

(Translation)

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese GAAP)

Name of Company : SEGA SAMMY HOLDINGS INC.  
 Listing : Tokyo Stock Exchange Prime  
 Code number : 6460  
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Scheduled date to hold Annual Meeting of Shareholders : June 22, 2023 (plan)  
 Scheduled date to file financial report : June 23, 2023 (plan)  
 Scheduled date to commence dividend payments : June 2, 2023 (plan)  
 Preparation of supplementary material on financial results : Yes  
 Holding of financial results briefing : Yes (for institutional investors)

(Amounts below one million yen are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

#### (1) Consolidated Operating Results

(Percentage represents changes from the prior year)

Year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	389,635	21.4	46,789	46.0	49,473	48.4	45,938	24.1
March 31, 2022	320,949	15.6	32,042	389.0	33,344	-	37,027	-

(Note) Comprehensive income:

For Year ended March 31, 2023 : ¥52,057 million (32.7%)  
 For Year ended March 31, 2022 : ¥39,224 million (709.9%)

Year ended	Net income per share	Net income per share (Diluted)	Return on equity	Return on assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2023	208.07	207.13	14.7	9.8	12.0
March 31, 2022	158.85	158.24	12.7	8.6	10.0

(Reference) Equity in earnings of affiliates:

For Year ended March 31, 2023 : ¥(520) million  
 For Year ended March 31, 2022 : ¥(2,778) million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	501,566	331,347	66.0	1,498.75
March 31, 2022	435,492	292,637	67.1	1,311.72

(Reference) Shareholders' equity

March 31, 2023 : ¥330,854 million

March 31, 2022 : ¥292,411 million

## (3) CONSOLIDATED CASH FLOWS

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the year-end
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	44,704	(2,351)	(15,358)	179,509
March 31, 2022	39,607	(8,794)	(35,970)	152,459

## 2. Cash Dividends

	Cash dividends per share					Total dividends paid (annual)	Payout ratio (Consolidated)	Dividends paid to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Full-year			
Year ended March 31, 2022	Yen -	Yen 20.00	Yen -	Yen 20.00	Yen 40.00	Millions of yen 9,168	% 25.2	% 3.1
Year ended March 31, 2023	-	20.00	-	39.00	59.00	13,024	28.4	4.2
Year ending March 31, 2024 (plan)	-	23.00	-	24.00	47.00		25.9	

(Note) Year-end dividends for the fiscal year ended March 31, 2023 are planned and will be confirmed at Board of Directors meeting to be held in May 2023.

## 3. Forecast of Consolidated Financial Results for the Fiscal Year ending March 31, 2024

(Percentage represents changes from the prior year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
Full-year	Millions of yen 433,000	% 11.1	Millions of yen 55,000	% 17.5	Millions of yen 58,000	% 17.2	Millions of yen 40,000	% (12.9)	Yen 181.20

#### 4. Other

- (1) Changes in significant subsidiaries during the period: No
- (2) Changes in accounting policies, changes in accounting estimates, and restatements
1. Changes in accounting policies due to revisions to accounting standards and other regulations.: Yes
  2. Changes in accounting policies due to other reasons: No
  3. Changes in accounting estimates: No
  4. Restatements: No
- (3) Number of issued shares (common stock)
1. Number of issued shares at the end of the period (including treasury stock)

March 31, 2023	:	241,229,476
March 31, 2022	:	266,229,476
  2. Number of treasury stock at the end of the period

March 31, 2023	:	20,476,041
March 31, 2022	:	43,307,930
  3. Average number of shares during the period

For Year ended March 31, 2023	:	220,790,158
For Year ended March 31, 2022	:	233,091,569

#### (Note)

- This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
- This report is not required the auditing procedures by certified public accountants or accounting auditors.
- The forward-looking statements, such as results forecasts, included in this document are based on information available to SEGA SAMMY HOLDINGS INC. (the Company) at the time of the announcement and assumptions considered reasonable, and actual results could differ materially, depending on a range of factors. For the assumptions prerequisite to the results forecasts and the points to be noted in the use of the forecasts, please see "Outlook for the fiscal year ending March 31, 2024" on page 7.
- The Company plans to hold a briefing on financial results for institutional investors on April 28, 2023. The contents and explanations of the meeting (video and audio) will be posted on the Company's website.

## **1. Operating Results and Financial Position**

### **(1) Operating results for the fiscal year ended March 31, 2023**

Regarding the environment of the Entertainment Contents Business, in the consumer area, with the expansion and diversification of gaming platforms, game content and services are becoming increasingly digitalized. As a result, the market environment continues to change significantly with appearance and growth of download content sales, free-to-play games (F2P), subscription services, etc., as well as the diversifying revenue opportunities and prolonged sales period, etc. Although the market trends seem to have cooled down in reaction to global changes in consumer behavior caused by the spread of COVID-19, there still remains an expectation for the revitalization and growth of the game market on a global scale. As for amusement machines market, although the impacts of raw material price hikes caused by the depreciation of the Japanese yen have appeared, the prize category has been strongly performing and driving the overall market, and the overall performance was strong.

With regard to the pachislot and pachinko industry, for pachinko machines, the utilization continues centered on regular machines, while for pachislot machines, the utilization level is on an upward trend due to No. 6.5 models and smart pachislot, responding to the revision of regulation. Although the procurement of parts and materials continues to require close monitoring, there were signs of improvement in the procurement situation.

In the resort industry, in Japan, there were no restrictions on activities due to the implementation of priority measures to prevent the spread of COVID-19 during the fiscal year ended March 31, 2023, and nationwide travel support measures to stimulate tourism demand also contributed to a high recovery in travel demand. As for international visitors to Japan, some recovery was seen as the easing of border control measures for entry into Japan progressed.

In this business environment, net sales for the fiscal year ended March 31, 2023 amounted to ¥389,635 million, (an increase of 21.4% from the previous fiscal year). The Group posted an operating income of ¥46,789 million (an increase of 46.0% from the previous fiscal year), ordinary income of ¥49,473 million (an increase of 48.4% from the previous fiscal year), also, due to recording deferred tax assets for a subsidiary in U.S., decreasing taxable income from net loss carried forward, and decreasing income taxes from tax credit relevant to research and development for subsidiaries in U.K., profit attributable to owners of parent of ¥45,938 million (an increase of 24.1% from the previous fiscal year).

Result of each segment is as follows.

Net sales in each segment here do not include inter-segment sales between segments.

