

SEGA-SAMMY
H O L D I N G S

SEGA SAMMY HOLDINGS INC.

Appendix

SEGA SAMMY HOLDINGS INC.
February 7th, 2017

[Disclaimer]

The contents of this material and comments made during the questions and answers etc of this briefing session are the judgment and projections of the Company's management based on currently available information.

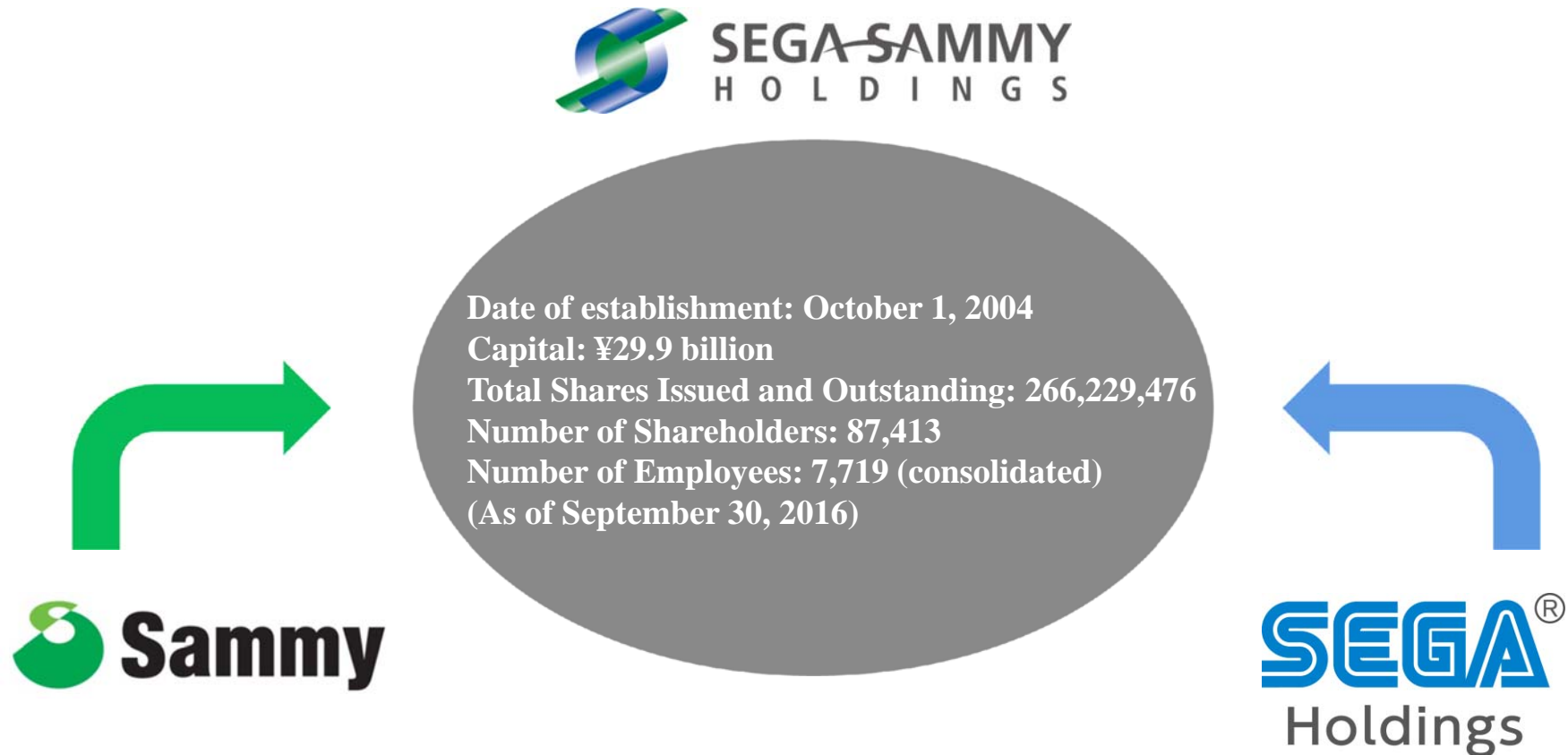
These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.

