



WELCOME TO THE NEXT LEVEL!

SEGA SAMMY HOLDINGS INTEGRATED REPORT 2025

Group Value
Mindset and DNA

Creativity is Genesis × ***Always Proactive, Always Pioneering***

SEGA's *Creativity is Genesis* and Sammy's *Always Proactive, Always Pioneering* are the two most important values (mindset and DNA) of the Group.

► P. 12 Value

Group Mission/Purpose
Raison d'Être

Captivate the World

-Making Life More Colorful-

Empathy is created by experiencing excitement together with more people.

The SEGA SAMMY Group's raison d'être is to create a society overflowing with empathy through the products and services we create, and to add color to the lives of people around the world.

Group Vision
Vision

Be a Game Changer

Based on our DNA of pursuing innovation, we aim to be a global brand that overturns common sense by becoming a Game Changer, taking the initiative to capture the world's current trends and deliver captivating experiences to our users.

For details, please visit our website.
<https://www.segasammy.co.jp/en/corp/mission/>

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Cautionary Statement with Respect to Forward-Looking Statements

Statements in this integrated report regarding the plans, estimates, beliefs, management strategies, perceptions, and other aspects of SEGA SAMMY HOLDINGS INC. ("the Company") and SEGA SAMMY Group Companies ("the Group"), including SEGA CORPORATION and Sammy Corporation, are forward-looking statements based on the information currently available to the Company. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may," and "might," and words of similar meaning in connection with a discussion of future operations, financial performance, events, or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to management. The Company cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not assume that the Company has any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The Company disclaims any such obligation. Actual results may vary significantly from the Company's forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as currency exchange rate fluctuations, changes in laws and government systems, pressure from competitors' pricing and product strategies, declines in the marketability of the Group's existing and new products, disruptions to production, violations of the Group's intellectual property rights, rapid advances in technology, and unfavorable verdicts in major litigation. [This INTEGRATED REPORT includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.]

Cautionary Statement for Investors and Shareholders with Respect to Gaming Statutes and Regulations

SEGA SAMMY HOLDINGS INC. (the "Company") is registered with the Nevada Commission as a publicly traded corporation and has been found suitable to directly or indirectly own the stock of its subsidiary, SEGA SAMMY CREATION INC., and Sega Sammy Creation USA Inc., GAN (UK) Limited, GAN Nevada, Inc., wholly owned subsidiaries of SEGA SAMMY CREATION INC. (collectively, the "Operating Subsidiaries"), that have been licensed as manufacturers and distributors of gaming devices and an operator of an information service in Nevada. Pursuant to Nevada law the Company's shareholders are subject to the rules and regulations of the Nevada Gaming Authorities. A detailed explanation of Gaming Statutes and Regulations can be found on the Company's corporate website: <https://www.segasammy.co.jp/en/stock/regulation/>. 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"). 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.

Strengthening of Non-Financial Capital

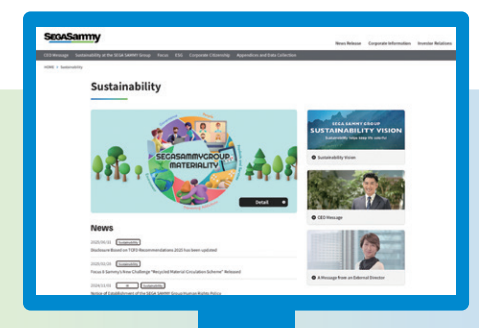
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Sustainability website

Provides detailed information and data on activities related to the Group's five key issues (materiality). Please read alongside the Integrated Report.

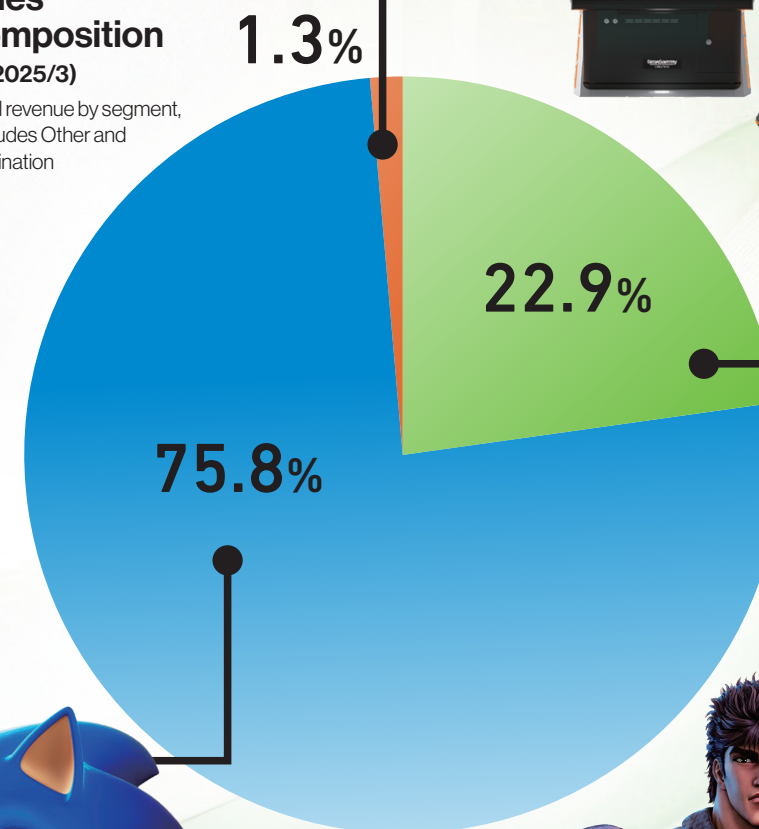
<https://www.segasammy.co.jp/en/sustainability/>

SEGA SAMMY Group Core Businesses

The SEGA SAMMY Group operates its business around three segments: the Entertainment Contents Business, Pachislot & Pachinko Machines Business, and the Gaming Business. Each business has established a unique position in its respective field, and by generating synergies as a Group, we continue to create new added value and deliver captivating experiences to people around the world.

