

Fiscal Year Ended March 2022 Results Presentation

2022/5/13

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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)

FY2022/3 Results, FY2023/3 Forecast



(Billion yen)	2021/3 Full Year Results	2022/3 Full Year Results	2023/3 Full Year Forecast
Sales	277.7	320.9	375.0
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
Operating Income	6.5	32.0	40.0
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
Ordinary Income	1.7	33.3	40.0
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	-
Income before income taxes	-9.8	37.9	40.0
Income taxes	-11.7	0.9	12.0
Profit attributable to owners of parent	1.2	37.0	28.0
ROE	0.4%	12.7%	-
Dividends per share (JPY)	30.00	40.00	41.00

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

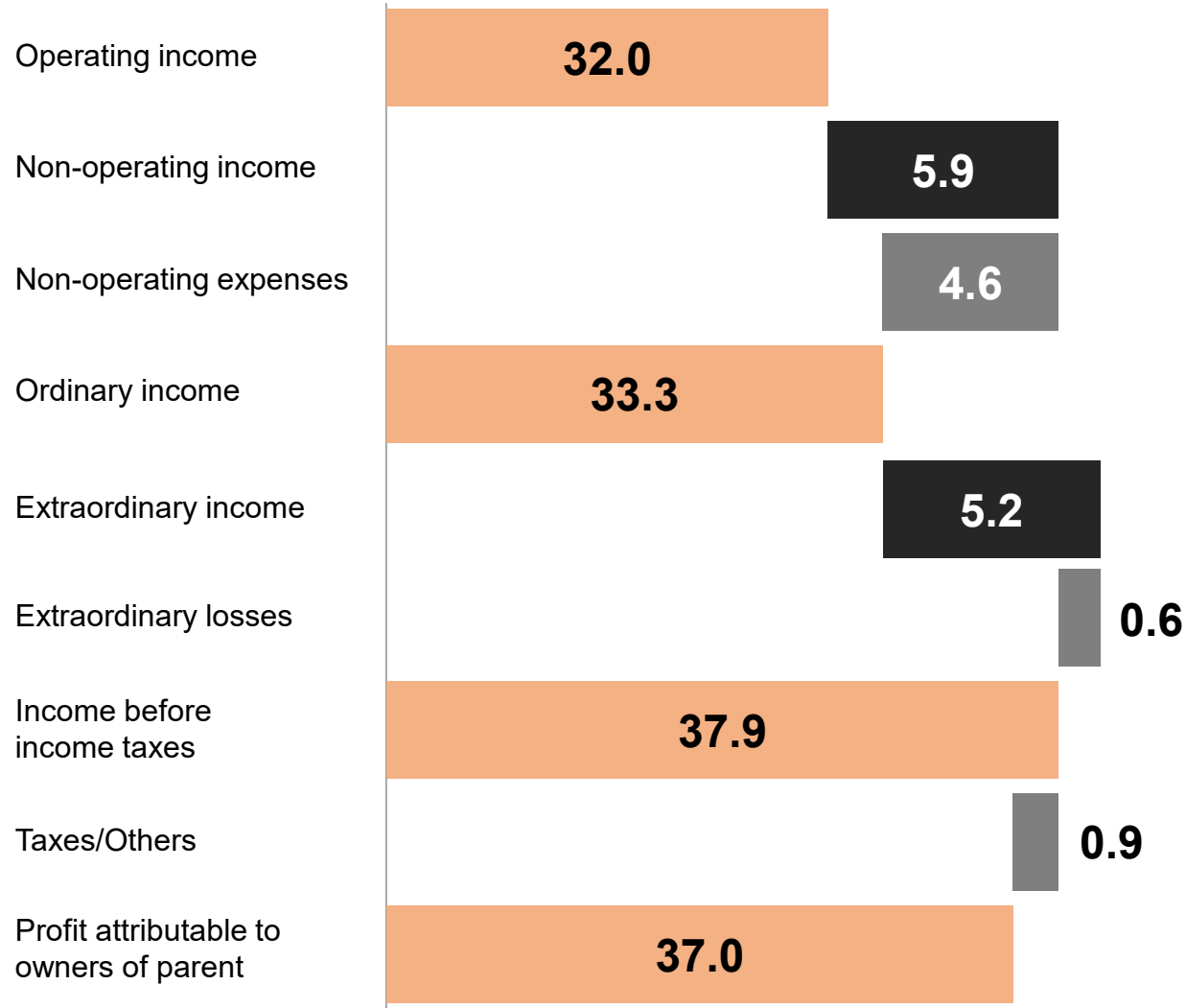
- Forecast increase in sales and profits in all business areas
 - Continuous growth of CS* (Entertainment Contents)
 - Increase unit sales while responding to the relaxation of regulation (Pachislot & Pachinko)
 - Reduction in loss margin assuming the relaxation of behavioral restriction (Resorts)
-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

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

Breakdown of Income (FY2022/3 Results)



(Unit: billion yen)



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

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

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

Costs and Expenses, etc.

■ Resort

(Billion yen)	2020/3				2021/3				2022/3					2023/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year Results	Full Year Forecast
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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Full Year Results	Full Year Forecast
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)		【Assets】		【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	Total Current Liabilities	59.7	86.9	+27.2
Total Current Assets	276.2	287.7	+11.5	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	Total Noncurrent Liabilities	70.5	55.8	-14.7
Other	30.5	33.7	+3.2	Total Liabilities	130.3	142.8	+12.5
				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 intesrests	0.4	0.0	-0.4
Total Noncurrent Assets	145.3	147.7	+2.4	Total Net Assets	291.2	292.6	+1.4
Total Assets	421.5	435.4	+13.9	Total Liabilities and Net Assets	421.5	435.4	+13.9

	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		

Consolidated Cash Flows



Cash and
cash equivalents

(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

(Unit: billion yen)

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

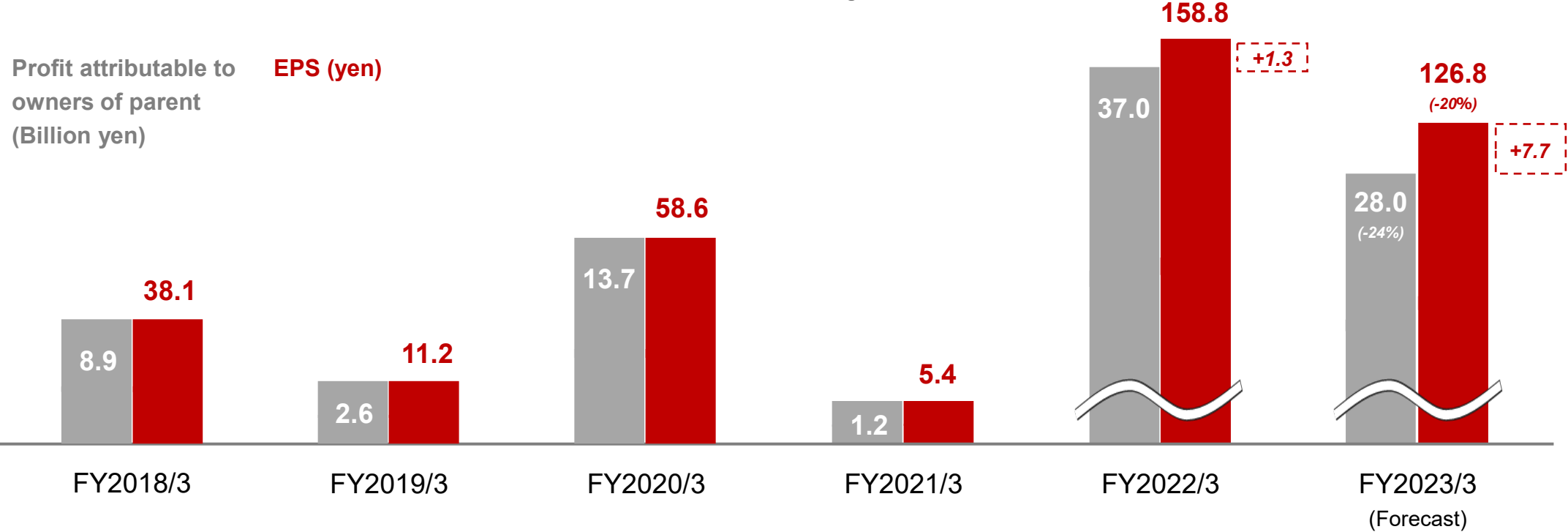
Acquisition of treasury stocks	-25.0
Payment of dividends	-9.4
Others	-1.5

To Maximize the Corporate Value (~FY2026/3)

Shift to the management focusing on capital efficiency

Maximization of the Corporate Value	Expansion of equity spread	Indicators	FY2021/3 Results	FY2022/3 Results	FY2026/3 Target
		ROE	0.4%	12.7%	Over 10% (FY2024/3 Target)
		Growth of profit	Ordinary Income	33.3 billion yen	Over 50.0 billion yen
		Improvement of asset efficiency	Consolidated ROIC	10.6%	Over WACC
		Optimization of Capital cost	D/E ratio	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

