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The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.**

Securities Code: 6460
May 31, 2019

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 15th Ordinary General Meeting of Shareholders to be held on June 21, 2019

You are cordially invited to attend the 15th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) to 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 Friday, June 21, 2019 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 20, 2019.

Details of the Meeting

- 1. Date and time:** Friday, June 21, 2019 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

Please note that the meeting venue is different from the venue for the previous year.

3. Agenda:

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 15th fiscal year (from April 1, 2018 to March 31, 2019) 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 15th fiscal year (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

- Proposal 1:** To elect ten (10) Directors
Proposal 2: To elect one (1) Audit & Supervisory Board Member
Proposal 3: To elect one (1) Substitute Audit & Supervisory Board Member
Proposal 4: To revise the amount of remuneration to Directors
Proposal 5: To determine remuneration for granting shares with restriction on transfer to 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.

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

- * 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/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

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/stock/meeting/>)

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

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

1. Attending the meeting

Please submit the enclosed voting form at the reception desk.

Date and time: Friday, June 21, 2019 at 10:00 a.m.

Venue: LIGHTHOUSE Hall, 11F, GRAND HARBOR, Head Office of SEGA SAMMY Group

[Attendance by a proxy]

Please designate another shareholder of the Company who holds voting rights and have him or her submit a document certifying him or her as your proxy at the reception desk on the day of the General Meeting of Shareholders.

2. Exercise of voting rights by mail

Please indicate “for” or “against” the proposals on the voting form enclosed and return the said form to the Company.

Deadline: Thursday, June 20, 2019, 6:00 p.m. (time of receipt)

3. Exercise of voting rights via the Internet etc.

Please enter “for” or “against” the proposals on the voting website.

Deadline: Thursday, June 20, 2019 by 6:00 p.m.

*For details, please refer to “Information on Exercise of Voting Rights via the Internet etc.” on pages 5-6.

If you are using the QR code to access the voting website, neither “voting rights exercise code” nor “temporary password” is required (for the first-time login only).

■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.

Information on Exercise of Voting Rights via the Internet etc.

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

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.

Deadline for Exercise of Voting Rights: Thursday, June 20, 2019 by 6:00 p.m.

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

1. Access the voting website.

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.”

Voting website

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

- * 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)
(9:00 a.m. - 9:00 p.m.)

Reference Documents for General Meeting of Shareholders

Proposals and reference information

Proposal 1: To elect ten (10) 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 ten (10) Directors, increasing the number of Directors by two (2) in order to further strengthen the management structure and management oversight functions.

The nominees for Directors are as described below. Policy and procedures for selection of such nominees are described in page 20.

Nominee No.	Name	Position and Responsibilities at the Company
1	Hajime Satomi [Reappointment]	Chairman and Group CEO (Representative Director)
2	Haruki Satomi [Reappointment]	President and Group COO (Representative Director) in charge of Executive Secretariat Division, Group Executive Office, Group Licensing Division, Internal Control Division
3	Naoya Tsurumi [Reappointment]	Senior Executive Vice President (Director of the Board) in charge of Resort Business Division
4	Koichi Fukazawa [Reappointment]	Executive Vice President and Group CFO (Director of the Board) in charge of Finance & Accounting Division, IT Solutions Division, Japan Integrated Resort Business Department, Investment Management Department
5	Hideki Okamura [Reappointment]	Executive Vice President (Director of the Board)
6	Hideo Yoshizawa [New appointment]	Vice President, Senior Executive Officer in charge of General Affairs and Personnel Division, Legal Division, CSR and SDGs Office
7	Takeshi Natsuno [Reappointment] External Director Independent Director	Director of the Board (External)
8	Kohei Katsukawa [Reappointment] External Director Independent Director	Director of the Board (External)
9	Hiroshi Onishi [Reappointment] External Director Independent Director	Director of the Board (External)
10	Melanie Brock [New appointment] External Director	

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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)</p> <p>Number of the Company's shares owned: 7,796,338 shares</p> <p>No. of years served as Director: 14 years</p> <p>Attendance at Board of Directors' meetings: 92% (12/13)</p>	<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>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>
<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 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 (January 11, 1979)</p> <p>Number of the Company's shares owned: 3,229,561 shares</p> <p>No. of years served as Director: 7 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<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>
<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 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)</p> <p>Number of the Company's shares owned: 12,100 shares</p> <p>No. of years served as Director: 7 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<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>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. 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> <p>Jul. 2017 Senior Executive Vice President of PARADISE SEGASAMMY Co., Ltd. (current position)</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)</p> <p>Number of the Company's shares owned: 30,000 shares</p> <p>No. of years served as Director: 4 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p>	<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>
<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> <p>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>Hideki Okamura (February 1, 1955)</p> <p>Number of the Company's shares owned: 19,112 shares</p> <p>No. of years served as Director: 5 years</p> <p>Attendance at Board of Directors' meetings: 92% (12/13)</p>	<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>
<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> <p>Note: There is no special interest between the Company and Mr. Hideki Okamura.</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>[New appointment]</p> <p>Hideo Yoshizawa (August 27, 1964)</p> <p>Number of the Company's shares owned: 10,000 shares</p> <p>No. of years served as Director: -</p> <p>Attendance at Board of Directors' meetings: -</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.</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. (current position)</p> <p>Apr. 2017 Executive Vice President (Director of the Board) and Managing Director of Corporate Division of SEGA Holdings Co., Ltd. (current position)</p> <p>Jun. 2017 Audit & Supervisory Board Member of SEGA Games Co., Ltd. (current position)</p> <p>Oct. 2018 Vice President, Senior Executive Officer and Managing Director of Legal Division of the Company (current position)</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>		

