

(Translation)

FLASH REPORT
CONSOLIDATED FINANCIAL STATEMENTS [Japanese GAAP]
Year Ended March 31, 2021

Name of the Company : SEGA SAMMY HOLDINGS INC.
Code number : 6460
 (URL <https://www.segasammy.co.jp/>)
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Annual Meeting of Shareholders : June 24, 2021 (plan)
 Filing of Financial Report : June 25, 2021 (plan)
 Start of cash dividend payments : June 4, 2021 (plan)

(Amounts below one million yen are rounded down)

1. Consolidated Operating Results for the Year Ended March 31, 2021
(1) RESULTS OF CONSOLIDATED OPERATIONS

(Percentage represents changes from the prior year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For Year ended March 31, 2021	277,748	(24.2)	6,553	(76.3)	1,715	(93.2)	1,274	(90.7)
For Year ended March 31, 2020	366,594	10.5	27,643	111.3	25,296	237.5	13,775	421.3

(Note) Comprehensive income:

For Year ended March 31, 2021 : ¥4,843 million (-%)
 For Year ended March 31, 2020 : ¥(774)million (-%)

	Net income per share	Net income per share (Diluted)	Return on equity	Return on assets	Operating income to net sales
	Yen	Yen	%	%	%
For Year ended March 31, 2021	5.42	-	0.4	0.3	2.4
For Year ended March 31, 2020	58.65	58.63	4.6	3.0	7.5

(Reference) Equity in earnings of affiliates:

For Year ended March 31, 2021 : ¥(5,662) million
 For Year ended March 31, 2020 : ¥(2,805) million

(2) CONSOLIDATED FINANCIAL POSITION

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	421,599	291,256	69.0	1,236.82
March 31, 2020	458,268	296,858	64.2	1,251.02

(Reference) Shareholders' equity

March 31, 2021 : ¥290,759 million

March 31, 2020 : ¥294,102 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For Year ended March 31, 2021	(6,384)	30,473	(31,492)	154,540
For Year ended March 31, 2020	38,537	(15,464)	(10,956)	158,617

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	For the year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	-	20.00	-	20.00	40.00	9,397	68.2	3.1
Year ended March 31, 2021	-	10.00	-	20.00	30.00	7,052	553.2	2.4
Year ending March 31, 2022 (plan)	-	20.00	-	20.00	40.00		67.2	

3. Forecast of Consolidated Operating Results for the Year ending March 31, 2022

(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	312,000	12.3	20,000	205.2	20,000	-	14,000	998.1	59.55

4. Other

- (1) Significant changes in subsidiaries (scope of consolidation) during the year ended March 31, 2021: Yes
(Excluded) Company name: Sega Amusements International Ltd.
- (2) Changes in accounting principles, procedures, disclosure methods, etc., for preparing the consolidated financial statements:
1. Changes associated with revision in accounting standards: No
 2. Other changes: No
- (3) Number of shares outstanding (common stock)
1. Number of shares outstanding at the end of the period (including treasury stock)

March 31, 2021	:	266,229,476
March 31, 2020	:	266,229,476
 2. Number of treasury stock at the end of the period

March 31, 2021	:	31,142,581
March 31, 2020	:	31,138,238
 3. Average number of shares during the period

For Year ended March 31, 2021	:	235,090,709
For Year ended March 31, 2020	:	234,849,839

(Note)

- 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. 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, 2022" on page 8.
- The Company plans to hold a briefing on financial results for analysts on May 13, 2021. The contents of the meeting, such as explanations about financial results (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, 2021

With regard to the environment of the Entertainment Contents Business, in the consumer field (used in the previous fiscal year, the digital game software field and the packaged game software field), download sales for PCs and home video game consoles are progressing resulting from the impact of consumption from staying at home to prevent the spread of COVID-19, the launched new-generation console machines, and the advance of digitalization, while rising demand for games was evident. In addition, the game market is expected to further revitalize and expand on a global scale, with diversified revenue opportunities from new business models and services, and the development of technologies and infrastructure such as 5G and the Cloud computing. As for the market for amusement centers and amusement machines, although amusement center operation, which had slumped due to the impact of COVID-19, has entered a recovery trend gradually with a focus on prize category.

Regarding the pachislot and pachinko industry, pachinko halls across the country suspended their operations in the first quarter of the current fiscal year in response to the declaration of a state of emergency from government and requests from local governments due to the spread of COVID-19. Pachinko hall operators' purchasing motivation was significantly dropped in the first half of the current fiscal year with the extension of the deadline to remove the machines based on former standards due to the impact of COVID-19. In this environment, for pachinko machines, some of new standard machines are gaining popularity. Also, for pachislot machines, the introduction of Type 6.1, the new standard machines has begun.

In the resort industry, demand for both domestic and overseas travel was dropped, resulting in a drastically reduced number of tourists due to the impact of COVID-19 and travel restrictions imposed by each country. The recovery in domestic tourism demand was observed during "Go to Travel Campaign" launched by the national government in July 2020, but travel demand has once again been sluggish mainly due to the suspension of the campaign announced in December 2020 and restrictions on economic activities following the declaration of a state of emergency that was issued again in January 2021. Also the enforcement order, etc. pertaining to the "Act on the Establishment of Specified Integrated Resort Areas" have been sequentially enforced from April 2019, including the establishment of the Japan Casino Regulatory Commission in January 2020, and the national government's draft basic policy was announced in October 2020, and the application period for the certification of integrated resort district development plans was revised. Furthermore, in January 2021, some local governments commenced the request for proposal (RFP), a public tender for integrated resort operators.

