

Fiscal Year Ended March 2022

# Results Presentation

2022/5/13

## 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.

This is an English translation from the original Japanese-language version. The translation is provided for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Company assumes no responsibility for this translation and for direct, indirect or any other forms of damages arising from the translations. Should there be any inconsistency between the translation and the original Japanese document, the Japanese language version shall prevail. If you quote all or part of this document, please clearly indicate the source of the citation or link to this page.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

**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 results for FY22/3, and the plan for FY23/3.

The document we will use today is the financial results presentation uploaded on our website.

01

## FY2022/3 Results/ FY2023/3 Forecast

## FY2022/3 Results

## FY2023/3 Forecast

**Consolidated**

- Significant increases in sales and profits YoY due to recoveries in Pachislot & Pachinko and AM\*
- Implemented share buybacks
- Decrease in income taxes, etc. due to decrease of taxable income from net loss carried forward, etc.

- Forecast increase in sales and profits in all business areas

**Entertainment Contents**

- Strong performance of new titles, recorded royalty income (CS\*)
- Strong performance in the prize category (AM)

- Significant increase in new title lineups (CS)
- Maintain strong performance in prize categories (AM)

**Pachislot & Pachinko**

- V-shaped recovery from deficit of the previous fiscal year and secured stable earnings
- Fixed costs remained at low levels.

- Increase unit sales while responding to the relaxation of regulation.
- Component procurement status continuously needs to be monitored closely.

**Resort**

- Domestic: Individual customers are recovering despite the negative impact of COVID-19. Cancellation of Yokohama IR.
- Continued to be affected by the restriction of foreign visitors.

- Reduction in loss margin  
(Assume the relaxation of behavioral restriction associated with COVID-19)

\*CS = Consumer area, AM = Amusement Machine Sales area

-3-

Here is the consolidated topic.

In FY22/3, sales and profits increased significantly due to recoveries in Pachislot and Pachinko Machines business and Amusement Machine Sales area, which were significantly affected by COVID-19 in the previous fiscal year. In addition, we implemented share buybacks of approximately 30.0 billion yen as shareholder return.

For FY23/3, we plan to increase sales and profits in each business segment, as we expect growth in the Consumer area, which remains strong, and also launch of titles responding to the relaxation of regulation in the Pachislot and Pachinko Machines business, and loss to narrow down in the resort business, assuming that relaxation of behavioral restriction associated with COVID-19 will occur.

## FY2022/3 Results, FY2023/3 Forecast



(Billion yen)	2021/3 Full Year Results	2022/3 Full Year Results	2023/3 Full Year Forecast
<b>Sales</b>	<b>277.7</b>	<b>320.9</b>	<b>375.0</b>
Entertainment Contents	217.8	235.9	277.0
Pachislot and Pachinko Machines	53.1	75.8	86.0
Resort	6.3	8.6	11.5
Other / Elimination	0.5	0.6	0.5
<b>Operating Income</b>	<b>6.5</b>	<b>32.0</b>	<b>40.0</b>
Entertainment Contents	27.9	33.9	39.0
Pachislot and Pachinko Machines	-10.6	9.3	11.5
Resort	-4.1	-2.5	-1.2
Other / Elimination	-6.7	-8.7	-9.3
Non-operating income	2.8	5.9	2.0
Non-operating expenses	7.6	4.6	2.0
<b>Ordinary Income</b>	<b>1.7</b>	<b>33.3</b>	<b>40.0</b>
Entertainment Contents	27.9	36.8	40.0
Pachislot and Pachinko Machines	-11.3	10.2	12.0
Resort	-8.9	-6.7	-3.0
Other / Elimination	-6.0	-7.0	-9.0
Ordinary Income Margin	0.6%	10.4%	10.7%
Extraordinary income	28.8	5.2	-
Extraordinary losses	40.3	0.6	-
<b>Income before income taxes</b>	<b>-9.8</b>	<b>37.9</b>	<b>40.0</b>
<b>Income taxes</b>	<b>-11.7</b>	<b>0.9</b>	<b>12.0</b>
<b>Profit attributable to owners of parent</b>	<b>1.2</b>	<b>37.0</b>	<b>28.0</b>
<b>ROE</b>	<b>0.4%</b>	<b>12.7%</b>	<b>-</b>
<b>Dividends per share (JPY)</b>	<b>30.00</b>	<b>40.00</b>	<b>41.00</b>

### FY2022/3 Results

- Significant increases in sales and profits YoY
  - Businesses affected by COVID-19 in the previous fiscal year recovered earnings (Pachislot & Pachinko, AM\*)
- Recorded gain on sales of noncurrent assets and gain on sales of investment securities as extraordinary income
- Decrease in income taxes, etc. due to decrease of taxable income from net loss carried forward and tax credits related to research and development at U.K. subsidiaries

### FY2023/3 Forecast

- Forecast increase in sales and profits in all business areas
  - Continuous growth of CS\* (Entertainment Contents)
  - Increase unit sales while responding to the relaxation of regulation (Pachislot & Pachinko)
  - Reduction in loss margin assuming the relaxation of behavioral restriction (Resorts)
- Forecast 20% increase in ordinary income compared to the previous fiscal year

\*CS = Consumer area, AM = Amusement Machine Sales area

-4-

Please see the consolidated P&L.

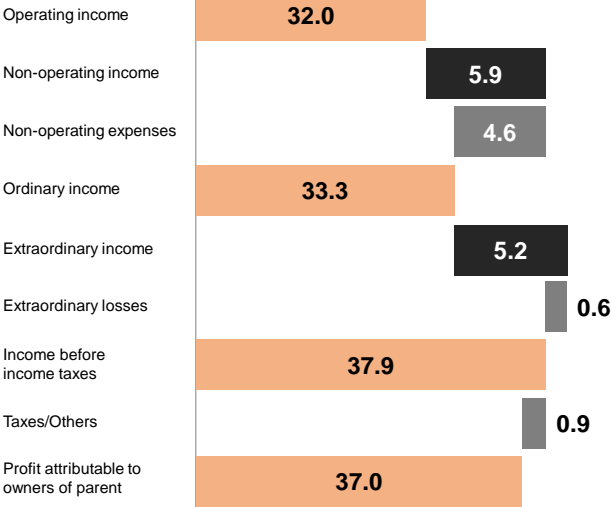
As for FY22/3, as I mentioned earlier, both sales and profits increased significantly from FY21/3 due to recoveries in profits recorded in the Pachislot and Pachinko Machines business and Amusement Machine Sales area of the Entertainments Contents business. In addition, in Q4, we recorded gain on sales of investment securities as extraordinary income, and decrease in income taxes, etc. due to decrease of taxable income from net loss carried forward, and tax refunds due to VGTR at U.K. subsidiaries. As a result, profit attributable to owners of parent was 37.0 billion yen, and ROE improved significantly to 12.7%.

In the forecast for FY23/3, the tax rate is set at 30% as a simplified rate for planning purposes, since it is difficult to calculate a reasonable tax rate at this stage. Although profit attributable to owners of parent is expected to decrease due to the above factor, we plan to increase ordinary income by about 20% compared to FY22/3.

# Breakdown of Income (FY2022/3 Results)



(Unit: billion yen)



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

<b>Non-operating income</b>	<b>5.9</b>
Gain on investments in partnership	3.0
<b>Non-operating expenses</b>	<b>4.6</b>
Equity in losses of affiliates	2.7
<b>Extraordinary Income</b>	<b>5.2</b>
Gain on sales of noncurrent assets	1.9
Gain on sales of investment securities	2.5
<b>Extraordinary losses</b>	<b>0.6</b>
Impairment loss	0.4
<b>Taxes/Others</b>	<b>0.9</b>

-5-

Here is the breakdown of income.

Non-operating income includes gain on investments in partnership associated with investments in VC and other funds. Non-operating expenses include equity in losses of PARADISE SEGASAMMY, etc.

## Costs and Expenses, etc.

### ■Entertainment Contents

(Billion yen)	2020/3				2021/3				2022/3					2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year Results	
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	12.7	18.3	54.4	66.6
Advertising expenses	3.0	3.4	3.8	3.9	1.7	2.8	3.3	3.7	2.2	3.9	3.7	4.4	14.2	19.0
Depreciation	2.1	2.1	2.2	2.5	2.2	2.3	0.7	1.5	0.8	0.9	0.9	1.1	3.7	3.5
Cap-ex	4.0	4.3	4.6	5.3	2.2	2.8	3.5	1.9	1.5	1.4	1.6	2.8	7.3	7.5

### ■Pachislot & Pachinko

(Billion yen)	2020/3				2021/3				2022/3					2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year Results	
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	3.4	4.4	14.4	14.3
Advertising expenses	0.2	0.6	0.4	0.3	0.1	0.6	0.3	0.2	0.2	0.6	0.5	0.3	1.6	3.3
Depreciation	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.5	0.7	0.7	0.8	2.7	2.1
Cap-ex	0.9	0.9	0.7	1.0	1.1	0.7	0.7	0.8	1.2	1.1	0.8	1.0	4.1	4.0

-6-

Here are the costs and expenses, etc.

In FY23/3, both R&D and advertising expenses are expected to increase significantly due to an increase in new titles, mainly in the Consumer area of the Entertainment Contents business.

## Costs and Expenses, etc.

### ■Resort

(Billion yen)	2020/3				2021/3				2022/3					2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year Results	
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	0.1	0.0
Advertising expenses	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.1	0.0	0.3	0.4
Depreciation	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.1	0.6	0.8
Cap-ex	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.4	1.3

### ■Other / Elimination

(Billion yen)	2020/3				2021/3				2022/3					2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year Results	
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	0.1	-0.1	0.0	0.0
Advertising expenses	0.3	0.8	0.1	0.2	0.2	0.1	0.2	0.2	0.4	0.4	0.2	0.3	1.3	1.2
Depreciation	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.1	0.4	0.1	0.3	0.2	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	0.3	0.6	1.2	0.5

## Consolidated Balance Sheet Summary



(Billion yen)				[Liabilities and Net Assets]			
Account	As of end of March 2021	As of end of March 2022	Increase /Decrease	Account	As of end of March 2021	As of end of March 2022	Increase /Decrease
Cash and Deposits	154.9	152.4	-2.5	Accounts Payable	16.9	24.4	+7.5
Accounts Receivable	38.1	38.9	+0.8	Corporate Bonds	-	-	-
Short term investment securities	0.7	-	-0.7	Short Term Loans Payable	-	10.0	+10.0
Inventories	52.9	67.5	+14.6	Other	42.8	52.5	+9.7
Other	29.6	28.9	-0.7	<b>Total Current Liabilities</b>	<b>59.7</b>	<b>86.9</b>	<b>+27.2</b>
<b>Total Current Assets</b>	<b>276.2</b>	<b>287.7</b>	<b>+11.5</b>	Corporate Bonds	10.0	10.0	-
Tangible Fixed Assets	61.6	60.3	-1.3	Long Term Loans Payable	42.0	32.0	-10.0
Intangible Fixed Assets	14.9	13.1	-1.8	Other	18.5	13.8	-4.7
Investment Securities	38.3	40.6	+2.3	<b>Total Noncurrent Liabilities</b>	<b>70.5</b>	<b>55.8</b>	<b>-14.7</b>
Other	30.5	33.7	+3.2	<b>Total Liabilities</b>	<b>130.3</b>	<b>142.8</b>	<b>+12.5</b>
				Shareholders Equity	294.9	294.4	-0.5
				Total accumulated other comprehensive income	-4.2	-2.0	+2.2
				Subscription rights to shares	-	0.1	+0.1
				Non-controlling interests	0.4	0.0	-0.4
<b>Total Noncurrent Assets</b>	<b>145.3</b>	<b>147.7</b>	<b>+2.4</b>	<b>Total Net Assets</b>	<b>291.2</b>	<b>292.6</b>	<b>+1.4</b>
<b>Total Assets</b>	<b>421.5</b>	<b>435.4</b>	<b>+13.9</b>	<b>Total Liabilities and Net Assets</b>	<b>421.5</b>	<b>435.4</b>	<b>+13.9</b>

	As of end of March 2021	As of end of March 2022	Increase /Decrease		Main factors for increase / decrease
Cash, deposits and cash equivalents	154.5	152.4	-2.1	(Current Assets)	Increase in inventories such as work-in-progress contents and components
Interest bearing debt	52.0	52.0	-	(Liabilities)	Increase in notes and accounts payable – trade, and accrued expenses
Net cash	102.5	100.4	-2.1	(Net assets)	Shareholders' equity decreased due to payment of dividends, share buybacks, etc., despite an increase due to the recording of profit attributable to owners of parent.
Equity ratio	69.0%	67.1%	-1.9p		

-8-

Here is the consolidated balance sheet.

Inventories and total assets increased from the end of FY21/3 due to an increase in work-in-progress contents, mainly in the Consumer area. Liabilities also increased by approximately 12.5 billion yen from the end of FY21/3, mainly due to an increase in notes and accounts payable trade. Net assets were roughly the same level as in the previous fiscal year, due to the strengthening of shareholder returns, including share buybacks, etc. implemented at the middle of the period, despite the increase in retained earnings. The equity ratio decreased by 1.9 points from the end of the previous fiscal year to 67.1%.



## Consolidated Cash Flows



Cash and  
cash equivalents

(Unit: billion yen)

(Unit: billion yen)

End of  
FY2021/3

154.5

C/F  
from  
Operating  
Activities  
+39.6

C/F  
from  
Investing  
Activities  
-8.7

C/F  
from  
Financing  
Activities  
-35.9

End of  
FY2022/3

152.4

### Cash Flows from Operating Activities

Income before income taxes	+37.9
Depreciation and amortization	+11.4
Increase in inventories	-15.3
Increase in notes and accounts payable - trade	+6.4
Others	-0.8

### Cash Flows from Investing Activities

Purchase of securities	-20.0
Redemption of securities	+20.7
Purchase of property, plant and equipment	-5.9
Purchase of intangible assets	-4.5
Others	+1.0

### Cash Flows from Financing Activities

Acquisition of treasury stocks	-25.0
Payment of dividends	-9.4
Others	-1.5

-9-

Please see the consolidated cash flows.

Operating cash flow was positive at 39.6 billion yen, despite an increase in inventories, due to the positive impact of income before income taxes. Investment cash flow was negative 8.7 billion yen due to expenditures for the acquisition of tangible and intangible fixed assets, resulting in a positive free cash flow of 30.9 billion yen. In addition, implement of share buybacks resulted in a negative financial cash flow of 35.9 billion yen.

As a result, total cash and cash equivalents as of end of FY22/3 was 152.4 billion yen, which was negative 2.1 billion yen compared to the end of the previous fiscal year.

