

Fiscal Year Ending March 2022

Results Presentation

2021/11/8

Disclaimer

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

01

FY2022/3 Q2 Results / Full Year Forecast

FY2022/3 Q2 Results

Forecast

Consolidated

- Strong performance centered on the Entertainment Contents Business

- Revise full-year operating results forecast
- Announce share buyback

Entertainment Contents

- Strong performance in the Consumer and Amusement Machines Sales area

- New titles increase
- Operating expenses increase due to an increase in new titles

Pachislot & Pachinko

- Profitability improved due to cost reduction effects

- Review unit sales due to the impact of components shortage

Resort

- Yokohama City called off the process for selecting business operators for IR business

- Expenses for IR business decrease
- Equity in losses of affiliates expand

Results Highlights

(Billion yen)	2021/3		2022/3		
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
Sales	110.2	277.7	134.8	312.0	305.0
Entertainment Contents	97.0	217.8	107.4	213.0	230.0
Pachislot and Pachinko Machines	10.7	53.1	23.3	89.0	65.0
Resort	2.2	6.3	3.8	9.5	9.5
Other / Elimination	0.3	0.5	0.3	0.5	0.5
Operating Income	-3.0	6.5	14.6	20.0	23.0
Entertainment Contents	14.9	27.9	22.2	23.0	31.5
Pachislot and Pachinko Machines	-12.0	-10.6	-1.7	9.0	2.0
Resort	-2.6	-4.1	-1.8	-3.0	-2.3
Other / Elimination	-3.3	-6.7	-4.1	-9.0	-8.2
Non-operating income	3.2	2.8	2.6	3.0	3.7
Non-operating expenses	3.7	7.6	2.6	3.0	5.2
Ordinary Income	-3.5	1.7	14.7	20.0	21.5
Entertainment Contents	16.8	27.9	22.7	25.0	32.5
Pachislot and Pachinko Machines	-12.4	-11.3	-1.3	9.0	2.5
Resort	-4.6	-8.9	-3.9	-5.0	-6.5
Other / Elimination	-3.3	-6.0	-2.8	-9.0	-7.0
Ordinary Income Margin	-	0.6%	10.9%	6.4%	7.0%
Extraordinary income	1.5	28.8	0.7	-	0.8
Extraordinary losses	21.1	40.3	0.3	-	0.8
Income before income taxes	-23.1	-9.8	15.1	20.0	21.5
Profit attributable to owners of parent	-21.7	1.2	12.0	14.0	15.0

FY2022/3 Q2 Results

- Performance in the Entertainment Contents Business went strong which significantly exceeded expectations.
- Significant improvement in profitability compared to the previous fiscal year, which was greatly affected by COVID-19.

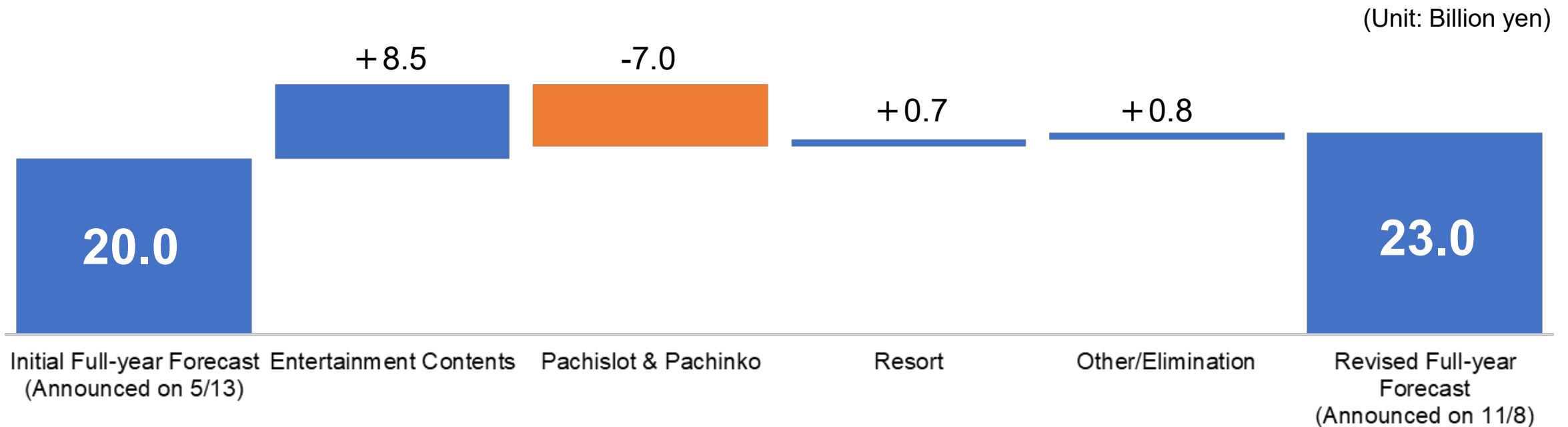
Forecast

- Revise full-year operating results forecast
- Announce share buyback
- Determined interim dividend on 20 yen per share, planning year-end dividend of 20 yen per share

Revision of Operating Results Forecast

- The decline in the Pachislot and Pachinko Machines Business is expected to be covered by the strong performance of the Entertainment Contents Business, and consolidated income is expected to exceed the initial plan.

[Difference in operating income by segment from initial plan]



Acquisition of Treasury Stock (share buyback)

➤ Acquisition of treasury stock to improve shareholder returns and capital efficiency

- Total No. of shares to be acquired Up to 24,000 thousand shares (10.19% of the total No. of shares outstanding (excluding treasury stocks))
- Total amount of shares to be acquired Up to 30.0 billion yen
- Acquisition period From November 9, 2021 to June 30, 2022
- Note Plan to cancel a certain No. of shares after the acquisition

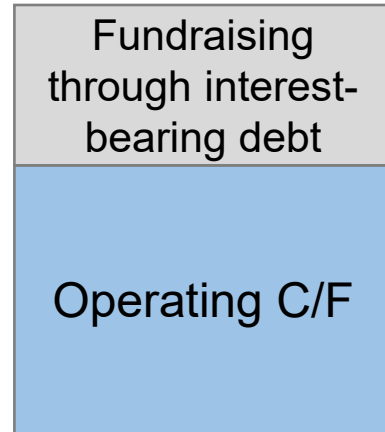
<No. of treasury stocks held as of September 30, 2021>

- Total No. of shares outstanding (excluding treasury stocks) 235,497,150 shares
- Total No. of treasury stocks 30,732,326 shares

Approach to Growth Investment and Shareholder Returns (to FY2026/3) **SEGASammy**

Utilizing interest-bearing debt to improve capital efficiency and reduce capital costs through optimal capital structure

<Procurement>



(5 year cumulative total)

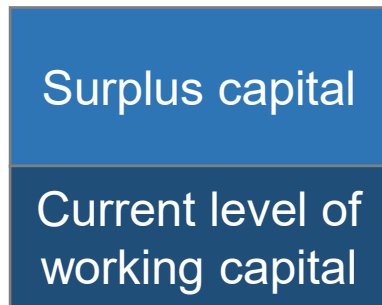
Balancing proactive investment in growth with shareholder return

<Allocation>



(Allocation image for the next 5 years)

D/E ratio: 0.5~0.6 times in 5 years later
(or Net D/E ratio: 0.2~0.3 times)



(End of FY 2021/3)



