

Fiscal Year Ending March 2023 Q1 Results Presentation

2022/8/4

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.

This is an English translation from the original Japanese-language version. The translation is provided for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Company assumes no responsibility for this translation and for direct, indirect or any other forms of damages arising from the translations. Should there be any inconsistency between the translation and the original Japanese document, the Japanese language version shall prevail. If you quote all or part of this document, please clearly indicate the source of the citation or link to this page.

01

FY2023/3 Q1 Results / Forecast

Results Highlights

(Billion yen)	2022/3		2023/3	
	Q1	Full Year Results	Q1	Full Year Forecast
Sales	59.4	320.9	66.1	375.0
Entertainment Contents	47.4	235.9	52.7	277.0
Pachislot and Pachinko Machines	10.3	75.8	10.5	86.0
Resort	1.5	8.6	2.6	11.5
Other / Elimination	0.2	0.6	0.3	0.5
Operating Income	3.8	32.0	2.7	40.0
Entertainment Contents	8.4	33.9	6.5	39.0
Pachislot and Pachinko Machines	-1.6	9.3	-0.9	11.5
Resort	-1.1	-2.5	-0.3	-1.2
Other / Elimination	-1.9	-8.7	-2.6	-9.3
Non-operating income	0.7	5.9	2.5	2.0
Non-operating expenses	1.1	4.6	1.0	2.0
Ordinary Income	3.4	33.3	4.2	40.0
Entertainment Contents	8.5	36.8	8.1	40.0
Pachislot and Pachinko Machines	-1.4	10.2	-0.6	12.0
Resort	-1.9	-6.7	-1.1	-3.0
Other / Elimination	-1.8	-7.0	-2.2	-9.0
Ordinary Income Margin	5.7%	10.4%	6.4%	10.7%
Extraordinary income	0.0	5.2	-	-
Extraordinary losses	0.2	0.6	0.1	-
Income before income taxes	3.2	37.9	4.1	40.0
Profit attributable to owners of parent	2.9	37.0	3.1	28.0
ROE	-	12.7%	-	-
Dividends per share (JPY)	-	40.00	-	41.00

FY2023/3 Q1 Results

➤ Overall results were generally in line with expectations

- Steady performance overall, despite repeat sales slightly went below expectations (CS*)
- Went in line with expectation (Pachislot & Pachinko)
- Domestic was in recovery trend centered on individual customers (Resort)

Forecast

➤ New title launches will proceed in each business

- Full-scale sales of mainstay new titles start from Q2 onward (CS)
- Start the launch of models responding to the revision of regulation from July (Pachislot & Pachinko)
- Loss margin is expected to narrow under the assumption of relaxation of behavioral restrictions (Resort)

*CS = Consumer Area

Breakdown of Income (FY2023/3 Q1 results)

(Unit: billion yen)



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

Non-operating income	2.5
Foreign exchange gains	1.5
Dividends income	0.4
Non-operating expenses	1.0
Equity in losses of affiliates	0.6

[Impact of foreign exchange on Q1 results]

CS*

➤ **Positive impact of approx. 1.5 billion yen for sales and approx. 0.8 billion yen for operating income (vs. forecast)**

- 1 USD: Forecast 114 yen → AR128 yen (Mainly affected sales increase)
- 1 GBP: Forecast 157 yen → AR162 yen (Mainly affected cost increase)
- 1 Euro: Forecast 130 yen → AR138 yen (Mainly affected sales increase)

*The above foreign exchange differences are included in "Others" in CS.

*Reference: Recorded with exchange rate of 1 USD = ¥105 for FY2020/3 to FY2022/3
and 1 USD = ¥114 for FY2023/3

Non-operating
income

➤ **Recorded foreign exchange gains of 1.5 billion yen due to the exchange of assets and liabilities denominated in foreign currencies**

- Entertainment Contents: 0.9 billion yen
- Pachislot & Pachinko: 0.3 billion yen
- Consolidation / Elimination: 0.2 billion yen

Costs and Expenses, etc.

■ Entertainment Contents

(Billion yen)	2021/3				2022/3				2023/3	2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
R&D / Content production expenses	9.2	9.8	11.8	14.7	9.9	13.5	12.7	18.3	11.9	66.6
Advertising expenses	1.7	2.8	3.3	3.7	2.2	3.9	3.7	4.4	2.7	19.0
Depreciation	2.2	2.3	0.7	1.5	0.8	0.9	0.9	1.1	0.9	3.5
Cap-ex	2.2	2.8	3.5	1.9	1.5	1.4	1.6	2.8	1.1	7.5

■ Pachislot & Pachinko

(Billion yen)	2021/3				2022/3				2023/3	2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
R&D / Content production expenses	5.4	3.9	3.3	3.7	3.4	3.2	3.4	4.4	3.0	14.3
Advertising expenses	0.1	0.6	0.3	0.2	0.2	0.6	0.5	0.3	0.3	3.3
Depreciation	0.8	0.9	0.9	0.8	0.5	0.7	0.7	0.8	0.6	2.1
Cap-ex	1.1	0.7	0.7	0.8	1.2	1.1	0.8	1.0	1.0	4.0

Costs and Expenses, etc.

■ Resort

(Billion yen)	2021/3				2022/3				2023/3	2023/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year Forecast
R&D / Content production expenses	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Advertising expenses	0.0	0.1	0.1	0.0	0.0	0.2	0.1	0.0	0.0	0.4
Depreciation	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.1	0.1	0.8
Cap-ex	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.5	1.3

■ Other / Elimination

(Billion yen)	2021/3				2022/3				2023/3	2023/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year Forecast
R&D / Content production expenses	0.1	-0.1	0.0	-0.1	0.1	-0.1	0.1	-0.1	0.0	0.0
Advertising expenses	0.2	0.1	0.2	0.2	0.4	0.4	0.2	0.3	0.3	1.2
Depreciation	0.4	0.3	0.3	0.1	0.4	0.1	0.3	0.2	0.5	0.9
Cap-ex	0.3	0.1	-0.1	0.4	0.3	0.0	0.3	0.6	0.2	0.5

