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Securities Code: 6460
May 31, 2018

Haruki Satomi
President (Representative Director)
SEGA SAMMY HOLDINGS INC.
Shiodome Sumitomo Building,
1-9-2 Higashi Shimbashi, Minato-ku, Tokyo, Japan

Dear Shareholders:

Notice of the 14th Ordinary General Meeting of Shareholders to be held on June 22, 2018

You are cordially invited to attend the 14th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) to be held at Ho-Oh-No-Ma (Main Hall), 2F, Tokyo Prince Hotel, 3-3-1 Shiba-koen, Minato-ku, Tokyo, 105-8560, Japan on Friday, June 22, 2018 at 10:00 a.m. for the purposes listed below.

If you are unable to attend the meeting in person, you may 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 Thursday, June 21, 2018.

Details of the Meeting

- 1. Date and time:** Friday, June 22, 2018 at 10:00 a.m. (Reception commences at 9:00 a.m.)
- 2. Venue:** Ho-Oh-No-Ma (Main Hall), 2F, Tokyo Prince Hotel
3-3-1 Shiba-koen, Minato-ku, Tokyo, 105-8560, Japan

3. Agenda:

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 14th fiscal year (from April 1, 2017 to March 31, 2018) 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 14th fiscal year (from April 1, 2017 to March 31, 2018)

Matters to be resolved:

Proposal 1: To amend certain parts of the Articles of Incorporation

Proposal 2: To elect eight (8) Directors

* 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 (<https://www.segasammy.co.jp/english/ir/event/meeting.html>).

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

Information on Disclosure on the Internet

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. (The Company's website: <https://www.segasammy.co.jp/english/ir/event/meeting.html>)

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

Exercise of voting rights by mail (in writing)

Indicate “for” or “against” the proposals on the voting form enclosed and return the said form to the Company so that it is received no later than the deadline for exercising your voting rights, indicated above.

Exercise of voting rights via the Internet

(1) Exercise of voting rights

- (i) Access the voting website designated by the Company (<https://evote.tr.mufig.jp/>), log on using the “voting rights exercise code” and “temporary password” printed on the enclosed voting form, and follow the on-screen instructions (Japanese language only) to enter “for” or “against” the proposals before the deadline for exercising your voting rights, indicated above.
- (ii) In order to prevent unauthorized access by persons other than shareholders (spoofing) and falsification of entries, you are kindly requested to change the “temporary password” once you log on to the voting website.

(2) Voting website

- (i) You may exercise your voting rights by accessing the voting website designated by the Company (<https://evote.tr.mufig.jp/>) from a PC, smartphone or mobile phone (i-mode, EZweb or Yahoo! Keitai). (Please note that the website cannot be accessed between 2:00 a.m. and 5:00 a.m. daily, Japan Standard Time.) (“i-mode”, “EZweb” and “Yahoo!” are trademarks or registered trademarks of NTT DOCOMO, Inc., KDDI Corporation and U.S. Yahoo! Inc., respectively.)

You may also access the voting website by using a smartphone or mobile phone equipped with a QR code reader to read the QR code on the right:

Please check the usage instructions for your smartphone or mobile phone for further details regarding the use of the QR code reader.

(“QR code” is a registered trademark of DENSO WAVE INCORPORATED.)

- (ii) You may be unable to use the voting website depending on your Internet configuration, firewall, anti-virus software and proxy server settings.
- (iii) You must have access to either i-mode, EZweb or Yahoo! Keitai services to exercise your voting rights via mobile phone. Please note that the voting website is only accessible from a mobile handset capable of communicating encrypted data (i.e. TLS) and mobile phone data for security purposes.
- (iv) Please note that any costs incurred in accessing the designated voting website (e.g. internet connection fees, etc.) shall be borne by the shareholder. Please note that any costs incurred in voting via mobile phone, including packet charges, shall also be borne by the shareholder.



Treatment of votes cast more than once

- (i) When any shareholder exercises voting rights both by voting form and via the Internet, only the Internet vote will be deemed as valid.
- (ii) When any shareholder exercises voting rights more than once via the Internet, only the last vote will be deemed as valid. Similarly, when any shareholder exercises voting rights more than once via PC, smartphone and / or mobile phone, only the last vote will be deemed as valid.

Electronic proxy voting platform for institutional investors

Institutional investors can use the electronic proxy voting platform that is operated by Investor Communications Japan, Inc., which is designed for institutional investors to exercise their voting rights electronically.

For inquiries concerning the online voting system:

[Helpdesk]

Shareholder registry administrator: Securities Agency Division,
Mitsubishi UFJ Trust and Banking Corporation

Direct line: 0120-173-027 (Domestic [Japan] call only)
(Weekdays 9:00 a.m. - 9:00 p.m.)

*** Please note that the above contact number is not for inquiries concerning shares.**

Reference Documents for General Meeting of Shareholders

Proposals and reference information

Proposal 1: To amend certain parts of the Articles of Incorporation

1. Reasons for the amendments

- (1) The Company aims to add a new purpose added by a new subsidiary of the Company to the existing purposes, in order to manage and control such subsidiary as a holding company.
- (2) The Company will relocate its head office from Minato-ward, Tokyo to Shinagawa-ward, Tokyo, in order to pursue efficient group management, strengthen collaboration and generate synergy effects among businesses, and promote active personnel exchanges by integrating head office functions that are scattered across Tokyo. The effective date of this change shall be August 6, 2018, when the head office is scheduled to be relocated and supplementary provision regarding this matter shall be established.