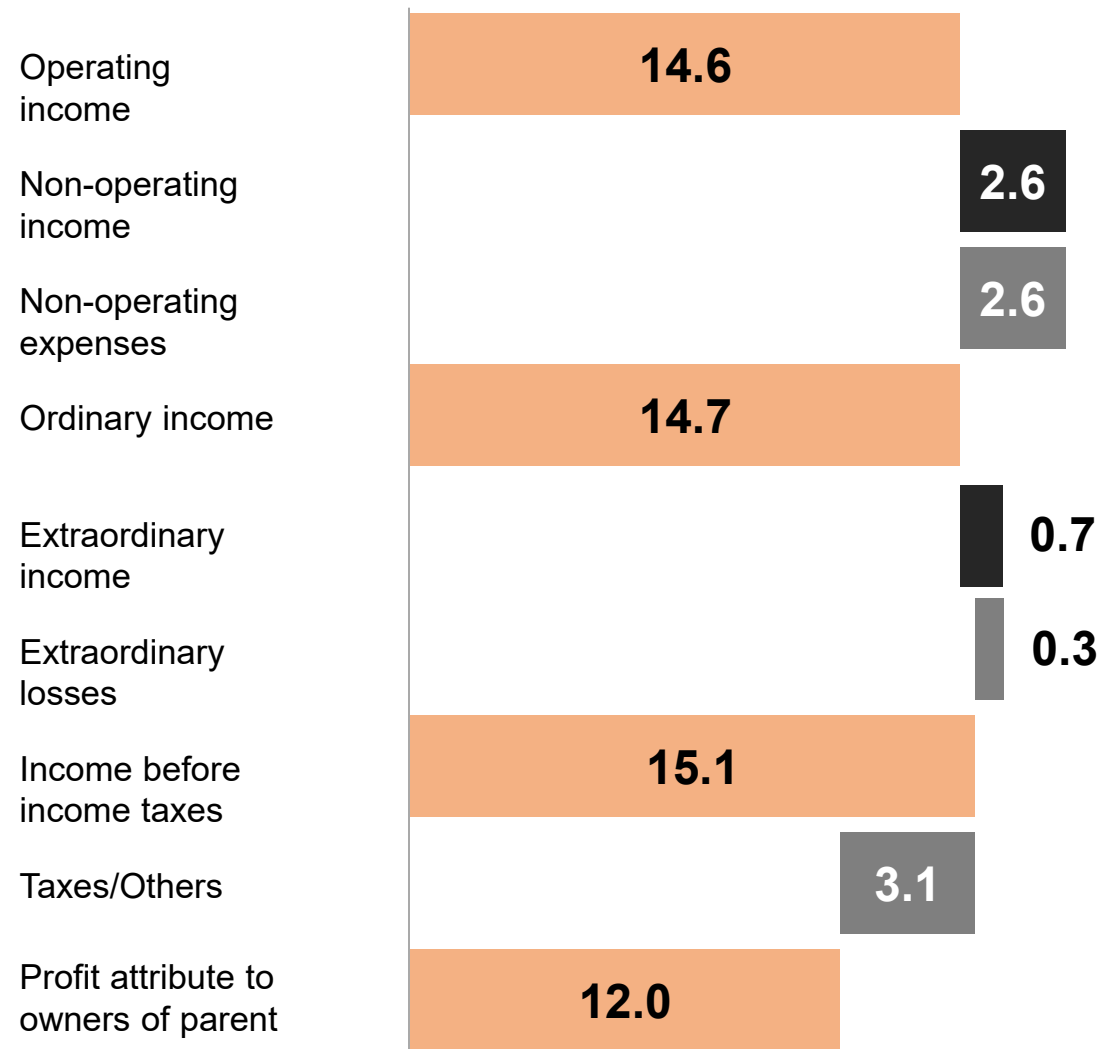
- Total 250.0 billion yen



- Acquisition of treasury stock: 30.0 billion yen (upper limit)
- Interim dividend: 20 yen
Year-end dividend: 20 yen (planning)

Breakdown of Income (FY2022/3 Q2 results)

(Unit: billion yen)



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

Non-operating income	2.6
Gain on investments in partnership	1.8
Non-operating expenses	2.6
Equity in losses of affiliates	1.8
Extraordinary Income	0.7
Gain on sales of shares of subsidiaries and affiliates	0.6
Extraordinary losses	0.3
Impairment losses	0.2

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	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
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	57.9	55.8
Advertising expenses	3.0	3.4	3.8	3.9	1.7	2.8	3.3	3.7	2.2	3.9	16.7	15.4
Depreciation	2.1	2.1	2.2	2.5	2.2	2.3	0.7	1.5	0.8	0.9	3.5	3.6
Cap-ex	4.0	4.3	4.6	5.3	2.2	2.8	3.5	1.9	1.5	1.4	7.5	5.7

■ Pachislot & Pachinko

(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
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	16.2	13.4
Advertising expenses	0.2	0.6	0.4	0.3	0.1	0.6	0.3	0.2	0.2	0.6	3.0	2.8
Depreciation	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.5	0.7	3.5	2.4
Cap-ex	0.9	0.9	0.7	1.0	1.1	0.7	0.7	0.8	1.2	1.1	7.2	7.1

Costs and Expenses

■ Resort

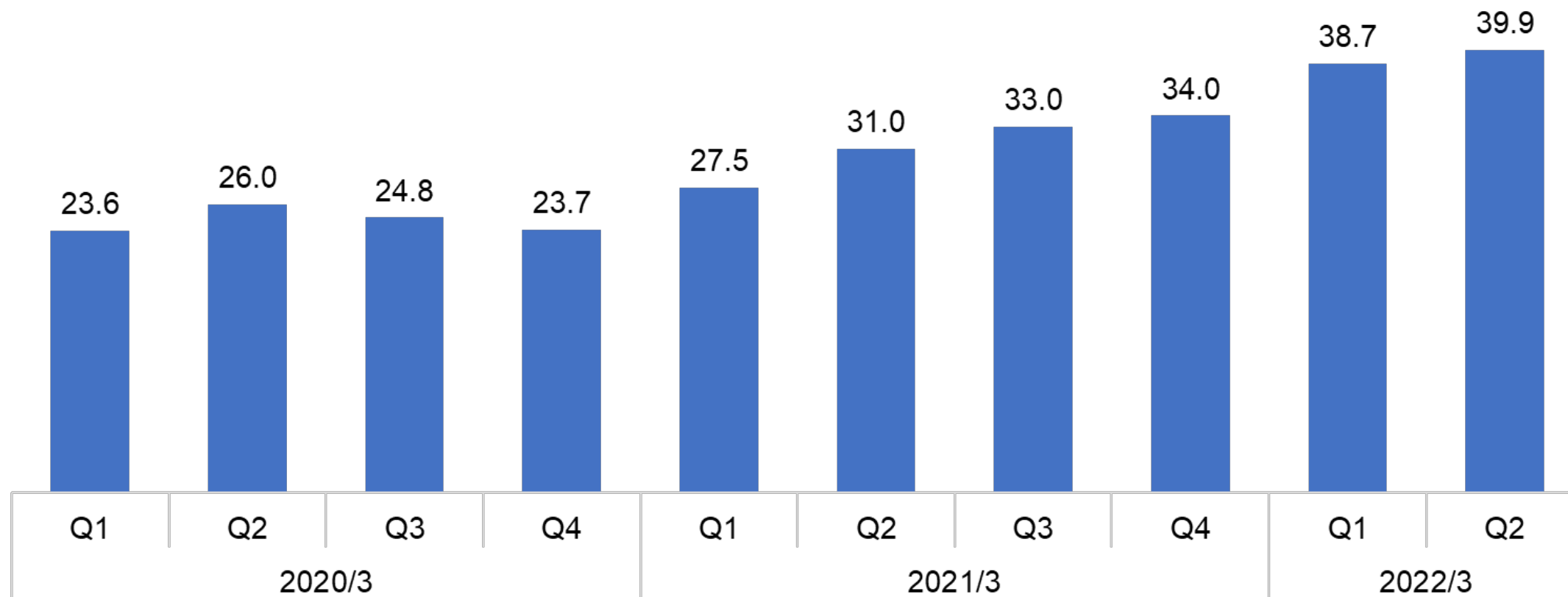
(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
R&D / Content production expenses	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1
Advertising expenses	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.4	0.4
Depreciation	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.1	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	0.5	0.6

■ Other / Elimination

(Billion yen)	2020/3				2021/3				2022/3		2022/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
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	0.0	0.1
Advertising expenses	0.3	0.8	0.1	0.2	0.2	0.1	0.2	0.2	0.4	0.4	1.8	1.7
Depreciation	0.3	0.4	0.2	0.3	0.4	0.3	0.3	0.1	0.4	0.1	1.0	0.9
Cap-ex	0.2	0.1	0.3	0.3	0.3	0.1	-0.1	0.4	0.3	0.0	0.9	0.9

Reference: Trend of balance of content production expenses in B/S (Consumer area)

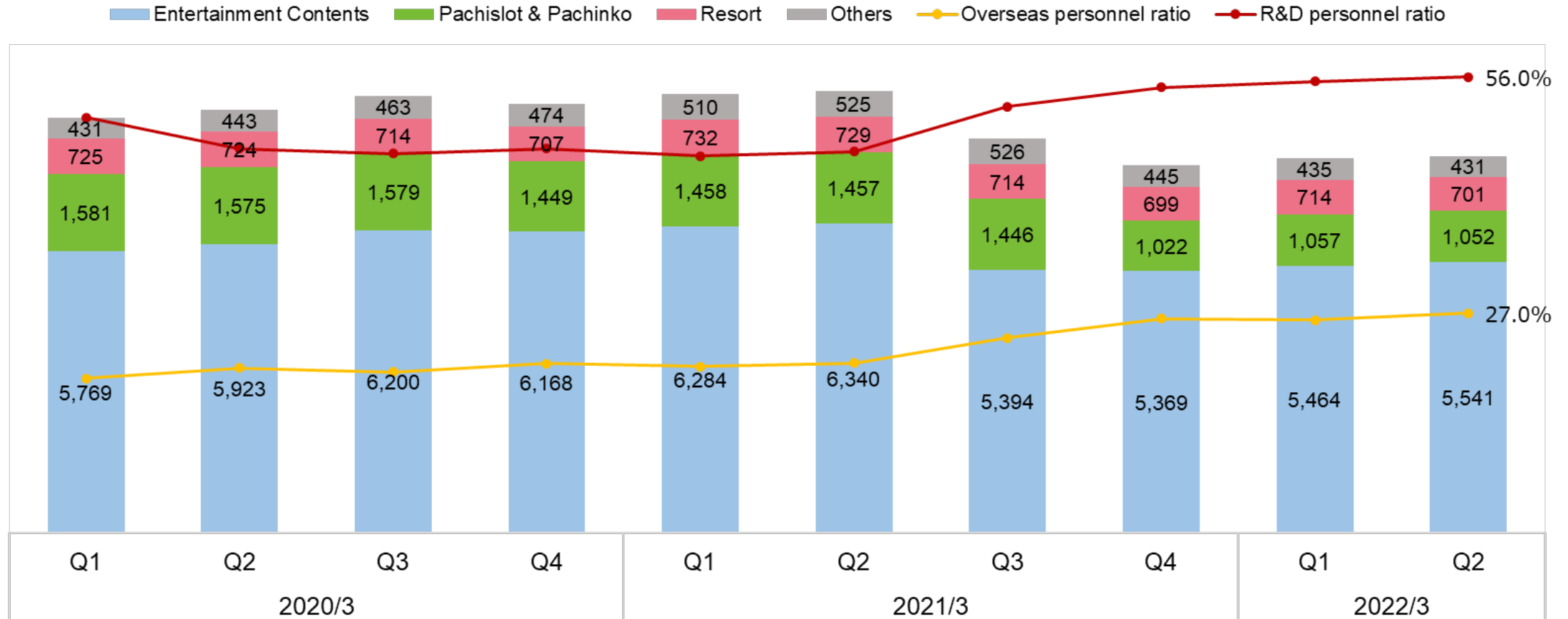
(Unit: billion yen)



