

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, 2024	-	23.00	-	27.00	50.00
Year ending March 31, 2025	-				
Year ending March 31, 2025 (plan)		25.00	-	25.00	50.00

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

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(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	445,000	(5.1)	45,000	(22.2)	48,000	(19.7)	39,000	18.0	180.54

(Note) 1. Revision to the forecast of operating results most recently announced: No

2. Due to the changes in the method of presentation from the first quarter of the current fiscal year, the percentage change in net sales and operating income is based on a comparison with retroactively adjusted figures.

4. Other

(1) Changes in significant subsidiaries during the period: Yes

New : - Company name -

Exclusion : 1 Company name : Phoenix Resort Co., Ltd.

(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: Yes

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, 2024 : 241,229,476

March 31, 2024 : 241,229,476

2. Number of treasury stock at the end of the period

June 30, 2024 : 25,407,391

March 31, 2024 : 25,214,788

3. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For Three months ended June 30, 2024 : 216,003,561

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

(Note) Auditing procedures reviewed for this document by certified public accountants or accounting auditors: No

(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.
- 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 8.
- The Company plans to hold a briefing on financial results for institutional investors on August 7, 2024. 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) Operating results for the three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)

■ Overall highlights

In the first quarter for the fiscal year ending March 31, 2025, the sales and profit fell from the same period in the prior year when "Smart Pachislot Hokuto No Ken" was a huge hit. The sales mainly generated by new Full Games and some repeat titles of consumer area in the Entertainment Contents Business and generated by titles in the Pachislot and Pachinko Machines Business showed steady performance. As a result, the decrease in ordinary income from the same period in the prior year was limited to ¥1.2 billion, a better-than-expected start. Moreover, adjusted EBITDA, which the Company adopted as the management indicator since the current fiscal year, reached to ¥25.8 billion with exceeding that from the same period in the prior fiscal year, which is ¥24.7 billion. In addition, the Company recorded an extraordinary income of approximately ¥8.4 billion by transfer of the shares of Phoenix Resort Co., Ltd., and the profit attributable to owners of the parent resulted in an increase from the same period in the prior year.

The Company also believes that the acquisition of Stakeologic B.V. press released in late July will contribute to the speed-up for the growth of the Group's Gaming Business which the Company aim to establish as the third business pillar. As the date of acquisition closed is estimated in the first quarter of the following fiscal year, the impact on profits in the current fiscal year immaterial.

■ Highlights by segment

« Entertainment Contents »

Both sales and profit increased for the three months ended June 30, 2024, from the same period in the prior year. Sales growth was due primarily to steady performance by new Full Games and repeat titles in the consumer area. For Full Game, the Group released "Shin Megami Tensei V Vengeance", leading to sales of 500 thousand copies during the first three days from the released day in worldwide. As repeat titles, "Unicorn Overlord" released in the prior year and "Persona 5 Royal (Remaster)", released in the fiscal year ended March 31, 2023, showed the favorable performance. The increase in profit from the same period in the prior year was also due to the inclusion of Rovio Entertainment Corporation, which was acquired in August, 2023. Although the impact on profits caused by the amortization of goodwill, other intangibles, etc., was immaterial, Rovio Entertainment Corporation contributed to the Group's profit with its post amortization profit.

In the animation area, the Group recorded distribution and royalty income from the "Sonic" series film productions, resulting in a significant increase over the same period of the prior fiscal year. In addition, as the importance of this initiative has increased with the promotion of transmedia development and further expansion of Pillar's mainstay IP under the new Medium-term Plan, the method of presentation has been changed※1 and revenues related to film production of the "Sonic" series are included in sales from this fiscal year.※2

In the amusement and toy area, although the impacts of raw material price hikes have been caused by the depreciation of the Japanese yen, the Group has sold prize and regular toy products with steady performance from the same period in the prior year.

※1 Distribution revenue by Sonic movie had been recorded as a non-operating profit until the prior fiscal year.

※2 The reclassified figures for net sales and operating income have been retroactively applied for the prior fiscal year..

