Fiscal 2018 Business Report





HEADLINES

Consolidated Business Highlights

Net sales

¥323.6 billion

Down **12**%

Operating income

¥17.7 billion

Down 40%

Operating income margin

5.5%

(Fiscal 2020 Target: At least 15%)

Down 2.5 pts.

ROA*

1.8%

(Fiscal 2020 Target: At least 5%)

Down

Results by Business Segment

Pachislot and Pachinko **Machine Business**

Net sales

Down 29% year on year

Operating income

¥11.9 billion

Down 55% year on year

Entertainment Contents Business

Net sales

¥105.6 billion ¥208.0 billion

Up 1% year on year

Operating income

¥14.8 billion

Up 33% year on year

Resort Business

Net sales

¥9.9 billion

Down 24% year on year

Operating loss

¥2.5 billion

- year on year

Topics

Release of Pachislot Sammy CODE GEASS Lelouch of the Rebellion R2 C.C.ver.



We have released the first GRT-type pachislot machine with a bonus loop that maximizes the sense of anticipation. As well as new specifications, the pachislot machine has a new look featuring a revamped machine cabinet and visual effects.

Pachislot CODE GEASS Lelouch of the Rebellion R2 C.C.ver.

@SUNRISE / PROJECT GEASS
Character Design @2006 CLAMP-ST

@SUNRISE / PROJECT GEASS
Character Design @2006-2008 CLAMP-ST

@BANDAI NAMCO Entertainment Inc. @Sammy
Manufacturer / RODEO Co., Ltd.



Dx2 Shin Megami Tensei Liberation @SEGA/@ATLUS



The evolution continues! Shin Megami Tensei Liberation Dx2 – now available to download!

A completely new *Shin Megami Tensei* game for smartphones, *Shin Megami Tensei Liberation Dx2* is proving highly popular and seeing an impressive number of downloads. The app includes popular gameplay systems from the *Shin Megami Tensei* series, such as "Demon Talk", "Fusion", and "Press Turn Battles", and allows players to face off in Dx2 duels as well as play other unique gameplay modes. What's more, the app includes a much-anticipated augmented reality (AR) mode that allows players to summon, view, and take photos of demons from the game in the real world.

Briefings for Individual Investors



The Company proactively hosts briefings to further individual investors' understanding of its businesses. 118 investors attended our March 2018 briefing. Please view briefing documents on our website.

Fiscal 2018 Individual Investor Briefings

May 2017 Individual investor seminar (Funabashi), Daiwa Securities
Nov. 2017 Individual investor online briefing about company, SBI Securities
Feb. 2018 Individual investor briefing (Takasaki), SMBC Nikko Securities
Mar. 2018 Individual investor briefing (Tokyo), SMBC Nikko Securities

Launch of Joint Industry– Academia Research on Gambling Addiction



We have begun joint research with Kyoto University's Kokoro Research Center on the onset mechanism of gambling addiction. We aim to collect and analyze player data from overseas casinos to establish a system that detects players exhibiting early signs of addiction and prevents escalation.

TO OUR SHAREHOLDERS



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

Notice of Dividends Interim cash dividends Vear-end cash dividends

¥40 ¥40 ¥40 ¥40 ¥40 (Plan)

20 20 20 20 20 (Plan)

20 20 20 20 (Plan)

20 20 20 (Plan)

At a meeting of the Board of Directors held on May 11, 2018, the Board decided to pay dividends for fiscal 2018, as shown below.

Year-end cash dividends: **¥20.00 per share**

Interim cash dividends: ¥20.00 per share (Plan) Full-year cash dividends: ¥40.00 per share (Plan)

Effective date (Payment start date): June 1, 2018

The SEGA SAMMY Group is advancing measures under *Road to 2020*, which sets out improving profit margins and enhancing capital efficiency as medium-term management goals and covers fiscal 2018 through fiscal 2020. By increasing the profitability of core businesses while proactively investing management resources in growth businesses, we will grow corporate value continuously. Meanwhile, we will maintain our basic policy of continuing to provide shareholders with stable dividends.