In this business environment, net sales for the fiscal year ended March 31, 2021 amounted to ¥277,748 million, (a decrease of 24.2% from the previous fiscal year). The Group posted an operating income of ¥6,553 million (a decrease of 76.3% from the previous fiscal year), ordinary income of ¥1,715 million (a decrease of 93.2% from the previous fiscal year) and profit attributable to owners of parent of ¥1,274 million (a decrease of 90.7% from the previous fiscal year). In addition, due to the impact of the structural reform, the initiative undertaken by the Company in this fiscal year, gain on sales of noncurrent assets of ¥15,258 million and gain on sales of investment securities of ¥11,266 million were recorded as extraordinary income, while structural reform expenses of ¥34,191 million, including loss on sales of shares of subsidiaries in the amusement center operations field and the amusement machines field, and extra retirement payments for the call for voluntary retirement of employees, were recorded as extraordinary losses. Also, income taxes - deferred of ¥(12,200) million were recorded along with deferred tax assets in result in considering the recoverability of deferred tax assets carefully due to the trend of business performance in the future.

Result of each segment is as follows.

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

In addition, as a reportable segment of the Group, The business operated by SEGA SAMMY CREATION INC., which was previously included in "Entertainment Contents", have been changed to "Pachislot and Pachinko Machines", and the segment income has been changed from "operating income" to "ordinary income" from the fiscal year ended March 31, 2021. The comparison and analysis of the current fiscal year are prepared based on the modified segment classification. In addition, the order of description of business segments has been changed. For details of segment information, refer to "[Notes] (Segment information) 1. Outline of reporting segments" on page 19.

« Entertainment Contents »

In the consumer field, for Full Game*, the Group released new titles including "Persona 5 Strikers", "YAKUZA : LIKE A DRAGON", "Football Manager 2021", etc. with strong performance of repeat sales, leading to sales of 41,770 thousand copies (28,570 thousand copies in the previous fiscal year). For free-to-play games (F2P*), new titles such as "Re:ZERO -Starting Life in Another World- Lost in Memories" and "Project SEKAI COLORFUL STAGE! feat. Hatsune Miku" strongly performed, and existing titles as well.

*Consumer field is classified by following 3 business models.

Full Game	Physical sales and download sales of full game for home video game consoles and PCs. (Download content sales are not included.)
F2P	Sales of contents with offering free basic play and microtransaction for smartphones and PCs.
Others	Sales of additional downloadable contents, consignment sales of 3rd party titles, revenue from consignment development, transfer of titles, offering of titles in batches to 1st parties, sales of non-game software products, etc.

In the amusement machine field, the Group sold with a focus on mainstay products such as UFO CATCHER series and prizes.

In the amusement center operations field, the Group excluded a company, operating amusement facilities, from the scope of consolidation at the end of the third quarter of the current fiscal year through transfer of its shares in December 2020 with the structural reform.

In the animated film and toy field, the Group released a movie "Detective Conan: The Scarlet Alibi", which was special summarizing TV animation series although the release of "Detective Conan: The Scarlet Bullet" was delayed due to the impact of COVID-19, and recorded earnings from video production and distribution, while performed strong toy sales of new products such as "Fun to change mouse covers! Sumikkogurashi Personal Computer Plus" and mainstay toy products.

Also the Group recorded gain on sales of investment securities as extraordinary income in the fourth quarter of the current fiscal year due to sales of investment securities which was booked gain on valuation of investment securities as non-operating income until the third quarter of the current fiscal year. As a result, net sales in this segment were ¥217,810 million (a decrease of 12.0% from the previous fiscal year) and ordinary income was ¥27,917 million (an increase of 71.6% from the previous fiscal year).

« Pachislot and Pachinko Machines »

For pachislot machines, the Group has launched "Pachislot Hokuto No Ken Shukumei", etc., leading to overall sales of 35 thousand units (123 thousand units in the previous fiscal year). For pachinko machines, the Group has sold "P Shin Hokuto Muso Chapter 3", etc., leading to overall sales of 69 thousand units (104 thousand units in the previous fiscal year).

As a result, net sales in this segment were ¥53,198 million (a decrease of 51.0% from the previous fiscal year) and ordinary loss was ¥11,332 million (ordinary income of ¥22,781 million for the previous fiscal year).

« Resort »

In the resort business, at "Phoenix Seagaia Resort", the number of guests continued to fall sharply due to the impact of COVID-19, leading to 65.7% compared with the previous fiscal year. However, personal demand showed recovery like year-on-year increase of 110% and over of the number of guests from October to November 2020, due to the effect of the "Go to Travel Campaign". In addition, expenses for participating in the domestic integrated resort incurred.

Overseas, "PARADISE CITY", operated by PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method) that the drop amounts (purchased amount of chips by customers at the table) was 33.8%, and the number of guests was 45.5% compared with the previous fiscal year, respectively, saw substantial decline from January to December, 2020.

*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 ¥6,320 million (a decrease of 39.7% from the previous fiscal year) and ordinary loss was ¥8,979 million (ordinary loss of ¥5,354 million for the previous fiscal year).

(2) Financial positions as of March 31, 2021

(Assets and liabilities)

Total assets as of the end of the current fiscal year decreased ¥36,668 million from the end of the previous fiscal year, to ¥421,599 million.

