	241	199	182

Source: National Police Agency, Yano Research Institute Ltd., Japan Productivity Center for Socio-Economic Development

* The data for 16/03 and 17/03, which have not been publicized yet, are our estimates and forecasts.

(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	61.1	152.1	56.6[60.9]*	132.7[141.0]*	-	80.0	157.0	-
Pachislot	34.5	73.8	31.0	61.1	-17%	52.1	83.9	+37%
Pachinko	23.8	73.2	23.1	66.8	-9%	21.0	57.2	-14%
Other / Elimination	2.8	5.1	2.5[6.8]*	4.8[13.1]*	-	6.9	15.9	-
Operating Income	7.0	25.7	8.5[8.4]*	21.5[20.9]*	-	10.5	19.0	-
Operating Income Margin	11.5%	16.9%	15.0%[13.8%]*	16.2%[14.8%]*	-	13.1%	12.1%	-
Unit Sales (Pachislot)	93,045	207,830	70,260	142,337	-32%	139,300	230,800	+62%
Unit Sales (Pachinko)	82,955	241,425	79,604	199,014	-18%	68,000	182,000	-9%



FY Ended March 2016 Results

■ While series with good track records performed well, they were weak as sales of Pachislot except mainstay titles fell below the initial forecast impacted by the regulations

FY Ending March 2017 Forecasts

- Sales will improve in line with increase in unit sales of Pachislot due to releasing several titles including mainstay titles
- Profit ratio is expected to take a temporary downturn as it falls under the period when new frames and new parts are to be diffused

*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.

Pachislot

Delivery Data: Pachislot

Pachislot	FY Ended March 2015		FY Ended March 2016		FY Ending March 2017	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Forecasts Through 2Q	Full Year Forecasts
	2 titles 83,516 units	3 titles 155,695 units	2 titles 70,260 units	5 titles 136,997 units	3 titles 120,000 units	7 titles 195,000 units
	2 titles 9,529 units	2 titles 9,569 units	-	2 titles 5,340 units	2 titles 4,300 units	4 titles 20,800 units
	-	1 title 42,566 units	-	-	1 title 15,000 units	1 title 15,000 units
Total	4 titles 93,045 units	6 titles 207,830 units	2 titles 70,260 units	7 titles 142,337 units	6 titles 139,300 units	12 titles 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 (FY 2016 Results) : Pachislot

Brand	Title	Total sales	Installed From
Sammy	Pachislot Hokuto No Ken Tomo	79,997 units	September
Sammy	Pachislot Onimusha3 Jikuu Tenshou	25,966 units	November
Sammy	Pachislot Nisemonogatari	20,692 units	February
Sammy	Pachislot BAYONETTA	7,206 units	October
TAIYO ELEC	Pachislot Ryu ga Gotoku OF THE END	4,759 units	November

* Main Pachislot titles and number of units of which delivery started in FY ended March 2016.



Pachislot Hokuto No Ken Tomo

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Pachislot Onimusha3 Jikuu Tenshou

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FY Ended March 2016 Results

Pachislot

- Sales of machines for series with track records such as “Pachislot Hokuto No Ken Tomo” and “Pachislot Onimusha3 Jikuu Tenshou” performed well
- A new title of new-format machines (mother board control) “Pachislot Nisemonogatari” performed strong
- Unit sales decreased year-on-year as sales of other titles remained poor

FY Ending March 2017 Forecasts

- Plan to increase unit sales through releasing several titles including mainstay titles
- Major titles to be launched
⇒ Sammy ” Pachislot CODE GEASS Lelouch of the Rebellion R2,”
(in 1Q) , etc.

Pachinko

Delivery Data: Pachinko

Pachislot	FY Ended March 2015		FY Ended March 2016		FY Ending March 2017	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Forecasts Through 2Q	Full Year Forecasts
	3 titles	5 titles	3 titles	5 titles	4 titles	6 titles
	62,893 units	206,775 units	66,130 units	181,117 units	45,000 units	145,000 units
	2 titles	5 titles	3 titles	3 titles	2 titles	4 titles
	20,062 units	34,650 units	13,474 units	17,897 units	23,000 units	37,000 units
Total	5 titles	10 titles	6 titles	8 titles	6 titles	10 titles
	82,955 units	241,425 units	79,604 units	199,014 units	68,000 units	182,000 units
Board + Frame	20,786 units	64,476 units	14,617 units	93,863 units	54,900 units	120,400 units
Board	62,169 units	176,949 units	64,987 units	105,151 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 (FY 2016 Results): Pachinko

Brand	Title	Total sales	Installed From
Sammy	Pachinko CR Shin Hokuto Muso	70,245 units	March
Sammy	Pachinko CR Hokuto No Ken 6 series	34,817 units	October, January
Sammy	Pachinko CR Shin-Juoh 2	33,228 units	September
Sammy	Pachinko CR TOMORROW'S JOE	16,364 units	July
Sammy	Pachinko CR Bakemonogatari series	8,820 units	June

* Main Pachinko titles and number of units of which delivery started in FY ended March 2016.



Pachinko CR Shin-Juoh 2

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Pachinko CR Shin Hokuto Muso

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FY Ended March 2016 Results

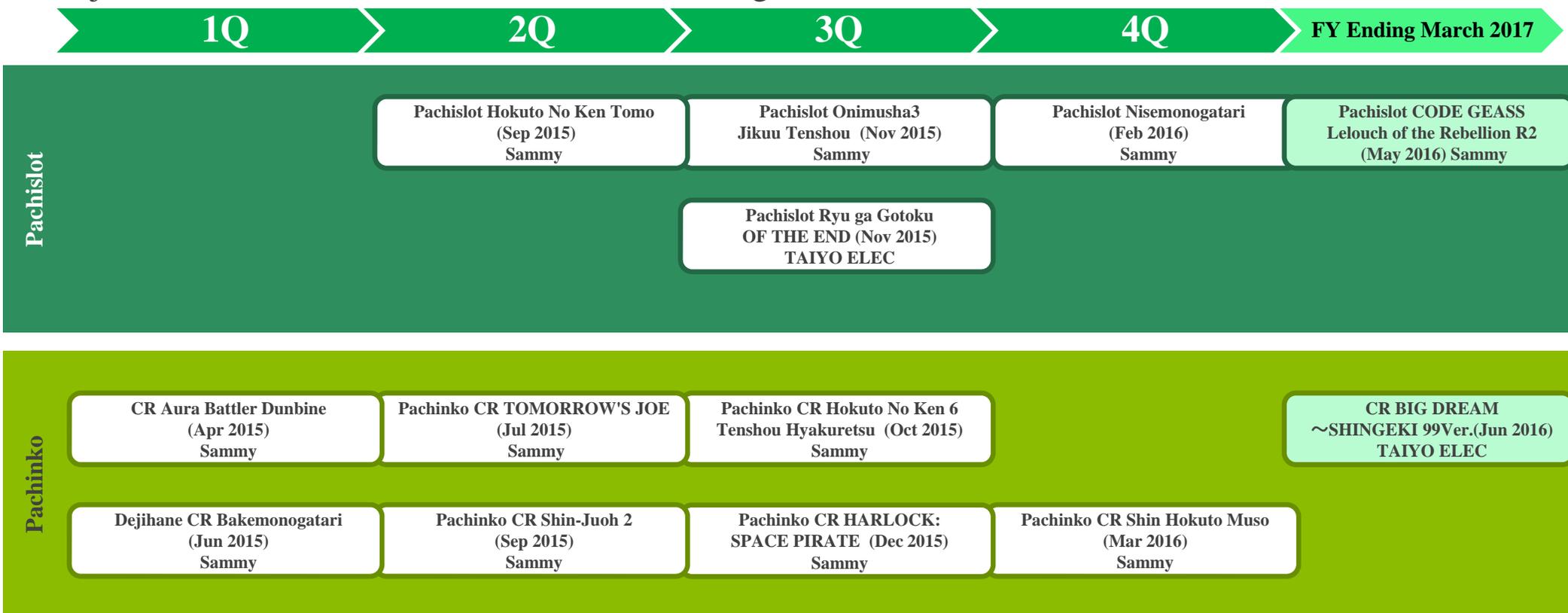
Pachinko

- Sales remained solid centering on mainstay titles such as “Pachinko CR Shin Hokuto Muso” and “Pachinko CR Shin-Juoh 2”
- Unit sales decreased due to temporary impact of structure reform and reactionary drop in series “Pachinko CR Hokuto No Ken 6” launched in FY ended March 2015.

