

Q3 for the Fiscal Year Ending March 2025 Results Presentation

February 7, 2025

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**Speaker: Makoto Takahashi / Executive Vice President, Executive Officer
(Managing Director of Corporate Planning Division)**

I would like to present our financial results for FY2025/3 and our outlook for the future.

01

FY2025/3 Q3 Results / Forecast

Result Highlights (Consolidated)



(Billion yen)	FY2024/3		FY2025/3		
	Thru Q3	Full Year Results	Thru Q3	Full Year Forecast (announced on May 10)	Revised Full Year Forecast (announced on Feb. 7)
Sales	350.5	468.9	322.3	445.0	425.0
Operating Income	55.1	57.8	43.7	45.0	46.0
Ordinary Income	57.3	59.7	49.4	48.0	51.5
Extraordinary income	0.4	1.3	9.1	8.5	9.5
Extraordinary losses	11.7	19.2	7.4	0.5	7.5
Profit attributable to owners of parent	35.5	33.0	41.7	39.0	37.5
Adjusted EBITDA	54.8	54.7	54.5	62.0	60.7
ROE	-	9.6%	-	-	-
Dividends per share (JPY)	23.00	50.00	25.00	50.00	50.00

FY2025/3 Q3 Results

➤ Strong performance overall due to strong performance in Entertainment*¹

- Strong performance centered on CS² and Animation area (Entertainment)
- Recorded loss associated with inventory write-down (CS)
- Steady performance (Pachislot & Pachinko)

*¹ Entertainment = Entertainment Contents Business, ² CS = Consumer area

Forecast

- Revised operating results forecasts (See page 4 for details)
- Launch new titles in each segment

*Allocated revenue related to investments in film production in the U.S. previously recorded as "Non-operating income" is recorded in "Sales" from this fiscal year. Also, the results for the fiscal year ended March 2024 have been retrospectively changed due to the finalization of provisional accounting treatment for company combination and changes in segment classifications. Retroactive results are Approx. value (unaudited). The same applies to the tables of operating results that follow in this document.

*The interim dividend for FY2025/3 is calculated at DOE3%. The annual return amount would be Approx. 11.0 billion yen if calculated with DOE3%, and would be Approx. 18.8 billion yen if calculated with total return ratio of 50% (calculated based on 37.5 billion yen of profit attributable to owners of parent for FY2025/3 in revised forecast on Feb. 7). The actual amount and method of return at the end of the fiscal year may vary depending on the progress of business performance and other factors.

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Through Q3, sales and profit at the ordinary income level declined YoY. The decrease in profit was due to the significant impact of the reactionary decline of *Smart Pachislot Hokuto No Ken*, which was a hit in the previous fiscal year.

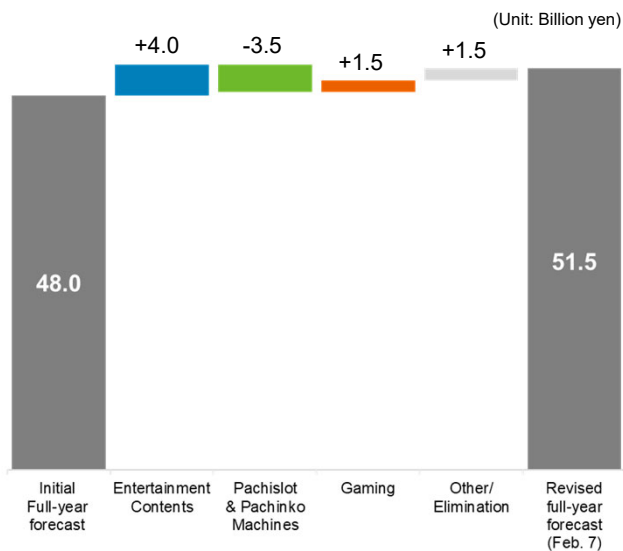
Adjusted EBITDA which is used as a management indicator for Company, stood at 54.5 billion yen, roughly the same level as the same period of the previous fiscal year. This is mainly due to the reactionary increase of adjusted EBITDA since the amount of extraordinary loss of business, which is an adjustment item when calculating adjusted EBITDA was large in the previous fiscal year because of the recording of loss on business restructuring in Europe in Consumer area.

In addition to these, we recorded an extraordinary gain from the transfer of PHOENIX RESORT shares in Q1, so our profit attributable to owners of parent increased YoY.

Compared to our initial plans, results continue to exceed expectations, especially in both Consumer and Animation areas. Taking into account the trends in each business up to Q3 and our outlook for the future, we have revised our full-year operating results forecast today.

As for our dividend forecast, there are no changes in the previous dividend forecast calculated based on a DOE of 3% basis at this time, but we will determine the final amount of shareholder return based on our actual full-year performance.

[Ordinary Income by Segment: Increase and decrease from the Initial Plan]



➤ Entertainment Contents Business

- Strong performance centered on CS*¹ and Animation area

➤ Pachislot & Pachinko Machines Business

- Postpone the launch of mainstay titles, etc. to the next fiscal year or later

➤ Gaming Business

- Strong sales of gaming machines in U.S.
- Strong performance of PARADISE CITY

*¹ CS = Consumer area

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With regard to the revisions to our operating results forecast, I will explain the difference from our initial plan in terms of ordinary income.

In Entertainment Contents Business, despite the cancellation of some titles in Consumer area, sales of our new mainstay titles and repeat titles have been strong, and Animation area also continues to perform strong, so we expect results to exceed our previous forecast.

In Pachislot & Pachinko Machines Business, we expect business results to fall short of our previous forecast due to the postponement of the launch of a major title scheduled for Q4 of this fiscal year to the next fiscal year or later in order to improve product competitiveness.

In Gaming Business, we expect results to exceed our previous forecast owing to the strong sales of gaming machines in the US and the strong performance of PARADISE SEGASAMMY, an equity-method affiliate.

(Reference) Per Segments Results

(Billion yen)	FY2024/3		FY2025/3		
	Thru Q3	Full Year Results	Thru Q3	Full Year Forecast (announced on May 10)	Revised Full Year Forecast (announced on Feb. 7)
Sales	350.5	468.9	322.3	445.0	425.0
Entertainment Contents	220.4	319.8	238.6	335.0	320.0
Pachislot and Pachinko Machines	118.7	133.2	76.4	105.0	96.0
Gaming	0.9	1.9	3.1	3.0	4.5
Other / Elimination	10.5	14.0	4.2	2.0	4.5
Ordinary Income	57.3	59.7	49.4	48.0	51.5
Entertainment Contents	19.9	30.8	37.5	40.0	44.0
Pachislot and Pachinko Machines	46.1	41.9	19.7	23.5	20.0
Gaming	-0.1	-0.4	0.9	-1.5	0.0
Other / Elimination	-8.6	-12.6	-8.7	-14.0	-12.5
Adjusted EBITDA	54.8	54.7	54.5	62.0	60.7
Entertainment Contents	14.5	22.0	40.5	50.0	49.5
Pachislot and Pachinko Machines	48.1	44.5	22.2	26.5	23.3
Gaming	-0.1	-0.4	0.0	-1.5	-0.9
Other / Elimination	-7.7	-11.4	-8.2	-13.0	-11.2

*Details of each business are from p.12~

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Here is the results by segment for your reference.

