

# Q1 for the Fiscal Year Ending March 2025 Results Presentation

August 7, 2024

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**Speaker: Makoto Takahashi** (Executive Vice President, Executive Officer, Managing Director of Corporate Planning Division of SEGA SAMMY HOLDINGS INC.)

I will now present the Q1 results for the fiscal year ending March 2025 and provide an outlook for the future.

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## FY2025/3 Q1 Results / Forecast

- **Transfer all shares of PHOENIX RESORT to Fortress Investment Group** (Announced on May 10, 2024)
  - **Background of the transfer**  
To further increase corporate value of PHOENIX RESORT ("Phoenix"), we have decided to bring in Fortress Investment Group LLC ("Fortress") who has extensive experience and knowledge in the hotel and resort business, as a strategic partner and have Fortress take the lead in Phoenix's operations
  - **Future Outlook**  
Acquire newly issued class shares and hold 20% of Phoenix's voting rights  
Continue to support further enhancement of Phoenix's corporate value based on the strategic partnership agreement with Fortress
  - **Impact on business performance**  
Recorded gain of 8.4 billion yen from the transfer of shares as extraordinary income in Q1 of FY2025/3

Before describing our business performance, I would like to address Q1's and the latest topics.

With regard to the transfer of PHOENIX RESORT, as explained in the financial results briefing for the previous fiscal year, we transferred the shares to Fortress Investment Group LLC ("Fortress") as planned. As a result, we recorded a gain of 8.4 billion yen from the transfer as an extraordinary income in Q1.

Although we have transferred all of our shares to Fortress, we retain 20% of the voting rights and will continue to support the further enhancement of PHOENIX RESORT's corporate value under the partnership agreement with Fortress.

## ➤ Announcement of the Acquisition of Stakelogic B.V. (Announced on Jul. 26, 2024)

### ● Acquisition Price

The final sale price will be determined based on the enterprise value of €130M, which will be adjusted based on Stakelogic's net debt, working capital and other factors.

### ● Impact on the financial results

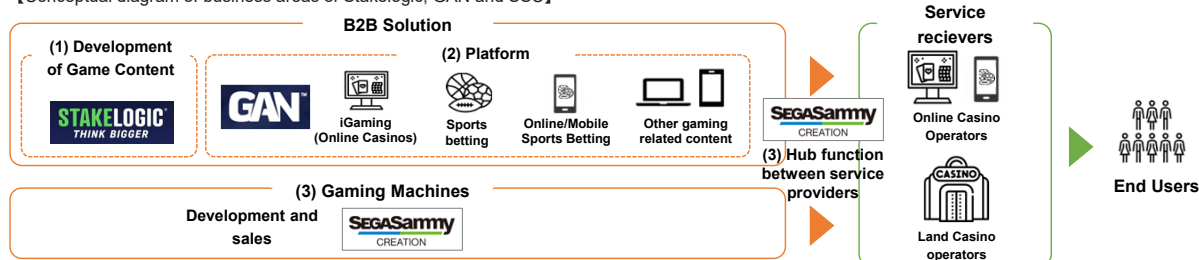
As we expect the acquisition to close by Q1 of FY2026/3, the impact of the acquisition on the consolidated financial results for this fiscal year will be immaterial.

### ● Aim of the acquisition

To enter the North American online gaming market expected to grow in the future, we will become a gaming service provider that can offer a comprehensive range of services with the addition of (1) Stakelogic's unique gaming content to the (2) B2B platform of GAN (the company we have entered into the acquisition agreement in November 2023), which is GAN's strength, and create synergies such as accelerating the speed of business growth and creating a high level of competitiveness by (3) combining the customer networks of SSC\*.

\*SSC = SEGA SAMMY CREATION INC., one of our Group companies

【Conceptual diagram of business areas of Stakelogic, GAN and SSC】



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I would like to explain the acquisition of Stakelogic B.V. ("Stakelogic"), which was announced last month.

We have started disclosing Gaming business as a new segment from this fiscal year. With the aim of entering the online gaming market, particularly the US iGaming market, which is anticipated to grow in the future, we announced the acquisition of GAN Limited ("GAN") last year, a company operating B2B platform business primarily toward US casino operators. This time, we announced the acquisition of Stakelogic, a Netherlands-based iGaming content supplier for B2B businesses.

The acquisition will be conducted through our subsidiary, SEGA SAMMY CREATION INC ("SSC"). The purchase price will be based on an enterprise value of 130 million Euros, adjusted for future net debt, working capital, and other factors to determine the final transfer price. Since we need to obtain approval from the regulatory authorities in each country, we assume that the acquisition will be completed in Q1 of the fiscal year ending March 2026.

Stakelogic has a system that enables rapid development of unique and high-quality content and has achieved a leading position in the fast-growing Netherlands market. They are rapidly expanding the business scale by providing high-quality content to major operators.

As a synergistic effect of this acquisition, to realize our entry into the North American online gaming market, which is expected to grow, we believe we will be able to provide a comprehensive range of gaming services by adding Stakelogic's unique content to GAN's strong B2B platform and the combination of these synergies and the customer base of SSC will accelerate the growth speed of our Gaming business.

## Result Highlights (Consolidated)



(Billion yen)	FY2024/3*		FY2025/3	
	Q1	Full Year Results	Q1	Full Year Forecast
Sales	108.2	468.9	104.7	445.0
Operating Income	22.7	57.8	19.3	45.0
Ordinary Income	23.0	59.7	21.8	48.0
Extraordinary income	0.0	1.3	8.8	8.5
Extraordinary losses	0.6	19.2	0.2	0.5
Profit attributable to owners of parent	17.2	33.0	24.5	39.0
Adjusted EBITDA	24.7	54.7	25.8	62.0
ROE	-	9.6%	-	-

\*Previously, allocated revenue related to investments in film production in the U.S. was included in "Non-operating income," but from this fiscal year, it is included in "Sales". In accordance with this change, sales and operating income for FY2024/3 have also been retroactively changed

\*1 CS = Consumer area, \*2 Entertainment = Entertainment Contents business

### FY2025/3 Q1 Results

- **Steady start overall**
  - Performed steadily overall centered on CS\*<sup>1</sup> (Entertainment\*<sup>2</sup>)
  - Steady start (Pachislot & Pachinko Machines)
- **Recorded extraordinary income associated with the transfer of PHOENIX RESORT**

### Forecast

- **Proceed the launch of mainstay titles in each business**
  - The launch of mainstay titles are scheduled to be in and after Q3 (Entertainment)
  - Launch featured title for this fiscal year, *e Hokuto no Ken 10* in Q2 (Pachislot & Pachinko Machines)

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Let me explain about our business performance.