« Entertainment Contents »

In the consumer area, for Full Game, the Group released "Sonic Frontiers", "Persona 5 Royal (Remaster)", "Like a Dragon: Ishin!", etc. as new titles, leading to sales of 10,090 thousand copies (8,770 thousand copies for the previous fiscal year). Meanwhile, sales of repeat titles were sluggish due to a cooling of market conditions, leading to sales of 17,790 thousand copies (18,430 thousand copies for the previous fiscal year). As a result, overall sales for Full Game totaled 27,890 thousand copies (27,200 thousand copies for the previous fiscal year). F2P was strongly performed, driven by "Project SEKAI COLORFUL STAGE! feat. Hatsune Miku", and "ONE PIECE Bounty Rush" developed by SEGA CORPORATION and published by Bandai Namco Entertainment Inc.

In the amusement machine area, the Group mainly sold UFO Catcher® series and prizes, etc.

In the animation and toy area, for animation, the Group released "Detective Conan: The Bride of Halloween" and recorded animation production and distribution revenue, etc., and for toy, new products such as "With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer Premium Design by yourself", etc., and regular products were sold.

As a result, net sales in this segment were ¥282,881 million (an increase of 19.9% from the previous fiscal year) and ordinary income was ¥41,181 million (an increase of 11.7% from the previous fiscal year).

« Pachislot and Pachinko Machines »

For pachislot machines, the Group recorded overall sales of 94 thousand units (77 thousand units for the previous fiscal year) with strong performance of No. 6.5 models such as "Pachislot Kabaneri of the Iron Fortress" and "Pachislot Saga of Tanya the Evil". In particular, "Pachislot Kabaneri of the Iron Fortress" released in July 2022, has remained a high level of utilization and the sales units significantly exceeded the business plan at the beginning of the fiscal year due to multiple additional sales. For pachinko machines, the Group sold "P Shin Hokuto Muso Chapter 4", etc., leading to overall sales of 103 thousand units (97 thousand units for the previous fiscal year). In addition, the Group recorded the sales of partial units for titles releasing in the fiscal year ending March 31, 2024 due to pre-delivered within the fiscal year ended March 31, 2023.

As a result, net sales in this segment were ¥94,253 million (an increase of 24.2% from the previous fiscal year) and ordinary income was ¥20,713 million (an increase of 101.4% from the previous fiscal year).

« Resort »

In the resort business, "Phoenix Seagaia Resort" achieved the highest sales and first profitability since it joined the Group due to the contribution of the government and facility's own measures to stimulate tourism demand, as well as the implementation of various measures and the enhancement of CRM focusing on individual customers.

Overseas, "PARADISE CITY", operated by PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method), the gradual recovery of casino sales has been seen after June 2022 with the easing of travel restrictions, and the rapid recovery of the drop amount (purchased amount of chips by customers) by Japanese VIP has been seen after October 2022, it has surpassed the level before the spread of COVID-19.

\*PARADISE SEGASAMMY Co., Ltd. is posted 3 months delay due to the fiscal year ended in December.

As a result, net sales in this segment were ¥11,540 million (an increase of 33.2% from the previous fiscal year) and ordinary loss was ¥3,217 million (ordinary loss of ¥6,738 million for the previous fiscal year).

## **(2) Financial positions as of March 31, 2023**

(Assets and liabilities)

Total assets as of the end of the fiscal year ended March 31, 2023 increased by ¥66,073 million from the end of the previous fiscal year to ¥501,566 million.

Current assets increased by ¥66,073 million from the end of the previous fiscal year. This was attributable to increases in cash and deposits, notes and accounts receivable - trade, inventories, and other factors.

Noncurrent assets increased by ¥0 million from the end of the previous fiscal year. This was attributable to increases in property, plant and equipment, and intangible assets, despite decreases in investments in capital relevant to investment in production and other factors.

Total liabilities as of the end of the fiscal year ended March 31, 2023 increased by ¥27,363 million from the end of the previous fiscal year to ¥170,218 million. This was attributable to increases in notes and accounts payable - trade, contract liabilities, and other factors.

(Net assets)

Net assets as of the end of the fiscal year ended March 31, 2023 increased by ¥38,710 million from the end of the previous fiscal year to ¥331,347 million. This was attributable to recording of profit attributable to owners of parent and other factors, despite decreases in shareholders' equity due to cash dividends paid and purchase of treasury stock. As a result of cancellation of treasury stock, capital surplus and treasury stock decreased by ¥45,480 million, respectively.

(Financial ratio)

The current ratio at the end of the fiscal year ended March 31, 2023 decreased by 36.7 percentage points from the end of the previous fiscal year to 294.1% due to increases in notes and accounts payable - trade, contract liabilities, and other factors.

The equity ratio at the end of the current fiscal year decreased by 1.1 percentage points from the end of the previous fiscal year to 66.0%.

## **(3) Cash flows for the fiscal year ended March 31, 2023**

Cash and cash equivalents at the end of the fiscal year ended March 31, 2023 increased by ¥27,049 million from the end of the previous fiscal year to ¥179,509 million.

Cash flows in respect of each area of activities in the fiscal year ended March 31, 2023 are as follows.

(Cash flows from operating activities)

Factors including recording ¥47,069 million of income before income taxes, ¥10,669 million of depreciation and amortization, and ¥15,545 million of increase in contract liabilities etc., despite factors including ¥22,481 million of increase in inventories, and ¥13,493 million of increase in notes and accounts receivable - trade, resulted in ¥44,704 million net cash provided by operating activities in the fiscal year ended March 31, 2023 (¥39,607 million inflow in the previous fiscal year).

(Cash flows from investing activities)

Factors including ¥4,944 million of purchase of property, plant and equipment, and ¥5,875 million of purchase of intangible assets, and other factors, despite ¥3,510 million of proceeds from distribution of investment in partnerships, resulted in ¥2,351 million net cash used in investing activities in the fiscal year ended March 31, 2023 (¥8,794 million outflow in the previous fiscal year).

(Cash flows from financing activities)

Factors including ¥10,191 million of repayment of long-term borrowings, ¥8,865 million of cash dividends paid, ¥4,987 million of purchase of treasury stock, etc., despite ¥10,000 million of proceeds from long-term borrowings, resulted in ¥15,358 million net cash used in financing activities in the fiscal year ended March 31, 2023 (¥35,970 million outflow in the previous fiscal year).

