

# Q1 for the Fiscal Year Ending March 31, 2024

# Results Presentation

2023/8/1

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# FY2024/3 Q1 Results / Forecast

# Results Highlights



(Billion yen)	FY2023/3		FY2024/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>66.1</b>	<b>389.6</b>	<b>108.0</b>	<b>433.0</b>
Entertainment Contents	52.7	282.8	53.8	305.0
Pachislot and Pachinko Machines	10.5	94.2	50.9	115.0
Resort	2.6	11.5	2.9	12.0
Other / Elimination	0.3	1.1	0.4	1.0
<b>Operating Income</b>	<b>2.7</b>	<b>46.7</b>	<b>22.5</b>	<b>55.0</b>
Entertainment Contents	6.5	38.7	4.1	43.5
Pachislot and Pachinko Machines	-0.9	20.0	21.5	24.5
Resort	-0.3	-1.1	-0.3	-1.0
Other / Elimination	-2.6	-10.9	-2.8	-12.0
Non-operating income	2.5	4.9	1.4	4.0
Non-operating expenses	1.0	2.2	0.8	1.0
<b>Ordinary Income</b>	<b>4.2</b>	<b>49.4</b>	<b>23.0</b>	<b>58.0</b>
Entertainment Contents	8.1	41.1	4.4	45.0
Pachislot and Pachinko Machines	-0.6	20.7	21.8	25.0
Resort	-1.1	-3.2	-0.2	0.0
Other / Elimination	-2.2	-9.2	-3.0	-12.0
Ordinary Income Margin	6.4%	12.7%	21.3%	13.4%
Extraordinary income	-	0.0	0.0	-
Extraordinary losses	0.1	2.4	0.6	-
<b>Income before income taxes</b>	<b>4.1</b>	<b>47.0</b>	<b>22.5</b>	<b>58.0</b>
<b>Profit attributable to owners of parent</b>	<b>3.1</b>	<b>45.9</b>	<b>17.2</b>	<b>40.0</b>
<b>ROE</b>	-	<b>14.7%</b>	-	-
<b>Dividends per share (JPY)</b>	-	<b>59.00</b>	-	<b>47.00</b>

## FY2024/3 Q1 Results

### ➤ Strong start driven by Pachislot and Pachinko Machines Business

- Entertainment\*: Performed steadily overall
- Pachislot & Pachinko Machines: Mainly sales of pachislot machines went strong
- Resort: Both domestic and overseas performed steadily

## Forecast

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

- Entertainment: Start full-scale sales of mainstay new titles from 2nd half of the fiscal year (CS\*)
- Pachislot & Pachinko Machines: In addition to additional sales of existing mainstay titles, proceed the launch of new titles
- Resort: Expect continuous recovery in both domestic and overseas

\* Entertainment = Entertainment Contents Business, CS = Consumer area

## ➤ **Status of TOB for the acquisition of Rovio Entertainment Oyj**

- **Extended the tender offer period to August 7, 2023** (announced on July 3, 2023)

\*As some procedures for obtaining regulatory approval required for the completion of the Tender Offer took some time. All of these are now obtained

## ➤ **Status of share buybacks** (announced on April 28, 2023)

- **Plan to acquire treasury stocks based on our return policy**

\*No progress has been made at this time due to procedural reasons (as of July 31, 2023)

(Reference) Details of the resolution regarding the acquisition of treasury stock:

- Upper limit of acquisition cost: 10.0 billion yen
- Upper limit of the number of shares to be acquired: 8 million shares
- Acquisition period: From May 1, 2023 to September 29, 2023

# Breakdown of Income (FY2024/3 Q1 Results)



(Unit: billion yen)



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

<b>Non-operating income</b>	<b>1.4</b>
Gain on investments in partnership	0.5
Interest income	0.3
Equity in earnings of affiliates	0.2
<b>Non-operating expenses</b>	<b>0.8</b>
Foreign exchange losses	0.4
Loss on investments in partnership	0.2
<b>Extraordinary Income</b>	<b>0.0</b>
<b>Extraordinary losses</b>	<b>0.6</b>
Loss on business restructuring	0.5
<b>Taxes/Others</b>	<b>5.2</b>

# Impact of Exchange Rate Fluctuations

[Impact of foreign exchange on Q1 results]

- **Positive impact of approx. 1.4 billion yen for sales and approx. 0.4 billion yen for operating income in Entertainment Contents business**

(Billion yen)		Q1
CS	Sales	+1.4
	Operating Income	+0.6
AM	Sales	-
	Operating Income	-0.2

- 1 USD: Rate in initial forecast 127 yen → AR138 yen (Mainly affect on **sales increase**)
- 1 GBP: Rate in initial forecast 160 yen → AR172 yen (Mainly affect on **cost increase**)
- 1 Euro: Rate in initial forecast 141 yen → AR150 yen (Mainly affect on **sales increase**)

- **Recorded foreign exchange losses of 0.4 billion yen in non-operating expenses due to revaluation and settlement of receivables and payables denominated in foreign currencies**

# Costs and Expenses, etc.

## ■ Entertainment Contents

(Billion yen)	FY2022/3				FY2023/3				FY2024/3	FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year Forecast
R&D / Content production expenses	9.9	13.5	12.7	18.3	11.9	14.8	16.4	22.9	12.5	68.9
Advertising expenses	2.2	3.9	3.7	4.4	2.7	5.0	6.3	6.7	3.1	23.6
Depreciation	0.8	0.9	0.9	1.1	0.9	1.0	0.9	1.0	0.9	3.6
Cap-ex	1.5	1.4	1.6	2.8	1.1	1.1	1.7	2.0	1.9	6.1

## ■ Pachislot & Pachinko

(Billion yen)	FY2022/3				FY2023/3				FY2024/3	FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year Forecast
R&D / Content production expenses	3.4	3.2	3.4	4.4	3.0	3.5	3.7	4.2	3.1	15.5
Advertising expenses	0.2	0.6	0.5	0.3	0.3	0.3	0.3	0.8	0.8	4.0
Depreciation	0.5	0.7	0.7	0.8	0.6	0.7	0.7	0.7	0.5	3.0
Cap-ex	1.2	1.1	0.8	1.0	1.0	1.0	1.0	1.2	0.8	5.4

### \*Recognition criteria of R&D and Content Production Expenses by business segments

- Entertainment Contents business (Full Game (CS)): Expenses are capitalized as inventory assets or intangible assets during development and booked as expenses after launch. 25% will be amortized in first month and the rest will be amortized over a period of 23 months using the straight-line method (Total amortization period is 24 months)
- Entertainment Contents business (F2P (CS)): Expenses are amortized over a period of 24 or 36 months using the straight-line method
- Entertainment Contents business (AM): Expenses are capitalized as inventory assets during development and booked as expenses after launch. They will be amortized 15% per first 2 months and the rest will be amortized 7% per 10 months using the straight-line method (Total amortization period is 12 months)
- Pachislot and Pachinko Machines business: Expenses aren't capitalized but are recognized as they arise (outsourced process expenses recognized when work is inspected)

\*Full Game (CS) are anticipated to be sold for a longer period due to recent longer product lifecycle compared with conventional length, so the amortization rule has been revised as above from new titles to be launched in FY2024/3.

Titles released by FY2023/3 will be amortized 40%, 15%, 5% per first 3 months and the rest will be amortized 2% per 21 months using the straight-line method.

Content development amortization expenses of Entertainment Contents business as a whole is expected to be reduced for approx. 4.6 billion yen in FY2024/3.

