

## Q3 for the Fiscal Year Ending March 2024

# Results Presentation

2024/2/9

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**Speaker: Makoto Takahashi** (Executive Vice President, Executive Officer, Managing Director of Corporate Planning Division of SEGA SAMMY HOLDINGS INC.)

Thank you everyone for accessing our Q3 financial results presentation today. I am pleased to present our Q3 results and full-year forecast for the fiscal year ending March 2024. Please refer to today's handouts, which are posted on our website, under the financial results presentation section.

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## FY2024/3 Q3 Results / Forecast

# Financial Highlights



(Billion yen)	FY2023/3		FY2024/3		
	Through Q3	Full Year Results	Through Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
<b>Sales</b>	<b>271.9</b>	<b>389.6</b>	<b>349.9</b>	<b>474.0</b>	<b>463.0</b>
Entertainment Contents	210.4	282.8	219.3	327.0	313.5
Pachislot and Pachinko Machines	52.1	94.2	120.2	134.0	136.0
Resort	8.7	11.5	9.2	12.0	12.0
Other / Elimination	0.7	1.1	1.2	1.0	1.5
<b>Operating Income</b>	<b>38.2</b>	<b>46.7</b>	<b>54.4</b>	<b>60.0</b>	<b>51.0</b>
Entertainment Contents	39.6	38.7	18.8	34.5	23.0
Pachislot and Pachinko Machines	6.9	20.0	45.1	39.0	41.5
Resort	-0.7	-1.1	-0.6	-1.0	-1.0
Other / Elimination	-7.6	-10.9	-8.9	-12.5	-12.5
Non-operating income	4.3	4.9	5.4	6.0	6.0
Non-operating expenses	2.4	2.2	2.6	3.0	3.5
<b>Ordinary Income</b>	<b>40.1</b>	<b>49.4</b>	<b>57.2</b>	<b>63.0</b>	<b>53.5</b>
Entertainment Contents	41.5	41.1	19.7	36.5	24.5
Pachislot and Pachinko Machines	7.3	20.7	45.7	39.5	42.0
Resort	-2.8	-3.2	0.7	0.0	0.0
Other / Elimination	-5.9	-9.2	-8.9	-13.0	-13.0
Ordinary Income Margin	14.7%	12.7%	16.3%	13.3%	11.6%
Extraordinary income	0.0	0.0	0.4	0.2	0.5
Extraordinary losses	0.3	2.4	11.7	13.2	14.0
<b>Income before income taxes</b>	<b>39.7</b>	<b>47.0</b>	<b>46.0</b>	<b>50.0</b>	<b>40.0</b>
<b>Profit attributable to owners of parent</b>	<b>32.8</b>	<b>45.9</b>	<b>35.3</b>	<b>35.0</b>	<b>28.0</b>
<b>ROE</b>	-	<b>14.7%</b>	-	-	-
<b>Dividends per share (JPY)</b>	<b>20.00</b>	<b>59.00</b>	<b>23.00</b>	<b>47.00</b>	<b>47.00</b>

## FY2024/3 Q3 Results

### ➤ Significant increase in sales and profit YoY due to strong performance of Pachislot and Pachinko Machines

- Entertainment\*: Some of new titles in Full Game went weak (CS\*)
- Pachislot and Pachinko Machines: Strong performance centered on pachislot
- Resort: Steady performance both in Japan and overseas

## Forecast

### ➤ Revise the full-year operating results forecast downward

- See next page for the details

\*Tax rate in the full-year forecast is calculated at 30% for simplified purposes

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Regarding the results through Q3 of this fiscal year, both sales and profit increased significantly YoY.

Though I will discuss the details by segment later, in the Entertainment Contents business, due to weak sales of some of the new titles in Full Game released in Q3, etc., operating income and ordinary income went significantly below the previous expectations.

In the Pachislot and Pachinko Machines business, performance continued to be strong centered on sales of pachislot.

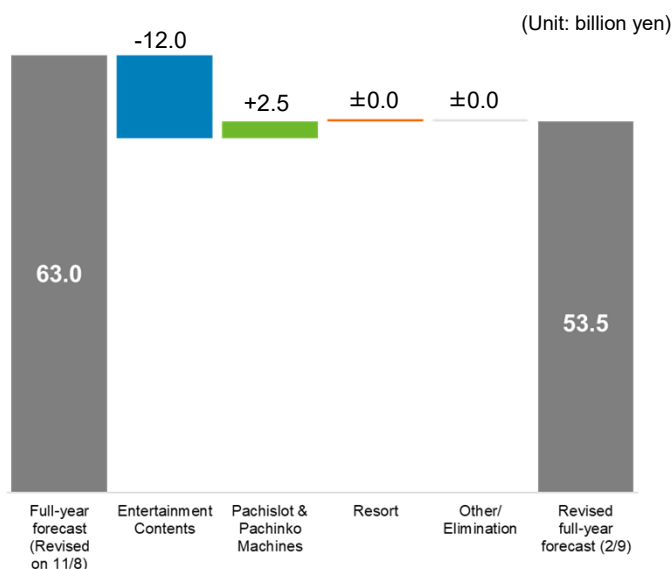
In the Resort business, performance remained steady for the Phoenix Seagaia Resort and PARADISE SEGASAMMY.

As for the future, we announced a revision of our full-year operating results forecast today.

Taxes and expenses are calculated at a simplified rate of 30%.

## Revision of Operating Results Forecast

[Ordinary income by segment: Changes from the revised full-year forecast announced on Nov. 8]



### ➤ Entertainment Contents business

- Some of new titles in Full Game released in Q3 has been performing weak, expecting the inventory write-down (CS\*)
- Sales of prize category has been performing below expectations (AM\*)

### ➤ Pachislot and Pachinko Machines business

- Sales of both pachislot and pachinko has been exceeding previous forecast
- Allowance for doubtful accounts decreased as collection of receivables in possession has progressed

\*Expenses related to the structural reform in Europe under consideration are not factored in (CS)

\*See next page for the progress of structural reform

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

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I would like to explain the details of revision of our full-year operating results forecast.

This is the difference from the previous forecast in ordinary profit. For the Entertainment Contents business, in addition to weak sales of some Full Game titles launched in Q3, we expect to record a loss due to the write-down of inventories. In addition, in the Amusement Machine area, sales of prize products are expected to be lower than our expectations, resulting in a decrease in profit compared to the previous forecast.

In the Pachislot and Pachinko Machines business, sales of both pachislot and pachinko are expected to exceed the previous forecast.

In addition, repayment of receivable in possession against GAIA Co., Ltd. and its group companies is in progress, and the amount of allowance for doubtful accounts has decreased, etc., resulting in an increase in profit compared to the previous forecast.

The impact of the structural reform in Europe, which are currently under consideration, has not been incorporated in this revision.

I'll explain the progress of structural reform on the next page.

## [Regarding the Structural Reform in Consumer Area (CS) ]

➤ **Continue to consider structural reform measures of the CS business in European region****Items for  
consideration in  
structural reform**

1. **Review of medium-term lineup**
2. **Optimization of fixed expenses, Improvement of investment efficiency**
3. **Review of development/sales structure and management system**

➤ **Revision of Management Structure (as of Jan. 1, 2024)**

Jurgen Post took up his post of Chief Operating Officer of West Studios / Regional Managing Director of SEGA Europe Limited

(Major career profile)

2006-17: SEGA Europe Limited (2012-2017 President/COO)

2017-19: Tencent / President, International Partnerships (Europe)

2020-21: Miniclip / CEO

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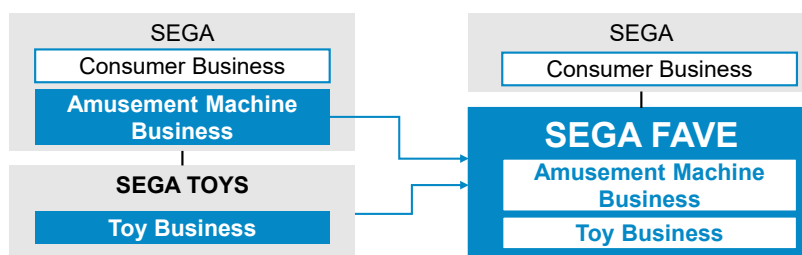
As previously discussed, we are considering a wide range of structural reform in the Consumer area of the Entertainment Contents business, ranging widely from review of medium-term lineup, optimization of fixed expenses and improvement of investment efficiency, and to review of the development and sales structure and management system.

In relation to this initiative, we announced a review of our management structure in January. We decided to appoint Mr. Jurgen Post, who served as President/COO of SEGA Europe until 2017, and after having left SEGA to take on management roles at Tencent and Miniclip, as the head of SEGA Europe again.

We are currently accelerating the consideration of this structural reform under the new management structure.

We will appropriately announce as soon as specific measures are decided.

