

Fiscal Year Ended March 2021

Results Presentation

2021/5/13

Disclaimer

Market forecasts, operating results forecast, and other information contained in these materials are based on judgements and projections of the Company's managements from currently available information. Therefore, please understand that the contents herein involve risks and uncertainties, and the actual results could differ materially depending on various factors.

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FY2021/3 Results / FY2022/3 Forecast

FY2021/3 Results, FY2022/3 Forecast

(JPY Billion)	2020/3 Full Year Results	2021/3 Full Year Results	2022/3 Full Year Forecast
Sales	366.5	277.7	312.0
Entertainment Contents	247.6	217.8	213.0
Pachislot and Pachinko Machines	108.5	53.1	89.0
Resort	10.4	6.3	9.5
Other / Elimination	0.0	0.5	0.5
Operating Income	27.6	6.5	20.0
Entertainment Contents	16.5	27.9	23.0
Pachislot and Pachinko Machines	23.2	-10.6	9.0
Resort	-3.6	-4.1	-3.0
Other / Elimination	-8.5	-6.7	-9.0
Non-operating income	3.2	2.8	3.0
Non-operating expenses	5.5	7.6	3.0
Ordinary Income	25.2	1.7	20.0
Entertainment Contents	16.2	27.9	25.0
Pachislot and Pachinko Machines	22.7	-11.3	9.0
Resort	-5.3	-8.9	-5.0
Other / Elimination	-8.4	-6.0	-9.0
Ordinary Income Margin	6.9%	0.6%	6.4%
Extraordinary income	3.1	28.8	-
Extraordinary losses	1.2	40.3	-
Income before income taxes	27.1	-9.8	20.0
Profit attributable to owners of parent	13.7	1.2	14.0
ROE	4.6%	0.4%	-
Dividends per share (JPY)	40.00	30.00	40.00

FY2021/3 Results

- Strength and weakness in each business became clearer due to the impact of COVID-19.
- Significant growth in Consumer area.
- Recorded significant extraordinary income and losses due to the implementation of "structural reform."
- Net income was recorded due to deferred tax assets being recorded.

FY2022/3 Forecast

- Recovery of earnings in Pachislot and Pachinko Machines Business, Amusement Machine Sales area, etc.
- Expecting an increase in operating expenses and a reactionary fall of repeat sales following the strong performance in Consumer area.

Impact of Implementation of “Structural Reform”

1) Review of Business Structure

- Structural reform expenses in Amusement Center Operations area
- Closure of Orbi Yokohama
- Structural reform expenses in Amusement Machine Sales area

2) Reduction of Fixed expenses

- Call for voluntary retirement, etc.

3) Review of B/S

- Gain on sales of investment securities
(Sales of shares of Sanrio, etc.)
- Gain on sales of non-business real estate
(Sales of real estate in Osaka)

P/L impact in FY2021/3

-19.1 billion yen (extraordinary losses)

-0.5 billion yen (extraordinary losses)

-3.2 billion yen (extraordinary losses)

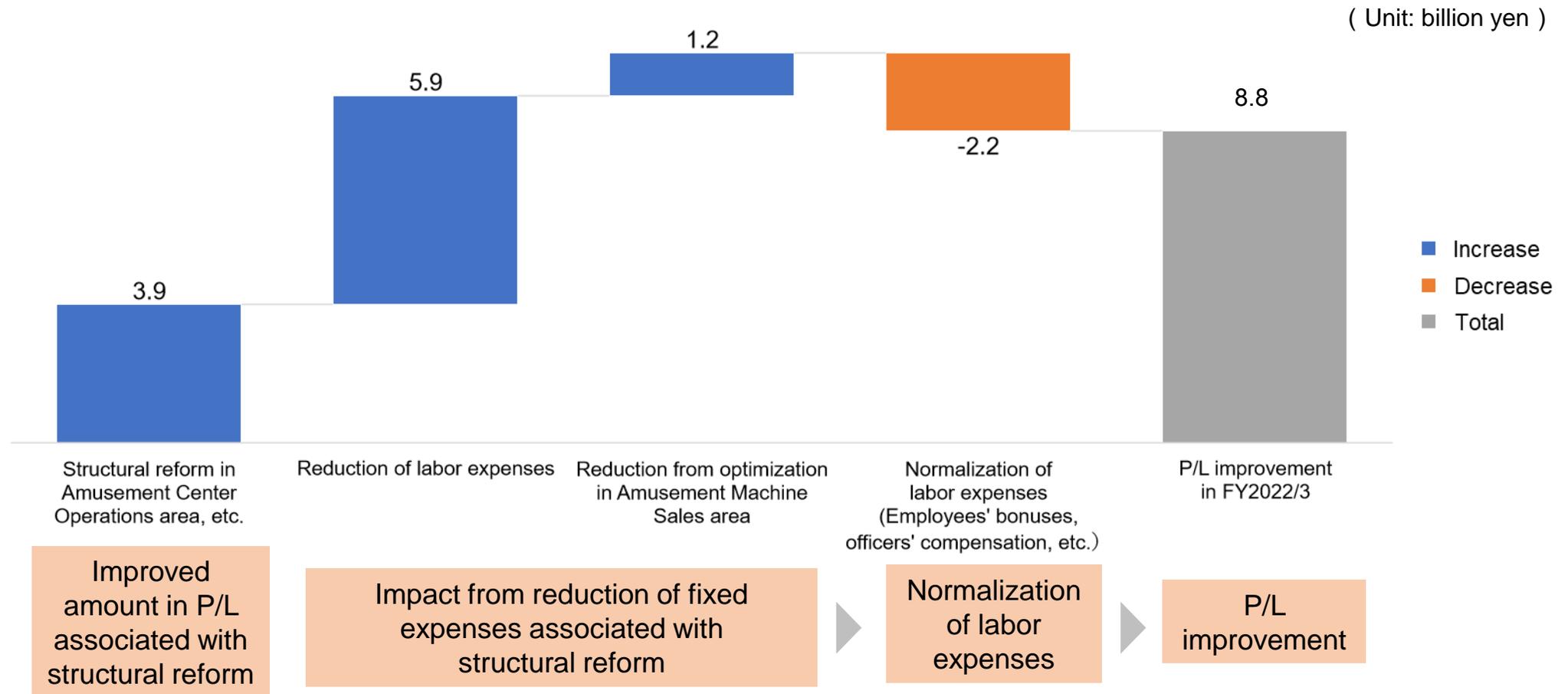
-9.2 billion yen (extraordinary losses)

+11.2 billion yen (extraordinary income)

+15.2 billion yen (extraordinary income)

Impact from Implementation of “Structural Reform”

■ P/L improvement in FY2022/3 associated with “Structural Reform.”

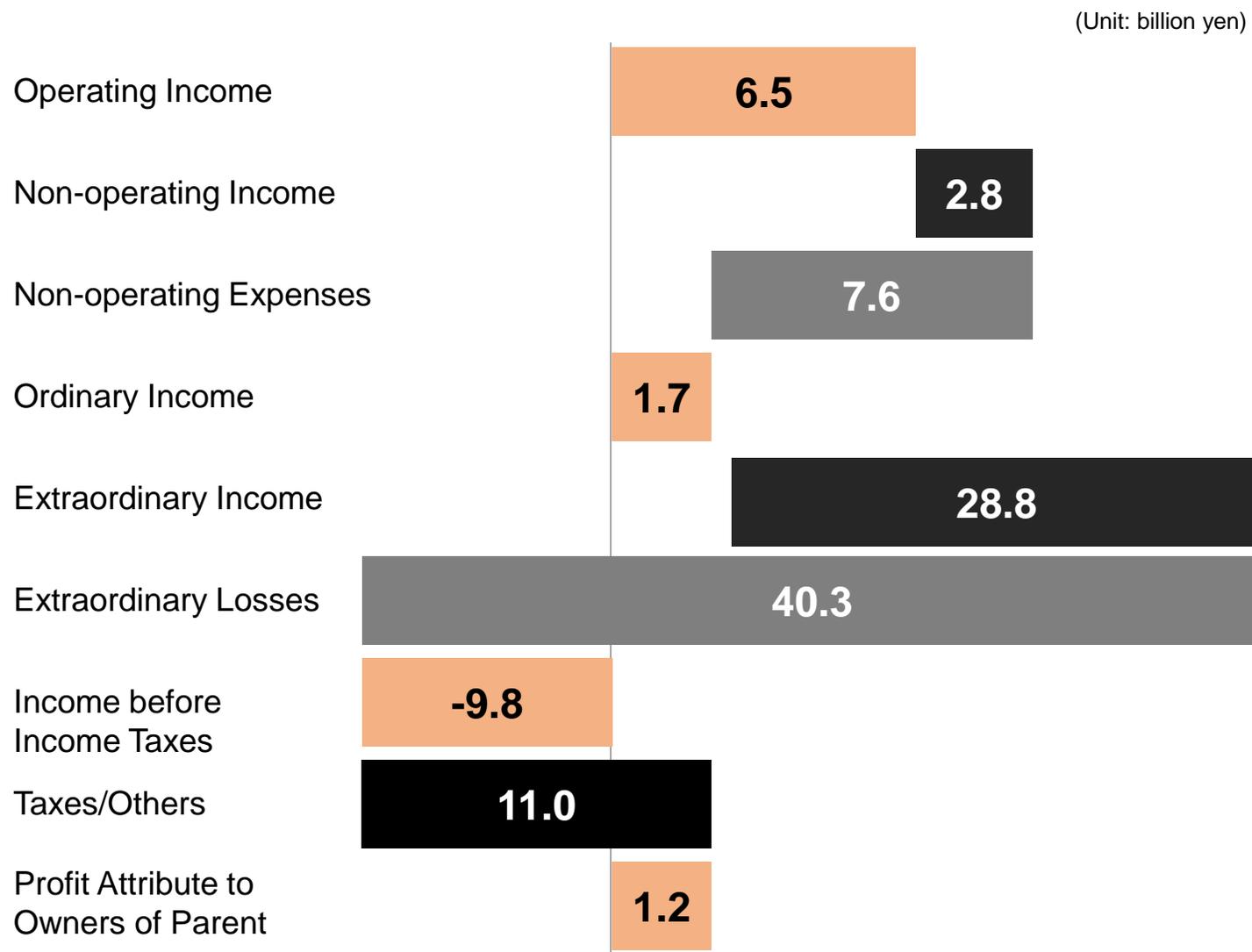


Reference: Initiatives of “Structural Reform” (Per segment)

		Review of Business Structure	Reduction of fixed expenses	Others	Details
Entertainment Contents Business	Consumer area		●		
	Amusement Machine Sales area	●	●	●	Rationalization of departments and functions Shift of R&D resources to Consumer area Transfer of shares of sales subsidiary of amusement machines abroad
	Amusement Center Operations area	●			Transfer of shares of the subsidiary engaged in amusement facilities operation
	Others	●	●		Closure of Orbi Yokohama Transfer of shares of Oasis Park
Pachislot and Pachinko Machines Business			●		
Resort Business			●		Suspension of operations at certain facilities
Other/Elimination, etc.			●		

Breakdown of Income (FY2021/3 Results)

(Unit: billion yen)



Non-operating income/losses and extraordinary income/losses

Non-operating income	2.8
Gain on investments in partnership	1.4
Non-operating expenses	7.6
Equity in losses of affiliates	5.6
Extraordinary Income	28.8
Gain on sales of tangible fixed assets	15.2
Gain on sales of investment securities	11.2
Extraordinary losses	40.3
Structural reform expenses (Structural reform expenses in Amusement Center Operations and Amusement Machine Sales area, and extraordinary retirement allowances and others due to call for voluntary retirement etc.)	34.1
Impairment losses	3.3
Loss on COVID-19	2.8

Costs and Expenses

(JPY Billion)	2020/3 Full Year Results	2021/3 Full Year Results	2022/3 Full Year Forecast	FY2021/3 Results	FY2022/3 Forecast
R&D Expense / Content Production Expense	76.5	61.9	74.1		
Entertainment Contents	58.6	45.5	57.9	<ul style="list-style-type: none"> Launch of new titles decreased in Consumer and Amusement Machine Sales area 	<ul style="list-style-type: none"> Launch of new titles increase in Consumer and Amusement Machine Sales area
Pachislot and Pachinko Machines	18.1	16.3	16.2		
Resort	0.1	0.2	0.0		
Other / Elimination	-0.3	-0.1	0.0		
Cap-ex	22.8	14.5	16.1		
Entertainment Contents	18.2	10.4	7.5	<ul style="list-style-type: none"> Decreased due to the transfer of the group company engaged in amusement facilities operation 	<ul style="list-style-type: none"> Investment related to new business increase in Pachislot and Pachinko Machines business
Pachislot and Pachinko Machines	3.5	3.3	7.2		
Resort	0.2	0.1	0.5		
Other / Elimination	0.9	0.7	0.9		
Depreciation	14.8	12.1	8.8		
Entertainment Contents	8.9	6.7	3.5	<ul style="list-style-type: none"> Decreased due to the transfer of the group company engaged in amusement facilities operation 	<ul style="list-style-type: none"> Decrease due to the transfer of the group company engaged in amusement facilities operation
Pachislot and Pachinko Machines	3.6	3.4	3.5		
Resort	1.1	0.9	0.8		
Other / Elimination	1.2	1.1	1.0		
Advertising	17.4	13.6	21.9		
Entertainment Contents	14.1	11.5	16.7	<ul style="list-style-type: none"> Launch of new titles decreased in Consumer area 	<ul style="list-style-type: none"> Launch of new titles increase in Consumer area and Pachislot and Pachinko Machines business Unban of TV commercial in Pachislot and Pachinko Machines business
Pachislot and Pachinko Machines	1.5	1.2	3.0		
Resort	0.4	0.2	0.4		
Other / Elimination	1.4	0.7	1.8		

*The results of FY2020/3 reflect the change of segment classification retrospectively.

Consolidated Balance Sheet Summary



(Billion yen)	【Assets】			【Liabilities and Net Assets】			
	Account	As of end of March 2020	As of end of March 2021	Change	Account	As of end of March 2020	As of end of March 2021
Cash and Deposits	159.0	154.9	-4.1	Accounts Payable	17.8	16.9	-0.9
Accounts Receivable	40.4	38.1	-2.3	Corporate Bonds	10.0	-	-10.0
Short term investment securities	5.3	0.7	-4.6	Short Term Loans Payable	13.3	-	-13.3
Inventories	47.0	52.9	+5.9	Other	45.0	42.8	-2.2
Other	17.2	29.6	+12.4	Total Current Liabilities	86.1	59.7	-26.4
Total Current Assets	268.9	276.2	+7.3	Corporate Bonds	10.0	10.0	-
Tangible Fixed Assets	86.6	61.6	-25.0	Long Term Loans Payable	42.0	42.0	-
Intangible Fixed Assets	17.9	14.9	-3.0	Other	23.2	18.5	-4.7
Investment Securities	55.0	38.3	-16.7	Total Noncurrent Liabilities	75.2	70.5	-4.7
Other	29.7	30.5	+0.8	Total Liabilities	161.4	130.3	-31.1
Total Noncurrent Assets	189.2	145.3	-43.9	Shareholders Equity	301.2	294.9	-6.3
Total Assets	458.2	421.5	-36.7	Total accumulated other comprehensive income	-7.1	-4.2	2.9
				Subscription rights to shares	0.8	-	-0.8
				Non-controlling interests	1.9	0.4	-1.5
				Total Net Assets	296.8	291.2	-5.6
				Total Liabilities and Net Assets	458.2	421.5	-36.7

	As of end of March 2020	As of end of March 2021	Change
Cash, deposits and cash equivalents	158.6	154.5	-4.1
Interest bearing debt	75.3	52.0	-23.3
Net cash	83.2	102.5	+19.3
Equity Ratio	64.2%	69.0%	+4.8pt

	Main factors for increase / decrease
(Current Assets)	Mainly increase in inventories
(Non-current Assets)	Decreased due to structural reform in Amusement Center Operations area and sales of investment securities
(Liabilities)	Decreased due to payment of loans payable and redemption of corporate bonds
(Net Assets)	Decreased mainly due to payment of dividends

Consolidated Cash Flows



(Unit: billion yen)

Cash and cash equivalents

End of FY2020/3

158.6

C/F from Operating Activities
-6.3

C/F from Investing Activities
+30.4

C/F from Financing Activities
-31.4

End of FY2021/3

154.5

(Unit: billion yen)

Cash Flows from Operating Activities

Income before income taxes	-9.8
Depreciation and amortization	+14.5
Structural reform expenses	+34.1
Increase in inventories	-8.0
Payment of retirement allowances	-7.2
Payment of income taxes	-7.5
Others	-22.4

