Major Questions in SEGA SAMMY Management Meeting 2026 (Summary)

July 24, 2026
SEGA SAMMY HOLDINGS INC.
IR/SR Department, Corporate Planning Division

- Date and time: June 15, 2026 (Monday), 3:00 p.m. to 5:50 p.m.
- Respondents: [SEGA SAMMY Group initiatives]
  Haruki Satomi (President and Group CEO, Representative Director, SEGA SAMMY HOLDINGS INC.)
  [Progress of the Pachislot & Pachinko Machines Business Medium-Term Plan]
  Ayumu Hoshino (President and COO, Representative Director, Sammy Corporation)
  [Growth Strategy for the Gaming Business]
  Koichi Fukazawa (Chairman, Global CEO and Global CFO, Representative Director of SEGA SAMMY CREATION INC.)
  [Progress of the Entertainment Contents Business Medium-Term Plan]
  Shuji Utsumi (President and COO, Representative Director, SEGA CORPORATION)

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*The segments are presented in the order of the presentations delivered on the day.
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[SEGA SAMMY Group Initiatives]

Q. Please explain the direction of cash allocation in the next medium-term plan, the growth strategy for each business, and the sales and profit levels the Group ultimately aims to achieve.

A. We are suspending large-scale M&A for the time being, and are also discussing the possibility of expanding shareholder returns. In the Entertainment Contents Business, we will further strengthen Transmedia initiatives, drive sales of new title and also expand repeat sales through the sales transformation. In the Pachislot & Pachinko Machines Business, we aim to continue securing operating income of 20.0 billion yen to 30.0 billion yen, and if we can produce a major hit, we will also aim for further profit expansion. In the Gaming Business, we will pursue the global expansion of slot machines and aim to gain their sales share at the Osaka IR, and will also begin B2B deployment in the North American online casino market to turn around the loss.

Q. Following the impairment, are there any changes to the M&A decision-making process or other processes going forward?

A. We take this impairment very seriously and will suspend large-scale M&A for the time being, but we will continue to consider transactions that complement our existing businesses. The internal criteria for executing M&A have not changed, but we will further strengthen the decision-making process itself by deepening pre- and post-acquisition discussions involving external directors.

Q. Please explain the achievements and challenges of group management under the current medium-term plan, as well as your views going forward on eliminating the conglomerate discount.

A. First, taking into account the impairment at the two acquired companies, we recognize that there are major challenges in our M&A activities. That said, as in the successful acquisition of ATLUS in the past, we want to draw out business value over the long term without being constrained by short-term results. We believe the conglomerate discount will naturally disappear once each of our businesses becomes a "winner" and generates profit. We aim to fundamentally enhance corporate value by further strengthening our competitiveness and presence in the video game industry.

Q. Please explain the targets currently set for each segment.

A. In the Entertainment Contents Business, we aim to make a leap forward to become a "world-leading company" and achieve global-scale sales and profits commensurate our brand recognition. In the Pachislot & Pachinko Machines Business, we aim to achieve the industry "Triple Crown" by becoming the No.1 in utilization, installation, and sales. In the Gaming Business, we aim to eventually achieve sales and a high profit margin comparable to Sammy, and grow it into the Group's true "third pillar."

Q. Does the investment culture that looks toward large future potential still exist today, and how does President Satomi evaluate and judge non-quantifiable value in M&A etc.?

A. In addition to short-term business evaluation, the Company has a deeply rooted culture of investing in Human Resources based on the trust in them, and we thoroughly practice management that values Human Resources based on the belief that "higher productivity from psychological safety directly translates into business performance." Just as investing in an individual creator during a critical period for *Like a Dragon* resulted in its great success, supporting individual challenges has led to the development of young talent, the creation of new IPs and strong recruiting capabilities. Therefore, we intend to continue placing importance on this approach.

[Progress of the Pachislot & Pachinko Machines Business Medium-Term Plan]

Q. You have been conducting initiatives such as in-house testing for some time, and the utilization of pachislot titles sold has improved significantly. How do you analyze the main reason for this?

A. We believe the main reason for the improvement in utilization is the refinement of "Parlor Sammy," our long-running in-house test shooting system. In particular, revising the system so that we place greater emphasis on employees with high forecasting accuracy for utilization has led to improved utilization.

Q. I think the improvement in pachislot participation among younger generations is due not only to the use of anime IP but also to the impact of short videos. Please explain the impact of short videos and your policy on their future use.

A. We recognize that the impact of social media and similar channels is very large, not just short videos. We are also running promotions aimed at boosting utilization by using media that reach younger generation and broadening touchpoints. Results are gradually starting to appear, but we believe continued efforts are necessary to help revitalize the industry as a whole.

Q. Some view your pachislot business as being centered on *Hokuto No Ken*. If there are any future policies or initiatives to create major hit titles other than *Hokuto no Ken*, could you tell us about them.