## To Maximize the Corporate Value (~FY2026/3)



Shift to the management focusing on capital efficiency

		Indicators	FY2021/3 Results	FY2022/3 Results	FY2026/3 Target	
Maximization of the Corporate Value	Expansion of equity spread	ROE	0.4%	12.7%	Over 10% (FY2024/3 Target)	
		Growth of profit	Ordinary Income	1.7 billion yen	33.3 billion yen	Over 50.0 billion yen
		Improvement of asset efficiency	Consolidated ROIC	0.5%	10.6%	Over WACC
		Optimization of Capital cost	D/E ratio	x 0.2	x 0.2	x 0.5 to 0.6
	Shareholder returns	Total return ratio	384%	105.8%	Basic Policy 50% or more	
		DOE	2.4%	3.1%	Basic Policy 3% or more	

-10-

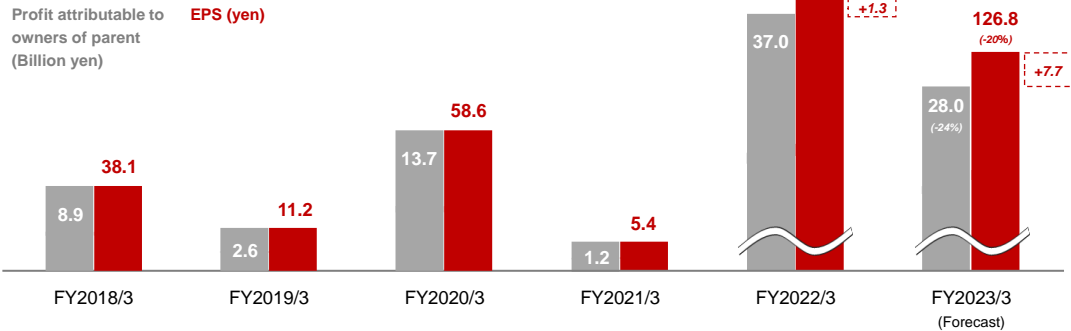
Here is the progress of various KPIs based on the financial strategy.

As for the results for FY22/3, ROE was high due to the strong performance of the Entertainment Contents business and the decrease in income taxes, etc. Also, ROIC for the entire company, including the holding company, is 10.6%.

We believe that our most important task going forward is to maintain financial discipline and accelerate investment in growth businesses, which is our strategic investment area, including the use of debt.

## Transition of EPS

**EPS\* improved due to earnings growth and  
a decrease in the average No. of shares during the period  
due to share buybacks.**



\*EPS=Earnings per share

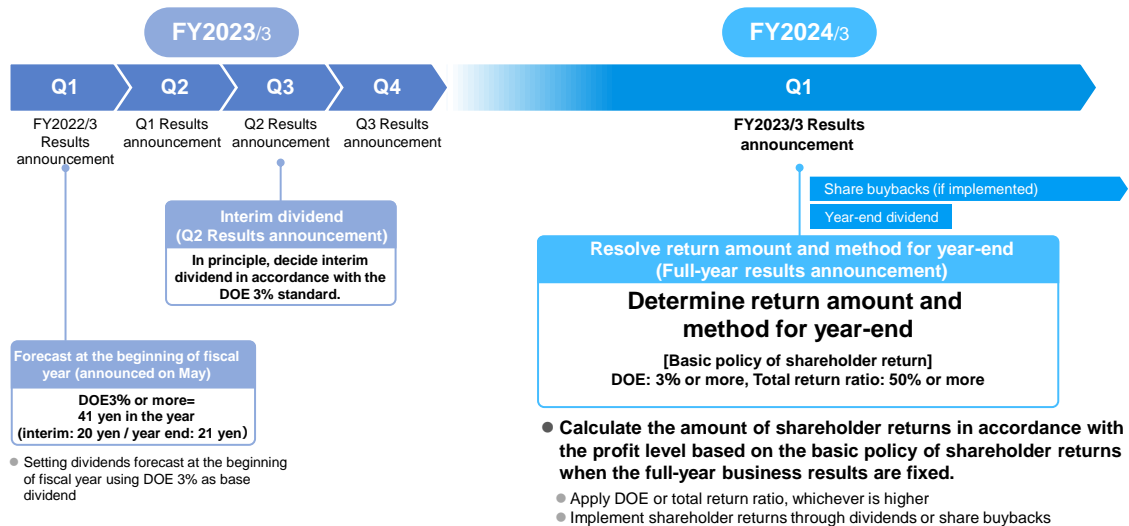
Amount affected by share buybacks

\*For FY2022/3, decrease in income taxes, etc. due to decrease of taxable income from net loss carried forward and tax credits related to research and development at U.K. subsidiaries also contributed

-11-

Here is the transition of EPS.

In FY22/3, EPS improved significantly due to the significant growth of profit attributable to owners of parent and implementation of share buybacks. On the other hand, as I mentioned earlier, in the forecast for FY23/3, improvement effect towards EPS due to share buybacks will be prominent, but since the tax rate is assumed to be 30% temporarily, it looks like EPS will decrease.



-12-

I will explain the process for determining the amount and method of shareholder returns.

Since the initial dividend forecast for FY23/3 is based on DOE 3% or equivalent, we are forecasting an interim dividend of 20 yen and a year-end dividend of 21 yen, for a total annual dividend of 41 yen. Although the actual amount of shareholder return at the end of the fiscal year, which is tentatively set at 21 yen the method of shareholder return will be determined at the timing when the full-year business results for FY23/3 are finalized, and the higher of DOE 3% or total return ratio 50%, which is the basic policy for shareholder return, will be used to determine the amount of shareholder return at the end of the fiscal year.

Shareholder returns will be provided through dividends or share buybacks. This approach and method of determining shareholder returns will be followed not only for this fiscal year, but also for the next fiscal year and beyond.

(Reference) Transition of shareholder returns and stock information, etc.



		FY2021/3	FY2022/3	FY2023/3 (Forecast)
<b>Shareholder Returns</b>	Total amount of dividends	7.0 billion yen	<b>9.1 billion yen</b>	<b>9.0 billion yen</b> <small>Calculation based on base dividend DOE 3%</small>
	Amount of share buyback	-	<b>25.02 billion yen*</b>	<b>4.97 billion yen*</b>
	Total of shareholder returns	7.0 billion yen	<b>39.1 billion yen</b>	
<b>Number of shares</b>	Share buybacks	-	<b>12,560,300 shares*</b> <small>4.7% of total No. of shares outstanding before cancellation</small>	<b>2,240,700 shares*</b> <small>0.9% of total No. of shares outstanding before cancellation</small>
	Cancellation of treasury stock	-	-	<b>25,000,000 shares</b> <small>9.39% of total No. of shares outstanding before cancellation Plan to implement on May 24, 2022</small>
	Total No. of shares outstanding by the end of fiscal year	266,229,476 shares	<b>266,229,476 shares</b>	<b>241,229,476 shares</b>
	No. of Treasury stocks by the end of fiscal year within above	31,142,581 shares	<b>43,307,930 shares</b>	<b>20,548,630 shares</b> <small>(rough estimate)</small>
<b>Market capitalization</b>	Market capitalization	459.7 billion yen	<b>562.5 billion yen</b>	
	Market capitalization after adjustment (excluding treasury stocks)	405.9 billion yen <small>Calculated based on 1,727 yen of the stock price on 2021/3/31</small>	<b>471.0 billion yen</b> <small>Calculated based on 2,113 yen of the stock price on 2022/3/31</small>	

\*Out of share buybacks implemented in FY2022/3, acquired amount and No. of shares between 2022/4/1 -2022/4/19

-13-

As your reference, here are the transition of shareholder returns, share buybacks and cancellations, and market capitalization.

In addition to implementing share buybacks of approximately 30.0 billion yen in FY22/3 as a measure of shareholder returns, we plan to cancel 25 million shares of treasury stock by the end of May 2022. In accordance with the process for determining the shareholder return method explained earlier, the 2.24 million shares of treasury stock acquired in this fiscal year will not be included in the amount of shareholder return for this fiscal year.

02

## Per Segments Results / Forecast

-14-

I will explain the details of each segment.

## Entertainment Contents Business



(Billion yen)	2021/3 Full Year Results	2022/3 Full Year Results	2023/3 Full Year Forecast
<b>Sales</b>	<b>217.8</b>	<b>235.9</b>	<b>277.0</b>
Consumer	135.7	158.3	192.0
Amusement Machine Sales	35.7	49.7	55.8
Amusement Center Operations	21.0	-	-
Animation / Toy	23.2	25.6	28.7
Other / Elimination	2.2	2.3	0.5
<b>Operating Income</b>	<b>27.9</b>	<b>33.9</b>	<b>39.0</b>
Consumer	31.4	29.3	34.5
Amusement Machine Sales	-1.6	2.5	3.3
Amusement Center Operations	-1.4	-	-
Animation / Toy	2.1	3.0	3.0
Other / Elimination	-2.6	-0.9	-1.8
Non-operating income	0.9	3.3	1.0
Non-operating expenses	1.0	0.5	0.0
<b>Ordinary Income</b>	<b>27.9</b>	<b>36.8</b>	<b>40.0</b>
Ordinary Income Margin	12.8%	15.6%	14.4%

### FY2022/3 Results

#### ➤ Both sales and profit increased YoY

- Strong performance of CS\* continued
- Recovery of earnings in AM\* which was affected by COVID-19

### FY2023/3 Forecast

#### ➤ Higher sales and profits by increase in new titles (CS)

- Increase in unit sales of new titles  
FY2022/3 Results: 8,770 K units  
FY2023/3 Plan: 13,950 K units
- Increase in operating expenses such as R&D and advertising expenses due to increase in new titles

#### ➤ Expect to maintain strong performance in the prize category (AM)

\*CS=Consumer area, AM= Amusement Machine Sales area

\*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

-15-

## First, Entertainment Contents business.

In FY22/3, the Consumer area continued to perform well, and in addition, performance of Amusement Machine Sales area recovered, mainly contributed by the prize category, resulted in an increase in both sales and income. The results were slightly lower than the revised plan announced on February 10, 2022, due to a slight increase in year-end write-downs in the Consumer area.

For FY23/3, we expect to launch a number of new titles and also anticipate growth in the Consumer area, where repeat titles are expected to increase. In Amusement Machine Sales area, the prize category is expected to maintain its strong performance, so we plan to increase sales and profits in the Entertainment Contents business.

## Entertainment Contents Business: Per subsegment



		FY2022/3 Results	FY2023/3 Forecast
Consumer	Full Game	<ul style="list-style-type: none"> <li>Strong performance of new titles</li> <li>Recorded royalty income from some titles</li> </ul>	<ul style="list-style-type: none"> <li>Significant increase in new titles (+5,180 K units YoY)</li> <li>Growth in repeat titles due to a large number of new titles in the previous fiscal year</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Strong performance of "HATSUNE MIKU: COLORFUL STAGE!"</li> <li>Released new title "PHANTASY STAR ONLINE 2 NEW GENESIS"</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the operation of existing titles</li> <li>Schedule to release new titles</li> </ul>
Amusement Machine Sales		<ul style="list-style-type: none"> <li>Strong sales of UFO Catcher ® series, prizes for prize machines, etc.</li> <li>Launched new title "EIKETSU TAISEN"</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen sales of UFO Catcher® series, prizes for prize machines, etc.</li> <li>Schedule to release new title "HORI A TALE"</li> </ul>
Animation / Toys	Animation	<ul style="list-style-type: none"> <li>Released the theatrical version of "Detective Conan: The Scarlet Bullet"</li> <li>Recorded animation production revenue, allocated revenue, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Release the theatrical version of "Detective Conan: The Bride of Halloween"</li> <li>Scheduled to record revenue from animation production and distribution, etc.</li> </ul>
	Toys	<ul style="list-style-type: none"> <li>Launched new products, "With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium" and "Demon Slayer POD"</li> </ul>	<ul style="list-style-type: none"> <li>Sales of new products and regular products</li> </ul>

-16-

I will explain about subsegments.

In the Consumer area, new titles in full game performed well in FY22/3, and royalty income from subscription services was recorded for some titles. In F2P, "HATSUNE MIKU: COLORFUL STAGE!" continued to perform well, and a major update of "PHANTASY STAR ONLINE 2 NEW GENESIS" was implemented. In Amusement Machine Sales area, the prize category continued to perform well, while in Animation, distribution revenues from animation production and distribution, etc. were recorded, and in Toys, new products, etc. performed well.

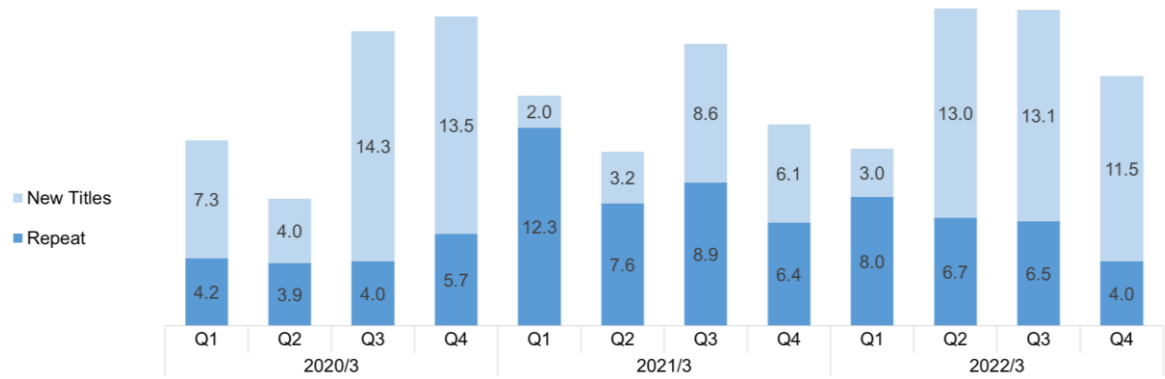
For FY23/3, we will launch new titles, etc. in each business area. The Company plans to significantly increase the number of units sales, especially in the Consumer area.



# Consumer Area / Full Game: Sales Trend



(Unit: billion yen)



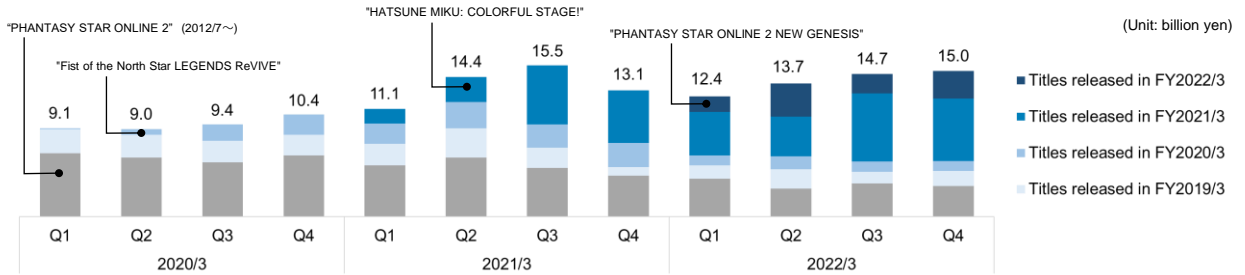
Overseas Sales Ratio	92.2%	87.3%	59.8%	67.2%	85.4%	92.6%	83.3%	92.8%	90.0%	83.2%	80.6%	94.2%
Download Sales Ratio	65.9%	48.6%	37.7%	40.8%	66.5%	69.4%	54.6%	68.8%	61.6%	64.4%	53.1%	63.6%

-17-

Here is the Full Game’s sales trend.


Sales of new titles remained high, led by new titles such as “Total War: WARHAMMER III” in Q4 of the previous fiscal year. In FY23/3, titles released before FY22/3 are expected to contribute to repeat sales.

