

FY Ending March 2019 3rd Quarter Appendix

February 5, 2019

[Disclaimer]

The contents of this material and comments made during the questions and answers etc. of this briefing session are the judgment and projections of the Company's managements based on currently available information.

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

Consolidated Income Statements (Summary)

(JPY Billion)	2018/3				2019/3				Revised Full Year Forecasts (announced on Feb 5)
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q	Full Year Forecast (announced on May 11)	
Sales	107.2	194.7	260.8	323.6	68.8	171.0	250.3	390.0	337.0
Pachislot and Pachinko Machines	54.9	88.3	95.4	105.6	21.5	58.6	76.1	122.0	102.0
Entertainment Contents	50.2	101.5	157.9	208.0	45.0	107.2	166.2	258.0	224.5
Resort	2.0	4.7	7.3	9.9	2.3	5.1	7.9	10.0	10.5
Operating Income	16.6	26.8	25.6	17.7	0.9	10.2	11.9	21.0	13.0
Pachislot and Pachinko Machines	15.1	21.4	15.1	11.9	1.7	9.6	9.6	18.5	14.0
Entertainment Contents	3.7	10.1	17.2	14.8	1.6	6.1	10.6	13.5	9.7
Resort	-0.7	-1.2	-1.8	-2.5	-0.6	-1.1	-1.9	-3.0	-2.8
Other / Elimination	-1.5	-3.4	-4.9	-6.5	-1.8	-4.4	-6.4	-8.0	-7.9
Operating Income Margin	15.5%	13.8%	9.8%	5.5%	1.3%	6.0%	4.8%	5.4%	3.9%
Non-operating income	1.1	1.8	3.1	3.2	0.7	1.3	1.5	1.5	2.0
Non-operating expenses	1.5	3.3	4.4	6.4	0.9	2.3	4.4	6.5	7.5
Ordinary Income	16.2	25.2	24.3	14.5	0.6	9.1	9.0	16.0	7.5
Extraordinary income	0.5	0.8	0.8	0.9	0.0	1.7	1.7	1.0	1.8
Extraordinary losses	0.3	0.4	0.7	3.1	0.0	0.2	6.7	-	6.8
Income before income taxes	16.4	25.6	24.4	12.4	0.7	10.6	4.0	17.0	2.5
Profit (loss) attributable to owners of parent	11.5	17.7	13.7	8.9	0.3	6.7	0.6	12.0	-1.5
Dividends per share (JPY)	-	20.00	20.00	40.00	-	20.00	20.00	40.00	40.00
Earnings per share (JPY)	49.22	75.78	58.68	38.10	1.44	28.60	2.90	51.20	-6.40
Net Assets per share (JPY)	1,353.20	1,380.42	1,339.46	1,313.90	1,296.55	1,328.00	1,274.50	-	-

Costs and Expenses

(JPY Billion)	2018/3				2019/3			Full Year Forecast (announced on May 11)	Revised Full Year Forecasts (announced on Feb 5)
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q		
R&D Expense / Content	15.3	30.7	45.5	62.0	14.1	30.8	48.3	73.3	65.8
Production Expense									
Pachislot and Pachinko Machines	4.5	9.7	13.8	17.3	3.5	7.8	12.1	18.4	16.1
Entertainment Contents	10.8	21.1	31.7	44.9	10.6	23.2	36.4	54.9	49.9
Resort	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.1
Other / Elimination	0.0	-0.1	0.0	-0.3	0.0	-0.3	-0.3	0.0	-0.3
Cap-ex	5.0	10.3	16.2	24.1	6.4	17.8	24.3	32.1	32.0
Pachislot and Pachinko Machines	1.0	1.9	2.7	3.6	0.8	3.0	3.7	7.6	5.1
Entertainment Contents	3.6	7.3	11.8	17.2	4.2	10.7	16.1	20.4	22.3
Resort	0.3	1.0	1.5	1.9	0.0	0.0	0.1	0.5	0.2
Other / Elimination	0.1	0.1	0.2	1.4	1.4	4.1	4.4	3.6	4.4
Depreciation	4.2	8.2	12.2	16.2	3.9	7.4	10.8	14.8	14.3
Pachislot and Pachinko Machines	1.5	2.8	4.1	5.3	1.1	2.1	3.0	4.1	3.9
Entertainment Contents	2.2	4.5	6.7	9.0	2.3	4.3	6.4	8.7	8.5
Resort	0.2	0.5	0.7	1.0	0.2	0.4	0.6	1.2	0.9
Other / Elimination	0.3	0.4	0.7	0.9	0.3	0.6	0.8	0.8	1.0
Advertising	3.2	7.8	11.7	15.4	3.3	8.4	12.2	22.1	16.4
Pachislot and Pachinko Machines	0.4	1.1	1.5	1.9	0.4	0.9	1.3	2.8	1.5
Entertainment Contents	2.5	5.4	8.6	11.8	2.6	6.3	9.3	17.4	13.1
Resort	0.1	0.2	0.3	0.4	0.0	0.1	0.2	0.3	0.3
Other / Elimination	0.2	1.1	1.3	1.3	0.3	1.1	1.4	1.6	1.5

Consolidated Balance Sheet (Summary)

(JPY billion)				[Liabilities and Net Assets]			
[Assets]							
Account	As of end of March 2018	As of end of December 2018	Change	Account	As of end of March 2018	As of end of December 2018	Change
Cash and Deposits	157.8	84.4	-73.4	Accounts Payable	21.7	28.0	+6.3
Accounts Receivable	29.3	42.5	+13.2	Corporate Bonds	10.0	15.0	+5.0
Securities	24.6	45.5	+20.9	Short Term Loans Payable	15.8	15.3	-0.5
Inventories	40.5	52.3	+11.8	Other	36.9	34.9	-2.0
Other	20.1	22.0	+1.9	Total Current Liabilities	84.4	93.2	+8.8
Total Current Assets	272.3	246.7	-25.6	Corporate Bonds	22.5	10.0	-12.5
Tangible Fixed Assets	78.1	85.2	+7.1	Long Term Loans Payable	38.6	29.5	-9.1
Intangible Fixed Assets	23.4	16.8	-6.6	Other	17.4	20.8	+3.4
Investment Securities	70.2	72.4	+2.2	Total Noncurrent Liabilities	78.5	60.3	-18.2
Other	29.4	34.3	+4.9	Total Liabilities	163.0	153.6	-9.4
				Shareholders Equity	299.6	291.5	-8.1
				Total accumulated other comprehensive income	8.2	7.6	-0.6
				Warrants	0.8	0.9	+0.1
				Non-controlling interesrests	1.6	1.8	+0.2
Total Noncurrent Assets	201.1	208.7	+7.6	Total Net Assets	310.4	301.8	-8.6
Total Assets	473.4	455.5	-17.9	Total Liabilities and Net Assets	473.4	455.5	-17.9

Impact from one-off expenses for relocation (FY Ending March 2019 3Q)

(JPY Billion)

	3Q Operating Income (Before consideration)	One-off expenses of relocation	3Q Operating Income (After consideration)
Total	16.2	-4.3	11.9
Pachislot and Pachinko Machines	10.7	-1.1	9.6
Entertainment Contents	13.0	-2.4	10.6
Resort	-1.9	-	-1.9
Other / Elimination	-5.6	-0.8	-6.4

(Reference) Impact from one-off expenses for relocation (FY Ending March 2019)

*Revised Full Year Forecasts (announced on Feb 5)

(JPY Billion)

	Operating Income (Before consideration)	One-off expenses of relocation	Operating Income (After consideration)
Total	18.0	-5.0	13.0
Pachislot and Pachinko Machines	15.1	-1.1	14.0
Entertainment Contents	12.8	-3.1	9.7
Resort	-2.8	-	-2.8
Other / Elimination	-7.1	-0.8	-7.9

*No incurrence of one-off relocation expenses expected for FY ending March 2020

Segment Results: Pachislot and Pachinko Machines

(JPY Billion)	2018/3				2019/3			Full Year Forecast (announced on May 11)	Revised Full Year Forecasts (announced on Feb 5)
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q		
Sales	54.9	88.3	95.4	105.6	21.5	58.6	76.1	122.0	102.0
Pachislot	10.2	32.3	32.4	36.0	3.1	4.5	11.0	39.1	26.3
Pachinko	41.1	48.8	52.2	55.3	13.9	45.8	52.3	71.2	59.3
Other / Elimination	3.6	7.2	10.8	14.3	4.5	8.3	12.8	11.7	16.4
Operating Income	15.1	21.4	15.1	11.9	1.7	9.6	9.6	18.5	14.0
Operating Income Margin	27.5%	24.2%	15.8%	11.3%	7.9%	16.4%	12.6%	15.2%	13.7%
Pachislot									
Number of Titles	3 titles	8 titles	8 titles	9 titles	1 title	1 title	3 titles	9 titles	6 titles
Unit Sales (units)	25,440	75,380	75,590	85,041	9,073	12,853	31,534	103,000	71,000
Pachinko									
Number of Titles	2 titles	4 titles	5 titles	5 titles	1 title	3 titles	5 titles	9 titles	7 titles
Unit Sales (units)	97,499	119,312	129,778	140,013	40,997	117,891	136,670	201,000	158,000
Board + Frame	83,178	92,344	95,912	97,655	13,908	77,518	87,468	94,500	93,000
Board	14,321	26,968	33,866	42,358	27,089	40,373	49,202	106,500	65,000

Segment Results: Pachislot and Pachinko Machines

■ Major Titles launched in 1-3Q and titles to be launched in and after 4Q

New title

Specification changed title

~2019/3 3Q

4Q~

Pachislot

Pachislot Hokuto No Ken
Syura no kuni hen Rasetsu ver.

