

# Gaming Business

## Revitalization Programs for 2 Acquired Companies

Chairman, Global CEO and Global CFO,  
Representative Director of SEGA SAMMY CREATION INC.

**Koichi Fukazawa**

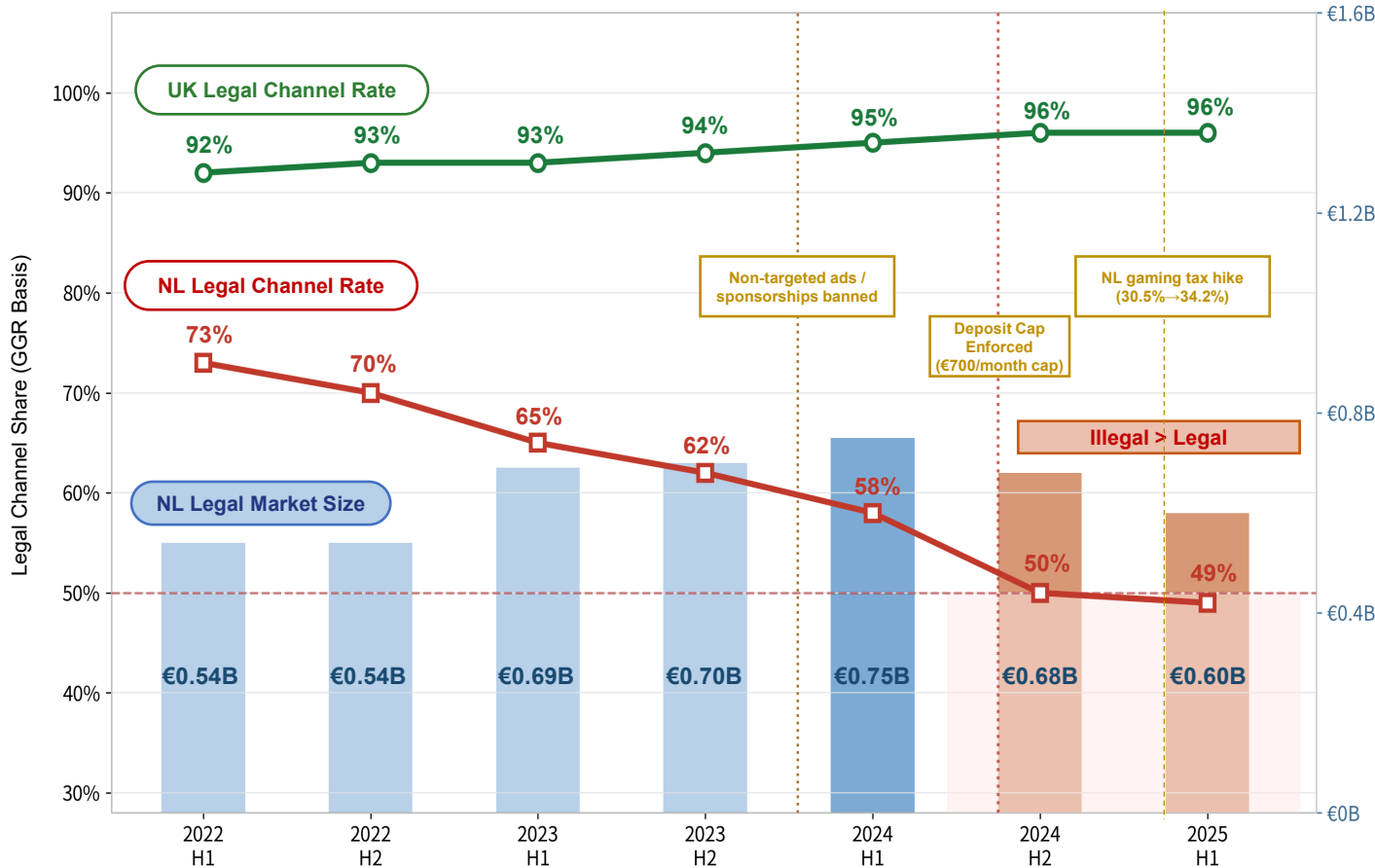
# Stakeologic Impairment

Gaming Business

# Background ① NL Market Contraction: User Outflow to Illegal Market

**In 2025, illegal GGR in the Netherlands (NL) market exceeded legal GGR for the first time (legalization rate: 49%). Compared to UK, which underwent a similar regulatory shift and maintained a 92-96% legal channel share, this suggests that forceful regulatory tightening without adequate enforcement infrastructure or budget drove migration to the illegal market.**

▼ Netherlands (NL) Legal Market Size, UK vs NL Legal Channel Rate Comparison



**UK vs NL: Illegal Market Regulation Comparison**

Item	UK	NL
<b>Regulatory Setup Period</b>	18 yrs (from 2005)	<b>4 yrs (from 2021)</b>
<b>Enforcement Staff</b>	373 (UKGC) *As of end of Mar 2024	<b>125 (KSA)</b> *As of end of 2023
<b>Legalization Rate (GGR basis)</b>	92-96% (stable)	<b>73% → 49% (sharp drop)</b>
<b>Anti-illegal Dedicated Budget</b>	£26M/3 yrs (Gov. dedicated from 2026)	<b>No dedicated budget (Shared across all functions)</b>
<b>Enforcement Method</b>	7-tier multi-layer approach ISP/payment blocking available	<b>.nl domain restriction only "Extremely thin procedures" (as even KSA acknowledges)</b>
<b>GGR Tax Rate (Going Forward)</b>	21% → 40% increase (April 2026)	<b>30.5% → 34.2% → 37.8% (Further hike from Jan 2026)</b>

Source: UKGC Annual Report 2023-24 | UKGC Financial Forecast 2026-27 | KSA Jaarverslag 2023 | UK Budget Nov 2025

**NL Legal Market Contraction Mechanism**

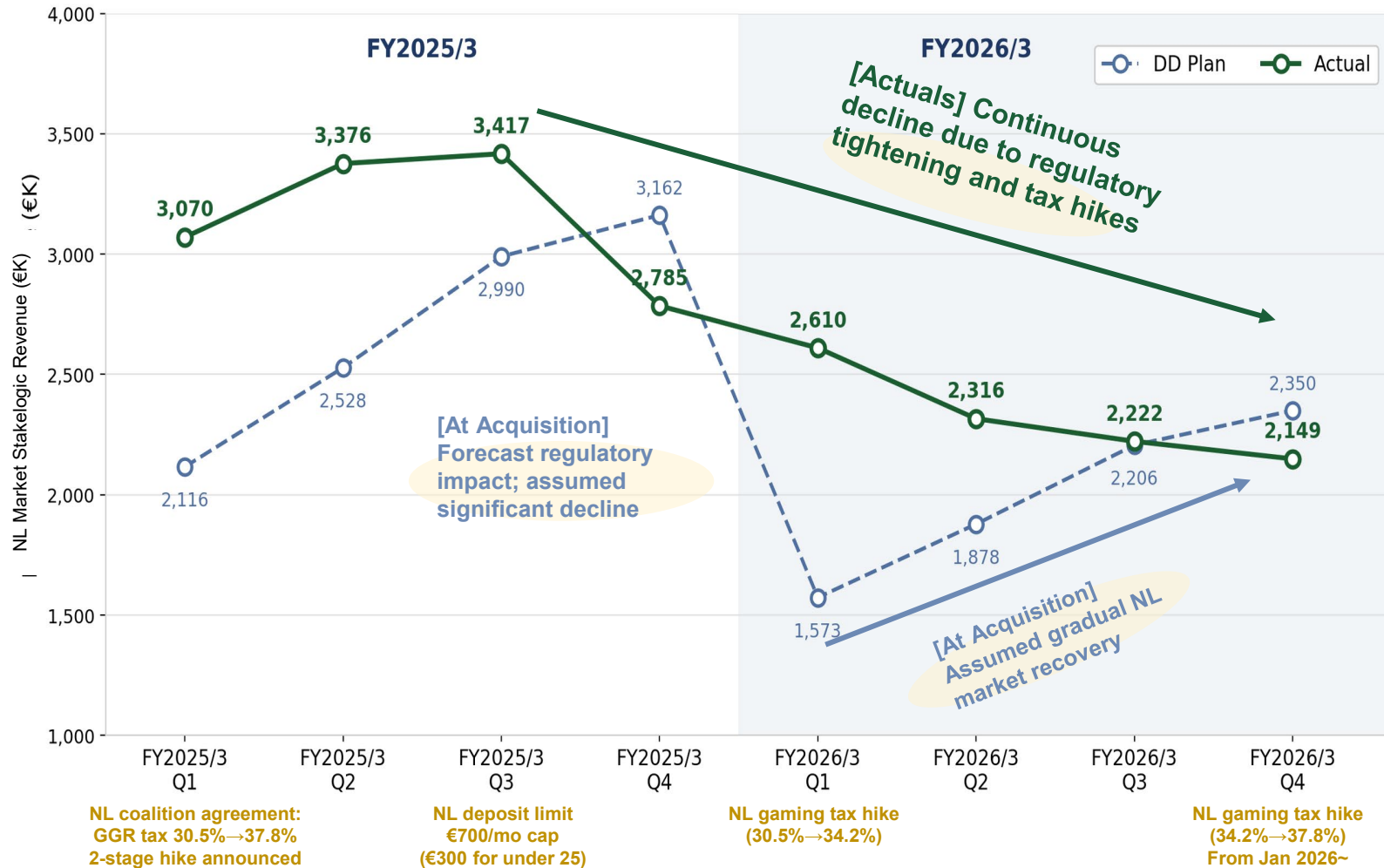
**Regulation tightening outpaced immature enforcement infrastructure**  
With zero dedicated budget and only domain restrictions, enforcement against the illegal market remained inadequate, while deposit limits (€700/month) and consecutive GGR tax hikes were pushed through.

**Strong regulations drove users into the illegal market**  
Legal sites face deposit caps and tax burdens, while illegal sites offer no restrictions and enhanced player returns. KSA lacks effective blocking tools and cannot stop the exodus.

**Inflow to legal market halted, market shrinking**  
NL legal market legalization rate fell from 73% to 49% in 3 years; illegal GGR (€617M) now exceeds legal GGR (€600M).

# Background ① NL Market Contraction: Market Deterioration Prolonged Beyond Expectations

Some contraction in the NL market was anticipated even at the time of DD during the acquisition. However, the scenario of "gradual recovery from around 2025" did not materialize, and the market continued to contract unexpectedly. With regulatory tightening including tax rate increases continuing into 2026 and beyond, there is currently no prospect of market recovery.



### NL Market Regulation Tightening: Impact on Slots / Hybrid

- GGR tax hike squeezed operator NGR, leading to rapid reduction in bonus payouts and marketing investment. Overall market GGR declined, and revenue share payments to **Stakelogic** also dropped.
- Introduction of deposit limits (€700/month cap)** caused VIP players to exit the legal NL market, eliminating high-value players from the market entirely.
- Classic Slots for NL**, which had accounted for a significant share of revenue, saw a major performance decline. As the Slots player base disappeared, **Hybrid** also contracted in chain. NL Slots/Hybrid revenue fell to less than half of plan.

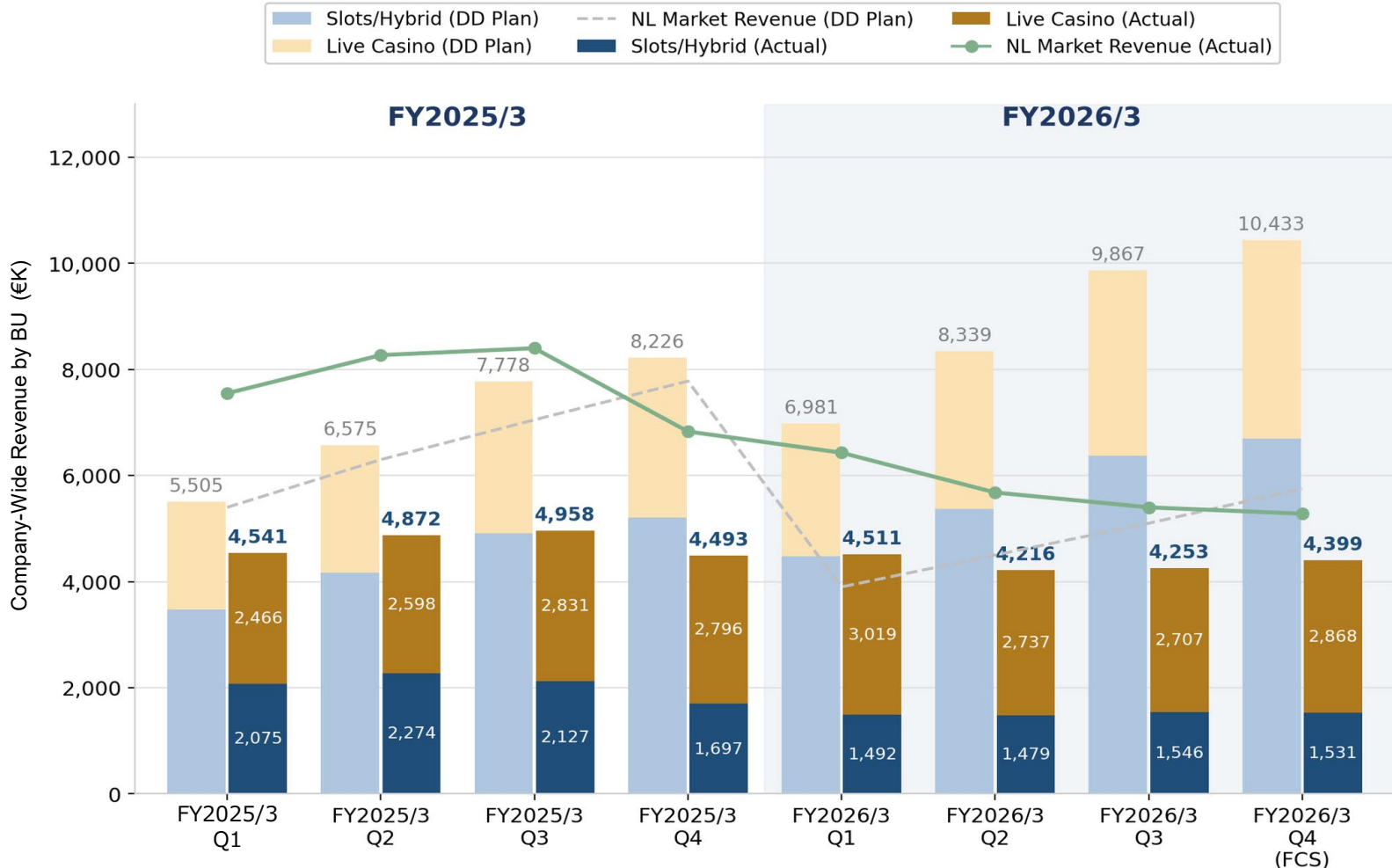
### NL Market Regulation Tightening: Impact on Live Casino

- The Live business has a two-axis structure: a NL-dedicated live studio (Stakelogic Live B.V.) and a global studio in Malta. Live B.V. in NL had its customer base centered on NL market operators.
- NL GGR tax hikes turned per-table P&L negative**, leading operators to begin terminating table contracts one after another.
- With no deregulation in sight and further tax hikes on the horizon, table terminations became uncontrollable. By **FY2026/3 Q3**, major clients and key operators began requesting table terminations in succession. This led to the decision to **close the NL live studio**.

# Background ① Shortfall in Non-NL Market Substitute Growth: Structural Cause of Performance Gap

The acquisition plan assumed that the NL contraction would be offset by Slots/Hybrid growth in non-NL markets (other European markets). However, competitive titles could not be produced and alternative growth was not achieved.

① NL market contraction and ② failure to achieve alternative growth — this dual-challenge structure is the fundamental cause of the performance gap and the direct trigger for formulating the business revitalization program.



### Slots / Hybrid: Non-NL Markets Significantly Below Plan

- Plan: Steady upward trend throughout the period  
Actuals: Consistently low throughout the period
- Mass-production development approach (60+ titles/year)** led to low quality and differentiation, preventing market share gains in major European markets outside NL.  
→ **This directly triggered the subsequent shift in development policy from "quantity to quality" and was the fundamental cause of NL dependency.**

### Live: Near Plan But Needs Further Revenue Enhancement

- Plan: Gradual upward trend throughout the period  
Actuals: Stable revenue even without growth
- Decline from Netherlands Live was offset by new customer acquisition and higher spend per customer at Malta Live studio, keeping actuals close to plan.  
→ **Further measures to enhance Live revenue are needed and will be implemented through the business revitalization program.**

# Background② Q3 → Full-Year: Explanation of Expanded Impairment Loss

## Stakelogic's business outlook has not changed since Q3.

Under J-GAAP, terminal value is excluded from the 9-year DCF, resulting in a full impairment.

### Root Causes of Impairment Loss

#### Reason ① NL Market Deterioration Beyond Expectations

Tightening regulations (deposit limits, tax hikes) caused the legal market to contract far beyond business plan assumptions.

**At acquisition:** NL market would temporarily contract, then gradually recover from around 2025

**Actual:** Continued contraction through 2025; no recovery expected from 2026 onwards

#### Reason ② J-GAAP-Specific Impairment Approach

Under J-GAAP impairment testing, terminal value is not included. Since the assessment is based solely on cash flows over the amortization period (9 years in the case of Stakelogic), if recovery of the NL market is not expected within 9 years, the asset is determined to be unrecoverable.

