



# Fiscal Year Ending March 2021 1Q Results Presentation

August 5, 2020

[Disclaimer]

Market forecasts, operating results forecast, and other information contained in this materials are based on judgements and projections of the Company's managements based on currently available information. Therefore, please understand that the contents herein involve risks and uncertainties and that actual results could differ materially depending on various factors.

# 1. FY Ending March 2021 1Q Results / Overview of Full-Year Forecast

# Changes in segment classifications and others

The following changes have been made from the fiscal year ending March 2021.

- ✓ **“ Operating income “ to ” Ordinary income ”**
  - The Company has changed its method of measuring segment income from "operating income" to "ordinary income," which is the profit recurring from business as a whole, including equity in net profits and losses of affiliates, etc.
  
- ✓ **Gaming machine business into Pachislot and Pachinko Machines Business segment**
  - The gaming machine business, which develops and sells gaming machines for casinos, was shifted from Amusement Machine Sales area of Entertainment Contents Business segment to Pachislot and Pachinko Machines Business segment.
  
- ✓ **“Digital + Packaged Games” area to "Consumer" area**
  - Digital Games area and Packaged Games area have been integrated into 1 sub-segment and changed the name to Consumer area.

# FY ending March 2021 1Q Results, Full-Year Forecast Summary

(JPY Billion)	2020/3		2021/3	
	1Q	Through 4Q	1Q	Full Year Forecast
<b>Sales</b>	<b>72.7</b>	<b>366.5</b>	<b>48.3</b>	<b>277.0</b>
Pachislot and Pachinko Machines	17.1	108.5	2.7	56.0
Entertainment Contents	53.0	247.6	45.1	214.0
Resort	2.4	10.4	0.4	6.5
Other / Elimination	0.0	0.0	0.1	0.5
<b>Operating Income</b>	<b>3.4</b>	<b>27.6</b>	<b>-3.8</b>	<b>-15.0</b>
Pachislot and Pachinko Machines	1.0	23.2	-8.4	-9.5
Entertainment Contents	5.2	16.5	8.1	9.0
Resort	-0.8	-3.6	-1.7	-6.5
Other / Elimination	-2.0	-8.5	-1.8	-8.0
Non-operating income	0.8	3.2	0.6	4.0
Non-operating expenses	1.9	5.5	0.8	9.0
<b>Ordinary Income</b>	<b>2.3</b>	<b>25.2</b>	<b>-4.0</b>	<b>-20.0</b>
Pachislot and Pachinko Machines	0.9	22.7	-8.5	-10.0
Entertainment Contents	4.9	16.2	8.2	11.0
Resort	-1.6	-5.3	-2.1	-12.5
Other / Elimination	-1.9	-8.4	-1.6	-8.5
Ordinary Income Margin	3.2%	6.9%	-	-
Extraordinary income	0.0	3.1	0.2	0.2
Extraordinary losses	0.1	1.2	2.5	3.2
<b>Income before income taxes</b>	<b>2.2</b>	<b>27.1</b>	<b>-6.4</b>	<b>-23.0</b>
<b>Profit attributable to owners of parent</b>	<b>1.7</b>	<b>13.7</b>	<b>-3.3</b>	<b>-17.0</b>

## FY2021/3 1Q Results

- ◆ Significant decline in sales YoY and recording of losses.
  - ✓ Pachislot and Pachinko Machines Business, Amusement Machine Sales & Amusement Center Operations and Resort Business are heavily influenced by COVID-19.

## Forecast

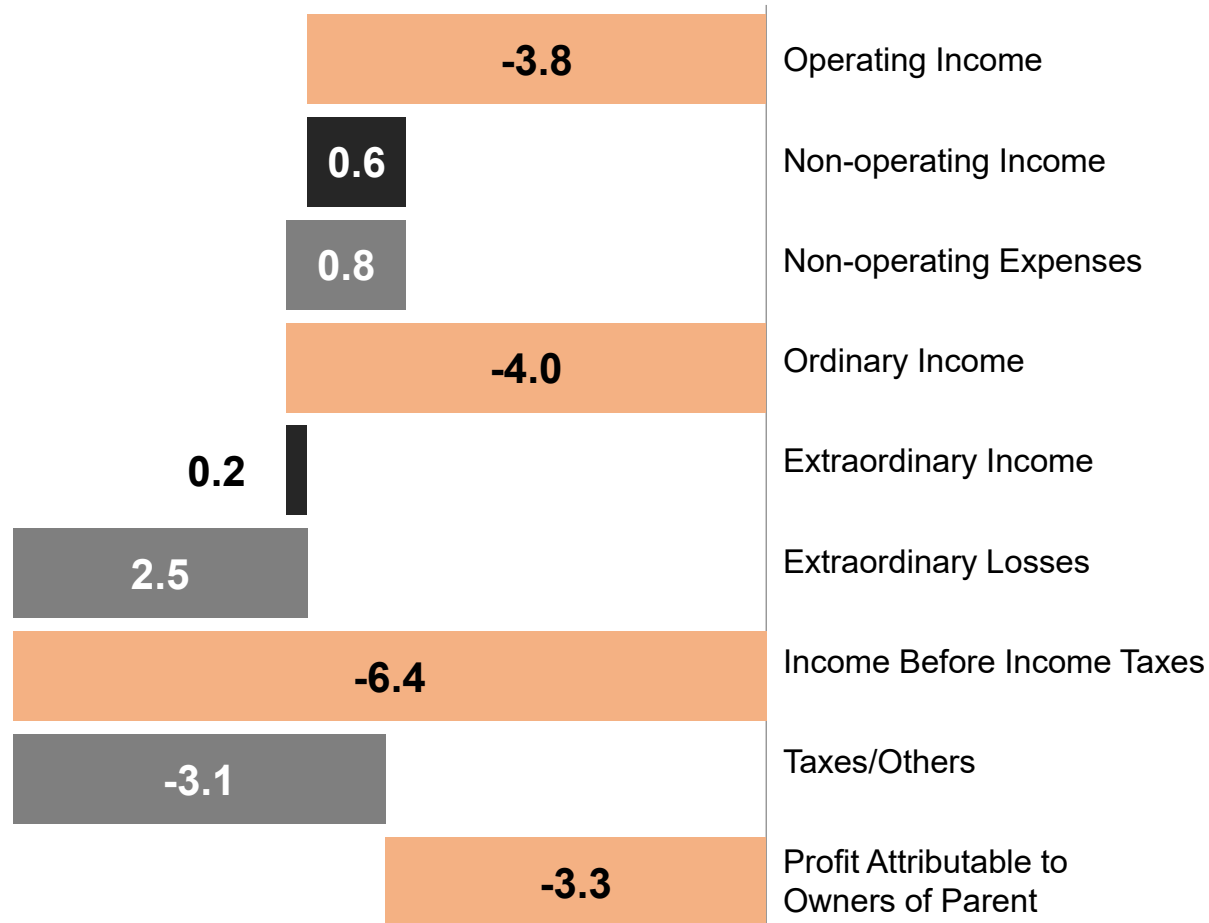
- ◆ Expected to record losses for the full year assuming the impact of COVID-19 will remain.
- ◆ Undertake structural reforms.
- ◆ Dividend plan is not yet determined

\*The results of FY2020/3 reflect the change of segment classification retrospectively.

\*The expenses and the impacts on our business performance from the implementation of structural reforms is not factored at this time. (Please refer to P36 and 37 for the details of structural reforms)

# Breakdown of Income (FY2021/3 1Q Results)

(Unit: billion yen)

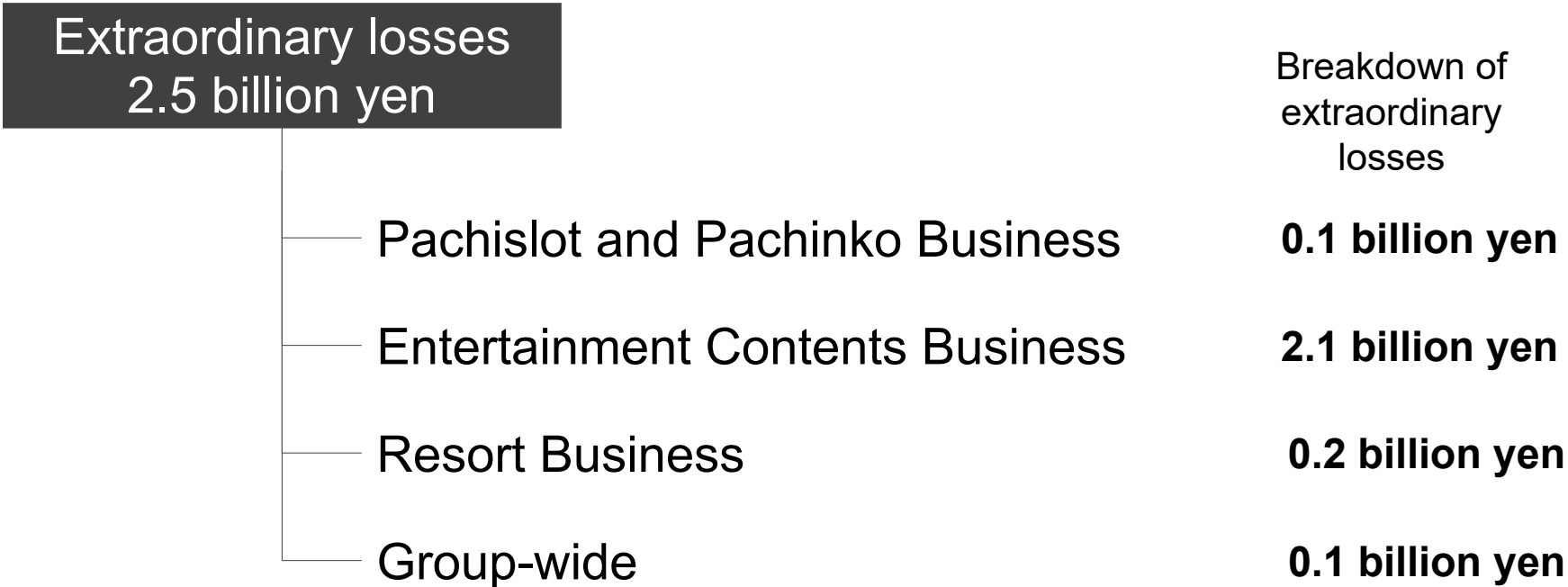


## Breakdown of non-operating income/losses and extraordinary income/losses

Non-operating Income	0.6
Dividends income	0.2
Other	0.4
Non-operating Expenses	0.8
Equity in loss of affiliates	0.5
Other	0.3
Extraordinary Income	0.2
Gain on sales of investment securities	0.1
Other	0.1
Extraordinary Losses	2.5
Losses incurred from impact of COVID-19	2.5

Extraordinary Losses Associated with the impact of COVID-19

- ✓ Common fixed expenses and other expenses incurred associated with the impacts of COVID-19 is recorded in extraordinary losses at 1Q.