Going forward, in consumer area, the Company also expects the repeat sales and existing F2P titles to establish solid performance basis throughout the fiscal year. In addition, the Group plans to release the new Full Games such as "Metaphor: ReFantazio", "SONIC X SHADOW GENERATIONS", and a new F2P title, "Sonic Rumble", for the global F2P market in and after the third quarter of this fiscal year. The Company expects the peak of the current fiscal year's performance to occur in the second half of the year through the set up of transmedia strategy, which the Group's IP expansion and profit increase consisted of releasing new games combining animation, and merchandising.

※ For new released titles, please see "Results Presentation Q1 for the fiscal year ending March 31, 2025 on Page 16 and 17"

<https://www.segasammy.co.jp/en/ir/library/>

« Pachislot and Pachinko Machines »

Both sales and profit fell for the three months ended June 30, 2024, from the same period in the prior year. The main factor was a backlash from the hit "Smart Pachislot Hokuto No Ken" in the prior fiscal year. However, strong sales of new titles released during the first quarter of the current fiscal year, such as "Smart Pachislot Psalms of Planets Eureka Seven 4 HI-EVOLUTION, and "Smart Pachislot Golden Kamuy", etc., and additional sales of titles released in the prior fiscal year, such as "P Hokuto No Ken Tomo LT", etc., resulted in a better-than-expected start.

Going forward, the Group continuously sells both pachislot and pachinko machines. In the second quarter, the Group plans to sell a featured title, "e Hokuto No Ken 10" (installed in August, 2024), as the Group's first smart pachinko machines, and new multiple titles such as "Smart Pachislot Shin Hokuto Muso", etc. with expanding the marketing shares.

※ For new released titles, please see "Results Presentation Q1 for the fiscal year ending March 31, 2025 on Page 21"

<https://www.segasammy.co.jp/en/ir/library/>

« Gaming Business »

At the start of the new Medium-term Management Plan released in May 2024, the Group created the new "Gaming Business". In Gaming Business, SEGA SAMMY CREATION INC. ("SSC") develops, manufactures, and distributes gaming devices, and PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method), which is a joint venture with Paradise Co., Ltd. in South Korea, develops and operates the integrated resort facility, "PARADISE CITY".

In November 2023, with the aim of entering the online gaming market, especially the U.S. iGaming market expected to continuous grow in the future, the Company concluded an agreement to acquire GAN Limited ("GAN"), which operates a B2B platform business mainly for U.S. casino operators. In July 2024, the Company also announced the conclusion of an agreement to acquire Stakelogic B.V. ("Stakelogic"), a Netherlands-based company that develops B2B iGaming content supplier business. The company is proceeding to complete the acquisition.

Sales increased from the same period in the prior year, and in profit basis, ordinary income turned positive. Gaming equipment sales were robust, with "Railroad Riches™", a video slot machine compatible with the new "Genesis Atmos™" cabinet that was introduced in U.S.A. in January 2024, recording high operating rates and receiving high evaluations from the market. In "PARADISE CITY", the casino sales have remained strong with the drop amounts (purchased amount of chips by customers at the table) of Japanese VIP's maintained at a high level.

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

Going forward, the Group will further promote sales of gaming equipment by continuing to introduce gaming equipment that will receive high evaluations from the market in North America and Asia, increasing the number of machines installed, developing new customers, and acquiring new licenses. As for "PARADISE CITY", the Company expects equity method accounting will contribute to profits led by casino sales generated by highly maintained Japanese VIPs.

Under the New Medium-term Plan, GAN will become a gaming service provider with comprehensive range of services by adding Stakelogic's unique content to its own B2B platform business, which is one of its strengths. By combining these services with SSC's customer network, the Group will create synergies and work to establish the gaming business as the Company's third business pillar.

■ Consolidated Financial Results for the Three Months Ended June 30, 2024

(Unit: Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Changes from the prior period	
			amount	%
Net Sales	108,259	104,755	(3,504)	(3.2)
Operating income	22,765	19,341	(3,424)	(15.0)
Ordinary income	23,096	21,830	(1,266)	(5.5)
Profit attributable to owners of parent	17,259	24,525	7,266	42.1

Adjusted EBITDA ※1	24,750	25,899	1,148	4.6
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Net income per share	78.19	113.54	35.35	45.2
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Items	Breakdown
※1 Adjusted EBITDA	Ordinary income + Interest expenses + Depreciation and amortization ± Adjustment items ※2
※2 Adjustment items:	+ Extraordinary income by business
	- Extraordinary losses of business (impairments, title write-down, etc.)
	- Profit attributable to non-controlling interests
	+ Goodwill and trademark right amortization associated with M&A

Overview by segment is as follows.