Current assets increased ¥7,319 million from the end of the previous fiscal year. This was attributable to increases in merchandise and finished goods, income taxes receivable, and other factors, despite decreases in cash and deposits, notes and accounts receivable - trade, and short-term investment securities.

Noncurrent assets decreased ¥43,987 million from the end of the previous fiscal year. This was attributable to decreases in sales of investment securities, a reduction in the book value of noncurrent assets of a consolidated subsidiary, operating amusement facilities, to recoverable amount through transfer of shares under the structural reform, and other factors, despite an increase in deferred tax assets.

Total liabilities as of the end of the current fiscal year decreased ¥31,067 million from the end of the previous fiscal year, to ¥130,343 million. This was attributable to decreases in loans payable, income taxes payable, and other factors.

(Net assets)

Net assets as of the end of the current fiscal year decreased ¥5,601 million from the end of the previous fiscal year, to ¥291,256 million.

This was attributable to decreases in shareholders' equity due to cash dividends paid, valuation difference on available-for-sale securities, and other factors, despite recording of profit attributable to owners of parent and increasing foreign currency translation adjustment.

(Financial ratio)

The current ratio at the end of the current fiscal year increased 150.0 percentage points from the end of the previous fiscal year to 462.2%, remaining at a high level.

The equity ratio at the end of the current fiscal year increased 4.8 percentage points from the end of the previous fiscal year to 69.0%.

(3) Cash flows for the fiscal year ended March 31, 2021

Cash and cash equivalents at the end of the current fiscal year decreased ¥4,077 million from the end of the previous fiscal year, to ¥154,540 million.

Cash flows in respect of each area of activities in the current fiscal year are as follows.

(Cash flows from operating activities)

Factors including recording ¥9,844 million of loss before income taxes, ¥7,558 million of income taxes paid, and ¥7,260 million of extra retirement payments under the structural reform, etc., despite factors including recording ¥14,508 million of depreciation and amortization, and ¥1,464 million of income taxes refund, resulted in ¥6,384 million net cash used in operating activities in the current fiscal year (¥38,537 million inflow in the previous fiscal year).

(Cash flows from investing activities)

Factors including ¥21,203 million for proceeds from sales of investment securities and ¥18,125 million for proceeds from sales of property, plant and equipment, etc., with review the balance sheet for non-business properties under the structural reform, despite ¥7,350 million for purchase of property, plant and equipment, and ¥6,849 million for purchase of intangible assets, resulted in ¥30,473 million net cash provided by investing activities in the current fiscal year (¥15,464 million outflow in the previous fiscal year).

(Cash flows from financing activities)

Factors including ¥13,331 million for repayment of long-term loans payable, ¥10,000 million for redemption of bonds, and ¥7,063 million in cash dividends paid, etc., resulted in ¥31,492 million net cash used in financing activities in the current fiscal year (¥10,956 million outflow in the previous fiscal year).

In the current fiscal year, after examining each business's exposure to COVID-19 related business risks and considering the effects on cash flows, the Company increased credit line and overdraft limits by ¥68,000 million, and executed combined borrowings of ¥30,000 million from said overdraft limit although that has completed repayment as of the end of March 2021. As a result, the Group had on hand cash and deposits of ¥154,972 million at the end of the current fiscal year, enough to cover 5 months of average monthly business transactions based on the previous fiscal year, along with unused credit line and overdraft limits of ¥213,000 million on a non-consolidated basis, thereby providing fund liquidity of ¥367,972 million.

Going forward, the Company will continue to make conservative estimates of the envisaged effect on cash flows from COVID-19 and plan timely and appropriate responses.

(4) Outlook for the fiscal year ending March 31, 2022

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 order to cope with the rapid changes in the business environment caused by the global spread of COVID-19 and to build a strong business foundation for future growth, the Group implemented structural reforms in the fiscal year ended March 31, 2021, by reviewing the business portfolio, reducing fixed costs, and reviewing the balance sheet. In April 2021, the Group launched the new medium-term management plan (from FY2022 to FY2024) to adapt to these major changes in the external environment and the accompanying changes in people's new lifestyles and values, as well as to deliver inspiring experiences to our stakeholders. 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 field 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.

<Vision for 3 years>

Beyond the Status Quo

- Breaking the Current Situation and Becoming a Sustainable Company -

<Management policy>

Shift to the management focusing on capital efficiency

<Key strategies>

- Investment in growth to consumer field
- Stabilization of profit of Pachislot and Pachinko Machines Business
- Realization of the first Japan IR
- Balancing investment in growth with shareholder return
- Promotion of ESG and SDGs

In promoting these priority issues, the Group aims for ordinary income ¥45,000 million and ROE 10% and over as a management index in the fiscal year ending March 31, 2024 which is the last fiscal year of new medium-term management plan.

Outlook of each business segment for the fiscal year ending March 31, 2022 is as follows.

« Entertainment Contents »

In the consumer field, for Full Game, the Group plans to release major new titles such as "HUMANKIND™", "Shin Megami Tensei V", "Total War: WARHAMMER III", "LOST JUDGMENT", etc., leading to sales of 37,870 thousand copies (a decrease of 3,900 thousand copies from the previous fiscal year). For F2P, the Group plans to launch new titles such as "PHANTASY STAR ONLINE 2 NEW GENESIS" which is a sequel to "PHANTASY STAR ONLINE 2" launched in July 2012. While profit is expected to decrease compared to the previous fiscal year due to an expected reactionary drop in demand following the impact of consumption from staying at home in the previous fiscal year, as well as an expected increase in amortization of development expenses and marketing expenses associated with the launch of major new titles.

