

# Q2 for the Fiscal Year Ending March 2023 Results Presentation

2022/10/31

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# FY2023/3 Q2 Results / Forecast

# Results Highlights

(Billion yen)	FY2022/3		FY2023/3	
	Through Q2	Full Year Results	Through Q2	Full Year Forecast
<b>Sales</b>	<b>134.8</b>	<b>320.9</b>	<b>150.0</b>	<b>375.0</b>
Entertainment Contents	107.4	235.9	116.6	277.0
Pachislot and Pachinko Machines	23.3	75.8	27.5	86.0
Resort	3.8	8.6	5.6	11.5
Other / Elimination	0.3	0.6	0.3	0.5
<b>Operating Income</b>	<b>14.6</b>	<b>32.0</b>	<b>9.5</b>	<b>40.0</b>
Entertainment Contents	22.2	33.9	13.8	39.0
Pachislot and Pachinko Machines	-1.7	9.3	1.3	11.5
Resort	-1.8	-2.5	-0.4	-1.2
Other / Elimination	-4.1	-8.7	-5.2	-9.3
Non-operating income	2.6	5.9	4.9	2.0
Non-operating expenses	2.6	4.6	2.2	2.0
<b>Ordinary Income</b>	<b>14.7</b>	<b>33.3</b>	<b>12.3</b>	<b>40.0</b>
Entertainment Contents	22.7	36.8	17.2	40.0
Pachislot and Pachinko Machines	-1.3	10.2	2.0	12.0
Resort	-3.9	-6.7	-2.3	-3.0
Other / Elimination	-2.8	-7.0	-4.6	-9.0
Ordinary Income Margin	10.9%	10.4%	8.2%	10.7%
Extraordinary income	0.7	5.2	0.0	-
Extraordinary losses	0.3	0.6	0.2	-
<b>Income before income taxes</b>	<b>15.1</b>	<b>37.9</b>	<b>12.0</b>	<b>40.0</b>
<b>Profit attributable to owners of parent</b>	<b>12.0</b>	<b>37.0</b>	<b>9.6</b>	<b>28.0</b>
<b>ROE</b>	-	<b>12.7%</b>	-	-
<b>Dividends per share (JPY)</b>	<b>20.00</b>	<b>40.00</b>	<b>20.00</b>	<b>41.00</b>

## FY2023/3 Q2 Results

### ➤ **Progressed generally in line with expectations**

- Performed steadily as a whole (Entertainment Contents)
- Strong sales of No. 6.5 models responding to the revision of regulation (Pachislot and Pachinko Machines)
- Domestically in recovery trend centered on individual customers (Resort)

## Forecast

### ➤ **New title launches will proceed in each business**

- Full-scale sales of mainstay new titles (CS\*, Pachislot and Pachinko Machines)
- Loss margin is expected to narrow under the assumption of relaxation of behavioral restrictions (Resort)

\*CS = Consumer area

# Breakdown of Income (FY2023/3 Q2 Results)



(Unit: billion yen)



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

<b>Non-operating income</b>	<b>4.9</b>
Foreign exchange gains	2.9
Gain on investments in partnership	1.0
Dividends income	0.4
<b>Non-operating expenses</b>	<b>2.2</b>
Equity in losses of affiliates	1.3
Loss on investments in partnership	0.4
<b>Extraordinary Income</b>	<b>0.0</b>
<b>Extraordinary losses</b>	<b>0.2</b>
<b>Taxes/Others</b>	<b>2.4</b>

[Impact of foreign exchange on Q2 results]

CS\*

➤ **Positive impact of approx. 4.3 billion yen for sales and approx. 2.3 billion yen for operating income (vs. forecast)**

- 1 USD: Forecast 114 yen → AR133 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

Non-operating  
income

➤ **Recorded foreign exchange gains of 2.9 billion yen due to the exchange of assets and liabilities denominated in foreign currencies**

- Entertainment Contents: 2.1 billion yen
- Pachislot and Pachinko: 0.5 billion yen
- Consolidation / Elimination: 0.3 billion yen

# Costs and Expenses, etc.

## ■ Entertainment Contents

(Billion yen)	FY2021/3				FY2022/3				FY2023/3		FY2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
R&D / Content production expenses	9.2	9.8	11.8	14.7	9.9	13.5	12.7	18.3	11.9	14.8	66.6
Advertising expenses	1.7	2.8	3.3	3.7	2.2	3.9	3.7	4.4	2.7	5.0	19.0
Depreciation	2.2	2.3	0.7	1.5	0.8	0.9	0.9	1.1	0.9	1.0	3.5
Cap-ex	2.2	2.8	3.5	1.9	1.5	1.4	1.6	2.8	1.1	1.1	7.5

## ■ Pachislot & Pachinko

(Billion yen)	FY2021/3				FY2022/3				FY2023/3		FY2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
R&D / Content production expenses	5.4	3.9	3.3	3.7	3.4	3.2	3.4	4.4	3.0	3.5	14.3
Advertising expenses	0.1	0.6	0.3	0.2	0.2	0.6	0.5	0.3	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	0.7	2.1
Cap-ex	1.1	0.7	0.7	0.8	1.2	1.1	0.8	1.0	1.0	1.0	4.0

# Costs and Expenses, etc.

## ■ Resort

(Billion yen)	FY2021/3				FY2022/3				FY2023/3		FY2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
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	0.0
Advertising expenses	0.0	0.1	0.1	0.0	0.0	0.2	0.1	0.0	0.0	0.1	0.4
Depreciation	0.2	0.2	0.3	0.2	0.1	0.2	0.2	0.1	0.1	0.2	0.8
Cap-ex	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.5	0.1	1.3

## ■ Other / Elimination

(Billion yen)	FY2021/3				FY2022/3				FY2023/3		FY2023/3 Full Year Forecast
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
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	0.0
Advertising expenses	0.2	0.1	0.2	0.2	0.4	0.4	0.2	0.3	0.3	0.7	1.2
Depreciation	0.4	0.3	0.3	0.1	0.4	0.1	0.3	0.2	0.5	0.1	0.9
Cap-ex	0.3	0.1	-0.1	0.4	0.3	0.0	0.3	0.6	0.2	0.0	0.5

# Consolidated Balance Sheet Summary



(Billion yen)	【Assets】			【Liabilities and Net Assets】				
	Account	As of end of March 2022	As of end of Sep 2022	Increase /Decrease	Account	As of end of March 2022	As of end of Sep 2022	Increase /Decrease
	Cash and Deposits	152.4	135.3	-17.1	Accounts Payable	24.4	25.5	+1.1
	Accounts Receivable	38.9	33.5	-5.4	Short Term Borrowings	10.0	10.0	-
	Inventories	67.5	90.2	+22.7	Other	52.5	45.5	-7.0
	Other	28.9	32.5	+3.6	<b>Total Current Liabilities</b>	<b>86.9</b>	<b>81.0</b>	<b>-5.9</b>
	<b>Total Current Assets</b>	<b>287.7</b>	<b>291.5</b>	<b>+3.8</b>	Corporate Bonds	10.0	10.0	-
	Tangible Fixed Assets	60.3	60.4	+0.1	Long Term Borrowings	32.0	32.1	+0.1
	Intangible Fixed Assets	13.1	12.8	-0.3	Other	13.8	14.7	+0.9
	Investment Securities	40.6	39.0	-1.6	<b>Total Noncurrent Liabilities</b>	<b>55.8</b>	<b>56.8</b>	<b>+1.0</b>
	Other	33.7	33.6	-0.1	<b>Total Liabilities</b>	<b>142.8</b>	<b>137.9</b>	<b>-4.9</b>
	<b>Total Noncurrent Assets</b>	<b>147.7</b>	<b>145.8</b>	<b>-1.9</b>	Shareholders Equity	294.4	294.8	+0.4
	<b>Total Assets</b>	<b>435.4</b>	<b>437.4</b>	<b>+2.0</b>	Total accumulated other comprehensive income	-2.0	4.2	+6.2
					Share acquisition rights	0.1	0.3	+0.2
					Non-controlling interests	0.0	0.0	+0.0
					<b>Total Net Assets</b>	<b>292.6</b>	<b>299.5</b>	<b>+6.9</b>
					<b>Total Liabilities and Net Assets</b>	<b>435.4</b>	<b>437.4</b>	<b>+2.0</b>

