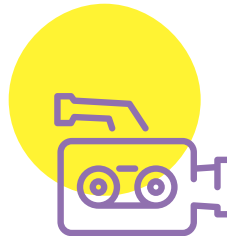
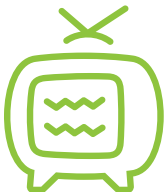


Fiscal 2017 Business Report

(from April 1, 2016 to March 31, 2017)



HEADLINES

► Topics

**Shinken Shoubu Is Back and Better Than Ever!
Pachislot Hokuto No Ken**



Syura no kuni hen



Pachislot Hokuto No Ken Syura no kuni hen showcases the second incarnation of the *Shinken Shoubu* continuing system, which first became popular thanks to *Pachislot Hokuto No Ken Chapter of Resurrection*. Players bet on three characters—Kenshiro, Shachi, and Kaioh—who seek *Toushin Enbu* as they battle valiantly in the country of *Syura*. The unrivaled quality of this latest offering has quickly established it as a strong favorite on a par with its predecessor.

Pachislot Hokuto No Ken Syura no kuni hen
©Burorison & Tetsuo Hara/NSP 1983, ©NSP 2007 Approved No.YSC-506
©Sammy

Membership of *Seagaia Premium Members Club*

Exceeds 10,000!



Unveiled as a service in the fall of 2015, *Seagaia Premium Members Club* exceeded 10,000 members in March 2017. As well as providing *Seagaia Gift Certificates* in exchange for points that members accumulate by using designated facilities, the club offers many other benefits, such as special member prices and exclusive services. To boost membership even further, we abolished the enrollment fee in April 1, 2017.



Persona5
©ATLUS ©SEGA
All rights reserved.



Persona5 Ships More Than

1.5 million Units Worldwide!

The latest addition to the *Persona* series and the first title in the series for PlayStation 4®, *Persona5* saw worldwide unit shipment surpass 1.5 million units in April 2017. This highly captivating game is the first new numbered title in eight years. *Persona5* deserves its reputation as the “definitive role-playing game” because it combines outstanding finishing that satisfies fans with innovations that allow newcomers to enjoy the game without inhibition.

CSR Report Wins Award for

Excellence

At the 20th Environmental Communication Awards, organized by the Japanese Ministry of the Environment and the nonprofit organization Global Environmental Forum, *SEGA SAMMY GROUP CSR REPORT 2016* received an award for excellence in the environmental report category. Please visit our website to view the report.

http://www.segasammy.co.jp/english/pr/commu/csr_report.html



► Consolidated Business Highlights

Net sales
¥366.9 billion

up
5.4%
year on year

Operating income
¥29.5 billion

up
67.6%
year on year

Operating margin
8.0%

(Fiscal 2020 Target: 15%)

up
2.9 pts.
year on year

ROA*
5.2%

(Fiscal 2020 Target: 5%)

up
4.2 pts.
year on year

► Business Results by Business Segment

Pachislot and Pachinko Machine Business

Net sales

¥148.2 billion

up **5.1%** year on year

Operating income

¥26.3 billion

up **25.7%** year on year

Entertainment Contents Business

Net sales

¥205.7 billion

up **8.0%** year on year

Operating income

¥11.1 billion

up **165.1%** year on year

Resort Business

Net sales

¥13.0 billion

down **20.6%** year on year

Operating loss

¥2.2 billion

— year on year

* ROA = Profit attributable to owners of parent / Total assets

TO OUR SHAREHOLDERS

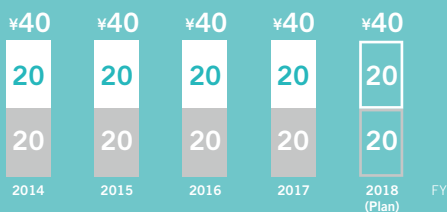


Hajime Satomi

Chairman and CEO (Representative Director)
SEGA SAMMY HOLDINGS INC.

Notice of Dividends

■ Interim cash dividends ■ Year-end cash dividends



At a meeting of the Board of Directors held on May 12, 2017, the Board decided to pay dividends for fiscal 2017, as shown below.