## Consumer Area / F2P: Sales Trend




Top 3 titles in sales from Jan. - Mar. 2022

(No. 1)




**"HATSUNE MIKU: COLORFUL STAGE!"**  
© SEGA/© CP/© CFM  
Release: Sep. 2020

(No. 2)



**"PHANTASY STAR ONLINE 2  
NEW GENESIS"**  
© SEGA  
Release: Jun. 2021

(No. 3)



**"Fist of the North Star LEGENDS ReVIVE"**  
©Burtonson & Tetsuo Hara./COAMIX 1983, Approved No.GC-218  
©SEGA  
Release: Sep. 2019

-18-

Here is the F2P's sales trend.

In the FY22/3, titles released in FY21/3, centered on "HATSUNE MIKU: COLORFUL STAGE!", performed well.

## (Reference) Consumer Area: Sales Trend

(Billion yen)	2021/3				2022/3				2023/3
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3	Through Q4	Full Year Forecast
<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>119.6</b>	<b>158.3</b>	<b>192.0</b>
Domestic	12.4	27.9	48.7	64.6	13.0	30.9	50.3	66.6	66.1
Overseas	19.6	33.4	54.3	72.4	16.7	40.3	69.4	92.0	126.1
Overseas sales ratio	60.5%	54.4%	53.0%	53.4%	56.6%	56.6%	58.0%	58.1%	65.7%
Other / Elimination	0.2	0.1	-0.6	-1.3	-0.2	0.0	-0.1	-0.3	-0.2
<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>50.3</b>	<b>65.8</b>	<b>98.4</b>
New titles	2.0	5.2	13.8	19.9	3.0	16.0	29.1	40.6	62.2
Japan	0.0	0.1	1.8	2.1	0.2	2.4	5.4	5.7	5.1
Asia	0.7	1.0	1.2	1.7	0.1	0.9	2.0	3.0	4.9
North America / Europe	1.2	4.1	10.6	16.0	2.7	12.7	21.7	31.9	52.3
Repeat titles	12.3	19.9	28.8	35.2	8.0	14.7	21.2	25.2	36.2
Japan	1.7	2.7	3.7	4.5	0.8	2.0	2.8	3.4	3.3
Asia	0.5	1.1	1.5	2.2	0.7	1.4	1.8	2.3	4.5
North America / Europe	9.9	16.1	23.5	28.5	6.4	11.3	16.6	19.5	28.3
Download sales ratio	66.5%	67.7%	62.8%	63.8%	61.6%	65.3%	63.8%	69.5%	79.4%
<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>40.8</b>	<b>55.8</b>	<b>56.8</b>
Japan	9.1	21.5	35.5	47.2	10.9	23.2	36.6	50.1	50.6
Asia	0.0	0.1	0.2	0.2	0.0	0.0	0.3	0.5	0.5
North America / Europe	1.9	3.9	5.3	6.6	1.4	2.9	3.9	5.2	5.7
<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>28.6</b>	<b>37.0</b>	<b>37.0</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.

-19-

Here are the details of sales in the Consumer area for your reference.

# (Reference) Consumer Area / Full Game: Unit Sales Trend

	2021/3				2022/3				2023/3
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3	Through Q4	Full Year Forecast
<b>Full Game: Number of Titles</b>									
Japan	0 title	0 title	2 titles	2 titles	0 title	3 titles	5 titles	6 titles	15 titles
Asia	1 title	1 title	4 titles	6 titles	1 title	4 titles	7 titles	9 titles	15 titles
North America / Europe	3 titles	5 titles	9 titles	10 titles	3 titles	6 titles	11 titles	13 titles	16 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>21,970</b>	<b>27,200</b>	<b>34,250</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>6,630</b>	<b>8,770</b>	<b>13,950</b>
Japan	10	20	370	430	50	410	780	850	1,040
Asia	150	200	260	360	50	250	500	760	1,570
North America / Europe	620	960	3,130	5,220	960	2,840	5,350	7,160	11,330
<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>15,340</b>	<b>18,430</b>	<b>20,300</b>
Japan	460	690	990	1,230	290	660	950	1,140	1,240
Asia	240	510	700	1,000	340	680	880	1,170	2,110
North America / Europe	11,480	16,690	28,730	33,510	4,890	9,200	13,500	16,130	16,960

\*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	Through Q3	Through Q4
Sonic series	800	2,300	3,700	4,400	1,000	2,900	4,900	5,800
Total War series	1,900	2,500	3,600	4,000	600	1,000	1,300	2,600
Persona series	1,200	1,500	1,900	3,000	400	700	1,000	1,300
Yakuza series	300	600	1,600	2,200	700	1,800	2,500	2,900

\*Yakuza series includes the JUDGMENT series.

Here are the details of unit sales in the Consumer area.

# (Reference) Consumer Area / Full Game: New Major Titles

[FY2022/3 New titles]



"HUMANKIND™"

© Amplitude Studios 2021. © SEGA.



"Lost Judgment"

©SEGA



"Sonic Colors: Ultimate"

©SEGA



"Super Monkey Ball Banana Mania"

©SEGA



"Shin Megami Tensei V"

©ATLUS.  
©SEGA. All rights reserved.



"Football Manager 2022"

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



"Total War: WARHAMMER III"

© Games Workshop Limited 2021.  
Published by SEGA.

Here are the new major titles of Full Game.

(Reference) Consumer Area / Full Game: New Major Titles

[FY2023/3 New titles (plan)] \*Only announced titles are listed



"13 Sentinels: Aegis Rim"  
(for Nintendo Switch™)

©ATLUS.  
©SEGA. All rights reserved.  
Released on April 14, 2022



"Sonic Origins"

©SEGA



"SONIC FRONTIERS"

©SEGA



"Soul Hackers 2"

©ATLUS.  
©SEGA. All rights reserved.



"Two Point Campus"

©Two Point Studios 2022. Published by SEGA.

(Reference) Entertainment Contents Business: Sales Schedule



~FY2022/3			In or after FY2023/3 (plan)			
Consumer	Full Game	New titles	HUMANKIND™	Shin Megami Tensei V	13 Sentinels: Aegis Rim (for Nintendo Switch™)	
			Lost Judgment	Football Manager 2022	Sonic Origins	
			Sonic Colors: Ultimate	Total War: WARHAMMER III	Soul Hackers 2	
			Super Monkey Ball Banana Mania	Persona 4 Arena Ultimax	SONIC FRONTIERS	
		Repeat	Sonic Series/Persona Series/Total War Series/Football Manager Series/YAKUZA Series, etc.			
	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 / Project SEKAI COLORFUL STAGE! feat. Hatsune Miku				
FY2022/3~		PHANTASY STAR ONLINE 2 NEW GENESIS / Sin Chronicle				
FY2023/3~						

\*Only announced titles are listed for “In or after FY2023/3 (plan)”

Here are the schedules for sales of each title.

(Reference) Entertainment Contents Business: Sales Schedule

	~FY2022/3	In or after FY2023/3 (plan)
Amusement Machine Sales	<Major titles in operation> KanColle Arcade / StarHorse4 / Fate Grand Order Arcade / SANGOKUSHI TAISEN Series / maimai DX / O.N.G.E.K.I. / CHUNITHM / meityromantic / lalamee	
	<Major regular sales titles> UFO Catcher® series / Prizes for prize machines	
	CHUNITHM NEW	Pokemon Corogarena
	EIKETSU TAISEN	HORI A TALE
Animation / Toys	Detective Conan: The Scarlet Bullet	Anpanman: Fluffy Flurry and the Land of Clouds
	LUPIN THE 3rd PART 6	Detective Conan: The Bride of Halloween
	Demon Slayer POD	With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium
	Disney&Pixar Characters Dream Switch 2	Battle with medals! Dinosaur PC Ω

\*Only announced titles are listed for “In or after FY2023/3 (plan)”



## Pachislot and Pachinko Machines Business



(Billion yen)	2021/3 Full Year Results	2022/3 Full Year Results	2023/3 Full Year Forecast
<b>Sales</b>	<b>53.1</b>	<b>75.8</b>	<b>86.0</b>
Pachislot	13.9	30.6	32.7
Pachinko	28.5	37.1	44.5
Other / Elimination	10.7	8.1	8.8
<b>Operating Income</b>	<b>-10.6</b>	<b>9.3</b>	<b>11.5</b>
Non-operating income	0.6	1.0	0.5
Non-operating expenses	1.2	0.1	0.0
<b>Ordinary Income</b>	<b>-11.3</b>	<b>10.2</b>	<b>12.0</b>
Ordinary Income Margin	-	13.5%	14.0%

<b>Pachislot</b>			
Number of Titles	5 titles	10 titles	9 titles
Unit Sales (units)	35,273	77,870	84,000
<b>Pachinko</b>			
Number of Titles	4 titles	5 titles	6 titles
Unit Sales (units)	69,013	97,027	114,000
Board + Frame	53,641	56,728	46,900
Board	15,372	40,299	67,100

\*New series is counted as one title (Machines delivered starting previous fiscal year / specification changed titles, etc. aren't included)

### FY2022/3 Results

#### ➤ V-shaped recovery from deficit of the previous fiscal year

- Increase in unit sales
- Fixed expenses remained at low level due to the effect of structural reform implemented in FY2021/3, etc.
- Major titles sold :  
"P Hokuto No Ken 9 Toushin"  
"Pachislot CODE GEASS Lelouch of the Rebellion 3", etc.

### FY2023/3 Forecast

#### ➤ Expect increase in unit sales, increase in sales and profits

- Launch machines responding to the relaxation of regulation
  - No. 6.5 model (medal machine): To be delivered in July ("Pachislot Kabaneri of the Iron Fortress")
  - No. 6.5 model (Smart Pachislot): From Nov.
  - Smart Pachinko: From Jan.
- Component procurement status continuously needs to be monitored closely

-25-

Next is the Pachislot and Pachinko Machines business.

In FY22/3, we launched mainstay titles such as "P Hokuto No Ken 9", and unit sales of both pachislot and pachinko increased significantly compared to FY21/3. In addition, fixed costs were reduced to low level due to the structural reforms implemented in FY21/3, resulting in a significant recovery in profits.

As for FY23/3, relaxation of regulation is continuing, and we will launch new titles responding to such relaxation of regulation and expect an increase in unit sales of both pachislot and pachinko machines. On the other hand, the global shortage of semiconductors and logistics disruptions continue, and we believe it is necessary to continue to closely monitor the procurement of components.

(Reference) Pachislot & Pachinko Machines Business:  
Sales Schedule

New series  
Specification changed title



~FY2022/3		In or after FY2023/3 (plan)	
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion 3	Pachislot Aladdin A Classic	Pachislot Konosuba: God's Blessing on This Wonderful World!
	Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION	Pachislot DISC UP 2	Pachislot Kabaneri of the Iron Fortress
Pachinko	P Hokuto No Ken 8 Kyuseishu	P Shin Hokuto Muso Re:319ver.	Dejihane P SOUTEN-NO-KEN Souryu
	P Hokuto No Ken 9 Tounshin	P Shin Hokuto Muso Chapter 3 Jagi no Gyakushuu	P Initial D Dejihane PA Kayou Suspense Gekijou Saigo no Suiri

(Major titles sold in FY2022/3)		Delivery	Unit Sales	(Titles to be launched in or after FY2023/3)		Delivery
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion 3	Aug.	13,434 units	Pachislot	Pachislot Konosuba: God's Blessing on This Wonderful World!	Apr.
	Pachislot Aladdin A Classic	Jan.	13,073 units		Pachislot KEMONO FRIENDS	May.
	Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION	Nov.	11,708 units		Pachislot Kabaneri of the Iron Fortress	Jul.
	Pachislot DISC UP 2	Jan.	11,657 units	Pachinko	Dejihane P SOUTEN-NO-KEN Souryu	Apr.
Pachinko	P Hokuto No Ken 9 Tounshin	Dec.	31,865 units		P Initial D	May.
	P Shin Hokuto Muso Re:319ver.	Jan.	17,328 units		Dejihane PA Kayou Suspense Gekijou Saigo no Suiri	Jun.
	P Hokuto No Ken 8 Kyuseishu	May.	10,226 units			
	P Shin Hokuto Muso Chapter 3 Jagi no Gyakushuu	Mar.	10,094 units			

-26-

As your reference, here is the sales schedule.

## Resort Business



(Billion yen)	2021/3 Full Year Results	2022/3 Full Year Results	2023/3 Full Year Forecast
<b>Sales</b>	<b>6.3</b>	<b>8.6</b>	<b>11.5</b>
<b>Operating Income</b>	<b>-4.1</b>	<b>-2.5</b>	<b>-1.2</b>
Non-operating income	0.0	0.0	0.0
Non-operating expenses	4.8	4.1	1.8
<b>Ordinary Income</b>	<b>-8.9</b>	<b>-6.7</b>	<b>-3.0</b>
Ordinary Income Margin	-	-	-

### <PHOENIX RESORT>

<b>No. of facility users (Thousands)</b>	<b>552</b>	<b>760</b>	<b>868</b>
3 accommodation facilities	223	308	363
2 golf courses	75	94	98
Other facilities	254	358	407

### FY2022/3 Results

- **PHOENIX RESORT: Reduction in loss margin YoY**
  - Demand from individual customers increased outside the period of the state of emergency and priority measures to prevent the spread of disease, etc.
- **PARADISE SEGASAMMY: Continued to be sluggish**
  - Continued to be affected by the restriction of foreign visitors

### FY2023/3 Forecast

- **PHOENIX RESORT: Return to profitability**
  - Continue to work on measures for individual customers through strengthening CRM, etc., and expect a recovery of group customers.
- **PARADISE SEGASAMMY: Reduction in loss margin**
  - Work to strengthen marketing towards the resumption of travel

\*Expect the recovery in revenue, assuming the relaxation of behavioral restriction associated with COVID-19.

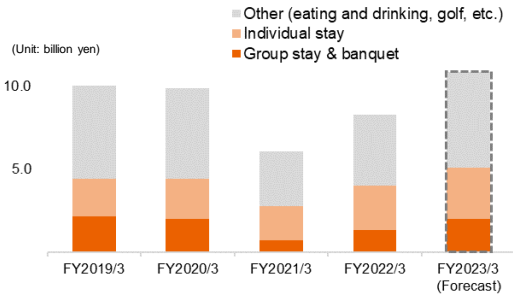
-27-

Finally, Resort business.

The impact of COVID-19 remained strong, and in FY22/3, PARADISE SEGASAMMY continued to be sluggish in casino visitors, especially VIPs from Japan and China, due to the impact of restriction of foreign visitors. On the other hand, the loss margin narrowed compared to FY21/3, as strong demand was confirmed at PHOENIX RESORT in Japan, especially from individual customers, with the exception of the period during which a state of emergency, etc. was issued.

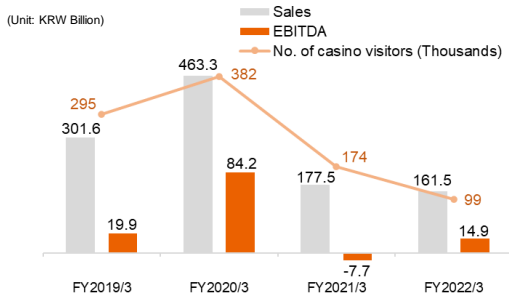
In FY23/3, earnings are expected to recover on the assumption that the behavioral restriction associated with COVID-19 will be relaxed, with PHOENIX RESORT expected to return to profitability and PARADISE SEGASAMMY also expected to narrow its loss.