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

Reference: Trend of No. of Employees by Segment

(Unit: Employees)



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

Consolidated Balance Sheet Summary



(Billion yen)	【Assets】			【Liabilities and Net Assets】				
	Account	As of end of March 2021	As of end of Sep 2021	Change	Account	As of end of March 2021	As of end of Sep 2021	Change
	Cash and Deposits	154.9	113.5	-41.4	Accounts Payable	16.9	19.3	+2.4
	Accounts Receivable	38.1	38.7	+0.6	Corporate Bonds	-	-	-
	Short term investment securities	0.7	35.0	+34.3	Short Term Loans Payable	-	-	-
	Inventories	52.9	64.8	+11.9	Other	42.8	37.7	-5.1
	Other	29.6	23.9	-5.7	Total Current Liabilities	59.7	57.0	-2.7
	Total Current Assets	276.2	275.9	-0.3	Corporate Bonds	10.0	10.0	-
	Tangible Fixed Assets	61.6	60.2	-1.4	Long Term Loans Payable	42.0	42.0	-
	Intangible Fixed Assets	14.9	14.2	-0.7	Other	18.5	17.5	-1.0
	Investment Securities	38.3	37.3	-1.0	Total Noncurrent Liabilities	70.5	69.5	-1.0
	Other	30.5	35.4	+4.9	Total Liabilities	130.3	126.6	-3.7
	Total Noncurrent Assets	145.3	147.1	+1.8	Shareholders Equity	294.9	299.0	+4.1
	Total Assets	421.5	423.1	+1.6	Total accumulated other comprehensive income	-4.2	-2.8	+1.4
					Subscription rights to shares	-	0.0	+0.0
					Non-controlling interests	0.4	0.2	-0.2
					Total Net Assets	291.2	296.4	+5.2
					Total Liabilities and Net Assets	421.5	423.1	+1.6

	As of end of Mar. 2021	As of end of Sep. 2021	Increase/Decrease
Cash, deposits and cash equivalents	154.5	128.5	-26.0
Interest bearing debt	52.0	52.0	-
Net cash	102.5	76.5	-26.0
Equity ratio	69.0%	70.0%	+1.0pt

	Main factors for increase / decrease
(Current Assets)	Cash and deposits decreased due to dividend payments and acquisition of securities
(Non-current assets)	Increased due to investment in production, etc.
(Liabilities)	Decreased due to reversal of allowance for bonuses
(Net assets)	Shareholders' equity increased due to the recording of quarterly profit attributable to owners of parent

02

Entertainment Contents Business

(Billion yen)	2021/3		2022/3		
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
Sales	97.0	217.8	107.4	213.0	230.0
Consumer	61.4	135.7	71.2	140.0	152.5
Amusement Machine Sales	13.6	35.7	23.2	43.0	48.5
Amusement Center Operations	11.8	21.0	-	-	-
Animation / Toy	9.0	23.2	11.5	26.5	27.0
Other / Elimination	1.2	2.2	1.5	3.5	2.0
Operating Income	14.9	27.9	22.2	23.0	31.5
Consumer	20.3	31.4	18.4	21.0	26.5
Amusement Machine Sales	-1.9	-1.6	2.3	1.7	3.7
Amusement Center Operations	-2.7	-1.4	-	-	-
Animation / Toy	0.2	2.1	1.7	1.8	2.6
Other / Elimination	-1.0	-2.6	-0.2	-1.5	-1.3
Non-operating income	2.5	0.9	0.6	2.4	1.3
Non-operating expenses	0.6	1.0	0.1	0.4	0.3
Ordinary Income	16.8	27.9	22.7	25.0	32.5
Ordinary Income Margin	17.3%	12.8%	21.1%	11.7%	14.1%

FY2022/3 Q2 Results

- Strong performance in each business area
 - Exceeded the expectation due to steady performance of full games, recording of royalty income, etc. (Consumer area)
 - Returned to profit due to strong sales of prizes for prize machines and the effect of fixed cost reduction. (Amusement Machines Sales area)

Forecast

- While the launch of new titles increased in each business area, expenses such as R&D and advertising expenses are expected to increase.

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

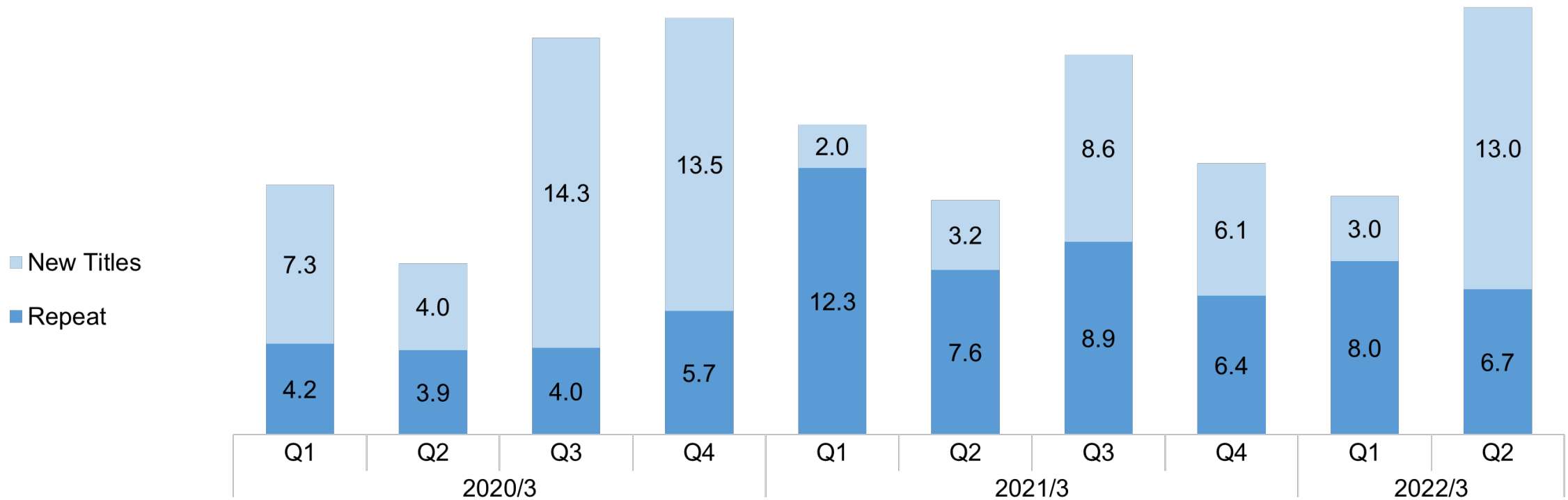
Entertainment Contents Business (Per subsegment)



		FY2022/3 Q2 Results	Forecast
Consumer	Full game	<ul style="list-style-type: none"> Steady performance of new titles and repeat sales Recorded royalty income 	<ul style="list-style-type: none"> Launch of new titles increase Operating expenses increase due to an increase in new title launches Plan to record royalty income
	F2P	<ul style="list-style-type: none"> Steady performance of new titles and existing titles 	<ul style="list-style-type: none"> Plan to release new title and global version of existing title. Plan major update of “PHANTASY STAR ONLINE 2 NEW GENESIS”
Amusement Machine Sales area		<ul style="list-style-type: none"> Strong sales of prizes for prize machines, the UFO Catcher® series, etc. Returned to profit due to the effect of fixed cost reduction, etc. 	<ul style="list-style-type: none"> Plan to sell new products such as “EIKETSU TAISEN” Plan to sell regular products such as prizes for prize machines, UFO Catcher® series, etc.
Animation / Toys	Animation	<ul style="list-style-type: none"> Recorded allocated revenue of “Detective Conan the Movie The Scarlet Bullet”, etc. 	<ul style="list-style-type: none"> Expect to record revenues from video production, distribution, etc.
	Toys	<ul style="list-style-type: none"> Sold new products and regular products 	<ul style="list-style-type: none"> Strengthen sales of new products and regular products in preparation for holiday shopping season