FY Ending March 2017 Forecasts

- Unit sales are planned to decrease due to the impact of new “agreement” concerning addiction countermeasures, etc.
- Major titles to be launched
 - ⇒ TAIYO ELEC ” CR BIG DREAM ~SHINGEKI 99Ver.” (in 1Q)
 - ⇒ Sammy ” Dejihane CR TOMORROW'S JOE” (in 1Q), etc.

Major Titles in FY Ended March 2016 / FY Ending March 2017



Pachislot Hokuto No Ken Tomo
Sammy

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Pachislot Onimusha3
Jikuu Tenshou
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Pachislot Nisemonogatari
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Pachinko CR Shin-Juoh 2
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Pachinko CR Hokuto No Ken 6 Tenshou
Hyakuretsu
Sammy

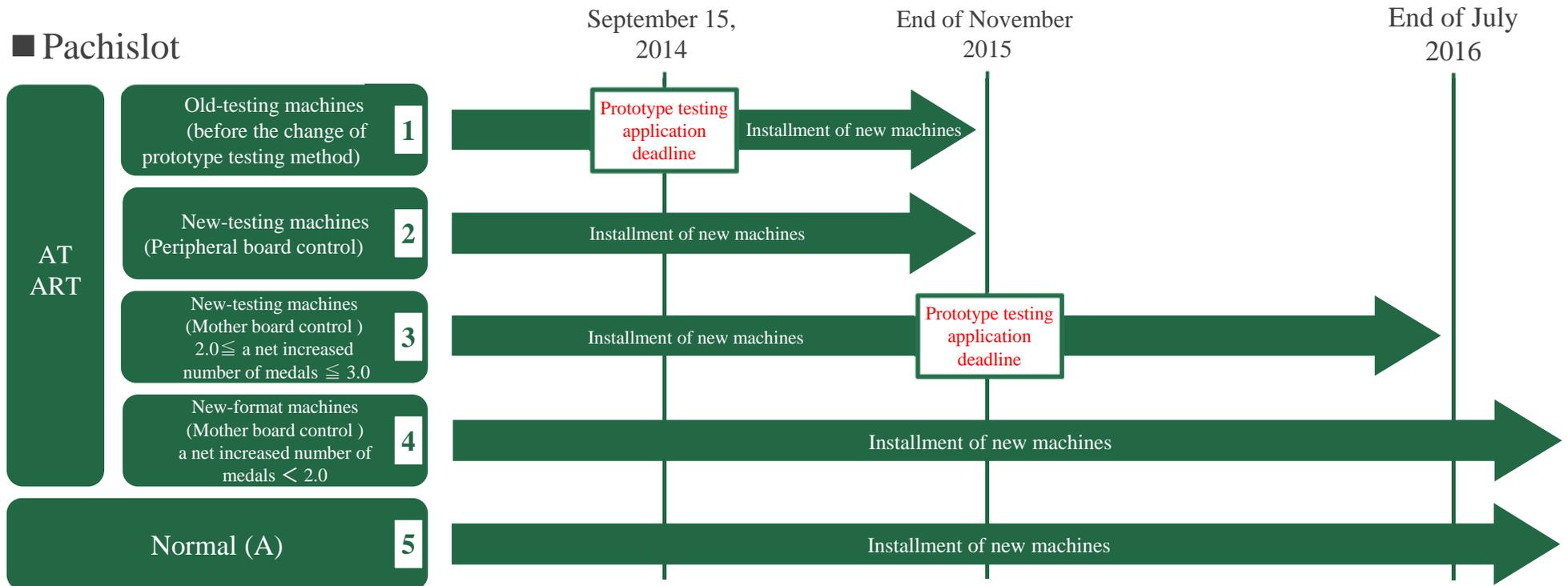
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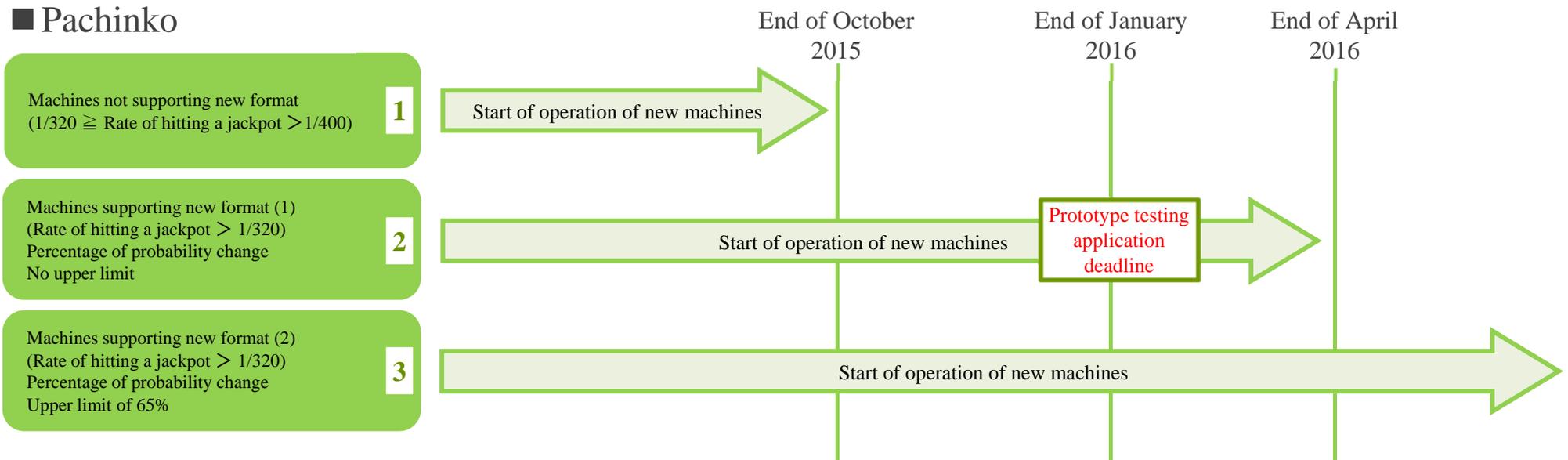
Pachinko CR
Shin Hokuto Muso
Sammy