Due to the change in the presentation method, which will be explained later, the results for the previous fiscal year have been retroactively reclassified, and both net sales and operating income have increased by 0.2 billion yen.

In Q1 of this fiscal year, sales decreased YoY due to the reactionary decline of *Smart Pachislot Hokuto No Ken*, which was a hit in the previous fiscal year, and profit also decreased at the ordinary income as well. On the other hand, the decrease in profit was only 1.2 billion yen, which is a better-than-expected start. As background, in Entertainment Contents business, profit was boosted by the positive effect of foreign exchange, strong sales of downloadable content, front-loaded sales of some titles, and unused expenses. Also, in Pachislot & Pachinko Machines business, sales of each title were steady.

In addition, distribution sales from *Sonic* movie, which were previously included in the non-operating income of Entertainment Contents business, are now included in the sales of Animation area. We have changed the method of presentation because of the increased importance of this initiative, as we promote transmedia development and further expand our mainstay IPs in the new medium-term plan.

In addition, the profit attributable to owners of the parent increased YoY due to an extraordinary gain of 8.4 billion yen from the transfer of shares of PHOENIX RESORT.

Adjusted EBITDA, which has been used as a management indicator since this fiscal year, amounted to 25.8 billion yen, up from 24.7 billion yen in the previous fiscal year.

(Continue to the next page)

In addition, although this is an approximate figure, ordinary income was higher from initial forecast by about 15.0 billion yen. By segment, 11.0 billion yen is up for Entertainment Contents business, and 4.0 billion yen is up for Pachislot & Pachinko Machines and Gaming business combined. On the other hand, the approximately JPY3.5 billion increase in the Entertainment Contents business is due to shift in timing of recording such as the front-loaded sales of some titles which were scheduled to be released in later period in initial plan, shift in timing of recording of business expenses and other factors. Therefore, these may be adjusted in the full-year results.

As mentioned above, results for Q1 has got off to a good start. However, we have not revised the full-year forecast at this time because we will proceed with the launch of new titles in each business segment from Q2 of this fiscal year onward.

In Entertainment Contents business, launch of mainstay titles will be Q3 or later. In Pachislot & Pachinko Machines business, we will launch *e Hokuto No Ken 10*, the featured title for this fiscal year, in Q2.

## Breakdown of Income Statement (FY2025/3 Q1 Results)

**SEGASammy**

(Unit: Billion yen)



Breakdown of non-operating income/expenses and extraordinary income/losses

<b>Non-operating income</b>	<b>3.1</b>
Equity in earnings of affiliates	0.9
Foreign exchange gains	0.7
Interest income	0.6
Gain on investments in partnership	0.2
<b>Non-operating expenses</b>	<b>0.7</b>
Interest expenses	0.4
Loss on investments in partnership	0.1
<b>Extraordinary Income</b>	<b>8.8</b>
Gain on sales of shares of subsidiaries and affiliates	8.4
<b>Extraordinary losses</b>	<b>0.2</b>
Impairment loss	0.2
<b>Taxes/Others</b>	<b>5.9</b>

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This is a breakdown of each income statement.

Non-operating income includes the results of PARADISE SEGASAMMY from January to March as equity in earnings of affiliates.

In addition, as explained earlier, a gain of 8.4 billion yen on the sale of shares of subsidiaries and affiliates due to the transfer of shares of PHOENIX RESORT was recorded as extraordinary income.

## Reference: Per Segments Results

(Billion yen)	FY2024/3*		FY2025/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>108.2</b>	<b>468.9</b>	<b>104.7</b>	<b>445.0</b>
Entertainment Contents	54.1	319.8	72.5	335.0
Pachislot and Pachinko Machines	50.5	133.2	28.8	105.0
Gaming	0.3	1.9	0.6	3.0
Other / Elimination	3.3	14.0	2.8	2.0
<b>Ordinary Income</b>	<b>23.0</b>	<b>59.7</b>	<b>21.8</b>	<b>48.0</b>
Entertainment Contents	4.4	30.8	12.5	40.0
Pachislot and Pachinko Machines	21.7	41.9	10.7	23.5
Gaming	-0.2	-0.4	0.9	-1.5
Other / Elimination	-2.9	-12.6	-2.3	-14.0
<b>Adjusted EBITDA</b>	<b>24.7</b>	<b>54.7</b>	<b>25.8</b>	<b>62.0</b>
Entertainment Contents	5.0	22.0	15.7	50.0
Pachislot and Pachinko Machines	22.3	44.5	11.4	26.5
Gaming	-0.2	-0.4	0.7	-1.5
Other / Elimination	-2.4	-11.4	-2.0	-13.0

\*Results for FY2024/3 have been retroactively adjusted due to the change in segment classifications (unaudited)

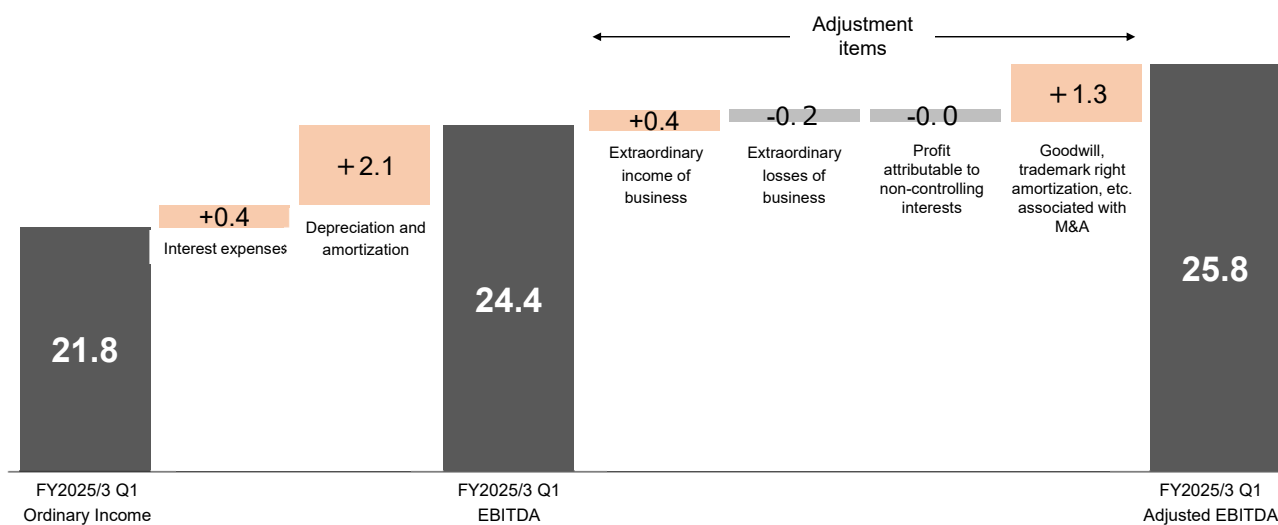
\*Details of each business are from p.13~

For your reference, here are per segments results.