Under our revised plan, we have revised the ordinary income in Entertainment Contents Business upward, but we still expect the adjusted EBITDA to be lower than our previous forecast. This is mainly due to the impact of recording of approximately 6.1 billion yen in loss on business restructuring associated with the transfer of our overseas development studio, Amplitude Studios, in Q2.

Breakdown of Income Statement (FY2025/3 Q3 results)



(Unit: Billion yen)

Operating income	43.7
Non-operating income	8.0
Non-operating expenses	2.3
Ordinary income	49.4
Extraordinary income	9.1
Extraordinary losses	7.4
Income before income taxes	51.1
Taxes/Others	9.3
Profit attributable to owners of parent	41.7

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

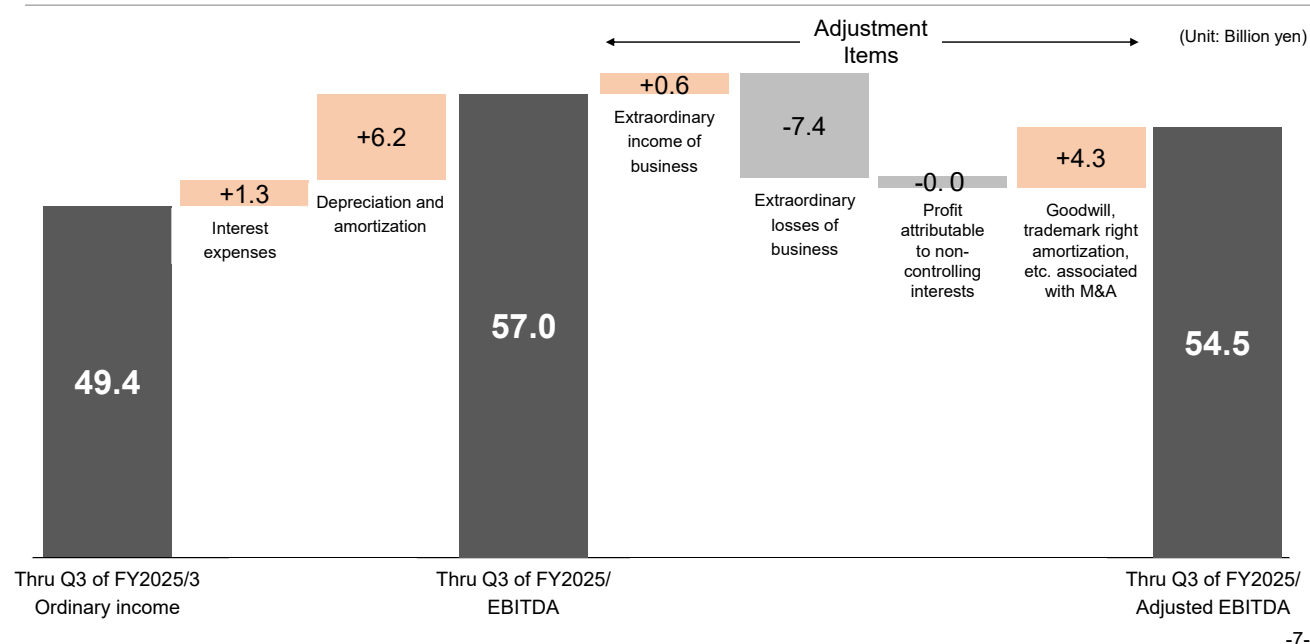
Non-operating income	8.0
Interest income	2.5
Equity in earnings of affiliates	2.0
Foreign exchange gains	1.2
Gain on investment in partnership	0.7
Non-operating expenses	2.3
Interest expenses	1.3
Loss on investments in partnership	0.6
Extraordinary Income	9.1
Gain on sales of shares of subsidiaries and affiliates	8.4
Extraordinary losses	7.4
Loss on business restructuring	6.1
Impairment loss	1.0
Taxes/Others	9.3

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Here is a breakdown of income statement.

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

(Reference) EBITDA Adjustment Items (FY2025/3 Q3 Results)



Here is a breakdown of the adjustment items of the adjusted EBITDA in Q3 for your reference.

In Q1, we recorded a gain of approximately 8.4 billion yen from the transfer of PHOENIX RESORT as extraordinary income, but this is not included in the adjustment items as extraordinary income or loss from business operations. In addition, the loss on business restructuring of Amplitude Studios, which I mentioned earlier, is included in the adjustment items as extraordinary losses of business.

[Impact of foreign exchange in Q3 Results]

➤ **Positive impact of 7.0 billion yen for sales and 1.8 billion yen for operating income in Entertainment Contents Business**

(Unit: Billion yen)

		Q1	Q2	Q3	Thru Q3
CS ^{*1}	Net Sales	+2.7	+0.9	+3.1	+6.7
	Operating Income	+1.7	-0.3	+1.8	+3.2
Animation	Net Sales	+0.2	-	+0.1	+0.3
	Operating Income	+0.2	-	+0.1	+0.3
AM ^{*2} & TOY	Net Sales	-	-	-	-
	Operating Income	-0.4	-0.6	-0.7	-1.7

- 1 USD: Rate in initial forecast 137 yen → AR 153 yen
- 1 GBP: Rate in initial forecast 190 yen → AR 195 yen
- 1 Euro: Rate in initial forecast 161 yen → AR 165 yen

➤ **Recorded foreign exchange gains of 1.2 billion yen in non-operating income due to revaluation and settlement of receivables and payable denominated in foreign currencies**

^{*1} CS = Consumer area, ^{*2} AM = Amusement Machine

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

In Consumer area where sales in US dollars are large, the cumulative sales and operating income at the end of Q3 increased by net sales of 6.7 billion yen and operating income of 3.2 billion yen, respectively.

In AM & Toy area, the impact of raw material price hikes caused by the weak yen continued. In addition, we recorded a foreign exchange gain of 1.2 billion yen as non-operating income, due to revaluation and settlement of receivables and payables denominated in foreign currencies.

Various Expenses, etc.