	As of end of March 2022	As of end of Sep 2022	Increase /Decrease
Cash, deposits and cash equivalents	152.4	135.3	-17.1
Interest bearing debt	52.0	52.1	+0.1
Net cash	100.4	83.2	-17.2
Equity ratio	67.1%	68.4%	+1.3p

Main factors for increase / decrease

(Current Assets) Cash and deposits decreased while inventories increased

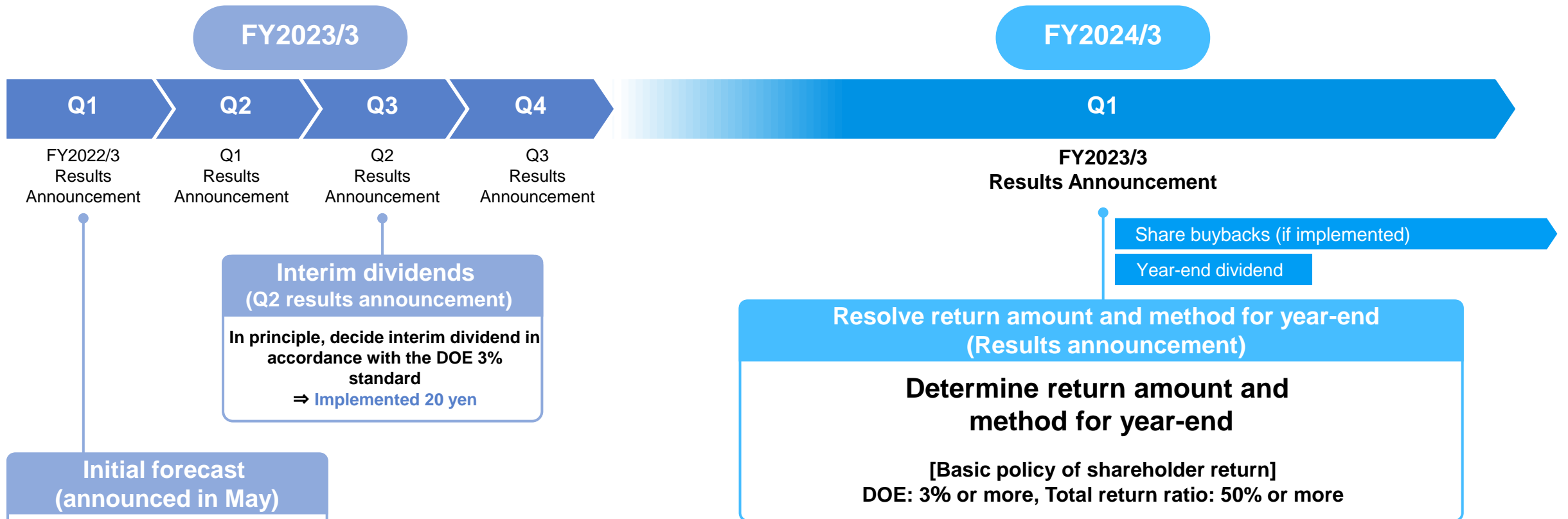
(Liabilities) Decrease in allowance for bonuses and accrued expenses

(Net assets) Shareholders' equity increased due to recording of profit attributable to owners of parent while dividend payments and share buybacks are executed



# Shareholder Returns

(Process of Determining the Amount of Return and Methods)



- 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

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# Per Segments Results / Forecast

(Billion yen)	FY2022/3		FY2023/3	
	Through Q2	Full Year Results	Through Q2	Full Year Forecast
<b>Sales</b>	<b>107.4</b>	<b>235.9</b>	<b>116.6</b>	<b>277.0</b>
Consumer	71.2	158.3	75.0	192.0
Amusement Machine	23.2	49.7	28.4	55.8
Animation / Toy	11.5	25.6	12.9	28.7
Other / Elimination	1.5	2.3	0.3	0.5
<b>Operating Income</b>	<b>22.2</b>	<b>33.9</b>	<b>13.8</b>	<b>39.0</b>
Consumer	18.4	29.3	10.6	34.5
Amusement Machine	2.3	2.5	0.9	3.3
Animation / Toy	1.7	3.0	2.3	3.0
Other / Elimination	-0.2	-0.9	0.0	-1.8
Non-operating income	0.6	3.3	3.5	1.0
Non-operating expenses	0.1	0.5	0.1	0.0
<b>Ordinary Income</b>	<b>22.7</b>	<b>36.8</b>	<b>17.2</b>	<b>40.0</b>
Ordinary Income Margin	21.1%	15.6%	14.8%	14.4%

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

## FY2023/3 Q2 Results

### ➤ **Performed generally in line with expectations**

- Although Full Game were slightly lower than expected, F2P were strong and exchange rate boosts had a positive impact so the overall performance was steady (CS\*)
- While sales of UFO Catcher ® series went strong, the impact of raw material price hikes became apparent (AM\*)
- Strong performance in Animation and Toy area
- 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**

- Planning to sell multiple mainstay new titles (CS)
- Although demand for prize category continues, closely monitor the impact of raw material price hikes continuously (AM)

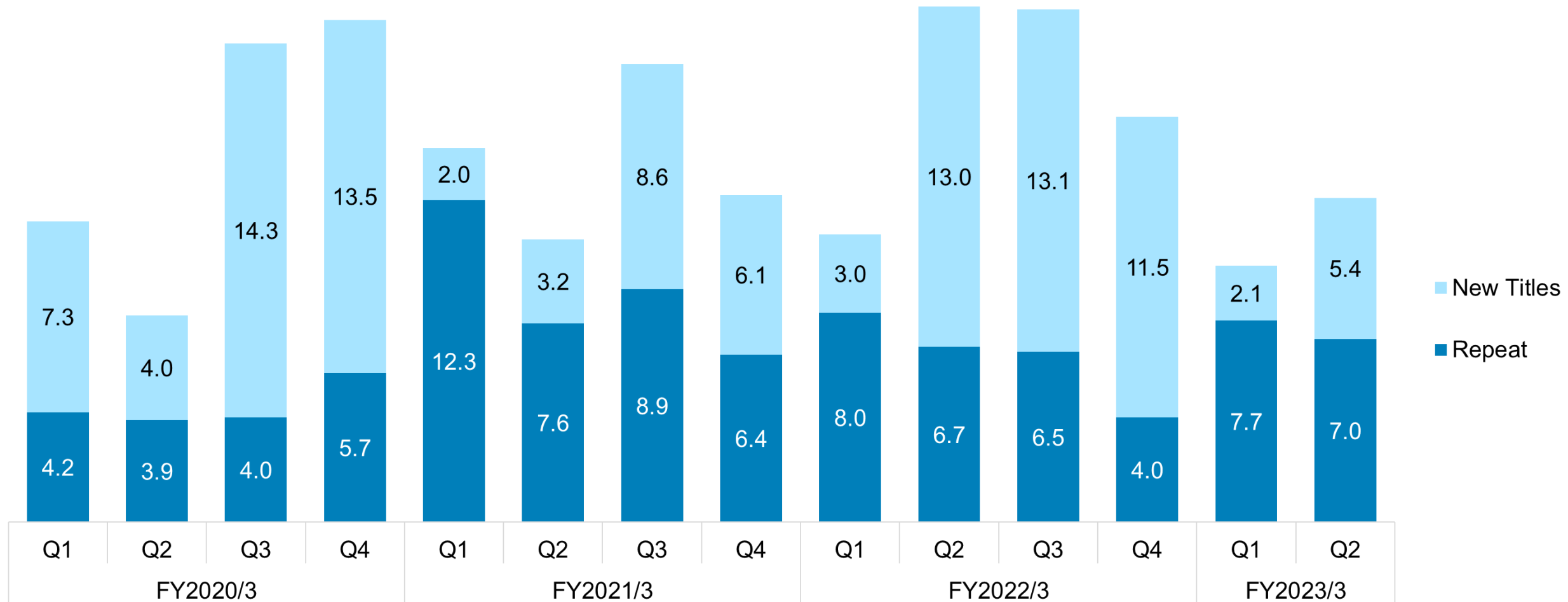
# Entertainment Contents Business: Per Subsegments



