



FY Ending March 2020 3Q Results Presentation

February 5, 2020

[Disclaimer]

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

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

1. With regard to revision to the full-year operating results forecast announced on February 5

Revisions to full-year operating results forecast announced on Feb 5 (1)

Overall

FY ending March 2020 Full-Year Forecast:
Breakdown per Segments

(Unit: billion yen)

	2019/3 Full Year Results	Full Year Forecast (announced on Apr 26)	2020/3 Revised Full Year Forecasts (announced on Feb 5)	Increase / Decrease
Sales	331.6	390.0	367.0	-23.0
Pachislot and Pachinko Machines	101.4	120.0	110.0	-10.0
Entertainment Contents	219.6	259.0	246.0	-13.0
Resort	10.5	11.0	11.0	-
Operating Income	13.0	27.0	27.0	-
Pachislot and Pachinko Machines	13.4	29.0	25.5	-3.5
Entertainment Contents	9.8	11.0	14.0	+3.0
Resort	-2.4	-4.0	-3.5	+0.5
Other / Elimination	-7.8	-9.0	-9.0	-
Operating Income Margin	3.9%	6.9%	7.4%	+0.5pt
Non-operating income	2.1	1.5	2.2	+0.7
Non-operating expenses	7.7	5.5	5.0	-0.5
Ordinary Income	7.4	23.0	24.0	+1.0
Extraordinary income	8.2	-	3.0	+3.0
Extraordinary losses	8.7	-	0.5	+0.5
Income before income taxes	6.9	23.0	26.5	+3.5
Profit attributable to owners of parent	2.6	15.0	21.0	+6.0

- ◆ While Pachislot and Pachinko Machines Business fell short of initial forecast due to a decline in sales units, Digital Games area in Entertainment Contents Business improved.
- ◆ Net income increased due to the recognition of extraordinary income associated with the transfer of non-current assets and the decrease of tax expenses.

Revisions to full-year operating results forecast announced on Feb 5 (2)

Pachislot and Pachinko Machines Business

(JPY Billion)	2019/3		2020/3	
	Full Year Results	Full Year Forecast (announced on Apr 26)	Revised Full Year Forecasts (announced on Feb 5)	Increase / Decrease
Sales	101.4	120.0	110.0	-10.0
Pachislot	24.7	48.8	58.0	+9.2
Pachinko	59.9	59.0	38.0	-21.0
Other / Elimination	16.8	12.2	14.0	+1.8
Operating Income	13.4	29.0	25.5	-3.5
Operating Income Margin	13.2%	24.2%	23.2%	-1.0pt
Pachislot				
Number of Titles	6 titles	10 titles	6 titles	-4 titles
Unit Sales (units)	67,140	120,000	133,000	+13,000
Pachinko				
Number of Titles	7 titles	9 titles	7 titles	-2 titles
Unit Sales (units)	159,848	164,000	109,000	-55,000
Board + Frame	91,858	78,600	38,000	-40,600
Board	67,990	85,400	71,000	-14,400

Main reason for the revision

- ◆ Launch of several titles will be delayed until the next fiscal year.
- ◆ Unit sales of Pachinko machines went below initial forecast.

Revisions to full-year operating results forecast announced on Feb 5 (3)

Entertainment Contents Business

(JPY Billion)	2019/3	2020/3		
	Full Year Results	Full Year Forecast (announced on Apr 26)	Revised Full Year Forecasts (announced on Feb 5)	Increase / Decrease
Sales	219.6	259.0	246.0	-13.0
Digital Games	40.8	43.0	46.5	+3.5
Packaged Games	54.6	84.0	74.5	-9.5
Amusement Machine Sales	54.7	55.0	52.0	-3.0
Amusement Center Operations	40.9	44.0	43.0	-1.0
Animation / Toy	24.5	30.0	27.0	-3.0
Other / Elimination	4.1	3.0	3.0	-
Operating Income	9.8	11.0	14.0	+3.0
Digital Games	-1.9	2.0	9.2	+7.2
Packaged Games	8.2	6.0	4.1	-1.9
Amusement Machine Sales	1.5	0.5	-2.2	-2.7
Amusement Center Operations	2.6	2.5	2.0	-0.5
Animation / Toy	2.5	2.5	2.9	+0.4
Other / Elimination	-3.1	-2.5	-2.0	+0.5
Operating Income Margin	4.5%	4.2%	5.7%	+1.5pt

