Fiscal Year Ending March 2021
3Q Results Presentation

February 12, 2021

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(All contents here are the translation of Japanese materials)

Speaker: Yoichi Owaki, Senior Vice President and Executive Officer, Managing Director of Finance and Accounting Division

Thank you for joining us in our third-quarter results briefing. I will present the third-quarter results and full-year forecast.

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1. Fiscal Year ending Mar 2021 3Q Results and Full Year Forecasts

Revision of operating results forecast for the full year FY2021/3

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(JPY Billion)	Full Year Forecast (announced on Nov 6)	Revised Full Year Forecast (announced on Feb 12)	Increase / Decrease
Sales	283.0	276.0	-7.0
Operating Income	-1.5	9.0	+10.5
Ordinary Income	-5.0	7.0	+12.0
Income before income taxes	-31.5	-5.0	+26.5
Profit attributable to owners of parent	-24.5	-3.0	+21.5

- ✓ Full-year forecast revised upward, driven by strong Consumer area
- ✓ Plan for year-end dividends: 20 yen (interim 10 yen)
- ✓ Implementation of each measure of "structural reform"

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We announced today that we upwardly revised our full-year forecast due to strong performance in the consumer area. We now expect to turn profitable on all lines up to ordinary income. We previously left our year-end dividend forecast undecided, but we now forecast dividends of 20 yen per share. We steadily implemented measures for structural reform, as will be explained later.

Revision of operating results forecast for the full year FY2021/3

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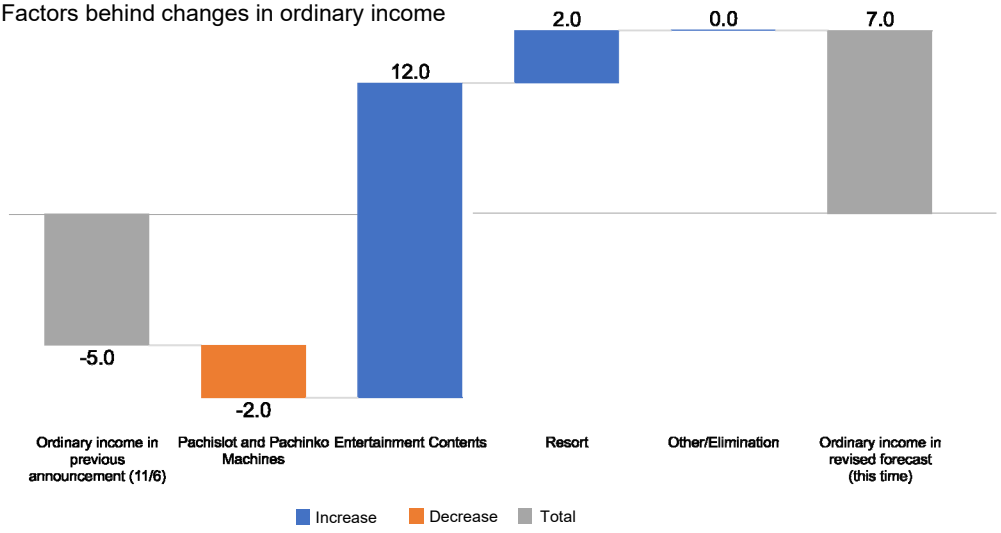
- Consumer area in Entertainment Contents Business performed well, and cost restraint progressed in each segment.

■Factors behind changes in ordinary income

(Unit: billion yen)



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Here are the revisions in the full-year forecast by segment.

We expect to post a lower ordinary income than our previous forecast in the Pachislot and Pachinko Machines Business as we moved the sales launch of some titles to the next fiscal year.

We upwardly revised our forecast in the Entertainment Contents Business due to ongoing strong performance in the Consumer area and progress in cost reductions in other areas.

Strong performance in Consumer area (Full Game's sales trend)

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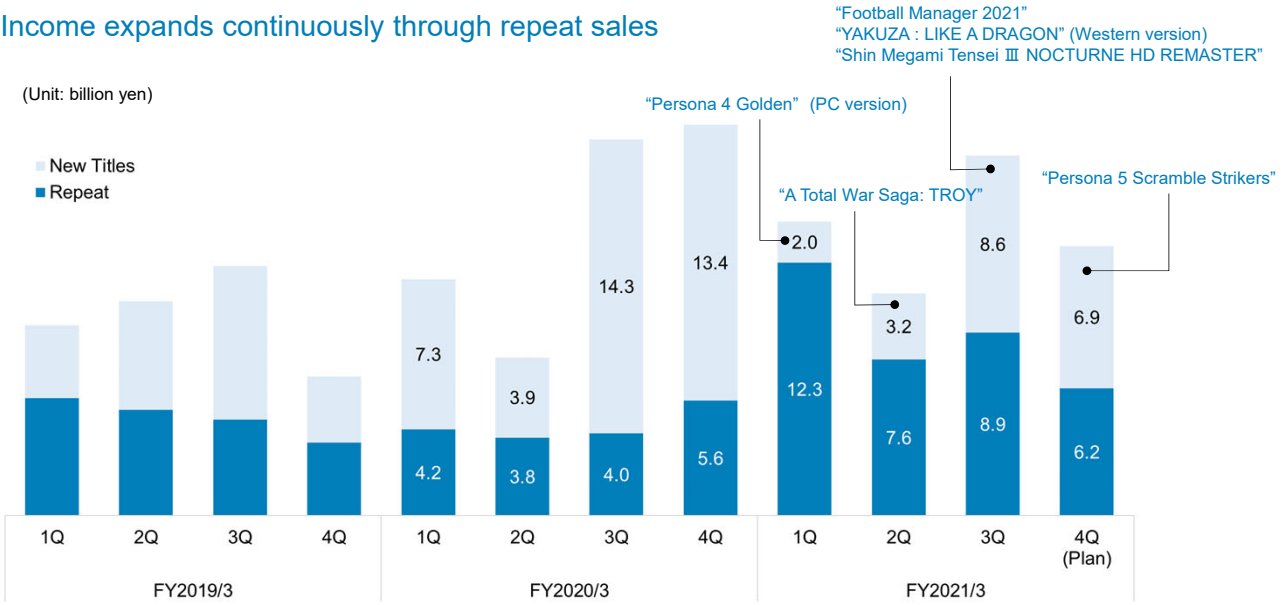
➢ Income expands continuously through repeat sales



*Repeat: Titles released in or before previous fiscal year including "SONIC" series, "Persona" series, "Total War" series, "Football Manager" series, and "YAKUZA" series, etc.
*Figures of the fiscal year ended March 31, 2019 are reference values before segment change

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This is the sales trend of Full Games, which underpins the strong performance in the Consumer area.

The dark blue bars represent repeat sales, which have continued to substantially exceed the same period in the previous fiscal year. There were fewer new titles released this fiscal year, but sales have accumulated centered on the US and Europe.

Strong performance in Consumer area (F2P sales trend)

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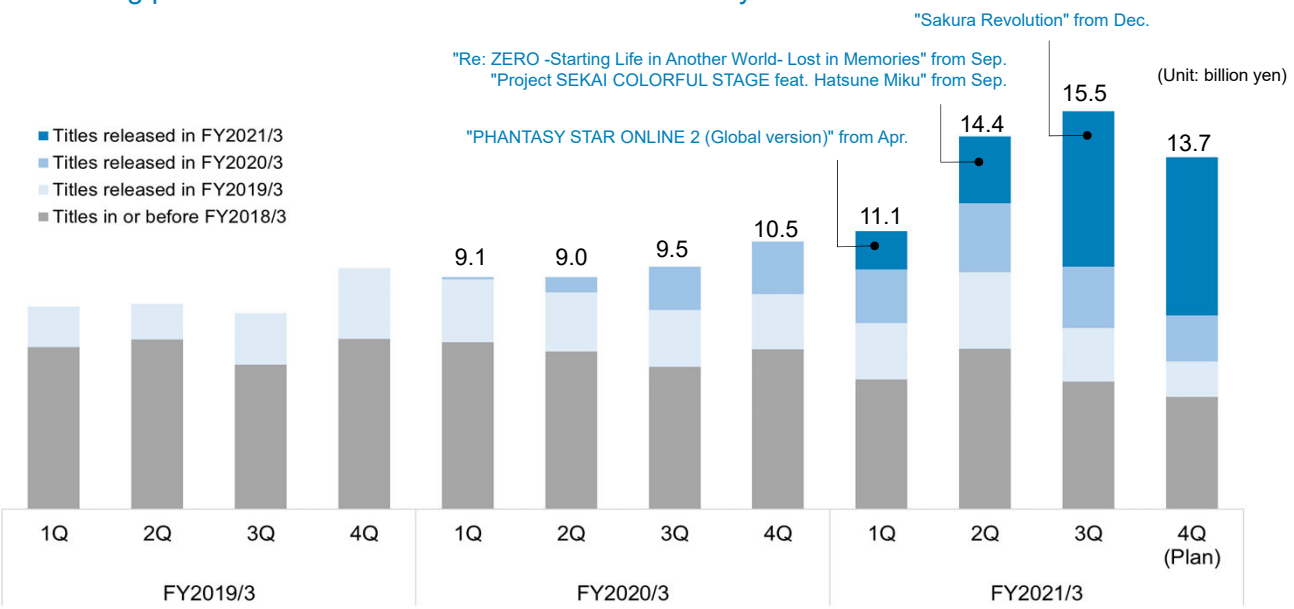
➢ Strong performance of new titles launched this fiscal year