(Billion yen)		FY2024/3		FY2025/3		
		Thru Q3	Full Year Results	Thru Q3	Full Year Forecast (announced on May 10)	Revised Full Year Forecast (announced on Feb. 7)
Entertainment Contents	R&D / Content production	57.8	83.1	49.3	68.1	64.7
	Advertising	20.2	31.6	20.3	30.8	26.0
	Depreciation	3.2	4.4	3.3	4.4	4.4
	Cap-ex	4.5	5.6	4.4	5.8	6.5
Pachislot & Pachinko	R&D / Content production	9.6	14.4	9.6	14.1	13.4
	Advertising	1.9	2.9	2.7	4.1	3.2
	Depreciation	1.8	2.6	2.1	2.8	2.8
	Cap-ex	2.9	3.9	3.2	4.9	4.0
Gaming	R&D / Content production	0.6	0.7	0.6	1.0	0.9
	Advertising	0.0	0.0	0.0	0.1	0.1
	Depreciation	0.0	0.0	0.0	0.0	0.0
	Cap-ex	0.2	0.4	1.7	0.0	2.2
Consolidated total	R&D / Content production	67.9	98.2	59.6	83.3	79.0
	Advertising	23.4	36.2	24.0	37.0	30.8
	Depreciation	6.2	8.5	6.2	8.3	8.3
	Cap-ex	8.9	11.6	10.2	11.9	13.8

FY2025/3 Q3 Results

- R&D / Content production expenses:
 - Decreased YoY due to a decrease in write-downs (Entertainment^{*1})
- Cap-ex:
 - Increased YoY due to an increase in leased assets (Gaming)

Forecast

- R&D / Content production expenses and Advertising expenses:
 - Expected to be lower than initial forecast (Entertainment)

^{*1} Entertainment = Entertainment Contents Business

^{*}The expenses for "other/elimination" are included in "Data Appendix (FY2025/3 Q3)"

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

- Entertainment (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 (F2P (CS)): Expenses are capitalized as intangible assets during development and booked as expenses after launch. Expenses are amortized over a period of 24 or 36 months using the straight-line method
- Entertainment (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)

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Here is our various expenses, etc.

In Entertainment Contents Business, R&D and content production expenses decreased compared to the previous fiscal year when there were many write-downs.

In both Pachislot & Pachinko Machines Business and Gaming Business, there were no significant changes YoY. However, in Gaming Business, lease assets such as slot machines increased due to the expansion of the scale of business.

Looking ahead, R&D and content production expenses for Entertainment Contents Business are expected to be lower than initial forecast due to non-accrual of basic research expenses and other factors.

Consolidated Balance Sheet Summary



[Assets]				[Liabilities and Net Assets]			
Account	As of the end of Mar. 2024	As of the end of Dec. 2024	Increase /Decrease	Account	As of the end of Mar. 2024	As of the end of Dec. 2024	Increase /Decrease
Cash and Deposits	211.7	168.0	-43.7	Accounts Payable	26.0	21.1	-4.9
Accounts Receivable	54.2	51.8	-2.4	Short Term Borrowings	22.5	22.5	-0.0
Securities	8.0	34.3	+26.3	Other	86.9	60.8	-26.1
Inventories	81.7	93.5	+11.8	Total Current Liabilities	135.4	104.4	-31.0
Other	39.4	39.4	+0.0	Corporate Bonds	10.0	10.0	-
Total Current Assets	395.0	387.0	-8.0	Long Term Borrowings	124.5	120.7	-3.8
Tangible Fixed Assets	60.0	49.4	-10.6	Other	26.2	27.4	+1.2
Intangible Fixed Assets	92.2	91.9	-0.3	Total Noncurrent Liabilities	160.7	158.1	-2.6
Goodwill (included in Intangible Fixed Assets)	30.2	31.0	+0.8	Total Liabilities	296.2	262.5	-33.7
Trademark right (same as above)	47.5	45.7	-1.8	Shareholders' Equity	333.2	356.1	+22.9
Investment Securities	49.8	50.5	+0.7	Total accumulated other comprehensive income	23.6	26.4	+2.8
Other	56.9	66.8	+9.9	Share acquisition rights	0.7	0.4	-0.3
				Non-controlling interests	0.0	0.0	+0.0
Total Noncurrent Assets	258.9	258.6	-0.3	Total Net Assets	357.7	383.0	+25.3
Total Assets	653.9	645.6	-8.3	Total Liabilities and Net Assets	653.9	645.6	-8.3

Main reasons for increase/decrease

	As of the end of Mar. 2024	As of the end of Dec. 2024	Increase /Decrease		
Cash, deposits and cash equivalents	219.8	200.7	-19.1	(Assets)	Cash and deposits decreased due to progress of share buyback, etc. in addition to transfer to securities associated with the purchase of a monetary trust
Interest bearing debt	157.0	153.2	-3.8		Tangible fixed assets decreased due to the deconsolidation of PHOENIX RESORT
Net cash	62.8	47.5	-15.3	(Liabilities)	Provision for bonuses, accrued consumption taxes, income taxes payable, etc. decreased due to payment of bonuses and taxes
Equity ratio	54.6%	59.3%	+4.7p	(Net assets)	Shareholders' equity increased mainly due to the recording of profit attributable to owners of parent, despite share buybacks and payment of dividends -10-

Here is our consolidated balance sheet. There were no significant change from Q2.

Regarding assets, cash and deposits decreased, but this was due to the progress of share buyback on top of the promotion of the accrual of bonuses and various taxes, and the transfer to securities associated with the purchase of monetary trusts.

In addition, our tangible fixed assets shrank due to the deconsolidation of PHOENIX RESORT in Q1.

As for liabilities, as explained in the assets section, the payment of bonuses related to the performance of previous fiscal year and various taxes took place, resulting in a decrease in provision for bonuses, accrued consumption taxes, and income taxes payable.

Finally, with regard to our net assets, shareholders' equity increased due to the recording of profit attributable to owners of parent, despite the share buybacks and the payment of dividends.

The D/E ratio as of the end of December was 0.42 times.

Net cash amounted to 47.5 billion yen, down 15.3 billion yen from the end of the previous fiscal year.

Although the cash flow has not been audited yet, we would like to provide you with estimates for your reference.

Operating cash flow is expected to be positive 10.3 billion yen,
investing cash flow negative 8.2 billion yen,
and financing cash flow negative 24.0 billion yen.

Adding positive 2.3 billion yen in foreign currency conversion difference on cash and cash equivalents, we expect our total cash flow to be negative 19.4 billion yen.

02

Per Segments Results / Forecast

(Billion yen)	FY2024/3		FY2025/3		
	Thru Q3	Full Year Results	Thru Q3	Full Year Forecast (announced on May 10)	Revised Full Year Forecast (announced on Feb. 7)
Sales	220.4	319.8	238.6	335.0	320.0
Consumer	149.1	224.0	164.8	235.0	216.5
Animation	17.3	23.9	18.8	23.5	28.0
AM* & TOY	54.0	71.8	54.8	76.5	75.5
Operating Income	19.6	29.9	34.6	38.0	41.0
Consumer	11.6	21.9	25.1	27.5	29.0
Animation	4.3	5.6	6.5	4.5	9.0
AM* & TOY	3.6	2.3	2.9	6.0	3.0
Ordinary Income	19.9	30.8	37.5	40.0	44.0
Adjusted EBITDA	14.5	22.0	40.5	50.0	49.5
Full Game Sales	53.2	88.1	59.2	93.0	77.4
New titles	27.5	55.0	25.3	53.3	36.2
Repeat sales	25.7	33.0	33.9	39.6	41.1
F2P Sales	40.1	53.9	34.7	56.9	46.5
Full Game Unit Sales (Thousand)	19,100	27,890	24,810	29,670	31,150
New titles	5,270	9,230	4,790	9,190	6,740
Repeat sales	13,830	18,660	20,010	20,480	24,410

*1 CS = Consumer area, *2 AM = Amusement Machine

FY2025/3 Q3 Results

➤ Strong performance as a whole

- Ordinary income exceeded initial forecasts due to factors including strong repeat sales in Full Game, as well as strong sales of Sonic's cinematic works
- *SONIC X SHADOW GENERATIONS* and *Metaphor: ReFantazio* released in Q3 have been sold well
- Implemented inventory write-down associated with cancellation of *Football Manager 25* (CS^{*1})

Forecast

➤ Revised forecast upward due to strong performance of Full Game in CS and Animation

- Launch mainstay IP titles, expect steady repeat sales (CS)
- Expect strong performance in Animation area
- Continue to be impacted by raw material price hikes caused by weak yen (AM^{*2}&TOY)

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I will now explain the details by segment.

