

Entertainment Contents Business

Medium-Term Plan: WELCOME TO THE NEXT LEVEL!

Under the medium-term plan, we aim to achieve an adjusted EBITDA of over ¥180.0 billion as a cumulative total for the three years leading to the fiscal year ending March 2027 by focusing on three key areas: further expansion of the major pillar* of the Consumer area, investments to strengthen game development and product capabilities, and regrowth of the European business that has already undergone structural reforms. Our “further expansion of the major pillars” will see us advancing our Transmedia strategy and expand global Game as a Service (GaaS). For “investments to strengthen development and product capabilities,” we will strengthen investment in major IPs as well as legacy IPs. In our “regrowth of the European business,” we aim for a recovery centered on the mainstay series *Football Manager* and *Total War*.

* Among SEGA's IPs, those with high potential

Quantitative target	● Adjusted EBITDA: Over ¥180.0 billion (cumulative total for three years)
Further expansion of the major pillars	● Transmedia ● Global GaaS (including Rovio)
Investments to strengthen development and product capabilities	● Major IPs ● Legacy IPs (medium- to long-term initiatives) ● Super Game (medium- to long-term initiatives) ● Animation IPs
Regrowth of the European business	● <i>Football Manager</i> ● <i>Total War</i>

Target revenue structure

In recent years, the game market has seen increasing diversification of revenue models. SEGA, the core of the Group's Entertainment Contents Business, has the strength of owning abundant IP assets that can maximize value across various revenue models. Leveraging this strength, it builds a revenue base by layering diverse revenue opportunities like “mille-feuille,” thereby expanding revenue stably without being overly dependent on the presence or absence of a new hit title.

The foundation of stable revenue comes from licensing out SEGA's strong IP to partner companies, which increases user touchpoints and generates high-margin licensing revenue, along with repeat sales of Full Games (consumer titles), which deliver long-term, high-margin revenue. In addition, free-to-play (F2P) can also serve as a stable, continuous revenue source by maintaining active users through steady ongoing operations. By generating stable revenue across multiple layers, we reduce volatility risk, which allows us to continue taking on new challenges with Full Games and F2P titles. Going forward, we will further strengthen this stable revenue portfolio, striving for revenue expansion and higher profit margins.