# Consolidated Costs and Expenses

(Unit: billion yen)

	2020/3		2021/3	
	1Q	Full Year Results	1Q	Full Year Forecast
R&D Expense / Content Production Expense	17.1	76.5	14.7	64.2
Cap-ex	5.1	22.8	3.6	15.2
Depreciation	3.6	14.8	3.6	13.4
Advertising	3.6	17.4	2.0	16.9

## Main factors for increase or decrease for FY2021/3

Expenses decrease as the numbers of new titles to be launched decreased from previous fiscal year.

Expenses decrease due to the restrain of investment such as purchasing of machines, interiors and exteriors of stores and etc.

Depreciation of molds and others decrease in Pachislot and Pachinko business.

Expenses decrease due to the cancellation of various events, promotional activities and others by the impact of COVID-19.

(Unit: billion yen)

# Consolidated Balance Sheet Summary

	As of end of March 2020	As of end of June 2020	Change
Total Current Assets	268.9	265.2	-3.7
Cash and Deposits	159.0	157.0	-2.0
Notes and accounts receivable - trade	40.4	24.5	-15.9
Short-term investment securities	5.3	0.2	-5.1
Inventories	47.0	56.0	+9.0
Total Noncurrent Assets	189.2	188.9	-0.3
Total assets	458.2	454.1	-4.1
Total Current Liabilities	86.1	88.7	+2.6
Corporate Bonds	10.0	-	-10.0
Short - term loans payable	13.3	43.3	+30.0
Total Noncurrent Liabilities	75.2	75.8	+0.6
Corporate Bonds	10.0	10.0	-
Total Liabilities	161.4	164.6	+3.2
Total Net Assets	296.8	289.5	-7.3
Total Liabilities and Net Assets	458.2	454.1	-4.1
	As of end of March 2020	As of end of June 2020	Change
Cash and cash equivalents	158.6	156.6	-2.0
Interest bearing debt	75.3	95.3	+20.0
Net cash	83.2	61.7	-21.5
Equity Ratio	64.2%	63.1%	-1.1pt

## Main factors

## Changes

### Current Assets

-3.7

Trade notes and accounts receivable decreased while inventory assets increased.

### Liabilities

+3.2

Increased due to the borrowing of short-term loans payable while redeemed corporate bonds.

### Net Assets

-7.3

Decreased due to the recording of losses attributable to owners of parent for quarter and payment of dividends.

⇒ For more details, please see

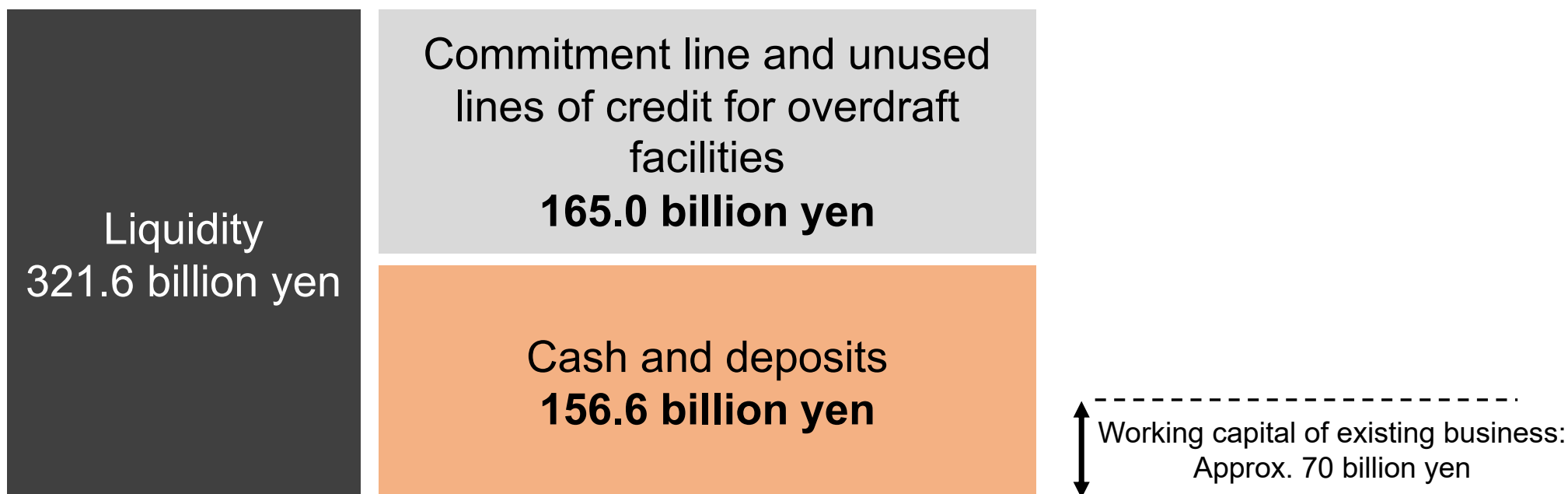
“Fiscal Year Ending March 2021 1Q Results Appendix



# Liquidity of Funds

- ✓ The Company is securing 321.6 billion yen as liquidity which enables us to respond flexibly to funding demand, including working capital for existing business and strategic investments in the future.

\*As of the end of June 2020



# Impacts of COVID-19

		2021/3 1Q	Full-year
Pachinko	Negative	<ul style="list-style-type: none"> <li>Pachinko Halls suspended their operation under the state of emergency.</li> <li>Utilization of Pachinko halls declined due to temporary suspension but is in recovering trend since state of emergency was lifted.</li> <li>Extension of deadline for removal resolved.</li> </ul>	<ul style="list-style-type: none"> <li>Expecting that the recovery of purchasing motivation of pachinko halls take a while as the deadline for removal extended and forecasting that the unit sales decrease YoY.</li> </ul>
Entertainment Contents	Positive	<b>Consumer</b> <ul style="list-style-type: none"> <li>Sales grew due to spending from staying at home.</li> </ul>	<b>Consumer</b> <ul style="list-style-type: none"> <li>Assuming the spending from staying at home will continue but will settle down.</li> </ul>
	Negative	<b>Amusement Machine Sales</b> <ul style="list-style-type: none"> <li>Revenue from revenue sharing model and sales of machines decreased due to closure and declined utilization of stores.</li> </ul>	<b>Amusement Machine Sales</b> <ul style="list-style-type: none"> <li>Expecting the decrease of revenue from revenue sharing model and sales of machines due to decline of utilization of stores.</li> </ul>
		<b>Amusement Center Operations</b> <ul style="list-style-type: none"> <li>Started temporary closure of stores sequentially from April 8.</li> <li>Resumed the operation at all stores from June 17.</li> <li>Sales of existing stores YoY 27.4% due to temporary closure.</li> </ul>	<b>Amusement Center Operations</b> <ul style="list-style-type: none"> <li>Although expecting the gradual recovery towards the end of fiscal year, sales of existing stores is expected to be 62.7% YoY for the full year.</li> </ul>
		<b>Animation / Toys</b> (No significant impact)	<b>Animation / Toys</b> <ul style="list-style-type: none"> <li>Animation: Expecting the decline of allocated revenue this fiscal year due to the postponement of the release of theatrical version of "Detective Conan," and etc.</li> </ul>
Resort	Negative	<b>PHOENIX RESORT</b> <ul style="list-style-type: none"> <li>5/7-30 Temporary closure of all facilities</li> </ul>	<b>PHOENIX RESORT</b> <ul style="list-style-type: none"> <li>Although expecting the gradual recovery towards the end of fiscal year, assuming the recovery of visitors may take a while due to the decline in travel demand.</li> </ul>
		<b>PARADISE SEGASAMMY</b> <ul style="list-style-type: none"> <li>3/2-5/1 Suspension of operations at some facilities other than casino section</li> <li>3/24-4/20 Suspension of operations at the casino section</li> </ul>	<b>PARADISE SEGASAMMY</b> <ul style="list-style-type: none"> <li>Temporary closure of some facilities from 7/1.</li> <li>Expecting that the restriction of foreign visitors entering South Korea will not be lifted within this year.</li> </ul>

# Pachislot and Pachinko Machines Business

(JPY Billion)	2020/3		2021/3	
	1Q	Through 4Q	1Q	Full Year Forecast
<b>Sales</b>	<b>17.1</b>	<b>108.5</b>	<b>2.7</b>	<b>56.0</b>
Pachislot	7.0	54.1	0.2	19.7
Pachinko	5.4	37.4	0.0	26.7
Other / Elimination	4.7	17.0	2.5	9.6
<b>Operating Income</b>	<b>1.0</b>	<b>23.2</b>	<b>-8.4</b>	<b>-9.5</b>
Non-operating income	0.1	0.7	0.1	0.3
Non-operating expenses	0.1	1.1	0.2	0.8
<b>Ordinary Income</b>	<b>0.9</b>	<b>22.7</b>	<b>-8.5</b>	<b>-10.0</b>
Ordinary Income Margin	5.3%	20.9%	-	-

## Pachislot

<b>Number of Titles</b>	<b>0 title</b>	<b>5 titles</b>	<b>0 title</b>	<b>8 titles</b>
<b>Unit Sales (units)</b>	<b>17,930</b>	<b>123,336</b>	<b>485</b>	<b>52,000</b>

## Pachinko

<b>Number of Titles</b>	<b>2 titles</b>	<b>7 titles</b>	<b>0 title</b>	<b>5 titles</b>
<b>Unit Sales (units)</b>	<b>16,212</b>	<b>104,581</b>	<b>177</b>	<b>71,000</b>
Board + Frame	8,020	33,056	54	44,000
Board	8,192	71,525	123	27,000

## FY2021/3 1Q Results

- ◆ Sales were mainly attributable to Sammy Networks, continuous sales from previous fiscal year and etc.
- ◆ Recorded losses as no new title launched.

