

(Translation)

## Consolidated Financial Results for the Three Months Ended June 30, 2023 (Japanese GAAP)

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 Listing : Tokyo Stock Exchange Prime  
 Code number : 6460  
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Scheduled date to file quarterly report : August 7, 2023 (plan)  
 Scheduled date to commence dividend payments : -  
 Preparation of supplementary material on quarterly financial results : Yes  
 Holding of quarterly financial results briefing : Yes (for institutional investors)  
 (Amounts below one million yen are rounded down)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

#### (1) Consolidated Operating Results

(Percentage represents changes from the prior period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	108,050	63.4	22,556	712.2	23,096	442.7	17,259	446.4
June 30, 2022	66,118	11.2	2,777	(27.8)	4,255	22.1	3,158	7.4

(Note) Comprehensive income

Three months ended June 30, 2023 : ¥26,017 million (233.3%)  
 Three months ended June 30, 2022 : ¥7,805 million (81.0%)

	Net income per share	Net income per share (diluted)
Three months ended	Yen	Yen
June 30, 2023	78.19	77.71
June 30, 2022	14.29	14.22

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	508,104	348,823	68.5
March 31, 2023	501,566	331,347	66.0

(Reference) Shareholders' equity

As of June 30, 2023 : ¥348,254 million  
 As of March 31, 2023 : ¥330,854 million

## 2. Cash Dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	-	20.00	-	39.00	59.00
Year ending March 31, 2024	-				
Year ending March 31, 2024 (plan)		23.00	-	24.00	47.00

(Note) Revision to the forecast of cash dividends most recently announced: No

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

(April 1, 2023 - 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	433,000	11.1	55,000	17.5	58,000	17.2	40,000	(12.9)	181.20

(Note) Revision to the forecast of operating results most recently announced: No

## 4. Other

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

June 30, 2023	: 241,229,476
March 31, 2023	: 241,229,476
  2. Number of treasury stock at the end of the period
 

June 30, 2023	: 20,484,353
March 31, 2023	: 20,476,041
  3. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

For Three months ended June 30, 2023	: 220,750,432
For Three months ended June 30, 2022	: 220,962,156

(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 the SEGA SAMMY HOLDINGS INC. (the Company) at the time of the announcement and assumptions considered reasonable, and do not purport to be a promise by the Company to achieve such results. 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 "Forecast of Consolidated Operating Results" on page 5.
- The Company plans to hold a briefing on financial results for institutional investors on August 1, 2023. The presentation materials to be used on the day will be posted on TDnet and the Company's website in advance, and the details of the briefing and the content of the explanation (video and audio) will also be posted on the Company's website.

## Operating Results and Financial Position

### (1) Overview

Regarding the environment of the Entertainment Contents Business, in the consumer area, the market trends seem to have cooled down in reaction to changes in consumer behavior related to stay-at-home-and-spend initiatives brought in during the spread of COVID-19. However, expectations for the growth of the game market continue to be high as the diversification in terms of service provision resulting in an environment having been created in which content and services can be delivered globally over the long-term, regardless of device or platform. As for amusement machines market, the market is recovering as the recovery in economic activity following the COVID-19 pandemic. 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, the favorable market environment continued driven by pachislot machines. For pachislot machines, it has maintained a high utilization level due to the emergence of No. 6.5 models and smart pachislot themed around topical subjects including the Group's "Smart Pachislot Hokuto No Ken". For pachinko machines, although utilization continues to be sluggish due to the lack of new popular machines, the introduction of smart pachinko, which allows a wider range of game designs compared to existing pachinko machines, has begun in April 2023.

In the resort industry, in Japan, the travel demand has continuously shown signs of recovery as the normalization of social and economic activities continues, including the transitioning to a Class 5 infectious disease of COVID-19, and the continuation of nationwide travel support measures to stimulate tourism demand also contributed. As for international visitors to Japan, the high recovery trend was seen as the end of border control measures for entry into Japan and the resumption of regular international flight routes.