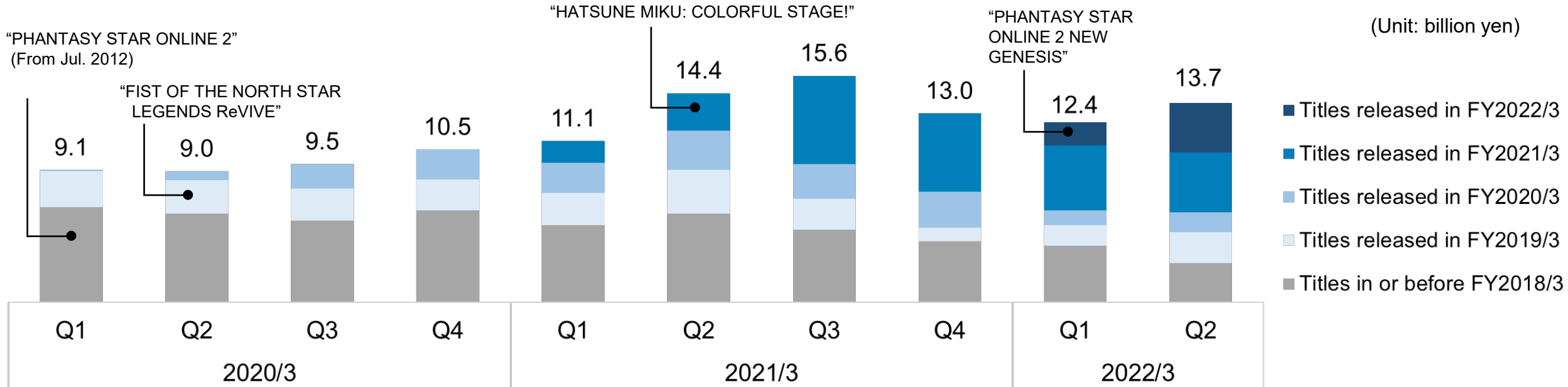
Consumer area (Full Game's sales trend)

(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%
Download sales ratio	65.9%	48.6%	37.7%	40.8%	66.5%	69.4%	54.6%	68.8%	61.6%	64.4%

Consumer area (F2P's sales trend)



[Top 3 titles in sales (Jul.-Sep. 2021)]

(No. 1)



“HATSUNE MIKU: COLORFUL STAGE!”

© SEGA/© CP/© CFM

Release: Sep. 2020

(No. 2)



**“PHANTASY STAR ONLINE 2
NEW GENESIS”**

© SEGA

Release: Jun. 2021

(No. 3)



“FIST OF THE NORTH STAR LEGENDS ReVIVE”

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

Release: Sep. 2019

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



(Timing of Release)

FY19/3

FY20/3

FY21/3

FY22/3

Platforms

Regions

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.	JUDGMENT (Remaster ver.)	Remaster	FY19/3		●	●		●					●	●	●	
Apr.	Total War: ROME REMASTERED	Remaster	FY05/3						●					●	●	●
May.	Shin Megami Tensei III Nocturne HD Remaster (Western ver.)	Remaster	FY03/3	●	●				●					●	●	●
Jun.	Olympic Games Tokyo 2020 - The Official Video Game™ (Western ver.)	Western version	FY20/3	●	●		●		●				●	●		●
Jun.	PHANTASY STAR ONLINE 2 NEW GENESIS	Series Latest	FY13/3	●	●		●		●	●	●			●	●	●
Aug.	HUMANKIND™	New IP	-						●	●		●	●	●	●	●
Sep.	Sonic Colors: Ultimate	Remaster	FY11/3	●	●		●			●				●	●	●
Sep.	LOST JUDGMENT	Series Latest	-		●	●	●	●						●	●	●
Nov.	Shin Megami Tensei V	Series Latest	-	●										●	●	●
Nov.	Football Manager 2022	Series Latest	-	●			●	●	●	●	●	●		●	●	●
Feb.	Total War: WARHAMMER III	Series Latest	-						●	●		●		●	●	●

*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™ 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.

**Olympic Games Tokyo 2020 - The Official Video Game™ includes platforms and regions of version launched in Japan and Asia in FY2020/3.

**PHANTASY STAR ONLINE 2 NEW GENESIS™ includes both Japanese and global versions. Switch version is only compatible with the cloud version.

03

Pachislot and Pachinko Machines Business

Pachislot and Pachinko Machines Business



(Billion yen)	2021/3		2022/3		
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
Sales	10.7	53.1	23.3	89.0	65.0
Pachislot	2.0	13.9	12.0	40.5	26.1
Pachinko	3.7	28.5	7.1	42.7	32.6
Other / Elimination	5.0	10.7	4.2	5.8	6.3
Operating Income	-12.0	-10.6	-1.7	9.0	2.0
Non-operating income	0.2	0.6	0.4	0.1	0.6
Non-operating expenses	0.6	1.2	0.0	0.1	0.1
Ordinary Income	-12.4	-11.3	-1.3	9.0	2.5
Ordinary Income Margin	-	-	-	10.1%	3.8%

Pachislot					
Number of Titles	1 title	5 titles	4 titles	9 titles	8 titles
Unit Sales (units)	4,885	35,273	31,184	101,000	67,000

Pachinko					
Number of Titles	2 titles	4 titles	3 titles	5 titles	6 titles
Unit Sales (units)	11,342	69,013	23,118	103,000	77,000
Board + Frame	1,187	53,641	4,884	69,500	52,000
Board	10,155	15,372	18,234	33,500	25,000

FY2022/3 Q2 Results

- Unit sales were generally as expected
- Fixed expenses remained at a low level due to effect of structural reforms implemented in the previous fiscal year, etc.
- Major titles sold
 - “Pachislot CODE GEASS Lelouch of the Rebellion 3”
 - “Pachislot GAMERA” repeat sales

Forecast

- Reviewed unit sales due to the impact of components shortage
- Planning to launch mainstay titles for the replacement demand
 - “Pachislot ANEMONE Psalms of Plants Eureka Seven HI-EVOLUTION”
 - “P Hokuto No Ken 9 Toushin”

04

Resort Business

(Billion yen)	2021/3		2022/3		
	Through Q2	Through Q4	Through Q2	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
Sales	2.2	6.3	3.8	9.5	9.5
Operating Income	-2.6	-4.1	-1.8	-3.0	-2.3
Non-operating income	0.0	0.0	0.0	0.0	0.1
Non-operating expenses	2.0	4.8	2.1	2.0	4.3
Ordinary Income	-4.6	-8.9	-3.9	-5.0	-6.5
Ordinary Income Margin	-	-	-	-	-

<PHOENIX RESORT>

No. of facility users (Thousands)	211	552	327	856	724
3 accommodation facilities	78	223	124	373	295
2 golf courses	31	75	43	95	92
Other facilities	102	254	160	388	337

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

Compared to FY2021/3 Q2 (Cumulative)	155.0%
Compared to FY2020/3 Q2 (Cumulative)	72.0%

FY2022/3 Q2 Results

- PHOENIX RESORT: Facility users decreased due to the continued impact of COVID-19
- PARADISE SEGASAMMY: Utilization of Japanese VIP and Chinese VIP decreased due to the restriction of foreign visitors
- Yokohama City called off the process for selecting business operator for IR project

Forecast

- PHOENIX RESORT: Work on initiatives for revenue improvement including strengthening measures for individual customers accompanying with the recovery of travel demand
- PARADISE SEGASAMMY: Recovery of revenue is expected to be delayed due to the continuing restriction of foreign visitors
- Expenses for IR business decrease

05

Future Initiatives

Pachislot and Pachinko Machines Business

Pachislot and Pachinko Machines Business

Revised unit sales plan downward due to effects of component shortage

【Unit Sales】

Pachislot	101,000 units	67,000 units (-34,000 units)
Pachinko	103,000 units	77,000 units (-26,000 units)
Net Sales	89.0 billion yen	65.0 billion yen (-24.0 billion yen)
Operating income	9.0 billion yen	2.0 billion yen (-7.0 billion yen)

Promoting measures to solve shortages in the supply of components

Types of components in shortage

Semiconductors, resistors, connectors, etc.

Measures

Short term measures

- Expansion of procurement route
- Use alternative components
- Strengthen trade-in, etc.

Mid to long-term measures

- Promote standardizing of components

Medium-term Strategy

Create hits × Improve business efficiency

Revising the product lineup

- Optimizing the product lineup
- Rigorous screening and selection of new IPs
- Revival of past IP



- **Confirmed the demand of past IP revival through the Sammy CLASSIC Series**
2nd series “Pachislot GAMERA” (Jun.)

Continuing to deploy

- 3rd series “Pachislot ALADDIN A CLASSIC” (Jan.)
- 4th series “Pachislot DISC UP 2” (Jan.)

Improve development efficiency

- Use common visual images for pachislot and pachinko machines
- Rationalize video production
- Expand derivative titles, such as specification changed titles



- **Fixed costs remain low in FY2022/3**
Decrease of approx. 14%* compared to pre-structural reforms. In addition to the effects of structural reforms, effects from improvement of development efficiency are also contributing.

*Comparison of FY2022/3 forecast and average of FY2018/3-FY2020/3

“GAMERA”
(2000)



© Daiei/Kikaku Takara Co., Ltd.

