

Fiscal Year Ending March 2022 Q3  
**Results Presentation**

2022/2/10

Disclaimer

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(All contents here are the translation of Japanese materials)

**Speaker: Makoto Takahashi** (Senior Vice President, Executive Officer, Managing Director of Corporate Planning Division)

Thank you for accessing our FY2022/3 Q3 financial results briefing today. I will now explain the results for FY2022/3 Q3 and the outlook for the full year.

Please excuse me for wearing a face mask today in order to take thorough measures against COVID-19.

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# FY2022/3 Q3 Results / Full Year Forecast

	FY2022/3 Q3 Results	Forecast
<b>Consolidated</b>	<ul style="list-style-type: none"> <li>➤ Significant increases YoY in sales and profits.</li> <li>➤ Recorded gain on sales of noncurrent assets as extraordinary income.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Revised full-year operating results forecast upward.</li> <li>➤ Record gain on sales of investment securities as extraordinary income.</li> </ul>
<b>Entertainment Contents</b>	<ul style="list-style-type: none"> <li>➤ Both sales and profits increased YoY.</li> <li>➤ Strong sales of new titles. (CS*)</li> <li>➤ Returned to profitability due to strong performance in prize category. (AM*)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Launch new titles in each area.</li> <li>➤ Increase in expenses such as incentives and others.</li> </ul>
<b>Pachislot &amp; Pachinko</b>	<ul style="list-style-type: none"> <li>➤ Recorded profit due to significant improvement in income.</li> <li>➤ Launch of mainstay titles</li> <li>➤ Fixed costs remained at low levels.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increase in unit sales</li> <li>➤ Improvement in the component procurement status</li> </ul>
<b>Resort</b>	<ul style="list-style-type: none"> <li>➤ Domestic: Recovered centered on individual customers.</li> <li>➤ Overseas: Continued to be affected by the restriction of foreign visitors.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Facility users are expected to decrease due to the re-expansion of COVID-19.</li> </ul>

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

Here is the consolidated topics.

I will explain the details later, but each segment were performing well. In addition to the continued strong performance of the Entertainment Contents Business, the Pachislot and Pachinko Machines Business contributed to profits.

# Results Highlights



(Billion yen)	2021/3		2022/3		
	Through Q3	Through Q4	Through Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
<b>Sales</b>	<b>210.1</b>	<b>277.7</b>	<b>236.7</b>	<b>305.0</b>	<b>315.0</b>
Entertainment Contents	167.6	217.8	177.8	230.0	232.5
Pachislot and Pachinko Machines	37.3	53.1	51.8	65.0	73.5
Resort	4.8	6.3	6.6	9.5	8.5
Other / Elimination	0.4	0.5	0.5	0.5	0.5
<b>Operating Income</b>	<b>13.5</b>	<b>6.5</b>	<b>32.6</b>	<b>23.0</b>	<b>31.0</b>
Entertainment Contents	29.9	27.9	35.3	31.5	34.5
Pachislot and Pachinko Machines	-8.2	-10.6	5.3	2.0	8.0
Resort	-3.1	-4.1	-1.9	-2.3	-3.0
Other / Elimination	-5.1	-6.7	-6.1	-8.2	-8.5
Non-operating income	5.6	2.8	3.6	3.7	4.0
Non-operating expenses	6.5	7.6	2.9	5.2	5.0
<b>Ordinary Income</b>	<b>12.5</b>	<b>1.7</b>	<b>33.3</b>	<b>21.5</b>	<b>30.0</b>
Entertainment Contents	33.1	27.9	36.8	32.5	36.0
Pachislot and Pachinko Machines	-8.7	-11.3	6.0	2.5	8.5
Resort	-6.6	-8.9	-4.6	-6.5	-7.0
Other / Elimination	-5.3	-6.0	-4.9	-7.0	-7.5
Ordinary Income Margin	5.9%	0.6%	14.1%	7.0%	9.5%
Extraordinary income	10.3	28.8	2.7	0.8	5.2
Extraordinary losses	31.8	40.3	0.5	0.8	0.7
<b>Income before income taxes</b>	<b>-8.8</b>	<b>-9.8</b>	<b>35.5</b>	<b>21.5</b>	<b>34.5</b>
<b>Profit attributable to owners of parent</b>	<b>-6.2</b>	<b>1.2</b>	<b>29.4</b>	<b>15.0</b>	<b>26.5</b>

## FY2022/3 Q3 Results

### ➤ Significant increases YoY in sales and profits

- Entertainment Contents Business continues to drive.
- Recorded profit in the Pachislot and Pachinko Machines Business.

### ➤ Recorded gain on sales of noncurrent assets as extraordinary income.

## Forecast

### ➤ Revised full-year operating results forecast upward.

### ➤ Record gain on sales of investment securities as extraordinary income.

As for the results for Q3, we were able to achieve a significant YoY increase in both sales and profits.

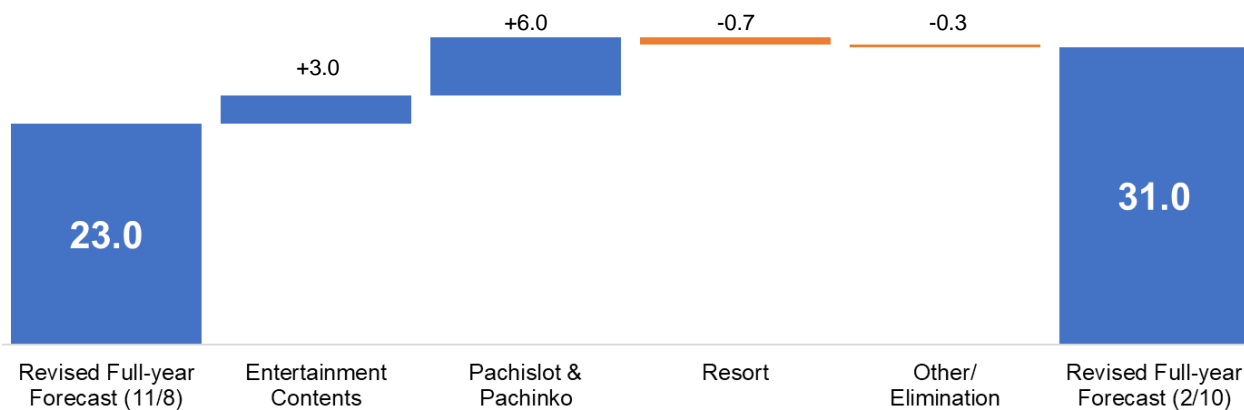
The Pachislot and Pachinko Machines Business recovered and recorded profit, and the Amusement Machines Sales area of the Entertainment Contents Business saw a significant recovery. In addition, we recorded a gain on sales of noncurrent assets as extraordinary income in Q3.

As for the future outlook, we have revised the full-year forecast announced in November last year upward, based on the strong performance of the Entertainment Contents and Pachislot and Pachinko Machines Businesses.