2. Contents of the amendments

(Amended parts are underlined)

Present Articles of Incorporation	Proposed Amendment
<p>Article 1</p> <p style="text-align: center;">(Omitted)</p> <p>Article 2 (Purpose)</p> <p>The purpose of the Company shall be: to manage and control the business activities of the corporations that conduct the following businesses and businesses equivalent thereto and to engage in operations incidental thereto by owning shares in such corporations:</p> <p>(1) to (66)</p> <p style="text-align: center;">(Omitted)</p> <p style="text-align: center;">(Newly established)</p> <p>(67) Operation to manage and control the business activities of the corporations that conduct the businesses set forth in each of the proceeding items and businesses equivalent thereto by owning shares in such corporations.</p> <p>2.</p> <p style="text-align: center;">(Omitted)</p> <p>Article 3 (Head office)</p> <p>The head office of the Company shall be located at <u>Minato-ku</u>, Tokyo, Japan.</p> <p>Articles 4 to 55</p> <p style="text-align: center;">(Omitted)</p> <p style="text-align: center;">(Newly established)</p>	<p>Article 1</p> <p style="text-align: center;">(Unchanged)</p> <p>Article 2 (Purpose)</p> <p style="text-align: center;">(Unchanged)</p> <p>(1) to (66)</p> <p style="text-align: center;">(Unchanged)</p> <p>(67) <u>Business for children and childcare according to the Child Welfare Act, the Act on Child and Childcare Support and other related laws and regulations;</u></p> <p>(68) (Unchanged)</p> <p>2.</p> <p style="text-align: center;">(Unchanged)</p> <p>Article 3 (Head office)</p> <p>The head office of the Company shall be located at <u>Shinagawa-ku</u>, Tokyo, Japan.</p> <p>Articles 4 to 55</p> <p style="text-align: center;">(Unchanged)</p> <p><u>Supplementary Provision</u></p> <p><u>The amendment of Article 3 (Head office) shall come into force on August 6, 2018. This supplementary provision shall be deleted after the said date comes.</u></p>

Proposal 2: To elect eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect eight (8) Directors.

The nominees for Directors are as described below. Policy and procedures for selection of such nominees are described in page 13.

