

Business Report

FY2020
Summer



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

Consolidated Business Highlights

Net sales

▲ Up 11% year on year
¥ **366.5** billion

Operating income margin

▲ Up 3.6 pts. year on year
7.5%

Operating income

▲ Up 112% year on year
¥ **27.6** billion

ROA*

▲ Up 2.4 pts. year on year
3.0%

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

Results by Business Segment



Pachislot and Pachinko Machines Business

Sales, income up year on year

Net sales

▲ Up 7% year on year
¥ **108.3** billion

Operating income

▲ Up 86% year on year
¥ **24.9** billion



Entertainment Contents Business

Sales, income up year on year

Net sales

▲ Up 13% year on year
¥ **247.7** billion

Operating income

▲ Up 51% year on year
¥ **14.8** billion



Resort Business

Sales down year on year,
higher loss

Net sales

▼ Down 1% year on year
¥ **10.4** billion

Operating loss

Year on year —
¥ **3.6** billion

To Our Shareholders

Surmounting Difficulties and Carving Out a New Future



Hajime Satomi

Chairman and Group CEO (Representative Director)



Business Environment

We continue to face an unpredictable future, with the rampant spread of COVID-19 and many countries around the world declaring states of emergency and implementing lockdowns in response. We extend our deepest sympathies to those affected by the pandemic and pray for a quick recovery. We would also like to express our deep gratitude to all health-care workers and all who are working to prevent the spread of the disease.

The pandemic has begun to impact the SEGA SAMMY Group in various ways as well, including delays in product development and declining demand for services. However, the Group's first priority with regard to this crisis is to ensure the safety of our customers, business partners, and all of our employees. We want to work together to surmount this enormous challenge and carve out a path to the new future that lies ahead.

Medium- to Long-Term Vision

I regret to report that we were unable to reach the medium-term management targets of Road to 2020, due in part to lower-than-expected performance in the Pachislot and Pachinko Machines Business and in the Digital Games area of the Entertainment Contents Business, brought about by various changes in the business environment. We are taking this result very seriously as we work to identify issues in each of our business segments and incorporate strategic response measures into our next medium-term targets.

In addition, amid calls for companies to help address a variety of social issues such as the environment and the super aging society, the SEGA SAMMY Group is reinforcing its activities that address environmental, social, and governance (ESG) factors as well as further Sustainable Development Goal (SDG) initiatives. Going forward, we are convinced that the way to sustainably increase corporate value is by contributing to society as we continue to create *moving experiences* through entertainment businesses, which

is our main business field. I would like to ask our shareholders and other stakeholders for your continued support as we pursue this vision.

May 2020

Shareholder Returns

At a meeting of the Board of Directors held on May 13, 2020, the Board resolved to pay dividends for FY2020 as shown below.

Please note that the dividends for FY2021 are currently undecided, given the difficulty of forecasting consolidated performance. We will announce the dividend plan along with consolidated forecast as soon as it becomes available.

Year-end cash dividends: ¥20 per share

Effective date (Payment date): June 4, 2020

	¥40	¥40	¥40	¥40
Year-end	20	20	20	20
Interim	20	20	20	20
	2017	2018	2019	2020 (FY)

Message from the COO

Drawing on the Outcomes of Road to 2020 to Empower and Guide Future Growth

Maximizing potential in each business segment, reacting swiftly to capitalize on changes in the environment



A handwritten signature in black ink that reads "Haruki Satomi". The signature is fluid and cursive.

Haruki Satomi
President and Group COO (Representative Director)

Results for the Fiscal Year

The Group carried out Road to 2020, a plan for 3 consecutive years starting in FY2018. In FY2020, the final year of the plan, sales were up 11% year on year to ¥366.5 billion and operating income was up 112% to ¥27.6 billion, while ordinary income was up 241% year on year to ¥25.2 billion. Profit attributable to owners of the parent was up 427% year on year, at ¥13.7 billion.

Regarding the impact of the spread of COVID-19, we saw a sharp drop-off in the number of customers in the Amusement Center Operations area and Resort Business, owing to emergency restrictions on travel and outdoor movement in Japan starting in March. However, the impact on overall business activities for FY2020 was minor. On the other hand, in light of uncertainties regarding the ongoing impact of the virus, deferred tax assets decreased, reflecting our careful reconsideration of recoverability.