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>Takeshi Natsuno (March 17, 1965)</p> <p>Number of the Company's shares owned: 2,000 shares</p> <p>No. of years served as Director: 11 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</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. 2017</p> <p>Jun. 2017</p> <p>Jun. 2017</p> <p>Jun. 2018</p> <p>Oct. 2018</p> <p>Nov. 2018</p> <p>Feb. 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 transcosmos inc. (current position)</p> <p>Director of NTT Resonant Inc. (current position)</p> <p>Outside Director of DLE, Inc. (current position)</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>Outside Director of AWS Holdings, Inc. (now Uicom Holdings Inc.) (current position)</p> <p>Director of GENETEC CORPORATION (current position)</p> <p>Advisor of ecohai Co., Ltd. (current position)</p> <p>Outside Director of Cool Japan Fund Inc. (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>Director, Member of the Board of KADOKAWA CORPORATION (current position)</p> <p>President and Representative Director of DWANGO Co., Ltd. (current position)</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 (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 20.</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 GAMES Co., Ltd.).</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] [Independent Director]</p> <p>Kohei Katsukawa (January 8, 1951)</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: 3 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</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] 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 20. 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	
9	[Reappointment] [Nominee for External Director] [Independent Director] Hiroshi Onishi (June 13, 1955) Number of the Company's shares owned: - No. of years served as Director: 1 year Attendance at Board of Directors' meetings: 90% (9/10)	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. Jun. 2018 Director of the Board (External) of the Company (current position) Jun. 2018 Director and Executive Vice President of Japan Airport Terminal Co., Ltd. (current position) Jul. 2018 President and Representative Director of Haneda Future Research Institute Incorporated (current position) Aug. 2018 Outside Director of STRIPE INTERNATIONAL INC. (current position)	
		[Reason for nomination as candidate for External Director]	
		We seek appointment of Mr. Hiroshi Onishi as External Director as we deem that he will continue to 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. There is no special interest between the Company and Mr. Hiroshi Onishi. 2. Mr. Hiroshi Onishi 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 are listed in page 20. In addition, the Company concluded a consulting agreement with him and paid him a consulting fee during the previous fiscal year. However, as the amount was less than 5 million yen, the Company deems that his independence is sufficiently secured. 3. The Company has concluded a liability agreement with Mr. Hiroshi Onishi that limits his liability to the minimum liability amount stipulated in laws and regulations. If the reelection of Mr. Hiroshi Onishi is approved, the Company plans to continue the said limited liability agreement.	

[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	
10	<p>[New appointment] [Nominee for External Director]</p> <p>Melanie Brock (April 10, 1964)</p> <p>Number of the Company's shares owned: -</p> <p>No. of years served as Director: -</p> <p>Attendance at Board of Directors' meetings: -</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>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>[Reason for nomination as candidate for External Director]</p> <p>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 and contribute to further enhancement of the quality of the Company's decision making.</p> <p>Notes: 1. Ms. Melanie Brock serves as the Representative Director of Melanie Brock Advisory Ltd. with which the Company had transactions during the most recent year but the amount of such transactions was less than 10 million yen.</p> <p>2. Ms. Melanie Brock falls under (a)-(1) of the Independence Criteria for independent Directors and Audit & Supervisory Board Members of the Company listed in page 20 of this Notice. However, as the total transaction amount is small and it accounts for less than 1% of the total consolidated net sales of the Company, the Company deems that she satisfies the Independence Criteria. There is no special interest between the Company and Ms. Melanie Brock.</p> <p>3. Ms. Melanie Brock is a new nominee for External Director. If the election of Ms. Melanie Brock is approved, the Company plans to conclude a liability agreement with her that limits her liability to the minimum liability amount stipulated in laws and regulations.</p>			

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

Audit & Supervisory Board Member Mr. Tomio Kazashi will resign at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect one (1) Audit & Supervisory Board Member.

Mr. Kazutaka Okubo is the nominee for Audit & Supervisory Board Member to substitute for Audit & Supervisory Board Member Mr. Tomio Kazashi, and the term of office of Mr. Okubo as Audit & Supervisory Board Member, if elected, will be until the expiry of the remaining term of office of the resigning Audit & Supervisory Board Member pursuant to the provision of the Company's Articles of Incorporation.

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

The nominee for Audit & Supervisory Board Member is as described below. Policy and procedures for selection of the nominee are described in page 20.

Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company		
<p>[New appointment] [Independent Director] [Nominee for External Audit & Supervisory Board Member]</p> <p>Kazutaka Okubo (March 22, 1973)</p> <p>Number of the Company's shares owned: -</p>	Nov.	1995	Passed Certified Public Accountant Examinations
	Nov.	1995	Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC)
	Mar.	1996	Graduated from Faculty of Law, Keio University
	Apr.	1999	Certified Public Accountant registered
	Oct.	2003	Director of Shinnihon Integrity Assurance, Inc. (now Ernst & Young Shinnihon Sustainability Co., Ltd.)
	Feb.	2005	Managing Director of the above
	Jun.	2006	Partner of Ernst & Young ShinNihon (now Ernst & Young ShinNihon LLC)
	Jul.	2012	Senior Partner of Ernst & Young ShinNihon LLC
	Feb.	2016	Senior Executive Board Member of Ernst & Young ShinNihon LLC (current position)
	Jun.	2019	Scheduled to retire from the above due to the expiration
[Reason for nomination as candidate for Audit & Supervisory Board Member (External)]			
We seek appointment of Mr. Kazutaka Okubo as Audit & Supervisory Board Member (External) as we deem that he will appropriately guide and oversee the Company's management from an objective standpoint based on his many years of experience in audit services as a certified public accountant and deep insight about finance and accounting.			
Notes: 1. There is no special interest between the Company and Mr. Kazutaka Okubo.			
2. If Mr. Kazutaka Okubo 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.			
3. If Mr. Kazutaka Okubo 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.			

Proposal 3: 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 20.

Name (Date of Birth)	Brief Career Profile, Position at the Company, and Important Concurrent Duties outside the Company		
[Nominee for Substitute External Audit & Supervisory Board Member] [Independent Director] Kazuaki Inaoka (November 29, 1955) Number of the Company's shares owned: -	Apr.	1978	Joined NIPPON LIFE INSURANCE COMPANY
	Mar.	1999	Manager of Investment Research Office, Equity Investment Department of the above
	May	2000	Manager of Investment Research Department of Nissay Asset Management Corporation
	Mar.	2003	General Manager of 8th Corporate Relations Management Department of NIPPON LIFE INSURANCE COMPANY
	Mar.	2005	Director of NISSAY CAPITAL CO., LTD.
	Jun.	2007	Corporate Auditor of The Master Trust Bank of Japan, Ltd.
	Jun.	2012	Director, Division Manager of Securities Lending & Transition Management Division of the above
	Jun.	2018	Standing Audit & Supervisory Board Member of Sammy Corporation (current position)
[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.			
Notes: 1. There is no special interest between the Company and Mr. Kazuaki Inaoka. 2. Mr. Kazuaki Inaoka is an Audit & Supervisory Board Member of the Company's specified business partner, Sammy Corporation. 3. 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. 4. 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.			

[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).

[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.

Proposal 4: To revise the amount of remuneration to Directors

The total amount of remuneration to the Company's Directors is within ¥1,000 million per year (not including the amount of employee salaries payable to Directors who are also employees), as approved at the 8th Ordinary General Meeting of Shareholders held on June 19, 2012. For the purpose of ensuring transparency and strengthening the linkage with financial performance, we are seeking to conduct an overall review of the remuneration system for Directors and Audit & Supervisory Board Members of the Company and set the total amount of the remuneration to Directors to be within ¥1,700 million (including the amount of remuneration to External Directors, which is to be within ¥100 million) per year.

Regarding fixed remuneration, a remuneration table shall be formulated specifying the amounts for each of the three components, namely, basic remuneration, responsibility remuneration, and role remuneration, and the Company shall provide the sum of these three components of remuneration as monthly fixed remuneration. Moreover, regarding Directors' bonuses as single-year-performance-linked remuneration, a bonus table shall be formulated specifying the numbers of months for Directors' bonuses according to three factors, namely, the level of the amount of ordinary income, the business plan achievement level, and the year-on-year growth level. The remuneration table and the bonus table are presented from Page 21 to Page 23. If a loss attributable to owners of parent is recorded, no Directors' bonuses shall be paid.

In order to further enhance corporate value, we intend to clarify management's responsibility for financial performance and strengthen incentives.

The current number of Directors is eight (8), including three (3) External Directors. Should Proposal 1 "To elect ten (10) Directors" be approved and resolved as originally proposed, the number of Directors will be ten (10), including four (4) External Directors. The increase in the amount of remuneration in line with the change in the number of Directors is taken into consideration.

As previously, the amount of remuneration to Directors shall not include the amount of employee salaries payable to Directors who are also employees.

1) Fixed remuneration (monthly remuneration, millions of yen)

Basic remuneration	
Chairman	15.0
President	8.0
Deputy COO	4.5
Senior Executive Vice President	4.0
Executive Vice President	3.5
Director of the Board	3.0

Responsibility remuneration	
Representative Director	3.0

Role remuneration	
CEO	5.0
COO	3.0
CFO	1.0

In the case of concurrently serving as Representative Director and President of Sammy Corporation or SEGA Holdings Co., Ltd.	4.0
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* Not applicable to External Directors

* In the case that a Director has concurrent duties, the basic remuneration corresponding to higher duties shall apply.

* In addition to the above, an overseas allowance is provided to Directors who are assigned to posts overseas.

2) Directors' bonuses

The amounts of bonuses shall be determined by multiplying the fixed remunerations indicated on the preceding page by the coefficients calculated in accordance with the criteria below, which are indicated in the bonus table.

i) Amount of ordinary income

Evaluation	Amount of ordinary income
SS	70.0 billion yen or more
S	50.0-70.0 billion yen
A+	35.0-50.0 billion yen
A	20.0-35.0 billion yen
B	10.0-20.0 billion yen
C	Less than 10.0 billion yen
D	Ordinary loss

ii) Business plan achievement level and year-on-year growth level

(Business plan achievement level)

Net sales	Ordinary income	Score
Achieved	Achieved	7
Not achieved	Achieved	5
Achieved	Not achieved	1
Not achieved	Not achieved	0

(Year-on-year growth level)

Net sales	Ordinary income	Score
Achieved	Achieved	3
Not achieved	Achieved	2
Achieved	Not achieved	1
Not achieved	Not achieved	0

(The evaluation rank is determined by the sum of the score of the business plan achievement level and the score of the year-on-year growth level)

Score	Evaluation
9 or more	5
7-8	4
5-6	3
2-4	2
1 or less	1

(Directors' bonus table)

The bonus table shall be determined by the 7-scale evaluation based on the amount of ordinary income and the 5-scale evaluation based on the business plan achievement level and the year-on-year growth level.