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
1	Hajime Satomi (January 16, 1942)	<p>Mar. 1980 President (Representative Director) of Sammy Industry Co., Ltd. (now Sammy Corporation)</p> <p>Feb. 2004 Chairman of the Board (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>May 2004 Chairman of JAMMA (JAPAN AMUSEMENT MACHINERY MANUFACTURERS ASSOCIATION) (now Japan Amusement Industry Association) (current position)</p> <p>Jun. 2004 Chairman and CEO (Representative Director) of Sammy Corporation</p> <p>Jun. 2004 Chairman and CEO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Oct. 2004 Chairman, President and CEO (Representative Director) of the Company</p> <p>Mar. 2005 Senior Advisor to NICHYUKYO (Japan Play Equipment Industry Association) (current position)</p> <p>Jun. 2007 President, CEO and COO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>May 2008 Chairman and CEO (Representative Director) of the above</p> <p>Apr. 2012 Chairman of the Board of Sammy Corporation</p> <p>May 2013 Chairman and CEO (Representative Director) of the above</p> <p>Apr. 2015 Chairman and CEO (Representative Director) of SEGA Holdings Co., Ltd.</p> <p>Jun. 2015 Advisor to NDK (current position)</p> <p>Jun. 2016 Chairman, President, CEO and COO (Representative Director) of the Company</p> <p>Apr. 2017 Chairman and CEO (Representative Director) of the Company</p> <p>Apr. 2017 Chairman of the Board (Representative Director) of Sammy Corporation (current position)</p> <p>Apr. 2017 Honorary Chairman of the Board of SEGA Holdings Co., Ltd. (current position)</p> <p>Apr. 2017 Chairman of the Board of MARZA ANIMATION PLANET INC. (current position)</p> <p>Apr. 2018 Chairman and Group CEO (Representative Director) of the Company (current position)</p> <p>Apr. 2018 Senior Advisor (Director of the Board) of PHOENIX RESORT CO., LTD. (current position)</p>	7,721,338 shares
<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>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
2	Haruki Satomi (January 11, 1979)	<p>Mar. 2004 Joined Sammy Corporation</p> <p>Jan. 2005 Joined SEGA CORPORATION (now SEGA Games Co., Ltd.)</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 (now SEGA Games Co., Ltd.)</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 (now SEGA Games Co., Ltd.)</p> <p>Apr. 2015 Deputy COO (Representative Director) of SEGA Holdings Co., Ltd.</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. (current position)</p> <p>Apr. 2017 Chairman and CEO (Representative Director) of SEGA Games Co., Ltd. (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>	3,139,561 shares
<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>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
3	Naoya Tsurumi (February 8, 1958)	<p>Mar. 1992 Joined SEGA Enterprises, Ltd. (now SEGA Games Co., Ltd.)</p> <p>Oct. 2006 Chairman, SEGA of America, Inc.</p> <p>May 2008 Senior Vice President (Director of the Board) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2009 Executive Vice President (Director of the Board) of the above</p> <p>Apr. 2012 President and COO (Representative Director) of the above</p> <p>Jun. 2012 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2012 CEO and President, SEGA Holdings Europe Ltd.</p> <p>Apr. 2014 Senior Executive Vice President (Representative Director) of the Company</p> <p>Apr. 2014 Vice Chairman of the Board of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2014 Vice Chairman of the Board of PHOENIX RESORT CO., LTD. (current position)</p> <p>Jun. 2014 Member of the Board of Directors of PARADISE SEGASAMMY Co., Ltd. (current position)</p> <p>Apr. 2015 Vice Chairman of the Board of SEGA Holdings Co., Ltd.</p> <p>Jun. 2015 Chairman of the Board of Sega Sammy Golf Entertainment Inc. (current position)</p> <p>Jun. 2015 President of SEGA SAMMY BUSAN INC. (current position)</p> <p>Jun. 2016 Senior Executive Vice President (Director of the Board) of the Company (current position)</p> <p>Jan. 2017 Chairman and Director of CA Sega Joypolis Ltd. (current position)</p>	12,100 shares
<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>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
4	Koichi Fukazawa (November 2, 1965)	<p>Apr. 1990 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)</p> <p>Jul. 2003 Joined Sammy Corporation</p> <p>Aug. 2003 Vice President, Executive Officer and Managing Director of President's Office of the above</p> <p>Oct. 2004 Vice President, Executive Officer and Managing Director of President's Office of the Company</p> <p>Oct. 2004 Vice President, Executive Officer and Managing Director of Chairman's Office and President's Office of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2005 Senior Vice President (Director of the Board) and Managing Director of Chairman's Office and President's Office of the above</p> <p>Jan. 2007 President (Representative Director) of SEGA SAMMY ASSET MANAGEMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Aug. 2007 Senior Executive Officer and in charge of the Corporate Strategy and External Affairs of the Company</p> <p>May 2008 Senior Vice President (Director of the Board) and Managing Director of New Business Division of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Apr. 2009 Officer of Keizai Doyukai (Japan Association of Corporate Executives) (current position)</p> <p>Jun. 2009 President (Representative Director) of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Apr. 2014 Senior Executive Vice President (Representative Director) of SEGA TOYS CO., LTD.</p> <p>Jun. 2015 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2016 Executive Vice President and CFO (Director of the Board) of the Company</p> <p>Apr. 2018 Executive Vice President and Group CFO (Director of the Board) of the Company (current position)</p>	20,000 shares
<p>[Reason for nomination as candidate for Director]</p> <p>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.</p> <p>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.</p>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
5	Hideki Okamura (February 1, 1955)	<p>Jan. 1987 Joined SEGA Enterprises, Ltd. (now SEGA Games Co., Ltd.)</p> <p>Jun. 1997 Senior Vice President (Director of the Board) of the above</p> <p>Jun. 2003 Vice President, Senior Executive Officer of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2004 Executive Vice President (Director of the Board) of the above</p> <p>Oct. 2004 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2007 Senior Vice President (Director of the Board) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Apr. 2014 President and COO (Representative Director) of the above</p> <p>Jun. 2014 Senior Vice President (Director of the Board) of the Company</p> <p>Apr. 2015 President and COO (Representative Director) of SEGA Holdings Co., Ltd. (current position)</p> <p>Apr. 2015 Chairman of the Board of SEGA Interactive Co., Ltd. (current position)</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of TMS ENTERTAINMENT CO., LTD. (current position)</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of SEGA TOYS CO., LTD. (current position)</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of DARTSLIVE Co., Ltd. (current position)</p> <p>Apr. 2017 Executive Vice President (Director of the Board) of the Company (current position)</p> <p>Apr. 2017 Senior Vice President (Director of the Board) of SEGA Games Co., Ltd. (current position)</p> <p>Apr. 2017 President (Representative Director) of MARZA ANIMATION PLANET INC. (current position)</p> <p>Apr. 2017 Chairman of the Board of SEGA ENTERTAINMENT Co., LTD. (current position)</p>	19,112 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hideki Okamura has served as a corporate manager of entertainment content business companies of the Group over the years and contributed to the improvement of corporate earnings.</p> <p>We seek appointment of Mr. Hideki Okamura 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>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
6	<p>[Nominee for External Director]</p> <p>Takeshi Natsuno (March 17, 1965)</p>	<p>Apr. 1988 Joined TOKYO GAS Co., Ltd.</p> <p>Sep. 1997 Joined NTT Mobile Communications Network, Inc. (now NTT DOCOMO, Inc.)</p> <p>Jun. 2005 Executive Officer and General Manager of Multimedia Services Department of the above</p> <p>May 2008 Guest Professor, Graduate School of Media and Governance of Keio University (current position)</p> <p>Jun. 2008 Director of the Board (External) of the Company (current position)</p> <p>Jun. 2008 Outside Director of transcosmos inc. (current position)</p> <p>Jun. 2008 Director of NTT Resonant Inc. (current position)</p> <p>Dec. 2008 Director of DWANGO Co., Ltd. (current position)</p> <p>Jun. 2009 Outside Director of DLE, Inc. (current position)</p> <p>Sep. 2009 Outside Director of GREE, Inc. (current position)</p> <p>Dec. 2010 Outside Director of U-NEXT Co., Ltd. (now USEN-NEXT HOLDINGS Co., Ltd.) (current position)</p> <p>Jun. 2016 Outside Director of Astro SURI Holdings Inc. (current position)</p> <p>Aug. 2016 Outside Director of Oracle Corporation Japan (current position)</p> <p>Jun. 2017 Outside Director of AWS Holdings, Inc. (now Ubigom Holdings Inc.) (current position)</p> <p>Jun. 2017 Outside Director of GENETEC CORPORATION (current position)</p> <p>Jun. 2017 Outside Director of Cool Japan Fund Inc. (current position)</p>	2,000 shares
<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>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
7	<p>[Nominee for External Director]</p> <p>Kohei Katsukawa (January 8, 1951)</p>	<p>Apr. 1974 Joined Sumitomo Bank (now Sumitomo Mitsui Banking Corporation)</p> <p>Apr. 2001 Executive Officer, Head of Osaka Corporate Banking Division II of Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2005 Managing Executive Officer, Deputy Head of Whole sale Banking Unit (in charge of East Japan) of the above</p> <p>Jun. 2007 Executive Vice President and Representative Director of NIF SMBC Ventures Co., Ltd. (now SMBC Venture Capital Co., Ltd.)</p> <p>Jul. 2010 President and Representative Director of SMBC Venture Capital Co., Ltd.</p> <p>Apr. 2014 President and Representative Director of GINSEN Co., Ltd.</p> <p>Dec. 2014 Outside Director of Kyoto University Innovation Capital Co., Ltd. (current position)</p> <p>Jun. 2016 Director of the Board (External) of the Company (current position)</p> <p>Jun. 2016 Special Advisor of GINSEN Co., Ltd. (current position)</p> <p>Jun. 2016 Outside Director of ELECOM CO., LTD (current position)</p> <p>Mar. 2017 Director of DX ANTENNA CO., LTD. (current position)</p>	-
<p>[Reason for nomination as candidate for External Director]</p> <p>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>			

