

Fiscal Year Ending March 2022

# Results Presentation

2021/11/8

Disclaimer

Market forecasts, operating results forecast and other information contained in this material 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.

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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 our financial results briefing for the second quarter of the fiscal year ending March 2022 today.

I would like to explain the results for the second quarter of the fiscal year ending March 2022 and the full-year forecast.

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## FY2022/3 Q2 Results / Full Year Forecast

	FY2022/3 Q2 Results	Forecast
<b>Consolidated</b>	<ul style="list-style-type: none"> <li>➤ Strong performance centered on the Entertainment Contents Business</li> </ul>	<ul style="list-style-type: none"> <li>➤ Revise full-year operating results forecast</li> <li>➤ Announce share buyback</li> </ul>
<b>Entertainment Contents</b>	<ul style="list-style-type: none"> <li>➤ Strong performance in the Consumer and Amusement Machines Sales area</li> </ul>	<ul style="list-style-type: none"> <li>➤ New titles increase</li> <li>➤ Operating expenses increase due to an increase in new titles</li> </ul>
<b>Pachislot &amp; Pachinko</b>	<ul style="list-style-type: none"> <li>➤ Profitability improved due to cost reduction effects</li> </ul>	<ul style="list-style-type: none"> <li>➤ Review unit sales due to the impact of components shortage</li> </ul>
<b>Resort</b>	<ul style="list-style-type: none"> <li>➤ Yokohama City called off the process for selecting business operators for IR business</li> </ul>	<ul style="list-style-type: none"> <li>➤ Expenses for IR business decrease</li> <li>➤ Equity in losses of affiliates expand</li> </ul>

In the second quarter of the current fiscal year, the Entertainment Contents business continued to perform well from the first quarter and achieved a strong recovery from the same period of the previous year when it posted a loss.

We also announced the revision of the full-year operating results forecast and about share buyback today.

## Results Highlights



(Billion yen)	2021/3		2022/3		
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
<b>Sales</b>	<b>110.2</b>	<b>277.7</b>	<b>134.8</b>	<b>312.0</b>	<b>305.0</b>
Entertainment Contents	97.0	217.8	107.4	213.0	230.0
Pachislot and Pachinko Machines	10.7	53.1	23.3	89.0	65.0
Resort	2.2	6.3	3.8	9.5	9.5
Other / Elimination	0.3	0.5	0.3	0.5	0.5
<b>Operating Income</b>	<b>-3.0</b>	<b>6.5</b>	<b>14.6</b>	<b>20.0</b>	<b>23.0</b>
Entertainment Contents	14.9	27.9	22.2	23.0	31.5
Pachislot and Pachinko Machines	-12.0	-10.6	-1.7	9.0	2.0
Resort	-2.6	-4.1	-1.8	-3.0	-2.3
Other / Elimination	-3.3	-6.7	-4.1	-9.0	-8.2
Non-operating income	3.2	2.8	2.6	3.0	3.7
Non-operating expenses	3.7	7.6	2.6	3.0	5.2
<b>Ordinary Income</b>	<b>-3.5</b>	<b>1.7</b>	<b>14.7</b>	<b>20.0</b>	<b>21.5</b>
Entertainment Contents	16.8	27.9	22.7	25.0	32.5
Pachislot and Pachinko Machines	-12.4	-11.3	-1.3	9.0	2.5
Resort	-4.6	-8.9	-3.9	-5.0	-6.5
Other / Elimination	-3.3	-6.0	-2.8	-9.0	-7.0
Ordinary Income Margin	-	0.6%	10.9%	6.4%	7.0%
Extraordinary income	1.5	28.8	0.7	-	0.8
Extraordinary losses	21.1	40.3	0.3	-	0.8
<b>Income before income taxes</b>	<b>-23.1</b>	<b>-9.8</b>	<b>15.1</b>	<b>20.0</b>	<b>21.5</b>
<b>Profit attributable to owners of parent</b>	<b>-21.7</b>	<b>1.2</b>	<b>12.0</b>	<b>14.0</b>	<b>15.0</b>

### FY2022/3 Q2 Results

- Performance in the Entertainment Contents Business went strong which significantly exceeded expectations.
- Significant improvement in profitability compared to the previous fiscal year, which was greatly affected by COVID-19.

### Forecast

- Revise full-year operating results forecast
- Announce share buyback
- Determined interim dividend on 20 yen per share, planning year-end dividend of 20 yen per share

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As for the results for the second quarter, the Entertainment Contents business performed well, and although it continued to post losses, loss margin in the Pachislot and Pachinko Machines business and the Resort business was reduced compared to the previous year. As a result, we posted a solid result as a whole.

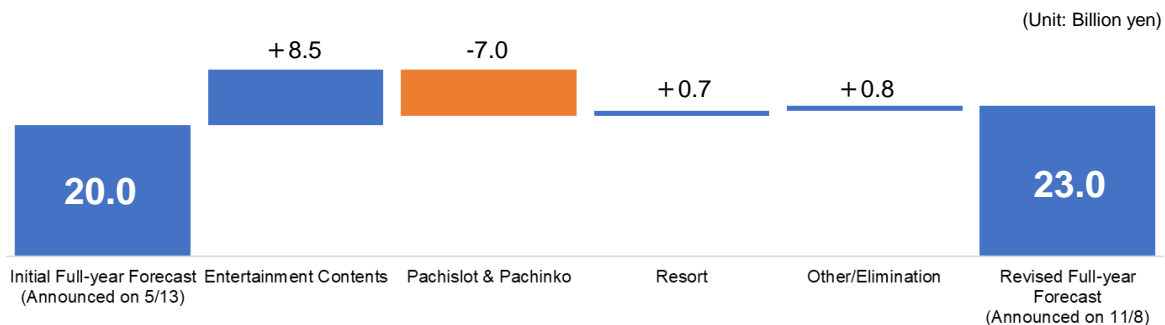
As for the revision of the full-year operating results forecast, sales are expected to fall short of the initial plan, as the Pachislot and Pachinko Machines business is expected to fall short of the initial plan in consideration of the risk of components procurement. On the other hand, as the Entertainment Contents business is expected to remain strong, we have decided to revise the forecast upward in terms of income.

As for dividends, we have decided to pay an interim dividend of 20 yen per share, as planned at the beginning of the fiscal year. There is also no change in the plan for the year-end dividend of 20 yen per share.

## Revision of Operating Results Forecast

- The decline in the Pachislot and Pachinko Machines Business is expected to be covered by the strong performance of the Entertainment Contents Business, and consolidated income is expected to exceed the initial plan.

[Difference in operating income by segment from initial plan]



This slide shows the difference between the plan announced at the beginning of the fiscal year and the revised plan.

## Acquisition of Treasury Stock (share buyback)

➤ Acquisition of treasury stock to improve shareholder returns and capital efficiency

• Total No. of shares to be acquired	Up to 24,000 thousand shares (10.19% of the total No. of shares outstanding (excluding treasury stocks))
• Total amount of shares to be acquired	Up to 30.0 billion yen
• Acquisition period	From November 9, 2021 to June 30, 2022
• Note	Plan to cancel a certain No. of shares after the acquisition

<No. of treasury stocks held as of September 30, 2021>

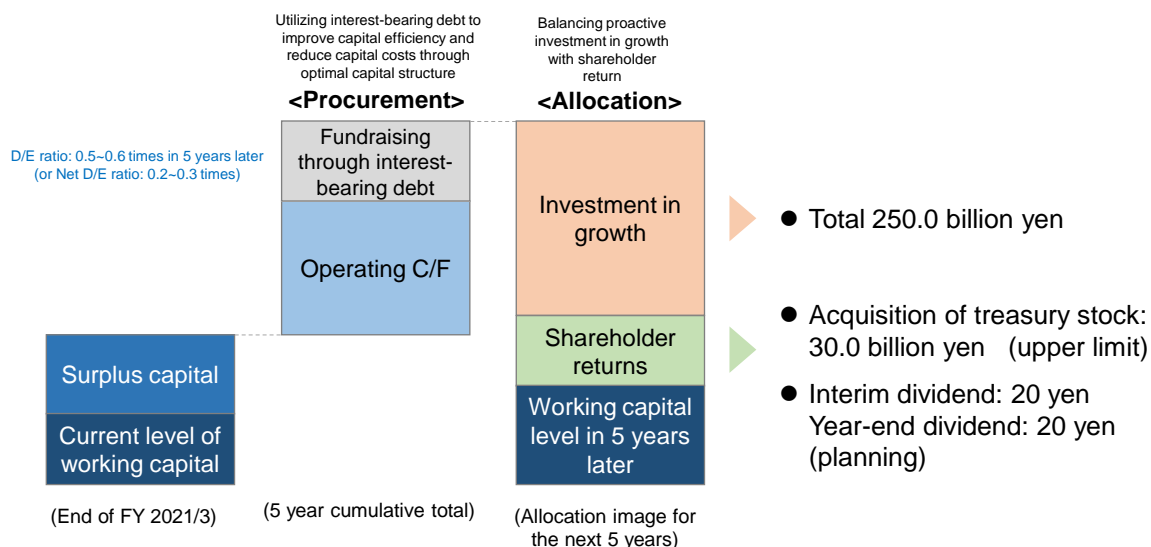
• Total No. of shares outstanding (excluding treasury stocks)	235,497,150 shares
• Total No. of treasury stocks	30,732,326 shares

I would like to explain about the acquisition of treasury stock announced today.

In the mid-term plan, we have stated that we will shift to management that emphasizes capital efficiency. As a result of considering the optimal balance between investment in future growth and improvement of capital efficiency, we have decided to acquire our own shares.

We intend to cancel a certain number of treasury stocks, except for stock-based compensation and other necessary items in the future. The timing and number of shares to be cancelled will be announced as soon as they are decided.