SS	70.0 billion yen or more	5	4	3	2	1
	Chairman	13.50	12.75	12.00	11.50	11.00
	President	12.50	11.75	11.00	10.50	10.00
	Director with title	10.50	9.75	9.00	8.50	8.00
S	50.0-70.0 billion yen	5	4	3	2	1
	Chairman	12.50	11.75	11.00	10.50	10.00
	President	11.50	10.75	10.00	9.50	9.00
	Director with title	9.50	8.75	8.00	7.50	7.00
A+	35.0-50.0 billion yen	5	4	3	2	1
	Chairman	11.50	10.75	10.00	9.50	9.00
	President	10.50	9.75	9.00	8.50	8.00
	Director with title	8.50	7.75	7.00	6.50	6.00
A	20.0-35.0 billion yen	5	4	3	2	1
	Chairman	10.50	9.75	9.00	8.50	8.00
	President	9.50	8.75	8.00	7.50	7.00
	Director with title	7.50	6.75	6.00	5.50	5.00
B	10.0-20.0 billion yen	5	4	3	2	1
	Chairman	9.50	8.75	8.00	7.50	7.00
	President	8.50	7.75	7.00	6.50	6.00
	Director with title	6.50	5.75	5.00	4.50	4.00
C	Less than 10.0 billion yen	5	4	3	2	1
	Chairman	8.00	7.25	6.50	6.00	5.50
	President	7.00	6.25	5.50	5.00	4.50
	Director with title	5.00	4.25	3.50	3.00	2.50
D	Ordinary loss	5	4	3	2	1
	Chairman	0.00	0.00	0.00	0.00	0.00
	President	0.00	0.00	0.00	0.00	0.00
	Director with title	0.00	0.00	0.00	0.00	0.00

* Indicators to be used for the above are consolidated net sales and consolidated ordinary income presented in the flash report on financial statements or the securities report.

(Reference)

The current number of Directors is eight (8), including three (3) External Directors. Should Proposal 1 “To elect ten (10) Directors” be approved and resolved as originally proposed, the number of Directors will be ten (10), including four (4) External Directors. In that case, the maximum amounts of Directors' bonuses to be paid to individual Directors calculated based on the amounts of fixed remuneration will be as follows.

Please note that these maximum amounts are presented for reference purposes only. The actual amounts will be calculated based on the new roles and positions determined by the resolution of the Board of Directors to be held after the conclusion of this Ordinary General Meeting of Shareholders.

	Maximum amount of Directors' bonuses
Chairman and CEO (Representative Director)	310,500,000 yen
President and COO (Representative Director)	175,000,000 yen
Senior Executive Vice President (Director of the Board)	42,000,000 yen
Executive Vice President and CFO (Director of the Board)	47,250,000 yen
Executive Vice President (Director of the Board)*	42,000,000 yen
Senior Vice President (Director of the Board)	30,000,000 yen

* In the case of concurrently serving as Representative Director and President of SEGA Holdings Co., Ltd.

Proposal 5: To determine remuneration for granting shares with restriction on transfer to Directors

It was approved at the 8th Ordinary General Meeting of Shareholders held on June 19, 2012 that the total amount of remuneration to Directors shall be within ¥1,000 million per year. Should Proposal 4 “To revise the amount of remuneration to Directors” be approved and resolved as originally proposed, the total amount of the remuneration to Directors will be within ¥1,700 million (including the amount of remuneration to External Directors, which is to be within ¥100 million) per year.

As part of the overall review of the remuneration system for Directors and Audit & Supervisory Board Members, for the purpose of further facilitating sharing of value with the shareholders, we are seeking to introduce new remuneration for granting shares with restriction on transfer to the Company’s Directors (excluding External Directors; hereinafter referred to as the “Eligible Directors”), separately from the amount of remuneration stated above, and request approval.

Based on this proposal, the total amount of monetary compensation receivables to be provided to the Eligible Directors for granting shares with restriction on transfer shall be within ¥300 million per year as deemed reasonable in light of the above-stated purposes. The specific timing of the provision and allocation to each Eligible Director shall be determined by the Company’s Board of Directors, taking into consideration the degree of contribution to financial performance for the previous year and other matters in a comprehensive manner.

The current number of Directors is eight (8), including three (3) External Directors. Should Proposal 1 “To elect ten (10) Directors” be approved and resolved as originally proposed, the number of Directors will be ten (10), including four (4) External Directors.

Based on the resolution of the Company’s Board of Directors, the Eligible Directors shall make in-kind contribution of all monetary compensation receivables to be granted according to this proposal, and shall, in return, receive shares of the Company’s common stock that will be issued or disposed of by the Company. The total number of shares of the Company’s common stock to be issued or disposed of in this way shall not exceed 300,000 shares per year. The amount to be paid in per share shall be the amount determined by the Board of Directors within the range that is not particularly advantageous to the Eligible Directors who will receive such shares of the Company’s common stock, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

For the purpose of such issuance or disposal of shares of the Company’s common stock, an agreement for allotment of shares with restriction on transfer including the following contents (hereinafter referred to as the “Allotment Agreement”) shall be concluded between the Company and the Eligible Directors.