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned	
8 [New appointment]	[Nominee for External Director] Hiroshi Onishi (June 13, 1955)	Apr. 1979	Joined Isetan Co., Ltd. (now Isetan Mitsukoshi Ltd.)	-
		Jun. 2005	Executive Officer, Manager, General Planning Section, Management Planning Department of the above	
		Feb. 2006	Executive Officer, General Manager/Manager, Sales Department, Tachikawa Store of the above	
		Mar. 2008	Managing Executive Officer of the above	
		Mar. 2008	Managing Executive Officer, General Manager, MD Administration Department, Department Store Business Headquarters of Mitsukoshi Ltd. (now Isetan Mitsukoshi Ltd.)	
		Apr. 2009	Director, Managing Executive Officer, General Manager, MD Administration Department/Planning Division, Department Store Business Headquarters of the above	
		Jun. 2009	President, Representative Director, Executive Officer of Isetan Co., Ltd. (now Isetan Mitsukoshi Ltd.)	
		Jan. 2010	President, Representative Director, Executive Officer, Division Manager, Sales Division of the above	
		Mar. 2010	Director of Mitsukoshi Ltd. (now Isetan Mitsukoshi Ltd.)	
		Jun. 2010	Director of Isetan Mitsukoshi Holdings Ltd.	
		Apr. 2011	President, Representative Director, Executive Officer, Division Manager/Department Store Business Planning & Operation Headquarters of Isetan Mitsukoshi Ltd.	
		Feb. 2012	President, Representative Director, Executive Officer of Isetan Mitsukoshi Holdings. Ltd.	
		Feb. 2012	President, Representative Director, Executive Officer of Isetan Mitsukoshi Ltd.	
		May 2016	Chairman of Japan Department Stores Association	
Apr. 2017	Director of Isetan Mitsukoshi Holdings. Ltd.			
[Reason for nomination as candidate for External Director] We seek appointment of Mr. Hiroshi Onishi as we deem that he will provide valuable opinions and suggestions on the decision-making of important matters concerning the management of the Company and sufficiently fulfill duties of External Director to oversee the execution of business based on his wealth of experience and broad-ranging insight gained over many years as a corporate manager in the retail and department store industry.				

- Notes: 1. The Company conducts transactions relating to intermediary services for insurance with FSC Co., Ltd., of which Mr. Hajime Satomi and Mr. Haruki Satomi own a majority of voting rights.
2. There are no special interests between the Company and the other Director-nominees.
3. Mr. Takeshi Natsuno and Mr. Kohei Katsukawa are External Director-nominees, and the Company has notified the Tokyo Stock Exchange (TSE) of their inauguration as independent directors under the regulations of TSE. The Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company is listed in page14.
4. Mr. Hiroshi Onishi is a new nominee for External Director, and the Company will notify TSE of his inauguration as an independent director under the regulations of TSE if his election is approved. In addition, the Company has concluded a consulting agreement with him and paid him a consulting fee during the current fiscal year. However, as the amount was less than 5 million yen, the Company deems that his independence is sufficiently secured.
5. The Company has concluded a liability agreement that limits his liability to the minimum liability amount stipulated in laws and regulations with Mr. Takeshi Natsuno and Mr. Kohei Katsukawa, respectively. If the reelection of both nominees is approved, the Company plans to continue the said limited liability agreements. Moreover, if the election of Mr. Hiroshi Onishi is approved, the Company plans to conclude a similar liability limitation agreement with him.
6. Mr. Takeshi Natsuno and Mr. Kohei Katsukawa shall have served as External Directors of the Company for ten years and two years, respectively, at the conclusion of this Ordinary General Meeting of Shareholders.
7. Mr. Takeshi Natsuno has formerly served as External Director of the Company's subsidiary SEGA Networks Co., Ltd. (now SEGA GAMES Co., Ltd.).
8. Other positions and responsibilities held at the Company by each of the candidates who are currently serving as Director of the Company are stated in "1. Directors and Audit & Supervisory Board Members (As of March 31, 2018)" of "III. Company Directors and Audit & Supervisory Board Members" of the Business Report.

[Reference] Policy and procedures for selection of Director-nominees

It is our basic policy that the Company selects Director-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-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-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-nominees to the President (Representative Director).

[Reference] 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, 2017 To March 31, 2018)

I Outline of the Group's Business

1. The Current Business Development and Results of Operations

With regard to the pachislot and pachinko industry, in the pachislot machine market, sales of new machines have continued to be sluggish. Meanwhile, in the pachinko machine market, titles receiving high appraisal are arising mainly in some series with successful track records. On the other hand, "Rules for Partial Revision of Ordinance for Act on Control and Improvement of Amusement Business, etc., and Regulations for the Verification of Licenses, Formats, and Other Aspects of Pachislot and Pachinko Machines" was enforced on February 1, 2018. In addition, Nihon Dendo-shiki Yugiki Kogyo Kyodo Kumiai (Nichidenkyo), a union of pachislot machine manufacturers, and Nihon Yugiki Kogyo Kumiai (Nikkoso), a union for pachinko machine manufacturers, revised voluntary regulations based on the regulatory revision. In order to revitalize the market going ahead, it is essential to develop and supply machines that are capable of appealing to a wide range of players and conforming to the regulatory revision and new voluntary regulations.