Sales Composition (FY2025/3)

*Total revenue by segment,
excludes Other and
Elimination



Entertainment Contents Business

Surprise the World with Creativity

Offering a diversity of fun through consumer and arcade game content, animation and toys

The Entertainment Contents Business promotes three areas: Consumer, Animation, and AM (Amusement Machine) & TOY, offering a diverse range of entertainment-related content and services.



Gaming Business

Creating Extraordinary, Captivating Experiences

Creating a venue of electrifying and captivating experiences outside of everyday life through leveraging the Group assets

Drawing on the SEGA SAMMY Group's accumulated technology and extensive experience, we develop casino machines for the gaming market and operate integrated resort (IR) facilities. Furthermore, by entering the North American online gaming market, we aim to establish gaming as the Group's third core business.



Pachislot & Pachinko Machines Business

Changing the Industry through Innovation

Focused on pachislot & pachinko, striving to create in pursuit of "wonder and joy"

Let by Sammy Corporation, the Pachislot & Pachinko Machines Business has produced numerous industry-first machines and services that overturn conventional wisdom, under the motto "Sammy... the wellspring of new ideas as an innovator in the industry."



Raison d'Être

In every era, entertainment has given vibrancy to society. While entertainment is an industry that depends on peace for its existence, we believe that it has in itself the power to bring peace to society and inspire people. We will continue working as one team made up of all the Group employees toward our Group Mission/Purpose of “Captivate the World -Making Life More Colorful-.”

SEGA SAMMY Group Mission Pyramid



Group Value (Mindset and DNA)

Creativity is Genesis × Always Proactive, Always Pioneering

P. 12-13 Value

**Material
Issues to Be
Addressed**

P. 56-57 Materiality Initiatives

Message from the CEO

Tireless reform to advance to the next level

Haruki Satomi

President and Group CEO, Representative Director



A responsibility to grow our market cap

As Group CEO, I approach my duties with the recognition that maximizing corporate value for the SEGA SAMMY Group is my greatest responsibility. But it is important for me to recognize that the definition of “corporate value” varies from person to person. For shareholders, corporate value is measured by criteria such as our stock price, market capitalization, and shareholder returns, while employees might say it should be the work environment and job satisfaction. For all our fans, it’s our ability to consistently deliver the entertaining content they love, while for business partners, it’s the win-win relationships we can build together. Stepping back to consider society in general, the positive impact we have on society must outweigh issues such as addiction, so we must work tirelessly to minimize negative outcomes to ensure people accept us as a productive member of society. In managing the company, I strive to maintain awareness that the corporate value I am working to improve is the sum of the myriad definitions of social and economic value held by all of our stakeholders. The

Group Mission Pyramid, a representation of the Group’s shared values, reflects these ideas. Our mission and purpose (raison d’être), “Captivate the World -Making Life More Colorful-,” expresses my hope for employees to continuously have a positive impact on society through the captivating experiences that entertainment creates, with pride.

Although I believe maximizing corporate value is about more than simply increasing stock price and market capitalization, I do have strong feeling about our stock price since it is the quantification of our corporate value and a straightforward assessment of our management. Our stock has recently outperformed TOPIX. In terms of valuation, though we exceed the average for our competitors in the pachislot & pachinko machines industry, we lag behind competitors in the video game industry, which is far from satisfactory. This shows that we have not gained trust in our ability to produce stable profit growth. I take this state of affairs very seriously and I feel we need to work together as a Group to overcome this situation. To ensure that everyone in management is committed to achieving our long-term

performance targets and increasing stock price, we have introduced a post-delivery stock-based compensation system. We have also introduced a special incentive scheme for employee stock ownership association so that employees will align with our vision and we can share the results of improved performance with them. Since introducing this system, participation in the stock ownership plan has risen from around 20% to over 80%, and I get the sense that employee awareness of stock price has also increased. I am aware of the great responsibility I bear, not only to shareholders but also to our employees, who expect great things from us, and will manage the company with the resolve to aim to surpass our highest market capitalization ever of ¥1.4 trillion, then achieve further growth beyond that.

To the next level

SEGA, a member of the SEGA SAMMY Group, has built its brand by constantly introducing cutting-edge technology and producing countless world firsts, embodying its corporate creed of “Creativity is Genesis.” Our slogan for the current medium-term plan, “Welcome to the Next Level!” is the catchphrase for the video game console *SEGA GENESIS* (the North American version of *Mega Drive*) that once swept through homes across North America. This represents my desire to increase the corporate value of the entire SEGA SAMMY Group globally to the next level, just as SEGA once did.

Starting with the Group’s first medium-term management plan, “Road to 2020” (for the fiscal years ended March 2018 to March 2020), and after the structural reforms in the fiscal year ended March 2021, our previous medium-term plan, “Beyond the Status Quo —Breaking Out of the Current Situation and Becoming a Sustainable Company” (for the fiscal years ended March 2022 to March 2024), adopted a policy of thoroughly improving capital efficiency and launched full-scale business portfolio reforms. We concentrated our management resources in the Entertainment Contents Business, which we positioned as a growth area, and promoted a transmedia strategy to maximize our IP value by expanding on our mainstay IPs and broadening the adaptation into movies, anime, merchandising, and more.