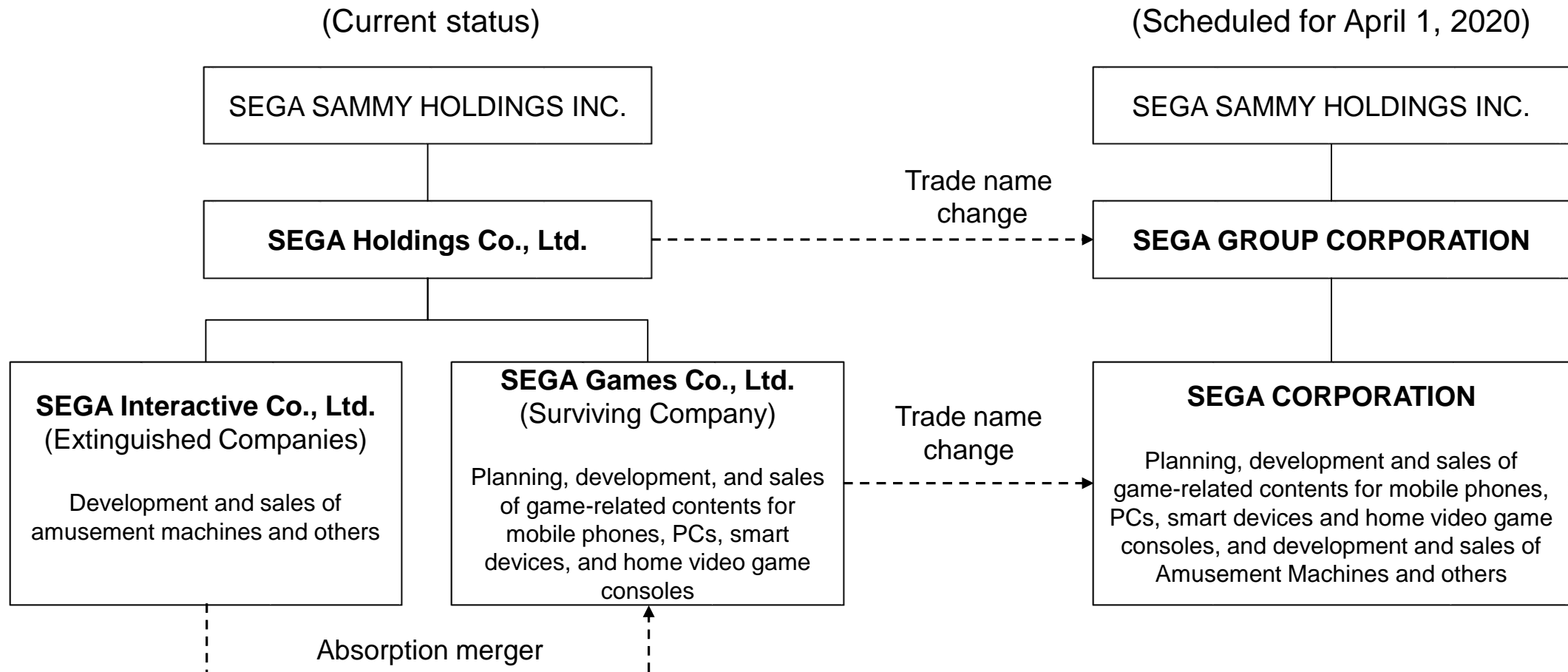
Main reason for the revision

- ◆ Unit sales of Packaged Games went below expectation and sales fall short of initial forecast.
- ◆ Operating income exceeded initial forecast due to the improvement of Digital Games although Packaged Games and Amusement Machine Sales struggling.

Organizational restructuring announced on Dec 24

Entertainment Contents Business

Merges SEGA Games Co., Ltd. and SEGA Interactive Co., Ltd. with the aim to enhance the development capabilities through utilization of resources.



2. FY Ending March 2020 3Q Results / Full-Year Forecast

Results Highlights

(Unit: billion yen)

	2019/3		Results Through 3Q	2020/3	
	Results Through 3Q	Full Year Results		Full Year Forecast (announced on Apr 26)	Revised Full Year Forecasts (announced on Feb 5)
Sales	250.3	331.6	280.8	390.0	367.0
Operating Income	11.9	13.0	28.0	27.0	27.0
Operating Income Margin	4.8%	3.9%	10.0%	6.9%	7.4%
Non-operating income	1.5	2.1	1.8	1.5	2.2
Non-operating expenses	4.4	7.7	4.0	5.5	5.0
Ordinary Income	9.0	7.4	25.8	23.0	24.0
Extraordinary income	1.7	8.2	3.0	-	3.0
Extraordinary losses	6.7	8.7	0.5	-	0.5
Income before income taxes	4.0	6.9	28.3	23.0	26.5
Profit (loss) attributable to owners of parent	0.6	2.6	22.9	15.0	21.0
ROA [※]	-	0.6%	-	-	-

※ ROA(%)= profit attributable to owners of parent/total assets

2020/3 3Q Results

- ◆ Both sales and profit increased YoY.
 - ✓ Unit sales increased in Pachislot and Pachinko machines business
 - ✓ Digital Games area in Entertainment Contents Business performed solidly.
- ◆ Recorded extraordinary income associated with transfer of non-current assets.

Forecast

- ◆ Expect the incurrence of expenses with verification of asset value of inventories, incentives and others at the end of the fiscal year in Entertainment Contents business.

Breakdown of Income (2020/3 3Q results)

(Unit: billion yen)



Breakdown of non-operating income / losses

(Unit: billion yen)

Non-operating income	1.8
Interest income	0.1
Dividends income	0.3
Gain on investments in partnership	0.4
Non-operating expenses	4.0
Foreign exchange losses	0.3
Equity in losses of affiliates	1.8
Extraordinary income	3.0
Gain on sale of non-current assets	2.9

- ◆ Operating profit of PARADISE SEGASAMMY became profitable from Jan to Sep, 2019

Consolidated Costs and Expenses

(Unit: billion yen)

	2019/3		Results Through 3Q	2020/3		2020/3 3Q results / Main Factors
	Results Through 3Q	Full Year Results		Full Year Forecast (announced on Apr 26)	Revised Full Year Forecasts (announced on Feb 5)	
R&D Expense / Content Production Expense	48.3	66.6	56.4	72.5	75.7	Increased with launch of new titles in Packaged Games
Cap-ex	24.3	34.4	16.1	24.8	22.6	Decrease in association with completion of relocation of headquarter
Depreciation	10.8	14.5	10.9	13.6	13.8	-
Advertising	12.2	16.0	12.9	21.0	18.2	-

Consolidated Balance Sheet Summary

(Unit: billion yen)

	As of end of March 2019	As of end of December 2019	Change
Total Current Assets	260.4	264.0	+3.6
Cash and Deposits	137.4	102.0	-35.4
Accounts Receivable	39.2	57.8	+18.6
Securities	14.5	33.5	+19.0
Total Noncurrent Assets	204.1	202.0	-2.1
Total assets	464.6	466.0	+1.4
Total Current Liabilities	87.5	84.1	-3.4
Corporate Bonds	12.5	10.0	-2.5
Total Noncurrent Liabilities	71.7	69.4	-2.3
Corporate Bonds	10.0	10.0	-
Total Liabilities	159.3	153.5	-5.8
Total Net Assets	305.3	312.5	+7.2
Total Liabilities and Net Assets	464.6	466.0	+1.4

	As of end of March 2019	As of end of December 2019	Change
Cash and cash equivalents	148.0	129.6	-18.4
Interest bearing debt	76.1	64.5	-11.6
Net cash	71.8	65.1	-6.7
Equity Ratio	65.1%	66.5%	+1.4pt

Main change factors

Current Assets

+3.6

While cash and deposits decreased due to acquisition of securities and repayment of interest-bearing debt, trade notes and accounts receivable and inventory assets increased.

Non-current assets

-2.1

Decrease as investment securities decreased mainly due to market valuation, although tangible fixed assets increased in association with changes in accounting policies at some overseas subsidiaries.

Liabilities

-5.8

Despite issuance of corporate bonds, decreased due to redemption of corporate bonds and repayment of loans payable.

⇒For more details, please see "FY Ending March 2020 3Q Result / Appendix"

3. 3Q results / Full-Year Forecast per Segments

Pachislot and Pachinko Machines Business

■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)

2020/3 3Q results

◆ Profitability improved YoY due to increased pachislot unit sales.

✓ Pachislot : "Pachislot Hokuto No Ken Tenshou"

"Pachislot Psalms of Planets Eureka Seven 3
HI-EVOLUTION ZERO"

✓ Pachinko: "P GAOGAOKING 3", "P The Seven deadly Sins Elizabeth ver."