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■ Pachislot

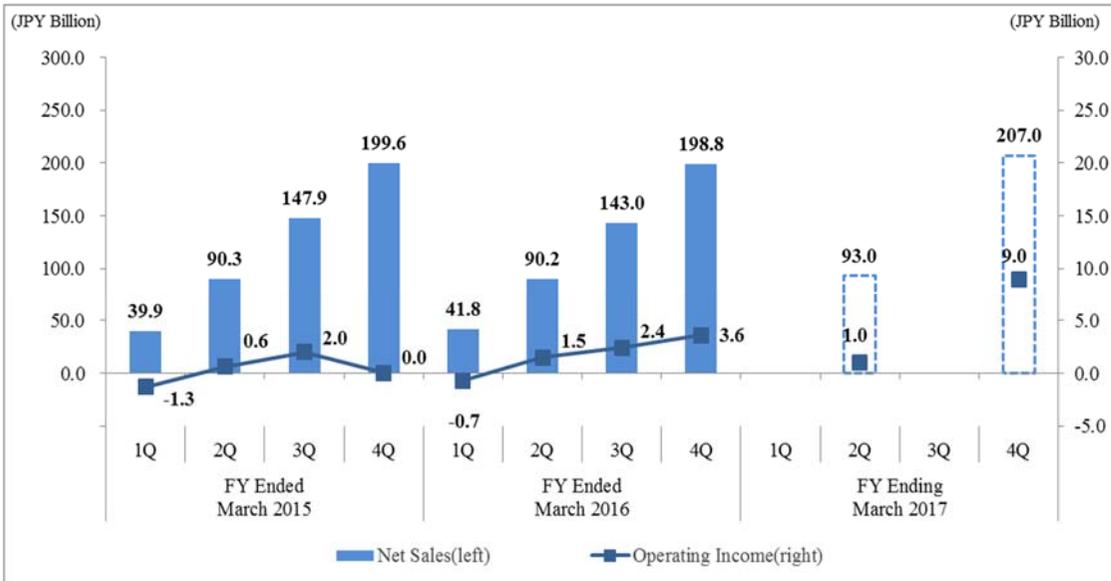


■ Pachinko





(JPY Billion)	FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales	90.3	199.6	90.2[85.9]*	198.8[190.5]*	-	93.0	207.0	-
Digital Games	27.3	55.1	25.8[21.5]*	53.9[45.6]*	-	24.0	56.5	-
Packaged Games	16.4	47.4	14.6	42.3	-11%	21.0	46.5	+10%
Amusement Machine Sales	18.6	39.3	20.6	41.9	+7%	20.0	44.5	+6%
Amusement Center Operations	17.9	36.0	18.9	38.0	+6%	17.5	35.5	-7%
Animation / Toy	9.1	19.9	9.5	21.2	+7%	9.5	22.5	+6%
Other / Elimination	1.0	1.9	0.8	1.5	-	1.0	1.5	-
Operating Income	0.6	0.0	1.5[1.7]*	3.6[4.2]*	-	1.0	9.0	-
Digital Games	3.8	8.0	0.7[0.9]*	-0.9[-0.4]*	-	1.9	8.0	-
Packaged Games	-3.0	-2.7	-0.9	2.4	-	0.4	1.6	-33%
Amusement Machine Sales	-0.0	-3.9	0.2	-0.1	-	-1.5	-1.1	-
Amusement Center Operations	0.6	0.9	1.3	1.8	+100%	1.2	1.4	-22%
Animation / Toy	-0.5	-1.7	0.0	0.6	-	-0.1	1.0	+67%
Other / Elimination	-0.3	-0.6	0.2	-0.2[-0.1]*	-	-0.9	-1.9	-
Operating Income Margin	0.7%	-	1.7%[2.0%]*	1.8%[2.2%]*	-	1.1%	4.3%	-
Sales in Units (Thousands)	4,100	12,280	3,280	9,220	-25%	5,740	12,280	+33%
Same Store Sales Comparisons	98.7%	100.1%	102.2%	103.1%	+3.0pt	101.1%	101.0%	-2.1pt
Domestic Facilities	198	198	198	194	-	193	194	-



FY Ended March 2016 Results

- Performed weakly; impacted by the asset value of some titles being reviewed and advertising costs being increased in the digital game software field
- Profits increased as profitability of the overall segment has improved through efforts on cost reduction

FY Ending March 2017 Forecasts

- In the digital game software field, sales are planned to increase through launching new games for PCs and developing game platform business targeting Southeast Asia
- Improve profitability through focused efforts and large-scale updates, etc. for existing mainstay titles

*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.



Digital

Major Index / Digital Games (Digital Overall)

		FY Ended March 2015				FY Ended March 2016			
		1Q Results	2Q Results	3Q Results	4Q Results	1Q Results	2Q Results	3Q Results	4Q Results
Domestic	Average MAU(Thousands, 3 months average)*1	6,690	5,750	5,510	5,430	5,490	7,340	6,150	7,660
	ARPMU (JPY) *2	1,225	1,928	1,757	1,761	1,625	1,491	1,552	1,484
	Share of sales for top 3 titles *3	47.6%	52.8%	47.6%	45.4%	42.2%	40.2%	42.9%	49.6%
Ratio of advertising expense to net sales *4		12.6%	8.8%	7.1%	8.8%	16.0%	16.8%	14.4%	11.1%
Noah Pass*7 KPI	Total number of users (Thousands) *5	51,930	58,960	82,600	94,730	100,750	118,370	129,330	137,440
	Average MAU(Thousands, 3 months average)*6	4,810	7,300	9,180	10,540	11,020	11,400	12,940	12,330
(Composition ratio of overseas sales)		9.4%	8.0%	6.3%	10.4%	11.8%	8.5%	14.9%	11.2%
Accumulated Downloads (Thousands)	Domestic *8	48,560	55,430	61,740	68,020	75,240	79,650	84,660	87,930
	Overseas *8	81,980	118,890	138,010	160,000	179,670	200,890	240,190	265,290
	Total	130,540	174,320	199,740	228,020	254,910	280,530	324,850	353,220

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 within each quarter

*2.Calculated from dividing quarter digital sales (gross basis) by average MAU

*3.Sales percentage for top 3 titles against total digital sales (gross basis) of each quarter

*4.Advertising expense percentage for total digital sales of each quarter

*5.As of the last day of each quarter

*6.The counting method has been changed since FY 2016 2Q.

*7.Noah Pass refers to a marketing support tool for smart devices.

*8.As of the last day of each quarter

TOP 3 Titles (Digital Game)



“PHANTASY STAR ONLINE 2”

©SEGA



“Puyopuyo!! Quest”

©SEGA



“CHAIN CHRONICLE – Kizuna no Shintairiku”

© SEGA

*Sales top three titles in the period of January-March 2016

FY Ended March 2016 Results

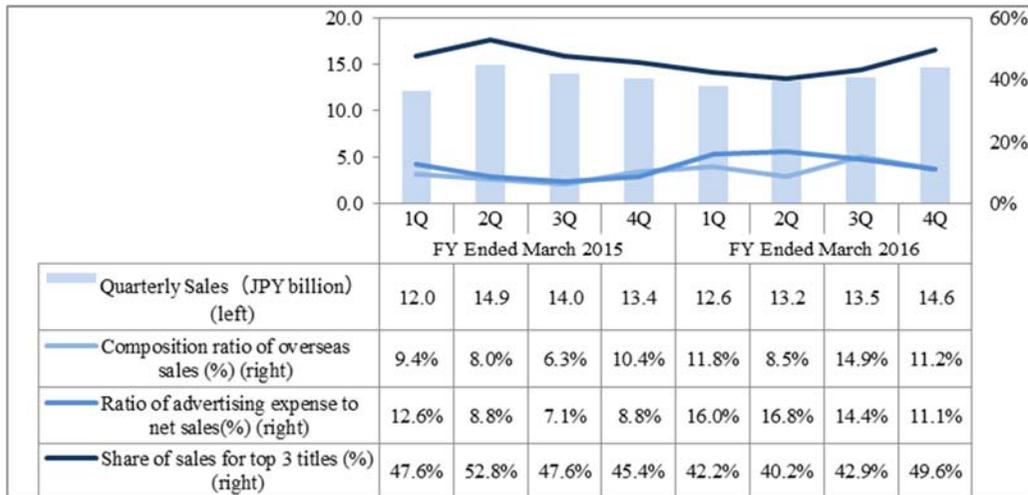
- Mainstay titles including “PHANTASY STAR ONLINE 2,” “CHAIN CHRONICLE – Kizuna no Shintairiku,” “Puyopuyo!! Quest” and “Hortensia SAGA ” remained solid
- Asset value of some titles that were unable to gain market reception have been reviewed
- Advertising costs have increased due to launching of new titles
- Number of titles under service in Japan (Free-to-play only): 49 at the end of the FY ended 2016 (Include 14 titles of Sammy Networks)

FY Ending March 2017 Forecasts

- Aim for improvement in profitability through events and large-scale updates, etc. for existing mainstay titles
 - ⇒ Large-scale update of mainstay titles:
 - “CHAIN CHRONICLE – Kizuna no Shintairiku” – Third chapter –
 - “Hortensia SAGA”
- Advance expansion of advertisement business in “Noah Pass” and launching of “goPlay” business, a platform targeting overseas centering on Southeast Asia