During this time, we also pursued the withdrawal from businesses that had been a factor of low profitability for the Group over the long term. One of these was the transfer of our Amusement Center Operation Business, one of SEGA’s core

businesses, which once had sales of over ¥100.0 billion. In addition, we have set aside personal feelings to make rational decisions based on capital efficiency, including divesting from businesses the Group had worked on for many years, such as the transfer of PHOENIX RESORT, which operates Phoenix Seagaia Resort. Even in the Entertainment Contents Business that is our growth area, we quickly implemented structural reforms in our European business that were suffering low profitability caused by the changes associated with the COVID-19 pandemic, including transferring studios and reducing the workforce to address concerning factors. At the same time, we also worked to strengthen our business foundation through M&A in growth areas. In mobile games, a sector with major growth potential, we acquired Rovio Entertainment Ltd. (hereinafter referred to as “Rovio”), while in gaming, which we expect to serve as our third pillar of business, we have completed the acquisition of Stakelogic B.V. (hereinafter referred to as “Stakelogic”) in the Netherlands and GAN Limited (hereinafter referred to as “GAN”) in the US.

Based on this solid footing, we are now taking it to the next level with our medium-term plan, “*Welcome to the Next Level!*” This plan sets quantitative targets of more than ¥230.0 billion in cumulative adjusted EBITDA and an average ROE above 10% over the three years from the fiscal year ended March 2025 through the fiscal year ending March 2027, while also striving for further improvement of capital efficiency. To achieve this, we are working to identify investment priorities and further optimize our business portfolio. Our Pachislot & Pachinko Machines Business will continue to serve as the foundation for revenue that will allow proactive investment and shareholder returns, while our Entertainment Contents Business will serve as our growth business, with management resources allocated accordingly. We also aim to make the Gaming Business, newly established in the fiscal year ended March 2025, the third pillar of our business.

Steady advances in business portfolio transformation

Sonic the Hedgehog 3, released in December 2024, achieved the highest box office revenue in the series’ history with worldwide earnings of over \$490 million. In the fiscal year ended March 2025, the first year of our medium-term plan “*Welcome to the Next Level!*,” we experienced true progress in expanding IP value through transmedia development of the *Sonic* IP, boosted by the

Message from the CEO

movie's success.

While overall revenue and ordinary income declined, primarily due to a reactionary drop of Pachislot & Pachinko Machines Business which were strong in previous fiscal year with a hit, our Entertainment Contents Business, positioned as a growth business, achieved its highest profit level ever. In video games, *SONIC X SHADOW GENERATIONS* and other mainstay new titles recorded strong sales, with *Metaphor: ReFantazio* by ATLUS receiving widespread critical acclaim for its quality and winning awards at The Game Awards 2024 in the US and other international awards. In addition to strong performance from new titles, licensing revenue increased by approximately 20%* over the previous fiscal year thanks to our transmedia strategy, bolstering our revenue. The *Sonic* IP in particular has been generating revenue across a wide range of areas and continues to expand, including video adoption, merchandising, and character licensing. We also made progress in applying the success model from *Sonic* to other IPs, with the *Like a Dragon* series and other IPs expanding into video adoption and other areas. We also completed structural reforms of our European business by transferring both Amplitude Studios (hereinafter referred to as "Amplitude") and Relic Entertainment, Inc. (hereinafter referred to as "Relic") through management buyouts, establishing a solid foundation for regrowth.

* Excludes revenue related to the *Sonic* cinematic releases

We also achieved significant results in the Gaming Business.

Railroad Riches, gaming machines sold in the US and Asia, became a major hit, resulting in SEGA SAMMY CREATION (hereinafter referred to as "SSC") achieving its first operating profit since its foundation in 2013. PARADISE CITY, our integrated resort facility in South Korea, also maintained high occupancy rates and room rates throughout the year, recording its highest net sales and operating income since its opening. This increased equity method earnings has contributed to profits as well, so our ordinary income is in the black. With those factors, the newly established Gaming Business is off to a good start.

In the SEGA SAMMY Group, Sammy's Pachislot & Pachinko Machines Business has generated the majority of profits and cash for much of the time since the management integration, serving as the driving force behind the Group growth. However, that market has continued to shrink, and shifting our business portfolio away from excessive dependence on this business was a huge challenge for management on our path to sustainable development. Today, the Group has achieved a revenue structure centered on the Entertainment Contents Business and a balanced profit structure through the various reforms we have undertaken, resolving this long-standing challenge. We are also continuing to build on our established foundation for stable profit growth, a key challenge for increasing our stock valuation. The fiscal year ending March 2026, the second year of our medium-term plan, is expected to fall short of our guidelines due to factors such as delays in new titles in the Entertainment Contents

Business that occurred in the first year of the plan, but we view this as a year to reinforce our revenue foundation, starting with the launch of these titles, then aim for major improvement in the third year. While achieving our medium-term plan targets will be no easy task, we have a strong lineup of major new titles for Full Game for the fiscal year ending March 2027, and with the accumulation of revenue through the contributions from new free-to-play (F2P) games in this fiscal year and the next as well as licensing revenue and repeat sales which are steadily growing, we believe we will achieve our targets.