A-SLOT Twin Angel BREAK

Pachislot CHAIN CHRONICLE

Pachislot SOUTEN-NO-KEN
PONYOU

Pachislot DISC UP

Pachislot Kaiji 4

A-SLOT DARTSLIVE

Pachislot ARPEGGIO OF BLUE STEEL
-ARS NOVA- Mental Model ver.

Pachislot Beast King
Oujya no Houkou

Pachinko

Pachinko CR Nisemonogatari

Pachinko CR The Seven Deadly Sins

Pachinko STAR BLAZERS 2199

Dejihane PA Hokuto No Ken 7
Tenha

Pachinko CR Hokuto No Ken 7
Hyakuretsuranbu

Pachinko CR Shin Hokuto Muso
Chapter 2

Pachinko CR BLACK LAGOON 3

Dejihane CRA Guru Guru Derby

Dejihane CRA Nisemonogatari

Pachinko CR TOMORROW'S JOE

2019/3 3Q Major titles and number of units sold

Pachislot title	Total sales	Installed from
Pachislot DISC UP	10,577 units	June
Pachislot CHAIN CHRONICLE	5,142 units	November

*Includes 3,254 units delivered in the first half for "Pachislot DISC UP"

Pachinko title	Total sales	Installed from
Dejihane CRA Nisemonogatari	7,314 units	October
Pachinko CR BLACK LAGOON 3	7,060 units	December

*Includes 312 units delivered in 2Q for "Dejihane CRA Nisemonogatari"

Segment Results: Entertainment Contents Business

(JPY Billion)	2018/3				2019/3			Full Year Forecast (announced on May 11)	Revised Full Year Forecasts (announced on Feb 5)
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q		
Sales	50.2	101.5	157.9	208.0	45.0	107.2	166.2	258.0	224.5
Digital Games	9.5	19.3	28.9	38.5	9.0	19.3	29.4	70.0	44.5
Packaged Games	14.4	27.1	45.9	57.0	12.3	26.7	43.7	62.0	56.5
Amusement Machine Sales	10.4	22.6	33.9	47.1	9.6	28.3	40.9	58.0	54.0
Amusement Center Operations	9.0	19.6	29.2	39.0	9.4	20.7	30.7	39.0	41.3
Animation / Toy	5.1	10.3	16.9	22.5	3.6	10.2	18.3	26.0	24.3
Other / Elimination	1.8	2.6	3.1	3.9	1.1	2.0	3.2	3.0	3.9
Operating Income	3.7	10.1	17.2	14.8	1.6	6.1	10.6	13.5	9.7
Digital Games	1.2	2.0	3.3	3.3	-0.4	-1.4	-2.7	9.0	-0.2
Packaged Games	1.3	3.5	7.5	6.5	2.6	4.4	8.1	7.0	7.0
Amusement Machine Sales	0.5	2.4	3.6	2.7	0.2	2.3	3.0	0.0	0.7
Amusement Center Operations	0.4	1.7	2.2	2.7	0.5	1.9	2.2	2.0	3.0
Animation / Toy	0.1	0.7	1.6	2.0	-0.3	0.9	2.1	2.0	2.2
Other / Elimination	0.2	-0.2	-1.0	-2.4	-1.0	-2.0	-2.1	-6.5	-3.0
Operating Income Margin	7.4%	10.0%	10.9%	7.1%	3.6%	5.7%	6.4%	5.2%	4.3%
No. of domestic amusement centers	190	189	191	189	189	189	191	189	190
YoY sales rate comparison of existing amusement centers	100.1%	101.5%	102.1%	101.9%	104.2%	104.5%	104.2%	100.5%	105.0%

Segment Results: Entertainment Contents Business

Major Index / Digital Games (Digital Overall)

	2018/3				2019/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales (JPY Billion)	9.5	9.8	9.6	9.6	9.0	10.3	10.1
Domestic							
Average MAU (Thousands, 3 months average)*1	3,440	3,310	3,220	2,910	6,880	5,420	4,690
ARPMU (JPY) *2	2,502	2,435	2,321	2,502	1,123	1,507	1,581
Share of sales for top 3 titles *3	59.6%	57.7%	51.5%	53.9%	46.2%	43.1%	38.1%
Overseas							
Composition ratio of sales	10.4%	10.7%	16.1%	16.3%	11.5%	13.7%	19.2%
Other indicators							
Number of Titles (Domestic)	25	21	22	23	25	24	25
Number of New Titles (Domestic)	1	0	1	1	3	1	2
Ratio of advertising expense to net sales *4	8.2%	11.2%	10.1%	9.5%	11.7%	10.4%	9.1%

TOP 3 Titles (Digital Game)

Title	Release
1. PHANTASY STAR ONLINE 2	2012/7
2. Puyo puyo!! Quest	2013/4
3. SEGA Pocket Club Manager	2018/4

Only free-to-play titles are covered for the calculation of number of titles under service, Domestic MAU, Domestic ARP MAU and number of downloads. (Pay-to-play models are not included.)

*1. Average MAU (Monthly Active Users) over 3 months

*2. Calculated from dividing sales by MAU (Monthly Active Users)

*3. Sales percentage for top 3 titles in sales

*4. Advertising expense percentage for total digital sales of each quarter

*Top three titles in domestic sales in the period of Oct-Dec 2018

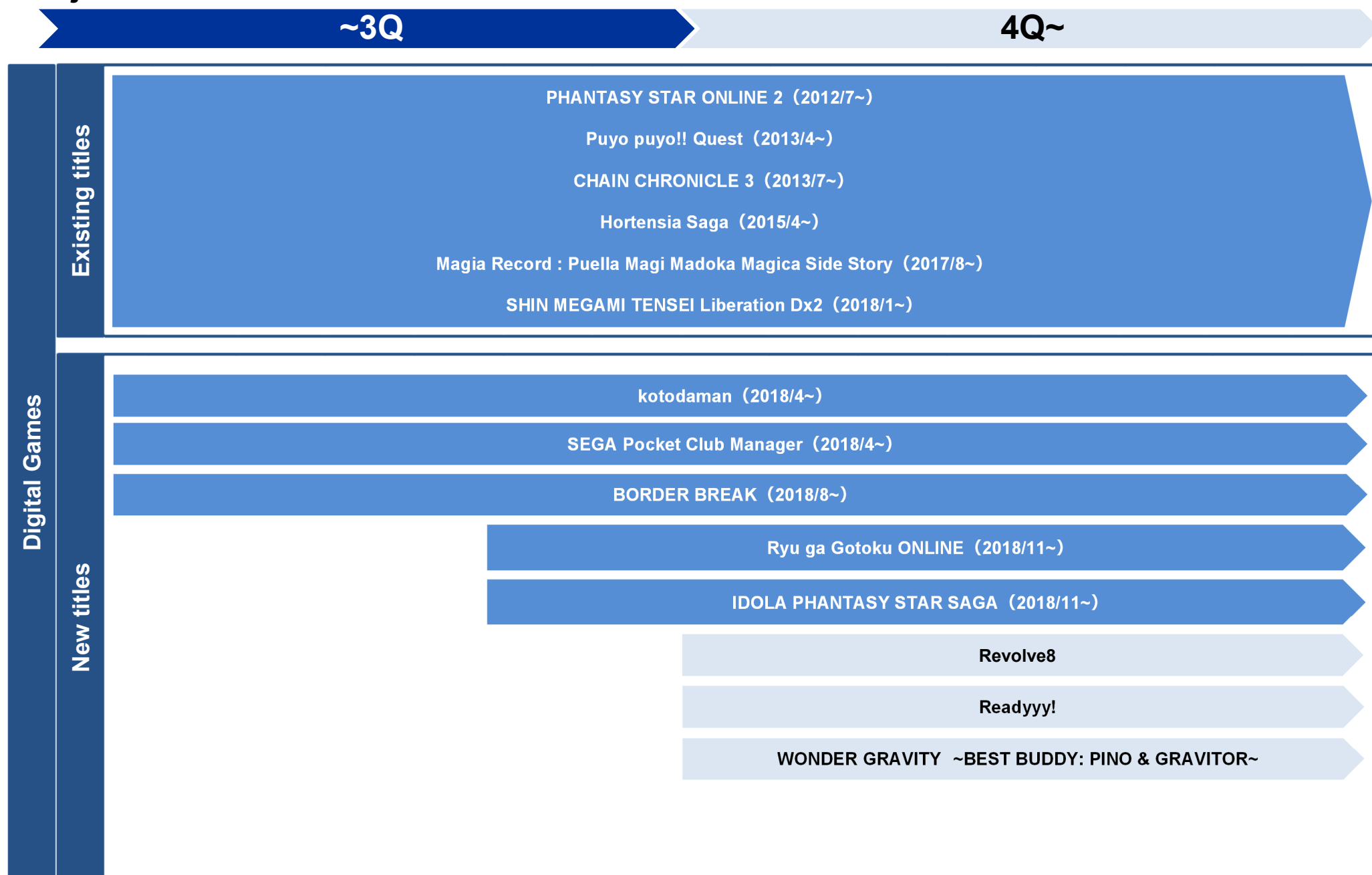
Segment Results: Entertainment Contents Business