- **Completion of share buybacks** (Acquisition of Treasury Stocks based on our shareholder return policy)
  - Total number of shares acquired: 4,782,700 shares
  - Total cost of acquisition of shares: 9,999,811,850 yen
- **Organizational Restructure in the Entertainment Contents Business** (Effective date: Apr. 1, 2024 (Plan))
  - Establish a new business unit integrating the amusement machine and toy businesses
  - Create new experience value based on the strengths of both businesses



The share buybacks, which was announced on April 28, 2023, with a maximum acquisition amount of JPY10.0 billion based on the results of the previous fiscal year, has been completed as recently announced.

Regarding the reorganization of the Entertainment Contents business, as of April 1, the Amusement Machine and Toy businesses will be merged to establish "SEGA FAVE", which, in the future, will develop amusement machines and toys, etc. to the area of physical and real entertainment.

## Breakdown of Income (FY2024/3 Q3 Results)

SEGA Sammy

(Unit: Billion yen)

Operating income	54.4	
Non-operating income		5.4
Non-operating expenses		2.6
Ordinary income	57.2	
Extraordinary income		0.4
Extraordinary losses		11.7
Income before income taxes	46.0	
Taxes/Others		10.6
Profit attributable to owners of parent	35.3	

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

<b>Non-operating income</b>	<b>5.4</b>
Equity in earnings of affiliates	2.2
Interest income	1.2
Gain on investments in partnership	0.9
<b>Non-operating expenses</b>	<b>2.6</b>
Foreign exchange losses	0.9
Loss on investments in partnership	0.6
<b>Extraordinary Income</b>	<b>0.4</b>
<b>Extraordinary losses</b>	<b>11.7</b>
Loss on business restructuring	11.2
<b>Taxes/Others</b>	<b>10.6</b>

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Here is a breakdown of income in each stage.

Non-operating profit includes equity in earnings of affiliates, such as the results of PARADISE SEGASAMMY from January to September.

Non-operating expenses include foreign exchange losses due to the revaluation and settlement of receivables and payables denominated in foreign currencies, etc.

In addition, an extraordinary loss of JPY11.2 billion was recorded for loss on restructuring in the Consumer area of the Entertainment Contents business. This is due to the progress of structural reform in Europe, which was announced in September, and was recorded approximately JPY1.7 billion in Q3 alone, mainly related to the payment of extra retirement benefits.

## Impact of Exchange Rate Fluctuations

- **Impact of exchange rate in Consumer area in Q3 are positive in approx. 0.6 billion yen for sales and approx. 0.1 billion yen for operating income**

		Q3 Revision at 11/8	Q4 Revision at 2/9
Rate at forecast	1 USD	140 yen	147 yen
	1 GBP	172 yen	188 yen
	1 Euro	151 yen	151 yen
Rate in actual results	1 USD	142 yen	-
	1 GBP	178 yen	-
	1 Euro	155 yen	-
Amount of impact per quarter	Sales	0.6 billion yen	1.9 billion yen
	Operating Income	0.1 billion yen	0.4 billion yen

\*USD, Euro: Mainly affect on sales increase, GBP: Mainly affect on cost increase

\*Rate at forecast in Q3: at the revision on Nov. 8, rate at forecast in Q4: at the revision on Feb. 9

\*Rate in actual results is the average from the start of this FY to the end of relevant quarter (e.g. from Apr. to Dec. 2023 for Q3)

\*Q4 impact includes the impact from revision of rate for 1 USD from 140 yen to 147 yen

- **Recorded foreign exchange losses of 0.9 billion yen in non-operating expenses due to revaluation and settlement of receivables and payables denominated in foreign currencies**

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Here is the impact of exchange rate fluctuations.

We have explained the impact on the initial plan up to Q2. Still, since we review the exchange rate used in the forecast each time we revise our operating results forecast, we will explain the impact of exchange rates on the revised forecast at the time of the revision, focusing on the Consumer area, which is particularly affected by the change.

The actual exchange rate for Q3 was JPY142 to the USD1 against the forecasted exchange rate of JPY140. This had the effect of pushing up sales by JPY0.6 billion and operating profit by JPY0.1 billion.

In Q4, we changed the exchange rate forecast from January to March to JPY147 to USD1, which is expected to push up sales by JPY1.9 billion and operating profit by JPY0.4 billion against the previously forecasted rate of JPY140 to USD1.

In addition, as mentioned earlier, a foreign exchange loss of JPY0.9 billion was recorded in non-operating expenses.



## Costs and Expenses, etc.



### ■Entertainment Contents

(Billion yen)	FY2022/3				FY2023/3				FY2024/3			FY2024/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
R&D / Content production expenses	9.9	13.5	12.7	18.3	11.9	14.8	16.4	22.9	12.5	17.5	27.8	66.6	79.7
Advertising expenses	2.2	3.9	3.7	4.4	2.7	5.0	6.3	6.7	3.1	6.0	11.1	32.7	31.9
Depreciation	0.8	0.9	0.9	1.1	0.9	1.0	0.9	1.0	0.9	1.1	1.2	4.0	4.2
Cap-ex	1.5	1.4	1.6	2.8	1.1	1.1	1.7	2.0	1.9	1.2	1.4	5.6	5.5

### ■Pachislot & Pachinko

(Billion yen)	FY2022/3				FY2023/3				FY2024/3			FY2024/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
R&D / Content production expenses	3.4	3.2	3.4	4.4	3.0	3.5	3.7	4.2	3.1	3.5	3.5	13.4	12.8
Advertising expenses	0.2	0.6	0.5	0.3	0.3	0.3	0.3	0.8	0.8	0.6	0.5	2.9	2.6
Depreciation	0.5	0.7	0.7	0.8	0.6	0.7	0.7	0.7	0.5	0.7	0.6	3.0	2.8
Cap-ex	1.2	1.1	0.8	1.0	1.0	1.0	1.0	1.2	0.8	1.1	1.4	5.4	5.4

#### \*Recognition criteria of R&D and Content Production Expenses by business segments

- Entertainment Contents business (Full Game (CS)): Expenses are capitalized as inventory assets or intangible assets during development and booked as expenses after launch. 25% will be amortized in first month and the rest will be amortized over a period of 23 months using the straight-line method (Total amortization period is 24 months)
  - Entertainment Contents business (F2P (CS)): Expenses are amortized over a period of 24 or 36 months using the straight-line method
  - Entertainment Contents business (AM): Expenses are capitalized as inventory assets during development and booked as expenses after launch. They will be amortized 15% per first 2 months and the rest will be amortized 7% per 10 months using the straight-line method (Total amortization period is 12 months)
  - Pachislot and Pachinko Machines business: Expenses aren't capitalized but are recognized as they arise (outsourced process expenses recognized when work is inspected)
- \*Full Game (CS) are anticipated to be sold for a longer period due to recent longer product lifecycle compared with conventional length, so the amortization rule has been revised as above from new titles to be launched in FY2024/3.  
Titles released by FY2023/3 will be amortized 40%, 15%, 5% per first 3 months and the rest will be amortized 2% per 21 months using the straight-line method.  
Content development amortization expenses of Entertainment Contents business as a whole is expected to be reduced for approx. 4.6 billion yen in FY2024/3.

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Here are the cost and expenses, etc.

In the Entertainment Contents business, R&D and content production expenses increased due to the progress in launching new titles and inventory write-downs in Q3, as well as the inclusion of ROVIO in the scope of consolidation from September.

For the full-year forecast, R&D and content production expenses are expected to increase from the previous forecast due to inventory write-downs and the inclusion of ROVIO.

Various expenses in the Pachislot and Pachinko Machines business are generally in line with expectations, but for the full-year, mainly R&D and content production expenses and advertising expenses are expected to be curbed compared with the previous forecast.

## Costs and Expenses, etc.



### ■ Resort

(Billion yen)	FY2022/3				FY2023/3				FY2024/3			FY2024/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
R&D / Content production expenses	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1
Advertising expenses	0.0	0.2	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.2	0.1	0.4	0.4
Depreciation	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.6	0.6
Cap-ex	0.1	0.1	0.1	0.1	0.5	0.1	0.4	0.2	0.0	0.2	0.0	0.3	0.3

### ■ Other / Elimination

(Billion yen)	FY2022/3				FY2023/3				FY2024/3			FY2024/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
R&D / Content production expenses	0.1	-0.1	0.1	-0.1	0.0	0.0	0.1	-0.2	0.1	-0.1	-0.1	0.0	-0.1
Advertising expenses	0.4	0.4	0.2	0.3	0.3	0.7	0.2	0.2	0.3	0.6	0.1	1.8	1.7
Depreciation	0.4	0.1	0.3	0.2	0.5	0.1	0.3	0.2	0.4	0.1	0.3	1.0	0.9
Cap-ex	0.3	0.0	0.3	0.6	0.2	0.0	0.2	0.1	0.3	0.1	0.5	1.9	1.3

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Here are cost and expenses, etc. for Resort business and others.