Consolidated Balance Sheet Summary



(Billion yen)	【Assets】			【Liabilities and Net Assets】				
	Account	As of end of March 2022	As of end of June 2022	Increase /Decrease	Account	As of end of March 2022	As of end of June 2022	Increase /Decrease
	Cash and Deposits	152.4	111.5	-40.9	Accounts Payable	24.4	21.5	-2.9
	Accounts Receivable	38.9	36.0	-2.9	Short Term Borrowings	10.0	10.0	-
	Short term investment securities	-	12.0	+12.0	Other	52.5	39.7	-12.8
	Inventories	67.5	77.3	+9.8				
	Other	28.9	32.7	+3.8	Total Current Liabilities	86.9	71.2	-15.7
	Total Current Assets	287.7	269.5	-18.2	Corporate Bonds	10.0	10.0	-
	Tangible Fixed Assets	60.3	61.1	+0.8	Long Term Borrowings	32.0	32.0	-
	Intangible Fixed Assets	13.1	12.8	-0.3	Other	13.8	14.7	+0.9
	Investment Securities	40.6	38.9	-1.7	Total Noncurrent Liabilities	55.8	56.7	+0.9
	Other	33.7	36.8	+3.1	Total Liabilities	142.8	127.9	-14.9
					Shareholders Equity	294.4	288.2	-6.2
	Total Noncurrent Assets	147.7	149.6	+1.9	Total accumulated other comprehensive income	-2.0	2.6	+4.6
					Share acquisition rights	0.1	0.2	+0.1
	Total Assets	435.4	419.1	-16.3	Non-controlling interests	0.0	0.0	+0.0
					Total Net Assets	292.6	291.1	-1.5
					Total Liabilities and Net Assets	435.4	419.1	-16.3

	As of end of March 2022	As of end of June 2022	Increase /Decrease
Cash, deposits and cash equivalents	152.4	123.5	-28.9
Interest bearing debt	52.0	52.0	-
Net cash	100.4	71.5	-28.9
Equity ratio	67.1%	69.4%	+2.3p

Main factors for increase / decrease

(Current Assets)	Cash and deposits decreased while securities and inventories increased
(Liabilities)	Decrease in allowance for bonuses and accrued expenses
(Net assets)	Shareholders' equity decreased due to dividend payments and share buybacks while profit attributable to owners of parent was recorded

02

Per Segments Results / Forecast

(Billion yen)	2022/3		2023/3	
	Q1	Full Year Results	Q1	Full Year Forecast
Sales	47.4	235.9	52.7	277.0
Consumer	29.5	158.3	34.7	192.0
Amusement Machine Sales	11.4	49.7	13.1	55.8
Animation / Toy	5.5	25.6	4.7	28.7
Other / Elimination	1.0	2.3	0.2	0.5
Operating Income	8.4	33.9	6.5	39.0
Consumer	6.5	29.3	5.3	34.5
Amusement Machine Sales	1.6	2.5	0.5	3.3
Animation / Toy	0.5	3.0	0.2	3.0
Other / Elimination	-0.2	-0.9	0.5	-1.8
Non-operating income	0.1	3.3	1.6	1.0
Non-operating expenses	0.1	0.5	0.0	0.0
Ordinary Income	8.5	36.8	8.1	40.0
Ordinary Income Margin	17.9%	15.6%	15.4%	14.4%

*CS = Consumer Area, AM = Amusement Machine Area

FY2023/3 Q1 Results

➤ Overall results were generally in line with expectations

- Despite repeat sales slightly went below expectations, F2P performed strongly and remained steady overall (CS*)
- While sales of UFO Catcher ® series went strong, the impact of raw material price hikes became apparent (AM*)
- Recorded non-operating income (foreign exchange gains on assets denominated in foreign currencies, dividends income, etc.)

Forecast

➤ New title launches will proceed in each area

- Full-scale sales of mainstay new titles start from Q2 onward (CS)
- Strengthen sales in the prize category while closely monitoring the impact of supply chain disruptions, exchange rate fluctuations, and raw material price hikes (AM)

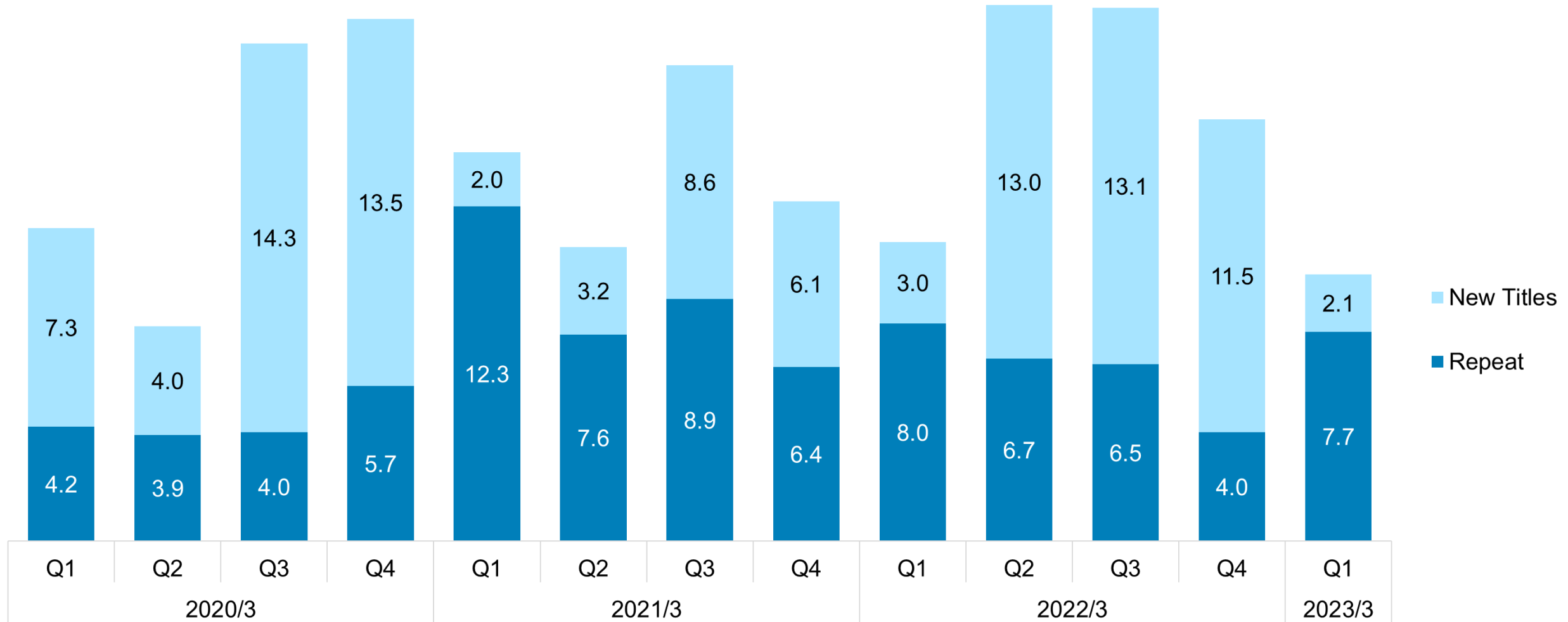
Entertainment Contents Business: Per Subsegments