## Revision of Operating Results Forecast

[Difference in operating income by segment from previous forecast]

(Unit: billion yen)



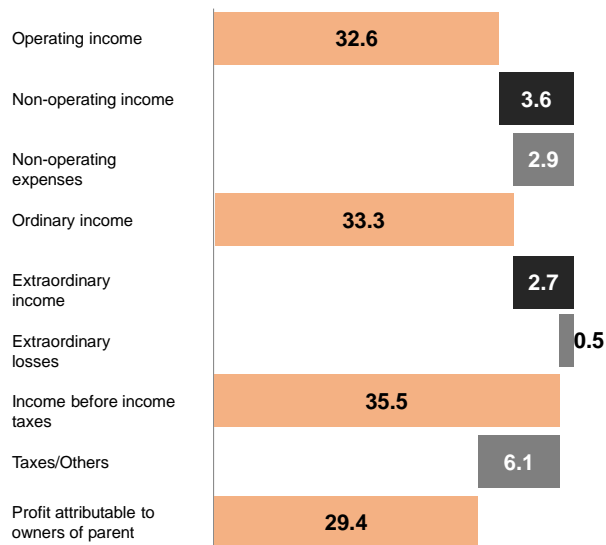
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This slide shows the difference between the previously announced full-year forecast and the full-year forecast announced this time.

As you can see, the Pachislot and Pachinko Machines Business has improved significantly from the forecast announced in November, and this resulted to push up profits.

## Breakdown of Income (FY2022/3 Q3 results)

(Unit: billion yen)



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

<b>Non-operating income</b>	<b>3.6</b>
Gain on investments in partnership	2.3
<b>Non-operating expenses</b>	<b>2.9</b>
Equity in losses of affiliates	1.7
<b>Extraordinary Income</b>	<b>2.7</b>
Gain on sales of noncurrent assets	1.9
Gain on sales of shares of subsidiaries affiliates	0.6
<b>Extraordinary losses</b>	<b>0.5</b>
Impairment losses	0.3

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Here is the breakdown of income.

Non-operating income includes gains on investment in partnership associated with investments in VC and other funds. In addition, non-operating expenses include equity in losses of affiliates, including PARADISE SEGASAMMY, etc.

## Costs and Expenses



### ■Entertainment Contents

(Billion yen)	2020/3				2021/3				2022/3			2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
R&D / Content production expenses	12.8	11.9	17.6	16.3	9.2	9.8	11.8	14.7	9.9	13.5	12.7	55.8	54.4
Advertising expenses	3.0	3.4	3.8	3.9	1.7	2.8	3.3	3.7	2.2	3.9	3.7	15.4	14.2
Depreciation	2.1	2.1	2.2	2.5	2.2	2.3	0.7	1.5	0.8	0.9	0.9	3.6	3.6
Cap-ex	4.0	4.3	4.6	5.3	2.2	2.8	3.5	1.9	1.5	1.4	1.6	5.7	5.5

### ■Pachislot & Pachinko

(Billion yen)	2020/3				2021/3				2022/3			2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
R&D / Content production expenses	4.3	4.6	5.4	3.8	5.4	3.9	3.3	3.7	3.4	3.2	3.4	13.4	13.4
Advertising expenses	0.2	0.6	0.4	0.3	0.1	0.6	0.3	0.2	0.2	0.6	0.5	2.8	1.7
Depreciation	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.5	0.7	0.7	2.4	2.6
Cap-ex	0.9	0.9	0.7	1.0	1.1	0.7	0.7	0.8	1.2	1.1	0.8	7.1	5.6

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Next, costs and expenses.

In the Entertainment Contents Business, due to the continued launch of new titles, R&D / content production expenses, advertising expenses, and other expenses are on an upward trend. As we also plan to launch major titles in Q4, we expect expenses to continue to increase, but due to changes in the sales timing of some titles, etc., various expenses are expected to decrease compared to the previous forecast.

In the Pachislot and Pachinko Machines Business, advertising expenses have increased YoY due to the lifting of the ban on TV commercials, etc. However, for the full year, we expect a decrease from the previous forecast. In addition, Cap-ex, such as investment in video production and in molds, lowered than expected.

## Costs and Expenses

### ■ Resort

(Billion yen)	2020/3				2021/3				2022/3			2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
R&D / Content production expenses	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1
Advertising expenses	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.1	0.4	0.3
Depreciation	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.8	0.8
Cap-ex	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.6	0.5

### ■ Other / Elimination

(Billion yen)	2020/3				2021/3				2022/3			2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
R&D / Content production expenses	0.0	-0.1	-0.2	0.0	0.1	-0.1	0.0	-0.1	0.1	-0.1	0.1	0.1	0.1
Advertising expenses	0.3	0.8	0.1	0.2	0.2	0.1	0.2	0.2	0.4	0.4	0.2	1.7	1.8
Depreciation	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.1	0.4	0.1	0.3	0.9	0.9
Cap-ex	0.2	0.1	0.3	0.3	0.3	0.1	-0.1	0.4	0.3	0.0	0.3	0.9	0.9

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Continuing on, Resort business and Other businesses, etc.

These are generally in line with the forecast, and there are no major changes from the previous forecast.

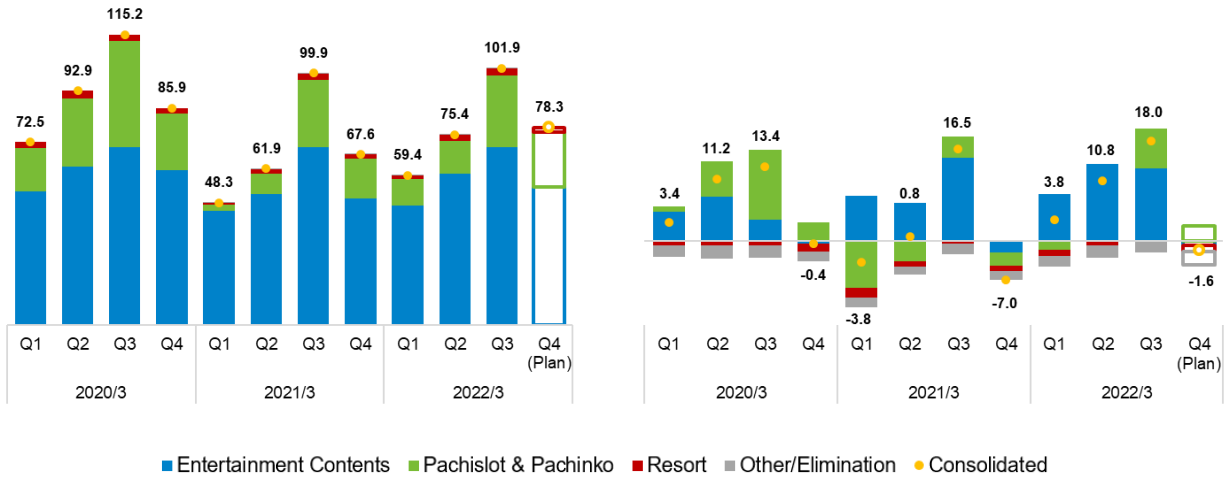


# Reference: Quarterly Trends (By segment)

(Unit: billion yen)

■ Sales

■ Operating income



This slide shows the quarterly trends of sales and operating income.

In Q4, we often don't post profit due to the concentration of expenses such as incentives in the Entertainment Contents Business in Q4.