In Entertainment Contents Business, since both Consumer and Animation areas continued to perform strong from Q2, resulting in an increase in both sales and profit YoY. Sales and profit in Q3 also have exceeded our initial forecast significantly.

In Consumer area, we positioned Q3 as the most important quarter of this fiscal year, and we introduced several mainstay titles. *SONIC X SHADOW GENERATIONS* surpassed 2 million units sold worldwide in January, while the worldwide sales of *Metaphor: ReFantazio* also exceeded initial expectations. As for repeat sales, in addition to the titles such as *Persona 5 Royal* and *Unicorn Overlord*, which continue contributing to our sales, the sales of past titles in the *Sonic* series have also performed well. On the other hand, we have decided to cancel the development and sales of *Football Manager 25*, which was scheduled to be released in Q4. As a result, we recorded a one-time expense of approximately 4.0 billion yen in our Q3 results due to inventory write-downs and other factors, which also had a negative impact on our sales plan. However, with the strong sales during the holiday selling season, including the repeat sales of Full Game, as well as the positive impact from foreign exchange, and with the multifaceted revenue opportunities such as downloadable content sales and subscriptions, we were able to offset the impact of *Football Manager 25*'s cancellation, resulting in better-than-expected results in terms of profit.

In Animation area, the allocated revenue from the cinematic releases in the *Sonic* series and *Detective Conan : The Million-dollar Pentagon* continued to drive strong performance of the segment. As for *Sonic* movies, the current contribution to our earnings mainly comes from past films, and we expect the contribution to earnings from the third movie released last December to become apparent in the following fiscal year or later.

In light of these circumstances, we have raised the ordinary income in our full-year forecast. In Q4, we expect to continue seeing strong performance especially in Consumer and Animation areas as we release *Like a Dragon: Pirate Yakuza in Hawaii*, the new title in the *Like a Dragon* series which is one of our main IPs in February and in Animation area, the animated works such as *SAKAMOTO DAYS*, a hugely popular series serialized in Weekly

Shonen Jump which is produced by our Group, is aired.

		FY2025/3 Q3 Results	Forecast
Consumer	Full Game	<ul style="list-style-type: none"> 2 titles released in Q3 have been sold well Repeat sales remained strong Recorded a loss associated with the cancellation of <i>Football Manager 25</i> 	<ul style="list-style-type: none"> Launch <i>Like a Dragon: Pirate Yakuza in Hawaii</i> and other new titles Expect steady repeat sales
	F2P	<ul style="list-style-type: none"> Existing titles performed as expected 	<ul style="list-style-type: none"> Strengthen the operation of existing titles
	Other	<ul style="list-style-type: none"> DLC sales continued to be strong, exceeding Initial expectations Positive impact from exchange rate fluctuations 	<ul style="list-style-type: none"> Expect revenue contribution from DLC sales, subscriptions, etc. Expect positive impact from exchange rate fluctuations
Animation		<ul style="list-style-type: none"> Allocated revenue of Sonic's cinematic works went strong Recorded revenue from works including <i>Blue Box</i> 	<ul style="list-style-type: none"> Broadcast of <i>SAKAMOTO DAYS</i> and other works start Expect continuous contribution of Sonic's cinematic works to earnings
AM ^{*1} &TOY	AM	<ul style="list-style-type: none"> Sold centered on prize category Impact of raw material price hikes due to exchange rate fluctuations, etc. continued 	<ul style="list-style-type: none"> Sales centered on prize category Expect the continued impact of raw material price hikes due to exchange rate fluctuations, etc.
	TOY	<ul style="list-style-type: none"> Mainly sold regular products, etc. Sales went weak centered on high-priced products in year-end sales season 	<ul style="list-style-type: none"> Plan to sell regular products, etc.

^{*1} AM = Amusement Machine

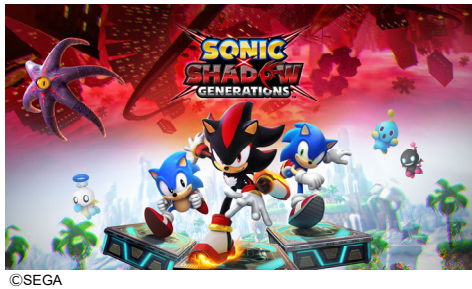
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Here is an explanation by sub-segment for your reference.

Consumer and Animation areas were as I explained earlier.

Although sales increased in AM & TOY area thanks to sales mainly in the prize category, it remained sluggish due to the impact of the sharp rise in raw material prices.

[Titles released in Q3 of FY2025/3]



SONIC X SHADOW GENERATIONS

(Release: Oct. 25, 2024)

- Worldwide sales surpassed 2 million units



©ATLUS. ©SEGA.

Metaphor: ReFantazio

(Release: Oct. 11, 2024)

- Worldwide sales surpassed 1 million units in its release date (Announced on Oct. 11, 2024)
- Nominated in 6 categories including "Game of the Year" and awarded in three categories including "Best RPG" at The Game Awards 2024

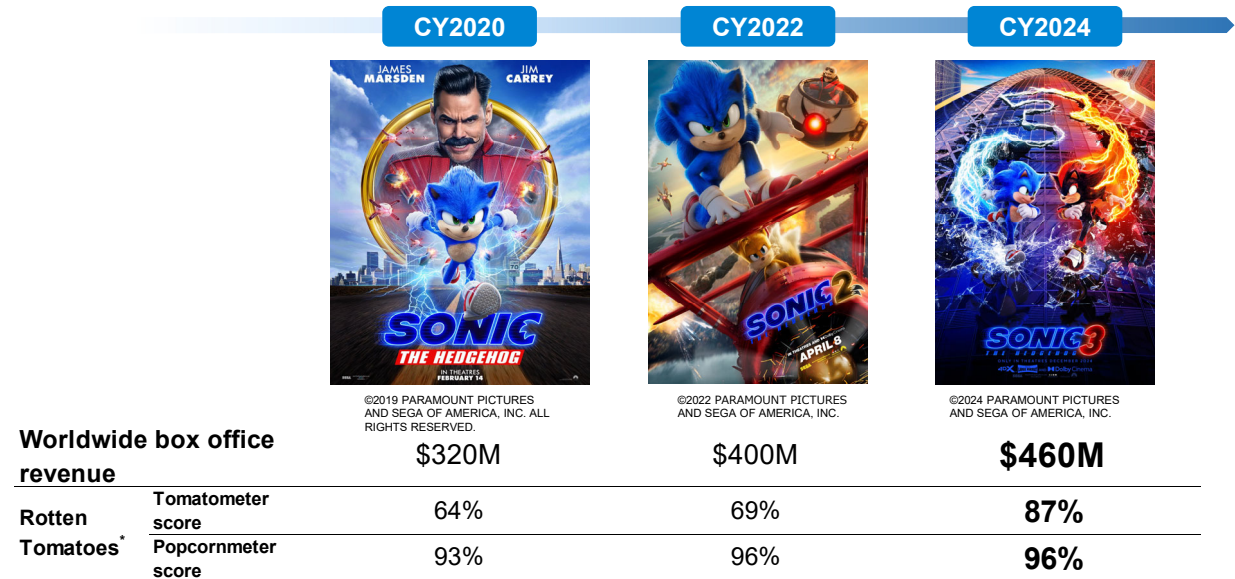
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Here are the main new titles released in Q3 for your reference.