→ **After consultation with auditors, concluded full impairment**

### Changes in Impairment Loss: Q3 → Full Year

#### Q3 Results (Feb 2026)

##### Downward Revision of Outlook

- Outlook lowered based on a simplified estimate reflecting the impact of deteriorating NL market conditions
- An impairment loss of approximately ¥15.0 billion incorporated into the full-year earnings forecast as a rough estimate

▼ Review & Consultation with Auditors ▼

#### Full-Year Results (May 2026)

##### Full impairment recorded (confirmed)

- Impairment test conducted at full-year closing
- After detailed review, auditors applied stress to Stakelogic revenue plan; deemed unrecoverable
- **Business plan and outlook unchanged from Q3**

- ✓ Not caused by additional performance deterioration or outlook change since Q3
- ✓ Recognition by SSC\*: terminal value is not zero
- ✓ Under IFRS, impairment at this level would not have occurred

### J-GAAP vs IFRS: Comparison of Accounting Standards

#### J-GAAP (Applied this time)

9-Year DCF

Terminal Value: Excluded

- Valuation based on 9-year cash flows only
  - Terminal value is not included
- **Full impairment if recovery not foreseeable**

#### IFRS (Reference)

5-Year DCF

+ Terminal Value

- Valuation: 5-year CF + Terminal Value
  - Incorporates long-term business value and recoverability
- **Impairment would not reach full write-off level**

# Gaming Business Overview

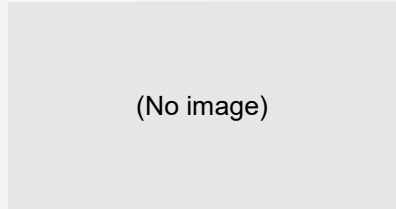
Gaming Business

# The History of Gaming Business

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

**Jun. 2013**  
**Established**  
**SEGA SAMMY**  
**CREATION INC.**

**Apr. 2014**  
 Started dispatching personnel  
 to PSS (approx. 70 people in total)  
 Launch of project toward Japan IR



**Jul. 2018**  
 Act on Development of  
 Specified Integrated Resort Districts passed

**Dec. 2017**  
**Obtained**  
**U.S. Nevada license**

**Jun. 2021**  
**Submission / acceptance of RFP**  
**to Yokohama city**



**May. 2012**  
 Established a joint venture  
 PARADISE SEGASAMMY Co., Ltd. (PSS)  
 with PARADISE GROUP



**Apr. 2017**  
**Opened PARADISE CITY,**  
**one of the largest IR facilities**  
**in Northeast Asia**



**Jan. 2020**  
 Collaboration with Katana Inc.  
 Production agreement signed with KYOTO KITCHO



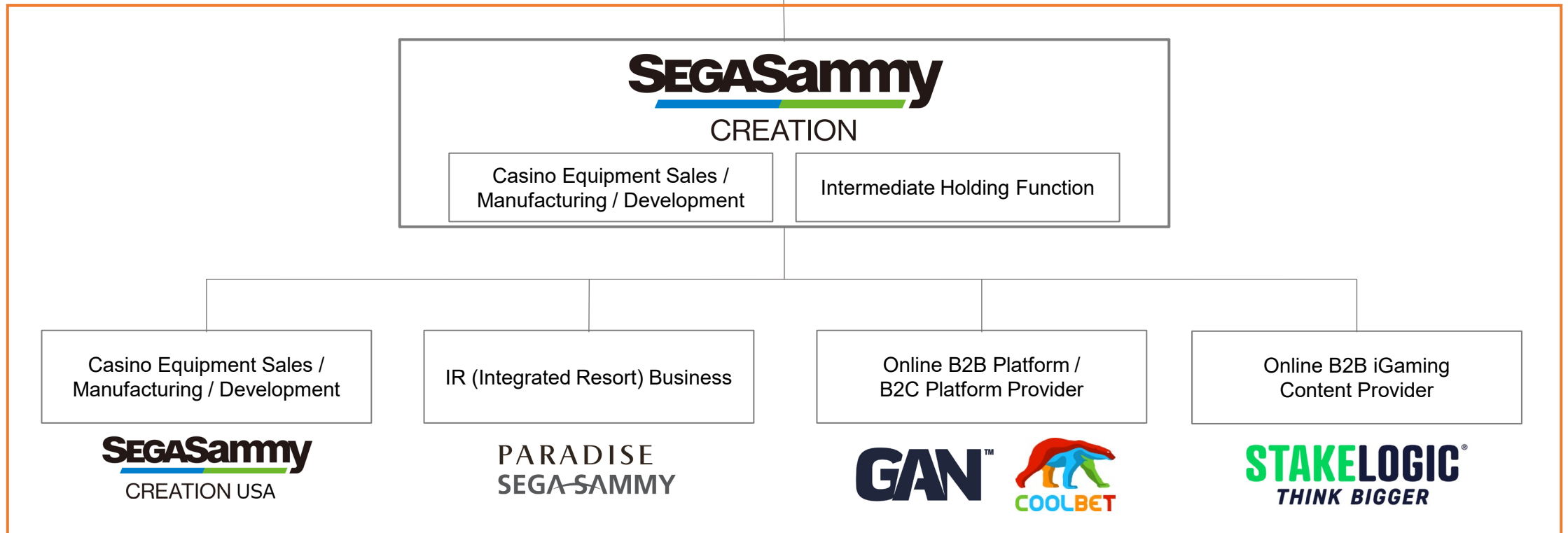
**Sep. 2021**  
 With the cancellation  
 of the Yokohama IR,  
 we withdrew from  
 the Japan IR business  
 and began considering entry  
 into the overseas  
 online gaming business

**Working toward establishing SSC as a B2B omni-channel solution provider — completed acquisitions of GAN and Stakelogic in FY2026/3**

**SEGASammy**

HOLDINGS

## Gaming Business Segment



\*Vincent Group Ltd. (operator of the Coolbet brand) is a GAN group company  
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# Business Model

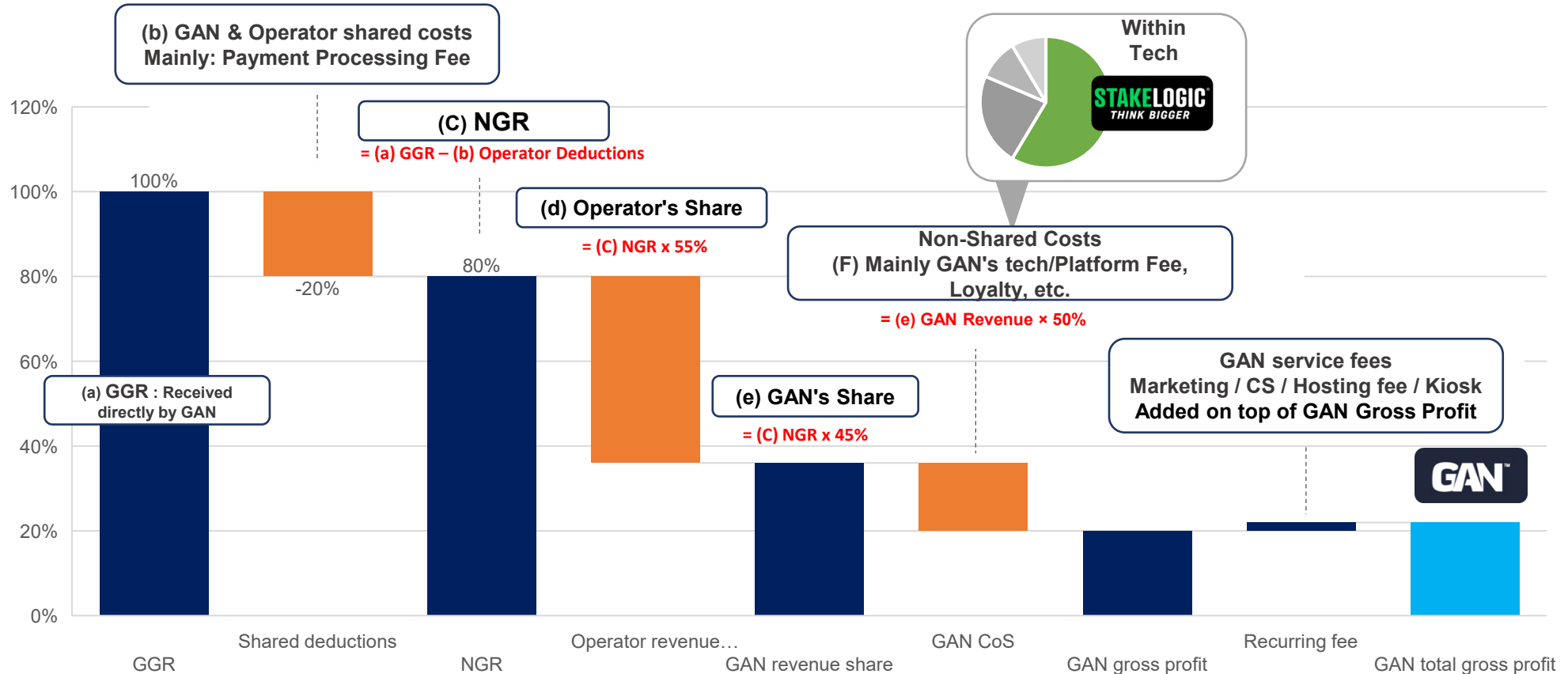
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## What is Social Casino?

A "free-to-play casino" enjoyed without wagering real money.

Users play slots and table games with virtual coins; revenue comes from in-app purchases such as coin purchases.

Since no real money is involved, it is generally outside gambling regulations and operable nationwide (excl. Washington State) — even in states without formal legislation.

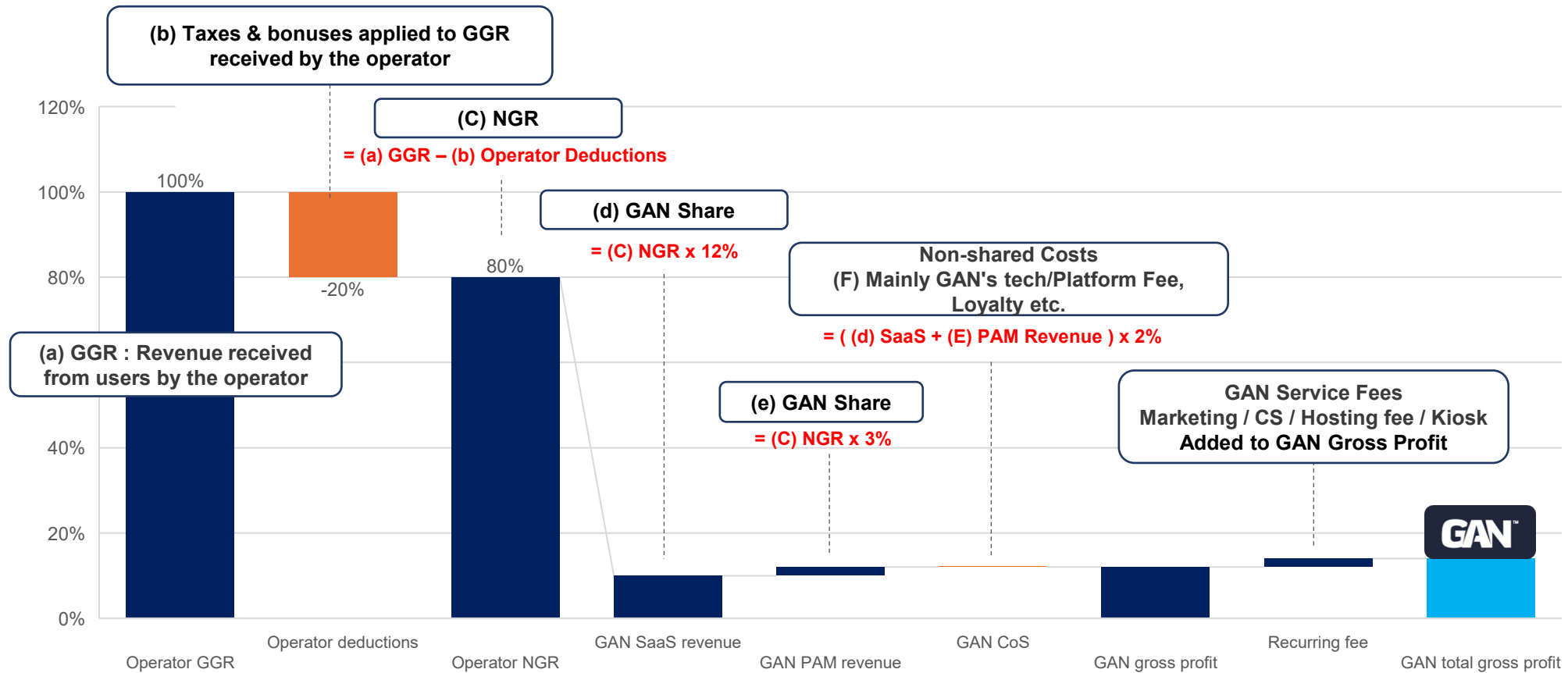


# Business Model | Retail Sports Betting

## What is Retail Sports Betting?

A business where casino operators offer sports betting at physical venues.

GAN provides the underlying platform (customer management, odds management, etc.) as a B2B provider, earning revenue at a fixed rate of the operator's share (NGR), plus fees for Marketing, Customer Service, and other services.

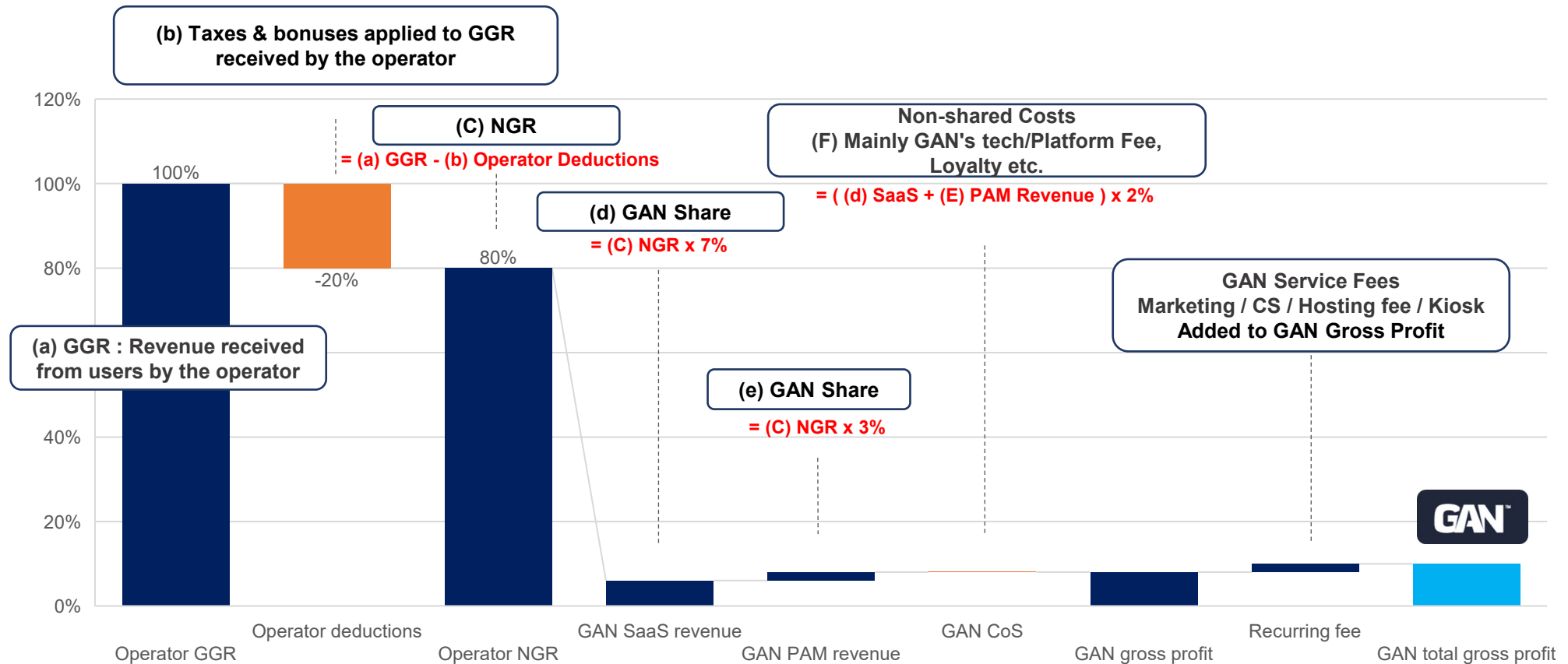


# Business Model | Online Sports Betting

## What is Online Sports Betting?

A fully online sports betting platform.

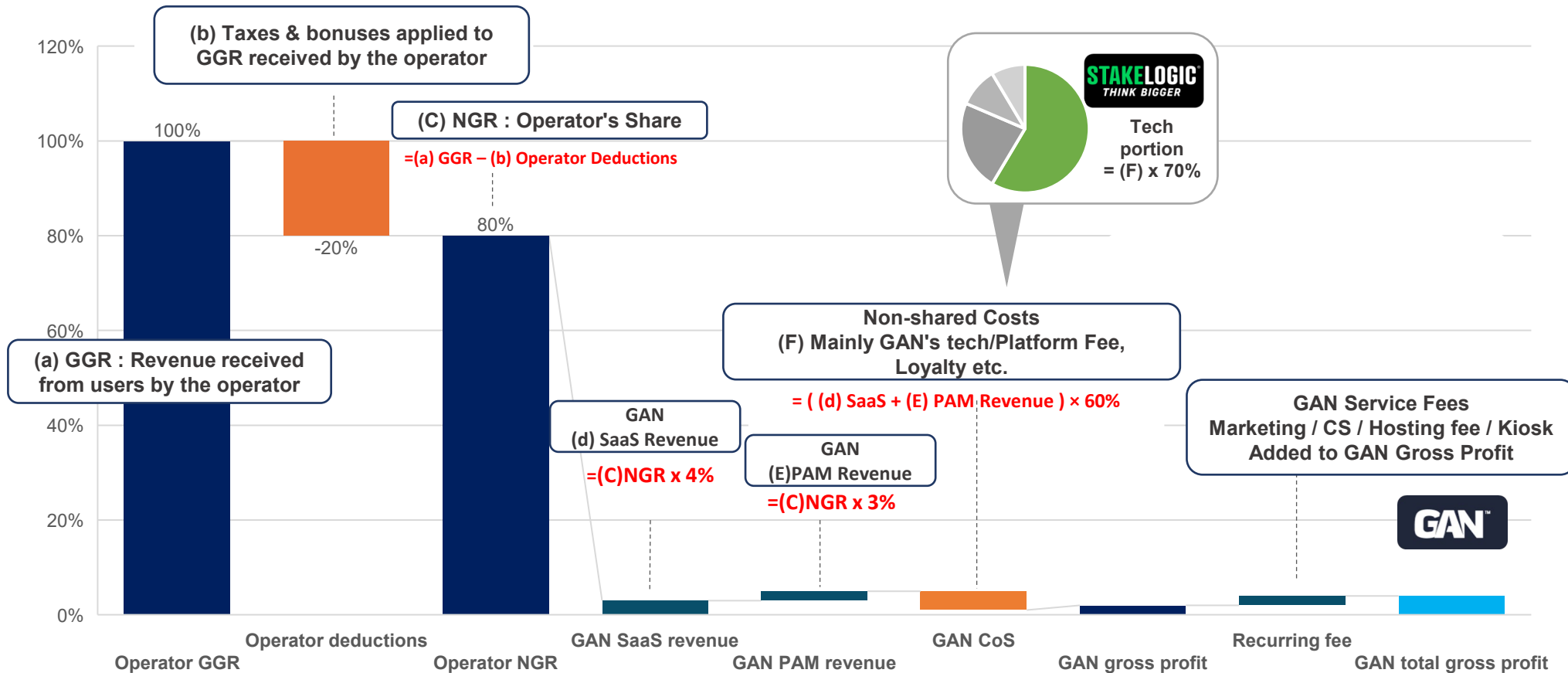
Like Retail Sports Betting, GAN provides the underlying platform to operators on a B2B basis, earning a fixed share of operator revenue (GGR/NGR basis) plus fees for services provided.