Year-end cash dividends: ¥20.00 per share

Interim cash dividends: ¥20.00 per share

Full-year cash dividends: ¥40.00 per share

Effective date (payment start date): June 2, 2017

Sammy Corporation and SEGA Games Co., Ltd., have produced a dazzling array of industry-first and world-first products in the entertainment field. As the inheritor of both companies' innovative DNA, the SEGA SAMMY Group has been providing innovative, quality entertainment to people of all ages since its management integration.

In fiscal 2017, the year ended March 31, 2017, the SEGA SAMMY Group's results provided tangible evidence that the range of structure reform measures the Group has been implementing from fiscal 2015 are bearing fruit steadily. At this juncture, we will execute action plans in each business field based on the Road to 2020* initiative, which ends in fiscal 2020. Under this initiative, we will cement earnings foundations and invest in growth areas to increase corporate value continuously. While investing in growth areas, we intend to maintain our basic policy of continuing to pay stable dividends to our shareholders.

With our sights set on the global market and becoming the No. 1 comprehensive entertainment corporate group, we will continue offering quality entertainment to people of all ages and establishing a robust presence in all of our business fields. In closing, I would like to ask our shareholders and other stakeholders for your continued support.

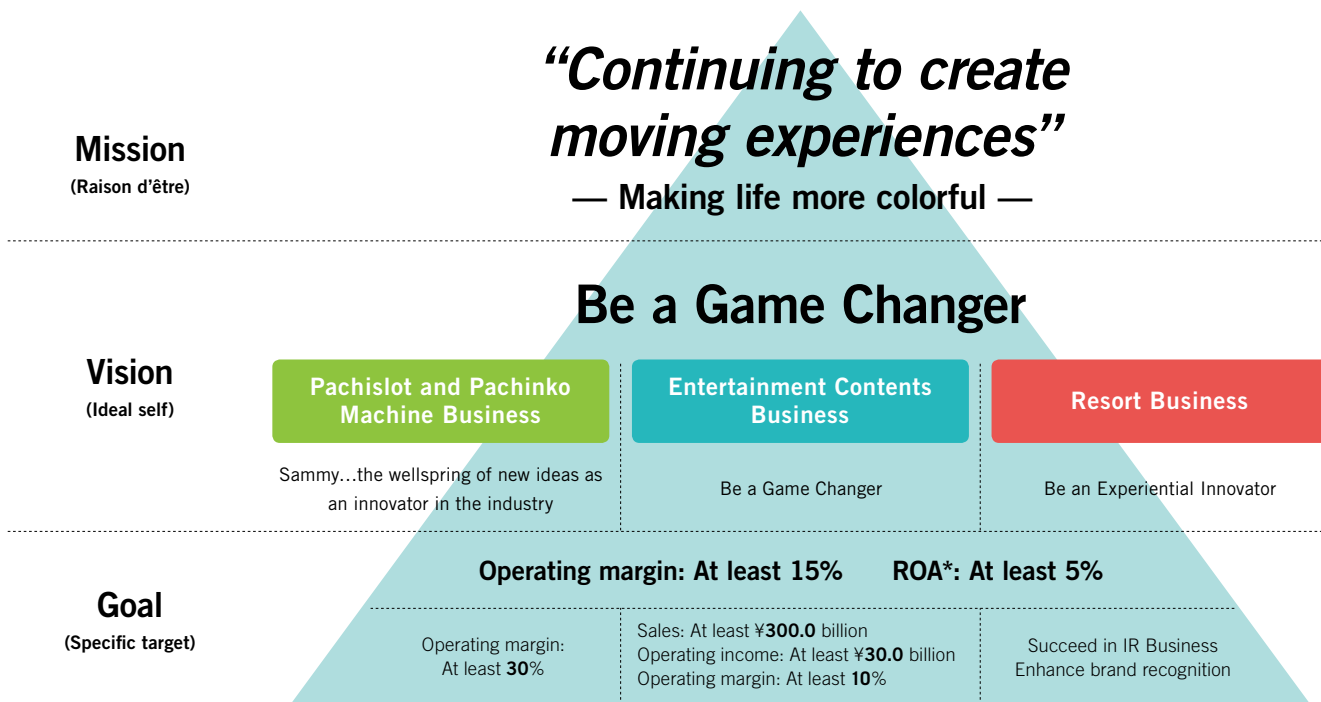
* For details, please see page 4.