Pressure on companies to resolve social issues through business activities has been increasing since the United Nations adopted the Sustainable Development Goals (SDGs). Garnering the trust of many different stakeholders is, of course, essential for continuation of the Group's business activities. With this in mind, we intend to ensure rigorous compliance. At the same time, as befits a comprehensive entertainment corporate group, we will enrich society by unlocking the limitless possibilities for creating *moving experiences* through entertainment.

In closing, I would like to ask our shareholders and other stakeholders for their continued support.



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

Value (Mindset / DNA)

"Creation is Life" × "Always Proactive, Always Pioneering"

"Continuing to create moving experiences"

Mission

(Raison d'être)

- Making life more colorful -

Be a Game Changer

Vision (Ideal self)

Pachislot and Pachinko Machine Business

Sammy...the wellspring of new ideas as an innovator in the industry

Entertainment Contents Business

Be a Game Changer

Resort Business

Be an Experiential Innovator

Operating income margin: At least 15% ROA*1: At least 5%

Goal

(Specific target)

Operating income margin*2
At least **30** %

Sales: At least **¥300.0** billion
Operating income: At least **¥30.0** billion
Operating income margin: At least **10**%

Succeed in IR businesses Enhance brand value

^{*1} ROA = Profit attributable to owners of parent ÷ Total assets

^{*2} Operating income margin of the Pachislot and Pachinko Machine Business excluding other and eliminations

FISCAL 2018 REPORT FROM THE COO



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



In fiscal 2018—the first fiscal year of *Road to 2020*, which covers fiscal 2018 through fiscal 2020—net sales and operating income decreased primarily due to lower unit sales of the Pachislot and Pachinko Machine Business.

In response to regulatory revision in February 2018, the Pachislot and Pachinko Machine Business postponed the release of titles that had been scheduled for marketing. As a result, the business segment recorded year-on-year declines of 29% in net sales and 55% in operating income.

Meanwhile, the Entertainment Contents Business grew net sales 1% and operating income 33% year on year. Despite marketing fewer-than-expected new titles in the digital game area, the business segment performed steadily centered on the packaged game area, where net sales rose markedly. Driving this rise were *Persona5*— which surpassed 2 million cumulative unit sales worldwide—and the release of a new title in the *Sonic* series, *SONIC MANIA*.

In the Resort Business, net sales decreased, reflecting the previous fiscal year's sale of most of the Company's stake in a subsidiary that develops and manages indoor theme parks. Also, losses were larger than those of the previous fiscal year due to prior investment aimed at developing the integrated resort business in earnest. On the other hand, measures we have taken to date are steadily bearing fruit. For example, customer numbers are trending upward at *Phoenix Seagaia Resort*. Similarly, the profitability of South Korea's first integrated resort, *PARADISE CITY*, which opened in April 2017, is increas-

Performance Forecast

Billions of yen	Year ended March 31, 2018 Results	Year ending March 31, 2019 (Plan) (Figures as of May 11, 2018)	Change
Net sales	323.6	390.0	+21%
Operating income	17.7	21.0	+19%
Operating income margin	5.5%	5.4%	–0.1 pt.
Ordinary income	14.5	16.0	+10%
Profit attributable to owners of parent	8.9	12.0	+35%
ROA*	1.8%	_	_

ing gradually as more customers visit.

As a consequence of the above factors, profit attributable to owners of parent decreased 68% year on year.

In fiscal 2019, to achieve *Road to 2020*'s medium-term business result targets, namely an operating income margin of at least 15% and ROA* of at least 5%, we will decisively implement an action plan that sets out improving profit margins, enhancing capital efficiency, and optimizing management resource allocation as priority tasks.

The Pachislot and Pachinko Machine Business will introduce pachislot machines compliant with the new regulations (Type-6 Pachislot Machines) to revitalize the market. At the same time, the business segment will mainly sell pachinko machines compliant with the previous regulations while preparing to introduce pachinko machines compliant with the new regulations. We will

leverage industry-leading development capabilities and powerful intellectual properties to expand market share. We also plan to roll out new titles that use ZEEG machine cabinets. The Entertainment Contents Business aims to grow operating income even further by introducing multiple new titles, including major titles, mainly to the digital game area. As for the Resort Business, plans call for the opening of the second stage of phase 1 development of *PARADISE CITY* in the fall. While heightening the appeal of *PARADISE CITY*, we will continue acquiring expertise in the development and management of integrated resorts.

