

SEGA SAMMY Management Meeting

2019/12/5



SCHEDULE FOR TODAY

Time	Presentation	Spokesperson
Session 1		
14:00 - 14:30	Future of Pachislot and Pachinko Machines Business	Haruki Satomi Ayumu Hoshino Kenichi Tokumura
14:30 - 14:45	Pachislot and Pachinko machines Q & A	Hiroataka Tanaka
Session 2		
14:45 - 15:15	Future of Digital and Packaged Games	Haruki Satomi Toshihiro Nagoshi
15:15 - 15:30	Digital / Packaged Games Q & A	
15:30 - 15:45	Introduction of ESG/SDGs Initiatives	Haruki Satomi
15:45 - 16:00	Other General Q & A	



Future of Pachislot and Pachinko Machines Business

President & Group COO (Representative Director),
SEGA SAMMY HOLDINGS

President and CEO (Representative Director),
Sammy Corporation

Haruki Satomi

REVIEW OF THE PREVIOUS INITIATIVES

Revision of rules / Changes of voluntary regulations

Pachislot: Gameplay in shorter time improved

(Removal of upper limit of No. of obtained medals per game)

Pachinko: Development of machines with high jackpot continuous rate

(Removal of upper limit in continuous rate of probability change)

Initiatives for Pachislot and Pachinko Machines Business

Implement measures to improve profitability through reuse

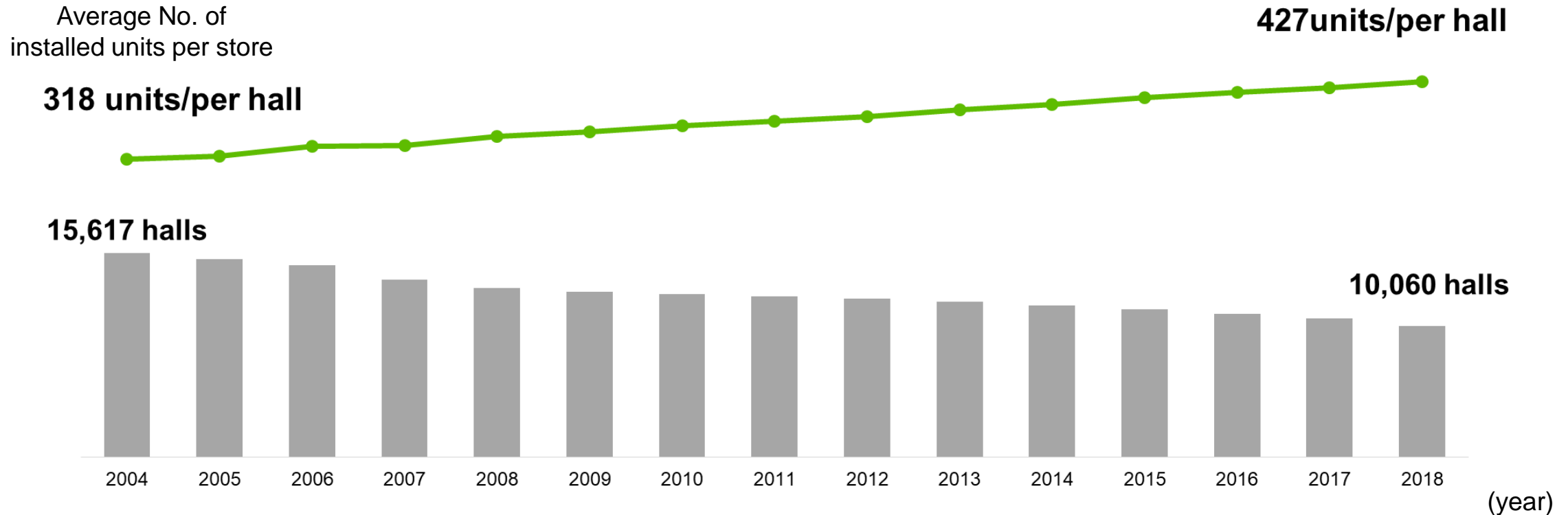
Establishing a ZEEG to build general use platforms for industry

Implementation of BtoC measures

MARKET ENVIRONMENT:

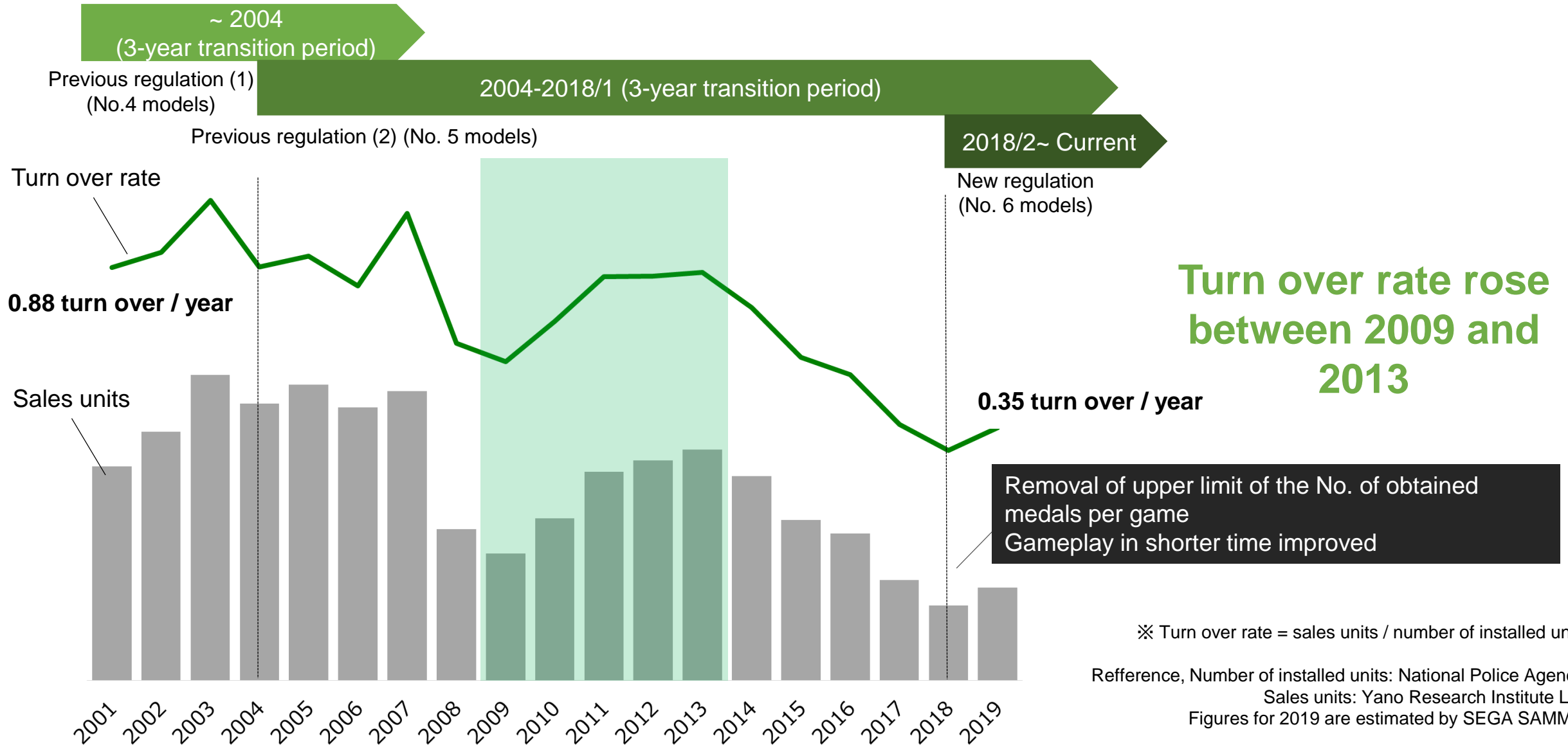
NO. OF PACHINKO HALLS AND INSTALLED UNITS PER HALL

Total number of pachinko halls has been decreasing, but number of installed units per hall has been increasing.



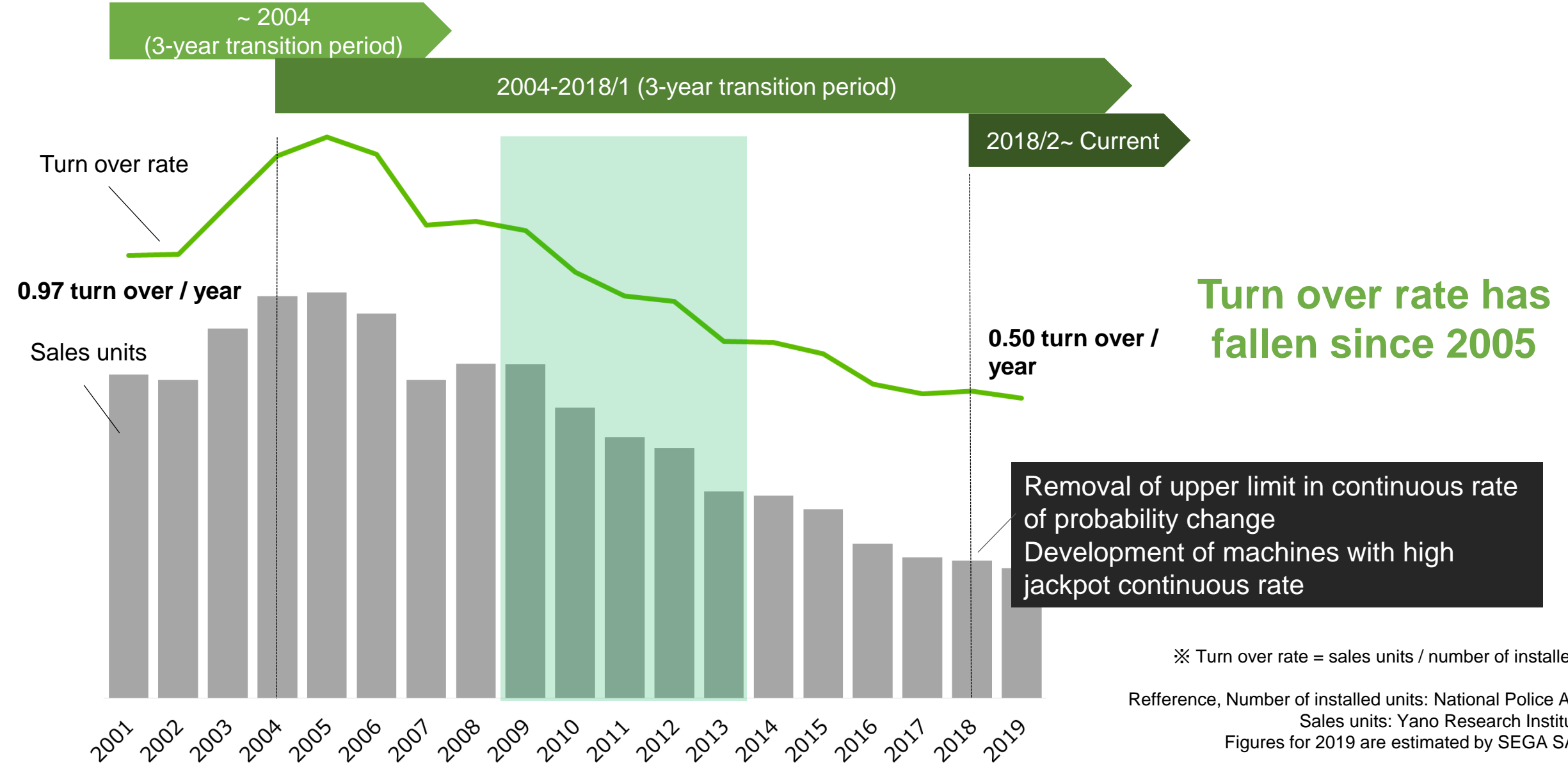
MARKET ENVIRONMENT (PACHISLOT):

SALES UNITS AND ANNUAL TURN OVER RATE



MARKET ENVIRONMENT (PACHINKO):

SALES UNITS AND ANNUAL TURN OVER RATE



ESTIMATED SALES UNITS OF NEW REGULATION MACHINES: (AS OF DEC 31, 2019)

Pachislot

Pachinko

No. of installed units in market
Approx.
1.65 million
units



Sales units of
new reg. machines
(cumulative)
Approx.
0.56 million units



No. of installed units in market
Approx.
2.58 million
units



Sales units of
new reg. machines
(cumulative)
Approx.
1.05 million units



IP STRATEGY:

EXPANSION OF INVESTMENT IN ANIMATION AND MOVIES

Effective use of external IP

- Acquisition of priority right for merchandising
- Enhancing relationships with strong partners
- Upfront investment with the view to the serialization

(IPs converted into Pachislot and/or Pachinko machines)



©Ark Performance/shonengahosha・ARPEGGIO Partners
©Sammy



©Nakaba Suzuki, Kodansha/The Seven Deadly Sins Project, MBS
©Nakaba Suzuki, Kodansha/The Seven Deadly Sins TVSP
Project, MBS
©Nakaba Suzuki, Kodansha
©Sammy

INITIATIVES AFTER RELOCATION OF HEADQUARTER: EXPANSION OF INTRA-GROUP COMMUNICATIONS

1. Expansion of interaction with SEGA and other development departments of Group companies



Sammy's R&D division participates in SEGA's R&D exchange meeting as a presenter.



Implementation of group-wide exchange meeting between development departments hosted by SEGA's Amusement Machine Sales division

AI Tech Sharing Sessions

Exchange meetings on AI-related technologies held by Sammy (SEGA Games, Sammy Networks, etc. were joined)

Automation Tech Sharing Meetings

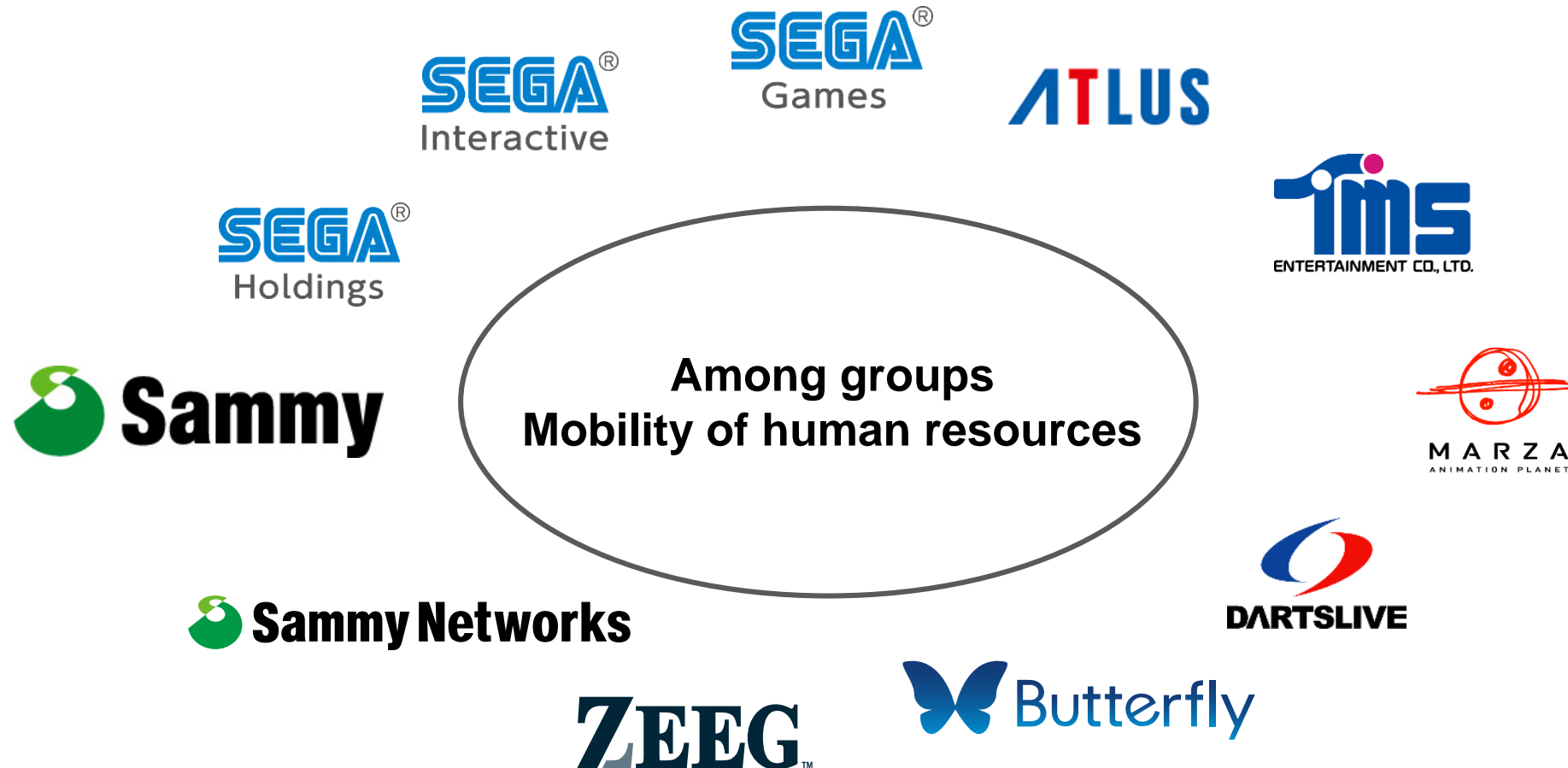
Monthly information-sharing meeting relating to automation technologies organized by SEGA

