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Securities Code: 6460
June 3, 2020

Haruki Satomi
President (Representative Director)
SEGA SAMMY HOLDINGS INC.
Sumitomo Fudosan Osaki Garden Tower,
1-1-1 Nishi-Shinagawa, Shinagawa-ku,
Tokyo, Japan

Dear Shareholders:

Notice of the 16th Ordinary General Meeting of Shareholders to be held on June 24, 2020

We inform you that the 16th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) will be held at the Head Office of SEGA SAMMY Group (LIGHTHOUSE Hall, 11F, GRAND HARBOR, Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo, Japan) on Wednesday, June 24, 2020 at 10:00 a.m. for the purposes listed below.

You are cordially requested to avoid attending the meeting as much as possible this year to prevent the spread of the novel coronavirus disease (COVID-19) and to exercise your voting rights by either mail (in writing) or via the Internet. Therefore, please review the attached Reference Documents for General Meeting of Shareholders, and kindly exercise your voting rights before 6:00 p.m., Japan Standard Time, on Tuesday, June 23, 2020.

Details of the Meeting

- 1. Date and time:** Wednesday, June 24, 2020 at 10:00 a.m. (Reception commences at 9:00 a.m.)
- 2. Venue:** LIGHTHOUSE Hall, 11F, GRAND HARBOR,
Head Office of SEGA SAMMY Group
Sumitomo Fudosan Osaki Garden Tower,
1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo, 141-0033, Japan

3. Agenda:

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 16th fiscal year (from April 1, 2019 to March 31, 2020) and results of audits by the Independent Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 16th fiscal year (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

Proposal 1: To elect eight (8) Directors

Proposal 2: To elect one (1) Substitute Audit & Supervisory Board Member

* If you attend the meeting in person, please submit the enclosed voting form at the reception desk at the meeting location on the day of the meeting.

* Please note that persons other than shareholders of the Company such as a proxy and an accompanying person cannot attend the meeting.

* Should any change need to be made to the Reference Documents for General Meeting of Shareholders, Business Report or Consolidated/Non-Consolidated Financial Statements, such changes shall be posted on the website of the Company.

* For voting results, an extraordinary report shall be posted on the website of the Company in place of the Notice of Resolutions. Information in English will be posted on our English website.

* We will take appropriate measures to prevent COVID-19 according to the circumstance on the day of the meeting. Should any significant change need to be made to the operation of the meeting in response to circumstances, such changes shall be posted

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on the website of the Company. Please check the updated information on our English website.

(<https://www.segasammy.co.jp/english/ir/stock/meeting/>).

There will be no gifts or convivial party for attending shareholders. We thank you for your understanding.

Information on Disclosure on the Internet

The Company's website: <https://www.segasammy.co.jp/english/ir/stock/meeting/>

Pursuant to the provisions of laws and regulations and the Articles of Incorporation, the following matters are posted on the website of the Company and not attached to this document.

- Company's Share Subscription Rights, Independent Auditors, and Outline of Resolutions Regarding Preparation of Internal Control System and so forth to Ensure Appropriate Business Execution in the Business Report
- Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial Statements section
- Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements section

*The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board include the above documents posted on the website of the Company.

Information on Method of Receiving Convocation Notice

You may request the receipt of the convocation notice, shareholder information and other documents for future General Meetings of Shareholders by email if your email address is registered with the Company. (Please note that mobile phone email addresses are not accepted.)

If you wish to receive the above documents by email, please access the voting website designated by the Company (<https://evote.tr.mufg.jp/>) from a PC or smartphone, log on using the "logon ID" and "temporary password" printed on the enclosed voting form and follow the on-screen instructions from the "Receipt by email" screen (Japanese language only).

The statutory convocation notice and other documents to be sent by email to the registered addresses (including the notice that such documents have been posted on the website designated by the Company) are as shown below. The convocation notice will be sent by email by the Shareholder Registry Administrator.

- (1) Convocation Notice of Ordinary General Meeting of Shareholders: Date and time, venue, agenda, Reference Documents for General Meeting of Shareholders, and attached documents (including Business Report).
- (2) Convocation Notice of Extraordinary Meeting of Shareholders: Date and time, venue, agenda and Reference Documents for General Meeting of Shareholders

* Please note that if you carry out the procedures a certain period after the General Meeting of Shareholders record date (the fiscal year end in the case of an Ordinary General Meeting of Shareholders and a date separately determined by the Board of Directors in the case of an Extraordinary Meeting of Shareholders), your email address may not be reflected in the recipient list of the convocation notice.

Information on Exercise of Voting Rights

We recognize that the shareholders' voting right to be exercised in the General Meeting of Shareholders is an important right for our shareholders.

Please review the attached Reference Documents for General Meeting of Shareholders, and we respectfully request that you exercise your voting rights.

The following three methods are available for exercising your voting rights.

Attending the meeting in person

Exercise of your voting rights on-site at the meeting

Please submit the enclosed voting form at the reception desk of the venue.

Date and time of the meeting: Wednesday, June 24, 2020 at 10:00 a.m.

Not attending the meeting in person

Exercise of your voting rights in writing

Please indicate "for" or "against" the proposals on the enclosed voting form and return it by mail to the Company.

Deadline: Tuesday, June 23, 2020, 6:00 p.m. (time of receipt)

Exercise of your voting rights via the Internet

Please enter "for" or "against" the proposals following the instructions on the voting website on the pages 5-6.

Deadline: Tuesday, June 23, 2020 by 6:00 p.m.

Guidelines on filling out the voting form

Please indicate "for" or "against" for each of the proposals in the voting form.

Proposal 1

- To approve all nominees, circle "賛" mark.
- To disapprove all nominees, circle "否" mark.
- To disapprove part of nominees, circle "賛" mark and enter the number of nominees whom you are against.

Proposal 2

- To approve, circle "賛" mark.
- To disapprove, circle "否" mark.

Notice regarding prevention of COVID-19

You are cordially requested to avoid attending the meeting in person this year to prevent the spread of COVID-19 and to exercise your voting rights by either in writing or via the Internet.

Information on Exercise of Voting Rights via the Internet etc.

Please read the following when you exercise your voting rights via the Internet.

Deadline for Exercise of Voting Rights: Tuesday, June 23, 2020 by 6:00 p.m.

By scanning the QR code

Scan the “QR code for login” and you can log on to the voting website without entering the “voting rights exercise code” and “temporary password.”

***Voting right using the following method can be exercised only once.**

1. Scan the QR code.

Use your smartphone and scan the “QR code for login” printed on the right-hand side of the enclosed voting form slip.

2. Select the option of exercise of voting rights.

The screen displays available options for exercise of voting rights. Select your preferred option for exercise of voting rights.

3. Select “for” or “against” each proposal.

Follow the on-screen instructions and select “for” or “against” each proposal.

Follow the on-screen instructions to complete your exercise of voting rights.

For login for the second time onward

Please follow the instructions on the next page.

By entering the “voting rights exercise code” and “temporary password”

1. Access the voting website.

Voting website

<https://evote.tr.mufg.jp/>

Click “Proceed.”

2. Enter the “voting rights exercise code” and “temporary password” printed on the right-hand side of the enclosed voting form slip.

Click “Login.”

3. Fill in the fields “New Password” and “New Password (for confirmation).”

Click “Send.”

Follow the on-line instructions and enter “for” or “against.”

Notes on use

- * When any shareholder exercises voting rights both by voting form and via the Internet, only the Internet vote will be deemed as valid.
- * When any shareholder exercises voting rights more than once via the Internet, only the last vote will be deemed as valid.
- * You may be unable to use the voting website depending on your Internet configuration, your subscription service, or the device you use.
- * Please note that any costs incurred in accessing the designated voting website, such as internet connection fees and communication charges, shall be borne by the shareholder.

For inquiries concerning the online voting system:

Helpdesk

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Toll-free line : 0120-173-027 (Domestic [Japan] call only)

Hours : 9:00 a.m. - 9:00 p.m.

Reference Documents for General Meeting of Shareholders

Proposals and reference information

Proposal 1: To elect eight (8) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect eight (8) Directors, decreasing the number of Directors by two (2) in order to enhance efficiency in the management structure.

The nominees for Directors are as described below. Policy and procedures for selection of such nominees are described in page 17.

Nominee No.	Name Gender (age)		Position and Responsibilities at the Company	Attendance at Board of Directors' meetings
1	Hajime Satomi Male (78)	[Reappointment]	Chairman and Group CEO (Representative Director)	100% (12/12)
2	Haruki Satomi Male (41)	[Reappointment]	President and Group COO (Representative Director) in charge of Executive Secretariat Division, Group Executive Office, Public Relations Office, Group Licensing Division and Internal Control Division	100% (12/12)
3	Naoya Tsurumi Male (62)	[Reappointment]	Senior Executive Vice President (Director of the Board) in charge of Resort Business Division	100% (12/12)
4	Koichi Fukazawa Male (54)	[Reappointment]	Executive Vice President and Group CFO (Director of the Board) in charge of Finance & Accounting Division, IT Solutions Division, Investment Management Department and Japan Integrated Resort Business Department	100% (12/12)
5	Hideo Yoshizawa Male (55)	[Reappointment]	Senior Vice President (Director of the Board) in charge of General Affairs & Personnel Division, Legal & Intellectual Property Division and CSR & SDGs Office Managing Director of Legal & Intellectual Property Division	100% (10/10)
6	Takeshi Natsuno Male (55)	[Reappointment] External Director Independent Director	Director of the Board (External)	100% (12/12)
7	Kohei Katsukawa Male (69)	[Reappointment] External Director Independent Director	Director of the Board (External)	92% (11/12)
8	Melanie Brock Female (56)	[Reappointment] External Director	Director of the Board (External)	100% (10/10)

Note: The age of each nominee is as of the conclusion of this meeting.