	2018/3				2019/3			Full Year Forecast (announced on May 11)	Revised Full Year Forecasts (announced on Feb 5)
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q		
Packaged Games: Number of Titles	6 titles	16 titles	27 titles	38 titles	5 titles	18 titles	26 titles	41 titles	33 titles
Japan	1 title	3 titles	6 titles	11 titles	2 titles	3 titles	5 titles	9 titles	7 titles
Asia	2 titles	6 titles	10 titles	15 titles	-	3 titles	6 titles	10 titles	8 titles
North America / Europe	3 titles	7 titles	11 titles	12 titles	3 titles	12 titles	15 titles	22 titles	18 titles
Packaged Games: Sales in Units (Thousands)	4,560	8,650	14,280	17,330	5,700	11,180	18,510	20,000	22,770
Japan	150	420	950	1,540	280	640	1,460	2,150	1,900
New titles	40	200	520	950	120	230	660	1,590	880
Repeat titles	110	220	420	590	160	410	800	560	1,020
Asia	140	230	550	810	120	370	590	770	890
New titles	60	100	350	540	-	30	150	460	240
Repeat titles	70	130	190	270	120	340	440	310	650
North America / Europe	4,260	8,000	12,780	14,980	5,300	10,170	16,460	17,080	19,980
New titles	1,200	2,850	5,700	6,640	730	1,620	2,610	4,950	3,710
Repeat titles	3,060	5,150	7,080	8,340	4,570	8,550	13,850	12,130	16,270
Total New titles	1,310	3,150	6,580	8,130	850	1,880	3,420	7,000	4,830
Total Repeat titles	3,250	5,500	7,700	9,200	4,850	9,300	15,090	13,000	17,940

2019/3 Major Titles

3Q titles	Release	Platform	Launch region
Football Manager 2019	2018/11	PC	Japan / Asia / North America / Europe
Judgment	2018/12	PlayStation®4	Japan / Asia
Persona Q2: New Cinema Labyrinth	2018/11	3DS	Japan / Asia
Repeat titles		Platform	Launch region
Total War series		PC	Japan / Asia / North America / Europe
Sonic series		Multi Platform	Japan / Asia / North America / Europe
Yakuza series		PlayStation®4 / PC	Japan / Asia / North America / Europe

■ Major Titles in 1-3Q and titles to be launched in and after 4Q



■ Major Titles in 1-3Q and titles to be launched in and after 4Q

	~3Q		4Q~
Packaged Games	<p>Yakuza 6: The Song of Life</p> <p>Ryu ga Gotoku 3 (PS4)</p> <p>Sonic Mania Plus</p>	<p>Football Manager 2019</p> <p>Judgment</p> <p>Persona Q2: New Cinema Labyrinth</p>	<p>Total War: THREE KINGDOMS</p> <p>Catherine:Full Body</p> <p>Ryu ga Gotoku 4 (PS4)</p> <p>BLADE ARCUS Rebellion from Shining</p> <p>Ryu ga Gotoku 5 (PS4)</p>
Amusement Machine Sales	<p><Existing titles> KanColle Arcade / StarHorse Series / WORLD CLUB Champion Football Series</p> <p>UFO CATCHER TRIPLE TWIN</p> <p>O・N・G・E・K・I</p>		
		<p>Fate/Grand Order Arcade</p> <p>StarHorse3 SeasonⅦ GREAT JOURNEY (CVT Kit)</p>	<p>WCCF FOOTISTA 2019</p> <p>chronoregalia</p>
Animation /Toys	<p>Detective Conan: Zero the Enforcer</p> <p>Anpanman: Shine! Kulun and the Stars of Life</p> <p>“ANPANMAN” D.I.Y. Dokin-UFO</p> <p>Shuwa Bomb</p> <p>WHOareYOU?</p>	<p>BAKI</p> <p>BETWEEN THE SKY AND SEA</p> <p>Disney&Disney/Pixar Characters Magical Me Pad</p> <p>“Moving Picture Book” Projector Dream Switch</p>	<p>MEIJI TOKYO RENKA</p> <p>LUPIN THE 3rd Goodbye Partner</p> <p>WHOareYOU? Pastel</p>

Segment Results: Resort Business

(JPY Billion)	2018/3				2019/3			Full Year Forecast (announced on May 11)	Revised Full Year Forecasts (announced on Feb 5)
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q		
Sales	2.0	4.7	7.3	9.9	2.3	5.1	7.9	10.0	10.5
Operating Income	-0.7	-1.2	-1.8	-2.5	-0.6	-1.1	-1.9	-3.0	-2.8

<PHOENIX RESORT>

Sales	1.8	4.2	6.7	9.2	2.1	4.7	7.4	10.0	9.9
Operating Income	-0.3	-0.4	-0.5	-0.6	-0.2	-0.2	-0.2	0.0	0.0
No. of facility users (Thousands)	126	296	449	607	168	418	608	684	779
3 accommodation facilities	57	156	237	323	67	181	266	342	348
2 golf courses	25	46	70	93	24	45	69	101	93
Other facilities	44	94	142	191	77	192	273	241	338

<PARADISE SEGASAMMY *>

	2018/3				2019/3			Forecast	Forecast
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q		
Sales (Billion KRW)	22	62	129	200	65	129	230	-	-
Operating Income (Billion KRW)*	-12	-30	-30	-32	0	-1	1	-	-
Number of casino visitors (Thousands)	17	59	117	182	57	128	207	-	-

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

* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay

* Local accounting standards

Segment Results: Resort Business (Phoenix Seagaia Resort)



■ Exterior



■ Golf Course



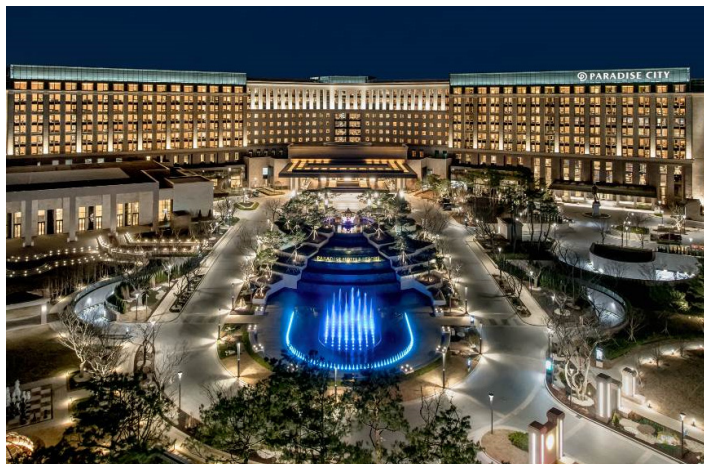
■ Convention Center

<Overview>

Facility name	Phoenix Seagaia Resort	
Operating company	Phoenix Resort Co., Ltd.	
Facility address	3083 Aza Hamayama, O-Aza Shioji, Miyazaki City, Miyazaki Prefecture	
Number of employees	736 (as of December 31, 2018) (including, concurrent officers, full-time employees, seconded employees, contract employees and part-time employees)	
Site area	2,511,144m ²	
Facility composition	Hotel	950 rooms (Sheraton Grande Ocean Resort, Luxze Hitotsuba and Cottage HIMUKA)
	Golf courses	45 holes (Phoenix Country Club, Tom Watson Golf Course) Phoenix Golf Academy
	Convention Center	Approx. 5,500 m ² (capacity for approx. 5,000 people)
	Other Entertainment facilities etc.	Spa, hot springs, fitness club, horse riding club, tennis court and wedding halls

<Access>

- Miyazaki Airport 20-minute by car
- JR Miyazaki train station Approx. 25-minute by public bus (chargeable)
- Express way 15-minute by car
- Approx. 25-minute drive from Miyazaki Interchange



■ Exterior



■ Casino facility



■ Lobby lounge (Hotel)

<Overview>

Facility name	PARADISE CITY
Operating company	PARADISE SEGASAMMY Co.,Ltd.
Facility address	186, Yeongjonghaeannam-ro 321-gil, Jung-gu, Incheon, Republic of Korea
Number of employees	2,617 (as of December 31, 2018) (including, concurrent officers, full-time employees, seconded employees, contract employees and part-time employees)
Site area	330,000m ²
Investment amount	Approx. 1,420 billion KRW (amount invested by SEGA SAMMY: 332.0 billion KRW; shareholding ratio: 45%)
Facility composition	<ul style="list-style-type: none"> • Casino (table games: 158 units, electronic table games: 4 units 62 seats, slot machines: 291 units) • Hotel (711 rooms; additional facilities: restaurant, banquet hall, indoor and outdoor pools, etc.) • Convention • SPA •CLUB •Boutique Hotel (58 rooms) • PLAZA (Commercial facility / cultural center, shopping mall) • WONDER BOX (for families) (scheduled to open in spring 2019)

<Overview of Incheon International Airport>

- Number of users: 68.25 million (2018)
- Terminal 2, which is able to accommodate 18 million passengers, opened on January 18, 2018

<Access to PARADISE CITY>

- 3-minute drive by car or shuttle bus (free of charge)
5-minute ride on linear monorail (free of charge) and 15-minute walk from Incheon International Airport
- Also a 5-minute drive from Incheon Interchange on the expressway

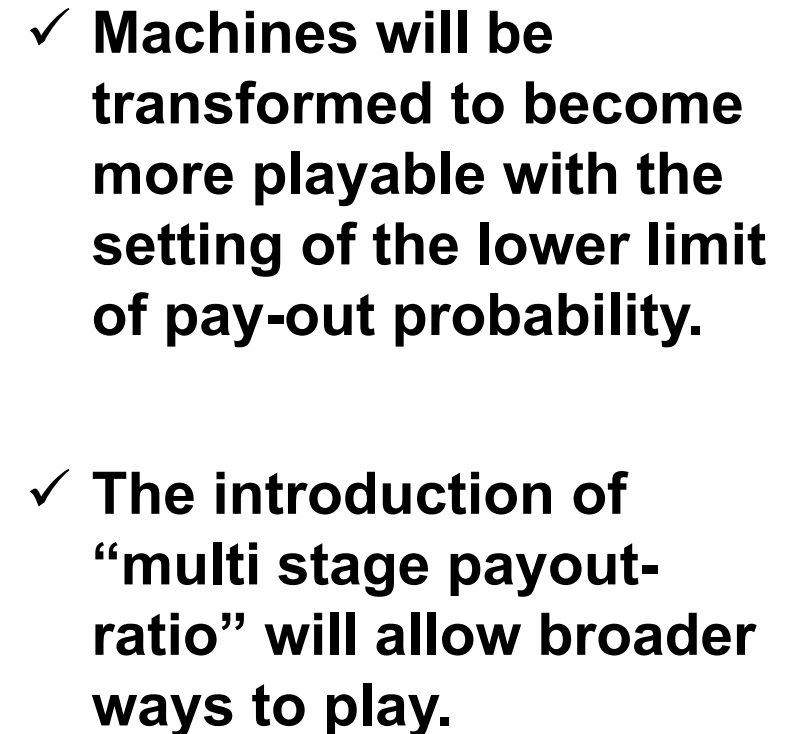
< APPENDIX : Overview of revision to the rules >