## Reference: EBITDA Adjustment Items (FY2025/3 Q1 Results) **SEGA**Sammy

(Unit: Billion yen)



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For your reference, here is the breakdown of adjustment items in Adjusted EBITDA in Q1.

The gain on the transfer of PHOENIX RESORT, which is recorded as extraordinary income, is not included in the adjustment items.

# Impact of Exchange Rate Fluctuations

## 【Impact of foreign exchange in Q1 results】

- **Positive impact of 2.9 billion yen for sales and 1.5 billion yen for operating income in Entertainment Contents business**

(Billion yen)		Q1
CS <sup>*1</sup>	Net Sales	+2.7
	Operating Income	+1.7
Animation	Net Sales	+0.2
	Operating Income	+0.2
AM&TOY	Net Sales	-
	Operating Income	-0.4

- 1 USD: Rate in initial forecast 137 yen → AR 156 yen
- 1 GBP: Rate in initial forecast 190 yen → AR 197 yen
- 1 Euro: Rate in initial forecast 161 yen → AR 168 yen

- **Recorded foreign exchange gains of 0.7 billion yen in non-operating income due to revaluation and settlement of receivables and payables denominated in foreign currencies**

<sup>\*1</sup> CS = Consumer area

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I will explain the impact of exchange rate fluctuations on the initial plan.

In Q1 of this fiscal year, Consumer area, which has large US dollar-denominated sales, had the positive effect on net sales by 2.7 billion yen and operating income by 1.7 billion yen.

In Animation area, as the sales related to video works of the *Sonic* series and other income are incurred in US dollars, there were positive impact on both net sales and operating income by 0.2 billion yen.

In AM & TOY area, the impact of the raw material price hikes caused by the depreciation of the yen has continued.

In addition, foreign exchange gains of 0.7 billion yen were recorded as non-operating income.

## Various Expenses, etc.

(Billion yen)		FY2024/3*		FY2025/3	
		Q1	Full Year Results	Q1	Full Year Forecast
Entertainment Contents	R&D / Content production	12.5	83.1	16.6	68.1
	Advertising	3.1	31.6	4.5	30.8
	Depreciation	0.9	4.4	1.1	4.4
	Cap-ex	1.9	5.6	1.3	5.8
Pachislot & Pachinko	R&D / Content production	2.9	14.4	2.8	14.1
	Advertising	0.7	2.9	0.7	4.1
	Depreciation	0.5	2.6	0.7	2.8
	Cap-ex	0.7	3.9	1.1	4.9
Gaming	R&D / Content production	0.2	0.7	0.2	1.0
	Advertising	0.0	0.0	0.0	0.1
	Depreciation	-	-	-	-
	Cap-ex	0.0	0.4	0.4	0.0
Consolidated total	R&D / Content production	15.7	98.2	19.7	83.3
	Advertising	4.2	36.2	5.4	37.0
	Depreciation	1.9	8.5	2.1	8.3
	Cap-ex	3.0	11.6	3.3	11.9

\*1 Entertainment = Entertainment Contents business

\*Reexamined the forecast for FY2025/3 and made some changes

\*Results for FY2024/3 have been retroactively adjusted due to the change in segment classifications (unaudited)

\*The expenses for "other/elimination" are included in "Data Appendix (FY2025/3 Q1)"

\*Recognition criteria of R&D and Content Production Expenses by business segments

- Entertainment Contents business (Full Game (CS)): Expenses are capitalized as inventory assets or intangible assets during development and booked as expenses after launch. 25% will be amortized in first month and the rest will be amortized over a period of 23 months using the straight-line method (Total amortization period is 24 months)
- Entertainment Contents business (F2P (CS)): Expenses are amortized over a period of 24 or 36 months using the straight-line method
- Entertainment Contents business (AM): Expenses are capitalized as inventory assets during development and booked as expenses after launch. 30% will be amortized in first 2 months with 15% per month, and the rest will be amortized 7% per 10 months using the straight-line method (Total amortization period is 12 months)
- Pachislot & Pachinko Machines business: Expenses aren't capitalized but are recognized as they arise (outsourced process expenses are recognized when work is inspected)

### FY2025/3 Q1 Results

- R&D / content production expenses and advertising expenses increased due to recording of Rovio expenses (Entertainment\*1)

### Forecast

- R&D / content production expenses and advertising expenses are expected to increase from Q3 onward when the launch of mainstay new titles proceed (Entertainment)

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Here are various expenses, etc.

In Entertainment Contents business, R&D / content production, and advertising expenses increased YoY due to the recording of expenses for Rovio, which was consolidated from September of the previous year. There were no significant changes from YoY in both Pachislot & Pachinko Machines business and Gaming business.

As for the future, we expect an increase in R&D / content production, and advertising expenses in Entertainment Contents business, where new mainstay titles are being launched.

## Consolidated Balance Sheet Summary



[Assets]				[Liabilities and Net Assets]			
Account	As of end of Mar. 2024	As of end of Jun. 2024	Increase /Decrease	Account	As of end of Mar. 2024	As of end of Jun. 2024	Increase /Decrease
Cash and Deposits	211.7	195.1	-16.6	Accounts Payable	26.0	28.8	+2.8
Accounts Receivable	54.2	44.9	-9.3	Short Term Borrowings	22.5	22.5	+0.0
Securities	8.0	25.8	+17.8	Other	86.9	63.6	-23.3
Inventories	81.7	91.4	+9.7	<b>Total Current Liabilities</b>	<b>135.4</b>	<b>114.9</b>	<b>-20.5</b>
Other	39.4	44.3	+4.9	Corporate Bonds	10.0	10.0	-
<b>Total Current Assets</b>	<b>395.0</b>	<b>401.5</b>	<b>+6.5</b>	Long Term Borrowings	124.5	124.5	-
Tangible Fixed Assets	60.0	50.7	-9.3	Other	26.2	24.7	-1.5
Intangible Fixed Assets	92.2	99.0	+6.8	<b>Total Noncurrent Liabilities</b>	<b>160.7</b>	<b>159.2</b>	<b>-1.5</b>
Goodwill (included in Intangible Fixed Assets)	30.2	34.3	+4.1	<b>Total Liabilities</b>	<b>296.2</b>	<b>274.2</b>	<b>-22.0</b>
Trademark right (same as above)	47.5	49.9	+2.4	Shareholders' Equity	333.2	351.9	+18.7
Investment Securities	49.8	52.3	+2.5	Total accumulated other comprehensive income	23.6	38.1	+14.5
Other	56.9	61.6	+4.7	Share acquisition rights	0.7	0.8	+0.1
<b>Total Noncurrent Assets</b>	<b>258.9</b>	<b>263.6</b>	<b>+4.7</b>	Non-controlling interests	0.0	0.0	+0.0
<b>Total Assets</b>	<b>653.9</b>	<b>665.2</b>	<b>+11.3</b>	<b>Total Net Assets</b>	<b>357.7</b>	<b>390.9</b>	<b>+33.2</b>
				<b>Total Liabilities and Net Assets</b>	<b>653.9</b>	<b>665.2</b>	<b>+11.3</b>

