

# SEGA SAMMY Management Meeting 2025

Jun. 18, 2025

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# Today's Agenda



Scheduled time	Presentation	Speaker
① 15:00-15:30	<ul style="list-style-type: none"><li>● Initiatives of SEGA SAMMY Group</li><li>● Q &amp; A</li></ul>	Haruki Satomi
② 15:30-16:20	<ul style="list-style-type: none"><li>● Entertainment Contents Business</li><li>● Q &amp; A</li></ul>	Shuji Utsumi
③ 16:30-17:10	<ul style="list-style-type: none"><li>● Pachislot &amp; Pachinko Machines Business</li><li>● Q &amp; A</li></ul>	Ayumu Hoshino
④ 17:10-17:50	<ul style="list-style-type: none"><li>● Gaming Business</li><li>● Q &amp; A</li></ul>	Koichi Fukazawa

# Initiatives of SEGA SAMMY Group

SEGA SAMMY HOLDINGS INC.  
President and Group CEO, Representative Director

**Haruki Satomi**

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

Thank you for joining us today. Before I start explaining the presentation materials, I would like to make a few remarks.

Currently, our stock price and PER (Price-to-Earnings Ratio) are at low levels compared to our industry peers, and executives recognize this as an issue. To improve this situation, we are taking various steps, such as increasing ROE and ROIC, enhancing shareholder returns, introducing stock compensation programs for executives and employees, and strengthening ESG and corporate governance. However, we believe that the market's confidence in our stable growth is still insufficient, which is hindering our stock price appreciation. Today, I would like to explain our future growth strategy and help you understand our efforts.

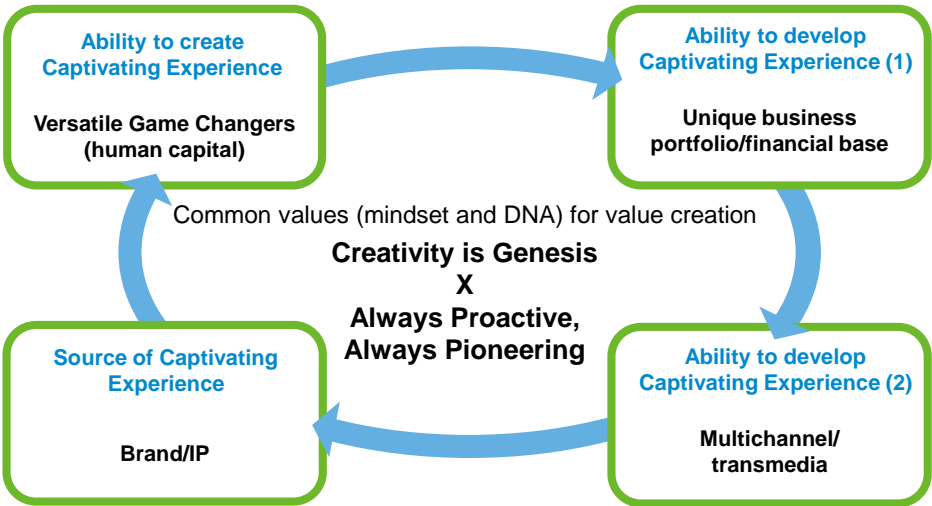
We also place great importance on dialogue with our investors. We have actively exchanged opinions with investors, so-called "activists," and we are also promoting proactive opinion exchanges with our major shareholders including inviting them to our Group Management Committee meetings to engage in dialogue. We would like to continue constructive discussions with you in the future, so please feel free to share your opinions and questions with us today.



Our Group Mission is "Constantly Creating, Forever Captivating -Making Life More Colorful- and we aim to be a "Game Changer." In the Entertainment Contents Business, our target is to enhance SEGA brand value. In Pachislot & Pachinko Machines Business, we are aiming for No. 1 position in utilization rate, unit sales and the number of units installed to become a top of the industry. Furthermore, we aim to develop the Gaming Business into a new core business.



Cycle of Four Strengths for Value Maximization

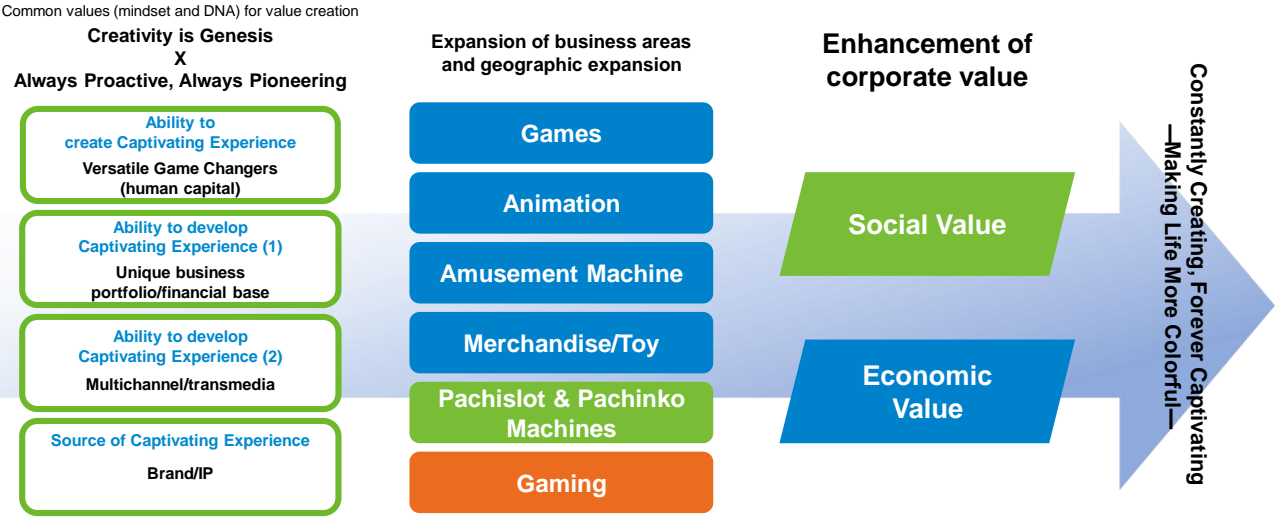


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We are creating a value maximizing cycle by leveraging our four strengths.

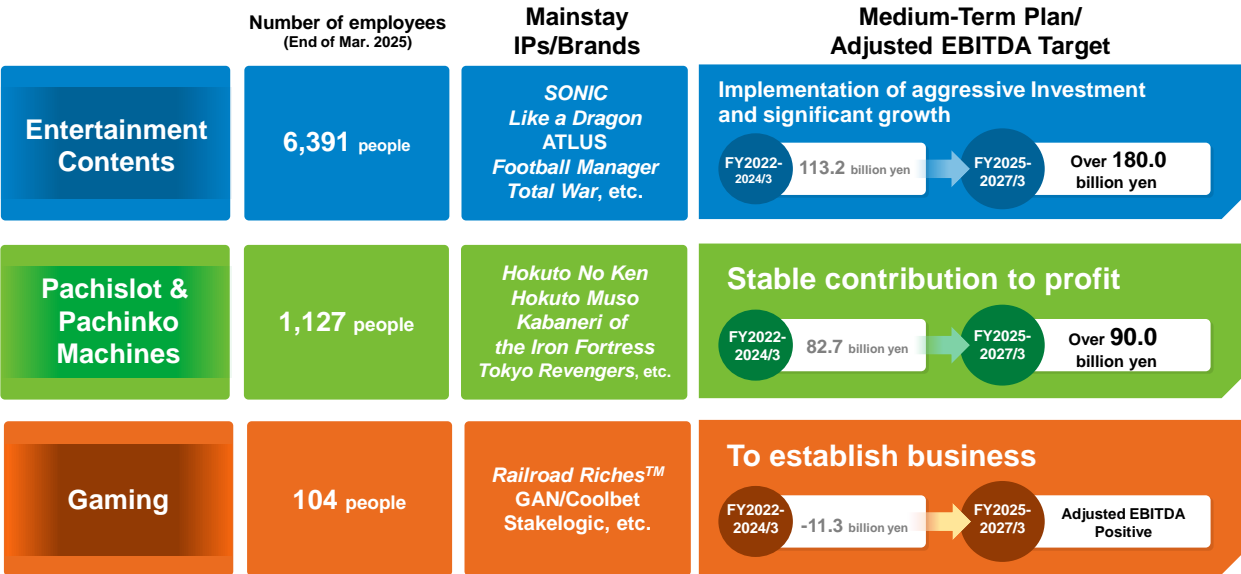
Regarding human capital, which is the source of value creation, we focus on recruiting and training a diverse range of human capital and on employee engagement. We also leverage our unique business portfolio and strong financial base to enhance the value of our brand and IP through various channels and media. We have built a structure in which these strengths enhance each other.

Offering the Group's contents and services as entertainment suited to the times



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We are working to expand our business areas and regions of operation, while continuing the cycle of leveraging our four strengths to provide "Captivating Experiences" to customers around the world, and at the same time, to expand the "empathy" that every one of our employees feels with customers for those captivating experiences. Through this value creation process, we continue to provide value in terms of both social and economic value, in pursuit of maximizing corporate value.



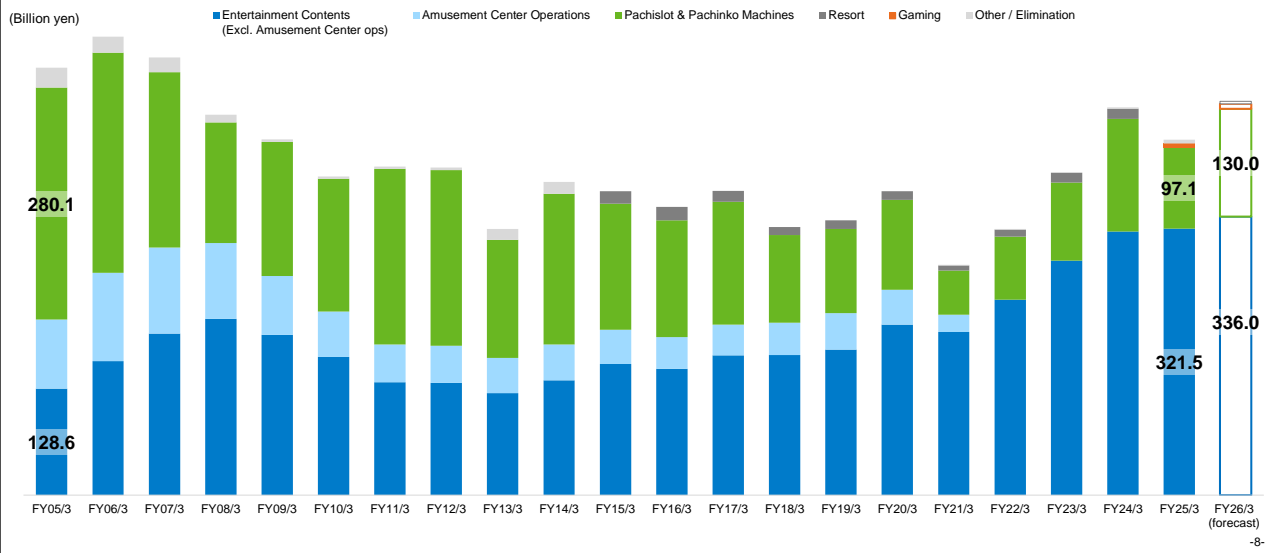
\*Not including temporary employees

\*As for Gaming business, in addition to the No. of employees above, there are 580 people in GAN and 490 people in Stakelogic (current reference figures, including temporary employees)

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In the Entertainment Contents Business, we are deploying a variety of IPs approximately 6,400 employees and aiming for a cumulative adjusted EBITDA of over ¥180.0 billion in the current medium-term plan. The Pachislot & Pachinko Machines Business has approximately 1,100 employees and is targeting a cumulative total of over ¥90.0 billion. In the Gaming Business we have increased the human capitals through acquisition and aim to turn from a loss to a profit. On a consolidated basis, we are targeting ROE of 10% or more, and our numerical target for Adjusted EBITDA is used as an incentive KPI not only for management but also for our employees.

Center of sales shifted to Entertainment Contents Business



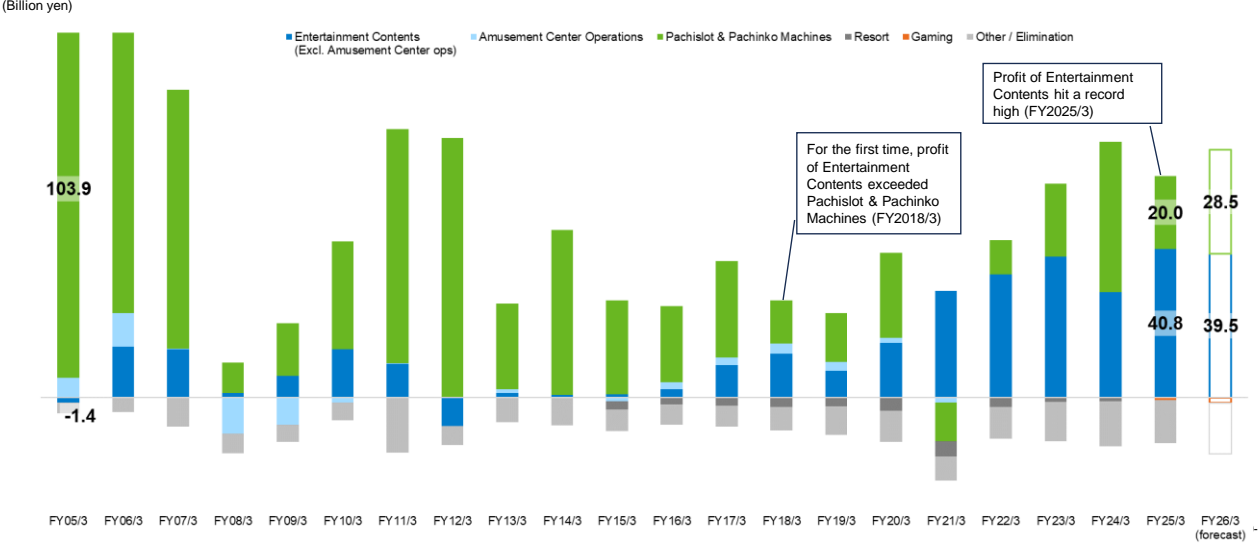
Over the past 20 years, our business structure has changed significantly.

Sales from the Amusement Center Operation have disappeared, while sales from the rest of the Entertainment Contents Business have nearly tripled. In addition, the Pachislot & Pachinko Machines Business, which previously accounted for a large portion of the group's total sales, now accounts for less than one-third of total sales. As a result, the Entertainment Contents Business has become the center of our growth, and the main focus of our business has shifted significantly.

# Performance Trend (Operating income)



**In terms of profit, the Company shifted away from excessive dependence on Pachislot & Pachinko Machines, and Entertainment Contents Business recorded the highest profit.**

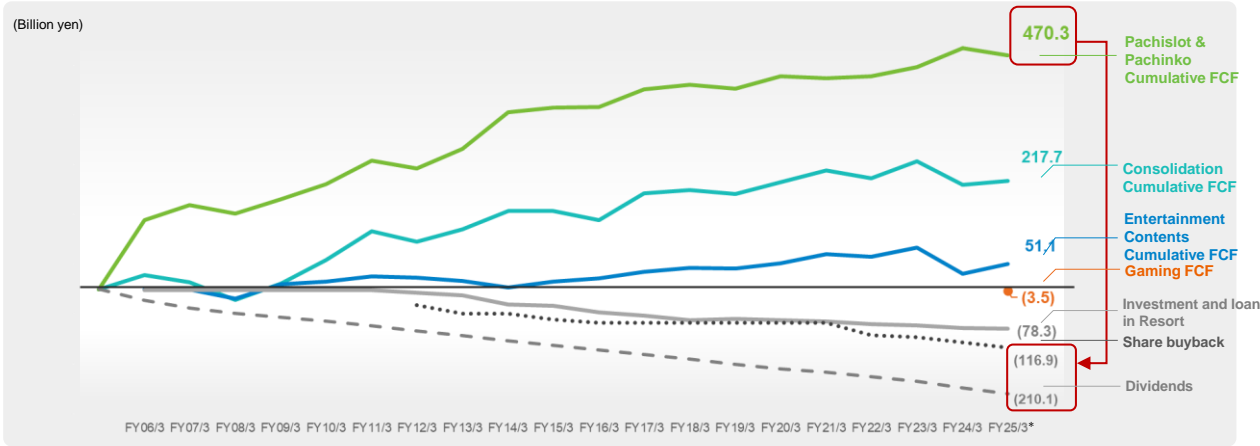


Operating income used to be dominated by the Pachislot & Pachinko Machines Business, but now the Entertainment Contents Business is making a larger contribution. We are evolving into a comprehensive entertainment company, and we will further focus on the Entertainment Contents Business, which is expected to achieve higher growth and valuations, in order to further increase our corporate value.

# Trend of Cumulative Free Cash Flows Since Integration



**Pachislot & Pachinko ability to generate CF is a source of investment in growth and shareholder returns**  
**Aim for growth through investments in the Consumer area and Gaming area**



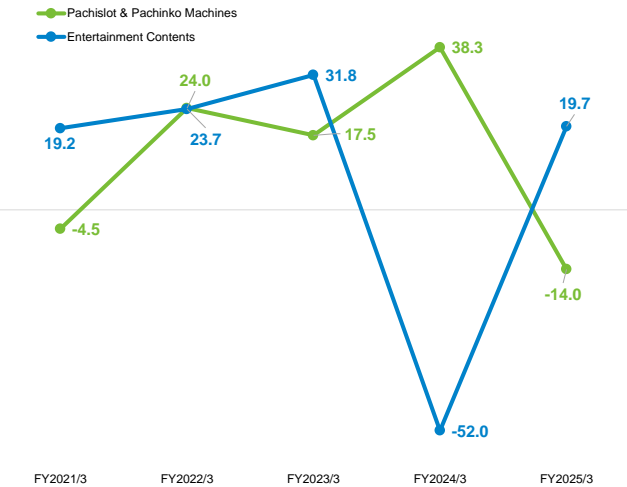
\*Approximate value  
\*Pachislot & Pachinko: Consolidation of Sammy, Entertainment Contents: Consolidation of SEGA -10-

Meanwhile, over the past 20 years, we have been able to return profits to our shareholders in the form of dividends totaling approximately ¥210.0 billion and share buybacks totaling approximately 120.0 billion yen, mainly due to the approximately 470.0 billion yen of free cash flow generated by the Pachislot & Pachinko Machines Business. While the Entertainment Contents Business has finally been able to generate free cash flow over the past decade, the stable cash flow of the Pachislot & Pachinko Machines Business has supported stable shareholder returns and investments for growth up to now. Going forward, we will continue to leverage this strength while striving to balance shareholder returns and investment for growth.

