

Message from the CFO



Gaining trust through constant alignment with capital markets and resolving challenges one by one

Koichi Fukazawa

Senior Executive Vice President and Group CFO,
Director of the Board

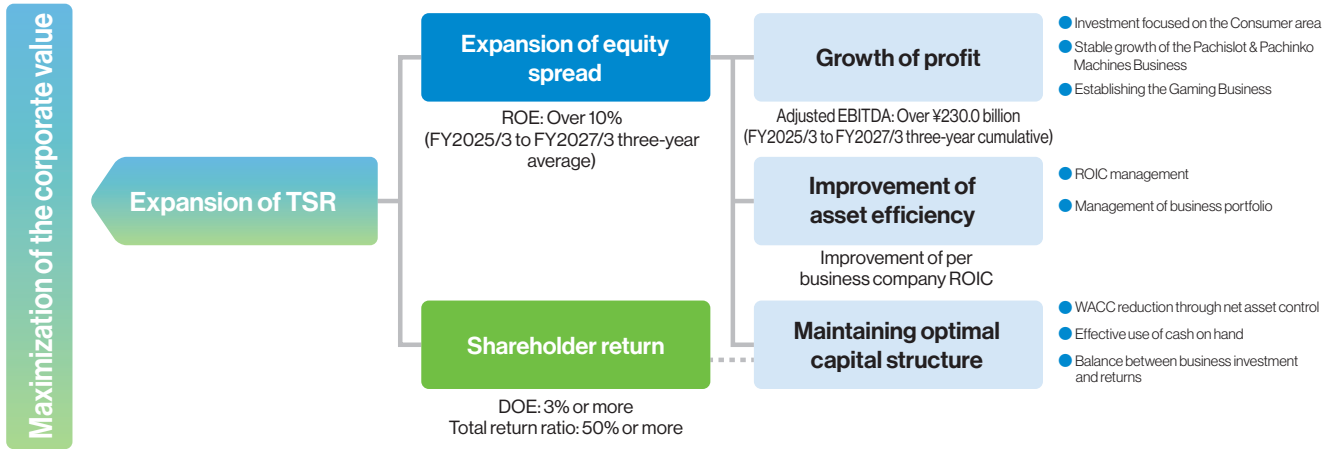
Financial and capital strategies for the medium-term plan

Since being appointed CFO in 2016, I have made it one of my primary missions to maintain the fundamental principle that business strategies and financial/capital strategies are two sides of the same coin and must be perfectly aligned. While there was a time when we primarily pursued sales and profits, in recent years the concept of capital efficiency has been instilled throughout the Group, and we have advanced a financial strategy focused capital efficiency since the fiscal year ended March 2022 that aims to maximize corporate value across the entire Group by improving the equity spread and providing appropriate shareholder returns.

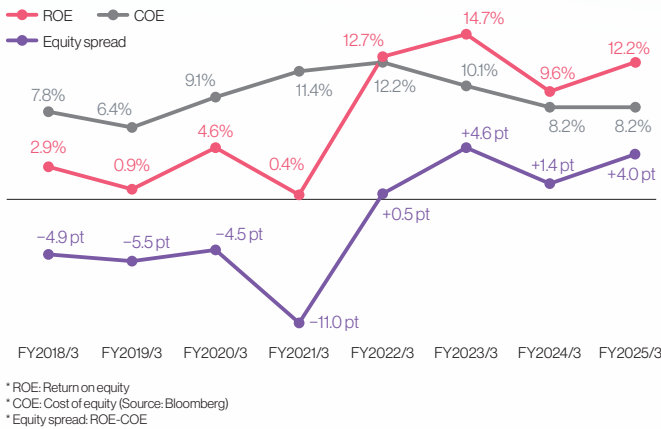
In our medium-term plan "Welcome to the Next Level!" (the fiscal

year ended March 2025 through the fiscal year ending March 2027), we adopted adjusted EBITDA as a quantitative target in line with our global expansion strategy, making it easier to compare ourselves with global companies and properly measure the Company's true cash-generating capacity. We aim for a three-year cumulative adjusted EBITDA of over ¥230.0 billion and a three-year average ROE of over 10%. We have also clarified our strategy to leverage the core competencies of each business, such as expanding brand/IP value in the Consumer area of the Entertainment Contents Business through a Transmedia strategy, and achieving the top share in total utilization of pachislot & pachinko machines in the Pachislot & Pachinko Machines Business, and are pursuing a variety of approaches from a financial perspective as well.

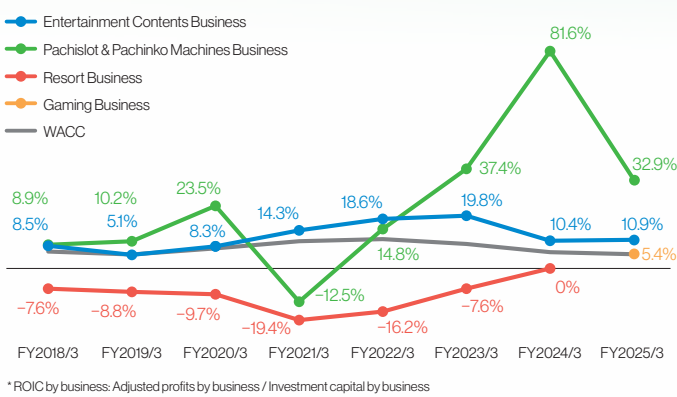
Management focusing on capital efficiency



ROE, COE, and equity spread trends



ROIC trend by business



Review of FY2025/3

The fiscal year ended March 2025, the first year of our medium-term plan, saw revenue and profit decline primarily due to a reactionary drop from the previous fiscal year, which was strong due to the hit of *Smart Pachislot Hokuto No Ken*, and reduced revenue resulting from the postponed launch of mainstay titles to improve product quality in the Pachislot & Pachinko Machines Business. However, the adjusted EBITDA reached ¥62.2 billion and ended up exceeding our guidelines. ROE reached 12.2%, surpassing our target of 10%, due to an increase in profit attributable to owners of parent and other factors.

ROIC (return on invested capital) is positioned as a key performance indicator in improving asset efficiency and is used as a standard for assessing each business as well as in making decisions on capital allocation and investment. While ROIC decreased in the Pachislot & Pachinko Machines Business in the fiscal year ended March 2025 due to a reactionary drop from the previous fiscal year, it remains at a high level. The Entertainment Contents Business remained roughly flat, while the Gaming Business turned positive.

The fiscal year ended March 2025 was also a year of steady progress in transforming our business portfolio. We transferred Phoenix Seagaia Resort, which posed challenges in terms of strategic fit, and Amplitude Studios, a European development studio, as part of our structural reforms in Europe. Meanwhile, we acquired GAN Limited and Stakelogic B.V. in an effort to strengthen our Gaming Business.

Alignment with strategy is of the utmost importance for our business portfolio. We believe that even if a business has certain level of profitability, we must choose to sell or withdraw from businesses that do not align with the Group's medium- to long-term

strategy. Given that business strategy changes with the management environment, it is important to constantly monitor whether businesses are in alignment with the current strategy and divest those that we determine no longer align, where we are not the best owner. Phoenix Seagaia Resort fell under this category. Another example is Amplitude, which we decided to transfer despite the fact that it was within a growth business based on financial considerations, such as its contribution to strategy execution and its future growth potential. Meanwhile, we are working to acquire and integrate strategically necessary businesses and assets, such as those in the Gaming Business. When transforming our business portfolio, we evaluate businesses along two axes—strategic and financial (profitability and capital efficiency)—and make comprehensive decisions based on both perspectives.

This transformation has helped clarify the positioning of our business portfolio, allowing us to establish a structure for profit growth, with the Entertainment Contents Business as our growth driver, the Pachislot & Pachinko Machines Business as a foundational business that generates stable resources for investment in growth businesses, and the Gaming Business as a newly established segment aiming to be a pillar for medium- to long-term Group growth.

In reducing capital costs, we have maintained an optimized capital structure since we increased debt utilization following the acquisition of Rovio, completed in the fiscal year ended March 2024. We will continue to suppress WACC while growing profits and improving ROIC by maintaining an optimal capital structure, aiming to increase our equity spread.

Capital allocation policy

To achieve optimal capital allocation, the Group has introduced a framework that determines investment priorities based on ROIC monitoring and growth strategy. Based on this framework, the policy concentrates cash on growth investments in the Entertainment Contents Business and Gaming Business, setting investment quotas for development investments to reinforce major IPs in the Consumer area to advance our Transmedia strategy and to strengthen the business foundation of the Gaming Business, pursuing profit growth through the execution of investments including M&A. The purpose behind the acquisition of GAN and Stakelogic completed in 2025 was to strengthen the Gaming Business.

In the fiscal year ended March 2025, operating cash flow was ¥50.6 billion before development investments in the Consumer area were deducted. Investment cash flow included ¥12.3 billion in cash inflows from subsidiary sales, including from PHOENIX RESORT.

In terms of actual cash allocation, we invested ¥29.8 billion from our growth investment quota on development investments in the Consumer area, focusing on strengthening mainstay IPs, while strategic investments saw investment of a total of ¥36.0 billion in Stakelogic and GAN out of our ¥116.0 billion quota.

For shareholder returns, we will continue our policy of selecting either the dividend on equity ratio (DOE) of 3% or more or a total return ratio of 50% or more, whichever is higher, and returning profits to shareholders through dividends or purchases of treasury stocks.

In the fiscal year ended March 2025, we paid a dividend of ¥52 per share and decided on and executed share repurchases with an upper limit of ¥12.0 billion based on that fiscal year's performance. As a result, DOE was 3.0% and our total payout ratio was 51.5%. We also executed the cancellation of 20.0 million treasury stocks.

While building and operating this framework represents a significant achievement, I recognize that challenges remain in terms of speed from the standpoint of Group-wide optimization.

Recognizing challenges in improving valuation

Relative stock valuation for the Group has become noticeably lower than other game companies, which CEO Satomi also recognizes as a critical issue. We believe that a major factor behind the low valuation of the Company's stock is high volatility in business performance. When calculating theoretical future stock prices, high uncertainty in business performance makes it difficult to reflect medium-term performance growth in stock prices from the standpoint of capital markets. Transforming our business so that stakeholders can feel confident in our performance not only in the current fiscal year but also for the following year or so is a vital theme for management.

Factors that increase uncertainty in business performance include major fluctuations in the Entertainment Contents Business performance, and we recognize that the cause of this lies in instability in the development pipeline. In this business, impairment losses on titles in relatively large amounts occur approximately once every few years. While it is true that there are cases where development delays are strategically necessary to improve quality, we have indicated to the capital markets a policy of aggressive investment and thus believe we must achieve development control that minimizes major cancellations to the extent possible to launch titles in a stable manner. The Entertainment Contents Business employs a transmedia strategy as its core approach. We believe that enhancing IP value through transmedia development will reinforce the commercial pipeline as well, and that titles generated from a stable development pipeline will be able to gain volume sustainably. This will in turn improve the visibility of business performance forecasts for this business from the standpoint of the capital markets, leading to multiple improvements.

While the new cabinet launched on the market by the Pachislot & Pachinko Machines Business is expected to contribute to industry revitalization and profitability improvement, we expect

that it will take some time for real results to appear from a financial perspective. This business also faces constant regulatory compliance risk. Selling pachislot & pachinko machines requires prototype testing to determine whether machines comply with rules and regulations, and sales may be significantly impacted if approval is not obtained as expected. Reducing this risk requires that we secure stable application quotas for prototype testing and optimize approval rates for each product line to launch products in a stable manner. However, we have not yet reached that stage and consider this an ongoing challenge to be addressed. Furthermore, the tendency toward shrinking sales volumes of mainstay titles other than *Hokuto No Ken* has become a critical issue, so we recognize the importance of boosting our development capabilities as well.

In the Gaming Business, we are currently working on PMI for the two companies we have acquired. Optimizing resource allocation and achieving an early major transformation into a business model where superior tech stacks contribute effectively to revenue based on the omnichannel strategy for the Gaming Business will allow us to nurture this as a future third pillar of our business, which will help reduce performance volatility across the Group and drive business growth.

As such, further improving control over development pipelines and resource allocation based on the strategy of each business will help us understand capital needs with greater precision, making cash allocation more effective than ever before and creating a virtuous cycle that leads to stable results. If we are able to provide stakeholders with confidence that performance will remain stable for several years ahead, we expect stock valuation of the Company to improve significantly. I want to share this recognition of our challenges based on alignment with capital markets across the entire management team and work to reflect this in business strategy. To accomplish this, we plan to enhance dialogue with shareholders and investors even further.