Game Jam

Event hosted by SEGA, which produces a self-made game in two days

INITIATIVES AFTER RELOCATION OF HEADQUARTER

2. Promoting the mobility of human resources



Development strategy

Executive Vice President (Representative Director),
Managing Director of Research & Development Group Division,
Sammy Corporation

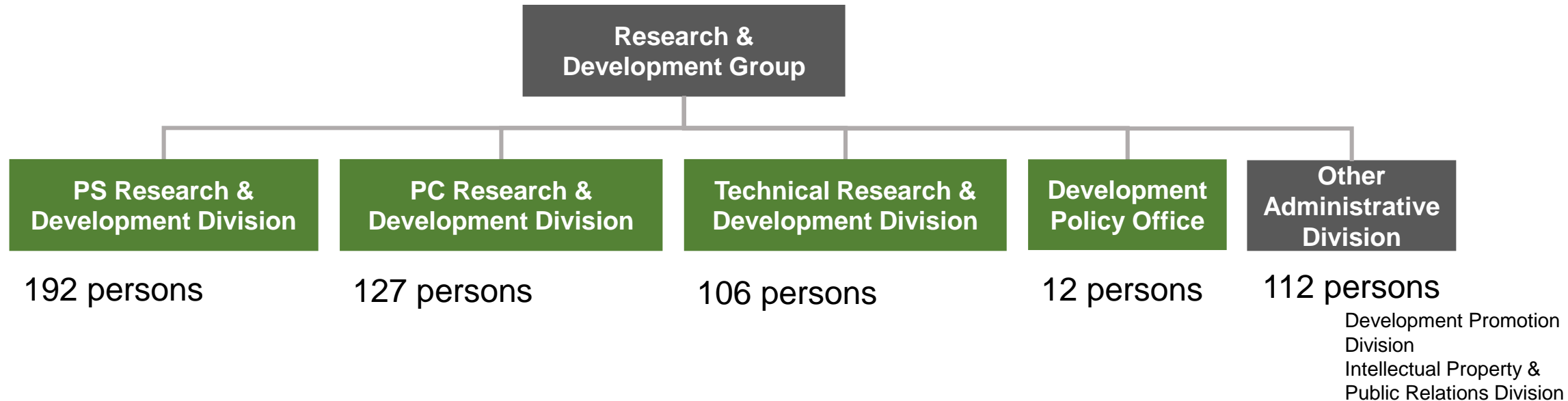
President (Representative Director), ZEEG Co. Ltd.

Ayumu Hoshino

STRUCTURE FOR DEVELOPMENT

Number of development staff: 437

*As of Sep 30, 2019



Launch titles (annual target): 10 pachislot titles, 7 pachinko titles + 4 Dejihane titles

⇒ Running 20-30 projects in both Pachislot and Pachinko regularly

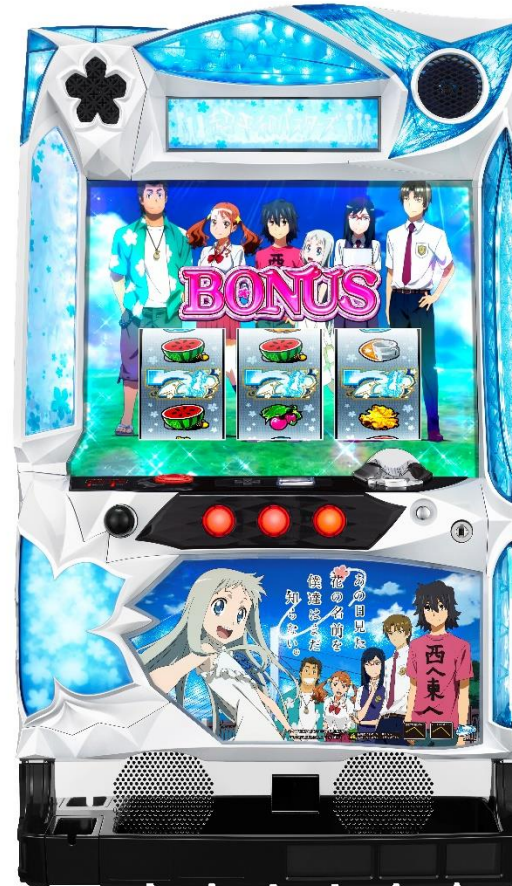
**Establishment of Development Efficiency Review Committee
(introduction of RPA tools, promotion of development schedule)**

EFFORTS TO IMPROVE PROFITABILITY

Commonize the visual assets between pachinko and pachislot

Popular animation IP:
"Anohana: The Flower We Saw That Day"

Pachislot



『Pachislot Anohana: The Flower We Saw That Day』

©ANO HANA PROJECT ©Sammy

Pachinko



『P Anohana: The Flower We Saw That Day』

©ANO HANA PROJECT ©Sammy

EFFORTS TO IMPROVE PROFITABILITY: WITHIN THE GROUP

Conversion of titles that cut across between Group (Example of Hokuto No Ken)

Pachislot

"Pachislot Hokuto No Ken Tenshou"



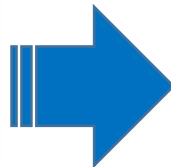
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©Sammy

Pachinko

"P Hokuto No Ken 8 Haou"



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©NSP 2007 Approved No. YSE-020
©Sammy



Amusement Machine

"Hokuto no Ken BATTLE MEDAL"



©Buronson & Tetsuo Hara/NSP 1983 ©NSP 2007, Approved No. PGA-704
©Sammy ©SEGA

Smartphone games

"Fist of the North Star LEGENDS ReVIVE"



©Buronson & Tetsuo Hara/NSP 1983, Approved No. GC-218 ©SEGA



ESTABLISHMENT OF INDUSTRY PLATFORM

Utilization of ZEEG

Collaboration with Universal Entertainment

Commonization of components

Provision of machine cabinet to other manufacturers

⇒ Started providing machine cabinets to three manufacturers
Scheduled to be launched in spring 2020 and thereafter



『Pachislot Hokuto No Ken Tenshou』

©Buronson & Tetsuo Hara/NSP 1983,©NSP 2007 Approved No.YAF-420
©Sammy

CONTROLLED MACHINES (PACHINKO), MEDAL-LESS MACHINES (PACHISLOT)

- **Improving design flexibility**
- **Reduce operation costs at pachinko halls
(reduction personnel costs, balls, medals, etc.)**
- **Strengthening of countermeasures for
addiction and improper modifications**

BtoC measures

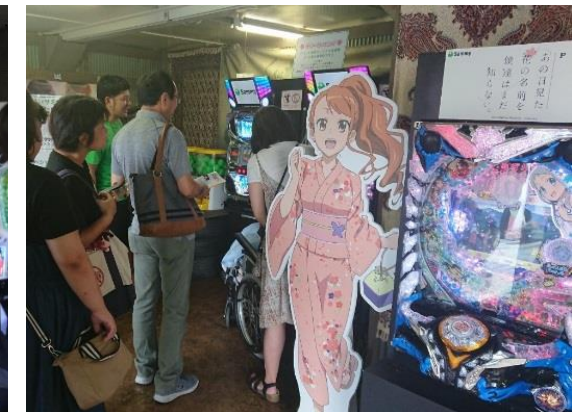
Fan Event "Univaca x Sammy Fes 2020"



*The images are from previous event

ようこそ!!ワンガン夏祭り
THE ODAIBA 2019

Exhibiting at the
"Welcome!! Wangan Summer Festival THE ODAIBA 2019"



BtoC measures

Ketsumeishi

Exhibitibited booth at "KTM TOUR 2019: Kouya wo Sasurau 4 nin no Gunman (Four gunmans wandering in the wilderness)"



Exhibiting booths at concerts and events of various artists



Opening of the P-SPORTS



New sports culture, in which skills in game play are regarded as sports
As the first stage, the "Super Disc Upper Championship" was held with a winning award of ¥3,310,000.

Pachislot machines

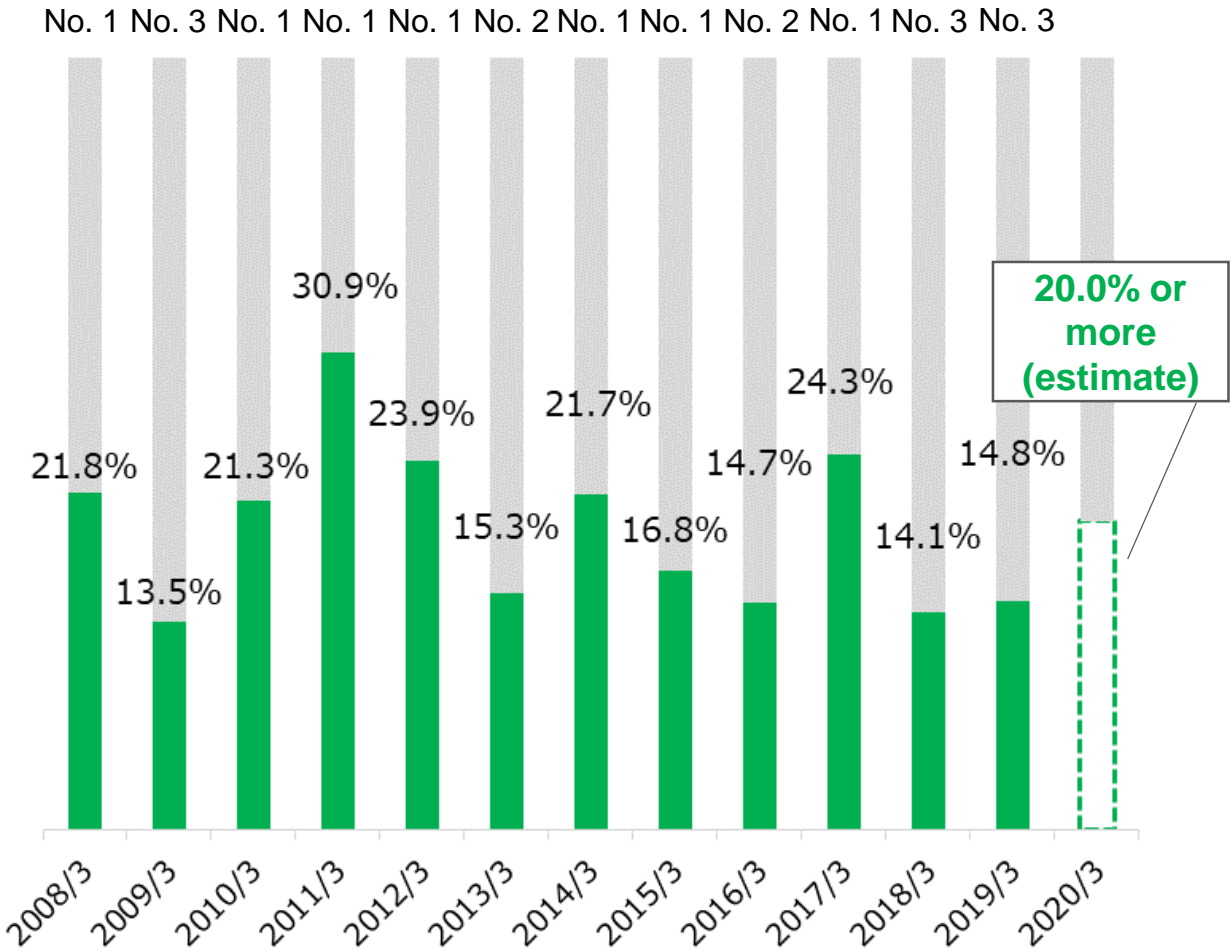
Senior Vice President, Director of the Board
Managing Director of PS Research & Development Division,
Research & Development Group Division,
Sammy Corporation

President (Representative Director), Sammy Networks Co., Ltd.

Kenichi Tokumura

PACHISLOT SALES SHARES: RANKINGS

Rankings

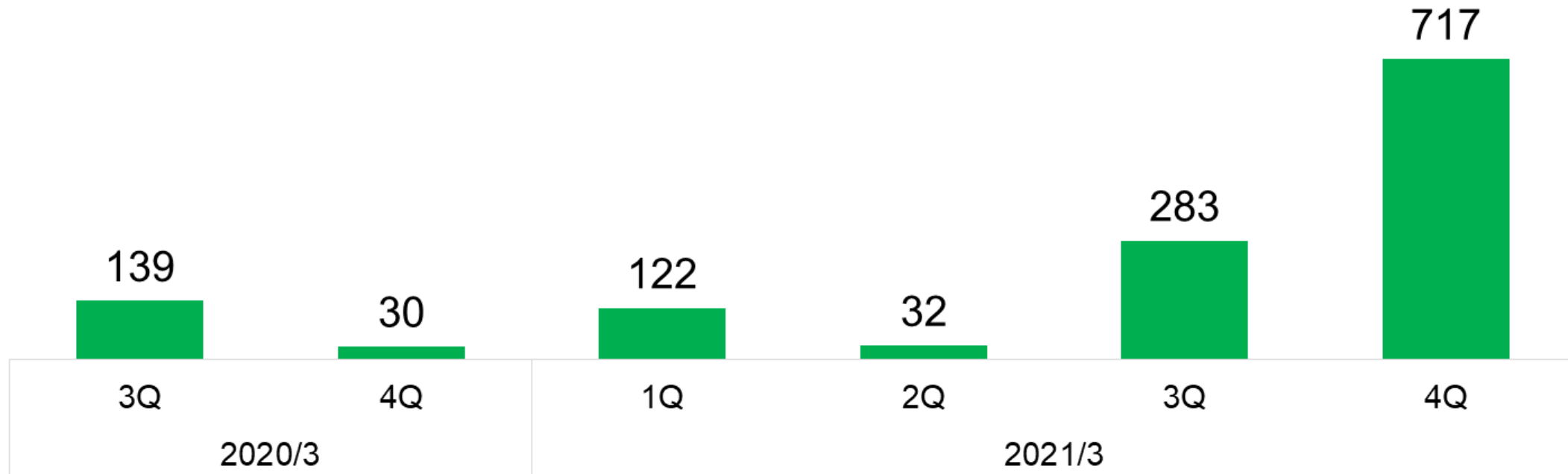


FY	Main titles		
2008/3	Hokuto no Ken2 Tenhanoshou	Ring ni Kakero1	Devil May Cry 3
2009/3	Hard Boiled	Kaiji2	Twin Angels 2
2010/3	Psalms of Planets Eureka Seven	TOMORROW'S JOE	Shin Onimushya
2011/3	SOUTEN-NO-KEN	Ring ni Kakero 1 -Golden Japan Jr. Series-	Oreno Sora ~Spirit of Young Justice~
2012/3	Hokuto No Ken	Monster Hunter	Kaze no Yojimbo 2
2013/3	Shin-Onimusha Sairin	CODE GEASS Lelouch of the Rebellion	Ring ni Kakero 1 -The Twelve Gods of Greek Series-
2014/3	Hokuto No Ken Chapter of Resurrection	Psalms of Planets Eureka Seven 2	Juoh
2015/3	SOUTEN-NO-KEN 2	ALADDINA II	Salaryman Kintaro
2016/3	Pachislot Hokuto No Ken Tomo	Onimusha3	Nisemonogatari
2017/3	Hokuto No Ken Syura no kuni hen	CODE GEASS R2	BLOOD+ futari no joou
2018/3	Hokuto No Ken Shindensetsu souzou	Beast King Oujya no kakusei	CODE GEASS R2 C.C.ver.
2019/3	SOUTEN-NO-KEN PONYOU	DISC UP	Beast King Oujya no Houkou
2020/3	Hokuto No Ken Tenshou	Psalms of Planets Eureka Seven 3	TBC

Source: Referred to the publications of Yano Research Institute Ltd. for rankings and market shares.