# Free Cash Flows Trend (Entertainment Contents, Pachislot & Pachinko Machines)



(Billion yen)



## ■ Entertainment Contents

FCF, which was negative in FY2024/3 due to the acquisition of Rovio, was positive in FY2025/3.

## ■ Pachislot & Pachinko Machines

FCF for FY2025/3 was negative due to payment of unpaid consumption tax, income tax payment resulted from the strong performance in FY2024/3, etc.

\*Approximate calculation  
\*Pachislot & Pachinko machines: Sammy consolidated, Entertainment Contents: SEGA consolidated

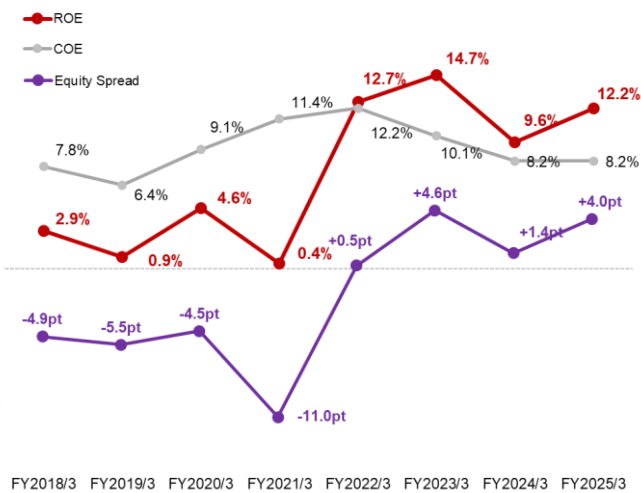
With regard to the most recent situation, the significant decrease in free cash flow of the Entertainment Contents Business in FY2024/3 was due to a one-time expenditure associated with the acquisition of Rovio. For the Pachislot & Pachinko Machines Business, free cash flow was negative in FY2025/3, mainly due to the unpaid consumption tax and income tax payment.

In particular, the results of FY2024/3 were outstanding, so the tax payments for that period occurred in the following fiscal year.

# Equity Spread Expansion: FY2025/3 Results



[Trend of ROE, COE, and Equity Spread]



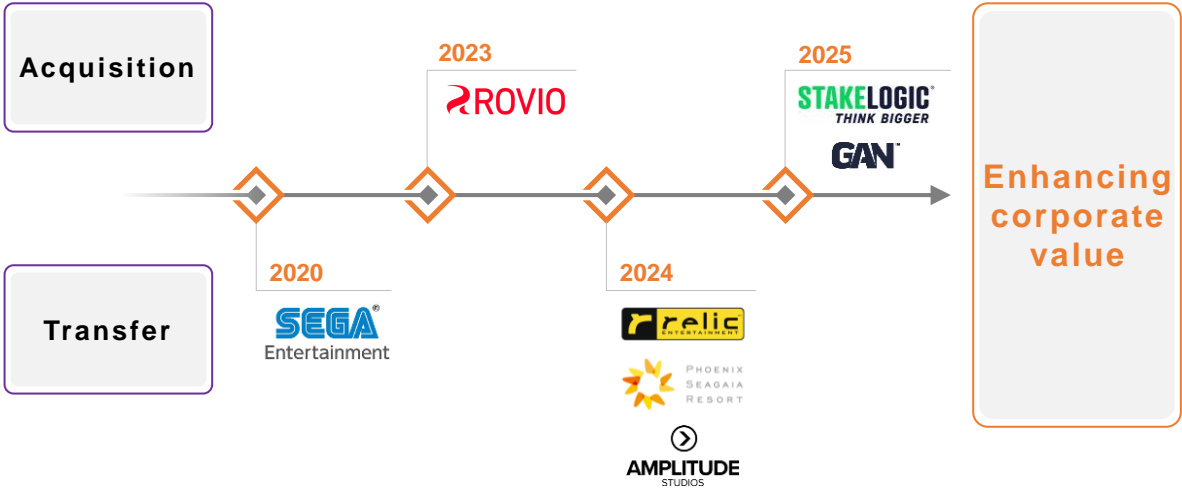
- Recent equity spread has been positive
- ROE improved from FY2024/3 due to an increase in net income

\*ROE: Return on equity  
\*COE: Cost of Equity (Source: Bloomberg)  
\*Equity spread: ROE-COE

We place a great deal of emphasis internally on equity spreads, and we are working to widen the gap by keeping our capital cost as low as possible while increasing ROE.



Promote business portfolio reshuffling and enhance corporate value

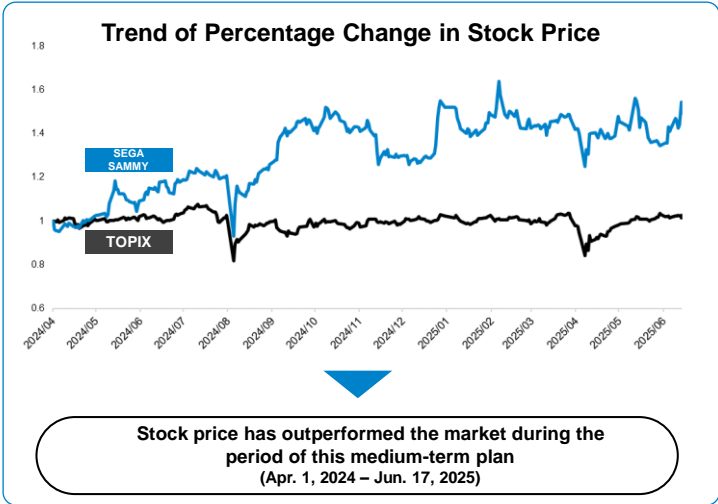


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Over the past several years, we have been actively promoting reshuffling our business portfolio.

In 2020, we sold our Amusement Center Operations, and in 2023 we added Rovio, a well-known mobile gaming company, to our group. In the previous year, we sold the Phoenix Seagaia Resort and we also sold our overseas development studio such as Relic and Amplitude. These studios are in the area with growth potential but did not meet our key criteria for ROIC and growth potential, which we highly prioritize. On the other hand, in 2025, we newly added two companies, GAN and Stakelogic, who have strengths in the online gaming area, to our group. Through these approaches, we are pursuing a strategy of selection and concentration, aiming for higher growth and profitability.

While the stock price has been performing above the TOPIX, valuation improvement is a continues challenge



**Valuation (PER) Comparison**

Game companies: 25 to 40 times

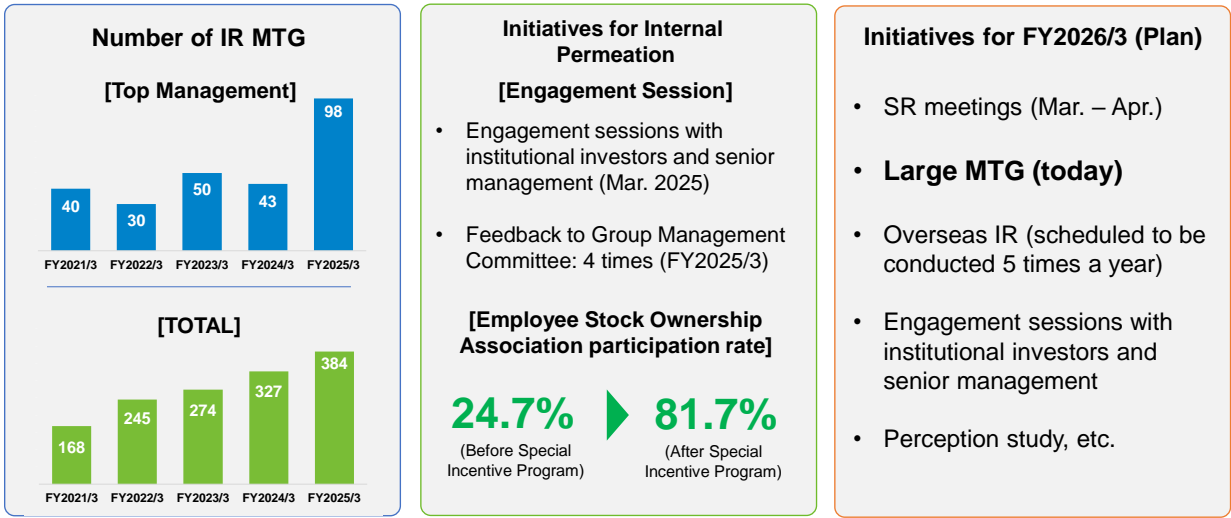
**SEGA SAMMY:**  
Approx. 18 times (as of Jun. 17)

Pachislot & Pachinko Machines companies: 10 to 12 times

Our performance lags behind other game companies

Although our stock price has consistently outperformed the TOPIX (Tokyo Stock Price Index), PER of our stock price is still low at approximately 18 times, compared to the average PER of 25 to 40 times for the entire game industry. While our PER is higher than that of the pachislot & pachinko machines industry with the average around 10 to 12 times, our stock price is currently still undervalued despite the fact that our sales in the Entertainment Contents Business is currently growing at about three times to the level of our Pachislot & Pachinko Machines Business sales. The reason for this is that our performance is not satisfactory compared to other game companies. We recognize that it is an important task for us to further improve our performance and increase the valuation of our stock price through improving our operating income margin, etc.

Enhancing corporate value through proactive engagement with capital markets and fostering internal communications



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We are strongly aware of the need to increase shareholder value and are implementing various measures.

We are also strengthening our IR and SR activities, and with rising interest from investors, the number of meetings conducted by our IR team has been increasing year by year. Furthermore, top management, including myself, has significantly expanding opportunities for direct engagement with investors and communicating with them proactively.

Within the company, we are also working to create a system that allows each employee to be aware of stock prices. For example, we have introduced an ESOP trust system for executives in place of conventional stock options. For group employees, we have implemented a special incentive program utilizing a stock ownership association for employees which will be granted when performance targets are achieved. As a result, while the average participation rate in employee stock ownership programs in Japan is approximately 38%, our company has surpassed 80% and currently approaching 85%. This indicates a notable rise in employee awareness of the stock price.

In the past few years, we have also strengthened our SR meetings with our shareholders and have had a lively exchange of opinions. I, myself have also participated in overseas roadshows and conferences and proactively communicating with global investors. In addition, we have also received cooperation from such investors to our Perception Study (a survey of investors' opinions), and we take those opinions and requests seriously and strive to reflect them in our management.

In this way, we are promoting initiatives to enhance shareholder value both internally and externally, and we will continue to prioritize communication with shareholders and investors as we strive to further improve our corporate value.

# Entertainment Contents Business Progress of Medium-term Plan Strategies

Representative Director, President and COO  
of SEGA CORPORATION

**Shuji Utsumi**

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**Speaker: Shuji Utsumi, Representative Director, President and COO of SEGA CORPORATION**



Be a solid and influential global brand  
that reaches 3 billion gamers worldwide

**Mission/  
Purpose**

**Empower the Gamers**

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SEGA positions “Empower the Gamers” as its core mission statement. The video game industry has grown significantly by flexibly incorporating technological advancements and changes in business models. Today, approximately 3 billion people worldwide interact with games in various ways, making games established element of global culture.

SEGA has played an important role in making video games as the element of culture, and we will continue that contribution in the future. This mission embodies our desire to deliver new experience and excitement to people around the world and to create a more affluent society through our games.

Quantitative Plan	<ul style="list-style-type: none"><li>Adjusted EBITDA 180.0 billion yen (three-year cumulative)</li></ul>
Further expansion of major pillars	<ul style="list-style-type: none"><li>Transmedia</li><li>Global GaaS (Rovio, etc.)</li></ul>
Investments to strengthen development and product capabilities	<ul style="list-style-type: none"><li>Pillars<ul style="list-style-type: none"><li>Legacy IP (mid- to long-term initiatives)</li></ul></li><li>Super Game (mid- to long-term initiatives)<ul style="list-style-type: none"><li>Animation IPs</li></ul></li></ul>
Regrowth of the European business	<ul style="list-style-type: none"><li>Football Manager</li><li>Total War</li></ul>

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I will explain our medium-term plan.

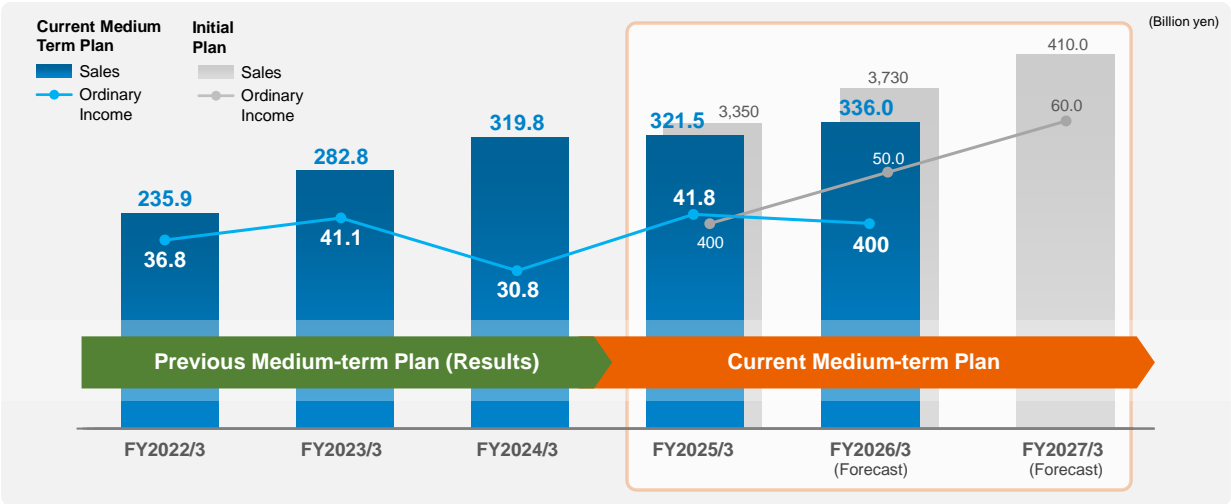
As a numerical target, we aim to achieve an adjusted EBITDA of 180.0 billion yen over a three-year cumulative period.

Key focus areas include strengthening our global efforts in GaaS (Game as a Service), as well as expanding our transmedia strategy, meaning strategically expanding major IPs (Intellectual properties), such as *Sonic*, *Like a Dragon* and *Persona*, not only through games, but also via various media including anime, movies, and merchandise, growing the fan base and further enhance their value.









Furthermore, while strengthening game development capabilities—our top priority—remains essential, enhancing product competitiveness is equally crucial. We will actively invest in our major IPs and those with growth potential.

We also aim to achieve regrowth of the European business following structural reforms.

Steady growth in business performance



Regarding our performance trend, while ordinary income declined slightly in FY2024/3 due to structural reforms in European business, the European business has been steadily recovering since then. While sales have been steadily increasing, ordinary income has also shown significant growth from approximately 16.0 billion yen in FY 2021/3 to 27.9 billion yen in FY 2021/3, now reaching a scale of around 40.0 billion yen. We aim to continue driving growth as we move forward.

Achievements	Expansion of major IPs No.1 video game publisher In 2024, at Metacritic	 2.3 million units	 2 million units	
	Transmedia strategy progressed	<ul style="list-style-type: none"><li>SONIC STADIUM (Opened in Dec. 2024@Hong Kong)</li><li>SEGA Licensing Kick-Off (Held on Feb. 2025@Tokyo)</li><li>SEGA STORE SHANGHAI (Opened in May 2025@Shanghai)</li></ul>	 Worldwide Box Office Revenue \$492 million	<b>Like a Dragon: Yakuza</b> Distributed at Amazon Prime in more than 240 countries
	Structural reforms completed	 <ul style="list-style-type: none"><li>MBO of Relic Entertainment</li><li>MBO of Amplitude Studios</li><li>Strong performance of Total War DLC</li></ul>		
Challenges	Slip of 2 titles in F2P			
	Cancellation of the development of <i>Football Manager 25</i>			

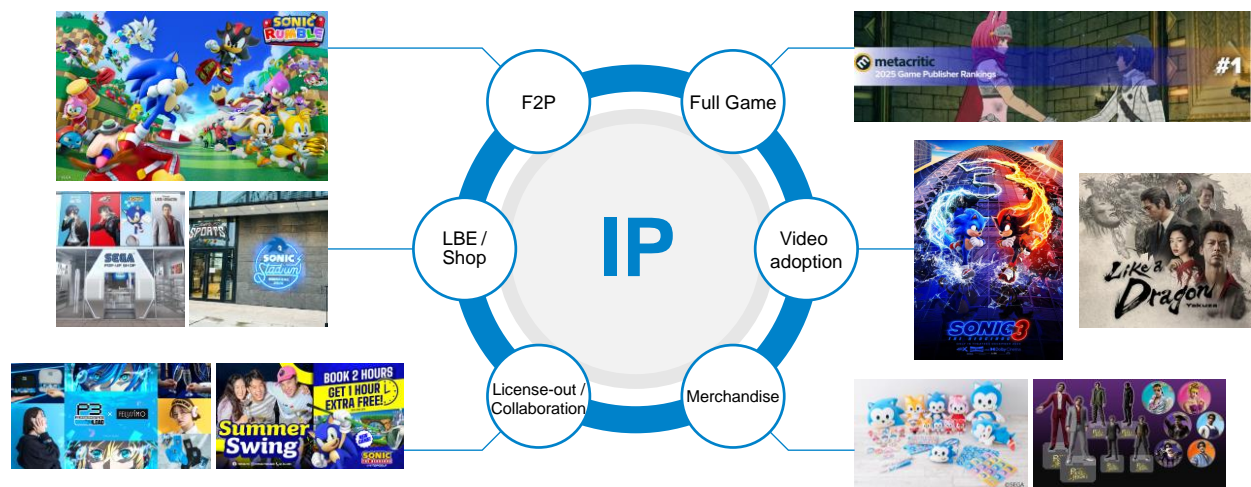
We will review the achievements and challenges of FY2025/3.

As a key achievement, SEGA was ranked number one in Metacritic’s annual publisher rankings with the highest evaluation. We believe this demonstrates the effectiveness of our efforts to strengthen SEGA’s development capabilities. From a transmedia perspective, we saw the success of the third *Sonic* movie and the realization of live-action drama of *Like a Dragon*. In addition, we are steadily advancing our strategy with the opening of “SONIC STADIUM” in Hong Kong and the official SEGA STORE in Shanghai on May 1.