## Forecast

- ◆ Unit sales decrease YoY for both pachislot and pachinko.
- ◆ Launch major titles to coincide with the demand for replacement at the end of 2020.

(New titles to be released)

Pachislot : Pachislot Shin Hokuto Muso

Pachislot Kaidoumokuhiroku kaiji numa

Pachinko : P Psalms of Planets Eureka Seven HI-EVOLUTION ZERO

P Shin Hokuto Muso Chapter 3

P ROAD TO EDEN

\*From FY2021/3, the gaming machine business, which develops and sells gaming machines for casino, was shifted from Amusement Machine Sales area of Entertainment Contents Business segment to Pachislot and Pachinko Machines Business segment.

\*The results of FY2020/3 reflect the change of segment classification retrospectively.

# Pachislot and Pachinko Machines Business: Major titles

In and after 2Q



“Pachislot Shin Hokuto Muso”

©Buronson & Tetsuo Hara/NSP 1983, Approved No.KOM-620  
© 2010-2013 Koei Tecmo Games Co., Ltd.  
©Sammy



“P Psalms of Planets Eureka Seven  
HI-EVOLUTION ZERO”

©2017 BONES/Project EUREKA MOVIE  
©BANDAI NAMCO Entertainment Inc.  
©Sammy



“Pachislot Kaidoumoku Shiroku  
kaiji numa”

©Fukumoto nobuyuki/ Koudansha · VAP · MADHOUSE · NTV · D.N.Dream Partners  
©Fukumoto nobuyuki/ Koudansha · VAP · NTV  
©Sammy



“P Shin Hokuto Muso Chapter 3”

©Buronson & Tetsuo Hara/NSP 1983, Approved No.KOO-411  
©2010-2013 Koei Tecmo Games Co., Ltd.  
©Sammy

# Entertainment Contents Business

(JPY Billion)	2020/3		2021/3	
	1Q	Through 4Q	1Q	Full Year Forecast
<b>Sales</b>	<b>53.0</b>	<b>247.6</b>	<b>45.1</b>	<b>214.0</b>
Consumer	26.7	125.5	32.4	125.0
Amusement Machine Sales	10.1	51.0	5.4	35.0
Amusement Center Operations	10.4	41.9	3.4	28.0
Animation / Toy	5.0	26.2	3.4	24.0
Other / Elimination	0.6	2.9	0.4	2.0
<b>Operating Income</b>	<b>5.2</b>	<b>16.5</b>	<b>8.1</b>	<b>9.0</b>
Consumer	5.3	14.7	12.5	22.5
Amusement Machine Sales	-0.4	-0.6	-1.6	-3.5
Amusement Center Operations	0.7	1.4	-2.0	-7.5
Animation / Toy	0.3	2.7	-0.0	0.5
Other / Elimination	-0.7	-1.7	-0.8	-3.0
Non-operating income	0.3	1.3	0.2	3.0
Non-operating expenses	0.6	1.6	0.1	1.0
<b>Ordinary Income</b>	<b>4.9</b>	<b>16.2</b>	<b>8.2</b>	<b>11.0</b>
Ordinary Income Margin	9.2%	6.5%	18.2%	5.1%

## FY2021/3 1Q Results

- ◆ Although recorded losses in Amusement Machine Sales and Amusement Center Operations area, profit increased due to strong performance in Consumer area.
- ◆ 2.1 billion yen of common fixed expenses and others incurred during temporary closure period were recorded as extraordinary losses (of which 1.5 billion yen is from Amusement Center Operations.)

## Forecast

- ◆ Despite the contribution of Consumer area, profit decreased significantly YoY due to spread losses in Amusement Machine Sales and Amusement Center Operation area.
- ◆ Non-operating income from the movie "Sonic the Hedgehog" is expected in the second half of the year.

\*From FY2021/3, Digital Games area and Packaged Games area have been integrated into 1 sub-segment and changed the name to Consumer area.

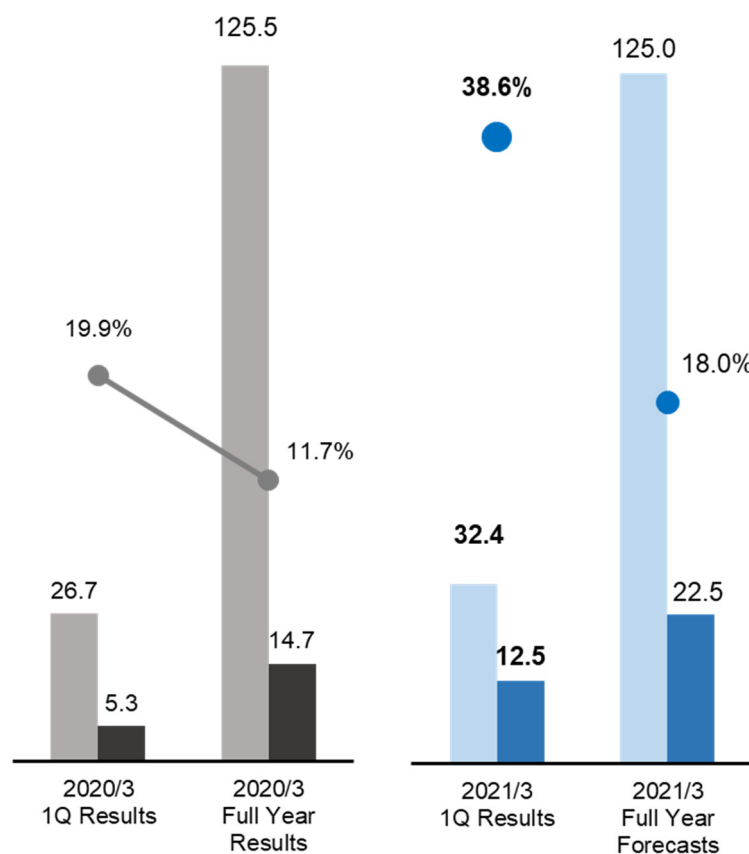
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\*The results of FY2020/3 reflect the change of segment classification retrospectively.

# Consumer Area

Sales  
 Operating Income  
 Operating Income Margin

(Unit: billion yen)



## FY2021/3 1Q Results

- ◆ Repeat sales performed strong centered in overseas market.

## Forecast

- ◆ Offer titles to multiple platforms.
  - “A Total War Saga: TROY”  
→ Scheduled to be released at Epic Games stores in August
  - “YAKUZA : LIKE A DRAGON”  
→ Scheduled to be released as a launch title of Xbox Series X

\*Revised KPIs and disclose them by business model (next page)



# Consumer Area (KPI)

## ■ Sales by Business Model

(JPY Billion)

	2020/3		2021/3	
	1Q	Through 4Q	1Q	Full Year Forecast
<b>Full Game</b>	<b>11.5</b>	<b>57.0</b>	<b>14.4</b>	<b>51.3</b>
<b>Japan</b>	<b>0.7</b>	<b>15.3</b>	<b>1.8</b>	<b>5.6</b>
New titles	0.2	12.5	0.0	1.2
Repeat titles	0.5	2.7	1.7	4.4
<b>Asia</b>	<b>0.8</b>	<b>5.3</b>	<b>1.3</b>	<b>4.7</b>
New titles	0.4	3.5	0.7	2.0
Repeat titles	0.3	1.7	0.5	2.7
<b>North America / Europe</b>	<b>9.9</b>	<b>36.3</b>	<b>11.1</b>	<b>40.9</b>
New titles	6.6	22.9	1.2	17.3
Repeat titles	3.3	13.3	9.9	23.6
<b>F2P</b>	<b>9.1</b>	<b>38.1</b>	<b>10.4</b>	<b>47.1</b>
<b>Other</b>	<b>6.1</b>	<b>33.0</b>	<b>7.2</b>	<b>28.7</b>

\*Full Game = Mainly physical sales and download sales of full game for home video game consoles and PCs. (Additional download content sales are not included.)

\*F2P = Mainly sales of contents with offering free basic play and microtransaction for smartphones and PCs.

\*Others = Sales of additional downloadable contents, consignment sales of 3rd party titles, revenue from consignment development, transfer of titles, offering of titles in batches to 1st parties, sales of non-game software products, etc.

# Consumer Area: Major Titles

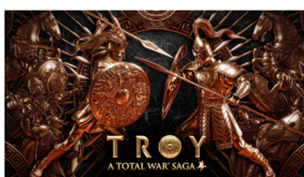
1Q

In and after 2Q

Full Game



**“Persona 4 The Golden”**  
(PC version)  
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**“A Total War Saga: TROY”**  
© SEGA. Developed by The Creative Assembly Limited.



**“HUMANKIND™”**  
© Amplitude Studios 2020.  
© SEGA.



**“Shin Megami Tensei III NOCTURNE HD REMASTER”**  
©ATLUS  
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**“Shin Megami Tensei V”**  
©ATLUS  
©SEGA All rights reserved.

