Financial Results for Q1 of the Fiscal Year Ending March, 2026

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

September 11, 2025

SEGA SAMMY HOLDINGS INC.

IR/SR Department, Corporate Planning Division

■ Date and time: Friday, August 8, 2025, 13:00-

■ Respondents:

Makoto Takahashi (Executive Vice President, Executive Officer, Corporate Planning Division, SEGA SAMMY HOLDINGS INC.)

Nobuaki Yoshii (Director of IR/SR Department, Corporate Planning Division, SEGA SAMMY HOLDINGS INC.)

Entertainment Contents Business

Q. Regarding repeat sales of Full Game, what were the reasons for the weak performance in Q1, and what factors are contributing to the current recovery trend?

A. In Q1, we recognize that repeat title sales were weak across the market as a whole. While some titles, such as the *Persona* series, continued to perform well, contributions from new titles released in the previous fiscal year, such as *Metaphor: ReFantazio* and *SONIC X SHADOW GENERATIONS*, were limited. However, as sales have been recovered in July, we expect a steady trend in or after Q2.

Q. Please provide an update on the progress of *Persona5: The Phantom X ("P5X")*, as well as the impact on operating results due to the delay of *Sonic Rumble*.

A. *P5X* has been performing steadily since its launch on June 26, 2025. We will continue to strengthen operations to achieve our targets. Regarding *Sonic Rumble*, while its global launch date has not yet to be decided, its potential revenue is included in the operating results forecast with the assumption that its service would begin in the second half of the fiscal year. However, since the first year is expected to see upfront advertising expenses, the impact of the delay on profit forecast of this fiscal year is expected to be minimal.

Q. Please explain the main factors behind the YoY growth in sales from licensing revenue and subscription in the Consumer area, and whether this growth is sustainable.

A. In Q1, sales increased due to the income through *Football Manager 2024* and *Metaphor: ReFantazio* joining subscription services. While this sort of revenue through subscription services has a one-time nature, character licensing revenue is performing strongly, particularly for IPs other than *Sonic*. The results of our transmedia strategy have been reflected in the sales figure of licensing revenue as well, and it has high profit margins. Therefore, we expect licensing revenue to continue to perform steadily going forward.

Q. Could you provide an update on the progress and future plans for character licensing?

A. Licensing out projects in multiple areas such as in merchandise and video adaptations are progressing steadily, and collaboration with partner companies is expanding. We plan to continuously strengthen the expansion of our broad IP portfolio and expect further growth.

Q. What are reasons for the lower-than-expected revenue in Rovio in Q1, and what are your outlooks for the future?

A. The main reason is the sluggish performance of existing mainstay titles. As for Rovio's mainstay title, *Angry Birds 2*, Rovio has been curbing advertising expenses due to the ever-intensifying competitive market, but recently they have increased the advertising expenses, which has led to the increase in the number of users and recovery in sales. They are planning a major update and expect sales to recover in the second half of the year.

Q. Rovio maintained profits by cutting costs when its revenue declined. Will this be the same case for the current fiscal year and this quarter as before?

A. Previously, Rovio maintained profits by adjusting the balance between sales and advertising expenses, but in this quarter its profits has declined due to a larger-than-expected decrease in sales. Going forward, it aims to recover profits cantered on the planned update of *Angry Birds 2*.

Q. Is the customer traffic at SEGA STORE TOKYO progressing as expected? Do you have a plan to expand large-scale store deployment in the future?

A. It has been about a month since the store opened, and customer traffic has been better than expected, as it also can capture inbound demand. However, regarding store deployment, we value IP dissemination and enhancing touchpoints through our transmedia strategy. Therefore, we keep monitoring the effects of this closely to decide on further developments in the future. We believe that SEGA STORE TOKYO, with its excellent location, is making a significant contribution to raising awareness of SEGA IP.

Q. Please explain the reasons for the increase in revenue but YoY decrease in profit in Animation area.

A. In the same period last year, the live-action original drama series *Knuckles,* a spin-off from the *Sonic* movie, contributed to revenue, so the decline in this fiscal year's profit was partly due to the absence of that contribution. However, the current situation has been exceeded our expectation. For this fiscal year, we aim to expand revenue through allocated revenue from *Detective Conan: Ony-Eyed Flashback* and the domestic and international rollout of animation works based on popular comics.

Q. Please provide an update on the schedule for mainstay titles in or after Q2.

A. Development of the mainstay titles, *Sonic Racing: Cross World* and the new *Football Manager,* is progressing as scheduled, with release planned for Q2 or after. On the other hand, the launch of *Sonic Rumble* in May has been postponed, and we are carefully reviewing the launch schedule while conducting additional development.