SCHEDULE FOR EXPIRATION TIMING FOR PREVIOUS REGULATION MACHINES (PACHISLOT)

(Thousand units)



MOST RECENT TITLES

Launched on
Jun. 2018



"Pachislot DISC UP" (No. 5.9 model)

©Sammy

Launched on
Jan. 2019



" Pachislot SOUTEN-NO-KEN PONYOU "

©Tetsuo Hara & Buronson/NSP 2001, Approved No.YRB-320
©Sammy

Launched on
Nov. 2019



"Pachislot Hokuto No Ken Tenshou"

©Buronson & Tetsuo Hara/NSP 1983, ©NSP 2007 Approved No.YAF-420
©Sammy

Launched on
Dec. 2019



"Pachislot Psalms of Planets Eureka Seven 3 HI-EVOLUTION ZERO"

©2017 BONES/Project EUREKA MOVIE
©BANDAI NAMCO Entertainment Inc.
©Sammy

UTILIZATION OF CONTENTS FOR SMARTPHONES AND MOBILE DEVICES



"Pachi Gabu!"

Provide analysis and the strategy guide of pachinko and pachislot and nationwide store data



"MYSLO, MYPACHI"

App that can acquire content such as recording and images of actual game data



"777CON-PASS"

App that provides the recommended pachinko halls and function to do drawing for entry into the halls



"Kachinavi"

App that can share user record data
Can search for an exciting region

**Continuously contributing to the expansion of Sammy's business
through promotions and other initiatives**

IP STRATEGY

- Acquisition of players mainly targetting younger generation
- Collaboration with affiliated companies and utilization of external IPs



FUTURE DEVELOPMENT STRATEGIES

- **Develop pachislot and pachinko machines which meet market trends**
- **Strengthening the department which developing specs**
- **Accelerate response to new regulation machines**

Pachinko Machines

Senior Vice President, Director of the Board
Managing Director of PC Research & Development Division,
Research & Development Group Division,
Sammy Corporation

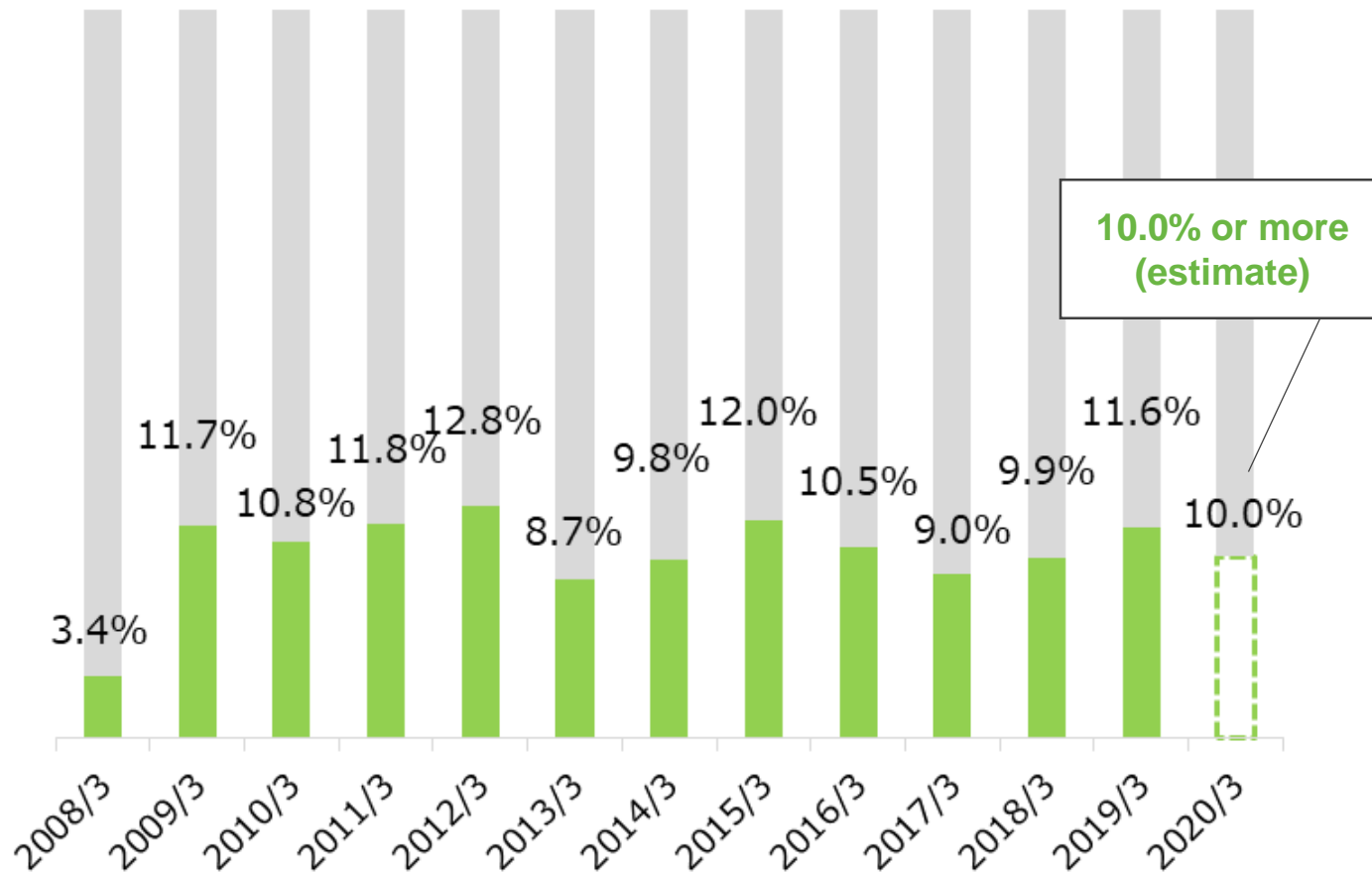
President (Representative Director),
TAIYO ELEC Co., Ltd.

Hiroataka Tanaka

PACHINKO SALES SHARES: RANKINGS

Rankings

No. 8 No. 3 No. 5 No. 3 No. 3 No. 5 No. 4 No. 5 No. 6 No. 6 No. 3 No. 4

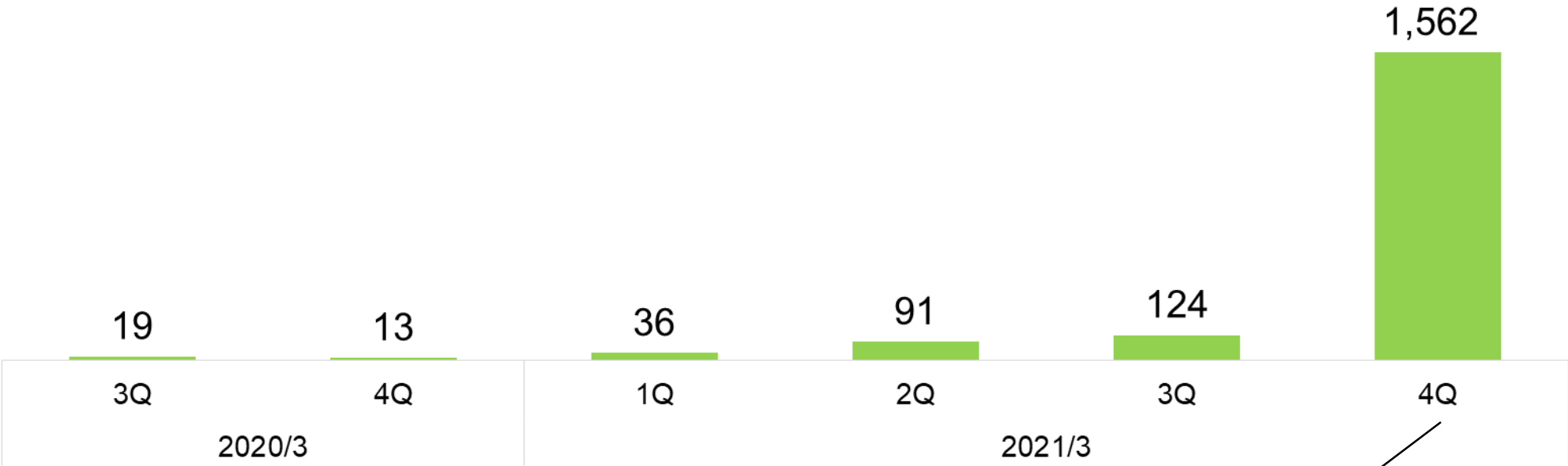


Source: Referred to the publications of Yano Research Institute Ltd. for rankings and market shares.

FY	Main titles		
2008/3	Sakura Taisen	King Kong	Densetsu no Miko
2009/3	Hokuto no Ken	Dejihane Hokuto no Ken	Momotaro Dentetsu
2010/3	SOUTEN-NO-KEN	Chamgum no Chikai	Sengoku Raibu Aokidokugan
2011/3	Hokuto No Ken Raoh	Hokuto No Ken Kenshiro	Juoh
2012/3	SOUTEN-NO-KEN	ALADDIN NEO	Hokuto No Ken Series
2013/3	Hokuto No Ken 5	Shin-Juoh	SOUTEN-NO-KEN TENJU
2014/3	Hokuto No Ken 5 Hyakuretsu	Monster Hunter	SOUTEN-NO-KEN
2015/3	Hokuto No Ken 6	Bakemonogatari	BLACK LAGOON 2
2016/3	Shin Hokuto Muso	Hokuto No Ken 6 Tenshou Hyakuretsu	Shin-Juoh 2
2017/3	SOUTEN-NO-KEN Tenki	Monster Hunter 4	Shin Hokuto Muso 2 1 9 Ver.
2018/3	Hokuto No Ken 7	Wataru seken wa oni bakari	SOUTEN-NO-KEN Tenra
2019/3	Shin Hokuto Muso Chapter 2	Hokuto No Ken 7 Hyakuretsuranbu	Nisemonogatari
2020/3	Hokuto No Ken 8 Haou	TBC	TBC

SCHEDULE FOR EXPIRATION TIMING FOR PREVIOUS REGULATION MACHINES (PACHINKO)

(Thousand units)



Pachinko CR Shin Hokuto Muso	65
Pachinko CR Hokuto No Ken 7 Resurrection	33
Pachinko CR Shin Hokuto Muso Chapter 2	14
Pachinko CR Shin Hokuto Muso Mugentouran	10

MOST RECENT TITLES

Launched on
Nov. 2018



"Pachinko STAR BLAZERS 2199"

©2012 STAR BLAZERS 2199 FILM PARTNERS
©Sammy

Launched on
May. 2019



"Dejihane PA Hokuto No Ken 7
Tenha"

©Buronson & Tetsuo Hara/NSP 1983,
©NSP 2007 Approved No. YKI-129 ©Sammy

Launched on
Aug. 2019



"P Anohana: The Flower
We Saw That Day"

©ANOHANA PROJECT ©Sammy

Launched on
Sep. 2019



"P Hokuto No Ken 8 Haou"

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©NSP 2007 Approved No. YSE-020
©Sammy

FUTURE DEVELOPMENT STRATEGIES

- **Develop challenging specs while putting main focus on specs based on those recorded good results**
- **Development under the "Preceding System" that responding to the trend of the market**
- **Change the project structure**

DEVELOPMENT STRATEGIES: LAUNCH OF CHALLENGING TITLES

2016/3

2016/12

2017/3

Main specs

LIGHT MIDDLE
SPEC

Challenging Spec



"Pachinko CR Shin Hokuto Muso"

©Buronson & Tetsuo Hara/NSP 1983, Approved No.KOJ-111
© 2010-2013 Koei Tecmo Games Co., Ltd. ©Sammy



"Pachinko CR Shin Hokuto
Muso 2 1 9 Ver."

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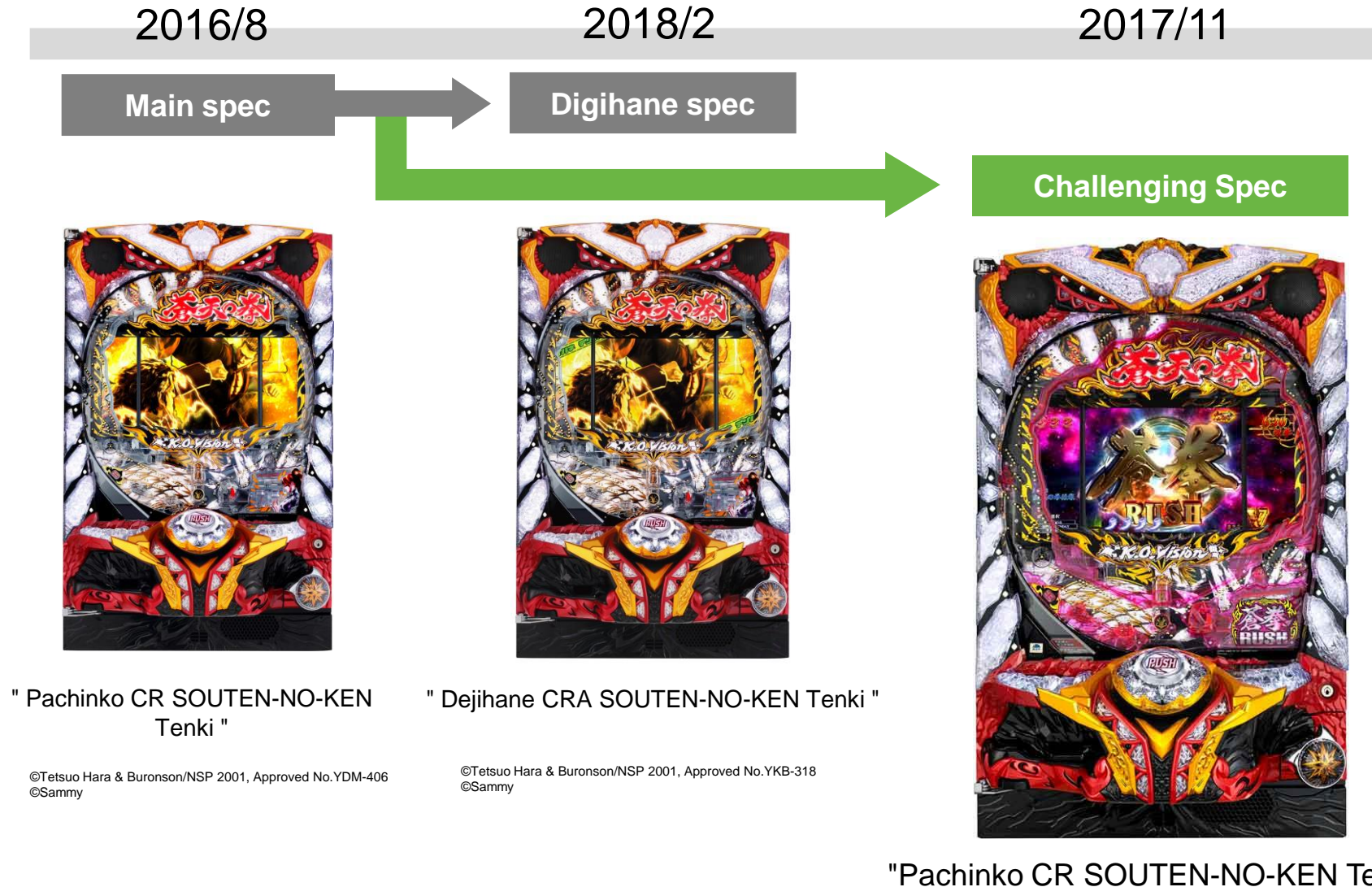
"Pachinko CR Shin Hokuto Muso
Mugentouran"

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**Launch derivative titles
in addition to main titles
Improve development
efficiency**

Launch a type equipped with
a high-continuity ST, which
differs from the standard
Digihane type

DEVELOPMENT STRATEGIES: LAUNCH OF CHALLENGING TITLES



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Launch of a type equipped with a high-continuity ST, which differs from the standard light middle type

