

(Translation)

**Excerpts of Questions and Answers Summary  
in the 20th Annual Ordinary General Meeting of Shareholders  
(Held on June 25, 2024)**

**<DISCLAIMER>**

\*This document is an excerpt and summary of the Q&A session at the Annual General Meeting of Shareholders, and some edits and modifications have been made to improve comprehensibility.

\*This is an English translation from the original Japanese-language version. The translation is provided for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Company assumes no responsibility for this translation and for direct, indirect or any other forms of damages arising from the translations. Should there be any inconsistency between the translation and the original Japanese document, the Japanese language version shall prevail.

\*If you quote all or part of this document, please clearly indicate the source of the citation or link to this page.

Q: Could you explain how you evaluated the investment on the sale of Seagaia (Phoenix Seagaia Resort)?

(Answer: Chairman)

A: We had taken over the management of Phoenix Seagaia Resort (Seagaia), which had been a company in the red in 12 years ago and has been working on its restructuring since then. As a result, it turned profitable for the first time in two consecutive fiscal years starting with fiscal year ended March 2023, was recovered at the level even able to pay bonuses, and reached at the stage where the full-scale recovery stage was beginning. However, we received an attractive offer from Fortress Investment Group LLC, and after much discussion at the Board of Directors' meeting, the decision was made to transfer Seagaia on the condition of maintaining the employment of its employees and investment commitments. Since this resulted in a lump-sum return of the past investment funds and also earned a profit, we consider this to have been a successful investment.

Q: Please tell us about your thoughts on improvement in working condition and human resource development to secure excellent AI engineers and why you are focusing on AI development.

(Answer: Chairman)

A: Not only to secure AI engineers but also to continue employing excellent talent, we think it is important to improve working condition based on ability and offer flexible

employment terms, rather than relying solely on the formal personnel system that has been in place up to now. We have been incorporating AI from a very early stage but the initial reason we are focusing on AI development is to reduce work hours and allow human resources to focus on the creative aspects of the business. **We will continue to consider how to utilize AI in the future.**

Q: "Bundle sales" could be counted as one factor in the rising prices of pachislot and pachinko machines. Please tell us if you are considering eliminating such sales method in the future.

(Answer: Chairman)

A: While adjusting prices based on sales performance, we are focusing on developing products that can be selected without "bundle sales." We are also considering price and cost reduction measures for pachislot machines, and if we can realize these measures from next year onward, we believe we will be able to return profits to customers in terms of price. Sammy is in the process of considering measures to counter the negative cycle of price hikes affected to pachinko halls and users, which has been a concern in the industry.

Q: Please tell us how you view the prolonged lifecycle of game hardware.

(Answer: Shuji Utsumi, President and COO, Representative Director of SEGA CORPORATION)

A: Offering products to a wider range and more diverse platform is very welcome as it helps stabilize our business, and the fact that consoles, including PC and mobile, continue to be offered solidly is preferable for us.

Q: What are your future expansion plans and prospects for the poker business?

(Answer: Chairman)

A: In our long involvement in the poker business, I have sensed a poker culture taking root among young people. We intend to make this business as impactful as the Mahjong game called *MJ* and darts business. The poker bar we operate in Meguro is also very popular, but rather than expanding the storefront business, we want to make poker culture take root and hope to make amusement poker popular as a "fun" activity in Japan.

Q: Please tell us if there is any movement to review investments in information systems to

counter cyber-attacks.

(Answer: Chairman)

A: Many of our competitors, both in Japan and overseas, have been exposed to cyber-attacks, and we are also checking daily. We have taken necessary and sufficient measures to prevent cyber-attacks to the extent possible, such as implementing a two-tier system, which is to prevent both intrusion and data leakage, and conducting periodic training for employees.

Q: I would like to know if there were any discussions at the Board of Directors' meeting over security risks to handle confidential information in the internal use of ChatGPT.

(Answer: Chairman)

A: The in-house customized version of ChatGPT we are using has learned internal technical terms in an environment where ChatGPT cannot use the data we have included, including internal information, for its study. Like this, we have carefully handled confidential information and approved its use after discussion. In addition, we have put in place a system that allows employees to use the system with peace of mind such as establishment of user guidelines and a consultation service regarding copyright issues, and we are in a situation where the use of the system is being discussed thoroughly and utilized.

Q: I would like to know about Sammy's plans to make Smart Pachislot versions of its representative titles, such as *ALADDIN* and *Beast King*.

(Answer: Ayumu Hoshino, President and COO, Representative Director of Sammy Corporation)

A: We recognize the importance of Sammy's content that has been a hit in the past. Specific timing for making Smart Pachislot version of those have not yet been decided but please wait for them with anticipation.

Q: Please tell me if you have any plans to build a casino, internet casino, or a theme park such as "SEGA Land"?

(Answer: Chairman)

A: Regarding casino, we have been suspending our plans now and have no plans to engage in IR (integrated resort) business in Japan, but PARADISE CITY in South

Korea is doing well and we intend to expand this business. As for Internet casino and sports betting, through the acquisition of GAN Limited, we would like to expand our overseas business as the only Japanese listed company that can legally operate them. In addition, although we are not directly working on theme parks using our characters, we are in the process of receiving proposals in various forms.

-END-