### Main reasons for increase/decrease

Account	As of end of Mar. 2024	As of end of Jun. 2024	Increase /Decrease	(Assets)	
Cash, deposits and cash equivalents	219.8	215.9	-3.9	(Assets)	Tangible fixed assets decreased due to the deconsolidation of PHOENIX RESORT. Cash and deposits decreased due to increase in securities, increase in inventories related to the titles which will be released in the future, etc.
Interest bearing debt	157.0	157.0	+0.0	(Liabilities)	Allowance for bonuses, accrued consumption taxes, income taxes payable, etc. decreased due to payment of bonuses and taxes
Net cash	62.8	58.9	-3.9	(Net assets)	Shareholders' equity increased mainly due to the recording of profit attributable to owners of parent, despite the payment of dividends. In addition, foreign currency exchange adjustments increased
Equity ratio	54.6%	58.6%	+4.0p		

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Here is our balance sheet.

Regarding assets, tangible fixed assets decreased due to the exclusion of PHOENIX RESORT from consolidation in Q1 of the current fiscal year. Cash and deposits decreased due to the payment of bonuses and various taxes, an increase in securities as a result of the purchase of money trusts, and an increase in inventories related to titles to be launched in each business in the future.

With regard to liabilities, as mentioned in the description of assets, allowance for bonuses, accrued consumption taxes, and accrued income taxes payable decreased due to the payment of bonuses and various taxes related to the performance of previous fiscal year.

Lastly, concerning net assets, there was an increase in shareholders' equity due to the recording of profit attributable to owners of parent for the quarter, as well as an increase in foreign currency translation adjustments, while dividends were paid.

As of the end of June, D/E ratio is 0.42 times, and net cash is 58.9 billion yen, a decrease of 3.9 billion yen from the end of the previous period.

As for the cash flow, it has not been audited, but here is the outlook.

Operating cash flow is expected to be minus 3.5 billion yen, investing cash flow is expected to be approximately zero, and financing cash flow is expected to be minus 6.1 billion yen.

Total comprehensive cash flow, including foreign currency translation adjustments on cash and cash equivalents of plus 5.9 billion yen, is expected to be minus 3.9 billion yen.

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## Per Segments Results / Forecast

(Billion yen)	FY2024/3*		FY2025/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>54.1</b>	<b>319.8</b>	<b>72.5</b>	<b>335.0</b>
Consumer	34.0	224.0	51.3	235.0
Animation	4.6	23.9	5.9	23.5
AM* & TOY	15.4	71.8	15.3	76.5
<b>Operating Income</b>	<b>4.3</b>	<b>29.9</b>	<b>11.8</b>	<b>38.0</b>
Consumer	2.5	21.9	8.9	27.5
Animation	0.9	5.6	2.4	4.5
AM* & TOY	0.8	2.3	0.5	6.0
<b>Ordinary Income</b>	<b>4.4</b>	<b>30.8</b>	<b>12.5</b>	<b>40.0</b>
<b>Adjusted EBITDA</b>	<b>5.0</b>	<b>22.0</b>	<b>15.7</b>	<b>50.0</b>
<b>Full Game Sales</b>	<b>11.0</b>	<b>88.1</b>	<b>15.2</b>	<b>93.0</b>
New titles	2.5	55.0	3.9	53.3
Repeat sales	8.5	33.0	11.2	39.6
<b>F2P Sales</b>	<b>12.5</b>	<b>53.9</b>	<b>11.0</b>	<b>56.9</b>
<b>Full Game Unit Sales (Thousand)</b>	<b>4,870</b>	<b>27,890</b>	<b>5,860</b>	<b>29,670</b>
New titles	740	9,230	710	9,190
Repeat sales	4,120	18,660	5,140	20,480

\*1 DLC = Downloadable Content, \*2 CS = Consumer area, \*3 AM = Amusement Machine

\*Results for FY2024/3 have been retroactively adjusted due to the change in segment classifications (unaudited)

\*Exchange rate in FY2025/3 initial forecast: 1 USD = 137 yen, 1 GBP = 190 yen, 1 Euro 161 yen

## FY2025/3 Q1 Results

### ➤ Steady start as a whole

- Exceeded expectations due to positive impact from foreign exchange, strong sales of DLC\*1, etc. (CS\*2)
  - ✓ Sales of Full Game increased YoY, but slightly below the expectations
  - ✓ Sales increased due to recording of Rovio sales
- Revenues related to Sonic movie and animation were strong (Animation)

## Forecast

### ➤ Proceed the launch of new titles in each area

- Full-scale sales of major new titles in Full Game scheduled in and after Q3 (CS)
- Promoting transmedia development as a whole in line with the above
- Closely monitor the impact of exchange rate fluctuations (CS, AM\*3 & TOY)

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Let me now explain the details by segment.

First is Entertainment Contents business. In Q1 of this fiscal year, both sales and income increased YoY. We are off to a steady start compared to our expectations, as I mentioned at the beginning of the presentation.

The increase in sales was mainly due to the recording of Rovio sales in Consumer area, in addition to the front-loaded sales of new title in Full Game and a high level of repeat sales. The increase in profit was due to a combination of factors, but in addition to the steady performance of repeat titles and downloadable content from the *Total War* series, recording of the sales associated with offering to subscription services, and the positive impact of foreign exchange rates could be accounted for. As for Rovio, the impact on profit and losses are insignificant due to amortization of goodwill, but it contributes to profit after amortization.