## Consolidated Balance Sheet Summary



(Billion yen) [Assets]				[Liabilities and Net Assets]				
Account	As of end of Mar. 2023	As of end of Dec. 2023	Increase /Decrease	Account	As of end of Mar. 2023	As of end of Dec. 2023	Increase /Decrease	
Cash and Deposits	179.5	169.7	-9.8	Accounts Payable	30.5	26.1	-4.4	
Accounts Receivable	53.3	59.8	+6.5	Short Term Borrowings	17.0	117.4	+100.4	
Securities	-	23.9	+23.9	Other	72.8	72.3	-0.5	
Inventories	89.4	88.8	-0.6	Total Current Liabilities	120.3	215.8	+95.5	
Other	31.6	34.1	+2.5	Corporate Bonds	10.0	10.0	-	
Total Current Assets	353.8	376.3	+22.5	Long Term Borrowings	25.0	25.0	-	
Tangible Fixed Assets	60.4	61.1	+0.7	Other	14.8	17.0	+2.2	
Intangible Fixed Assets	13.2	79.5	+66.3	Total Noncurrent Liabilities	49.8	52.0	+2.2	
Goodwill (included in Intangible Fixed Assets)	2.5	69.7	+67.2	Total Liabilities	170.2	267.9	+97.7	
Investment Securities	39.5	50.1	+10.6	Shareholders' Equity	326.7	337.4	+10.7	
Other	34.6	48.6	+14.0	Total accumulated other comprehensive income	4.0	8.8	+4.8	
				Share acquisition rights	0.4	0.6	+0.2	
				Non-controlling interests	0.0	0.7	+0.7	
Total Noncurrent Assets	147.7	239.3	+91.6	Total Net Assets	331.3	347.7	+16.4	
Total Assets	501.5	615.6	+114.1	Total Liabilities and Net Assets	501.5	615.6	+114.1	

### Main factors for increase/decrease

	As of end of Mar. 2023	As of end of Dec. 2023	Increase /Decrease		
Cash, deposits and cash equivalents	179.5	193.6	+14.1	(Assets)	Securities and goodwill increased due to the inclusion of Rovio Entertainment Corporation (Rovio) in the scope of consolidation
Interest bearing debt	52.0	152.4	+100.4	(Liabilities)	Short term borrowings increased related to the acquisition of Rovio
Net cash	127.5	41.2	-86.3	(Net assets)	Shareholders equity increased mainly due to the recording of profit attributable to owners of parent, despite the payment of dividends and implementation of share buyback
Equity ratio	66.0%	56.2%	-9.8p		In addition, foreign currency exchange adjustments increased

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Here is balance sheet.

As for assets, while cash and deposits decreased compared from the end of Q2 to end of Q3 due to the share buybacks, etc., securities and goodwill increased from the previous period due to the consolidation of ROVIO.

As for liabilities, short-term borrowings increased. This is in connection with the bridge loan related to the ROVIO acquisition, but which, as recently announced, was refinanced in January of this year as a long-term borrowing.

Finally, regarding net assets, while dividends were paid and share buybacks were implemented, there was an increase in shareholders' equity due to recording of net profit and foreign currency exchange adjustments.

D/E ratio was 0.46x at the end of December, .

Net cash amounted to JPY41.2 billion, a decrease of JPY86.3 billion from the end of the previous fiscal year.

Although the cash flow has not been audited yet, we are informing you of the projected cash flow for your reference.

Operating cash flow is expected to be positive JPY41.0 billion, investing cash flow negative JPY105.9 billion, financing cash flow positive JPY75.6 billion, and overall cash flow positive JPY14.1 billion.

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## Per Segments Results / Forecast

(Billion yen)	FY2023/3		FY2024/3		
	Through Q3	Full Year Results	Through Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
<b>Sales</b>	<b>210.4</b>	<b>282.8</b>	<b>219.3</b>	<b>327.0</b>	<b>313.5</b>
Consumer	142.5	187.9	148.1	227.5	218.0
Amusement Machine	45.6	64.9	45.1	65.0	62.0
Animation / Toy	21.7	29.3	25.5	34.0	33.0
Other / Elimination	0.6	0.7	0.6	0.5	0.5
<b>Operating Income</b>	<b>39.6</b>	<b>38.7</b>	<b>18.8</b>	<b>34.5</b>	<b>23.0</b>
Consumer	33.3	32.8	13.9	30.0	20.0
Amusement Machine	2.1	2.9	3.3	4.0	2.7
Animation / Toy	4.2	4.5	4.0	3.8	3.2
Other / Elimination	0.0	-1.5	-2.4	-3.3	-2.9
Non-operating income	2.2	2.8	2.4	3.5	3.0
Non-operating expenses	0.2	0.4	1.5	1.5	1.5
<b>Ordinary Income</b>	<b>41.5</b>	<b>41.1</b>	<b>19.7</b>	<b>36.5</b>	<b>24.5</b>
Ordinary Income Margin	19.7%	14.5%	9.0%	11.2%	7.8%

### FY2024/3 Q3 Results

#### ➤ Sales increased and profit decreased YoY

- Sales increased due to the acquisition of Rovio (CS\*)
- Profit decreased as some of new titles in Full Game went weak (same as above)
- Repeat sales went steady (same as above)

### Forecast

#### ➤ Revised the forecast downward mainly due to weak sales of new titles in Full Game

- Some of new titles in Full Game released in Q3 are performing weak, inventory write-down is expected (CS)
- Sales of prize products are expected to be below the previous forecast (AM\*)
- Animation is performing steadily  
Regarding Toy, inventory write-down is expected at the end of this fiscal year

\*Expenses related to the structural reform in Europe are not factored in (CS)

\*CS = Consumer area, AM = Amusement Machine

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I will explain the details by segment.

I will begin with the Entertainment Contents business.

In Q3, sales increased YoY due to the inclusion of ROVIO. On the other hand, in the Consumer area, we wrote down inventories due to weak sales of new titles in Full Game, resulting in significant decrease in profit YoY.

In Q4, we plan to launch new titles of mainstay IPs, but we have revised our full-year forecast downward in light of the sales status of new titles in Q3 and other factors.

In addition, to reiterate, we will continue to consider structural reform measures in the European area.

## Entertainment Contents Business By sub-segment

		FY2024/3 Q3 Results	Forecast
Consumer	Full Game	<ul style="list-style-type: none"> <li>Some of new titles released in Q3 went weak</li> <li>Repeat sales went steady</li> <li>Recorded losses associated with inventory write-down</li> </ul>	<ul style="list-style-type: none"> <li>Launch new titles of mainstay IPs, Like a Dragon and Persona series</li> <li>Continue the consideration regarding the structural reforms in Europe</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Existing titles performed as expected</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen operations of existing titles</li> </ul>
	Other	<ul style="list-style-type: none"> <li>Recorded license revenue from subscription services</li> <li>Recorded license revenue from IPs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to record license revenue from IPs, etc.</li> </ul>
Amusement Machine		<ul style="list-style-type: none"> <li>Sales centered on UFO Catcher® series and prizes</li> </ul>	<ul style="list-style-type: none"> <li>Sales of prize products are expected to be below the previous forecast</li> <li>Plan to launch one new medal game machine</li> </ul>
Animation / Toy	Animation	<ul style="list-style-type: none"> <li>Recorded license and other revenues associated with video production, distribution, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to record license and other revenues associated with video production, distribution, etc.</li> </ul>
	Toy	<ul style="list-style-type: none"> <li>Sales in holiday sales season went weak</li> </ul>	<ul style="list-style-type: none"> <li>Inventory write-down is expected at the end of this fiscal year</li> </ul>

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Here are the details of sub-segments.

The new titles in Full Game in the Consumer area were as we have already discussed earlier.

Meanwhile, repeat sales remained strong during the holiday sales season, especially for titles such as *Persona 5 the Royal* and previous titles in the *Like a Dragon* series. Repeat sales are expected to make a stable contribution in Q4 as well.

In F2P, existing mainstay titles performed as expected in Q3. Q4 is expected to be slightly lower than the previous forecast due to current conditions and other factors.

Other initiatives include the licensing of game titles to subscription services and other services, and the licensing out of IPs such as *Sonic* have progressed.

