



## 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	-	23.00	-		
Year ending March 31, 2024 (plan)				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	463,000	18.8	51,000	9.0	53,500	8.1	28,000	(39.0)	127.07

(Note) Revision to the forecast of operating results most recently announced: Yes

## 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)
    - December 31, 2023 : 241,229,476
    - March 31, 2023 : 241,229,476
  2. Number of treasury stock at the end of the period
    - December 31, 2023 : 25,213,591
    - March 31, 2023 : 20,476,041
  3. Average number of shares during the period (cumulative from the beginning of the fiscal year)
    - Nine months ended December 31, 2023 : 220,352,407
    - Nine months ended December 31, 2022 : 220,801,887

(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 February 9, 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) Overview**

Regarding the entertainment content industry, in the consumer area, the expansion of the market, mainly in Europe and the United States, has reached a plateau due to a worsening economic environment caused by inflation and other factors. In addition, game development costs continue to rise, and there is an urgent need to respond to these changes in the business environment. However, expectations for the growth of the game market continue 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 COVID-19 pandemic. Although the impacts of raw material price hikes caused by the depreciation of the Japanese yen continue, the prize category continued to perform strongly, and the overall performance remained solid.

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 machines themed around topical subjects centered on smart pachislot including the Group's "Smart Pachislot Hokuto No Ken". For pachinko machines, although utilization continues to be sluggish, popular machines have now been emerging. With the introduction of smart pachinko starting in April 2023 and the trend of reviewing regulations continuing, etc., the emergence of popular machines going forward is expected to contribute to the recovery of utilization.

In the resort industry, in Japan, the travel demand has continuously been shown recovery trend due to the easing of various restrictions on activities as a result of the review of the COVID-19 classification and the movement toward normalization of social and economic activities. As for international visitors to Japan, with the recovery of direct flights to Japan, the depreciation of the yen, and other factors serving as a tailwind, the "Survey of Foreign Travelers to Japan" shows that the amount of travel spending by foreigners visiting Japan for the calendar year 2023 reached a record high, and economic effects centering on travel and lodging demand are expected to continue as the number of foreigners visiting Japan increases further.

In this business environment, net sales for the nine months ended December 31, 2023 amounted to ¥349,924 million (an increase of 28.7% for the same period in the prior fiscal year). The Group posted an operating income of ¥54,445 million (an increase of 42.4% for the same period in the prior fiscal year), ordinary income of ¥57,296 million (an increase of 42.7% for the same period in the prior fiscal year), in addition, as a result of recording extraordinary losses of ¥11,718 million including loss on business restructuring due to a review of the portfolio of titles developed at each Europe base, profit attributable to owners of parent of ¥35,327 million (an increase of 7.6% for the same period in the prior fiscal year).

Result of each segment is as follows.

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

« Entertainment Contents »

In the consumer area, for Full Game, the Group released "Sonic Superstars", "Like a Dragon Gaiden: The Man Who Erased His Name", "Persona 5 Tactica", etc. as new titles, leading to 5,270 thousand copies (6,970 thousand copies for the same period in the prior fiscal year) and the unit sales of repeat titles were leading to 13,830 thousand copies (13,770 thousand copies for the same period in the prior fiscal year). As a result, overall unit sales for Full Game totaled 19,100 thousand copies (20,750 thousand copies for the same period in the prior 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 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 recorded revenues from video production, distribution, etc., and for toy, "Stream your live with a head set! With a front camera! Fun to change mouse covers! Sumikkogurashi Personal Computer "My Live"" released in the first quarter and regular products were sold.

As a result, net sales in this segment were ¥219,316 million (an increase of 4.2% for the same period in the prior fiscal year) and ordinary income was ¥19,736 million (a decrease of 52.5% for the same period in the prior fiscal year).