Should this proposal be approved and resolved as originally proposed, we intend to introduce a plan similar to the proposed restricted stock compensation plan extendedly to other companies within the Group in accordance with the new medium-term business plan to be implemented.

(1) Transfer restriction period

The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the shares of the Company’s common stock (hereinafter referred to as the “Transfer Restriction”) allotted under the Allotment Agreement (hereinafter referred to as the “Allotted Shares”) during a time period set out by the Company’s Board of Directors (hereinafter referred to as the “Transfer Restriction Period”), which shall be between 3 (three) years and 10 (ten) years from the date of allotment in accordance with the Allotment Agreement.

(2) Treatment upon retirement

If the Eligible Director retires from his or her position as Director or Executive Officer of the Company or of a subsidiary of the Company (limited to subsidiaries in which the Company has a shareholding ratio of at least 50%; hereinafter together with the Company referred to as the “Group Companies”) prior to the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company following the start date of the Transfer Restriction Period, the Company shall naturally acquire free of charge the Allotted Shares, unless such retirement is due to expiry of the term of office, reaching the retirement age, death or other reasons deemed justifiable by the Company’s Board of Directors.

(3) Removal of the Transfer Restriction

Notwithstanding the provision in (1) above, the Company shall remove the Transfer Restriction with respect to the Allotted Shares in whole at the expiry of the Transfer Restriction Period, provided that the Eligible Director continuously served as Director or Executive Officer of the Company or Group Companies during the period from the start date of the Transfer Restriction Period to the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company. However, in the event that an Eligible Director leaves any position as Director or Executive Officer of the Group Companies prior to the expiry of the Transfer Restriction Period for reasons deemed justifiable by the Company's Board of Directors as specified in (2) above or leaves the position due to death, the number of the Allotted Shares subject to removal of the Transfer Restriction and the timing of such removal of the Transfer Restriction shall be reasonably adjusted, as necessary. At the expiry of the Transfer Restriction Period, in accordance with the provision above, the Company shall naturally acquire free of charge the Allotted Shares for which the Transfer Restriction has not been removed.

(4) Treatment of the Allotted Shares in the event of organizational restructuring, etc.

Notwithstanding the provision in (1) above, if a matter concerning the organizational restructuring, etc. of the Company, such as a merger agreement whereby the Company will be the non-surviving party to the merger, or a share exchange agreement or share transfer plan whereby the Company will become a wholly owned subsidiary of another party, is approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors if such organizational restructuring, etc. does not require approval of the Company's General Meeting of Shareholders) during the Transfer Restriction Period, and if the Eligible Director to whom shares with restriction on transfer are allotted leaves any position as Director or Executive Officer of Group Companies in line with such organizational restructuring, etc., the Company shall remove, based on the resolution of the Board of Directors of the Company, the Transfer Restriction of the Allotted Shares at a date prior to the effective date of such organizational restructuring, etc. In the case specified above, immediately after the removal of the Transfer Restriction (a point in time prior to the effective date of such organizational restructuring, etc. reasonably determined by the Company's Board of Directors, if removal of the Transfer Restriction in accordance with the provision above does not take effect), the Company shall naturally acquire free of charge the Allotted Shares for which the Transfer Restriction has not been removed.

Business Report

(From April 1, 2018 To March 31, 2019)

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, the introduction of pachislot machines (No. 6-type) that conform to the regulatory revision and new voluntary regulations has begun, and expectations are rising for market revitalization, as some titles that have new gameplay utilizing the characteristics of the No.6-type machine are receiving high appraisal from players. On the other hand, the number of titles supplied for the No. 6-type machine continued to be sluggish, because the rate of pachislot machines that have been verified to be compatible through prototype testing, which was conducted by the Security Communications Association (Hotsukyo), remained low. Meanwhile, in the pachinko machine market, in addition to machines which have already been licensed under regulations before the revision, the launch of pachinko machines that conform to the regulatory revision is progressing.

Regarding the environment of the Entertainment Contents Business, in the field of digital game software, the competitive environment is further intensifying, with titles that capitalize on powerful IPs (Intellectual Properties), in addition to being high-quality products, take up the top spots in sales rankings. With regard to the packaged game software market, in the market for hardware of home video game consoles, expectations are rising, mainly in North America and Europe, for the expansion of the game software sales market due to the growing penetration of current-generation video game console hardware. In addition, game distribution platforms such as Steam are expanding in the PC games market. As for the market for amusement centers and amusement machines, the rate of facilities utilization is stable mainly in prizes.

In the resort industry, in 2018, the annual estimate for the number of foreign visitors to Japan exceeded 30 million for the first time and the number 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, enforcement orders, etc. pertaining to the "Act on the Establishment of Specified Integrated Resort Areas" have been coming into force one after another from April 2019.

