

Financial Results for Q3 of the Fiscal Year Ending March 2026
Major Questions in Results Briefing for Analysts and Institutional Investors (Summary)

March 3, 2026

SEGA SAMMY HOLDINGS INC.

IR/SR Department, Corporate Planning Division

■ Date and Time: February 13, 2026 (Friday) 13:00-

■ Respondents:

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Koichi Fukazawa (Senior Executive Vice President and Group CFO, Director of the Board of SEGA SAMMY HOLDINGS INC.)

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

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Company-wide

Q. What are the intended uses and timing for the remaining 20.0 billion yen in the strategic investment framework?

A. At this point, we are considering small-scale projects and do not intend to pursue large-scale M&A of 10.0 billion yen or more per deal. Currently, operating cash flow has fallen short of initial forecast and development investment has not progressed as expected at the initial forecast, and we are in a net debt position. Therefore, we plan to update our capital allocation policy along with the formulation of the next medium-term plan.

Q. What lessons were learned from the recent M&A, and what points should be noted when resuming large-scale M&A in the future?

A. Our recent M&A transactions have primarily focused on complementing our capabilities. However, we also recognized that once sales at acquired companies began to decline, it was sometimes challenging to implement effective measures in a timely manner. We will take these lessons into account as we pursue future initiatives.

Q. As your business domains expand, in which direction do you intend to consolidate the Group?

A. Our mission is "Captive the World", and we position the SEGA SAMMY Group as a collection of business portfolios that maximize captivating experiences the group creates. We view entertainment broadly, including the gambling area, and aim to enhance its value so that encouraging our users to repeat such experiences. Rather than simply pursuing expansion in the number of businesses or sales scale, prioritize capital efficiency, including ROIC, and review low-profitability businesses, thereby concentrating management resources on area where we can demonstrate our strengths to achieve sustainable growth.

Entertainment Contents Business

Q. How will you address the challenges in the marketing structure and pricing strategy of the Consumer area?

A. We recognize that we are lagging in initiatives such as digital sales and data-driven marketing. To move toward a data-driven structure, we will first review our current publishing organization, which is divided by region (Japan/Asia and Europe/U.S.), and will transition to a structure that can execute marketing and sales under a common global strategy. We will strengthen data analysis to optimize digital sales pricing by region and shift our marketing focus from individual new releases to an IP-based approach, aiming to maximize sales over the long term, including repeat sales.

Q. Regarding the valuation of Rovio's "Beacon," what was the discrepancy from the assumptions made at the time of acquisition? Is there a problem with the system itself, or are there challenges in how SEGA utilizes it or its compatibility with SEGA's IPs?

A. First, "Beacon" was built for the free-to-play casual games that Rovio excels in, and it remains an indispensable system for operating Rovio's titles. Our objective was to strengthen effective operations and global rollout by applying this system to SEGA's mobile titles for core users. However, upon actual installation with existing live titles, we found that the operational and marketing methods and approaches significantly differ from Rovio titles and new mobile games are yet to fully exploit Beacon. Consequently, we have unfortunately not achieved the level of results that had been expected prior to the acquisition.

Q. How do you expect the breakdown and risk level of the content production expenses on the B/S, and the balance from the next fiscal year onward to trend?

A. For FY2027/3, we plan to release four major titles from mainstay IPs, so we expect continued increase until their release. These are new titles and DLC from mainstay IP series in Japanese and European studios.

Q. Why did R&D and content production expenses increase in the revised forecast?

A. The primary reason was the recording of write-downs for certain titles that were not anticipated in the initial forecast. Additionally, we have factored in further write-downs on some titles for Q4.

Q. What are the challenges and improvement measures for scaling up Full Game titles from SEGA and ATLUS?

A. While the development costs per title for our mainstay titles are lower compared to so-called AAA titles in the industry, we recognize that our strength lies in the relatively high acclaim we receive for quality. On the other hand, we also recognize that such high evaluations have yet to translate into a further increase in unit sales. While continuing to hone our development capabilities—the source of our strength—we believe there is still significant room for improvement and earnings upside in our "power to sell," namely our marketing and sales mechanisms. As explained earlier, we are currently undergoing reforms in this area to realize a scale-up in sales.