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
1	<p>[Reappointment]</p> <p>Hajime Satomi (January 16, 1942) Age 78 Gender: Male</p> <p>Number of the Company's shares owned: 7,833,638 shares</p> <p>No. of years served as Director: 15 years</p> <p>Attendance at Board of Directors' meetings: 100% (12/12)</p>	<p>Mar. 1980</p> <p>Feb. 2004</p> <p>May 2004</p> <p>Jun. 2004</p> <p>Jun. 2004</p> <p>Oct. 2004</p> <p>Jun. 2007</p> <p>May 2008</p> <p>Apr. 2012</p> <p>May 2013</p> <p>Apr. 2015</p> <p>Jun. 2015</p> <p>Jun. 2016</p> <p>Apr. 2017</p> <p>Apr. 2017</p> <p>Apr. 2017</p> <p>Apr. 2018</p> <p>Apr. 2018</p>	<p>President (Representative Director) of Sammy Industry Co., Ltd. (now Sammy Corporation)</p> <p>Chairman of the Board (Representative Director) of SEGA CORPORATION</p> <p>Chairman of JAMMA (JAPAN AMUSEMENT MACHINERY MANUFACTURERS ASSOCIATION) (now Japan Amusement Industry Association) (current position)</p> <p>Chairman and CEO (Representative Director) of Sammy Corporation</p> <p>Chairman and CEO (Representative Director) of SEGA CORPORATION</p> <p>Chairman, President and CEO (Representative Director) of the Company</p> <p>President, CEO and COO (Representative Director) of SEGA CORPORATION</p> <p>Chairman and CEO (Representative Director) of the above</p> <p>Chairman of the Board of Sammy Corporation</p> <p>Chairman and CEO (Representative Director) of the above</p> <p>Chairman and CEO (Representative Director) of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION)</p> <p>Advisor to NDK (current position)</p> <p>Chairman, President, CEO and COO (Representative Director) of the Company</p> <p>Chairman and CEO (Representative Director) of the Company</p> <p>Chairman of the Board (Representative Director) of Sammy Corporation (current position)</p> <p>Honorary Chairman of the Board of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION) (current position)</p> <p>Chairman and Group CEO (Representative Director) of the Company (current position)</p> <p>Senior Advisor (Director of the Board) of PHOENIX RESORT CO., LTD. (current position)</p>
<p>[Important concurrent duties outside the Company]</p> <p>Chairman of the Board (Representative Director) of Sammy Corporation, Honorary Chairman of the Board of SEGA GROUP CORPORATION, Senior Advisor (Director of the Board) of PHOENIX RESORT CO., LTD, Chairman of Japan Amusement Industry Association and Advisor to NDK</p>			
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hajime Satomi has demonstrated leadership over many years as the CEO of the Company and Group companies and contributed to the development of the Group.</p> <p>We seek appointment of Mr. Hajime Satomi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such wealth of experience, career record and hard-earned insight, and contribute to improving the corporate value of the Company.</p> <p>Note: The Company conducts transactions relating to intermediary services for insurance, etc. with FSC Co., Ltd., of which Mr. Hajime Satomi and Mr. Haruki Satomi own a majority of voting rights.</p>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company
2	<p>[Reappointment]</p> <p>Haruki Satomi</p> <p>(January 11, 1979) Age 41 Gender: Male</p> <p>Number of the Company's shares owned: 3,723,161 shares</p> <p>No. of years served as Director: 8 years</p> <p>Attendance at Board of Directors' meetings: 100% (12/12)</p>	<p>Mar. 2004 Joined Sammy Corporation</p> <p>Jan. 2005 Joined SEGA CORPORATION</p> <p>Jun. 2012 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2012 Senior Vice President (Director of the Board) of SEGA CORPORATION</p> <p>Apr. 2014 Senior Vice President (Director of the Board) of Sammy Corporation</p> <p>Nov. 2014 Deputy COO (Representative Director) of SEGA CORPORATION</p> <p>Apr. 2015 Deputy COO (Representative Director) of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION)</p> <p>Nov. 2015 Deputy COO (Representative Director) of Sammy Corporation</p> <p>Apr. 2016 President and COO (Representative Director) of the above</p> <p>Apr. 2016 Chairman of the Board (Representative Director) of Sammy Networks Co., Ltd. (current position)</p> <p>Jun. 2016 Executive Vice President (Director of the Board) of the Company</p> <p>Apr. 2017 President and COO (Representative Director) of the Company</p> <p>Apr. 2017 President and CEO (Representative Director) of Sammy Corporation (current position)</p> <p>Apr. 2017 Chairman and CEO (Representative Director) of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION)</p> <p>Apr. 2017 Chairman and CEO (Representative Director) of SEGA Games Co., Ltd. (now SEGA CORPORATION) (current position)</p> <p>Apr. 2018 President and Group COO (Representative Director) of the Company (current position)</p> <p>Apr. 2018 Chairman of the Board of PHOENIX RESORT CO., LTD. (current position)</p> <p>Apr. 2020 President and CEO (Representative Director) of SEGA GROUP CORPORATION (current position)</p>
<p>[Important concurrent duties outside the Company]</p> <p>President and CEO (Representative Director) of Sammy Corporation, President and CEO (Representative Director) of SEGA GROUP CORPORATION, Chairman and CEO (Representative Director) of SEGA CORPORATION, Chairman of the Board (Representative Director) of Sammy Networks Co., Ltd. and Chairman of the Board of PHOENIX RESORT CO., LTD.</p>		
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Haruki Satomi has served as a corporate manager of the Company and Group companies and contributed to the improvement of corporate earnings. He currently serves as President and COO (Representative Director) of the Company and demonstrates leadership as a Chief Operating Officer of the Group.</p> <p>We seek appointment of Mr. Haruki Satomi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such experience, career record and leadership, and contribute to improving the corporate value of the Company.</p> <p>Note: The Company conducts transactions relating to intermediary services for insurance, etc. with FSC Co., Ltd., of which Mr. Hajime Satomi and Mr. Haruki Satomi own a majority of voting rights.</p>		

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
3	<p>[Reappointment]</p> <p>Naoya Tsurumi (February 8, 1958) Age 62 Gender: Male</p> <p>Number of the Company's shares owned: 12,100 shares</p> <p>No. of years served as Director: 8 years</p> <p>Attendance at Board of Directors' meetings: 100% (12/12)</p>	<p>Mar. 1992</p> <p>Oct. 2006</p> <p>May 2008</p> <p>Jun. 2009</p> <p>Apr. 2012</p> <p>Jun. 2012</p> <p>Jun. 2012</p> <p>Apr. 2014</p> <p>Apr. 2014</p> <p>Jun. 2014</p> <p>Apr. 2015</p> <p>Jun. 2015</p> <p>Jun. 2016</p> <p>Jan. 2017</p> <p>Jul. 2017</p>	<p>Joined SEGA Enterprises, Ltd. (now SEGA CORPORATION)</p> <p>Chairman, SEGA of America, Inc.</p> <p>Senior Vice President (Director of the Board) of SEGA CORPORATION</p> <p>Executive Vice President (Director of the Board) of the above</p> <p>President and COO (Representative Director) of the above</p> <p>Senior Vice President (Director of the Board) of the Company</p> <p>CEO and President, SEGA Holdings Europe Ltd.</p> <p>Senior Executive Vice President (Representative Director) of the Company</p> <p>Vice Chairman of the Board of SEGA CORPORATION</p> <p>Vice Chairman of the Board of PHOENIX RESORT CO., LTD. (current position)</p> <p>Vice Chairman of the Board of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION)</p> <p>Chairman of the Board of Sega Sammy Golf Entertainment Inc. (current position)</p> <p>Senior Executive Vice President (Director of the Board) of the Company (current position)</p> <p>Chairman and Director of CA Sega Joypolis Ltd. (current position)</p> <p>Senior Executive Vice President of PARADISE SEGASAMMY Co., Ltd. (current position)</p>
<p>[Important concurrent duties outside the Company]</p> <p>Senior Executive Vice President of PARADISE SEGASAMMY Co., Ltd., Vice Chairman of the Board of PHOENIX RESORT CO., LTD., Chairman of the Board of Sega Sammy Golf Entertainment Inc. and Chairman and Director of CA Sega Joypolis Ltd.</p>			
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Naoya Tsurumi has been engaged in the Resort Business, one of the main focuses of the Company, and promoting the Integrated Resort Business overseas with his wealth of experience as a corporate manager of the Company and Group companies.</p> <p>We seek appointment of Mr. Naoya Tsurumi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such experience and career record, and contribute to improving the corporate value of the Company.</p> <p>Note: There is no special interest between the Company and Mr. Naoya Tsurumi.</p>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
4	<p>[Reappointment]</p> <p>Koichi Fukazawa (November 2, 1965) Age 54 Gender: Male</p> <p>Number of the Company's shares owned: 43,200 shares</p> <p>No. of years served as Director: 5 years</p> <p>Attendance at Board of Directors' meetings: 100% (12/12)</p>	<p>Apr. 1990</p> <p>Jul. 2003</p> <p>Aug. 2003</p> <p>Oct. 2004</p> <p>Oct. 2004</p> <p>Jun. 2005</p> <p>Jan. 2007</p> <p>Aug. 2007</p> <p>May 2008</p> <p>Apr. 2009</p> <p>Jun. 2009</p> <p>Apr. 2014</p> <p>Jun. 2015</p> <p>Jun. 2016</p> <p>Apr. 2018</p>	<p>Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)</p> <p>Joined Sammy Corporation</p> <p>Vice President, Executive Officer and Managing Director of President's Office of the above</p> <p>Vice President, Executive Officer and Managing Director of President's Office of the Company</p> <p>Vice President, Executive Officer and Managing Director of Chairman's Office and President's Office of SEGA CORPORATION</p> <p>Senior Vice President (Director of the Board) and Managing Director of Chairman's Office and President's Office of the above</p> <p>President (Representative Director) of SEGA SAMMY ASSET MANAGEMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Senior Executive Officer and in charge of the Corporate Strategy and External Affairs of the Company</p> <p>Senior Vice President (Director of the Board) and Managing Director of New Business Division of SEGA CORPORATION</p> <p>Officer of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current position)</p> <p>President (Representative Director) of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Senior Executive Vice President (Representative Director) of SEGA TOYS CO., LTD.</p> <p>Senior Vice President (Director of the Board) of the Company</p> <p>Executive Vice President and CFO (Director of the Board) of the Company</p> <p>Executive Vice President and Group CFO (Director of the Board) of the Company (current position)</p>
<p>[Important concurrent duties outside the Company] Officer of KEIZAI DOYUKAI (Japan Association of Corporate Executives)</p>			
<p>[Reason for nomination as candidate for Director] Mr. Koichi Fukazawa has served as a corporate manager of the Group companies in various fields including corporate planning, administration and new businesses. He currently serves as CFO of the Group and promotes the Integrated Resort Business in Japan. We seek appointment of Mr. Koichi Fukazawa as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such wealth of experience and career record, and contribute to improving the corporate value of the Company. Note: There is no special interest between the Company and Mr. Koichi Fukazawa.</p>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company
5	<p>[Reappointment]</p> <p>Hideo Yoshizawa (August 27, 1964) Age 55 Gender: Male</p> <p>Number of the Company's shares owned: 20,000 shares</p> <p>No. of years served as Director: 1 year</p> <p>Attendance at Board of Directors' meetings: 100% (10/10)</p>	<p>Apr. 1987 Joined Japan Leasing Corporation (now Sumitomo Mitsui Finance and Leasing Co., Ltd.)</p> <p>Jun. 1999 Manager of Financial Planning Department of the above</p> <p>Jul. 2001 Joined Sammy Corporation</p> <p>Jun. 2002 Vice President, Executive Officer and Deputy Managing Director of President Office of the above</p> <p>Jun. 2004 Senior Vice President (Director of the Board) and Managing Director of Administration Division of the above</p> <p>Oct. 2004 Senior Vice President (Director of the Board) and Managing Director of Corporate Division and President Office of the above</p> <p>Aug. 2007 Vice President, Senior Executive Officer of the Company</p> <p>Mar. 2012 Senior Vice President (Director of the Board) of PHOENIX RESORT CO., LTD.</p> <p>Apr. 2015 President (Representative Director) of TAIYO ELEC Co., Ltd.</p> <p>Apr. 2016 Senior Vice President (Director of the Board) of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION)</p> <p>Jun. 2016 Senior Vice President (Director of the Board) and Managing Director of Corporate Division of the above</p> <p>Jun. 2016 Senior Vice President (Director of the Board) of SEGA ENTERTAINMENT CO., LTD. (current position)</p> <p>Jun. 2016 Auditor of Sega Amusements Taiwan Ltd.</p> <p>Apr. 2017 Executive Vice President (Director of the Board) and Managing Director of Corporate Division of SEGA Holdings Co., Ltd. (now SEGA GROUP CORPORATION) (current position)</p> <p>Jun. 2017 Audit & Supervisory Board Member of SEGA Games Co., Ltd. (now SEGA CORPORATION) (current position)</p> <p>Oct. 2018 Vice President, Senior Executive Officer and Managing Director of Legal Division of the Company</p> <p>Jun. 2019 Senior Vice President (Director of the Board) of the Company (current position)</p>
<p>[Important concurrent duties outside the Company]</p> <p>Executive Vice President (Director of the Board) of SEGA GROUP CORPORATION, Audit & Supervisory Board Member of SEGA CORPORATION and Senior Vice President (Director of the Board) of SEGA ENTERTAINMENT CO., LTD.</p>		
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hideo Yoshizawa has served as a corporate manager of the Company's and the Group's pachinko and pachislot machines business, entertainment contents business, and resort business companies, and has extensive knowledge and a wealth of experience in the Company's core business.</p> <p>We seek appointment of Mr. Hideo Yoshizawa as Director as we expect he will benefit the decision making of the Company's Board of Directors with such knowledge and experience, and contribute to improving the corporate value of the Company.</p> <p>Note: There is no special interest between the Company and Mr. Hideo Yoshizawa.</p>		