Building a foundation for stable revenue and high profitability at SEGA

The main challenge facing the Entertainment Contents Business is its relatively low profitability compared to other companies in the industry due to having few major hit titles and instability in the development pipeline. By grasping the nature of this challenge, we have strengthened multiple business models and built a foundation that can generate stable revenue without depending solely on hits by layering different revenue streams like "mille-feuille." (Entertainment Contents Business "Target Revenue Structure": P. 34)

The foundation of this layered revenue structure is the repeat sales of the numerous titles we have released, with licensing revenue including allocated revenue from video adaptations and revenue from merchandising through our transmedia strategy further bolstering this revenue base. Those business models can sustain high profitability while minimizing risk since they require no new production resources. F2P titles, while incurring operating expenses, can generate sustained long-term revenue once established. This high-margin and highly-stable revenue foundation and sustainable revenue model help to mitigate business volatility and increase risk tolerance for investing in new titles. This mitigates the potential impacts of postponement of new releases and creates a major upside if we create a hit. The Animation area, which plays a part in this business structure, has also evolved into a highly profitable business model. Our group has transformed the business model from simply receiving production fees as a subcontractor to investing in projects. Our group now acts as the primary contractor, engaging in upstream producing and licensing to generate revenue beyond production fees, and a system is starting to work well that allows us to reap the benefits of success fees on top of production costs when a project is a hit.

In the fiscal year ending March 2026, we plan to focus on bolstering the F2P layer through the launch of multiple major new titles. We are also highly confident in the quality of *Sonic Racing: CrossWorlds*, a new Full Game slated for launch, and hope it will provide upside for the next fiscal year.

In our European business, we plan to release a new title in the *Football Manager* series on November 9, 2025, with the previous title achieving a record high of 17 million cumulative players. We plan to restore European business to a growth trajectory through IPs with large fanbases, such as the *Football Manager* series and *Total War*.

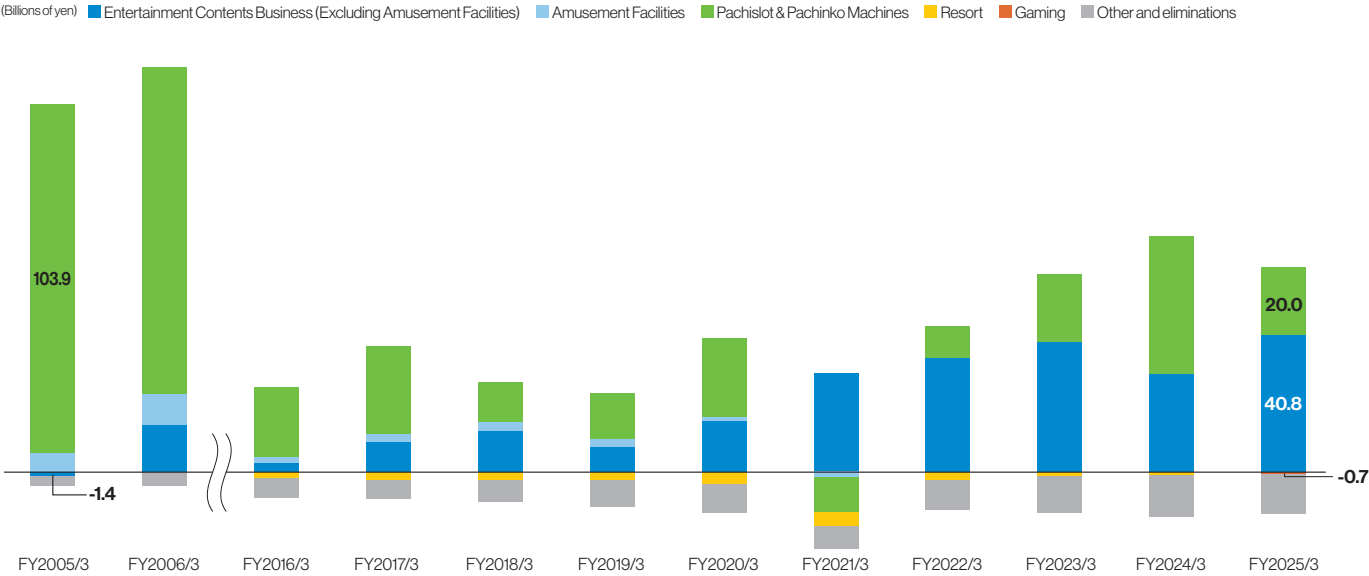
Sammy leading industry development while generating stable revenue

Sammy is celebrating its 50th anniversary in 2025. To ensure the Pachislot & Pachinko Machines Business continues generating stable cash flow and remains a strength of the Group's business portfolio, our medium-term plan for the Pachislot & Pachinko Machines Business aims for the top share of total utilization for pachislot and pachinko machines and more than ¥90.0 billion in three-year cumulative adjusted EBITDA. The fiscal year ended March 2025 witnessed a decline in our share of total utilization, one of our KPIs, but we have already identified the issues and are moving forward with efforts to address them.

Pachislot & pachinko machines must undergo verification to check that specifications meet regulations before they are launched to market. This means that the industry is heavily influenced by changes in trends caused by revisions in regulations. Sammy is committed to a product development and repeatedly refines products until we are confident in the results, and while this pursuit of quality gives us a competitive edge and earns us high praise, it can sometimes make us slow to respond to regulatory changes or shifting customer needs. In the fiscal year ended March 2025, our targeted share of total utilization decreased, due in part to a mismatch between market needs and the specifications of machines we launched, as well as our failure to create hits beyond the *Hokuto No Ken* series. Based on these challenges, we are restructuring our development system to respond better to changes in the market. We are also focusing on the vital task of developing IP series that can consistently generate hits. The importance of enhancing the value of existing IP series such as *Hokuto No Ken* goes without saying, but we must also create new flagship series through the use of new IPs.