In this business environment, net sales for the fiscal year ended March 31, 2019 amounted to ¥331,648 million, an increase of 2.5% from the previous fiscal year. The Group posted an operating income of ¥13,079 million (a decrease of 26.2% from the previous fiscal year), ordinary income of ¥7,495 million (a decrease of 48.6% from the previous fiscal year) and profit attributable to owners of parent of ¥2,642 million (a decrease of 70.4% 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, in addition to the No. 5.9-type machine, the Group started launching the No. 6-type machine and housings manufactured by ZEEG Co., Ltd., leading to overall sales of 67 thousand units (Overall sales of pachislot machines were 85 thousand units for the previous fiscal year). In the pachinko machine business, the Group engaged in sales mainly of machines that meet former standards, leading to sales of 159 thousand units (Overall sales of pachislot machines were 140 thousand units for the previous fiscal year).

As a result, net sales in this segment were ¥101,425 million (a decrease of 4.0% from the previous fiscal year) and operating income was ¥13,490 million (an increase of 13.1% from the previous fiscal year).

《Entertainment Contents》

In the field of digital game software, although the Group launched services for multiple new titles, these did not receive expected appraisal while existing titles in operation continued to decline in popularity, resulting in operating results significantly lower than the original estimates.

In the packaged game software field, while delays occurred in the release of some new titles, sales amounted to 23,440 thousand copies (17,330 thousand copies for the previous fiscal year), thanks to robust repeat sales of previously launched titles (catalog titles).

In the amusement machine field, the Group implemented the sale with a focus continuously on video game machines and prize game machines.

In the amusement center operations field, amusement center operations were conducted with a focus on prizes, like-for-like sales at the existing game center operations were 104.0% compared with the previous fiscal year.

In the animated film and toy field, the Group recorded income from distributing the theater film “Detective Conan” series and earnings from video distribution. In addition, the Group implemented the sale of new and mainstay toy products.

As a result, net sales in this segment were ¥219,631 million (an increase of 5.6% from the previous fiscal year) and operating income was ¥9,857 million (a decrease of 33.6% from the previous fiscal year).

《Resort》

In the Resort Business, at “Phoenix Seagaia Resort,” owing to a steady growth in the use of accommodation, the number of guests increased 33.8% compared with the previous fiscal year.

As a result, net sales in this segment were ¥10,589 million (an increase of 6.6% for the previous fiscal year) and operating loss was ¥2,412 million (operating loss of ¥2,502 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” and it has continued to attract many guests, primarily Japanese VIPs, owing to the effects of the domestic promotional activities that began in October 2018, etc.

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 number of titles supplied for the No. 6-type machine continued to be sluggish, because the rate of pachislot machines that have been verified to be compatible through prototype testing, which was conducted by Hotsukyo. 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, with titles that capitalize on powerful IPs (Intellectual Properties), in addition to being high-quality products, take up the top spots in sales rankings. With regard to the packaged game software market, in the market for hardware of home video game consoles, expectations are rising, mainly in North America and Europe, for the expansion of the game software sales market due to the growing penetration of current-generation video game console hardware. In addition, game distribution platforms such as Steam are expanding in the PC games market. Under these circumstances, in the Entertainment Contents Business, concentrating management resources in fields that are expected to expand, and further enhancing IP development for a wide range of regions, devices and platforms, is considered a management issue.

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.

In addition, the SEGA SAMMY Group (the “Group”) aims to realize sound management and fulfill social responsibility by establishing better relations with stakeholders through CSR activities, and strives for creation of sustainable value of the Group and sustainable development of society. Further, the Group understands the Sustainable Development Goals (SDGs), adopted by all United Nations Member States for the continuation of human society, positions the following as three important themes and will proactively drive ahead with initiatives to attain the goals.

- Response to super-aging society with declining birthrates
- Response to the issue of addiction
- Improving job satisfaction and diversity, and eliminating inequality

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, 2019, the Company procured ¥15,000 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 ¥34,424 million, including ¥5,060 million in the pachislot and pachinko machines business, ¥25,030 million in the entertainment contents business and ¥192 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, 2019.

(4) Business Transfer from Other Companies

There is no applicable material information for the fiscal year ended March 31, 2019.

(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, 2019.

(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, 2019.

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

Fiscal Year		FY2016	FY2017	FY2018	FY2019
		From April 1, 2015 To March 31, 2016	From April 1, 2016 To March 31 2017	From April 1, 2017 To March 31 2018	From April 1, 2018 To March 31 2019
Net sales	(¥ million)	347,981	366,939	323,664	331,648
Ordinary income	(¥ million)	16,409	28,542	14,578	7,495
Profit attributable to owners of parent	(¥ million)	5,369	27,607	8,930	2,642
Net income per share	(¥)	22.90	117.79	38.10	11.27
Total assets	(¥ million)	532,957	521,599	473,467	464,654
Net assets	(¥ million)	299,950	311,497	310,456	305,337

- 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: (190 locations)
- (3) Employees of the Group
Number of employees (change from end of previous year) 7,993 (267 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%	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 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. SEGA SAMMY BUSAN INC. which was the consolidated subsidiary of the Company in the previous fiscal year, has been excluded from the scope of consolidation because of its completion of liquidation.

(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: ¥423,277 million

8. Main Banks and Borrowings

Lenders	Balance of loans payable
Sumitomo Mitsui Banking Corporation (Note 1)	¥16,665 million
MUFG Bank, Ltd. (Note 2)	¥11,998 million
Resona Bank, Limited	¥4,032 million
Mizuho Bank, Ltd.	¥3,999 million
Aozora Bank, Ltd.	¥3,999 million
The Bank of Yokohama, Ltd.	¥3,992 million
Sumitomo Mitsui Trust Bank, Limited	¥1,332 million
Shinsei Bank, Limited	¥1,332 million
The Hokuriku Bank, Ltd.	¥1,332 million
Others	¥5,001 million
Total	¥53,687 million

Note: 1. In addition to the above, the Company has ¥2,500 million of privately placed bonds underwritten by Sumitomo Mitsui Banking Corporation.