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
6	<p>[Reappointment] [Nominee for External Director] [Independent Director]</p> <p>Takeshi Natsuno (March 17, 1965) Age 55 Gender: Male</p> <p>Number of the Company's shares owned: 2,000 shares</p> <p>No. of years served as Director: 12 years</p> <p>Attendance at Board of Directors' meetings: 100% (12/12)</p>	<p>Apr. 1988</p> <p>Sep. 1997</p> <p>Jun. 2005</p> <p>May 2008</p> <p>Jun. 2008</p> <p>Jun. 2008</p> <p>Jun. 2008</p> <p>Jun. 2009</p> <p>Sep. 2009</p> <p>Dec. 2010</p> <p>Aug. 2016</p> <p>Jun. 2018</p> <p>Oct. 2018</p> <p>Feb. 2019</p> <p>Jun. 2019</p>	<p>Joined TOKYO GAS Co., Ltd.</p> <p>Joined NTT Mobile Communications Network, Inc. (now NTT DOCOMO, Inc.)</p> <p>Executive Officer and General Manager of Multimedia Services Department of the above</p> <p>Guest Professor, Graduate School of Media and Governance of Keio University (current position)</p> <p>Director of the Board (External) of the Company (current position)</p> <p>Outside Director of transcocosmos inc. (current position)</p> <p>Director of NTT Resonant Inc. (current position)</p> <p>Outside Director of DLE, Inc.</p> <p>Outside Director of GREE, Inc. (current position)</p> <p>Outside Director of U-NEXT Co., Ltd. (now USEN-NEXT HOLDINGS Co., Ltd.) (current position)</p> <p>Outside Director of Oracle Corporation Japan (current position)</p> <p>Chairman and Representative Director of MOVIE WALKER Co., Ltd. (current position)</p> <p>Director of BOOK WALKER Co., Ltd. (current position)</p> <p>President and Representative Director of DWANGO Co., Ltd. (current position)</p> <p>Director, Member of the Board of KADOKAWA DWANGO CORPORATION (now KADOKAWA CORPORATION) (current position)</p>
<p>[Important concurrent duties outside the Company]</p> <p>Director, Member of the Board of KADOKAWA CORPORATION, President and Representative Director of DWANGO Co., Ltd., Chairman and Representative Director of MOVIE WALKER Co., Ltd., Director of BOOK WALKER Co., Ltd., Outside Director of transcocosmos inc., Director of NTT Resonant Inc., Outside Director of GREE, Inc., Outside Director of USEN-NEXT HOLDINGS Co., Ltd., Outside Director of Oracle Corporation Japan, and Guest Professor, Graduate School of Media and Governance of Keio University</p>			
<p>[Reason for nomination as candidate for External Director]</p> <p>We seek appointment of Mr. Takeshi Natsuno as External Director as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his wealth of experience as a corporate manager and sophisticated technical knowledge related to the information communication field.</p> <p>Notes: 1. There is no special interest between the Company and Mr. Takeshi Natsuno.</p> <p>2. Mr. Takeshi Natsuno is an External Director-nominee, and the Company has notified the Tokyo Stock Exchange (hereinafter referred to as TSE) of his inauguration as independent director under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 17.</p> <p>3. The Company has concluded a liability agreement with Mr. Takeshi Natsuno that limits his liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Mr. Takeshi Natsuno is approved, the Company plans to continue the said limited liability agreement.</p> <p>4. Mr. Takeshi Natsuno has formerly served as External Director of the Company's subsidiary SEGA Networks Co., Ltd. (now SEGA CORPORATION).</p> <p>5. DLE Inc., a stock company at which Mr. Takeshi Natsuno assumed the position of Outside Director until September 2019, was designated as Security on Alert by TSE in December 2018 for its improper accounting from the third quarter of the fiscal year ended June 30, 2014 to the fiscal year ended June 30, 2018, during which he was in office, and subsequently was charged with a monetary fine by the Financial Services Agency in April 2019. Afterwards, DLE Inc. improved its internal management system, etc., and accordingly the designation of Security on Alert was cancelled by TSE in February 2020. While Mr. Natsuno was not privy to the violation until its discovery, he gave appropriate advice from a legal compliance perspective when called upon. Once Mr. Natsuno became aware of the issue at hand, he made all necessary efforts to prevent the recurrence of the incident, including giving his opinion on DLE Inc.'s undertakings regarding the same.</p>			

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
7	<p>[Reappointment] [Nominee for External Director] [Independent Director]</p> <p>Kohei Katsukawa (January 8, 1951) Age 69 Gender: Male</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: 4 years</p> <p>Attendance at Board of Directors' meetings: 92% (11/12)</p>	<p>Apr. 1974</p> <p>Apr. 2001</p> <p>Apr. 2005</p> <p>Jun. 2007</p> <p>Jul. 2010</p> <p>Apr. 2014</p> <p>Dec. 2014</p> <p>Jun. 2016</p> <p>Jun. 2016</p> <p>Jun. 2016</p> <p>Mar. 2017</p>	<p>Joined Sumitomo Bank (now Sumitomo Mitsui Banking Corporation)</p> <p>Executive Officer, Head of Osaka Corporate Banking Division II of Sumitomo Mitsui Banking Corporation</p> <p>Managing Executive Officer, Deputy Head of Whole sale Banking Unit (in charge of East Japan) of the above</p> <p>Executive Vice President and Representative Director of NIF SMBC Ventures Co., Ltd. (now SMBC Venture Capital Co., Ltd.)</p> <p>President and Representative Director of SMBC Venture Capital Co., Ltd.</p> <p>President and Representative Director of GINSEN Co., Ltd.</p> <p>Outside Director of Kyoto University Innovation Capital Co., Ltd. (current position)</p> <p>Director of the Board (External) of the Company (current position)</p> <p>Special Advisor of GINSEN Co., Ltd. (current position)</p> <p>Outside Director of ELECOM CO., LTD. (current position)</p> <p>Director of DX ANTENNA CO., LTD. (current position)</p>
<p>[Important concurrent duties outside the Company] Outside Director of Kyoto University Innovation Capital Co., Ltd., Special Advisor of GINSEN Co., Ltd., Outside Director of ELECOM CO., LTD. and Director of DX ANTENNA CO., LTD.</p>			
<p>[Reason for nomination as candidate for External Director] We seek appointment of Mr. Kohei Katsukawa as External Director as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his wealth of experience and broad-ranging insight related to finance which he gained over many years in financial institutions.</p> <p>Notes: 1. There is no special interest between the Company and Mr. Kohei Katsukawa. 2. Mr. Kohei Katsukawa is an External Director-nominee, and the Company has notified the Tokyo Stock Exchange (TSE) of his inauguration as independent director under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page 17. 3. The Company has concluded a liability agreement with Mr. Kohei Katsukawa that limits his liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Mr. Kohei Katsukawa is approved, the Company plans to continue the said limited liability agreement.</p>			