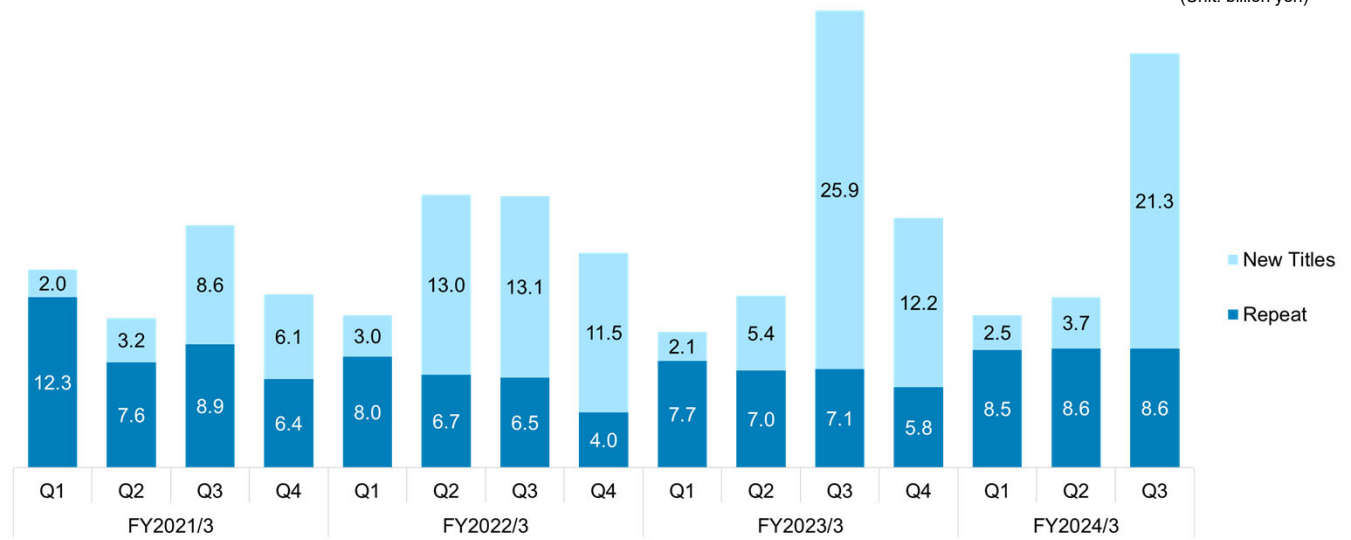
About the Amusement Machine area, Q3 results exceeded the same period of the previous fiscal year due to continued strong sales in the prize category. However, in Q4, sales of prize products are expected to be lower than expected, and we have lowered our previous forecast for the full-year.

With regard to the Animation and Toy area, Animation performed steady due to increased video sales and production contracts for overseas markets, and this trend is expected to continue in the future. On the other hand, we expect inventory write-downs at the end of the fiscal year for toys, considering the weak holiday sales season.

## Consumer Area / Full Game: Sales Trend

SEGA Sammy

(Unit: billion yen)

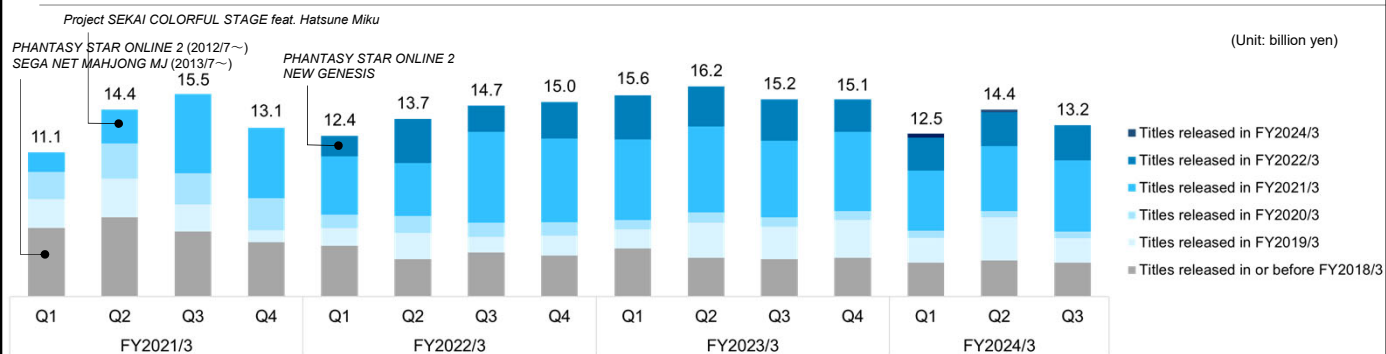


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Here is the quarterly sales trend of Full Game.

In Q3, new titles were concentrated, and sales of new titles are larger than Q1 and Q2. Repeat sales have remained steady.

## Consumer Area / F2P: Sales Trend



[Top 3 titles in sales from October to December 2023]

(No. 1)



**Project SEKAI COLORFUL STAGE! feat. Hatsune Miku**  
 © SEGA/© CPI/© CFM  
 Release: Sep. 2020

(No. 2)



**PHANTASY STAR ONLINE 2 NEW GENESIS ver.2**  
 ©SEGA  
 Release: Jun. 2021 \*ver.2 released in Jun. 2023

(No. 3)



**SEGA NET MAHJONG MJ**  
 ©SEGA  
 Release: Jul. 2013

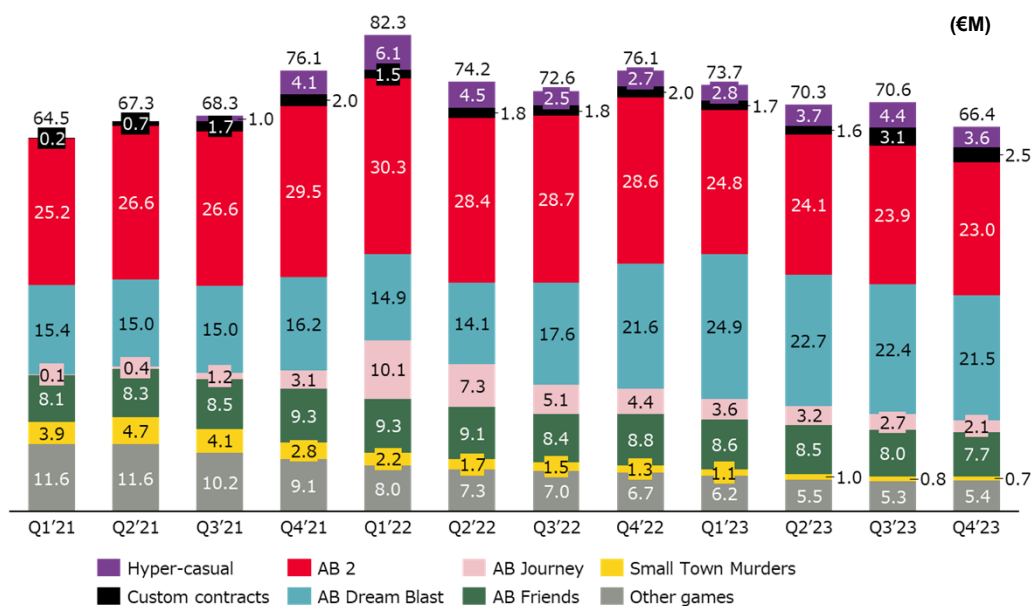
Here is the F2P sales trend.

Sales went steady centered on existing mainstay title *Project SEKAI COLORFUL Stage! feat. Hatsune Miku*, and *ONE PIECE Bounty Rush* which is developed by our group and published by Bandai Namco Entertainment Inc.



## Sales by Titles of Rovio

SEGA Sammy



\*Rovio applies December fiscal year end  
\*Created by Rovio

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Here is Rovio's sales trend by title.

Rovio's fiscal year ends in December, so October-December will be the fourth quarter for them.

The downward trend in sales was due to the continued decline in sales, especially of major titles, as well as the lack of new releases. On the other hand, it is expected to contribute more than the previous forecast in terms of profit, as they properly controls the marketing cost.

In the future, Rovio will work to strengthen the operation of its mainstay title *Angry Birds 2*, and as we discussed at the December management meeting, they plan to work on the development of new mobile title such as *Sonic*.