Progress on capital allocation policy as of FY2025/3

Capital available for allocation		Main cash allocation		Balance as of the end of FY2025/3
<Medium-term plan>	<FY2025/3 Results>	<Medium-term plan>	<FY2025/3 Results>	
Operating CF* generation (FY2025/3–FY2027/3 cumulative) Approx. ¥190.0 billion * Before deducting development investment in the CS area	Operating CF* ¥50.6 billion * Before deducting development investment in the CS area Sale of shares of subsidiary ¥12.3 billion (PHOENIX RESORT CO., LTD., etc.)	Growth investment Development investment in the CS area Over ¥120.0 billion Strategic investment Over ¥80.0 billion Determined to be invested ¥36.0 billion	• Development investment in the CS area: ¥29.8 billion Strengthening of mainstay Japanese IPs: ¥24.6 billion Legacy IPs/Super Game: ¥5.2 billion • Stakelogic: ¥20.0 billion • GAN: ¥16.0 billion • Shareholder return: ¥22.2 billion Dividends: ¥11.2 billion; Share buyback: ¥10.0 billion • Repayment of loan: ¥7.5 billion • Working capital: ¥80.0 billion	Cash & Deposit (As of March 31, 2025) Approx. ¥200.0 billion Working capital (As of March 31, 2025) Approx. ¥80.0 billion
Cash & Deposit (As of March 31, 2024) Approx. ¥220.0 billion		Shareholder return Other investment CF, Repayment of loan Working capital (As of March 31, 2024) Approx. ¥70.0 billion		
Working capital (As of March 31, 2024) Approx. ¥70.0 billion				

Trend of shareholder return amounts

	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3 (Forecast)
Shareholder return amounts	¥9.37 billion	¥9.38 billion	¥9.39 billion	¥7.05 billion	¥39.15 billion	¥23.02 billion	¥20.91 billion	¥23.20 billion ^{*1}	Approx. ¥11.7 billion ^{*2}
Acquisition of treasury stocks	–	–	–	–	¥29.99 billion	¥9.99 billion	¥9.99 billion	¥11.99 billion	–
Total amount of dividends	¥9.37 billion	¥9.38 billion	¥9.39 billion	¥7.05 billion	¥9.16 billion	¥13.02 billion	¥10.91 billion	¥11.20 billion	–
Cash dividends per share (interim/year-end)	¥20/¥20	¥20/¥20	¥20/¥20	¥10/¥20	¥20/¥20	¥20/¥39	¥23/¥27	¥25/¥27	¥27/¥28
DOE ^{*3}	3.00%	3.10%	3.10%	2.40%	3.10%	4.20%	3.30%	3.00%	3% or more
Total return ratio ^{*4}	105%	355%	68%	553%	106%	50%	63.30%	51.50%	50% or more

^{*1} The shareholder return includes the amount paid for dividends for the officer remuneration BIP trust and the stock-granting ESOP trust. The DOE and total return ratio are calculated on the basis of this total amount of dividends.
^{*2} This is calculated temporarily with a standard DOE of 3%. The actual shareholder return amount and method may vary depending on the progress of performance and similar factors.
^{*3} DOE (Dividend on equity ratio) = Dividends / Net assets ^{*4} Total return ratio = (Total dividends paid + Total amount of treasury stocks acquired) / Profit attributable to owners of parent
Note: For details on acquisition of treasury stocks, please visit the following website. <https://www.segasammy.co.jp/en/ir/stock/repurchase/>

Pursuing transformation at even greater speeds

In the fiscal year ended March 2025, we conducted 384 IR meetings. Of these, one-quarter involved direct dialogues between shareholders and investors with CEO Satomi, myself, and other members of management, and through these we received extremely useful, constructive feedback. In recent years, we have been conducting dialogues with a broader range of shareholders and investors, and in these dialogues, we prepare to address different assessment logic for different investment styles and strive to carefully explain the story behind our strategy.

Strengthening our non-financial capital is also one of my responsibilities in increasing corporate value sustainably. One aspect of this is our approach to human capital, which is the same as our approach to financial capital, where refining our business

portfolio strategy and development pipeline controls as I discussed earlier will allow us to determine policies for acquiring, developing, and deploying the necessary human capital. For example, as we expand business globally, securing and allocating human capital with global values, which we define as “culturally diverse human resources” and for which we have set targets, will be crucial. We will further refine our approach for a constant awareness of this strategic alignment and to link human capital and other non-financial capital to strategy and financial value in a more compelling manner.

While we have steadily transformed the Group's business portfolio, many challenges remain. I will continue to fulfill my mission as CFO by resolving these challenges at even greater speeds and presenting clear evidence that will lead to performance results.

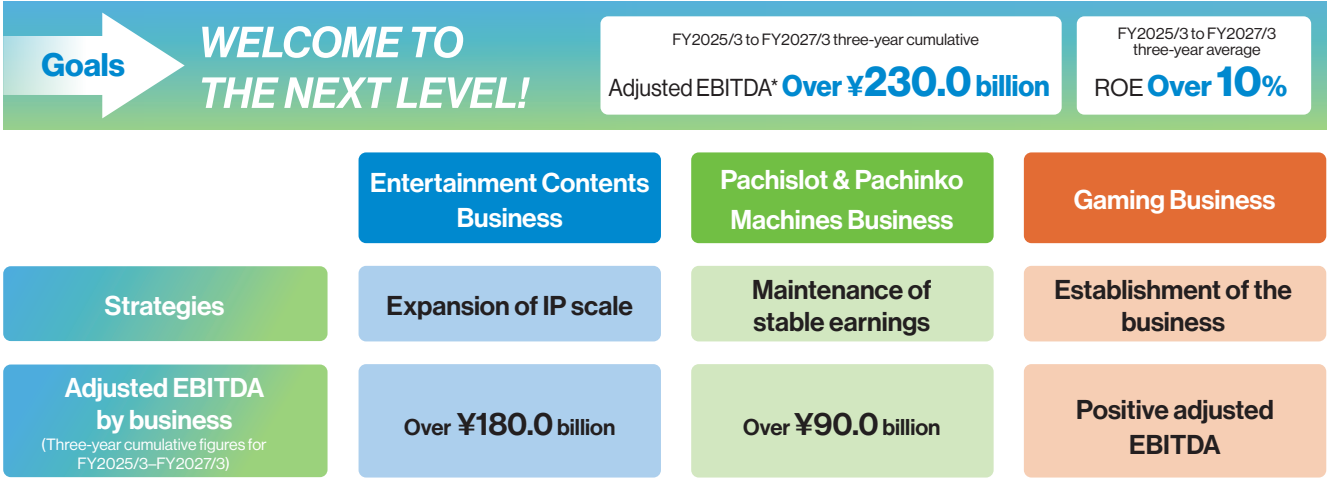
Medium-Term Plan (From FY2025/3 to FY2027/3)

Positioning and Targets of the Medium-term Plan, *Welcome to the Next Level!*

In the medium-term plan that started in the fiscal year ended March 2025, we had adopted the slogan, *Welcome to the Next Level!* This slogan expresses the desire of the SEGA SAMMY Group, which broke out of the current situation in the previous medium-term plan, to evolve to the next level.

As quantitative targets, we have set a consolidated three-year cumulative adjusted EBITDA of over ¥230.0 billion and a three-year average ROE of over 10% as management indicators to aim for. In this medium-term plan, we will further strengthen each business portfolio and aim to expand IP scale in the Entertainment Contents Business, maintain stable earnings in the Pachislot & Pachinko Machines Business, and establish a foundation in the Gaming Business to clarify the positioning of each business.

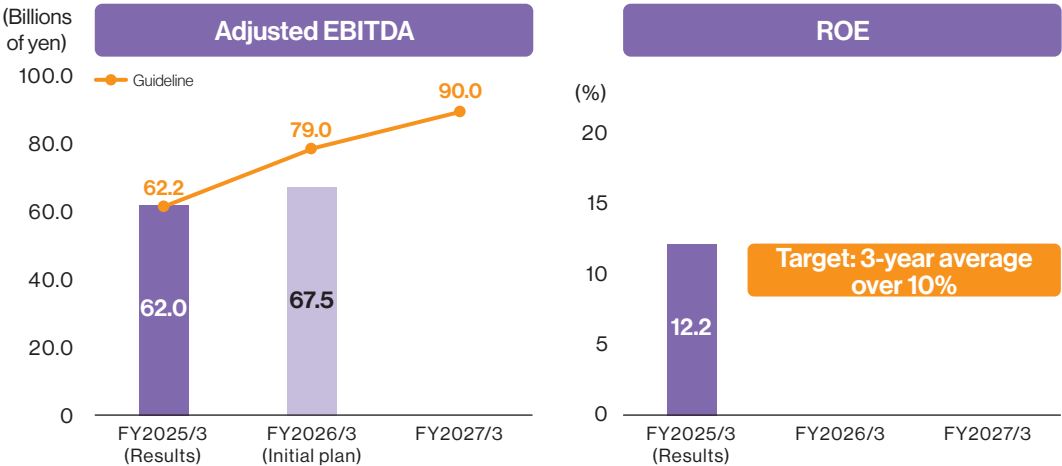
● For medium-term plans of each business, see P. 34 and onward



* Adjusted EBITDA: Ordinary income + Interest expense + Depreciation and amortization ± Adjustment items
Adjustment items: Special gains from business operations, special losses at business sites (impairment, title valuation losses, etc.), net income attributable to non-controlling interests, and amortization of goodwill/trademark rights related to M&A

Performance and Outlook of Key Indicators

The fiscal year ended March 2025, the first year of the medium-term plan, the Pachislot & Pachinko Machines Business was heavily impacted by a reactionary decline from the previous year's hit title *Smart Pachislot Hokuto No Ken*, resulting in lower revenue and lower ordinary income compared with the previous year. However, thanks to strong performance in the Consumer and Animation areas of the Entertainment Contents Business, adjusted EBITDA increased. In the fiscal year ending March 2026, mainly due to delays in launching new F2P titles, results are expected to fall short of the guidelines. However, in the final year, we aim to achieve the targets through full-year contributions from new F2P titles, major new Full Game releases, growth in licensing income, and accumulated repeat sales.



► Results for FY2025/3 and FY2026/3 Forecast

	Results (Achievements and Challenges)	FY2026/3 Forecast
Overall	- Optimized business portfolio (sale of PHOENIX RESORT) - Shareholder returns through share buybacks - Redefine the Company's strengths (value creation process)	Revenue and profit expected to increase compared with FY2025/3
Entertainment Contents Business	Consumer and Animation areas performed strongly, resulting in a significant increase in profit compared with FY2024/3 - Strong sales of major new Full Games and repeat titles in the Consumer area - Significant increase in Sonic-related movie revenues - Continued growth in licensing income - Loss recorded due to sale of Amplitude Studios - Cancellation of <i>Football Manager 25</i> development, delay in new F2P title development	Revenue expected to increase compared with FY2025/3; adjusted EBITDA expected to increase - In the Consumer area, new Full Games are expected to be on par with the fiscal year ended March 2025, with repeat sales increasing. In addition, major IP titles will be launched in F2P - In Animation areas, a reactionary decline is expected in allocated revenue from Sonic movies that performed strongly in the previous year - Strengthen overseas sales of prize items in AM&TOY
Pachislot & Pachinko Machines Business	Revenue and profit decreased compared with FY2024/3 35,000 units sold of <i>e Hokuto No Ken 10</i> - Sales of second-half titles remained sluggish - Postponed launch of certain titles to improve product competitiveness	Revenue and profit increased compared with FY2025/3 - Significant increase in unit sales expected through launch of multiple mainstay pachislot titles - Launch of new pachislot cabinet
Gaming Business	Revenue increased compared with FY2024/3, achieving profitability at the ordinary income level - Acquisition of Stakelogic announced following GAN - Create hit sales in video slot machines - Profit contribution from strong performance of PARADISE CITY	Revenue increased compared with FY2025/3, but profit decreased - Unit sales expected to increase, mainly led by <i>Railroad Riches</i> - Acquisition of Stakelogic and GAN completed, with related FA costs and other expenses expected to increase

► Progress of Medium-Term Plan (Adjusted EBITDA)

	FY2025/3			FY2026/3			FY2027/3
	Guideline	Results	Difference	Guideline	Forecast	Difference	Guideline
Company-wide	62.0	62.2	+0.2	79.0	67.5	-11.5	90.0
Entertainment Contents Business	50.0	48.1	-1.9	60.0	50.0	-10.0	70.0
Pachislot & Pachinko Machines	26.5	24.2	-2.3	31.0	33.0	+2.0	33.0
Gaming	-1.5	1.0	+2.5	1.0	-2.5	-3.5	1.5
Other/Eliminations	-13.0	-11.1	+1.9	-13.0	-13.0	+0	-14.5

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

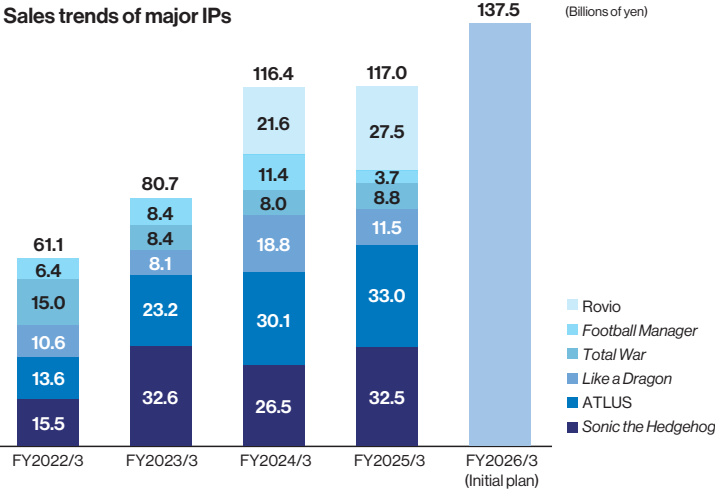


Strengthening the core game business

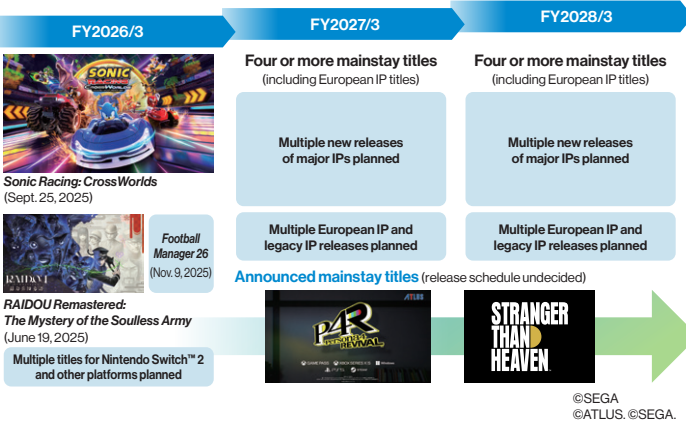
Growth of Full Games and future pipeline

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.

