



# FY Ending March 2020 2Q Results Presentation

Oct 31, 2019

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These contents involve the risk and uncertainty and the actual results may differ materially from them.

# **1. Fiscal Year Ending Mar 2020, 2Q Results / Full Year Forecasts**

# Results Highlights

(JPY Billion)

	2019/3		2020/3	
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Forecast
Sales	171.0	331.6	165.5	390.0
Operating Income	10.2	13.0	14.6	27.0
Operating Income Margin	6.0%	3.9%	8.8%	6.9%
Non-operating income	1.3	2.1	1.3	1.5
Non-operating expenses	2.3	7.7	3.3	5.5
Ordinary Income	9.1	7.4	12.6	23.0
Extraordinary income	1.7	8.2	0.0	-
Extraordinary losses	0.2	8.7	0.1	-
Income before income taxes	10.6	6.9	12.5	23.0
Profit (loss) attributable to owners of parent	6.7	2.6	9.8	15.0
ROA <sup>※</sup>	-	0.6%	-	-

\* ROA = Profit attributable to owners of parent / Total assets

## 2020/3 2Q Results

- ◆ 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

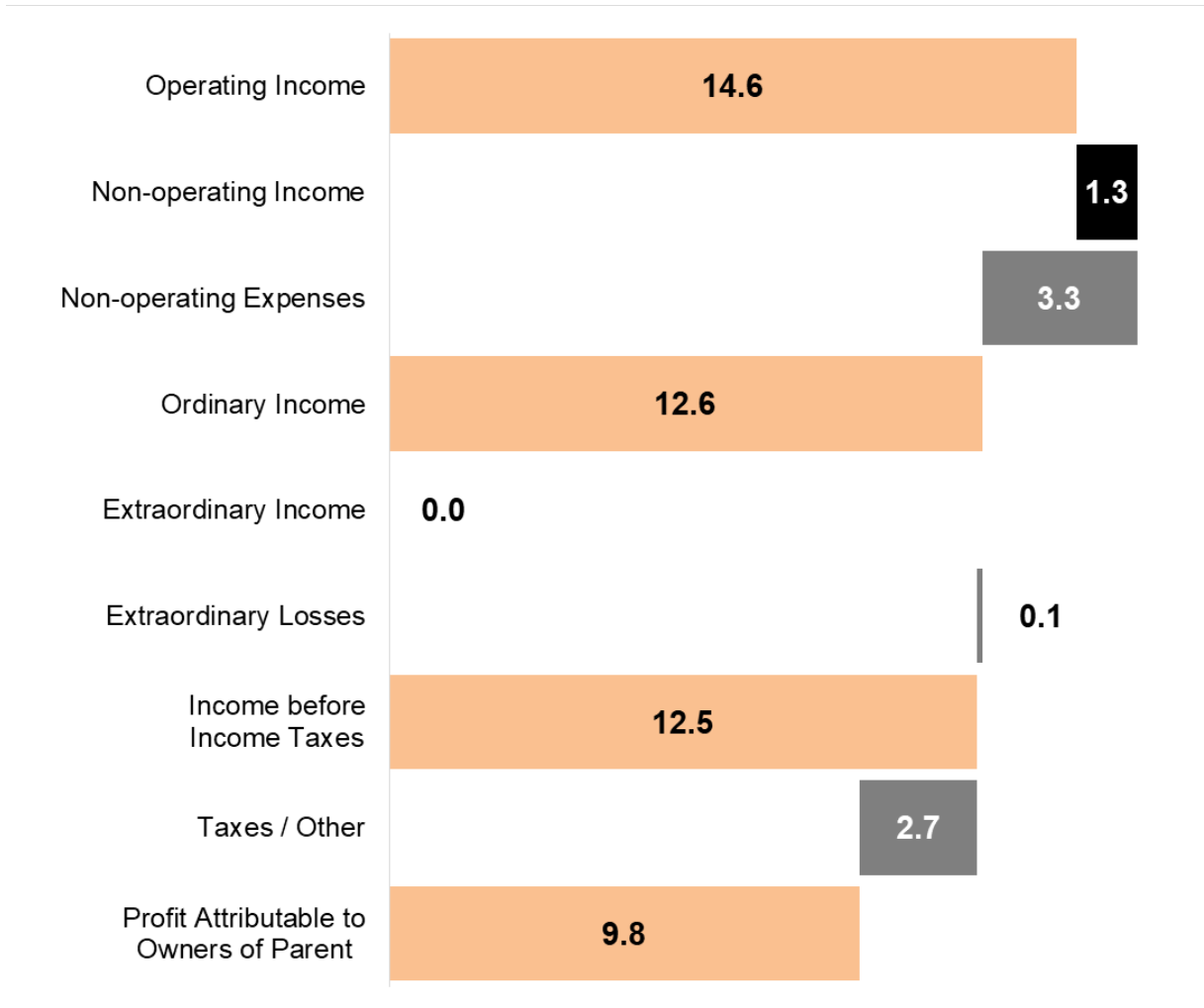
## 2020/3 Forecast

- ◆ As several major titles will be launched in each segment in stages, need to carefully observe the sales status.