## Consolidated Balance Sheet Summary



(Billion yen)	[Assets]			[Liabilities and Net Assets]				
	Account	As of end of March 2021	As of end of Dec 2021	Change	Account	As of end of March 2021	As of end of Dec 2021	Change
	Cash and Deposits	154.9	110.2	-44.7	Accounts Payable	16.9	24.9	+8.0
	Accounts Receivable	38.1	51.6	+13.5	Corporate Bonds	-	-	-
	Short term investment securities	0.7	40.0	+39.3	Short Term Loans Payable	-	10.0	+10.0
	Inventories	52.9	70.3	+17.4	Other	42.8	46.0	+3.2
	Other	29.6	24.7	-4.9	<b>Total Current Liabilities</b>	<b>59.7</b>	<b>80.9</b>	<b>+21.2</b>
	<b>Total Current Assets</b>	<b>276.2</b>	<b>296.8</b>	<b>+20.6</b>	Corporate Bonds	10.0	10.0	-
	Tangible Fixed Assets	61.6	59.6	-2.0	Long Term Loans Payable	42.0	32.0	-10.0
	Intangible Fixed Assets	14.9	14.0	-0.9	Other	18.5	16.0	-2.5
	Investment Securities	38.3	35.9	-2.4	<b>Total Noncurrent Liabilities</b>	<b>70.5</b>	<b>58.0</b>	<b>-12.5</b>
	Other	30.5	35.8	+5.3	<b>Total Liabilities</b>	<b>130.3</b>	<b>139.0</b>	<b>+8.7</b>
	<b>Total Noncurrent Assets</b>	<b>145.3</b>	<b>145.3</b>	<b>+0.0</b>	Shareholders Equity	294.9	304.7	+9.8
	<b>Total Assets</b>	<b>421.5</b>	<b>442.1</b>	<b>+20.6</b>	Total accumulated other comprehensive income	-4.2	-1.7	+2.5
					Subscription rights to shares	-	0.1	+0.1
					Non-controlling interests	0.4	0.0	-0.4
					<b>Total Net Assets</b>	<b>291.2</b>	<b>303.1</b>	<b>+11.9</b>
					<b>Total Liabilities and Net Assets</b>	<b>421.5</b>	<b>442.1</b>	<b>+20.6</b>

	As of end of FY2021/3	As of end of FY 2022/3 Q3	Increase /Decrease		Main factors for increase / decrease
Cash, deposits and cash equivalents	154.5	130.2	-24.3	(Current Assets)	Cash and deposits decreased due to dividend payments, share buyback, and acquisition of securities.
Interest bearing debt	52.0	52.0	-	(Liabilities)	Increase in accounts payable due to component procurement.
Net cash	102.5	78.2	-24.3	(Net assets)	Shareholders' equity increased due to the recording of profit attributable to owners of parent.
Equity ratio	69.0%	68.5%	-0.5pt		

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Here is the balance sheet.

The decrease in cash and deposits from the end of the previous fiscal year was mainly due to the payment of dividends, the share buyback, and the purchase of NCDs and other securities for short-term investment purposes, which resulted in the transfer of JPY40.0 billion to securities.

As a result, net cash has likewise decreased from the end of the previous fiscal year. In addition, inventories increased due to the recording of content production expenses and other items. The equity ratio decreased by 0.5 percentage points from the end of the previous fiscal year to 68.5%.

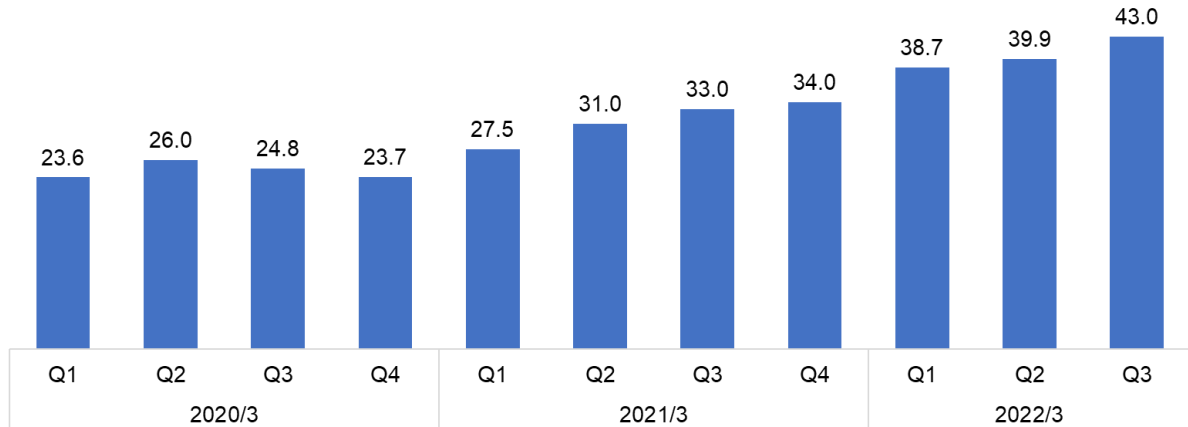
As for the cash flow, although it is before the audit, we would like to inform you for your reference.

Cash flow from operating activities is expected to be plus JPY15.2 billion.  
 Cash flow from investing activities is expected to be minus JPY22.7 billion.  
 Cash flow from financing activities is expected to be minus JPY17.7 billion.

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



(Unit: billion yen)



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

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This slide shows the trend of balance of content production expenses in the Consumer area.

In Q3, there were several new releases, but the trend continues to increase. The Consumer area is positioned as one of the growth investment areas, and we expect the balance to continue to increase.

## Status of Acquisition of Treasury Stocks (cumulative total up to the end of January 2022)

✓ Total No. of shares acquired	<b>6,272,500 shares</b>	(Progress 26.1%)
✓ Total cost of acquisition	<b>11,799,771,500 yen</b>	(Progress 39.3%)

[Reference] Details of Board of Directors resolution about acquisition (released on November 8, 2021)

- Total number of shares to be acquired      Upper limit: 24 million shares  
(Ratio to total number of issued and outstanding shares excluding treasury stocks: 10.19%)
- Total cost of acquisition      Upper limit: 30.0 billion yen
- Acquisition period      From November 9, 2021 to June 30, 2022

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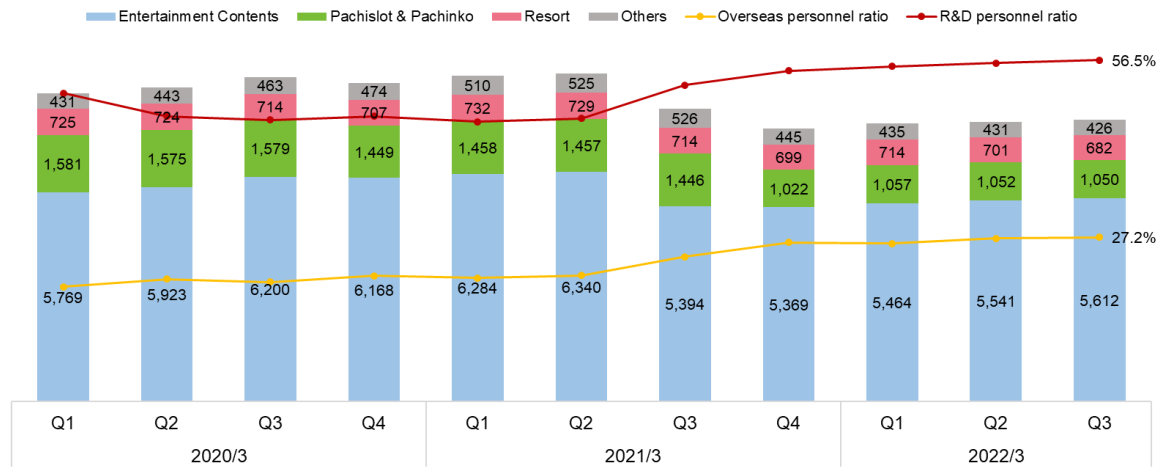
This slide shows the status of acquisition of treasury stocks up to the end of January 2022.