2. The loan balance at Mitsubishi UFJ Trust and Banking Corporation was transferred to MUFG Bank, Ltd. as of April 16, 2018.

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, 2019.

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** **77,599**
4. **Principal shareholders (Top 10)**

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
HS Company	35,308,000	15.04
FSC Co., Ltd.	13,562,840	5.77
The Master Trust Bank of Japan, Ltd. (Trust account)	11,474,000	4.88
Japan Trustee Services Bank, Ltd. (Trust account)	10,244,800	4.36
Hajime Satomi	7,796,338	3.32
JP MORGAN CHASE BANK 385632	6,987,997	2.97
STATE STREET BANK AND TRUST COMPANY 505001	6,097,755	2.59
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,891,700	1.65
ORBIS SICAV	3,744,819	1.59
Haruki Satomi	3,229,561	1.37

Note: Shareholding ratio was calculated excluding treasury stock (31,493,927 shares).

III Company Directors and Audit & Supervisory Board Members

1. Directors and Audit & Supervisory Board Members (As of March 31, 2019)

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, Japan Integrated Resort Business Department and Group Compliance 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	Takeshi Natsuno	
Director of the Board	Kohei Katsukawa	
Director of the Board	Hiroshi Onishi	
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	Tomio Kazashi	
Audit & Supervisory Board Member	Mineo Enomoto	Audit & Supervisory Board Member, SEGA Holdings Co., Ltd., Attorney

Notes: 1. Takeshi Natsuno, Kohei Katsukawa and Hiroshi Onishi 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 Takeshi Natsuno, Kohei Katsukawa and Hiroshi Onishi, 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 eight executive officers: Hideo Yoshizawa, Managing Director of Legal Division; 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 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.

5. Since April 1, 2019, the Company has the following ten executive officers: Hideo Yoshizawa, Managing Director of Legal Division; 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.

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

Title	Number of individuals	Remuneration, etc.
Directors (of which External Directors)	9 (4)	¥696 million (¥44 million)
Audit & Supervisory Board Members (of which External Audit & Supervisory Board Members)	3 (2)	¥38 million (¥20 million)
Total	12	¥734 million

Notes: 1. Remuneration, etc. to Directors (excluding External Directors) includes bonuses of ¥155 million and expenses concerning share subscription rights granted as stock options for the year of ¥13 million.

2. As of the end of the fiscal year ended March 31, 2019, the number of Directors stood at eight (including three External Directors) and that of Audit & Supervisory Board Members was four (including two External Audit & Supervisory Board Members). These figures differ from the number of individuals mentioned above, since they include one Director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 22, 2018 and also there is one Audit & Supervisory Board Member who serves without compensation.
3. The remuneration limit for Directors is ¥1,000 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders on June 19, 2012.
4. 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 13 Board of Directors meetings out of the 13 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 13 Board of Directors meetings out of the 13 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	Hiroshi Onishi	He attended 9 Board of Directors meetings out of the 10 meetings held following his assumption of office (9 out of 10 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 13 Board of Directors meetings out of the 13 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 13 Board of Directors meetings out of the 13 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 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	6	¥64 million	¥— million

Consolidated Balance Sheet

(As of March 31, 2019)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	260,462	Current liabilities	87,542
Cash and deposits	137,425	Notes and accounts payable-trade	24,758
Notes and accounts receivable-trade	39,209	Short-term loans payable	13,352
Short-term investment securities	14,500	Current portion of bonds	12,500
Merchandise and finished goods	9,800	Income taxes payable	2,631
Work in process	25,028	Accrued expenses	15,551
Raw materials and supplies	15,192	Provision for bonuses	5,537
Income taxes receivable	4,539	Provision for directors' bonuses	476
Other	15,026	Provision for point card certificates	31
Allowance for doubtful accounts	(259)	Asset retirement obligations	562
Noncurrent assets	204,191	Other	12,140
Property, plant and equipment	84,017	Noncurrent liabilities	71,774
Buildings and structures, net	38,391	Bonds payable	10,000
Machinery, equipment and vehicles, net	2,460	Long-term loans payable	40,334
Amusement machines and facilities, net	11,715	Net defined benefit liability	4,019
Land	21,352	Deferred tax liabilities	2,110
Construction in progress	1,483	Asset retirement obligations	4,334
Other, net	8,614	Provision for dismantling of fixed assets	420
Intangible assets	15,297	Other	10,556
Goodwill	6,448	Total liabilities	159,316
Other	8,848	Net assets	
Investments and other assets	104,876	Shareholders' equity	294,816
Investment securities	73,483	Capital stock	29,953
Long-term loans receivable	1,014	Capital surplus	117,142
Lease and guarantee deposits	13,843	Retained earnings	201,889
Net defined benefit assets	2,570	Treasury stock	(54,168)
Deferred tax assets	4,098	Accumulated other comprehensive income	7,832
Other	10,308	Valuation difference on available-for-sale securities	14,354
Allowance for doubtful accounts	(438)	Revaluation reserve for land	(1,109)
		Foreign currency translation adjustment	(4,888)
		Remeasurements of defined benefit plans	(524)
		Subscription rights to shares	912
		Non-controlling interests	1,776
		Total net assets	305,337
Total assets	464,654	Total liabilities and net assets	464,654