In the fiscal year ending March 2026, we are launching an

Operating income (loss) trend by business



Message from the CEO

initiative that represent a major step toward strengthening and stabilizing our revenue foundation as well as revitalizing the pachislot & pachinko machine industry, the basic strategies in our medium-term plan.

The new pachislot machine cabinet we are launching this fiscal year may be what we need to break the vicious cycle of declining player population, soaring pachislot & pachinko machine prices, and increased management costs borne by pachinko halls that lead to worse user experiences, causing the market to shrink. Our new pachislot cabinet will allow pachinko halls to replace products by swapping out only the parts that control gameplay instead of replacing the entire cabinet. The sales price will rise slightly during the initial installment as our development and manufacturing costs increase. However, future replacements involve selling only the interchangeable parts, which will reduce capital investment costs and is designed to cut shipping cost and operation burden for machine replacement at pachinko halls. The longer cabinets remain in use, the greater the cost savings. If these savings are used to improve user experience, we believe it will help counteract the decline in player population. This will also allow us to maintain profit levels while reducing costs for pachinko

halls, and if other manufacturers adopt this cabinet, it will serve as a new source of revenue. This initiative is just one part of my vision for revitalizing the industry. I will continue proposing initiatives proactively that involve the entire industry and lead efforts toward long-term coexistence and mutual prosperity for all market participants in the future. (Policies for revitalizing the pachislot & pachinko machines industry: From P. 44)

Reproducible success in the Gaming Business

In the fiscal year ended March 2025, the Group established the Gaming Business as a new business segment, with preparations underway for a foray into the North American gaming business, including online gaming.

This business began when SEGA SAMMY decided to enter the integrated resort business in Japan. Initially, we aimed to develop an integrated resort business in Yokohama and undertook various preparations and initiatives to achieve this goal. SSC was established in 2013 as a crucial pillar in these efforts, leveraging management resources from SEGA's amusement machine business to enter the casino machine

development and sales business. We obtained gaming machine sales licenses in different locations starting with Macau, then in 2017 secured the Nevada state license, said to be the most stringent. This was also an important step in gaining credibility as an IR operator. SSC has steadily built relationships with customers while delivering consistent results. We also established the joint venture PARADISE SEGA SAMMY Co., Ltd. (hereinafter referred to as "PSS") with South Korea's PARADISE GROUP in 2012 and became involved in operating PARADISE CITY, one of Northeast Asia's largest integrated resort facilities, which opened in 2017. While we decided to halt our entry into the Japanese integrated resort business when Yokohama's bid was withdrawn, the human resources and technology we cultivated through these businesses as well as the management resources accumulated through persistent effort over more than a decade now serve as the foundation of our Gaming Business.

In the fiscal year ended March 2025, the new video slot machine cabinet *Genesis Atmos* developed by SSC and the compatible title *Railroad Riches* won awards in two categories at the 2025 EKG Slot Awards hosted by US gaming research company Eilers & Krejcik Gaming, LLC. This marks the first time a Japanese company has earned this award. This award-winning cabinet and title represent the culmination of the technical expertise of the SEGA SAMMY Group, which has built a reputation for quality and trust in amusement machines and pachislot & pachinko machines, and have been recognized for their outstanding performance. This success has strengthened the relationships SSC has built with its existing customers and created opportunities to connect with new ones. Performance remains strong at PARADISE CITY, where net sales from both the hotel and casino have reached record highs, and this business has also allowed us to build our expertise in casino operations.

The global casino market represents an enormous opportunity. In addition to physical casinos, online gaming is being legalized in many parts of the world, leading to a rapid expansion of markets such as online sports betting and iGaming. This is leading to increased demand for comprehensive solutions that integrate physical and online gaming. Integrating the management resources of our recent acquisitions Stakelogic and GAN with the existing businesses developed by the SEGA SAMMY Group allows us to offer our services to physical and online casino operators. Leveraging these strengths, we will strive to be a comprehensive casino solutions provider in the future and build a new foundation for business. (Strategies for the Gaming Business: From P. 49) Through these initiatives, we will continue

to establish this segment as SEGA SAMMY's third pillar of business.

Stoking the flames of passion

Even before the popularization of the term "human capital management," the Group has been working to increase engagement by creating better work environments, reinforcing our human capital, and other human resources strategies. These efforts are not merely a formal response to external pressure, but an integral part of our management strategy, something we consider essential for sustainable corporate value improvement. As one example of this, we define human capital that possesses global values aligned with our strategy of global business expansion as "culturally diverse human resources" and work to reinforce this human capital. Our engagement score, one of our KPIs, has improved dramatically across the Group from 50.1 points in the fiscal year ended March 2021 to 57.5 points, bringing us within reach of our target for the fiscal year ending March 2031, 58 points or higher. This is a result of a continuous cycle of measuring engagement and getting feedback from work sites, reflecting this feedback in improvements to its HR system and benefits, and then deploying successful models across our operating companies. We will continue to create an environment where our human capital, the force behind our ability to create captivating experiences, can work in comfort and with passion to drive our value creation process based on the cycle of strengths starting from our human capital to maximize corporate value.

In direct dialogues with employees, I always encourage employees to tend to the fires of passion in their own hearts, and share that passion with those around them. My dream is to one day make the SEGA SAMMY Group the top entertainment company in Japan and one of top five entertainment companies in the world. While this dream may still seem a lofty goal, if each and every employee works passionately to embody our Mission/Purpose and spreads that flame to those around them, we will generate an even greater force that will propel us toward this goal, one step at a time. With this grand vision of the future, I will strive to first focus on reaching the "next level," a major step forward in our journey. Please continue to expect great things from SEGA SAMMY Group.