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Position and Responsibilities at the Company, and Important Concurrent Duties outside the Company	
8	<p>[Reappointment] [Nominee for External Director]</p> <p>Melanie Brock (April 10, 1964) Age 56 Gender: Female</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: 1 year</p> <p>Attendance at Board of Directors' meetings: 100% (10/10)</p>	<p>Nov. 1987</p> <p>Nov. 1990</p> <p>Mar. 2003</p> <p>Mar. 2010</p> <p>Apr. 2010</p> <p>Apr. 2010</p> <p>Oct. 2010</p> <p>Dec. 2012</p> <p>Nov. 2016</p> <p>Jun. 2019</p> <p>Jul. 2019</p> <p>Oct. 2019</p>	<p>Earned Bachelor of School of Humanities at The University of Western Australia</p> <p>Earned Master of Arts in Japanese, Conference Interpreting and Translation at The University of Queensland</p> <p>CEO of AGENDA (now Melanie Brock Advisory Ltd.) (current position)</p> <p>Board Member of Australia-Japan Foundation</p> <p>Board Member of Australia Japan Business Co-operation Committee (current position)</p> <p>Chair of Australian and New Zealand Chamber of Commerce in Japan</p> <p>Regional Manager - Japan of Meat & Livestock Australia</p> <p>Chair of Australian Business Asia</p> <p>Chair Emeritus of Australian and New Zealand Chamber of Commerce in Japan (current position)</p> <p>Director of the Board (External) of the Company (current position)</p> <p>Board Member of Australia-Japan Research Center (AJRC) (current position)</p> <p>Global Ambassador of Advance, an initiative supported by Australian Government funding (current position)</p>
<p>[Important concurrent duties outside the Company] CEO of Melanie Brock Advisory Ltd., Board Member of Australia Japan Business Co-operation Committee, Chair Emeritus of Australian and New Zealand Chamber of Commerce in Japan, Board Member of Australia-Japan Research Center (AJRC) and Global Ambassador of Advance, an initiative supported by Australian Government funding</p>			
<p>[Reason for nomination as candidate for External Director] We seek appointment of Ms. Melanie Brock as External Director as we expect she will contribute to strengthening of the Company's corporate governance system and management decision making based on her ideas and values by bringing diversity to the Board of Directors as the Company's first female and foreign Director. Moreover, we deem that, based on her extensive experience and career record as an international business leader, she will provide valuable advice on how best to achieve our aim of developing into a world-class entertainment group.</p> <p>Notes: 1. Ms. Melanie Brock serves as the Representative Director of Melanie Brock Advisory Ltd. with which the Company had transactions from August 2018 to April 2019, but the amount of such transactions was less than 10 million yen.</p> <p>2. The Company deems that Ms. Melanie Brock does not infringe on the independence standards for independent directors, stipulated by the Tokyo Stock Exchange (TSE) and that she is qualified as an independent director. However, since she fell under (a)-(1) of the Independence Criteria of the Company listed in page 17 of this Notice within the past five years, the Company has not notified TSE of her as independent director stipulated by TSE. There is no special interest between the Company and Ms. Melanie Brock.</p> <p>3. The Company has concluded a liability agreement with Ms. Melanie Brock that limits her liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Ms. Melanie Brock is approved, the Company plans to continue the said limited liability agreement.</p>			

Proposal 2: To elect one (1) Substitute Audit & Supervisory Board Member

We are seeking to elect one (1) Substitute Audit & Supervisory Board Member (External), in preparation for the case where the number of Audit & Supervisory Board Members (External) becomes less than the number prescribed by the laws and regulations.

We have obtained the consent of the Audit & Supervisory Board with respect to the submission of this proposal.

The nominee for Substitute Audit & Supervisory Board Member (External) is as described below. Policy and procedures for selection of the nominee are described in page 17.

Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company	
<p>[Nominee for Substitute External Audit & Supervisory Board Member] [Independent Director]</p> <p>Kazuaki Inaoka (November 29, 1955) Age 64 Gender: Male</p> <p>Number of the Company's shares owned: -</p>	<p>Apr. 1978 Mar. 1999 May 2000 Mar. 2003 Mar. 2005 Jun. 2007 Jun. 2012 Jun. 2018</p>	<p>Joined NIPPON LIFE INSURANCE COMPANY Manager of Investment Research Office, Equity Investment Department of the above Manager of Investment Research Department of Nissay Asset Management Corporation General Manager of 8th Corporate Relations Management Department of NIPPON LIFE INSURANCE COMPANY Director of NISSAY CAPITAL CO., LTD. Corporate Auditor of The Master Trust Bank of Japan, Ltd. Director, Division Manager of Securities Lending & Transition Management Division of the above Standing Audit & Supervisory Board Member of Sammy Corporation (current position)</p>
<p>[Important concurrent duties outside the Company] Standing Audit & Supervisory Board Member of Sammy Corporation</p>		
<p>[Reason for nomination as candidate for Substitute Audit & Supervisory Board Member (External)] We seek appointment of Mr. Kazuaki Inaoka as Substitute Audit & Supervisory Board Member (External) as we deem that he will be able to oversee Directors' performance of duties from an objective and fair standpoint based on his many years of experience working at financial institutions and deep insight about finance and accounting.</p> <p>Notes: 1. The age of the nominee is as of the conclusion of this meeting. 2. There is no special interest between the Company and Mr. Kazuaki Inaoka. 3. Mr. Kazuaki Inaoka is an Audit & Supervisory Board Member of the Company's specified business partner, Sammy Corporation. 4. If Mr. Kazuaki Inaoka assumes the position as Audit & Supervisory Board Member (External), the Company will notify the Tokyo Stock Exchange (TSE) of his inauguration as independent director under the regulations of TSE. 5. If Mr. Kazuaki Inaoka assumes the position as Audit & Supervisory Board Member (External), the Company plans to conclude a liability agreement with him that limits his liability to the minimum liability amount stipulated in laws and regulations.</p>		

[Reference]

Policy and procedures for selection of Director and Auditor-nominees

It is our basic policy that the Company selects Director and Auditor-nominees based on consideration of their personalities, insights, abilities, experience, etc., in a comprehensive manner. The Independent Advisory Committee comprising of Independent External Directors and Independent External Audit & Supervisory Board Members shall examine the draft of Director and Auditor-nominees presented by the President (Representative Director), hold interviews with such nominees, and report the result of evaluation to the President (Representative Director) as its opinion. The President (Representative Director) shall determine the Director and Auditor-nominees based on the evaluation result in accordance with the above policy, and the Board of Directors shall review and approve it. The same shall apply to a case where the Independent Advisory Committee makes recommendation of Director and Auditor-nominees to the President (Representative Director).

The Independence Criteria

The “independence” criteria regarding Independent External Directors and Audit & Supervisory Board Members of the Company have been prepared, on the assumption that provisions stipulated in the Companies Act and the Tokyo Stock Exchange are complied with, to set forth further strict rules. The Board of Directors shall select a person who meets the said criteria and who is expected to contribute to honest, active and constructive discussion at the Board of Directors. Outline of the rules regarding the independence is as follows.

(a) The Independence Criteria is based on qualifications for Outside Directors and Corporate Auditors as stipulated in the Companies Act, and the independence standards stipulated by the Tokyo Stock Exchange, and wording of “major,” “a large amount of,” etc., are defined by the guideline developed by referring to published models of selection criteria for independent officers. The followings are its summaries.

* A person shall not fall under any of the items below in order to be Independent External Director or Independent External Audit & Supervisory Board Member of the Company.

- (1) A party whose major business partner is the Group or an executive person thereof
The “major” in this item is defined as that such party received payment from the Group in the amount equivalent to 2% of the total consolidated net sales of the said party or more for the most recent fiscal year.
- (2) A party who is a major business partner of the Company or an executive person thereof
The “major” in this item is defined as that the Company received payment from such party in the amount equivalent to 2% of the total consolidated net sales of the Company or more for the most recent fiscal year.
- (3) A major shareholder who holds 10 % or more of the total shares issued and outstanding of the Company or an executive person thereof
- (4) A party of which the Group holds 10% or more of the total shares issued and outstanding or an executive person thereof
- (5) The said External Director or Audit & Supervisory Board Member who has received, directly from the Group, compensation as legal professional, accounting or taxation specialist, or consultant for an average of 10 million yen or more annually (excluding compensation paid for the position as Director or Audit & Supervisory Board Member of the Company) for the last three years.
- (6) The amount of donation by the Group to non-profit organization for which the said External Director or Audit & Supervisory Board Member serves as an executive person was 10 million yen or more for the most recent fiscal year.
- (7) A party who has fallen under any of the above 6 items in the past five years
- (8) The said External Director or Audit & Supervisory Board Member whose spouse, relative within the second degree, or relative living together falls under any items from 1 to the preceding item, or serves as Executive Director, Executive Officer, Manager, or employee in an important position at the Group

The “important” in this item is defined as being in a position of manager level or above.