Forecast

◆ Revised the number of titles and unit sales forecast.

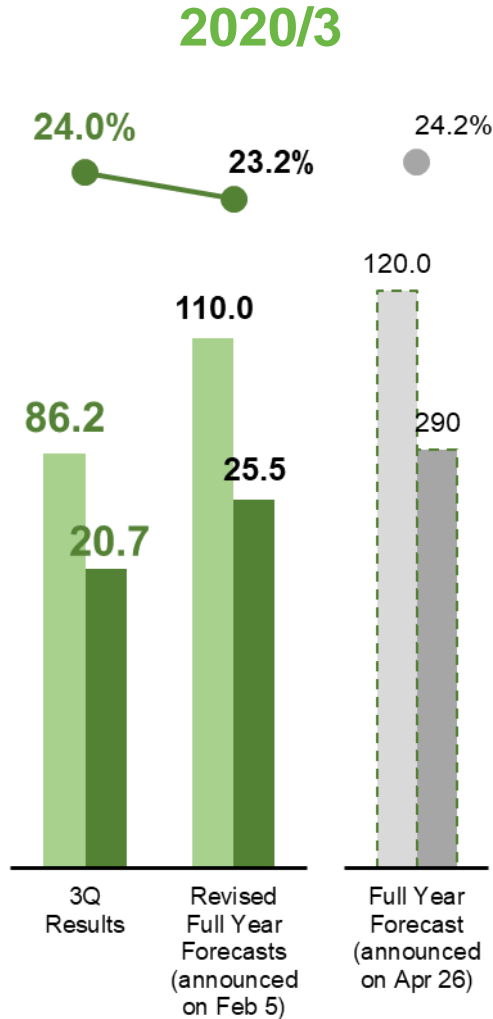
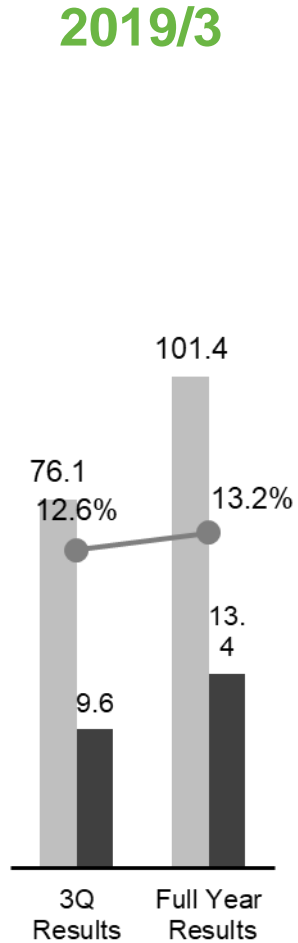
✓ Pachislot : "Pachislot PHANTASY STAR ONLINE 2"

"Pachislot 〈Monogatari〉 Series Secondseason"

✓ Pachinko: "P SOUTEN-NO-KEN Souryu," "P BIG DREAM2 GEKISHIN," etc.

(Changes in unit sales)

	2019/3 Through 3Q	2019/3 Full-year	2020/3 Through 3Q	2020/3 Revised forecast	2020/3 Initial forecast
Pachislot	31,534 units	67,140 units	105,860 units	133,000 units	120,000 units
Pachinko	136,670 units	159,848 units	75,094 units	109,000 units	164,000 units
Board	87,468 units	91,858 units	18,878 units	38,000 units	78,600 units
Frame	49,202 units	67,990 units	56,216 units	71,000 units	85,400 units



Pachislot and Pachinko Machines Business

Major titles in 3Q



Pachislot
**"Pachislot Hokuto No Ken
Tenshou"**

©Buronson & Tetsuo Hara/NSP 1983,
©NSP 2007 Approved No.YAF-420
©Sammy



Pachinko
"P GAOGAOKING 3"

©Sammy

Major titles in and after 4Q



Pachislot
**"Pachislot <Monogatari>
Series Secondseason"**

©Nisioisin/ Kodansha, Aniplex Inc., SHAFT INC.
©Sammy



Pachinko
"P SOUTEN-NO-KEN Souryu"

©Tetsuo Hara & Buronson/NSP 2001, Approved No.YSM-130
©Sammy

Transition of revision of rules (February 2018) and easing of voluntary regulation, etc.

Pachislot and Pachinko Machines Business

Pachislot

Revision of rules

- Changes in pay-out regulation

2018/2

2018/4

New Regulation Machine (1) (Regulation for 6.0 model machine)

Gameplay in shorter time improved

- Removal of upper limit of the no. of obtained medals per game
- Revival of assist time machines

New Regulation Machine (2) (Regulation for 6.1 model machine)

Mainly improved gameplay related to visual effects

- Addition of visual effects using the lever and buttons
- Addition of visual effects using mini-reel machine (video reel machine)
- Gameplay of assist time improved

Review of voluntary regulation 2019/12

2019/1 Changes in interpretation of regulation

2021/2 Complete transition to new regulation machines

Pachinko

- Changes in pay-out regulation
- Introducing "Setting" to pachinko machines

2018/11

2019/5

New Regulation Machine (1)

Development of machines with high jackpot continuous rate

- Elimination of the 65% upper limit in continuous rate of probability change

New Regulation Machine (2)

Gameplay Widens

- Elimination of the lower limit on the number of win balls
- Elimination of the lower limit in game numbers can be played at normal status

New Regulation Machine (3)

Primarily new gameplay added

- Ability to enter into time reduction (*1) after consumed the predetermined number of games
- Elimination of 100 times upper limit of count in time reduction
- Enable to enter into time reduction with specific symbols
- Can use count of limiters (*2) up to 2 types

*1: Time reduction = Function to play games efficiently without greatly reducing the number of balls.

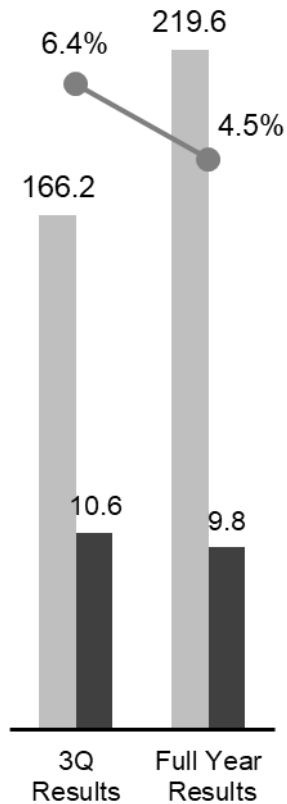
*2: Limiter = one of the functions in probability change, refers to the function of the probability change ends when the predetermined number of jackpots times consumed.

