FY Ending March 2020
2Q Results / Appendix

October 31, 2019

[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 managements based on currently available information.
These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

Results Highlights

	2Q Results	Forecast
Consolidated Business	◆ Profits increased while sales decreased YoY ✓ Sales decreased mainly due to the decreased sales unit in Pachislot and Pachinko machines ✓ Profits increased because of the strong performance in Entertainment Contents Business centered on Digital Games area.	◆ As several major titles will be launched in each segment in stages, need to carefully observe the sales status.
Pachislot and Pachinko Machines Business	◆ Sales unit decreased YoY while profitability improved. ✓ Pachislot: Launched “Pachislot AnoHana: The Flower We Saw That Day” ✓ Pachinko: Launched a major title “P Hokuto No Ken 8 Haou”	◆ Release major titles in line with the increase in demand for replacement of Pachislot in 3Q but need to closely observe the sales status. ✓ Pachislot: Launch major titles such as “Pachislot Hokuto No Ken Tenshou,” “Pachislot Psalms of Planets Eureka Seven 3 HI-EVOLUTION ZERO” and etc. ✓ Pachinko: Release multiple titles including “P GAOGAOKING 3”
Entertainment Contents Business	◆ Strong performance overall in business segment centered on Digital Games area. ✓ Recorded revenues from offering titles in Digital Games area ✓ Expenses of Digital Games area decreased due to impairment loss recorded in previous fiscal year ✓ Sold “Mega Drive Mini,” etc and sales of new tiles and repeat titles performed solidly in Packaged Games area	◆ Need to observe the sales trend as multiple new major titles are scheduled to be launched in 3Q mainly in Packaged Games area
Resort Business	◆ Profitability of PHOENIX RESORT improved, while expenses for domestic Integrated Resort (IR) increased, resulting increase of sales and losses	◆ Continue efforts to improve profitability of existing facilities ◆ Expect increase of expenses as the actions required for participating domestic IR will be activated

Consolidated Income Statements (Summary)

(JPY Billion)	2019/3				2020/3		
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Forecast
Sales	**68.8**	**171.0**	**250.3**	**331.6**	**72.7**	**165.5**	**390.0**
Pachislot and Pachinko Machines	21.5	58.6	76.1	101.4	17.1	44.1	**120.0**
Entertainment Contents	45.0	107.2	166.2	219.6	53.0	115.8	**259.0**
Resort	2.3	5.1	7.9	10.5	2.4	5.5	**11.0**
Operating Income	**0.9**	**10.2**	**11.9**	**13.0**	**3.4**	**14.6**	**27.0**
Pachislot and Pachinko Machines	1.7	9.6	9.6	13.4	1.3	7.8	**29.0**
Entertainment Contents	1.6	6.1	10.6	9.8	4.9	12.7	**11.0**
Resort	-0.6	-1.1	-1.9	-2.4	-0.8	-1.5	**-4.0**
Other / Elimination	-1.8	-4.4	-6.4	-7.8	-2.0	-4.4	**-9.0**
Operating Income Margin	1.3%	6.0%	4.8%	3.9%	4.7%	8.8%	**6.9%**
Non-operating income	0.7	1.3	1.5	2.1	0.8	1.3	1.5
Non-operating expenses	0.9	2.3	4.4	7.7	1.9	3.3	5.5
Ordinary Income	**0.6**	**9.1**	**9.0**	**7.4**	**2.3**	**12.6**	**23.0**
Extraordinary income	0.0	1.7	1.7	8.2	0.0	0.0	**-**
Extraordinary losses	0.0	0.2	6.7	8.7	0.1	0.1	**-**
Income before income taxes	**0.7**	**10.6**	**4.0**	**6.9**	**2.2**	**12.5**	**23.0**
Profit attributable to owners of parent	**0.3**	**6.7**	**0.6**	**2.6**	**1.7**	**9.8**	**15.0**
Dividends per share (JPY)	**-**	**20.00**	**20.00**	**40.00**	**-**	**20.00**	**40.00**
Earnings per share (JPY)	**1.44**	**28.60**	**2.90**	**11.27**	**7.32**	**42.05**	**63.90**
Net Assets per share (JPY)	**1,296.55**	**1,328.00**	**1,274.50**	**1,289.32**	**1,259.70**	**1,276.36**	**-**

Costs and Expenses

(JPY Billion)	2019/3				2020/3		
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Forecast
R&D Expense / Content Production Expense	**14.1**	**30.8**	**48.3**	**66.6**	**17.1**	**33.5**	**72.5**
Pachislot and Pachinko Machines	3.5	7.8	12.1	17.0	4.1	8.6	15.9
Entertainment Contents	10.6	23.2	36.4	49.9	13.0	25.0	56.6
Resort	0.0	0.1	0.1	0.2	0.0	0.0	0.0
Other / Elimination	0.0	-0.3	-0.3	-0.5	0.0	-0.1	0.0
Cap-ex	**6.4**	**17.8**	**24.3**	**34.4**	**5.1**	**10.5**	**24.8**
Pachislot and Pachinko Machines	0.8	3.0	3.7	5.0	0.9	1.8	4.7
Entertainment Contents	4.2	10.7	16.1	25.0	4.0	8.3	19.2
Resort	0.0	0.0	0.1	0.1	0.0	0.1	0.2
Other / Elimination	1.4	4.1	4.4	4.3	0.2	0.3	0.7
Depreciation	**3.9**	**7.4**	**10.8**	**14.5**	**3.6**	**7.3**	**13.6**
Pachislot and Pachinko Machines	1.1	2.1	3.0	4.0	1.0	1.9	3.4
Entertainment Contents	2.3	4.3	6.4	8.6	2.1	4.2	8.4
Resort	0.2	0.4	0.6	0.8	0.2	0.5	1.0
Other / Elimination	0.3	0.6	0.8	1.1	0.3	0.7	0.8
Advertising	**3.3**	**8.4**	**12.2**	**16.0**	**3.6**	**8.5**	**21.0**
Pachislot and Pachinko Machines	0.4	0.9	1.3	1.6	0.2	0.8	2.8
Entertainment Contents	2.6	6.3	9.3	12.5	3.0	6.4	16.1
Resort	0.0	0.1	0.2	0.3	0.1	0.2	0.4
Other / Elimination	0.3	1.1	1.4	1.6	0.3	1.1	1.7

Consolidated Balance Sheet (Summary)

(JPY billion) 【Assets】				【Liabilities and Net Assets】			
Account	As of end of March 2019	As of end of Sep 2019	Change	Account	As of end of March 2019	As of end of Sep 2019	Change
Cash and Deposits	137.4	82.4	-55.0	Accounts Payable	24.7	27.7	+3.0
Accounts Receivable	39.2	44.7	+5.5	Corporate Bonds	12.5	10.0	-2.5
Securities	14.5	33.2	+18.7	Short Term Loans Payable	13.3	8.3	-5.0
Inventories	50.0	58.7	+8.7	Other	37.0	31.9	-5.1
Other	19.3	19.6	+0.3	**Total Current Liabilities**	87.5	77.9	-9.6
Total Current Assets	260.4	238.6	-21.8	Corporate Bonds	10.0	-	-10.0
Tangible Fixed Assets	84.0	87.4	+3.4	Long Term Loans Payable	40.3	36.1	-4.2
Intangible Fixed Assets	15.2	16.5	+1.3	Other	21.4	23.1	+1.7
Investment Securities	73.4	63.5	-9.9	**Total Noncurrent Liabilities**	71.7	59.2	-12.5
Other	31.5	33.7	+2.2	**Total Liabilities**	159.3	137.2	-22.1
				Shareholders Equity	294.8	300.7	+5.9
				Total accumulated other comprehensive income	7.8	-1.0	-8.8
				Warrants	0.9	0.9	—
				Non-controlling intesrests	1.7	1.9	+0.2
Total Noncurrent Assets	204.1	201.1	-3.0	**Total Net Assets**	305.3	302.5	-2.8
Total Assets	464.6	439.7	-24.9	**Total Liabilities and Net Assets**	464.6	439.7	-24.9

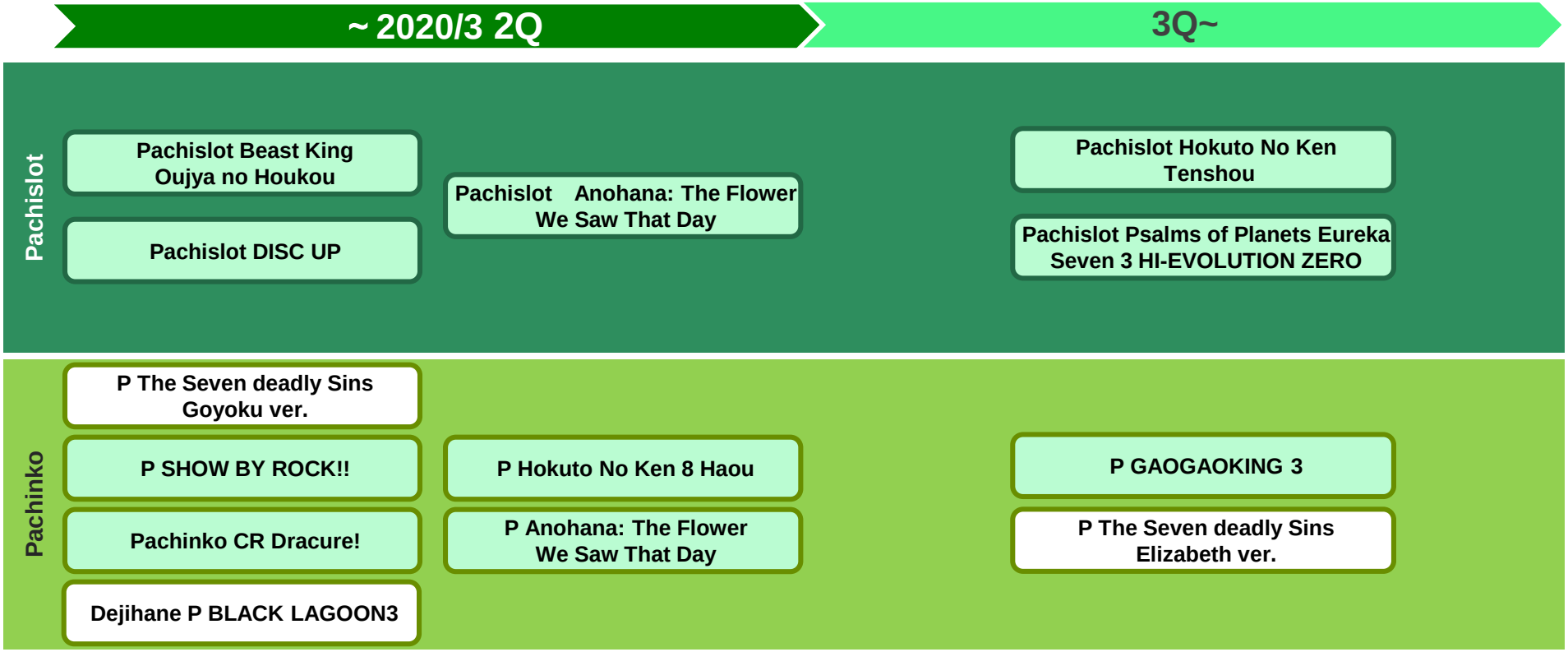
Segment Results: Pachislot and Pachinko Machines