#### (4) Outlook for the fiscal year ending March 31, 2024

The Company has a group mission of "Constantly Creating, Forever Captivating -Making life more colorful-" in order to realize a sustainable society and increase corporate value. In April 2021, the Group launched the medium-term plan (from FY2022 to FY2024). The Group will shift to management that emphasizes capital efficiency and aim for management that is conscious of sustainability in order to realize a sustainable society and increase corporate value. In addition, the Group has positioned the consumer area in the Entertainment Contents Business as the most important growth area for the future, and the Group will actively invest in this area to expand its revenue on a global basis, given the expected expansion of the global game market.

<Long-term vision>

Be a Game Changer

<Medium-term plan / Vision for 3 years>

Beyond the Status Quo

-Breaking the Current Situation and Becoming a Sustainable Company-

<Management policy / KPI>

The Group will shift to the management focusing on capital efficiency and realize an improvement of ROE. The Group aims for ordinary income ¥45,000 million and ROE over 10% as a management index in the fiscal year ending March 31, 2024 which is the last fiscal year of medium-term plan. The Group has achieved the goal ahead of schedule in the fiscal year ended March 31, 2023, the second year of the medium-term plan. The Group plans an ordinary income of ¥58,000 million in the fiscal year ending March 31, 2024 which is a significant upward revision of the last fiscal year target of medium-term plan.

<Concept of investment in growth>

During 5 years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026, the Group will invest a total of ¥250 billion in growth areas, which is allocated to ¥100 billion in the consumer area, ¥100 billion in the gaming area, and ¥50 billion in others, and aims for the balancing the realization of business in growth with shareholder returns reflected the business performance.

The initiatives of each business segment are as follows.

« Entertainment Contents »

The Group aims for "Becoming a Global Leading Contents Provider" as a long-term target, will invest its management resources mainly in the consumer area. In the medium-term plan, the Group will focus on "Strengthen the Global Branding of Existing IPs" as a priority strategy, and provide game content, etc. globally through expanding touchpoints, prolonging product life cycles, and strengthening user engagement.

In the consumer area, for Full Game, the Group plans to release a new title "Sonic Origins Plus" from the Sonic series, which is the main IP work, and center on expanding the IP of "SONIC FRONTIERS" released in the fiscal year ended March 31, 2023, by strengthening repeat sales through measures such as distribution of additional download content, etc. In addition, the Group plans to release several new titles such as "Like a Dragon Gaiden: The Man Who Erased His Name", "Samba de Amigo: Party Central", and "ENDLESS™ Dungeon", also expects to increase sales in repeat titles released in the previous fiscal year. As a result, the Group plans to sales of 34,480 thousand copies for the fiscal year ending March 31, 2024 (an increase of 6,580 thousand copies from the previous fiscal year). In addition, the Group plans to release the new title "HYENAS", which is being developed as a new genre. For F2P, the Group expects to a stable contribution to earnings from "Project SEKAI COLORFUL STAGE! feat. Hatsune Miku", "PHANTASY STAR ONLINE 2 NEW GENESIS", and "ONE PIECE Bounty Rush" developed by SEGA CORPORATION and published by Bandai Namco Entertainment Inc.

In the amusement machine area, the Group plans to sell UFO Catcher® series and prizes, etc., and to release new titles.

In the animation and toy area, the Group plans to record allocated revenue from new film "DETECTIVE CONAN: Black Iron Submarine", etc., to expand video distribution for animation, and to sale new products and regular products for toy.

In addition, the Group expects increases in amortization of R&D expenses and advertising expenses due to an increase in new titles for Full Game in the consumer area, etc.

« Pachislot and Pachinko Machines »

In the Pachislot and Pachinko Machines Business, the Group aims for "Triple crown of share in utilization, in installation, and in sales" and "Building a stable earnings structure" as long-term targets. In the medium-term plan, the Group's key strategies are to "Creation of hits" by reviewing the product lineup and "Improvement of business efficiency" by improving development efficiency, etc.

As the market environment is improving, especially for pachislot machines, the Group will aggressively launch smart pachislot, starting with "Smart Pachislot Hokuto No Ken" which is introduced in April 2023, in addition to the well-received No. 6.5 models. For pachinko machines, the Group will also launch center for mainstay series machines. As a result, in the fiscal year ending March 31, 2024, the Group expects an increase of unit sales driven by pachislot machines such as 146 thousand units of pachislot machines (an increase of 52 thousand units from the previous fiscal year) and 93 thousand units of pachinko machines (a decrease of 10 thousand units from the previous fiscal year).

« Resort »

In the Resort Business, at "Phoenix Seagaia Resort", the Group will continue to strengthen the ability to acquire guests and expects recover of group customers from the resumption of sporting camps and MICE (Meeting, Incentive Travel, Convention and Exhibition/Event). Overseas "PARADISE CITY", the Group expects the contribution to profit from equity in gains of affiliates, as casino sales are expected to continue to be driven by the strong Japanese VIP, along with a complete recovery in flights to and from Japan and Korea, and a gradual recovery in Chinese VIP is also expected due to a staged recovery in traffic to and from China and Korea.

In light of the above, the Group is forecasting consolidated net sales of ¥433,000 million (an increase of 11.1% from the previous fiscal year), operating income of ¥55,000 million (an increase of 17.5% from the previous fiscal year), ordinary income of ¥58,000 million (an increase of 17.2% from the previous fiscal year), and profit attributable to owners of parent of ¥40,000 million (a decrease of 12.9% from the previous fiscal year) for the fiscal year ending March 31, 2024.

**(5) Basic policy concerning distribution of earnings and dividends for the fiscal year ended March 31, 2023 and the fiscal year ending March 31, 2024**

The Company positions the return of profits to shareholders as an important management issue. The basic policy for shareholder returns is to maintain a total return ratio of 50% or more, taking the optimal balance between investment for business growth and capital efficiency improvement into account. With regard to dividends, the Company has set a dividend policy of DOE (Dividend on equity ratio) 3% or more as an indicator for achieving stable dividends and determine the specific dividends amount while also considering the results of past dividends. Also, as a way for shareholder return, the Company will determine buybacks of share flexibly, taking business performance trend and stock market trend into account.

For dividends from retained earnings for the fiscal year ended March 31, 2023, annual dividends per share is scheduled to be ¥59 (of which, ¥20 for interim dividends) in accordance with the above basic policy for shareholder returns.