“Pachislot GAMERA”
(2021)



©KADOKAWA ©Sammy

- 2nd series of Sammy CLASSIC Series
- Contributing to utilization of Pachinko halls
- Succession of game elements and reel combination rules

"ALADDIN A"
(2002)



©Sammy

"Pachislot ALADDIN A CLASSIC"
(2022)



©Sammy

- 3rd series of Sammy CLASSIC Series
- Type 6.2 regulation machine
- Succession of ALADDIN's unique lottery system and directing element rules

Significant improvement in cost structure due to structural reforms

Level of fixed cost

Approx. 14% reduction (*1)
(Compared to pre-structural reforms)

Break-even point
(Net Sales)

Pre-structural reforms
Approx. 75.0 billion yen (*2)



After Structural Reforms
Approx. 60.0 billion yen (*3)

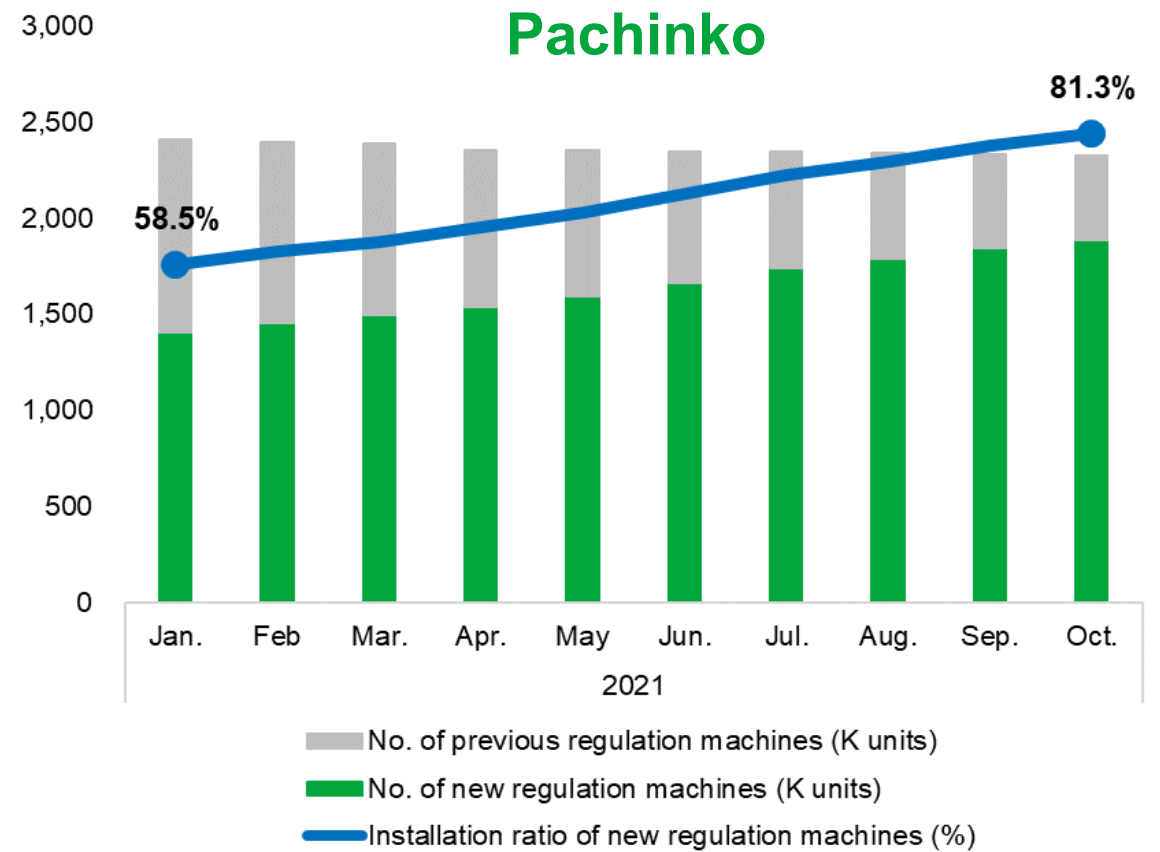
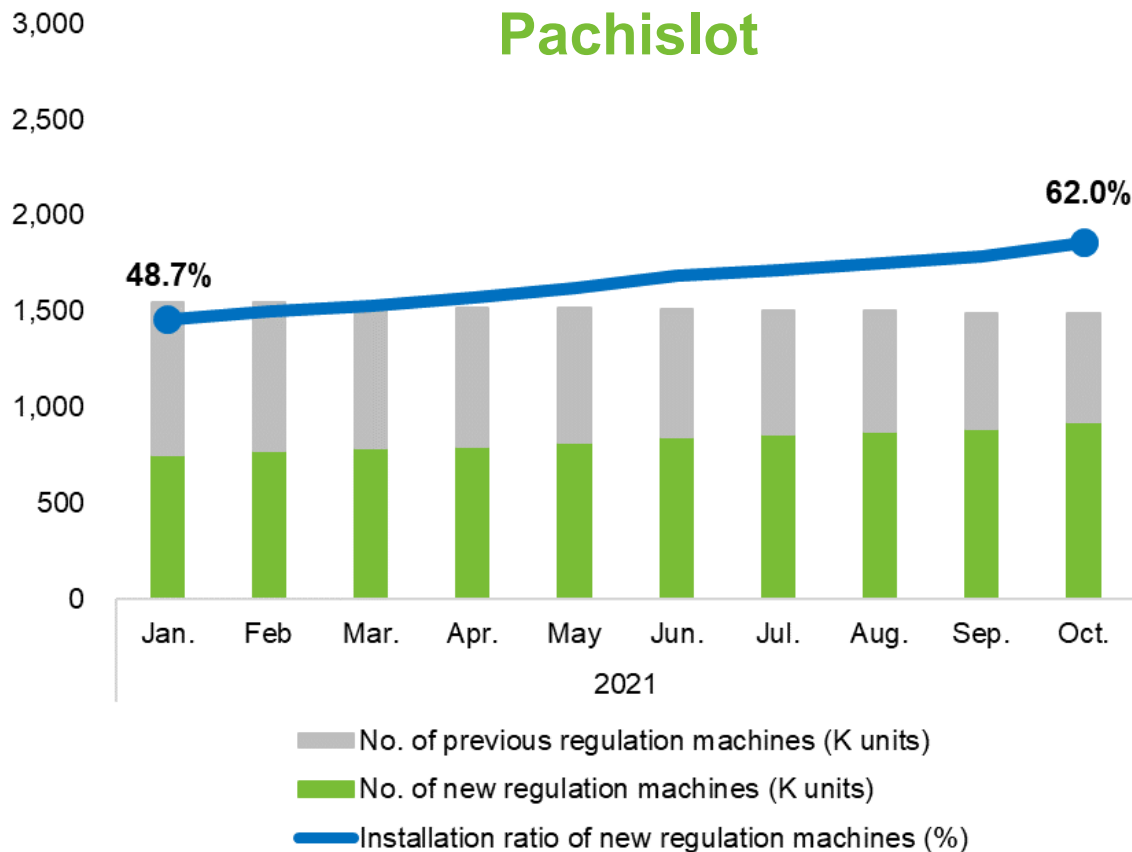
*1: Comparison of FY2022/3 forecast and average of FY2018/3-FY2020/3

*2: Average of FY2018/3-FY2020/3

*3: Variable depending on sales mix

Pachislot: Replacement progress remains sluggish

Pachinko: Replacement proceeds smoothly due to appearance of several popular titles



※Company estimates based on P-WORLD machine installation data

Over 70~80% of current players are dissatisfied about the upper limit of payout and number of games

(Factors behind dissatisfaction)

Upper limit of payout

Related to advantageous section (Upper limit of no. of games)

Reasons why the upper limit of payout and advantageous section are "unconvincing"	Applies (*1) (%)
• There is an upper limit of payout at once even though there is no limit to the number of medals to insert	85.5
• Not able to digest the rest of the AT and ART games added, when payout reaches the upper limit	84.5
• Cannot see clear picture of obtaining a large amount of medals, because it is not possible to obtain more than 2,400 medals at once	84.3
• The game ends occasionally before obtaining enough amount of medals when reaching the upper limit of games	82.1
• Mode and points are all resetted due to the end of the advantageous section	74.7
• Can't expect to win after the advantageous section lamp going out as it indicates the end of AT	73.7
• The setting of upper limit of advantageous section gives the impression that the scenario is monotonous and controlled	71.9
• Advantageous section ends before winning in the chance zone or the ceiling	69.5
• Doesn't get motivated because all machine's performance looks the same	68.3
• Confusing because the structure looks complicated	56.0

(*1): Sum of those who answered "Applicable" or "Somewhat Applicable"

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

Relaxing of regulation is continuing, and the upper limit of number of games has been abolished



Upper limit of payout

2,400 medals

2,400 medals

2,400 medals

2,400 medals

Related to advantageous section (Upper limit of no. of games)