A. While our sales are centered on *Hokuto No Ken*, we are advancing development that does not depend on *Hokuto No Ken*. At present, *Kabaneri of the Iron Fortress* has been a hit, and the order status of *Smart*

Pachislot: Lycoris Recoil, scheduled for launch in September, is also strong. Going forward, in addition to *Hokuto No Ken*, we will build a system that can create hit titles across multiple mainstay IPs.

Q. Please share your current view on future regulatory trends, including the possibility of additional revisions to regulations.
A. In June, certain easing measures were approved for pachinko and pachislot. These changes are not intended to excessively increase gambling aspects; rather, they are intended to improve gameplay and operational aspects, and we maintain good relationships with the authorities. In addition, regarding the increase in pachislot titles with high gambling aspect level, the industry associations are implementing measures to prevent gambling aspect from rising further than it is now, including the introduction of voluntary regulation in April.

Q. If there are reviews of regulation, etc. in the future, should we once again expect the risk of delays in obtaining approvals, as we saw in the first half of FY2026/3? Based on this experience, is it fair to say your response capabilities have improved?
A. Through track record of more than 300 applications per year in pachinko and pachislot combined, we have accumulated a wealth of data and know-how, and we are confident that we have the technical capabilities to respond quickly even if rules, internal regulations, or voluntary regulation are revised. Even if regulatory changes occur in the future, we do not currently expect our approval status to deteriorate significantly.

Q. Given recent moves by some competitors to revisit price increases, could resistance to price increases become stronger going forward? Do you have the capability to stably maintain operating income of 20.0 billion to 25.0 billion yen over the medium term?
A. We understand competitor pricing strategies, but we will not simply lower prices. Instead, we will secure our own profits while reducing the investment burden on halls by promoting and expanding the use of reel-exchangeable cabinets and reducing the number of components, and ultimately revitalize the industry by passing those benefits on to end users.

[Growth Strategy for the Gaming Business]

Q. You said that system migration of the GAN platform to V2 is the key to improving profitability. Is this due to "an increase in the number of customers" or "higher spend per customer"?
A. It is both. Migration to V2 dramatically improves UI/UX and increases user retention. It also allows us to agilely update and provide a wide range of options, such as bet builders in sports betting, which is a way of betting that combines multiple outcomes into a single bet, thereby increasing operators' GGR*. Since our revenue is linked to operators' GGR, that is the biggest reason why we prioritize the migration to V2.
*GGR stands for Gross Gaming Revenue and refers to revenue in casinos and online gambling. Specifically, it is the amount calculated by subtracting paid-out winnings from the total amount wagered by customers.

Q. Toward achieving break-even in the Gaming Business, which is expected to have an impact first: expanding the operators' GGR, or increasing your own share of the value chain?
A. At present, rather than negotiating higher take rates, we are prioritizing partnering with strong operators, and expanding customers' GGR through migrating to the V2 platform and supplying our own IP. As those customers' GGR increases, our own revenue increases in tandem. We plan to negotiate higher take rates at a later stage, once we have a stronger lineup of titles.

Q. What would motivate major North American casino operators to choose you, rather than a competitor, as their partner for online casino-related solutions?

A. Our key customers are regionally rooted tribal casinos, which already have strong customer bases and want to expand online casino offerings to those existing customers. As a result, they tend to be wary of major online operators as competitors and seek partners other than those operators. We clearly position ourselves as a provider of B2B omnichannel solutions to operators that already have a customer base, and that is one of the reasons we are valued as a partner. This also gives us a business model that avoids intense customer acquisition competition while enabling sustainable revenue growth.

Q. Given the results at PARADISE CITY in South Korea, which demonstrate strong latent demand among Japanese customers for casinos, what business opportunities do you think the future opening of the Osaka IR (casino) will create for you?

A. The number of installed machines at the Osaka IR is expected to be comparable to that of large North American casinos. Since our company is offering gaming machines including slot machines and ETG*s, we believe it will be an excellent sales opportunity for us as well. As for the impact on South Korea (PARADISE CITY), we expect there will be some impact on ordinary Japanese customers (the mass customers), but we do not expect a major impact on VIP customers, and since the South Korean casino market itself is growing, we believe total sales can be maintained and expanded.

*ETG stands for Electronic Table Game

Q. Please explain how you plan to leverage, using AI, the user data obtained through the system you provide

A. AI is already widely used in the industry, for example in instant odds calculations and timely, personalized promotions. We also use it in the online casino area, and going forward we plan not to limit ourselves to online use: we will also digitize physical casino tables (currently operating in South Korea) and conduct data-driven user analysis and promotions in physical venues as well, just as we do online, with the aim of expanding revenue.

