

## Major Questions Concerning Actual Results for Year Ended March 2017

June 30, 2017

SEGA SAMMY HOLDINGS INC.

### <Actual Results for the Year Ended March 2017>

#### ■ General Matters

Q: What factors led to an increase in sales and income compared to the fiscal year ended March 2016?

A: Entertainment Contents Business generally performed well in addition to several titles being launched, centering on machines for series with good track records in the Pachislot and Pachinko Machines Business

Q: What factors led to posting of a loss for the fourth quarter of the fiscal year ended March 2017?

A: In the fourth quarter, fewer sales of major titles, etc. compared with the previous quarters and the recognition of valuation losses, etc. mainly in Entertainment Contents Business resulted in posing of a loss for the fourth quarter alone.

### <Forecast for the Year Ending March 2018>

#### ■ General Matters

Q: How is the balance for the first half and second half of the forecast fiscal year ending March 2018?

A: Our focus in the first half will be on scheduled launches of mainstay titles, etc. in the Pachislot and Pachinko Machines Business. In the second half, our focus will be on scheduled launches of new titles in Entertainment Contents Business. Across the Group, more weight is projected in the first half since the Pachislot and Pachinko Machines Business accounts for a larger share.

Q: What factors led to the forecast of increased sales and decreased income?

A: While increased sales are projected due to the year-on-year increase in the number of new titles to be released for the digital game field in the Entertainment Contents Business, decreased income is projected due to expected occurrence of expenses for consolidation of head office functions, etc. as well as to the conservative earnings level forecast in the Pachislot and Pachinko Machines Business of which the market environment remains uncertain.

#### ■ Pachislot and Pachinko Machines Business

Q: What factors led to the forecast of decreased unit sales of pachislot machines compared with the fiscal year ended March 2017?

A: Unit sales of pachislot machines are projected to decrease in line with the introduction of new voluntary regulations from October 2017.

Q: What factors led to the forecast of increased sales and decreased income for the fiscal year ending March 2018 compared to the previous fiscal year?

A: Unit sales of pachislot machines are projected to decrease in line with the introduction of new voluntary regulations from October 2017. Meanwhile, unit sales of pachinko machines are projected to increase with the launches of several titles including a mainstay title, “**Pachinko CR Hokuto No Ken 7 Resurrection.**” However, a conservative level of earnings is expected upon taking into account the composition of sales of pachislot and pachinko machines as well as the market environment.

#### ■ **Entertainment Contents Business**

Q: What factors led to the forecast of decreased income while forecasting increased sales?

A: While increased sales are projected with the increase in the number of new titles to be launched in the digital game field as well as the expansion of PC game titles in the packaged game field, decreased income is projected due to factors such as the decrease in the number of new titles to be launched in the amusement machine field and the expected occurrence of expenses for consolidation of head office functions.

#### ■ **Resort Business**

Q: What factors led to the forecast of decreased income?

A: Increase in research expenses, etc. for materializing a domestic integrated resort (IR) for the future is projected.

### <Road to 2020 for the Fiscal Year Ending March 2020>

#### ■ **General Matters**

Q: What is the breakdown by segment of the Mid-term Business Results Goals (operating income margin: 30%, ROA: 5%) for the fiscal year ending March 2020?

A: By segment, our goals are to reach an operating income margin of 30% for the Pachislot and Pachinko Machines Business; sales of 300 billion yen, operating income of 30 billion yen and operating income margin of 10% for the Entertainment Contents Business; and success in IR businesses and enhancement of brand recognition for the Resort Business.

#### ■ **Pachislot and Pachinko Machines Business**

Q: What measures will be taken to achieve your goal?

A: In the Pachislot and Pachinko Machines Business, we will work to develop an industry platform through joint development of common machine cabinets and component units as well as to promote reuse by increasing the subject-for-reuse ratio, promoting introduction of common components, etc. We will also work to improve development efficiency by shortening title development periods and strengthening the quality assessment process to enable launch of titles at the peak of market needs.

## ■ Entertainment Contents Business

Q: What measures will be taken to achieve your goal?

A: The Entertainment Contents Business upholds creation of titles that will become global hits as a goal, and has been changing to focused investment from the earlier diversified investment. We aim to create titles that will become global hits through effective utilization of the IPs we hold by taking responsibility for each IP studio going forward, as well as through a shift to a structure capable of early release of titles overseas by consolidating functions of regional bases.

## ■ Resort Business

Q: What measures will be taken to achieve your goal?

A: Domestically, we will continue to collect know-how on stay-type tourism hub resort hotel operation with “**Phoenix Seagaia Resort**,” operation of large convention halls that can handle international class conventions, etc. Overseas, we will work to obtain expertise on operation and development of casinos with the opening of “**PARADISE CITY**” in Incheon, South Korea.

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\*The contents of this material are the judgments and projections of the Company’s management based on currently available information. These contents include risks and uncertainties and the actual results may differ materially from these contents/comments.