1,500 games

1,500 games

3,000 games

Abolished

*For Smart Pachislot

Other Major Relaxations

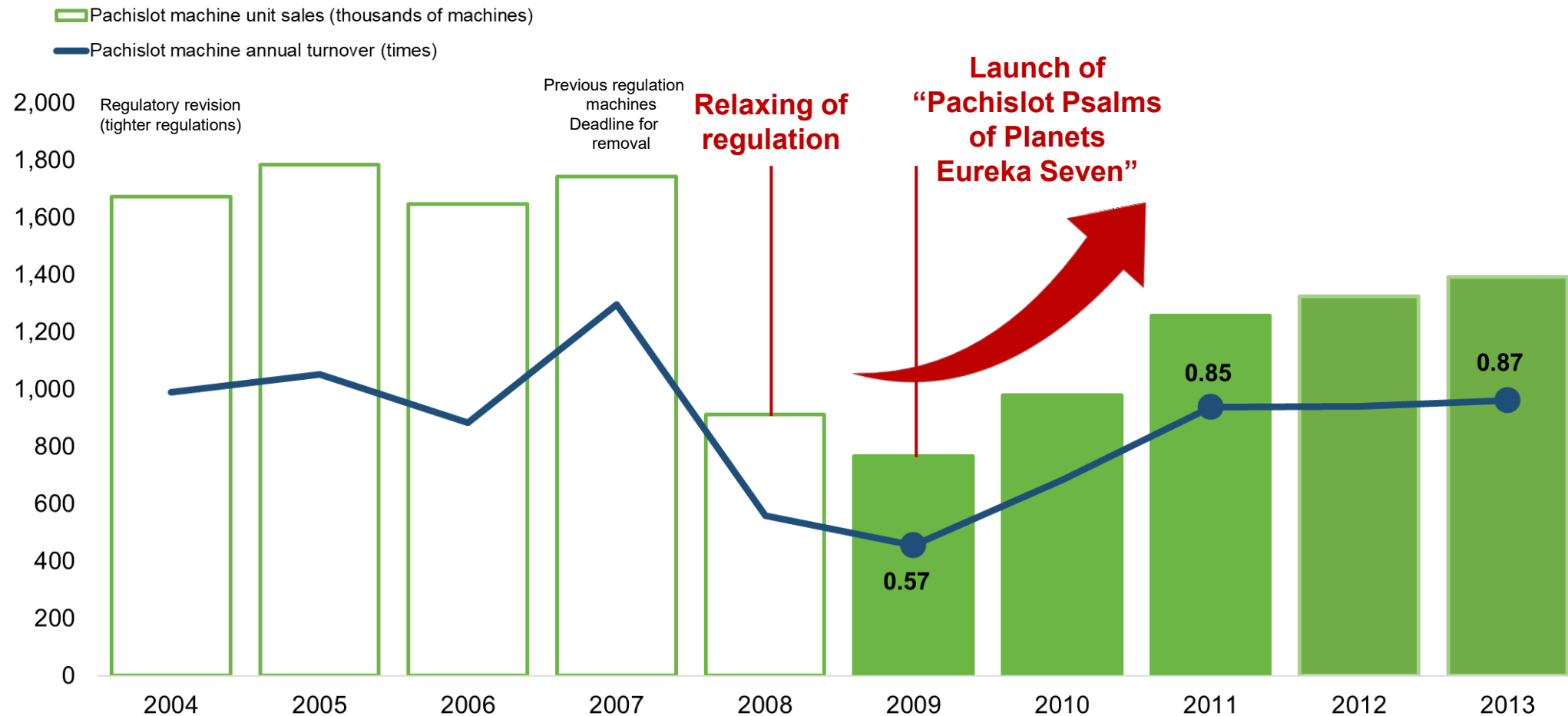
- Relaxing of upper limit of the ratio in advantageous section

- Allow setting difference in the performance of indication function between settings

- Partial relaxation of penalty regulations (Contributes to lower the number of games to be played at normal status)

- Abolishment of advantageous section lamp (From Nov. application)

In the past, unit sales and turnover recovered due to appearance of hit titles after the relaxing of regulation



*Sources: National Police Agency and Yano Research Institute Ltd. "Pachinko Manufacturer Trends 2021"

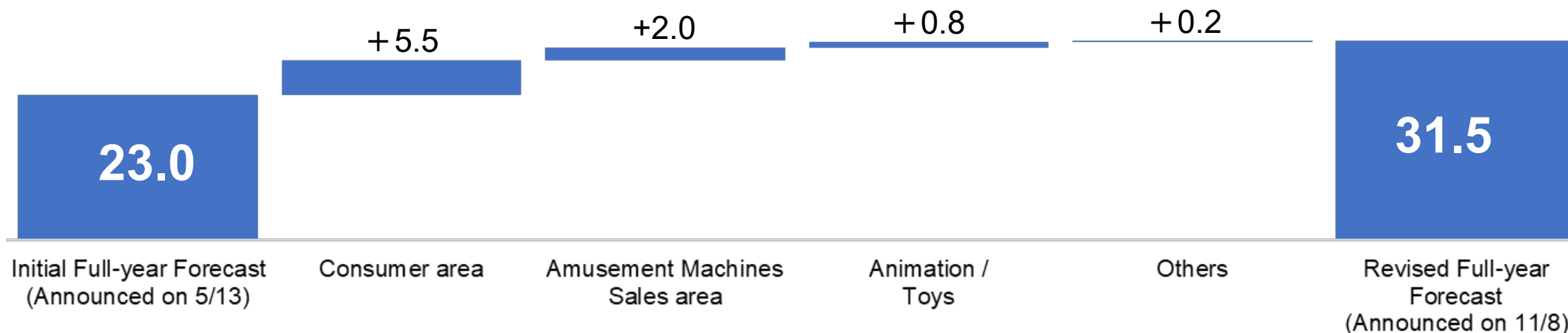
Entertainment Contents Business Consumer area

Entertainment Contents Business

Revision of Operating Results Forecast

[Difference in operating income by sub-segment from initial plan]

(Unit: Billion yen)



Consumer area	Steady performance of new titles and repeat sales, increase in royalty income due to business diversification
Amusement Machine Sales area	Strong sales of prizes for prize machines, the UFO Catcher® series, etc.
Animation / Toys	(Animation) Increase in allocation revenue (Toys) Strong sales of new products, etc.

Medium-term Strategy

Strengthen the global branding of existing IPs

Expanding touch points with users

- Strengthening global roll-out
 - Multiplatform support
 - Multilingual support



- “LOST JUDGMENT” (Released on Sep.)
Simultaneous global release, multiplatform support
- Initial sales volume increased in Europe and North America (compared to previous title).

Prolonging product life cycles

- Utilizing IP assets
- Strengthening digital sales
- Multichannel monetization



- New IP “HUMANKIND™” (Released on Aug.)
Support subscription service (Xbox Game Pass) simultaneously at launch
- Both one-off sales and subscription are performing steadily.

Strengthening user engagement

- Community management
- Strengthening the mix of media



- Implemented a number of Sonic 30th anniversary commemorative collaborations
- Proactively expanding touch points to IP

Major Title: “LOST JUDGMENT”



Major Title: "HUMANKIND™"





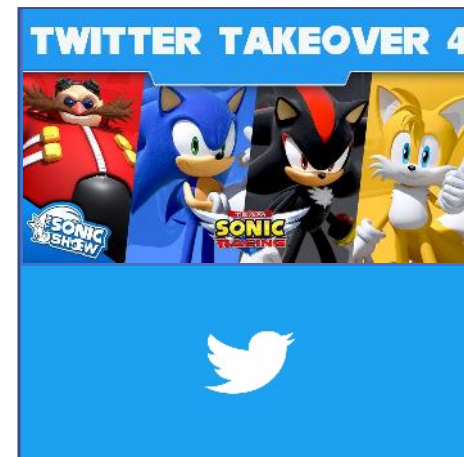
Examples of external collaboration (partial)



Minecraft x Sonic DLC



Fall Guys x Sonic



Twitter Takeover



Sonic Symphony

Major Titles in and after Q3 (Full Game)

“Football Manager 2022”



- **PC + Game Pass**
(Scheduled to be released on Nov. 9)

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

“Shin Megami Tensei V”



- **Simultaneous global release**
(Scheduled to be released on Nov. 11)

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“Total War: WARHAMMER III”



- **PC + Game Pass**
(Scheduled to be released on Feb. 17)

© Games Workshop Limited 2021.
Published by SEGA.

Major Titles in and after Q3 (F2P)

“PHANTASY STAR ONLINE 2 NEW GENESIS”



- Major update
(Scheduled on Dec 15, 2021)

“HATSUNE MIKU: COLORFUL STAGE!”



- Record-high monthly sales
on the 1st anniversary
- Launch of Global version
(Scheduled to be released in 2021)

“Sin Chronicle”



- Launch of new RPG
(Scheduled to be released in 2021)

Long-term Strategy

Create “Super Games”

- Started exploring strategic alliance with Microsoft towards creation of “Super Game”
(Major areas to consider)
 - Develop games utilizing technologies of Microsoft in Microsoft’s Azure cloud platform.
 - Technical collaboration to turn SEGA’s current development environment into a next-generation environment built on Microsoft’s Azure cloud platform.
- Additional investment to Consumer area (see P.46 for details)

Concept of Investment in Growth

Financial Strategy and others

Accelerate growth through proactive investment

Consumer area
Approx.
100.0 billion yen

- Strengthen development resources

(Area of consideration for investment)

- Expansion of organic development pipeline
- Strengthen global mobile and online games

- Investment in new ecosystem

(Area of consideration for investment)

- Strengthen CRM functions to revitalize user communities
- Investment in newly emerging business areas such as NFT

Gaming area
Approx.
100.0 billion yen

- Careful assessment of investment opportunities in the gaming area

(Area of consideration for investment)

- Both domestic and overseas IR
- Online casino and sports betting overseas
- Land-based casinos overseas

Others
Approx.
50.0 billion yen

- Expand CVC investment limit (from total 9.0 billion yen to 15.0 billion yen)
 - Strengthen open innovation activities, including investment in start-up companies, etc.
- Creation of new business, acquisition of IPs, etc.