# Costs and Expenses, etc.

## ■ Resort

(Billion yen)	FY2022/3				FY2023/3				FY2024/3	FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year Forecast
R&D / Content production expenses	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Advertising expenses	0.0	0.2	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.5
Depreciation	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.2	0.1	0.7
Cap-ex	0.1	0.1	0.1	0.1	0.5	0.1	0.4	0.2	0.0	0.4

## ■ Other / Elimination

(Billion yen)	FY2022/3				FY2023/3				FY2024/3	FY2024/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full Year Forecast
R&D / Content production expenses	0.1	-0.1	0.1	-0.1	0.0	0.0	0.1	-0.2	0.1	0.1
Advertising expenses	0.4	0.4	0.2	0.3	0.3	0.7	0.2	0.2	0.3	1.2
Depreciation	0.4	0.1	0.3	0.2	0.5	0.1	0.3	0.2	0.4	1.0
Cap-ex	0.3	0.0	0.3	0.6	0.2	0.0	0.2	0.1	0.3	1.6



# Consolidated Balance Sheet Summary



(Billion yen)	【Assets】			【Liabilities and Net Assets】				
	Account	As of end of March 2023	As of end of June 2023	Increase /Decrease	Account	As of end of March 2023	As of end of June 2023	Increase /Decrease
	Cash and Deposits	179.5	171.6	-7.9	Accounts Payable	30.5	29.5	-1.0
	Accounts Receivable	53.3	45.9	-7.4	Short Term Borrowings	17.0	17.0	-
	Inventories	89.4	94.8	+5.4	Other	72.8	61.9	-10.9
	Other	31.6	32.4	+0.8	<b>Total Current Liabilities</b>	<b>120.3</b>	<b>108.4</b>	<b>-11.9</b>
	<b>Total Current Assets</b>	<b>353.8</b>	<b>344.7</b>	<b>-9.1</b>	Corporate Bonds	10.0	10.0	-
	Tangible Fixed Assets	60.4	61.1	+0.7	Long Term Borrowings	25.0	25.0	-
	Intangible Fixed Assets	13.2	14.1	+0.9	Other	14.8	15.8	+1.0
	Investment Securities	39.5	45.5	+6.0	<b>Total Noncurrent Liabilities</b>	<b>49.8</b>	<b>50.8</b>	<b>+1.0</b>
	Other	34.6	42.6	+8.0	<b>Total Liabilities</b>	<b>170.2</b>	<b>159.2</b>	<b>-11.0</b>
	<b>Total Noncurrent Assets</b>	<b>147.7</b>	<b>163.3</b>	<b>+15.6</b>	Shareholders Equity	326.7	335.3	+8.6
	<b>Total Assets</b>	<b>501.5</b>	<b>508.1</b>	<b>+6.6</b>	Total accumulated other comprehensive income	4.0	12.8	+8.8
					Share acquisition rights	0.4	0.5	+0.1
					Non-controlling interests	0.0	0.0	+0.0
					<b>Total Net Assets</b>	<b>331.3</b>	<b>348.8</b>	<b>+17.5</b>
					<b>Total Liabilities and Net Assets</b>	<b>501.5</b>	<b>508.1</b>	<b>+6.6</b>

## Main factors for increase / decrease

	As of end of March 2023	As of end of June 2023	Increase /Decrease		
Cash, deposits and cash equivalents	179.5	171.6	-7.9	(Current Assets)	In addition to the decrease of cash and deposits due to dividend payments, etc., notes and accounts receivable – trade and contract assets decreased while content work in progress increased centered on Consumer area
Interest bearing debt	52.0	52.0	-	(Liabilities)	Contract liabilities mainly related to “Smart Pachislot Hokuto No Ken” decreased
Net cash	127.5	119.6	-7.9	(Net assets)	Shareholders' equity increased due to recording of profit attributable to owners of parent while dividend payments were made
Equity ratio	66.0%	68.5%	+2.5p		

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## Per segments Results / Forecast

(Billion yen)	FY2023/3		FY2024/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>52.7</b>	<b>282.8</b>	<b>53.8</b>	<b>305.0</b>
Consumer	34.7	187.9	33.7	205.0
Amusement Machine	13.1	64.9	14.1	63.5
Animation / Toy	4.7	29.3	5.7	36.0
Other / Elimination	0.2	0.7	0.3	0.5
<b>Operating Income</b>	<b>6.5</b>	<b>38.7</b>	<b>4.1</b>	<b>43.5</b>
Consumer	5.3	32.8	2.9	36.0
Amusement Machine	0.5	2.9	1.2	5.0
Animation / Toy	0.2	4.5	0.3	4.5
Other / Elimination	0.5	-1.5	-0.3	-2.0
Non-operating income	1.6	2.8	0.5	1.8
Non-operating expenses	0.0	0.4	0.3	0.3
<b>Ordinary Income</b>	<b>8.1</b>	<b>41.1</b>	<b>4.4</b>	<b>45.0</b>
Ordinary Income Margin	15.4%	14.5%	8.2%	14.8%

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

\*Exchange rate of FY2024/3 forecast: 1 USD: 127 yen, 1 GBP : 160 yen, 1 Euro: 141 yen

## FY2024/3 Q1 Results

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

- Although both new titles and repeat sales went below expectations, some operating expenses were not incurred etc., resulting in a steady performance overall (CS\*)
- Sales of prize category went steadily (AM\*)
- Strong performance due to income from licensing out of distribution right, etc. (Animation)

## Forecast

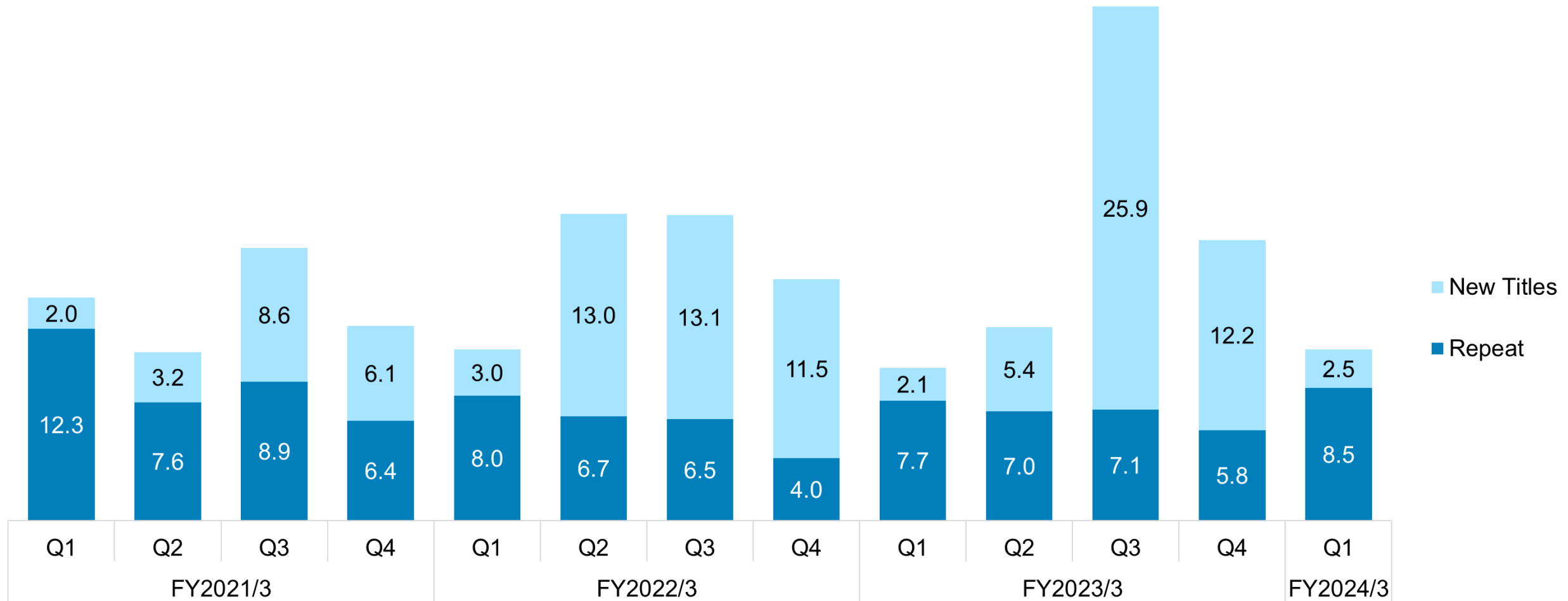
### ➤ **New title launches will proceed in each area**