F2P



**“Phantasy Star Online 2”**  
(North American version)  
©SEGA



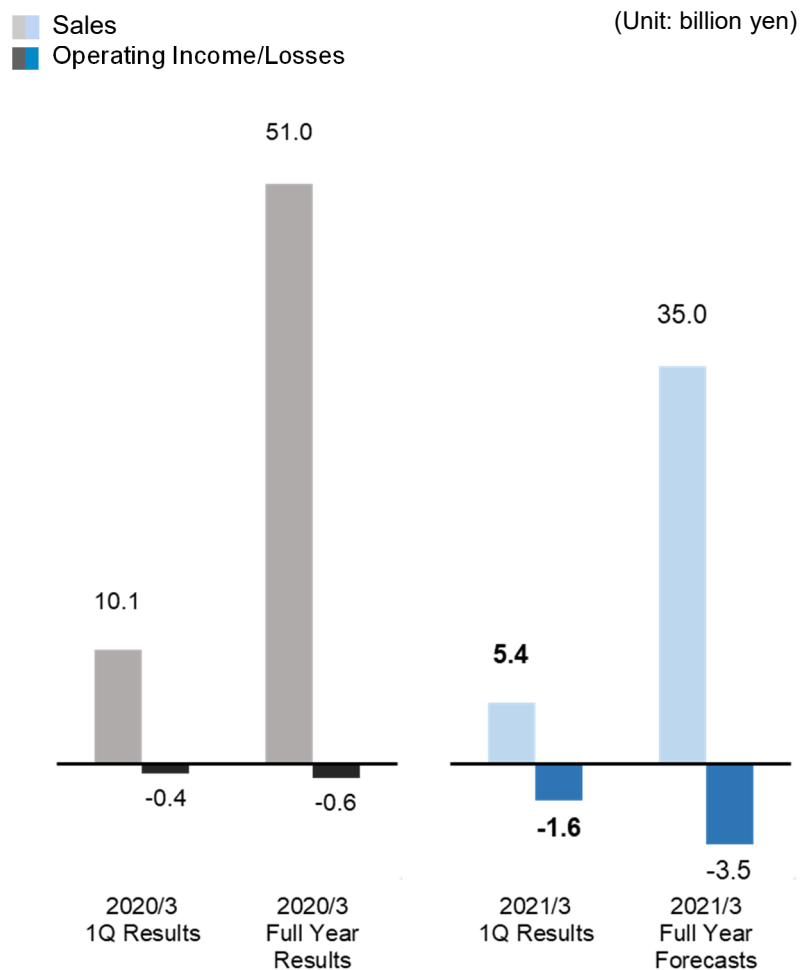
**“Re:ZERO -Starting Life in Another World- Lost in Memories”**  
©Tappei Nagatsuki,KADOKAWA/Re:ZERO2 PARTNERS  
©SEGA



**“Project SEKAI COLORFUL STAGE feat. Hatsune Miku”**  
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# Amusement Machine Sales Area



## FY2021/3 1Q Results

- ◆ Due to the temporary closure of amusement facilities and a decline in utilization, revenue from revenue sharing model and sales of amusement machines remained sluggish.

## Forecast

- ◆ Focus on sales of regular products.
  - Sales of prize machines and prizes for prize machines
- ◆ Introduction of the latest Print Club "fiz".
- ◆ Proceed the shift of R&D resources to growing area.

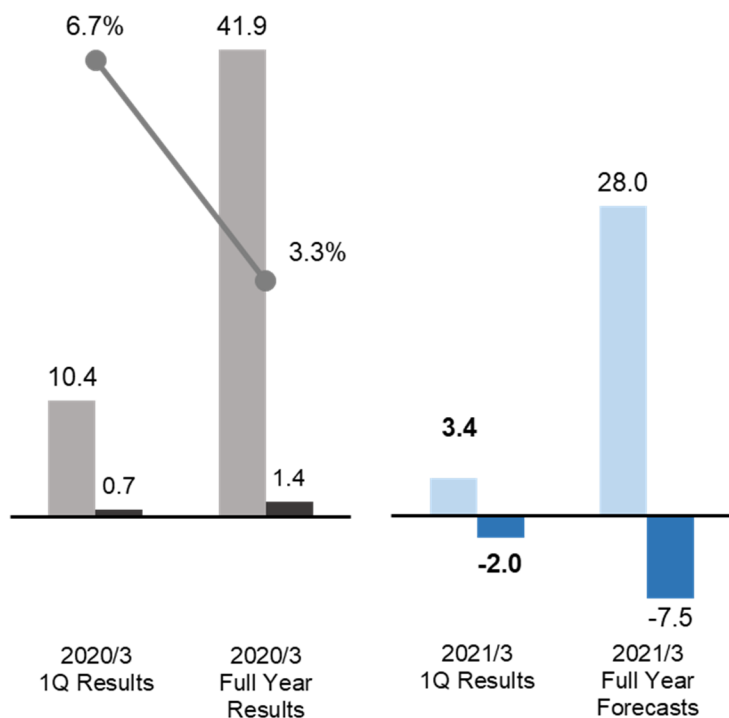
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\*The results of FY2020/3 reflect the change of segment classification retrospectively.

# Amusement Center Operations Area

Sales  
 Operating Income/Losses  
 Operating Income Margin

(Unit: billion yen)



## FY2021/3 1Q Results

- ◆ Sales of existing stores were 27.4% YoY due to temporary closure, etc.
- ◆ Personal expenses, rent, depreciation and other expenses of amusement facilities during temporary closure are recorded as extraordinary losses (1.5 billion yen).

### ■ Number of stores closed in accordance with business suspension request

	Closure of all stores		Sequential resumption			Resumption at Tokyo	Resumption of all stores
	4/8	4/17	5/8	5/16	5/30	6/12	6/17
Open	107	0	26	70	150	192	195
Close	85	192	166	122	43	3	0
Total	192	192	192	192	193	195	195

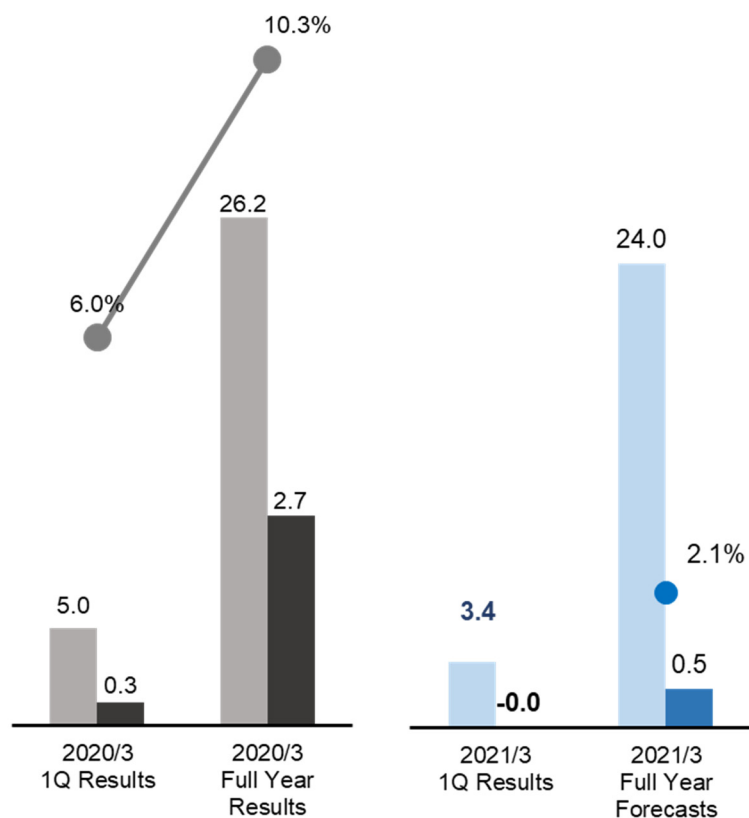
## Forecast

- ◆ Sales of existing stores is expected to be 62.7% YoY for the full year.
- ◆ Review plans for opening of stores and restrain investment in purchasing machines at stores.

# Animation / Toys Area

Sales  
 Operating Income  
 Operating Income Margin

(Unit: billion yen)



## FY2021/3 1Q Results

- ◆ Animation: Recorded sales from video production and allocated revenue.
- ◆ Toys: Focus on sales of regular products.

## Forecast

- ◆ Animation: Allocated revenue declines due to the postponement of the release of theatrical version of "Detective Conan," and etc.
- ◆ Toys : Fewer launch of new products and mainly sell regular products.

# Resort Business

(JPY Billion)	2020/3		2021/3	
	1Q	Through 4Q	1Q	Full Year Forecast
<b>Sales</b>	2.4	10.4	0.4	6.5
<b>Operating Income</b>	-0.8	-3.6	-1.7	-6.5
Non-operating income	0.1	0.2	0.0	0.0
Non-operating expenses	0.9	1.9	0.3	6.0
<b>Ordinary Income</b>	-1.6	-5.3	-2.1	-12.5
Ordinary Income Margin	-	-	-	-

## <PHOENIX RESORT>

<b>Sales</b>	2.2	9.9	0.3	6.0
<b>Operating Income</b>	-0.1	-0.2	-1.0	-2.4
<b>No. of facility users (Thousands)</b>	189	839	44	484
3 accommodation facilities	75	359	12	200
2 golf courses	25	92	9	70
Other facilities	89	388	23	214

## FY2021/3 1Q Results

- ◆ Significant decline in the number of users.
    - PHOENIX RESORT
- Number of facility users: 23.2% YoY

## Forecast

- ◆ PHOENIX RESORT
  - Losses expand due to decline of the number of users.
  - Strengthen the measures for customers in Kyushu area.
  - Work to reduce costs.
- ◆ Expenses incur due to measures for domestic IR business
- ◆ Expect recording of significant losses (non-operating losses) at PARADISE SEGASAMMY (equity-method affiliate).

# Resort Business (PARADISE SEGASAMMY)

(KRW Billion)		FY2020 1Q Results	FY2021 1Q Results
<b>Sales</b>		90.6	89.7
	Casino	74.7	75.8
	Hotel	13.2	10.8
	Other	2.6	3.0
<b>Cost of sales</b>		88.7	78.4
	Casino	44.5	40.8
	Hotel	27.3	25.9
	Other	16.7	11.6
<b>Gross profit</b>		1.9	11.2
	SG&A	9.0	8.8
<b>Operating profit</b>		-7.1	2.4
<b>EBITDA</b>		8.2	17.5
<b>Net profit</b>		-14.3	-5.3
<b>Number of casino visitors (Thousands)</b>		82	66

Source: Paradise IR

<b>SEGASAMMY</b>		
<b>Equity method acquisition amount (Billion yen)</b>	<b>-0.8</b>	<b>-0.3</b>

## FY2021/3 1Q Results

- ◆ Decline in the number of users
  - Number of casino users: 80% YoY

## Forecast

- ◆ Expecting that the restriction of foreign visitors entering South Korea will not lift within this year.
- ◆ Optimization of facility operation has been started.

\*PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate of SEGA SAMMY HOLDINGS INC.