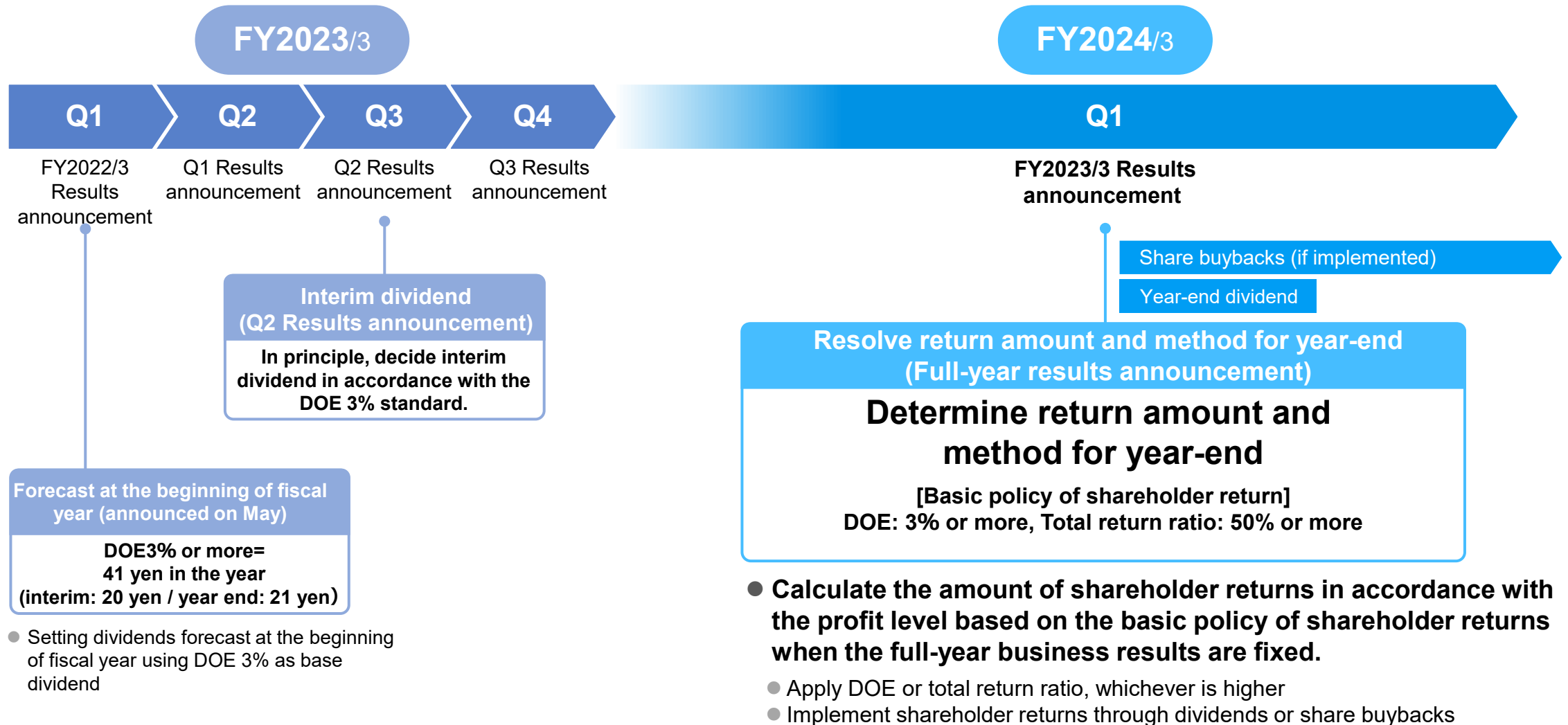
EPS* improved due to earnings growth and a decrease in the average No. of shares during the period due to share buybacks.



*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



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

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

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

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Per Segments Results / Forecast

(Billion yen)	2021/3 Full Year Results	2022/3 Full Year Results	2023/3 Full Year Forecast
Sales	217.8	235.9	277.0
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
Operating Income	27.9	33.9	39.0
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
Ordinary Income	27.9	36.8	40.0
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

Entertainment Contents Business: Per subsegment

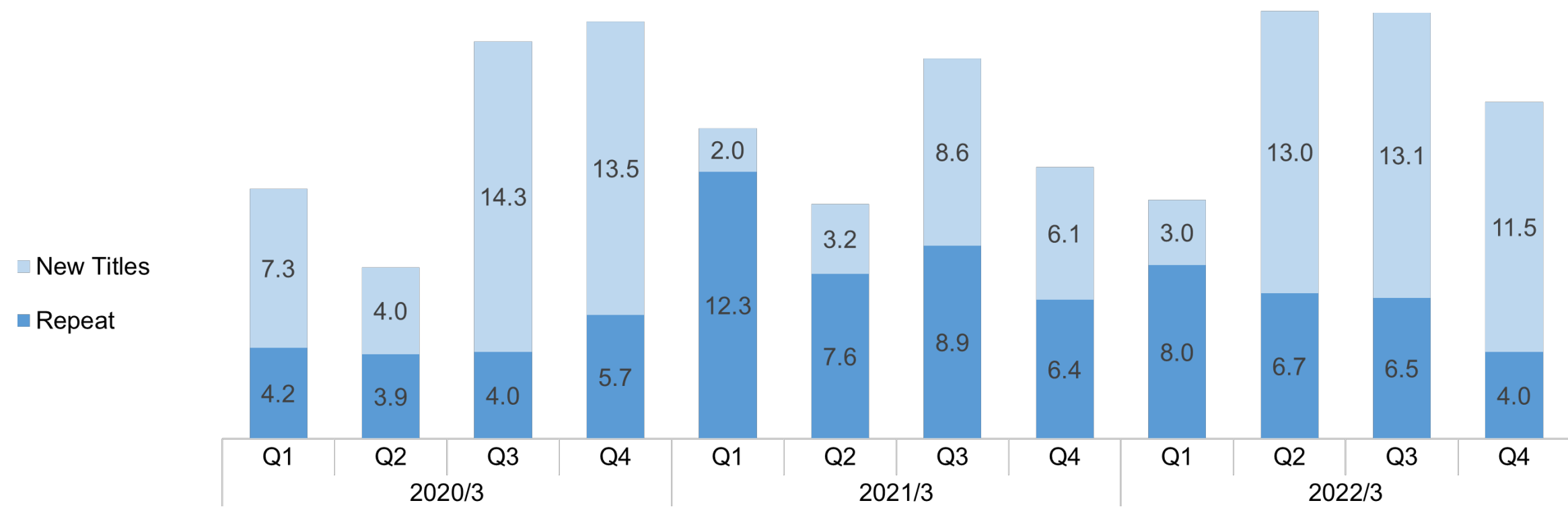


		FY2022/3 Results	FY2023/3 Forecast
Consumer	Full Game	<ul style="list-style-type: none"> Strong performance of new titles Recorded royalty income from some titles 	<ul style="list-style-type: none"> Significant increase in new titles (+5,180 K units YoY) Growth in repeat titles due to a large number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

Consumer Area / Full Game: Sales Trend

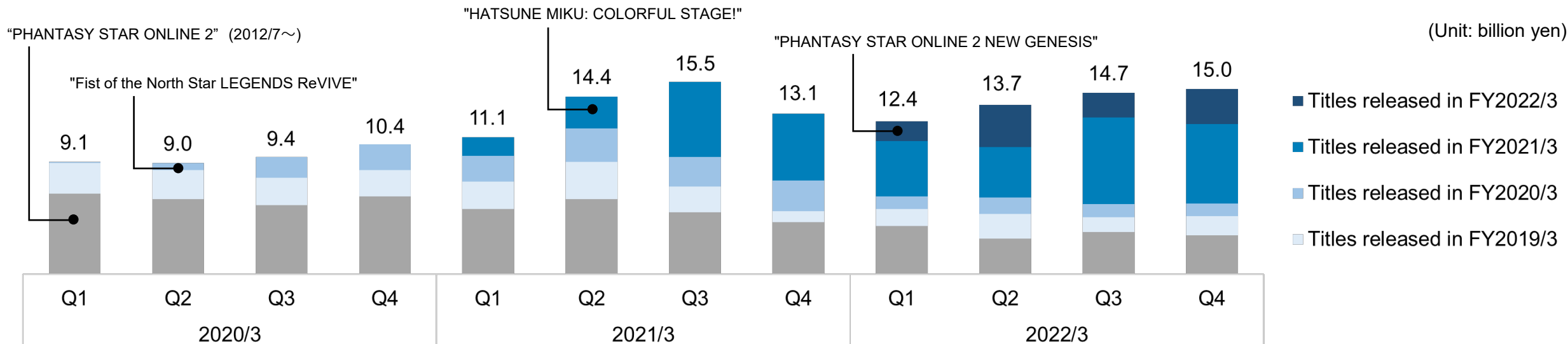


(Unit: billion yen)



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%

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"

©Buronson & Tetsuo Hara/©COAMIX 1983, Approved No.GC-218
©SEGA

Release: Sep. 2019

(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
Sales		32.4	61.4	102.4	135.7	29.5	71.2	119.6	158.3	192.0
	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
Full Game		14.4	25.2	42.6	55.1	11.0	30.7	50.3	65.8	98.4
	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%	60.7%	57.5%	69.4%
F2P		11.1	25.5	41.1	54.1	12.4	26.1	40.8	55.8	56.8
	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
Other		6.5	10.6	19.4	27.7	6.2	14.5	28.6	37.0	37.0

• 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: 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
Full Game: Number of Titles									
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
Full Game: Unit sales (Thousands)	12,980	19,080	34,200	41,770	6,580	14,040	21,970	27,200	34,250
Total New titles	790	1,180	3,770	6,020	1,060	3,500	6,630	8,770	13,950
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
Total Repeat titles	12,190	17,900	30,420	35,750	5,520	10,540	15,340	18,430	20,300
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.

(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”

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“Football Manager 2022”

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



“Total War: WARHAMMERⅢ”

© Games Workshop Limited 2021.
Published by SEGA.

(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™)**

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Released on April 14, 2022



“Sonic Origins”

©SEGA



“SONIC FRONTIERS”

©SEGA



“Soul Hackers 2”

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“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)”

(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
Sales	53.1	75.8	86.0
Pachislot	13.9	30.6	32.7
Pachinko	28.5	37.1	44.5
Other / Elimination	10.7	8.1	8.8
Operating Income	-10.6	9.3	11.5
Non-operating income	0.6	1.0	0.5
Non-operating expenses	1.2	0.1	0.0
Ordinary Income	-11.3	10.2	12.0
Ordinary Income Margin	-	13.5%	14.0%

Pachislot			
Number of Titles	5 titles	10 titles	9 titles
Unit Sales (units)	35,273	77,870	84,000
Pachinko			
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

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

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

(Reference) Pachislot & Pachinko Machines Business: Sales Schedule

New series

Specification changed title

SEGA Sammy

~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 Kabaneri of the Iron Fortress
	Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION	Pachislot DISC UP 2	Pachislot KEMONO FRIENDS	
Pachinko	P Hokuto No Ken 8 Kyuseishu	P Shin Hokuto Muso Re:319ver.	Dejihane P SOUTEN-NO-KEN Souryu	P Initial D
	P Hokuto No Ken 9 Toushin	P Shin Hokuto Muso Chapter 3 Jagi no Gyakushuu	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 Toushin	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			

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

<PHOENIX RESORT>

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

FY2022/3 Results

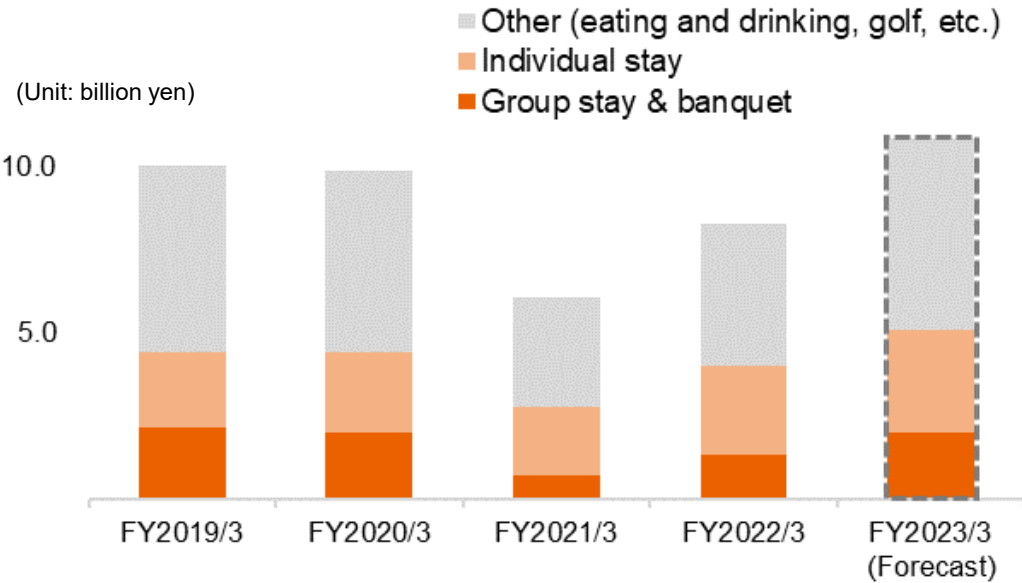
- **PHOENIX RESORT: Reduction in loss margin YoY**
 - Demand from individual customers increased outside the period of the state of emergency and priority measures to prevent the spread of disease, etc.
- **PARADISE SEGASAMMY: Continued to be sluggish**
 - Continued to be affected by the restriction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