On the other hand, we recognize the delays in the launch of F2P titles such as *Sonic Rumble* and *Persona5: The Phantom X* (hereinafter “P5X”) and the cancellation of the development of *Football Manager 25* as our challenges and we are committed to addressing to resolve them in the future. In the current fiscal year, it is essential to ensure the successful launch of new titles such as *Sonic Rumble*, *P5X*, the next title of *Football Manager*, and *SEGA FOOTBALL CLUB CHAMPIONS 2025*. Additionally, through digital sales strategies and transmedia expansion, we aim to boost sales of new and repeat titles as well as expand our licensing business.



Multifaceted global IP portfolio starting with *Sonic*

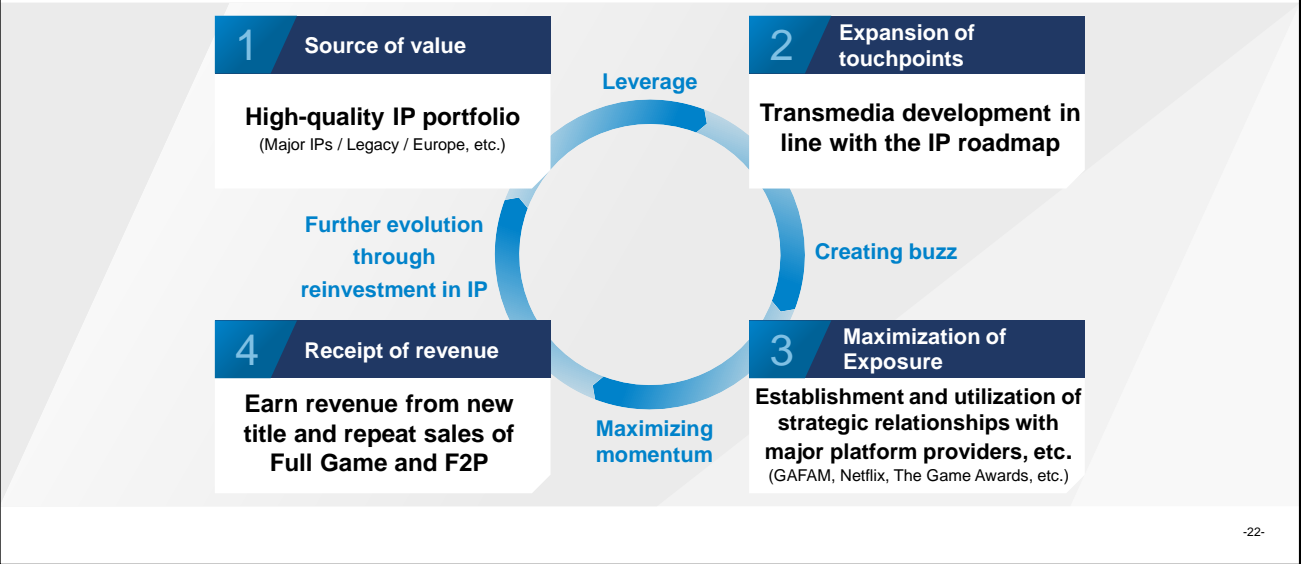


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SEGA aims to build a virtuous cycle by developing its numerous high-potential IPs in a multifaceted manner in various areas such as movies, anime, merchandise, and events, thereby increasing earnings while enhancing the value of the IPs themselves, which will in turn lead to the expansion of our core business of game sales. This is our transmedia strategy.

In addition to already successful *Sonic* IP, we are also developing IPs such as *Like a Dragon* and IPs of ATLUS.

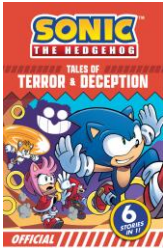
Creating IP value enhancement and accumulation cycle by producing IP globally



To enhance IP value, we create a calendar of initiatives for each major IP and collaborate with global partners, primarily through licensing, to build a cycle that leads to game sales. By leveraging the synergy between games and transmedia expansion, we are establishing a system to further strengthen SEGA's high-potential IP. We believe this system will enable us to create effective points of contact with fans in a variety of contexts.



Movie



Licensing

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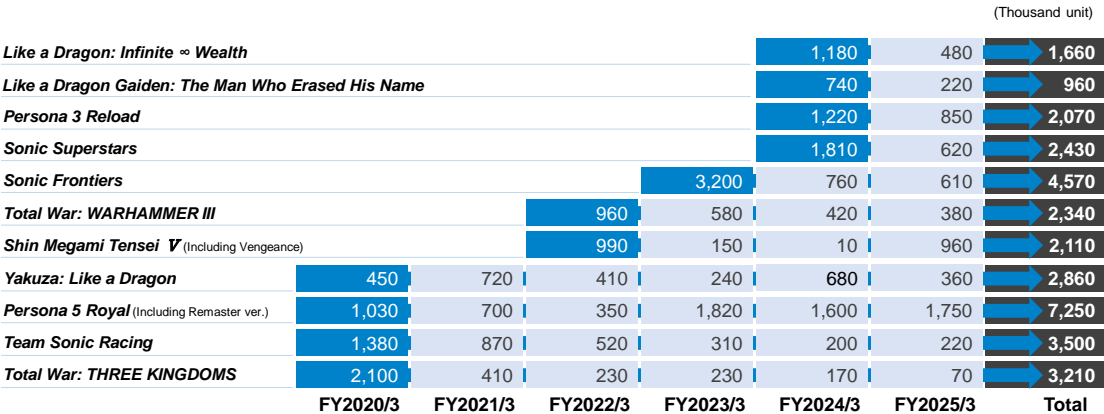
The *Sonic* movie co-produced with Paramount is one example of this. *Shadow*, a character featured prominently in the third movie, was also given a major spotlight in the game released in the same year. In addition, we are developing a variety of products by licensing out. These initiatives generate earnings as well as promotional effects, creating a virtuous cycle that enhances IP value.



As we advance these initiatives, license revenue has grown steadily to become an important earning base supporting SEGA's performance. Furthermore, we believe we are gradually building a stable earnings structure through repeat sales and F2P titles.

New titles in Full Game tend to be highly dependent on their hit, resulting in significant fluctuations in their sales, but they are essential for expanding repeat sales and license revenue. We will continue to actively invest in new titles and further strengthen our overall earning base.

Stably launch titles utilizing major IP

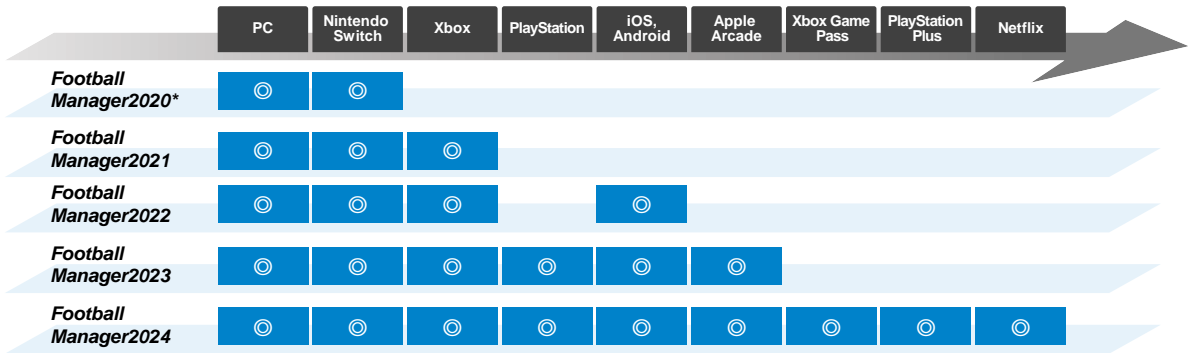


Certain numbers of units continue to be sold in subsequent years and keep contributing

\**Persona 5 Royal* includes the sales units of remaster version released in FY2023/3. *Shin Megami Tensei V* also includes unit sales of *Shin Megami Tensei V Vengeance* released in FY2025/3

Nowadays, high-quality titles can generate long-tail sales. For example, the unit sales of *Persona 5 Royal* (including Remaster ver.) were 1.03 million in its first year, but cumulative sales have grown to 7.25 million units. *Sonic Frontiers* also sold 3.2 million units in its first year, but it has now reached 4.57 million units. We believe that this is because we are not simply putting games on store shelves but are actively promoting transmedia development and digital sales strategies to maximize the appeal and value of our titles, which leads to long-term sales.

Expanding the supported platforms with the introduction of each new title



Expanding player base through deployment including multiple subscription service and the total number of worldwide players of *Football Manager 2024* has exceeded 17 million

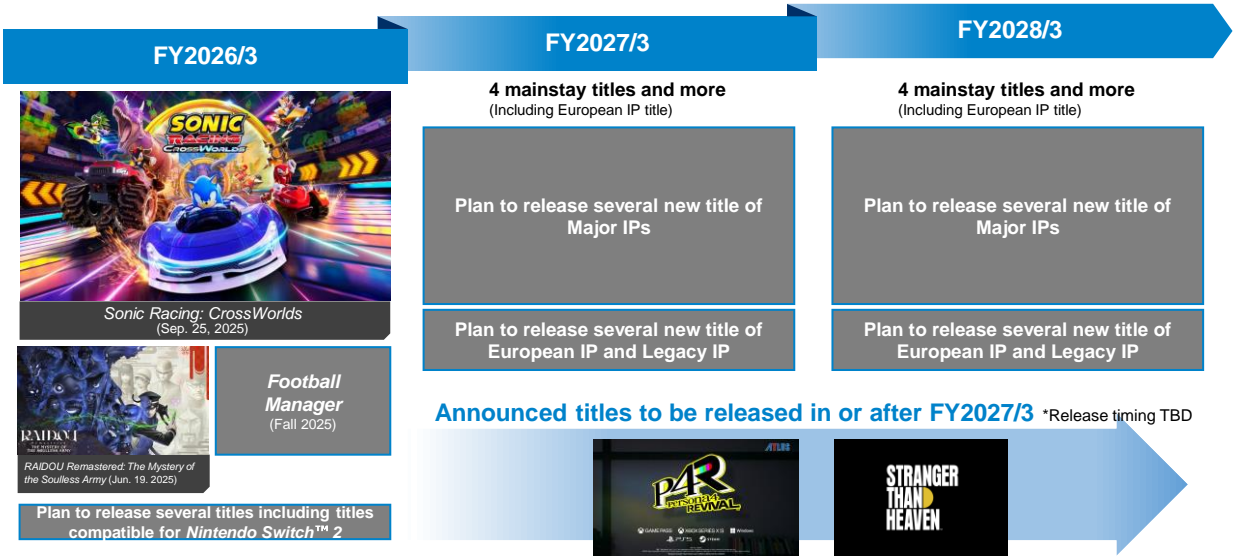
\*Football Manager 2020 was also released on Google Stadia

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Here is an example of *Football Manager*.

Although it was not released in FY2025/3, new titles have been released every year and contributing to our business performance. One of the reasons this series has gained strong support from many users is that we expand the supported platforms with each release. For example, in addition to PCs, it is available on major video game consoles such as *Nintendo Switch™*, *Xbox*, and *PlayStation®*, as well as subscription services such as *Apple Arcade*, *Xbox Game Pass*, and *Netflix*.

Such development in a wide range of platforms allows us to reach more users, and in fact, *Football Manager 2024* has been enjoyed by a total of 17 million players worldwide. This is a good example of how we are expanding our revenue opportunities by utilizing various sales channels and subscription services.



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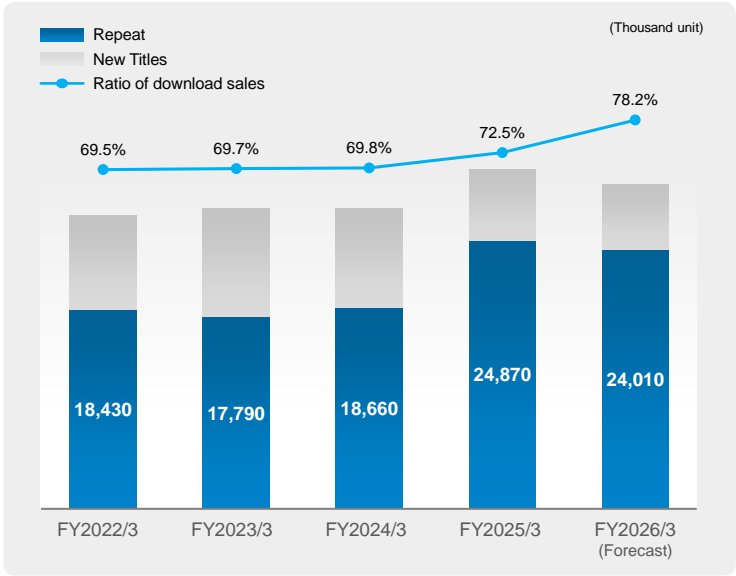
We are currently preparing many new titles in Full Game.

The highlight of this fiscal year is *Sonic Racing: CrossWorlds*, and we are also planning to release a new title in *Football Manager* series. In addition, we plan to release seven titles for *Nintendo Switch™2*.

While the mainstay new titles in this fiscal year are two, we plan to release four or more mainstay titles in each of FY2027/3 and FY2028/3. We hope you'll look forward to further announcements with more information.

Titles that have already been announced include *Persona 4 REVIVAL* and the title developed by “Ryu Ga Gotoku Studio” named *STRANGER THAN HEAVEN*, , and we have high expectations for these titles.

# Trend of Full Game Repeat Sales Units



- Repeat sales increase along with rise in download sales ratio
- Plan to further increase download sales ratio in FY2026/3

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This is the trend of repeat sales units and the ratio of download sales.

The download sales ratio is increasing year by year, and repeat sales are steadily increasing along with it. The reasons for the increase in the download ratio include the expansion of sales regions worldwide and an increase in the repeat sales themselves. As mentioned in the earlier example, high-quality titles and titles with brand strength tend to continue selling well over the long term. As a result, repeat sales have become a stable earnings base.





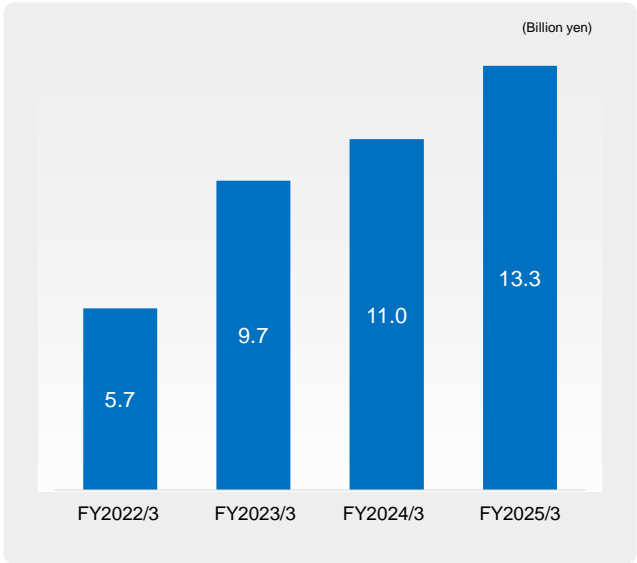
As part of our digital sales strategy, we are focusing on two main initiatives.

The first is to strengthen localization for each region. In addition to China, it is becoming increasingly important to develop emerging markets such as Latin America and Southeast Asia. We plan to add supporting languages and expand voiceovers for these regions. We are also adjusting sales prices to suit each region and conducting promotions tailored to local preferences to reach wider users. We plan to further strengthen the areas that have not been able to fully address in the past.

The second initiative is to strengthen title management in repeat sales. For example, we will strategically implement sales and bundle sales on platforms such as *Steam* to maximize sales. As part of our lineup optimization, we are also considering temporarily removing titles that are priced too low from the store to protect the value of each IP while enhancing our overall brand strength.

In this way, we will continue to strengthen our digital sales through optimization per region and title management in repeat sales.

# Trend of Licensing Revenue



- Expansion continues, led by Sonic and the US  
Expect further expansion in Sonic IP-related revenue in the future
- Strengthen initiatives for major IPs other than Sonic in Japan and Asia

\*Not including the revenue related to Sonic's cinematic works

Here is the trend of licensing revenue.

In addition to the expansion of repeat sales, the licensing business is also growing steadily and SEGA's earning base is becoming more solid. The increase in licensing revenue indicates that SEGA is evolving from a mere game developer to an "IP company" that leverages its IPs to develop businesses in various areas. We believe that there is still significant room for growth in this area compared to competitors, and we will continue to aim for further expansion in the future.

Going forward, we plan to continue growing both repeat sales and the licensing business to build a stable earnings base.

## Transmedia Strategy: Reinforcement of Licensing-out Business

1

IP development  
both in Japan and  
overseas



2

Strengthening the  
relationship with  
agents and licensors

- SEGA Licensing Kick-off (Japan)
- Licensing Expo (Las Vegas)



3

Strengthen  
the supervision

- Supervision →  
Driving force behind IP expansion
- Promote creation and utilization of style guide

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While we have proceeded our licensing out business centered on *Sonic*, we plan to actively pursue licensing opportunities for other IPs beyond *Sonic* moving forward. Additionally, we aim to further enhance SEGA's global presence by broadly expanding SEGA IPs in overseas markets. To achieve this, we will also prioritize strengthening relationships with agents and licensees.

In February 2025, we held our first "SEGA Licensing Kick-off" event in Japan, inviting licensees to introduce the appeal of SEGA IPs and our future plans. We also participated in "Licensing Expo" in Las Vegas, U.S., where we introduced examples of product deployment using SEGA IPs to 500 licensees. Both events were very well received, and we were able to further strengthen our confidence in the potential and future growth of SEGA IPs.

To further develop our licensing business, it is also important to strengthen our supervision system. We will focus on creating "style guide" (guidelines summarizing rules for handling IP and design policies) for each IP and ensuring that their contents are thoroughly understood by all relevant parties to reduce the burden on game development studios that manage IPs and to promote the efficient operation of our licensing business. This will enable us to protect the brand value of IP while establishing a system that allows us to develop a wider range of licensed products.