*Portion of figures for FY2021/3 1Q have been revised
*Figures of the fiscal year ended March 31, 2019 are reference values before segment change

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Existing title sales slightly decelerated in F2P Games, but titles released in the fiscal year ended March 2019 and 2020 maintained a certain degree of sales. Further, new titles released this fiscal year, such as “Project SEKAI COLORFUL STAGE feat. Hatsune Miku”, performed solidly, resulting in sales growth in total.

Shareholder Returns – Dividend Amount

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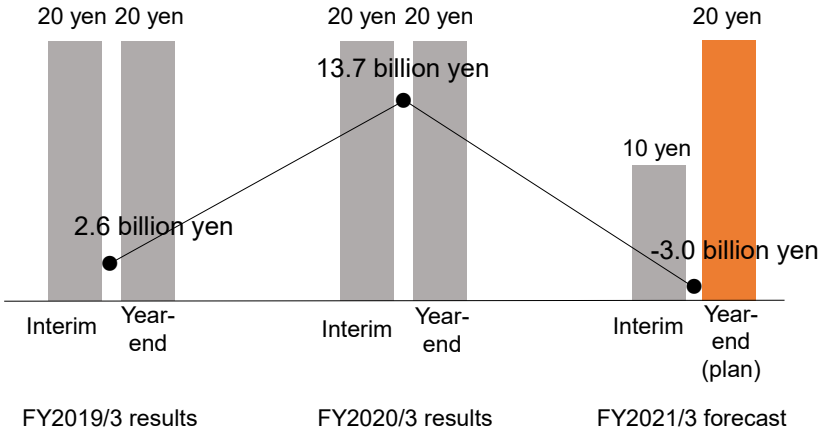
Dividend amount at end of FY2021/3: 20 yen

■ Transition of net income and dividends



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Previously, we left the year-end dividend forecast undecided. However, we now plan for dividends of 20 yen per share, an increase of 10 yen per share from the interim dividend, based on a comprehensive consideration of the recent uptrend in earnings as well as future investments and cash flows.

Progress of each measure of structural reform

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Major initiatives

[Implemented in 3Q]

- Transfer of the shares of company engaged in amusement facilities operation
- Implementation of voluntary retirement program
- Sales of investment securities (Sanrio shares, etc.)

[Scheduled to be implemented in 4Q]

- Sales of a non-business real estate

[Scheduled to be implemented in the next FY]

- Organizational restructure

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We already announced our measures for structural reform separately.
In the third quarter, we executed the transfer of the shares of a subsidiary engaged in amusement facilities operation as planned. In addition, we implemented a voluntary retirement program, sold investment securities, etc.
In the fourth quarter, we plan to sell a real estate as announced in December.
We also plan to implement some organizational restructuring in April. Please see next page for the details.

Organizational restructure

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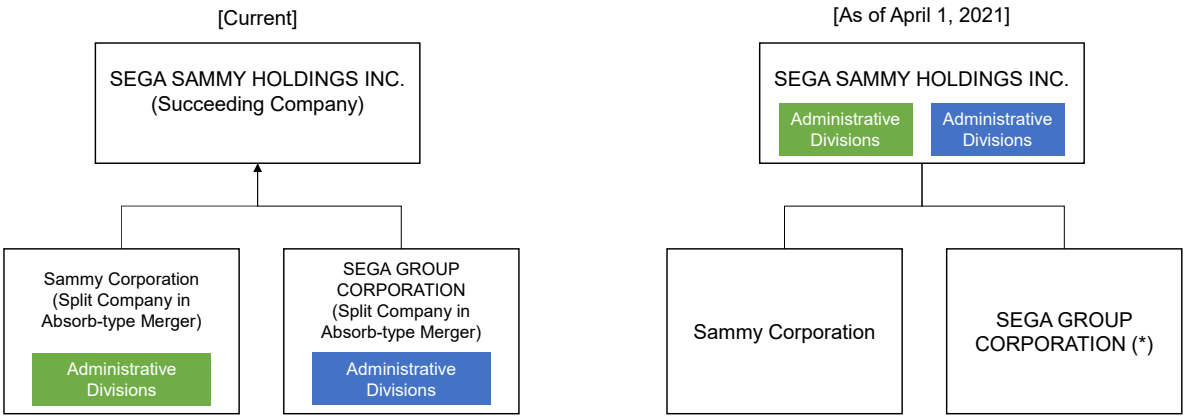
(1) Consolidation of administrative functions in SEGA SAMMY Group

- Corporate functions and other administrative functions of Sammy Corporation and SEGA GROUP CORPORATION will be split and integrated into SEGA SAMMY HOLDINGS INC. and establish a system to drive and support the group business as a whole.



*As of April 1, 2021, SEGA GROUP CORPORATION will become an extinguished company through an absorption-type merger by SEGA CORPORATION. (See details in next page.)

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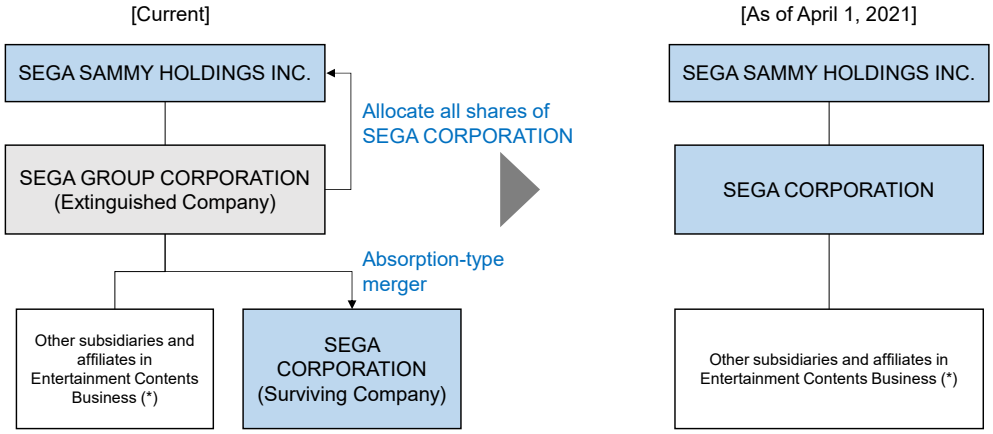
First, we will consolidate Group-wide management functions. To build a more efficient organizational structure, we will integrate the Administrative Divisions of Sammy Corporation and SEGA GROUP CORPORATION into SEGA SAMMY HOLDINGS INC.

Organizational restructure

(2) Reorganization of group companies in Entertainment Contents Business

- Merge SEGA GROUP CORPORATION, an intermediate holding company, into SEGA CORPORATION, to accelerate global business development by streamlining the Group's structure and accelerating decision-making.



*TMS ENTERTAINMENT Co., LTD., SEGA TOYS CO., LTD., DARTSLIVE Co., Ltd., SEGA Logistics Service Co., Ltd., and etc.

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SEGA CORPORATION will conduct an absorption-type merger with SEGA GROUP CORPORATION, which is an intermediate holding company, as part of the Group companies' reorganization in the Entertainment Contents business.
This integration is intended to accelerate decision-making so that SEGA's global operations can be implemented faster.