As for *SONIC X SHADOW GENERATIONS*, as I explained earlier, its sales surpassed 2 million units in January.

When it comes to *Metaphor: ReFantazio*, it received extremely high reviews, and it was nominated for six categories and won three awards at The Game Awards 2024. As for the number of units sold, sales exceeded 1 million units on the first day of its release, and with sales continuously and steadily growing since then, exceeding our initial plan.

(Reference)
Trends in Box Office Revenue and Reviews of Sonic Movie Series



As of Feb. 4, 2025

*Rotten Tomatoes: Review site for movies and TV programs. The site publishes the Tomatometer score, which is based on reviews by film and television critics, and the Popcornmeter score, which is based on reviews by viewers, and shows the percentage of people who gave each a positive review.

For your reference, here is the box office revenue and review trends for the *Sonic* movie series.

The third film was released in December and has received very positive reviews from external critics. Box office revenue has already reached a series high and is still growing. Production of the fourth movie has already been announced, and we will continue our efforts to enhance the value of the Sonic IP.

As I mentioned earlier, there is a slight time lag before *Sonic* movie revenue is reflected in our financial results, so we do not expect the third movie to contribute to our earnings until the next fiscal year or later.

**Football Manager 25**

Decided to cancel its development

- ✓ Aiming for a major evolution of the series by renewing the UI and graphics and adding new elements, but it was found that more time was needed than expected to ensure quality
- ✓ Cancel the release of this title and focus on development of next title by taking over development assets
- ✓ Recorded a loss associated with a write-down of inventory assets in Q3

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Here is about the cancellation of development of *Football Manager 25*.

We have changed the development engine to Unity starting with this title, aiming for a major evolution of its UI and graphics, add added new elements such as the Premier League and women's football in order to significantly enhance the gameplay experience. However, we regret to inform you that we have decided to cancel the development of this title due to the difficulty in ensuring the expected product quality by the time of its scheduled release in March.

Although *Football Manager 25* is cancelled, some of the development assets will be taken over to the next title, and we will strive to develop and provide a higher quality title moving forward.

[Titles released and to be released in Q4 of FY2025/3]



Virtua Fighter 5 R.E.V.O.

(Release: Jan. 28, 2025)

- For PC / Simultaneous worldwide release



Like a Dragon: Pirate Yakuza in Hawaii

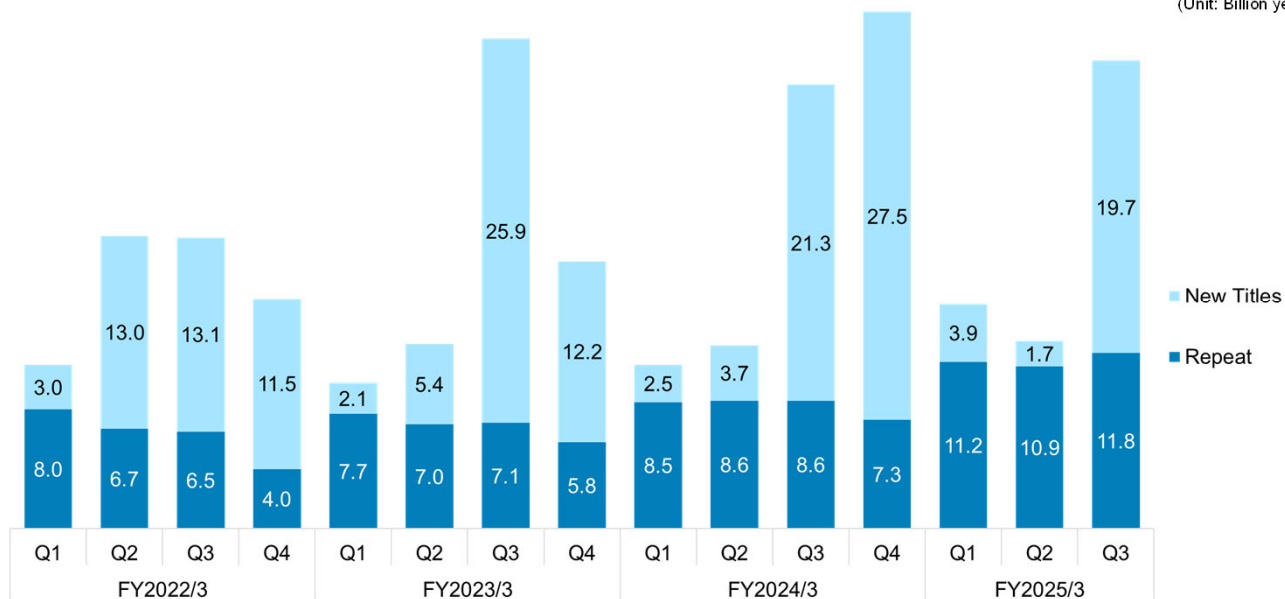
(Release: Feb. 21, 2025)

- Multi-platform / Simultaneous worldwide release

For your reference, here are the main new titles scheduled to be launched in Q4 and beyond.

(Reference) Consumer Area / Full Game: Sales Trend

(Unit: Billion yen)



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For your reference, here is the quarterly sales of Full Game.

In Q3, we released new titles such as *SONIC X SHADOW GENERATIONS* and *Metaphor: ReFantazio*, resulting in a significant increase in sales.

As for repeat titles, sales are exceeding our expectations. In addition to *Persona 5 Royal* and *Unicorn Overlord*, past titles in the Sonic series have also contributed to repeat sales.