## What is Online Casino?

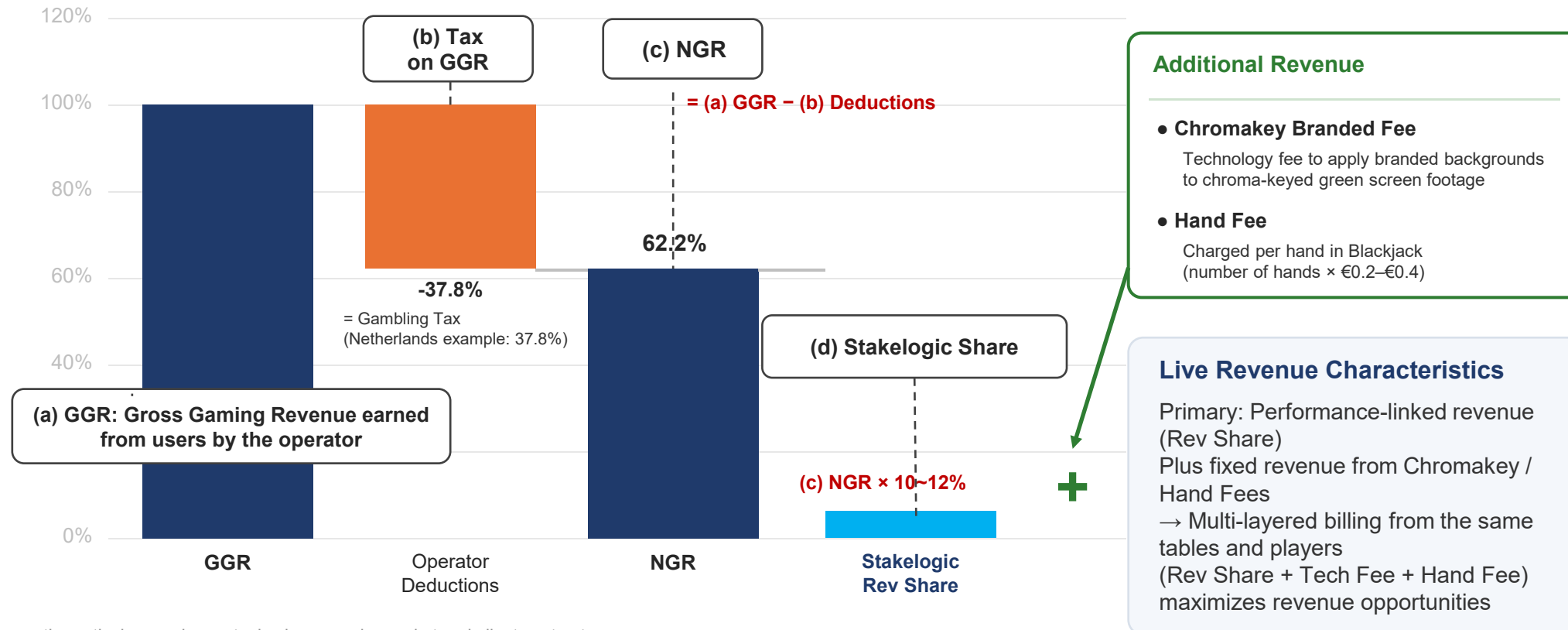
A collective term for digital gambling platforms.

A layered business model where a portion of GGR (gross gaming revenue: bets minus player payouts) flows to operators, with technology and game content providers (companies like GAN) earning revenue from the underlying infrastructure.



## What is Live Casino?

**Live-streamed table games from a studio (Roulette / Blackjack, etc.) and game show content such as Big Wheel.**  
 The primary revenue model is a Revenue Share tied to operator performance, with additional revenue streams from Chromakey technology licensing and Hand Fees.



\* All figures are theoretical examples; actual values vary by market and client contract.

# Business Model | Hybrid (Stakelologic)

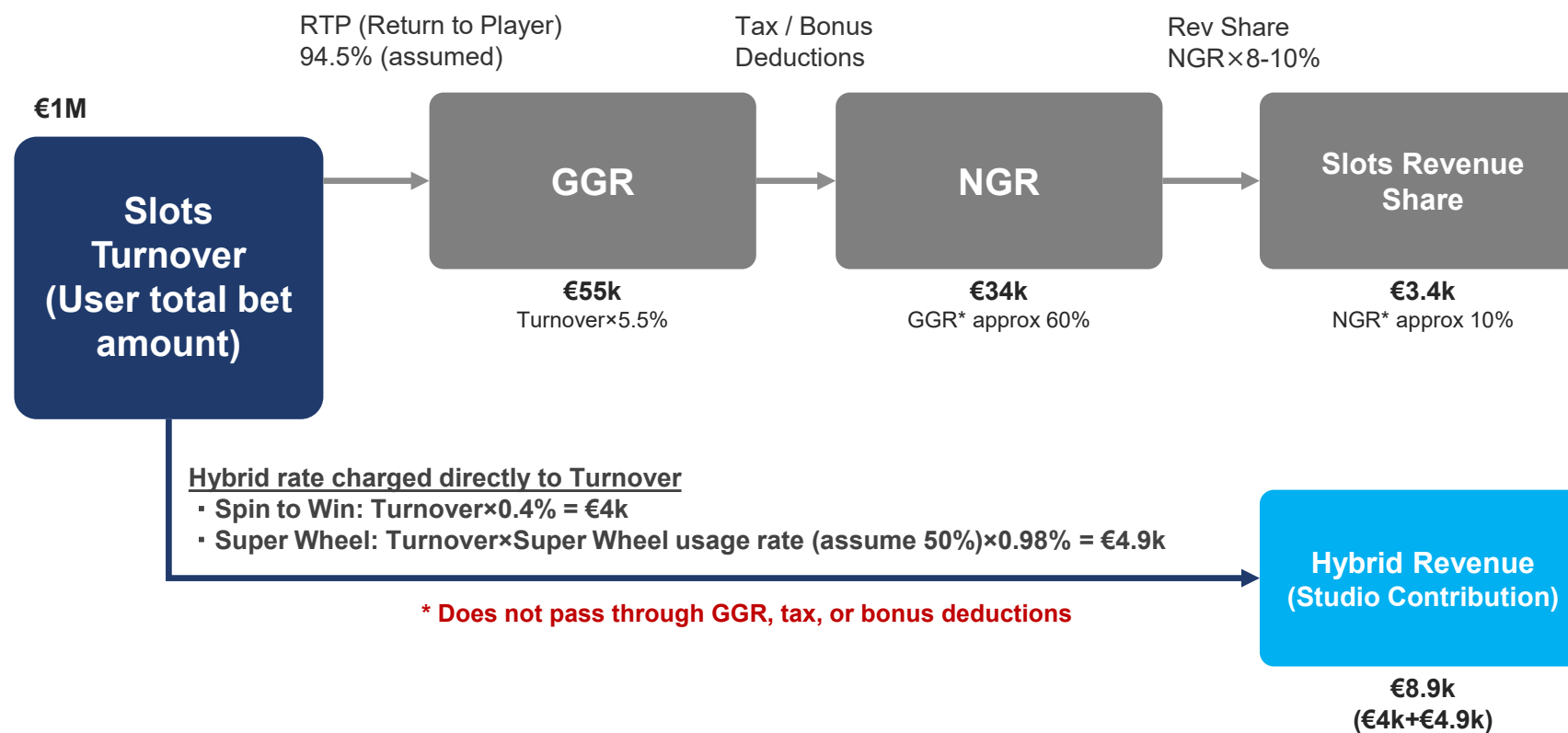
## What is Hybrid?

Revenue from “Hybrid games” attached to video slots.

Hybrid games are add-on betting features alongside online slots — an industry first by StakeLogic.

Like Slots, sourced from Turnover, but billed directly to Turnover at a separate rate independent of Slots Rev Share.

Like Slots, sourced from Turnover (total bet amount) but independent of Slots revenue (Rev Share), directly billing Turnover at a rate.



### Hybrid Revenue Characteristics

- **Interlinked with Slots**

Same Slots Turnover (total bet amount) as the source; if Slots performance rises, Hybrid revenue rises in tandem.

- **Resilient to Tax / Regulation**

Not subject to GGR/tax/bonus deductions; largely insulated from recent tax rate increases.

- **High Profitability**

Simple direct-Turnover billing structure; high-margin revenue source.

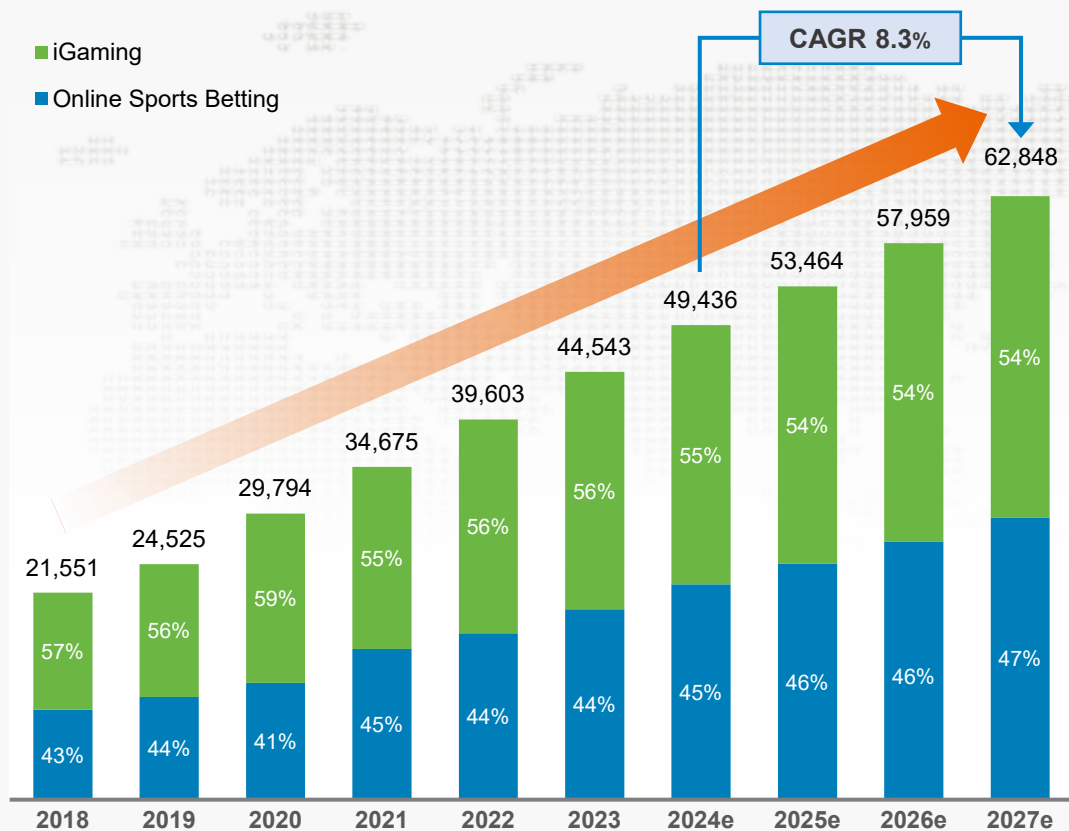
# Market Outlook / Where Can SEGA SAMMY Win?

Gaming Business

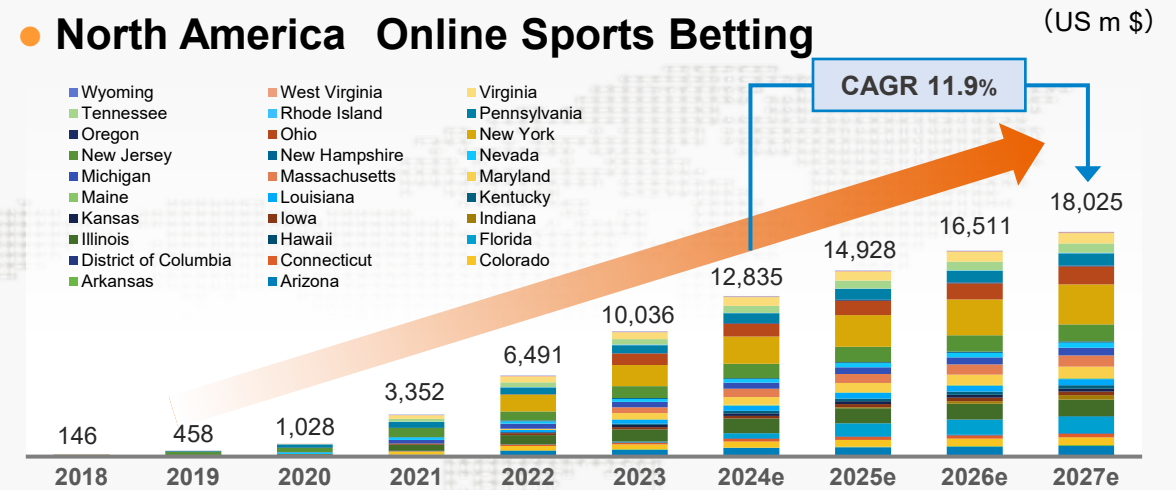
# Online Gaming Market Sales Trend

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

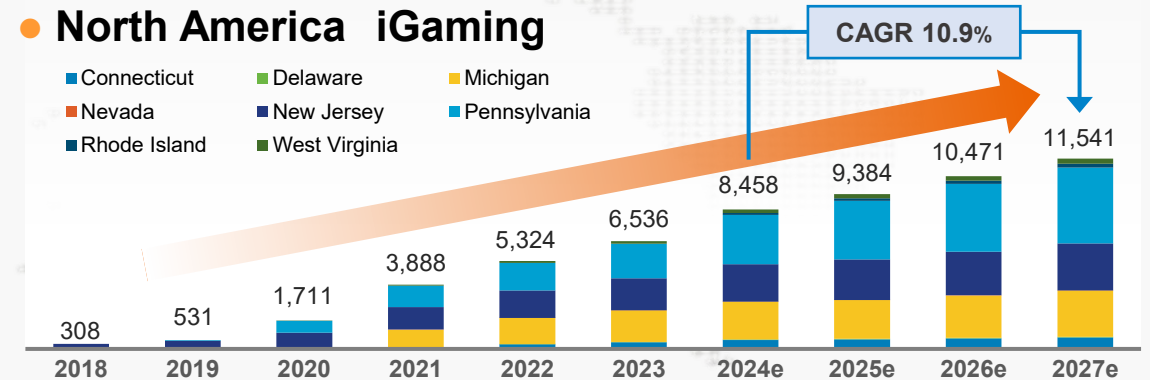
### ● Europe Online Sports Betting/iGaming



### ● North America Online Sports Betting



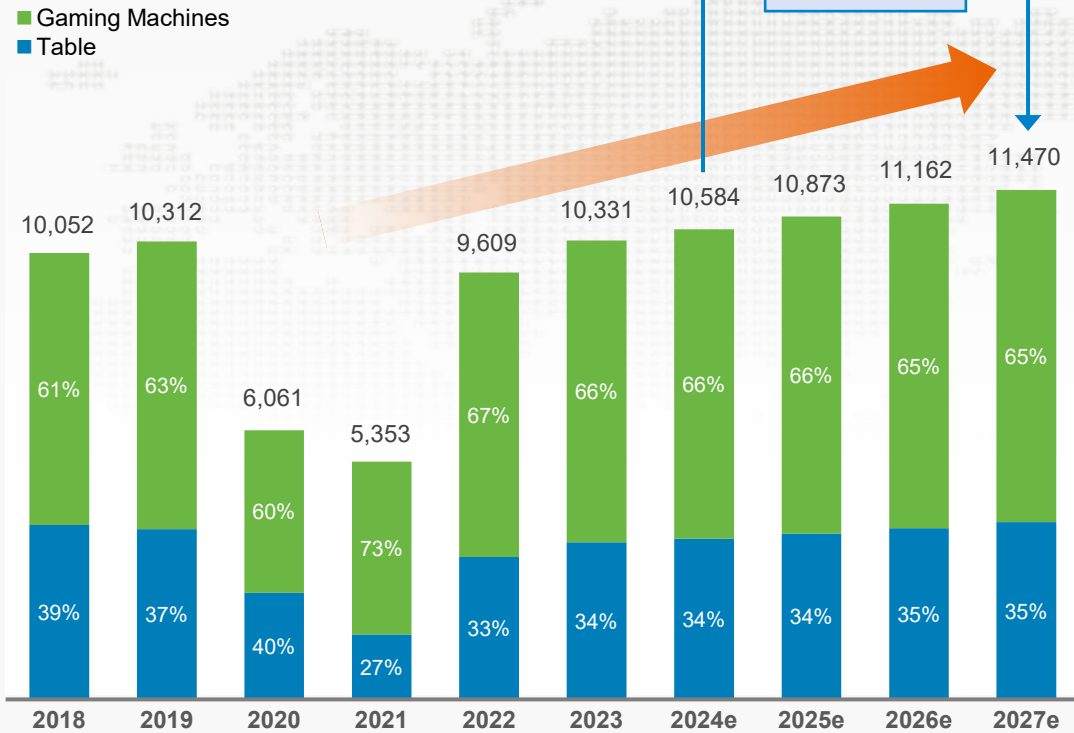
### ● North America iGaming



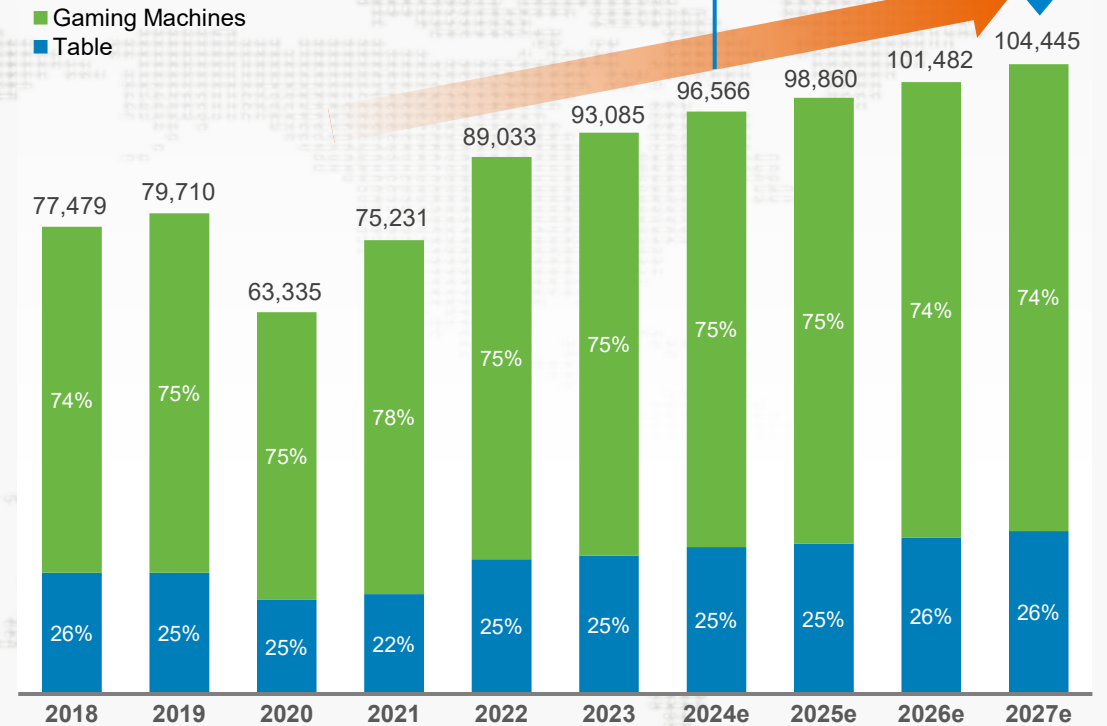
# Land Casino Market Sales Trend

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

## Europe Land Casino



## North America Land Casino



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

 **Commercial Casino**

<b>Ownership</b>	Private companies, corporates
<b>Regulation</b>	Regulated by state gaming authorities and compliant with state laws
<b>Taxation</b>	State and federal taxation on revenue
<b>Types of games</b>	Slots, table games, poker, etc.
<b>Use of revenue</b>	Distribute to shareholders and owners
<b>Number of facilities</b>	352*1
<b>Revenue</b>	53.0 billion (2021)*2