▶ Road to 2020

To ensure the steady implementation of various measures set out in Road to 2020 for the period through fiscal 2020, the SEGA SAMMY Group has established a Mission Pyramid as a framework to motivate and guide all Group employees. Each business will become an innovator in its industry and continue providing moving experiences that exceed customers' expectations. Through these efforts, the Group will reach management goals for fiscal 2020, sustain growth in corporate value, and meet shareholders' expectations.

Value (Mindset / DNA)

***“Creation is Life” ×
“Always Proactive, Always Pioneering”***



* ROA = Profit attributable to owners of parent / Total assets

FISCAL 2017 REPORT FROM THE COO

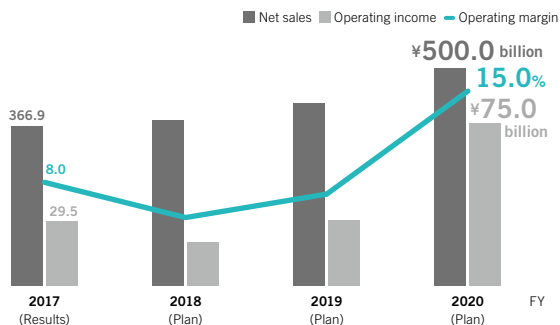


Haruki Satomi

President and COO (Representative Director)
SEGA SAMMY HOLDINGS INC.



Road to 2020 Performance Targets



I am Haruki Satomi and I became president and chief operating officer (representative director) of SEGA SAMMY HOLDINGS INC. on April 1, 2017. In my new role, I intend to sustain growth in corporate value and meet the expectations of shareholders and other stakeholders.

Having implemented business structure reform in the period through to fiscal 2016, the SEGA SAMMY Group has turned its attention to tackling each of the action plans set out in Road to 2020 for the period from fiscal 2017 to fiscal 2020. Under Road to 2020, the priority tasks are to improve profitability, increase capital efficiency, and optimize management resource allocation. In addition, we will use earnings from core businesses to invest proactively in growth businesses, such as the digital game area and the IR (Integrated Resort) Business, with an operating margin of 15% and ROA*¹ of 5% as medium-term targets. Moreover, to ensure that we realize these targets, we will change mindsets Groupwide by introducing the Mission Pyramid.*²

In fiscal 2017, the year ended March 31, 2017, we posted higher revenues and earnings year on year. These results reflected growth in revenues and earnings from the Pachislot and Pachinko Machine Business, which marketed *Pachislot Hokuto No Ken Syura no kuni hen* and other pachislot machine titles in well-established series, and good performances in the respective business areas of the Entertainment Contents Business. Profit attributable to owners of parent rose significantly,

Performance Forecast

Billions of yen	Year ended March 31, 2017 Results	Year ending March 31, 2018 (Plan)	Change
Net sales	366.9	380.0	+3.6%
Operating income	29.5	20.0	-32.3%
Operating margin	8.0%	5.3%	-2.7pts.
Ordinary income	28.5	16.0	-43.9%
Profit attributable to owners of parent	27.6	11.0	-60.2%
ROA*1	5.2%	—	—

increasing from the previous fiscal year's ¥5.3 billion to ¥27.6 billion. Aiming to reach medium-term targets, we concentrated management resources on growth businesses—primarily the digital game area and the IR Business—while increasing capital efficiency through such measures as selling a portion of shares of the subsidiary that manages operations of the JOYPOLIS indoor theme parks.

In fiscal 2018, the year ending March 31, 2018, we plan to increase revenues by bringing to market a greater number of new titles in the digital game area of the Entertainment Contents Business. Meanwhile, we expect a decline in earnings given our conservative projections for the earnings of the Pachislot and Pachinko Machine Business. In this segment, unit sales are likely to edge

down due to the adoption of voluntary regulations.

For the Group, business conditions are approaching transformation phase due to regulations, changes in social structures, and diversification of pastimes.