(JPY Billion)	2019/3				2020/3		
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Forecast
Sales	**21.5**	**58.6**	**76.1**	**101.4**	**17.1**	**44.1**	**120.0**
Pachislot	3.1	4.5	11.0	24.7	7.0	11.1	48.8
Pachinko	13.9	45.8	52.3	59.9	5.5	23.8	59.0
Other / Elimination	4.5	8.3	12.8	16.8	4.6	9.2	12.2
Operating Income	**1.7**	**9.6**	**9.6**	**13.4**	**1.3**	**7.8**	**29.0**
Operating Income Margin	7.9%	16.4%	12.6%	13.2%	7.6%	17.7%	24.2%
Pachislot							
Number of Titles	**1 title**	**1 title**	**3 titles**	**6 titles**	**0 title**	**1 title**	**10 titles**
Unit Sales (units)	**9,073**	**12,853**	**31,534**	**67,140**	**17,930**	**28,360**	**120,000**
Pachinko							
Number of Titles	**1 title**	**3 titles**	**5 titles**	**7 titles**	**2 titles**	**4 titles**	**9 titles**
Unit Sales (units)	**40,997**	**117,891**	**136,670**	**159,848**	**16,212**	**66,140**	**164,000**
Board + Frame	13,908	77,518	87,468	91,858	8,020	15,850	78,600
Board	27,089	40,373	49,202	67,990	8,192	50,290	85,400

Segment Results: Pachislot and Pachinko Machines

■Major Titles in 1-2Q and titles to be launched in and after 3Q, fiscal year ending Mar 2020

New title
Specification changed title



2020/3 2Q Major titles and number of units sold

Pachislot title	Total sales	Installed from
Pachislot Anohana: The Flower We Saw That Day	9,020units	2019/8

Pachinko title	Total sales	Installed from
P Hokuto No Ken 8 Haou	31,749units	2019/9
P Anohana: The Flower We Saw That Day	17,979units	2019/8

Segment Results: Entertainment Contents Business

(JPY Billion)	2019/3				2020/3		
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Forecast
Sales	**45.0**	**107.2**	**166.2**	**219.6**	**53.0**	**115.8**	**259.0**
Digital Games	9.0	19.3	29.4	40.8	11.9	23.6	43.0
Packaged Games	12.3	26.7	43.7	54.6	14.7	32.1	84.0
Amusement Machine Sales	9.6	28.3	40.9	54.7	10.1	24.7	55.0
Amusement Center Operations	9.4	20.7	30.7	40.9	10.4	22.0	44.0
Animation / Toy	3.6	10.2	18.3	24.5	5.0	11.7	30.0
Other / Elimination	1.1	2.0	3.2	4.1	0.9	1.7	3.0
Operating Income	**1.6**	**6.1**	**10.6**	**9.8**	**4.9**	**12.7**	**11.0**
Digital Games	-0.4	-1.4	-2.7	-1.9	2.3	5.6	2.0
Packaged Games	2.6	4.4	8.1	8.2	2.9	4.0	6.0
Amusement Machine Sales	0.2	2.3	3.0	1.5	-0.7	0.2	0.5
Amusement Center Operations	0.5	1.9	2.2	2.6	0.7	1.9	2.5
Animation / Toy	-0.3	0.9	2.1	2.5	0.3	1.7	2.5
Other / Elimination	-1.0	-2.0	-2.1	-3.1	-0.6	-0.7	-2.5
Operating Income Margin	3.6%	5.7%	6.4%	4.5%	9.2%	11.0%	4.2%
No. of domestic amusement centers	**189**	**189**	**191**	**190**	**191**	**192**	**195**
YoY sales rate comparison of existing amusement centers	**104.2%**	**104.5%**	**104.2%**	**104.0%**	**109.0%**	**103.6%**	**104.4%**

Segment Results: Entertainment Contents Business

Major Index / Digital Games (Digital Overall)

	2019/3				2020/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Sales（JPY Billion）	**9.0**	**10.3**	**10.1**	**11.4**	**11.9**	**11.7**
Domestic						
Average MAU (Thousands, 3 months average)*1	6,880	5,420	4,690	7,900	5,940	5,750
ARPMAU (JPY) *2	1,123	1,507	1,581	1,029	1,423	1,297
Share of sales for top 3 titles *3	46.2%	43.1%	38.1%	41.7%	32.4%	30.7%
Overseas						
Composition ratio of sales	9.4%	13.5%	14.3%	9.7%	6.6%	5.1%
Other indicators						
Number of Titles (Domestic)	25	24	25	23	20	21
Number of New Titles (Domestic)	3	1	2	2	1	3
Ratio of advertising expense to net sales *4	11.7%	10.4%	9.1%	9.3%	6.9%	5.9%

*Changed the aggregation method for overseas' composition ratio of sales from fiscal year ending Mar 2020 and it has been reflected to the result of fiscal year ended Mar 2019 retroactively.
*Only free-to-play titles are covered for the calculation of number of titles under service, Domestic MAU, Domestic ARP MAU and number of downloads. (Pay-to-play models are not included.)
*1. Average MAU (Monthly Active Users) over 3 months
*2. Calculated from dividing sales by MAU (Monthly Active Users)
*3. Sales percentage for top 3 titles in sales
*4. Advertising expense percentage for total digital sales of each quarter

TOP 3 Titles (Digital Game)

	Title	Release
1.	PHANTASY STAR ONLINE 2	2012/7
2.	SEGA Pocket Club Manager	2018/4
3.	Puyo puyo!! Quest	2013/4

*Top three titles in domestic sales in the period of July-Sep 2019

Segment Results: Entertainment Contents Business

	2019/3				2020/3		
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Forecast
Packaged Games: Number of Titles	**5 titles**	**18 titles**	**26 titles**	**31 titles**	**8 titles**	**12 titles**	**31 titles**
Japan	2 titles	3 titles	5 titles	7 titles	1 title	2 titles	10 titles
Asia	-	3 titles	6 titles	7 titles	3 titles	4 titles	10 titles
North America / Europe	3 titles	12 titles	15 titles	17 titles	4 titles	6 titles	11 titles
Packaged Games: Sales in Units (Thousands)	**5,700**	**11,180**	**18,510**	**23,440**	**6,240**	**11,370**	**25,190**
Japan	**280**	**640**	**1,460**	**1,850**	**270**	**610**	**3,840**
New titles	120	230	660	830	20	110	3,330
Repeat titles	160	410	800	1,020	250	490	510
Asia	**120**	**370**	**590**	**770**	**240**	**420**	**1,490**
New titles	-	30	150	190	130	190	1,010
Repeat titles	120	340	440	580	110	220	480
North America / Europe	**5,300**	**10,170**	**16,460**	**20,820**	**5,730**	**10,330**	**19,860**
New titles	730	1,620	2,610	3,070	2,150	3,240	6,350
Repeat titles	4,570	8,550	13,850	17,750	3,580	7,090	13,510
Total New titles	**850**	**1,880**	**3,420**	**4,090**	**2,300**	**3,560**	**10,690**
Total Repeat titles	**4,850**	**9,300**	**15,090**	**19,350**	**3,940**	**7,810**	**14,500**

2020/3 Major Titles

2Q titles	Release	Platform	Launched region
Olympic Games Tokyo 2020 - The Official Video Game	2019/7	PlayStation®4/Nintendo Switch™	Japan / Asia
Catherine: Full Body	2019/9	PlayStation®4	North America / Europe

Repeat titles	Platform	Launched region
Total War series	PC	Japan / Asia / North America / Europe
Football Manager series	PC	Japan / Asia / North America / Europe
Yakuza series	PlayStation®4 / PC	Japan / Asia / North America / Europe

Segment Results: Entertainment Contents Business

■**Major Titles in 1-2Q and titles to be launched in and after 3Q, fiscal year ending Mar 2020**



Segment Results: Entertainment Contents Business

■Major Titles in 1-2Q and titles to be launched in and after 3Q, fiscal year ending Mar 2020

	~ 2020/3 2Q		3Q ~	
Packaged Games	Total War: THREE KINGDOMS	Olympic Games Tokyo 2020 - The Official Video Game	PERSONA 5 ROYAL	Football Manager 2020
	Team Sonic Racing	Mega Drive Mini	Mario & Sonic at the Olympic Games Tokyo 2020	New Sakura Wars
	Judgment		13 SENTINELS：AEGIS RIM	YAKUZA：LIKE A DRAGON
Amusement Machine Sales	< Existing titles > KanColle Arcade / StarHorse Series / Fate/Grand Order Arcade /WCCF FOOTISTA 2019			
	maimai Series / O・N・G・E・K・I / CHUNITHM Series			
	CHUNITHM AMAZON PLUS	maimai DELUX	StarHorse4	
	Kemono Friends 3 Planet Tours			
Animation /Toys	Detective Conan The Fist of Blue Sapphire		LUPIN THE 3rd THE FIRST	
	Anpanman: Twinkle! Princess Vanilla of Ice Cream Land			
	Wonderful Channel		WHO areYOU ? Real Rescue	YUME-PETS “coming babies" series
	ANPANMAN” D.I.Y. Delivering SHOKUPANMANGO-CAR			