Q. When will the movie *Sonic the Hedgehog 3* released in December 2024 contribute to sales?

A. There will be no impact in the current fiscal year. We expect it to contribute from the fiscal year ending March 2027 onward. Currently, revenue from the first and second movies is contributing.

Q. Will the earnings schemes for *Sonic the Hedgehog 4* and *The Angry Birds Movie 3* be the same as the previous *Sonic* movies? Also, even without investing in a movie, is there a mechanism in place to earn revenue through licensing business?

A. The earnings scheme for *Sonic the Hedgehog 4* will be the same as the previous *Sonic* movies. For *The Angry Birds Movie 3*, unlike the *Sonic* movies, our involvement will be limited to a partial investment. We choose the optimal method for each project from options including licensing out. From the perspective of our Transmedia strategy, we make decisions with the aim of securing revenue for the IP as a whole, including related businesses, regardless of whether we directly invest in the movie.

Q. Regarding licensing sales, is there a possibility that *Sonic*-related licensing revenue will grow further with the release of the fourth *Sonic* movie?

A. Naturally, that is what we are aiming for. We plan to develop merchandise and conduct campaigns for characters featured in the movie to coincide with its release. We have seen similar effects with past works and expect an increase in licensing revenue.

Pachislot & Pachinko Machines Business

Q. How many units of *Smart Pachislot Hokuto No Ken Chapter of Resurrection 2* were recorded as advance deliveries in Q3?

A. In Q3, approximately 8,000 units were recorded as advance deliveries of *Smart Pachislot Hokuto No Ken Chapter of Resurrection 2*.

Q. What is the outlook for unit sales volume of pachislot in Q4?

A. For Q4, we expect to sell over 80,000 units across three models.

Q. Why are you able to achieve the sales and profit forecasts despite downwardly revising the sales unit volume?

A. Due to high demand for mainstay titles, the average unit price was higher than initially anticipated. As a result, we are on track to achieve our sales and profit forecasts even if the number of units sold falls short.

Q. The previous titles, *Smart Pachislot Hokuto No Ken* and *Pachislot Kabaneri of the Iron Fortress*, grew their unit numbers through repeat sales. What is the outlook for repeat sales for the latest titles?

A. For *Smart Pachislot Hokuto No Ken Chapter of Resurrection 2*, we believe there is a possibility for repeat sales if current strong utilization continues. *Smart Pachislot Kabaneri of the Iron Fortress: The Battle of Unato* is scheduled for sale in March, but we have already received orders for over 30,000 units. We will consider additional sales if utilization is strong after installation.

Q. There were many strong titles this fiscal year. What is the outlook for the next fiscal year?

A. In the medium to long term, we position the Pachislot & Pachinko Machines Business as a stable business with an annual operating income floor of 20.0 billion yen which can aim for over 30.0 billion yen during strong periods. For the next fiscal year, if all titles currently under development acquired approvals, we believe we can aim for a level similar to the current fiscal year.

Q. Competitors are launching price measures for pachinko. Please tell us your company's pricing strategy for pachinko.

A. We are aware that major competitors have started price measures, but our policy of flexible pricing depending on the title and cabinet remains unchanged.

Gaming Business

Q. How do you plan to generate revenue from the acquired GAN and Stakelogic, and when will these businesses take off?

A. For GAN, B2C online casinos and sports betting are growing steadily, and we are currently migrating the B2B platform (switching to the new "V2" version). After the migration is complete, we will aim for revenue expansion through operational efficiency and enhanced functionality. Stakelogic currently provides content such as self-developed online slots to online platforms, including GAN. Going forward, Stakelogic plans to remake SEGA SAMMY CREATION's popular series, such as *Railroad RICHES* and *Super Burst*, for social casinos, with some of the titles scheduled to launch on GAN's platform as early as Q1 of the next fiscal year. Through these initiatives, we aim to expand recurring revenue over the medium to long term.

Q. What is your company's stance if discussions regarding domestic IR (Integrated Resorts) resurface?

A. We do not intend to participate in a consortium with a large investment to lead a project as we did before.

However, through the operation of PARADISE CITY, we have gained expertise in marketing based on the needs and preferences of Japanese customers. Therefore, if requested, we may cooperate in casino operations. There is also a possibility of involvement by supplying our slot machines and next-generation smart tables.

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