

Fiscal Year Ending March 2022

Q1 Results Presentation

2021/8/6

Disclaimer

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(All contents here are the translation of Japanese materials)

Speaker: Koichi Fukazawa (Senior Executive Vice President and Group CFO, Director of the Board)

Thank you for accessing the financial results briefing today.

I would like to explain the Q1 results for the fiscal year ending March 2022, and the forecast for the fiscal year ending March 2022.

01

FY2022/3 Q1 Results / Full Year Forecast

Total

- Steady start centered on the Entertainment Contents business
- Closely monitor the external environment, including COVID-19 and the worldwide shortage of semiconductors.

Entertainment Contents

- Strong overall, including the Consumer and Amusement Machine Sales areas.

Pachislot and Pachinko Machines

- Improved profitability due to cost reduction effects.

Resort

- Submitted RFP proposal for Yokohama City's public offering.

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As for the overall progress, Q1 of the current fiscal year started well against the full-year plan. Sales in each area of the Entertainment Contents business exceeded expectations and this was the main reason for the favorable performance.

On the other hand, we are closely monitoring the impact of the another spread of the COVID-19, the global shortage of semiconductors and other components, and their impacts on our businesses.

In the Pachislot and Pachinko Machines business, although we plan to introduce more new regulation machines from Q3 onward, the effect of cost reduction became apparent in Q1, and the loss was significantly reduced compared to the same period of the previous year.

As for the IR business, we have already announced that we have joined a consortium led by Genting Singapore and submitted an RFP proposal to Yokohama City.

Results Highlights



(Billion yen)	2021/3		2022/3	
	Q1	Through Q4	Q1	Full Year Forecast
Sales	48.3	277.7	59.4	312.0
Entertainment Contents	45.1	217.8	47.4	213.0
Pachislot and Pachinko Machines	2.7	53.1	10.3	89.0
Resort	0.4	6.3	1.5	9.5
Other / Elimination	0.1	0.5	0.2	0.5
Operating Income	-3.8	6.5	3.8	20.0
Entertainment Contents	8.1	27.9	8.4	23.0
Pachislot and Pachinko Machines	-8.4	-10.6	-1.6	9.0
Resort	-1.7	-4.1	-1.1	-3.0
Other / Elimination	-1.8	-6.7	-1.9	-9.0
Non-operating income	0.6	2.8	0.7	3.0
Non-operating expenses	0.8	7.6	1.1	3.0
Ordinary Income	-4.0	1.7	3.4	20.0
Entertainment Contents	8.2	27.9	8.5	25.0
Pachislot and Pachinko Machines	-8.5	-11.3	-1.4	9.0
Resort	-2.1	-8.9	-1.9	-5.0
Other / Elimination	-1.6	-6.0	-1.8	-9.0
Ordinary Income Margin	-	0.6%	5.7%	6.4%
Extraordinary income	0.2	28.8	0.0	-
Extraordinary losses	2.5	40.3	0.2	-
Income before income taxes	-6.4	-9.8	3.2	20.0
Profit attributable to owners of parent	-3.3	1.2	2.9	14.0
ROE	-	0.4%	-	-
Dividends per share (JPY)	-	30.00	-	40.00
Earnings per share (JPY)	-14.04	5.42	12.51	59.55
Net Assets per share (JPY)	1,219.49	1,236.82	1,220.35	-

FY2022/3 Q1 Results

- Steady start centered on the Consumer and Amusement Machine Sales areas.
- Significant improvement in profitability compared to the previous fiscal year, which was significantly affected by COVID-19.

Forecast

- Planning to launch multiple new titles in the Entertainment Contents and Pachislot and Pachinko Machines Business.

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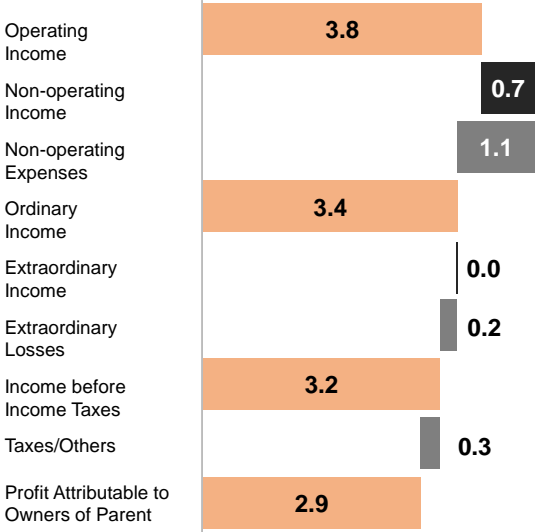
The results for Q1 of the current fiscal year were a good start against the full-year plan, and also show a significant improvement in business performance compared to the previous year, when we were greatly affected by the COVID-19.

Looking ahead, we plan to launch more new titles in each business segment from Q2 onward.

Breakdown of Income (FY2022/3 Q1 Results)



(Unit: billion yen)



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

Non-operating income	
Gain on investments in partnership	0.5
Non-operating expenses	
Equity in losses of affiliates	0.6
Extraordinary losses	
Impairment losses	0.1

The non-operating expenses include the results of the January to March period of PARADISE SEGASAMMY, with three months delay.

■ Entertainment Contents

(Billion yen)	2020/3				2021/3				2022/3	2022/3 Full Year (Plan)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
R&D / Content production expenses	12.8	11.9	17.6	16.3	9.2	9.8	11.8	14.7	9.9	57.9
Advertising expenses	3.0	3.4	3.8	3.9	1.7	2.8	3.3	3.7	2.2	16.7
Depreciation	2.1	2.1	2.2	2.5	2.2	2.3	0.7	1.5	0.8	3.5
Cap-ex	4.0	4.3	4.6	5.3	2.2	2.8	3.5	1.9	1.5	7.5

- R&D / content production expenses, advertising expenses, etc. started at a low level due to few new titles in Q1.