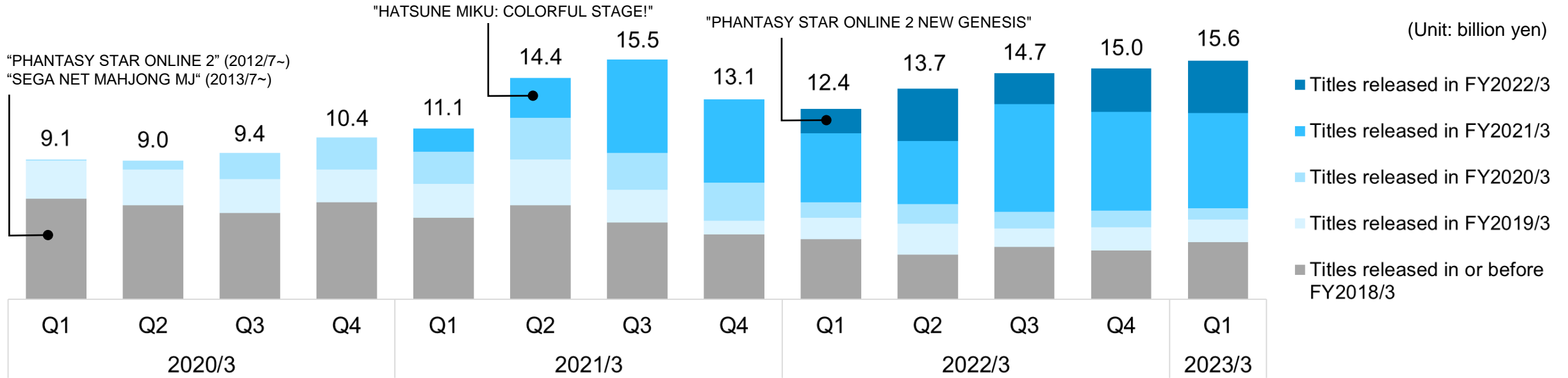
		FY2023/3 Q1 Results	Forecast
Consumer	Full Game	<ul style="list-style-type: none"> Released three new titles Repeat sales slightly went below expectations 	<ul style="list-style-type: none"> Full-scale sales of mainstay new titles start from Q2 onward; "SONIC FRONTIERS", Persona Series (Remaster), etc.
	F2P	<ul style="list-style-type: none"> Strong performance of "HATSUNE MIKU: COLORFUL STAGE!" 	<ul style="list-style-type: none"> Enhance the operation of existing titles Scheduled to release one new title
	Other	<ul style="list-style-type: none"> Strong sales of titles developed by other companies Recorded foreign exchange differences 	<ul style="list-style-type: none"> Plan to sell titles developed by other companies and expect licensing revenues, etc.
Amusement Machine		<ul style="list-style-type: none"> Sold centered on UFO Catcher® series and prizes Impact of raw material price hikes became apparent 	<ul style="list-style-type: none"> Strengthen sales of UFO Catcher® series, prizes, etc. Closely monitor supply chain disruptions, exchange rate fluctuations, and the impact of raw material price hikes
Animation / Toy	Animation	<ul style="list-style-type: none"> Released the theatrical version of "Detective Conan: The Bride of Halloween" 	<ul style="list-style-type: none"> Expect the revenue from animation production and distribution, etc.
	Toy	<ul style="list-style-type: none"> Sold new products and regular products, etc. 	<ul style="list-style-type: none"> Plan to sell new product, "With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium Design by yourself", and regular products, etc.

Consumer Area / Full Game: Sales Trend

(Unit: billion yen)



Consumer Area / F2P: Sales Trend



Top 3 titles in sales from Apr. - Jun. 2022

(No. 1)



"HATSUNE MIKU: COLORFUL STAGE!"

© SEGA/© CP/© CFM

Release: Sep. 2020

(No. 2)



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

©SEGA

Release: Jun. 2021

(No. 3)



"SEGA NET MAHJONG MJ"

©SEGA

Release: Jul. 2013

(Reference) Consumer Area: Sales Trend

(Billion yen)	2022/3				2023/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Full Year Forecast
Sales	29.5	71.2	119.6	158.3	34.7	192.0
Domestic	13.0	30.9	50.3	66.6	15.7	66.1
Overseas	16.7	40.3	69.4	92.0	19.2	126.1
Overseas sales ratio	56.6%	56.6%	58.0%	58.1%	55.3%	65.7%
Other / Elimination	-0.2	0.0	-0.1	-0.3	-0.2	-0.2
Full Game	11.0	30.7	50.3	65.8	9.9	98.4
New titles	3.0	16.0	29.1	40.6	2.1	62.2
Japan	0.2	2.4	5.4	5.7	0.5	5.1
Asia	0.1	0.9	2.0	3.0	0.5	4.9
North America / Europe	2.7	12.7	21.7	31.9	1.0	52.3
Repeat titles	8.0	14.7	21.2	25.2	7.7	36.2
Japan	0.8	2.0	2.8	3.4	0.8	3.3
Asia	0.7	1.4	1.8	2.3	0.8	4.5
North America / Europe	6.4	11.3	16.6	19.5	6.1	28.3
Download sales ratio	61.6%	65.3%	63.8%	69.5%	74.9%	79.4%
F2P	12.4	26.1	40.8	55.8	15.6	56.8
Japan	10.9	23.2	36.6	50.1	13.0	50.6
Asia	0.0	0.0	0.3	0.5	0.5	0.5
North America / Europe	1.4	2.9	3.9	5.2	2.0	5.7
Other	6.2	14.5	28.6	37.0	9.2	37.0

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

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

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

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



	2022/3				2023/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Full Year Forecast
Full Game: Number of Titles						
Japan	0 title	3 titles	5 titles	6 titles	3 titles	15 titles
Asia	1 title	4 titles	7 titles	9 titles	3 titles	15 titles
North America / Europe	3 titles	6 titles	11 titles	13 titles	3 titles	16 titles
Full Game: Unit sales (Thousands)	6,580	14,040	21,970	27,200	5,140	34,250
Total New titles	1,060	3,500	6,630	8,770	440	13,950
Japan	50	410	780	850	90	1,040
Asia	50	250	500	760	110	1,570
North America / Europe	960	2,840	5,350	7,160	230	11,330
Total Repeat titles	5,520	10,540	15,340	18,430	4,700	20,300
Japan	290	660	950	1,140	260	1,240
Asia	340	680	880	1,170	410	2,110
North America / Europe	4,890	9,200	13,500	16,130	4,030	16,960

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

*As for Numbers of Titles above, for the same title released in multiple regions, the title number is counted 1 per each sales region (Japan, Asia and NA/EU)

[Unit sales of major IPs]

(Thousands units)	2022/3				2023/3
	Q1	Through Q2	Through Q3	Through Q4	Q1
Sonic series	1,000	2,900	4,900	5,800	1,460
Total War series	600	1,000	1,300	2,600	420
Persona series	400	700	1,000	1,300	270
Yakuza series	700	1,800	2,500	2,900	470

*Yakuza series includes the JUDGMENT series.