## (Reference) Status of each facility



### PHOENIX RESORT

- Demand for individual customers remained strong even in COVID-19 pandemic
- Expect the increase of revenue in FY2023/3 from the recovery of group customers, etc.



### PARADISE SEGASAMMY

- The number of casino users fell sharply due to the restriction of foreign visitors
- Sales decreased YoY, but EBITDA in FY2022/3 turned to positive due to cost reduction

-28-

Here are the transition of financial results of PHOENIX RESORT and PARADISE SEGASAMMY.

As I mentioned earlier, PHOENIX RESORT continues to see strong demand from individual customers even in the midst of COVID-19. In FY23/3, we expect a recovery in group customers and plan to increase revenues.

PARADISE SEGASAMMY suffered a significant decrease in the number of casino visitors in FY22/3 compared to FY21/3, due to the impact of restriction of foreign visitors, but EBITDA turned positive due to cost reduction efforts. Although travel restrictions have not yet been relaxed, signs of a turnaround are beginning to emerge, such as the gradual increase of bookings by overseas VIP of business track.

That is all for the explanation from me. Thank you very much.

03

Progress of the Medium-Term Plan  
(FY2022/3-FY2024/3)

-29-

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



© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

-30-

Our Mission is “Constantly Creating, Forever Captivating -Making life more colorful-“. We define Mission as meaning of existence here, so we are using this word in the same meaning as purpose, which is a vogue word recently.

I will explain the details later, but in order to aim for sustainable management, we have started to consider about sustainability measures.

## Review of the First Year of the Medium-Term Plan

### Progress exceeded expectations, driven by Entertainment Contents

(Unit: billion yen)

	1st year (FY2022/3)			2nd year (FY2023/3)			Final year (FY2024/3)
	Mid-term Target	Results	Differences	Mid-term Target	Plan	Differences	Mid-term Target
<b>Ordinary Income</b>	<b>20.0</b>	<b>33.3</b>	<b>+13.3</b>	<b>30.0</b>	<b>40.0</b>	<b>+10.0</b>	<b>45.0</b>
<b>ROE</b>	<b>5%</b>	<b>12.7%</b>	<b>+7.7p</b>	<b>7%</b>	<b>-</b>	<b>-</b>	<b>10%</b>
<b>Entertainment Contents</b>	25.0	36.8	+11.8	30.0	40.0	+10.0	40.0
<b>Pachislot &amp; Pachinko</b>	9.0	10.2	+1.2	9.0	12.0	+3.0	13.0
<b>Resort</b>	-5.0	-6.7	-1.7	0.0	-3.0	-3.0	1.0
<b>Others/ Eliminations</b>	-9.0	-7.0	+2.0	-9.0	-9.0	-	-9.0

-31-

I will look back on the first year of the Mid-term plan.

We achieved 33.3 billion yen in ordinary income against the Mid-term plan target of 20.0 billion yen, and ROE was 12.7% against the target of 5%, so we were able to achieve the plan greatly.

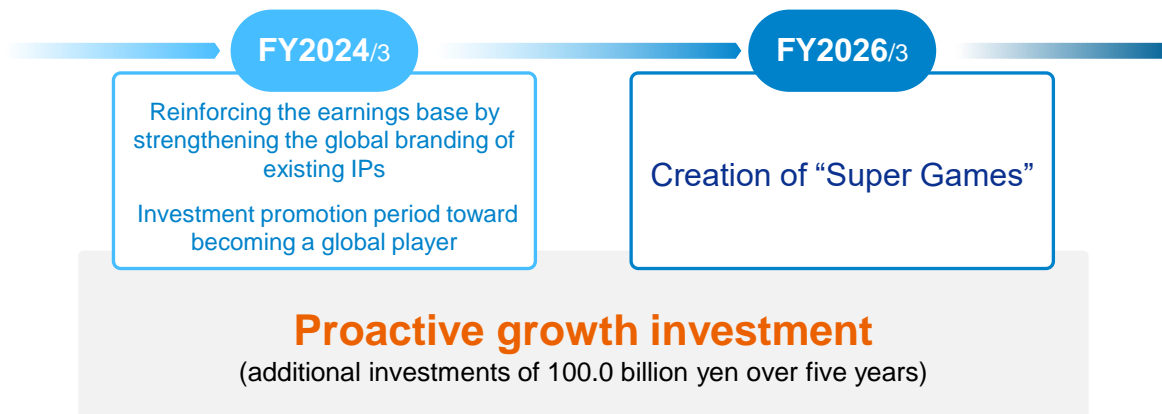
As for FY23/3, ordinary income target of 30.0 billion yen was originally set in the Mid-term plan, but this has been revised upward to 40.0 billion yen, considering the progress. In the final year of the Mid-term plan, we are aiming for ordinary income of 45.0 billion and ROE of 10% or more, and we are making very good progress. In particular, the Entertainment Contents business is gaining traction.

# Entertainment Contents Business Consumer area

Entertainment Contents Business



## Becoming a Global Leading Contents Provider



-33-

As for Entertainment Contents business, our long-term target is to become a Global Leading Contents Provider.

Within this Mid-term plan, we will first turn our existing IP into a global brand and further strengthen our revenue base.

Also, in 5 years until FY26/3, we will make proactive investment, and we would like to create Super Games by FY26/3.

## Grow "mainstay IPs" as global brand

1

Expanding  
touchpoints

2

Prolonging  
product life cycles

3

Strengthening  
user engagement

I will explain about the 3 keywords we have set in our Mid-term plan, in order to make our mainstay IPs into a global brand.

**1**  
Expanding  
touchpoints

**Strengthen global simultaneous launch  
x multi-platform support**

FY2022/3

FY2023/3 Plan

■ Global simultaneous launch x Multi-platform support (new titles)

**7 titles**  
**(Approx. 6M unit sales)**

- "HUMANKIND™"
- "Sonic Colors: Ultimate"
- "Lost Judgment", etc.

**13 titles**  
**(Approx. 13M unit sales)**

- "SONIC FRONTIERS"
- "Sonic Origins"
- "Soul Hackers 2", etc.

\*Only announced titles are listed

\*Number of titles and units sold includes titles corresponding to "2. Lengthening of product lifecycles".

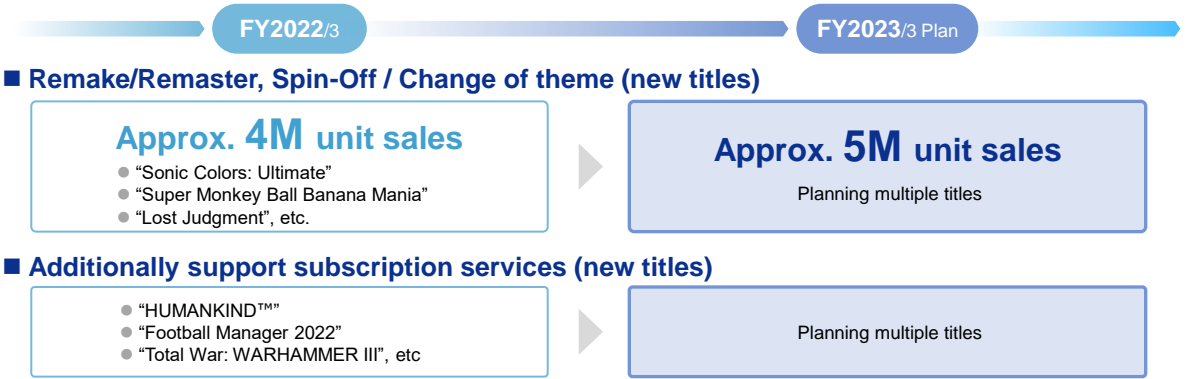
-35-

First, as for expanding touchpoints, we are planning to enhance simultaneous global launch x multi- platform support. In FY23/3, we are planning to increase the number of titles and unit sales, from 6 million unit sales of 7 titles in FY22/3, to 12 million unit sales of 12 titles.

2

Prolonging product life cycles

Remake/Remaster, Spin-Off / Change of theme,  
Multichannel monetization  
(Additionally support subscription services, etc.)



\*Number of titles and units sold includes titles corresponding to "1. Expanding touchpoints".

Second, about prolonging product life cycles, we will utilize large amount of IPs we have by remake and remaster, spin-off and change of theme, etc., regarding. We are continuing multichannel monetization through supporting subscription services, etc.

3

Strengthening  
user engagement

Strengthening the mix of media,  
expanding SONIC's brand awareness

CY2020

CY2021

CY2022

CY2023~



©2022 PARAMOUNT PICTURES  
AND SEGA OF AMERICA, INC.  
ALL RIGHTS RESERVED.



©2022 PARAMOUNT PICTURES  
CORPORATION AND SEGA OF  
AMERICA, INC.



©SEGA

\*Schedule to release new title  
"SONIC FRONTIERS"

Future initiatives with  
PARAMOUNT  
PICTURES

- Development of a third feature film
- Development of original TV series to be distributed in Paramount+

-37-

Finally, third, about initiatives of strengthening user engagement, the typical case is Sonic IP, which is significantly growing through media mix.

I went to U.S. the other day to attend the premiere of "Sonic the Hedgehog 2", which was in Hollywood. I visited some shopping malls, etc. and was visibly able to confirm that Sonic's exposure has increased through merchandizing. It was just before the movie was released to the public, but it was so popular that it was already out of stock and some items were sold out.

We have already announced about the development of a third feature film, and an original TV series for Paramount+. In addition, "SONIC PRIME", an animated series exclusively for Netflix, is planned in this winter. Also, in this holiday season, we are planning to launch "SONIC FRONTIERS", which is a big title of Sonic game, which we haven't launched for a long time.



## “Sonic the Hedgehog 2”

Release date (US): April 8, 2022

Scheduled release date (Japan): August 19, 2022

### Box office results

#### ➤ US

- **Opening three days: \$72 million** (Announced on April 13, 2022)
- **\$170 million** (As of May 12, 2022)  
\*Following the previous film, recorded best ever for a film based on a video game

#### ➤ Worldwide

- **\$142 million** (Announced on April 13, 2022)
- **\$350 million** (As of May 12, 2022)  
\*Exceeded \$319 million of previous film “Sonic the Hedgehog” (released in 2020)

©2022 PARAMOUNT PICTURES CORPORATION AND SEGA OF AMERICA, INC.

-38-

As for the box office results for “Sonic the Hedgehog 2”, as of May 12, it has already exceeded 170 million dollars in the U.S., and 350 million dollars globally, which is a huge hit, and it is already at a level greatly exceeding the previous film.

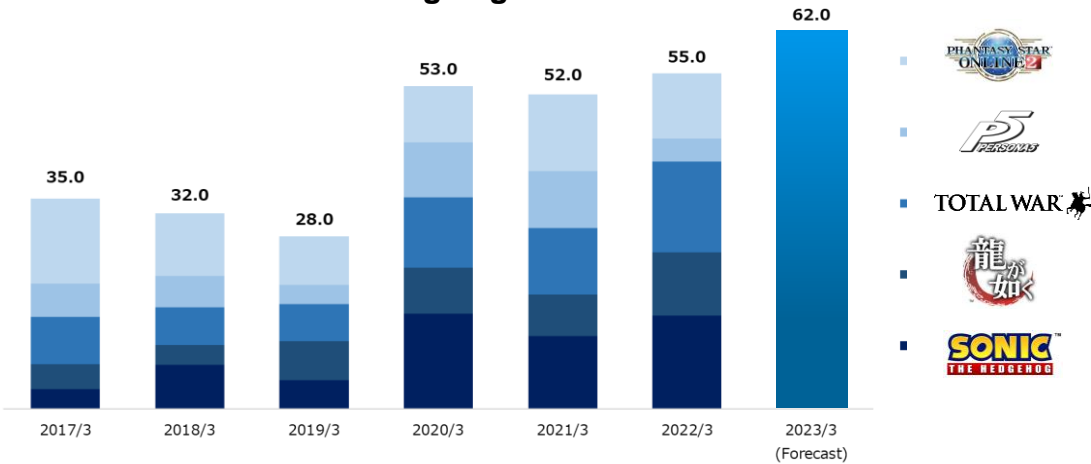
It will be released on August 19 in Japan. We are still undecided about China, but we would like to aim for a public release in the future.

# Sales Growth of Main IPs



(Unit: billion yen)

Continue to grow by solidifying main IPs and utilizing large amount of IPs



\*Sales of the series in Consumer area. Ryu ga Gotoku (Yakuza in N.A. and Europe) includes "JUDGMENT" series

-39-

In terms of growth of mainstay IP, the total sales of 5 IPs listed here has reached 55.0 billion yen in FY22/3, and we are aiming to grow it to 62.0 billion in FY23/3 plan.

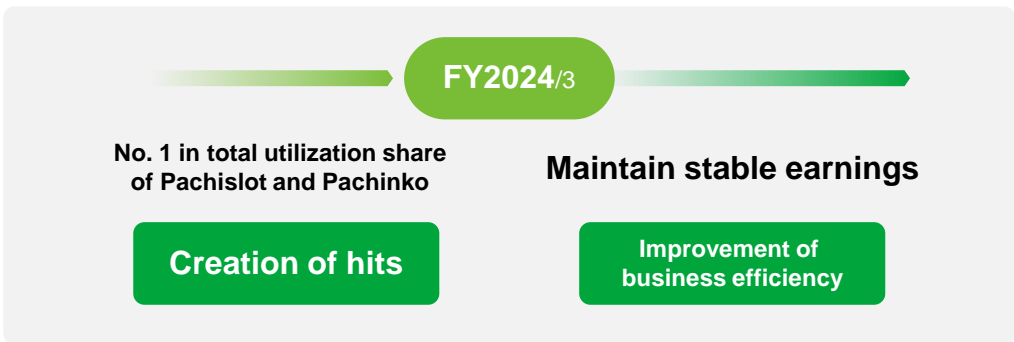
# Pachislot and Pachinko Machines Business

Pachislot and Pachinko Machines Business



**Triple crown of share in utilization, in installation, and in sales**

**Building a stable earnings structure**



In Pachislot and Pachinko Machines business, our long-term vision is to win the triple crown of share (No.1 in share in utilization, in installation, and in sales), and to build stable earnings.