For dividends from retained earnings for the fiscal year ending March 31, 2024, annual dividends per share is scheduled to be ¥47 (of which, ¥23 for interim dividends) equivalent to DOE 3% in accordance with the above basic policy for shareholder returns, with regard to year-end shareholder return, the Company will calculate the amount of shareholder return in accordance with the profit level at the timing when the business performance of the fiscal year ending March 31, 2024 has been determined, and return the amount to shareholders through dividends or purchase of treasury stock.



## **2. Basic Approach Concerning Selection of Accounting Standards**

The Group has adopted Japanese generally accepted accounting principles, considering the comparability of consolidated financial statements as to comparison with other periods. The Group intends to respond appropriately to the application of the IFRS by considering the situation prevailing in Japan and overseas.

### **3. Consolidated Financial Statements and Notes**

SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior year (As of March 31, 2022)	Current year (As of March 31, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	152,459	179,509
Notes and accounts receivable - trade and contract assets	38,952	53,370
Merchandise and finished goods	9,336	18,503
Work in process	42,145	50,689
Raw materials and supplies	16,044	20,269
Income taxes receivable	11,814	15,620
Other	17,360	16,205
Allowance for doubtful accounts	(323)	(304)
<b>Total current assets</b>	<b>287,789</b>	<b>353,862</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	76,578	77,630
Accumulated depreciation	(47,823)	(49,664)
Buildings and structures, net	28,755	27,966
Machinery, equipment and vehicles	8,836	8,505
Accumulated depreciation	(7,518)	(7,190)
Machinery, equipment and vehicles, net	1,318	1,314
Amusement machines and facilities	7,049	7,232
Accumulated depreciation	(6,347)	(6,632)
Amusement machines and facilities, net	701	599
Land	18,522	18,581
Construction in progress	657	534
Other	46,755	49,343
Accumulated depreciation	(36,352)	(37,857)
Other, net	10,403	11,485
<b>Total property, plant and equipment</b>	<b>60,358</b>	<b>60,482</b>
<b>Intangible assets</b>		
Goodwill	3,460	2,592
Other	9,722	10,654
<b>Total intangible assets</b>	<b>13,183</b>	<b>13,247</b>
<b>Investments and other assets</b>		
Investment securities	40,699	39,538
Long-term loans receivable	428	247
Lease and guarantee deposits	7,164	6,924
Net defined benefit assets	2,984	5,362
Deferred tax assets	13,446	16,499
Other	9,826	5,785
Allowance for doubtful accounts	(387)	(383)
<b>Total investments and other assets</b>	<b>74,161</b>	<b>73,973</b>
<b>Total noncurrent assets</b>	<b>147,703</b>	<b>147,703</b>
<b>Total assets</b>	<b>435,492</b>	<b>501,566</b>

SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior year (As of March 31, 2022)	Current year (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,455	30,556
Short-term borrowings	10,000	17,000
Accrued expenses	20,360	19,865
Income taxes payable	2,069	4,776
Contract liabilities	10,257	25,852
Provision for bonuses	8,383	9,689
Provision for directors' bonuses	1,189	1,187
Provision for point card certificates	115	187
Asset retirement obligations	199	-
Other	9,954	11,216
<b>Total current liabilities</b>	<b>86,986</b>	<b>120,332</b>
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	32,000	25,000
Lease obligations	4,013	5,352
Net defined benefit liability	4,395	3,877
Deferred tax liabilities	469	754
Asset retirement obligations	2,560	2,607
Provision for dismantling of fixed assets	420	420
Other	2,009	1,874
<b>Total noncurrent liabilities</b>	<b>55,869</b>	<b>49,886</b>
<b>Total liabilities</b>	<b>142,855</b>	<b>170,218</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	117,689	72,213
Retained earnings	224,684	261,840
Treasury stock	(77,886)	(37,251)
<b>Total shareholders' equity</b>	<b>294,440</b>	<b>326,755</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,270	2,626
Deferred gains or losses on hedges	(33)	382
Revaluation reserve for land	(1,109)	(1,109)
Foreign currency translation adjustment	41	3,730
Remeasurements of defined benefit plans	(3,199)	(1,531)
<b>Total accumulated other comprehensive income</b>	<b>(2,028)</b>	<b>4,099</b>
Share acquisition rights	176	468
Non-controlling interests	49	24
<b>Total net assets</b>	<b>292,637</b>	<b>331,347</b>
<b>Total liabilities and net assets</b>	<b>435,492</b>	<b>501,566</b>

SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED MARCH 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior year From April 1, 2021 To March 31, 2022	Current year From April 1, 2022 To March 31, 2023
Net sales	320,949	389,635
Cost of sales	193,081	231,568
Gross profit	127,868	158,067
Selling, general and administrative expenses		
Advertising expenses	17,402	24,136
Sales commission	707	187
Salaries and allowances	15,821	17,881
Provision for bonuses	3,882	4,593
Provision for directors' bonuses	1,161	1,134
Retirement benefit expenses	1,127	1,242
Research and development expenses	20,941	23,047
Provision of allowance for doubtful accounts	4	6
Other	34,778	39,047
Total selling, general and administrative expenses	95,825	111,278
Operating income	32,042	46,789
Non-operating income		
Interest income	112	433
Dividends income	498	516
Gain on investments in partnership	3,052	1,929
Foreign exchange gains	1,337	1,354
Other	906	734
Total non-operating income	5,907	4,968
Non-operating expenses		
Interest expenses	301	321
Equity in losses of affiliates	2,778	520
Commission fee	102	146
Loss on investments in partnership	479	563
Loss on retirement of noncurrent assets	469	285
Other	474	446
Total non-operating expenses	4,606	2,284
Ordinary income	33,344	49,473

SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED MARCH 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior year From April 1, 2021 To March 31, 2022	Current year From April 1, 2022 To March 31, 2023
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	1,988	3
Gain on sales of investment securities	2,516	-
Gain on sales of shares of subsidiaries and affiliates	698	-
Other	71	-
Total extraordinary income	5,273	3
<b>Extraordinary losses</b>		
Loss on sales of noncurrent assets	50	0
Impairment loss	430	446
Loss on valuation of investment securities	0	81
Loss on COVID-19	113	-
Loss on business restructuring	-	1,783
Other	101	96
Total extraordinary losses	696	2,408
Income before income taxes	37,921	47,069
Income taxes - current	1,989	4,137
Income taxes - deferred	(1,086)	(3,000)
Total income taxes	903	1,136
Profit	37,018	45,932
<b>(Breakdown)</b>		
Profit attributable to owners of parent	37,027	45,938
Profit (loss) attributable to non-controlling interests	(8)	(6)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	334	345
Deferred gains or losses on hedges	(14)	-
Foreign currency translation adjustment	3,526	2,873
Remeasurements of defined benefit plans, net of tax	(2,844)	1,677
Share of other comprehensive income of entities accounted for using equity method	1,203	1,227
Total other comprehensive income	2,206	6,124
Comprehensive income	39,224	52,057
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	39,230	52,066
Comprehensive income attributable to non-controlling interests	(5)	(9)

SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2022 AND 2023

Prior year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balances as of April 1, 2021	29,953	118,048	200,551	(53,561)	294,991	1,930	(725)
Cumulative effects of changes in accounting policies			(2,067)		(2,067)		
Restated balance	29,953	118,048	198,484	(53,561)	292,924	1,930	(725)
Changes of items during the period							
Dividends from surplus			(9,411)		(9,411)		
Profit attributable to owners of parent			37,027		37,027		
Effect of changes in accounting period of consolidated subsidiaries					-		
Purchase of treasury stock				(25,036)	(25,036)		
Disposal of treasury stock		(90)		711	621		
Cancellation of treasury stock					-		
Change in scope of consolidation			(1,317)		(1,317)		
Change in scope of equity method		(186)	(97)		(284)		
Change in ownership interest of parent due to transactions with non-controlling interests		(82)			(82)		
Net changes of items other than shareholders' equity						340	692
Total changes of items during the period	-	(358)	26,200	(24,325)	1,515	340	692
Balances as of March 31, 2022	29,953	117,689	224,684	(77,886)	294,440	2,270	(33)

	Accumulated other comprehensive income				Subscription rights to share	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balances as of April 1, 2021	(1,109)	(3,867)	(459)	(4,231)	-	496	291,256
Cumulative effects of changes in accounting policies				-			(2,067)
Restated balance	(1,109)	(3,867)	(459)	(4,231)	-	496	289,189
Changes of items during the period							
Dividends from surplus							(9,411)
Profit attributable to owners of parent							37,027
Effect of changes in accounting period of consolidated subsidiaries							-
Purchase of treasury stock							(25,036)
Disposal of treasury stock							621
Cancellation of treasury stock							-
Change in scope of consolidation							(1,317)
Change in scope of equity method							(284)
Change in ownership interest of parent due to transactions with non-controlling interests							(82)
Net changes of items other than shareholders' equity		3,909	(2,739)	2,203	176	(447)	1,932
Total changes of items during the period	-	3,909	(2,739)	2,203	176	(447)	3,448
Balances as of March 31, 2022	(1,109)	41	(3,199)	(2,028)	176	49	292,637

Current year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balances as of April 1, 2022	29,953	117,689	224,684	(77,886)	294,440	2,270	(33)
Cumulative effects of changes in accounting policies					-		
Restated balance	29,953	117,689	224,684	(77,886)	294,440	2,270	(33)
Changes of items during the period							
Dividends from surplus			(8,873)		(8,873)		
Profit attributable to owners of parent			45,938		45,938		
Effect of changes in accounting period of consolidated subsidiaries			90		90		
Purchase of treasury stock				(4,987)	(4,987)		
Disposal of treasury stock		31		142	174		
Cancellation of treasury stock		(45,480)		45,480	-		
Change in scope of consolidation					-		
Change in scope of equity method					-		
Change in ownership interest of parent due to transactions with non-controlling interests		(27)			(27)		
Net changes of items other than shareholders' equity						356	415
Total changes of items during the period	-	(45,475)	37,155	40,635	32,315	356	415
Balances as of March 31, 2023	29,953	72,213	261,840	(37,251)	326,755	2,626	382

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balances as of April 1, 2022	(1,109)	41	(3,199)	(2,028)	176	49	292,637
Cumulative effects of changes in accounting policies				-			-
Restated balance	(1,109)	41	(3,199)	(2,028)	176	49	292,637
Changes of items during the period							
Dividends from surplus							(8,873)
Profit attributable to owners of parent							45,938
Effect of changes in accounting period of consolidated subsidiaries							90
Purchase of treasury stock							(4,987)
Disposal of treasury stock							174
Cancellation of treasury stock							-
Change in scope of consolidation							-
Change in scope of equity method							-
Change in ownership interest of parent due to transactions with non-controlling interests							(27)
Net changes of items other than shareholders' equity		3,688	1,667	6,128	292	(25)	6,395
Total changes of items during the period	-	3,688	1,667	6,128	292	(25)	38,710
Balances as of March 31, 2023	(1,109)	3,730	(1,531)	4,099	468	24	331,347

SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior year From April 1, 2021 To March 31, 2022	Current year From April 1, 2022 To March 31, 2023
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes	37,921	47,069
Depreciation and amortization	11,406	10,669
Impairment loss	430	446
Loss (gain) on sales of noncurrent assets	(1,937)	(4)
Loss on retirement of noncurrent assets	469	285
Loss (gain) on sales of investment securities	(2,489)	-
Loss (gain) on valuation of investment securities	0	81
Loss (gain) on investments in partnership	(2,573)	(1,365)
Amortization of goodwill	2,311	2,178
Increase (decrease) in allowance for doubtful accounts	(25)	(41)
Increase (decrease) in provision for directors' bonuses	437	(15)
Increase (decrease) in net defined benefit liability	96	(170)
Increase (decrease) in provision for bonuses	(116)	1,223
Interest and dividends income	(610)	(950)
Interest expenses	301	321
Foreign exchange losses (gains)	(1,112)	1,152
Equity in (earnings) losses of affiliates	2,778	520
Decrease (increase) in notes and accounts receivable - trade	338	(13,493)
Decrease (increase) in inventories	(15,354)	(22,481)
Increase (decrease) in notes and accounts payable - trade	6,495	5,908
Increase (decrease) in contract liabilities	10,201	15,545
Increase (decrease) in guarantee deposits received	(1,589)	(76)
Other, net	(4,240)	1,806
Subtotal	43,138	48,611
Interest and dividends income received	664	987
Interest expenses paid	(300)	(291)
Extra retirement payments	(2,236)	-
Income taxes paid	(5,078)	(6,743)
Income taxes refund	3,419	2,140
Net cash provided by (used in) operating activities	39,607	44,704