Impact of implementation of structural reform

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		PL impact for the current FY		PL improvement for the next FY
		Previous forecast	**Current forecast**	
1.Review of Business Structure	・Structural reform expenses in Amusement Center Operations area ・Closure of Orbi Yokohama	-20 billion yen (extraordinary losses) -0.5 billion yen (extraordinary losses)	**-19.1 billion yen (extraordinary losses)** **-0.6 billion yen (extraordinary losses)**	**+3.5 billion yen**
2. Reduction of fixed expenses	・Call for voluntary retirement and etc.	-10 billion yen (extraordinary losses)	**-9.2 billion yen (extraordinary losses)**	**+8.0 billion yen**
3. Review of BS	・Gain on sales of investment securities ・Gain on sales of non-business real estate	+5.9 billion yen (extraordinary income) -	**+8.4 billion yen (extraordinary income)** **+15.2 billion yen (*) (extraordinary income)**	**-**

*15.2 billion yen from gain on sale of a non-business real estate is scheduled to be recorded as extraordinary income in 4Q results

Previous forecast = forecast as of 2Q result announcement
Current forecast = forecast as of 3Q result announcement

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Here is the impact of the structural reforms on our P/L.

First, we expect the following impact from the review of business structure. We forecast 19.1 billion yen in extraordinary losses from the transfer of amusement facilities in the current period and 0.6 billion yen in extraordinary losses from the closure of Orbi Yokohama. However, we expect a P/L improvement of 3.5 billion yen in the next fiscal year. Recent earnings have recorded more than expected, mainly in the Amusement Center Operation area. As a result, we expect a smaller improvement in the next fiscal year compared to last time.

Second, we expect the following impact from the reduction of fixed expenses. We expect to record 9.2 billion yen in extraordinary losses due to implementing a voluntary retirement program this fiscal year. However, we expect a P/L improvement of 8.0 billion yen in the next fiscal year.

Third, we expect the following impact from the review of the balance sheet. We expect 8.4 billion yen in extraordinary income from gain on sales of investment securities in the third quarter and 15.2 billion yen in extraordinary income from gain on sales of non-business real estate in the fourth quarter. We also expect to record extraordinary losses in the fourth quarter based on ongoing considerations of reviews associated with structural reform.

FY2021/3 3Q Results, Full-year Forecast Summary

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(JPY Billion)	2020/3		2021/3		
	Through 3Q	Through 4Q	Through 3Q	Full Year Forecast (announced on Nov 6)	Revised Full Year Forecast (announced on Feb 12)
Sales	**280.8**	**366.5**	**210.1**	**283.0**	**276.0**
Pachislot and Pachinko Machines	86.3	108.5	37.3	60.0	51.5
Entertainment Contents	186.1	247.6	167.6	216.0	218.0
Resort	8.2	10.4	4.8	6.5	6.0
Other / Elimination	0.0	0.0	0.4	0.5	0.5
Operating Income	**28.0**	**27.6**	**13.5**	**-1.5**	**9.0**
Pachislot and Pachinko Machines	19.9	23.2	-8.2	-10.0	-11.5
Entertainment Contents	17.0	16.5	29.9	21.5	32.0
Resort	-2.3	-3.6	-3.1	-5.5	-4.5
Other / Elimination	-6.6	-8.5	-5.1	-7.5	-7.0
Non-operating income	1.8	3.2	5.6	5.0	6.5
Non-operating expenses	4.0	5.5	6.5	8.5	8.5
Ordinary Income	**25.8**	**25.2**	**12.5**	**-5.0**	**7.0**
Pachislot and Pachinko Machines	19.4	22.7	-8.7	-10.5	-12.5
Entertainment Contents	16.0	16.2	33.1	24.0	36.0
Resort	-3.3	-5.3	-6.6	-11.0	-9.0
Other / Elimination	-6.3	-8.4	-5.3	-7.5	-7.5
Ordinary Income Margin	9.2%	6.9%	5.9%	-	2.5%
Extraordinary income	3.0	3.1	10.3	7.5	26.0
Extraordinary losses	0.5	1.2	31.8	34.0	38.0
Income before income taxes	**28.3**	**27.1**	**-8.8**	**-31.5**	**-5.0**
Profit attributable to owners of parent	**22.9**	**13.7**	**-6.2**	**-24.5**	**-3.0**

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

FY2021/3 3Q Results

- Significant decline in sales and profit YoY, but operating income and ordinary income were well above the full-year forecast announced on November 6.
- Recorded gain on sales of investment securities in extraordinary income.
- Expenses such as extraordinary retirement allowances due to call for voluntary retirement and others were recorded in extraordinary losses.

Forecast

- Revise the full-year operating results forecast
- Scheduled year-end dividend amount: 20 yen
- Expect to record gain on sales of non-business real estate in extraordinary income.

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This is a summary of the cumulative third-quarter results and full-year forecast.
In the cumulative period through the third quarter, we posted a decline in sales and income mainly due to a YoY decrease in units sold in the Pachislot and Pachinko Machines Business. However, we recorded profits on both the operating income and ordinary income in the third quarter driven by strong Consumer area performance in the Entertainment Contents Business.

Breakdown of Income (FY2021/3 3Q results)

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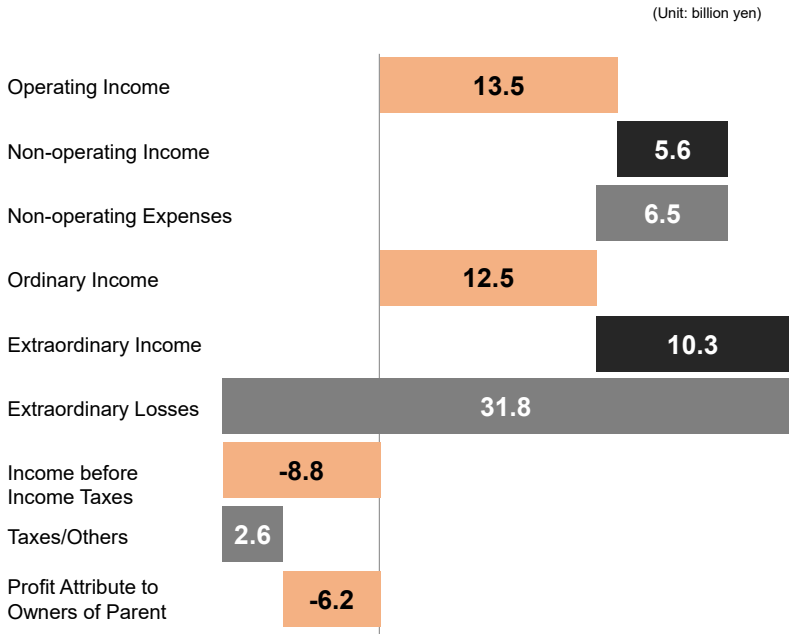

Non-operating income/losses and extraordinary income/losses

Non-operating income	**5.6**
Gain on valuation of investment securities	4.2
Dividends income	0.3
Non-operating expenses	**6.5**
Equity in losses of affiliates	4.1
Extraordinary Income	**10.3**
Gain on sales of investment securities	8.4
Gain on reversal of subscription rights to shares	0.8
Subsidy income	0.6
Extraordinary losses	**31.8**
Loss on COVID-19	2.6
Structural reform expenses (Expenses due to structural reform in Amusement Center Operations Area, and extraordinary retirement allowances and others due to call for voluntary retirement etc.)	29.0

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This is the breakdown of income.
Operating income and ordinary income recovered substantially starting in the second quarter and we achieved profitability. Further, the loss attributable to owners of parent improved significantly to 6.2 billion yen from 21.7 billion yen in the second quarter, as we recorded extraordinary gains of 10.3 billion yen that partly offset the 31.8 billion yen in extraordinary losses from structural reform.