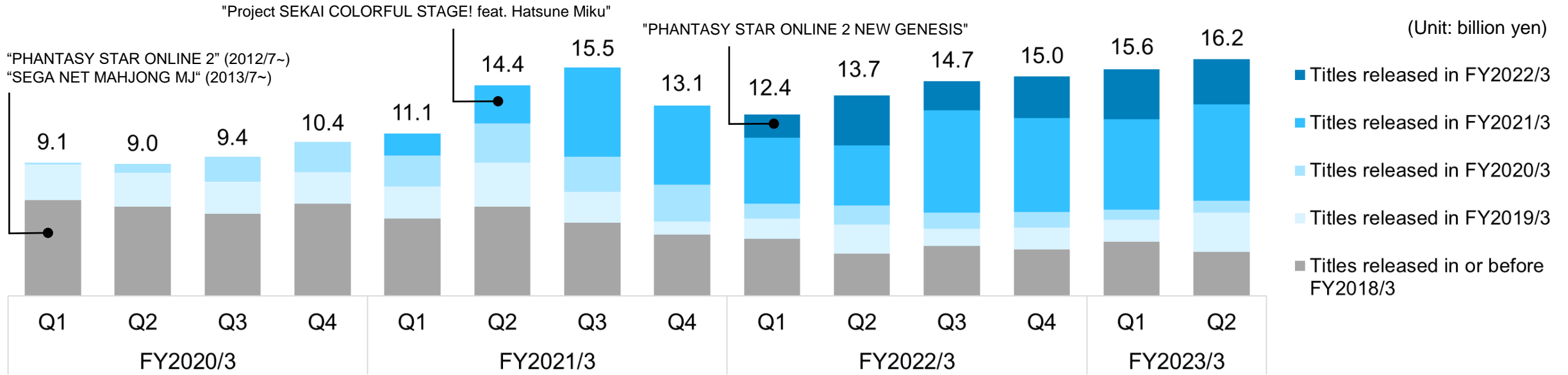
		FY2023/3 Q2 Results	Forecast
Consumer	Full Game	<ul style="list-style-type: none"> <li>New titles and repeat sales were slightly below expectations</li> <li>Repeat sales remained at the same level as the same period of the previous fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>Increase the launch of mainstay new titles</li> <li>Work on expanding the sales of "Sonic Frontiers"</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Strong sales of existing mainstay titles, centered on "Project SEKAI COLORFUL STAGE! feat. Hatsune Miku"</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the operation of existing titles</li> <li>Schedule to release one new title</li> </ul>
	Other	<ul style="list-style-type: none"> <li>Sold titles developed by other companies</li> <li>Recorded foreign exchange gains</li> </ul>	<ul style="list-style-type: none"> <li>Plan to sell titles developed by other companies and expect licensing revenues, etc.</li> </ul>
Amusement Machine		<ul style="list-style-type: none"> <li>Sold centered on UFO Catcher® series and prizes</li> <li>Impact of raw material price hikes became apparent</li> </ul>	<ul style="list-style-type: none"> <li>Review sales prices and expand sales of UFO Catcher® series</li> <li>Continue to closely monitor the impact of raw material price hikes</li> </ul>
Animation / Toy	Animation	<ul style="list-style-type: none"> <li>Recorded allocated revenue of "Detective Conan: The Bride of Halloween", etc.</li> </ul>	<ul style="list-style-type: none"> <li>Expect the revenue from animation production and licensing revenue from animation distribution, etc.</li> </ul>
	Toy	<ul style="list-style-type: none"> <li>Sold new products and regular products, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen sales of new products such as "Sumikko gurashi Phone" and regular products for holiday shopping season</li> </ul>

# Consumer Area / Full Game: Sales Trend

(Unit: billion yen)



# Consumer Area / F2P: Sales Trend



## Top 3 titles in sales from Jul. - Sep. 2022

(No. 1)



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

© 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)	FY2022/3				FY2023/3		
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	Full Year Forecast
<b>Sales</b>	<b>29.5</b>	<b>71.2</b>	<b>119.6</b>	<b>158.3</b>	<b>34.7</b>	<b>75.0</b>	<b>192.0</b>
Domestic	13.0	30.9	50.3	66.6	15.7	33.8	66.1
Overseas	16.7	40.3	69.4	92.0	19.2	41.1	126.1
Overseas sales ratio	56.6%	56.6%	58.0%	58.1%	55.3%	54.8%	65.7%
Other / Elimination	-0.2	0.0	-0.1	-0.3	-0.2	0.1	-0.2
<b>Full Game</b>	<b>11.0</b>	<b>30.7</b>	<b>50.3</b>	<b>65.8</b>	<b>9.9</b>	<b>22.3</b>	<b>98.4</b>
<b>New titles</b>	<b>3.0</b>	<b>16.0</b>	<b>29.1</b>	<b>40.6</b>	<b>2.1</b>	<b>7.5</b>	<b>62.2</b>
Japan	0.2	2.4	5.4	5.7	0.5	1.7	5.1
Asia	0.1	0.9	2.0	3.0	0.5	1.1	4.9
North America / Europe	2.7	12.7	21.7	31.9	1.0	4.6	52.3
<b>Repeat titles</b>	<b>8.0</b>	<b>14.7</b>	<b>21.2</b>	<b>25.2</b>	<b>7.7</b>	<b>14.7</b>	<b>36.2</b>
Japan	0.8	2.0	2.8	3.4	0.8	1.7	3.3
Asia	0.7	1.4	1.8	2.3	0.8	1.5	4.5
North America / Europe	6.4	11.3	16.6	19.5	6.1	11.5	28.3
Download sales ratio	61.6%	65.3%	63.8%	69.5%	74.9%	74.5%	79.4%
<b>F2P</b>	<b>12.4</b>	<b>26.1</b>	<b>40.8</b>	<b>55.8</b>	<b>15.6</b>	<b>31.8</b>	<b>56.8</b>
Japan	10.9	23.2	36.6	50.1	13.0	27.1	50.6
Asia	0.0	0.0	0.3	0.5	0.5	0.5	0.5
North America / Europe	1.4	2.9	3.9	5.2	2.0	4.1	5.7
<b>Other</b>	<b>6.2</b>	<b>14.5</b>	<b>28.6</b>	<b>37.0</b>	<b>9.2</b>	<b>20.9</b>	<b>37.0</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: Unit Sales Trend