## Approach to Growth Investment and Shareholder Returns (to FY2026/3) **SEGA Sammy**



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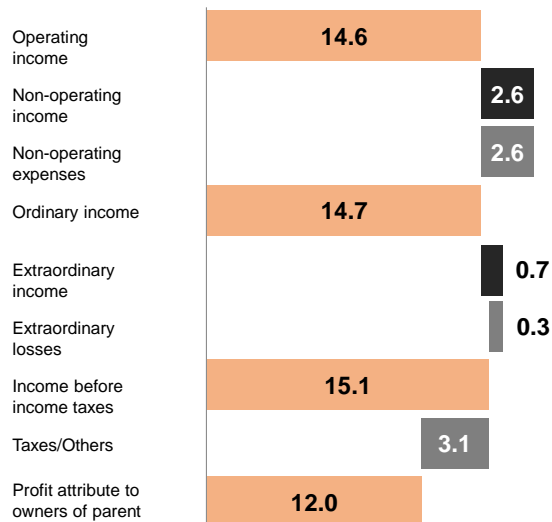
In order to realize the financial strategy announced in the mid-term plan, including the optimal capital structure, we will aggressively invest in growth businesses in the future while maintaining the DOE standard and total return ratio.

The total amount of resources to be allocated to growth investments over the next 5 years is expected to be around 250.0 billion yen. Satomi will explain the concept of this specific allocation later.

## Breakdown of Income (FY2022/3 Q2 results)



(Unit: billion yen)



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

<b>Non-operating income</b>	<b>2.6</b>
Gain on investments in partnership	1.8
<b>Non-operating expenses</b>	<b>2.6</b>
Equity in losses of affiliates	1.8
<b>Extraordinary Income</b>	<b>0.7</b>
Gain on sales of shares of subsidiaries and affiliates	0.6
<b>Extraordinary losses</b>	<b>0.3</b>
Impairment losses	0.2

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This slide shows a breakdown of income.

Gains on investments in partnership are recorded under non-operating income, but these are earnings from fund investments in venture capital, etc.

As for non-operating expenses, we recorded equity in losses of affiliates, mainly attributable to PARADISE SEGASAMMY.



## Costs and Expenses

### ■Entertainment Contents

(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
R&D / Content production expenses	12.8	11.9	17.6	16.3	9.2	9.8	11.8	14.7	9.9	13.5	57.9	55.8
Advertising expenses	3.0	3.4	3.8	3.9	1.7	2.8	3.3	3.7	2.2	3.9	16.7	15.4
Depreciation	2.1	2.1	2.2	2.5	2.2	2.3	0.7	1.5	0.8	0.9	3.5	3.6
Cap-ex	4.0	4.3	4.6	5.3	2.2	2.8	3.5	1.9	1.5	1.4	7.5	5.7

### ■Pachislot & Pachinko

(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
R&D / Content production expenses	4.3	4.6	5.4	3.8	5.4	3.9	3.3	3.7	3.4	3.2	16.2	13.4
Advertising expenses	0.2	0.6	0.4	0.3	0.1	0.6	0.3	0.2	0.2	0.6	3.0	2.8
Depreciation	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.5	0.7	3.5	2.4
Cap-ex	0.9	0.9	0.7	1.0	1.1	0.7	0.7	0.8	1.2	1.1	7.2	7.1

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As for the costs and expenses of each business segment, in the Entertainment Contents business, R&D expenses and advertising expenses increased compared to the first quarter as the release of new titles increased in the second quarter.

In the third quarter and beyond, expenses are expected to continue to increase, as we plan to launch new titles in the Consumer area but due to changes in the sales timing of some titles, costs and expenses are expected to decrease from the initial plan.

In the Pachislot and Pachinko Machines business, costs and expenses are expected to decrease from the initial plan due to the effects of the structural reforms implemented in the previous fiscal year, etc., with expenses, mainly R&D expenses, remaining at a low level.

## Costs and Expenses



### ■ Resort

(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
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	0.0	0.1
Advertising expenses	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.4	0.4
Depreciation	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.1	0.2	0.8	0.8
Cap-ex	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.5	0.6

### ■ Other / Elimination

(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
R&D / Content production expenses	0.0	-0.1	-0.2	0.0	0.1	-0.1	0.0	-0.1	0.1	-0.1	0.0	0.1
Advertising expenses	0.3	0.8	0.1	0.2	0.2	0.1	0.2	0.2	0.4	0.4	1.8	1.7
Depreciation	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.1	0.4	0.1	1.0	0.9
Cap-ex	0.2	0.1	0.3	0.3	0.3	0.1	-0.1	0.4	0.3	0.0	0.9	0.9

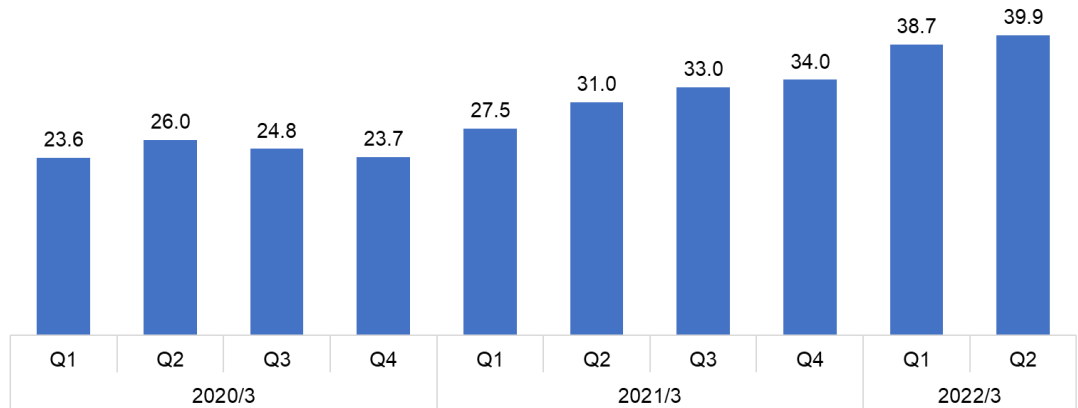
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For Resort business and Other, costs and expenses were generally in line with the plan as of the end of the second quarter, and there were no major changes from the initial plan.

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

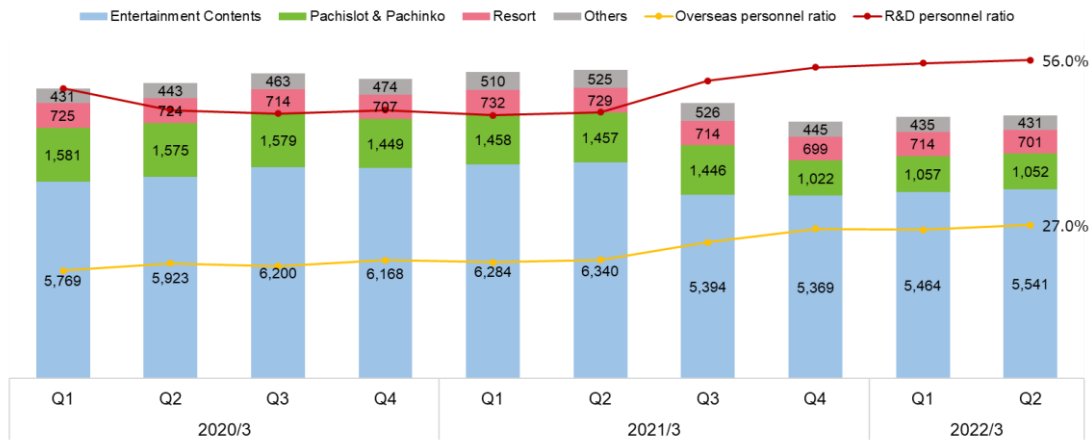
This slide shows the trend of balance of content production expenses in the Consumer area. In the second quarter, there were several new releases, but the balance is continuing to increase.

The consumer area is positioned as one of the growth investment areas, and we expect the balance to increase over the medium to long term.

# 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 slide shows the number of full-time employees and permanent contract employees by segment.

Due to the structural reform implemented last year, the total number of employees has decreased, but the overseas personnel ratio and the R&D personnel ratio have increased.

## Consolidated Balance Sheet Summary



(Billion yen) [Assets]				[Liabilities and Net Assets]			
Account	As of end of March 2021	As of end of Sep 2021	Change	Account	As of end of March 2021	As of end of Sep 2021	Change
Cash and Deposits	154.9	113.5	-41.4	Accounts Payable	16.9	19.3	+2.4
Accounts Receivable	38.1	38.7	+0.6	Corporate Bonds	-	-	-
Short term investment securities	0.7	35.0	+34.3	Short Term Loans Payable	-	-	-
Inventories	52.9	64.8	+11.9	Other	42.8	37.7	-5.1
Other	29.6	23.9	-5.7	<b>Total Current Liabilities</b>	<b>59.7</b>	<b>57.0</b>	<b>-2.7</b>
<b>Total Current Assets</b>	<b>276.2</b>	<b>275.9</b>	<b>-0.3</b>	Corporate Bonds	10.0	10.0	-
Tangible Fixed Assets	61.6	60.2	-1.4	Long Term Loans Payable	42.0	42.0	-
Intangible Fixed Assets	14.9	14.2	-0.7	Other	18.5	17.5	-1.0
Investment Securities	38.3	37.3	-1.0	<b>Total Noncurrent Liabilities</b>	<b>70.5</b>	<b>69.5</b>	<b>-1.0</b>
Other	30.5	35.4	+4.9	<b>Total Liabilities</b>	<b>130.3</b>	<b>126.6</b>	<b>-3.7</b>
				Shareholders Equity	294.9	299.0	+4.1
				Total accumulated other comprehensive income	-4.2	-2.8	+1.4
				Subscription rights to shares	-	0.0	+0.0
				Non-controlling intereseasts	0.4	0.2	-0.2
<b>Total Noncurrent Assets</b>	<b>145.3</b>	<b>147.1</b>	<b>+1.8</b>	<b>Total Net Assets</b>	<b>291.2</b>	<b>296.4</b>	<b>+5.2</b>
<b>Total Assets</b>	<b>421.5</b>	<b>423.1</b>	<b>+1.6</b>	<b>Total Liabilities and Net Assets</b>	<b>421.5</b>	<b>423.1</b>	<b>+1.6</b>

	As of end of Mar. 2021	As of end of Sep. 2021	Increase/Decrease		Main factors for increase / decrease
Cash, deposits and cash equivalents	154.5	128.5	-26.0	(Current Assets)	Cash and deposits decreased due to dividend payments 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	76.5	-26.0	(Liabilities)	Decreased due to reversal of allowance for bonuses
Equity ratio	69.0%	70.0%	+1.0pt	(Net assets)	Shareholders' equity increased due to the recording of quarterly profit attributable to owners of parent

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Cash and deposits decreased from the end of the previous fiscal year, but this was mainly due to the payment of year-end dividends and the purchase of NCDs for short-term investment purposes, which resulted in the transfer of 35.0 billion yen to securities. As a result, net cash has likewise decreased compared to the end of the previous fiscal year.