In the amusement machine field, the Group plans to sell UFO CATCHER series and prizes etc. And profitability is expected to improve due to a decrease in fixed costs as a result of the rationalization of functions and other factors owing to the implementation of structural reforms in the previous fiscal year.

In the animated film and toy field, the Group plans to record allocated revenue of movie such as a new film "Detective Conan: The Scarlet Bullet" and video distribution for animated film, and sales of new and mainstay toy products for toy.

« Pachislot and Pachinko Machines »

In the Pachislot and Pachinko Machines, the Group will strive to increase its sales share and utilization share by launching new titles, including mainstay titles, to meet the replacement demand for machines based on former standards that are due for removal in the fiscal year ending March 31, 2022. In addition, we will make efforts to improve cost efficiency by curbing development expenses and standardizing parts and materials to secure stable revenue. While fixed costs, etc. are expected to decrease due to the implementation of structural reforms, advertising and other expenses are expected to grow due to the increase in the number of titles.

As a result, the Group plans to sell 101 thousand units of pachislot (an increase of 66 thousand units from the previous fiscal year) and 103 thousand units of pachinko (an increase of 34 thousand units from the previous fiscal year), respectively.

« **Resort** »

In the Resort Business, at "Phoenix Seagaia Resort", the Group is working to strengthen the ability to acquire guests. Overseas, the Group will continue to endeavor to accumulate further integrated resorts development and operational know-how through "PARADISE CITY". In addition, the business plan for the fiscal year ending March 31, 2022 is based on the assumption that demand will gradually recover throughout the fiscal year, despite the impact of COVID-19.

In light of the above, the Group is forecasting consolidated net sales of ¥312,000 million (an increase of 12.3% from the previous fiscal year), operating income of ¥20,000 million (an increase of 205.2% from the previous fiscal year), ordinary income of ¥20,000 million (ordinary income of ¥1,715 million for the previous fiscal year), and profit attributable to owners of parent of ¥14,000 million (an increase of 998.1% from the previous fiscal year) for the fiscal year ending March 31, 2022.

(5) Basic policy concerning distribution of earnings and dividends for the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2022

The Company positions the return of profits to shareholders as an important management issue. For the dividends from retained earnings for the fiscal year ended March 31, 2021, the Company has paid the interim dividends for ¥10 per share and determined the year-end dividends for ¥20 per share, an increase of ¥10 from interim dividends, as a result of comprehensive considerations of the most recent results, future investments, cash flows and others.

Starting from the fiscal year ending March 31, 2022, 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 ending March 31, 2022, annual dividends per share is scheduled to be ¥40 (of which, ¥20 for interim dividends) in accordance with the above basic policy regarding the distribution of revenue.

2. Basic Approach Concerning Selection of Accounting Standards

To prepare for the future adoption of IFRS, the Group is working towards the establishment of internal manuals, guidelines among others. However, for the time being, Japanese GAAP is adopted.

3. Consolidated Financial Statements and Notes

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2020 AND 2021

(Unit: Millions of yen)

	Prior year (As of March 31, 2020)	Current year (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	159,013	154,972
Notes and accounts receivable - trade	40,408	38,176
Short-term investment securities	5,398	721
Merchandise and finished goods	8,218	7,514
Work in process	20,235	31,941
Raw materials and supplies	18,554	13,456
Income taxes receivable	4,836	10,365
Other	12,613	19,447
Allowance for doubtful accounts	(302)	(298)
Total current assets	268,976	276,295
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	88,143	74,670
Accumulated depreciation	(50,703)	(46,451)
Buildings and structures, net	37,439	28,219
Machinery, equipment and vehicles	12,530	12,687
Accumulated depreciation	(10,739)	(11,220)
Machinery, equipment and vehicles, net	1,790	1,467
Amusement machines and facilities	46,066	7,285
Accumulated depreciation	(32,927)	(6,320)
Amusement machines and facilities, net	13,139	964
Land	21,177	18,396
Construction in progress	1,418	1,239
Other	53,997	50,118
Accumulated depreciation	(42,314)	(38,788)
Other, net	11,683	11,330
Total property, plant and equipment	86,649	61,617
Intangible assets		
Goodwill	5,878	4,711
Other	12,090	10,288
Total intangible assets	17,969	14,999
Investments and other assets		
Investment securities	55,046	38,323
Long-term loans receivable	1,117	383
Lease and guarantee deposits	13,888	8,075
Net defined benefit assets	3,076	4,376
Deferred tax assets	1,215	13,272
Other	10,779	4,667
Allowance for doubtful accounts	(450)	(413)
Total investments and other assets	84,673	68,686
Total noncurrent assets	189,292	145,304
Total assets	458,268	421,599

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2020 AND 2021

(Unit: Millions of yen)