I believe that our mission is to continue creating value by offering *moving experiences* that exceed customers' expectations. We aim to continue growing in corporate value by remaining an innovator that satisfies customers through outstanding entertainment and thereby helps sustain the development and revitalization of society as a whole.

*1 ROA = Profit attributable to owners of parent / Total assets

*2 For details, please see page 4.

Our goal has always been to provide *moving experiences* and value that exceed customer's expectations. In this first episode of a series that recounts the SEGA SAMMY Group's creation of *moving experiences* across different eras, we focus on the untold stories of the development of the role-playing game *PHANTASY STAR*, launched in 1987, and the *PHANTASY STAR ONLINE 2* service, which began in 2012.



PHANTASY STAR
©SEGA

1987

PHANTASY STAR

From the outset, we wanted to create a role-playing game the likes of which home video game console users had never played or seen. *PHANTASY STAR* had settings and scenarios that were unusual for games at that time. For example, it had a game system and graphic representation that included animated monsters and a three-dimensional dungeon that moved seamlessly. Also, the game was set in outer space, evoking a world reminiscent of science fiction, and featured narratives including interaction among humans, extraterrestrials, and androids. It makes me very happy when I think about how many people still remember the video game.

Rieko Kodama, *PHANTASY STAR* Designer, CSC Business Development Dept., SEGA Games Co., Ltd.

2012

PHANTASY STAR ONLINE 2

We wanted to mark the 10th anniversary of *PHANTASY STAR ONLINE* by creating a fitting successor to the video game. Our ambitious goal was to create the No. 1 online role-playing game in Japan. To broaden the player base of online role-playing games, we offered a free-to-play video game with more features and a grander narrative than what home video games offered.

Also, we have rolled out content through a variety of channels based on the concept of providing a spectrum of enriching experiences that is only possible to offer through *PHANTASY STAR ONLINE 2* because it is a role-playing game that transcends boundaries. For example, we use the same characters across many different platforms, and we update *PHANTASY STAR ONLINE 2* as often as every two weeks. In the real world, meanwhile, we organize off-line events that can attract 10,000 people or more, hold collaborative promotions with numerous brick-and-mortar stores, sell collaborative merchandise, incorporate inter-linked elements in animation and video games, and feature performances of the same dances in video games and at off-line events.

During the five years *PHANTASY STAR ONLINE 2* has been in operation, it has remained the leading online role-playing game in Japan. We will keep offering customers an array of opportunities for enjoyment by continuing to create new *moving experiences* that only *PHANTASY STAR ONLINE 2* can realize.



PHANTASY STAR ONLINE 2
©SEGA



Satoshi Sakai

PHANTASY STAR ONLINE 2 Series Producer, Online R&D Dept., Online Content Divisional HQ, SEGA Games Co., Ltd.

MOVING EXPERIENCES

BEHIND the SCENES



We organize MAX BEAT!! Sammy "club sound" events.

INVESTIGATION 1 New, Long-Term Approach to Public Relations

It takes not only creators but also the concerted efforts of all employees to realize *moving experiences*. This new series highlights behind-the-scenes efforts that make *moving experiences* happen.

Emphasizing Blue-Sky Thinking in Public Relations

The role of public relations is to communicate the senior management team's views accurately. In addition to releasing information externally, Sammy Corporation distributes information in-house to employees. Moreover, the company is concentrating on business-to-consumer public relations with a view to growing the player population over the long term. Our Public Relations Department is eager to adopt unconventional approaches to public relations and is focusing specific efforts on measures for business-to-consumer public relations.



We are conducting digital marketing at the concerts of Ketsumeishi's 2017 nationwide arena tour.



For the first time, we provided a radio program to the All Night-NIPPON, which is celebrating its 50th anniversary.

Committing to All Operations 100%

Our business-to-consumer public relations targets all customer groups. We organize events giving those who are unfamiliar with pachinko and pachislot machines opportunities to experience playing them, and we host events that accentuate fans' enjoyment of Sammy products. Recently, we have been heightening our appeal among potential players in the younger generation by beginning to provide radio programs to radio stations popular with young listeners.