Regarding the environment of the Entertainment Contents Business, a slowdown in the spread of smartphones in Japan and the predominance of leading publishers are accelerating in the market for digital games for smart devices. Therefore, provision of higher-quality content is expected, resulting in a trend of longer development lead times and higher operating costs. Meanwhile, in overseas business, future growth is expected mainly in Asia. With regard to the packaged game software market, expectations are rising for future expansion of the market due to the penetration of hardware of home video game console. In the PC games market, game distribution platforms such as Steam are expanding. As for the market for amusement centers and amusement machines, signs of improvement in facilities utilization and expansion of the player base are showing mainly in prizes.

In the resort industry, although the growth rate is slowing down, the number of foreign visitors to Japan is increasing constantly, and an upward trend in the hotel occupancy rate is still evident. With a view to establishing Japan as a popular tourist destination, a bill concerning the promotion of the establishment of specified integrated resort areas (Integrated Resort Promotion Bill) was established, issued and enforced.

In this business environment, net sales for the fiscal year ended March 31, 2018 amounted to ¥323,664 million, a decrease of 11.8% from the previous fiscal year. The Group posted an operating income of ¥17,720 million (a decrease of 40.0% from the previous fiscal year), ordinary income of ¥14,578 million (a decrease of 48.9% from the previous fiscal year) and profit attributable to owners of parent of ¥8,930 million (a decrease of 67.7% 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》

The sales schedule for the second half of the fiscal year was significantly revised due to the regulatory revision, leading to overall sales of pachislot machines of 85 thousand units (Overall sales of pachislot machines were 215 thousand units for the previous fiscal year), and overall sales of pachinko machines of 140 thousand units (Overall sales of pachinko machines were 138 thousand units for previous fiscal year).

As a result, net sales in this segment were ¥105,649 million (a decrease of 28.7% from the previous fiscal year) and operating income was ¥11,923 million (a decrease of 54.7% from the previous fiscal year).

《Entertainment Contents》

In the field of digital game software, in addition to existing titles, the Group launched new titles such as “Magia Record : Puella Magi Madoka Magica Side Story,” that f4samurai, Inc. (a consolidated subsidiary of the Company) develops and operates and “D × 2 Shin Megami Tensei Liberation,” the first title for smartphones in the packaged game software series “Shin Megami Tensei.” However, the number of new titles launched was lower than the initial estimate.

In the packaged game software field, in addition to launching new titles including “SONIC MANIA” and “SONIC FORCES” from the “SONIC” series, cumulative worldwide sales of “Persona5” which began overseas development in the current fiscal year exceeded 2,000 thousand copies. Also, through sales from previously launched titles (catalog titles), sales amounted to 17,330 thousand copies (10,280 thousand copies for the previous fiscal year).

In the amusement machine field, sales were robust for CVT KIT and prize game machines including “UFO CATCHER” series.

In the amusement center operations field, like-for-like sales were 101.9% compared with the previous fiscal year. The Group worked to enhance amusement center operations with focus on prize.

In the animated film and toy field, the Group recorded income from distributing the theater film “Detective Conan Crimson Love Letter,” which obtained the top spot in the box office ranking for Japanese movies in 2017, and income from the online distribution of animation. In addition, the Group implemented the sale of new toy products including “Disney&Disney/Pixar Characters Dream Switch” and mainstay toy products including “ANPANMAN” series.

As a result, net sales in this segment were ¥208,081 million (an increase of 1.2% from the previous fiscal year) and operating income was ¥14,841 million (an increase of 32.8% from the previous fiscal year).

《Resort》

In the Resort Business, owing to factors including the opening of “THE LIVING GARDEN,” and an increase in the number of SEAGAIA PREMIUM MEMBERS CLUB members, the increase in the number of guests resulted in 8% compared with the previous fiscal year at “Phoenix Seagaia Resort,” one of the leading resorts in Japan.

However, the Resort Business reported a decrease in income due to sales of a portion of shares of a company engaged in the development and operations of an indoor theme park in the previous fiscal year. In addition, by the outbreak of the prior investment costs for the full-hedged integrated resort business, margin of loss increased from the previous fiscal year.

As a result, net sales in this segment were ¥9,932 million (a decrease of 23.7% for the previous fiscal year) and operating loss was ¥2,502 million (operating loss of ¥2,244 million for the previous fiscal year).

Overseas, PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method), a joint venture between Paradise Co., Ltd. and the Group opened South Korea’s first integrated resort “PARADISE CITY” in April, 2017. It has served many visitors and signs of gradual improvement in profitability were seen.

2. Issues to be Addressed

In the pachislot and pachinko industry, amidst the significant reforms in the regulation environment and market environment such as the regulatory revision conducted in February 2018, 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. 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.

With regard to Entertainment Contents Business, in the digital game software market, with the competitive environment intensifying in Japan, the general trend is that a title will become a hit if it

utilizes leading IPs on top of being high in quality. With regard to the packaged game software market, expectations are rising for future expansion of the market due to the penetration of hardware of home video game console. In the PC games market, game distribution platforms such as Steam are expanding. In this environment, a key issue for management is the need to launch titles that utilize IPs, actively conduct overseas development, and create global hit titles.

With regard to 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.

The Group aims to achieve an operating income margin of 15% and ROA (return on assets) of 5% for the fiscal year ending March 31, 2020. To achieve the targets for the fiscal year ending March 31, 2020, the Group's management issue is to improve the profit margin and enhance capital efficiency in the medium term by promoting allocation of management resources to growth businesses such as digital games and integrated resorts, as well as improving profitability of the core businesses centered on the Pachislot and Pachinko Machines Business.

3. Fund Procurement, etc.

(1) Fund Procurement

The Company concluded commitment line contract with financial institutions covering ¥55,000 million aimed at securing medium- to long-term capital liquidity and otherwise providing a Group wide safety net.

Regarding fund procurement for the fiscal year ended March 31, 2018, the Company procured ¥10,000 million by borrowings from financial institutions, for the purpose of securing medium- to long-term working capital, and concluded new commitment line contracts covering ¥25,000 million.