In addition, in the Animation area, allocated revenue and royalty income from the video productions of *Sonic* series resulted in a significant increase YoY. This was previously recorded as non-operating income but as we promote transmedia development in our new medium-term plan and further expand our mainstay IPs, the importance of this initiative has increased, and we have decided to change the method of presentation and record it as sales. In accordance with the change in the presentation method, the results of previous fiscal year have been retroactively reclassified.

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While the current Q1 exceeded our projection by 11.0 billion yen at the ordinary income level, as I mentioned at the beginning of this briefing, 3.5 billion yen of that amount was due to shift in timing of recording, such as sales of titles, and business expenses. In addition, since major new titles will be launched in Q3 or later, centered on Consumer area, the outlook for the full year needs to be closely monitored in light of these factors.

From Q3, we plan to launch new mainstay titles in Full Game, such as *SONIC X SHADOW GENERATIONS* and *Metaphor: ReFantazio*, as well as *Sonic Rumble*, a F2P title for the global market.

Especially for *Sonic*, we have started measures related to the transmedia strategy from April to enhance the value of the IP through media development and commercialization in various fields. In addition, after the release of a new title in Full Game, *SONIC X SHADOW GENERATIONS*, which will be released this fiscal year, the movie, *Sonic the Hedgehog 3* is planned to be released, and related measures will be in place in Q3. Through a series of such measures, we will strive to improve *Sonic* IP even more than before.

		FY2025/3 Q1 Results	Forecast
Consumer	Full Game	<ul style="list-style-type: none"> <li>Steady sales in both new titles including additional downloadable content and repeat sales</li> </ul>	<ul style="list-style-type: none"> <li>Full-scale sales of major new titles scheduled in and after Q3 <i>SONIC X SHADOW GENERATIONS</i>, <i>Metaphor: ReFantazio</i> <i>Football Manager 25</i> (TBD), etc.</li> </ul>
	F2P	<ul style="list-style-type: none"> <li>Existing titles performed as expected</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen operations of existing titles</li> <li>Release new title, <i>Sonic Rumble</i>, in Winter</li> </ul>
	Other	<ul style="list-style-type: none"> <li>Recorded sales of Rovio</li> <li>Recorded license revenue from subscription</li> <li>Positive impact from exchange rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Expect an increase in character licensing revenues from transmedia development</li> <li>Closely monitor the positive impact of exchange rate fluctuations</li> </ul>
Animation		<ul style="list-style-type: none"> <li>Revenues of Sonic movie and animation went higher than expected</li> <li>Recorded license revenues associated with video production, distribution, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to record allocated revenue of <i>Detective Conan: The Million-dollar Pentagram</i></li> <li>Plan to continue to record revenue from video production, distribution, etc.</li> </ul>
AM*1 & TOY	AM	<ul style="list-style-type: none"> <li>Sold centered on prize category</li> <li>Continued to be impacted by raw material price hikes due to exchange rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li><i>UFO CATCHER TRIPLE TWIN Compact</i> to be released and strengthen the sales of prizes, etc.</li> <li>Closely monitor the impact of raw material price hikes due to exchange rate fluctuations</li> </ul>
	TOY	<ul style="list-style-type: none"> <li>Sold mainly regular products, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to sell new product <i>me-smartphone + (Plus)</i> and regular products</li> </ul>

\*1 AM = Amusement Machine

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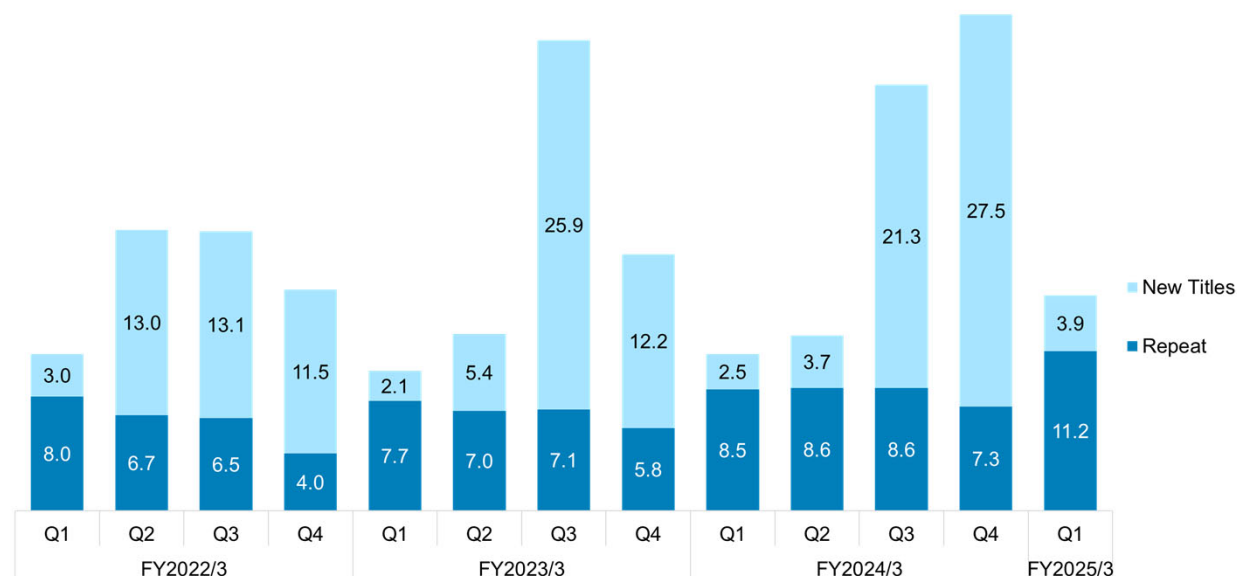
For your reference, here is a breakdown for each sub-segment.

We have already explained about Consumer and Animation area earlier.  
In the AM & TOY area, the Q1 results were in line with expectations, although the impact of the raw material price hikes continued.



## (Reference) Consumer Area / Full Game: Sales Trend

(Unit: Billion yen)



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For your reference, here are the Full Game sales trend by quarter.

Regarding repeat sales in Q1, the sales of *Unicorn Overlord* and *Persona 5 Royal (Remaster)*, as well as catalog titles exceeded the expectations, resulting in a level following Q1 of fiscal year ended March 2021, which was the highest quarterly sales due to stay-at-home demand by COVID-19.