Overview of Each Business Segment

Pachislot and Pachinko Machines Business

We sold 123,000 pachislot units in FY2020, compared with 67,000 units in the previous year. Growth in sales was driven by major titles such as *Pachislot Hokuto No Ken Tenshou*. We released new titles such as *P Hokuto no Ken 8 Haou*, and sold 104,000 pachinko units compared with 159,000 units in the previous year. As a result, while sales were up by 7%, our steps to boost profitability under the Road to 2020 plan also bore fruit, yielding an 86% year-on-year increase in operating income, a major improvement over the previous year.

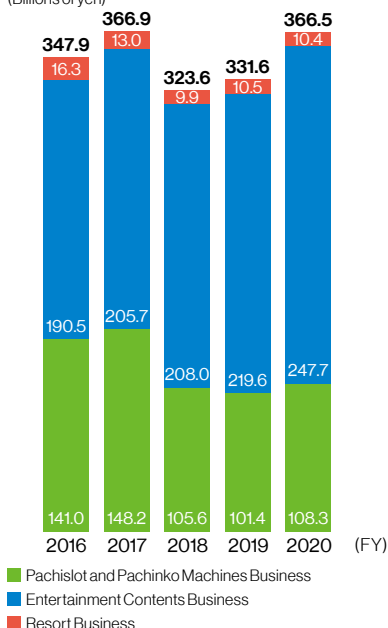
Entertainment Contents Business

The Digital Games area saw a significant increase in profitability. Aside from the decrease of expenses incurred from recording impairment losses in the previous fiscal year, the improvement was the result of one-off revenues associated with transfer of titles and

Results

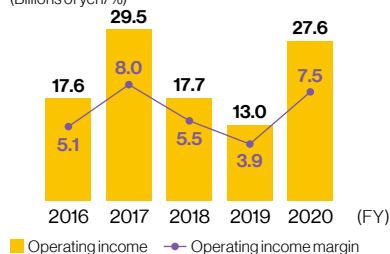
Net sales

(Billions of yen)



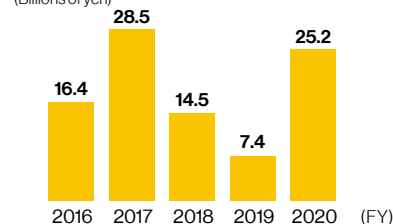
Operating income/Operating income margin

(Billions of yen/%)



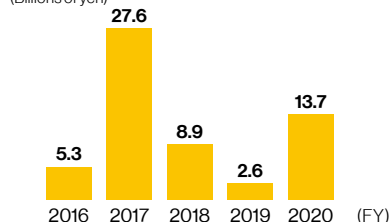
Ordinary income

(Billions of yen)



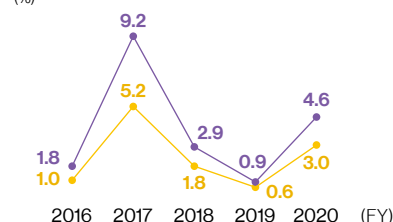
Profit attributable to owners of parent

(Billions of yen)



ROA *1/ROE *2

(%)



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

*2 ROE = Profit attributable to owners of parent ÷ Total equity

offering of titles, as well as steady sales of new and existing titles.

In the Packaged Games area, the release of *Total War: THREE KINGDOMS* and other major new titles yielded a sizeable increase in sales, but at the same time greater amortization of development costs led to higher expenses. Repeat sales of existing titles were strong, however, underpinning sales of 26.76 million units, an improvement over 23.44 million units in the previous year.

In the Amusement Machine Sales area, sales efforts centered on prize game machines and other products, but the effect of poor performance of video games and others led to overall sluggishness. Amusement Center Operations saw a downtrend in customer traffic due to Japan's consumption tax hike and a series of typhoons as well as the impact of the spread of COVID-19.

Animation and Toys recorded allocated revenue of movie and revenue from video distribution, as well as from sales of new and mainstay toy products.

As a result of these factors, sales in the Entertainment Contents Business increased by 13% year on year, while operating income was up by 51%.

