

## Summary of Gaming Statutes and Regulations

SEGA SAMMY HOLDINGS INC.

## 1. Summary of Nevada Gaming Statutes and Regulations based on the requirements from the Nevada Gaming Commission

Sega Sammy Holdings Inc. (the “Company”) is registered with the Nevada Commission as a publicly traded corporation (a “Registered Corporation”) and has been found suitable to directly or indirectly own the stock of its four gaming subsidiaries, Sega Sammy Creation, Inc., as an intermediary holding company and Sega Sammy Creation, USA Inc., GAN (UK) Limited and GAN Nevada, Inc., its wholly-owned subsidiaries (collectively, the “Operating Subsidiaries”), each of which subsidiaries have been licensed as manufacturers and/or distributors of gaming devices and, in the case of GAN Nevada, Inc., as an operator of an information service in Nevada. Pursuant to Nevada law, the Company’s ownership of licensed subsidiaries in Nevada and the Company’s registration as a publicly traded company, the Company’s shareholders are subject to the rules and regulations of the Nevada Gaming Authorities (as defined below).

The manufacture, sale and distribution of gaming devices, including internet and mobile gaming devices, and cashless wagering systems for use or play in Nevada and the operation of slot machine routes and inter-casino linked systems or provision of information services are subject to: (i) the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the “Nevada Act”); and (ii) various local ordinances and regulations. Gaming and manufacturing and distribution operations in Nevada are subject to the licensing and regulatory control of the Nevada Gaming Commission (“Nevada Commission”), the Nevada Gaming Control Board (“Nevada Board”) and various other county and city regulatory agencies, collectively referred to as the “Nevada Gaming Authorities”.

The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy which are concerned with, among other things: (i) the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming, manufacturing or distributing activities at any time or in any capacity; (ii) the establishment and maintenance of responsible accounting practices and procedures; (iii) the maintenance of effective controls over the financial practices of licensees, including the establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues, providing reliable record keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities; (iv) the prevention of cheating and fraudulent practices; and (v) providing a source of state and local revenues through taxation and licensing fees. Changes in these laws, regulations procedures and judicial or regulatory interpretations could have an adverse effect on our gaming operations.

A manufacturer’s license permits the manufacturing and a distributor’s license permits the sale and distribution of gaming devices and cashless wagering systems for use or play in Nevada. Distribution outside Nevada may require licenses in other jurisdictions (see “Summary of Gaming Statutes and Regulations other than those of the State of Nevada, below). The operator of an information service license permits supplying lines, point spreads, odds and related information directly to a licensed race book or sports pool in Nevada (including data feeds through sports wagering systems offered by GAN Nevada). Our licenses require the periodic payment of fees and taxes. Licenses are not transferrable. Each type of machine that we sell in Nevada must first be approved by the Nevada Board and may require approval of subsequent modifications. Our gaming subsidiaries licensed in Nevada must also report loans and leases over certain monetary thresholds and other similar financial transactions. No security representing an ownership interest in the Operating Subsidiaries may be sold or transferred without the prior approval of the Nevada Commission.

The Nevada Gaming Authorities may investigate any individual who has a material relationship or involvement with the Company or its Operating Subsidiaries in order to determine whether such individual is suitable to have such involvement with these entities. The Nevada Commission may deny an application for licensure or finding of suitability for any cause deemed reasonable. A finding of suitability is comparable to licensing and both require submission of detailed personal and financial information followed by a thorough background investigation.

If it were determined that the Nevada Act was violated by the Company or any of the Operating Subsidiaries, the registration of the Company and the licenses of the Operating Subsidiaries could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, the Company, the Operating Subsidiaries and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act, at the discretion of the Nevada Commission.

Any beneficial owner of a Registered Corporation’s voting securities (in the case of the Company its ordinary shares), regardless of the number of voting securities owned, may be required to file an application, be investigated, and have their suitability as a beneficial owner of the Registered Corporation’s voting securities determined, if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared gaming policies of the State of Nevada.

The Nevada Act requires any person who acquires beneficial ownership of more than 5% of a Registered Corporation's voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of a Registered Corporation's voting securities apply to the Nevada Commission for a finding of suitability within thirty (30) days after the date specified by the Nevada Commission pursuant to NRS 463.643.