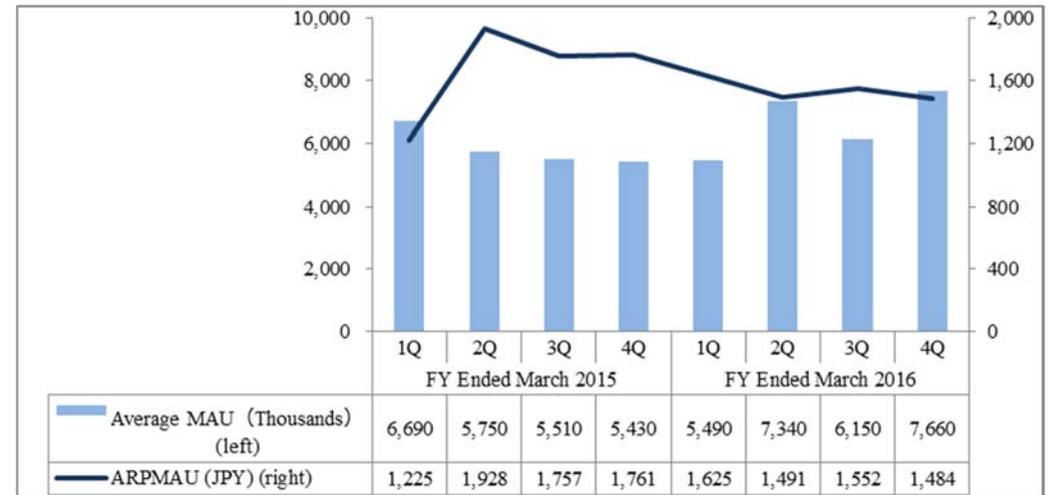


Major Index / Digital Games (Digital Overall)



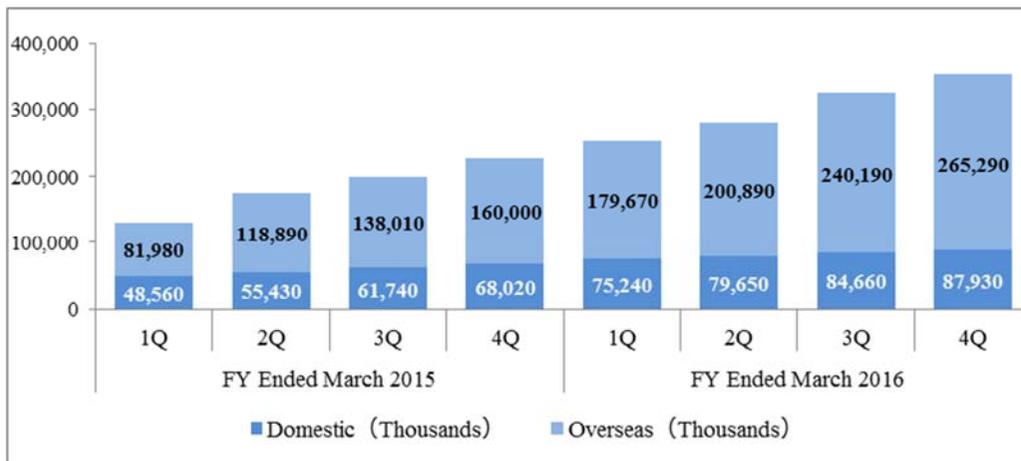
■ In the second half of the FY ended March 2016, share of sales for top three titles increased through measures such as events and large-scale updates, etc. for mainstay titles

Major Index / Domestic titles



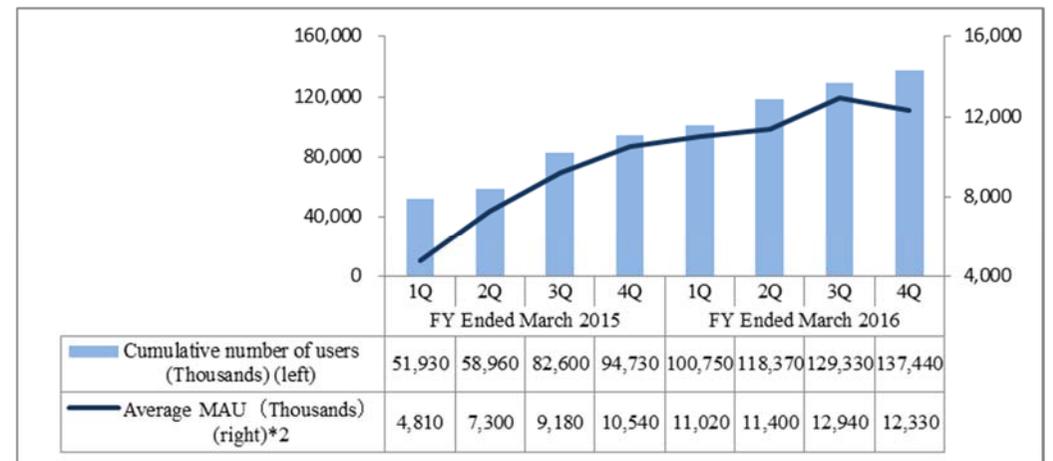
■ MAU in 4Q increased due to events and large-scale updates for mainstay titles and launching of new titles, etc.

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 cumulative number of Noah Pass users surpassed 130 million
 ■ Promote efforts to improve monetization through an advertisement profit business model



Packaged Games

Delivery Data / Packaged Games (Game Contents)

Breakdown by Region		FY Ended March 2015		FY Ended March 2016		FY Ending March 2017	
		Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Forecasts Through 2Q	Full Year Forecasts
Domestic	# of titles	3	15	4	14	3	9
	# of titles(SKU)	4	19	5	20	4	12
	Unit Sales(Thousands)	710	2,120	430	1,740	850	2,280
Overseas	# of titles	3	15	8	15	15	27
	# of titles(sku)	10	31	9	18	21	35
	Unit Sales(Thousands)	3,380	10,160	2,850	7,480	4,890	10,000
Total	# of titles	6	30	12	29	18	36
	# of titles(sku)	14	50	14	38	25	47
	Unit Sales(Thousands)	4,100	12,280	3,280	9,220	5,740	12,280

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

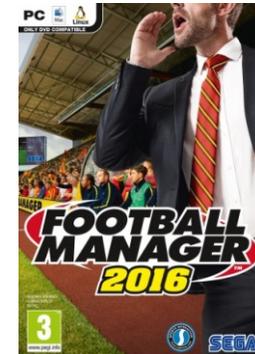
FY Ended March 2016 Results

- Although unit sales of packaged games fell below previous year, sales of mainstay titles remained solid such as “Ryu ga Gotoku KIWAMI” and “SHIN MEGAMITENSEI IV FINAL” in domestic market and “Football Manager 2016” in overseas markets.
- Improved profitability by narrowing down titles while focusing on sales of major titles

FY Ending March 2017 Forecasts

- Domestic: Planning to release new titles centering on mainstay IP titles such as “Persona5” and “Ryu ga Gotoku6”
- Overseas: Release “Total War : WARHAMMER”
- Advertising costs and R&D cost burden to increase due to release of mainstay titles

Major Sales Titles (Packaged Games) FY Ended March 2016



Football Manager 2016
(Nov 2015)

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Ryu ga Gotoku KIWAMI
(Jan 2016)

©SEGA



Amusement Machine Sales

FY Ended March 2016 Results

- Sales of CVT kits for “**StarHorse3 Season III CHASE THE WIND**” performed strong
- Sales of a new music game “**CHUNITHM**” and a new medal pusher game “**THE MEDAL TOWER OF BABEL**” were favorable
- Preliminary expenses such as casino machines development continued to be incurred

FY Ending March 2017 Forecasts

- Planning to release new titles for a wide variety of users and markets including a new title under “**SANGOKUSHI WAR**” in addition to “**Kancolle Arcade**”
- Preliminary expenses such as casino machines development continues to be incurred

Amusement Center Operations

FY Ended March 2016 Results

- Performed strongly as same-store sales increased from the previous period due to bolstering operation of the prize category, etc.
- Looking ahead, started a location test for an e-money system
- Grand openings of new style store “**KidsBee**” at Kohoku-Minamo and LaLaport Tachikawa Tachihi

FY Ending March 2017 Forecasts

- Proceed with the introduction of e-money as part of bolstering the full operation
- Continue to work on bolstering operation of the prize category, etc.
- Aim to improve profitability by introducing major titles of ours such as “**Kancolle Arcade**” and new title under “**SANGOKUSHI WAR,**” and increasing the number of prize machines
- Improvement in the number of visitors from June 2016 is expected due to the enforcement of the revised Act on Control and Improvement of Amusement Business, etc.