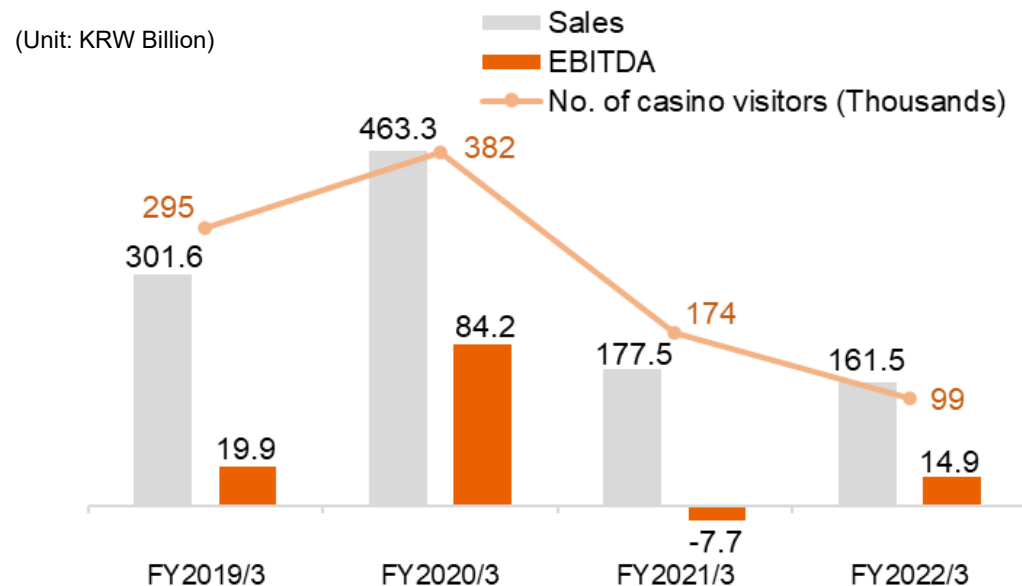
*Expect the recovery in revenue, assuming the relaxation of behavioral restriction associated with COVID-19.

(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

03

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



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
Ordinary Income	20.0	33.3	+13.3	30.0	40.0	+10.0	45.0
ROE	5%	12.7%	+7.7p	7%	-	-	10%

Entertainment Contents	25.0	36.8	+11.8	30.0	40.0	+10.0	40.0
Pachislot & Pachinko	9.0	10.2	+1.2	9.0	12.0	+3.0	13.0
Resort	-5.0	-6.7	-1.7	0.0	-3.0	-3.0	1.0
Others/ Eliminations	-9.0	-7.0	+2.0	-9.0	-9.0	-	-9.0

Entertainment Contents Business Consumer area

Entertainment Contents Business

Becoming a Global Leading Contents Provider

FY2024/3

Reinforcing the earnings base by
strengthening the global branding of
existing IPs

Investment promotion period toward
becoming a global player

FY2026/3

Creation of “Super Games”

Proactive growth investment

(additional investments of 100.0 billion yen over five years)

Grow "mainstay IPs" as global brand

1

Expanding
touchpoints

2

Prolonging
product life cycles

3

Strengthening
user engagement

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

2

Prolonging product
life cycles

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

FY2022/3

FY2023/3 Plan

■ Remake/Remaster, Spin-Off / Change of theme (new titles)

Approx. 4M unit sales

- “Sonic Colors: Ultimate”
- “Super Monkey Ball Banana Mania”
- “Lost Judgment”, etc.

Approx. 5M unit sales

Planning multiple titles

■ Additionally support subscription services (new titles)

- “HUMANKIND™”
- “Football Manager 2022”
- “Total War: WARHAMMER III”, etc

Planning multiple titles

3

Strengthening
user engagement

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

CY2020

CY2021

CY2022

CY2023~



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*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+



“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

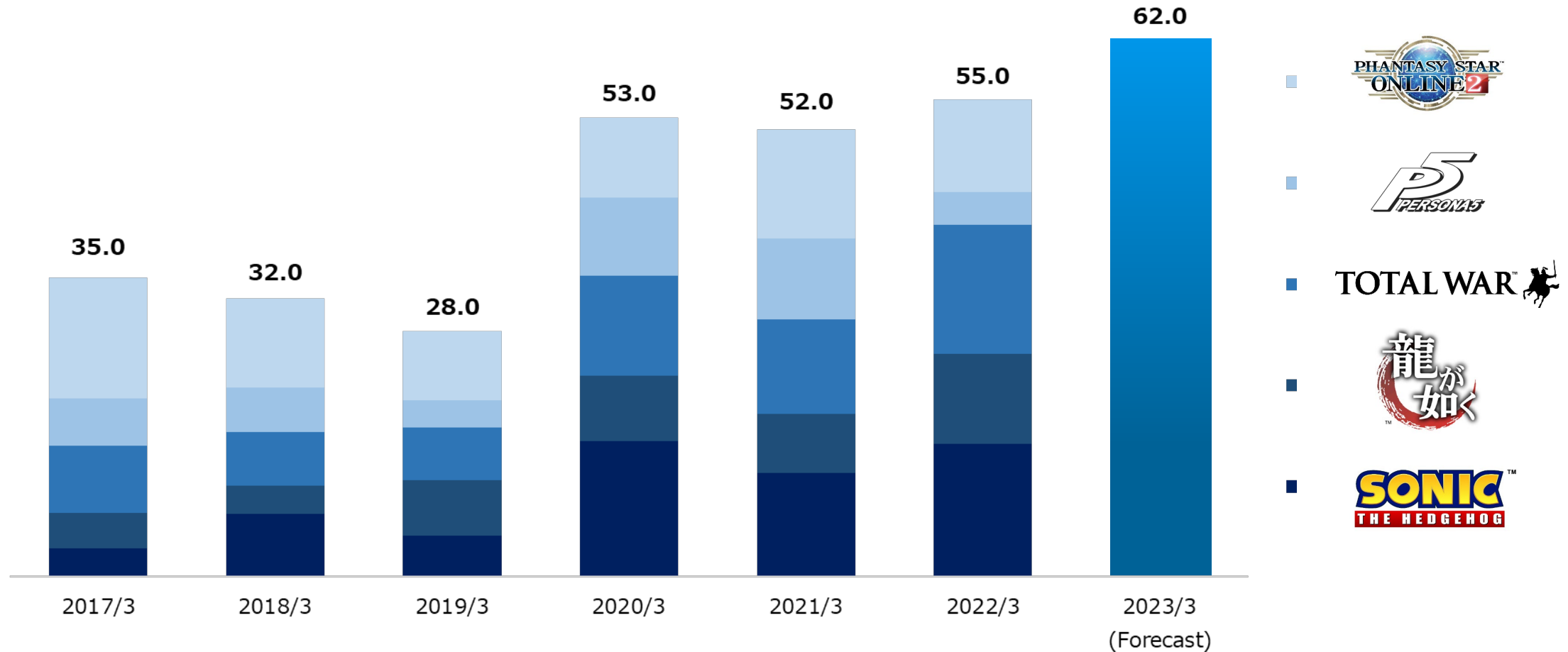
➤ Worldwide

- **\$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)

(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

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**



FY2024/3

**No. 1 in total utilization share
of Pachislot and Pachinko**

Creation of hits

Maintain stable earnings

**Improvement of
business efficiency**

Review of the First Year of the Medium-Term Plan

Total Utilization Share^{*1}

FY2021/3			FY2022/3		
1st	S Company	19%	1st	K Company	18%
2nd	K Company	17%	2nd	S Company	18%
3rd	Sammy	13%	3rd	Sammy	11%
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^{*2}
(Compared to pre-structural reform)

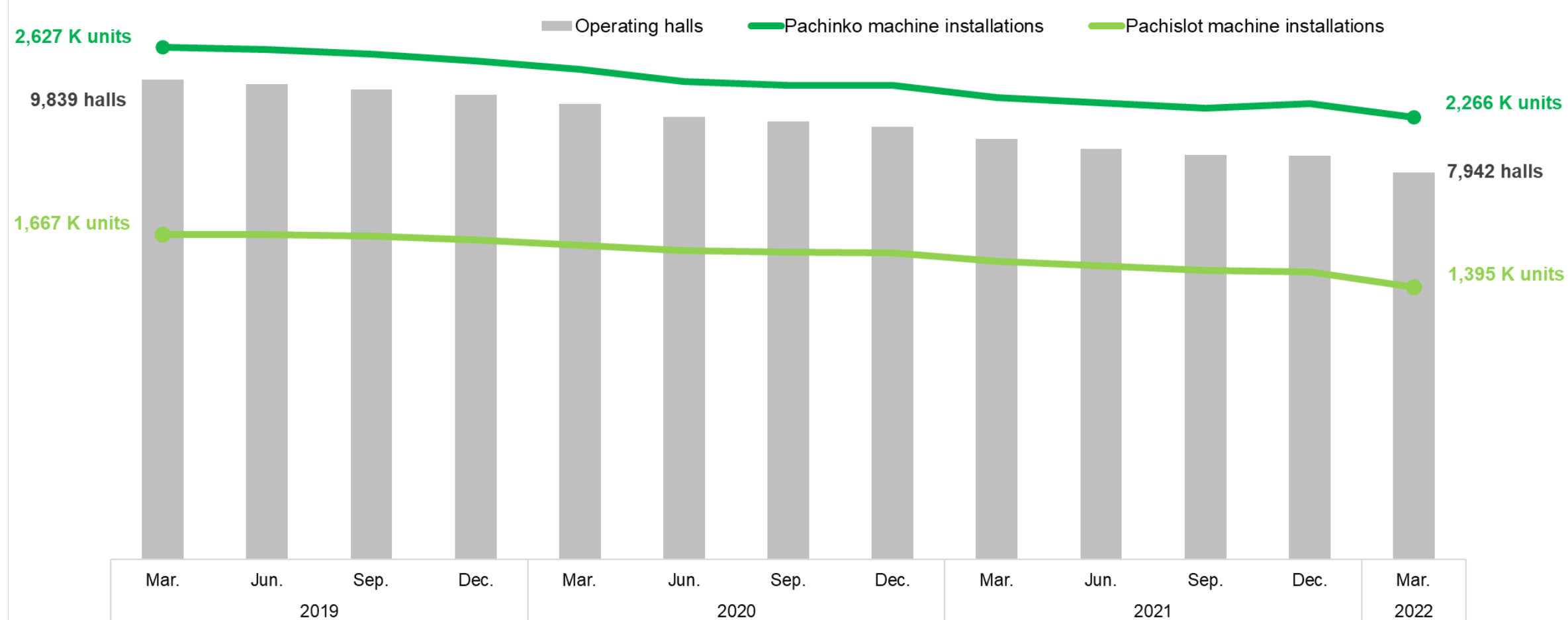
*1: In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd

*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)

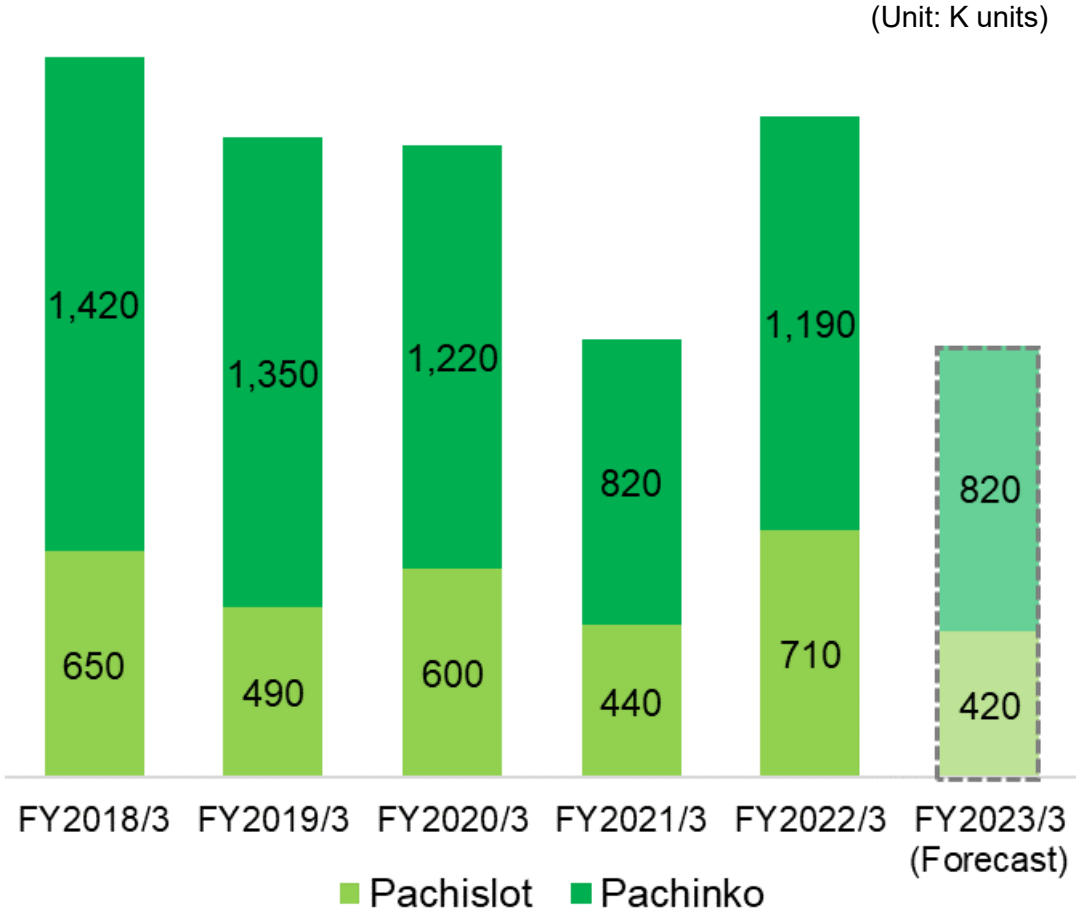
*2: Comparison of FY2022/3 result and average of FY2018/3-FY2020/3

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 Zennichiyuren (a union for pachinko and pachislot halls)

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

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

(Factors behind dissatisfaction)

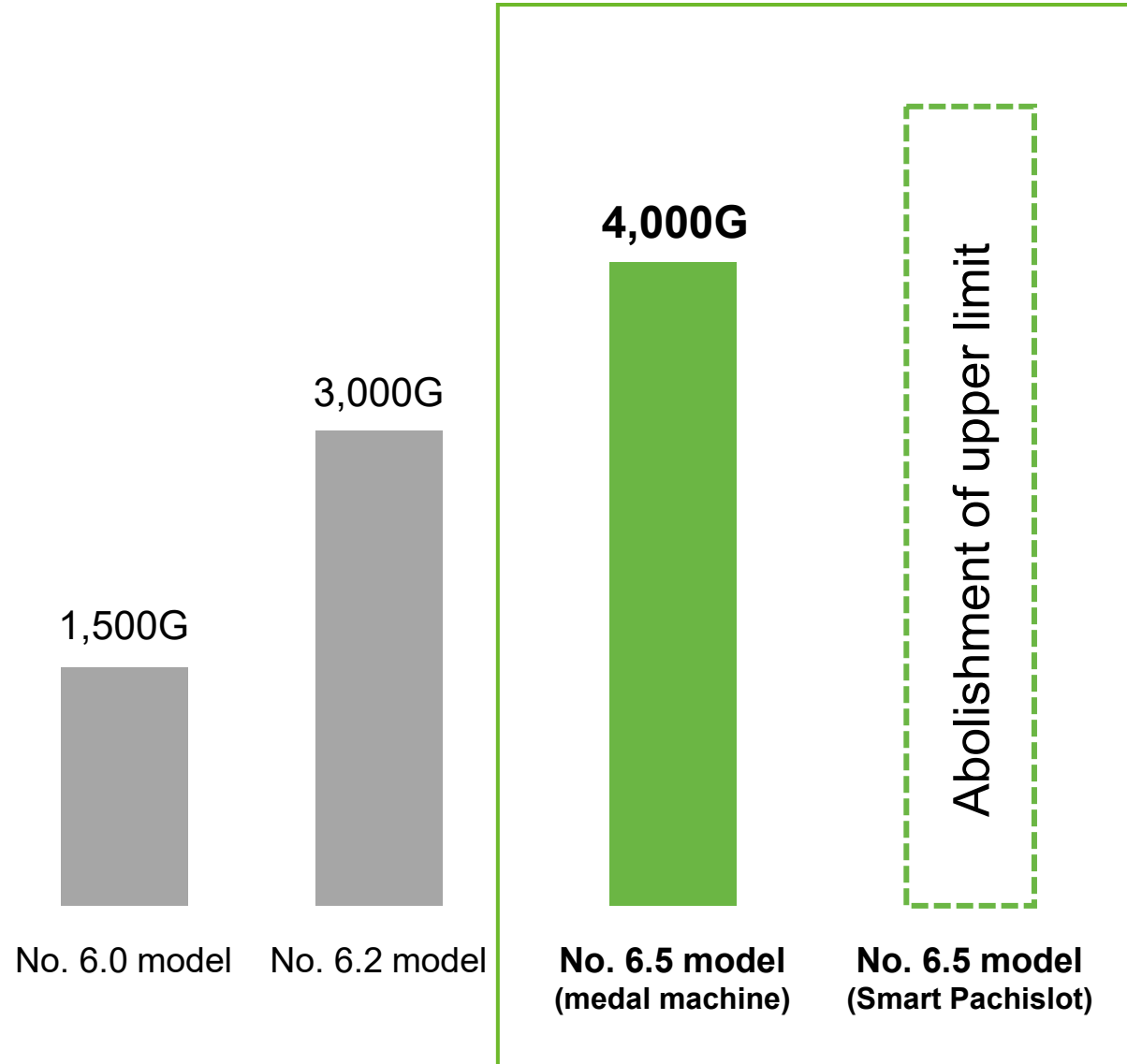
Upper limit of payout

- **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**

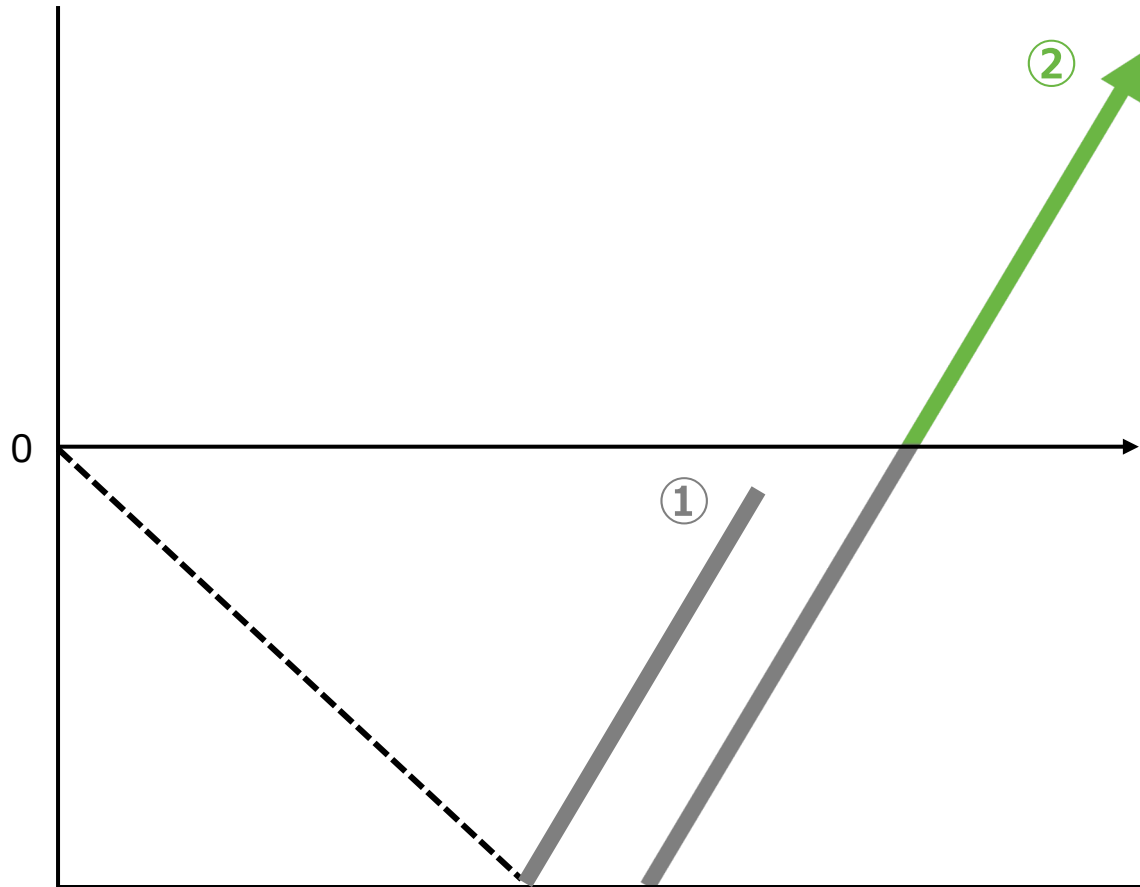
Upper limit of advantageous section (Upper limit of No. of games)

- 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

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



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



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

② From No. 6.5 model, at most, +2,400 medals from ± 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)



"Pachislot Kabaneri of the Iron Fortress"

No. 6.5 model (medal machine)

Delivery: July 2022 (plan)

Investment Strategy

Investment Strategy

Continue to consider investing in the following growth areas

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

Total 250.0 billion yen

Sustainability

Sustainability

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.