- Start full-scale sales of mainstay new titles from 2nd half of the fiscal year (CS)
- In addition to the release of "UFO CATCHER 10", strengthen sales in the prize category (AM)
- Closely observe the impact of exchange rate fluctuations (CS, AM)

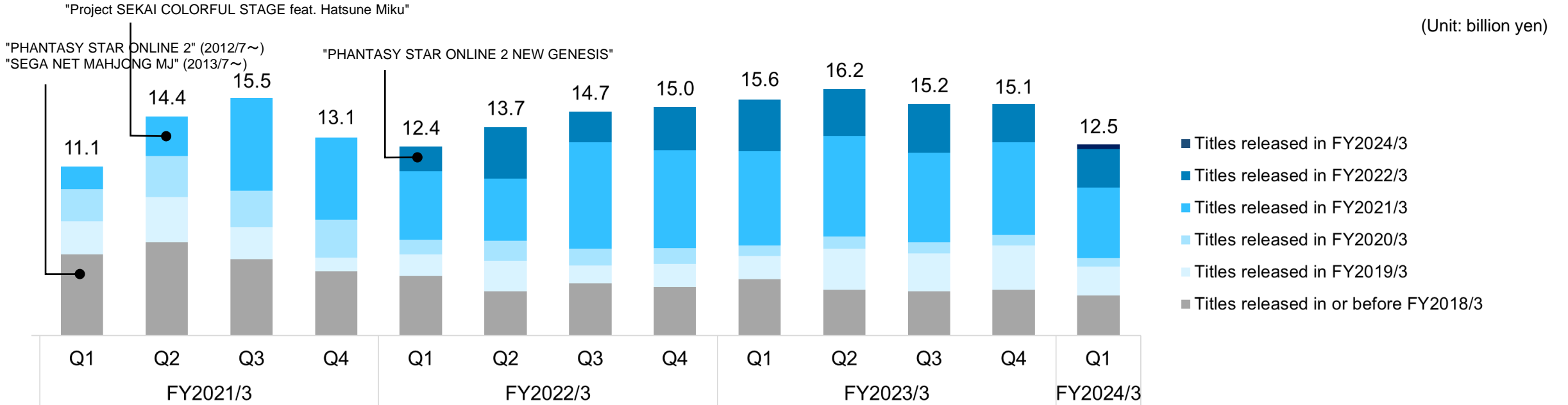
		FY2024/3 Q1 Results	Forecast
Consumer	Full Game	<ul style="list-style-type: none"> <li>Both new titles and repeat sales went below expectations</li> <li>Launched three new titles</li> </ul>	<ul style="list-style-type: none"> <li>Start full-scale sales of mainstay new titles from 2nd half of the fiscal year "Sonic Superstars", Like a Dragon and Persona series, etc.</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Existing titles performed in line with expectation</li> <li>Started service of "404 GAME RE:SET -Error Game Reset-"</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the operation of existing titles</li> </ul>
	Other	<ul style="list-style-type: none"> <li>Recorded license revenue, etc.</li> <li>Positive impact by exchange rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Continue to record license revenue, etc.</li> <li>Closely observe the impact of exchange rate fluctuations</li> </ul>
Amusement Machine		<ul style="list-style-type: none"> <li>Steady performance centered on the sales of UFO Catcher ® series and prizes</li> </ul>	<ul style="list-style-type: none"> <li>In addition to the release of "UFO CATCHER 10", strengthen sales of prizes, etc.</li> <li>Closely observe the impact of exchange rate fluctuations</li> </ul>
Animation / Toys	Animation	<ul style="list-style-type: none"> <li>Movie "DETECTIVE CONAN: Black Iron Submarine" released</li> </ul>	<ul style="list-style-type: none"> <li>Expect the revenue from animation production and distribution, etc.</li> </ul>
	Toys	<ul style="list-style-type: none"> <li>Mainly sold regular products, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to sell new products such as "Chiikawa's dream talking giant pudding house" and regular products</li> </ul>

# Consumer Area / Full Game: Sales Trend

(Unit: billion yen)



# Consumer Area / F2P: Sales Trend



## [Top 3 titles in sales from April to June 2023]

(No. 1)



"Project SEKAI COLORFUL STAGE! feat. Hatsune Miku"

© SEGA/© CP/© CFM

Release: Sep. 2020

(No. 2)



"PHANTASY STAR ONLINE 2 NEW GENESIS ver.2"

©SEGA

Release: Jun. 2021 \*ver.2 released in Jun. 2023

(No. 3)



"SEGA NET MAHJONG MJ"

©SEGA

Release: Jul. 2013

# (Reference) Consumer Area: Sales Trend

(Billion yen)	FY2023/3				FY2024/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Full Year Forecast
<b>Sales</b>	<b>34.7</b>	<b>75.0</b>	<b>142.5</b>	<b>187.9</b>	<b>33.7</b>	<b>205.0</b>
Domestic	15.7	33.8	52.4	71.4	14.5	71.6
Overseas	19.2	41.1	89.8	116.7	19.3	135.4
Overseas sales ratio	55.3%	54.8%	63.0%	62.1%	57.3%	66.0%
Other / Elimination	-0.2	0.1	0.3	-0.2	-0.1	-2.0
<b>Full Game</b>	<b>9.9</b>	<b>22.3</b>	<b>55.3</b>	<b>73.2</b>	<b>11.0</b>	<b>108.1</b>
<b>New titles</b>	<b>2.1</b>	<b>7.5</b>	<b>33.4</b>	<b>45.6</b>	<b>2.5</b>	<b>75.8</b>
Japan	0.5	1.7	3.6	5.0	0.7	9.5
Asia	0.5	1.1	3.5	5.3	0.1	5.4
North America / Europe	1.0	4.6	26.3	35.2	1.5	60.8
<b>Repeat titles</b>	<b>7.7</b>	<b>14.7</b>	<b>21.8</b>	<b>27.6</b>	<b>8.5</b>	<b>32.3</b>
Japan	0.8	1.7	2.4	3.0	1.0	2.4
Asia	0.8	1.5	2.2	2.8	1.0	2.4
North America / Europe	6.1	11.5	17.1	21.6	6.3	27.5
Download sales ratio	74.9%	74.5%	66.0%	69.7%	57.1%	68.2%
<b>F2P</b>	<b>15.6</b>	<b>31.8</b>	<b>47.0</b>	<b>62.1</b>	<b>12.5</b>	<b>64.0</b>
Japan	13.0	27.1	39.9	53.2	10.8	51.6
Asia	0.5	0.5	0.5	0.6	-	0.7
North America / Europe	2.0	4.1	6.5	8.2	1.7	11.6
<b>Other</b>	<b>9.2</b>	<b>20.9</b>	<b>40.2</b>	<b>52.6</b>	<b>10.2</b>	<b>32.9</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