Under certain circumstances, an "institutional investor", as defined in the Nevada Act, which acquires the beneficial ownership of more than 10%, but not more than 25% of a Registered Corporation's voting securities may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities for investment purposes only and the securities were not acquired pursuant to a debt restructuring. An institutional investor that has been granted a waiver by the Nevada Commission may beneficially own more than 25%, but not more than 29%, of the voting securities of a Registered Corporation, only if such additional ownership results from a stock repurchase program conducted by the Registered Corporation, and upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage. Further, an institutional investor that is subject to a finding of suitability pursuant to NRS 463.643(4) as a result of its beneficial ownership of voting securities of a Registered Corporation and that has not been granted a waiver by the Commission, may beneficially own more than 10%, but not more than 11%, of the voting securities of such Registered Corporation, only if such additional ownership results from a stock repurchase program conducted by the Registered Corporation, upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage. Unless otherwise notified by the Chair of the Nevada Board, such an institutional investor is not required to apply to the Nevada Commission for a finding of suitability, but shall be subject to reporting requirements as prescribed by the Chair.

The applicant is required to pay all costs of investigation incurred by the Nevada Gaming Authorities. The Nevada Act provides that any person who fails or refuses to apply for a finding of suitability or a license within thirty days after being ordered to do so by the Nevada Commission or the Chair of the Nevada Board, may be found unsuitable. The same restrictions apply to a record holder (in the case of the Company a registered holder) if the record owner, after request, fails to identify the beneficial owner.

Any person found unsuitable and who holds, directly or indirectly, any of the voting securities of a Registered Corporation beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offence under Nevada law. A Registered Corporation can be sanctioned, including the loss of its approvals if, after it receives notice that a person is unsuitable to be the holder of the voting securities of the Registered Corporation or to have any other relationship with the Registered Corporation, it: (i) pays that person any dividend or interest upon its voting securities, (ii) allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person, (iii) pays remuneration in any form to that person for services rendered or otherwise, or (iv) fails to pursue all lawful efforts to require such unsuitable person to relinquish his voting securities including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

The Nevada Commission may, in its discretion, require the holder of any debt security of a Registered Corporation to file applications, be investigated and be found suitable to own the debt security of a Registered Corporation. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the Registered Corporation can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission, it: (i) pays to the unsuitable person any dividend, interest, or any distribution whatsoever; (ii) recognizes any voting right by such unsuitable person in connection with such securities; (iii) pays the unsuitable person remuneration in any form; or (iv) makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation, or similar transaction.

A Registered Corporation may not make a public offering of its securities without the prior approval of the Nevada Commission if the securities or proceeds therefrom are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. If such approval is given, it does not constitute a finding, recommendation, or approval by the Nevada Commission as to the accuracy of the prospectus or investment merits of the securities offered and any representation to that effect is unlawful.

The Company is required to comply with certain reporting Requirements imposed by the Nevada Act. The Company is also subject to disciplinary action by the Nevada Commission if it knowingly violates any laws of foreign jurisdictions where it holds manufacturer or distributor licenses or conducts foreign gaming operations and if it engages in actions that pose an unreasonable threat to the control of gaming in Nevada or that discredit the State of Nevada or gaming in Nevada.

For further reference, please see Nevada Revised Statutes (NRS) 463.635 – 463.643 and Nevada Gaming Commission Regulations (NGC) 16.010 – 16.450. A more complete summary of the Nevada Act is available on request to Investor Relations (IR) & Shareholder Relations (SR) Department, Corporate Division of the Company.

## 2. Summary of Gaming Statutes and Regulations other than those of the State of Nevada

The Operating Subsidiaries have also been licensed as suppliers, vendors, data providers, manufacturers and distributors of gaming devices in multiple countries, states, and regions other than the State of Nevada (collectively, the “Other Regions”).

Other gaming authorities throughout the world, including those in the Other Regions, may require any person who acquires beneficial ownership of more than 5% of the Registered Corporation’s voting securities to report the acquisition to such gaming authorities, and, in some cases, to apply to such gaming authorities for a finding of suitability within a certain period of time after acquiring more than 5% of the Registered Corporation’s voting securities. The applicant may be subject to the same or similar rules as in the State of Nevada in relation to a finding of unsuitability. The applicant is typically required to pay all costs of investigation incurred by the gaming authorities.

In addition to the foregoing, the Company’s shareholders may be subject to the same or similar restrictions as in the State of Nevada under the statutes of the Other Regions or the regulations of the gaming authorities of such Other Regions.