(b) With regard to minor criteria concerning attribute information to be stated in the Independent Director and Audit and Supervisory Board Member Designation Form, the Company deems “less than 100 million yen” as minor for “transactions,” and “less than 10 million yen” for “donation,” for the most recent fiscal year, and for the period starting from the beginning date of the current fiscal year to the submission date of the most recent designation form.

Business Report

(From April 1, 2019 To March 31, 2020)

I Outline of the Group's Business

1. The Current Business Development and Results of Operations

With regard to the pachislot and pachinko industry, while the rate of machines that have been verified to be compatible through prototype testing, which was conducted by the Security Communications Association (Hotsukyo), remained low, the launch of machines that conform to the regulatory revision is progressing. The expectations for market revitalization are rising, with reviewed voluntary regulations of Nihon Dendo-shiki Yugiki Kyodo Kumiai (Nichidenkyo), a union of pachislot machine manufacturers, and Nihon Yugiki Kogyo Kumiai (Nikkoso), a union for pachinko machine manufacturers related to pachislot machines, and with a greater range of gameplay available through pachinko machine development, due in part to changes to the criteria for interpretation of technological standards related to pachinko machines.

Regarding the environment of the entertainment contents business, in the digital game software field, the strong competitive environment for mobile game continues, especially in Japan. With regard to the packaged game software field, in the market for hardware of home video game consoles, the game software sales market is expanding, mainly in overseas due to the growing penetration of current-generation video game console hardware. In addition, the expectations are rising for expanding overseas download sales and revenue opportunities from new business models with the launch of new platforms and services. As for the market for amusement centers and amusement machines, prizes still occupy a central position of the facility operations, but the number of visitors is decreasing due to the spread of the novel coronavirus disease (COVID-19).

In the resort industry, the foreign visitors to Japan which made a record 31,880 thousand in 2019, was in an increasing trend with numbers reaching record highs, while the hotel occupancy rate was also in an upward trend. However, there are also concerns that the number of foreign visitors to Japan which reached a record-high, may decline in 2020 due to the impact from the spread of COVID-19 and travel restrictions imposed by each country. In addition, the enforcement order, etc. pertaining to the "Act on the Establishment of Specified Integrated Resort Areas" have been sequentially enforced from April 2019, including the establishment of the Japan Casino Regulatory Commission in January 2020, initiatives to enter the domestic integrated resort business are progressing.

With regard to the impact from the spread of COVID-19 on the current fiscal year, despite evidence of the amusement center operations field in the entertainment contents business, and the resort business were affected in March by a significant decrease in the number of visitors due to requests for people to stay home, voluntary avoidance of travel, and other factors, the impact on overall business activities was minimal. However, due to concerns over uncertainties associated with the spread of COVID-19, careful consideration of the recoverability of deferred tax assets resulted in a decrease in deferred tax assets.

In this business environment, net sales for the fiscal year ended March 31, 2020 amounted to ¥366,594 million, (an increase of 10.5% from the previous fiscal year). The Group posted an operating income of ¥27,643 million (an increase of 111.3% from the previous fiscal year), ordinary income of ¥25,296 million (an increase of 237.5% from the previous fiscal year) and profit attributable to owners of parent of ¥13,775 million (an increase of 421.3% from the previous fiscal year).

Result of each segment is as follows

Net sales in each segment here do not include Inter-segment sales between segments.

《Pachislot and Pachinko Machines》

In the pachislot machine business, the Group has launched including mainstay titles "Pachislot Hokuto No Ken Tenshou" leading to overall sales of 123 thousand units (Overall sales of pachislot machines were 67 thousand units for the same period in the previous fiscal year). In the pachinko machine business, the Group has launched including "P Hokuto No Ken 8 Haou", leading to sales of 104 thousand units, (Overall sales of pachinko machines were 159 thousand units in the previous fiscal year).

As a result, net sales in this segment were ¥108,364 million (an increase of 6.8% from the previous fiscal year) and operating income was ¥24,929 million (an increase of 84.8% from the previous fiscal year).

《Entertainment Contents》

In the digital game software field, the Group recorded transient sales such as title transfers and offering titles. Also sales of existing titles in operation have been performing solidly. Besides, expenses substantially decreased due to the impairment loss on fixed assets recorded in the previous fiscal year.

In the packaged game software field, the Group sold repeat titles steadily though expenses increased, partly as the result of the amortization of development expenses due to multiple releases of "Total War: THREE KINGDOMS", "Mario & Sonic at the Olympic Games Tokyo 2020" etc. As a result, sales amounted to 26,760 thousand copies (23,440 thousand copies in the previous fiscal year).

In the amusement machine field, the Group implemented sales with a focus on prize game machines etc., but sales remained sluggish, partly due to the poor performance of video games.

In the amusement center operations field, the Group operated with a focus on prizes, however, like-for-like growth in sales were 97.7% compared with the previous fiscal year, due to a slump in the numbers of guests and visitors due to the impact from the consumption tax hike, multiple typhoons, and the spread of COVID-19 in March.

In the animated film and toy field, the Group recorded allocated revenue of movies, video distribution sales, and sales of new and mainstay toy products.

As a result, net sales in this segment were ¥247,749 million (an increase of 12.8% from the previous fiscal year) and operating income was ¥14,874 million (an increase of 50.9% from the previous fiscal year).

《Resort》

In the resort business, at "Phoenix Seagaia Resort", though measures including accommodation packages focusing on the Kyushu region, and the 25th anniversary commemorative project implemented, a sharp drop was seen in the number of customers in March owing to the spread of COVID-19, and the number of guests only increased 3.3% from the previous fiscal year. In addition, expenses for participating in the domestic integrated resort increased.

As a result, net sales in this segment were ¥10,478 million (a decrease of 1.0% for the previous fiscal year) and operating loss was ¥3,667 million (operating loss of ¥2,412 million for the previous fiscal year).

Overseas, PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method) is operating South Korea's first integrated resort "PARADISE CITY" has attracted many guests, primarily Japanese VIPs, owing to the effects of promotional activities targeting the Japanese market. We endeavored to accumulate development and operational know-how for participating in the domestic integrated resort business through these facilities.

2. Issues to be Addressed

In the pachislot and pachinko industry, amidst the significant reforms in the regulation environment and market environment, while the number of pachinko parlors is on a declining trend, the trend of larger pachinko parlors is progressing and the number of machines in each parlor is increasing. On the other hand, the conformance rate of pachislot machines verified to be compatible through prototype testing conducted by the Security Communications Association (Hotsukyo) remained low, and the introduction of both pachislot and pachinko machines compliant with amended regulations continues to be sluggish. Under these circumstances, in the Pachislot and Pachinko Machines Business, it is necessary for the Group to develop and supply products with innovative gameplay that meet market needs and comply with regulations to maintain and expand market share. In addition, the need to improve profitability by increasing efficiency in areas such as development and by reducing costs through such means as the reuse of pachislot and pachinko machine parts is considered as a management issue.

Regarding the environment of the Entertainment Contents Business, in the field of digital game software, the competitive environment is further intensifying, as titles that capitalize on powerful IPs (Intellectual Properties), in addition to being high-quality products, take up the top spots in sales rankings, especially in Japan. With regard to the packaged game software market, the game software sales market is expanding, especially overseas, in conjunction with the growing penetration of current-generation video game console hardware. In addition, in the PC games market, game distribution platforms such as Steam are expanding. Furthermore, expectations are growing for profit opportunities based on a new business model due to the emergence of new platforms and services, along with other factors. Under these circumstances, in the Entertainment Contents Business, concentrating management resources in the fields of packaged game software and online games which are expected to expand significantly in conjunction with the growth of diverse game distribution platforms, and further enhancing IP development for a wide range of regions, devices and platforms, is considered a management issue.

With regards to the Resort Business, through the development and operation of resort facilities in Japan as well as integrated resorts overseas, while preparing for a full-fledged integrated resort business in the future, it is an important management issue of the Group to accumulate expertise.

In addition, based on the idea of providing “moving experiences” through entertainment full of originality, while fully recognizing its position as a member of global society and engaging in communication with its various stakeholders, as a “good corporate citizen” the Group answers the ethical and public service expectations from society and works to provide value that contributes to the sustainable development of society. In addition, the Group has identified the following five important issues from the standpoint of ESG (Environment, Social, Governance) and the Sustainable Development Goals (SDGs), and is working to put them into practice throughout the entire Group.

- Improving job satisfaction and diversity, and eliminating inequality
- Response to the issue of addiction
- Reducing environmental burden, responding to environmental conservation activities
- Response to super-aging society with declining birthrates
- Corporate governance

Based on the theme of continuously creating and providing “moving experiences” as called for in the Group’s mission, we aim to improve corporate value by simultaneously creating economic value and social value.

The currently anticipated risks for each business in conjunction with the spread of COVID-19 are as follows. In such an environment, the Group will continue to engage in business operations with the highest priority placed on ensuring the safety of all customers, business partners, and employees.

[Impacts from the spread of COVID-19]

Segment	Sub-segment	Elements	Details
Pachislot and Pachinko Machines		Development	Part of the development schedule has been delayed, and there is a possibility that it will impact the future business if suspension of operation and work from home continue in the future.
		Production	Components have been secured for titles that have already been announced. As for the future, we need to carefully observe the operation status of in-house and partner plants.
		Sales	Even for titles that have already been announced, launch and delivery timings have not been determined, and if suspension of operation in pachinko halls continue, there is a possibility that the schedule will be delayed and etc.
		Other	Due to a temporary decline in the number of reception slots for reservation of prototype testing at Security Communications Association and may cause for the delay in obtaining the approval. Suspension of operation in pachinko halls expanded nationwide. If the requests for suspension of pachinko hall continue to be issued, it may lead to a decline in the purchasing power of the machines for pachinko hall operators.
Entertainment Contents	Digital Games	Development	The development environment for employees working from home is being developed, but the development schedule is becoming delayed.
		Operations	Some events and updates have been delayed due to development delays.
	Packaged Games	Development	The development environment for employees working from home is being developed, but the development efficiency has begun to decline and there is concern about the impact on external development partners. If the current situation is prolonged, there may be the delay in development schedule.
		Sales	Growth is seen mainly in overseas download sales. If this situation prolongs, it could result in delays to sales schedules, including for new titles.
	Amusement Machine Sales	Development	Delays in the development schedule have begun to occur due to factors such as a decline in development efficiency due to work from home and the inability to conduct location testing.
		Production	There are some concerns about the supply of components.
		Sales	Suspension of shipments of machines have begun due to closure of facilities. There are concerns about a decline in orders and a decline in revenue from billing due to the drop of facility utilization.

