

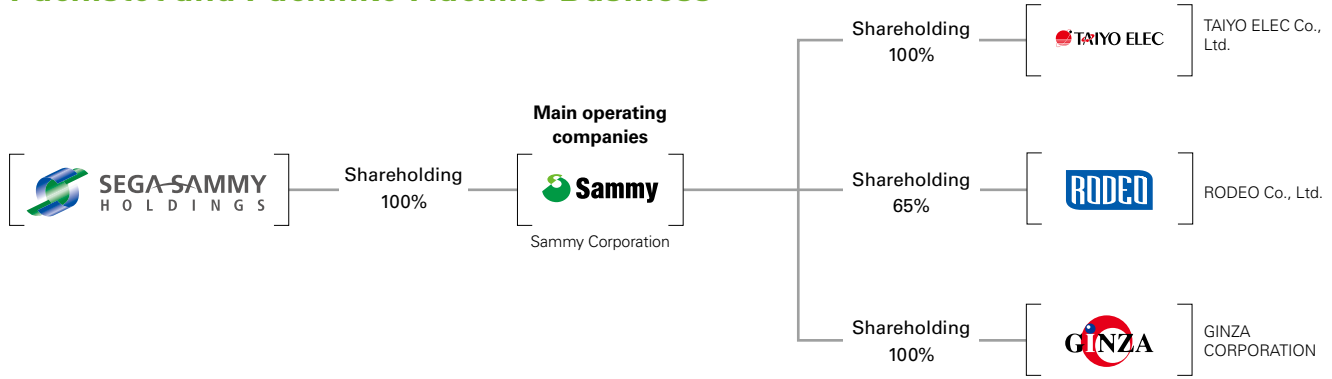
Discussion
on the Segments'
FUTURE

Structural

CHANGING

to further strengthen core businesses

Pachislot and Pachinko Machine Business



the PAST

- 1975** Established Sammy Industry Co., Ltd.
- 1989** Launched *ALADDIN* single-bonus hitter pachislot machine
- 1998** Launched industry's first pachislot machine including CT (challenge time) function, *Ultraman Club 3*
- 1999** Launched industry's first pachislot machine incorporating an LCD, *GeGeGe No Kitaro*
- 2000** Made RODEO Co., Ltd. (formerly Barcrest Co., Ltd.), a subsidiary
- 2001** Launched pachislot machine including AT (assist time) function, *Pachislot Juuh*
- 2003** Launched pachislot machine that set new unit sales record, *Hokuto No Ken*
- 2007** Made TAIYO ELEC Co., Ltd., a subsidiary
- 2008** Launched *Pachinko CR Hokuto No Ken* pachinko machine
- 2009** Made GINZA CORPORATION a subsidiary
- 2012** Completed construction of new Kawagoe Factory and distribution center



Pachislot Juuh
©Sammy



Pachislot Hokuto No Ken
©Buronson & Tetsuo Hara
©Sammy



Pachinko CR Hokuto No Ken
©Buronson & Tetsuo Hara / NSP1983, ©NSP2007
Approved No. SAE-307
©Sammy



Kawagoe Factory

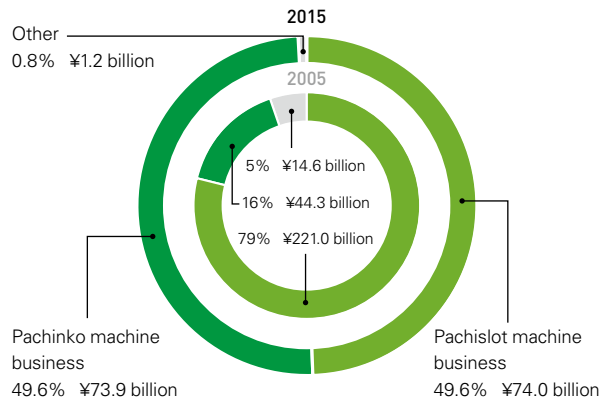
the PRESENT

Comparing Fiscal 2015 and Fiscal 2005

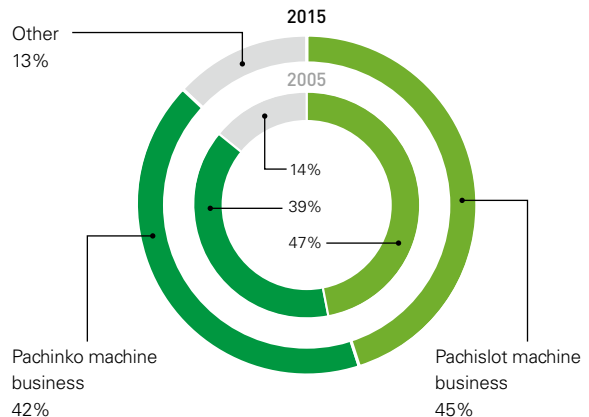
Net Sales



Net Sales Breakdown



Employee Breakdown



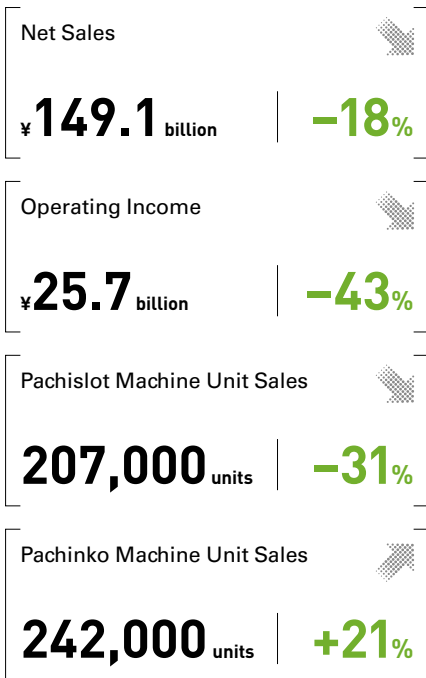


Pachislot SOUTEN-NO-KEN 2
©Tetsuo Hara & Buronson /
NSP2001,
Approved No. YKU-127 ©Sammy



CR Hokuto No Ken 6 Ken-oh
©Buronson & Tetsuo Hara/NSP1983
©NSP2007, Approved No. YDA-108
©Sammy

Fiscal 2015 Overview



Fiscal 2015 Overview

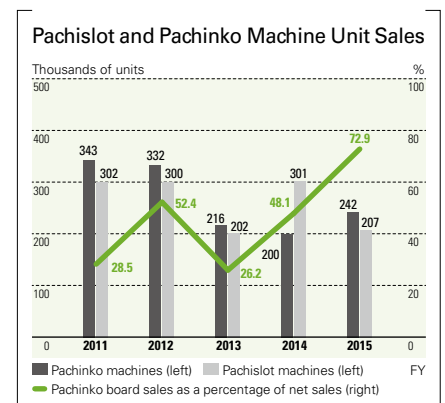
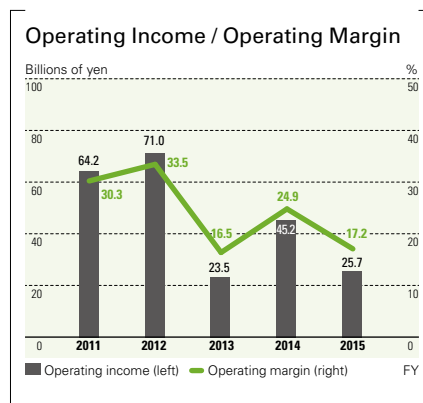
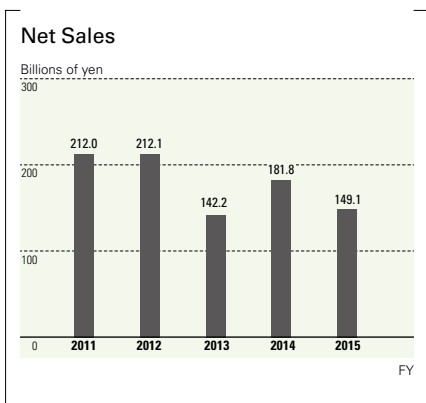
In fiscal 2015, net sales decreased 18% year on year, to ¥149.1 billion. Net sales of pachislot machines were down 34%, to ¥74.0 billion, while net sales of pachinko machines rose 16%, to ¥73.9 billion. Operating income decreased 43% year on year, to ¥25.7 billion. The operating margin declined 7.6 percentage points from the previous fiscal year, to 17.3% because low pachislot machine unit sales counteracted cost reductions through component reuse and an increase in sales of high-margin pachinko boards as a percentage of unit sales. Furthermore, R&D expenses and content production expenses rose 14%, to ¥22.3 billion, and as a percentage of net sales increased from 10.7% to 15.0%.