Cash Flows from Investing Activities

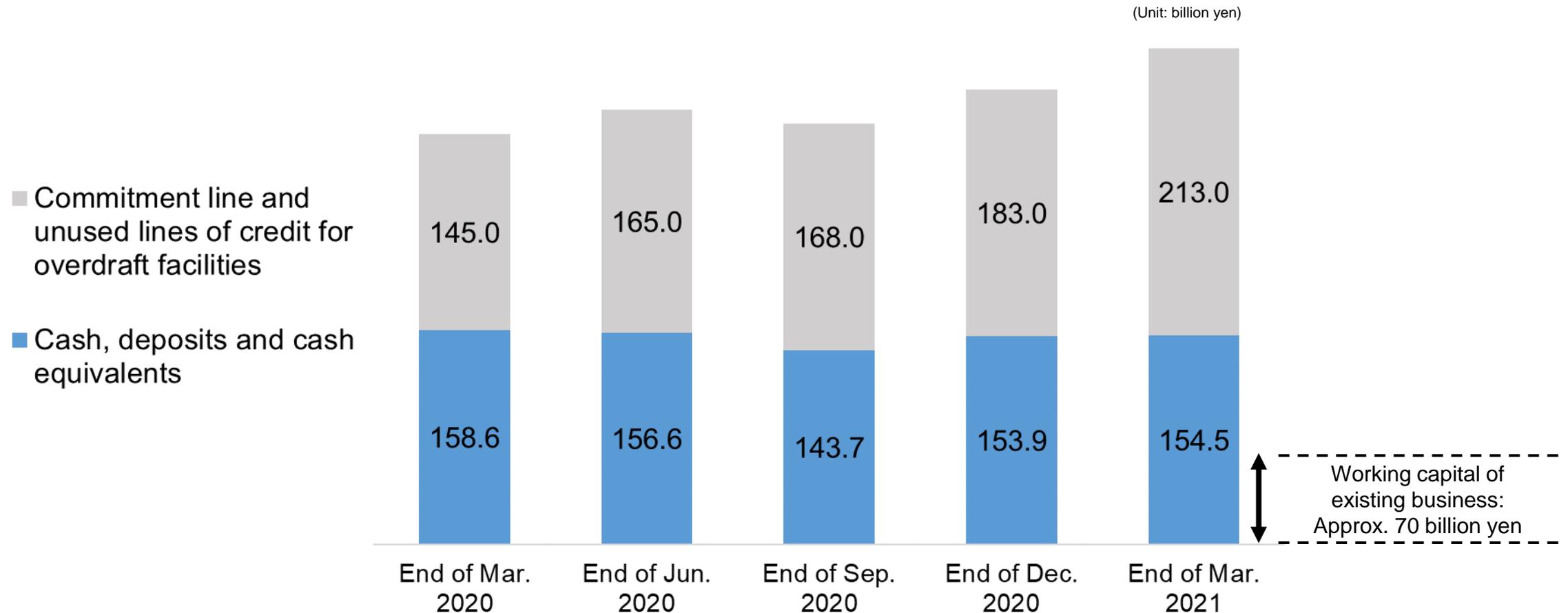
Sales of tangible fixed assets	+18.1
Sales of investment securities	+ 21.2
Others	-8.9

Cash Flows from Financing Activities

Repayment of long-term loans payable	-13.3
Redemption of corporate bonds	-10.0
Payment of dividends	-7.0
Others	-1.1

Liquidity of Funds

✓ Secured 367.5 billion yen as liquidity as of the end of March 2021



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Results / Forecast: Per segment

(Billion yen)	2020/3 Full Year Results	2021/3 Full Year Results	2022/3 Full Year Forecast
Sales	247.6	217.8	213.0
Consumer	125.5	135.7	140.0
Amusement Machine Sales	51.0	35.7	43.0
Amusement Center Operations	41.9	21.0	-
Animation / Toy	26.2	23.2	26.5
Other / Elimination	2.9	2.2	3.5
Operating Income	16.5	27.9	23.0
Consumer	14.7	31.4	21.0
Amusement Machine Sales	-0.6	-1.6	1.7
Amusement Center Operations	1.4	-1.4	-
Animation / Toy	2.7	2.1	1.8
Other / Elimination	-1.7	-2.6	-1.5
Non-operating income	1.3	0.9	2.4
Non-operating expenses	1.6	1.0	0.4
Ordinary Income	16.2	27.9	25.0
Ordinary Income Margin	6.5%	12.8%	11.7%

FY2021/3 Results

- ◆ Significant increase in profit YoY due to the contribution of Consumer area.
- ◆ Amusement Center Operations area was excluded from consolidation from 4Q due to the transfer of shares of the group company engaged in amusement facilities operation.

FY2022/3 Forecast

- ◆ Consumer area expects the decline due to the reactionary fall of repeat sales.
- ◆ Operating expenses such as R&D and advertising expenses associated with the increase in new titles will increase.
- ◆ Amusement Machine Sales area expects the improvement in earnings due to the reduction of fixed expenses associated with the structural reform.
- ◆ Schedule to record allocated revenues of the Sonic movie.

Entertainment Contents Business (Quarterly trend of FY2021/3 results)

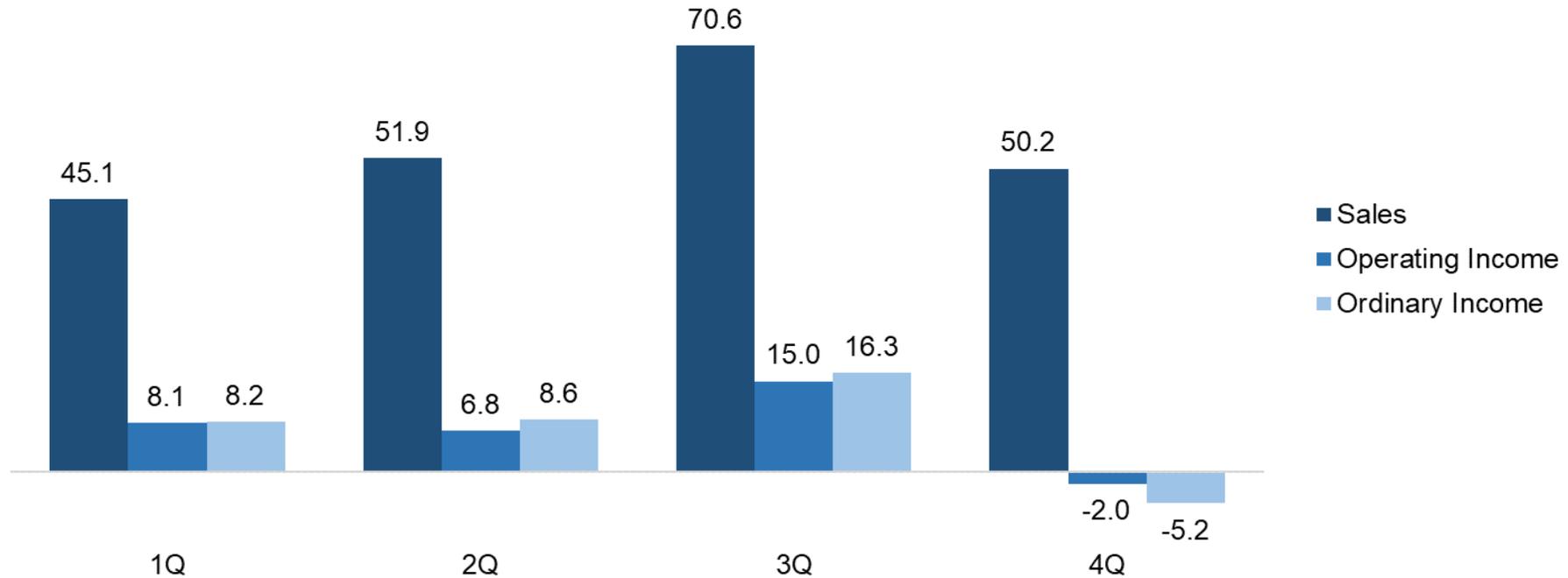


Consumer area continued to perform strongly from 1Q to 3Q.

Repeat sales decreased and recorded one-off expenses such as write-down in 4Q.

Ordinary income decreased due to the sales of investment securities (Changed the account to extraordinary income) in 4Q.

(Unit: billion yen)



Entertainment Contents Business (Per subsegment)



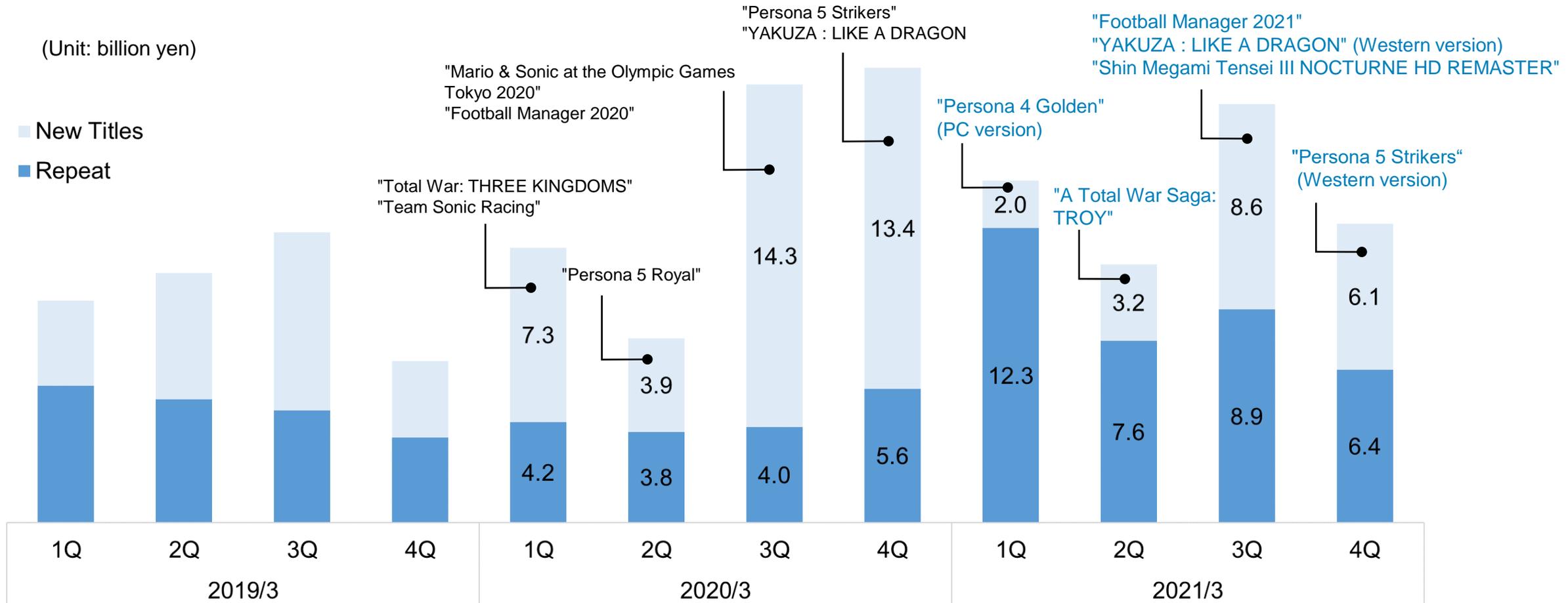
FY2021/3 Results

◆ Consumer area	(Full Game) Significant increase in repeat sales due to the effect of stay-at-home spending etc. (F2P) Strong performance of new titles and steady performance of existing titles.
◆ Amusement Machine Sales area	<ul style="list-style-type: none"> • Revenue from rev. sharing model and machine sales decreased due to the closure of stores and declined store utilization due to the impact of COVID-19. • Steady performance of regular products such as prize category and content update of mainstay titles.
◆ Amusement Center Operations area	<ul style="list-style-type: none"> • Temporary closed the stores sequentially from April to May. • Transferred the shares of a group company engaged in amusement facilities operation associated with the structural reform. (Excluded from consolidation from 4Q)
◆ Animation / Toys area	(Animation) Delayed release of the theatrical version of "Detective Conan The Scarlet Bullet". (Toys) Steady performance centered on educational toys.

FY2022/3 Forecast

◆ Consumer area	(Full Game) Expecting the reactionary fall following the effect of stay-at-home spending in repeat sales and an increase in expenses associated with the increase in new titles. (F2P) Launch of new "PHANTASY STAR ONLINE 2" series is scheduled .
◆ Amusement Machine Sales area	<ul style="list-style-type: none"> • Earnings improve due to the reduction of fixed expenses associated with the execution of structural reform. • Plan to launch regular products such as UFO Catcher series machines and prizes for UFO CATCHER, as well as new products.
◆ Animation / Toys area	(Animation) Release the theatrical version of "Detective Conan The Scarlet Bullet" and expect to record revenues from animation production and distribution, etc. (Toys) Plan to sell new products and regular products.

Consumer Area (Full Game's sales trend)



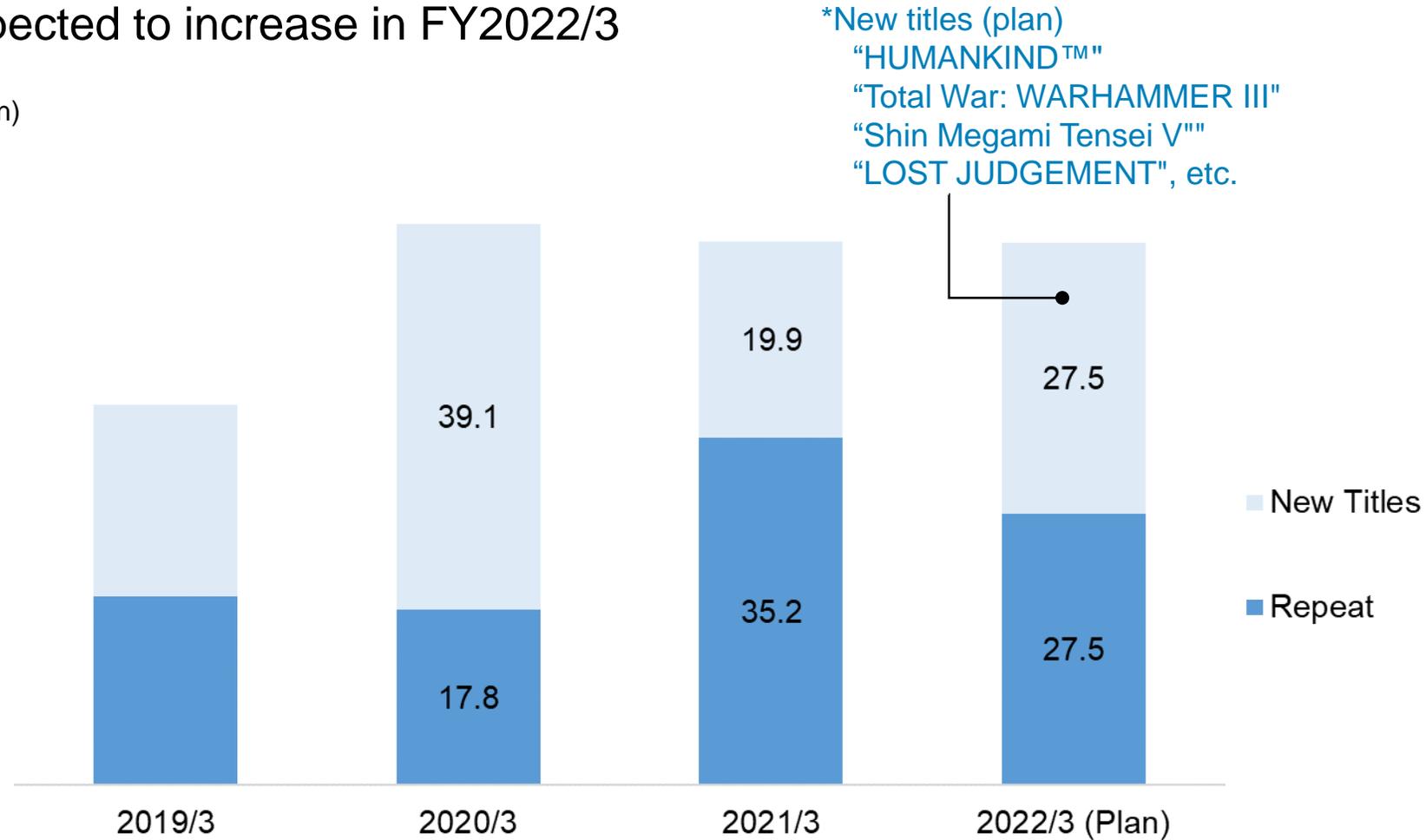
*Repeat: Titles released in or before previous fiscal year including "Sonic" series, "Persona" series, "Total War" series, "Football Manager" series, and "YAKUZA" series, etc.

*Figures of the fiscal year ended March 31, 2019 are reference values before segment change

Consumer Area (Full Game's sales trend)

New titles are expected to increase in FY2022/3

(Unit: billion yen)



*Repeat: Titles released in or before previous fiscal year including "Sonic" series, "Persona" series, "Total War" series, "Football Manager" series, and "YAKUZA" series, etc.