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Segment	Sub-segment	Elements	Details
Entertainment Contents	Amusement Center Operations	Facility operations	From March 3 to 24, suspended operations of 9 facilities for kids and VR section
			From April 8, temporary closure of stores in areas where self-restraint on going outside is issued
	Animation	Planning and development, Production	From April 17, temporary closure of stores nationwide
			From May 8, stores in some areas resumed operations
		Sales	Even after the removal of the emergency declaration, there are concerns that the operation of facilities will be worsen and the ability to attract customers will decline.
			There is the possibility of delays in animation production, planning and development schedules if work from home period is prolonged.
Toys	Development	Potential delay in recording of distribution revenues due to the delays of movie release.	
		There are concerns about an increase in the number of broadcast viewers and an excess supply of contents in the market..	
	Production	There is the possibility of delays in development schedule.	
Sales		There are some concerns about procurement of materials.	
Resort	Phoenix Seagaia Resort	Facility Operations	The volume of orders is declining due to the shortening of operation time and the closures of the shops. If the current situation is prolonged, there may be the delay in launch schedule.
	PARADISE CITY	Facility operations	Since March, limiting the operation format in some facilities, but there have been cancellations of reservations for accommodations, banquets, golfs, etc., and the number of visitors is declining. From May 7, start the temporary closure of all resort facilities for the time being (Resumed the operation of limited facilities from May 11) Demand for accommodations and banquets, etc. and hotel utilization rate may decline due to the restriction on traveling nationwide and overseas even after the removal of the emergency declaration.
Resort	PARADISE CITY	Facility operations	Casino section: From March 24 to April 20, closure of the operation; from AM 6:00 in April 20, operation resumed
			Some facilities other than casino section - CIMER (spa): From March 2 to May 1: suspension of the operation; From May 2, operation resumed - WONDERBOX (theme park): From March 2 to May 1: suspension of the operation; From May 2, operation resumed - CHROMA (club): From March 2 suspension of operation; Resumption timing not yet determined
			As it is a casino exclusively for foreigners, there are concerns that demand will decrease due to the worldwide policy of self-restraint and/or prohibition on going out and restrictions to foreign visitors entering South Korea.

3. Fund Procurement, etc.

(1) Fund Procurement

The Company concluded commitment line contract with financial institutions covering ¥60,000 million aimed at securing medium- to long-term capital liquidity and otherwise providing a Group wide safety net. The contract amount has increased by ¥5,000 million in the fiscal year ended March 31, 2020.

Regarding fund procurement for the fiscal year ended March 31, 2020, the Company procured ¥25,000 million by borrowings from financial institutions, for the purpose of securing medium- to long-term working capital.

For effective use of the Group funds, the Group is operating the Cash Management System (CMS) involving twenty-two Group companies including the Company, Sammy Corporation and SEGA Holdings Co., Ltd. etc.

(2) Capital Expenditures

The Group's capital expenditures, including capital expenditures related with the relocation of the headquarters, totaled ¥22,896 million, including ¥3,495 million in the pachislot and pachinko machines business, ¥18,216 million in the entertainment contents business and ¥265 million in the resort business.

(3) Business Transfers, Absorption-type Demergers, and Incorporation-type Demergers

There is no applicable material information for the fiscal year ended March 31, 2020.

(4) Business Transfer from Other Companies

There is no applicable material information for the fiscal year ended March 31, 2020.

(5) Succession of Rights and Obligations Related to Businesses of Other Corporations, etc., through Absorption-type Mergers or Demergers

There is no applicable material information for the fiscal year ended March 31, 2020.

(6) Acquisition or Disposition of Stocks and Other Interests or Share Subscription Rights, etc., of Other Companies

SEGA Games Co., Ltd., a consolidated subsidiary of the Company, acquired all shares of Two Point Studios Ltd. as of May 8, 2019 and included in the scope of consolidation.

4. Assets and Profits and Losses for the Previous Fiscal Years

Item	Fiscal Year	FY2017	FY2018	FY2019	FY2020
		From April 1, 2016 To March 31 2017	From April 1, 2017 To March 31 2018	From April 1, 2018 To March 31 2019	From April 1, 2019 To March 31 2020
Net sales	(¥ million)	366,939	323,664	331,648	366,594
Ordinary income	(¥ million)	28,542	14,578	7,495	25,296
Profit attributable to owners of parent	(¥ million)	27,607	8,930	2,642	13,775
Net income per share	(¥)	117.79	38.10	11.27	58.65
Total assets	(¥ million)	521,599	473,467	464,654	458,268
Net assets	(¥ million)	311,497	310,456	305,337	296,858

Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.

2. Net income per share is calculated based on the average number of shares outstanding during the period.

5. Major Business Segments

The business segments of the SEGA SAMMY Group are Pachislot and Pachinko Machines Business, Entertainment Contents Business and Resort Business. The primary business activities are as follows.

Segment	Main Business
Pachislot and Pachinko Machines Business	Development, manufacture and sales of pachislot and pachinko machines
Entertainment Contents Business	Development and sales of digital game software serving as the main axis of segments, development and sales of packaged game software and amusement machines, development and operation of amusement centers, planning, production and sales of animated films, development, manufacture and sales of toys
Resort Business	Development and operation of hotels and golf courses, etc. in the integrated resorts business and other facilities businesses

6. Major Business Locations of the Group

- (1) The Company: SEGA SAMMY HOLDINGS INC.
Head Office (Shinagawa-ward, Tokyo)
- (2) Office of the main subsidiaries
 - ① Sammy Corporation
Head Office (Shinagawa-ward, Tokyo)
Kawagoe Factory (Kawagoe, Saitama)
Branches (8 Branches)
 - ② SEGA Holdings Co., Ltd.
Head Office (Shinagawa-ward, Tokyo)
 - ③ SEGA Games Co., Ltd.
Head Office (Shinagawa-ward, Tokyo)
 - ④ SEGA ENTERTAINMENT Co., Ltd.
Amusement Center Operating Locations: (192 locations)
- (3) Employees of the Group
Number of employees (change from end of previous year) 8,798 (805 increase)
Note: The number of employees includes full-time staff and staff on loan, but not temporary employees.

7. Material Parent Company and Subsidiaries

(1) Relationships with parent company

There is no pertinent matter.

(2) Relationships with subsidiaries

Company	Capital	Percentage ratio of issued shares	Main business
Sammy Corporation	¥18,221 million	100.0%	Development/manufacture/sales of pachislot and pachinko machines
SEGA Holdings Co., Ltd.	¥44,092 million	100.0%	Management of SEGA Group and all businesses appertaining thereto
RODEO Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of pachislot machines
TAIYO ELEC Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of pachislot and pachinko machines
SEGA Games Co., Ltd.	¥100 million	100.0% (Note 1)	Planning/development/sales of game-related content for mobiles, PCs, smart devices and home video game platforms
SEGA Interactive Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of amusement machine
Sega Logistics Service Co., Ltd.	¥100 million	100.0% (Note 1)	Maintenance service, transportation and warehouse business
SEGA ENTERTAINMENT Co., Ltd.	¥100 million	100.0% (Note 1)	Operation of amusement centers
DARTSLIVE Co., Ltd.	¥10 million	100.0% (Note 1)	Planning/development/sales of game equipment and game software
Sega Amusements International Ltd.	£ 25,972 thousand	100.0% (Note 1)	Import/manufacture/sales of amusement equipment
Sega of America, Inc.	US\$110,000 thousand	100.0% (Note 1)	Development/management/sales of home video game software
Sega Europe Ltd.	£ 10,000 thousand	100.0% (Note 1)	Sales of home video game software
Sega Publishing Europe Ltd.	£ 0 thousand	100.0% (Note 1)	Sales of home video game software
ATLUS CO., LTD.	¥10 million	100.0% (Note 1)	Development of home video game software
Sammy Networks Co., Ltd.	¥100 million	100.0% (Note 1)	Planning/production/sales of game and music contents through mobile phones and Internet, etc.
SEGA TOYS CO., LTD.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of toys
TMS ENTERTAINMENT CO., LTD.	¥100 million	100.0% (Note 1)	Planning/production/sales and other activities involving animated movies

Company	Capital	Percentage ratio of issued shares	Main business
MARZA ANIMATION PLANET INC.	¥100 million	100.0% (Note 1)	Production of computer graphics animations, planning/production of animated movies, licensing business
PHOENIX RESORT CO., LTD.	¥93 million	100.0%	Operation of resort facilities, including hotels, spas, golf courses, restaurants and international conference halls
SEGA SAMMY CREATION INC.	¥10 million	100.0%	Development/production/sales of casino gaming machines

Notes: 1. Percentage of ratio of issued shares includes rights of indirectly owned shares.

2. JMS-United Co., Ltd. which was the consolidated subsidiary of the Company in the previous fiscal year, has been excluded from the scope of consolidation because of the sale of its all shares.

