

Summary of 3rd Quarter Results for FY Ending March 2018

Consolidated Income Statements (Summary)

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 30)	YoY Change
Net Sales	285.7	366.9	260.8	-9%	330.0	-10%
Operating Income	35.0	29.5	25.6	-27%	13.0	-56%
Ordinary Income	35.3	28.5	24.3	-31%	10.0	-65%
Income before income taxes	43.0	33.7	24.4	-43%	-	-
Profit attributable to owners of parent	36.5	27.6	13.7	-62%	5.0	-82%
Dividends per share (JPY)	20.00	40.00	20.00	-	40.00	-
Earnings per share (JPY)	155.84	117.79	58.68	-	21.33	-
Net Assets per share (JPY)	1,356.30	1,313.06	1,339.46	-	-	-

<Summary of Results Through 3Q>

- Net Sales: **260.8 billion yen**, Operating Income: **25.6 billion yen**, Profit attributable to owners of parent: **13.7 billion yen**
- Revised full-year operating results forecast (announced on November 30)
- Both sales and profits decreased year-on-year
- No major titles were launched in Pachislot and Pachinko Machines Business in 3Q
- Overall Entertainment Contents Business performed strongly

<Forecasts>

- No major titles are scheduled to be launched in pachislot and pachinko machines
- The Group plans to launch multiple new titles in the Entertainment Contents Business
- Assessment of future sales trends, emergence status of operating expenses, etc. are required as multiple new titles are scheduled to be launched

Costs and Expenses

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 30)	YoY Change
R&D Expense / Content Production Expense	48.8	67.1	45.5	-7%	-	-
Cap-ex	20.8	27.0	16.2	-22%	-	-
Depreciation	12.0	16.3	12.2	+2%	-	-
Advertising	11.2	14.8	11.7	+4%	-	-

Consolidated Balance Sheet (Summary)

(JPY billion) 【 Assets 】				【 Liabilities and Net Assets 】			
Account	As of end of March 2017	As of end of December 2017	Change	Account	As of end of March 2017	As of end of December 2017	Change
Total Current Assets	324.1	287.8	-36.3	Total Current Liabilities	112.5	87.8	-24.7
Total Noncurrent Assets	197.4	197.2	-0.2	Total Noncurrent Liabilities	97.5	80.9	-16.6
				Total Liabilities	210.1	168.8	-41.3
				Total Net Assets	311.4	316.2	+4.8
Total Assets	521.5	485.0	-36.5	Total Liabilities and Net Assets	521.5	485.0	-36.5

Account	As of end of March 2017	As of end of December 2017	Change
Equity ratio	59.0%	64.7%	+5.7pt
Current ratio	287.9%	327.6%	+39.7pt

- Total Assets: **485.0 billion yen** (decreased by 36.5 billion yen)
- Current Assets: Down **36.3 billion yen** due to decrease in Cash and Deposits and accounts receivable-trade, etc
- Liabilities: Down **41.3 billion yen** due to payment of trade payables, redemption of Corporate Bonds and repayment of Borrowings
- Equity Ratio: **64.7%** (+5.7pt)
- Current Ratio: **327.6%** (+39.7pt)

Pachislot and Pachinko Machines Business

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 30)	YoY Change
Sales	119.7	148.2	95.4	-20%	105.0	-29%
Pachislot	70.0	86.2	32.4	-54%	-	-
Pachinko	39.6	48.3	52.2	+32%	-	-
Other / Elimination	10.1	13.7	10.8	-	-	-
Operating Income	25.8	26.3	15.1	-41%	8.5	-68%
Operating Income Margin	21.6%	17.7%	15.8%	-5.8pt	8.1%	-9.6pt
Unit Sales (Pachislot)	169,827	215,736	75,590	-55%	89,000	-59%
Unit Sales (Pachinko)	111,104	138,321	129,778	+17%	136,000	-2%

<Summary of Results Through 3Q>

【Overall】

- Revised full-year operating results forecast due to the decrease in the number of titles and unit sales as a result of the review of sales schedule in and after the second half with the revision of rules(November 30)
- Both sales and profits decreased year-on-year.

【Pachislot】

- Delivered part of “Pachislot CODE GEASS Lelouch of the Rebellion R2 C.C. ver.” scheduled to commence operation in January 2018 in advance in 3Q

【Pachinko】

- Launched “Pachinko CR SOUTEN-NO-KEN Tenra,” which realizes new gaming elements with a new system added to the “Pachinko SOUTEN-NO-KEN” series, and others

<Forecasts>

【Overall】

- Make progress in selling machines of which licenses are obtained under the rules before revision as well as in developing machines supporting the revision of rules and new voluntary regulations

【Pachislot】

- The Group plans to launch its first No. 5.9-type machines “Pachislot CODE GEASS Lelouch of the Rebellion R2 C.C. ver.,” “Pachislot Valkyria Chronicles,” and others

【Pachinko】

- To launch specification changed titles “Dejihane CRA SOUTEN-NO-KEN Tenki,” “Dejihane CR GHOST IN THE SHELL-STAND ALONE COMPLEX-,” and others