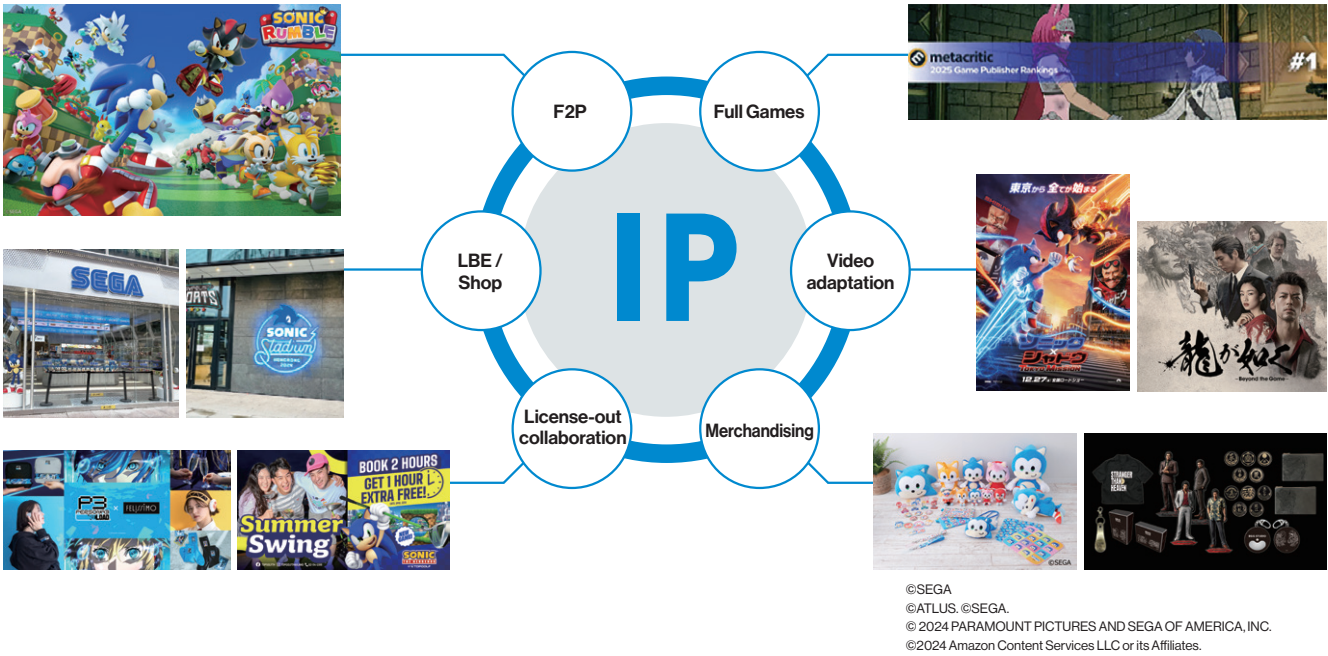
Initiatives at European studios

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.

Entertainment Contents Business

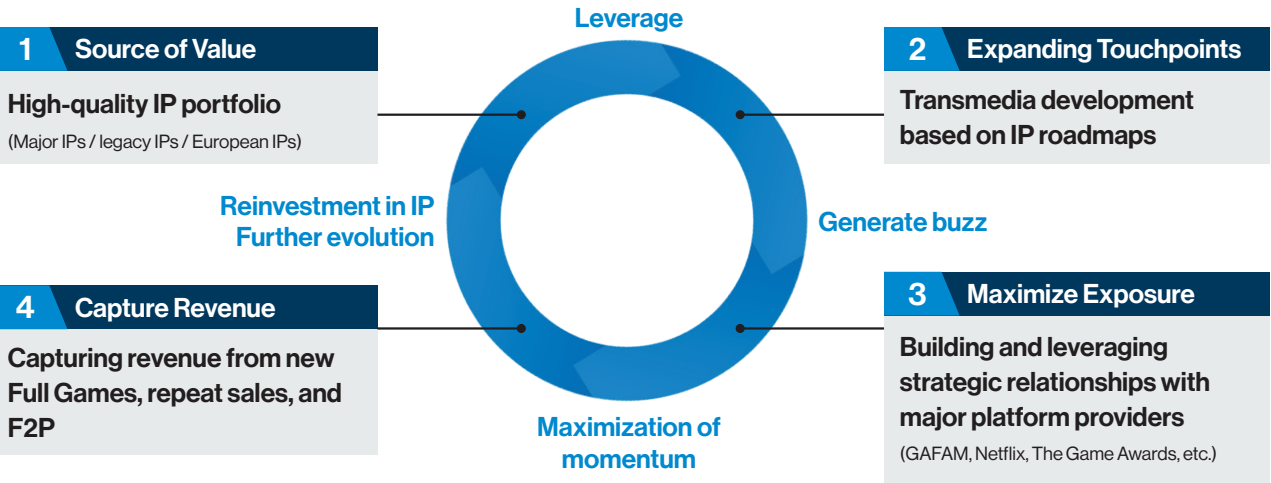
Transmedia strategy

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

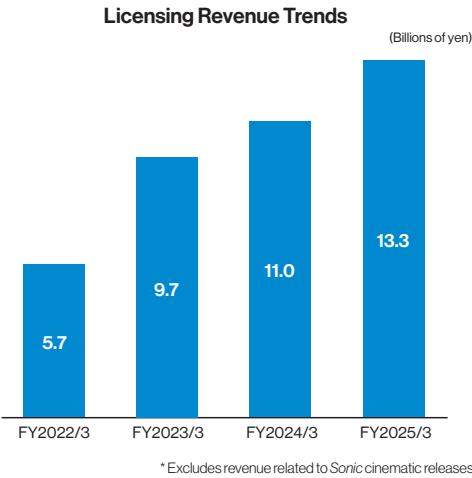
Sonic the Hedgehog 3, co-produced with Paramount Pictures Corporation in the U.S., became a major hit, recording worldwide box office revenue of USD 490 million, surpassing the previous film. This major success not only contributed through film revenue but also served as a powerful promotional effect, 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
 ©2024 PARAMOUNT PICTURES AND SEGA OF AMERICA, INC.

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

Entertainment Contents Business Executive Interview

Elevating our Transmedia strategy to the “Next Level” and further enhancing SEGA’s corporate value



Shuji Utsumi

Director, SEGA SAMMY HOLDINGS INC.
President and COO, Representative
Director, SEGA CORPORATION

What were the main achievements and challenges in the fiscal year ended March 2025?

The fiscal year ended March 2025 saw dramatic acceleration of our Transmedia strategy. The third *Sonic* movie, *Sonic the Hedgehog 3*, released in December 2024, became a major hit, surpassing the previous movie’s box office revenue. The console and PC title *SONIC X SHADOW GENERATIONS*, released in conjunction with the movie, also achieved strong sales. The movie’s success also boosted repeat sales of past *Sonic* titles and increased licensing revenue, giving us strong confidence in the expanding value of the IP. *Like a Dragon* was another success in Transmedia development, with the achievement of a live-action drama adaptation in addition to the release of the new Full Game, leading to steady sales of repeat titles. The high quality of our new titles was also recognized, and SEGA ranked first in Metacritic’s 2025 Game Publisher Rankings. Notably,

ATLUS’s new title *Metaphor: ReFantazio* received multiple awards at gaming events, marking the successful launch of a major new IP. In our European operations, we completed the structural reforms that have been a challenge for those few years by transferring shares of Amplitude and Relic through management buyouts (MBOs).

On the other hand, some challenges remain. We canceled the planned release of *Football Manager 25*, originally scheduled for the fiscal year ended March 2025, and postponed the launch of some F2P titles. While these were decisions made out of respect for fan expectations and our commitment to quality, we will continue addressing such challenges sincerely, while maintaining a careful balance with our performance targets for each fiscal year.

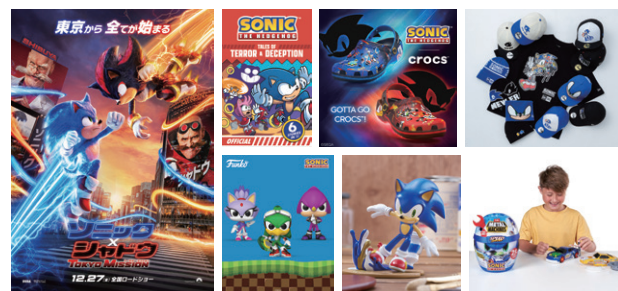
How do you evaluate the results of your IP value enhancement efforts so far?

SEGA possesses a wealth of valuable assets, including compelling IPs, many of which are not visible on the balance sheet. I like to refer to this as our “Treasure Island.” Since joining SEGA’s management in 2019, we have identified high-potential IPs as our pillars and have focused our investments on developing them into global brands. By emphasizing strategies such as multi-platform releases and simultaneous worldwide launches, total sales across our pillar IPs have steadily increased.

To further enhance IP value, we have focused on our Transmedia strategy. At the core of these efforts is the *Sonic* IP. Every movie in the series, from *Sonic The Hedgehog* in 2020 to the third installment, has become a global hit. In addition to boosting game sales, the success of these movies, combined with merchandising and other related business activities, has expanded licensing revenue from ¥5.7 billion in the fiscal year ended March 2022 to ¥13.3 billion in the fiscal year ended March 2025. (Licensing Revenue Trends: P.37)

In this way, SEGA is evolving from a game company to the “Next Level,” expanding its business across multiple domains by leveraging its IPs.

Transmedia strategy—Example using the Sonic IP



© 2024 PARAMOUNT PICTURES AND SEGA OF AMERICA, INC.
©SEGA

Introduction

Value Creation Story

Growth Strategy

Strengthening of
Non-Financial Capital

Governance

Other Data

What are SEGA’s future directions and priorities for enhancing IP value?

We will continue investing in development and product capabilities, focusing on new Full Game titles and enhancement of repeat sales. In addition, we plan to launch several new F2P titles to expand our global GaaS (game as a service) operations.

We also aim to elevate our Transmedia strategy to the “Next Level.” Led by the newly established Transmedia Business Unit in April 2024, we will continue to strengthen the global presence of SEGA’s IPs. In February 2025, we hosted a licensing showcase that invited numerous licensees to explore the appeal and future potential of SEGA IPs, and we also exhibited at the Licensing Expo in Las Vegas. Through these efforts, we felt we were able to build high expectations among our licensees for the future potential of SEGA’s IPs.

We opened official SEGA retail stores, SEGA STORE SHANGHAI (Shanghai, China) in May 2025 and SEGA STORE TOKYO (Shibuya, Japan) in July 2025, both of which have been very well received. Through these flagship stores, we aim to deliver new surprises and excitement, allowing people around the world to experience the rich worlds of SEGA’s diverse IPs firsthand.

As one of the key pillars of our Transmedia strategy, we will also actively pursue development of video adaptation. In the past, games based on movies often became hits. Recently, that trend has reversed, with movies and anime based on games achieving great success, reflecting growing global attention toward game IPs. SEGA is riding this momentum by advancing video adaptation projects based on titles such as *OutRun* and *SHINOBI*. TMS ENTERTAINMENT, known for its successful anime adaptations of popular properties such as *Detective Conan* and *Anpanman*, is evolving into a full-fledged production company by transforming its business model toward a producer-driven approach. As global interest in Japanese-origin IP continues to rise, the SEGA Group will work collectively to further strengthen its video adaptation business through a variety of initiatives.

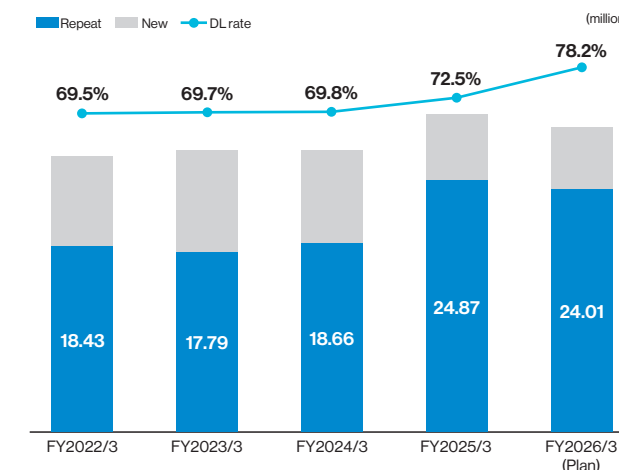
What factors have driven the growth in repeat sales, and how do you plan to further strengthen this area?

In recent years, games have tended to enjoy longer sales lifecycles, and with the growing share of digital downloads, sales of repeat titles have increased accordingly. For example, *Like a Dragon*, which once aimed to surpass one million units sold, has now become a series that can expect lifetime sales exceeding two million units per title. Likewise, *Persona 5 Royal*, released in 2019, grew from 1.03 million units sold in its first year to 7.25 million units cumulatively, bringing the *Persona 5* series, including the 2016 release, to a blockbuster status, recording over 10 million units sold in total. We believe that concentrated investment to enhance title quality, brand strength reinforced through our Transmedia strategy, and the worldwide reach of digital distribution have all contributed to the growth in repeat sales.

Going forward, we will continue to strengthen digital sales as a key driver of growth, focusing on expanding revenue through enhanced regional localization and catalog management. In terms of regional localization, we are working to add language support not only for China but also for emerging markets such as Latin America and Southeast Asia, while developing sales strategies tailored to each country and region. For catalog management, we will strategically run sales campaigns and bundle offerings centered on digital platforms to maximize

revenue. We will continue to strengthen our overall brand power while preserving the value of our IPs.

Trends for repeat sales of Full Games



Entertainment Contents Business - Executive Interview

Q Could you tell us about your approach and progress in expanding F2P titles?