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

(2) Capital Expenditures

The Group's capital expenditures totaled ¥24,196 million, including ¥3,656 million in the pachislot and pachinko machines business, ¥17,254 million in the entertainment contents business and ¥1,961 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, 2018.

(4) Business Transfer from Other Companies

There is no applicable material information for the fiscal year ended March 31, 2018.

(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, 2018.

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

There is no applicable material information for the fiscal year ended March 31, 2018.

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

Fiscal Year		FY2015	FY2016	FY2017	FY2018
		From April 1, 2014 To March 31, 2015	From April 1, 2015 To March 31 2016	From April 1, 2016 To March 31 2017	From April 1, 2017 To March 31 2018
Net sales	(¥ million)	366,813	347,981	366,939	323,664
Ordinary income	(¥ million)	16,879	16,409	28,542	14,578
Profit (loss) attributable to owners of parent	(¥ million)	(11,375)	5,369	27,607	8,930
Net income (loss) per share	(¥)	(46.70)	22.90	117.79	38.10
Total assets	(¥ million)	528,659	532,957	521,599	473,505
Net assets	(¥ million)	322,452	299,950	311,497	310,456

- Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.
2. Net income (loss) per share is calculated based on the average number of shares outstanding during the period.
3. From the fiscal year ended March 31, 2016, some of the consolidated subsidiaries of the Company have changed revenue recognition methods for sales of merchandise and finished goods, etc. and revenue presentation for the digital game software field. Accordingly, the relevant key management indices for the fiscal year ended March 31, 2015 are restated after reflecting retroactive treatments.

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 (Minato-ward, Tokyo)
- (2) Office of the main subsidiaries
 - ① Sammy Corporation
Head Office (Toshima-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)
Roppongi Office (Minato-ward, Tokyo)

④ SEGA ENTERTAINMENT Co., Ltd.

Amusement Center Operating Locations: (189 locations)

(3) Employees of the Group

Number of employees (change from end of previous year) 7,726 (87 up)

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
JMS-United Co.,Ltd.	¥100 million	100.0% (Note 2)	Information providing service, call center service and temporary staffing service
PHOENIX RESORT CO., LTD.	¥93 million	100.0%	Operation of resort facilities, including hotels, spas, golf courses, restaurants and international conference halls
SEGA SAMMY BUSAN INC.	KRW124,000 million	100.0% (Note 1,3)	Development and operation of a complex comprised of hotel, entertainment facilities, commercial facilities, etc.
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. Japan Multimedia Services Corporation changed its name to JMS-United Co.,Ltd. on October 1, 2017.

3. At the Board of Directors' meeting held on April 6, 2018, the Company resolved dissolve and liquidate SEGA SAMMY BUSAN INC.

(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	3-1-1, Higashi-Ikebukuro, Toshima-ward, Tokyo	¥153,307 million
SEGA Holdings Co., Ltd.	1-39-9, Higashi-Shinagawa, Shinagawa-ward, Tokyo	¥123,865 million

Note: Amount of total assets of the Company: ¥417,017 million

8. Main Banks and Borrowings

Lenders	Balance of loans payable
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 1)	¥14,000 million
Sumitomo Mitsui Banking Corporation (Note 2)	¥12,000 million
Mizuho Bank, Ltd.	¥4,000 million
Resona Bank, Limited	¥4,000 million
The Bank of Yokohama, Ltd.	¥3,988 million
Aozora Bank, Ltd.	¥3,500 million
Mitsubishi UFJ Trust and Banking Corporation	¥2,000 million
Sumitomo Mitsui Trust Bank, Limited	¥2,000 million
Shinsei Bank, Limited	¥2,000 million
The Hokuriku Bank, Ltd.	¥2,000 million
Others	¥5,011 million
Total	¥54,500 million

Note: 1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. on April 1, 2018.

2. In addition to the above, the Company has ¥7,500 million of privately placed bonds underwritten by Sumitomo Mitsui Banking Corporation.

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, 2018.

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** **80,330**
4. **Principal shareholders (Top 10)**

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
HS Company	35,308,000	15.06
FSC Co., Ltd.	13,562,840	5.78
Japan Trustee Services Bank, Ltd. (Trust account)	10,754,900	4.58
Hajime Satomi	7,721,338	3.29
The Master Trust Bank of Japan, Ltd. (Trust account)	7,084,500	3.02
ORBIS SICAV	4,599,019	1.96
JP MORGAN CHASE BANK 385632	4,055,122	1.73
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,790,400	1.61
STATE STREET BANK WEST CLIENT - TREATY 505234	3,236,893	1.38
GOLDMAN, SACHS & CO. REG	3,195,848	1.36

Note: Shareholding ratio was calculated excluding treasury stock (31,850,504 shares).

III Company Directors and Audit & Supervisory Board Members

1. Directors and Audit & Supervisory Board Members (As of March 31, 2018)

Title and Areas of Responsibility	Name	Important Concurrent Posts
Chairman and CEO (Representative Director)	Hajime Satomi	Chairman of the Board (Representative Director), Sammy Corporation Honorary Chairman of the Board, SEGA Holdings Co., Ltd.
President and COO (Representative Director) in charge of Executive Secretariat Division, President's Office, Group Internal Control Office, Group CSR Promotion Office and Internal Audit Office	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 New Business Development Department, Corporate Business Promotion Department	Naoya Tsurumi	Vice Chairman of the Board, SEGA Holdings Co., Ltd.
Executive Vice President and CFO (Director of the Board) in charge of Finance & Accounting Division, General Affairs Division 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	Yuji Iwanaga	Attorney
Director of the Board	Takeshi Natsuno	
Director of the Board	Kohei Katsukawa	
Standing Audit & Supervisory Board Member	Shigeru Aoki	
Audit & Supervisory Board Member	Yukito Sakaue	Standing Audit & Supervisory Board Member, SEGA Holdings Co., Ltd.
Audit & Supervisory Board Member	Tomio Kazashi	
Audit & Supervisory Board Member	Mineo Enomoto	Audit & Supervisory Board Member, SEGA Holdings Co., Ltd., Attorney