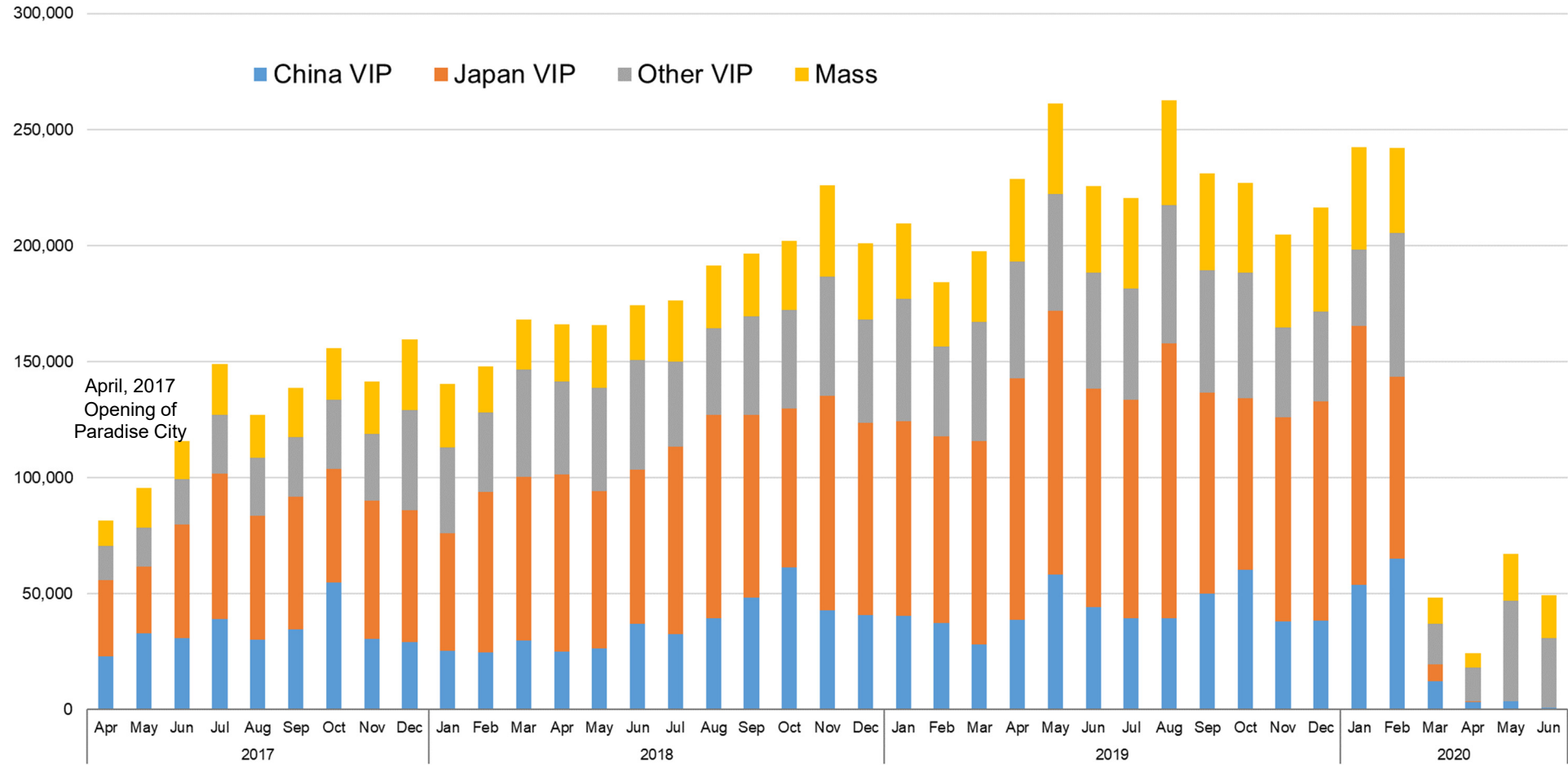
\*Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay as its settlement of accounts is December.

\*Local accounting standard

# Resort Business (PARADISE SEGASAMMY)

Transition of Drop\* amounts at PARADISE SEGASAMMY

(KRW Million)



\*Drop amounts: Purchased amount of chips by customers at the table

\*Calculation method was changed after Jan 2018

## 2. FY2021/3 Future Direction

## Pachislot and Pachinko Machines Business

- ✓ Utilization of pachinko halls is recovering trend after declaration of state of emergency was lifted.
- ✓ Demand for replacement to new machines declined this fiscal year due to the impact of extension of the deadline for removal of previous regulation machines.

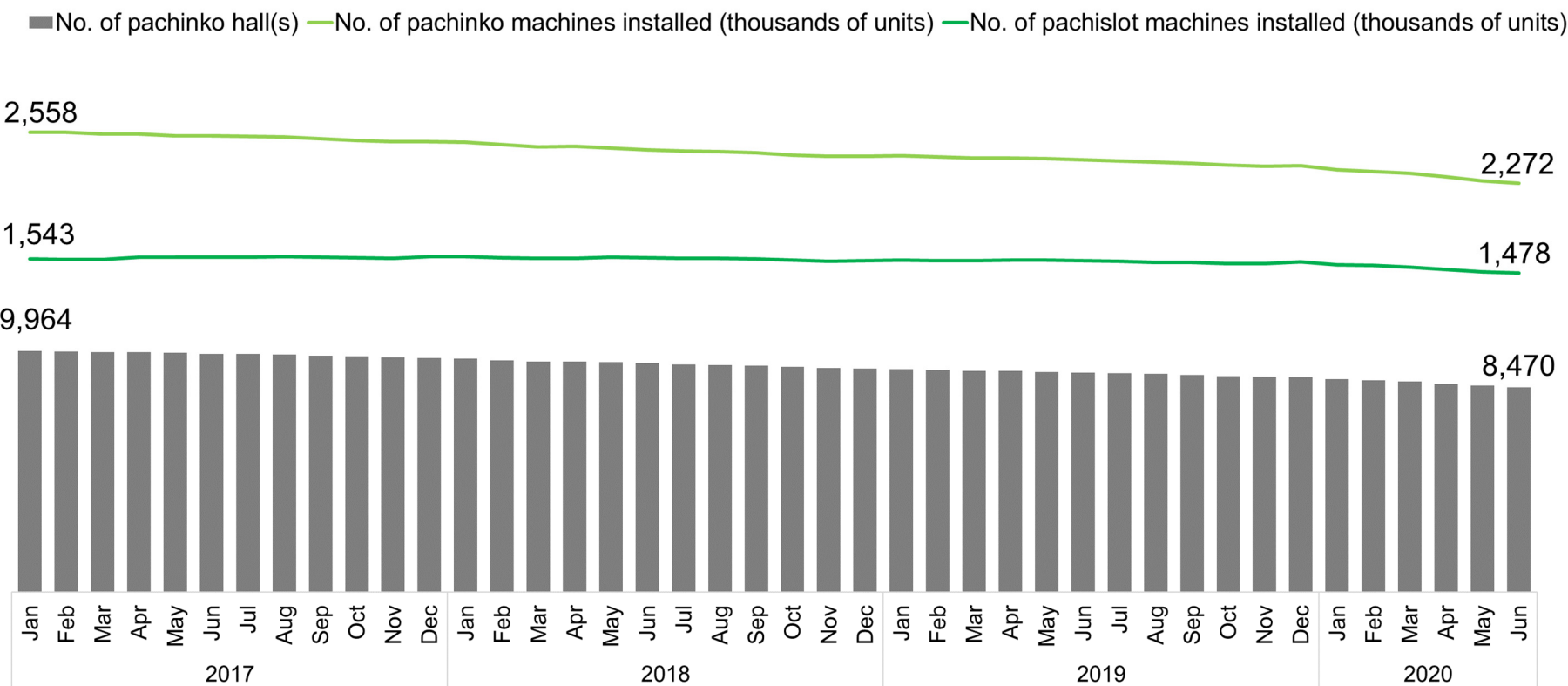


# Market environment of Pachislot and Pachinko Machines Business

## (Transition of No. of pachinko halls and No. of installed units)

- The number of pachinko halls is decreasing in the long-term trend but the impact of COVID-19 is not noticeable at the present.

No. of nationwide pachinko halls and their installed units excluding the numbers of non-member stores of union which are approx. 800 stores

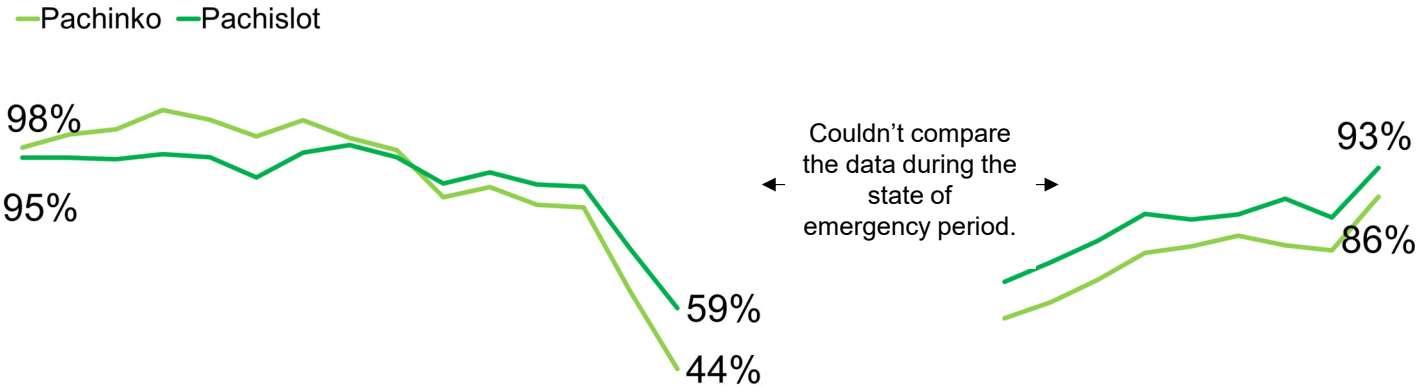


\*In-house estimation based on the data reported by Zennichiuren (a union for pachinko and pachislot halls)

# Market Environment of Pachislot and Pachinko Machines Business (Transition of utilization of pachinko halls)

➤ Impact of COVID-19 is gradually stabilizing

YoY comparison of average utilization rate of pachislot and pachinko



Utilization rate is gradually recovering after the declaration of state of emergency lifted.

Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4
January				February				March				April				May				June				July			

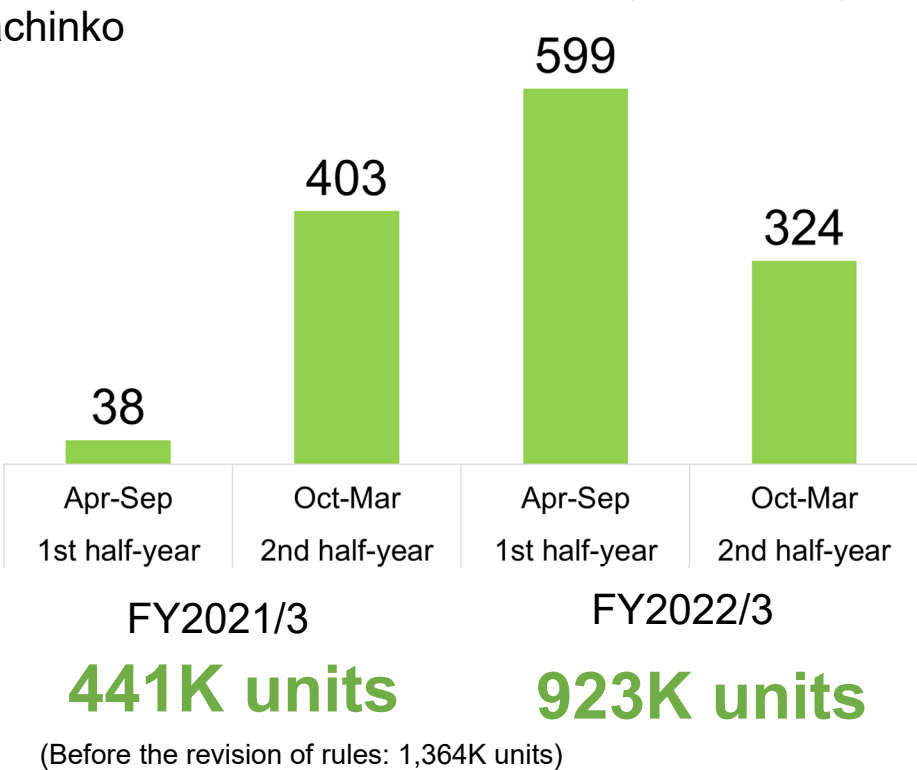
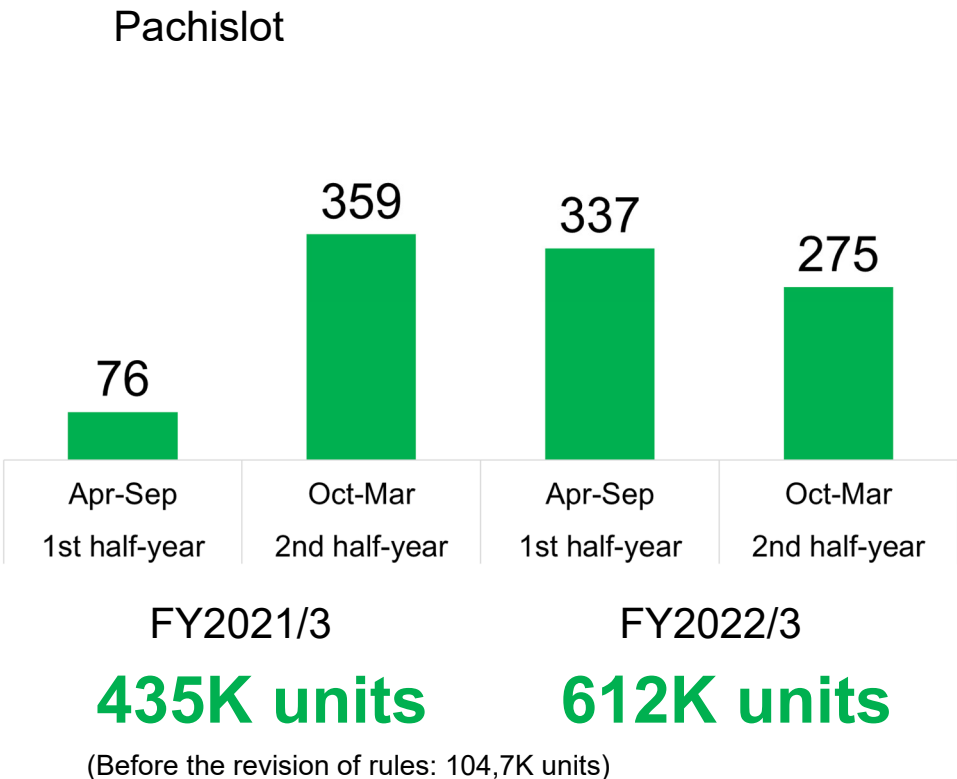
CY2020

\*In-house estimation based on DK-SIS data of Daikoku Electric Co., Ltd.

# Pachislot and Pachinko Machines Business (removal schedules)

- Full-fledged removal timing moves to fiscal year ending Mar 2022 following the extension of the deadline for removal of previous regulation machines.

(Unit: thousand units)

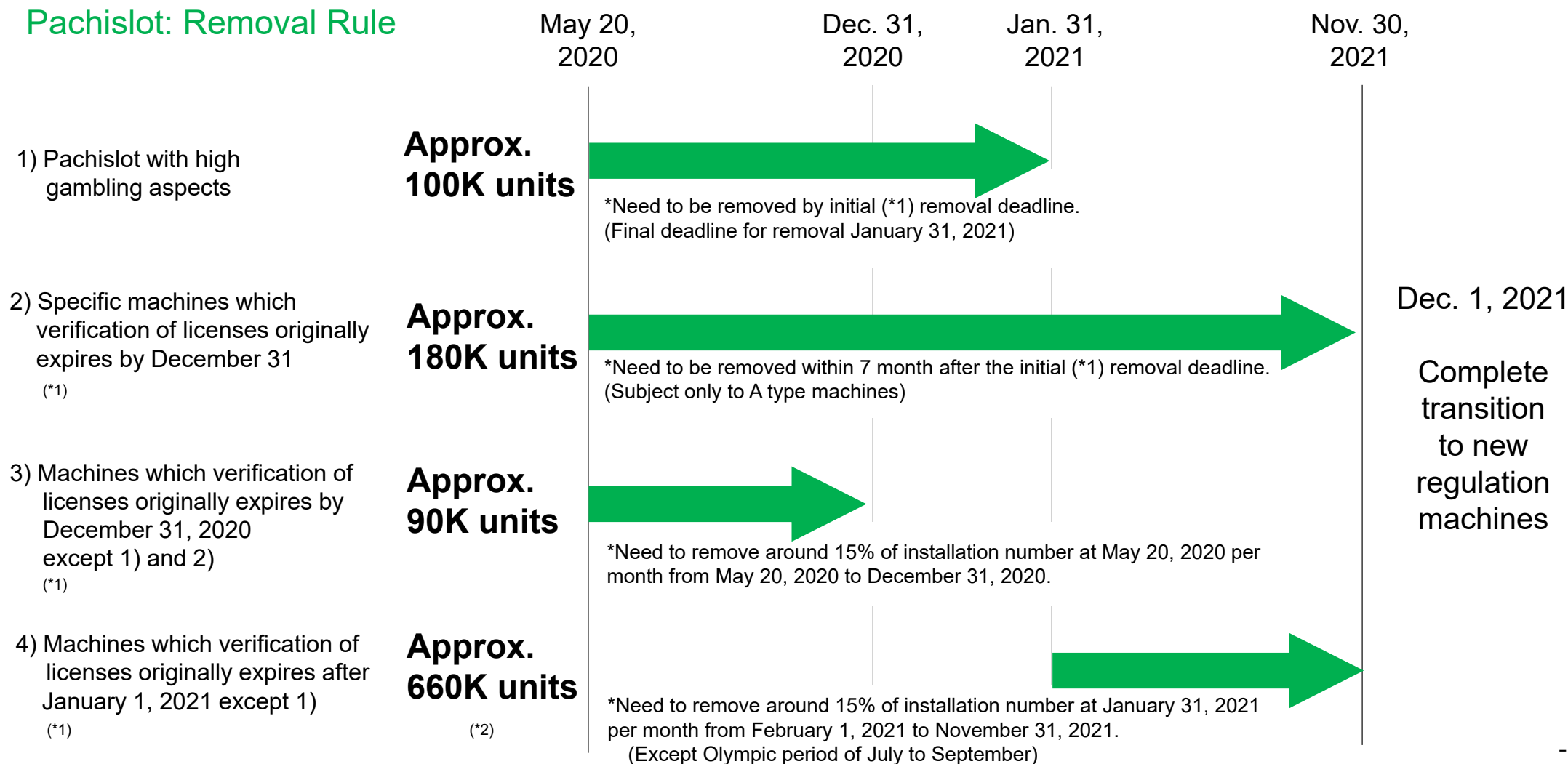


\*Numbers above are in-house estimation as of end of July, 2020  
\*Plan to complete transition to new regulation machines on Dec, 2021

# Pachislot and Pachinko Machines Business

(Appendix 1: Overview of the extension of the deadline of previous regulation machines)