## (Reference) Consumer Area: Sales Trend

(Billion yen)	FY2023/3				FY2024/3			Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3		
<b>Sales</b>	<b>34.7</b>	<b>75.0</b>	<b>142.5</b>	<b>187.9</b>	<b>33.7</b>	<b>77.9</b>	<b>148.1</b>	<b>227.5</b>	<b>218.0</b>
Domestic	15.7	33.8	52.4	71.4	14.5	32.2	51.9	71.4	74.8
Overseas	19.2	41.1	89.8	116.7	19.3	45.8	96.4	156.2	143.7
Overseas sales ratio	55.3%	54.8%	63.0%	62.1%	57.3%	58.8%	65.1%	68.7%	65.9%
Other / Elimination	-0.2	0.1	0.3	-0.2	-0.1	-0.1	-0.2	-0.1	-0.5
<b>Full Game</b>	<b>9.9</b>	<b>22.3</b>	<b>55.3</b>	<b>73.2</b>	<b>11.0</b>	<b>23.4</b>	<b>53.2</b>	<b>94.6</b>	<b>86.8</b>
<b>New titles</b>	<b>2.1</b>	<b>7.5</b>	<b>33.4</b>	<b>45.6</b>	<b>2.5</b>	<b>6.2</b>	<b>27.5</b>	<b>64.0</b>	<b>55.8</b>
Japan	0.5	1.7	3.6	5.0	0.7	0.8	4.4	11.1	12.7
Asia	0.5	1.1	3.5	5.3	0.1	0.3	2.5	5.7	6.4
North America / Europe	1.0	4.6	26.3	35.2	1.5	5.0	20.5	47.1	36.6
<b>Repeat titles</b>	<b>7.7</b>	<b>14.7</b>	<b>21.8</b>	<b>27.6</b>	<b>8.5</b>	<b>17.1</b>	<b>25.7</b>	<b>30.5</b>	<b>31.0</b>
Japan	0.8	1.7	2.4	3.0	1.0	2.0	3.0	3.5	3.8
Asia	0.8	1.5	2.2	2.8	1.0	2.6	3.8	4.2	4.8
North America / Europe	6.1	11.5	17.1	21.6	6.3	12.4	18.7	22.7	22.3
Download sales ratio	74.9%	74.5%	66.0%	69.7%	57.1%	54.6%	57.1%	56.9%	53.9%
<b>F2P</b>	<b>15.6</b>	<b>31.8</b>	<b>47.0</b>	<b>62.1</b>	<b>12.5</b>	<b>26.9</b>	<b>40.1</b>	<b>54.3</b>	<b>52.7</b>
Japan	13.0	27.1	39.9	53.2	10.8	23.4	34.8	46.0	45.9
Asia	0.5	0.5	0.5	0.6	-	-	-	0.6	0.1
North America / Europe	2.0	4.1	6.5	8.2	1.7	3.4	5.1	7.5	6.7
<b>Other</b>	<b>9.2</b>	<b>20.9</b>	<b>40.2</b>	<b>52.6</b>	<b>10.2</b>	<b>27.6</b>	<b>54.8</b>	<b>78.6</b>	<b>78.5</b>
Rovio	-	-	-	-	-	3.4	13.0	23.9	22.7

• 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.

• Sales forecast of Rovio in full year forecast is estimation of SEGA SAMMY HOLDINGS

Here are the details of sales in the Consumer area.

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

	FY2023/3				FY2024/3			Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3		
<b>Full Game: Number of Titles</b>									
Japan	3 titles	7 titles	11 titles	15 titles	2 titles	3 titles	8 titles	11 titles	11 titles
Asia	3 titles	7 titles	11 titles	15 titles	2 titles	3 titles	9 titles	12 titles	12 titles
North America / Europe	3 titles	7 titles	12 titles	16 titles	2 titles	3 titles	10 titles	13 titles	13 titles
<b>Full Game: Unit sales (Thousand)</b>	<b>5,140</b>	<b>10,140</b>	<b>20,750</b>	<b>27,890</b>	<b>4,870</b>	<b>10,520</b>	<b>19,100</b>	<b>28,090</b>	<b>25,930</b>
<b>Total New titles</b>	<b>440</b>	<b>1,480</b>	<b>6,970</b>	<b>10,090</b>	<b>740</b>	<b>1,660</b>	<b>5,270</b>	<b>11,020</b>	<b>9,140</b>
Japan	90	250	640	1,090	160	190	770	1,590	1,760
Asia	110	260	860	1,350	40	100	490	1,000	1,130
North America / Europe	230	960	5,460	7,640	540	1,360	4,000	8,420	6,250
<b>Total Repeat titles</b>	<b>4,700</b>	<b>8,650</b>	<b>13,770</b>	<b>17,790</b>	<b>4,120</b>	<b>8,850</b>	<b>13,830</b>	<b>17,060</b>	<b>16,780</b>
Japan	260	760	1,080	1,380	430	830	1,280	1,510	1,630
Asia	410	750	1,390	1,840	470	1,220	1,860	2,200	2,340
North America / Europe	4,030	7,120	11,290	14,560	3,210	6,790	10,680	13,340	12,800

\*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 North America/Europe)

### [Unit sales of major IPs]

(Thousand units)	FY2023/3				FY2024/3		
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3
Sonic series	1,460	2,630	6,750	8,150	1,220	2,710	5,050
Total War series	420	950	1,750	2,300	310	870	1,490
Persona series	270	500	2,040	3,270	630	1,380	2,670
Like a Dragon series*	470	960	1,730	2,830	510	1,190	2,710

\*Like a Dragon series includes Judgment series

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

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

[Titles released in Q3, FY2024/3] \*Dates in () to the right of the titles are actual release dates



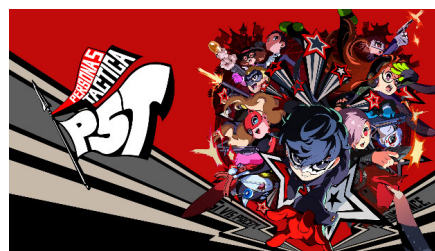
**Sonic Superstars** (Oct. 17, 2023)  
©SEGA



**Football Manager 2024** (Nov. 7, 2023)  
©Sports Interactive Limited 2023. Published by SEGA Publishing Europe Limited.



**Like a Dragon Gaiden: The Man Who Erased His Name**  
(Nov. 9, 2023)  
©SEGA



**Persona 5 Tactics** (Nov. 17, 2023)  
©ATLUS. ©SEGA. All rights reserved.

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Here are the major new titles released in Q3.

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

[Titles to be released in Q4, FY2024/3] \*Dates in () to the right of the title are the planned release dates



*Like a Dragon: Infinite ∞ Wealth* (Jan. 26, 2024)  
©SEGA

**Reaches 1 million units sales**  
worldwide, the fastest in the series



*Persona 3 Reload* (Feb. 2, 2024)  
©ATLUS. ©SEGA. All rights reserved.

**Reaches 1 million units sales**  
worldwide, the fastest within ATLUS titles



*Unicorn Overlord* (Mar. 8, 2024 (Plan))  
©ATLUS. ©SEGA. All rights reserved.

Here are the titles scheduled for release in Q4.

Both *Like a Dragon: Infinite ∞ Wealth* and *Persona 3 Reload* have sold more than 1 million units worldwide in the first week of their release. For *Like a Dragon*, it is the fastest in the series, and for *Persona* it is the fastest in titles released from ATLUS.

Both are off to a solid start, and we expect for repeat sales in the next fiscal year.

In March, we are planning to release *Unicorn Overlord*, a new title developed by VANILLAWARE, a company that boasts a strong track record for its *13 Sentinels: Aegis Rim* and other titles.

# (Reference) Entertainment Contents Business: Sales Schedule



		~FY2024/3 Q3	In or after FY2024/3 Q4 (Plan)
Consumer	Full Game	New titles	<div>Company of Heroes 3 – Console Edition</div> <div>Total War: PHARAOH</div> <div>Persona 5 Tactica</div> <div>Like a Dragon: Infinite Wealth</div> <div>Etrian Odyssey Origins Collection</div> <div>Sonic Superstars</div> <div>Persona 3 Reload</div> <div>Sonic Origins Plus</div> <div>ENDLESS™ Dungeon</div> <div>Unicorn Overlord</div> <div>HUMANKIND™ (for Console)</div> <div>Football Manager 2024</div> <div>Samba de Amigo: Party Central</div> <div>Like a Dragon Gaiden: The Man Who Erased His Name</div>
		Repeat	Sonic Series / Persona Series / Total War Series / Football Manager Series / Like a Dragon Series, etc.
	F2P	In or before FY2019	PHANTASY STAR ONLINE 2 / Puyo Puyo!! Quest / CHAIN CHRONICLE / SHIN MEGAMI TENSEI Liberation Dx2 / SEGA Pocket Club Manager
		FY2020/3~	FIST OF THE NORTH STAR LEGENDS ReVIVE
		FY2021/3~	Project SEKAI COLORFUL STAGE! feat. Hatsune Miku
		FY2022/3~	PHANTASY STAR ONLINE 2 NEW GENESIS ver.2

\*Only announced titles are listed for "In or after FY2024/3 Q4 (Plan)"

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Here are the sales schedule for each title in the Entertainment Contents business.