Strengthening our global GaaS offerings through F2P titles is a highly important element of our strategy to expand our key pillars. In June 2025, we officially launched *Persona5: The Phantom X*, the latest entry in the *Persona* series both in Japan and around the world. This is the first mobile and PC title in the *Persona* series, which has surpassed 23.5 million total units sold worldwide. By expanding touchpoints worldwide, we expect further value enhancement of the *Persona* IP and a steady contribution to earnings. *Sonic Rumble*, scheduled for release in 2025, is a mobile game designed to further expand the global fan base that has grown through the *Sonic* movies and other media. We are currently conducting soft launch* in several countries to refine quality as we prepare for the official launch. As SEGA's first

full-scale global mobile title, development is taking longer than expected due to our emphasis on quality and user feedback. However, by combining SEGA's development and operations expertise with the global marketing capabilities of our subsidiary Rovio we are determined to make this project a success. For *SEGA FOOTBALL CLUB CHAMPIONS 2026*, we are also developing the game with a view to global expansion beyond the traditional Japan-focused model. By reinforcing the GaaS model in this way, we are aiming to further reinforce a multilayered revenue structure, like "mille-feuille," as a component that provides consistent, sustainable earnings.

* Soft launch: A limited pre-release in selected regions.

Q What is SEGA's medium- to long-term vision for the future?

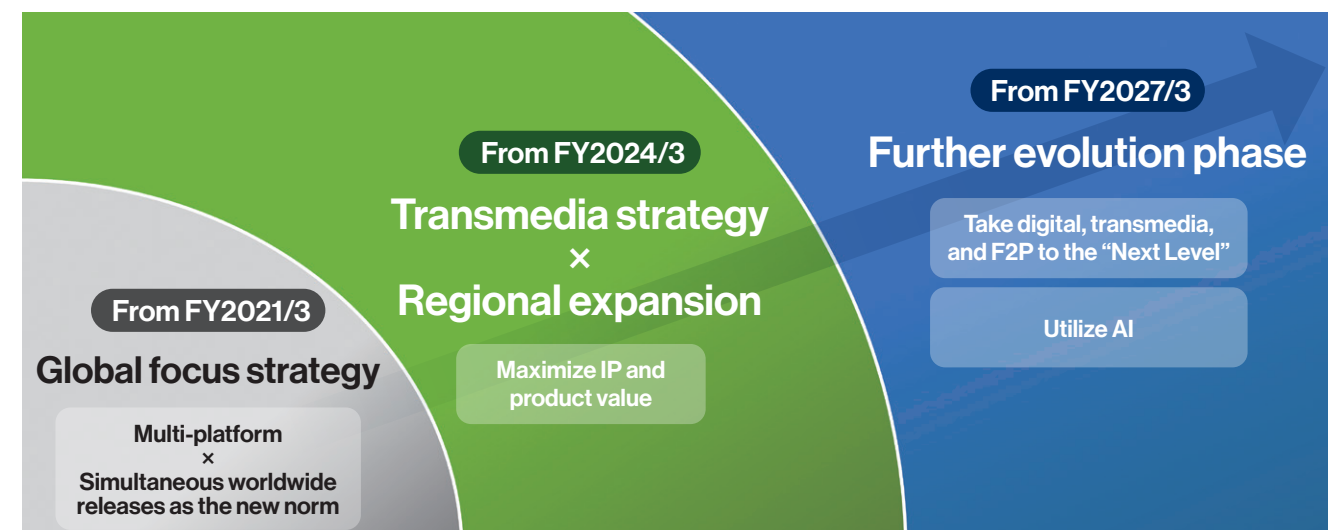
Up through the fiscal year ended March 2024, we worked to stabilize our earnings base by maximizing IP value through our Transmedia strategy and regional expansion and swiftly and steadily addressing challenges such as structural reforms of our European operations.

Under the current medium-term plan, we are entering a new phase of further evolution. We will further advance Transmedia development by strengthening game development capabilities, expanding digital sales strategies, globally launching GaaS titles, and enhancing our presence in the Animation area, while flexibly embracing new challenges in response to the changing times.

SEGA's mission is to "Empower the Gamers." The gaming

industry has evolved by flexibly embracing technological advancements and shifts in business models. Today, around three billion people worldwide engage with games in some form, making video games a global culture in their own right.

Throughout its history, SEGA has played a key role in shaping this video game culture and intends to continue doing so into the future. By evolving our Transmedia strategy to the "Next Level" and leveraging SEGA's rich portfolio of IPs to deliver new experiences and inspiration to people worldwide, we will help create a more fulfilling society through video games and further enhance SEGA SAMMY's corporate value.



Initiatives Based on Materiality



Providing safe, dependable, and innovative products and services

Quality Improvement

E Evaluation Team that Supports the Fun of Each Title

At SEGA, we undertake a variety of initiatives before releasing titles that allow us to deliver high-quality titles for our many customers around the world to enjoy.

For quality, the most important aspect of this, we have established an in-house evaluation team to verify the level of fun of our titles. The evaluation team objectively assesses the titles, comparing the final version against the concept created by the development department during game planning, then checks whether unique appeal has been achieved for the title and whether customers will be able to enjoy the game as originally intended. Title evaluations incorporate multiple perspectives, not only from the in-house evaluation team but also from customers in major markets and external game evaluation organizations. This evaluation process has been adopted for titles at all development locations, including those overseas, and evaluation teams have also been set up at our European locations.

The results of these evaluation are then utilized in internal review sessions held throughout the title development process. These review sessions include not only management and the development department but also the evaluation team, the localization department, and representatives from the sales department for each major market, who verify development status as well as the features and strengths of the title, then discuss challenges in the subsequent development process and in delivering the title to customers around the world.

These initiatives underpin the quality of SEGA titles that have earned the trust of customers worldwide, including our top spot in Metacritic's 2025 Game Publisher Rankings.

Safety and Security

E Initiatives of the Global Product Operations Division

SEGA is working on multi-platform global expansion of our game titles to increase our touchpoints with customers. Simultaneously releasing a game globally across several platforms calls for a number of processes to be brought together thoroughly and seamlessly. We must ensure that game quality meets the standards of each platform and of SEGA. At the same time, we must observe the laws and regulations of each country and region where the game is released, while also localizing the game into many languages and ensuring that the creative expression of the game is ethically appropriate.

In response to this situation, the Global Product Operations Division is working to develop guidelines for various workflows at SEGA's development and publishing sites in Japan, Asia, North America, and Europe with the aim of improving execution accuracy and optimizing its processes. In addition, the Global Product Operations Division shares and disseminates information, such as laws, regulations, and guidelines that should be complied with in the target region, on the company's intranet and through study sessions and other means.

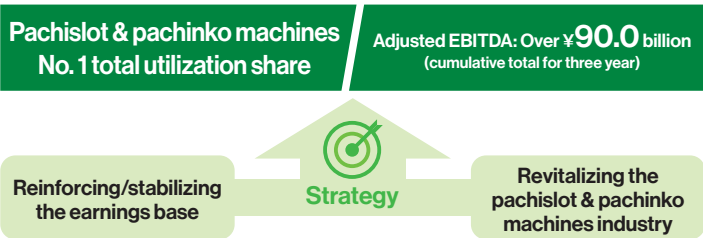
Once planning for an actual title starts, relevant departments get together with the development department to figure out things that require compliance based on the content of the plan, business model, and regions of expansion, especially any laws and regulations that require strict compliance, industry guidelines and ratings, and the standards for SEGA and other platforms. Then, once we check whether preparations for items requiring compliance are complete, titles are released.

These initiatives allow us to achieve simultaneous global multi-platform development of SEGA titles in an appropriate manner that lets customers enjoy our games with peace of mind.

Pachislot & Pachinko Machines Business

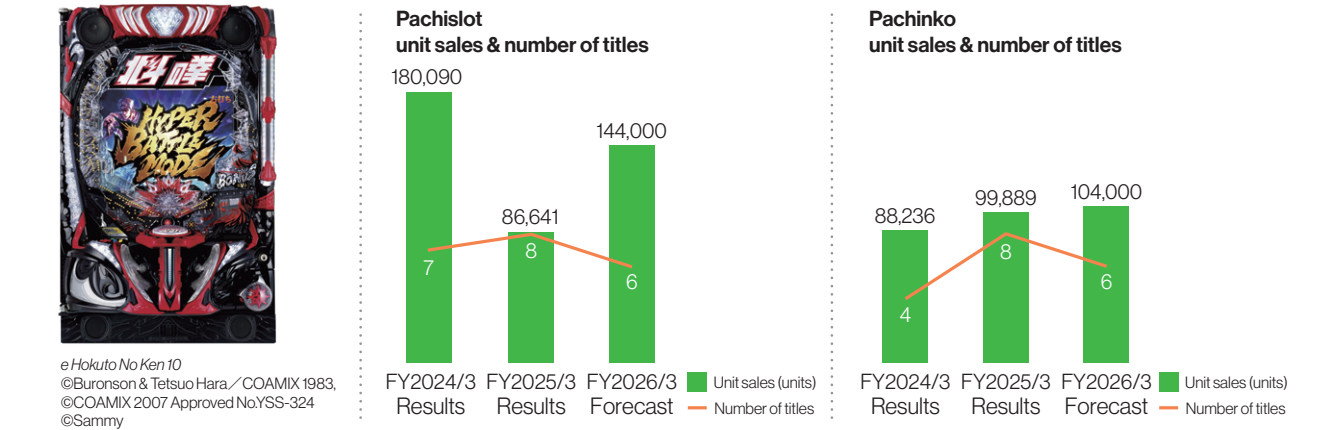
Medium-Term Plan: Welcome to the Next Level!

Under this medium-term plan, we have set a target of achieving the No. 1 total utilization share of pachislot & pachinko machines, as well as a cumulative adjusted EBITDA of more than ¥90.0 billion over three years. Our strategies to achieve these goals are focused on strengthening and stabilizing our earnings base and revitalizing the pachislot & pachinko machine industry.



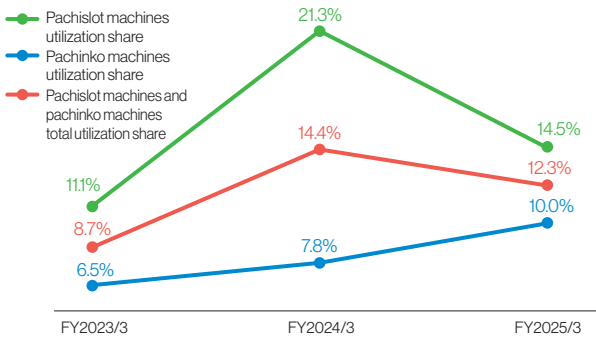
Achievements and Challenges in FY2025/3 and Future Initiatives

The smart pachinko title *e Hokuto No Ken 10*, released in August 2024, sold more than 35,000 units, recording the highest sales volume in the 2024 pachislot & pachinko machines market. However, sales of new titles released in the second half were sluggish, prompting us to postpone the release of some mainstay titles to improve the product competitiveness. As a result, coupled with a reactionary decline from the fiscal year ended March 2024, which saw strong results driven by the hit title *Smart Pachislot Hokuto No Ken*, both revenue and profit declined year on year. On the other hand, we plan to increase sales volume in the fiscal year ending March 2026, when several mainstay pachislot titles are scheduled for release.



Regarding the total utilization share differences between the specifications of our released titles and market needs caused our ranking to fall by one position from the fiscal year ended March 2024. We will continue working to enhance our total utilization share with the goal of reclaiming the No. 1 total utilization share in pachislot and pachinko.

Transition of the Group's utilization share



Ranking for total utilization share

	FY2023/3	FY2024/3	FY2025/3
Company S	18.4%	Company S 21.1%	Company S 19.4%
Company K	16.3%	Company K 15.2%	Company K 15.6%
Company S	13.9%	Sammy 14.4%	Company S 12.5%
Sammy	8.7%	Company S 12.8%	Sammy 12.3%

Source: In-house estimation based on DK-SIS data (Data for 4 yen pachinko and 20 yen pachislot) of Daikoku Denki Co., Ltd.

Reinforcing/Stabilizing the Earnings Base

Initiatives to Improve the Total Utilization Share

To improve the total utilization share we believe the most important factor is addressing market needs including the quick response to regulatory revisions. We have already launched *e Shin Hokuto Muso Chapter 5 Dodeka START* to meet users' growing demand for time efficiency, and it has performed strongly in both sales and operation. In July 2025, we introduced *e Tokyo Revengers*, featuring the new Lucky Trigger 3.0 Plus function for smart pachinko fastest in the market. The title also exceeded our initial plans and achieved excellent early utilization.



Launch of Mainstay Series Titles and Utilization of New IPs

To further enhance our total utilization share, we recognize that continued releases from multiple existing mainstay series and the use of new IP are essential. Beyond the *Hokuto No Ken* series, which boasts the highest pachislot sales in history, we aim to meet user expectations through the release of other established mainstay series. Furthermore, we view acquiring strong licenses for creating new titles that could become mainstay series following *Hokuto No Ken* as a key management priority, and we will continue working toward that goal.



Quality Improvement

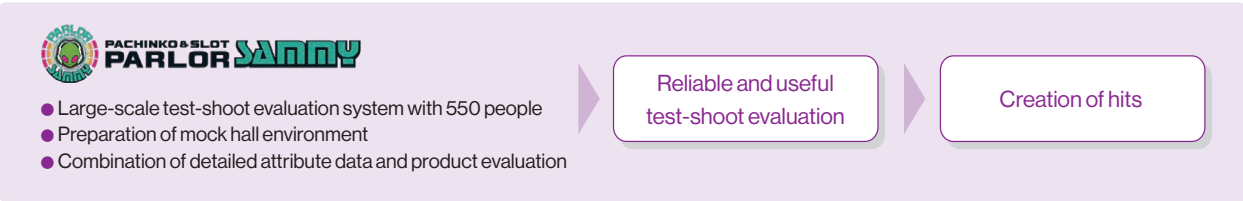
P User-Oriented Development Process

In the Pachislot & Pachinko Machines Business, we use data-based market analysis and hypothesis validation during planning to identify targets and needs. We have also put in place a system for enhancing the level of perfection with a unique test-shoot evaluation system that provides more user-oriented evaluations.



P Brush-Up Using Highly Unique Test-Shoot Evaluation

In pachislot & pachinko machine development, we are leveraging industry-leading human capital for development to deploy a massive 550-person scale test-shoot evaluation process. In addition, we have installed a mock hall (Parlor Sammy) that closely resembles the actual play environment, and we are working to refine our products. These efforts have led to the creation of hit titles such as *Pachislot Kabaneri of the Iron Fortress* and *Smart Pachislot Hokuto No Ken*.