CS*1

		Title	Launch	Region	Platform	
Full Game	In or before Q3	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	
	In or after Q4	Virtua Fighter 5 R.E.V.O.	Jan. 28, 2025	Global	PC (Steam)	
		Like a Dragon: Pirate Yakuza in Hawaii	Feb. 21, 2025	Global	Multi-platform	
		TWO POINT MUSEUM	Mar. 5, 2025	Global	Multi-platform	
F2P	In or before Q3	Sonic Racing: CrossWorlds	TBD	TBD	Multi-platform	
	In or after Q4	Persona5: The Phantom X	Apr. 12, 2024	China, Traditional Chinese area, South Korea	iOS/Android	Licensing out
		Sonic Rumble	This Winter	Global	iOS/Android/PC	
TBD	In or after Q4	Persona5: The Phantom X	TBD	Japan	iOS/Android/PC	
		Project Century (Title TBD)	TBD	TBD	TBD	
		New VIRTUA FIGHTER Project (Title TBD)	TBD	TBD	TBD	
		Crazy Taxi (Title TBD)	TBD	TBD	TBD	
		Golden Axe (Title TBD)	TBD	TBD	TBD	
		Jet Set Radio (Title TBD)	TBD	TBD	TBD	
		Shinobi (Title TBD)	TBD	TBD	TBD	
		Streets of Rage (Title TBD)	TBD	TBD	TBD	

*1 CS = Consumer area

*Only announced titles are listed.

For your reference, here is the product development schedule for Consumer area in Entertainment Contents Business.

Animation Area

		Title	Launch	Region	Platform	
TMS ENTERTAINMENT	In or before Q3	Detective Conan : The Million-dollar Pentagram	Apr. 12, 2024	-	-	
		Baki Hanma	On streaming	Global	Netflix	
		Blue Box	Oct. 3, 2024	-	-	A work for UNLIMITED PRODUCE project ^{*1}
		Four Knights of the Apocalypse 2nd Season	Oct. 6, 2024	-	-	A work for UNLIMITED PRODUCE project ^{*1}
		Bananya Around the World	Oct. 21, 2024	Global	Multi-platform	
License-out/ Investment Project etc.	In or after Q4	SAKAMOTO DAYS	Jan. 11, 2025	-	-	
		Honey Lemon Soda	Jan. 8, 2025	-	-	A work for UNLIMITED PRODUCE project ^{*1}
		Sonic the Hedgehog 3	Dec. 20, 2024	Global	-	Date in "Launch" is the scheduled release date in North America
		Knuckles	Apr. 26, 2024	Global	Paramount +	Licensing out
		Angry Birds Mystery Island	May. 21, 2024	Global	Amazon Prime Video	Licensing out, Date in "Launch" is the launch date for some regions. The distribution area will be expanded thereafter.
	In or after Q4	Like a Dragon: Yakuza	Oct. 25, 2024	Global	Amazon Prime Video	Licensing out
		COLORFUL STAGE! The Movie: A Miku Who Can't Sing	Jan. 17, 2025	-	-	Licensing out
		Sonic the Hedgehog 4	Mar. 19, 2027	-	-	Date in "Launch" is the scheduled release date in US.
		The Angry Birds Movie 3	TBD	TBD	TBD	
		Golden Axe (Title TBD)	TBD	TBD	TBD	Licensing out
		SHINOBI (Title TBD)	TBD	TBD	TBD	Licensing out

^{*1} 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

Here is the roll-out schedule of Animation area, including license-out and investment projects. We are also working to reinforce our animation production business.

AM*1 & TOY area

		Title	Launch	Region	Platform	
AM	In or before Q3	GIMMI	Jul. 4, 2024	-	-	Print Sticker machine
		UFO CATCHER TRIPLE TWIN Compact	Jul. 11, 2024	-	-	
	In or after Q4	MONOPOLY THE MEDAL AMERICAN DREAM	Spring, 2025	-	-	
		PAW PATROL (Title TBD)	Spring, 2025			
TOY	In or before Q3	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! Chiikawa House with Talking dolls	Jun. 27, 2024	-	-	
		monpoke Sounds and Lights! Rolling round Pikachu Tower	Jun. 27, 2024	-	-	
		me-smartphone+ (Plus)	Aug. 8, 2024	-	-	
		ePICO 100 experiences edition	Oct. 10, 2024	-	-	
		Come play! Hachiware House with Talking dolls	Nov. 28, 2024	-	-	
		emojam	Dec. 10, 2024	-	-	

*1 AM = Amusement Machine
 *Only announced titles are listed.

Here is the product development schedule for AM & TOY area.

(Billion yen)	FY2024/3		FY2025/3		
	Thru Q3	Full Year Results	Thru Q3	Full Year Forecast (announced on May 10)	Revised Full Year Forecast (announced on Feb. 7)
Sales	118.7	133.2	76.4	105.0	96.0
Pachislot	81.3	88.7	35.1	49.6	41.1
Pachinko	30.6	35.5	33.6	46.4	44.3
Other / Elimination	6.8	9.0	7.7	9.0	10.6
Operating Income	45.6	41.6	19.2	23.0	19.5
Ordinary Income	46.1	41.9	19.7	23.5	20.0
Adjusted EBITDA	48.1	44.5	22.2	26.5	23.3

Pachislot					
Number of Titles	5 titles	7 titles	6 titles	7 titles	8 titles
Unit Sales (units)	163,698	180,090	73,437	107,000	86,000
Pachinko					
Number of Titles	4 titles	4 titles	6 titles	8 titles	8 titles
Unit Sales (units)	74,681	88,236	74,040	115,000	97,000
Board + Frame	24,317	25,419	38,826	57,400	59,000
Board	50,364	62,817	35,214	57,600	38,000

*New series are counted as one title
(Titles which installation started from previous FY, specification changed titles, etc. are not included)

FY2025/3 Q3 Results

➤ Performed Steadily

- Main titles sold:
 - e Hokuto No Ken 10* (installed in August 2024)
 - Smart Pachislot Shin Hokuto Muso* (installed in July 2024), etc.

Forecast

➤ Expect the decrease in sales and profit compared to the initial forecast

- Postpone the launch of mainstay titles, etc., which were scheduled for Q4, to the next fiscal year or later to improve product quality
- Securing profit through the launch of multiple titles

Here is about Pachislot & Pachinko Machines Business.

Although our revenue and profit decreased YoY due to the reactionary decline from the hit of *Smart Pachislot Hokuto No Ken* in the previous fiscal year, progress through Q3 mainly in terms of profits has been generally at the level we expected at the beginning of the fiscal year. This was due to the titles introduced in H1, including *e Hokuto No Ken 10* for smart pachinko, exceeding expectations, although new titles released in Q3 suffered from weak sales.

Going forward, in order to improve product competitiveness, we have postponed the launch of our mainstay titles scheduled for Q4 to next fiscal year or later and have revised our full-year forecast downward.

Meanwhile, we plan to launch two pachislot titles and three pachinko titles in Q4. Through the launch of these titles, we expect that we can secure ordinary income of 20.0 billion yen.