Segment Results: Resort Business

(JPY Billion)	2019/3 1Q	2019/3 Through 2Q	2019/3 Through 3Q	2019/3 Through 4Q	2020/3 1Q	2020/3 Through 2Q	2020/3 Forecast
Sales	**2.3**	**5.1**	**7.9**	**10.5**	**2.4**	**5.5**	**11.0**
Operating Income	**-0.6**	**-1.1**	**-1.9**	**-2.4**	**-0.8**	**-1.5**	**-4.0**
＜PHOENIX RESORT＞							
Sales	**2.1**	**4.7**	**7.4**	**10.0**	**2.2**	**5.0**	**10.6**
Operating Income	**-0.2**	**-0.2**	**-0.2**	**-0.0**	**-0.1**	**-0.1**	**0.1**
No. of facility users (Thousands)	**168**	**418**	**608**	**812**	**189**	**454**	**837**
3 accommodation facilities	67	181	266	357	75	194	379
2 golf courses	24	45	69	94	25	46	100
Other facilities	77	192	273	361	89	214	358

＜PARADISE SEGASAMMY *＞

	2019/3 1Q	2019/3 Through 2Q	2019/3 Through 3Q	2019/3 Through 4Q	2020/3 1Q	2020/3 Through 2Q	2020/3 Forecast
Sales (Billion KRW)	**65**	**129**	**213**	**301**	**90**	**196**	**-**
Operating Income (Billion KRW)*	**0**	**-1**	**0**	**-20**	**-7**	**-12**	**-**
Number of casino visitors (Thousands)	**57**	**128**	**207**	**295**	**82**	**181**	**-**

* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate
* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay
* Local accounting standards

Segment Results: Resort Business (Phoenix Seagaia Resort)



■Exterior



■Golf Course



■Convention Center

<Overview>

Facility name	Phoenix Seagaia Resort	
Operating company	Phoenix Resort Co., Ltd.	
Facility address	3083 Aza Hamayama, O-Aza Shioji, Miyazaki City, Miyazaki Prefecture	
Access	■Miyazaki Airport 20-minute by car ■JR Miyazaki train station Approx. 25-minute by public bus(chargeable) 15-minute by car ■Express way Approx. 25-minute drive from Miyazaki Interchange	
Number of employees	759 (as of September 30, 2019) (including, concurrent officers, full-time employees, seconded employees, contract employees and part-time employees)	
Site area	2,511,144m^2	
Facility composition	Hotel	950 rooms (Sheraton Grande Ocean Resort, Luxze Hitotsuba and Cottage HIMUKA)
	Golf Courses	45 holes (Phoenix Country Club, Tom Watson Golf Course), Phoenix Golf Academy
	Convention Center	Approx. 5,500 m^2 (capacity for approx. 5,000 people)
	Other Entertainment Facilities etc.	Spa, hot springs, fitness club, horse riding club, tennis court and wedding halls

©Phoenix Resort

PARADISE SEGASAMMY (Equity method affiliate)



■Exterior



■Casino facility



■Lobby lounge (Hotel)

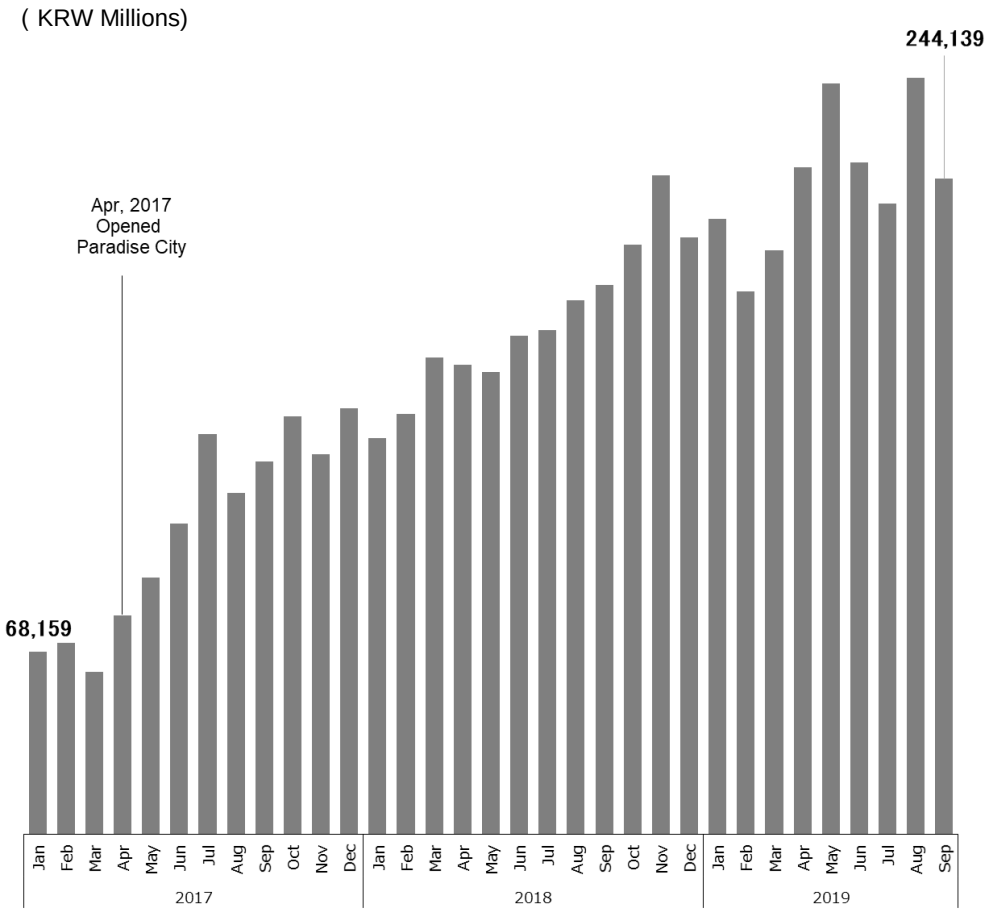
<Overview>

Facility name	PARADISE CITY
Operating company	PARADISE SEGASAMMY Co.,Ltd.
Facility address	186, Yeongjonghaeannam-ro 321-gil, Jung-gu, Incheon, Republic of Korea
Access to PARADISE CITY	■3-minute drive by car or shuttle bus (free of charge) 5-minute ride on linear monorail (free of charge) and 15-minute walk from Incheon International Airport ■Also a 5-minute drive from Incheon Interchange on the expressway
Number of employees	2,803 (as of September 30, 2019) (including, concurrent officers, full-time employees, seconded employees, contract employees and part-time employees)
Site area	330,000㎡
Investment amount	Approx. 1,567.5 billion KRW (amount invested by SEGA SAMMY: 331.9 billion KRW; shareholding ratio: 45%)
Facility composition	・Casino (table games: 158 units, electronic table games: 4 units 62 seats, slot machines: 291 units) ・Hotel (711 rooms; additional facilities: restaurant, banquet hall, indoor and outdoor pools, etc.) ・Convention ・SPA ・CLUB ・Boutique Hotel (58 rooms) ・PLAZA (Commercial facility / cultural center, shopping mall)・ WONDER BOX (for families)

PARADISE SEGASAMMY (Equity method affiliate)

Transition of Drop* amount at Paradise SegaSammy

*Drop : The amount of cash exchanged for chips by customers at the table



(KRW Billion)

	FY2019 2Q Results	FY2020 2Q Results
Sales	129.5	196.4
Casino	109.1	161.1
Hotel	20.4	28.3
Other	-	7.0
Cost of sales	116.8	182.1
Casino	72.8	93.1
Hotel	43.9	57.4
Other	-	31.5
Gross profit	12.7	14.3
SG&A	14.1	26.4
Operating profit	-1.4	-12.0
EBITDA	16.0	19.4
Net profit	-10.3	-27.6

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	-0.7	-1.5

* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate of SEGA SAMMY HOLDINGS INC.
* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay

Casino facility	Upper limit for square measures of gaming areas within casino facility is 3% of the total floor area of IR facilities
Facility No.1: International convention and conference facilities	Capacity of the largest international convention and conference room must be more than 1,000 people. Total capacity of whole international convention and conference facilities must be more than twice of the capacity of the largest international convention and conference room.
Facility No.2: Exhibition facilities	Square measures of exhibition facilities must meet the standards according to the below tier based on capacity of the largest international convention and conference room. (Capacity of the largest international convention and conference room) ・ More than 1,000 and less than 3,000 people ⇔ Total floor area of exhibition facilities: more than 120K ㎡ ・ More than 3,000 and less than 6,000 people ⇔ Total floor area of exhibition facilities: more than 60K ㎡ ・ More than 6,000 people ⇔ Total floor area of exhibition facilities: more than 20K ㎡
Facility No.3: Facilities enhancing the attractiveness of tourism	Theater, entertainment hall, concert hall, stadium, cinema, museum, gallery, restaurant and other facilities that contribute enhancing the attractiveness of Japanese tourism
Facility No.4: Facilities with customer transfer functions	Facilities satisfying below 4 conditions 1) showcase function, 2) concierge function, 3) multilingual support function, 4) sufficient facility scale
Facility No.5: Accommodation facilities	Total square measures for floor area of all guest rooms must be more than 100K ㎡ and facilities must have suite rooms with appropriate square measures and certain ratio of suite rooms.
Facility No. 6 Other facilities	Facility contributing to the promotion of visit and stay of domestic and inbound tourists
Other: Restriction of casino ads	Can applies only to places where foreign travelers can stay until they complete immigration procedures at airports operating international flights and passenger terminals of ports where foreign cruise ships are in service
Other: Transaction subject to report	Cash transactions exceeding 1 million yen between casino business operators and customers