SEGA SAMMY HOLDINGS INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior year From April 1, 2021 To March 31, 2022	Current year From April 1, 2022 To March 31, 2023
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(5,000)	-
Proceeds from withdrawal of time deposits	5,000	-
Purchase of short-term investment securities	(20,000)	-
Proceeds from redemption of securities	20,717	-
Purchase of trust beneficiary right	(1,309)	-
Proceeds from sales of trust beneficiary right	1,167	382
Purchase of property, plant and equipment	(5,983)	(4,944)
Proceeds from sales of property, plant and equipment	2,141	7
Purchase of intangible assets	(4,569)	(5,875)
Proceeds from sales of intangible assets	0	-
Purchase of investment securities	(196)	(669)
Proceeds from sales of investment securities	2,565	1
Payments for investment in partnerships	(821)	(1,226)
Proceeds from distribution of investment in partnerships	2,596	3,510
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(448)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	31
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	212	-
Purchase of stocks of subsidiaries and affiliates	(4,903)	(155)
Payments of loans receivable	(769)	(1,907)
Collection of loans receivable	2,381	2,586
Reduction of investments in trusts	-	1,200
Payments for lease deposits	(238)	(26)
Collection of lease deposits	514	767
Other, net	(2,300)	4,413
Net cash provided by (used in) investing activities	(8,794)	(2,351)
<b>Net cash provided by (used in) financing activities</b>		
Proceeds from long-term borrowings	-	10,000
Repayment of long-term borrowings	-	(10,191)
Purchase of treasury stock	(25,036)	(4,987)
Purchase of treasury stock of subsidiaries	(98)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(50)
Cash dividends paid	(9,410)	(8,865)
Dividends paid to non-controlling interests	(93)	-
Other, net	(1,331)	(1,263)
Net cash provided by (used in) financing activities	(35,970)	(15,358)
Effect of exchange rate change on cash and cash equivalents	3,029	162
Net increase (decrease) in cash and cash equivalents	(2,128)	27,156
Cash and cash equivalents at beginning of period	154,540	152,459
Increase in cash and cash equivalents from newly consolidated subsidiaries	47	-
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of consolidated subsidiaries	-	(107)
Cash and cash equivalents at end of period	152,459	179,509

[Notes]

(Notes on assumptions for going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

At Board of Directors meeting held on May 13, 2022, the Company resolved to cancel treasury stock pursuant to the provisions of Article 178 of the Companies Act, and 25,000,000 shares were canceled on May 24, 2022.

As a result, in the fiscal year ended March 31, 2023, capital surplus and treasury stock decreased by ¥45,480 million, respectively.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from the beginning of the fiscal year ended March 31, 2023, the Group applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, issued by the Accounting Standards Board of Japan on June 17, 2021). In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Group has decided to adopt the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively from the date of the change. There is no impact for the consolidated financial statements for the fiscal year ended March 31, 2023.

(Application of Leases (U.S. GAAP Topic 842))

Certain subsidiaries which apply U.S. GAAP adopted "Leases" (Topic 842) from the beginning of the fiscal year ended March 31, 2023. Herewith, lessees, in principle, record all leases as assets and liabilities on the balance sheets. The application of U.S. GAAP Topic 842 is in accordance with the transitional treatment, and the cumulative effects of the change in accounting policy are recognized on the adoption date. The impact of this change on the consolidated financial statements for the fiscal year ended March 31, 2023 is immaterial.

(Changes in presentation)

(Consolidated balance sheets)

"Contract liabilities", which was included in "Other" under noncurrent liabilities in the previous fiscal year, is presented as a separate line item in the fiscal year ended March 31, 2023, because it has exceeded 5/100 of total liabilities and net assets. In order to reflect this change in presentation, the consolidated balance sheets for the previous fiscal year have been reclassified.

As a result, the ¥20,211 million presented as "Other" under noncurrent liabilities in the consolidated balance sheets for the previous fiscal year has been reclassified as ¥10,257 million in "Contract liabilities" and ¥9,954 million in "Other".

(Consolidated statements of cash flows)

"Increase (decrease) in contract liabilities", which was included in "Other, net" under net cash provided by (used in) operating activities in the previous fiscal year, is presented as a separate line item in the fiscal year ended March 31, 2023 due to its increased materiality. In order to reflect this change in presentation, the consolidated statements of cash flows for the previous fiscal year have been reclassified.

As a result, the ¥5,960 million presented as "Other, net" under net cash provided by (used in) operating activities in the consolidated statement of cash flows for the previous fiscal year has been reclassified as ¥10,201 million in "Increase (decrease) in contract liabilities" and ¥(4,240) million in "Other, net".

(Additional information)

(Application of Practical Solution on Accounting and Disclosure Under the Group Tax Sharing System)

The Company and certain domestic consolidated subsidiaries have shifted from the consolidated taxation system to the group tax sharing system from the fiscal year ended March 31, 2023. Herewith, the Group applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No.42, August 12, 2021) in which the procedures for accounting and disclosure of corporation income tax, local corporation income tax, and tax effect accounting. In accordance with Paragraph 32 (1) of PITF No.42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No.42.

(Segment information)

1. Outline of reporting segments

Reporting segments of the Group are the organizational units for which separated financial information is available, and on the basis of which the Board of Directors makes decision on the allocation of management resources and examines financial performance on a regular basis.

Planning of business development and strategies as well as execution of business activities in respect of each product and service, is carried out by each Group company that provides such product and service.

As such, the Group is comprised of segments classified by product and service provided through the business run by each company, in which "Entertainment Contents Business", "Pachislot and Pachinko Machines Business", and "Resort Business" are the reporting segments.

Line of business at each reporting segment is as follows.

Segment	Main product and business
Entertainment Contents Business	Development and sales of consumer game software including Full Game, F2P, etc. and amusement machines, planning, production and sales of animated films, development, manufacture, and sales of toys
Pachislot and Pachinko Machines Business	Development, manufacture, and sales of pachislot and pachinko machines
Resort Business	Development and operation of hotels and golf courses, etc. in the integrated resorts business and other facilities businesses

2. Method of calculating the amounts of net sales, income or loss, assets, and other items by each reporting segment

The accounting methods used for reporting segments are generally the same as those described in "Significant matters forming the basis of preparing the consolidated financial statements" on annual securities reports for the previous fiscal year.