ESG Ratings and Evaluations

MSCI ESG RATINGS

MSCI
ESG RATINGS



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

S&P/JPX
Carbon
Efficient
Index

Material Issues to be Addressed

Five Key Areas of Sustainability Management



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~



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~



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~



Prevention of addictions and disorders

Initiatives by industry organizations
SEGA SAMMY's unique initiatives

P68~



Strengthening corporate governance

Establish Sustainability Governance structure

P69~



Target
Companies

Domestic

Overseas



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**



Target
Companies

Domestic

Overseas



Creating content and services that appeal to 3.0 billion gamers globally

Accessibility

Major Initiatives

- Support for color universal in Puyo Puyo [SOJ*1](#)
- Compliance with CAAA guidelines [SOA*2, SOE*3](#)
- Subtitle display function [Creative Assembly, Relic, Amplitude](#)

Diversity

- Utilization of "Culturize Word Check" [SOJ](#)
- LGBT + Guidelines [SOJ](#)
- Plan to add female football in "FOOTBALL MANAGER"
[Sports Interactive](#)

Privacy

- Compliance with the European Union General Data Protection regulation (GDPR) [SOA, SOE, each studio](#)
- Strict control of children's data at mobile titles [SOA](#)
- CCPA/CPRA compliance project [SOA](#)

*1 SEGA CORPORATION *2 Sega of America *3 SEGA Europe



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



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

Major Initiatives

- 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)

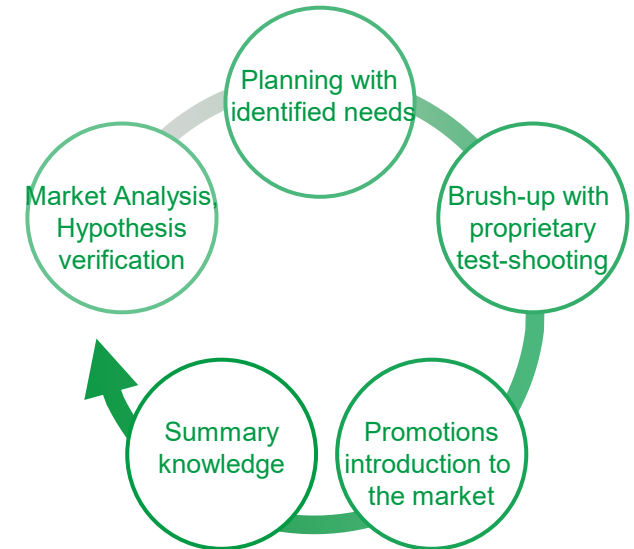


PACHINKO & SLOT
PARLOR SAMMY

Detailed
attributes



Quantitative
evaluation





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.



Target
Companies

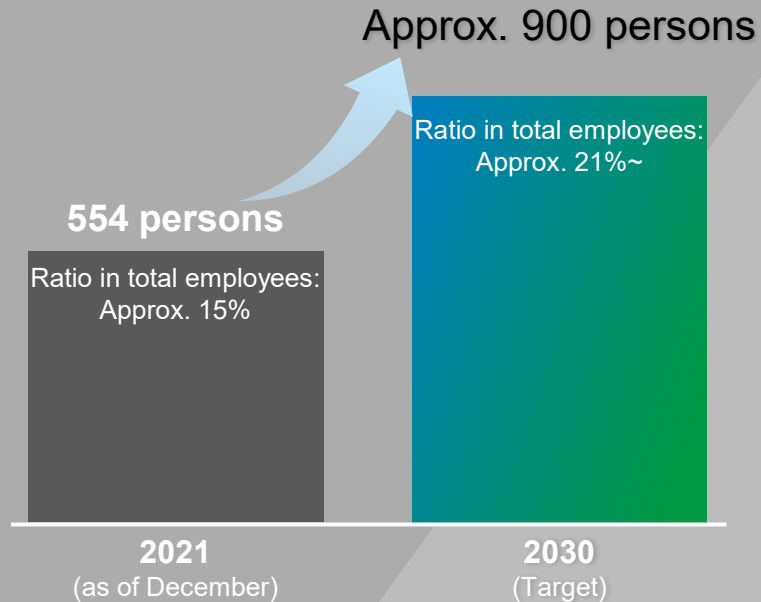
Domestic



Sammy



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



Major Initiatives

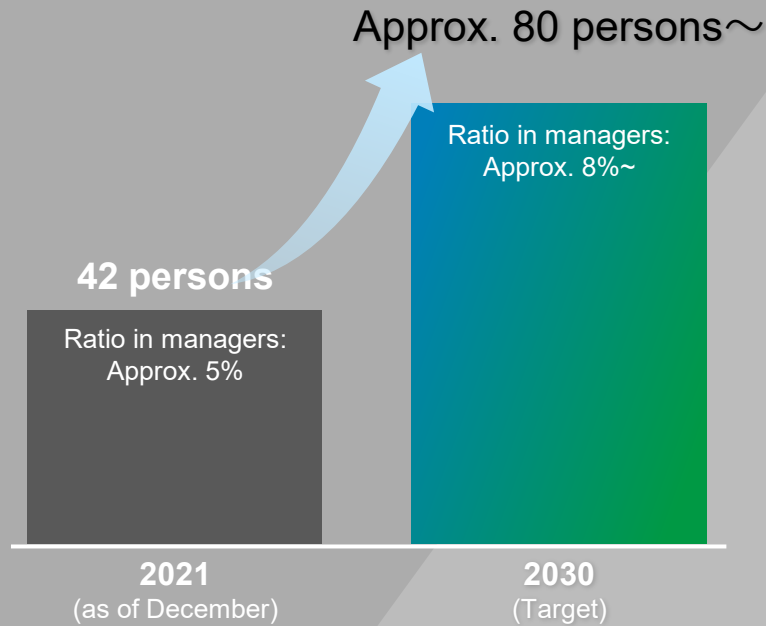
- **Expanded recruitment measures for human resources with multi-cultural background**
(new graduates and mid-career)
- **Creating an environment in which foreign students and foreigners can easily join the company**
- **Accelerate development of human resources with multi-cultural background**
(Provide language training permanently)
- **Creation of opportunities for global experiences to existing employees**
(Provide study abroad program, etc.)

*Either of foreign nationality, multicultural, English/Chinese (daily conversations), CEFR B2 level or higher



In order to respond to changes in the market environment and customer preference

Creating a foundation where the people can thrive regardless of gender



*Number of managers, including professionals

Target
Companies

Domestic



Sammy



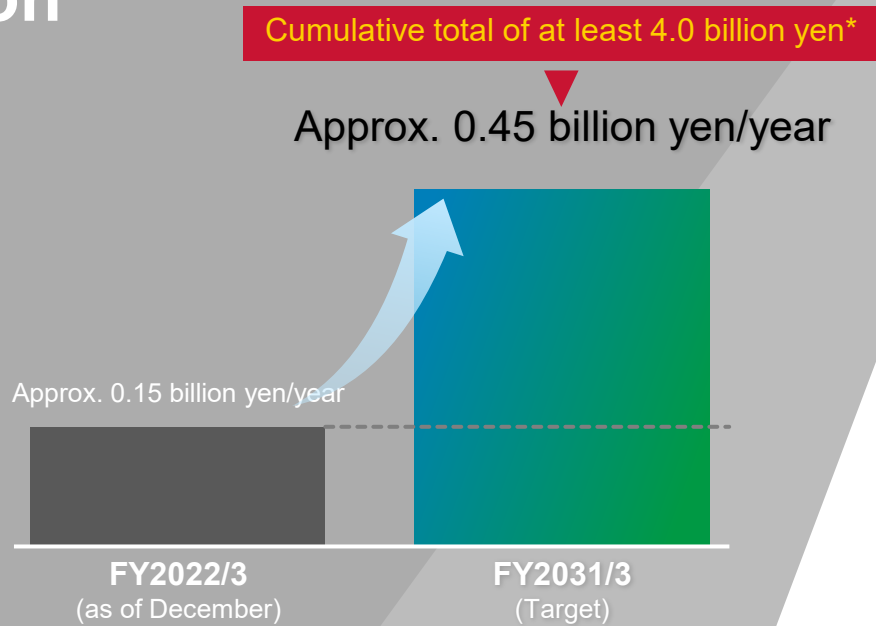
Major Initiatives

- **Strengthen the recruitment of female managers** (mid-career)
- **Increase the recruitment ratio of female at the time of new hires**
- **Support for career development after joining the company** (improvement of environment, education, awareness building and career support)
 - Choice of work style according to circumstances such as childcare and nursing care
 - Encouraging employees and eliminating unconscious bias
 - Promotion to the specialist level by introducing a new personnel system
 - Provide educational opportunities for next generation leadership candidates
 - Promotion of male maternity leave



In order to make all human resources can realize our mission
"Constantly Creating, Forever Captivating"

Strategic development of human resources who can lead the next generation



*FY2023/3-FY2031/3

Target
Companies

Domestic



Sammy



Major Initiatives

- Maximize the utilization of in-house university "SS-College"
- Developing human resources with diverse values, knowledge, and skills
- Different education in phases to support the growth of human resources who lead the future of the group
- Effective operation of the investment and measure for education
 - Education for next-generation leaders
 - Measures to develop global human resources
 - Recurrent education
 - Support for development of young employees
 - Education for division managers
 - Development of digital human resources
 - Support for career development
 - Introduction of new system to manage the attendance of trainings
- Implementation of individual company-specific training based on business strategy
- Visualization of development status



Target
Companies

Major Group Companies

Toward the coexistence of diverse human resources and values

Maintenance and improvement of the engagement of human resources

Major Initiatives

- While conduct ES^{*2} at each major group company in Japan over the years;
 - 1) Visualize organizational status and organizational issues
 - 2) Identify issues for each company/organization and implement measures to address them
 - 3) Turn PDCA while monitoring results
- Reflect ES^{*2} results to mid-term incentive of executives at major group companies in Japan.