 **Tribal Casino**

Sovereign Native American tribes
Indian Gaming Regulatory Act (IGRA)
Exempt from taxes Instead, they often enter into revenue sharing agreements with state governments.
Similar game types, but some restrictions on table games such as roulette, craps (authorized by the state)
Use for tribal government operations, economic development, and tribal community welfare.
523*1
39.0 billion (2021)*2

Source: [Exploring the Differences Between Tribal and Commercial Casinos \(bristolassoc.com\)](http://exploringthedifferences.com)  
 \*1 See AGA State of the Industry: Excluding Riverboat Casino and Racinos \*2 See AGA State of the Industry

# 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

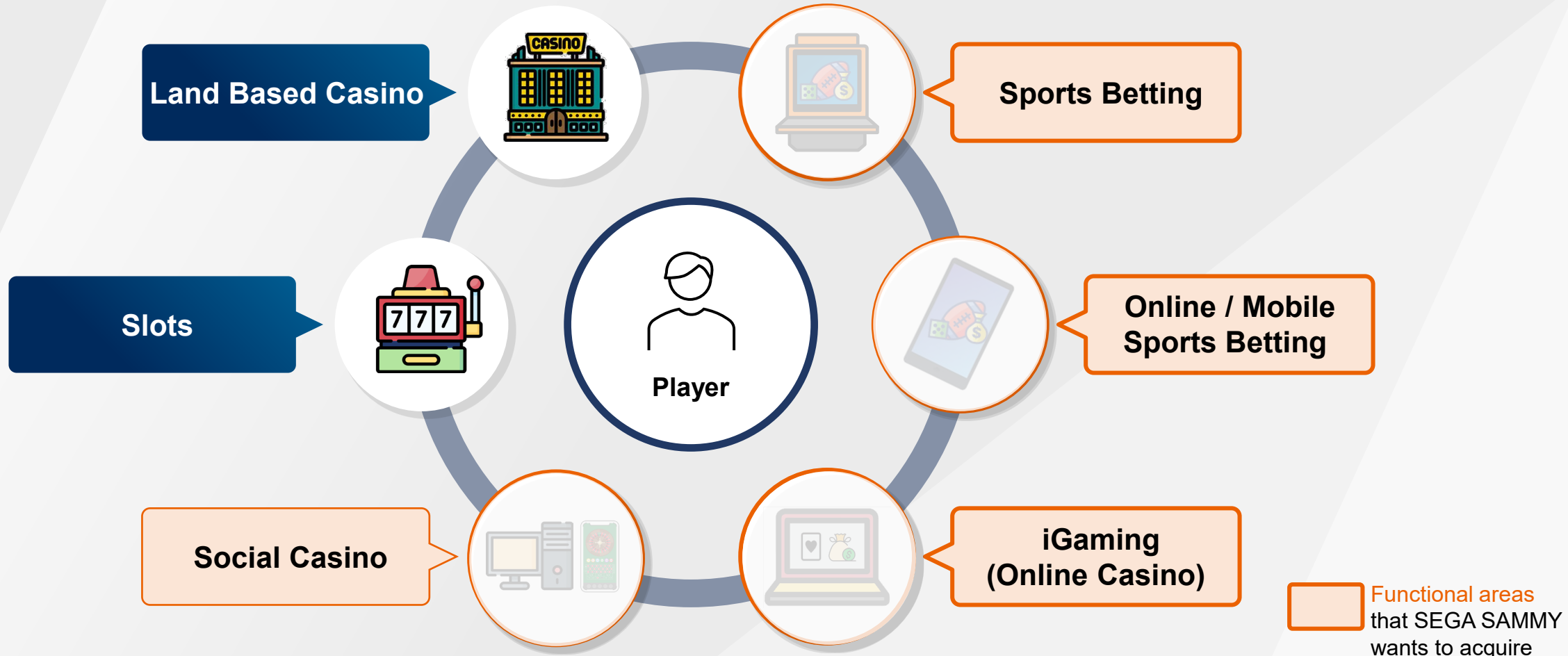


Addressing customers’ concerns and supporting both online and offline in B2B

\*Image

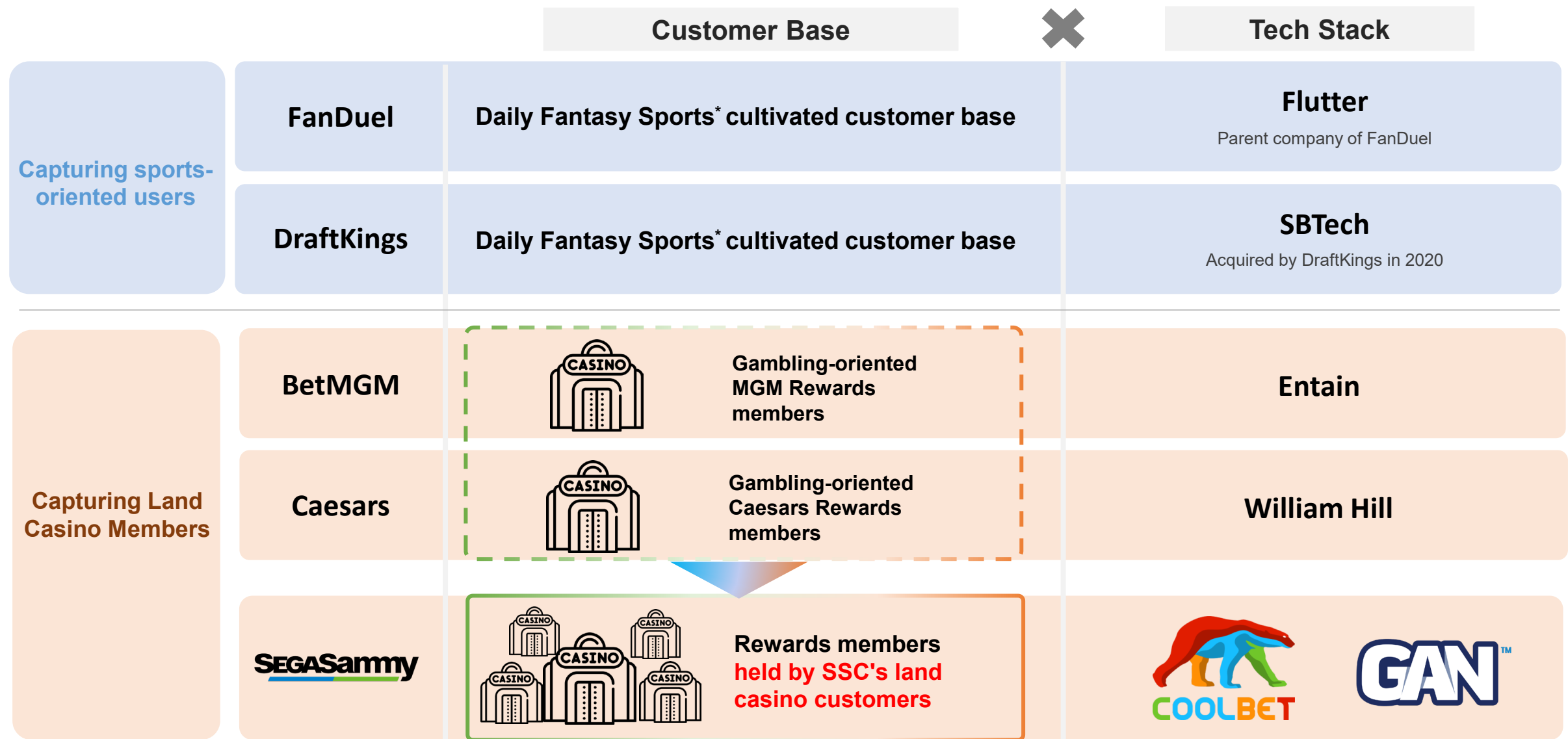
# Omnichannel Concept

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

# Online Market Characteristics

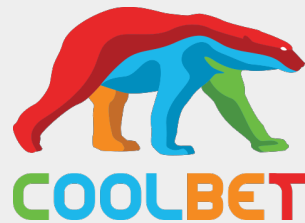


\*Daily Fantasy Sports: Online simulation game where players build virtual teams using real athletes competing on actual game performance. Market valued at approx. USD 28.36B in 2023, projected to reach USD 48.89B by 2027.