Entertainment Contents Business

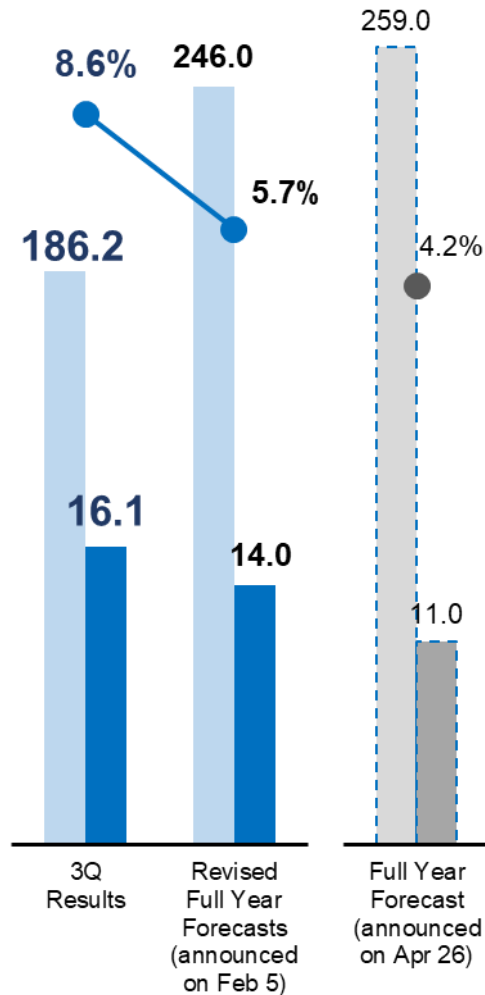
■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)

2019/3



2020/3



2020/3 3Q results

- ◆ Digital Games area performed solidly.
- ◆ The expenses increased in Packaged Games area due to the launch of new titles.

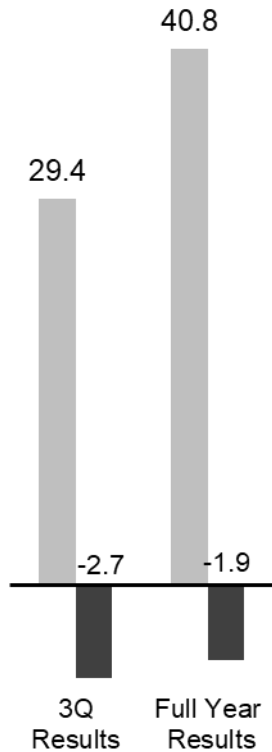
Forecast

- ◆ Several new titles are planned to launch for each business area.
- ◆ Expect the incurrence of expenses with verification of asset value of inventories, incentives and others at the end of the fiscal year.

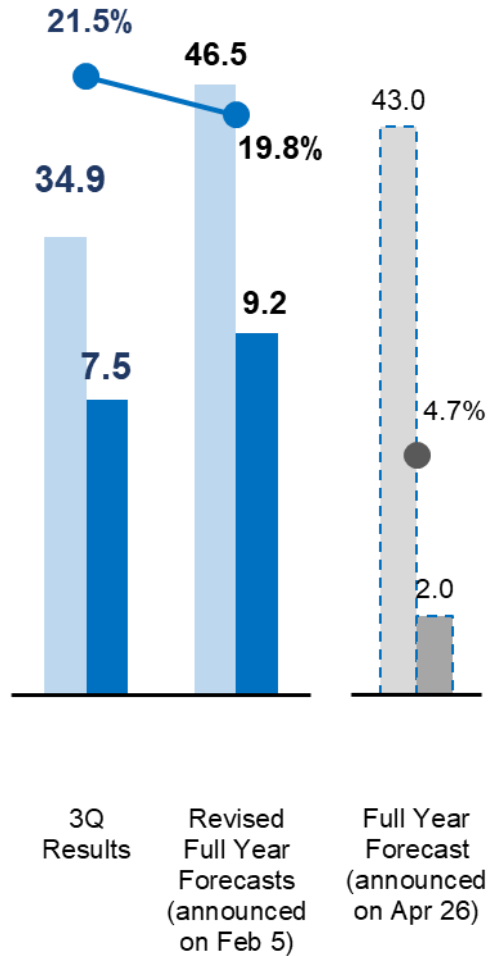
■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)

2019/3



2020/3



2020/3 3Q results

- ◆ Significant profit growth YoY.
 - ✓ Steady performance of the titles in operation.
 - “SEGA Pocket Club Manager”
 - “Fist of the North Star LEGENDS ReVIVE”
 - ✓ Expenses decreased in the current fiscal year due to the impairment loss recorded in the previous fiscal year.
 - ✓ Recorded revenue from transfer of titles (1Q) and offering of titles (2Q).

Forecast

- ◆ Strengthen operation of existing titles.

■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)

2020/3 3Q results

- ◆ Launched several new titles but sales went below expectation.
 - ✓ “PERSONA 5 ROYAL”
 - ✓ "Mario & Sonic at the Olympic Games Tokyo 2020™"
 - ✓ “New Sakura Wars”
- ◆ Repeat sales of existing titles performed solidly exceeding forecast.
- ◆ Operating income decreased YoY due to increased expenses associated with the launch of new titles.