	Prior year (As of March 31, 2020)	Current year (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,834	16,994
Short-term loans payable	13,331	-
Current portion of bonds	10,000	-
Income taxes payable	3,383	839
Accrued expenses	15,347	15,713
Provision for bonuses	7,891	8,372
Provision for directors' bonuses	808	732
Provision for point card certificates	29	311
Asset retirement obligations	101	105
Other	17,419	16,708
Total current liabilities	86,147	59,777
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	42,003	42,000
Lease obligations	3,434	4,808
Net defined benefit liability	4,176	4,542
Deferred tax liabilities	2,165	778
Asset retirement obligations	4,847	2,933
Provision for dismantling of fixed assets	420	420
Other	8,215	5,083
Total noncurrent liabilities	75,263	70,566
Total liabilities	161,410	130,343
Net assets		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	118,564	118,048
Retained earnings	206,334	200,551
Treasury stock	(53,555)	(53,561)
Total shareholders' equity	301,296	294,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,470	1,930
Deferred gains or losses on hedges	(596)	(725)
Revaluation reserve for land	(1,109)	(1,109)
Foreign currency translation adjustment	(8,480)	(3,867)
Remeasurements of defined benefit plans	(1,478)	(459)
Total accumulated other comprehensive income	(7,193)	(4,231)
Subscription rights to shares	813	-
Non-controlling interests	1,941	496
Total net assets	296,858	291,256
Total liabilities and net assets	458,268	421,599

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2020 AND 2021

(Unit: Millions of yen)

	Prior year From April 1, 2019 To March 31, 2020	Current year From April 1, 2020 To March 31, 2021
Net sales	366,594	277,748
Cost of sales	230,092	176,973
Gross profit	136,502	100,775
Selling, general and administrative expenses		
Advertising expenses	17,003	13,476
Sales commission	2,011	709
Salaries and allowances	17,086	16,496
Provision for bonuses	4,188	4,507
Provision for directors' bonuses	778	674
Retirement benefit expenses	1,157	1,390
Research and development expenses	24,721	22,597
Provision of allowance for doubtful accounts	118	(56)
Other	41,791	34,425
Total selling, general and administrative expenses	108,859	94,221
Operating income (loss)	27,643	6,553
Non-operating income		
Interest income	247	136
Dividends income	435	356
Gain on investments in partnership	616	1,404
Foreign exchange gains	329	-
Other	1,605	922
Total non-operating income	3,234	2,820
Non-operating expenses		
Interest expenses	475	470
Equity in losses of affiliates	2,805	5,662
Commission fee	137	97
Loss on investments in partnership	421	208
Foreign exchange losses	-	487
Loss on retirement of noncurrent assets	193	294
Rent expenses	84	-
Other	1,463	436
Total non-operating expenses	5,581	7,657
Ordinary income (loss)	25,296	1,715

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2020 AND 2021

(Unit: Millions of yen)

	Prior year From April 1, 2019 To March 31, 2020	Current year From April 1, 2020 To March 31, 2021
Extraordinary income		
Gain on sales of noncurrent assets	2,917	15,258
Gain on sales of investment securities	104	11,266
Gain on reversal of restructuring loss	30	-
Other	53	2,303
Total extraordinary income	3,106	28,828
Extraordinary losses		
Loss on sales of noncurrent assets	0	0
Impairment loss	371	3,347
Loss on valuation of investment securities	573	0
Loss on sales of shares of subsidiaries and affiliates	172	-
Early extra retirement payments	32	-
Loss on COVID-19	-	2,822
Structural reform expenses	-	34,191
Other	147	27
Total extraordinary losses	1,298	40,389
Income (loss) before income taxes	27,104	(9,844)
Income taxes - current	5,314	478
Income taxes - deferred	7,817	(12,200)
Total income taxes	13,131	(11,722)
Profit (loss)	13,972	1,877
(Breakdown)		
Profit (loss) attributable to owners of parent	13,775	1,274
Profit (loss) attributable to non-controlling interests	197	602
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,583)	(2,534)
Deferred gains or losses on hedges	6	8
Foreign currency translation adjustment	(2,427)	4,651
Remeasurements of defined benefit plans, net of tax	(1,018)	968
Share of other comprehensive income of entities accounted for using equity method	(1,724)	(127)
Total other comprehensive income	(14,747)	2,966
Comprehensive income	(774)	4,843
(Breakdown)		
Comprehensive income attributable to owners of parent	(967)	4,236
Comprehensive income attributable to non-controlling interests	192	606

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020 AND 2021

Prior year (From April 1, 2019 to March 31, 2020)

(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, 2019	29,953	117,142	201,889	(54,168)	294,816	14,354	-
Cumulative effects of changes in accounting policies			135		135	(283)	
Restated balance	29,953	117,142	202,024	(54,168)	294,952	14,071	-
Changes of items during the period							
Dividends from surplus			(9,390)		(9,390)		
Profit attributable to owners of parent			13,775		13,775		
Effect of changes in accounting period of consolidated subsidiaries			10		10		
Purchase of treasury stock				(8)	(8)		
Disposal of treasury stock		(39)		622	582		
Change in scope of consolidation			(85)		(85)		
Purchase of shares of consolidated subsidiaries		(33)			(33)		
Change in ownership interest of parent due to transactions with non-controlling interests		880			880		
Tax effect adjustments relating to changes in past years' equity		614			614		
Net changes of items other than shareholders' equity						(9,600)	(596)
Total changes of items during the period	-	1,421	4,309	613	6,344	(9,600)	(596)
Balances as of March 31, 2020	29,953	118,564	206,334	(53,555)	301,296	4,470	(596)

