# FY Ending March 2020
# 1Q Results / Appendix

July 30, 2019

[Disclaimer]
The contents of this material and comments made during the questions and answers etc. of this briefing session are the judgment and projections of the Company's managements based on currently available information.
These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.

© SEGA SAMMY HOLDINGS INC. All Rights Reserved.

# Results Highlights

| | 1Q Results | Forecast |
|---|---|---|
| Consolidated Business | ◆ Both sales and profits increased QoQ.<br>✓ Strong performance in Package Games and other areas in Entertainment Contents business<br>✓ Recorded income from alienation of titles in Digital Games area | ◆ Plan to sell major titles in Pachislot and Pachinko business but need to observe the approval status of prototype testing carefully in Pachislot business<br>◆ Launch new titles in each area in Entertainment Contents business |
| Pachislot and Pachinko Machines Business | ◆ Pachislot and Pachinko Machines business as a whole made steady start due to continued sales of Pachislot title released in last fiscal year.<br>✓ Pachislot: Sales of title released last fiscal year remained steady.<br>✓ Pachinko: Sold centered on machines with a high jackpot continuous rate but sales unit decreased QoQ. | ◆ Plan to sell major titles in stages<br>✓ Pachislot: Demand for replacement expected to increase as major previous regulation machines are removed in 3Q but need to observe approval status of prototype testing carefully as approval ratio is transitioning low.<br>✓ Pachinko: Launch major title, “P Hokuto No Ken 8 Haou”. |
| Entertainment Contents Business | ◆ Strong performance in overall business segment.<br>✓ New title in Packaged Games area performed strongly.<br>✓ Some existing titles went well and recorded revenues from alienation of titles, etc. in Digital Games area | ◆ Launch new titles in each area.<br>◆ Continue the optimization of scope of mobile title to develop/operate and resource transfer in Digital Games area. |
| Resort Business | ◆ Profitability of PHOENIX RESORT improved, while expenses for domestic Integrated Resort (IR) increased, resulting increase of sales and losses | ◆ Continue efforts to improve profitability of existing facilities<br>◆ Expect increase of expenses as the actions required for participating domestic IR will be activated |

# Consolidated Income Statements (Summary)

| (JPY Billion) | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **Sales** | **68.8** | **171.0** | **250.3** | **331.6** | **72.7** | **390.0** |
| Pachislot and Pachinko Machines | 21.5 | 58.6 | 76.1 | 101.4 | 17.1 | **120.0** |
| Entertainment Contents | 45.0 | 107.2 | 166.2 | 219.6 | 53.0 | **259.0** |
| Resort | 2.3 | 5.1 | 7.9 | 10.5 | 2.4 | **11.0** |
| **Operating Income** | **0.9** | **10.2** | **11.9** | **13.0** | **3.4** | **27.0** |
| Pachislot and Pachinko Machines | 1.7 | 9.6 | 9.6 | 13.4 | 1.3 | **29.0** |
| Entertainment Contents | 1.6 | 6.1 | 10.6 | 9.8 | 4.9 | **11.0** |
| Resort | -0.6 | -1.1 | -1.9 | -2.4 | -0.8 | **-4.0** |
| Other / Elimination | -1.8 | -4.4 | -6.4 | -7.8 | -2.0 | **-9.0** |
| Operating Income Margin | 1.3% | 6.0% | 4.8% | 3.9% | 4.7% | **6.9%** |
| Non-operating income | 0.7 | 1.3 | 1.5 | 2.1 | 0.8 | 1.5 |
| Non-operating expenses | 0.9 | 2.3 | 4.4 | 7.7 | 1.9 | 5.5 |
| **Ordinary Income** | **0.6** | **9.1** | **9.0** | **7.4** | **2.3** | **23.0** |
| Extraordinary income | 0.0 | 1.7 | 1.7 | 8.2 | 0.0 | **-** |
| Extraordinary losses | 0.0 | 0.2 | 6.7 | 8.7 | 0.1 | **-** |
| **Income before income taxes** | **0.7** | **10.6** | **4.0** | **6.9** | **2.2** | **23.0** |
| **Profit attributable to owners of parent** | **0.3** | **6.7** | **0.6** | **2.6** | **1.7** | **15.0** |
| **Dividends per share (JPY)** | **-** | **20.00** | **20.00** | **40.00** | **-** | **40.00** |
| **Earnings per share (JPY)** | **1.44** | **28.60** | **2.90** | **11.27** | **7.32** | **63.90** |
| **Net Assets per share (JPY)** | **1,296.55** | **1,328.00** | **1,274.50** | **1,289.32** | **1,259.70** | **-** |

# Costs and Expenses

| (JPY Billion) | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **R&D Expense / Content Production Expense** | **14.1** | **30.8** | **48.3** | **66.6** | **17.1** | **72.5** |
| Pachislot and Pachinko Machines | 3.5 | 7.8 | 12.1 | 17.0 | 4.1 | 15.9 |
| Entertainment Contents | 10.6 | 23.2 | 36.4 | 49.9 | 13.0 | 56.6 |
| Resort | 0.0 | 0.1 | 0.1 | 0.2 | 0.0 | 0.0 |
| Other / Elimination | 0.0 | -0.3 | -0.3 | -0.5 | 0.0 | 0.0 |
| **Cap-ex** | **6.4** | **17.8** | **24.3** | **34.4** | **5.1** | **24.8** |
| Pachislot and Pachinko Machines | 0.8 | 3.0 | 3.7 | 5.0 | 0.9 | 4.7 |
| Entertainment Contents | 4.2 | 10.7 | 16.1 | 25.0 | 4.0 | 19.2 |
| Resort | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.2 |
| Other / Elimination | 1.4 | 4.1 | 4.4 | 4.3 | 0.2 | 0.7 |
| **Depreciation** | **3.9** | **7.4** | **10.8** | **14.5** | **3.6** | **13.6** |
| Pachislot and Pachinko Machines | 1.1 | 2.1 | 3.0 | 4.0 | 1.0 | 3.4 |
| Entertainment Contents | 2.3 | 4.3 | 6.4 | 8.6 | 2.1 | 8.4 |
| Resort | 0.2 | 0.4 | 0.6 | 0.8 | 0.2 | 1.0 |
| Other / Elimination | 0.3 | 0.6 | 0.8 | 1.1 | 0.3 | 0.8 |
| **Advertising** | **3.3** | **8.4** | **12.2** | **16.0** | **3.6** | **21.0** |
| Pachislot and Pachinko Machines | 0.4 | 0.9 | 1.3 | 1.6 | 0.2 | 2.8 |
| Entertainment Contents | 2.6 | 6.3 | 9.3 | 12.5 | 3.0 | 16.1 |
| Resort | 0.0 | 0.1 | 0.2 | 0.3 | 0.1 | 0.4 |
| Other / Elimination | 0.3 | 1.1 | 1.4 | 1.6 | 0.3 | 1.7 |

# Consolidated Balance Sheet (Summary)

| (JPY billion) | 【Assets】 | | | 【Liabilities and Net Assets】 | | | |
|---|---|---|---|---|---|---|---|
| Account | As of end of March 2018 | As of end of June 2019 | Change | Account | As of end of March 2018 | As of end of June 2019 | Change |
| Cash and Deposits | 137.4 | 76.8 | -60.6 | Accounts Payable | 24.7 | 23.8 | -0.9 |
| Accounts Receivable | 39.2 | 32.5 | -6.7 | Corporate Bonds | 12.5 | 12.5 | - |
| Securities | 14.5 | 54.2 | +39.7 | Short Term Loans Payable | 13.3 | 13.3 | - |
| Inventories | 50.0 | 55.9 | +5.9 | Other | 37.0 | 33.5 | -3.5 |
| Other | 19.3 | 20.3 | +1.0 | **Total Current Liabilities** | 87.5 | 83.1 | -4.4 |
| **Total Current Assets** | 260.4 | 239.7 | -20.7 | Corporate Bonds | 10.0 | - | -10.0 |
| Tangible Fixed Assets | 84.0 | 87.3 | +3.3 | Long Term Loans Payable | 40.3 | 40.3 | - |
| Intangible Fixed Assets | 15.2 | 16.3 | +1.1 | Other | 21.4 | 22.5 | +1.1 |
| Investment Securities | 73.4 | 68.8 | -4.6 | **Total Noncurrent Liabilities** | 71.7 | 62.8 | -8.9 |
| Other | 31.5 | 32.3 | +0.8 | **Total Liabilities** | 159.3 | 146.0 | -13.3 |
| | | | | Shareholders Equity | 294.8 | 292.4 | -2.4 |
| | | | | Total accumulated other comprehensive income | 7.8 | 3.1 | -4.7 |
| | | | | Warrants | 0.9 | 0.9 | - |
| | | | | Non-controlling intesrests | 1.7 | 1.8 | +0.1 |
| **Total Noncurrent Assets** | 204.1 | 204.7 | +0.6 | **Total Net Assets** | 305.3 | 298.4 | -6.9 |
| **Total Assets** | 464.6 | 444.5 | -20.1 | **Total Liabilities and Net Assets** | 464.6 | 444.5 | -20.1 |

# Segment Results: Pachislot and Pachinko Machines

| (JPY Billion) | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **Sales** | **21.5** | **58.6** | **76.1** | **101.4** | **17.1** | **120.0** |
| Pachislot | 3.1 | 4.5 | 11.0 | 24.7 | 7.0 | 48.8 |
| Pachinko | 13.9 | 45.8 | 52.3 | 59.9 | 5.5 | 59.0 |
| Other / Elimination | 4.5 | 8.3 | 12.8 | 16.8 | 4.6 | 12.2 |
| **Operating Income** | **1.7** | **9.6** | **9.6** | **13.4** | **1.3** | **29.0** |
| Operating Income Margin | 7.9% | 16.4% | 12.6% | 13.2% | 7.6% | 24.2% |
| **Pachislot** | | | | | | |
| **Number of Titles** | **1 title** | **1 title** | **3 titles** | **6 titles** | **0 title** | **10 titles** |
| **Unit Sales (units)** | **9,073** | **12,853** | **31,534** | **67,140** | **17,930** | **120,000** |
| **Pachinko** | | | | | | |
| **Number of Titles** | **1 title** | **3 titles** | **5 titles** | **7 titles** | **2 titles** | **9 titles** |
| **Unit Sales (units)** | **40,997** | **117,891** | **136,670** | **159,848** | **16,212** | **164,000** |
| Board + Frame | 13,908 | 77,518 | 87,468 | 91,858 | 8,020 | 78,600 |
| Board | 27,089 | 40,373 | 49,202 | 67,990 | 8,192 | 85,400 |

# Segment Results: Pachislot and Pachinko Machines

## ■ Major Titles in 1Q and titles to be launched in and after 2Q, fiscal year ending Mar 2020

New title
Specification changed title

| | 2020/3 1Q | 2Q~ |
|---|---|---|
| Pachislot | Pachislot Beast King Oujya no Houkou | Pachislot Anohana: The Flower We Saw That Day |
| | Pachislot DISC UP | Type 6 Machines |
| Pachinko | P The Seven deadly Sins Goyoku ver. | P Hokuto No Ken 8 Haou |
| | P SHOW BY ROCK!! | P Anohana: The Flower We Saw That Day |
| | Pachinko CR Dracure! | |
| | Dejihane P BLACK LAGOON3 | |

### 2020/3 1Q Major titles and number of units sold

| Pachislot title | Total sales | Installed from |
|---|---|---|
| Pachislot DISC UP | 11,748 units | June 2018 |
| Pachislot Beast King Oujya no Houkou | 6,182units | March 2019 |

| Pachinko title | Total sales | Installed from |
|---|---|---|
| P The Seven deadly Sins Goyoku ver. | 4,944 units | April |
| P SHOW BY ROCK!! | 4,515 units | June |
| Pachinko CR Dracure! | 3,324 units | May |