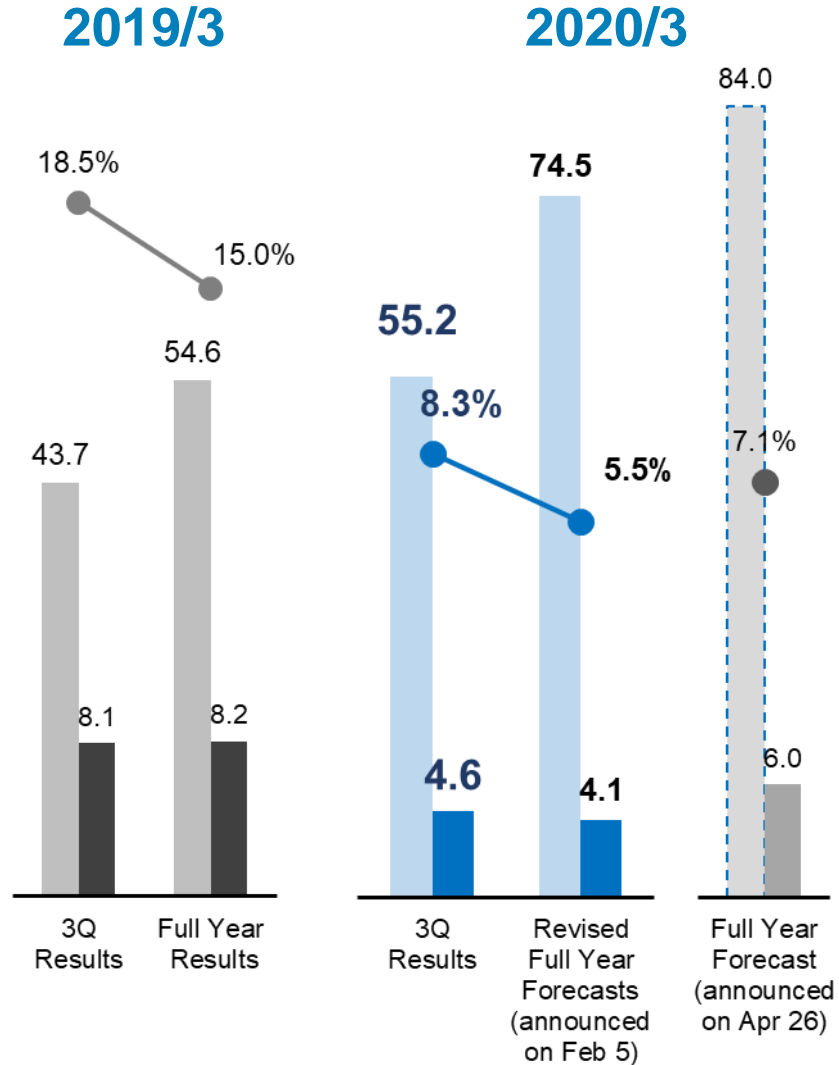
Forecast

- ◆ Launches new titles and continues repeat sales of existing titles.
- ◆ Expect the incurrence of R&D expenses from new title launches and other expenses associated with verification of asset value of inventories and etc., at the end of fiscal year.

Unit sales of Packaged Games

(Units: 10,000 units)

	2019/3 Through 3Q	2019/3 Full-year	2020/3 Through 3Q	2020/3 Revised forecast	2020/3 Initial forecast
New titles	342	409	694	984	1,069
Repeat	1,509	1,935	1,239	1,485	1,450
Total	1,851	2,344	1,933	2,469	2,519



Major 3Q Titles



“PERSONA 5 ROYAL”

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“New Sakura Wars”

©SEGA



"Mario & Sonic AT Tokyo 2020 Olympic™"

TM IOC/TOKYO2020/USOC 36USC220506.

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© NINTENDO. ©SEGA.



“Football Manager 2020”

© Sports Interactive Limited 2019.

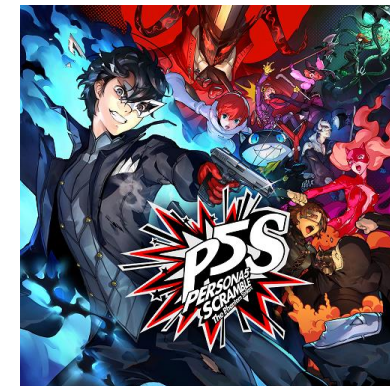
Published by SEGA Publishing Europe Limited.

Major titles after 4Q



“Ryu ga Gotoku 7”

©SEGA



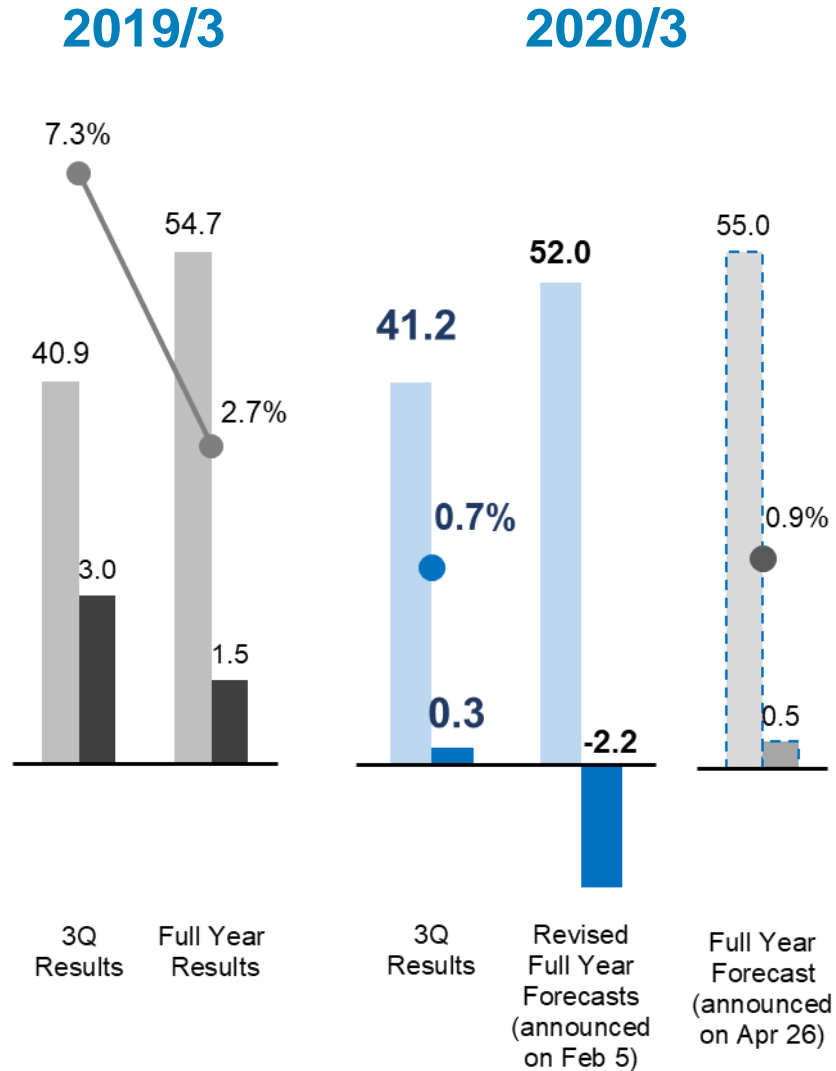
“Persona 5 Scramble: The Phantom Strikers”

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Amusement Machine Sales

■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)



2020/3 3Q results

- ◆ Launched “StarHorse4”
- ◆ While prize category performed solidly, profit decreased YoY.
 - ✓ YoY decline due to negative repercussions of the sales of high-margin CVT Kit in the previous fiscal year
 - ✓ Performance of video games performing were sluggish.
 - ✓ Common fixed expenses increases in association with relocation of headquarter in the previous fiscal year
- ◆ Launched gaming machines for casino in Nevada.