	FY2023/3				FY2024/3	
	Q1	Through Q2	Through Q3	Through Q4	Q1	Full Year Forecast
<b>Full Game: Number of Titles</b>						
Japan	3 titles	7 titles	11 titles	15 titles	2 titles	12 titles
Asia	3 titles	7 titles	11 titles	15 titles	2 titles	13 titles
North America / Europe	3 titles	7 titles	12 titles	16 titles	2 titles	14 titles
<b>Full Game: Unit sales (Thousand)</b>	<b>5,140</b>	<b>10,140</b>	<b>20,750</b>	<b>27,890</b>	<b>4,870</b>	<b>34,480</b>
<b>Total New titles</b>	<b>440</b>	<b>1,480</b>	<b>6,970</b>	<b>10,090</b>	<b>740</b>	<b>14,120</b>
Japan	90	250	640	1,090	160	1,370
Asia	110	260	860	1,350	40	930
North America / Europe	230	960	5,460	7,640	540	11,800
<b>Total Repeat titles</b>	<b>4,700</b>	<b>8,650</b>	<b>13,770</b>	<b>17,790</b>	<b>4,120</b>	<b>20,360</b>
Japan	260	760	1,080	1,380	430	1,130
Asia	410	750	1,390	1,840	470	1,280
North America / Europe	4,030	7,120	11,290	14,560	3,210	17,930

\*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]

(Thousand units)	FY2023/3				FY2024/3
	Q1	Through Q2	Through Q3	Through Q4	Q1
Sonic series	1,460	2,630	6,750	8,150	1,220
Total War series	420	950	1,750	2,300	310
Persona series	270	500	2,040	3,270	630
Like a Dragon series*	470	960	1,730	2,830	510

\*"Like a Dragon" series includes "Judgment" series



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

[Titles released in Q1, FY2024/3] \*Figures in () to the right of the titles are actual release dates



“Etrian Odyssey Origins Collection” (Jun. 1)

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“Sonic Origins Plus” (Jun. 23)

©SEGA

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

[Titles to be released in or after Q2, FY2024/3]

\*Only announced titles are listed. Figures in ( ) to the right of the title are the planned release dates



“Samba de Amigo: Party Central” (Aug. 30)

©SEGA



“ENDLESS™ Dungeon” (Oct. 19)

©Amplitude Studios SAS. ©SEGA



“Total War: PHARAOH” (Oct.)

©Creative Assembly 2023. Published by SEGA.



“Like a Dragon Gaiden: The Man Who Erased His Name” (Nov. 9)

©SEGA

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

[Titles to be released in or after Q2, FY2024/3]

\*Only announced titles are listed. Figures in ( ) to the right of the title are the planned release dates



“Persona 5 Tactical ARMS” (Nov. 17)

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“Sonic Superstars” (Fall 2023)

©SEGA



“Like a Dragon: Infinite ∞ Wealth”  
(Early 2024)

©SEGA



“Persona 3 Reload” (Early 2024)

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“HYENAS” (2023)

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# (Reference) Entertainment Contents Business: Sales Schedule



~FY2024/3 Q1 In or after FY2024/3 Q2 (Plan)

Consumer	Full Game	New titles	Company of Heroes 3 – Console Edition	HUMANKIND™ (for Console)	Persona 5 Tactica
			Etrian Odyssey Origins Collection	Samba de Amigo: Party Central	Sonic Superstars
Sonic Origins Plus	ENDLESS™ Dungeon		Like a Dragon: Infinite ∞ Wealth		
	Total War: PHARAOH		Persona 3 Reload		
	Like a Dragon Gaiden: The Man Who Erased His Name		HYENAS		
Repeat	Sonic Series / Persona Series / Total War Series / Football Manager Series / YAKUZA Series, etc.				

F2P	In or before FY2019	PHANTASY STAR ONLINE 2 / Puyo Puyo!! Quest / CHAIN CHRONICLE / SHIN MEGAMI TENSEI Liberation Dx2 / 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 ver.2 / Sin Chronicle
	From FY2024/3	404 GAME RE:SET -Error Game Reset-

\*Only announced titles are listed for "In or after FY2024/3 Q2 (Plan)"

# (Reference) Entertainment Contents Business: Sales Schedule

~FY2024/3 Q1

In or after FY2024/3 Q2 (Plan)

Amusement Machine	<Major titles in operation>		StarHorse4 / EIKETSU TAISEN / maimai DX / CHUNITHM / O.N.G.E.K.I. / MJ ARCADE INITIAL D THE ARCADE / KanColle Arcade / Fate Grand Order Arcade / HORI A TALE / romakyun		
	<Major regular sales titles>		UFO Catcher® series / Prizes for prize machines		
			UFO CATCHER 10		
			BINGO THEATER		
		JACKPOT CIRCUS			
Animation / Toys	DETECTIVE CONAN: Black Iron Submarine				
	ANPANMAN: Roboly and the Warming Present				
	Stream your live with a head set! With a front camera! Fun to change mouse covers! Sumikkogurashi laptop My Live		Disney&Pixar Characters Dream Switch Anniversary Gift Set	Let me treat you! I am a kitten's doctor	
			Fun to change screen covers! Sumikkogurashi Smart Phone with U	Chiikawa's dream talking giant pudding house	

\*Only announced titles are listed for "In or after FY2024/3 Q2 (Plan)"

(Billion yen)	FY2023/3		FY2024/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>10.5</b>	<b>94.2</b>	<b>50.9</b>	<b>115.0</b>
Pachislot	3.3	41.0	31.5	66.6
Pachinko	5.1	44.2	16.4	37.7
Other / Elimination	2.1	9.0	3.0	10.7
<b>Operating Income</b>	<b>-0.9</b>	<b>20.0</b>	<b>21.5</b>	<b>24.5</b>
Non-operating income	0.3	0.8	0.3	0.6
Non-operating expenses	0.0	0.2	0.0	0.1
<b>Ordinary Income</b>	<b>-0.6</b>	<b>20.7</b>	<b>21.8</b>	<b>25.0</b>
Ordinary Income Margin	-	22.0%	42.8%	21.7%

Pachislot				
<b>Number of Titles</b>	<b>2 titles</b>	<b>8 titles</b>	<b>1 title</b>	<b>8 titles</b>
<b>Unit Sales (units)</b>	<b>8,724</b>	<b>94,966</b>	<b>64,766</b>	<b>146,000</b>
Pachinko				
<b>Number of Titles</b>	<b>1 title</b>	<b>5 titles</b>	<b>2 titles</b>	<b>6 titles</b>
<b>Unit Sales (units)</b>	<b>14,018</b>	<b>103,556</b>	<b>39,095</b>	<b>93,000</b>
Board + Frame	3,598	52,152	19,312	54,400
Board	10,420	51,404	19,783	38,600

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

## FY2024/3 Q1 Results

### ➤ Strong start

- Especially pachislot machines (No. 6.5 models and smart pachislot titles) performed strongly
- Major titles sold:  
"Smart Pachislot Hokuto No Ken"  
"P Hokuto No Ken Bokyosei", etc.