With continuing to create *moving experiences* as its mission, the SEGA SAMMY Group will keep delivering the best in entertainment and realize sustained growth in corporate value.

^{*} ROA = Profit attributable to owners of parent ÷ Total assets



Fiscal 2018 Performance

Consolidated -

. Below initial targets

Main reasons

- Significant revision of pachislot and pachinko machine sales schedule
- · Delays in launches of new digital game titles

Main achievements

- · Increase in operating income of Entertainment Contents Business for third consecutive year
- · Acquisition of Nevada gaming machine licenses

Business Segments -

Pachislot and Pachinko Machine Business

· Opening of PARADISE CITY

Below initial targets

- · Significant revision of sales schedule due to regulatory revision
- · Postponement of titles including those that use ZEEG machine cabinets
- Steady implementation of strategies under Road to 2020 (measures to promote component reuse, improvement of development efficiency, etc.)

Entertainment Contents Business

Favorable results

- · Favorable performances in areas such as packaged game, amusement machine sales, and amusement center operations
- · Delays in launches of new digital game titles

Resort Business

Steady expansion

- · Opening of phase 1 stage 1 of PARADISE CITY (April 2017)
- · Acquisition of Nevada gaming machine licenses

Fiscal 2019 Priority Measures

Pachislot and Pachinko Machine Business

- · Launch Type-6 Pachislot Machines
- · Launch ZEEG machine cabinets
- · Sell pachinko machines compliant with previous regulations

Entertainment Contents Business

- · Launch new digital game titles
- · Utilize intellectual properties

Resort Business

- · Open PARADISE CITY phase 1 stage 2 (2018)
- · Take measures to participate in Japan's integrated resort business

Groupwide

- Reform work styles
- Integrate Group offices

Aiming to enhance management efficiency, encourage interaction among employees, strengthen operational coordination, and promote idea creation, we will bring together 20 companies and their approximately 6,500 employees (including part-time and temporary personnel) and locate them in Tokyo's Osaki area.



Renew Group brand logo

We have renewed the brand logo of the SEGA SAMMY Group to create a new symbol of its future direction. Through business activities, we will realize the ambitions that the brand logo encapsulates.



New Shareholder Benefits Guide

We introduced a new shareholder benefits program to thank shareholders for their support and to encourage them to try our services. Commensurate with shares held, we will provide *UFO CATCHER* vouchers usable at SEGA amusement centers throughout Japan and vouchers usable at *Phoenix Seagaia Resort* in Miyazaki Prefecture. Each year, shareholders of record as of the end of March or of September owning 100 or more shares of the Company are eligible to receive vouchers. We would like as many shareholders as possible to experience our services and support us over the long term.



Record dates	Shares held	Shareholder benefits
	100 shares or more	· ¥1,000 UFO CATCHER voucher (twice a year)
March 31 and September 30 1,000 sha	1,000 shares or more	 ¥1,000 UFO CATCHER voucher (twice a year) ¥10,000 Phoenix Seagaia Resort voucher (twice a year)

Phoenix Seagaia Resort voucher



Phoenix Seagaia Resort
http://www.seagaia.co.jp/index_en.html



UFO CATCHER voucher





To find SEGA amusement centers (amusement centers that include *UFO CATCHER*)



https://tempo.sega.jp/tabid94.html

Shareholder Benefits Feature

1

Point

Give UFO CATCHER a Try!

For those who have never played *UFO CATCHER*, we will show one way of capturing stuffed toys. The technique is to slide and drop them rather than pick them up. After reading this, please try *UFO CATCHER*!



Takashi Sasaya SEGA Interactive Co., Ltd.

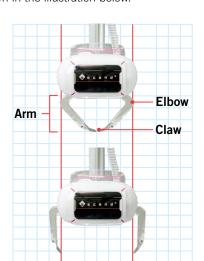


Check How Widely the Arms Open!