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

Platform Provider

**GAN**<sup>TM</sup>

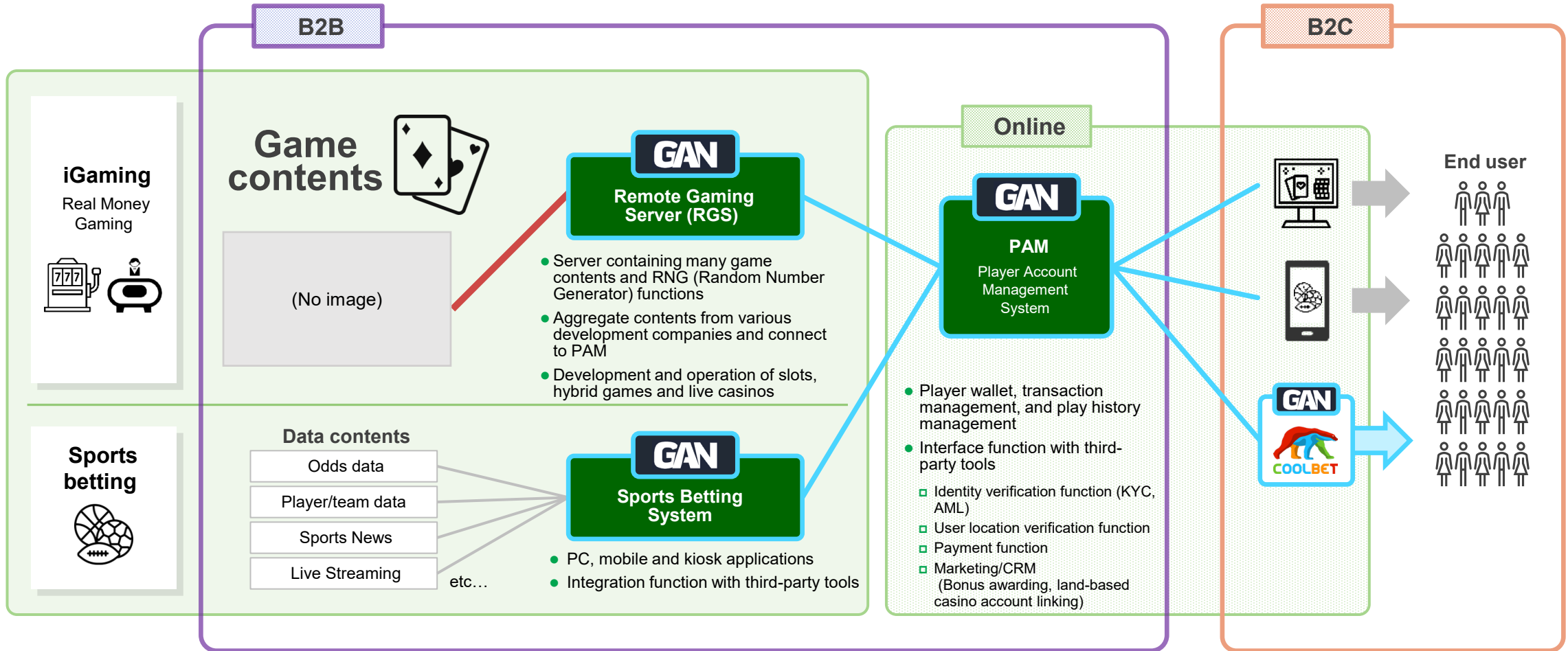


Contents Provider

**STAKELOGIC**<sup>®</sup>  
*THINK BIGGER*

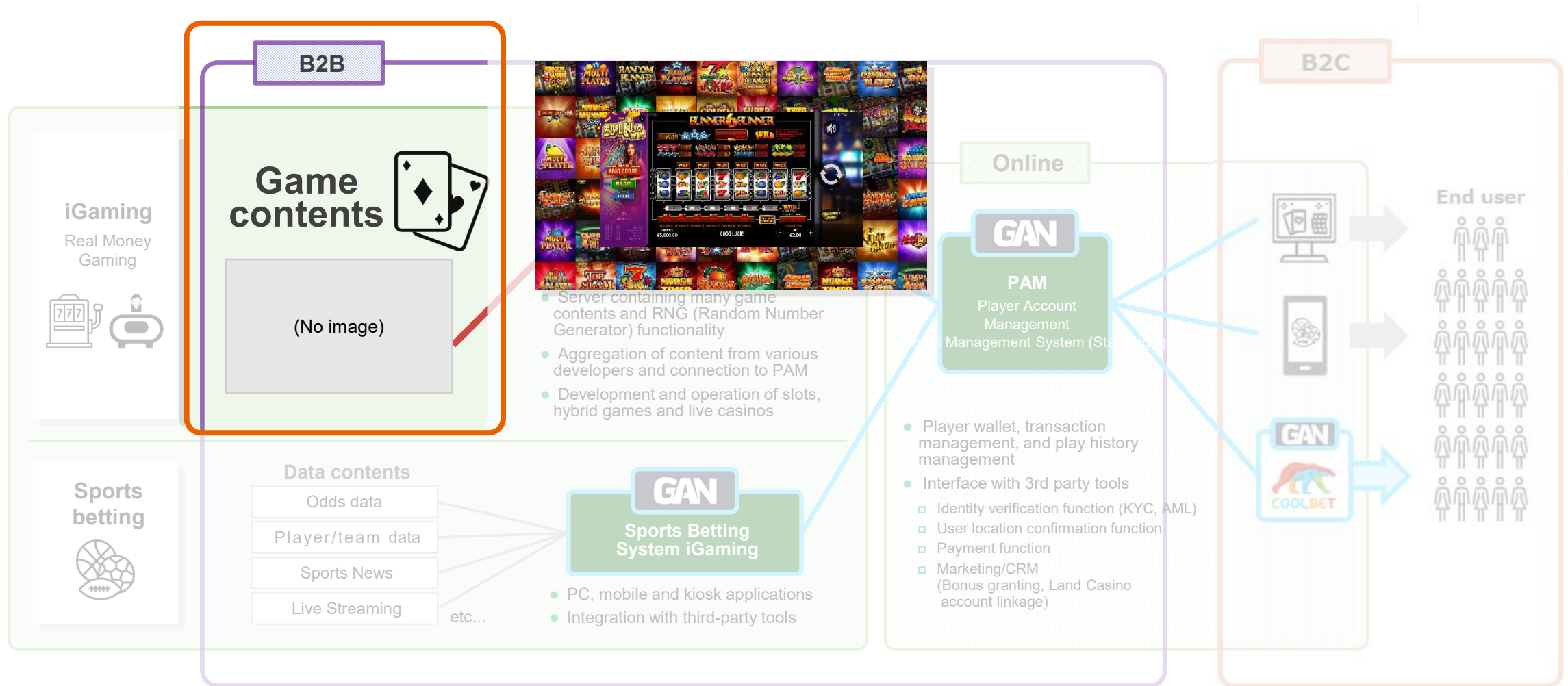
# GAN's Strengths

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





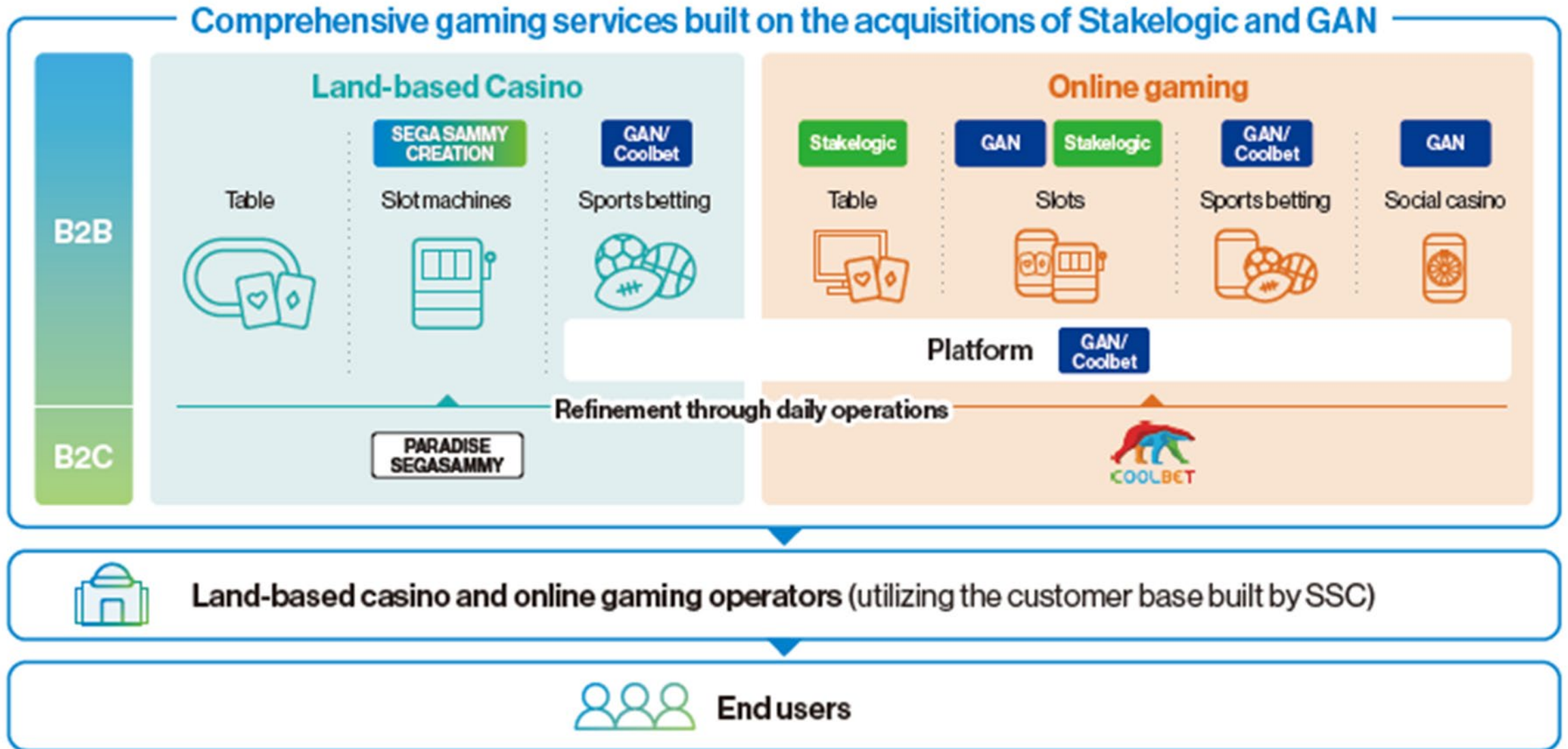
## ● B2B: iGaming Contents Development



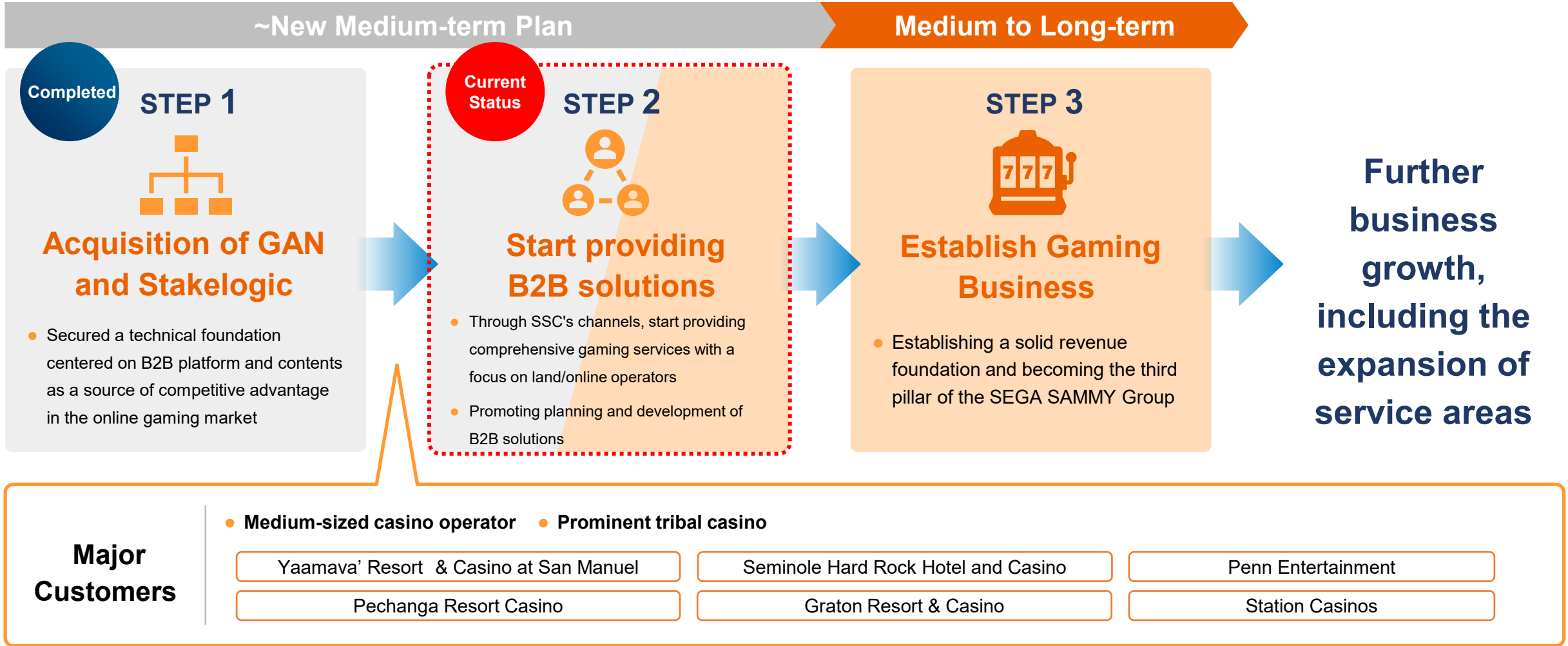
# Omnichannel Concept

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





## B2B Omnichannel Solution Provider



# Turnaround Project: From Acquisition to Present

Gaming Business

# Financial Impact Summary of Turnaround Measures

## GAN

Personnel Cost Reduction	Headcount Change	Total Reduction
Former Executives	▲ 8 ppl	<b>\$9.7M~</b>
Silverback	▲ 29 ppl	
BG Staff (V1 terminations)	▲ 6 ppl	
Staff (incl. voluntary resignations)	▲ 23 ppl	
<b>TOTAL</b>	<b>▲ 66 ppl</b>	<small>*Excl. B2C, Apr 2026 YoY Additional 27 staff scheduled for FY2027/3 termination</small>

## STAKELOGIC®

Personnel Cost Reduction	Headcount Change	Total Reduction
NL Live Studio	▲ 126 ppl	<b>€4.0M~</b>
NL HQ / Corporate	▲ 14 ppl	
<b>TOTAL</b>	<b>▲ 140 ppl</b>	<small>*Apr 2026 YoY</small>
<b>NL Office Consolidation</b>		<b>€2.0M~</b>
NL HQ / NL Studio-related costs		

**GAN Annual Savings Total \$9.7M~**

**Stakelogic Annual Savings Total €6.0M~**

Personnel Cost Reduction	+	Fixed Cost Reduction	=	Total Impact	<small>\$6.8M Ref. rate EUR≈1.14</small>
<b>\$14.2M</b>		<b>\$2.3M</b>		<b>\$16.5M</b>	
					<small>Reference rate EUR≈1.14</small>

# GAN Business Revitalization Program

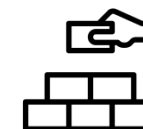
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# GAN Business Revitalization Program Overview

## V1 to V2 Platform Migration



- ✓ Improve scalability, maintainability, and feature development speed
- ✓ Unify SIM and Sportsbook on a common platform foundation



→ Transition from legacy to next-gen platform, achieving high scalability, speed, and superior UI/UX.

## Organization & Fixed Cost Review



- ✓ Identify and eliminate inefficient areas
- ✓ Lighten fixed cost structure to create profitability headroom



→ Streamlining the post-acquisition organizational complexity and rebuilding into a structure where resources can be concentrated on growth investments.

## Business Strategy Prioritization



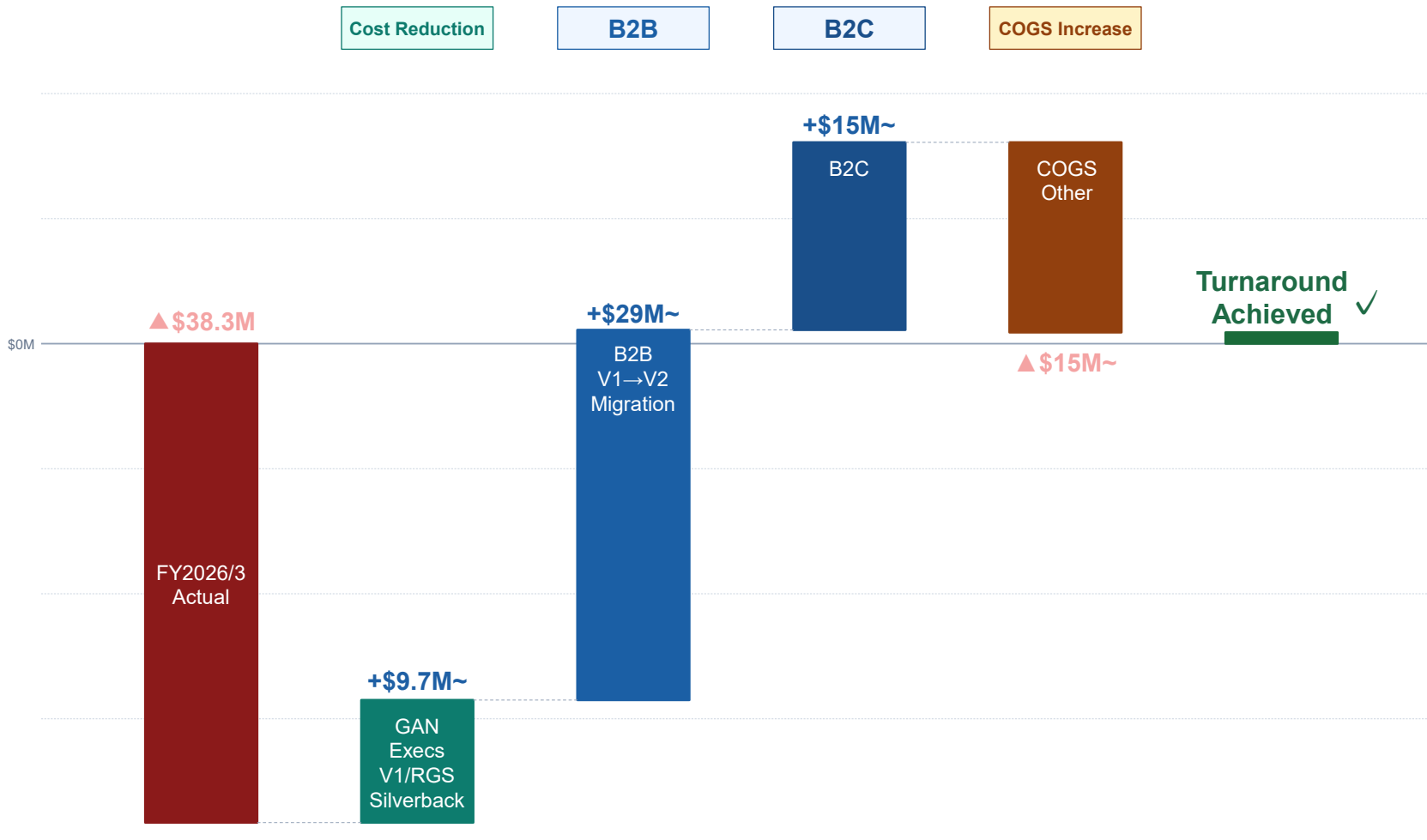
- ✓ Focus on strategic key clients
- ✓ Redesign revenue share + minimum guarantee model



→ Concentrate limited resources on high-value deals and build genuine partnerships.

# GAN Turnaround Plan: Target State

## Driving the turnaround through various initiatives



Adj. EBITDA **+\$0.9M** ✓  
 Personnel Reduction ▲\$9.7M~  
 B2B V2 Migration +\$29M~  
 B2C +\$15M~  
 COGS ▲\$15M~

<b>FY2026/3 Adj. EBITDA</b>	<b>▲ \$38.3M</b>
① Personnel Reduction	+\$9.7M~
② B2B (V2 Migration)	+\$29M~
③ B2C	+\$15M~
④ COGS (Increase)	▲\$15M~
<b>Adj. EBITDA Target</b>	<b>+\$0.9M</b>

## Breaking free from loss-making and rebuilding as a "growth-capable business"

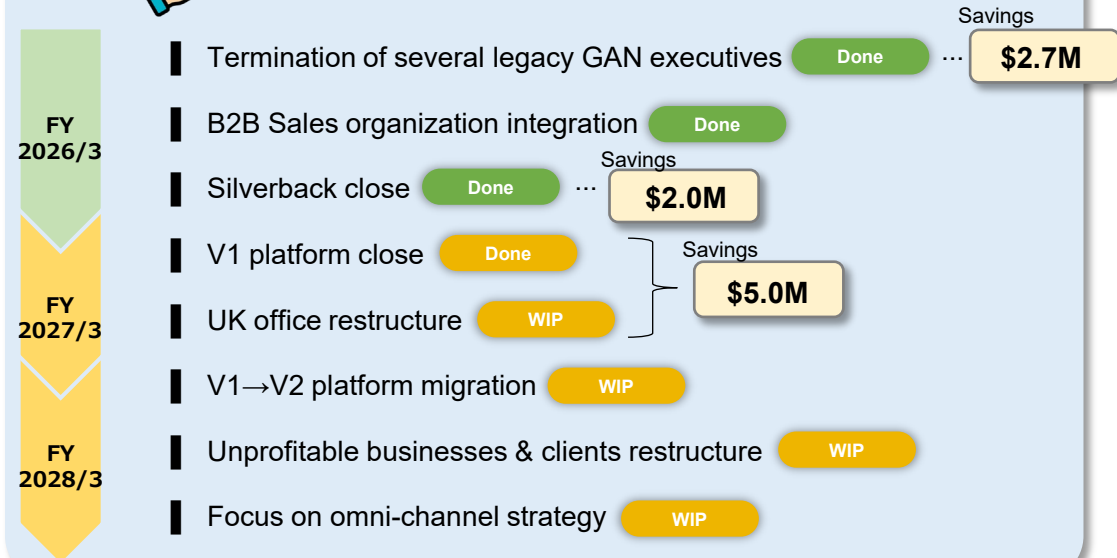


### Issues Surfaced Post-Acquisition

- V1 platform-centric business structure
- Dual operation of V1/V2 platforms
- High fixed cost structure
- Dispersed development & operational resources
- V2 migration delays
- Unclear social strategy
- Fragmented organization / delayed decision-making
- Maintaining unprofitable businesses & clients



### Revitalization Measures Implemented



Through organizational reform, migration to the next-generation V2 platform, and online strategy — evolving into a sustainable and highly scalable omni-channel gaming platform company.

## Station Casinos

### Features

- **Major casino operator**  
in the Las Vegas local market
- **Locally-oriented customer base**,  
not tourist-focused
- **Multiple large-scale properties**  
under operation
- **Retail sportsbook**  
operational track record
- **Nevada state regulation**  
compliance expertise

## Strategy with Station Casinos (Sports)



### ■ Future Outlook

**Station Casinos is...**  
**The industry pioneer that launched the first mobile sports betting in the US!**  
**Operates mobile sports betting app "STN Sports".**

### **Key sports betting operator** (Ideal showcase venue for Sports Offering)

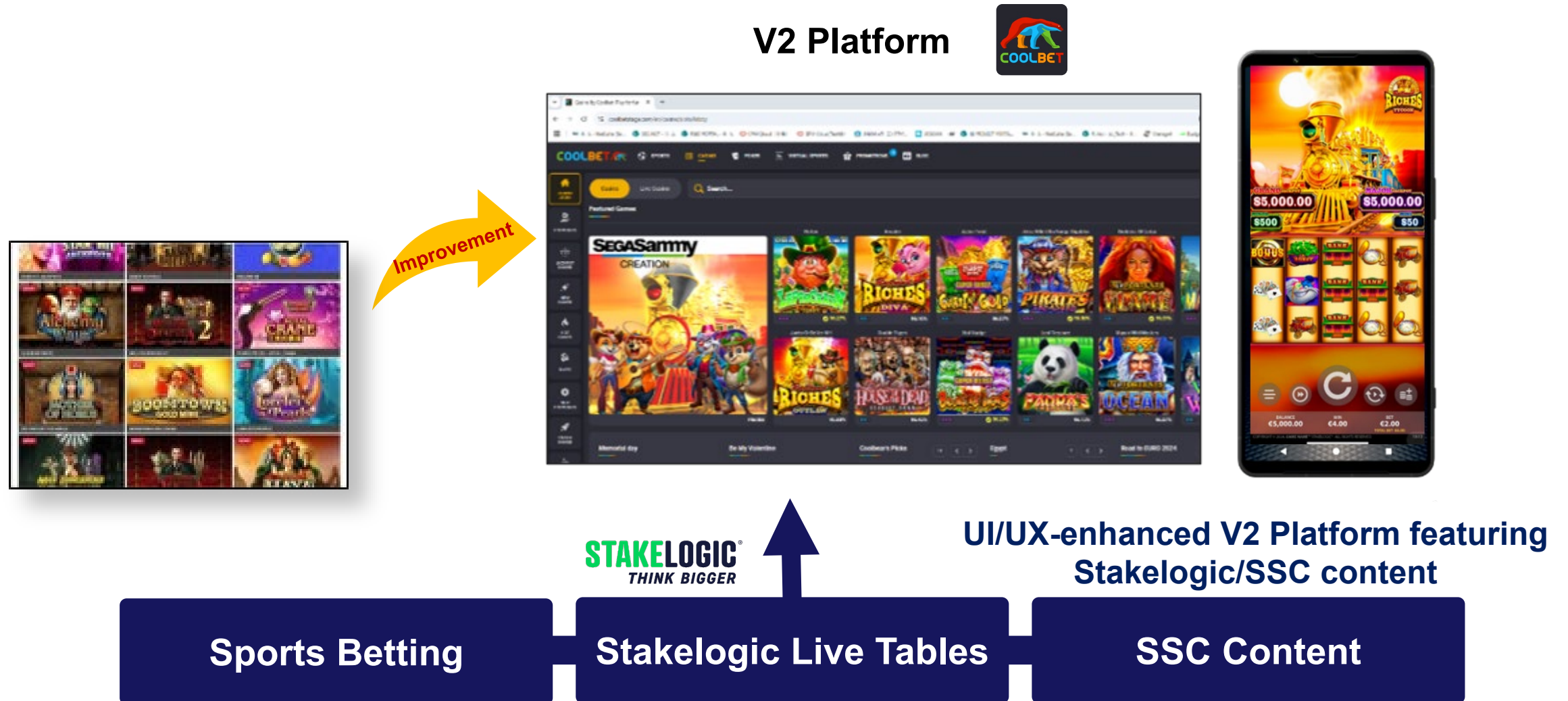
- └ Strategic partner for bringing sports betting to market
- └ Aims to establish NO.1 sports betting position in Nevada (expanding from retail to online)

# Sports Betting: Retail & Online Comparison

 <b>Retail Sportsbook</b>	 <b>Online / Mobile Sportsbook</b>
<b>Dedicated counter/terminal inside casino</b>	<b>Web / Smartphone app</b>
<b>Paper ticket issuance / cash settlement</b>	<b>KYC, identity verification, geolocation authentication</b>
<b>Kiosk required</b>	<b>Marketing / CRM / promotional measures</b>
<b>Strict GLI state regulatory compliance</b>	<b>State-by-state online license acquisition</b>
<b>Counter staff coordination</b>	<b>Digital payment / e-wallet support</b>
<b>Station: live operations in Nevada ← SSC's strength</b>	<b>Having retail track record makes state regulatory approval easier</b>

# From Legacy V1 to Next-Gen V2 Platform

## V1 → V2: Major improvement of UI and Content through Migration



\*Please note that the lineup listed above is tentative. It is subject to change and is not yet finalized..  
© SEGA SAMMY CREATION INC.

# SSC Title Porting Candidates



Bringing land-based  
SSC content to online

\*Please note that the lineup listed above is tentative. It is subject to change and is not yet finalized..