Pachislot and Pachinko Machines revision of rules

< APPENDIX：Overview of revision to the rules >

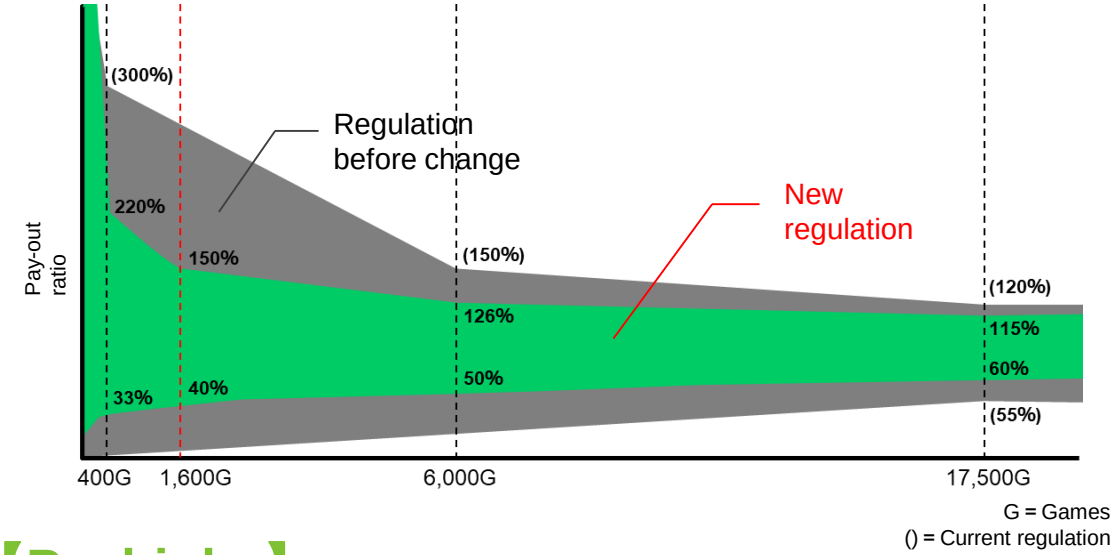
Date of enforcement	February 1, 2018
Pachislot and pachinko machine manufacturers	(1) Matters related to regulations of pay-out balls/medals (2) Addition of standards for pachislot and pachinko machines with which pay-out balls/medals information can be easily checked (3) Introduction of “multi stage payout-ratio” to pachinko machines
Pachinko halls	(4) Addition of responsibilities of administrators

*(2) Able to play without touching balls and medals (record and pay-out electronically)

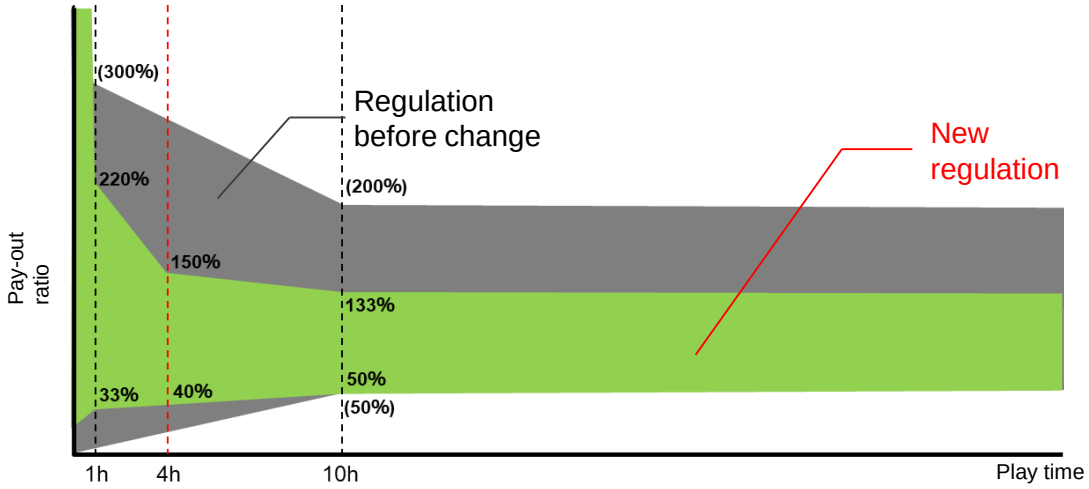
- ✓ Curbing of gambling element is intended in the matters related to regulations of pay-out balls/medals.
- ✓ “Multi stage payout-ratio” is newly approved for pachinko machines.

< APPENDIX：Comparisons of pay-out ratio (image) >

【Pachislot】



【Pachinko】



- ✓ **Machines will be transformed to become more playable with the setting of the lower limit of pay-out probability.**
- ✓ **The introduction of “multi stage payout-ratio” will allow broader ways to play.**

$$\text{Pay-out ratio} = \frac{\text{Balls and medals payed out}}{\text{Balls and medals used}}$$

< APPENDIX：Outline of revisions to regulations >

【Pachislot】

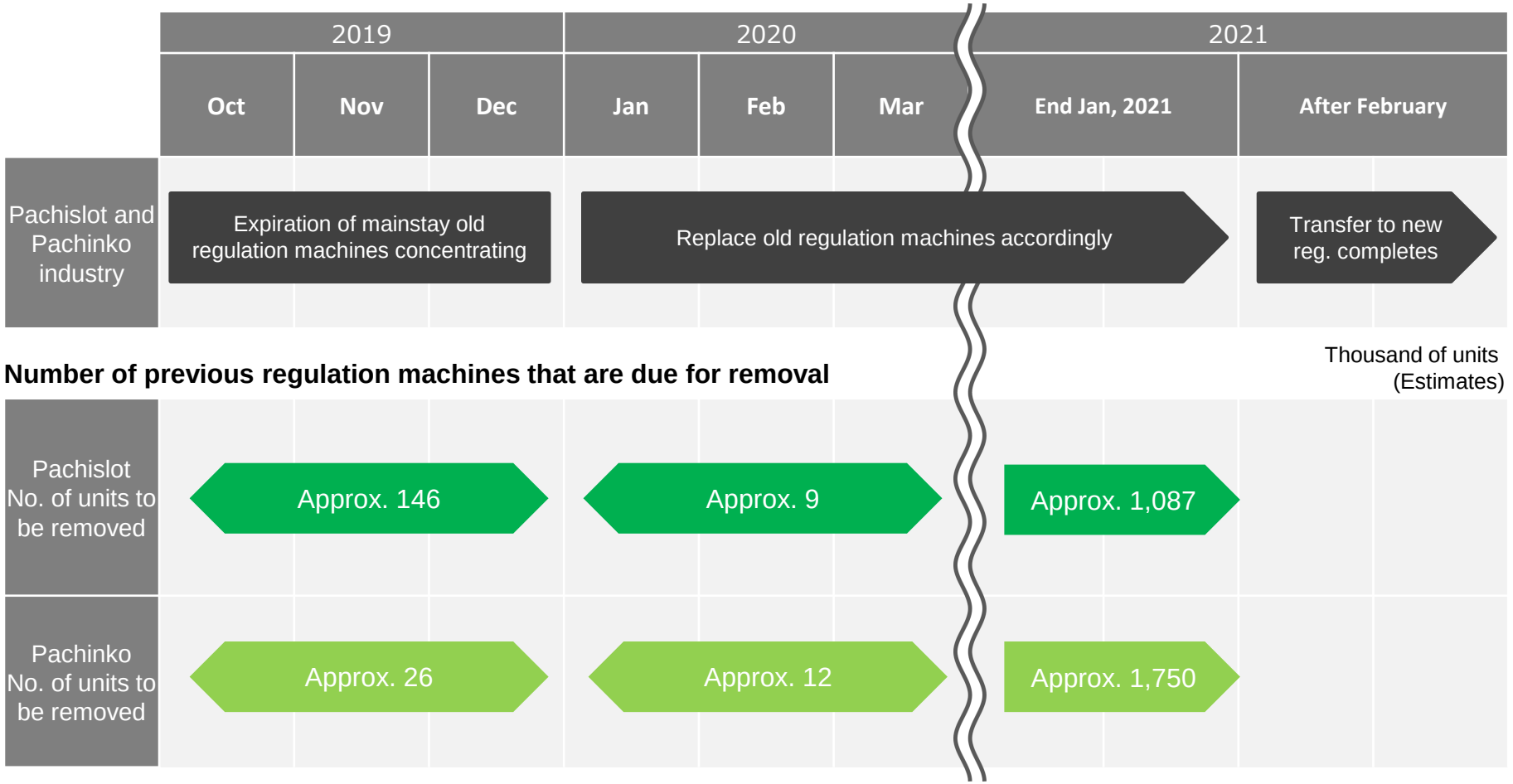
Content	Test				Multi stage payout-ratio	Number of pay-out medals when hitting a jackpot (Upper limit)
	400G	1,600G	6,000G	17,500G		
Regulation before change	Less than 300%	–	Less than 150%	Over 55% and less than 120%	Up to 6 stages	480
New regulation	Over 33% and less than 220%	Over 40% and less than 150%	Over 50% and less than 126%	Over 60% and less than 115%	Up to 6 stages	300

G=Games

【Pachinko】

Content	Test			Multi stage payout-ratio	Number of pay-out balls when hitting a jackpot (Upper limit)
	1 hour	4 hours	10 hours		
Regulation before change	Less than 300%	–	Over 50% and less than 200%	–	2,400
New regulation	Over 33% and less than 220%	Over 40% and less than 150%	Over 50% and less than 133%	Up to 6 stages	1,500