In relation to pachislot machines, we launched such new titles as *Pachislot SOUTEN-NO-KEN 2* and *Pachislot ALADDIN A II* under the Sammy brand. However, pachislot machine unit sales were down 31% year on year, to 207,000 units.

This decrease was attributable to the marketing of only six new titles, three fewer than in the previous fiscal year, as a result of a change in model-testing operation methods.

As for pachinko machines, we launched 14 new titles, four more than in the previous fiscal year, and sales of the Sammy brand's *Pachinko CR Hokuto No Ken 6* and *Pachinko CR Bakemonogatari* were steady. As a result, pachinko machine unit sales grew 21% year on year, to 242,000 units. Sales of high-margin pachinko boards accounted for 72.9% of pachinko unit sales, up 24.8 percentage points from the previous fiscal year.

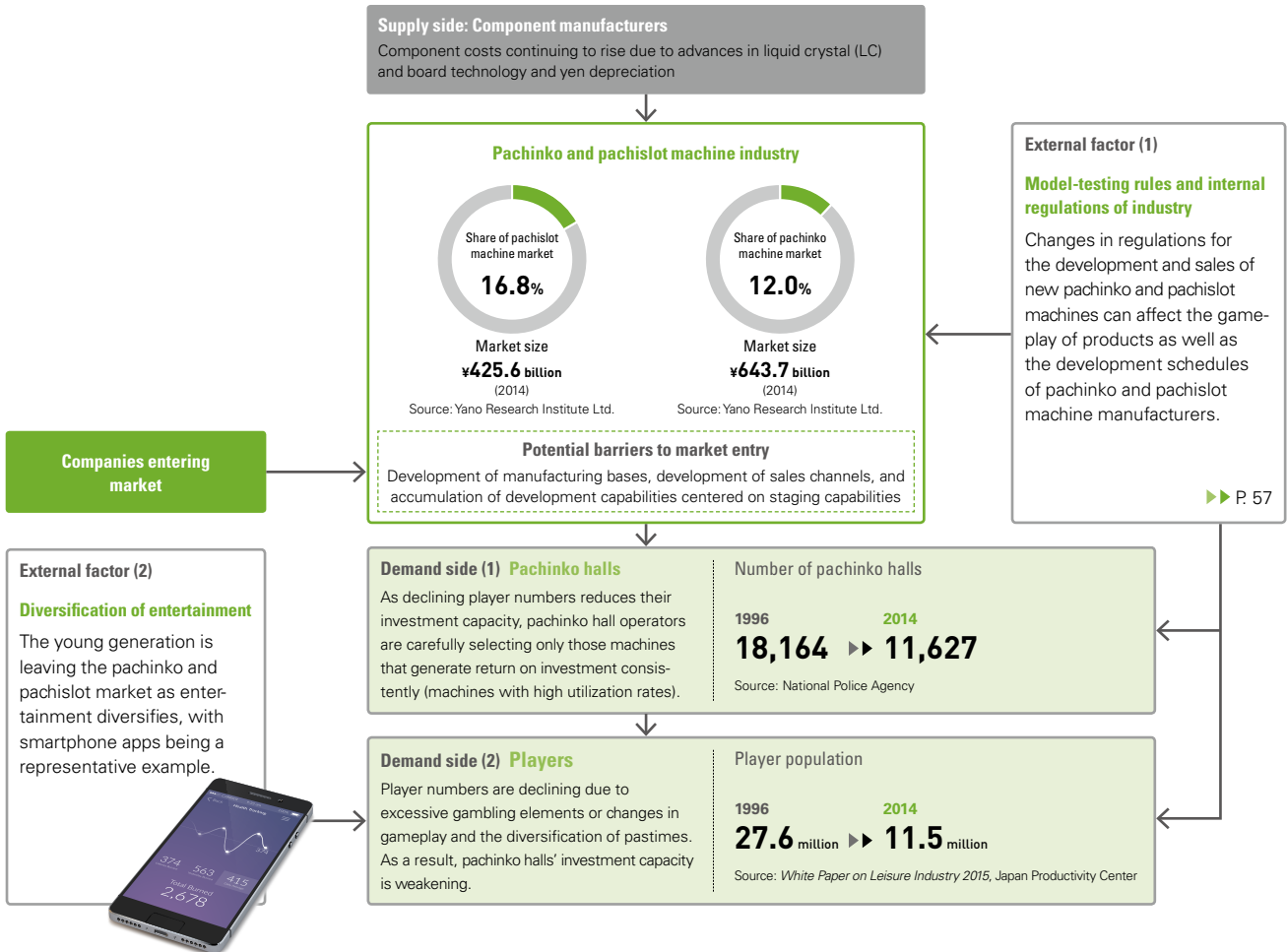
In 2014, our share of the pachislot machine market declined 4.9 percentage points from the previous fiscal year, to 16.8%. On the other hand, our share of the pachinko machine market rose 2.3 percentage points year on year, to 12.0%.



Pachislot and Pachinko Machine Business

Snapshot of Industry Trends

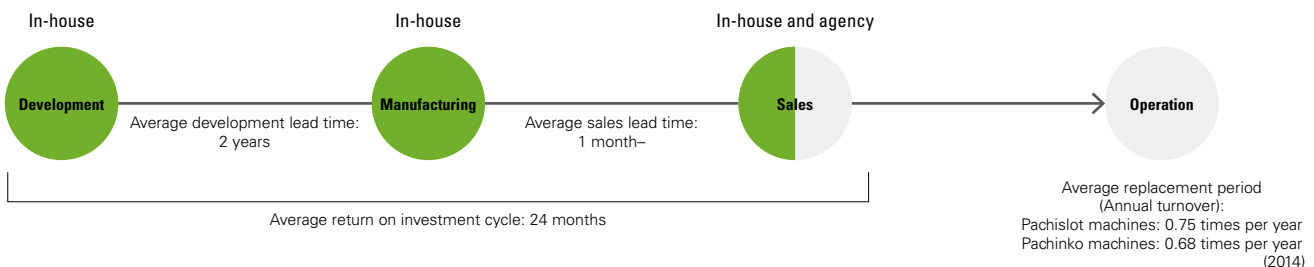
Factors affecting the pachinko and pachislot machine industry include regulatory changes, the financial position of pachinko hall operators, players' preferences, and other entertainment trends.