Costs and Expenses

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(JPY Billion)	2020/3 Through 3Q	2020/3 Through 4Q	2021/3 Through 3Q	2021/3 Full Year Forecast (announced on Nov 6)	2021/3 Revised Full Year Forecast (announced on Feb 12)	Main factors for increase or decrease for 3Q and revised full-year forecast
R&D Expense / Content Production Expense	**56.4**	**76.5**	**43.5**	**62.7**	**62.5**	
Pachislot and Pachinko Machines	14.3	18.1	12.6	17.5	16.8	Decreased due to the decrease of the numbers of new titles to be launched in Consumer area.
Entertainment Contents	42.3	58.6	30.8	45.2	45.5	
Resort	0.1	0.1	0.1	0.0	0.1	
Other / Elimination	-0.3	-0.3	0.0	0.0	0.1	
Cap-ex	**16.1**	**22.8**	**11.4**	**13.9**	**14.5**	
Pachislot and Pachinko Machines	2.5	3.5	2.5	3.6	3.6	Decreased due to the restrain of investment for machines, interiors and exteriors of stores and etc. in Amusement Center Operations area.
Entertainment Contents	12.9	18.2	8.5	9.4	10.0	
Resort	0.1	0.2	0.1	0.3	0.3	
Other / Elimination	0.6	0.9	0.3	0.6	0.6	
Depreciation	**10.9**	**14.8**	**9.5**	**13.1**	**10.9**	
Pachislot and Pachinko Machines	2.8	3.6	2.6	2.8	2.7	Decreased due to the structural reform in Amusement Center Operations area.
Entertainment Contents	6.4	8.9	5.2	8.2	6.3	
Resort	0.8	1.1	0.7	1.0	0.9	
Other / Elimination	0.9	1.2	1.0	1.1	1.0	
Advertising	**12.9**	**17.4**	**9.5**	**16.3**	**13.0**	
Pachislot and Pachinko Machines	1.2	1.5	1.0	2.1	1.5	Decreased due to the decrease of the numbers of new titles to be launched in Consumer area.
Entertainment Contents	10.2	14.1	7.8	12.8	10.3	
Resort	0.3	0.4	0.2	0.3	0.3	
Other / Elimination	1.2	1.4	0.5	1.1	0.9	

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

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Here are the costs and expenses.

We made revisions to costs and expenses in accordance with our earnings forecast. In the second quarter, we booked impairments on structural reform in the Amusement Center Operation area. As a result, we did not book the depreciation we expected in the third quarter, and we lowered the full-year forecast for depreciation from the previous announcement.
We also lowered our full-year forecast for advertising expenses from the previous announcement due to some expenses that were not incurred in the Consumer area.

Consolidated Balance Sheet Summary

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(Unit:billion yen)

(Billion yen) 【Assets】 Account	As of end of March 2020	As of end of Dec 2020	Change	【Liabilities and Net Assets】 Account	As of end of March 2020	As of end of Dec 2020	Change
Cash and Deposits	159.0	151.4	-7.6	Accounts Payable	17.8	18.1	+0.3
Accounts Receivable	40.4	51.8	+11.4	Corporate Bonds	10.0	-	-10.0
Short term investment securities	5.3	11.0	+5.7	Short Term Loans Payable	13.3	39.1	+25.8
Inventories	47.0	56.5	+9.5	Other	45.0	46.6	+1.6
Other	17.2	34.8	+17.6	**Total Current Liabilities**	**86.1**	**103.8**	**+17.7**
Total Current Assets	**268.9**	**305.5**	**+36.6**	Corporate Bonds	10.0	10.0	-
Tangible Fixed Assets	86.6	67.0	-19.6	Long Term Loans Payable	42.0	42.0	-
Intangible Fixed Assets	17.9	17.6	-0.3	Other	23.2	18.6	-4.6
Investment Securities	55.0	43.1	-11.9	**Total Noncurrent Liabilities**	**75.2**	**70.6**	**-4.6**
Other	29.7	19.4	-10.3	**Total Liabilities**	**161.4**	**174.4**	**+13.0**
				Shareholders Equity	301.2	287.7	-13.5
				Total accumulated other comprehensive income	-7.1	-10.0	-2.9
				Subscription rights to shares	0.8	-	-0.8
				Non-controlling intesrests	1.9	0.5	-1.4
Total Noncurrent Assets	**189.2**	**147.1**	**-42.1**	**Total Net Assets**	**296.8**	**278.2**	**-18.6**
Total Assets	**458.2**	**452.7**	**-5.5**	**Total Liabilities and Net Assets**	**458.2**	**452.7**	**-5.5**

	As of end of March 2020	As of end of Dec 2020	Change
Cash, deposits and cash equivalents	158.6	153.9	-4.7
Interest bearing debt	75.3	91.2	+15.9
Net cash	83.2	62.7	-20.5
Equity Ratio	64.2%	61.3%	-2.9pt

Main factors for increase / decrease

(Current Assets)	Trade notes and accounts receivable, and inventory assets including work in progress increased.
(Non-current Assets)	Decreased associated with the structural reform in Amusement Center Operations area.
(Liabilities)	Increased due to the borrowing of short-time loans payable, while redeemed corporate bonds at maturity.
(Net Assets)	Decreased due to the recording of losses attribute to owners of parent for quarter and payment of dividends.

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Next is the consolidated balance sheet.
Total current assets increased by 36.6 billion yen. While cash and deposits decreased, accounts receivable and inventory assets including work in progress increased in the Pachislot and Pachinko Machines Business.

Total non-current assets decreased by 42.1 billion yen, as we recorded impairments in the Amusement Center Operation area.

As for liabilities, we recorded 30 billion yen in short-term loans payable from the overdraft facilities to increase liquidity on hand considering the business risks posed by COVID-19, while we redeemed corporate bonds to maturity.

Total net assets decreased by 18.6 billion yen due to recording a net loss attributable to owners of parent and paying dividends.

As of end of December 2020, net cash became 62.7 billion yen, which is 20.5 billion yen decrease from the end of the previous fiscal year, but 10.2 billion yen increase from the end of the second quarter of the current fiscal year.

As for cash flows, net cash used in operating activities was 15.6 billion yen, net cash provided by investing activities was 2.8 billion yen, and net cash provided by financing activities was 7.9 billion yen.

Liquidity of Funds

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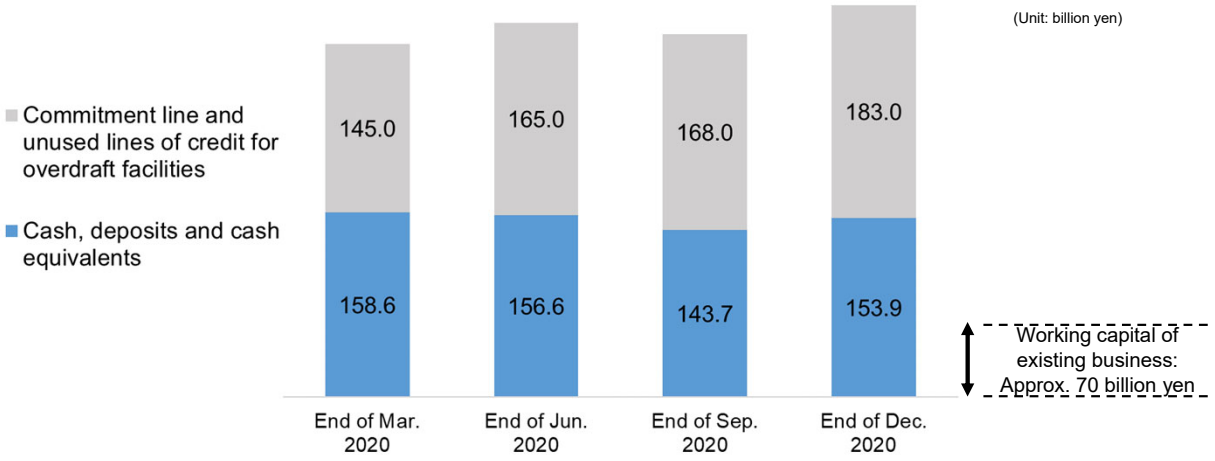
✓ Secured 336.9 billion yen as liquidity, enabling flexible response to funding demand, such as working capital for existing business and strategic investments in the future.



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As of the end of December 2020, we have secured sufficient liquidity of 336.9 billion yen in total based on 183 billion yen as an unused borrowing limit for commitment lines and overdrafts from financial institutions, in addition to 153.9 billion yen in cash, deposits and cash equivalents.

2. Transition of results: Per segment

I will explain the third-quarter results and the summary of the full-year forecast by segment.