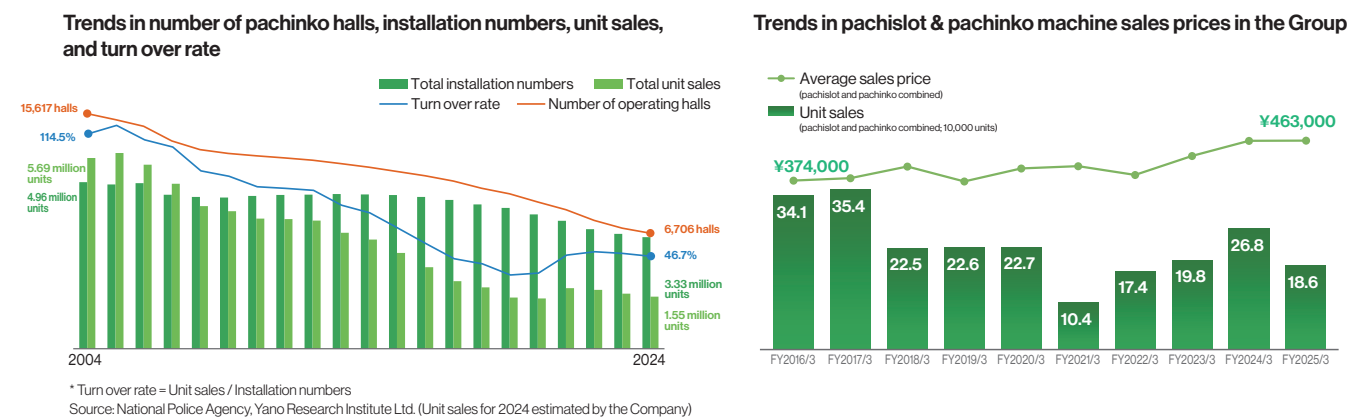
Revitalizing the Pachislot & Pachinko Machines Industry

Current State of the Pachislot & Pachinko Machines Industry

The pachislot & pachinko machines industry continues to face long-term contraction due to the declining number of players. As the market shrinks, unit sales are also decreasing, prompting manufacturers to focus on improving product quality to strengthen competitiveness. As a result, development and material costs have risen, leading to a long-term increase in pachislot & pachinko machine prices across the industry.

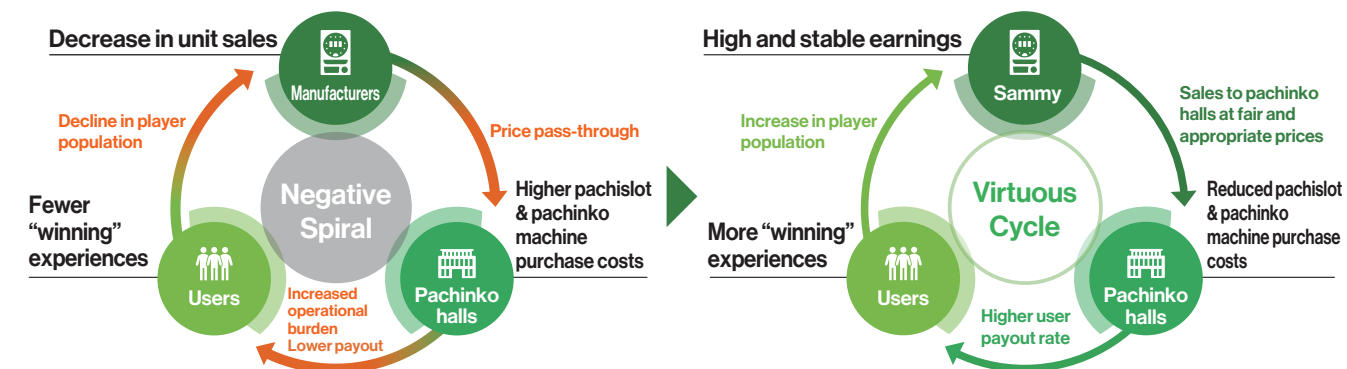
The rise in sales prices has increased the financial burden of pachislot & pachinko machine purchases for pachinko halls. To cover these costs, the opportunities for players to experience “winning” is declining. This has triggered a negative spiral in which fewer winning experiences drive users away, leading to further declines in player numbers.

Within our Group as well, while sales volumes have been decreasing, average unit prices continue to rise. We recognize that rising prices have contributed to this negative spiral and acknowledge our own share of responsibility in the situation.



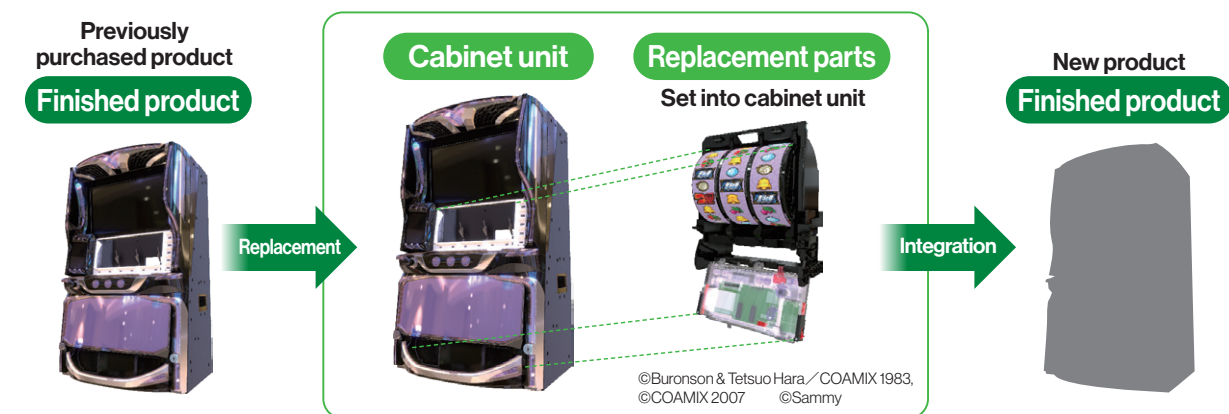
Creating a Virtuous Cycle in the Pachislot & Pachinko Machines Market

In our role as a driving force in the industry, we believe it is our responsibility to build a sustainable future where the pachislot & pachinko machines industry can coexist and prosper. To break the current negative spiral in the pachislot & pachinko machines industry, we will take the first step toward a “Triple Win” cycle: higher and more stable profitability for manufacturers, lower purchasing costs for pachinko halls, and more winning experiences for users. To achieve this, in the fiscal year ending March 2026, we will introduce a new pachislot cabinet that allows machine renewal by replacing only specific components.



A Crucial Step to Break the Negative Spiral: The New Pachislot Cabinet

This groundbreaking new pachislot cabinet adopts a structure that separates the reel unit and the main cabinet, enabling replacement with new models simply by swapping the reel unit. While a full cabinet purchase will be required for the initial introduction, subsequent updates will only require partial component replacement. This structure will reduce cost burdens on pachinko halls during replacements, while allowing manufacturers to maintain previous per-unit profit margins.



Whereas conventional cabinets weigh about 40 to 50 kilograms, the replaceable reel unit weighs only about 5 kilograms and, with a design focused on ease of replacement, reduces replacement time to roughly one-third of the current duration. This contributes not only to easing the workload at pachinko halls and reducing transportation costs but also to lowering CO₂ emissions during transport.

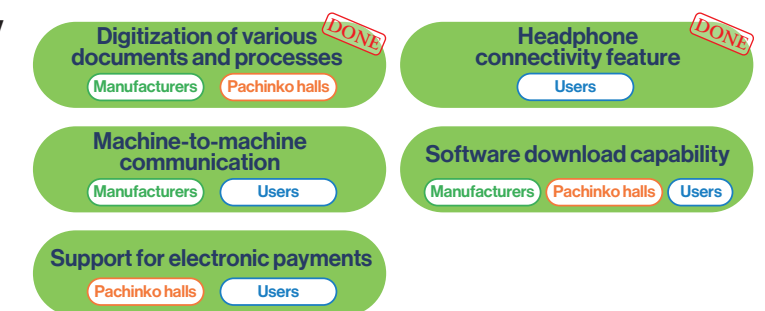
As the new cabinet must first be installed at the pachinko hall, it will take some time before the effects of this initiative become apparent. However, as adoption spreads, pachinko halls will be able to introduce new machines at lower costs. We expect that this initiative will help create a more accessible and player-friendly environment and, consequently, expand the player base and improve satisfaction among existing users.

We aim to promote this initiative not only among pachinko halls, but also with support from other manufacturers, thereby contributing to the revitalization of the pachislot & pachinko machine market as a whole.

	Current cabinet	New cabinet (At the time of product replacement)
Cabinet weight	Approx. 40 to 50 kg per unit	Approx. 5 kg per unit
Replacement time	Approx. 24 minutes per unit	Approx. 8 minutes per unit
Transport efficiency	70 units per truck	280 units per truck

Enhancing Convenience and Efficiency

In addition to the new cabinet, we are pursuing various initiatives in collaboration with the entire industry to revitalize the market. We have already implemented measures such as digitizing various documents and adding headphone connectivity features to machines to enhance user experience. Going forward, we will continue exploring new possibilities in cooperation with industry partners.



Pachislot & Pachinko Machines Business Executive Interview

We will continue taking on challenges to expand our total utilization share and revitalize the pachislot & pachinko machines industry.



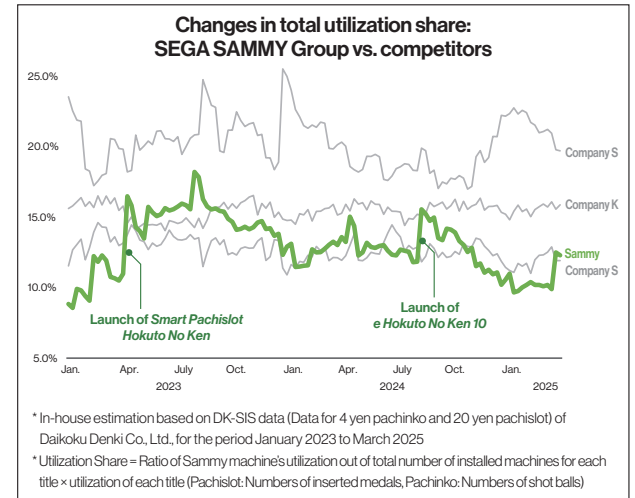
Ayumu Hoshino
Director, SEGA SAMMY HOLDINGS INC.
President and COO, Representative Director,
Sammy Corporation

Q What were the main reasons for missing your initial targets for the fiscal year ended March 2025 and for the decline in your total utilization share?

A. The main factor was our inability to produce hit titles that contribute to long utilization.

In the Pachislot & Pachinko Machines Business, manufacturers have to comply with various rules and regulations, and new machines can only be sold after completing multiple approval and certification processes. The upshot of this is that revisions to these rules and regulations tend to alter gameplay characteristics and significantly change market conditions. During the fiscal year ended March 2025, as regulatory revisions progressed, the industry-wide approval rate declined, and we were not spared from this difficulty in obtaining approvals. Some of the titles we launched under such conditions also had a mismatch between their specifications and market needs. We were unable to create hit titles that contribute to long utilization at pachinko halls other than the *Hokuto No Ken* series, and the

postponement of some releases to the fiscal year ending March 2026 to improve quality also caused the weaker performance and decline in total utilization share.



Q What improvement measures are planned for the fiscal year ending March 2026 and beyond, given these challenges?

A. We will introduce products that meet user needs and a diverse lineup of titles with optimal timing.

First, we will respond more swiftly to shifting market trends caused by factors such as regulatory changes to launch products that accurately capture user demand in a timely manner. We have already launched several models that respond to market needs, and they are performing well. In addition to responding to the expectations of pachinko halls and users by releasing new titles from existing mainstay series such as *Hokuto No Ken* and *Kabaneri of the Iron Fortress*, we plan to leverage popular IPs like *Tokyo Revengers* to create new mainstay series that will serve as future revenue drivers.

From a medium-term perspective, we are also revisiting combinations of titles and gambling aspect levels, particularly in

the mid-range category where we excel, while enhancing market analysis, marketing methods, and development pipelines from new angles.

When considering delays in approval, it is technically possible to obtain approvals more easily by compromising on specifications. However, based on past experience where prioritizing certification over quality led to low user support and weak performance, we are committed to pursuing quality without compromise. Through these initiatives, we will focus on building the systems and pipelines necessary to deliver products that meet user expectations at the right time and generate stable earnings.

Q How do you view the changes in market needs?

A. We believe we should aim for the market that offers a wider range of gameplay, not just titles with high gambling aspect levels.*

At present, titles with high gambling aspect levels tend to show strong sales and utilization. However, from the standpoint of long-term and sustainable industry growth, competition focused solely on products with high gambling aspect levels risks

* Titles with a high level of gambling aspects, within the scope allowed under current regulations

alienating users and is not an ideal direction. We plan to continue launching models with medium gambling aspect levels, which is an area of strength for Sammy, as well as models with low gambling aspect levels, while exploring systems that encourage continued player engagement. We also intend to collaborate with other manufacturers across the industry to build an environment that fosters diverse product development.

Q What is your approach to acquiring new IP licenses?

A. We aim to acquire strong new IPs by steadily building trust and relationships.

Competition to acquire popular IPs is intensifying within the industry. Sammy has long worked to build relationships with rights holders through its mainstay IPs such as *Hokuto No Ken*. We believe that maintaining strong, positive relationships with rights holders is the key to acquiring powerful IPs. By steadily accumulating achievements and trust, we believe we can create

a positive cycle that leads to new opportunities. To that end, we have dedicated staff members who maintain close daily communication with rights holders. In addition, we invest in anime production committees and other ventures to secure preferential negotiation rights, proactively working to acquire outstanding IPs before they are widely released. We hope you look forward to our future developments.