We always focus on realizing our goals by tackling all operations with everything we've got. I call this a "can do" mindset. I believe that always having such an attitude will, ultimately, enable us to deliver *moving experiences* to customers.

Aiming to realize the SEGA SAMMY Group's mission of *Continuing to create moving experiences*, we will continue doing our utmost in all public relations initiatives.



Atsushi Sakino, Public Relations Dept., President Office, Sammy Corporation

NEWS

Universal Carnival × Sammy Festival— Back Again!



The largest ever event for pachinko and pachislot fans, Universal Carnival × Sammy Festival, will open at Tokyo Big Sight on July 30, 2017. As in previous years, Sammy Corporation and Universal Entertainment Corporation will create a fantastic space for visitors by including a variety of stages and attractions focused on the companies' appealing pachislot and pachinko machines and content as well as booths showcasing next-generation pachislot and pachinko machines.



Latest *Detective Conan* Animation Is a Blockbuster!



TMS ENTERTAINMENT, LTD., and five other companies have jointly produced another *Detective Conan* Japanese animation for movie theaters—*Detective Conan: Crimson Love Letter*—which was released on April 15, 2017. Set in Osaka and Kyoto, the 21st installment of the series is an “unrequited love” mystery dyed in crimson.

Every year, this series leads sales in the period through to Japan's Golden Week spring break. During this period, for the fifth consecutive year, *Detective Conan* recorded a new high-water mark for attendance and revenues, posting audience numbers of approximately 4.21 million and box-office revenues of approximately ¥5.4 billion.



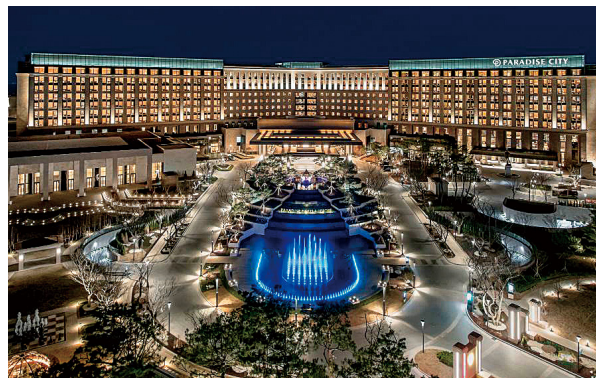
Detective Conan Crimson Love Letter
©2017 GOSHO AOYAMA /
DETECTIVE CONAN COMMITTEE
All Rights Reserved

Opening of South Korea's First Integrated Resort on April 20, 2017!

PARADISE
SEGA-SAMMY

PARADISE SEGASAMMY Co., Ltd., which is a joint venture of SEGA SAMMY HOLDINGS INC. and Paradise Co., Ltd., unveiled South Korea's first integrated resort on April 20, 2017. Five minutes from Incheon International Airport by maglev train, the integrated resort occupies a spacious lot of 330,000 square meters. Our aim is to make the integrated resort a space that people from across generations can enjoy. For the initial launch, we have opened a high-end hotel, one of South Korea's largest casinos exclusively for non-Koreans, and a convention hall. In 2018, we plan to open a spa and retail facilities.

Paradise City will provide guests with superior hospitality in a refined setting integrating art with entertainment.



GROUP INFORMATION

Company Profile (As of March 31, 2017)

Company Name SEGA SAMMY HOLDINGS INC.
URL <http://www.segasammy.co.jp/english/>
Address Shiodome Sumitomo Building,
1-9-2 Higashi Shimbashi, Minato-ku,
Tokyo 105-0021, Japan

Established October 1, 2004

Capital ¥29.9 billion

Number of Employees 7,639 (Consolidated)

Directors and Audit & Supervisory Board Members

(As of April 1, 2017)

Hajime Satomi
Chairman and CEO (Representative Director)

Haruki Satomi
President and COO (Representative Director)

Naoya Tsurumi
Senior Executive Vice President (Director of the Board)

Koichi Fukazawa
Executive Vice President and CFO (Director of the Board)

Hideki Okamura
Executive Vice President (Director of the Board)