*Figures of the fiscal year ended March 31, 2019 are reference values before segment change

Consumer Area (Number of Full Game's unit sales by IP)

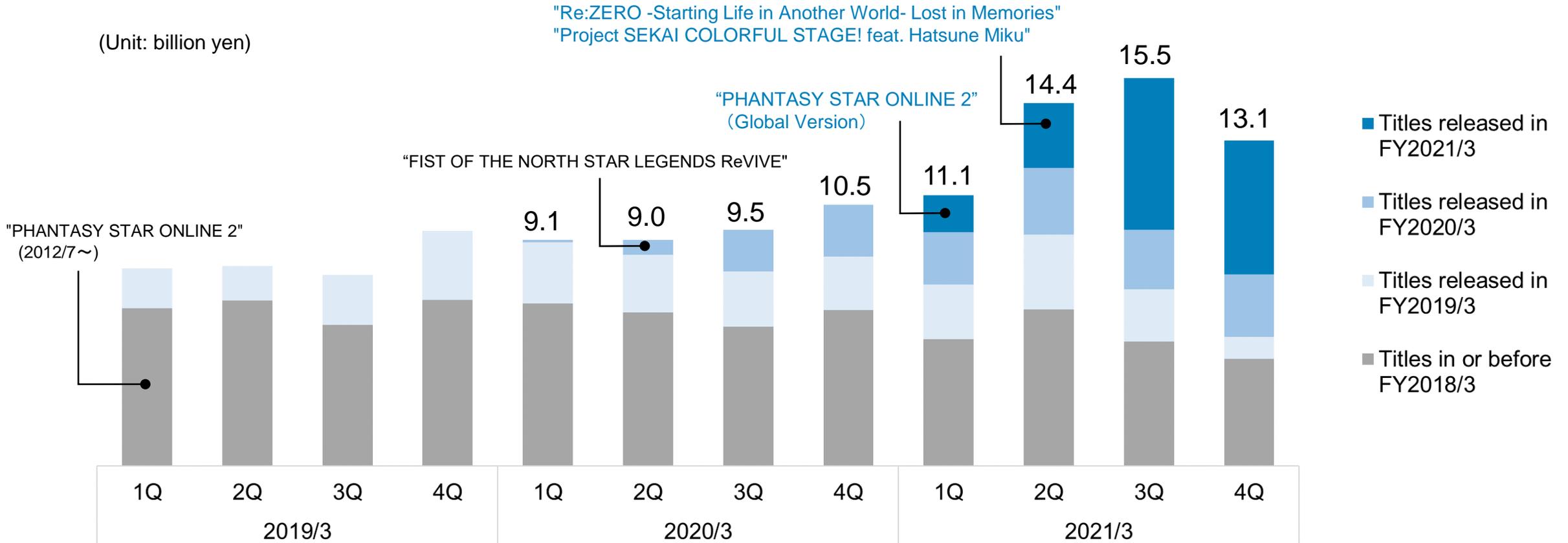


【FY2021/3 Results of Major titles】

IP	Unit Sales	Major titles (Released month)
Sonic	Approx. 4,400K units	"Mario & Sonic at the Olympic Games Tokyo 2020" (November 2019) "Team Sonic Racing" (May 2019) "Sonic Mania" (August 2017) "Sonic Generations" (December 2011), etc.
Total War	Approx. 4,000K units	"Total War: SHOGUN 2" (March 2011) "Total War: ROME II" (September 2013) "Total War: WARHAMMER 2" (September 2017) "Total War: Three Kingdoms" (May 2019), etc.
Football Manager	Approx. 3,800K units	"Football Manager 2021" (November 2020) "Football Manager 2020" (November 2019) "Football Manager 2020 Mobile" (November 2019) "Football Manager 2021 Mobile" (November 2020)
Persona	Approx. 3,000K units	"Persona 5 Strikers" (February 2020) "Persona 4 Golden" (June 2020) "Persona 5 Royal" (October 2019) "Persona 5" (September 2016), etc.
Others	—	"Endless Space2" (May 2017) "Alien: Isolation" (October 2014) "YAKUZA : LIKE A DRAGON" (January 2020) "Two Point Hospital" (August 2018), etc.

Consumer Area (F2P's sales trend)

Strong sales of 2 titles newly launched in FY2021/3

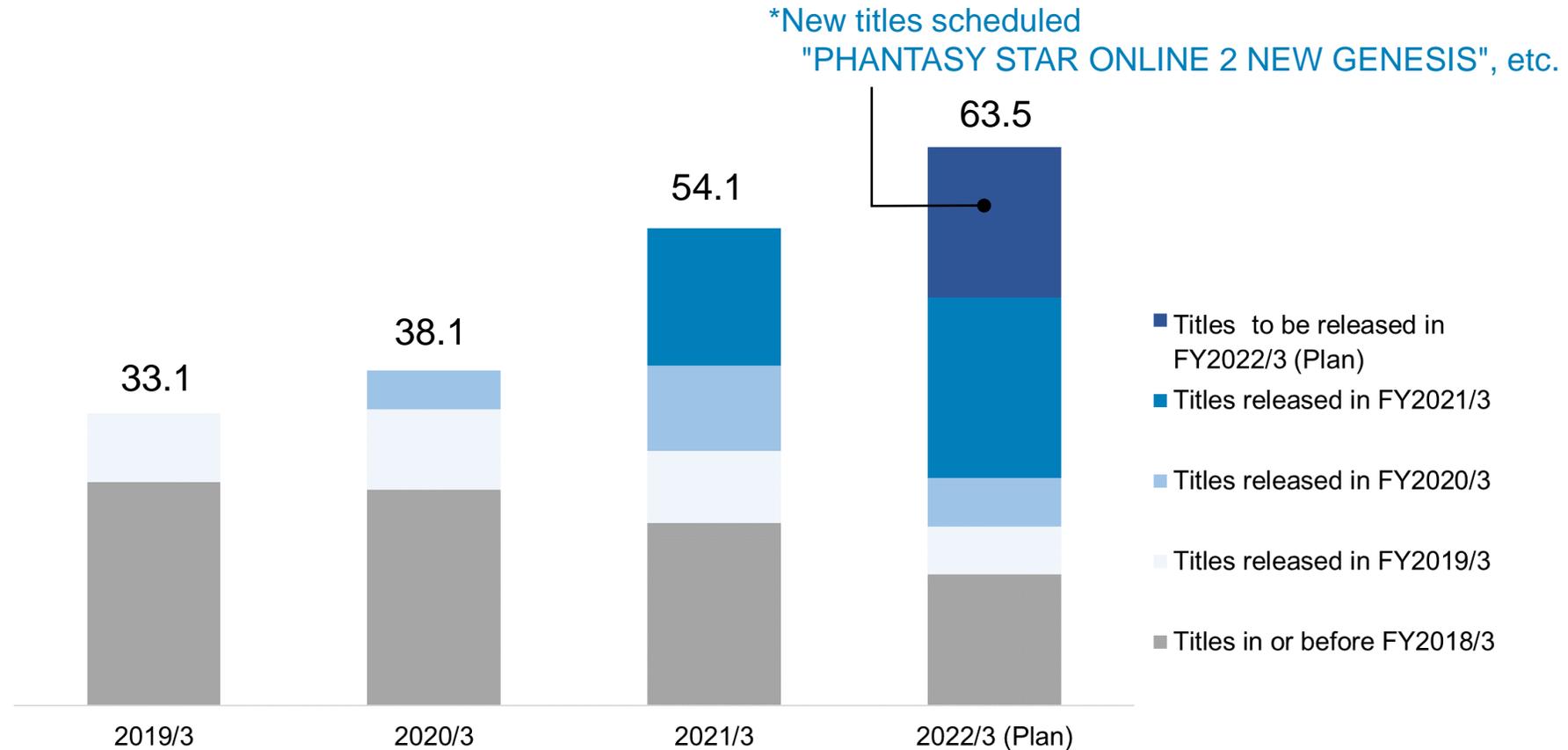


*Figures of the fiscal year ended March 31, 2019 are reference values before segment change

Consumer Area (F2P's sales trend)

Launch of new "PHANTASY STAR ONLINE 2" series is scheduled in FY2022/3

(Unit: billion yen)



*Figures of the fiscal year ended March 31, 2019 are reference values before segment change

Consumer Area (Strong F2P titles)

■ Top 3 titles in sales from Jan. - Mar. 2021

(No. 1)



**"Project SEKAI COLORFUL STAGE!
feat. Hatsune Miku"**

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Release: Sep. 2020

(No. 2)



"FIST OF THE NORTH STAR LEGENDS ReVIVE"

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

Release: Sep. 2019

(No. 3)



**"Re:ZERO -Starting
Life in Another
World- Lost in
Memories"**

©Tappei Nagatsuki, KADOKAWA/
Re:ZERO2 PARTNERS
©SEGA

Release: Sep. 2020

Consumer Area (New major titles)

[FY2021/3 4Q new title]

(Full Game)



"Persona 5 Strikers"
(Western version)

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[FY2022/3- new titles (plan)]

(Full Game)



"HUMANKIND™"

© Amplitude Studios 2020.
© SEGA.

(Full Game)



"Total War: WARHAMMER III"

© Games Workshop Limited 2021.
Published by SEGA.

(F2P)



**"PHANTASY STAR ONLINE 2
NEW GENESIS"**

© SEGA

(Full Game)



"Shin Megami Tensei V"

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(Full Game)



"LOST JUDGMENT"

© SEGA

Reference: Consumer Area (Full Game's sales trend)



(Billion yen)	2020/3				2021/3				2022/3
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q	Through 4Q	Full Year Forecast
Sales	26.7	55.8	90.2	125.5	32.4	61.4	102.4	135.7	140.0
Domestic	12.9	27.0	45.9	64.2	12.4	27.9	48.7	64.6	65.0
Overseas	13.9	29.0	45.4	63.9	19.6	33.4	54.3	72.4	75.0
Overseas sales ratio	52.1%	52.0%	50.3%	50.9%	60.5%	54.4%	53.0%	53.4%	53.6%
Other / Elimination	-0.1	-0.2	-1.2	-2.6	0.2	0.1	-0.6	-1.3	0.1
Full Game	11.5	19.4	37.8	57.0	14.4	25.2	42.6	55.1	55.0
New titles	7.3	11.3	25.6	39.1	2.0	5.2	13.8	19.9	27.5
Japan	0.2	0.6	7.5	12.5	0.0	0.1	1.8	2.1	-
Asia	0.4	0.5	1.1	3.5	0.7	1.0	1.2	1.7	-
North America / Europe	6.6	10.1	16.9	22.9	1.2	4.1	10.6	16.0	-
Repeat titles	4.2	8.1	12.1	17.8	12.3	19.9	28.8	35.2	27.5
Japan	0.5	1.1	1.5	2.7	1.7	2.7	3.7	4.5	-
Asia	0.3	0.8	1.1	1.7	0.5	1.1	1.5	2.2	-
North America / Europe	3.3	6.1	9.4	13.3	9.9	16.1	23.5	28.5	-
Download sales ratio	65.9%	58.6%	48.4%	46.0%	66.5%	67.7%	62.8%	63.8%	68.6%
F2P	9.1	18.1	27.6	38.1	11.1	25.5	41.0	54.1	63.5
Japan	8.4	16.9	25.8	35.3	9.1	21.5	35.5	47.2	-
Asia	0.0	0.0	0.1	0.3	0.0	0.1	0.2	0.2	-
North America / Europe	0.6	1.1	1.6	2.4	1.9	3.9	5.2	6.6	-
Other	6.1	18.4	25.8	33.0	6.5	10.6	19.4	27.7	21.5

*Full Game = Mainly physical sales and download sales of full game for home video game consoles and PCs. (Additional download content sales are not included.)

*F2P = Mainly sales of contents offering free basic play and microtransaction for smartphones and PCs.

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

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



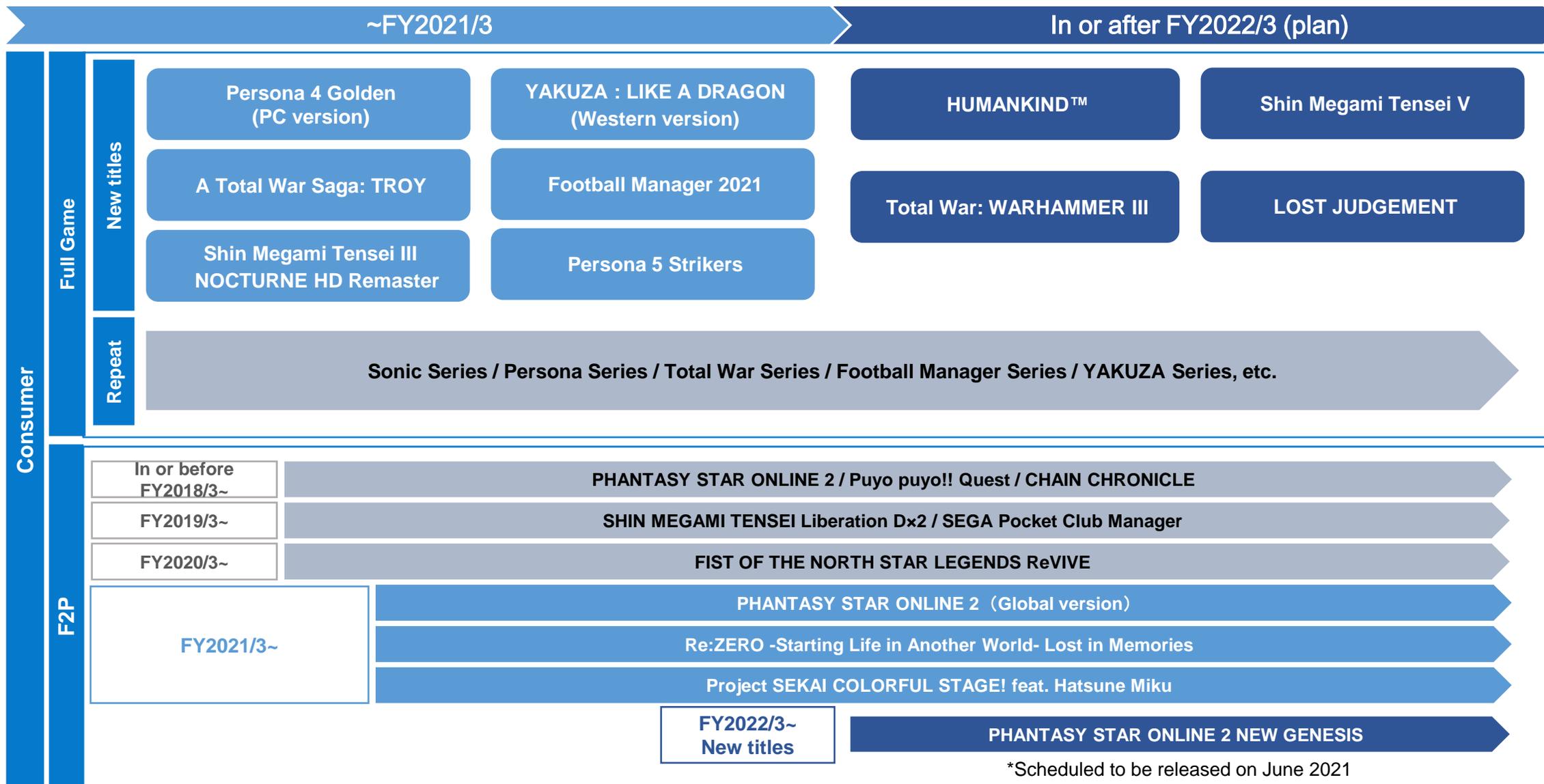
	2020/3				2021/3				2022/3
	1Q	Through 2Q	Through 3Q	Through 4Q	1Q	Through 2Q	Through 3Q	Through 4Q	Full Year Forecast
Full Game: Number of Titles	9 titles	13 titles	26 titles	36 titles	4 titles	6 titles	15 titles	18 titles	26 titles
Japan	2 titles	3 titles	9 titles	11 titles	0 title	0 title	2 titles	2 titles	5 titles
Asia	3 titles	3 titles	6 titles	12 titles	1 title	1 title	4 titles	6 titles	9 titles
North America / Europe	4 titles	7 titles	11 titles	13 titles	3 titles	5 titles	9 titles	10 titles	12 titles
Full Game: Unit sales (Thousands)	6,490	12,100	20,570	28,570	12,980	19,080	34,200	41,770	37,870
Total New titles	2,300	3,550	7,460	11,480	790	1,180	3,770	6,020	9,640
Japan	60	170	1,180	1,910	10	20	370	430	660
Asia	130	130	300	780	150	200	260	360	410
North America / Europe	2,110	3,240	5,970	8,790	620	960	3,130	5,220	8,570
Total Repeat titles	4,180	8,550	13,110	17,090	12,190	17,900	30,420	35,750	28,230
Japan	210	440	580	880	460	690	990	1,230	930
Asia	110	280	380	580	240	510	700	1,000	650
North America / Europe	3,860	7,820	12,140	15,620	11,480	16,690	28,730	33,510	26,650

*Unit sales don't include the figure for free download

*Numbers of titles and sales units of Full Game in FY2020/3 results were revised due to the change of subsegment classifications

*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).

Entertainment Contents Business (Sales schedule)



*Scheduled to be released on June 2021

Entertainment Contents Business (Sales schedule)

~FY2021/3

In or after FY2022/3 (plan)

Amusement Machine Sales	<Existing titles> KanColle Arcade / StarHorse Series / Fate/Grand Order Arcade / WCCF FOOTISTA / SANGOKUSHI TAISEN maimai DX / O · N · G · E · K · I / CHUNITHM			
	<Regular titles> UFO CATCHER® series / prizes for UFO CATCHER			
	TRANSFORMERS SHADOWS RISING	StarHorse4 (Content Update)		
	fiz	Initial D THE ARCADE		
Animation / Toys	Sonic The Hedgehog (in Japan)	Detective Conan: The Scarlet Alibi	Detective Conan: The Scarlet Bullet	Anpanman: Fluffy Flurry and the Land of Clouds <small>*Scheduled to be released on June 25, 2021</small>
	Disney&Disney/Pixar Characters Magical Smart Note	Fun to change mouse covers! Sumikkogurashi Personal Computer Plus	CHAIN RENCER	

Pachislot and Pachinko Machines Business

(JPY Billion)	2020/3 Full Year Results	2021/3 Full Year Results	2022/3 Full Year Forecast
Sales	108.5	53.1	89.0
Pachislot	54.1	13.9	40.5
Pachinko	37.4	28.5	42.7
Other / Elimination	17.0	10.7	5.8
Operating Income	23.2	-10.6	9.0
Non-operating income	0.7	0.6	0.1
Non-operating expenses	1.1	1.2	0.1
Ordinary Income	22.7	-11.3	9.0
Ordinary Income Margin	20.9%	-	10.1%

Pachislot

Number of Titles	5 titles	5 titles	9 titles
Unit Sales (units)	123,336	35,273	101,000

Pachinko

Number of Titles	7 titles	4 titles	5 titles
Unit Sales (units)	104,581	69,013	103,000
Board + Frame	33,056	53,641	69,500
Board	71,525	15,372	33,500

FY2021/3 Results

- ◆ Resumed sales activities on a full scale after the second half of the year.
- ◆ Demand for new regulation machines declined due to the extension of deadline for removal of previous regulation machines, resulting in significant decrease of unit sales YoY.