- Depreciation and Cap-ex decreased due to the deconsolidation of the amusement facilities operation business.

■ Pachislot & Pachinko

(Billion yen)	2020/3				2021/3				2022/3	2022/3 Full Year (Plan)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
R&D / Content production expenses	4.3	4.6	5.4	3.8	5.4	3.9	3.3	3.7	3.4	16.2
Advertising expenses	0.2	0.6	0.4	0.3	0.1	0.6	0.3	0.2	0.2	3.0
Depreciation	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.5	3.5
Cap-ex	0.9	0.9	0.7	1.0	1.1	0.7	0.7	0.8	1.2	7.2

- Expenses are on a downward trend due to the effects of structural reform.

In the Entertainment Contents business, since there were not many new titles released in Q1, expenses such as R&D and advertising expenses were at a low level. As we accelerate the launch of new titles in the Consumer area from Q2 onward, those expenses are expected to increase. Since the amusement facilities operation business is no longer included in the scope of consolidation, depreciation and amortization, as well as cap-ex, were significantly lower than the previous level.

In the Pachislot and Pachinko Machines business, expenses are expected to increase from Q2 onward when more titles will be released, but in Q1 of the current fiscal year, expenses decreased mainly in R&D due to the effects of structural reforms.

Costs and Expenses

■ Resort

(Billion yen)	2020/3				2021/3				2022/3	2022/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year (Plan)
R&D / Content production expenses	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Advertising expenses	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.4
Depreciation	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.1	0.8
Cap-ex	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.5

■ Other / Elimination

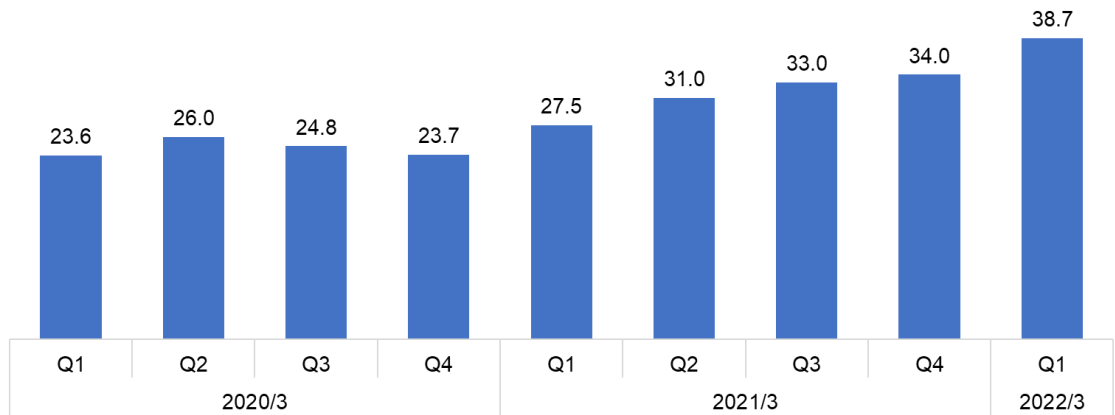
(Billion yen)	2020/3				2021/3				2022/3	2022/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year (Plan)
R&D / Content production expenses	0.0	-0.1	-0.2	0.0	0.1	-0.1	0.0	-0.1	0.1	0.0
Advertising expenses	0.3	0.8	0.1	0.2	0.2	0.1	0.2	0.2	0.4	1.8
Depreciation	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.1	0.4	1.0
Cap-ex	0.2	0.1	0.3	0.3	0.3	0.1	-0.1	0.4	0.3	0.9

As for the resort business and other businesses, as of Q1 this fiscal year, the results were generally in line with the plan.

Reference: Trend of balance of content production expenses in B/S
(Consumer area)



(Unit: billion yen)



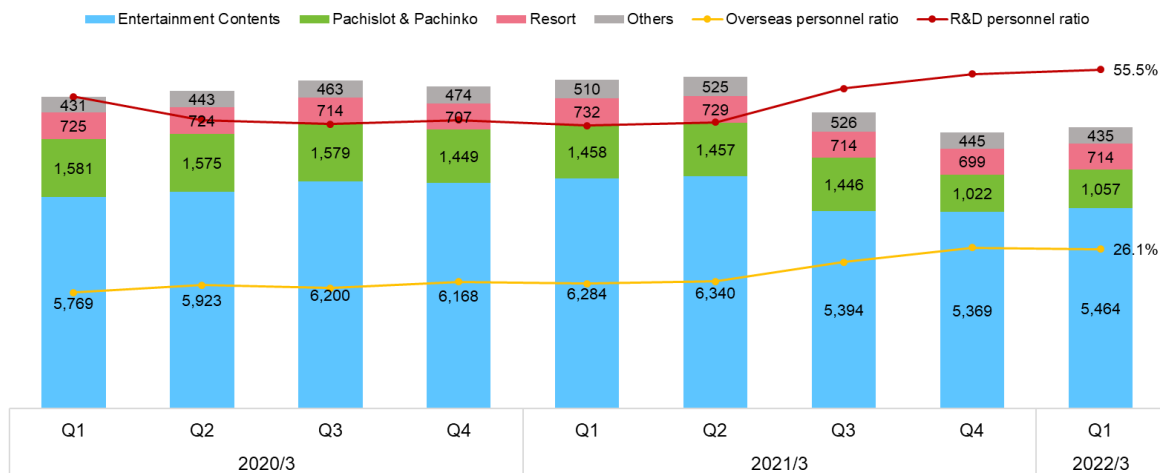
*Balance of work in progress R&D expenses of titles before release + Balance of unamortized R&D expenses of released titles

It shows the balance of content production expenses in the Consumer area.

The Consumer area is an area in which we are progressing the investments for growth, and in the medium to long term, we expect this balance to increase as investments in this area progress.