# Next-Gen V2 Platform



## Migration from V1 to V2 Platform

Improved value delivery + Reduced development cost + Stable revenue model + Accelerated new customer acquisition



### V1 Platform (Before Migration)

- ✗ Decreased customer satisfaction
- ✗ V1: Separate source code per client
- ✗ Difficult to efficiently satisfy operations, scalability, and regulatory requirements
- ✗ RSB and OSB operated separately
- ✗ High support burden

Migration



### V2 Platform (After Migration)

- ✓ Improved customer satisfaction (UI/UX enhancements)
- ✓ V2: Unified source code across clients
- ✓ Able to acquire and retain large clients
- ✓ Improved scalability through shared platform operations
- ✓ Reduced support workload

# Benefits of Migrating to V2 Platform

**Modern Technology Stack**

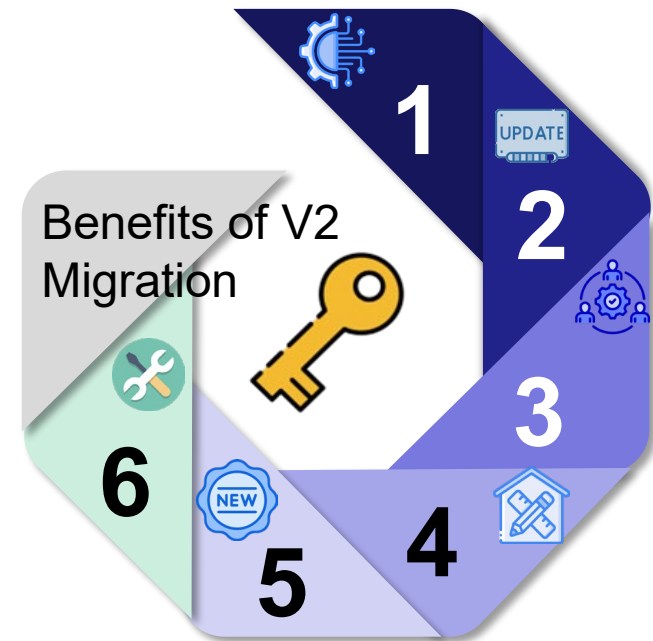
Enables rapid releases, superior scalability, and stability for smooth platform growth.

**Rapid Update Deployment**

Updates apply seamlessly without service interruption, ensuring stable operations.

**Dedicated Online Casino Team**

Expert team blends industry insights with innovative ideas for seamless gaming.



**4 New and Innovative Design**

Fresh interface maintains engagement with the latest features and continuous innovation.

**5 New Feature Additions**

Challenges & Milestones, improved loyalty systems, and more.

**6 Enhanced Marketing & Player Management Tools**

Segmentation, CMS, in-site messaging, and powerful player account management tools.

**With the latest technology and new features, combined with enhanced day-to-day operations, player engagement will be significantly improved.**

# Fixed Cost Reduction + Growth Strategy



## Review of Organization & Fixed Cost

Lighter operations via fixed cost reduction × Growing business model = Transition to a profitable enterprise



## Fixed Cost & Waste Reduction

### Eliminating Non-Strategic Areas

↳ From a 'do-everything' approach to a **focused, efficient strategy**

### Reducing V1 platform operating costs

↳ Building foundation for business growth through V2 migration

### Revising high fixed-cost structure to drive profitability

↳ Concentrating talent on functions critical for growth

### Eliminating duplicate organizations / post-acquisition inefficiencies

↳ Redefining organizational roles; **streamlining and consolidating**



## Growing Business Model



### New feature development & customer acquisition on the V2 platform

Expanding to additional states, building on Station Casino's success



### Expansion of ported content

High-revenue titles leveraging SSC IP **Railroad RICHES™**



### Omni-channel B2B Proposal

Integrating land-based + online + SIM + sportsbook

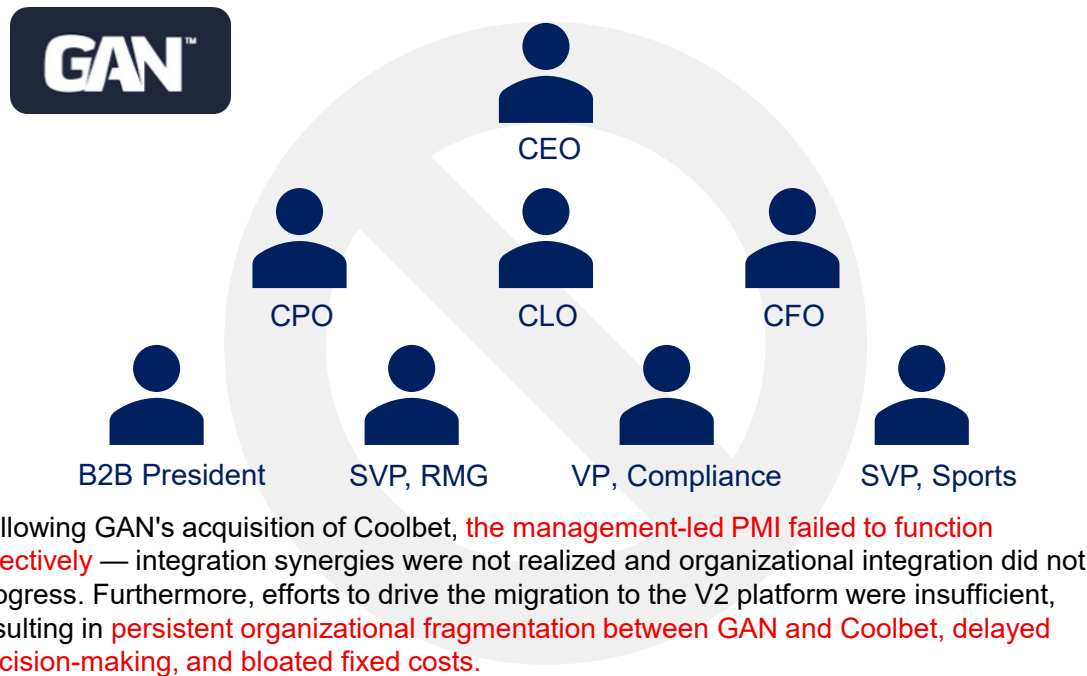


### Increasing revenue share earnings

Scale in line with customer NGR growth and revenue

# Structural Reform for Turnaround (Internal Organization)

After the GAN acquisition, issues arose from a V1-centric organization, overlapping executive structures, and fragmented management — **causing delayed decision-making and high fixed costs.**



## Expected outcomes:

- Annual fixed cost reduction
- Faster decision-making
- Clear accountability
- Focus on V2 platform
- Improved execution



**Through organizational restructuring and executive consolidation, SSC implemented annual fixed cost reductions of over USD 2.7M and shifted management resources toward a V2 platform and social-focused growth strategy.**

## Prioritizing long-term turnaround and growth foundation over short-term client count or revenue

Streamlining legacy assets from post-GAN acquisition (resolving business relationships)

■ **RGS (9+ clients)**

■ **V1 RMG (2 clients)**

■ **RSB (1 client)**

Reduction

**\$5.0M**

### Expected outcomes:

- Focus development resources on V2 platform
- Eliminate dispersed development resources
- Simplify complex operational structure
- Improve cost structure
- Remove turnaround obstacles

RGS=Remote Game Server (content delivery infrastructure)

RMG=Real Money Gaming

RSB = Retail Sportsbook

# Building True Partnerships with Key Strategic Clients



## Business Strategy Prioritization

### Stabilizing Sports Betting Operations at Top Client × SIM Expansion

**GAN Platform**

Proven operator platform track record  
Turnkey solution incl. RGS / Wallet / Account Mgmt.  
Integration experience with major operators

↳ **Business Foundation**

**Stakelogic Content**

Technical expertise in development & deployment  
Live studio development capabilities  
Live operation know-how

↳ **Product Strength**

**SSC Client Base**

Consecutive major land-based hit titles  
Pipeline of commercial & tribal casinos  
Nevada, California, Oklahoma, Florida, etc.

↳ **Sales Channels / Customer Access**



# SSC's Omni-Channel Solution

Without exception, industry winners have achieved omni-channel integration. **SSC integrates land-based operations × digital platform × content × social to build true partnerships with operators and drive digital transformation.**

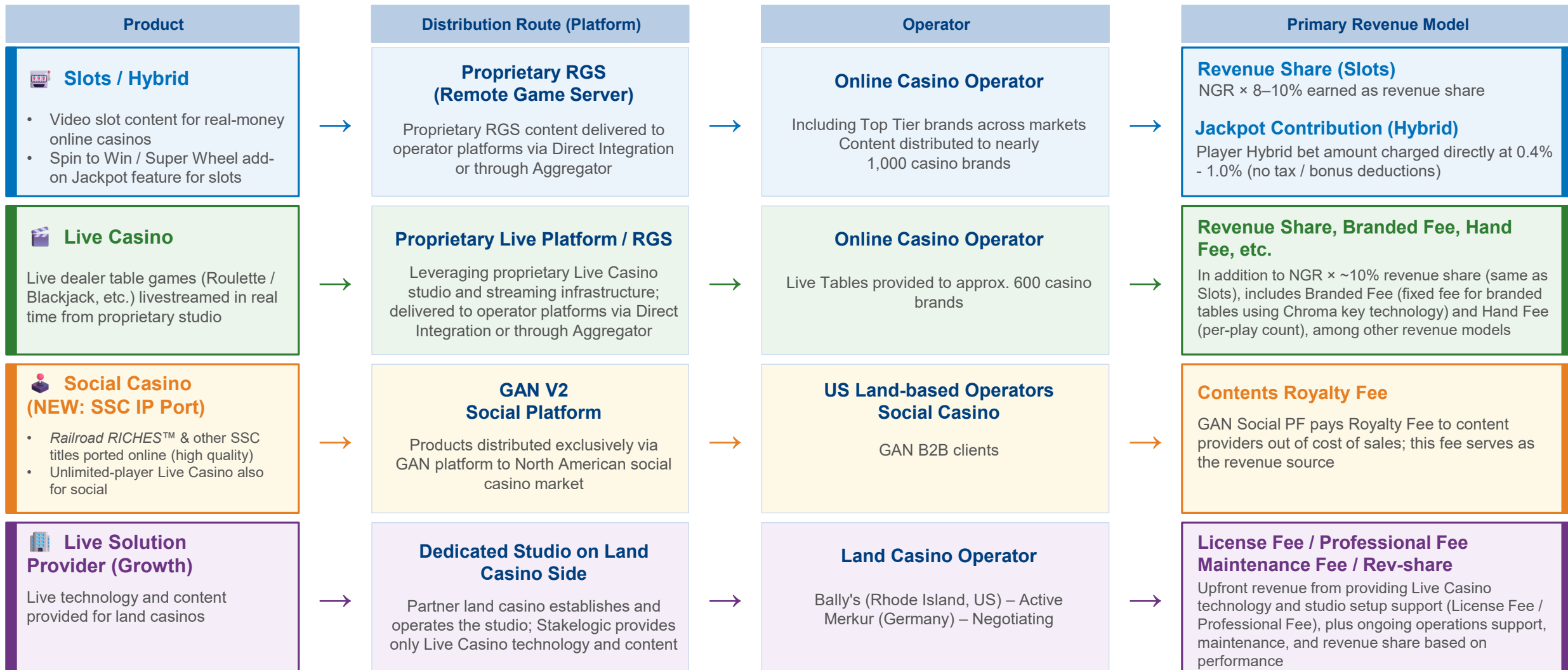


# Stakelogic Business Revitalization Program

Gaming Business

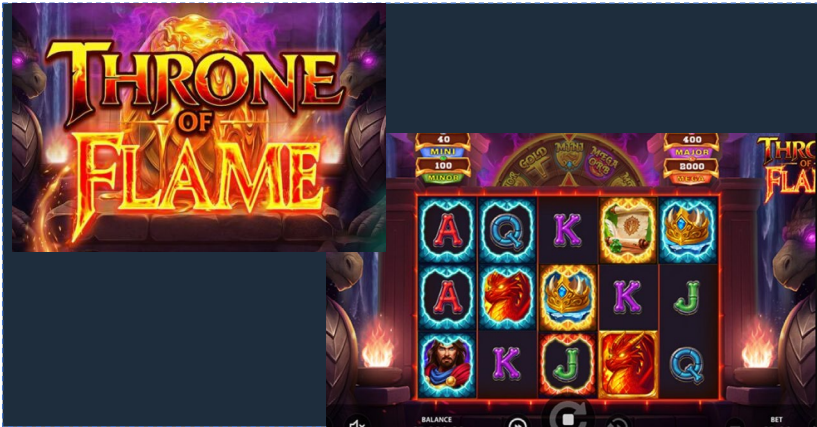
# Stakelogic Business Model (Revenue Flow & Structure)

As a B2B content provider, revenue is generated by delivering products across four product lines to operators



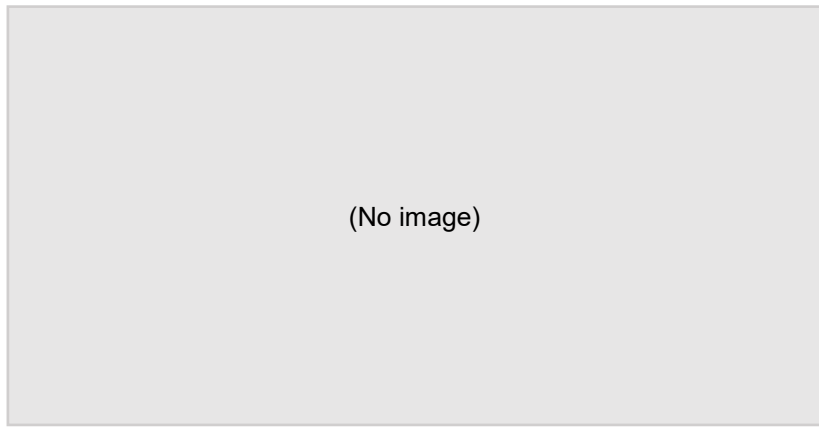
# Stakelogic Representative Content

## Slots



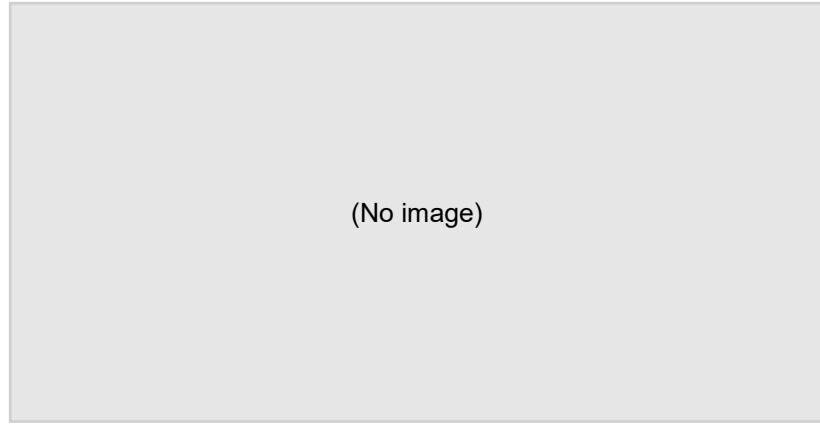
**Throne of Flame**  
Released May 2026 as a new video slot  
Pre-release performance broke Stakelogic all-time record

## Hybrid



**Super Wheel Jackpot**  
Industry-first Hybrid game show format combining Slots x Live with Progressive Jackpot. Highest growth rate in Stakelogic's Hybrid product lineup.

## Live Casino



**Superstake Roulette**  
Live Roulette featuring Stakelogic's proprietary Super Stake mechanic. Up to 5,000x multiplier drives high player engagement.



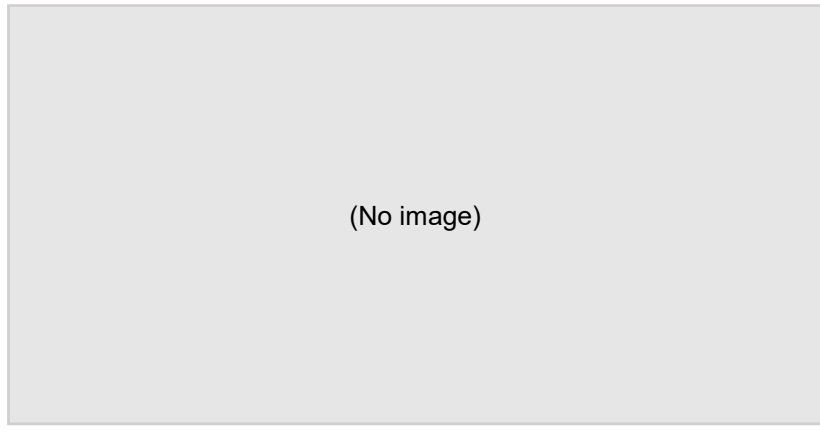
**Multi 6 Player**  
Consistently popular since 2022 release;  
Still a top-performing title in the NL market.



**Railroad RICHES™ (TBD)**  
Currently in development  
Planned for release on GAN Social PF



**Spin To Win Jackpot**  
Spin-wheel format Progressive Jackpot. Grand Jackpot exceeds €550,000.



**Chromakey Branded Blackjack**  
Proprietary Chromakey tech enables operator-branded Live tables at low cost.  
Fixed monthly fee model boosts table revenue floor.

# Stakelogic Financial Structure Overview

**Revenue approx. €18M vs. Recurring Costs approx. €29M. Due to NL market contraction, revenue declined significantly while cost structure remained unchanged, widening losses.**

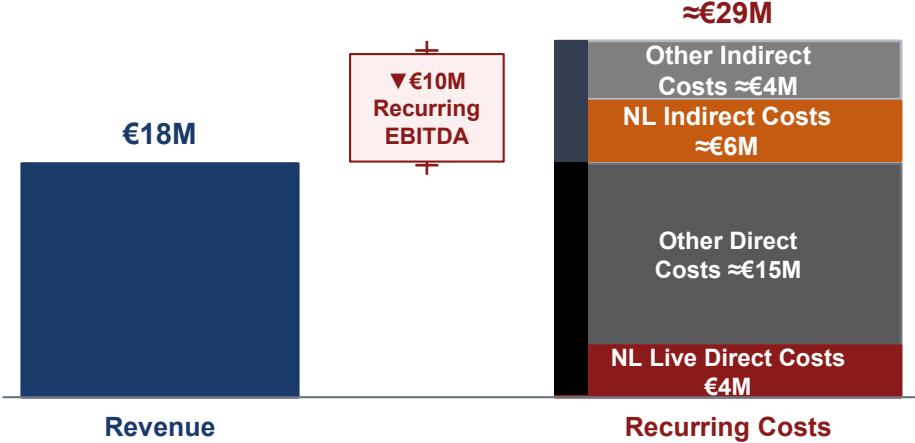
## Revenue Structure (FY2026/3 Actuals)

€ approx. 18M



- Live Casino €10.9M (60%)
- Hybrid €3.5M (19%)
- Slots €3.1M (17%)
- Live Solution €0.7M (4%)

## Cost Structure (FY2026/3, Recurring Basis)



※FY2026/3 indirect costs include some M&A-related one-time expenses

## Revenue Structure Challenges

► **Live Casino concentration (60%) and NL dependence**  
 Despite NL market contraction reducing volumes, global Malta studio revenue is growing. However, many NL Live Casino clients terminated contracts leading into early FY2027/3, making it impossible to maintain FY2026/3 revenue levels.