FY2022/3 Forecast

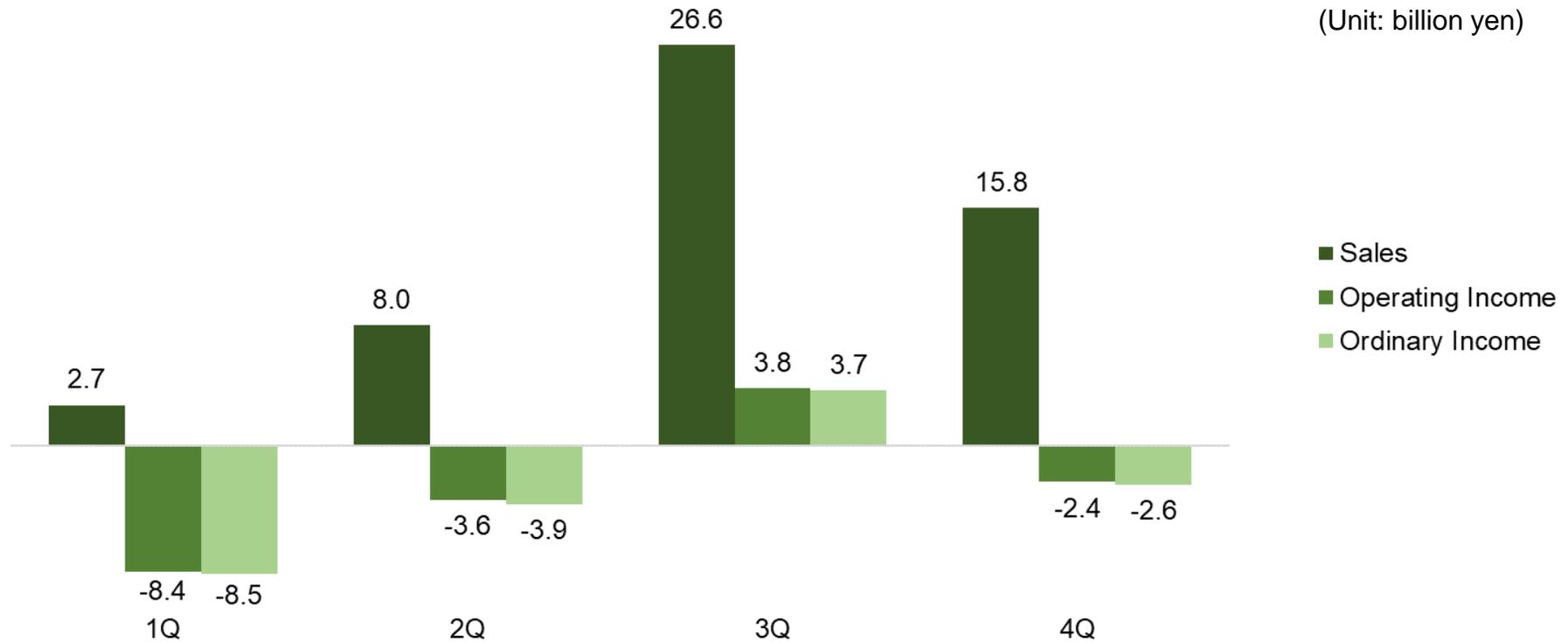
- ◆ Expect a recovery of earnings due to launching new titles, including mainstay titles, in preparation for the replacement demand of previous regulation machines, which deadline for removal is arriving.
- ◆ Fixed expenses are expected to decrease due to implementation of structural reform, while advertising expenses etc. are expected to increase due to the increase in numbers of new titles etc.

Pachislot and Pachinko Machines Business

(Quarterly trend of FY2021/3 results)



Improvement in earnings in the second half of the year, due to resume of sales activities of machines

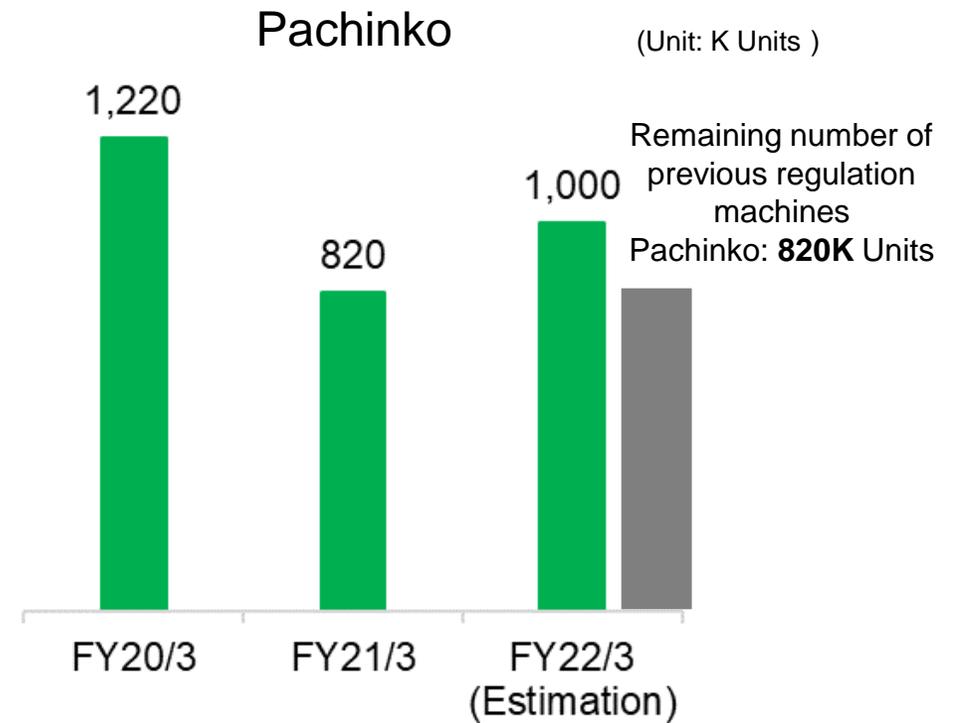
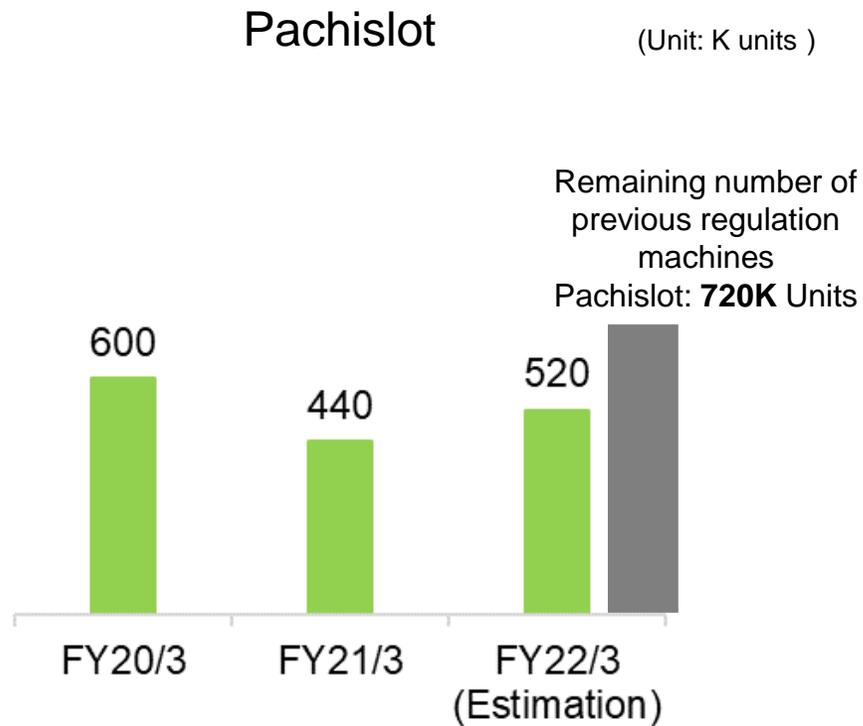


Reference: Pachislot and Pachinko Machines Business

(Expectation of annual unit sales, remaining number of previous regulation machines)

Expect recovery in unit sales in FY2022/3 compared to FY2021/3, due to the arrival of previous regulation machines' deadline for removal

- Expectation of annual unit sales in market, remaining number of previous regulation machines



*Annual unit sales: In-house estimation

*Remaining number of previous regulation machines: In-house estimation as of April 20, 2021

Pachislot and Pachinko Machines Business (Sales schedule)

New title

Specification changed title

~FY2021/3

FY2022/3~ (plan)



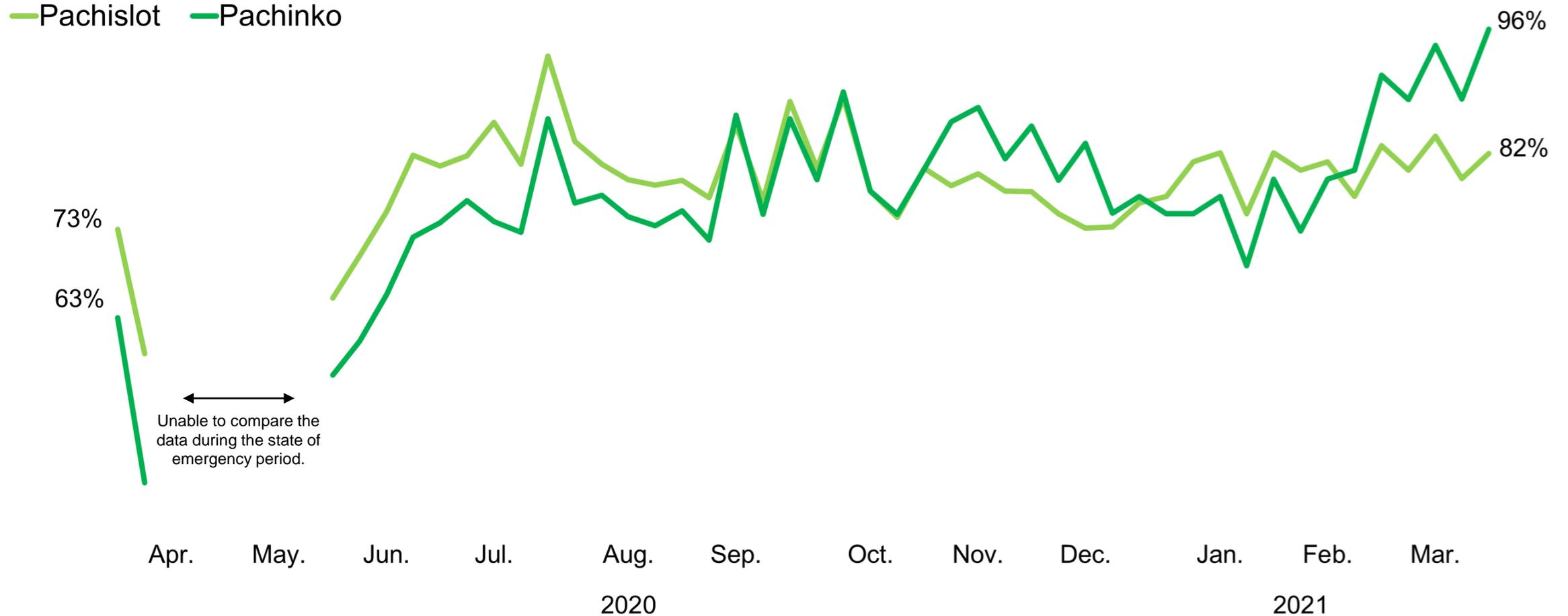
(Major titles launched in FY21/3)		Month of delivery	Sales units
Pachislot	Pachislot Hokuto No Ken Shukumei	Mar.	17,456 units
	Pachislot The Seven deadly Sins	Nov.	6,207 units
	Pachislot Initial D	Jan.	5,369 units
Pachinko	P Shin Hokuto Muso Chapter 3	Dec.	43,901 units
	P Psalms of Planets Eureka Seven HI-EVOLUTION ZERO	Aug.	10,223 units
	P <Monogatari> Series Secondseason	Feb.	6,560 units

(Titles to be launched in FY22/3)		Month of delivery
Pachislot	Pachislot Angel Beats!	Apr.
	Pachislot GAMERA	Jun.
Pachinko	P Kabaneri of the Iron Fortress	Apr.
	P Hokuto no Ken 8 Kyuseishu	May.
	P Cho Hane Beast King	Jun.
	P SOUTEN-NO-KEN Tengoku	Jul.

Reference: Pachislot and Pachinko Machines Business

(Utilization status of pachinko halls)

YoY comparison of average utilization rate of Pachislot and Pachinko



*In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot)

(JPY Billion)	2020/3 Full Year Results	2021/3 Full Year Results	2022/3 Full Year Forecast
Sales	10.4	6.3	9.5
Operating Income	-3.6	-4.1	-3.0
Non-operating income	0.2	0.0	0.0
Non-operating expenses	1.9	4.8	2.0
Ordinary Income	-5.3	-8.9	-5.0
Ordinary Income Margin	-	-	-

<PHOENIX RESORT>

No. of facility users (Thousands)	2020/3	2021/3	2022/3
No. of facility users (Thousands)	839	552	856
3 accommodation facilities	359	223	373
2 golf courses	92	75	95
Other facilities	388	254	388

FY2021/3 Results

- ◆ PHOENIX RESORT: Significantly affected by COVID-19 and the number of facility users fell to 65.7% YoY.
- ◆ Personal demand increased and utilization of facilities recovered during the “Go To Travel Campaign” period.

- Numbers of monthly facility users of PHOENIX RESORT (YoY comparison)

Apr.	May.	Jun.	Jul.	Aug.	Sep.
32.5%	8.6%	33.4%	45.5%	58.0%	97.8%
Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
112.8%	119.2%	89.7%	40.5%	47.5%	139.4% (*)

(*) 79.6% compared to March 2019

FY2022/3 Forecast

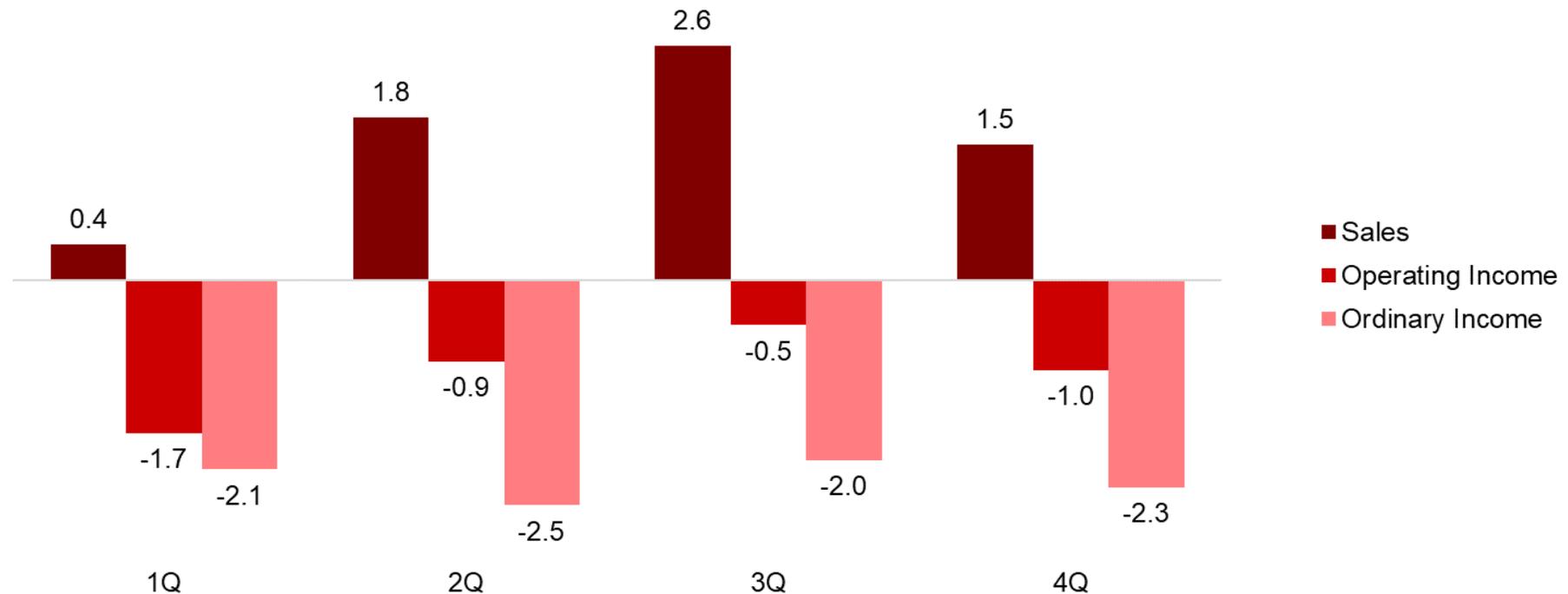
- ◆ PHOENIX RESORT: Expect the recovery on par with the revenue of FY2020/3 by strengthening the attraction of individual customer.
- ◆ PARADISE SEGASAMMY: Expect the reduction of loss margin (non-operating expenses.)
- ◆ Continue to record expenses for IR (Integrated Resort) business.