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

[FY2023/3 Q1 New titles]



“13 Sentinels: Aegis Rim”
(for Nintendo Switch™)

©ATLUS.
©SEGA. All rights reserved.



“Hatsune Miku: Project DIVA Mega Mix+”
(for PC)

© SEGA / © Crypton Future Media, INC. www.piapro.net **piapro**



“Sonic Origins”

©SEGA

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

[FY2023/3 New titles (plan)]

*Only announced titles are listed



“Soul Hackers 2”

©ATLUS.
©SEGA. All rights reserved.



“Two Point Campus”

©Two Point Studios 2022. Published by SEGA.



“SONIC FRONTIERS”

©SEGA



“Persona 5 Royal”
(Remaster)

©ATLUS.
©SEGA. All rights reserved.



“Persona 3 Portable”
(Remaster)

©ATLUS.
©SEGA. All rights reserved.



“Persona 4 Golden”
(Remaster)

©ATLUS.
©SEGA. All rights reserved.



“Humankind™” (for Console)

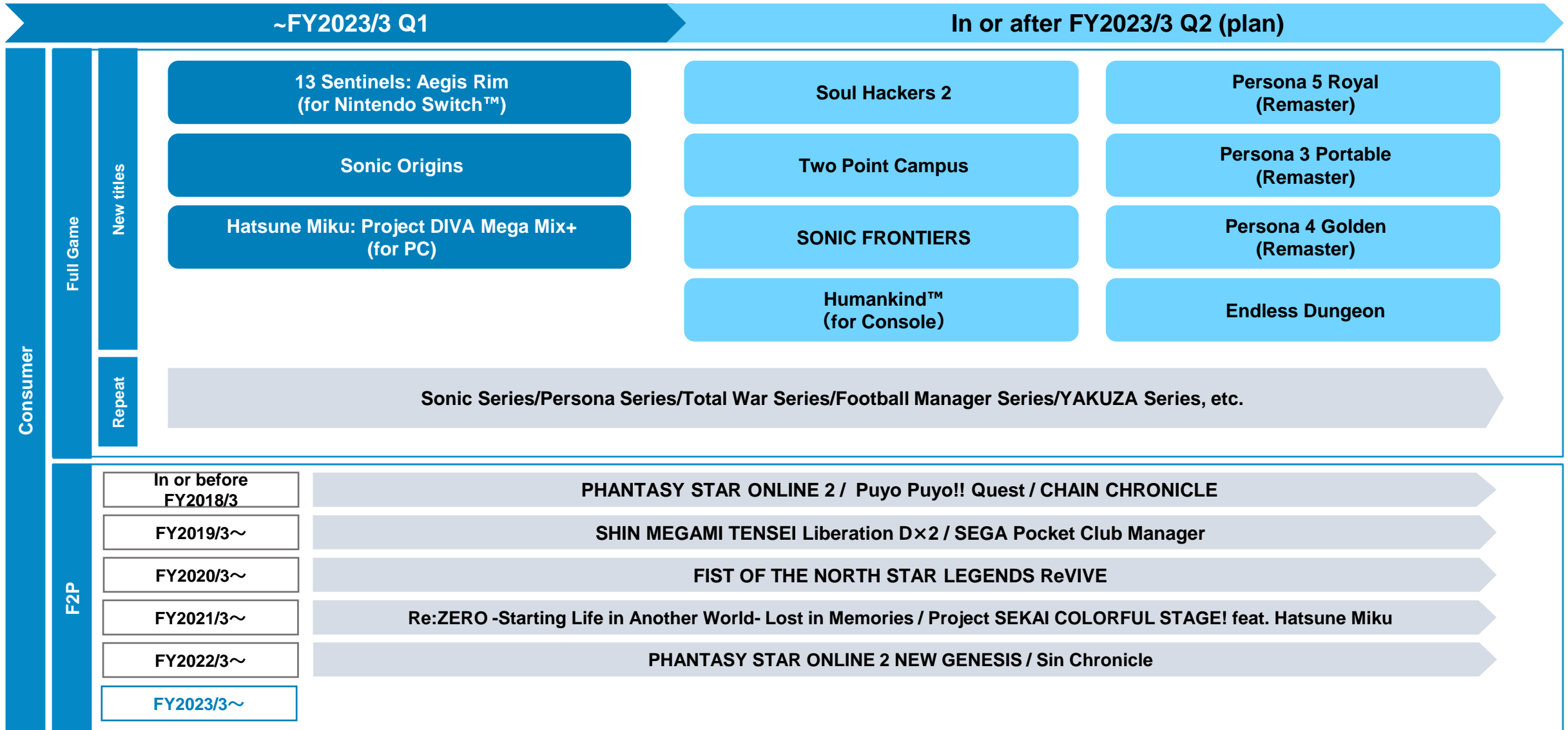
© 2021 Amplitude Studios SAS. © SEGA.



“Endless Dungeon”