# Breakdown of Income

## (2020/3 2Q Results )

(JPY Billion)



### Break down of non-operating income / losses

(JPY Billion)

<b>Non-operating income</b>	<b>1.3</b>
Interest income	0.1
Dividends income	0.2
Gain on investments in partnership	0.4
Other	0.6

<b>Non-operating expenses</b>	<b>3.3</b>
Interest expenses	0.2
Equity in losses of affiliates	2.1
Other	1.0

# Consolidated Costs and Expenses

(JPY Billion)

	2019/3		2020/3		2020/3 2Q results / main factors
	Results Through 2Q	Full Year Results	Results Through 2Q	Full Year Forecast	
R&D Expense / Content Production Expense	30.8	66.6	33.5	72.5	Increased in association with the launch of new titles in Packaged Games area
Cap-ex	17.8	34.4	10.5	24.8	Decreased in association with the completion of relocation of headquarter
Depreciation	7.4	14.5	7.3	13.6	-
Advertising	8.4	16.0	8.5	21.0	-

## Consolidated Balance Sheet

(JPY Billion)

	As of end of March 2019	As of end of September 2019	Change
Total Current Assets	260.4	238.6	-21.8
Cash and Deposits	137.4	82.4	-55.0
Securities	14.5	33.2	+18.7
Total Noncurrent Assets	204.1	201.1	-3.0
Total liabilities and net assets	464.6	439.7	-24.9
Total Current Liabilities	87.5	77.9	-9.6
Corporate Bonds	12.5	10.0	-2.5
Total Noncurrent Liabilities	71.7	59.2	-12.5
Corporate Bonds	10.0	-	-10.0
Total Liabilities	159.3	137.2	-22.1
Total Net Assets	305.3	302.5	-2.8
<b>Total Liabilities and Net Assets</b>	<b>464.6</b>	<b>439.7</b>	<b>-24.9</b>

	As of end of March 2019	As of end of September 2019	Change
Cash and cash equivalents	148.0	110.1	-37.9
Interest bearing debt	76.1	54.5	-21.6
Net cash	71.8	55.6	-16.2
Equity Ratio	65.1%	68.1%	+3.0pt

## Consolidated Balance Sheet Summary

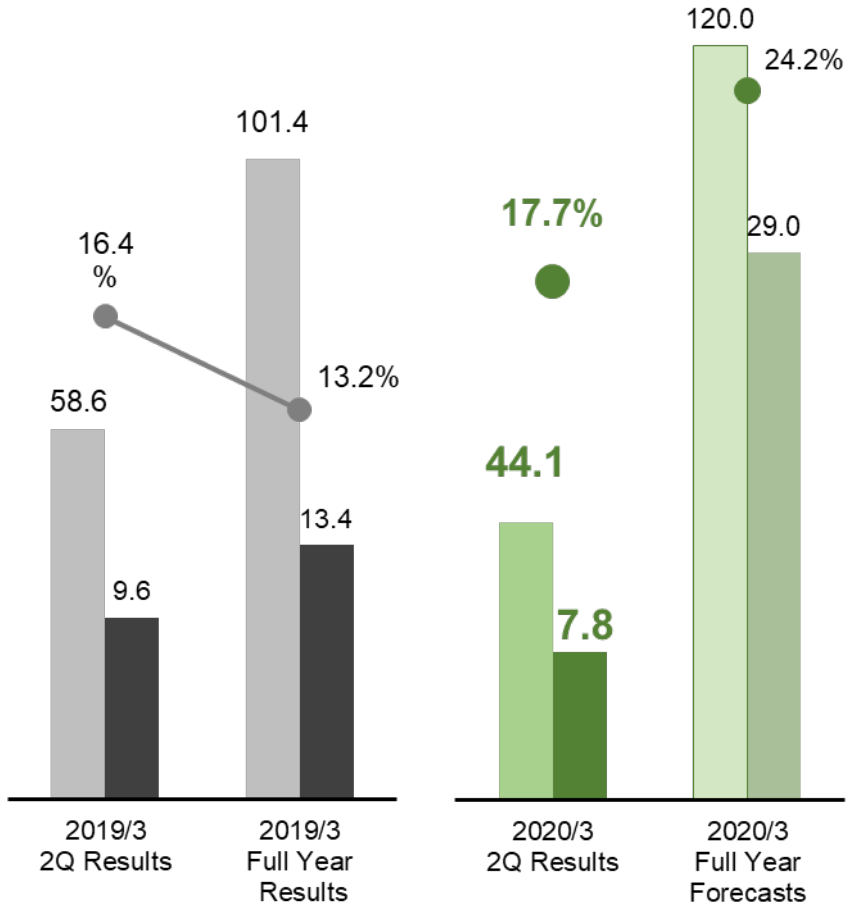
Main factors	Changes
Current Assets	-21.8
Cash and deposits decreased due to acquisition of securities and repayment of interest-bearing debt, etc.	
Non-current Assets	-3.0
Investment securities decreased due to market valuation but tangible fixed assets increased in association with change of accounting regulation in some overseas subsidiaries	
Liabilities	-22.1
Decreased due to redemption of corporate bond and repayment of loans payable	

## 2. 2Q Results / Full Year Forecast per Segments

# Pachislot and Pachinko Machines Business

■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



## 2020/3 2Q Results

- ◆ 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”

## 2020/3 Forecast

- ◆ 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”

(Sales units transition)

	2019/3 2Q Results	2019/3 Full Year Results	2020/3 2Q Results	2020/3 Full Year Forecasts
Pachislot	12,853	67,140	28,360	120,000
Pachinko	117,891	159,848	66,140	164,000
Board + Frame	77,518	91,858	15,850	78,600
Board	40,373	67,990	50,290	85,400



# Pachislot and Pachinko Machines Business

## Major titles in 2Q

Pachislot Machine



“Pachislot AnoHana:  
The Flower We Saw That Day”