Pachislot and Pachinko Machines Business

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(JPY Billion)	2020/3 Through 3Q	2020/3 Through 4Q	2021/3 Through 3Q	2021/3 Full Year Forecast (announced on Nov 6)	2021/3 Revised Full Year Forecast (announced on Feb 12)
Sales	**86.3**	**108.5**	**37.3**	**60.0**	**51.5**
Pachislot	46.2	54.1	4.8	14.9	13.5
Pachinko	26.8	37.4	24.6	35.8	28.2
Other / Elimination	13.3	17.0	7.9	9.3	9.8
Operating Income	**19.9**	**23.2**	**-8.2**	**-10.0**	**-11.5**
Non-operating income	0.4	0.7	0.3	0.5	0.5
Non-operating expenses	0.8	1.1	0.9	1.0	1.5
Ordinary Income	**19.4**	**22.7**	**-8.7**	**-10.5**	**-12.5**
Ordinary Income Margin	22.5%	20.9%	-	-	-
Pachislot					
Number of Titles	**3 titles**	**5 titles**	**3 titles**	**6 titles**	**5 titles**
Unit Sales (units)	**105,860**	**123,336**	**12,487**	**38,300**	**34,300**
Pachinko					
Number of Titles	**5 titles**	**7 titles**	**3 titles**	**5 titles**	**4 titles**
Unit Sales (units)	**75,094**	**104,581**	**59,359**	**89,200**	**68,300**
Board + Frame	18,878	33,056	46,574	63,500	52,900
Board	56,216	71,525	12,785	25,700	15,400

FY2021/3 3Q Results

◆ The extent of losses decreased QonQ, due to the strong sales of mainstay pachinko "P Shin Hokuto Muso Chapter 3" and other titles.

■ Ordinary income per quarter (Unit: billion yen)

1Q	2Q	3Q
-8.5	-3.9	3.7

Forecast

◆ Due to the review of sales schedule, launch of some FY2021/3 titles will be postponed to the next fiscal year, resulting in decrease of number of titles.

◆ Expect to record one-off expense due to the review of inventory assets such as components.

*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.

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In the Pachislot and Pachinko Machines Business, the operating income and ordinary income turned profitable for the third quarter due to solid sales of the mainstay pachinko "P Shin Hokuto Muso Chapter 3" and other titles. As a result, the extent of losses decreased compared to the second quarter results.

We reviewed the sales schedule and moved the launch of some titles to the next fiscal year in light of the market environment. As a result, we forecast a decrease in the number of titles and units sold. In addition, we expect to book a one-off expense at the end of the fiscal year due to reviewing the asset value of components and other inventories.

Pachislot and Pachinko Machines Business (Sales Schedule)

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New title
Specification changed title

~ FY2021/3 3Q | FY2021/3 4Q ~

Pachislot

- Pachislot Shin Hokuto Muso
- Pachislot Kaidoumokushiroku kaiji numa
- Pachislot The Seven deadly Sins
- Pachislot Initial D
- Pachislot Hokuto No Ken Shukumei
- Pachislot Angel Beats! *Scheduled for 2021

Pachinko

- P Psalms of Planets Eureka Seven HI-EVOLUTION ZERO
- P ROAD TO EDEN
- P Shin Hokuto Muso Chapter 3
- P BIG DREAM2 GEKISHIN 199Ver.
- Dejihane PA Psalms of Planets Eureka Seven HI-EVOLUTION ZERO
- P 〈Monogatari〉 Series Secondseason
- P Kabaneri of the Iron Fortress *Scheduled in April 2021

(Major titles launched before 3Q)		Installed from	Total sales
Pachislot	Pachislot The Seven deadly Sins	Nov.	6,206 Units
	Pachislot Shin Hokuto Muso	Jul.	4,295 Units
	Pachislot Kaidoumokushiroku kaiji numa	Oct.	1,361 Units
Pachinko	P Shin Hokuto Muso Chapter 3	Dec.	43,741 Units
	P Psalms of Planets Eureka Seven HI-EVOLUTION ZERO	Aug.	10,223 Units
	P BIG DREAM2 GEKISHIN 199Ver.	Nov.	4,231 Units

(Titles to be launched after 4Q)		Installed from
Pachislot	Pachislot Initial D	Jan.
	Pachislot Hokuto No Ken Shukumei	Mar.
	Pachislot Angel Beats!	TBD
Pachinko	Dejihane PA Psalms of Planets Eureka Seven HI-EVOLUTION ZERO	Jan.
	P 〈Monogatari〉 Series Secondseason	Feb.
	P Kabaneri of the Iron Fortress	Apr.

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This is the release schedule of new titles and the actual number of units sold.

In the fourth quarter, we will release “Pachislot Hokuto No Ken Shukumei”, “P〈Monogatari〉Series Secondseason”, and other titles.

Reference: Pachislot and Pachinko Machines Business
(Transition of utilization of pachinko halls, removal schedule)

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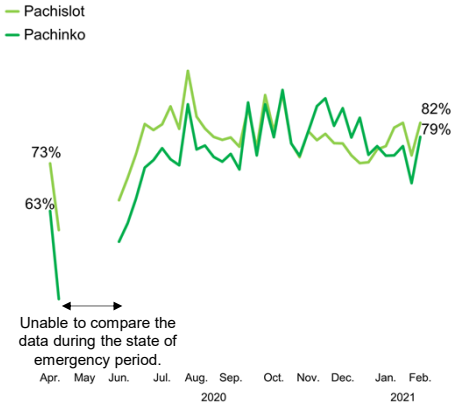
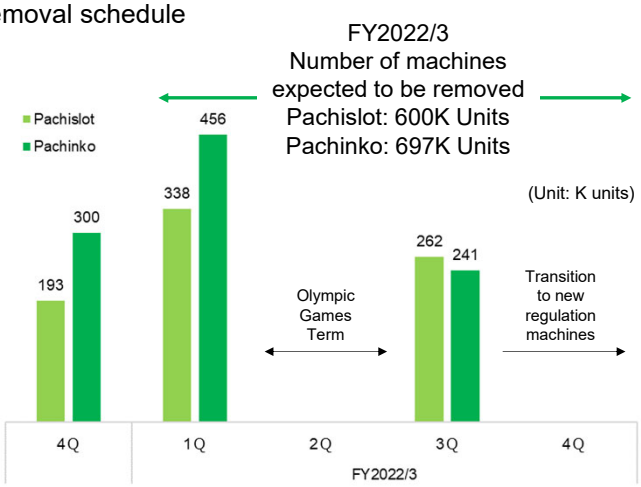
✓ Replacement accelerated from January 2021 due to the arrival of previous regulation machines' deadline for removal.

YoY comparison of average utilization rate of Pachislot and Pachinko



*In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Electronic Co., Ltd

Removal schedule



*In-house estimation as of the end of January 2021

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Here are the utilization rates and removal schedule.

Utilization rates continue to trend stably around 70% to 80%.
The removal schedule shown here is based on our in-house estimation derived from agreements between industry groups.

Entertainment Contents Business

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(JPY Billion)	2020/3 Through 3Q	2020/3 Through 4Q	2021/3 Through 3Q	2021/3 Full Year Forecast (announced on Nov 6)	2021/3 Revised Full Year Forecast (announced on Feb 12)
Sales	**186.1**	**247.6**	**167.6**	**216.0**	**218.0**
Consumer	90.2	125.5	102.4	132.5	136.0
Amusement Machine Sales	41.1	51.0	25.6	37.5	36.0
Amusement Center Operations	32.2	41.9	20.6	20.0	21.0
Animation / Toy	20.3	26.2	17.1	24.0	23.0
Other / Elimination	2.2	2.9	1.9	2.0	2.0
Operating Income	**17.0**	**16.5**	**29.9**	**21.5**	**32.0**
Consumer	12.1	14.7	30.9	30.0	36.5
Amusement Machine Sales	1.1	-0.6	-0.1	-2.5	-1.5
Amusement Center Operations	1.7	1.4	-1.4	-4.5	-1.5
Animation / Toy	2.9	2.7	2.1	0.9	1.4
Other / Elimination	-0.9	-1.7	-1.6	-2.4	-2.9
Non-operating income	0.3	1.3	4.7	3.3	5.5
Non-operating expenses	1.3	1.6	1.4	0.8	1.5
Ordinary Income	**16.0**	**16.2**	**33.1**	**24.0**	**36.0**
Ordinary Income Margin	8.6%	6.5%	19.7%	11.1%	16.5%

FY2021/3 3Q Results

- Significant increase in profit YoY due to contribution of Consumer area.
- Losses at Amusement Center Operation area improved as utilization of facilities exceeded the estimation and operating expenses went below the estimation.
- Recorded gain on valuation of securities held by a U.S. subsidiary as non-operating income in 3Q following 2Q.