# (Reference) Entertainment Contents Business: Sales Schedule



~FY2024/3 Q3		In or after FY2024/3 Q4 (Plan)	
Amusement Machine	<Major titles in operation> <i>StarHorse4 / EIKETSU TAISEN / maimai DX / CHUNITHM / O.N.G.E.K.I. / MJ ARCADE INITIAL D THE ARCADE / KanColle Arcade / Fate Grand Order Arcade / HORI A TALE / i my merry</i>		
	<Major regular sales titles> <i>UFO Catcher® series / Prizes for prize machines</i>		
	UFO CATCHER 10		
	BINGO THEATER	JACKPOT CIRCUS	
Animation / Toy	DETECTIVE CONAN: Black Iron Submarine		
	ANPANMAN: Roboly and the Warming Present		
	Stream your live with a head set! With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer "My Live"	Let me treat you! I am a kitten's doctor	#BuzzCam
	Disney&Pixar Characters Dream Switch Anniversary Gift Set	Chiikawa's dream talking giant pudding house	
	Fun to change screen covers! Sumikkogurashi Smart Phone with U	"ANPANMAN" Talking Picture Book Premium & Knowledgeable Picture Books Set	

\*Only announced titles are listed for "In or after FY2024/3 Q4 (Plan)"

## Pachislot and Pachinko Machines Business



(Billion yen)	FY2023/3		FY2024/3		
	Through Q3	Full Year Results	Through Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
<b>Sales</b>	<b>52.1</b>	<b>94.2</b>	<b>120.2</b>	<b>134.0</b>	<b>136.0</b>
Pachislot	26.2	41.0	81.3	88.0	88.6
Pachinko	19.9	44.2	30.6	34.2	35.5
Other / Elimination	6.0	9.0	8.3	11.8	11.9
<b>Operating Income</b>	<b>6.9</b>	<b>20.0</b>	<b>45.1</b>	<b>39.0</b>	<b>41.5</b>
Non-operating income	0.5	0.8	0.7	0.8	0.7
Non-operating expenses	0.1	0.2	0.1	0.3	0.2
<b>Ordinary Income</b>	<b>7.3</b>	<b>20.7</b>	<b>45.7</b>	<b>39.5</b>	<b>42.0</b>
Ordinary Income Margin	14.0%	22.0%	38.0%	29.5%	30.9%
<b>Pachislot</b>					
Number of Titles	7 titles	8 titles	5 titles	7 titles	7 titles
Unit Sales (units)	63,579	94,966	163,698	178,000	179,000
<b>Pachinko</b>					
Number of Titles	3 titles	5 titles	4 titles	4 titles	4 titles
Unit Sales (units)	49,159	103,556	74,681	84,000	87,000
Board + Frame	18,832	52,152	24,317	27,000	26,000
Board	30,327	51,404	50,364	57,000	61,000

New series are counted as one title

(Titles which installation started from previous FY, specification changed titles, etc. are not included)

### FY2024/3 Q3 Results

#### ➤ Significant increase in sales and profit YoY

- Continued strong performance, centered on pachislot
- Major titles sold:

*Smart Pachislot Hokuto No Ken*, etc.

### Forecast

#### ➤ Both sales and profit are expected to increase significantly compared to the previous fiscal year

- Pachislot: Proceed the launch of new titles including *Smart Pachislot CODE GEASS Lelouch of the Rebellion / Lelouch of the Re;surrection*
- Pachinko: Plan to sell *P Hokuto No Ken Tomo LT* which applies the "Lucky Trigger" feature, and etc.
- Expect to record one-off expenses, such as write-downs of parts, at the end of this fiscal year

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Next is the Pachislot and Pachinko Machines business.

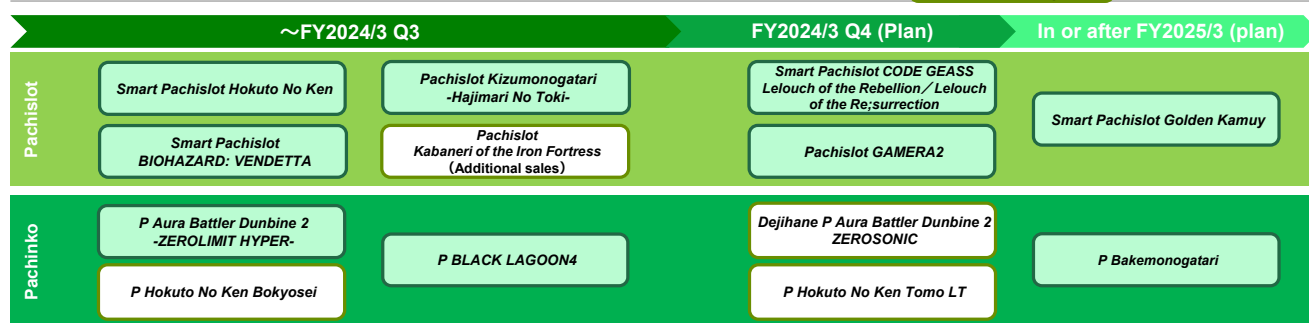
In Q3, sales continued to be strong centered on pachislot, resulting in a significant increase in both sales and profit YoY.

As for the future outlook, we expect an increase in both sales and profit compared to the previous forecast.

Loss is recorded in Q4 alone, mainly due to expected one-time expenses such as write-down of parts and incentives based on earnings forecast. However, as I mentioned at the beginning, the full-year forecast is expected to exceed the previous forecast due to strong sales and progress in the collection of receivables in possession.



## (Reference) Pachislot and Pachinko Machines Business: Sales Schedule



(Major titles sold before Q3)			(Major titles scheduled for sale in Q4 and beyond)		
		Installation			Installation
Pachislot	Smart Pachislot Hokuto No Ken	Apr.	Pachislot	Smart Pachislot CODE GEASS Lelouch of the Rebellion / Lelouch of the Re;surrection	Feb.
	Smart Pachislot BIOHAZARD: VENDETTA	Jul.		Pachislot GAMERA2	Mar.
	Pachislot Kizumonogatari -Hajimari No Toki-	Sep.		Smart Pachislot Golden Kamuy	Apr.
	Pachislot Kabaneri of the Iron Fortress	Previous FY	Pachinko	Dejihane P Aura Battler Dunbine 2 ZEROSONIC	Feb.
Pachinko	P Hokuto No Ken Bokyosei	May.		P Hokuto No Ken Tomo LT	Mar.
	P Aura Battler Dunbine 2 -ZEROLIMIT HYPER-	Apr.		P Bakemonogatari	Apr.
	P BLACK LAGOON4	Jul.			

\*Unit sales sold only in FY2024/3 are listed

\*Only announced titles are listed for "FY2024/3 Q4 (Plan)" and "In or after FY2025/3 (Plan)"

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Here are the sales schedule for the Pachislot and Pachinko Machines business.

In Q4, we plan to introduce a pachinko machine which applies a new feature, "Lucky Trigger". In addition, although some of them have already been announced, we are steadily acquiring the necessary approval of the titles to be launched in the next fiscal year.

## (Reference) Titles Implemented Additional Sales

### ➤ Implemented additional sales of the following popular titles



**Pachislot Kabaneri  
of the Iron Fortress**

©Kabaneri Committee ©Sammy



**Smart Pachislot Hokuto No Ken**

©Burtonson & Tetsuo Hara / COAMIX 1983,  
©COAMIX 2007 Approved No. YRA-114  
©Sammy

#### **Pachislot Kabaneri of the Iron Fortress**

- Initial installation: Jul. 2022
- Cumulative installed units: 51 thousand units (As of end of Dec. 2023)
- Contributed weeks in utilization\*: 80 weeks

#### **Smart Pachislot Hokuto No Ken**

- Initial installation: Apr. 2023
- Cumulative installed units: 84 thousand units (As of end of Dec. 2023)
- Contributed weeks in utilization: 44 weeks (still contributing)

\*Contributed weeks in utilization : Indicator used to decide whether each machine's weekly utilization is over/below average weekly utilization of the whole market. In-house estimation.

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In addition to the sales of new titles, during Q3, we implemented additional sales of *Pachislot Kabaneri of the Iron Fortress*, which had been introduced in the previous fiscal year, and *Pachislot Hokuto No Ken*, which had been introduced in Q1 of this fiscal year.

Since the release, *Pachislot Kabaneri of the Iron Fortress* has been contributing to the utilization at pachinko hall for more than a year, with a cumulative total of more than 50,000 units installed. As for the *Smart Pachislot Hokuto No Ken*, although some time has passed since its introduction in April last year, it is still contributing to the utilization at pachinko halls, and the total number of machines installed exceeds 80,000 units.

We will continue to develop diligently to create new hit titles.

## Resort Business



(Billion yen)	FY2023/3		FY2024/3		
	Through Q3	Full Year Results	Through Q3	Revised Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 9)
<b>Sales</b>	<b>8.7</b>	<b>11.5</b>	<b>9.2</b>	<b>12.0</b>	<b>12.0</b>
<b>Operating Income</b>	<b>-0.7</b>	<b>-1.1</b>	<b>-0.6</b>	<b>-1.0</b>	<b>-1.0</b>
Non-operating income	0.0	0.1	1.3	1.1	1.0
Non-operating expenses	2.1	2.1	0.0	0.1	0.0
<b>Ordinary Income</b>	<b>-2.8</b>	<b>-3.2</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>
Ordinary Income Margin	-	-	7.6%	-	-
<b>&lt;PHOENIX RESORT&gt;</b>					
<b>No. of facility users (Thousands)</b>	<b>717</b>	<b>946</b>	<b>675</b>	<b>923</b>	<b>909</b>
3 accommodation facilities	299	394	268	370	354
2 golf courses	76	103	74	101	102
Other facilities	342	449	333	452	453

### FY2024/3 Q3 Results

#### ➤ Steady performance both in Japan and overseas

- PHOENIX RESORT:
  - In individual visitors, numbers of facility users fell short of expectations
  - Group visitors has been recovering
- PARADISE SEGASAMMY: Contributed to profit with equity method acquisition

### Forecast

#### ➤ Expect to be black at ordinary income level

- PHOENIX RESORT: Operating income is expected to be black for the second consecutive year
- PARADISE SEGASAMMY:
  - Expect to contribute to profit with equity method acquisition
  - Facility occupancy remains at high level
  - Record incentive expenses associated with the recovery of business performance at the end of this fiscal year

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Here is about the Resort business.