## Review of the First Year of the Medium-Term Plan

### Total Utilization Share<sup>\*1</sup>

FY2021/3			FY2022/3		
1st	S Company	19%	1st	K Company	18%
2nd	K Company	17%	2nd	S Company	18%
3rd	<b>Sammy</b>	<b>13%</b>	3rd	<b>Sammy</b>	<b>11%</b>
4th	U Company	13%	4th	S Company	9%

Pachislot: Both sales and utilization of titles sold in FY2022/3 were strong (+2p)

Pachinko: Decreased due to removal of popular titles in previous regulation such as "Pachinko CR Shin Hokuto Muso" (-7p)

### Stable Earnings

Level of fixed cost: **Approx. 15% reduction<sup>\*2</sup>**  
(Compared to pre-structural reform)

\*1: In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd

\*1: Calculated by average of the fiscal year (Exclude the week striding over fiscal years)

\*1: Utilization Share = Ratio of Sammy machine's utilization out of total number of installed machine for each title × utilization of each title (Pachislot: Numbers of inserted medals, Pachinko: Numbers of shot balls)

\*2: Comparison of FY2022/3 result and average of FY2018/3-FY2020/3

-42-

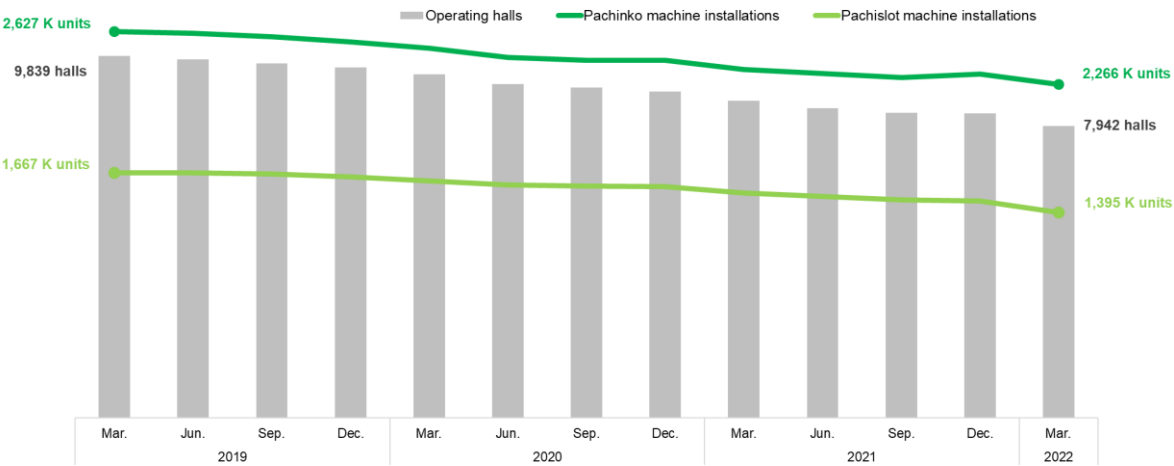
Within the Mid-term plan, our goal is to achieve No.1 in total utilization share of pachislot and pachinko, and to stabilize earnings.

Regarding total utilization share, the rank hasn't changed from 3rd place of 13% in FY21/3, but the share has decreased slightly to 11% in FY22/3. We believe that this is not out of reach, so we would like to achieve No.1 in total utilization share, within 2 years.

Regarding fixed costs, we have been maintained it at 15% below the pre-structural reform level.

# Trend of Number of Pachinko Halls and Number of Installed Units

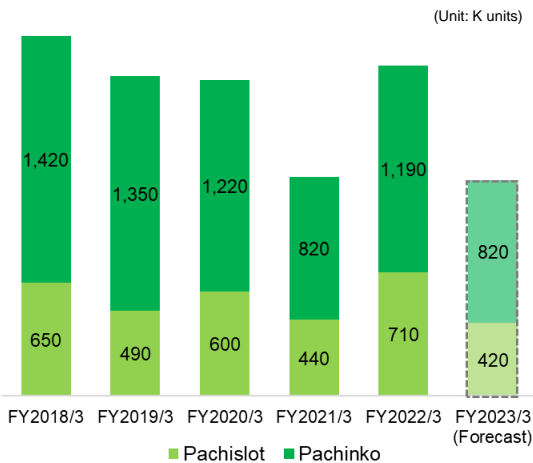
Total number of installed units after the deadline for removal are approx. 3,660K units



\* In-house estimation based on figures published by the National Police Agency and figures released by Zennichiyauren (a union for pachinko and pachislot halls)

After the removal of previous regulation machines, there are now 3.66 million units installed.

# Annual Unit Sales Forecast for Market



➤ **FY2022/3**

Unit sales of new regulation machines increased due to the arrival of removal deadline of previous regulation machines

➤ **FY2023/3**

Expect hesitation to purchase will occur until machines responding to the relaxation of regulation will be launched

Variable factors (Not considered in forecast)

- Positive impact of relaxation of regulation
- Component procurement risk

\*In-house estimation

As for the sales forecast for the current fiscal year, we expect sales to be about the same level as in FY21/3. We have heard that many companies in the same industry are quite bullish on this, so we may seem a bit conservative.

These are not considered in the forecast, but with regard to what I will explain later regarding the relaxation of regulation, the pachinko halls have accepted it very favorably and users are looking forward to it, but on the other hand, the component procurement risk continue to remain.

### Pachislot: Approx. over 70~80% of current players are dissatisfied about the upper limit of payout and advantageous section

(Factors behind dissatisfaction)

#### Upper limit of payout

- **There is an upper limit of payout at once** even though there is no limit to the number of medals to insert
- Not able to digest the rest of the AT and ART games added, **when payout reaches the upper limit**
- 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**

#### Upper limit of advantageous section (Upper limit of No. of games)

- The game ends before obtaining enough amount of medals **when reaching the upper limit of games**
- Mode and points are all reset **by the end of the advantageous section**
- Can't expect to win **after the advantageous section lamp going out** as it indicates the end of AT

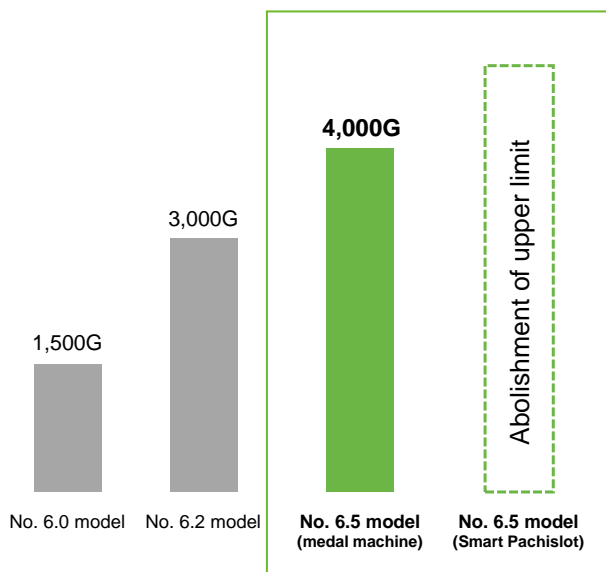
\*Source: Excerpts from the Nichiyukyo "Survey on Pachislot Players 2020 Survey Report"

-45-

As for the relaxation of regulation, as I explained in the previous section, 70% to 80% of the current players were dissatisfied with the upper limit of payout and advantageous section with respect to pachislot. The improvement of these is the biggest.

## Pachislot: Relaxation of Upper Limit of Advantageous Section (Upper Limit of No. of Games)

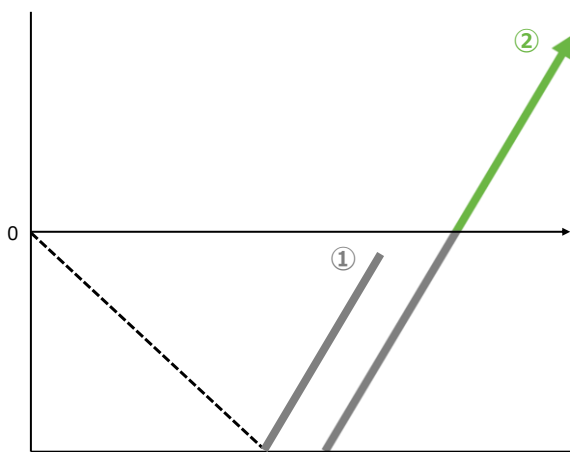
SEGA Sammy



- ✓ Relaxation regarding upper limit of advantageous section is continuing
- ✓ Upper limit will be abolished in Smart Pachislot

-46-

This is better understood if you look at the picture, but regarding this advantageous section, it was 1,500 games in No. 6.0 model, and 3,000 games in No. 6.2 model. This will be extended to 4,000 games in medal machine of No. 6.5 model. And as for Smart Pachislot of No. 6.5 model, the upper limit will be abolished.



① Up until now, at most, only +2,400 medals can be obtained from the start of jackpot  
(Upper limit: MY\*2,400 medals)

② From No. 6.5 model, at most, +2,400 medals from  $\pm 0$  medals can be obtained  
(Upper limit: In-out 2,400 medals)

✓ There will always be a chance for players to “win”

\*MY = Refers to the increased number of medals from the point of when the number of medals, etc. decreased the most, in a section (such as in a day, or in an advantageous section)

-47-

Regarding the relaxation of upper limit of payout, it is difficult to understand the change from MY to in-out, because it is an industry term, but the rule used to be that it could only payout up to 2,400 medals from the start of the jackpot. So, there was a user psychology that it is difficult to win.

The difference of changing to in-out is that the player started at zero, went to minus, started winning the jackpot, and went to plus or minus zero, and from that point on, player can additionally win up to 2,400 medals. The number of 2,400 has not changed but the interpretation has changed completely, where we are able to design a game which players will always have a chance of winning.

However, it is not a good thing of players being able to obtain large amount of medals at one-shot, so we are planning to voluntary regulate this as industry. But we believe that users' psychology will change dramatically through this relaxation, and the expectations are becoming high.



©Kabaneri Committee ©Sammy

## "Pachislot Kabaneri of the Iron Fortress"

No. 6.5 model (medal machine)

**Delivery: July 2022 (plan)**

-48-

As our first No. 6.5 model, we are planning to deliver “Pachislot Kabaneri of the Iron Fortress” starting July.



# Investment Strategy

Investment Strategy

## Continue to consider investing in the following growth areas

<b>Consumer area</b> Approx. 100.0 billion yen	<b>Strengthen development resources</b>	Area of consideration for investment <ul style="list-style-type: none"> <li>Expansion of organic development pipeline</li> <li>Strengthen global mobile and online games</li> </ul>
	<b>Investment in new ecosystem</b>	Area of consideration for investment <ul style="list-style-type: none"> <li>Strengthen CRM functions to revitalize user communities</li> <li>Investment in newly emerging business areas</li> </ul>
<b>Gaming area</b> Approx. 100.0 billion yen	<b>Careful assessment of investment opportunities in the gaming area</b>	Area of consideration for investment <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>
<b>Other</b> Approx. 50.0 billion yen	<b>Expand CVC investment limit</b> (Total limit: 15.0 billion yen)	<ul style="list-style-type: none"> <li>Strengthen open innovation activities, including investment in start-up companies</li> </ul>
	<b>Creation of new business, acquisition of IPs, etc.</b>	
<b>Total 250.0 billion yen</b>		

-50-

Regarding our investment strategy, as we have explained from before, is to invest 100.0 billion yen in the Consumer area, 100.0 billion yen in the Gaming area, and 50.0 billion yen in others.

In the Consumer area, we are strengthening our development resources currently. We are strengthening our studios both in Japan and overseas, including the opening of the Sapporo Studio. Also, we would like to make investments, such as to build an ecosystem centered on games.

Regarding gaming area, we are looking at investment opportunities in both domestically and internationally, not only sticking to participate the domestic IR.

Also, we want to proactively think about making companions, including through M&A.

# Sustainability

Sustainability

-51-

Lastly, we have announced our Sustainability Vision this time so I would like to explain about them.

# Constantly Creating, Forever Captivating

- Making Life More Colorful -



## SEGA SAMMY Sustainability Vision

### Sustainability helps keep life colorful

We at SEGA SAMMY believe our determination to enhance life with a rich and colorful stream of captivating experiences should be reflected in our approach to sustainability.

It is our responsibility to put sustainability at the heart of everything we do,  
in tandem with our people, society, and the environment.

SEGA SAMMY will continue to pursue this synergy  
as a company dedicated to the shared experiences of a colorful world.

First, under our mission “Constantly Creating, Forever Captivating, - Making Life More Colorful -”, we have created the SEGA SAMMY Sustainability Vision.

MSCI ESG RATINGS

**MSCI**  
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
-----	---	----	-----	---	----	-----

CDP



- Climate Change : C
- Water : C

ESG INDEXES

**2022** CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

**2022** CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom  
Japan Sector  
Relative Index



For sustainability, various efforts have started being rated, and the MSCI rating has already been raised to AA, which I guess the highest in the industry, and the CDP score has also been raised.  
In addition, the Company has already been included in four of the ESG indices used by the GPIF.

# Material Issues to be Addressed

## Five Key Areas of Sustainability Management



### Products/Services

**Quality Improvement**  
Creating content and services that appeal to 3.0 billion gamers globally (Entertainment Contents)  
Becoming the winner of triple crown of share in utilization, in installation, and in sales (Pachislot & Pachinko)

**Safety and Security**  
Creating rules that allow everyone in the world to enjoy without discrimination (Entertainment Contents)  
In order to continuously create content that users and operators can rely on (Pachislot & Pachinko)

P55~



### Human Resource

**Multi-culture**  
Promoting "Game Change" by increasing human resources with multi-cultural background

**Active career opportunities for women**  
Creating a foundation where people can thrive regardless of gender

**Development of core human resources**  
Strategic development of human resources who can lead the next generation

**Maintenance of work environment**  
Maintaining and improving the engagement of human resources

P60~



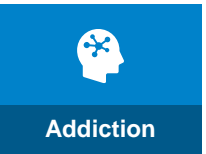
### Environment

**Scope 1,2**  
Achieving carbon neutrality

**Scope 3**  
Reduce GHG emissions by 22.5% or more

**Disclosure of information based on TCFD recommendations**  
Including response to the climate change into the strategy

P65~



### Addiction

**Prevention of addictions and disorders**  
Initiatives by industry organizations  
SEGA SAMMY's unique initiatives

P68~




### Governance

**Strengthening corporate governance**  
**Establish Sustainability Governance structure**

P69~

These are the five material issues that we must address. I will explain the detailed measures and others from next page onward.

Products / Services

Quality Improvement

SEGA Sammy

Target CompaniesDomesticOverseasSEGA

Creating content and services that appeal to 3.0 billion gamers globally

Creation of innovation

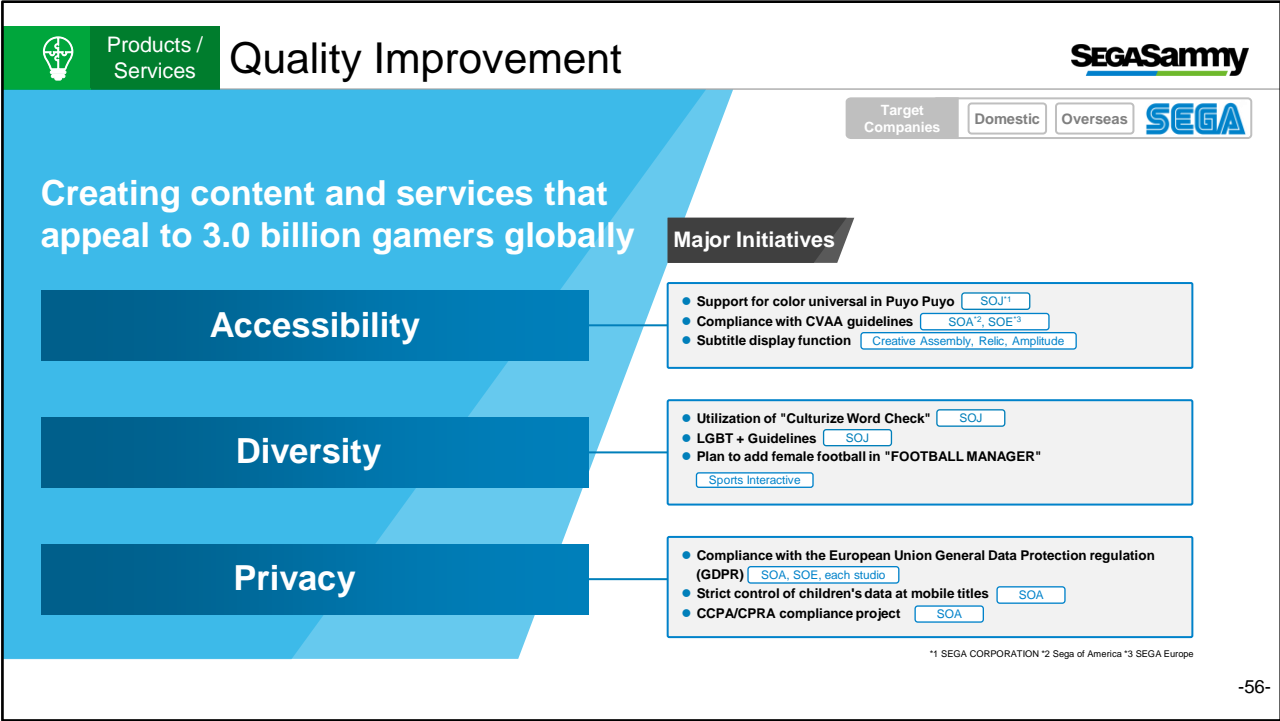
Manifestation of scalability

Major Initiatives

- Strengthen global roll-out and expand roll-out platforms
- Creating Super Game  
Exploration of a strategic alliance with Microsoft
- Launch of the CRM project toward expanding customer base

-55-

First, in terms of Products and Services, the first priority is quality improvement. Our goal is to create content and services that appeal to 3.0 billion gamers globally. We would like to create innovation, manifest scalability, and strengthen CRM, etc. along with this.