Resort Business

Although *Phoenix Seagaia Resort* took various measures to attract customers, mainly from the Kyushu region, the number of customers dropped off sharply in March with the COVID-19 outbreak, resulting in a full-year visitor increase of only 3%. Meanwhile, investments towards our entry into the domestic integrated resort business increased. As a result, sales decreased slightly (by 1% year on year) but the scale of operating losses expanded. Overseas, promotional campaigns primarily targeting Japanese VIP customers yielded higher visitor traffic to *PARADISE CITY*, South Korea's first integrated resort. Through this facility we are also gaining valuable developmental and operational know-how towards our entry into the integrated resort business in Japan.

Looking Forward

Given the rapid global spread of COVID-19 to date, it is currently impossible to tell when the crisis will abate. There are also concerns about the numerous uncertainties involved, including the economic impact of the crisis in Japan and overseas. For this reason, since it is difficult at present to reasonably calculate the effects on business performance, the consolidated forecast for FY2021 is not yet decided. Going forward, we will carefully assess the impacts on business performance and announce the forecast as soon as feasible. In addition, we have postponed announcing the next medium-term management plan until we are able to reassess the market environment in the wake of COVID-19.

The impact associated with the COVID-19 crisis on each business segment is as follows. In the current environment, the Group places top priority on ensuring the safety of all our stakeholders, including customers, business partners, and all employees. At the same time, precisely at a time like this when people are anxious about their daily lives, a company like the SEGA SAMMY Group whose core business is the entertainment that is deemed “non-essential” in the midst of a crisis, we are resolved to looking afresh at what is expected of us and what we must do in order to fashion a company that can better respond to the needs of society.

May 2020

Expected COVID-19 Associated Impact by Business Segment

(As of the May 13, 2020 announcement of financial results)



Pachislot and Pachinko Machines Business

- Due to the decline of prototype testing slots at the Security Communications Association, and the suspension of operation of pachinko halls, the timing of new pachislot and pachinko machine releases will be revised.



Resort Business

- There are concerns that restrictions on outdoor movement, travel, and immigration will dampen domestic and overseas demand.

Phoenix Seagaia Resort

Indefinite temporary closure of all facilities from May 7 (some facilities reopened starting from May 11)

PARADISE CITY (Incheon, South Korea)

Despite reopening on April 20, worldwide restrictions on movement, travel, and immigration decreases visitor traffic.



Entertainment Contents Business

- If restrictions on outdoor movement in Japan are prolonged, development and release schedules in each area may face delays.
- Growth in Digital and Packaged Games is seen primarily in download sales overseas.
- There are concerns that temporary closures under the state of emergency and restrictions on outdoor movement could impair the operations of amusement facilities, resulting in a drop off in new orders for amusement machines.
- As movie premieres are postponed, there may be delays in terms of when distribution and other revenues can be recorded.



For more details, see our “Fiscal Year Ended March 2020 Results Presentation”
<https://www.segasammy.co.jp/english/ir/library/presentation/presentation.do>



Supporting the “COVID-19 Cancelled Events Support Program”

SEGA SAMMY ARTS FOUNDATION, through the “COVID-19 Cancelled Events Support Program” being carried out by READYFOR Inc., Japan’s first and largest crowdfunding service, is supporting the organizers of performing arts events that were canceled in the wake of the COVID-19 crisis.

SEGA SAMMY ARTS FOUNDATION is committed to supporting outstanding arts and traditional culture both in Japan and abroad. As part of its support activities, the Foundation will donate ¥2 million toward READYFOR’s “COVID-19 Cancelled Events Support Program” crowdfunding project. ¥100,000 will be distributed to each event organizer selected by the Foundation.

Through its efforts to support the visionary, moving arts and cultural activities of talented people, SEGA SAMMY ARTS FOUNDATION contributes to the realization of an abundant, culturally rich society.

Review of Road to 2020 Medium-Term Management Plan



▶ Quantitative Targets

FY2020 (announced May 2017)

Operating income margin	ROA
Higher than 15%	Higher than 5%

FY2020 Results

Operating income margin	ROA
7.5%	3.0%

Main reasons why the medium-term plan was not fully achieved

The impact of revisions to regulations regarding pachislot and pachinko machines along with insufficient hit titles in the Digital Games area were major reasons why the plan was not fully achieved.