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

Consolidated Statement of Income

(From April 1, 2018 To March 31, 2019)

(Unit: millions of yen)

Item	Amount	
Net sales		331,648
Cost of sales		211,199
Gross profit		120,449
Selling, general and administrative expenses		107,369
Operating income		13,079
Non-operating income		
Interest income	265	
Dividends income	468	
Gain on investments in partnership	495	
Gain on valuation of compound financial instruments	15	
Other	872	2,117
Non-operating expenses		
Interest expenses	532	
Equity in losses of affiliates	3,859	
Commission fee	179	
Loss on investments in partnership	700	
Foreign exchange losses	2	
Loss on retirement of noncurrent assets	132	
Settlement package	631	
Rent expenses	996	
Other	667	7,702
Ordinary income		7,495
Extraordinary income		
Gain on sales of noncurrent assets	5,225	
Gain on sales of investment securities	1,701	
Gain on liquidation of subsidiaries and affiliates	1,220	
Gain on reversal of restructuring loss	64	
Other	18	8,230
Extraordinary loss		
Loss on sales of noncurrent assets	47	
Impairment loss	8,334	
Early extra retirement payments	175	
Other	187	8,744
Income before income taxes		6,981
Income taxes-current	3,599	
Income taxes-deferred	658	4,257
Profit		2,724
Profit attributable to non-controlling interests		81
Profit attributable to owners of parent		2,642

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

Non-Consolidated Balance Sheet

(As of March 31, 2019)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	55,743	Current liabilities	45,252
Cash and deposits	28,745	Current portion of long-term loans payable	13,340
Accounts receivable-trade	694	Current portion of bonds	12,500
Short-term investment securities	14,000	Accounts payable-other	3,438
Prepaid expenses	591	Income taxes payable	150
Short-term loans receivable from subsidiaries and affiliates	5,581	Accrued expenses	1,398
Accounts receivable-other	4,350	Deposits received	13,958
Other	1,779	Provision for bonuses	133
Noncurrent assets	367,533	Provision for directors' bonuses	155
Property, plant and equipment	9,488	Other	177
Buildings, net	3,816	Noncurrent liabilities	81,868
Structures, net	527	Bonds payable	10,000
Machinery and equipment, net	47	Long-term loans payable	40,320
Aircraft, net	767	Asset retirement obligations	671
Vehicles, net	21	Long-term deposits received	22,500
Tools, furniture and fixtures, net	2,767	Provision for retirement benefits	105
Land	1,418	Deferred tax liabilities	5,327
Construction in progress	122	Other	2,943
Intangible assets	247	Total liabilities	127,120
Software	198	Net assets	
Other	49	Shareholders' equity	283,712
Investments and other assets	357,796	Capital stock	29,953
Investment securities	33,786	Capital surplus	192,222
Shares of subsidiaries and affiliates	311,007	Legal capital surplus	29,945
Investments in capital of subsidiaries and affiliates	789	Other capital surplus	162,277
Long-term loans receivable from subsidiaries and affiliates	13,595	Retained earnings	115,987
Long-term loans receivable	17	Other retained earnings	115,987
Long-term prepaid expenses	22	Retained earnings brought forward	115,987
Other	6,195	Treasury stock	(54,450)
Allowance for doubtful accounts	(7,617)	Valuation and translation adjustments	11,531
		Valuation difference on available-for-sale securities	11,531
		Subscription rights to shares	912
		Total net assets	296,157
Total assets	423,277	Total liabilities and net assets	423,277

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

Non-Consolidated Statement of Income

(From April 1, 2018 To March 31, 2019)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Consulting fee income	7,713	
Dividends income	3,860	11,574
Operating expenses		
Selling, general and administrative expenses	10,638	10,638
Operating income		935
Non-operating income		
Interest income	241	
Interest on securities	83	
Dividends income	359	
Gain on investments in partnership	315	
Gain on valuation of compound financial instruments	27	
Income from operation of noncurrent assets	119	
Fiduciary obligation income	166	
Other	88	1,402
Non-operating expenses		
Interest expenses	549	
Interest on bonds	170	
Commission fee	122	
Loss on investments in partnership	550	
Provision of allowance for doubtful accounts	1,095	
Other	313	2,801
Ordinary loss		463
Extraordinary income		
Gain on sales of investment securities	437	
Gain on sales of noncurrent assets	13	450
Extraordinary loss		
Loss on sales of investment securities	98	
Loss on support to subsidiaries and affiliates	20	
Loss on liquidation of subsidiaries and affiliates	60	179
Loss before income taxes		191
Income taxes-current	(1,136)	
Income taxes-deferred	747	(388)
Net income		196

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

Independent Auditor's Report

May 9, 2019

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Naoya Miyaki (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

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, 2019 and for the year from April 1, 2018 to March 31, 2019 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 to express 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 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.

Independent Auditor's Report

May 9, 2019

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Naoya Miyaki (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

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, 2019 and for the year from April 1, 2018 to March 31, 2019 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 to express 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 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.

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 15th fiscal year from April 1, 2018 through March 31, 2019 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 10, 2019

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)