Reference: Trend of No. of Employees by Segment

(Unit: employees)



*No. of employees are the No. of full-time employees and permanent contract employees, and excludes the No. of temporary employees.

This shows the trend of number of full-time employees by segment.

As a result of the structural reforms implemented last year, the number of employees has decreased, but the ratio of overseas employees and the ratio of R&D employees has increased.

Consolidated Balance Sheet Summary



(Billion yen)				[Liabilities and Net Assets]			
Account	[Assets]			Account			
	As of end of March 2021	As of end of June 2021	Change		As of end of March 2021	As of end of June 2021	Change
Cash and Deposits	154.9	123.2	-31.7	Accounts Payable	16.9	17.6	+0.7
Accounts Receivable	38.1	32.9	-5.2	Other	42.8	34.9	-7.9
Short term investment securities	0.7	15.5	+14.8	Total Current Liabilities	59.7	52.5	-7.2
Inventories	52.9	61.0	+8.1	Corporate Bonds	10.0	10.0	-
Other	29.6	28.5	-1.1	Long Term Loans Payable	42.0	42.0	-
Total Current Assets	276.2	261.1	-15.1	Other	18.5	18.4	-0.1
Tangible Fixed Assets	61.6	61.2	-0.4	Total Noncurrent Liabilities	70.5	70.4	-0.1
Intangible Fixed Assets	14.9	14.5	-0.4	Total Liabilities	130.3	123.0	-7.3
Investment Securities	38.3	38.3	-0.0	Shareholders Equity	294.9	289.7	-5.2
Other	30.5	34.9	+4.4	Total accumulated other comprehensive income	-4.2	-2.8	+1.4
Total Noncurrent Assets	145.3	148.9	+3.6	Non-controlling interests	0.4	0.2	-0.2
Total Assets	421.5	410.1	-11.4	Total Net Assets	291.2	287.1	-4.1
				Total Liabilities and Net Assets	421.5	410.1	-11.4

	As of end of March 2021	As of end of June 2021	Change		Main factors for increase / decrease
Cash, deposits and cash equivalents	154.5	138.2	-16.3	(Current Assets)	Cash and deposits decreased due to the payment of dividends and acquisition of securities.
Interest bearing debt	52.0	52.0	-	(Non-current Assets)	Increased due to investment in production, etc.
Net cash	102.5	86.2	-16.3	(Liabilities)	Decreased due to reversal of allowance for bonuses.
Equity Ratio	69.0%	69.9%	+0.9pt	(Net assets)	Shareholders equity decreased due to the payment of dividends.

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Cash and bank deposits have decreased since the end of the previous fiscal year, mainly due to the payment of the year-end dividend and the purchase of money trusts for the purpose of managing surplus funds, which have been transferred to investment securities. Inventories have also increased due to the recording of content work in progress and other items. The equity ratio increased by 0.9 percentage points from the end of the previous fiscal year to 69.9%.

Net cash as of June 30, 2021 was 86.2 billion yen. This represents a decrease of 16.3 billion yen from the end of the previous fiscal year.

Although the audit of cash flow has not been completed yet, I would like to inform you of the estimated cash flow for your reference.

Operating cash flow is expected to be negative 6.8 billion yen, investment cash flow negative 9.5 billion yen, and financial cash flow negative 5.1 billion yen.

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Entertainment Contents Business

(Billion yen)	2021/3		2022/3	
	Q1	Through Q4	Q1	Full Year Forecast
Sales	45.1	217.8	47.4	213.0
Consumer	32.4	135.7	29.5	140.0
Amusement Machine Sales	5.4	35.7	11.4	43.0
Amusement Center Operations	3.4	21.0	-	-
Animation / Toy	3.4	23.2	5.5	26.5
Other / Elimination	0.4	2.2	1.0	3.5
Operating Income	8.1	27.9	8.4	23.0
Consumer	12.5	31.4	6.5	21.0
Amusement Machine Sales	-1.6	-1.6	1.6	1.7
Amusement Center Operations	-2.0	-1.4	-	-
Animation / Toy	0.0	2.1	0.5	1.8
Other / Elimination	-0.8	-2.6	-0.2	-1.5
Non-operating income	0.2	0.9	0.1	2.4
Non-operating expenses	0.1	1.0	0.1	0.4
Ordinary Income	8.2	27.9	8.5	25.0
Ordinary Income Margin	18.2%	12.8%	17.9%	11.7%

FY2022/3 Q1 Results

- Strong performance in each business area
 - Exceeded the expectation due to steady sales of new titles and repeat sales, non incurrence of expenses, etc. (Consumer area)
 - Returned to profit due to strong sales of prizes and reduction in fixed expenses. (Amusement Machine Sales area)

Forecast

- Increase the launch of new titles in each business area. (See P.17 for more details)

*For Amusement Center Operations area, the company transferred shares of a group company engaged in amusement facilities operation at the end of December 2020 and removed it from the scope of consolidation from Q4 of the previous fiscal year.

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Here is a segment-by-segment explanation.

As for Entertainment Contents business, the results for Q1 of the current fiscal year started off well against the initial forecast, despite the lack of new titles, etc. In the Consumer area, although there was a reaction to the results of previous fiscal year, the results exceeded the expectation. In Full Game, both new titles and repeat sales performed well, and the new F2P title, "PHANTASY STAR ONLINE 2 NEW GENESIS", also got off to a good start. R&D and advertising expenses, etc. were also lower than expected at the beginning of the fiscal year. The Amusement Machine Sales area returned to profitability due to the strong performance of the prize category and the effect of fixed cost reductions resulting from structural reforms.

As for the forecast, we will launch new titles in each area from Q2 onward.

FY2022/3 Q1 Results

◆ Consumer area	(Full Game) Sold new titles centered on the remasters and the NA and EU versions. (F2P) Launched PHANTASY STAR ONLINE 2 NEW GENESIS globally.
◆ Amusement Machine Sales area	Strong sales of UFO Catcher® series, prizes, etc.
◆ Animation / Toys area	(Animation) Released "Detective Conan the Movie The Scarlet Bullet". (Toys) Sold new products and regular products.