Resort Business (Quarterly trend of FY2021/3 results)

Recorded operating income at PHOENIX RESORT in 3Q

Recorded expenses for preparation towards the participation in IR business in each quarter.

(Unit: billion yen)



Resort Business (PARADISE SEGASAMMY)

(KRW Billion)

(KRW Billion)		FY2020 4Q Results	FY2021 4Q Results
Sales		463.3	177.5
	Casino	375.5	126.8
	Hotel	69.2	44.4
	Other	18.4	6.3
Cost of sales		391.2	216.0
	Casino	210.4	95.2
	Hotel	118.2	85.4
	Other	62.4	35.3
Gross profit		72.1	-38.5
	SG&A	52.1	28.1
Operating profit		19.9	-66.7
EBITDA		84.4	-7.7
Net profit		-22.5	-106.2
Number of casino visitors (Thousands)		382	174

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	-1.6	-4.7
---	-------------	-------------

FY2021/3 Results

- ◆ The number of facility users declined
 - Number of casino users YoY: 45.4%
 - Streamlined the facilities operation by suspending the operation of some facilities and reducing fixed expenses.

FY2022/3 Forecast

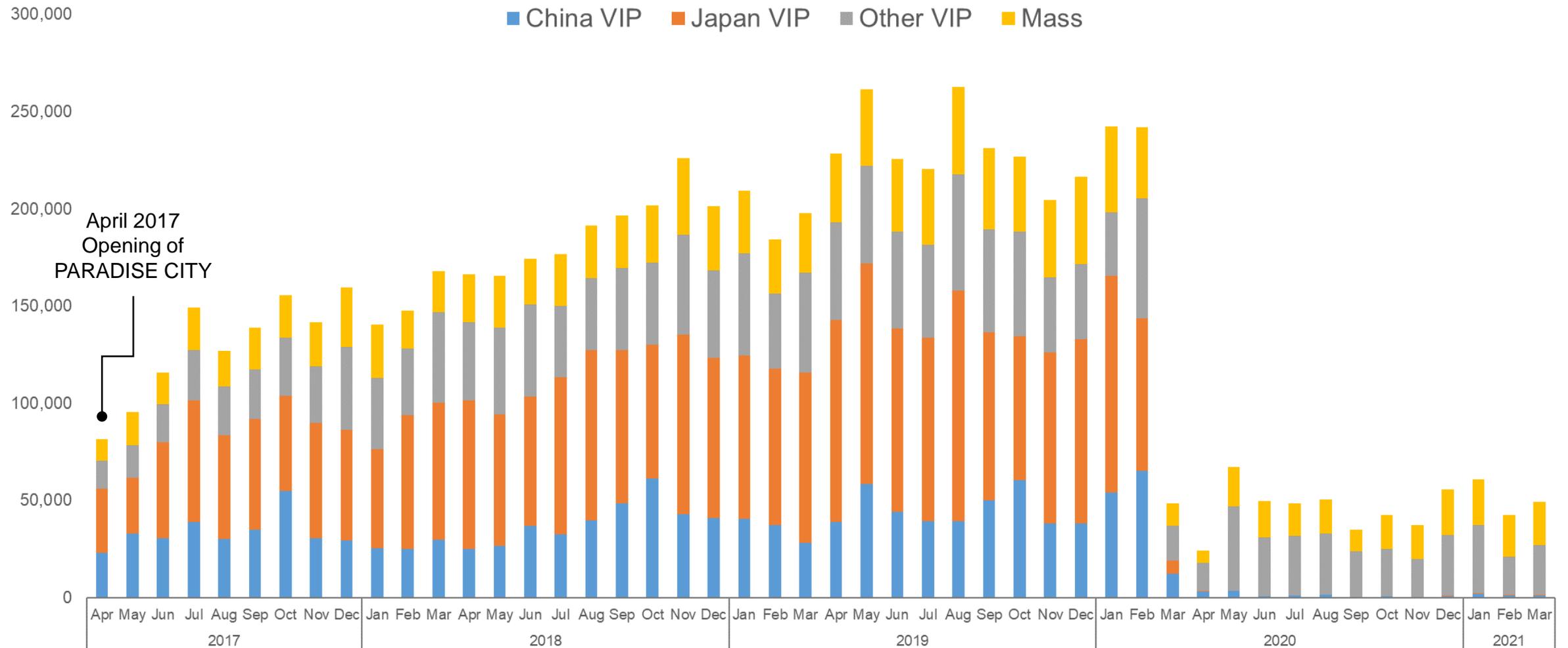
- ◆ Expecting that the restriction of foreign visitors in each country will continue up to 2Q.
- ◆ Expect the reduction of loss margin due to the recovery in utilization of facilities.

*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

03

New Medium-Term Plan (FY2022/3-FY2024/3)



Goal
Target

Beyond the Status Quo

**-Breaking the Current Situation and
Becoming a Sustainable Company-**

FY2024/3: Ordinary income 45.0 billion yen, ROE Over 10%

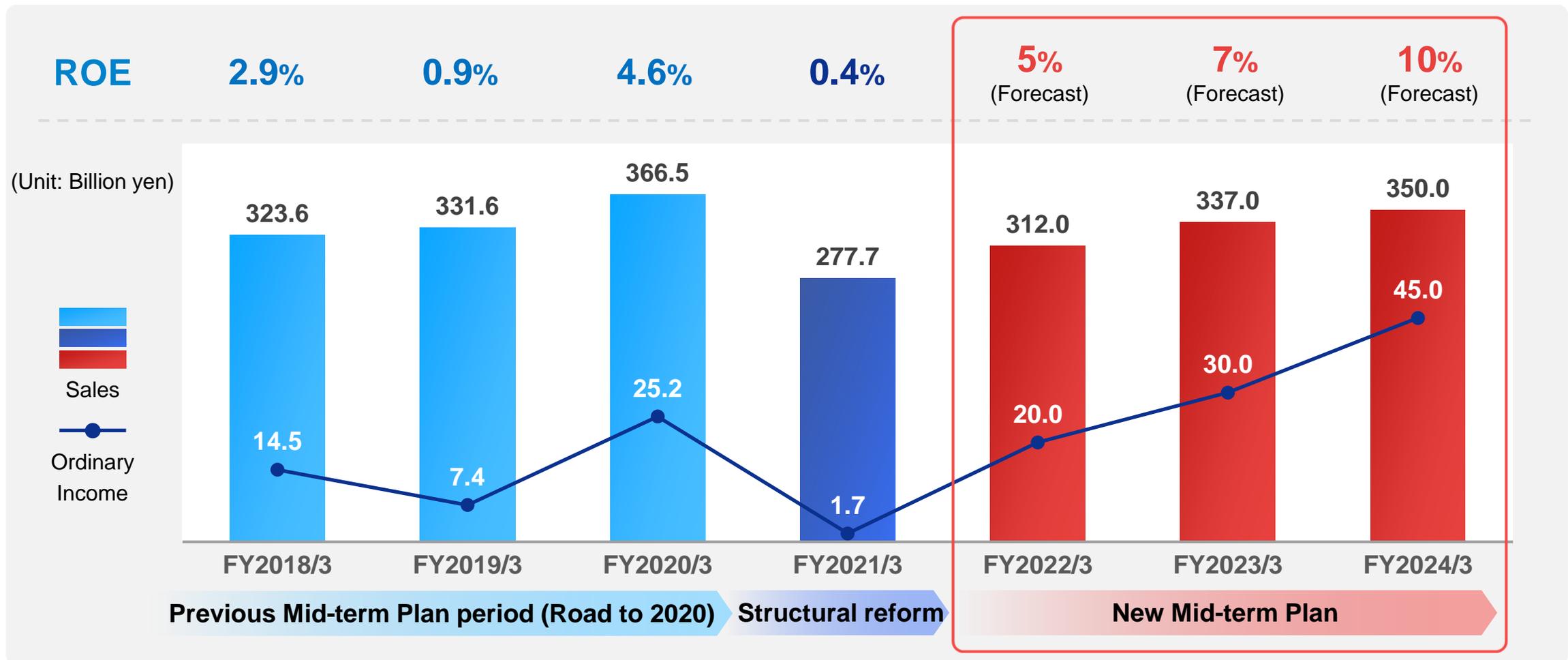
Strategy
Key Strategy

**Consumer area
Investment
in growth**

**Pachislot and Pachinko
Solidification of
earnings base**

**Certification as a
business operator
of IR**

Improvement of ROE by shifting to the management focusing on capital efficiency



New Medium-Term Plan (3 years): Per segment breakdown

Aiming for ROE10% and ordinary income of 45.0 billion yen in FY2024/3

		FY21/3 Results	FY22/3 Forecast	FY23/3 Forecast	FY24/3 Forecast	(Unit: Billion yen)
Entertainment Contents	Sales	217.8	213.0	238.0	242.0	
	Operating Income	27.9	23.0	28.5	39.0	
	Ordinary Income	27.9	25.0	30.0	40.0	
Pachislot and Pachinko	Sales	53.1	89.0	88.0	96.0	
	Operating Income	-10.6	9.0	9.0	13.0	
	Ordinary Income	-11.3	9.0	9.0	13.0	
Resort	Sales	6.3	9.5	10.5	10.5	
	Operating Income	-4.1	-3.0	-1.5	-1.3	
	Ordinary Income	-8.9	-5.0	0.0	1.0	
Other/ Elimination	Sales	0.5	0.5	0.5	1.5	
	Operating Income	-6.7	-9.0	-9.0	-8.7	
	Ordinary Income	-6.0	-9.0	-9.0	-9.0	
Consolidated	Sales	277.7	312.0	337.0	350.0	
	Operating Income	6.5	20.0	27.0	42.0	
	Ordinary Income	1.7	20.0	30.0	45.0	
	ROE	0.4%	5%	7%	10%	

**Investment
in growth**

**Consumer area
IR business**



Focused investment

- **Creation of Super Game**
- **Certification as a business operator of IR**

**Ensure
stable earnings**

**Pachislot and
Pachinko
Amusement Machine
Animation / Toys**



**Creation of Hits
×
Business efficiency**

Entertainment Contents Business Consumer Area

To be a Global Leading Contents Provider

FY2024/3

Strengthen earnings base by making existing IPs into global brand

Investment promotion period towards global players

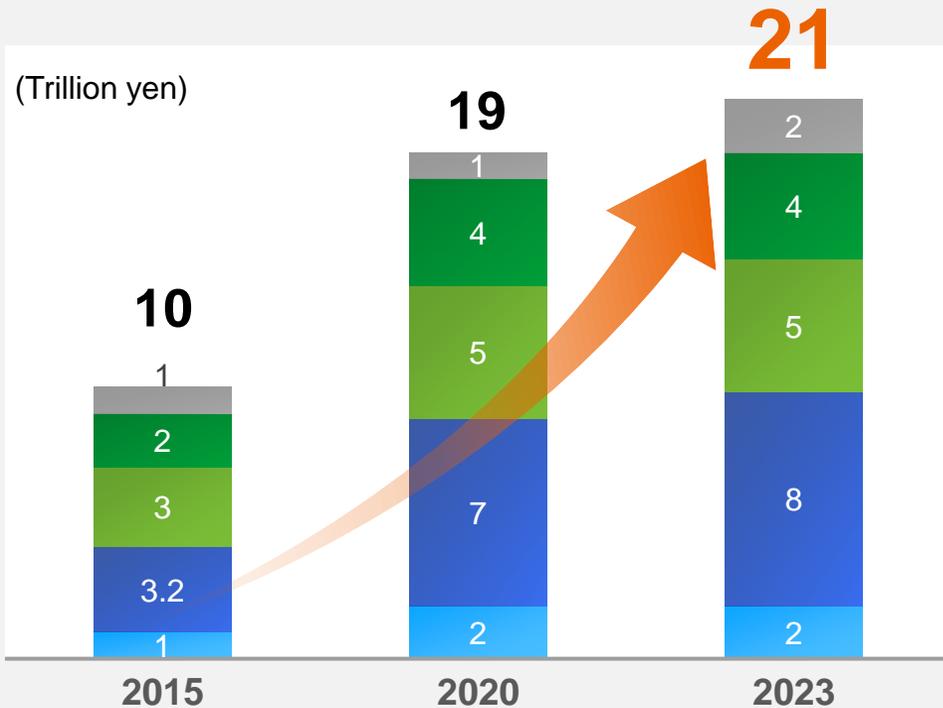
FY2026/3

Creation of Super Game

Proactive investment in growth

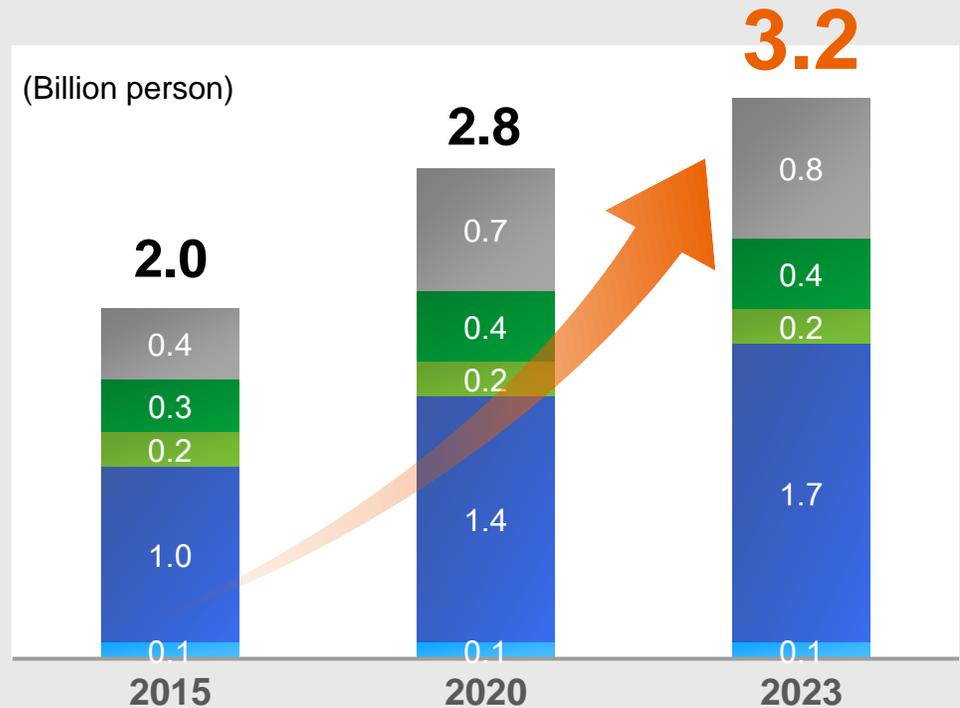
(Additional investment of up to 100.0 billion yen in 5 years)

Market Size Trend (Forecast)



*Source: Created based on Newzoo Report January 2021, 1USD = 105JPY

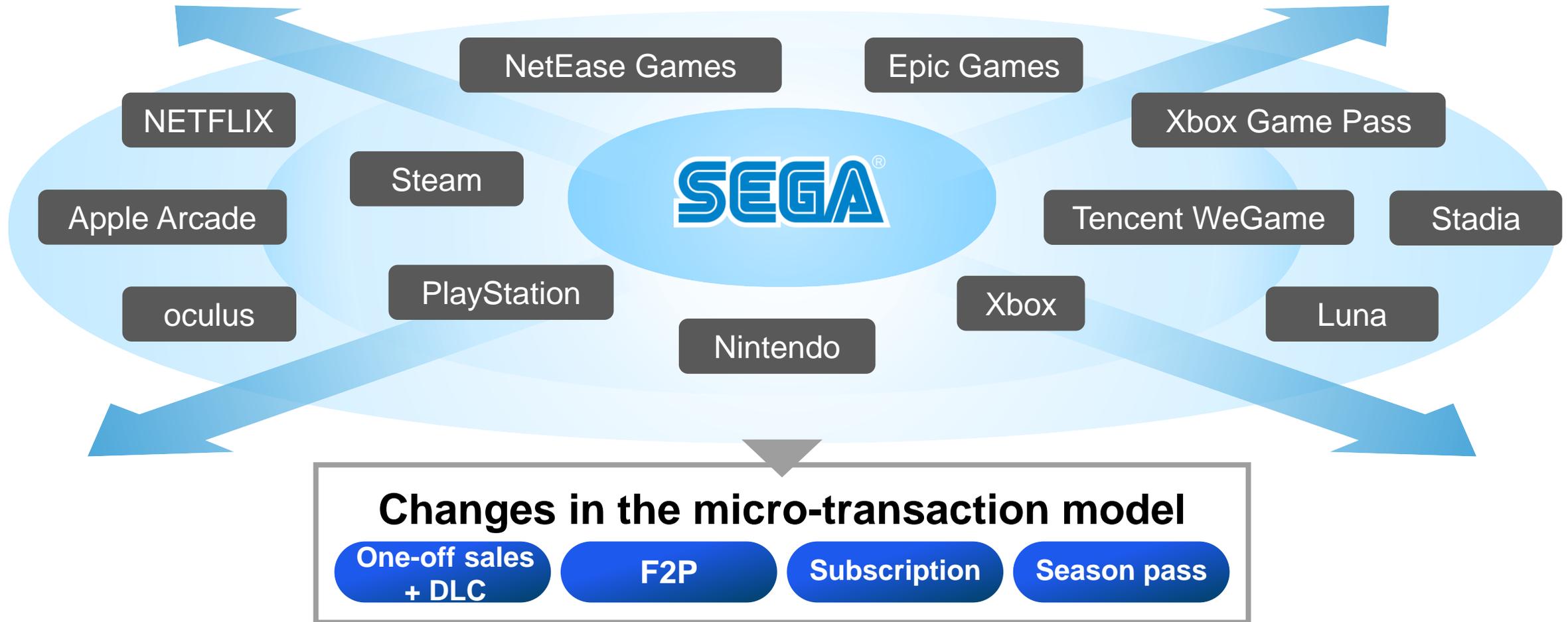
Worldwide Game Player Population (Forecast)