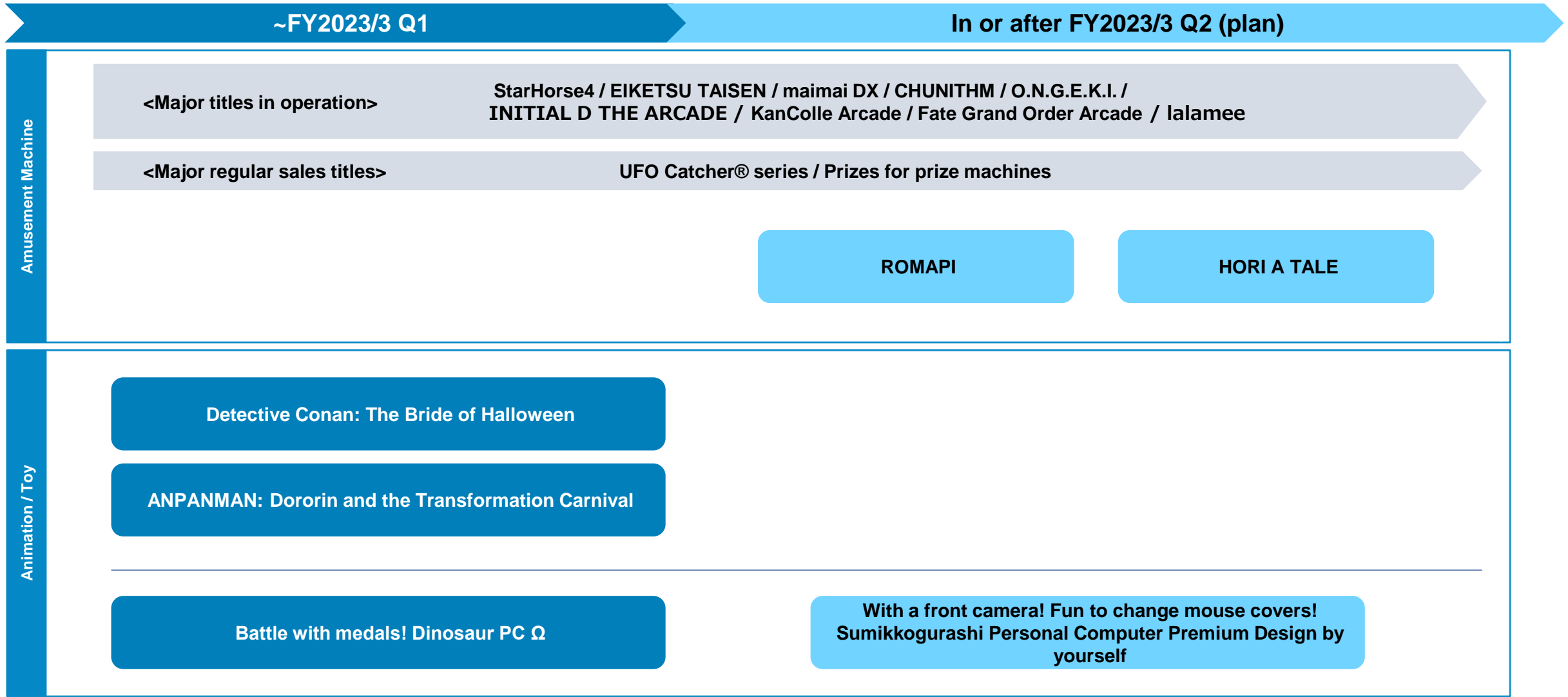
©Amplitude Studios SAS. ©SEGA

(Reference) Entertainment Contents Business: Sales Schedule



*Only announced titles are listed for “In or after FY2023/3 Q2 (plan)”

(Reference) Entertainment Contents Business: Sales Schedule



*Only announced titles are listed for “In or after FY2023/3 Q2 (plan)”

Pachislot and Pachinko Machines Business

(Billion yen)	2022/3		2023/3	
	Q1	Full Year Results	Q1	Full Year Forecast
Sales	10.3	75.8	10.5	86.0
Pachislot	3.4	30.6	3.3	32.7
Pachinko	4.7	37.1	5.1	44.5
Other / Elimination	2.2	8.1	2.1	8.8
Operating Income	-1.6	9.3	-0.9	11.5
Non-operating income	0.2	1.0	0.3	0.5
Non-operating expenses	0.0	0.1	0.0	0.0
Ordinary Income	-1.4	10.2	-0.6	12.0
Ordinary Income Margin	-	13.5%	-	14.0%

Pachislot				
Number of Titles	2 titles	10 titles	2 titles	9 titles
Unit Sales (units)	9,554	77,870	8,724	84,000
Pachinko				
Number of Titles	2 titles	5 titles	1 title	6 titles
Unit Sales (units)	15,038	97,027	14,018	114,000
Board + Frame	3,437	56,728	3,598	46,900
Board	11,601	40,299	10,420	67,100

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

FY2023/3 Q1 Results

➤ **Went in line with expectation**

- Major titles sold:
 - "P Initial D"
 - "Pachislot Konosuba: God's Blessing on This Wonderful World!", etc.

Forecast

➤ **Start the launch of models responding to the revision of regulation from Q2 onward**

- ✓ No. 6.5 models: Start the launch from July
- ✓ Smart Pachislot: From November onward
- ✓ Smart Pachinko: From April 2023 onward
- Continue to closely monitor parts procurement risks

Started the launch of No. 6.5 models from July 2022



"Pachislot Kabaneri of the Iron Fortress"

©Kabaneri Committee ©Sammy

- **“Pachislot Kabaneri of the Iron Fortress” (Delivery: July 2022)**
 - Strong start in both sales and utilization

- **Continue to launch more No. 6.5 models**
 - "Pachislot Persona 5" (Delivery: September 2022)
 - “Pachislot Hard Boiled” (Delivery: October 2022)

Future revision of the regulation will further expand the range of gameplay

No. 6.5 model (from June 2022)

- **Extension of upper limit in advantageous section (extension of upper limit of number of games)**
(Changed from 3,000G limit to 4,000G limit)
- **Revision of medal pay-out regulation**
(Changed from 2,400 medals from start of jackpot to +2,400 medals from ± 0 medals can be obtained)

Smart Pachislot (from November 2022)

- **Abolishment of upper limit in advantageous section (abolishment of upper limit of number of games)**

Smart Pachinko (from April 2023)

- **Relaxation of the jackpot probability**
(Changed from 1/320 limit to 1/350 limit)
- **Further game play improvement is under consideration**
(Consideration of new specification Time Reduction c)

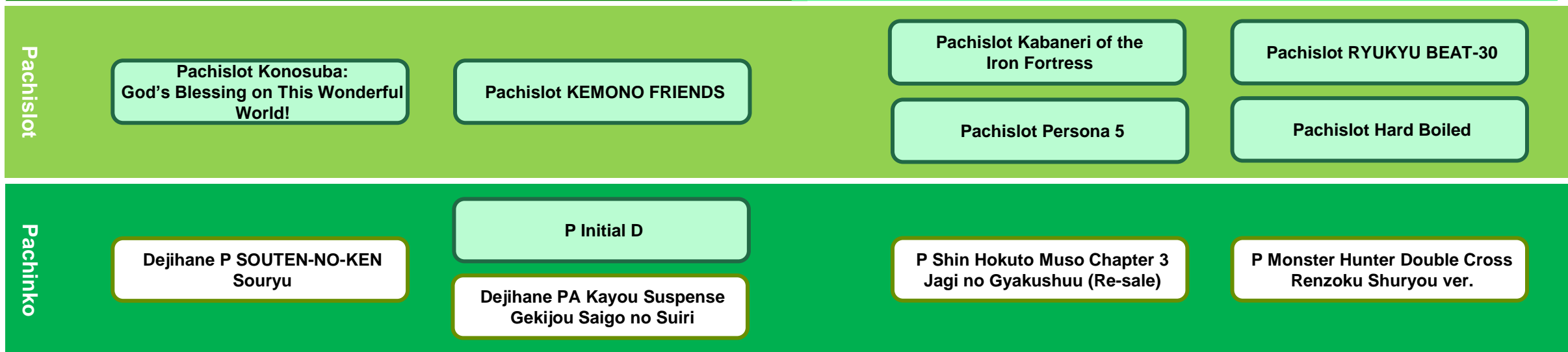
(Reference) Pachislot & Pachinko Machines Business: Sales Schedule