3. Information on the amounts of net sales, income or loss, assets and other items by each reporting segment  
Prior year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Notes)	Amount in consolidated financial statements
	Entertainment Contents	Pachislot Pachinko	Resort			
Net sales						
(1) Sales to third parties	235,937	75,868	8,663	320,469	480	320,949
(2) Inter-segment sales and transfers	553	349	143	1,046	(1,046)	-
Total	236,491	76,218	8,806	321,515	(565)	320,949
Segment income (loss)	36,861	10,282	(6,738)	40,405	(7,061)	33,344
Segment assets	191,320	56,738	31,701	279,760	155,732	435,492
Other items						
Depreciation	6,247	3,566	683	10,497	908	11,406
Interest income	34	239	0	274	(162)	112
Interest expenses	83	77	30	191	109	301
Equity in earnings (losses) of affiliates	1,028	291	(4,116)	(2,795)	17	(2,778)
Investments in affiliates accounted for using equity method	30	659	18,542	19,232	813	20,046
Increases in property, plant and equipment and intangible assets	7,365	4,114	434	11,914	1,130	13,045

- (Notes) 1. Adjustment to segment income (loss) of ¥(7,061) million includes elimination of inter-segment transactions of ¥83 million and general corporate expenses of ¥(7,145) million which are not allocated to each reporting segment. General corporate expenses are mainly consisted of the expenses of the Group management incurred by the Company.
2. Adjustment to segment assets of ¥155,732 million includes elimination of inter-segment transactions of ¥(19,256) million and general corporate assets of ¥174,988 million which are not allocated to each reporting segment. General corporate assets are mainly assets of the Company that are not allocated to each segment.
3. Adjustments to depreciation are mainly consisted of depreciation associated with the Company.
4. Adjustment to interest income of ¥(162) million includes elimination of inter-segment transactions of ¥(327) million and interest income of the Company ¥164 million.
5. Adjustment to interest expenses of ¥109 million includes elimination of inter-segment transactions of ¥(327) million and interest expenses of the Company ¥436 million.
6. Adjustments to equity in earnings (losses) of affiliates are equity in earnings or losses of affiliates that are not belonged to each reporting segment.
7. Adjustments to investments in affiliates accounted for using equity method are investments in affiliates accounted for using equity method that are not belonged to each reporting segment.
8. Adjustments to increases in property, plant and equipment and intangible assets are mainly consisted of purchase of noncurrent assets relating to the Company.
9. Adjustment has been made to segment income (loss) and ordinary income in the consolidated statements of income and comprehensive income.

Current year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Notes)	Amount in consolidated financial statements
	Entertainment Contents	Pachislot Pachinko	Resort			
Net sales						
(1) Sales to third parties	282,881	94,253	11,540	388,675	960	389,635
(2) Inter-segment sales and transfers	311	575	79	965	(965)	-
Total	283,192	94,828	11,619	389,640	(5)	389,635
Segment income (loss)	41,181	20,713	(3,217)	58,676	(9,202)	49,473
Segment assets	221,756	73,372	31,474	326,603	174,963	501,566
Other items						
Depreciation	5,766	3,227	628	9,622	1,047	10,669
Interest income	224	257	0	483	(49)	433
Interest expenses	105	90	29	225	96	321
Equity in earnings (losses) of affiliates	1,069	303	(1,893)	(520)	-	(520)
Investments in affiliates accounted for using equity method	39	668	17,867	18,575	-	18,575
Increases in property, plant and equipment and intangible assets	5,986	4,266	1,258	11,511	384	11,896

(Notes) 1. Adjustment of ¥960 million for sales to third parties represents sales related to businesses that do not belong to any reporting segment.

2. Adjustment to segment income (loss) of ¥(9,202) million includes losses of ¥(497) million related to businesses that do not belong to any reporting segment, elimination of inter-segment transactions of ¥198 million, and general corporate expenses of ¥(8,904) million which are not allocated to each reporting segment. General corporate expenses are mainly consisted of the expenses of the Group management incurred by the Company.

3. Adjustment to segment assets of ¥174,963 million includes elimination of inter-segment transactions of ¥(17,551) million and general corporate assets of ¥192,514 million which are not allocated to each reporting segment. General corporate assets are mainly assets of the Company that are not allocated to each segment.

4. Adjustments to depreciation are mainly consisted of depreciation associated with the Company.

5. Adjustment to interest income of ¥(49) million includes elimination of inter-segment transactions of ¥(483) million and interest income of the Company ¥433 million.

6. Adjustment to interest expenses of ¥96 million includes elimination of inter-segment transactions of ¥(483) million and interest expenses of the Company ¥579 million.

7. Adjustments to increases in property, plant and equipment and intangible assets are mainly consisted of purchase of noncurrent assets relating to the Company.

8. Adjustment has been made to segment income (loss) and ordinary income in the consolidated statements of income and comprehensive income.

## (Per share information)

Items	Prior year (From April 1, 2021 to March 31, 2022)	Current year (From April 1, 2022 to March 31, 2023)
Net assets per share	¥1,311.72	¥1,498.75
Net income per share	¥158.85	¥208.07
Net income per share (diluted)	¥158.24	¥207.13

(Notes) 1. The calculation basis for net assets per share is as follows.

Items	Prior year (As of March 31, 2022)	Current year (As of March 31, 2023)
Total of net assets in the consolidated balance sheets (Millions of yen)	292,637	331,347
Amounts deducted from net assets in the consolidated balance sheets (Millions of yen)	225	492
(Subscription rights to shares) (Millions of yen)	176	468
(Non-controlling interests) (Millions of yen)	49	24
Net assets available for common stock (Millions of yen)	292,411	330,854
Number of common stock used to calculate net assets per share (Thousands of shares)	222,921	220,753

2. The calculation basis for net income per share and net income per share (diluted) is as follows.

Items	Prior year (From April 1, 2021 to March 31, 2022)	Current year (From April 1, 2022 to March 31, 2023)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	37,027	45,938
Amount not attributable to common stockholders (Millions of yen)	-	-
Profit attributable to owners of parent available for common stock (Millions of yen)	37,027	45,938
Average number of shares of common stock during the period (Thousands of shares)	233,091	220,790
Net income per share (diluted)		
Adjustment for profit attributable to owners of parent (Millions of yen)	-	-
Increase in common stock (Thousands of shares)	909	999
(Subscription rights to shares) (Thousands of shares)	909	999
Outline of potential shares not included in calculation of net income per share (diluted) because of no dilutive effect	-	-

(Significant subsequent events)

(Tender offer to acquire shares of Rovio Entertainment Oyj)

At Board of Directors meeting held on April 17, 2023, the Company and SEGA CORPORATION ("SEGA"), a subsidiary of the Company, resolved to implement a tender offer (tender offer under the Finnish Law, the "Tender Offer") to acquire Rovio Entertainment Oyj ("Rovio"), a mobile game company headquartered in Finland, through SEGA's wholly-owned UK subsidiary SEGA Europe Limited.