In addition, inventories increased due to the recording of content-in-process, etc.

The equity ratio increased by 1 percentage point from the end of the previous fiscal year to 70%.

We are still in the process of auditing each cash flow, but here are the estimates for your reference.

Cash flow from operating activities is expected to be plus 2.9 billion yen.  
Cash flow from investing activities is expected to be minus 28.2 billion yen.  
Cash flow from financing activities is expected to be minus 5.5 billion yen.

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## Entertainment Contents Business

(Billion yen)

	2021/3		2022/3		Revised Full Year Forecast (announced on Nov 8)
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	
<b>Sales</b>	<b>97.0</b>	<b>217.8</b>	<b>107.4</b>	<b>213.0</b>	<b>230.0</b>
Consumer	61.4	135.7	71.2	140.0	152.5
Amusement Machine Sales	13.6	35.7	23.2	43.0	48.5
Amusement Center Operations	11.8	21.0	-	-	-
Animation / Toy	9.0	23.2	11.5	26.5	27.0
Other / Elimination	1.2	2.2	1.5	3.5	2.0
<b>Operating Income</b>	<b>14.9</b>	<b>27.9</b>	<b>22.2</b>	<b>23.0</b>	<b>31.5</b>
Consumer	20.3	31.4	18.4	21.0	26.5
Amusement Machine Sales	-1.9	-1.6	2.3	1.7	3.7
Amusement Center Operations	-2.7	-1.4	-	-	-
Animation / Toy	0.2	2.1	1.7	1.8	2.6
Other / Elimination	-1.0	-2.6	-0.2	-1.5	-1.3
Non-operating income	2.5	0.9	0.6	2.4	1.3
Non-operating expenses	0.6	1.0	0.1	0.4	0.3
<b>Ordinary Income</b>	<b>16.8</b>	<b>27.9</b>	<b>22.7</b>	<b>25.0</b>	<b>32.5</b>
Ordinary Income Margin	17.3%	12.8%	21.1%	11.7%	14.1%

## FY2022/3 Q2 Results

- Strong performance in each business area
  - Exceeded the expectation due to steady performance of full games, recording of royalty income, etc. (Consumer area)
  - Returned to profit due to strong sales of prizes for prize machines and the effect of fixed cost reduction. (Amusement Machines Sales area)

## Forecast

- While the launch of new titles increased in each business area, expenses such as R&D and advertising expenses are expected to increase.

\*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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I will explain the details of each segment.

First, I will talk about the Entertainment Contents Business. As each area has been performing well through the second quarter, we have revised our full-year forecast upward.

On the other hand, compared to the first half of the fiscal year, the second half of the fiscal year will see an increase in the launch of new titles in each area, which is expected to result in more expenses being recorded.

## Entertainment Contents Business (Per subsegment)

		FY2022/3 Q2 Results	Forecast
Consumer	Full game	<ul style="list-style-type: none"> <li>Steady performance of new titles and repeat sales</li> <li>Recorded royalty income</li> </ul>	<ul style="list-style-type: none"> <li>Launch of new titles increase</li> <li>Operating expenses increase due to an increase in new title launches</li> <li>Plan to record royalty income</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Steady performance of new titles and existing titles</li> </ul>	<ul style="list-style-type: none"> <li>Plan to release new title and global version of existing title.</li> <li>Plan major update of "PHANTASY STAR ONLINE 2 NEW GENESIS"</li> </ul>
Amusement Machine Sales area		<ul style="list-style-type: none"> <li>Strong sales of prizes for prize machines, the UFO Catcher® series, etc.</li> <li>Returned to profit due to the effect of fixed cost reduction, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to sell new products such as "EIKETSU TAISEN"</li> <li>Plan to sell regular products such as prizes for prize machines, UFO Catcher® series, etc.</li> </ul>
Animation / Toys	Animation	<ul style="list-style-type: none"> <li>Recorded allocated revenue of "Detective Conan the Movie The Scarlet Bullet", etc.</li> </ul>	<ul style="list-style-type: none"> <li>Expect to record revenues from video production, distribution, etc.</li> </ul>
	Toys	<ul style="list-style-type: none"> <li>Sold new products and regular products</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen sales of new products and regular products in preparation for holiday shopping season</li> </ul>

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Next, I will explain about the sub-segments.

In the full games of Consumer area, sales of both new and repeat titles were steady. Also, royalty income from some titles are also contributing to earnings, and this trend is expected to continue in the second half of the fiscal year.

As for F2P, both existing and new titles performed well in the first half of the fiscal year. In the second half of the fiscal year, we will roll out new titles, "Sin Chronicle" and global version of "HATSUNE MIKU: COLORFUL STAGE!".

"PHANTASY STAR ONLINE 2 NEW GENESIS", which was launched in the first quarter of this year, is scheduled to undergo a major update in the future.

In Amusement Machines Sales area, the prize category continued to perform well. In the second half of the fiscal year, we will continue to focus centered on the prize category. We are also planning to launch new titles such as "EIKETSU TAISEN".

In the Animation/Toys area, "Detective Conan the Movie The Scarlet Bullet" was released, and the distribution income from this movie was recorded in the second quarter in the Animation area.

In the Toys area, we will strengthen sales of new products and regular products in the second half of the fiscal year, in preparation for the year-end sales season.

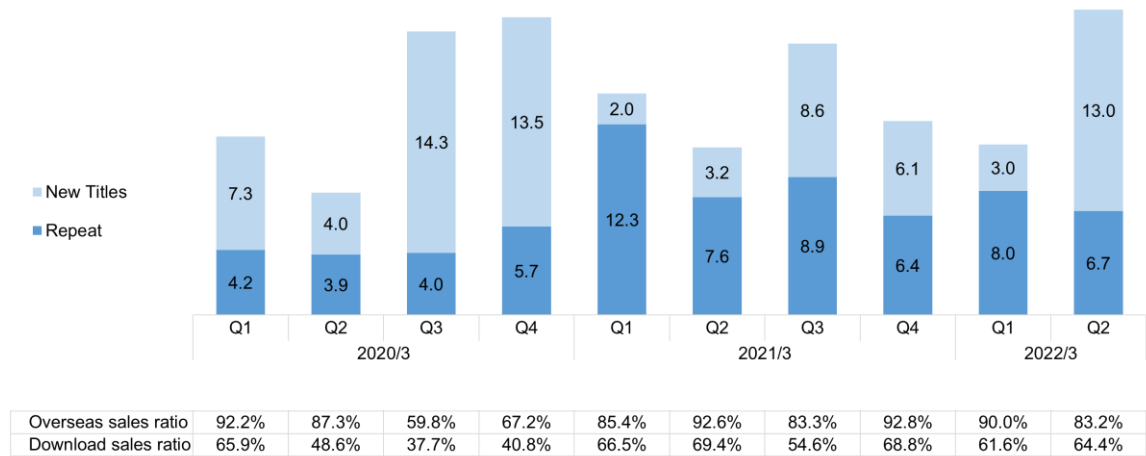
As non-operating income, the Company plans to record income from the distribution of Sonic film.



## Consumer area (Full Game's sales trend)

SEGA Sammy

(Unit: billion yen)



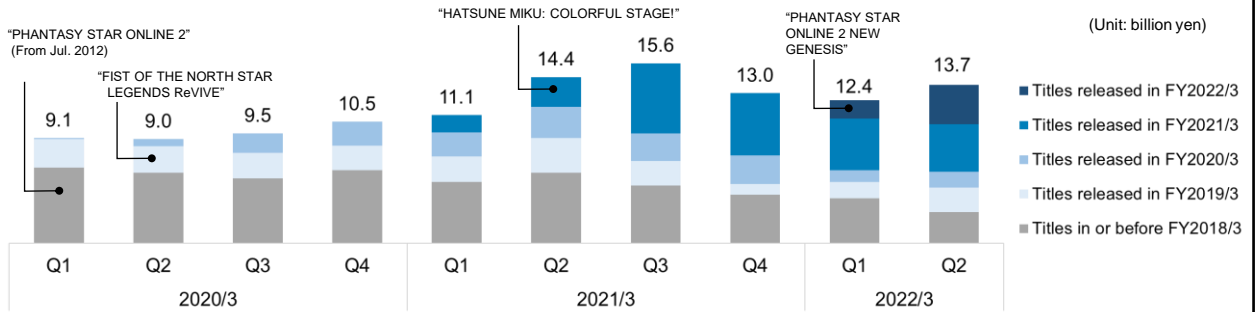
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This slide shows the full game's sales trend.

In the second quarter of the current fiscal year, sales from new titles were at a high level due to the launch of several major titles.

In addition, repeat sales, although not as high as in the same period of the previous fiscal year, it is higher than in the fiscal year ended March 2020, and remains at a high level.

## Consumer area (F2P's sales trend)



[Top 3 titles in sales (Jul.-Sep. 2021)]

<p>(No. 1)</p> <p><b>"HATSUNE MIKU: COLORFUL STAGE!"</b>            © SEGA/© CP/© CFM            Release: Sep. 2020</p>	<p>(No. 2)</p> <p><b>"PHANTASY STAR ONLINE 2 NEW GENESIS"</b>            © SEGA            Release: Jun. 2021</p>	<p>(No. 3)</p> <p><b>"FIST OF THE NORTH STAR LEGENDS ReVIVE"</b>            © Buronson &amp; Tetsuo Hara / COAMIX 1983, Approved No.GC-218 © SEGA            Release: Sep. 2019</p>
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This slide shows the F2P's sales trend.