Business Cycle of the Pachislot and Pachinko Machine Business

While development takes about two years on average, orders for and shipments of most new machines concentrate on the period directly after their launch. Subsequently, demand diminishes. The key to sales strategies is estimating order volumes based on initial orders and utilization after introduction. Showing how many times pachinko hall operators replace machines during one year, annual turnover has remained at less than once a year due to lower investment capacity.

Supply Chain of Pachislot and Pachinko Machine Business

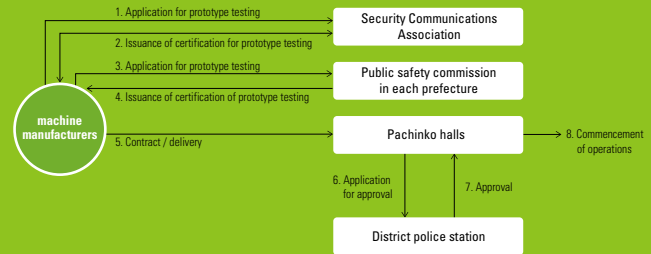


Conditions in the Pachinko and Pachislot Machine Market

Pachinko and Pachislot Machine Market's Regulatory Process

Before launching new products, pachinko and pachislot machine manufacturers have to proceed through various approval processes based on the Entertainment Establishments Control Law. These approval processes inspect products to determine whether their materials, functions, and gameplay conform to the specifications that current regulations set. Not receiving certification can severely affect sales plans. Also, regulatory revision can affect gameplay.

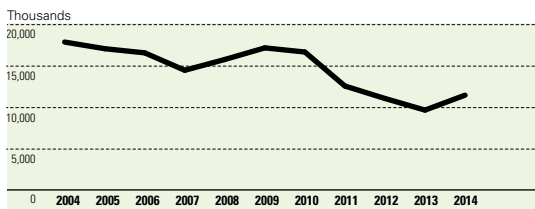
Approval Process for Pachinko and Pachislot Machines



Current Market Conditions

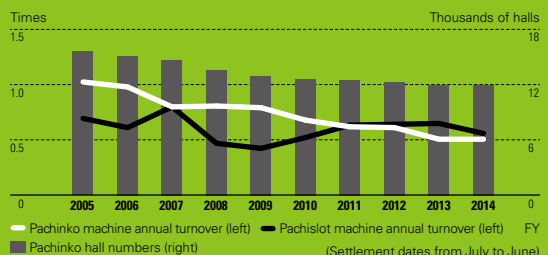
In the pachinko and pachislot machine market, the player population continues to decrease. Focused on controlling excessive gambling elements, the regulatory revision of July 2004 rapidly changed pachislot machines' gameplay and caused players to leave the market. Meanwhile, although sales of pachinko machines remained favorable, the increasing installation of pachinko machines with strong gambling elements accelerated the decrease in casual players. Also, the price of pachinko machines rose. The resulting downturn in sales and higher investment burden worsened pachinko hall operators' business results. This led to a slump in machine replacement demand, the emergence of a bias in demand towards manufacturers and major titles able to provide reliable returns on investment, and a cycle of peaks and troughs in pachinko and pachislot machine sales.

Pachinko and Pachislot Player Numbers



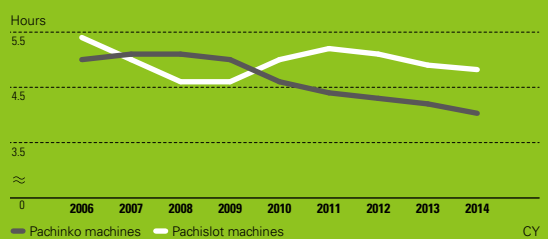
Source: White Paper on Leisure Industry 2015, Japan Productivity Center

Annual Turnover* and Pachinko Hall Numbers



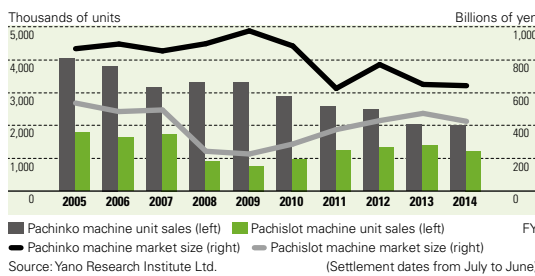
Source: The Company has calculated annual turnover based on data from the National Police Agency and Yano Research Institute Ltd. Pachinko hall numbers are from the National Police Agency.

Utilization Time*



Source: Daikoku Denki Co., Ltd., DK-SIS data

Pachinko and Pachislot Machines—Market Size and Unit Sales



Source: Yano Research Institute Ltd. (Settlement dates from July to June)

Pachislot and Pachinko Machine Business



Dejihane CR Bakemonogatari
©Nisioisin/ Kodansha, Aniplex Inc.,
SHAFT INC. ©Sammy



CR Aura Battler Dunbine
©SOTSU-SUNRISE Project by Sammy

the FUTURE

Business Strategy

Operating in a market that has the structural problem of a declining player population, the Pachislot and Pachinko Machine Business segment is pursuing a basic strategy of maintaining the leading share of the pachislot machine market while claiming the No. 1 share of the pachinko machine market, which offers significant scope for market share expansion.

By stepping up investment in research and development and strengthening our development system to enhance product appeal, we will prevail in competitive conditions in which the gap between winners and losers is growing as demand focuses on leading manufacturers and machines that promise stable utilization. Furthermore, aiming to attract the young generation, we will create exciting, mold-breaking machines and lead efforts to expand the player base of the industry and invigorate it.

In response to rising component prices, we will reuse components even more systemically than before to heighten cost competitiveness. We aim to maximize cost improvement benefits by building all business processes, from development through to manufacturing and sales, with reuse in mind. In addition, we will concentrate efforts on improving costs by implementing joint purchasing and reuse through collaboration among the Group companies responsible for our multibrand strategy. Sammy's plant will serve as the hub for these efforts. In addition, we will develop inexpensive machines that curb development costs, shorten lead times, and diversify our product portfolio, thereby reducing costs comprehensively.

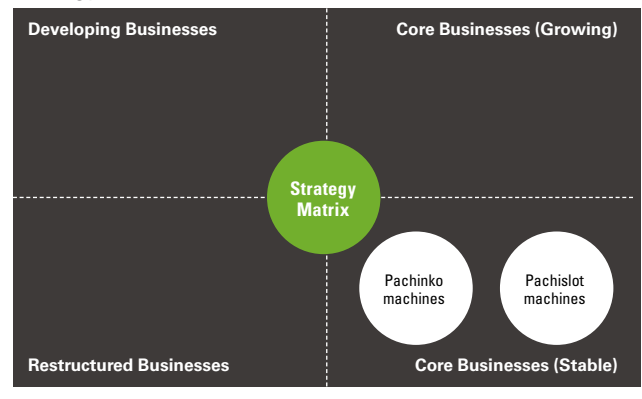
Fiscal 2016 Outlook

In fiscal 2016, the year ending March 31, 2016, tough market conditions are expected for pachinko and pachislot machine manufacturers due to pachinko hall operators' conservative stance in relation to capital investment and the continuing effect of the change in model-testing operation methods.

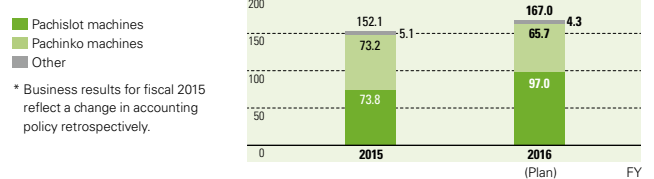
We are targeting a 9% year-on-year growth in net sales, to ¥167.0 billion. We aim to increase pachislot machine unit sales 28% year on year, to 265,000 units, by bringing to market nine new titles during the current fiscal year, including multiple major titles. As for pachinko machines, plans call for the rollout of 11 titles during the fiscal year. However, due to the absence of fiscal 2015's launch of mainstay title *Pachinko CR Hokuto No Ken 6*, unit sales are expected to decline 9% year on year, to 220,000 units.