Understanding revenue trends

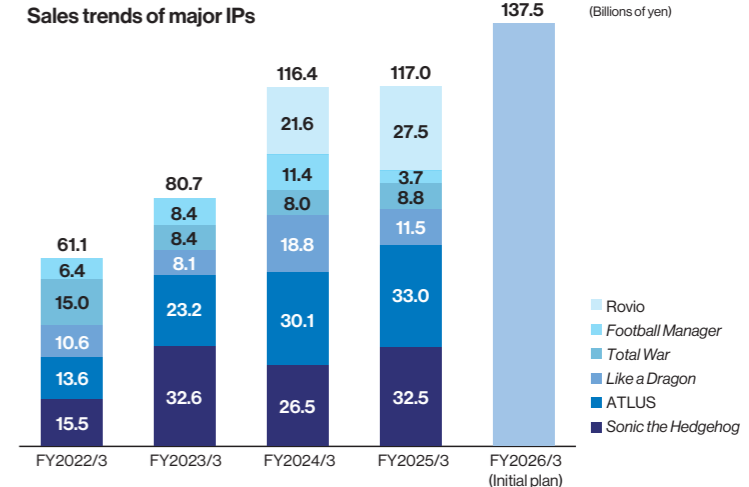


Strengthening the core game business

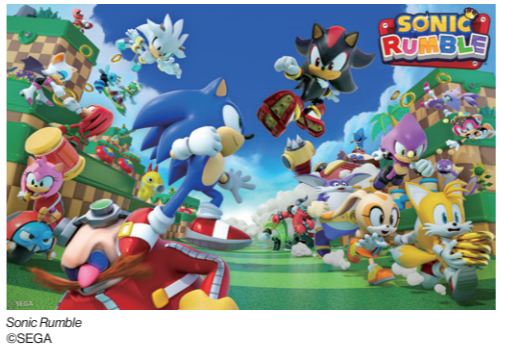
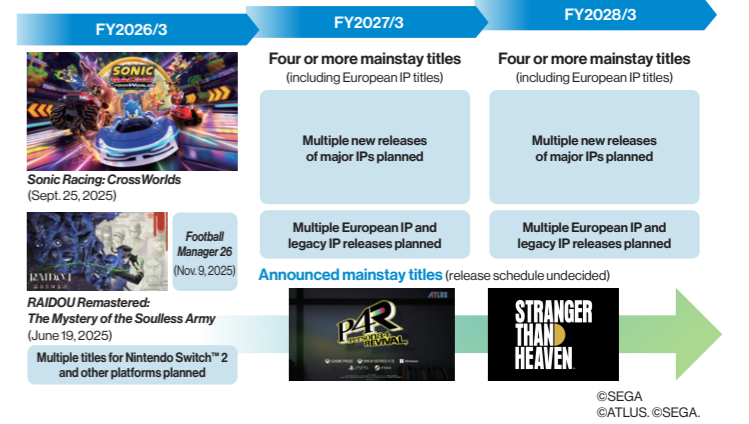
Growth of Full Games and future pipeline

In the fiscal year ended March 2025, sales of major new release such as *SONIC X SHADOW GENERATIONS* and *Metaphor: ReFantazio* grew steadily. In repeat sales, *Persona 5 Royal* continued to contribute to earnings, while sales of past *Sonic* titles also saw strong performance.

In the fiscal year ending March 2026, we plan to launch new releases of major IPs including *Sonic Racing*: *CrossWorlds* and *Football Manager 26*. In the fiscal year ending March 2027 and March 2028, we plan to enrich our pipeline with at least four new mainstay titles each year, along with releases of legacy IP works. At the same time, we will expand revenue opportunities by strengthening repeat sales, broadening supported platforms, and offering subscription-based services.



* ATLUS: Includes both the *Persona* and *Shin Megami Tensei* series, as well as *Metaphor: ReFantazio*
 * Like a Dragon: Includes the *Judgment* series
 * Rovio's earnings consolidation began in September of FY2024/3, with a contribution of seven months for that fiscal year



Strengthening F2P titles

F2P is a business model in which the base game is free to play, while additional content and certain functions are continuously offered as paid features to generate ongoing revenue. In the fiscal year ending March 2026, we are placing emphasis on strengthening this model and introducing global F2P titles. In June 2025, we launched official service for *Persona5: The Phantom X* in Japan and global markets. By expanding IP touchpoints globally, we aim to enhance IP value. Furthermore, with *Sonic Rumble*, scheduled for release in 2025, we aim for global market success through collaboration with Rovio.