## Forecast

### ➤ Continue to proceed the launch of mainstay titles

- Pachislot: In addition to additional sales of "Smart Pachislot Hokuto No Ken" and other mainstay titles, aggressively proceed the launch of new titles for No. 6.5 models and smart pachislot
- Pachinko: Launch multiple titles, including "P Black Lagoon4"



## "Smart Pachislot Hokuto No Ken"

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©Sammy

➤ **Cumulative unit installed:**  
**Approx. 60,000 units** (as of the end of July 2023)

\*Of the above, Approx. 5,000 units were delivered in advance during FY2023/3

- Maintain industry-leading utilization
- Announced additional sales  
(Scheduled for install in August 2023)



## ➤ "Smart Pachislot BIOHAZARD: VENDETTA"

(installed in July 2023)

- The 2nd smart pachislot for the Group
- Strong sales

## ➤ Plan to launch other mainstay titles

- "P Black Lagoon4" (installed in July 2023)
- "Pachislot Kizumonogatari -Hajimari No Toki-" (scheduled for install in September 2023)

## "Smart Pachislot BIOHAZARD: VENDETTA"



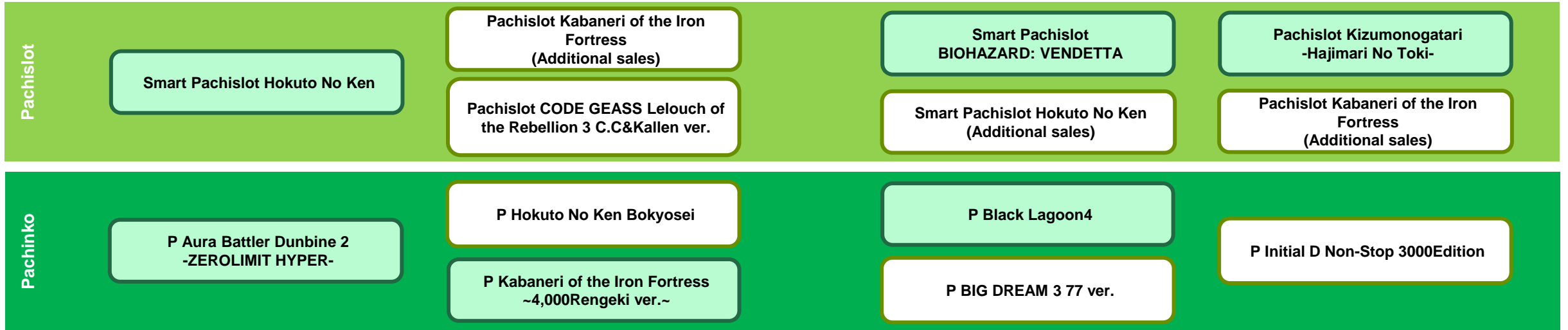
# (Reference) Pachislot and Pachinko Machines Business: Sales Schedule

New series  
Titles which installation started from previous FY / Specification changed title



~FY2024/3 Q1

In or after FY2024/3 Q2 (Plan)



Major titles released in Q1		Delivery month	Unit sales
Pachislot	Smart Pachislot Hokuto No Ken	Apr.	54,493 units
	Pachislot CODE GEASS Lelouch of the Rebellion 3 C.C&Kallen ver.	Jun.	5,171 units
	Pachislot Kabaneri of the Iron Fortress (additional sales)	Jun.	4,987 units
Pachinko	P Hokuto No Ken Bokyosei	May.	17,500 units
	P Aura Battler Dunbine 2 -ZEROLIMIT HYPER-	Apr.	12,642 units
	P Kabaneri of the Iron Fortress ~4,000Rengeki ver.~	Jun.	6,497 units

(Major titles to be released in or after FY2024/3)		Delivery month
Pachislot	Smart Pachislot BIOHAZARD: VENDETTA	Jul.
	Smart Pachislot Hokuto No Ken (additional sales)	Aug.
	Pachislot Kizumonogatari -Hajimari No Toki-	Sep.
	Pachislot Kabaneri of the Iron Fortress (additional sales)	Oct.
Pachinko	P Black Lagoon4	Jul.
	P BIG DREAM 3 77 ver.	Aug.
	P Initial D Non-Stop 3000Edition	Oct.

\*Unit sales sold only in FY2024/3 are listed

\*Only announced titles are listed for "In or after FY2024/3 Q2 (Plan)"

(Billion yen)	FY2023/3		FY2024/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>2.6</b>	<b>11.5</b>	<b>2.9</b>	<b>12.0</b>
<b>Operating Income</b>	<b>-0.3</b>	<b>-1.1</b>	<b>-0.3</b>	<b>-1.0</b>
Non-operating income	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>1.2</b>
Non-operating expenses	<b>0.8</b>	<b>2.1</b>	<b>0.0</b>	<b>0.2</b>
<b>Ordinary Income</b>	<b>-1.1</b>	<b>-3.2</b>	<b>-0.2</b>	<b>0.0</b>
Ordinary Income Margin	-	-	-	-
<b>&lt;PHOENIX RESORT&gt;</b>				
<b>No. of facility users (Thousands)</b>	<b>234</b>	<b>946</b>	<b>218</b>	<b>908</b>
3 accommodation facilities	94	394	84	374
2 golf courses	26	103	24	103
Other facilities	114	449	110	431

## FY2024/3 Q1 Results

### ➤ **Performed steadily**

- PHOENIX RESORT: In addition to the steady performance of individual customers, the number of group customers recovered following the holding of large-scale MICE such as international conferences and corporate events

## Forecast

### ➤ **Expect to return to black at ordinary income stage**

- PHOENIX RESORT: While working on various measures for individual customers and strengthening CRM, expect recovery of group customers due to the resumption of large-scale MICE, etc.
- PARADISE SEGASAMMY: Expect the contribution to profit from equity in earnings of affiliates

# (Reference) Resort Business / PARADISE SEGASAMMY



(KRW Billion)	FY2023/3		FY2024/3
	Q1	Full year Results	Q1
<b>Sales</b>	<b>45.6</b>	<b>270.5</b>	<b>91.2</b>
Casino	22.7	157.5	63.3
Hotel	20.0	95.9	23.2
Other	2.8	17.0	4.5
<b>Cost of sales</b>	<b>45.7</b>	<b>234.1</b>	<b>74.1</b>
Casino	15.8	100.4	38.2
Hotel	20.6	74.7	25.4
Other	9.3	38.8	10.4
<b>Gross profit</b>	<b>-0.1</b>	<b>36.4</b>	<b>17.1</b>
SG&A	5.6	27.9	7.2
<b>Operating profit</b>	<b>-5.8</b>	<b>8.5</b>	<b>9.8</b>
<b>EBITDA</b>	<b>8.2</b>	<b>65.3</b>	<b>24.1</b>
<b>Net profit</b>	<b>-17.6</b>	<b>-33.9</b>	<b>2.6</b>
<b>Number of casino visitors (Thousands)</b>	<b>21.0</b>	<b>151.0</b>	<b>63.0</b>
			Source: Paradise IR
<b>SEGASAMMY Equity method acquisition amount (Billion yen)</b>	<b>-0.8</b>	<b>-1.8</b>	<b>0.0</b>

## FY2024/3 Q1 Results

### ➤ Recovered centered on Japanese VIP customers

- Casino sales recovered centered on Japanese VIP customers
- High accommodation unit price and occupancy continued in hotel sales by capturing stay type travel demand in South Korea

## Forecast

### ➤ Expect the contribution to profit from equity in earnings of affiliates

- Casino sales are expected to continue to be driven by strong Japanese VIP customers, and a gradual recovery in Chinese VIP customers is also expected along with continuous recovery trend of international flights serving South Korea