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1. Supplementary Information on the Business

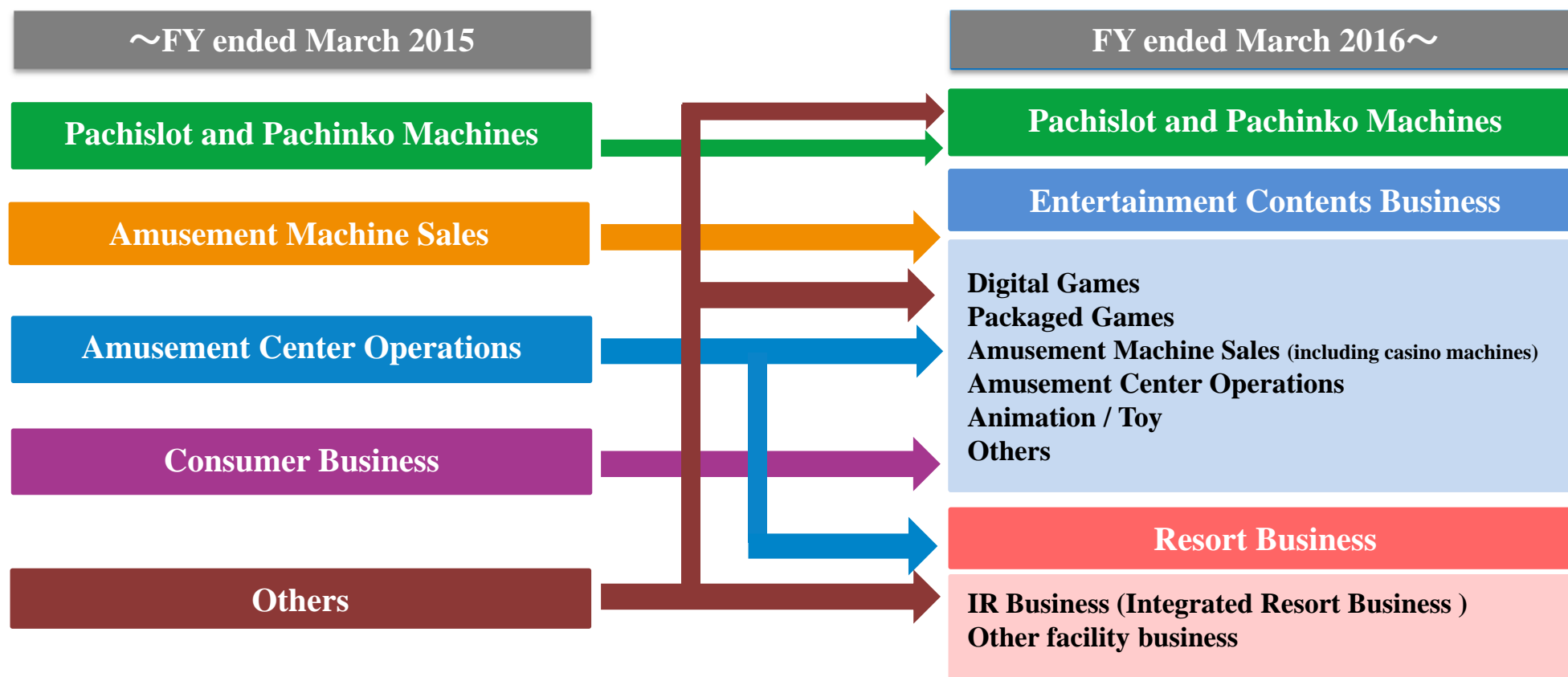
■ The SEGA SAMMY Group is a comprehensive entertainment corporate group created through the management integration of SEGA CORPORATION (currently SEGA Games Co., Ltd.), which has produced many industry-first and world-first products, and Sammy Corporation.