Forecast

◆ Consumer area	(Full Game) Expect the increase of new title launches and increase of R&D expenses, advertising expenses, etc.
◆ Amusement Machine Sales area	Plan to sell new products such as "EIKETSU TAISEN", as well as regular products such as UFO Catcher® series, prizes, etc.
◆ Animation / Toys area	(Animation) Expect to record revenue from video production, distribution, etc., including the "Detective Conan the Movie The Scarlet Bullet". (Toys) Plans to sell new products including "Demon Slayer POD" and "With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium", and regular products.

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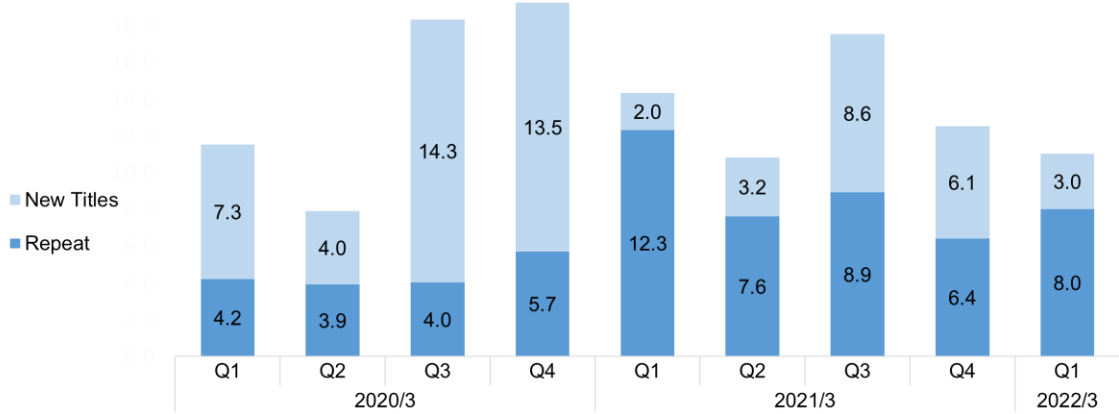
I will explain about per subsegment.

I will explain the Consumer area in detail later. In the Amusement Machine Sales area, sales of UFO Catcher series and prizes were strong. In the Animation and Toys area, we released "Detective Conan the Movie The Scarlet Bullet", which was postponed from last year. The distribution revenue from this movie is expected to be recorded in Q2.

Looking ahead, in the Amusement Machine Sales area, we will continue to focus on the prize category, which is performing well, and plan to launch new titles. In the Animation and Toys area, we expect to record distribution revenue from "Detective Conan the Movie The Scarlet Bullet" in Q2, and we will also launch new products in the Toys area centered on Q3.

Consumer area (Full Game's sales trend)

(Unit: billion yen)

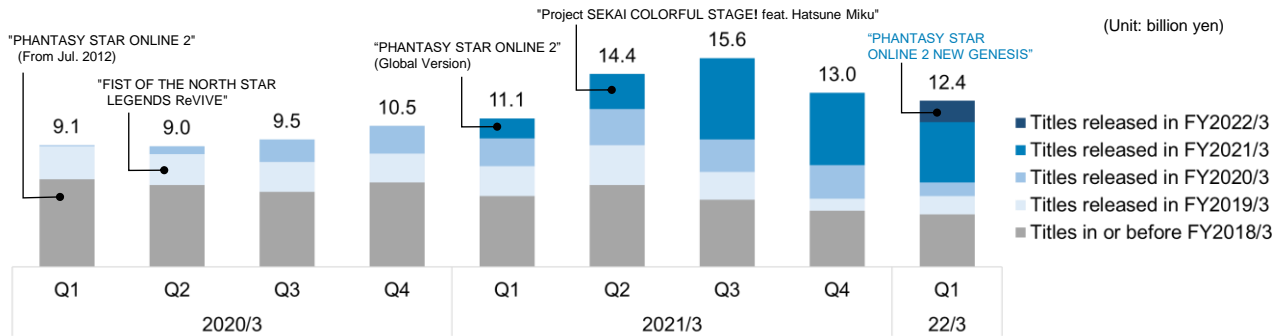


Overseas sales ratio	92.2%	87.3%	59.8%	67.2%	85.4%	92.6%	83.3%	92.8%	90.0%
Download sales ratio	65.9%	48.6%	37.7%	40.8%	66.5%	69.4%	54.6%	68.8%	61.6%

This shows the sales trend of full games.

In Q1 of the current fiscal year, repeat sales were higher than expected, and although not as high as last year, repeat sales were significantly higher than in FY2020/3, maintaining a high level. Due to the large number of new titles for North America and Europe, and strong repeat sales, both the overseas sales ratio and the download ratio were at a high level.

Consumer area (F2P's sales trend)



[Top 3 titles in sales (Apr.-Jun. 2021)]

<p>(No. 1)</p> <p>"Project SEKAI COLORFUL STAGE! feat. Hatsune Miku" © SEGA / © Colorful Palette Inc. / © Crypton Future Media, INC. www.piapro.net piapro rights reserved. Release: Sep. 2020</p>	<p>(No. 2)</p> <p>"PHANTASY STAR ONLINE 2 NEW GENESIS" © SEGA Release : Jun. 2021</p>	<p>(No. 3)</p> <p>"FIST OF THE NORTH STAR LEGENDS ReVIVE" ©Burtonson & Tetsuo Hara / COAMIX 1983, Approved No.GC-218 ©SEGA Release: Sep. 2019</p>
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This shows the sales trend of F2P.

"PHANTASY STAR ONLINE 2 NEW GENESIS", which started service in June, has been doing well so far. In addition, "Project SEKAI COLORFUL STAGE! Feat. Hatsune Miku", which was launched in September of the previous fiscal year, continued to perform well.