In this business environment, net sales for the three months ended June 30, 2023, amounted to ¥108,050 million (an increase of 63.4% for the same period in the previous fiscal year). The Group posted an operating income of ¥22,556 million (an increase of 712.2% for the same period in the previous fiscal year), ordinary income of ¥23,096 million (an increase of 442.7% for the same period in the previous fiscal year), and profit attributable to owners of parent of ¥17,259 million (an increase of 446.4% for the same period in 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 "Etrian Odyssey Origins Collection", "Sonic Origins Plus", etc. as new titles, leading to sales of 740 thousand copies (440 thousand copies for the same period in the previous fiscal year). As repeat titles, the Group sold titles centered on released in previous fiscal year, leading to sales of 4,120 thousand copies (4,700 thousand copies for the same period in the previous fiscal year). As a result, overall sales for Full Game totaled 4,870 thousand copies (5,140 thousand copies for the same period in the previous fiscal year). F2P was 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 addition, "404 GAME RE:SET - Error Game Reset-" has been launched.

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

In the animation and toy area, for animation, the Group released "DETECTIVE CONAN: Black Iron Submarine", etc., and for toy, new products "Stream your live with a head set! With a front camera! Fun to change mouse covers! Sumikkogurashi laptop My Live" and regular products were sold.

As a result, net sales in this segment were ¥53,846 million (an increase of 2.0% for the same period in the previous fiscal year) and ordinary income was ¥4,403 million (a decrease of 45.9% for the same period in the previous fiscal year).

#### « Pachislot and Pachinko Machines »

For pachislot machines, the Group sold "Smart Pachislot Hokuto No Ken", etc., leading to overall sales of 64 thousand units (8 thousand units for the same period in the previous fiscal year). The unit sales of "Smart Pachislot Hokuto No Ken" have already exceeded planned targets, and the Group also plans to sell additional units in August 2023. For pachinko machines, the Group sold "P Hokuto No Ken Bokyozei", etc., leading to overall sales of 39 thousand units (14 thousand units for the same period in the previous fiscal year).

As a result, net sales in this segment were ¥50,979 million (an increase of 382.9% for the same period in the previous fiscal year) and ordinary income was ¥21,836 million (ordinary loss of ¥646 million for the same period in the previous fiscal year).

« Resort »

In the resort business, at "Phoenix Seagaia Resort", the recovery of group customers, which had been sluggish due to the COVID-19 pandemic, have been seen because, in addition to the contribution of the government and its own measures to stimulate tourism demand and steady performance of individual customers, large-scale MICE (Meeting, Incentive Travel, Convention and Exhibition/Events) such as international conferences and corporate events.

Overseas, "PARADISE CITY", operated by PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method), the casino sales continued to see a recovery trend with the drop amounts (purchased amount of chips by customers at the table) of Japanese VIPs maintaining a level exceeding that before the spread of COVID-19, etc.

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

As a result, net sales in this segment were ¥2,920 million (an increase of 10.2% for the same period in the previous fiscal year) and ordinary loss was ¥272 million (ordinary loss of ¥1,168 million for the same period in the previous fiscal year).

## (2) Forecast of Consolidated Operating Results

No changes will be made to the forecast of consolidated financial results for the fiscal year ending March 31, 2024, announced on April 28, 2023.

The forecast for each business segment is as follows.

### « Entertainment Contents »

In the consumer area, for Full Game, the Group will launch new titles in earnest from the second half of the fiscal year. The main titles are listed in the table below. For F2P, the Group will continue to enhance the operation of existing titles. In the amusement machine sales area, the Group will release "UFO CATCHER 10" and strengthen sales of prizes, etc. In the animation and toy area, the Group plans to record allocated revenue of new films such as "DETECTIVE CONAN: Black Iron Submarine", to expand video distribution for animation, and to sell new products and regular products for toy.

Furthermore, with fluctuations in exchange rates pushing up sales and profits above targets and with expectations of rises in costs due to increases in development costs caused by soaring labor costs and raw material price hikes, the Group will continue to monitor the situation.