New series
Specification changed title



~FY2023/3 Q1

In or after FY2023/3 Q2 (plan)



(Major titles sold in Q1)		Delivery	Unit Sales
Pachislot	Pachislot Konosuba: God's Blessing on This Wonderful World!	Apr.	3,293 units
	Pachislot KEMONO FRIENDS	May.	2,483 units
Pachinko	P Initial D	May.	10,700 units

(Titles to be launched in or after Q2)		Delivery
Pachislot	Pachislot Kabaneri of the Iron Fortress	Jul.
	Pachislot Persona 5	Sep.
	Pachislot Aladdin A Classic (Re-sale)	Sep.
	Pachislot RYUKYU BEAT-30	Oct.
	Pachislot Hard Boiled	Oct.
Pachinko	P Shin Hokuto Muso Chapter 3 Jagi no Gyakushuu (Re-sale)	Jul.
	P Monster Hunter Double Cross Renzoku Shuryou ver.	Aug.

(Billion yen)	2022/3		2023/3	
	Q1	Full Year Results	Q1	Full Year Forecast
Sales	1.5	8.6	2.6	11.5
Operating Income	-1.1	-2.5	-0.3	-1.2
Non-operating income	0.0	0.0	0.0	0.0
Non-operating expenses	0.8	4.1	0.8	1.8
Ordinary Income	-1.9	-6.7	-1.1	-3.0
Ordinary Income Margin	-	-	-	-

<PHOENIX RESORT>

	2022/3	2022/3	2023/3	2023/3
No. of facility users (Thousands)	140	760	234	868
3 accommodation facilities	48	308	94	363
2 golf courses	22	94	26	98
Other facilities	70	358	114	407

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

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

FY2023/3 Q1 Results

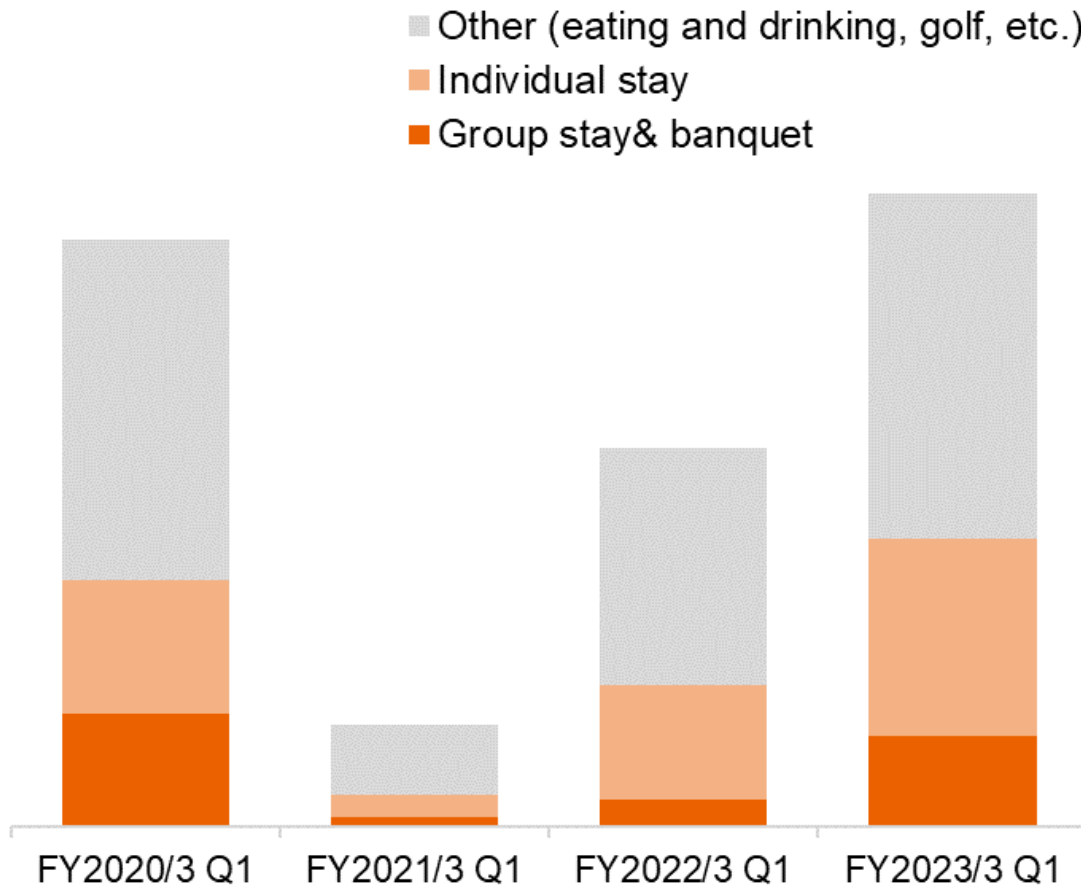
- **PHOENIX RESORT: Recovery trend centered on individual customers**
 - Measures to stimulate tourism demand by the government and facility itself contributed
- **PARADISE SEGASAMMY: Continued to be affected by the restriction of foreign visitors**

Forecast

- **PHOENIX RESORT: Expect the recovery of individuals and group customers**
 - Continue to anticipate contributions from the government's measures to stimulate tourism demand, and facility itself also engages in unique measures such as strengthening CRM
- **PARADISE SEGASAMMY: Loss margin expect to narrow**
 - Travel restrictions partially relaxed from June onward and VIP visits from Japan resumed