Planning the next measure  
to expand touchpoints

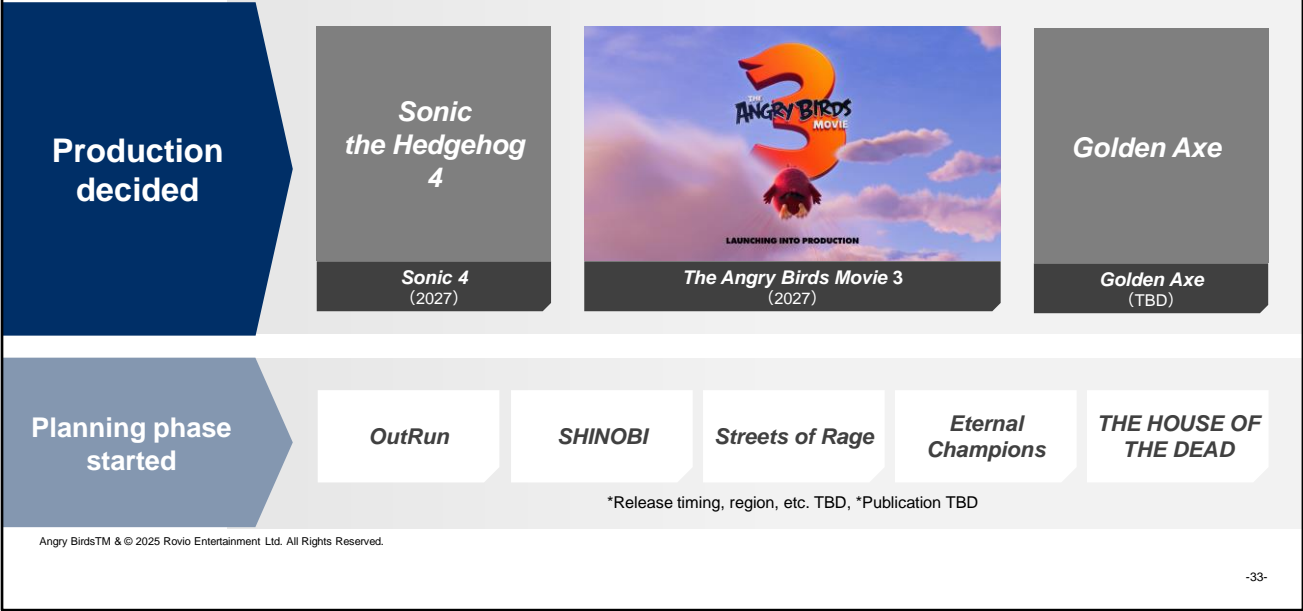
-32-

As mentioned earlier, we opened SEGA official real store, "SEGA STORE SHANGHAI," in Shanghai, China, in May 2025. It is a great pleasure for us to have opened this store in such a prime location, on the first floor, at the very center of one of Shanghai's most popular areas for video game and anime-related shops.

Additionally, we have new development planned and anticipate being able to make new announcements to everyone soon\*. Please looking forward to it.

\*Announcement of the opening of "SEGA STORE TOKYO" on July 1

Store website URL: <https://www.sega.jp/segastore/tokyo/en/>



We will now explain our plans to strengthen our Video Production Business.

They are a list of cinematic releases that have already been decided or are under consideration for production. In the past, video games based on movies were often become hits, but in recent years, movies and anime based on video games have been successful one after another, and attention to video game IPs is increasing.

Possessing video game IPs is a major strength in developing the Video Production Business. For example, movie adoption of *OutRun* directed by Michael Bay is ongoing, and movie adoption project of *SHINOBI* is also in the process. The titles listed above have already been decided for production, and *Golden Axe* has been decided to be made into an anime. As a part of our transmedia strategy, the video adaptation of various IPs is progressing steadily, and we hope you will look forward to new developments beyond the realm of games in the future.

- IP utilization is progressing in the Animation area through strengthening efforts in produced works
- Works of "UNLIMITED PRODUCE project", a collaboration with external production studios is also increasing



©Kome Studio, Boichi/SHUEISHA, Dr.STONE Project  
 © Yuto Suzuki/SHUEISHA, SAKAMOTO DAYS PROJECT  
 © Keisuke Itagaki(AKITASHOTEN)/Baki Hanma Film Partners  
 © Kouji Miura/SHUEISHA, Blue Box Film Partners  
 Original comic books created by Monkey Punch  
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Our Group Company, TMS ENTERTAINMENT, has achieved great success in anime adaptation of various popular comics and other works such as *Detective Conan*, *ANPANMAN*, *SAKAMOTO DAYS*, and *Blue Box*. While it previously mainly engaged in "contract-based production" where it produced anime based on the order from other companies, it is now evolving into an "IP production company" by investing in production committees itself and acquiring rights for secondary developments.

With Japanese IP gaining global attention, we aim to strategically expand our Video Production Business by leveraging SEGA's global expansion capability and game development capabilities, while building a strong partnership with TMS ENTERTAINMENT. In addition, the entire SEGA Group is considering various initiatives to further strengthen its Video Production Business.



**Sonic Rumble**  
(Service launch: 2025)



**Persona5: The Phantom X**  
(Service launch: Jun. 26, 2025 \*Global except China, traditional Chinese area and Korea)



**SEGA FOOTBALL CLUB CHAMPIONS 2025**  
(Service launch: 2025)

©SEGA  
©Perfect World Adapted from Persona5 ©ATLUS, ©SEGA  
© 2025 Manchester City Football Club / LICENSED BY J LEAGUE / K LEAGUE property used under license from K LEAGUE / The use of images and names of the football players in this game is under license from FIFPro Commercial Enterprises BV. FIFPro is a registered trademark of FIFPro Commercial Enterprises BV. / ©2024 adidas Japan K.K. adidas, the 3-Bars logo and the 3-Stripes mark are trademarks of the adidas Group / ©SEGA

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One of the most important points in our strategy is the strengthening of business models known as F2P and GaaS. Although this initiative is about a year behind our initial plan, we believe it is crucial for future growth.

Regarding *Sonic Rumble*, we are currently conducting a soft launch (limited pre-release in certain regions), and we are carefully considering the timing of a full global release while monitoring user feedback and KPIs.

*P5X* will be officially released in Japan and globally on June 26. We expect it to further expand the fan base of *Persona* IP and contribute significantly to enhancing the value of the IP.

Regarding *SEGA FOOTBALL CLUB CHAMPIONS 2025*, development is also currently underway. While the previous title was intended for the Japanese market, this time we plan to expand it globally, aiming to further strengthen SEGA's earning base.

In this way, we aim to achieve sustainable growth and secure stable earnings while continuing to entertain more users around the world through the enhancement of F2P and GaaS models.





- Reinforce the operation of catalogue titles, with enlarging release regions, etc.
- Soft launch of titles for smartphone, *Sonic Blitz*, started (Jun. 2025)
- Responsible for global marketing of *Sonic Rumble*
- Development of original smartphone game, *Bloom City Match*, in progress
- Global release of *The Angry Birds Movie 3* (Jan. 29, 2027)



**Sonic Blitz**  
(Hard launch timing: TBD)



**Bloom City Match**  
(Hard launch timing: TBD)

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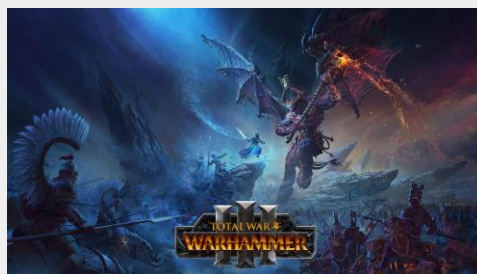
Rovio is not only focusing on creating group synergies in *Sonic Rumble*, which I mentioned earlier, but is also actively working on major updates to existing titles such as *Angry Birds 2* and the development of new titles. Among the new titles, *Sonic Blitz*, which utilizes the *Sonic* IP is included and there are high expectations for its future development.

In addition, *The Angry Birds Movie 3* is scheduled to be released in January 2027, followed shortly thereafter by the fourth *Sonic* movie. We plan to leverage the release of these cinematic works to further enhance awareness and popularity of our game titles and accelerate the growth of each title.



### FOOTBALL MANAGER™

- Significant improvement of the quality compared to the previous titles in the series by taking over the development assets of *Football Manager 25*
- Scheduled to be released on fall 2025
- Previous title in the series, *Football Manager 2024* (releases in 2023), surpassed 17 million accumulated players worldwide



- Tentpole sales of *Total War* increased, triggered by high review of downloadable content for *Total War: WARHAMMER III* and *Total War: PHARAOH* released in FY2025/3
- Turnaround of *Total War* brand

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Regarding our European studios, we plan to continue focusing on the *Football Manager* series and the *Total War* series, which has been supported by many fans over the years.

Unfortunately, we have decided to cancel the development of *Football Manager 25*, but we plan to leverage the development assets and expertise accumulated so far to improve the quality of future titles.

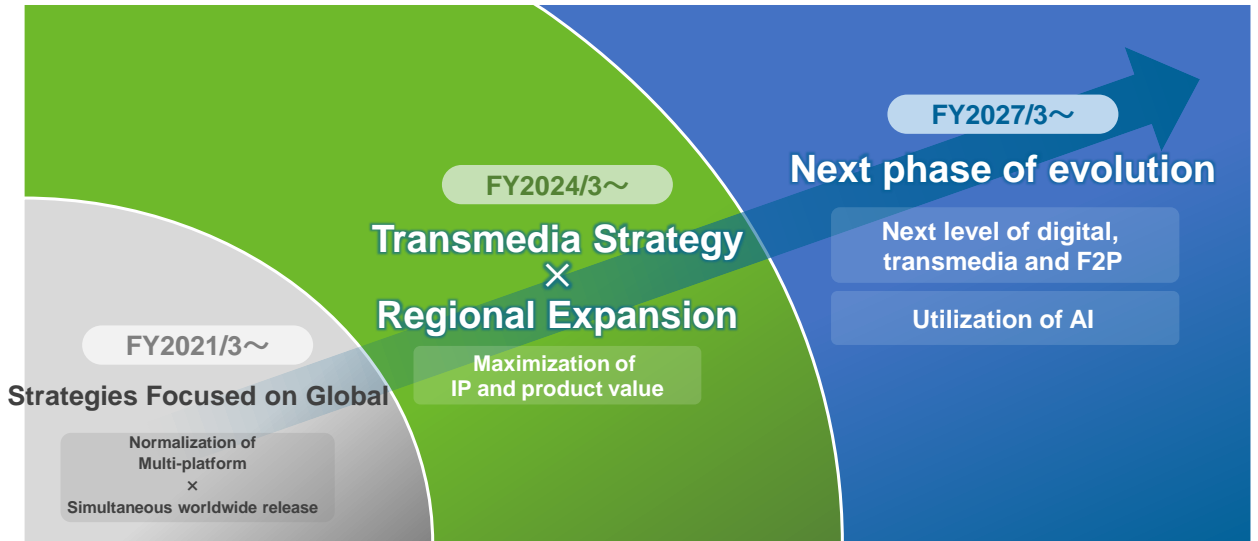
In the *Total War* series, *Total War: WARHAMMER III*, released in 2022, continues to perform well in repeat sales and additional DLC sales even three years after its release. We believe this is the result of our commitment to valuing relationships with users and continuously working to enhance the engagement with them.

We are planning new developments in the future and will continue to leverage the strengths of our European studios to deliver compelling titles.

- **Game Developers Conference**  
U.S. (Mar.)
- **Licensing Expo**  
U.S. (May)
- **Summer Game Fest**  
U.S. (Jun.)
- **Anime Expo**  
U.S. (Jul.)
- **Bilibili World**  
China (Jul.)
- **Gamescom**  
Germany (Aug.)
- **TOKYO GAME SHOW**  
Japan (Sep.)
- **The Game Awards**  
U.S. (Dec.)

We believe that actively promoting our attractive products and services mentioned earlier at global events is essential to make them known to as many people as possible around the world. With many products currently available on the market, we believe that gaining attention at authoritative global events will enable us to effectively communicate our strengths and appeal to various stakeholders, including platform holders and users.

Going forward, we will continue to utilize these opportunities to promote the value of SEGA's products and services around the world.



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In recent years, SEGA has continued to grow steadily by adapting to the circumstances and challenges of the times.

In FY2021/3, we started our "Strategies Focused on Pillars and Global," including normalization of multi-platform and simultaneous worldwide releases, thereby enhancing our presence in the global market. From FY2024/3, we focused on Transmedia strategy and regional expansion, and implemented structural reforms, including reduction of headcount in Europe. We believe that steadily advancing each of these initiatives has contributed to the stabilization of SEGA's revenue foundation.

Going forward, we will aim for the next phase of evolution. In addition to strengthening our game development capabilities, we will promote new initiatives in various areas, including expanding our digital sales strategy, increasing sales of new and repeat titles in Full Game, globally deploying GaaS titles in collaboration with Rovio, expanding our transmedia development, and strengthening our video production division.

We are also actively embracing megatrends such as movies and taking on new challenges that flexibly respond to changes in the times. Through these activities, we will continue to pursue sustainable growth.

# Pachislot & Pachinko Machines Business Progress of Medium-term Plan

President and COO, Representative Director  
of Sammy Corporation

**Ayumu Hoshino**

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**Speaker: Ayumu Hoshino, President and COO, Representative Director of Sammy Corporation**



Sammy will celebrate its 50th anniversary on November 1st this year. Under the slogan "From Challenge to A Bold Adventure," Sammy is stepping into a new stage. We will strive to create captivating experiences based on the spirit of "Creativity is Genesis" × "Always Proactive, Always Pioneering," so that our customers can truly enjoy the entertainment we provide.

**“No.1 in total utilization” of pachislot & pachinko**

**Cumulative Adjusted EBITDA Over 90.0 billion yen**

(FY2025/3-FY2027/3)

**Strengthen/stabilize revenue base**

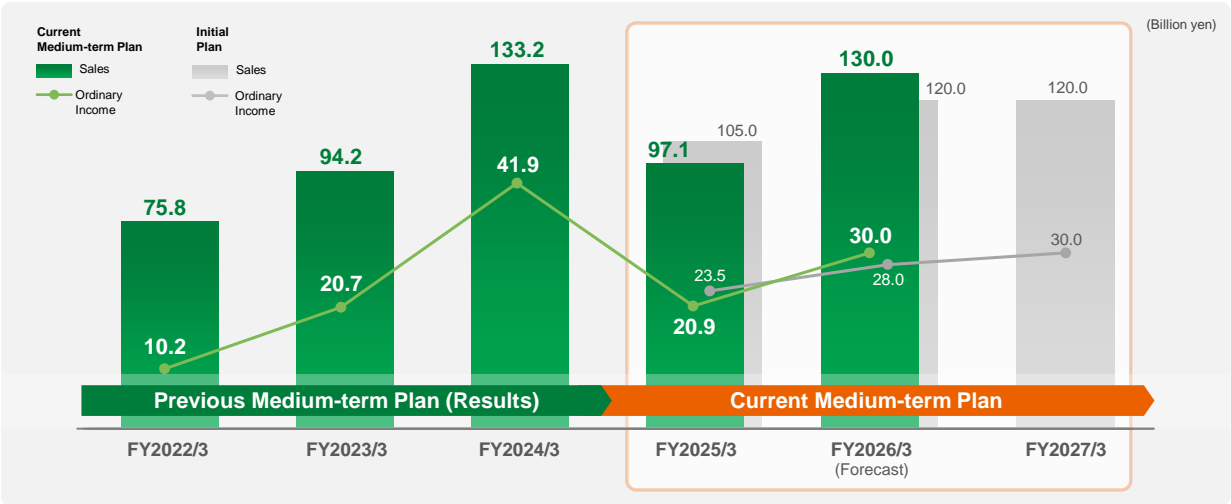


**Revitalization of the pachislot & pachinko industry**

-3-

This is the progress of our medium-term plan. As quantitative targets, we aim to achieve “No. 1 in total utilization” of pachislot & pachinko and to reach cumulative adjusted EBITDA over 90.0 billion yen over the three-year period.

Business performance remains steady



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This is the performance trend of the Pachislot & Pachinko Machines Business. In the previous fiscal year, which marked the first year of our current medium-term plan, results fell short of our targets. However, in this fiscal year, the second year of our current medium-term plan, we are forecasting sales of 130.0 billion yen and ordinary income of 30.0 billion yen, both exceeding our initial targets.



Achievement



*e Hokuto No Ken 10* (Installation: Aug. 2024)

**35,000 units sold**

No. 1 unit sales in 2024  
in the entire pachislot & pachinko market  
(In-house estimate\*)

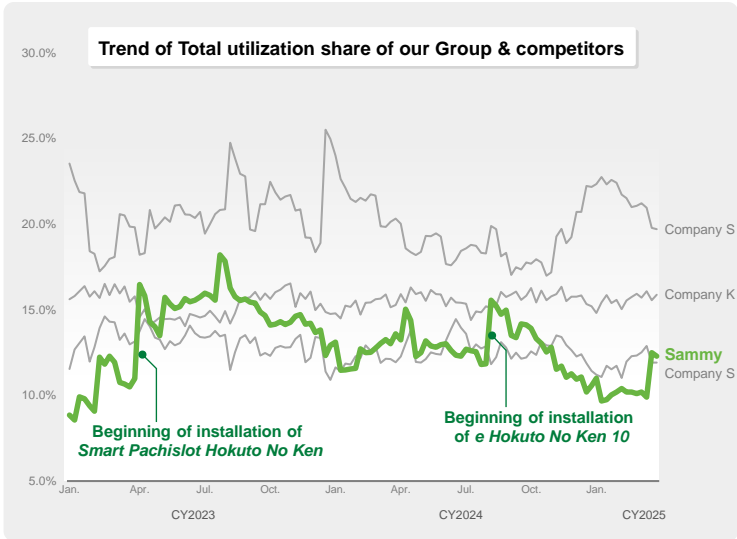


Challenge

- Weak sales of the titles released in the second half
- Improvement of product competitiveness

These are the achievement and challenges of the first year of the medium-term plan. In terms of achievement, Sammy's first smart pachinko machine, *e Hokuto No Ken 10*, was installed in August last year, and with over 35,000 units sold, it became No.1 unit sales in the entire pachislot & pachinko market in 2024. The challenge is the weak sales of titles released in the second half, making it urgent to improve our product competitiveness.





\*In-house estimation based on DK-SIS data (Data for 4 yen Pachinko and 20 yen Pachislot) of Daikoku Denki Co., Ltd. Listed period: Jan. 2023 – Mar. 2025  
\*Utilization Share = Ratio of Sammy machine's utilization out of total number of installed machines for each title × utilization of each title (Pachislot: Numbers of inserted medals, Pachinko: Numbers of shot balls)

**FY2025/3: Background of weak performance**

- Gap between specifications of launched models and market needs
- Unable to create hit titles that contribute to utilization of pachinko halls over the long term other than the mainstay *Hokuto No Ken* series

**Measures to increase total utilization share**

- Initiatives to respond market needs, including prompt response to regulatory changes
- Launch of multiple mainstay series
- Creation of new mainstay series by new use of popular IP

This is the trend of total utilization share, which is a KPI of our medium-term plan. The total utilization share in FY2025/3 was approximately 12% on average, resulting in a drop of one position from the previous year to fourth place. The background of weak performance includes a gap between specifications of launched titles and market needs, and the inability to create hit titles that contribute to utilization of pachinko halls over the long term other than the mainstay *Hokuto No Ken* series.