\*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

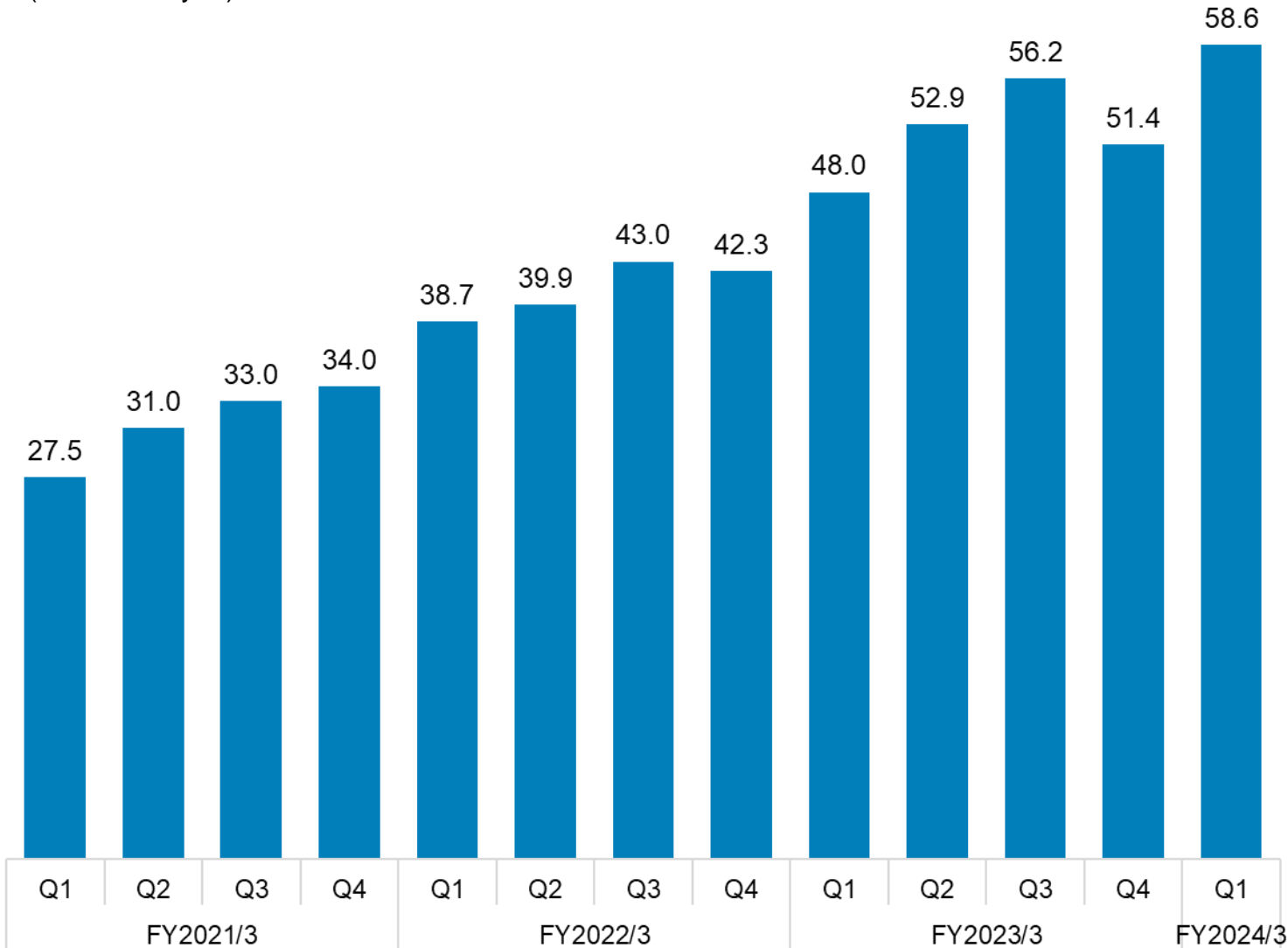
\*Local accounting standard

03

# Appendix

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

(Unit: billion yen)



## Q1

- Balance has increased compared to the end of the same quarter in previous fiscal year due to fewer launch of new titles

## FY2024/3 Forecast

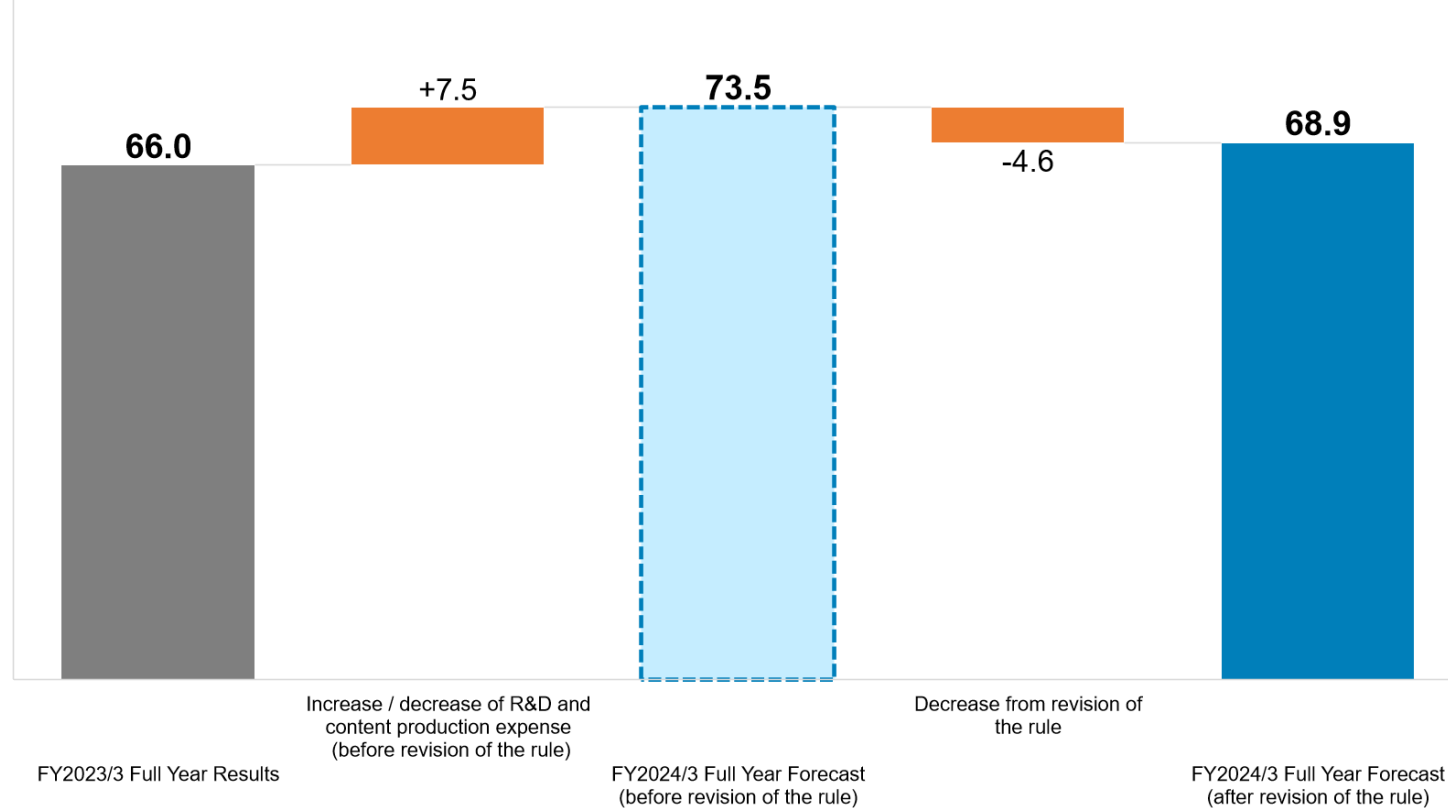
- Balance is expected to rise towards the 2nd half of the fiscal year when the launch of mainstay titles will proceed

# Content Production Expenses: Revision of Amortization Rule

(Consumer area – Full Game)



(Unit: billion yen)



## <Increase / decrease of R&D and content production expenses>

- Revised the amortization rule of content production expenses due to lengthening of product lifecycles
- Content development amortization expenses of Entertainment Contents business as a whole is expected to be reduced for approx. 4.6 billion yen in FY2024/3
- Since the launch of mainstay titles will proceed in the 2<sup>nd</sup> half of the fiscal year, R&D and content production expenses will rise in full year