©ANO HANA PROJECT ©Sammy

Pachinko Machine



“P Hokuto No Ken 8  
Haou”

©Buronson & Tetsuo Hara/NSP 1983,  
©NSP 2007 Approved No.YSE-020  
©Sammy

Pachislot Machine



“Pachislot Hokuto No Ken  
Tenshou”

©Buronson & Tetsuo Hara/NSP 1983,  
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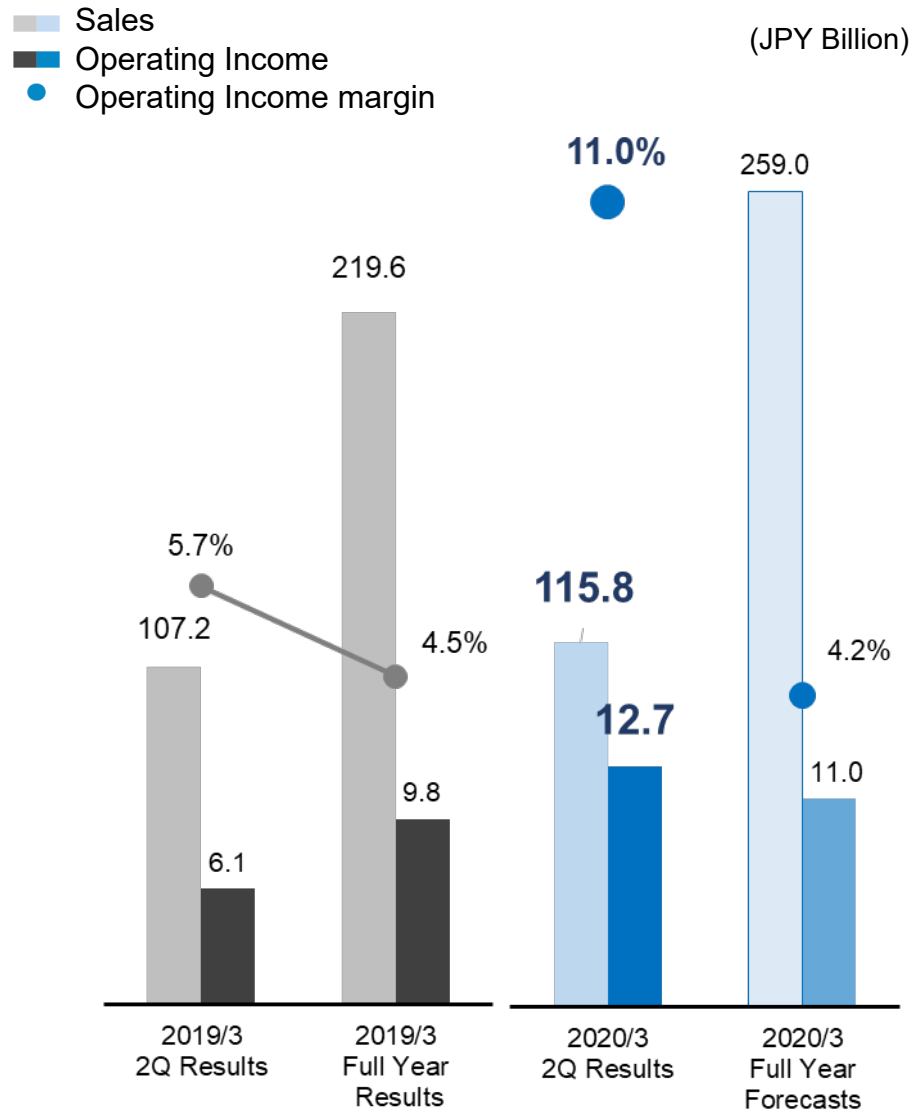
Pachinko Machine



“P GAOGAOKING 3”

©Sammy

# Entertainment Contents Business



## 2020/3 2Q Results

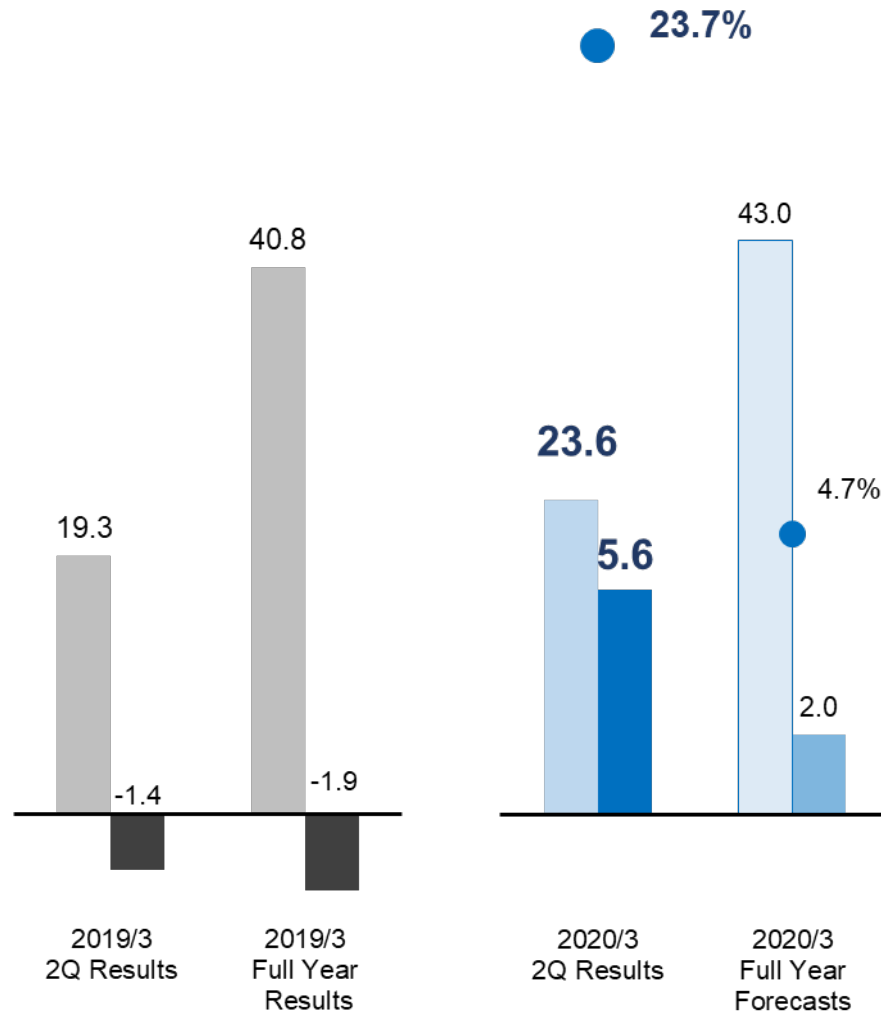
- ◆ Strong performance overall in business segment centered on Digital Games area.
  - ✓ Recorded revenues from offering titles in Digital Games area
  - ✓ Expenses of Digital Games area decreased due to impairment loss recorded in previous fiscal year
  - ✓ Sold “Mega Drive Mini,” etc. and sales of new titles and repeat titles performed solidly in Packaged Games area