We will work on the following three points to increase our total utilization share. The first is initiatives to respond market needs, including prompt response to regulatory changes. We believe it is necessary to respond quickly and launch products that meet market needs in a timely manner.

The second is the launch of multiple mainstay series. We aim to meet the expectations of both pachinko halls and users not only through the *Hokuto No Ken* series, but also by introducing other existing mainstay series.

The third is the new use of popular IPs. We aim to create new mainstay series that will become a new source of revenue.

Early response to market needs



*e Shin Hokuto Muso*  
*Chapter 5 Dodeka START*

(Installation: Mar. 2025)

- Equipped with “Dodeka START”
- Quickly developed for early launch to meet the growing need of the models with the specs that enable to shorten play time
- Unit Sales: 13,777 units
- Contribution in utilization: 11 weeks ongoing (as of Jun. 10, 2025)

Here is specific example of how we have responded to market needs. *e Shin Hokuto Muso Chapter 5*, installed in March this year, is equipped with "Dodeka START" and has been able to meet the market’s growing need of the models with the specs that enable to shorten play time, performing well in terms of both unit sales and utilization.

## Prompt response to regulatory review



### *e Tokyo Revengers*

(Scheduled to be introduced in July 2025)

- Plan to launch at the fastest on the market as a model equipped with “Lucky Trigger 3.0 Plus”
- Sales status: Performing well which exceeding initial plan

We plan to introduce *e Tokyo Revengers* in July this year, which will be the fastest in the market to be equipped with "Lucky Trigger 3.0 Plus," and we have already received orders exceeding our initial plan, which we believe reflects the high level of anticipation and expectations from our customers.

Multiple well-performing series



Series	Number of titles in series*	Cumulative unit sales*
<i>Hokuto No Ken</i>	42	Approx. <b>3,190</b> thousand units
<i>ALADDIN</i>	15	Approx. <b>580</b> thousand units
<i>Beast King</i>	16	Approx. <b>510</b> thousand units
<i>SOUTEN-NO-KEN</i>	17	Approx. <b>500</b> thousand units

Series	Number of titles in series*	Cumulative unit sales*
<i>Hokuto Muso</i>	15	Approx. <b>320</b> thousand units
<i>Eureka Seven</i>	11	Approx. <b>200</b> thousand units
<i>〈Monogatari〉 Series</i>	14	Approx. <b>170</b> thousand units
<i>Code Geass</i>	6	Approx. <b>90</b> thousand units

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\*Total number of titles and unit sales for pachislot & pachinko machines \*Number of titles and unit sales includes specification changed titles \*As of March 31, 2025

Here are some of Sammy's mainstay series. In addition to the *Hokuto No Ken* series, which includes *Pachislot Hokuto No Ken*, released in 2003, which sold approximately 620 thousand units, the largest number of units ever sold in the history of pachislot, we believe that Sammy's strength lies in its multiple proven series.

**Aim to create new mainstay series in addition to existing mainstay series through new use of popular IP**

Existing mainstay series



Newly used IP



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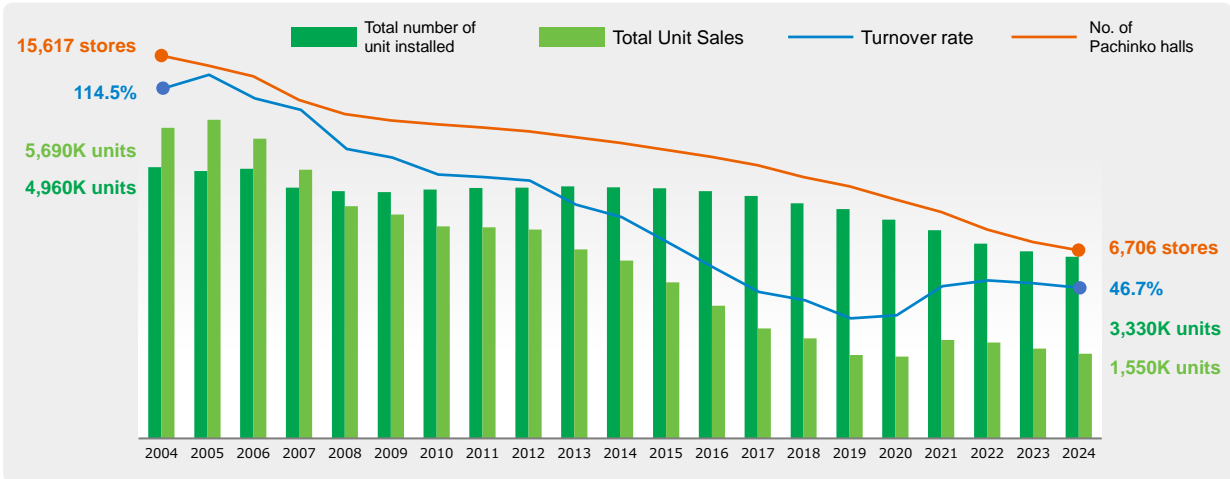
Here are the examples of titles scheduled to be launched in or after the current fiscal year. In pachislot, in addition to releasing sequels to proven series such as *Hokuto No Ken Chapter of Resurrection* and *Kabaneri of the Iron Fortress*, we will also aim to create new mainstay series through the new use of popular IPs such as *Tokyo Revengers* and *Lycoris Recoil*. Currently, we are working hard to develop each of these titles with uncompromising quality, which is why approval is taking time.

# Medium- to Long-term Initiatives

Pachislot & Pachinko Machines Business

Next, we will explain our medium- to long-term initiatives.

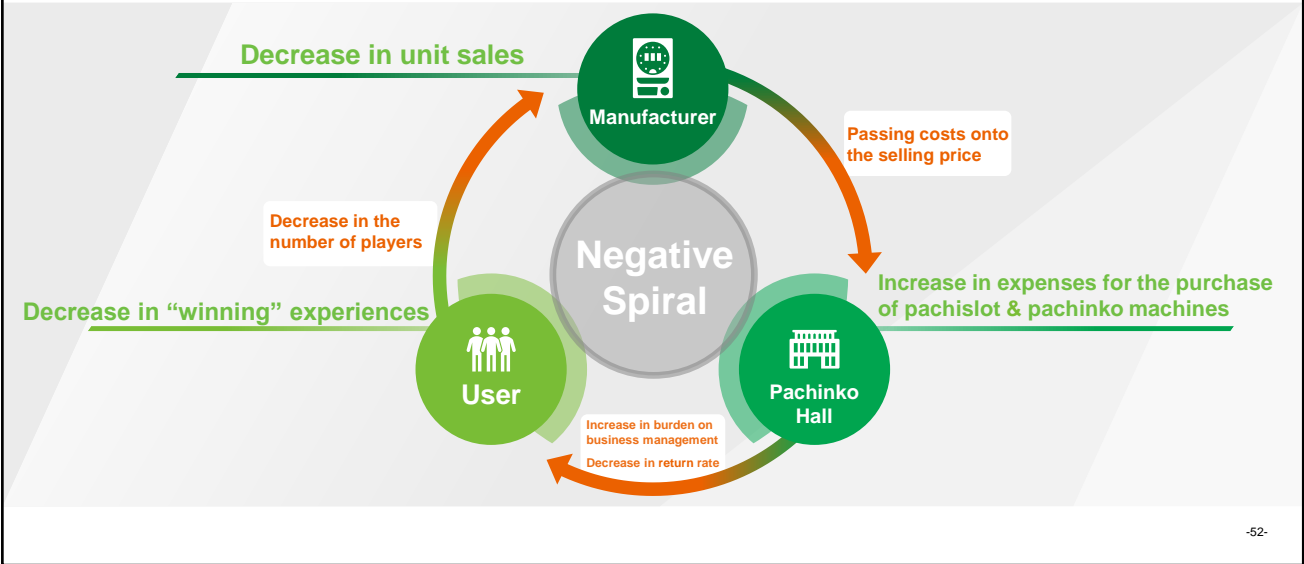
The market continues to see shrink trend



\*Turnover rate = No. of units sold / No. of units installed Sources: National Police Agency and Yano Research Institute Ltd. "Pachinko Manufacturer Trends 2024" (Research of Japanese Market) (Unit sales for 2024 are in-house estimations) -51-

Although there are signs of recovery in the short term, the pachislot & pachinko market continues to shrink in the long term. Under these circumstances, we believe that the most important issue to address is the creation of an environment in which the industry and Sammy can coexist and co-prosper over many years. As part of our efforts to address this issue, we announced a new pachislot cabinet in our full-year financial results announcement in May. I would like to explain the background and objectives of the introduction of this new cabinet.

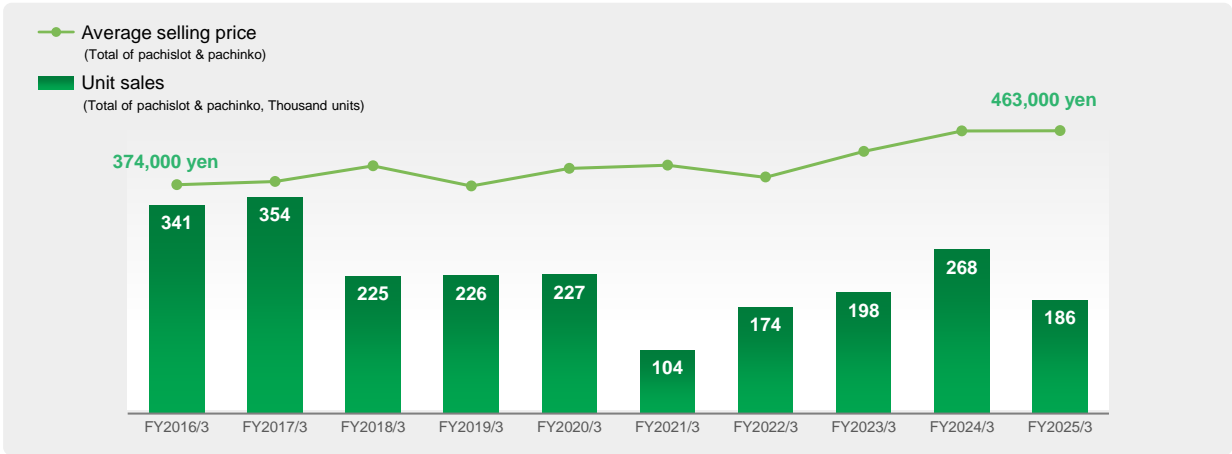
Negative spiral continues amid shrinking trend in the market



Unit sales by manufacturers such as Sammy are also on a downward trend along with the market contraction. Even in this environment, the product quality has continued to be improved, and R&D expenses and raw material costs have risen. To secure earnings, we have passed on these increases to the selling price. As a result, the purchase expenses of pachislot & pachinko machines for pachinko halls have naturally increased and return rate to users are on a downward trend to secure the costs. Users who experience fewer "winning" moments are likely to leave, leading to a decrease in the number of players and further accelerating market contraction. We believe this negative spiral is the underlying cause of long-term market contraction.



The selling price of Sammy’s pachislot & pachinko machines also continues to rise

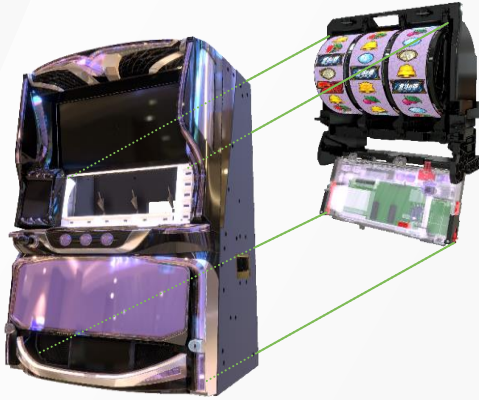


For the long-term coexistence and co-prosperity of the industry,  
Sammy will take the lead in driving change

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This chart shows the trend in unit sales and average selling price at Sammy over the past 10 years. While unit sales at Sammy are on a downward trend, the selling price continues to rise. It is undeniable that this rise in the selling price is one of the factors contributing to the negative spiral, and we believe that Sammy bears some responsibility for this situation. For the long-term coexistence and co-prosperity of the industry, Sammy will take the lead in driving change of the pachislot & pachinko industry.

Image of new pachislot cabinet



**Revitalize the industry by launching new cabinet**

- When replacing products in pachinko halls, the process completes by replacing some parts only instead of the entire cabinet

Pachinko halls: Cost reduction at the replacement  
Sammy: Maintain previous per-unit gross profit level

As a specific measure, we will introduce the new pachislot cabinet. This will reduce the cost burden on pachinko halls when replacing products, while enabling Sammy to maintain previous per-unit gross profit level.

Replacement can be completed with some parts only  
due to the minimization of parts



In the new pachislot cabinet, similar to the replacement of pachinko board, the replacement can be completed by replacing only some parts.

# Comparison of Current Cabinet and New Cabinet

Reducing the work burden on pachinko halls when replacing product as well as contributing to improvement in transportation efficiency

## Current Cabinet

## New Cabinet

(When replacing title)

Weight of Cabinet

Approx. 40-50 kg/unit

Approx. 5kg/unit

Time taken for replacement

Approx. 24 mins/unit

Approx. 8 mins/unit

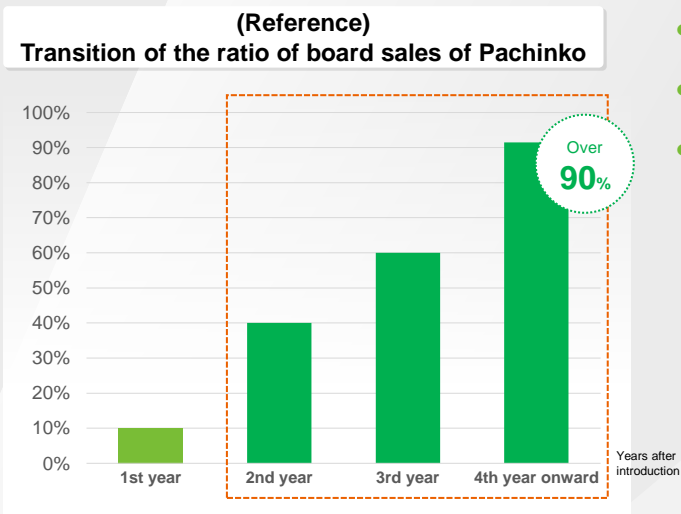
Transportation Efficiency\*

70/unit

280/unit

\* Number of units that can be loaded onto one 4-ton truck

This is a comparison of the current cabinet and the new cabinet. Since replacement work can be completed by replacing only some parts, the working time will be reduced to about one-third, and the burden on pachinko halls is expected to be significantly reduced, including improvements in the working environment. Furthermore, the reduction in packaging volume is expected to contribute to improved transportation efficiency. Each 4-ton truck is expected to be able to carry approximately four times the loading capacity. In addition, if pachinko halls only want to replace about 10 pachislot & pachinko machines, they can be transported by a light truck instead of a 4-ton truck. As pachinko halls located on the street may not have sufficient parking space, this is also a major advantage from the perspective of parking space.



- Plan to introduce from FY2026/3
- Sell as a whole cabinet at the initial introduction
- Like the board sales of Pachinko, the spread of the cabinet enable the pachinko hall to replace existing title to new title by replacing some parts only

**Reference:**  
Transition of the ratio of board sales in Pachinko

1<sup>st</sup> year after introduction: 0 to over 10%

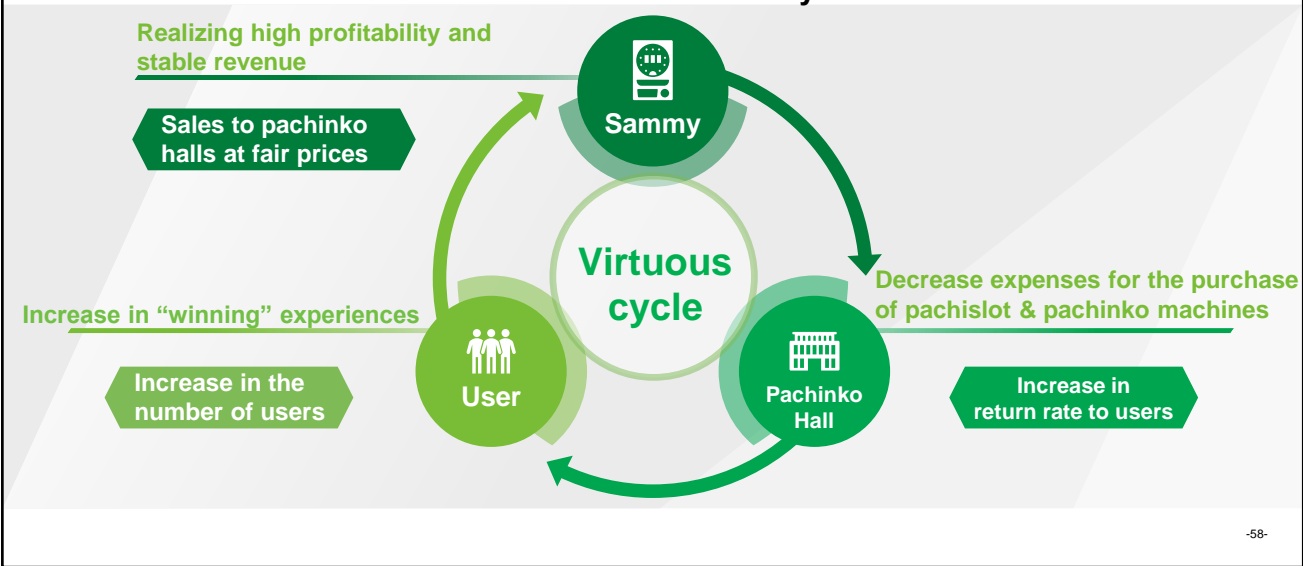
2<sup>nd</sup> to 3<sup>rd</sup> year after introduction: 30 to 70%

4<sup>th</sup> year onward after introduction: over 90%

This is about when the effects of the new pachislot cabinet will become apparent. We want you to understand that the replacement of the new pachislot cabinet is similar to the replacement of the pachinko board. For reference, this graph shows how the sales shifts from selling whole cabinet to the board only at Sammy. Initially, the main sales were whole cabinets, but the ratio of the board sales has gradually increased, reaching over 90% in the fourth year after introduction.