(Reference) Status of Each Facility: PHOENIX RESORT

■ PHOENIX RESORT: Sales by type of facility users

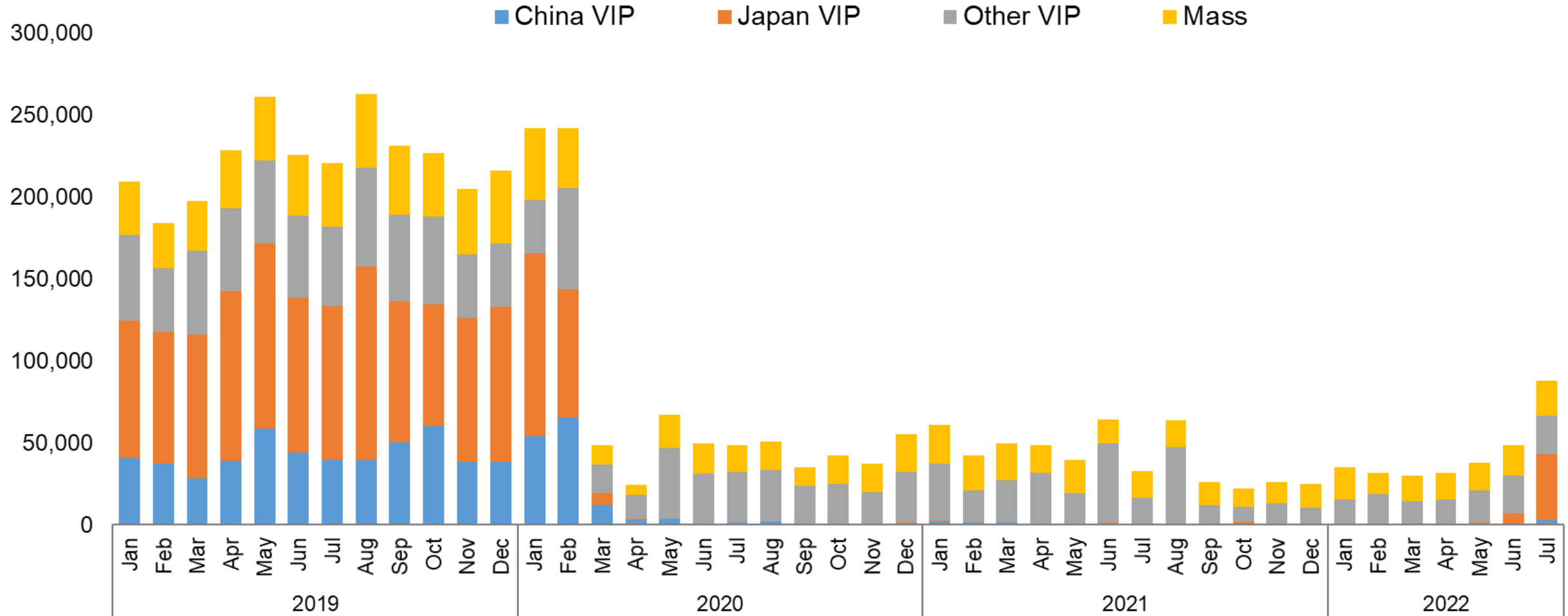


- **Due to the strong performance of individual customers, sales and the number of facility users have been higher than before COVID-19**
- **Group customers are also expected to recover in the future**

(Reference) Status of Each Facility: PARADISE SEGASAMMY

(Unit: KRW million)

■ Trend of Drop amounts* at PARADISE CITY



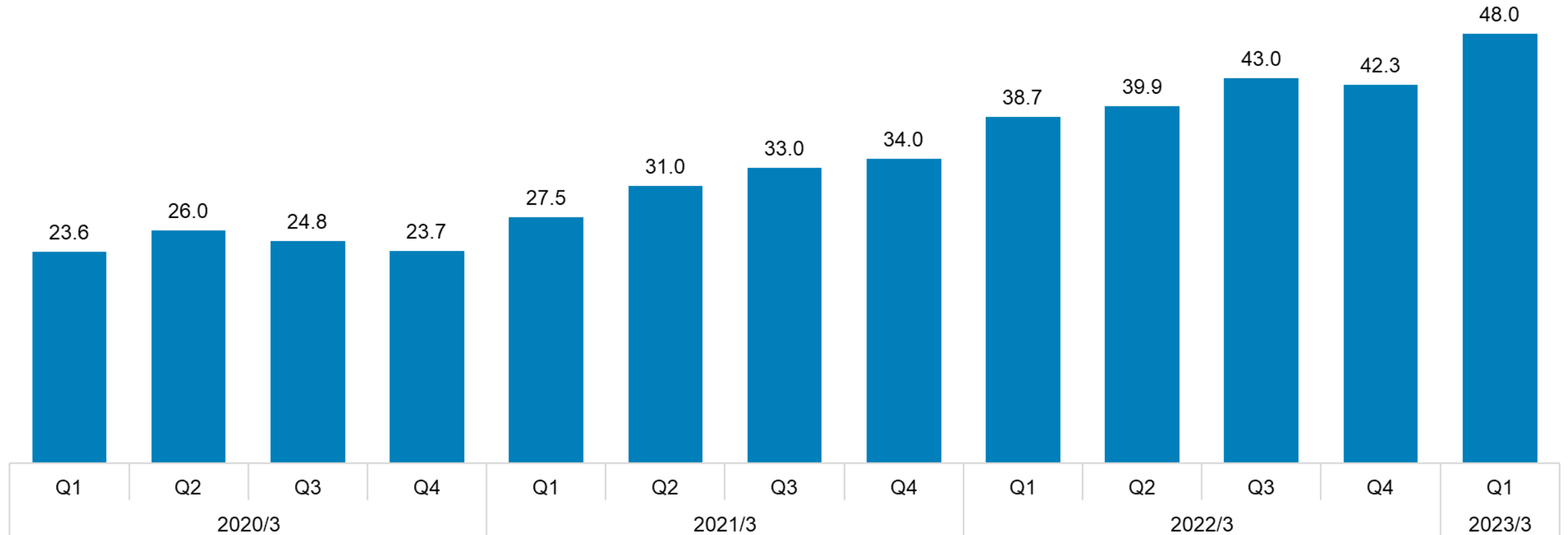
*Drop amounts: Purchased amount of chips by customers at the table