Progress of total number of shares acquired is 26.1%, and that of total acquisition cost is 39.3%.

# Reference: Trend of No. of Employees by Segment



(Unit: employees)



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

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

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

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## Entertainment Contents Business

(Billion yen)	2021/3		2022/3		
	Through Q3	Through Q4	Through Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
<b>Sales</b>	<b>167.6</b>	<b>217.8</b>	<b>177.8</b>	<b>230.0</b>	<b>232.5</b>
Consumer	102.4	135.7	119.6	152.5	156.0
Amusement Machine Sales	25.6	35.7	36.0	48.5	48.5
Amusement Center Operations	20.6	21.0	-	-	-
Animation / Toy	17.1	23.2	20.4	27.0	26.0
Other / Elimination	1.9	2.2	1.8	2.0	2.0
<b>Operating Income</b>	<b>29.9</b>	<b>27.9</b>	<b>35.3</b>	<b>31.5</b>	<b>34.5</b>
Consumer	30.9	31.4	29.4	26.5	30.5
Amusement Machine Sales	-0.1	-1.6	3.0	3.7	2.8
Amusement Center Operations	-1.4	-1.4	-	-	-
Animation / Toy	2.1	2.1	3.8	2.6	3.0
Other / Elimination	-1.6	-2.6	-0.9	-1.3	-1.8
Non-operating income	4.7	0.9	1.8	1.3	2.0
Non-operating expenses	1.4	1.0	0.3	0.3	0.5
<b>Ordinary Income</b>	<b>33.1</b>	<b>27.9</b>	<b>36.8</b>	<b>32.5</b>	<b>36.0</b>
Ordinary Income Margin	19.7%	12.8%	20.7%	14.1%	15.5%

\*For Amusement Center Operations area, the company transferred shares of a group company engaged in amusement facilities operation at the end of December 2020 and removed it from the scope of consolidation from Q4 of the previous fiscal year.

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

## FY2022/3 Q3 Results

### ➤ Strong performance in each business area

- Strong performance of new titles, steady performance of repeat titles, and recording of royalty income (CS\*)
- Strong performance in prize categories (AM\*)
- Strong performance of new products in toys (Animation and Toys)

### Forecast

### ➤ Full-year forecast revised upward mainly due to strong performance in CS

- Launch of new major titles (CS, AM)
- Expect an increase in expenses such as incentives and others

I will now explain the details of each segment.

Regarding Entertainment Contents Business, we have revised our full-year forecast upward due to the strong performance in each sub-segment through Q3 of the current fiscal year. In addition, allocated revenue of sonic film has been recorded as non-operating income.

As for the future outlook, in addition to incentives, earn-outs in overseas studios where we have made M&A deals in the past owing to the current strong performance will occur in Q4. Also, we expect to record expenses associated with the verification of the asset quality of some assets, etc.

## Entertainment Contents Business (Per subsegment)

		FY2022/3 Q3 Results	Future outlook (plan)
Consumer	Full Game	<ul style="list-style-type: none"> <li>Strong sales of new titles, such as "Shin Megami Tensei V".</li> <li>Sales of repeat titles remained steady.</li> <li>Recorded royalty income.</li> </ul>	<ul style="list-style-type: none"> <li>Release new titles such as "Total War: WARHAMMER III".</li> <li>Record royalty income</li> <li>Increase in expenses such as incentives and others.</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Strong performance of "HATSUNE MIKU: COLORFUL STAGE!"</li> <li>Large-scale update of "PHANTASY STAR ONLINE 2 NEW GENESIS".</li> </ul>	<ul style="list-style-type: none"> <li>Release a new title, "Sin Chronicle".</li> </ul>
Amusement Machine Sales		<ul style="list-style-type: none"> <li>Strong sales of prizes for prize machines and the UFO Catcher® series machines, etc.</li> <li>Returned to profitability due to the effects of fixed costs reduction, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Sell new products such as "EIKETSU TAISEN", prizes for prize machines and the UFO Catcher® series machines.</li> <li>Increase in expenses such as incentives and others.</li> </ul>
Animation / Toys	Animation	<ul style="list-style-type: none"> <li>Recorded video production revenue, allocated revenue, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Record revenue from video production and distribution, etc.</li> </ul>
	Toys	<ul style="list-style-type: none"> <li>Strong sales of new products for the holiday shopping season, such as "With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium" and "Demon Slayer POD".</li> </ul>	<ul style="list-style-type: none"> <li>Sell new products launched this fiscal year and standard products, etc.</li> </ul>

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I will explain about sub-segments.

As for the results for Q3, in the Consumer area, new Full Game titles performed well. In F2P, "HATSUNE MIKU: COLORFUL STAGE!", which marked the first anniversary of its service, performed well, and we also implemented a major update for "PHANTASY STAR ONLINE 2 NEW GENESIS".

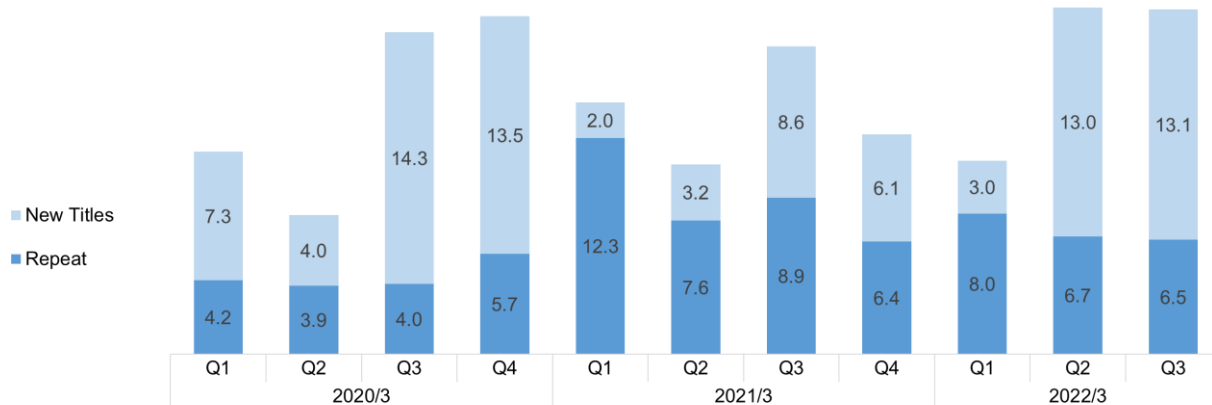
In the Amusement Machine Sales area, the prize category continued to perform well. In the Animation / Toys area, revenue from video production and distribution, etc. was recorded in Animation, and in Toys, new products for the holiday shopping season, etc. performed well.