We plan to start introducing the new pachislot cabinet this fiscal year, but we will need to ask pachinko halls to purchase whole cabinets initially, so it will take some time for the effects to become apparent. On the other hand, when replacing products in the future, only some parts will need to be replaced, which we believe will contribute to reducing the cost burden on pachinko halls.

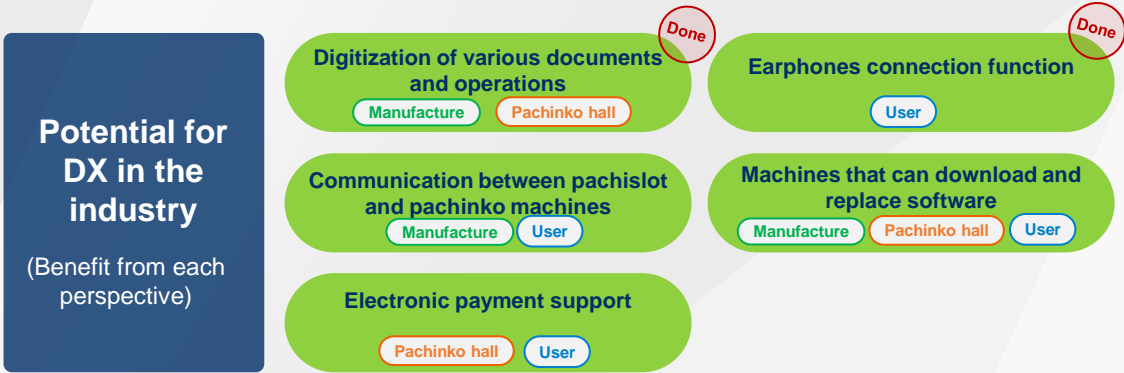
Transforming the pachislot & pachinko industry structure to a  
“win-win-win” industry



We believe that contributing to the sustainable development of the industry through the introduction of the new pachislot cabinet will also lead to business value. It is our responsibility as a leading company to break the negative spiral and transform the industry structure. Together with pachinko halls and users, Sammy will aim to achieve a "Triple WIN" and build a future in which the pachislot & pachinko industry can coexist and co-prosper over many years.

Promoting DX in the industry to improve convenience and efficiency

- Some initiatives have already been realized
- Hold discussion at manufacturers' association toward further vitalization of the industry



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Finally, I would like to talk about the future of the pachislot & pachinko industry. At the SEGA SAMMY Management Meeting 2023, we introduced that the manufacturers' association is conducting various considerations and discussions aimed at vitalization of the industry. Two of these initiatives have already been implemented.

The first is the digitization of documents. Various application documents that were previously issued on paper can now be processed electronically, which has greatly contributed to improving the efficiency of manufacturers and pachinko halls. The second is the introduction of earphone connections to pachislot & pachinko machines, which we believe will contribute to improving the user experience. We will continue to hold discussions within the manufacturers' association with the aim of vitalization of the pachislot & pachinko industry.

As mentioned earlier, the market is currently in long-term shrinkage, but we will strive to reverse this trend by implementing various strategies and measures. We believe that the initiatives such as introduction of the new pachislot cabinet as explained above and the review of various regulations, will change the current pessimistic outlook for the pachislot & pachinko industry. In this changing market, we will create hit titles that will be accepted by users to increase our total utilization share first, which is our target, and ultimately aim to “establish No.1 position in the industry.”

# Gaming Business Growth Strategy

Senior Executive Vice President and Group CFO of  
SEGA SAMMY HOLDINGS INC.

**Koichi Fukazawa**

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**Speaker: Koichi Fukazawa, Senior Executive Vice President and Group CFO of SEGA SAMMY HOLDINGS INC.**



## 1

**SEGA SAMMY's Gaming Business Capabilities**

Gaming Business

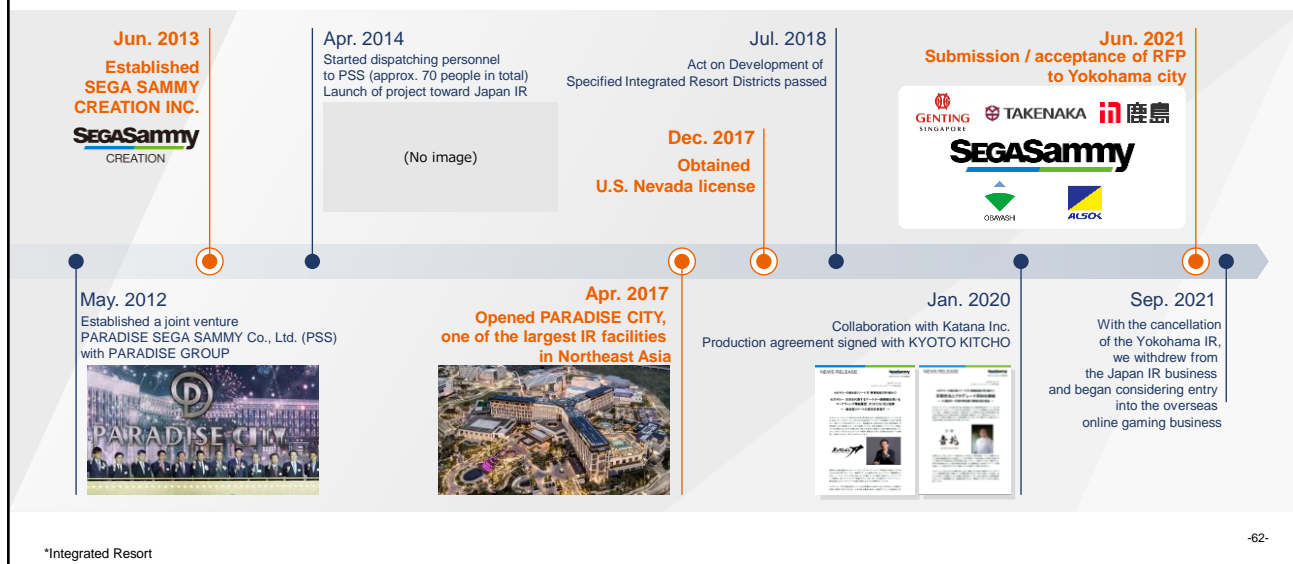
-61-

Our group has been engaged in the gaming business for over 10 years. Today, we will provide key points for our investors, such as an overview and the market environment of the gaming business and our group's strengths.

At present, our gaming business has not yet achieved significant results. Additionally, some of you may have concerns regarding our recent acquisition of two online gaming related companies. Today, we aim to address these concerns and provide a deeper understanding of our gaming business.

# The History of Gaming Business

Aiming to realize Japan's first IR\*, SEGA SAMMY mobilized the entire group to take on its biggest challenge



I will now explain how our group has approached the gaming business to date.

Originally, we aimed to develop an IR (Integrated Resort) business in Yokohama, and we have been making various preparations and taking various measures to achieve this goal.

For example, our group company, SEGA SAMMY CREATION, develops and manufactures gaming machines. As shown in the timeline, we obtained licenses in Nevada, in the U.S., in 2017. To sell gaming machines in the U.S., it is necessary to obtain a license issued by each state or, in the case of California, by each tribe. Obtaining a license in Nevada is particularly known to be challenging, but once acquired, it offers the advantage of making it easier to obtain licenses in other state. While obtaining the Nevada license was crucial for SEGA SAMMY's CREATION's business expansion, there was another significant purpose behind it. It was to prove that "we are a reliable company with a gaming license" when entering the IR business in Yokohama. In other words, obtaining the Nevada license was not only for business expansion but also a strategic move toward entering the IR business.

In addition, PARADISE CITY in Incheon, South Korea, is the first IR facility in South Korea and is jointly operated by the SEGA SAMMY Group and the PARADISE GROUP of South Korea. In this project, we did not simply provide funding but also sent a total of approximately 70 Japanese employees to work on site and have been deeply involved in everything from development to operations.

On-site, our staff has been directly involved in various tasks, starting from working as casino table dealers, floor management, and the surveillance department, which is responsible for casino security. Through these experiences, we have acquired practical know-how and operational capabilities in IR operations, particularly in casino management.

With these two major experiences, namely the acquisition of licenses in Nevada and the results of IR operations in South Korea, we have steadily made significant preparations for our full-scale entry into the IR business in Yokohama in the future. This is the background of our gaming business.



- A plan to realize Japanese IR which can be a world's leading entertainment at Yokohama was finalized
- Although the IR bid was withdrawn, the Nevada license acquisition and casino operation know-how gained at that time have become the foundation of our current Gaming Business

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This perspective drawing represents one of the significant outcomes of our group's efforts when we were preparing to enter the IR business in Yokohama.

At that time, our group had formed a consortium (joint venture) with Genting Singapore, an IR operator with one of the best track records among Asia. Genting Singapore is a highly reliable operator that opened the first IR in Singapore. Our group not only provided funding, but also built a solid cooperative relationship as a partner deeply involved in the overall operation of the IR.

We believe that our IR operation results in Incheon, South Korea, and our deep understanding of the needs of Japanese customers were highly evaluated, earning us the trust of Genting Singapore, one of Asia's top operators, and proving our serious commitment to the IR business.

Integrated resorts including casino

PARADISE  
SEGA-SAMMY



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Sales, manufacturing, and development  
of casino machines

SEGA**Sammy**  
CREATION



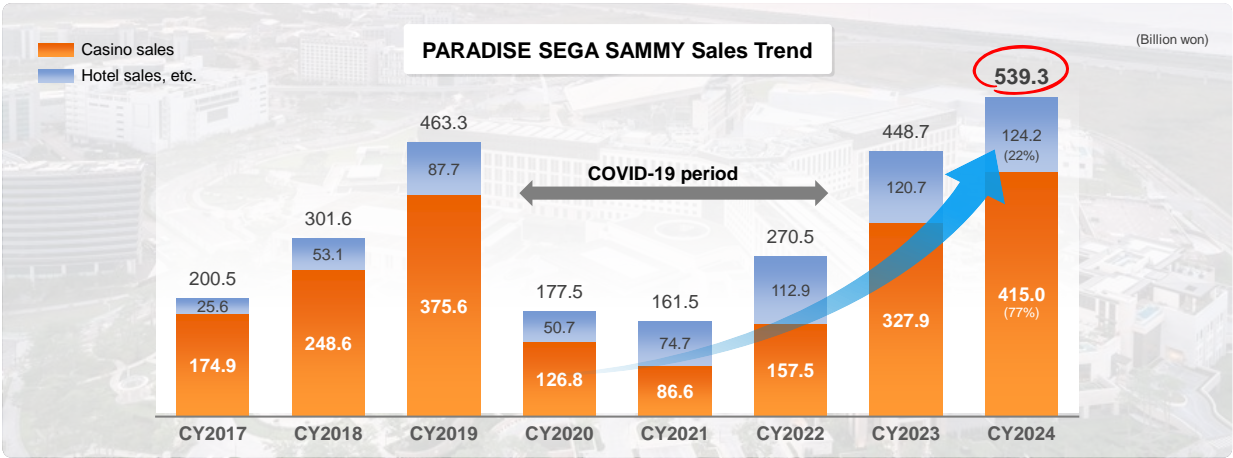
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I will explain about the two companies, PARADISE SEGASAMMY and SEGASAMMY CREATION.

We would like to share the experience, know-how, and strengths that our group has gained through these businesses.

**Reached record-high sales of 539.3 billion won (approx. 56.0 billion yen) in 2024**  
**Casino sales accounts for 77% of total sales (casino area accounts for less than 5% of total area)**



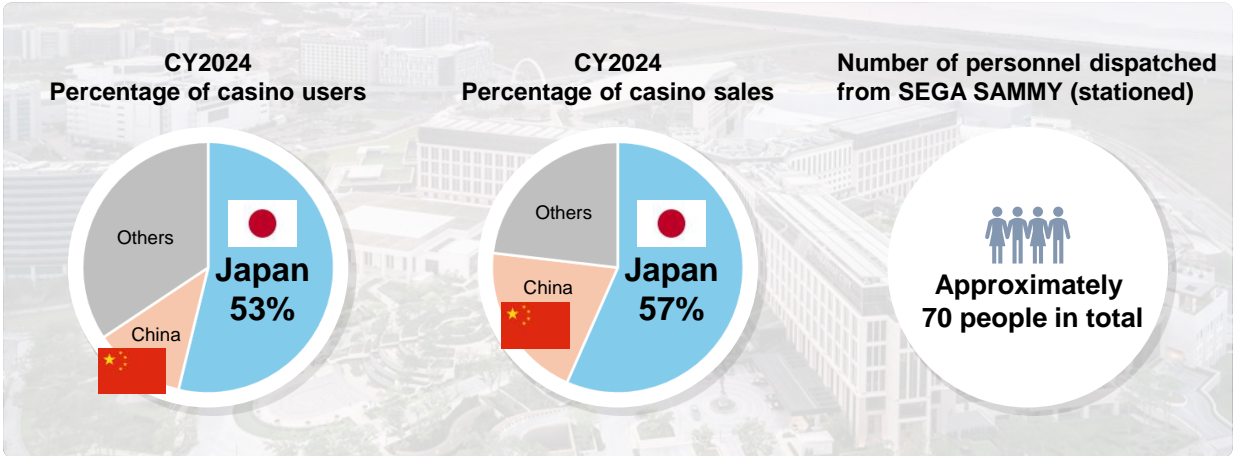
-65-

First, I will talk about PARADISE SEGASAMMY.

Casinos in South Korea are exclusively for foreign visitors, so we mainly rely on customers from overseas. However, during the COVID-19 pandemic, restrictions on foreign visitors were imposed worldwide, and entry into South Korea was also severely restricted, resulting in a significant drop in sales since 2020 and severe difficulties.

However, once the pandemic subsided and travel restrictions were eased, the situation improved significantly. As you can see from the graph, we have recently achieved record sales and profits since our opening, and our business performance continues to be very strong.

The driving force behind the achievement of record-high performance is “Japanese casino users” both in terms of number of users and sales



-66-

This is the sales composition of PARADISE SEGASAMMY. The graph on the left shows the percentage of customers visiting the casino by nationality, and the graph in the middle shows the percentage of casino sales by nationality.

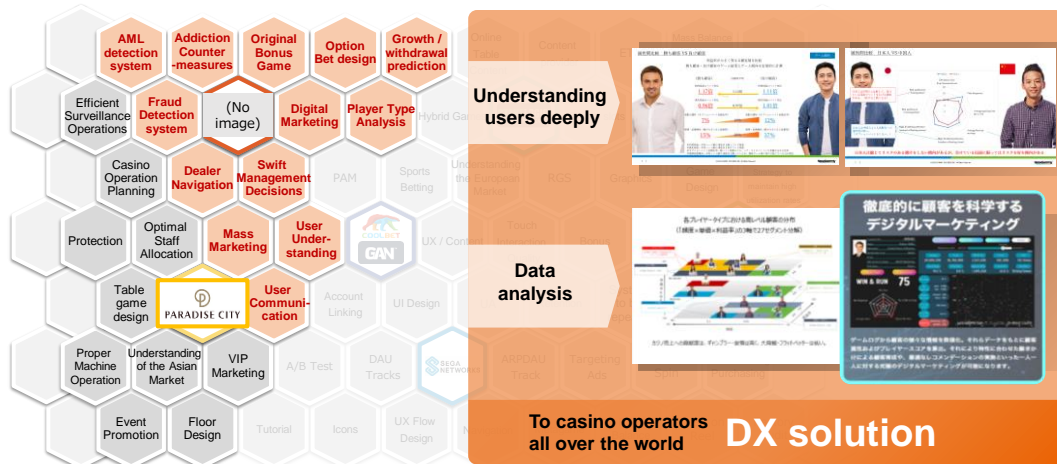
As you can see, customers from Japan account for more than half of the total, and Japanese customers also make up a very large proportion of sales. PARADISE GROUP is the oldest casino operator in South Korea and has been welcoming Japanese customers for many years.

With SEGA SAMMY joining, PARADISE SEGASAMMY has been able to further strengthen their services and marketing strategies tailored to the needs and preferences of Japanese customers.

For example, we have implemented campaigns and events that appeal not only to VIPs but also to general customers, and provided attentive service by Japanese staff, thereby enhancing customer satisfaction. These efforts led to an increase in the number of Japanese customers visiting the casino and in sales.



## Evolving into a stage that goes beyond casino operations that can realize “Casino Gaming Change” that transforms the system itself



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I will explain this page using “option bets” as an example, which is important in casino operations.

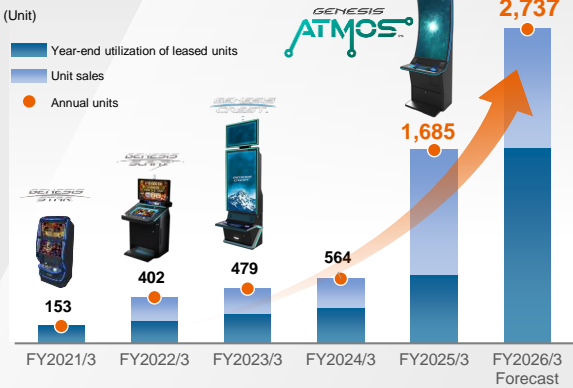
For example, in the well-known table game "baccarat," the basic rule is to bet on either the "banker" or the "player." However, additional betting options called "option bets" can be introduced. These are special bets that offer high payouts when certain conditions are met. For the casino, this increases the "house edge" (the casino's advantage) and boosts expected revenue.

However, simply increasing the number of high-payout options is not the solution. What is crucial is designing attractive bonuses and game programs tailored to customers' preferences and playing styles. To create an environment where customers think "I want to play here," rather than just relying on game knowledge, it is essential to have the ability to thoroughly research and analyze what kind of games and services are in demand, in other words, the ability for market research.

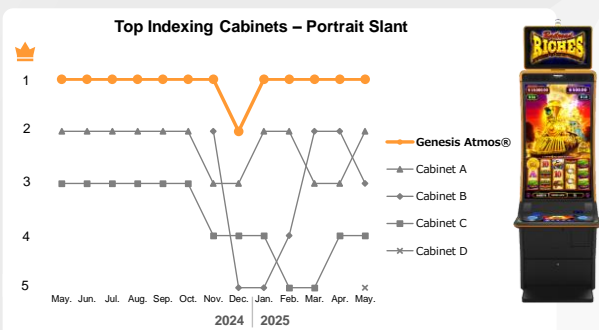
We have also accumulated know-how and systems to meet these customer needs through our operations at PARADISE CITY, including marketing etc. In short, our strength lies in our ability to provide an environment and offer a variety of games that make customers feel, “This is where I want to play.”