Date of enforcement	February 1, 2018
Pachislot and pachinko machine manufacturers	(1) Matters related to regulations of pay-out balls/medals (2) Addition of standards for pachislot and pachinko machines with which pay-out balls/medals information can be easily checked (3) Introduction of “multi stage payout-ratio” to pachinko machines
Pachinko halls	(4) Addition of responsibilities of administrators

- ✓ **Curbing of gambling element is intended in the matters related to regulations of pay-out balls/medals.**
- ✓ **“Multi stage payout-ratio” is newly approved for pachinko machines.**

*(2) Able to play without touching balls and medals (record and pay-out electronically)

【Pachislot】



- 17 -

<APPENDIX : Outline of revisions to regulations >

【Pachislot】

Content	Test				Multi stage payout-ratio	Number of pay-out medals when hitting a jackpot (Upper limit)
	400G	1,600G	6,000G	17,500G		
Regulation before change	Less than 300%	—	Less than 150%	Over 55% and less than 120%	Up to 6 stages	480
New regulation	Over 33% and less than 220%	Over 40% and less than 150%	Over 50% and less than 126%	Over 60% and less than 115%	Up to 6 stages	300

G=Games

【Pachinko】

Content	Test			Multi stage payout-ratio	Number of pay-out balls when hitting a jackpot (Upper limit)
	1 hour	4 hours	10 hours		
Regulation before change	Less than 300%	—	Over 50% and less than 200%	—	2,400
New regulation	Over 33% and less than 220%	Over 40% and less than 150%	Over 50% and less than 133%	Up to 6 stages	1,500

Schedule for revision of rules (Pachislot)

		2018/2/1	2021/1/31
Pachislot	• Former standard machines*1	Application	Not allowed
		Sales	Not allowed
	• No. 5.5-type machines	Installation	Sequential removal due to expiration
		Certification*2	
	Machines before change (No. 5.9-type)	Application	
		Sales	
		Installation	Sequential removal due to expiration
		Certification*2	
	Pachislot under new regulation (No. 6-type)	Application	
		Sales	
		Installation	
		Certification	

- ✓ Machines before change of regulation (No. 5.9-type machines) can be sold a certain period of time after the revision.

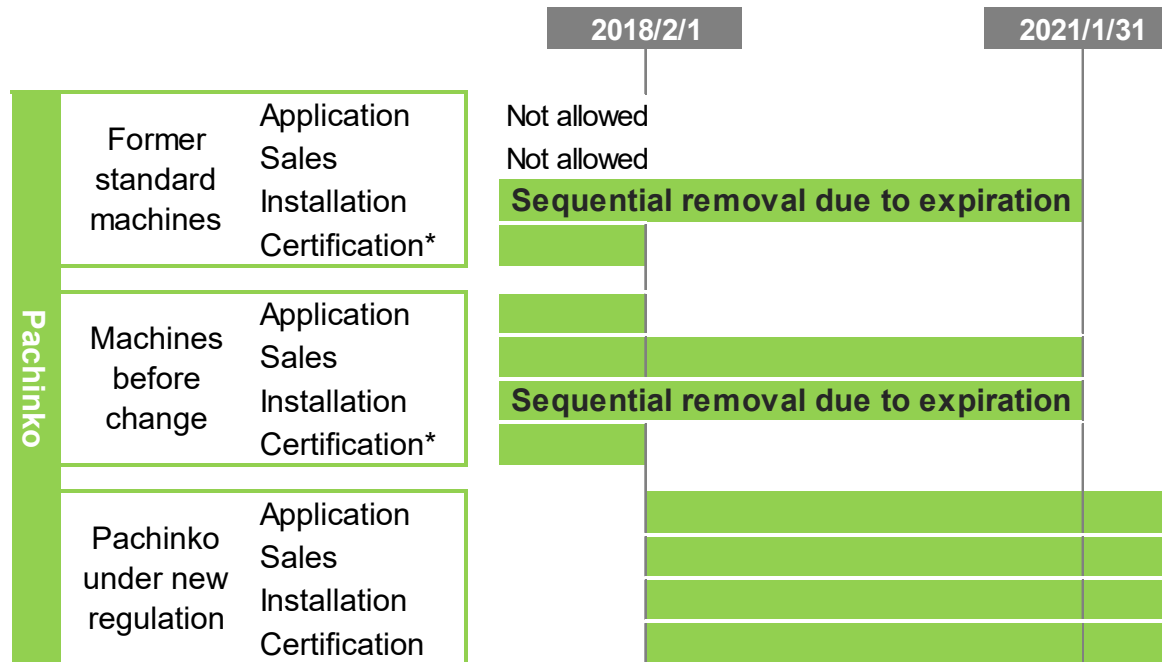
〈Pachislot under new regulation〉

- ✓ Voluntary regulations were changed in line with the revision to the rules
- ✓ Curbed gambling element but range of game elements will expand

*1 The old machines that acquired the certification by 2015/3/31 are subject to certification

*2 The deadline of application for certification was January 31, 2018 (Installation allowed for three years after becoming certified).

Schedule for revision of rules (Pachinko)



* The deadline of application for certification was January 31, 2018
(Installation allowed for three years after becoming certified).

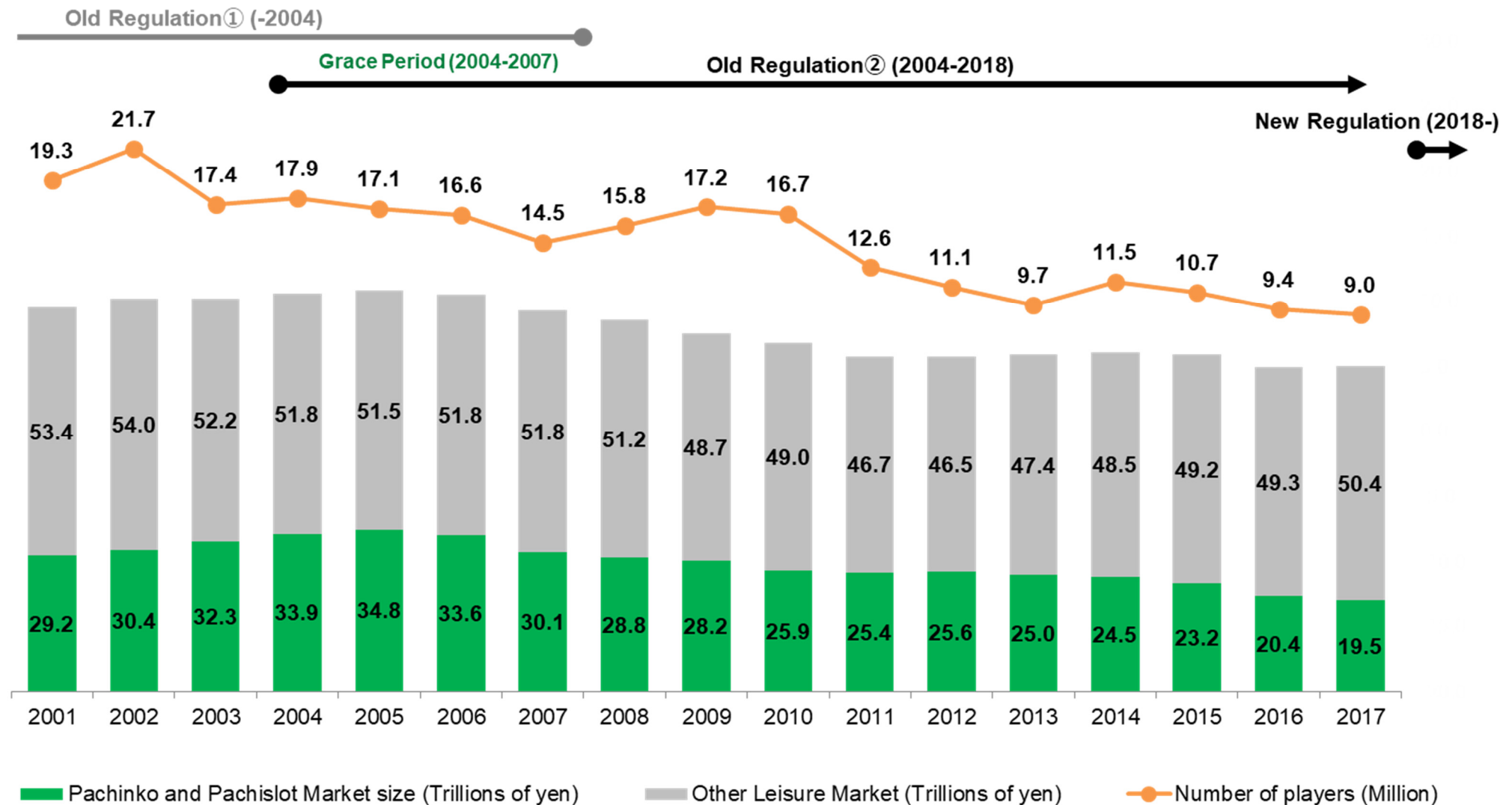
✓ Machines before change of regulation can be sold a certain period of time after the revision.