We are also working on accessibility, such as color universal support in Puyo Puyo, compliance with CVAA guidelines, and enhancement of subtitling.

In the area of diversity, we made ally declaration regarding LGBT+, we are also checking the appropriate expressions by utilizing various guidelines and check tool for culturize. We are also planning the addition of female football to FOOTBALL MANAGER, a game that is very popular, and are also establishing a system to proactively comply with various regulation, etc. regarding privacy issues.





Creating rules that allow everyone  
in the world to enjoy without  
discrimination

Compliance of relevant laws and  
regulations

Initiatives to ensure safety and security

Structure for global collaboration

### Major Initiatives

- **Compliance with laws and regulations**

◎ Payment Services Act, Act against Unjustifiable Premiums and Misleading Representations  
◎ Moral risk

- **Quality assurance and quality control**

◎ Release Judgment Meeting ◎ Collaboration with Customer Relations Office  
◎ Various verification works, etc.

- **Youth protection**

◎ Rating system (CERO Code of Ethics, etc.)


- **Establishment of global product operations division**

Start developing a global value chain toward global simultaneous launch x multi-platform support

- **Launch of Data Privacy Project**

Cross-national and international projects to ensure efficient and reliable compliance with the protection of personal information

In the area of safety and security, compliance with laws and regulations is a matter of course which we've been already working on, as are efforts to ensure safety and security. Furthermore, we are actively promoting the global response, including the data privacy project, in order to determine how we can proceed our measures to ensure safety and security globally.

Products / Services

Quality Improvement

SEGA Sammy

Becoming the winner of triple crown of share in utilization, in installation, and in sales

Manufacturing based on user preferences

Building a proprietary development process

Target CompaniesDomesticSammy

Major Initiatives

Market Analysis  
Hypothesis  
verification

Planning with  
identified needs

Brush-up with  
proprietary  
test-shooting


Promotions  
introduction to  
the market

Summary  
knowledge

Development and  
planning based  
on market  
analysis data

Introduction of a proprietary test-shoot evaluation system

Brush up machines with reference to highly reliable reputation at a pseudo Pachinko hall (Parlor Sammy)

PACHINKO & SLOT  
PARLOR SAMMY

Detailed attributes

Quantitative evaluation

-58-

Also, Pachislot and Pachinko Business is thoroughly engaged in manufacturing based on user preferences.

In addition to promoting product development based on market analysis data, etc., to conduct highly proprietary test-shoot to improve quality, we have created a simulated pachinko hall that closely resembles the actual playing environment in-house and thoroughly analyzing the results, etc.

58



In order to continuously create  
content that users and operators  
can rely on

Management of quality that can be  
enjoyed without discomfort

## Major Initiatives

- **Established ethics committee**

[Example of Guidelines]

Thorough expression with respect for human rights

Management of expressions to lead criminal  
activities and expression that overly encourage  
excessive gambling



- **Thorough quality assurance system**

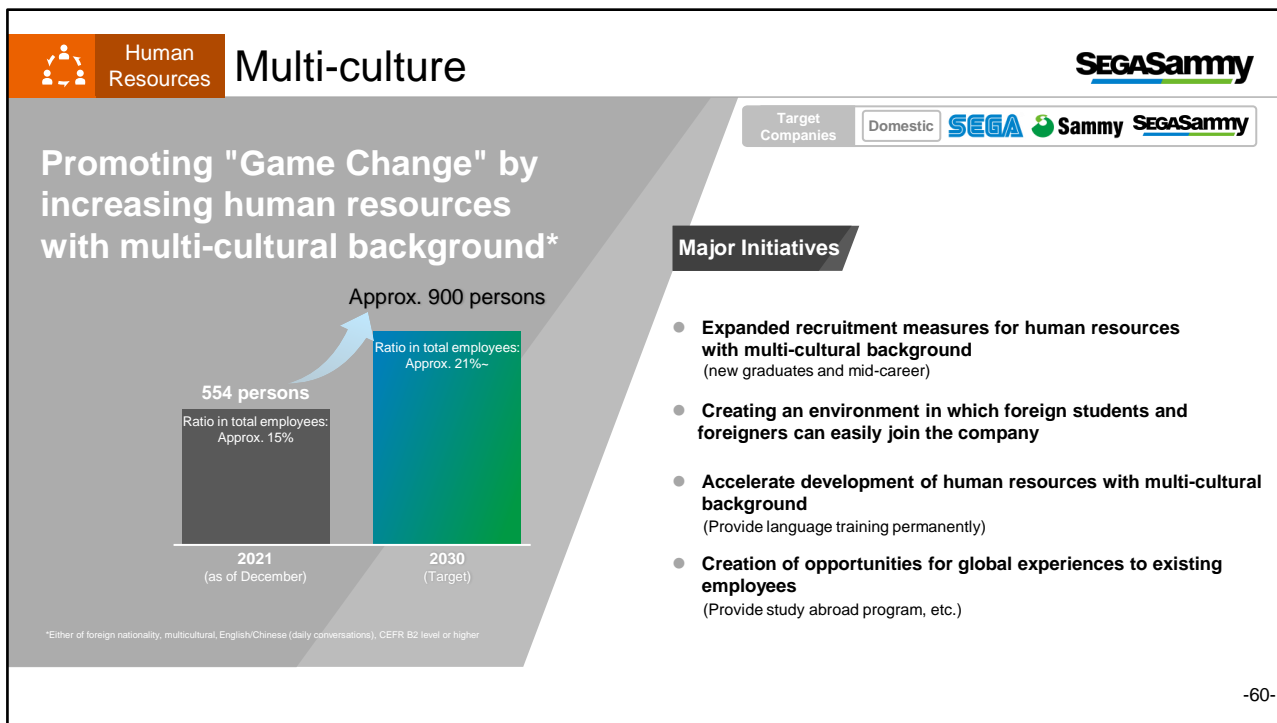
Target of "zero serious defects" related to human safety

Quality audits of domestic and overseas partner plants

- **Industry-leading countermeasure system for  
improper modifications and cheating activities**

Evaluation and verification by an organization specialized for countermeasure  
to improper modifications, as well as collection and dissemination of  
information on cheating activities, etc.

To ensure the quality of our products are managed so that they can be enjoyed without discomfort, we have set the check system by establishing an ethics committee and we also have one of the best anti-fraud systems in the industry.



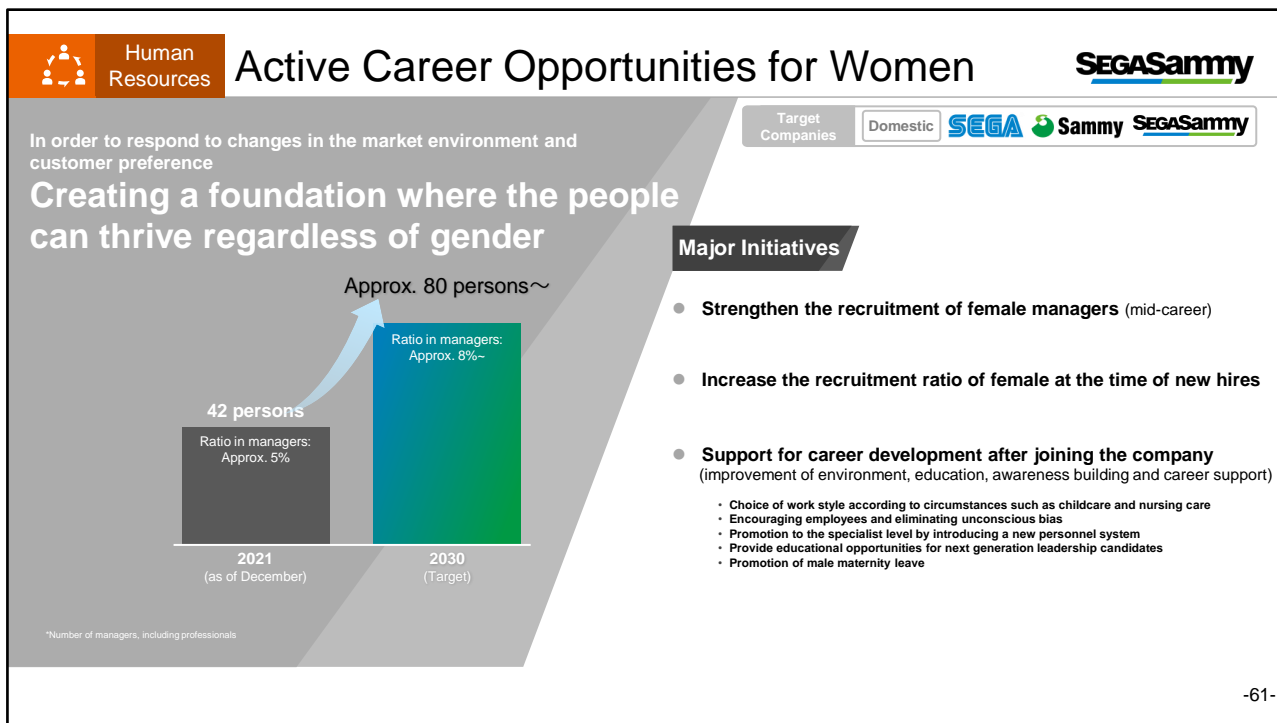
-60-

Next is about human resources.

In the area of multiculturalism, we currently have 554 multicultural employees in Japan, which is 15% of total employees, and we would like to increase this number to more than 21%, or more than 900, by 2030.

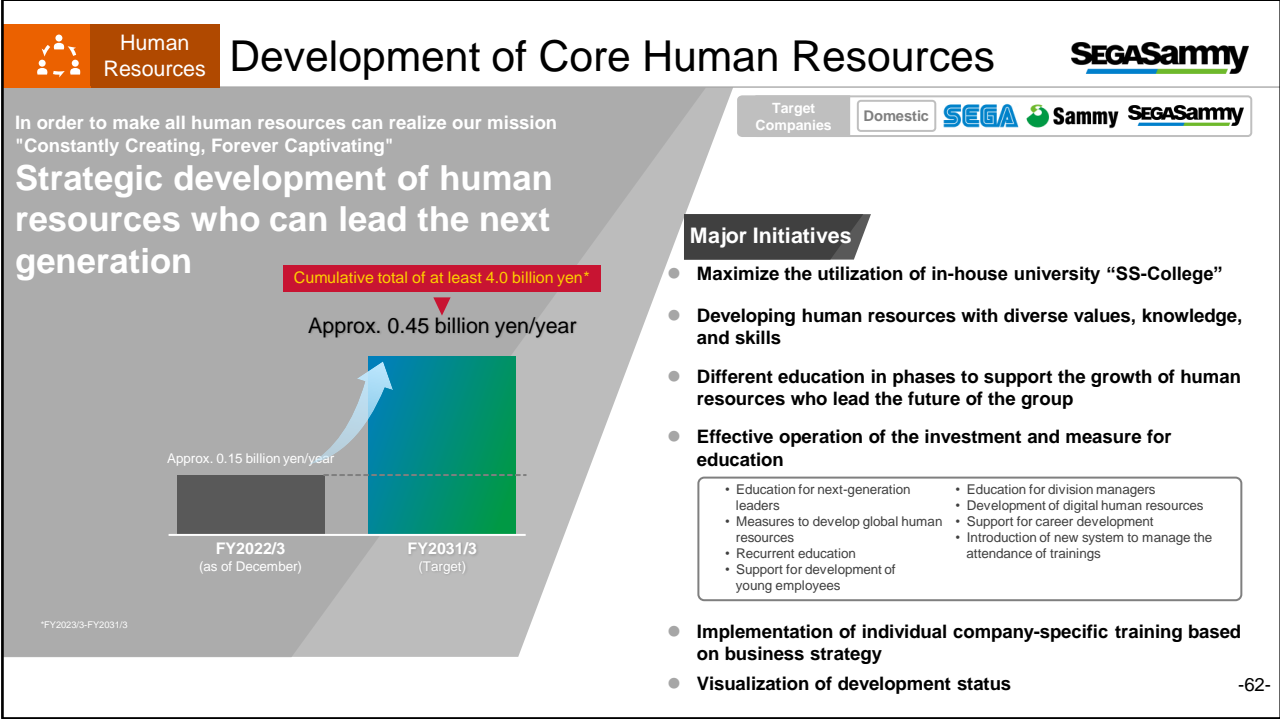
We would like to actively recruit both mid-career workers and new graduates, create an environment in which it is easy for foreign students and foreigners to work. In addition, we'd like to actively develop existing human resources into multicultural human resources by using the overseas study system and by increasing the number of Japanese employees working in overseas subsidiaries, etc.

Although we already have more than 2,000 employees overseas, we are now working to globalize our domestic human resources as well.