"HATSUNE MIKU: COLORFUL STAGE!", which started its service in September of the previous fiscal year, continues to perform well.

Reference: Consumer area (Major examples of new titles roll-out)														SEGA Sammy		
(Timing of Release)				Platforms										Regions		
Release (plan)	Title name	Classification	Original Release date	Nintendo Switch	PS4	PS5	Xbox One	Xbox X/S	Steam	Epic Games Store	Windows/ cloud	Xbox Game Pass	Stadia	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.	Sonic Colors: Ultimate	Remaster	FY11/3	●	●		●			●				●	●	●
Sep.	LOST JUDGMENT	Series Latest	-		●	●	●	●						●	●	●
Nov.	Shin Megami Tensei V	Series Latest	-	●										●	●	●
Nov.	Football Manager 2022	Series Latest	-	●			●	●	●	●	●	●		●	●	●
Feb.	Total War: WARHAMMER III	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 the original version.																
***Shin Megami Tensei III Nocturne HD Remaster* includes platforms and regions of version launched in Japan and Asia in FY2021/3.																
***Olympic Games Tokyo 2020 - The Official Video Game™** includes platforms and regions of version launched in Japan and Asia in FY2020/3.																
***PHANTASY STAR ONLINE 2 NEW GENESIS* includes both Japanese and global versions. Switch version is only compatible with the cloud version.																

This slide shows an example of the platforms and regions for major new titles’ roll-out for your reference.

03

## Pachislot and Pachinko Machines Business

## Pachislot and Pachinko Machines Business



(Billion yen)	2021/3		2022/3		Revised Full Year Forecast (announced on Nov 8)
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	
<b>Sales</b>	<b>10.7</b>	<b>53.1</b>	<b>23.3</b>	<b>89.0</b>	<b>65.0</b>
Pachislot	2.0	13.9	12.0	40.5	26.1
Pachinko	3.7	28.5	7.1	42.7	32.6
Other / Elimination	5.0	10.7	4.2	5.8	6.3
<b>Operating Income</b>	<b>-12.0</b>	<b>-10.6</b>	<b>-1.7</b>	<b>9.0</b>	<b>2.0</b>
Non-operating income	0.2	0.6	0.4	0.1	0.6
Non-operating expenses	0.6	1.2	0.0	0.1	0.1
<b>Ordinary Income</b>	<b>-12.4</b>	<b>-11.3</b>	<b>-1.3</b>	<b>9.0</b>	<b>2.5</b>
Ordinary Income Margin	-	-	-	10.1%	3.8%

<b>Pachislot</b>					
Number of Titles	1 title	5 titles	4 titles	9 titles	8 titles
Unit Sales (units)	4,885	35,273	31,184	101,000	67,000
<b>Pachinko</b>					
Number of Titles	2 titles	4 titles	3 titles	5 titles	6 titles
Unit Sales (units)	11,342	69,013	23,118	103,000	77,000
Board + Frame	1,187	53,641	4,884	69,500	52,000
Board	10,155	15,372	18,234	33,500	25,000

### FY2022/3 Q2 Results

- Unit sales were generally as expected
- Fixed expenses remained at a low level due to effect of structural reforms implemented in the previous fiscal year, etc.
- Major titles sold
  - “Pachislot CODE GEASS Lelouch of the Rebellion 3”
  - “Pachislot GAMERA” repeat sales

### Forecast

- Reviewed unit sales due to the impact of components shortage
- Planning to launch mainstay titles for the replacement demand
  - “Pachislot ANEMONE Psalms of Plants Eureka Seven HI-EVOLUTION”
  - “P Hokuto No Ken 9 Toushin”

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Next, this slide is about the Pachislot and Pachinko Machines Business.

As for the results for the second quarter of the current fiscal year, it slightly exceeded our expectations as the unit sales have generally remained at the expected level, and fixed costs were at a low level due to the cost reduction effects of structural reforms.

As for the future, we are planning to return to profitability for the full year by launching new titles, including mainstay titles. However, as I mentioned earlier, we have unfortunately revised the unit sales for the second half of the fiscal year compared to the initial plan in consideration of the risk of components procurement.

04

## Resort Business

## Resort Business



(Billion yen)	2021/3		2022/3		Revised Full Year Forecast (announced on Nov 8)
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	
<b>Sales</b>	2.2	6.3	3.8	9.5	9.5
<b>Operating Income</b>	-2.6	-4.1	-1.8	-3.0	-2.3
Non-operating income	0.0	0.0	0.0	0.0	0.1
Non-operating expenses	2.0	4.8	2.1	2.0	4.3
<b>Ordinary Income</b>	-4.6	-8.9	-3.9	-5.0	-6.5
Ordinary Income Margin	-	-	-	-	-

### <PHOENIX RESORT>

<b>No. of facility users (Thousands)</b>	211	552	327	856	724
3 accommodation facilities	78	223	124	373	295
2 golf courses	31	75	43	95	92
Other facilities	102	254	160	388	337

Number of facility users compared to the previous year and the year before that  
(PHOENIX RESORT)

Compared to FY2021/3 Q2 (Cumulative)	155.0%
Compared to FY2020/3 Q2 (Cumulative)	72.0%

### FY2022/3 Q2 Results

- PHOENIX RESORT: Facility users decreased due to the continued impact of COVID-19
- PARADISE SEGASAMMY: Utilization of Japanese VIP and Chinese VIP decreased due to the restriction of foreign visitors
- Yokohama City called off the process for selecting business operator for IR project

### Forecast

- PHOENIX RESORT: Work on initiatives for revenue improvement including strengthening measures for individual customers accompanying with the recovery of travel demand
- PARADISE SEGASAMMY: Recovery of revenue is expected to be delayed due to the continuing restriction of foreign visitors
- Expenses for IR business decrease

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Next, this slide is about the Resort Business.

As for the results for the second quarter of the current fiscal year, PHOENIX RESORT remained slightly below expectations due to the effects of declaration of state of emergency and other factors, but the current reservation situation is showing a strong recovery.

As for PARADISE SEGASAMMY, figures will be recorded to our results with three months delay, so the business result of PARADISE SEGASAMMY for the period from January to June is recorded in this second quarter.

Due to the restriction of foreign visitors, the number of casino customers, especially VIPs from Japan and China, has been decreasing. Therefore, equity in losses of affiliates of 2.1 billion yen was recorded as non-operating expenses.

Looking ahead, operating loss is expected to decrease compared to the initial plan as expenses are expected to decrease compared to the initial plan due to the call off of the Yokohama IR.

On the other hand, with respect to PARADISE SEGASAMMY, the ordinary loss is on an upward trend compared to the initial plan for the fiscal year, due to the prolonging restriction of foreign visitors.

05

## Future Initiatives

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**Speaker: Haruki Satomi** (President and Group CEO, Representative Director)



## Pachislot and Pachinko Machines Business

Pachislot and Pachinko Machines Business

### Revised unit sales plan downward due to effects of component shortage

【Unit Sales】

<b>Pachislot</b>	101,000 units	<b>67,000 units</b> (-34,000 units)
<b>Pachinko</b>	103,000 units	<b>77,000 units</b> (-26,000 units)
<b>Net Sales</b>	89.0 billion yen	<b>65.0 billion yen</b> (-24.0 billion yen)
<b>Operating income</b>	9.0 billion yen	<b>2.0 billion yen</b> (-7.0 billion yen)

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First, in the Pachislot and Pachinko Machines Business, as explained earlier, we have made a downward revision to unit sales from our initial plan of 34,000 units for Pachislot machines, and 26,000 units for Pachinko machines.

Sales to decrease by 24.0 billion yen, and operating income to decrease by 7.0 billion yen, but due to the effects of structural reforms, we have managed to reach a point where we can make profits even at this sales level.

## Promoting measures to solve shortages in the supply of components

Types of components in shortage	Semiconductors, resistors, connectors, etc.	
Measures	Short term measures	Mid to long-term measures
	<ul style="list-style-type: none"><li>• Expansion of procurement route</li><li>• Use alternative components</li><li>• Strengthen trade-in, etc.</li></ul>	<ul style="list-style-type: none"><li>• Promote standardizing of components</li></ul>

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About components, not only semiconductors but even general-purpose components are also difficult to procure right now, so all products that use electronic components are greatly affected in this situation.

Factories are shutting down unexpectedly due to unexpected events, such as lockdown and power outages. Also, logistics are affected due to lack of containers, so in order to prepare for the year-end and new year sales season, we are shipping some of our components by air.

In the short term, we are also expanding our procurement routes and dealing with alternative components.

About using alternative components, we were basically not able to use components other than those for which we had applied, but now, under these circumstances, we have agreed with the authorities to use alternative components if we apply in advance that those components do not affect the various performance of machines.

We are also implementing trade-in of products that are already on the market.

This revised forecast is based on the minimum unit sales from the perspective of possible procurement. We see a demand, so if the procurement of components goes better than expected, we will aim for more higher results.

## Medium-term Plan: Progress of Each Measure

### Medium-term Strategy

### Create hits × Improve business efficiency

#### Revising the product lineup

- Optimizing the product lineup
- Rigorous screening and selection of new IPs
- Revival of past IP

- Confirmed the demand of past IP revival through the Sammy CLASSIC Series  
2<sup>nd</sup> series “Pachislot GAMERA” (Jun.)

#### Continuing to deploy

- 3<sup>rd</sup> series “Pachislot ALADDIN A CLASSIC” (Jan.)
- 4<sup>th</sup> series “Pachislot DISC UP 2” (Jan.)

#### Improve development efficiency

- Use common visual images for pachislot and pachinko machines
- Rationalize video production
- Expand derivative titles, such as specification changed titles

- Fixed costs remain low in FY2022/3  
Decrease of approx. 14%\* compared to pre-structural reforms. In addition to the effects of structural reforms, effects from improvement of development efficiency are also contributing.