Since its establishment in 1975, Sammy has lived up to its “*Always Proactive, Always Pioneering*” founding principle by creating pachislot and pachinko machines with industry-leading gameplay.

Our mission is *continuing to create moving experiences* for customers worldwide. With this in mind, we will roll out entertainment across a broad spectrum of areas.

■ Change to Business segment



■ Pachislot

	Normal (A)	A+ART (Combined)	AT・ART
Market Share	Sales: Approx. 15.6% Installment: Approx. 32.8%	Sales: Approx. 24.7% Installment: Approx. 12.5%	Sales: Approx. 59.7% Installment: Approx. 54.7%
Features	Machine type that increases put-out medals only with bonus	Combined machine type that increases put-out medals with both bonus and ART	Machine type that increases put-out medals only with AT and ART
Our company's products (launch year)	Pachislot ALIYAN BEGINS (2011)	Pachislot Psalms of Planets Eureka Seven (2009) Pachislot Nisemonogatari (2016)	Pachislot Hokuto No Ken Tomo (2015)

*Market Shares are based on estimates of the Group (as of December 31, 2016)

■ How to Play Pachislot

STEP 1

Rent medals

After deciding which machine to play, the player rents special medals.

STEP 2

Enter medals, spin the reels

The player puts three or more medals into the machine's medal slot and pushes the lever to spin the reels.

STEP 3

Halt the reels

The player halts the reels by using the stop buttons on the front of the machine cabinet.

STEP 4

Depending on the figures, the halted reels show...

If the reels show the same three figures in a line, depending on the figures, the player can either spin the reels again, receive a small payout of a set number of medals, or begin a jackpot bonus game.

- ① Medal slot
- ② Credit display
- ③ Bet button
- ④ Lever
- ⑤ Main reels
- ⑥ Stop buttons
- ⑦ Payout display
- ⑧ Medal discharge
- ⑨ Tray for receiving Medals
- ⑩ Panel
- ⑪ LCD



“Pachislot Hokuto No Ken Tomo”

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■ Pachinko

	Middle	Light-middle	Light/Easy-to-win, etc.
Market Share	Sales: Approx. 56.3% Installment: Approx. 33.6%	Sales: Approx. 15.7% Installment: Approx. 19.8%	Sales: Approx. 28.0% Installment: Approx. 46.6%
Approximate probability of hitting a jackpot	Approx. 1/320 ~ 1/260	Approx. 1/260 ~ 1/180	Approx. 1/180 ~ ,etc
Features	Probability of hitting the jackpot is lowest, but can win more ball pay-out than other types.	Probability of hitting the jackpot is higher than that with Middle, but cannot win as many balls pay-out as Middle type.	Mainly probability of hitting the jackpot is high, but cannot win many balls pay-out
Our company's products (launch year)	Pachinko CR Shin Hokuto Muso (2016)	Pachinko CR HARLOCK:SPACE PIRATE (2015)	Dejihane CR Bakemonogatari (2014)

*Market Shares are based on estimates of the Group (as of December 31, 2016)

■ How to Play Pachinko

STEP 1

Rent balls

After deciding which machine to play, the player rents special balls and puts them into the machine's upper tray.



STEP 2

Shoot balls

Turning the handle on the bottom right shoots the balls. For most machines, when a ball enters the start hole underneath the LCD, the machine gives the player a chance to win a jackpot. Therefore, player uses the handle to adjust the impetus of the balls so that as many as possible enter the start hole.



STEP 3

If the player hits the jackpot...