SEGA SAMMY Group's Value (Mindset and DNA)

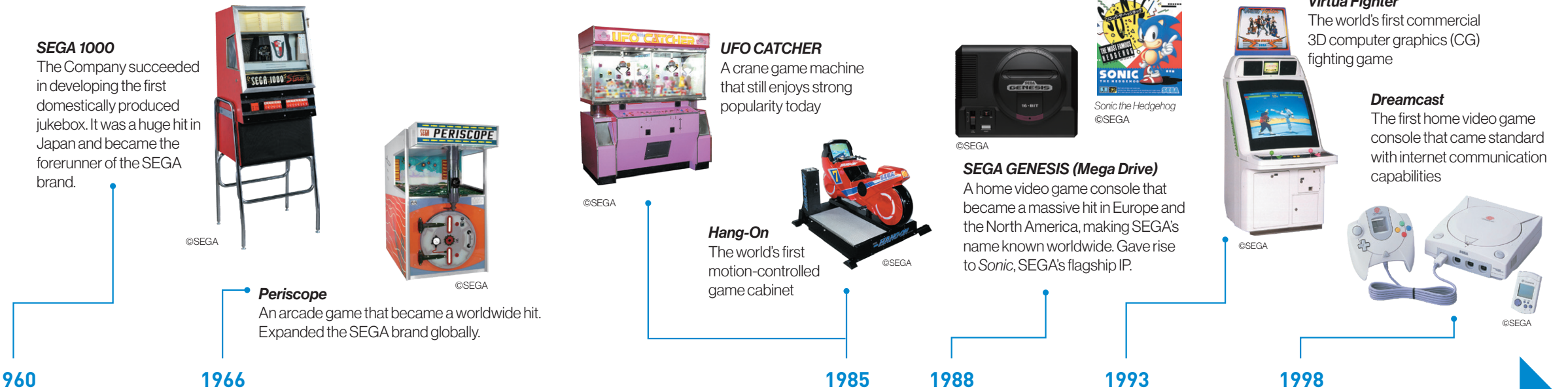
A Fusion of the DNA of Challenge and Creativity

The two companies, which share the “innovation gene” of always being at the forefront of the industry and creating products and services that other companies do not have, merged in 2004 to form the SEGA SAMMY Group. We will continue to adapt to change based on our values of *Creativity is Genesis* and *Always Proactive, Always Pioneering*, and aim to *Be a Game Changer*, which is our ideal self.

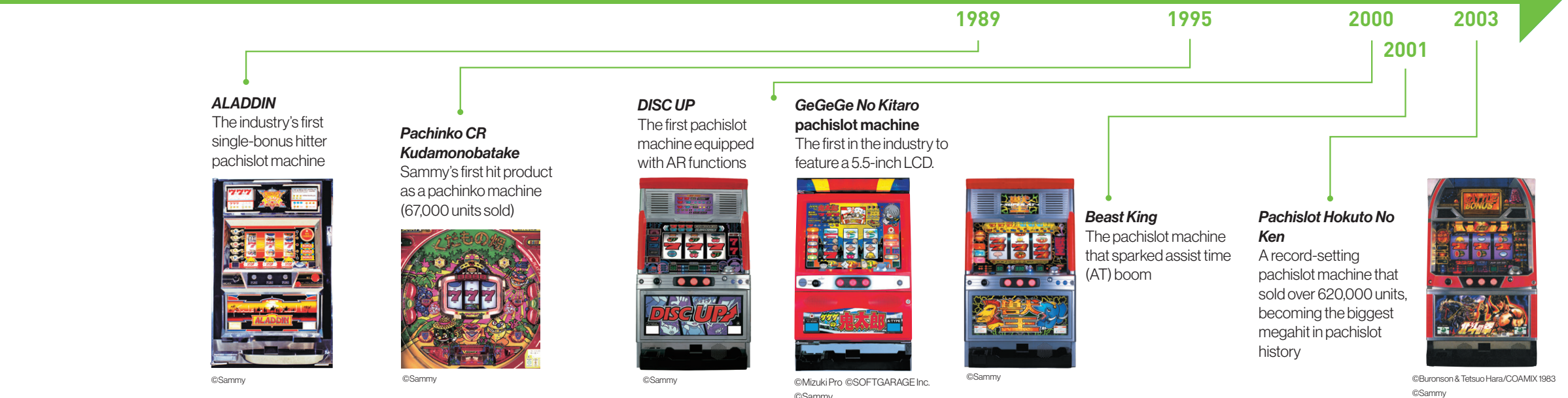
SEGA
*Creativity is
Genesis*

We have cultivated the SEGA brand and created many IPs that have continued to the present day, while providing new “fun” always ahead of the times

Upholding its corporate creed, “*Creativity is Genesis*,” SEGA has produced innovative game consoles and software ahead of their time, creating unprecedented experiences and continuously delivering new forms of “fun” to the world. These efforts have cultivated the globally recognized SEGA brand and generated numerous IPs that endure to this day.



Sammy
*Always
Proactive,
Always
Pioneering*



With thorough craftsmanship and a spirit of challenge, we have led the pachislot & pachinko machines industry by developing pachislot & pachinko machines equipped with numerous industry-first features.

Sammy started its business with the sale of game machines under the corporate creed and mindset of “*Always Proactive, Always Pioneering*,” which means to keep trying everything without fear of failure. The company then turned to manufacturing pachislot & pachinko machines, and through its thorough research and development, produced a number of hits. The attitude of thoroughly creating and releasing products to the world, such as by performing repeated test-shooting, has driven many hits, and that same thorough spirit is still maintained today.