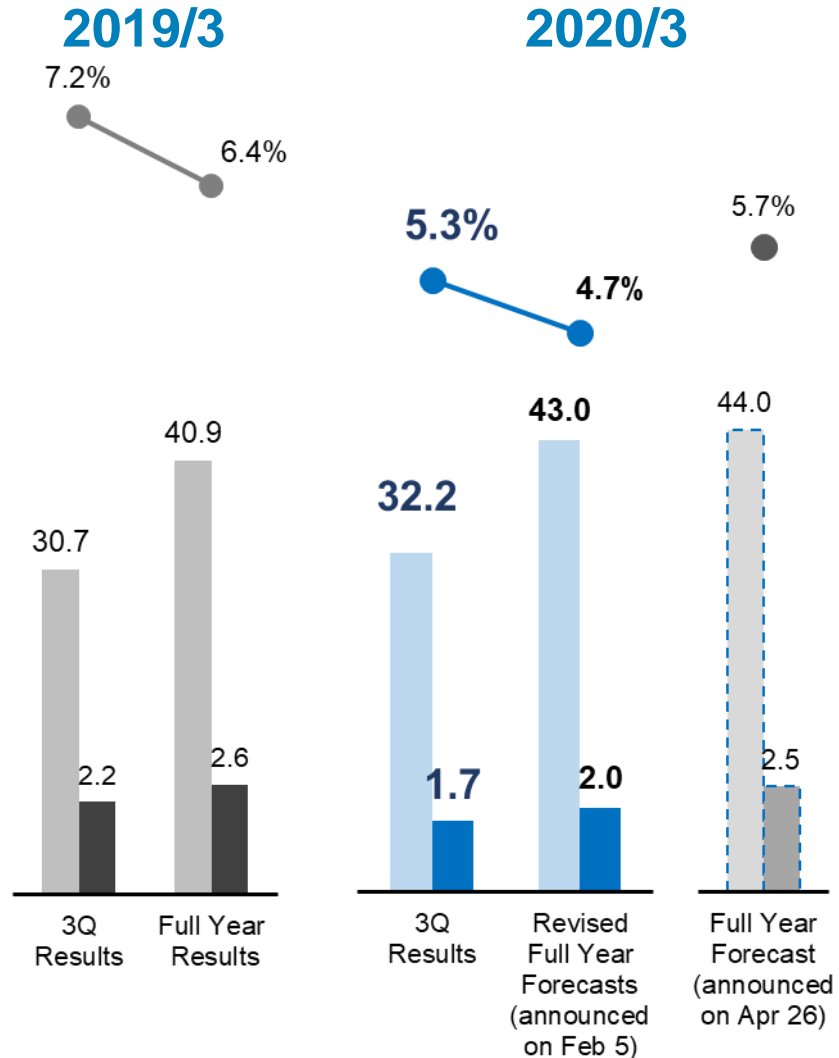
Forecast

- ◆ Scheduled to launch new title.
 - ✓ “MARIO & SONIC AT THE OLYMPIC GAMES TOKYO 2020™ ARCADE EDITION: To be launched in January 2020”
- ◆ Expect the incurrence of expenses associated with verification of asset value of inventories, and others at the end of fiscal year.

Amusement Center Operations

■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)



2020/3 3Q results

- ◆ Prize remained solid, but profits declined YoY.
 - ✓ Common fixed expenses such as depreciation of machines increased.
 - ✓ Impact of the consumption tax hike.
- ◆ Sales of existing stores YoY: 100.7%
- ◆ Store opening: 4, Store closing : 1

Forecast

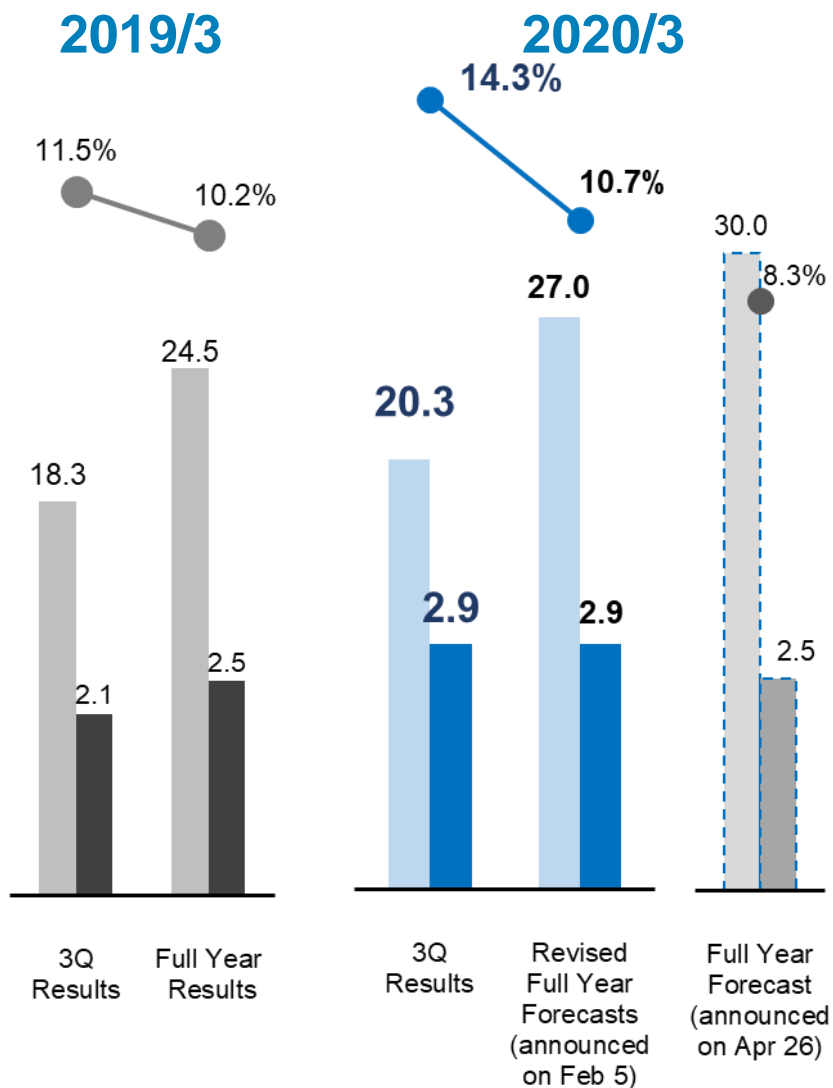
- ◆ Continue to strengthen facilities operations, centered on prize machines.