	FY2022/3				FY2023/3		Full Year Forecast
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2	
<b>Full Game: Number of Titles</b>							
Japan	0 title	3 titles	5 titles	6 titles	3 titles	7 titles	15 titles
Asia	1 title	4 titles	7 titles	9 titles	3 titles	7 titles	15 titles
North America / Europe	3 titles	6 titles	11 titles	13 titles	3 titles	7 titles	16 titles
<b>Full Game: Unit sales (Thousands)</b>	<b>6,580</b>	<b>14,040</b>	<b>21,970</b>	<b>27,200</b>	<b>5,140</b>	<b>10,140</b>	<b>34,250</b>
<b>Total New titles</b>	<b>1,060</b>	<b>3,500</b>	<b>6,630</b>	<b>8,770</b>	<b>440</b>	<b>1,480</b>	<b>13,950</b>
Japan	50	410	780	850	90	250	1,040
Asia	50	250	500	760	110	260	1,570
North America / Europe	960	2,840	5,350	7,160	230	960	11,330
<b>Total Repeat titles</b>	<b>5,520</b>	<b>10,540</b>	<b>15,340</b>	<b>18,430</b>	<b>4,700</b>	<b>8,650</b>	<b>20,300</b>
Japan	290	660	950	1,140	260	760	1,240
Asia	340	680	880	1,170	410	750	2,110
North America / Europe	4,890	9,200	13,500	16,130	4,030	7,120	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)	FY2022/3				FY2023/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Through Q2
Sonic series	1,000	2,900	4,900	5,800	1,460	2,630
Total War series	600	1,000	1,300	2,600	420	950
Persona series	400	700	1,000	1,300	270	500
Like a Dragon series	700	1,800	2,500	2,900	470	960

\*Like a Dragon series includes the Judgment series



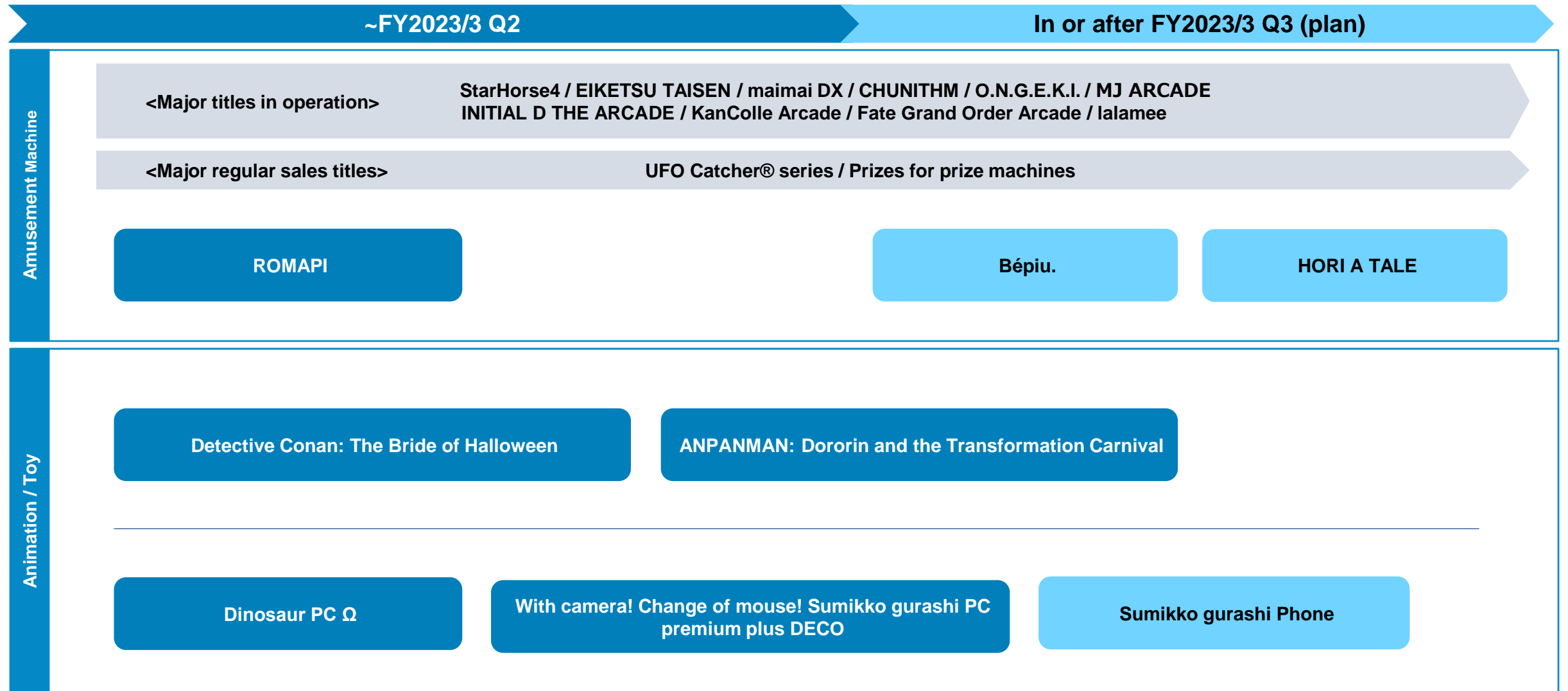
# (Reference) Entertainment Contents Business: Sales Schedule



		~FY2023/3 Q2		In or after FY2023/3 Q3 (plan)		
Consumer	Full Game	New titles	13 Sentinels: Aegis Rim (for Nintendo Switch™)	Soul Hackers 2	Sonic Frontiers	Persona 5 Royal (Remaster)
			Sonic Origins	Two Point Campus	Like a Dragon: Ishin!	Persona 4 Golden (Remaster)
			Hatsune Miku: Project DIVA Mega Mix+ (for PC)	Judgment (for PC)	Endless Dungeon	Persona 3 Portable (Remaster)
	Lost Judgment (for PC)		Company of Heroes 3			
	Repeat	Sonic Series / Persona Series / Total War Series / Football Manager Series / Like a Dragon Series, etc.				
F2P	In or before FY2018/3	PHANTASY STAR ONLINE 2 / Puyo Puyo!! Quest / CHAIN CHRONICLE				
	FY2019/3~	SHIN MEGAMI TENSEI Liberation D×2 / SEGA Pocket Club Manager				
	FY2020/3~	FIST OF THE NORTH STAR LEGENDS ReVIVE				
	FY2021/3~	Re:ZERO -Starting Life in Another World- Lost in Memories / Project SEKAI COLORFUL STAGE! feat. Hatsune Miku				
	FY2022/3~	PHANTASY STAR ONLINE 2 NEW GENESIS / Sin Chronicle				
	FY2023/3~					

\*Only announced titles are listed for “In or after FY2023/3 Q3 (plan)”

# (Reference) Entertainment Contents Business: Sales Schedule



\*Only announced titles are listed for “In or after FY2023/3 Q3 (plan)”

# Pachislot and Pachinko Machines Business

(Billion yen)	FY2022/3		FY2023/3	
	Through Q2	Full Year Results	Through Q2	Full Year Forecast
<b>Sales</b>	<b>23.3</b>	<b>75.8</b>	<b>27.5</b>	<b>86.0</b>
Pachislot	12.0	30.6	13.7	32.7
Pachinko	7.1	37.1	9.5	44.5
Other / Elimination	4.2	8.1	4.3	8.8
<b>Operating Income</b>	<b>-1.7</b>	<b>9.3</b>	<b>1.3</b>	<b>11.5</b>
Non-operating income	0.4	1.0	0.7	0.5
Non-operating expenses	0.0	0.1	0.0	0.0
<b>Ordinary Income</b>	<b>-1.3</b>	<b>10.2</b>	<b>2.0</b>	<b>12.0</b>
Ordinary Income Margin	-	13.5%	7.3%	14.0%

<b>Pachislot</b>				
Number of Titles	<b>4 titles</b>	<b>10 titles</b>	<b>4 titles</b>	<b>9 titles</b>
Unit Sales (units)	<b>31,184</b>	<b>77,870</b>	<b>34,712</b>	<b>84,000</b>
<b>Pachinko</b>				
Number of Titles	<b>3 titles</b>	<b>5 titles</b>	<b>1 title</b>	<b>6 titles</b>
Unit Sales (units)	<b>23,118</b>	<b>97,027</b>	<b>23,960</b>	<b>114,000</b>
Board + Frame	4,884	56,728	10,118	46,900
Board	18,234	40,299	13,842	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 Q2 Results

### ➤ **Progressed steadily overall**

- All of the titles sold exceeded the plans
- Especially pachislot machines (No. 6.5 models) performed strongly
- Major titles sold:
  - "Pachislot Kabaneri of the Iron Fortress"
  - "Pachislot Persona5", etc.