	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, 2019	(1,109)	(4,888)	(524)	7,832	912	1,776	305,337
Cumulative effects of changes in accounting policies				(283)			(147)
Restated balance	(1,109)	(4,888)	(524)	7,548	912	1,776	305,189
Changes of items during the period							
Dividends from surplus							(9,390)
Profit attributable to owners of parent							13,775
Effect of changes in accounting period of consolidated subsidiaries							10
Purchase of treasury stock							(8)
Disposal of treasury stock							582
Change in scope of consolidation							(85)
Purchase of shares of consolidated subsidiaries							(33)
Change in ownership interest of parent due to transactions with non-controlling interests							880
Tax effect adjustments relating to changes in past years' equity							614
Net changes of items other than shareholders' equity		(3,591)	(954)	(14,742)	(98)	165	(14,676)
Total changes of items during the period	-	(3,591)	(954)	(14,742)	(98)	165	(8,331)
Balances as of March 31, 2020	(1,109)	(8,480)	(1,478)	(7,193)	813	1,941	296,858

Current year (From April 1, 2020 to March 31, 2021)

(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, 2020	29,953	118,564	206,334	(53,555)	301,296	4,470	(596)
Cumulative effects of changes in accounting policies					-		
Restated balance	29,953	118,564	206,334	(53,555)	301,296	4,470	(596)
Changes of items during the period							
Dividends from surplus			(7,052)		(7,052)		
Profit attributable to owners of parent			1,274		1,274		
Effect of changes in accounting period of consolidated subsidiaries			(4)		(4)		
Purchase of treasury stock				(11)	(11)		
Disposal of treasury stock		(0)		5	5		
Change in scope of consolidation							
Purchase of shares of consolidated subsidiaries							
Change in ownership interest of parent due to transactions with non-controlling interests		(88)			(88)		
Tax effect adjustments relating to changes in past years' equity		(427)			(427)		
Net changes of items other than shareholders' equity						(2,540)	(129)
Total changes of items during the period	-	(516)	(5,782)	(5)	(6,304)	(2,540)	(129)
Balances as of March 31, 2021	29,953	118,048	200,551	(53,561)	294,991	1,930	(725)

	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, 2020	(1,109)	(8,480)	(1,478)	(7,193)	813	1,941	296,858
Cumulative effects of changes in accounting policies				-			-
Restated balance	(1,109)	(8,480)	(1,478)	(7,193)	813	1,941	296,858
Changes of items during the period							
Dividends from surplus							(7,052)
Profit attributable to owners of parent							1,274
Effect of changes in accounting period of consolidated subsidiaries							(4)
Purchase of treasury stock							(11)
Disposal of treasury stock							5
Change in scope of consolidation							-
Purchase of shares of consolidated subsidiaries							-
Change in ownership interest of parent due to transactions with non-controlling interests							(88)
Tax effect adjustments relating to changes in past years' equity							(427)
Net changes of items other than shareholders' equity		4,612	1,019	2,961	(813)	(1,444)	703
Total changes of items during the period	-	4,612	1,019	2,961	(813)	(1,444)	(5,601)
Balances as of March 31, 2021	(1,109)	(3,867)	(459)	(4,231)	-	496	291,256

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020 AND 2021

(Unit: Millions of yen)

	Prior year From April 1, 2019 To March 31, 2020	Current year From April 1, 2020 To March 31, 2021
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	27,104	(9,844)
Depreciation and amortization	17,193	14,508
Impairment loss	371	3,347
Structural reform expenses	-	34,191
Amount of transfer of equipment by amusement center operation business	(4,317)	(1,528)
Loss (gain) on sales of noncurrent assets	(2,916)	(15,258)
Loss on retirement of noncurrent assets	193	294
Loss (gain) on sales of investment securities	(2)	(11,248)
Loss (gain) on valuation of investment securities	281	0
Loss (gain) on investments in partnership	(195)	(1,195)
Amortization of goodwill	2,043	1,908
Increase (decrease) in allowance for doubtful accounts	70	(47)
Increase (decrease) in provision for directors' bonuses	339	(87)
Increase (decrease) in net defined benefit liability	81	100
Increase (decrease) in provision for bonuses	2,450	362
Interest and dividends income	(682)	(493)
Interest expenses	475	470
Foreign exchange losses (gains)	69	(559)
Equity in (earnings) losses of affiliates	2,805	5,662
Decrease (increase) in notes and accounts receivable - trade	(2,811)	632
Decrease (increase) in inventories	2,862	(8,080)
Increase (decrease) in notes and accounts payable - trade	(6,582)	(593)
Increase (decrease) in guarantee deposits received	(770)	(2,267)
Other, net	4,955	(3,283)
Subtotal	43,019	6,989
Interest and dividends income received	728	477
Interest expenses paid	(460)	(497)
Extra retirement payments	-	(7,260)
Income taxes paid	(6,955)	(7,558)
Income taxes refund	2,205	1,464
Net cash provided by (used in) operating activities	38,537	(6,384)

SEGA SAMMY HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020 AND 2021

(Unit: Millions of yen)

