

## Major Questions Concerning Actual Results for First Quarter of Fiscal Year Ending March 2018

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SEGA SAMMY HOLDINGS INC.

### <Major Questions for First Quarter of Fiscal Year Ending March 2018>

#### ■ General Matters

Q: What factors led to the actual results for the first quarter progressing well compared to the full-year forecasts?

A: Sales were favorable for “**Pachinko CR Hokuto No Ken 7 Resurrection**,” a mainstay title in the Pachislot and Pachinko Machines Business. In addition, the operating results of respective business fields in the Entertainment Contents Business performed strongly.

Q: Will the operating results forecast be revised since the first quarter is progressing well compared to the full-year forecasts?

A: No revisions to the forecast of operating results are planned at the moment. Because regulations concerning the Pachislot and Pachinko Machines Business are scheduled to change in the second half of the fiscal year, a flexible approach is required upon carefully assessing the market environment for that period.

#### ■ Pachislot and Pachinko Machines Business

Q: How is the Pachislot and Pachinko Machines Business progressing compared to the full-year forecasts and what prospects might be considered?

A: The Pachislot and Pachinko Machines Business is progressing well compared to the full year forecasts. The launch of a mainstay title, “**Pachislot Hokuto No Ken Shindensetsu souzou**,” is scheduled in the second quarter. On the other hand, new revisions to regulations, etc. are scheduled in addition to voluntary regulations to be applied to pachislot machines, and careful assessments of the impact are required.

Q: Could you explain about the details of the revised regulations and their impact?

A: For pachislot machines, new voluntary regulations will be applied to new machines installed on October 1, 2017 and after. Furthermore, revised regulations including those pertaining to the Act on Control and Improvement of Amusement Business, etc. are scheduled to be enforced on February 1, 2018. We believe that we need to advance approaches to such regulatory changes upon carefully assessing the impact of the revised regulations on the future market environment, etc.

#### ■ Entertainment Contents Business

Q: How is the Entertainment Contents Business progressing compared to the full-year forecasts and what prospects might be considered?

A: Respective business fields in the Entertainment Contents Business are progressing well. For future

efforts, in addition to new titles in the packaged game field scheduled to be launched in the second quarter, several new titles in the digital game field are scheduled to be launched in the second half of the fiscal year. As for full-year forecasts, assessment of the timing of launch as well as sales and operating status of these new titles will be required.

Q: What is the contribution to profit of “**Magia Record : Puella Magi Madoka Magica Side Story**” a new smartphone title?

A: Magia Record : Puella Magi Madoka Magica Side Story is a project for which development has been contracted to another company. Therefore, earnings corresponding to distribution of earnings from the project will be posted hereafter. We are expecting continuous profit contribution from the project.

#### ■ **Resort Business**

Q: How is the Resort Business progressing compared to current plans and what prospects might be considered?

A: Sales decreased year-on-year mainly due to the partial transfer of shares of subsidiary operating the indoor theme park “JOYPOLIS.” The number of visitors increased compared to the previous year which endured the impacts of the Kumamoto Earthquake, following efforts including large-scale renewal work at “**Phoenix Seagaia Resort**” and the implementation of various sales promotion measures, leading to a shrinking of year-on-year loss. In addition, our equity method affiliate “**PARADISE SEGASAMMY**” opened “**PARADISE CITY**,” South Korea’s first integrated resort (IR) facility on April 20, 2017. We will continue to work on accumulating expertise on the IR business through efforts at each facility.

Q: How is PARADISE CITY affecting operating results? How is it doing since the opening?

A: We are expecting to post non-operating loss for the year ending March 2018 as initial costs and other expenses are forecasted to be incurred due to the opening of PARADISE CITY. As assessments for the facility have been favorable since the opening, promotions will be continuously implemented and other measures to attract visitors and efforts to improve performance will be made.

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