Message from the Chairman

Championing new endeavors to succeed on a global scale

Hajime Satomi

Chairman,
Representative
Director



Passing down values

SEGA and Sammy share similar inherited values. Based on its corporate creed “*Creativity is Genesis*,” SEGA has a long history of creating entirely original entertainment. Meanwhile, Sammy has embodied its philosophy of “*Always Proactive, Always Pioneering*,” taking on new challenges within a set of rules to produce novel ideas and create various industry-first pachislot & pachinko machines.

The fusion of these values lies at the heart of SEGA SAMMY HOLDINGS, and ensuring that this permeates the Group and guides us is one of my most vital duties. While both companies have similar values, this unified Group value had not fully taken root when the companies first merged, often resulting in failure to achieve results. Recently, I have felt a significant shift. Through the Satomi Cram School, aimed at conveying the basis for decision-making and my experience to top management through direct dialogues, directors from each Group company have come together over nearly half a year to work on issues together. This has led to deeper ties among directors, some of whom are close enough now to consult one another on work even after they’ve returned to their duties, creating networks across the Group. This Group-wide networking and sharing of values has become a major driving force behind the SEGA SAMMY Group of today.

Now, how we put these shared values into practice is of the utmost importance. Risk is part of any creative endeavor; nothing new is created through fear of failure. Even if you try and fail, using what you learned for your next step is important, and I have encouraged taking on challenges by repeatedly telling employees, “fail well while you are young.”

At the same time, we must not waver in our commitment to quality. If we betray the expectations of stakeholders even once, rebuilding the faith placed in us will not be easy. Not just our customers, but our business partners, associated businesses, and even human capital who have an attachment to the Group’s products and services would leave, damaging our brand value, social value, and even long-term corporate value, leading to losses. While it goes without saying that achieving our performance targets for each fiscal year is important, our commitment to quality and releasing products and services only when they reach our own lofty standards are also vital.

Challenges from the long-term perspective

When SEGA and Sammy merged in 2004, the Board of Directors at SEGA tried to pass a resolution to stop development of a certain title. The project was unprecedented, with a world setting that truly embodied the spirit of “*Creativity is Genesis*,” but development costs had gone over the initial budget and it was far behind schedule. While there was no guarantee that the project would be a hit if we forged ahead and released it, I felt that discontinuing it would not only ensure that we had wasted all the time and money spent on it, but that it would have disheartened the creative spirit of the outstanding talent involved in development. I put my faith in the passion and resolve of the development team and approved the continuation of the project. That title was the first installment of *Like a Dragon* series which becomes one of SEGA’s most iconic IPs now. Supporting an endeavor that employees were strongly committed to led to the creation of a mainstay IP that has served as the driving force behind SEGA’s current profits.

In terms of business portfolio, which is broader perspective, the long-term challenges we have been engaging in have come to fruition. One of these is the Gaming Business, which we newly established in the fiscal year ended March 2025.

In the early 2010s, when amusement center market growth has slowed down, we were exploring ways to streamline operations in the Amusement Machine Sales Business, SEGA’s original business, as well as the potential for new businesses using those resources. From there, we established SEGA SAMMY CREATION (SSC) in 2013 to leverage management resources from this business to enter the Japanese IR (integrated resort) market, which we initially aimed at, and began developing casino machines. We have invested the expertise of outstanding human capital cultivated in amusement machines development and ceaselessly honed products over more than a decade since the company was founded. This led to the release of *Railroad Riches*™ compatible for the *Genesis Atmos*® video slot machine in 2024 with tremendous success, recording top utilization in the US and winning prestigious industry awards. SSC’s exceptional product quality sets them apart from the competition, which is why I look forward to the future hits they will continue to produce. This success has also helped us forge stronger relationships with our casino operator customers which will serve as major momentum for our online gaming business going forward.

PARADISE CITY, which opened in 2017 as a joint venture with PARADISE GROUP and serves as another stepping stone for entering the Japanese IR market, also recorded its best

performance ever in the fiscal year ended March 2025. The expertise in running land-based casinos developed through this venture has helped us develop products that precisely meet the needs of casino operators and users. While we regrettably decided to withdraw from entering the Japanese IR market following Yokohama’s withdrawal from its IR project, all the technology, expertise, and talent we accumulated through this major endeavor now serve as the foundation for SEGA SAMMY’s new venture into the gaming business. To fill in the missing pieces needed for the online gaming business, we will welcome GAN and Stakelogic which have high technical capability into the Group for the fiscal year ending March 2026 and steadily build a foundation for our gaming business. I am confident that if we build a steady track record in the gaming market, a huge global market that we expect to see continued growth, we can make this business as another major pillar in our business for the future.

Someday

It has been 21 years since SEGA and Sammy merged in 2004. Currently, the SEGA SAMMY Group has grown into more than a manufacturer of pachislot & pachinko machines and game software to become a corporate group that has made entertainment its calling. To provide captivating experiences through entertainment that continuously increase corporate value, Sammy will keep working on the challenging problem of revitalizing the entire industry while SEGA strives to grow its business even more and produce huge hits that will serve as pillars of its business. The foundation for achieving these is our human capital. What underpins Group growth are all the human capital overflowing with creativity in the existing businesses, such as the Entertainment Contents Business and the Pachislot & Pachinko Machines Business, as well as all the human capital in the Gaming Business who have inherited the technology and knowledge from those businesses and accumulated new expertise.