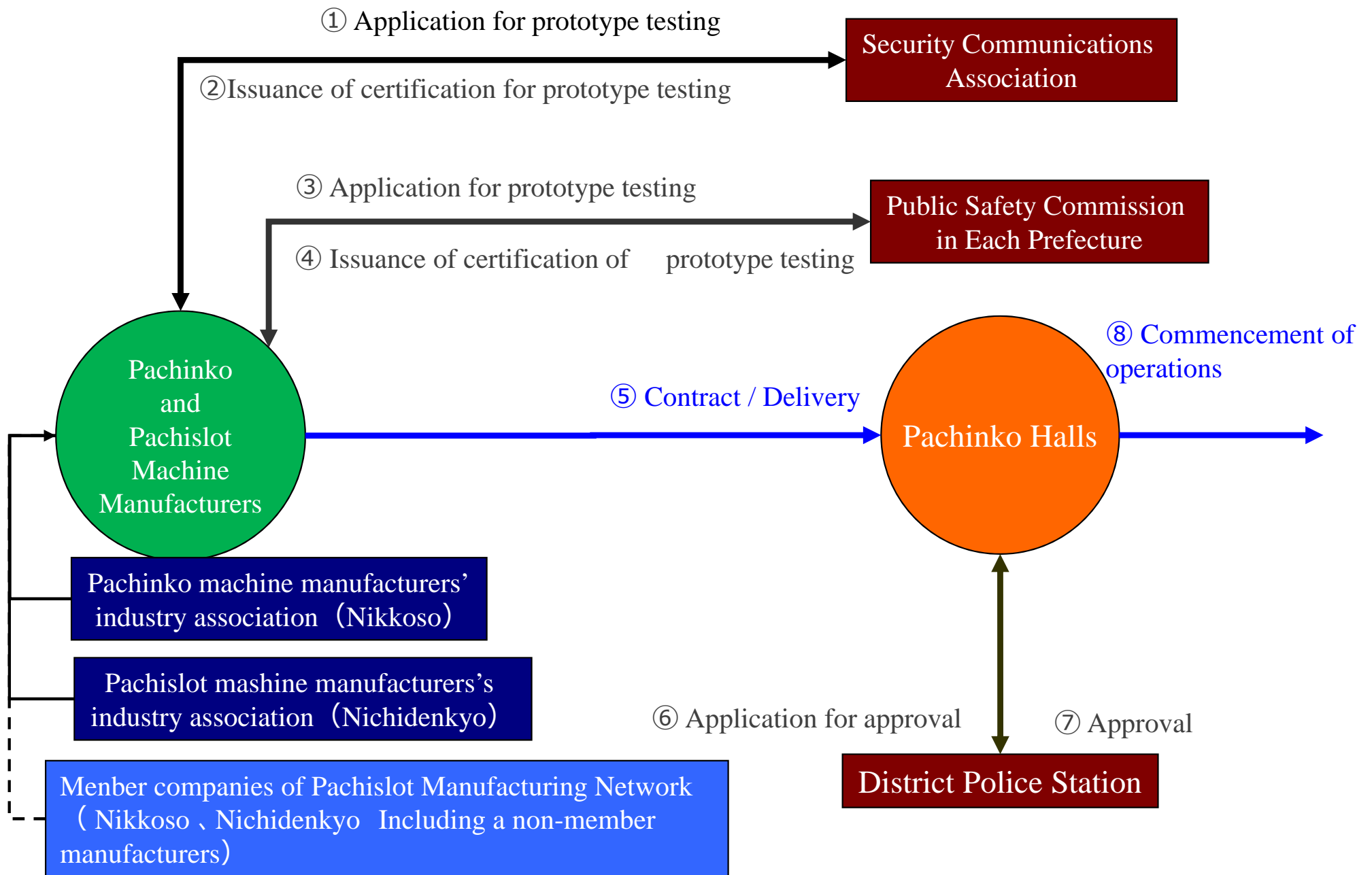
If the LCD screen shows the same three figures (numbers) in a line, the player wins the jackpot. When the player wins the jackpot, the jackpot mouth in the lower part of the machine opens, and the player continues shooting balls. If a large number of balls fill the lower tray, the player can use the ball remover to transfer the balls to a box.