	Prior year From April 1, 2019 To March 31, 2020	Current year From April 1, 2020 To March 31, 2021
Net cash provided by (used in) investing activities		
Payments into time deposits	(36)	(8,036)
Proceeds from withdrawal of time deposits	-	8,000
Purchase of short-term investment securities	(5,000)	-
Proceeds from redemption of securities	3,000	5,200
Purchase of trust beneficiary right	(1,894)	(809)
Proceeds from sales of trust beneficiary right	2,514	808
Purchase of property, plant and equipment	(10,036)	(7,350)
Proceeds from sales of property, plant and equipment	4,315	18,125
Purchase of intangible assets	(7,103)	(6,849)
Purchase of investment securities	(566)	(61)
Proceeds from sales of investment securities	410	21,203
Proceeds from redemption of investment securities	821	415
Payments for investment in partnerships	(1,257)	(763)
Proceeds from distribution of investment in partnerships	1,279	789
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,383)	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(85)	(6,953)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	640	-
Purchase of stocks of subsidiaries and affiliates	(157)	(98)
Payments of loans receivable	(2,704)	(5,677)
Collection of loans receivable	2,689	7,411
Reduction of investments in trusts	1,000	2,400
Payments for lease deposits	(659)	(553)
Collection of lease deposits	875	497
Other, net	(2,129)	2,776
Net cash provided by (used in) investing activities	(15,464)	30,473
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	14,956	-
Repayment of long-term loans payable	(13,352)	(13,331)
Proceeds from issuance of bonds	9,933	-
Redemption of bonds	(12,500)	(10,000)
Purchase of treasury stock	(8)	(11)
Purchase of treasury stock of subsidiaries	-	(91)
Proceeds from exercise of stock options	430	4
Cash dividends paid	(9,395)	(7,063)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(47)	(7)
Other, net	(971)	(991)
Net cash provided by (used in) financing activities	(10,956)	(31,492)
Effect of exchange rate change on cash and cash equivalents	(1,574)	3,311
Net increase (decrease) in cash and cash equivalents	10,541	(4,091)
Cash and cash equivalents at beginning of period	148,064	158,617
Increase in cash and cash equivalents from newly consolidated subsidiaries	16	-
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of consolidated subsidiaries	(5)	13
Cash and cash equivalents at end of period	158,617	154,540

[Notes]

(Assumptions for going concern)

Not applicable.

(Additional information)

Accounting estimates associated with the spread of COVID-19

Due to the impact from the spread of COVID-19, the Group experienced delays in parts' procurement, changes to development schedules, and the suspension of operations at various facilities in the fiscal year ended March 31, 2021.

For this reason, in light of the Group's assumption that demands will gradually recover through the fiscal year ending March 31, 2022 although differ from businesses and regions, accounting estimates are reflected in accounting treatment based on certain assumptions, including those used to determine the recoverability of deferred tax assets and those used to determine impairment losses.

However, there are many uncertainties, which could affect the Group's financial position and operating results in the future, in the case of changing the impact for the economic environment from the spread of COVID-19.

(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. From the fiscal year ended March 31, 2021, the order of description of business segments has been reviewed. As a result, the order of description for the previous fiscal year has been changed as well.

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, development and operation of amusement centers, 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

(Changes to the classification method for business segments)

The business operated by SEGA SAMMY CREATION INC., which was included in the Entertainment Contents Business, has been changed to the Pachislot and Pachinko Machines Business from the fiscal year ended March 31, 2021 in order to further promote the synergic effects of the Pachislot and Pachinko Machines Business in the development of gaming machines. In addition, as an evaluation index for the performance-based remuneration component of bonuses paid to the Company's officers, the method of measuring segment income has been changed from "operating income" to "ordinary income" from the fiscal year ended March 31, 2021 from the perspective of a management approach that the company positions "ordinary income", which is the income obtained by the Group on a recurring basis from the overall business, including equity in earnings and losses of affiliates etc., as an important target figure.

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, 2019 to March 31, 2020)

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Note)	Amount in consolidated financial statements
	Entertainment Contents	Pachislot Pachinko	Resort			
Net sales						
(1) Sales to third parties	247,605	108,508	10,478	366,592	1	366,594
(2) Inter-segment sales and transfers	816	949	82	1,848	(1,848)	-
Total	248,422	109,458	10,561	368,441	(1,847)	366,594
Segment income (loss)	16,272	22,781	(5,354)	33,698	(8,402)	25,296
Segment assets	181,388	81,025	37,356	299,769	158,498	458,268
Other items						
Depreciation	10,670	4,286	1,103	16,061	1,132	17,193
Interest income	120	236	0	357	(110)	247
Interest expenses	139	67	33	240	234	475
Equity in earnings (losses) of affiliates	(591)	(608)	(1,623)	(2,823)	17	(2,805)
Investments in affiliates accounted for using equity method	728	493	22,130	23,352	803	24,156
Increases in property, plant and equipment and intangible assets	18,201	3,510	265	21,977	919	22,896