\*Comparison of FY2022/3 forecast and average of FY2018/3-FY2020/3

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Regarding our Mid-term Plan, we will improve our business efficiency, while creating hits.

About revising the product lineup, demand for revival of past IPs are coming out in various areas such as games and movies, and for us, the second series of Sammy CLASSIC series, “Pachislot GAMERA”, which went on sale in June, has been very well received.

We will continue expanding with the third series “Pachislot ALADDIN A CLASSIC”, and the fourth series “Pachislot DISC UP 2”.

About improving our development efficiency, when we used the same IP between pachislot and pachinko, we created different images to make them look new as much as possible. But, now we are promoting to use common images.

Also, we would like to improve our development efficiency by offering new ways to play the same product using specification changes.

Fixed costs have decreased by 14% compared to pre-structural reform.

As for the revival again, the other day, comedians from Yoshimoto Kogyo, Kamaitachi, has live streamed a video playing the first “Pachislot Hokuto No Ken”, which is our Type 4 regulation pachislot machine. I heard the stream was very popular, that the simultaneous connections to this stream was the world’s number one at that point.

Although this is a past title, there were comments such as I want or have played pachinko and pachislot, after watching this stream, so we would like to continue to implement such measures and appeal our revival titles.

“GAMERA”  
(2000)



© Daiei / Kikaku Takara Co., Ltd.

“Pachislot GAMERA”  
(2021)



©KADOKAWA ©Sammy

- 2<sup>nd</sup> series of Sammy CLASSIC Series
- Contributing to utilization of Pachinko halls
- Succession of game elements and reel combination rules

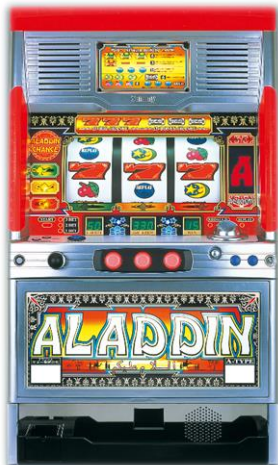
-29-

This page is about “Pachislot GAMERA”.

We have maximumly inherited the previous title under the current rules.

It has received favorable reputation and has already contributed to the utilization of pachinko halls for about 22 weeks.

"ALADDIN A"  
(2002)



©Sammy

"Pachislot ALADDIN A CLASSIC"  
(2022)



©Sammy

- 3<sup>rd</sup> series of Sammy CLASSIC Series
- Type 6.2 regulation machine
- Succession of ALADDIN's unique lottery system and directing element rules

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This page is about "Pachislot ALADDIN A CLASSIC".

This is a type 6.2 regulation machine and has already received approval. It will be on sale next year.

## Significant improvement in cost structure due to structural reforms

Level of fixed cost

**Approx. 14% reduction** (\*1)  
(Compared to pre-structural reforms)

Break-even point  
(Net Sales)

Pre-structural reforms		After Structural Reforms
Approx. 75.0 billion yen (*2)		Approx. 60.0 billion yen (*3)

\*1: Comparison of FY2022/3 forecast and average of FY2018/3-FY2020/3

\*2: Average of FY2018/3-FY2020/3

\*3: Variable depending on sales mix

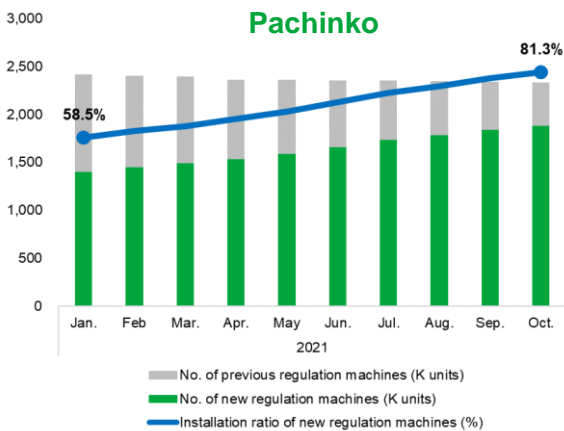
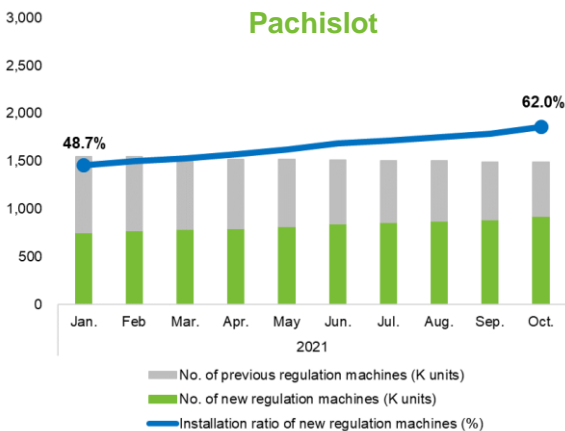
-31-

In terms of fixed costs, I mentioned that it decreased 14% earlier. The break-even point has been decreased from 75.0 billion yen before the structural reform to about 60.0 billion yen. Therefore, even with only 65.0 billion yen in sales forecast for this fiscal year, we are able to make profits.

## Market Environment

**Pachislot: Replacement progress remains sluggish**

**Pachinko: Replacement proceeds smoothly due to appearance of several popular titles**



※Company estimates based on P-WORLD machine installation data

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The replacement deadline to new regulation machines is the end of January next year, so there are only 3 months left. In this situation, the replacement progress of pachislot is 62%, while pachinko is 81%, which is going well.

The main reason to this difference is because hit titles are coming out from pachinko compared to pachislot under the new regulations.



Over 70~80% of current players are dissatisfied about the upper limit of payout and number of games

(Factors behind dissatisfaction)

Upper limit of payout

Related to  
advantageous section  
(Upper limit of no. of games)

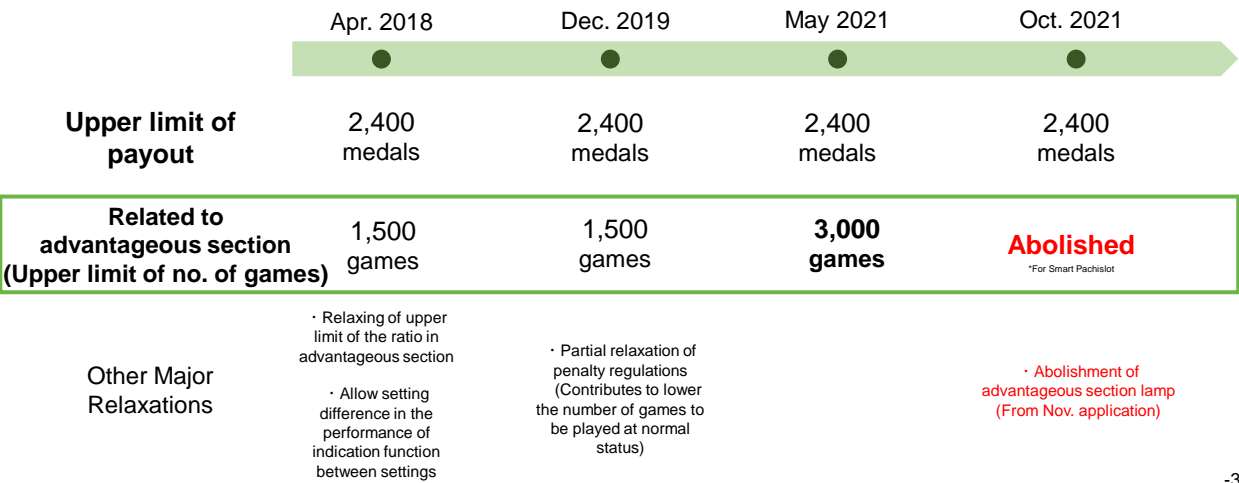
Reasons why the upper limit of payout and advantageous section are "unconvincing"	Applies <sup>(*)</sup> (%)
• There is an upper limit of payout at once even though there is no limit to the number of medals to insert	85.5
• Not able to digest the rest of the AT and ART games added, when payout reaches the upper limit	84.5
• Cannot see clear picture of obtaining a large amount of medals, because it is not possible to obtain more than 2,400 medals at once	84.3
• The game ends occasionally before obtaining enough amount of medals when reaching the upper limit of games	82.1
• Mode and points are all resetted due to the end of the advantageous section	74.7
• Can't expect to win after the advantageous section lamp going out as it indicates the end of AT	73.7
• The setting of upper limit of advantageous section gives the impression that the scenario is monotonous and controlled	71.9
• Advantageous section ends before winning in the chance zone or the ceiling	69.5
• Doesn't get motivated because all machine's performance looks the same	68.3
• Confusing because the structure looks complicated	56.0

(\*)1: Sum of those who answered "Applicable" or "Somewhat Applicable"

\*Source: Excerpts from the Nichijukyo "Survey on Pachislot Players 2020 Survey Report"

About the reasons why new regulation pachislot machines are a problem, according to the survey, about 70% to 80% of the players are dissatisfied with the upper limit of the payout and the number of games.

Relaxing of regulation is continuing, and the upper limit of number of games has been abolished



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However, the good news is that the advantageous section related regulation (upper limit of number of games), will be completely relaxed.

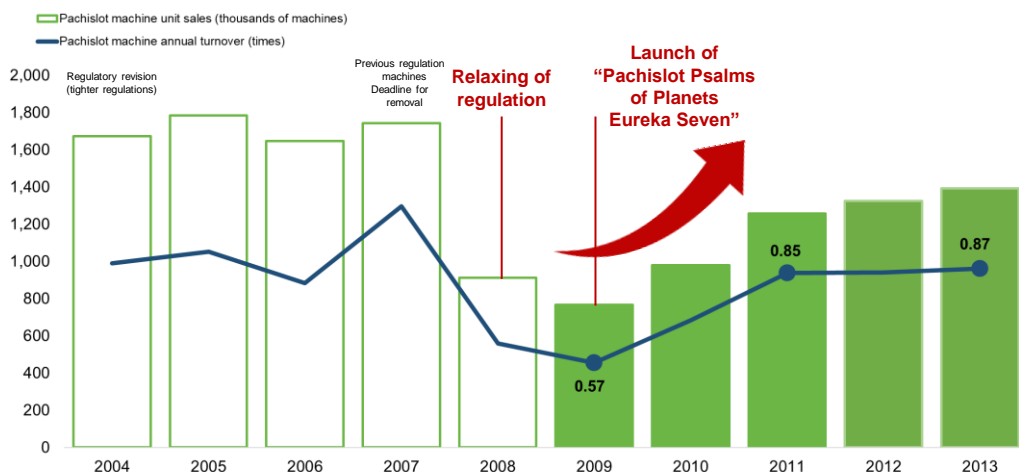
Also, about the abolishment of advantageous section lamp, this lamp used to be an obstructive factor which made players think of quitting. This will also be gone.