We anticipate that the introduction of new devices and higher component procurement costs accompanying yen depreciation will produce a temporary dip in the operating margin. Operating income is expected to decline 11% year on year, to ¥23.0 billion, and the operating margin is projected to decrease 3.1 percentage points, to 13.8%.

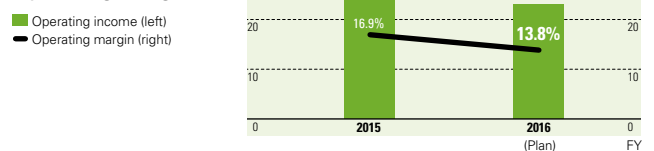
Strategy Matrix



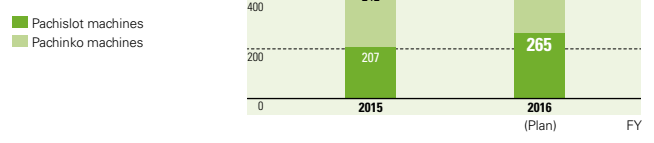
Net Sales

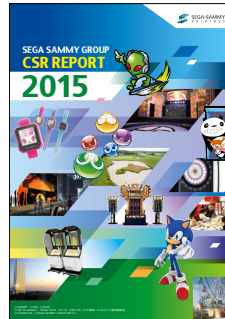


Operating Income / Operating Margin



Pachislot and Pachinko Machine Unit Sales

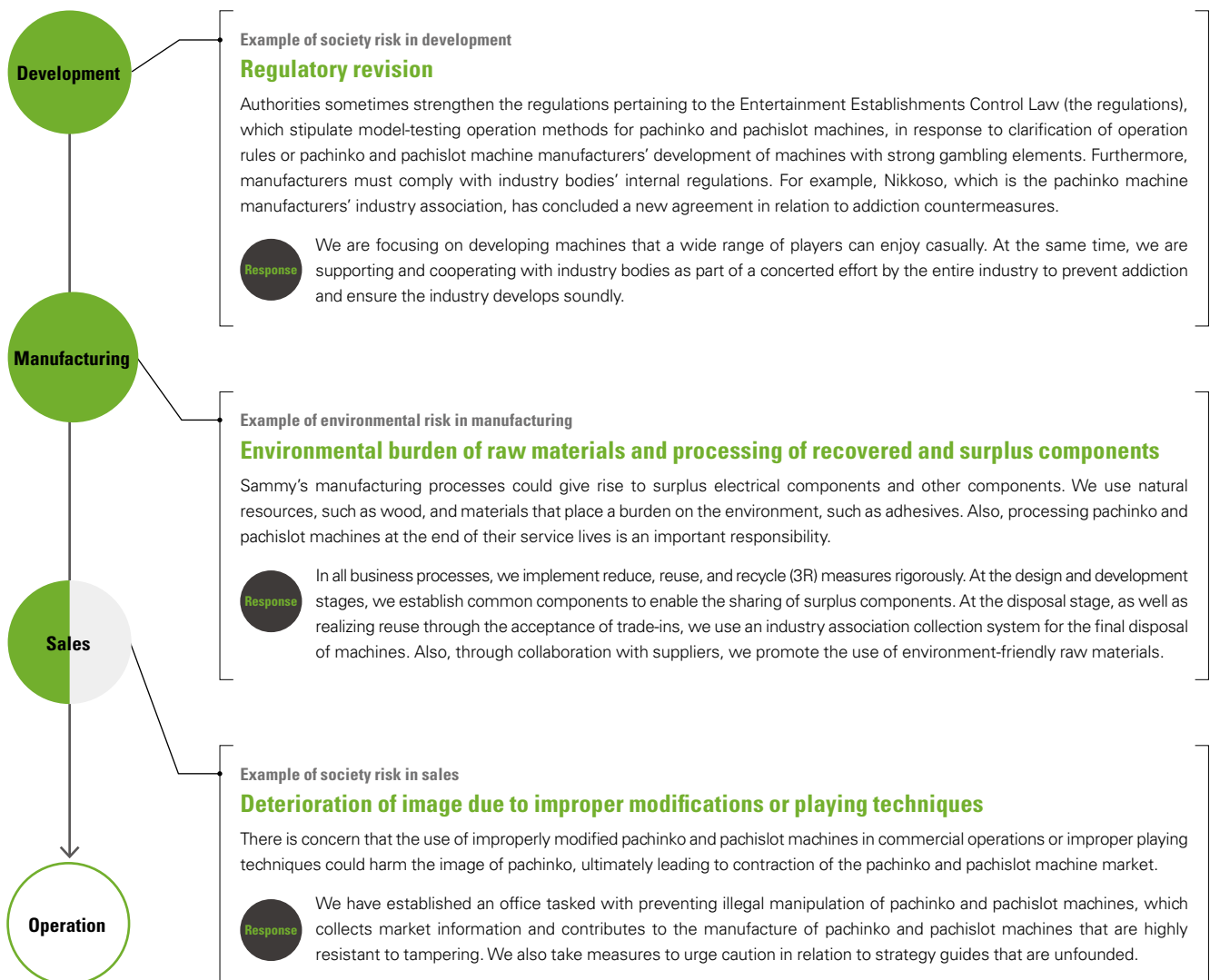




For details,
please see our
CSR Report 2015.

ESG Risks and Responses in the Value Chain

In the Pachislot and Pachinko Machine Business segment, we prevent the impairment of corporate value by carefully analyzing the environment, society, and governance (ESG) risks with the potential to halt respective business processes from development through to sales, incur additional costs, or damage brand value.



Entertainment Contents Business

the PAST

1960

1970

1980

1990

2000

2010-

Digital Games and Packaged Game Software

● **1983**
Launched 8-bit home video game platform, *SG-1000*

● **1988**
Launched 16-bit home video game platform, *Mega Drive*



Mega Drive ©SEGA

● **1991**
Launched first title in the *Sonic the Hedgehog* series



Sonic the Hedgehog ©SEGA

● **1994**
Launched 32-bit home video game platform, *SEGA Saturn*

● **1998**
Launched home video game platform with Internet connectivity, *Dreamcast*



Dreamcast ©SEGA

● **2000**
Launched first networked role-playing game (RPG) for home video game platform, *PHANTASY STAR ONLINE*



PHANTASY STAR ONLINE ©SEGA

● **2001**
Withdrew from home video game platform business

● **2005**
Launched first title in *Ryu ga Gotoku* home video game series



Ryu ga Gotoku ©SEGA

● **2007**
Launched *Mario & Sonic at the Olympic Games™* home video game

● **2012**
Established SEGA Networks, Ltd. (currently the SEGA Networks Company of SEGA Games Co., Ltd.)

Amusement Machines

● **1960**
Developed first domestically produced jukebox, *SEGA 1000*

● **1964**
Began manufacturing amusement arcade machines



SEGA 1000 ©SEGA

● **1985**
Launched world's first force feedback game, *Hang On*
Launched *UFO Catcher*



UFO Catcher ©SEGA

● **1990**
Launched world's first amusement arcade machine able to rotate 360 degrees in all directions, *R-360*

● **1993**
Launched world's first 3D computer graphics (CG) fighting game for amusement arcade machine, *Virtua Fighter*

● **1995**
Launched *Print Club* with ATLUS. CO., LTD.