At the start of the current fiscal year, the Group changed the reporting segments, which are "Entertainment Contents Business", "Pachislot and Pachinko Machines Business", and "Gaming Business" instead of former segments, "Entertainment Contents Business", "Pachislot and Pachinko Machines Business", and "Resort Business". For details, please see "Changes in reporting segments" in "SEGMENT INFORMATION".

« Entertainment Contents »

(Unit: Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Changes from the prior period	
			amount	%
Sales to third party	54,163	72,585	18,422	34.0
Inter-segment sales and transfers	125	147	-	-
Total net sales	54,288	72,733	18,444	34.0
Ordinary income	4,443	12,509	8,066	181.5

Adjusted EBITDA	5,027	15,702	10,675	212.4
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« Pachislot and Pachinko Machines »

(Unit: Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Changes from the prior period	
			amount	%
Sales to third party	50,508	28,891	(21,617)	(42.8)
Inter-segment sales and transfers	13	16	-	-
Total net sales	50,522	28,907	(21,615)	(42.8)
Ordinary income	21,716	10,715	(11,000)	(50.7)

Adjusted EBITDA	22,327	11,466	(10,861)	(48.6)
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« Gaming Business »

(Unit: Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Changes from the prior period	
			amount	%
Sales to third party	363	680	317	87.3
Inter-segment sales and transfers	3	5	-	-
Total net sales	366	686	319	87.1
Ordinary income	(219)	917	1,136	-

Adjusted EBITDA	(217)	756	973	-
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(2) Financial positions as of June 30, 2024

(Assets and liabilities)

Total assets as of the end of the fiscal year ended June 30, 2024 increased by ¥ 11,215million from the end of the prior fiscal year to ¥665,210 million.

Current assets increased by ¥6,596 million from the end of the prior fiscal year. This was attributable to increase in securities, despite decreases in notes and accounts receivable and cash and cash deposits.

Noncurrent assets increased by ¥4,619 million from the end of the prior fiscal year. This was attributable to increases in goodwill, trademark right, and investment securities, despite decrease in property, plant and equipment by exclusion of Phoenix Resort Co., Ltd. to be consolidated.

Total liabilities as of the end of the fiscal year ended June 30, 2024 decreased by ¥22,070 million from the end of the prior fiscal year to ¥274,221 million. This was attributable to decreases in income tax payable and provision for bonuses.

(Net assets)

Net assets as of the end of the fiscal year ended June 30, 2024 increased by ¥33,286 million from the end of the prior fiscal year to ¥390,988 million. This was attributable to recording of profit attributable to owners of parent, to increasing foreign currency translation reserve, and other factors, despite decreases in shareholders' equity due to cash dividends.

(Financial ratio)

The current ratio at the end of the current fiscal year ended June 30, 2024 increased by 57.8 percentage points from the end of the prior fiscal year to 349.3%.

The equity ratio at the end of the current fiscal year ended June 30, 2024, increased by 4.0 percentage points from the end of the prior fiscal year to 58.6%.

(3) Forecast of Consolidated Operating Results

No changes will be made to the forecast of consolidated financial results for the fiscal year ending March 31, 2025, announced on May 10, 2024.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

SEGA SAMMY HOLDINGS INC.
 QUARTERLY CONSOLIDATED BALANCE SHEETS
 AS OF MARCH 31, 2024 AND JUNE 30, 2024

(Unit: Millions of yen)

