

November 8, 2023

(Translation)

Dear all,

Name of Company: SEGA SAMMY HOLDINGS INC.  
Name of Representative: Haruki Satomi,  
President and Group CEO,  
Representative Director

(Code No. 6460, Tokyo Stock Exchange Prime)

Further Inquiry: Makoto Takahashi,  
Executive Vice President, Executive  
Officer,  
Managing Director of  
Corporate Planning Division  
(TEL: 03-6864-2400)

**SEGA SAMMY CREATION to Acquire GAN Limited**  
**~ Establishing a Gaming Business ~**

SEGA SAMMY HOLDINGS INC. (the "Company") and SEGA SAMMY CREATION INC. ("SSC"), a subsidiary of the Company, at the meeting of the Company's and SSC's Board of Directors held on November 8, 2023 (Japan Standard Time), resolved to enter into a definitive agreement to acquire GAN Limited ("GAN"), a Nasdaq listed and Bermuda organized SaaS provider for casino operators in the United States and B2C online gaming operator in Europe and South America, through SSC's newly established special purpose company (the "SPC") in Bermuda (the "Acquisition"). SSC and GAN have entered into the definitive agreement on the same date.

The Acquisition is amicable, as GAN's Board of Directors has expressed support towards the Acquisition. The closing of the Acquisition is subject to approval from GAN shareholders at its general shareholders' meeting, the receipt of regulatory approvals in relevant jurisdictions, and the satisfaction of other customary conditions. The Acquisition is expected to close by the 3rd quarter of the fiscal year ending March, 2025.

**1. Background and Purpose of the Acquisition**

**(1) Positioning of Gaming business in the Company**

The Company has developed and operated an integrated resort (IR) through Paradise City, a joint venture with PARADISE. Co., Ltd., considered the Yokohama IR project in Japan, and developed gaming equipment and content through SSC. The Company has developed its gaming business by utilizing its knowledge related to entertainment accumulated in its business including those described above.

As part of our investment strategy through the fiscal year ending March 31, 2026, we plan to invest a total of up to ¥250.0 billion in growth, including ¥100.0 billion in the gaming business. As a result, the Company has been carefully identifying and evaluating investment opportunities in overseas online casino sports betting, particularly in the rapidly growing U.S. market.

(2) U.S. online gaming market overview

The U.S. online gaming market, which consists of sports betting (including retail) and iGaming, has a market size of approximately \$12.0 billion in 2022, and is expected to reach approximately \$16.5 billion in 2023 and \$27.1 billion in 2027. The sports betting and iGaming markets are expected to grow at a CAGR of 15% and 11%, respectively, to 2027. The sports betting and iGaming markets are forecast to reach a size of approximately \$17.0 billion and \$10.1 billion, respectively, in 2027 (Source: MVB Bank “U.S. Online Gaming Report Spring 2023”).

Sports betting, which has been legalized in many states, is a high-profile market with increasing competition, a growing user base, high customer acquisition costs, and diverse needs. While the U.S. iGaming market is still limited to six states, there are ongoing discussions around legalizing iGaming in additional states. If we can enter the U.S. iGaming market before broad legalization, it could provide a promising opportunity to grow our presence in the U.S. iGaming market.

(3) Aim of the acquisition

GAN is an integrated online gaming platform provider with a B2B and B2C business. GAN's B2B business's core offerings include its market leading Player Account Management System (PAM)<sup>\*1</sup> that comprehensively manages end users' data and its Remote Gaming Server (RGS)<sup>\*2</sup> that is the core of its iGaming solution. GAN has continued to develop its B2B offerings and grow its business in the U.S. In 2021, GAN acquired Vincent Group p.l.c., which operates Coolbet, a B2C online sports betting platform that operates in Europe and South America<sup>\*3</sup>. In the same year, GAN acquired Silverback Gaming, a Bulgaria based game development studio that develops social and real money online gaming content. GAN has become a market leading turnkey<sup>\*4</sup> online gaming solution provider, offering a comprehensive suite of online gaming products and services.

Among the online gaming markets in the U.S., the Company has identified the iGaming market, which is expected to expand in the future, as a particularly promising market. As more states legalize online gaming, we expect existing operators to expand and new operators to enter the online gaming market. The Company believes that GAN's turnkey<sup>\*4</sup> technology solution is highly competitive in enabling these operators to quickly enter the online gaming market.

The complementary nature of GAN's market leading online gaming technologies and solutions, and the customer base and content development capabilities of SSC, which provides gaming equipment and content to land-based casino operators in North America, is expected to result in increased distribution of SSC's compelling casino content and expanded customer reach.

We decided to proceed with this Acquisition because it aligns with our growth strategy and believe that it will greatly contribute to the expansion of our gaming business and gaming portfolio.

\*1 (PAM) - A platform that comprehensively manages users, transactions, and player loyalty.

\*2 (RGS) - A server that aggregates and distributes online game features and content.

\*3 (Territories) - Access from Japan is blocked.

\*4 (Turnkey) - A solution and service that can be used immediately after installation without any need for custom development.