▶ Review of Each Business Segment



Pachislot and Pachinko Machines Business

KPI Targets

FY2020 Plan
(announced May 2017)

Operating income margin

30%

FY2020 Results

23%

Achieved

✓ Improved profitability by reducing procurement costs mainly through reuse

Not achieved

✓ Increase in unit sales



Entertainment Contents Business

KPI Targets

FY2020 Plan
(announced May 2017)

Operating income margin

10%

FY2020 Results

6%

Operating income

¥ **30.0** billion

¥ **14.8** billion

Achieved

✓ Serialize mainstay intellectual property
✓ Expand sales in Asia, Europe, and North America

Not achieved

✓ Creation of hit titles in Digital Games area



Resort Business

Targets

FY2020 Plan
(announced May 2017)

Gain expertise for entry into the domestic integrated resort business

FY2020 Results

Announced the participation of integrated resort business in Yokohama

Achieved

✓ Acquired gaming machine manufacturer and distribution licenses in Nevada, U.S.A.
✓ **PARADISE CITY** achieved full-year operating profitability (2019)
✓ Announced business partners towards the entry to integrated resort business in Yokohama



ESG/SDGs related progress

- ▶ Identified the following five elements as material issues (important issues)
- ▶ Worked to inculcate and put into practice group wide
 - Enhancing job satisfaction and diversity and eliminating inequality
 - Countermeasures to addiction issues
 - Environmental preservation and environmental load reduction activities
 - Response to Japan's super low birthrate and aging society
 - Corporate governance

For more details, see our "Fiscal Year Ended March 2020 Results Presentation"
<https://www.segasammy.co.jp/english/ir/library/presentation/presentation.do>

Measures to Strengthen Each Business Segment



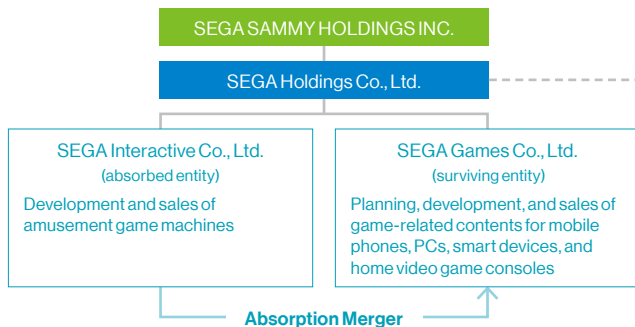
Entertainment Contents Business

SEGA Games and SEGA Interactive Merged

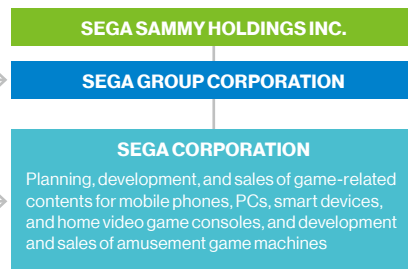
In April 2020, SEGA Games Co., Ltd. and Sega Interactive Co., Ltd. were merged and reorganized to more effectively leverage the development resources of both companies. The new structure allows the Group to more flexibly reallocate domestic development resources to maximize its competitiveness in global markets.

Leveraging resources of both companies to bolster development capabilities

• Before April 1, 2020



• From April 1, 2020



Message

We're aiming to boost our development capabilities and further enhance our presence in global markets.



Yukio Sugino
President and COO (Representative Director)
SEGA CORPORATION

The current diffusion of new game platforms and business models in conjunction with progress in 5G, cloud, and other technologies and infrastructure is expected to expand the global game market. The Group must capitalize on the huge market changes taking place on a global scale in order to achieve further growth. Our recent reorganization is the touchstone for this effort. Integrating these two core companies—Sega Games Co., Ltd. and Sega Interactive Co., Ltd.—will allow us to flexibly reallocate domestic R&D resources and further strengthen our global competitiveness.

Starting in the FY2021, we will work to expand sales in overseas markets and actively develop global titles originating from our domestic R&D. At the same time, we will seek to create group synergies through the secondary development of IP, drawing on the integrated strengths of the SEGA SAMMY Group.



Resort Business

Participating in the 1st JAPAN IR EXPO in Yokohama

SEGA SAMMY participated in the 1st JAPAN IR EXPO in Yokohama held January 29-30, 2020 at PACIFICO Yokohama.