Pachislot and Pachinko Machines Business Q&A

Digital Games Area and Packaged Games Area

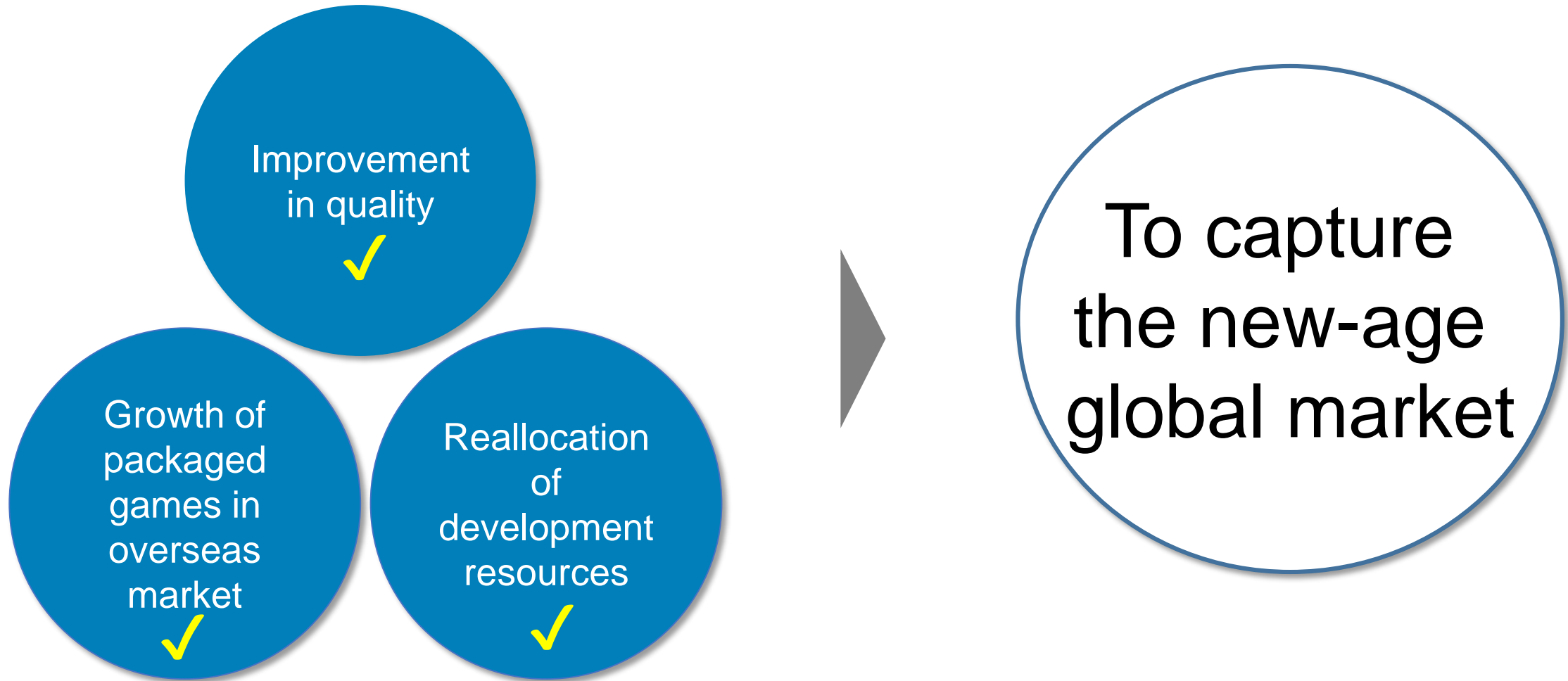
Global Strategy for Digital and Packaged Games

President & Group COO, SEGA SAMMY HOLDINGS

Chairman and CEO, SEGA Games Co., Ltd.

Haruki Satomi

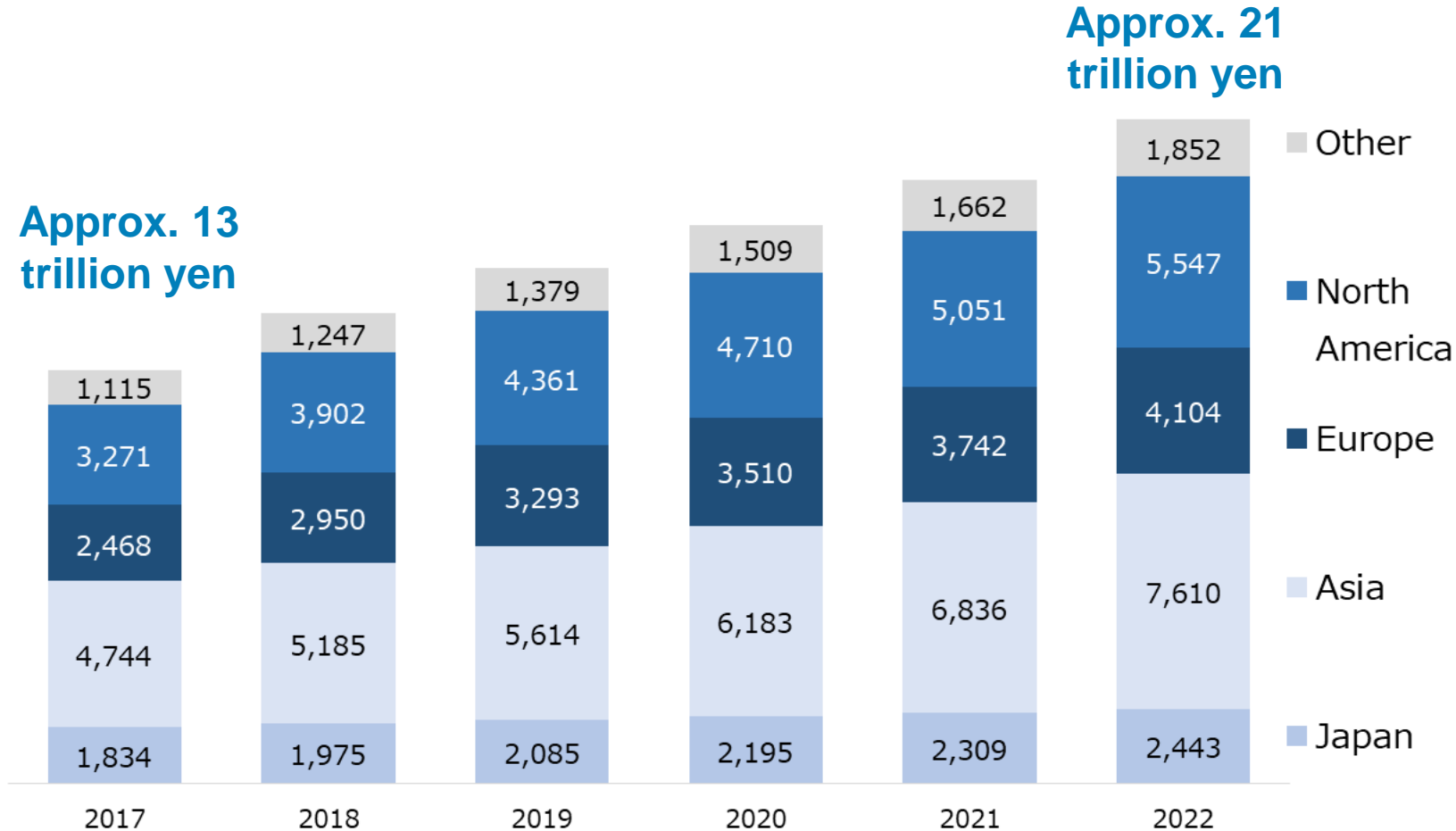
FUTURE DIRECTION



GROWING GLOBAL MARKET

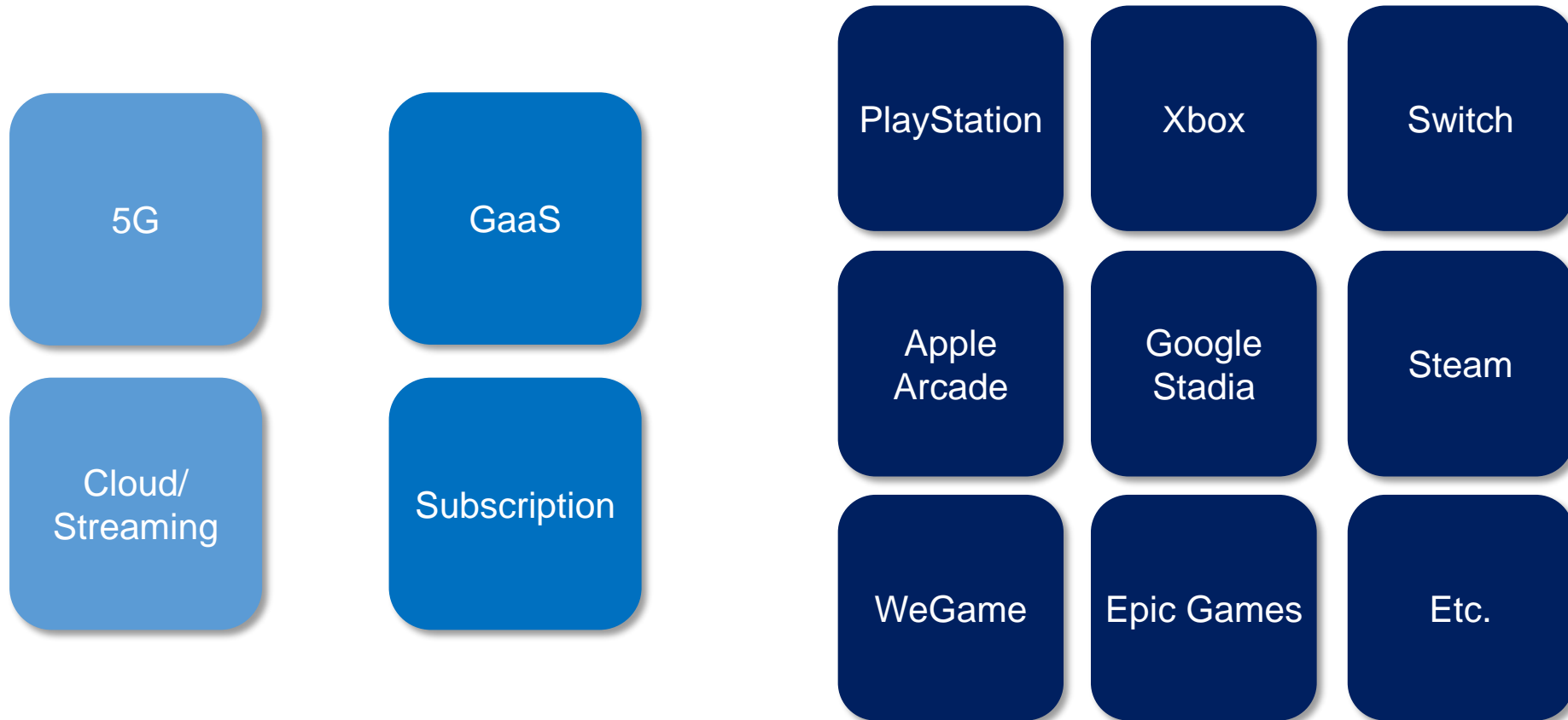
Transition of Game Market Size by Region

(JP billions yen)



*Estimation of SEGA SAMMY based on NEWZOO data (1USD = 110 yen)

AGE OF NEW TECHNOLOGIES, NEW BUSINESS MODELS, AND NEW PLATFORMS



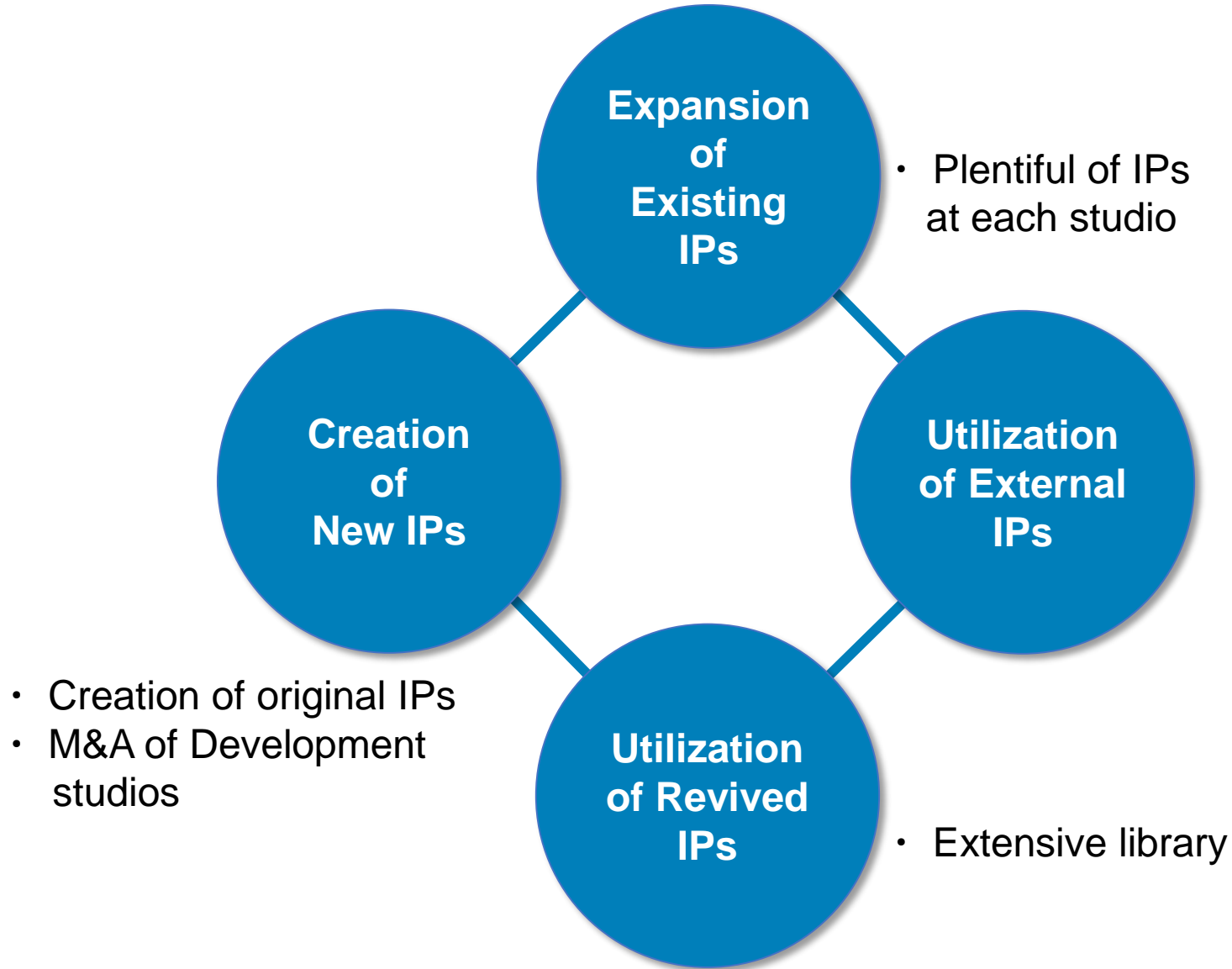
KEY TO CONTENT ROLL-OUT

**Enhancement
of IPs**



**Development
studios**

ENHANCEMENT OF IP



Strengthen IPs to support all platforms

GLOBAL DEVELOPMENT STUDIOS OF SEGA GROUP



The Creative Assembly Ltd.
(U.K.)



Sports Interactive Ltd.
(U.K.)



Two Point Studios Limited
(U.K.)



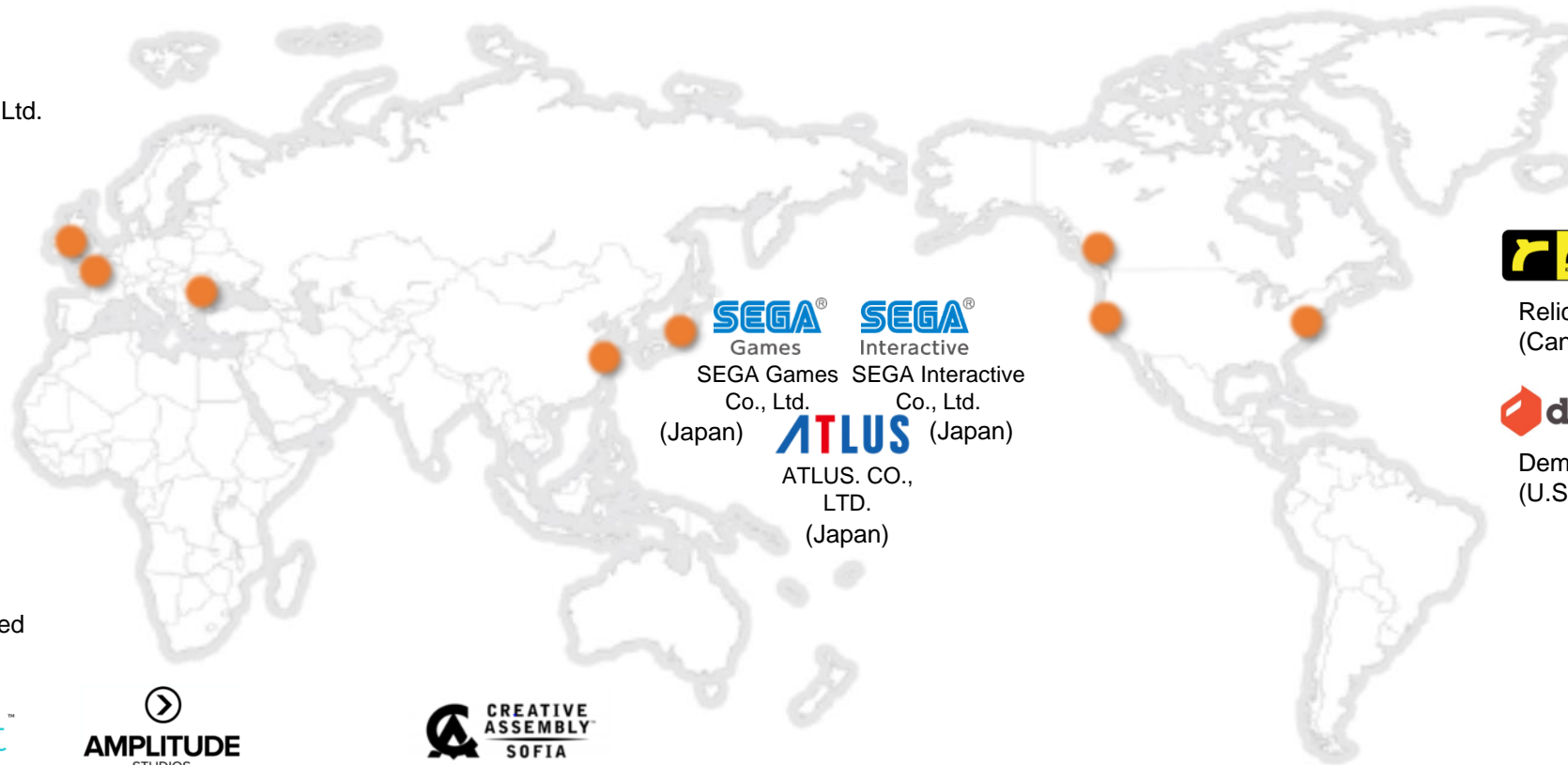
Hardlight Studio
(U.K.)