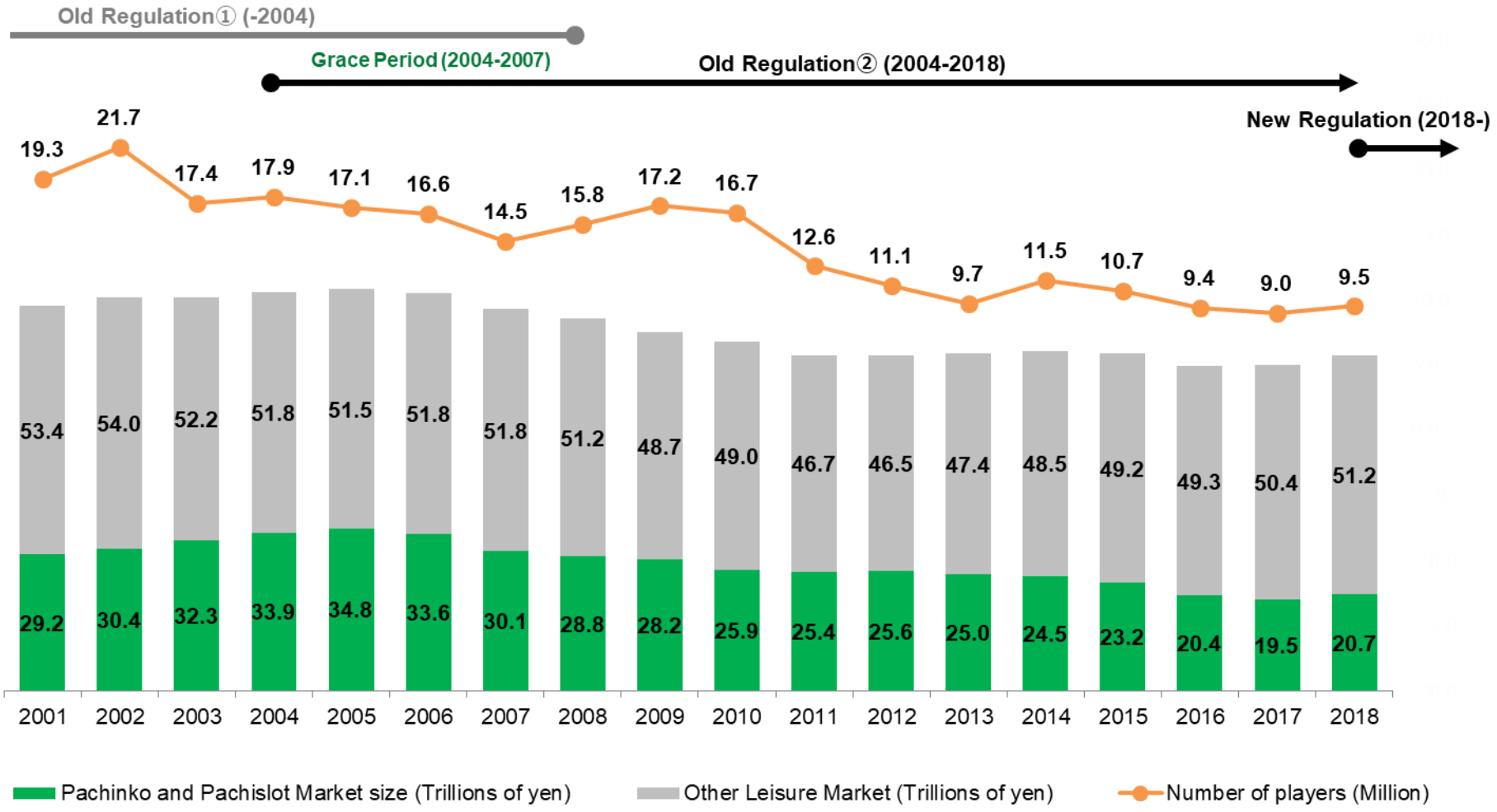
Schedule for transferring to new regulation machines



(Estimates of SEGA SAMMY HOLDINGS)

Pachinko and Pachislot Machine Markets

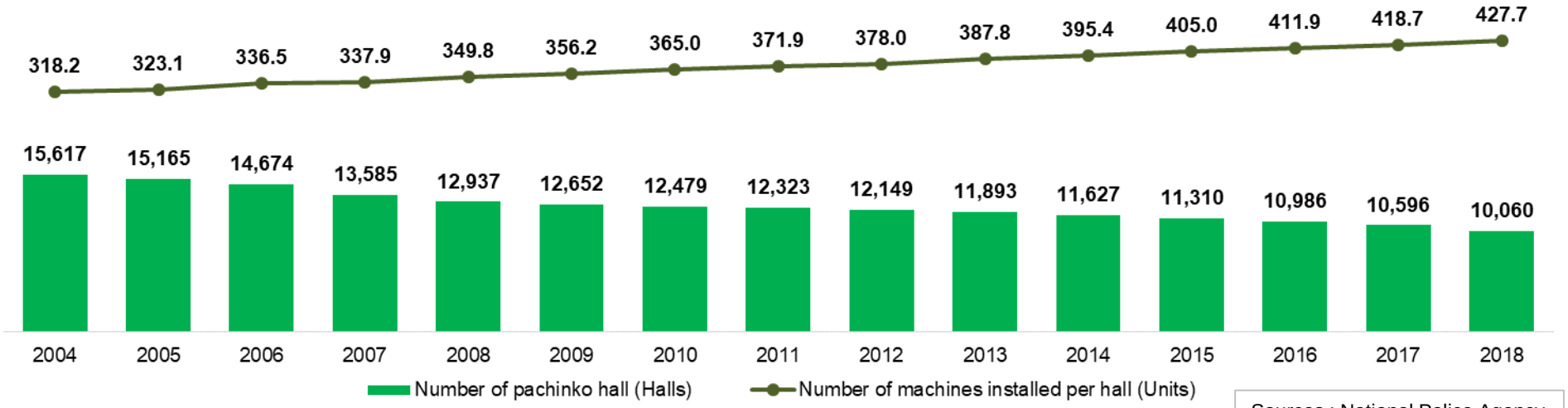
Transition of market size and number of players



Source: White Paper on Leisure Industry 2019, Japan Productivity Center

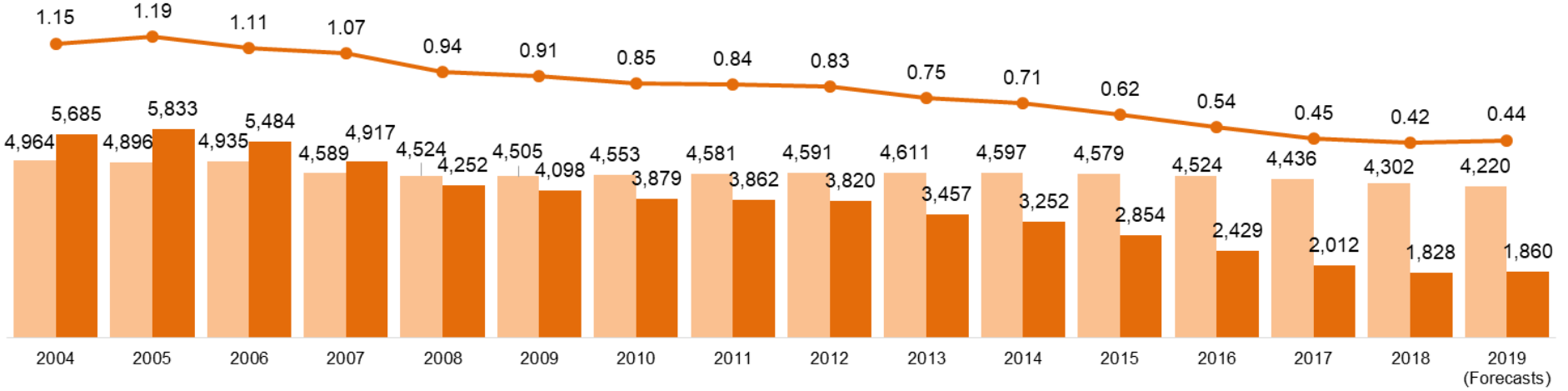
Pachinko and Pachislot Machine Markets

Transition of number of pachinko halls and number of machines installed per hall



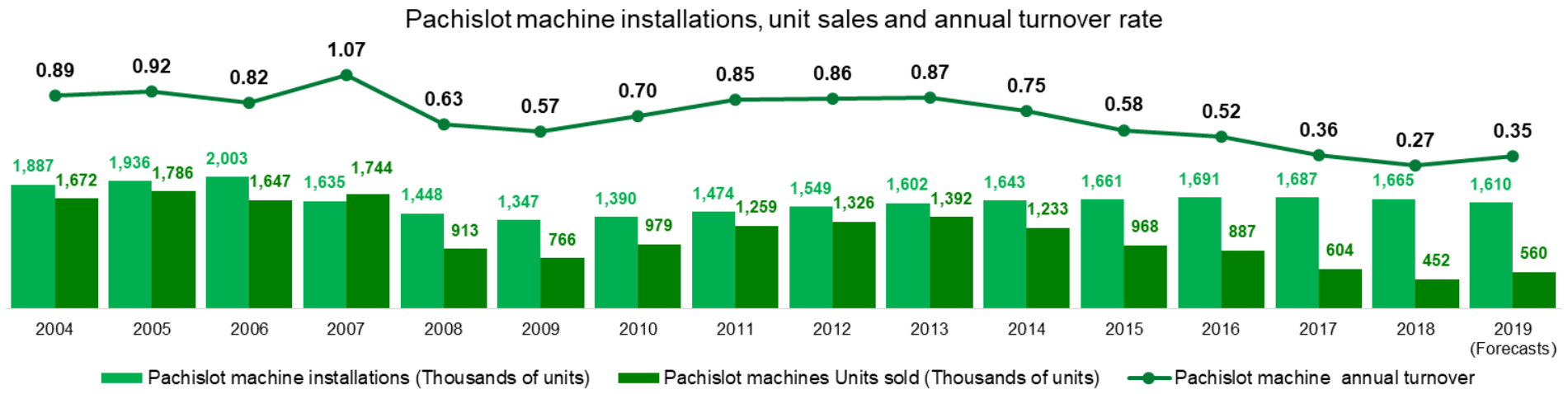
Sources : National Police Agency

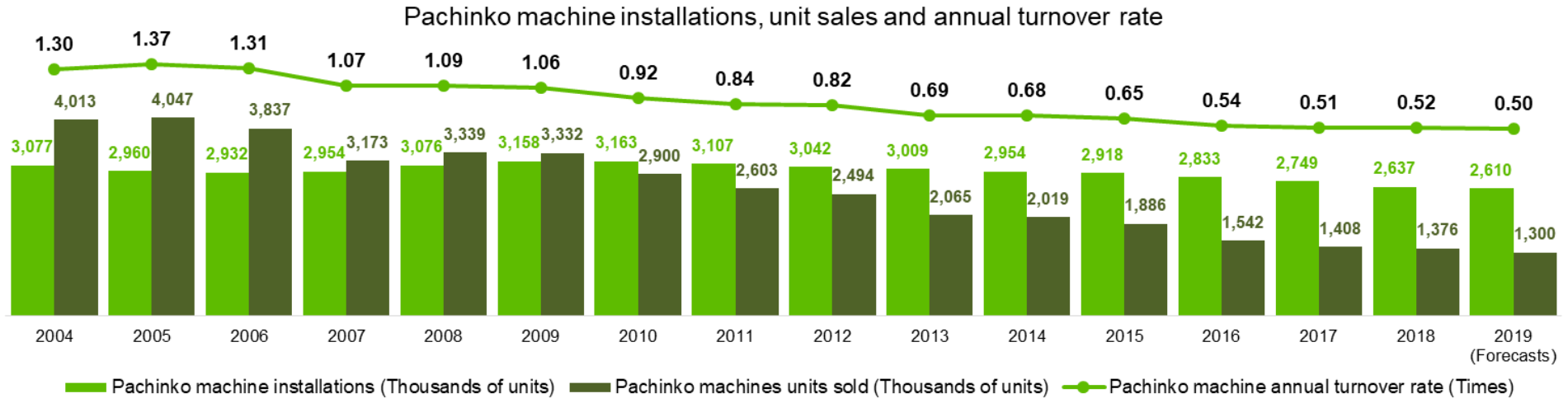
Pachislot & Pachinko machine Installations, Unit sales and Annual turnover



Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2018,2019 are our forecasts)

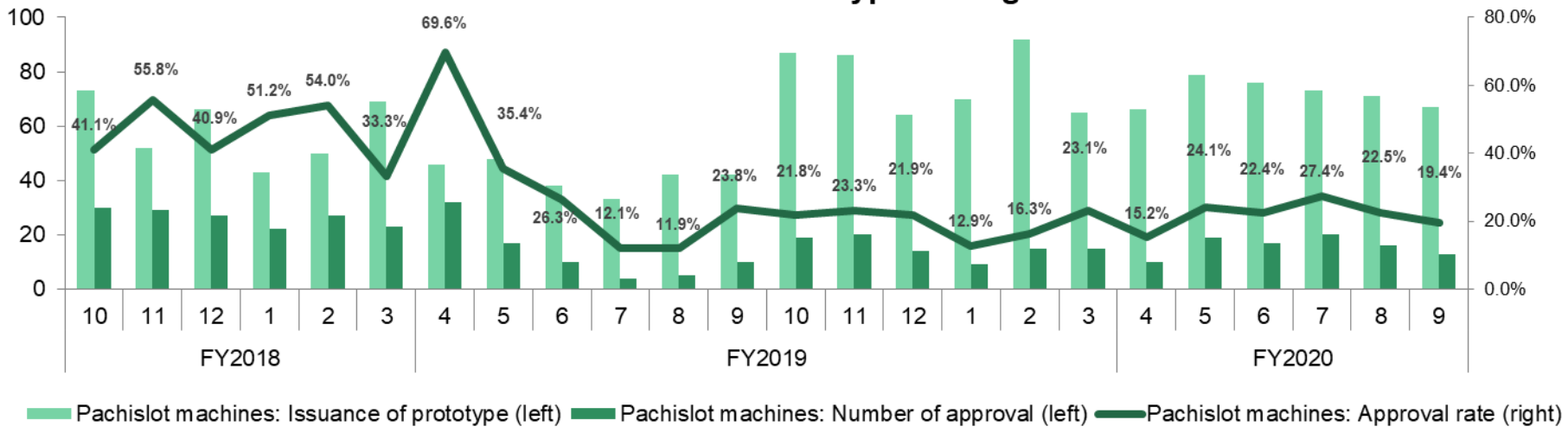
Pachinko and Pachislot Machine Markets



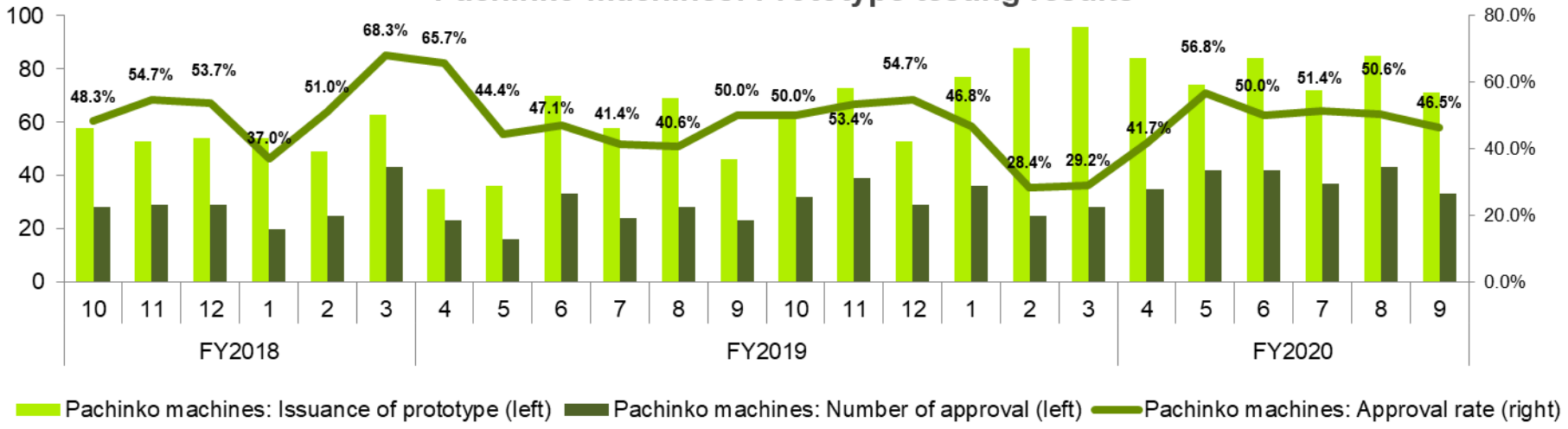


Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2018, 2019 are our forecasts)

Pachislot machines: Prototype testing results



Pachinko machines: Prototype testing results



Source: Security Communications Association

Pachislot / Pachinko Machine Sales Share

Share of Annual Pachislot Machine Sales

	2013			2014			2015			2016			2017			2018		
Rank	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	**Sammy**	**301,575**	**21.7%**	**Sammy**	**207,828**	**16.8%**	UNIVERSAL	165,000	17.0%	**Sammy**	**215,736**	**24.3%**	KITA DENSHI	107,000	17.7%	D company	80,000	17.7%
2	UNIVERSAL	215,000	15.5%	UNIVERSAL	205,000	16.6%	**Sammy**	**142,337**	**14.7%**	UNIVERSAL	203,000	22.9%	DAITO	100,000	16.5%	K company	68,000	15.0%
3	HEIWA/ OLYMPIA	120,000	8.6%	DAITO	128,000	10.4%	HEIWA/ OLYMPIA	113,997	11.8%	KITA DENSHI	90,500	10.2%	**Sammy**	**85,041**	**14.1%**	**Sammy**	**67,140**	**14.8%**
4	SANKYO	116,291	8.4%	YAMASA	108,000	8.8%	KITA DENSHI	100,000	10.3%	HEIWA/ OLYMPIA	80,953	9.1%	UNIVERSAL	43,000	7.1%	H company	47,244	10.4%
5	DAITO	102,000	7.3%	HEIWA/ OLYMPIA	92,763	7.5%	SANKYO	80,125	8.3%	Enterrise	57,000	6.4%	YAMASA	38,000	6.3%	U company	37,365	8.3%

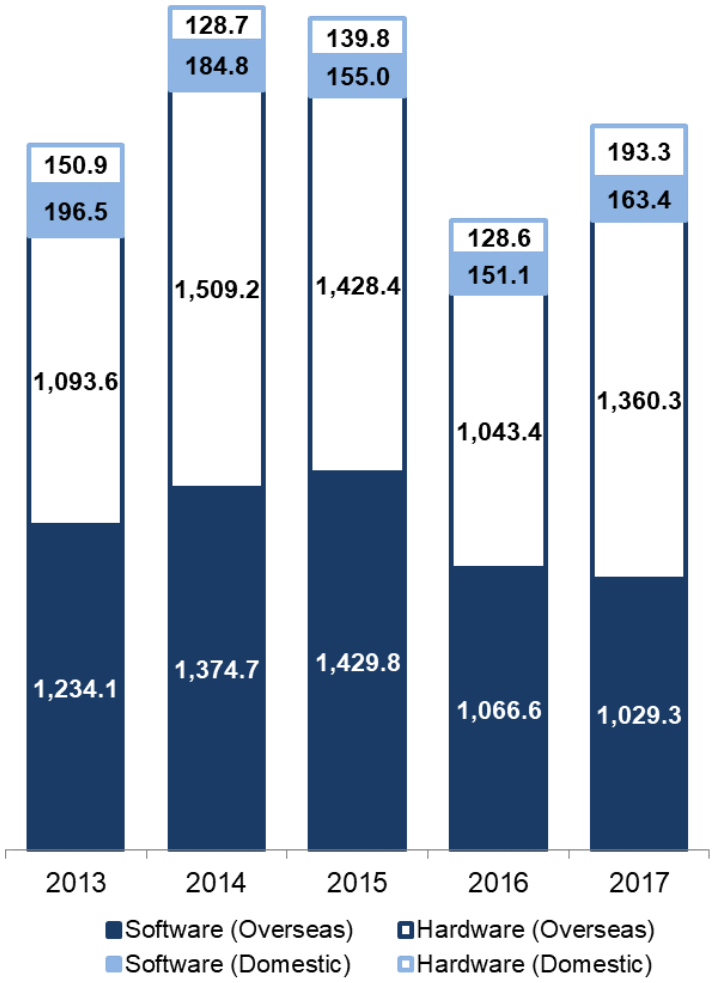
Share of Annual Pachinko Machine Sales

	2013			2014			2015			2016			2017			2018		
Rank	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share	Manufacturer	Units sold	Share
1	KYORAKU	349,000	17.0%	SANYO	330,000	16.3%	Sansei R&D	300,000	15.9%	SANYO	306,000	19.8%	SANYO	330,000	23.4%	S company	250,000	18.2%
2	SANYO	315,000	15.4%	SANKYO	329,892	16.3%	SANKYO	296,346	15.7%	Sansei R&D	209,000	13.5%	SANKYO	171,919	12.2%	S company	196,007	14.2%
3	SANKYO	291,967	14.3%	KYORAKU	308,000	15.3%	SANYO	275,000	14.6%	HEIWA/ OLYMPIA	192,761	12.5%	**Sammy**	**140,013**	**9.9%**	K company	192,800	14.0%
4	**Sammy**	**200,225**	**9.8%**	HEIWA/ OLYMPIA	252,103	12.5%	HEIWA/ OLYMPIA	234,616	12.4%	SANKYO	172,954	11.2%	KYORAKU	140,000	9.9%	**Sammy**	**159,848**	**11.6%**
5	HEIWA/ OLYMPIA	197,000	9.6%	**Sammy**	**241,425**	**12.0%**	Newgin	220,000	11.7%	Newgin	160,000	10.4%	Sansei R&D	130,000	9.2%	H company	118,880	8.6%
							6	**Sammy**	**199,014**	**10.5%**	**Sammy**	**138,321**	**9.0%**					