〈Pachinko under new regulation〉

✓ Voluntary regulations were changed in line with the revision to the rules

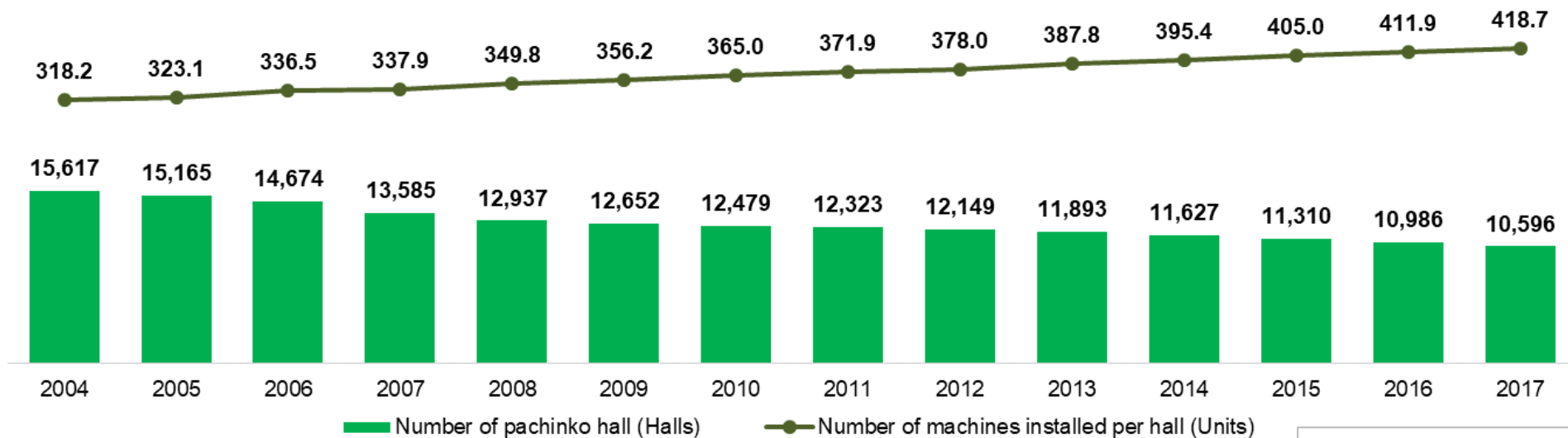
✓ Partially curbed gambling element

Transition of market size and number of players



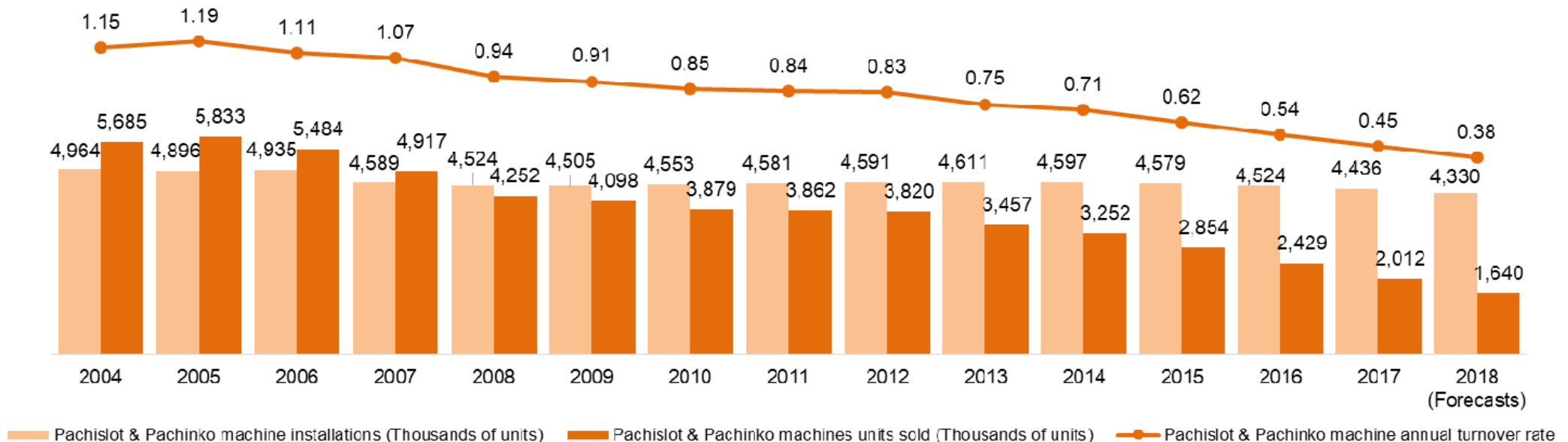
Source: White Paper on Leisure Industry 2017, Japan Productivity Center

Transition of number of pachinko halls and number of machines installed per hall



Sources : National Police Agency

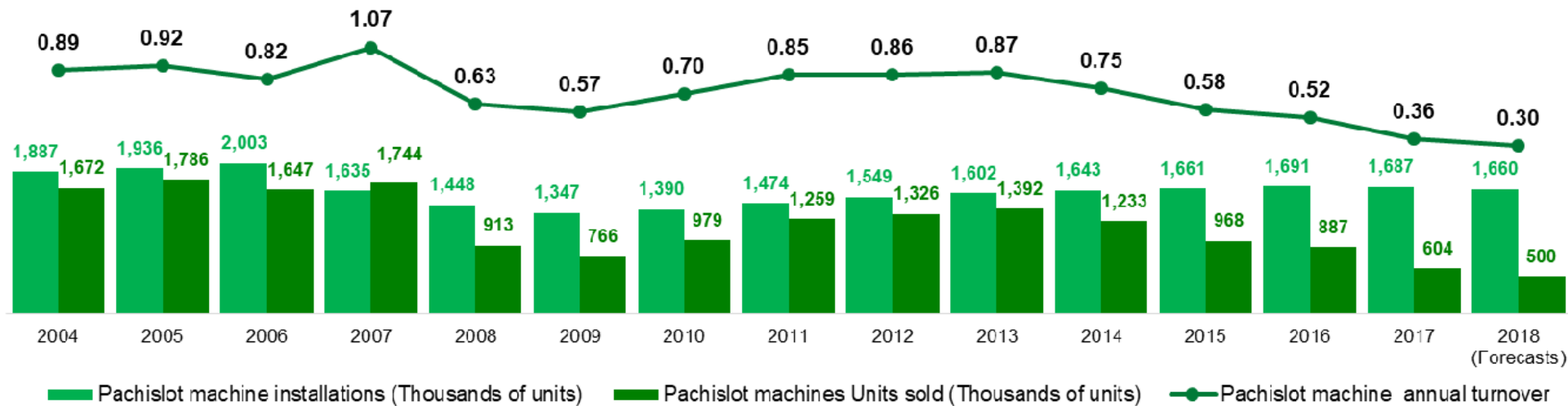
Pachislot & Pachinko machine Installations, Unit sales and Annual turnover



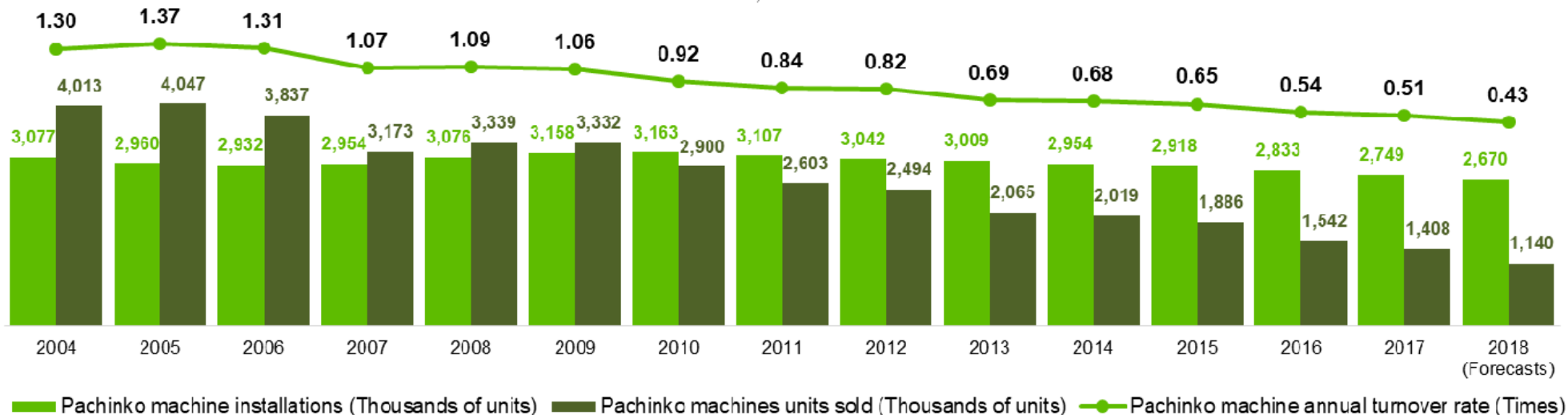
Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2018 are our forecasts)