	Prior year (As of March 31, 2024)	Current period (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	211,715	195,137
Notes and accounts receivable - trade and contract assets	54,269	44,938
Securities	8,095	25,847
Merchandise and finished goods	14,371	17,311
Work in process	45,888	51,360
Raw materials and supplies	21,501	22,769
Other	39,605	44,415
Allowance for doubtful accounts	(443)	(180)
Total current assets	395,003	401,599
Noncurrent assets		
Property, plant and equipment		
Land	18,647	14,011
Other, net	41,451	36,777
Total property, plant and equipment	60,099	50,788
Intangible assets		
Goodwill	30,264	34,306
Trademark right	47,574	49,903
Other	14,442	14,875
Total intangible assets	92,281	99,085
Investments and other assets		
Investment securities	49,858	52,344
Other	56,941	61,565
Allowance for doubtful accounts	(189)	(173)
Total investments and other assets	106,610	113,736
Total noncurrent assets	258,991	263,610
Total assets	653,994	665,210

SEGA SAMMY HOLDINGS INC.
 QUARTERLY CONSOLIDATED BALANCE SHEETS
 AS OF MARCH 31, 2024 AND JUNE 30, 2024

(Unit: Millions of yen)

	Prior year (As of March 31, 2024)	Current period (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,085	28,860
Short-term borrowings	22,507	22,507
Income taxes payable	10,626	5,539
Provision	13,398	5,232
Asset retirement obligations	1	-
Other	62,876	52,840
Total current liabilities	135,494	114,980
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	124,500	124,500
Provision	430	17
Net defined benefit liability	5,666	3,810
Asset retirement obligations	2,659	2,285
Other	17,540	18,628
Total noncurrent liabilities	160,797	159,241
Total liabilities	296,292	274,221
Net assets		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	69,263	69,263
Retained earnings	281,208	299,901
Treasury stock	(47,151)	(47,154)
Total shareholders' equity	333,274	351,964
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,056	3,386
Deferred gains or losses on hedges	(230)	99
Revaluation reserve for land	(1,109)	(1,109)
Foreign currency translation adjustment	20,388	34,388
Remeasurements of defined benefit plans	1,540	1,348
Total accumulated other comprehensive income	23,645	38,113
Share acquisition rights	751	877
Non-controlling interests	30	34
Total net assets	357,702	390,988
Total liabilities and net assets	653,994	665,210

SEGA SAMMY HOLDINGS INC.
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED JUNE 30, 2023 AND 2024

(Unit: Millions of yen)

	Prior period From April 1, 2023 To June 30, 2023	Current period From April 1, 2024 To June 30, 2024
Net sales	108,259	104,755
Cost of sales	58,569	54,454
Gross profit	49,690	50,301
Selling, general and administrative expenses	26,924	30,960
Operating income	22,765	19,341
Non-operating income		
Interest income	356	686
Dividends income	52	81
Equity in earnings of affiliates	72	990
Gain on investments in partnership	539	251
Foreign exchange gains	-	750
Other	178	434
Total non-operating income	1,201	3,194
Non-operating expenses		
Interest expenses	78	417
Loss on investments in partnership	228	154
Foreign exchange losses	426	-
Other	135	134
Total non-operating expenses	869	705
Ordinary income	23,096	21,830
Extraordinary income		
Gain on sales of noncurrent assets	-	0
Gain on sales of investment securities	71	39
Gain on sales of shares of subsidiaries and affiliates	-	8,488
Other	-	357
Total extraordinary income	71	8,886
Extraordinary losses		
Loss on sales of noncurrent assets	0	0
Impairment loss	33	204
Loss on valuation of shares of subsidiaries and affiliates	-	78
Loss on sales of shares of subsidiaries and affiliates	49	-
Loss on business restructuring	569	-
Other	3	-
Total extraordinary losses	656	283
Income before income taxes	22,512	30,433
Income taxes - current	4,707	5,242
Income taxes - deferred	543	662
Total income taxes	5,250	5,905
Profit	17,261	24,527
(Breakdown)		
Profit attributable to owners of parent	17,259	24,525
Profit attributable to non-controlling interests	2	2

SEGA SAMMY HOLDINGS INC.
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED JUNE 30, 2023 AND 2024

(Unit: Millions of yen)

	Prior period From April 1, 2023 To June 30, 2023	Current period From April 1, 2024 To June 30, 2024
Other comprehensive income		
Valuation difference on available-for-sale securities	682	330
Deferred gains or losses on hedges	-	323
Foreign currency translation adjustment	8,670	13,206
Remeasurements of defined benefit plans, net of tax	(49)	(192)
Share of other comprehensive income of entities accounted for using equity method	(547)	799
Total other comprehensive income	8,755	14,467
Comprehensive income	26,017	38,995
(Breakdown)		
Comprehensive income attributable to owners of parent	26,015	38,992
Comprehensive income attributable to non-controlling interests	2	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.