## Forecast

### ➤ **Start the full-scale launch of major titles from Q3 onward**

- Pachislot machine: Proceed with launch of No. 6.5 models such as "Pachislot Hard Boiled"
- Pachinko machine: Launch multiple titles such as "P The Seven deadly Sins 2"

### ➤ **Need to closely monitor the parts procurement continuously**

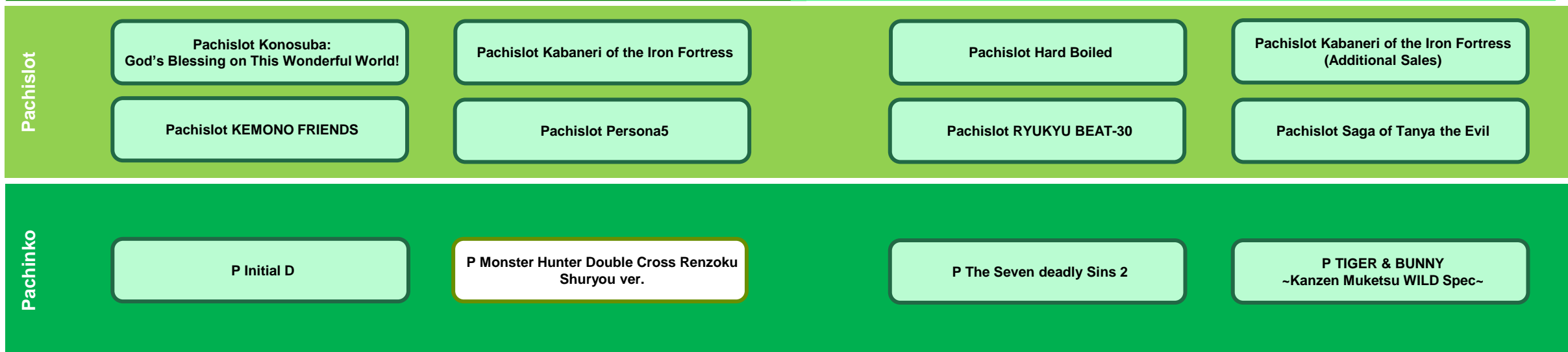
# (Reference) Pachislot & Pachinko Machines Business: Sales Schedule

New series  
Specification changed title



~FY2023/3 Q2

In or after FY2023/3 Q3 (plan)



(Major titles before Q2)

Month of delivery      Sales units

Pachislot	Pachislot Kabaneri of the Iron Fortress	Jul.	14,404 units
	Pachislot Persona5	Sep.	9,639 units
	Pachislot Konosuba: God's Blessing on This Wonderful World!	Apr.	3,333 units
	Pachislot KEMONO FRIENDS	May.	2,485 units
Pachinko	P Initial D	May.	10,700 units
	P Monster Hunter Double Cross Renzoku Shuryou ver.	Aug.	5,023 units

(Major titles to be launched in or after Q3)

Month of delivery

Pachislot	Pachislot Hard Boiled	Oct.
	Pachislot RYUKYU BEAT-30	Oct.
	Pachislot Kabaneri of the Iron Fortress (Additional Sales)	From Oct.
	Pachislot The Saga of Tanya the Evil	Dec.
Pachinko	P The Seven deadly Sins 2	Nov.
	P TIGER & BUNNY ~Kanzen Muketsu WILD Spec~	Dec.

\*Only announced titles are listed for "In or after FY2023/3 Q3 (plan)"

(Billion yen)	FY2022/3		FY2023/3	
	Through Q2	Full Year Results	Through Q2	Full Year Forecast
Sales	3.8	8.6	5.6	11.5
Operating Income	-1.8	-2.5	-0.4	-1.2
Non-operating income	0.0	0.0	0.0	0.0
Non-operating expenses	2.1	4.1	1.9	1.8
Ordinary Income	-3.9	-6.7	-2.3	-3.0
Ordinary Income Margin	-	-	-	-

## <PHOENIX RESORT>

No. of facility users (Thousands)	327	760	491	868
3 accommodation facilities	124	308	206	363
2 golf courses	43	94	49	98
Other facilities	160	358	236	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 Q2 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 travel restriction of foreign visitors**

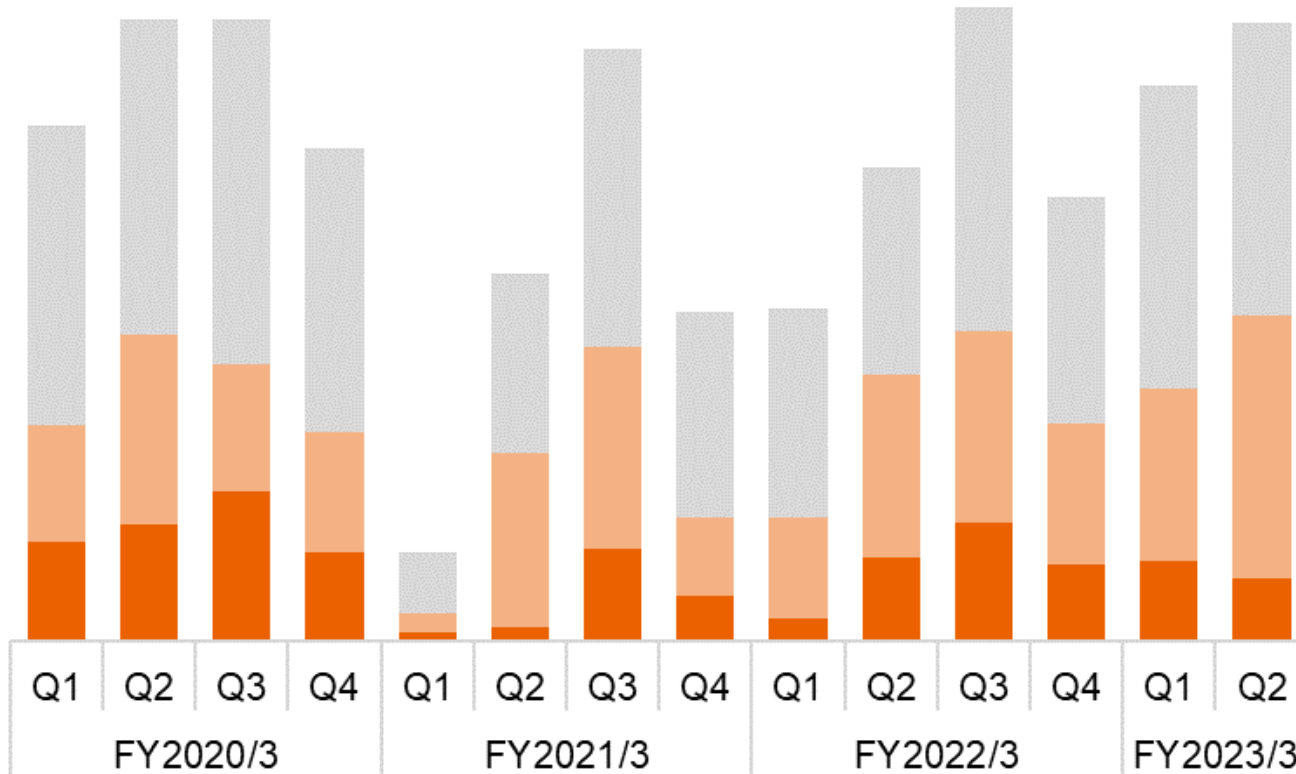
## Forecast

- **PHOENIX RESORT: Expect the recovery of individuals and group customers**
  - Engage in unique measures such as strengthening CRM
- **PARADISE SEGASAMMY: Loss margin expect to narrow**
  - Travel restrictions have been partially relaxed since June, and the drop amount of Japanese VIP has recovered nearly to the level prior to COVID-19