Amplitude Studios SAS
(France)



Creative Assembly Sofia
(Bulgaria)



SEGA® Games
SEGA Games Co., Ltd.
(Japan)

SEGA® Interactive
SEGA Interactive Co., Ltd.
(Japan)

ATLUS
ATLUS CO., LTD.
(Japan)











Relic Entertainment, Inc.
(Canada)



Demiurge Studios, Inc.
(U.S.)

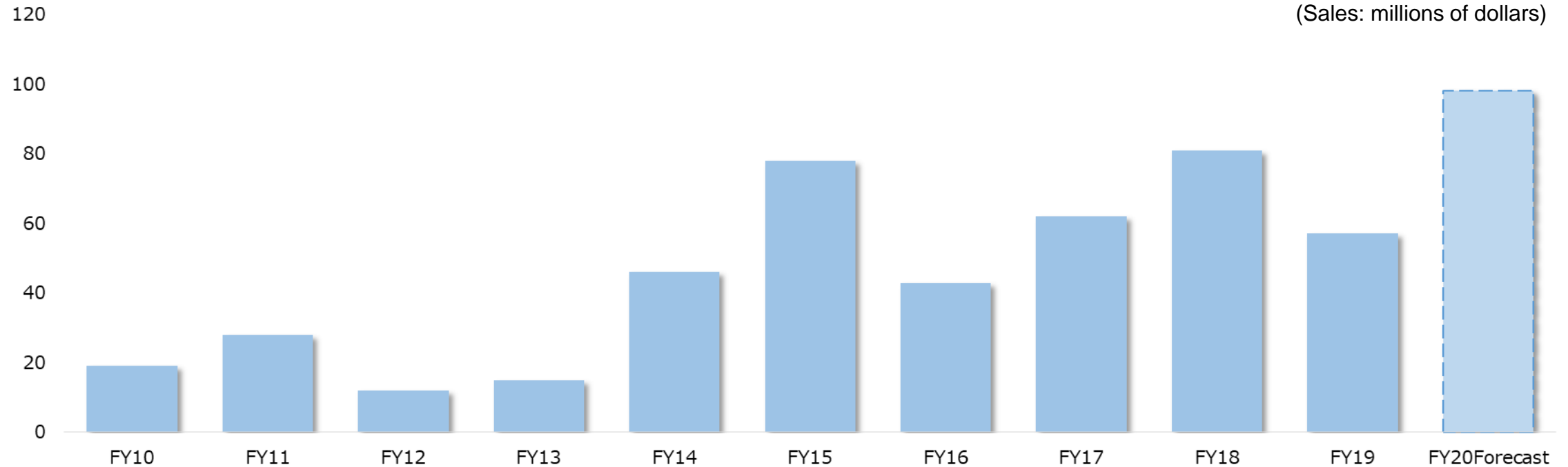
HISTORY OF AQUISITION OF THE DEVELOPMENT STUDIOS AND THEIR MAJOR IPS

	2005	2006	2013		2016	2019
Development Studios						
Location	United Kingdom	United Kingdom	Canada	Japan	France	United Kingdom
Major IPs				 	  	



GROWTH OF DEVELOPMENT STUDIOS

Titles developed by Creative Assembly and annual sales of the company



Main
Titles



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©Games Workshop Limited 2019. Published by SEGA.



©2016 Microsoft Corporation



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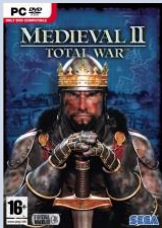


GROWTH OF DEVELOPMENT STUDIOS

Expanding Total War series by platforms / partners / regions

*Cumulative sales units of Total War series = approx. 27.6 million units

PC package business
on a stand-alone basis



©SEGA. Developed by The Creative Assembly, Ltd.



©SEGA. Developed by The Creative Assembly, Ltd.

The orthodox evolution of the series and the DLC
Expansion of the sales in Asian markets with the
motif of the Three Kingdoms



©Games Workshop Limited 2019. Published by SEGA.

Expansion to the "Fantasy" line through **use of external licenses**



©SEGA

F2P online business for PCs



©SEGA. Developed by The Creative Assembly, Ltd.

Licensing out of IPs
(Partner with NetEase for Publishing in China)



©2016 Microsoft Corporation

Consignment of console game development
using **Engines developed for IP** (Microsoft)

When joined in the SEGA Group (2005)

Current

MULTI PLATFORM EXPANSION

Expanding existing IPs into new platforms and services



▶ Apple Arcade



▶ Xbox Game Pass



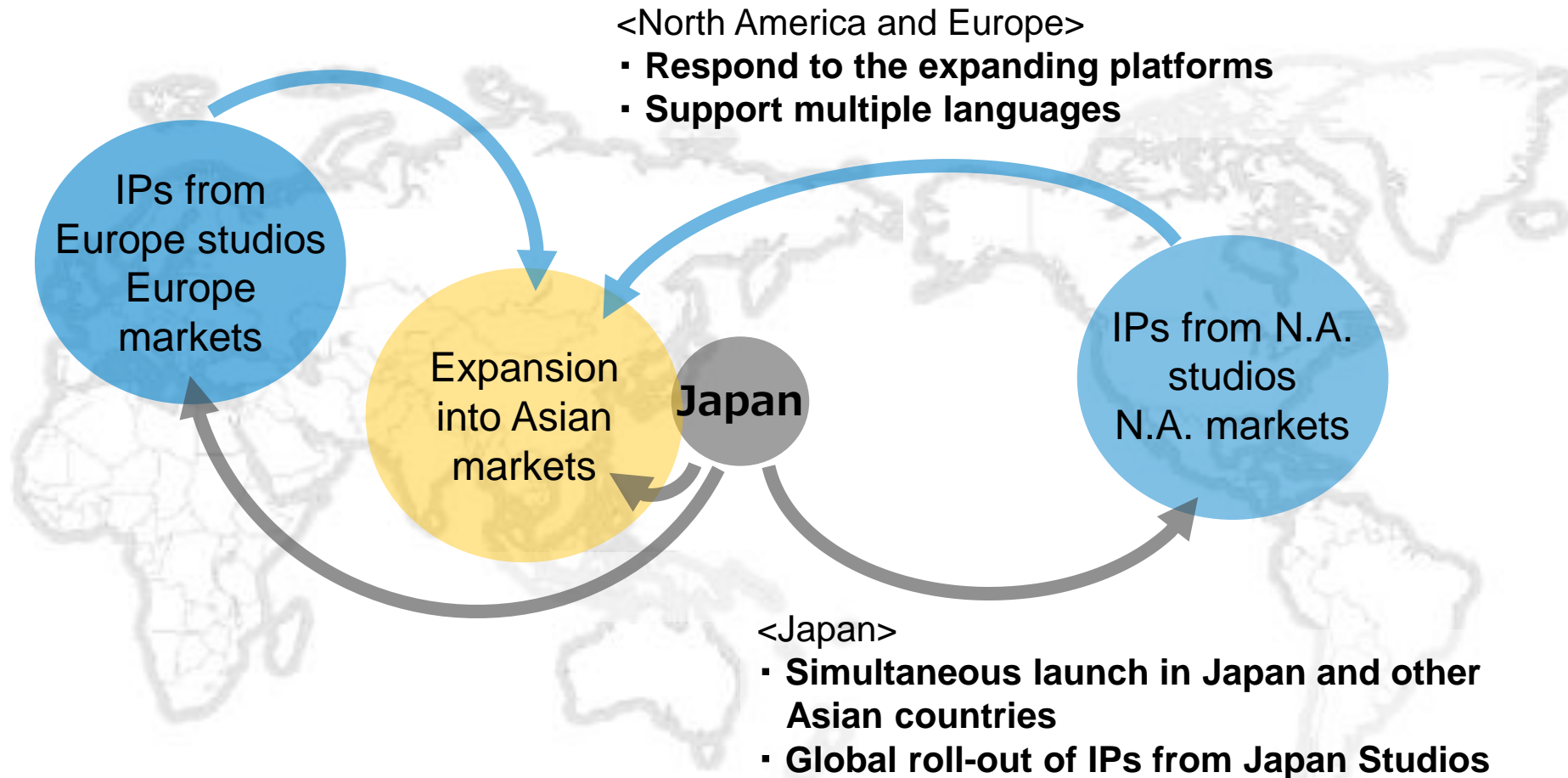
▶ Google Stadia



▶ PS4, Xbox One, Switch, Steam China

MULTI-REGION ROLL-OUT

All studios are aiming to roll out their IPs to all regions



Chief Product Officer, Corporate Director,
SEGA Games Co., Ltd.

Toshihiro Nagoshi

GLOBAL ROLL-OUT FROM JAPANESE STUDIOS

Rolling out IPs from Japanese Studios worldwide
with setting the growing global market as the main
battlefield

1. FLAGSHIP IP STRATEGY

Aggressively rolling out IPs into next-generation global platforms, including the cloud and subscription model



Scheduled to be launched on Xbox Game Pass in 2020



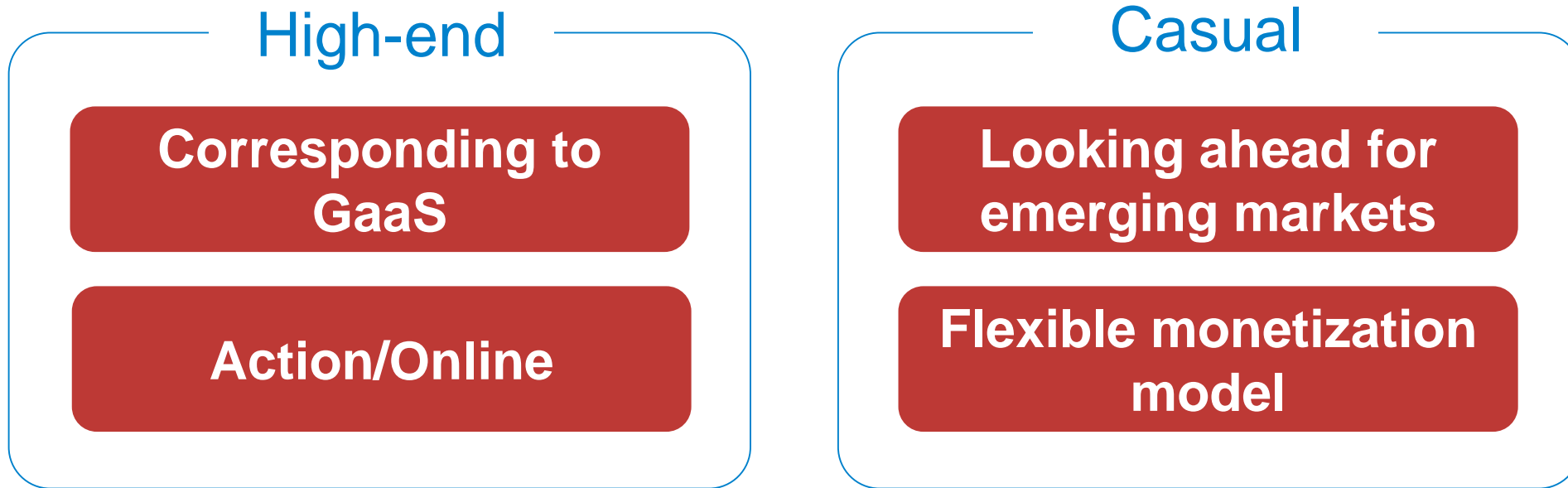
Scheduled to be launched on Xbox One and PCs in 2020 (English-version)



Launched on Apple Arcade in Sep. 2019

2. DEVELOPMENT OF NEW IP TITLES FOR THE GLOBAL MARKET

Market bipolarized into high-end and casual games



3. STRENGTHENING INFORMATION DISSEMINATION CAPABILITIES ON A GLOBAL BASIS

To become a source of output and a customer-drawing device with the SEGA itself becoming a mega-influencer

**Permanent
in-house video studio**

Available at any time





Communication function

**Respond to multilingual needs
Global Dissemination**

Digital / Packaged Games Area

Q&A






APPENDIX: INTRODUCTION OF DEVELOPMENT STUDIOS FOR DIGITAL/PACKAGED GAMES

Studio name, location, and year of foundation	Studio size	Major IPs/Major titles and results
 <p>Creative Assembly Ltd. Founded in the U.K. in 1987 and joined the SEGA Group in 2005</p>	<p>Studio members: approx. 480</p>	<ul style="list-style-type: none"> ▪ Cumulative sales of the "Total War" series: Approx. 27.6 million units The latest title of series, "Total War:THREE KINGDOMS" sold over 1 million copies in its 1st week of launch (Incl. DL) ▪ FPS title for console: "Alien:Isolation" ▪ Halo Wars2, a large-scale consignment titles for consoles
 <p>Sports Interactive Ltd. Founded in the U.K. in 1994 and joined the SEGA Group in 2006</p>	<p>Studio members: approx. 125</p>	<ul style="list-style-type: none"> ▪ Cumulative sales of the Football Manager series: Approx. 20 million units Series sold more than one million copies annually (Incl. DL).
 <p>Two Point Studios Limited Founded in 2017 in the U.K. and joined the SEGA Group in 2019</p>	<p>Studio members: approx. 20</p>	<ul style="list-style-type: none"> ▪ 1st title: "Two Point Hospital" (2018)
 <p>Amplitude Studios SAS Founded in France in 2011 and joined the SEGA Group in 2016</p>	<p>Studio members: approx. 80</p>	<ul style="list-style-type: none"> ▪ Cumulative sales of "Endless" series: Approx. 4 million units ▪ New strategy title: "Humankind" (scheduled to be launch in 2020)

*The studio size is the number of full-time development members as of the end of Sep 2019.

*DL= Download

APPENDIX: INTRODUCTION OF DEVELOPMENT STUDIOS FOR DIGITAL/PACKAGE GAMES

Studio name, location, and year of foundation	Studio size	Major IPs/Major titles and results
 Relic Entertainment, Inc. Founded in 1997 in Canada, and hoined the SEGA Group in 2013	Studio members: approx. 220	<ul style="list-style-type: none"> ▪ Cumulative sales of the "Company of Heroes" series: Approx. 8.7 million units ▪ Large-scale consignment title: "Age of Empires IV"
 Demiurge Studios, Inc. Founded in the U.S. in 2002 and joined the SEGA Group in 2015	Studio members: approx. 40	<ul style="list-style-type: none"> ▪ Title for mobile phone: "Sega Heroes"
 ATLUS. CO., LTD. Founded in Japan in 1986 and joined the SEGA Group in 2013	Studio members: approx. 150	<ul style="list-style-type: none"> ▪ Cumulative sales of the "Shin Megami Tensei" Series: Approx. 17.4 million units ▪ Cumulative sales of the "Persona" series: Approx. 11 million units
 SEGA Games Co., Ltd. Japan	Studio members: approx. 1,000	<ul style="list-style-type: none"> ▪ Cumulative sales of the "Sonic" series: Approx. 920 million units (Incl. DL) ▪ Cumulative sales of the Puyo-puyo series: Approx. 29 million units (Incl. DL) ▪ Cumulative sales of the "Yakuza" Series: Approx. 12 million units ▪ Cumulative sales of the "Sakura Wars" series: Approx. 3.8 million units ▪ PHANTASY STAR ONLINE 2: Approx. 5.5 million users
 SEGA Interactive Co., Ltd. Japan	Studio members: approx. 600 (who worked for software development)	<ul style="list-style-type: none"> ▪ Development of hardware and software for Amusement Machine ▪ Titles for mobile phone: "Chain Chronicle", "NET MAH-JONG MJ Mobile" ▪ Title for PS4: "BORDER BREAK"

*The studio size is the number of full-time development members as of the end of Sep 2019.