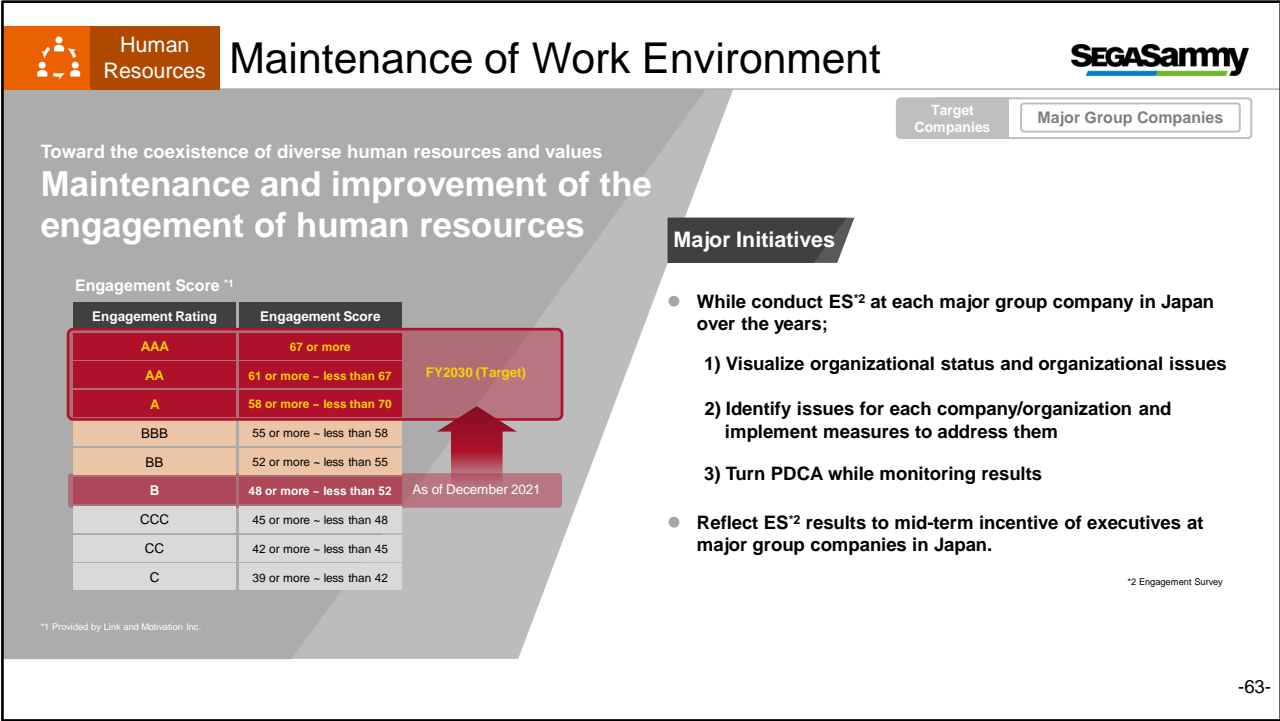


In the area of active career opportunities for women, currently there are very few female managers in domestic, partially due to the impact of structural reforms, which are 5%, or 42 persons. We are aiming to raise this to 8%, or at least 80 persons by 2030, as minimum.

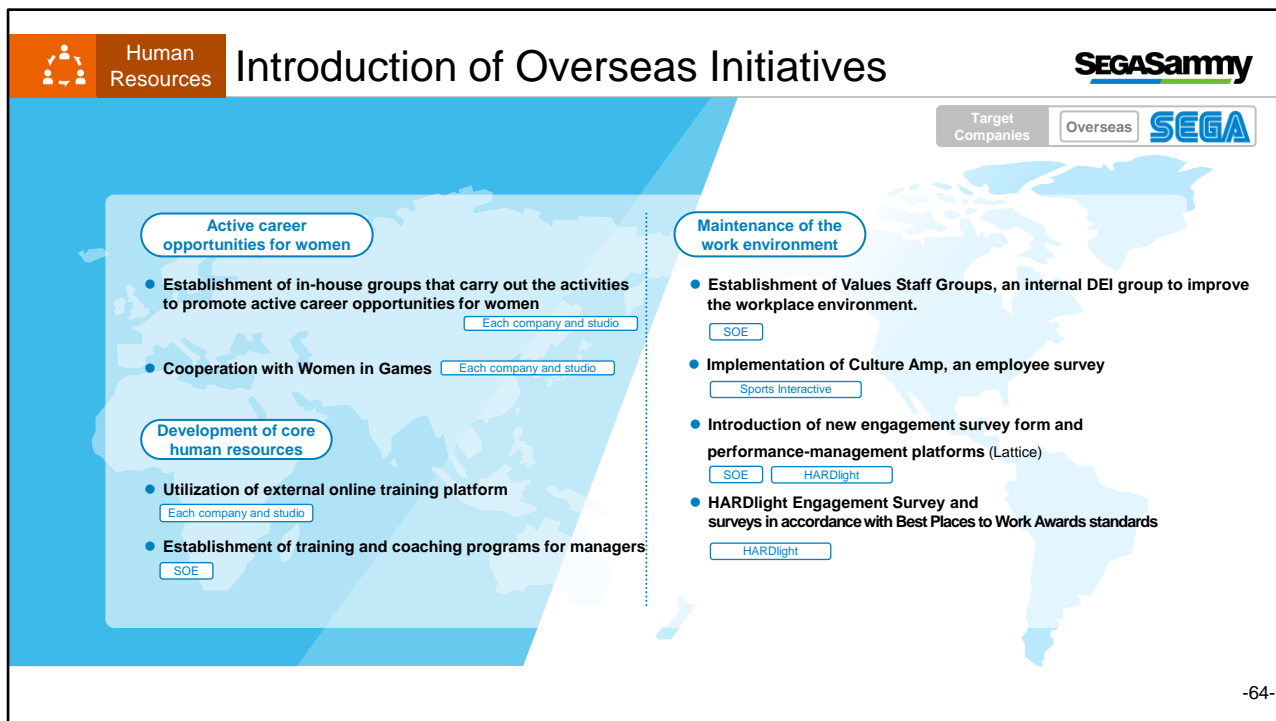
Sammy has obtained certifications such as "Platinum Kurumin", one of indicators that are difficult to obtain, but the total number of female employees is low, so we are making efforts to increase the denominator first, and to promote the encouragement of existing female employees to become managers simultaneously.



In the area of core human resource development, we have been operating an in-house university called SS-College for many years now, and we will triple the budget for this college from this fiscal year onward to enhance development of human resources.



In the area of workplace environment maintenance and improvement, we are currently rated B in an external employee satisfaction survey of domestic group companies. While there are companies with high rating and companies with low rating in the Group as a whole, if we add them all together, we are currently rated B. We are aiming for an A or higher by 2030.



-64-

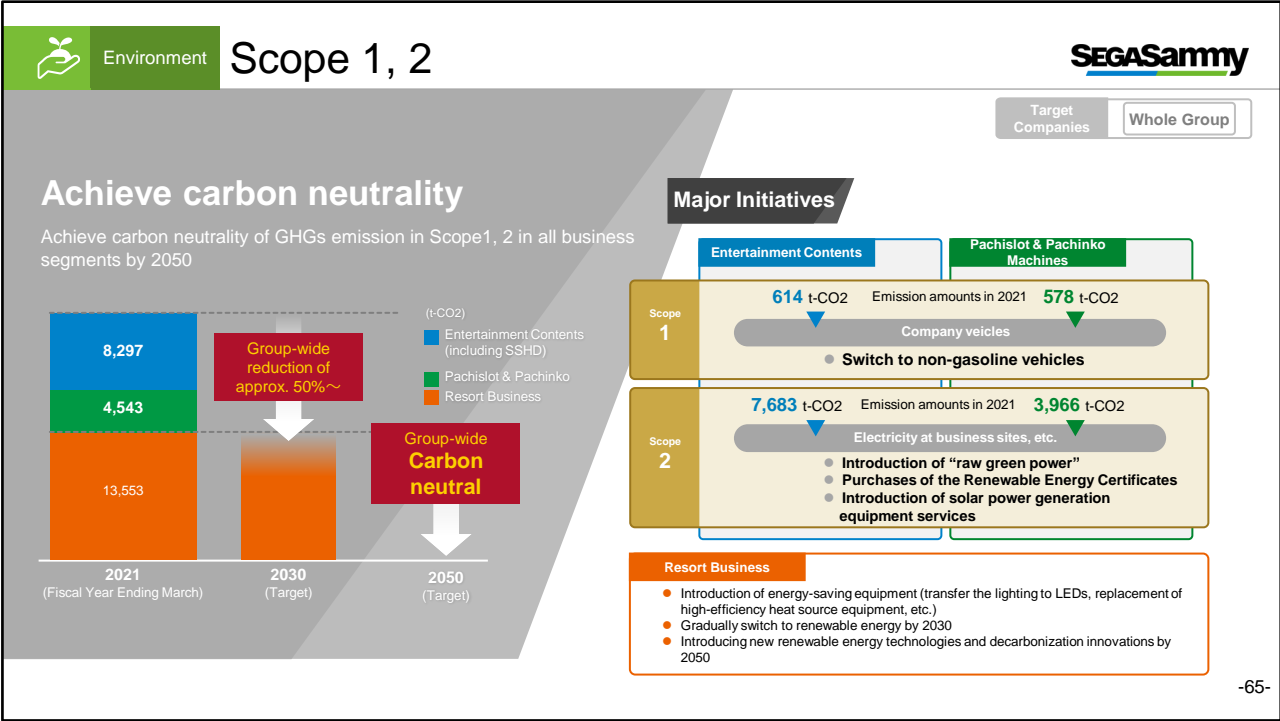
As an example of efforts outside of Japan, in the area of active career opportunities for women, studios in each country have set up various internal groups and are implementing initiatives such as Women in Games.

In addition, external online training, management training and coaching etc. are also conducted in Europe.

In Europe, we established Values Staff Groups, an internal DEI group to improve the workplace environment, and these various measures are being promoted more and more.

We have received Best Places to Work Awards for almost all of our studios in the US and Europe.





-65-

As for Scope 1 and 2 regarding the environment, we would like to achieve carbon neutrality by 2030 in Entertainment Contents business and Pachislot and Pachinko Machines business.

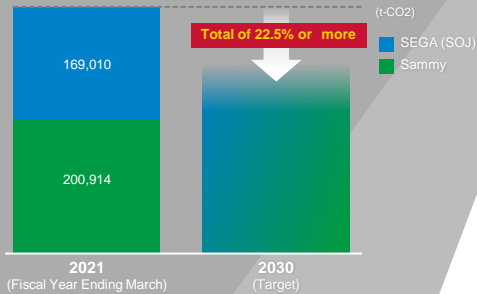
The orange areas are the Resort business. Especially PHOENIX RESORT has its own boilers and generates its own electricity, it currently emits a large amount of CO2. We would like to take various measures including the conversion of lighting to LEDs and review of the boilers and other equipment with the goal of achieving carbon neutrality group wide by 2050.

As we have already announced, we have already achieved carbon neutrality with the introduction of raw green power for our headquarters here in Osaka.

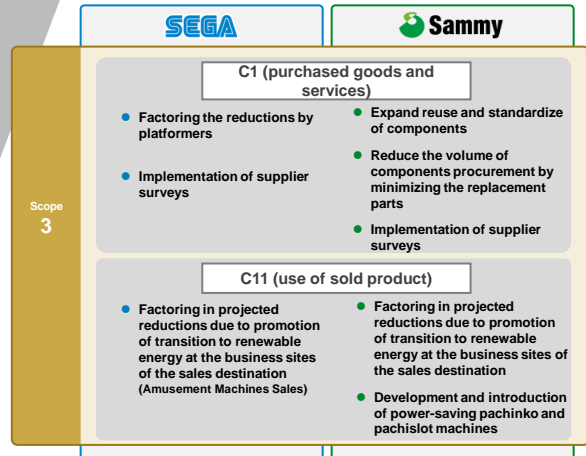


## Reduce GHG emissions by 22.5% or more

Start initiatives in the supply chain with the aim of reducing which meets a level sufficiently below 2°C of SBT (Well Below 2°C: WB2°C).



### Major Initiatives



Regarding Scope 3, on the contrary, the impact to scope 3 is very small in Resort business, but the impact is significant for Sammy and SEGA, which accounting for 70% of the Group's total emissions. We hope to reduce GHG emissions from above 2 companies by at least 22.5% by 2030.

## Including response to the climate change into the strategy

## ● Sustainability Report

### Whole Group



We will publish a Sustainability Report this month as a disclosure based on the TCFD recommendations. We'd like you to take a look.



To sincerely face the negative aspects that increasing as business expansions

Compliance with laws, regulation, voluntary regulation, etc.

Support for the initiatives by industry associations

Implementation of SEGA SAMMY's unique initiatives

#### Major initiatives

[Common] Offering of appropriate products and services through compliance with laws, regulations, and voluntary regulation



**Sammy**

Major Initiatives  
by industry  
organizations

#### Contributing to the sound development of the Pachislot and Pachinko industry

In order to continue to provide a safe and secure amusement environment, promote measures to resolve the problem of gambling addictions and other issues, centered on industry associations.



Major initiatives  
by industry  
organizations

#### Contributing to the sound development of the game industry

- Surveys and researches on gaming disorder which aimed at finding effective countermeasures based on scientific studies are underway at four game-related organizations\*1 in Japan.
- Educational activities such as establishment of rules between parents and children and promotion of the utilization of parental control functions\*2

\*1: Consisted of following four organizations: Computer Entertainment Supply Association (CESA), Japan Online Game Association (JOGA), Mobile Contents Forum (MCF), and Japan exports Union (JAEU). \*2: Available to users overseas in PF.



Major initiatives

Conducting joint industry-academia research on gambling addiction with Kyoto University

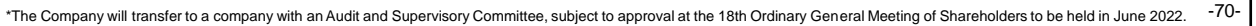
In the area of addiction, we are already taking various industry first initiatives to prevent addiction and disorders, and we will continue to work aggressively to these initiatives, including a project with Kyoto University.



Lastly, I'd like to explain about governance.

As for the governance structure, the Group Management Strategy Committee has been established under the Board of Directors meeting. We will conduct Group Sustainability Subcommittee under this, and also conduct Group Sustainability Promotion Committee under the Group Management Strategies Committee. We have a system in place to collaborate with operating companies from there and to monitor the Group with the involvement of outside directors and officers.

**SEGA**Sammy



70

## (Reference) Skill Matrix of Board of Director's members

	Name	Gender	Expertise and experience						
			Corporate management	Entertainment business creation	Finance and accounting	Risk management / compliance	ICT・DX	GLOBAL	Sustainability
Director	Hajime Satomi	Reappointment	Male	●	●				
	Haruki Satomi	Reappointment	Male	●	●			●	●
	Koichi Fukazawa	Reappointment	Male	●	●	●		●	
	Yukio Sugino	New Appointment	Male	●	●			●	
	Hideo Yoshizawa	Reappointment	Male	●		●	●		
	Kohei Katsukawa	Reappointment External	Male	●		●	●		
	Melanie Brock	Reappointment External	Female	●				●	●
	Fujiyo Ishiguro	Reappointment External	Female	●				●	●
Audit & Supervisory Committee Members	Yukito Sakaue	New Appointment	Male		●	●		●	
	Kazutaka Okubo	New Appointment External	Male	●	●	●			●
	Shione Kinoshita	New Appointment External	Female			●			●
	Naoko Murasaki	New Appointment External	Female	●		●		●	●

\*They are the members of Board of Director if approved at the 18th Annual General Meeting of Shareholders to be held on June 22, 2022, and their expertise and experiences

\*List up to four items that are particularly expected of each person. The above list does not represent all the knowledge and experience of each person

-71-

For your reference, here is a skill matrix of Board of Director's members, assuming approval by the general meeting of shareholders.

In our system, ratio of external and internal is 50%, and ratio of female officers is one-third of total number of members.

Sugino, serves Sega's president now, is a new candidate for the Board of Director.