Entertainment Contents Business

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 30)	YoY Change
Sales	155.4	205.7	157.9	+2%	215.0	+5%
Digital Games	35.0	47.3	28.9	-17%	-	-
Packaged Games	37.3	47.1	45.9	+23%	-	-
Amusement Machine Sales	37.4	49.4	33.9	-9%	-	-
Amusement Center Operations	27.9	37.2	29.2	+5%	-	-
Animation / Toy	16.5	22.7	16.9	+2%	-	-
Other / Elimination	1.3	2.0	3.1	-	-	-
Operating Income	15.3	11.1	17.2	+12%	14.0	+26%
Digital Games	5.3	4.9	3.3	-38%	-	-
Packaged Games	4.2	2.6	7.5	+79%	-	-
Amusement Machine Sales	3.3	1.7	3.6	+9%	-	-
Amusement Center Operations	2.3	2.2	2.2	-4%	-	-
Animation / Toy	1.0	1.2	1.6	+60%	-	-
Other / Elimination	-0.8	-1.5	-1.0	-	-	-
Operating Income Margin	9.8%	5.4%	10.9%	+1.1pt	6.5%	+1.1pt
Sales in Units (Thousands)	8,130	10,280	14,280	+76%	-	-
Domestic Facilities	190	191	191	-	-	-
Same Store Sales Comparisons	110.3%	108.5%	102.1%	-8.2pt	-	-

<Summary of Results Through 3Q>
【Overall】

- Both sales and profits increased year-on-year
- Revised full-year operating results forecast as sales of new titles remained strong mainly in the packaged games field and amusement machines sales field (November 30)

【Digital Games】

- Number of titles under service (Domestic): 21⇒22
- Performed strongly due to events, etc. of existing titles
- “**Magia Record: Puella Magi Madoka Magica Side Story**,” developed by group company f4samurai and commissioned to operate, had solid performance

【Packaged Games】

- “**SONIC FORCES**,” which is a new title of a 3D high speed action game, performed strongly
- New title, “**Ryu ga Gotoku KIWAMI 2**” and new PC game title “**Football Manager 2018**” performed strongly

【Amusement Machine Sales】

- Recorded distribution earnings from mainstay title “**KanColle Arcade**,” etc. under revenue sharing model
- Sales of prize category machines of “**UFO CATCHER**” series, etc. were solid
- Launched “**maimai MiLK**,” which is an updated version of music game “**maimai**” series
- Preliminary expenses for casino machine development and sales incurred

【Amusement Center Operations】

- Same-store sales of domestic amusement facilities performed at **102.1%** against last fiscal year’s same-store sales
- Reinforced facility operation focusing on the new introduction of prize category machines and the prize category
- Reinforced measures for new-style stores such as “**SEGA VR AREA AKAIKE**”
- Introduced e-money at existing stores (6 stores as of December 31, 2017)

【Animation / Toy】

- Expect to record distribution earnings from a movie “**Yowamushi Pedal RE:GENERATION**,” etc.
- Conducted sales of “**ANPANMAN**” series, “**Disney&Disney/Pixar Characters Dream Switch**” and others.

Entertainment Contents Business

<Forecasts>

【Overall】

- Planning to release new titles in the respective fields of digital games, packaged games and amusement machine sales
- Emergence of operating expenses, etc. expected with the release of new titles

【Digital Games】

- Expect continuous profit contributions from events, etc. of existing titles
- Planning to release several new titles including service started for new title, “**D × 2 Shin Megami Tensei Liberation,**” in January 2018, and kicked off to a good start

【Packaged Games】

- Planning to release several new titles including
 - “**Hokuto ga Gotoku**” (March)
 - “**Valkyria Chronicles 4**” (March), etc.

【Amusement Machine Sales】

- Expect to continuously record earnings from prize category machines of “**UFO CATCHER**” series, etc.
- Planning to release new titles such as “**SOUL REVERSE**” and “**SEGA World Drivers Championship**”
- Preliminary expenses for casino machine development and sales to be incurred

【Amusement Center Operations】

- Continue to reinforce facility operation focusing on the prize category
- Reinforce measures for new-style stores such as “**SEGA Collaboration Cafe**” and VR facilities
- Continue to increase the number of existing stores accepting e-money

【Animation / Toy】

- Expect to record earnings from production of a TV animation “**Yowamushi Pedal GLORY LINE,**” etc.
- Planning to launch regular and mainstay products such as “**Let’s bake the bread in the oven! Uncle Jam’s Bakery**”

Resort Business

(JPY Billion)	FY Ended March 2017		FY Ending March 2018			
	Results Through 3Q	Full Year Results	Results Through 3Q	YoY Change	Revised Full Year Forecasts (announced on Nov 30)	YoY Change
Sales	10.5	13.0	7.3	-30%	10.0	-23%
Operating Income	-1.8	-2.2	-1.8	-	-3.0	-

< PHOENIX RESORT >

Sales	6.0	8.4	6.7	+12%	-	-
Operating Income	-0.8	-0.8	-0.5	-	-	-
Number of facility users (thousand people)	411	561	449	+9%	-	-
3 accommodation facilities	214	293	237	+11%	-	-
2 golf courses	63	87	70	+11%	-	-
Other facilities	134	181	142	+6%	-	-

< PARADISE SEGASAMMY * >

Sales (Billion KRW)	69	95	129	+87%	-	-
Operating Income (Billion KRW)	2	-0	-30	-	-	-
Number of visitors (Thousands)	39	57	117	+200%	-	-

* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate

* Figures for PARADISE SEGASAMMY are recorded with three months delay

<Summary of Results Through 3Q>

- Sales decreased year on year due to partial transfer of shares of the subsidiary that operates indoor theme park (JOYPOLIS)
- Preliminary expenses emerged in the integrated resort business

<Forecasts>

- Planning to conduct measures to draw customers in line with various sports camps at “Phoenix Seagaia Resort”
- Continue to plan prior investments in the integrated resort business

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

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