© SEGA

“PHANTASY STAR ONLINE 2 NEW GENESIS”

**Global distribution started in June
and is performing strongly.**

- ◆ Achieved cumulative sales of 100.0 billion yen.
- ◆ Total registered users exceeded 9 million worldwide.
(Japan: 6.5 million, Overseas 2.5 million)
- ◆ Achieved the largest MAU ever in Japan and Overseas (Jun. 2021)

*Original Release: Jul. 2012

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This is the strong title in Q1.

It is “PHANTASY STAR ONLINE 2 NEW GENESIS”. The PHANTASY STAR ONLINE 2 series started in July 2012, and the total sales has reached 100.0 billion yen. Also, the total number of registered users worldwide has also exceeded 9 million.

Reference: Consumer Area (Major examples of new titles roll-out)



(Timing of Release)				Platforms								Regions		
Release (plan)	Title name	Classification	Original Release date	PS4	PS5	Xbox One	Xbox S/X	Switch	Steam	Epic Games	Windows/ Cloud	Japan	Asia	NA/ EU
Apr.	JUDGMENT (Remaster ver.)	Remaster	FY19/3	●	●		●					●	●	●
Apr.	Total War: ROME REMASTERED	Remaster	FY05/3						●			●	●	●
May.	Shin Megami Tensei III Nocturne HD Remaster (Western ver.)	Remaster	FY03/3	●				●	●			●	●	●
Jun.	Olympic Games Tokyo 2020 - The Official Video Game™ (Western ver.)	Western version	FY20/3	●		●		●	●			●	●	●
Jun.	PHANTASY STAR ONLINE 2 NEW GENESIS	Series Latest	FY13/3	●		●		●	●	●	●	●	●	●
Aug.	HUMANKIND™	New IP	-						●	●		●	●	●
Sep.	LOST JUDGMENT	Series Latest	-	●	●	●	●					●	●	●
Sep.	Sonic Colors: Ultimate	Remaster	FY11/3	●		●		●		●		●	●	●
Nov.	Shin Megami Tensei V	Series Latest	-					●				●	●	●
TBD	Total War: WARHAMMER III	Series Latest	-						●	●		●	●	●
TBD	Two Point Campus	Series Latest	-	●	●	●	●	●	●			●	●	●

*Examples of platform and service region roll-out for each title are excerpts. Even if the service is offered in certain regions, the titles may not always support local language of such regions. Please see product information for detailed status of roll-out per title .
**JUDGMENT* includes platforms and regions of original version.
***Shin Megami Tensei III Nocturne HD Remaster* includes platforms and regions of version launched in Japan and Asia in FY21/3.
***Olympic Games Tokyo 2020 - The Official Video Game™* includes platforms and regions of version launched in Japan and Asia in FY20/3.
***PHANTASY STAR ONLINE 2 NEW GENESIS* includes both Japanese and global versions. Switch version is only compatible with the cloud version.

Here, you can see the matrix of platforms and regions where our major new titles are available.

03

Pachislot and Pachinko Machines Business

(Billion yen)	2021/3		2022/3	
	Q1	Through Q4	Q1	Full Year Forecast
Sales	2.7	53.1	10.3	89.0
Pachislot	0.2	13.9	3.4	40.5
Pachinko	0.0	28.5	4.7	42.7
Other / Elimination	2.5	10.7	2.2	5.8
Operating Income	-8.4	-10.6	-1.6	9.0
Non-operating income	0.1	0.6	0.2	0.1
Non-operating expenses	0.2	1.2	0.0	0.1
Ordinary Income	-8.5	-11.3	-1.4	9.0
Ordinary Income Margin	-	-	-	10.1%

Pachislot				
Number of Titles	0 title	5 titles	2 titles	9 titles
Unit Sales (units)	485	35,273	9,554	101,000
Pachinko				
Number of Titles	0 title	4 titles	2 titles	5 titles
Unit Sales (units)	177	69,013	15,038	103,000
Board + Frame	54	53,641	3,437	69,500
Board	123	15,372	11,601	33,500

FY2022/3 Q1 Results

- Despite few titles, significant improvement in losses due to structural reforms, etc.
- Major titles sold
 - Strong sales of “Pachislot GAMERA” and “P Hokuto No Ken 8 Kyuseishu”

Forecast

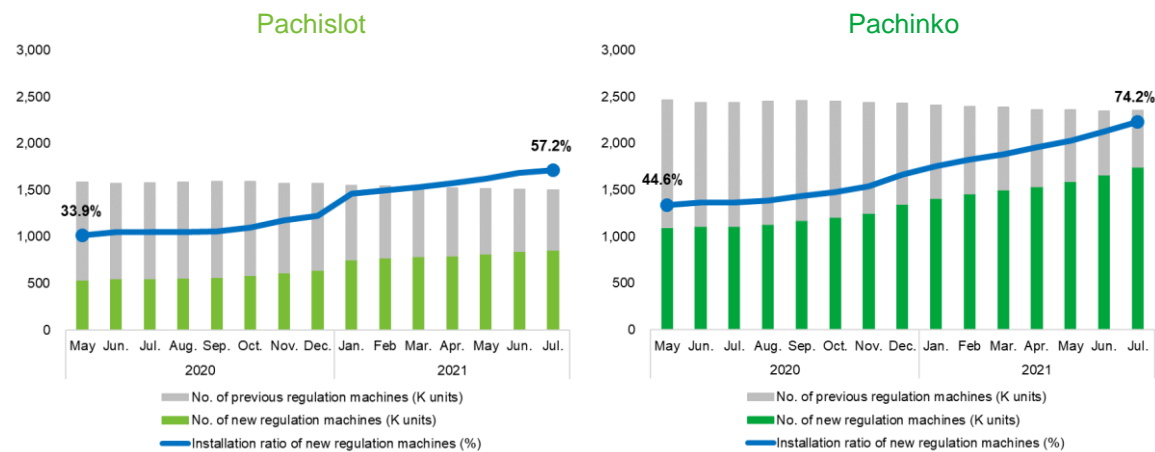
- Focus on introduction of new titles from Q3, where replacement to new regulation machines are expected to accelerate.