## 2020/3 Forecast

- ◆ Need to observe the sales trend as multiple new major titles are scheduled to be launched in 3Q mainly in Packaged Games area.

■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



## 2020/3 2Q Results

- ◆ Profit significantly improved YoY.
  - ✓ Recorded revenues from transfer of titles in Digital Games area in 1Q
  - ✓ Recorded revenues from offering titles to Apple Arcade in 2Q
  - ✓ Expenses decreased due to impairment recorded in previous fiscal year
- ◆ Steady performance of existing titles.
- ◆ Launched multiple new titles.
  - ✓ “Fist of the North Star LEGENDS ReVIVE”
  - ✓ “Kemono Friends 3,” etc.

## 2020/3 Forecast

- ◆ Strengthen operation of existing titles.
- ◆ Continue to optimize the scale of operation.

## Major topics in 2Q

Launched service of multiple titles



“Fist of the North Star LEGENDS ReVIVE”

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©SEGA



“Kemono Friends 3”

©Kemono Friends Project2G ©SEGA



“LEAGUE OF WONDERLAND”

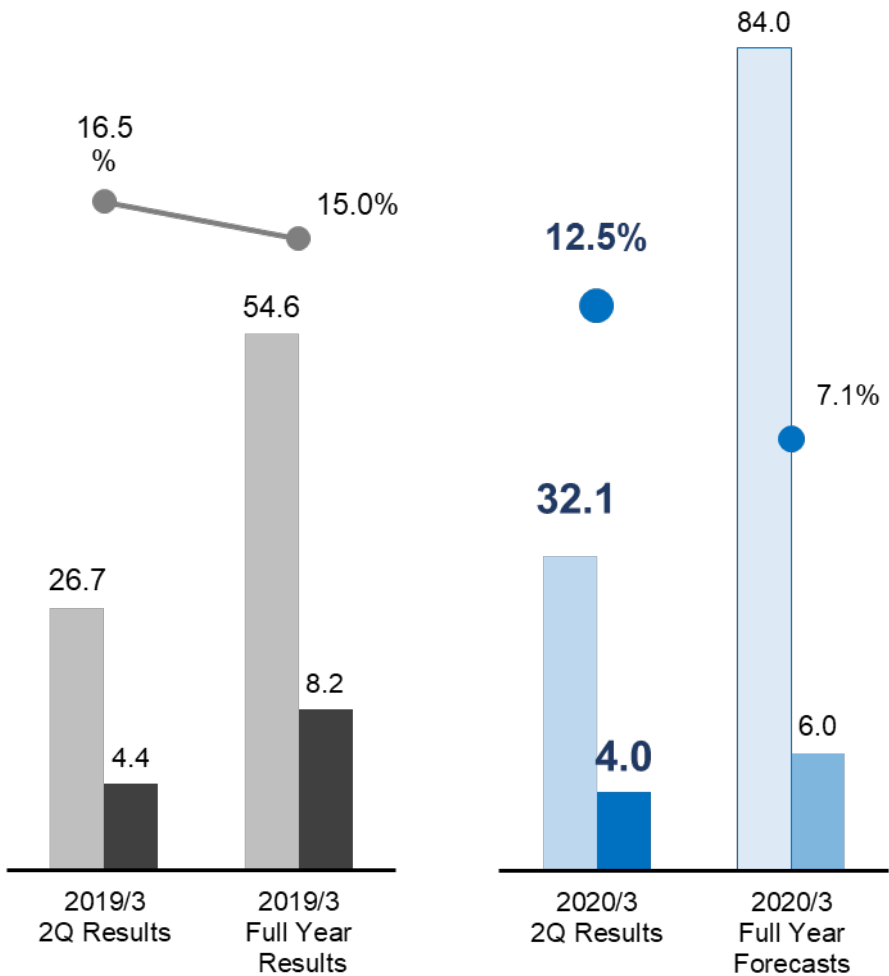
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# Packaged Games