Roughly 45 companies, including major overseas gaming operators, hoping to win operating rights at the Yamashita Wharf integrated resort (IR), engaged in the trade exhibition. The goal of the exhibition was to advance Japan's burgeoning IR industry. As a prospective IR operator, SEGA SAMMY's active involvement in the exhibition included producing a dynamic booth, as well as Group COO Haruki Satomi giving an operator keynote address. In the address, he conveyed SEGA SAMMY as



the viable candidates, guided by the concept of "an IR that can sustainably succeed." SEGA SAMMY's success will prosper along-side local communities, citizens, and businesses, while generating interest in the entire region and launching Yokohama as a "stay destination" for international tourists. From facility development to operations, drawing on the know-how gained from PARADISE CITY and its various business units, SEGA SAMMY, as a Japanese firm, is positioned to actualize a uniquely Japanese IR that can offer groundbreaking, moving experiences to visitors from around the world.

Alliances to ensure Yokohama IR success

Comprehensive Design

Marketing

Japanese Culture

Foster + Partners

Partnering for urban development master planning, architectural design, and supervision

- Realizing an environmentally aware, sustainable city
- Developing an urban brand drawing on the essences of a port city



Katana Inc.

Partnering for business plan design and construction & business strategy and marketing

- Actualizing a sustainably successful integrated resort
- Customizing a business plan with a systematic "assure-to-win" strategy, consumer-chosen "concept", and conclusive "demand forecast" to ensure feasibility — A "Business plan" that transforms demand forecast into a winning reality



Partnering for planning and development of authentic traditional Japanese inn-style dining

- Creating an integrated Japanese cultural experience facility centered on Japanese cuisine
- "Carrying on", "creating" and "disseminating" Japanese culture

2009

Pachislot Psalms of Planets Eureka Seven, released in September

2009, was the first No. 5 model pachislot to offer a full-fledged jump to Assist Replay Time mode from normal play. This new system was later dubbed the "Eureka type," and became a major turning point in expanding the playability of No. 5 models.

Also, because it works without the need to line up winning reels and incorporates an easy-to-play



Pachislot Psalms of Planets Eureka Seven

spec balance that allows for everyday play, the new system helped to grow the fan base. In terms of production, the stylish presentation of famous scenes from the original *anime* together with an excellent musical score have won the hearts of many players. The fusion of new playability and the underlying appeal of *Eureka Seven* lay behind *Pachislot Psalms of Planets Eureka Seven* becoming a hit success among No. 5 models.

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パチスロ 交響詩篇 イヅナナナ3 HI-EVOLUTION ZERO

Throughout its long history, the SEGA SAMMY Group has pursued the value of *moving experiences*. The seventh episode in this series takes a look at the secrets behind the development of the first and latest releases of *Pachislot Psalms of Planets Eureka Seven* which, based on the Ride the Wave concept, fully recreated the jackpot signals and Assist Time playability of No. 4 models, and changed No. 5 model history.



Guide to the Past and the Present

Hidekazu Kouchi

Chief Producer, PS Section 1
Deputy Managing Director,
PS Research & Development
Division
Research & Development
Group Division



2019

The No. 6 model of *Pachislot Psalms of Planets Eureka Seven 3 HI-EVOLUTION ZERO* was released in December

2019, 10 years after the first model appeared. We worked to develop the new model as the culmination of the series under the themes "continuity" and "evolution". In terms of continuity, we sought to combine the series' traditional images, sounds, ball payout, and player control to offer maximum exhilaration and ease of play. In terms of evolution, in line



Pachislot Psalms of Planets Eureka Seven 3 HI-EVOLUTION ZERO

with No. 6 model regulations, we incorporated a new system offering renewed gameplay that links bonuses with AT mode play. We also focused on a production that fully conveys the feel of the "*Eureka Seven: Hi-Evolution*" movie trilogy which started coming out in 2017. 2020 will see us shift more and more to No. 6 models. In the spirit of "new things start with Sammy", we will keep developing original, history-making models to create not only new markets but "better markets".

Investigation 7 A Specialized Business Unit Dedicated to Turning Sonic Into a Global Entertainment Icon

Sonic Studio

With the goal of growing the audience for Sonic worldwide, Sonic Studio based in Los Angeles aggregates Sonic-related business functions and is currently driving strategy and execution for a number of marketing and business initiatives including content development for a wide range of content platforms. We spoke with Sonic Studio's Chief Brand Officer, Ivo Gerscovich, about the unit.



©SEGA

opportunities for people to engage with Sonic and his friends by rolling out the brand across multiple platforms is also crucial to expanding the series. We strive to be wherever our fans are found.