There is still an upper limit to the number of payout, which is 2,400 medals, but first of all, the part within green frame has been relaxed.

Type 6.2 regulation machine, which I have mentioned in the explanation of “Pachislot ALADDIN A CLASSIC”, is the type that is subject to the regulation relaxation which applies 3,000 games.

There are also other detailed regulations that are being relaxed gradually, and when it becomes a smart pachislot, the upper limit of number of games will be abolished. Also, the abolishment of advantageous section lamp is already applied for current pachislot models, from November application. So, regarding to the new regulation machines, the elements that users are dissatisfied with will be resolved one by one.

### In the past, unit sales and turnover recovered due to appearance of hit titles after the relaxing of regulation



\*Sources: National Police Agency and Yano Research Institute Ltd. "Pachinko Manufacturer Trends 2021"

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Regarding how much of an impact this is going to have, when type 4 regulation machines were replaced by type 5 regulation machines, the regulations were strengthened in 2004, and then relaxed in 2008. As we started to develop from that point, there is a slight time lag and it looks a J-curve, but we launched “Pachislot Psalms of Planets Eureka Seven” in 2009, and this was a big hit as a type 5 regulation machine. From this point, the industry gained the momentum that led to another big unit sales.

Large relaxing of regulation has been continuing for pachislot for this 1 to 2 years. Also, regarding pachinko, relaxation about parts of playing and direction has been advancing.

The industry will call the controlled machines “smart pachinko”, and medal-less machines “smart pachislot”. When a pachinko hall opens a new store, for example, if all the machines are smart pachinko and smart pachislot, I think there will be a huge operation merit for the pachinko halls.

There are merits such as supplying machines and cleaning of balls and medals will not be needed, clerks don’t have to carry the balls, and the number of units that can be placed will increase due to the disappearance of area needed for supplying.

Also, the sound of circulating balls is very noisy now, so the machines have to make large sound to cover them, but this kind of noise will be suppressed, and due to the measures to prevent passive smoking, people essentially stop smoking in their seats.

In addition, as I explained in the part of relaxing of regulation, if we can propose ways to play against the dissatisfaction of not being able to win that much, which has been the biggest dissatisfaction of players, it will bring a positive impact to the industry.

As for smart pachinko and smart pachislot, they are scheduled to be released sequentially from next year.

Entertainment Contents Business  
Consumer area

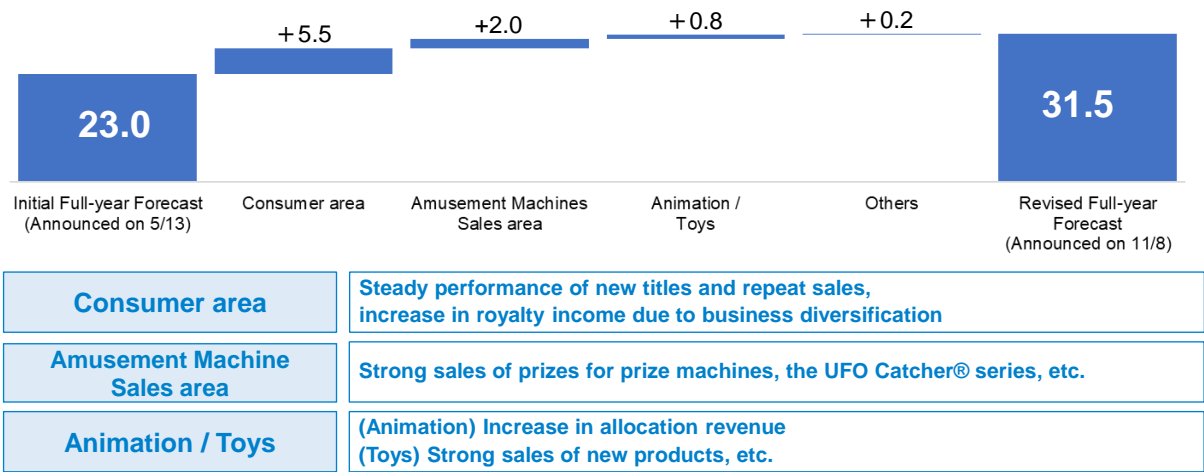
Entertainment Contents Business

# Revision of Operating Results Forecast



[Difference in operating income by sub-segment from initial plan]

(Unit: Billion yen)



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For the Entertainment Contents, each area has been performing very well. Sales of new titles and repeat sales are steady, and the diversification of our income is proceeding with the contribution of business development deals, etc.

As for the Amusement Machine Sales area, prizes for prize machines are performing very well. Location such as the specialized stores for prize machines is increasing and we are continuously receiving strong orders for prize machines. Although there is some risk of components shortage, we will work to meet such demand.

In terms of Animation and Toys area, allocation revenue has been very strong in Animation and sales of new products have been strong as well in Toys.

Medium-term Strategy		Strengthen the global branding of existing IPs
<b>Expanding touch points with users</b> <ul style="list-style-type: none"> <li>■ Strengthening global roll-out</li> <li>■ Multiplatform support</li> <li>■ Multilingual support</li> </ul>		<ul style="list-style-type: none"> <li>■ “LOST JUDGMENT” (Released on Sep.) Simultaneous global release, multiplatform support</li> <li>■ Initial sales volume increased in Europe and North America (compared to previous title).</li> </ul>
<b>Prolonging product life cycles</b> <ul style="list-style-type: none"> <li>■ Utilizing IP assets</li> <li>■ Strengthening digital sales</li> <li>■ Multichannel monetization</li> </ul>		<ul style="list-style-type: none"> <li>■ New IP “HUMANKIND™” (Released on Aug.) Support subscription service (Xbox Game Pass) simultaneously at launch</li> <li>■ Both one-off sales and subscription are performing steadily.</li> </ul>
<b>Strengthening user engagement</b> <ul style="list-style-type: none"> <li>■ Community management</li> <li>■ Strengthening the mix of media</li> </ul>		<ul style="list-style-type: none"> <li>■ Implemented a number of Sonic 30th anniversary commemorative collaborations</li> <li>■ Proactively expanding touch points to IP</li> </ul>

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What we are going to do in the medium term first is to make existing IP as a global brand.

With the expansion of touch points, “LOST JUDGMENT” which was released in September, supported simultaneous release worldwide in multiple languages, and released on additional platform. As a result, the sales from the first week significantly increased compared with the previous title in EU and North America.

For prolonging the life cycle of our products, new IP “Humankind™” was added to the subscription service of Microsoft’s Xbox Game Pass simultaneously at launch and it is performing steadily.

And for strengthening user engagement, we have been conducting numerous collaborations with the leading titles of other companies to celebrate 30<sup>th</sup> anniversary of Sonic. This leads to increase the degree of recognition, by expanding the contact points with users, as well as improving repeat sales and increasing the volume of the licensing business.



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This is “LOST JUDGMENT”.



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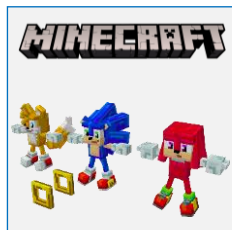
This is "Humankind™"



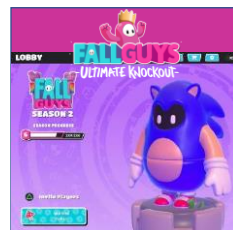


© SEGA

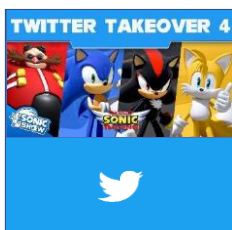
## Examples of external collaboration (partial)



Minecraft x Sonic DLC



Fall Guys x Sonic



Twitter Takeover



Sonic Symphony

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As for Sonic, we have been collaborating with Minecraft, Fall Guys, and other very popular games, taking over Twitter and also holding orchestra concerts, etc., and they are all well received. In Japan, we have conducted new collaboration with Dreams Come True at the timing of this 30th anniversary, as Mr. Nakamura, of Dreams Come True originally wrote the song for GREEN HILL ZONE in Sonic game.

## Major Titles in and after Q3 (Full Game)

### “Football Manager 2022”



- PC + Game Pass  
(Scheduled to be released on Nov. 9)

© Sports Interactive Limited 2021.  
Published by SEGA Publishing Europe Limited.

### “Shin Megami Tensei V”



- Simultaneous global release  
(Scheduled to be released on Nov. 11)

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### “Total War: WARHAMMER III”



- PC + Game Pass  
(Scheduled to be released on Feb. 17)

© Games Workshop Limited 2021.  
Published by SEGA.

These are upcoming titles.

“Football Manager 2022” and “Total War: WARHAMMER III”, the title for PC, they will support Xbox Game Pass simultaneously at launch.

As for “Shin Megami Tensei V”, we plan for simultaneous global release. The Metacritic score is already high and we have high expectation for this.