Total: 250.0 billion yen

06

Appendix

Reference: Consumer Area (Sales trend)

(Billion yen)	2021/3				2022/3			
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through 2Q	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
Sales	32.4	61.4	102.4	135.7	29.5	71.2	140.0	152.5
Domestic	12.4	27.9	48.7	64.6	13.0	30.9	65.0	63.4
Overseas	19.6	33.4	54.3	72.4	16.7	40.3	75.0	89.2
Overseas sales ratio	60.5%	54.4%	53.0%	53.4%	56.6%	56.6%	53.6%	58.5%
Other / Elimination	0.2	0.1	-0.6	-1.3	-0.2	0.0	0.0	-0.1
Full Game	14.4	25.2	42.6	55.1	11.0	30.7	55.0	66.8
New titles	2.0	5.2	13.8	19.9	3.0	16.0	27.5	39.5
Japan	0.0	0.1	1.8	2.1	0.2	2.4	-	-
Asia	0.7	1.0	1.2	1.7	0.1	0.9	-	-
North America / Europe	1.2	4.1	10.6	16.0	2.7	12.7	-	-
Repeat titles	12.3	19.9	28.8	35.2	8.0	14.7	27.5	27.3
Japan	1.7	2.7	3.7	4.5	0.8	2.0	-	-
Asia	0.5	1.1	1.5	2.2	0.7	1.4	-	-
North America / Europe	9.9	16.1	23.5	28.5	6.4	11.3	-	-
Download sales ratio	66.5%	67.7%	62.8%	63.8%	61.6%	65.3%	68.6%	70.0%
F2P	11.1	25.5	41.1	54.1	12.4	26.1	63.5	55.4
Japan	9.1	21.5	35.5	47.2	10.9	23.2	-	-
Asia	0.0	0.1	0.2	0.2	0.0	0.0	-	-
North America / Europe	1.9	3.9	5.3	6.6	1.4	2.9	-	-
Other	6.5	10.6	19.4	27.7	6.2	14.5	21.5	30.4

- 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)

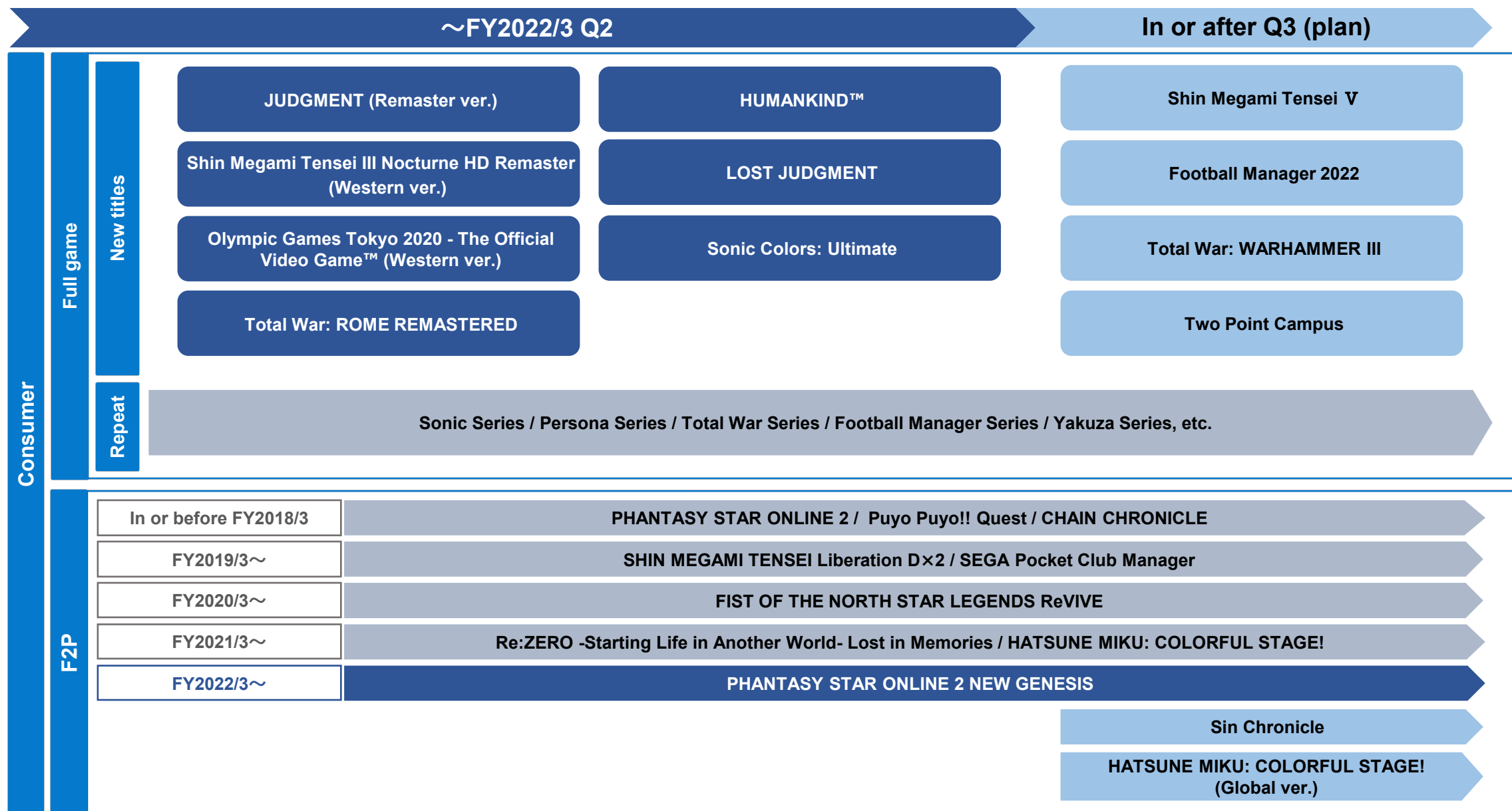
	2021/3				2022/3			
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through 2Q	Full Year Forecast (announced on May 13)	Revised Full Year Forecast (announced on Nov 8)
Full Game: Number of Titles								
Japan	0 title	0 title	2 titles	2 titles	0 title	3 titles	5 titles	6 titles
Asia	1 title	1 title	4 titles	6 titles	1 title	4 titles	9 titles	10 titles
North America / Europe	3 titles	5 titles	9 titles	10 titles	3 titles	6 titles	12 titles	14 titles
Full Game: Unit sales (Thousands)	12,980	19,080	34,200	41,770	6,580	14,040	37,870	33,670
Total New titles	790	1,180	3,770	6,020	1,060	3,500	9,640	9,320
Japan	10	20	370	430	50	410	660	740
Asia	150	200	260	360	50	250	410	840
North America / Europe	620	960	3,130	5,220	960	2,840	8,570	7,740
Total Repeat titles	12,190	17,900	30,420	35,750	5,520	10,540	28,230	24,350
Japan	460	690	990	1,230	290	660	930	990
Asia	240	510	700	1,000	340	680	650	1,080
North America / Europe	11,480	16,690	28,730	33,510	4,890	9,200	26,650	22,280

- 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
Sonic series	800	2,300	3,700	4,400	1,000	2,900
Total War series	1,900	2,500	3,600	4,000	600	1,000
Persona Series	1,200	1,500	1,900	3,000	400	700
Yakuza series	300	600	1,600	2,200	700	1,800

*Yakuza series includes the JUDGMENT series.