Animation / Toys

FY Ended March 2016 Results

- The movie “**Detective Conan Sunflowers of Inferno**” recorded the highest box office revenue for the series

- Sold products under “**Anpanman**” series, “**Disney Character Magical Pod**”, etc.
- Turn positive on a single-year basis through narrowing down product lineups in toy field

FY Ending March 2017 Forecasts

- Release a movie “**Detective Conan The Darkest Nightmare**”
⇒Initial audience exceeds the previous movie which recorded the highest box office revenue for the series

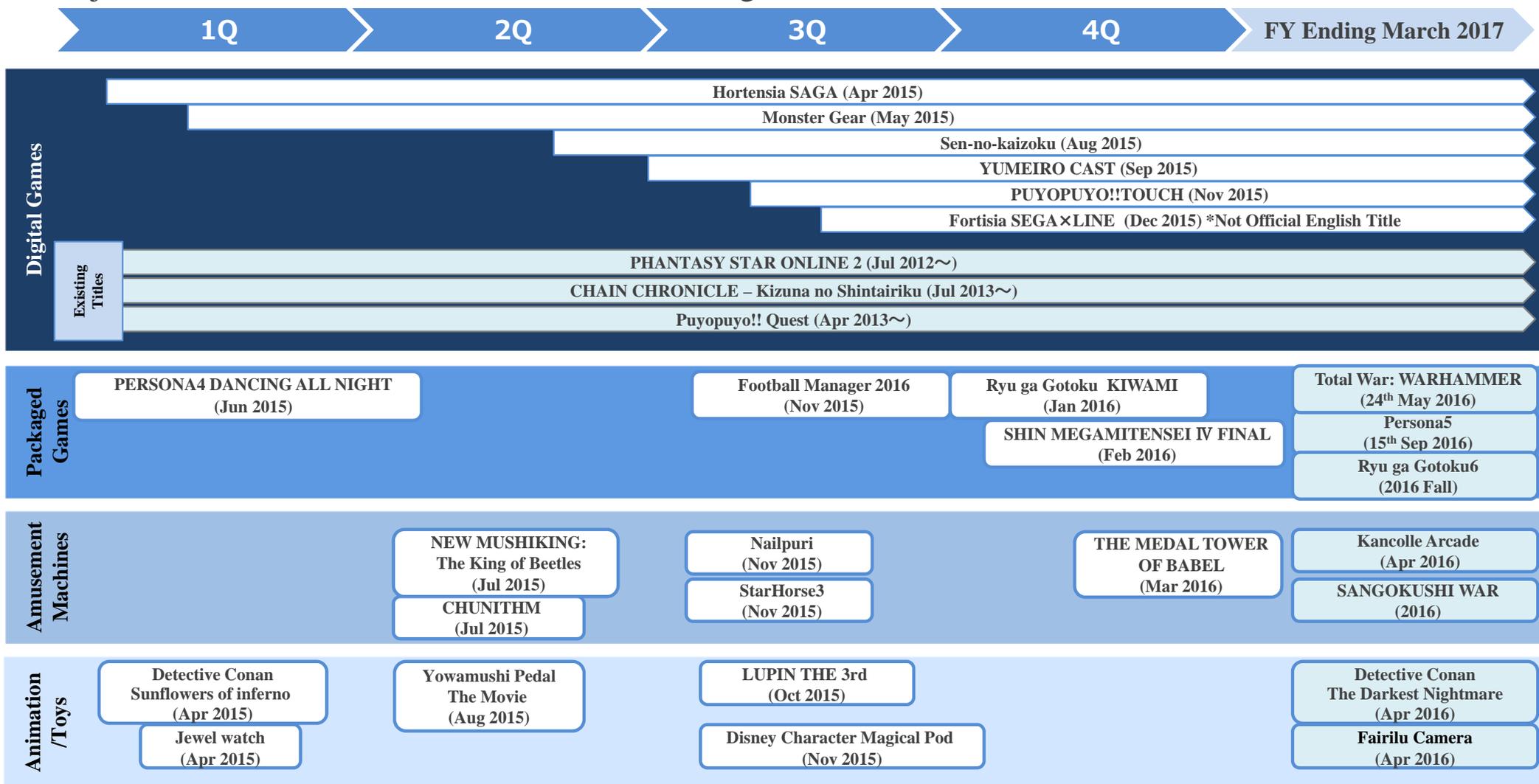
- Develop toys for “**Rilu Rilu Fairilu**” series, which will be the second co-developed character with Sanrio Corporation
- Focus development on products or services for regular/mainstay



Segment Results: Entertainment Contents Business

SEGA-SAMMY
GROUP

Major Titles in FY Ended March 2016 / FY Ending March 2017



Hortensia SAGA
©SEGA / f4samurai



Ryu ga Gotoku KIWAMI
©SEGA



THE MEDAL TOWER OF BABEL
©SEGA



Detective Conan Sunflowers of inferno
©2015 GOSHO AOYAMA / DETECTIVE CONAN COMMITTEE All Rights Reserved



Disney Character Magical Pod
©Disney

©Disney Based on the "Winnie the Pooh" works by A.A.Milne and E.H.Shepard.

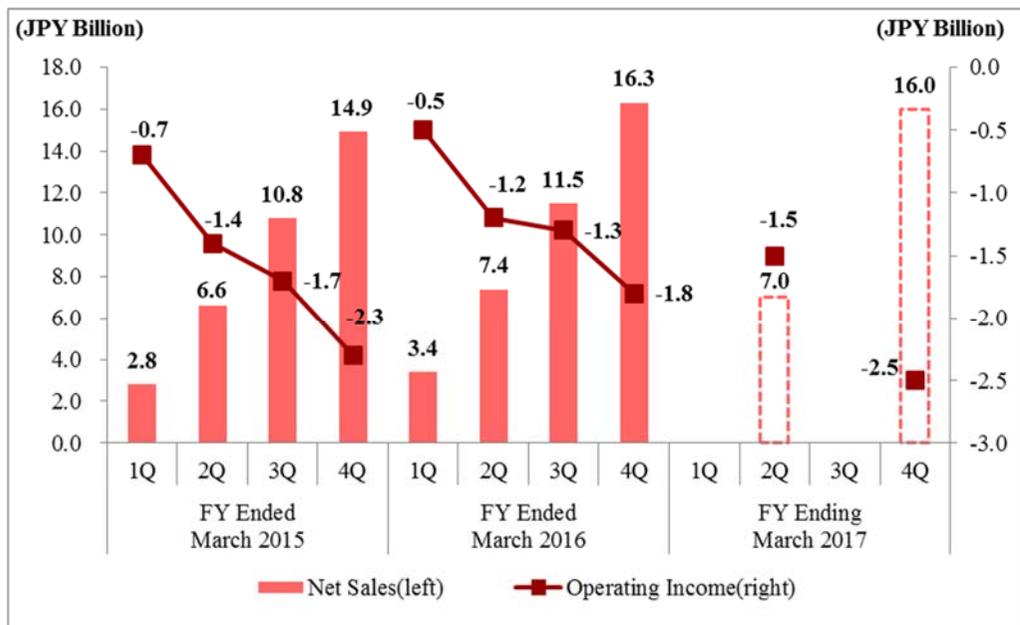
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(JPY Billion)		FY Ended March 2015		FY Ended March 2016			FY Ending March 2017		
		Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	YoY Change	Forecasts Through 2Q	Full Year Forecasts	YoY Change
Sales		6.6	14.9	7.4	16.3	+9%	7.0	16.0	-2%
Operating Income		-1.4	-2.3	-1.2	-1.8	-	-1.5	-2.5	-
Operating Income Margin		-	-	-	-	-	-	-	-
Phoenix Seagaia Resort	Number of visitors (Thousands)	322	643	287	571	-11%	272	570	-
	Average sales per customer (JPY) *1	12,982	14,468	14,912	15,845	+10%	15,415	16,902	+7%
Tokyo Joypolis	Number of visitors (Thousands)	333	614	395	687	+12%	372	650	-5%
	Average sales per customer (JPY)	3,342	3,426	3,466	3,545	+3%	3,578	3,723	+5%
Orbi Yokohama	Number of visitors (Thousands)	240	400	194	323	-19%	232	371	+15%
	Average sales per customer (JPY)	2,264	2,283	2,421	2,282	-	2,079	2,050	-10%
Paradise Casino Incheon *	Casino sales (Billion KRW)	55	109	51	94	-14%	-	-	-
	Number of visitors (Thousands)	29	58	24	48	-17%	-	-	-

* 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



FY Ended March 2016 Results

- Sales improved due to the increase in the number of visitors to “TOKYO JOYPOLIS” and new opening of “QINGDAO JOYPOLIS”
- With the closure of Sun Hotel Phoenix in the “Phoenix Seagaia Resort,” while the number of visitors was reduced, attracting visitors of high average remained steady in the busy season, decrease losses.