Move the Arms to a Position Likely to Move the Prize!

When sliding and dropping, it is important not to hurry in an attempt to get the prize all in one attempt. Rather, on your first attempt, check the opening width of the arms and then using the next several attempts to roll the prize toward the outlet. As a guide to the arms' opening width, use the width of the elbows as shown in the illustration below.



Rather than picking up the prize, whether the prize will move toward the outlet is the most important thing. For example, if you want to move a prize forward, aim just a little behind it.

When moving a prize sideways...

One way to do this is to deliberately avoid the center of a prize. As shown in the photograph below, aiming a little away from the center to the right can move the prize.



When moving a prize backwards...

When the arms pick the prize up, check whether or not the prize moves. Observing the prize from the side to check the position is also okay.



GFT!!!

Depending on the prize, there are many methods of capturing prizes. If you are not sure of the method, why not ask the amusement center personnel?

©Gosho Aoyama / Shogakukan-YTV-TMS 1996





Episode 3

In each era, the SEGA SAMMY Group has provided moving experiences that exceed customers' expectations. Episode 3 of our series focuses on the early days of UFO CATCHER—a fixture in amusement centers since its launch in 1985—and provides insights on the development of the amusement machine's ninth iteration.



The First UFO CATCHER 1985

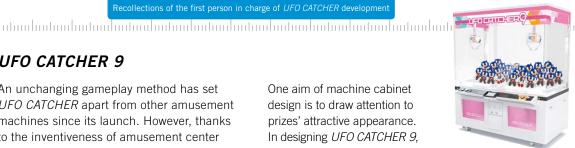
Our development goal for UFO CATCHER was to create an amusement machine that women unfamiliar with crane games could enjoy. We focused on optimizing players' experience during the game. For example, rather than positioning prizes below players' eyelines in the manner of existing crane games, we decided to provide new moving experiences through a crane game that arrayed prizes in front of players like a show window. Moreover, we swapped out traditional prizes, such as lighters and wristwatches, for stuffed toys, and we used large speakers to achieve high-quality sound.

UFO CATCHER 9 2014

An unchanging gameplay method has set UFO CATCHER apart from other amusement machines since its launch. However, thanks to the inventiveness of amusement center operators, the variety of ways that cus-

tomers can enjoy the game is constantly increasing. We will continue to market crane games that not only offer customers moving experiences but that also allow amusement center operators to incorporate their know-how.

One aim of machine cabinet design is to draw attention to prizes' attractive appearance. In designing UFO CATCHER 9, we focused on its transparency as a showcase for maximizing the appeal of prizes. I will use my designer's eye to continue introducing original ideas.



UFO CATCHER 9



Keigo Inuyama Product R&D Department SEGA Interactive Co., Ltd.

Mitsuharu Fukazawa Product R&D Department SEGA Interactive Co., Ltd.

Shareholder Benefits Feature

2

Fully Enjoy *Phoenix Seagaia*Resort with an Extra ¥10,000!

To ensure that holders of shareholder benefits vouchers get the most out of *Phoenix Seagaia Resort*, we have given some examples below of how two people can enjoy the resort complex for roughly ¥10,000.

We look forward to seeing you there.





Enjoy Dining



Themed on the deliciousness of local food ingredients produced by Miyazaki's soil and climate, or *terroir*, the *Pine Terrace* restaurant presents a buffet that invites diners to sample Miyazaki's treasure trove of fine food, including traditional vegetables, meat, and seafood.

Price: ¥4,500 per person (dinner)



Enjoy a Segway Tour



An instructor guides participants on a roam through the resort complex's surrounding countryside and recounts Miyazaki's myths. Beforehand, we teach participants how to ride a Segway so that newbies can join the tour without worry.

Price: ¥5,000 per person



Enjoy a Hot Spring



Surrounded by a black pine grove, the *Shosenkyu* hot spring's *Oyunomiya* bathroom embodies the *yudo* bathing aesthetic. Advocated by scriptwriter Kundo Koyama, *yudo* is the last word in bath etiquette, design, and art. Visit *Oyunomiya* to experience the ultimate bath.