As for the PHOENIX SEAGAIA RESORT in Japan, occupancy rates were considerably lower than expected due to the resumption of outbound travel for individual visitors, but group visitors showed a better-than-expected recovery, resulting in a solid performance in Q3.

PARADISE CITY in Incheon, South Korea, has been performing well, especially among Japanese VIPs, and its equity in earnings of JPY1.3 billion through Q3 contributed to turning the Resort business into the black in terms of ordinary profit.

Looking ahead, we expect to return to profitability at the ordinary profit level for the full-year, due to the return to profitability of operating profit at PHOENIX SEAGAIA RESORT for the second consecutive fiscal year and profit contributions from PARADISE CITY.

## (Reference) Resort Business / PARADISE SEGASAMMY



(KRW Billion)		FY2023/3		FY2024/3
		Through Q3	Full year Results	Through Q3
Sales		169.7	270.5	333.3
	Casino	85.6	157.5	243.4
	Hotel	71.8	95.9	74.6
	Other	12.2	17.0	15.2
Cost of sales		156.0	234.1	253.0
	Casino	59.7	100.4	135.7
	Hotel	67.4	94.2	81.5
	Other	28.8	39.4	35.8
Gross profit		13.7	36.4	80.2
	SG&A	18.6	27.9	28.6
Operating profit		-4.8	8.5	51.6
EBITDA		37.6	65.3	88.2
Net profit		-37.4	-33.9	33.5
Number of casino visitors (Thousands)		91	151	216
Source: Paradise IR				
SEGASAMMY Equity method acquisition amount (Billion yen)		-1.9	-1.8	1.3

\*PARADISE SEGASAMMY is an equity-method affiliate of the Company

\*PARADISE SEGASAMMY is recorded 3 months late to the Company as it applies December fiscal year end

\*Local accounting standards

### FY2024/3 Q3 Results

#### ➤ Contributed to profit with equity method acquisition

- Recovery of casino sales progressed centered on Japanese VIP customers
- Hotel sales continued to achieve high room rates and occupancy by capturing the demand for stay type travel in South Korea

### Forecast

#### ➤ Facility occupancy remains at a high level

- Expect to contribute to profit with equity method acquisition
- Record incentive expenses associated with the recovery of business performance at the end of this fiscal year

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This is a detail of PARADISE SEGASAMMY in South Korea.

Since the inclusion to our results are recorded with a three-month delay, Q3 results are for the period from January to September for PARADISE SEGASAMMY.

Casino sales have been strong, with drop amounts exceeding pre-COVID levels, especially among Japanese VIPs. Hotel occupancy rates also remained high, contributing to visitor numbers of PARADISE CITY as a whole.

Looking ahead, although incentive expenses will be incurred in the end of the fiscal year as a result of the significant recovery in performance from the previous fiscal year, it is expected to continue to contribute to the return to profitability at the operating income level in Resort business.

For your information, drop amount in Casino in January was the highest record ever since it has opened. In addition to the strong performance of Japanese VIPs, there was a gradual recovery of Chinese VIPs, as well as significant recovery of Mass.

## Concept of Investment in Growth (~FY2026/3)

### ■ Implemented investment in the following growth area

	Area of consideration for investment	Progress
<b>Consumer Area</b> Approx. ¥100.0 billion	<b>Strengthen development resources</b> <ul style="list-style-type: none"> <li>Expansion of organic development pipeline</li> <li>Strengthen global mobile and online games</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of SEGA Sapporo Studio</li> <li><b>TOB of Rovio completed (Aug. 25, 2023)</b> -&gt; Implemented investment of approx. 105.0 billion yen in total</li> </ul>
<b>Gaming Area</b> Approx. ¥100.0 billion	<b>Careful assessment of investment opportunities in the gaming area</b> <ul style="list-style-type: none"> <li>Online casino and sports betting overseas</li> <li>Land-based casinos overseas</li> <li>Both domestic and overseas IR</li> </ul>	<ul style="list-style-type: none"> <li>Step off from domestic and overseas IR</li> <li>Considering investment in online gaming area -&gt; <b>Announced the acquisition of GAN Limited</b> Plan to implement investment of approx. 16.15 billion yen</li> </ul>
<b>Other</b> Approx. ¥50.0 billion	<b>Expand CVC investment limit (Total limit: 15.0 billion yen)</b> <ul style="list-style-type: none"> <li>Strengthen open innovation activities, including investment in start-up companies</li> </ul>	<ul style="list-style-type: none"> <li>Implement 23 new investments, approx. 3.7 billion yen Exit from existing investment x 5</li> <li><b>Establishment of joint venture with PAPYLESS CO., LTD.</b></li> <li>"GAPOLI" service released</li> </ul>
<b>Total 250.0 billion yen</b>		

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With regard to growth investments, the acquisition process of ROVIO has been completed, and in January, ROVIO was delisted from NASDAQ Helsinki.

Various initiatives are being considered, including the start of the development of mobile titles using *Sonic* IP at ROVIO and the use of its CRM system, "Beacon", in Sega's smartphone games.

Regarding acquisition of GAN limited, a special meeting of shareholders is scheduled to be held on February 13, local time, to discuss about the acquisition. If the approval is successfully granted, we will proceed to obtain regulatory approvals in each country and region.

That concludes my explanation.  
Thank you for your attention.

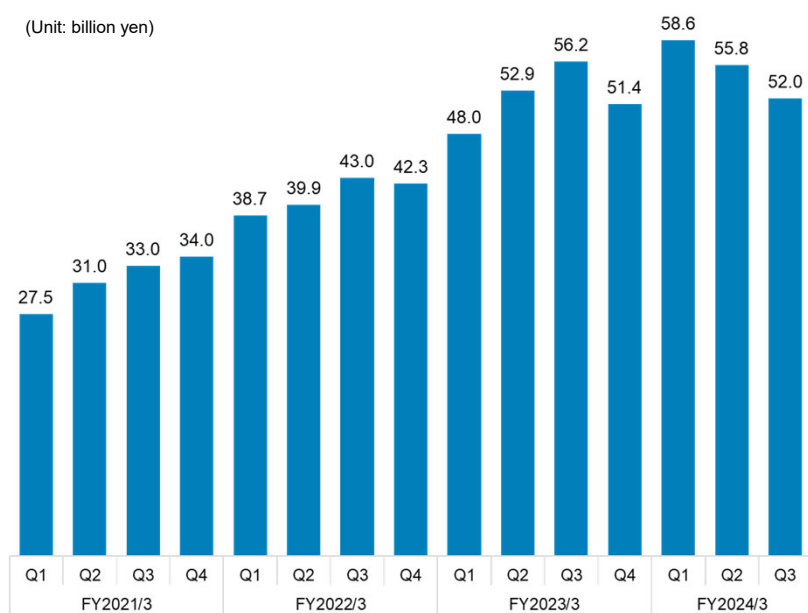


# 04

## Appendix

## Trend of Balance of Content Production Expenses in B/S (Consumer area) **SEGA Sammy**

(Unit: billion yen)



### **Q3**

Factors for decrease

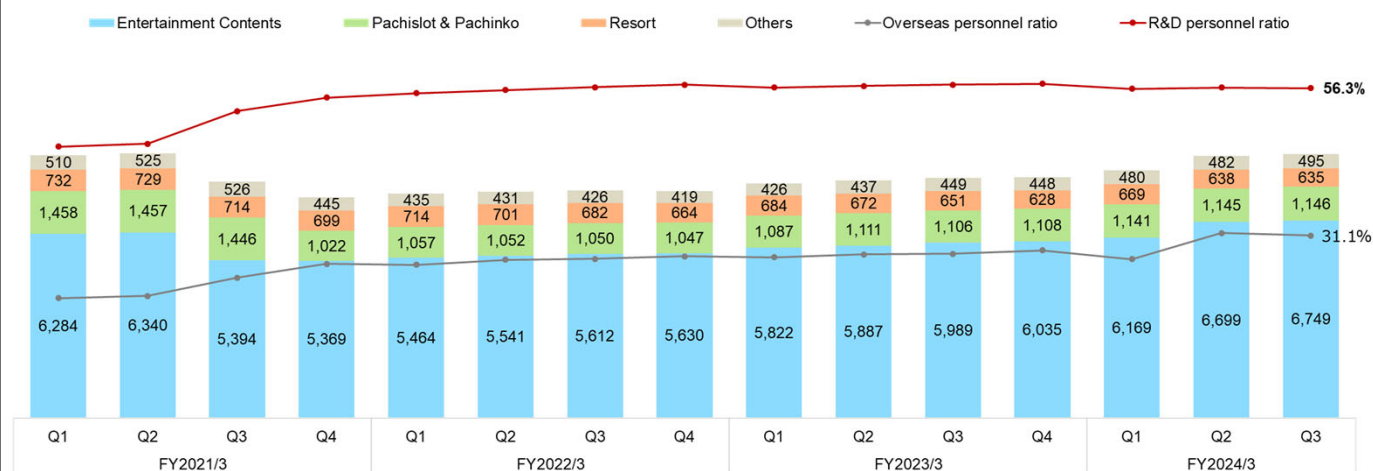
- Launch of new titles
- Implementation of inventory write-down, etc.