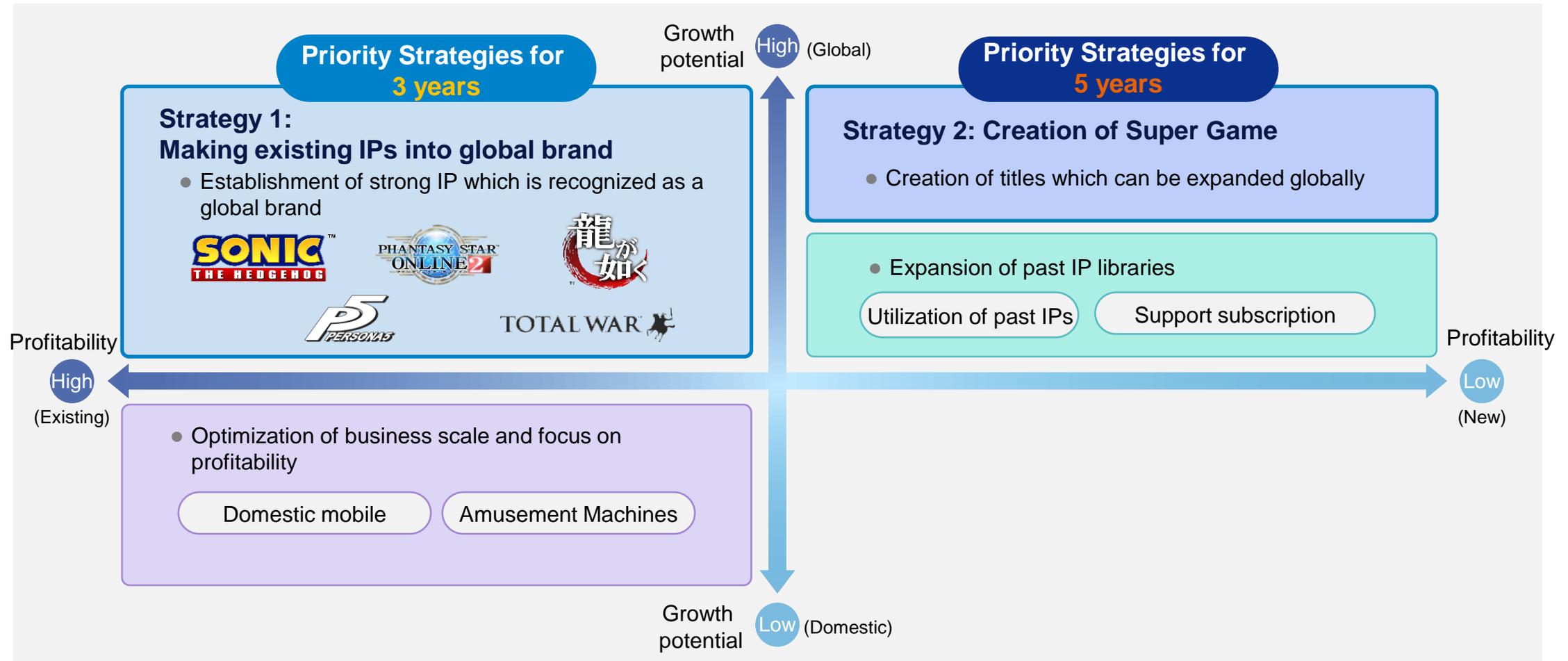
*Source: Created based on Newzoo reports, All people who played games in any of the platform following in the last six months; PCs, home videogame consoles, mobile devices and the cloud gaming services.

■ Japan
 ■ Asia
 ■ NA
 ■ EU
 ■ Others

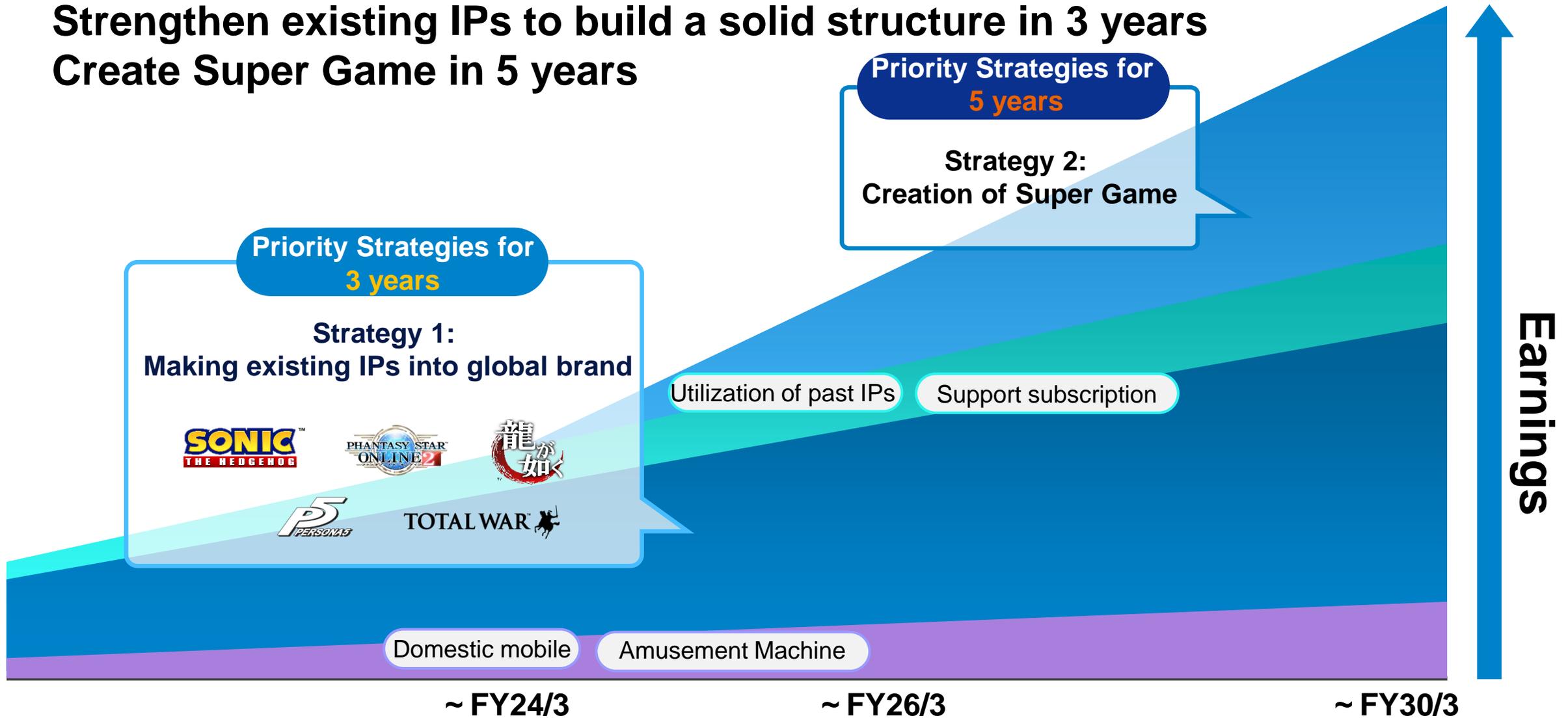
Barriers between devices and regions disappeared and point of contact with users are increasing



【Key strategies】



Strengthen existing IPs to build a solid structure in 3 years
Create Super Game in 5 years



Grow mainstay IPs which holds core fans as a global brand

< Image of Brand Expansion >

1

Expansion of touch points

- Strengthen global roll-out
- Multi-platform support
- Multi-language support

2

Prolonging the product life cycle

- Utilization of IP assets
- Strengthen digital sales
- Multi-monetization

3

Strengthening of user engagement

- Community management
- Strengthen media mix

Expansion of touch points

- Expand sales areas with the first worldwide simultaneous launch from Ryu ga Gotoku studio



The logo for the game 'Lost Judgment' is displayed in a large, bold, black font. The word 'LOST' is on the left, followed by a small silhouette of a character holding a sword, and then the word 'JUDGMENT' on the right. A small 'TM' trademark symbol is at the bottom right of the word 'JUDGMENT'.

©SEGA

- Simultaneous global launch (scheduled for September 24, 2021)
- Support platforms: PlayStation4, PlayStation5, Xbox One, Xbox Series X/S
- Support 9 languages (Japanese, Traditional Chinese, Simplified Chinese, Hangeul, English, French, Italian, German and Spanish)

Strategy 1: Making Existing IPs into Global Brand (Example)

Strengthening of User Engagement

- Expansion of recognition of Sonic brand by strengthening Media Mix

FY2020/3~

Made into a movie



Released in March 2020
Box office \$320 million

FY2023/3~

Sequel of the movie, and anime will be distributed in Netflix



Challenge toward creating large-scale global titles



Aim for life-time sales of 100.0 billion yen

Holds a large number of globally recognized IP Utilizing these IPs after careful examination

Examples of active IP

- Phantasy Star
- Sonic
- Total War
- Football Manager
- Ryu ga Gotoku (YAKUZA)
- Persona
- Megami Tensei etc.

Examples of past IP groups (Including dormant IPs)

- Crazy Taxi
- Jet Set Radio
- Space Channel 5
- Rez
- Panzer Dragoon
- NiGHTS
- Shinobi
- Virtua Fighter
- Altered Beast
- House of the Dead
- Streets of Rage
- Soul Hackers etc.

*Under examination of which IP to utilize

1 Remaster

Convert past titles to HD animation

2 Remake

Significant addition of new features while maintaining gameplay of the original game

3 Reboot

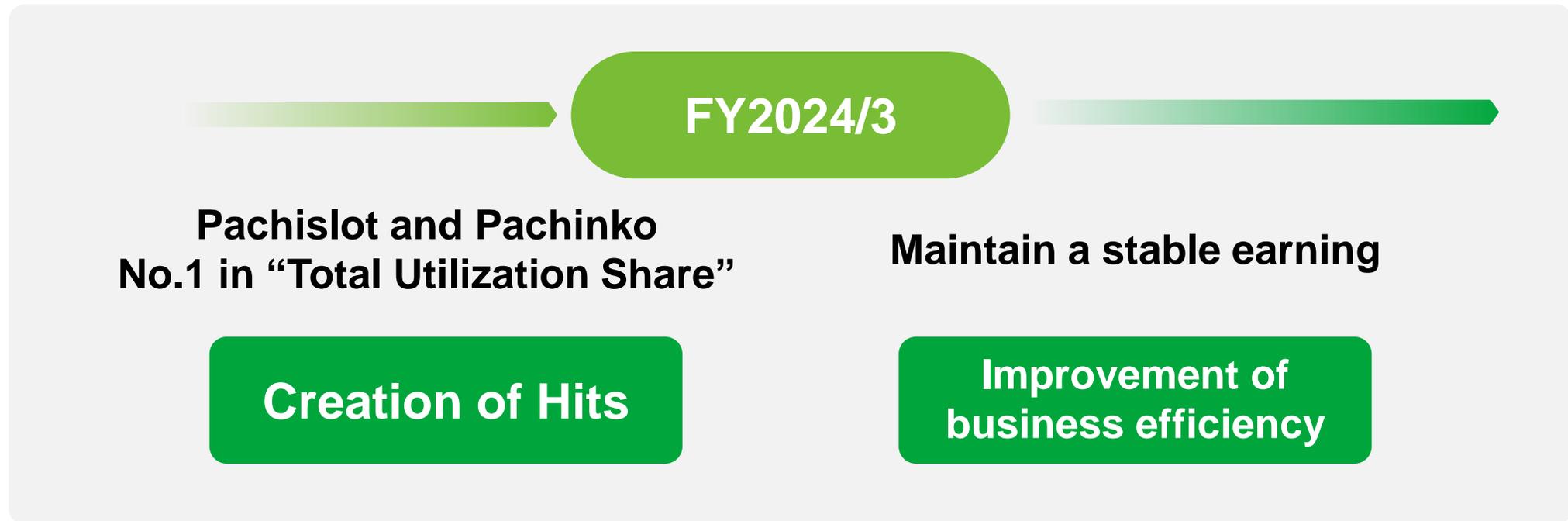
Reconstruct to a new game while maintaining look and feel of the world of the IP



Pachislot and Pachinko Machines Business

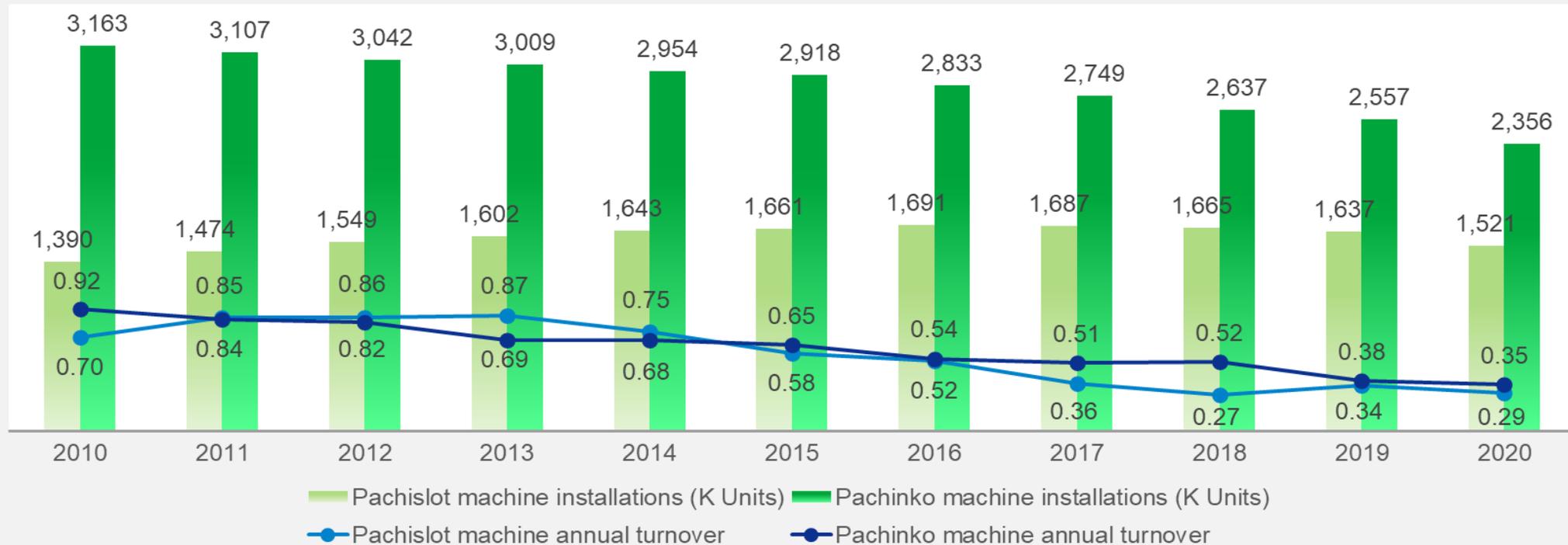
No.1 in Sales & Utilization Share

Build a stable Earnings structure



The number of installed machines are gradually decreasing.
Turnover* rate trends at a low level.