Pachinko and Pachislot Machine Markets

Pachislot machine installations, unit sales and annual turnover rate

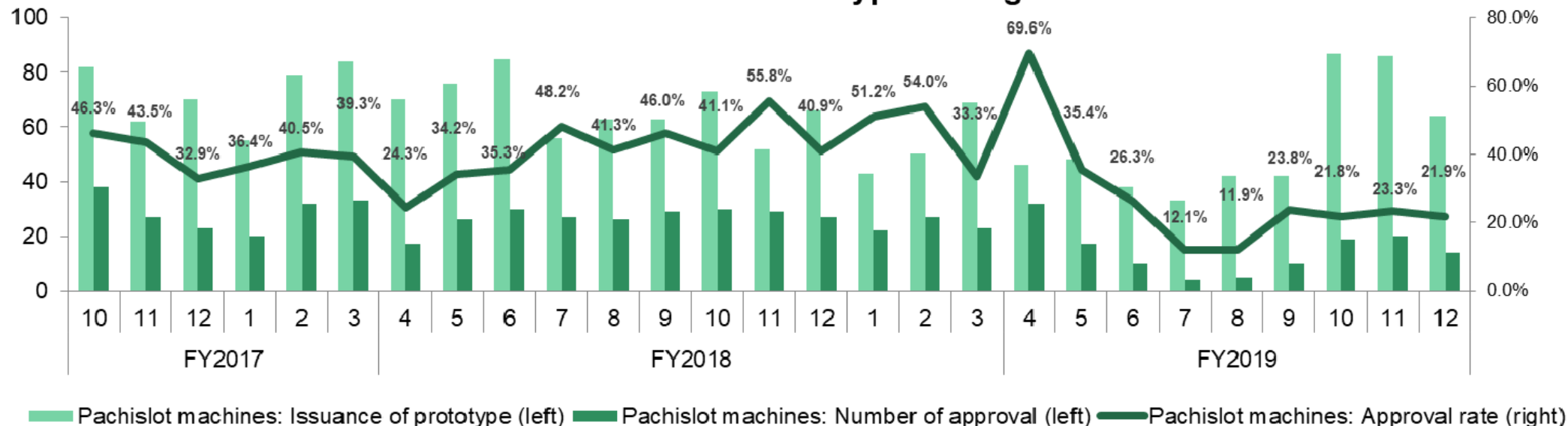


Pachinko machine installations, unit sales and annual turnover rate

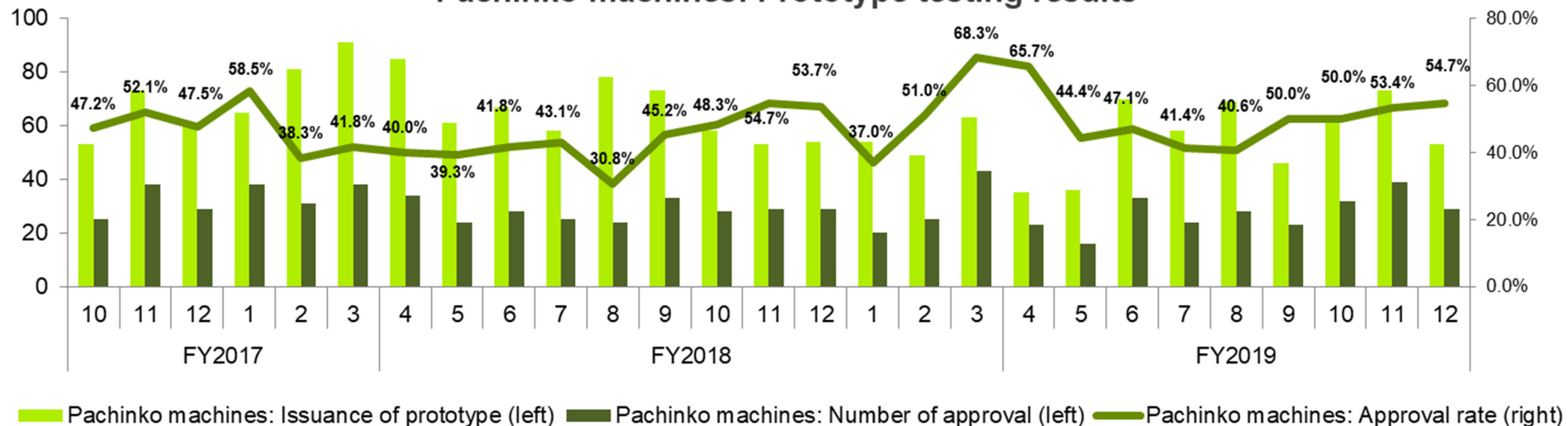


Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2018 are our forecasts)

Pachislot machines: Prototype testing results



Pachinko machines: Prototype testing results



Source: Security Communications Association

Share of Annual Pachislot Machine Sales

Rank	2013			2014			2015			2016			2017		
	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	Sammy	301,575	21.7%	Sammy	207,828	16.8%	UNIVERSAL	165,000	17.0%	Sammy	215,736	24.3%	K company	107,000	17.7%
2	UNIVERSAL	215,000	15.5%	UNIVERSAL	205,000	16.6%	Sammy	142,337	14.7%	UNIVERSAL	203,000	22.9%	D company	100,000	16.5%
3	HEIWA/ OLYMPIA	120,000	8.6%	DAITO	128,000	10.4%	HEIWA/ OLYMPIA	113,997	11.8%	KITA DENSHI	90,500	10.2%	Sammy	85,041	14.1%
4	SANKYO	116,291	8.4%	YAMASA	108,000	8.8%	KITA DENSHI	100,000	10.3%	HEIWA/ OLYMPIA	80,953	9.1%	U company	43,000	7.1%
5	DAITO	102,000	7.3%	HEIWA/ OLYMPIA	92,763	7.5%	SANKYO	80,125	8.3%	Enterrise	57,000	6.4%	Y company	38,000	6.3%

Share of Annual Pachinko Machine Sales

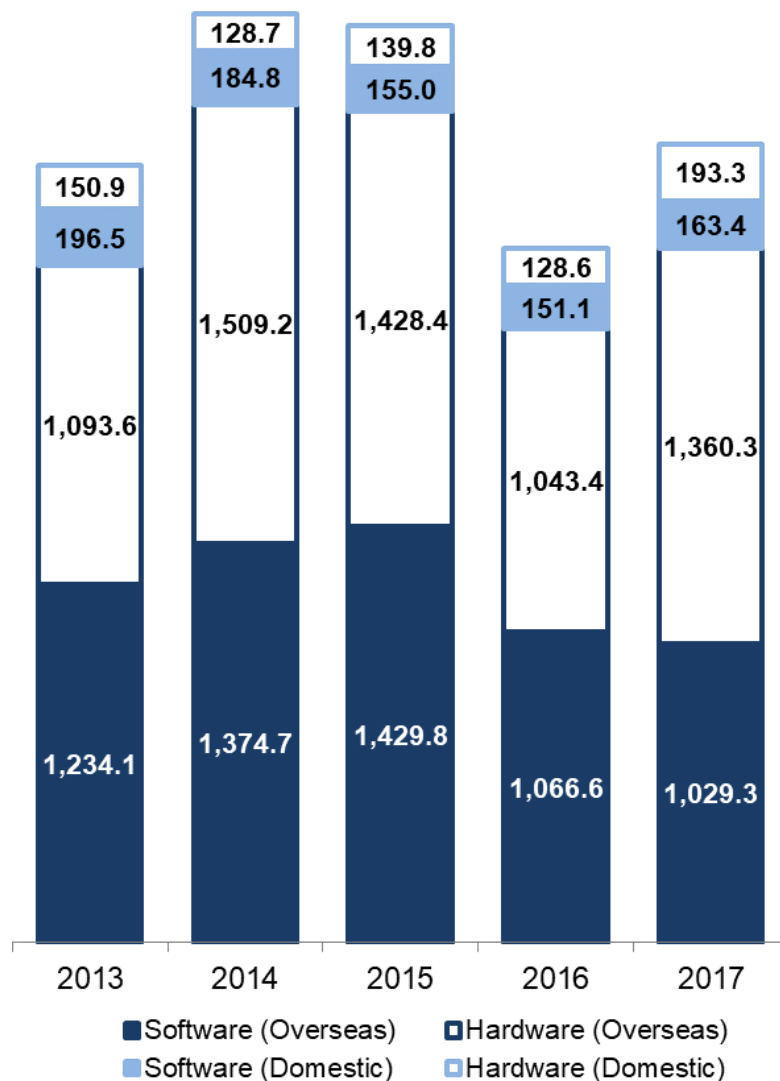
Rank	2013			2014			2015			2016			2017		
	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	KYORAKU	349,000	17.0%	SANYO	330,000	16.3%	Sansei R&D	300,000	15.9%	SANYO	306,000	19.8%	S company	330,000	23.4%
2	SANYO	315,000	15.4%	SANKYO	329,892	16.3%	SANKYO	296,346	15.7%	Sansei R&D	209,000	13.5%	S company	171,919	12.2%
3	SANKYO	291,967	14.3%	KYORAKU	308,000	15.3%	SANYO	275,000	14.6%	HEIWA/ OLYMPIA	192,761	12.5%	Sammy	140,013	9.9%
4	Sammy	200,225	9.8%	HEIWA/ OLYMPIA	252,103	12.5%	HEIWA/ OLYMPIA	234,616	12.4%	SANKYO	172,954	11.2%	K company	140,000	9.9%
5	HEIWA/ OLYMPIA	197,000	9.6%	Sammy	241,425	12.0%	Newgin	220,000	11.7%	Newgin	160,000	10.4%	S company	130,000	9.2%
6	Sammy	199,014	10.5%	Sammy	138,321	9.0%									

Source: Yano Research Institute Ltd.