[Progress of the Entertainment Contents Business Medium-term Plan]

Q. Through strengthening "sales capabilities," by how much do you expect to increase the number of units sold of mainstay IP titles in their first year and over their lifetime?

A. Although internal targets have been set, our efforts have only just begun, so we will refrain from disclosing specific figures at this point. That said, we are feeling a certain level of traction from the initial promotion and its quantitative results of this fiscal year's mainstay new titles so far, and we are aiming for an impact that exceeds previous titles. In addition, we want to leverage the synergy between new title promotions and existing titles to increase repeat sales of past titles as well.

Q. We would like to understand SEGA's definition of a mainstay IP title and the criteria it uses to classify a title as such. With development costs rising and the breakeven line also moving up, I would like to know the benchmark.

A. In terms of how we define a mainstay IP title, one benchmark is lifetime sales of over 5 million units. In the future, we aim for 10-million-unit sales scale, but first we believe it is important to build a track record by steadily accumulating sales by linking repeat sales with new titles.

Q. How exactly will you work to expand repeat sales? Is it fair to say that the promotional initiatives for new titles in existing series explained today will be the starting point for expanding repeat sales?

A. Much of our repeat sales come from digital sales, and while digital products are also affected by pricing strategies such as sales campaigns, we recognize that sales increase when a title gains attention. Accordingly, we will expand repeat sales by linking new-title promotions, video adaptations, and other Transmedia initiatives with buzz generation. For the recently announced *STRANGER THAN HEAVEN* and *Persona 4 Revival,* we are also working with buzz creation in mind, and at the initial stage we are encouraged by the quantitative results.

Q. To expand repeat sales, are there plans to revisit your approach to offering additional content such as downloadable content (DLC)?
A. Regarding the use of additional content, we are advancing several trials while carefully assessing the impact on the sales of the main game. For example, since our European development studio, Creative Assembly, has been engaged in a business model that leverages DLC for many years and has extensive expertise, we are sharing that expertise with our development teams in Japan as well.

Q. Will "Fandom" remain just a concept, or will it be quantified and managed going forward? Do you plan to put in place a mechanism to connect directly with fans when building Fandom?
A. Fan touchpoints are diverse, including games, merchandise, and social media, and ideally, we want to capture and manage the available data by IP as KPIs. By understanding the roles and scale of fan groups, such as those that deepen engagement and those that broaden reach, we will leverage that to the creation and expansion of Fandom. Specifically, we are already working on certain areas in the game field, such as leveraging existing IDs.

Q. In the Transmedia strategy, how do you intend to position Group companies SEGA FAVE and TMS ENTERTAINMENT?
A. SEGA FAVE is actively developing and rolling out merchandise such as *SONIC & FRIENDS*. TMS ENTERTAINMENT, in addition to the production of anime adaptations which is its core business, has begun discussions on the possibility of future video production based on SEGA IP, leveraging its strong expertise and production capabilities in the animation area, from the perspective of creating group synergies.

Q. Regarding game release timing, what is your policy: prioritize releasing games in line with Transmedia initiatives, or prioritize game quality?
A. We make decisions by considering both the quality of the work and the timing of Transmedia initiatives. For major titles, we secure sufficient development time to ensure quality. At the same time, for initiatives that are expected to be more effective when aligned with the timing of events such as a movie release and an anniversary, we also take those factors into account. We formulate roadmaps for each IP and decide while looking at initiatives such as anime and merchandise in addition to games.

Q. How do you view the effects of launching a title on a subscription service on the same day as its release, and its impact on unit sales?
A..While doing so helps expand awareness of the new title and generate buzz, we believe the impact on unit sales also needs to be assessed carefully. Based on the pros and cons of past examples, we make case-by-case decisions depending on the circumstances of each title.

Q. Regarding fixed costs in the Consumer area, is there potential for reducing fixed costs or structurally revising operations to improve the profitability structure?
A. We are working to contain headquarters and common expenses outside of development. We are also reviewing pre-project costs, including basic research costs, which have been at a high level, and are working

to optimize fixed costs.

Q. The release of new Full Game titles is concentrated in Q4 of FY2027/3. Is it difficult to adjust the release timing?

A. As a result of changes in development schedules and shifts in market conditions, release timing of some titles has become closer together, but we believe cannibalization between titles will be limited. For this fiscal year, we have set the current release plan while also taking into account competition with other companies' blockbuster titles.

Q. How is the evolution of AI affecting game development operation? Can we expect lower development costs and shorter development timeline?

A. With regard to AI utilization, there are also issues related to consumer opinions and rights-related matters, so at present we are mainly using it as optional development support with the aim of improving efficiency in game development, and we continue to consider its use carefully according to the characteristics of each title. We are also considering and promoting its use in areas such as marketing, particularly for data analysis, in order to improve efficiency and effectiveness.

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