#### 1. Purpose of the acquisition and the tender offer

##### (1) Positioning of the consumer business for the Company

The Company positions the Consumer segment of its Entertainment Contents Business as a growth area under its medium-term plan (from FY2022 to FY2024), and has accelerated its efforts to strengthen the business through initiatives such as converting existing IPs into global brands, strengthening user engagement through multi-platform support and enhanced media mix, etc.

As a part of its growth strategy to invest up to ¥250 billion during the five-year period ending FY2026/3, the Company has been exploring investment opportunities in the Consumer area to strengthen its development capabilities as well as to create new ecosystems.

##### (2) Background of the acquisition

The size of the global gaming market is projected to reach US\$263.3 billion by 2026, growing at a CAGR of 3.5% from 2022 to 2026. The mobile gaming market in particular, is set to grow at a CAGR of 5.0% to represent 56% of the global gaming market overall, an increase from 53% in 2022. (Source: IDG Report (dated October 2022))

The Company firmly believes that it is imperative to continue investing in its game development and operating capabilities, in order to further strengthen its position in this fast-growing mobile and global gaming market, which therefore led to the decision to acquire Rovio.

Through the Acquisition, the Company aims to take-in Rovio's live-operated mobile game development capabilities and expertise in mobile game operation, to accelerate the development of mobile-compatible and multi-platform-supported version of SEGA's existing game IPs, thereby strengthening and further accelerating global expansion of SEGA's game portfolio.

##### (3) Purpose of the acquisition

Rovio is a global mobile-first, games company that creates, develops, and publishes mobile games, which have been downloaded over 5 billion times. Rovio is best known for the global Angry Birds brand, which started as a popular mobile game in 2009, and has since evolved from games to various entertainment, anime, and consumer products through brand licensing.

SEGA aims to accelerate its growth in the global gaming market and increase its corporate value by generating synergies between SEGA's existing businesses and Rovio's strengths, including its global IPs and live-operated mobile game development capabilities.

## 2. Overview of the Tender Offer

### (1) Tender Offer (The offeror)

SEGA Europe Limited

### (2) Target of the Tender Offer

(1) Trade Name	Rovio Entertainment Oyj
(2) Location of head office	Keilaranta 7 02150, Espoo, Uusimaa Finland
(3) Name / title of the representative	Alexandre Pelletier-Normand / CEO
(4) Business overview	Planning, development, management, and distribution of mobile games, as well as licensing of Angry Birds IP
(5) Capital	EUR 0.7 million (as of December 31, 2022)

### (3) Tender Offer period (tentative)

Tender Offer will be commenced on or about May 8, 2023.

The Company plans to commence the Tender Offer as soon as the offering document related to the Tender Offer (Tender Offer document to be published to the shareholders of Rovio) is approved by the Finnish Financial Supervisory Authority, the regulatory authority of Finland's financial markets.

### (4) Tender Offer price

EUR 9.25 per share

The Tender Offer price represents approximately a 63.1% premium to the closing price on January 19, 2023, approximately a 55.2% premium to the 3M VWAP ended January 19, 2023, approximately a 19.0% premium to the closing price of Rovio's shares on April 14, 2023, the last day of trading before the announcement of the Tender Offer, and approximately a 17.5% premium to the 3M VWAP ended April 14, 2023.

### (5) Funds required for the Tender Offer

EUR 706 million in total (c. ¥103,680 million)

The Company plans to use cash on hand to fund the Tender Offer.

(The Company may draw loans as appropriate based on its capital policy, in a way that does not affect the capability and willingness to fund the offer).

### (6) Minimum Number of Shares to be Purchased

The Company has set the minimum acceptance level of at least 90% of all shares and voting rights in Rovio (on a fully diluted basis) for the Tender Offer, which can be waived by the Company, to successfully complete.

## 3. Number of shares to be acquired, acquisition price, and ownership of shares before and after the Acquisition (Note)

(1) Ownership of shares before the acquisition	0 shares (Number of voting rights: 0 shares) (Ratio of voting rights: 0%)
(2) Number of shares to be acquired	76,179,063 shares, 742,300 options (as of April 17, 2023) (Number of voting rights: 76,179,063 votes)
(3) Acquisition price	Acquisition Price: c. EUR 706 million (c.¥103,680 million) Advisory Fee: c. EUR 9 million (c.¥1,300 million)
(4) Intended Ownership of shares after the Acquisition	76,179,063 shares, 742,300 options (Number of voting rights: 76,179,063) (Ratio of voting rights: 100%)

(Note) Acquisition price represents the amount of payment for purchasing shares and options outstanding.

Ownership of shares after the Acquisition provided above assumes that the Company successfully completes the Tender Offer and acquires the entirety of Rovio's shares outstanding after the full exercise of options. If the Company successfully acquires more than 90% of all shares and voting rights in Rovio, the Company intends to implement a squeeze-out procedure set forth in the Finnish Companies Act to acquire the remaining untendered shares and to make Rovio its wholly owned subsidiary.



(Acquisition of treasury stock)

At Board of Directors meeting held on April 28, 2023, the Company has resolved the matter related to the acquisition of treasury stock, pursuant to the provisions of Article 156 of the Companies Act of Japan as applied by replacing the provisions stipulated in Article 165 Paragraph 3 of the same law.

1. Reasons for the acquisition of treasury stock

The Group aims to maximize corporate value through the management focusing on capital efficiency in its medium-term financial strategy until the fiscal year ending March 31, 2026 and while promoting aggressive investment for growth, the Company will also provide appropriate shareholder returns. As a result of considering regarding shareholder returns including acquisition of treasury stock based on the return policy of adopting higher of DOE 3% or more, or total return ratio of 50% or more, the Company decided to acquire treasury stock.

2. Details of the acquisition of treasury stock

Type of shares to be acquired:	Common stock 8,000,000 shares (upper limit)
Total number of shares to be acquired:	Ratio to total number of shares outstanding (excluding treasury stock): 3.62%
Total cost of acquisition:	10.0 billion yen (upper limit)
Acquisition period:	From May 1, 2023 to September 29, 2023
Acquisition method:	Market purchase on the Tokyo Stock Exchange