Price: ¥6,500 per person (including tax)

This price is for guests using general accommodation packages. Reservations can be made from one month before visiting through to 17:00 on the day before visiting.

MOVING **EXPERIENCES**





INVESTIGATION 3 Publicity that Fully Communicates the Resort's Appeal

All SEGA SAMMY Group employees work in unison to provide moving experiences. Here, we zoom in on the approach of a person in charge of public relations who is heightening awareness of Phoenix Seagaia Resort and its many attractions.

Preparing High-Quality Communication Tools

I am mainly engaged in design, production, and direction for the wide range of communication tools—such as advertising, pamphlets, and posters—that are used inside and outside the resort complex. I am also involved in the photography for some of these communication tools.

I focus on completely capturing the resort complex's appeal by using high-quality photographs, copy, and layouts. My aim is to heighten the anticipation of customers planning to stay at the resort complex and encourage residing guests to try some of its activities during their stay.

Creating Moving Experiences through Teamwork

In October 2017, we unveiled the "new" Phoenix Seagaia Resort after completing the largest renewal of the resort complex since it began operations. Capitalizing on the resort complex's outstanding natural environment and facilities and high-quality services, all personnel work as a team to create the intangibles that make moving experiences and to communicate these intangibles to customers.

One example is the KAZE-MACHI TERRACE for the exclusive use of staying guests, which we created during the renewal. The terrace lounge invites guests to create and take part in their own "narrative." As well as a menu of carefully chosen café offerings, such as individually prepared drip coffee, travel-themed books are on hand. The setting encourages guests to plan and look forward to their stays in Miyazaki. Further, a letter-writing room enables them to leave messages about their experiences and send them to loved ones.

Also, aiming to be the best resort complex in Japan for dining, we are enhancing our selection of gourmet dishes that are unique to *Phoenix Seagaia Resort* and Miyazaki. At our restaurant specializing in beef dishes. Beef Atelier USHINOMIYA, which can serve only six customers per day, customers fully enjoy Miyazaki beef—Japan's premier beef. Alternatively, guests can visit RISTORANTE ARCO on the 42nd floor of the hotel to enjoy chef Ochiai's sumptuous Italian cuisine and the magnificent view.

Through a process of trial and error, we are always trying to give guests a sense of the whole team's professional commitment, which is what makes each of the resort complex's moving experiences a reality.



Emiko Suzuki Production Team, PR Section, Strategy Department, Management Strategy Division Phoenix Seagaia Resor

NEWS

Releasing *Pachinko CR* Shin Hokuto Muso Chapter 2 in September 2018

Pachinko CR Shin Hokuto Muso Chapter 2 will make its longanticipated pachinko hall debut in September 2018. It is the successor to Pachinko CR Shin Hokuto Muso, which was marketed in March 2016 and



Sammy

Pachinko CR Shin Hokuto Muso Chapter 2 ©Buronson & Tetsuo Hara/NSP 1983, Approved No.KOK-115 @2010-2013 Koei Tecmo Games Co., Ltd. @Sammv

remains in operation. The latest installment in the series will give pachinko players even more thrills by retaining the unique battle scenes that are the hallmark of the series while incorporating revamped specifications and visual effects. Get ready to discover hero Muso's ultimate significance.

Beginning Pre-Registration for a New Smartphone RPG



New role-playing game (RPG) WONDER GRAVITY ~ BEST BUDDY: PINO & GRAVITOR~ is scheduled to be available online in 2018. Set in a "sky world" without land or ocean, the game tells the story of "gravity

user" Hugo and his friend Pino as they journey to "Endroll" at the very bottom of the world. We will give all players an "Apple Gem" item, which lets them play using in-game gacha items six times for free. We are currently accepting pre-registrations from players.



PINO & GRAVITOR~ @SEGA-f4samurai

Our new title for Amusement Machines Coming this Summer! Interactive



Our new title for amusement machines. Fate/Grand Order Arcade, features complete 3D computer graphic renderings of the characters, that appear in the Fate/Grand Order RPG for smartphones. In battle mode, three-player teams form and fight one another through a nationwide network, while single-player mode allows players to try their own tactics in different stages of the game. The amusement machine will begin operations from the second half of July.