*Aggregated sales of “Pachislot DISC UP” since previous fiscal year :30,371 units
*Aggregated sales of “Pachislot Beast King Oujya no Houkou” since previous fiscal year :13,623 units
(As of June 30, 2019)

# Segment Results: Entertainment Contents Business

| (JPY Billion) | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **Sales** | **45.0** | **107.2** | **166.2** | **219.6** | **53.0** | **259.0** |
| Digital Games | 9.0 | 19.3 | 29.4 | 40.8 | 11.9 | 43.0 |
| Packaged Games | 12.3 | 26.7 | 43.7 | 54.6 | 14.7 | 84.0 |
| Amusement Machine Sales | 9.6 | 28.3 | 40.9 | 54.7 | 10.1 | 55.0 |
| Amusement Center Operations | 9.4 | 20.7 | 30.7 | 40.9 | 10.4 | 44.0 |
| Animation / Toy | 3.6 | 10.2 | 18.3 | 24.5 | 5.0 | 30.0 |
| Other / Elimination | 1.1 | 2.0 | 3.2 | 4.1 | 0.9 | 3.0 |
| **Operating Income** | **1.6** | **6.1** | **10.6** | **9.8** | **4.9** | **11.0** |
| Digital Games | -0.4 | -1.4 | -2.7 | -1.9 | 2.3 | 2.0 |
| Packaged Games | 2.6 | 4.4 | 8.1 | 8.2 | 2.9 | 6.0 |
| Amusement Machine Sales | 0.2 | 2.3 | 3.0 | 1.5 | -0.7 | 0.5 |
| Amusement Center Operations | 0.5 | 1.9 | 2.2 | 2.6 | 0.7 | 2.5 |
| Animation / Toy | -0.3 | 0.9 | 2.1 | 2.5 | 0.3 | 2.5 |
| Other / Elimination | -1.0 | -2.0 | -2.1 | -3.1 | -0.6 | -2.5 |
| Operating Income Margin | 3.6% | 5.7% | 6.4% | 4.5% | 9.2% | 4.2% |
| **No. of domestic amusement centers** | **189** | **189** | **191** | **190** | **191** | **195** |
| **YoY sales rate comparison of existing amusement centers** | **104.2%** | **104.5%** | **104.2%** | **104.0%** | **109.0%** | **104.4%** |

# Segment Results: Entertainment Contents Business

## Major Index / Digital Games (Digital Overall)

| | 2019/3 | | | | 2020/3 |
|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q |
| **Sales（JPY Billion）** | **9.0** | **10.3** | **10.1** | **11.4** | **11.9** |
| **Domestic** | | | | | |
| Average MAU (Thousands, 3 months average)*1 | 6,880 | 5,420 | 4,690 | 7,900 | 5,940 |
| ARPMAU (JPY) *2 | 1,123 | 1,507 | 1,581 | 1,029 | 1,423 |
| Share of sales for top 3 titles *3 | 46.2% | 43.1% | 38.1% | 41.7% | 32.4% |
| **Overseas** | | | | | |
| Composition ratio of sales | 9.4% | 13.5% | 14.3% | 9.7% | 6.6% |
| **Other indicators** | | | | | |
| Number of Titles (Domestic) | 25 | 24 | 25 | 23 | 20 |
| Number of New Titles (Domestic) | 3 | 1 | 2 | 2 | 1 |
| Ratio of advertising expense to net sales *4 | 11.7% | 10.4% | 9.1% | 9.3% | 6.9% |

*Changed the aggregation method for overseas' composition ratio of sales from fiscal year ending Mar 2020 and it has been reflected to the result of fiscal year ended Mar 2019 retroactively.
*Only free-to-play titles are covered for the calculation of number of titles under service, Domestic MAU, Domestic ARP MAU and number of downloads. (Pay-to-play models are not included.)
*1. Average MAU (Monthly Active Users) over 3 months
*2. Calculated from dividing sales by MAU (Monthly Active Users)
*3. Sales percentage for top 3 titles in sales
*4. Advertising expense percentage for total digital sales of each quarter

## TOP 3 Titles (Digital Game)

| Title | Release |
|---|---|
| 1. PHANTASY STAR ONLINE 2 | 2012/7 |
| 2. SEGA Pocket Club Manager | 2018/4 |
| 3. Puyo puyo!! Quest | 2013/4 |

*Top three titles in domestic sales in the period of Apr-Jun 2019

# Segment Results: Entertainment Contents Business

| | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **Packaged Games: Number of Titles** | **5 titles** | **18 titles** | **26 titles** | **31 titles** | **8 titles** | **31 titles** |
| Japan | 2 titles | 3 titles | 5 titles | 7 titles | 1 title | 10 titles |
| Asia | - | 3 titles | 6 titles | 7 titles | 3 titles | 10 titles |
| North America / Europe | 3 titles | 12 titles | 15 titles | 17 titles | 4 titles | 11 titles |
| **Packaged Games: Sales in Units (Thousands)** | **5,700** | **11,180** | **18,510** | **23,440** | **6,240** | **25,190** |
| **Japan** | **280** | **640** | **1,460** | **1,850** | **270** | **3,840** |
| New titles | 120 | 230 | 660 | 830 | 20 | 3,330 |
| Repeat titles | 160 | 410 | 800 | 1,020 | 250 | 510 |
| **Asia** | **120** | **370** | **590** | **770** | **240** | **1,490** |
| New titles | - | 30 | 150 | 190 | 130 | 1,010 |
| Repeat titles | 120 | 340 | 440 | 580 | 110 | 480 |
| **North America / Europe** | **5,300** | **10,170** | **16,460** | **20,820** | **5,730** | **19,860** |
| New titles | 730 | 1,620 | 2,610 | 3,070 | 2,150 | 6,350 |
| Repeat titles | 4,570 | 8,550 | 13,850 | 17,750 | 3,580 | 13,510 |
| **Total New titles** | **850** | **1,880** | **3,420** | **4,090** | **2,300** | **10,690** |
| **Total Repeat titles** | **4,850** | **9,300** | **15,090** | **19,350** | **3,940** | **14,500** |

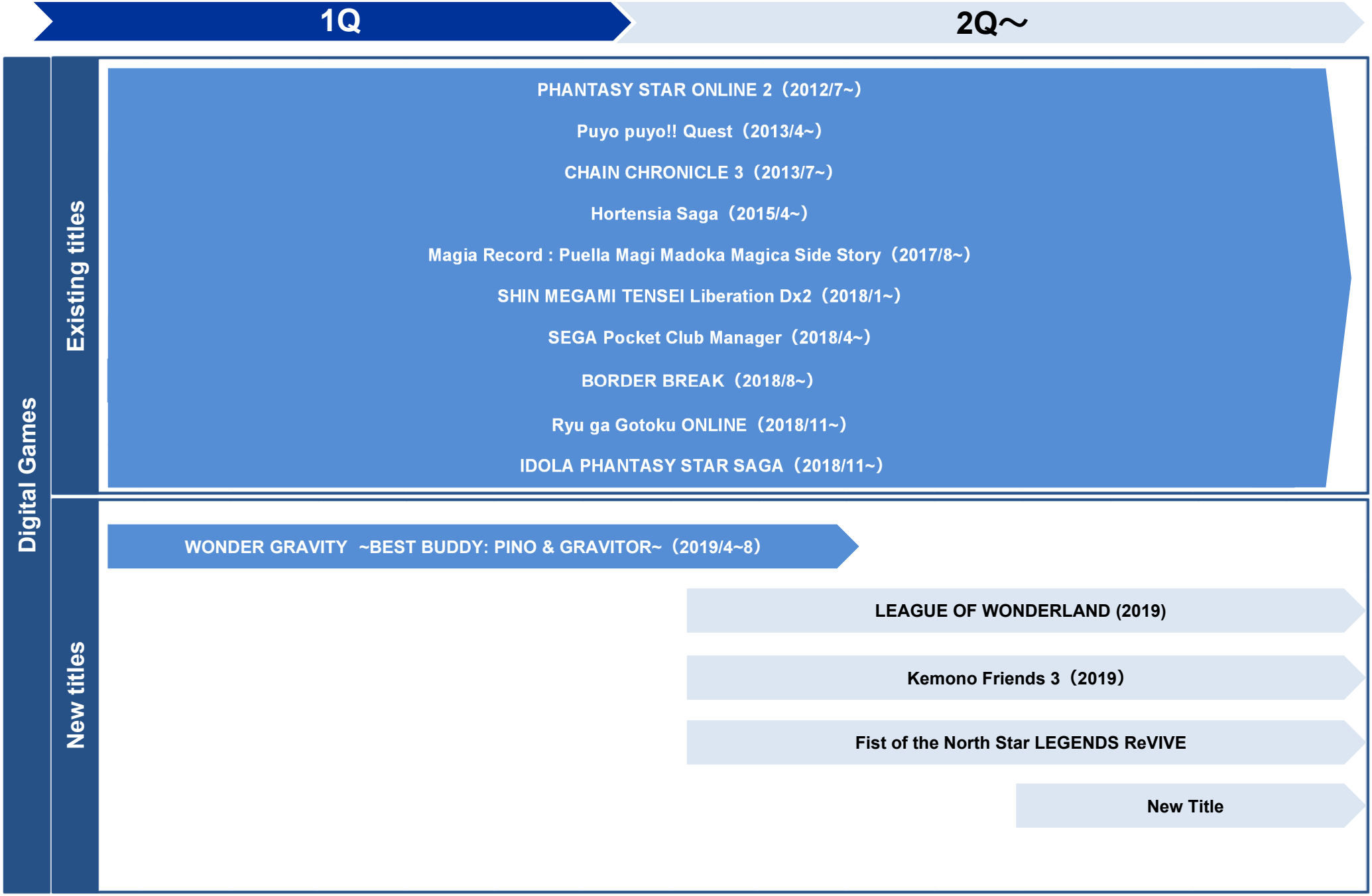
※Revised the No. of titles in 2020/3 Forecast

## 2020/3 Major Titles

| **1Q titles** | Release | Platform | Launched region |
|---|---|---|---|
| Total War: THREE KINGDOMS | 2019/5 | PC | Japan / Asia / North America / Europe |
| Team Sonic Racing | 2019/5 | Multi Platform | Japan / Asia / North America / Europe |
| Judgment | 2019/6 | PlayStation®4 | North America / Europe |
| **Repeat titles** | | Platform | Launched region |
| Total War series | | PC | Japan / Asia / North America / Europe |
| Yakuza series | | PlayStation®4 / PC | Japan / Asia / North America / Europe |
| Football Manager | | PC | Japan / Asia / North America / Europe |

# Segment Results: Entertainment Contents Business

## ■ Major Titles in 1Q and titles to be launched in and after 2Q, fiscal year ending Mar 2020



# Segment Results: Entertainment Contents Business

## ■ Major Titles in 1Q and titles to be launched in and after 2Q, fiscal year ending Mar 2020

### Packaged Games

**1Q**

- Total War: THREE KINGDOMS
- Judgment
- Team Sonic Racing

**2Q～**

- Olympic Games Tokyo 2020 - The Official Video Game
- Mario & Sonic at the Olympic Games Tokyo 2020
- Mega Drive Mini
- New Sakura Wars
- PERSONA 5 ROYAL
- New Ryu ga Gotoku Series Installment

### Amusement Machine Sales

<Existing titles> KanColle Arcade / StarHorse Series / Fate/Grand Order Arcade /WCCF FOOTISTA 2019

maimai Series / O・N・G・E・K・I / CHUNITHM Series

**2Q～**

- CHUNITHM AMAZON PLUS
- maimai DELUX
- StarHorse4
- Kemono Friends 3 Planet Tours