(3) The status of the specified wholly owned subsidiaries

Name of specified wholly owned subsidiary	Address of specified wholly owned subsidiary	Book value of shares of wholly owned subsidiary
Sammy Corporation	1-1-1, Nishi-Shinagawa, Shinagawa-ward, Tokyo	¥153,307 million
SEGA Holdings Co., Ltd.	1-1-1, Nishi-Shinagawa, Shinagawa-ward, Tokyo	¥118,351 million

Note: Amount of total assets of the Company: ¥417,622 million

8. Main Banks and Borrowings

Lenders	Balance of loans payable
Sumitomo Mitsui Banking Corporation	¥18,831 million
MUFG Bank, Ltd.	¥8,996 million
Mizuho Bank, Ltd.	¥5,998 million
Aozora Bank, Ltd.	¥4,998 million
Resona Bank, Limited	¥4,865 million
The Bank of Yokohama, Ltd.	¥3,987 million
Sumitomo Mitsui Trust Bank, Limited	¥1,325 million
Shinsei Bank, Limited	¥665 million
The Hokuriku Bank, Ltd.	¥665 million
Others	¥5,000 million
Total	¥55,334 million

9. Where the Articles of Incorporation Provide for the Board of Directors to Determine Distributions, etc., of Retained Earnings, Policy Regarding Exercise of Such Authority

SEGA SAMMY HOLDINGS INC. gives priority to returning profits to shareholders. The Company's basic policy is to pay an appropriate dividend that is commensurate with earnings.

For the distribution of surplus, the Company paid dividends of ¥20 per share for the second quarter and plans to pay dividends of ¥20 per share for year-end dividends. This reflects the Group's policy of paying dividends stable to shareholders. Furthermore, the Company's policy is to effectively use retained earnings to bolster its financial position and operation structure as well as for investments in line with business expansion.

10. Other Significant Events of the Group

There is no applicable material information for the fiscal year ended March 31, 2020.

II Shares Outstanding and Shareholders

1. Number of shares authorized for issue **800,000,000 shares**
2. Total shares issued and outstanding **266,229,476 shares**
3. Number of shareholders **72,584**
4. Principal shareholders (Top 10)

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
HS Company	35,308,000	15.01
The Master Trust Bank of Japan, Ltd. (Trust account)	16,252,100	6.91
FSC Co., Ltd.	13,622,840	5.79
Japan Trustee Services Bank, Ltd. (Trust account)	10,185,700	4.33
Hajime Satomi	7,833,638	3.33
STATE STREET BANK AND TRUST COMPANY 505001	7,431,961	3.16
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,038,800	1.71
Haruki Satomi	3,723,161	1.58
JP MORGAN CHASE BANK 385151	3,538,811	1.50
THE BANK OF NEW YORK MELLON 140044	3,263,976	1.38

Note: Shareholding ratio was calculated excluding treasury stock (31,138,238 shares).

III Company Directors and Audit & Supervisory Board Members

1. Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Title and Areas of Responsibility	Name	Important Concurrent Posts
Chairman and Group CEO (Representative Director)	Hajime Satomi	Chairman of the Board (Representative Director), Sammy Corporation Honorary Chairman of the Board, SEGA Holdings Co., Ltd.
President and Group COO (Representative Director) in charge of Executive Secretariat Division, Group Executive Office, Group Licensing Division and Internal Control Division	Haruki Satomi	President and CEO (Representative Director), Sammy Corporation Chairman and CEO (Representative Director), SEGA Holdings Co., Ltd.
Senior Executive Vice President (Director of the Board) in charge of Resort Business Division	Naoya Tsurumi	
Executive Vice President and Group CFO (Director of the Board) in charge of Finance & Accounting Division, IT Solution Division, Investment Management Department and Japan Integrated Resort Business Department	Koichi Fukazawa	
Executive Vice President (Director of the Board)	Hideki Okamura	President and COO (Representative Director), SEGA Holdings Co., Ltd.
Director of the Board in charge of General Affairs & Personnel Division, Legal & Intellectual Property Division and CSR & SDGs Office	Hideo Yoshizawa	Executive Vice President, SEGA Holdings Co., Ltd.
Director of the Board	Takeshi Natsuno	
Director of the Board	Kohei Katsukawa	
Director of the Board	Hiroshi Onishi	
Director of the Board	Melanie Brock	
Standing Audit & Supervisory Board Member	Shigeru Aoki	Audit & Supervisory Board Member, Sammy Corporation
Audit & Supervisory Board Member	Yukito Sakaue	Standing Audit & Supervisory Board Member, SEGA Holdings Co., Ltd.
Audit & Supervisory Board Member	Mineo Enomoto	Audit & Supervisory Board Member, SEGA Holdings Co., Ltd., Attorney
Audit & Supervisory Board Member	Kazutaka Okubo	Certified Public Accountant

- Notes: 1. Tomio Kazashi, Audit & Supervisory Board Member, resigned as of June 21, 2019 when concluded the ordinary general meeting of shareholders.
2. Takeshi Natsuno, Kohei Katsukawa, Hiroshi Onishi and Melanie Brock are External Director of the Board as stipulated in Article 2, Clause 15 of the Companies Act.
3. Mineo Enomoto and Kazutaka Okubo are External Audit & Supervisory Board Member as stipulated in Article 2, Clause 16 of the Companies Act.
4. The Company has submitted an Independent Directors/Audit & Supervisory Board Members Notification Form to Tokyo Stock Exchange, Inc. to register Directors of Takeshi Natsuno, Kohei

Katsukawa and Hiroshi Onishi, and Audit & Supervisory Board Members of Mineo Enomoto and Kazutaka Okubo as Independent Directors/Audit & Supervisory Board Members.

5. The Company has adopted the executive officer system to speed up decision-making, strengthen oversight of business execution, and reinforce business execution functions. The Company has nine executive officers: Makoto Takahashi, Managing Director of Group Executive Office; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance & Accounting Division; Shuji Utsumi, In charge of Live Entertainment and Open Innovation; Hiroshi Ishikura, Managing Director of Internal Control Division and Group CSR Promotion Office; Koichi Takahashi, Managing Director of General Affairs & Personnel Division; Takaharu Kato, Managing Director of IT Solution Division; Rei Kudo, Managing Director of Group Licensing Division; Hironobu Otsuka, Assistant to Managing Director of Resort Business Division.
6. Since April 1, 2020, the Company has the following nine executive officers: Makoto Takahashi, Managing Director of Group Executive Office; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance & Accounting Division and Executive Secretariat Division; Shuji Utsumi, In charge of Live Entertainment and Open Innovation; Hiroshi Ishikura, Managing Director of Internal Control Division and CSR & SDGs Office; Koichi Takahashi, Managing Director of General Affairs & Personnel Division; Takaharu Kato, Managing Director of IT Solution Division; Rei Kudo, Managing Director of Group Licensing Division; Hironobu Otsuka, Assistant to Managing Director of Resort Business Division.
7. Kazuaki Inaoka was elected as Substitute Audit & Supervisory Board Member stipulated in Article 3, Clause 329 of the Companies Act at the ordinary general meeting of shareholders held on June 21, 2019 in preparation for the case when the number of Audit & Supervisory Board Members becomes less than the number prescribed by the laws and regulations.

2. Total Remuneration, etc., to Directors and Audit & Supervisory Board Members

Title	Number of individuals	Remuneration, etc.
Directors (of which External Directors)	10 (4)	¥1,167 million (¥55 million)
Audit & Supervisory Board Members (of which External Audit & Supervisory Board Members)	4 (3)	¥38 million (¥20 million)
Total	14	¥1,205 million

- Notes: 1. Remuneration, etc. for Directors (excluding External Directors) includes accrued bonuses of ¥450 million and expenses concerning share with restriction on transfer for the fiscal year of ¥54 million.
2. Fixed remuneration for Directors (excluding External Directors) shall be paid based on a remuneration table specifying the amounts for each of the three components, namely, basic remuneration, responsibility remuneration, and role remuneration. Director's bonuses as performance-linked remuneration shall be paid based on a bonus table defined the three elements of the level of ordinary income, the business plan achievement level, and the year-on-year growth level.
 3. As of the end of the fiscal year ended March 31, 2020, the number of Directors was ten (including four External Directors), and the number of Audit & Supervisory Board Members was four (including two External Audit & Supervisory Board Members). These figures differ from the number of individuals mentioned above because of including one resigned Director at the conclusion of the ordinary general meeting of shareholders held on June 21, 2019 and also there is one Audit & Supervisory Board Member who serves without compensation.
 4. The remuneration limit for Directors is ¥1,700 million, pursuant to the resolution at the ordinary general meeting of shareholders on June 21, 2019.
 5. The remuneration limit for Audit & Supervisory Board Members is ¥50 million, pursuant to the resolution at the ordinary general meeting of shareholders of Sammy Corporation on June 25, 2004, and at the ordinary general meeting of shareholders of SEGA CORPORATION on June 29, 2004.

3. Liability Limitation Agreements

It is stipulated in the Articles of Incorporation that the Company may enter into agreements with Directors (excluding executive Directors etc.) and Audit & Supervisory Board Members that limit their liabilities for damages.

The outline of the liability limitation agreement that the Company entered into with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members respectively in accordance with the Articles of Incorporation is as follows:

(Outline of Liability Limitation Agreement)

The liability to compensate for damages under Article 423, Section 1 of the Companies Act will be limited to the minimum liability set forth by law in the absence of malicious intent or material negligence.

4. External Directors and Audit & Supervisory Board Members

(1) Main Activities of External Directors and Audit & Supervisory Board Members

Title	Name	Major Activities
External Director	Takeshi Natsuno	He attended 12 Board of Directors meetings out of the 12 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Kohei Katsukawa	He attended 11 Board of Directors meetings out of the 12 meetings during the year (11 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Hiroshi Onishi	He attended 12 Board of Directors meetings out of the 12 meetings held following his assumption of office (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Melanie Brock	She attended 10 Board of Directors meetings out of the 10 meetings held following her assumption of office (10 out of 10 regular meetings) and expressed her opinion on managerial viewpoints. She also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Audit & Supervisory Board Member	Mineo Enomoto	He attended 12 Board of Directors meetings out of the 12 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on professional and managerial viewpoints as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 14 Audit & Supervisory Board meetings out of the 14 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.