## Pachislot: Removal Rule



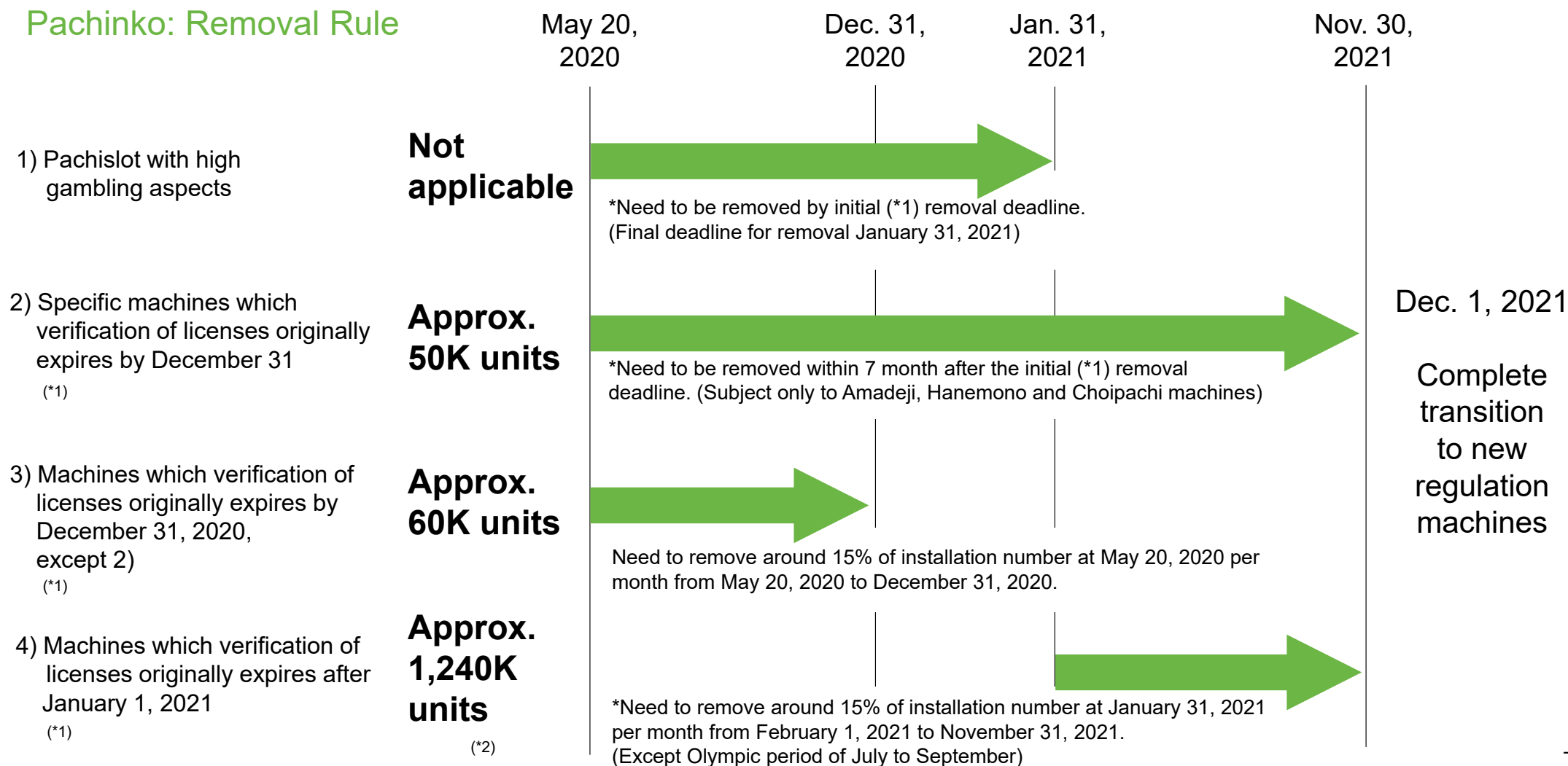
\*1 Expiration timing of verification of licenses before the revision of rule on May 20, 2020

\*2 Number of unit to be removed are in-house estimation as of end of July, 2020

# Pachislot and Pachinko Machines Business

(Appendix 2: Overview of the extension of the deadline of previous regulation machines)

## Pachinko: Removal Rule



\*1 Expiration timing of verification of licenses before the revision of rule on May 20, 2020

\*2 Number of unit to be removed are in-house estimation as of end of July, 2020

# Entertainment Contents Business

## Consumer Area

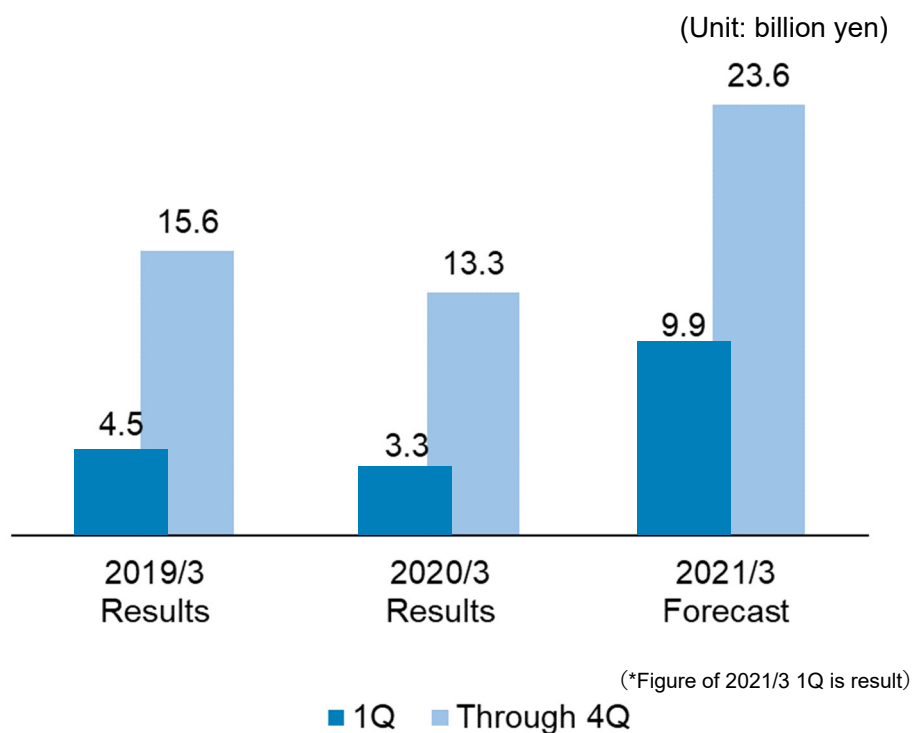
- ✓ Profit increased significantly in Consumer area due to the spending from staying at home
- ✓ Enhance the multi-platform and global roll-out
- ✓ Aggressively expand as a growing area

\*Since FY2021/3, Digital Games area and Packaged Games area have been integrated into 1 sub-segment and changed the name to Consumer area.

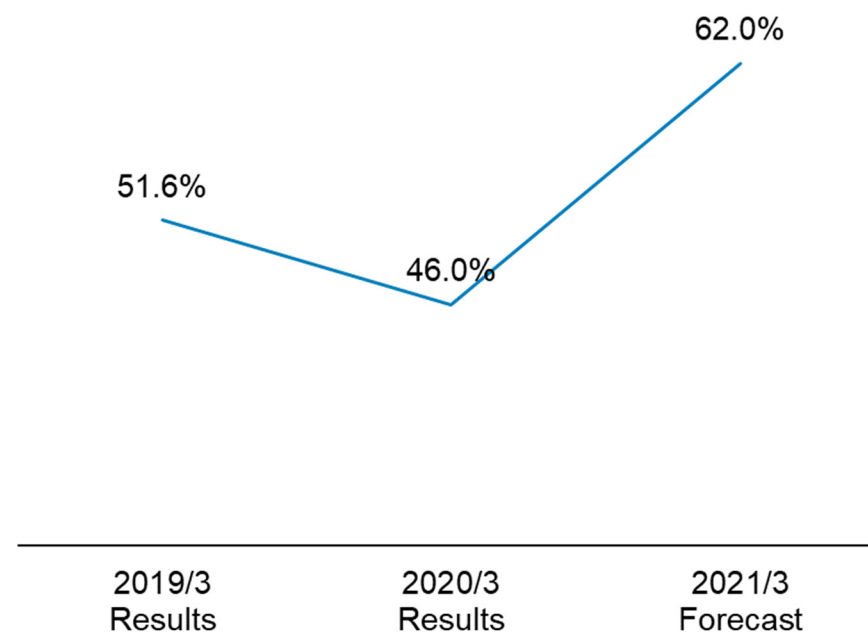
## Consumer Area (Full Game)

- Strong repeat sales in Europe and the North America and an increase in the ratio of download sales.

### ■ Sales of repeat sales in Europe and NA



### ■ Download sales ratio (Japan, Asia, Europe and NA)



## Consumer Area (Full Game)

- Both new titles and repeat sales of existing titles went strong
- Unit sales of 2021/3 1Q results: 12,980K units (200% YoY)