\*See P.7 for the details of R&D and content production expenses

### \*Recognition criteria of R&D and content production expenses (Full Game (CS))

Expenses are capitalized as inventory assets or intangible assets during development and booked as expenses after launch.  
25% will be amortized in first month and the rest will be amortized over a period of 23 months using the straight-line method (Total amortization period is 24 months)

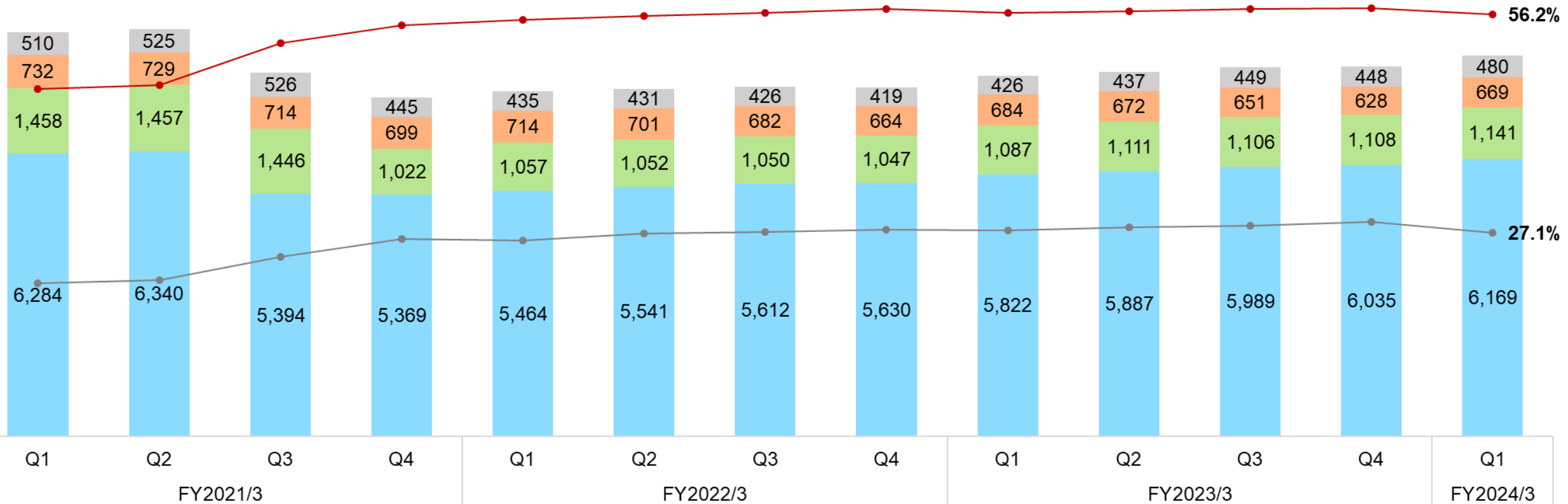
\*Full Game (CS) are anticipated to be sold for a longer period due to recent longer product lifecycle compared with conventional length, so we revised the amortization rule from new titles to be launched in FY2024/3.

Titles released by FY2023/3 will be amortized 40%, 15%, 5% per first 3 months and the rest will be amortized 2% per 21 months using the straight-line method.

# Trend of No. of Employees by Segment

(Unit: employees)

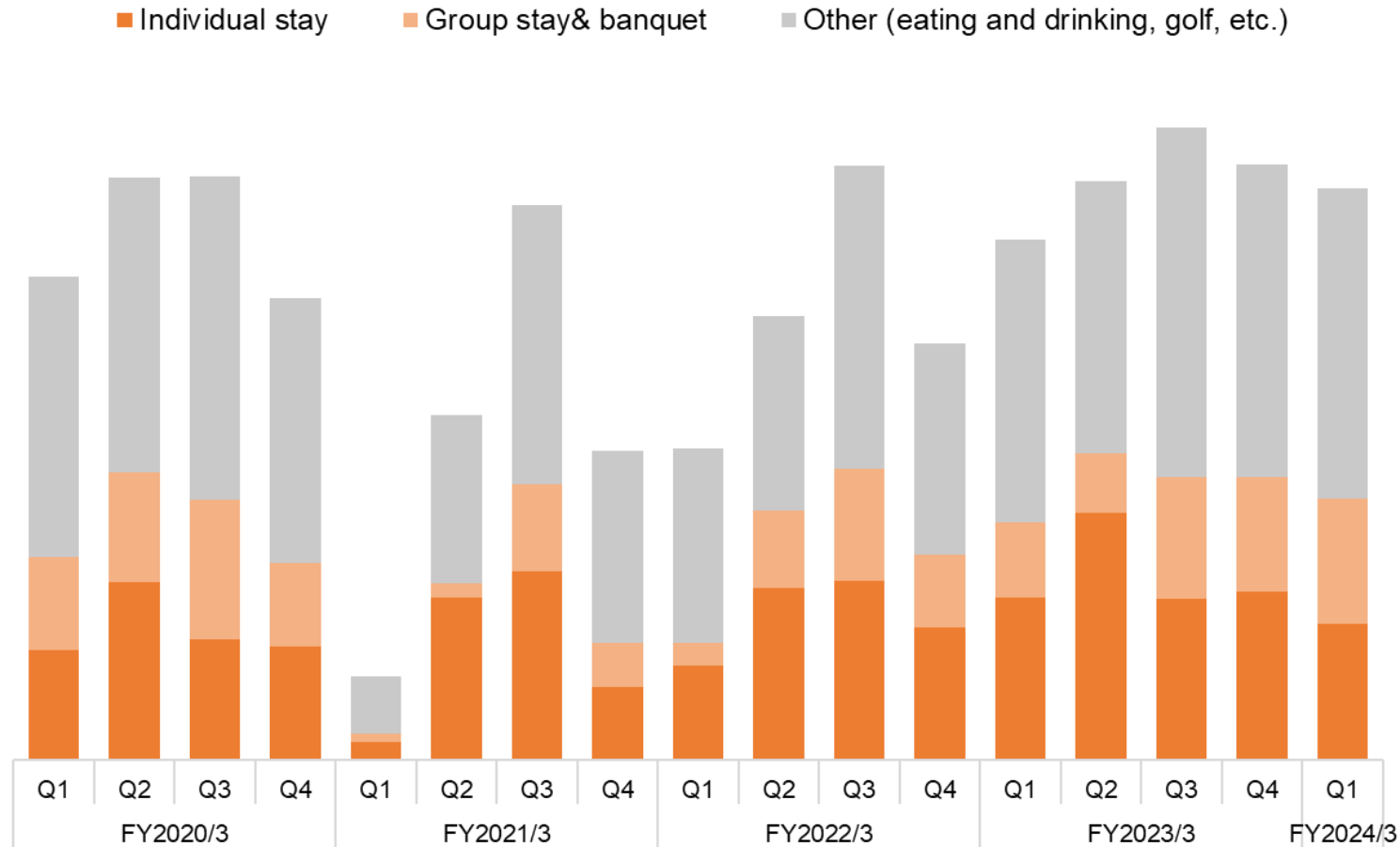
■ Entertainment Contents   
 ■ Pachislot & Pachinko   
 ■ Resort   
 ■ Others   
 ● Overseas personnel ratio   
 ● R&D personnel ratio



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

# Status of each facility: PHOENIX RESORT

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



### FY2024/3 Q1 Results

- The number of group customers recovered following the holding of large-scale MICE such as international conferences and corporate events

### Forecast

- In addition to capturing steady individual customer demand, the recovery of group customers is expected