## Major Titles in and after Q3 (F2P)

### “PHANTASY STAR ONLINE 2 NEW GENESIS”



- Major update

(Scheduled on Dec 15, 2021)

© SEGA

### “HATSUNE MIKU: COLORFUL STAGE!”



- Record-high monthly sales on the 1st anniversary
  - Launch of Global version
- (Scheduled to be released in 2021)

© SEGA/© CP/© CFM

### “Sin Chronicle”



- Launch of new RPG
- (Scheduled to be released in 2021)

© SEGA

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A major update for “PHANTASY STAR ONLINE 2 NEW GENESIS” is scheduled on December 15. The initial move was very good with the release of update on June, and we recorded the highest concurrent connections ever. The service that we had been doing for 9 years was completely updated and redone with new visuals. On the other hand, we received a lot of feedback from fans that there was not enough volume to play. We will continue to work for increasing content through update and other measures.

First anniversary event of “HATSUNE MIKU: COLORFUL STAGE!” was very well received, and it has reached the highest monthly sales ever in October. We were also able to take the number 1 position in the sales rankings in Japan and plan to start the global service within this year.

We are also planning to release “Sin Chronicle”, the successor to “Chain Chronicle” within this fiscal year.

### Long-term Strategy

### Create “Super Games”

- Started exploring strategic alliance with Microsoft towards creation of “Super Game”
  - (Major areas to consider)
    - Develop games utilizing technologies of Microsoft in Microsoft’s Azure cloud platform.
    - Technical collaboration to turn SEGA’s current development environment into a next-generation environment built on Microsoft’s Azure cloud platform.
- Additional investment to Consumer area (see P.46 for details)

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We have also announced the start of a strategic alliance with Microsoft to create Super Games, towards the creation of Super Game which we are aiming in long-term strategy.

We already have a very close business relationship with Microsoft. We outsourced the development of their large-scale titles and as a third party, we are supplying a variety of titles. When we announced the concept of Super Game, Microsoft was sympathetic to that vision and that leads to the announcement this time.

About this, we are not talking about releasing games to Microsoft exclusively, but rather to develop Super Game that will be delivered to the world together, with their technical support.

## Concept of Investment in Growth

Financial Strategy and others

## Accelerate growth through proactive investment

<p><b>Consumer area</b> Approx. 100.0 billion yen</p>	<p>■ Strengthen development resources (Area of consideration for investment)</p> <ul style="list-style-type: none"> <li>• Expansion of organic development pipeline</li> <li>• Strengthen global mobile and online games</li> </ul>
<p><b>Gaming area</b> Approx. 100.0 billion yen</p>	<p>■ Investment in new ecosystem (Area of consideration for investment)</p> <ul style="list-style-type: none"> <li>• Strengthen CRM functions to revitalize user communities</li> <li>• Investment in newly emerging business areas such as NFT</li> </ul>
<p><b>Others</b> Approx. 50.0 billion yen</p>	<p>■ Careful assessment of investment opportunities in the gaming area (Area of consideration for investment)</p> <ul style="list-style-type: none"> <li>• Both domestic and overseas IR</li> <li>• Online casino and sports betting overseas</li> <li>• Land-based casinos overseas</li> </ul> <p>■ Expand CVC investment limit (from total 9.0 billion yen to 15.0 billion yen)</p> <ul style="list-style-type: none"> <li>• Strengthen open innovation activities, including investment in start-up companies, etc.</li> </ul> <p>■ Creation of new business, acquisition of IPs, etc.</p>

**Total: 250.0 billion yen**

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Regarding our approach to growth investment, the general framework of using 100.0 billion yen in the Consumer area as the breakdown of this 250.0 billion yen, has not changed.

We have announced that we will invest a maximum of about 120.0 billion yen until the opening of integrated resort (IR), but this part changed in response to the call off of Yokohama IR project.

We had been accumulating cash for IR business because we cannot project the expenses that will incur until the consortium's investment ratio is decided. However, as this was solidified to some extent with RFP, we announced the estimated investment figure of 120.0 billion yen at our first quarter financial results. Along with this call off, we will consider how to reallocate them and how we can change B/S cash to P/L as investment capacity.

In the Consumer area, we will continue to actively recruit human resources at each studio, and will also consider the launch of new studios globally, including in Japan in order to expand our organic development line. We will invest in infrastructure for online games, and will also consider other investments such as enhancement of CRM function and investments to new fields, such as NFT.

For gaming area, we will consider investment in integrated resorts with casino in Japan and abroad, and land-based casinos abroad if there will be opportunities. Overseas, online casinos and sports betting market are growing now and since we have obtained licenses as a slot machine manufacturer in Las Vegas and other territories, we would like to take on the challenge with utilizing this knowledge as opportunities arise.

We are also considering aggressive M&A in these two areas.

Since it is an M&A, the other parties are involved, so we need to make decisions based on the situation, but if there is a reasonable opportunity for M&A in a business or company that matches our mission, we may invest in it at once without being constrained in the investment limit of approximately 100.0 billion yen each for consumer and gaming areas.

In addition, the CVC investment limit was 9.0 billion yen until now, but it has been performing very well, and we have been able to build an ecosystem with the startups as a strategic partner. In order to further strengthen our open innovation activities, we are planning to expand this limit to 15.0 billion yen. Also, we would like to try new business and acquire new IPs.

Up until now, we have been holding back on investment due to the preparation of IR. But now that we have a clearer picture about this, the major strategy for us now is how to spend this 250.0 billion yen by the fiscal year ending March 2026.

In addition, regarding additional investment capacity that arose as a result of the delay of incurrence of the expenses towards IR, we have announced the buy back of 30.0 billion yen to return profits to shareholders today.

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## Appendix



## Reference: Consumer Area (Sales trend)

(Billion yen)	2021/3				2022/3			
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through 2Q	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
<b>Sales</b>	<b>32.4</b>	<b>61.4</b>	<b>102.4</b>	<b>135.7</b>	<b>29.5</b>	<b>71.2</b>	<b>140.0</b>	<b>152.5</b>
Domestic	12.4	27.9	48.7	64.6	13.0	30.9	65.0	63.4
Overseas	19.6	33.4	54.3	72.4	16.7	40.3	75.0	89.2
Overseas sales ratio	60.5%	54.4%	53.0%	53.4%	56.6%	56.6%	53.6%	58.5%
Other / Elimination	0.2	0.1	-0.6	-1.3	-0.2	0.0	0.0	-0.1
<b>Full Game</b>	<b>14.4</b>	<b>25.2</b>	<b>42.6</b>	<b>55.1</b>	<b>11.0</b>	<b>30.7</b>	<b>55.0</b>	<b>66.8</b>
<b>New titles</b>	<b>2.0</b>	<b>5.2</b>	<b>13.8</b>	<b>19.9</b>	<b>3.0</b>	<b>16.0</b>	<b>27.5</b>	<b>39.5</b>
Japan	0.0	0.1	1.8	2.1	0.2	2.4	-	-
Asia	0.7	1.0	1.2	1.7	0.1	0.9	-	-
North America / Europe	1.2	4.1	10.6	16.0	2.7	12.7	-	-
<b>Repeat titles</b>	<b>12.3</b>	<b>19.9</b>	<b>28.8</b>	<b>35.2</b>	<b>8.0</b>	<b>14.7</b>	<b>27.5</b>	<b>27.3</b>
Japan	1.7	2.7	3.7	4.5	0.8	2.0	-	-
Asia	0.5	1.1	1.5	2.2	0.7	1.4	-	-
North America / Europe	9.9	16.1	23.5	28.5	6.4	11.3	-	-
Download sales ratio	66.5%	67.7%	62.8%	63.8%	61.6%	65.3%	68.6%	70.0%
<b>F2P</b>	<b>11.1</b>	<b>25.5</b>	<b>41.1</b>	<b>54.1</b>	<b>12.4</b>	<b>26.1</b>	<b>63.5</b>	<b>55.4</b>
Japan	9.1	21.5	35.5	47.2	10.9	23.2	-	-
Asia	0.0	0.1	0.2	0.2	0.0	0.0	-	-
North America / Europe	1.9	3.9	5.3	6.6	1.4	2.9	-	-
<b>Other</b>	<b>6.5</b>	<b>10.6</b>	<b>19.4</b>	<b>27.7</b>	<b>6.2</b>	<b>14.5</b>	<b>21.5</b>	<b>30.4</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 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	Through 2Q	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
<b>Full Game: Number of Titles</b>								
Japan	0 title	0 title	2 titles	2 titles	0 title	3 titles	5 titles	6 titles
Asia	1 title	1 title	4 titles	6 titles	1 title	4 titles	9 titles	10 titles
North America / Europe	3 titles	5 titles	9 titles	10 titles	3 titles	6 titles	12 titles	14 titles
<b>Full Game: Unit sales (Thousands)</b>	<b>12,980</b>	<b>19,080</b>	<b>34,200</b>	<b>41,770</b>	<b>6,580</b>	<b>14,040</b>	<b>37,870</b>	<b>33,670</b>
<b>Total New titles</b>	<b>790</b>	<b>1,180</b>	<b>3,770</b>	<b>6,020</b>	<b>1,060</b>	<b>3,500</b>	<b>9,640</b>	<b>9,320</b>
Japan	10	20	370	430	50	410	660	740
Asia	150	200	260	360	50	250	410	840
North America / Europe	620	960	3,130	5,220	960	2,840	8,570	7,740
<b>Total Repeat titles</b>	<b>12,190</b>	<b>17,900</b>	<b>30,420</b>	<b>35,750</b>	<b>5,520</b>	<b>10,540</b>	<b>28,230</b>	<b>24,350</b>
Japan	460	690	990	1,230	290	660	930	990
Asia	240	510	700	1,000	340	680	650	1,080
North America / Europe	11,480	16,690	28,730	33,510	4,890	9,200	26,650	22,280

- 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	Through Q2
Sonic series	800	2,300	3,700	4,400	1,000	2,900
Total War series	1,900	2,500	3,600	4,000	600	1,000
Persona Series	1,200	1,500	1,900	3,000	400	700
Yakuza series	300	600	1,600	2,200	700	1,800