Source: Yano Research Institute Ltd.
*Estimated by Yano Research Institute Ltd. with fiscal years from July of each year through June the following year as criteria

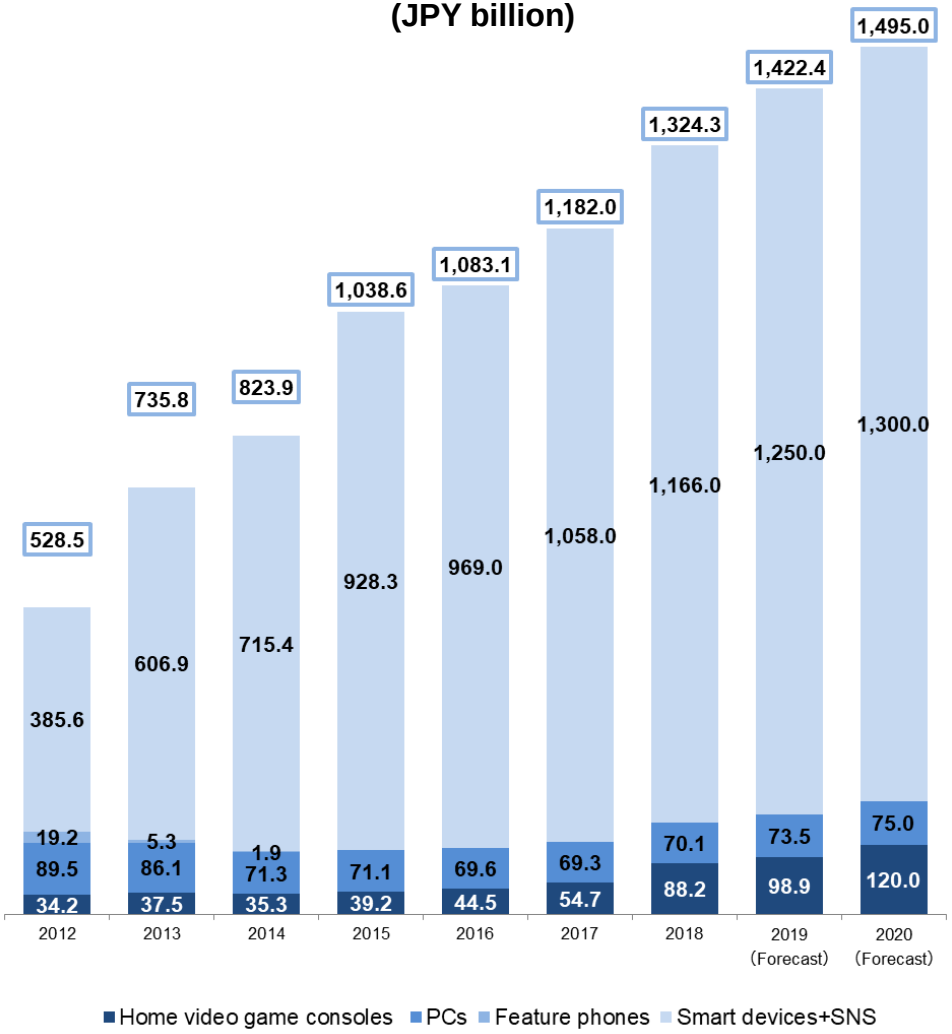
Home Video Game and Online Game Markets Scale

Home Video Games: Overall Shipment Scale (JPY billion)



Source: CESA Games White Paper

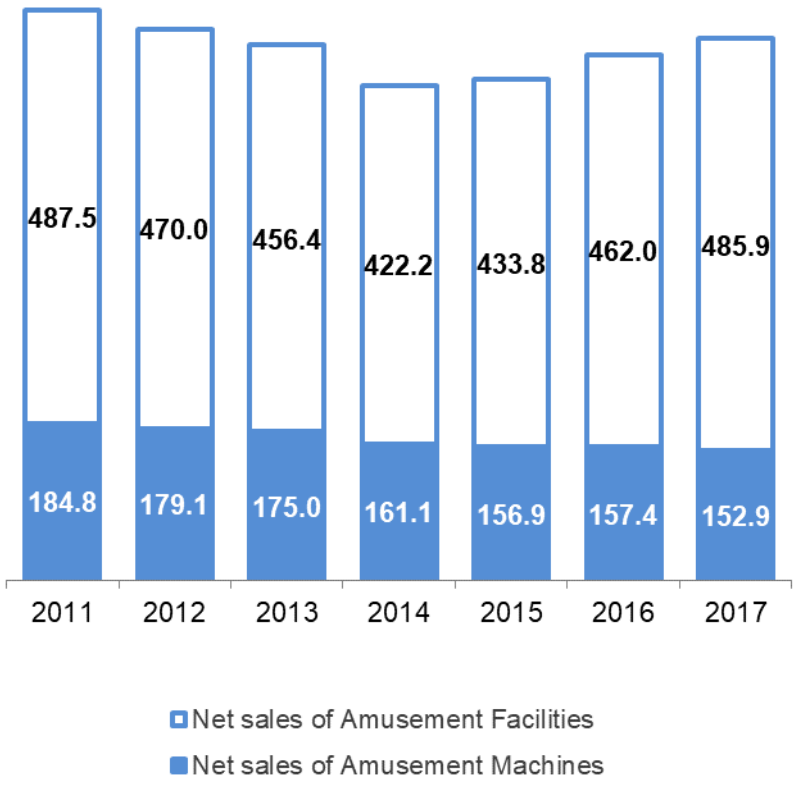
Japan's Market for Game Content with Network Connectivity (JPY billion)



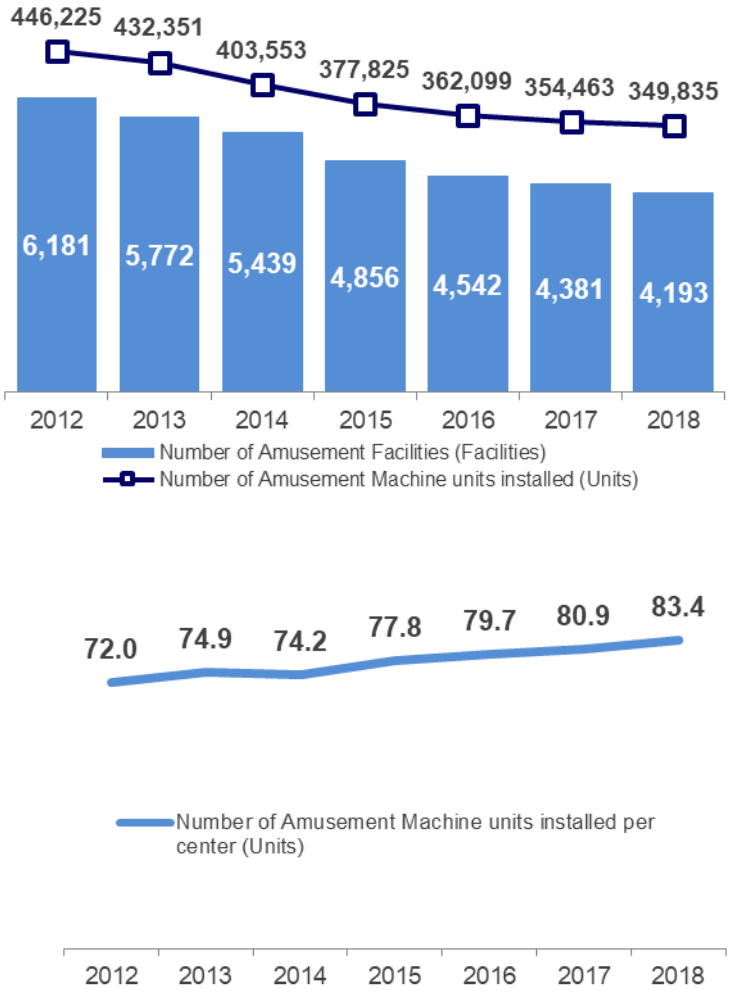
Source: f-ism

Amusement Machine and Amusement Center Operations Markets Scale

Amusement Machine / Facilities sales (JPY billion)



Number of Amusement Facilities / Amusement Machine unit installed



Source: JAIA, National Police Agency

Past Operating Results (FY Ended March 2015~)

From FY Ended March 2015~

*The data in this page can be downloaded from following URL.
(https://www.segasammy.co.jp/english/ir/library/pdf/settlement/2020/e_202003_2q_transition.xls)