► **Slots / Hybrid non-NL growth fell short of targets**  
 NL market regulations directly impacted Slots revenue, while alternative growth in non-NL markets has not materialized. Declining Slots performance simultaneously reduced Hybrid revenue.

## Cost Structure Challenges

► **NL-related costs are the primary driver of losses**  
 Direct costs €4M + indirect costs ~€6M = NL-related costs total approximately €10M annually. Against revenue of €18M, NL accounts for a significant portion of recurring costs.

► **Personnel costs are the primary cost in both direct and indirect expenses**  
 The majority of Stakelogic's costs are personnel costs for Live Studio, development, sales/marketing, and corporate staff — with almost no revenue-linked variable component.

# Stakelogic Business Revitalization Program Overview

Business revitalization program: near-term loss elimination (done) + medium/long-term redesign, running in parallel

## 1 Short-Term Recovery: Eliminating Loss Sources

FY2027/3  
In Progress

- ✓ NL Live Studio closed — all contracts terminated (completed March 2026)
- ✓ Studio closure decision led to reduction of 126 studio staff (completed); NL office cost reduction plan in progress

### Complete elimination of the largest cost source and unprofitable area

Integrated closure, headcount reduction, and footprint consolidation dismantles the NL Live loss structure.  
Transition to a leaner Malta-centric operating model.



## 2 Existing Business Strategic Pivot / New Revenue Source Development

FY2027/3  
In Progress

- ▶ Pipeline rigorously rationalized; development philosophy fundamentally shifted from "quantity" to "quality"
- ▶ Port SSC popular titles to social online; starting with RRR, deploy 4-5 titles to GAN Social per year

### A fundamental shift in product strategy: from quantity to quality, and toward business synergy.

The root cause of failure to gain share in non-NL markets was the lack of competitively differentiated titles. Development philosophy has been overhauled to prioritize fresh ideas and quality above all else.  
Furthermore, by combining SSC's popular land casino IPs with the GAN V2 platform foundation and leveraging Stakelogic's online porting capabilities, a new revenue pillar is being built.



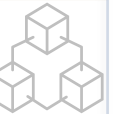
## 3 New Growth Model Design

FY2027/3~  
Medium Term

- ▶ Expand and strengthen the Live solution business — providing Live solutions rather than just content
- ▶ US Real-Money Gaming (RMG) licensed market expansion: leveraging SSC popular titles, exploring full entry into US RMG market

### Live New Revenue Model Development / New Market Entry and Expansion

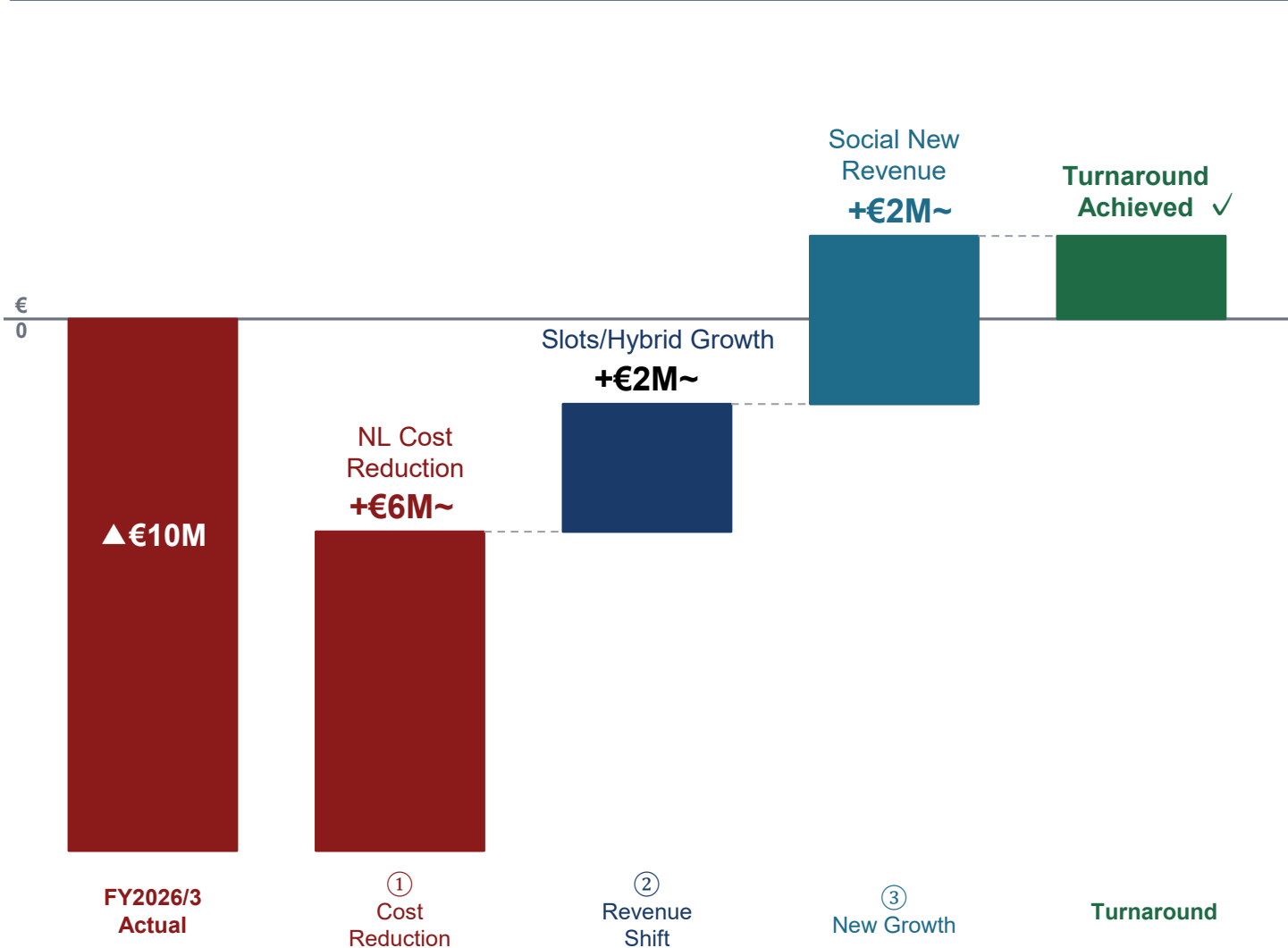
Stakelogic provides Live solutions using land casino operators' staff and infrastructure without owning studio assets, achieving high scalability and profitability.  
From FY2024/3 operating at Bally's Rhode Island; targeting further client acquisition.



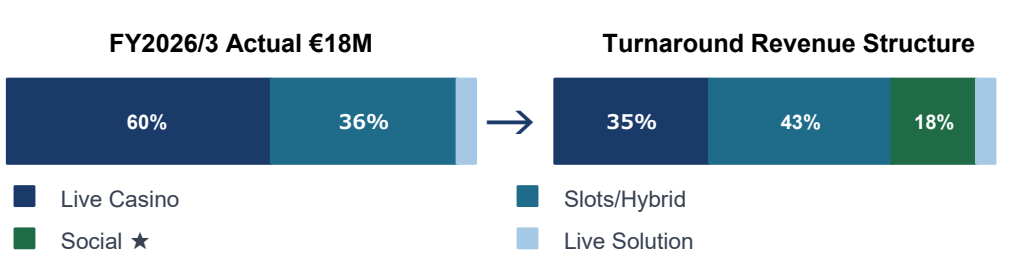
# Stakelogic Turnaround Plan: Target State

Stakelogic aims for turnaround through simultaneous execution of 3 pillars of its Business Revitalization Program

## Adj. EBITDA Bridge

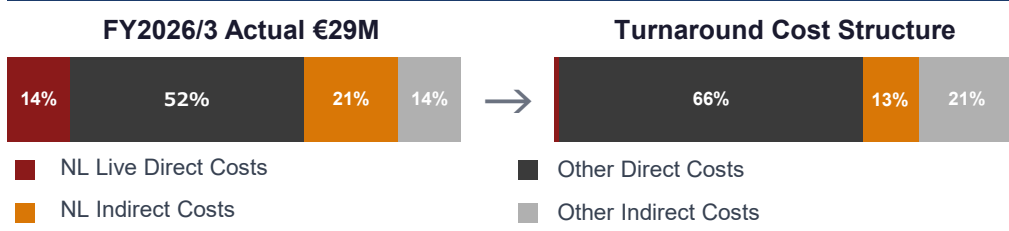


## Revenue Structure Change



Social as a new revenue pillar launches, Slots/Hybrid earnings improve, Live revenue dependency eliminated

## Cost Structure Change



NL-related costs compressed from ~35% to ~13%; structure transitions to a scalable model

**Adj. EBITDA Positive ✓**

The 3 pillars of the Business revitalization Program reduce the cost structure, while Slots/Hybrid and Social build new revenue streams, turning core business profitable

After Adj. EBITDA turns positive, further growth will also bring Net Income to breakeven imminently

# NL Structural Reform (Complete): Elimination of Loss Sources

Live NL Withdrawal (Complete) · Studio Headcount Reduction 126 ppl (Complete) · HQ Downsizing (In Progress) — Integrated execution. Annual cost improvement +€6M/year.

## ■ Integrated execution of 3 measures

### 1 Live NL Withdrawal ✓ Complete

- Live studio & table operations for NL operators — closed
- All contracts with NL customers terminated by end of March 2026
- Live NL revenue: FY2026/3 actual €4M~ → FY2027/3 Q1 <€500k (effectively zero before withdrawal)

### 2 Headcount Reduction ✓ Complete

- 126+ Live NL studio staff reduced (RIF complete)
- Severance packages provided to all affected employees in accordance with applicable law
- Personnel cost reduction: +€4M/year or equivalent improvement

### 3 HQ Cost Reduction & Office Consolidation In Progress

- HQ no longer requires large office space — reviewing NL office consolidation (in progress)
- Significant reduction in real estate & facility costs

## ■ Financial Impact

### Annual Cost Improvement Effect

**+€6M / year**

#### Breakdown

Personnel / HR costs	≈ €4M
NL Live business / HQ / office costs	≈ €2M

### Loss Recognition from NL Structural Reform

FY2026/3 recognized	FY2027/3 execution
<b>€6.3M</b>	<b>+ €4.3M</b>

Related to NL withdrawal and impairment: €6.3M already recognized in FY2026/3.  
Approximately €4.3M in residual withdrawal costs expected in FY2027/3.

# SSC IP Porting × GAN Social Deployment: Building a New Stable Revenue Stream (FY2027/3)

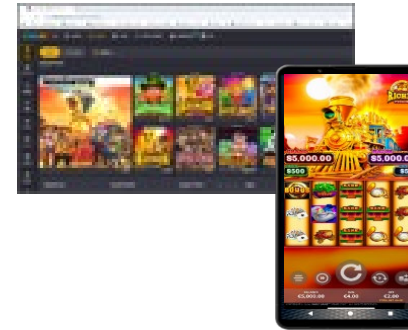
Leveraging SSC's popular IPs on GAN Social Platform for online deployment — building a stable revenue stream using existing IP synergies

## SSC's powerful land casino IPs



High-quality  
online porting by Stakelogic

## GAN V2 Platform



STAKELOGIC  
THINK BIGGER



SEGA Sammy  
CREATION

GAN

### 1 Stakelogic brings SSC's powerful land casino IPs online

*(5–10 titles deployed per year on a continuing basis)*

- In the US market, "land-originated popular IPs" have the strongest appeal — awareness advantage can be leveraged
- Powerful synergy: SSC's popular IPs × Stakelogic's development capabilities

### 2 Expand social deployment via GAN V2

- Content delivered on a refined proprietary platform (V2)
- Strong promotional support elevates content to top-featured status at near-zero cost

### 3 Stable revenue stream for Stakelogic

- Royalty revenue generated with each play session
- Revenue accumulates in tandem with GAN B2B business growth

### 4 Gateway to Global Expansion

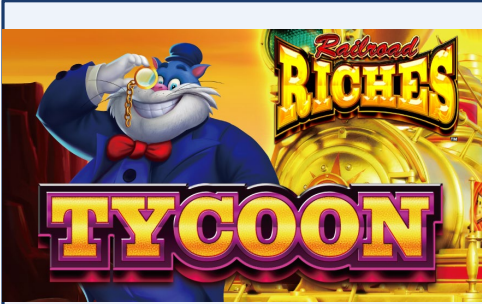
*This initiative will take Stakelogic to the next stage*

- US Social → US RMG → European market rollout pathway
- IP recognition strengthened through synergy of land casino distribution and online deployment

# SSC IP Porting Roadmap

Stakelogic develops online ports of SSC popular titles for sequential deployment to GAN V2 Social PF. Target: approx. 5 titles released in FY2027/3

## FY2027/3 Scheduled Porting Titles

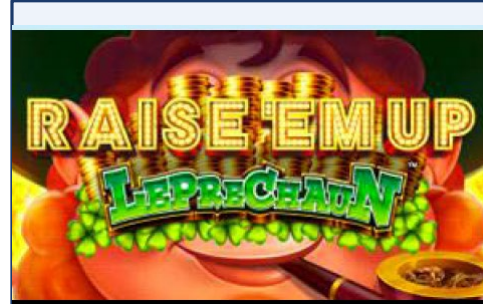


Railroad RICHES™  
Tycoon

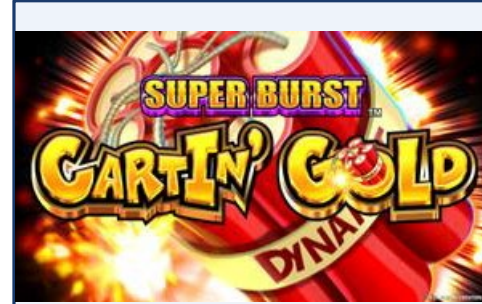
✓ First Wave Porting Titles



Railroad RICHES™  
Sheriff



RAISE'EM UP  
LEPRECHAUN™



Super Burst™  
Cartin' Gold™



CLIMBING WEALTH™  
PENGUIN'S TREASURE™

## FY2028/3 Onward — Scheduled Porting Titles



Super Burst™  
Bouncing Lions™



Super Burst Boosted™  
Cartin' Gold™

### Revenue Model

After each title's release, royalty revenue continues to accrue based on activity on GAN V2.

**5–10 titles continuously deployed per year** — as the title count grows, a stable revenue base accumulates.

\*Please note that the lineup listed above is tentative. It is subject to change and is not yet finalized.  
© SEGA SAMMY CREATION INC.

# The Reality of the iGaming Market and the “Negative Spiral”

A new title's chance window is only 1-2 weeks after launch. If that opportunity is missed, the title disappears without generating revenue

## The Reality of the Online Casino Market

### 500+ per month

Monthly new slot releases industrywide

100+ providers of all sizes constantly releasing new titles — an ultra-competitive environment

### 1-2 weeks

Window featured at top of each casino

The chance to be 'discovered' in casino lobby top/promotional slots is extremely limited

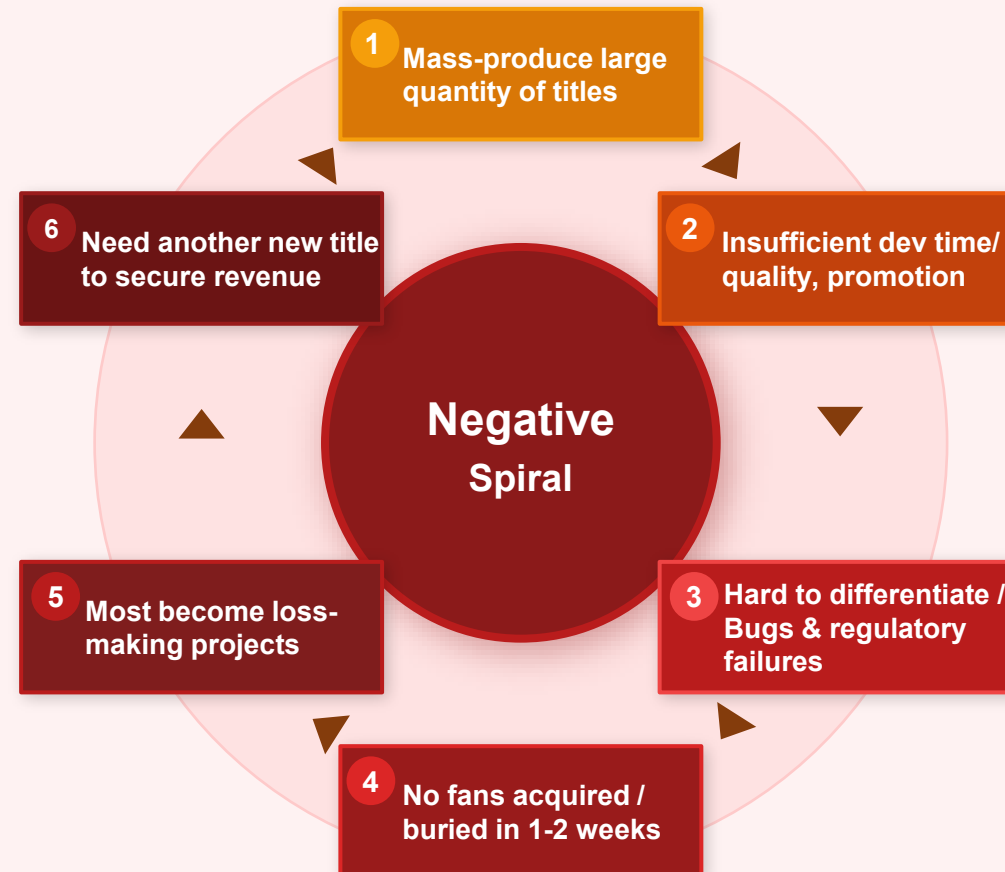
### Most disappear

Fate of titles that fail to attract fans

If dedicated players aren't acquired in that short window, revenue virtually disappears thereafter