# Trend of No. of Employees by Segment

\*Full-time and permanent contract employees, excluding temporary employees

**SEGA Sammy**

(Unit: employees)

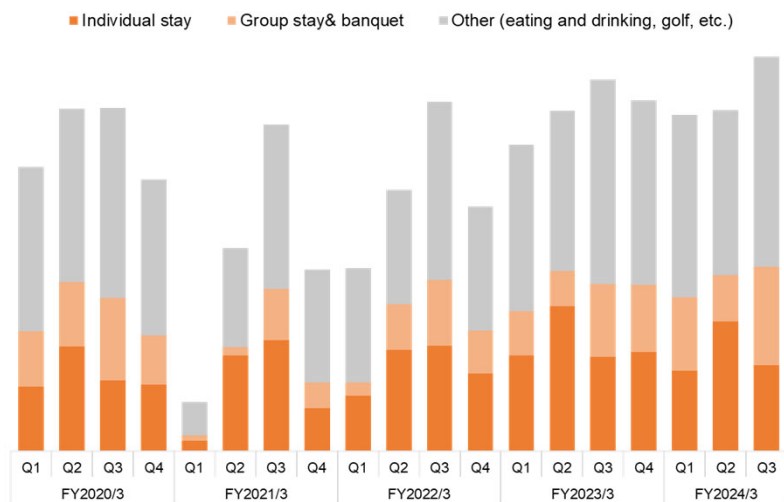


\*R&D personnel ratio of FY2024/3 Q2 and Q3 doesn't reflect the change associated with the incorporation of Rovio into the Group



# Status of each facility: PHOENIX RESORT

## ■ PHOENIX RESORT Revenue by facility user



### FY2024/3 Q3 Results

- Individual visitors fell short of expectations due to the resumption of outbound travel and the impact of high unit price sales
- Group visitors has been recovering associated with the holding of corporate events and large MICE events

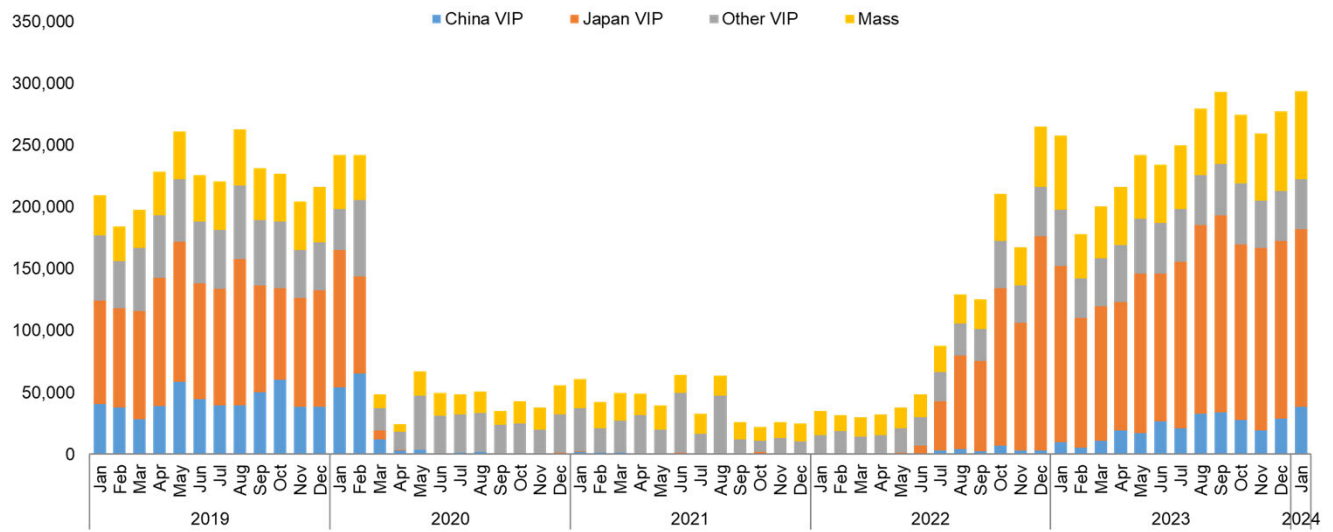
### Forecast

- In addition to various measures for individual customers and strengthening of CRM, recovery of group customers is expected due to various sports camps and holding of large MICE, etc.

## Status of each facility: PARADISE SEGASAMMY

### ■ Trend of Drop amounts\* at PARADISE CITY

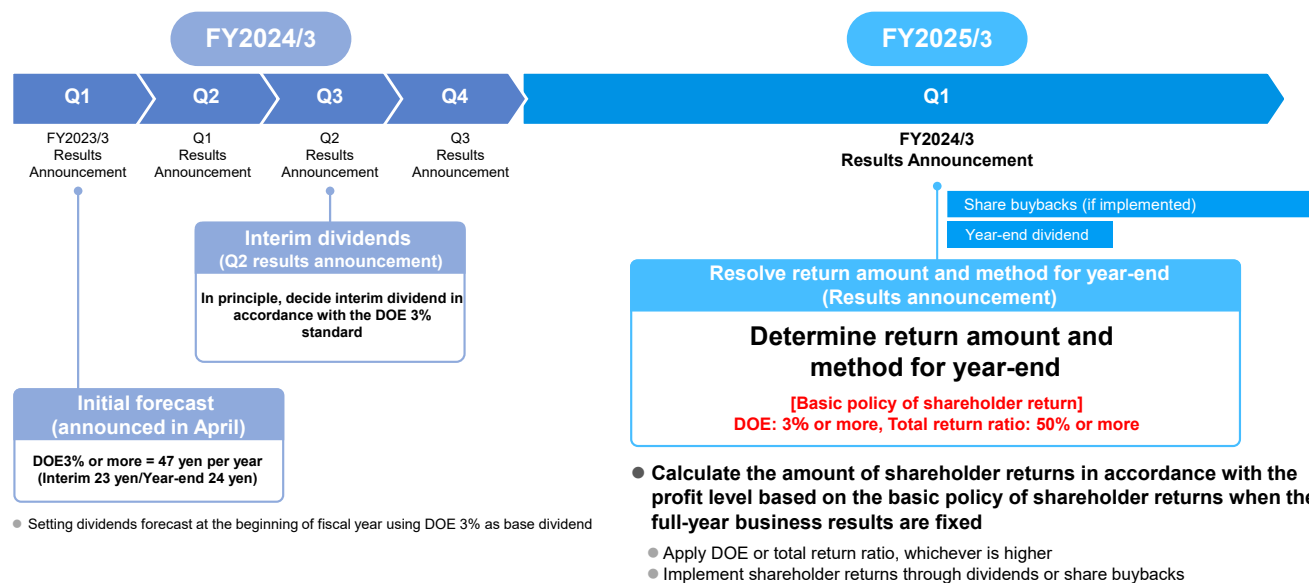
(Unit: KRW million)



\*Drop amounts = Purchased amount of chips

## Repost: Shareholder Returns

(Process of Determining the Amount of Return and Methods) \*announced on April 28, 2023





<https://www.segasammy.co.jp/en/ir/>

**Cautionary Statement for Investors and Shareholders with Respect to 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 its subsidiary, SEGA SAMMY CREATION INC., and Sega Sammy Creation USA Inc., a wholly owned subsidiary of SEGA SAMMY CREATION INC., (collectively, the "Operating 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 Gaming Statutes and Regulations can be found on the Company's corporate website: <https://www.segasammy.co.jp/en/ir/stock/regulation/>.

The Operating Subsidiaries have also been licensed as manufacturers and distributors of gaming devices in multiple countries, states, and regions other than the State of Nevada (collectively, the "Other Regions"). In addition to the foregoing, the Company's shareholders may be subject to the same or similar restrictions as in the State of Nevada under the statutes of the Other Regions or the regulations of the gaming authorities of such Other Regions.

Please visit below website for more information of products and services of SEGASAMMY.

<https://www.segasammy.co.jp/en/corp/group/>  
(Sega Sammy Group Website list)

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