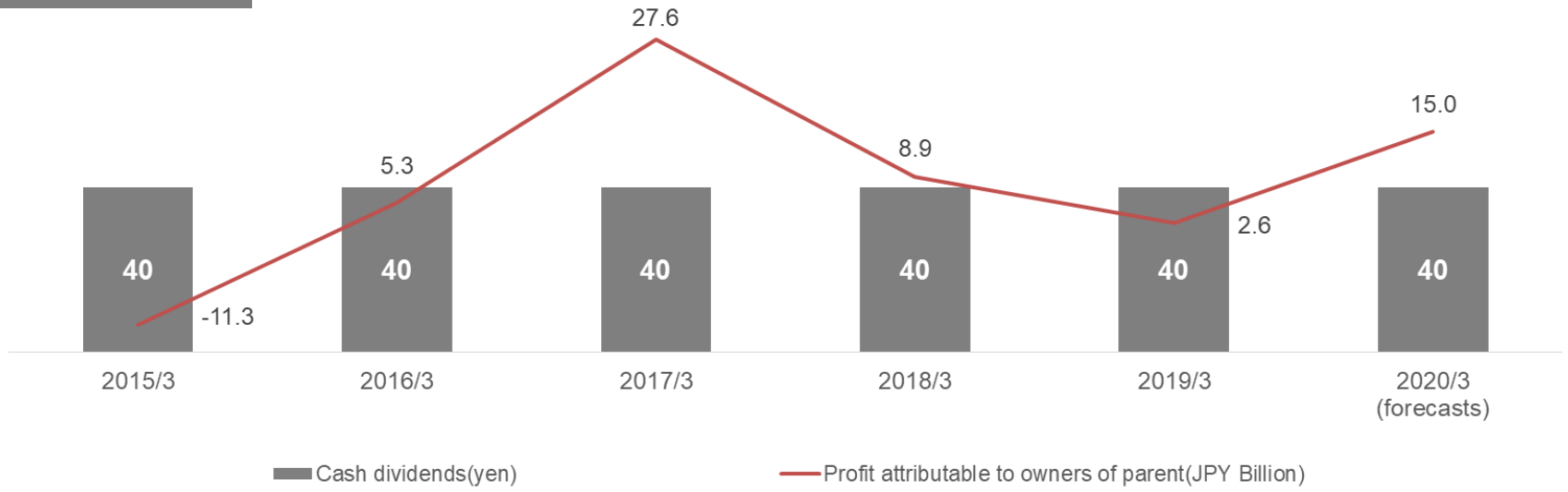
(JPY Billion)		FY Ended March 2015		FY Ended March 2016		FY Ended March 2017		FY Ended March 2018		FY Ended March 2019				FY Ending March 2020	
		Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Results	Results Through 2Q	Results Through 4Q	Results Through 1Q	Results Through 2Q	Results Through 3Q	Results Through 4Q	Results Through 1Q	Results Through 2Q
	Net Sales	158.1	366.8	154.3	347.9	169.5	366.9	194.7	323.6	68.8	171.0	250.3	331.6	72.7	165.5
Breakdown	Pachislot and Pachinko Machines	61.1	152.1	56.6[60.9]*	132.7[141.0]*	64.9	148.2	88.3	105.6	21.5	58.6	76.1	101.4	17.1	44.1
Breakdown	Entertainment Contents	90.3	199.6	90.2[85.9]*	198.8[190.5]*	97.8	205.7	101.5	208.0	45.0	107.2	166.2	219.6	53.0	115.8
Breakdown	Resort	6.6	14.9	7.4	16.3	6.7	13.0	4.7	9.9	2.3	5.1	7.9	10.5	2.4	5.5
	Operating Income	2.7	17.4	5.7	17.6	15.3	29.5	26.8	17.7	0.9	10.2	11.9	13.0	3.4	14.6
Breakdown	Pachislot and Pachinko Machines	7.0	25.7	8.5[8.4]*	21.5[20.9]*	10.6	26.3	21.4	11.9	1.7	9.6	9.6	13.4	1.3	7.8
Breakdown	Entertainment Contents	0.6	0.0	1.5[1.7]*	3.6[4.2]*	9.1	11.1	10.1	14.8	1.6	6.1	10.6	9.8	4.9	12.7
Breakdown	Resort	-1.4	-2.3	-1.2	-1.8	-1.3	-2.2	-1.2	-2.5	-0.6	-1.1	-1.9	-2.4	-0.8	-1.5
Breakdown	Other / Elimination	-3.5	-6.0	-3.1[-3.2]*	-5.7	-3.1	-5.7	-3.4	-6.5	-1.8	-4.4	-6.4	-7.8	-2.0	-4.4
	Operating Margin	1.7%	4.7%	3.7%	5.1%	9.0%	8.0%	13.8%	5.5%	1.3%	6.0%	4.8%	3.9%	4.7%	8.8%
	Ordinary Income	2.6	16.8	5.8	16.4	15.4	28.5	25.2	14.5	0.6	9.1	9.0	7.4	2.3	12.6
	Ordinary Income Margin	1.6%	4.6%	3.8%	4.7%	9.1%	7.8%	12.9%	4.5%	0.9%	5.3%	3.6%	2.2%	3.2%	7.6%
	Profit attributable to owners of parent	-2.8	-11.3	0.9	5.3	24.2	27.6	17.7	8.9	0.3	6.7	0.6	2.6	1.7	9.8
	Net Income Margin	-	-	0.6%	1.5%	14.3%	7.5%	9.1%	2.8%	0.4%	3.9%	0.2%	0.8%	2.3%	5.9%
	ROA	—	-2.2%	—	1.0%	—	5.2%	—	1.8%	—	—	—	0.6%	—	–
	ROE	—	-3.4%	—	1.8%	—	9.2%	—	2.9%	—	—	—	0.9%	—	–
	Equity Ratio	—	60.0%	—	55.3%	—	59.0%	—	65.0%	—	—	—	65.1%	—	–
	Cash flows to interest bearing debt ratio	—	301.9%	—	798.8%	—	178.6%	—	334.7%	—	—	—	520.9%	—	–
	Interest coverage ratio	—	45.2 times	—	19.1 times	—	61.4times	—	36.5 times	—	—	—	27.3 times	—	–
	R&D expense / content production expense	28.4	67.6	24.7	58.0	31.7	67.1	30.7	62.0	14.1	30.8	48.3	66.6	17.1	33.5
	Cap-ex	14.7	28.7	12.5	28.0	13.8	27.0	10.3	24.1	6.4	17.8	24.3	34.4	5.1	10.5
	Depreciation	8.1	17.6	8.2	16.6	7.6	16.3	8.2	16.2	3.9	7.4	10.8	14.5	3.6	7.3
	Advertising	10.0	19.1	9.3	17.9	7.6	14.8	7.8	15.4	3.3	8.4	12.2	16.0	3.6	8.5
	# of pachislot titles	4 titles	6 titles	2 titles	7 titles	3 titles	10 titles	8 titles	9 titles	1 title	1 title	3 titles	6 titles	0 title	1 title
	Unit sales	93,045 units	207,830 units	70,260 units	142,337 units	81,895 units	215,736 units	75,380 units	85,041 units	9,073 units	12,853 units	31,534 units	67,140 units	17,930 units	28,360 units
	# of pachinko titles	5 titles	10 titles	6 titles	8 titles	3 titles	9 titles	4 titles	5 titles	1 title	3 titles	5 titles	7 titles	2 titles	4 titles
	Unit sales	82,955 units	241,425 units	79,604 units	199,014 units	75,542 units	138,321 units	119,312 units	140,013 units	40,997 units	117,891 units	136,670 units	159,848 units	16,212 units	66,140 units
	YoY sales comparison of existing amusement centers	98.7%	100.1%	102.2%	103.1%	110.8%	108.5%	101.5%	101.9%	104.2%	104.5%	104.2%	104.0%	109.0%	103.6%
	No. of domestic amusement centers	198 facilities	198 facilities	198 facilities	194 facilities	189 facilities	191 facilities	189 facilities	189 facilities	189 facilities	189 facilities	191 facilities	190 facilities	191 facilities	192 facilities
	# of game software titles	6 titles	30 titles	12 titles	29 titles	21 titles	42 titles	16 titles	38 titles	5 titles	18 titles	26 titles	31 titles	8 titles	12 titles
	Sales (Thousand units)	4,100	12,280	3,280	9,220	4,650	10,280	8,650	17,330	5,700	11,180	18,510	23,440	6,240	11,370

*Sales of new segment is changed to gross basis.
*Basis for recording net sales was changed from shipment to delivery starting in FY ended March 2016.
*In line with the change of accounting policy, contents of retroactive processing have been reflected on new segments since FY ended March 2015.
*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since for FY ended March 2017.
*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.
*Added the number of titles in Asia from FY March 2017

Shareholder Returns

Dividend Policy

Continue to pay an annual dividend of ¥40



Introduction of Shareholder Benefits

We introduced shareholders benefit program to encourage shareholders to experience our services and hold our shares in the long term and expanded the benefits from March 31 2019.

Number of owned shares	Details of benefits (Gifted twice a year)
More than 100 shares Less than 1,000 shares	I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online
More than1,000 shares Less than 3,000 shares	I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online II. Facility use ticket worth 10,000 yen, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture)
More than 3,000 shares Less than 5,000 shares	I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online II. Facility use ticket worth 20,000 yen, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture)
More than 5,000	I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online II. Facility use ticket worth 20,000 yen, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture) III. 1 free accommodation ticket (1 room, maximum 2 person) usable at Sheraton Grande Ocean Resort in Phoenix Seagaia Resort (Miyazaki Prefecture) IV. 1 free accommodation ticket (1 room, maximum 2 person) usable at Paradise Hotel & Resort in Paradise City (Incheon, Korea)

*Please see the official website of SEGA SAMMY HOLDINGS for the details about shareholder benefits program

Company Profile

(As of September 30, 2019)

Company Name	SEGA SAMMY HOLDINGS INC.
Address	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo
Established	October 1, 2004
Capital	¥29.9 billion
Number of Employees	8,665 (Consolidated)
Stock Exchange	Tokyo Stock Exchange (Stock Code：6460)

Managements

(As of June 21, 2019)

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

Information on Outstanding Shares

(As of September 30, 2019)

Number of shares authorized for issuance	800,000,000 shares
Total number of shares issued and outstanding	266,229,476shares
Number of Shareholders	75,468

■Principal Shareholders

Name of Shareholder	Shares Held	Shareholding Ratio (%)
HS Company	35,308,000	13.26
SEGA SAMMY HOLDINGS INC.	31,436,063	11.80
FSC Co., Ltd.	13,562,840	5.09
The Master Trust Bank of Japan, Ltd. (Trust account)	13,379,500	5.02
Japan Trustee Services Bank, Ltd. (Trust account)	9,465,700	3.55

■Distribution of Shareholders

Financial Institutions	17.01%
Securities Companies	1.50%
Other Companies	20.93%
Foreign Institutions and Individuals	28.04%
Japanese Individuals and Other	20.71%
Treasury Stock	11.81%

*Including the number of share less than 1 unit

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

Please visit below websites for products and service information.
https://www.segasammy.co.jp/english/pr/corp/group/list.html
(SegaSammy Group Website list)

*** Company / product names in this document are trademarks or registered trademarks of the respective companies.**

Cautionary Statement for Investors and Shareholders with Respect to Nevada Gaming Statutes and Regulations

SEGA SAMMY HOLDINGS INC. (“the Company”) is registered with the Nevada Commission as a publicly traded corporation and has been found suitable to directly or indirectly own the stock of SEGA SAMMY CREATION INC., and Sega Sammy Creation USA, Inc., both of which are subsidiaries that have been licensed as manufacturers and distributors of gaming devices in Nevada. Pursuant to Nevada law, the Company’s shareholders are subject to the rules and regulations of the Nevada Gaming Authorities. A detailed explanation of Nevada gaming statutes and regulations can be found on the Company’s corporate website:
https://www.segasammy.co.jp/english/ir/stock/regulation/