FY Ending March 2017 Forecasts

- Although large-scale renovation work on hotel guest rooms in “Phoenix Seagaia Resort” will be completed this summer and the grand opening is scheduled, burden of amortization expenses will increase
- Expenses such as prior investment in IR (integrated resort) business will be incurred

FY Ended March 2016 Results



“Phoenix Seagaia Resort”



- Hold “Countdown Fireworks” on New Year’s Eve.



“Joypolis”



- Opening of first licensed facility in China, “Shanghai JOYPOLIS”

FY Ending March 2017 Forecasts



- “Sheraton Grande Ocean Resort” to complete large-scale renovation work and to conduct grand opening of new guest rooms, club lounge, etc. this summer



- Hold 20th anniversary event and implement collaboration events such as “Detective Conan”



“Orbi”



- Limited renewal of theater program “ICE WORLDS”
- Opening of first licensed facility in Japan, “Orbi Osaka”



- Co-sponsor an event themed on “Shaun the Sheep” which travels across regions to be held during the Golden-Week holidays
- Plan to release new theater program in summer

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

<Construction progress>
(as of March 31, 2016)



<Image after completion >
(scheduled to open in the first half of 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	330,000m ²
Investment amount	Approx. 1,300 billion KRW (amount invested by Sega Sammy: 232.9 billion KRW; shareholding ratio: 45%)
Facility composition	<ul style="list-style-type: none"> • 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 First half of 2017

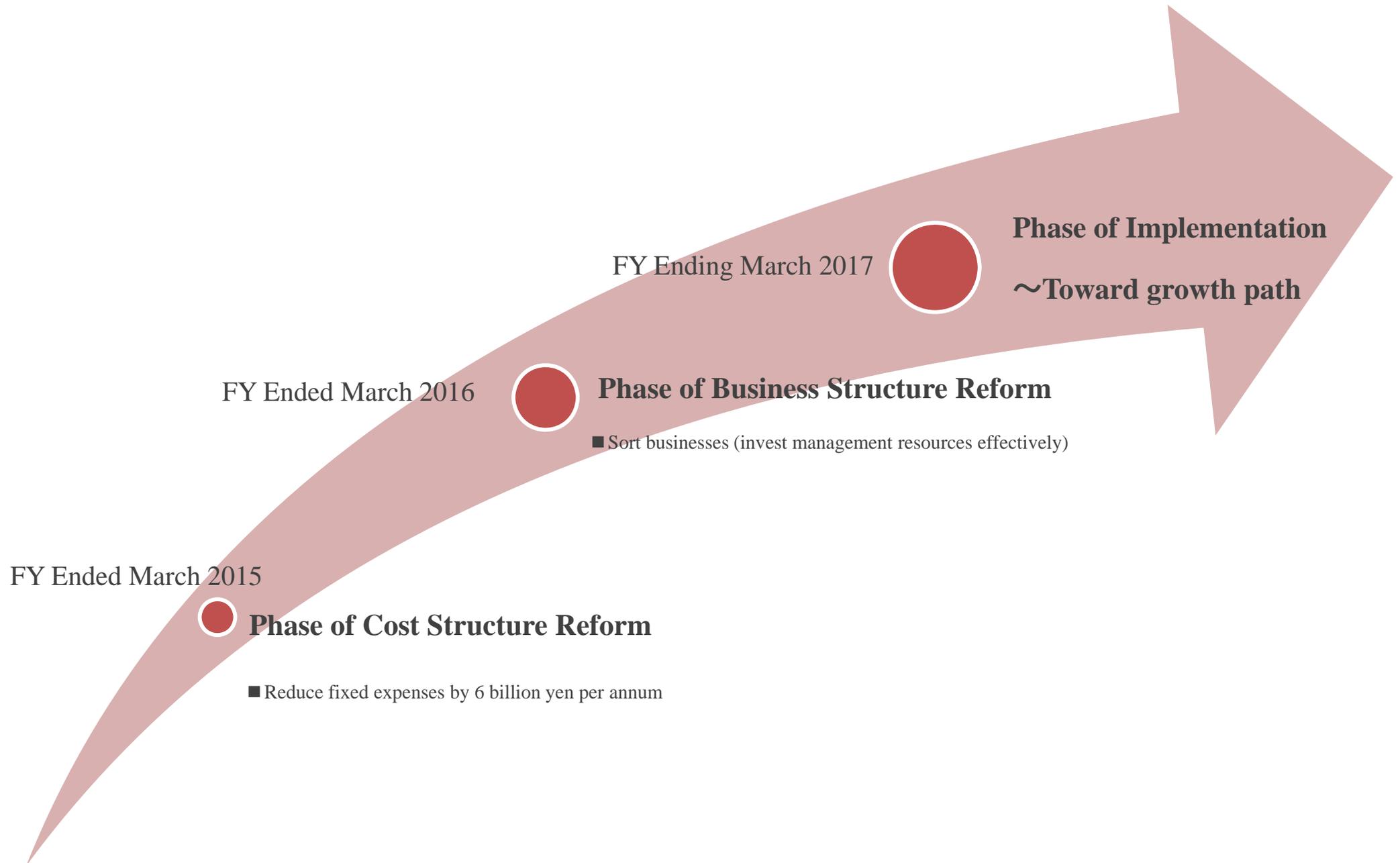
<Overview of Incheon International Airport

- 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

Overview of Structure Reform



1. Cost Structure Reform

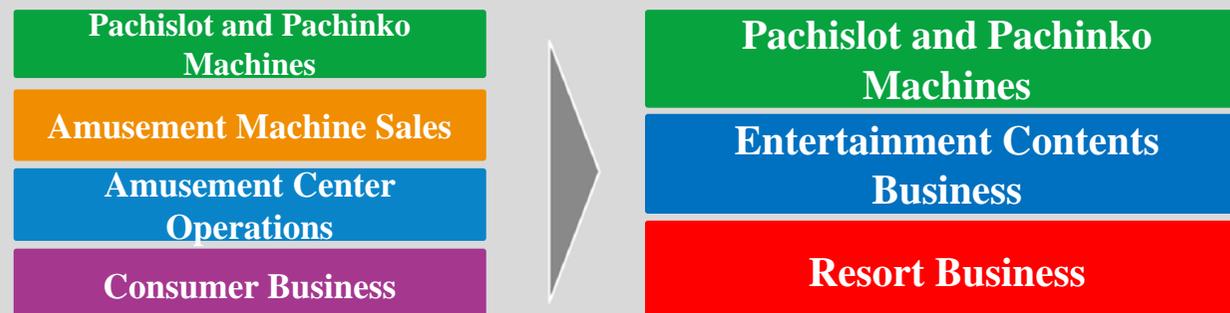
2. Business Structure Reform

3. Future Management Policy

4. Management Policies and Targets to be Emphasized

Clarification of core businesses

➤ **Restructuring into three business groups**



Fundamental review of unprofitable, less profitable business

➤ **Discontinuance of independent film production**

➤ **Withdrew from other unprofitable businesses, projects**

➤ **Soliciting voluntary retirement**

Established basis for business portfolio operation

➤ **Spin-off each business**

- ⇒ Speed up decision making by delegating authority of each business level
- ⇒ Consolidate the basis for further business restructuring

Optimal deployment of human resources

➤ **Adjusted absolute number of personnel to match size of profits**

- ⇒ Made age composition younger
- ⇒ Shifted resources to core businesses

Realized large improvement in profitability in regions where “Cost” Structure Reform has started

(JPY Billion)

Business Field	Entry	FY Ended March 2015	FY Ended March 2016	YoY Change
Packaged Games	Sales	47.4	42.3	(5.1)
	Operating Income	(2.7)	2.4	+5.1
Amusement Machines	Sales	39.3	41.9	+2.6
	Operating Income	(3.9)	(0.1)	+3.8
Amusement Center Operations	Sales	36.0	38.0	+2.0
	Operating Income	0.9	1.8	+0.9
Animation / Toys	Sales	19.9	21.2	+1.3
	Operating Income	(1.7)	0.6	+2.3