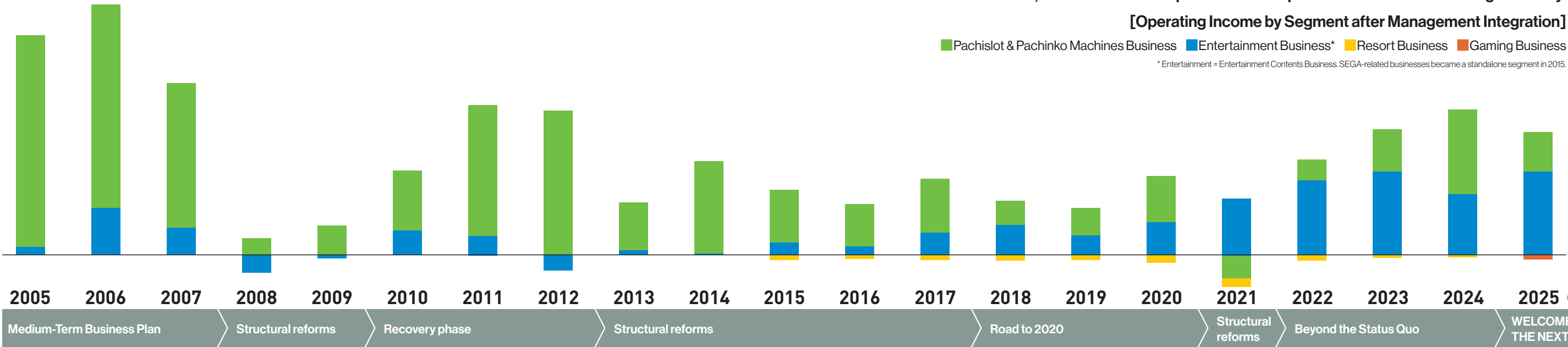
Enhancing our human capital requires us to embrace diverse values, hire and develop all kinds of talent, and identify individual aptitudes to help each employee reach their full potential. Most importantly, we must instill the shared values of the SEGA SAMMY Group — “*Creativity is Genesis x Always Proactive, Always Pioneering*” — in each and every employee and encourage them to put these values into practice. By doing so, I believe SEGA SAMMY will someday be counted among the world’s leading entertainment companies.

History of Innovation that Create Captivating Experiences

Management Integration

The SEGA SAMMY Group was formed in October 2004 through the management integration of SEGA, a creator of well-known innovative products, and Sammy, a developer of various industry-first products. By leveraging the strengths and positioning of each business segment, and dynamically carrying out M&A and structural reforms, we aim to build an optimal business portfolio that reduces earnings volatility.

[Operating Income by Segment after Management Integration]



Company-wide strategy

- Business and organizational restructuring to strengthen growth foundations

- Strengthening pachinko development system and improving procurement costs (Pachislot & Pachinko Machines)
- Optimization of the number of amusement facility locations (Entertainment)
- Workforce optimization through voluntary retirement, narrowing down development titles (Entertainment)

2012 M&A PHOENIX RESORT CO., LTD.

- Streamlining of the organization
- Reduction in the number of titles
- Inventory disposal
- Write-down of titles under development

- Clarification of core businesses
- Segment reorganization into three businesses: Pachislot & Pachinko Machines Business, Entertainment Business, and Resort Business
 - Streamlining of business portfolio

2018

- Relocation and consolidation of head office functions
- Concentration of management resources into growth areas
- Improvement of profit margins in core businesses

2021 Exit Withdrawal from domestic IR business / withdrawal from amusement facilities business

- Review of business structure
- Reduction of fixed costs
- Review of the balance sheet

- Growth investments (CS area)
- Strengthening the revenue base (Pachislot & Pachinko Machines)

2024 Exit Transfer of PHOENIX RESORT

- Segmentation of the Gaming Business

Entertainment Contents Business

2005 Launch of *Like a Dragon*

2005 M&A The Creative Assembly Ltd.



2006 M&A Sports Interactive Ltd.



2012 Launch of the service of *PHANTASY STAR ONLINE 2*

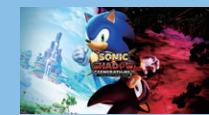
2013 M&A ATLUS CO., LTD.

2016 Launch of *Persona 5*



Promotion of transmedia strategy

2020 Release of the first *Sonic* movie *Sonic the Hedgehog*



2024 Launch of *SONIC X SHADOW GENERATIONS* in conjunction with the movie



2023 M&A Rovio Entertainment Corporation

Pachislot & Pachinko Machines Business

Up to 2007 Transition period for regulatory revisions (No. 5 model)



2008 Pachinko *CR Hokuto No Ken Kenshiro/Raoh* made a big hit

2009 M&A GINZA Corporation

2011 M&A Taiyo Elec Co., Ltd.

2012 Completed construction of Kawagoe Factory and Sammy Logistics Center

2016 Launch of Pachinko *CR Shin Hokuto Muso*



2016 New ZEEG LLC.

2018 to 2022 Transition period for regulatory revisions (No. 6 model)



2022 Pachinko *Kabaneri of the Iron Fortress* made a big hit

2023 Smart Pachinko *Hokuto No Ken* made a big hit



Gaming Business

2012 New PARADISE SEGASAMMY CO., Ltd.

2013 New SEGA SAMMY CREATION INC.

2017 PARADISE CITY opens



2017 Acquisition of U.S. Nevada license

2019 Installation of *Genesis Star* begins in the United States



2024 Strong performance of *Railroad Riches*



2025 M&A Stakelogic B.V. GAN Limited

M&A Main M&A

New Newly established

Exit Transfers, withdrawals, etc.

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