Yuji Iwanaga
Senior Vice President (Director of the Board)*¹

Takeshi Natsuno
Senior Vice President (Director of the Board)*¹

Kohei Katsukawa
Senior Vice President (Director of the Board)*¹

Tomio Kazashi
Standing Audit & Supervisory Board Member*²

Shigeru Aoki
Standing Audit & Supervisory Board Member

Yukito Sakaue
Audit & Supervisory Board Member

Mineo Enomoto
Audit & Supervisory Board Member*²

*1 External Director

*2 External Audit & Supervisory Board Member

Shareholder Memo (As of March 31, 2017)

Stock Code 6460

Trading Unit 100 shares

Fiscal Year From April 1 to March 31 of
the following year

Ordinary General Meeting of Shareholders June

Date of Record for Dividends March 31
(September 30 for interim periods,
if paid)
Advance public notice is given when
required for other dividend payments.

Method of Public Notice Electronic public notices

Notification URL [http://www.segasammy.co.jp/
japanese/etc/notice](http://www.segasammy.co.jp/japanese/etc/notice)
If electronic notification is not available
due to unavoidable circumstances, the
Company will post the notice in the
Nihon Keizai Shimbun.

Transfer Agent Mitsubishi UFJ Trust and Banking
Corporation

Administrative Office of Transfer Agent Securities Agent Department,
Mitsubishi UFJ Trust and
Banking Corporation
7-10-11, Higashisuna, Koto-ku,
Tokyo 137-8081, Japan

Phone: +81-3-5683-5111

Agencies Mitsubishi UFJ Trust and Banking
Corporation branches in Japan

The website of Mitsubishi UFJ Trust and Banking Corporation, the Company's transfer agent, provides information on share registration, purchase or additional purchase of shares in fractional lots, and other stock-related procedures. If you use the storage transfer system for share certificates, etc., please contact the securities company that handles the transactions.

Mitsubishi UFJ Trust and Banking Corporation website:
<http://www.tr.mufg.jp/daikou/>

IR INFORMATION

***Business Report* Reboot!**

We have comprehensively revamped the ***Business Report*** to give shareholders further insight into our business.

As part of its ongoing enrichment of investor engagement, the SEGA SAMMY Group has responded to shareholder feedback by providing a window on its operations through the ***Business Report***.

▶ SEGA SAMMY HOLDINGS INC. IR Information Center

For inquiries about questionnaires, share information, corporate information, and other related information, please contact the phone number below. Further, kindly note that the IR Information Center is closed on Saturdays, Sundays, national holidays, and company holidays.

Phone: **+81-3-6215-9839**

Business hours: **Monday through Friday, 9:00 a.m.—6:00 p.m.**

▶ IR Calendar

Schedule of activities for shareholders and investors:

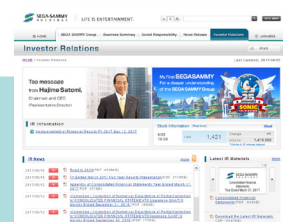
June	Ordinary General Meeting of Shareholders
August	Announcement of results for the three months ending June 30, 2017
November	Announcement of results for the six months ending September 30, 2017
December	Release of <i>Business Report</i> for the six months ending September 30, 2017

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements in this document regarding the plans, estimates, beliefs, management strategies, perceptions, and other aspects of SEGA SAMMY HOLDINGS INC. ("the Company") and SEGA SAMMY Group companies ("the Group"), are forward-looking statements based on the information currently available to the Company. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may," and "might," and words of similar meaning in connection with a discussion of future operations, financial performance, events, or conditions.

From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to management. The Company cautions that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore undue reliance should not be placed on them.

Also, it should not be assumed that the Company has any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The Company disclaims any such obligation. Actual results may vary significantly from the Company's forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as currency exchange rate fluctuations, changes in laws and government systems, pressure from competitors' pricing and product strategies, declines in the marketability of the Group's existing and new products, disruptions to production, violations of the Group's intellectual property rights, rapid advances in technology, and unfavorable verdicts in major litigation.



Investor Relations Online

Through the Investor Relations section of its website, SEGA SAMMY HOLDINGS INC. discloses consolidated financial statements and other statutory disclosure documents as well as actively providing briefings on management strategies and issuing press releases.

<http://www.segasammy.co.jp/english/ir>