1. Cost Structure Reform

2. Business Structure Reform

3. Future Management Policy

4. Management Policies and Targets to be Emphasized

Organize the Group's Business Portfolio

- ✓ Clarify investment decisions (investment or withdrawal)
- ✓ Pursue investment efficiency
- ✓ Define missions of respective business

Classify Businesses into “Growth,” “Stable Revenue/Maintain” and “Withdraw/Downsize”

- ✓ Classification standard: Arranged classifications into the three based on following standards:
 - Market growth potential
 - Profitability/room for improvement
 - Competitive advantage

Secure Stable Revenue

⇒ Expand Investment in Growth Businesses

Growth Businesses

Digital Games

IR
(Integrated Resorts)

Other New Areas

- ✓ Business strategy development eyeing expansion of profit scale (including M&A)
- ✓ Investment of management resources with focus on growth areas

Stable Revenue/ Maintain Businesses

Pachislot
and
Pachinko
Machines

Packaged
Games

Amusement
Machine
Sales

Amusement
Center
Operations

Animation

- ✓ Review business process with an aim to improve profitability
- ✓ Stable creation of resources for distribution

Items Implemented in FY Ended March 2016

Pachislot and Pachinko Machines Business

- ✓ **Improve business efficiency**
 - ⇒ Consolidate/streamline production/development structures
 - ⇒ Solicitation of voluntary retirement

Entertainment Contents Business

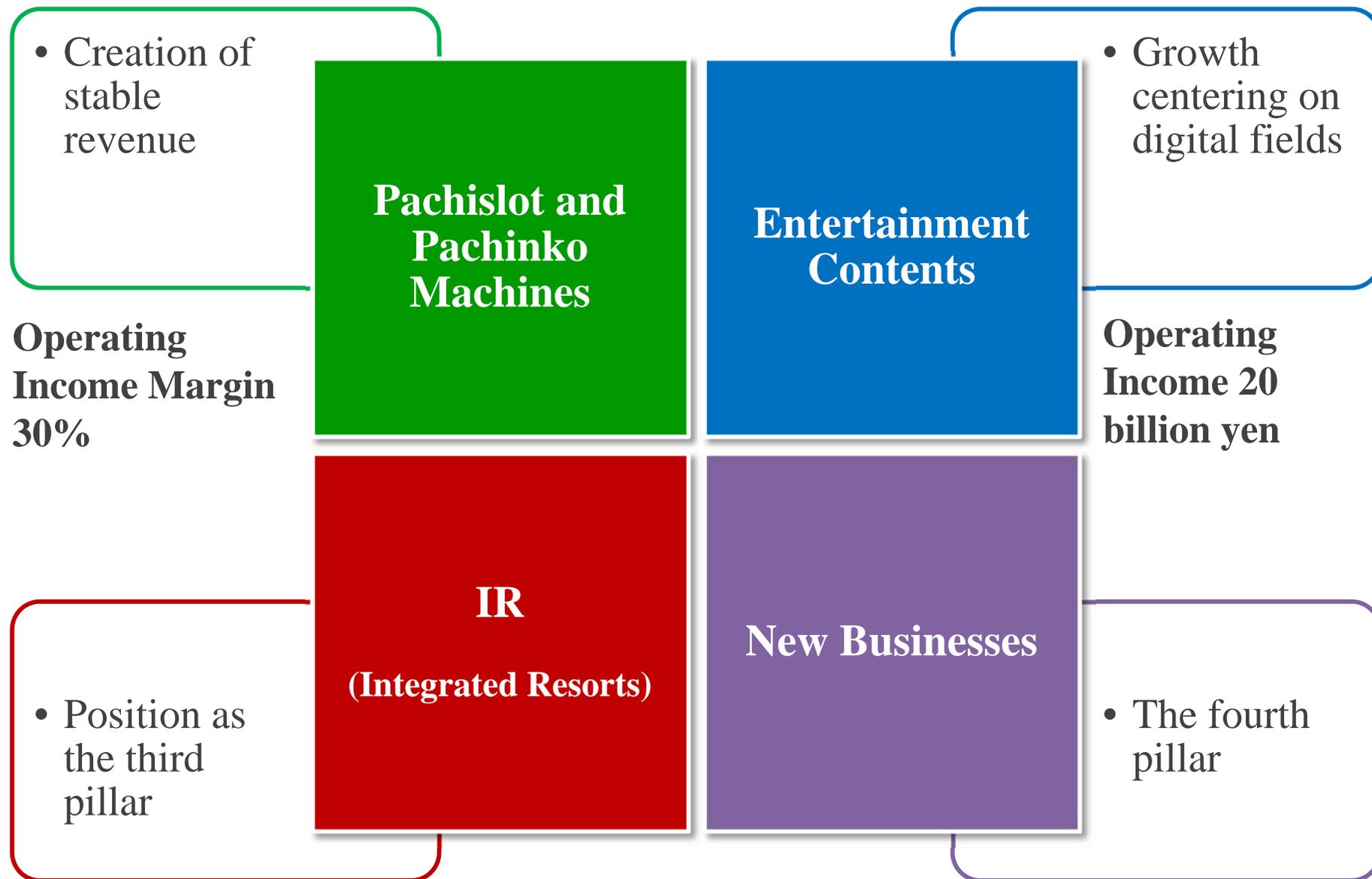
- ✓ **Disposition of non-core business**
 - ⇒ Contents and solutions business
(Transfer of Index Corporation's shares)
 - ⇒ Dining darts bar business
(Transfer of Be Re-inc's shares)

1. **Cost Structure Reform**

2. **Business Structure Reform**

3. **Future Management Policy**

4. **Management Policies and Targets to be Emphasized**



Entry into IR business

Target of the Segment: Operating Income Margin 30% (FY Ending March 2020)

- ✓ Major measures:
 - ① Enforce collaboration with other companies in the same business
 - ② Review multi-brand strategy
 - ③ Narrow down the number of titles
 - ④ Promote reuse

Target of the Segment: Operating Income 20 billion yen (FY Ending March 2020)

✓ Major measures:

- ① Digital: Stabilize earnings of existing domestic titles
- ② Digital: Proactive investment in overseas emerging markets
- ③ Casino machines: Achieve profitability in an early stage

Target of the Segment: Entry into the IR business

- ✓ Major measures:
 - ① Prior investment aiming at entry into the domestic IR business
 - ② Accumulate expertise through development and operation of the overseas IR business
 - ③ Improve brand value of Phoenix Seagaia Resort

1. **Cost Structure Reform**
2. **Business Structure Reform**
3. **Future Management Policy**
4. **Management Policies and Targets to be Emphasized**