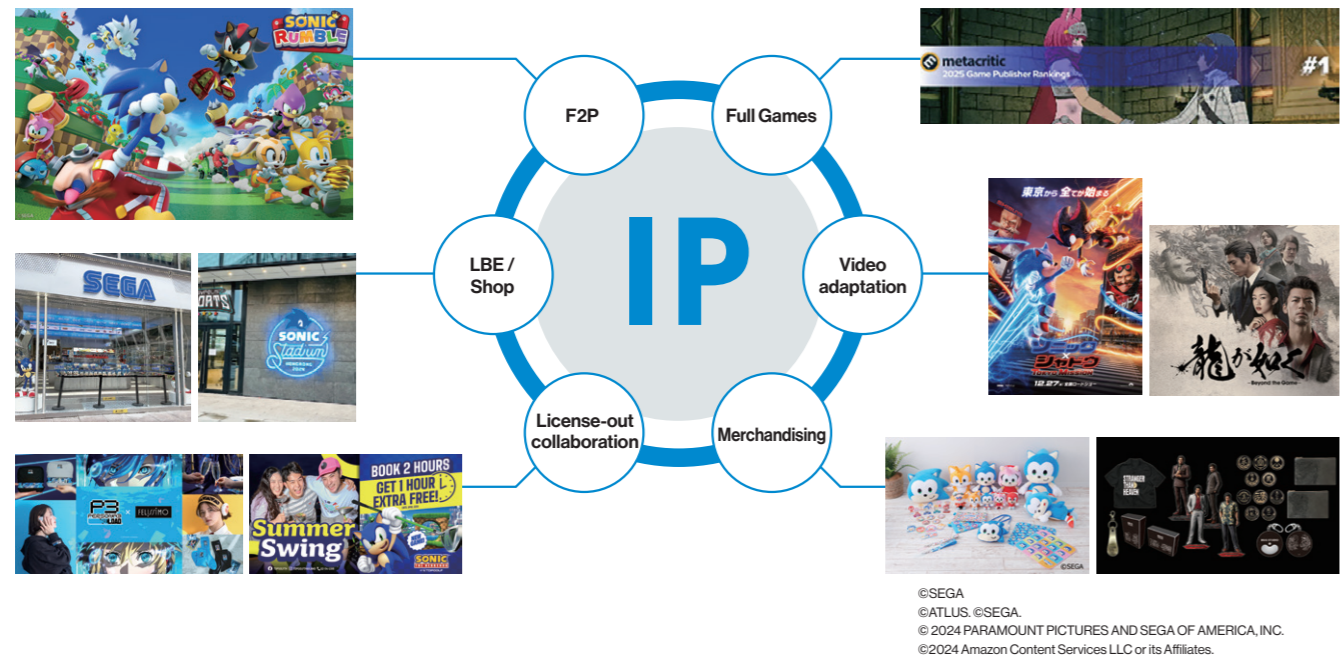
Initiatives at European studios

With structural reforms completed, the European business is now shifting toward renewed growth. The *Total War* series is showing signs of recovery, supported by measures such as the release of additional downloadable content. In addition, the *Football Manager* series, which has built a strong global fan base of over 17 million cumulative players with its previous title, will see its new release, *Football Manager 26*, launched in November 2025. By strengthening mechanisms for collaboration and knowledge sharing across global locations, and ensuring rigorous management of development progress and quality, we will return to a steady growth trajectory.

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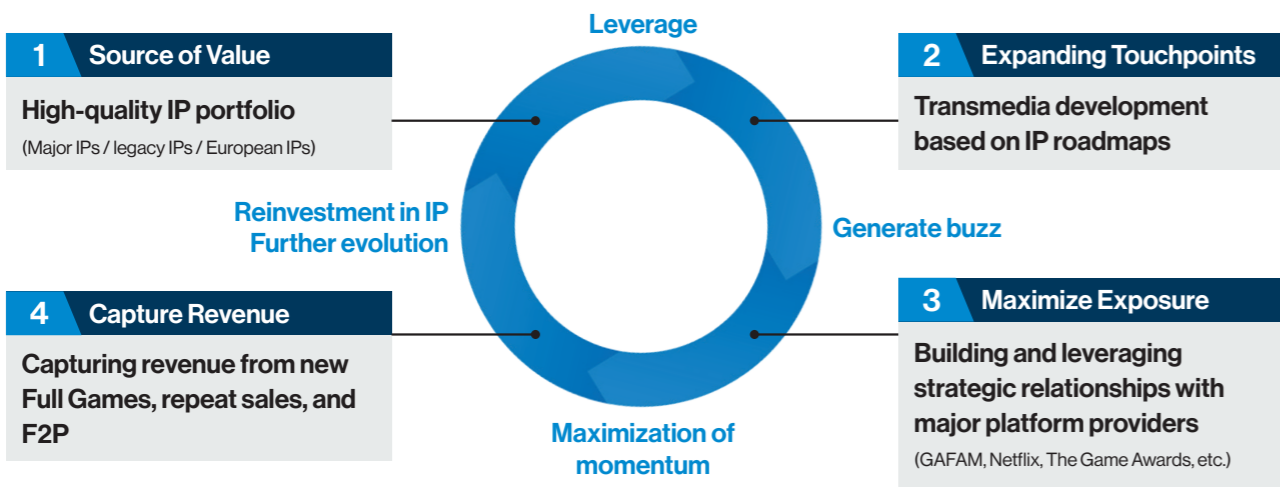
Transmedia strategy