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As for the Pachislot and Pachinko Machines business, although the full-fledged launch of new titles will take place from Q2 onwards, the start of the fiscal year exceeded our expectations due to the cost reduction effects of the structural reforms implemented in the previous fiscal year. Titles such as “Pachislot GAMERA” in Pachislot, and specification changed title of “P Hokuto No Ken 8” in Pachinko performed well.

Looking ahead, as I mentioned at the beginning of this presentation, although we need to pay close attention to the situation of procurement of parts and materials, including semiconductors, we expect an increase in the number of units sold due to the launch of new titles, including mainstay titles, from Q3 onwards when the replacement to new regulation machines is expected to accelerate.

Pachislot: The installation ratio of new regulation machines remain sluggish.
Pachinko: Several popular titles have appeared, and replacement proceeds smoothly.



*In-house estimation as of July, 2021

Here are graphs of the installation ratio of new regulation machines, for your reference.

As you can see, it is only 57.2% in Pachislot machines, which seems that the replacement is not proceeding, while it is 74.2% in Pachinko machines, which we can see a smooth progress in replacement.

04

Resort Business

FY2022/3 Q1 Results

(Billion yen)	2021/3		2022/3	
	Q1	Through Q4	Q1	Full Year Forecast
Sales	0.4	6.3	1.5	9.5
Operating Income	-1.7	-4.1	-1.1	-3.0
Non-operating income	0.0	0.0	0.0	0.0
Non-operating expenses	0.3	4.8	0.8	2.0
Ordinary Income	-2.1	-8.9	-1.9	-5.0
Ordinary Income Margin	-	-	-	-

- PHOENIX RESORT: Facility users decreased to 74.1% compared to FY2020/3 Q1 (318.2% compared to FY2021/3 Q1) due to the impact of the spread of COVID-19.
- PARADISE SEGASAMMY: Utilization of Japanese VIP and Chinese VIP decreased due to the extension of restriction of foreign visitors.

Forecast

<PHOENIX RESORT>				
No. of facility users (Thousands)	44	552	140	856
3 accommodation facilities	12	223	48	373
2 golf courses	9	75	22	95
Other facilities	23	254	70	388

- PHOENIX RESORT: Work on initiatives for improvement including strengthening measures for individual customers which is at recovery trend.
- PARADISE SEGASAMMY: Reopened WONDER BOX (indoor amusement park) and CIMER (spa) from July, although the impact of COVID-19 is still unpredictable.

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As for the Resort business, it has generally started as planned. At the PHOENIX RESORT in Miyazaki, results were slightly below expectations in Q1, due to the continued affect of declaration of state of emergency, etc. We are working to improve our profitability by taking measures to increase demand from individual customers, especially strengthening attraction of local and Kyushu region customers, which is currently showing signs of recovery.

As for PARADISE SEGASAMMY in Incheon, the Company's inclusion of its business results is delayed by 3 months, so in Q1 of this fiscal year, its business results from January to March are included. Due to the continuing impact of restriction of foreign visitors, the number of visitors to the casinos, especially Japanese VIPs and Chinese VIPs, has been decreasing.

In Q1 of the current fiscal year, 0.8 billion yen of equity in losses of affiliates was recorded as non-operating expenses. As for the future, as a premise for formulating the plan, we assumed that restriction of foreign visitors would be eased from July onwards. However, we expect it is difficult for this ease to occur throughout this year, so we think it is necessary to anticipate the impact to the business performance.

Submitted RFP proposal to Yokohama City (June 11, 2021)

Consortium	Genting Singapore Limited, SEGA SAMMY HOLDINGS INC., SOHGO SECURITY SERVICES CO.,LTD. (ALSOK), KAJIMA CORPORATION, TAKENAKA CORPORATION and Obayashi Corporation
Details of business	Planning, development, and operation of IR facilities in Yokohama City
Future process (schedule)	Summer 2021: Selection of business operator by Yokohama City From May 2022: Area certification by the Ministry of Land, Infrastructure and Transport Late 2020s: Commencement of business
Our expenditures	Plan to spend up to approximately 120.0 billion yen. (cumulative total)

-23-

As we announced recently, we have formed a consortium with Genting Singapore Limited and Japanese companies, and submitted RFP proposal to Yokohama City. The next step will be the selection of a business operator by Yokohama City, and from May 2022, area certification by the Ministry of Land, Infrastructure and Transport.

That's all the explanation I have for you. Thank you very much.

05

Appendix

Reference: Consumer Area (Sales trend)



(Billion yen)	2021/3				2022/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Full Year Forecast
Sales	32.4	61.4	102.4	135.7	29.5	140.0
Domestic	12.4	27.9	48.7	64.6	13.0	65.0
Overseas	19.6	33.4	54.3	72.4	16.7	75.0
Overseas sales ratio	60.5%	54.4%	53.0%	53.4%	56.6%	53.6%
Other / Elimination	0.2	0.1	-0.6	-1.3	-0.2	0.0
Full Game	14.4	25.2	42.6	55.1	11.0	55.0
New titles	2.0	5.2	13.8	19.9	3.0	27.5
Japan	0.0	0.1	1.8	2.1	0.2	-
Asia	0.7	1.0	1.2	1.7	0.1	-
North America / Europe	1.2	4.1	10.6	16.0	2.7	-
Repeat titles	12.3	19.9	28.8	35.2	8.0	27.5
Japan	1.7	2.7	3.7	4.5	0.8	-
Asia	0.5	1.1	1.5	2.2	0.7	-
North America / Europe	9.9	16.1	23.5	28.5	6.4	-
Download sales ratio	66.5%	67.7%	62.8%	63.8%	61.6%	68.6%
F2P	11.1	25.5	41.1	54.1	12.4	63.5
Japan	9.1	21.5	35.5	47.2	10.9	-
Asia	0.0	0.1	0.2	0.2	0.0	-
North America / Europe	1.9	3.9	5.3	6.6	1.4	-
Other	6.5	10.6	19.4	27.7	6.2	21.5

- 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.
- Other = Sales of additional download contents, consignment sales of 3rd party titles, revenue from consignment development, transfer of titles, offering of titles in batches to 1st parties, sales of products other than game software, etc.