As for the future outlook, while we are planning to launch new titles such as "Total War: WARHAMMER III" in the Consumer area, and "EIKETSU TAISEN" in the Amusement Machine Sales area, we expect an increase in expenses to be recorded at the end of the fiscal year such as incentives, as mentioned earlier.



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

(Unit: billion yen)



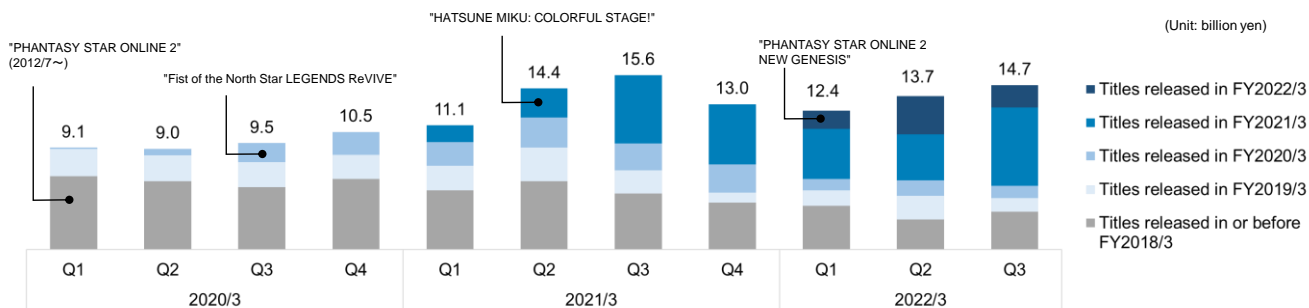
Overseas Sales Ratio	92.2%	87.3%	59.8%	67.2%	85.4%	92.6%	83.3%	92.8%	90.0%	83.2%	80.6%
Download Sales Ratio	65.9%	48.6%	37.7%	40.8%	66.5%	69.4%	54.6%	68.8%	61.6%	64.4%	53.1%

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This slide shows Full Game's sales trend.

In Q3 of this fiscal year, sales from new titles were at a high level due to the launch of several major titles. In addition, regarding repeat sales, although not as high as in the same period of the previous fiscal year, it is higher than FY2020/3, and remains at a high level.

# Consumer Area (F2P's sales trend)



[Top 3 titles in sales (October to December 2021)]

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

Sales of titles released in FY2021/3 has been expanding, centered on "HATSUNE MIKU: COLORFUL STAGE!" which was launched in September 2020.

# Reference: Consumer Area (Major examples of new titles roll-out)

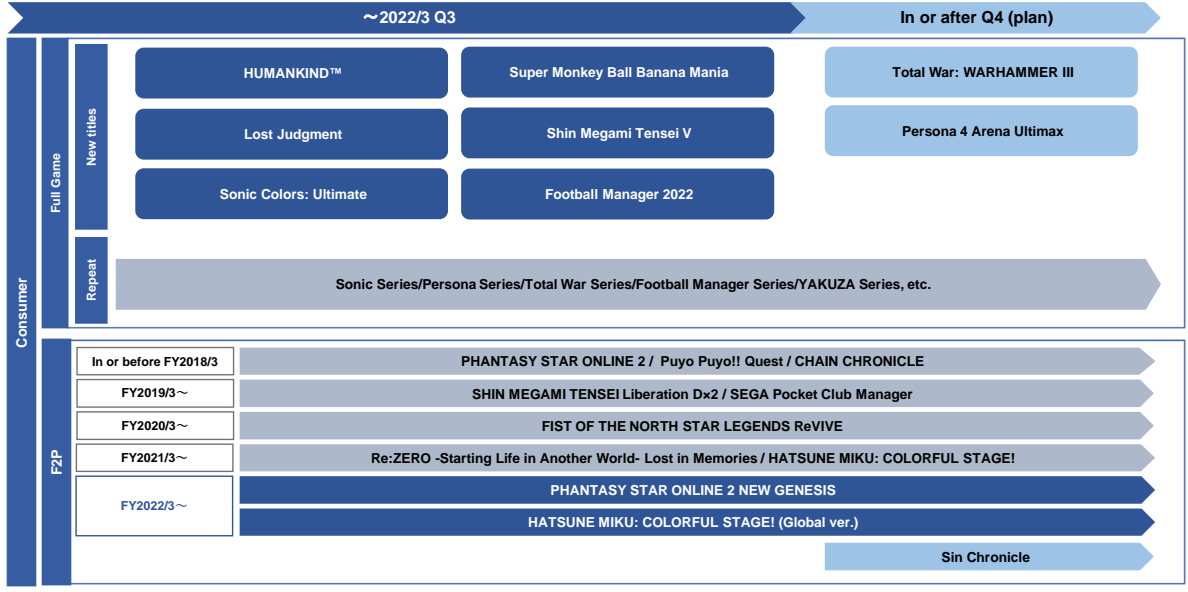


(Timing of Release)				Platforms										Region		
Release (plan)	Title name	Classification	Original Release date	Nintendo Switch	PS4	PS5	Xbox One	Xbox X/S	Steam	Epic Games Store	Windows/ cloud	Xbox Game Pass	Stadia	Japan	Asia	NA /EU
Apr.	<b>JUDGMENT (Remaster ver.)</b>	Remaster	FY19/3		●	●		●					●	●	●	●
May.	<b>Shin Megami Tensei III Nocturne HD Remaster (Western ver.)</b>	Remaster	FY03/3	●	●				●					●	●	●
Jun.	<b>PHANTASY STAR ONLINE 2 NEW GENESIS</b>	Series Latest	FY13/3	●	●		●		●	●	●			●	●	●
Aug.	<b>HUMANKIND™</b>	New IP	-						●	●		●	●	●	●	●
Sep.	<b>Sonic Colors: Ultimate</b>	Remaster	FY11/3	●	●		●			●				●	●	●
Sep.	<b>Lost Judgment</b>	Series Latest	-		●	●	●	●						●	●	●
Oct.	<b>Super Monkey Ball Banana Mania</b>	Remake	FY02/3	●	●	●	●	●	●		●			●	●	●
Nov.	<b>Shin Megami Tensei V</b>	Series Latest	-	●										●	●	●
Nov.	<b>Football Manager 2022</b>	Series Latest	-	●			●	●	●	●	●	●	●	●	●	●
Feb.	<b>Total War: WARHAMMER III</b>	Series Latest	-						●	●		●		●	●	●
Mar.	<b>Persona 4 Arena Ultimax</b>	Remaster	FY15/3	●	●				●					●	●	●

\*Examples of platform and service region roll-out for each title are excerpts. Even if the service is offered in certain regions, the titles may not always support local language of such regions. Please see product information for detailed status of roll-out per title.  
 \*\*JUDGMENT (Remaster ver.) includes platforms and regions of the original version.  
 \*\*\*Shin Megami Tensei III Nocturne HD Remaster\* includes platforms and regions of version launched in Japan and Asia in FY2021/3.  
 \*\*\*\*PHANTASY STAR ONLINE 2 NEW GENESIS\* includes both Japanese and global versions. In addition, Switch version is only compatible with the cloud version.  
 \*Super Monkey Ball Banana Mania\* is available on Xbox One, Xbox X/S and Windows in international versions only.