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

	2019/3 3Q Results	2019/3 Results	2020/3 3Q Results	2020/3 Revised forecast	2020/3 Initial forecast
Number of Stores	191	190	195	193	195
Sales of existing stores YoY (%)	104.2	104.0	100.7	100.0	104.4

■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)



2020/3 3Q results

- ◆ Both sales and profits increased YoY.
- ◆ Animation: Recorded revenue from video distribution, etc.
- ◆ Toys: Sales of new products such as “Fun to change mouse covers! Sumikkogurashi Personal Computer” and regular products.

Forecast

- ◆ Expecting revenue from video distribution, video production and other.

Movie: “Sonic The Hedgehog”

Published nationwide on Feb. 14

Published in Japan on Mar. 27

Scheduled to be published in Europe,
South America, Asia, and other parts of
the world in stages (Feb-Mar)

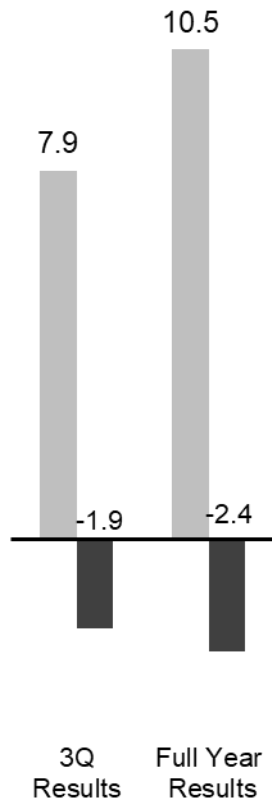


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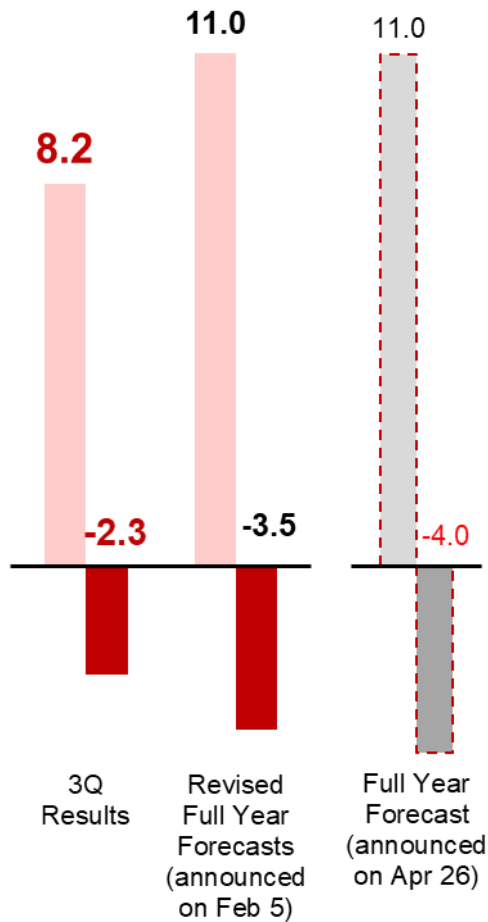
■ Sales
■ Operating income

(Unit: billion yen)

2019/3



2020/3



FY3/20 3Q results

- ◆ Profit of PHOENIX RESORT improved but expenses for domestic Integrated Resort (IR) increased, leading to wider losses.

Forecast

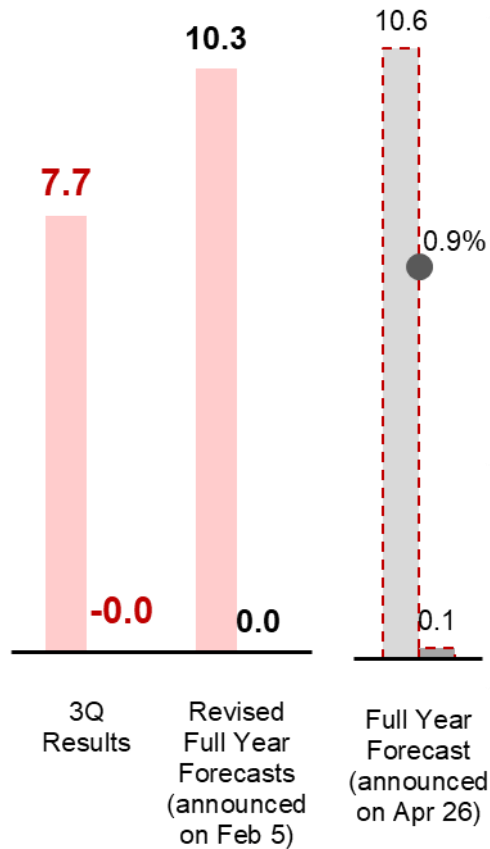
- ◆ Continue to improve profitability at existing facilities.
- ◆ Expenses increases with the activation of the measures towards participating into domestic IR.
 - ✓ Exhibited the booth at “1st JAPAN IR EXPO in Yokohama” (Jan 29-30, 2020)
 - ✓ Announced the partners (Jan 27, 2020)

■ Sales
■ Operating income
● Operating income margin

(Unit: billion yen)

2019/3

2020/3



FY3/20 3Q results

- ◆ Increase in number of users due to the 25th anniversary commemorative project and implementation of measures for the Kyushu area.
 - ✓ One-night event to commemorate the 25th anniversary
“The DELICIOUS FESTIVAL”
 - ✓ Plan for customers in the Kyushu are, which includes a “five-meal for one night in winter” plan

Forecast

- ◆ Continuously implement various sales measures and strengthen the customer base to improve profitability.
 - ✓ Measures for Spring camps of various sports
 - ✓ A variety of plans to enjoy flowers and sweets
- ◆ Encourage use of golf and MICE.



“The DELICIOUS FESTIVAL”



**25th anniversary special plan,
“Five Meals for One Night in Winter”**

Initiatives to promote integrated resort (IR) business

◆ Concludes Production Agreement with KYOTO KITCHO

- Developing plans for the authentic, luxury Japanese restaurant and inn at IR facilities –

◆ Strategic business alliance with Katana Inc.