## (Reference) Entertainment Contents Business Roll-out Schedule

(CS/Animation area)



Area		Title	Launch	Region	Platform	
CS <sup>*1</sup>	Full Game	Shin Megami Tensei V Vengeance	Jun. 14, 2024	Global	Multi-platform	
		Super Monkey Ball Banana Rumble	Jun. 25, 2024	Global	Nintendo Switch™	
		Metaphor: ReFantazio	Oct. 11, 2024	Global	Multi-platform	
		SONIC X SHADOW GENERATIONS	Oct. 25, 2024	Global	Multi-platform	
		Football Manager 25 (TBD)	TBD	Global	Multi-platform	
	F2P	Persona5 : The Phantom X	Apr. 12, 2024	Traditional/Simplified Chinese, Hangul	iOS/Android	*Licensing out
		Sonic Rumble	This Winter	Global	iOS/Android	
Animation	Production project (including investment)	Detective Conan: The Million-dollar Pentagram	Apr. 12, 2024	-	-	
		ANPANMAN : Baikinman and Lulun in the Picture Book	Jun. 28, 2024	-	-	
		Baki Hanma	On streaming	Global	Netflix	
		SAKAMOTO DAYS	Jan., 2025	-	-	
		Blue Box	Oct., 2024	-	-	*A work for UNLIMITED PRODUCE project <sup>*2</sup>
	License-out/ Investment project etc.	Sonic the Hedgehog 3	Dec. 20, 2024	Global	-	*Date in "Launch" is the release date in North America
		The Angry Birds Movie 3	TBD	-	-	
		Knuckles	Apr. 26, 2024	Global	Paramount+	*Licensing out, Date in "Launch" is the release date in overseas
		Angry Birds Mystery Island	May 21, 2024	Global	Amazon Prime Video	*Licensing out
		Like a Dragon: Yakuza	Oct. 25, 2024	Global	Amazon Prime Video	*Licensing out, Date in "Launch" is the release date in Japan
		COLORFUL STAGE! The Movie: A Miku Who Can't Sing	Jan. 17, 2025	-	-	*Licensing out
		Golden Axe (Title TBD)	TBD	-	-	*Licensing out

<sup>\*1</sup> CS = Consumer area, <sup>\*2</sup> UNLIMITED PRODUCE Project = an initiative to produce animation works in collaboration with other studios, with the aim of strengthening the animation production business

\*Only announced titles are listed

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For your reference, here is the roll-out schedule of product in Entertainment Contents business.

In Animation area, in addition to titles which our Group is involved in production, and titles our Group produce, we are also showing titles that utilize our Group's game IP. *Sonic* and other IPs, such as *Like a Dragon* and *Angry Birds*, are being adapted to video production. Through these titles, we will focus on expanding IP value by increasing the volume and the base of fans around the world.

(Reference) Entertainment Contents Business Sales Schedule  
(AM & TOY area)



Area		Title	Launch	Region	Platform	
AM <sup>*1</sup> & TOY	AM	GIMMI	Jul. 4, 2024	-	-	*Print Sticker machine
		UFO CATCHER TRIPLE TWIN Compact	Jul. 11, 2024	-	-	
	TOY	SONIC&FRIENDS	Apr. 26, 2024	-	-	
		Let's play store for the first time! ANPANMAN's Fluffy Bakery	May 30, 2024	-	-	
		"Moving Picture Book" Projector Dream Switch ANPANMAN	Jun. 27, 2024	-	-	
		Come play! Chikawa House with Talking dolls	Jun. 27, 2024	-	-	
		monpoke Sounds and Lights! Rolling round Pikachu Tower	Jun. 27, 2024	-	-	
		me-smartphone + (Plus)	Aug. 8, 2024	-	-	

<sup>\*1</sup> AM = Amusement Machine  
\*Only announced titles are listed

Here is the list of new products in AM & TOY area in this fiscal year.



**Metaphor: ReFantazio** (Oct. 11, 2024)  
©ATLUS. ©SEGA.



**SONIC X SHADOW GENERATIONS** (Oct. 25, 2024)  
©SEGA



**Sonic Rumble** (To be released this Winter)  
©SEGA

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These are the main new titles for this fiscal year in Consumer area.  
All are scheduled to be launched and available in Q3 or later.

(Billion yen)	FY2024/3*		FY2025/3	
	Q1	Full Year Results	Q1	Full Year Forecast
<b>Sales</b>	<b>50.5</b>	<b>133.2</b>	<b>28.8</b>	<b>105.0</b>
Pachislot	31.5	88.7	17.4	49.6
Pachinko	16.4	35.5	9.0	46.4
Other / Elimination	2.6	9.0	2.4	9.0
<b>Operating Income</b>	<b>21.6</b>	<b>41.6</b>	<b>10.5</b>	<b>23.0</b>
<b>Ordinary Income</b>	<b>21.7</b>	<b>41.9</b>	<b>10.7</b>	<b>23.5</b>
<b>Adjusted EBITDA</b>	<b>22.3</b>	<b>44.5</b>	<b>11.4</b>	<b>26.5</b>
<b>Pachislot</b>				
Number of Titles	1 title	7 titles	3 titles	7 titles
Unit Sales (units)	64,766	180,090	36,993	107,000
<b>Pachinko</b>				
Number of Titles	2 titles	4 titles	2 titles	8 titles
Unit Sales (units)	39,095	88,236	22,475	115,000
Board + Frame	19,312	25,419	2,383	57,400
Board	19,783	62,817	20,092	57,600

\*Results for FY2024/3 have been retroactively adjusted due to the change in segment classifications (unaudited)

\*New series are counted as one title

(Titles which installation started from previous FY, specification changed titles, etc. are not included)

## FY2025/3 Q1 Results

### ➤ Steady start

- Steady sales of new titles
- Implemented additional sales of titles released in the previous fiscal year
- Major titles sold:

*Smart Pachislot Psalms of Planets Eureka Seven 4 HI-EVOLUTION*

*Smart Pachislot Golden Kamuy, etc.*

## Forecast

### ➤ Continue to launch new titles

- Plan to launch *e Hokuto No Ken 10*, our first smart pachinko and featured title for this fiscal year, etc. in Q2

Next is Pachislot & Pachinko Machines business.

In Q1 of this fiscal year, both sales and profit declined YoY. The factor was a reactionary decline from the previous fiscal year's hit *Smart Pachislot Hokuto No Ken*. Meanwhile, sales of new titles released in Q1, such as *Smart Pachislot Psalms of Planets Eureka Seven 4 HI-EVOLUTION* and *Smart Pachislot Golden Kamuy*, remained steady. As well as additional sales of pachinko titles launched in the previous fiscal year, such as *P Hokuto No Ken Tomo LT*, which is strong in utilization, has contributed to a favorable start for this fiscal year's plan.

As for the future, we will continue to launch new titles for both pachislot and pachinko.