Forecast

- Continue to expect strong performance in Consumer area.
- Areas other than Consumer area also improving.
- Amusement Center Operations area is excluded from consolidation from 4Q.

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

In the Entertainment Contents Business, third-quarter results were strong in the Consumer area, and progress was made in cost reductions in other areas. As a result, we posted a substantial increase in profits despite a YoY decrease in sales.

We expect performance to remain strong in the Consumer area. However, we expect to book valuation losses and some other one-off expenses at the end of the fiscal year.

Entertainment Contents Business (Per subsegment)

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FY2021/3 3Q Results

◆ Consumer area	(Full Game) Strong performance of repeat sales continued. (F2P) Strong performance of new titles and steady performance of existing titles.
◆ Amusement Machine Sales area	Extent of losses decreased due to sales of regular products such as UFO CATCHER series machines and prizes for UFO CATCHER, as well as contents update for major titles.
◆ Amusement Center Operations area	Sales of existing stores were 61.4% YoY. Transferred the shares of the company engaged in amusement facilities operation.
◆ Animation / Toys area	Steady performance of toys in holiday shopping season.

Forecast

◆ Consumer area	(Full Game) New titles will be launched, and expect to maintain strong repeat sales. (F2P) New titles are expected to perform steadily. For existing titles, expect the transfer of operation and decay of some titles.
◆ Amusement Machine Sales area	Mainly sell regular products such as UFO CATCHER series machines and prizes for UFO CATCHER.
◆ Amusement Center Operations area	Profit and losses will be insignificant due to the transfer of the shares of the company engaged in amusement facilities operation.
◆ Animation / Toys area	(Animation) Record revenues from animation production and distribution, etc. (Toys) Sell regular products, etc.

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In the third quarter, performance remained strong for repeat sales of full games in the Consumer area. We also released new titles such as “Football Manager 2021” and “Yakuza: Like a Dragon” (Western version). In F2P, performance was solid due to new titles distributed from September, including “Project SEKAI COLORFUL STAGE feat. Hatsune Miku” and “Re:ZERO -Starting Life in Another World- Lost in Memories”.

In the Amusement Machine Sales area, in addition to sales of regular products such as UFO CATCHER series machines and prizes for UFO CATCHER, sales due to content updates for major titles such as “StarHorse 4” were recorded, so the extent of losses decreased compared to the second quarter.

In the Amusement Center Operation area, existing store sales recovered to 61.4% YoY. Note that fourth quarter profit or loss will be insignificant due to the transfer of the share of a company engaged in amusement center operations.

In the animation and toys area, toy sales were steady during the year-end sales season.

In the Consumer area, we forecast ongoing contributions from repeat sales of full games. In addition, we plan to release new titles such as the western version of “Persona 5 Scramble Strikers”. In F2P, we expect steady performance driven by new titles distributed from this fiscal year.

Consumer area (New titles of Full Game)

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➢ Titles that supported the strong performance

(New titles for 3Q)

"Football Manager 2021"

© Sports Interactive Limited 2020.
Published by SEGA Publishing Europe Limited.

"YAKUZA : LIKE A DRAGON"

©SEGA

(Western version)

"Shin Megami Tensei Ⅲ NOCTURNE HD REMASTER"

©ATLUS
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(4Q new titles)

"Persona 5 Scramble Strikers"

©ATLUS ©SEGA/ ©KOEI TECMO GAMES All rights reserved.

(Western version)

(New titles for FY2022/3)

"HUMANKIND™"

© Amplitude Studios 2020.
© SEGA.

*Scheduled in April 2021

"Shin Megami Tensei Ⅴ"

©ATLUS
©SEGA All rights reserved.

*Scheduled for 2021

"Total War: WARHAMMER III"

© Games Workshop Limited 2021.
Published by SEGA.

*Scheduled for 2021

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Here are the new titles and release schedule of full game in the Consumer area.

Consumer area (Number of Full Game sales in units by IP)

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■FY2021/3 3Q Results of Major titles

IP	Unit Sales	Main titles (released month)
Sonic	**Approx. 3,700K units**	“Mario & Sonic at the Olympic Games Tokyo 2020” (November 2019) “Team Sonic Racing” (May 2019) “Sonic Generations” (December 2011) “Sonic Mania” (August 2017), etc.
Total War	**Approx. 3,600K units**	“Total War: SHOGUN 2” (March 2011) “Total War: ROME II” (September 2013) “Total War: WARHAMMER 2” (September 2017) “Total War: Three Kingdoms” (May 2019), etc.
Football Manager	**Approx. 2,900K units**	“Football Manager 2020” (November 2019) “Football Manager 2021” (November 2020) “Football Manager 2020 Mobile” (November 2019) “Football Manager 2021 Mobile” (November 2020)
Persona	**Approx. 1,900K units**	“Persona 4 The Golden” (June 2020) “Persona 5 Royal” (October 2019) “Persona 5” (September 2016) “Persona 5 Scramble Strikers ” (February 2020), etc.
Others	**—**	“Alien: Isolation” (October 2014) “Endless Space2” (May 2017) “Two Point Hospital” (August 2018) “YAKUZA : LIKE A DRAGON“ (January 2020), etc.

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Here are the actual number of full game units sold by IP in the consumer area.
The number of units sold continued to grow substantially due to solid sales of titles released in the past.

Consumer area (Strong F2P titles)

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➢ Strong performance of new titles in FY2021/3 led to higher sales

■Top 3 titles in sales from Oct.-Dec. 2020

(No. 1)

"Project SEKAI COLORFUL STAGE feat. Hatsune Miku"

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Release: Sep. 2020

(No. 2)

"Re:ZERO -Starting Life in Another World- Lost in Memories"

©Tappei Nagatsuki,KADOKAWA/
Re:ZERO2 PARTNERS
©SEGA

Release: Sep. 2020

(No. 3)

PHANTASY STAR ONLINE 2

"PHANTSAY STAR ONLINE 2"

©SEGA

Release: Jul. 2012

*A major update, "PHANTASY STAR ONLINE 2 NEW GENESIS" is scheduled to be released in 2021.

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Here are the top three F2P titles in sales over the three-month period of the third quarter in the consumer area.

"Project SEKAI COLORFUL STAGE feat. Hatsune Miku" and "Re:ZERO -Starting Life in Another World- Lost in Memories", distributed from September, ranked at the top and performed robustly.

As for "PHANTASY STAR ONLINE 2", we plan to distribute a major updated version, "PHANTASY STAR ONLINE 2 NEW GENESIS", in the next fiscal year.

Reference: Consumer area (Transition of Full Game sales)

SEGASammy

(JPY Billion)	2020/3				2021/3				
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q	Full Year Forecast (announced on Nov 6)	Revised Full Year Forecast (announced on Feb 12)
Sales	**26.7**	**55.8**	**90.2**	**125.5**	**32.4**	**61.4**	**102.4**	**132.5**	**136.0**
Domestic	12.9	27.0	45.9	64.2	12.4	27.9	48.7	66.3	63.4
Overseas	13.9	29.0	45.4	63.9	19.6	33.4	54.3	67.6	73.6
Overseas sales ratio	52.1%	52.0%	50.3%	50.9%	60.5%	54.4%	53.0%	51.0%	54.1%
Other / Elimination	-0.1	-0.2	-1.2	-2.6	0.2	0.1	-0.6	-1.4	-1.0
Full Game	**11.5**	**19.4**	**37.8**	**57.0**	**14.4**	**25.2**	**42.6**	**48.5**	**55.7**
New titles	**7.3**	**11.3**	**25.6**	**39.1**	**2.0**	**5.2**	**13.8**	**17.8**	**20.7**
Japan	0.2	0.6	7.5	12.5	0.0	0.1	1.8	1.9	2.1
Asia	0.4	0.5	1.1	3.5	0.7	1.0	1.2	1.9	1.7
North America / Europe	6.6	10.1	16.9	22.9	1.2	4.1	10.6	13.9	16.9
Repeat titles	**4.2**	**8.1**	**12.1**	**17.8**	**12.3**	**19.9**	**28.8**	**30.7**	**35.0**
Japan	0.5	1.1	1.5	2.7	1.7	2.7	3.7	4.7	4.2
Asia	0.3	0.8	1.1	1.7	0.5	1.1	1.5	2.7	2.3
North America / Europe	3.3	6.1	9.4	13.3	9.9	16.1	23.5	23.3	28.3
Download sales ratio	65.9%	58.6%	48.4%	46.0%	66.5%	67.7%	62.8%	61.8%	61.8%
F2P	**9.1**	**18.1**	**27.6**	**38.1**	**11.1** *	**25.5**	**41.0**	**58.1**	**54.7**
Japan	8.4	16.9	25.8	35.3	9.1 *	21.5	35.5	50.4	47.6
Asia	0.0	0.0	0.1	0.3	0.0	0.1	0.2	0.7	0.2
North America / Europe	0.6	1.1	1.6	2.4	1.9	3.9	5.2	7.0	6.8
Other	**6.1**	**18.4**	**25.8**	**33.0**	**6.5** *	**10.6**	**19.4**	**27.3**	**26.6**