Engagement Score ^{*1}

Engagement Rating	Engagement Score	
AAA	67 or more	FY2030 (Target)
AA	61 or more ~ less than 67	
A	58 or more ~ less than 70	
BBB	55 or more ~ less than 58	As of December 2021
BB	52 or more ~ less than 55	
B	48 or more ~ less than 52	
CCC	45 or more ~ less than 48	
CC	42 or more ~ less than 45	
C	39 or more ~ less than 42	

^{*1} Provided by Link and Motivation Inc.

^{*2} Engagement Survey



Introduction of Overseas Initiatives

Target
Companies

Overseas



Active career opportunities for women

- Establishment of in-house groups that carry out the activities to promote active career opportunities for women

Each company and studio

- Cooperation with Women in Games

Each company and studio

Development of core human resources

- Utilization of external online training platform
- Establishment of training and coaching programs for managers

Each company and studio

SOE

Maintenance of the work environment

- Establishment of Values Staff Groups, an internal DEI group to improve the workplace environment.

SOE

- Implementation of Culture Amp, an employee survey

Sports Interactive

- Introduction of new engagement survey form and performance-management platforms (Lattice)

SOE

HARDlight

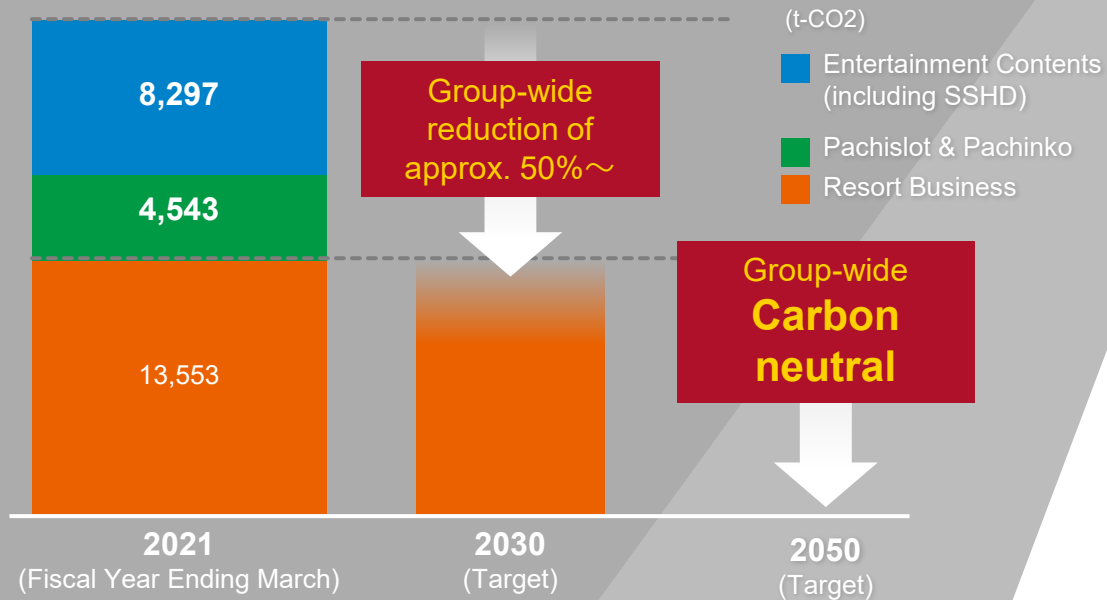
- HARDlight Engagement Survey and surveys in accordance with Best Places to Work Awards standards

HARDlight

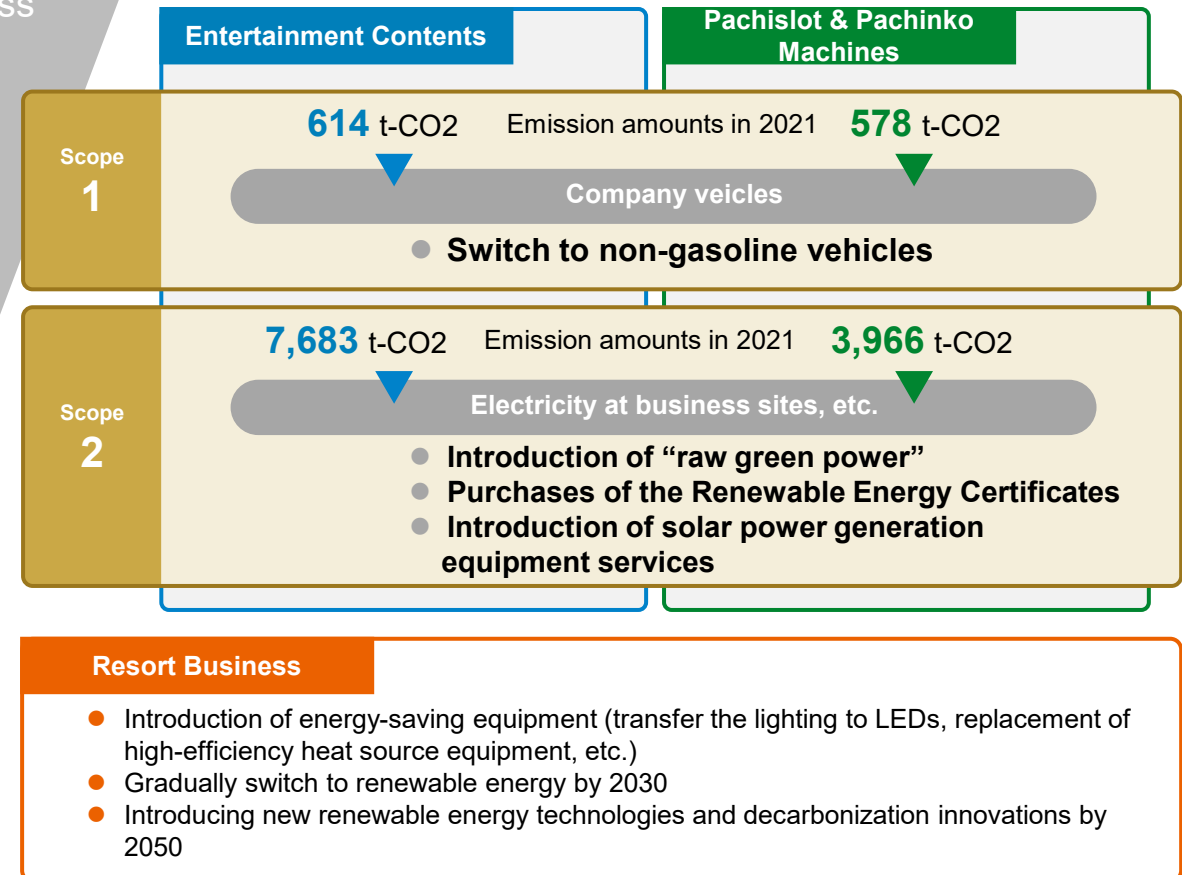


Achieve carbon neutrality

Achieve carbon neutrality of GHGs emission in Scope1, 2 in all business segments by 2050



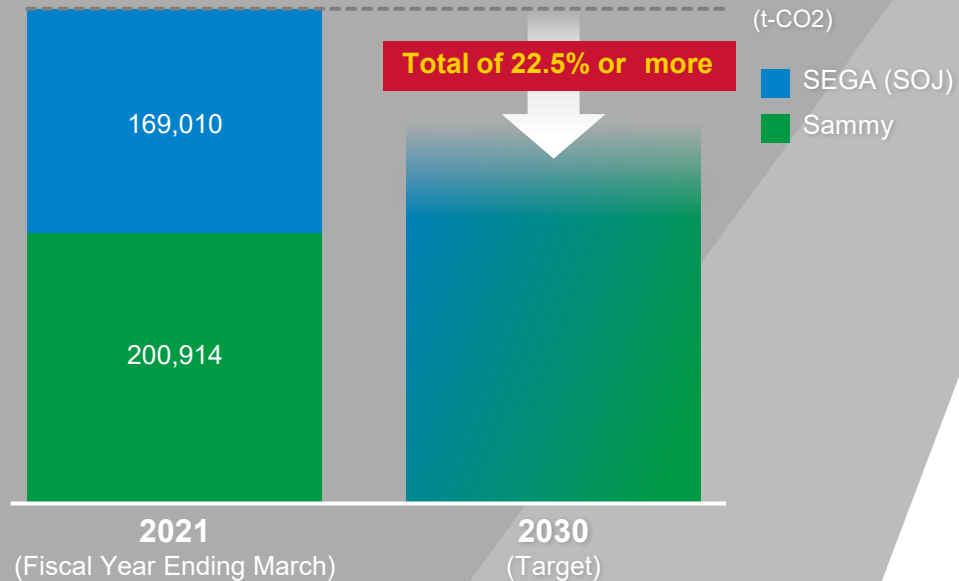
Major Initiatives





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).



Target Companies

Domestic



Major Initiatives



C1 (purchased goods and services)

- Factoring the reductions by platformers
- Implementation of supplier surveys
- Expand reuse and standardize of components
- Reduce the volume of components procurement by minimizing the replacement parts
- Implementation of supplier surveys

C11 (use of sold product)

- Factoring in projected reductions due to promotion of transition to renewable energy at the business sites of the sales destination (Amusement Machines Sales)
- Factoring in projected reductions due to promotion of transition to renewable energy at the business sites of the sales destination
- Development and introduction of power-saving pachinko and pachislot machines

Scope
3



Including response to the climate change into the strategy

The importance of non-financial information disclosure is increasing in order to engage in two-way dialogue with stakeholders

Recognizing climate change as an important management issue and disclosing information from this fiscal year

● Sustainability Report

Edition published on May 2022

TCFD開示

気候変動への対応を戦略に

企業と投資家をはじめとするステークホルダーとの双方向的な対話を行うためのベースとして、非財務情報開示の重要性が高まりを見せています。セガサミーグループでは、気候変動を重要な経営課題として捉え、経営戦略の中核テーマの一つとして位置付けており、2022年度よりTCFD提言に沿って気候関連情報の開示を進めています。

ガバナンス

気候変動に関わる基本方針や重要事項等を検討・審議する組織として、2022年4月に当社の任意設置委員会であるグループ経営戦略委員会内に「グループサステナビリティ分科会」を新設。分科会議員は、当社代表取締役社長が議長、気候関連の取り組みに関して専門的見識を有する。分科会では、サステナビリティ全般、目標達成に向けた方針及び計画の策定に関して議論し、グループの取り組み推進をモニタリング。なお、分科会において議論された方針や計画等は、当社取締役会にて承認の上、取り進む。
※当社取締役（代表取締役会長を除く）及び取締役監査等委員（2022年6月の当社株主総会にて監査等委員会設置会社に移行）並びに当社及び主要事業会社のサステナビリティ担当役員にて構成
●「グループサステナビリティ・ガバナンス体制」はこちら