Making Sonic the Hedgehog a Pop Culture Icon

The spillover effect of the live-action movie "Sonic the Hedgehog," which was released worldwide in many countries in February and is soon to be released in Japan, has been huge. We were able to convey the attraction and appeal of Sonic across multiple generations, people both young and old, as well as to countries where we previously had not

been able to easily promote the series. Building on this new-found recognition, we will continue to focus on collaborating with various sister and partner companies and brands. Right now, we are working on various large-scale collaboration projects leading into the 30th anniversary of Sonic, so watch for further developments. Sonic has numerous female fans, so we've been working on projects with various cosmetics and other brands for women. Moreover, we are strengthening our

in-house designed products using the Sonic brand; we like to surprise and entertain our audience and so even created a lot of buzz on social media and other media by announcing a crowd-funded toaster that can toast an image of Sonic the Hedgehog onto bread. They were a big hit with our fans. We have also produced a Sonic pizza cutter which was sold in the US and Europe.

Ultimately, we want to see Sonic become an even more cutting-edge series—both advanced and cool—as well as being a brand that is popular with people of all ages. We aim to be "edgy yet family safe". At the same time, we want Sonic to be a character that brings great enjoyment and comfort to people around the world both in good and more challenging times. As always, our dedicated team continues to strive towards reaching our ambitious goal of turning Sonic into a pop entertainment icon and cementing Sonic's rightful place in Hollywood. We are well on our way, but the best part is Sonic Studio is only just getting started.

Keyperson, Sonic Studio



Ivo Gerscovich

Sega of America, Inc.
Chief Brand Officer



Expanding the Sonic Series as Our Flagship Intellectual Property

For the Sonic brand to gain even broader acceptance, we believe it is important to listen carefully to what enthusiastic fans are saying while striving to both meet and exceed their expectations. As such, core fans act as influencers and brand evangelists, actively reaching out to their surrounding communities, and out of respect to these loyal fans, we want to take engagement with them seriously. To that end, our first priority is to offer games whose quality goes beyond what users are expecting. We are working daily to create products that surprise and delight users and engage their interest. On top of that, generating more

Latest Topics

Sonic the Hedgehog box office revenues surpass US\$300 million worldwide!



The movie *Sonic the Hedgehog*, co-produced in the U.S. by Sega of America, Inc. and Paramount Pictures, surpassed US\$300 million in worldwide box office revenues within a month of release. Opening on February 14 in theaters in the U.S. and elsewhere, the film recorded US\$58.01 million in U.S. box office revenues in the first three days alone, making it the highest grossing video game-based film ever, and opening a new chapter in movie history.



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Ryu ga Gotoku 7 ships 450,000 units!



The latest installment in the *Ryu ga Gotoku* video game series, which has shipped a total of more than 12 million units to date, *Ryu ga Gotoku 7* has shipped over 450,000 units in Japan and elsewhere in Asia. An intense human drama unfolds on the stage of Yokohama's Isezaki Ijincho district, as new protagonist Ichiban Kasuga and his crew work their way up in the world, finally breaking the grip of evil. The game's epic storyline, unprecedented scale, and Live Command RPG Battle function combining fighting action and an RPG command selection system, are gaining wide popularity.



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A String of New Titles Using ZEEG machine cabinets Hit the Market



Founded jointly with Universal Entertainment Co., Ltd., ZEEG Co. Ltd. is at the core of the SEGA SAMMY Group's efforts to promote the standardization and reuse of pachislot and pachinko machine units and parts, thereby enhancing product strength and the cost base, as well as encouraging and improving industry-wide efficiency. Efforts picked up speed in FY2020, as a string of new titles using ZEEG machine cabinet hit the market.

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Pachislot Psalms of Planets Eureka Seven 3 HI-EVOLUTION ZERO

Carrying on a legacy of astounding quality with a revolutionary system that changed the playing field for the No. 5 model



Pachislot Hokuto No Ken Tenshou

Playability transformed by incorporating high-spec Assist Time functionality



Pachislot <Monogatari> Series Secondseason

Carrying on and evolving the playability of *Bakemonogatari* for new No. 6 models

Sakura Wars: The Animation Starts Airing on Japanese TV



Sega Co., Ltd. began airing the television anime series “Sakura Wars: The Animation” on several stations in Japan in the spring of 2020. An animated adaptation of the *Sakura Wars* software for PlayStation®4, the series follows an original *Sakura Wars* storyline, centering on the protagonist, Sakura Amamiya, who becomes acting captain of the Flower Division of the Imperial Combat Revue. In May 2020, Avex Pictures released a CD of the show’s ending song, “Sakura Yume Mishi”, performed by the Imperial Combat Revue’s Flower Division and voice actors for the show characters Ellis, Lancelot, and Yui.