*DL= Download

ESG / SDGs



Continuing to create moving experience

~ Make society more vibrant and colorful. ~

TO CONTINUOUSLY ROLL THE MOVING EXPERIENCE CYCLE

Identified five elements as important Issues

- 1: Enhancement of job satisfaction and diversity and elimination of inequality
- 2: Countermeasures to addiction
- 3: Response to environmental preservation and reduction of environmental burden
- 4: Response to Japan's super low birth rate and aging society
- 5: Corporate Governance

1: ENHANCING JOB SATISFACTION AND DIVERSITY AND ELIMINATING INEQUALITIES

As an entertainment company, the source of innovation is the diverse values and abilities of our diverse human resources.

The SEGA SAMMY Group places emphasis on job satisfaction and improvement for respect on diversity through the Work-Style Reforms of employees, relocation of headquarter to create comfortable workplaces, and the integration of organizational divisions.

1: ENHANCING JOB SATISFACTION AND DIVERSITY AND ELIMINATING INEQUALITIES

Implemented items	Implementation period
◆ Reduction of long overtime hours	From 2013
◆ Promotion of work-life balance	From 2017
◆ Creating an environment where diverse individuals can play important roles → P63	From 2017
◆ Integration of head office functions associated with relocation of headquarter	From 2018
◆ Opening of SEGA SAMMY Soramori Nursery School	From 2019

CREATING AN ENVIRONMENT WHERE EVERY DIVERSE INDIVIDUAL CAN PLAY IMPORTANT ROLES

Revision of systems

- **Revision of employment regulation**

→ Clarified prohibition of harassment, including discrimination on the grounds of "gender orientation" and "identity recognition," as well as improper statements and actions.

- **Revision of company benefit system**

→ Reform of various systems that treat the same-sex partner as the spouse

In-house education

- **Implementation of "e-learning" to raise awareness among employees**

→ Promote employees to taking e-lecture of "Basic knowledge on sexual minorities" with the aim of gaining a better understanding of diversity promotion

External consulting service

- **Establishment of external consulting service**

→ An external counseling service has been established to provide employees with easy consultation on anxieties and concerns about the work for individuals with diverse gender orientation and identity recognition.

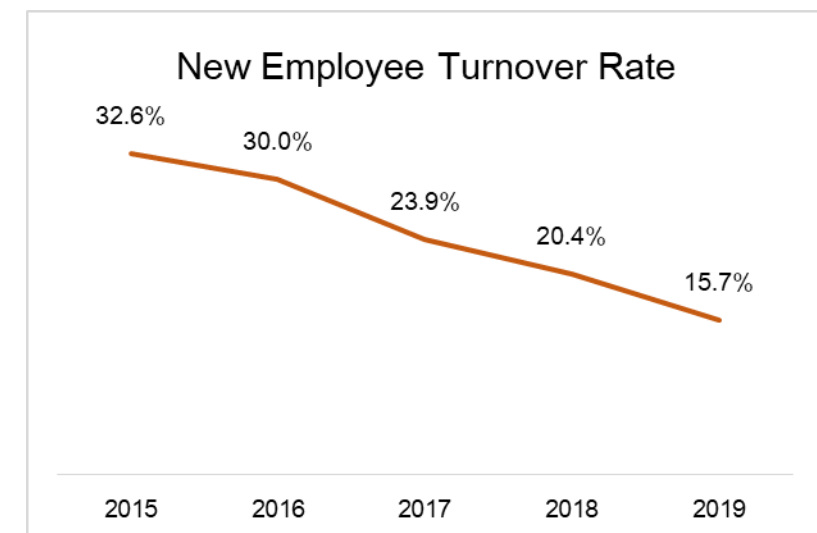
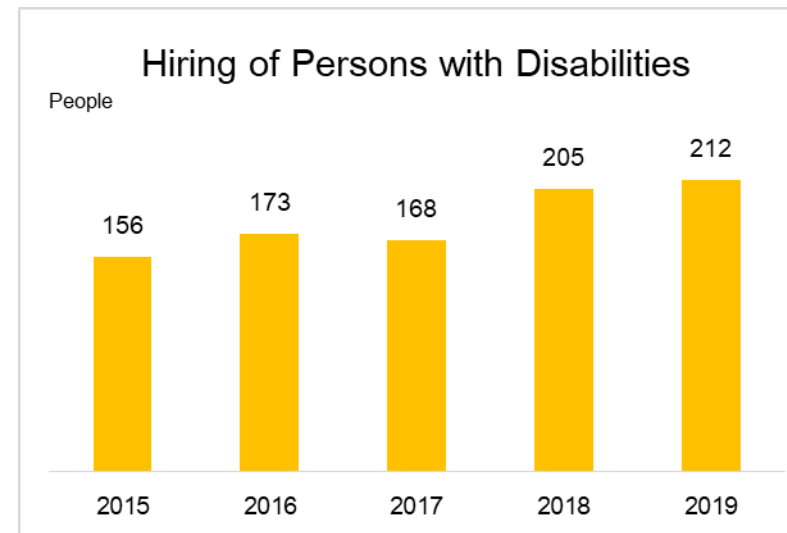
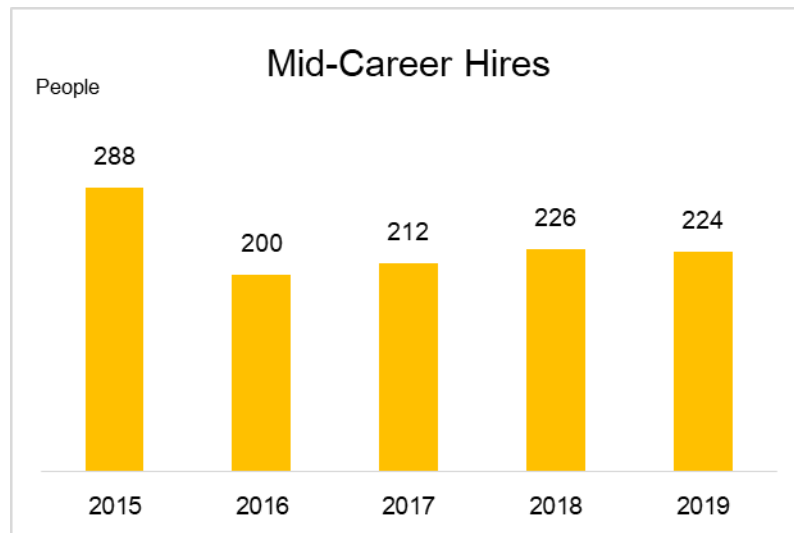
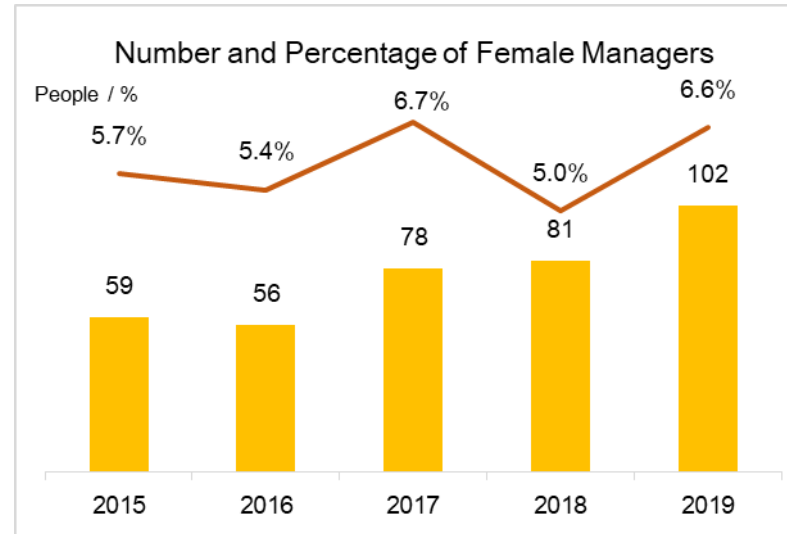
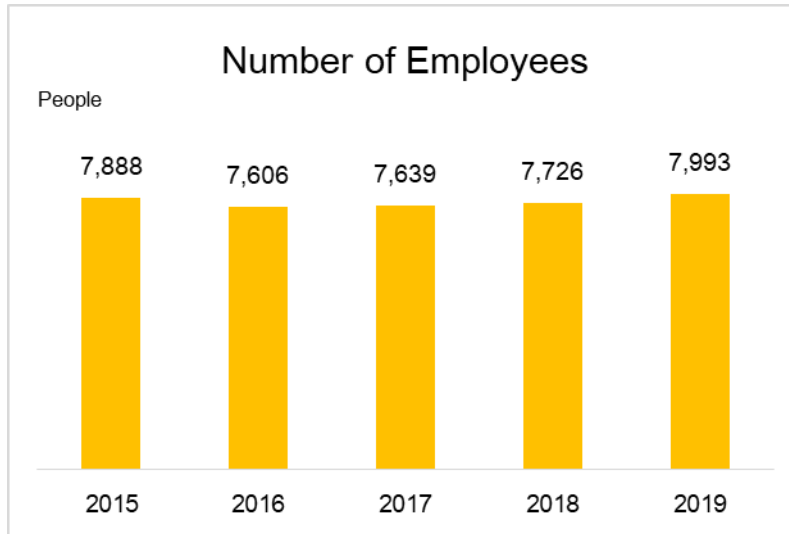
Sponsorship and participation of External events

- Sponsorship and participation in **"Tokyo Rainbow Pride 2019"**

▪ Received a **Gold Award in the PRIDE Index 2019**, the index to evaluate the LGBT initiatives of companies and organizations

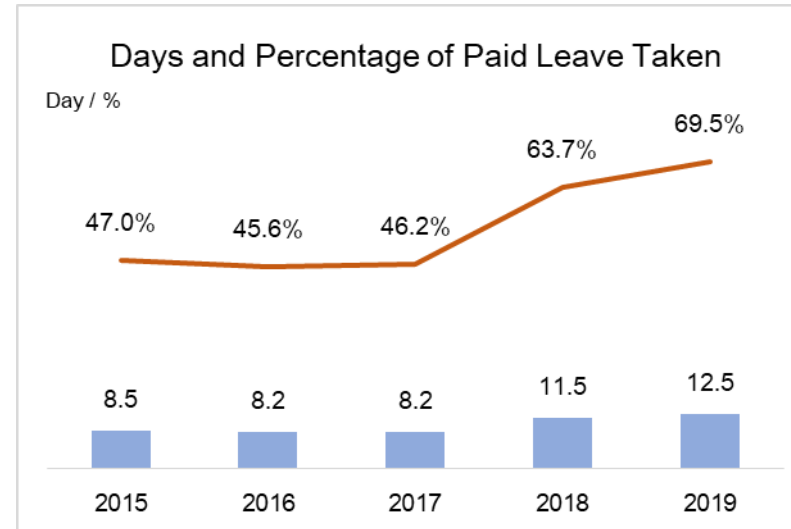
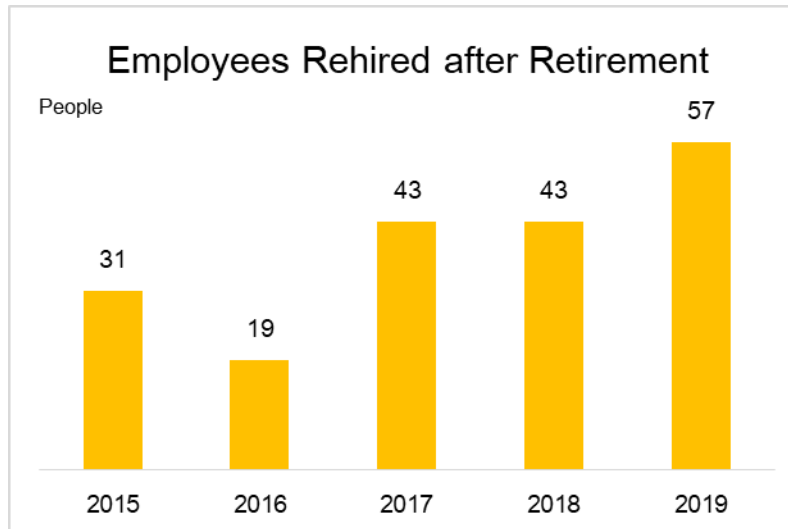
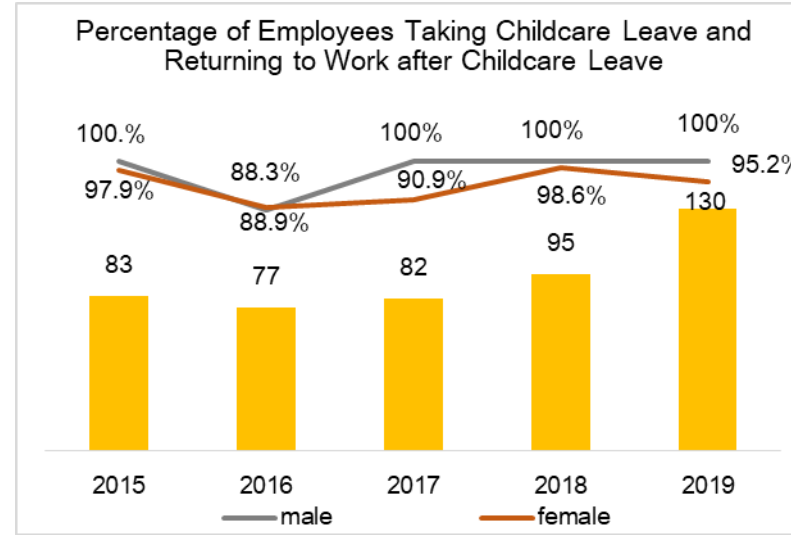
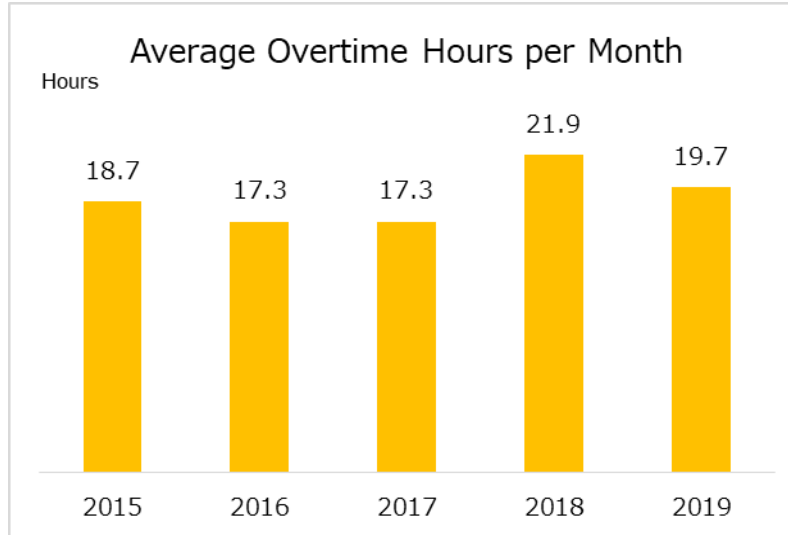
APPENDIX

Non-Financial Data (Human Resources)



APPENDIX

Non-Financial Data (Human Resources)



2: COUNTERMEASURES TO ADDICTION

While we are facing issues such as "gaming disorder" in Entertainment Contents Business, "addiction" in the Pachislot and Pachinko Machine Business, and "countermeasures against gambling addiction" in the Investor Relations Business, failure to respond to each issue could jeopardize the sustainability of our business from strengthening of regulations and damage to our brands.

The SEGA SAMMY Group has begun initiatives to address and prevent each problem.