Reference: Consumer Area (Full Game’s unit sales trend)



	2021/3				2022/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Full Year Forecast
Full Game: Number of Titles						
Japan	0 title	0 title	2 titles	2 titles	0 title	5 titles
Asia	1 title	1 title	4 titles	6 titles	1 title	9 titles
North America / Europe	3 titles	5 titles	9 titles	10 titles	3 titles	12 titles
Full Game: Unit sales (Thousands)	12,980	19,080	34,200	41,770	6,580	37,870
Total New titles	790	1,180	3,770	6,020	1,060	9,640
Japan	10	20	370	430	50	660
Asia	150	200	260	360	50	410
North America / Europe	620	960	3,130	5,220	960	8,570
Total Repeat titles	12,190	17,900	30,420	35,750	5,520	28,230
Japan	460	690	990	1,230	290	930
Asia	240	510	700	1,000	340	650
North America / Europe	11,480	16,690	28,730	33,510	4,890	26,650

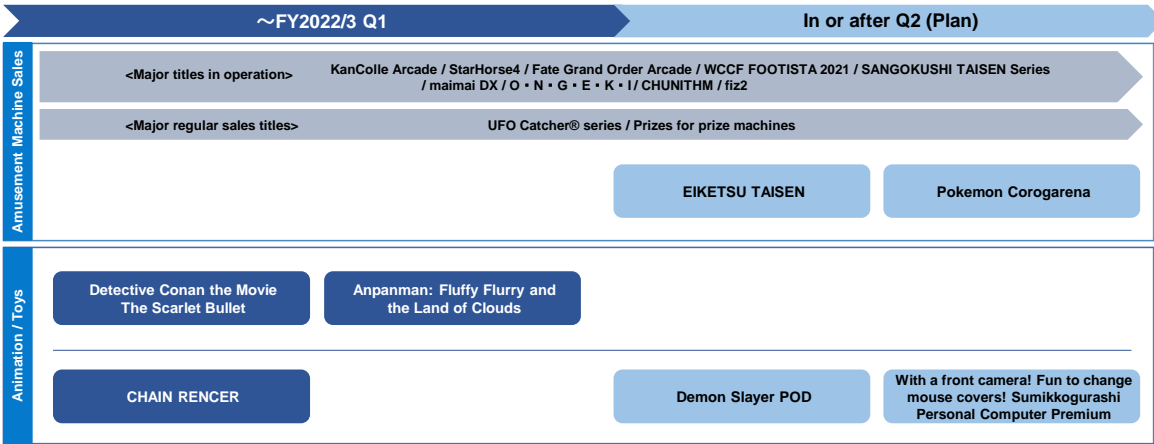
- Unit sales don't include the figure for free download
- As for Numbers of Titles above, for the same title released in multiple regions, the title number is counted 1 per each sales region (Japan, Asia and NA/EU)

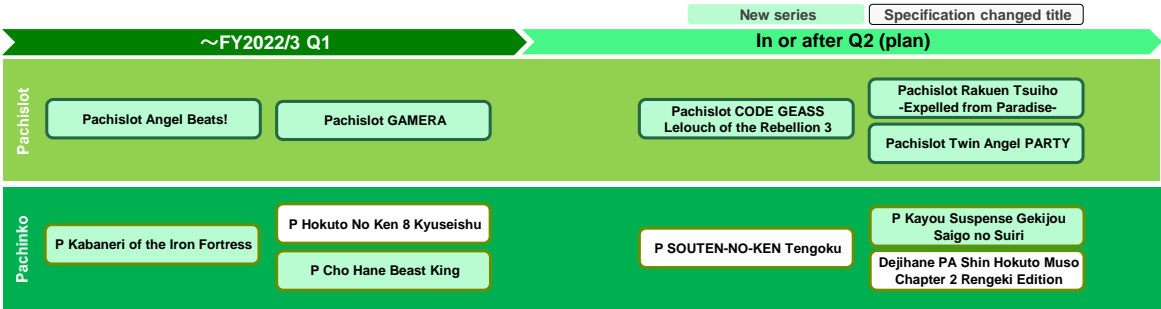
[Unit sales of major IPs]

(Thousands)	2021/3				2022/3
	Q1	Through Q2	Through Q3	Through Q4	Q1
Sonic series	800	2,300	3,700	4,400	1,000
Total War series	1,900	2,500	3,600	4,000	600
Persona Series	1,200	1,500	1,900	3,000	400
Yakuza series	300	600	1,600	2,200	700

*Yakuza series includes the JUDGMENT series.