### Animation /Toys

**1Q**

- Detective Conan The Fist of Blue Sapphire
- Anpanman: Twinkle! Princess Vanilla of Ice Cream Land
- Wonderful Channel
- ANPANMAN" D.I.Y. Delivering SHOKUPANMANGO-CAR

**2Q～**

- LUPIN THE IIIRD THE FIRST (Working Title)
- WHOareYOU? Family
- YUME-PETS "coming babies" series

# Segment Results: Resort Business

| (JPY Billion) | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **Sales** | **2.3** | **5.1** | **7.9** | **10.5** | **2.4** | **11.0** |
| **Operating Income** | **-0.6** | **-1.1** | **-1.9** | **-2.4** | **-0.8** | **-4.0** |
| **<PHOENIX RESORT>** | | | | | | |
| **Sales** | **2.1** | **4.7** | **7.4** | **10.0** | **2.2** | **10.6** |
| **Operating Income** | **-0.2** | **-0.2** | **-0.2** | **-0.0** | **-0.1** | **0.1** |
| **No. of facility users (Thousands)** | **168** | **418** | **608** | **812** | **189** | **837** |
| 3 accommodation facilities | 67 | 181 | 266 | 357 | 75 | 379 |
| 2 golf courses | 24 | 45 | 69 | 94 | 25 | 100 |
| Other facilities | 77 | 192 | 273 | 361 | 89 | 358 |

**<PARADISE SEGASAMMY *>**

| | 2019/3 | | | | 2020/3 | |
|---|---|---|---|---|---|---|
| | 1Q | Through 2Q | Through 3Q | Through 4Q | 1Q | Forecast |
| **Sales (Billion KRW)** | **65** | **129** | **213** | **301** | **90** | **-** |
| **Operating Income (Billion KRW)*** | **0** | **-1** | **0** | **-20** | **-7** | **-** |
| **Number of casino visitors (Thousands)** | **57** | **128** | **207** | **295** | **82** | **-** |

* PARADISE SEGASAMMY Co., Ltd. is an equity method affiliate
* Figures for PARADISE SEGASAMMY Co., Ltd. are recorded with three months delay
* Local accounting standards

# Segment Results: Resort Business (Phoenix Seagaia Resort)



■ Exterior



■ Golf Course



■ Convention Center

<Overview>

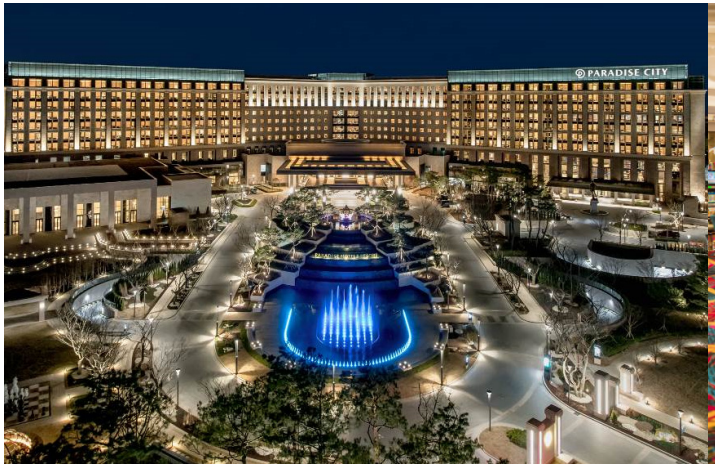
| | | |
|---|---|---|
| **Facility name** | Phoenix Seagaia Resort | |
| **Operating company** | Phoenix Resort Co., Ltd. | |
| **Facility address** | 3083 Aza Hamayama, O-Aza Shioji, Miyazaki City, Miyazaki Prefecture | |
| **Number of employees** | 766 (as of June 30, 2019) (including, concurrent officers, full-time employees, seconded employees, contract employees and part-time employees) | |
| **Site area** | 2,511,144m$^2$ | |
| **Facility composition** | Hotel | 950 rooms<br>(Sheraton Grande Ocean Resort, Luxze Hitotsuba and Cottage HIMUKA) |
| | Golf courses | 45 holes (Phoenix Country Club, Tom Watson Golf Course)<br>Phoenix Golf Academy |
| | Convention Center | Approx. 5,500 m$^2$<br>(capacity for approx. 5,000 people) |
| | Other Entertainment facilities etc. | Spa, hot springs, fitness club, horse riding club, tennis court and wedding halls |

<Access>

| | |
|---|---|
| ■ Miyazaki Airport | 20-minute by car |
| ■ JR Miyazaki train station | Approx. 25-minute by public bus (chargeable)<br>15-minute by car |
| ■ Express way | Approx. 25-minute drive from Miyazaki Interchange |

©Phoenix Resort

# PARADISE SEGASAMMY (Equity method affiliate)




■ Exterior



■ Casino facility



■ Lobby lounge (Hotel)

<Overview>

| | |
|---|---|
| **Facility name** | PARADISE CITY |
| **Operating company** | PARADISE SEGASAMMY Co.,Ltd. |
| **Facility address** | 186, Yeongjonghaeannam-ro 321-gil, Jung-gu, Incheon, Republic of Korea |
| **Number of employees** | 2,820 (as of June 30, 2019) (including, concurrent officers, full-time employees, seconded employees, contract employees and part-time employees) |
| **Site area** | 330,000㎡ |
| **Investment amount** | Approx. 1,567.5 billion KRW (amount invested by SEGA SAMMY: 331.9 billion KRW; shareholding ratio: 45%) |
| **Facility composition** | ・Casino (table games: 158 units, electronic table games: 4 units 62 seats, slot machines: 291 units)<br>・Hotel (711 rooms; additional facilities: restaurant, banquet hall, indoor and outdoor pools, etc.)<br>・Convention<br>・SPA ・CLUB ・Boutique Hotel (58 rooms)<br>・PLAZA (Commercial facility / cultural center, shopping mall)<br>・WONDER BOX (for families) |

<Access to PARADISE CITY>

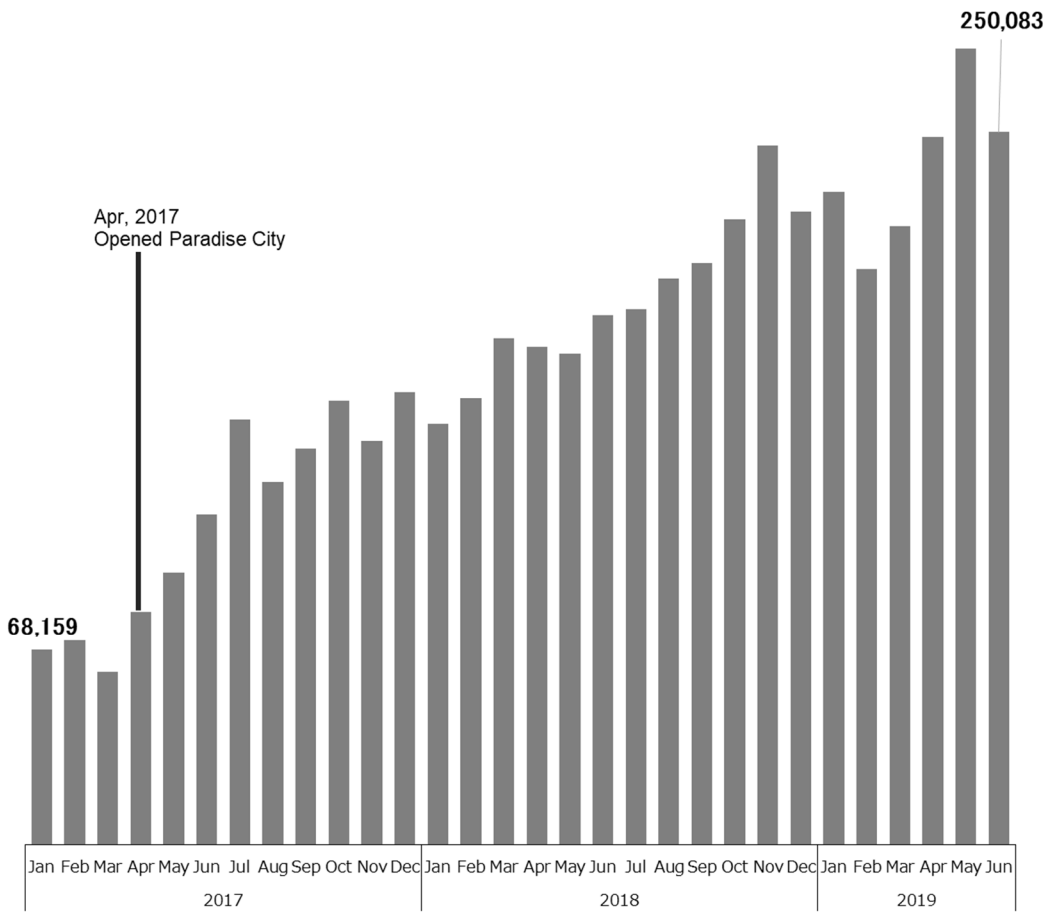
■ 3-minute drive by car or shuttle bus (free of charge)
5-minute ride on linear monorail (free of charge) and
15-minute walk from Incheon International Airport

■ Also a 5-minute drive from Incheon Interchange on the expressway

## Transition of Drop* amount at Paradise SegaSammy

*Drop : The amount of cash exchanged for chips by customers at the table

(KRW Millions)




(KRW Billion)

| | FY2019 1Q | FY2020 1Q |
|---|---|---|
| Sales | 65.2 | 90.6 |
| Casino | 55.6 | 74.7 |
| Hotel | 9.5 | 13.2 |
| Other | - | 2.6 |
| Cost of sales | 58.2 | 88.7 |
| Casino | 36.2 | 44.5 |
| Hotel | 21.9 | 27.3 |
| Other | - | 16.7 |
| Gross profit | 6.9 | 1.9 |
| SG&A | 6 | 9 |
| Operating profit | 0.8 | -7.1 |
| EBITDA | 9.6 | 8.2 |
| Net profit | -4.1 | -14.3 |

Source: Paradise IR

| | | |
|---|---|---|
| SEGASAMMY Equity method acquisition amount (Billion yen) | -0.3 | -0.8 |

* 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

| | |
|---|---|
| **Casino facility** | Upper limit for square measures of gaming areas within casino facility is 3% of the total floor area of IR facilities |
| **Facility No.1: International convention and conference facilities** | Capacity of the largest international convention and conference room must be more than 1,000 people. Total capacity of whole international convention and conference facilities must be more than twice of the capacity of the largest international convention and conference room. |
| **Facility No.2: Exhibition facilities** | Square measures of exhibition facilities must meet the standards according to the below tier based on capacity of the largest international convention and conference room.<br>(Capacity of the largest international convention and conference room)<br>・More than 1,000 and less than 3,000 people ⇔ Total floor area of exhibition facilities: more than 120K ㎡<br>・More than 3,000 and less than 6,000 people ⇔ Total floor area of exhibition facilities: more than 60K ㎡<br>・More than 6,000 people ⇔ Total floor area of exhibition facilities: more than 20K ㎡ |
| **Facility No.3: Facilities enhancing the attractiveness of tourism** | Theater, entertainment hall, concert hall, stadium, cinema, museum, gallery, restaurant and other facilities that contribute enhancing the attractiveness of Japanese tourism |
| **Facility No.4: Facilities with customer transfer functions** | Facilities satisfying below 4 conditions<br>1) showcase function, 2) concierge function, 3) multilingual support function, 4) sufficient facility scale |
| **Facility No.5: Accommodation facilities** | Total square measures for floor area of all guest rooms must be more than 100K ㎡ and facilities must have suite rooms with appropriate square measures and certain ratio of suite rooms. |
| **Facility No. 6 Other facilities** | Facility contributing to the promotion of visit and stay of domestic and inbound tourists |
| **Other: Restriction of casino ads** | Can applies only to places where foreign travelers can stay until they complete immigration procedures at airports operating international flights and passenger terminals of ports where foreign cruise ships are in service |
| **Other: Transaction subject to report** | Cash transactions exceeding 1 million yen between casino business operators and customers |