2: COUNTERMEASURES TO ADDICTION

Implemented items

Implementation period

- ◆ Response to Pachinko and Pachislot addiction
 - Cross-industry countermeasure for "addiction" led by industry associations

From 2017

- ◆ **Industry-academia joint research with Kyoto University on gambling addiction → P68**
 - Research centered on prevention of addiction

From 2017

- ◆ Response to gaming disorder
 - Joint study and research by four game-related organizations

From 2019

INDUSTRY-ACADEMIA JOINT RESEARCH WITH KYOTO UNIVERSITY ON GAMBLING ADDICTION

Dec. 2017
Started industry-academia joint
research about the gambling
addiction with Kyoto University

Sep. 2019
Presented research report at the
Japanese Psychological Association

Published materials:

"Effects of sequential winning vs. losing on gambling behavior: empirical data from casino players"

背景と目的

・カジノ施設におけるギャンブルは、多くの国で観光事業の発展などを背景に、法的・社会的に認知されている。日本でも2018年に、特定複合観光施設区域整備法が成立し、カジノ施設の誘致・整備に向けた動きが加速している。

・カジノ施設の合法化においては、財政収入の増加といったメリットがある一方、ギャンブル依存症の増加が懸念される。そのため、ギャンブル依存症を発症するメカニズムに関する知見を得ることで、依存症の早期発見や進行・再発防止といった対策を講じる必要がある。

・本研究は、実際に営業中の海外カジノ施設における日本人を含むプレイヤーのプレイデータを収集、分析することにより、人が危険な賭けに至る前の兆候を明らかにすることを目的としている。

・本研究発表では、繰り返しギャンブルを行う過程で、事前の勝敗が後の賭け行動にどのような影響を与えるかに着目し、カードゲームの一つであるバカラのプレイデータを分析した結果を報告する。

方法

海外カジノ施設におけるバカラのプレイデータの分析



・2017年4月から2018年1月までの顧客IDの内、
1) 年齢が21-80歳
2) 3営業日以上来店
3) 70ゲーム以上プレイしている日が1日以上
の基準を満たす顧客ID 3,986名のプレイデータを抽出(約7割が30-50代であり、9割が男性。日本と中国の顧客がそれぞれ4割強を占めており、東アジア圏の中年男性が主な分析対象)

・直前のゲームの勝敗と連勝(敗)数によって、賭け金額及び賭け方(配当:1倍・8倍・11倍)がどのように変化するかを混合効果モデルにより解析(解析対象総ゲーム数7,935,566回)
・固定効果:直前のゲームの勝敗と連勝(敗)数の標準得点とそれらの交互作用
・変量効果:顧客の切片項、顧客の傾斜項に直前のゲームの勝敗と連勝(敗)数の標準得点とそれらの交互作用

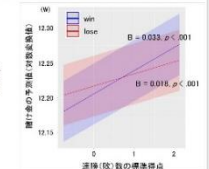
・解析はR version 3.5.3 (R Core Team 2019)を使用し、(G)LMMのパラメータ推定に glmmTMBパッケージ(Magnusson et al., 2018)を使用

結果

賭け金: ゲームの顧客の賭け金の対数変換値を従属変数として分析

・ゲームの勝敗と連勝(敗)数の交互作用が有意($B = 0.016, p < .001$)。

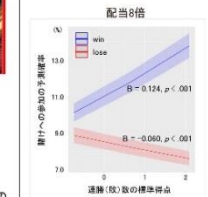
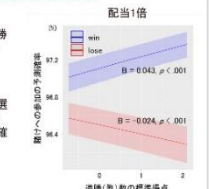
・直前の連勝・連敗数が多いほど賭け金が高くなるが、この傾向は勝った後でより顕著であることが確認された。



賭け方: 各ゲームの顧客の賭けへの参加(賭け = 1, 賭け = 0)を従属変数として配当別に分析

・いずれの配当でもゲームの勝敗と連勝(敗)数の交互作用が有意(1倍, $B = 0.075, p < .001$; 8倍, $B = 0.183, p < .001$; 11倍, $B = 0.138, p < .001$)。

・直前の連勝数が増えるほど賭ける選択が増加する一方で、連敗数が増えるほど賭ける選択が減少することが確認された。



考察

・本研究からは、ギャンブルに繰り返し関与することで、勝敗の結果に依らず、賭け金を増やしていく傾向があること、またこの傾向は勝った後でより顕著であることが明らかとなった。

・勝ちを重ねていくことで、リスクな賭け方であっても、賭けに参加する割合が増えることも明らかとなり、これらは実験室実験で賭け行動の分析を行っている先行研究の成果とも矛盾しないものである(Cummins et al., 2009, Psychol Addict Behav)。

・今後はさらに先端的なデータ分析手法を用いることで、危険な賭け行動に至る兆候の事前察知・予測を目的とした研究を進めていく。

※本研究は、セガサミーホールディングス株式会社からの共同研究費を得て実施したものである。

Reference: HP of "The 83rd Annual Convention of the Japanese psychological"

https://www.micenavi.jp/jpa2019/search/detail_program/id:944

3: RESPONSE TO ENVIRONMENTAL PRESERVATION AND REDUCTION OF ENVIRONMENTAL BURDEN

The SEGA SAMMY Group uses a variety of natural resources in its manufacturing processes, primarily in Pachinko and Pachislot machines Business and Amusement Machine Sales area. In addition, as the product life cycle is relatively short, strict management of waste is necessary.

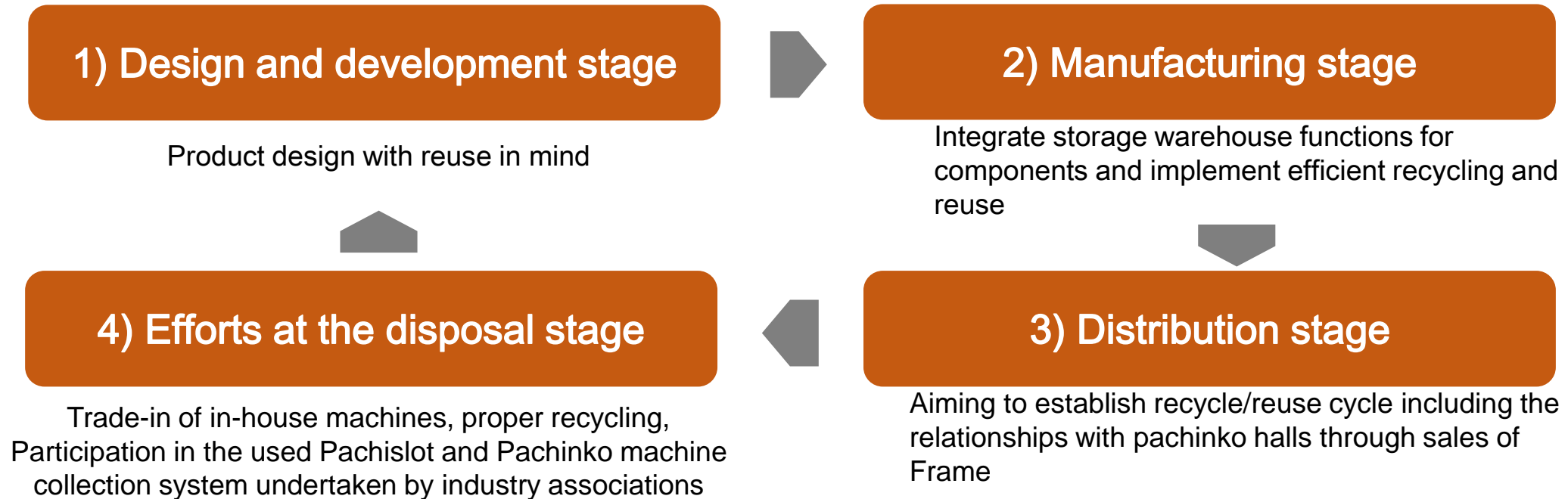
The SEGA SAMMY Group is working to improve efficiency through product design that place importance on reducing the environmental impact of its manufacturing processes, recycling, and reuse, as well as to protect the environment and reduce electricity consumption.

3: RESPONSE TO ENVIRONMENTAL PRESERVATION AND REDUCTION OF ENVIRONMENTAL BURDEN

Implemented items	Implementation period
Reduction of environmental impact while improving profitability in business → P71	Continuing
Enhancement of disclosure of Co2 info (disclose scope 3 in addition to scope 2)	From 2019
TCFD response (managing risks per scenario and opportunities information)	From 2019
Strengthen the governance structure with a view to implement companywide initiatives	From 2019

REDUCTION OF ENVIRONMENTAL IMPACT WHILE IMPROVING PROFITABILITY IN BUSINESS

Initiatives at Pachislot and Pachinko Machines Business (promoting reuse in entire value chain)

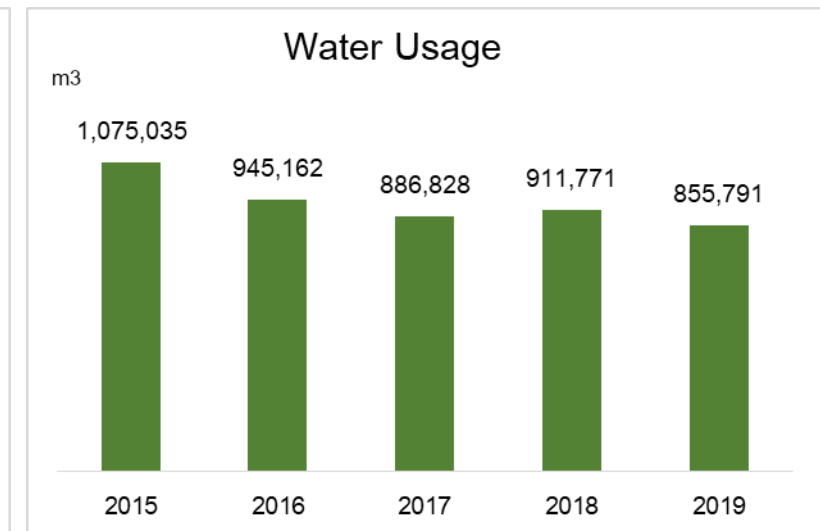
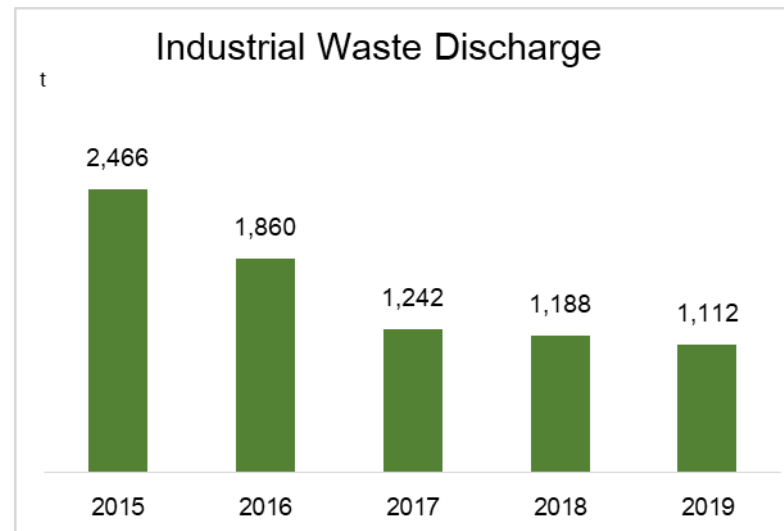
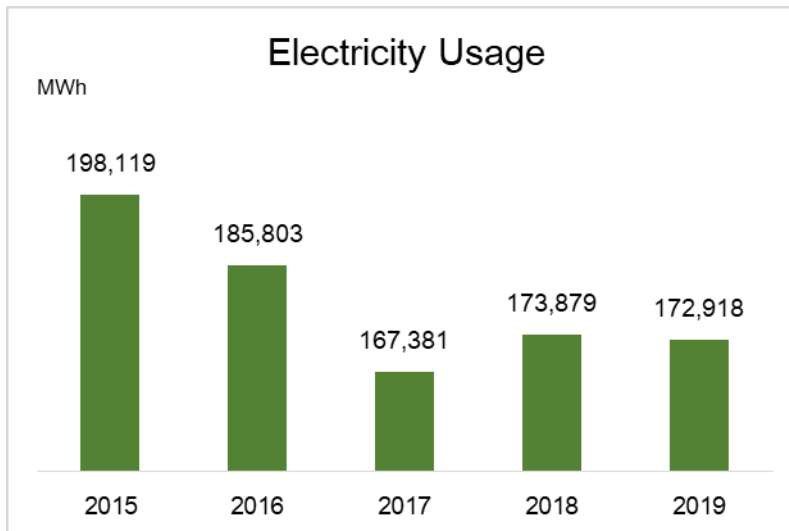
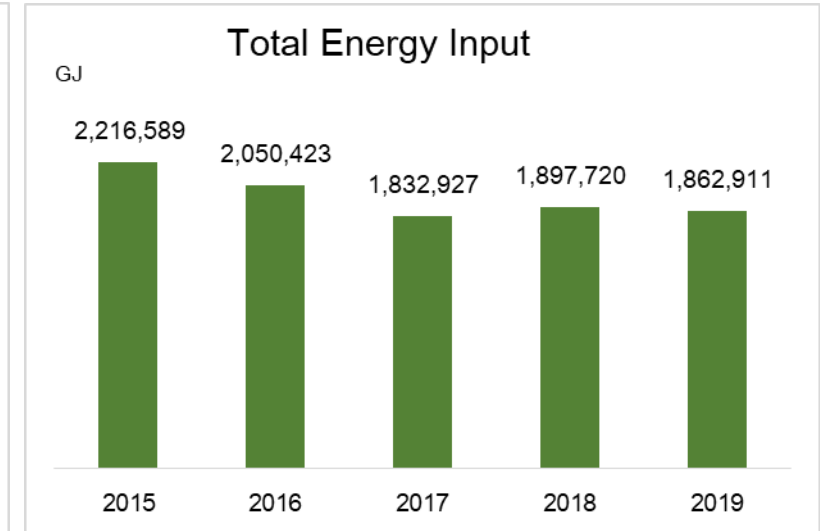
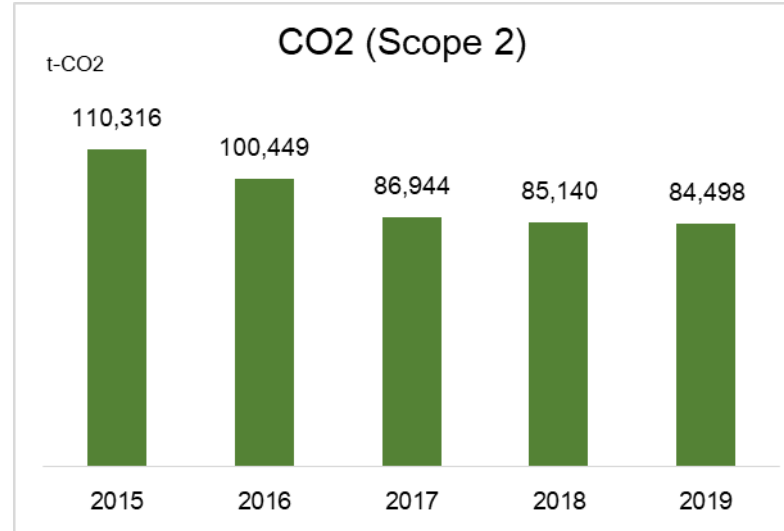
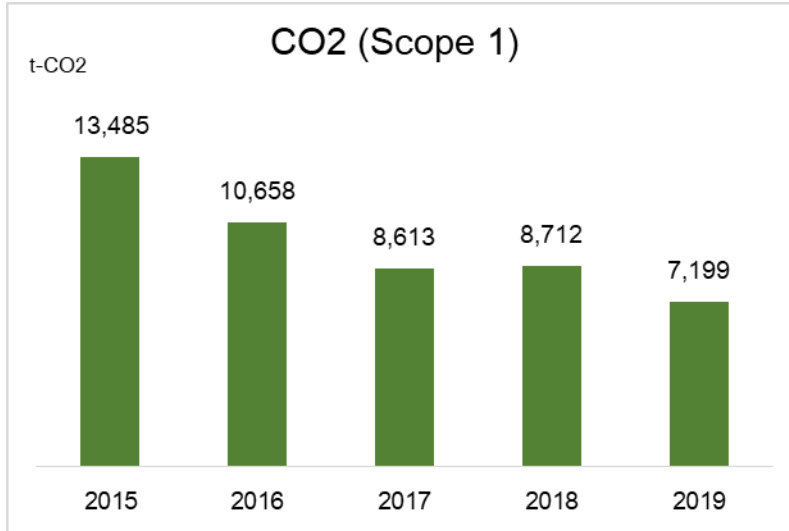


(FY)	2017	2018	2019
Pachislot and Pachinko Recycling Rate	97.21 %	95.99%	95.00%
Amount of environment-friendly wood used	1,494t	566t	370t
Of which, PEFC certified wood	84t (5.6%)	38t (6.8%)	51t (13.8%)

*As we switched the procured materials to already bounded materials from FY2014, the amount of wood used is decreasing.
The components we procure use water-based adhesive bond which place less burden to the environment.