## 2. Method of Acquisition

The Acquisition will be completed by merging the SPC and GAN, with GAN being the surviving corporation after the merger.

The Company has agreed to acquire GAN for US \$1.97 per share. GAN shareholders will be entitled to receive 100% of the consideration in the form of cash from SSC in exchange for the cancelation of their shares. As a result of the merger, the SPC's shares will be converted into shares of GAN, which will become a wholly-owned subsidiary of SSC.

## 3. SEGA SAMMY CREATION INC.

(1) Name	SEGA SAMMY CREATION INC.
(2) Address	Sumitomo Fudosan Osaki Garden Tower, 1-1-1 Nishi-Shinagawa, Shinagawa-ku, Tokyo 141-0033, Japan
(3) Title and name of the representative	President and CEO, Naoki Kameda
(4) Business overview	Development, manufacturing, and sales of land-based and online/social casino gaming products and software
(5) Capital	10,000,000 JPY

## 4. Overview of GAN Limited (as of June 30, 2023)

(1) Name	GAN Limited	
(2) Address	Bermuda (State or other jurisdiction of incorporation or organization) 400 Spectrum Center Drive, Suite 1900, Irvine, California (Address of principal executive offices)	
(3) Title and name of the representative	Interim CEO, Seamus McGill	
(4) Business overview	SaaS supplier for U.S. casino operators and B2C online gaming operator in Europe and South America	
(5) Capital	400,000 USD	
(6) Establishment	December 13, 2019	
(7) B2B licensing regions held by Group companies	United States (Arizona, Arkansas, California, Colorado, Connecticut, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nevada*, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Virginia, West Virginia), United Kingdom, Canada (Ontario) (*License in Nevada was acquired in October, 2023)	
(8) Major B2C licensing regions held by Group companies	Malta, Estonia, Sweden	
(9) Major shareholders and their ownership percentage ratio	Smurfit, Dermot Stopford	4.0%
	Novo Invest GmbH	2.8%
	River and Mercantile Asset Management LLP	2.1%
	BlackRock, Inc.	1.5%

(10) Relationship between the Company and GAN	Capital relationship	N/A	
	Human relationship	N/A	
	Business relationship	The Company has provided GAN with a credit facility.	
	Applicability to Related Parties	N/A	
(11) Consolidated performance and financials of Gan for the last three years			
Fiscal year (Units: USD million)	FY2020/12	FY2021/12	FY2022/12
Consolidated net assets	155.6	224.0	20.8
Consolidated total assets	173.2	260.9	103.1
Consolidated net assets per share (USD)	4.25	5.30	0.48
Consolidated net sales	35.2	124.2	141.5
Consolidated operating income	(19.5)	(31.2)	(192.5)
Net income	(20.2)	(30.6)	(197.5)
Consolidated net income per share (USD)	(0.75)	(0.73)	(4.66)
Dividends per share (USD)	0.00	0.00	0.00

**5. Number of shares to be acquired, acquisition price, and ownership of shares before and after the Acquisition (Note 1)**

(1) Ownership of shares before the Acquisition	0 shares (Number of voting rights: 0 shares) (Ratio of voting rights: 0%)
(2) Number of shares to be acquired	44,698,931 shares (Shares outstanding as of September 30, 2023) (Number of voting rights: 44,698,931 votes)
(3) Acquisition Price	Approx. US \$107.61 million (Approx. ¥161.5 billion) Exchange rate: US \$1=¥150
(4) Intended ownership of shares after the Acquisition (Expected)	44,698,931 shares (Number of voting rights: 44,698,931) (Ratio of outstanding shares: 100%)

(Note 1)

\*\*Acquisition price" includes consideration of shares outstanding and stock options and other expenses including advisory expenses, etc.

\*\*Intended ownership of shares after the Acquisition" are subject to change based on status of exercise of stock options

(Reference) GAN's share price: US \$0.89 (closing price of GAN's shares on the Nasdaq Exchange as of November 7, 2023)

## 6. Schedule

(1) Resolution of the Board of Directors	November 8, 2023
(2) Signing	November 8, 2023
(3) General Meeting of Shareholders of GAN	During the 4th quarter of the fiscal year ending March, 2024 (Forecast)
(4) Expected Acceptance Offer Period	During the 3rd quarter of the fiscal year ending March, 2025 (Forecast)

## 7. Impact on our Company's financial results

The impact of this acquisition on the Company's consolidated financial results for the fiscal year ending March, 2024 will be immaterial as GAN will become a consolidated subsidiary of the Company after the completion of the Acquisition, which is scheduled for the fiscal year ending March, 2025. The Company will announce the impact of the Acquisition on its consolidated performance after the completion of the acquisition process at the appropriate timing.

## 8. Advisor

SMBC Nikko Securities Inc. is acting as SEGA SAMMY HOLDINGS' sole financial advisor and Greenberg Traurig, LLP. is acting as SEGA SAMMY HOLDINGS' legal counsel for the Acquisition. B. Riley Securities, Inc. is acting as GAN's sole financial advisor and Sheppard, Mullin, Richter & Hampton LLP is acting as GAN's legal counsel.

\*The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. Actual results may differ significantly due to various factors.

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