*Portion of figures for FY2021/3 1Q have been revised.

・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 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.

Here are the full game sales trend in the consumer area as reference.

Reference: Consumer area (Transition of Full Game sales in Units)

SEGASammy

	2020/3				2021/3				
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q	Full Year Forecast (announced on Nov 6)	Revised Full Year Forecast (announced on Feb 12)
Full Game: Number of Titles	**9 titles**	**13 titles**	**26 titles**	**36 titles**	**4 titles**	**6 titles**	**15 titles**	**22 titles**	**18 titles**
Japan	2 titles	3 titles	9 titles	11 titles	0 title	0 title	2 titles	2 titles	2 titles
Asia	3 titles	3 titles	6 titles	12 titles	1 title	1 title	4 titles	7 titles	6 titles
North America / Europe	4 titles	7 titles	11 titles	13 titles	3 titles	5 titles	9 titles	13 titles	10 titles
Full Game: Sales in Units (Thousands)	**6,490**	**12,100**	**20,570**	**28,570**	**12,980**	**19,080**	**34,200**	**33,040**	**40,540**
Total New titles	**2,300**	**3,550**	**7,460**	**11,480**	**790**	**1,180**	**3,770**	**5,580**	**6,030**
Japan	60	170	1,180	1,910	10	20	370	420	420
Asia	130	130	300	780	150	200	260	450	390
North America / Europe	2,110	3,240	5,970	8,790	620	960	3,130	4,720	5,200
Total Repeat titles	**4,180**	**8,550**	**13,110**	**17,090**	**12,190**	**17,900**	**30,420**	**27,460**	**34,510**
Japan	210	440	580	880	460	690	990	1,190	1,140
Asia	110	280	380	580	240	510	700	1,130	1,050
North America / Europe	3,860	7,820	12,140	15,620	11,480	16,690	28,730	25,130	32,310

*Sales in units don't include the figure for free download
*Numbers of titles and sales units of Full Game in FY2020/3 results were revised due to the change of subsegment classifications

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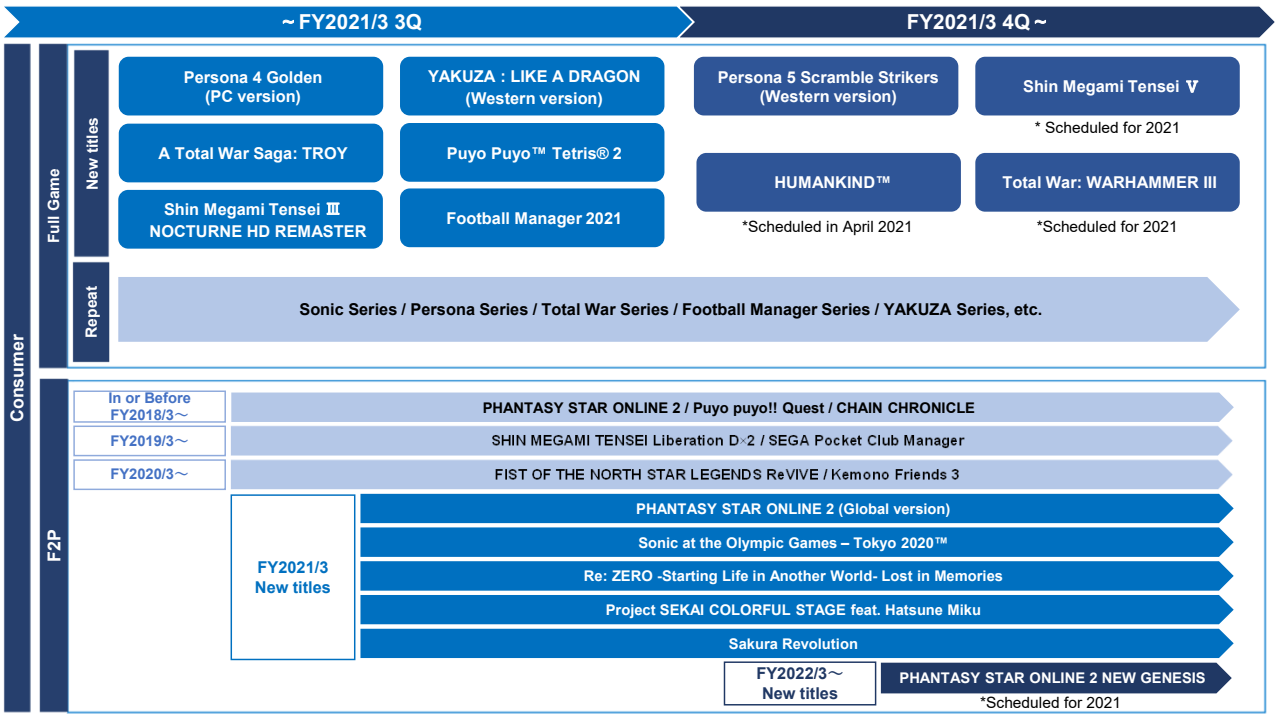
Here are the full game sales trend in units.

Entertainment Contents Business (Sales Schedule)

SEGASammy



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Page 28 and 29 are for the release schedule of each title in the Entertainment Contents Business.

Entertainment Contents Business (Sales Schedule)

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~ FY2021/3 3Q | FY2021/3 4Q ~

Amusement Machine Sales

<Existing titles> KanColle Arcade / StarHorse Series / Fate/Grand Order Arcade / WCCF FOOTISTA 2019 / SANGOKUSHI TAISEN Series maimai Series / O・N・G・E・K・I / CHUNITHM Series

<Regular titles> UFO CATCHER series / prizes for UFO CATCHER

- TRANSFORMERS SHADOWS RISING
- fiz
- StarHorse4 (Content Update)
- Initial D THE ARCADE

Animation / Toys

- Sonic The Hedgehog (in Japan)
- Detective Conan: The Scarlet Bullet
  *Scheduled to be released on April 16, 2021
- SOREIKE！ANPANMAN：FUWAFUWA FUWARI TO KUMONOKUNI (Working Title)
  *Scheduled to be released on June 25, 2021
- Disney&Disney/Pixar Characters Magical Smart Note
- Fun to change mouse covers! Sumikkogurashi Personal Computer Plus

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Resort Business

SEGASammy

(JPY Billion)	2020/3 Through 3Q	2020/3 Through 4Q	2021/3 Through 3Q	2021/3 Full Year Forecast (announced on Nov 6)	2021/3 Revised Full Year Forecast (announced on Feb 12)
Sales	**8.2**	**10.4**	**4.8**	**6.5**	**6.0**
Operating Income	**-2.3**	**-3.6**	**-3.1**	**-5.5**	**-4.5**
Non-operating income	0.2	0.2	0.0	0.2	0.0
Non-operating expenses	1.2	1.9	3.5	5.7	4.5
Ordinary Income	**-3.3**	**-5.3**	**-6.6**	**-11.0**	**-9.0**
Ordinary Income Margin	-	-	-	-	-
<PHOENIX RESORT>					
Sales	**7.7**	**9.9**	**4.6**	**6.1**	**6.0**
Operating Income	**-0.0**	**-0.2**	**-1.4**	**-2.1**	**-2.1**
No. of facility users (Thousands)	**658**	**839**	**430**	**539**	**533**
3 accommodation facilities	283	359	177	224	214
2 golf courses	70	92	57	73	74
Other facilities	305	388	196	242	245

FY2021/3 3Q Results

- ◆ PHOENIX RESORT: Personal demand increased due to "Go To Travel Campaign", and utilization of facilities was on a recovery trend.
  (Number of facility users YoY: 65.3%)
  - ■ Numbers of monthly facility users of PHOENIX RESORT (YoY comparison)

Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
32.5%	8.6%	33.4%	45.5%	58.0%	97.8%	112.8%	119.2%	89.7%

Forecast

- ◆ Expenses for domestic IR expect to decrease from initial assumption.
- ◆ PHOENIX RESORT: Decline of travel demand is expected due to temporary suspension of "Go To Travel Campaign" nationwide, and declaration of state of emergency.
- ◆ Expect to record losses in PARADISE SEGASAMMY (non-operating expenses).