# (Reference) Status of Each Facility: PHOENIX RESORT

## ■ PHOENIX RESORT: Sales by type of facility users

- Other (eating and drinking, golf, etc.)
- Individual stay
- Group stay& banquet



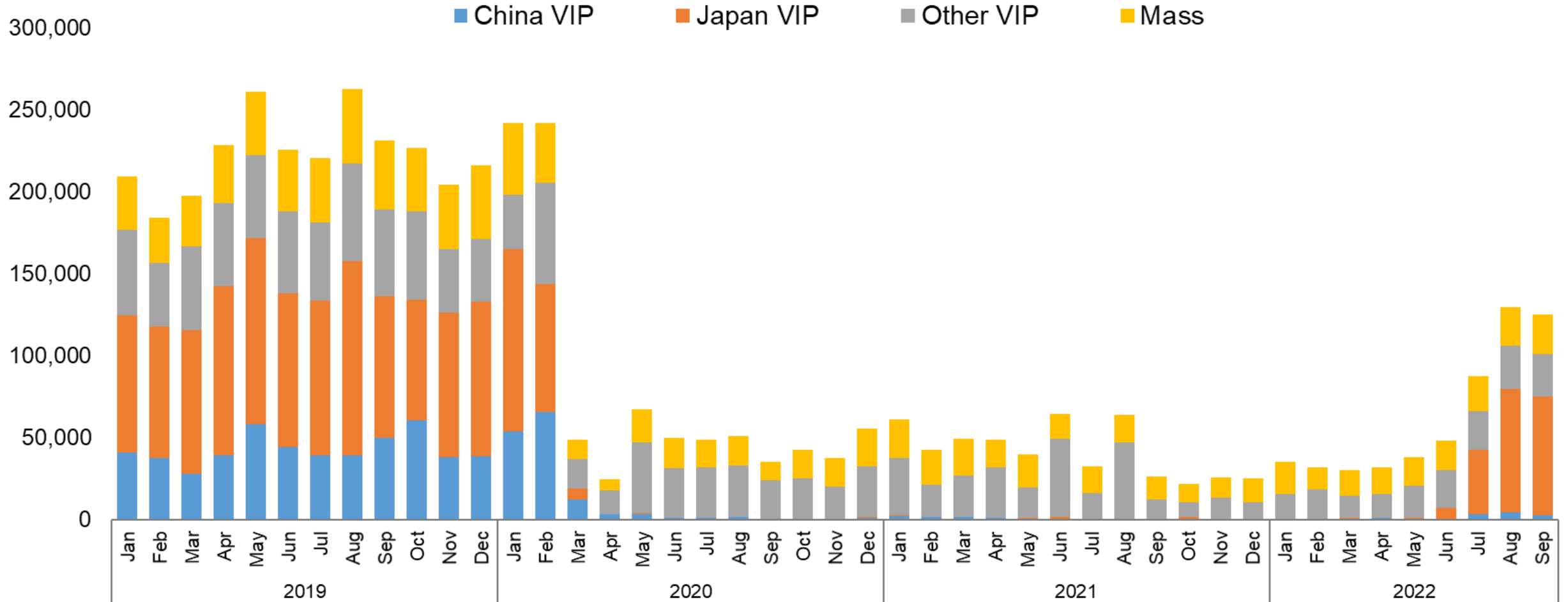
- **Due to the strong performance of individual customers, Q2 cumulative sales and facility users have been higher than before COVID-19**
- **Group customers are also expected to recover in the future**

# (Reference) Status of Each Facility: PARADISE SEGASAMMY



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

(KRW million)



\*Drop amounts: Purchased amount of chips by customers

02

## Future Initiatives



Consumer area,  
Entertainment Contents Business

- Expand sales of game titles centered on media-mix strategy



***Sonic Frontiers***

Multi-platform support  
Nov. 2022



Global launch of the all-new Netflix  
animated series, "Sonic Prime"

Dec. 15, 2022

## ➤ Full-fledged release of remastered past masterpieces from this fiscal year

- Remastered version



***Persona 5 Royal***

Multi-platform support  
Oct. 2022



***Persona 4 Golden***

Multi-platform support  
Jan. 2023



***Persona 3 Portable***

Multi-platform support  
Jan. 2023

## ➤ Utilizing past titles and develop them to global IPs

FY2023/3

- Remastered version



### **Judgment**

For PC  
Sep. 2022



### **Lost Judgment**

For PC  
Sep. 2022

- Remake version



### **Like a Dragon: Ishin!**

Multi-platform support  
Feb. 2023

FY2024/3

- Spin-off works



### **Like a Dragon Gaiden: The Man Who Erased His Name**

Multi-platform support  
In 2023

- Full new titles



### **Like a Dragon 8**

Multi-platform support  
In 2024

## ➤ Launch of major titles by overseas studios



***Total War: WARHAMMER III\****

Revitalize by large-scale update  
\*Release of original version: Feb. 2022

© Games Workshop Limited 2021. Published by SEGA.



***Football Manager 2023***

For PC, support subscription service  
Nov. 2022

© Sports Interactive Limited 2022. Published by SEGA



***Company of Heroes 3***

For PC  
Feb. 2023

©SEGA. Developed by Relic Entertainment

- Strengthen domestic and overseas operation of mainstay F2P titles



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

Release: Sep. 2020

© SEGA / © Colorful Palette Inc. / © Crypton Future Media, INC.  
www.piapro.net **piapro** All rights reserved.