### Stakelogic had also fallen into this spiral

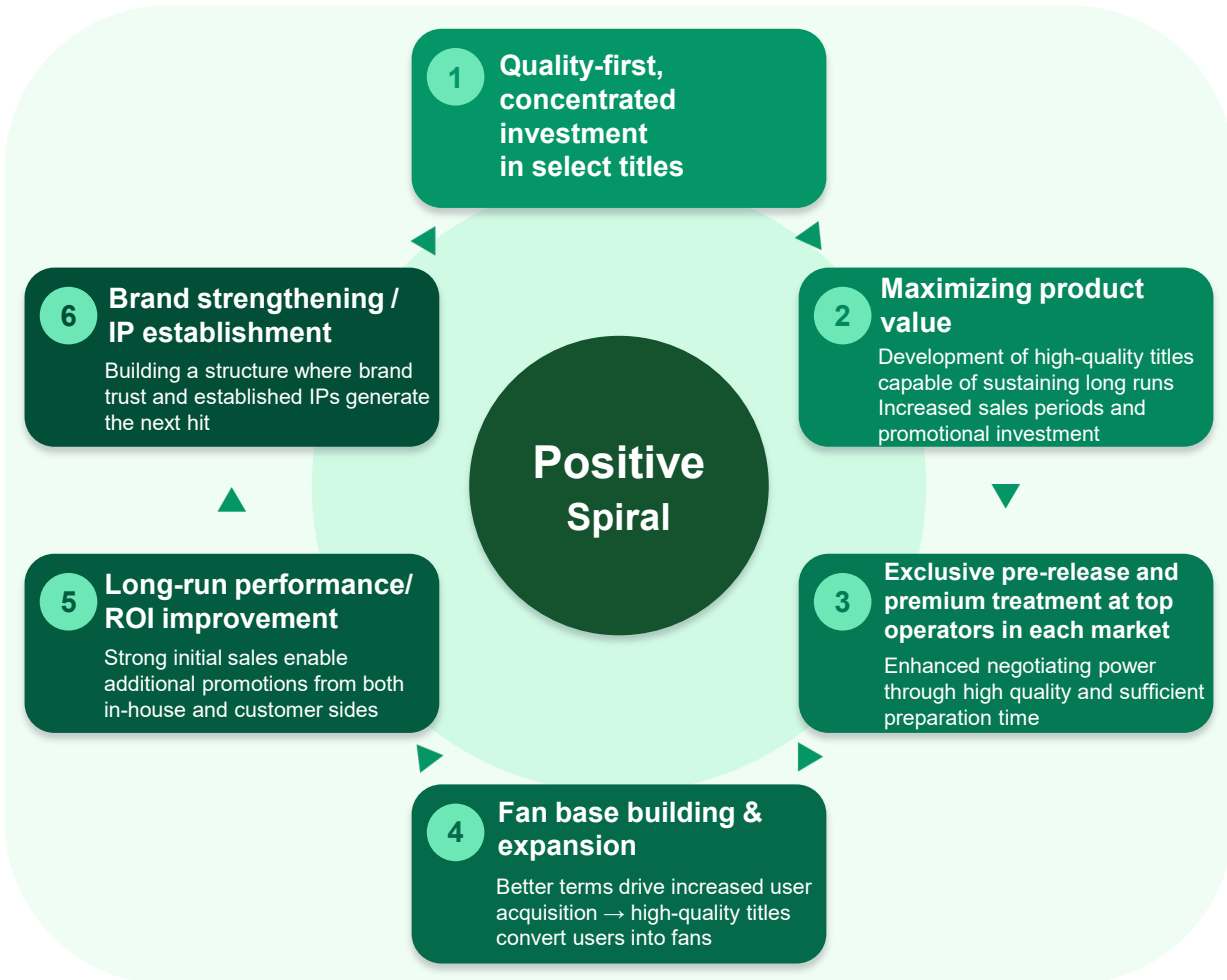
Stakelogic has historically mass-produced 60+ titles per year, but per-title quality and differentiation has been insufficient, preventing revenue from accumulating



# Breaking the Cycle: Shifting from Quantity to Quality

Shifting from quantity to quality — selective → high-quality → top-OP treatment → fan retention → brand building → the next hit: entering the positive spiral

## The Positive Spiral Stakelogic is Targeting



**1st Release: *Throne of Flame* — Pre-release 5/14, best-ever Stakelogic opening performance**

**8x**  
**GGR**  
vs. prev. titles avg.

**4x**  
**Players**  
vs. prev. titles avg.

**First 14 days (5/14 pre-release)**  
Compared to previous pre-release titles, **No.1 in all metrics (players, bet volume, GGR) in Stakelogic history**; demonstrates **player acquisition power and profitability** that are on a completely different level from the mass-production era

**Not yet a breakout hit, but the first signal that the quality shift is beginning to work**

# Live: Transition to Solution Provider Model

Providing Live Casino 'technology, content, and distribution solutions' to land operators; scalable high-margin model with no CAPEX/OPEX required



## Scale with Zero Investment Burden

- All studio build and operating costs borne by the land casino operator
- Stakelogic provides content with no CAPEX/OPEX
- License Fee on setup + monthly Maintenance Fee/Rev-share creates stacking recurring revenue



## Uncontested Unique Market Position

- Evolution/Pragmatic operate own-studio expansion models → no incentive to enter this space
- Black-market-dependent competitors are avoided by land casino operators
- Stakelogic is uniquely positioned to cultivate the clean land-operator market



## Synergy with SSC Equipment Sales

- Existing land operator relationships can also facilitate SSC equipment sales
- Content + equipment + Live — a triple synergy to maximize group-wide revenue

## Current Operations and Future Pipeline

Active

### Bally's (Rhode Island, USA)

- Operating since October 2023 — 6 tables live
- Next steps: negotiating additional US and European studios

In Negotiation

### Major German Casino Operator

- Negotiations ongoing for a German studio establishment
- Not included in FY2027/3 plan (conservative planning)

Exploring

### New Prospects (US & Europe)

- Initial contacts established with multiple US tribal casinos
- Preparing business discussions with European land operators
- Target: 2–3 additional contracts in the medium term

# FY2027/3 Q1 Plan vs. Actual (Sales)

**Q1 overall +17% vs. plan. Live is offsetting the shortfall in Slots and Social**

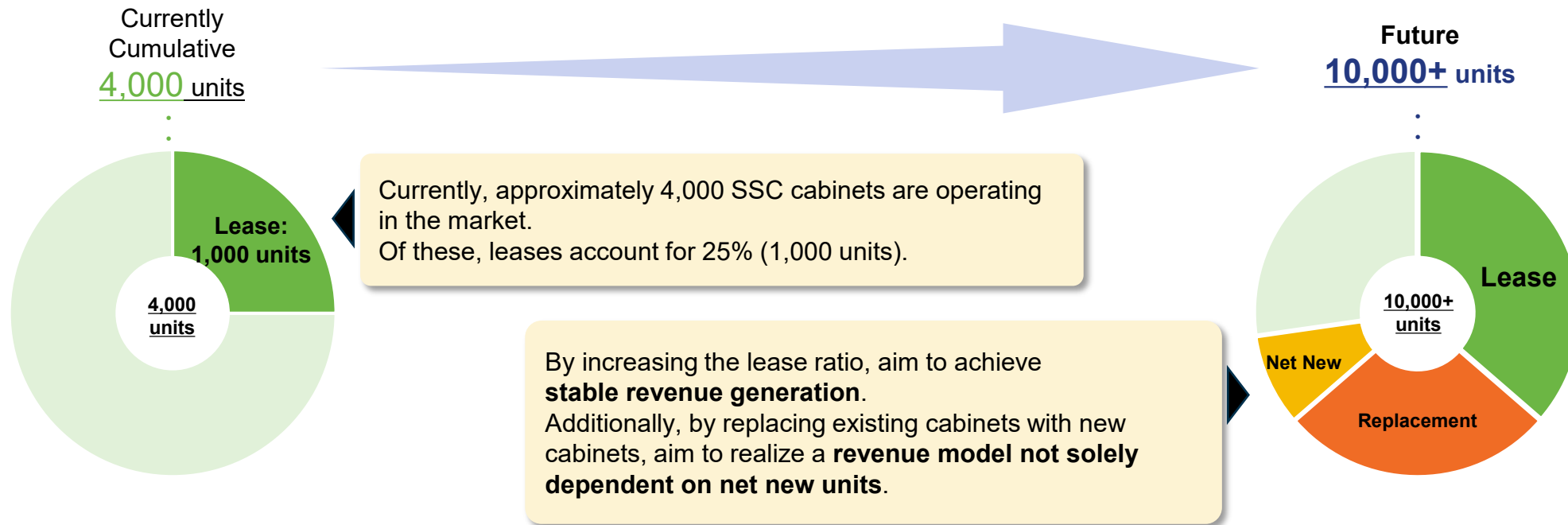
BU	Achievement Rate	Comments
Slots	▲4%	Among new titles released through March, titles from Jan. and Feb. underperformed; existing title revenue in line with plan
Hybrid	▲3%	Tracking below plan in tandem with Slots performance
Live Casino	+24%	Malta studio revenue strong. UK and Denmark major operators (launched Jan. / Feb.) contributed ahead of schedule. NL studio also extended client contracts beyond expectations, adding upside
Social	▲49%	SSC ported titles not yet released
Live Solution	—	Bally's Maintenance Fee of €60k/month accruing steadily
<b>TOTAL</b>	<b>+17%</b>	<b>Live offsets the shortfall in Slots and Social</b>

# **(Appendix) Gaming Machines Business**

Gaming Business

## Business Structural Transformation Through Expansion to 10,000+ Cumulative Units

### ■ Sales Model Overview for Installed Cabinets



**Short-term: Building a stable revenue base by increasing the lease ratio**

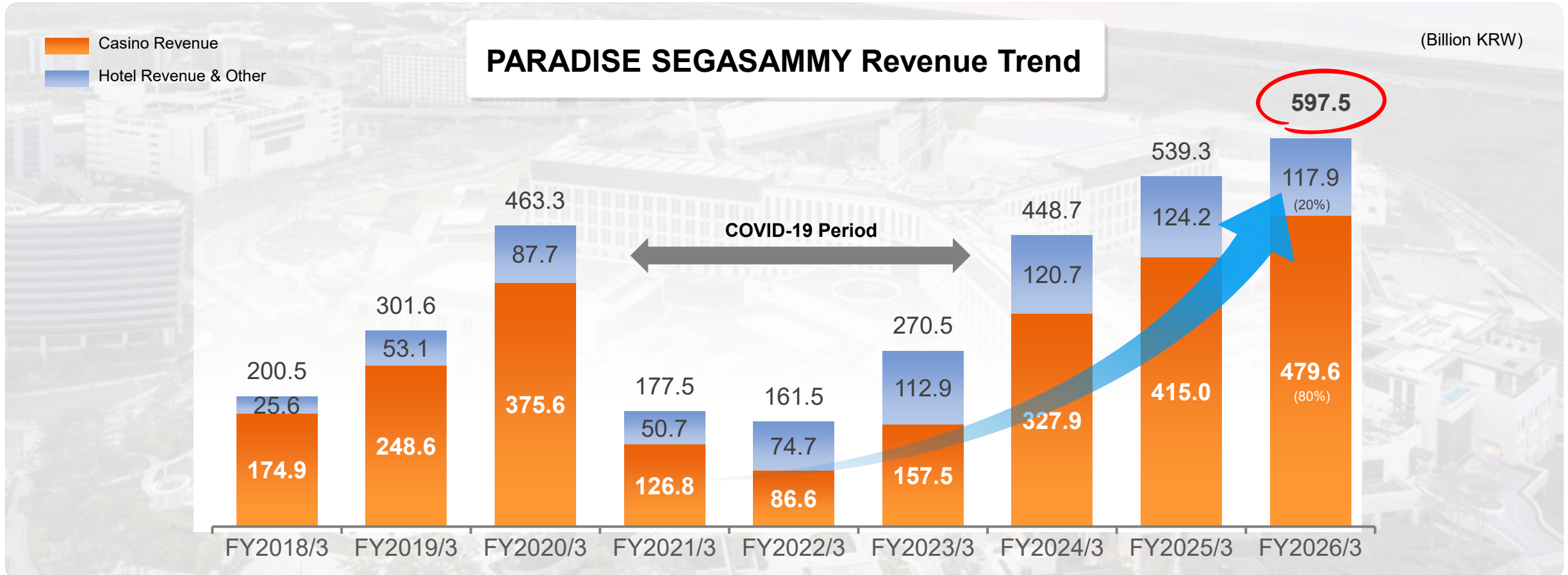
**Long-term : Establishing a replacement cycle to periodically upgrade customers' cabinets to the latest generation**

**(Appendix)**  
**PARADISE SEGASAMMY**

Gaming Business

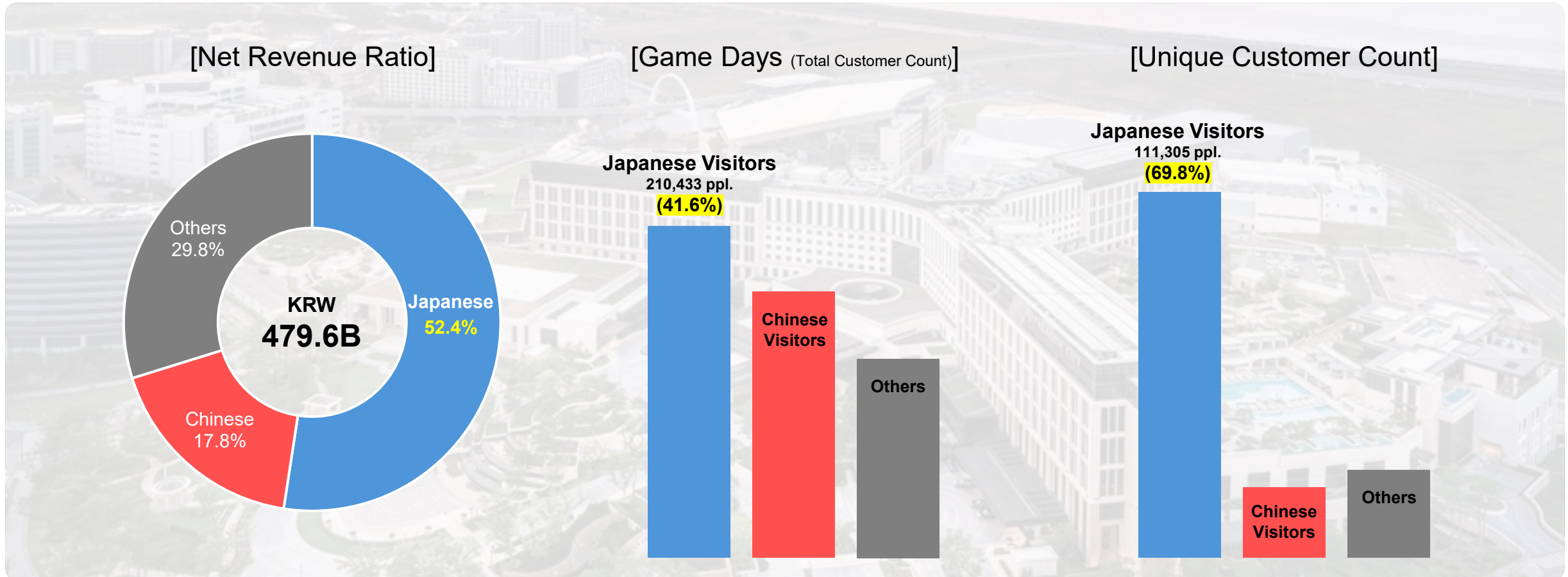
# PARADISE SEGASAMMY: Performance Trend

**FY2026/3: Record-high revenue of KRW 597.5Billion (Approx. JPY 59.7Billion)**  
**Casino revenue accounts for 80% of total revenue**  
 (despite casino floor space representing less than 5% of the total area)



# PARADISE SEGASAMMY: Performance Trend


The key driver behind the record-breaking performance:  
"Japanese Casino Customers" — both in customer count and revenue



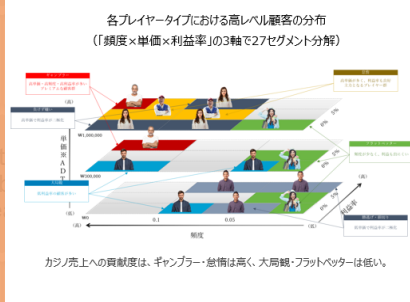

## Evolving into a stage that goes beyond casino operations that can realize “Casino Gaming Change” that transforms the system itself



Understanding users deeply



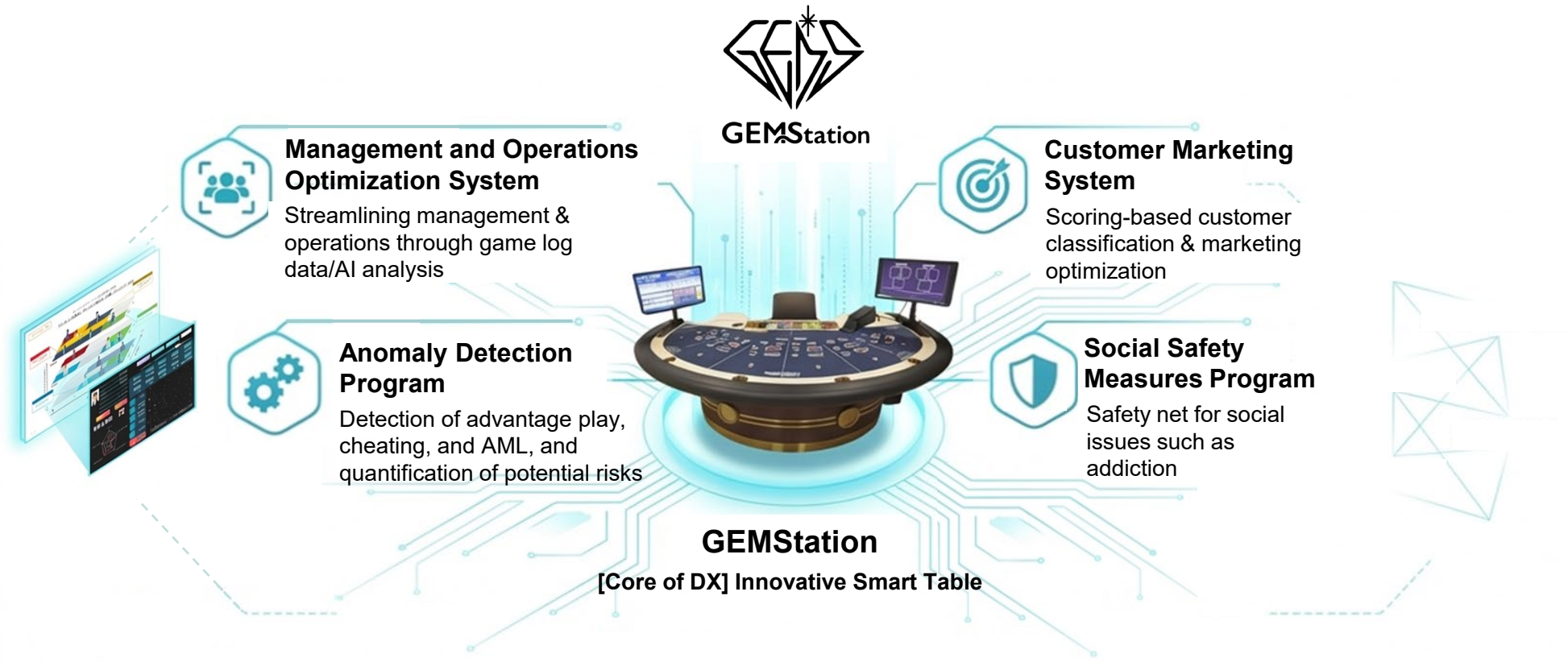
Data analysis

To casino operators all over the world

# DX solution

## Providing unprecedented **DX Solutions** to operators worldwide



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