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

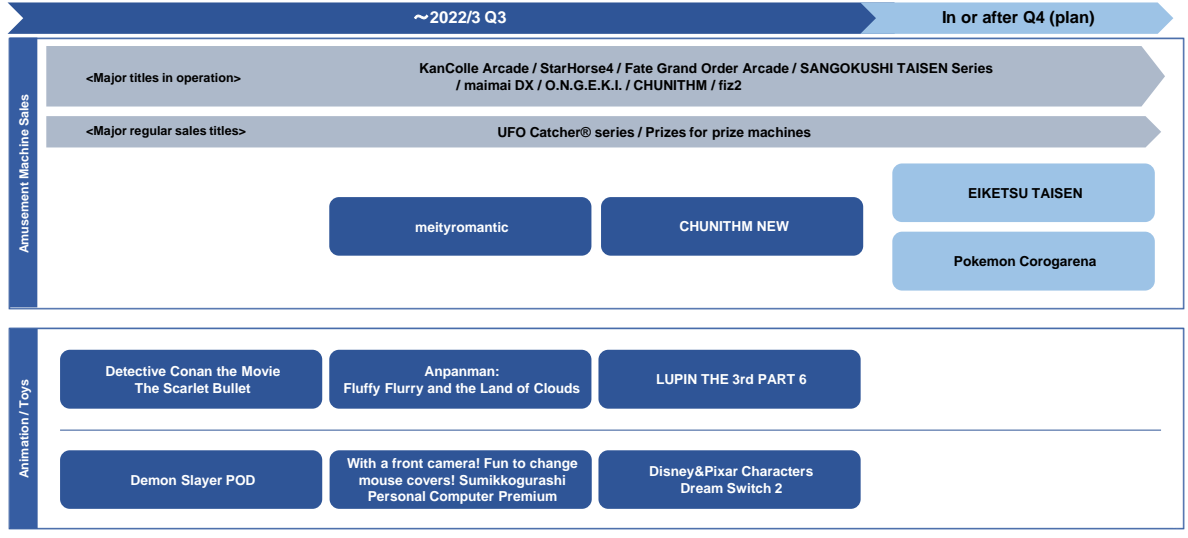
# Reference: Entertainment Contents Business (Sales Schedule) **SEGA**Sammy



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This slide shows the sales schedule for Consumer area.

# Reference: Entertainment Contents Business (Sales Schedule) **SEGA**Sammy



03

## Pachislot and Pachinko Machines Business

## Pachislot and Pachinko Machines Business



(Billion yen)	2021/3		2022/3		
	Through Q3	Through Q4	Through Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
<b>Sales</b>	<b>37.3</b>	<b>53.1</b>	<b>51.8</b>	<b>65.0</b>	<b>73.5</b>
Pachislot	4.8	13.9	19.4	26.1	28.8
Pachinko	24.6	28.5	26.3	32.6	36.8
Other / Elimination	7.9	10.7	6.1	6.3	7.9
<b>Operating Income</b>	<b>-8.2</b>	<b>-10.6</b>	<b>5.3</b>	<b>2.0</b>	<b>8.0</b>
Non-operating income	0.3	0.6	0.7	0.6	0.8
Non-operating expenses	0.9	1.2	0.0	0.1	0.3
<b>Ordinary Income</b>	<b>-8.7</b>	<b>-11.3</b>	<b>6.0</b>	<b>2.5</b>	<b>8.5</b>
Ordinary Income Margin	-	-	11.6%	3.8%	11.6%

### FY2022/3 Q3 Results

#### ➤ Recorded profit due to significant improvement in income

- Launch of mainstay titles
- Fixed costs remained at low levels  
(The effect of structural reform implemented in the previous fiscal year, etc. contributed.)
- Major titles sold: "P Hokuto No Ken 9 Toushin"

### Forecast

#### ➤ Expect the increase in sales and profit compared to the previous full-year forecast

- Increase in unit sales
- Improvement in the component procurement status

Pachislot					
Number of Titles	3 titles	5 titles	6 titles	8 titles	10 titles
Unit Sales (units)	12,487	35,273	48,922	67,000	73,000
Pachinko					
Number of Titles	3 titles	4 titles	5 titles	6 titles	5 titles
Unit Sales (units)	59,359	69,013	64,025	77,000	95,000
Board + Frame	46,574	53,641	40,999	52,000	55,000
Board	12,785	15,372	23,026	25,000	40,000

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

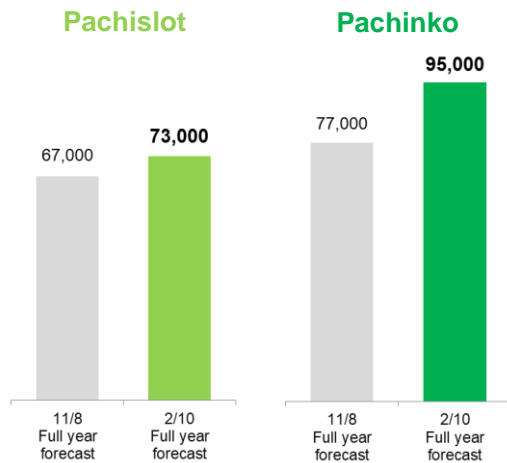
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Here is the Pachislot and Pachinko Machines Business.

As for the results for Q3 of this fiscal year, unit sales increased due to launch of mainstay titles such as "P Hokuto No Ken 9 Toushin". In addition, fixed costs remained at low levels due to improved development efficiency, etc. resulting from structural reform implemented in the previous fiscal year. As a result, we saw significant improvement in income and recorded profit.

As for the future outlook, the environment surrounding the procurement of components remains unstable. Although it is necessary to respond cautiously, we are on track to secure components for Q4. As a result, the number of titles and unit sales in Q4 are expected to increase, so the full-year forecast has been revised upward.

■ FY2022/3 Full-year forecast of unit sales (units)



## Unit sales increased compared to the previous full-year forecast

- Improvement in the component procurement status
- Increase in the number of titles to be sold

Pachislot: Increase in the new series title

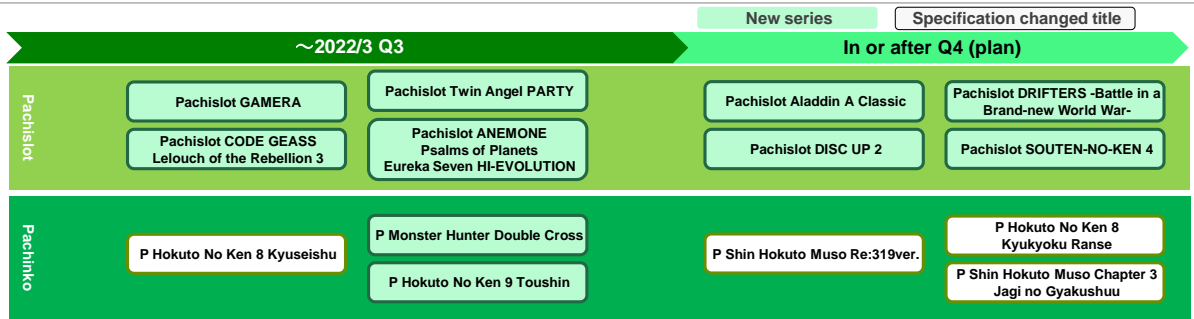
Pachinko: Increase in the specification changed title

As explained earlier, the number of titles sold during this fiscal year increased due to the improvement in the component procurement status as well as favorable conformance status in prototype testing.