## ＜APPENDIX：Overview of revision to the rules＞

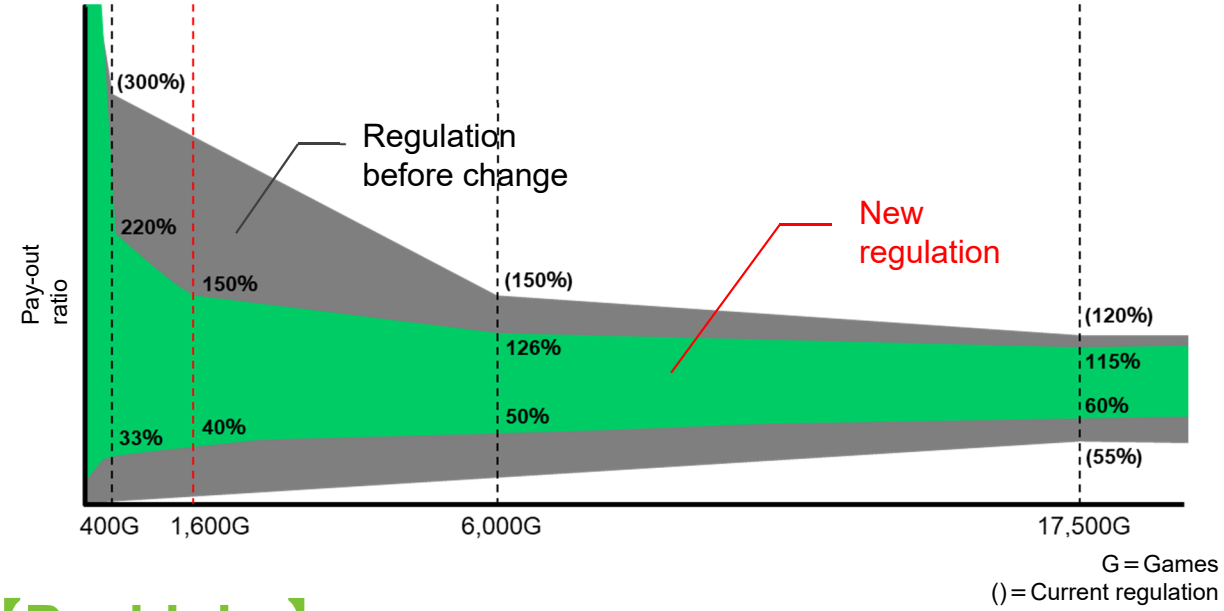
| | |
|---|---|
| Date of enforcement | February 1, 2018 |
| Pachislot and pachinko machine manufacturers | (1) Matters related to regulations of pay-out balls/medals<br>(2) Addition of standards for pachislot and pachinko machines with which pay-out balls/medals information can be easily checked<br>(3) Introduction of “multi stage payout-ratio” to pachinko machines |
| Pachinko halls | (4) Addition of responsibilities of administrators |

*(2) Able to play without touching balls and medals (record and pay-out electronically)

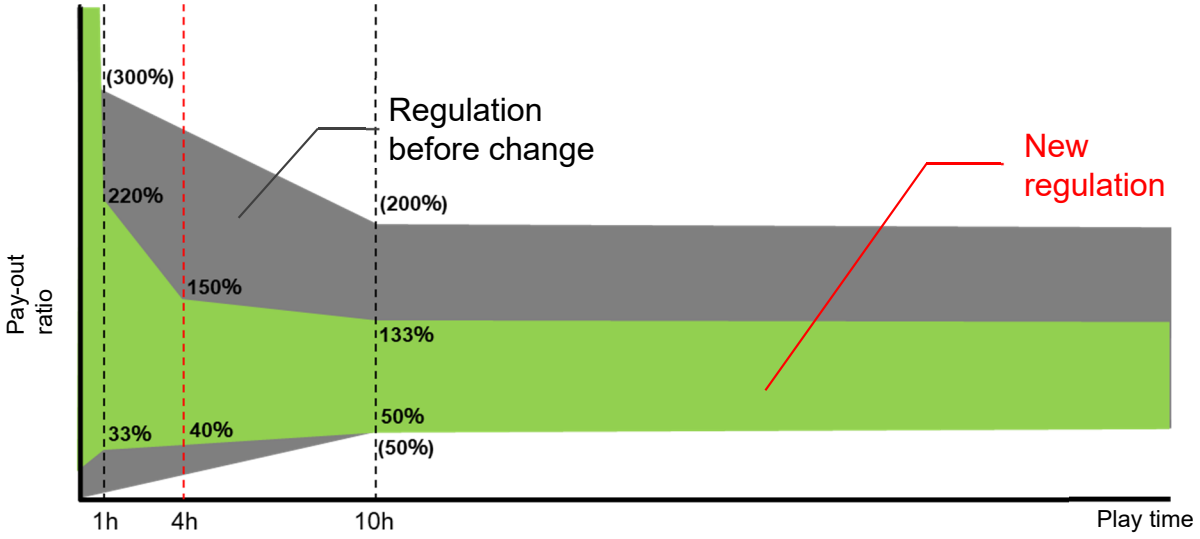
- ✓ Curbing of gambling element is intended in the matters related to regulations of pay-out balls/medals.
- ✓ “Multi stage payout-ratio” is newly approved for pachinko machines.

## <APPENDIX : Comparisons of pay-out ratio (image)>

### 【Pachislot】




### 【Pachinko】




- ✓ **Machines will be transformed to become more playable with the setting of the lower limit of pay-out probability.**
- ✓ **The introduction of "multi stage payout-ratio" will allow broader ways to play.**

$$\text{Pay-out ratio} = \frac{\text{Balls and medals payed out}}{\text{Balls and medals used}}$$

# ＜APPENDIX：Outline of revisions to regulations＞

## 【Pachislot】

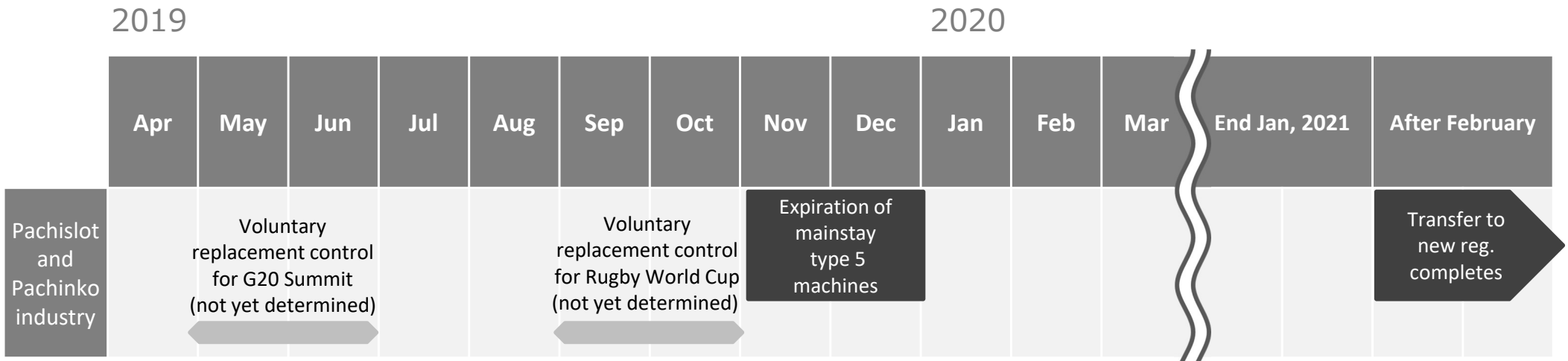
| Content | Test | | | | Multi stage payout-ratio | Number of pay-out medals when hitting a jackpot (Upper limit) |
|---|---|---|---|---|---|---|
| | 400G | 1,600G | 6,000G | 17,500G | | |
| Regulation before change | Less than 300% | – | Less than 150% | Over 55% and less than 120% | Up to 6 stages | 480 |
| New regulation | Over 33% and less than 220% | Over 40% and less than 150% | Over 50% and less than 126% | Over 60% and less than 115% | Up to 6 stages | 300 |

G=Games

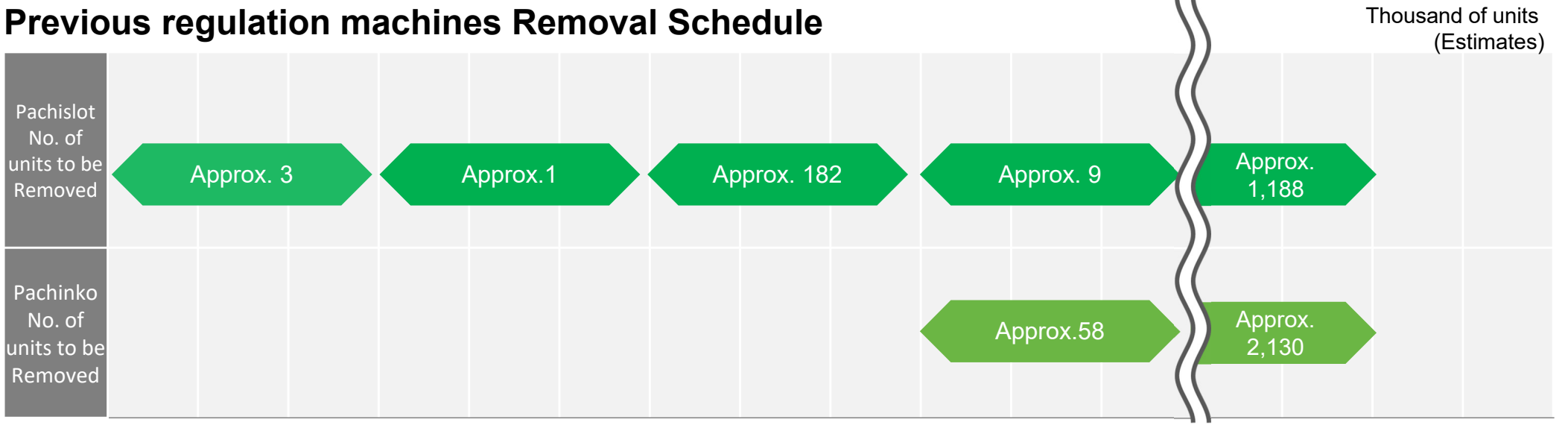
## 【Pachinko】

| Content | Test | | | Multi stage payout-ratio | Number of pay-out balls when hitting a jackpot (Upper limit) |
|---|---|---|---|---|---|
| | 1 hour | 4 hours | 10 hours | | |
| Regulation before change | Less than 300% | – | Over 50% and less than 200% | – | 2,400 |
| New regulation | Over 33% and less than 220% | Over 40% and less than 150% | Over 50% and less than 133% | Up to 6 stages | 1,500 |