Fate/Grand Order Arcade ©TYPE-MOON / FGO ARCADE **PROJECT**

22nd Installment of Movie Theater **Animation Series is a Major Hit!**



Our Japanese animation series for movie theaters. Detective Conan Zero the Enforcer, has become a

blockbuster, with audience numbers surpassing 5.8 million people only 45 days after the April 13 release. The movie was a joint production by TMS ENTERTAINMENT CO., LTD., and five other companies. Also, the Group's PARADISE CITY cooperated in the filming of the 22nd installment of the animation series



Detective Conan Zero the Enforcer ©2018 GOSHO AOYAMA / DETECTIVE CONAN COMMITTEE All Rights Reserved

GROUP INFORMATION

Company Profile (As of March 31, 2018)

Company Name SEGA SAMMY HOLDINGS INC.

URL www.segasammy.co.jp/english/

Established October 1, 2004

Capital ¥29.9 billion

Number of Employees 7,726 (Consolidated)

Directors and Audit & Supervisory Board Members

Hajime Satomi

Chairman and Group CEO (Representative Director)

Haruki Satomi

President and Group COO (Representative Director)

Naoya Tsurumi

Senior Executive Vice President (Director of the Board)

Koichi Fukazawa

Executive Vice President and Group CFO

(Director of the Board)

Hideki Okamura

Executive Vice President (Director of the Board)

Yuji Iwanaga

Director of the Board (External)

Takeshi Natsuno

Director of the Board (External)

Kohei Katsukawa

Director of the Board (External)

Shigeru Aoki

Standing Audit & Supervisory Board Member

Yukito Sakaue

Audit & Supervisory Board Member

Tomio Kazashi

Audit & Supervisory Board Member (External)

Mineo Enomoto

Audit & Supervisory Board Member (External)

Information on Outstanding Shares (As of March 31, 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 80,330

Principal Shareholders

	Shares held	Shareholding ratio (%)
HS Company	35,308,000	13.26
Company's Tr. Stock	31,850,504	11.96
FSC Co., Ltd.	13,562,840	5.09
Japan Trustee Services Bank, Ltd. (Trust account)	10,754,900	4.03
Hajime Satomi	7,721,338	2.90

Breakdown of Shareholders



Shareholder Memo (As of March 31, 2018)

Stock Code 6460
Trading Unit 100 shares

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

Ordinary General Meeting of Shareholders Jun

Date of Record for Dividends March 31 (September 30 for interim periods, if paid)

Advance public notice is given when required for other dividend

payments.

Method of Public Notice Electronic public notices

Notification URL https://www.segasammy.co.jp/ japanese/etc/notice
If electronic notification is not available due to unavoidable

circumstances, the Company will post the notice in the *Nihon Keizai Shimbun*.

Transfer Agent Mitsubishi UFJ Trust and Banking Corporation

Administrative Office of Transfer Agent Securities Agent Department, Mitsubishi UFJ Trust and Banking

Corporation, 1-1, Nikkocho, Fuchu-shi, Tokyo 183-0044, Japan

Phone: +81-3-5683-5111

Mitsubishi UFJ Trust and Banking Corporation branches in Japan

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

Mitsubishi UFJ Trust and Banking Corporation website: https://www.tr.mufg.jp/daikou/

Agencies

IR INFORMATION

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

SEGA SAMMY HOLDINGS INC. IR Information Center

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

Phone: +81-3-6215-9839

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

▶ IR Calendar

Schedule of activities for shareholders and investors:

June Ordinary General Meeting of Shareholders

Aug. Announcement of results for the three months ending June 30, 2018

Nov. Announcement of results for the six months ending September 30, 2018

Dec. Release of Business Report for the six months ending September 30, 2018



Investor Relations Online

Through our IR website, we disclose consolidated financial statements, press releases, *Integrated Report 2017*, and other statutory disclosure documents as well as actively provide briefings on management strategies.

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

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

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

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

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



SEGA SAMMY HOLDINGS INC.

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