- Jointly working to design and formulate Japanese-style IR business plan for IR with Katana Inc., led by Tsuyoshi Morioka, one of Japan's top marketers-

◆ Strategic business alliance with Foster+Partners

- Partnering to enter the IR business in Japan-

Initiatives to promote integrated resort (IR) business

◆ Concludes Production Agreement with KYOTO KITCHO (from 2018)

~ Developing plans for the authentic, luxury Japanese restaurant and inn at IR facilities



Design and produce restaurants and inns where people can enjoy classic Japanese cuisine in elegant spaces that accentuate the four seasons as core facilities that promote attractiveness for tourism.

Initiatives to promote integrated resort (IR) business

◆ Partners with Katana Inc., an Elite Marketing Company Led by Tsuyoshi Morioka, One of Japan's Top Marketers (from 2017)



SEGA SAMMY and Katana have been engaged as partners in the design and formulation of a Japanese-style IR business plan aiming for increases business success rates. Katana will be fully integrated in all aspects of the project, from the business planning stages to the actual marketing phase.

Initiatives to promote integrated resort (IR) business

◆ Strategic Business Alliance with Foster+Partners (from 2017)

**SEGA SAMMY with abundant
knowledge and knowhow in the
entertainment industry**



**Foster+Partners with extensive
experience in having carried out
innovative feats in the
architectural world**

To create new value in IR by sharing the strengths of SEGA SAMMY and Foster+Partners.

Initiatives to promote integrated resort (IR) business

Exhibited at 1st JAPAN IR EXPO in Yokohama (held on Jan 29 and 30, 2020)

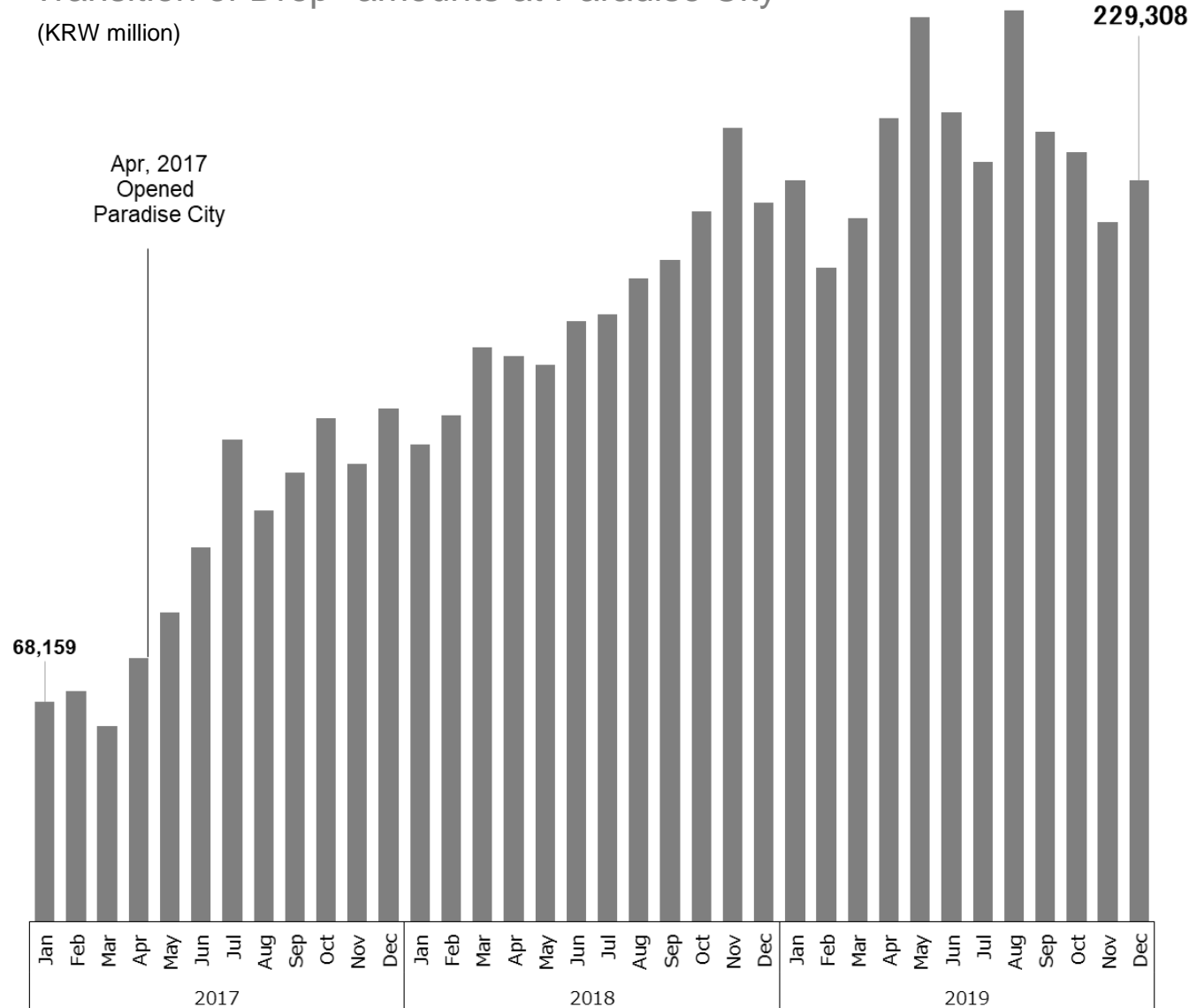
"Sustainably Successful Integrated Resort" trying to realize in Yokohama,
picturing with Foster+Partners.



PARADISE SEGASAMMY (Equity method affiliate)

Transition of Drop* amounts at Paradise City

(KRW million)



(KRW Billion)

		FY2019 3Q Results	FY2020 3Q Results
Sales		213.9	331.5
	Casino	176.8	268.7
	Hotel	36.8	49.6
	Other	0.4	13.2
Cost of sales		188.2	279.5
	Casino	113.5	145.5
	Hotel	69.6	87.3
	Other	5.1	46.6
Gross profit		25.8	52.0
SG&A		24.2	39.9
Operating profit		1.6	12.1
EBITDA		28.2	59.7
Net profit		-10.6	-11.6

Source: Paradise IR

SEGASAMMY		
Equity method acquisition amount (Billion yen)	-1.0	-0.9



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

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/>

Please visit below websites for products and service information.

<https://www.segasammy.co.jp/english/pr/corp/group/list.html>

(SegaSammy Group Website list)

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