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In the Resort Business, the number of facility users at PHOENIX RESORT exceeded 100% of the year-earlier figures in October and November. Due to the impact of "Go To Travel Campaign", facility utilization rates recovered. As a result, the extent of losses decreased compared to the second quarter.

We expect results to be sluggish in the fourth quarter, assuming that travel demand would fall due to the impacts of the nationwide temporary suspension of "Go To Travel Campaign" and declaration of state of emergency.
On the other hand, we did not record upfront costs for domestic IR and reduced costs at PARADISE CITY overseas. As a result, we expect the extent of losses to decrease compared to the full-year forecast announced last time.

Resort Business (PARADISE SEGASAMMY)

SEGASammy

(KRW Billion)

(KRW Billion)		FY2020 3Q Results	FY2021 3Q Results
Sales		331.7	144.9
	Casino	269.0	106.9
	Hotel	49.5	32.8
	Other	13.1	5.1
Cost of sales		279.4	174.2
	Casino	145.5	78.1
	Hotel	87.2	67.0
	Other	46.6	29.0
Gross profit		52.2	-29.2
	SG&A	39.9	22.0
Operating profit		12.3	-51.3
EBITDA		60.0	-7.0
Net profit		-11.2	-77.1
Number of casino visitors (Thousands)		286	137

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	**-0.9**	**-3.4**

FY2021/3 3Q Results

- ◆ The number of facility users declined.
  - Number of casino users YoY: 47.9%
  - Streamlined the facilities operation by suspending the operation of some facilities and reducing fixed expenses.

Forecast

- ◆ Expecting that the restriction of foreign visitors in each country will continue.
- ◆ Expect to record losses due to a decrease in utilization of facilities.

*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

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Here are the details on PARADISE SEGASAMMY.

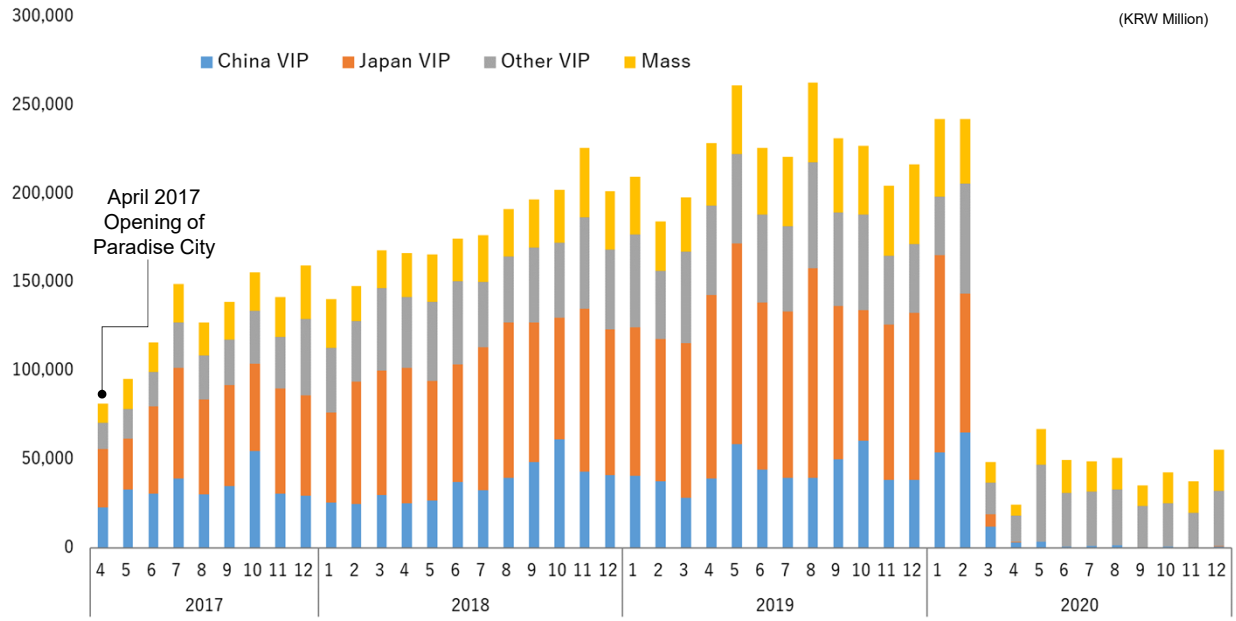
We record earnings at PARADISE SEGASAMMY with a three-month delay due to their fiscal year ending in December. As a result, the local results for January to September are incorporated into our third-quarter results.

The number of casino users continued to decline substantially from the same period last year, and losses expanded YoY.
We booked equity-method investment losses of 3.4 billion yen as of the third quarter and expect to book 4.5 billion yen in losses over the full year.

Resort Business (PARADISE SEGASAMMY)

SEGASammy

■ Transition of Drop* amounts at PARADISE SEGASAMMY



*Drop amounts: Purchased amount of chips by customers at the table
*Calculation method was changed after Jan 2018

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Here are the trend in drop amounts (purchased amount of chips by customers at the table) at the casino.

The drop amounts grew steadily up to February before the full-scale impact of COVID-19 and stable profits were generated on the operating income line. However, due to travel restrictions accompanying COVID-19, the casino saw a drop in VIP customers from Japan and China, and facilities were temporarily closed. As a result, the drop rate fell rapidly from March onwards.

Reference:
Market and business environment for the current fiscal year

SEGASammy

	2020 Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2021 Jan.	Feb.	Mar.
Pachislot and Pachinko machines	• Halls suspended operation • Deadline for removal extended			• Utilization has been recovering since resumption of operations			• Utilization is stable at about 70-80 percent, and the removal of previous regulation machines is expected to proceed from the second half of the year.					
				• Expecting that the recovery of purchasing motivation of pachinko halls take a while as the deadline for removal extended.								
Consumer	• Growth in sales due to spending from staying at home			• Spending from staying at home has stabilized, but repeat and other sales are expected to be strong continuously.								
Amusement Machine Sales	• Revenue from rev. sharing model and machine sales decreased due to closure and declined store utilization.			• Sales conditions are expected to improve gradually as utilization of facilities recovers.								
Amusement Center Operations	• Take measures of temporary closure of stores sequentially. • Sales of existing stores YoY: 27.4%			• Facilities utilization is recovering								
				• Sales of existing stores YoY: 61.4% (Through Dec.)								
Animation / Toys	• Significant decrease in production and allocated revenues due to postponement of theatrical release, etc.						• Expecting the gradual recovery from the resumption of operation at theatres, etc.					
PHOENIX Resort		• Temporary closure for all facilities		• Utilization recovering gradually. • The number of users continuously decline			• Personal demand increased due to "Go To Travel Campaign", and utilization of facilities recovered.			• Decline of travel demand is expected due to temporary suspension of "Go To Travel Campaign".		
PARADISE SEGA SAMMY	• Suspension of operations at some facilities and casino area.			• Expecting that the restriction of foreign visitors will continue								
				• Temporary closure of some facilities from 7/1								

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Finally, this is a summary of the main changes in the market and business environment accompanying COVID-19.

This concludes my presentation. Thank you.

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

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 website for more information of products and services of SEGASAMMY.
https://www.segasammy.co.jp/english/pr/corp/group/list.html
(Sega Sammy Group Website list)

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