Q What are your expectations for the new pachislot cabinet?

A. We intend to expand its use across the entire industry and help revitalize the market.

This new cabinet was developed by ZEEG Co., Ltd., a joint venture between Sammy and Universal Entertainment Corporation. Sammy is starting an industry transformation with this new cabinet, which is designed to revitalize the market, hoping it will benefit pachinko halls, pachislot & pachinko machine manufacturers, and users alike, while fostering long-term coexistence and mutual prosperity among manufacturers. For details on the features and value of the new cabinet, please refer

to "A Crucial Step to Break the Negative Spiral: The New Pachislot Cabinet" on page 45. We have heard from many pachinko hall operators and managers, who have high expectations and hope this cabinet will become the new industry standard. We are currently promoting the cabinet to other manufacturers, with one company already signed and several others expressing interest. By encouraging as many manufacturers as possible to adopt the cabinet, we aim to help revitalize the entire industry.

Q What are your aspirations going forward?

A. We will drive the revitalization of the pachislot & pachinko machines industry and fulfill our role as a strong earnings foundation for the Group.

Sammy will celebrate its 50th anniversary on November 1, 2025, and embark on a new stage under the slogan "From Challenge to Adventure." Sammy's strength lies in its robust portfolio of proven series, led by *Pachislot Hokuto No Ken* in the *Hokuto No Ken* franchise, which achieved the highest pachislot sales in history. Moving forward, we will actively leverage new IPs to expand our library and create hit titles that resonate with both pachinko halls

and users, thereby increasing our total utilization share while aiming for the No. 1 position in the industry.

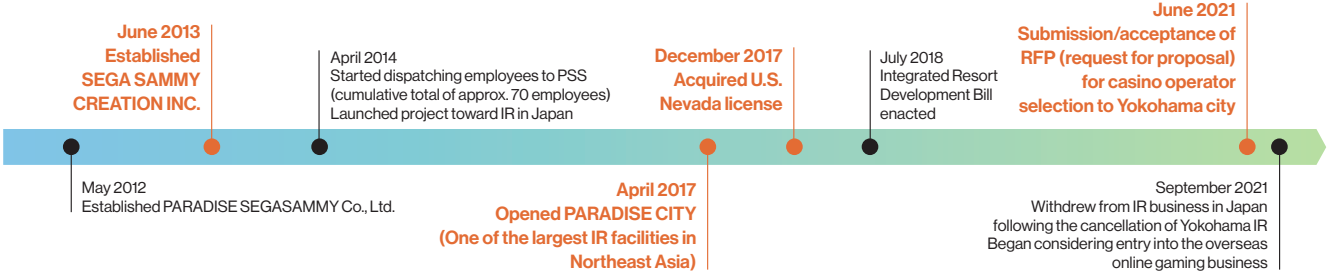
At the same time, revitalizing the pachislot & pachinko machines industry remains an urgent challenge that we will continue addressing. A shrinking market inevitably leads to lower earnings, not only for Sammy but for the Group as a whole. To overcome this situation, we will steadily advance various strategic initiatives, including the new pachislot cabinet, to contribute to the sustainable growth of the industry and reinforce our status as a strong earnings foundation that accelerates the Group's overall corporate value.

Gaming Business

Our Journey So Far

The Group has long pursued various initiatives aimed at entering the integrated resort (IR) business in Japan. In 2013, we established SEGA SAMMY CREATION INC. (SSC), which develops and sells gaming machines. In 2017, SSC obtained a license from the state of Nevada in the U.S., known as one of the most rigorous gaming licenses in the world. This license acquisition was a crucial milestone in establishing credibility for our entry into the IR business. Since then, SSC has steadily advanced its business, creating hit products and expanding its customer base among North American casino operators. In addition, we established PARADISE SEGASAMMY Co., Ltd. (PSS), a joint venture with PARADISE GROUP, and in 2017, opened PARADISE CITY, South Korea's first integrated resort. We dispatched approximately 70 Group employees to this facility, where we accumulated expertise and systems for meeting user needs through casino operations. Although we decided to withdraw from the IR business in Japan following the suspension of the Yokohama IR project, the knowledge and experience gained from our initiatives to enter the IR business in Japan have become the foundation of our current Gaming Business.

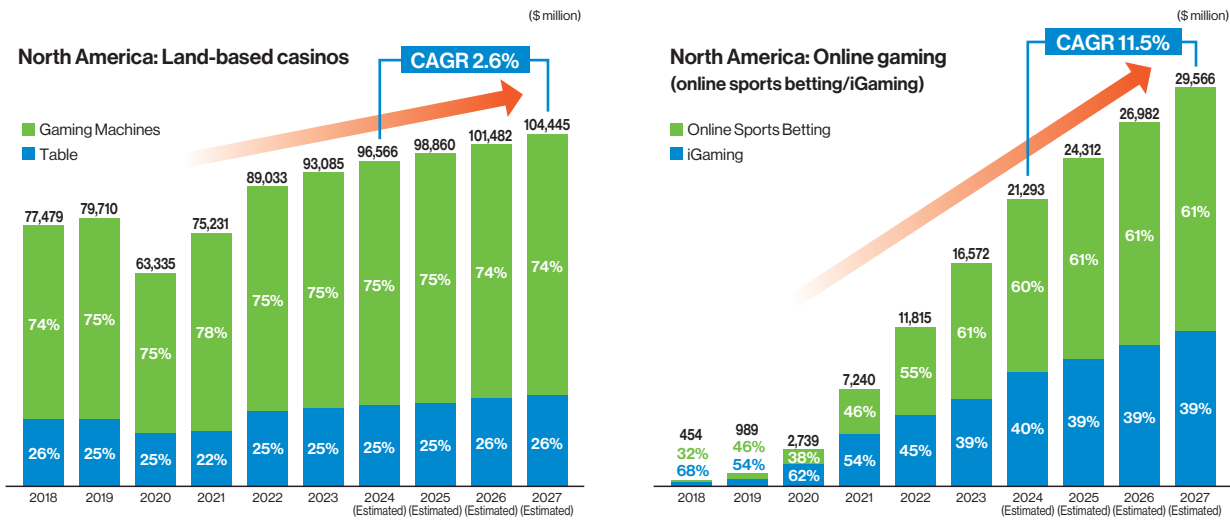
Mobilizing the Full Strength of the Group to Pursue Japan's First IR Project



Market Environment

Casinos take many forms worldwide, but in North America, the largest market, land-based casinos generate nearly \$100 billion, forming an exceptionally large market that is expected to continue growing steadily. Online gaming, which includes online sports betting and iGaming (internet-based gaming such as online casinos), has also shown rapid growth and is expected to expand even further. The market size, approximately \$16.5 billion in 2023, is projected to reach around \$29.5 billion by 2027. In North America, online sports betting has been legalized in 32 states in the U.S., with the top three companies accounting for roughly 80 to 85% of the market. Meanwhile, iGaming is legalized in only eight states*. Therefore, the iGaming market is expected to experience substantial future growth.

* Nevada permits only online poker.



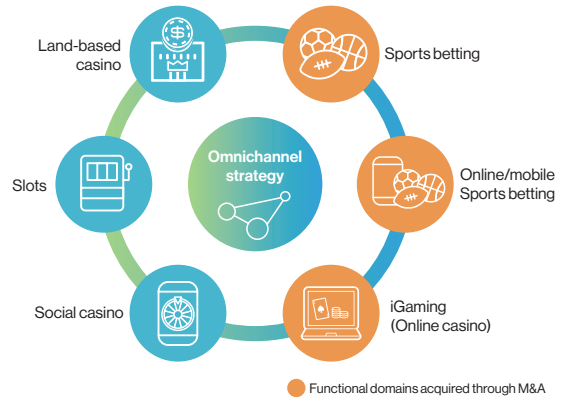
Source: H2 Gambling Capital

Omnichannel Strategy

In the North American market, many companies are beginning to adopt the omnichannel model, a system that integrates land-based casino and online gaming customers. For example, customers visiting land-based casinos are guided toward online gaming, and vice versa, attracting customers to both channels. This mutual flow has created strong demand for such integrated models.

In this market environment, we have decided to pursue a new business leveraging our accumulated expertise in the Gaming Business. We are promoting the omnichannel model that offers B2B solutions to the gaming market.

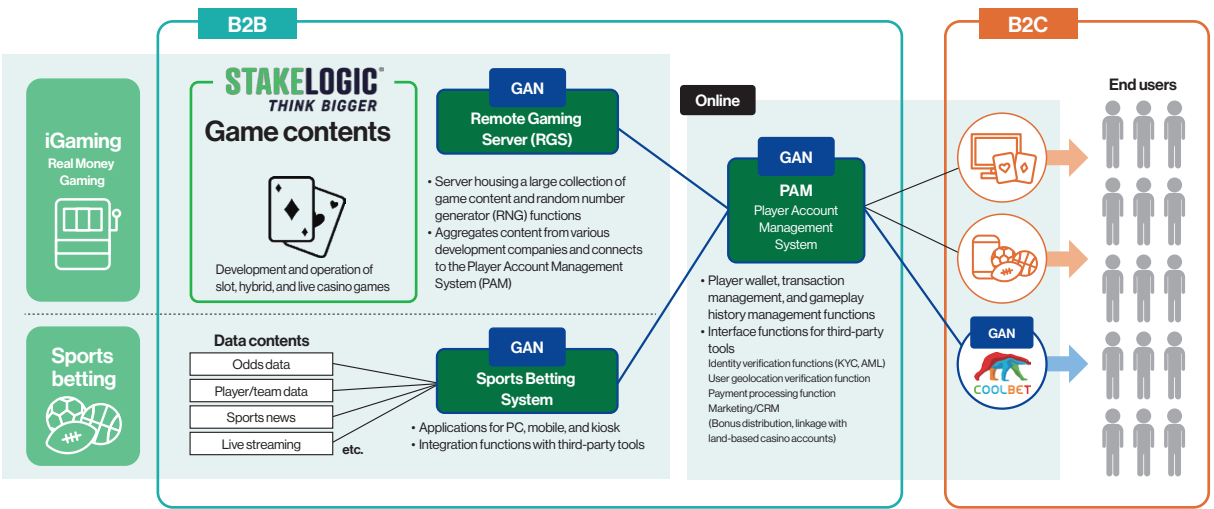
To strengthen our support structure in the online sector—the missing piece needed to promote our omnichannel strategy of providing comprehensive solutions across both land-based casinos and online gaming—we have welcomed Stakelogic and GAN, both of which have strong expertise in the online sector, into our Group.



Capabilities and Roadmap for Strategy Execution

GAN operates SaaS businesses for U.S. casino operators and B2C online gaming businesses in Europe and South America. In its B2B SaaS business, GAN possesses the tech stack (technical infrastructure) for sports betting and iGaming, providing an integrated system essential for casino operators to manage online businesses. Regarding the B2C online gaming business, the Coolbet brand within GAN is responsible for its development and operation. The Coolbet B2C platform has been highly evaluated in the industry and was awarded "Mobile Operator of the Year" and "Online Casino Operator of the Year" at the same time by the International Gaming Awards 2025, and is contributing to the improvement of the GAN B2B platform.

Stakelogic is a Netherlands-based B2B iGaming content provider. It develops and provides game content such as video slots and live casino. In particular, Stakelogic has differentiated itself through live-streamed table games by significantly reducing operating costs, enabling the company to offer services to casino operators at attractive prices. These game contents are also expected to be integrated into GAN's tech stack in the future.



With the acquisitions of Stakelogic and GAN completed in the first quarter of the fiscal year ending March 2026, we are now fully prepared to advance our omnichannel strategy. Going forward, we will leverage the collective strengths of our Group to deliver services that satisfy an even broader range of customers.

Gaming Business Message from Management

Becoming a Third Pillar Making Use of Our Capabilities



Railroad Riches
© SEGA SAMMY CREATION INC.

The Path Pioneered by SSC in Gaming Machine Development

SEGA SAMMY CREATION INC. ("SSC") was established in 2013.

Our founding members were primarily developers who had transferred from SEGA's AM1 studio at the time, known for creating hit arcade titles such as the *House of the Dead* series. Building on their advanced technical capabilities and expertise in hardware development, SSC has continued to take on the challenge of the new field of gaming machines.

In addition to planning and technical expertise in arcade machine development, SSC has conducted over a decade of exhaustive market research to create products that stay one step ahead of the market. This pursuit has culminated in the launch of the *Genesis Atmos* cabinet and its accompanying title, *Railroad Riches*, in 2024. These products received an enthusiastic response immediately upon release and earned high acclaim in the North American market. SSC also achieved the remarkable milestone of being the first Japanese company to win awards in two categories at the prestigious Eilers & Krejcik Gaming, LLC Awards in the U.S. gaming industry.

Strengths of SSC 1 High Performance, High Quality, and Competitive Pricing

SSC draws upon a deep well of knowledge and expertise in the Amusement Machine area, which has been further refined through ten years of gaming machine development and sales. All of this accumulated experience has been poured into *Genesis Atmos* and *Railroad Riches*.

On the hardware front, SSC pursued the ultimate in cabinet designs and sound systems that make players instinctively want to sit down and play, without sacrificing manufacturing cost efficiency, durability, or ease of maintenance. In software, SSC designs stress-free visual effects experiences and optimal game balance, incorporating numerous features that make players want to play again and again.