# Future demand for replacement

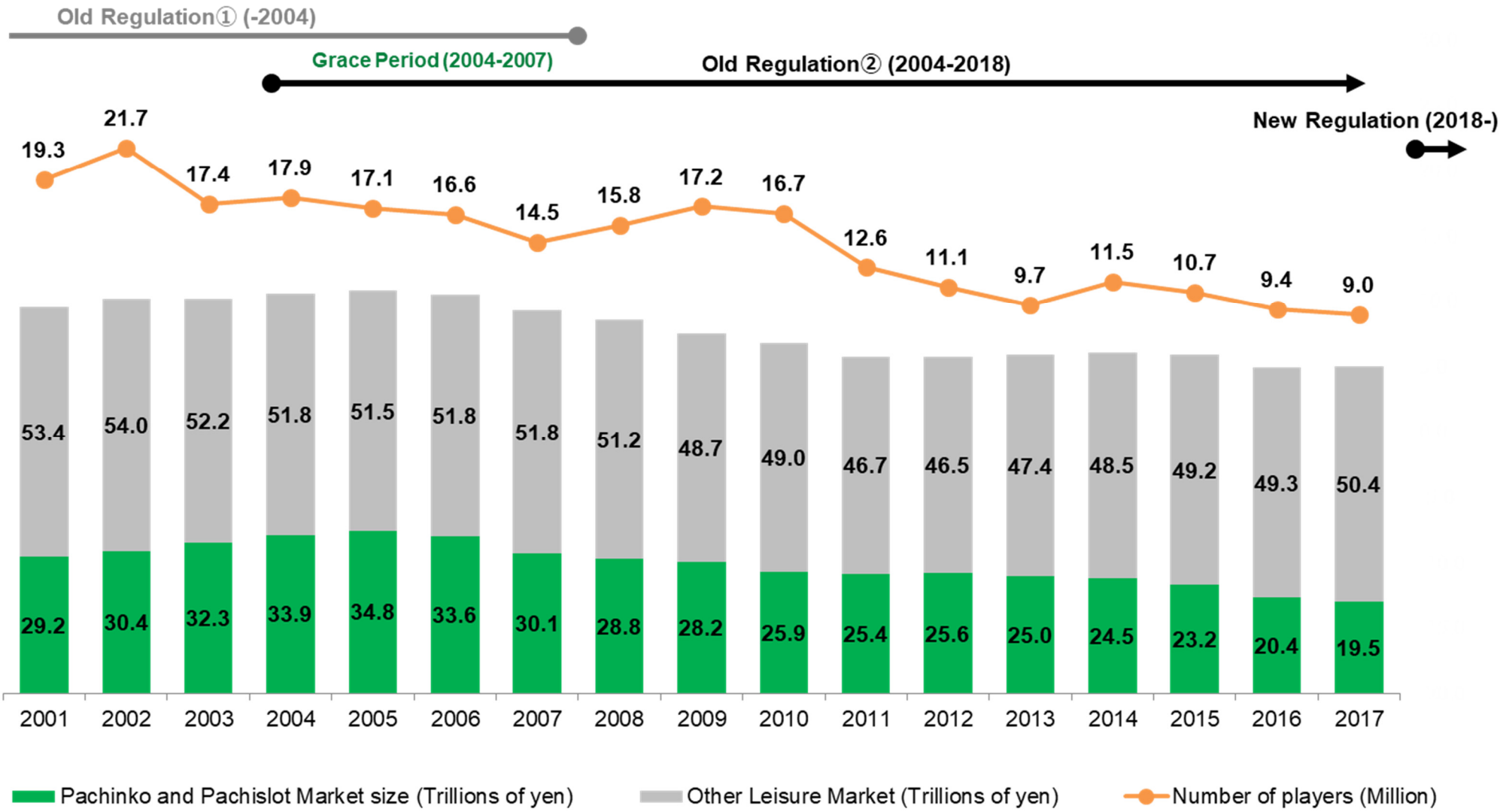



## Previous regulation machines Removal Schedule



# Pachinko and Pachislot Machine Markets

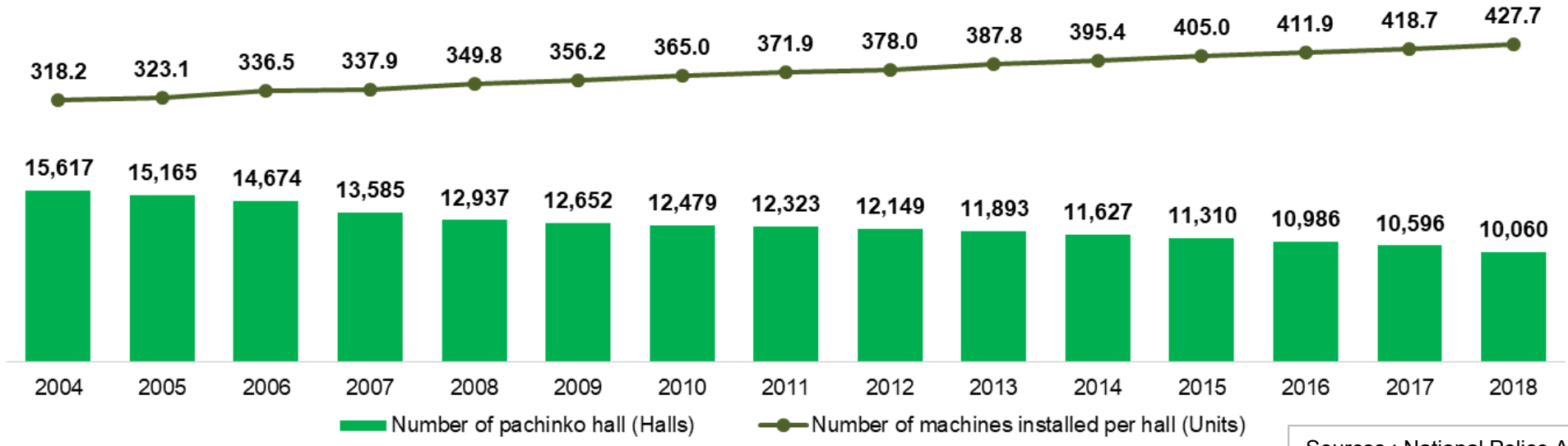
## Transition of market size and number of players




Source: White Paper on Leisure Industry 2018, Japan Productivity Center

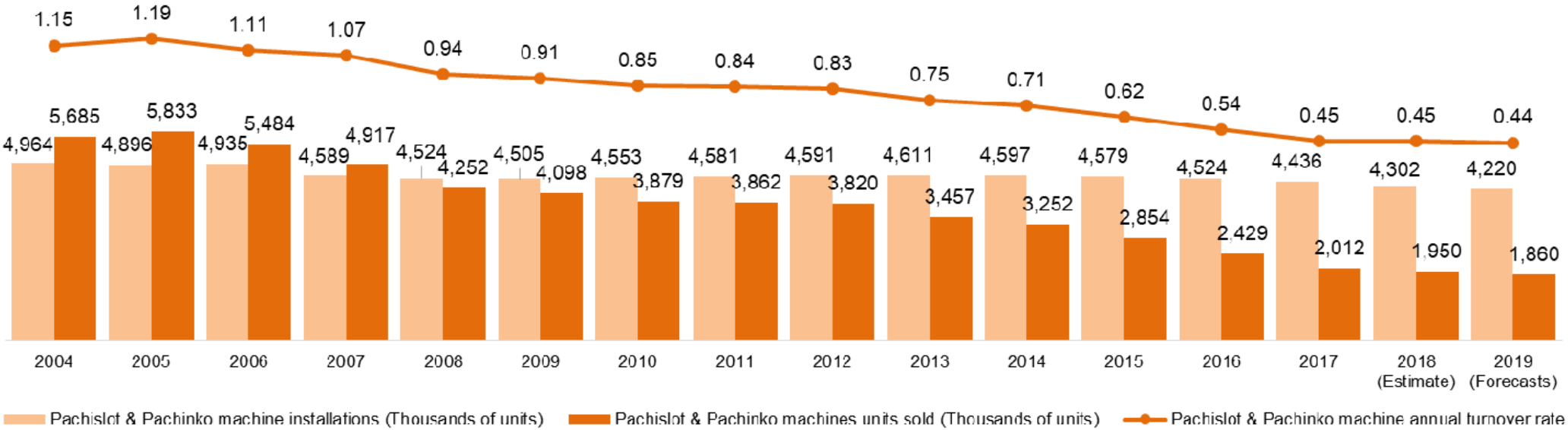
# Pachinko and Pachislot Machine Markets

## Transition of number of pachinko halls and number of machines installed per hall



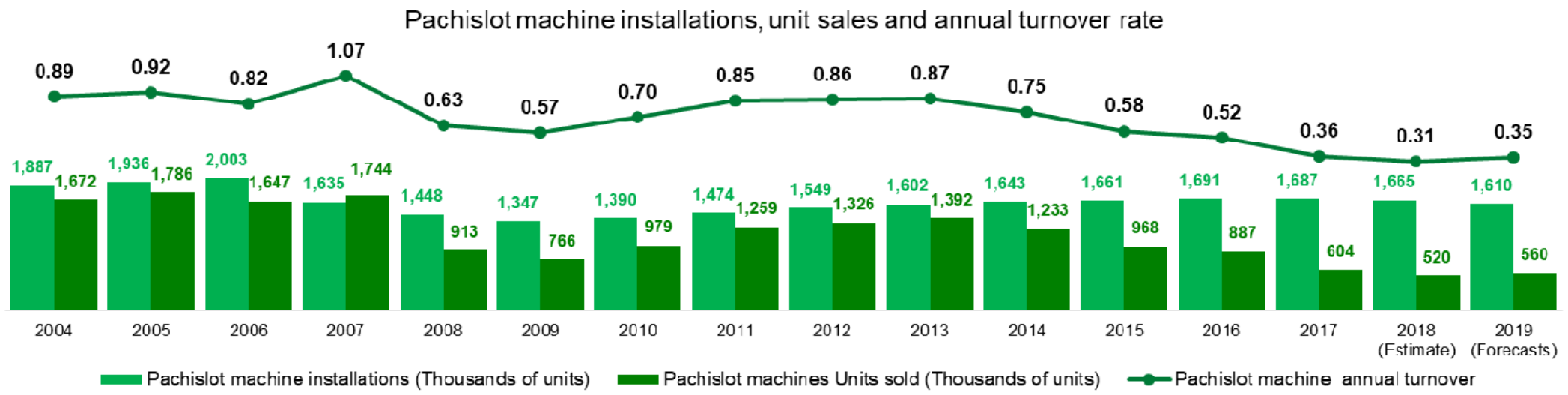

Sources : National Police Agency

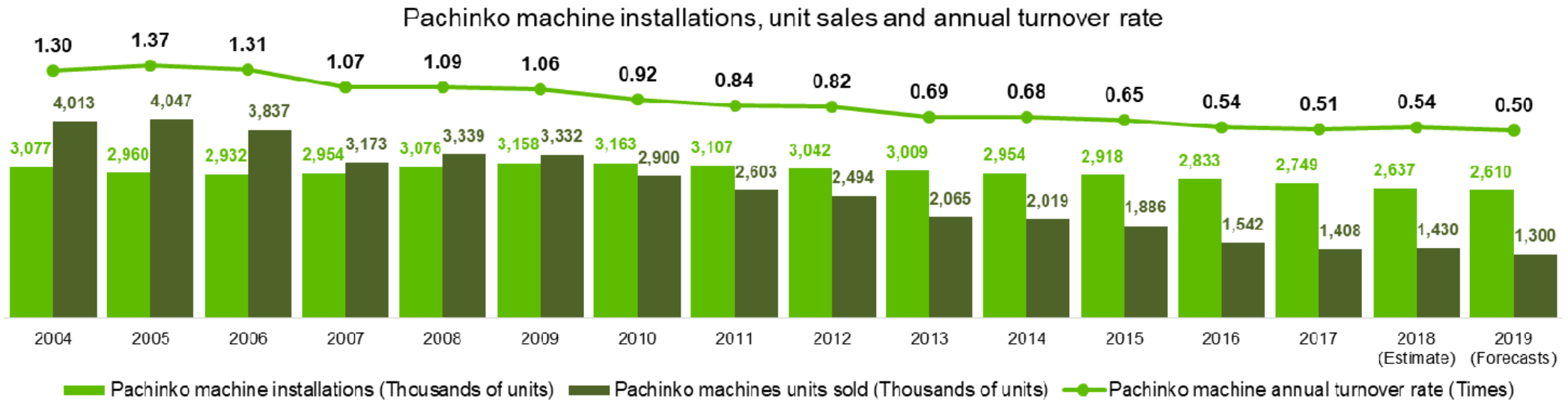
## Pachislot & Pachinko machine Installations, Unit sales and Annual turnover




Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2018,2019 are our forecasts)

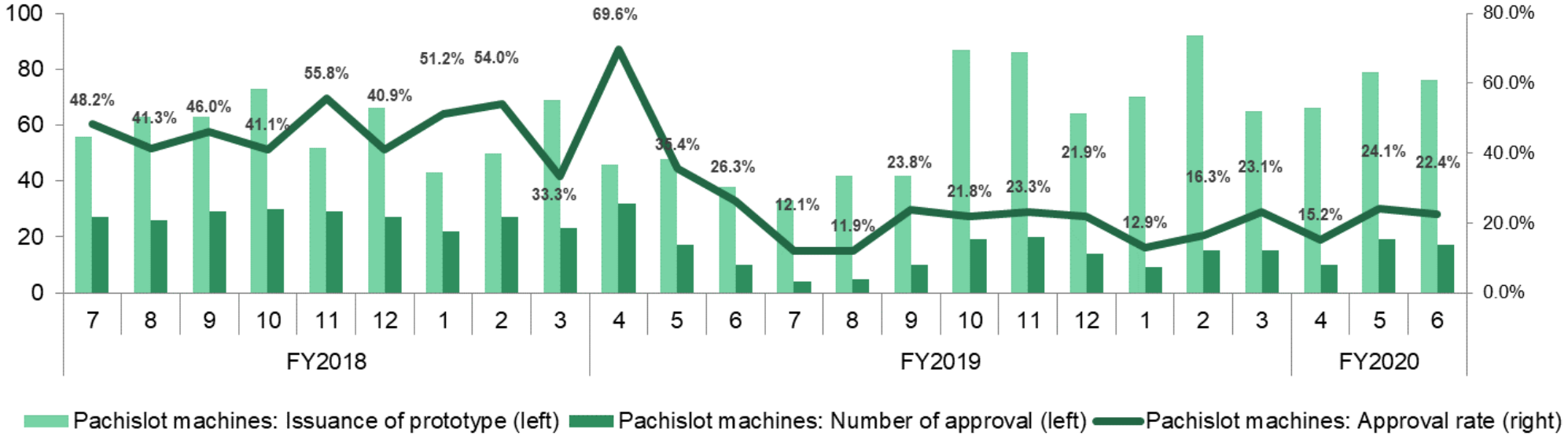
# Pachinko and Pachislot Machine Markets



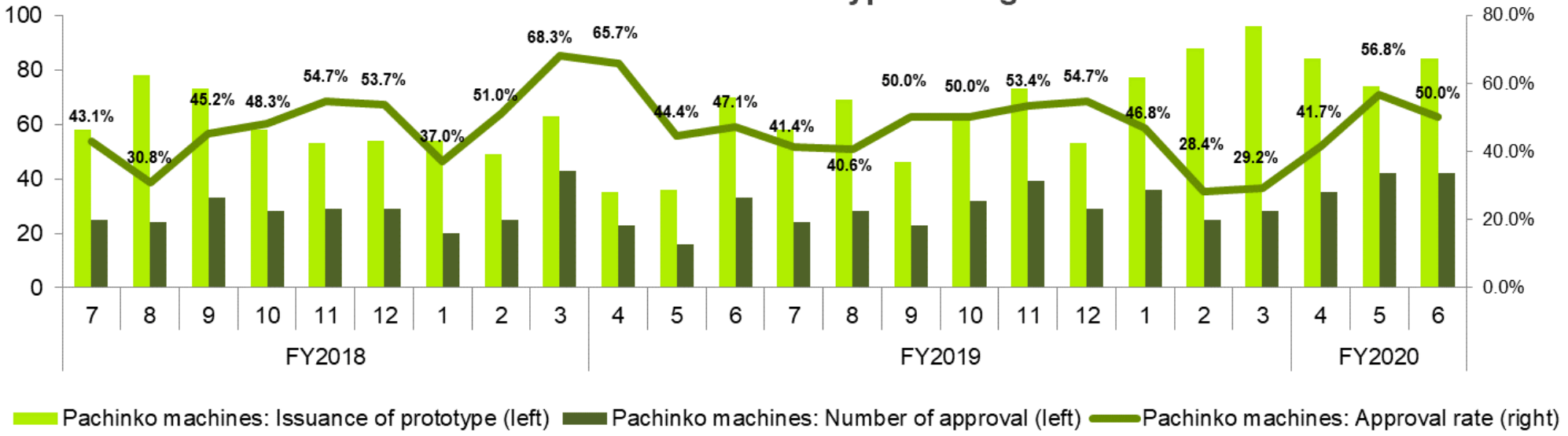




Sources: National Police Agency and Yano research Institute Ltd. (*The data for 2018, 2019 are our forecasts)

## Pachislot machines: Prototype testing results




## Pachinko machines: Prototype testing results




Source: Security Communications Association

# Pachislot / Pachinko Machine Sales Share

## Share of Annual Pachislot Machine Sales

| | 2013 | | | 2014 | | | 2015 | | | 2016 | | | 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rank | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share |
| 1 | **Sammy** | **301,575** | **21.7%** | **Sammy** | **207,828** | **16.8%** | UNIVERSAL | 165,000 | 17.0% | **Sammy** | **215,736** | **24.3%** | K company | 107,000 | 17.7% |
| 2 | UNIVERSAL | 215,000 | 15.5% | UNIVERSAL | 205,000 | 16.6% | **Sammy** | **142,337** | **14.7%** | UNIVERSAL | 203,000 | 22.9% | D company | 100,000 | 16.5% |
| 3 | HEIWA/ OLYMPIA | 120,000 | 8.6% | DAITO | 128,000 | 10.4% | HEIWA/ OLYMPIA | 113,997 | 11.8% | KITA DENSHI | 90,500 | 10.2% | **Sammy** | **85,041** | **14.1%** |
| 4 | SANKYO | 116,291 | 8.4% | YAMASA | 108,000 | 8.8% | KITA DENSHI | 100,000 | 10.3% | HEIWA/ OLYMPIA | 80,953 | 9.1% | U company | 43,000 | 7.1% |
| 5 | DAITO | 102,000 | 7.3% | HEIWA/ OLYMPIA | 92,763 | 7.5% | SANKYO | 80,125 | 8.3% | Enterrise | 57,000 | 6.4% | Y company | 38,000 | 6.3% |

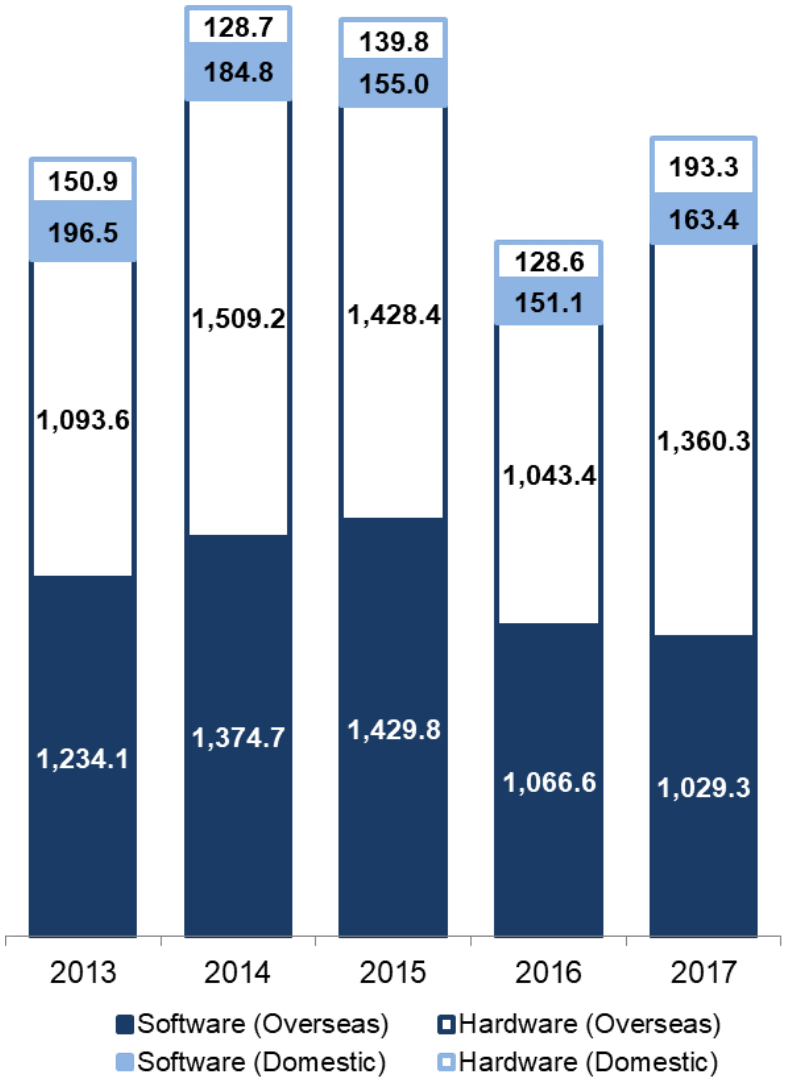
## Share of Annual Pachinko Machine Sales

| | 2013 | | | 2014 | | | 2015 | | | 2016 | | | 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rank | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share | Manufacturer | Units sold | Share |
| 1 | KYORAKU | 349,000 | 17.0% | SANYO | 330,000 | 16.3% | Sansei R&D | 300,000 | 15.9% | SANYO | 306,000 | 19.8% | S company | 330,000 | 23.4% |
| 2 | SANYO | 315,000 | 15.4% | SANKYO | 329,892 | 16.3% | SANKYO | 296,346 | 15.7% | Sansei R&D | 209,000 | 13.5% | S company | 171,919 | 12.2% |
| 3 | SANKYO | 291,967 | 14.3% | KYORAKU | 308,000 | 15.3% | SANYO | 275,000 | 14.6% | HEIWA/ OLYMPIA | 192,761 | 12.5% | **Sammy** | **140,013** | **9.9%** |
| 4 | **Sammy** | **200,225** | **9.8%** | HEIWA/ OLYMPIA | 252,103 | 12.5% | HEIWA/ OLYMPIA | 234,616 | 12.4% | SANKYO | 172,954 | 11.2% | K company | 140,000 | 9.9% |
| 5 | HEIWA/ OLYMPIA | 197,000 | 9.6% | **Sammy** | **241,425** | **12.0%** | Newgin | 220,000 | 11.7% | Newgin | 160,000 | 10.4% | S company | 130,000 | 9.2% |
| | | | | | | | 6 | **Sammy** | **199,014** | **10.5%** | **Sammy** | **138,321** | **9.0%** | | |

Source: Yano Research Institute Ltd.
*Estimated by Yano Research Institute Ltd. with fiscal years from July of each year through June the following year as criteria