- Notes: 1. Yuji Iwanaga, Takeshi Natsuno and Kohei Katsukawa are External Director of the Board as stipulated in Article 2, Clause 15 of the Companies Act.
2. Tomio Kazashi and Mineo Enomoto are External Audit & Supervisory Board Member as stipulated in Article 2, Clause 16 of the Companies Act.
3. The Company has submitted an Independent Directors/Audit & Supervisory Board Members Notification Form to register Directors Yuji Iwanaga, Takeshi Natsuno and Kohei Katsukawa, Audit & Supervisory Board Member Tomio Kazashi and Mineo Enomoto as Independent Directors/Audit & Supervisory Board Members at Tokyo Stock Exchange, Inc.
4. 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 seven executive officers: Yuichi Amari, Managing Director of Executive Secretariat Division; Makoto Takahashi, Managing Director of President's Office; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance & Accounting Division; Hiroshi Ishikura, Managing Director of Group Internal Control Office, Group CSR

Promotion Office and Internal Audit Office; Takaharu Kato, Managing Director of General Affairs Division; Seiichiro Kikuchi, Assistant to General Affairs Division.

5. Senior Executive Vice President (Director of the Board) Naoya Tsurumi retired from his position as a Vice Chairman of the Board of SEGA Holdings Co., Ltd. on March 31, 2018.
6. Changes made in the title, area of responsibilities and important concurrent Posts outside the Company of Directors on and after April 1, 2018 are as follows: Chairman and CEO (Representative Director) Hajime Satomi assumed the position of Chairman and Group CEO (Representative Director); President and COO (Representative Director) Haruki Satomi assumed the position of President and Group COO (Representative Director); Executive Vice President and CFO (Director of the Board) Koichi Fukazawa assumed the position of Executive Vice President and Group CFO (Director of the Board).
7. Since April 1, 2018, the Company has the following seven executive officers: Yuichi Amari, Managing Director of Executive Secretariat Division; Makoto Takahashi, Managing Director of Group Executive Office; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance & Accounting Division; Hiroshi Ishikura, Managing Director of Group Internal Control Office, Group CSR Promotion Office and Internal Audit Office; Koichi Takahashi, Assistant to General Affairs Division; Takaharu Kato, Managing Director of General Affairs Division.
8. At the Ordinary General Meeting of Shareholders held on June 23, 2017, Izumi Ogata was elected as a Substitute External Audit & Supervisory Board Member in accordance with Article 329, paragraph 3 of the Companies Act in preparation for the case where the number of External 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)	8 (3)	¥780 million (¥46 million)
Audit & Supervisory Board Members (of which External Audit & Supervisory Board Members)	3 (2)	¥40 million (¥22 million)
Total	11	¥820 million

Notes: 1. Remuneration, etc. to Directors (excluding External Directors) includes bonuses of ¥269 million and expenses concerning share subscription rights granted as stock options for the year of ¥32 million.

2. The remuneration limit for Directors is ¥1,000 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders on June 19, 2012.

3. 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	Yuji Iwanaga	He attended 14 Board of Directors meetings out of the 14 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on professional and managerial view points as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Takeshi Natsuno	He attended 13 Board of Directors meetings out of the 14 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	Kohei Katsukawa	He attended 13 Board of Directors meetings out of the 14 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 Audit & Supervisory Board Member	Tomio Kazashi	He attended 14 Board of Directors meetings out of the 14 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. He also attended 15 Audit & Supervisory Board meetings out of the 15 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
External Audit & Supervisory Board Member	Mineo Enomoto	He attended 12 Board of Directors meetings out of the 14 meetings during the year (10 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 13 Audit & Supervisory Board meetings out of the 15 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.

(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	5	¥69 million	¥— million

Consolidated Balance Sheet

(As of March 31, 2018)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	277,350	Current liabilities	84,484
Cash and deposits	157,896	Notes and accounts payable-trade	21,716
Notes and accounts receivable-trade	29,339	Short-term loans payable	15,838
Short-term investment securities	24,694	Current portion of bonds	10,000
Merchandise and finished goods	8,036	Income taxes payable	1,482
Work in process	18,347	Accrued expenses	13,011
Raw materials and supplies	14,190	Provision for bonuses	5,872
Income taxes receivable	4,454	Provision for directors' bonuses	608
Deferred tax assets	5,018	Provision for point card certificates	18
Other	15,630	Asset retirement obligations	1,734
Allowance for doubtful accounts	(259)	Deferred tax liabilities	32
Noncurrent assets	196,155	Other	14,169
Property, plant and equipment	78,145	Noncurrent liabilities	78,564
Buildings and structures, net	33,826	Bonds payable	22,500
Machinery, equipment and vehicles, net	3,613	Long-term loans payable	38,661
Amusement machines and facilities, net	9,280	Net defined benefit liability	3,572
Land	23,741	Deferred tax liabilities	1,852
Construction in progress	1,603	Deferred tax liabilities for land revaluation	640
Other, net	6,079	Asset retirement obligations	2,234
Intangible assets	23,483	Provision for dismantling of fixed assets	420
Goodwill	8,541	Other	8,682
Other	14,942	Total liabilities	163,049
Investments and other assets	94,526	Net assets	
Investment securities	70,216	Shareholders' equity	299,691
Long-term loans receivable	1,549	Capital stock	29,953
Lease and guarantee deposits	12,180	Capital surplus	117,345
Net defined benefit assets	1,908	Retained earnings	207,174
Deferred tax assets	1,412	Treasury stock	(54,781)
Other	7,707	Accumulated other comprehensive income	8,259
Allowance for doubtful accounts	(449)	Valuation difference on available-for-sale securities	10,528
		Deferred gains or losses on hedges	17
		Revaluation reserve for land	340
		Foreign currency translation adjustment	(2,147)
		Remeasurements of defined benefit plans	(479)
		Subscription rights to shares	819
		Non-controlling interests	1,685
		Total net assets	310,456
Total assets	473,505	Total liabilities and net assets	473,505