- (Notes) 1. Adjustment to segment income (loss) of ¥(8,402) million includes elimination of inter-segment transactions of ¥1,416 million and general corporate expenses of ¥(9,818) 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 ¥158,498 million includes elimination of inter-segment transactions of ¥(15,398) million and general corporate assets of ¥173,897 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 ¥(110) million includes elimination of inter-segment transactions of ¥(356) million and interest income of the Company ¥245 million.
5. Adjustment to interest expenses of ¥234 million includes elimination of inter-segment transactions of ¥(356) million and interest expenses of the Company ¥591 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, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Reporting segment			Subtotal	Adjustment (Note)	Amount in consolidated financial statements
	Entertainment Contents	Pachislot Pachinko	Resort			
Net sales						
(1) Sales to third parties	217,810	53,198	6,320	277,330	418	277,748
(2) Inter-segment sales and transfers	714	429	94	1,238	(1,238)	-
Total	218,525	53,628	6,415	278,569	(820)	277,748
Segment income (loss)	27,917	(11,332)	(8,979)	7,605	(5,889)	1,715
Segment assets	180,735	68,603	30,736	280,075	141,524	421,599
Other items						
Depreciation	8,704	4,183	957	13,846	980	14,826
Interest income	39	246	0	286	(150)	136
Interest expenses	141	65	32	239	230	470
Equity in earnings (losses) of affiliates	222	(1,117)	(4,792)	(5,687)	24	(5,662)
Investments in affiliates accounted for using equity method	1,296	576	17,146	19,019	805	19,824
Increases in property, plant and equipment and intangible assets	10,471	3,336	194	14,002	502	14,504

- (Notes) 1. Adjustment to segment income (loss) of ¥(5,889) million includes elimination of inter-segment transactions of ¥605 million and general corporate expenses of ¥(6,495) 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 for segment assets of ¥141,524 million includes elimination of inter-segment transactions of ¥(21,955) million and general corporate assets of ¥163,480 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 ¥(150) million includes elimination of inter-segment transactions of ¥(345) million and interest income of the Company ¥195 million.
5. Adjustment to interest expenses of ¥230 million includes elimination of inter-segment transactions of ¥(345) million and interest expenses of the Company ¥575 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.

(Per share information)

Items	Prior year (From April 1, 2019 to March 31, 2020)	Current year (From April 1, 2020 to March 31, 2021)
Net assets per share	¥1,251.02	¥1,236.82
Net income per share	¥58.65	¥5.42
Net income per share (Diluted)	¥58.63	-

(Notes) 1. Profit per share (Diluted) in the fiscal year ended March 31, 2021 is not described because of no potential shares including dilutive effects.

2. The calculation basis for net assets per share is as follows.

Items	Prior year (As of March 31, 2020)	Current year (As of March 31, 2021)
Total of net assets in the consolidated balance sheets (Millions of yen)	296,858	291,256
Amounts deducted from net assets in the consolidated balance sheets (Millions of yen)	2,755	496
(Subscription rights to shares) (Millions of yen)	813	-
(Non-controlling interests) (Millions of yen)	1,941	496
Net assets available for common stock (Millions of yen)	294,102	290,759
Number of common stock used to calculate net assets per share (Thousands of shares)	235,091	235,086

3. The calculation basis for net income per share and net income per share (Diluted) is as follows.

Items	Prior year (As of March 31, 2020)	Current year (As of March 31, 2021)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	13,775	1,274
Amount not attributable to common stockholders (Millions of yen)	-	-
Profit attributable to owners of parent available for common stock (Millions of yen)	13,775	1,274
Average number of shares of common stock during the period (Thousands of shares)	234,849	235,090
Net income per share (Diluted)		
Adjustment for profit attributable to owners of parent (Millions of yen)	-	-
Increase in common stock (Thousands of shares)	97	-
(Subscription rights to shares) (Thousands of shares)	97	-
Outline of potential shares not included in calculation of net income per share (Diluted) because of no dilutive effect	-	-

(Significant subsequent events)

(Transactions under common control)

1. Purpose of company split and absorption-type merger

The Group has been working on structural reform to transform its business structure to adapt to the external environment. Furthermore, the Company resolved to restructure the organization of the Company and the Group in order to build an even more efficient structure at Board of Directors meeting held on January 29, 2021, and implemented the split and absorption-type merger with an effective date of April 1, 2021.

2. Overview of the company of the split

(1) Details of business to be split

Sammy Corporation : Corporate functions and other administrative functions

SEGA GROUP CORPORATION : Corporate functions and other administrative functions

(2) Legal form of business combination

This was an absorption-type company split in which Sammy and SEGA GROUP CORPORATION were made into the splitting company in absorption-type split and the Company was the successor of absorption-type company split.

(3) Overview of the companies of the split (As of March 31, 2021)

	Succeeding company	Split company in absorption-type merger	Split company in absorption-type merger
Name	SEGA SAMMY HOLDINGS INC.	SEGA GROUP CORPORATION	Sammy Corporation
Details of business	Business management and incidental operations of the Group as a holding company for a comprehensive entertainment corporate group	Business management and incidental operations of SEGA Group	Development, manufacturing, and sales of pachinko, pachislot, arrange-ball, and jankyu machines, etc.
Location	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
Capital stock	¥29,953 million	¥44,092 million	¥18,221 million

3. Overview of the absorption-type merger

(1) Legal form of business combination

SEGA GROUP CORPORATION was disappeared through an absorption-type merger with SEGA CORPORATION as the surviving company.

(2) Overview of the companies involved in the merger (As of March 31, 2021)

	Surviving company	Disappearing company
Name	SEGA CORPORATION	SEGA GROUP CORPORATION
Details of business	Planning, development, and sales of game- related contents for mobile phones, PCs, smart devices, and home video game consoles, and development and sales of Amusement Machines	Business management and incidental operations of SEGA Group
Location	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo	Sumitomo Fudosan Osaki Garden Tower, 1-1-1, Nishi-Shinagawa, Shinagawa-ku, Tokyo
Capital stock	¥100 million	¥44,092 million

4. Overview of the accounting treatment adoption

The merger will be treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019), and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).