(Reference) Pachislot & Pachinko Machines Business Sales Schedule



[Main titles sold up to Q3 and titles planned to be sold in or after Q4]

		Title	Installation	Unit Sales	Specification Range*1	Type
Pachislot	In or before Q3	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 Shin Hokuto Muso	Jul. 2024	17,398 units	High	New Series
	In Q4	A-SLOT+ DISC UP ULTRAREMIX	Jan. 2025	-	Low	New Series
		Pachislot Kaidoumokuhiroku Kaiji Kyoen	Mar. 2025	-	Medium	New Series
	In or after FY26/3	(TBD) Hokuto No Ken Chapter of Resurrection 2	TBD	-	TBD	New Series
		(TBD) Kabaneri of the Iron Fortress: The Battle of Unato	TBD	-	TBD	New Series
		(TBD) Tokyo Revengers	TBD	-	TBD	New Series
		(TBD) Lycoris Recoil	TBD	-	TBD	New Series
		Title	Installation	Unit Sales	Specification Range*2	Type
Pachinko ★: Machines equipped Lucky Trigger	In or before Q3	★P Initial D 2nd	Jun. 2024	9,099 units	High Middle	New Series
		★e Hokuto No Ken 10	Aug. 2024	35,340 units	High	New Series
		P IKUSA no KO Legend of Oda Nobunaga	Sep. 2024	7,664 units	High Middle	New Series
	In Q4	★P BLACK LAGOON4 EXTRA BULLET 129ver.	Jan. 2025	-	Light Middle	Specification Change
		★e SOUTEN-NO-KEN Raryu	Feb. 2025	-	High	New Series
		★e Shin Hokuto Muso Chapter 5 Dodeka START	Mar. 2025	-	High Middle	New Series
	In or after FY26/3	(TBD) Tokyo Revengers	TBD	-	TBD	New Series

*1 Specification Range (Pachislot): Classified by gambling aspect (High/Medium/Low). Calculated based on in-house definition.

*2 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

*Unit sales only in FY2025/3 are listed

*Only announced titles are listed

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For your reference, here is the sales schedule in Pachislot & Pachinko Machines Business.

Of the pachinko titles to be released in Q4 of the current fiscal year, *e SOUTEN-NO-KEN Raryu* and *e Shin Hokuto Muso Chapter 5 Dodeka START* for smart pachislot are equipped with more powerful Lucky Trigger feature in response to the latest regulatory review. In addition, since *e Shin Hokuto Muso Chapter 5 Dodeka START* is equipped with Dodeka START and other companies' titles with similar functions have shown high utilization results in the market, we expect that this title will also contribute to strong utilization.

From the next fiscal year onwards, we plan to release the next installments of *Hokuto No Ken Chapter of Resurrection* and *Kabaneri of the Iron Fortress*, both of which were well-received in the market, as well as tie-up titles such as the hit anime *Tokyo Revengers* and *Lycoris Recoil*.

Through these efforts, we will strive to increase the total utilization share of pachislot and pachinko machines.

(Billion yen)	FY2024/3		FY2025/3		Revised Full Year Forecast (announced on Feb. 7)
	Thru Q3	Full Year Results	Thru Q3	Full Year Forecast (announced on May 10)	
Sales	0.9	1.9	3.1	3.0	4.5
Operating Income	-1.5	-1.7	-1.1	-2.0	-2.0
Non-operating income	1.5	1.4	2.1	1.0	2.1
Non-operating expenses	0.1	0.1	0.1	0.5	0.1
Ordinary Income	-0.1	-0.4	0.9	-1.5	0.0
Adjusted EBITDA	-0.1	-0.4	0.0	-1.5	-0.9
Gaming Machine (units)					
Unit Sales (N.A.+Asia)	233	563	747	1,087	1,076
No. of newly installed units (N.A.+Asia)	367	755	1,067	1,428	1,512
No. of utilized units of leased machine at the end of each quarter (N.A.)	291	311	564	456	718

FY2025/3 Q3 Results

➤ Strong sales of casino machines

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

Forecast

- Gaming machine sales:
 - Launched the new title *Super Burst – Cartin' Gold*™ in the U.S. and off to a good start
 - 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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The next is Gaming Business.

In Q3, we achieved YoY sales growth and returned to profitability at the ordinary income level. As for gaming machines sales, *Railroad Riches*™ compatible with video slot machine cabinet *Genesis Atmos*®, which was rolled out in the US in January 2024, continued to enjoy utilization at the top level, which then resulted in steady growth in terms of number of units sold and the number of units installed for lease.

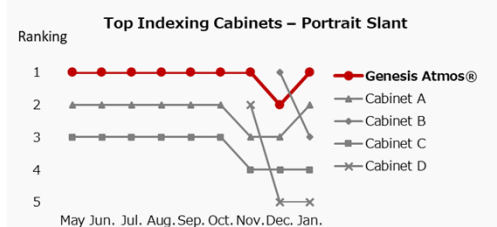
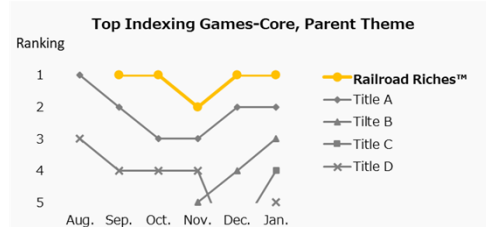
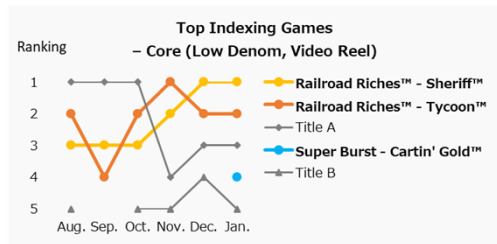
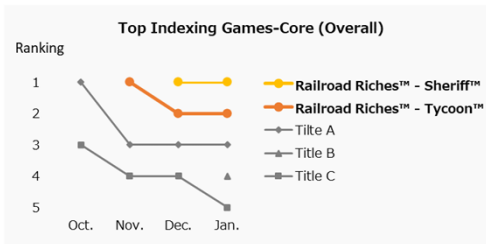
As for PARADISE CITY in South Korea, both the number of days to play game and the amount dropped by Japanese VIP customers remained high at the casino, and sales continued to be strong, so our equity in earnings of affiliates came to 2.0 billion yen.

With regard to gaming machine sales going forward, we launched *Super Burst - Cartin' Gold*™ as a new title following *Railroad Riches*™ in the US, and it has been off to a good start. We will continue to roll out gaming machines that will be highly evaluated by the market, and will also work on efforts including increasing the number of installed units, development of new customers, and acquisition of new licenses.

PARADISE CITY is also expected to contribute to our profit through equity-method earnings, driven by casino sales which remain strong, centered on Japanese VIP customers.



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➤ **Railroad Riches™ series took the 1st and 2nd place***

*"Top Indexing Games-Core (Overall) Ranking", "Top Indexing Games-Core (Low Denom, Video Reel) Ranking" and "Top Indexing Games-Core, Parent Theme Ranking" in "U.S. & Canada Game Performance Report" and "Top Indexing Cabinets-Portrait Slant Ranking" in "U.S. & Canada Cabinet Performance Report" issued by Eilers & Krejlik Gaming, LLC, a US gaming research company
 *The months in the graph indicate the report issuance months

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For your reference, here is performance trends of our mainstay titles.