- ① Handle
- ② Start hole
- ③ Jackpot mouth
- ④ LCD
- ⑤ Upper tray
- ⑥ Lower tray
- ⑦ Ball remover



“Pachinko CR Shin Hokuto Muso”

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※Constrain the mechanical conditions in the accounting of affiliation

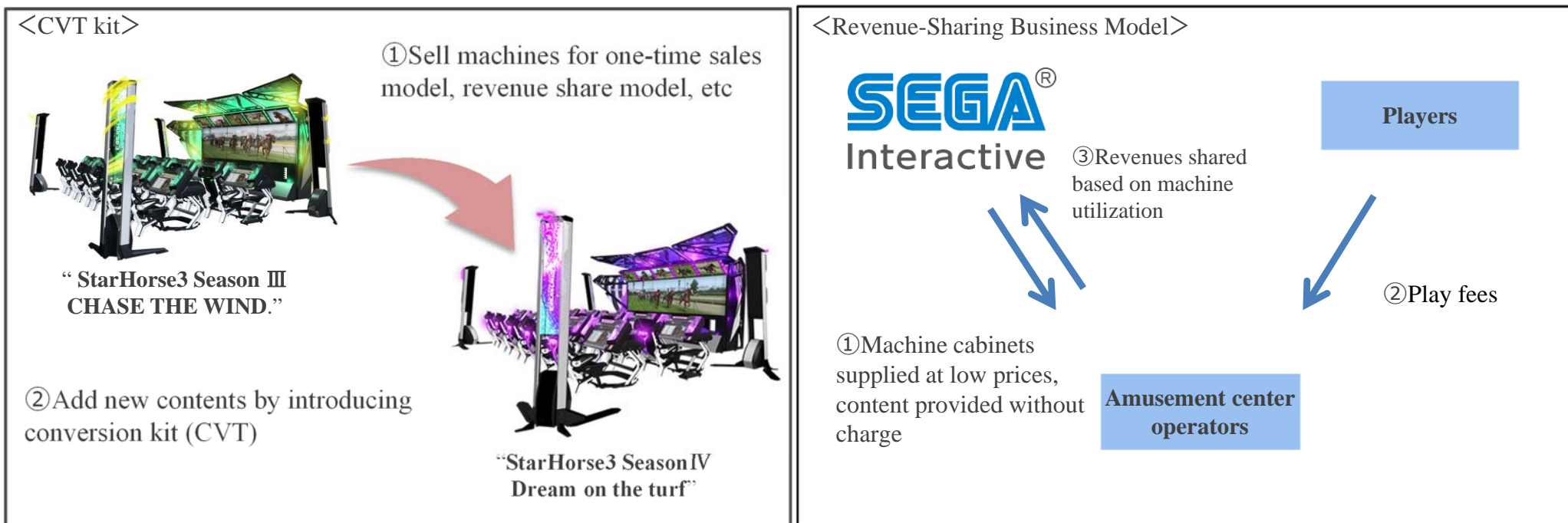


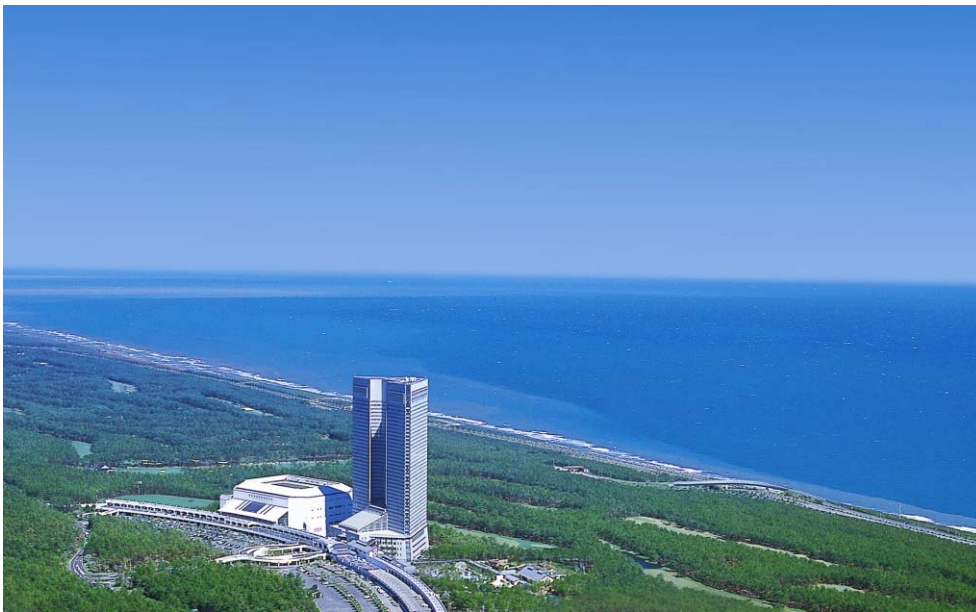
Digital Games	Packaged Games	Amusement Machine Sales	Amusement Center Operations	Animation / Toy
<ul style="list-style-type: none"> • Planning / development / operation of PC online games • Planning / development / operation of games for smart devices 	<ul style="list-style-type: none"> • Planning / development / sales of game software for home video game consoles 	<ul style="list-style-type: none"> • Development / production / sales, etc. of amusement machines • Development / production / sales of casino machines 	<ul style="list-style-type: none"> • Planning / development / operation of amusement centers 	<ul style="list-style-type: none"> • Production / sales / distribution / export of animation works • Planning / production / sales of toys
 <p>“PHANTASY STAR ONLINE 2” ©SEGA</p>  <p>“CHAIN CHRONICLE – Kizuna no Shintairiku” © SEGA</p>	 <p>“Ryu ga Gotoku KIWAMI” ©SEGA</p>  <p>“ SHIN MEGAMITENSEI IV FINAL” (C) ATLUS (C) SEGA All rights reserved.</p>	 <p>“UFO Catcher 9” ©SEGA</p>  <p>“ THE MEDAL TOWER OF BABEL” © SEGA</p>	 <p>“SEGA LaLaport FUJIMI” ©SEGA ENTERTAINMENT Co. Ltd.</p>  <p>“KidsBee “ ©SEGA ENTERTAINMENT Co. Ltd.</p>	 <p>“ Detective Conan Sunflowers of Inferno” ©2015 GOSHO AOYAMA / DETECTIVE CONAN COMMITTEE All Rights Reserved</p>  <p>“Jewel watch” ©'08, '15 SANRIO / SEGA TOYS S·S / TX·JLPC</p>