External Audit & Supervisory Board Member	Kazutaka Okubo	<p>He attended 10 Board of Directors meetings out of the 10 meetings during the year (10 out of 10 regular meetings) and expressed his opinion on professional and managerial viewpoints concerning the financial accounting and the internal control as a certified public accountant. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.</p> <p>He also attended 10 Audit & Supervisory Board meetings out of the 11 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.</p>
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(2) Total Remuneration, etc., to External Directors and Audit & Supervisory Board Members

	Number of individuals	Remuneration, etc.	Of which Remuneration, etc., from subsidiary
Total remuneration, etc., to External Directors and Audit & Supervisory Board Members	7	¥75 million	¥— million

Consolidated Balance Sheet

(As of March 31, 2020)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	268,976	Current liabilities	86,147
Cash and deposits	159,013	Notes and accounts payable-trade	17,834
Notes and accounts receivable-trade	40,408	Short-term loans payable	13,331
Short-term investment securities	5,398	Current portion of bonds	10,000
Merchandise and finished goods	8,218	Income taxes payable	3,383
Work in process	20,235	Accrued expenses	15,347
Raw materials and supplies	18,554	Provision for bonuses	7,891
Income taxes receivable	4,836	Provision for directors' bonuses	808
Other	12,613	Provision for point card certificates	29
Allowance for doubtful accounts	(302)	Asset retirement obligations	101
Noncurrent assets	189,292	Other	17,419
Property, plant and equipment	86,649	Noncurrent liabilities	75,263
Buildings and structures, net	37,439	Bonds payable	10,000
Machinery, equipment and vehicles, net	1,790	Long-term loans payable	40,003
Amusement machines and facilities, net	13,139	Net defined benefit liability	4,176
Land	21,177	Deferred tax liabilities	2,165
Construction in progress	1,418	Asset retirement obligations	4,847
Other, net	11,683	Provision for dismantling of fixed assets	420
Intangible assets	17,969	Other	11,649
Goodwill	5,878	Total liabilities	161,410
Other	12,090	Net assets	
Investments and other assets	84,673	Shareholders' equity	301,296
Investment securities	55,046	Capital stock	29,953
Long-term loans receivable	1,117	Capital surplus	118,564
Lease and guarantee deposits	13,888	Retained earnings	206,334
Net defined benefit assets	3,076	Treasury stock	(53,555)
Deferred tax assets	1,215	Accumulated other comprehensive income	(7,193)
Other	10,779	Valuation difference on available-for-sale securities	4,470
Allowance for doubtful accounts	(450)	Deferred gains or losses on hedges	(596)
		Revaluation reserve for land	(1,109)
		Foreign currency translation adjustment	(8,480)
		Remeasurements of defined benefit plans	(1,478)
		Subscription rights to shares	813
		Non-controlling interests	1,941
		Total net assets	296,858
Total assets	458,268	Total liabilities and net assets	458,268

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Unit: millions of yen)

Item	Amount	
Net sales		336,594
Cost of sales		230,092
Gross profit		136,502
Selling, general and administrative expenses		108,859
Operating income		27,643
Non-operating income		
Interest income	247	
Dividends income	435	
Gain on investments in partnership	616	
Foreign exchange gains	329	
Other	1,605	3,234
Non-operating expenses		
Interest expenses	475	
Equity in losses of affiliates	2,805	
Commission fee	137	
Loss on investments in partnership	421	
Loss on retirement of noncurrent assets	193	
Rent expenses	84	
Other	1,463	5,581
Ordinary income		25,296
Extraordinary income		
Gain on sales of noncurrent assets	2,917	
Gain on sales of investment securities	104	
Gain on reversal of restructuring loss	30	
Other	53	3,106
Extraordinary loss		
Loss on sales of noncurrent assets	0	
Impairment loss	371	
Loss on valuation of investment securities	573	
Early extra retirement payments	32	
Loss on sales of shares of subsidiaries and affiliates	172	
Other	147	1,298
Income before income taxes		27,104
Income taxes-current	5,314	
Income taxes-deferred	7,817	13,131
Profit		13,972
Profit attributable to non-controlling interests		197
Profit attributable to owners of parent		13,775

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Non-Consolidated Balance Sheet

(As of March 31, 2020)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	64,128	Current liabilities	57,564
Cash and deposits	39,723	Current portion of long-term loans payable	13,320
Accounts receivable-trade	1,098	Current portion of bonds	10,000
Short-term investment securities	5,198	Accounts payable-other	2,689
Prepaid expenses	724	Income taxes payable	564
Short-term loans receivable from subsidiaries and affiliates	11,493	Accrued expenses	1,905
Accounts receivable-other	5,255	Deposits received	27,562
Other	634	Provision for bonuses	340
Noncurrent assets	353,494	Provision for directors' bonuses	450
Property, plant and equipment	8,992	Other	731
Buildings, net	3,766	Noncurrent liabilities	75,975
Structures, net	544	Bonds payable	10,000
Machinery and equipment, net	42	Long-term loans payable	42,000
Aircraft, net	258	Asset retirement obligations	678
Vehicles, net	10	Long-term deposits received	19,000
Tools, furniture and fixtures, net	2,706	Provision for retirement benefits	97
Land	1,418	Deferred tax liabilities	1,969
Construction in progress	244	Other	2,230
Intangible assets	372	Total liabilities	133,539
Software	267	Net assets	
Other	105	Shareholders' equity	279,894
Investments and other assets	344,129	Capital stock	29,953
Investment securities	22,479	Capital surplus	192,179
Shares of subsidiaries and affiliates	309,881	Legal capital surplus	29,945
Investments in capital of subsidiaries and affiliates	655	Other capital surplus	162,234
Long-term loans receivable from subsidiaries and affiliates	13,915	Retained earnings	111,595
Long-term loans receivable	32	Other retained earnings	111,595
Long-term prepaid expenses	13	Retained earnings brought forward	111,595
Other	6,192	Treasury stock	(53,833)
Allowance for doubtful accounts	(9,041)	Valuation and translation adjustments	3,374
		Valuation difference on available-for-sale securities	3,374
		Subscription rights to shares	813
		Total net assets	284,082
Total assets	417,622	Total liabilities and net assets	417,622

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Non-Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Consulting fee income	8,829	
Shared service income	3,069	
Dividends income	9,381	21,279
Operating expenses		
Selling, general and administrative expenses	14,922	14,922
Operating income		6,357
Non-operating income		
Interest income	174	
Interest on securities	71	
Dividends income	346	
Gain on investments in partnership	583	
Income from operation of noncurrent assets	92	
Outsourcing service income	251	
Other	143	1,664
Non-operating expenses		
Interest expenses	491	
Interest on bonds	100	
Bond issuance cost	66	
Commission fee	133	
Loss on investments in partnership	265	
Provision of allowance for doubtful accounts	1,424	
Outsourcing service expenses	243	
Other	345	3,069
Ordinary loss		4,951
Extraordinary income		
Gain on sales of investment securities	94	
Gain on reversal of share acquisition rights	20	115
Extraordinary loss		
Loss on sales of shares of subsidiaries	318	
Loss on sales of investment securities	3	
Other	21	343
Loss before income taxes		4,723
Income taxes-current	(422)	
Income taxes-deferred	147	(275)
Net income		4,998

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Independent Auditor's Report

May 12, 2020

The Board of Directors of SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC
Tokyo Office, Japan

Hidetoshi Fukuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Danya Sekiguchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoichi Ueno (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SEGA SAMMY HOLDINGS INC. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do

so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 12, 2020

The Board of Directors of SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC
Tokyo Office, Japan

Hidetoshi Fukuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Danya Sekiguchi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoichi Ueno (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SEGA SAMMY HOLDINGS INC. ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance

of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

The Audit & Supervisory Board has received the reports of the audit procedures and results concerning the execution of the duties of the Directors during the 16th fiscal year from April 1, 2019 through March 31, 2020 prepared by each of the Audit & Supervisory Board Members. After discussing the reports, we have prepared this Audit Report and report as follows.

1. Procedures and details of the audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board established the audit policy, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding the implementation of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the independent auditor regarding the execution of their duties, and sought explanations as necessary.
 - (2) Each Audit & Supervisory Board Member complied with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policies, allocation of duties, etc., communicated with Directors, the internal audit department, and other employees, as well as worked to enhance environment for information collection and auditing, while conducting the audit by the following methods:
 - 1) Each Audit & Supervisory Board Member participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, and sought explanations as necessary. We examined important authorized documents and associated information, and investigated the operations and assets at the head office and principal offices.
With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary.
 - 2) We received the periodical reports from Directors, employees, and other relevant personnel, sought explanations as necessary, and expressed our opinions on the status of development and operation of the system for ensuring that the execution of the duties of the Directors conforms to the relevant laws and regulations and the Articles of Incorporation, as well as the details of the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act and the status of the system (internal control system) based on said resolutions, a necessary measure for ensuring proper business execution by a joint stock corporation and a corporate group consisting of its subsidiaries.
As to the internal control system associated with financial reports, we received reports from Directors and the independent auditor, KPMG AZSA LLC regarding the evaluation of the internal control and its audit, and sought explanations and expressed our opinions where necessary.
 - 3) We monitored and verified whether the independent auditor maintained its independence and implemented appropriate audits, and we received reports from the independent auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the independent auditor that “systems for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Corporate Calculation Regulations) were maintained in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the current fiscal year.

2. Result of audit

(1) The Report of Business Operations

- 1) In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company’s condition.
- 2) With regard to the execution of the duties of the Directors, we have found no evidence of wrongful action or material violation of the relevant laws and regulations, nor of any violation with respect to

the Articles of Incorporation.

- 3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the execution of the duties of the Directors regarding the internal control system, including the one associated with financial reports.
- (2) Audit result of the Financial Statements and supporting schedules
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.
- (3) Audit result of the Consolidated Financial Statements and consolidated supporting schedules
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.

May 13, 2020
Audit & Supervisory Board,
SEGA SAMMY HOLDINGS INC.
Shigeru Aoki, Standing Audit & Supervisory Board Member
Yukito Sakaue, Audit & Supervisory Board Member
Mineo Enomoto, Audit & Supervisory Board Member (External)
Kazutaka Okubo, Audit & Supervisory Board Member (External)