©SEGA/SAKURA PROJECT

SEGA 60th Anniversary Project Launched!



SEGA Group celebrated its anniversary on June 3, 2020, marking 60 years since the predecessor of SEGA Corporation, Nippon Amusement Products Co., Ltd. was formed in 1960. “GO SEGA”, the 60th anniversary key message, includes the idea of not only preserving the “Creation is Life” corporate DNA that has driven efforts to always offer creative products and services, but also of carrying this spirit forward even more boldly. The 60th Anniversary Project will create an anniversary logo to symbolize this idea, as well as develop a variety of content throughout the year.



<https://60th.sega.com/en/>



New Release of P Psalms of Planets Eureka Seven HI-EVOLUTION ZERO Pachinko Model



The first pachinko model to use the popular pachislot *Psalms of Planets Eureka Seven* motif will go on sale in 2020. Incorporating a “play time” function, specifications for this model aim for a balance between playability and ball payout that is appropriate for a wide range of fans. The passion for the *Eureka* series and pachislot know-how that went into the playability and production of this model have yielded astoundingly high quality. A new history of *Pachinko Psalms of Planets Eureka Seven* is about to begin.



P Psalms of Planets Eureka Seven HI-EVOLUTION ZERO

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Guide to Expanded Shareholder Benefits

We have introduced a shareholder benefit program primarily to encourage more of our shareholders to experience SEGA SAMMY's services and to hold our shares over the longer term. To further encourage long-term holding of our shares, we have added new benefit categories depending on the number of shares held and the holding period. We've also introduced a new program for donating to social contribution activities.

◆ A Full Line of Exciting Benefits ◆

Shareholder Benefits (scheduled for distribution twice a year, in June and December)

Number of shares held	Number of years held	①	②	③	④	⑤	⑥
Between 100-999 shares	—	¥2,000 worth	—	—	—	—	—
Between 1,000-2,999 shares	—	¥2,000 worth	¥20,000 worth	—	—	—	—
Between 3,000-4,999 shares	Less than two consecutive years	¥2,000 worth	¥40,000 worth	—	—	—	—
	More than two consecutive years			NEW 1 voucher*1			
Between 5,000-19,999 shares	Less than two consecutive years	¥2,000 worth	¥40,000 worth	2 vouchers	—	—	2 vouchers
	More than two consecutive years			—			
NEW 20,000 shares or more	—	¥2,000 worth	¥40,000 worth	—	—	NEW 2 vouchers	2 vouchers

① UFO CATCHER voucher*2

Voucher for UFO CATCHER at SEGA amusement centers in Japan or for SEGA Catcher Online

② Phoenix Seagaia Resort facility voucher

Voucher redeemable at Phoenix Seagaia Resort facilities (Miyazaki Prefecture, Japan)

③ Free accommodation voucher for Phoenix Seagaia Resort*3

Voucher for a one-night stay (one room, two adults maximum) at Sheraton Grande Ocean Resort in Phoenix Seagaia Resort (Miyazaki Prefecture, Japan)

④ Free accommodation voucher for Phoenix Seagaia Resort Club Floor*3

Voucher for a one-night stay (one room, two adults maximum) on the premium Club Floor of the Sheraton Grande Ocean Resort

⑤ Free accommodation voucher for Phoenix Seagaia Resort suite room*3

Voucher for a one-night stay (one room, two adults maximum) in the suite room (Club Suite Grande) of the Sheraton Grande Ocean Resort

⑥ PARADISE CITY hotel voucher*3

Voucher for a one-night stay (one room, two adults maximum) at the PARADISE HOTEL & RESORT in PARADISE CITY (Incheon, South Korea)

*1 Scheduled for distribution in December

*2 To use for UFO CATCHER, redeemable only at amusement centers with UFO CATCHER. Not redeemable at some amusement centers. Can be used either for UFO CATCHER or SEGA Catcher Online.