~FY2022/3 Q1		In or after Q2 (plan)	
Consumer	Full game	JUDGMENT (Remaster ver.)	HUMANKIND™
	New titles	Shin Megami Tensei III Nocturne HD Remaster (Western ver.)	LOST JUDGMENT
	Repeat	Olympic Games Tokyo 2020 - The Official Video Game™ (Western ver.)	Sonic Colors: Ultimate
F2P	Repeat	Total War: ROME REMASTERED	Shin Megami Tensei V
	Repeat	Sonic Series / Persona Series / Total War Series / Football Manager Series / Yakuza Series, etc.	
	Repeat	Total War: WARHAMMER III	
F2P	Repeat	Two Point Campus	
	Repeat	PHANTASY STAR ONLINE 2 / Puyo puyo!! Quest / CHAIN CHRONICLE	
	Repeat	SHIN MEGAMI TENSEI Liberation Dx2 / SEGA Pocket Club Manager	
F2P	Repeat	FIST OF THE NORTH STAR LEGENDS ReVIVE	
	Repeat	PHANTASY STAR ONLINE 2 (Global version) / Re:ZERO -Starting Life in Another World- Lost in Memories / Project SEKAI COLORFUL STAGE! feat. Hatsune Miku	
	Repeat	PHANTASY STAR ONLINE 2 NEW GENESIS	





(Major titles in Q1)			(Titles to be launched in or after Q2)	
		Month of delivery		Month of delivery
Pachislot	Pachislot Angel Beats!	Apr.	Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion 3
	Pachislot GAMERA	Jun.		Pachislot Rakuen Tsuiho -Expelled from Paradise-
Pachinko	P Kabaneri of the Iron Fortress	Apr.	Pachinko	Pachislot Twin Angel PARTY
	P Hokuto No Ken 8 Kyuseishu	May		P SOUTEN-NO-KEN Tengoku
	P Cho Hane Beast King	Jun.		P Kayou Suspense Gekijou Saigo no Suiri
				Dejihane PA Shin Hokuto Muso Chapter 2 Rengeki Edition

(KRW Billion)	2021/3 Results		2022/3 Results
	Q1	Through Q4	Q1
Sales	89.7	177.5	42.4
Casino	75.8	126.8	30.2
Hotel	10.8	44.4	11.4
Other	3.0	6.3	0.7
Cost of sales	78.4	216.0	42.7
Casino	40.8	95.2	17.4
Hotel	25.9	85.4	18.5
Other	11.6	35.3	6.7
Gross profit	11.2	-38.5	-0.3
SG&A	8.8	28.1	7.1
Operating profit	2.4	-66.7	-7.5
EBITDA	17.5	-7.7	6.8
Net profit	-5.3	-106.2	-17.4
Number of casino visitors (Thousands)	66	174	34

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	-0.3	-4.7	-0.8
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FY2022/3 Q1 Results

- The number of casino users fell sharply to 51.5% YoY due to the restriction of foreign visitors.
- EBITDA returned to positive due to cost reduction.

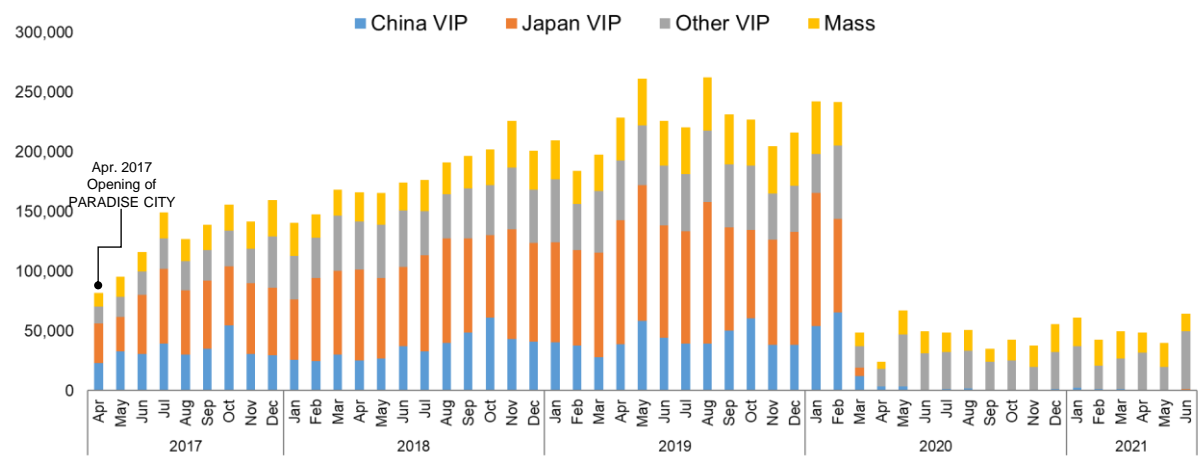
Forecast

- Expected restriction of foreign visitors to ease from July, but it is necessary to carefully assess the impact on business performance if the restriction of foreign visitors will be prolonged.

*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

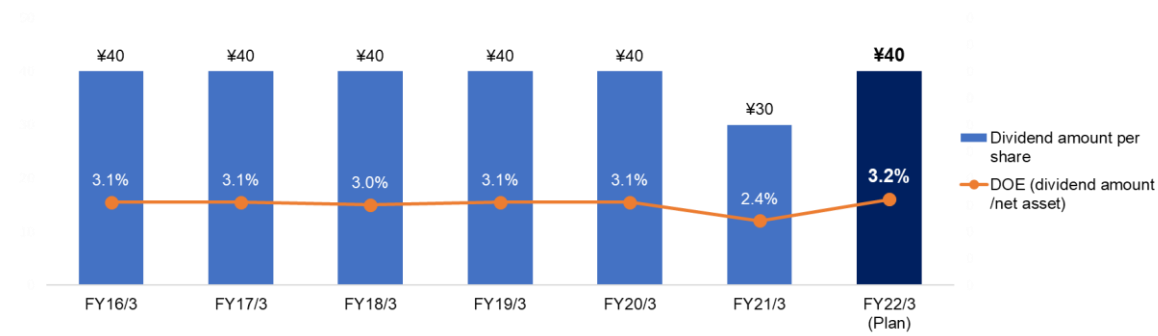
■ Trend of Drop amounts* at PARADISE CITY

(KRW Million)



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

■ Dividend Results and Plan



From FY2022/3, introduced the following return policies while being conscious of past dividend amount results, etc.

- Dividend Policy: DOE (Dividend on Equity Ratio) 3% or more
- Total return ratio: 50% or more
- Regarding share buybacks, make flexible decision taking business performance trend and stock market trend, etc. into account



<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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