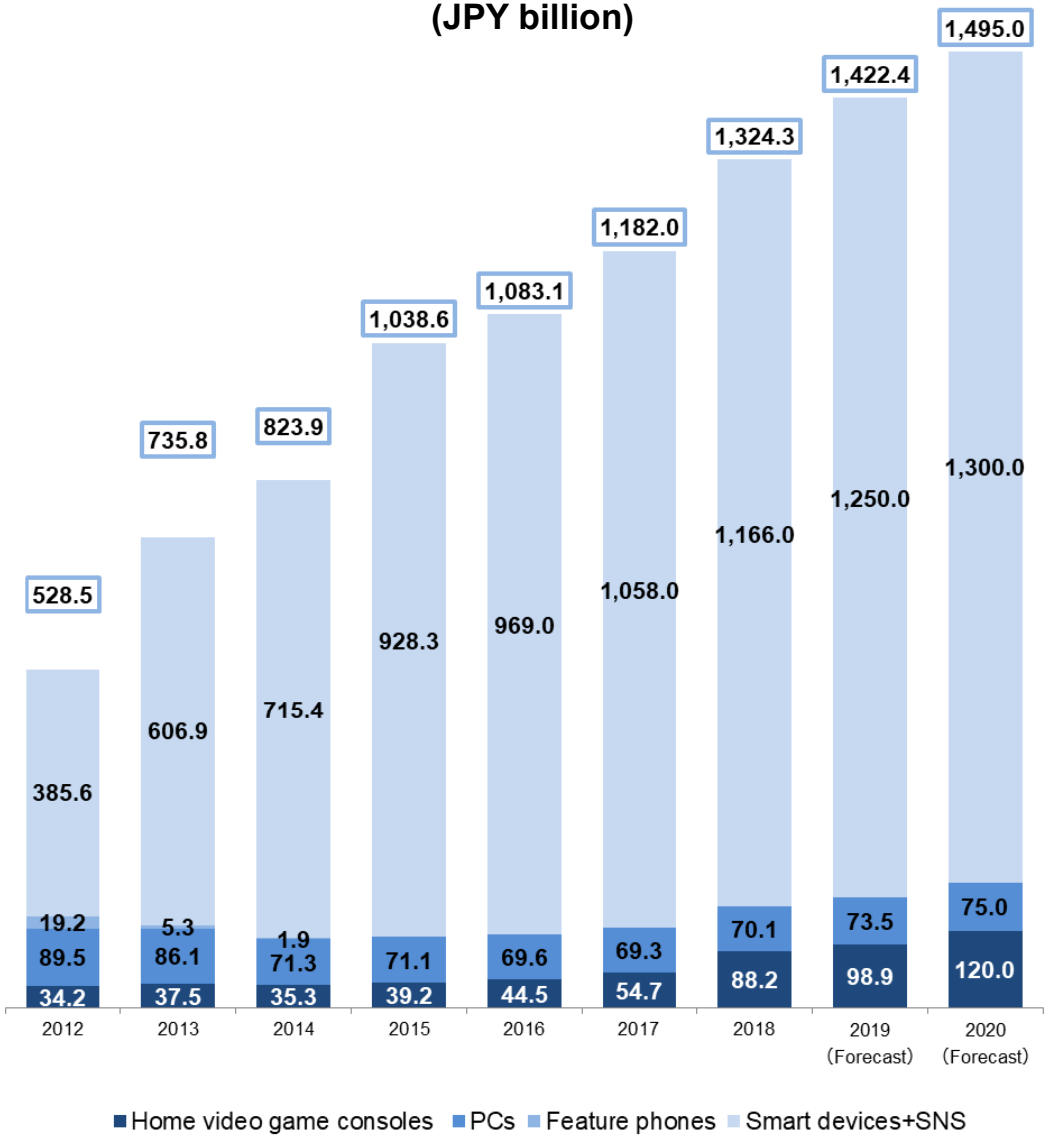
## Home Video Game and Online Game Markets Scale

### Home Video Games: Overall Shipment Scale (JPY billion)




Source: CESA Games White Paper

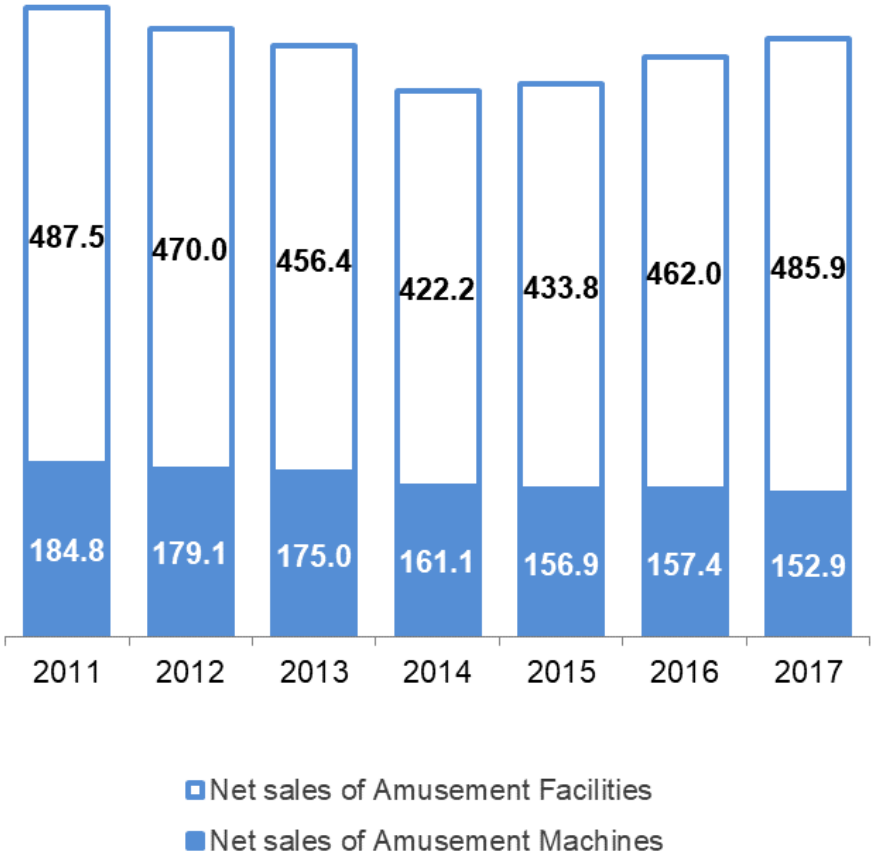
### Japan's Market for Game Content with Network Connectivity (JPY billion)



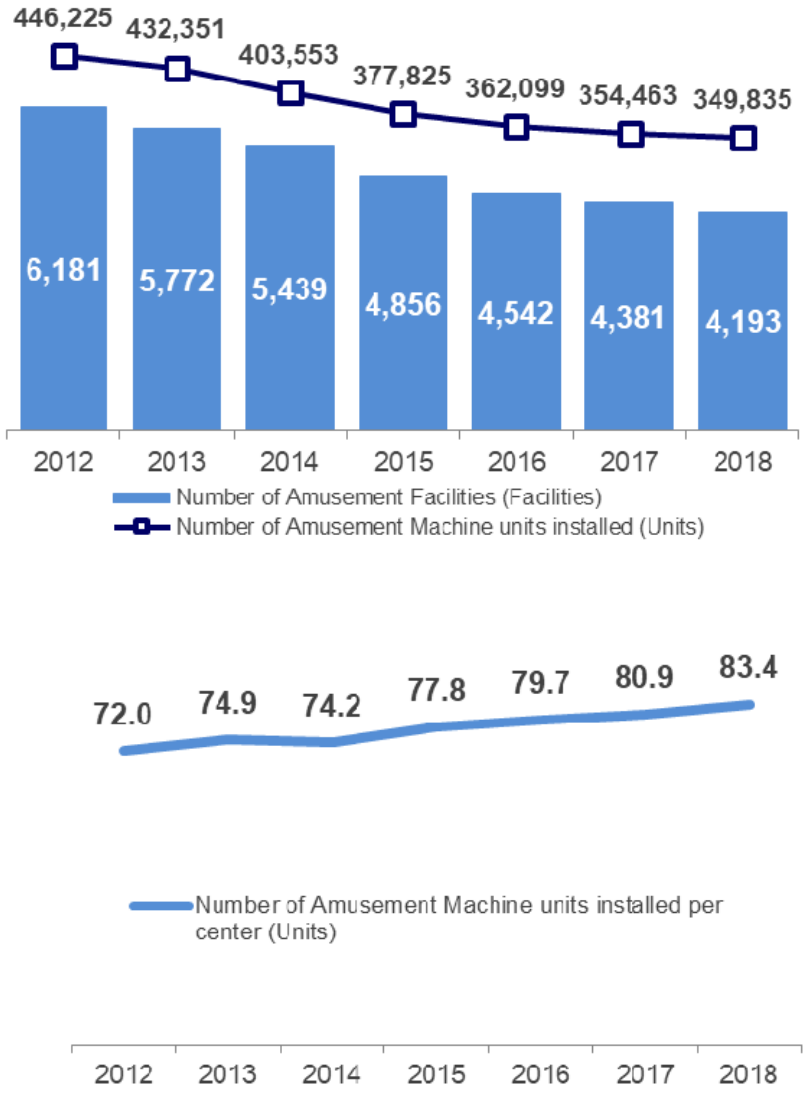

Source: f-ism

## Amusement Machine and Amusement Center Operations Markets Scale

### Amusement Machine / Facilities sales (JPY billion)




### Number of Amusement Facilities / Amusement Machine unit installed




Source: JAIA, National Police Agency

# Past Operating Results (FY Ended March 2015~)

## From FY Ended March 2015~

*The data in this page can be downloaded from following URL.
(https://www.segasammy.co.jp/english/ir/library/pdf/settlement/2020/e_202003_1q_transition.xls)