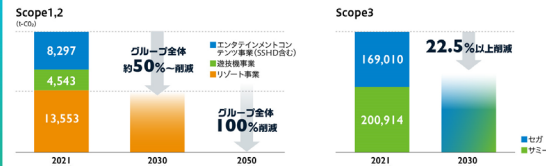
戦略

気候変動が当社グループに与えるリスク・機会の特定、及び2030年時点の世界を想定した戦略のレジリエンスを目的に、外部専門家の助言も踏まえセガサミーホールディングス・セガ・サミーにおいてシナリオ分析を実施し、リスク・機会の当社グループへの影響度を判定し、対応策を立案した。（右図「シナリオ分析結果＜リスク機会・影響度および対応策＞」参照）

リスク管理

リスク管理に関する施策、情報開示・検証・共有等として、2022年4月にグループ経営戦略委員会内にグループリスク・コンプライアンス分科会を設置。グループ内に存在するリスクについて影響度と発生可能性を検証し、リスク評価を行った上で、その対策などについて議論、検証などを行った結果を取締役に報告。なお、環境課題に係るリスクについては、グループサステナビリティ分科会の中で検討を行い、各事業会社と共有。各事業会社では、各事業会社のサステナビリティ担当役員が責任を負い、実行計画の進捗を確認。その内容については、グループサステナビリティ分科会において、進捗のモニタリングを実施し、グループリスク・コンプライアンス分科会と共有の上、取締役会へ報告する。事業ポートフォリオの決定においては、判断基準の一つとして、気候変動問題を含むサステナビリティの観点を書き、大型の投資の際にも、サステナビリティの観点で確認する。

指標と目標



Target Companies

Whole Group

シナリオ分析結果＜リスク機会・影響度および対応策＞

区分	リスク・機会 項目	発現 時期	当社グループへの影響 （●リスク・○機会）	影響度	対応策
政策・法規制	GHG 排出規制、 炭素税の導入	中・長	●気候変動に関する規制が強化され、温室効果ガス排出量に対する炭素税が導入された場合には、炭素税負担が増加する。	小	—
		中・長	●気候変動に関する規制が強化され、温室効果ガス排出量に対する炭素税が導入された場合には、炭素税が製造価格へ転嫁され、調達コストが上昇する。	大	取引先選定基準の検討を進める／サプライヤーエンゲージメント等の強化に継続的に取り組む。
資源効率	新たな 規制の導入	短・長	●再生可能エネルギー由来電力の使用により、電力料金が増加／減少する。	小	—
		短・長	●規制強化に伴う環境負荷の少ない代替素材（再生プラスチック／バイオマスプラスチック）への変更により、製造コストが上昇する。	大	製造コスト抑制も踏まえた製品素材の見直し等の検討を進める。
	高効率 ビルへの 移転	中・長	○高効率設備の住友不動産大崎ガーデンタワーに本社機能を移転することによりGHG排出量を抑制するとともに、将来的な炭素税の導入に伴う調達コストの上昇を抑制できる。	小	—
	リサイクル/ リユースの 利用	短・長	○使用済みアミューズメント機器のリサイクル、遊技機の部品リユースにより、コストが減少する。	小	—
物理	環境に配慮した 販売形態に 変換していくこと による包装・包 装材の削減等	中・長	○ゲームのオンライン販売や遊技機の販売を環境に配慮した販売形態に変換していくことにより、部材・包装材の削減等、コストが減少する。	大	環境対策に取り組むPF*とパートナーシップを構築して環境負荷削減に取り組む／遊技機部材の共通化および交換パーツの最小化で環境負荷を低減する。
		中・長	●製造拠点、オフィスの被災や休業により、売上が減少する。	小	—

<分析手法・前提>

シナリオ分析では、国際エネルギー機関（IEA）や、気候変動に関する政府間パネル（IPCC）が公表する複数の版のシナリオを参照の上、パリ協定の目標である産業革命からの全世界の平均気温の上昇を2℃未満に抑えることを想定したシナリオ（2℃未満シナリオ）、及び新たな気候政策が導入されず世界の温室効果ガスが、現在より増加するシナリオ（4℃シナリオ）の2つの世界を想定しました。

※プラットフォーム

Target
Companies

Domestic

**Sammy**

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



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 Comprised of following four organizations: Computer Entertainment Supplier's Association (CESA), Japan Online Game Association (JOGA), Mobile Contents Forum (MCF), and Japan esports Union (JeSU). *2 Available to users overseas in PF



Major initiatives

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



Board of Directors meeting

Group Management Strategy Committee

Board of Directors: 7 / Audit & Supervisory Committee Members: 4 *Excluding Chairman, Representative Director

Chairman... President and Group CEO, Representative Director

Group Sustainability Subcommittee (hold twice a year)

Chairman: President and Group CEO, Representative Director
Members: Senior Executive Vice President and Group CFO,
Board of Directors and Audit and Supervisory Committee members
whose the sustainability is listed in their skill matrix, and directors
in charge of sustainability at major business companies in the Group
Secretariat: Sustainability Promotion Office

- Formulation and revision of the Group Sustainability Plan
- Formulation of Group targets
- Evaluation, recommendations, and advisory services for the initiatives of each Group company

Directional expansion / Monitoring

Report

Group Sustainability Promotion Committee (hold twice a year)

Chairman: General Manager of the Sustainability Promotion Office
Each business company: Directors in charge of sustainability, and persons in charge

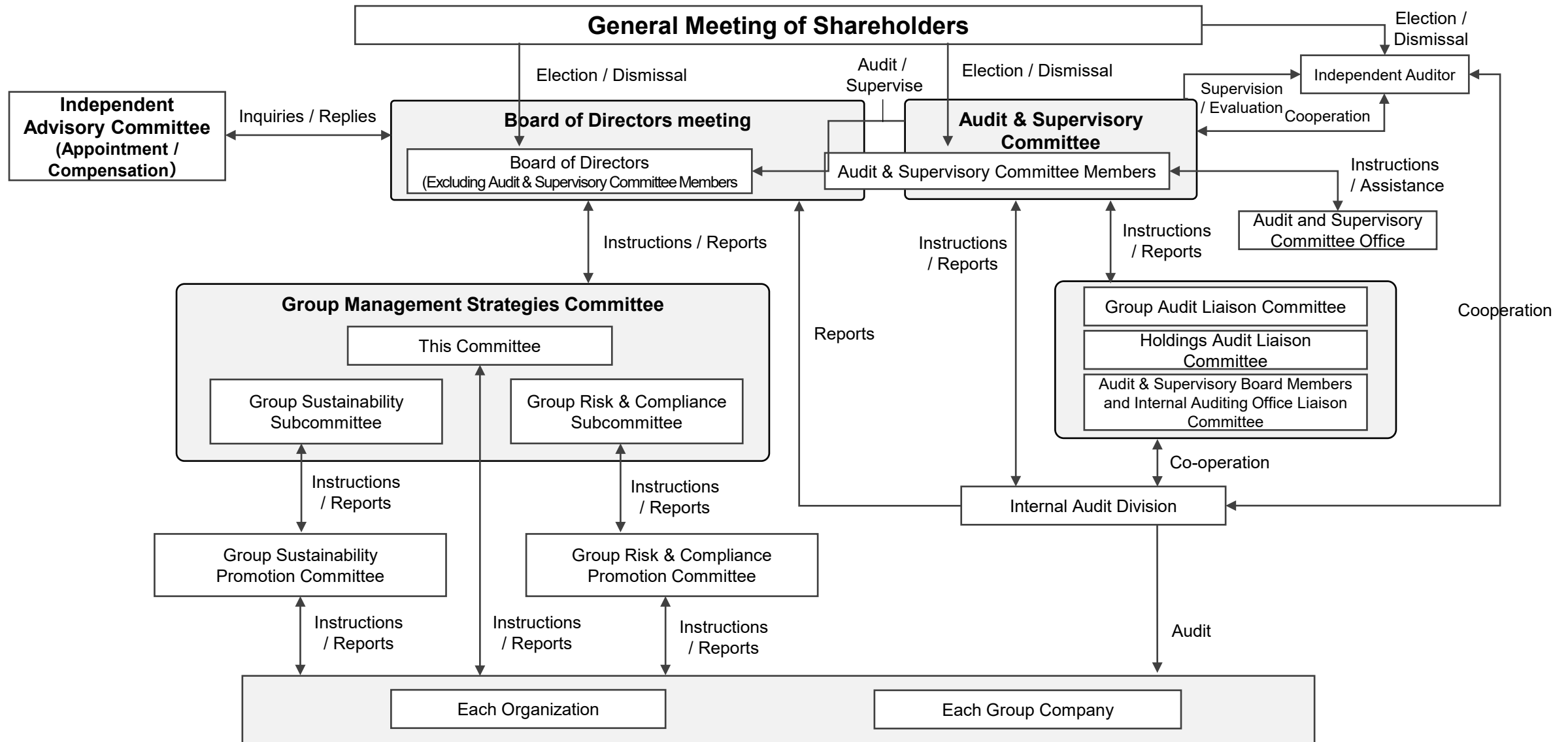
- Sharing group-wide policies
- Monitoring of each company's initiatives, horizontal roll-out of successful examples, etc.

Sammy Group

SEGA Group

Other business companies

(Reference) Schematic Diagram of Corporate Governance Structure



(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	●		●	●			
	Melanie Brock	Reappointment	External	●					●	●
	Fujiyo Ishiguro	Reappointment	External	●				●	●	●
Audit & Supervisory Committee Members	Yukito Sakaue	New Appointment	Male			●	●		●	
	Kazutaka Okubo	New Appointment	External	●		●	●			●
	Shione Kinoshita	New Appointment	External				●			●
	Naoko Murasaki	New Appointment	External	●			●		●	●

*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




(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 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.