Created hit by utilizing the planning, development, and manufacturing know-how cultivated through video game, etc.

Unit sales trend in North America



Utilization ranking of Genesis Atmos® cabinet\*



\*According to "Top Indexing Cabinets-Portrait Slant" ranking in the "U.S. & Canada Cabinet Performance Report" published by Eilers & Krejcik Gaming, LLC, a U.S. gaming research company. The months in the graph indicate the report issuance month. © SEGA SAMMY CREATION INC. -68-

Next is regarding SEGA SAMMY CREATION.

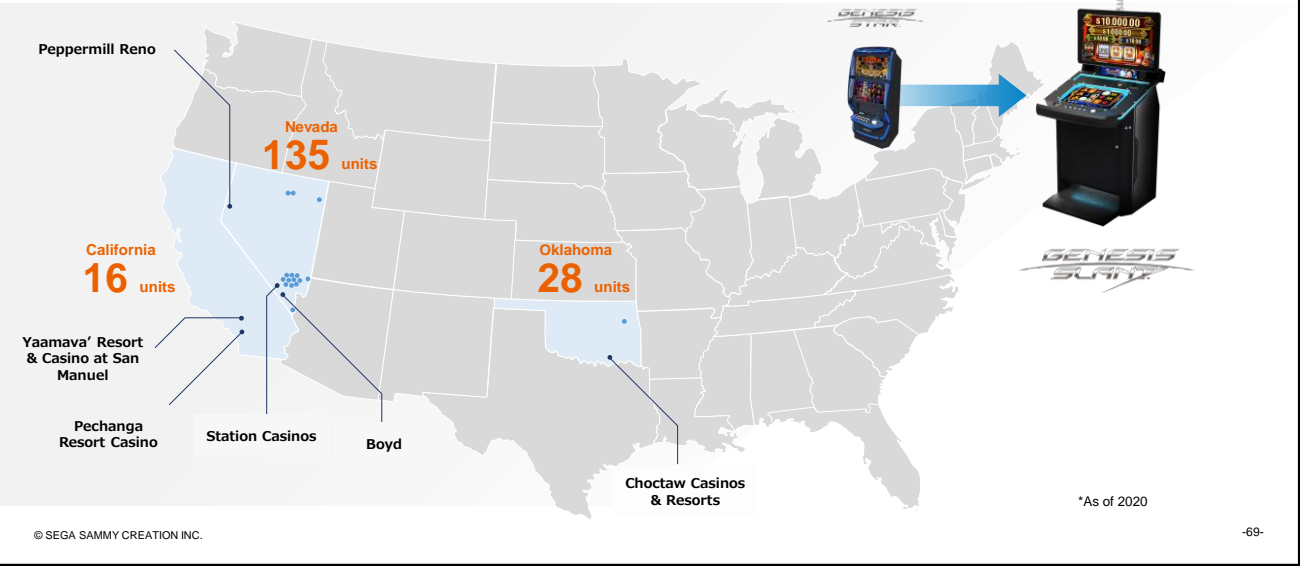
In terms of video slot machines for casinos, we released a cabinet with a design similar to that of a typical video slot machine around 2023, but we were unable to secure a sufficiently attractive lineup of titles, and unit sales did not grow significantly.

However, since the launch of our new cabinet, *Genesis Atmos®*, in January 2024, sales have been strong. According to a report by Eilers & Krejcik Gaming, LLC (hereinafter referred to as Eilers), an US gaming research company, *Genesis Atmos®* has consistently ranked first in the "Portrait Slant" cabinet category and has received strong recognition across the industry. One of the key factors behind this high evaluation is that the development team at SEGA SAMMY CREATION can leverage the expertise of the team that originally developed arcade game machines at SEGA.

Another key factor is that it maintains high quality while keeping manufacturing costs low. Its durable and easy-to-maintain design significantly reduces maintenance time compared to cabinets from other companies, which is highly evaluated by casino operators and is one of our group's major strengths.



~2020 First, obtained licenses in Nevada, then began expansion



This section covers the license.

As you know, to operate a gaming business, it is necessary to obtain licenses by complying with strict regulations established by each country and region. Obtaining the licenses involves a rigorous screening process and is not easily granted, making it a significant hurdle in moving business forward. However, our group has steadily obtained licenses one by one and expanded our sales area.

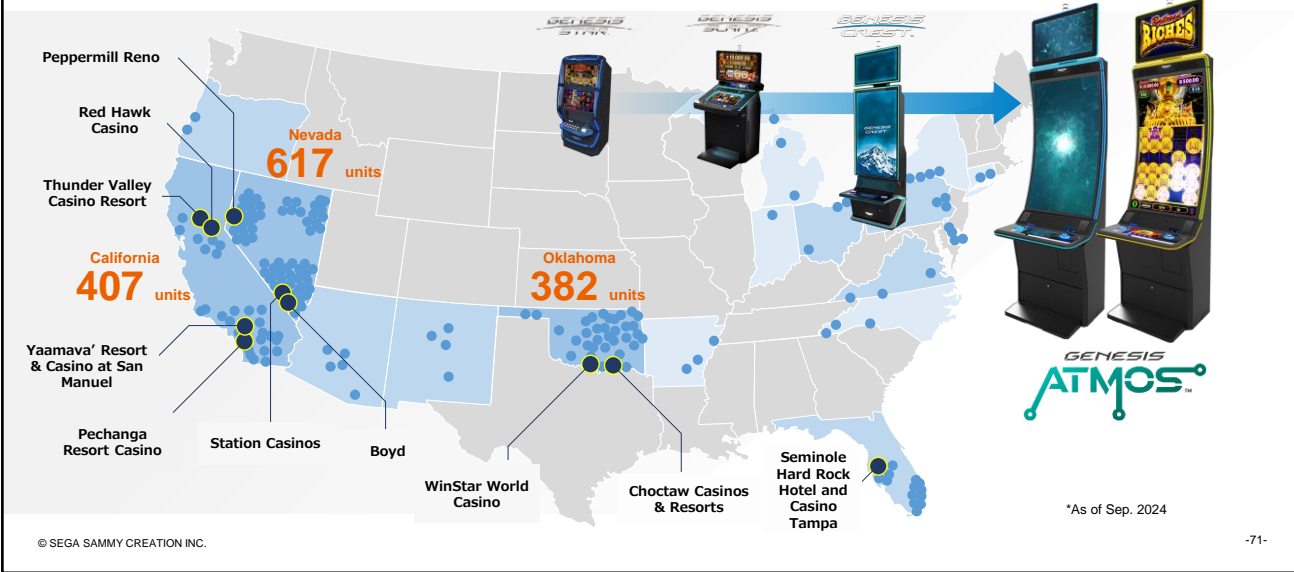
~2022

Expansion of sales regions centered on mid-tier casino operators and leading tribal casinos



As shown on the map, we initially focused on obtaining licenses in the west coast of the United States but have gradually expanded into the Midwest.

~2024    Created hit titles and built strong customer network



Currently, our licensed areas now extend to the East Coast of the United States (as of September 2024).

For example, *Genesis Atmos*® cabinet has been licensed in 15 states in the US and three provinces in Canada. In addition, sales of popular games such as *Railroad Riches*™, which is compatible with *Genesis Atmos*® cabinet, continue to be strong.

We plan to further expand our licensed areas in the future and believe there is still significant growth potential in the North American market.

## From Game Development Capability to Gaming Development Capability The hit model *Railroad Riches™* is the culmination

### A mechanism to make people sit down

An ingenious design and cabinet that catches the eye from afar

### Stress-free mechanisms

Carefully consider which visual effect are important  
and what can be skipped  
Mechanism that minimizes user stress

### Mechanisms that keep players coming back

Optimal balance of RTP for each player  
Game design with clear goals and various ways to win



© SEGA SAMMY CREATION INC.

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One of the key drivers behind the strong sales of *Genesis Atmos®* is the hit of game title, *Railroad Riches™*.

Casino floors feature 600 to 1,000 slot machines. Among these, *Railroad Riches™* initially had only 4 to 6 units installed. At launch, machines from new manufacturers like our group struggled to attract attention, and getting customers to sit down and play was a major challenge.

What was important there was to figure out “how to get customers interested in the machine”. We thoroughly pursued eye-catching features such as the cabinet design, panel brightness, and sound that could be heard from a distance, so that the machine would stand out among hundreds or even thousands of other machines. This made it possible for customers to notice the machine from a distance and think, “That looks interesting.”

However, even if customers sit down, if the game isn’t fun, they’ll quickly move on to another machine. Casino customers tend to play for about 20 spins and then leave if they don’t find it enjoyable. Therefore, we thoroughly considered how to keep customers play longer and encourage them to return repeatedly. During this process, we experienced many failures, but each time we analyzed “why it didn’t work” and the development team traveled to casinos around the world, including the U.S. and Macau, to play popular machines from other companies and conduct extensive research. We analyzed every detail of their payout designs and bonuses and accumulated the knowledge as our know-how.

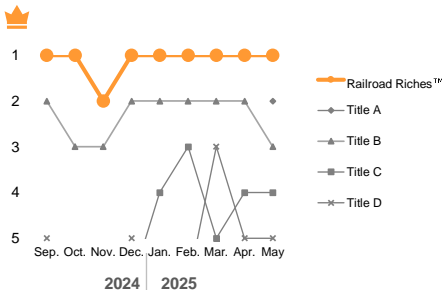
These steady efforts led to the development of *Railroad Riches™*. What we prioritized most was to pursue game mechanics that align with players' preferences. We incorporated mechanisms that allow players to enjoy the game stress-free and want to return repeatedly, into the software design.

Additionally, the balance of RTP (Return to Player) is extremely important. Even though wins occur frequently, if it is only small wins, players may lose interest, while a design that focuses solely on large wins may lead to players leaving due to infrequent wins. We made numerous adjustments to this balance, including free spins and bonuses, to achieve the optimal design.

Through numerous trials and errors, on-site research, and player-centered game design, *Railroad Riches™* has become a hit game. We aim to leverage this expertise to develop even more engaging games in the future.

The *Railroad Riches*™ series continues high utilization, won awards in the industry

● Top Indexing Games-Core, Parent Theme



● Won two awards at 2025 EKG Slot Awards

- Top Performing New Core Cabinet
- Top Performing Game from an Emerging Supplier



\*\*\*Top Indexing Games-Core, Parent Theme" ranking" in "U.S. & Canada Cabinet Performance Report" issued by Eilers & Krejcik Gaming, LLC, a US gaming research company.  
The months in the graph indicate the report issuance months.  
© SEGA SAMMY CREATION INC.

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As you can see, *Railroad Riches*™ has secured the top spot in Eilers's ranking. This game is a series, and has also consistently dominated the title-based ranking, holding the first and second positions.

As a result, both the cabinet, *Genesis Atmos*®, and the game, *Railroad Riches*™, honored to receive prestigious awards in the industry. Notably, SEGA SAMMY CREATION became the fourth company to win the award for a cabinet, and the first Japanese company to achieve this distinction.

Through these results, SEGA SAMMY CREATION has earned a reputation as “a reliable manufacturer” in the North American market. We will continue to provide world-class products and services, aiming for further growth.

Math logic from the thorough customer's point of view x Sensitivity development capability based on experience  
Established trusted relationship with casino operators beyond business partnership and global network



© SEGA SAMMY CREATION INC.  
© SEGA

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As I just mentioned, there are several key points in “the know-how to create a hit game”. First, in terms of game design, "RTP (Return to Player)" is crucial. This means detailed calculation and designs on the frequency and amount of return, as well as the overall players experience.

In addition, sensory aspects such as graphics, audio and the visual effects are also very important. However, effects similar to those in arcade games are usually not appealing to casino users. Also, we tried to apply the know-how Sammy has cultivated in Japanese pachislot machines to video slot machines for casinos, but unfortunately, that alone did not lead to a hit.

Furthermore, even with the same title, player preferences vary across regions such as Europe, North America, and Asia. For example, the optimal balance for settings such as RTP and volatility differs by region. In online casinos, there is also a tendency toward higher volatility being preferred.

We believe that these detailed adjustments and balancing techniques, which we have acquired through our experience in developing video slots, will be a strength that we can fully leverage in the online casino area in the future.

## 2

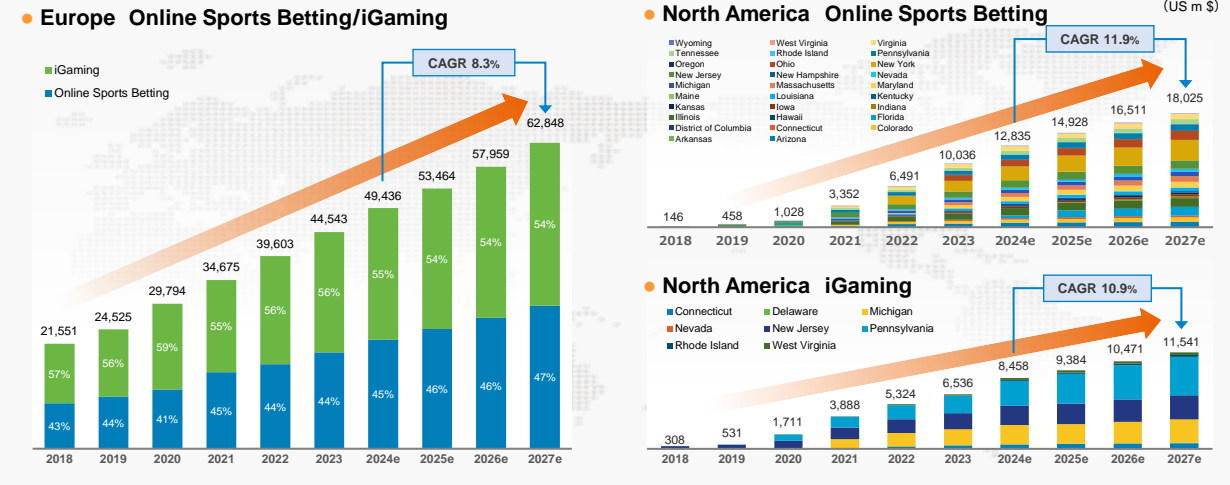
### Market Outlook / What are SEGA SAMMY's Winning Opportunities?

Gaming Business

-75-

Next, I will explain the market environment and our group's strategy.

Rapid growth in Sports Betting and iGaming with the legalization of online gaming



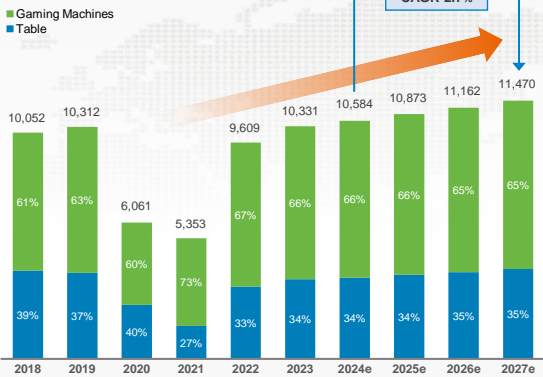
Here is about the online gaming market.

As you can see, both sports betting and iGaming (the online gaming market, including online casinos) in Europe and North America are currently growing and are expected to expand further in the future.

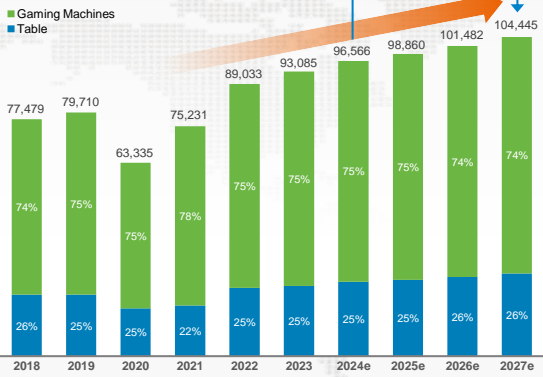


Huge land casino industry continues to grow steadily as online gaming grows

Europe Land Casino



North America Land Casino



Source : H2 Global Casino Summary 05-09-24-1725550378

Land casino is not growing as rapidly as online gaming, but in terms of "absolute size", such as sales and market size, land casino remains larger than online gaming, especially in North America. In other words, while the online market is growing rapidly, land casino continues to maintain a significant presence.

In North America, there are two types of casinos with different operators, regulations, tax systems, etc.

Commercial Casino		Tribal Casino
Ownership	Private companies, corporates	Sovereign Native American tribes
Regulation	Regulated by state gaming authorities and compliant with state laws	Indian Gaming Regulatory Act (IGRA)
Taxation	State and federal taxation on revenue	Exempt from taxes Instead, they often enter into revenue sharing agreements with state governments.
Types of games	Slots, table games, poker, etc.	Similar game types, but some restrictions on table games such as roulette, craps (authorized by the state)
Use of revenue	Distribute to shareholders and owners	Use for tribal government operations, economic development, and tribal community welfare.
Number of facilities	352*1	523*1
Revenue	53.0 billion (2021)*2	39.0 billion (2021)*2

Source: Exploring the Differences Between Tribal and Commercial Casinos (tristolassoc.com)  
\*1 See AGA State of the Industry: Excluding Riverboat Casino and Racinos \*2 See AGA State of the Industry

In the U.S., there are two types of casinos: "Commercial Casino" and "Tribal Casino." "Commercial Casino" is a casino operated by large general companies. This refers to the type of casinos commonly imagined, such as those found in Las Vegas or Atlantic City.

On the other hand, a "Tribal Casino" is a casino operated by Native American tribes. This began when the U.S. government granted tribes the right to operate casinos as part of its economic self-sufficiency policies, aimed at supporting those who had suffered from land seizures and discriminatory practices in the past. As a result, tribal casinos are granted special preferential treatments, such as tax exemptions.

Additionally, while commercial casinos must obtain a license from the state in which their facilities are located, tribal casinos receive licenses directly from their respective tribes, as each tribe issues its own licenses.

In fact, due to these tax advantages, many tribal casinos hold significant economic power. Some even possess financial resources comparable to or exceeding those of major commercial casinos. Our group primarily targets these large-scale tribal casinos as its main customers.

# Customer Needs and Business Opportunities

The voices and needs of land-based casino operators are, “We want to adapt to online but are unable to do so,” or “We have entered the online market but cannot see any synergistic effects.”