« Pachislot and Pachinko Machines »

For pachislot machines, in addition to the sales of "Pachislot Psalms of Planets Eureka Seven HI-EVOLUTION ZERO TYPE-ART", etc., the Group made additional sales of "Pachislot Kabaneri of the Iron Fortress" launched in the prior fiscal year, and "Smart Pachislot Hokuto No Ken" launched in the first quarter, leading to overall sales of 163 thousand units (63 thousand units for the same period in the prior fiscal year). For pachinko machines, the Group sold "P Shin Hokuto Muso Chapter 4 Gekokujoutou", etc., leading to overall sales of 74 thousand units (49 thousand units for the same period in the prior fiscal year).

As a result, net sales in this segment were ¥120,217 million (an increase of 130.3% for the same period in the prior fiscal year) and ordinary income was ¥45,726 million (an increase of 521.3% for the same period in the prior fiscal year).

« Resort »

In the resort business, at "Phoenix Seagaia Resort", although the individual customers remained below expectations in terms of the number of facility users due to the resumption of outbound travel and the impact of high unit price sales, corporate events and large-scale MICE were held, and the recovery of group customers, which had been sluggish due to the COVID-19 pandemic, has been progressed.

Overseas, "PARADISE CITY", operated by PARADISE SEGASAMMY Co., Ltd. (affiliate accounted for using the equity method), the casino sales have remained strong 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 ¥9,295 million (an increase of 6.8% for the same period in the prior fiscal year) and ordinary income was ¥705 million (ordinary loss of ¥2,806 million for the same period in the prior fiscal year).

**(2) Forecast of Consolidated Operating Results**

The Company has revised the forecast of consolidated operating results for the fiscal year ending March 31, 2024 which was announced on November 8, 2023. For details, please refer to "Notice of Revision of Operating Results Forecast" announced on February 9, 2024.

## QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

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

(Unit: Millions of yen)

	Prior year (As of March 31, 2023)	Current period (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	179,509	169,726
Notes and accounts receivable - trade and contract assets	53,370	59,819
Securities	-	23,912
Merchandise and finished goods	18,503	14,521
Work in process	50,689	53,062
Raw materials and supplies	20,269	21,290
Other	31,826	34,643
Allowance for doubtful accounts	(304)	(606)
<b>Total current assets</b>	<b>353,862</b>	<b>376,368</b>
Noncurrent assets		
Property, plant and equipment		
Land	18,581	18,618
Other, net	41,901	42,551
<b>Total property, plant and equipment</b>	<b>60,482</b>	<b>61,170</b>
Intangible assets		
Goodwill	2,592	69,787
Other	10,654	9,733
<b>Total intangible assets</b>	<b>13,247</b>	<b>79,521</b>
Investments and other assets		
Investment securities	39,538	50,157
Other	34,818	48,834
Allowance for doubtful accounts	(383)	(380)
<b>Total investments and other assets</b>	<b>73,973</b>	<b>98,611</b>
<b>Total noncurrent assets</b>	<b>147,703</b>	<b>239,303</b>
<b>Total assets</b>	<b>501,566</b>	<b>615,671</b>

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

(Unit: Millions of yen)

	Prior year (As of March 31, 2023)	Current period (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	30,556	26,156
Short-term borrowings	17,000	117,485
Income taxes payable	4,776	8,568
Provision for bonuses	9,689	6,209
Other provisions	1,375	1,049
Asset retirement obligations	-	1
Other	56,934	56,428
Total current liabilities	120,332	215,898
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	25,000	25,006
Provision for dismantling of fixed assets	420	420
Other provisions	-	12
Net defined benefit liability	3,877	4,606
Asset retirement obligations	2,607	2,644
Other	7,981	9,346
Total noncurrent liabilities	49,886	52,036
Total liabilities	170,218	267,934
<b>Net assets</b>		
Shareholders' equity		
Capital stock	29,953	29,953
Capital surplus	72,213	71,183
Retained earnings	261,840	283,480
Treasury stock	(37,251)	(47,148)
Total shareholders' equity	326,755	337,468
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,626	2,405
Deferred gains or losses on hedges	382	(5)
Revaluation reserve for land	(1,109)	(1,109)
Foreign currency translation adjustment	3,730	9,219
Remeasurements of defined benefit plans	(1,531)	(1,668)
Total accumulated other comprehensive income	4,099	8,841
Share acquisition rights	468	682
Non-controlling interests	24	745
Total net assets	331,347	347,737
Total liabilities and net assets	501,566	615,671