SEGA is pursuing a Transmedia strategy, in which high-potential IPs are developed primarily through games while also expanding into movies, animation, merchandising, events, and other areas, thereby simultaneously increasing user touchpoints and revenue opportunities to grow the IPs. Going forward, in addition to *Sonic*, which has already achieved success, we will expand the Transmedia strategy to other IPs such as *Like a Dragon* and *Persona*.



Mechanism for Enhancing IP Value

Following roadmaps for each major IP, we will advance Transmedia development and broaden user touchpoints across diverse areas. Furthermore, by building strategic relationships with major platform providers, we will maximize global exposures for our IPs and link this to revenue opportunities through new Full Game release, repeat sales, F2P, and licensing development. Profits gained in this way are reinvested into further IP growth, creating a cycle of increasing IP value.



Initiatives in the Animation area

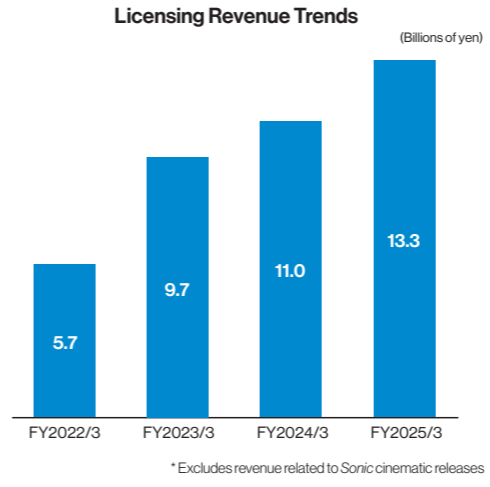
Sonic the Hedgehog 3, co-produced with Paramount Pictures Corporation in the U.S., became a major hit, recording worldwide box office revenue of USD 490 million, surpassing the previous film. This major success not only contributed through film revenue but also served as a powerful promotional effect, significantly boosting sales of new Full Games tied to the movie, repeat titles, and licensed merchandise, thereby establishing a successful model for enhancing IP value. In recent years, as movies based on games have been achieving success one after another, attention to game IP has been growing. In this environment, SEGA's strength lies in owning numerous competitive game IPs. In addition to *Sonic*, multiple IPs, including legacy IPs, are in the process of being adapted into video projects. Furthermore, TMS ENTERTAINMENT, the Group's core company in the Animation area, has successfully transformed its business model from a traditional contract-based model to a producer-driven model with greater initiative in production. As Japan-origin IPs gain global attention, SEGA will leverage its global expansion capabilities, game development expertise, and TMS ENTERTAINMENT's know-how in the animation business to strategically expand the Group's video adaptation business.



Sonic the Hedgehog 3
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Strengthening the license-out business

For *Sonic*, global business has expanded through allocated revenue from past films and merchandising, leading to a significant increase in licensing revenue. We will continue to further strengthen relationships with licensing partners, and enhance supervisory frameworks to drive continued growth in the licensing business. For major IPs other than *Sonic*, we will lay the groundwork for expanding licensing revenue by reinforcing Transmedia development. To further strengthen IP dissemination and expand touchpoints, in May 2025, SEGA opened its first-ever official store worldwide, SEGA STORE SHANGHAI in China, followed in July by SEGA STORE TOKYO in Shibuya. Through the rollout of these flagship stores, we will promote deeper penetration of SEGA's IPs.



SEGA STORE TOKYO
Opened July 18, 2025