03

Appendix

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

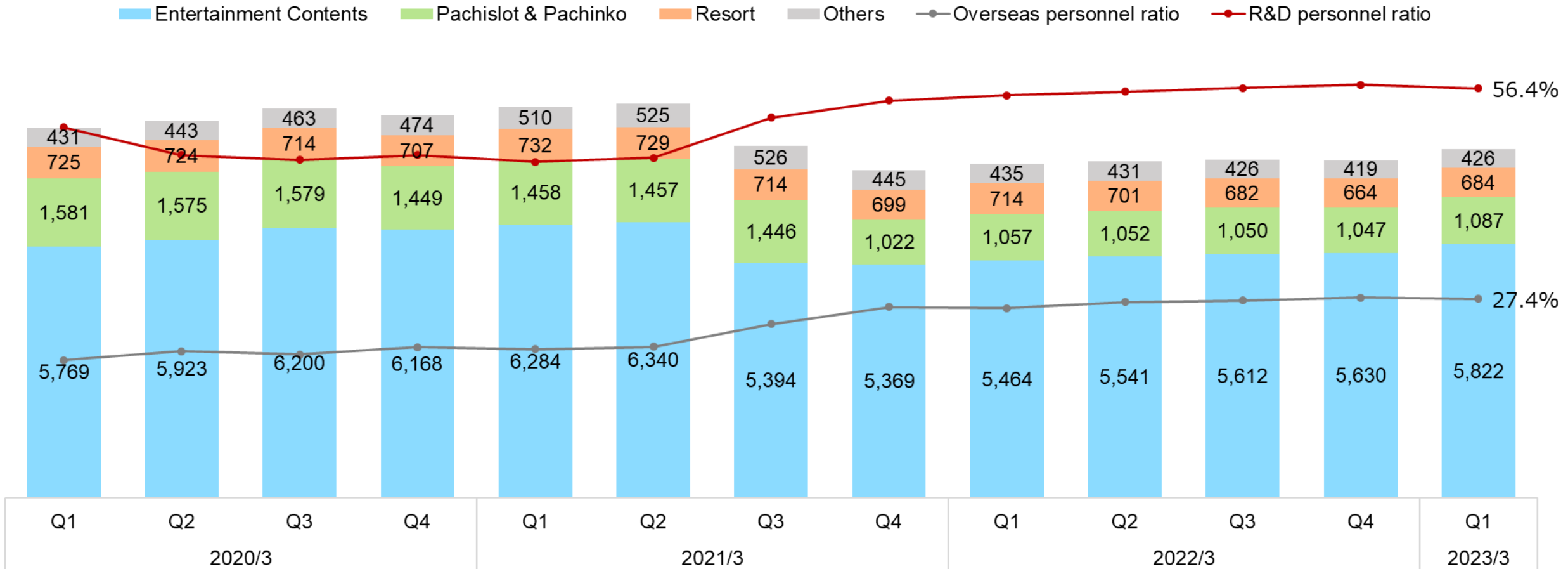
(Unit: billion yen)



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

Trend of No. of Employees by Segment

(Unit: employees)



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

Resort Business (PARADISE SEGASAMMY)



(KRW Billion)	2022/3		2023/3
	Q1	Full year Results	Q1
Sales	42.4	161.5	45.6
Casino	30.2	86.6	22.7
Hotel	11.4	67.7	20.0
Other	0.7	7.0	2.8
Cost of sales	42.7	178.2	45.7
Casino	17.4	63.7	15.8
Hotel	18.5	81.9	20.6
Other	6.7	32.4	9.3
Gross profit	-0.3	-16.7	-0.1
SG&A	7.1	25.4	5.6
Operating profit	-7.5	-42.2	-5.8
EBITDA	6.8	14.9	8.2
Net profit	-17.4	-87.9	-17.6
Number of casino visitors (Thousands)	34.0	99.0	21.0
SEGASAMMY Equity method acquisition amount (Billion yen)	-0.8	-4.1	-0.8

Source: Paradise IR

FY2023/3 Q1 Results

- **Casino visitors remained low due to travel restrictions**
 - Compared to FY2021/3 Q1: 31.8%
- **EBITDA remained positive due to cost reduction**

Forecast

- **Loss margin expect to narrow**
 - Travel restrictions partially relaxed from June onward and VIP visits from Japan resumed

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

*PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate of SEGA SAMMY HOLDINGS INC.

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

*Local accounting standard

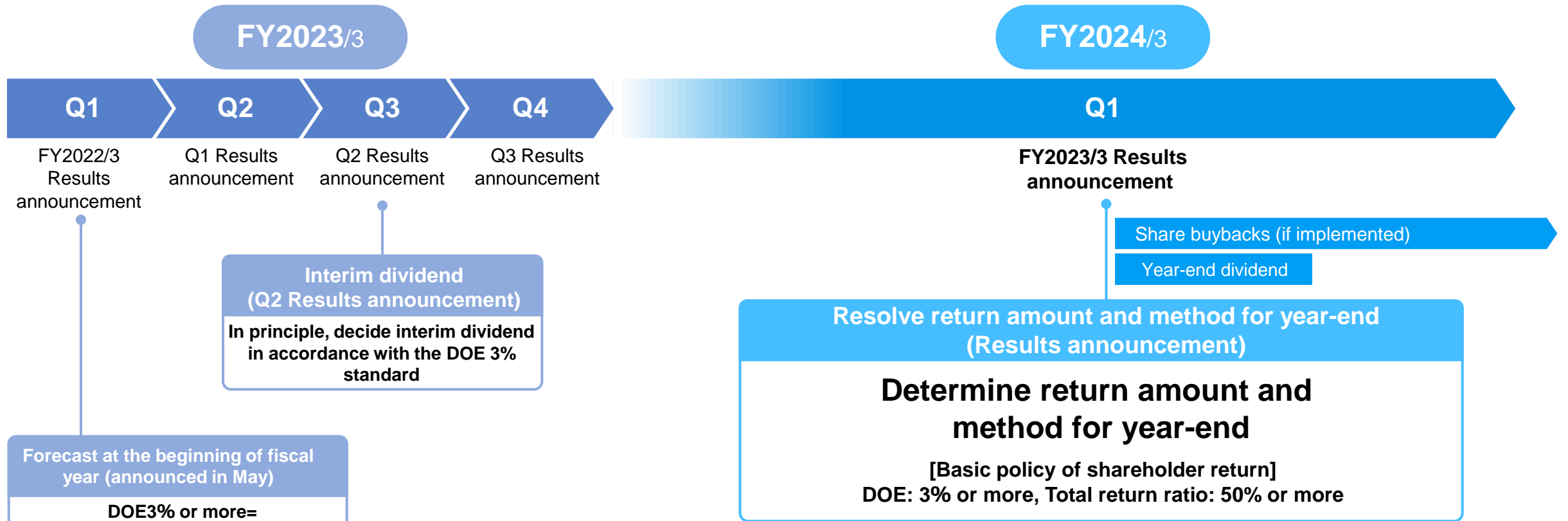
Continue to consider investing in the following growth areas

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

Total 250.0 billion yen

Shareholder Returns

(Process of Determining Return Amount and Method)



- Setting dividends forecast at the beginning of fiscal year using DOE 3% as base dividend

- Calculate the amount of shareholder returns in accordance with the profit level based on the basic policy of shareholder returns when the full-year business results are fixed.
 - Apply DOE or total return ratio, whichever is higher
 - Implement shareholder returns through dividends or share buybacks



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

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

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

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

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

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

*Company / product names, etc. in this document are trademarks or registered trademarks of the respective companies.