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

Consolidated Statement of Income

(From April 1, 2017 To March 31, 2018)

(Unit: millions of yen)

Item	Amount	
Net sales		323,664
Cost of sales		202,930
Gross profit		120,734
Selling, general and administrative expenses		103,013
Operating income		17,720
Non-operating income		
Interest income	361	
Dividends income	952	
Gain on investments in partnership	888	
Gain on valuation of compound financial instruments	52	
Other	1,008	3,262
Non-operating expenses		
Interest expenses	712	
Equity in losses of affiliates	4,368	
Commission fee	86	
Loss on investments in partnership	77	
Foreign exchange losses	49	
Loss on retirement of noncurrent assets	619	
Settlement package	7	
Other	482	6,404
Ordinary income		14,578

(Unit: millions of yen)

Item	Amount	
Extraordinary income		
Gain on sales of noncurrent assets	64	
Gain on sales of investment securities	532	
Gain on reversal of provision for dismantling of fixed assets	233	
Gain on reversal of restructuring loss	124	
Other	22	977
Extraordinary loss		
Loss on sales of noncurrent assets	220	
Impairment loss	2,474	
Loss on valuation of investment securities	142	
Early extra retirement payments	22	
Other	283	3,142
Income before income taxes		12,413
Income taxes-current	2,541	
Income taxes-deferred	503	3,045
Profit		9,368
Profit attributable to non-controlling interests		437
Profit attributable to owners of parent		8,930

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

Non-Consolidated Balance Sheet

(As of March 31, 2018)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	52,645	Current liabilities	44,357
Cash and deposits	19,393	Current portion of long-term loans payable	15,328
Accounts receivable-trade	547	Current portion of bonds	10,000
Short-term investment securities	22,615	Accounts payable-other	1,909
Prepaid expenses	589	Income taxes payable	173
Short-term loans receivable from subsidiaries and affiliates	4,689	Accrued expenses	538
Accounts receivable-other	2,715	Deposits received	15,668
Deferred tax assets	98	Unearned revenue	2
Other	1,996	Provision for bonuses	113
Noncurrent assets	364,372	Provision for directors' bonuses	269
Property, plant and equipment	5,854	Asset retirement obligations	61
Buildings, net	643	Other	292
Structures, net	562	Noncurrent liabilities	72,333
Machinery and equipment, net	0	Bonds payable	22,500
Aircraft, net	1,276	Long-term loans payable	38,660
Vehicles, net	34	Long-term deposits received	8,000
Tools, furniture and fixtures, net	667	Provision for retirement benefits	85
Land	1,418	Deferred tax liabilities	2,729
Construction in progress	1,250	Other	359
Intangible assets	57	Total liabilities	116,690
Software	38	Net assets	
Other	18	Shareholders' equity	292,298
Investments and other assets	358,460	Capital stock	29,953
Investment securities	28,844	Capital surplus	192,244
Shares of subsidiaries and affiliates	317,771	Legal capital surplus	29,945
Investments in capital of subsidiaries and affiliates	1,325	Other capital surplus	162,299
Long-term loans receivable from subsidiaries and affiliates	12,350	Retained earnings	125,167
Long-term loans receivable	6	Other retained earnings	125,167
Long-term prepaid expenses	32	Retained earnings brought forward	125,167
Other	4,652	Treasury stock	(55,066)
Allowance for doubtful accounts	(6,522)	Valuation and translation adjustments	7,209
		Valuation difference on available-for-sale securities	7,209
		Subscription rights to shares	819
		Total net assets	300,326
Total assets	417,017	Total liabilities and net assets	417,017

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

Non-Consolidated Statement of Income

(From April 1, 2017 To March 31, 2018)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Consulting fee income	6,080	
Dividends income	7,971	14,051
Operating expenses		
Selling, general and administrative expenses	9,115	9,115
Operating income		4,935
Non-operating income		
Interest income	275	
Interest on securities	125	
Dividends income	824	
Gain on investments in partnership	389	
Income from operation of noncurrent assets	73	
Other	285	1,973
Non-operating expenses		
Interest expenses	582	
Interest on bonds	300	
Commission fee	79	
Loss on investments in partnership	47	
Loss on valuation of compound financial instruments	61	
Provision of allowance for doubtful accounts	1,299	
Other	197	2,567
Ordinary income		4,341
Extraordinary income		
Gain on sales of investment securities	18	
Gain on sales of noncurrent assets	0	19
Income before income taxes		4,360
Income taxes-current	(336)	
Income taxes-deferred	(673)	(1,010)
Net income		5,370

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

Independent Auditor's Report

May 10, 2018

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Kiyoyuki Sakurai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naoya Miyaki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

We have audited the consolidated financial statements, comprising 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. as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law 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.

Independent Auditor's Report

May 10, 2018

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Kiyoyuki Sakurai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naoya Miyaki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

We have audited the financial statements, comprising 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. as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 SEGA SAMMY HOLDINGS INC. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law 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.

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 14th fiscal year from April 1, 2017 through March 31, 2018 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 11, 2018
Audit & Supervisory Board,
SEGA SAMMY HOLDINGS INC.
Shigeru Aoki, Standing Audit & Supervisory Board Member
Yukito Sakaue, Audit & Supervisory Board Member
Tomio Kazashi, Audit & Supervisory Board Member (External)
Mineo Enomoto, Audit & Supervisory Board Member (External)