Trend of installed units and turnover rate in the market

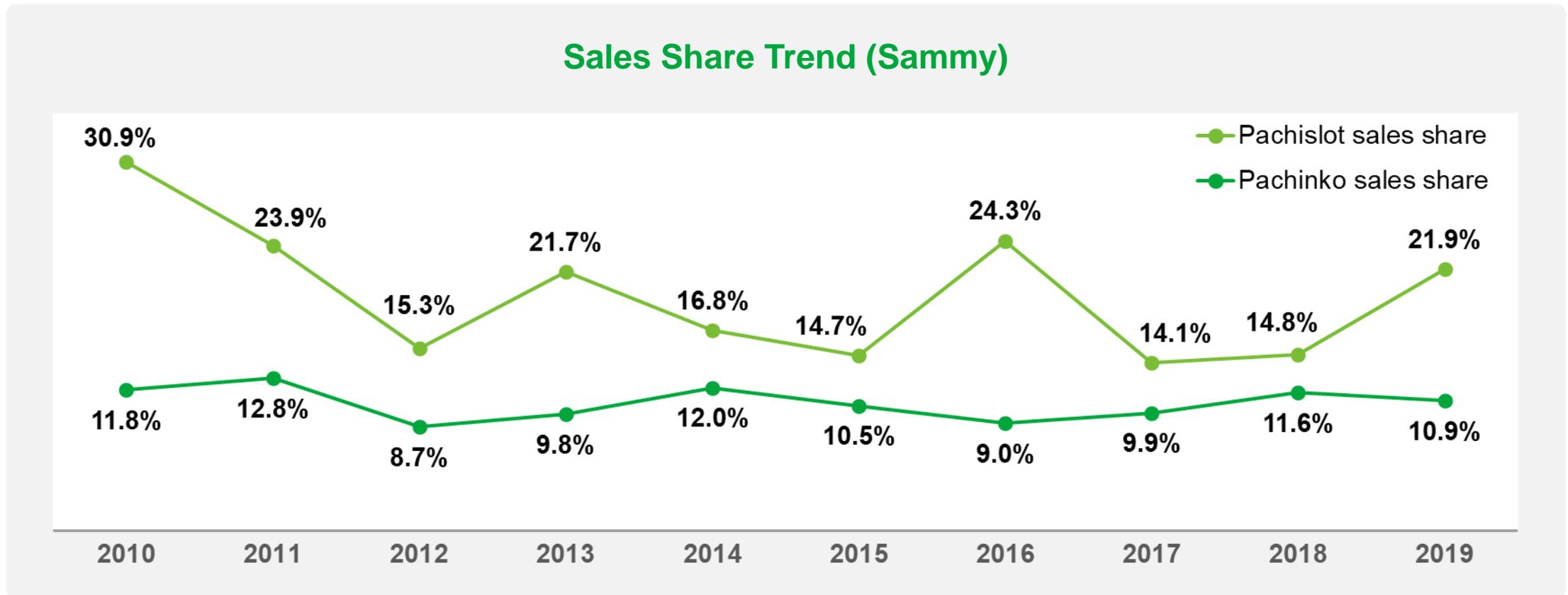


Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2020 are in-house estimations)

*Annual Turnover rate = Annual Pachislot and Pachinko machine unit sales / Number of installed Pachislot and Pachinko machine units in the market

Pachislot: Trends at around 15-20% in recent years

Pachinko: Trends at around 10%



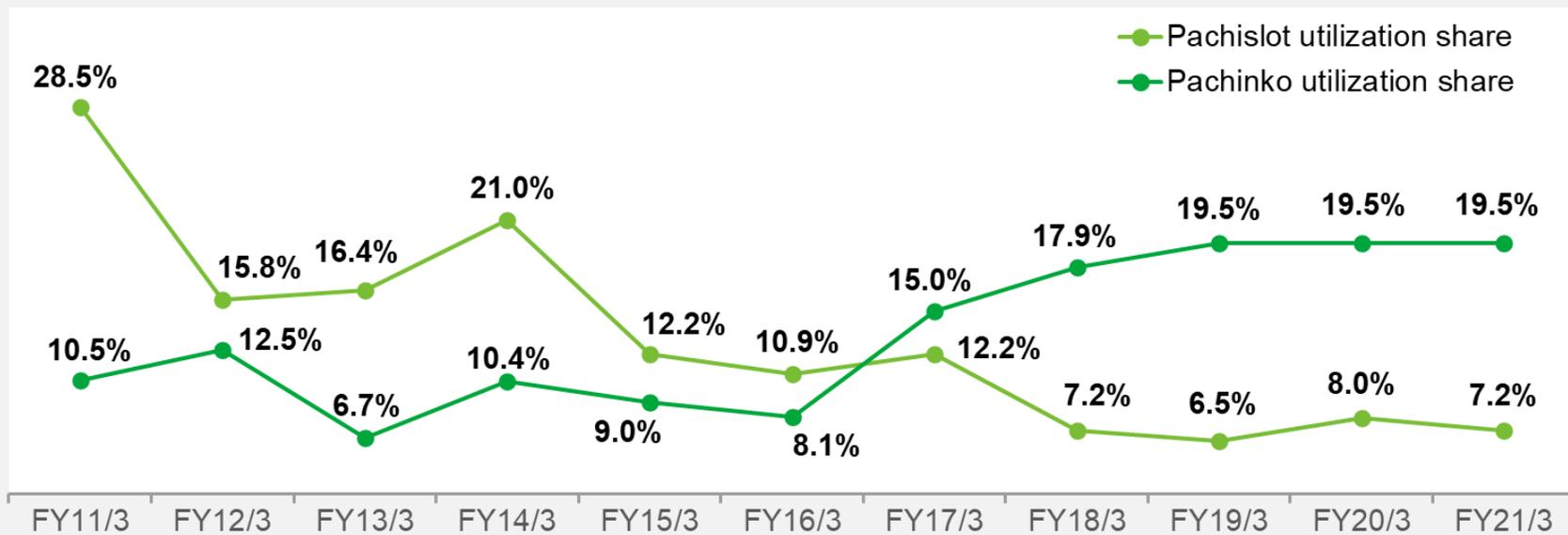
Source: Yano research Institute Ltd.

*Estimated by Yano Research Institute Ltd. With fiscal years from July of each year through June the following year as criteria.

Pachislot: Under 10% in recent years
Pachinko: Trends at around 20%

Reference: Ranking of Utilization share

Utilization Share Trend (Sammy)



Total Utilization Share		
1st	S Company	19%
2nd	K Company	17%
3rd	Sammy	13%
4th	U Company	13%

Pachislot: Utilization Share		
1st	K Company	35%
2nd	U Company	25%
3rd	D Company	11%
4th	Sammy	7%

Pachinko: Utilization Share		
1st	S Company	34%
2nd	Sammy	20%
3rd	S Company	11%
4th	N Company	10%

*In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Electronic 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 the total utilization (total utilization = total of numbers of installed machine of each Title × utilization of each Title [Pachislot: Numbers of inserted medals, Pachinko: Numbers of shot balls])

1

Review of product lineup

- Optimization of lineup (Centering on series machines)
- Strict selection and narrowing down new IPs
- Revival of past IPs

2

Increase the profitability of a Hit

- Create machines from user's perspective
- Deepening user analysis by attribute

3

Strengthening media functions

- Expansion of user communication by utilizing digital medias

1

Improvement of development efficiency

- Commonization of images between Pachislot and Pachinko
- Rationalization of video making
- Expansion of derivative titles such as specification changed title

2

Cost reduction

- Promote introduction of common components between Pachislot and Pachinko
 - Suppression of surplus inventory by optimizing the first lot
- (Medium to Long-Term Target: Make surplus inventory Zero)

3

Promotion of e-commerce

- Transition of Pachinko machine sales to e-commerce, following Pachislot machines

➤ **Promote adoption of ZEEG cabinets**

- Schedule a complete transition to ZEEG cabinet in Pachislot machines in FY 2024/3

➤ **Expansion of ZEEG cabinet utilization by external manufacturers**

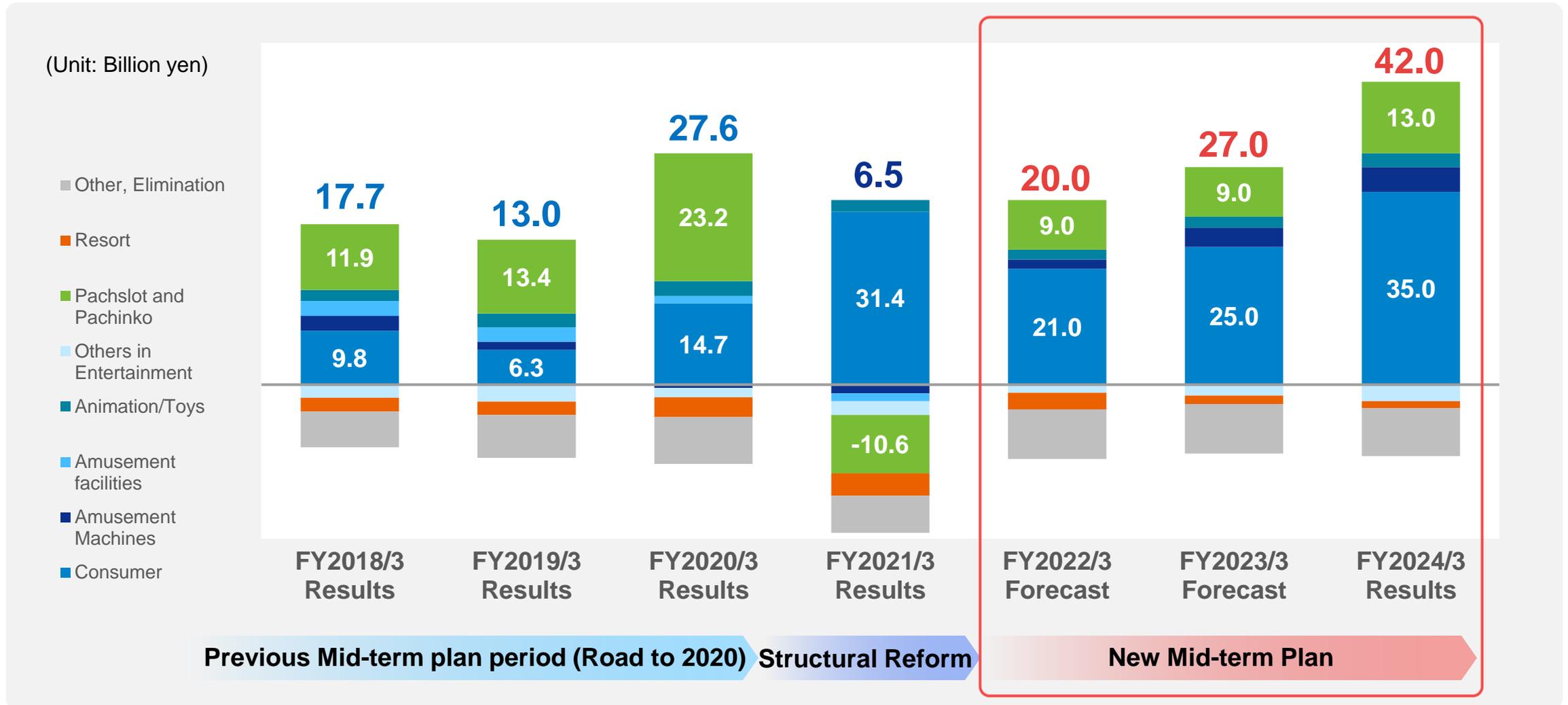
- Number of companies hired:
Currently 3 → 5 companies (planned) *Including Sammy

Resort Business

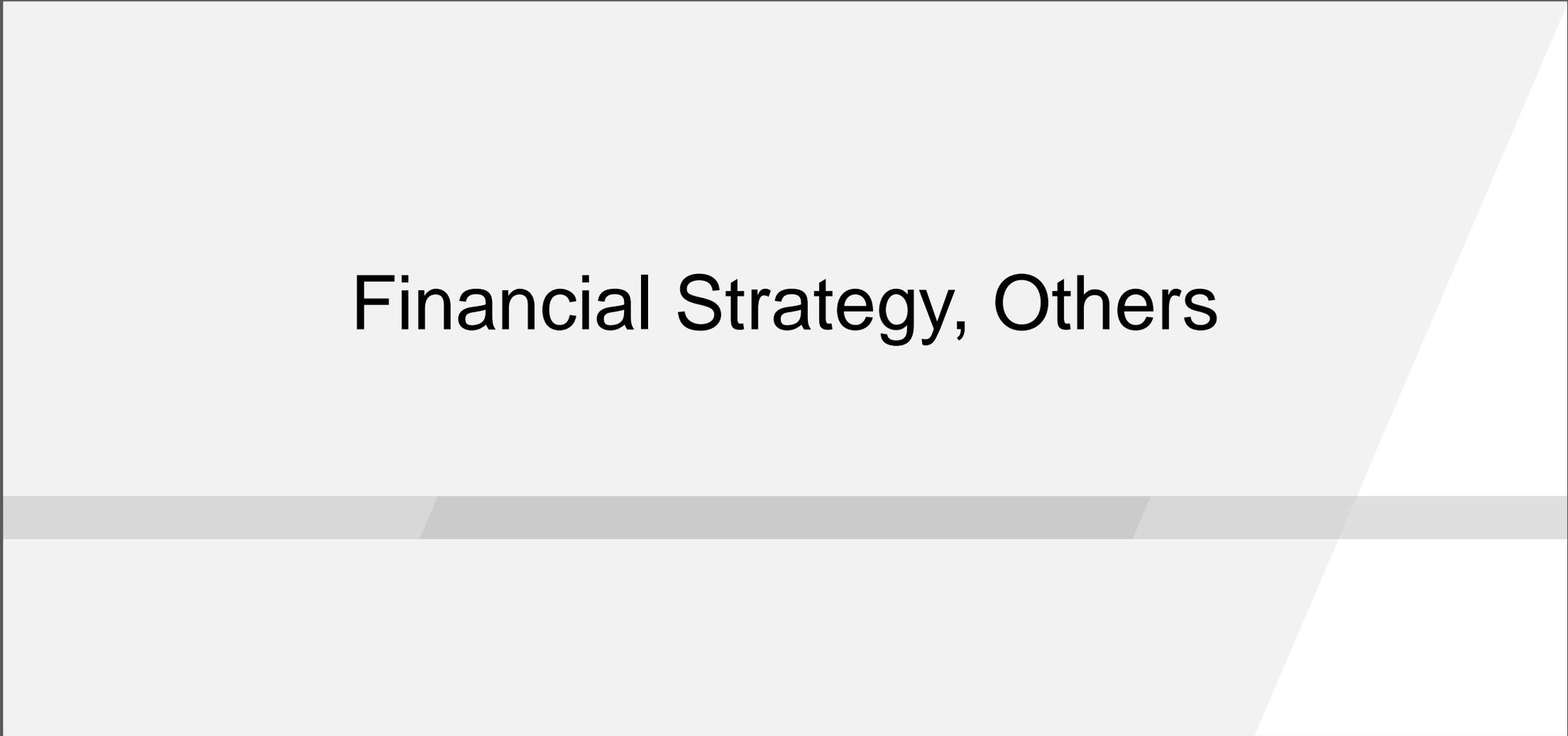
➤ Aim for the participation in Yokohama IR

➤ Achieve highly transparent and sustainable IR

Reference: New Medium-Term Plan (3 years) (Trend of Operating Income)



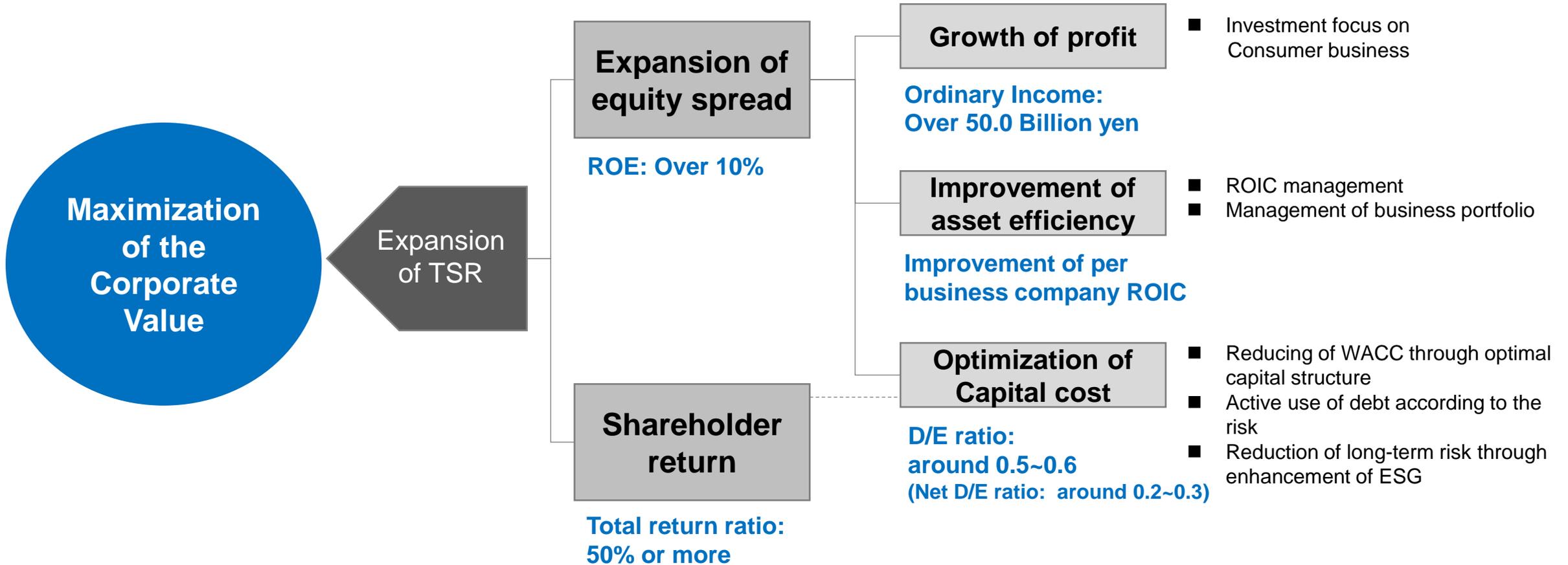
*Figures of the fiscal year ended March 31, 2019 are reference values before segment change