As a result, the number of Pachislot machines to be sold is expected to be 73,000 units, an increase of 6,000 units compared to the previous forecast. The number of Pachinko machines to be sold is expected to be 95,000 units, an increase of 18,000 units compared to the previous forecast.



Reference: Pachislot and Pachinko Machines Business (Sales Schedule) **SEGA Sammy**



(Major titles before Q3)		Month of delivery	Unit Sales	(Titles to be launched in or after Q4)		Month of delivery
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion 3	Aug.	13,434 units	Pachislot	Pachislot Aladdin A Classic	Jan.
	Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION	Nov.	11,701 units		Pachislot DISC UP 2	Jan.
	Pachislot GAMERA	Jun.	10,644 units		Pachislot DRIFTERS -Battle in a Brand-new World War-	Feb.
	Pachislot Twin Angel PARTY	Oct.	5,632 units		Pachislot SOUTEN-NO-KEN 4	Mar.
Pachinko	P Hokuto no Ken 9 Toushin	Dec.	31,768 units	Pachinko	P Shin Hokuto Muso Re:319ver.	Jan.
	P Hokuto No Ken 8 Kyuseishu	May.	10,226 units		P Hokuto No Ken 8 Kyukyoku Ranse	Feb.
	P Monster Hunter Double Cross	Oct.	6,000 units		P Shin Hokuto Muso Chapter 3 Jagi no Gyakushuu	Mar.

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This slide shows the sales schedule for the Pachislot and Pachinko Machines Business.

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## Resort Business

## Resort Business

(Billion yen)	2021/3		2022/3		
	Through Q3	Through Q4	Through Q3	Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
<b>Sales</b>	4.8	6.3	6.6	9.5	8.5
<b>Operating Income</b>	-3.1	-4.1	-1.9	-2.3	-3.0
Non-operating income	0.0	0.0	0.0	0.1	0.1
Non-operating expenses	3.5	4.8	2.7	4.3	4.1
<b>Ordinary Income</b>	-6.6	-8.9	-4.6	-6.5	-7.0
Ordinary Income Margin	-	-	-	-	-

### <PHOENIX RESORT>

<b>No. of facility users (Thousands)</b>	430	552	571	724	778
3 accommodation facilities	177	223	233	295	326
2 golf courses	57	75	70	92	98
Other facilities	196	254	268	337	354

Number of facility users compared to the Q3 of previous fiscal year and the year before that (PHOENIX RESORT)

Compared to FY2021/3 Q3	111.4%
Compared to FY2020/3 Q3	119.6%

### FY2022/3 Q3 Results

- **PHOENIX RESORT: Recovered centered on individual customers**
  - Facility users increased compared to Q3 of the previous fiscal year, which largely took in the effect of "Go To Travel Campaign".
- **PARADISE SEGASAMMY: Continued to be sluggish**
  - Continued to be affected by the restriction of foreign visitors.

### Forecast

- **Expected to remain sluggish due to the re-expansion of COVID-19**

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Here is the Resort Business.

As for the results for Q3, overseas, the number of casino visitors, especially VIPs from Japan and China, continued to decline due to the restriction of foreign visitors, but in Japan, PHOENIX RESORT saw strong growth in demand from individual customers after the lifting of the State of Emergency Declaration. As a result, both sales and profit have improved YoY.

On the other hand, as for the future outlook, operating loss and ordinary loss are expected to increase from the previously announced full-year forecast due to the re-expansion of COVID-19.

Thank you for listening.

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Appendix

## Reference: Consumer Area (Sales trend)



(Billion yen)	2021/3				2022/3				Full Year Forecast (announced on Nov 8)	Revised Full Year Forecast (announced on Feb 10)
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3	Through Q4		
<b>Sales</b>	<b>32.4</b>	<b>61.4</b>	<b>102.4</b>	<b>135.7</b>	<b>29.5</b>	<b>71.2</b>	<b>119.6</b>	<b>152.5</b>	<b>156.0</b>	
Domestic	12.4	27.9	48.7	64.6	13.0	30.9	50.3	63.4	65.0	
Overseas	19.6	33.4	54.3	72.4	16.7	40.3	69.4	89.2	91.0	
Overseas sales ratio	60.5%	54.4%	53.0%	53.4%	56.6%	56.6%	58.0%	58.5%	58.3%	
Other / Elimination	0.2	0.1	-0.6	-1.3	-0.2	0.0	-0.1	-0.1	0.0	
<b>Full Game</b>	<b>14.4</b>	<b>25.2</b>	<b>42.6</b>	<b>55.1</b>	<b>11.0</b>	<b>30.7</b>	<b>50.3</b>	<b>66.8</b>	<b>66.3</b>	
<b>New titles</b>	<b>2.0</b>	<b>5.2</b>	<b>13.8</b>	<b>19.9</b>	<b>3.0</b>	<b>16.0</b>	<b>29.1</b>	<b>39.5</b>	<b>40.3</b>	
Japan	0.0	0.1	1.8	2.1	0.2	2.4	5.4	-	-	
Asia	0.7	1.0	1.2	1.7	0.1	0.9	2.0	-	-	
North America / Europe	1.2	4.1	10.6	16.0	2.7	12.7	21.7	-	-	
<b>Repeat titles</b>	<b>12.3</b>	<b>19.9</b>	<b>28.8</b>	<b>35.2</b>	<b>8.0</b>	<b>14.7</b>	<b>21.2</b>	<b>27.3</b>	<b>26.0</b>	
Japan	1.7	2.7	3.7	4.5	0.8	2.0	2.8	-	-	
Asia	0.5	1.1	1.5	2.2	0.7	1.4	1.8	-	-	
North America / Europe	9.9	16.1	23.5	28.5	6.4	11.3	16.6	-	-	
Download sales ratio	66.5%	67.7%	62.8%	63.8%	61.6%	65.3%	60.7%	70.0%	65.0%	
<b>F2P</b>	<b>11.1</b>	<b>25.5</b>	<b>41.1</b>	<b>54.1</b>	<b>12.4</b>	<b>26.1</b>	<b>40.8</b>	<b>55.4</b>	<b>53.6</b>	
Japan	9.1	21.5	35.5	47.2	10.9	23.2	36.6	-	-	
Asia	0.0	0.1	0.2	0.2	0.0	0.0	0.3	-	-	
North America / Europe	1.9	3.9	5.3	6.6	1.4	2.9	3.9	-	-	
<b>Other</b>	<b>6.5</b>	<b>10.6</b>	<b>19.4</b>	<b>27.7</b>	<b>6.2</b>	<b>14.5</b>	<b>28.6</b>	<b>30.4</b>	<b>36.1</b>	

- Full Game = Mainly physical sales and download sales of full game for home video game consoles and PCs. (Additional download content sales are not included.)
- F2P = Mainly sales of contents offering free basic play and microtransaction for smartphones and PCs.
- Other = Sales of additional download contents, consignment sales of 3rd party titles, revenue from consignment development, transfer of titles, offering of titles in batches to 1st parties, sales of products other than game software, etc.