Emphasize Profit Ratio

<Prioritize improvement of the
profit ratio>

<Pursue size of the profit over a mid
to long-term>

FY Ending March 2020
Operating Income
Margin: 15%

Improve Capital Efficiency

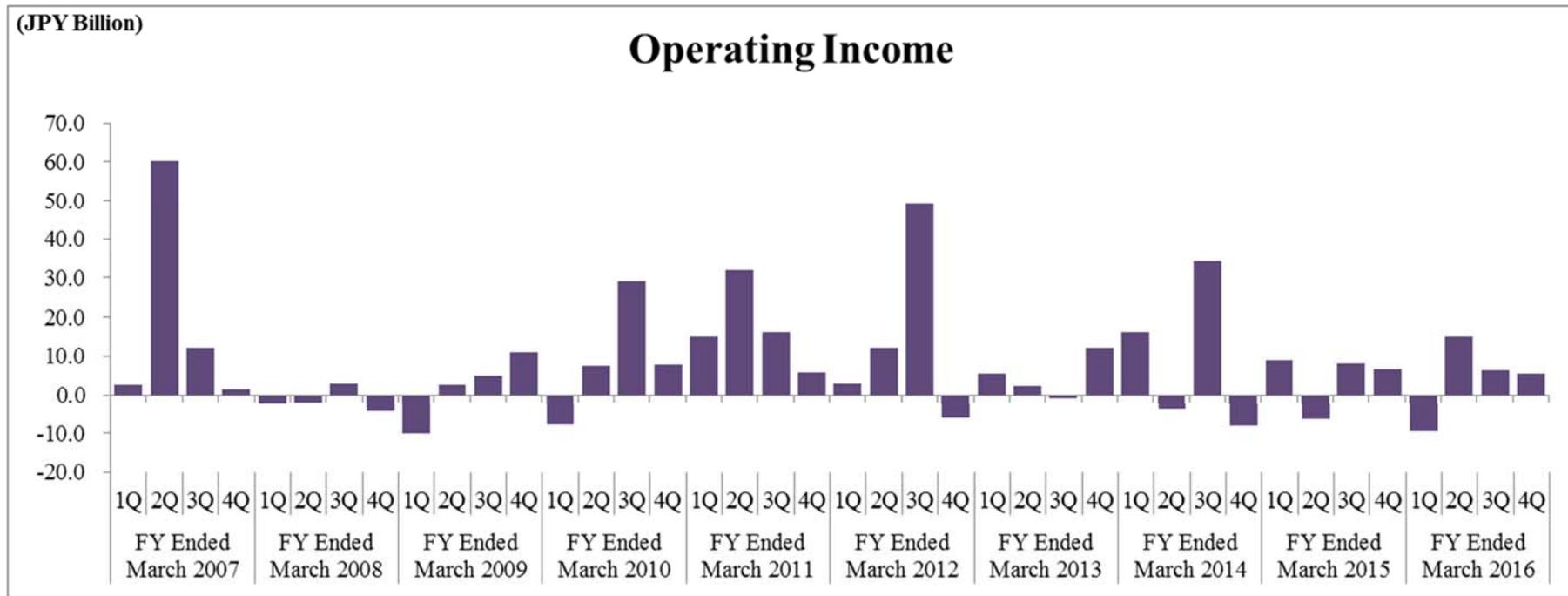
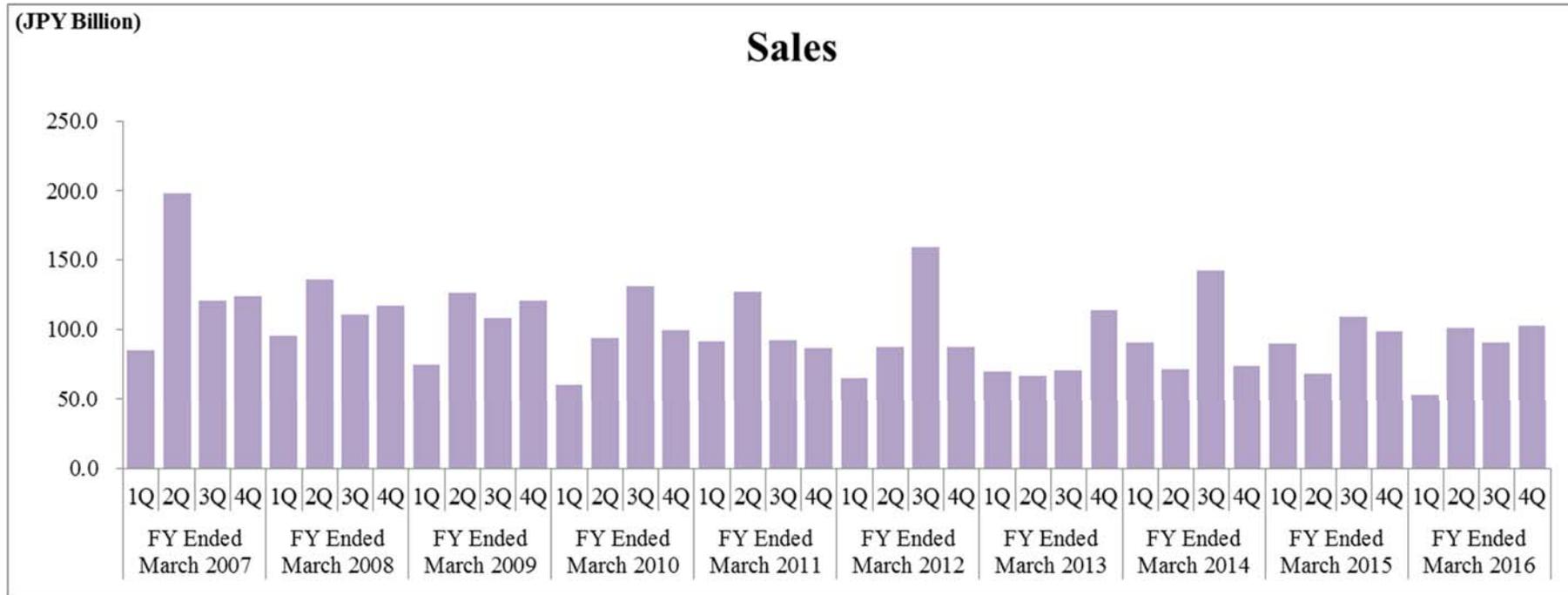
<Improve capital turnover ratio>

<Optimize the deployment of
management resources>

FY Ending March 2020
ROA: 5%

*ROA(%) = Net income attributable to owners of parent company/ total assets

<Quarterly Performance Q on Q>



Past Operating Results (Former Segment basis)

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	
Breakdown	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
	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
	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
	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
	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
	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
	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
	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
	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
	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
	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.)

Past Operating Results (New Segment basis)

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/2016/e_201603_4q_transition.xls)

(JPY Billion)		FY Ended March 2015				FY Ended March 2016			
		Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results	Results Through 1Q	Results Through 2Q	Results Through 3Q	Full Year Results
Breakdown	Net Sales	90.0	158.1	267.7	366.8	52.9	154.3	245.0	347.9
	Pachislot and Pachinko Machines	47.2	61.1	108.9	152.1	7.6	56.6[60.9]*	90.4	132.7[141.0]*
	Entertainment Contents	39.9	90.3	147.9	199.6	41.8	90.2[85.9]*	143.0	198.8[190.5]*
	Resort	2.8	6.6	10.8	14.9	3.4	7.4	11.5	16.3
Breakdown	Operating Income	8.9	2.7	10.8	17.4	-9.4	5.7	12.1	17.6
	Pachislot and Pachinko Machines	12.5	7.0	15.3	25.7	-6.7	8.5[8.4]*	15.4	21.5[20.9]*
	Entertainment Contents	-1.3	0.6	2.0	0.0	-0.7	1.5[1.7]*	2.4	3.6[4.2]*
	Resort	-0.7	-1.4	-1.7	-2.3	-0.5	-1.2	-1.3	-1.8
	Other / Elimination	-1.4	-3.5	-4.8	-6.0	-1.3	-3.1[-3.2]*	-4.4	-5.7
	Operating Margin	9.9%	1.7%	4.0%	4.7%	-	3.7%	4.9%	5.1%
	Ordinary Income	9.6	2.6	10.7	16.8	-8.7	5.8	12.6	16.4
	Ordinary Income Margin	10.7%	1.6%	4.0%	4.6%	-	3.8%	5.1%	4.7%
	Profit attributable to owners of parent	5.1	-2.8	-2.7	-11.3	-7.9	0.9	6.4	5.3
	Net Income Margin	5.7%	-	-	-	-	0.6%	2.6%	1.5%
	R&D expense / content production expense	12.4	28.4	48.8	67.6	12.8	24.7	40.3	58.0
	Cap-ex	6.9	14.7	20.5	28.7	6.8	12.5	21.0	28.0
	Depreciation	4.0	8.1	12.8	17.6	4.1	8.2	12.5	16.6
	Advertising	4.1	10.0	14.5	19.1	3.9	9.3	13.6	17.9

# of pachislot titles	3 titles	4 titles	5 titles	6 titles	-	2 titles	6 titles	7 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

# of pachinko titles	5 titles	5 titles	8 titles	10 titles	2 titles	6 titles	7 titles	8 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

Same Store Sales Comparisons	99.4%	98.7%	100.1%	100.1%	101.4%	102.2%	101.7%	103.1%
Domestic Facilities	201 facilities	198 facilities	194 facilities					

# of game software titles	3	6	25	30	5	12	24	29
# of game software titles (sku)	5	14	44	50	6	14	31	38
Sales (Thousand units)	1,700	4,100	8,910	12,280	1,830	3,280	6,120	9,220

*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.



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