

**Full-year Results for the Fiscal Year ended March 2025**

**Major Questions in Results Briefing for Analysts and Institutional Investors (Summary)**

June 3, 2025

SEGA SAMMY HOLDINGS INC.

IR/SR Department, Corporate Planning Division

■ Date and time: Monday, May 12, 2025, 13:00-

■ Respondents:

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**<DISCLAIMER>**

\*This document is an excerpt and summary of the Q&A session at the financial results briefing, and some edits and modifications have been made to improve comprehensibility.

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**Entertainment Contents Business**

Q : Why was the operating income margin low in Q4 of FY2025/3? Were there any one-time expenses?

A : Q4 was a period without any releases of major new titles, and repeat sales, which have high profit margins, were relatively stable. In addition, R&D expenses were high compared to Q1-3.

Q : Why was the write-down for *Football Manager 25* not implemented in Q4?

A : We properly conducted asset valuation, based on discussions with our auditors.

Q : What are the factors behind the profits decline in Entertainment Contents Business compared to FY2025/3?

A : Factors include increased advertising expenses due to the launch of new F2P titles, increased amortisation amount of development cost for titles such as *Football Manager*, and a decrease in allocated revenue of the *Sonic* movie, which performed well in FY2025/3.

Q : Why do the unit sales of repeat decline although sales of repeat increase compared to FY2025/3?

A : We expect per-unit selling price to rise by focusing on the sales of new titles in Full Game released in FY2025/3 whose per-unit selling price are high, and by increasing the per-unit selling price of digital sales of

older titles.

Q : When is the next title of *Football Manager* scheduled to be released?

A : As with previous titles in the series, we aim to release in fall, during the peak of the European football season.

Q : Are profit contribution of the next title in *Football Manager* included in the forecast for FY2026/3?

A : Due to carryover in accounting of some development assets from *Football Manager 25*, which was cancelled in the previous fiscal year, and the amortization amount of the next title increase, we expect the profit contribution of the next title to be limited.

Q : Do new F2P titles require significant development and advertising expenses?

A : Initial development cost for F2P titles is lower compared to console titles, but cumulative costs tend to be higher due to continuous operational development expenses. For *Sonic Rumble*, we plan to spend large advertising expenses as we are focusing on user acquisition this fiscal year. Since the duration of life time value (LTV) is long, user acquisition will contribute to revenue growth in the next fiscal year or later. Additionally, ongoing advertising expenses will be optimized based on return on advertising spend (ROAS).

Q : What is the reason for the delay in the launch of *Sonic Rumble*? Please also tell us about the response of the test launch.

A : As this is a highly anticipated title for FY2026/3, we are carefully assessing the launch timing based on the results of the test launch. Rovio, which possesses extensive expertise operating global mobile titles, has also made significant contributions to various analyses and decisions. We are currently refining the title for the official launch based on the user data collected during the test launch and will determine the optimal launch timing.

Q : The number of pre-registrations for *Sonic Rumble* is 1.4 million. Is there a target number do you aim for after its launch?

A : Due to the trends seen in the casual games space, we plan to intensify the marketing campaign after the service launches to acquire additional users. We are also expecting feature support from the platform providers.

Q : Regarding *Sonic Rumble*, while its advertising expenses are included, are its sales and profits not included to a large extent in the forecast for FY2026/3?

A : A certain level of sales are included. However, the profit contribution is limited, as advertising expenses are high in the initial phase.

Q : Can "Beacon," the Rovio's F2P game management support tool, accelerate the global rollout of F2P titles?

A : "Beacon" is just one of many ways that we are able to leverage Rovio's expertise in KPI analysis and improvement processes. Additionally, learning from Rovio how to manage long-term ROAS specifically for casual games is a significant advantage, and we believe this will accelerate the global rollout of future F2P

titles.

Q : Please explain the reasons for the decrease in sales in the “Other” category in CS area compared to FY2025/3.

A : We forecast a decrease compared to the previous fiscal year as we expect the factors such as the decline in downloadable content (DLC) and distribution sales of other companies’ titles.

\*Reference: Presented on p.3 of the [Data Appendix \(FY2025/3\)](#)

Q : Will the strong sales of DLC continue beyond FY2026/3?

A : In FY2025/3, DLC for the *Total War* series performed well. In the *Total War* series, we improved the quality of DLC based on feedback from players, resulting in high review scores and strong commercial performance. We will continue to enhance DLC, including other series, and drive growth.

Q : Is the DLC sales forecast for FY2026/3 conservative?

A : Sales of DLC for *Persona 3 Reload* from ATLUS were significant in FY2025/3. We believe that the forecast for FY2026/3 is in line with the actual situation.

Q : Why is the allocated revenue from the third *Sonic* movie not included in the forecast for FY2026/3?