■ Business Model in the Amusement Machine Sales Area

	One-time sales models	CVT Kits	Revenue-Sharing Business Model	Free-to-Play (F2P)
Revenue	Short term	Additional contents (short term)	Long term	Free-to-play model
Overview	Sell products to operators. The most standard model	CVT kits enable amusement center operators to upgrade games without purchasing new machine cabinets. Operators use the kits to replace the boards, software, and exteriors of their existing machines.	In the revenue-sharing business model, SEGA provides amusement center operators with low-priced machine cabinets and free content. Through its ALL.NET network service, SEGA Interactive Co., Ltd., and amusement center operators share revenues from the utilization of the amusement arcade machines, in other words play fees from players.	A model which adopts a system in which basic part of games can be played for free, but players pay fees to purchase items, etc. within the games or to continue stages.
Major titles	“UFO Catcher 9” “THE MEDAL TOWER OF BABEL”, “SENGOKU-TAISEN” “WORLD CLUB Champion Football”, “StarHorse3” etc.	“WORLD CLUB Champion Football” Series, “StarHorse3 SeasonIV Dream on the turf” etc.	“KanColle Arcade”, “CHUNITHM”, “BORDER BREAK” Series etc. “SEGA NETWORK MAHJONG MJS EVOLUTION” etc.	“Puyopuyo!! Quest Arcade”, “CODE OF JOKER” etc.