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©Sammy

➤ **e Hokuto No Ken 10** (Nationwide installation: from Aug. 5, 2024)

- **Strong sales**
- Implement promotions on the same scale as *Smart Pachislot Hokuto No Ken*, the hit in previous fiscal year including TV commercials

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Here is about *e Hokuto no Ken 10*, the featured title for this fiscal year, which is to be launched in Q2.

This title is the Group's first smart pachinko, and the nationwide installation of the title started this week. Sales have been strong so far, and as we are implementing TV commercials and other promotional plans on the same scale as *Smart Pachislot Hokuto No Ken*, a smash hit in the previous fiscal year, etc., we are looking forward for high utilization in the future.

【Major titles sold up to Q1 / titles planned to be sold in or after Q2】

		Title	Installation	Unit Sales	Specification Range <sup>*1</sup>	Sort
Pachislot	Q1	Smart Pachislot Golden Kamuy	Apr. 2024	12,865 units	Medium	New Series
		Smart Pachislot Psalms of Planets Eureka Seven 4 HI-EVOLUTION	May 2024	13,600 units	Medium	New Series
		Smart Pachislot BOFURI: I Don't Want to Get Hurt, so I'll Max Out My Defense.	Jun. 2024	9,483 units	Medium	New Series
	In or after Q2	Smart Pachislot Shin Hokuto Muso	Jul. 2024	-	High	New Series
		A-SLOT+ KONOSUBA -God's blessing on this wonderful world!	Sep. 2024	-	Low	Specification Change
		Smart Pachislot Initial D 2nd	Oct. 2024	-	Medium	New Series
		Title	Installation	Unit Sales	Specification Range <sup>*2</sup>	Sort
Pachinko	Q1	P Bakemonogatari	Apr. 2024	5,173 units	High Middle/ Light Middle <sup>*3</sup>	New Series
		P The Seven deadly Sins 2 1000 Divine Cuts VER.	May 2024	3,395 units	Light Middle	Specification Change
		★P Initial D 2nd	Jun. 2024	9,082 units	High Middle	New Series
	In or after Q2	★e Hokuto No Ken 10	Aug. 2024	-	High	New Series
		★Dejihane P Psalms of Planets Eureka Seven ANEMONE 99ver.	Aug. 2024	-	Light	Specification Change
		P IKUSA no KO Legend of Oda Nobunaga	Sep. 2024	-	High Middle	New Series

Titles marked with "★" are machines that equip Lucky Trigger feature

<sup>\*1</sup> Specification Range (Pachislot): Classified by level of gambling aspect (High/Medium/Low). Calculated based on in-house definition<sup>\*2</sup> Specification Range (Pachinko): Classified by symbol matching probability (High/High Middle/Middle/Light Middle/Light/Minimum/Other). Based on the jackpot probability classification of Daikoku Denki Co., Ltd.  
High=1/320 or less, High Middle=1/280~1/319, Middle=1/200~1/279, Light Middle=1/120~1/199, Light=1/40~1/119, Minimum=1/39 or more<sup>\*3</sup> For P Bakemonogatari, two machines with different specification, P Bakemonogatari 319ver. and P Bakemonogatari 199ver., were sold<sup>\*4</sup> Unit sales only in FY2025/3 are listed<sup>\*</sup> Only announced titles are listed

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Here is the sales schedule in Pachislot & Pachinko Machines business.

In Q2, we plan to launch multiple titles in addition to *e Hokuto No Ken 10*, which I mentioned earlier.

(Billion yen)	FY2024/3*		FY2025/3	
	Q1	Full Year Results	Q1	Full Year Forecast
Sales	0.3	1.9	0.6	3.0
Operating Income	-0.5	-1.7	-0.3	-2.0
Non-operating income	0.3	1.4	1.4	1.0
Non-operating expenses	0.0	0.1	0.1	0.5
Ordinary Income	-0.2	-0.4	0.9	-1.5
Ordinary Income Margin	-	-	-	-
Adjusted EBITDA	-0.2	-0.4	0.7	-1.5

\*Results for FY2024/3 have been retroactively adjusted due to the change in segment classifications (unaudited)

## FY2025/3 Q1 Results

### ➤ Strong sales of casino machines

- Gaming machine sales:
  - Sales of *Railroad Riches*™, compatible with new video slot machine cabinet *Genesis Atmos*™, has been strong in the U.S.
- PARADISE SEGASAMMY:
  - Contributed to profit in equity-method earnings as casino revenues remained at high levels.

## Forecast

- Gaming machine sales:
  - Expect the expansion of the unit sales in North America and Asia
- PARADISE SEGASAMMY:
  - Expect to contribute to profit in equity-method earnings

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Finally, I will explain about Gaming business.

With the start of the new medium-term plan announced in May 2024, Gaming business was newly established.

In Gaming business, we are mainly engaged in the development, manufacturing, and sales of gaming machines by SEGA SAMMY CREATION, and the development and operation of PARADISE CITY, an integrated resort by PARADISE SEGASAMMY, a joint venture with Paradise Co., Ltd. in South Korea. In addition, in order to establish our Gaming business, we have announced our execution of acquisition agreements with GAN Limited and Stakelogic B.V., as mentioned earlier, with the aim of entering the online gaming market, especially the US iGaming market, which is expected to grow in the future.

In Q1 of this fiscal year, sales increased YoY, and profit was recorded at the ordinary income level. As for sales of gaming machines, sales of video slot machines were strong in the US. As for PARADISE CITY in South Korea, equity in earnings of 1.0 billion yen was recorded due to continuous strong sales at the casino, especially among Japanese VIP customers. Those contributed to the start with a return to profitability at the ordinary income level of the Gaming business.

Looking ahead, we will continue to strengthen sales of gaming machines and operations of PARADISE CITY, as well as moving forward with procedures to complete the acquisitions of GAN Limited and Stakelogic B.V.





➤ ***Railroad Riches*™ is well received, contributing to strengthening our relationship with casino operators**

- Installation: from January 2024
- Two titles ranked in the top 3<sup>\*1</sup> of the game performance report issued by a U.S. gaming research company<sup>\*2</sup>

<sup>\*1</sup> *Tycoon*™ and *Sheriff*™, two titles from *Railroad Riches*™, compatible with new video slot machine cabinet *Genesis Atmos*™ were ranked in

<sup>\*2</sup> "Top Indexing NEW Games-Core, Video Ranking" in "U.S. & Canada Game Performance Report July 2024" issued by Eilers & Krejcik Gaming, LLC

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For *Railroad Riches*, which is compatible with *Genesis Atmos*™, a new video slot machine cabinet which was installed from January 2024, its utilization was significantly higher than floor and zone averages at each casino, and in a report issued by Eilers & Krejcik Gaming, LLC, a US-based gaming research company, this title was able to achieve second and third place in new title ranking for two consecutive months, receiving high acclaim and interest.