A : Since revenue allocation begins after a recoup of the investment, and a certain amount of time is required as seen in the examples of the first and second movies, it is not included in this fiscal year's performance. On the other hand, the revenue allocation from the first and second movies is included in the forecast, based on the assumption that it will continue in FY2026/3.

Q : In Animation area, it seems that growth in animation business, except for Sonic-related cinematic works, is expected in the FY2026/3 forecast. I would like to hear your assessment of the FY2025/3 results and growth strategy for the future.

A : FY2025/3 showed strong performance, driven by the success of the theatrical release of *Detective Conan*. In recent years, we are evolving our business model by strategically advancing majority investments in production committees and production of anime.

Q : Is the development of the titles under the current medium-term plan (FY2025-FY2027/3) progressing as expected? Are there any titles that are behind schedule?

A : Although some titles are running behind schedule, some are progressing ahead of schedule. Additionally, the next fiscal year is expected to feature a robust lineup of new title for Full Game, and we believe that the medium-term plan can be achieved. Regarding the long-term lineup, we will continue to explore the most appropriate disclosure methods while taking into account the disclosures by other companies in the industry.

Q : How much will licensing revenue grow in the medium to long term?

A : Under our Transmedia strategy, by reinforcing our licensing projects with utilizing the mainstay IP of SEGA and ATLUS in addition to *Sonic*, which already has a proven track record, we believe that we will be able to achieve sustainable growth in the future.

### **Pachislot & Pachinko Machines Business**

Q : Please explain the reasons for the decline in the total utilization share for FY2025/3 and your thoughts on titles to be sold for FY2026/3.

A : The main reason for the decline in FY2025/3 was the lack of titles that significantly contributed to utilization. For FY2026/3, we aim to increase unit sales and expand our share by releasing multiple major titles from summer onward.

Q : What is the estimated price of the new Pachislot cabinet? How will this affect profit margins in the next fiscal year or later?

A : Due to higher initial costs, the sales price is expected to be slightly higher than that of existing Pachislot machines at the time of initial introduction. However, when replacing titles, only some parts need to be replaced, allowing us to offer the product at a lower price than at the time of initial introduction. Although sales will decrease at that time, we expect profit margins to increase as we will be able to maintain the previous per-unit gross profit level.

Q : It seems that delays in product launches tend to happen in the second half of the year. How should we consider the sales plan for the current fiscal year?

A : The sales schedule for Pachislot & Pachinko Machines is influenced by the status of the acquisition of approvals, so sometimes, we are not able to launch all titles planned at the beginning of the fiscal year as scheduled. On the other hand, we also flexibly introduce titles which are not included in the forecast, and fill gaps in the lineup. If the sales performance of each title will be strong, we will have more flexibility in our lineup and can strategically plan the timing of title launches.

### **Gaming Business**

Q : Please explain the background behind the decline in profit in Gaming Business for FY2026/3.

A : At the operating income level, the impact of increased FA costs associated with implementation of M&A was significant. At the ordinary income, the reactionary decline of equity method earning amount which significantly increased in FY2025/3 by recording of deferred tax assets for PARADISE SEGASAMMY, an equity-method affiliate of the Company, was heavily impacted.

Q : Please explain the impact on performance after the consolidation of Stakelogic and GAN.

A : Rather than simply continuing the current growth trajectory of Stakelogic and GAN, we are thinking to change the way of business development of our Gaming Business after the consolidation. Therefore, we will disclose

the performance impact for this fiscal year through reviewing business plans of both companies after the completion of the acquisition.

Q : There have been reports that you have been involved in litigation with some shareholders in the Netherlands in connection with execution of the acquisition agreement of Stakelogic. Please explain the facts.

A : The background to this matter is as follows, but the issue has been resolved, and the share purchase agreement has been completed.

The share purchase agreement included the gaming license authority clearance as closing requirements, and although not as a closing condition, it also stipulated Stakelogic's obligation, "not to provide any content to regions where online gaming is illegal".

Before closing, we discovered online gaming websites, which were suspected that Stakelogic's content is provided to certain illegal regions via B2C operators. We asserted that we could not complete the acquisition process until this issue was resolved.

On the other hand, Stakelogic's shareholders countered that "there is no violation of the share purchase agreement and applicable law, and all closing requirements have been satisfied," and filed a lawsuit with the Netherlands Commercial Court demanding us to fulfill closing obligations. As a result, on April 11, the court accepted the claim of Stakelogic's shareholders, stating that "the closing requirements have been satisfied," and urged us to fulfill its closing obligations.

As we have been able to confirm that all Stakelogic's content had been removed from the websites suspected of providing content to illegal regions which resolved our concerns, we completed the closing on April 28.

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