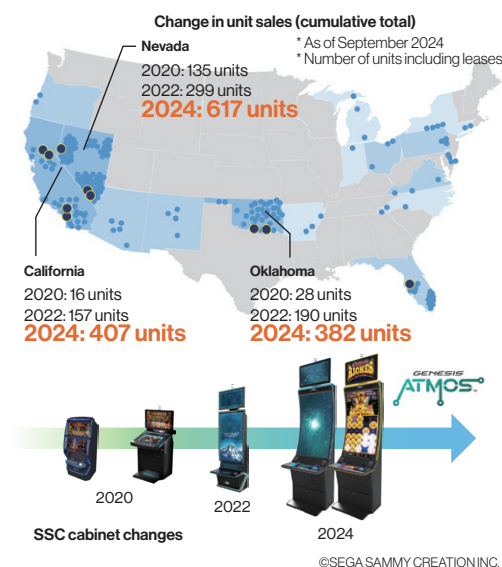
Providing such high-performance, high-quality products at competitive prices—the ability to strike this balance is SSC's greatest competitive strength.

Strengths of SSC 2 Expanding Customer Base and Growth Opportunities in the U.S. Market

Since obtaining its Nevada state license in 2017, SSC has steadily acquired licenses across the United States, expanding both its sales regions and customer base. We realize that the huge success of *Railroad Riches* has further strengthened and significantly expanded that customer base.

One of SSC's key customers is tribal casinos operated by Native American tribes. More than 520 tribal casino facilities are spread across the U.S., surpassing commercial casinos*, and are characterized by regulatory and tax structures that differ from commercial operations. In recent years, demand for entry into the online gaming business has been rising rapidly including among casino operators including tribal casino. This trend serves as a powerful tailwind for SSC in advancing its omnichannel strategy.

* Commercial casinos: Casinos operated by private businesses.



Naoki Kameda

SEGA SAMMY CREATION INC.
President and Executive Officer
COO, Representative Director

Introduction

Value Creation Story

Growth Strategy

Strengthening of
Non-Financial Capital

Governance

Other Data

Strengths of SSC 3 Leveraging Group Synergies to Understand Customer Needs

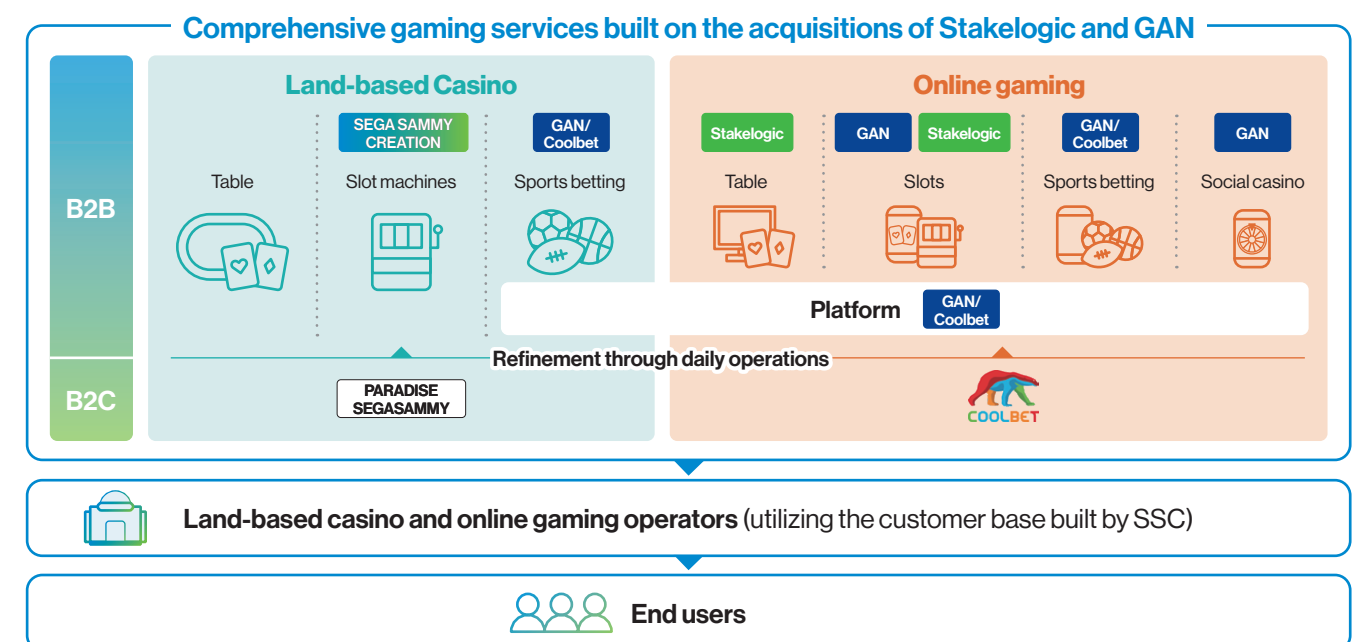
In addition, Group company PSS operates the integrated resort PARADISE CITY in Incheon, South Korea. Through this facility, the Group has steadily accumulated expertise and systems to meet player needs, including market research. The ability to apply these insights across the Group to SSC's business is a major advantage, allowing for accurate understanding of both player preferences and the needs of casino operators, who are SSC's direct customers.

Future Growth Strategy Leveraging SSC's Strengths

SSC is leveraging its multiple strengths in product development capability, customer base, and customer insight to further expand its customer bases in the land-based casino field.

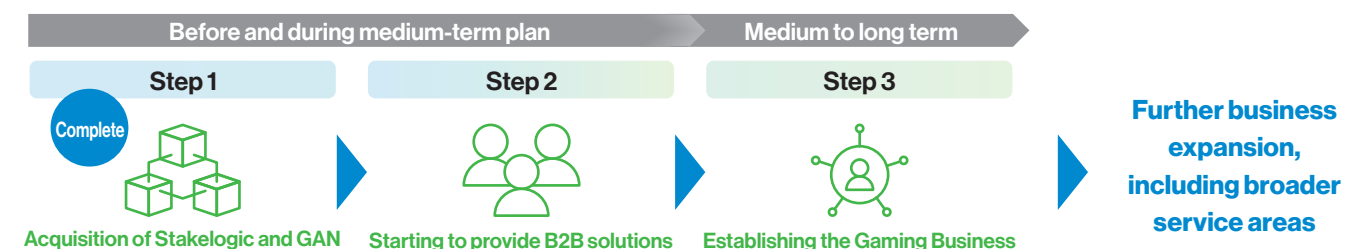
In addition, with the acquisitions of Stakelogic and GAN/Coolbet, SSC has established strong capabilities in the online gaming field. By combining the B2B platforms and content gained through these acquisitions with SSC's significantly expanded customer base from the success of *Railroad Riches*, SSC will deliver comprehensive gaming services to both land-based casino and online gaming operators.

SSC aims to further enhance its competitiveness through these initiatives.



Medium- to Long-Term Vision

SSC's medium-term goal is to establish itself as a B2B omnichannel solution provider in the gaming market. With the acquisition of these two companies, the first stage (STEP 1) of this vision has been completed, and SSC is now transitioning into the phase of providing solutions directly to customers. We will first strengthen collaboration with these newly integrated Group companies to build a solid foundation for business expansion. Discussions on the legalization of iGaming are progressing across the U.S., and the number of states permitting it is expected to continue growing. Amidst these market changes, SSC will build a new business foundation by offering comprehensive, high-value-added services to operators seeking entry into the online gaming market. Ultimately, SSC aims to grow the Gaming Business into the third core pillar of the SEGA SAMMY Group.

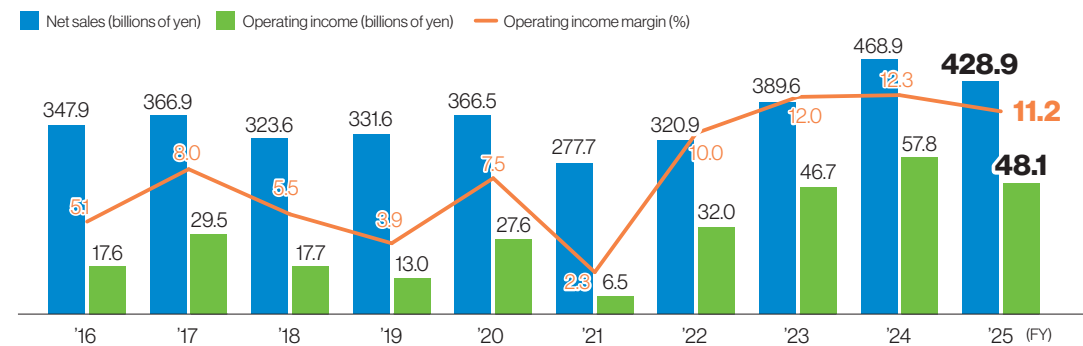


Financial Highlights

● Net Sales*^{1,*2} / Operating Income / Operating Income Margin*²

¥428.9 billion / ¥48.1 billion / 11.2%

Although the Consumer and Animation areas of the Entertainment Contents Business performed strongly, factors such as the cancellation of certain titles under development and the postponement of mainstay title launches in the Pachislot & Pachinko Machines Business resulted in net sales of ¥428.9 billion (down 8.5% year on year), operating income of ¥48.1 billion (down 16.8% year on year), and an operating income margin of 11.2%.

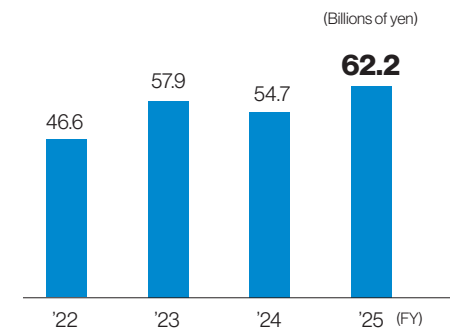


● Adjusted EBITDA*

¥62.2 billion

Special gains were recorded from the transfer of shares in PHOENIX RESORT, along with special losses such as business restructuring losses related to the transfer of a European studio, and amortization of goodwill and trademark rights associated with M&A. As a result, adjusted EBITDA was ¥62.2 billion (up 13.7% year on year).

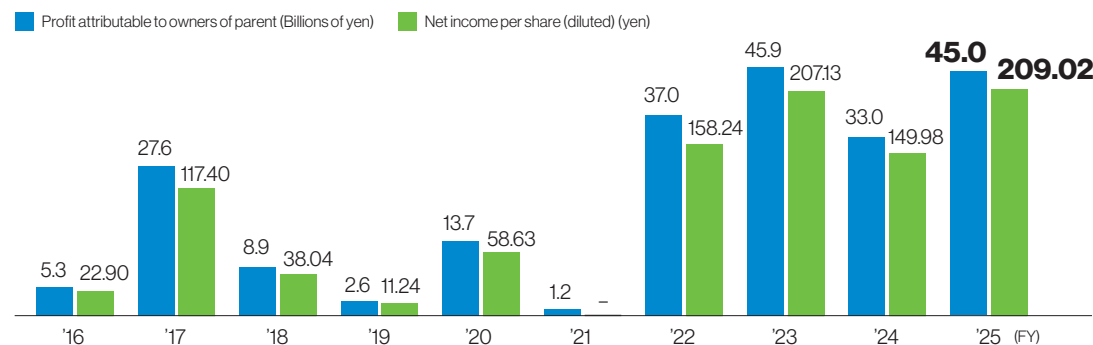
* Adjusted EBITDA: Ordinary income + Interest expense + Depreciation and amortization ± Adjustment items
Adjustment items: Special gains from business operations, special losses at business sites (impairment, title valuation losses, etc.), net income attributable to non-controlling interests, and amortization of goodwill/trademark rights related to M&A



● Profit (Loss) Attributable to Owners of Parent / Profit Per Share

¥45.0 billion / ¥209.02

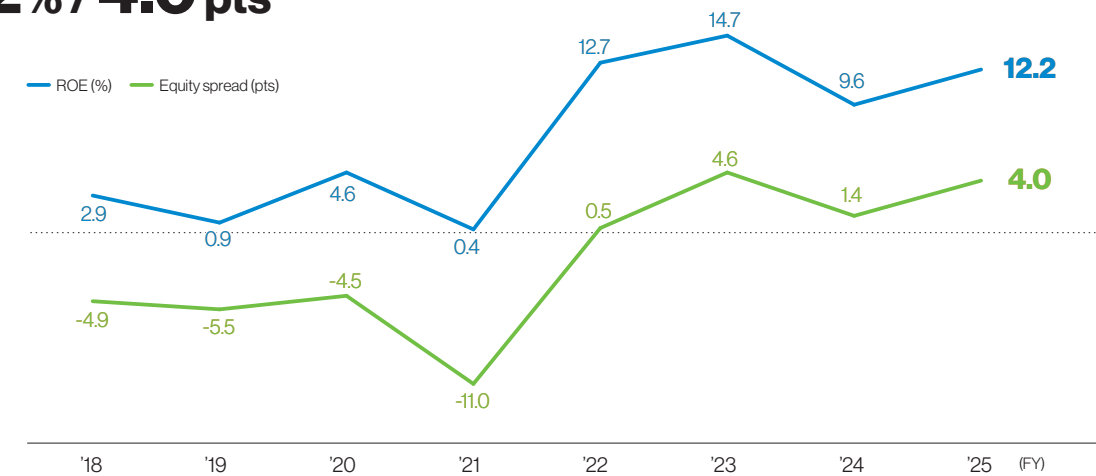
Special gains were recorded from the transfer of shares in PHOENIX RESORT, along with special losses such as business restructuring losses related to the transfer of a European studio. As a result, profit attributable to owners of parent was ¥45.0 billion (up 36.4% year on year). Net income per share (diluted) was ¥209.02.