APPENDIX

Non-Financial Data (Environment)



4: RESPONSE TO SUPER LOW BIRTH RATE AND AGING SOCIETY

As the number of users in the present businesses of SEGA SAMMY is expected to decrease due to the super low birthrate and aging society, approaches to a wide range of age groups are crucial to ensuring sustainability of our business.

We will contribute through entertainment from two perspectives, such as healthy development of children and rich senior life, with the aim of simultaneously solving social issues and realizing new businesses.

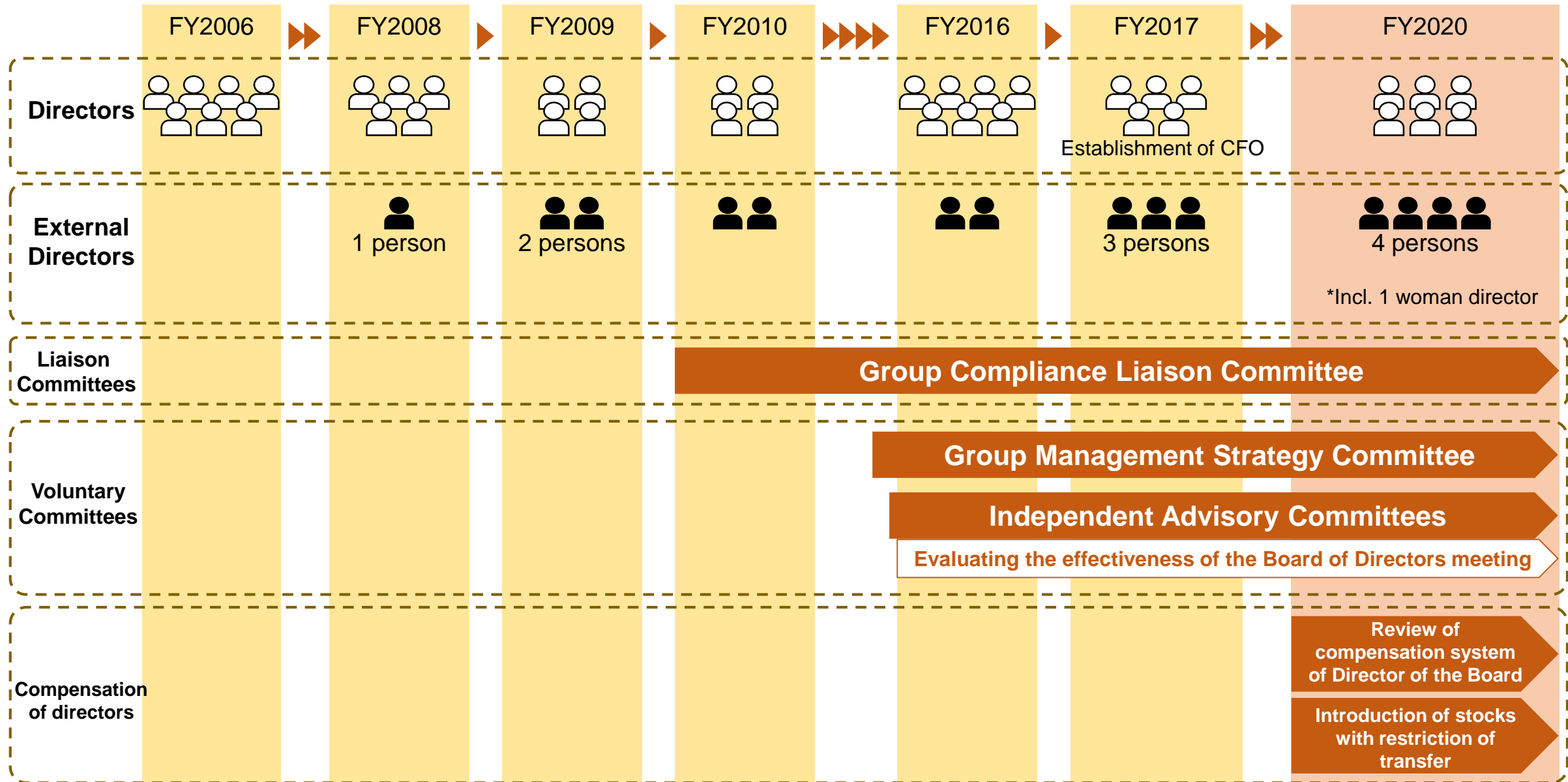
4: RESPONSE TO SUPER LOW BIRTH RATE AND AGING SOCIETY

Implemented items	Implementation period
◆ Development of senior citizen-friendly drive simulator	From 2013
◆ Conduct darts and programming classes for elementary school children	From 2016
◆ Providing a hobby discovery site "Shumikatsu!" for adults	From 2016
◆ Implementation of "SAMMY SOCCER PROJECT" with the aim of playing a role in the growth of the children	From 2018

5: CORPORATE GOVERNANCE

The SEGA SAMMY Group places emphasis on corporate governance and compliance, and designs systems and carries out flexible management with the aim of strengthening supervision of various business execution functions and strengthening business execution functions.

5: CORPORATE GOVERNANCE



5: CORPORATE GOVERNANCE

- Out of the 10 directors, 4 of them are external directors

	Position	Title	External	Independent
Hajime Satomi	Representative Director	Chairman Group CEO		
Haruki Satomi	Representative Director	President & Group COO		
Naoya Tsurumi	Director of the Board	Senior Executive Vice President		
Koichi Fukazawa	Director of the Board	Executive Vice President and Group CFO		
Hideki Okamura	Director of the Board	Executive Vice President		
Hideo Yoshizawa	Director of the Board			
Takeshi Natsuno	Director of the Board		●	●
Kohei Katsukawa	Director of the Board		●	●
Hiroshi Onishi	Director of the Board		●	●
Melanie Brock	Director of the Board		●	
Shigeru Aoki	Standing Audit & Supervisory Board Member			
Yukito Sakaue	Audit & Supervisory Board Members			
Mineo Enomoto	Audit & Supervisory Board Members		●	●
Kazutaka Okubo	Audit & Supervisory Board Members		●	●

5: CORPORATE GOVERNANCE (EXTERNAL DIRECTORS)



Takeshi Natsuno

(Reasons for Appointment)

- Wealth of management experience
- Possesses advanced knowledge in the ICT area



Hiroshi Onishi

(Reasons for Appointment)

- Wealth of management experience
- Extensive experience in the retail and department store industries over many years



Kohei Katsukawa

(Reasons for Appointment)

- Extensive experience at financial institutions over the long term
- Possesses deep insight into finance and finance based on experience



Melanie Brock

(Reasons for Appointment)

- First women's and foreign director in the Company
- Possesses diverse thoughts and values
- Extensive experience and a wealth of performance as a global business leader

5: CORPORATE GOVERNANCE (REVISION OF THE AMOUNT OF COMPENSATION OF DIRECTORS)

Revision of the amount of compensation of Directors

- To secure transparency
- To provide the incentives to promote management that realizes an increase of corporate value of the Company's group

Fixed compensation

Base compensation

Fixed monthly compensation



Responsibility-related compensation

Compensation for personal assigned as a Representative Director



Role-related compensation

Compensation for roles as CEO, COO and CFO

Officers' bonus

Base compensation



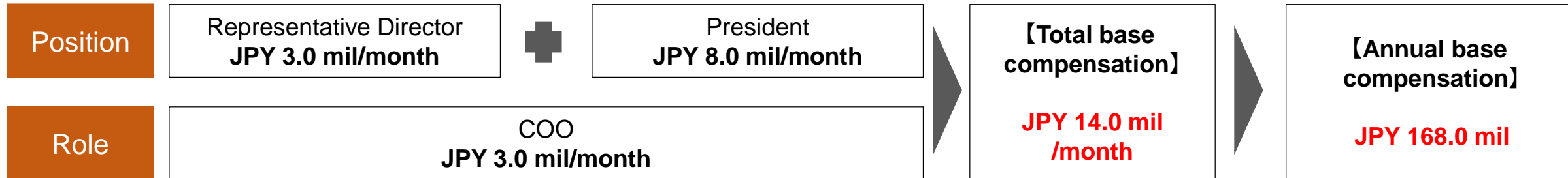
Amount of ordinary income, degree of achievement of business plan, and Year-on-year growth level will be scored, and the assessment is determined by the sum of these scores.

5: CORPORATE GOVERNANCE

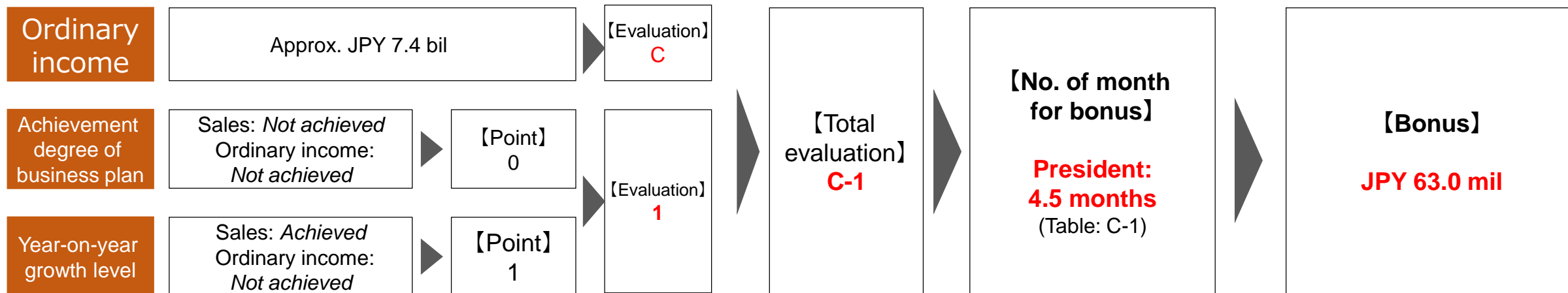
(REVISION OF THE AMOUNT OF COMPENSATION OF DIRECTORS)

Image of calculation of Compensation for Directors (Based on Fiscal Year ending Mar 2019 results)

■ BASE COMPENSATION



■ OFFICERS' BONUS



TOTAL OF ANNUAL COMPENSATION : JPY 231.0 MIL

*The program will be introduced from FY2020. The amount here is not the actual compensation.

APPENDIX:
REVISION OF THE AMOUNT OF COMPENSATION OF DIRECTORS

Base compensation (monthly, JPY million)

Base		Responsibility-related		Role-related	
Chairman	15.0	Representative Director	3.0	CEO	5.0
President	8.0			COO	3.0
Deputy COO	4.5			CFO	1.0
Senior Executive Vice President	4.0				
Executive Vice President	3.5				
Director of the Board	3.0				

APPENDIX:

REVISION OF THE AMOUNT OF COMPENSATION OF DIRECTORS

Officers' bonus

(Bonus amounts determined by multiplying the coefficients in Officers' bonus table in page 82, which is determined based on tables below to base compensation)

Amount of ordinary profit

Evaluation	Amount of ordinary profit
SS	JPY 70 billion or greater
SS	JPY 50 billion or greater and less than JPY 70 billion
A+	JPY 35 billion or greater and less than JPY 50 billion
A	JPY 20 billion or greater and less than JPY 35 billion
B	JPY 10 billion or greater and less than JPY 20 billion
C	Less than JPY 10 billion
D	In case of ordinary loss

Degree of achievement of business plan

Sales	Ordinary profit	Points
Achieved	Achieved	7 points
Not achieved	Achieved	5 points
Achieved	Not achieved	1 point
Not achieved	Not achieved	0 point

Year-on-year growth level

Sales	Ordinary profit	Points
Achieved	Achieved	3 points
Not achieved	Achieved	2 points
Achieved	Not achieved	1 point
Not achieved	Not achieved	0 point

Evaluation determined by the total points of degree of achievement of business plan and year-on-year growth level

Points	Evaluation
9 points or greater	5
7 to 8 points	4
5 to 6 points	3
2 to 4 points	2
1 point or less	1

APPENDIX:

REVISION OF THE AMOUNT OF COMPENSATION OF DIRECTORS

Officers' bonus

(Bonus amounts determined by multiplying the coefficients in Officers' bonus table below, which is determined based on tables in page 81 to base compensation)

(Officers' bonus table)

SS	JPY 70 billion or greater	5	4	3	2	1
	Chairman	13.5	12.75	12.00	11.50	11.00
	President	12.5	11.75	11.00	10.50	10.00
	Executive Director of the Board	10.5	9.75	9.00	8.50	7.50
	Director of the Board	10	9.25	8.50	8.00	7.50

S	JPY 50 billion or greater and less than JPY 70 billion	5	4	3	2	1
	Chairman	12.50	11.75	11.00	10.50	10.00
	President	11.50	10.75	10.00	9.50	9.00
	Executive Director of the Board	9.50	8.75	8.00	7.50	7.00
	Director of the Board	9.25	8.50	7.75	7.25	6.75

A+	JPY 35 billion or greater and less than JPY 50 billion	5	4	3	2	1
	Chairman	11.50	10.75	10.00	9.50	9.00
	President	10.50	9.75	9.00	8.50	8.00
	Executive Director of the Board	8.50	7.75	7.00	6.50	6.00
	Director of the Board	8.25	7.50	6.75	6.25	5.75

A	JPY 20 billion or greater and less than JPY 35 billion	5	4	3	2	1
	Chairman	10.50	9.75	9.00	8.50	8.00
	President	9.50	8.75	8.00	7.50	7.00
	Executive Director of the Board	7.50	6.75	6.00	5.50	5.00
	Director of the Board	7.25	6.50	5.75	5.25	4.75

B	JPY 10 billion or greater and less than JPY 20 billion	5	4	3	2	1
	Chairman	9.50	8.75	8.00	7.50	7.00
	President	8.50	7.75	7.00	6.50	6.00
	Executive Director of the Board	6.50	5.75	5.00	4.50	4.00
	Director of the Board	6.50	5.75	5.00	4.50	4.00

C	Less than JPY 10 billion	5	4	3	2	1
	Chairman	8.00	7.25	6.50	6.00	5.50
	President	7.00	6.25	5.50	5.00	4.50
	Executive Director of the Board	5.00	4.25	3.50	3.00	2.50
	Director of the Board	5.00	4.25	3.50	3.00	2.50

D	In case of ordinary loss	5	4	3	2	1
	Chairman	0.00	0.00	0.00	0.00	0.00
	President	0.00	0.00	0.00	0.00	0.00
	Executive Director of the Board	0.00	0.00	0.00	0.00	0.00
	Director of the Board	0.00	0.00	0.00	0.00	0.00

EXTERNAL EVALUATION



2019 Constituent
MSCI ジャパンESG
セレクト・リーダーズ指数

MSCI Japan ESG
Select Leaders Index

work with Pride



Received Gold Award
in the PRIDE Index 2019

APPENDIX: INITIATIVES FOR SDGs AS OF TODAY

Towards the contribution to the achivement of Sustainable Development Goals (SDGs)



APPENDIX: CORRELATION BETWEEN IMPORTANT ISSUES IN ESG AND SDGS ITEMS

Correlation between important issues in ESG and SDGs Items

<p>E</p>	<ul style="list-style-type: none"> Response to environmental preservation and reduction of environmental burden 	<div> <div>7 エネルギーをみんなに そしてクリーンに</div> <div>11 住み続けられる まちづくりを</div> <div>12 つくる責任 つかう責任</div> <div>13 気候変動に 具体的な対策を</div> <div>14 海の豊かさを 守ろう</div> <div>15 陸の豊かさも 守ろう</div> </div>
<p>S</p>	<ul style="list-style-type: none"> Enhancement of job satisfaction and diversity and elimination of inequality Response to Japan's super low birth rate and aging society 	<div> <div>3 すべての人に 健康と福祉を</div> <div>4 質の高い教育を みんなに</div> <div>5 ジェンダー平等を 実現しよう</div> <div>8 働きがいも 経済成長も</div> <div>10 人や国の不平等 をなくそう</div> <div>12 つくる責任 つかう責任</div> </div>
<p>G</p>	<ul style="list-style-type: none"> Countermeasures to addiction Corporate Governance 	<div> <div>5 ジェンダー平等を 実現しよう</div> <div>8 働きがいも 経済成長も</div> <div>10 人や国の不平等 をなくそう</div> <div>12 つくる責任 つかう責任</div> <div>16 平和と公正を すべての人に</div> </div>

**Contributing to society through
entertainment**

SEGA Sammy

感動体験を創造し続ける

Q & A



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

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(SEGA SAMMY Group Website list)

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