Railroad Riches™ has been performing well above the floor averages and zone averages at each casino and was ranked in the top tier in a report issued by Eilers, the US gaming research company, outranking our major competitors. In addition, *Super Burst - Cartin' Gold™*, which was launched in June 2024, also ranks high in the recent market.

We expect this to create a significant synergetic effect for the North American expansion of the online casino business, which we plan to close in the future.

(KRW Billion)		FY2024/3		FY2025/3
		Thru Q3	Full year Results	Thru Q3
Sales		333.3	448.7	410.2
	Casino	243.4	327.9	315.3
	Hotel	74.6	100.3	77.8
	Other	15.2	20.4	17.0
Cost of sales		253.0	353.1	295.6
	Casino	135.7	193.4	169.9
	Hotel	81.5	112.1	91.7
	Other	35.8	47.6	33.9
Gross profit		80.2	95.5	114.5
SG&A		28.6	39.2	43.3
Operating profit		51.6	56.3	71.1
EBITDA		88.2	103.7	103.4
Net profit		33.5	28.0	45.4
Number of casino visitors (Thousands)		216	297	267

Source: Paradise IR

SEGASAMMY Equity method acquisition amount (Billion yen)	1.3	0.9	2.0
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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 closes its fiscal year in December

*Local accounting standards

FY2025/3 Q3 Results

➤ Both casino and hotel sales were strong

- Casino sales remained strong, centered on Japanese VIP customers, and recorded its highest sales in Q3 since its opening
- Hotel occupancy rate in Q3 remained strong, recording 84.6%, the highest since its opening

Forecast

➤ Contribution to profit in equity-method earnings

- Recorded incentive expenses at the end of FY associated with strong performance

For your reference, here is about PARADISE SEGASAMMY in South Korea.

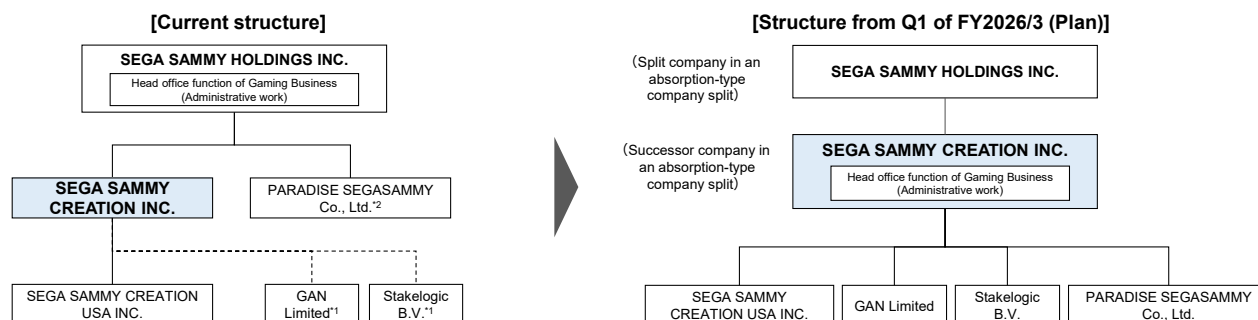
Since the inclusion in our results will be recorded with a three-month delay, these results will be those of PARADISE SEGASAMMY for the period January through September 2024. Sales for July to September period were very strong, reaching a record high.

➤ **Change the expected closing schedule for the acquisition of GAN to Q1 of FY2026/3**

- Changed the expected closing schedule for the acquisition from Q4 of FY2025/3 to Q1 of FY2026/3

➤ **Implement an organizational restructuring in Gaming Business** (Effective date: Q1 of FY2026/3 (Plan))

- Transition to a segment system with SEGA SAMMY CREATION as the core operating company, in line with the closing of the acquisition for GAN and Stakelogic
- Aim to establish the “Gaming Business” as a third pillar of the Company’s business by strengthening alliances between each gaming company and establishing their governance system



¹ Expected closing schedule for the acquisition of GAN Limited and Stakelogic B.V. is Q1 of FY2026/3

² PARADISE SEGASAMMY Co., Ltd. is an equity-method affiliate of the Company

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Here is our topics in Gaming Business.

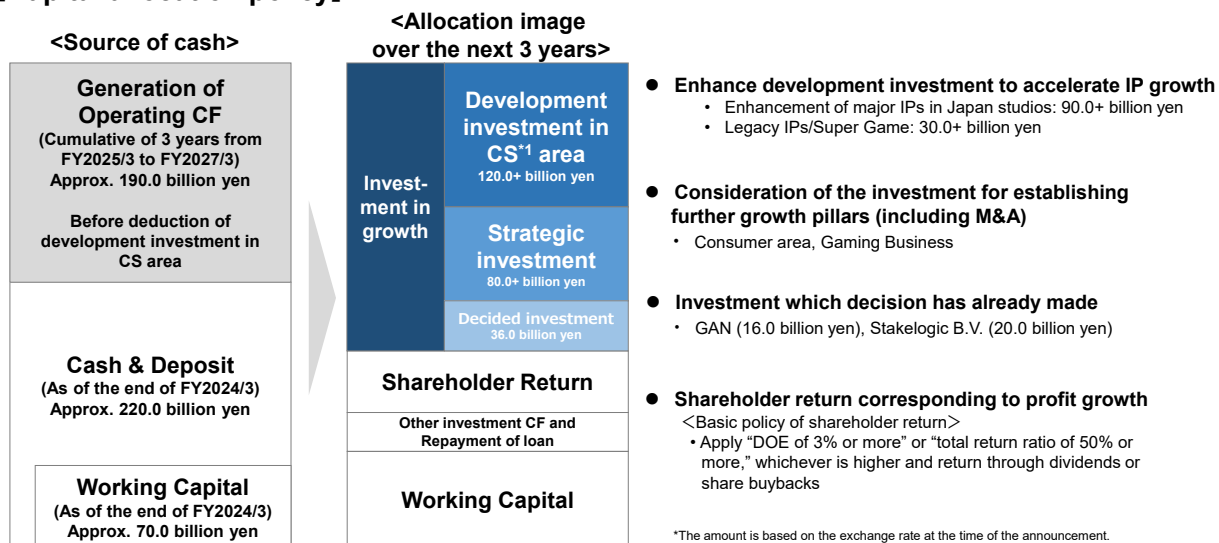
As announced today, we had previously expected the completion of the acquisition of GAN to be in Q4 of FY2025/3. However, in consideration of the possibility that some procedures may take some time, we have changed the expected closing schedule to Q1 of FY2026/3. There will be no change in the expected closing schedule of Stakelogic, which is set in Q1 of FY2026/3.

In addition, we have announced that our Gaming Business will be transferred to our consolidated subsidiary, SEGA SAMMY CREATION, through an absorption-type split. In order to strengthen our collaboration system and governance structure in Gaming Business, combine the strengths of each company, and maximize synergies, we will shift to a segment structure with SEGA SAMMY CREATION as the core operating company in time for the completion of the acquisition of GAN and Stakelogic, and we will accelerate our efforts to establish Gaming Business as our third business pillar.

That is all from me.

Thank you for your attention.

【Capital allocation policy】



*1 CS = Consumer

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<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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