Print Club ©SEGA / ATLUS

● **1999**
Launched first title in *DERBY OWNERS CLUB* series of amusement arcade machines

● **2003**
Launched world's first kids' card game, *The King of Beetles "MUSHIKING"*



The King of Beetles "MUSHIKING" ©SEGA

● **2004**
Launched SEGA's infrastructure linking amusement centers, *ALL.NET*

Amusement Center Operations

● **1965**
Started operation of amusement centers

● **1996**
Opened indoor theme park, *TOKYO JOYPOLIS*



TOKYO JOYPOLIS

● **2002**
Opened our first darts bar, *Bee SHIBUYA*

● **2009**
Opened indoor theme park, *SEGA REPUBLIC*, in the United Arab Emirates based on license agreement

● **2012**
Consolidated Group companies engaged in amusement center operations to establish SEGA ENTERTAINMENT Co., Ltd.

● **2013**
Opened world's first nature simulation museum, *Orbi Yokohama*



Orbi Yokohama

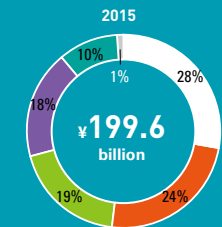
the PRESENT

The Entertainment Contents Business segment comprises the digital game area, the packaged game software area, the amusement machine sales area, the amusement center operations area, and the animation and toys sales area. The segment is an aggregation of the businesses of the former SEGA CORPORATION and businesses of SEGA SAMMY HOLDINGS that share “content” as a common theme. Moreover, the segment features a new system of independent companies. This combination of a shared theme and independent companies will enable the segment to create synergies while reacting rapidly to changes in conditions.



SEGA Holdings Co., Ltd.

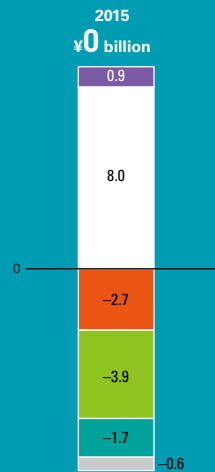
Net Sales



- Digital games ¥55.1 billion
- Packaged game software ¥47.4 billion
- Amusement arcade machines ¥39.3 billion
- Amusement center operations ¥36.0 billion
- Animation and toys ¥19.9 billion
- Other and corporate and eliminations ¥1.9 billion

* Business results for fiscal 2015 reflect a change in accounting policy retrospectively.

Operating Income (Loss)



- Digital games
- Packaged game software
- Amusement arcade machines
- Amusement center operations
- Animation and toys
- Other and corporate and eliminations

Digital game area

Through a combination of rich development resources and a team of experts in business model construction, the SEGA Group is heightening its presence in the digital game area rapidly. We are also focusing on using the *Noah Pass* system, a marketing support tool, to create new business opportunities.



SEGA Games Co., Ltd.



ATLUS CO., LTD.



Index Corporation



Sammy NetWorks Co., Ltd.

Packaged game software area

This area has an array of powerful intellectual properties and an abundance of development resources. These are the foundations upon which we have built SEGA into a global brand. While narrowing down the number of titles under development to increase efficiency, we are diversifying earnings opportunities by using packaged game software intellectual properties for digital games.

Amusement machine sales area

As the former SEGA CORPORATION's founding business, this area has a history stretching back 50 years. During this time, we have created numerous industry-first and world-first products and maintained our leading position in the industry. Since SEGA's foundation, operations in this area have been flawless, a business format whereby manufacturing is contracted to partner companies.



SEGA Interactive Co., Ltd.



DARTSLIVE Co., Ltd.



SEGA LOGISTICS SERVICES CO., LTD.



SEGA SAMMY CREATION INC.

Amusement center operations area

By working in close partnership with the amusement machine sales area, this area offers equipment and facility formats to suit a broad range of customers. In recent years, we have closed unprofitable amusement centers, reflecting a significant shift in strategic focus from size to profitability. At the same time, we have been developing new amusement center formats that three generations—grandparents, parents, and children—can enjoy.



SEGA ENTERTAINMENT CO., LTD.

Animation and toy sales area

In the animation area, we take advantage of rich animation assets to develop businesses. As for the toy sales area, we have established a unique position by offering edutainment toys.



SEGA TOYS CO., LTD.



TMS ENTERTAINMENT CO., LTD.

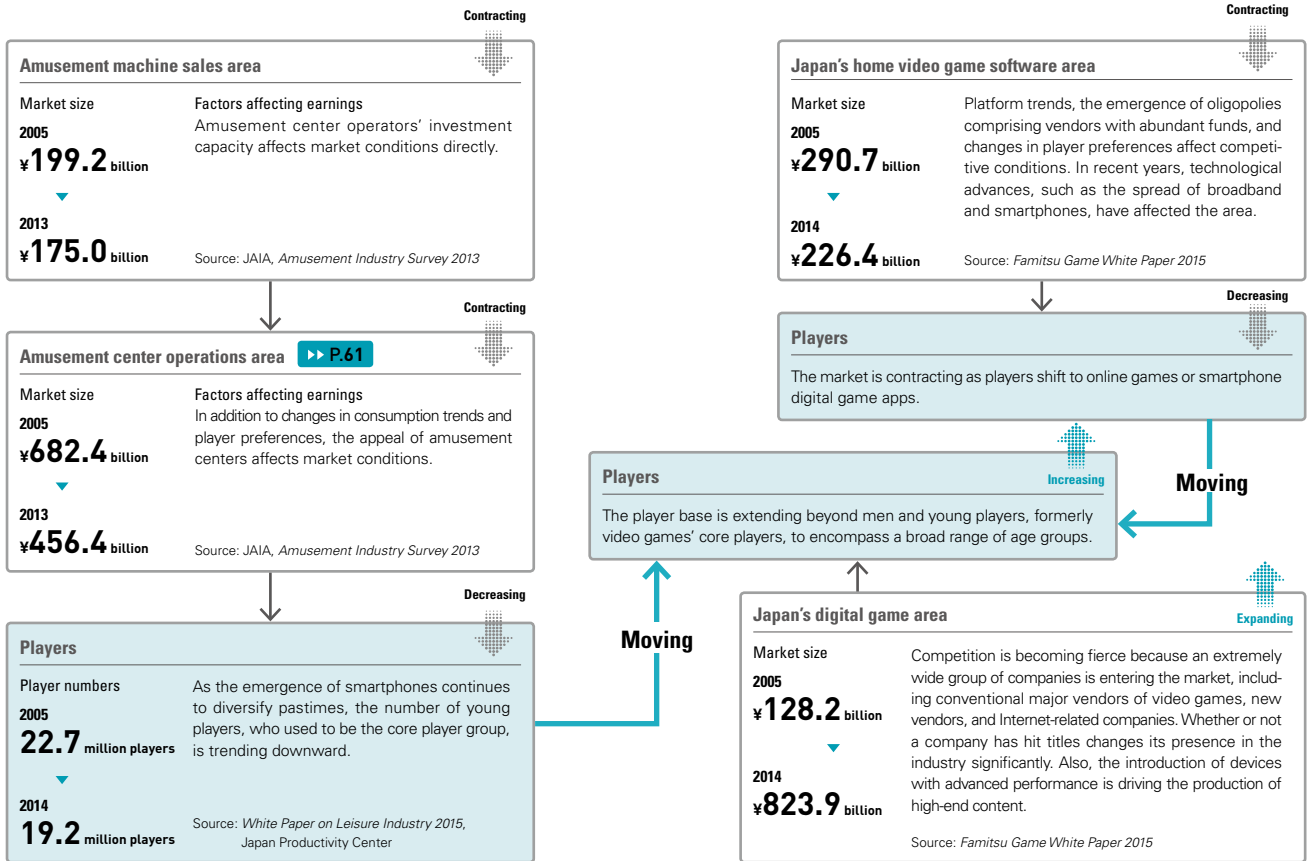


MARZA ANIMATION PLANET INC.