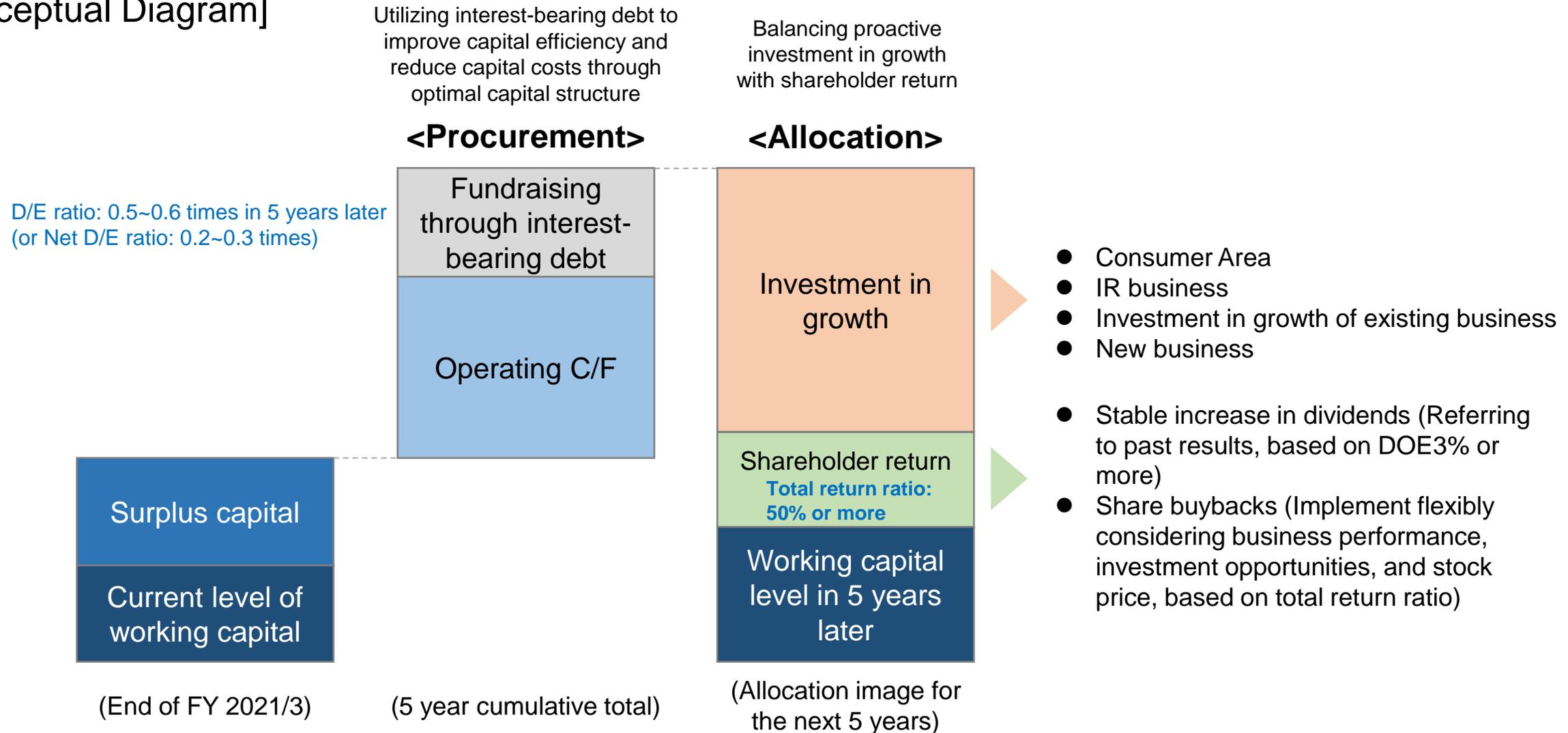
Financial Strategy, Others

To Maximize the Corporate Value (~FY2026/3)

Shift to the management focusing on capital efficiency



[Conceptual Diagram]

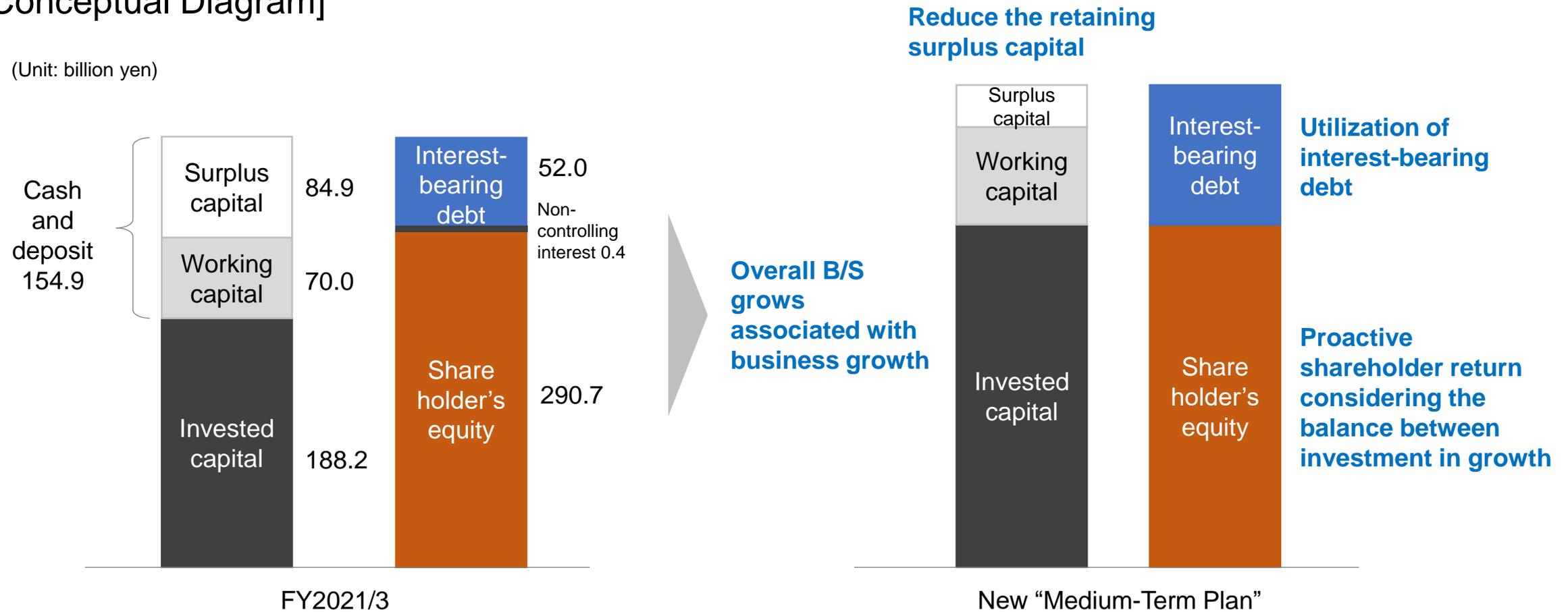


Concept of Optimal Capital Structure

Improvement of ROE and reduction of capital cost by utilizing interest-bearing debt

[Conceptual Diagram]

(Unit: billion yen)



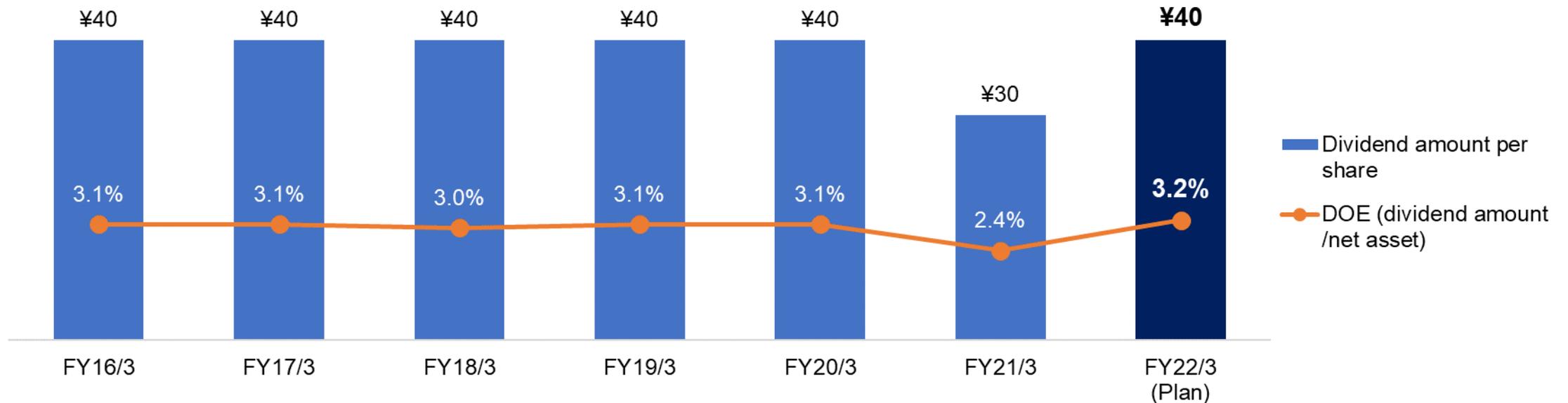
*Invested capital = Total assets excluding cash and deposit — liabilities excluding interest-bearing debt

*Shareholder's equity includes accumulated other comprehensive income

Basic Policies on Shareholder Return

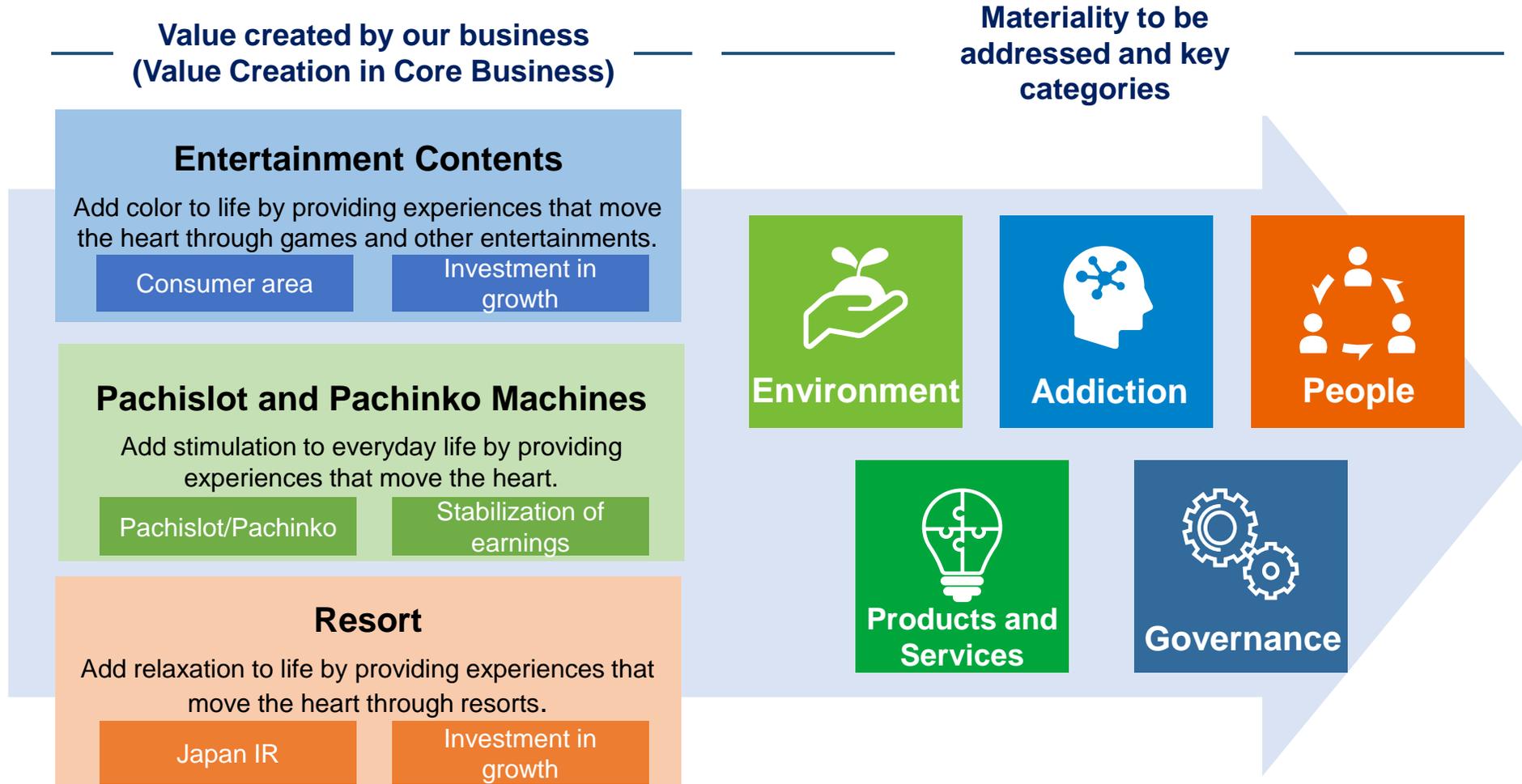
Introduce the following return policies being conscious of past dividend amount results

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



To work on setting quantitative goals and strengthening the action plans

“Constantly Creating,
Forever Captivating”
—Making Life More Colorful—



Realize a sustainable society and
increase corporate value by
responding to society's needs

Materiality to be addressed	 Environment	 Addiction	 People	 Products and Services	 Governance
Points of initiatives	<ul style="list-style-type: none"> ● In the process of studying the financial impact of environmental burden 	<ul style="list-style-type: none"> ● Mitigate and prevent addiction 	<ul style="list-style-type: none"> ● Enhance Job Satisfaction ● Increase Diversity ● Eliminate Inequality 	<ul style="list-style-type: none"> ● Develop innovative products ● Improve the quality of products and services ● Supply safe and trusted products 	<ul style="list-style-type: none"> ● Reinforce Corporate Governance
Items to respond (Examples)	Response to SCOPE3 and TCFD, diversity promotion, compliance with revised GC code, etc.				

- ✓ Structuring Board of Directors and Audit & Supervisory Board with high independency and diversification

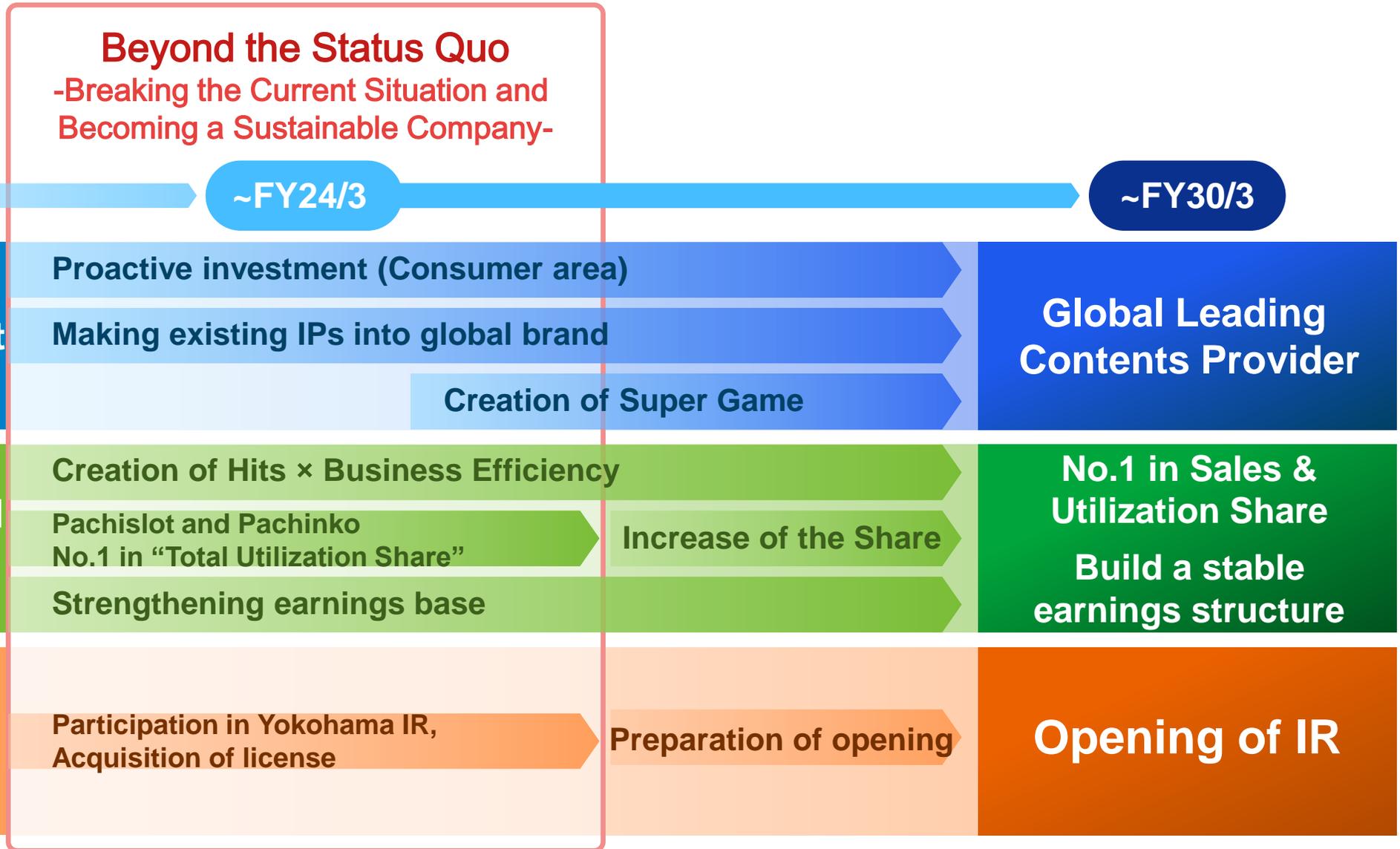
【Management structure】

	Current		As of June 24, 2021 (*)	
	Board of Directors	Audit & Supervisory Board	Board of Directors	Audit & Supervisory Board
Number of members	8 members	4 members	8 members	3 members
Independent and external (ratio)	2 members (25%)	2 members (50%)	4 members (50%)	2 members (66%)
Woman (ratio)	1 member (12%)	-	3 members (37%)	1 member (33%)

- ✓ Introduction of ROE linked medium-term stock compensation system*

*Matters to be approved in 17th Ordinary General Meeting of Shareholders scheduled on June 24, 2021

Medium to Long-Term Map





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

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

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

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

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

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

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