■ Sales  
 ■ Operating Income  
 ● Operating Income margin

(JPY Billion)



## 2020/3 2Q Results

- ◆ Solid performance with new titles and repeat sales.
  - ✓ Sold “Mega Drive Mini” globally (released in Oct 2019 in Europe)

## 2020/3 Forecast

- ◆ Need to closely observe the sales status as we launch multiple new titles.
  - ✓ “PERSONA 5 THE ROYAL”: Released in Oct, 2019
  - ✓ “Mario & Sonic at the Olympic Games Tokyo 2020™”: To be released in Nov, 2019
  - ✓ “New Sakura Wars”: To be released in Dec, 2019
  - ✓ “Ryu ga Gotoku 7”: To be released in Jan, 2020

### Unit sales of Packaged Games

(Thousand units)

	2019/3 2Q Results	2019/3 Full Year Results	2020/3 2Q Results	2020/3 Full Year Forecasts
New titles	1,880	4,090	3,560	10,690
Repeat titles	9,300	19,350	7,810	14,500
Total	11,180	23,440	11,370	25,190

# Packaged Games

## Major titles in 2Q



“Mega Drive Mini”

©SEGA



“Olympic Games Tokyo 2020 - The Official Video Game”

TM IOC/TOKYO2020/USOC 36USC220506.  
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## Major titles in and after 3Q



“PERSONA 5 ROYAL”

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“New Sakura Wars”

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©2015 CAVE Interactive CO.,LTD.



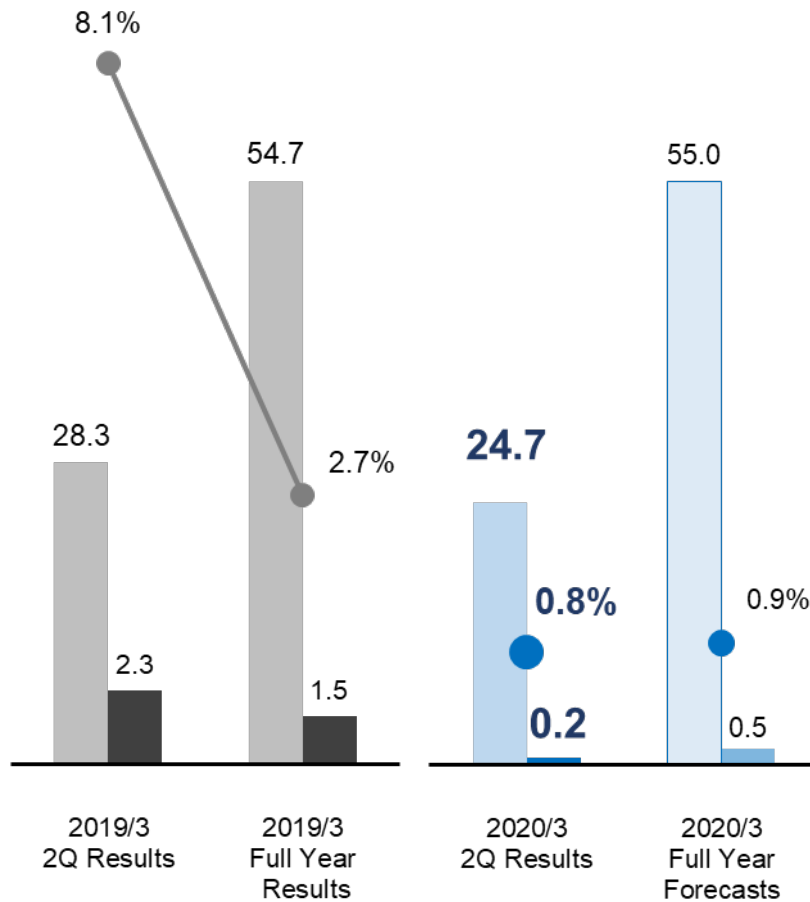
“Mario & Sonic at the Olympic Games Tokyo 2020™”