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



	2021/3				2022/3				Revised Full Year Forecast (announced on Feb 10)
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3	Full Year Forecast (announced on Nov 8)	
<b>Full Game: Number of Titles</b>									
Japan	0 title	0 title	2 titles	2 titles	0 title	3 titles	5 titles	6 titles	6 titles
Asia	1 title	1 title	4 titles	6 titles	1 title	4 titles	7 titles	10 titles	9 titles
North America / Europe	3 titles	5 titles	9 titles	10 titles	3 titles	6 titles	11 titles	14 titles	13 titles
<b>Full Game: Unit sales (Thousands)</b>	<b>12,980</b>	<b>19,080</b>	<b>34,200</b>	<b>41,770</b>	<b>6,580</b>	<b>14,040</b>	<b>21,970</b>	<b>33,670</b>	<b>27,520</b>
<b>Total New titles</b>	<b>790</b>	<b>1,180</b>	<b>3,770</b>	<b>6,020</b>	<b>1,060</b>	<b>3,500</b>	<b>6,630</b>	<b>9,320</b>	<b>8,700</b>
Japan	10	20	370	430	50	410	780	740	830
Asia	150	200	260	360	50	250	500	840	820
North America / Europe	620	960	3,130	5,220	960	2,840	5,350	7,740	7,050
<b>Total Repeat titles</b>	<b>12,190</b>	<b>17,900</b>	<b>30,420</b>	<b>35,750</b>	<b>5,520</b>	<b>10,540</b>	<b>15,340</b>	<b>24,350</b>	<b>18,820</b>
Japan	460	690	990	1,230	290	660	950	990	1,110
Asia	240	510	700	1,000	340	680	880	1,080	1,050
North America / Europe	11,480	16,690	28,730	33,510	4,890	9,200	13,500	22,280	16,660

- Unit sales don't include the figure for free download
- As for Numbers of Titles above, for the same title released in multiple regions, the title number is counted 1 per each sales region (Japan, Asia and NA/EU)

### [Unit sales of major IPs]

(Thousands)	2021/3				2022/3		
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Through Q3
Sonic series	800	2,300	3,700	4,400	1,000	2,900	4,900
Total War series	1,900	2,500	3,600	4,000	600	1,000	1,300
Persona Series	1,200	1,500	1,900	3,000	400	700	1,000
Yakuza series	300	600	1,600	2,200	700	1,800	2,500

\*Yakuza series includes the JUDGMENT series.

## Reference: Resort Business (PARADISE SEGASAMMY)



(KRW Billion)	2021/3		2022/3
	Through Q3	Through Q4	Through Q3
<b>Sales</b>	144.9	177.5	126.2
Casino	106.9	126.8	75.2
Hotel	32.8	44.4	46.7
Other	5.1	6.3	4.3
<b>Cost of sales</b>	174.2	216.0	131.2
Casino	78.1	95.2	48.5
Hotel	67.0	85.4	59.4
Other	29.0	35.3	23.2
<b>Gross profit</b>	-29.2	-38.5	-4.9
SG&A	22.0	28.1	18.8
<b>Operating profit</b>	-51.3	-66.7	-23.8
<b>EBITDA</b>	-7.0	-7.7	18.9
<b>Net profit</b>	-77.1	-106.2	-56.6
<b>Number of casino visitors (Thousands)</b>	137.0	174.0	80.0

Source: Paradise IR

<b>SEGASAMMY Equity method acquisition amount (Billion yen)</b>	<b>-3.4</b>	<b>-4.7</b>	<b>-2.6</b>
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\*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

### FY2022/3 Q3 Results

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

### Forecast

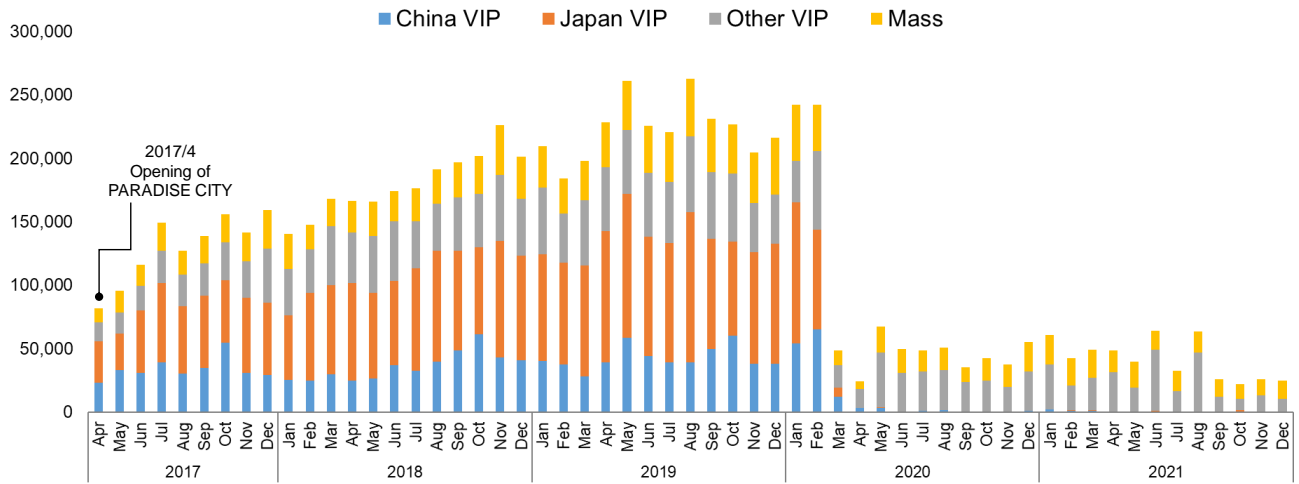
- Recovery of revenue is expected to be delayed due to the continuing restriction of foreign visitors

# Reference: Resort Business (PARADISE SEGASAMMY)



■ Trend of Drop amounts\* at PARADISE CITY

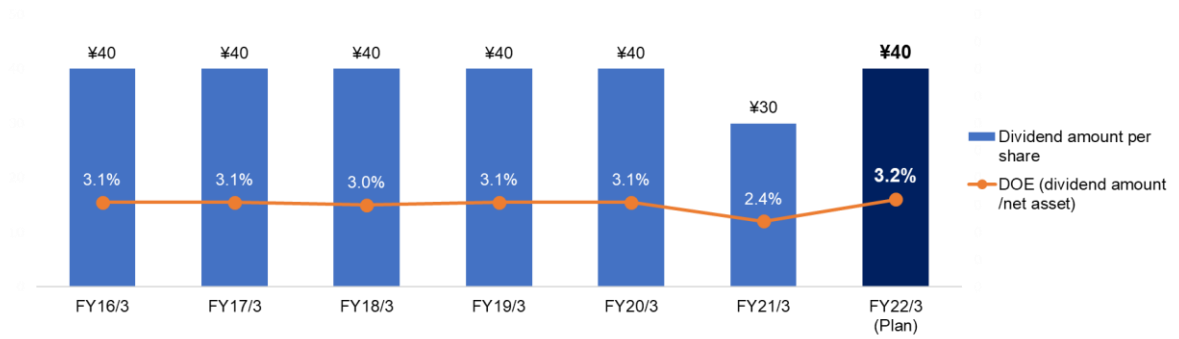
(KRW Million)



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



■ Dividend Results and Plan



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

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



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

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

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

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