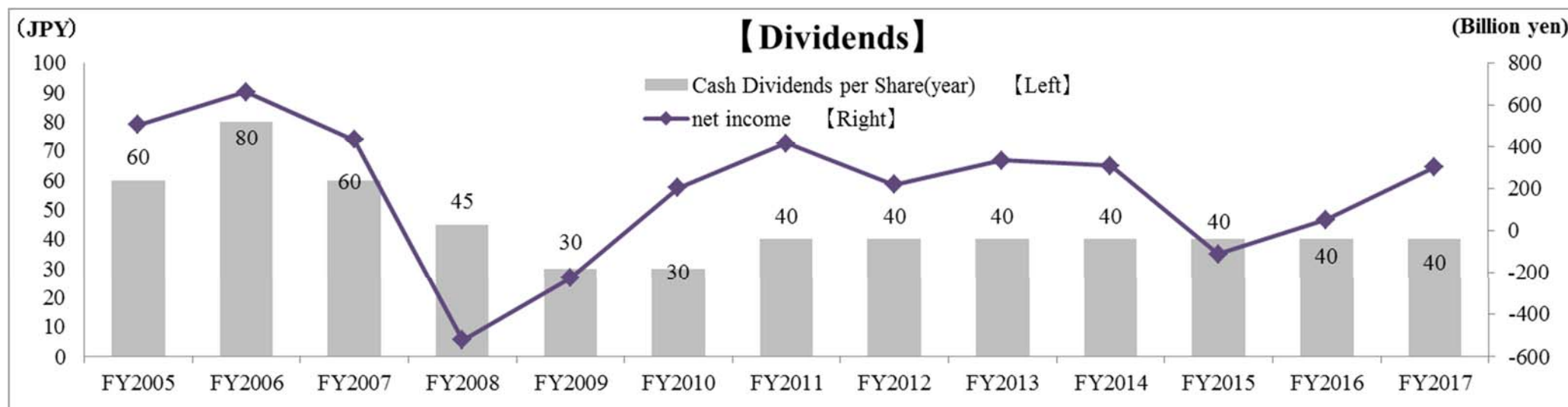
- Facility name: Phoenix Seagaia Resort
- Location: Miyazaki prefecture (Miyazaki City)
- Operating company: PHOENIX RESORT CO.,LTD.
- Overview: Resort facility which holds accommodation facilities such as “Sheraton Grande Ocean Resort,” a world-class convention center with maximum capacity of 5,000 people and sports facilities including one of Japan’s most renowned golf course “Phoenix Country Club”



- Facility name: Paradise Casino Incheon / PARADISE CITY
- Location: South Korea (Incheon)
- Operating company: PARADISE SEGASAMMY Co., Ltd.
- Overview: Operation of Paradise Casino Incheon, South Korea’s first casino exclusively for foreigners which opened in 1967, and development of PARADISE CITY, South Korea’s first full-fledged integrated resort which is scheduled to open in the April 2017

2. Shareholder return

The Group's basic approach to shareholder value is to enhance corporate value by paying stable cash dividends and by increasing earnings through growth strategies.



Principal Shareholders (As of September 30, 2016)

Number of Shareholders : 87,413

Total number of shares issued and outstanding: 266,229,476 shares

Name of Shareholder	Shares Held	For the total number of shares outstanding
Hajime Satomi	31,869,338	11.97%
Company's Tr. Stock	31,837,261	11.95%
FSC Co.	12,972,840	4.87%
HS Company	11,750,000	4.41%
Japan Trustee Services Bank, Ltd. (Trust account)	9,653,700	3.62%

Distribution of Shareholders	
Distribution by Attribute	Shareholding ratio
Financial institutions	15.11%
Financial institutions firm	1.34%
Other companies	12.03%
Foreign institutions and individuals	26.63%
Japanese individuals and others	32.93%
Treasury stock	11.96%



SEGA SAMMY HOLDINGS

<http://www.segasammy.co.jp/english//>

SEGA SAMMY HOLDINGS Investor Relations site

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



SEGA Group

<http://sega.jp/>



Sammy

<http://www.sammy.co.jp/>

■ SEGA SAMMY Group SNS Official Account



SEGA SNS Official Account

<http://sega.jp/sns/>

Sammy SNS Official Account

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