*Estimated by Yano Research Institute Ltd. with fiscal years from July of each year through June the following year as criteria

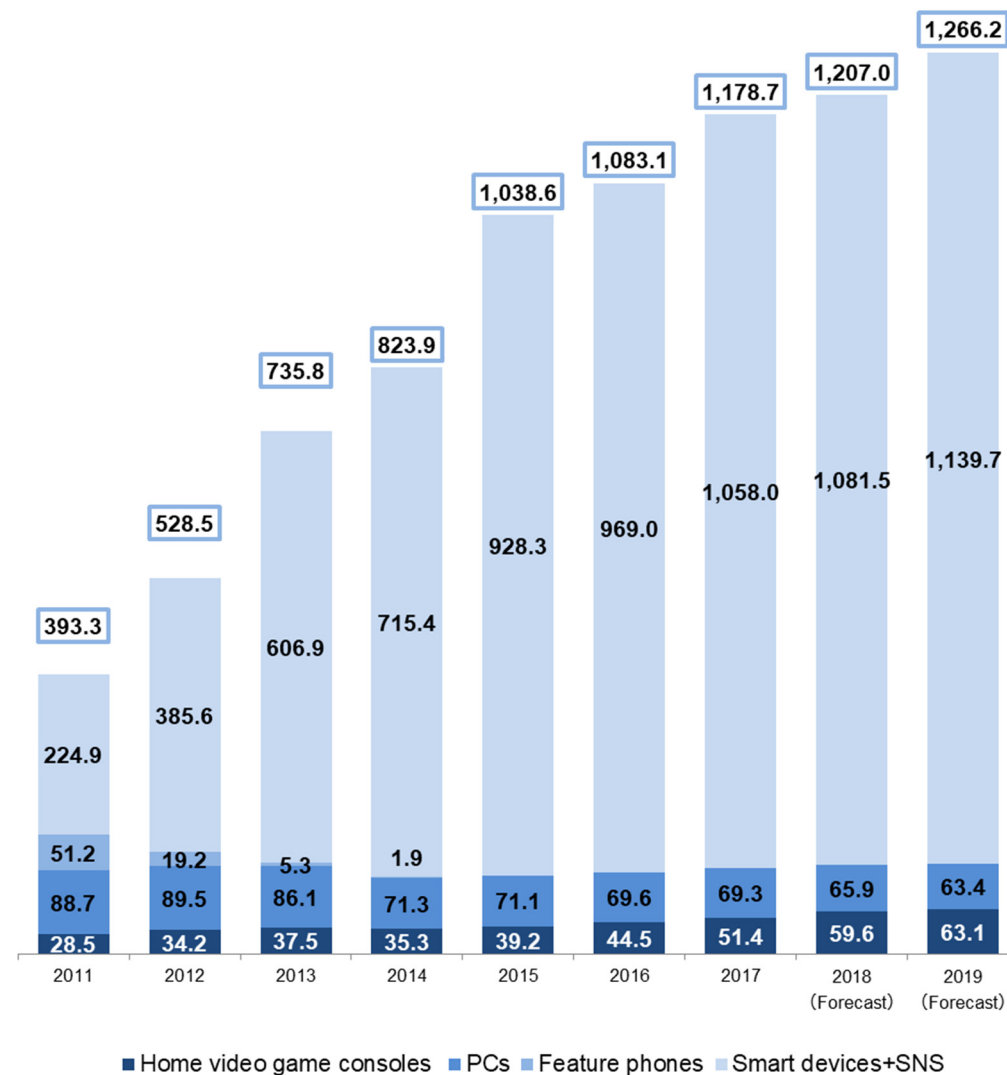
Home Video Game and Online Game Markets Scale

Home Video Games: Overall Shipment Scale
(JPY billion)



Source: CESA Games White Paper

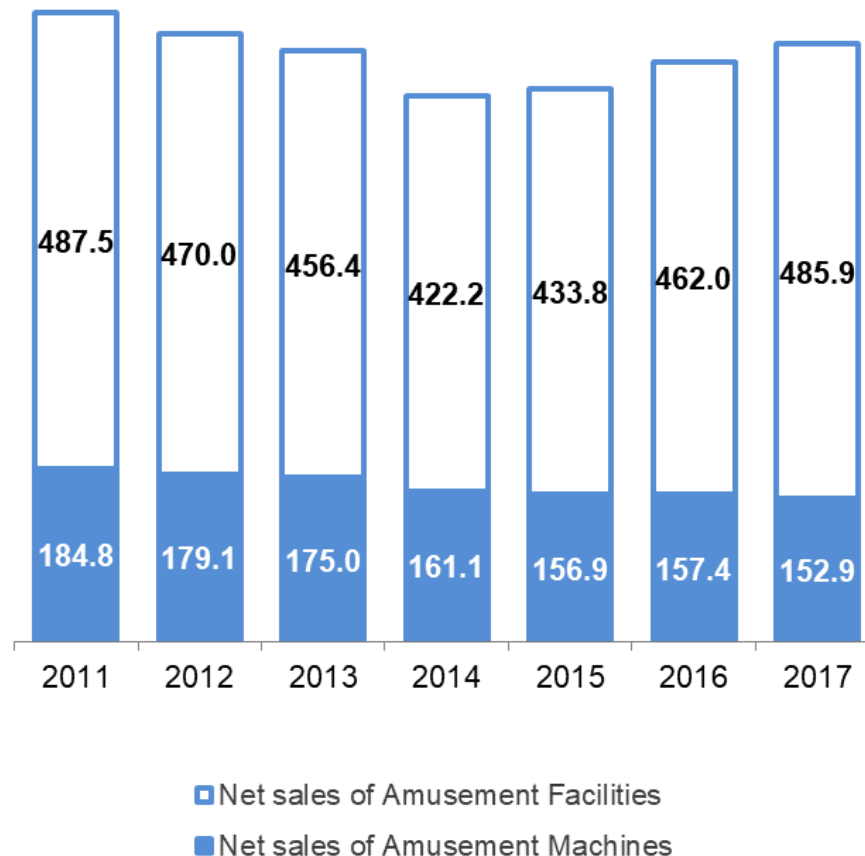
Japan's Market for Game Content with Network Connectivity
(JPY billion)



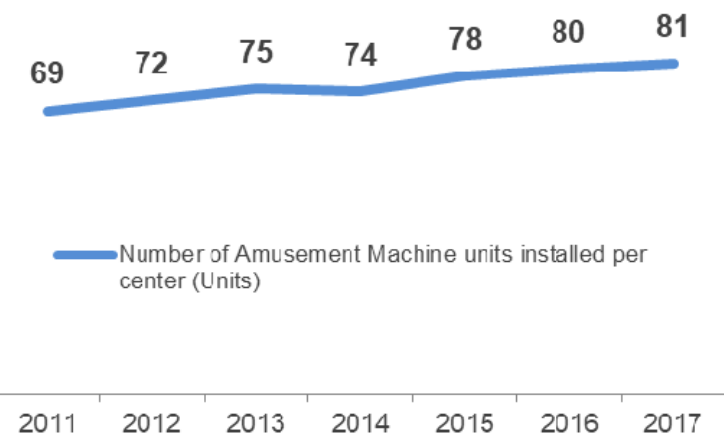
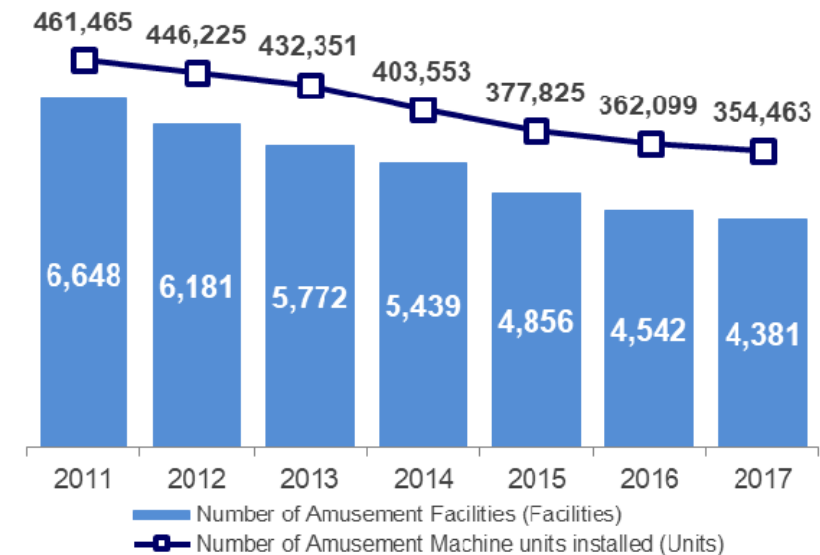
Source: f-ism

Amusement Machine and Amusement Center Operations Markets Scale

Amusement Machine / Facilities sales (JPY billion)



Number of Amusement Facilities / Amusement Machine unit installed



Source: JAIA, National Police Agency

Past Operating Results (FY Ended March 2015~)

From FY Ended March 2015~

*The data in this page can be downloaded from following URL.

(https://www.segasammy.co.jp/english/ir/library/pdf/settlement/2019/e_201903_3q_transition.xls)