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# Amusement Machine Sales

■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



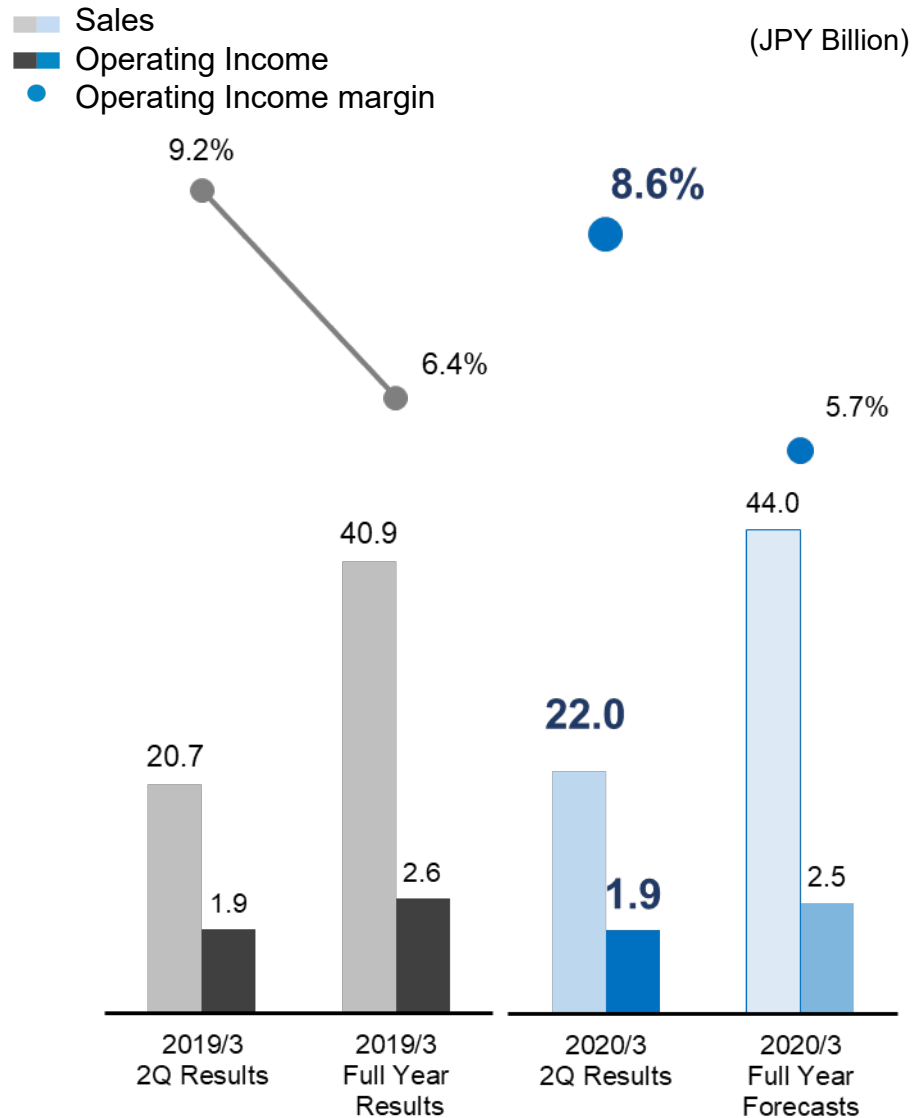
## 2020/3 2Q Results

- ◆ Sales of prize machine remained steady while utilization of video games went below expectation.
- ◆ Common fixed expenses increased accompanied by relocation of headquarter.
- ◆ Started the installation of casino machines in state of Nevada.

## 2020/3 Forecast

- ◆ Launch new series of major title “StarHorse”.
  - ✓ “StarHorse4”: To be in service in end Nov, 2019

# Amusement Center Operations



## 2020/3 2Q Results

- ◆ Solid performance centering on prize machines.
- ◆ Sales at existing stores exceeded 100% YoY for the fifth consecutive fiscal year.
- ◆ Store openings: 3 Closings: 1

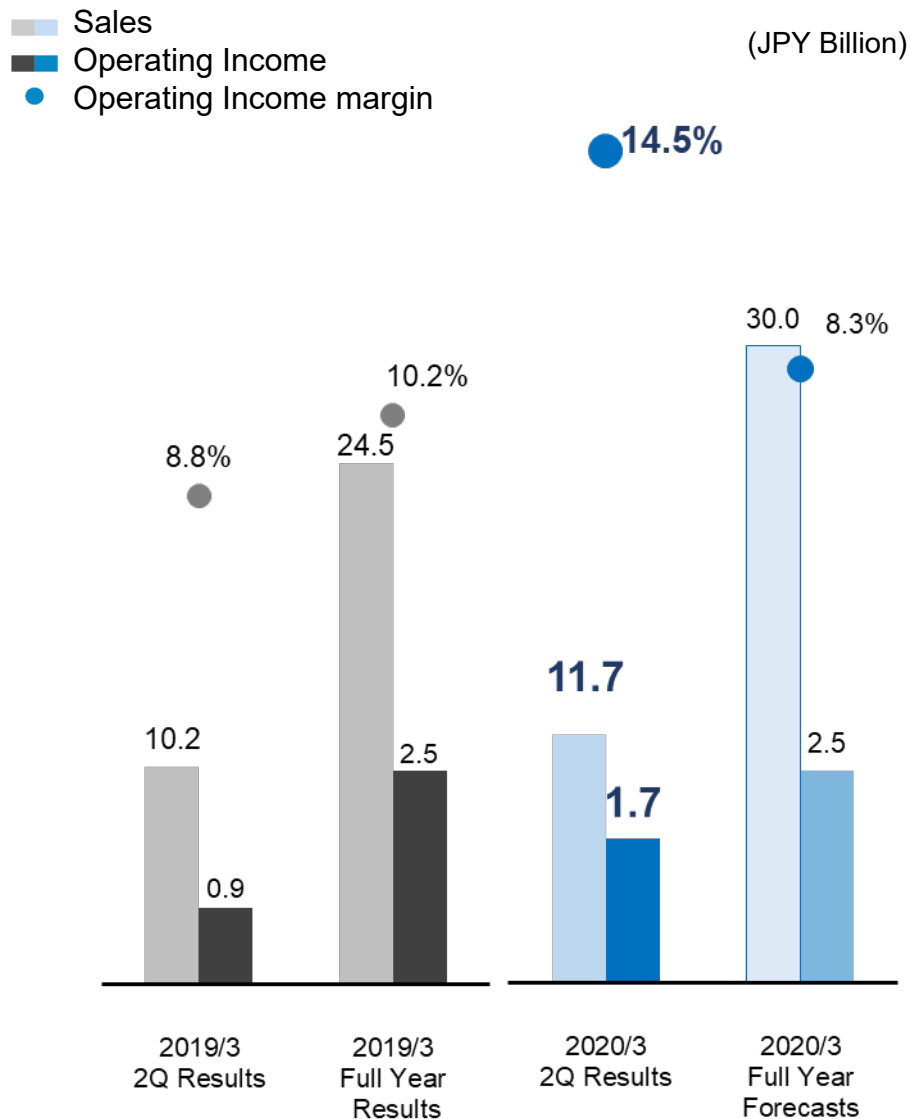
## 2020/3 Forecast

- ◆ Open new stores (scheduled store openings: 4 closings: 1 in 3Q).
- ◆ Estimate the impact of consumption tax hike from October.