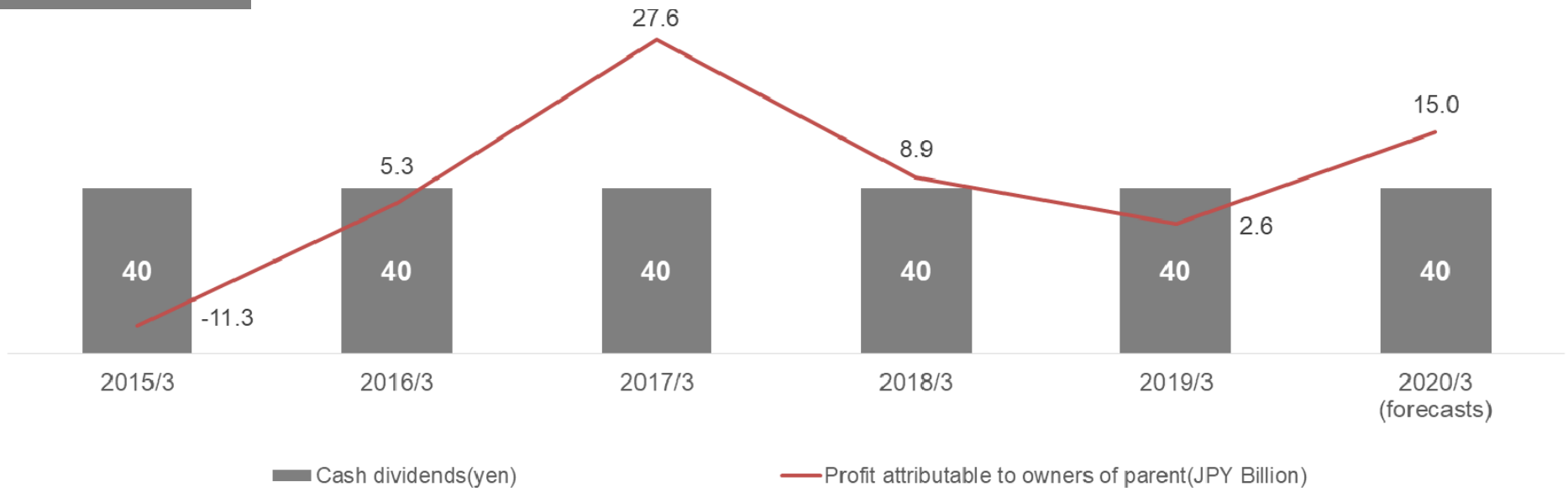
| (JPY Billion) | | FY Ended March 2015 | | FY Ended March 2016 | | FY Ended March 2017 | | FY Ended March 2018 | | FY Ended March 2019 | | | | FY Ending March 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Results Through 2Q | Full Year Results | Results Through 2Q | Full Year Results | Results Through 2Q | Full Year Results | Results Through 2Q | Results Through 4Q | Results Through 1Q | Results Through 2Q | Results Through 3Q | Results Through 4Q | Results Through 1Q |
| | Net Sales | 158.1 | 366.8 | 154.3 | 347.9 | 169.5 | 366.9 | 194.7 | 323.6 | 68.8 | 171.0 | 250.3 | 331.6 | 72.7 |
| Breakdown | Pachislot and Pachinko Machines | 61.1 | 152.1 | 56.6[60.9]* | 132.7[141.0]* | 64.9 | 148.2 | 88.3 | 105.6 | 21.5 | 58.6 | 76.1 | 101.4 | 17.1 |
| Breakdown | Entertainment Contents | 90.3 | 199.6 | 90.2[85.9]* | 198.8[190.5]* | 97.8 | 205.7 | 101.5 | 208.0 | 45.0 | 107.2 | 166.2 | 219.6 | 53.0 |
| Breakdown | Resort | 6.6 | 14.9 | 7.4 | 16.3 | 6.7 | 13.0 | 4.7 | 9.9 | 2.3 | 5.1 | 7.9 | 10.5 | 2.4 |
| | Operating Income | 2.7 | 17.4 | 5.7 | 17.6 | 15.3 | 29.5 | 26.8 | 17.7 | 0.9 | 10.2 | 11.9 | 13.0 | 3.4 |
| Breakdown | Pachislot and Pachinko Machines | 7.0 | 25.7 | 8.5[8.4]* | 21.5[20.9]* | 10.6 | 26.3 | 21.4 | 11.9 | 1.7 | 9.6 | 9.6 | 13.4 | 1.3 |
| Breakdown | Entertainment Contents | 0.6 | 0.0 | 1.5[1.7]* | 3.6[4.2]* | 9.1 | 11.1 | 10.1 | 14.8 | 1.6 | 6.1 | 10.6 | 9.8 | 4.9 |
| Breakdown | Resort | -1.4 | -2.3 | -1.2 | -1.8 | -1.3 | -2.2 | -1.2 | -2.5 | -0.6 | -1.1 | -1.9 | -2.4 | -0.8 |
| Breakdown | Other / Elimination | -3.5 | -6.0 | -3.1[-3.2]* | -5.7 | -3.1 | -5.7 | -3.4 | -6.5 | -1.8 | -4.4 | -6.4 | -7.8 | -2.0 |
| | Operating Margin | 1.7% | 4.7% | 3.7% | 5.1% | 9.0% | 8.0% | 13.8% | 5.5% | 1.3% | 6.0% | 4.8% | 3.9% | 4.7% |
| | Ordinary Income | 2.6 | 16.8 | 5.8 | 16.4 | 15.4 | 28.5 | 25.2 | 14.5 | 0.6 | 9.1 | 9.0 | 7.4 | 2.3 |
| | Ordinary Income Margin | 1.6% | 4.6% | 3.8% | 4.7% | 9.1% | 7.8% | 12.9% | 4.5% | 0.9% | 5.3% | 3.6% | 2.2% | 3.2% |
| | Profit attributable to owners of parent | -2.8 | -11.3 | 0.9 | 5.3 | 24.2 | 27.6 | 17.7 | 8.9 | 0.3 | 6.7 | 0.6 | 2.6 | 1.7 |
| | Net Income Margin | - | - | 0.6% | 1.5% | 14.3% | 7.5% | 9.1% | 2.8% | 0.4% | 3.9% | 0.2% | 0.8% | 2.3% |
| | ROA | — | -2.2% | — | 1.0% | — | 5.2% | — | 1.8% | — | — | — | 0.6% | — |
| | ROE | — | -3.4% | — | 1.8% | — | 9.2% | — | 2.9% | — | — | — | 0.9% | — |
| | Equity Ratio | — | 60.0% | — | 55.3% | — | 59.0% | — | 65.0% | — | — | — | 65.1% | — |
| | Cash flows to interest bearing debt ratio | — | 301.9% | — | 798.8% | — | 178.6% | — | 334.7% | — | — | — | 520.9% | — |
| | Interest coverage ratio | — | 45.2 times | — | 19.1 times | — | 61.4times | — | 36.5 times | — | — | — | 27.3 times | — |
| | R&D expense / content production expense | 28.4 | 67.6 | 24.7 | 58.0 | 31.7 | 67.1 | 30.7 | 62.0 | 14.1 | 30.8 | 48.3 | 66.6 | 17.1 |
| | Cap-ex | 14.7 | 28.7 | 12.5 | 28.0 | 13.8 | 27.0 | 10.3 | 24.1 | 6.4 | 17.8 | 24.3 | 34.4 | 5.1 |
| | Depreciation | 8.1 | 17.6 | 8.2 | 16.6 | 7.6 | 16.3 | 8.2 | 16.2 | 3.9 | 7.4 | 10.8 | 14.5 | 3.6 |
| | Advertising | 10.0 | 19.1 | 9.3 | 17.9 | 7.6 | 14.8 | 7.8 | 15.4 | 3.3 | 8.4 | 12.2 | 16.0 | 3.6 |
| | # of pachislot titles | 4 titles | 6 titles | 2 titles | 7 titles | 3 titles | 10 titles | 8 titles | 9 titles | 1 title | 1 title | 3 titles | 6 titles | 0 title |
| | Unit sales | 93,045 units | 207,830 units | 70,260 units | 142,337 units | 81,895 units | 215,736 units | 75,380 units | 85,041 units | 9,073 units | 12,853 units | 31,534 units | 67,140 units | 17,930 units |
| | # of pachinko titles | 5 titles | 10 titles | 6 titles | 8 titles | 3 titles | 9 titles | 4 titles | 5 titles | 1 title | 3 titles | 5 titles | 7 titles | 2 titles |
| | Unit sales | 82,955 units | 241,425 units | 79,604 units | 199,014 units | 75,542 units | 138,321 units | 119,312 units | 140,013 units | 40,997 units | 117,891 units | 136,670 units | 159,848 units | 16,212 units |
| | YoY sales comparison of existing amusement centers | 98.7% | 100.1% | 102.2% | 103.1% | 110.8% | 108.5% | 101.5% | 101.9% | 104.2% | 104.5% | 104.2% | 104.0% | 109.0% |
| | No. of domestic amusement centers | 198 facilities | 198 facilities | 198 facilities | 194 facilities | 189 facilities | 191 facilities | 189 facilities | 189 facilities | 189 facilities | 189 facilities | 191 facilities | 190 facilities | 191 facilities |
| | # of game software titles | 6 titles | 30 titles | 12 titles | 29 titles | 21 titles | 42 titles | 16 titles | 38 titles | 5 titles | 18 titles | 26 titles | 31 titles | 8 titles |
| | Sales (Thousand units) | 4,100 | 12,280 | 3,280 | 9,220 | 4,650 | 10,280 | 8,650 | 17,330 | 5,700 | 11,180 | 18,510 | 23,440 | 6,240 |

*Sales of new segment is changed to gross basis.
*Basis for recording net sales was changed from shipment to delivery starting in FY ended March 2016.
*In line with the change of accounting policy, contents of retroactive processing have been reflected on new segments since FY ended March 2015.
*Part of Entertainment Contents Business has been transferred to Pachislot and Pachinko Machines Business since for FY ended March 2017.
*Numbers shown in parentheses for FY 2016 results are retroactively adjusted values of estimates after changing the breakdown.
*Added the number of titles in Asia from FY March 2017

# Shareholder Returns

## Dividend Policy

Continue to pay an annual dividend of ¥40




## Introduction of Shareholder Benefits

We introduced shareholders benefit program to encourage shareholders to experience our services and hold our shares in the long term and expanded the benefits from March 31 2019.

| Number of owned shares | Details of benefits (Gifted twice a year) |
|---|---|
| More than 100 shares<br>Less than 1,000 shares | I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online |
| More than1,000 shares<br>Less than 3,000 shares | I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online<br>II. Facility use ticket worth 10,000 yen, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture) |
| More than 3,000 shares<br>Less than 5,000 shares | I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online<br>II. Facility use ticket worth 20,000 yen, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture) |
| More than 5,000 | I. 1,000-yen worth voucher for UFO Catcher, redeemable at SEGA game centers in Japan or redeemable at SEGA Catcher Online<br>II. Facility use ticket worth 20,000 yen, redeemable at Phoenix Seagaia Resort (Miyazaki Prefecture)<br>III. 1 free accommodation ticket (1 room, maximum 2 person) usable at Sheraton Grande Ocean Resort in Phoenix Seagaia Resort (Miyazaki Prefecture)<br>IV. 1 free accommodation ticket (1 room, maximum 2 person) usable at Paradise Hotel & Resort in Paradise City (Incheon, Korea) |

*Please see the official homepage of SEGA SAMMY HOLDINGS for the details about shareholder benefits program

# Company Profile

(As of March 31, 2019)

| | |
|---|---|
| **Company Name** | SEGA SAMMY HOLDINGS INC. |
| **Address** | Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo |
| **Established** | October 1, 2004 |
| **Capital** | ¥29.9 billion |
| **Number of Employees** | 7,993 (Consolidated) |
| **Stock Exchange** | Tokyo Stock Exchange (Stock Code：6460) |

### Managements

(As of June 21, 2019)

| | |
|---|---|
| Chairman and Group CEO (Representative Director) | Hajime Satomi |
| President and Group COO (Representative Director) | Haruki Satomi |
| Senior Executive Vice President (Director of the Board) | Naoya Tsurumi |
| Executive Vice President and Group CFO (Director of the Board) | Koichi Fukazawa |
| Executive Vice President (Director of the Board) | Hideki Okamura |
| Senior Vice President (Director of the Board) | Hideo Yoshizawa |
| Director of the Board (External) | Takeshi Natsuno |
| Director of the Board (External) | Kohei Katsukawa |
| Director of the Board (External) | Hiroshi Onishi |
| Director of the Board (External) | Melanie Brock |
| Standing Audit & Supervisory Board Member | Shigeru Aoki |
| Audit & Supervisory Board Member | Yukito Sakaue |
| Audit & Supervisory Board Member (External) | Mineo Enomoto |
| Audit & Supervisory Board Member (External) | Kazutaka Okubo |

# Information on Outstanding Shares

(As of March 31, 2019)

| | |
|---|---|
| **Number of shares authorized for issuance** | 800,000,000 shares |
| **Total number of shares issued and outstanding** | 266,229,476shares |
| **Number of Shareholders** | 77,599 |

### ■Principal Shareholders

| Name of Shareholder | Shares Held | Shareholding Ratio (%) |
|---|---|---|
| HS Company | 35,308,000 | 13.26 |
| SEGA SAMMY HOLDINGS INC. | 31,493,927 | 11.83 |
| FSC Co., Ltd. | 13,562,840 | 5.09 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 11,474,000 | 4.30 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 10,244,800 | 3.84 |

### ■Distribution of Shareholders

| | |
|---|---|
| Financial Institutions | 16.86% |
| Securities Companies | 1.18% |
| Other Companies | 20.92% |
| Foreign Institutions and Individuals | 28.25% |
| Japanese Individuals and Other | 20.96% |
| Treasury Stock | 11.83% |

*Including the number of share less than 1 unit

https://www.segasammy.co.jp/english/ir/

Please visit below websites for products and service information.
https://www.segasammy.co.jp/english/pr/corp/group/list.html
(SegaSammy Group Website list)

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

**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/