Entertainment Contents Business

Snapshot of Industry Trends

The Entertainment Contents Business segment's businesses operate in diverse entertainment areas that have markets with different growth potential and competitive conditions. Furthermore, as well as competition within the entertainment industry, the evolution of digital devices is leading to direct competition between the entertainment industry and other industries as they try to attract players.



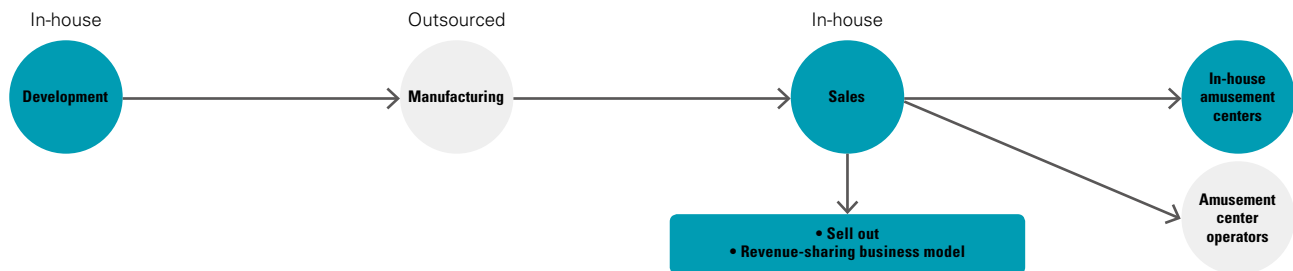
Business model (1) Amusement machine and amusement center operations areas

In the amusement machine sales area, we plan and develop in-house, but we do not have manufacturing plants. Instead, we outsource manufacturing. In recent years, we have been lessening amusement center operators' investment burden by introducing a revenue-sharing business model—a system in which CVT kits enable content upgrades through board replacement or new content downloads. Compared with the sell out business model, revenue-sharing lengthens return-on-investment periods but stabilizes earnings.



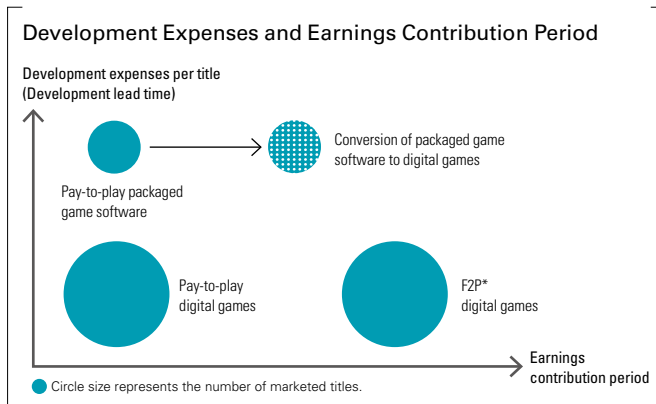
WORLD CLUB Champion Football series
©SEGA
©Panini S.p.A. All Rights Reserved
PANIINI The game is made by Sega in association with Panini.

Supply Chain of the Amusement Machine Sales Business

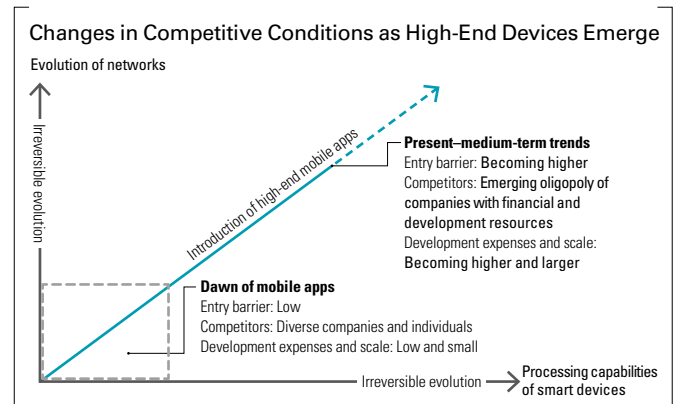


Business model (2) Digital game and packaged game software areas

Compared with pay-to-play packaged game software, a greater number of digital game titles are released. This is because digital games generally cost less to develop and have shorter lead times. To heighten their presence in these conditions, companies have to bring more titles to market and achieve higher rates of success than their competitors. At present, digital games are expected to become more high-end. As this trend emerges, the SEGA SAMMY Group will have the upper hand because it has the resources to support longer development lead times and their attendant development expenses.



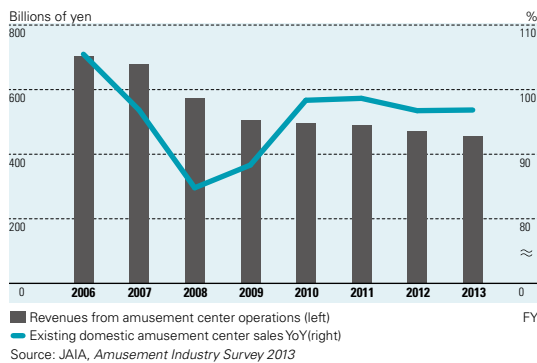
*These are games based on a business model that provides basic play for free but generates continuous earnings by charging fees for additional items within the games.



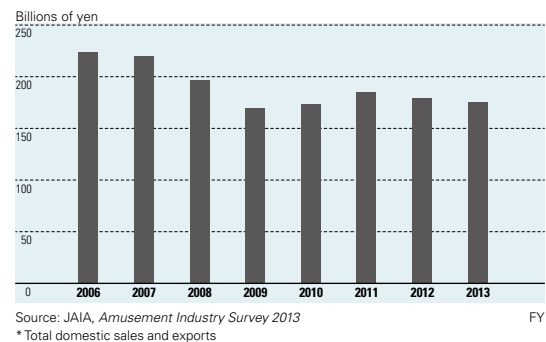
Players Shift to Online Game Content

From the 1970s to the early 2000s, the amusement center operations market earned the support of the young generation and grew stably. After reaching saturation around 2007 amid stagnant consumer spending, the market entered a phase of long-term contraction. From around 2009, smartphones began spreading rapidly. In response, numerous companies have begun developing apps, giving rise to the game app market. At the same time, the amusement center operations market has been declining gradually. These contrasting trends reflect a shift toward smartphones in the young generation's pastimes.

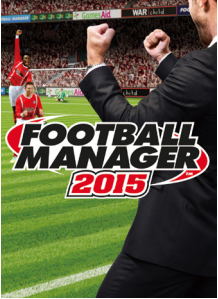
Revenues from Amusement Center Operations and Existing Domestic Amusement Center Sales YoY



Amusement Arcade Machines Sales*



Entertainment Contents Business



Football Manager 2015
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Wonderlans Wars
©SEGA

the FUTURE

Business Strategy

We will capitalize on the optimal value chains that the establishment of independent companies has created in each business area to respond quickly to changes in market conditions. In addition, we will generate synergy benefits through the mutual use of intellectual properties.