● ROE / Equity Spread

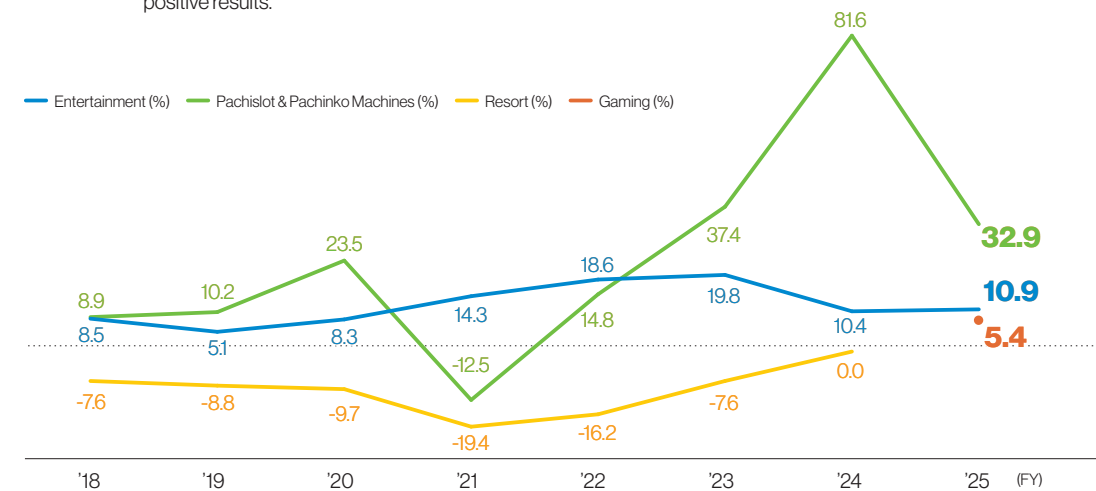
12.2% / 4.0 pts

With the increase in net income, ROE rose to 12.2% (up 2.6 pts year on year), and the equity spread improved to 4.0 pts, both showing progress compared with the previous fiscal year.



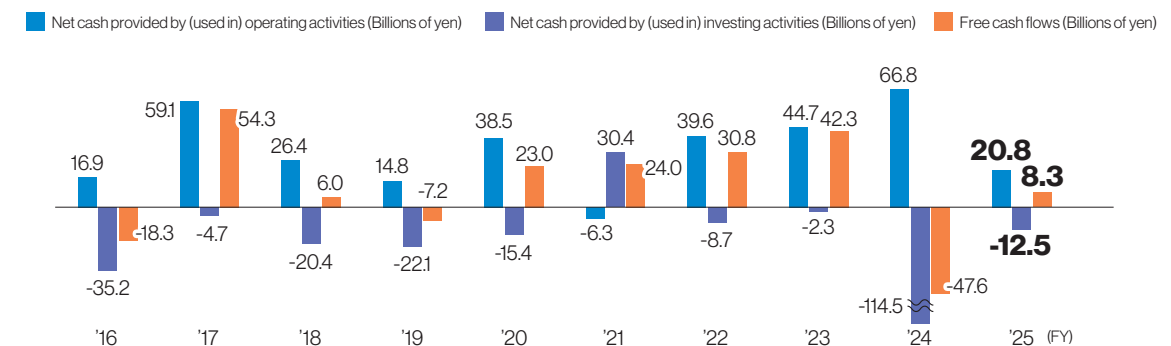
● ROIC by Business

In the Pachislot & Pachinko Machines Business, the recoil decline from the previous fiscal year resulted in a 48.7-pts drop to 32.9%, while in the Entertainment Contents Business, increased profits led to a 0.5-pts rise to 10.9%. The Gaming Business also delivered positive results.



● Cash Flows

Operating activities provided net cash of ¥20.8 billion for the fiscal year ended March 2025 (compared with an inflow of ¥66.8 billion in the previous fiscal year). Investing activities used net cash of ¥12.5 billion (compared with an outflow of ¥114.5 billion in the previous fiscal year).



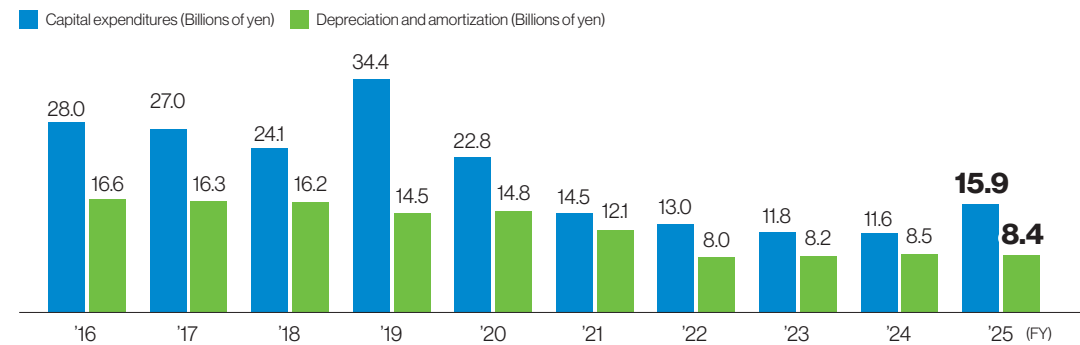
*1 As the recognition of net sales was changed (1) from a net bases to a gross basis and (2) from a shipment bases to a delivery basis in the fiscal year ended March 2016, figures for the fiscal year ended March 2015 reflect these changes retrospectively.

*2 Allocated revenue related to investments in film production in the U.S. was previously included in "non-operating income" but is now included in "net sales" beginning in the fiscal year ended March 2025. In accordance with this change, net sales and operating income for the fiscal year ended March 2024 were changed retrospectively.

● Capital Expenditures / Depreciation and Amortization

¥15.9 billion / ¥8.4 billion

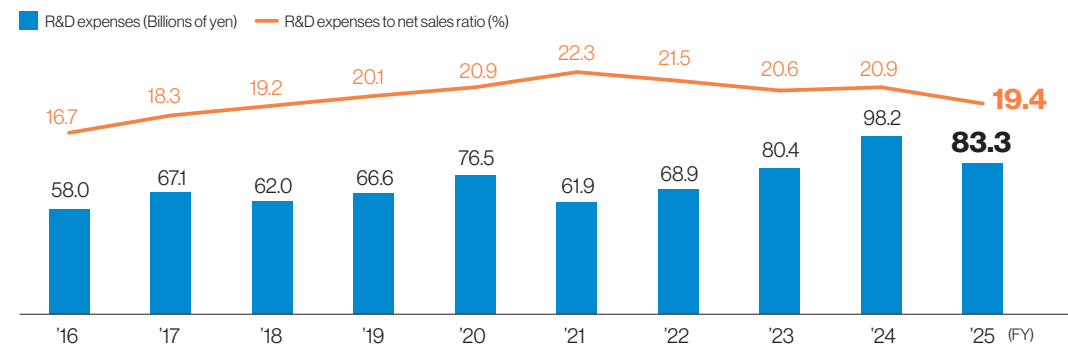
Capital expenditures were up 37.1% year on year to ¥15.9 billion.
Depreciation and amortization decreased 1.2% year on year to ¥8.4 billion.



● R&D Expenses and Content Production Expenses / R&D Expenses to Net Sales Ratio

¥83.3 billion / 19.4%

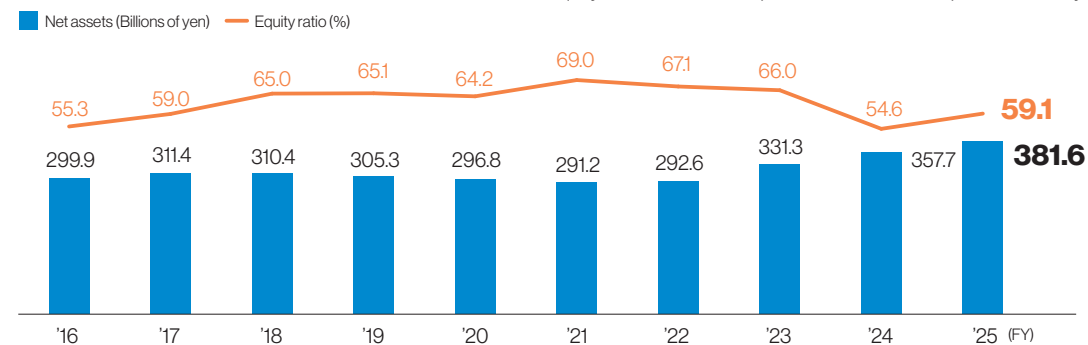
R&D expenses and content production expenses went down 15.2% year on year to ¥83.3 billion.



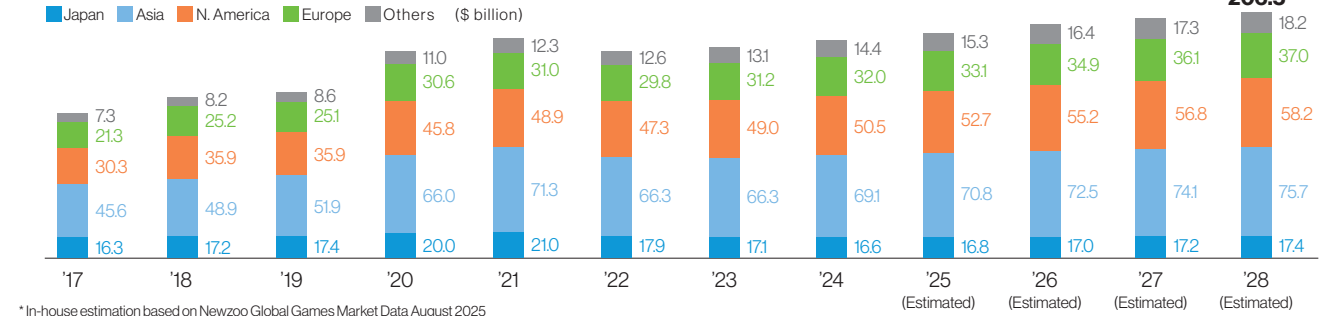
● Total Net Assets / Equity Ratio

¥381.6 billion / 59.1%

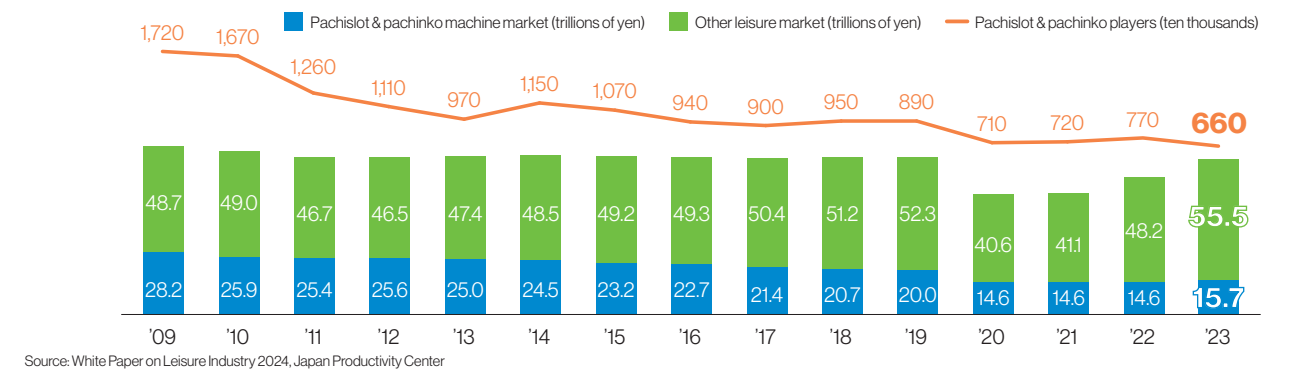
Total net assets increased ¥23.9 billion from the end of the previous fiscal year to ¥381.6 billion.
The equity ratio increased 4.5 pts from the end of the previous fiscal year to 59.1%.



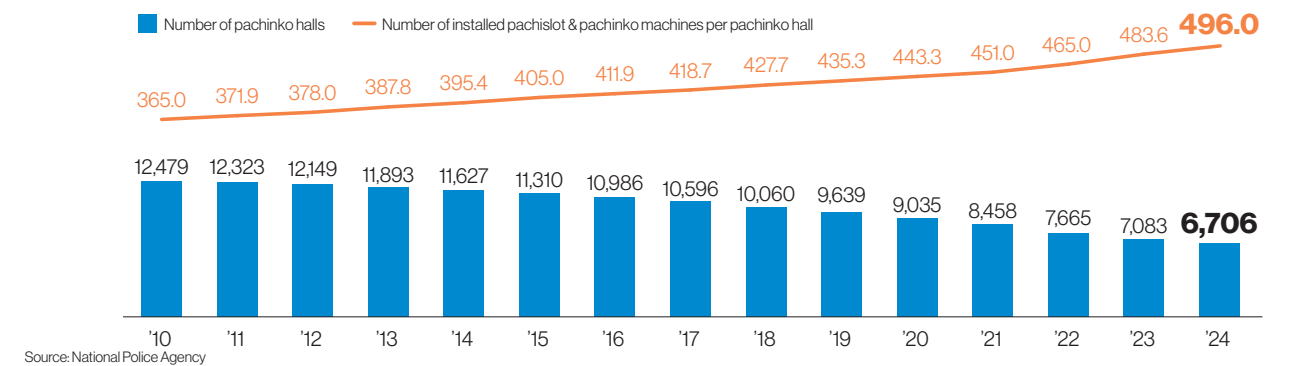
● Video Game Contents Market Size (By Region)



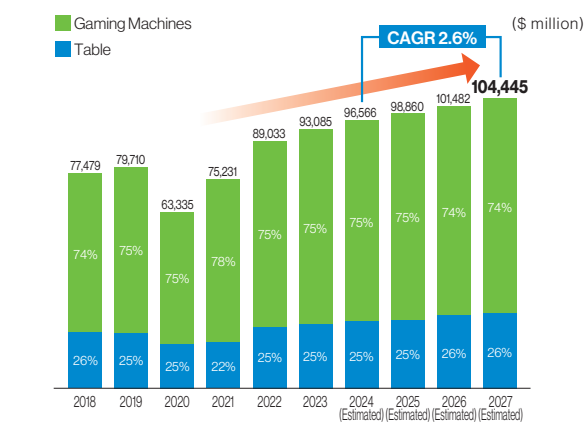
● Market sizes and number of pachislot & pachinko players



● Numbers of pachinko halls and installed pachislot & pachinko machines per pachinko hall



● North America: Land-based Casinos



● North America Online Gaming (Online Sports Betting/iGaming)