Q. What are your thoughts on the marketing synergy or concerns about potential cannibalization resulting from the close release dates of *Sonic Racing: CrossWorlds* and *Sonic Rumble*?

A. Since both titles have different customer bases as one is a Full Game title and the other is a F2P title, we recognize there is no concern of cannibalization. Rather, we expect synergistic effects on the advertising effectiveness and media exposure of the entire *Sonic* IP through deployment around the same time. *Sonic Rumble* is being tested in various countries in preparation for its launch within the current fiscal year, and strategic measures are under consideration to coordinate both titles effectively

Q. *Sonic Racing: CrossWorlds* (scheduled for release on September 25, 2025) overlaps with *Mario Kart World* in terms of game genre. How will you differentiate it and drive sales?

A. *Sonic Racing: CrossWorlds* will be available on multiple platforms to reach a wide range of users, and we are actively pursuing collaborations with strong IP of other companies to enhance its uniqueness. Through these initiatives, we aim to differentiate the title from competitors and expand sales.

Q. Regarding the *Persona* IP, could you share specific strategies for nurturing and strengthening the IP, including new titles and transmedia strategies?

A. The *Persona* series continues to perform well, mainly driven by the sales of Full Game titles. A F2P title *Persona5: The Phantom X* was added to its lineup this fiscal year, and we believe that the IP value of the series as a whole has been improving steadily. Going forward, ATLUS plans to expand the IP's recognition in areas beyond games through adaptations, merchandising and etc. in addition to the launch of new entries in the series as announced. We will advance our transmedia strategy to cultivate *Persona* into powerful IP following *Sonic*.

Q: Will offering titles to subscription services affect the amortization of development expenses for the relevant games?

A: Although one-off income is recorded as sales when we offer titles to subscription services, with some exceptions, amortization will be conducted in accordance with accounting rules and therefore will not be affected.

*Content production expenses in Full Game are amortized at 25% in the first month, the rest will be amortized over a period of 23 months using the straight-line method.

Pachislot & Pachinko Machines Business

Q: Although you forecasted the revenue growth in FY2026/3, what are the reasons for the lower margin YoY?

A: In pachislot, the cost ratio is increasing as we are introducing new cabinet, and in pachinko, the sales of whole units with low gross margins are higher than the previous year.

Q. What are the reasons behind the strong performance of *e Tokyo Revengers*?

A. Since July 7, *e Tokyo Revengers* compatible with Lucky Trigger 3.0 Plus has achieved the highest utilization performance among models equipped with Lucky Trigger 3.0 Plus and received positive feedback. We believe that the fact that we developed the product while conducting repeated tests using our in-house test-shooting system, Parler Sammy, also contributed to the positive results.

Q. How do you anticipate the introduction of Lucky Trigger 3.0 Plus will impact the future market environment?

A. Compared to pachislot, pachinko market remains weak, but we hope that Lucky Trigger 3.0 Plus will revitalize the pachinko market. Compared to smart pachislot, smart pachinko has been slow to spread, but we believe that the increase in the adoption rate of smart pachinko due to introduction of models compatible with new regulation is very positive for the industry.

Q. Are there any measures to compensate for sales forecast amid the low approval rate?

A. In product development, we avoid downgrading specifications just to acquire approvals but strive to develop products without compromise. We are considering prioritising applications for our mainstay titles to mitigate the impact, and we are also developing multiple titles at the same time to address potential delays in acquiring approval, etc.

Q. Please explain an outlook for your mainstay titles in the Q2 and beyond?

A. In Q2, both pachislot and pachinko titles for *Tokyo Revengers* are performing well, which exceeding the forecast. Regarding the mainstay titles such as *Hokuto No Ken Chapter of Resurrection* and *Kabaneri of the Iron Fortress,* we can't disclose release dates due to regulatory approvals, but development is progressing smoothly. We believe that we can proceed with confidence once approvals are obtained.

Gaming Business

Q. Regarding the two acquired companies (GAN and Stakelogic), please tell the latest performance.

A. For GAN's results of the fiscal year ended December 2024, sales were approximately US$130 million, operating loss was approximately US$4 million, and net loss was approximately US$8 million. Similarly, for Stakelogic, sales were approximately €21 million, operating loss was approximately €7 million, and net loss was approximately €7 million. Regarding GAN, the B2B business has temporarily declined, but this is due to the transition period from existing systems to new systems, and the new systems are actively under development. On the other hand, the B2C business is progressing smoothly. Going forward, we aim to leverage the strengths of both companies and promote an omnichannel strategy across the entire group.

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