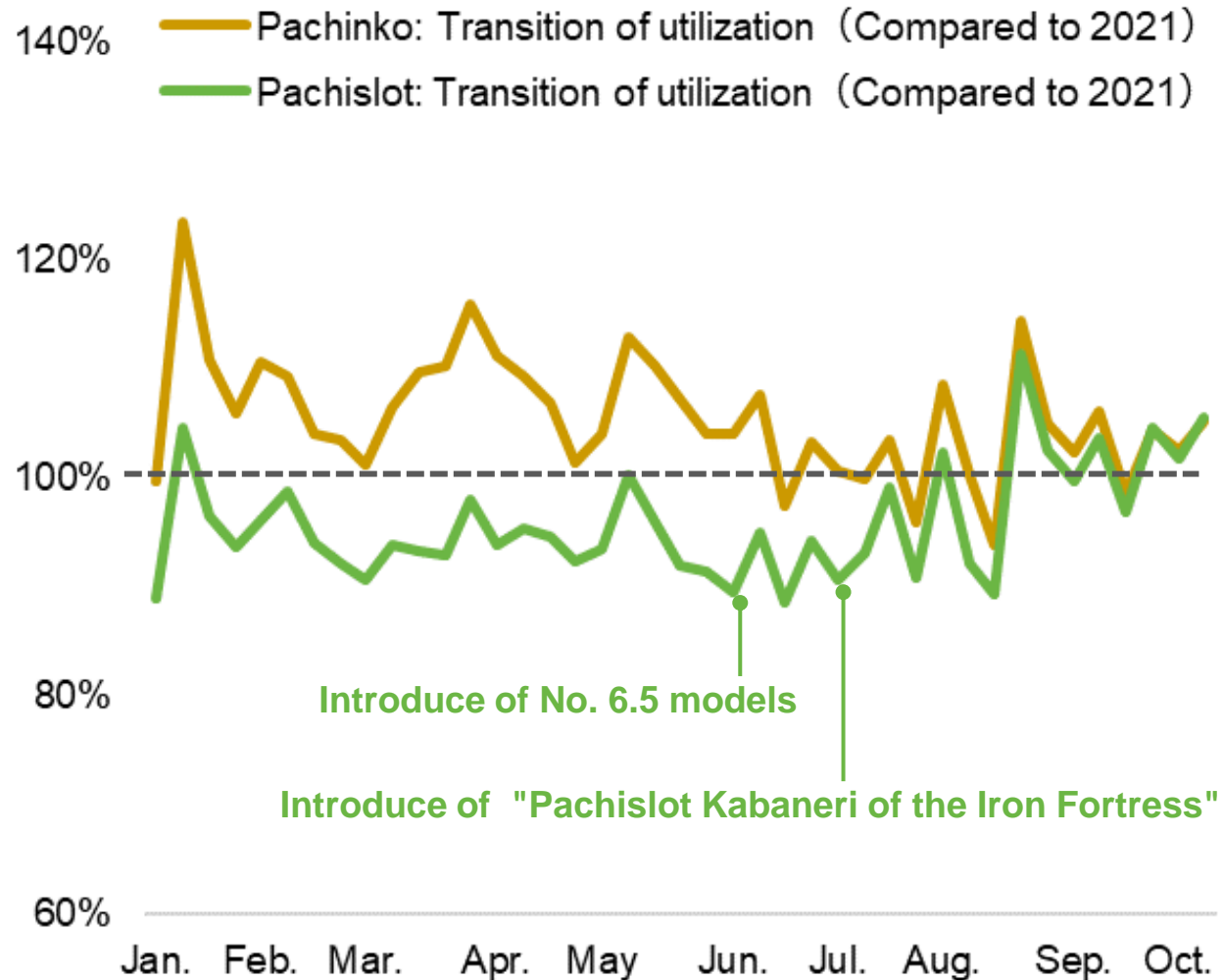
**PHANTASY STAR ONLINE 2 NEW GENESIS**

Release: Jun 2021

Start the support for global version of PlayStation®4  
from August 31, 2022

©SEGA

# Pachislot and Pachinko Machines Business



## ▪ Pachinko

Maintained a stable utilization level even after the introduction of pachislot No. 6.5 models

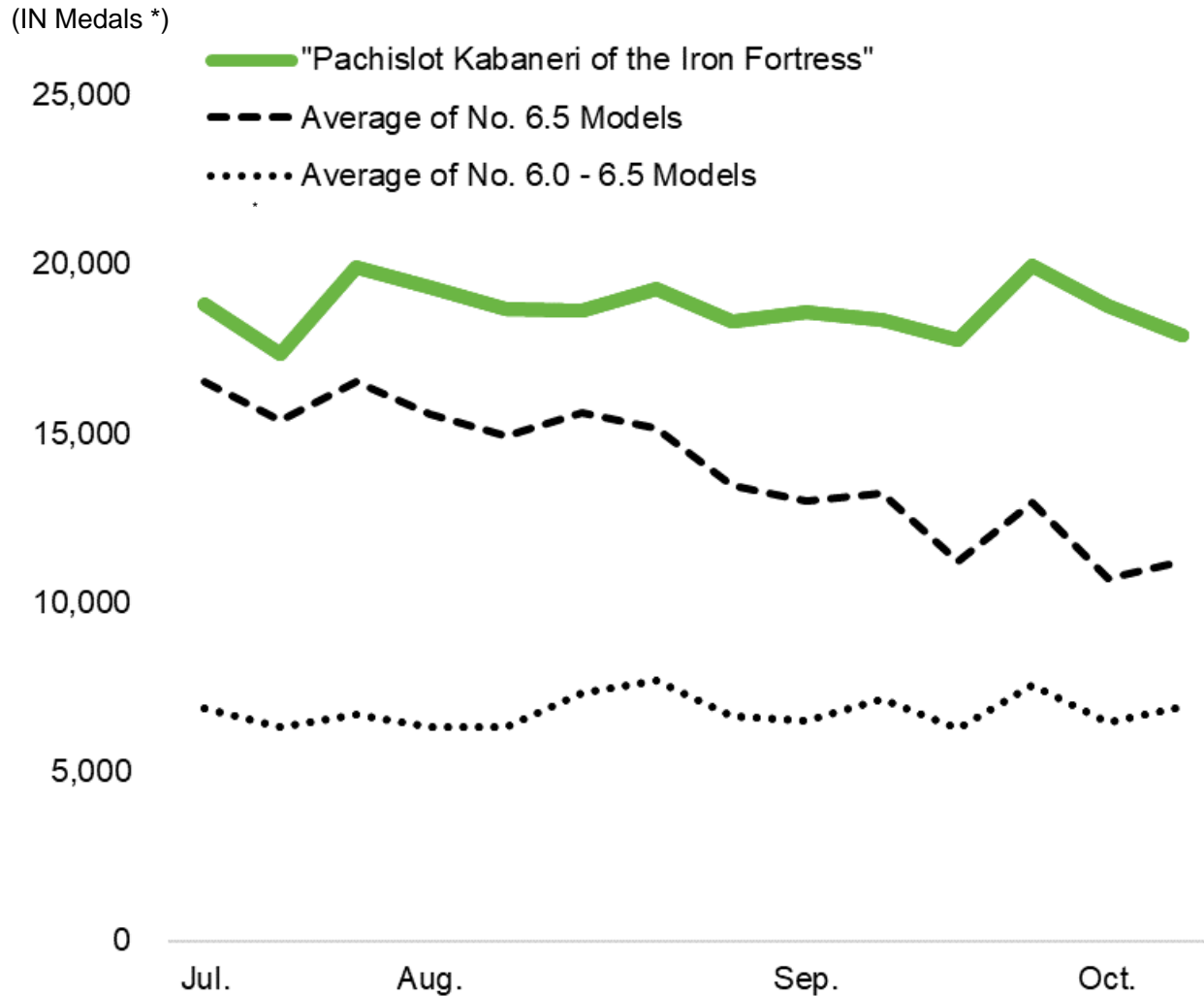
## ▪ Pachislot

Utilization level has increased after the introduction of titles such as “Pachislot Kabaneri of the Iron Fortress”

\*In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd



# No. 6.5 Models of the Group



## ➤ “Pachislot Kabaneri of the Iron Fortress”

- **Utilization transitions at a high level**
- **Although restrictions for parts procurement remains, implement additional sales from Q3**

\*In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd

\*In Medals = Average number of inserted medals in a day for each title. Used as an indicator to represent utilization.