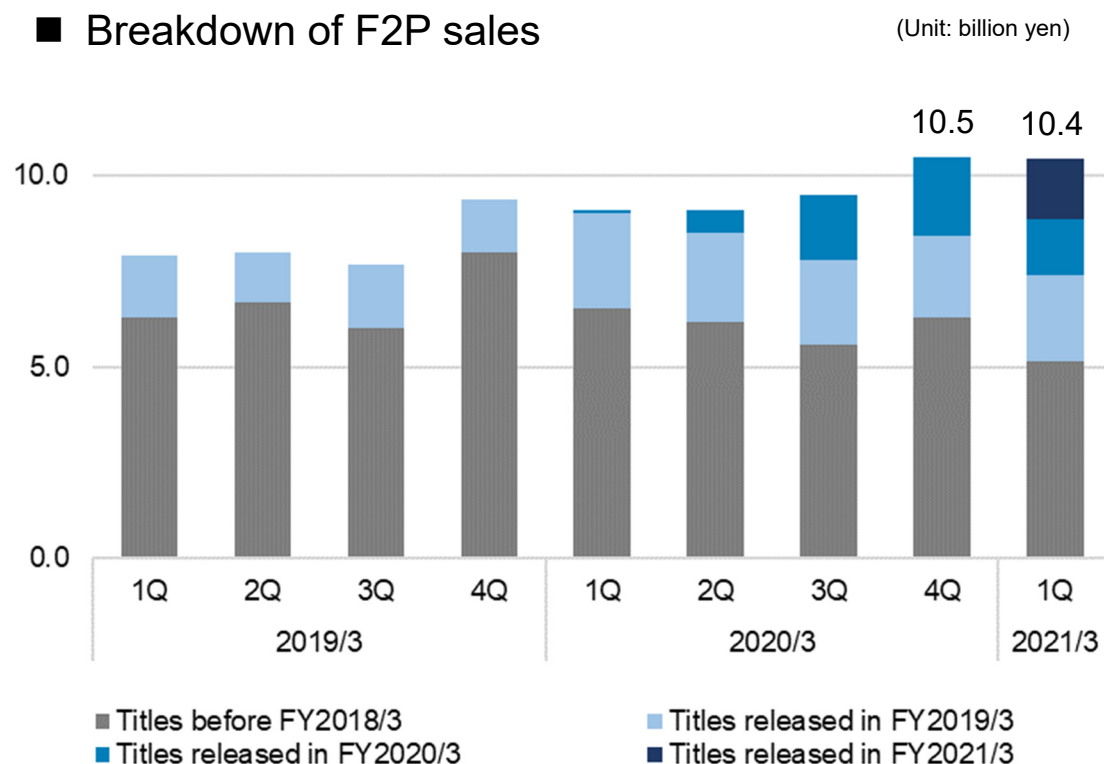
### ■ Results of 1Q per series

Series	Unit sales	Name of main titles (released month)	
<b>Total War</b>	Approx. 1,900K units	"Total War: SHOGUN 2" (March, 2011) "Total War: ROME II " (September, 2013)	"Total War: WARHAMMER 2" (September, 2017) "Total War: WARHAMMER" (May, 2016), etc.
<b>Persona</b>	Approx. 1,200K units	"Persona 4 The Golden" (June, 2020) "PERSONA 5 ROYAL" (October, 2019)	"Persona5" (September, 2016) "Persona 5 Scramble: The Phantom Strikers" (February 2020)
<b>Football Manager</b>	Approx. 900K units	"Football Manager 2020" (November, 2019)	"Football Manager 2020 Mobile" (November, 2020), etc.
<b>Sonic</b>	Approx. 800K units	"Mario & Sonic at the Olympic Games Tokyo 2020™" (November, 2019) "Team Sonic Racing" (May, 2019)	"Sonic Mania" (August, 2017) "SONIC FORCES" (November, 2017), etc.
<b>Other</b>	—	"Alien: Isolation" (October, 2014)	"Two Point Hospital" (August, 2018), etc.



## Consumer Area (F2P)

- New title, North American version of “PSO2” made a strong start

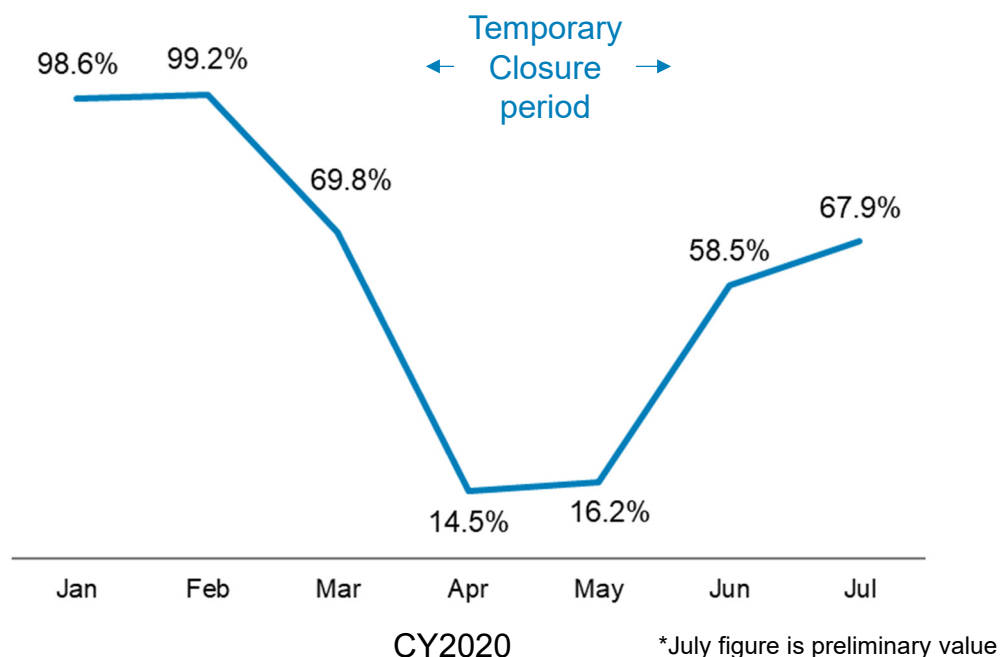


- ✓ Major titles released on FY2020/3.
  - "Fist of the North Star LEGENDS ReVIVE"
  - "Kemono Friends 3"
- ✓ Major titles will be released on FY2021/3.
  - "PHANTASY STAR ONLINE 2" (North American version)
- (Scheduled for future release)
  - "Project Sekai Colorful Stage feat. Hatsune Miku"
  - "Re: ZERO -Starting Life in Another World- Lost in Memories Lost in Memories"

# Amusement Machine Sales and Amusement Center Operations **SEGA Sammy**

- Although the market is currently in recovering trend, the impact of the COVID-19 is expected to be prolonged.

- Sales of existing stores of Amusement Center Operations area compared with the same month of the previous year



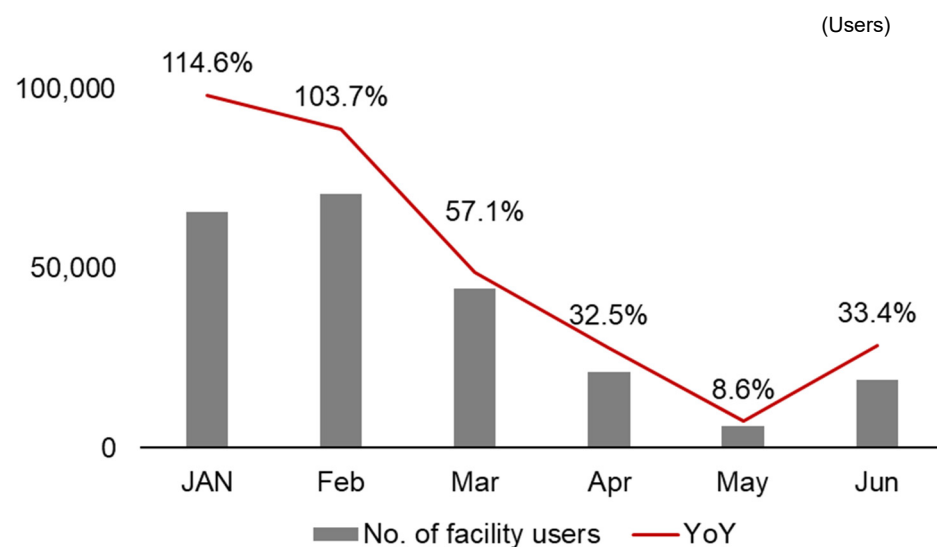
- ✓ Recovered nearly 70% recently.
- ✓ Commence the optimization of business with anticipation that the impact of the COVID-19 is prolonged
  - Amusement Center Operations: Restrain new investments
  - Amusement Machine Sales: Accelerate the shift of R&D resources to growing area

# Resort Business

- Will struggle for this fiscal year as the timing when COVID-19 will be settled is difficult to predict.

## ■ PHOENIX RESORT

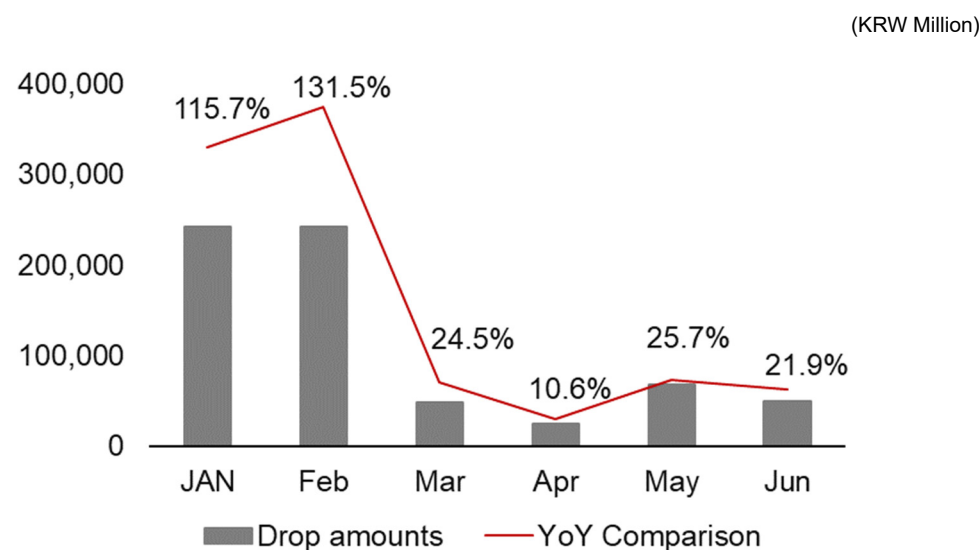
Number of facilities users and YoY comparison



- ✓ Significant decrease in the number of users

## ■ PARADISE SEGASAMMY

Drop amount and YoY comparison



- ✓ Commenced the optimization of facilities operation
  - Suspension of some facilities
  - Partial resignation of directors
  - Implement a voluntary retirement program of employees

To undertake the structural reforms

## **Establishment of the Structural Reform Committee**

**Chairman: Haruki Satomi**

- Pachislot and Pachinko machines, resorts and group-wide

**Haruki Satomi** President & Group COO (Representative Director) of SEGA SAMMY HOLDINGS  
President and CEO (Representative Director) of Sammy Corporation  
President and CEO (Representative Director) of SEGA GROUP CORPORATION

- Entertainment Contents

**Yukio Sugino** Vice President and COO (Representative Director) of SEGA GROUP CORPORATION

# Direction of Structural Reform

Reformation to a business structure that can sustainably generate profit

✓ **Cost reductions for this fiscal year**

- To reduce the expenses approximately 3 billion yen YoY for group-wide (incorporated into the latest forecast) (\*1)

✓ **Review of Balance Sheet**

- To review the non business properties

✓ **Review of Business Structure**

- To build an organizational structure that can adapt to changes in the market environment
- Cost reduction centered on group-wide common fixed expenses (reduction target: 15 billion yen)

\*Specific action plans will be announced in accordance with the progress of structural reforms.

The expenses associated with the implementation of structural reforms and their impact on business results are not included in the business results forecast announced on August 5. (Except \*1)

\*The new medium-term management plan is scheduled to be announced after the implementation of structural reforms.

## 3. Q&A



<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 more information of products and service of SEGASAMMY.

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

(SegaSammy Group Website list)

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