Future Milestones (1)

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

Future Milestones (2)

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



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

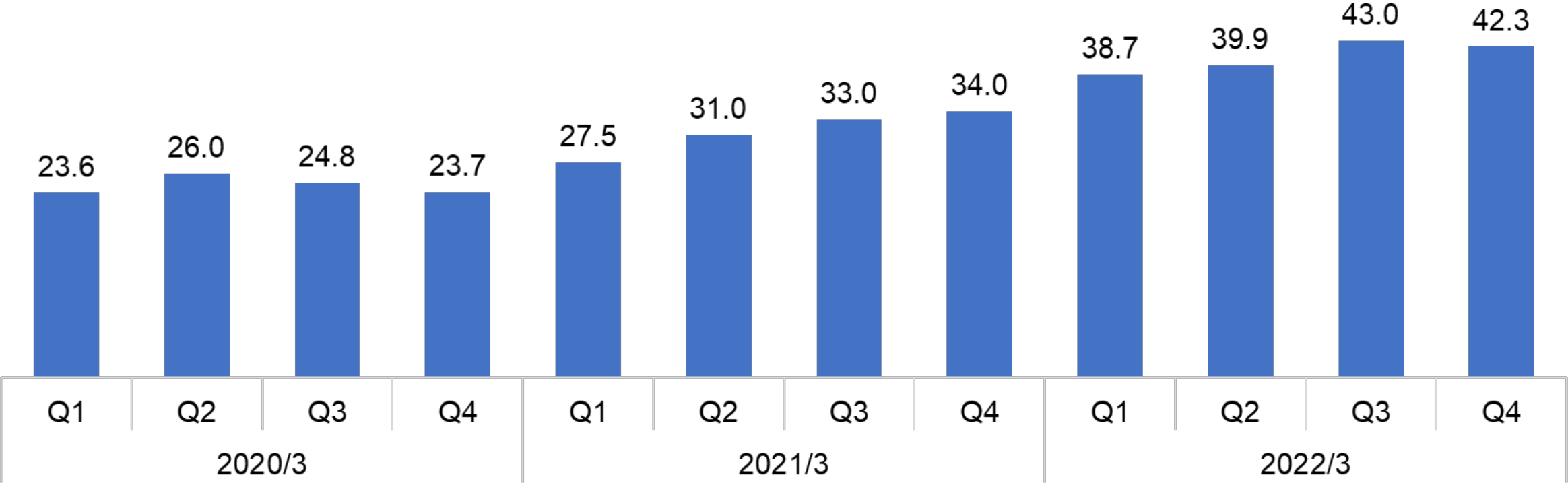
04

Appendix

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



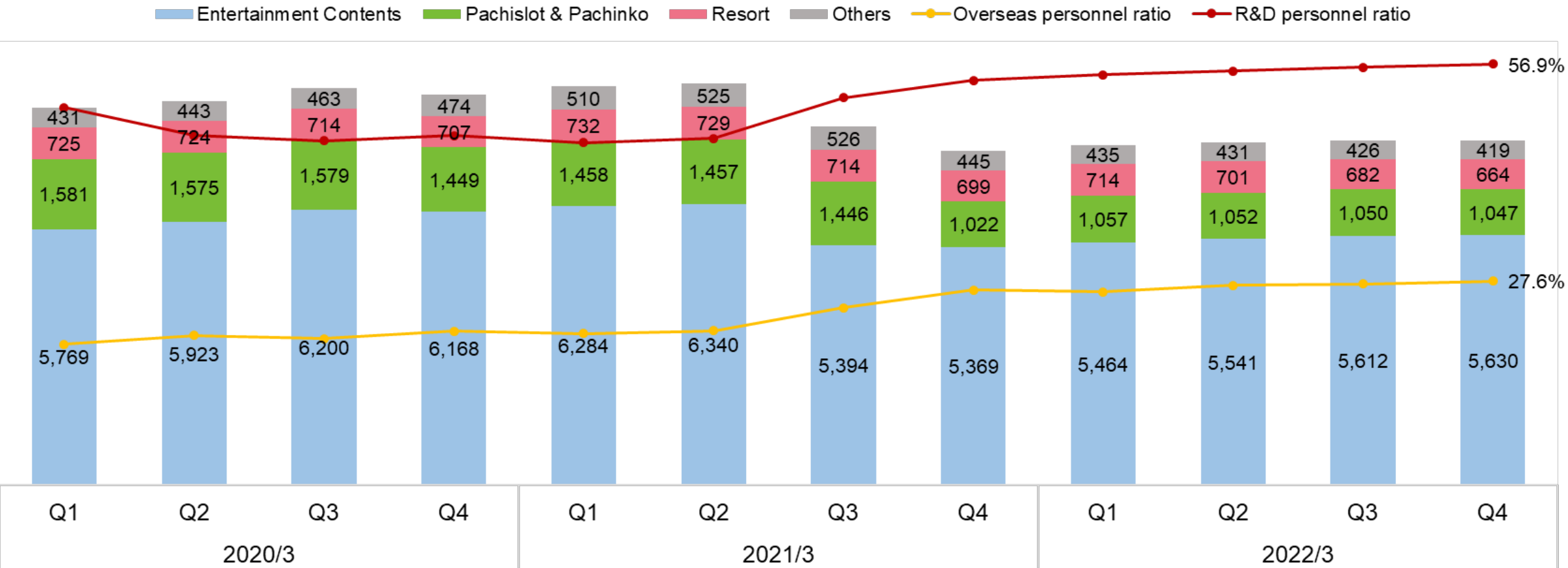
(Unit: billion yen)



*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)



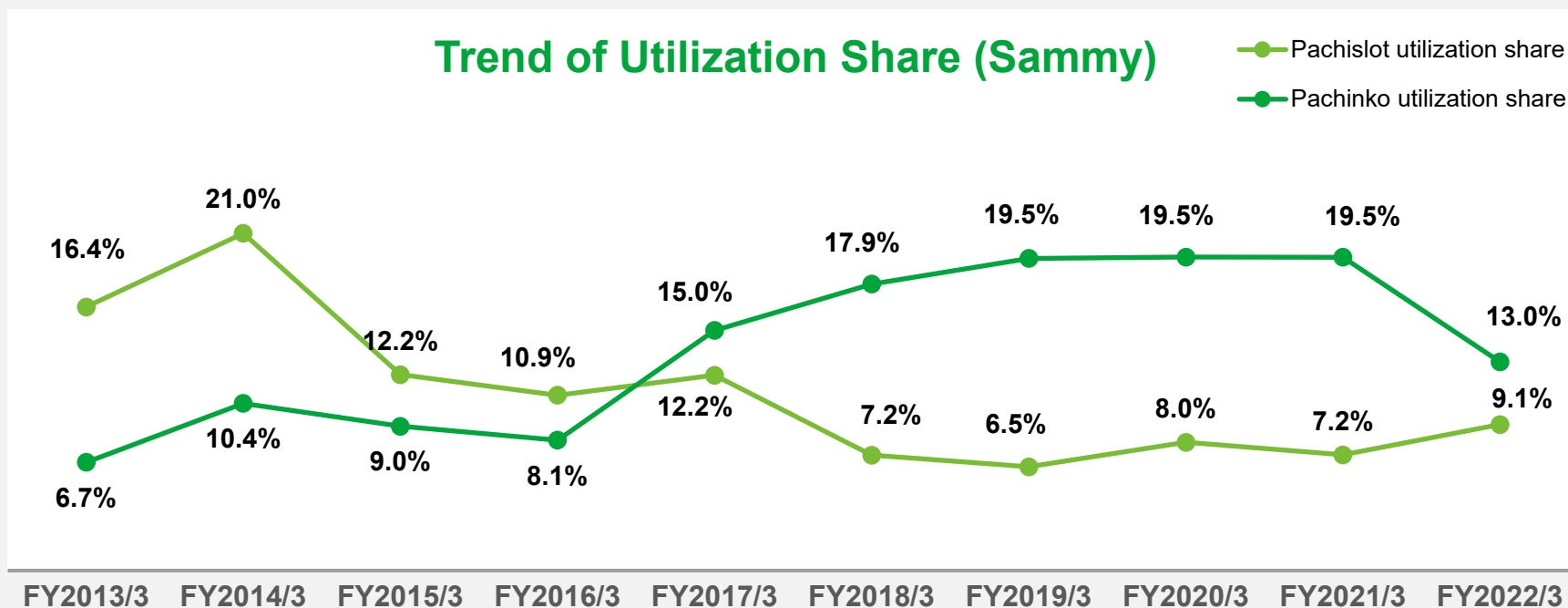
*No. of employees are the No. of full-time employees and permanent contract employees. Excludes the No. of temporary employees.

Pachislot and Pachinko Machines Business (Utilization share)



Reference: Ranking of utilization share in FY2022/3

Trend of Utilization Share (Sammy)



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

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	-4.7	-4.1
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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.

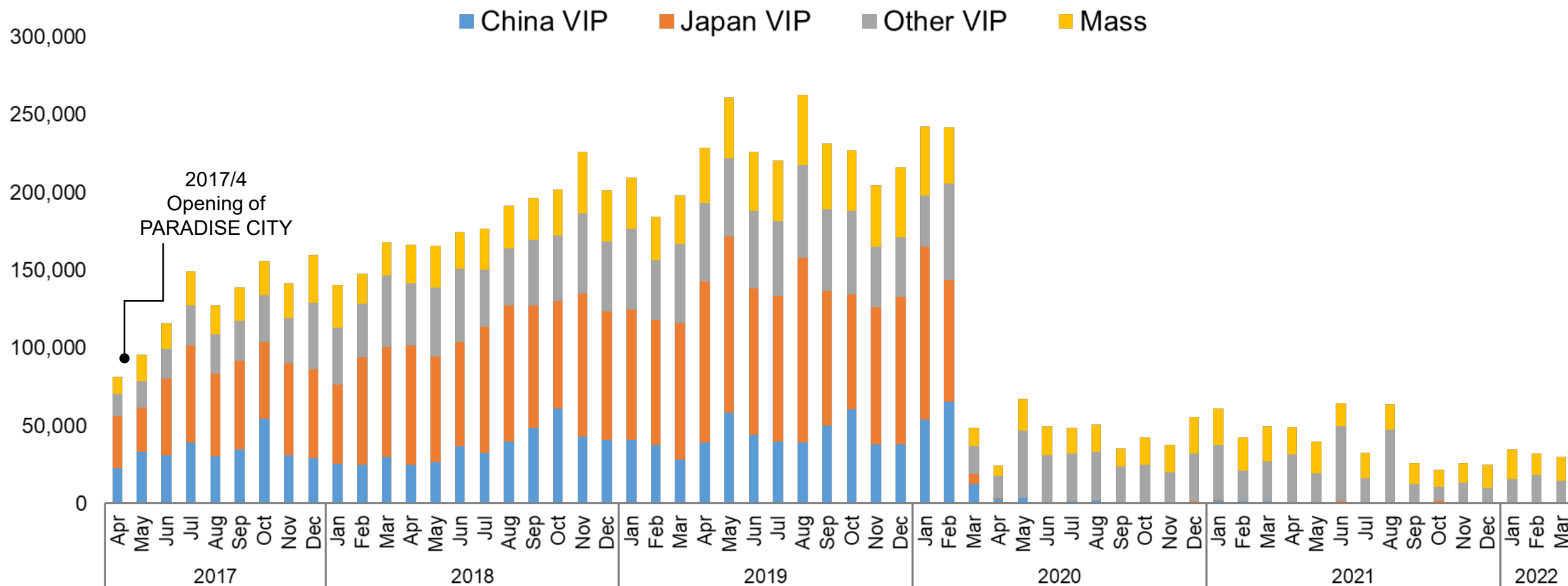
*Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay as its settlement of accounts is December

*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)

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