(JPY Billion)		FY Ended March 2015		FY Ended March 2016		FY Ended March 2017		FY Ended March 2018				FY Ending March 2019		
		Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Results Through 1Q	Results Through 2Q	Results Through 3Q	Results Through 4Q	Results Through 1Q	Results Through 2Q	Results Through 3Q
Breakdown	Net Sales	158.1	366.8	154.3	347.9	169.5	366.9	107.2	194.7	260.8	323.6	68.8	171.0	250.3
	Pachislot and Pachinko Machines	61.1	152.1	56.6[60.9]*	132.7[141.0]*	64.9	148.2	54.9	88.3	95.4	105.6	21.5	58.6	76.1
	Entertainment Contents	90.3	199.6	90.2[85.9]*	198.8[190.5]*	97.8	205.7	50.2	101.5	157.9	208.0	45.0	107.2	166.2
	Resort	6.6	14.9	7.4	16.3	6.7	13.0	2.0	4.7	7.3	9.9	2.3	5.1	7.9
Breakdown	Operating Income	2.7	17.4	5.7	17.6	15.3	29.5	16.6	26.8	25.6	17.7	0.9	10.2	11.9
	Pachislot and Pachinko Machines	7.0	25.7	8.5[8.4]*	21.5[20.9]*	10.6	26.3	15.1	21.4	15.1	11.9	1.7	9.6	9.6
	Entertainment Contents	0.6	0.0	1.5[1.7]*	3.6[4.2]*	9.1	11.1	3.7	10.1	17.2	14.8	1.6	6.1	10.6
	Resort	-1.4	-2.3	-1.2	-1.8	-1.3	-2.2	-0.7	-1.2	-1.8	-2.5	-0.6	-1.1	-1.9
	Other / Elimination	-3.5	-6.0	-3.1[-3.2]*	-5.7	-3.1	-5.7	-1.5	-3.4	-4.9	-6.5	-1.8	-4.4	-6.4
	Operating Margin	1.7%	4.7%	3.7%	5.1%	9.0%	8.0%	15.5%	13.8%	9.8%	5.5%	1.3%	6.0%	4.8%
Ordinary Income		2.6	16.8	5.8	16.4	15.4	28.5	16.2	25.2	24.3	14.5	0.6	9.1	9.0
Ordinary Income Margin		1.6%	4.6%	3.8%	4.7%	9.1%	7.8%	15.1%	12.9%	9.3%	4.5%	0.9%	5.3%	3.6%
Profit attributable to owners of parent		-2.8	-11.3	0.9	5.3	24.2	27.6	11.5	17.7	13.7	8.9	0.3	6.7	0.6
Net Income Margin		-	-	0.6%	1.5%	14.3%	7.5%	10.7%	9.1%	5.3%	2.8%	0.4%	3.9%	0.2%
ROA		—	-2.2%	—	1.0%	—	5.2%	—	—	—	1.8%	—	—	—
ROE		—	-3.4%	—	1.8%	—	9.2%	—	—	—	2.9%	—	—	—
Equity Ratio		—	60.0%	—	55.3%	—	59.0%	—	—	—	65.0%	—	—	—
Cash flows to interest bearing debt ratio		—	301.9%	—	798.8%	—	178.6%	—	—	—	334.7%	—	—	—
Interest coverage ratio		—	45.2 times	—	19.1 times	—	61.4 times	—	—	—	36.5 times	—	—	—
R&D expense / content production expense		28.4	67.6	24.7	58.0	31.7	67.1	15.3	30.7	45.5	62.0	14.1	30.8	48.3
Cap-ex		14.7	28.7	12.5	28.0	13.8	27.0	5.0	10.3	16.2	24.1	6.4	17.8	24.3
Depreciation		8.1	17.6	8.2	16.6	7.6	16.3	4.2	8.2	12.2	16.2	3.9	7.4	10.8
Advertising		10.0	19.1	9.3	17.9	7.6	14.8	3.2	7.8	11.7	15.4	3.3	8.4	12.2
# of pachislot titles		4 titles	6 titles	2 titles	7 titles	3 titles	10 titles	3 titles	8 titles	8 titles	9 titles	1 title	1 title	3 titles
Unit sales		93,045 units	207,830 units	70,260 units	142,337 units	81,895 units	215,736 units	25,440 units	75,380 units	75,590 units	85,041 units	9,073 units	12,853 units	31,534 units
# of pachinko titles		5 titles	10 titles	6 titles	8 titles	3 titles	9 titles	2 titles	4 titles	5 titles	5 titles	1 title	3 titles	5 titles
Unit sales		82,955 units	241,425 units	79,604 units	199,014 units	75,542 units	138,321 units	97,499 units	119,312 units	129,778 units	140,013 units	40,997 units	117,891 units	136,670 units
YoY sales comparison of existing amusement centers		98.7%	100.1%	102.2%	103.1%	110.8%	108.5%	100.1%	101.5%	102.1%	101.9%	104.2%	104.5%	104.2%
No. of domestic amusement centers		198 facilities	198 facilities	198 facilities	194 facilities	189 facilities	191 facilities	190 facilities	189 facilities	191 facilities	189 facilities	189 facilities	189 facilities	191 facilities
# of game software titles		6 titles	30 titles	12 titles	29 titles	21 titles	42 titles	6 titles	16 titles	27 titles	38 titles	5 titles	18 titles	26 titles
Sales (Thousand units)		4,100	12,280	3,280	9,220	4,650	10,280	4,560	8,650	14,280	17,330	5,700	11,180	18,510

*Sales of new segment is changed to gross basis.

*Basis for recording net sales was changed from shipment to delivery starting in FY ended March 2016.

*In line with the change of accounting policy, contents of retroactive processing have been reflected on new segments since FY ended March 2015.

*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since for FY ended March 2017.

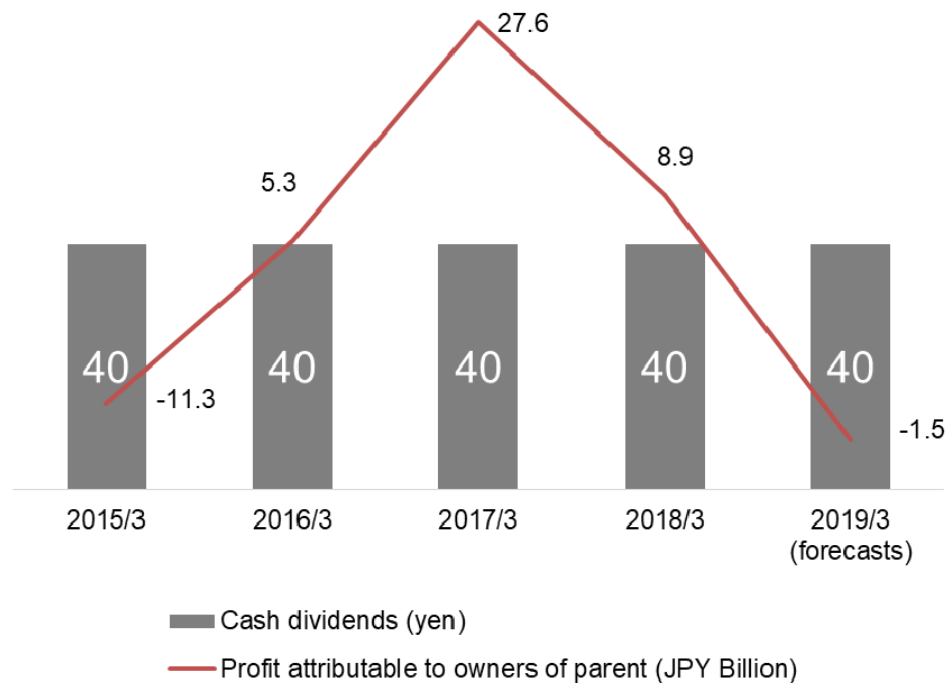
*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.

*Added the number of titles in Asia from FY March 2017

No. of shares held	Details of benefits (Annual)	
1 unit (100 shares) or more	¥2,000 UFO Catcher voucher that can be used at Sega Game Centers across Japan	—
10 units (1,000 shares) or more		¥20,000 voucher that can be used at Phoenix Seagaia Resort (Miyazaki)

Introduction of Shareholder Benefits

To encourage shareholders to experience our services and hold our shares in the long term



Dividend Policy

Continue to pay an annual dividend of ¥40

Company Profile

(As of September 30, 2018)

Company Name	SEGA SAMMY HOLDINGS INC.
Address	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo
Established	October 1, 2004
Capital	¥29.9 billion
Number of Employees	7,777 (Consolidated)
Stock Exchange	Tokyo Stock Exchange (Stock Code : 6460)

Managements

Chairman and Group CEO (Representative Director)	Hajime Satomi
President and Group COO (Representative Director)	Haruki Satomi
Senior Executive Vice President (Director of the Board)	Naoya Tsurumi
Executive Vice President and Group CFO (Director of the Board)	Koichi Fukazawa
Executive Vice President (Director of the Board)	Hideki Okamura
Director of the Board (External)	Takeshi Natsuno
Director of the Board (External)	Kohei Katsukawa
Director of the Board (External)	Hiroshi Onishi
Standing Audit & Supervisory Board Member	Shigeru Aoki
Audit & Supervisory Board Member	Yukito Sakaue
Audit & Supervisory Board Member (External)	Tomio Kazashi
Audit & Supervisory Board Member (External)	Mineo Enomoto

Information on Outstanding Shares

(As of September 30, 2018)

Number of shares authorized for issuance	800,000,000 shares
Total number of shares issued and outstanding	266,229,476 shares
Number of Shareholders	76,330

■ Principal Shareholders

Name of Shareholder	Shares Held	Shareholding Ratio (%)
HS Company	35,308,000	13.26
SEGA SAMMY HOLDINGS INC.	31,739,218	11.92
FSC Co., Ltd.	13,562,840	5.09
The Master Trust Bank of Japan, Ltd. (Trust account)	9,803,700	3.68
Japan Trustee Services Bank, Ltd. (Trust account)	8,839,000	3.32

■ Distribution of Shareholders

Financial Institutions	15.67%
Securities Companies	1.44%
Other Companies	20.97%
Foreign Institutions and Individuals	29.58%
Japanese Individuals and Other	20.41%
Treasury Stock	11.92%

*Including the number of share less than 1 unit



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

Please visit below websites for products and service information.

<https://www.segasammy.co.jp/english/pr/corp/group/list.html>

(SegaSammy Group Website list)

* Company / product names in this document are trademarks or registered trademarks of the respective companies.

Cautionary Statement for Investors and Shareholders with Respect to Nevada Gaming Statutes and Regulations

SEGA SAMMY HOLDINGS INC. ("the Company") is registered with the Nevada Commission as a publicly traded corporation and has been found suitable to directly or indirectly own the stock of SEGA SAMMY CREATION INC., and Sega Sammy Creation USA, Inc., both of which are subsidiaries that have been licensed as manufacturers and distributors of gaming devices in Nevada. Pursuant to Nevada law, the Company's shareholders are subject to the rules and regulations of the Nevada Gaming Authorities. A detailed explanation of Nevada gaming statutes and regulations can be found on the Company's corporate website:

<https://www.segasammy.co.jp/english/ir/stock/regulation/>