Reference: Entertainment Contents Business (Sales Schedule)

~FY2022/3 Q2

In or after Q3 (plan)

Amusement Machine Sales

<Major titles in operation>

KanColle Arcade / StarHorse4 / Fate Grand Order Arcade / SANGOKUSHI TAISEN Series
/ maimai DX / O·N·G·E·K·I / CHUNITHM / fiz2

<Major regular sales titles>

UFO Catcher® series / Prizes for prize machines

EIKETSU TAISEN

Pokemon Corogarena

meityromantic

Animation / Toys

Detective Conan the Movie
The Scarlet Bullet

Anpanman: Fluffy Flurry and
the Land of Clouds

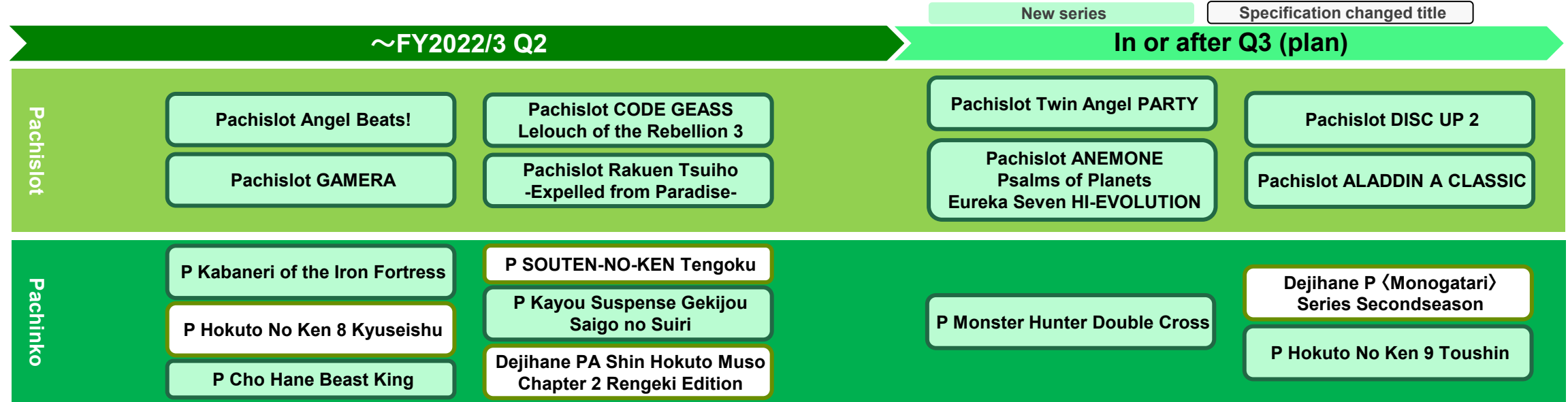
LUPIN THE 3rd PART 6

Demon Slayer POD

With a front camera! Fun to change
mouse covers! Sumikkogurashi
Personal Computer Premium

Disney&Pixar Characters
Dream Switch 2

Reference: Pachislot and Pachinko Machines Business (Sales Schedule)



(Major titles before Q2)		Month of delivery	Sales units	(Titles to be launched in or after Q3)		Month of delivery
Pachislot	Pachislot CODE GEASS Lelouch of the Rebellion 3	Aug.	13,429 units	Pachislot	Pachislot Twin Angel PARTY	Oct.
	Pachislot GAEMRA	Jun.	9,804 units		Pachislot ANEMONE Psalms of Planets Eureka Seven HI-EVOLUTION	Nov.
	Pachislot Rakuen Tsuiho -Expelled from Paradise-	Sep.	2,945 units		Pachislot ALADDIN A CLASSIC	Jan.
			Pachislot DISC UP 2		Jan.	
Pachinko	P Hokuto No Ken 8 Kyuseishu	May	10,226 units	Pachinko	P Monster Hunter Double Cross	Oct.
	P SOUTEN-NO-KEN Tengoku	Jul.	4,682 units		Dejihane P <Monogatari> Series Secondseason	Nov.
	P Kabaneri of the Iron Fortress	Apr.	2,875 units		P Hokuto No Ken 9 Toushin	Dec.
	Dejihane PA Shin Hokuto Muso Chapter 2 Rengeki Edition	Aug.	2,586 units			

**Pachislot GAMERA* includes 7,022 units sold in Q1

(KRW Billion)	2021/3 Results		2022/3 Results
	Through Q2	Through Q4	Through Q2
Sales	115.7	177.5	74.2
Casino	91.8	126.8	44.1
Hotel	19.4	44.4	28.3
Other	4.4	6.3	1.8
Cost of sales	126.1	216.0	84.9
Casino	59.2	95.2	31.0
Hotel	46.2	85.4	39.1
Other	20.6	35.3	14.7
Gross profit	-10.4	-38.5	-10.7
SG&A	15.3	28.1	12.8
Operating profit	-25.7	-66.7	-23.6
EBITDA	4.0	-7.7	5.0
Net profit	-41.7	-106.2	-45.2
Number of casino visitors (Thousands)	101.0	174.0	59.0

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	-1.9	-4.7	-2.1
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FY2022/3 Q2 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 which we expected to be eased from July.

*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

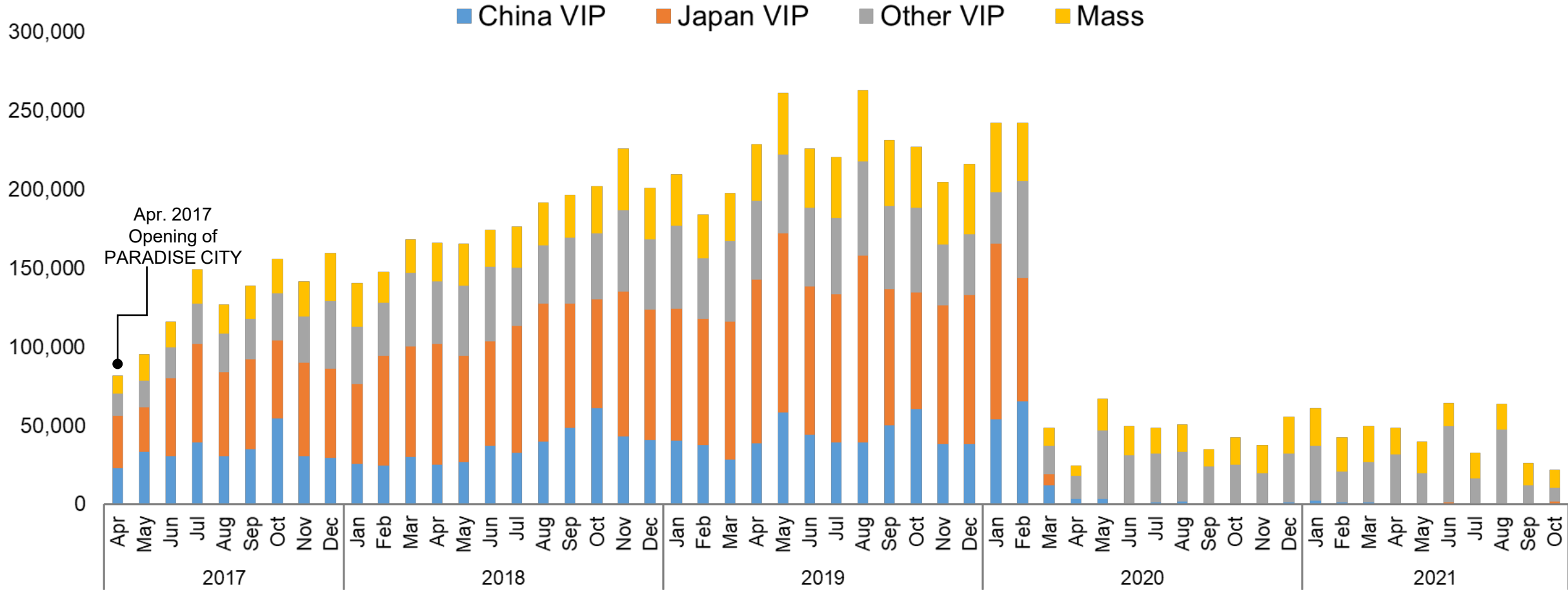
*Local accounting standard

Reference: Resort Business (PARADISE SEGASAMMY)



■ Trend of Drop amounts* at PARADISE CITY

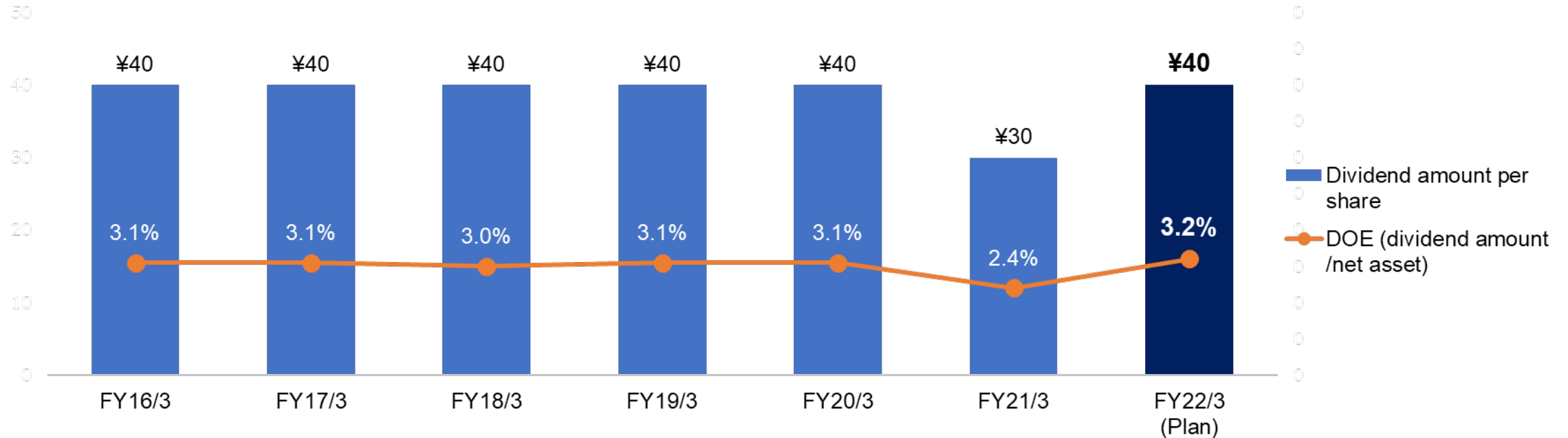
(KRW Million)



*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/>

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

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