Title name	Scheduled release date
Samba de Amigo: Party Central	August 30, 2023
ENDLESS™ Dungeon	October 19, 2023
Total War: PHARAOH	October 2023
HUMANKIND™ (for Console)	November 4, 2023
Like a Dragon Gaiden: The Man Who Erased His Name	November 9, 2023
Persona 5 Tactica	November 17, 2023
Sonic Superstars	Fall 2023
HYENAS	2023
Like a Dragon: Infinite ∞ Wealth	Early 2024
Persona 3 Reload	Early 2024

### « Pachislot and Pachinko Machines »

In the Pachislot and Pachinko Machines, the Group will continue to launch mainstay titles in and after the second quarter of the fiscal year. In particular, for pachislot machines, in addition to additional sales of existing mainstay titles such as "Smart Pachislot Hokuto No Ken" and "Pachislot Kabaneri of the Iron Fortress", the Group will also actively promote the introduction of new titles such as "Smart Pachislot BIOHAZARD: VENDETTA" the second smart pachislot for the Group, and the No. 6.5 models "Pachislot Kizumonogatari -Hajimari No Toki-". For pachinko machines, the Group will launch several titles including "P BLACK LAGOON4". Although there was continued improvement in the procurement situation, the procurement of parts and materials continues to require close monitoring,

### « Resort »

In the Resort Business, at "Phoenix Seagaia Resort" in Japan, in addition to continued efforts to attract more individual visitors, the Group expects a recovery of group customers due to the resumption of large-scale MICE, etc. Overseas, for "PARADISE CITY", the Group expects the contribute to profit from equity in earnings of affiliates as casino sales are expected to be driven by strong Japanese VIP customers, and a gradual recovery in Chinese VIP customers is also expected, along with continuous recovery trend of international flights serving South Korea.

# **QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**

SEGA SAMMY HOLDINGS INC.  
QUARTERLY CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2023 AND JUNE 30, 2023

(Unit: Millions of yen)

	Prior year (As of March 31, 2023)	Current period (As of June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	179,509	171,670
Notes and accounts receivable - trade and contract assets	53,370	45,929
Merchandise and finished goods	18,503	18,038
Work in process	50,689	57,258
Raw materials and supplies	20,269	19,581
Other	31,826	32,612
Allowance for doubtful accounts	(304)	(319)
Total current assets	353,862	344,771
Noncurrent assets		
Property, plant and equipment		
Land	18,581	18,629
Other, net	41,901	42,535
Total property, plant and equipment	60,482	61,165
Intangible assets		
Goodwill	2,592	2,270
Other	10,654	11,848
Total intangible assets	13,247	14,118
Investments and other assets		
Investment securities	39,538	45,554
Other	34,818	42,879
Allowance for doubtful accounts	(383)	(384)
Total investments and other assets	73,973	88,048
Total noncurrent assets	147,703	163,332
Total assets	501,566	508,104

SEGA SAMMY HOLDINGS INC.  
 QUARTERLY CONSOLIDATED BALANCE SHEETS  
 AS OF MARCH 31, 2023 AND JUNE 30, 2023

(Unit: Millions of yen)

	Prior year (As of March 31, 2023)	Current period (As of June 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	30,556	29,570
Short-term borrowings	17,000	17,000
Income taxes payable	4,776	4,909
Provision	11,064	3,961
Other	56,934	52,968
Total current liabilities	120,332	108,410
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	25,000	25,000
Net defined benefit liability	3,877	3,916
Asset retirement obligations	2,607	2,643
Provision for dismantling of fixed assets	420	420
Other	7,981	8,890
Total noncurrent liabilities	49,886	50,870
Total liabilities	170,218	159,280
Net assets		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	72,213	72,213
Retained earnings	261,840	270,490
Treasury stock	(37,251)	(37,258)
Total shareholders' equity	326,755	335,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,626	3,309
Deferred gains or losses on hedges	382	201
Revaluation reserve for land	(1,109)	(1,109)
Foreign currency translation adjustment	3,730	12,036
Remeasurements of defined benefit plans	(1,531)	(1,583)
Total accumulated other comprehensive income	4,099	12,854
Share acquisition rights	468	541
Non-controlling interests	24	27
Total net assets	331,347	348,823
Total liabilities and net assets	501,566	508,104

SEGA SAMMY HOLDINGS INC.  
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2023

(Unit: Millions of yen)