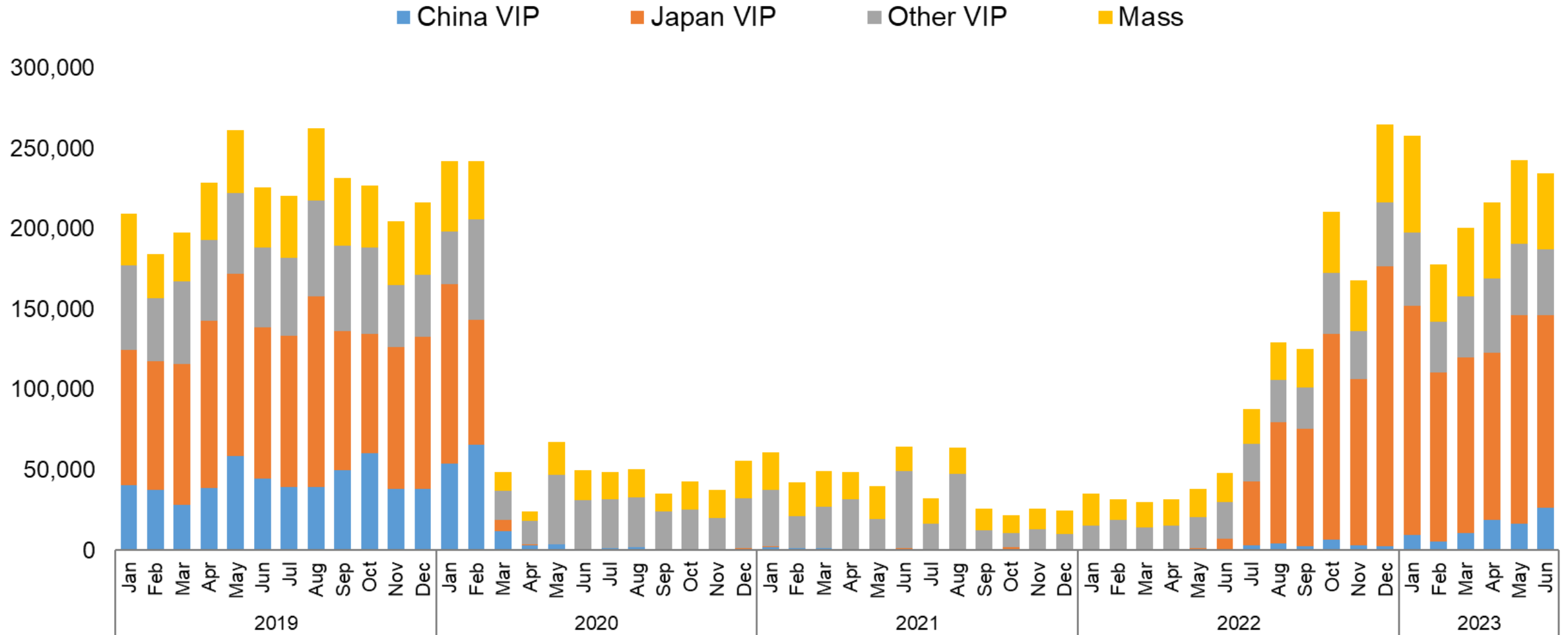


# Status of each facility: PARADISE SEGASAMMY



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

(Unit: KRW million)



\*Drop amounts = Purchased amount of chips

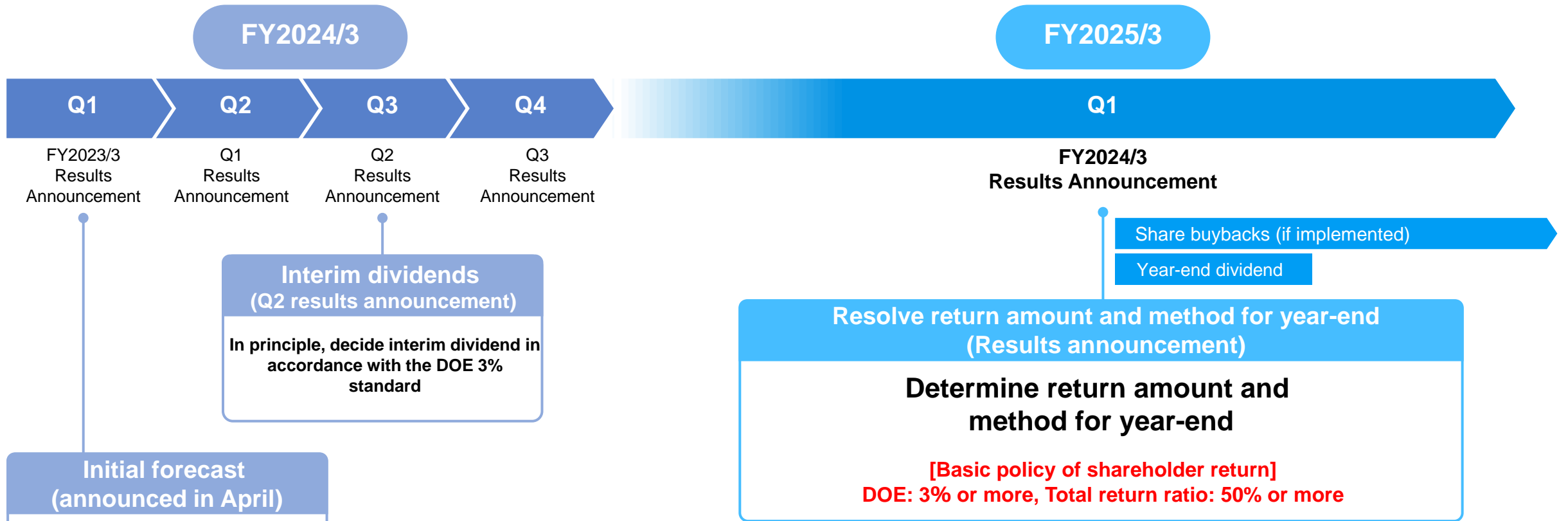
## ■ Implemented investment in the following growth area

	Area of consideration for investment		Progress
<b>Consumer Area</b> Approx. <b>¥100.0 billion</b>	<b>Strengthen development resources</b>	<ul style="list-style-type: none"> <li>Expansion of organic development pipeline</li> <li>Strengthen global mobile and online games</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of SEGA Sapporo Studio</li> <li>Announced the implementation of TOB of Rovio Entertainment Oyj</li> </ul>
	<b>Investment in new ecosystem</b>	<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. <b>¥100.0 billion</b>	<b>Careful assessment of investment opportunities in the gaming area</b>	<ul style="list-style-type: none"> <li>Online casino and sports betting overseas</li> <li>Land-based casinos overseas</li> <li><del>Both domestic and overseas IR</del></li> </ul>	<ul style="list-style-type: none"> <li>Step off from domestic and overseas IR</li> <li>Considering online gaming area</li> </ul>
<b>Other</b> Approx. <b>¥50.0 billion</b>	<b>Expand CVC investment limit (Total limit: ¥15.0 billion)</b>	<ul style="list-style-type: none"> <li>Strengthen open innovation activities, including investment in start-up companies</li> </ul>	<ul style="list-style-type: none"> <li>Implement 18 new investments, approx. ¥3.0 billion Exit from existing investment portfolio x 4</li> <li>Establishment of joint venture with PAPYLESS CO., LTD.</li> <li>“GAPOLI” service released</li> </ul>
	<b>Creation of new business, acquisition of IPs, etc.</b>		

**Total ¥250.0 billion**

# Repost: Shareholder Returns

(Process of Determining the Amount of Return and Methods) \*announced on April 28, 2023



● 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/ja/ir/>

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