## Business Opportunities

### Customer base of SEGA SAMMY CREATION

- Medium-sized casino operator
- Prominent tribal casino



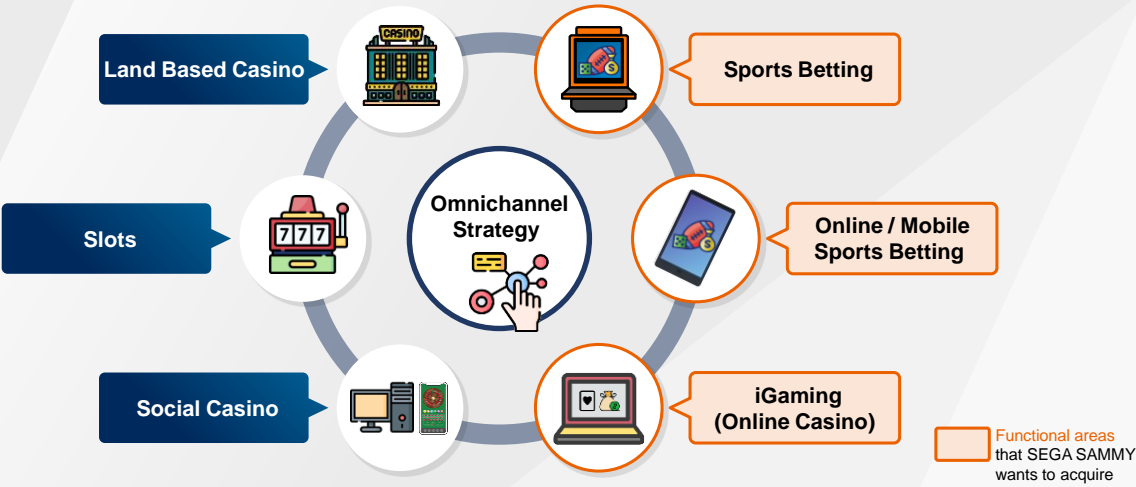
Addressing customers’ concerns and supporting both online and offline in B2B

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Currently, in North America, top three companies hold approximately 80-85% of the total market share of online sports betting and iGaming. However, only eight states across the United States have legalized iGaming so far. Among the states where legalization is expected to progress in the future, many tribal casinos are located. Operators of these tribal casinos are showing a cautious stance toward online gaming due to concerns that their customers may shift to online once it becomes available. However, many operators are also considering that "if we can establish a solid online business, we would like to give it a try."

Therefore, our group aims to leverage the technology and content of GAN and Stakelogic, which we recently acquired, and collaborate with major tribal casino operators with strong financial capacities, offering solutions to expand online business jointly. This is one of our group's major growth strategies for the future.

Know-how of SEGA and Sammy × Capabilities cultivated in the gaming field × Business opportunities ➡ Omnichannel Strategy\*



\*Strategy to globally and integrally link all content in gaming field

“Land Based Casino” on the left refer to the preferences and behavioral tendencies of customers who actually visit casinos. Regarding this, through our experience of operating PARADISE CITY, we have accumulated a wealth of knowledge about real casino users. Additionally, for “Slots,” we also believe that we have a deep understanding of what kind of experience video slot players are looking for. One of the results of this is the hit of *Railroad Riches*™.

On the other hand, it has been difficult for our group to provide direct support and solutions to operators who want to enter areas of the online casino and social casino, or who have already entered but are not achieving the desired results. This is because we did not have sufficient functions and know-how specialized in the online area.

However, by acquiring GAN and Stakelogic, which have strengths in the online field, we are now able to provide solutions for online area as well. This is a function that we have long considered necessary, and we believe that we are now in a position to contribute to solving our customers' problems not only in land casinos but also in the online area. Going forward, we aim to respond to a wider variety of needs across both land and online.

The acquisition complements the capabilities of online function necessary for our omnichannel strategy

Platform Provider



Contents Provider



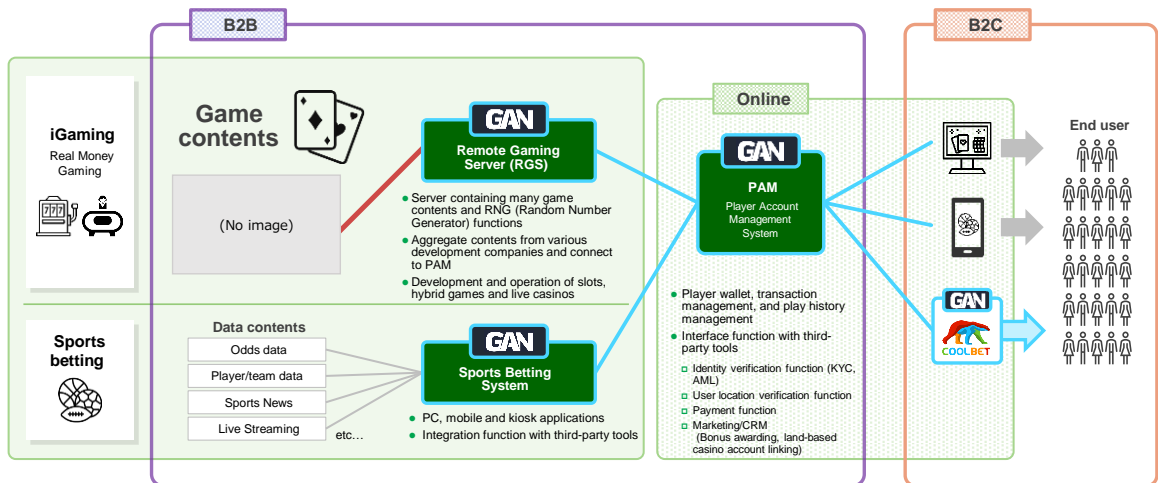
\*COOLBET is a group company of GAN

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We will now provide an overview of GAN and Stakelogic, which we recently acquired.



- B2B: iGaming platform, sports betting system/online customer management
- B2C: Providing iGaming and sports betting



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Here is about GAN.

GAN is a company that provides a "tech stack" (technical infrastructure)" primarily for online casino and sports betting.

The "Remote Gaming Server (RGS)" listed in the center is a server that stores various game content and distributes it online. New slot games and other content can be added to this server.

Additionally, the "Sports Betting System" at the bottom is what is commonly referred to as a sportsbook engine, providing a system for betting on sports match results.

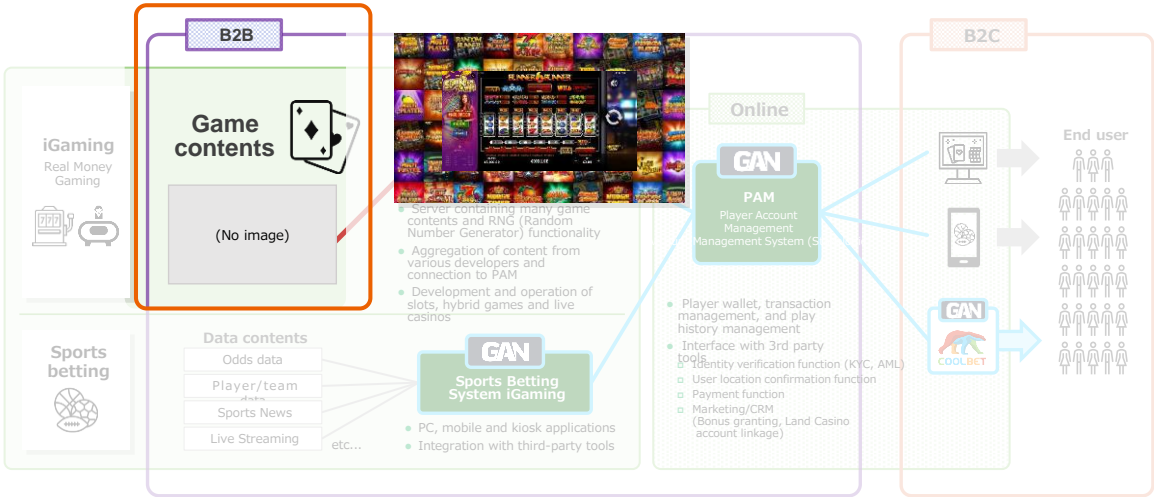
GAN also have "Player Account Management System (PAM)". This is a system that manages the accounts of users of online casino and sports betting. For example, it has identity verification function (KYC), anti-money laundering (AML), and deposit/withdrawal management, effectively serving as the core of the system that securely manages customer information and financial transactions. All transaction data is consolidated here.

GAN is the company that offers such a comprehensive system.

On the other hand, Stakelogic is a "content provider" that develops and provides game content to be integrated into the Remote Gaming Server (RGS) mentioned earlier. In other words, GAN provides the system foundation, while Stakelogic delivers the game content, such as slots, that operate on that foundation. This defines the division of roles between the two.

**STAKELOGIC**  
THINK BIGGER

● B2B: iGaming Contents Development



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Here is about Stakelogic.

Stakelogic is a company that provides game content such as video slots and live casinos etc.

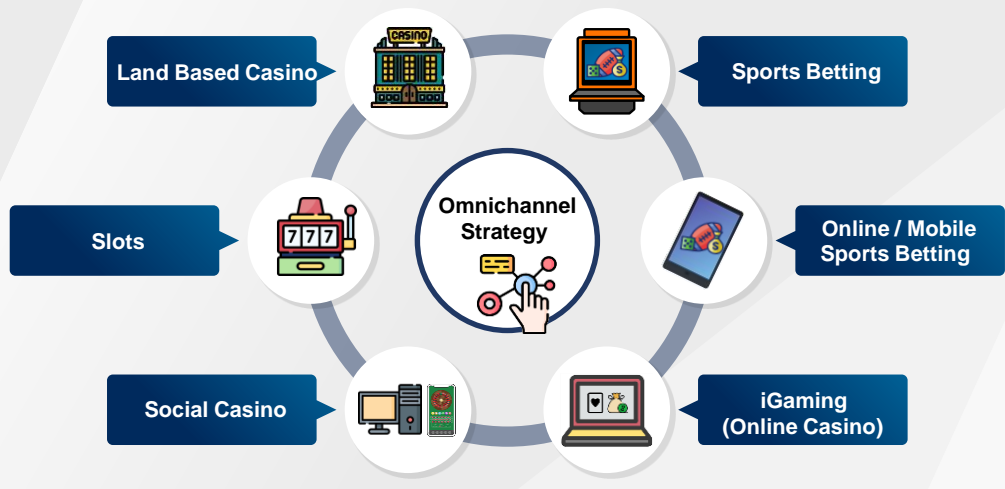
What is particularly unique is its service in the area of "live streaming table games."

In this field, some companies hold a dominant global market share, but Stakelogic differentiates itself with its own unique innovations. Specifically, it uses chroma key technology (a technology for synthesizing backgrounds) to enable a single dealer to display different graphics for multiple casino operators at the same time while conducting the game. For example, one dealer can provide services to three or four casinos simultaneously.

This system enables a substantial reduction in setup and operational costs compared to conventional live streaming services, thereby, for casino operators, minimizing the switching costs from other services to Stakelogic.

Leveraging these strengths, Stakelogic aims to bring a fresh perspective to the monopoly market and expand its share.

Providing an omnichannel solution that newly combines GAN's tech and Stakelogic's contents



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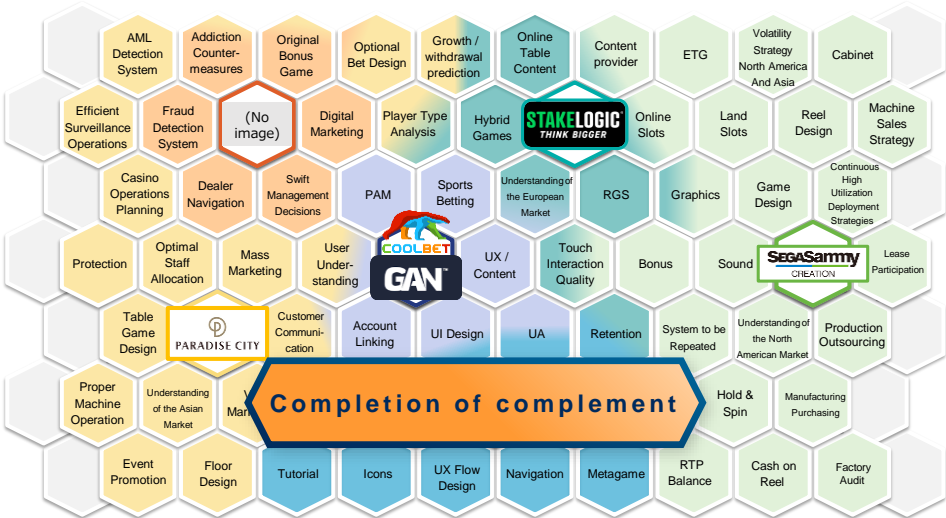
In the North American market, many companies have recently begun adopting an "omnichannel" model. This is the system designed to attract both land casino and online casino customers. For example, customers visiting a land casino can be directed to online services, and vice versa, thereby increasing the customer base for both businesses.

In fact, some major land casino operators have successfully used their reward programs (membership system that offers points and benefits) with tens of millions of members to guide their existing customer base to online services. Moreover, new customers who initially joined through online services are now visiting land casinos as well, creating a synergistic growth effect for both businesses.

We aim to propose the idea of "Let's build an omnichannel model together" to major tribal casinos that have not yet fully established such a model and provide concrete solutions.

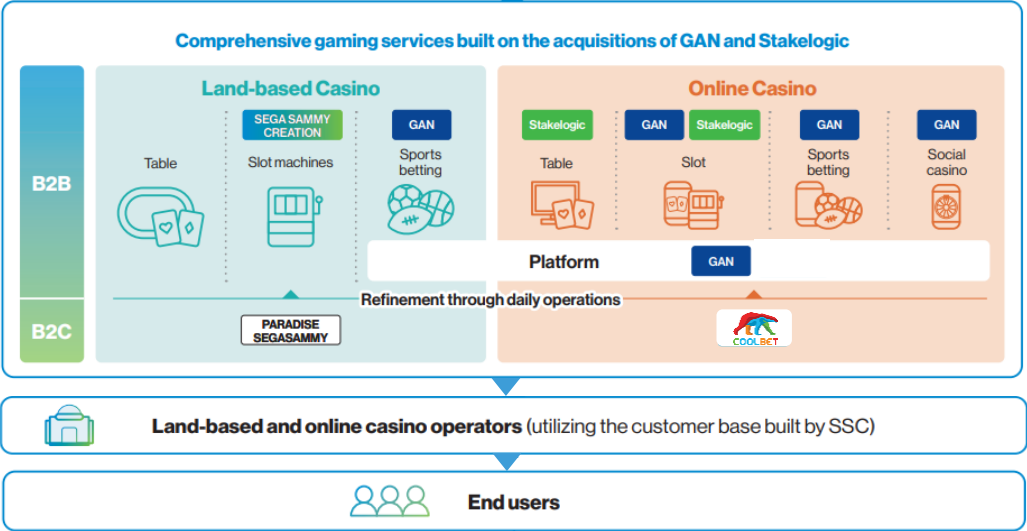


Business Opportunities ▶ Omnichannel Strategy ▶ Complementary of Capabilities



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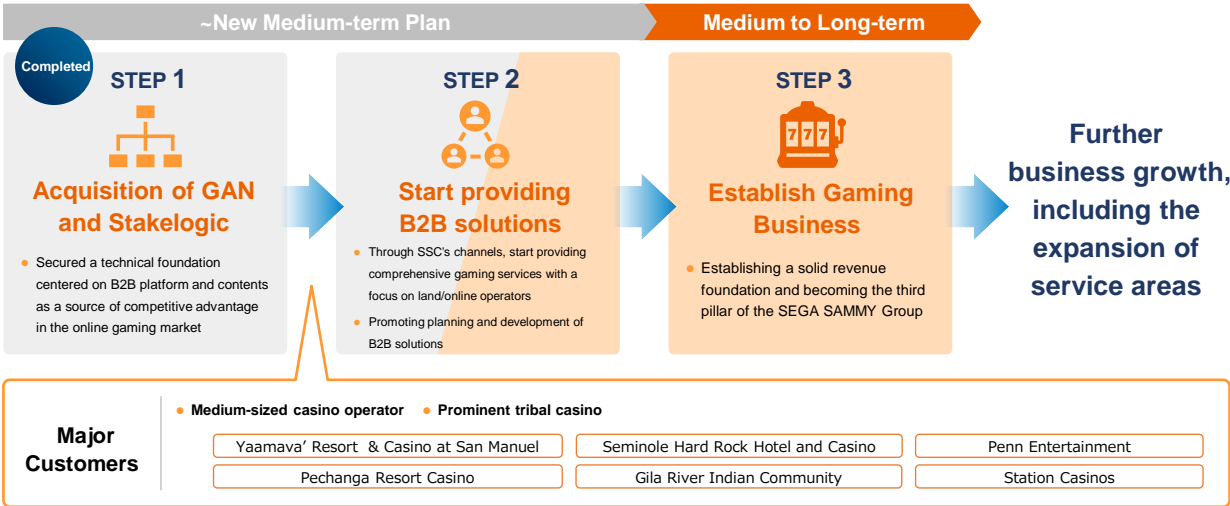
As you can see, PARADISE CITY, SEGA SAMMY CREATION, and the newly added GAN and Stakelogic to our group each have their own strengths, know-how, and technologies in different areas. These include advanced technical capabilities in system development, marketing research to understand customer needs, and the ability to develop attractive games tailored to player preferences.



\*SSC = SEGA SAMMY CREATION

Of course, we are not perfect in every aspect, but by complementing each other's results and expertise, we believe that we have finally established a system that can provide "omnichannel" services covering both land casino and online. Going forward, we will leverage this comprehensive strength to develop services that will satisfy even more customers.

B2B Omnichannel Solution Provider



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Currently, our group is about to enter "Step 2." This Step 2 is the phase where we will fully realize the omnichannel strategy we have explained so far. Specifically, we will begin providing new solutions and services to customers.

Our primary target is large, influential tribal casinos. These casino operators have contributed significantly to the introduction and growth of games such as *Railroad Riches*™, and are therefore very important customers for our group. Some of these companies also have business relationships with GAN. However, GAN's services have been provided by separate B2B and B2C divisions, which have made it difficult to fully meet the detailed needs of their customers.

Therefore, the sales manager of SEGA SAMMY CREATION is visiting customers directly to convey the message that "once the acquisition of GAN is complete, we will work together as the SEGA SAMMY Group to take the lead and propose more optimal services by combining SEGA SAMMY CREATION's content." As a result, we have received many messages expressing a strong desire to "start as soon as possible."

While it is unclear whether significant revenue will be generated immediately after the launch, we already have customers who are eagerly awaiting new proposals from our group, so in terms of establishing the omnichannel framework and structure, we believe we can deliver solid results within the next one to two years.