In the digital game area, we intend to leverage the advantages that rich development resources and a team of experts in business model construction give us to market a product lineup catering to a wide range of player preferences and remain one of the industry's most consistent creators of hit products. Overseas, we will strengthen rollouts with North America, Europe, and Asia as our priority markets. In North America and Europe, our efforts will draw on original sales capabilities that reflect the characteristics of the regions' markets. In Asia, we will develop markets by accurately localizing hit titles from Japan. Other initiatives will focus on using the *Noah Pass* system, a marketing support tool, to develop new business models.

In the packaged game software area, we will rationalize operations, mainly overseas, while accelerating the digital conversion of intellectual properties in Japan and overseas to increase earnings opportunities.

The amusement machine sales area will continue increasing operational efficiency to enhance profitability. In addition, we will extend the market by concentrating on the development of amusement arcade machines that better target families.

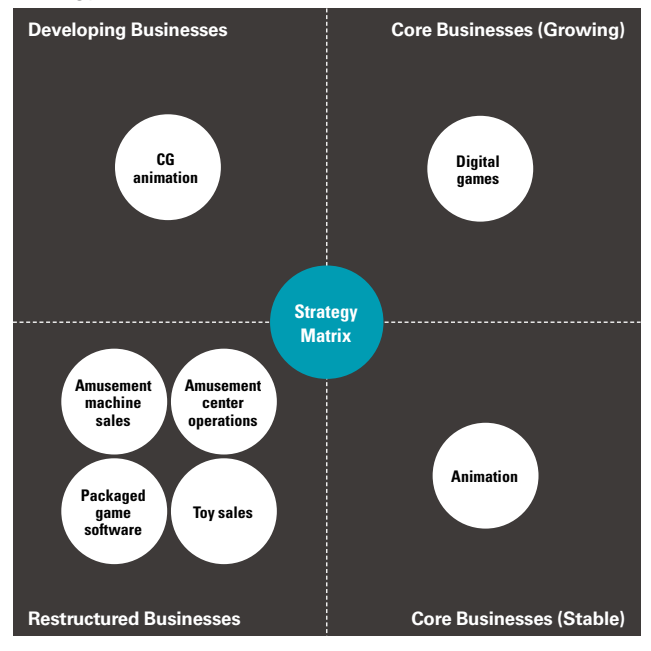
Regarding the amusement center operations area, we will emphasize the enhancement of the profitability of existing amusement centers as we implement a scrap-and-build strategy and strengthen their operational capabilities. Furthermore, we will open up new markets by developing business formats that target families' three generations and business formats that incorporate other industries, such as amusement centers with restaurants.

In the animation and toy sales area, we will improve profitability through rationalization while stepping up rollouts of mainstay products.

Fiscal 2016 Outlook

Net sales are expected to increase an 18% year on year, to ¥235.0 billion, while operating income is expected to grow from fiscal 2015's ¥0 billion to ¥11.5 billion. We aim to achieve these improvements by increasing earnings in the digital game area and implementing rationalization measures mainly in the amusement machine sales area.

Strategy Matrix



In the digital game area, we are targeting year-on-year increases of 58% in net sales and 44% in operating income. To this end, in Japan we will secure earnings from existing hit titles, such as *PHANTASY STAR ONLINE 2*, *CHAIN CHRONICLE*, and *Puyopuyo!! Quest*, and market mainstay titles, including *Hortensia SAGA* and *MONSTER GEAR*. Overseas, development bases that we have expanded and improved through acquisitions and tie-ups will lead a full-fledged drive to strengthen rollouts by releasing three times more titles than in the fiscal year under review.

With respect to the packaged game software area, while we expect a 6% year-on-year decrease in net sales, we aim to realize operating income of ¥1.3 billion as the benefits of rationalization move the area into the black.

As for the amusement machine sales area, we are targeting 15% growth in revenues compared to the previous fiscal year through the marketing of multiple products aimed at a wide range of players, including

Kancolle ARCADE and NEW MUSHIKING: The King of Beetles. Furthermore, improved profitability resulting from fiscal 2015's measures to increase efficiency is likely to move the area into the black.

For the amusement center operations area, we have set a 1% year-on-year increase as a net sales target. As a result of investment accompanying stepped-up development of new-format facilities, earnings are projected to decline.

In the animation and toy sales area, net sales are expected to grow 1% year on year, and the area is likely to move into the black as a result of fiscal 2015's rationalization measures.

Numerical Targets

Billions of yen	2015*	2016 (Plan)	YoY change
Net sales	199.6	235.0	+18%
Digital games	55.1	87.0	+58%
Packaged game software	47.4	44.5	-6%
Amusement Machine Sales	39.3	45.0	+15%
Amusement Center Operations	36.0	36.5	+1%
Toys / Animation	19.9	20.0	+1%
Other / Corporate and eliminations	1.9	2.0	—
Operating income (loss)	0.0	11.5	—
Digital games	8.0	11.5	+44%
Packaged game software	-2.7	1.3	—
Amusement Machine Sales	-3.9	0.0	—
Amusement Center Operations	0.9	0.3	-57%
Toys / Animation	-1.7	0.2	—
Other / Corporate and eliminations	-0.6	-1.8	—
Operating margin	—	4.9%	—

* Because recognition of net sales has been changed from a net basis to a gross basis and from a shipment basis to a delivery basis from fiscal 2016, figures for fiscal 2015 reflect this change retrospectively.



Hortensia SAGA
©SEGA / f4samurai



CHAIN CHRONICLE –
Kizuna no Shintairiku
©SEGA



MONSTER GEAR
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Business Model in the Amusement Machine Sales Area

Aiming to invigorate the industry, we are deploying a wide variety of business models.

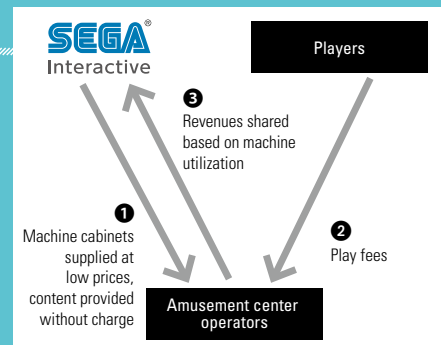
CVT Kits

CVT kits enable amusement center operators to upgrade games without purchasing new machine cabinets. Operators use the kits to replace the boards, software, and exteriors of their existing machines. In fiscal 2015, we marketed CVT kits for such mainstay titles as *WORLD CLUB Champion Football* and *StarHorse3 Season III CHASE THE WIND*.



Revenue-Sharing Business Model

In the revenue-sharing business model, SEGA provides amusement center operators with low-priced machine cabinets and free content. Through its *ALL.NET* network service, SEGA Interactive Co., Ltd., and amusement center operators share revenues from the utilization of the amusement arcade machines, in other words play fees from players. Under this model, amusement center operators are able to introduce new products for a small initial investment. Meanwhile, the business model extends SEGA Interactive's involvement beyond the sales of amusement arcade machines. It allows us to sustain earnings by upgrading content periodically and thereby maintain the market value of our amusement arcade machines.



Free-to-Play (F2P)

Under this business model, games can be played for free, but players pay fees to purchase items within the games or to continue stages. In fiscal 2014, we rolled out the amusement arcade machine industry's first title incorporating an F2P business model, *Puyopuyo!! Quest Arcade*. By using broadly popular intellectual property for this new game format, we hope to attract women and families. In the future, we aim to strengthen the linkage between amusement centers and the digital game area further so that they grow each other's customer bases.



Entertainment Contents Business

ESG Risks and Responses in the Value Chain

In the Entertainment Contents Business segment, which has businesses in a wide range of entertainment areas, we identify important ESG risks in light of the distinctive business models, customer groups, industry regulations, or societal expectations in each area and respond to them appropriately.