	Prior period From April 1, 2022 To June 30, 2022	Current period From April 1, 2023 To June 30, 2023
Net sales	66,118	108,050
Cost of sales	40,934	58,569
Gross profit	25,183	49,481
Selling, general and administrative expenses	22,406	26,924
Operating income	2,777	22,556
Non-operating income		
Interest income	33	356
Dividends income	476	52
Equity in earnings of affiliates	-	282
Gain on investments in partnership	373	539
Foreign exchange gains	1,516	-
Other	130	178
Total non-operating income	2,529	1,410
Non-operating expenses		
Interest expenses	76	78
Equity in losses of affiliates	661	-
Loss on investments in partnership	196	228
Foreign exchange losses	-	426
Other	115	135
Total non-operating expenses	1,050	869
Ordinary income	4,255	23,096
Extraordinary income		
Gain on sales of investment securities	-	71
Total extraordinary income	-	71
Extraordinary losses		
Loss on sales of noncurrent assets	0	0
Impairment loss	52	33
Loss on sales of shares of subsidiaries and affiliates	96	49
Loss on business restructuring	-	569
Other	-	3
Total extraordinary losses	149	656
Income before income taxes	4,106	22,512
Income taxes - current	814	4,707
Income taxes - deferred	127	543
Total income taxes	942	5,250
Profit	3,164	17,261
(Breakdown)		
Profit attributable to owners of parent	3,158	17,259
Profit attributable to non-controlling interests	6	2



SEGA SAMMY HOLDINGS INC.  
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2023

(Unit: Millions of yen)

	Prior period From April 1, 2022 To June 30, 2022	Current period From April 1, 2023 To June 30, 2023
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(179)	682
Deferred gains or losses on hedges	6	-
Foreign currency translation adjustment	3,905	8,670
Remeasurements of defined benefit plans, net of tax	(7)	(49)
Share of other comprehensive income of entities accounted for using equity method	915	(547)
<b>Total other comprehensive income</b>	<b>4,640</b>	<b>8,755</b>
<b>Comprehensive income</b>	<b>7,805</b>	<b>26,017</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	7,795	26,015
Comprehensive income attributable to non-controlling interests	9	2

**[Notes]**

(Notes on assumptions for going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Special accounting treatment applied in preparing quarterly consolidated financial statements)

(Tax expense calculation)

Taxes are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to income before income taxes for the fiscal year and multiplying the quarterly income before income taxes by such estimated effective tax rate. However, a legally designated effective tax rate will be applied if such tax expenses are found to be very unreasonable after calculation based on the relevant estimated effective tax rate.

## SEGMENT INFORMATION

### 1. Prior period (From April 1, 2022 to June 30, 2022)

Information on the amounts of net sales, income (loss) by each reporting segment

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Notes)	Amount in consolidated financial statements
	Entertainment Contents	Pachislot Pachinko Machines	Resort			
Net sales						
(1) Sales to third parties	52,778	10,557	2,649	65,985	133	66,118
(2) Inter-segment sales and transfers	54	95	7	157	(157)	-
Total	52,832	10,652	2,656	66,142	(23)	66,118
Segment income (loss)	8,142	(646)	(1,168)	6,328	(2,072)	4,255

(Notes) 1. Adjustment to segment income (loss) of ¥(2,072) million includes elimination of inter-segment transactions of ¥0 million and general corporate expenses of ¥(2,072) 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 has been made to segment income (loss) and ordinary income of the quarterly consolidated statements of income and comprehensive income.

### 2. Current period (From April 1, 2023 to June 30, 2023)

Information on the amounts of net sales, income (loss) by each reporting segment

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Notes)	Amount in consolidated financial statements
	Entertainment Contents	Pachislot Pachinko Machines	Resort			
Net sales						
(1) Sales to third parties	53,846	50,979	2,920	107,746	304	108,050
(2) Inter-segment sales and transfers	80	108	8	198	(198)	-
Total	53,926	51,088	2,929	107,944	106	108,050
Segment income (loss)	4,403	21,836	(272)	25,967	(2,870)	23,096

(Notes) 1. Adjustment of ¥304 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 ¥(2,870) million includes losses of ¥(148) million related to businesses that do not belong to any reporting segment, elimination of inter-segment transactions of ¥0 million and general corporate expenses of ¥(2,722) 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 has been made to segment income (loss) and ordinary income of the quarterly consolidated statements of income and comprehensive income.