*3 Not redeemable during blackout periods, such as Golden Week holidays, summer Obon holidays and New Year holidays

Notice of Extension of Voucher Validity Period

In connection with the spread of COVID-19, SEGA SAMMY has extended the validity period of shareholder benefit vouchers due to expire at the end of June 2020, as follows:

Unused vouchers with "Validity Period: End of June 2020" printed on them are eligible.

- ◆ UFO CATCHER vouchers or SEGA Catcher Online vouchers
- ◆ Phoenix Seagaia Resort (Miyazaki Prefecture, Japan) facility vouchers
- ◆ Free accommodation vouchers for Sheraton Grande Ocean Resort in Phoenix Seagaia Resort
- ◆ Free accommodation vouchers for PARADISE HOTEL & RESORT in PARADISE CITY (Incheon, South Korea)

Validity period is extended to the end of December 2020 (6 months extension)

Note that vouchers are not redeemable during blackout periods

For details on shareholder benefits, please see the SEGA SAMMY website:

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



SEGA SAMMY has programs for donating to social contribution activities. For details, please see our press release.

https://www.segasammy.co.jp/english/pdf/release/20190213_yuutai_e_final_1.pdf



Group Information

Company Profile (As of March 31, 2020)

Company Name	SEGA SAMMY HOLDINGS INC.
Address	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo 141-0033, Japan
Established	October 1, 2004
Capital	¥29.9 billion
Number of Employees	8,798 (Consolidated)
Stock Exchange	The First Section of the Tokyo Stock Exchange (Stock Code: 6460)

Directors and Audit & Supervisory Board Members

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

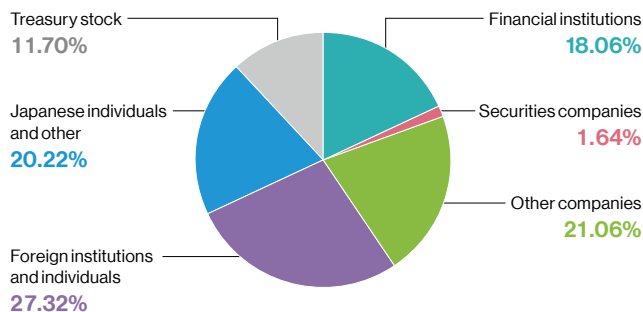
Information on Outstanding Shares (As of March 31, 2020)

Number of Shares Authorized for Issue	800,000,000 shares
Total Number of Shares Issued and Outstanding	266,229,476 shares
Number of Shareholders	72,584

Major Shareholders

Name of shareholder	Shares held (Shares)	Shareholding ratio (%)
HS Company	35,308,000	13.26
Company's Tr. Stock	31,138,238	11.69
The Master Trust Bank of Japan, Ltd. (Trust account)	16,252,100	6.10
FSC Co., Ltd.	13,622,840	5.11
Japan Trustee Services Bank, Ltd. (Trust account)	10,185,700	3.82

Shareholder Breakdown (including partial share units)



Shareholder Memo (As of March 31, 2020)

Stock Code	6460
Trading Unit	100 shares
Fiscal Year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June
Date of Record for Dividends	March 31 (September 30 for interim periods, if paid) Advance public notice is given when required for other dividend payments.
Method of Public Notice	Electronic public notices
Notification URL	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 <i>Nihon Keizai Shimbun</i> .

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
Agencies	Mitsubishi UFJ Trust and Banking Corporation branches in Japan

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

IR Information

As part of its ongoing enrichment of investor engagement, the SEGA SAMMY Group has responded to shareholder feedback by providing a window to 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. Please note that the IR Information Center is closed on Saturdays, Sundays, national holidays, and Company holidays.

► Phone: **+81-3-6864-2404**
► Business hours: **Monday through Friday,
9:00 a.m. – 6:00 p.m. (JST)**

IR Calendar

Schedule of activities for shareholders and investors:

July Announcement of results for the three months ending
June 30, 2020
October Announcement of results for the six months ending
September 30, 2020

Investor Relations Online

Through our IR website, we disclose consolidated financial statements, press releases, *Integrated Report 2019*, and other statutory disclosure documents as well as actively provide briefings on management strategies.

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



SEGA SAMMY HOLDINGS INC.

Sumitomo Fudosan Osaki Garden Tower,
1-1-1 Nishi-Shinagawa, Shinagawa-ku,
Tokyo 141-0033, Japan

Cautionary Statement with Respect to Forward-Looking Statements

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

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

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