SEGA SAMMY HOLDINGS INC.  
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 FOR THE NINE MONTHS ENDED DECEMBER 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior period From April 1, 2022 To December 31, 2022	Current period From April 1, 2023 To December 31, 2023
Net sales	271,979	349,924
Cost of sales	155,835	196,769
Gross profit	116,143	153,155
Selling, general and administrative expenses	77,920	98,709
Operating income	38,222	54,445
Non-operating income		
Interest income	204	1,258
Dividends income	515	108
Equity in earnings of affiliates	-	2,261
Gain on investments in partnership	1,610	950
Foreign exchange gains	1,526	-
Other	542	916
Total non-operating income	4,399	5,495
Non-operating expenses		
Interest expenses	230	435
Equity in losses of affiliates	1,140	-
Commission fee	111	340
Loss on investments in partnership	560	618
Foreign exchange losses	-	906
Other	441	343
Total non-operating expenses	2,483	2,644
Ordinary income	40,138	57,296
Extraordinary income		
Gain on sales of noncurrent assets	3	0
Gain on sales of investment securities	-	317
Gain on transfer of business	-	155
Other	-	0
Total extraordinary income	3	473
Extraordinary losses		
Loss on sales of noncurrent assets	0	1
Impairment loss	181	149
Loss on sales of shares of subsidiaries and affiliates	96	49
Loss on business restructuring	-	11,239
Loss on fire	60	-
Other	7	278
Total extraordinary losses	345	11,718
Income before income taxes	39,796	46,051
Income taxes - current	7,219	10,007
Income taxes - deferred	(271)	669
Total income taxes	6,947	10,676
Profit	32,849	35,374
(Breakdown)		
Profit attributable to owners of parent	32,846	35,327
Profit attributable to non-controlling interests	2	47



SEGA SAMMY HOLDINGS INC.  
 QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 FOR THE NINE MONTHS ENDED DECEMBER 31, 2022 AND 2023

(Unit: Millions of yen)

	Prior period From April 1, 2022 To December 31, 2022	Current period From April 1, 2023 To December 31, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	(325)	(221)
Foreign currency translation adjustment	844	3,599
Remeasurements of defined benefit plans, net of tax	(26)	(148)
Share of other comprehensive income of entities accounted for using equity method	1,432	1,494
Total other comprehensive income	1,923	4,725
Comprehensive income	34,773	40,100
(Breakdown)		
Comprehensive income attributable to owners of parent	34,774	40,070
Comprehensive income attributable to non-controlling interests	(1)	30

**[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 December 31, 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	210,451	52,194	8,703	271,349	629	271,979
(2) Inter-segment sales and transfers	231	357	62	651	(651)	-
Total	210,683	52,552	8,765	272,001	(22)	271,979
Segment income (loss)	41,581	7,359	(2,806)	46,134	(5,995)	40,138

(Notes) 1. Adjustment to segment income (loss) of ¥(5,995) million includes elimination of inter-segment transactions of ¥1 million and general corporate expenses of ¥(5,997) 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 December 31, 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	219,316	120,217	9,295	348,829	1,094	349,924
(2) Inter-segment sales and transfers	246	620	18	885	(885)	-
Total	219,562	120,837	9,314	349,714	209	349,924
Segment income (loss)	19,736	45,726	705	66,168	(8,872)	57,296

(Notes) 1. Adjustment of ¥1,094 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 ¥(8,872) million includes losses of ¥(697) million related to businesses that do not belong to any reporting segment, elimination of inter-segment transactions of ¥1 million and general corporate expenses of ¥(8,176) 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.