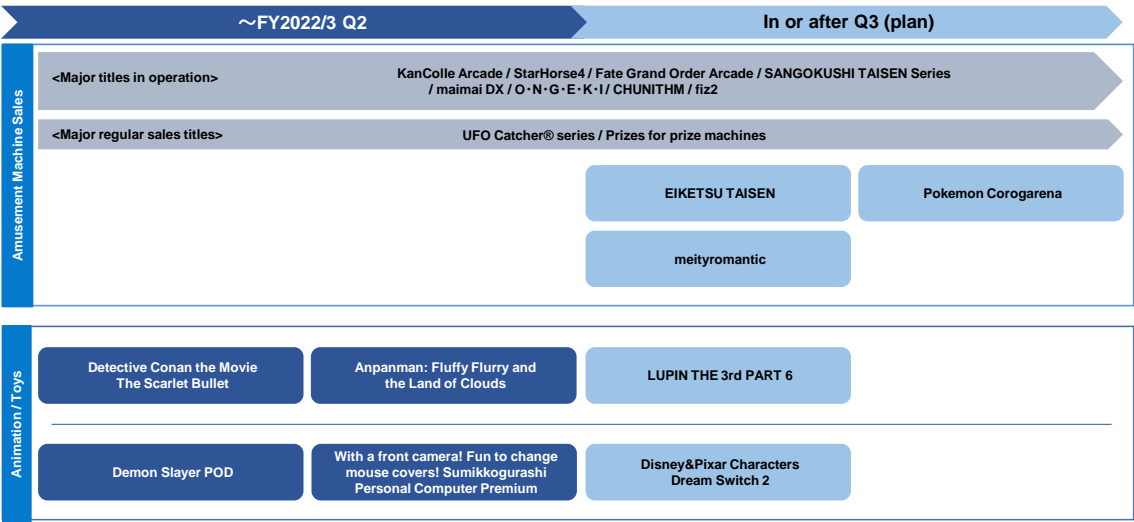
\*Yakuza series includes the JUDGMENT series.

Reference: Entertainment Contents Business (Sales Schedule)



~FY2022/3 Q2		In or after Q3 (plan)
Consumer	Full game	<div>JUDGMENT (Remaster ver.)</div> <div>Shin Megami Tensei III Nocturne HD Remaster (Western ver.)</div> <div>Olympic Games Tokyo 2020 - The Official Video Game™ (Western ver.)</div> <div>Total War: ROME REMASTERED</div>
	New titles	<div>HUMANKIND™</div> <div>LOST JUDGMENT</div> <div>Sonic Colors: Ultimate</div>
	Repeat	<div>Sonic Series / Persona Series / Total War Series / Football Manager Series / Yakuza Series, etc.</div>
F2P	In or before FY2018/3	PHANTASY STAR ONLINE 2 / Puyo Puyo!! Quest / CHAIN CHRONICLE
	FY2019/3~	SHIN MEGAMI TENSEI Liberation D×2 / SEGA Pocket Club Manager
	FY2020/3~	FIST OF THE NORTH STAR LEGENDS ReVIVE
	FY2021/3~	Re:ZERO -Starting Life in Another World- Lost in Memories / HATSUNE MIKU: COLORFUL STAGE!
	FY2022/3~	PHANTASY STAR ONLINE 2 NEW GENESIS
		<div>Sin Chronicle</div> <div>HATSUNE MIKU: COLORFUL STAGE! (Global ver.)</div>

Reference: Entertainment Contents Business (Sales Schedule)



Reference: Pachislot and Pachinko Machines Business (Sales Schedule)

~FY2022/3 Q2				New series	Specification changed title
				In or after Q3 (plan)	
Pachislot	Pachislot Angel Beats!	Pachislot CODE GEASS Lelouch of the Rebellion 3	Pachislot Twin Angel PARTY	Pachislot DISC UP 2	
	Pachislot GAMERA	Pachislot Rakuen Tsuiho -Expelled from Paradise-	Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION	Pachislot ALADDIN A CLASSIC	
Pachinko	P Kabaneri of the Iron Fortress	P SOUTEN-NO-KEN Tengoku		Dejihane P (Monogatari) Series Secondseason	
	P Hokuto No Ken 8 Kyuseishu	P Kayou Suspense Gekijou Saigo no Suiri	P Monster Hunter Double Cross	P Hokuto No Ken 9 Toushin	
	P Cho Hane Beast King	Dejihane PA Shin Hokuto Muso Chapter 2 Rengeki Edition			
(Major titles before Q2)		Month of delivery	Sales units	(Titles to be launched in or after Q3)	
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion 3	Aug.	13,429 units	Pachislot	Pachislot Twin Angel PARTY Oct.
	Pachislot GAEMRA	Jun.	9,804 units		Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION Nov.
	Pachislot Rakuen Tsuiho –Expelled from Paradise-	Sep.	2,945 units		Pachislot ALADDIN A CLASSIC Jan.
Pachinko	P Hokuto No Ken 8 Kyuseishu	May	10,226 units		Pachislot DISC UP 2 Jan.
	P SOUTEN-NO-KEN Tengoku	Jul.	4,682 units	Pachinko	P Monster Hunter Double Cross Oct.
	P Kabaneri of the Iron Fortress	Apr.	2,875 units		Dejihane P (Monogatari) Series Secondseason Nov.
	Dejihane PA Shin Hokuto Muso Chapter 2 Rengeki Edition	Aug.	2,586 units		P Hokuto No Ken 9 Toushin Dec.

\*\*Pachislot GAMERA\* includes 7,022 units sold in Q1

## Reference: Resort Business (PARADISE SEGASAMMY)



(KRW Billion)	2021/3 Results		2022/3 Results
	Through Q2	Through Q4	Through Q2
<b>Sales</b>	115.7	177.5	74.2
Casino	91.8	126.8	44.1
Hotel	19.4	44.4	28.3
Other	4.4	6.3	1.8
<b>Cost of sales</b>	126.1	216.0	84.9
Casino	59.2	95.2	31.0
Hotel	46.2	85.4	39.1
Other	20.6	35.3	14.7
<b>Gross profit</b>	-10.4	-38.5	-10.7
SG&A	15.3	28.1	12.8
<b>Operating profit</b>	-25.7	-66.7	-23.6
<b>EBITDA</b>	4.0	-7.7	5.0
<b>Net profit</b>	-41.7	-106.2	-45.2
<b>Number of casino visitors (Thousands)</b>	101.0	174.0	59.0

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	-1.9	-4.7	-2.1
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### FY2022/3 Q2 Results

- The number of casino users fell sharply due to the restriction of foreign visitors.  
YoY comparison: 58.4%
- EBITDA remained positive due to cost reduction.

### Forecast

- Recovery of revenue is expected to be delayed due to the continuing restriction of foreign visitors which we expected to be eased from July.

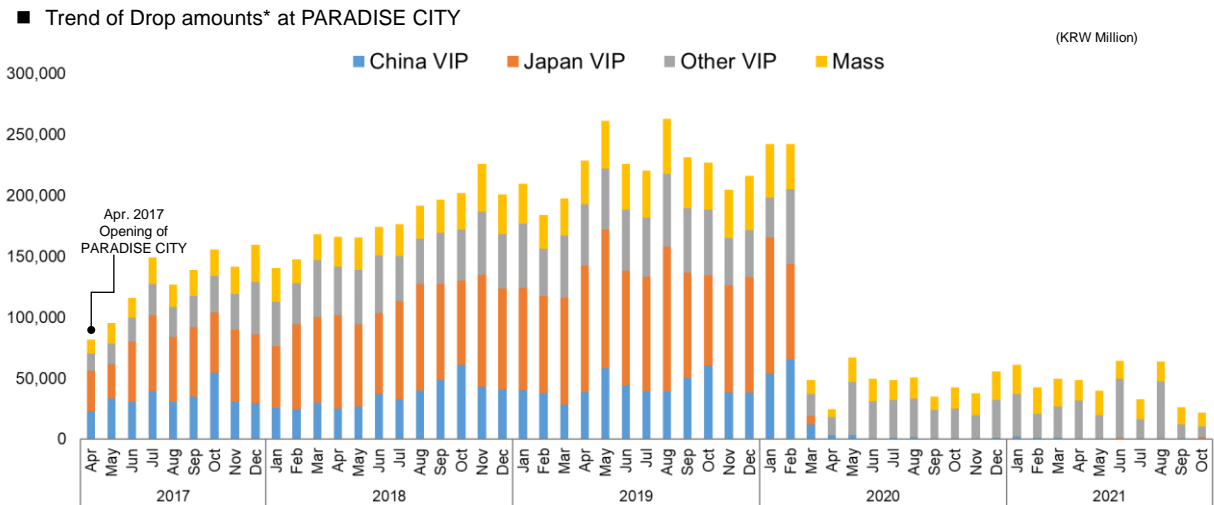
\*PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate of SEGA SAMMY HOLDINGS INC.

\*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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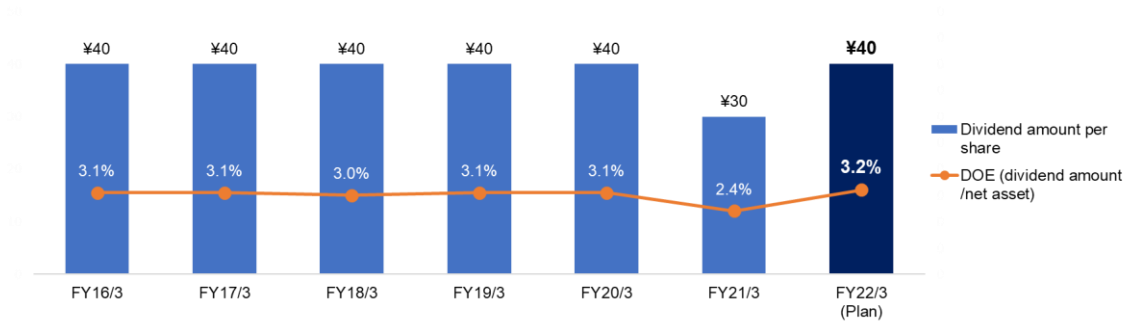
# Reference: Resort Business (PARADISE SEGASAMMY)



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

# Reference: Shareholder Returns

■ Dividend Results and Plan



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

- 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/>

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<https://www.segasammy.co.jp/english/ir/stock/regulation/>

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