Domestic amusement centers: No. of stores / YoY sales ratio comparison

	2019/3 2Q Results	2019/3 Full Year Results	2020/3 2Q Results	2020/3 Full Year Forecasts
No. of stores	189	190	192	195
YoY Sales Ratio comparison (%)	104.5	104.0	103.6	104.4





## 2020/3 2Q Results

- ◆ Both sales and profits increased YoY.
- ◆ Animation: Recorded allocated revenue of movies.
  - ✓ Box office revenue of “Detective Conan The Fist of Blue Sapphire” breaks the record of past series
- ◆ Toys: Sold new products and regular products.

## 2020/3 Forecast

- ◆ Animation: Record allocated revenue of movies and revenue from video distribution, etc.
  - ✓ Schedule to release theatrical version of “Lupin The Third THE FIRST” on Dec 6, 2019
- ◆ Toys: Promote sales towards the holiday shopping season
  - ✓ To release new products including “WHO are YOU ? ” series and “YUME-PETS coming babies”

## Topics in and after 3Q



Theatrical version of  
“Lupin The Third THE FIRST”

©Monkey Punch/2019 Movie  
“Lupin The Third” Production Committee



Toys: “WHO are YOU ? Real Rescue”

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■ Sales  
■ Operating Income

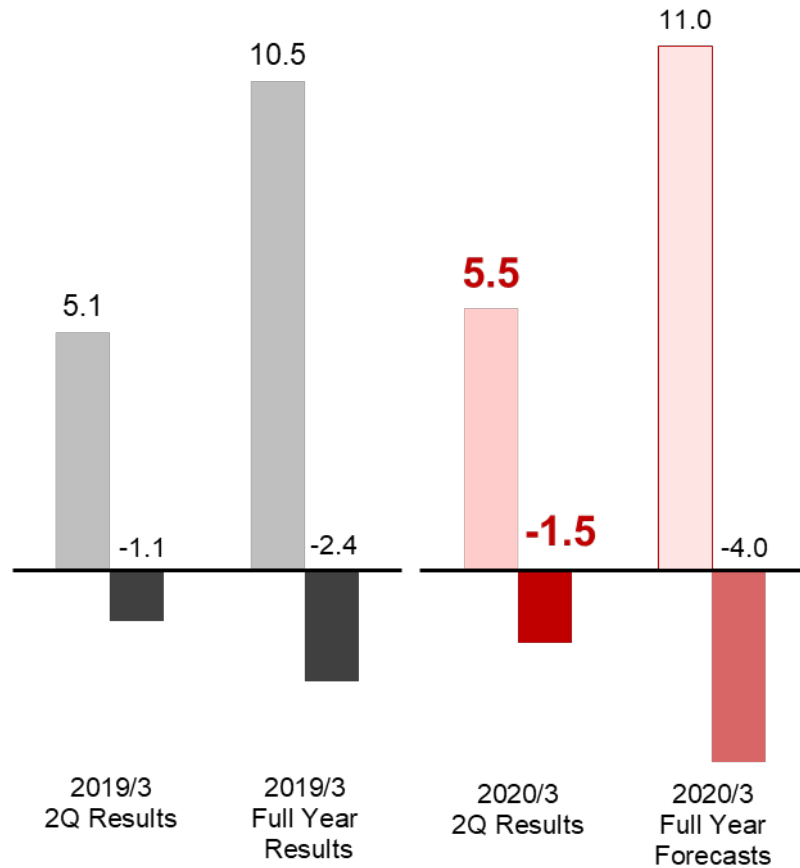
(JPY Billion)

## 2020/3 2Q Results

- ◆ Profitability of PHOENIX RESORT improved while expenses for domestic Integrated Resort (IR) increased, resulting increase of losses.

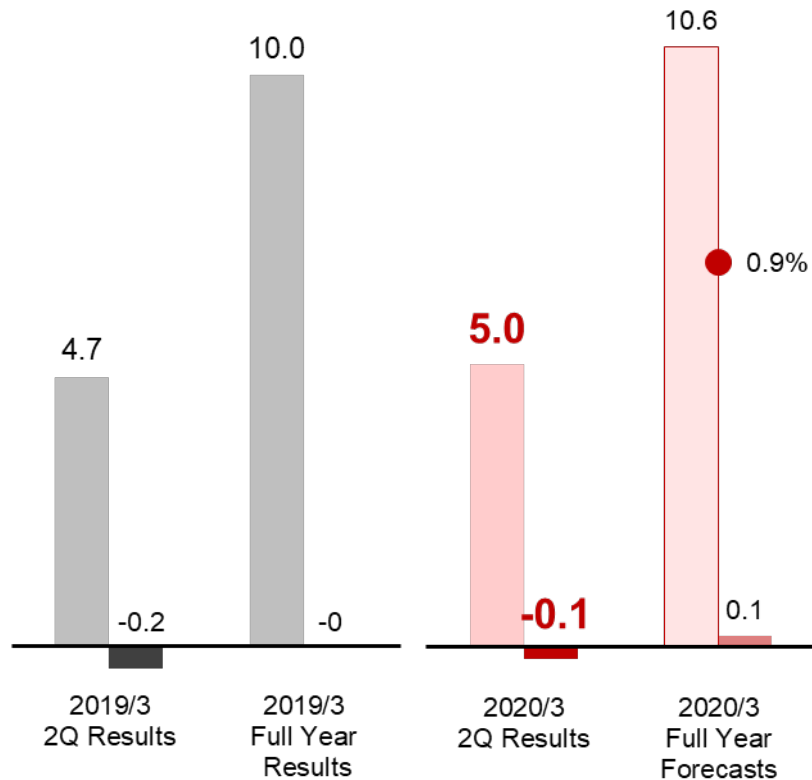
## 2020/3 Forecast

- ◆ Continue efforts to improve profitability of existing facilities.
- ◆ Expect increase of expenses as the measures towards participating into domestic IR will be activated.