Resort Business

Main Assets of the Resort Business

Resort

Phoenix Seagaia Resort

Location: Miyazaki Prefecture (Miyazaki)

Operating company: Phoenix Resort Co., Ltd.

Summary: The resort includes accommodation facilities such as *Sheraton Grande Ocean Resort*, a world-class convention center with a maximum capacity of 5,000 people and sports facilities including one of Japan's most renowned golf courses, the *Phoenix Country Club*.



Theme parks

JOYPOLIS

Locations:

Tokyo (Odaiba), Osaka (Umeda)

Operating company:

SEGA LIVE CREATION Inc.

Summary: We have created two of the largest indoor theme parks in Japan. They offer new, progressive entertainment based on the "DigitaReal" concept of integrating the digital and the real.



Orbi Yokohama

Location:

Kanagawa Prefecture (Minato Mirai)

Operating company:

SEGA LIVE CREATION Inc.

Summary: This completely new type of museum recreates scenes from the natural world and gives visitors a visceral sense of the wonder of nature by combining the footage of *BBC EARTH* and SEGAs entertainment technologies.



Overseas integrated resorts

Paradise Casino Incheon, PARADISE CITY

Location: South Korea (Incheon)

Operating company: PARADISE SEGASAMMY Co., Ltd.

Summary: The company operates *Paradise Casino Incheon*, which became South Korea's first casino exclusively for foreigners when it opened in 1967. We are also developing *PARADISE CITY*, which is scheduled to open in the first half of 2017 as South Korea's first full-fledged integrated resort.



Large resort complex overseas

Resort name: Undecided

Location: South Korea (Busan)

Managing company: SEGASAMMY BUSAN INC.

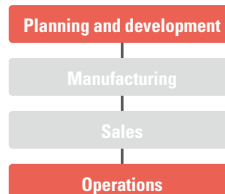
Summary: Development and management of large resort complex comprising hotel and entertainment and commercial facilities in Busan, South Korea.

Numerical Targets

FY		2015	2016 (Plan)	Change
	Net sales (Billions of yen)	14.9	18.0	+21%
	Operating income (loss) (Billions of yen)	(2.3)	(3.5)	—
<i>Phoenix Seagaia Resort</i>	Guests (Thousands of people)	643	580	-10%
	Average spending per customer (Yen)	14,481	16,383	+13%
JOYPOLIS	Guests (Thousands of people)	614	622	+1%
	Average spending per customer (Yen)	3,426	3,413	—
<i>Orbi Yokohama</i>	Guests (Thousands of people)	400	384	-4%
	Average spending per customer (Yen)	2,283	2,236	-2%
<i>Paradise Casino Incheon</i>	Casino net sales (Billions of KRW)	109	—	—
	Guests (Thousands of people)	58	—	—

ESG Risks and Responses in the Value Chain

Scope of business



Example of society risk in theme park area

● Safety of facilities

An accident resulting from inadequate safety precautions at facilities that have large attractions on which customers ride could lead to the suspension of operations or brand damage.

Response We regularly conduct voluntary inspections of the operation and management of all amusement arcade machines, including large attractions, based on a checklist prepared in-house that comprises 100 items.

ESG Data

FY	2013	2014	2015
Personnel and labor data			
Consolidated employees (People)	7,008	7,472	7,418
Average age (Years)	38.6	38.5	37.4
Average years of service (Years)	7.8	7.9	8.5
Percentage of female managers (%)	4.1	4.6	5.7
New graduate hires (People)	115	111	144
Mid-career hires (People)	175	126	288
Percentage of paid leave taken (%)	44.0	45.3	47.0
Number of industrial accidents (Accidents)	100	108	71
Environmental data			
Total CO ₂ emissions (t-CO ₂)	103,766	109,866	123,801
Total energy input (GJ)	2,120,221	2,262,136	2,216,589
Power use (MWh)	182,733	203,358	198,119
Industrial waste emissions (t)	3,234	2,575	2,466
Water use (m ³)	928,642	1,377,158	1,075,035

Scope

• Fiscal 2013 and 2014: Nine companies (excluding TAIYO ELEC Co., Ltd.), fiscal 2015: 10 companies

• SEGA SAMMY HOLDINGS INC., Sammy Corporation, Sammy NetWorks Co., Ltd., TAIYO ELEC Co., Ltd., SEGA CORPORATION (currently, SEGA Games Co., Ltd.), SEGA ENTERTAINMENT Co., Ltd., SEGA Networks, Ltd., SEGA TOYS CO., LTD., TMS ENTERTAINMENT CO., LTD., and Phoenix Resort Co., Ltd.

* The data covers approximately 70% of consolidated permanent employees.

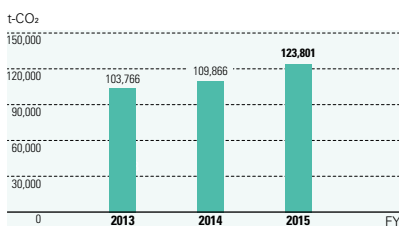
Environment Friendliness of Sammy's Kawagoe Plant (Pachislot and Pachinko Machine Business Segment)

FY	2013	2014	2015
Pachinko and pachislot machine recycle rate (%)	98.47	96.58	97.24
Wood use (t)	1,778	2,055	1,344
Of which, PEFC-certified wood (t)	468 (26.3%)	134 (6.5%)	66 (4.9%)
Adhesives used (t)	0.36	—	—
Of which, water-based adhesives (t)	0.36 (100%)	—	—

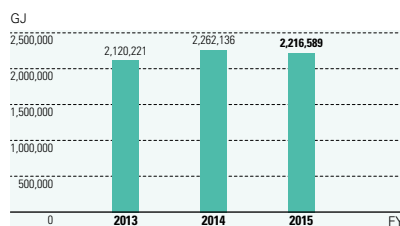
*1 PEFC certified-wood: This refers to wood certified by the Programme for the Endorsement of Forest Certification. This wood is appropriately procured from forests that have received third-party certification as sustainably managed forests. Our use of PEFC-certified wood has declined due to a decrease in the volume of products that we manufacture for which PEFC-certified wood is usable.

*2 In fiscal 2013, we changed over to procuring bonded components. All of the components we procure use water-based adhesives, which place less burden on the environment.

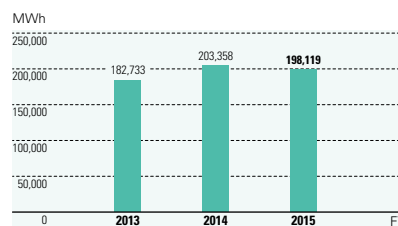
Total CO₂ Emissions



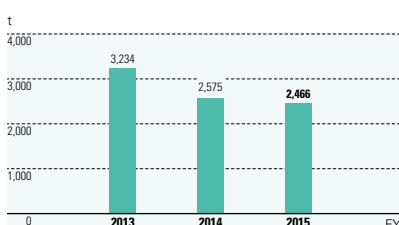
Total Energy Input



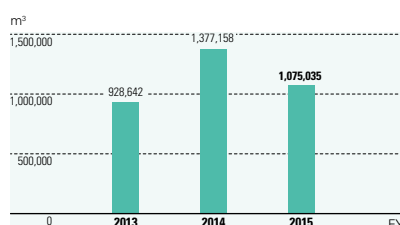
Power Use



Industrial Waste Emissions



Water Use



- Some of the totals data includes figures estimated based on floor areas.
- Power utilities' emission factors have been a significant cause of the increase in total CO₂ emissions.
- Emission factors of power purchased: The (fiscal 2014) emission factors of respective power utilities have been used.