## ■ Titles in or after FY2023/3 Q3 (plan)



"Pachislot Hard Boiled"

©Sammy



"Pachislot Saga of Tanya the Evil"

©Carlo Zen, PUBLISHED BY KADOKAWA CORPORATION  
/Saga of Tanya the Evil PARTNERS  
©Sammy

- Continue to actively pursue launch of No. 6.5 models
- Preparing other titles, including Smart pachislot

## ➤ **Market Environment**

- Pachislot: No. 6.5 models are strong in both sales and utilization
- Pachinko: Strong utilization has been maintained, drove by multiple popular titles

## ➤ **Concerns**

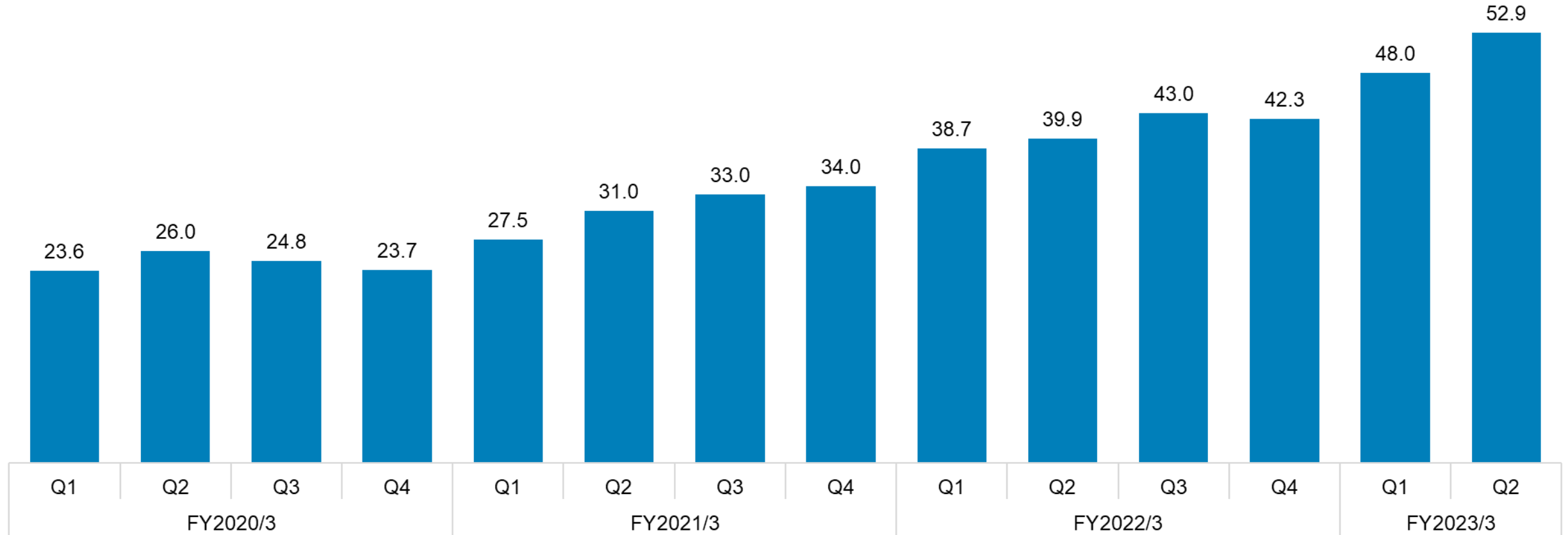
- Parts procurement: Difficult to respond to demands quickly due to short supply
- Prototype testing: Approval rate of the whole market is transitioning at a low level

03

# Appendix

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

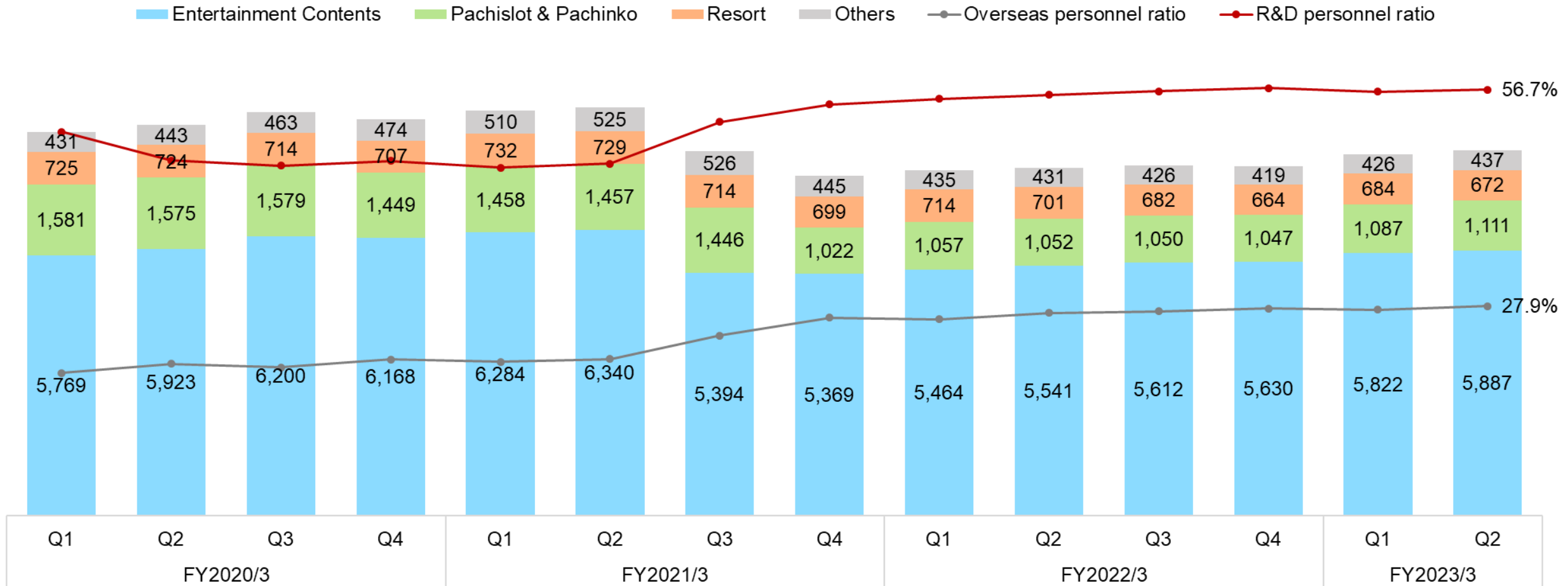
(Unit: billion yen)



\*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
	Through Q2	Full year Results	Through Q2
<b>Sales</b>	<b>74.2</b>	<b>161.5</b>	<b>90.8</b>
Casino	44.1	86.6	41.1
Hotel	28.3	67.7	43.0
Other	1.7	7.0	6.6
<b>Cost of sales</b>	<b>84.9</b>	<b>178.2</b>	<b>95.1</b>
Casino	31.0	63.7	32.7
Hotel	39.1	81.9	43.1
Other	14.7	32.4	19.1
<b>Gross profit</b>	<b>-10.7</b>	<b>-16.7</b>	<b>-4.2</b>
SG&A	12.8	25.4	11.5
<b>Operating profit</b>	<b>-23.6</b>	<b>-42.2</b>	<b>-15.7</b>
<b>EBITDA</b>	<b>5.0</b>	<b>14.9</b>	<b>12.4</b>
<b>Net profit</b>	<b>-45.3</b>	<b>-87.9</b>	<b>-38.6</b>
<b>Number of casino visitors (Thousands)</b>	<b>59.0</b>	<b>99.0</b>	<b>48.0</b>
<b>SEGASAMMY Equity method acquisition amount (Billion yen)</b>	<b>-2.1</b>	<b>-4.1</b>	<b>-1.9</b>

Source: Paradise IR

## FY2023/3 Q2 Results

- **Casino visitors remained low due to travel restrictions**
  - Compared to FY2021/3 Q2 cumulative: 47.5%
- **EBITDA remained positive due to cost reduction**

## Forecast

- **Loss margin expect to narrow**
  - Travel restrictions have been partially relaxed since June, and the drop amount of Japanese VIP has recovered nearly to the level prior to COVID-19

\*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

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

**Total 250.0 billion yen**





<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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(Sega Sammy Group Website list)

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