■ Sales  
■ Operating Income  
● Operating Income margin

(JPY Billion)



## 2020/3 2Q Results

- ◆ Number of users increased due to various measures, etc. despite the impact of repeated natural disasters.
  - ✓ Various measures during summer vacation
  - ✓ Promotion measures targeting the Kyushu area
  - ✓ Measures to strengthen repeat sales targeting members

## 2020/3 Forecast

- ◆ Continuously implement various promotion activities and strengthen customer base to improve profitability.
  - ✓ Seagaia 25th anniversary project
  - ✓ Measures towards New Year's holiday
- ◆ Implement measures to boost golf and MICE use.



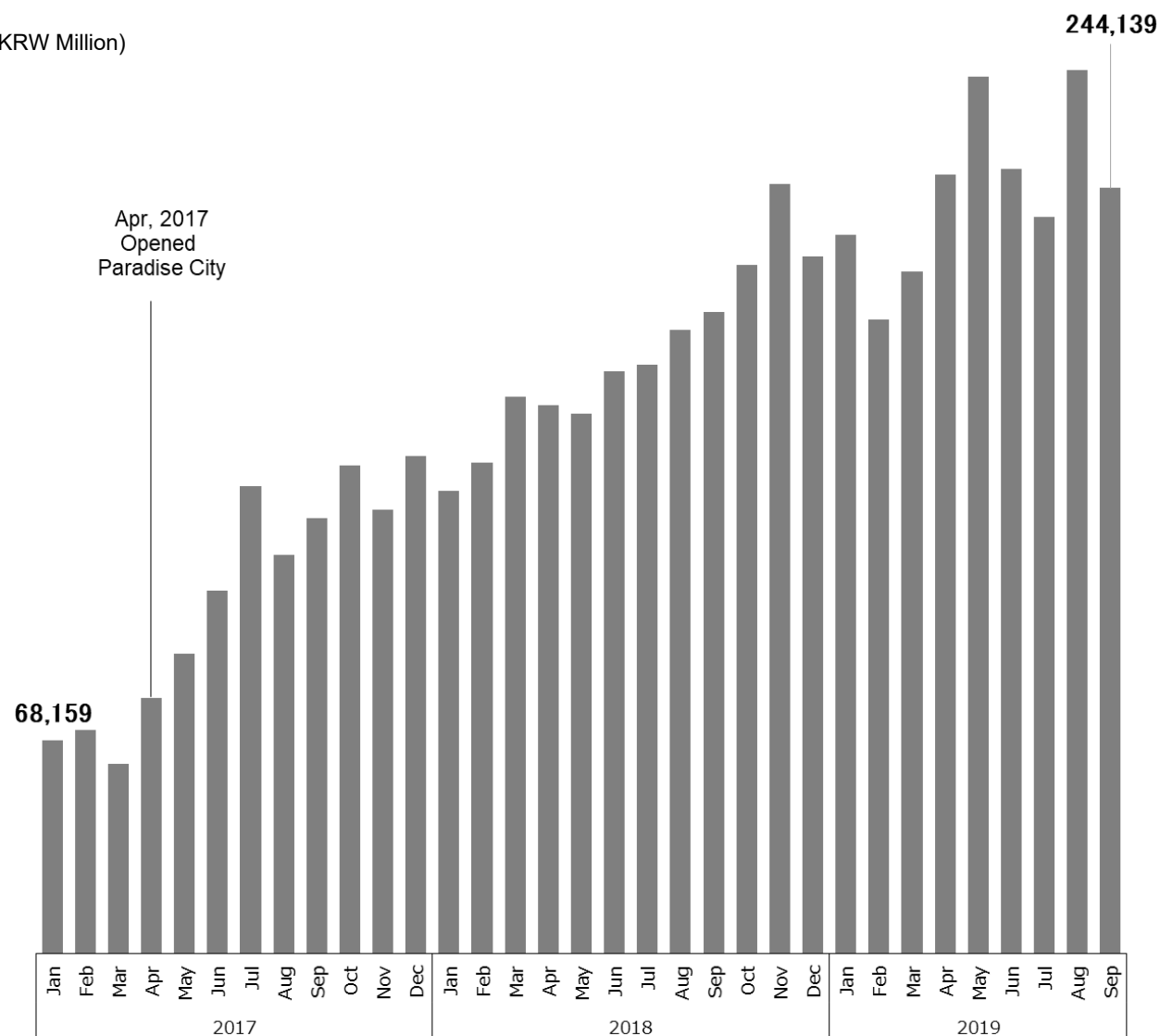
# 25<sup>th</sup> Anniversary of SEAGAIA

PHOENIX RESORT



## Transition of Drop\* amount at Paradise SegaSammy

( KRW Million)



## PARADISE SEGASAMMY (Equity method affiliate)

(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



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

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