(Changes in accounting policies)

(Application of the Accounting Standard for current income taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been adopted from the beginning of the first quarter ended June 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter ended June 30, 2024. This change in accounting policies was applied retrospectively. Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

(Changes in method of presentation)

Distribution income related to investments in film production in the U.S. has been recorded as "net sales" since the first quarter of current fiscal year although it was posted in "equity in earnings of affiliates" under "non-operating income".

This change is due to the increased monetary importance of distribution income related to investments in film production, as well as the increased importance of the business in the new mid-term plan, including the strengthening of the transmedia strategy and further expansion of pillars.

To reflect this change in presentation, the quarterly consolidated financial statements for the first quarter of the prior fiscal year have been reclassified.

As a result, ¥209 million recorded in "equity in earnings of affiliates" under non-operating income in the quarterly consolidated statements of income and comprehensive income for the first quarter of the prior fiscal year has been reclassified as "net sales".

SEGMENT INFORMATION

1. Prior 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	Gaming			
Net sales						
(1) Sales to third parties	54,163	50,508	363	105,035	3,224	108,259
(2) Inter-segment sales and transfers	125	13	3	143	(143)	-
Total	54,288	50,522	366	105,178	3,081	108,259
Segment income (loss)	4,443	21,716	(219)	25,940	(2,843)	23,096

(Notes) 1. Adjustments of ¥3,224 million for sales to third parties represents sales that do not belong to any business segments.

2. Adjustment to segment income (loss) of ¥(2,843) million includes loss of ¥(75) million that do not belong to any business segments, elimination of inter-segment transactions of ¥2 million, and general corporate expenses of ¥(2,770) 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.

2. Current period (From April 1, 2024 to June 30, 2024)

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	Gaming			
Net sales						
(1) Sales to third parties	72,585	28,891	680	102,157	2,598	104,755
(2) Inter-segment sales and transfers	147	16	5	169	(169)	-
Total	72,733	28,907	686	102,326	2,429	104,755
Segment income (loss)	12,509	10,715	917	24,142	(2,312)	21,830

(Notes) 1. Adjustment of ¥2,598 million for sales to third parties represents sales that do not belong to any business segments.

2. Adjustment to segment income (loss) of ¥(2,312) million includes losses of ¥(197) million that do not belong to any business segments, elimination of inter-segment transactions of ¥0 million, and general corporate expenses of ¥(2,115) 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.

4. Detailed in "Changes in method of presentation", distributed income related to investments in film production in the U.S., which was previously posted in "equity in earnings of affiliates" under "non-operating income", is reclassified in "net sales" from the first quarter of the current fiscal year. To reflect this change in presentation, segment information for the first quarter of the prior fiscal year has been reclassified. As a result, "Net sales" of "Entertainment Contents Business" increased ¥209 million in the first quarter of the prior fiscal year, but there is no impact on segment income.

3. Changes in reporting segments

(Changes in reporting segments)

At the start of the new Medium-term Management Plan, "WELCOME TO THE NEXT LEVEL!", the Group implemented the abolition of the "Resort Business" and creation of a new "Gaming Business". This was implemented from the perspective of the strategies and business portfolio of the New Mid-term Plan. The newly established "Gaming Business" consolidates overseas online gaming-related businesses, operation of existing integrated resorts, and development and manufacture of casino machines. As a result, "Entertainment Contents Business", "Pachislot and Pachinko Machines Business", and "Gaming Business" will become reportable segments.

Segment information for the first quarter of the prior fiscal year is presented based on the reclassified method after the change.

(Notes to cashflow statements)

Quarterly consolidated statements of cashflow statement for the first quarter of the current fiscal year have not been prepared.

Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows.

(Unit: Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation and amortization expenses	2,680	3,441
Amortization expenses of goodwill	480	672