## (Reference) Definition of Skill Matrix




Items	Definitions
1. Corporate management	Manager of a listed company or an equivalent organization
2. Creation of Entertainment Contents Business	Having an experience as a business development manager or experience in launching new business in the business segments of our Group
3. Financial Accounting	Having an experience in specialized fields such as financial institutions, auditing firms, or an experience as a director in charge of the finance department of a large company
4. Risk Management/Compliance	Having an experience in specialized fields such as attorneys or an experience as a director in charge of legal affairs or compliance or auditing at a large company
5. ICT・DX	Having an experience in specialized fields such as IT companies, vendors, consulting, or an experience as a director in charge of IT at a large company
6. GLOBAL	Having experience of living abroad or an experience at overseas business companies, or similar experience
7. Sustainability	Having knowledge in the following two areas, "environment" and "human resources (diversity)", of our five materiality*, and are expected to help our group to promote sustainability in the future. *Products / Services, Human Resources, Addiction, Environment, Governance

\*Reasons for Item Selection:  
Selected experience and expertise required for a listed company and for achieving the Company's long-term vision.

These are the definitions of the skills matrix, for your reference.




# Future Milestones (1)

Materiality	Issue	Major activities / Milestones	Target for 2030
 <b>Quality Improvement Safety and Security</b> Products / Services		Whole Group Update of existing initiatives, addition of new initiatives (annual) SEGA Strengthen the Global Branding of Existing IPs Creation of "Super Game" Sammy Promotion of manufacturing based on user preferences, brush up by test-shoot evaluation system	Becoming a Global Leading Contents Provider (Entertainment Contents) Becoming the winner of triple crown of share in utilization, in installation, and in sales (Pachislot & Pachinko)
 <b>Multi-culture Active career opportunities for women Development of core human resources Maintenance of work environment</b> Human Resources	3 Major companies Reexamination of target figures, re-review of the action plans SEGA Consideration of global human resources measures Each Group Company Review of disclosure policies and careful examination of action plans	Monitoring of quantitative targets (annual) Expansion of companies to be included in the disclosure Whole Group Update of existing initiatives, addition of new initiatives (annual) SSHD, SEGA, Sammy Reexamination of target figures, re-review of the action plans SEGA Establishment of a global structure Consideration of global human resources measures Implementation of global human resources measures Each Group Company Review of disclosure policies and careful examination of action plans Implementation of action plans	<ul style="list-style-type: none"> <li>Ratio of MC* human resources: 21% or more (Approx. 900 persons)</li> <li>Ratio of female managers: 8% or more (80 persons or more)</li> <li>Investment amount for education: Total 4.0 billion yen or more</li> <li>EMS scores: 58 or more, Rank A or more</li> </ul> *MC=Multi-culture
 <b>Prevention of addictions and disorders</b> Addiction	SEGA Sammy SSHD	Implementation of surveys and researches on gaming disorder by four game-related organizations Promotion of measures to resolve the problem of gambling addictions and other issues, centered on industry associations Monitoring of outcome from joint industry-academia research (per half year)	Compliance with Laws, regulation, voluntary regulation, etc. relating to addiction Contributing to the sound development of the industries Conducting joint industry-academia research on addiction

This is a milestone for the future.  
 We will strive to achieve the goals I just described today, in sequence.

## Future Milestones (2)

Materiality	Issue	Major activities / Milestones	Target
 Environment	<b>Scope1-3</b>	<div>Domestic/Whole Group</div> <div>Overseas/SEGA</div> <div>Domestic/Whole Group</div> <div>Check GHG emissions and status of reduction measures taken (annual)</div> <div>Update of existing initiatives, addition of new initiatives (annual)</div>	
	<b>Scope1, 2</b>	<div>Overseas/SEGA</div> <div>Consideration of action plans</div> <div>PSR</div> <div>Setting quantitative targets</div> <div>Establishment of a global structure</div> <div>Consideration and implementation of action plans</div> <div>Implementation of action plans</div> <div>Ongoing review of goal setting and action plans</div>	<b>Achieve carbon neutrality group-wide by 2050</b> (Entertainment Contents and Pachislot & Pachinko set target to achieve carbon neutrality by 2030)
	<b>Scope3</b>	<div>SEGA, Sammy</div> <div>Strengthen supplier engagement</div> <div>SEGA, Sammy</div> <div>Consideration of criteria for selecting supplier</div> <div>Overseas/SEGA</div> <div>Each Group Company</div> <div>Consideration of expansion of companies to set reduction targets and timing of expansion</div> <div>Establishment of a system, implementation of measures such as questionnaires (consideration of improvement and expansion of methods)</div> <div>Consideration</div> <div>Formulation and application</div> <div>Consideration of expansion of companies to set reduction targets, and timing of expansion</div>	<b>Aim to reduce GHG emissions by 22.5% or more to meet SBT standard by 2030 in both SEGA (SOJ) and Sammy</b>
	<b>TCFD</b>	<div>3 Major companies</div> <div>Establish an annual update system at each company</div> <div>Each Group Company</div> <div>Consider expansion of companies to be included in the disclosure and timing of expansion</div> <div>Update the details of disclosure (expanding further scope of information)</div> <div>Establishment of a system</div> <div>Consider expansion of companies to be included in the disclosure and timing of expansion</div>	<b>Report progress from the following year ongoing after gradual expansion of the scope of disclosure</b>

-74-

That's all.  
Thank you for your attention.



DEI\*

- **IGDA 2021 Awards for Diversity and Inclusion**  
Creative Assembly
- **2021 Diversity in Tech Awards for Social Mobility programme**  
Creative Assembly
- **2021 G into Gaming Diversity Award**  
Creative Assembly
- **2021 Best Place to Work Award for CSR**  
Creative Assembly
- **British LGBT Award for 'Best ERG or Network Group'**  
SOE
- **Women in Games Awards**  
Creative Assembly
- **Gold award in PRIDE Index**  
SSHd, SOJ, Sammy

\*Diversity, Equity and Inclusion

Development of core  
human resources

- **Best Place to Work Award**  
Creative Assembly
- **TIGA UK Games Education Awards 2021**  
Creative Assembly

Maintenance of work  
environment

- **Best HR team for the year in careers index awards**  
SEGA BLACK SEA
- **Best Place to Work Award**  
Creative Assembly
- **Best Places to Work in Canada 2021**  
Relic
- **Best Place to Work**  
Sports Interactive
- **Platinum Kurumin Certification**  
Sammy

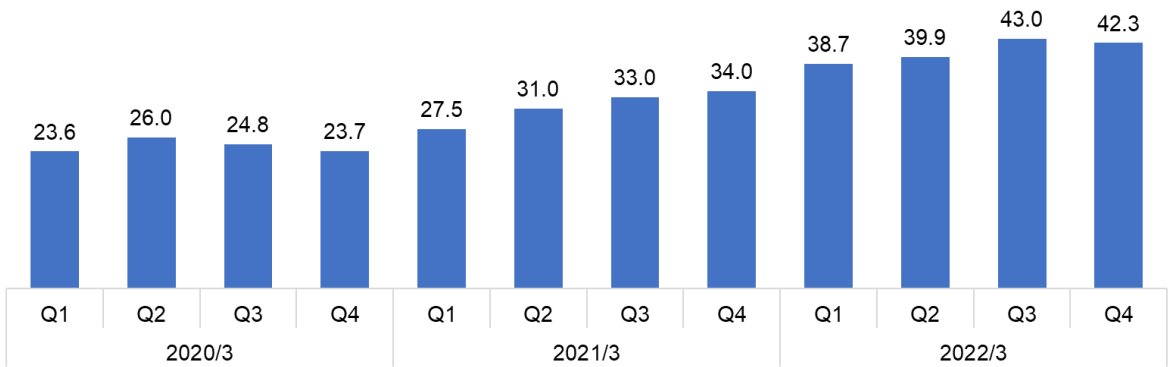
04

## Appendix

Trend of Balance of Content Production Expenses in B/S  
(Consumer area)



(Unit: billion yen)

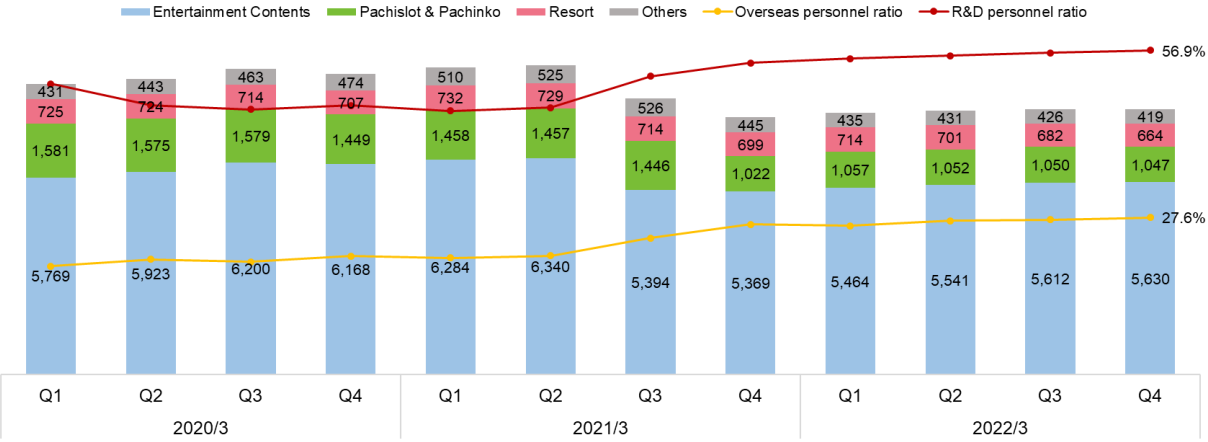


\*Balance of work in progress R&D expenses of titles before release + Balance of unamortized R&D expenses of released titles

# Trend of No. of Employees by Segment



(Unit: employees)

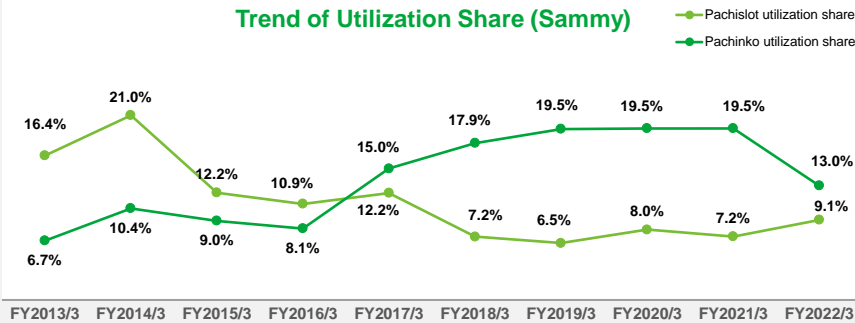


\*No. of employees are the No. of full-time employees and permanent contract employees. Excludes the No. of temporary employees.

## Pachislot and Pachinko Machines Business (Utilization share)



Trend of Utilization Share (Sammy)



Reference: Ranking of utilization share in FY2022/3

Total Utilization Share		
1st	K Company	18%
2nd	S Company	18%
3rd	Sammy	11%
4th	S Company	9%

Pachislot: Utilization Share		
1st	K Company	37%
2nd	U Company	17%
3rd	D Company	11%
4th	Sammy	9%

Pachinko: Utilization Share		
1st	S Company	33%
2nd	S Company	16%
3rd	Sammy	13%
4th	N Company	9%

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

\*Calculated by average of the fiscal year (Exclude the week striding over fiscal years)

\*Utilization Share = Ratio of Sammy machine's utilization out of total number of installed machine for each title × utilization of each title  
(Pachislot: Numbers of inserted medals, Pachinko: Numbers of shot balls)

## Resort Business (PARADISE SEGASAMMY)



(KRW Billion)		FY2021 Q4 Results	FY2022 Q4 Results
<b>Sales</b>		177.5	161.5
	Casino	126.8	86.6
	Hotel	44.4	67.7
	Other	6.3	7.0
<b>Cost of sales</b>		216.0	178.2
	Casino	95.2	63.7
	Hotel	85.4	81.9
	Other	35.3	32.4
<b>Gross profit</b>		-38.5	-16.7
	SG&A	28.1	25.4
<b>Operating profit</b>		-66.7	-42.2
<b>EBITDA</b>		-7.7	14.9
<b>Net profit</b>		-106.2	-87.9
<b>Number of casino visitors (Thousands)</b>		174	99

Source: Paradise IR

<b>SEGASAMMY Equity method acquisition amount (Billion yen)</b>	<b>-4.7</b>	<b>-4.1</b>
---	-------------	-------------

### FY2022/3 Results

- The number of casino users fell sharply due to the restriction of foreign visitors  
YoY comparison: 56.9%
- Kept EBITDA positive due to cost reduction

### FY2023/3 Forecast

- **Reduction in loss margin**
  - Work to strengthen marketing towards the resumption of travel

\*Expect the recovery in revenue, assuming the relaxation of behavioral restriction associated with COVID-19.

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

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

\*Local accounting standard

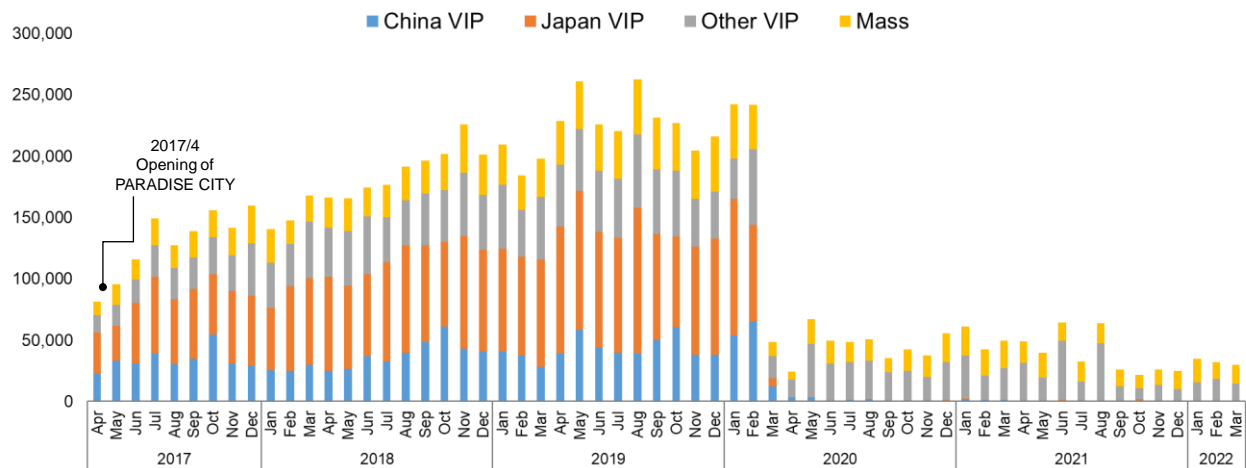


# Resort Business (PARADISE SEGASAMMY)



■ 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



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

**Cautionary Statement for Investors and Shareholders with Respect to Nevada Gaming Statutes and Regulations**

SEGA SAMMY HOLDINGS INC. ("the Company") is registered with the Nevada Commission as a publicly traded corporation and has been found suitable to directly or indirectly own the stock of SEGA SAMMY CREATION INC., and Sega Sammy Creation USA, Inc., both of which are subsidiaries that have been licensed as manufacturers and distributors of gaming devices in Nevada. Pursuant to Nevada law, the Company's shareholders are subject to the rules and regulations of the Nevada Gaming Authorities. A detailed explanation of Nevada gaming statutes and regulations can be found on the Company's corporate website:

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

Please visit below 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)

\*Company / product names, etc. in this document are trademarks or registered trademarks of the respective companies.