In addition to strengthening sales of hit titles, we will work to further strengthen contacts with casino operators by cultivating new operators and increasing customer engagement.

(KRW Billion)		FY2024/3		FY2025/3
		Q1	Full year Results	Q1
<b>Sales</b>		<b>91.2</b>	<b>448.7</b>	<b>132.3</b>
	Casino	63.3	327.9	102.5
	Hotel	23.2	100.3	23.7
	Other	4.5	20.4	5.9
<b>Cost of sales</b>		<b>74.1</b>	<b>353.1</b>	<b>92.2</b>
	Casino	38.2	193.4	52.6
	Hotel	25.4	112.1	28.6
	Other	10.4	47.6	11.0
<b>Gross profit</b>		<b>17.1</b>	<b>95.5</b>	<b>40.0</b>
	SG&A	7.2	39.2	10.1
<b>Operating profit</b>		<b>9.8</b>	<b>56.3</b>	<b>29.9</b>
<b>EBITDA</b>		<b>24.1</b>	<b>103.7</b>	<b>40.8</b>
<b>Net profit</b>		<b>2.6</b>	<b>28.0</b>	<b>22.4</b>
<b>Number of casino visitors (Thousands)</b>		<b>63</b>	<b>297</b>	<b>85</b>

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	0.0	0.9	1.0
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\*PARADISE SEGASAMMY is an equity-method affiliate of the Company

\*PARADISE SEGASAMMY is recorded 3 months late to the Company as it applies December fiscal year end

\*Local accounting standards

FY2025/3 Q1 Results➤ **Casino sales remained strong**

- Casino sales remained strong, centered on Japanese VIP customers
- Hotel sales continued to achieve high room rates and occupancy by capturing the demand for stay type travel in South Korea

Forecast➤ **Contribution to profit in equity-method earnings**

- Expect a further attraction of customers through strengthened marketing

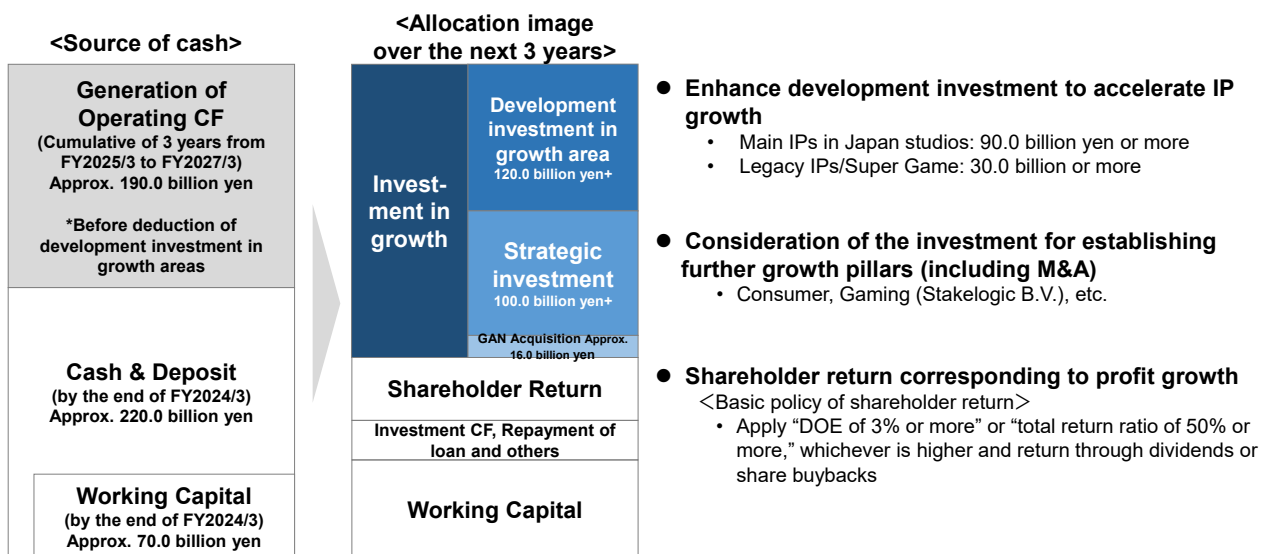
Here is about PARADISE SEGASAMMY in South Korea.

This is PARADISE SEGASAMMY's results for January through March 2024, as the inclusion in our results will be recorded with a three-month delay.

Casino sales were strong, especially among Japanese VIP customers, and hotel sales remained high in terms of both high occupancy and room rates, capturing the demand for stay type travel in South Korea.

Going forward, we expect that it will contribute to profit on an equity-method inclusion basis driven by casino sales, mainly centered on Japanese VIP customers, which continues to be strong.

**【Capital allocation policy】**



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This is the concept of investment in growth and shareholder returns.

We have already announced this concept in our full-year financial results for the fiscal year ended March 2024, but we have taken a step forward in our strategic investments with the acquisition of Stakellogic B.V. this time. We will continue to make solid investments in development in existing growth areas while also considering strategic investments.

That is all from me.  
Thank you for your attention.



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

**Cautionary Statement for Investors and Shareholders with Respect to Gaming Statutes and Regulations**

SEGA SAMMY HOLDINGS INC. ("the Company") is registered with the Nevada Commission as a publicly traded corporation and has been found suitable to directly or indirectly own the stock of its subsidiary, SEGA SAMMY CREATION INC., and Sega Sammy Creation USA Inc., a wholly owned subsidiary of SEGA SAMMY CREATION INC., (collectively, the "Operating Subsidiaries") that have been licensed as manufacturers and distributors of gaming devices in Nevada. Pursuant to Nevada law, the Company's shareholders are subject to the rules and regulations of the Nevada Gaming Authorities. A detailed explanation of Gaming Statutes and Regulations can be found on the Company's corporate website: <https://www.segasammy.co.jp/en/ir/stock/regulation/>. The Operating Subsidiaries have also been licensed as manufacturers and distributors of gaming devices in multiple countries, states, and regions other than the State of Nevada (collectively, the "Other Regions"). In addition to the foregoing, the Company's shareholders may be subject to the same or similar restrictions as in the State of Nevada under the statutes of the Other Regions or the regulations of the gaming authorities of such Other Regions.

Please visit below website for more information of products and services of SEGASAMMY.

<https://www.segasammy.co.jp/en/corp/group/>  
(Sega Sammy Group Website list)

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